VENA
Vulnerability and Essential Needs Assessment

Market Analysis
March 2020

Market Overview in Refugee-Hosting Areas of Uganda
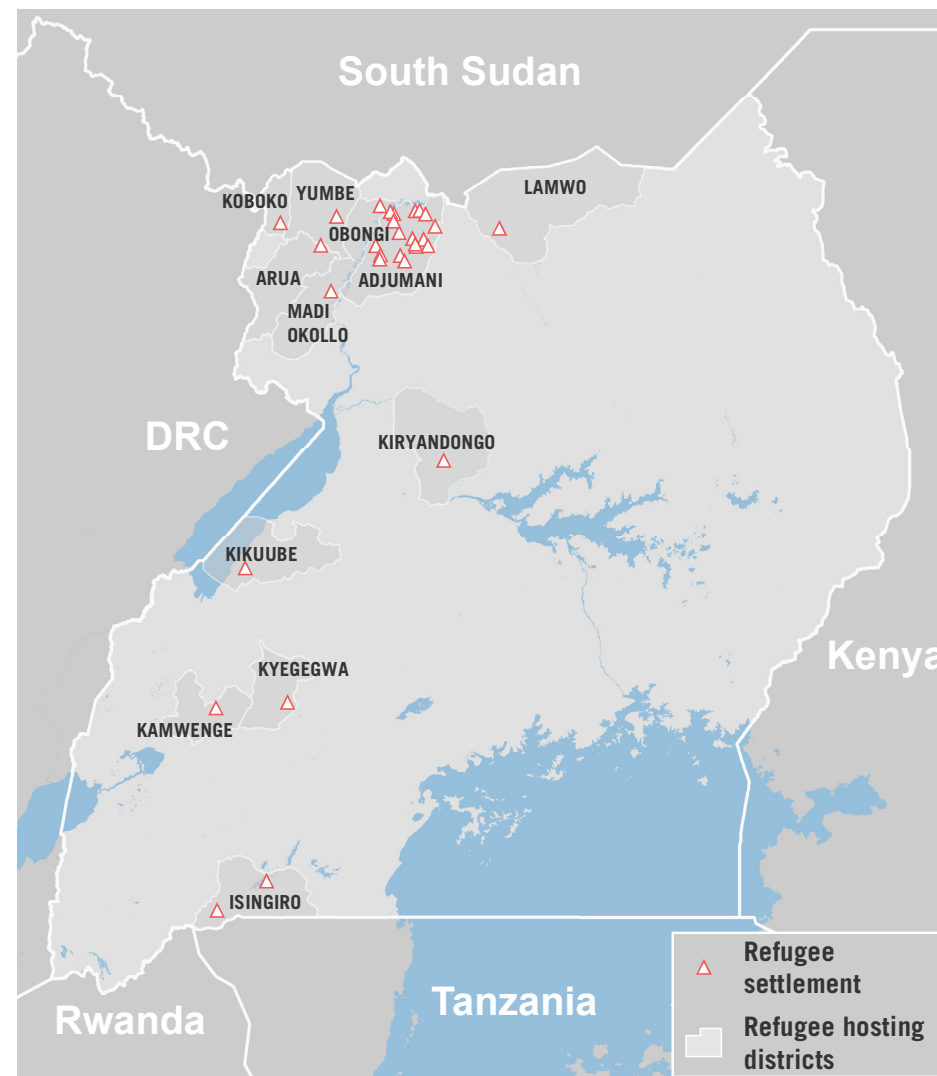
UGANDA

INTRODUCTION

Uganda is the top refugee-hosting country in East Africa, as well as one of the largest refugee-hosting countries in the world. The current protracted refugee situation and the continuous influx of refugees from neighboring countries has led to more than 1.3 million refugees and asylum seekers currently residing in Uganda. More than 850,000 refugees have fled to Uganda from South Sudan, as well as more than 380,000 from the Democratic Republic of Congo (DRC), 39,000 from Burundi and most of the rest from Somalia, Rwanda, Eritrea, and other African countries. It is expected that the influx of refugees from DRC and South Sudan, with limited opportunity for return, will continue due to the lack of political solutions to the ongoing crises.

The high numbers of refugees in Uganda, their range of origins, their varying lengths of displacement, their different levels of income, and their differing exposure to protection risks mean that households have varying degrees of vulnerability, and this impacts their capacities to meet their essential needs.[2] Because of these diverse vulnerabilities and capacities, there is a need for a humanitarian delivery system that allows the type and size of assistance to individual refugees and their households to be aligned with their socioeconomic needs. There has been a growing understanding in the humanitarian response that refugees' access to markets plays a vital role in their ability to improve their resilience and self-sufficiency. Markets provide refugee populations with the goods needed to ensure survival and protect livelihoods in the immediate aftermath of a disaster and in the longer term.

It is within this context that REACH, the World Food Programme (WFP), and the United Nations High Commissioner for Refugees (UNHCR) conducted a joint market assessment, as part of the Vulnerability and Essential Needs Assessment (VENA), with the aim to overcome gaps in information on the market systems within and nearby refugee settlements. The assessment explored market functionality and capacity, and specifically looked at factors related to access, availability, capacity, seasonality, and safety and security in the market. It also assessed the potential for the introduction of market-based assistance to meet essential needs from the market perspective. The assessment aimed to provide important information to potential cash actors working in the refugee response in order to inform evidence-based programming.

Map 1: Refugee settlements in Uganda

Legend:
△ Refugee settlement
▢ Refugee hosting districts

ABOUT THE VENA

The VENA was an assessment jointly conducted by REACH, WFP, and UNHCR and designed in close coordination with sector experts. It aimed to establish a common understanding of what needs are essential to the refugee population living in settlements in Uganda and the capacity levels of different types of households to meet these needs. Further, the VENA sought to determine who can fully cover these needs, who can do it partially, and who is unable to cover these needs, and understand why. It attempted to better understand factors influencing household vulnerability among the refugee population. It aimed to identify demographic, economic, and protection-related factors that enable or prevent refugee households from meeting their essential needs. Through these objectives, the VENA aimed to establish a framework for how refugees can be best assisted based on these factors.

METHODOLOGY

The VENA employed both primary and secondary data sources, as well as a combination of qualitative and quantitative research methods. A desk review of available market assessment reports was conducted to identify information gaps and develop different survey tools. The quantitative tool, used to survey market traders in or near each assessed settlement, assessed all commodities included in the Ugandan Minimum Expenditure Basket (MEB)[3] developed in 2018 and finalized in early 2019, as well as several others recommended by sector experts.[4] Enumerators interviewed as many traders as necessary to obtain 20 observations per item, or as close to 20 as item availability allowed. Traders were purposively selected by enumerators in the markets and an average of 216 traders were interviewed per settlement.

The qualitative tool was a survey administered to key informants (KIs) with strong knowledge of core local markets within or nearby refugee settlements. This list of core markets was identified through extensive consultations with the Cash Working Group (CWG) and WFP and encompassed the main markets in refugee settlements, as well as markets near these settlements that refugees visit to obtain less common items.

Data collection was conducted between 9 August and 7 October 2019 in and around all 13 Ugandan refugee settlements[5] by staff and enumerators from REACH, WFP, Windle International, Cesvi, Andre Foods International, World Vision International, and AVSI. In total, 2,820 structured interviews were conducted with market traders in 111 markets, and 35 semi-structured key informant interviews were conducted in the core local markets in and surrounding each settlement, where each KI reported on one specific market. Findings are not representative and should be taken as indicative only.

In Adjumani, Kiryandongo, Kyangwali, and Palabek refugee settlements, no data was collected on individual food items as part of the VENA, as WFP conducted its own market assessment in May 2019 in these four settlements using a similar methodology as the VENA. In each settlement, 60 traders were purposively sampled to ensure representation of retailers, wholesalers, and open-air vendors.

KEY FINDINGS

- **Traders in assessed marketplaces tended to operate on small scales and with low profit margins.** Eighty-two percent (82%) of interviewed traders reported serving fewer than 100 customers per week, including 39% fewer than 50 per week. Just 18% reported having hired any other employees.

- **Seasonality was reportedly the primary factor affecting supply, demand, and prices** for many market commodities: not only food items, which were predictably dependent on the timing and quality of the rainy and harvest seasons, but also several types of non-food items (NFIs) for which consumption tended to be seasonal, in particular education and shelter items.

