
# When a Cash Grant Becomes a Business

## Early Insights from Re:BUiLD's Wave 2 RCT in Kampala and Nairobi

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## Introduction

The Re:BUiLD program and researchers from the Immigration Policy Lab at Stanford University, Georgetown University, and Makerere University are conducting a Randomized Control Trial (RCT) to evaluate the impact of business networks on businesses run by refugees and vulnerable host communities in Kampala and Nairobi. This is the second wave of RCTs conducted under the Re:BUiLD program following a first wave of RCTs that evaluated the impacts of mentorship on business outcomes and social cohesion. The second wave of RCTs supports approximately 8,000 refugees and hosts in Kampala and Nairobi to start and grow micro-enterprises through unconditional business grants and networking groups.

Leveraging the insights gained from the mentorship component of the first wave of RCTs, the primary objective of the business network initiative in the second wave RCT is to facilitate connections among entrepreneurs within urban areas and foster business networks. The expansion of participants' networks aims to establish meaningful relationships that support starting, managing, or expanding businesses collaboratively while providing enhanced information about the business environment. Additionally, this effort seeks to improve social cohesion between refugees and host community members.

## About the Technical Brief

This brief presents insights from data collected during the post-grant monitoring and business verification exercise between January and April 2025. It captures early evidence from Re:BUiLD's Wave 2 RCT that shows how modest, unconditional business grants, paired with trust and flexibility, can rapidly catalyze micro-enterprise formation among refugees and host communities in Kampala and Nairobi. Over 60% of recipients had operational businesses shortly after receiving their grants, with women and refugees leading the charge. Most recipients used the funds for inventory, equipment, or pay rent for business premises, while a smaller group prioritized urgent basic needs, highlighting the dual pressures of survival and entrepreneurship. These findings underscore the power of cash to deliver fast, tangible outcomes. As the RCT progresses, upcoming midline and endline analyses will explore how these early sparks evolve into sustainable livelihoods.

**Photo Credit:** March 12, 2025, Kampala, Uganda. A Re:BUiLD community facilitator (left) verifying a business in Kampala for the RCT wave 2 intervention. (PHOTO: Nathan Tibaku for the IRC).

# The Business Verification Process: Who Was Reached

Re:BUiLD launched the Wave 2 RCT intervention in September 2024, which included disbursement of business grants to 6,756 participants in November 2024. As part of the study, we undertook a post-grant monitoring (N=636) and business verification exercise (N=6,011) between January to April 2025. The objective was to understand how these grants were used and translated into tangible business outcomes.

## Key Highlights

- We reached 6,647 participants through verification and post-grant monitoring.
- Of those reached, 4,118 businesses (61.95%) had an operational business at the time of verification.
- Women and refugees are leading business activity: 59.5% of operational businesses are owned by women, and 54.6% by refugees.

## 1. Business Ownership and Demographics

At the time of verification, 4,118 participants (61.95% of the 6,647 reached) had an operational business, 13.54% did not, and the status for 24.51% could not be verified (e.g., moved, no phone response). In Kampala, 1,980 businesses of 3,339 grant recipients were operational whilst in Nairobi, 2,138 businesses of 3,417 grant recipients were operational.

Of the 4,118 active verified businesses, 54.64% are owned by refugees and 59.52 % are owned by women. At the country level, refugees own a higher proportion of businesses in Kampala than in Nairobi (Figure 1).

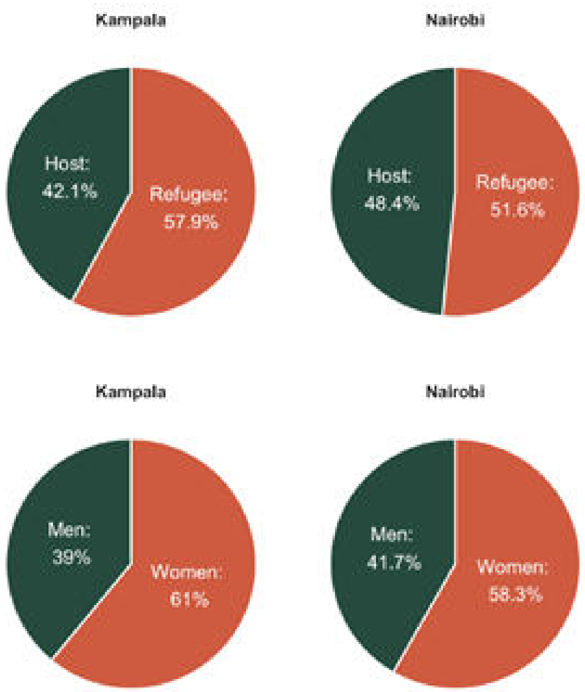


Figure 1: Breakdown of businesses by refugee/host and male/female owners (Source: Re:BUiLD Primary Data)

