IDinsight

Village Enterprise

MERCY CORPS

Evaluation Brief

November 2025

Building Economic Self-Reliance Among Refugee Communities in Uganda:

Early impacts from the DREAMS program in West Nile, Uganda

Year 1 results from a randomized controlled trial of a combined poverty graduation and market systems development program

Program Overview

The Delivering Resilient Enterprises and Market Systems (DREAMS) project is a multi-year initiative jointly implemented by Village Enterprise and Mercy Corps. DREAMS provides an innovative solution that seeks to promote self-reliance among refugees and host community members by providing them with the financial skills and business opportunities that enable self-sufficiency and promote livelihoods. It is currently being implemented in Uganda, Ethiopia, Kenya, and Tanzania.

DREAMS integrates two complementary components: poverty graduation (PG) and market systems development (MSD). The PG component, implemented by Village Enterprise, is a structured 12-month program that equips vulnerable households with the skills, financial capital, and mentoring needed to start and sustain businesses. The MSD component, implemented by Mercy Corps, promotes uptake of priority value chains through input subsidies and strengthens the broader market ecosystem pertinent to those value chains to create sustainable opportunities for refugee and host community-led enterprises.

The program is being evaluated using a randomized controlled trial (RCT) and a complementary qualitative study. The goal of this evaluation is to measure the impact of the DREAMS program on economic and other outcomes for refugee and host community households. DREAMS was implemented in West Nile since 2022 to 2025. This brief presents short-term results measured in mid-2025, soon after the end of the program. A second endline that will measure medium-term impacts is planned for mid-2026.

Key Results

Higher Consumption:
Treatment respondents reported USD 19.10 (69,205 UGX)[1] higher average monthly household consumption than control households, representing a 17% difference.

Greater Asset Ownership:
Treatment households on average reported USD 184.10 (655,042 UGX) more in total asset value than control households, representing a 20% difference.

Higher Household Income:
Treatment households on average reported USD 8.35 (30,199 UGX) more in total monthly income than control households, representing a 24% difference.

Higher Savings:
Treatment households reported USD 27.01 (97,776 UGX) more in total household savings than control households, representing a 108% difference.

Cost-effectiveness:
If effects are sustained for five years, the DREAMS program will yield 2 times the value of its costs through increased household consumption and asset accumulation. In host communities, the short-run benefits already exceed program costs.

1 We used the exchange rate of 1 USD = 3,616.38 UGX, the average rate between May and July 2025, when endline data was collected based on data from exchange-rates.org

Context

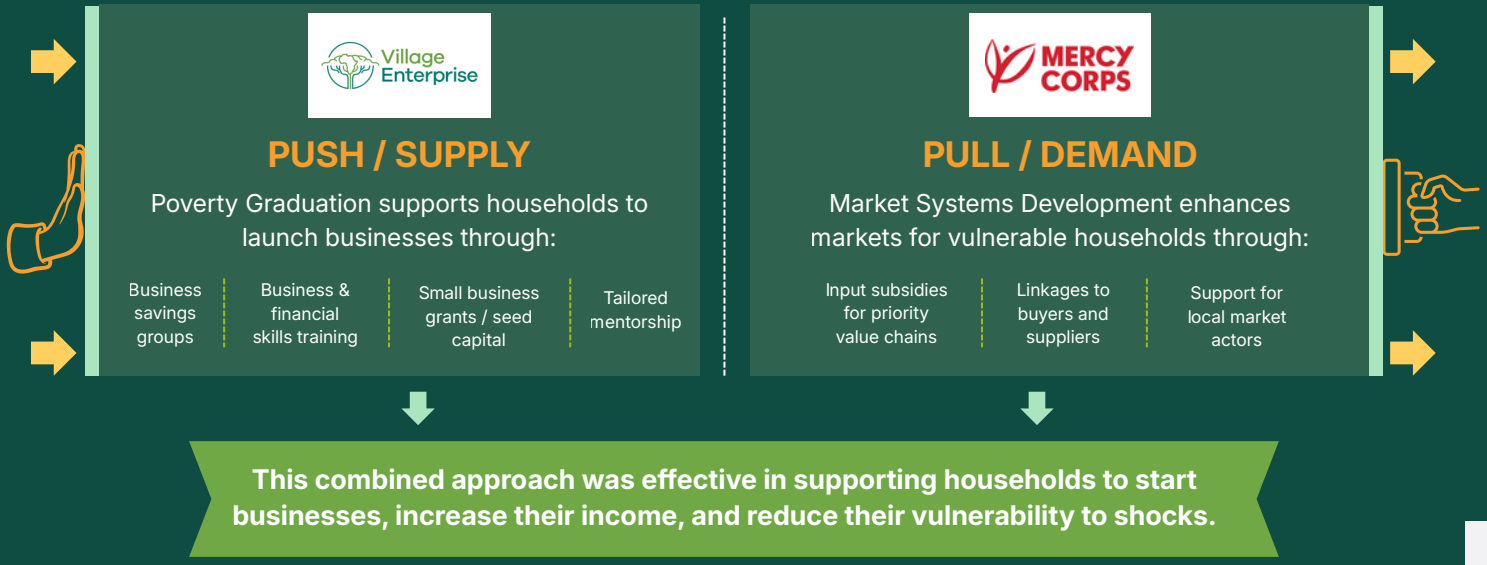
Uganda hosts ~2 million refugees and asylum-seekers (UNHCR, 2025), many of whom are expected to remain long-term due to protracted conflicts. The humanitarian system, originally designed to deliver urgent, life-saving aid, has struggled to provide durable solutions for people living in protracted displacement, which represent over three-quarters of refugees (UNHCR 2021). Refugees require not only immediate humanitarian assistance but also sustainable, long-term solutions that enable them to rebuild their lives. Identifying these solutions has never been more urgent as the humanitarian sector grapples with unprecedented cuts in foreign assistance. According to the United Nations Office for the Coordination of Humanitarian Affairs, by early September 2025, less than 20% of the USD 44 billion required to meet global humanitarian needs had been received, resulting in the humanitarian sector contracting to one-third of its size in 10 months.

