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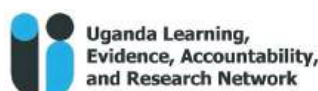


PRIVATE SECTOR ENGAGEMENT IN THE AGRICULTURE SECTOR IN THE UGANDA REFUGEE RESPONSE:

REVIEW OF TECHNICAL APPROACHES AND COLLABORATION MODELS



MAY 2026



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ABOUT U-LEARN/U-RIL

U-Learn is a consortium of the Uganda Response Innovation Lab (U-RIL), the International Rescue Committee (IRC) and IMPACT Initiatives. It was launched with funding from the British High Commission in 2020 and has since received co-funding from USAID Bureau for Humanitarian Assistance (BHA) and DANIDA. U-Learn is a public good designed to promote improved outcomes for refugees and host communities in Uganda. Its objective is to generate and encourage uptake of evidence and insights for the Uganda refugee response. U-RIL implements the Refugee Response Learning Hub (started under U-Learn) to support multisectoral and multi-actor learning and uptake. Private Sector Engagement (PSE) is one of response actors' priority thematic focus areas.

ABOUT THE LIVELIHOODS AND RESILIENCE SECTOR WORKING GROUP

The inter-agency Livelihoods and Resilience Sector Working Group (LRSWG) was constituted in September 2018 by the Office of the Prime Minister (OPM) and the United Nations High Commissioner for Refugees (UNHCR) to ensure oversight, efficiency and adequate coverage by livelihood partners in the refugee response. The overall objective of the LRSWG is to enhance the quality, increase the effectiveness, and promote the sustainability of livelihoods programming, thereby contributing to the self-reliance and resilience of refugee and host community households. The LRSWG:

- Advocates for reducing barriers to socioeconomic inclusion for refugees and host communities to promote access to employment, income-generating opportunities, financial services, land, and public services.
- Explores and fosters innovative collaboration among partners, building sustainable partnerships with the private sector, donors, and other relevant stakeholders.
- Promotes multi-year, scalable, and sustainable programming with integrated development approaches and alignment with national systems.
- Supports LRSWG members in delivering well-coordinated, high-quality livelihood and resilience programs that effectively address the needs of both refugees and host communities.

The LRSWG coordinates various programmes and activities, including emergency, short-term livelihood initiatives, as well as medium to long-term livelihood and resilience interventions. These are implemented in refugee settlements and host communities and include, but are not limited to the following:

- Livelihood needs assessments and data coordination
 - Emergency livelihood support interventions, including productive asset transfers and short-term employment
 - Value chain development linked to District Development Plan prioritisation and market opportunities
 - Skills development, especially for youth and women
 - End-to-end support using a market development approach
 - Graduation activities and other outcome-oriented programming
 - Financial inclusion
 - Digital connectivity and inclusion
 - Enabling environment enhancement and social empowerment
 - Coordination both at national and settlement levels to enable convergence towards results build synergies and, avoid duplication of efforts
-

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Acronyms

CRRF	Comprehensive Refugee Response Framework
CSR	Corporate Social Responsibility
FSP	Financial Service Provider
LRSWG	Livelihoods and Resilience Sector Working Group
MSD	Market Systems Development
MSMEs	Micro, small and medium sized businesses
NGO	Non-Governmental Organisation
PHH	Post-harvest handling
PSA	Private Sector Actor
PSE	Private Sector Engagement
RHDs	Refugee-hosting districts
SME	Small and medium sized business
VA	Village agent

Executive Summary

Private sector engagement (PSE) in agriculture is increasingly recognised in the Uganda refugee response as a critical pathway for strengthening refugee and host community livelihoods in refugee-hosting districts (RHDs). Agriculture remains the main source of income for many refugees, yet weak markets, poor infrastructure, and limited access to inputs constrain productivity and profitability. By partnering with private sector actors (PSAs), and operating within an enabling environment, NGOs can help unlock agricultural value chains, stimulate demand, and ensure refugees are recognised as producers, workers, and consumers within local markets.

This report begins with an overview of why PSE in agriculture matters in the refugee response, outlining the opportunities and challenges for NGOs and PSAs. It examines different types of technical approaches to PSE, contractual arrangements, collaboration models and roles – such as de-risking, grants, subsidies, co-financing, and technical support – that have been applied in practice. The document then explores the six core challenges to effective NGO-PSA partnerships:

- 1- Identifying and selecting the right PSA**
- 2- Designing a PSE programme to withstand shocks**
- 3- Inequitable partnership dynamics, mistrust and, ineffective communication**
- 4- Reconciling different ways of working**
- 5- Risk analysis and knowledge of the refugee response**
- 6- Lack of access to relevant case studies and transparent insights**

Practical solutions and good practices are presented and followed by recommendations.

Success drivers for PSE that were identified include:

- co-creation of PSE;
- integrating PSAs into agricultural project design from the outset;
- assessing business viability beyond donor support;
- flexibility in agricultural market strengthening modalities; and
- building trust and sharing experiences.

Finally, agricultural PSE efforts must remain demand-driven, ensuring that training, inputs, and services are linked to genuine market opportunities. When NGOs, PSAs, and refugees collaborate around agriculture with shared incentives and a market systems approach, PSE can shift from isolated pilots to sustainable, inclusive agricultural development that benefits both refugees and host communities.



1

BACKGROUND

PSE IN THE AGRICULTURAL SECTOR IN THE UGANDA REFUGEE RESPONSE

Although still developing, as the concept of refugees' agency and the idea of refugees as economic actors with purchasing and producing power are increasingly recognised, PSAs are taking a more active and involved role, working together and collaborating in mutually beneficial relationships across all humanitarian sectors.

Within Uganda's refugee response, some sectors have already embarked on successful PSE or have much more vibrant PSE, for example, within cash transfers/financial services or with communications. The agricultural potential is significant, still vastly untapped, and identified as a priority under the new PSE Strategy for the Refugee Response in Uganda.

Rationale and methodology

The demand for a more multi-sectoral, longer-term and sustainable approach to humanitarian action that would integrate Private Sector Actors (PSAs) has been a priority of the Government of Uganda and response partners in the past few years – culminating in the recent launch of the Private Sector Engagement Strategy for the Refugee Response in Uganda (2023/24 – 2027/28).

U-Learn supports collective learning initiatives on Private Sector Engagement (PSE) since 2021, when this focus area was identified as a priority by the LRSWG. Written products and mappings have been published to raise awareness on ongoing initiatives, their successes and challenges as well as on the presence and opportunities for PSE. Furthermore, in February 2023, the LRSWG, in collaboration with the Ministry of Gender,

Labour, and Social Development, and the Office of the Prime Minister – Department of Refugees, supported by U-Learn, invited partners to join a private sector dialogue bringing together local and international PSAs, non-profit organisations, government bodies, and United Nations agencies.

This report combines insights from the resources curated and analysed by U-Learn on PSE and more broadly on self-reliance, from the private sector dialogue and from fifteen key stakeholder interviews with livelihood practitioners of diverse backgrounds (private sector, non-profits, UN, and donors) from the Uganda refugee response. The focus is specifically on agriculture as one of the critical sectors for PSE in the refugee response. This report provides an overview of technical approaches for PSE, various collaboration models between PSA and NGOs, and insights into challenges and lessons from practitioners.





OVERVIEW

2.1 DEFINITIONS

The **private sector** is the part of the economy that is run by individuals and companies. It is for profit and is not state-controlled.

According to the United Nations Capital Development Fund (UNCDF), the private sector refers to non-state, for-profit economic entities that influence and steer local, national, and international markets. Excluded from this definition are NGOs, independent foundations, and civil society groups. **PSAs** include small businesses, multinational companies, corporate foundations, social enterprises, financial institutions, and industry associations operating in formal and informal markets.¹

Social enterprises are economic operators “whose main objective is to have a social impact rather than make a profit for their owners or shareholders.”² In a crisis-response context, social entrepreneurs tend to pursue similar objectives as humanitarians but through different approaches.

PSAs have been active in the refugee responses globally for many years, though primarily this has been reactive, for example, through philanthropy – as donors of money or products; in procurement – as part of the supply chains and/or as part of their CSR activities (indirect PSE)³. However, more recently, PSE is becoming more proactive (direct PSE), for example, by providing technical assistance and capacity development or through integration of refugee communities in their business operations.⁴

PSE in refugee responses is supported by the New York Declaration for Refugees and Migrants, as being part of what constitutes a “comprehensive refugee response”⁵ and is fundamental to the concept of the CRRF and the Global Compact on Refugees.⁶ This is supported by the Charter which provides “guidelines on how the private sector can facilitate refugee integration into host community economies, and how policymakers and practitioners can enable the private sector to play a stronger role in Economic Integration of Refugees.”⁷

The Do No Harm principle is a critical engagement principle and is clearly reflected in the Ten Principles of the Global Compact which highlight the respect and protection of human rights, as well as the prevention of abuses.⁸

PSE in humanitarian response refers to any activities in which these actors play a role. The PSE Strategy for the Refugee Response in Uganda identifies the following possible roles for PSAs in humanitarian and development cooperation: supplier, investor, implementor, and/or funder. The literature also suggests “technical advisor”, “innovator”, “direct provider of aid”⁹ as well as participant in policy dialogue (for instance through umbrella organisations).¹⁰ These roles often overlap. Depending on the type of

1 UNCDF, Pozhidaev, D (2017), Private Sector Engagement in the Refugee Response: A Business Case: https://www.academia.edu/33783195/Private_Sector_Engagement_in_the_Refugee_Response_in_Uganda_A_Business_Case

2 European Commission Expert Group definition, https://single-market-economy.ec.europa.eu/sectors/proximity-and-social-economy/social-economy-eu/social-enterprises_en

3 UNHCR, [Private Sector Initiatives in Forced Displacement Contexts: Constraints and Opportunities for a Market-based Approach1](#)

4 U-Learn | [Desk review on Private Sector Engagement in the Uganda Refugee Response](#)

5- New York Declaration, Annex 1, para. 2

6- UNHCR - [Comprehensive Refugee Response Framework](#)

7- Global Compact - [Charter of Good Practice on the Role of the Private Sector in Economic Integration of Refugees](#)

