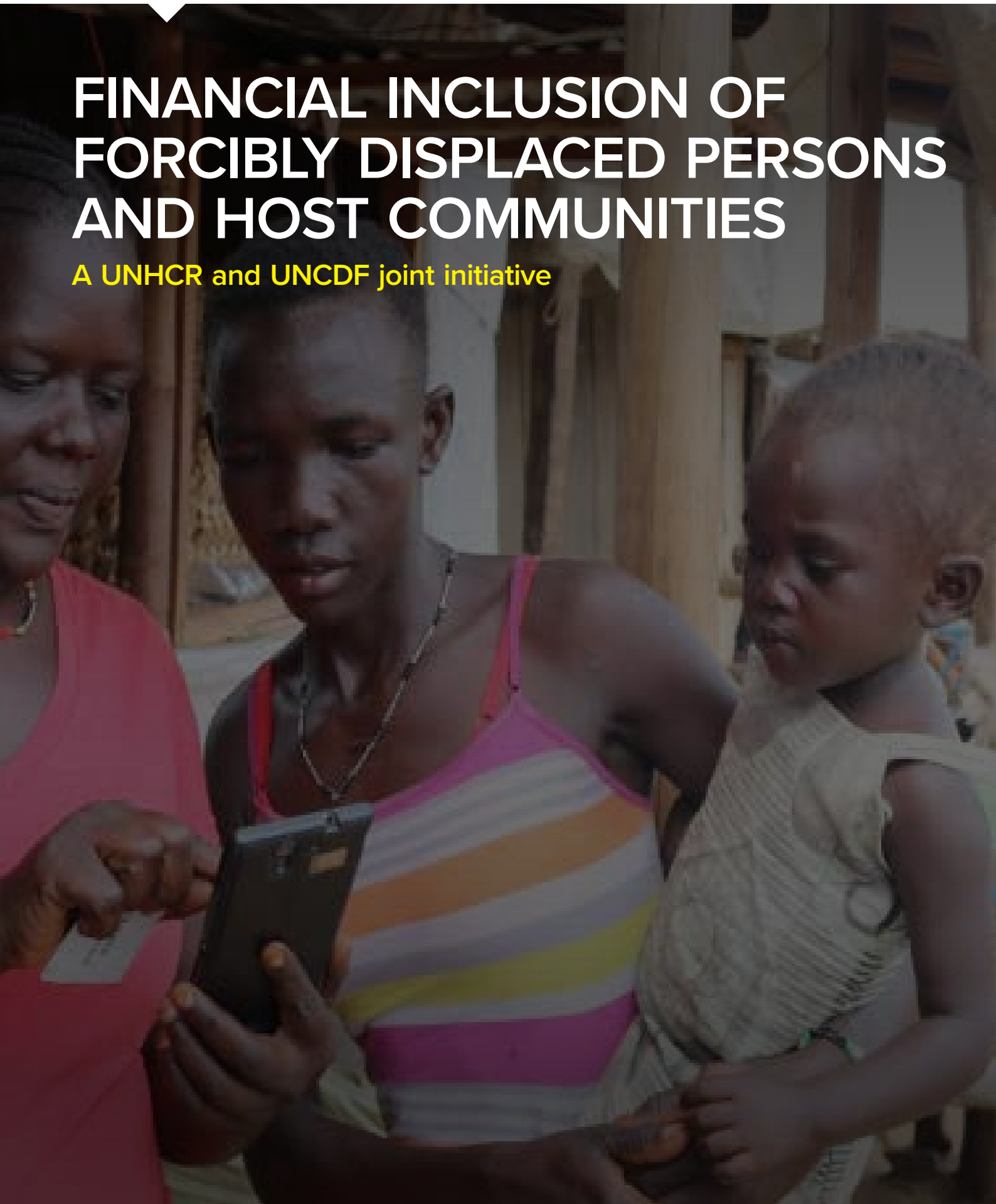


# FINANCIAL INCLUSION OF FORCIBLY DISPLACED PERSONS AND HOST COMMUNITIES

A UNHCR and UNCDF joint initiative



## About UNHCR

UNHCR, the UN Refugee Agency, is mandated by the United Nations to lead and coordinate international action for the worldwide protection of refugees and the resolution of refugee problems. The organization delivers life-saving assistance like shelter, food and water, helps safeguard fundamental human rights and develop solutions that ensure people of concern to UNHCR have a safe place to call home where they can build a better future. It also works to ensure that stateless people are granted nationality. UNHCR works in 128 countries around the world on behalf of 71.4 million people.

## About UNCDF

The UN Capital Development Fund (UNCDF) **makes public and private finance work for the poor in the world's 47 least developed countries.** With its capital mandate and instruments, UNCDF offers “last mile” finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF’s financing models work through two channels: **financial inclusion** that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how **localized investments** — through fiscal decentralization, innovative municipal finance, and structured project finance — can drive public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a number of different SDGs.

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# KEY DEFINITIONS

## Glossary

### Cash-based interventions

Refers to all interventions in which cash or vouchers for goods or services are provided to refugees and other people of concern on an individual or community basis. The concept does not include cash or vouchers provided to governments or other state actors or payments to humanitarian workers or service providers. The term can be used interchangeably with cash-based transfers, cash transfer programming and cash assistance.

### Comprehensive Refugee Response Framework (CRRF)

This framework is now being applied in a range of specific situations, through the mobilization of existing and new partnerships with development actors, humanitarian NGOs, the private sector and civil society under the lead of host governments. It contains four key elements aimed at providing more predictable and sustainable responses to large movements of refugees so as to:

- Ease pressure on hosting countries;
- Enhance refugees' self-reliance;
- Expand access to third-countries solutions;
- Support conditions in countries of origin for return in safety and dignity for refugees.

### Consumer protection

Refers to laws and other forms of government regulation designed to protect the rights of consumers; the means necessary to safeguard the interests of consumers and empower them to know their rights and make prudent and educated decisions on products and services to be acquired or availed of.

### Digital capability

The combination of knowledge, skills and self-efficacy needed to engage in a digital world. In this document, pertains to use of mobile phones, tablets, computers to access financial services.

### Digital financial services

The broad range of financial services accessed and delivered through digital channels, including payments, credit, savings, remittances and insurance. Digital financial services models typically employ agents and the networks of other third-party intermediaries to improve accessibility and lower overall service delivery cost.

### Digital channels

Refers to the internet, mobile phones (smartphones and feature phones), ATMs, point of sales terminals, near-field communication-enabled devices, chips, electronically enabled cards, biometric devices, tablets, and any other digital system.

### Economic inclusion

Refers to everyone, regardless of citizenship, having the right to work, and Governments are obliged to take progressive measures to safeguard this right. Non-citizens who are lawfully present in a State are entitled to treatment equal to that enjoyed by citizens in the realm of employment and work.<sup>1</sup>

### Financial capability

The combination of knowledge, skills and self-efficacy needed to make and exercise money management decisions that best fit the circumstances of one's life.

### Financial literacy

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<sup>1</sup> Definition is provided by the United Nations Educational, Scientific and Cultural Organization

The ability to make informed judgments and effective decisions regarding the use and management of money.

Financial products and services

These include savings, credit, payments, insurance, remittances and pensions.

Financial resilience

Ability to access and draw on internal capabilities and appropriate, acceptable and accessible external resources and supports in times of financial adversity.

Fintech

New financial industry that applies technology to improve financial activities.

Multi-year and multi-partner

A multi-year approach that will include UNHCR planning to support inclusion and comprehensive solutions for people of concern and will engage a broader range of partners, including development actors to plan with a longer-term vision.

Persons of concern

A person whose protection and assistance needs are of interest to UNHCR. This includes refugees, asylum-seekers, stateless persons, internally displaced people and returnees.

Portability of identification

The ability to use identification documents across international borders.

Small-balance savings products

Small balance savings products, as defined in the financial inclusion space, pertain to products offered by financial service providers which target low-income populations that have need to safely and conveniently save and access small sums of money.

# ACRONYMS

CBI – Cash-based interventions

CRRF-Comprehensive Refugee Response Framework

DFS - Digital Financial Services

FSP – Financial Service Provider

LDC - Least Developed Country

MFI – Micro-finance Institution

MNO – Mobile Network Operator

POC– Persons of Concern

P2P – Person to person transfers

RCU- Regional Credit Unions

SDG – Sustainable Development Goals

SG – (informal) Savings Group

Sida-Swedish International Development Agency

SME – Small and medium-sized enterprises

TSCU – Trust Savings and Credit Union

UNCDF – United Nations Capital Development Fund

UNDP - United Nations Development Programme

UNHCR – United Nations High Commissioner for Refugees

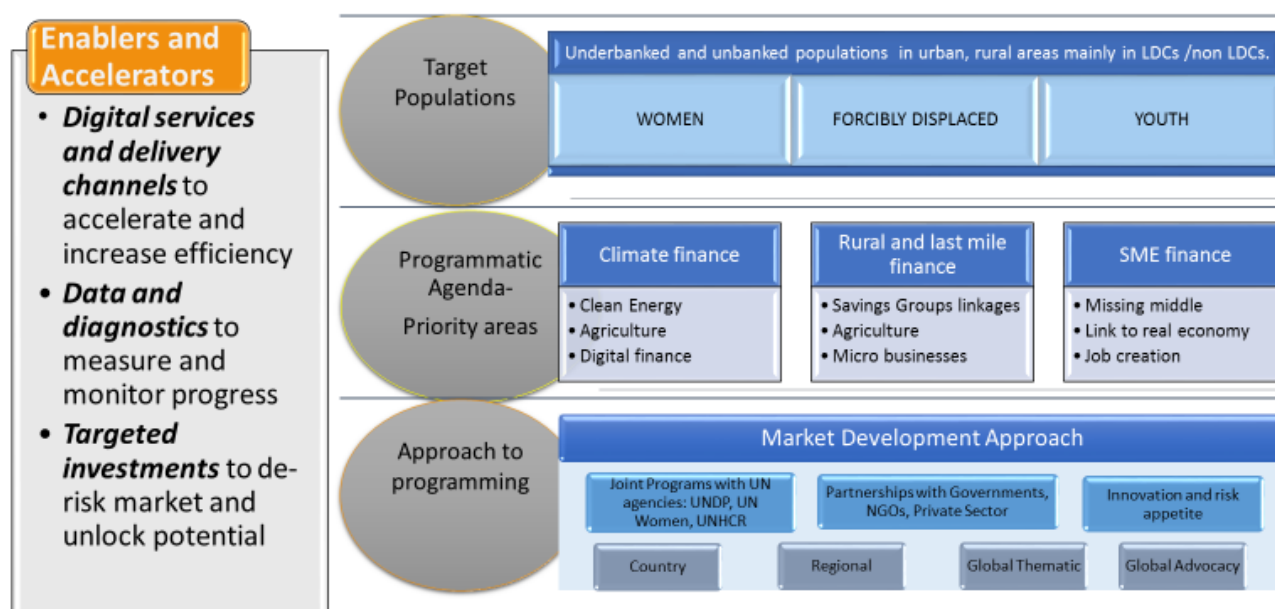
# I. PROPOSED JOINT PROGRAMME

Financial services have a critical role to play in mitigating refugee situations and assisting in a manner that is effective, accountable, and ensures resilience especially for forcibly displaced persons and their host communities in protracted situations. Affordable access to financial services can help refugees cope with negative shocks, reduce exposure to risk, and stimulate economic activity at community levels<sup>2</sup>.

Refugees' financial needs evolve depending on their displacement phase, human and social capital, and migratory plans or possibilities. Their need and demand for financial services also depend on vulnerabilities (e.g., trauma and/or poor health), the level of integration, human and social capital (e.g., education, marketable skills, and familiarity with the host culture), financial inclusion in their country of origin, and – especially – their income generating capacities and opportunities.<sup>3</sup>

To encourage providers<sup>4</sup> to reach this market segment and ensure the targeted populations are empowered to use the services to better their lives, the United Nations High Commissioner for Refugees (UNHCR) and the United Nations Capital Development Fund (UNCDF) are launching a programme to financially include forcibly displaced people (FDP) and their host communities. The Financial Inclusion of FDPs and Host Communities programme will be implemented over a five-year period 2018-2022. This programme was designed under UNCDF's new strategic framework for 2018-2021 and addresses its Financial Inclusion Practice Area's priorities for the new planning period, as shown in Figure 1 below.

Figure 1: UNCDF Financial Inclusion Practice Area (FIPA) Priorities



<sup>2</sup> CGAP 2016

<sup>3</sup> Source: UNHCR/SPTF 2017. Serving refugee populations: the next financial inclusion frontier: Guidelines for Financial Service Providers. UNHCR, SPTF 2016.

<sup>4</sup> Providers include financial service providers, remittance service providers, mobile network operators, payment providers, digital identification providers, fintech providers, etc.

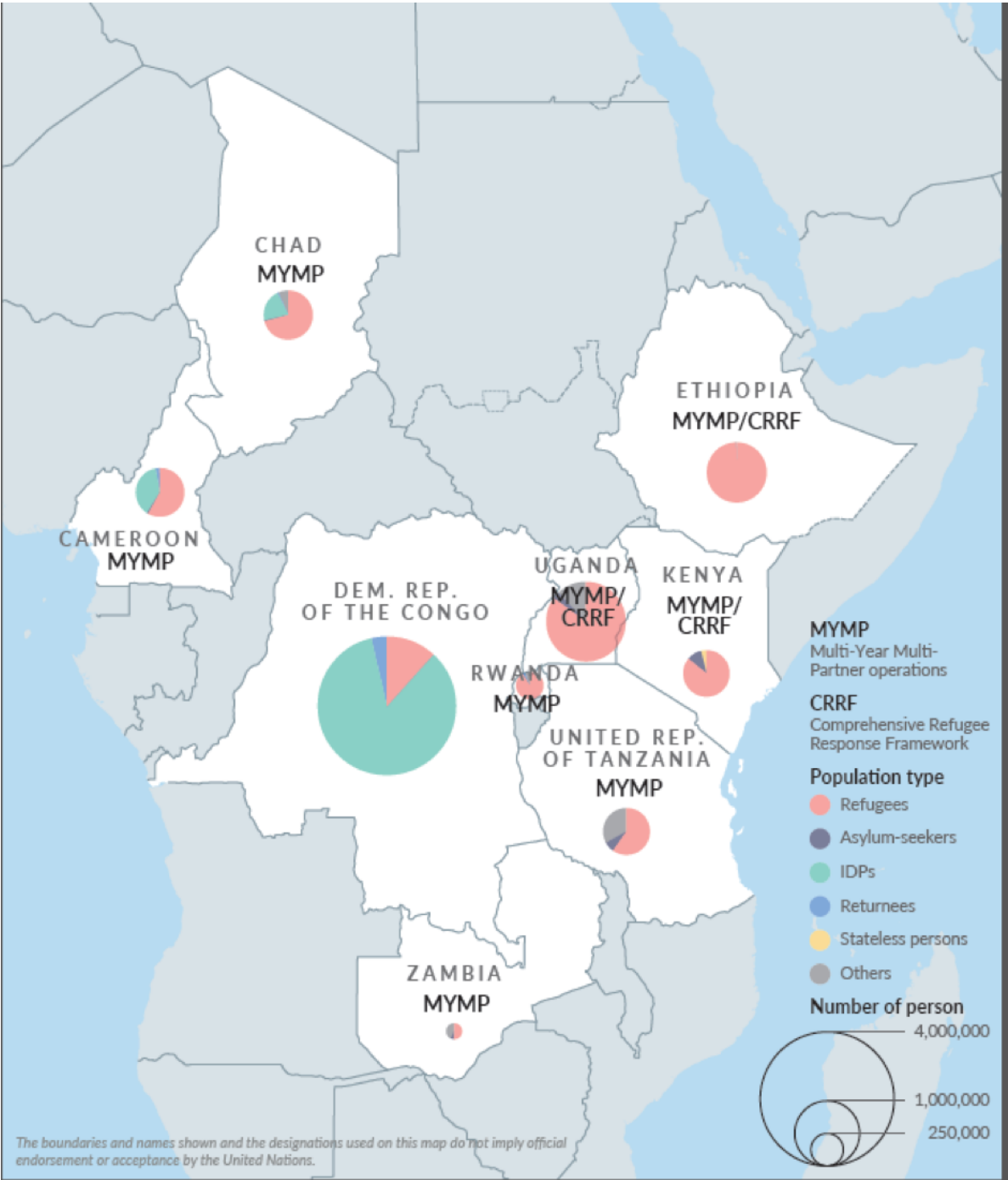
This joint programme will intervene at the supply-side of the ecosystem by supporting providers operating in developing countries to reach refugee communities and other displaced populations, as well as host populations, with demand-driven, client-centric products, services and delivery channels. It will also address the demand side of financial inclusion for forcibly displaced persons and their host communities by developing, testing, and rolling out innovative educational tools to build refugees' financial and digital capabilities. The programme will also engage at the policy and regulatory level to understand country and regional policies which affect this population negatively, such as lack of identification papers, and work to address these issues. Lastly, the research and knowledge products produced during the programme will be available to all stakeholders, adding to the limited pool of financial inclusion data currently available for this target population. The programme will offer grants, loans and technical assistance to a range of institutions serving these communities — public, private and NGO. Interventions will result in a demonstration effect, with additional institutions entering the market. The funds will also be invested in the market research and monitoring needed to ensure the success of the interventions.

