

[reference: Jane Kembabazi and Huria Ogbamichael. UWESO IGP in Lira, Uganda. AP Country Report No. 3, August 2004]

**UWESO Internally Displaced Persons Income Generating and  
Capacity Building Project**

**Lira, Northern Uganda, July – August 2004**

**Implementing Agency: UWESO – Ugandan Women’s Efforts to Save Children,  
Lira Branch Office**

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## Introduction

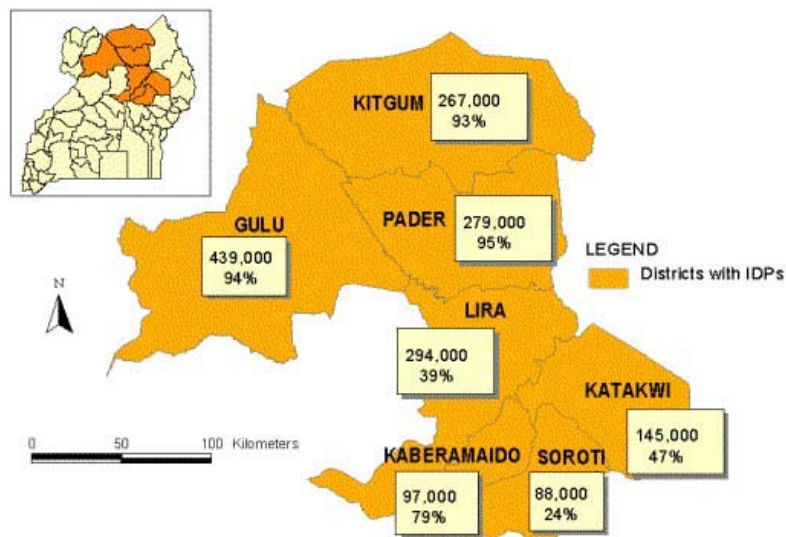
As part of the Refugee and Forced Migration Program the Alchemy Field Project funds and conducts research on educational and micro-finance opportunities for refugees and internally displaced persons in African countries. In 2004 the program decided to extend its activities to Uganda where it received a proposal for a micro-finance project from Uganda Women's efforts to Save Orphans (for more details on UWESO see below) After agreement had been reached on the cooperation with the partner organization the University decided to send to interns to Northern Uganda in the summer of 2004 to conduct a baseline survey for the newly approved micro-finance project in the IDP camps of Lira town.

The aim of this report is to provide the Refugee and Forced Migration Program as well as the partner organization with an assessment of the initial phase of the project. Our assessment is based on the interviews we conducted as part of the baseline survey for the Alchemy field project. Further more, we refer to information we received through talking to representatives of other aid agencies and district and government officials on the overall humanitarian, security and socio-economic situation of Northern Uganda and Lira specifically.

## Background on the Conflict in Northern Uganda

The conflict in Northern Uganda has caused one of the most neglected humanitarian crises in the world today. For more than 18 years the Lord's Resistance Army of Joseph Kony has been waging a war mainly against the civilian population in the northern districts of the country. The most affected districts are; Gulu, Kitugm, Pader, Apac, Soroti, Moyo, Arua, and Nebbi. However, after the government launched the military operation Iron Fist in 2002, which pursued the rebels as far as their base in Southern Sudan, the conflict steadily spread to other districts in the north and the north east. As of December 2003, 1.4 million people had been displaced from their homes, which is about 50% of the population in the north.

## Map of Uganda Showing the Internally Displaced Persons in Each of the Northern Uganda Districts



Source: Famine Early Warning System Network  
Date: May 1, 2004

As a measure to improve the security situation of the rural population the government set up camps for the internally displaced persons. Those camps which were insufficiently protected were attacked by rebels as well. In February 2004, rebels killed 50 civilians in Abia camp in Lira district. Only 20 days later Barlonyo camp, north of Lira town, was attacked and 200 IDPs were murdered.<sup>2</sup> Following incidents like these, new camps were built closer to the major towns and trading areas such as Lira and Gulu where military barracks are stationed as well. Moreover, the Ugandan Army, UPDF, is arming and training local militias, so called Amukas, especially in the Lango area which includes Lira to contribute to the protection of the camps and rural areas. The danger of this measure is, however, an increased militarization of the camps and weapons proliferation.