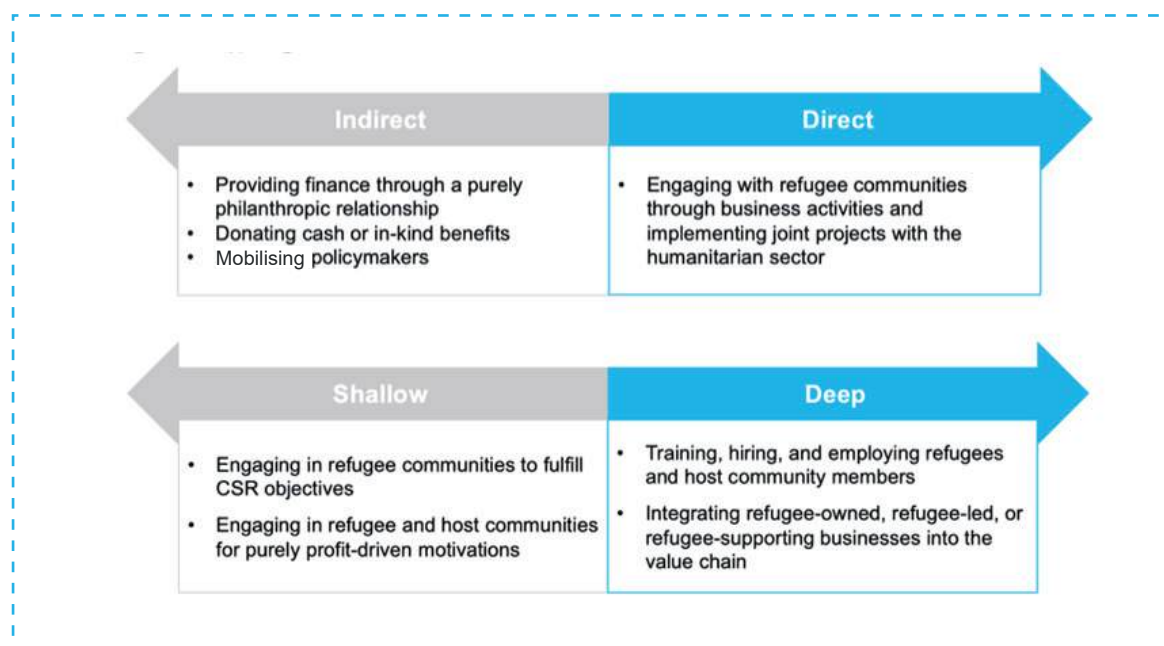
8- <https://unglobalcompact.org/what-is-gc/mission/principles>

9- Zyck and Kent (2014). Humanitarian crises, emergency preparedness and response: the role of business and the private sector. <https://cdn.odi.org/media/documents/9078.pdf>

10 U-Learn, 2022. Patterns and Potential of Private Sector Engagement in Strengthening Refugee Livelihoods and Resilience. A desk review for the Uganda refugee response. <https://ulearn-uganda.org/desk-review-on-private-sector-engagement-in-the-uganda-refugee-response/>

engagement, PSAs may or may not interface directly with persons affected by crises. For instance, CSR or philanthropy may not even require presence in a refugee-hosting district (RHD).

Figure: Typologies of PSE (U-Learn PSE Desk Review 2022).



PSAs that integrate refugees into business operations are examples of direct and deep engagement. PSAs act as technical advisors or implementers, and engagement can happen through multiple pathways such as¹¹:

- **Sharing capabilities** – such as technology or technical expertise – to provide access to humanitarian assistance, education, or financial services
- **Extending services** by adapting current business models to sell goods/services to refugee and host communities or to humanitarian actors
- **Enabling employment** by providing job training and/or entrepreneurship support to refugee and host communities
- **Integrating into value chains** by hiring refugees directly and/or working with smaller enterprises that hire refugees through sourcing or subcontracting work
- **Building a [refugee-focused] business** through the selling of goods and services tailored to refugee populations.

Refugee-lens investment can take multiple shapes from including investment in refugee-owned businesses (direct and deep engagement), but also investing in businesses that create jobs for refugees or in businesses that provide goods or services that support humanitarian efforts (indirect).¹²

For additional insights on frameworks and patterns for PSE, see: U-Learn, 2022. Patterns and Potential of Private Sector Engagement in Strengthening Refugee Livelihoods and Resilience. A desk review for the Uganda refugee response. <https://ulearn-uganda.org/desk-review-on-private-sector-engagement-in-the-uganda-refugee-response/>

¹¹ Adapted from IFC - [Private Sector & Refugees : Pathways to Scale](#)

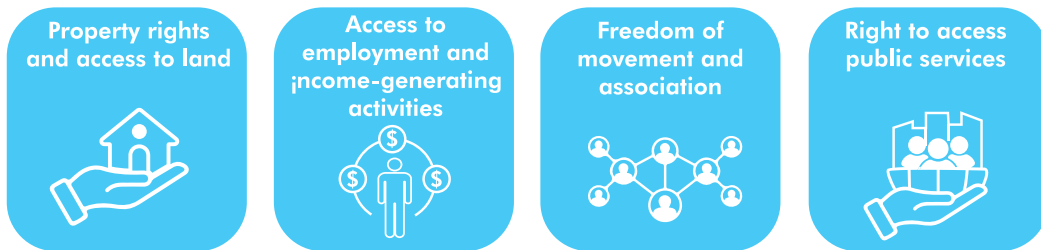
¹² See Refugee Lens Investment as defined by the Refugee Investment Network: <https://refugeeinvestments.org/resources/refugee-lens/>

2.2 PSE IN UGANDA

Favourable conditions

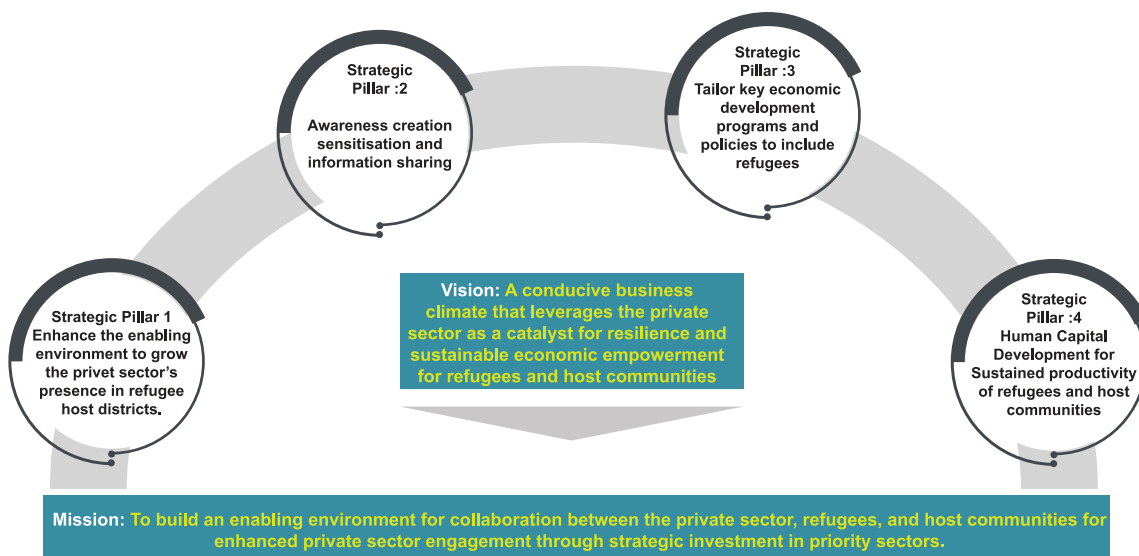
The policy environment is favourable to PSE in Uganda’s refugee response and PSE is seen as a way to build “resilience and sustainable economic empowerment”,¹³ and contribute to localisation, and thus to contribute to self-reliance.

Figure: four pillars of the Self-Reliance Policy in Uganda (U-Learn, 2025, Technical brief: Reviewing the journey of self-reliance in the Uganda refugee response)¹⁴



The PSE Strategy for the Refugee Response in Uganda (2023/24 – 2027/28) was launched in 2025 as a key tool and driver for the implementation of the Government of Uganda’s pledge to create “up to 300,000 viable economic opportunities for refugees and host communities by 2027...” at the Global Refugee Forum in 2023.¹⁵

Figure: PSE Strategy Framework (GoU)



Many forums and initiatives, to encourage PSE in the development and humanitarian responses through local and district governments (eg., local economic development forums, municipal development forms, district investment committees, and local chapters of Chamber of Commerce), existed before the launch of the strategy. Many humanitarian actors were, however, not aware of their existence, or how to engage with them,¹⁶ and the rollout of the strategy (and its focus on awareness raising) has potential to revitalise these initiatives.

In addition, private sector, in particular local PSAs, is increasingly recognised for its role as a contributor to localisation goals in the refugee response. The upcoming 2026 Localisation strategy (2026) highlights the incentive of private sector to invest in RHDs as a strategic intervention. These investments have the potential to create livelihoods and employment opportunities, as well as improve the provision of goods and services in RHDs.¹⁷

13 GoU, Private Sector Engagement Strategy for the Refugee Response in Uganda (2023/24 – 2027/28)

14 <https://ulearn-uganda.org/reviewing-the-journey-of-self-reliance-in-the-uganda-refugee-response/>

15 Other policies include [Vision 2024](#), [NDP III](#), National Private Sector Development Strategy - 2017/18-2021/22, PPP Act (2015); Guidelines for Local Governments; [Kampala Principles](#) (2019), [Global Compact](#) (2018); [Refugee Act](#) (2006); [CRRF](#) (2016); [ReHoPE](#) (2017)

16 UNDP - [Private Sector Engagement Through Development Co-operation in Uganda](#)

17 The improvement of service provision in RHDs through the increased presence of private sector should not be confused with the transition strategy which focuses on social services in the health, education and water sector being transitioned from humanitarian partners’ management to Government management with partner support.

This policy environment is complemented by a positive business predisposition – whereby business leaders “believe[d] business has an obligation to the community in which it operates.”¹⁸

Current private sector presence in the Uganda refugee response

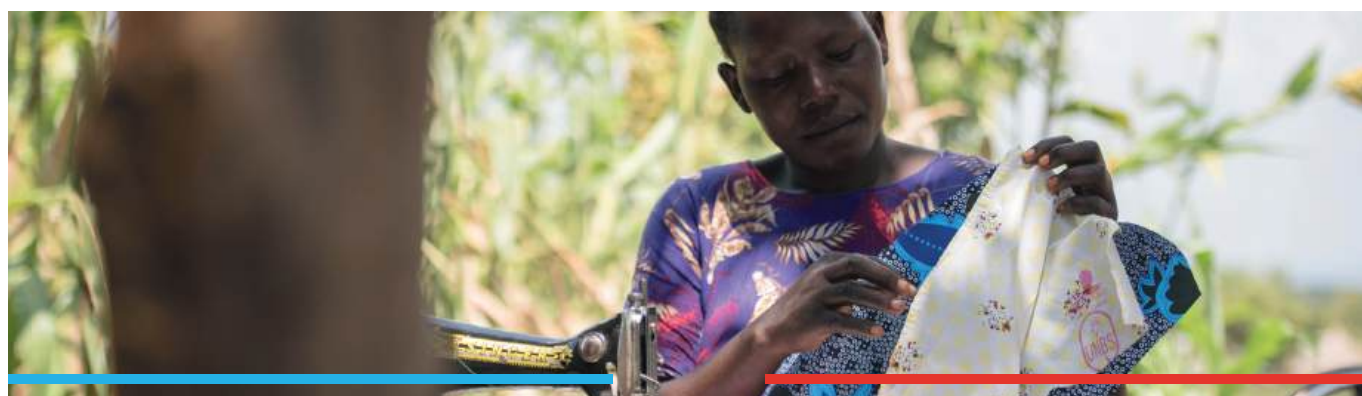
There is already significant PSE within the development sector in Uganda, more so than in the humanitarian sector (and in the refugee response, specifically). A UNDP analysis of PSE projects found that large domestic PSAs are most prominent, followed by large transnational companies, accounting for around 50%, and domestic SMEs accounting for 16% of the PSAs participating in these projects¹⁹. The average budget size was over USD 18 million (UGX 2.7 billion), exceeding the scale of most humanitarian projects. Furthermore, they do not target refugee locations or demographics.²⁰