- Nearly all refugee households reported being **able to physically access marketplaces,** but getting there could be difficult, with **91% most commonly traveling to their nearest market on foot.** Some of these households reported travel times of up to three hours, a prohibitive distance for household members with mobility issues.

- Though **90% of refugee households reported having access to some form of credit,** this was almost invariably informal or semiformal in nature and **did not appear to be sufficient to support most business needs.** Only 22% of interviewed traders reported having accessed any form of credit to scale up their businesses, most often from Village Savings and Loan Associations (VSLAs).

- **Safety and security issues were relatively uncommon in assessed marketplaces,** with 16% of interviewed traders reporting ever having faced a security incident, most often theft. However, the risk of theft was enough of a concern that **some traders reportedly slept in markets to protect their stock.**

- **Nearly all interviewed traders reported that they would be able to double their stock in response to doubled customer demand,** for example due to the rollout of cash and voucher assistance in their settlement. However, examining other indicators revealed a more complex picture, with many traders reporting a **lack of access to the credit and storage space** that they would need to rapidly scale up; furthermore, wholesalers were more likely than retailers to foresee problems doubling their stock, an issue that, if experienced, would inevitably trickle down to the retailers themselves.

MARKET AND TRADER CHARACTERISTICS

Markets assessed varied widely in size, structure, number of traders operating, number of days of operation per week, and commodities sold. Interviews with KIs revealed that some markets operated with less than 100 traders, whilst some, usually larger markets outside of settlements, operated with over 2,000 traders, as was the case in Bweyale Market outside of Kiryandongo settlement. Indeed, KIs revealed that markets outside of settlements tended to be larger due to their close proximity to bigger towns outside of settlements. The markets within settlements were for the most part found to be fully composed of temporary structures, whereas markets outside of settlements were more likely to have semi-permanent or permanent structures as well as temporary structures.

Of the 2,820 market traders interviewed across all settlements, 55% were male, whilst 45% were female. The similar percentages of traders by gender may indicate that female traders face limited challenges related to gender discrimination in terms of starting and running their businesses contrary to what could have been potentially expected.

Across all assessed markets, 66% of interviewed traders were host community members and 34% were refugees. Markets serving refugees in Kyaka II and Nakivale had the lowest proportions of host community traders at 27% and 30% respectively. This may be due to the fact that both settlements are older, established in 1984 (as Kyaka I) and 1960 respectively, and thus refugees

may be more integrated with the host community and could have also created better networks and connections improving their ability to start businesses. It could also indicate that the refugee communities in those locations have established the ability to operate their businesses with more ease as they could have acquired more resources over time. Moreover, Nakivale is the only settlement where a Savings and Credit Co-Operative (SACCO) operates, giving refugees there more access to formal financial services compared to other settlements that have only VSLAs, which are more informal in nature.
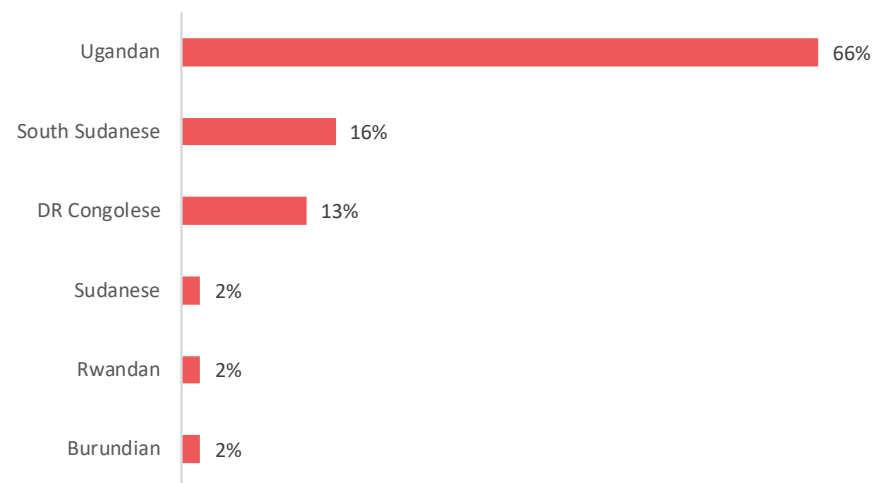
Overall, the majority of traders interviewed both in markets within the settlements (35%) as well as outside of settlements (95%) were Ugandan. Nevertheless, looking at the different settlements, the majority of traders interviewed within Bidibidi, Imvepi, Palabek, Palorinya, and Rhino Camp were from South Sudan. Moreover, the majority of traders interviewed within Kyaka II, Kyangwali, Nakivale, and Rwamwanja were from DRC. In these locations, the nationality of the majority of traders corresponds to the nationality of the majority of the refugee population.

Of all interviewed traders, the majority were retailers (81%). Twenty-two percent (22%) were producers, whilst 9% were wholesalers.[6] Comparing the percentages of types of traders interviewed within or outside of settlements, 18% were producers in markets within the settlements and 26% were producers outside of settlements, meaning a greater proportion of traders in markets outside

Figure 1: Population group of interviewed traders by settlement

Host community traders   Refugee traders

Figure 2: Nationalities of interviewed traders

Nationality	Percentage
Ugandan	66%
South Sudanese	16%
DR Congolese	13%
Sudanese	2%
Rwandan	2%
Burundian	2%

6 Interviewed traders could select more than one option when asked what trader type they were (producers, retailers or wholesalers).

Figure 3: Type of traders interviewed by settlement

Figure 4: Percentage of traders interviewed who reported employing at least one other person by settlement
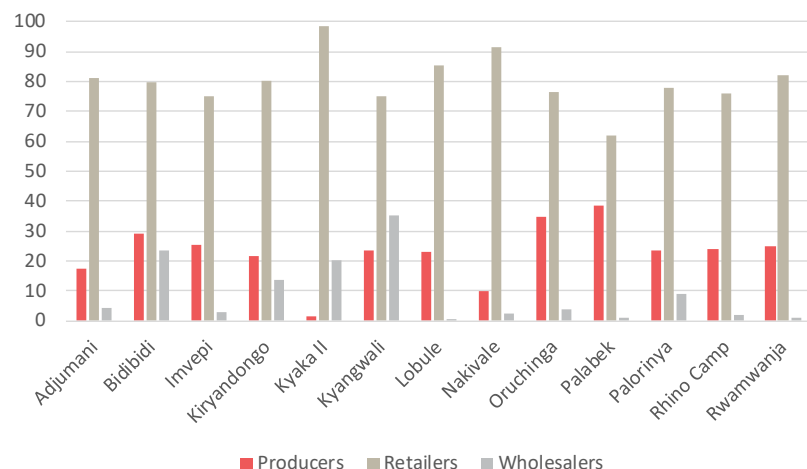

of settlements were producing some of their stocks. Eighty-three percent (83%) were retailers within settlements and 79% were retailers in markets outside of settlements. Finally, 12% of interviewed traders were wholesalers in markets within settlements, whilst 5% were wholesalers in markets outside of the settlements.

Across Uganda, 82% of traders interviewed reported having no employees at all. Of those who had employees, the median was 2 employees across all settlements for markets both within and outside of the settlements. This suggests that the majority of traders, work on their own and run small-scale operations. It may also highlight a lack of capacity and capital to hire further staff to support their operations.