Mostly affected in this conflict are the children. Fearing rebel attacks and abduction thousands of children from the rural areas commute every night to the nearby towns to spend the night in camps (tents) run by churches, aid agencies, in hospitals and on verandas before returning to their villages in the morning.

### **Profile of the Partner Organization and the Credit Scheme**

The Ugandan Women's Efforts to Save Orphan's is an initiative by women of Uganda led by the First Lady Mrs. Janet Museveni to improve the lives of the orphan population in Uganda which has experienced a rapid growth due to war and HIV/Aids. Today, Uganda is estimated to have a total of 2.3 million orphans. UWESO's leading mission is "to improve the quality of the life of the needy orphans by empowering the local communities to meet the social, moral and economic needs of these children in a sustainable manner". UWESO has offices in 14 districts in all regions of Uganda.

UWESO's largest program component is the UWESO Savings and Credit Scheme (USCS) which was started under the UWESO Development Program (UDP) in 1996. Another major component is Social Development, which encompasses HIV Aids Awareness as well as Apprenticeship projects for orphans. The USCS, are revolving credit, targets foster families of orphans and specifically on women as the main clients for its loans. According to the organization's policies the clients are organized in groups of four to five. Up to ten of these groups form a cluster. These clusters meet on a weekly basis. During the meetings the committee, which is comprised of a cluster chair, a secretary and a treasurer, is responsible for collecting the weekly payments of loans and savings by its members. The first line of collateral for each client is his/her group while the second line is the cluster. Though the program is open to both men and women UWESO guidelines and policies require that at least 80% of all clients as well as the cluster chair and the treasurer are women. Moreover, the first loan disbursement requires that clients complete a mandatory training consisting of eight components: financial management, business skills, leadership, etc. This structure, slightly modified, was adopted for the micro-finance project in the IDP camps, which is outlined in more detailed at a later point in this report.

An independent evaluation of the USCS conducted in January 2004 by the Makerere University in Kampala, Uganda assessed the extent to which the program has improved the social - economic status of its clients by comparing the housing situation, household possessions, and improvements in agriculture as well as the food security with the differences

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<sup>2</sup> Relief Web, 25 February 2004,  
<http://www.reliefweb.int/w/rwb.nsf/0/f3bc1bf4c3abcdeb85256e4500693d4b?OpenDocument>

in incomes and expenditure patterns between clients and non-clients. The study was conducted in three of the programs five core branches, namely, Masaka, Kumi and Mbarara.

Major findings of the study were that 47% of all clients stated that the program has improved their food security by enabling them to make savings which they could later invest in farming equipments to increase their production. Others stated that the savings and credit scheme enabled them to employ labour whilst others reported to have had improved access to land and markets. The nutritional situation of clients' households to non-client households further suggests a positive impact of the program. While more than half of the children in client homes were receiving three or more meals a day, only 25% of the children in non-client homes had access to three or more meals per day. With regard to household wealth it could be noted that clients were better represented in the wealthier groups compared to non-clients.

Monitoring and supervision within the organization is conducted on a regular basis. During the first visit to the north we had the opportunity to accompany the portfolio manager from UWESO Headquarters on his supervisory mission to the Lira Branch Office and some of the clusters in the surrounding rural areas. It is the job of the portfolio manager to survey the branch offices with regard to their management of the USCS. He checks the cash books, the recovery rates, arrays, etc that are handled by the loan officers and the branch manager. Additional to this, a monitoring mission, consisting of two consultants from Kenya just finished their report while we were in Kampala and presented their results and final report to the organization's board of directors as well as the donors. The fact that UWESO staff is familiar with these monitoring and evaluation mechanisms and instruments confirmed the impression that we won during our internship that the evaluation instrument that we introduced to the organization would be taken seriously.