Poverty graduation (PG) is a proven intervention that has sustained impacts on the livelihoods of ultra-poor households in non-refugee settings (e.g., Banerjee et al., 2015). However, PG, which relies on the creation of successful micro-enterprises, may be insufficient by itself to generate sustained impacts in areas with limited market maturation, such as refugee communities. Market systems development may provide the missing piece in these settings, but to our knowledge, there is no evidence on the effectiveness of combining PG with MSD, and this is among the first rigorous studies conducted on the combined PG and MSD approach in a refugee setting. **The findings aim to inform program implementation, improve future programming, and contribute evidence to humanitarian organizations and other stakeholders that are exploring effective approaches to meeting the needs of refugees and host communities.** There is a separate evaluation in Ethiopia to test the model's adaptability across multiple contexts with results from the first endline expected in early 2026.

DREAMS

Village Enterprise and Mercy Corps designed the Delivering Resilient Enterprises and Market Systems (DREAMS) project to be a sustainable, long-term model for improving livelihoods by advancing refugee self-reliance through an innovative, dual-pronged approach.

DREAMS combines two models: poverty graduation (PG) and market systems development (MSD), designed to strengthen local business activity and improve economic livelihoods. The innovation of DREAMS lies in deliberately integrating these approaches, providing a "push" to help vulnerable refugee and host households become market-ready, alongside a "pull" from strengthened market systems to ensure they can participate as profitable contributors.



This combined approach was effective in supporting households to start businesses, increase their income, and reduce their vulnerability to shocks.

Evaluation Overview

Evaluation Design:
Household-level randomized controlled trial

Evaluation Timeline:
Nov 2022 - Jan 2024 (Targeting and launch of evaluation cohorts); Apr - Jul 2025 (Endline 1); Apr - Jul 2026 (Endline 2 - anticipated)

Setting and Evaluation Sample:
The evaluation is taking place in refugee and host communities in West Nile, Uganda. As part of normal program implementation, Village Enterprise screened all households in the participating communities for program eligibility across ten program cohorts. The program was piloted in cohorts 1 and 2, while the evaluation focuses on cohorts 3-6. Eligible households in these cohorts were randomized to the treatment or the control arm. From these evaluation arms, 6,560 households (3,280 treatment and 3,280 control) have been randomly selected to be surveyed for each Endline.

Data Collection Methods:
Quantitative data collection was collected at 2 points thus far with an additional round planned for one year after Endline 1: 1) a short survey during the initial targeting phase before randomization; 2) Endline 1, approximately 0.5 to 1.5 months after the program's conclusion of the evaluation cohorts; and 3) (planned) Endline 2 approximately one year following Endline 1. Data was collected through enumerator-administered, in-person surveys, with outcomes based on self-reported measures. In addition, qualitative interviews and focus group discussions were conducted with a subset of program participants, control households, and private sector actors.

©Village Enterprise. Aerial shot of Bidi Bidi Refugee Settlement, Northern Uganda.

Economic Outcomes

High Program Participation: Almost all treatment participants (99%) joined Business Savings Groups and started businesses through Business Groups, the main elements of the PG component of DREAMS. Almost half (49%) of households in business groups launched or participated in a business in a promoted value chain since the start of DREAMS. Improved poultry and sesame were the most common value chains, each accounting for 24% of respondents in BGs.