Figure 2 details the nine countries targeted for intervention for this financial inclusion programme. The FDP population in these nine countries totals more than ten million. Additional countries may be added, dependent upon donor interest. It shows which of the nine countries use UNHCR's multi-year multi-partner (MYMP) approach (*see Key definitions*) and which countries have agreed to roll out UNHCR's Comprehensive Refugee Response Framework (CRRF) (*see Key definitions*).<sup>5</sup> These nine countries were jointly identified by UNHCR and UNCDF based on person of concern (POC) population size, staff capacity at UNHCR to support implementation, and UNCDF areas of operation and opportunity to leverage its current work focusing on refugees.

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<sup>5</sup> <http://www.unhcr.org/new-york-declaration-for-refugees-and-migrants.html>

Figure 2: Map of Proposed Countries of Intervention



## II. SUMMARY OF FINANCIAL REQUIREMENTS

The estimated financial requirement for five years (2018-2022) for nine countries is \$50.6 million.

Table 1: Financial requirements

| UNCDF Activities                         | Resource Allocation (USD) |                   |                   |                   |                  | Total             |
|------------------------------------------|---------------------------|-------------------|-------------------|-------------------|------------------|-------------------|
|                                          | 2018                      | 2019              | 2020              | 2021              | 2022             |                   |
| Financial Service Providers' support     | 4,496,500                 | 5,772,000         | 5,772,000         | 5,772,000         | 3,772,000        | <b>25,584,500</b> |
| Client capability                        | 1,850,000                 | 1,850,000         | 1,900,000         | 1,900,000         | 1,000,000        | <b>8,500,000</b>  |
| Ecosystem: Policy, Advocacy and Research | 284,000                   | 482,000           | 832,000           | 630,000           | 830,000          | <b>3,058,000</b>  |
| Staffing UNCDF                           | 1,325,000                 | 2,067,000         | 2,084,340         | 2,102,027         | 2,120,067        | <b>9,698,434</b>  |
| GMS (8%)                                 | 636,440                   | 813,680           | 847,067           | 832,322           | 617,765          | <b>3,747,275</b>  |
| <b>Total</b>                             | <b>8,591,940</b>          | <b>10,984,680</b> | <b>11,435,407</b> | <b>11,236,349</b> | <b>8,339,833</b> | <b>50,588,209</b> |

UNHCR's financial requirements are available in the UNHCR Global Appeal 2018-2019 and should be read in conjunction with this document:

<http://www.unhcr.org/publications/fundraising/5a0c05027/unhcr-global-appeal-2018-2019-full-report.html>.

In line with Grand Bargain commitments, UNHCR encourages donors to accept the UNHCR Global Report as the reporting mechanism for the funds received. UNCDF's activities linked with this programme will also be included in UNHCR's Global Report.

### III. EXPANDING PARTNERSHIPS

With historic levels of people fleeing persecution, conflict or other situations of violence and with the vast majority of these people residing in the developing world, **UNHCR has been revisiting some of the traditional approaches to the provision of protection and assistance as well as the search for solutions.** This is well-illustrated by the decision to move towards MYMP planning, which embodies the spirit of the New York Declaration<sup>6</sup> and the CRRF.

The MYMP planning process builds upon a longer-term vision and strategic objectives agreed with partners. Through inclusive and consultative processes, this planning better ensures that people of concern to UNHCR and their hosts are at the centre of planning and priority-setting in the areas where they live. Longer-term strategies also facilitate important linkages between UNHCR's plans and those of development actors, better enabling the inclusion of people of concern in national services and systems, institutions and civil society.

While the MYMP planning is a UNHCR tool, the New York Declaration and the CRRF provide the larger operational framework and overarching methodological link to a renewed declaration of the principles underpinning the international protection regime. The New York Declaration is a milestone, a reflection of an acknowledgement of global solidarity and refugee protection containing a wide range of commitments and principles agreed to by all United Nations Member States. It demonstrates that **assisting and protecting refugees and supporting host countries and communities are shared international responsibilities that must be borne more equitably and predictably and which require engagement from a much wider group of stakeholders: government authorities, UN and other international partners, international and regional financial institutions, development actors, NGOs, academia, business and civil society actors, host communities and refugees themselves.**

The Declaration confirms that ensuring protection for refugees and security solutions for people of concern to UNHCR requires predictable and coordinated responses. Lasting systemic changes take time. The Declaration serves as a basis for mobilizing a more effective – and more predictable – response to large movements of refugees, and protracted refugee situations.

To assist in realizing this vision, the New York Declaration established a new framework – the CRRF. This is a blueprint for responding throughout the life cycle of displacement, from large-scale movements of refugees to protracted refugee situations, and to the achievement of durable solutions. It also presents the international community with an important opportunity to further consolidate and strengthen the international refugee protection regime through the application of the CRRF and the adoption of the global compact on refugees. The express objective of the CRRF are:

1. Easing pressures on hosting countries;
2. Building the self-reliance of refugees;
3. Expanding access to resettlement in third countries as well as other complementary pathways; and
4. Supporting conditions that enable refugees voluntarily to return in their home countries in safety and dignity.

**The 2030 Agenda promise to “leave no one behind” provides further compelling support for the inclusion of refugees, IDPs and stateless persons in regular development planning.** UNHCR continues to advocate for the inclusion of POC in national development plans and all other activities related to the Sustainable Development Goals (SDGs), in close collaboration with partners at the global and

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<sup>6</sup> <http://www.unhcr.org/new-york-declaration-for-refugees-and-migrants.html>

country level. As noted by the UN High Commissioner for Refugees, Filippo Grandi, “The evidence is ever stronger that, properly supported by policy instruments and development investments, the socio-economic inclusion of refugees benefits both them and their hosts, and is in line with the 2030 Agenda for Sustainable Development.”<sup>7</sup>

**UNCDF has responded to UNHCR’s call for new partners in applying the CRRF and “leaving no one behind.”** UNCDF promotes financial inclusion as a key enabler to inclusive growth. Its expertise is complementary to that of UNHCR and, through this joint programme, it will significantly contribute to UNHCR’s objective for self-reliance and improved livelihoods, specifically in terms of promoting the financial inclusion of refugees and host communities. UNCDF builds partnerships with and among community-based organizations, local and international NGOs, UN agencies, financial service providers, and government to ensure that un-served and underserved populations like refugees, asylum-seekers, women and youth in rural areas, and smallholder farmers receive the services they need to become more self-reliant, increase their resilience and improve their economic lives.

UNCDF’s mandate to work first and foremost with Least Developed Countries (LDCs) has enabled it to develop capabilities to work in countries with high economic, social and political vulnerabilities. UNCDF has experience employing a range of interventions that strengthen UNHCR’s existing efforts to prepare for the reception and admission of refugees, meet immediate and on-going needs (such as protection, health, education) and strengthen resilience by investing in livelihood and employment creation opportunities for POC and host communities. UNCDF has established financial inclusion interventions throughout CRRF phases: Preparedness, Response and Resilience as outlined in table 2.

*Table 2: UNCDF Interventions across UNHCR Refugee Response Framework*

|                                                                                         | A. Preparedness                                                                                                                          | B. Response                                                                                                                                                                                  | C. Resilience                                                                                                                        |
|-----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 1. Ensure adequate reception and admission measures                                     | Support and invest in digital identification initiatives; Build public-private dialogue on rapid response.                               |                                                                                                                                                                                              |                                                                                                                                      |
| 2. Meet immediate and ongoing needs (such as protection, health, education)             | Geospatial mapping of emergency payment points; Identify and remove legal barriers to refugees accessing services.                       | Increase the penetration and usage of affordable digital financial services for “cash-based” humanitarian assistance, particularly payments and remittances.                                 | Increase capacities of POC to access and use digital solutions for health, education, energy access.                                 |
| 3. Provide assistance to national/local institutions and communities receiving refugees | Map the policy/regulatory environment to determine barriers to financially include FDPs;<br>Support governments to address the barriers. | Support local civil society organizations to create/strengthen community-based saving groups that address financial needs, reinforce social networks and build agency among women and youth. | Provide financial support to FSPs (digital and non-digital) so that they build their capacity to serve refugee and host communities. |

<sup>7</sup> UNHCR Global Appeal, 2018-2019, page 11.

|                                                                       |                                                                                                   |  |                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4. Conceptualize the expansion of opportunities for durable solutions | Invest in digital financial infrastructure for payments and broader access to financial services. |  | <p>Support development and dissemination of innovative financial education and digital literacy applications and SMS-based technologies for refugees and host communities;</p> <p>Support opportunities to enable refugees and host communities, especially women and youth, to employ their existing skillsets and capacities while also providing opportunities for new skills acquisition.</p> |
|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Examples of UNCDF learning and experience for various interventions is included in *ANNEX A: UNCDF LEARNINGS*.

As highlighted in UNHCR’s Global Appeal 2018 – 2019, together UNHCR and UNCDF are establishing and implementing a joint programme to support at the customer/POC level, the financial service provider level and the policy/regulatory level. The programme will strengthen the capacity of POC and host communities to access and use financial services for their well-being and self-reliance. It will also work with financial service providers to extend their services to POC. Lastly, it will work with policymakers and regulators to identify barriers to POC access to financial services and work to decrease these barriers. The programme will work in nine countries: Cameroon, Chad, the Democratic Republic of Congo, Ethiopia, Kenya, Rwanda, Uganda, the United Republic of Tanzania and Zambia. As illustrated in Figure 2, these nine country operations reveal the gradual roll-out of the MYMP planning and the linkages between this planning and the CRRF. Seven of these countries – Cameroon, Chad, Ethiopia, Kenya, Rwanda, Tanzania and Uganda -have already prepared MYMP strategies and by 2020 all UNHCR operations will prepare these strategies. Six of these countries – Chad, Ethiopia, Kenya, Rwanda Uganda and Zambia - have adopted the CRRF and other country operations are expected to follow. UNCDF currently works to financially include POC in three of the nine countries: Uganda, Tanzania and Zambia. It will leverage the lessons currently being learned from digitizing cash-based interventions for POC in Uganda and Zambia, researching the barriers POC face to access international remittances in Uganda, and creating/strengthening informal savings groups of POC coupled with financial and digital education using tablets and a SMS platform in Tanzania, ultimately linking these informal groups to formal financial services.

This joint programme will equally contribute to the SDGs. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF’s work contributes to SDG 1 on eradicating poverty, SDG 2 on attaining zero hunger (through access to agricultural finance), SDG 3 regarding health and well-being, SDG 5 on gender equality, SDG 8 on decent work and economic growth, SDG 10 on reduced inequalities and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to the attainment of SDGs.

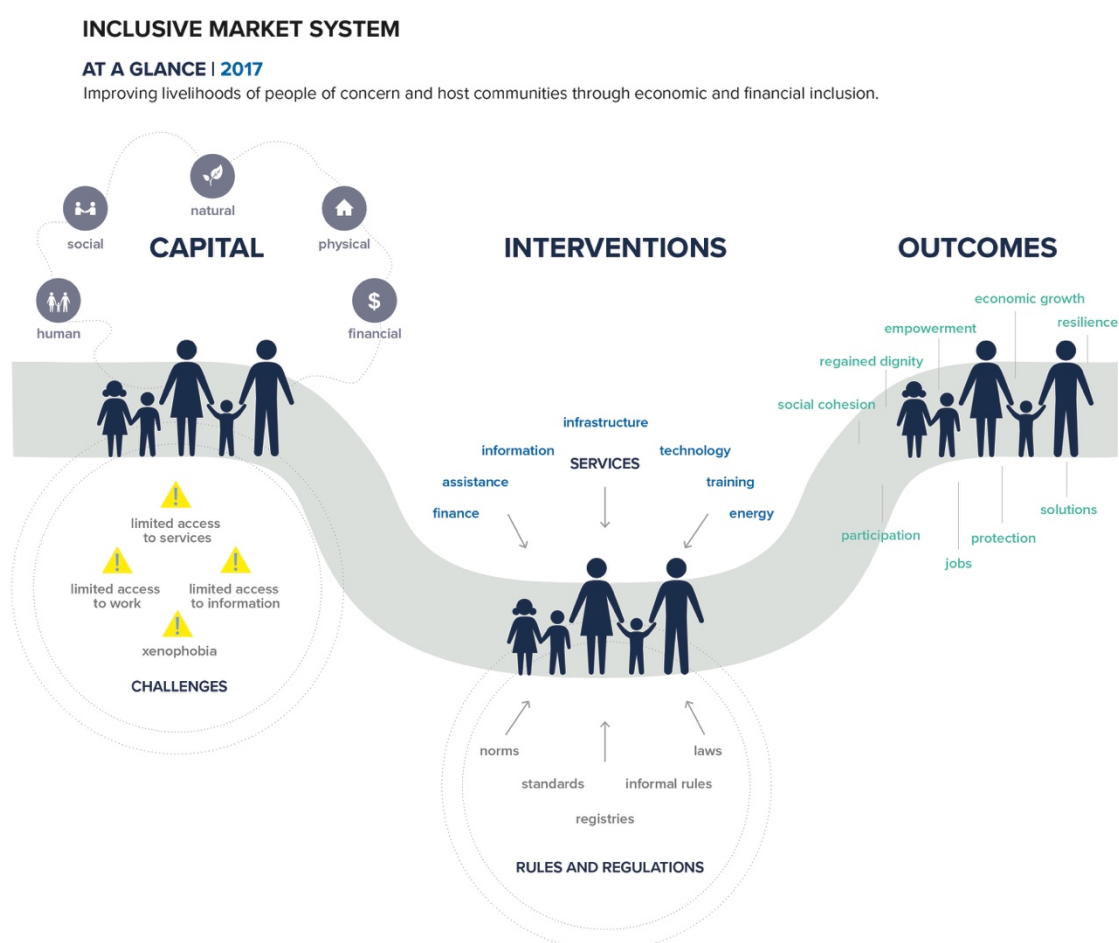
Figure 3: SDGs



## IV. BUILDING BETTER FUTURES

UNHCR is setting the foundation for market-driven and results-oriented programmes to build better futures for POC. To this end, UNHCR is continuing to invest in reinforcing institutional capacity and fostering key partnerships with the private sector and development actors. UNHCR mainly acts as a facilitator and convenor. Each intervention is aimed at targeting both forcibly displaced and hosts as part of inclusive market systems as illustrated in Figure 4 below.

Figure 4: Inclusive Market System



In the area of financial inclusion, the partnership with UNCDF builds upon those established with the Swedish International Development Agency (Sida), Grameen Credit Agricole Foundation, FSD Africa and a number of FSPs. Financial services can play a critical role in empowering refugee communities. By offering credit, insurance, savings and other products, Financial Service Providers (FSP, *see Key definitions*) can help refugees transition beyond reliance on economic assistance programmes, achieve independence, and contribute to their host countries' economic development. For UNHCR to successfully implement the CRRF, financial inclusion of refugees is vital. Affordable access to and use of financial services (savings, credit, insurance, remittances, payment services, cash transfers) can help

forcibly displaced and their hosts to cope with shocks, reduce exposure to risk and stimulate economic activity at community levels.