Through the Alchemy project, UWESO was for the first time able to extend its services to the IDP population in Northern Uganda. Undoubtedly, the challenges IDPs are facing go beyond the 'normal' impediments the population in northern Uganda as a whole is confronted with, i.e. widespread unemployment, poverty, diseases, and lack of infrastructure. Nevertheless, UWESO's experience with the successful USCS can offer valuable insights for the new project. Besides, the aspect of previous experience with micro-finance another advantage that UWESO has is its good reputation with the rural population in the country as a whole and specifically in the north.

The office in Lira continued to provide services to the people until the security situation deteriorated to a point where clients had to flee from rebel attacks. Some of those former clients are now living in the camps and were among the first to come to apply for loans under the new project. UWESO has credibility with the local population, which is a crucial factor for the success of the project.

## The IDP Camps in Lira



*Centre of Lira Town –during the day businesses run normally and is very busy in the evening, but everything shuts down in the early hours of the night*

According to a census conducted by the Lira district government on April 30, 2004, 73,169 households are affected by displacement in Lira District, making for a population of 372,989 IDPs in Lira,, of which 51% are female. The population in the IDP camps ranges from 2,000 to 50,000, the average camp population being 12,000.

UWESO has targeted two IDP camps for its micro-credit scheme in Lira town: Bala Stock Farm with a population of 10,582 and Starch Factory with a population of 4,433. All camps have a leadership elected by the camp population. Because of their great size all camps are divided into sub-groups, albeit differing in the specific organizational structure. In Bala Stock Farm the camp population is divided into 9 blocks which is headed by one leader each. In contrast to this, Starch Factory Camp has not only one individual leader per group but a whole committee comprising of four individuals for each group. It became very clear during the initial phase of the project that the support of the leadership of the camp for the project was crucial for the acceptance, and eventually, for the success of the project.

Comparing the displaced people with the population in non-affected areas it can be noticed that, despite or maybe because of their desperate situation, the IDP's have shown extraordinary creativity in generating an income even without the support of micro-finance institutions. Many people in the camps, especially women, have started to offer services and produces within the camps as well as outside. For example, some offer repair services for bicycles, the main means of transportation in Lira and the rural areas, others offer baked food. However, the desperation over lack of any form of income manifests itself also in an increase in prostitution within the camps. These observations show that the internally displaced population is in need and welcomes any support to help them generate income to cover their basic needs.

The degree to which the IDPs and the people in the north in general are traumatized by this conflict became apparent during the interviews when almost all interviewees expressed

uncertainty about going back home despite the widespread general belief that the conflict will end soon. Most of the IDPs expressed that they have no intentions on going home as long as there is no clear sign that the war is over, i.e. Kony is caught. In this case, the majority expressed their wish to return to their home villages while a small number intends to settle down in the area around Lira town.

### **Conducting the Baseline Survey**

At this point, it is worth while pointing out the working conditions for the internship as they might differ from other situations where Alchemy clients are normally sent. The target group for this micro-finance project is located in the IDP camps in close proximity to Lira town in Northern Uganda where a rebellion by the Lords Resistance Army (LRA) has been going on for the last 18 years. Since May, attacks in Lira district have decreased in number and intensity. Travelling to the north in general is not restricted by authorities. Public transportation is available to and from Lira as well as to the more severely affected areas like Gulu. However, travelling to the latter is only considered relatively safe during the day, and not in evenings or very early mornings.

Alchemy and UWESO agreed that the interns should be based in the headquarters of the UWESO office in Kampala because of the security situation. This meant we had to travel to the north three times for a period of one week to conduct the baseline survey and gather further information for the research. UWESO provided us with transportation and made sure we were accompanied by their staff, either from the headquarters or from the Lira office.

The overall number of interviews conducted in the IDP camps is 55. During the first field trip 22 interviews were completed while during the second field trip 33 IDPs were surveyed. Out of the 55 interviewees 44 are UWESO members while 11 are non-clients who live under comparable economic conditions as the clients. The situation of the 'Client Group' will be compared to that of the 'Control Group' to enable us to better understand the impact of the Micro Credit Program. Hence, just like the clients, the non-clients will have to be interviewed at the end of each loan cycle as well.