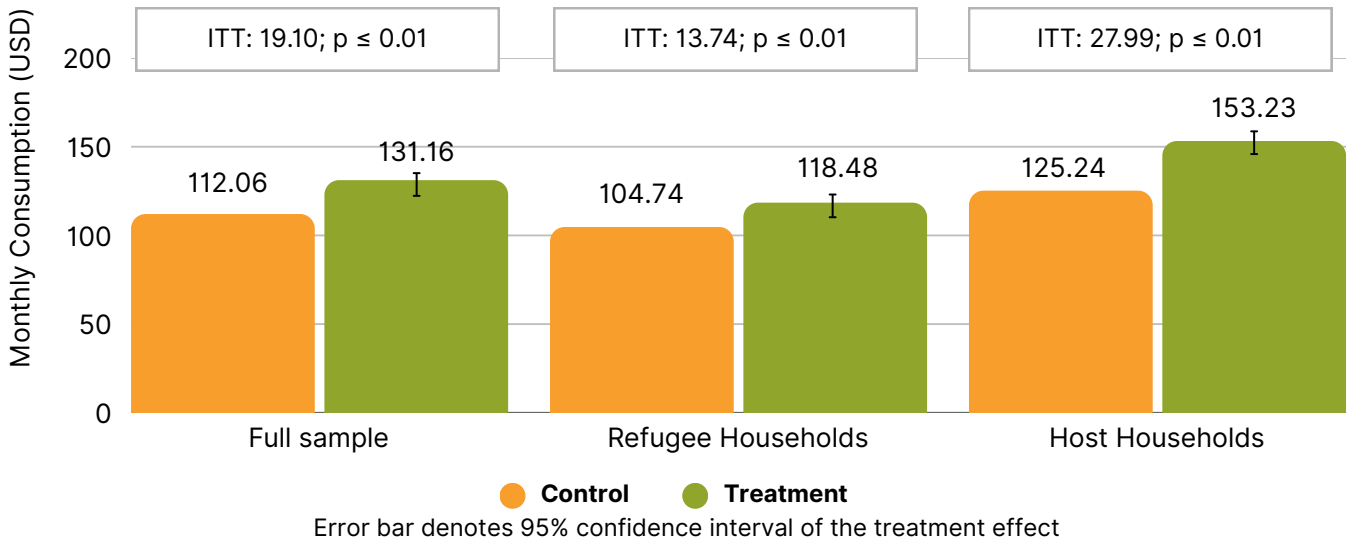
Higher Consumption: Treatment respondents reported USD 19.10 (69,205 UGX)[2] higher average monthly household consumption than control households, a 17.1% difference. This demonstrates that DREAMS had a positive and statistically significant impact on economic welfare. Impacts are widespread across items commonly purchased by households in these areas. The largest program impacts are on the consumption of meat (beef, chicken, fish) and staple foods (sorghum & cassava flour), and spending on education.

Greater Asset Ownership: Treatment households on average reported USD 184.10 (655,042 UGX) more in total asset value than control households at endline, representing a 20% difference. Notably, this treatment effect size was about USD 108.88 (383,000 UGX) more than the average per-household value of direct transfers during the program, namely the grants and subsidies, demonstrating that treatment households were able to leverage business investment into asset growth.

Higher Household Income: Treatment households on average reported USD 8.35 (30,199 UGX) more in total monthly income than control households, representing a 24% difference. Similar to consumption and assets, income treatment effects were substantially larger for host households. Host households reported income gains of USD 12.20 (44,104 UGX), nearly twice the gains observed for refugee households, who reported gains of USD 6.20(22,428 UGX).

Higher Savings: Treatment households reported USD 27.01 (97,776 UGX) more in total household savings than control households. Given that control households reported an average of USD 25.02 in savings, this represents a 108% difference, effectively doubling the savings buffer available to participating families. The impact was driven significantly by business savings, with treatment households reporting USD 15.28 more than control households.

Differences in Household Monthly Consumption (USD)



Error bar denotes 95% confidence interval of the treatment effect

2 We used the average exchange rate between May and July 2025, when endline data was collected, with 1 USD = 3,616.38 UGX using data from exchange-rates.org

