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HORIZONT₃₀₀₀

**THE MARKET ASSESSMENT OF INFORMAL
BUSINESSES IN BIDIBIDI REFUGEE SETTLEMENT
AND ROMOGI SUB-COUNTY, YUMBE DISTRICT
FINAL REPORT**



Submitted To

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ACKNOWLEDGEMENTS

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EXECUTIVE SUMMARY

Introduction

HORIZONT3000 in partnership with the Agency For Accelerated Regional Development (AFARD) and PALM Corps are implementing a project - Secure Livelihoods for South Sudanese Refugees and Host Communities in the West Nile region in the districts of Yumbe and Arua. The project goal is that “Refugees and host communities have secure livelihoods and contribute to sustainable development within Rhino and Yumbe resettlement areas, in West Nile Region, Uganda.” This is a report of the market assessment on informal business in Bidibidi refugee settlement and Romogi sub-county in Yumbe district.

Purpose and objective of the study

The purpose of the informal business market assessment was to identify informal business enterprises that would provide suitable entry points for the project beneficiaries’ uptake of VSLA as an investment vehicle. To achieve this, the specific objectives of the study were to:

1. Map out the existing informal enterprises in Bidibidi settlement - Zone 1 and Romogi Sub County and cluster them according to business classification of Uganda Bureau of Statistics.
2. Determine the local market entry requirements – start-up capital size, skills, and regulations for the existing informal enterprises.
3. Assess the informal enterprise growth potentials – customer size, market demand and supply, and profitability (with clear cost and gross/net margin analysis).
4. Recommend appropriate strategies for the promotion of the uptake of the most viable enterprises.

Methodology

To effectively address the study purpose and objective, four key operationalization questions were agreed upon, namely:

- a) What are the most common microenterprises in this project community? Who among women, men, and youth are engaged in these businesses?
- b) How financially viable are these microenterprises for household incomes?
- c) Why are people in this project community not tapping into these opportunities given VSLA financing option?
- d) How best can these opportunities be promoted for the project community?

Answers to these questions, amidst COVID-19 restrictions, were generated from desk review of the project documents, 06 focus group discussions with 64 nationals and 44 refugees; 62 business surveys with 42 refugees and 20 nationals, and 06 Key Informants Interviews with local leaders and NGO representatives from the livelihood sector working group in Bidibidi refugee settlement.

The findings

Finding 1 – Mapping and categorization of informal Businesses: The study found out that the most common microenterprises were: Services (24%); Farming (23%); Cottage processing (17%); Food vending (15%); General trade (8%); Extraction (3%); and 7) Others (10% that include seasonal grass cutting). By social groups, women were more engaged in cottage, farming, and food vending business clusters while men in services and general trade, and youth were more engaged in services and extraction business clusters.

Finding 2 – Financial viability of microenterprises: The gross-margin analysis added to the perceived market demand identified three marketable business clusters: Farming, Cottage, and Services. These clusters based on the level of pervasiveness, gender participation, profitability and ease of doing business presented more promising opportunities for household income generation.

Finding 3 – Reasons for low participation in existing microenterprises: While the communities confirmed active engagement in VSLAs, it was noted that borrowing primarily finance consumption expenditure. The group members indicated a negative attitude and risk averseness towards investment and taking credit for investment mainly due to fear of business failure and risks of shame, loss of assets, and even expulsion from a group. Our in-depth analysis also found out that some of the microenterprises needed technical skills that group members don't have. For instance, to take a loan for farming requires technical skills in both entrepreneurship and farming as a business skills. More so, the current operations of VSLA with seasonal saving and credit model doesn't permit business growth as funds are only not readily available at the start of the year to spur investment.

Recommendations

To promote informal business activities in the refugee and host communities with potential use of the VSLA as vehicles to finance IGAs we recommend the following:

1. **Build confidence in the population:** Group members needs to see possibilities in running successful microenterprises. This can be done using family goal setting approach that is inherent in GALS methodology so that the aspirations for improved wellbeing drives the population to acknowledge that their current sources of income alone will not provide them better lives. This trigger will require continuous training and mentorship in entrepreneurship skills, income generating activity -selection, planning and management skills training, and financial literacy.
2. **Support collective businesses:** Where existing opportunities exists beyond individual group members like in soap making, metal fabrications, group gardens support the groups to undertake collective enterprises.
3. **Reposition the current VSLA model.** To ensure that group members can have access to business finance all year round other than currently from mid-to-end of year, transform the VSLA operation and guidelines. Efforts invested in agro-input savings provides a good example of transitioning to investment financing rather than consumption financing.
4. **Provide market support:** First, given that most of the products of the loan borrowers as well as microenterprises lack competitive market positioning, it is important that the project proactively provide marketing support. Cases of agroforestry group marketing to other contractors demonstrate that with ready market and income group members are able to take loans to expand their businesses. In addition, there is need to build the market linkages especially of input/output supply to create a sustainable production and market outlets for the local business ventures created by the beneficiaries.
5. **Support technical skills training:** The analysis showed that there is need for both technical and foundation skills training for project beneficiaries to take loans and invest in existing opportunities. The technical skills include animal health, garment making, baking, soap making, agronomy, food hygiene, and saloon hygiene and sanitation. Foundational and business management skills like customer care, entrepreneurial, financial literacy, and food presentation are critical. These should be provided using a tailored-made approach so that skills development are aligned to specific enterprise needs.
6. **Experiment with business challenge fund approach:** Everybody is not an entrepreneur. To ensure that the project doesn't attempt to make everyone an entrepreneur but support those willing to engage in growth-oriented entrepreneurship, the project should facilitate the process of business idea identification and adopt a competitive business plan approach to stimulate competitive business start-up.

In conclusion, there is a potential for the individuals and groups to engage in micro-business enterprise. Although no actual demand and supply was assessed for the various business clusters, it is evident that most of these business clusters and sub-clusters are essential goods and services with ready local demand but limited local supply. For instance, why should the big refugee communities rely on bakery products from Arua and Koboko town? This assessment, therefore, present a major opportunity for organized groups and individuals to exploit and establish profitable IGAs using the VSLA as an investment vehicle.

1.0 INTRODUCTION

1.1 Background to the study

The civil conflicts in South Sudan has since 2013 resulted into increased influx of refugees into West Nile, Uganda that by January 2019 totalled to more than 700,000 refugees (86% women and children, 3% the elderly). In spite of the progressive Uganda Refugee Act (2006) and Refugee Regulations (2010), livelihood insecurity is a norm. In a bid to empower refugees and host communities to achieve economic, social and environmental self-sufficiency, HORIZONT3000 in partnership with the Agency for Accelerated Regional Development (AFARD) and PALM Corps secured a 36-month funding from the Austrian Development Agency to implement Secure Livelihoods for South Sudanese Refugees and Host Communities in West Nile region, Uganda, Phase 2 in Yumbe and Arua districts. Targeting 1,085 vulnerable households (750 farmers and 335 youths; 50% each in refugee and host communities; 60% females), the project's primary objective is, "Refugees and host communities have secure livelihoods and contribute to sustainable development within Rhino and Yumbe resettlement areas, in West Nile Region, Uganda." The specific project expected results are: 1) Nutrition status of 1,125 targeted households (67% females) in refugees and host communities improved by 2022; 2) Profitable sustainable agriculture practiced by 750 households (67% female headed) in refugees and host communities; 3) Women's average income from economic activities in refugees and host communities has increased by 2022; and 4) Peaceful settlements for refugees and host communities where natural resources are conserved and shared promoted.