For the second round of interviews, we used the revised questionnaire which was edited and tested by Prof. Jacobsen and Sara Titus, another Alchemy intern, in Zambia at the same time as our internship was progressing. This new questionnaire will be the permanent questionnaire to be used by the UWESO staff in the subsequent rounds of the survey. The new questionnaire differs from the old one in that it is considerably shorter with a length of only 3 pages compared to 8 pages in the previous one and an average interview time of 20 min.

One of the challenges that we faced with the questionnaire and the nature of the questions is that some of the questions seemed inappropriate for the Ugandan context. This was more so in the former questionnaire than in the latter. For example, we felt very uncomfortable to ask the IDP's if and how often they consume soft drinks and beer, considering that these goods are beyond the reach of these people. The questionnaires required some adaptation to the specific circumstances of the IDPs. We do understand, however, that the survey has to be uniform to a certain extent across the different countries in which it is used to allow for comparison. Nevertheless, we encouraged the staff in the branch office to give continued feedback usefulness and applicability of the indicators used in the survey.

In some instances, it is difficult to judge if the clients and interviewees were telling the truth about their economic situation. For example, the question on whether they received assistance

from an aid agency was answered with ‘yes’ by most of the interviewees during the first round of interviews. In the second round, however, where we used the new questionnaire many answered ‘no’. Since there was no follow up question to this it was up to the interviewer to broach the subject again.

Since most of the clients interviewed were not fluent in English the questions had to be translated by the Lira office staff who accompanied the interns to every camp visit. Most of the time, the loan officers were translating while in case of schedule conflict the social worker could also function as a translator. As it is one of our tasks to train the partner organization in data gathering so they will be able to conduct the subsequent rounds of the surveys, having the loan officers present during the interviews helped them to become familiar with the survey instrument and availed them an opportunity to ask us for clarifications on some of the questions that seemed eccentric

The Alchemy procedure for the new questionnaire requires that each client is interviewed in the first Base Line Survey is re-interviewed after each loan cycle. However, the Deputy Executive Director pointed out in our last meeting that conducting the second round of interviews after the first cycle might be too early. Moreover, conducting 55 interviews after each loan cycle might pose a great challenge to the office staff in Lira. Nevertheless, the Branch Manager in Lira suggested that the interviews be conducted after each cycle. He assured us that this challenge is manageable since the loan officers carry out an appraisal and could conduct those interviews at the same time.

### **Progress of Project Implementation**

Our arrival in Lira for the first field visit coincided with the launching of the project in the camps. The different project phases correlate with the project cycle that is used for the USCS in general. In the initial phase the branch manager and his staff approach the camps through the camp leadership and ask them to organize the camp population for so called ‘sensitization campaigns’ in which the staff introduces the organization, its principles and the project to interested camp inhabitants. During the first field visit we were able to attend these meetings which were attended by about 150 to 200 interested individuals. Many of them were men, despite the fact that UWESO focuses strongly on women as the direct beneficiaries of their projects.





*Training Session at Starch Factory (approximately 2km from Lira town)*

When we arrived in Lira for our second round of interviews the selection process of eligible women with the help of the camp leadership had already been concluded. The UWESO policy that 80% of all clients within a cluster had to be women was changed in that the organization wanted to consider women only for the first two clusters which earned them significant criticism from the men that were present at the sensitisation campaign meetings. UWESO's decision reflects basically its experience with providing loans to men and women and the differences they have been observing. In our talks with the staff members, be it in the headquarters or in the field, it was always explained to us that in the UWESO system, the success of the micro-credit projects depend on the group coherence. Yet, men tend to try to dominate the group dynamic and in most cases in a negative way. Moreover, the concern of the organization to make this pilot project a success led to the decision to start out with two women clusters. Nevertheless, we were assured that in the next round of applications men will be considered.







*This is one of the Training Sessions at Bala Stock Farm (about 10 km form Lira town. It is one of the biggest camps in the district. The meeting center (tent) is a little fancy with tents from WFP)*

Ninety clients- in the clusters of 50 and 40 members were selected from the two camps of Bala Stock Farm and Starch Factory respectively, to benefit from the loan program in the pilot phase. The project is designed to give out loans in 7 cycles where by the loan amount increases in an ascending order. The allocation per individual is determined by the group, based on the nature of the business. The amount ranges from \$100 in the first cycle to \$ 400 in the 7<sup>th</sup> cycle. Each cycle is increased by \$50. This amount may seem small by our standards, but this is a reasonable amount in the situation of these clients. Also, at the current exchange rate in Uganda (Shs. 2000 to \$1 dollar), this is good. Besides, the clients prefer to take smaller loans which they can ably pay back and also given that their nature of small business. The maximum loan cycle amount acts as ceiling but members may choose to borrow less depending on their business capacity. For example, a member can choose to get a loan of \$100 in the 7<sup>th</sup> cycle.