As previously mentioned, markets across settlements varied in their days of operation. Most KIs interviewed reported that some markets operated on one or two specific days of the week, and others operated every day depending on the location. Indeed, many of the core markets were open 7 days per week, and all had a core of traders who remain in place almost every day. However, most markets also had designated market days when a large contingent of visiting traders show up to sell their goods. Many traders made their living by traveling from market to market, visiting a different market each day. It could be assumed that the few markets that operate only one to two days per week are those that do not have a core of local traders and rely only on traveling traders. This could also explain why the majority of traders interviewed reported operating 6 or 7 days per week, yet some were found in a market only open one to two days per week. Markets outside of
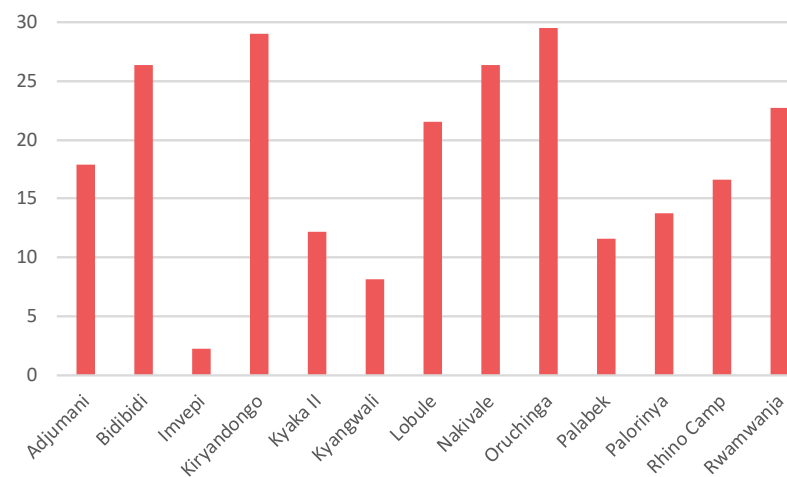
Imvepi, Rhino Camp, and Kyangwali settlements had the majority of their traders operating less than 6 days per week.

Only 10% of market traders interviewed reported that they had another shop. Traders who did have another shop might be better equipped to scale up their operations as they have already proven their ability to do so. No difference was found between traders in markets within settlements compared to those in markets outside of settlements.

Finally, the price setting mechanism, according to KIs, often differed between markets within and outside of settlements. Many markets within settlements had less established mechanisms whereby the individual traders determined their own prices based on their own purchase prices, fluctuations in demand and supply, and in some cases market surveys. In other markets, particularly outside of settlements, KIs interviewed reported that prices were commonly established by sub-county councils or municipalities. This highlights that local government bodies potentially exert more direct control over prices in markets outside of settlements.

Overall, markets inside and outside of settlements were reported to differ in a number of ways, including their demographics and their physical structures. Markets outside of settlements were often found to have improved physical structures that were usually more permanent compared to markets within settlements, where the structures were more often temporary or semi-permanent. Markets in and near settlements also differed in the size of their operations with markets outside of settlements often having a larger number of traders operating. This may be related to the fact that

markets outside of settlements are often closer to towns and thus have improved infrastructure that facilitates their operations, particularly in terms of access to and transport of supplies. Finally, markets outside of settlements were often reported to have more established rules and regulations along with the regulated price setting mechanisms usually controlled by government bodies. These differences highlighted could contribute to an overall higher functionality of markets outside of settlements.

MARKET OPERATIONS

As stated, assessed markets across Uganda varied widely in size, functionality, and operational characteristics. Markets outside of settlements in particular tended to operate on a larger scale, potentially due to their proximity to roads and towns. Moreover, the type of traders varied according to the size of operations. Larger markets with their larger structures and bigger scale were found to be better able to support the presence of wholesalers who run bigger operations than producers and retailers.

The majority of producers (71%) reported serving less than 50 customers per week, retailers (44%) mostly served 50 to 100 customers per week, and wholesalers (45%) served mostly over 100 customers per week. This may reflect an expected difference in capacity between the different types of traders, where wholesalers are able to serve a larger amount of consumers on a weekly basis due to their larger operations.

Across all settlements, 50% of traders interviewed reported being in possession of a trading license provided by the local authorities. A slightly higher percentage of male traders interviewed (57%) had a license compared to female traders (40%). The possession of a trading license could potentially entail less risk of expulsion from the markets for the traders, though no instances of this were reported by KIs.

Moreover, the majority of wholesalers (64%) had a license compared to over half of retailers (55%) and around a quarter of producers (27%). This could mean that smaller-scale traders such as producers are more likely to miss out on the formal registration system. Additionally, the majority of traders operating inside settlements did not have a license (58%), whilst those outside generally did (58%). This difference may be due to the more formal structures of markets operating outside of settlements compared to the more informal markets within settlements. Overall the most commonly cited reason for traders not having a license was that they did not perceive that they needed one (36%), due perhaps to a perceived lack of enforcement of the licensing regime, followed by the fact that they did not know how to obtain a license (35%).

Figure 5: Percentage of interviewed traders reporting having a trading license by settlement
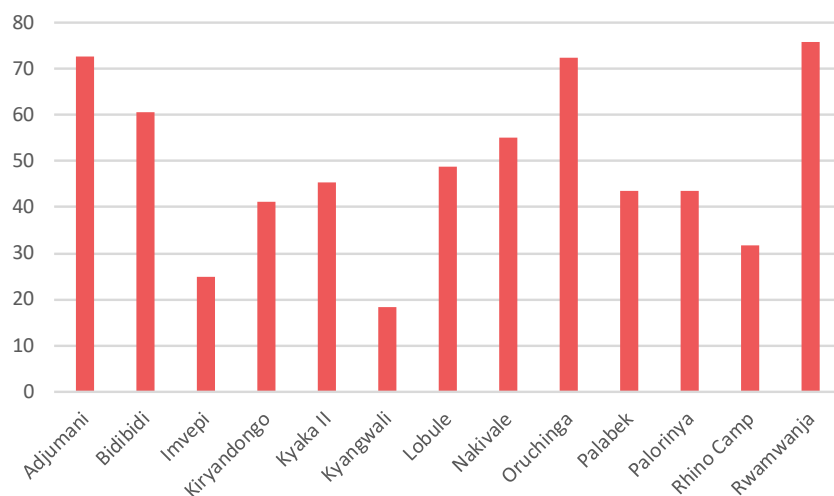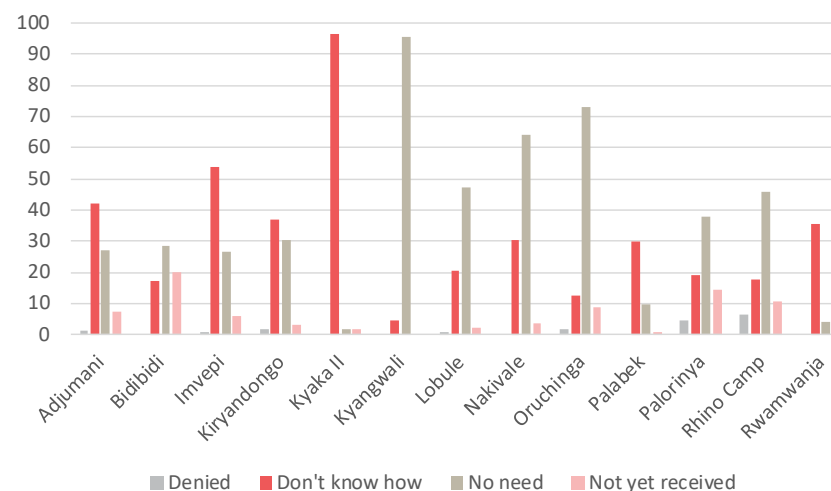
Figure 6: Among traders who reported not having a trading license, reasons for not having a license by settlement

At the national level, the majority of traders interviewed (91%) reported that they were planning to expand their businesses in the near future, with more than 80% of traders in each settlement excepting Nakivale (66%). This highlights a large interest from traders overall to grow their businesses further, but it is self-reported and may not indicate a capacity to expand. Of the traders who reported that they were not planning to expand their businesses, 69% reported it was due to a lack of capacity. Other reasons cited were a lack of credit (21%), particularly in Palorinya (45%); high levels of competition (18%); a decrease in demand (16%); a lack of transport capacity (16%), particularly in Adjumani (50%); and a lack of storage capacity (9%). These challenges indicate a need for many traders to increase their overall operational capacities, including financial, storage, and transport, in order to be able to expand their shops.

Overall, 93% of interviewed traders across all settlements reported using their own savings to furnish capital for their businesses. The next most commonly cited source of capital was credit or loans, with 22% of interviewed traders (28% of wholesalers, 18% of retailers, and 8% of producers) reporting use of this source.