Refugees constitute the majority of business owners in both cities (Kampala - 51.6%; Nairobi - 57.9%), but Ugandans are the nationality with the largest proportion of businesses in Kampala, comprising 42.12% of the total, while Kenyans are the nationality with the largest share of businesses in Nairobi, accounting for 48.36% (Figure 2). Most refugee businesses are owned by Congolese refugees in both cities: 14.24% of all verified businesses are owned by Congolese refugees in Kampala and 26.01% of all verified businesses are owned by Congolese refugees in Nairobi.

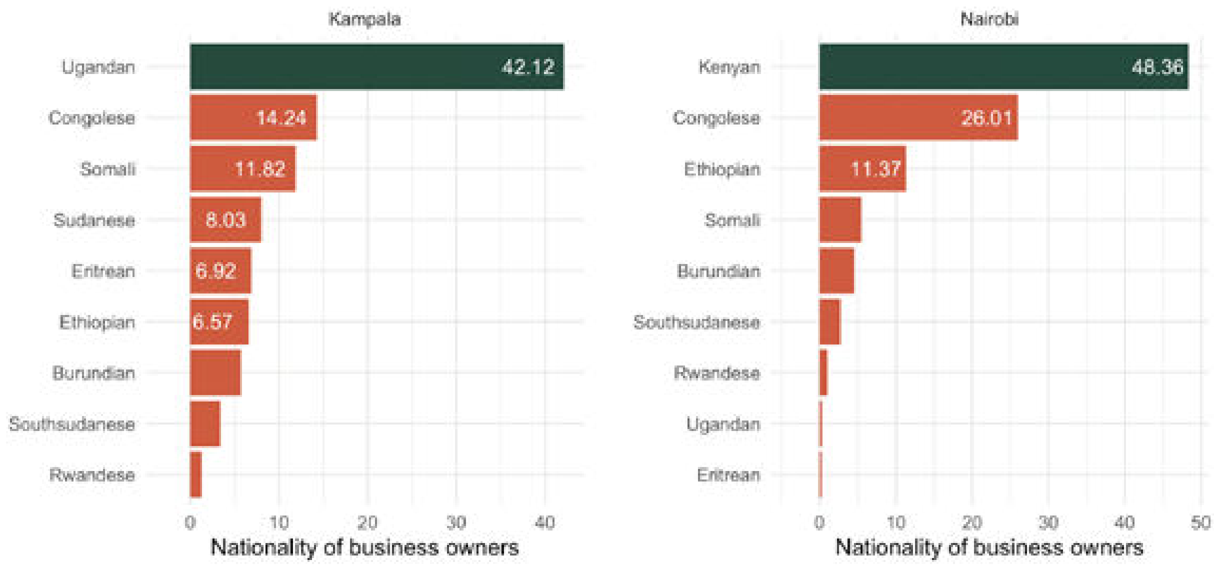


Figure 2: Breakdown of businesses by nationality (Source: Re:BUiLD Primary Data)

## 2. Business Formation and Grant Usage

Most businesses were started after the cash grants payout in November 2024, underscoring the role of the grants in enabling new business formation (Figure 5). A total of 2,060 businesses were started on or after November 1, 2024, after the grant payout. This means 53.3% of the verified businesses were launched after the grant payout.