Resilience, Financial Inclusion, and Well-Being

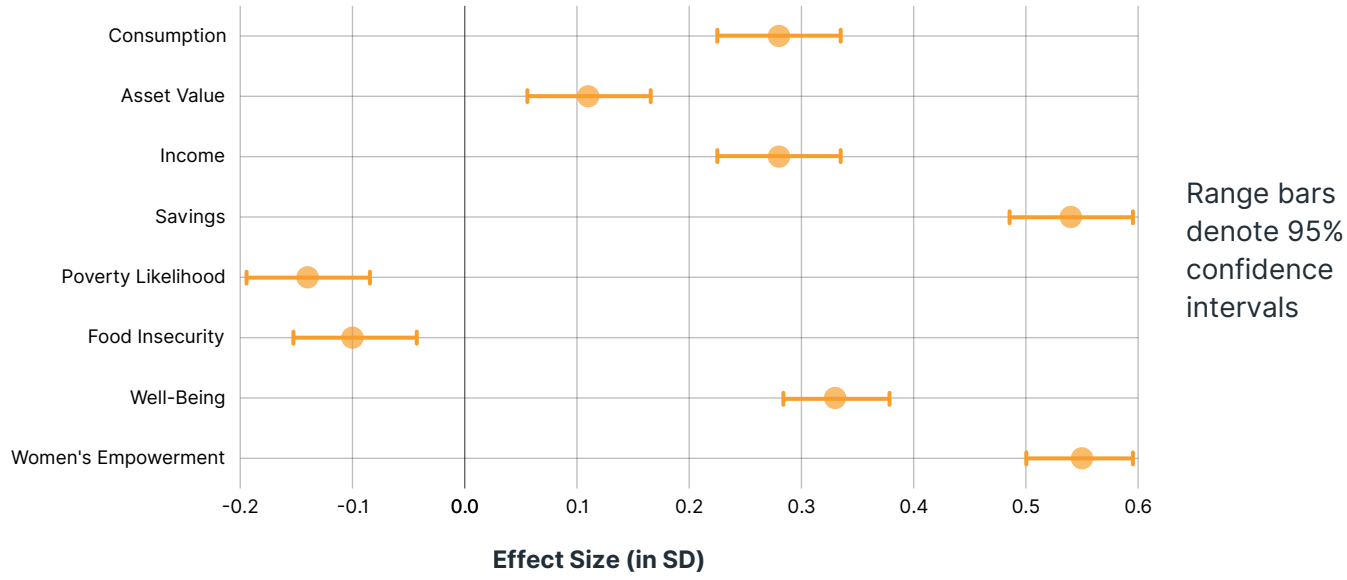
Greater Financial Inclusion: The DREAMS program had a positive and statistically significant impact on households' use of financial services, including banks, community savings groups, and borrowing from private sector actors. Around 77% of treatment households participated in community savings groups compared to 44% of control households. Treatment households' continued participation in their BSGs likely explains the higher reported participation in savings groups among this group.

Higher Overall Well-Being: On average, treatment households scored 0.6 points higher on the well-being index of 1-10 than control households, equivalent to a 12% and 0.33 standard deviation difference, reflecting positive impacts of DREAMS beyond economic outcomes. On a ten-point scale, treatment households reported on average feeling happier (+0.61), healthier (+0.22), and more satisfied with their financial situations (+0.91) than control households.

Greater Economic Empowerment for Women: Female treatment respondents scored higher overall on the women's economic empowerment index, scoring +0.06 points on a scale from 0 to 1 relative to female control respondents (+0.54 standard deviations). The most pronounced gains were observed in economic decision-making, access to financial services, and group membership.

Cost-effectiveness: If effects are sustained for five years, the DREAMS program will yield 2 times the value of its costs through increased household consumption and asset accumulation. Assuming modest positive spillovers, primarily from market systems development activities, would further increase ROI. The program's cost-effectiveness compares favorably with peer programs in sub-Saharan Africa.

Standardized Effect Sizes on Key Outcomes



Banerjee, A., Duflo, E., Goldberg, N., Karlan, D., Osei, R., Pariente, W., Shapiro, J., Thuysbaert, B., & Udry, C. (2015). *A multifaceted program causes lasting progress for the very poor: Evidence from six countries*. Science, Vol 348 (6236).

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Conclusion

Taken together, the evaluation findings indicate that DREAMS generated meaningful short-term improvements in household economic outcomes and well-being, particularly in consumption, income, and asset ownership. These gains suggest that DREAMS effectively helped participants translate training, grants, and business activities into measurable improvements in household welfare within the first six months to 1.5 years after implementation.

Across nearly all indicators, on average, host community households experienced larger gains than refugee households (in absolute terms), though both groups benefited from the program. Host participants saw stronger gains, particularly in consumption, assets, and income. These patterns likely reflect differences in baseline resources, as host households typically had greater access to land compared to refugees (2.17 acres vs. 1.01 acres) and were therefore better positioned to engage in commercial crop value chain activities such as sesame and soybean production, which are more land-intensive.

We conclude that the DREAMS program was impactful in the short term. The promise of DREAMS may be even greater in future program implementation when market linkages are stronger. Strengthening access to inputs, improved poultry management, and value chain services could enable households to scale businesses more effectively and maximize economic gains, more fully realizing the promise of combining poverty graduation with market systems development. All private sector actor partners were still engaged with the community as of Endline 1, reflecting the potential for sustainability and growth in these market linkages over time.

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