Seventy-eight percent (78%) of traders interviewed reported they had never taken a loan, but this varied at the settlement level. In Oruchinga, 41% of traders reported taking loans, compared with only 6% in Imvepi. Further research is required to better understand traders' access to credit in different locations. Forty-three percent (43%) of traders overall reported that they never took a loan due to unfulfilled credit policies such as collateral related issues. While not taking a loan due to unfulfilled credit policies was the primary reason for host community traders, on the other hand,

Figure 7: Percentage of interviewed traders who reported having taken loans by settlement
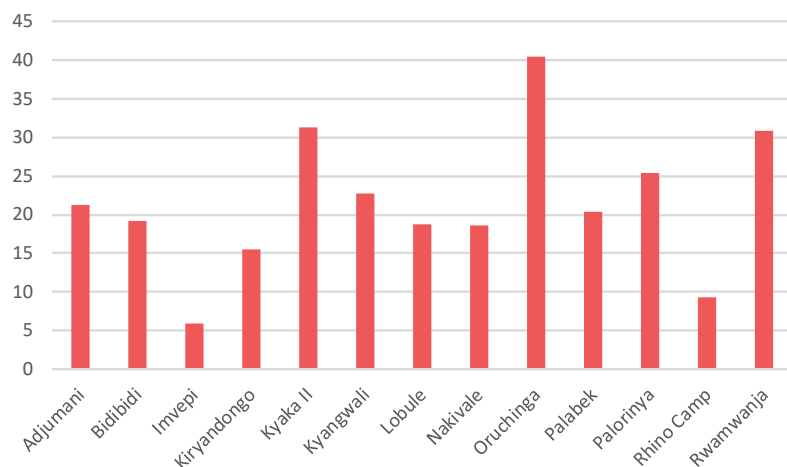
the largest proportion of interviewed refugee traders (40%) reported they did not take out loans due to a lack of information about available financial services.

The most commonly cited source of loans by traders interviewed operating both within and outside of settlements who were found to take loans reported accessing their business loan through VSLAs at 40% overall. Palorinya had the highest percentage of traders accessing loans through VSLAs at 70% followed by Palabek (65%). In contrast, of traders who reported taking loans, no traders reported accessing loans through VSLAs in Nakivale where 42% accessed loans through microfinance institutions. Other loan sources commonly cited overall were banks (25%), microfinance institutions (15%) or family and friends (15%).

Moreover, most interviewed KIs across all locations highlighted the need for better availability of capital for traders to improve their operations, with some reporting that the current trend toward small-scale commerce was due mostly to a lack of capital.

Finally, another essential aspect influencing traders' capacity is their access to adequate storage. A lack of storage capacity, as reflected earlier, can hinder traders' ability to expand their businesses, as storage space is needed to house an increase in stock. Across all settlements, 59% of interviewed traders reported relying on their own storage space, whether at their businesses or in their houses. However, the majority of interviewed traders in Lobule (48%), retailers in particular, reported they were renting their storage space. Palabek (44%), Nakivale (40%), and Imvepi and Palorinya (39%) had the highest percentages of interviewed traders who reported that they did not have storage facilities at all, which could significantly affect traders' ability to operate and maintain the supply and quality of their items.

Of the 15% of traders who reported renting their storage the overall median reported amount spent on storage was 35,000 Ugandan shillings[7] (UGX) per month. The highest amount spent was reported by 2 different traders in Rwamwanja at 150,000 UGX per month. Nakivale had the highest median amount spent by interviewed traders at 70,000 UGX. Wholesalers were found to spend the most on storage due to their larger

Figure 8: Among traders who reported having taken a loan, primary loan sources used

40% VSLAs
25% Banks
15% MFIs
15% Family / friends
5% Other
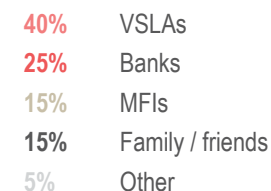
Figure 9: % of traders reporting using the following types of storage

59% Own storage
15% Renting storage
3% Other shop
1% Other
22% No storage
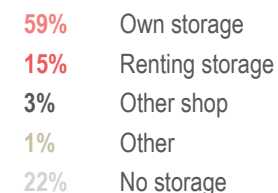
7 The Ugandan shilling to United States dollar exchange rate was 3,668.05 on 24 December 2019. https://www.xe.com/

volumes of sale, spending an overall median of 45,000 UGX per month, compared to retailers, who were found to have a median of 32,500 UGX, and producers, who spent the least with a median of 17,500 UGX. Overall, traders interviewed inside settlements were found to pay less for storage space (a median of 30,000 UGX) than traders outside settlements (40,000 UGX). Once again, this could also be related to the fact that most traders operating outside of settlements were found to run larger operations and thus needed larger storage facilities.

Across assessed markets, KIs reported that there were varying degrees of regulations and policies for traders to fulfil in order to operate. Markets outside of settlements often had more requirements than those inside settlements due to the more established and formalized regulations within the markets. Overall, in order to set up their businesses, host community traders were required to present Ugandan national IDs; refugees without these IDs needed to present Refugee Welfare Committee (RWC) letters or registration documents. KIs in most markets within settlements more

commonly reported that there were no specific requirements or government policies for traders to fulfill apart from registration fees in some cases.

Some traders reported that they were required to pay registration fees to local government bodies. In Adjumani Main Market, for instance, the KIs interviewed reported that traders were required to pay 75,000 UGX yearly, as well as a daily fee of 2,000 UGX. In some cases, as was identified by the KI for Londonga Market in Koboko District, being part of a trader association was one of the requirements for traders to set up their shops. Despite the varying enforcement of requirements, 62% of traders interviewed both within and outside of settlements reported paying market dues, sometimes in addition to the registration fees. Of those, the overall median amount spent was 6,000 UGX in the month prior to data collection. Traders within settlements were found to spend less on market dues, with a median amount of 4,000 UGX in the month prior to data collection, whilst those outside of settlements spent a median of 10,000 UGX.

SUPPLY AND DEMAND

Investigating the supply, demand, and prices for individual commodities in assessed markets is crucial to understand refugees' demand patterns for items as well as traders' capacities to supply the required items. Most interviewed traders reported sourcing nearly all assessed market commodities from retailers outside their sub-county. This suggests that markets in and near refugee settlements rely heavily on decent roads and transportation infrastructure for traders to be able to maintain their supply.

Most traders of cassava, leafy green vegetables, mud bricks, grass thatch, and firewood, however, reported that they were selling the results of their own production, with a significant minority of sorghum and fresh milk traders reporting the same. This was the case whether traders were within or outside of settlements.

The supply and stock of items reported varied greatly depending on the categories into which each item fell. Overall, the majority of traders in non-fresh food items sell commodities that have a long shelf life. The lower number of days of stock remaining could thus emphasize a potential lack of supply of those commodities. Indeed, the interviewed traders selling maize flour and refined vegetable oil only had a median of 7 days of stock remaining. The same could be observed with smoked tilapia, where interviewed traders had a median of 5 days of stock remaining. This is fairly low for such commodities that are less perishable. Moreover, the interviewed traders selling dried beans only had a median of 10 days of stock remaining. This might indicate a lack of supply of these non-fresh food items in assessed markets during the data collection period, which fell towards the end of the dry season.

In contrast, the majority of traders in assessed fresh food items (cassava, green leafy vegetables and fresh milk) reported a median of 2 days of stock remaining; this, however, does not stand out as unusual due to the short shelf life and high turnover. For similar reasons related to turnover, the fact that the majority of traders in assessed cooking fuels (firewood and charcoal) reported a median of 5-6 days of stock remaining is also likely not a cause for concern.

As mentioned in the methodology, the target sample was 20 observations per assessed item in or near each settlement; in some areas, however, enumerators could not identify 20 traders selling certain items. The difficulty encountered by enumerators in reaching 20 observations per item may reflect a scarcity of particular items in certain markets. This may, however, more likely reflect the fact that 20 vendors are not necessary to meet customers' demand for every item, particularly where trader capacity is high. Table 1 highlights specific areas and items where 20 observations could not be captured through individual trader interviews.

SEASONALITY AND FLUCTUATIONS

In assessed markets across Uganda, KIs noted seasonality as the primary factor impacting demand, supply, and prices for many market commodities. Whilst demand for fresh food items, such as cassava and green leafy vegetables, was low during rainy and harvesting seasons as people were more able to rely on their own production, the supply for the same items was high during the same period due to high yields. Consequently, for the fresh food items assessed, low demand and high supply due to seasonality translated into reduced prices.