Financial services have a critical role to play in mitigating refugee situations and assisting in a manner that is effective, accountable, and ensures resilience especially for forcibly displaced persons and their host communities in protracted situations. Affordable access to financial services can help refugees cope with negative shocks, reduce exposure to risk, and stimulate economic activity at community levels.<sup>8</sup> There are a range of financial products and services that stand on their own merits in this situation:

- a. **Savings:** formal or informal, is positively associated with greater recovery, higher levels of consumption and assets, and lower levels of debt when people are faced with negative income shocks;
- b. **Insurance:** for health, life, assets, etc. helps to reduce risk for both the refugee and host community in times of crisis;
- c. **Remittances:** Inbound remittance flows to forcibly displaced communities are an important source of income and at times a necessity for sustainable consumption;
- d. **Credit:** Access to credit for emergency needs, starting a small business, learning new skills, paying fees to purchase permits, and manage expenses to survive in protracted situations may well provide the needed capital for sustenance and assist those who are looking for work;<sup>9</sup>
- e. **Payment services:** Access to affordable digital payment channels to pay for the range of services that people need, including health, education and energy;
- f. **Cash transfers:** Cash transfers can lead to efficient roll out of aid programmes and may result in multiplier effect ranging 1.3 to 2.5 times.<sup>10</sup>

Forcibly displaced people, in particular refugees, are largely underserved by the financial sector for several reasons. A significant barrier is represented by the lack of familiarity that FSPs have with this market segment. Providers lack information on livelihood opportunities for refugees, the business case for serving them, and their credit risk. This lack of knowledge leads to assumptions on the viability of serving this market, such as that refugees are only in the country temporarily, that they are solely dependent on aid and that they do not have any assets, financial or otherwise. The reality, however, is that a vast number of refugees are in a protracted situation with 41% of them at the end of 2015 estimated to have been in exile for five or more years in a given asylum country, with most of them forcibly displaced for at least 20 years. Regarding aid-dependency, very few refugees rely fully on aid, which is usually insufficient to meet their needs.

Often refugee camps and settlements are built in remote locations, where access to resources and financial services infrastructure may be disparate to the actual needs of POC. In addition, providers of financial services are typically unaware of the market potential to serve refugees and/or believe it is too costly to serve them.

Providers are also often uncertain of the legality of servicing these communities. In some instances, they are concerned about the reputational risk which they feel may come into play if they provide services to non-nationals.

Refugees' financial needs evolve depending on their displacement phase, human and social capital, and migratory plans or possibilities. Their need and demand for financial services also depend on vulnerabilities (e.g., trauma and/or poor health), the level of integration, human and social capital (e.g.,

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<sup>8</sup> CGAP 2016

<sup>9</sup> <http://fletcher.tufts.edu/CEME/~media/CC882A166CB2476CA6C5DB62739FF5CC.ashx>

<sup>10</sup> CGAP 2016

education, marketable skills, and familiarity with the host culture), financial inclusion in their country of origin, and – especially – their income generating capacities and opportunities<sup>11</sup>.

These realities all point to the criticality of financial inclusion. This joint programme takes into account these realities by:

- Supporting FSPs in developing countries to reach refugee communities and other displaced populations, as well as host populations, with demand-driven, client-centric services therein providing forcibly displaced and host communities with affordable and accessible financial services that can lead to increased financial resilience as well as increased economic inclusion and cohesion among the communities.
- Addressing the demand side of financial inclusion for forcibly displaced persons and their host communities by developing, testing, and rolling out innovative educational tools to build refugees' financial and digital capabilities (*see Key definitions*) therein assisting POC and their host communities to access financial products and services and strengthen their abilities to engage in sustainable livelihoods.
- Engaging at the policy and regulatory level to understand country and regional policies which negatively affect this population, such as lack of identification papers.
- Producing research and knowledge products for stakeholders while adding to the limited pool of financial inclusion data currently available for this target population.
- Offering grants, loans and technical assistance to a range of institutions serving these communities — public, private and NGO. Interventions will have a demonstration effect and lead to additional institutions becoming interested to serve this market.
- Investing funds in market research and monitoring needed to ensure the success of the interventions.

Cognizant of the broader global context, this joint programme also:

- Bridges the knowledge gap between a humanitarian agency (UNHCR) and a development agency (UNCDF), thereby providing forcibly displaced and host communities with affordable and accessible financial services that can lead to increased financial resilience as well as increased economic inclusion and cohesion among the communities.
- Provides an example of “effective synergies” envisioned in the UN Development System reform<sup>12</sup>.
- Addresses the digital and financial infrastructure needs (e.g., MNO towers in rural areas, agent network expansion, liquidity management, mobile phone/SIM card ownership) to transit towards a developmental approach.
- Ensures the portability of identification and consumer protection (*see Key definitions*).
- Ensures the interoperability, within and cross-border, among a range of FSPs.

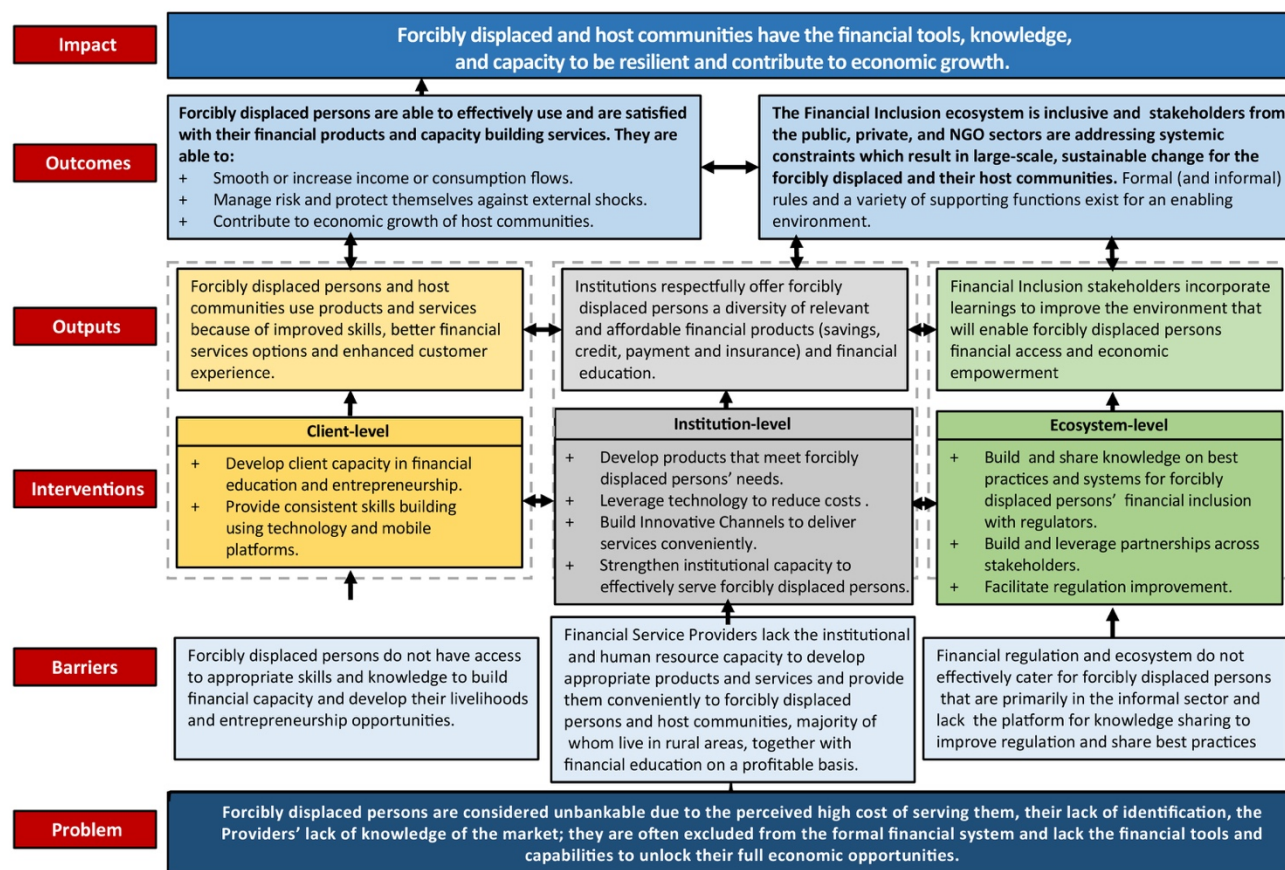
The Theory of Change for this programme is summarized in Figure 5 below.

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<sup>11</sup> Source: UNHCR/SPTF 2017. Serving refugee populations: the next financial inclusion frontier: Guidelines for Financial Service Providers. UNHCR, SPTF 2016.

<sup>12</sup> Secretary-General's report on the repositioning of the UN development system, as a follow-up to General Assembly resolution 71/243 on the Quadrennial Comprehensive Policy Review of operational activities for development of the United Nations. [https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/qcpr/sg-report-dalberg\\_unds-outline-of-functions-and-capacities-june-2017.pdf](https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/qcpr/sg-report-dalberg_unds-outline-of-functions-and-capacities-june-2017.pdf), page 30 for reference to UNHCR-UNCDF Joint Programme on financial inclusion of refugees as “example of effective synergies”.

**Figure 5: Building Resilience for the Forcibly displaced via financial inclusion – Theory of Change**



The outcomes by the end of the programme (2022) will be:

1. **Forcibly displaced persons can effectively use and are satisfied with their financial products and capacity building services. They are able to:**
  - a. Smooth or increase income or consumption flows;
  - b. Manage risk and protect themselves against external shocks;
  - c. Use services to pay for the critical services they need;
  - d. Contribute to economic growth of host communities.
2. **The Financial Inclusion ecosystem is inclusive and stakeholders from the public, private, and NGO sectors are addressing systemic constraints which result in large-scale, sustainable change for forcibly displaced persons and their host communities.** Formal (and informal) rules and a variety of supporting functions exist for an enabling environment.

In addition, UNHCR and UNCDF expect that the use of resources to leverage each partner's expertise and the use of digital solutions will create efficiencies in the deployment of donor funding which will result into lower costs to deliver financial services as well as cash assistance, with greater sustainability and scalability.

## V. APPROACH AND METHODOLOGY

Each situation of forced displacement is unique, requiring a tailored response that matches the situation and host country context. Developing an accurate picture of the forced displacement crisis in each country based on the availability and quality of existing data is challenging. This also leads to limited understanding of the financial needs of POC. UNCDF's expertise and field presence is key to support UNHCR in its efforts to expand access to finance for FDPs and host communities.

UNCDF currently works in refugee camps in Tanzania, Uganda, and Zambia. In Uganda and Zambia, it works with UNHCR POC to digitize cash-based interventions (CBIs). In Zambia, this work is estimated to decrease the time to make a disbursement from 51 to 29 days, resulting in (i) significant cost reduction for UNHCR and the Government of Zambia and (ii) secure, transparent and timely disbursement to refugees<sup>13</sup>. In Uganda, UNCDF recently completed a pilot with INGO DanChurchAid and MNO Airtel to pay refugee beneficiaries their monthly cash-based interventions via mobile money<sup>14</sup>. Over 15,000 refugees received their eight installments successfully. In Tanzania, where CBIs are no longer provided, UNCDF works with groups of refugees to create and capacity build informal savings groups where group members save and borrow by pooling their own resources. After just five months of group activity, members, on average, have saved the equivalent of one month's income. Financial literacy and digital literacy initiatives are also provided to the savings group members. Ultimately these groups will be offered formal financial services from FSPs. As of June 2018, UNCDF has expanded its work in Tanzania to cover all three refugee camps and has started working with host communities. UNCDF will take lessons learned from these pilot projects in Tanzania, Uganda, and Zambia and incorporate them into the broader nine country programme.

Finally, UNCDF and UNHCR have developed a toolkit<sup>15</sup> on remittance services for refugees to be used to identify challenges and opportunities to reduce costs and increase supply of formal remittance channels. This toolkit was piloted in Uganda, a country with over two million migrants, in early 2018<sup>16</sup> with a second study to be undertaken in Ethiopia during the second half of 2018. Many refugees depend on expensive, ad-hoc and, sometimes, risky solutions to overcome legal and logistical challenges to access remittance services. The cost of reaching and ensuring liquidity at their remote locations, uncertainty regarding acceptable identification, and limited information about refugees' needs and abilities have limited the business case for providers, leaving refugees without access to convenient, low-cost remittance services. There is an opportunity for humanitarian and development agencies to collaborate and intervene by supporting remittance and financial service providers, and influencing the policy environment to make serving refugees feasible and commercially viable.

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<sup>13</sup> Can digitization of social cash transfers improve the lives of refugees in Zambia? <https://uncdf-cdn.azureedge.net/media-manager/84883?sv=2016-05-31&sr=b&sig=QLPq3%2FxcdCzFmJAbOKdyOp9cHbPkpCTo8E9etjTeFvE%3D&se=2018-06-19T18%3A47%3A06Z&sp=r>.

<sup>14</sup> Digitizing Cash-based interventions through a mobile wallet. <http://www.uncdf.org/article/3725/digitizing-cash-based-interventions-through-a-mobile-wallet>.

<sup>15</sup> [Accessible and Affordable Remittance Services for Refugees: A Toolkit](#), June 2018.

<sup>16</sup> [Uganda country assessment on affordable and accessible remittances for FDPs and host communities report](#), June 2018.

Going forward, the joint UNHCR-UNCDF approach is to perform comprehensive country assessments and market research for each country under consideration in order to develop a country strategy that addresses supply-side constraints (lack of understanding of target market, need for support to build out agent networks and other infrastructure for digital services, lack of human-centered design approaches for product development, etc.) as well as demand-side constraints (need for financial literacy and digital literacy interventions, need for consumer protection, understanding POC and host community behavior, agency and norms vis a vis access to and use of financial services, etc.), plus regulatory constraints which may be impacting both provider and customer ability to be served by a fully functioning market. In some cases, the two organizations may need to first build the necessary awareness, dialogue and trust – particularly between the private sector and its public and non-governmental counterparts. In other countries, the two agencies may be able to immediately identify opportunities for directly supporting services.

UNHCR's role will be to convene the different actors, share data and information about the specific needs of POC alongside the challenges faced from a legal and economic perspective. UNHCR will also provide logistical support for the assessments and links with government authorities with which it interacts. UNCDF will play a technical role, identifying the best-placed private sector and civil society actors with which to partner on individually-developed country strategies. UNCDF will also bring its expertise at the policy/regulatory level (typically with the Ministry of Finance, Central Bank, Telecommunications Authority) to understand barriers to access which governments may inadvertently be applying. Also, UNCDF will leverage its relationships with global financial inclusion stakeholders, such as the Alliance for Financial Inclusion,<sup>17</sup> the UNCDF-hosted Better than Cash Alliance<sup>18</sup>, and the Consultative Group to Assist the Poor, to ensure lessons from this programme are shared widely.

Activities will include the following:

- Convene and share information to increase awareness of the opportunities of serving FDP communities to build a common understanding and commitment among private, public and non-profit stakeholders;
- Build the body of knowledge on FDP communities through needed market studies, research and other data gathering;
- Work with parties that are trusted by the FDP communities to identify FDP financial services needs;
- Offer training and assessments to understand Provider market to identify Providers' priorities, build relationships, understand support needed for Providers and ultimately select Providers to support;
- Provide technical and financial assistance to design, pilot and launch:
  - Delivery channels that are capable of reaching the communities effectively and efficiently
  - products and services using a human-centered design approach
  - partnerships for extending bundled services (e.g. payments and clean energy);
- Support development of services catered to needs of FDPs and host communities such as financial literacy (*see Key definitions*) and financial education, in ways that also encourage women's economic empowerment such as through informal groups;
- Monitoring, Evaluation and Learning;
- Develop knowledge products based on the overall effort; and
- Advocate for policy and regulatory changes needed to advance financial inclusion of FDPs.

Expected use of funds and technical assistance include feasibility and market studies, product and channel development/updates, MIS updates/enhancements and expansion/enhancement of non-financial services such as financial education, access to IDs, and consumer protection. In addition to

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<sup>17</sup> <https://www.afi-global.org/>

<sup>18</sup> <https://www.betterthancash.org/>

the provider work stream, the programme will adopt a broader ecosystem approach, addressing issues at the regulatory level and the sharing of knowledge and research, as well as a deep dive on demand and capabilities of this potential market.

UNCDF will select Providers having requisite permission to offer financial/payment/remittance services, and offer them logistical, financial and technical assistance on a range of activities in the selected countries. The selection of providers is based on a standard set of criteria, including:

- Granted governmental permission to offer financial services,
- Financial viability of service providers,
- Experience of providers working with low-income populations and excluded groups, and
- Social responsibility of providers demonstrated by their consumer protection policies and practices.