However, in the concluded Phase 1, VSLA was introduced to the 750 vulnerable households organized in 30 Groups (20 in Bidibidi - Yumbe and 10 in Rhino camp - Arua). The groups saved UGX 152.4 million (UGX 111.2 million in Yumbe and UGX 41.2 million in Arua). However, the average loan uptake in Yumbe was a dismal 76,286 as compared to UGX 351,138 in Arua. The ratio of loan to savings was 2.1:1 in Arua and 0.3:1 in Yumbe (i.e., only 34% of total savings in Yumbe was taken as loans). The annual project review conducted by a joint team of UNHCR, OPM, district/sub county local government, group leaders, and project staff found out that the major gap was in the capacity of beneficiaries to identify and plan viable micro enterprises within their communities. While entrepreneurship skilling will address part of this challenge, it was resolved that the project explores existing and potential business opportunities in order to provide adequate information to project beneficiaries. In so doing, the project will provide potential entry points in which beneficiaries can take up loans and invest their VSLA loans (i.e., supporting the beneficiaries in the identification of entry points for the promotion of VSLA as an investment vehicle).

1.2 Purpose and scope

The overall aim of the assessment was to conduct an informal Business Market Assessment in Bidibidi Settlement and Romogi sub county, Yumbe district to identify viable small enterprises and recommend appropriate strategies for the promotion of the uptake of the identified viable enterprises.

The specific objectives were:

- a) Map out the existing informal enterprises in Bidibidi settlement - Zone 1 and Romogi Sub County and cluster them according to business classification of Uganda Bureau of Statistics.
- b) Determine their local market entry requirements –skills required and any regulations.
- c) Assess their growth potentials – customer size, market demand and supply, and profitability (with clear cost and gross/net margin analysis).
- d) Recommend appropriate strategies for the promotion of the uptake of the most viable enterprises.

2.0 METHODOLOGY

2.1 Study operationalization

To effectively address the study purpose and objective, during the inception phase, four key operationalization questions were agreed upon as is summarized in Table 1 below. These questions sought to identify the business opportunities; assess how profitable they are for smallholder farmers to feel the urge to engage in them, what impedes their uptake; and how best they can be promoted. With these questions study instrument and plan was developed and executed.

Table 1 Key study objectives and questions

Specific Objectives	Key study questions
1. Map out the existing informal enterprises in Bidibidi settlement - Zone 1 and Romogi Sub County and cluster them according to business classification of Uganda Bureau of Statistics.	What are the most common microenterprises in this project community? Who among women, men, and youth are engaged in these businesses?
2. Determine their local market entry requirements –skills, and regulations.	How financially viable are these microenterprises for household incomes?
3. Assess their growth potentials – customer size, market demand and supply, and profitability (with clear cost and gross/net margin analysis).	Why are people in this project community not tapping into these opportunities given VSLA financing option?
4. Recommend appropriate strategies for the promotion of the uptake of the most viable enterprises.	How best can these opportunities be promoted for the project community?

2.2 Study methods

To elicit valid information the study used mixed method of data collection and analysis. Qualitative (including Participatory rural appraisal (PRA) techniques) and quantitative (business survey) methods were triangulated with strict observance of research ethics and protocols for working in the refugee settlement and host communities like the principle of do no harm and child protection.

Annex 1 presents a list of study respondents. Data was collected using the below methods and analysed and triangulated according to the study questions into this report. The key data collection methods were:

1. A desk review of the project proposal and reports, UBOS business classification and other relevant reports for the study.
2. [Focus] group discussions (FGDs): In total, 06 focus group discussions with 110 project beneficiaries composed of 64 nationals and 44 refugees. These group discussions were held within farmer field schools' (FFS) meeting venues with members of the FFSs. Given the big interest in the study, it was not possible to hold the meetings with smaller groups as was planned. However, all members present were allowed to participate and they aired out their views openly. During business identification and constraint analysis these groups were broken down into small groups for women, men and youth so that each group freely analyzed their position that they presented to the plenary.
3. Key Informant Interviews (KIIs): In total, 06 KII interviews were held with local leaders and NGO representatives from the livelihood sector working group in Bidibidi refugee settlement. These interviews provided an outsider view to the project basing on their experiences.

4. Business surveys: Once the initial above data collection was conducted and preliminary analysis conducted, the identified priority microenterprises were surveyed. In total 62 business surveys with 42 refugees and 20 nationals was held to assess the enterprises profitability. Worth pointing here is that while there was need for a follow-up survey of the actual demand and supply and market flow mapping, COVID-19 lockdown was declared.

2.3 Scope and limitations

The study was limited to the identification of informal businesses that currently exist and potential businesses where communities in Bidbidi settlements and Romogi Sub-County can invest in for income generation. Due to limited timeframe, business trend analysis could not be undertaken. In addition, with the advent of COVID-19 no follow-up was possible to estimate current and potential demand and supply.

3.0 THE STUDY FINDINGS

Below the study findings are presented. It is organized according to the study objectives and/or questions. Annex 2.4 presents detailed opportunities identified, investment analysis of each of the identified priority microenterprise.

3.1 Mapping and categorization of informal business enterprises

The most common microenterprises were: in the sector of Services (24%); Farming (23%); Cottage processing (17%); Food vending (15%); General trade (8%); Extraction (3%); and 7) Others (10% that include seasonal grass cutting).

By social groups, women were more engaged in cottage, farming, and food vending business clusters while men in services and general trade, and youth were more engaged in services and extraction business clusters.

3.1.1 What are the most common microenterprises in this project community?

To answer this question, the various respondents were asked this same question. Their responses (aware that multiple responses were allowed) are summarized in annex 2. Overall, 31 different microenterprises were identified. These microenterprises were then categorised into the different business cluster sectors in accordance with the classification criteria used by the Uganda Bureau of Statistics (UBOS).¹ uses a multi-criteria approach to categorize businesses ranging from geographical, size, sector and legal and ownership status classification. This study adopts the UBOS (2003) United Nations International Standard Industrial Classification of Economic Activities (ISIC) and adapted it to the local context of the informal businesses in Yumbe District. It is summarized in table 2 below.

Table 2 Informal category descriptions

No.	Business category	Description of business
1	Cottage industry	Included business in value addition at the household level using domestic, low-cost or appropriate technologies for production.
2	General trade	Includes trade in general merchandize and consumer goods at retail or wholesale levels.
3	Food vending	Encompasses trade in food items - cooked food, fresh fruits and vegetables, farm produce and fish and other types of foods.
4	Farming	Includes crop production, fruit production, and animal rearing
5	Services	Includes provision of intangible products such as hair cutting, dressing, entertainment and maintenance.
6	Extraction	Includes trading in goods extracted from natural sources such as brick making, sand mining, quarrying, firewood and poles mainly for construction.
7	Others	Includes all other business activities identified but not directly classified in the clusters listed above.

1. Note that this approach differs from Uganda Investment Authority (UIA) categorizes businesses in Uganda according to size. For instance, micro-enterprise employs up to four people, with an annual sales/revenue turnover or total assets not exceeding UGX 10 million. Small enterprises employ between 6-49 people with a turnover of between UGX 11-100 million and medium enterprises employ 50-100 people with turnovers above UGX 100 million but less than UGX 360 million.

Using table 2 classification to the open coding of the multiple responses for the different microenterprises, as annex 3 shows, a total of 1,040 scores was generated from the different respondents. The analysis to determine the relative frequency of occurrence of the different business category clusters is summarized in figure 1 below. It is evident that most common microenterprises were in Services (24%); Farming (23%); Cottage processing (17%); Food vending (15%); General trade (8%); Extraction (3%); and 7) Others (10% that include seasonal grass cutting).