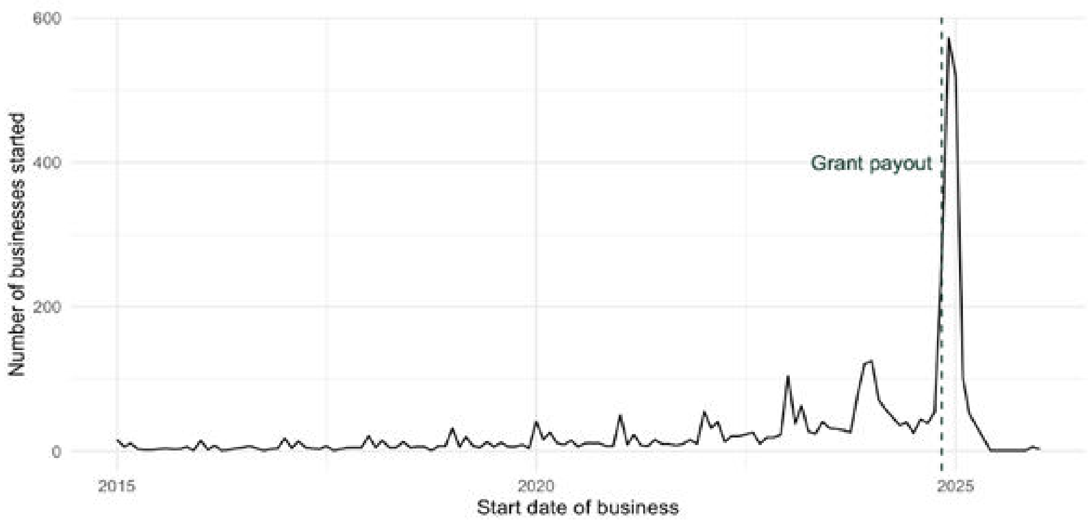


Figure 3: Start date of businesses since 2015 (Source: Re:BUiLD Primary Data)

Nearly all recipients indicated that they used the grant, at least partially, for business purposes (Figure 4), demonstrating the importance of investments into businesses as a livelihood strategy. Nevertheless, a substantial part of the population either splits the grant to cover both necessities and business investments or to a smaller extent - uses the full grant for expenses like rent, food and school fees. This points to the reality of high humanitarian and development needs in the vulnerable refugee and host population; and the need to use business grants at least in part as a coping strategy.

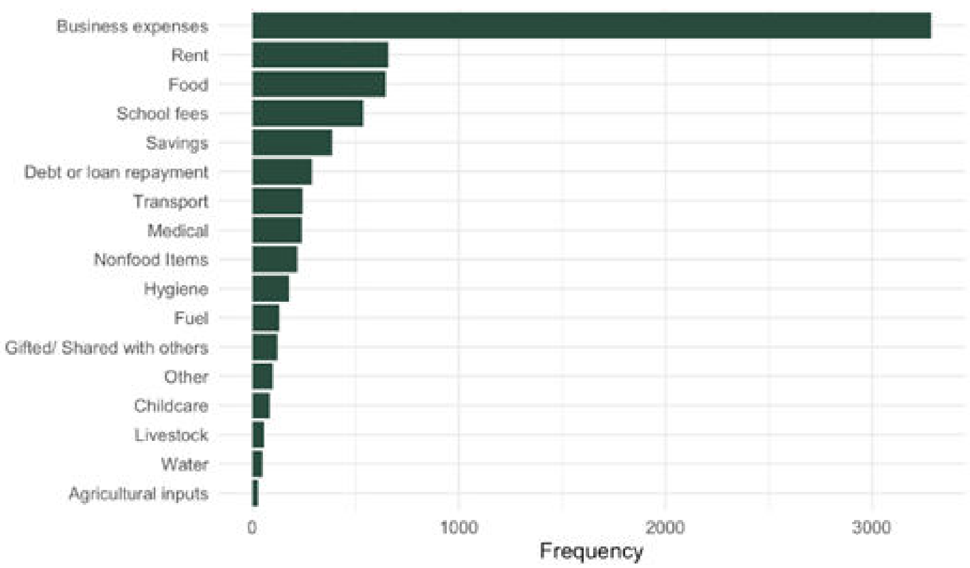


Figure 4: Grant expenditure (Source: Re:BUiLD Primary Data)

When used for business investments, the most common grant use was inventory replenishment, followed by purchases of equipment and rent payments for business premises (Figure 5). The high investment into stock further demonstrates how many Re:BUiLD clients use the grant either for the initial launch of a business or to sustain product-based businesses.