Those organizations selected will be provided with logistical, financial and technical assistance on a range of activities in the selected countries. These providers are recruited from the following types of institutions (and other relevant third-parties in the digital financial services value chain, such as aggregators, agent management service providers):

## 1. Financial Service Providers

FSPs with experience in serving marginalized populations have the potential to play an important role in expanding their services to persons of concern. Based on data collected by UNHCR in a number of operations, there is high demand for easily accessible small-balance savings products (*see Key definitions*) and credit for income generation activities and consumption for FDPs as well as host communities.

When it comes to savings, opening bank accounts are particularly important for refugees with a wage employment, as not having a deposit account often means to be paid in cash and at a later stage, making it hard for refugees to meet household needs. Central Bank regulations often impede non-nationals or people without a passport or residence permit to open an account; other times Central Banks allow refugees holding UNHCR registration cards to open accounts but often times local banks are not aware of these policies. Hence, it is important to work with both regulators and local banks on advocacy to overcome access barriers.

Informal savings groups are also key instruments, as they create a discipline whereby members save small amounts which they then lend out to themselves at interest rates they choose. Group cohesion has many additional benefits, such as strengthening women's voice and agency. Over time, savings group members may require more sophisticated financial products as well as a safe place to store the accumulated savings. FSPs are designing products to serve this market, enlarging their customer base and reaching those previously unbanked.

For UNHCR POC who are entrepreneurs, access to credit facilities that are easily accessible (physically or digitally) is an important input for starting/expanding small businesses but most FSPs are unaware of this potential market. UNCDF will work with FSPs to generate interest in serving POC as a viable market and invest in developing tailored financial products.

## 2. Mobile Network Operators

Widespread use of mobile phones and the relative maturity of the mobile money industry has prompted mobile network operators (MNOs) to invest in building infrastructure in refugee hosting areas<sup>19</sup>. Research on this topic shows that mobile money can be a viable tool for disbursing cash, while

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<sup>19</sup> In Meheba Settlement camp in Zambia, over 81% of survey respondents own or have access to mobile phones (UNCDF).

its true potential is reached when the ecosystem is mature enough to support not only disbursement of aid, but also financial services such as remittances, savings, and loans. These services all help to support financial inclusion, the resilience of refugee and host communities, and the sustainability of MNOs.

The partnership between UNHCR and UNCDF will continue to leverage UNCDF's expertise in digital payments and digital financial services and its knowledge of MNOs to support the roll-out of products and services to meet POC needs.

### 3. Digital Identification Providers

Globally, more than 1 billion people lack identity papers. Given the prevalence of technology use today, this may exclude some individuals from services and socio-economic participation. For example, it limits access to work, housing, a mobile phone and a bank account. The lack of a documented identity also poses a constant risk for vulnerable and marginalized individuals who may be transgressing the lines between legal and illegal status. Most people affected by the lack of legal identity live in their own country and may be able to obtain identity documents if specific measures are put in place. However, for those who do not reside in their home countries, such as refugees and asylum-seekers, protection risks are high with significant challenges in obtaining a legal and recognized identity. UNHCR's objectives for achieving the digital inclusion of refugees, forcibly displaced and stateless persons are as follows:

**Empowering refugees, stateless and forcibly displaced persons:** Refugees, asylum seekers, stateless persons, and other forcibly displaced persons should have a legally recognized as well as digital identity. With a digital identity, individuals will be able to request UNHCR to certify their identity, which would be portable and valid across borders. A legal identity for every individual is of utmost importance. However, a digital identity that gives access to the internet, mobile phones and related services is equally becoming important. Empowerment via access to jobs, income and remittances comes with digital inclusion and can improve the quality of life for UNHCR's persons of concern.

**Strengthening state capacity:** Integrated national identity systems that provide an identity to everybody, including refugees and asylum seekers, stateless persons, and other forcibly displaced, will receive UNHCR's full support. UNHCR will focus on refugee registration as a functional subset of a multi-sector and multi-purpose ID infrastructure and assist States to register and document all individuals living on the State's territory, including those under the organization's mandate. UNHCR will also assist States to strengthen their capacity and conform to international standards of data security and privacy.

**Improving service delivery:** UNHCR and other aid agencies need to improve their service delivery by using the internet and mobile services more extensively. Refugees and other forcibly displaced persons will, for example, have relief accounts that show entitlements in a transparent manner and track cash and relief items that have been or will be made available to them. Legal and protection services, in particular for asylum seekers, refugees and stateless persons, will be provided online in a speedy and secure manner. Use of electronic communications services by governments will enhance service delivery, allowing for easier access for POC as well as allowing government to obtain feedback on their services in a more efficient manner.

Increasingly, financial service providers – Banks, MNOs, MFIs, Remittance Service Providers – and international development agencies use digital identities in order to provide services to POC to enable them to transact in a digital environment providing digital identity and authentication services.<sup>20</sup>

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<sup>20</sup> Digital Identity: Towards Shared Principles for Public and Private Sector Cooperation (World Bank, GSMA), July 2016

UNCDF, in collaboration with UNHCR, World Bank and other development agencies, will provide the technical assistance and investment for the implementation of such initiatives.

#### 4. Payment Service Providers

Digital payments and person-to-person (P2P) transfers can serve as potential interfaces between FSPs and POC who use mobile money platforms to receive payments, including remittances and humanitarian cash transfers. UNHCR uses cash-based interventions (CBIs *see Key definitions*) to protect and assist the most vulnerable people of concern. The majority of CBIs are multi-purpose cash grants, helping POC meet essential needs-including access to food, water, education, healthcare and shelter. The flexibility of CBIs makes them a more dignified form of assistance, allowing refugees to prioritize and choose what they need and, importantly, contribute to the local economy and host community. UNHCR's "Policy on cash-based interventions" and the "Strategy for the institutionalization of cash-based interventions in UNHCR (2016- 2020)" set out its commitment and objectives for the expanded, systematic and innovative use of cash assistance. Being better prepared and providing cash beyond assistance will remain a major focus for UNHCR through the CRRF. The organization will meet short-term humanitarian assistance needs and increasingly pursue more sustainable approaches. It will also help emphasize the importance of financial inclusion of POC and access to national social protection systems.

Implementing electronic payment mechanisms and leveraging the involvement of private sector players with existing payments platforms and infrastructure can substantially improve the cost structure for the providers. The UNCDF-hosted Better than Cash Alliance<sup>21</sup>, of which UNHCR is a member, is a global partnership committed to moving from cash to digital payments in order to reduce poverty and drive inclusive growth. Currently it has over 60 members, representing international organizations, private sector companies, and over 30 governments. The Alliance's members have committed to the BTCA principles and to digitizing payments. The Alliance advocates for the transition from cash to digital payments in a way that advances financial inclusion and promotes responsible digital finance, conducts research and shares the experiences of its members to inform strategies for making the cash to digital transition, and catalyzes the development of inclusive digital payments ecosystems in member countries to reduce costs, increase transparency, advance financial inclusion and drive inclusive growth. UNCDF will continue to leverage on BTCA's research, toolkits and relationships to ensure this joint programme benefits from the learnings.

UNCDF will engage in market research for selection of digital financial service providers, providing them with technical assistance on developing products specifically for the FDP market, and for establishing/expanding mobile money agent networks, ensuring liquidity in the network, planning disbursements and developing mobile apps to map payment infrastructure and access network.

#### 5. Remittance Service Providers

Remittance Service Providers include registered and regulated institutions that have the license to operate the money transfer business. These include, but are not limited to, money transfer operators, banks, mobile network operators, fintech (*see Key definitions*) providers, etc. Remittances may act as a first touchpoint that persons of concern have with the formal financial system and could be linked to provide access to a variety of financial products and services. For example, remittances received through regulated channels can be considered as additional income and form of collateral for accessing credit by FSPs.

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<sup>21</sup> <https://www.betterthancash.org/>

A close cooperation with the key remittance service providers identified at the country level may also help UNHCR to more timely predict the flow transits of forcibly displaced in the impacted corridors, since often relatives start sending money transfers to family members who are about to leave home in order to cover the costs for transportation, supplies, and other fees or goods.

Remittance transfers can also have cascading positive effects on the local economy. They can boost human capital and health conditions, promote micro entrepreneurship and increase aggregate demand for products and services. If remittance beneficiaries are able to cash out their remittances within a settlement, they will be more likely to spend the money within/near the camp, boosting the local economy.

Through this joint programme, UNCDF will collaborate with industry associations and remittance service providers to reduce the cost of sending and receiving remittances for FDPs and host communities through a range of interventions – investing in new business models, supporting the expansion of access points, developing partnerships between fintech and traditional financial service providers, etc.

## 6. Critical services providers<sup>22</sup>

Critical service providers in refugee camps supply needed items, such as water, food, education, and health services. Through this joint programme, UNCDF will work through “Innovation challenges” to provide refugees with simple solutions to access these services and empower refugees and host communities. In Uganda, UNCDF has strong relationships with the biggest innovation hubs and start-up incubators, such as Innovation Village and Outbox Hub in Kampala. Currently it is working with various UNHCR Implementing Partners and the Innovation Village to design a #Hack4Refugee event to address a variety of digital challenges, e.g. delivery of information, providing training and education, access to financial services, etc.

## 7. NGOs and UN Agencies

Many NGOs, both international and national, and UN Agencies assist POC and host communities. Many employ cash transfers directly to these populations. By employing digital means of transfer, transactions are more accessible, quicker, safer, and offer greater confidentiality to recipients. At the same time, digital finance reduces vulnerability by giving POC the financial tools to buy what they need and better manage the risks they face. In addition, a number of NGOs are currently working with UNCDF to develop innovative educational tools (such as tablet-based and SMS) to strengthen refugees’ digital and financial capabilities, an intervention which could be scaled and adapted to refugees in each country context.

## 8. Policymakers and Regulators

In addition to direct assistance to service providers, UNCDF will work with policy makers and regulators to identify constraints which POC face when attempting to access financial services. Through dialogue, workshops, and exchange visits, the programme will address constraints and concerns to meet all parties’ needs. Technical assistance and, if necessary, financial support, will be provided to regulators to implement necessary changes and to providers to meet the required standards.

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<sup>22</sup> Non-FSPs that provide key services that are based on non-cash payments.

## VI. NINE COUNTRY OPERATIONS

UNHCR and UNCDF have selected nine (9) countries for this programme. The selection of these countries is reflective of the on-going programming in the operations. High priorities, such as preparation of a MYMP plan and adoption of the CRRF, have been key considerations as outlined in the beginning of this concept note. Additionally, past and current self-reliance and livelihood activities have been given priority. In this section, brief descriptions are provided by country to outline the general characteristics of the POC and the type of self-reliance and livelihood activities implemented by UNHCR, highlighting the relevance of implementing complementary financial inclusion activities with UNCDF.

### 1. CAMEROON

Cameroon has a long history of providing a safe haven to hundreds of thousands of refugees over many decades. As of 1 January 2018, Cameroon hosts more than 340,000 refugees including Nigerians in the Far North, Central Africans in the Eastern border regions as well as refugees of varying nationalities in urban centres. In addition, there are approximately 242,000 internally displaced persons (IDPs) in the Far North region, and 64,000 IDP returnees. The largest refugee population originates from the Central African Republic (CAR) with more than 230,000 refugees living in the East, North and Adamaoua regions. Around 30% live in seven organised refugee sites and 70% in over 300 host villages. A return to a more volatile situation in 2017 has continued to create inflows of new asylum-seekers to Cameroon, limiting the potential for large-scale returns and creating an increasingly protracted refugee situation.

The Far North region currently hosts some 85,000 Nigerian refugees, of which over 60,000 live in Minawao camp and the remainder in host villages in surrounding border areas which are affected by frequent Boko Haram incursions, both in host community and around camp areas. The Anglophone regions of Cameroon have seen social unrest since 2016. In the latter half of 2017, increased violence and tensions in the regions have resulted in outflows of Cameroonian asylum-seekers to Nigeria. UNHCR and other humanitarian actors have limited access to affected areas within Cameroon.

To foster self-reliance and to promote peaceful coexistence while awaiting opportunities for a durable solution, an overall strategy is being developed to support livelihoods and develop the capacity of Government services targeting refugees and host communities in refugee-hosting areas, which forms an integral part of the UNHCR MYMP strategy. UNHCR is supporting the Government to integrate the needs of refugees into national development plans, notably in collaboration with the Ministry of Economy, Planning and Regional Development through the Plan de Soutien aux communes abritant les réfugiés centrafricains, with an aim to provide integration and livelihood opportunities for refugees, while supporting host communities and reducing potential for conflict in already structurally poor regions. An integrated area-based approach, targeting not only refugees with humanitarian assistance, but also supporting host communities and refugees to engage in income generating activities, is key to ensuring longer-term acceptance, social cohesion, and most importantly, providing an opportunity to promote development in refugee-hosting areas. Local integration in a legal sense is not a realistic option for most refugees in the current political environment, yet there is scope to pursue socio-economic empowerment and inclusion as a way to reduce the dependency of POC on humanitarian aid and allow refugees to actively contribute to the socio-economic development of their host areas instead of idly waiting in limbo. A key component of the MYMP strategy is the use of cash-based interventions where feasible and appropriate, as a modality to meet refugees' basic needs and contribute to their longer-term livelihoods and social protection. The flexible nature of cash transfers can enable greater self-reliance and dignity for refugees, as well as having a positive impact on local markets, thereby increasing socio-economic integration.

Subject to availability of funds, livelihood interventions aim to target 30% of the population supported in 2017 and 60% of new beneficiaries. Therefore, UNHCR plans to provide self-reliance assistance to almost 22% of persons between 18-59 years old. Specific focus will be given to enabling impoverished people to implement livelihood activities.

UNHCR targets interventions based on needs and capacity, taking into account the results from the Household Economic Approach (HEA) done in 2017 and in respect of the 70/30 ratio (refugees/nationals). As the vast majority of refugees and host communities are cattle herders and farmers, access to land is a key challenge which will continue to be addressed by UNHCR with the aim of validating and disseminating the framework for land allocation. As most refugees are farmers or pastoralists, the programme's focus will be on agriculture and animal production. Promotion of extensive crops with relevant yields and a market-oriented approach will be a prioritized when supporting agricultural activities. Also, supporting innovative production such as animal and plant bi-products as intermediate and high demand market commodities will be promoted. Access to financial services to complement these interventions will be key to increasing productivity and income as well as facilitating access to markets.

Financial inclusion activities are relatively new but the foundation has been laid with a self-reliance strategy that provides a solid basis from which to expand into this area. UNHCR has been expanding its cash assistance coverage through MNOs. The cash team at UNHCR has identified a need to have UNCDF train FSPs on liquidity issues as well as to provide financial education to refugee customers.

More information on UNHCR's operations in Cameroon can be found at:

<http://reporting.unhcr.org/node/2525>

## 2. CHAD

Chad has been welcoming and hosting hundreds of thousands of refugees for decades, many of whom remain in a protracted situation. There is a total refugee population of 411,482, of which 324,327 are from Sudan, 76,653 are from CAR, 9,541 are from Nigeria and 961 are from other countries. Over 55.5% of the population is female. 99% of refugees in Chad live in camps, host villages and sites, while the other 1% are living in N'Djamena. The number of CAR refugees is increasing because of the new influx triggered by the continuous armed conflicts and violence in CAR. The Chadian Government has a generous approach and provided over 26,600 hectares of land to refugees and, subject to available resources, access to some health services is also granted. However, continued regional insecurity has led to the Government's decision to close the border with Niger, Nigeria and the CAR. However, persons fleeing violence in their country, especially from CAR, continue to access asylum in Chad.

At the same time, there are Chadian citizens who returned from CAR fleeing the armed conflicts and Chadian refugees who are returning voluntarily from Sudan. UNHCR, in conjunction with the EU, is helping Chad implement a biometric registration and nationality verification programme to support returnees from CAR. The programme is slated to expand throughout southern Chad, where 11,000 people need official documentation. So far, more than 6,000 returnees have been registered under the programme. About 8,000 Chadian refugees are expected to return in the Eastern region from Sudan.

In May 2018, the Government announced that it will begin applying the CRRF, building on the commitments made at the Leaders' Summit of September 2016. The application of the CRRF will build among others on Chad's pledges to improve refugees' access to secondary and tertiary education; to facilitate access to arable land for 236,000 refugees; to establish a system of the regulation of civil status including issuing birth certificates for about 140,000 refugee children; and to adopt a National Law aimed at positively impacting all refugees living in Chad.

