

Building Economic Self-Reliance Among Refugee Communities:

Early impacts from the DREAMS program in West Nile, Uganda, and Dollo Ado, Ethiopia



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

Program Overview

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

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

The program is being evaluated through randomized controlled trials (RCT) and complementary qualitative studies in Uganda and Ethiopia. The goal of these evaluations is to measure the impact of the DREAMS program on economic and other outcomes for refugee and host community households. DREAMS was implemented in West Nile, Uganda, and Dollo Ado, Ethiopia, beginning in 2022 and 2023, respectively.

This brief presents short- to medium-term results measured in 2025, six to 18 months after program completion. In Uganda, results reflect outcomes for households receiving the full DREAMS package relative to a control group. In Ethiopia, results compare households receiving the poverty graduation package alone to those receiving the full DREAMS package, as well as to a control group.¹ A second endline in 2026 across both countries will assess medium- to long-term impacts.

1. In Ethiopia, households received either the poverty graduation (PG) package with indirect market systems development (MSD), or Full DREAMS (FD), which adds direct MSD. Direct MSD targets individuals or households (e.g., training, input subsidies); indirect MSD targets private sector actors (PSAs) or the broader market ecosystem.

Key Results



Higher Consumption:

- **Uganda:** Treatment respondents reported a USD 19.10 higher average monthly household consumption than control households, representing a 17.1% difference.
- **Ethiopia:** Treatment respondents reported USD 21.53 and USD 20.41 higher average monthly household consumption than control households in the PG and FD arms, representing 10% and 9% differences, respectively.



Greater Asset Ownership:

- **Uganda:** Treatment households reported USD 184.10 more in total asset value than control households, representing a 21% difference.
- **Ethiopia:** Treatment households reported USD 225.27 and USD 214.62 more in total asset value than control households in the PG and FD arms, representing 25% and 24% differences, respectively.



Higher Household Income:

- **Uganda:** Treatment households reported USD 8.35 more in total monthly income than control households, representing a 24% difference.
- **Ethiopia:** Treatment households reported USD 6.05 and USD 7.24 more in total monthly income than control households in the PG and FD arms, representing 14% and 17% differences, respectively.



Higher Savings:

- **Uganda:** Treatment households reported USD 27.01 more in total household savings than control households, representing a 108% difference.
- **Ethiopia:** Treatment households reported USD 17.61 and USD 17.30 more in total household savings than control households in the PG and FD arms, representing 92% and 91% differences, respectively.



Cost-effectiveness:

- **Uganda:** DREAMS delivers more than 2x benefits compared to costs when impacts are sustained for five years, with host community benefits already exceeding program costs at Endline 1.
- **Ethiopia:** DREAMS delivers nearly 2.5x benefits compared to costs in both treatment arms, with the PG treatment arm slightly more cost-effective. Benefits experienced in both arms already exceed program costs at Endline 1.



Context

Uganda hosts approximately 2 million refugees and asylum-seekers (UNHCR, 2025), while Ethiopia hosts approximately 1.1 million (UNHCR, 2026), many of whom are expected to remain long-term due to protracted conflicts. The humanitarian system, originally designed to deliver urgent, life-saving aid, has struggled to provide durable solutions for people living in protracted displacement, who represent over three-quarters of the global refugee population (UNHCR 2021). Refugees require not only immediate humanitarian assistance but also sustainable, long-term solutions that enable them to rebuild their lives. Identifying these solutions has never been more urgent as the humanitarian sector grapples with unprecedented cuts in foreign assistance. According to the United Nations Office for the Coordination of Humanitarian Affairs, by early September 2025, less than 20% of the USD 44 billion required to meet global humanitarian needs had been received, resulting in the humanitarian sector contracting to one-third of its size in 10 months.

Poverty graduation (PG) is a proven intervention that has sustained impacts on the livelihoods of ultra-poor households in non-refugee settings (e.g., Banerjee et al., 2015). However, PG, which relies on the creation of successful micro-enterprises, may be insufficient by itself to generate sustained impacts in areas with limited market maturation, such as refugee communities. Market systems development may provide the missing piece in these settings, but to our knowledge, this is among the first rigorous studies on the combined PG and MSD approach in a refugee setting. **The findings aim to inform future programming and contribute evidence to humanitarian organizations, donors, and policymakers that are exploring effective approaches to meeting the needs of refugees and host communities.**

DREAMS

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

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



Evaluation Overview



Evaluation Design:

Household-level randomized controlled trials (RCTs) conducted in Uganda and Ethiopia. These were conducted as separate evaluations, though the results from each are presented together in this brief.

