

REFUGEE FINANCE *Playbook*



APPROACHES, LESSONS,
TOOLKIT FROM THE REFINE
PROGRAM



FEBRUARY 2025



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[CLICK HERE OR SCAN QR CODE TO ACCESS RESOURCES](#)

Acronyms

AFD - Agence Française de Développement

AML – Anti Money Laundering

ASCA - Accumulative Savings and Credit Associations

BOU - Bank of Uganda

CBI - Cash Based interventions

CDD – Customer Due Diligence

CRRF - Comprehensive Refugee Response Framework

DRC - Democratic Republic of Congo

FL - Financial Literacy

FSPs - Financial Services Providers

HOCW - Hope of Children and Women Victims of Violence

HR - Human Resource

IRO - International Refugee Organization

KYC - Know Your Customer

M&E - Monitoring & Evaluation

NFS - Non-Financial Services

NGOs - Non-Governmental Organisations

ODI - Overseas Development Institute

OPM - Office of the Prime Minister

PAR - Portfolio at risk

RLOs - Refugee Led Organizations

SDGs - Sustainable development goals

STA - Settlement Transformative Agenda

TA - Technical Assistance

TOTs - Training of Trainers

UNCDF - United Nations Capital Development Fund

UNHCR - United Nations High Commissioner for Refugees

VSLA - Village Savings and Loan Association

WBG - World Bank Group

About this Playbook

Purpose for the Playbook

- To **inform, guide and accelerate** the efforts of refugee finance stakeholders in building inclusive financial markets for refugees and hosts
- Share and communicate **best practices, learning and program resources, tools and templates** from ReFine and the field of refugee finance to its private, public and development actors
- Orient the uninitiated on the **basics of displacement finance** and the **overarching issues** prevalent in the sector

Who should use this Playbook

- **Funders** new to the field of displacement finance who seek to understand enough to make a funding decision
- **Financial institutions and digital finance providers** who want to:
 - Explore the benefits of serving refugees and hosts
 - Have a set of practical tools to begin the refugee finance journey
- **NGOs and refugee grassroots organizations** interested in introducing their participants to formal financial services
- **Consultants and practitioners** leading/supporting a refugee finance intervention who desire a practical handbook to help them to develop an actionable strategy for rollout

ACKNOWLEDGEMENTS



With thanks for generous financial support to the ReFine program



For facilitating access to partner financial institutions and availing lending capital to refugees



For building the capacity of refugees and refugee led organizations

How the Playbook is Organised

NEED	SECTION	SLIDES
New to the subject of refugee finance? Bird's eye view of the refugee finance ecosystem and understand its significance for your institution	INTRODUCTION Displacement Context – Global & Africa Refugee Finance: Significance to Actors	(Slides 6 - 11)
Understand refugees, hosts and their unique circumstances to appropriately engage them for any financial inclusion effort	MEANINGFUL ENGAGEMENT OF REFUGEES & HOSTS Unpacking refugee stereotypes and barriers 3 ways RLOs can accelerate refugee finance	(Slides 13 - 17)
Learn what it takes to prepare refugee and host communities for the formal financial system and drive adoption of formal financial services	PREPARING REFUGEES & HOSTS FOR THE FINANCIAL WORLD Laying the foundation with financial literacy Building business and digital skills: A road-map	(Slides 18 - 24)
Interested in what it takes for financial institutions to effectively connect with and serve refugees and hosts with formal products and services	PREPARING FINANCIAL INSTITUTIONS FOR REFUGEES & HOSTS Building the business case Women, Segmentation & Delivery	(Slides 25 - 32)
Interested in real life examples, testimonials and lessons on sustainability?	LESSONS ON SUSTAINABILITY Refugee Capacity Building Financial Institution Strengthening	(Slides 32 - 35)

INSTRUCTIONAL AIDS

Did You Know?