Refugee services provided in camps are of a high standard compared to national services, rendering it critical to partner with local authorities to ensure consistency and harmonization, taking into account the needs of host communities through the MYMP strategy and CRRF roll-out more broadly. UNHCR is advocating for the out-of-camp and the whole-of-society approaches, and refugees are being integrated into local and national services, plans and frameworks. The drafting of the national refugee law is at an advanced stage. The document was reviewed in collaboration with the government agency in charge of refugees, CNARR (Commission Nationale d'Accueil et de Reinsertion des Refugies et des Rapatriés), and the Ministry of Territorial Administration and Local Governance (MATGL) to reflect the recommendation from the forum on the social-economic inclusion of refugees in Chad. The finalization of this law will be part of an enabling legal framework for refugee financial inclusion.

To strengthen community mobilization and enhance communication between refugees and the community around them in Eastern Chad, UNHCR is collaborating with Hebrew Immigrant Association and Microsoft in partnership with Nethope on providing mobile phones to refugees and strengthening a mobile money ecosystem.

The agricultural and fishery sectors offer an opportunity for self-employment of POC, with a resultant need for financial products and services to initiate and expand micro-businesses. Through this joint programme on financial inclusion, UNHCR and UNCDF will conduct detailed market analyses and comprehensive value chain analyses for both refugee camps in the southeastern part of Chad as well as for urban refugees in Ndjamená in order to scale up interventions in these sectors.

The implementation of the cash and voucher system in the operation is ongoing. So far, refugees in nine camps (Dar Es Salam, Djabal, Goz Amir, Moyo, Belom, Dosseye, Gondje, Amboko and Doholo) and at the site of Kerfi are receiving cash and vouchers as assistance to buy food, according to their targeted socio-economic status. General food distribution continues in the remaining camps.

The financial sector in Chad continues to be underdeveloped, and access to financial services is very limited and almost non-existent in rural areas. UNCDF will bring its expertise on market development approaches to expand financial sector interventions in rural areas. This includes working at the FSP level as well as with POC to strengthen their understanding of the benefits of financial inclusion.

A cornerstone of the UNHCR MYMP strategy is to build on the recommendations of a 2017 national forum on the socio-economic inclusion of refugees and the lack of national legislation on refugee status, freedom of movement, and access to land, formal employment and documentation. A roadmap has been established for the implementation of recommendations within a reasonable time frame. The support to livelihoods and innovative mechanisms of economic self-sufficiency have been identified as key programmatic areas.

Currently, UNHCR is also exploring a proof-of-concept opportunity to provide connectivity across settlements in Gore, in partnership with Google, SES/O3B and Prestabist. The partnership plans to utilize low-orbit satellites to facilitate rural access. Different models are being explored to ensure sustainability of connectivity. As the infrastructure is established, UNHCR will explore how this can improve provision of basic services. The impact on the telecommunication sector and associated local markets will also be assessed. The expertise of UNCDF in mobile money will be leveraged within the current scope of work to expand access to financial services to the refugee population.

UNHCR has built partnerships with MNOs for cash-assistance. A need has been identified by the cash team at UNHCR to have UNCDF support training agents on consumer protection for refugee customers. Therefore, the expertise of UNCDF in mobile money will be leveraged within the current scope of work to expand access to financial services to the refugee population.

More information on UNHCR's operation in Chad can be found at:

<http://reporting.unhcr.org/node/2533>

### 3. DEMOCRATIC REPUBLIC OF CONGO

The Democratic Republic of Congo continues to experience political volatility in the East and North-East, specifically in Aba, Aru and Bunia Ituri regions where there are a mix of armed rebel and inter-community conflict. The prevailing military operation in the Kasai region has resulted in fear and sparked massive population displacement. As of April 2018, the IDP population had reached 4.5 million. These populations are spread in the Eastern, Central and Southern parts of the Democratic Republic in Bunia Ituri, Nord Kivu, Sud Kivu, Maniema, Tanganyika, Haut Katanga, Lomami, Kasai, Kasai Central, and Kwilu.

The presence of UNHCR offices covering these locations and its partners in these volatile regions have created some stability and improved the confidence of returnees, who number 2.2 million with the largest population in Kasai Central.

The influx of refugee populations in the DRC has been caused by the political instability in the six countries bordering the country. The largest refugee populations are from Rwanda, which number 219,489, followed by 182,168 refugees from CAR, 91,083 refugees from South Sudan, and 47,291 refugees from Burundi. There are also smaller numbers of refugees from Republic of Congo, Angola, Sudan, Uganda, and Somalia.

The Government of DRC through the Commission National de Refugie (CNR) in collaboration with different regional governments is providing land for the establishment of refugee camps. There is an enabling environment where refugees are allowed to live and move freely in the DRC as long as they have a UNHCR registration document. The DRC government is contributing to the security in camps, civil status documentation and registration exercises through UNHCR-supported Biometric Management System (BIMS) and the Profile Registration System (ProGres). The ongoing climate of instability in parts of the country, however, poses serious challenges to UNHCR's ability to implement the required level of protection and assistance for POC.

UNHCR carried out a vulnerability assessment in the Nord and Sud Ubangi and in partnership with WFP, ADSSE (Association De Development Social and Sauvegarde Environment) and a local bank (TMB) have begun a targeted Cash Based Intervention (CBI) where food assistance is distributed through cash. This intervention has spurred some income generating activities among the refugee population and some are engaged in informal cash transfer activities that become robust during cash distribution days. The income being generated through petty trade, motorcycle and bicycle taxi services, and crop production and processing will be organized through village savings groups and used to spur economic activities that ensure financial inclusion of refugees.

UNHCR, in partnership with Vodacom, has set up ICT education centres equipped with access to internet services, tablets and sustainable energy powered by solar panels in Boyabu and Mole camps in Sud Ubangi. Approximately, 20,300 refugees from Boyabu, Bili, Inke, and Mole are engaged in livelihoods activities with the highest percentage of them working in agriculture.

Among the South Sudanese refugees, a value chain analysis was carried out on production of rice in collaboration with ILO. The report indicated high prospects in the rice production sector. In general, 5,600 refugees and 1,400 host community members are targeted for rice production in the north-east part of DRC in Kaka, Biringi and Meri refugee camps.

The Livelihoods and Protection Units of UNHCR in the Kinshasa regional office are in the process of negotiating with the Government through CNR (Commission National de Refugee) to enable local banks to accept biometric identity cards for refugees as meeting KYC requirements.

Several initiatives are being undertaken by UNHCR and its partners in DRC to strengthen the capacity of refugees through market-based interventions to enable the refugees to participate in the market through service and agricultural production sectors including support through partners to help refugees engage in agricultural production. In 2017, 287,380 refugees received production kits as in-kind support to start-up businesses related to agriculture, livestock and fishery activities.

The DRC government has made arable agricultural land available for refugees both in the rural and peri-urban locations of DRC.

The livelihoods initiatives underway by UNHCR would be enhanced by access to financial services programming which would allow refugees to save earned income, take credit to expand small businesses, and make payments conveniently.

More information on UNHCR's operation in DRC can be found at:

<http://reporting.unhcr.org/node/4874>

#### 4. ETHIOPIA

With more than 900,000 registered refugees as of January 2018, Ethiopia is the second largest refugee hosting country on the African continent. Refugees continued to arrive to Ethiopia, mostly from South Sudan, Somalia, and Eritrea. Most refugees are granted refugee status prima facie. The majority of refugees are accommodated in camps, with a small percentage of the refugee population permitted to reside in urban areas for medical and/or protection and humanitarian reasons. In addition, about 16,000 Eritrean refugees reside in Addis Ababa under the Out-of-Camp Policy (OCP).

The Government of Ethiopia continues to provide access to asylum within the context of the open-door policy which it has maintained for many years, and UNHCR and other humanitarian agencies are allowed to implement mandate-related activities. However, the Government maintains its reservations to the 1951 Convention regarding the right to work (Article 17 & 18) and freedom of movement (Article 26). Most refugees in Ethiopia are accommodated in officially designated camp sites.

Following the adoption of the New York Declaration for Refugees and Migrants by all UN Member States in September 2016, Ethiopia became one of the first countries to apply the CRRF in February 2017, followed by finalization of a road map for its implementation. The CRRF can be regarded as a vehicle to realize the implementation of the Government's nine pledges made at the Leaders' Summit on Refugees in 2016. The Government has increasingly sought a more sustainable response that goes beyond care and maintenance of refugees towards promoting their self-reliance. This approach combines wider support to host communities, fostering peaceful coexistence and greater inclusion of refugees in national development plans. A set of new and innovative approaches is required to increase the quality of protection and expand solutions for refugees. The Government with the support of a broad range of stakeholders is doing this through a four-pronged approach: (1) implementing the pledges; (2) strengthening legal and policy components, including a revised Refugee Proclamation that is expected to come into force in 2018; (3) supporting host populations; and (4) strengthening coordination mechanisms.

In line with the CRRF, the vision for the UNHCR MYMP strategy is that refugees will be integrated into national systems to the maximum possible, with key national legislative and policy frameworks amended, and camps progressively transformed into settlements. Authorities from the Government of Ethiopia have spoken of a gradual implementation of an 'alternative to camps' approach, with possible full achievement within 10 years. At the Leaders' Summit, Ethiopia pledged to expand its out-of-camp policy to 10 per cent of the current refugee population, to provide work permits for refugees and make land available to allow 20,000 refugee and host community households to engage in crop production, to allow for local integration for 13,000 refugees who have lived in camps for 20 years or more and to strengthen and expand basic and essential social services and provide facilities for refugees to open bank accounts, obtain driving licenses and provide birth certificates to children of refugees born in Ethiopia.

The implementation of self-reliance and job creation activities continue in different camps, mainly in the Dollo Ado camps, which is home to over 217,000 Somali refugees. Refugees receive training on cooperative development, business management and business grant support. Refugees and host community farmers are involved in irrigated agriculture and share the land on a 50:50 basis.

Whilst livestock is the mainstay of the local economy, traditional practices are such that livestock is viewed as a status symbol by the pastoralist communities and there is less commercialization, despite the great potential that exists. Notwithstanding good soil in some parts of Dollo Ado, crop farming is limited due to insufficient rainfall. Thus, no meaningful yields can be expected without huge investment in irrigation schemes. There is also a high level of dependency among urban refugees, given that there are currently legal impediments for refugees engaging in gainful employment.

Whilst there are opportunities for self-employment and hence self-reliance for the POC, they cannot realize their full potential due to several reasons, including lack of market-oriented skills, access to credit and finance, and free access to land. Pending processing of the Government's new refugee proclamation, refugees currently do not have access to work permits. The roll-out of the CRRF and the eventual promulgation of the new proclamation will offer formal employment opportunities as well as better access to financial services for refugees.

With this changing environment, there is need to improve the financial literacy of displaced populations as well as for the host communities for better uptake of the expected improvement in access to financial services, which is where UNCDF's work can be particularly relevant. To better inform the CRRF process as well, it is paramount to better understand the legal and regulatory limitations for access to the financial services and how best to improve this including financial service provider mapping in the specific locations and the country at large.

More information on UNHCR's operation in Ethiopia can be found at:

<http://reporting.unhcr.org/node/5738>

## 5. KENYA

Kenya has been hosting a high number of refugees for decades and is currently the third largest receiving African country, after Uganda and Ethiopia. Most refugees are hosted in two camps, Kakuma and Dadaab.

Kakuma camp is located in the North-western region of Kenya. The camp was established in 1992 following the arrival of refugees from Sudan. During that year, large groups of Ethiopian refugees fled their country following the fall of the Ethiopian government. The 15 kilometer<sup>2</sup> camp with a capacity of 125,000 persons is divided into four zones. With an influx of new arrivals in 2014, Kakuma surpassed its capacity by over 58,000 individuals, leading to congestion in various sections. Following negotiations

between UNHCR, the National Government, the County Government of Turkana and the host community, land for a new settlement was identified in Kalobeyei, 25 kilometers from Kakuma town.

The first Dadaab camp was established in 1991, when refugees fleeing the civil war in Somalia started to cross the border into Kenya. The Dadaab refugee complex has a population of approximately 207,000 people. The four Dadaab camps are Dagahaley, Ifo, Ifo 2 and Hagadera. The first three are located in Lagdera (Dadaab) district while Hagadera is located in the neighbouring Fafi district. There is a considerable difference between the old camps, established in 1991 and 1992, and the new camps, established in 2011. A large part of the residents in the old camps (Ifo, Dagahaley, Hagadera) arrived in Dadaab in the 1990's and have children and grandchildren born in the camps. The old camps resemble naturally-grown towns and have developed into commercial hubs connecting north-eastern Kenya and southern Somalia. In contrast, most of the residents in the new camp, Ifo 2, came during the 2011 famine and are mainly pastoralists.

Building on the pledges made by the Government at the Leaders' Summit and Kenya's active engagement in the regional approach to the Somali Refugee Situation steered by the Inter-Governmental Authority on Development (IGAD)<sup>23</sup>, Kenya announced the formal application of the CRRF in October 2017. A key ongoing development is the inclusion of refugees in the draft County Integrated Development Plans of Turkana and Garissa. The new UN Development Assistance Framework 2018-2022 (UNDAF), which is aligned with Kenya's national development priorities, also fully integrates refugees and stateless persons as target populations of the Plan.

UNHCR has been working with development actors on demonstrating that the refugee economy ought to be included in the local economy as an avenue to promote the development of the refugee hosting counties. The 2016 World Bank study "Yes in my backyard"<sup>24</sup> establishes that the protracted presence of refugees has a positive impact on the economy in Turkana. Expert opinions from development and financial institutions have helped to support the formulation of a new approach towards refugee management and their integration with host communities. This forms the basis of the Kalobeyei approach, a key element of the MYMP strategy, which aims at establishing a settlement by 2030 where refugees and host communities would benefit from improved socio-economic conditions, including through innovative agricultural projects, reduce the dependency of refugees on humanitarian aid and assist to achieve durable solutions. UNHCR believes that a similar approach could also be viable in other parts of the country.

UNHCR is also playing a catalytic role of encouraging humanitarian-development-private sector partnerships to deliver integrated social services and inclusive economic opportunities in refugee-hosting communities. In Kakuma, a number of refugees are engaged in socio-economic activities as learners, workers for humanitarian service providers or entrepreneurs. Others supplement limited humanitarian support with cash remittances from relatives and friends, and from business enterprises (traders/vendors, motorcycle riders, tailors). The UNHCR Sub Office in collaboration with the Government and partners seeks to promote better quality of life through a number of resilience and self-reliance programmes, including improving youth access to institutions of learning, apprenticeships and agriculture opportunities. Optimal water management systems, access to information and communications technologies, more vocational and technical skills training opportunities, and improved access to employment are key priorities.

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<sup>23</sup> Nairobi Declaration on Durable Solutions for Somali Refugees and Reintegration of Returnees in Somalia; adopted by Heads of IGAD Member States on 25<sup>th</sup> March 2017, including Ethiopia, Kenya and Uganda mentioned in this proposal.

<sup>24</sup> <http://documents.worldbank.org/curated/en/308011482417763778/pdf/111303-WP-Kakuma-Report-Yes-in-my-backyard-December-2016-PUBLIC.pdf>

To support business and access to credit and savings, a number of business development opportunities have been implemented through promotion of table banking, informal savings groups (SGs) as well as expanding the revolving loans initiative implemented through a partnership between AAHI (UNHCR lead Livelihood partner) and Equity Bank.

In Dadaab, the market based livelihood activities implemented include vocational and technical skills training, enterprise development/employment creation - with activities on business training, grants and start-up kit issuance, online jobs/digital work, and community micro-finance schemes through SGs, market promotion (e.g. the WFP voucher/cash based project) and linkages.

Despite an official policy that prioritizes accommodation of refugees in camps located in remote parts of the country, Kenya has experienced growth of the refugee population in Nairobi, Mombasa, Nakuru and Ruiru, among other urban areas. UNHCR urban livelihoods strategy mainly includes asylum-seeker and refugee access to viable employment opportunities that increase household income through language training; vocational skills training that help build the capacity of POC to access employment opportunities, online work skills, entrepreneurship training, admission to public and private vocational institutions; access to financial/business development services; and access to livelihoods opportunities in the private sector.