Large domestic companies are thus not highly incentivised to partner with humanitarian actors. Because of their smaller scale, refugee response projects are not a clear enough opportunity for them to invest in. Large domestic companies are likely to need a stronger case for investment and often “let someone else take the risk” and “wait and see”.²¹

The private sector is nonetheless already relatively active in the refugee settlements and is not waiting for NGO collaborations: both for business and for aid delivery (although it may be called charity or CSR). A recent publication found that 82% of the surveyed companies were already selling to or sourcing from RHDs, of which 83% said their reason for being there was to grow their business, independent of NGO grants, collaborations etc.²² Many businesses also choose to provide aid independently, rather than engaging in “the complexities of navigating an entry point into the humanitarian system” or “diluting their response through intermediaries”²³ and because business leaders “already consider their businesses part of the communities in which they operate...” INGOs may think that they have to pressure businesses “to take an interest in societal needs” but the private sector is already active and “waiting for the humanitarian model to catch up.”²⁴

These PSAs are mainly entities with sole proprietorships (unincorporated business with a single owner, i.e. smaller than the large domestic companies mentioned above). These PSAs are characterised as having “low levels of organisation, low capital, low levels of technology and often on temporary premises”.²⁵

A recent business survey of eight RHDs found that within the settlements of West Nile there were a “significant number of Ugandan businesses operating” and in the South-West the majority of the business owners are Congolese.²⁶ Most are “small-scale retail traders or service providers” who have been in business for 3-5 years, which is supported by the assessment that 90% of businesses in Uganda are “micro, small and medium-sized enterprises (MSMEs) operating in the informal sector.”²⁷



18 RIL [Partnership Potentials: Investigating Uganda business attitudes to partnerships with INGOs to co-create community-based innovations](#)

19 UNDP - [Private Sector Engagement Through Development Co-operation in Uganda](#)

20 The average budget size of the PSE projects examined was US \$18.8m, y 12% targeted rural remote or underserved locations and only 3.7% targeted Poor or vulnerable people and UNDP - [Private Sector Engagement Through Development Co-operation in Uganda](#)

21 Interview with Livelihoods practitioner

22 A Strategy for Engaging the Private Sector in Uganda’s Refugee Response. Validation Meeting Palladium. (2020). Cited in [Potential private sector involvement in supporting refugee livelihoods and self-reliance in Uganda: Annotated bibliography](#)

23 RIL [Partnership Potentials: Investigating Uganda business attitudes to partnerships with INGOs to co-create community-based innovations](#)

24 RIL [Partnership Potentials: Investigating Uganda business attitudes to partnerships with INGOs to co-create community-based innovations](#)

25 Lakwo. A. 2018. (from ENABEL Assessment: Secondary Labour Market Study in Northern Uganda: Final Report)

26 In Rhino, Bidi Bidi, Palorinya, Ayilo I and II, Nyumanzi and Olua - With the balance being South Sudanese owned. In Nakivale, Kyangwali, Rwamwanja, Kyaka II, Congolese represented 64%, Burundian 15%, with the remaining 21% a mix of Ethiopians, Eritreans, Rwandans, Sudanese, South Sudanese, and Somalis see IFC/Asigma [consumer and market study - in southwest and west Nile refugee- hosting areas in Uganda](#)

27 UNDP [Private Sector Engagement Through Development Co-operation in Uganda](#)



Micro, Small, and Medium Enterprises²⁸

(Uganda Bureau of Statistics 2018)

Micro enterprises:

Fewer than 5 employees and total assets below 10 million UGX.

Small enterprises:

Between 5 - 49 employees and total assets between 10 million and 100 million UGX.

Medium enterprise:

Between 50 - 100 employees and total assets between 100 million and 360 million UGX.

However, if a company is heading into a new geographic area or beginning work in a new thematic area, collaborating with an NGO can be extremely advantageous, not least because it significantly reduces the time for them to be able to 'establish' their market share/place. This is because NGOs are often well-known and trusted in the communities where they operate. Therefore, a PSA working with an NGO starts from this 'trusted' position. In fact, one PSA estimated it cut its start up time by two thirds. On the other hand, PSAs often have access to greater resources, finance, infrastructure, external markets, etc – all of which the NGO can take advantage of.

Within Uganda's refugee response, some sectors already know vibrant PSEs. For example, NGOs and UN agencies are successfully working with the PSAs for cash transfers and the provision of financial services; or within the communication sector - PSAs, such as Airtel and MTN, have been encouraged to provide better network access to the refugee settlement areas.

However, the unexploited potential for PSE in other sectors, such as agriculture, is still significant. "Uganda's largest refugee-hosting areas in the Southwest and West Nile regions..." are still considered a "...substantial, yet mostly untapped, market."²⁹ This is due to a combination of reasons, including that "intentional engagement with refugees is usually not a component of company business strategies in Uganda" and that agriculture-focused businesses based in RHDs suffer from many quality issues often found in smaller and more remote urban hubs³⁰. Although these problems are concerning, "the dependable provision of higher-quality agricultural and manufacturing inputs to businesses based outside of the city capitals" also presents a business opportunity.³¹

U-Learn has published a range of entrepreneurship and PSE resources: See the overview here:<https://ulearn-uganda.org/overview-of-u-learn-entrepreneurship-and-private-sector-engagement-resources/>

²⁸ U-Learn [Labour Market Assessments covering refugee hosting districts in Uganda – A desk review](#)

²⁹ IFC/Asigma - [consumer and market study - in southwest and west Nile refugee- hosting areas in Uganda](#)

³⁰ "such as: inconsistent quality of agricultural inputs like seeds, expensive prices of local inputs that exceed prices of the imported equivalent, and plastics produced locally often do not meet necessary quality standards, particularly when it comes to food-grade packaging

³¹ Refugee Investments - https://refugeeinvestments.org/wp-content/uploads/2022/07/RIN_CA-Executive-Summary.pdf



2.3 PSE IN AGRICULTURE IN UGANDA

Focus on PSE in agriculture

PSE spans multiple sectors but there is consensus on agriculture, being a priority.³² Around 80% of the population in Uganda lives in rural areas,³³ and this rises to 90% for refugees,³⁴ and most of the RHDs' economies are agriculture-based.

Table 1: Basics

Basic facts	Year	Score	Source
Total population	2020	45,741,000	WBG
Urban population(%)	2020	24.95	UNDP
Rural population (%)	2020	75.05	UNDP
GDP (current millions of USD)	2020	37,372	WBG
Agricultural land (km ²)	2018	144,150	FAO
Agricultural land (% of land area)	2018	71.89	FAO

Agriculture “is the backbone of the country’s economy,”³⁵ contributing between 25-40% of Uganda’s total GDP; over 90% of the country’s foreign exchange earnings and employing over 70% of the population.³⁶ It is an important sector for the country and opportunities for commercial agriculture are high.³⁷

The Ugandan Government (with the support of external donors) has been encouraging PSE in the agricultural sector through various programmes such as [Agriculture Cluster Development Project](#) - which was a six year program (2017-2022) led by the Ministry of Agriculture in conjunction with the World Bank, with the aim to “raise on-farm productivity, production and marketable volumes of selected agricultural commodities” namely coffee, rice, beans, cassava, and maize in 57 districts. A second cluster project with a focus on the same value chains is ongoing.

[AgrInvest](#), which is “a blended finance initiative of the Food and Agriculture Organisation of the United Nations (FAO)” working with Uganda Development Bank – that “uses public funding to attract sustainable private investments in the agrifood sector, focuses on key value chains in the country to help de-risk lending and improve the agricultural investment environment.”

32 The recently published PSE Strategy for the Refugee Response in Uganda identified five focus areas in addition to Agriculture: Tourism and hospitality, Financial services, Energy, Human capital (health and education), Trade and commerce. The literature also points to the potential of the ICT sector (U-Learn desk review 2022).

33 USAID [Uganda | Feed the Future](#) and USAID [feed the future Uganda inclusive agricultural markets activity](#)

34 UNHCR <https://data.unhcr.org/en/documents/details/100476>

35 FAO [Status of digital agriculture in 47 sub-Saharan African countries](#)

36 CCA [SCALA Uganda | UNDP Climate Change Adaptation](#) and FAO [Status of digital agriculture in 47 sub-Saharan African countries](#) and USAID [feed the future uganda inclusive agricultural markets activity](#)

37 Academia (PDF) [Private Sector Engagement in the Refugee Response in Uganda: A Business Case | Dmitry Pozhidaev - Academia.edu](#)

PSE in agriculture in Uganda's refugee response

Currently, in RHDs, agriculture is the most prominent source of livelihood for both refugees and host communities. However, the vast majority of farmers are smallholders producing for subsistence, (especially refugees),³⁸ with small and inconsistent surplus. Many of these farmers lack skills, inputs, seeds, networks, land, and access to capital or financial services to enable them to increase agricultural output, negotiate effectively, and generate revenue. The low quantities, limited quality, lack of processing, and aggregation by off-takers and post-harvest handling, compound the lack of opportunities for competitive sales. Poor access to markets (infrastructure, cost, geographic location, etc) are an additional constraint.

In 2018, UNDP found that agriculture represented 17% of PSE projects and within that, the focus was on capacity development/technical support.³⁹ SMEs have been identified as an important tool in growing the agriculture sector in Uganda.⁴⁰ And while refugees' purchasing power may not be as high as that of host communities, it is increasing, and the demand for products, inputs and drive to be self-sufficient is there. Many companies are already selling to, or sourcing from RHDs.⁴¹

PSE has been shown to be effective in bridging gaps that are often holding back refugee farmers.⁴² SMEs can address the input gaps, provide access to value chains, market linkages, aggregation, and post-harvest handling for produce from RHDs. There is potential for PSE in the agricultural sector: for new business opportunities for PSAs and for livelihood improvements among refugees and host communities.⁴³ One caveat is the sensitivity of the sector to climate shocks which needs to be factored in, in the design of agricultural PSE to ensure positive livelihoods outcomes (for instance combining on-and-off-farm activities, focusing on climate-resilient value chains, mitigating weather shock impacts).⁴⁴

Strategic objective 2 of the GoU's PSE Strategy for the Refugee Response in Uganda is to "increase the share of private sector-led value addition from the Refugee Hosting Districts" and one of the identified strategic initiatives is to "enhance value chain development in line with Agricultural value chain clusters in each RHD". To transform agriculture, the strategy highlights: "The Government will collaborate with the private sector, Development and Humanitarian Partners to improve **market linkages** for refugee products through investments in agricultural market construction and **developing a refugee specific and centrally managed e-commerce platform for goods and services** from the refugee hosting districts, among other initiatives of relevance. Development Partners will continue channelling their support to **agro industrialisation** for value addition, input sourcing, skilling in modern farming techniques and market systems development."

