Refugees Working Group Webinar:
UNCDF’s Financial Inclusion of Refugees

Speakers: Pamela Eser, Ivana Damjanov, Bram Peters, Nandini Harihareswara, UNCDF

Facilitator: Amelia Greenberg, SPTF

7 December 2017
Agenda

- Introduction to Webinar Series (5 min)
- Joint Programme UNHCR-UNCDF (2 min)
- UNCDF current programming for refugees:
  - Tanzania, Uganda, Zambia (36 min)
- Questions and Answers (15 min)
- Conclusion (2 min)
Introduction to the SPTF working group on financial inclusion of refugees

- Funded by UNHCR
- 2015-16: created resources
- 2017: six-part webinar series to disseminate findings from existing projects

https://sptf.info/working-groups/refugee-microfinance
Introduction of UNCDF Speakers

Pamela Eser, New York

Ivana Damjanov, Tanzania

Bram Peters, Uganda

Nandini Harihareswara, Zambia
UNHCR-UNCDF Joint Programme to Financially Include FDPs and Host Communities

PURPOSE
- Financial Inclusion Framework developed by UNCDF in response to UNHCR Comprehensive Refugee Response Framework (CRRF)
- The Joint Programme manifests One UN Operation model and a strong demonstration of global partnership between humanitarian-development UN agencies
- Concerted effort across UNHCR operational capacity and UNCDF technical and financial capacities towards a global sustainable livelihood agenda for FDPs

FOCUS COUNTRIES: Cameroon, Chad, DRC, Ethiopia, Kenya, Rwanda, Tanzania, Uganda, Zambia

TECHNICAL PARTNERS

- **DIGITAL IDENTIFICATION**
  - Identify the digital identification providers and technologies and invest in the implementation of digital identification initiatives

- **FSPs/MNOs**
  - Build the business case: research on customer behavior, agency and norms, product and channel development

- **PAYMENT SERVICE PROVIDERS**
  - Provide Technical Assistance to providers for setting up agent networks, ensuring liquidity, and planning disbursements

- **REMITTANCE SERVICE PROVIDERS**
  - Invest in products and business models that reduce the cost of remittances and link remittances to broader financial services
  - Identify constraints and influence policymakers to adapt to regulations conducive to social and economic inclusion

- **Policymakers/Regulators**
  - Support transition from cash disbursements to digital
  - Address economic development/livelihood/resilience programming via financial inclusion lens
Expanding Access to Finance In Nyarugusu Refugee Camp - Tanzania
Overview of Nyarugusu Refugee Camp

<table>
<thead>
<tr>
<th>Country of origin</th>
<th>Pop before 2015 - Nyarugusu</th>
<th>Pop October 2017 - Nyarugusu</th>
<th>Total Refugee Pop in TZ (3 camps) as of Oct 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi</td>
<td>2,369</td>
<td>69,065</td>
<td>278,801</td>
</tr>
<tr>
<td>Congo</td>
<td>61,841</td>
<td>80,080</td>
<td>80,176</td>
</tr>
<tr>
<td>Total</td>
<td>64,210</td>
<td>149,145</td>
<td>358,977</td>
</tr>
</tbody>
</table>

49% Female / 51% Male
76% Women & Children under 18

$30-35 USD Average HH expenditure

40,000 asylum-seekers in Tanzania
Mobile Situation in the Camp

2/3 of households in Nyarugusu have access to at least 1 mobile device
- 65% of men vs. 47% of women
- 69% of Congolese vs. 43% of Burundians

Installation of cellular tower in the camp in 2016 improved mobile access for refugees
- Operates at full capacity – 180,000 calls per day
- Users spend an average of $3 USD per month, 10% of reported expenditures on phone

Phone users use their mobiles for a number of types of transactions
- 22% receive international remittances via mobile phone
- 14% use mobile money for savings
- 49% of mobile money users use at least once per month or more frequently

73% of users report charging as a barrier to frequent phone use

Refugees without mobile phones report that the biggest obstacle is handset cost

Data from GSMA 2017 Report:
Mobile is a Lifeline: Research from Nyarugusu Refugee Camp, Tanzania
Challenges & Opportunities