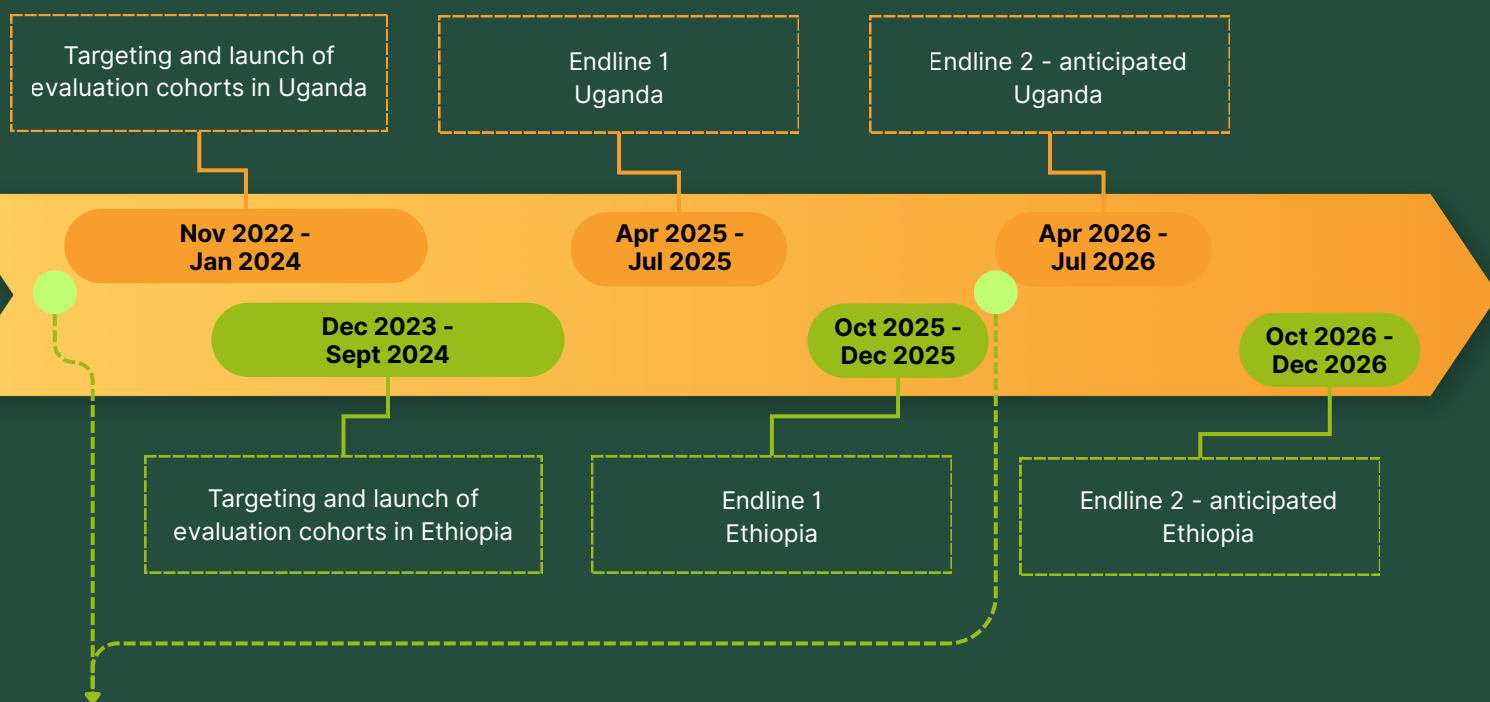
- **Uganda:** Eligible households were randomized into treatment (Full DREAMS) and control groups.
- **Ethiopia:** Eligible households were randomized into three arms: control, poverty graduation (PG), and full DREAMS (FD).