By the time we came to Lira for our second visit the loan officers had trained the new clients in several sessions on financial management, bookkeeping, and other skills considered helpful for the clients to start up their businesses. In order to keep up with the time schedule of the project as it was set out in the proposal, two loan officers, instead of one were conducting the training simultaneously at three days per week. During our interviews we noticed that a great number of the clients interviewed could recall the different subjects covered during the training sessions, an amazing fact granting that most of the clients have not finished primary education. Although all of them were confident that they possess the skills necessary to make their business a success, nearly all interviewees expressed the need for further and continued training. The need for refresher courses was discussed with UWESO and will be incorporated into the program.



*The Loan office (commonly referred to as “big teacher” by cluster members during the training) counts the 10% of the groups savings – this is a prerequisite for the receiving the loan*

Another crucial requirement was that clients have to fulfil in order to receive the loan is that they all have to save 10% of the loan amount (this was changed from 20% for the IDPs). These savings are collected by the cluster leaders. The leaders are responsible for opening an account at a local bank and bringing the receipts to the UWESO office in Lira. During the interviews when we learned that the majority of the interviewees were already in the habit of saving on a regular basis despite their difficult economic situation and lack of stable income, we were not too surprised how the clients were able to fulfil this requirement in a relatively short period of time. Nevertheless, it is also an expression of the determination and confidence of the IDPs that they will put this money to good use and through this will be improving their situation and setting a good precedent for the other camps were not considered for this initial project to receive similar services in the future. Prior to our departure from Kampala we were informed by the branch manager that the repayment period had already started and so far there have been no defaulters in either of the two clusters and had set a record of 100% repayment rate. Normally, the repayment frequency is in such a way that members receive a two weeks grace period after which they will repay on weekly basis. It is done in this manner to enable repayment in small instalment that does not diminish the business capital base.

Concerns raised by interviewees with regard to their needs beyond the financial aspect, were issues related more to social and psycho-social problems. For example, most women voiced their concern about the escalating number of teenage commercial sex, rampant increase of the HIV/AIDS (The HIV/AIDS prevalence rate in Northern Uganda is said to be nearly twice as high as the national average<sup>3</sup>), the rising divorce rates, etc. The women asked UWESO to provide marital counselling. Another important request was support to access vocational training for those children and young adults that have passed primary education (P7) and whose parents don't have the financial means to send them to secondary school and the returned former abductees who had outgrown the previous elementary level of education

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<sup>3</sup> “Global Challenges, Kaiser Network Organization,  
[http://www.kaisernetwork.org/daily\\_reports/rep\\_index.cfm?DR\\_ID=25951](http://www.kaisernetwork.org/daily_reports/rep_index.cfm?DR_ID=25951)

before the abduction. Education in Uganda can become an expensive undertaking. Though Universal Primary Education is provided for by the state, secondary education which is needed to get good jobs especially in an urban area like Lira is not accessible for many IDP families. Accordingly, most parents who were not able to send all children and child dependents to school mentioned as the main reason the lack of financial resources. The lack of educational and vocational perspectives makes many young people in the camps feel idle a feeling that can easily breed criminal behaviour. Therefore, it is important that UWESO is able to complement its financial services in the camps with social services and economic opportunities for specific groups such as young adults.

### **Networking with other organizations and institutions in Lira**

As a follow up to the recommendations we made in our first report with regard to offering vocational training opportunities and psycho-social support as well as other additional services we contacted other organizations and institutions active in Lira to explore possibilities for cooperation. We talked to representatives from International Rescue Committee (IRC), Médecins sans Frontière (MSF) Holland, the World Food Program (WFP) and the Rachele Rehabilitation Center for formerly abducted children.