Only one bank branch is located in Kakuma. This branch services refugees and host community members. Refugees living in the Kalobeyei camps must travel to Kakuma for banking, remittance, or mobile money services. There are no agents located in the camp. Even to access the funds from the bank branch in Kakuma, Kalobeyei refugees must incur KES300 one way for transport on a motorbike.

More information on UNHCR's operation in Kenya can be found at:  
<http://reporting.unhcr.org/node/2537>

## 6. RWANDA

Rwanda hosts approximately 81,000 refugees in camps, the largest one being Mahama, which is home to over 50,000 refugees from Burundi. Nyanza Reception Center also receives, registers, and provides temporary assistance to Burundian refugees upon their arrival to Rwanda and prior to relocation to Mahama camp. Gihembe, Nyabiheke, Kigeme, Mugombwa, and Kiziba camps host mostly Congolese refugees.

The Government of Rwanda had adopted one of the most progressive policies worldwide to support refugee self-reliance. This enabling legal and policy environment includes refugees having freedom of movement and the right to work. The Government has also allowed the financial inclusion of refugees through access to banking, savings, loans and micro-insurance. Refugees can leave the camps with prior authorization from the Government.

The Government of Rwanda announced the application of the CRRF in February 2018, focusing on Rwanda's four commitments at the Leaders' Summit on education, health and socioeconomic inclusion. In line with the CRRF approach, the vision for UNHCR Rwanda's MYMP strategy is that all refugees and returnees will lead safe, dignified and productive lives across Rwanda, supported by Government-led services and programs, with camps transformed into integrated settlements. The MYMP strategy focuses on advocacy for alternatives to camps, proactive resettlement advocacy, inclusion of refugees in the national equivalent to a social welfare system, the so-called Social Stratification system, implementation of the joint Government-UNHCR Strategy on Inclusion of Refugees and a favourable interpretation of the nationality law to allow for naturalization. The Government Leaders' Summit pledges reflect a commitment to promote the inclusion of refugees through the joint Government of Rwanda-UNHCR livelihoods strategy aimed at phasing out assistance and allowing access to formal work for camp-based refugees.

To facilitate access to finance for refugees in Rwanda, UNHCR is working with Kiva Field Partner Inkomoko on entrepreneurship development and access to credit. In addition, FSD Africa and AFR collaborated with UNHCR on the business case for FSPs to provide financial services specifically for refugees<sup>25</sup>. Biometrics is already in use to register IDs and for cash transfers. UNHCR is also running several livelihoods projects in the artisanal sector and to support small business enterprises, targeting 10,000 people of concern in 2017.

UNHCR in Rwanda has successfully engaged with World Remit by presenting data about the large demand for remittances services from the refugee population in the camps. Based on the data collected, World Remit saw the business case to invest in this population. In particular, the high concentration of people in a camp who receive remittances due to relatives' resettlement in the United States made for a convincing argument. World Remit has an existing partnership with two MNOs (Tigo and MTN) in Rwanda so the money will be received digitally, directly on remittance receiver mobile phones, substantially reducing costs. Particularly in Gihembe camp, cash has been introduced to replace in-kind distribution and refugees are now able to pay through their mobile phones (mVisa) through a monthly allowance, giving families much more independence to make their own choices and diversify their diets according to their individual needs and preferences.

UNCDF will expand upon the livelihood work of UNHCR to financially include those still left behind by modelling the intervention in Rwanda after the savings group work currently underway in Tanzania. This approach will target women and youth POC and prepare the informal savings groups for formal inclusion through group products developed by FSPs.

Mr. Ngongo Lubangi Gilbert, a Congolese refugee, is one example of a success story for financial inclusion for refugees. Gilbert started a fish business and brought sushi to Rwanda. The following link provides further insight into his journey to become a refugee entrepreneur:

+ [https://www.youtube.com/watch?v=6Nn91\\_\\_lbfs](https://www.youtube.com/watch?v=6Nn91__lbfs)

More information on UNHCR's operation in Rwanda can be found at:  
<http://reporting.unhcr.org/node/12530>

## 7. TANZANIA

The United Republic of Tanzania borders eight countries within Eastern and Southern Africa that have experienced cyclic conflicts but has itself remained largely peaceful since its independence in 1961. UNHCR's office in Tanzania, together with partners, continues to provide basic protection and assistance to 198,137 refugees in camp settings in North Western Tanzania. 188,696 (122,855 from Burundi since April 2015; and 63,479 from the DRC), hosted in three camps, Nyarugusu, Nduta, Mtendeli, while the fourth, Karago, is under preparation. The delivery of assistance to people of concern and the access to the camps by humanitarian actors has been unrestricted. In terms of livelihoods, some programs are currently supported by UNHCR to promote access to self-employment for 2,500 refugees.

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<sup>25</sup> <http://www.fsdafrica.org/wp-content/uploads/2018/03/Refugees-and-Their-Money-Assessing-the-Business-Case-for-Providing-Financial-Services-to-Refugees.pdf>

Tanzania has a long history of providing asylum and protection to refugees from neighbouring countries for decades, which was demonstrated more recently with the issuance of citizenship certificates to a majority of the 162,256 former Burundian refugees who fled to Tanzania in 1972 and the reception of over 122,855 new arrivals fleeing from Burundi due to the political turmoil since April 2015.

In February 2017, UNCDF conducted a scoping mission to the three existing camps, and found that there was high demand by refugees for expanded financial services, both mobile and traditional, as well as a need for strengthening both digital and financial capabilities through education. Currently, UNCDF is conducting a pilot to put into place and test potential interventions that could be scaled more broadly in Tanzania, including:

- Strengthening the demand-side for financial services by providing relevant financial education that is immediately useful to refugees through innovative technological delivery mechanisms (i.e. tablet-based, SMS);
- Providing support to community-based organizations that are establishing informal savings groups comprised predominantly of women to help smooth refugees' irregular incomes, build capital for on-lending to start/strengthen income generating activities, and build good financial management habits (i.e. regularly saving small amounts to meet goals). In addition, the group mechanism has proven to be a successful intervention to reach women and increase their agency and voice in household and community matters;
- Exploring future interventions that will more effectively link refugees (individually and in groups) to formal services, preferably using mobile phone applications which link savings groups to financial institutions and provide electronic records to build savings and credit histories.

UNHCR's MYMP strategy has a three-track-approach, which includes the medium-term objective of transition from an encampment to a settlement policy for Congolese and newly arrived Burundians pending the realization of durable solutions, as well as access to education and other services necessary to become self-reliant and economically productive during their stay in Tanzania. For the eligible "1972 Burundians," UNHCR will continue to pursue the track of naturalisation. Underpinning both tracks one and two will be a track of creating an inclusion dividend, so that host communities, refugees and New Tanzanian Citizens<sup>26</sup> all benefit from development interventions in refugee-hosting districts throughout the country, and thereby reduce refugee-host community tensions and close the humanitarian and development divide. Financial inclusion would be essential for all three tracks.

In terms of livelihoods, some programs are currently supported by UNHCR to promote access to self-employment for 2,500 refugees. UNHCR has also been working closely with Vodacom and other operators to facilitate mobile network infrastructure that covers the three camps and nearby communities in the North-West. While legal and regulatory challenges exist, MNOs have indicated positive return on investment, and further expansions are planned. UNHCR is now determining how to utilize improved connectivity to support multiple programming aims – including connected learning opportunities. UNHCR and UNCDF will explore possibilities of leveraging the work done to date on connectivity for the savings groups which have been established by UNCDF, and identify opportunities to leverage technologies for expanded access to financial services by refugees.

More information on UNHCR's operation in Tanzania can be found at:

<http://reporting.unhcr.org/node/2517>

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<sup>26</sup> A group of former Burundian refugees who fled to Tanzania in 1972 have been naturalized by the Tanzanian government since 2014. <http://www.unhcr.org/afr/news/latest/2014/10/5441246f6/tanzania-grants-citizenship-162000-burundian-refugees-historic-decision.html>

## 8. UGANDA

Uganda is hosting more than 1.4 million refugees and asylum seekers. The vast majority are from South Sudan (more than 1,000,000 individuals), followed by neighbouring countries such as DRC, Somalia, Burundi, and Rwanda. With the massive influx of refugees from South Sudan in 2016-2017, Uganda is the leading refugee hosting country in Africa. It ranks among the top three refugee hosting nations in the world.

All asylum seekers have unhindered access to territory, asylum procedures and protection. A majority of new arrivals (from Burundi, DRC and South Sudan) are accorded prime facie refugee status. Hence, a significant number of new arrivals (just under 300,000) have not gone through individual status determination. The government launched the Refugee Information Management System (RIMS) and started maintaining data in the new system. Following biometric registration, all refugees are issued with documents (individual ID Cards and family attestations).

Uganda's refugee laws are among the most progressive in the world. Refugees and asylum seekers are entitled to work; have freedom of movement; and can access Ugandan social services, such as health and education. Uganda has integrated refugee management and protection in the second National Development Plan (NDP II), and through that Uganda has committed to a Settlement Transformative Agenda (STA) with the goal to assist refugees and host communities by promoting investment and socio-economic development in refugee-hosting areas. The Government's Refugee and Host Population Empowerment (ReHoPE) strategy, in turn, provides a national framework for integrated and holistic support to refugees and host populations and is incorporated into the United Nations Development Assistance Framework (UNDAF).

Uganda was the first country to announce the application of the CRRF following the endorsement of the New York Declaration in September 2016. Building on the existing comprehensive approaches to refugee movements, the CRRF in Uganda addresses five mutually-reinforcing areas: admission and rights; emergency response and ongoing needs; resilience and self-reliance of refugees; expansion of third country solutions and complementary pathways (such as scholarships and student visas), and voluntary repatriation, which in the current situation focuses on investment in human capital and transferrable skills as well as support to the countries of origin. The Government has setup a multi-stakeholder CRRF Steering Group, which in January 2018 unanimously endorsed the CRRF roadmap guiding the application of the framework and its short- and longer-term priorities in Uganda.

The majority of refugee and host communities are engaged in farming but lack adequate support to make these activities profitable. Therefore, there is a need to provide business start-up kits, enterprise management, and business mentorship programmes.

A high percentage of the youth also lack skills other than those related to agriculture, which would enable them to engage in other income generating activities. Therefore, there is a need for calls for enhancement of market-driven skills to be provided through technical and vocational training to youth in their areas of interest.

The UNHCR Uganda MYMP strategy aims to support a shift from care and maintenance to inclusion and self-reliance through development of individual capacities and the promotion of a conducive environment for livelihoods opportunities. UNHCR's key activities will be supporting self-employment and micro-enterprise opportunities, creating/strengthening informal savings groups and expanding access to financial services from the private sector.

Beginning in 2017 and continuing to 2019, the focus will be to enhance modernization of agriculture through provision of critical inputs, trainings, market development, enabling access to financial services and agro-product development, support to youth-led nonfarm income-generating activities and

promotion of talent development in partnership with local government and private sector. Over 12,000 refugees will be targeted for business training programmes in 2018. Access to credit is a constraint as refugees do not own tangible assets. Introduction of warehouse receipting would encourage for collective marketing and access to credit using the warehouse receipt as collateral. At least 70 per cent of the refugees are engaged in some level of agriculture but the majority of livestock is owned by nationals.

In Uganda, not only do refugees appear to be regular users of mobile money, they are also able to work as mobile money agents. In this capacity, they serve both refugees and the local community, depending on where they run their agent business, whether inside or outside camps. As per a Groupe Speciale Mobile Association (GSMA)<sup>27</sup> study, in Uganda 48% of those surveyed in Kyangwali settlement (southwest of country) and self-settled displaced populations in the capital Kampala used a mobile money service, with nearly all respondents receiving money transfers from friends and family. Similarly, of the displaced populations interviewed in Uganda, more women reported using mobile money compared to men (73% versus 60%). “This suggests where strong infrastructure is in place, the use of mobile money by displaced populations can be high, particularly for women.”<sup>28</sup> In Uganda UNCDF is currently working with DanChurchAid, Mercy Corps and Airtel to develop the digital eco-system that is required to provide digital financial services in Bidibidi camp, starting with digitization of cash based transfers<sup>29</sup>. Concretely this means roll out of network towers by Airtel, support to increase phone penetration, customer registration and activation amongst both the refugee as well as host communities.

UNHCR has also been working in Uganda to promote advocacy and cooperation with MNOs, which led to expanded coverage across refugee settlements in the north, at the height of new arrivals from South Sudan (2016). Since then, UNHCR plays a key coordination function with partners (UNCDF and Nethope) to support sustainable connectivity approaches and market-based solutions for refugees and host communities. Solutions are being developed to facilitate two-way communication through community-based organizations that support digital literacy and connectivity.

UNCDF and UNHCR have recently undertaken a country assessment in Uganda to examine the access, cost and flow of inbound and outbound remittances for forcibly displaced populations and host communities. The findings<sup>30</sup> show that most refugees are facing substantial obstacles in receiving remittances, in terms of access and costs. UNCDF’s work will address these obstacles, working with the private sector and regulatory bodies.

In Uganda, UNCDF has strong relationships with the biggest innovation hubs and start-up incubators, such as Innovation Village and Outbox Hub in Kampala. Currently it is working with various UNHCR Implementing Partners and the Innovation Village to design a #Hack4Refugee event to address a variety of digital challenges, e.g. delivery of information, providing training and education, and access to financial services.

More information on UNHCR’s operation in Uganda can be found at:

<http://reporting.unhcr.org/node/5129>

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<sup>27</sup> GSMA is a member organization that represents the interests of mobile network operators worldwide. Membership includes nearly 800 mobile operators and more than 300 companies in the broader mobile ecosystem.

<sup>28</sup> The importance of mobile for refugees: A landscape of new services and approaches, GSMA (Jan, 2017).

<sup>29</sup> <http://www.uncdf.org/article/2727/digitizing-aid-refugee-settlements-uganda-good-for-business-great-for-beneficiaries> and <https://youtu.be/POzBQpNc2pE>.

<sup>30</sup> [Uganda country assessment on affordable and accessible remittances for FDPs and host communities report](#), June 2018.

## 9. ZAMBIA

Zambia hosts 73,674 persons of concern including refugees mainly from DRC, Burundi, Somalia and returnees from Angola and Rwanda. Currently, there are over 42,468 Congolese refugees and asylum seekers in the country, and projections foresee that this number may increase to 76,000 by the end of 2018. The majority of persons of concern reside in the settlements of Meheba, Mayukwayukwa and newly established Mantapala. The remainder of the people of concern are scattered over the country. The Government of the Republic of Zambia (GRZ) is responsible for biometric registration and conducting refugee status determination.

Zambia has a long history of providing land, security and access to public primary health and education services to refugees. The new 2017 Refugee Act provides the legislative prerequisites for the application of the CRRF in Zambia, which the Government joined in late 2017. The Act represents a shift from previous legislation, including taking steps to implement a settlement approach, granting refugees a variety of rights and access to services, such as right to property and access to justice, as well as facilitating permanent residency or naturalization as alternative legal statuses. Nevertheless, the current encampment policy forces large numbers of refugees to relocate irregularly to urban areas in search of economic opportunities, putting them at risk of exploitation and detention.

Using the Government's commitments at the Leaders' Summit as a basis, the CRRF in Zambia will focus on the areas of (i) admission and rights, (ii) inclusion of refugees into national service delivery programmes, (iii) self-reliance and access to livelihoods, and (iv) durable solutions including local integration and third-country solutions. Building on the 7th National Development Plan (7NDP) for the period from 2017-2022 and the National Decentralization Policy, the Government, including national, provincial and district authorities, and partners work for greater inclusion and self-reliance of marginalized populations in refugee hosting areas.

UNHCR, working with the Government, continues to promote self-reliance activities targeting refugees in the settlements and Lusaka. Key interventions include income generating activities such as fish farming, bee-keeping, farming and livestock rearing, as well as training in business and entrepreneurship skills and promoting market linkages implemented under the graduation pilot project in Meheba and Mayukwayukwa. Monthly food distribution provided to vulnerable refugees was replaced with cash assistance in June 2013 in an effort to increase purchasing potential of refugees in Meheba and Mayukwayukwa. Cash is provided to new arrivals on a bi-monthly basis for up to twelve months and to vulnerable refugees for a period depending on the circumstances of their vulnerability. In the January/February 2018 cash distribution, 2,295 new arrivals and 797 vulnerable refugees received cash assistance. The core purpose of the cash assistance is to enable recipients to meet their minimum needs and in the process, accord them dignity and freedom of choice.