Restrictive Refugee Policy
- Mobility
- Employment
- Nat’l ID

TZ is a pilot country for CRRF

Pilot project on national ID issuance for refugees

Pay-go & DFS solutions exist and rapidly expanding

Common market established and flourishing

Digital Cash-based transfers piloted successfully

Digital rails being established; MNOs present & thriving; Banks showing interest

No connection to electrical grid

Low access to cash/Cash-based transfer programme suspended

Little access to markets & land for farming

Poor access to capital - informal & formal channels

Low CP awareness & DFS capability

Low access to markets & land for farming

Pay-go & DFS solutions exist and rapidly expanding

Common market established and flourishing

Digital Cash-based transfers piloted successfully

Digital rails being established; MNOs present & thriving; Banks showing interest
Objective: Deepen access to finance for refugees through savings groups with eventual digital linkage of groups to formal financial service providers.

Pilot Activities:
• Strengthen and establish savings groups in Nyarugusu refugee camps.
• Develop and implement financial capability and digital literacy programming using SMS messaging and tablet-based applications.
• Develop a roadmap for eventual scale up of efforts throughout the Kigoma region (camps and host community).
Key Insights from Research

Nearly half of the refugees interviewed want to start businesses in the camp (46%). Only 11% want to leave the camp or go home.

~ Arifu

All of the respondents in savings groups improved their money management capabilities, save more frequently, have more income-generating ideas, and feel more socially empowered compared to respondents not in groups.

~ MicroSave

No NGO or organization currently offers financial education in any of the 3 camps.

~ Key Informant Interviews

Digital devices “hit the eyes” of refugees. They are highly interested in tablet-based training.

~ Fundación Capital

Access to education is closely associated with aspirations and hopes for the future.

~ GSMA
**Next Steps**

- **Curriculum development, ToT**
- **Pilot rollout**
- **Pilot evaluation & adaptation**

Scale-up to other camps and host community

Additional components to be considered:
- SG bookkeeping application
- Agent training & mgmt.
- Policy advocacy
- FSP on-boarding
- SG resource centre
- Research component

Establish new and strengthen existing savings groups
Digitization of Cash-Based Transfers in Bidibidi settlement in Uganda
Snapshot refugee situation in Uganda

1,400,218 Refugees and asylum seekers (as of 31 October 2017)
30 Refugee settlements

South Sudan: 1,057,809
- DRC: 230,358
- Rumbi: 39,289
- Others*: 36,517
- Somalia: 36,245

*Others include refugees from Eritrea, Ethiopia, Rwanda, Sudan and other countries of origin.

61% Children
52% Women and girls
8% Urban refugees
2% Eldery

Bidibidi settlement
Established: Aug 2016
Population: >285k
Project to Digitize Cash-Based Interventions

- **Objectives**
  - Development of sustainable Mobile Financial Services ecosystem in Bidibidi settlement to lay the foundation for other digital financial services

- **Scope**
  - Location: Bidibidi settlement in Yumbe district
  - Digitization of Cash Based Interventions (CBI) for refugees and host community
  - >10,000 refugees and members of host community receiving payments digitally

- **Timeline**
  - July to December 2017

- **Partners**
  - [DCA](#)
  - [MERCY CORPS](#)
  - [Airtel](#)
Challenges and Lessons Learned

- Market development “from scratch”
- Pyramid of conditions for digitization of payments

- Expectations humanitarian development partners (demand) vs Mobile Network Operators (supply)
Next steps

- On-board more CBI partners to use Mobile Money eco-system
- Scope for potential entry of other Financial Service Providers
- Scope for additional Mobile Money use cases

Agent in Yangani, Zone 5

Pop-up Help Desk to support with registration

New Airtel Service Center in Zone 1
Digitization of Cash-Based Transfers in Meheba Refugee Camp in Zambia
Zambia: Snapshot refugee situation

- 57,173 Refugees (25,000 adults) & Host Community members
- 3 Settlement Camps
- Place of origin:
  - Democratic Republic of Congo (41%);
  - Angola (35%);
  - Rwanda (11%);
  - Burundi (8%);
  - Somalia (5%);
  - Other countries (1%)
**Project Objectives**

- Support the digitization of the CBIs to the Persons of Concern (new arrivals & vulnerables) in Meheba refugee settlement

- Develop a roadmap for the scale up of digitization efforts in Meheba and Mayukwayukwa refugee settlements

- Develop a roadmap that can be adopted by other UNHCR country programmes to adopt digitization of the various cash-based interventions
Overview of Meheba Settlement