Differences in Program Activities Between PG and FD treatment arms (Ethiopia)

Program Activity	Poverty Graduation	Full DREAMS
ULTRA-POOR POVERTY GRADUATION		
Financial literacy & business training	✓	✓
Seed capital grants	✓	✓
Business mentoring	✓	✓
Savings groups	✓	✓
MARKET SYSTEMS DEVELOPMENT		
<i>Indirect</i>		
Market assessments	✓	✓
Cost-share grants to PSAs	✓	✓
<i>Direct</i>		
Vouchers and subsidies		✓
Value chain-specific training		✓



Evaluation Timeline:



Data Collection Methods:

Quantitative data collection was conducted at 2 points thus far, with an additional round planned for 1 year after Endline 1: 1) a short survey during the initial targeting phase before randomization; 2) Endline 1, approximately 3 to 12 months after the program's conclusion of the evaluation cohorts; and 3) (planned) Endline 2 approximately one year following Endline 1. Data was collected through enumerator-administered, in-person surveys, with outcomes based on self-reported measures. In addition, qualitative interviews and focus group discussions were conducted with a subset of program participants, control households, and private sector actors.



Setting and Evaluation Sample:

The evaluations are taking place in refugee and host communities in West Nile, Uganda, and Dollo Ado, Ethiopia. As part of normal program implementation, Village Enterprise screened all households in the participating communities for program eligibility across multiple program cohorts. The evaluations focus on cohorts 3-6 in Uganda and cohorts 2-4 in Ethiopia.

- In Uganda, 6,560 households (3,280 treatment and 3,280 control) were surveyed at Endline 1.
- In Ethiopia, 6,151 households (2,047 control, 2,054 PG, and 2,050 FD) were surveyed at Endline 1.

Program Participation



High Program Participation: Almost all treatment participants in both contexts joined Business Savings Groups and formed Business Groups, the main elements of the PG component of DREAMS. In Uganda, 99% of participants joined Business Savings Groups, with 49% participating in a business in a promoted value chain, most commonly poultry and sesame. In Ethiopia, participation rates were similarly high (98% PG, 99% FD), with most Business Groups engaging in the shoa (sheep and goat) fattening value chain (90% and 94% in the PG and FD arms, respectively).

Economic Outcomes



Higher Consumption: Treatment households reported higher average monthly household consumption than control in both contexts, demonstrating a positive and statistically significant impact on economic welfare. In Uganda, consumption was higher by 17%, with gains observed across food and education expenditures. In Ethiopia, consumption was higher by 10% and 9% in the PG and FD arms, respectively, with no statistically significant differences between the two treatment groups.



Greater Asset Ownership: Treatment households reported higher total asset value than control in both contexts. In Uganda, asset values were higher by 21% and exceeded the value of program transfers, indicating that households were able to leverage business investments into asset growth. In Ethiopia, asset values were higher by 25% and 24% in the PG and FD arms, respectively, with no statistically significant differences between the two treatment groups.