Figure 1 Most common business sectors

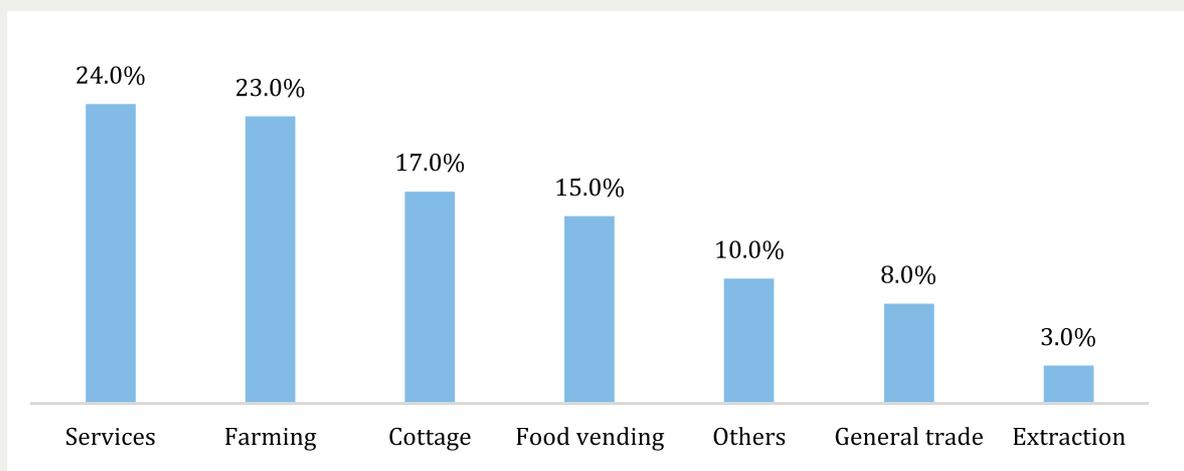


Figure 2 Prevalence of informal businesses in the services sector

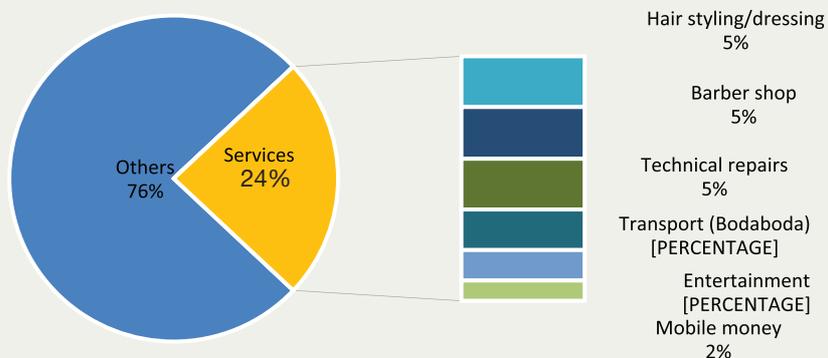


Figure 3 Prevalence of informal businesses in the farming sector

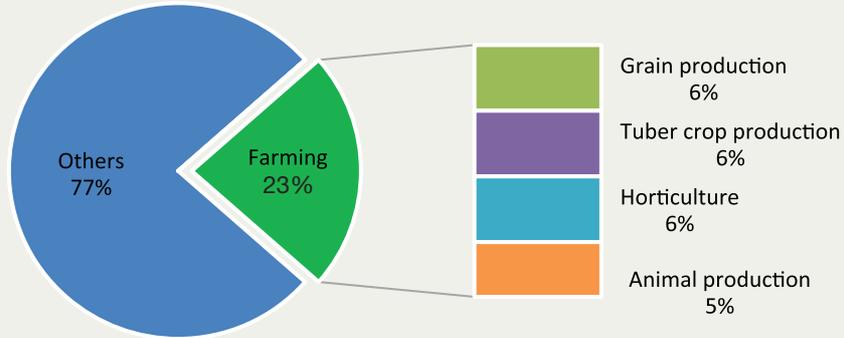


Figure 4 Prevalence of informal businesses in the cottage sector

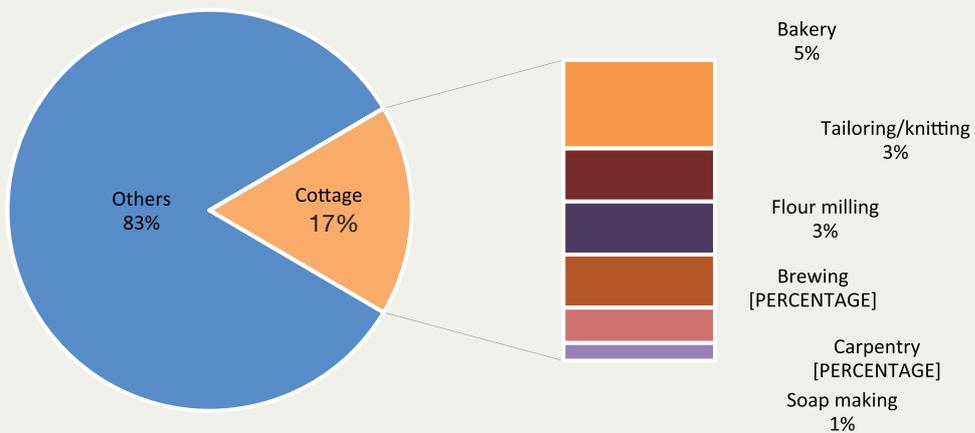


Figure 5 Prevalence of informal businesses in the food vending sector

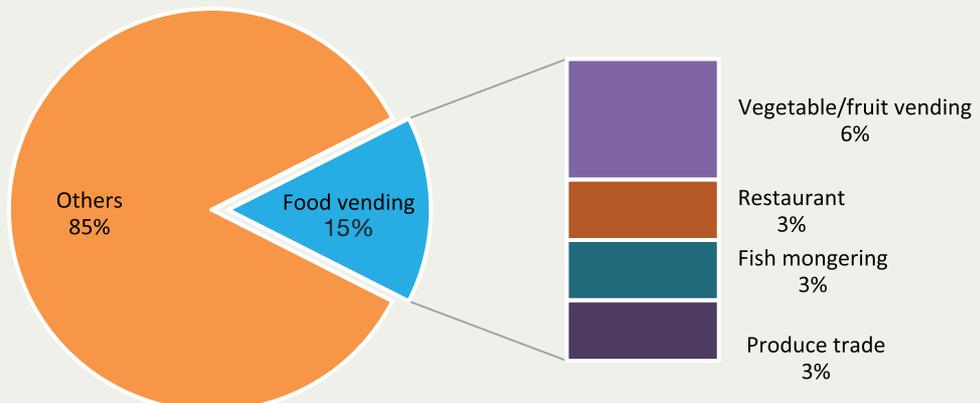


Figure 6 Prevalence of informal businesses in the other sector

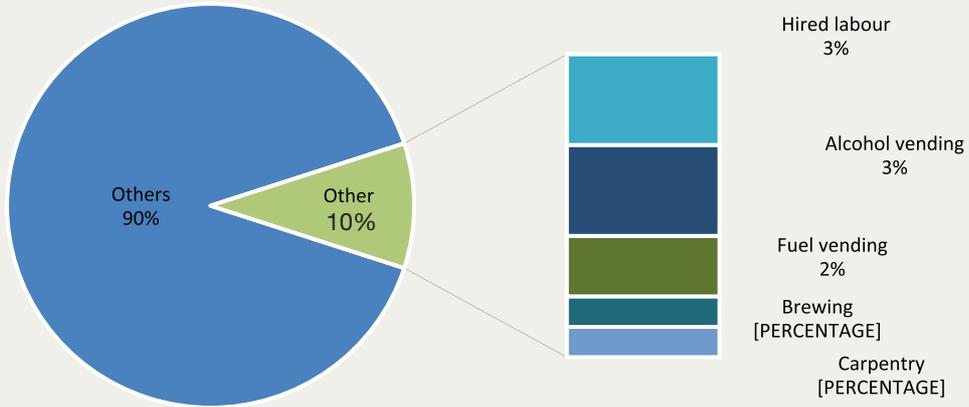


Figure 7 Prevalence of informal businesses in the general trade sector

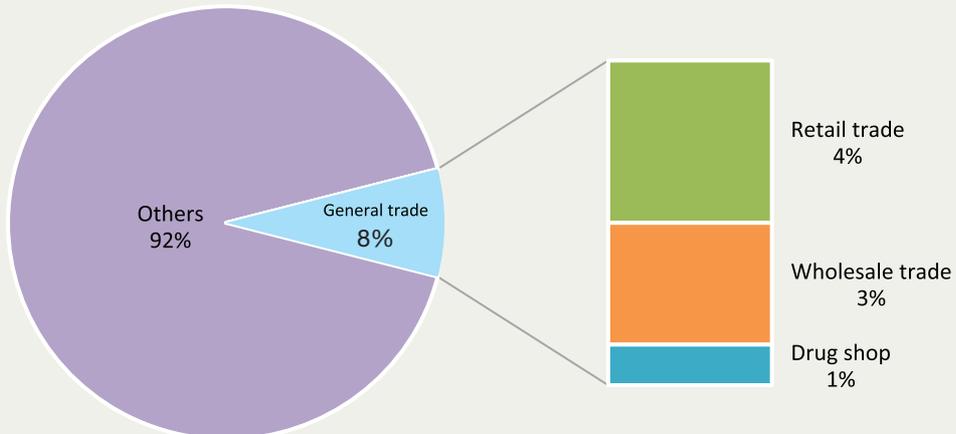
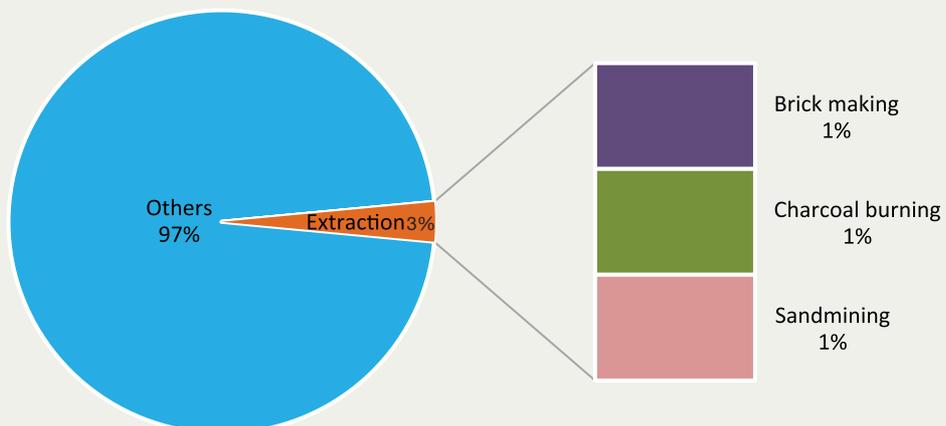


Figure 8 Prevalence of informal businesses in the extraction sector



3.1.2 Who among women, men, and youth are engaged in these businesses?

Respondents were also asked to rate the participation of women, men and youth in the different business clusters. Table 3 summarizes the findings, which shows that the participation of:

- Women was high in cottage, farming, and food vending business clusters. Their key microenterprises were Bakery, Soap Production, Brewing & distillation, Tailoring and knitting, Production of tubers crops, Restaurants, Fish mongering, Vegetable and fruit vending, Hair styling and dressing, and Grass cutting.
- Men was high in in services and general trade business clusters. Their leading microenterprises were Milling (flour), Carpentry, Produce trading, Barber services, Sports & movies centers, Technical services (Repairs Works), Transport (Bodaboda), Retail trade, Wholesale trade, Drug shops, Brick Making, and Charcoal burning
- The youth were in the services and extraction business clusters and mainly in Milling (flour), Carpentry, Tailoring and knitting, Produce trading, Hair styling and dressing, Barber services, Mobile Money, Sports & movies centers, Technical services (Repairs Works), Transport (Bodaboda), Brick Making, Charcoal burning, and Sand mining.

Table 3 Participation in the different business clusters

	Women	Men	Youth
Cottage Industry	+++	+	+
Bakery	+++	+	++
Soap Production	+++	+	+
Brewing & distillation	+++	+	+
Milling (flour)	+	+++	+++
Carpentry	+	+++	+++
Tailoring and knitting	+++	+	+++
Farming	+++	+	+
Grain production	++	++	+
Production of tubers crops	+++	+	++
Horticultural products	++	+	+
Food vending	+++	+	+
Restaurants	+++	+	++
Fish mongering	+++	+	+
Vegetable and fruit vending	+++	+	+
Produce trading	+	+++	+++
Services	+	+++	+++
Hair styling and dressing	+++	+	+++
Barber services	+	+++	+++
Mobile Money	++	++	+++
