

Brief: Refugees, Shocks, and Cash Transfers. June 2022

Refugees, Shocks, and Cash Transfers:

A One-Time
Cash Transfer of
\$1,000 provides
lasting benefits to
refugees in Uganda
amid COVID-19



Introduction

Many studies have shown that large, unconditional cash transfers (UCTs) reduce poverty and improve quality of life, at least in the short run.¹ But, will UCTs succeed in refugee communities, where residents face larger barriers to income-generating opportunities?

The non-profit organization [GiveDirectly](#) sought to understand if a large, one-time UCT of USD 1,000 could support refugees in protracted displacement to rebuild their lives and gain more self-sufficiency. An [impact evaluation by IDinsight](#) shows that – even amidst the COVID-19 pandemic and cuts to the monthly World Food Programme (WFP) cash/food aid – refugees in Kiryandongo refugee settlement (Uganda) effectively used the cash transfer to improve their economic and psychological well-being.

Almost two years after receiving the cash transfer, households owned more assets, consumed more goods and services, and earned more business income compared to a control group. The observed effects are in line with the effect sizes observed in other large UCT studies conducted outside refugee settlements.

Background to the Study

UNICEF² estimates that, with over 1.5 million refugees and asylum-seekers, Uganda hosts the largest refugee population in Africa and the third-largest in the world. Many refugees have been living in Uganda long-term, given the protracted nature of conflicts in neighboring countries, including South Sudan and the Democratic Republic of Congo (DRC).

The COVID-19 pandemic and global aid shortfalls have further perpetuated economic disruption leaving the livelihoods of many vulnerable households, including refugees in protracted displacement, at risk.³

Uganda's comparatively progressive policies allow refugees to move freely outside the settlements, get formal jobs, start businesses, and engage in farming activities, which provide economic opportunities that a cash transfer could unlock.

GiveDirectly is providing a one-off unconditional cash transfer (UCT) of USD 1,000 via mobile money to each of the ~10,000 refugee households in Kiryandongo settlement as well as ~5,000 nearby Ugandan ("host community") households in Kiryandongo District over three years. Kiryandongo is an established settlement on fertile land and situated close to the local trading center in Bweyale town and along the Kampala-Gulu highway, providing livelihood and investment opportunities.

Methodology

IDinsight conducted a rigorous, mixed-methods evaluation of GiveDirectly's intervention to examine the impact of the cash transfers on refugee and host households and inform future decision-making about cash programs by donors and implementing organizations. The impact evaluation combines a randomized controlled trial (RCT) of 1,090 refugee households and a qualitative study of 32 refugee and 21 host households.

The study included a baseline from September to November 2019, a midline from July to October 2020, and an endline survey from mid-February to mid-April 2022.

In August 2019, IDinsight and GiveDirectly randomized ~9,000 refugee households in Kiryandongo into 24 cohorts, determining the sequence in which households are enrolled into the program. It was necessary to phase in the program over time due to logistical constraints and worries about inflation. After consulting the refugee leadership, United Nations High Commissioner for Refugees (UNHCR), and Uganda's Office of the Prime Minister (OPM) in Kiryandongo, GiveDirectly and IDinsight chose a public lottery approach for randomization.

This approach aimed to maximize transparency and perceived fairness of the randomization process. In the public lottery, households selected their cohort number from a bucket containing numbers 1 to 24. The first two cohorts to receive the transfer formed the treatment group, and a random sample of households in cohorts 17 to 20 formed the control group. Around 1,000 households of Persons with Specific Needs (PSN), as specified by UNHCR, did not participate in the lottery or the study and were the first to receive their transfers.