Despite a large share of the population in RHDs being engaged in agriculture, the perception, especially among youth, is that farming is for elderly, smallholder farmers and limited to subsistence. PSE has the potential to counter this assumption by making farming more profitable – increasing market access, focusing on more marketable crops and livestock, and improving value addition and processing access. In addition, a focus on agriculture-related off-farm opportunities (for example, construction and maintenance of agro-processing equipment, solar irrigation maintenance, transport, etc) must also be prioritised to align with communities' aspirations.⁴⁵

The contribution of agricultural PSE projects to refugee self-reliance may be measured through the economic capacity dimension and the food security and nutrition dimension of the UG-self-reliance Index, which was nationally launched in November 2025.⁴⁶

38 PSE Strategy

39 UNDP [Private Sector Engagement Through Development Co-operation in Uganda](#)

40 Paglietti & Sabrie, (2013) cited in [Uganda Impact Assessment of the Small and Medium Agribusiness Development Fund \(SMADF\)](#)

41 Palladium. (2020). A Strategy for Engaging the Private Sector in Uganda's Refugee Response. Validation Meeting. Palladium. Cited in [Potential Private Sector Involvement in Supporting Refugee Livelihoods and self-reliance in Uganda: Annotated Bibliography](#)

42 Interview with Livelihoods practitioner

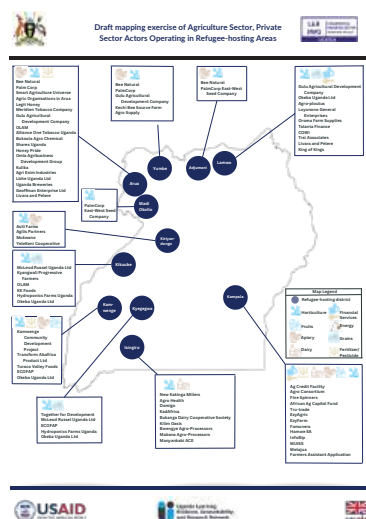
43 Palladium. (2020). A Strategy for Engaging the Private Sector in Uganda's Refugee Response. Validation Meeting. Palladium. Cited in [Potential Private Sector Involvement in Supporting Refugee Livelihoods and self-reliance in Uganda: Annotated Bibliography](#) and IFC/Asigma - [consumer and market study - in southwest and west Nile refugee- hosting areas in Uganda](#)

44 Uthabiti, 2025, Learning from the Uthabiti Business Partnerships Program

45 Interview with Livelihoods practitioner and U-Learn [Sustainable Livelihoods](#)

46 Summary of the Uganda self-reliance Index (UG-SRI) User Guide, <https://ulearn-uganda.org/summary-of-the-uganda-self-reliance-index-ug-sri-user-guide/>

Agri-tech Actor Mapping in the Uganda refugee response



This mapping covers Agri-tech service providers in the refugee response: settlements, as well as refugee hosting districts, and Kampala. This includes actors working on off-farm and on-farm activities, ranging from input supply, to production, collection, post-harvest handling and processing, and transportation to markets.

This mapping was done in partnership with the LRSWG, and UNCDF Uganda.

<https://ulearn-uganda.org/agri-tech-actor-mapping/>

<https://ulearn-uganda.org/a-mapping-of-agriculture-private-sector-actor-apsa-in-ugandas-refugee-response/>

In addition, PSE is the epitome of sustainability because a PSA's motivation is to build a market that will continue to drive its business. Assuming the PSA partners have a solid business strategy, they are more likely to be present after the humanitarian actors have moved on. This supports both the humanitarian- development nexus and addresses responders' increased focus on long-term sustainability.

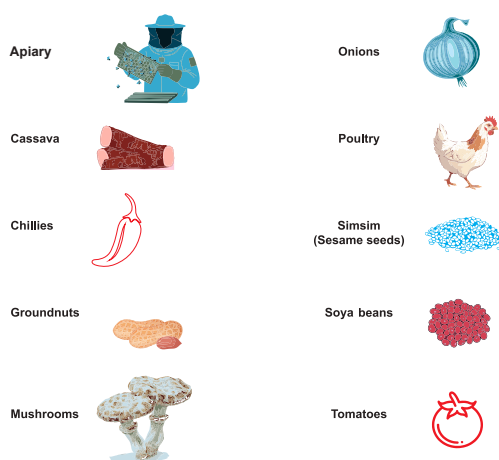
"A commercial relationship between refugees and the private sector will emerge when there are strong market signals. Refugees will utilise the limited resources they have to hire, rent or buy productive assets from hosts. Strengthening such emerging markets is good for all."⁴⁷

2.4 OPPORTUNITIES FOR PSE IN AGRICULTURE

Value chains

Within the refugee agricultural value chains, opportunities exist to increase produce aggregation, establish and maintain cooperatives, supply stores, and engage in value addition.⁴⁸ In 2023, the LRSWG identified ten priority existing value chains based on the potential for income generation and for off-farm job creation.⁴⁹

Figure: 10 priority value chains for the refugee response group (LRSWG and U-Learn, 2023)



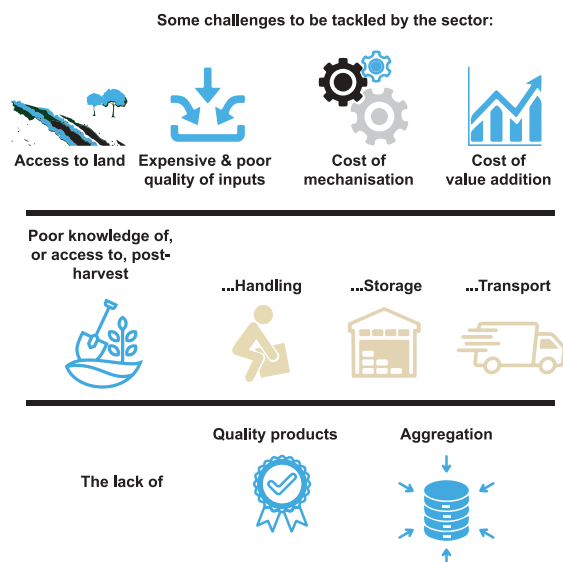
⁴⁷ See [Making markets work for refugees](#)

⁴⁸ U-Learn VC assessment

⁴⁹ LRSWG and U-Learn, 2023: Agricultural Value Chains Strategic Positioning Paper, <https://ulearn-uganda.org/agricultural-value-chains-strategic-positioning-paper/>

To unlock the potential under these value chains, response actors need to tackle a range of challenges (outlined in section 2.3). Agricultural PSAs bring technical expertise, resources, purchasing power, and logistical capabilities that are critical to responding to these challenges. Through PSE, the growth of agricultural productivity and increases in yield and quality can increase the attractiveness of refugee-inclusive value chains and foster even more interest from the PSAs. NGOs often play a key introductory role and incentive for PSAs to start these activities but through successful PSE, the market logic becomes a sufficient incentive for PSAs to continue operating.

Figure: Challenges for value chain development and diversification in the response (LRSWG and U-Learn, 2023)



Technical approaches for PSE in Agriculture

Agricultural PSAs, acting as technical advisors or implementers in the development of the potential of value chains in RHDs can provide levers to tackle value chain challenges through a range of activities at each stage of the value chain:

- 1. Skills training and extension:** As per the example of Transform below, PSAs are often willing and able to train farmers on using their products with the end result being sales income. NGOs can facilitate this by introducing the PSAs to farmer groups, or bringing farmers together so the PSAs can come to one location to train them – this is mutually beneficial, as it reduces the PSAs’ costs and leverages the pre-existing trust relationship between the farmer and the NGO giving the PSAs access they may not readily achieve otherwise. The provision of Business Development Services is also a way to drive the growth of enterprises within RHDs.^{50 and 51}
- 2. Market linkages:** Developing market linkages aims to address barriers farmers face in accessing markets, such as limited market information and understanding, and physical obstacles like inadequate transportation and road infrastructure. Supporting market linkages can happen in a range of ways such as:
 - Supporting access to information – which can include facilitation of communication, creation of multi-stakeholder platforms, and strengthening of contractual relationships.⁵²
 - Facilitation of access to inputs and seeds for more competitive, higher quality agricultural yield. (Details and example below)
 - Aggregation of agricultural produce for easier and cost-effective transportation and improvement of sales opportunities. (Details and example below)

50 U-Learn, Refugee Entrepreneurship in Uganda, Desk review for the Uganda refugee response, May 2023, <http://165.232.126.200/wp-content/uploads/2023/06/Microenterprise-Desk-Review-Final.pdf>. 101 Mercy Corps, System Labour Market Assessment focused on microenterprises, 2021 (unpublished)

51 In a previous 2024 mapping exercise, 93 entrepreneurship support actors were identified as providers of services to refugees and host communities in Uganda. <https://ulearn-uganda.org/entrepreneurship-support-in-ugandas-refugee-response/>

52 More examples in U-Learn, 2025, Technical brief: Reviewing the journey of self-reliance in the Uganda refugee response, <https://ulearn-uganda.org/reviewing-the-journey-of-self-reliance-in-the-uganda-refugee-response/>

Inputs and seeds

To improve the quality and quantity of surplus produced by refugees, inputs, such as seeds, fertilisers, pesticides, etc, are vitally important. Currently, most agricultural inputs reach refugee farmers one of two ways – through NGOs or through PSAs – however, refugee farmers often struggle to afford the inputs or the usual associated costs to travel to purchase them. This can result in NGOs giving these inputs to the farmers, which creates a dependency culture, and distorts the markets for any commercial actors already present or attempting to enter the locale.⁵³ A longer term, more sustainable strategy consists NGOs creating the linkages with the PSAs (providing temporary subsidies or grants to start) so the farmers can access the necessary inputs at a price they can afford and the PSA knows the market is sufficient and so can invest in transport to the location (thus reducing the associated costs for refugees).⁵⁴

One example of a PSA/NGO collaboration in this area is Transform – which produces organic fertilisers and trains farmers on how to use them. Initially, this company was supported by an NGO which facilitated introductions to farmers and farmer groups and covered some of the costs of transport to the locations, etc. However, their mode of engagement meant that the company now had to cover their costs (and make a profit) through their direct sales. Now, they pay their own travel to the farmers/farmers groups, train them and then the sales of their product cover their costs.