During a UNCDF scoping mission in Meheba Refugee Settlement in 2016, lack of access to financial services was identified as a key challenge. Within Meheba, there are no banks or international remittance service points. The closest bank, Natsave Lumwana, is 5km from the camp entrance (and 23 km from the administrative centre), which means travelling to and from the bank is costly and time consuming. Other banks and remittance outlets (MoneyGram for instance) are located in Solwezi, 90 kilometers from the entrance of the settlement. If remittance beneficiaries could cash out their remittances within the settlement, they would be more likely to spend the money within the camp, boosting the local economy. Currently, because of this lack of access in the camp, recipients travel to Solwezi to receive their remittances and then spend most of the cash there. The situation is very similar for Mayukwayukwa refugee settlement. Mantapala settlement has been established in early 2018 and its infrastructure is still under development. Currently, there are no financial services or mobile

network coverage in the new settlement, however mobile network providers have expressed readiness to extend their services to Mantapala, including mobile money.

UNHCR has partnered with UNCDF in Zambia on piloting digital (electronic) CBI payments in Meheba refugee settlement. The project successfully launched the first digital payments through mobile money in April 2018, reaching 47% of the targeted 1,849 beneficiaries through mobile money wallets.<sup>31</sup> Further partnering with UNCDF will help strengthen the distribution channels that can serve FDPs, as well as host communities, including: supporting branch and ATM infrastructure, expanding agent networks and access points, developing financial products suited to refugee livelihood needs, establishing alternative delivery channels, providing digital channels at affordable costs, and scaling-up digital CBI payments, where possible. Scale-up in Meheba would require:

1. Institutionalizing/creating structures within UNHCR to make digitization sustainable;
2. Creating awareness to drive usage of mobile wallet-based financial services like savings, inward and outward remittances, airtime purchase, etc.;
3. Digitisation of other CBIs such as DAFI scholarships, salaries for interpreters and support staff, livelihood interventions etc by UNHCR; and
4. Introducing next-generation financial services, such as digital credit and merchant payments.

By choosing electronic payments as the means to deliver targeted support to refugees, the CBI program (as well as any other program) can improve its effectiveness, efficiency, accountability and sustainability by employing digital transfers.

UNCDF worked with the Central Bank to change policy on what is an acceptable form of ID for opening a bank account, which now also includes Refugee Certificate and Refugee ID card issued by the Government's Office of the Commissioner for Refugees. These documents are now accepted as valid KYC documents by FSPs.

More information on UNHCR's operation in Zambia can be found it:

<http://reporting.unhcr.org/node/10322>

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<sup>31</sup> <https://uncdf-cdn.azureedge.net/media-manager/84883?sv=2016-05-31&sr=b&sig=1oXJUbCgu80N5w9RChIj8EsORqI9zFKGPxg32XJK78%3D&se=2018-06-12T01%3A54%3A41Z&sp=r>

## VII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The programme will be implemented by UNCDF via direct execution, in coordination and with support from UNHCR. The programme will have clear management arrangements to facilitate multi-donor participation.

The programme will be overseen by an Investment Committee (IC) which will function as the 'Project Board' of the programme. The IC shall be composed of the programme's main cost-sharing and policy advocacy partners, together with UNCDF and UNHCR staff. The level of cost-sharing needed in order to be an IC member is to be determined but will be no less than US\$1 million per year. In addition to cost-sharing partners, other organizations with relevant technical capacity, or policy, advocacy or programme activities that reinforce the programme's strategic objectives may be invited to sit on or provide advice to the Project Board, with the approval of the IC.

The IC will provide guidance and strategic direction to the Programme, advise and approve the strategy, annual work plan and budget. The IC will meet at least twice per year, in person or virtually, with minutes taken and circulated. The IC will also review and approve project proposals supported by the grant facility and ensure efficient use of resources, avoid duplication of efforts and maximize synergies with other donors / partners.

Based on experience, the following financial delegations are proposed:

| Proposed Limits      | Approval                                                                                                                                                                                                                                                           |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| < USD 25,000         | Programme Manager, post facto reporting to IC                                                                                                                                                                                                                      |
| USD 25,000 – 100,000 | Programme Manager in consultation with Chairperson of IC along with one other IC member provided the support has already been included in the annual work plan approved by the IC. Otherwise, such limit would be pegged at USD 50,000. Post facto reporting to IC |
| > USD 100,000        | IC                                                                                                                                                                                                                                                                 |

Detailed Terms of Reference for the IC are included in Annex B.

## VIII. SYNCHRONIZED RESOURCE MOBILIZATION

This project proposal focuses primarily on UNCDF's proposed programme in nine countries affected by forced displacement and is submitted as a complement to UNHCR's Global Appeal 2018 - 2019. This project proposal is submitted as an example of the humanitarian-development nexus bringing together the expertise of UNHCR, a humanitarian actor, with that of UNCDF, a development actor. We are encouraging potential donors to fund our individual activities in a manner that aligns with our respective expertise with humanitarian funds being directed to humanitarian interventions while development funds are channelled to the longer-term activities that rise the socio-economic well-being of POC and host communities. Our aim is for donors to synchronize their own funding streams to allow for efficient implementation and a holistic approach.

Reflective of our respective fields, each agency also follows different procedures for resource mobilization. To facilitate receipt of and reporting on funding received, we are requesting funds to be channelled directly to UNCDF for the implementation of the financial inclusion of forcibly displaced persons and host communities programme.

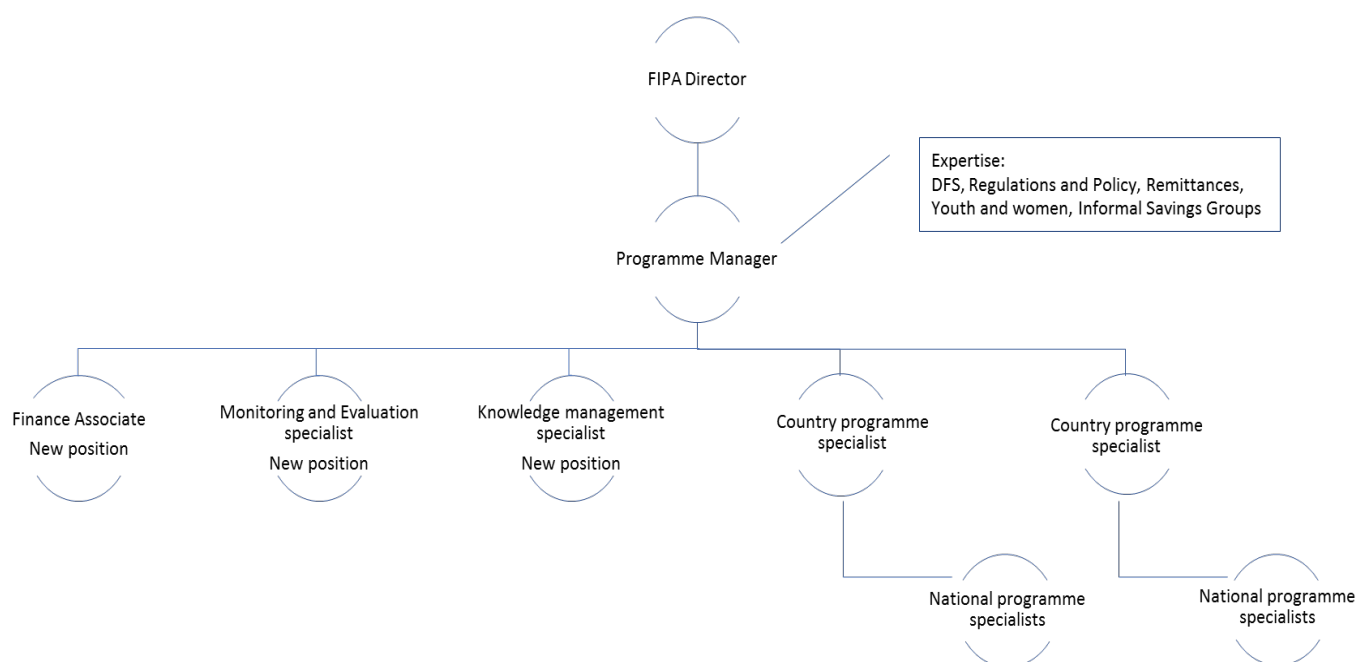
In line with Grand Bargain commitments, UNHCR encourages donors to accept the UNHCR Global Report as the reporting mechanism for the funds received. UNCDF's activities implemented through this programme will also be included in UNHCR's Global Report.

## IX. UNCDF STAFFING

The Programme will be staffed by a Programme Management Unit (PMU) consisting of a Programme Manager who reports to the UNCDF Financial Inclusion Practice Area Director, a Monitoring and Evaluation (M&E) Specialist, a Knowledge Management (KM) Specialist and a Finance Associate. S/he will work with in-country Programme Specialists who will be supported by national Programme Specialists. In countries where UNCDF is already working with FDPs (Tanzania) and/or has a full team on the ground (Uganda and Zambia), the programme will leverage existing staff to implement activities. Staff at the PMU level will engage with FIPA teams on the ground in order to empower them to deliver on programme objectives and results. Where possible, existing capacity at UNCDF in M&E and KM will also be leveraged. The Programme Manager's role will be to coordinate among teams in country, position the work globally, fundraise, and share lessons learned both internally and externally.

The PMU will leverage UNCDF's expertise in digital financial services, remittances, youth and women, financial capability, informal savings group formation and linkage, and regulatory engagement. It will also consult with UNHCR staff via in-country and regional coordination. Where feasible, the programme staff will share offices with UNHCR.

The below graphic depicts PMU staffing at full programme funding and implementation in nine countries. Depending on how quickly funds are raised, interim staffing structures will be deployed to share staff in existing country programmes, such as Uganda, Tanzania and Zambia.



## X. BUDGET

| UNCDF Activities                         | Resource Allocation (USD) |                   |                   |                   |                  | Total             |
|------------------------------------------|---------------------------|-------------------|-------------------|-------------------|------------------|-------------------|
|                                          | 2018                      | 2019              | 2020              | 2021              | 2022             |                   |
| Financial Service Providers' support     | 4,496,500                 | 5,772,000         | 5,772,000         | 5,772,000         | 3,772,000        | <b>25,584,500</b> |
| Client capability                        | 1,850,000                 | 1,850,000         | 1,900,000         | 1,900,000         | 1,000,000        | <b>8,500,000</b>  |
| Ecosystem: Policy, Advocacy and Research | 284,000                   | 482,000           | 832,000           | 630,000           | 830,000          | <b>3,058,000</b>  |
| Staffing UNCDF                           | 1,325,000                 | 2,067,000         | 2,084,340         | 2,102,027         | 2,120,067        | <b>9,698,434</b>  |
| GMS (8%)                                 | 636,440                   | 813,680           | 847,067           | 832,322           | 617,765          | <b>3,747,275</b>  |
| <b>Total</b>                             | <b>8,591,940</b>          | <b>10,984,680</b> | <b>11,435,407</b> | <b>11,236,349</b> | <b>8,339,833</b> | <b>50,588,209</b> |

The estimated budget for five years (2018-2022) for nine countries is \$50.6 million, 51% of which is devoted to investing in developing the products and enhancing the capacity of Financial Service Providers, Mobile Network Operators, Money Transfer Operators, Payment Providers, Insurance providers, and other Fintech providers (all the above are Providers). It is expected that the bulk of the FSP support will be in the form of Technical Assistance Agreements and Performance-based Grant Agreements. In more mature markets where institutions already have an understanding of this target market and have built out their alternative delivery channels, loans may be an appropriate vehicle by which to support FSPs. Examples of use of funds deployed to FSPs include mobile money/bank agent expansion, training and management, development of products to serve informal groups which link them to FSPs, supporting branch and ATM infrastructure, establishing alternative delivery channels, and providing digital channels at affordable costs for savings, remittances and loan products as well as UN Agency and INGO cash-based interventions. Digital identification solutions may also be supported.

In addition to FSP support, the programme will address the demand side by deploying grants and technical assistance for client capability initiatives, with 17% of the budget devoted to this activity. Providing products on the market and access points in the field do not necessarily result in product uptake and use. Potential customers need to understand and value the financial services on offer, otherwise they will not use them. This programme will develop digital applications for use on tablets and mobile phones which will introduce POC to financial education and digital literacy topics.

Programme implementation will be staged, with initial operations commencing in countries where UNCDF is already working closely with UNHCR in refugee areas (Uganda, Tanzania and Zambia). Expansion would then be to countries where UNCDF can quickly begin work with the targeted groups (DRC, Ethiopia, Kenya and Rwanda). Additional countries can be added as funding is secured. Lessons will be shared so implementations reap the benefits of experience. A programme of \$25 million would allow implementation in four to five countries, while the full programme budget is expected to be \$50.6 million. Based on POCs' needs, UNHCR country priorities, and funding availability, the programme may be extended/expanded to include additional regions/countries such as the Middle East and Bangladesh.

# ANNEX A: UNCDF LEARNINGS

## 1. Supporting and investing in digital identification initiatives

Creating a robust digital identification system is crucial not only for refugees, but also for the host government and agencies. For the latter, suitable digital identity can increase the cost efficiency of various digital payments – cash-based transfers, aid, remittances, etc. by accurately identifying and verifying the recipients, solving major challenges of leakage, double-payments and inefficiencies due to duplication of process. While deploying the digital identification system, it should be noted that the system is secure, inter-operable and could be accessed by multiple agencies to ensure delivery of aid, transfers, coupons, etc.

For refugees, digital identification reduces the need for literacy, numeracy and local language skills to complete identification documents. For example, voice-operated devices can often be used to address problems relating to low literacy. Biometric technology, such as fingerprint scanning, can be used to address problems associated with a lack of identification documents, facial recognition systems can prove effective in situations where physical contact such as fingerprint scanning may be problematic. These systems must address privacy concerns and ensure appropriate data protection. These efforts help refugees in receiving timely assistance, open bank accounts, access broader set of financial services, leverage their transferrable skills to approach domestic job market to sustain livelihoods.

In response to the challenges of payments to response workers during Ebola crisis, the United Nations Development Programme (UNDP) was requested by UNMEER's Special Representative to the Secretary General to lead work on hazard payments, with technical assistance from UNCDF. UNCDF agreed to send a technical specialist to Freetown, Sierra Leone to lead the Payments Programme for Ebola Response Workers team. UNDP then asked the Better Than Cash Alliance, hosted by UNCDF, to support UNDP's work with the authorities in Guinea, Liberia, and Sierra Leone to coordinate payments for thousands of treatment center staff, lab technicians, contact tracers, and burial teams. Better Than Cash Alliance provided expert personnel to help design and implement digital payments to Response Workers, and brought together bilateral partners such as USAID with private sector partners such as Visa and MasterCard and international organizations, such as Mercy Corps, to ensure the best possible expertise and resources were available.

The success of digital payments to end-recipients (in Sierra Leone's case, response workers) depended to a large extent on digitizing upstream activities such as identification and registration of recipients, and effective information management systems to coordinate various cash transfer programmes targeting the same beneficiaries. iDT labs, a Sierra Leone-based technology solutions firm, was hired by the Government of Sierra Leone to develop the digital identity database.

The use of digital payments required registration of around 30,000 response workers in a shared digital identification system. In a country where approximately 70 percent of the population share the top 10 most common surnames, the lack of a unique identifier for each payee was initially a challenge. In addition, Sierra Leone's national identification system covers only 15 percent of the population. To ensure that duplicate records of the same person were not being created, a unique identification regime had to be established to track payments and workers as they changed their response worker category or work cadre (with subsequent impact on their eligibility for hazard pay and rates of pay).

## 2. Geospatial mapping of emergency payment points

The geospatial mapping of financial service points and the areas with great access gaps is critical and provides Central Banks with a pictorial view of financial service points across a country and allows them

to prioritize approvals of new bank branches and channel points of service. Furthermore, the realistic picture of access to and usage of financial services enables Central Banks to better track progress in financial inclusion and to make evidence-based decisions that will further stimulate such progress.

Immediately after the recent earthquake in Nepal, UNCDF assisted the authorities in effectively responding to the emergency by locating the emergency payment points for delivery of cash, humanitarian aid and supplies.