Table 1: Number of observations of items assessed through individual trader interviews
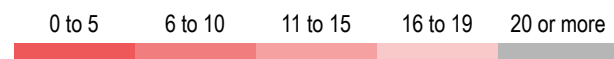
0 to 5 6 to 10 11 to 15 16 to 19 20 or more

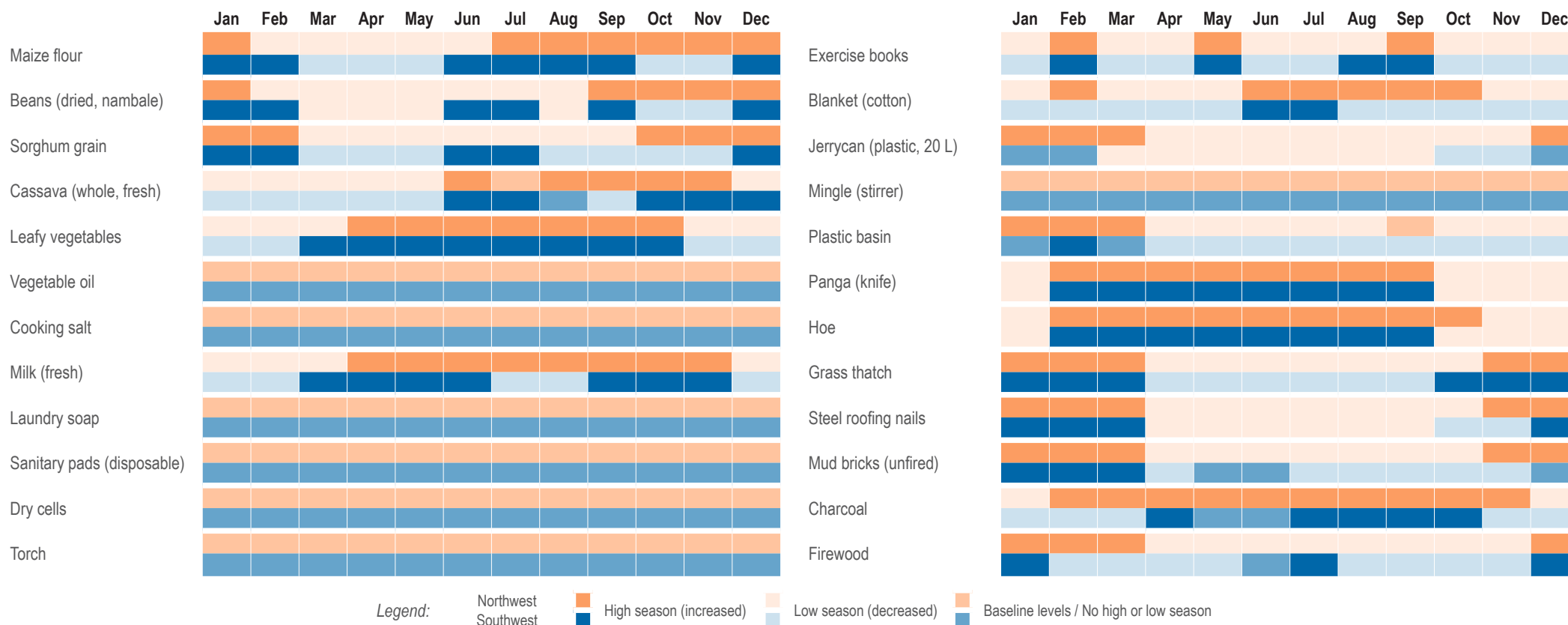|	Adjumani	Bidibidi	Imvepi	Kiryandongo	Kyaka II	Kyangwali	Lobule	Nakivale	Oruchinga	Palabek	Palorinya	Rhino Camp	Rwamwanja
Maize flour	NA	41	3	NA	20	NA	23	20	32	NA	19	16	24
Beans (dried, nambale)	NA[8]	48	2	NA	21	NA	23	15	20	NA	21	4	24
Sorghum grain	NA	27	23	NA	22	NA	21	9	25	NA	9	11	11
Cassava (whole, fresh)	NA	19	12	NA	20	NA	22	9	23	NA	11	19	13
Leafy vegetables	NA	25	22	NA	20	NA	14	6	22	NA	23	19	18
Tilapia (smoked)	NA	25	9	NA	23	NA	14	6	20	NA	18	22	9
Cooking salt	NA	44	20	NA	20	NA	11	20	25	NA	33	24	27
Vegetable oil	NA	54	9	NA	20	NA	10	20	25	NA	16	15	25
Milk (fresh)	NA	20	1	NA	21	NA	17	3	14	NA	9	8	5
Laundry soap	38	44	22	36	22	22	20	18	30	44	31	29	21
Sanitary pads (disposable)	28	35	18	34	20	19	20	16	24	20	30	14	7
Sanitary pads (reusable)	27	17	3	6	0	0	12	4	11	1	4	3	0
Dry cells	28	42	19	35	20	25	16	20	20	32	26	21	7
Torch	34	32	24	34	20	28	17	21	21	34	27	18	24
Exercise book	36	37	23	35	18	28	13	29	28	27	25	18	25
Pencil	34	36	20	33	22	27	12	23	25	26	25	19	20
Blanket (cotton)	18	13	3	25	21	20	20	12	24	6	6	2	13

	Adjumani	Bidibidi	Imvepi	Kiryandongo	Kyaka II	Kyangwali	Lobule	Nakivale	Oruchinga	Palabek	Palorinya	Rhino Camp	Rwamwanja
Jerrycan (plastic, 20 L)	22	26	14	28	22	25	16	20	21	27	8	18	18
Mingle (stirrer)	24	31	1	32	19	19	10	16	27	2	9	6	6
Plastic basin	33	23	21	32	24	23	19	25	24	28	21	25	30
Plastic mug	29	20	10	31	25	24	16	18	23	21	18	20	5
Plastic plate	24	22	13	35	25	24	18	21	28	21	16	15	24
Saucepan	29	21	7	32	31	22	19	22	22	9	19	17	14
Serving spoon	22	19	7	33	24	22	18	25	27	11	15	17	10
Panga (knife)	23	20	4	29	24	20	18	13	34	7	13	19	8
Hoe	23	22	8	30	26	26	18	16	33	6	14	19	8
Eucalyptus pole	8	34	2	9	16	14	20	9	25	2	6	4	4
Grass thatch	7	21	0	18	0	10	20	0	12	20	0	8	0
Nylon rope	23	24	10	28	12	17	21	12	31	22	15	21	10
Steel roofing nails	23	21	9	30	21	14	15	12	24	8	18	18	12
Mud bricks (fired)	5	28	0	25	0	15	0	1	27	2	2	0	1
Mud bricks (unfired)	14	40	5	27	1	12	2	5	27	35	14	0	8
Charcoal	40	27	20	27	18	17	8	21	25	26	15	18	20
Firewood	19	23	9	25	20	19	13	8	35	8	13	19	7

8 This data was not collected through the VENA, but through a WFP market assessment in May 2019.

Table 2: Seasonal fluctuations in supply for selected items sold in or near settlements in Northwest and Southwest Uganda, as reported by key informants (KIs)

Left panel (months Jan–Dec): Maize flour, Beans (dried, nambale), Sorghum grain, Cassava (whole, fresh), Leafy vegetables, Vegetable oil, Cooking salt, Milk (fresh), Laundry soap, Sanitary pads (disposable), Dry cells, Torch

Right panel (months Jan–Dec): Exercise books, Blanket (cotton), Jerrycan (plastic, 20 L), Mingle (stirrer), Plastic basin, Panga (knife), Hoe, Grass thatch, Steel roofing nails, Mud bricks (unfired), Charcoal, Firewood

Legend: Northwest / Southwest — High season (increased) · Low season (decreased) · Baseline levels / No high or low season

With regards to non-fresh food items, such as maize flour and dry beans, the same could be observed. Moreover, demand was reported to increase as the planting season approached and to peak near harvesting time. In contrast, supply was reported to be low during the same period due to scarcity of the commodities as stocks from the previous harvest are by that point running low, which resulted in increased prices.

