

COMM, The Hague, 7<sup>th</sup> September 2018

**Breakout session 4:**

**‘How to strengthen the role of financial service providers in their response to refugees’ needs: a case study from Uganda**

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**Moderated by:** Ms. Mariel Mensink (ICCO Terrafina Microfinance)

**Speakers/panelists:** Mr. Yengi Lokule (Rural Finance Initiative), Mr. Jimmy Adiga (BRAC Microfinance), Mr. Shafi Nambobi (UGAFODE Microfinance Ltd), Ms. Karen Birungi (Centenary Bank), Mr. Caspar Sprokel (Triodos Investment Management), Mr. Jarri Jung (Triple Jump), Mr. Hans Heijs (ICCO), Ms. Petra Hamers (Oxfam Novib)

**Minute taker:** Ms. Nicole Jular Manugas (NpM – platform for Inclusive Finance)

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With over 1 million refugees, Uganda is one of the largest refugee hosting countries in the world. Unlike in most other countries, refugees are allowed to access education, find employment and start their own businesses. This offers interesting opportunities for financial services providers (FSPs) who have started to develop products (credit, savings, payments/remittance, insurance) and services (non-financial services e.g. client training / BDS, financial education) for the refugee market. This session will discuss the opportunities and challenges faced by FSPs, and will present the outcomes and conclusion of a recently conducted diagnostics study in Uganda.

After a short elaboration on the study results, the session started with a panel discussion and all panelists were asked to reflect on the following questions:

- What are the challenges and opportunities in financing refugees for you? What is the business case?
- What do you expect from others? How do you want collaborate?
- What is the relevance of the study for other countries? Similarities and differences?

***Karen (Centenary Bank)*** → Centenary bank needs information and data on the refugees’ population so that proper analysis can be done to have an overview. In addition, there is a pressing need for awareness creation among refugees in Uganda as most refugees doubt whether the banks will actually serve them. Karen herself had the chance to talk to the refugees to give them a message that bank has the interest to serve them with financial services. From the social prospective, there are many opportunities. At the moment, they also get remittances from refugees.

Centenary needs collaboration and is looking for partners such as NGOs or anybody who is working with refugees. They want to spend more resources for promotion and marketing of services to refugees..

***Question from IKEA foundations:*** Does the ID for refugees work for you? Karen mentions that they use it for proper data collection and to get an overview of clients.

***Mr. Shafi (Ugafode Microfinance):*** Explains that they are working already with refugees, but the question is how to mitigate risks. Furthermore, they need staff to work with refugees, including staff

that can talk French (or even Arabic) but overall they see it as an opportunity. The central bank is also very supportive and stimulates innovation, he says. Soon they will be allowed to use mobile banking systems to increase financial inclusion, although currently it is only allowed for banks to engage in agency banking, (As mentioned by Peter of the financial sector deepening trust)

From others they expect to receive technical assistance and support to improve infrastructure. He hopes the government will continue to be supportive.

**Mr Yengi (RUFU microfinance):** For RUFU there are many opportunities, since they operate in South Sudan and in Uganda. Through their program, they can also stimulate cross-border trade since clients borrow from Uganda and they trade the products in South Sudan. Personally Mr. Yengi lives 2 weeks in the camps in Uganda and 2 weeks back in South Sudan.

RUFU has a big challenge with the NGOs in the camps: 14 NGOs are giving handouts; basically, free money to refugees to make business. RUFU could easily use this money to make it more effective and thus create a more sustainable economy. They still have to talk about this with the NGOs, but it is hard to get in touch and convince them that savings and lending among refugees is possible. There is a need for more structural collaboration with humanitarian aid and create a much more complementary working relationship.

**Mr. Casper (Triodos).** For Triodos, financial inclusion is the core issue. This means also to include refugees in the finance sector. He likes the report, as it covers all the issues and there is a business case, there is a market to be attended to, so there is a clear opportunity to service that market. He did not know Uganda was so liberal. Of course, they will also look at credit risk. On the question whether they would invest in RUFU being an organization that works in two countries, he mentions that they would have to do a normal assessment and make sure everything works. They need to assess the risks and what are the impacts and returns, to “not hand out money for free”

**Mr Jari (TripleJump).** Mentions that this is the same for Triple Jump. In addition, they would need collaboration with others such as with FSP, NGOs etc. for his good communication is important.

**Ms Petra (Oxfam Novib):** Mentions that ON is now at the crossroad and works both in humanitarian aid and in access to finance. The issue is how do all these come together? There are certain practical options such as the use of vouchers alongside with loan products. . “It’s all about finding a way to a fair share of dignity”.

Petra adds that refugees have different needs. Not all refugees are in need of inclusive finance. Some need education or just want to get formal employment. Stimulation of SME’s could also assist to grow job opportunities among the refugee community. She emphasizes the need for collaboration and coordination with NGO’s that provide handouts. Furthermore, there is a need for lobby.

**Mr. Hans ICCO representative in Jordan** adds that we are talking about people; hence their history, knowledge, expertise, culture etc. can affect/impact any decision. Refugees fleeing thinking that it would be a short amount of time, but some are still there after 7-8 years. The history of refugees from Syria is also different from refugees from South Sudan, and their capacities and education levels differ. He furthermore stresses that it is best to make plans for refugees and also for the host communities; when making plans, make plans for both groups!

Take away questions:

- 1) **What are the two most important next steps to financially include refugees?**
- 2) **What do (1) public and (2) private sector need to do?**

Key points:

**1) What are the two most important next steps to financially include refugees?**

- Key issues for better planning are:
- Data collection and Biometric ID of refugees
- Learning from Uganda's policies for other countries
- Creating cross border institutions and have investors have recognized these institutions
- Financial education to clients and capacity building of MFIs
- Lobby for use of any type of services, remittances for all types of financial service providers
- Need to integrate refugee finance with financial services for local communities

**2) What do (1) public and (2) private sector need to do?**

- Strong need for collaboration between private and public sectors (NGOs and FSPs) to create a better complementarity between humanitarian and financial sector services
- Need for structural infrastructure and better legal environment for financing refugees
- Private sector: Need to establish SMEs for employment creation among refugees

**Conclusion:**

**“Need for a similar organization like NpM in every country and make use of what is already there!”**