

Refugees Working Group Webinar: **ARC and KIMS Microfinance Project to support Refugee Returnee livelihoods in Somalia**

Speakers:

Justin Sykes of KIMS Microfinance

Abdinur Abdirahman Abdi of American Refugee
Committee

Facilitator: Amelia Greenberg, SPTF



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Agenda

- Introduction to Webinar Series (5 min)
- Presentation of the project (15 min)
- Discussion of challenges and results (30 min)
- Questions and Answers (10 min)

Introduction to the SPTF working group on financial inclusion of refugees

- Six-part webinar series funded by UNHCR:
 - Disseminate findings from existing projects

Introduction of speakers

- **Justin Sykes**, Managing Director, Innovest Advisory and Board Member, Kaah Microfinance
- **Abdinur Abdirahman Abdi**, Area Manager, Jubaland, American Refugee Committee (ARC)

Project Context



- About 4.9 million Somalis are in need of life-saving and livelihoods support and 1.1 million remain internally displaced
- After more than two decades of living as refugees in surrounding countries, Somalis are beginning to return home
- Between 2014 and 2017 a total of 108,498 Somali refugees returned to Somalia; 73,943 from Kenya, 33,921 from Yemen (33,511 spontaneous and 418 assisted) and 626 from other countries of asylum (589 from Djibouti, 34 from Eritrea, two from Tunisia, and one from Pakistan)
- Most of the returnees (approx. 70%) have resettled in Kismayo. In 2017 these numbers have increased and will continue to rise
- UNHCR has developed a plan to repatriate about 70,000 Somali refugees from the Dadaab refugee camps in Kenya

Challenges of Return

- The majority of returnees have been away for more than two decades, and face significant challenges to reintegrate:
 - Risk of exacerbating conflicts over resources
 - Lack both the capacity and resources to build and sustain new post return livelihoods
 - Poor integration with host community - many returnees do not have any family or friends in their return towns
 - Rural destinations are in the hands of Al-Shabaab
 - Few livelihood opportunities for single mothers (running households) compared to men
 - Strong need of social and psychosocial support
 - Few livelihood opportunities for youth returnees who face high protection risks

Rebuilding communities and creating job opportunities is therefore critical to their lasting re-integration with their respective host communities

Project Overview

- **Name:** Refugee Returnees Reintegration Project
- **Managed by:** ARC (KIMS responsible for microfinance component)
- **Timing / Funding:** 2016/2017, \$4.8 million
- **Purpose:** Strengthen access to livelihoods capacity development and promotion refugee self-reliance
- **Target population:** Refugee returnees with a priority focus on vulnerable women and youth
- **Activities:**
 - a. Technical, vocational and leadership skills training that enables young people to secure gainful employment
 - b. Microfinance services (enterprise financing and micro savings accounts) provided refugee returns to facilitate economic integration
 - c. Short term employment opportunities through Cash for Work
 - d. Housing provision through construction of permanent houses and its associated public utilities i.e. School, health clinic, water supply and market

Training and Skills Component

- Develop a digital job placement cross-border platform to connect job-seeking Somali refugees, planning to voluntarily return to Somalia, with prospective employers. Develop a cross-border livelihood strategy and carry out a skills mapping survey for Somali refugees living in Kenya
- Train qualified youth in relevant areas such as automotive mechanics, horticulture and related agri-business development and information and communication technology (ICT) skills.
- Provide cottage (home-based) industry training.
- Provide numeracy and literacy training for adults as well training in business, entrepreneurship and financial management.
- Provide business start-up micro-loans and grants for small scale trading, agriculture and horticulture enterprises.
- Provide youth and business owners entrepreneurial mentorship opportunities.
- Establish and support Village, Saving and Loan (VS&L) groups
- Advocacy and work/business permit and license facilitation for refugees
- Conduct Career Guidance and Counseling.
- Employment creation through value chains with growth potential
- Training in savings and asset management.
- Market surveys for business opportunities

Training and Skills - Key Lessons Learned

- Training is essential for the long term sustainability of livelihoods within the target communities.
- Skills training is an appropriate intervention specifically for youth and women.
- Linking of skills training such as TVET with microfinance such as start-up funding increases the likelihood of achieving sustainable employment outcomes for households
- Skills training empowers vulnerable groups within the target community

Microfinance Component

- Allocation of USD \$580,000 as a revolving loan fund between June 2016 and June 2017
- 900 beneficiaries including individuals, groups and cooperatives
- Entire fund was disbursed to the identified beneficiaries with strong additional unmet demand
- Encouraging repayment trends to date and many have qualified for follow up financing



Financial Literacy training



Transparent application process



Murabaha financing

START-UP FINANCING: REFUGEE RETURNEE



Making a Successful Return
Ikran, Small Business Owner, Kismayo

Impact: 550 youth returnees supported to start micro and small businesses via training and financing including retail shops, food production and restaurants



Training for fishermen and the fisheries sector



Support to Value Chain development



Murabaha and Ijara financing to Fisheries Coops

BUSINESS EXPANSION FINANCING



Reestablishing a Fisheries Industry
Hassan, Fisherman, Kismayo

Impact: Fisheries cooperatives supported with financing and training to expand activities such as boat building, fish processing and distribution. 350 returnee refugees have joined as new members.

Microfinance - Key Lessons Learned

- Microfinance provision via this project has enabled returnees to access formal financial services, including savings for the first time
- Refugee returnees have successfully repaid financing (95%+ repayment)
- Financial institutions have recognised that returnees are a viable client base and have demand for a broader range of financial services
- Increased household incomes as a result of microfinancing of their business activities are having direct and indirect positive spill over effects
- Direct: job creation as business grow, dependency on aid reduced, local economic stimulus
- Indirect: household nutrition improved, families can pay schools fees, women empowered in societal decision making, greater social cohesion.

Microfinance - Challenges

- Some refugee returnees are extremely poor and are unable to mobilise a guarantor or find other members to join a group loan scheme.
- Microfinance loans may not be the most appropriate for the extremely poor and a VSLA model should be considered eventually graduating beneficiaries onto microfinance. Need to enhance public visibility of the programme as there is limited awareness of the scheme among returnees
- The program doesn't reach all the vulnerable returnees so there is need to scale up
- A greater range of financial services should be considered including insurance products.

Planned Next Steps

- 45,000 returnees expected from Dadaab camps in 2018
- Expansion of women and youth skills training programme directly linked to private sector needs
- Expansion of microfinance programme to facilitate self employment through entrepreneurship
- Provision of permanent houses with associated public facilities for the returnees, IDPs and vulnerable host families.

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>