Though the demand, supply, and prices for most non-food items, such as soap, sanitary pads or charcoal, were reported to remain the same throughout the year, demand and supply for scholastic materials however, such as exercise books and pencils, corresponded to the school calendar. Demand for these items was highest at the beginning of school terms and lowest during school holidays, even though their supplies and prices were overall reported to be constant throughout the year.

In addition to seasonality, most traders interviewed reported that they had witnessed changes to the demand for their items over the 3 months prior to data collection among their customers, who were largely refugees. The most commonly reported reason for the change in demand was an improvement in households' financial access, particularly for the non-fresh food items and non-food items (utensils), as well as fresh food items. Other reasons cited by traders were increases in the prices of items, the introduction of cash through humanitarian aid, as well as the reduction of humanitarian aid.

Overall, most traders reported that they did not need to change suppliers during the six months prior to data collection. Of those who did so, a majority reported that this was due to increases in

the purchase price of their supplies. This was the case for most traders in lighting, educational, sanitary, non-fresh food and non-food items (utensils). Another commonly cited reason was delays in the delivery of the supplies. This was the case mostly for traders in shelter and livelihoods NFIs as well as energy items. Finally, the majority of traders in fresh-food items reported having changed suppliers due to the poor quality of the supplies provided.

ABILITY TO SCALE UP

The majority of interviewed traders reported that they would be able to stock and supply their items in case of doubled demand. They also reported that they would be able to use the same suppliers in order to meet this increased demand and that it would generally be possible to increase their supply within one week. Moreover, traders mostly reported that they would be able to sell their items at the same price in case of increased demand, with the exception of wholesalers in non-fresh food, fresh food, and energy items who reported they would have to sell their items at an increased price. The same was the case with producers in lighting and non-fresh food items who would also sell their items at an increased price.

It is important to note that these indicators are self-reported and should be interpreted as such. While traders in all contexts report being fully able to meet increased demand with minimal disruption, there may also be incentives for these traders to project confidence if they believe positive responses may result in more cash-based aid. Therefore, if retailers are mostly reporting

they will face no difficulties in selling their items at the same price, but some of the wholesalers and producers are reporting they will have to increase their prices or may face difficulties in meeting a doubled demand, then one can assume that these challenges will also trickle down to the retailers regardless of what has been reported.

Indeed, despite traders' confidence, several factors presented in the previous sections may highlight potential challenges to scaling up. Firstly, the lack of storage presents a key challenge that could prevent traders from being able to meet increased demand. Of the traders who reported they would not be able to meet doubled demand, a commonly cited reason was the lack of storage, particularly for traders in fresh food items, where 37% of them cited this as a major challenge.

Secondly, the fact that few traders reported accessing credit services may indicate a lack of financial capacity to rapidly expand their purchasing power and acquire an increased supply of items. Wholesalers might be better equipped to meet increased demand due to their potential improved access to credits and loans compared to producers and retailers. This is however not guaranteed and should be investigated further.

Moreover, traders operating within refugee settlements, particularly those far from towns, may face significant challenges in meeting the increased demand due to accessibility issues caused by the settlements' poor infrastructure. Indeed, KIs in almost all locations reported that improving local infrastructure, and roads in particular, would improve traders' abilities to meet doubled demand.

BARRIERS TO ACCESS[9]

The VENA household survey found that 8% of households face barriers when accessing marketplaces. Adult women (55%) in particular were reported to face the greatest challenges in accessing markets, followed by female youth (37%). Imvepi settlement had the highest percentage of households that reported facing challenges when traveling to and from markets (17%). Rwamwanja, Kiryandongo, and Oruchinga had the lowest percentages of households that reported facing issues accessing markets with 3%, 2%, and 1% respectively. These relatively low percentages highlight that across all settlements, households do not face major challenges in accessing and reaching the marketplaces.

Of the households that reported facing challenges in accessing markets, 84%, including a majority in all settlements but Oruchinga, reported that their most common barrier was the long distance to their nearest market. Households in Oruchinga most commonly reported facing barriers due to physical disability (67% of those that reported barriers), which may be related to the higher percentage of households with disabled persons with specific needs (PSNs) in Oruchinga (6.2%

compared to the national average (1.8%). In 8 of the 13 assessed settlements, physical disability was the second most commonly reported barrier to market access, particularly in Kiryandongo (88%).[10] Other reported barriers to accessing markets faced by refugee households were perceived physical attacks by host community members (10%) and/or refugees (9%), which highlights tensions between the refugee and host community members. Ten percent (10%) of households that reported facing barriers to access markets in Rhino Camp cited the main challenge to be sexual and gender based violence (SGBV), which stood out compared to other settlements.
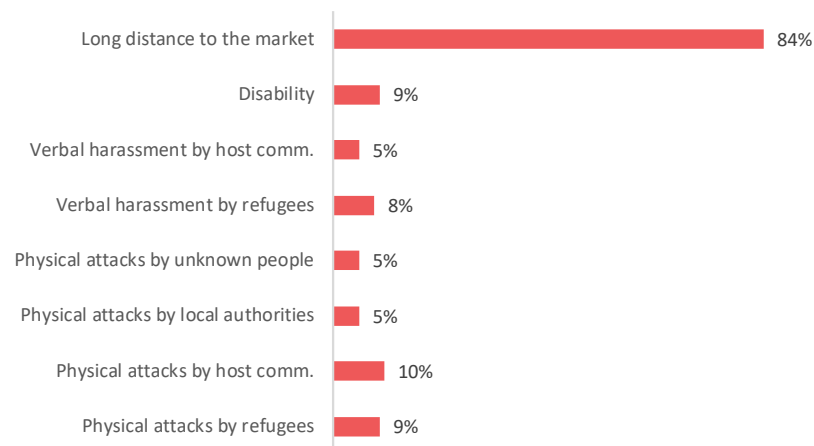
Across all settlements, 91% of refugee households most commonly accessed food markets by walking. The second most common form of transport reported was boda boda (motorcycle taxi) (7%), particularly in Rwamwanja (27%), Oruchinga (15%), Kyangwali (13%) and Kiryandongo (12%). The high percentages of households that reported walking to marketplaces is likely related to a lack of funds to pay for transport. As distance and disability were reported as common barriers to accessing markets, being able to afford and use other forms of transport could potentially

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9 All findings referencing the household were derived from the VENA household-level assessment, which was conducted concurrently with this market assessment and in the same settlements. A total of 5,737 household interviews were conducted between 12 August and 7 October 2019. Methodological details of this component of the VENA are available here.
10 Respondents could select more than one option when responding to this question.

Figure 10: Of households that reported facing barriers, most common barriers reported overall[11]

Barrier	Percentage
Long distance to the market	84%
Disability	9%
Verbal harassment by host comm.	5%
Verbal harassment by refugees	8%
Physical attacks by unknown people	5%
Physical attacks by local authorities	5%
Physical attacks by host comm.	10%
Physical attacks by refugees	9%

Figure 11: Percentage of households reporting no access to credit by settlement

Figure 12: Most common methods by which households accessed credit[14]

Method	Percentage
Friends and family	58%
VSLA	39%
Shopkeeper	16%
Informal money lender	3%
SACCO	2%
Bank	1%
Microfinance institution	1%
Formal money lender	1%
No access to credit	10%

Legend: Formal methods, Semiformal methods, Informal methods, No method

increase market access for vulnerable refugee households.

Refugee households across all settlements reported a median travel time to and from their nearest food markets of 30 minutes. The highest time reported was 180 minutes by households in all settlements who traveled by walking, which shows some households walk up to 3 hours to and from food markets to access their needed food commodities. As previously stated, markets within the settlements were smaller, meaning people may choose to travel further to purchase items that are not available in the closer markets. Overall, the average distance from shelters to markets was calculated to be 461 meters.[12] Rhino Camp stood out in particular with the highest average distance to markets at 1,587 meters, followed by Bidibidi settlement at 961 meters. Oruchinga settlement had the lowest distance between shelters and markets with an average distance of 27 meters.

With regards to financial access, 10% of households across the settlements reported not having any form of access to credit, either informal or formal.[13] In Lobule, this percentage was less than 2%, followed by Rwamwanja and Kyangwali (3%). The most commonly cited reason for households not able to access any form of credit was insufficient collateral (52%); this was particularly the case in Adjumani (82%). Interviewed households most commonly reported being able to borrow money through friends or family members (58%), followed by VSLAs and shopkeepers. This suggests that the majority of households do not have access to formal credit services, such as banks.