Sports & movies centers	+	+++	+++
Technical services (Repairs Works)	+	+++	+++
Transport (Bodaboda)	+	+++	+++
General Trade	+	+++	+
Retail trade	+	+++	+
Wholesale trade	+	+++	+
Drug shops	+	+++	+
Garment sales	++	++	+
Extraction industry	+	++	+++
Brick Making	+	+++	+++
Charcoal burning	+	+++	+++
Sand mining	++	++	+++
Grass cutting	+++	+	+

Note: Low (+), Medium (++) and High (+++)

3.2 The financial viability of informal business

The gross-margin analysis added to the perceived market demand identified three marketable business clusters: Farming, Cottage, and Services. These clusters based on the level of pervasiveness, gender participation, profitability and ease of doing business presented more promising opportunities for household income generation.

To assess the viability of the identified microenterprises and prioritize what enterprises can be promoted, the study explored the key entry requirements as well as the profitability thereof. Below are the findings.

3.2.1 Local market entry requirements

Table 4 shows that for most of the identified microenterprises there are entry regulations such as health certificates, training license, market dues, local government tax, and movement permits. While for host communities it was noted that many of the beneficiaries did not what these requirements were or they even did not know how much they cost.

In addition, it was noted that there were a number of skills – technical and foundational – that were needed to operate these microenterprises. These include technical skills in animal health, training in garment making, baking and developing baked product recipes, soap making, agronomy, food hygiene, and saloon hygiene and sanitation. It also includes foundational and business management skills like customer care, entrepreneurial, financial literacy, and food presentation. More so, support services such as packaging and branding, presentation and sales, quality management & handling, as well as linkage to suppliers of soap making materials.

3.2.2 Microenterprise income generation and growth potentials

Table 4 and annex 4 provides a highlight of the profitability of the various microenterprises. However, what pointing out here is that the decision on what business to engage among the community members is mainly influenced by the perceived profitability and expected start-up capital levels and sources of that capital together with ethnic consumption preferences and availability of demand mainly from the neighbourhood or familiar cycles and environments like the community markets. This choice is reflected in the types of business clusters identified and described below.