### 3. Increase the penetration and usage of affordable digital financial services for “cash-based” humanitarian assistance, particularly payments and remittances

UNCDF is working with banks, mobile network operators, regulators and users of Digital Financial Services (DFS) in challenging markets and has reached millions of people who were previously financially excluded. In doing so, UNCDF aims to prove that these services can be provided responsibly, at a reasonable cost, by sustainable institutions in a well-regulated environment. UNCDF approaches the issue through a DFS Market Analysis Framework, which defines the range of interventions needed at different levels of a country’s DFS ecosystem (i.e. micro, meso, macro, and client) and then invests in interventions in key work streams: ecosystem development, policy and regulation, infrastructure, providers, distribution, high volume, and customers. Through this approach, UNCDF has been able to support providers to design and deliver digital financial products across countries of current engagement and provide technical assistance to the central banks across LDCs for a favorable digital payment regulatory environment.

UNCDF is partnering with mobile network operators to develop a mobile app that will help increase the penetration and usage of DFS by providing actionable analytics on mobile money penetration and usage per value chain and geography. This data when captured for the displaced persons’ camps can provide deeper insights to UNCDF and other development agencies to inform the decision-making on proposed interventions.

UNCDF recently launched a series of digital financial services toolkits<sup>32</sup> for financial service providers who want to go digital. The goal of these six toolkits is to help financial institutions identify financially sustainable DFS business lines that fit their needs, provide practical tools that financial institutions can use in their journey towards digital finance and at the same time learn from UNCDF partners’ and other financial institutions’ DFS experiences.

Cash solutions work when there is an acceptance network and where needed items such as food, supplies, building materials, etc. are available for purchase. UNCDF’s technical expertise can be leveraged to collaborate with development partners and financial service providers to develop products that can facilitate the cash-based delivery mechanisms for humanitarian assistance and social transfers and increase the penetration and usage of digital financial services for the forcibly displaced and host communities as part of the response to crisis.

### 4. Support community-based savings groups that address financial needs and reinforce social networks

As a micro-entrepreneur, getting a loan from a bank is never easy, but if you are a forcibly displaced person, without assets or property or a national ID, it broaches the realm of impossible. Access to finance is a key component of any programme looking to equip forcibly displaced persons to re-start their lives. But, when access to formal finance is limited, one alternative is to employ informal savings and loan groups (SGs).

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<sup>32</sup> See <http://bit.ly/DFSToolkits>.

For forcibly displaced communities, the introduction of SGs is a stepping stone to self-reliance through the support of a group of self-selected members. It serves as a platform for training and education whether on financial capability, business skills or lessons on human rights and maternal health. Through the savings and loan scheme, members “buy” shares to save until they can accumulate enough for their savings goals, or borrow money from the pool of member funds collected. Interest for these internally-generated loans are collected and funds the group’s operations and even their community fund for vulnerable members in distress.

Evidence from randomized control trials and studies consistently demonstrates positive economic outcomes for women due to access to savings.<sup>33</sup> These outcomes include: increasing the productivity of rural women; increasing rural women’s profits; greater investment in their businesses; being less prone to sell assets to address health emergencies; improved consumption smoothing in the face of economic shocks, and greater legal and psychological control over funds. In addition, the impact of SGs has been positively correlated with asset accumulation, and solidarity with group members. And with the vast majority of SG members being women, SGs also have been shown to increase women’s economic empowerment<sup>34</sup>. Once groups have a track record, linking with a formal financial institution is also possible. Currently in Tanzania, several banks offer SG products and have even digitized them to enable groups to access their accounts via agents and their mobile phones. For forcibly displaced persons, when designed appropriately and when accompanied by relevant advocacy efforts with formal financial services providers, linking SGs to a formal financial provider can lead to a bank history and demonstrating credit-worthiness of individual members. In turn, acceptance from a regulated bank, with parallel advocacy efforts by UNCDF, may help ease the acquisition of an acceptable ID card for Know Your Customer due diligence purposes. Numerous other benefits can be attributed to savings and loan groups from women’s economic empowerment and leadership development to providing a safety net as a social coping mechanism. Also, SGs can provide a way to bring forcibly displaced and host communities together to ease tensions and build bridges.

One of the use cases for this approach is the Trust Savings and Credit Union (TSCU) working with Internally Displaced Populations in Liberia. TSCU is one of four regional credit unions (RCUs) developed under the UNCDF’s Credit Union Revitalization in Liberia programme that began in mid-2013. One of the strongest performing RCUs, TSCU accounts for 50 percent of the total expansion of the RCUs, with five branches and nine points of service and a membership base of over 2,000 individuals. Because it is operating in rural areas of the Nimba County that is close to the border of Guinea and Cote d’Ivoire, a large portion of the population is made up of refugees and displaced people from the neighboring countries.

To grow its customer base, TSCU had to devise some strategies to address the challenges of lack of infrastructure and illiteracy of the population. UNCDF worked with TSCU management and Board to provide training to informal SGs and to create SGs in their regions. The purpose of the training was to provide basic financial education to the SG members, link them to the RCU to learn the cooperative principles and graduate their annual savings clubs to progressive credit unions with democratic leadership and members to individual membership.

TSCU continued its focus on working with existing SGs to provide a linkage to the financial system and promote the SGs’ sustainability. The credit union signed a MOU with a partner of the USAID-funded Food Enterprise Development programme to train and pilot its SG transformation programme. In addition, in areas without SGs, TSCU promoted the establishment of SGs that would ultimately link to the RCUs for access to financial services.

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<sup>33</sup> <http://www.imf.org/external/pubs/ft/sdn/2015/sdn1517.pdf>

<sup>34</sup> Impact of savings groups on the lives of the poor, <http://www.pnas.org/content/114/12/3079.full.pdf>, 21 March 2017.

Importantly in working with refugees, TSCU was contracted by Danish Refugee Council to train SGs in Nimba and River Gee Counties on financial education, recordkeeping and governance. TSCU successfully embarked on the formation and training of SGs in Gbehlaygeh, Twah River and Buu-Yao Districts in Nimba County starting in 2014 and established more than 50 sustainable farm-based cooperatives and SGs as part of that initiative with the Danish Refugee Council. These SGs formed and trained by TSCU were encouraged by the management to join the RCU to obtain membership as groups and individuals. The process has been gaining momentum and nearby communities are eager to be trained on how to save and manage their money.

## 5. Provide financial support to FSPs so that they can build capacity and lend initial funds to forcibly displaced persons for setting up small enterprises and develop livelihood opportunities and access to labor markets

Due to extended duration of time forcibly displaced persons spend in the host communities, FSP have an incentive to cater to the needs of forcibly displaced persons and this can start from providing them with access to basic accounts so that aid agencies and development partners can use the accounts to deliver aid, remittances, etc. Also, FSPs can design and develop financial products tailored to the needs of the host communities so that they could provide jobs to the FDPs. For example, investing in small and medium-sized enterprises (SMEs) and agriculture is an effective long-term strategy to create jobs, build livelihoods, and create benefits for both the displaced and the communities that host them. This will in turn help the displaced become productive contributors to society and reduce their financial and resource burden on host communities. For e.g. 70,000 refugees and returnees are engaged in income-generated agriculture activities in Southern Chad. These POC could increase their self-reliance, and expand their agriculture activities, by using financial services to save, borrow and protect their assets.

UNCDF has extensive expertise working with FSPs to introduce and expand their capabilities in digital financial services. It has produced numerous toolkits<sup>35</sup>, case studies, and research that it will leverage for this programme to financially include FDPs and host communities.

## 6. Investing in digital and financial infrastructure for payments and broader access to financial services

Investing in financial and digital infrastructure that is accessible and affordable contributes to the availability of quicker adoption of digital financial services among the population in need. For example, through its ecosystem approach, UNCDF has conducted research in Meheba refugee camp in Zambia, the Bidibidi refugee camp in Uganda, and Nyarugusu refugee camp in Tanzania to understand the financial activities of the refugees and how digital financial services can address the current challenges such as infrastructure, financial services points, network coverage, etc. and facilitate economic integration of refugees in the domestic economy. This approach can be replicated in other refugee settings to capture the digital infrastructure needs so that investment opportunities can be identified to address the gaps that would not only benefit refugees but also the host communities.

## 7. Support opportunities to enable forcibly displaced persons, especially women and youth, to make the best use of their skills and capacities

A key constraint for forcibly displaced persons after receiving identity documents and access to critical aid relates to the lack of relevant skills and education to either secure decent work, provided access to labor market is not prohibited, or start a micro/small business. For example, through an integrated approach to provide financial (saving, loan, insurance, payments, etc.) and non-financial services

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<sup>35</sup> For example, see *"How to Succeed in Your Digital Journey: A Series of Toolkits for Financial Service Providers"* <http://bit.ly/DFSToolkits>.

(vocational training, life skills, financial literacy, etc.), UNCDF can leverage the same technical expertise and experience to support displaced women and youth to access local job markets and start small activities to sustain livelihoods.

From 2010 to 2015, UNCDF piloted approaches to offer youth (ages 12 – 24) affordable, relevant and accessible financial products coupled with complementary non-financial services in eight (8) LDCs in Africa<sup>36</sup>. UNCDF more than tripled the pilot's original target of providing access to finance to 200,000 youth. As of December 2016, over 720,000 youth (44% young women) had access to financial and nonfinancial services. Young people in the programme saved over US\$20 million with FSPs and over 124,000 young entrepreneurs accessed US\$16 million in loans. The programme's final evaluation found that it performed effectively by increasing both youth's access to appropriate financial and non-financial services as well as the institutional capacity of its partner FSPs. The evaluation notes that the programme was successful in institutionalizing youth products in nine (9) out of ten (10) partner FSPs<sup>37</sup>, and the programme successfully reached young people, with almost 80% of youth clients sampled perceiving the programme's savings and credit products, as well as financial literacy training, to have positively influenced their situations/lives, primarily in terms of increased financial capabilities and capacities to generate some income and greater independence and/or stronger self-esteem. In a separate and more in-depth behavioural study commissioned by UNCDF, researchers also found a correlation between participation in the programme and confidence in the future which may be a decisive factor for youth when thinking about risky sexual behaviours, migrating and/or radicalizing behaviours.

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<sup>36</sup> Burkina Faso, Democratic Republic of Congo, Ethiopia, Malawi, Rwanda, Senegal, Togo, and Uganda.

<sup>37</sup> In a separate study, on the business case of youth financial services, UNCDF demonstrate different paths of sustainability for FSPs.

# ANNEX B – DRAFT TERMS OF REFERENCE FOR UNCDF INVESTMENT COMMITTEE (IC)

The following draft will be tailored to the specific requirements of the programme in discussion with potential programme partners. The Investment Committee functions as the 'Project Board' of the programme.

## **Composition of Investment Committee**

- The IC shall be composed of the programme's main cost-sharing and policy advocacy partners, together with UNCDF staff.
- Designated members may appoint an alternate from their organization to participate in the members' absence. Both members and alternates may participate in regular IC meetings.
- New organizations may be added to the IC according to the following guidelines.
  - Organizations providing more than a stipulated amount (TBD) per annum in financial support to the programme shall be entitled a seat on the IC.
  - Other organizations with relevant technical capacity, or policy, advocacy or programme activities that reinforce the programme's strategic objectives may be invited with the approval of the IC.

## **Decision-making**

- IC decisions should seek to be made by unanimous consent. A minimum quorum of 50% of IC members is needed for decisions.
- If an IC member and his/her alternate are unable to attend meetings, may provide their input in advance to the IC Secretary or may delegate authority to another IC member.
- If consensus cannot be reached, the IC may opt for a majority vote at the discretion of the Chairperson.
- All organizations have a single vote, regardless of the number of members and alternates present at the IC meeting.

## **Term of Service and Meetings**

- The participating organizations of the IC shall appoint a member at their discretion to the IC, preferably for a term of no less than 18 months.
- The IC shall aim to meet no less than twice per calendar year and shall meet more frequently if needed.
- The IC may hold meetings either virtually with members providing comments via e-mail, videoconference, teleconference, in person or, when necessary, a combination of each.
- The IC may also agree, by special arrangement (e-mail, telephone calls), when timely decisions are required.

## **Appointment, Role and Responsibilities of Chairperson**

- The IC shall unanimously appoint a Chairperson for an 18-month term, which is renewable. The Chairperson is responsible for:
  - conducting all IC meetings;
  - managing voting, when necessary;
  - sign IC minutes;
  - representing the IC;
  - and monitoring programme compliance with IC decisions and recommendations.

The Chairperson may, in case of unavoidable absence from an IC meeting, delegate his/her responsibilities to another IC member or alternate.

### **Appointment, Role and Responsibilities of the Secretary**

- The programme advisor shall act as Secretary to the IC.
- The Secretary shall be assisted by other members of the programme team forming the Secretariat.
- With the approval of the Chairperson, the Secretary may designate another Programme Advisor to act as the Secretary.
- The Secretary does not have a vote in the IC.
- The role of the Secretary is to ensure the smooth functioning of the IC, manage all preparation for IC meetings, document IC decisions, and respond to IC requests.

The Secretary is responsible for:

- scheduling and organizing all IC meetings;
- ensuring that all required documentation is available to facilitate decision-making;
- taking and disseminating minute of IC meetings;
- providing documents to the Chairperson for signature;
- responding to IC requests for information.

### **Roles and Responsibilities of the IC**

The role of the IC is to oversee the implementation of the programme serving as the decision-making body over the programme funding including:

- appraisal of proposals for financial and technical support;
- recommend to the Executive Secretary approval of financial support;
- and ensuring the project team is appropriately monitoring funded partners.

The IC mechanism is in line with principles of Aid Effectiveness calling for donors' actions to be more harmonized, transparent and collectively effective.

Responsibilities include:

- Provide guidance and strategic direction to the Programme.
- Advise on and approve the strategy of the Programme.
- Approve Programme strategic and programmatic policies, including the Programme Funding policy, particularly eligibility and selection criteria.
- Approve annual work plan (AWP) and budget, provided by the Programme Advisor no less than four weeks prior to the commencement date of the AWP.
- The IC shall meet prior to the end of each year to review and comment on the annual work plan.
- The Programme Management Team shall make changes to the plan, as necessary, and the IC shall approve the final plan in writing by signature of its Chairperson no later than four weeks after the start of the fiscal year.
- Appraise and recommend approval of financial support to partners from the programme's funds.
- The IC in its entirety may oversee the Programme's funding or it may appoint a subcommittee consisting of IC members to appraise and approve partners' applications.
- The IC may establish approval authorities and delegate IC recommendation for approvals less than a certain amount to the Programme Advisor, the Chairman of the IC, or some combination of the two. These authorities will be documented in the Programme Funding Policy. The Programme Advisor and IC Chair will make recommendations to the Executive Secretary for approvals within the authority assigned by the IC.

## **Monitoring and evaluation (M&E)**

- The M&E and Reporting Framework detailed in the Programme Document will apply to the Programme.
- The M&E plan will be provided to the IC for comment. Additional M&E activities may be requested by the IC from time to time.
- M&E plans will include the requirements for its other funders
- The IC shall review regular Programme progress reports.
- The IC shall review Programme's annual performance.
- The IC shall conduct a mid-year project review during the third quarter of the calendar year to assess the performance of the project. It shall focus on the extent to which progress is being made towards annual work plan outputs and the extent to which these remain aligned to appropriate outcomes. It will also inform the next annual work plan.  
The IC shall review, revise and approve ToRs and the evaluation team for mid-term and/or final evaluations, as required by the programme document.

## **Responsibilities of Project Manager to the IC**

The project manager shall provide quarterly reports toward the completion of annual work plan results. The fourth report shall serve as the annual report and be submitted to the IC no later than four weeks after the end of the calendar year.

- The Programme shall provide a semi-annual budget report including actual versus projected expenditures with an explanation of significant variance.

The IC shall respond with questions to the reports directed to the project manager no less than 30 days after receipt of the reports and the team shall respond no less than ten (10) days.

## **Confidentiality and conflict of interest**

- Members of the IC undertake to keep in strict confidence all proprietary, commercial or other sensitive information that it may come across in the course of their role and responsibility in the IC.
- If a member of the IC believes he or she may have a conflict of interest in any matter being considered by the IC, this conflict of interest must be reported immediately to the Chairperson who, in consultation with other IC members, shall rule on the appropriate action to take; including, but not limited to, the member abstaining from contributing to a decision on the matter at hand.

Please visit [www.unhcr.org](http://www.unhcr.org) and  
[www.uncdf.org](http://www.uncdf.org) for more information

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Robinson/2017



Published by UNHCR  
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