Despite the fact that refugee households typically face significant financial challenges to meet
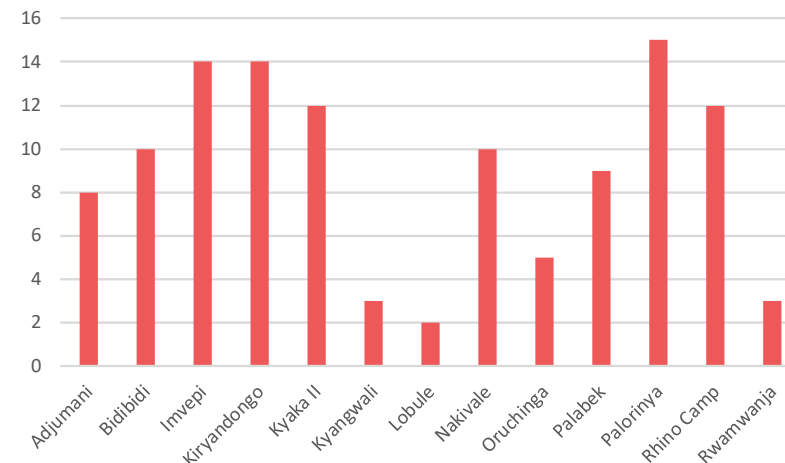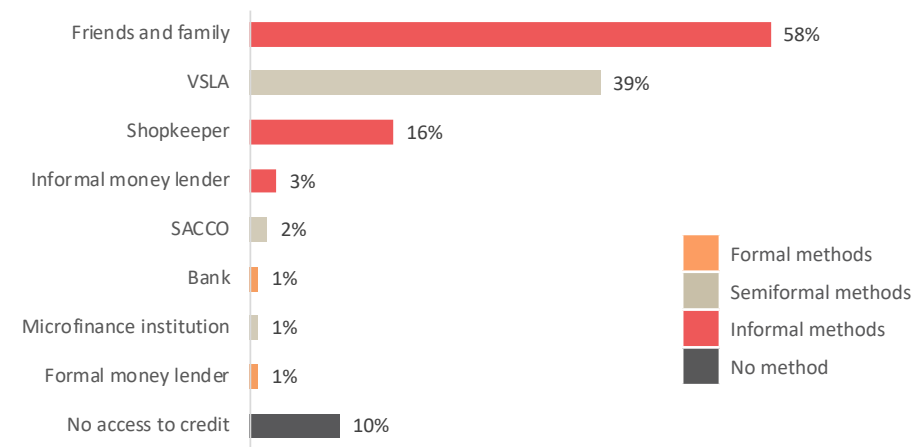
their daily needs, the percentage of households unable to access any form of credit at all is relatively low. Indeed, 75% of households overall reported having borrowed money in the six months prior to data collection. Yet this contrasts with the fact that just 22% of interviewed market vendors reported ever having taken out a loan to support their business, suggesting that while informal sources of credit may meet many households' needs, they may not suffice to support

11 Barriers are reported as perceived by survey respondents and were not independently assessed.
12 Calculated based on HOT OSM data from 5 August 2019, downloaded from http://download.geofabrik.de/africa/uganda.html.
13 Selectable options included when asking households' access to credit were: VSLAs, SACCOs, formal money lenders, informal money lenders, shopkeepers, banks, microfinance institutions, friend or family members and no access at all.

Figure 13: Percentage of traders reporting having faced a security incident while operating their business by settlement

Figure 14: Types of security incidents most commonly reported by interviewed traders who faced a security incident
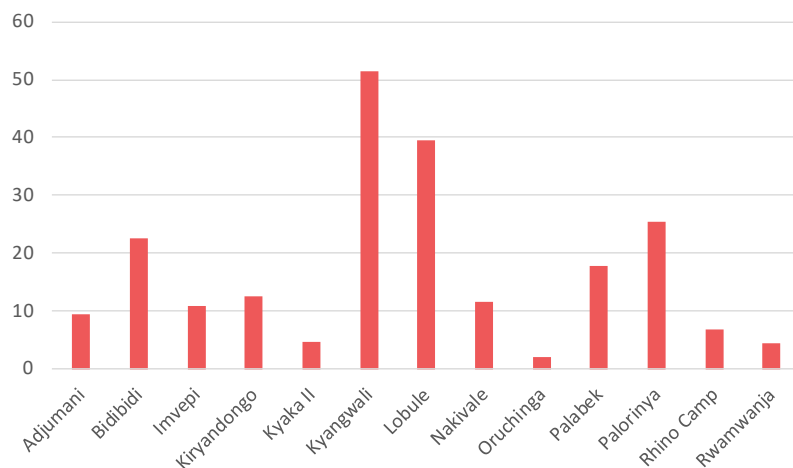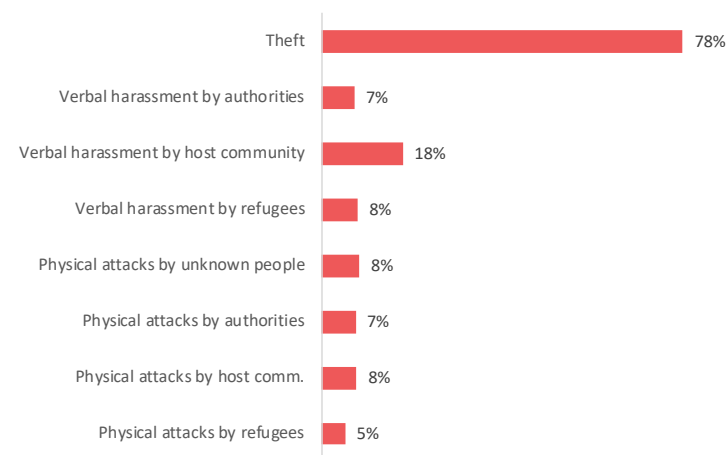

many business transactions.

With regards to market traders' barriers and safety when operating in the marketplaces, 16% of traders across all settlements reported having ever faced security incidents. There were no major differences between female (15%) and male (17%) traders. Moreover, 52% of traders in Kyangwali, particularly in markets within the settlement, and 39% of those in Lobule cited having faced a security incident related to theft when operating their business. Only 2% of traders in Oruchinga reported having faced a security incident, followed by Kyaka II and Rwamwanja at 5%.

Across all settlements, the most common type of security incidents reported by market traders who reported having faced a security incident, was theft (78%). Additionally, traders with inadequate or insecure storage options are most likely particularly vulnerable to theft. KIs across all settlements reported that theft was indeed the major concern of traders, and some traders were reported to at times sleep at the market to protect their goods. KIs across all settlements often reported the need to increase security personnel to address issues of theft in order to improve overall market functionality.

Kyaka II and Rwamwanja were the only two settlements where most traders did not report theft are their main security incident for those who had experienced any. Kyaka II's main security incident was cited to be verbal harassments by refugees (73%) and fears of physical attacks by host community members for Rwamwanja (68%). Other commonly cited incident types were verbal harassments by host community members (18%), followed by fears of physical attacks by unknown people, verbal harassment by refugees, and fears of physical attacks by host community members, all reported by 8% of traders facing security incidents. Further research is needed to understand the background to the verbal and fears of physical attacks taking place.

Across all settlements, the majority of traders who reported having faced a security incident cited that the reasons for the security incidents were mostly related to money or business disputes (56%). Refugee traders in the markets within Lobule and Imvepi, who had faced a security incident, mostly reported the incidents were due to perceived social discrimination. Gender did not seem to play a major role when looking at incident types and reasons, though this could have been a factor that is under-reported due to the sensitivity of gender discrimination.

14 Respondents were able to select more than one option when answering this question.

RECOMMENDATIONS ● DEVELOPED BY AND ON BEHALF OF THE UGANDA CASH WORKING GROUP[15]

The core products generated by the Vulnerability and Essential Needs Assessment (VENA) market component, including this Market Overview, the 13 Refugee Settlement Market Factsheets, and the full and publicly available dataset on which they are based, should be fully utilised to inform:

- **further assessments of the feasibility of cash and market-based programming**[16];
- **the increasing uptake and/or scale-up of cash and market-based programming** where technically and contextually feasible and appropriate;
- more widely, **evidence-based market-sensitive response analysis and programme design decisions** across the Uganda refugee response.