We also paid courtesy visits to the Lira District Local Council (LC 5) Chairperson as well as the Chief Administrative Officer (CAO). Both district officials highly commended the UWESO's work in Lira. They were appreciative of the existing cooperation, and called for further strengthening of the relationship. UWESO has proven to the district that it is a reliable and professional implementing partner and has therefore attracted some significant amount of funds from the administration for its micro finance scheme. With regard to the IDP project, the CAO lauded UWESO's pioneer role in this field to offer these kind of services to displaced people.

The district officials provided us with the latest data on the IDP population in the district which is helpful in assessing the needs for support and services to the IDPs beyond micro-finance. According to a census conducted on April 30, 2004 on the IDPs by the District there are 73,169 households are affected by displacement. Out of a population of 372,989 IDPs 182,283 are male and 190,706 are female. The size of population of the two IDP camps where UWESO is implementing the micro-credit scheme is 10,582 for Bala Stock Farm and 4,433 for Starch Factory.

We also addressed the issue of sustainability in our meetings with the district officials as well as the WFP representatives. We expressed our concern about the unpredictable situation of the IDPs, which makes planning of a Micro-Credit program very difficult. Despite the challenges that a micro finance project in a Displaced Persons' camp poses, the CAO mentioned one major achievement of this project: it enables the IDPs to generate income while in the camps and therefore lowers their incentive to return to their home villages in search for income which is often combined with great security risks. Moreover, it facilitates a gradual and eventual sustainable resettlement of the IDPs. The district as well as the WFP mentioned that there are no plans for an organized resettlement program beyond the provision of resettlement kits. Hence, the kind of support UWESO is offering is very crucial.

During the meeting with the WFP representative we raised the issue that not all of the IDPs receive food aid.



World Food Program Silos

The WFP representative was aware of this problem, but explained that food aid is given out on a needs-based assessment. We hope that the loans will help those clients who do not receive food aid to bridge the gap.

As a follow-up to the recommendation we made in our previous mini-report to UWESO with regard to the need for vocational training opportunities we visited the Rachele Centre to get a clear picture of the degree of need and the urgency.



Interns, Huria and Jane with one of the former abducted girls at the Rachele Rehabilitation Centre

It is part of the rehabilitation center's task to help the formerly abducted children to prepare them for their reunion and reintegration with their families of which many live in the IDP camps. Most of those children and young adults have outgrown the formal education and thus need to be channelled to vocational training. In our meeting with the IRC we learned that the organization has access to funds for vocational training and secondary education. Local NGOs working in this field can apply for funds from IRC to offer vocational training projects. We advised UWESO to take advantage of these funds for some of their vocational training needs.



*The boys in blue uniform are from the Rachele Rehabilitation centre (these are former abducted children. To ease the tension and lessen the trauma associated with the stigma, and as a preparation for reintegration, the kids play games with the neighbouring school teams)*

## **Conclusion and Recommendations**

Overall, we come to the conclude with an optimistic outlook for the further implementation of the micro-finance project, both in terms of the confidence that we have in UWESO as the implementing agency as well as the impact it will have on the livelihood situation of the IDPs in Lira. This conclusion stems from our work experience with UWESO, an organization that impressed with its professionalism and dedication of its staff, especially in the field office in Lira, and from our interactions with the IDPs in the camp as well as the district cooperation. Despite the dire living conditions that these people are facing in the camps it was amazing how little these people depended on aid, and how they sought to be independent of aid. They welcomed the chance of receiving a loan that would help them get on their own feet and build their assets instead of depending on handouts.

The Alchemy-UWESO partnership is valued by UWESO, as was pointed out by Executive Director as well as the Deputy Executive Director and the Advocacy Officer, because Alchemy support enabled the organization to become one of the pioneers in a newly emerging field, i.e. support for Internally Displaced. UWESO as an implementing partner organization is sought after by other donor institutions, local as well as international, because of its good records as a successful micro-finance institution, its presence in many parts of the country and its professionalism. However there are not many NGOs, local or international that are working to improve the livelihood situation of IDPS.

We would like to make the following recommendations:

### **Recommendation for UWESO**

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