Aggregation

Refugees' ability to produce enough surplus of the necessary quality to engage directly with a buyer is limited. Therefore, aggregation is a vital component and something a PSA could be engaged in, through, for example, a village agent (VA) model. This agent model has been trialled and key to its long-term efficacy is price transparency, so the farmers know the price at which the company is buying the product from the aggregator.⁵⁵ In some instances, the aggregator makes his or her profit on the difference between the purchase price from the farmer and the purchase price of the company. However, the most effective way has been to have the company pay the aggregator a commission for their role and for the farmers to receive the company price directly. Some companies advance the aggregator a loan to purchase from the farmers, whereas others require the aggregator to finance the purchase. Aggregation can also work for inputs whereby an aggregator buys the input in bulk and takes it to the farmers in the settlement and sells at a cheaper cost.⁵⁶

The (VA) model is a "private-sector-driven approach" whereby the VAs work on an incentives/ commission- basis for the services they provide.⁵⁷ They link the farmers to traders, markets and external services and will often provide training on the technological services they are promoting. The VA model can be used along the entire agricultural value chain⁵⁸ and was found to work best in areas where there was a pre-existing trust in institutions and government. In addition, areas with well supported farmers groups were found to be more effective for this model. This modality is sometimes utilised by companies in an exclusive arrangement with the VAs or the NGOs train and support the VAs and then provide them with access to a number of different PSAs. It's worth noting that guidelines for the registrations of VAs exist but the Ministry of Agriculture registry, for the training and accreditation of the village agents, has been stalled. However, it has been assessed that this modality takes on average two (2) years to pay back, which can be seen as unattractive to many PSAs especially if the existing demand for inputs is not high, so combining this with other modalities, such as underwriting/ subsidising, can make it more attractive.

53 Mercy Corps, Palladium and DCA's West Nile Refuge Markets Brief https://www.mercycorps.org/sites/default/files/2020-05/West_Nile_Refuge_Markets_Brief_Feb2018.pdf

54 Mercy Corps, Palladium and DCA - West Nile Refuge Markets Brief - https://www.mercycorps.org/sites/default/files/2020-05/West_Nile_Refuge_Markets_Brief_Feb2018.pdf

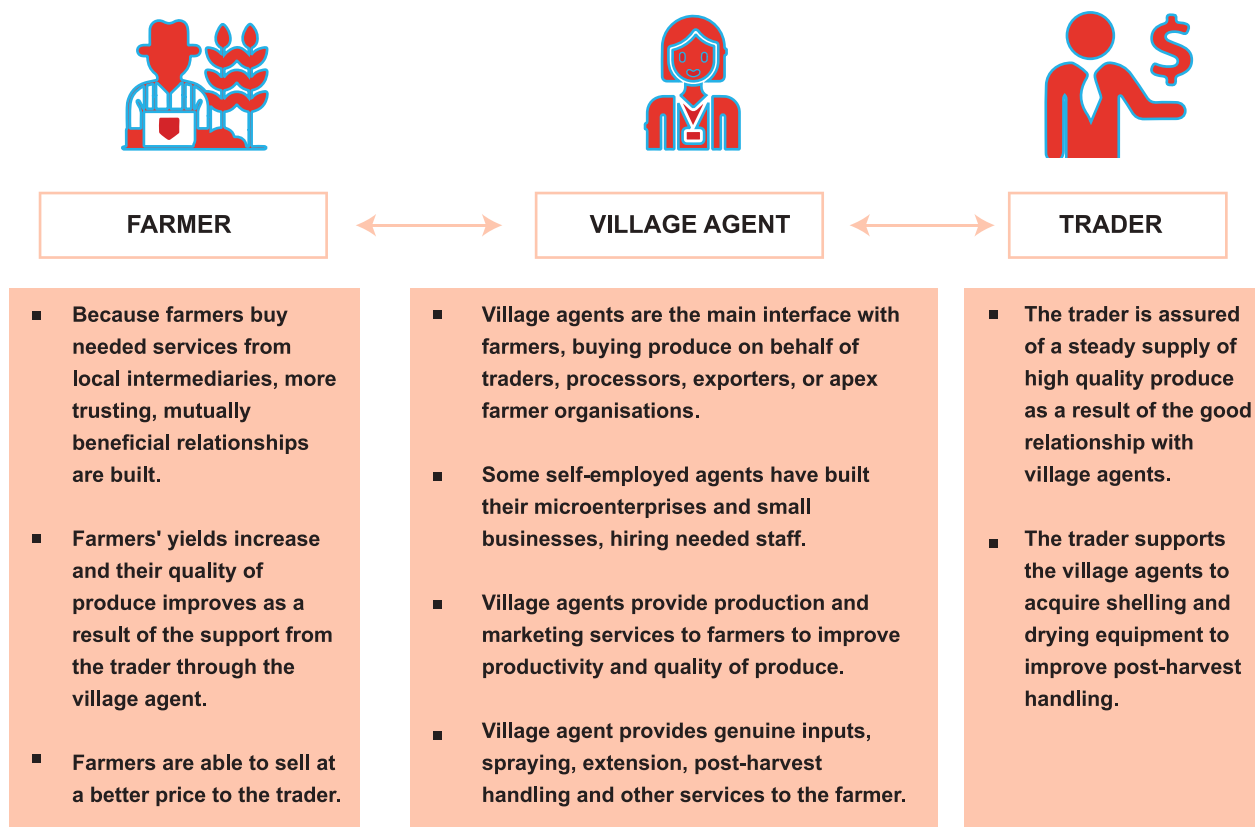
55 Interview with livelihoods practitioner

56 due to the removal of transport for the refugees and the difference between a bulk price and an on demand price

57 USAID - [Village Agent Model Study](#); and Interview with Livelihoods practitioners

58 USAID - [Village Agent Model Study](#);

Figure: Village Agent Model⁵⁹



One example of the use of a VA model as a market linkage approach includes Swisscontact's work under the Uthabiti programme which has been documented in the Uthabiti Business Partnerships Report.

Processing/post-harvest handling

Currently, there is little processing capability within the refugee settlements, with farmers generally selling produce directly post-harvest, which reduces the price refugees can charge for their products. Whether or not it makes more sense for a PSA to build a processing operation in the settlement or in the host community with aggregation (as recommended by the ILO) will be best evaluated on a case-by-case basis, however, NGOs could support this intervention through de-risking or subsidising the initial start-up costs for the processor.

PSE for financing agricultural livelihoods development

Access to capital is a critical factor for business growth and PSAs can amplify the opportunities for agricultural livelihoods through financing.

Connecting refugees to Final Service Providers (FSPs) to support agricultural production:

Some refugee farmers are limited in their expansion capabilities as a result of a lack of access to capital/credit. NGOs bridge this gap through a variety of interventions, including providing financial literacy training to the refugees so they are able to manage any loans they can access, and support the increased credit limits of VSLAs.⁶⁰ They work with the FSPs to recognise VSLA histories as credit histories/collateral and/or underwrite/de-risk refugees' loan requests on an individual basis. FSPs such as FINCA or Vision Fund implement such programmes in the response, in relation to agricultural or other types of livelihoods opportunities.

Supporting investment in agro-businesses with a refugee lens: For larger-scale, more mature businesses, social-impact investment funds can support the growth of businesses through the provision

59 EPRC <https://eprcug.org/wp-content/uploads/2020/10/The-Village-Agent-Model.png>

60 U-Learn, 2021, Financial Literacy Training in the response – a learning brief, <https://ulearn-uganda.org/financial-literacy-training-in-uganda-refugee-response-learning-brief/>

of impact financing, often combined with technical assistance.

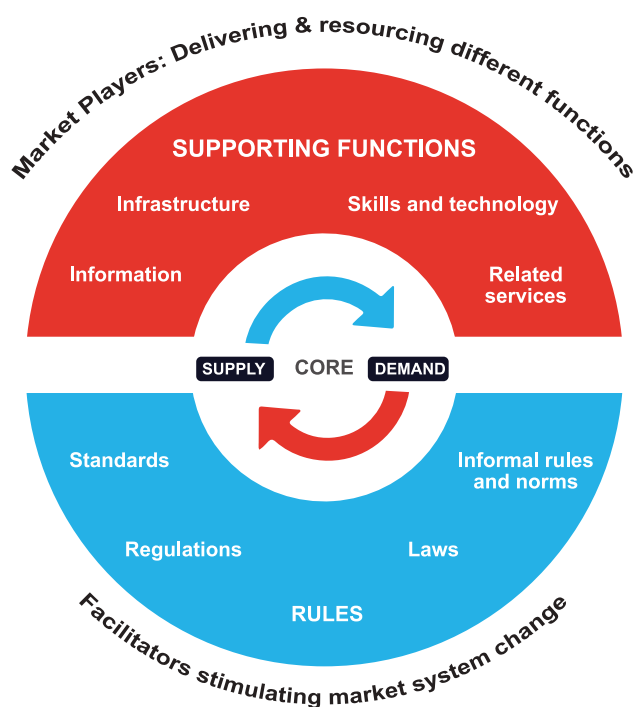
The Refugee Investment Facility (RIF) invests in high-potential enterprises that are committed to creating meaningful impact within refugee-hosting communities. In its initial phase, the RIF focuses on supporting businesses in Uganda, Kenya and Jordan, with plans to expand to other regions by 2025. The first cohort of investees in Uganda is in the agribusiness sector.⁶¹

2.5 HIGHLIGHT ON MSD AS A PSE METHODOLOGY

This highlight is adapted from the U-Learn, 2025 *Market Systems Development (MSD) in the Uganda Refugee Response. A compendium of programmes using the MSD approach in Uganda’s refugee hosting areas.* See the full publication for more details on Uganda based MSD programmes.⁶²

Market systems approaches to poverty reduction are based on the central idea that the poor are dependent on market systems for their livelihoods. The objectives are; to reduce poverty, to transform the economic systems or industries in which poor households could or do participate by buying or selling goods; services or labor; and to catalyse change in how these systems function, making markets more financially rewarding, accessible, inclusive and resilient in the long term.

MSD is a systems-based approach that seeks to understand the constraints and opportunities within the market and social systems where displaced populations and host communities live. By conducting comprehensive assessments, MSD identifies underlying issues and develops targeted interventions that address these challenges. The interventions influence various parameters, as captured in the “MSD donut” (see figure below). This approach aims to create sustainable and scalable solutions that empower communities and enhance their long-term economic resilience.⁶³



61 U-Learn, 2021, Financial Literacy Training in the response – a learning brief, <https://ulearn-uganda.org/financial-literacy-training-in-uganda-refugee-response-learning-brief/>

62 <https://refugeeinvestmentfacility.net/investees/>

63 Refugee self-reliance Initiative. (2024). Can Market Systems Approaches Catalyse self-reliance for Forcibly Displaced and Host Populations? Key Considerations and Strategies. Available at: <https://www.refugeeselfreliance.org/resource-database1/can-market-systems-approaches-catalyze-self-reliance-for-forcibly-displaced-and-host-populations>

MSD programmes can include activities that were mentioned prior, and additional ones:

- Making market linkages
- Skilling beneficiaries and private sector actors
- Improving transportation/distribution networks
- Improving access to financial services
- Providing training, mentorship and/or business development services to private sector actors and participants
- Developing inclusive business models
- Enabling access to clean energy for beneficiaries and/or private sector actors
- Providing seed capital or subsidies
- Incentivising the private sector to engage in refugee markets
- Enabling access to mechanisation in agricultural value chains
- Providing (information on) insurance schemes and climate/weather

As of November 2024, U-Learn identified eight (8) 'visible' MSD programmes. Of these, seven programmes target agricultural markets.