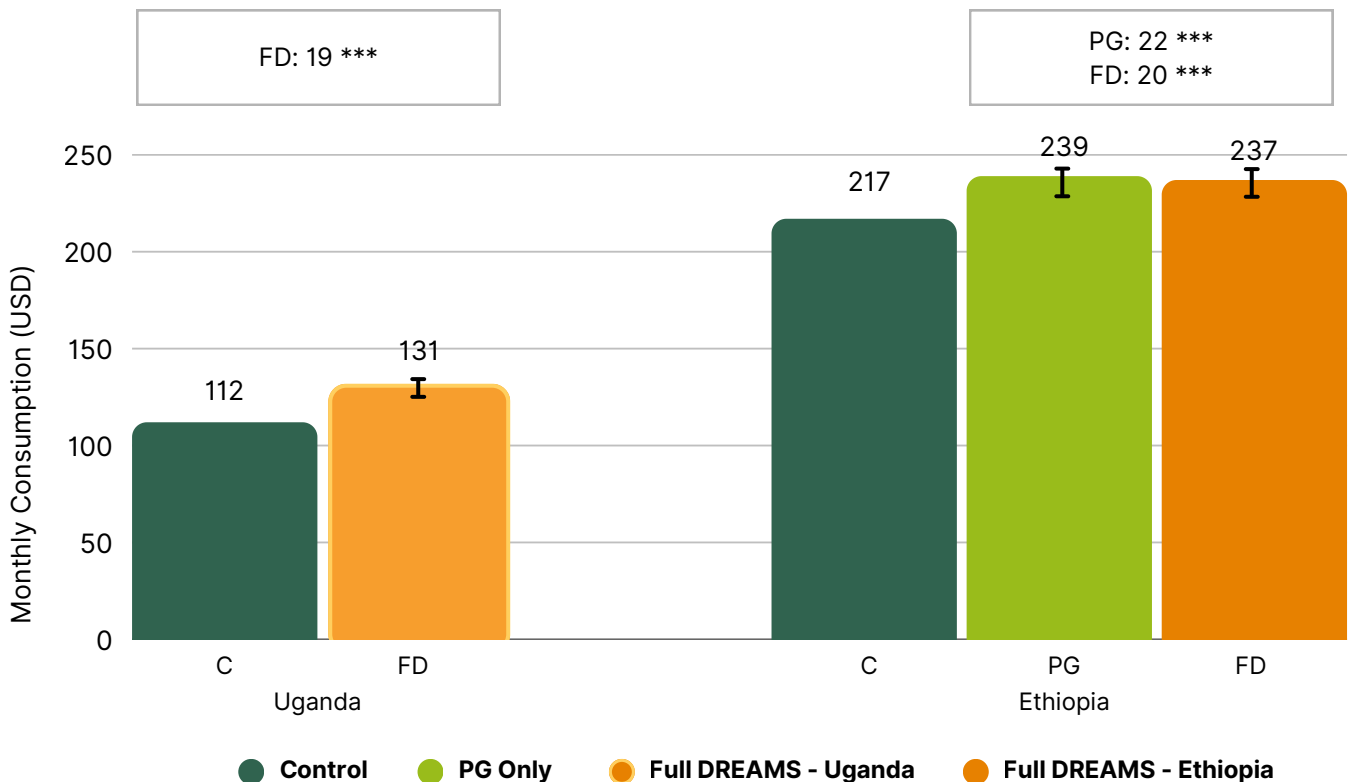


Higher Household Income: Treatment households reported higher total monthly income than control in both contexts. In Uganda, income was higher by 24%, with larger gains observed among host community households. In Ethiopia, income was higher by 14% and 17% in the PG and FD arms, respectively, driven primarily by livestock-related activities.



Higher Savings: Treatment households reported higher total household savings than control in both contexts. In Uganda, savings were higher by 108%, effectively doubling the savings buffer available to participating households, with gains driven in part by business savings. In Ethiopia, savings were higher by 92% and 91% in the PG and FD arms, respectively, similarly indicating a substantial strengthening of household financial buffers.

Household Monthly Consumption (USD)



Error bars: 95% CI. C=Control, PG=Poverty Graduation, FD=Full DREAMS.
* p<0.1, ** p<0.05, *** p<0.01

Resilience, Financial Inclusion, and Well-Being



Greater Financial Inclusion: The DREAMS program increased households' use of financial services in both contexts. In Uganda, participation in community savings groups rose substantially (77% of treatment households compared to 44% of control households). In Ethiopia, mobile money usage increased from 68% among control households to 73% among treatment households, though uptake of formal banking remained limited.



Higher Overall Well-Being: Treatment households reported modest, but significantly higher well-being in both contexts. In Uganda, well-being increased by 0.6 points on a 10-point scale, reflecting improvements in perceived happiness, health, and financial satisfaction. In Ethiopia, well-being increased by 0.2 and 0.3 points in the PG and FD arms, respectively, with a small but statistically significant positive difference in the treatment effect for FD households.



Improved Food Security: Treatment households reported modest but meaningful improvements in food security in both contexts. In Uganda, treatment households were 5 percentage points less likely to experience moderate or severe food insecurity than control households (69% of whom fell into this category). In Ethiopia, treatment households were 6 and 7 percentage points less likely in the PG and FD arms, respectively, than control (32% of whom fell into this category). While no significant improvements in children's food security were observed in Uganda, in Ethiopia, children in PG and FD households were 6 and 9 percentage points less likely to skip meals than control, respectively (33% of control children skipped meals).

