PRIVATE SECTOR ENGAGEMENT IN AGRICULTURE IN THE UGANDA REFUGEE RESPONSE

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50% Large domestic companies make up more than 50% of PSAs in the private sector, but they are less engaged in RHDs due to percieved risk.

Collaboration between NGOs and PSAs is mutually beneficial: PSAs gain faster market entry, and NGOs gain access to technology, finance, and external markets for their beneficiaries.

Background

Private sector engagement (PSE) in agriculture is increasingly seen as vital to strengthening the livelihoods of refugees and host communities in Uganda's refugee-hosting districts (RHDs). Agriculture remains the primary source of income for refugees, yet weak markets, poor infrastructure, and limited inputs constrain productivity.

This publication provides an overview of technical approaches for PSE, various collaboration models between PSA and NGOs, and insights into challenges and lessons from practitioners.

Policy & enabling environment

Uganda's policy environment strongly supports PSE through the CRRF, Global Compact on Refugees, Refugee Act (2006), NDP III, and the newly launched PSE Strategy. The upcoming 2026 Localisation Strategy further identifies private sector investment in RHDs as a strategic priority.

Local forums (Chambers of Commerce, District Investment Committees) exist to facilitate PSE, though many humanitarian actors have been unaware of them. The rollout of the PSE Strategy aims to bridge this gap.

Private sector landscape in RHDs

82% of surveyed companies already sell to or source from RHDs — mostly driven by commercial logic, independent of NGO partnerships.

PSE opportunities in agriculture

Agriculture accounts for 25–40% of Uganda's GDP and 90% of foreign exchange earnings. Around 90% of refugees live in rural areas. The LRSWG identified 10 priority value chains for PSE:

Cassava | Groundnuts | Chillies | Mushroom | Onions

Poultry | Simsim | Soya Beans | Tomatoes | Apiary

Key PSE technical approaches

Skills training & extension: PSAs train farmers (e.g., on organic fertilisers) and cover costs through direct sales following NGO-facilitated introductions.

Market linkages: Supporting information access, input supply, aggregation, and multi-stakeholder platforms.

Aggregation via Village Agent (VA) model: Commission-based agents linking farmers to markets; most effective where farmer groups are well-established.

Processing/post-harvest handling: NGOs can help mitigate initial startup costs.

Financial inclusion: FSPs support agricultural credit; NGOs provide financial literacy training, recognise VSLA histories as collateral, and de-risk loan requests.

Impact investment: The Refugee Investment Facility (RIF) supports high-potential agribusinesses in Uganda's RHDs.

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Market Systems Development (MSD) as a PSE methodology

MSD is a systems-based approach to understanding and transforming the constraints and opportunities within markets where displaced populations live. As of late 2024, eight MSD programmes operated in Uganda, seven of which target agricultural markets. MSD activities span market linkages, skills training, transport/distribution improvements, financial services, seed capital/subsidies, mechanisation access, and climate/weather insurance.

NGO–PSA collaboration models

NGOs incentivise PSE through three main mechanisms:

De-Risking	Grants, subsidies, underwriting, cost-sharing, and market research lower financial risk for PSAs entering new markets. These are seen as more sustainable than direct grants.
Capital Access	Seed funding, challenge/competitive grants, and technical expertise coverage (e.g. funding a specialist for 12 days helped one company achieve UNBS certification and increase farmer payment rates).
Demand Stimulation	Time-bound stepped subsidies to refugees (e.g. vouchers) enabling input purchases at market price without distorting markets long-term.

Case Study: Uthabiti business partnerships (2022–2025)

Uthabiti was a USAID-funded consortium that aimed to increase self-reliance and diversify livelihood opportunities for refugees and host communities in Isingiro and Lamwo districts. It was implemented by Save the Children, Swisscontact, Grameen Foundation, and the Uganda Response Innovation Lab (U-RIL).

- NGOs covered capacity building, transport, and facilitated community-PSA relationships
- PSAs invested in transport, agents, and tailored financial products.

Key lesson: market linkages and financial services are complementary and, as such, must be layered.

Six core challenges of collaboration models

1. **Identifying the right PSA**
2. **Withstanding shocks**
3. **Inequitable dynamics & mistrust**
4. **Reconciling ways of workings**
5. **Risk & refugee response knowledge**
6. **Lack of transparent insights**

Recommendations

To NGOs
→Involve PSAs from project design; assess viability beyond donor support.
→Build in flexibility for individual PSA needs; ensure communities have genuine value-chain choices.
→Design climate-sensitive programmes.

To GoU, donors & coordination bodies
→Roll out PSE Strategy with community perspectives; strengthen district-level coordination.
→Set up a neutral hub/clearing house as a trusted PSA intermediary and incubator.
→Strengthen infrastructure; encourage regional, national, and international market linkages to RHDs.

To PSAs
→Learn and adapt to humanitarian settings and new client/supplier profiles.
→Cultivate willingness to test, learn, and adapt based on feedback.

To both NGOs & PSAs
→Invest in market analysis; prove genuine demand before engaging.
→Factor in extra time for communication; clearly define roles and joint decision-making.
→Maintain staff continuity; ensure MoUs and institutional learning prevent repeat issues.
→Provide adequate, non-duplicative skills training aligned to agricultural market needs.

To learn more, read the full report here.

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