<p>1. Uthabiti (Building Resilience through Market-led Livelihood Opportunities) (April 2022 - June 2025)</p> <p>Target Population: 22,460 youth and women (livelihood opportunities); 250 savings groups, cooperatives and CBOs; 30 SMEs; over 100,000 people directly and indirectly</p> <p>Partners: Save the Children, Swisscontact, Grameen Foundation, Response Innovation Lab, & Innovation Village</p> <p>Markets: Agriculture (grain, oilseeds, horticulture, apiary); Home Consumption markets (Fast Moving Consumer Goods (FMCG) distribution)</p>
<p>2. DREAMS (Delivering Resilient Enterprises and Market Systems) (September 2021 - August 2026)</p> <p>Target Population: 36,000 households; 7 private sector actors and 2 financial service providers</p> <p>Partners: Mercy Corps & Village Enterprise</p> <p>Markets: Agriculture (poultry, cereal, apiary)</p>
<p>3. BRIDGE (ReHOPE "Intervention: Resilience and Emergency Response") (December 2018 - June 2020)</p> <p>Target Population: 6,000 farmers; 15 agro-dealers/agents in GADC's buying network; 10 refugee agro-dealers/ agents receiving direct business support through Mercy Corps</p> <p>Partners: Mercy Corps with GADC, Fuzu, CTEN, ICRAF, Village Enterprise, Innovation Village and HYT</p> <p>Markets: Agriculture (cotton, sesame, groundnuts and maize)</p>
<p>4. NU-TEC MD (Northern Uganda: Transforming the Economy through Climate Smart Agriculture Market Development) (May 2015 - March 2022)</p> <p>Target Population: 294,000 poor smallholder farmers; 82 private sector actors</p> <p>Partners: Palladium, Mercy Corps, AgDevCo, and Oxford Policy Management</p> <p>Markets: Agriculture (including sunflower, soya beans, beans, greens, sesame, rice, cotton, coffee, and chickens)</p>
<p>5. SMILES (Sustainable Market Inclusive Livelihood Pathways to self-reliance) (Nov. 2022 - Oct. 2027)</p> <p>Target Population: 14,000 extremely poor households, comprising 70,000 individuals who are 50% refugees and 50% host community</p> <p>Partners: AVSI with DAI Global, REPARLE, IPA, and Makerere University Kampala</p> <p>Markets: Agriculture (maize, beans, soya beans, horticulture); Energy (clean cooking, clean lighting solutions); Financial services (VSLA digitalisation and digitisation)</p>
<p>6. Feed the Future IAM (Inclusive Agricultural Markets) (October 2019 - November 2025)</p> <p>Target Population: 3,600 refugees; 4,000 host community members; indirect beneficiaries</p> <p>Partners: DAI Global with MarketShare Associates & Technoserve, Inc.</p> <p>Markets: Agriculture (maize/corn, coffee, legumes, cassava, rice, livestock, millet, dairy, oil seed)</p>
<p>7. Matching Grant Intervention implemented under the PROSPECTS programme for Sesame Value Chain Development Project, using the Approach to Inclusive Market Systems (AIMS) (2021 - 2024)</p> <p>Target Population: 7,007 farmers (2,990 refugees and 4,017 host community members)</p> <p>Partners: International Labour Organisation (ILO) in collaboration with Ag-Ploutos</p> <p>Markets: Agriculture (Sesame)</p>
<p>8. Climate Smart Jobs (2023 - 2027)</p> <p>Target Population: 143,000 households - 50% of which must be refugees or host community</p> <p>Partners: Palladium with Swisscontact, CABI and Stanbic Uganda Holdings Ltd. on MSD component</p> <p>Markets: Agriculture & agri-business, both on- and off-farm</p>



PSA-NON-PROFIT COLLABORATION MODELS FOR PSE

3.1 FROM ENABLING ENVIRONMENT FOR PSE TO AID-FOSTERED PSE

The engagement modalities of PSAs in the refugee response depend on a variety of issues, including size; finances; competency; local know-how; local presence and risk profile. PSAs may decide to enter a new market or build a business in the RHDs: individually, as a group of businesses, or through a partnership with a non-profit.

When the private sector decides to start operations in an RHD or with refugee and host communities individually or as a part of a group of PSAs, their decision is motivated by their assessment of the market and of potential revenue opportunities, possibly together with social impact considerations (in the case of social enterprises). To support such PSE, national and local authorities as well as non-profit actors, can play a supportive role around the enabling environment, the dissemination of information about RHDs, the needs and potential in these communities, and the support to experience and share lessons. This type of work does not require contractual relationships between PSAs and non-profits.

When PSAs do not see a strong enough business case to enter the market, NGOs can play a critical role. When PSA/NGO collaborations work, they are mutually beneficial. The PSA gets access to new markets and potential customers with some of the risk reduced or in a quicker time frame and the NGO can get access to greater technology or increased access to markets for their beneficiaries. And even if the PSA/NGO collaboration is short-term it can assist the PSA with business exposure that can continue after the collaboration has stopped. Furthermore, it should be noted that investors in countries that have heavy aid input are often analysing businesses which have strong NGO relationships and assessing them as unsustainable. NGO partnerships are thus a way for some businesses to build their investment readiness.

The NGOs incentivise PSE through:

- De-risking the PSA investment
- Providing direct access to additional capital
- Stimulating the demand
- Legitimising the PSA and supporting them with community introductions
- Technical expertise on humanitarian response and serving vulnerable groups

De-risking the PSA investment

Many PSAs recognise the business potential within refugee settlements, but expansion into the settlements, especially for SMEs can be financially risky. De-risking by the NGO or donor partner can 'protect' the PSA from making too large a loss or taking too large a risk when going into a new market. Considered by some as more sustainable than grants, de-risking can take a number of different formats – including through grants, subsidies, linkages, village agent or buyer agent network creation, underwriting, cost-sharing agreements (to buy down purchasers' risk) or even through the provision of quality market research that highlights the opportunities and risk mitigation strategies available to the PSA. Collaborations can be useful for encouraging hesitant PSAs as they provide a supportive environment, sharing the risk and costs that enable PSAs to experience working with and in the refugee response, without some of the perceived (or real) risks and concerns. It can help PSAs – especially

MSMEs – to test, amend and improve their business plan and financial model, so that they can establish the reliability (quality and quantity) of their intervention enabling them to continue independently once the collaboration has completed.

Providing direct access to additional capital or additional resources

Depending on the size of the PSA, they can also benefit from increased access to funding through grants that would not be available to them without the NGO involvement. Grants can be a useful tool if they do not affect the business model of the PSA and are used as the equivalent of 'seed' funding.⁶⁴ They can also be a good partnership dynamic as MSMEs often find it hard to access grants without NGO support or "don't really understand how to attract or even apply for those kinds of things"⁶⁵ and can also help PSAs address the inconsistency of income and the lack of profit to use as capital. This is especially relevant for MSMEs who are ready to raise capital but either don't have access or sufficient collateral.⁶⁶

The risk is that the PSA only engages due to the grant and either has low incentive to deliver quality work or ceases to continue that level of engagement once the grant expires. For this reason, de-risking is considered by some as a more sustainable approach.⁶⁷ Another avenue that mitigates risks is conditional or competitive/enterprise/challenge style grants with business orientated criteria – also known as "fixed performance based grants".⁶⁸

Seed funding or small inputs can be given to underdeveloped PSAs, or those that don't have access to the capital, as a boost that can be used to purchase new or better equipment, or to set up an agent network.⁶⁹ Supporting technical expertise can also be a catalyst: for instance, covering the specialist costs of a PSA for 12 days improved the quality of its oil through the addition of two steps and a new chemical in the production, which resulted in the company receiving UNBS certification in record time. This in turn enabled them to increase their product sale price and, relatedly, the price they were able to pay refugee farmers.⁷⁰

The provision of seed funding can also be done for refugee entrepreneurs. Provision of small technical inputs to refugees (e.g. digital scales, moisture testing kits) can also ensure fairer prices and higher quality produce that PSAs are willing to purchase.⁷¹

Stimulating the demand

Subsidies can enable PSAs to sell their inputs at a price that is more affordable to the refugees or, if given to refugees (for instance through vouchers), enable them to afford the inputs at market price.⁷² This partial subsidy approach works, however getting the right level of subsidy for the correct amount of time is key to its success as an effective modality – using a time-bound and stepped approach is key to preventing market distortion.⁷³ Subsidies have the added benefit of "strengthening the relationship between the PSA and the farmers, resulting in a better chance of this continuing after the NGO programme finishes".⁷⁴ One risk of these subsidies or seed funds is that they encourage a "beneficiary culture" – creating a recipient mentality rather than really stimulating demand, making refugees less willing to engage in a market once NGO-provided incentives end.⁷⁵

64 Interview with Livelihoods practitioner

65 [RIL Partnership Potentials: Investigating Uganda business attitudes to partnerships with INGOs to co-create community-based innovations](#)

66 Interview with Livelihoods practitioner

67 Interview with Livelihoods practitioner

68 Interviews with Livelihoods practitioners

69 Interview with Livelihoods practitioner

70 Interview with Livelihoods practitioner

71 Interview with Livelihoods practitioner

72 This can also reduce the market distortion risk - See for example, Mercy Corps, Palladium and DCA's ReHope project (summary on pg 6) - https://www.mercycorps.org/sites/default/files/2020-05/West_Nile_Refugee_Markets_Brief_Feb2018.pdf

73 Interview with Livelihoods practitioner

74 Interview with Livelihoods practitioner

75 Interviews with Livelihoods practitioners and [RIL Partnership Potentials: Investigating Uganda business attitudes to partnerships with INGOs to co-create community-based innovations](#)

A PSA and an NGO could utilise a push and pull collaboration whereby an NGO could support a refugee entrepreneur with financial and business skills and mentor them, making them a more attractive partner for the PSA (push), and a PSA could provide a loan, for example for a bicycle, which could significantly increase that aggregator's capacity and be paid back through an offset system. Or a PSA could advance inputs to the refugee on a sale or return basis so they can then sell to the refugee farmers (pull).

Contractual arrangements

NGO-PSA collaborations can be formalised through various types of arrangements, ranging from Memorandums of Understanding (MoUs), procurement contracts (service agreement or supply contract), grant agreements, to co-financing/joint investments.

MoUs are semi-formal agreements which usually do not include funding arrangements but rather focus on determining the objectives and roles of the partners. With the other contract types, the partners enter a legally binding relationship, but depending on the type of agreement, there can be an asymmetry in power, levels of accountability, and commitment of the partners.

Different partnership arrangements in Uganda's refugee response have already included all of the above contract types. Importantly, in some cases, informal arrangements have been used – which is high risk.

3.2 INCREASING RECOGNITION OF THE BENEFITS OF CO-CREATION

NGOs don't necessarily have the "market knowledge and relevant experience" to design and implement sustainable market-based interventions or IGAs. There are examples of PSE where PSAs are simply contracted to execute an activity or of NGOs incubating businesses that fail to insert themselves durably in the market after the end of the project.