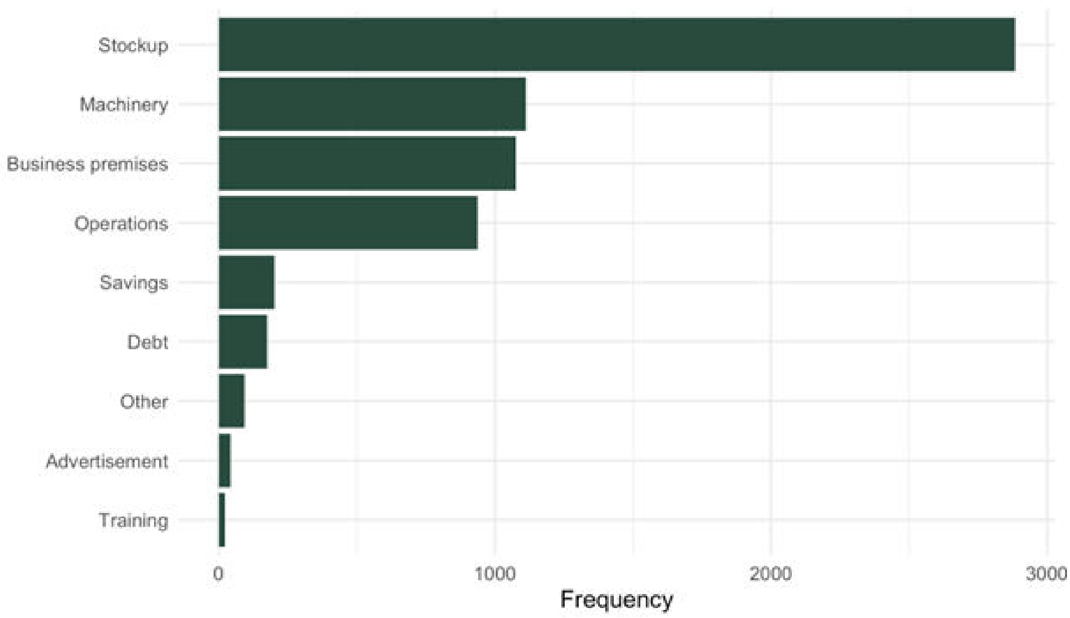


Figure 5: Grant usage for business purposes (Source: Re:BUiLD Primary Data)

## 3. Reasons for No Business or Changes

Among the 900 (13.54%) participants who did not have an operational business at the time of verification, the primary reason cited was insufficient funds, indicating that possibly the grant alone was not sufficient to start or sustain a business. This may particularly relate to the high vulnerabilities in the participating population. Other reasons included family issues, health challenges or pregnancies (Figure 6).

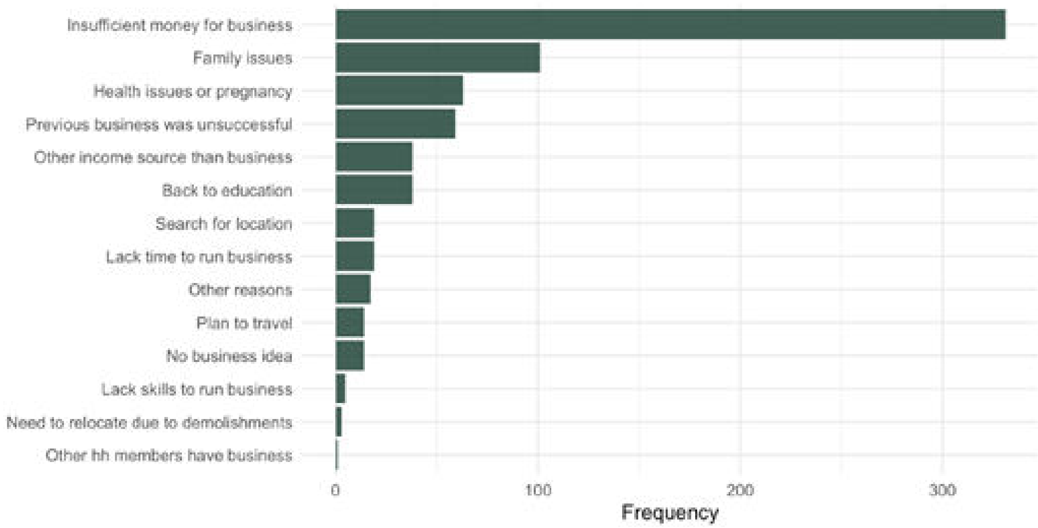


Figure 6: Reasons why participants do not have an operational business (Source: Re:BUiLD Primary Data)

In the verification conversations, we learned that few participants changed their vision and sector of their current or planned business after the grant payout and networking program. Among those who did, lack of customers or lacking profits from their businesses were the most cited reasons for the change (Figure 7).