The Cottage Cluster

This is one of the prominent and viable business clusters identified which has a strong and demonstrated potential to accommodate a large number of informal business ventures in both the settlements and host communities. More so, they feature fast moving consumer essentials besides co-existing in the small markets with other activities. It was common to find a person engaged in baking and farming. The viability of this business ventures is grounded on the community, the skills are inherent and only require realignment with consumer preferences. This makes this cluster a promising on for project motivated IGA interventions, specific business enterprises identified under this cluster, which may be considered under the project intervention;

- a) Baking; this is an already existing skill and familiar product among the communities, skills development should aim to improve and perfect the baking skills to be able to respond to customer preferences. Some of the commonly demanded products are bread of different types, mandazi, samosas, biscuits and chapatis. Others are baked sweet potatoes, cassava chips and daddies (sulu-wai-wai). The primary markets for these products are school children, local community members, community workers, travelers and business people who buy for breakfast and snacking. The capital investments cost are low and increase with the scale of operations planned. Both appropriate and modern technologies for production exist and are affordable. It's a low risk business and the business running costs after the initial investments are low and business sustainability depends on the entrepreneurial and business management skills of the proprietor.

- b) Soap making: Soap is an important and integral component for household sanitation and hygiene needs. There is a ready market both for liquid and bar soap. However, the skill for soap production is still a new skill and only few people who benefited from NGO skilling programs have it. Yet even for the few people with the skills have not fully exploited it due to: i) difficulty to access raw materials, ii) the IGA requires a high entrepreneurial drive and business leadership in groups. There is plenty of market for soap especially bar soap within the settlements; demand for liquid soap is equally high especially in the restaurants, hotels and other public establishments and institutions. Supply currently comes from external suppliers. Whereas the initial capital investments cost for liquid soap is low, the initial costs for bar soap are comparatively fairly high. Similarly, the operational costs for liquid soap are far lower compared to bar soap. However appropriate production technologies and equipment are readily available and affordable. It's a low risk business and business viability is largely dependent on good entrepreneurial organization, product distribution and business management.
- c) Garment production and sale: This is a good business venture which requires great skill to make garments that appeal to the community especially given the fact that dressing has a cultural taste e.g., the local kitenges and institutional and ceremonial attires. Demand for garments is high. There is opportunity to make garments for children, school children, female and youthful buyers. This requires investment in the production of ready-made garments, and capacity to take on production contracts for bulk orders like school uniforms as well as making custom made fashions from cloth brought by customers. The initial capital investments cost are fairly high, but the operational costs are low. Technologies for home garment production are readily available in the market. Tailoring is a low risk business and business viability is largely dependent on good entrepreneurial organization, quality of work, networking and personal selling skills and good business management. However, the market is flooded by the second-hand clothes and ready-made garments supplied by traders from other places. Besides, it is seasonal with peak sales period around religious and national festive days.

Food vending cluster

Food vending refers to trade in various food items, which may range from locally processed food items, farm items and other traded foodstuffs. The major traded food items identified in this cluster are farm products like horticultural products, potatoes and fresh cassava and dried cassava chips other form of dried farm produce like grains and non-farm like fish. These enterprises are based on regular consumer goods most of which are staple and integral parts of the local household diets and food security.

- a) Horticultural and other farm products; vending of horticultural products is a very popular business enterprise in the settlements and host communities. Common products include tomatoes, onions, green pepper, cabbages, eggplants, Okra, and a range of other vegetables. Others are fresh cassava and sweet potatoes. Much of the products come from outside West Nile and local vendors buy from merchants in Yumbe town and small wholesalers. Demand is quite high and opportunity for local production is equally high. The enterprise requires low levels of start-up capital and the viability of these enterprises is very much dependent upon good entrepreneurial abilities. However, trade in fresh perishable foods is high risk.
- b) Produce trading: The major sources of produce traded are; 1) the relief food supplies given to refugees and, 2) farmers outputs from local farmers; and 3) supplies from outside Yumbe. Produce are sold to produce dealers from both Yumbe town and other major towns. The demand for produce is high but supply has remained low. The potential for collective production and marketing is very high. The trade is viable and sustainable with stable demand throughout the year. However seasonal production cycles create peaks and dips in demand which cause distortion in market prices. Besides, without targeting the right commodities, household incomes are not bound to increase.
- c) Fish vending: the most popular fish vended is silver fish popularly known as "Mukene" because it is affordable and has strong demand and provides a major protein source for the local communities. Supply is mainly from fish dealers based in Yumbe town who also source from Pakwach district. The business has a low capital investment compared to other types of fish; more stable and consistent demand throughout the years and is extremely popularly with consumers in then settlements.

Farming cluster

Farming is a widespread activity in the settlements and the host communities, however the refugee community has not adequately exploited the opportunity in farming. Most farmland allocated for refugee farming is distant from some settlement areas, and accessing land has been a limiting factor for more commercial expansion. Refugees in Zone 1 indicated that the OPM land is about a 3-4 hour walk to and from the allocated farmland area. Critical opportunities are in:

- a) Horticultural production: This is suitable for small land sizes and offers highly marketable and demanded products as is shown above. Women mostly use backyard gardening while men use hired land. Production levels are very low and supply depends on external sources. Startup capital is moderate by vary with acreage. Crop health management requires technical skills due to high susceptibility to pests and water stress as well as postharvest handling. This makes it a high-risk venture.
- b) Grain production: Grains are widely grown and traded in the district. Grain production is dominated by host communities because refugees have limited land sizes. The common grains grown and traded include groundnuts (peanuts), maize, simsim, rice, sunflower, soybean and sorghum. Demand for these products exists within the region and from commercial buyers from other districts and supply has always remained low. However without value addition, profitability is very low.
- c) Production of tubers: Given its long gestation period, national dominate in this area too. The more likely tubers for promotion are cassava and sweet potatoes. Demand for fresh and dried cassava for flour is significantly high. Supply is mainly from external sources.