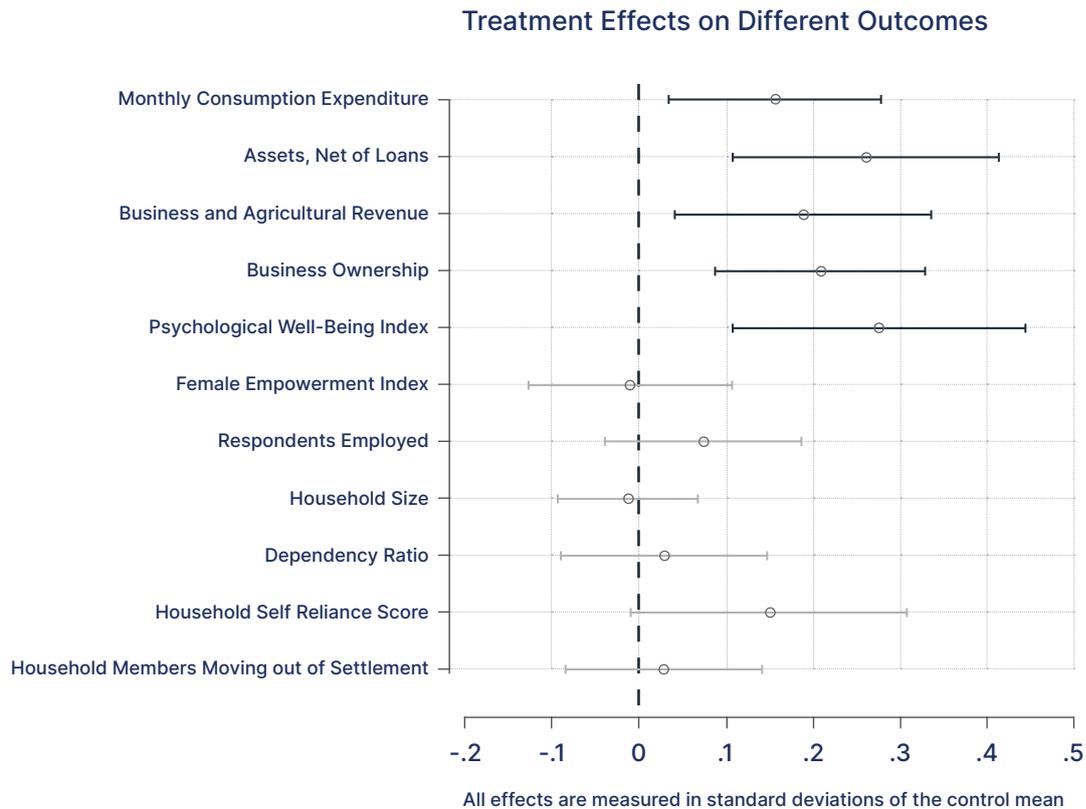


After the participant has picked the ping pong ball, the GiveDirectly Field Officer, Joyce, shows the participant the picked group number. ©IDinsight/Rico Bergemann



IDinsight Manager Rico Bergemann checks the number of ping pong balls in one of the lottery buckets. ©IDinsight/Penny Davis

Findings



Around two years after receiving the transfer, refugees who received the transfer:



CONSUMPTION

Increased their consumption by 32.3 USD (or 11%) more per month compared to those who did not yet receive the transfer. This increase is meaningful; it is roughly the same amount that the average family spends on educational expenses in a month.

- Food consumption increased by 21.3 USD and is the largest contributor to the consumption increase.
- While respondents in the qualitative interviews initially highlighted education as a key investment priority, the long, COVID-19- induced school closure, increasing food prices, and WFP aid cuts required them to reprioritize spending on more immediate consumption needs. However, households noted during the qualitative interviews in 2022 that the transfers were essential for allowing them to pay school fees once they reopened.
- Increased remittances and business revenue explain most (84%) of the increase in consumption for refugee households.



ASSETS

Increased the value of their asset ownership by 1385.9 USD (or 60%) compared to those who did not yet receive the transfer.

- Many households used their transfers to invest in assets through home construction and improvements such as adding another room or installing a metal roof. In the qualitative interviews, respondents noted that home construction and improvements were one of their primary spending categories and the most notable positive change to their lives from the transfer. We find that the value of land increased by 799.3 USD (94%), and the value of homes increased by 499.1 USD (48%).⁴ We do not find statistically significant evidence of an increase in total net assets excluding house and land values, though the point estimate is positive at 94.1 USD.
- Breaking this finding down into its sub-categories, the value of savings increased by 23.9 USD (65%), loans made to others increased by 10.4 USD (117%), and household assets such as furniture or sewing machines increased by 49.9 USD (29%) compared to the control group.