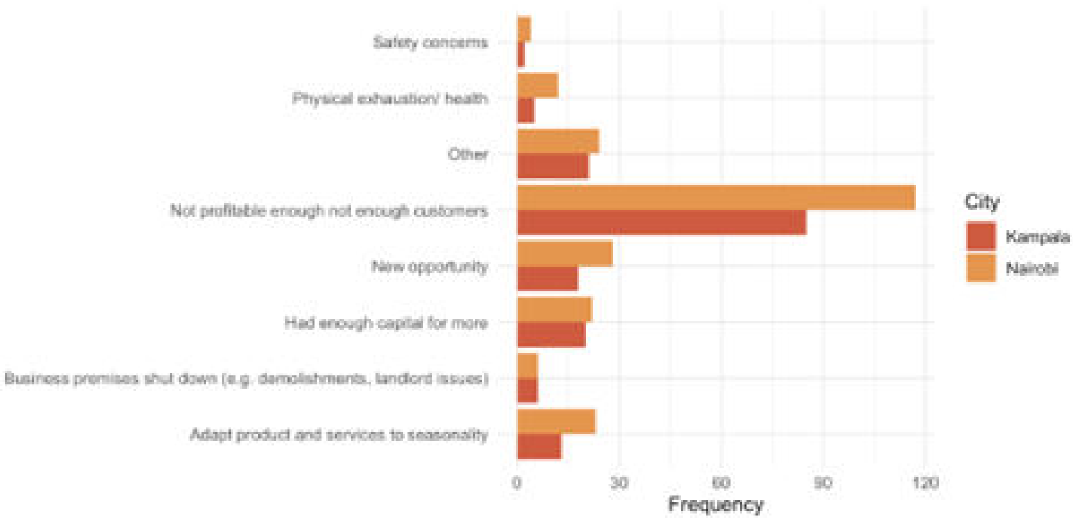


Figure 7: Reasons why participants changed their business product/plan since grant payout (Source: Re:BUiLD Primary Data)

## 4. Business Sectors, Assets and Capital

Clients with an operational business are primarily engaged in hawking, with food production and retail shops also being common (Figure 8). For this program , hawking is understood as a business without a permanent location.