Table 4 Entry requirements and profitability of different microenterprises

Cluster	Enterprise	Regulatory requirements	Required Skills	Start-up Investment	Profitability	Supply & Demand
Cottage	1. Baking	<ul style="list-style-type: none"> Health certificate Trading license Market dues 	<ul style="list-style-type: none"> Baking skills Packaging and market presentation Business Management skills Sales planning 	631,550	101,450	<ul style="list-style-type: none"> Supply : Low Demand : High
	2a. Soap making (liquid soap)	<ul style="list-style-type: none"> Trading license Local government tax 	<ul style="list-style-type: none"> Soap making skills Entrepreneurial skills Business management 	478,200	98,200	<ul style="list-style-type: none"> Supply : Low Demand : High
	2.b Soap making (Bar soap)	<ul style="list-style-type: none"> Trading license Local government tax 	<ul style="list-style-type: none"> Soap making skills Entrepreneurial skills Business management skills 	2,667,000	990,000	<ul style="list-style-type: none"> Supply: Medium Demand: High
	3. Garment and trade production	<ul style="list-style-type: none"> Trading license Local tax 	<ul style="list-style-type: none"> Basic design, fashion and tailoring skills Garment branding 	1,643,700	606,300	<ul style="list-style-type: none"> Supply : Medium Demand : High
Food vending	1. Horticultural products	<ul style="list-style-type: none"> Trading License Payment of market dues 	<ul style="list-style-type: none"> Entrepreneurial skills. Business Management skills Financial literacy 	608,000	142,000	<ul style="list-style-type: none"> Supply : Low Demand : High
	2. Produce trading (Grain & Cassava)	<ul style="list-style-type: none"> Trading license Payment of market dues 	<ul style="list-style-type: none"> Entrepreneurial skills Business management skills Quality control skills 	600,000	120,000	<ul style="list-style-type: none"> Supply : Low Demand : High
	3. Small Animal trade (goats and chicken)	<ul style="list-style-type: none"> Movement permits Trading license Payment of market dues 	<ul style="list-style-type: none"> Entrepreneurial skills Financial literacy skills Business management skills 	300,000 - 600,000	160,000 -180,000	<ul style="list-style-type: none"> Supply : Low Demand : High
	3. Fish vending (mainly mukene fish)	<ul style="list-style-type: none"> Trading License Payment of market dues 	<ul style="list-style-type: none"> Entrepreneurial skills Financial literacy skills Business management skills 	864,000	187,000	<ul style="list-style-type: none"> Supply : Low Demand : High
Farming	4. Restaurant (Roadside eateries)	<ul style="list-style-type: none"> Trading License Payment of market dues Health certificate 	<ul style="list-style-type: none"> Customer care skills Food presentation skills Food hygiene 	1,633,000	240,000	<ul style="list-style-type: none"> Supply : Medium Demand : High
	1. Horticultural products	<ul style="list-style-type: none"> Open 	<ul style="list-style-type: none"> Agronomic skills 	633,000 - 3,710,000	547,000 - 3,710,000	<ul style="list-style-type: none"> Supply : Low Demand : High
	2. Production of tubers	<ul style="list-style-type: none"> Open 	<ul style="list-style-type: none"> Agronomic skills 	1,612,000	1,288,000	<ul style="list-style-type: none"> Supply : Low Demand : High
Services	3. Grain Production	<ul style="list-style-type: none"> Open 	<ul style="list-style-type: none"> Agronomic skills 	342,000-554,000	110,000 -144,500	<ul style="list-style-type: none"> Supply : Medium Demand : High
	1. Barber & Hair Dressing saloon	<ul style="list-style-type: none"> Trading license Health certificate 	<ul style="list-style-type: none"> Shaving skills, sanitation and customer safety skills. 	1,473,000 - 1 469,000	238,000 - 261,000	Hair dressing Supply: Low, Demand: Low Barber services Supply: Medium, Demand: High

3.2.2 Why are people in this project community not tapping into these opportunities given VSLA financing option?

Discussion during the FGDs with beneficiaries of the project indicated that members are saving in their farmer field school VSLAs. However, it was also noted that the capacity to save is not exploited to create microenterprises that could boost household incomes. Rather, group members prefer to save than take loans. Savings are done with specific purposes like buying animals, paying school fees, or festive season expenditures like buying clothing. Much of the credit taken from the VSLA were reported mainly for consumption expenditure and household emergency such as paying medical bills, buying educational material for children.

Analysis with the beneficiaries highlighted the major factors affecting the member's ability to engage in and exploit opportunities for IGAs as:

- a. Inability of the members to identify business opportunities as many are farmers who focus on farming albeit with limited farming as a business orientation. This lack of entrepreneurial skills was attributed to the rising inability of families to distinguish between cash crops and food crops.
- b. A number of the existing microenterprises need technical skills e.g., cottage industry, services sector, etc that many of the project beneficiaries do not have. Without these skills, they cannot venture to invests in the opportunities lest the businesses fail and "you are embarrassed to repay the loans without any profit.
- c. Negative attitudes of members towards credit. This is compounded by both the fear for business loss arising from inability to make the business profitable as well as the harsh method of loan recovery as member of Alafi women's group noted, when you fail to pay they will arrest you and put you in prison.
- d. The current model of VSLA limits its viability for business development. Significant amounts of money is saved and often shared out at the agreed time in the savings cycle. In this practice, the FGDs pointed out that members focused on savings for consumption and look forward to share out period than investing. It is even worse when a member wants money at he start of the year when every group has to start afresh;
- e. The uncertainty about how long they will stay in the settlements discourages long-term planning and leaves the refugees with a short-term orientation in their day to day planning for opportunities.

4.0 RECOMMENDATIONS FOR PROMOTING MICRO ENTERPRISE-BASED INVESTMENT

To promote informal business activities in the refugee and host communities with potential use of the VSLA as vehicles to finance IGAs the following are the recommend strategies:

1. Build confidence in the population: Group members needs to see possibilities in running successful microenterprises. This can be done using family goal setting approach that is inherent in GALS methodology so that the aspirations for improved wellbeing drives the population to acknowledge that their current sources of income alone will not provide them better lives. This trigger will require continuous training and mentorship in entrepreneurship skills, income generating activity -selection, planning and management skills training, and financial literacy.
2. Support collective businesses: Where existing opportunities exists beyond individual group members like in soap making, metal fabrications, group gardens support the groups to undertake collective enterprises.
3. Provide market support: First, given that most of the products of the loan borrowers as well as microenterprises lack competitive market positioning, it is important that the project proactively provide marketing support. Cases of agroforestry group marketing to other contractors demonstrate that with ready market and income group members are able to take loans to expand their businesses. In addition, there is need to build the market linkages especially of input/output supply to create a sustainable production and market outlets for the local business ventures created by the beneficiaries.
4. Experiment with business challenge fund approach: Everybody is not an entrepreneur. To ensure that the project doesn't attempt to make everyone an entrepreneur but support those willing to engage in growth-oriented entrepreneurship, the project should facilitate the process of business idea identification and adopt a competitive business plan approach to stimulate competitive business start-up.
5. Support technical skills training: The analysis showed that there is need for both technical and foundation skills training for project beneficiaries to take loans and invest in existing opportunities. The technical skills include animal health, garment making, baking, soap making, agronomy, food hygiene, and saloon hygiene and sanitation. Foundational and business management skills like customer care, entrepreneurial, financial literacy, and food presentation are critical. These should be provided using a tailored-made approach so that skills development are aligned to specific enterprise needs.
6. Reposition the current VSLA model. To ensure that group members can have access to business finance all year round other than currently from mid-to-end of year, transform the VSLA operation and guidelines. Efforts invested in agro-input savings provides a good example of transitioning to investment financing rather than consumption financing.

5.0 CONCLUSION

There is a potential for the individuals and groups to engage in micro-business enterprise. Although no actual demand and supply was assessed for the various business clusters, it is evident that most of these business clusters and sub-clusters are essential goods and services with ready local demand but limited local supply. For instance, why should the big refugee communities rely on bakery products from Arua and Koboko town? This assessment, therefore, present a major opportunity for organized groups and individuals to exploit and establish profitable IGAs using the VSLA as an investment vehicle.