Forming a partnership, from the design stage of the PSE intervention, between PSA and non-profits can mitigate such risks.⁷⁶ This is known as co-creation and is seen as the most desirable and effective type of collaboration⁷⁷ as it produces a mutually valued outcome, using a participatory process that assumes some degree of shared power and decision-making. When the NGO and PSA work together to identify the need and business, work together to identify a solution, engage in piloting the project through to the full and practical implementation, this often results in one of two outcomes: an exclusive agreement (e.g., only for use by the NGO/PSA together) or a partial exclusive agreement that allows the PSA to market the product to others after a period of time.⁷⁸

When a PSA is included in the co-creation of a project, it generally leads to "more enduring results that catalyse changes in social and business norms, shifts in market system and network structures, or influences industry-wide behaviour".⁷⁹

⁷⁶ UNHCR-Private Sector Initiatives in Forced Displacement Contexts: Constraints and Opportunities for a Market-based Approach1

⁷⁷ LRSWG PSE event Feb 23 2023

⁷⁸ Interview with Livelihoods practitioner and LRSWG PSE event Feb 23 2023

⁷⁹ Beam exchange [Co-Creation with the Private Sector](#)



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This methodology is more intensive, requiring more input and engagement from all actors, especially at the outset and often prior to the sourcing of funding. This can act as a deterrent to, or be prohibitive for, NGOs as they will be required to invest in this labour-intensive pre-funding work (identification of partners, vetting, development of a shared vision) but there is increasing recognition that it is the most effective approach.

3.3 EXAMPLE OF PSE: THE UTHABITI BUSINESS PARTNERSHIPS

The Uthabiti Activity, funded by USAID’s Bureau for Humanitarian Assistance, aimed to increase self-reliance and diversify livelihood opportunities for refugees and host communities in Isingiro and Lamwo districts. The Activity ran for three years from 2022 to 2025 and implemented by Save the Children, Swisscontact, Grameen Foundation, and the Uganda Response Innovation Lab (URIL).

Private sector actors were engaged to achieve the goals of strengthening market systems and making critical services accessible to support the diversification of livelihoods. The business partnerships were a collaborative model where costs and responsibilities were shared between the Uthabiti partner and the PSA. Business partnerships were formed with companies operating in agricultural value chains with the goal of strengthening market linkages, and with FSPs with the goal of increasing refugee and host communities’ access to financial services.

In 2025, Uthabiti published emerging learning from five of the business partnerships. It reviewed in detail the way the NGO-PSA collaborations were formed and the design of the interventions. It also highlighted for instance the respective roles played by the different parties:



Implementing NGO	Private sector actor
<ul style="list-style-type: none"> ● Evaluate and select private sector actor ● Develop business case for the partnership ● Conduct rapid market assessments and support partners to identify market opportunities ● Provide technical leadership, training, and digital tools to enable private sector partners to take up new business models ● De-risk private sector operation in the settlement by covering initial costs of capacity building, transport, and inputs ● Facilitate the establishment of the relationship between the project participants and the private sector ● Monitoring and evaluation ● Engage with local authorities and humanitarian coordination structures 	<ul style="list-style-type: none"> ● Provide training to refugees, host community members, and VSLA members ● Invest in transport, infrastructure, or inputs ● Recruit and train agents that serve as liaison with the community ● Provide services to offtake, aggregate and trade production from refugees and host communities ● Develop and offer tailored financial services or products ● Promotional marketing ● Monitoring and evaluation ● Build and sustain relationships with community members, service providers, local authorities and humanitarian coordination structures

The case studies found that both types of partnerships had positive results for refugee and host communities in terms of household wellbeing, increased income, and investment in education, etc, despite some challenges linked to the climatic conditions for the agricultural market linkages activities.

One of the key lessons from the partnerships was that market linkages and financial services are complementary and should be layered to support the same project participants. Participants of the market linkages interventions expressed the need to access capital to invest in equipment. Agricultural PSE projects can benefit from ensuring concomitant financial inclusion activities.

Key success factors of the Uthabiti Activity were the focus on capacity strengthening, trust building, and localised presence. The partnerships helped private sector actors overcome barriers to expansion by demonstrating the market demand and accessibility of the settlements.

More details on how these partnerships operated, lessons, drivers of successes and challenges can be found in the Uthabiti Business Partnerships Report.

For the five case studies see:

- [Case study 1: Bean and maize supply chain with Biry United Agencies LTD in Nakivale](#)
- [Case Study 2: Oilseeds aggregation with Erymags Enterprises in Palabek](#)
- [Case Study 3: Horticulture with Home Harvest Limited in Nakivale](#)
- [Case Study 4: UGAFODE in Nakivale](#)
- [Case Study 5: Rural Finance Initiative \(RUFII\) in Palabek](#)

4

CHALLENGES AND MITIGATION APPROACHES

PSE in the agricultural sector of Uganda's refugee response is still relatively nascent with most actors still defining their PSE as pilots. Even so, a number challenges and mitigation approaches can be identified across responders' experiences. This section identified five major challenge areas:

1. Identifying and selecting the right PSA
2. Designing a PSE programme to withstand shocks
3. Inequitable partnership dynamics, mistrust and ineffective communication
4. Reconciling different ways of working
5. Risk analysis and knowledge of the refugee response
6. Lack of access to relevant case studies and transparent insights

CHALLENGE 1: IDENTIFYING AND SELECTING THE RIGHT PSA

PSE is most effective where the NGO's project "objectives intersect with core business interests..." Identifying PSAs that are willing and/or able to engage towards those objectives is crucial.⁸¹

Firstly, it is vitally important that humanitarian actors screen potential PSAs to be aware of or be able to mitigate "ethical concerns, potential conflicts with [their] mission and humanitarian principles, and conflicts of interest for the company."⁸²

Secondly, different sizes of companies require different engagement. MSEs are considered by most non-profits to be more accessible as they can be refugee-led or have often already been engaging with refugees informally, i.e., "without having to think hard about risk."⁸³ Larger companies, unless based near a settlement, are less familiar with engaging with refugees and/or viewing refugees as potential partners, so are not necessarily the best partner for NGOs.⁸⁴ They can be 'nervous' about engaging with refugees long term and are more likely to "let someone else take the risk" preferring a "wait and see" approach.⁸⁵ However, they are likely to have a good understanding of the market and be good allies and networkers for a project and if the intervention is successful i.e., once its proven, they are likely to get involved⁸⁶ and offer opportunities for scale up. The most appropriate size and status (local vs international business) of the company for a given project wholly depends on the objectives of the project and the capacity, presence and motivation of partners.

Thirdly, during project design and partner identification, the question to ask is why have PSAs not entered this area or value chain so far? If the reasons can be identified, then strategies can be designed to respond, and the right PSA can be selected.⁸⁷ Otherwise, there is a risk for unsustainable businesses to be created or fostered. Due to the support, access, and/or finances provided by the NGO, a business can create the impression of being sustainable, however without these inputs, their business model may fail. This has been evidenced a lot in aid-heavy locations (such as Uganda). This is a problem for all parties as the business cannot survive without the NGO input and the beneficiaries cannot access the services after the NGO withdraws.

81 Beam Exchange Primer on Private Sector Engagement in Fragile and Conflict- Affected Situations

82 Oxfam - <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/215649/hpn-private-sector-and-humanitarian-relief-080312-en.pdf;jsessionid=5B8BD9DF96FEF3CDDF78FDF5AD3B8362?sequence=1>

83 Interviews with Livelihoods practitioners

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Solutions/mitigations

- **Starting with a market assessment/analysis.**
- **Leveraging local expertise:** In many locations, especially Northern Uganda, the market leaders are often quite easy to identify as there are very few.
- **Use competitive application processes** to identify potential motivated partners and avoid building a project around a single entity (risk of “privilege culture” i.e., “they need me.”⁸⁸)
- **Co-creating** to build mutual understanding and aligned objectives.

Sources of local expertise for PSA identification⁸⁹

- Local branches of Chamber of Commerce
- Local government, District Commercial Officers, Agricultural Officers, and Development Officers
- Industrial associations
- Local consultants that have “experience and knowledge of the area”
- Attending or holding local trade fairs and/or “applicant conferences”
- Speaking directly with the PSAs and getting network recommendations (for instance, within their supply chains)
- Speak with the farmer cooperatives

CHALLENGE 2: DESIGNING A PSE PROGRAMME TO WITHSTAND SHOCKS

Sometimes, donor-led or NGO-led PSE strategies limit the number of PSAs involved and/or the types of value chains or products. These both run the same risk in different ways. For example, small businesses can be much more flexible, innovative and risk taking, however, they are also more susceptible to shocks that can close them compared to larger businesses that can weather similar shocks. If farmers only have one main supplier or purchaser and a shock compromises the actor’s capacity, the farmers will have no market anymore. In a similar way, if a single crop is encouraged and this value chain market faces an external shock (weather, market price, legislation, pests),⁹⁰ supply will reduce.

Solutions/mitigations

- **Diversified PSA collaborations** within a programme: More diverse PSE that includes both micro, small, medium and large scale businesses will give the flexibility and resilience that will ensure greater sustainability of the activity and will indirectly, but positively, encourage a more competitive market.
- **Diversified or flexible value chains:** The more varied or flexible the value chains engaged with, the less likely it is that external factors will be able to derail the entire project. These two solutions hinge on a **strong market analysis and the flexibility in the funding stream.**

88 Interview with Livelihoods practitioners

89 Interview with Livelihoods practitioner

90 Interview with Livelihoods practitioner

CHALLENGE 3: INEQUITABLE PARTNERSHIP DYNAMICS, MISTRUST AND INEFFECTIVE COMMUNICATION

Disagreements within PSA/NGO partnerships are often attributed to the 'differences' between actors. There appears to be a mutual distrust or suspicion between many NGOs and PSAs. The for-profit vs non-profit division is "an area rife with ideological tension". Both assume there is a lack of a "shared world view" and that their respective motivations and methodologies are incompatible.⁹¹

However, these differences can be overcome with "a common understanding or professional language between humanitarians and business"⁹² – which is often missing from the partnership and often hinges on preconceived and often erroneous perceptions around both the motivations and ways of working of the other actor.⁹³ For example, PSAs often believe NGOs are bogged down by red-tape; have high overhead costs; are inflexible and insist on distributing free goods; whereas NGOs believe PSAs are only money motivated or self-motivated; are "bags of money" who will cut corners to increase profit; inflexible and pose a reputational risk. In addition, both parties are guilty of believing/fearing that the activities will stop if the aid/money/grants run out – which happens in some cases. Lastly, some PSE non-profit implementers report experiencing a "dependency" culture among PSAs, especially in West Nile, or at least, an unrealistic level of expectation as to what they can "get out" of the relationship.⁹⁴ Unfamiliarity can result in misunderstanding and lack of trust and these preconceptions and "information asymmetries, [can make] it difficult for stakeholders to identify synergies".⁹⁵

It is important to make sure the PSA/NGO relationship is mutually beneficial and that the power dynamic is reassessed regularly as the project develops because "unless the model generates shared value for all parties, one leg of the chair will collapse, undermining the future viability of the innovation."⁹⁶ Trust is such an important dynamic to the long-term success of the engagement, building it should be very much part of the collaboration basis – and whilst the company profile is obviously important, more important is "the extent to which key people 'get it' and follow through."⁹⁷