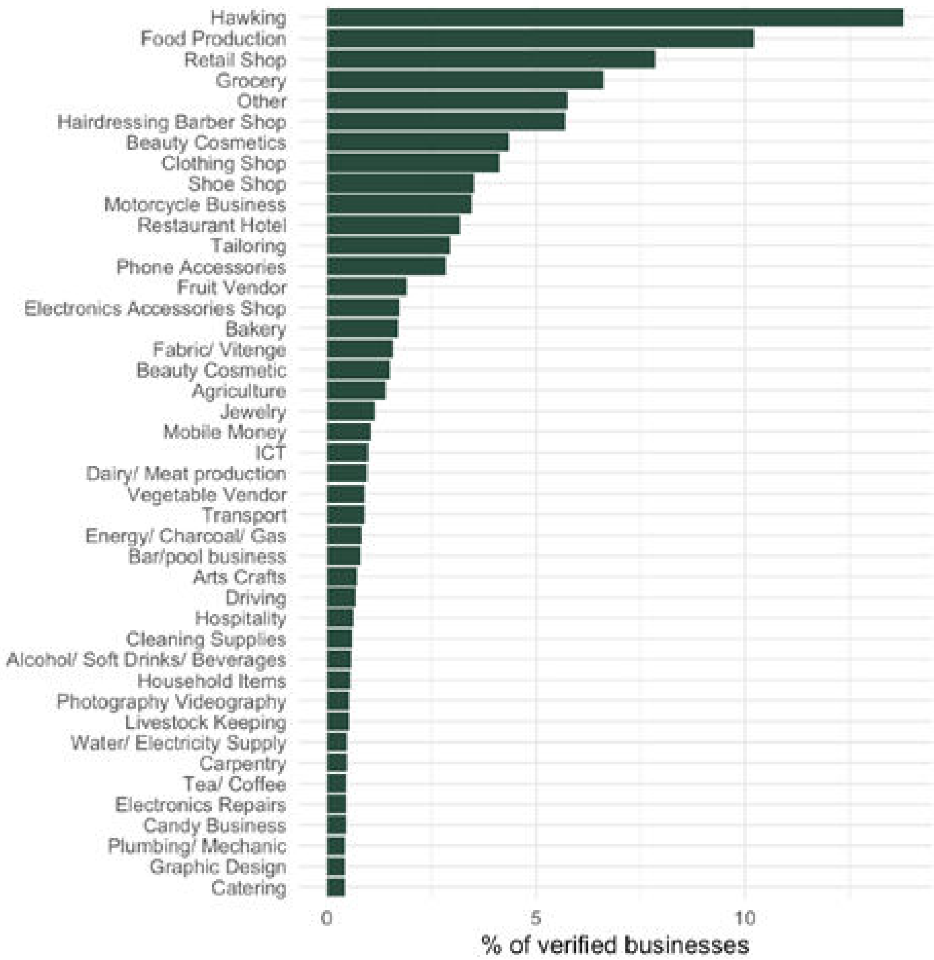


Figure 8: Business sectors of participants (Source: Re:BUiLD Primary Data)

In Nairobi, hawking was especially prevalent, while many participants in Kampala operated kiosks or stalls (Figure 9).

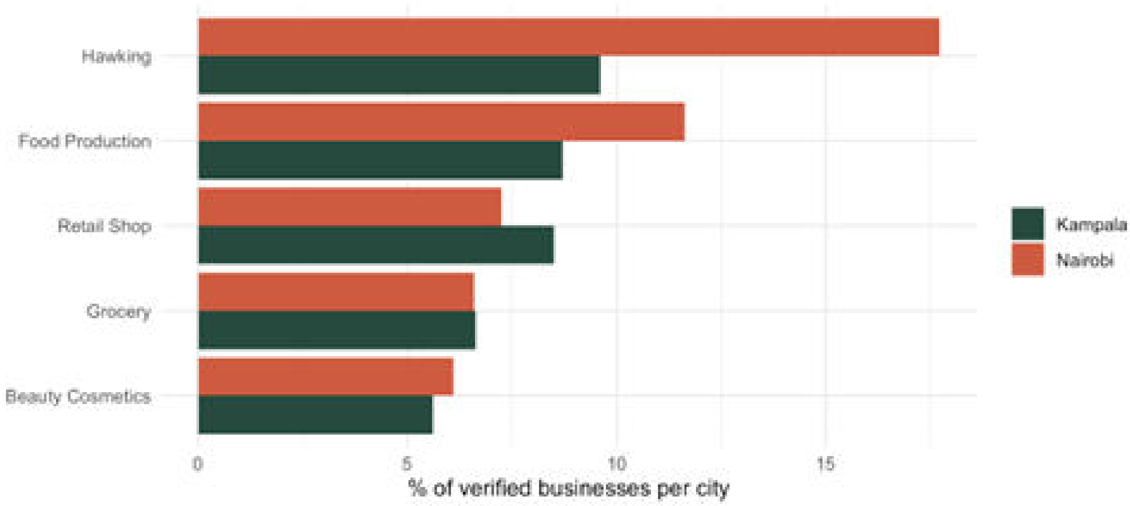


Figure 9: Top 5 business sectors of participants per city (Source: Re:BUiLD Primary Data)

## Business Assets and Capital

Few individuals among this group of refugees and hosts hold land or own buildings to run their businesses to use as insurance. The following statistics pertain to asset ownership and capital among active businesses:

- 43.39% owned machinery for their business operations.
- Less than 1% owned the land (0.61%) or buildings (0.32%) where their business operates.
- The average value of capital - that is the value of machinery, land and buildings invested into the business - was 219.56 USD across all businesses; 247.1 USD in Kampala and 193.14 USD in Nairobi (Table1).