- Meheba settlement opened in 1971; situated 75 km from Solwezi near the borders of DRC and Angola
- Covers 720 sq km; population of 20,469 refugees and former refugees as of August 2017
- Population distributed in different blocks from A to H
- Population growth linked to new arrivals and local integration/resettlement
- UNHCR provides ZMW.100 per new arrival and vulnerable
- Identity
  - Proof of registration (at household level)
  - Refugee card (once in a year), with a validity of three years and on expiry can apply for an alien card
  - Angolan and Rwandan refugees who have been locally integrated (former refugees) can apply for resident permits
- Mobility
  - Refugees need gate pass to move out of settlement
  - Former refugees have no mobility restrictions and can move around freely
## Snapshot of Refugees in Meheba

<table>
<thead>
<tr>
<th>Country of origin</th>
<th># of households</th>
<th># of people</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi</td>
<td>621</td>
<td>1,402</td>
</tr>
<tr>
<td>Congo</td>
<td>2,255</td>
<td>8,114</td>
</tr>
<tr>
<td>Rwanda</td>
<td>1,084</td>
<td>3,636</td>
</tr>
<tr>
<td>Somalia</td>
<td>129</td>
<td>194</td>
</tr>
<tr>
<td>Zambia</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Angola</td>
<td>1,805</td>
<td>7,084</td>
</tr>
<tr>
<td>Others</td>
<td>13</td>
<td>34</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,908</strong></td>
<td><strong>20,469</strong></td>
</tr>
</tbody>
</table>

*This number includes refugees who are registered in Meheba but are currently not residing there

**Type of beneficiaries # of beneficiaries % of beneficiaries**

<p>| | | |</p>
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<tr>
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</thead>
<tbody>
<tr>
<td>New arrivals</td>
<td>1,832</td>
<td>82%</td>
</tr>
<tr>
<td>Vulnerable</td>
<td>416</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,248</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Based on phone and SIM ownership survey**
## Research insights: Customers

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New arrivals</strong></td>
<td>Prioritise spending on <strong>food</strong> items and <strong>seed</strong></td>
</tr>
<tr>
<td><strong>Women</strong></td>
<td>Prioritise <strong>education</strong> and aspire to buy <strong>batteries</strong> for their flashlights in addition to the food items and seed for farming</td>
</tr>
<tr>
<td><strong>Only the influencers and other residents</strong> (non-CBI)</td>
<td>Spent more on <strong>airtime</strong> i.e. &lt; ZMW 10/month for Non-CBI and &lt;ZMW 2/bi-monthly for new arrivals</td>
</tr>
<tr>
<td><strong>The vulnerable and women</strong></td>
<td>Expressed interest in <strong>storing money</strong> and a need for <strong>financial management</strong> education</td>
</tr>
<tr>
<td><strong>Men from the new arrivals and the vulnerable</strong></td>
<td>Access <strong>informal credit</strong> from women-run shops</td>
</tr>
<tr>
<td><strong>Women did not have access to credit</strong></td>
<td>Due to <strong>social norms driving ‘barter’</strong> i.e. exchange of consumable goods for selling self</td>
</tr>
<tr>
<td><strong>Women provided credit</strong></td>
<td>Through <strong>business</strong> driven by social norms rather than business interest</td>
</tr>
<tr>
<td><strong>All categories</strong></td>
<td>Mentioned <strong>school fees</strong> as priority spending</td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td>Did not emerge as priority unless if money is sent by phone</td>
</tr>
</tbody>
</table>
## Research insights: Potential Agents

<table>
<thead>
<tr>
<th>Establishment</th>
<th>Distance</th>
<th>Pricing</th>
<th>Existing agent</th>
</tr>
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</table>
| • New arrivals and the vulnerable opine that trusted institutions such as the church/mosque and NGOs such as the Refugee Alliance/UNHCR should act as agents. | • The location from potential agents is not priority at the moment for both CBI (opportunity-cost) and Non-CBI residents. Demand should precede supply in agent network roll-out. | • Other residents (Non-CBI) would prefer using agency within Meheba only if the pricing is appropriate.  
• CBI beneficiaries were not as sensitive to pricing due to current opportunity cost. | • The only existing agent has shown interest in rolling out sub-agents only with adequate support including favourable commission revenue (as a master agent). |
A small minority of respondents reported receiving international remittances from family and friends abroad. Source countries mentioned were the DRC, South Africa, United States, Canada and Sweden.