Many recipients spent the transfer on home construction and improvements and noted this as the most positive change to their lives from the transfer
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BUSINESS OWNERSHIP AND REVENUE

Started new businesses and earned 14.3 USD (or 64%) more monthly business income compared to those who did not yet receive the transfer.

Non-agricultural business ownership increased by 8.6 percentage points compared to the control group, 53% of which comes from small shops either in the market or run from their home (4.6 percentage point increase).

Many respondents in the qualitative interviews noted that they had initially planned to use their transfer to invest in a business but had to focus on basic needs during the pandemic.



Many recipients started non-agricultural businesses such as small shops in the market or out of their homes. ©IDinsight/Heather Lanthorn

The study also showed positive effects on psychological well-being and the Refugee Self-Reliance Initiative self-reliance index.⁵ The study did not find statistically significant effects on food security, migration, female empowerment, employment, household size, or the household dependency ratio.

Conclusion

GiveDirectly provided large, one-time UCTs to all refugee households in Kiryandongo, planning to eventually saturate an entire settlement. The impact evaluation tested this UCT model for refugee communities and showed positive results on key economic outcomes such as consumption, asset ownership, and business revenue.⁶ The observed effects are in line with the effect sizes observed in other large UCT studies conducted outside refugee settlements.

The findings highlight that, in the context of Uganda's progressive policies and Kiryandongo's market integration and livelihood opportunities, refugees used the GiveDirectly transfer to invest in improving their economic and psychological well-being.

This study may inform future decisions to introduce UCTs as an effective mechanism for poverty alleviation in refugee communities.

A full endline report is forthcoming in July 2022 that further integrates the findings from the RCT and qualitative study to provide full context on the impact of the intervention.

- 1 Research at GiveDirectly: <https://www.givedirectly.org/research-at-give-directly/>
- 2 UNICEF (2018): Uganda Humanitarian Situation Report, available at: https://www.unicef.org/appeals/files/UNICEF_Uganda_multihazard_SitRep_March_2018.pdf.
- 3 Egger D, Miguel E, Warren SS, et al. Falling living standards during the COVID-19 crisis: Quantitative evidence from nine developing countries. *Science Advances* 2021;7:eabe0997. doi:10.1126/sciadv.abe0997
Smerdon P. Food rations cut for refugees in Eastern Africa as coronavirus stretches resources. *World Food Programme*. <https://www.wfp.org/news/food-rations-cut-refugees-eastern-africa-coronavirus-stretches-resources>
Manirambona E, Uwizeyimana T, Uwiringiyimana E, et al. Impact of the COVID-19 pandemic on the food rations of refugees in Rwanda. *International Journal for Equity in Health* 2021;20:107. doi:10.1186/s12939-021-01450-1
- 4 The value of land and houses is difficult to ascertain due to thin markets. Our asset valuations are based on self-reported valuations of respondents' own property. The large treatment effects may have been partially driven by treatment households increasing their estimates of land/house values even for the same land/house.
- 5 The index is a scored survey tool for measuring the progress of refugee households toward self-reliance over time. <https://www.refugeeselfreliance.org/self-reliance-index>
- 6 Research at GiveDirectly: <https://www.givedirectly.org/research-at-give-directly/>
Egger et al. General Equilibrium Effects of Cash Transfers: Experimental Evidence from Kenya. Published in *National Bureau of Economic Research*, 2021. DOI 10.3386/w26600

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IDinsight

IDinsight is a mission-driven global advisory, data analytics, and research organization that helps global development leaders maximize their social impact. We tailor a wide range of data and evidence tools, including randomized evaluations and machine learning, to help decision-makers design effective programs and rigorously test what works to support communities. We work with governments, multilateral agencies, foundations, and innovative non-profit organizations in Asia and Africa. We work across a wide range of sectors, including agriculture, education, health, governance, sanitation, and financial inclusion. www.idinsight.org

GiveDirectly

GiveDirectly is a non-profit that delivers unconditional cash transfers to households living in extreme poverty. This approach stems from rigorous experimental evidence of impact and core values of efficiency, transparency, and respect. GiveDirectly has been operational in Uganda since 2013.

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