Table 1: Business capital stock by city, refugee status & gender (Source: Re:BUiLD Primary Data)

| Group | % own machinery | % own land | % own building | Avg capital stock (USD) |
|---|---|---|---|---|
| Kampala | 49.33 | 1.09 | 0.36 | 247.10 |
| Nairobi | 57.85 | 0.42 | 0.42 | 193.14 |
| Refugee | 49.81 | 0.05 | 0.00 | 216.49 |
| Host | 58.46 | 1.63 | 0.88 | 223.37 |
| Women | 47.96 | 0.60 | 0.35 | 118.01 |
| Men | 62.23 | 0.98 | 0.45 | 367.75 |

## 5. Business Formalization and Practices

The businesses of refugees and hosts in Nairobi and Kampala are best characterized as small informal one-person businesses focused on perishable goods, small household products or services for private customers. 30.21% of the confirmed businesses reported having a license. Licensing was higher among men (35.1%) than women (26.9%), and refugees (32.4%) than hosts (27.6%) (Table 2).

Table 2: Business license ownership by city, refugee status & gender (Source: Re:BUiLD Primary Data)

| Group | % having a license |
|---|---|
| Overall | 30.21 |
| Women | 26.89 |
| Men | 35.10 |
| Refugees | 32.36 |
| Hosts | 27.62 |
| Nairobi | 33.44 |
| Kampala | 26.72 |

Daily licenses were more common in Nairobi, while annual licenses were more common in Kampala (Table 3).

Table 3: Types of business license (Source: Re:BUiLD Primary Data)

| City | Daily | Monthly | No licence | Weekly | Yearly |
|---|---|---|---|---|---|
| Kampala | 5 | 31 | 1337 | 4 | 432 |
| Nairobi | 175 | 44 | 1268 | 222 | 231 |

Of all verified businesses, 46.58% reported keeping business records and showed them to the Re:BUiLD enumerators. Most businesses are micro-enterprises, with an average of 0.43 employees (Figure 10). Although most of the businesses had no employees, some had as many as 17 employees.

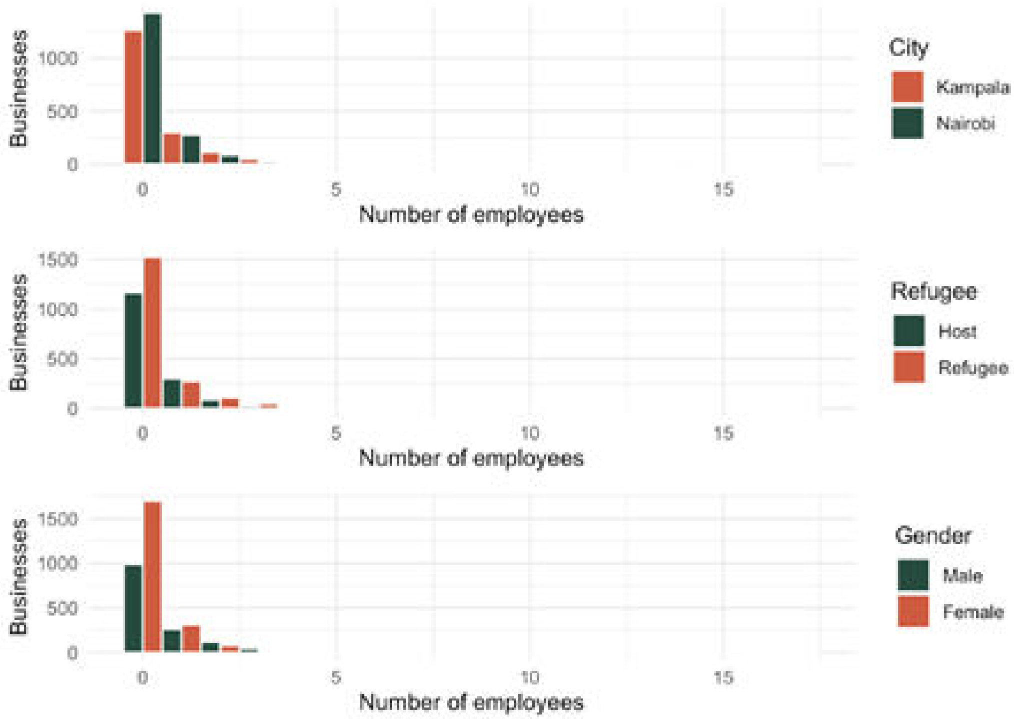


Figure 10: Number of employees per city, population and gender (Source: Re:BUiLD Primary Data)

## 6. Observations During Visits

During the business verification, observations of the business owners in their premises make clear that the many business owners are able to purchase stock for their businesses and attract customers but fewer business owners are able to invest into advanced business practices, such as marketing.