These remittances were sent through Western Union mainly. There was an exception where one recipient received money from a relative travelled regularly between the DRC and Zambia and sent money to the refugee on Airtel money.

Shoprite – The grocery store provides local and international remittance. Residents at Meheba use this service for purchase of personal and business items (second hand clothes) from neighbouring Solwezi town is also prevalent through taxi drivers who would courier money for free. The taxi drivers only made money by charging for the transport of goods – for example one ‘meda’ (10Kg) of grain at ZMW 10.

It was also noted that a significant amount of local remittance was done into the refugee camp through Airtel Money, albeit at double the official rate for withdrawals. This was unfortunately only cited for women for services rendered within the camp - the extent to which was not verifiable.
### Research insights: Overview of Phone and SIM survey

<table>
<thead>
<tr>
<th>Key Facts</th>
<th>Cash Disbursement Dates: 5th – 14th September (8 days)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>No. of individuals in beneficiary list: 2535 (2,252 N, 283 V)</td>
</tr>
<tr>
<td></td>
<td>No. of households in beneficiary list: 822 (717 N, 283 V)</td>
</tr>
<tr>
<td></td>
<td>Total interviews completed: 775 (households)</td>
</tr>
<tr>
<td></td>
<td>Beneficiaries who declined being interviewed: 24</td>
</tr>
<tr>
<td></td>
<td>No. of new arrivals interviewed: 513 (households)</td>
</tr>
<tr>
<td></td>
<td>No. of vulnerable interviewed: 262 (households)</td>
</tr>
</tbody>
</table>

- **N**: New Arrival, **V**: Vulnerable

#### KYC for Refugees
- 31% Only 244 out of the 775 households had refugee cards.
- Acceptance of ‘proof or registration’ document as KYC document is critical for digitisation of CBI.

#### Mobile Phone Ownership
- 51% 392 households owned a mobile phone while 383 households (49%) did not own a mobile phone. *Interestingly, only 449 CBI beneficiaries (20%) out of 2,248 covered had mobile phones.*

#### Pre-registered SIM Card
- 88% Of the 452 households owning a mobile phone, 396 had pre-registered SIM cards while only 56 households (12%) had SIM cards registered in their name.

#### Awareness about Mobile Money
- 12% Only 92 respondents were aware about mobile money while remaining 683 respondents (88%) were unaware.
Research insights: Phone Ownership and Network usage

Phone Ownership

49% of the households surveyed did not own phones. The survey did show that some households had multiple phones in the household. This is reflected in the fact that only 449 CBI beneficiaries out of 2,248 surveyed had ownership of phones (20%).

Network Usage

The phone and SIM ownership survey with CBI beneficiaries shows that 46% of the households did not have access to a SIM card and 10% of HH have multiple SIMs. Clear preference towards Airtel than any other network.
**Cash-based Intervention Disbursal: Existing Process**

1. **Registration Officer at UNHCR Solwezi** verifies the list and adds names of eligible vulnerable for CBI (10 days)

2. **List of new arrivals** generated from ProGres and consolidated by COR (4 days)

3. **Approved list shared** with MCDSS Solwezi office for processing (13 days)
   - MCDSS project accountant gets approval and prepares cheque (7+ days)

4. **MCDSS CBI Social Welfare Officer** travels to Solwezi, with police escorts, collects money and returns to Meheba (15 days)
   - CBI distributed from block to block, verification of beneficiary against Proof of Registration

5. **Reconciliation and post disbursement** by MCDSS (7+ days)
   - Report submitted to UNHCR

Total time from identification to reconciliation takes over 51 days (10 days + 4 days + 13 days + 15 days + 7+ days)
Cash-based Intervention Disbursal - Proposed Process

1. COR generates list of all eligible new arrivals using ProGres*
2. COR share list with UNHCR for validation and approval
3. UNHCR registration officer adds the list of vulnerable refugees to the new arrivals list- Responsibility COR
4. List approved by UNHCR

DFSP sends report on successful and failed transfers and returns the undisbursed funds to UNHCR