ANNEXES

Annex 1: Study respondents

No.	FGD	Male	Female	Total	Location
1	Youth group	9	5	14	Barakala Parish
2	Women group	0	16	17	Kir Parish
3	Youth group	6	9	15	Bidibidi Zone 1 Village 12
4	ALafi women group	3	12	15	Bidibidi Zone 1 Village 11
5	Nduruduru General group	16	3	19	Chabili Parish
6	General group	6	8	14	Bidibidi Zone 1 Food distribution centre
Business survey entities		38	24	62	
TOTAL RESPONDENTS		78	77	156	
Key Informants Interviewed		Organization			Location
Chairman		Local government			Bidibidi Settlement Zone I, Village 12
Project officer Livelihoods		Nowergian Refugee Council (NRC)			Yumbe
Program Officer Livelihood and Food security		Save the Children			Yumbe
Program Manager Livelihoods		Finn Church Aid			Yumbe
IGA Officer		Welthunger hilfe			Yumbe
Assistant project Officer Livelihoods and Food security		Oxfam			Yumbe

Annex 2: Informal businesses identified in Bidibidi refugee settlement and Romogi Sub-County

No.	Business description	No.	Business Description
1	Bakery	17	Retail trade
2	Soap Production	18	Wholesale trade
3	Brewing & distillation	19	Drug shops
4	Milling (flour)	20	Garment sales
5	Tailoring and knitting	21	Grain production
6	Restaurants	22	Production of tuber crops
7	Fish mongering	23	Horticultural products
8	Vegetable and fruit vending	24	Animal rearing
9	Produce trading	25	Hired labor in construction sites
10	Hair styling and dressing	26	Alcohol vending
11	Barber services	27	Carpentry
12	Mobile Money	28	Fuel vending
13	Sports & movies centers	29	Charcoal burning
14	Technical services (Phone, bicycle & Motor cycle repairs)	30	Sand mining
15	Transport (Boda boda)	31	Grass cutting
16	Brick Making		

Annex 3: Prevalence of Informal businesses in Bidibidi refugee settlement and Romogi Sub-County

Business Category/type	Case loading	Sector loading	Case % of total	Sector % of total	Within sector
Total cases	1,040	1,040			
Cottage Industry		173		17%	
Bakery	54		5%		31%
Soap Production	3		0.30%		2%
Brewing & distillation	30		3%		17%
Milling (flour)	30		3%		17%
Carpentry	21		2%		12%
Tailoring and knitting	35		3%		20%
Food vending		155		15%	
Restaurants	35		3%		23%
Fish mongering	35		3%		23%
Vegetable and fruit vending	62		6%		40%
Produce trading	23		2%		15%
Services		252		24%	
Hair styling and dressing	56		5%		22%
Barber services	56		5%		22%
Mobile Money	14		1%		6%
Technical services (Phone, bicycle & Motor cycle repairs)	55		5%		22%
Entertainment hall	24		2%		10%
Transport (Bodaboda)	47		4%		19%
Extraction industry		35		3%	
Brick Making	12		1%		34%
Charcoal burning/trade	12		1%		34%
Sand mining	6		1%		17%
Grass cutting	5		0.40%		14%
General Trade		85		8%	
Retail trade	47		4%		55%
Wholesale trade	23		2%		27%
Drug shops	15		1%		18%
Farming		239		23%	
Grain production	62		6%		26%
Production of tuber crops	62		6%		26%
Horticultural products	62		6%		26%
Animal rearing	53		5%		22%
Others		101		10%	
Hired labor in construction sites	29		3%		29%
Alcohol vending	33		3%		33%
Gambling	6		1%		6%
Fuel vending	21		2%		21%
Phone charging	12		1%		12%

Annex 4: Cost benefit Analysis

A. Tailoring and Garment production

Item No.	Item Description	Item Units	Qty / Unit	Unit Cost	Total Amount
Capital Investments					
1	Sewing Machine	Pcs	1	350,000	350,000
2	Cutting table	Pcs	1	150,000	150,000
2	Measuring Tape	Pcs	2	500	1,000
3	Scissors	Pcs	1	25,000	25,000
Total capital Investment					526,000
Material and operating (Production) costs					
4	Fabric	Garment sets	20	25,000	500,000
5	Threads	Rolls	2	4,500	9,000
6	Pins	Pcs	5	200	1,000
7	Paper	Pcs	1	5,000	5,000
8	Razor Blade	Pkt	1	2,000	2,000
9	Rental Space	Pcs	1	50,000	50,000
10	Needles	Pkt	1	1,500	1,500
11	Lubricant	125Mls	1	2,000	2,000
12	Final Touches: Buttons	Pcs	6	200	1,200
13	Packaging Material; Polythene	Pkt	1	5,000	5,000
14	Transport Costs	Trip	1	50,000	50,000
15	Market information seeking	trip/airtime	1	30,000	30,000
16	Sales / Advertising	Airtime	4	5,000	20,000
17	Refreshments & Lunch	Month	1	50,000	50,000
Total Production Cost					(1,102,700)
Total Start-up Investment					1,628,000
Income from Sales					
Dress			18	43,000	774,000
Shirts			30	25,000	750,000
Dress making Services to walk in customers			20	10,000	200,000
Total Sales revenues					1,724,000
Net Income					621,300
Machine maintenance & Depreciation charge			1	15,000	(15,000)
Net Monthly Income					606,300

B (i) Liquid Soap Production (120L)

Item description	Item Units	Unit cost	Units	Total cost (UGX)
Capital Investments				
Drum (200L)	PCs	95,000	2	190,000
Mixing Buckets	Pcs	25,000	5	125,000
Mixing sticks	Pcs	5	10000	50,000
Jericans	Pcs	20	6500	130,000
Total Capital Investments				495,000
Production Costs				
Sulphonic Acid	kgs	10,000	8	80,000
Ungarol	kgs	10,000	3	30,000
Caustic Soda	Kgs	8,000	1	8,000
Urea	Kgs	5,000	1.5	7,500
Sodium Tripolyphosphate	Kgms	8,000	0.08	640
Sodium Chloride	Kgms	1,400	2	2,800
Perfume	bottles	10,000	1.5	15,000
Color	Tins	500	2	1,000
Blue Litmus paper	Booklet	10,000	0.07	700
Formalin	Ltrs	15,000	0.25	3,750
CNFA/KDS	Ltrs	17,000	0.25	4,250
Total expense				153,640
Total Start-up Costs				648,640
Revenue from Sales				
Total Production	LTRS	3500	120	420,000
Net Income from business activity				266,360

B (ii) Production of bar soap

Material	Unit Cost	Quantity	Total
Capital Investments Costs			
Mixing drums	45,000	5	225,000
Soap molds	2,500	300	750,000
Weighing scale	35,000	1	35,000
Measuring cylinder	15,000	2	30,000
Thermometer	20,000	2	40,000
Mixing spatulas (sticks)	10,000	5	50,000
Gloves and goggles	60,000	2	120,000
Total Capital Investment			1,250,000
Production expenses			
Cooking Oil	6,000	120 liters	720,000
Sodium Proposal	36,000	¼ liters	9,000
Caustic Soda	8,000	17 kg	136,000
Sodium Silicate	6,000	½ liters	3,000
Titanium Powder	20,000	¼ kg	5,000
Castor Oil	21,500	1 liter	21,500
Perfume	10,000	20 bottles	200,000
Solvent Color	130,000	¼ kgs	32,500
Packaging Boxes	2,000	120	240,000
Distribution cost			50,000
Total production costs			1,417,000
Total Start up Capital			2,377,000
Estimate Income Analysis			
Bar Soap	1,200	2,000	2,400,000
Net Income from sale of Soap (2,400,000-1,127,000)			990,000

C. Monthly production Bakery (Bread / Scones)

Item Description	Item Units	Qty / Unit	Unit Cost	Total Amount
Capital Invest Costs				-
Mixing Bowel	Pcs	2	5,000	10,000
Bread Knife	Pcs	1	5,000	5,000
Spoon – Big	Pcs	1	3,000	3,000
Baking tins	Pcs	6	5,000	30,000
Working table	Pcs	1	150,000	150,000
Local Oven Construction	Pcs	1	200,000	200,000
Digital Weighing Scale	Pcs	1	35,000	35,000
Total capital Investments				433,000
Raw Materials				
Wheat flour	Kgs	40	3,000	120,000
Sugar	Kgs	5	1,000	5,000
Vegetable oil	LTRS	5	1,500	7,500
Yeast	Gms	300	3.5	1,050
Blue band	Gms	2000	10	20,000
Packaging Materials	Pkts	2	2,500	5,000
Charcoal	Tin	20	2,000	40,000
Total material Costs				198,550
Projected Incomes				
Sales of bans	Pcs	1000	300	300,000
Net monthly profit producing 50 bans a day for 20 days a month				101,450