In addition, VENA market analysis and recommendations should be incorporated into the **VENA analytical framework** that is being finalised—and should inform the inherent improvements to assistance programming design in Uganda which this will then deliver.

Agencies needing to better understand, assess or analyse markets to inform their response analysis and programme design should start by referring to existing VENA market data **before** running new market assessment exercises—which may not immediately be necessary. As a first step this may be done via the relevant settlement-specific Market Factsheet, and the raw dataset which provides more in-depth information than what is presented in either this Market Overview or each Settlement Factsheet.[17]

The VENA joint market assessment products and dataset now represent a valuable **baseline** that should be used as reference to measure evolving market dynamics. This specifically in the short to medium term through 2020, and with relevance to the predicted significant impact of COVID-19 on market systems and marketplaces across Uganda, and specifically of those located within or close to refugee settlements. Existing key data indicators include: **market-related functionality; access; availability; capacity;** and **supply and demand**—including **seasonality** and **ability to scale up.**

Given the variance in markets assessed in terms of findings—e.g. across size, structure, number of traders operating, number of days of operation per week, and commodities sold; and fundamentally between markets within or in proximity to refugee settlements—there are inherent limitations to any nationally-extrapolated findings; **reference to specific Refugee Settlement Market Factsheets is therefore strongly recommended in parallel with this Market Overview.** In addition, the fundamental differences between markets within and outside settlements must continue to be carefully taken into account.

The VENA joint market assessment findings, analysis and outputs align with the ongoing inter-agency MEB joint price monitoring and analysis carried out on a monthly basis by WFP, UNHCR and DRC on behalf of the ECHO-funded Cash Consortium. In line with the methodology and findings from the VENA market component, it is recommended to consider **expanding the MEB joint price monitoring and analysis** to incorporate, where possible, indicators relating to access, availability, and quality/impact—in order to track changes and measure the impact of increased cash-based assistance over time.

The VENA market assessment clearly finds that **further investigating the supply, demand, and prices for individual commodities in assessed markets remains crucial to understanding refugees' demand patterns for items as well as traders' capacities to supply the required items.** This is even more important in the light both of the predicted but uncertain impact of COVID-19 on critical market systems and marketplaces for refugees and host communities, and the parallel programmatic intention across the response to rapidly scale up the use of cash-based assistance as a key mitigation measure.

In this regard, of specific relevance are:

1. Market functionality: This must continue to be closely monitored, particularly with relation to the dynamic of designated market days—which the same traveling traders visit sequentially throughout the week location by location—and with increased priority given the potential negative impact that COVID-19-related restrictions on movement may generally have on market functionality.

2. Seasonality and associated fluctuations in demand, supply and prices: Seasonality was identified as the primary factor affecting supply, demand, and prices for many market commodities: not only food items, but also several types of NFIs for which consumption tended to be seasonal, in particular education and shelter items; as a result, seasonal trends and fluctuations must continue to be both closely monitored and analysed—in particular in the light also of COVID-19-related impacts—and factored into programme design and delivery.

3. Market system integration: Most interviewed traders reported sourcing nearly all assessed market commodities from retailers outside their sub-county—suggesting that markets in and near refugee settlements rely heavily on decent roads, transportation infrastructure, and functioning wider supply chains and market systems for traders to be able to maintain their supply. It is therefore strongly recommended to continue to closely and regularly monitor

critical market systems and supply chains, including any COVID-19-related movement restrictions and their potential negative impacts on both market system integration and the production and supply of essential goods.

4. Capacity/ability to scale up: Traders in assessed marketplaces tended to operate on small scales, with low profit margins, and often as sole traders. While nearly all traders reported ability to scale up—e.g. to double their stock within one week in response to doubled customer demand, relying on their usual suppliers and without increasing prices—examining other indicators revealed a more complex picture involving likely obstacles to meeting increased demand. These were: a) limited financial capacity and lack of access to credit; b) lack of storage capacity—especially for fresh food traders; c) reported likelihood that producers and wholesalers would face problems doubling their stock, and increase prices in case of such demand, which would then negatively impact on retailers; d) high levels of informality among traders; and e) poor accessibility and infrastructure, especially for traders operating in remoter refugee settlements.

Further research is therefore required to better understand traders' genuine ability to scale up in different locations, and their ongoing ability to operate in the light of the impact of COVID-19. This must be immediately prioritised in the context of assessing the feasibility of scaling cash-based assistance within the refugee response.

It is also recommended to: liaise closely with markets and traders in target areas so they can plan any required scale up in a timely manner and mitigate the risk of inflation; and to conduct advocacy with national and local authorities to improve transport links, access and infrastructure in more remote or newer settlements.

In collaboration with the Livelihoods and Resilience Sector Working Group, opportunities for **market systems support** should be prioritised to strengthen market capacity to respond, in line

with the finding that an overwhelming majority of traders interviewed expressed interest in/plans to expand their businesses, while also highlighting specific operational capacity challenges needing to be overcome—namely financial (access to credit), storage and transportation (capacity and cost).

Facilitating **access to credit and improved financial literacy and inclusion** is clearly one avenue to further develop—with key obstacles reported as being inability to meet credit policies/provide collateral, and, in particular amongst refugee traders, a lack of information about available financial services. Difficulties accessing sufficient and formal forms of credit is also a clear finding in the VENA household assessment component. Facilitating **increased access to Village Savings and Loan Associations (VSLAs), or where possible Savings and Credit Cooperatives (SACCOs), microfinance institutions, or banks** should be further explored. Meanwhile **further increasing the provision of cash assistance by digital means of delivery**—whether agent banking or mobile money—will also facilitate financial inclusion; ensuring the required infrastructure, coverage, agent network and liquidity of financial service providers to support the scaling up of digital cash delivery is essential in this regard. Improving access and strengthening market infrastructures through **cash for work or community-based initiatives that target both refugees and local host communities** should also be prioritised.

It is also recommended to explore additional support to **enable refugees' physical access to markets.** With distance and disability identified as the most significant barriers to accessing markets, being able to afford and use transport would increase market access for vulnerable refugee households. There is also a need to further investigate gender dynamics within access to markets, in line with the VENA household survey finding that of the (relatively small[18]) proportion of households reportedly facing barriers to accessing marketplaces, adult women and female youth faced the greatest challenges in doing so, when asked according to gender and age groups.

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18 The VENA household survey found that 8% of households face barriers when accessing marketplaces.

ASSESSMENT CONDUCTED UNDER THE FRAMEWORK OF:

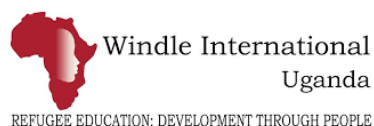Uganda Assessment Technical Working Group

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ABOUT UNHCR

UNHCR, the UN Refugee Agency, is a global organization dedicated to saving lives, protecting rights and building a better future for refugees, forcibly displaced communities and stateless people. Since 1950, they have supported multiple crises on multiple continents, and provided vital assistance to refugees, asylum-seekers, internally displaced and stateless people, many of whom have nobody left to turn to. In Uganda, UNHCR provides assistance to almost 1.3 million refugees from countries including South Sudan, DRC, Burundi, Somalia, Rwanda, Eritrea, Sudan, Ethiopia, and other countries.

Visit **www.unhcr.org** for more information.

ABOUT WFP

Assisting 86.7 million people in around 83 countries each year, the World Food Programme (WFP) is the leading humanitarian organization saving lives and changing lives, delivering food assistance in emergencies and working with communities to improve nutrition and build resilience. As the international community has committed to end hunger, achieve food security and improved nutrition by 2030, one in nine people worldwide still do not have enough to eat. Food and food-related assistance lie at the heart of the struggle to break the cycle of hunger and poverty.

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REACH facilitates the development of information tools and products that enhance the capacity of aid actors to make evidence-based decisions in emergency, recovery, and development contexts. The methodologies used by REACH include primary data collection and in-depth analysis, and all REACH activities are conducted through inter-agency aid coordination mechanisms. REACH is a joint initiative of IMPACT Initiatives, ACTED and the United Nations Institute for Training and Research - Operational Satellite Applications Programme (UNITAR-UNOSAT).

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