Solutions/mitigations

- **Effective communication** from the outset – identifying and ensuring a mutual understanding of both parties' aims and objectives, as well as regular and honest discussions throughout the project cycle will help mitigate many of the problems. Defining and agreeing mutually understandable and operational vocabularies and communication channels will also improve communication and help to avoid assumptions based on individual understandings.
- **Good planning** with a clear partnership agreement, agreement on roles, equitable division of labour and resources, inclusion of dispute resolution mechanisms.
- **Inclusion of in-kind activities** in the scope of work of each partner to avoid a relationship that hinges fully on financial resources.
- **Sharing experiences and insights.**(See challenge 6)

91 RiL - [Partnership Potentials: Investigating Uganda business attitudes to partnerships with INGOs to co-create community-based innovations](#) and US State Dept - [Private Sector Humanitarians?](#)

92 US Dept of State - [Private Sector Humanitarians?](#) and RiL - [Partnership Potentials: Investigating Uganda business attitudes to partnerships with INGOs to co-create community-based innovations](#)

93 US Dept of State - [Private Sector Humanitarians?](#)

94 Interviews with Livelihoods practitioners

95 US Dept of State - [Private Sector Humanitarians?](#) and RiL - [Partnership Potentials: Investigating Uganda business attitudes to partnerships with INGOs to co-create community-based innovations](#)

96 Palladium "Lessons learned" - on file

97 Palladium "Lessons learned" - unpublished

CHALLENGE 4: RECONCILING DIFFERENT WAYS OF WORKING

Even if trust and respectful communication are in place, PSAs and NGOs have different ways of working, largely unknown to the other party, which can create tensions. Often mentioned is the apparent 'disconnect' between the needs of an NGO with regards to explaining and/or justifying their activities (reporting to donors, M&E, etc) and that of the PSA (e.g. market share, new consumers, etc).

Some of the differences can be summarised along the following themes:

- **Timeline:** longer term projects are more likely to be mutually beneficial and have a greater impact, especially because it can take time for the NGO/PSA relationship to function smoothly and effectively, but funding and project cycles are often much shorter. "[T]he turnover of this kind of project is so quick because it's always one or two years, maybe maximum three years, and we just go crazy under the red tape that it involves and then having done it all and when it's finally running, it's already over."⁹⁸ These timing issues are also relevant with regards to the speed of NGO decision making and implementation which is often too slow for PSA.⁹⁹
- **Transparency:** NGOs' commitments towards accountability and reporting (around funding sources, activities, costs) can clash with a PSA's need to protect its business interests.
- **Co-branding** can also cause issues.
- **Selection of 'beneficiaries' versus 'customers/suppliers'.** NGOs often have to conform to their own, or the donors', criteria as to who to target (using vulnerability criteria, for instance) and this does not align with how a PSA identifies who they can work with (entrepreneurial spirit, skills). These views need to be reconciled with the sustainability post project in mind.¹⁰⁰
- **Do no harm: Code of conduct, prevention of abuse, safeguarding:** Some NGOs include a level of capacity building for their private sector partner on relevant issues (e.g. gender, SGBV, etc) and set up mechanisms for beneficiary feedback, but it would be prudent for both parties to clearly communicate and outline their expectations prior to entering into a long-term relationship.¹⁰¹

Solutions/mitigations

- **Donor awareness and flexibility** around selection of target group.
- **Mutual understanding** of different actors' priorities in terms of targeting and flexibility to include both 'business case' and 'vulnerability' considerations.
- **Longer implementation timelines.**
- **Inclusion of aforementioned topics and expectations within the scope of work and partnership agreement** – highlighting time and financial commitments.

98 Fleming, for RIL, 2020: Partnership Potentials: Investigating Uganda business attitudes to partnerships with INGOs to co-create community-based innovations, <https://www.responseinnovationlab.com/tools-publications/partnership-potentials-investigating-uganda-business-attitudes-to-partnerships-with-ingos-to-co-create-community-based-innovations>

99 Interview with Livelihoods practitioner

100 Interview with Livelihoods practitioner

101 Interview with Livelihoods practitioner

CHALLENGE 5: RISK ANALYSIS AND KNOWLEDGE OF THE REFUGEE RESPONSE

Engaging in the RHD requires a risk analysis and a risk-reward assessment on the part of the PSAs.¹⁰²

The RHDs, especially in the north, have a number of logistical and infrastructure challenges that prevent effective PSE. In addition, and despite the decentralisation of many of the trade bodies and associations, there is “weak collaboration” between PSAs and then weak connections between West Nile and the rest of the country.¹⁰³ There needs to be a market for the outputs, but there needs to be the outputs for the market. RHDs have small demand and small outputs. Even a small PSA often needs more than many individual refugee farmers are able to produce and/or due to issues beyond or within the refugee farmers’ control (PHH, pests, disease, climate etc), the quality and quantity of the surplus is insufficient. This means that many PSAs have concerns around how reliable the agricultural output will be from RHDs.

These factors are compounded by limited knowledge or experience of PSAs with refugees and a level of misconceptions about them. PSAs believe refugees have a culture of dependence, are unreliable, and untrustworthy.¹⁰⁴ They are unaware of the aspirations among refugees and the fact that many refugees are striving to independently establish themselves as farmers or business-owners – and just need support to strengthen or grow their operations.

Furthermore, PSAs are often unaware of the legal regulations around working with refugees and operating in settlements. Some also are not sensitised to cultural differences and differences in vulnerability or literacy.

Lastly, even when just considering a collaboration, both parties must ‘invest’ considerable resources (staff time, money, products, equipment, etc) to ensure and assess the viability of the longer term relationship. This ‘investment’ is recoupable if the project goes ahead and is a success but otherwise it has to be written off. This can be a deterrent or is even preventing smaller PSAs and NGOs from starting along this route.

Solutions/mitigations

- Analysis of barriers and levers for the value chains that the non-profit sector can work on to support PSAs.
- Careful selection of partners and project participants.
- Visits and exploratory engagement of PSAs in settlements (for instance, during co-creation) to debunk myths and understand humanitarian ways of working.
- Stimulation of local market through local procurement by non-profits to increase local demand for local produce and increase local PSAs.¹⁰⁵ This requires a longer term approach and investments.

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CHALLENGE 6: LACK OF ACCESS TO RELEVANT CASE STUDIES AND TRANSPARENT INSIGHTS

There is little publicly accessible information on NGO-PSA collaborations even though case studies and success stories could serve as incentives, especially for PSAs to be made aware of the potential of RHDs and to allay some of the fears of NGOs or other refugee response actors that are unfamiliar with PSE. Some pilot studies exist, but often without “naming names”. The reasons are likely concerns about preserving the effective working relationship and respecting the confidentiality of the partnerships but could also include the competitiveness of the funding environment that limits actors’ willingness to share their lessons and most particularly insights into the less successful parts of their programmes. This limits thematic learning, improvement opportunities for PSE, and possibilities to increase mutual understanding of profit and non-profit sectors (as highlighted in previous challenges).

Solutions/mitigations

- Identifying and disseminating well-evidenced success stories.¹⁰⁶
- Encourage transparent and constructive sharing of challenges and mitigations.

RECOMMENDATIONS

Recommendations for more effective collaboration between PSA and non-profits

Recommendations to non-profit organisations	Recommendations to both non-profits and PSAs	Recommendations to PSAs
<ul style="list-style-type: none"> • Involve PSAs from the start of project design to secure buy-in and avoid miscommunication. • Recognise each PSA’s distinct motivations and business model. • Assess whether the PSA can succeed independently before partnering; plan alternatives if NGO support is withdrawn. • Build flexibility into all PSA–NGO collaborations to adapt to individual needs and objectives. • Ensure a real choice of value chains to communities participating in PSE activities • Build climate-sensitive programmes. 	<ul style="list-style-type: none"> • Invest in market analysis and use bottom-up approaches to prove genuine market demand and sustainability potential before engaging in PSE. • Factor in extra time for communication between PSAs and NGOs; it requires more effort than partnering with peer organisations. • Clearly define roles and responsibilities to avoid overlap; if overlap is unavoidable, set joint decision-making mechanisms. Ensure each actor understands how success is defined and mutually reinforcing. • Maintain continuity of personnel; where staff changes are unavoidable, ensure handovers. MoUs, and institutional learning prevent repeating past issues. • Ensure the provision of adequate skills training to match the needs of the agricultural market (without duplication). 	<ul style="list-style-type: none"> • Learn and adapt to humanitarian settings and new profiles of clients or suppliers. “Cultivate a willingness to test, learn and adapt based on client feedback and changing contexts”¹⁰⁷

¹⁰⁶ Interview with Livelihoods practitioner and LRSWG PSE event Feb 23 2023

¹⁰⁷ Global Compact - Charter of Good Practice on the Role of the Private Sector in Economic Integration of Refugees

Recommendations to the GoU, development partners and response coordination bodies for an enabling environment for PSE

- Roll out the PSE strategy with consideration of refugee and host communities' perspectives and preferences to strengthen opportunities.
- Support genuine, needs-based business forums or associations that are sector-relevant, and capable of convening PSAs effectively.
- Support neutral and inclusive convening and reflection spaces for PSAs and refugee response actors to meet, discuss, and innovate.
- Strengthen district-level coordination around PSE.
- Set up of a hub/clearing house that could act as an intermediary and incubation of PSAs and as a "a mutually trusted third party intermediary or informal guarantor" which will encourage greater engagement of NGOs with these vetted PSAs and will "help ameliorate any competitive tendencies between businesses and non-profits in terms of vying for the same service contracts".¹⁰⁸
- Strengthen infrastructure – roads/transport/electricity/internet connectivity.
- Encourage regional, national and international market linkages to RHD markets.

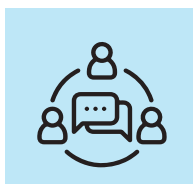
CONCLUSION



Private sector engagement in agriculture in RHDs holds significant potential, but it is neither straightforward nor guaranteed. When PSE works, all actors agree that it supports longer term, sustainable self-reliance of refugee farmers. More recently and especially as the humanitarian response has increasingly turned to technology and focuses on self-reliance, PSAs can bring new practices and perspectives.



Effective collaboration between NGOs and PSAs requires more than matching objectives; it depends on building trust, ensuring role clarity, and balancing power dynamics. Misconceptions and unfamiliarity often hinder partnerships, as do structural barriers such as poor infrastructure, fragmented coordination, and limited market intelligence. Donors also shape the enabling environment, with short funding cycles and rigid beneficiary criteria often undermining sustainability.



The way forward lies in creating partnerships that are mutually reinforcing, transparent, and market-driven. This means investing in strong communication channels, ensuring business models can stand independently beyond NGO support, and promoting diversified partnerships across actors and value chains. Donor flexibility is needed for long-term engagement. Ultimately, when NGOs, PSAs, and refugees collaborate with clear incentives and shared responsibility, private sector engagement can move beyond pilots to deliver durable impact in refugee-hosting districts.



It is worth highlighting that while many refugees and host communities do participate in agriculture, many people in RHDs – especially youth – are also interested or already engaged in non-agricultural livelihood activities or off-farm agricultural activities that can be fostered through PSE.



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