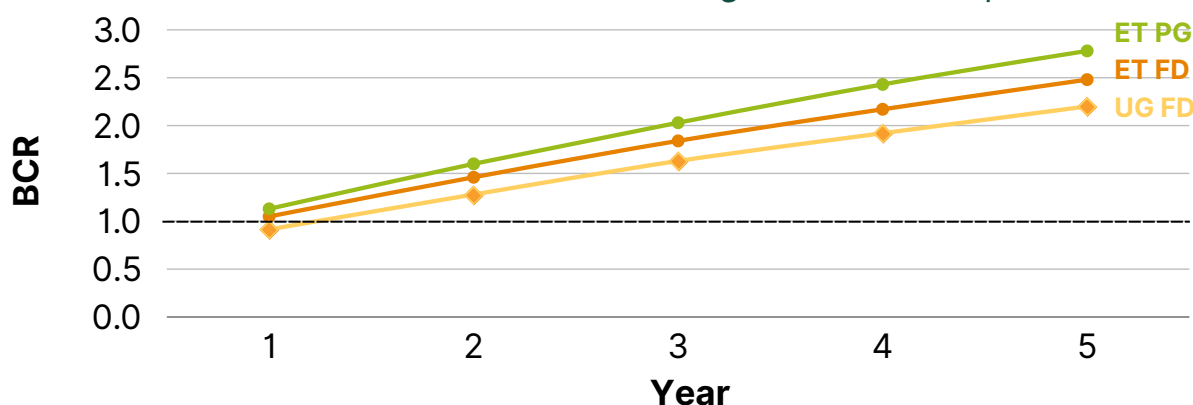


Greater Economic Empowerment for Women: Female treatment respondents reported modestly higher levels of economic empowerment in both contexts. In Uganda, the women's empowerment score was higher by +0.06 points on a scale from 0 to 1 relative to female control respondents (+0.54 standard deviations). In Ethiopia, women's empowerment scores were higher by +0.03 and +0.04 points in the PG and FD arms, respectively, on a scale from 0 to 1 relative to a control mean of 0.26. DREAMS did not produce meaningful changes in social norms in either context, suggesting that harmful beliefs about women's economic agency and mobility persist despite improvements in participation and decision-making.