List Generation

1. Proof of registration at household level issued by COR to new residents - Responsibility COR
2. Representatives of household gets digital account in his/her name from agents at each block - Responsibility beneficiary
3. Vulnerable CBI beneficiaries open digital wallet- Responsibility beneficiary and UNHCR
4. Representatives of household updates his/ her digital account number at COR- Responsibility beneficiary and COR
5. Vulnerable CBI beneficiary updates their digital account number with UNHCR at Meheba Admin Block- Responsibility beneficiary

Fund Transfer and Withdrawal

1. List and funds are sent to DFSP- Responsibility UNHCR
2. Bulk payment transfer by DFSP to individual digital accounts of beneficiaries as per list- Responsibility DFSP
3. Beneficiaries receives SMS confirmation
4. Beneficiaries withdraw CBI for their digital wallets at agents in Meheba- Responsibility DFSP (liquidity and availability of agents)
Cost benefit for UNHCR

1. Step 1-2 are not digitised and hence monthly cost for these steps is not affected.

2. Digitisation of step 3, 4, and 5 brings down UNHCR's monthly cost for these three steps by 47%.

3. Digitisation of step 3, 4, and 5 brings down total time taken for one disbursement cycle by 61% (31 days).

Projected Benefits:
- CBI can be distributed on a monthly basis instead of once in two months.
- 748 new CBI beneficiaries could be added from the savings by digitisation.
Key Insights from Research

Cash based intervention is key to refugees which helps the refugees to adapt to new land, opportunities and provides cushion as they start their life again.

Digitisation has the potential to reduce challenges for all stakeholders (like predictability in payment, ensuring the right person is paid, reporting to UNHCR).

CBI list generation (new arrivals and vulnerable) has the potential to continue to be a crucial bottleneck. Main concerns revolve around:
- On-time generation of list
- Verification of beneficiaries before generation of list
- Ensuring all eligible beneficiaries are added in CBI list and non-eligible ones deleted

Cost benefit for residents of Meheba
- Digitisation can potentially reduce the cost for non-CBI refugees for P2P and receiving salaries and pay only for cash out services

SIM ownership amongst CBI beneficiaries
- Phone ownership is very low amongst beneficiaries - 20% at individual level, 51% at household
- Gender gap in phone ownership is 7% (male 13%, women 6%)
- Only 12% of the CBI beneficiary households who owned mobile phones had SIMs registered in their names
- Only 12% of CBI beneficiary households have heard of mobile money and 8% have used it

Respondent’s preferences for agents
- From the refugee community
- Existing business, church or UNHCR
- Should maintain liquidity to enable transactions
- Should be easily accessible

Potential agent’s expectations
- Commission should make business sense, high operational cost in Meheba
- Support for liquidity management given no FSP in 32KM radius
- Training on how to carry out transactions and improve business
- Support on compliant and grievance redressal
- Businesses are unregistered due to cost and lacking documentation
## Potential Challenges

<table>
<thead>
<tr>
<th>Agent value proposition</th>
<th>Beneficiary list generation and payment</th>
<th>Technical pilot</th>
<th>Sensitisation for technical pilot and pilot</th>
<th>Communication to refugees</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ensure complete product development caters for all stakeholders’ value propositions. Pilot should be in line with existing disbursement cycles or in advance to ensure lack of disruption.</td>
<td>• UNHCR and partners’ timely generation of list is critical for on-time payment. UNHCR and partners to have consensus on payment to one beneficiary vs. all beneficiaries</td>
<td>• Identification of 50 refugees for technical pilot, on-boarding of the refugees, preferably with refugee cards (while approval for other Know Your Customer is sought)</td>
<td>• Technical and financial education training of refugees on the new process</td>
<td>• Effective communication to refugees in the new method of disbursement</td>
</tr>
</tbody>
</table>
Next Steps to Increase Uptake and Usage

- Digitisation of CBI
- Basic DFS used by beneficiaries and other residents
- Digitisation of other interventions by UNHCR
- Introduction of additional products like commitment savings
- Digitisation of salary payments and other services by NGOs, Government institutions in the settlement
- Digitisation of merchant payments as ecosystem develops
Discussion

• Comments?
• Questions?
Thank you!

• Please feel free to contact us:
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  - Bram: bram.peters@uncdf.org
  - Nandini: nandini.harihareswara@uncdf.org
  - Amelia: ameliagreenberg@sptf.info

• Refugee resources are posted here: https://sptf.info/working-groups/refugee-microfinance

• Next SPTF refugee webinar date 13 December 2017