

Refugees Working Group Webinar: Sparkassenstiftung Project on Financial Inclusion of Syrian Refugees in Armenia

Speakers: **Ilonka Ruehle** and **Anja Deinzer** of
Sparkassenstiftung für internationale Kooperation

Facilitator: Amelia Greenberg, SPTF

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Agenda

- Introduction to Webinar Series (5 min)
- Presentation of the project (20 min)
- Discussion of results (20 min)
- Questions and Answers (15 min)



Introduction to the SPTF working group on financial inclusion of refugees

- Six-part webinar series funded by UNHCR:
 - Disseminate findings from existing projects
- Partnership with e-MFP (under development)
 - Facilitate communication and coordination

Introduction of speakers

- Dr. Ilonka Rühle, heads the Division of Eastern Europe, Caucasus and Iran at Savings Banks Foundation for International Cooperation (SBFIC)
- Anja Deinzer, regional director for the Caucasus region of SBFIC



Project Overview

- Name: Economic Integration of Syrian Refugees in Armenia
- Timing / Funding: began January 2016, concludes 3rd quarter 2017, funded by GIZ (funds stem from German Ministry for Economic Cooperation special fund to support refugees)
- Purpose: Syrian Refugees can take active part in the Armenian economy and earn their own livelihood
- Target population: 13,000 Syrian refugees currently living in Armenia
- Activities:
 - a. training: financial education and entrepreneurship;
 - b. improving access to financial services

Legal Status of Syrian Refugees in Armenia

- Citizenship is possible (Syrians are quite often of Armenian ethnicity and Christians) but not always sought, as some use Armenia as a travel hub
- Syrians without a passport do not have access to financial services
- Syrians with a Syrian passport do have access to a restricted range of products
- Alternative IDs, which state people's status as refugees, allow for restricted access to products and services, but rights with this are unknown

Challenges to Financial Inclusion of Syrian Refugees

- **From the refugees**
 - Unaware of their rights to access financial services
 - Don't know uses of their alternative ID
 - More comfortable in informal markets / their own community
- **From the regulators**
 - Uniform rules for all users of financial services, no exemptions
 - Often unclear legal status of refugees

Challenges to Financial Inclusion of Syrian Refugees (continued)

- **From financial service providers (FSPs):**
 - Are not interested / do not see the business case
 - Assume transient population
 - Are not sure about legal status
 - Fear of backlash from the regulator if deviating from ruling regulation
 - Impose exclusionary requirements - collateral and guarantors - which refugees often do not have
 - Do not understand the problem (“there is access to financial services”)



Project Activities - Overview

The project has four main elements:

1. Establish the legal ground to serve the target group
2. Connect the financial sector with the target group
3. Train and build capacity within the target group
4. Enable access to credit finance

Considerations for Outreach to Regulators

- Regulators define how FSPs act - if they are strict, providers will be strict towards their clients
- Regulators do not allow for exemptions to the rules for FSPs (no special treatment for refugees)
 - Legally valid documentation of the client's identity
 - Legal address mandatory
 - In case of loans: sound documentation of repayment capacity and available collateral



Outreach to Regulators: the Strategy

- Develop a communication process that involved all stakeholders
- Define the challenges and opportunities of addressing the financial needs of refugees
- Hold face-to-face meetings
- Establish a common understanding

Outreach to the Target Group: the Approach



Specific training: <http://s-simulations.com/index.php/de/>

Project Results - Overview

- Created a level playing field for all clients of financial services
- Harmonized procedures for access to finance (uniform procedures) for all clients (Armenians/refugees)
- Trained the target group (approach: modified multiplier)
- Modified the procedures of the Revolving Credit Fund and the supporting activities with the Ministry of Economic development



Project Results (continued): Details on regulatory changes

- Regulation did not change, however:
- The legal requirements for accessing financial services were streamlined and clearly communicated to the market participants
 - Legal status (including ID issues)
 - Collateral requirements



Project Results (continued): Detail on Connecting Target Group to the Financial Sector

- Respond to the needs of the target group – immediate needs to know about relevant products (money transfers!)
- Improve on the ability to integrate (strengthen economic capacity / entrepreneurial knowledge)
- Sensitize financial industry for the needs of refugees



Project Results (continued): Detail on Outreach to the Target Group

- 1,500 refugees trained and have relevant knowledge on products and services of Armenian financial market
- Some 650 refugees participated in measures to increase economic capacity
- Another 100 refugees participated in special training – they are now able to apply for funding from Revolving Credit Fund

Key Lessons Learned

- Provide information on the target group
- Communicate that serving target group is legal, easy, and basically works like catering to the national population
- Employees of financial service providers are trained to understand the cultural differences between domestic and new clients (e.g., forced displaced persons from Syria)
- Members of the target group of Syrian refugees with relevant educational background get the opportunity to take part in a basic training in the financial sector that would qualify for an internship.

Key Lessons Learned (continued)

- Do not propose a solution for a specific target group; instead improve financial access for all
- Involve members of the target group in training activities
- Involve all relevant governmental bodies in a joint dialogue when addressing challenges related to legal status of refugees
- Regulators are cautious – adapt to this by carefully defining for them all relevant scenarios for refugees



Discussion

- Comments?
- Questions?

Thank you!

- For further information, contact SPTF at info@sptf.info
- Refugee resources are posted here : <https://sptf.info/working-groups/refugee-microfinance>
- Save the Date! Webinar to share experience from Italy on financial inclusion of refugees will be **Thursday, 11 May 2017, at 10h00 (EDT)**