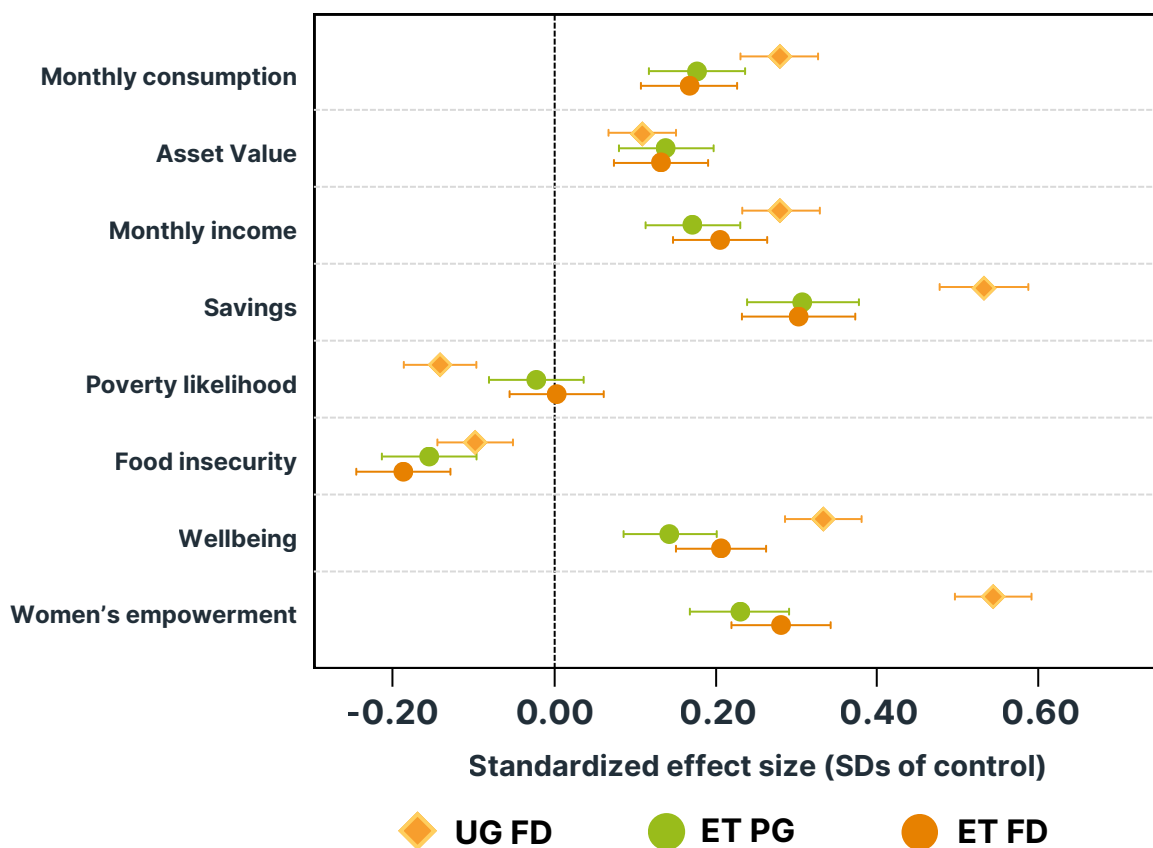


Cost-effectiveness: If effects are sustained for five years, the DREAMS program in both Uganda and Ethiopia will yield two to three times the value of its costs through increased household consumption and asset accumulation. In Ethiopia, the poverty graduation arm returned a marginally higher value per dollar invested than the full DREAMS arm, reflecting the modest incremental cost of direct market linkages relative to the similar welfare gains observed across both arms. Assuming modest positive spillovers, primarily from market systems development activities, would further increase BCR. The program's cost-effectiveness compares favorably with peer programs in sub-Saharan Africa, such as the Village Enterprise DIB program (1.84x) and AVSI Rwamwanja (0.76x). Endline 2 results will provide further evidence on the sustainability of these impacts and the extent of spillover effects.

Benefit Cost Ratios for Uganda and Ethiopia



Standardized effect sizes in key outcomes



Range bars denote 95% confidence intervals

Study scope and limitations

The RCTs provide rigorous estimates of the impact of the DREAMS program on participating households. In both Uganda and Ethiopia, the evaluation measures the combined effect of PG and direct MSD, relative to a control group, in contexts where broader indirect market system improvements were not restricted and may have benefited all households. In Ethiopia, the design also allows for estimating the incremental impact of direct MSD on top of PG.

However, the evaluation cannot fully disentangle the individual contributions of different program components. Specifically, it is not possible to separately identify the effects of PG versus indirect MSD, the contribution of PG alone relative to broader market changes, or the extent to which control households benefited from indirect MSD activities. As a result, estimates should be interpreted as the combined effect of program participation within a changing market environment.

While causal attribution of indirect MSD effects cannot be measured through this design, qualitative evidence and observed participant behavior provide insights into program mechanisms, including the strong uptake of the shoat fattening value chain (by 85% of initial businesses) and the role of local market conditions in shaping business decisions. These findings suggest that impacts were driven in part by alignment between program activities with participants' interest in starting shoat fattening businesses, which were familiar in these communities and perceived by participants to be relatively low-risk.

Finally, these results reflect short to medium-term impacts measured at Endline 1, some effects, particularly those related to market systems development, may take longer to fully materialize. As such, Endline 2 will be critical for assessing the longer-term impacts and sustainability of the program.

Conclusion

Taken together, the evaluation findings indicate that DREAMS generated meaningful short to medium term improvements in household economic outcomes and well-being across both Uganda and Ethiopia, particularly in consumption, income, asset ownership, and savings. These gains are consistent with existing evidence from poverty graduation programs, and notably exceed prior benchmarks, with consumption effects approximately five times larger than previous rigorous evaluations of the Village Enterprise model in non-refugee settings (Sedlmayr et al., 2020; McManus et al., 2022).

Across both contexts, the results demonstrate that a graduation-based livelihoods model can drive meaningful gains in refugee-hosting settings. In both Uganda and Ethiopia, participants successfully engaged in income-generating activities aligned with their local contexts, with strong uptake in value chains that were accessible, familiar, and offered relatively quick returns. However, the pathways through which impacts were realized differed across settings. In Uganda, impacts were larger in absolute terms for host households, likely reflecting greater access to land and stronger baseline asset positions, which enabled engagement in more land-intensive value chains. In Ethiopia, impacts were more uniform across refugee and host households, with most participants engaging in livestock-based activities such as shooat fattening.

The value of different program components also varied by context. In Ethiopia, there were no statistically significant differences between households receiving the poverty graduation package alone and those receiving the full DREAMS package, suggesting that the core graduation model, alongside indirect market improvements, was sufficient to drive short- to medium-term gains. Qualitative evidence reinforces this: direct market linkages, such as vouchers, were primarily used to reduce costs rather than to drive different business decisions, and households in the PG arm were largely able to access the same inputs at full price without voucher support. In Uganda, by contrast, access to inputs, market linkages, and value chain participation played a more prominent role in shaping outcomes, though implementation challenges, including input timing and access to buyers, limited the extent to which these linkages translated into fully realized gains.

We conclude that the DREAMS program was impactful in the short to medium term across both contexts. The promise of DREAMS may be even greater over time, particularly as market systems strengthen and participants continue to build and scale their businesses.

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