- 63.36% of the businesses were well stocked (59.82% in Nairobi and 67.17% in Kampala).
- 39.95% of the businesses had customers present during the verification (34% in Nairobi and 46.36% in Kampala).
- 52.57% of the businesses had functional equipment (45.6% in Nairobi and 60.1% in Kampala).
- 18.87% of the businesses had visible marketing materials (18.76% in Nairobi and 18.99% in Kampala).
- 15.69% had a visible mobile money account for customer payments (23.62% in Nairobi and 7.12% in Kampala).

## Key Takeaways

- **Strong Business Uptake Post-Grant:** A majority (61.85%) of verified participants had operational businesses just 3 months after receiving the cash grant, indicating that the financial support played a catalytic role in business formation.

- **Over Half of Businesses Started Post-Grant:** 53.3% of verified businesses were launched after the November 2024 grant payout, highlighting the grant's catalytic role in enabling new business formation among vulnerable populations.

- **High Engagement by Refugees and Women:** Refugees owned 54.64% and women owned 59.52% of operational businesses, showing that the intervention effectively reached and activated economically marginalized groups.

- **Grants Primarily Used for Business Purposes:** Most recipients used the grants for mainly restocking, equipment, and business premise rent demonstrating a clear intent to invest in enterprise rather than diverting funds to non-business needs.

- **Business Types Reflect Urban Informality:** Hawking, food preparation, and small retail dominate the business landscape, especially in Nairobi and Kampala's informal sectors.

## Reflections

- **Grants Enable, But Do not Guarantee, Business Success:** While many participants launched businesses, 13.54% had no operational business at verification often due to insufficient funds or personal challenges. These challenges also hamper investments into more sustainable businesses. This suggests that grants alone may not be enough to enable business formation and continuity.

- **Structural Barriers Persist:** Low rates of licensing (30.21%), limited asset ownership, and minimal formal business practices point to systemic challenges in formalizing and scaling micro-enterprises.

- **Gender and Capital Gaps Remain:** Despite high participation by women, disparities in licensing and capital stock suggest ongoing gender-based barriers to business growth.

- **Balancing Business and Basic Needs:** Most participants used the cash grant mainly for business purposes, but due to urgent personal needs, some used the funds to meet basic necessities. This also highlights the need for trust and honest reporting. Programs should consider combining business and consumption grants to support clients' real-life challenges better, and thus promote both livelihoods and well-being, and enabling more accurate learning and better outcomes for vulnerable communities.

## Conclusion and Next Steps



The Wave 2 RCT business verification offers early evidence that modest financial support for micro-entrepreneurs can enable business formation and business sustainability, especially among vulnerable groups like women and refugees. However, several challenges persist, including a notable number of participants without business after receiving the business grant, low levels of asset ownership beyond basic machinery, and limited adoption of formal practices such as licensing, business premises and bookkeeping. Despite these challenges, the grant has primarily been utilized for business investments, particularly for stocking purposes.

This brief presents early insights from the W2 RCT. Midline and endline surveys will be conducted to provide deeper insights into business outcomes, resilience and long-term impact of Re:BuiLD's support. Analytical RCT reports will follow, exploring causal pathways and program effects in more detail.

In partnership with the IKEA Foundation, Re:BUiLD brings together the International Rescue Committee (IRC), the Center for Global Development (CGD), Open Capital (OCA), Kampala Capital City Authority (KCCA) and Nairobi City County Government (NCCG). Re:BUiLD is committed to generate and share evidence for innovative, sustainable livelihood solutions that can be adopted to support refugees and host residents in other cities in East Africa and beyond.

The opinions expressed in this brief belong to the authors and do not necessarily reflect those of Re:BUiLD's funding entities and partners.

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