D. Restaurant

Item Description	Item Units	Qty / Unit	Unit Cost	Total Amount
Capital Investments				
Assorted utensils	Lumpsum	1	400,000	400,000
Plastic chairs	Pcs	16	25,000	400,000
Tables	Pcs	4	12,000	48,000
Charcoal stove	Pcs	3	25,000	75,000
Trading license	Lumpsum	1	150,000	150,000
Sign post	Lumpsum	1	50,000	50,000
Total capital Investment				1,123,000
Production costs				
Charcoal	Sacks	2	25,000	50,000
Assorted food stuffs	Lumpsum	1	250,000	250,000
Ingredients	Lumpsum	1	70,000	70,000
Rent	Monthly	1	40,000	40,000
Hire of labor	2 workers	2	50,000	100,000
Total operating Cost				510,000
Total Start-up cost				1,633,000
Income from Sale of food				
Revenues from sales	Customers	500	1,500	750,000
Net Income				240,000

E. Fish Mongering (silver fish)

Item Description	Item Units	Qty / Unit	Unit Cost	Total Amount
Capital Investments				
Construction of stall	Lumpsum	1	150,000	150,000
Measurement tools	Assorted	1	12,000	12,000
Total Capital Investments				162,000
Trading Costs				
Silver fish	Sacks	3	120000	360000
Transport	Monthly	2	30,000	60000
Market dues	Monthly	30	2,500	75000
Airtime	Monthly	4	5,000	20000
Total Trading Costs				677,000
Total start-up Costs				827,000
Trading Income				
Revenues from sales	Basins	72	12,000	864000
Net Monthly Income				187,000

F. Vegetable and Fruit Vending (Tomatoes)

Item Description	Item Units	Qty / Unit	Unit Cost	Total Amount
Capital Investment				
Construction of stall	Lump sum	1	150,000	150,000
Cost of Box		1	75000	150,000
Total capital Investments				300,000
Trading Costs				
Tomatoes	Box	1	240,000	240,000
Transport	Box	2	15,000	30,000
Market dues	Daily	30	500	15,000
Airtime	Monthly	4	5,000	20,000
Labor		2	1,500	3,000
Total trading cost				308,000
Total trading and start-up cost				608,000
Revenues from Trading				
Sales revenues	Heaps	900	500	450,000
Net Income from one box				142,000

G(i). Costing for onions production (1 acre)

Item description	Item Units	Unit cost	Units	Total cost (UGX)
Capital costs				
Land hire	Per acre	200,000	1	200,000
Seeds (Improved)	Tin	25,000	5	125,000
Bags	Per acre	1,000	90	90,000
Total input Costs				415,000
Operating Costs				
Land Clearing	Per acre	100,000	1	100,000
Ploughing	Per acre	180,000	1	180,000
Nursery		30,000	1	30,000
Planting	Per acre	200,000	1	200,000
Weeding	Per acre	100,000	4	400,000
Harvesting	Per acre	150,000	2	300,000
Cleaning	Basin	5,000	2	10,000
Transport	Per bag	10,000	4	40,000
Storage	Per bag	5,000	3	15,000
Total operating expense				1,275,000
Total operating and input costs				1,690,000
Revenues from Sales				
Onions	Basin	90	60,000	5,400,000
Net income				3,710,000

G (ii). Costing for onions production (1/4 acre)

Item description	Item Units	Unit cost	Units	Total cost (UGX)
Input costs				
Land hire	Per acre	50,000	1	50,000
Bags	Per acre	1,000	23	23,000
Seeds (Improved)	Tin	25,000	5	125,000
Total Capital investment				198,000
Operating Costs				
Land Clearing	Per acre	30,000	1	30,000
Ploughing	Per acre	50,000	1	50,000
Nursery		30,000	1	30,000
Planting	Per acre	50,000	1	50,000
Weeding	Per acre	30,000	4	120,000
Harvesting	Per acre	50,000	2	100,000
Cleaning	Basin	5,000	2	10,000
Transport	Per bag	10,000	5	50,000
Storage	Per bag	5,000	3	15,000
Total Operating expense				455,000
Total operating and input Cost				653,000
Revenue from Sales				
Onions	Basin	20	60,000	1,200,000
Total income				547,000

H. Costing for Goat production (1 acre) for a year

Item description	Item Units	Unit cost	Units	Total cost (UGX)
Production Costs				
Land hire	Per acre	160,000	1	160,000
Stocking	Heads	45,000	50	2,250,000
Paddockging	Per acre	400,000	1	400,000
Total Capital investment				2,810,000
Operating costs				
Drugs	Assorted	100,000	1	100,000
Wages	Per month	100,000	12	1,200,000
Operating Costs				1,300,000
Total expenses				2,600,000
Revenues from Sales				
Goats	Per goat	100,000	50	5,000,000
Net Income Annual				890,000

I. Ladies Saloon - Hairdressing for ladies.

Item description	Item Units	Unit cost	Units	Total cost (UGX)
Capital Investment				
Hand dryer	Pcs	150,000	1	150,000
Full dryer	Pcs	300,000	1	300,000
Chairs	Pcs	200,000	1	200,000
Buckets	Pcs	10,000	2	20,000
Scissors	Per scissor	5,000	1	5,000
Towels	Per towel	5,000	10	50,000
Combs	Per comb	1,000	5	5,000
Sink	Pcs	250,000	1	250,000
Total Investment Cost				980,000
Operating Costs				
Rent	Per month	80,000	1	80,000
License	Per month	4,500	12	54,000
Wages	Per person	40,000	2	80,000
Chemicals (assorted)	Per tin	30,000	2	60,000
Treatment (assorted)	Per tin	20,000	2	40,000
Weaves (assorted)	Per weave	13,000	10	130,000
Braids	Per braid	3,000	10	30,000
Utilities (water)	per day	500	30	15,000
Total Expenses				489,000
Total Start-up cost				1,469,000
Revenues from business activity				
Revenues from services	Person's	30,000	25	750,000
Net Income per month				261,000

J. Barber Service Shop

Item description	Item Units	Unit cost	Units	Total cost (UGX)
Capital Investments				
Sterilizers	Pcs	280,000	1	280,000
Mirrors	Pcs	11,000	10	110,000
Chairs	Pcs	200,000	2	400,000
Barbing Machine	Pc	180,000	2	360,000
Scissors	Per scissor	5,000	1	5,000
Towels	Per towel	5,000	10	50,000
Combs	Per comb	1,000	5	5,000
Brush	per brush	2,000	3	6,000
Buckets	Per bucket	5,000	2	10,000
Total Investments				1,226,000
Operating Costs				
After shave	Per liter	20,000	1	20,000
Shampoo	Per liter	2,500	5	12,500
Utilities	Per month	50,000	1	50,000
Rent	per month	80,000	1	80,000
License	Per month	4,500	1	4,500
Wages	Per person	40,000	2	80,000
Total expenses				247,000
Revenue from Business Activity				
Janet cut (ladies)	Per person	4000	20	80,000
Men's cut	Per person	3000	80	240,000
Gentleman cut	Per person	1000	120	120,000
Shaving for children	per child	1500	30	45,000
Gross income				485,000
Net monthly Income				238,000