Intriguing facts and figures about market actors, approaches and outcomes in the world of refugee finance

Additional Resources

A collection of relevant resources that can be leveraged for a refugee finance intervention

Case Study:

Testimonials and real-life expositions that highlight successes, challenges, lessons learned within the refugee finance context

Critical Tips:

Important advice, informational nuggets or caveats that can make a difference in the success of a refugee finance implementation

Refugee Finance Overview

- Global context of humanitarian assistance and development
- Definitions: refugee finance and foundational requirements
- Global milestones shaping the development of refugee finance
- Significance of refugee finance for ecosystem actors



Displacement Context – Global & Africa

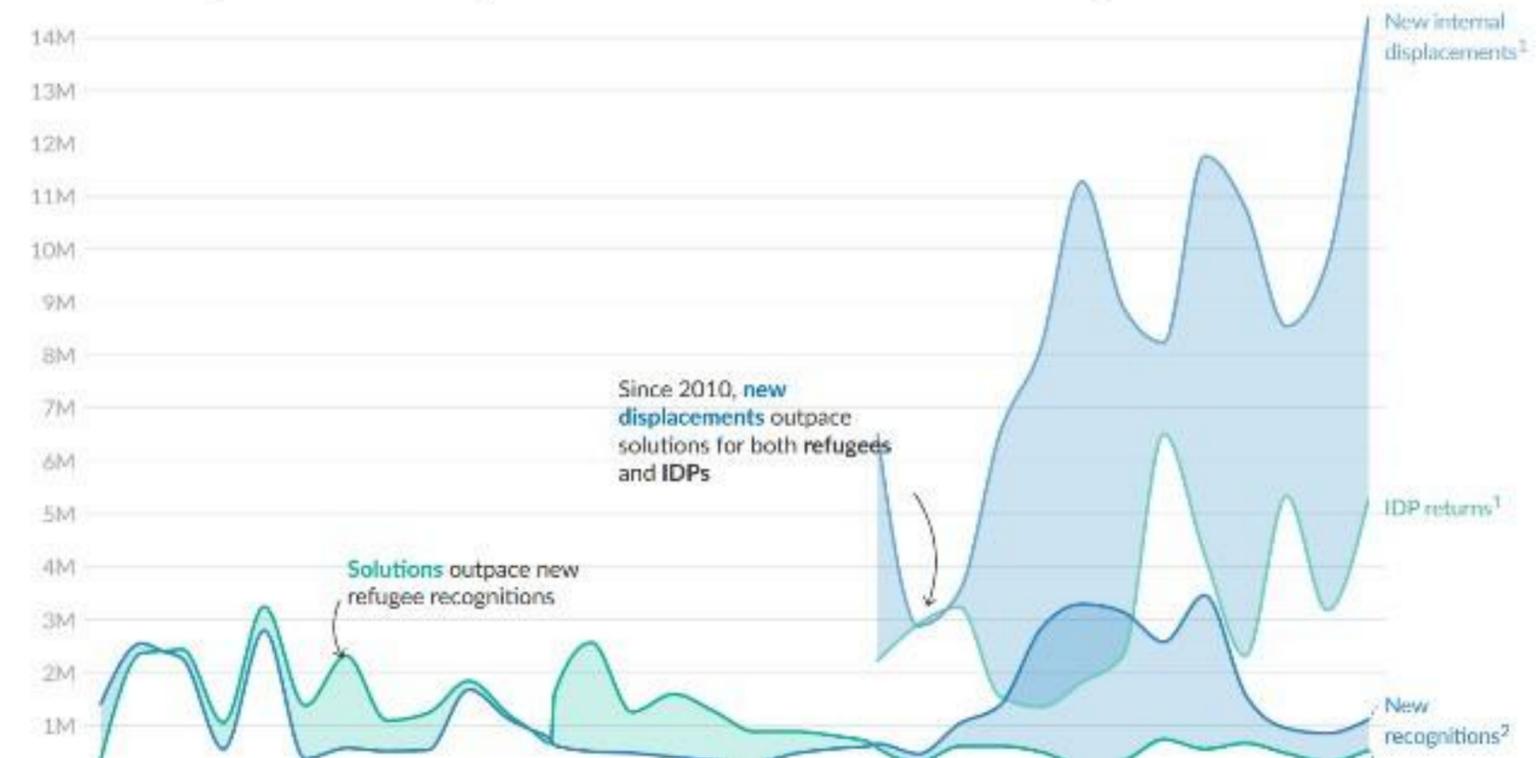
Why forced displacement is a big deal today:

- It is the leading outcome of 2 of the 3 biggest social crises of our time (conflict, climate change)
- Rapidly growing global refugee population (tripling from **43.3M** in 2009 to **117M** in 2023) and average length of protracted displacement keeps growing
- Dwindling humanitarian aid (\$700 M funding gap recorded by UNHCR in Oct 2022 for refugee support)

Additional complexities:

- Length of time people are displaced keeps growing: average time a person remains in a “**protracted displacement situation**” – i.e. 5+ years) is 17 years
- **Over 85%** of the world’s refugees are hosted by developing countries, who often are in need of help themselves.
- Forced displacement has recently outstripped available solutions (returns, resettlement, naturalization) during the past 10 years

Forced displacement outpaces the available solutions during the last decade



If current trends continue, the total number of forcibly-displaced people will increase to **over 300 million** by 2030. Indeed, some forecasts cite that over 250 million people could be displaced by climate factors alone by 2050.

What is Refugee Finance?

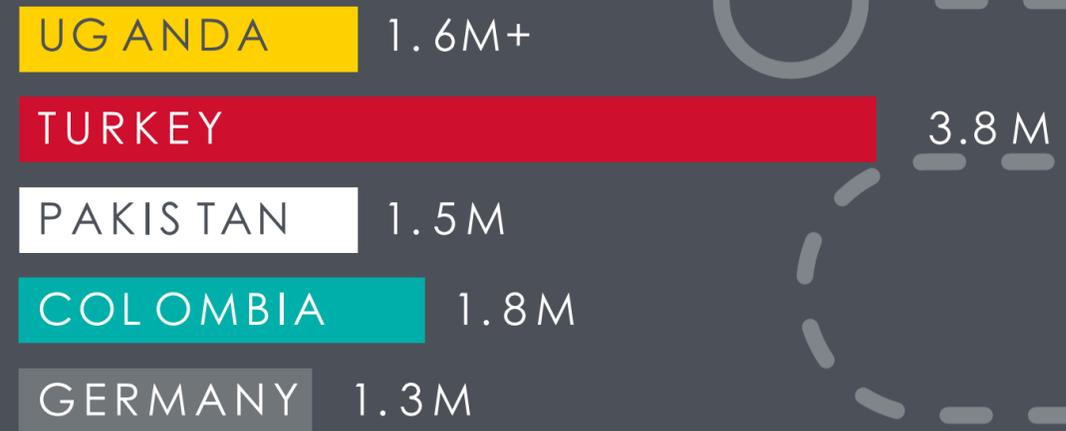


The collective provision of financial and non-financial services to meet the varied and complex economic needs of forcibly displaced persons (FDPs)

Typically includes:

- Savings
- Loans
- Insurance
- Remittances
- Financial literacy
- Business & digital literacy training
- Market information access
- Business development services, mentoring

Major refugee hosting countries include:



122 MILLION FDPs globally (mid 2024 – [UNHCR](#))

85%

FDPs are financially excluded (UNHCR, World Bank)

Financial access for displaced population is often influenced by five factors:

LEGAL STATUS	DURATION OF DISPLACEMENT
FINANCIAL HISTORY	SOCIO ECONOMIC POSITION
PROFICIENCY IN THE HOST COUNTRY LANGUAGE	

Prerequisites for a flourishing Refugee Finance ecosystem

INCLUSIVE FINANCIAL INFRASTRUCTURE:

Mobile banking, agency network, digital payments infrastructure, data protection & privacy, all help to overcome the geographic barriers in refugee camps/settlements and remote areas



A robust financial system that reaches undeserved populations, including refugees

ACCESS TO ID & DOCUMENTATION:

Government-issued ID/refugee ID. Inter operable Digital ID systems. Advocacy for alternate IDs for refugees



Identification is the gateway to financial inclusion. Without valid and recognized documents, refugees will struggle to open accounts, access loans, or participate in formal finance systems.

SUPPORTIVE POLICIES:

Without enabling regulation/policies, refugees lack legal rights to participate in the financial system, legal recognition of refugee status, IDs, KYC, right to work, etc.

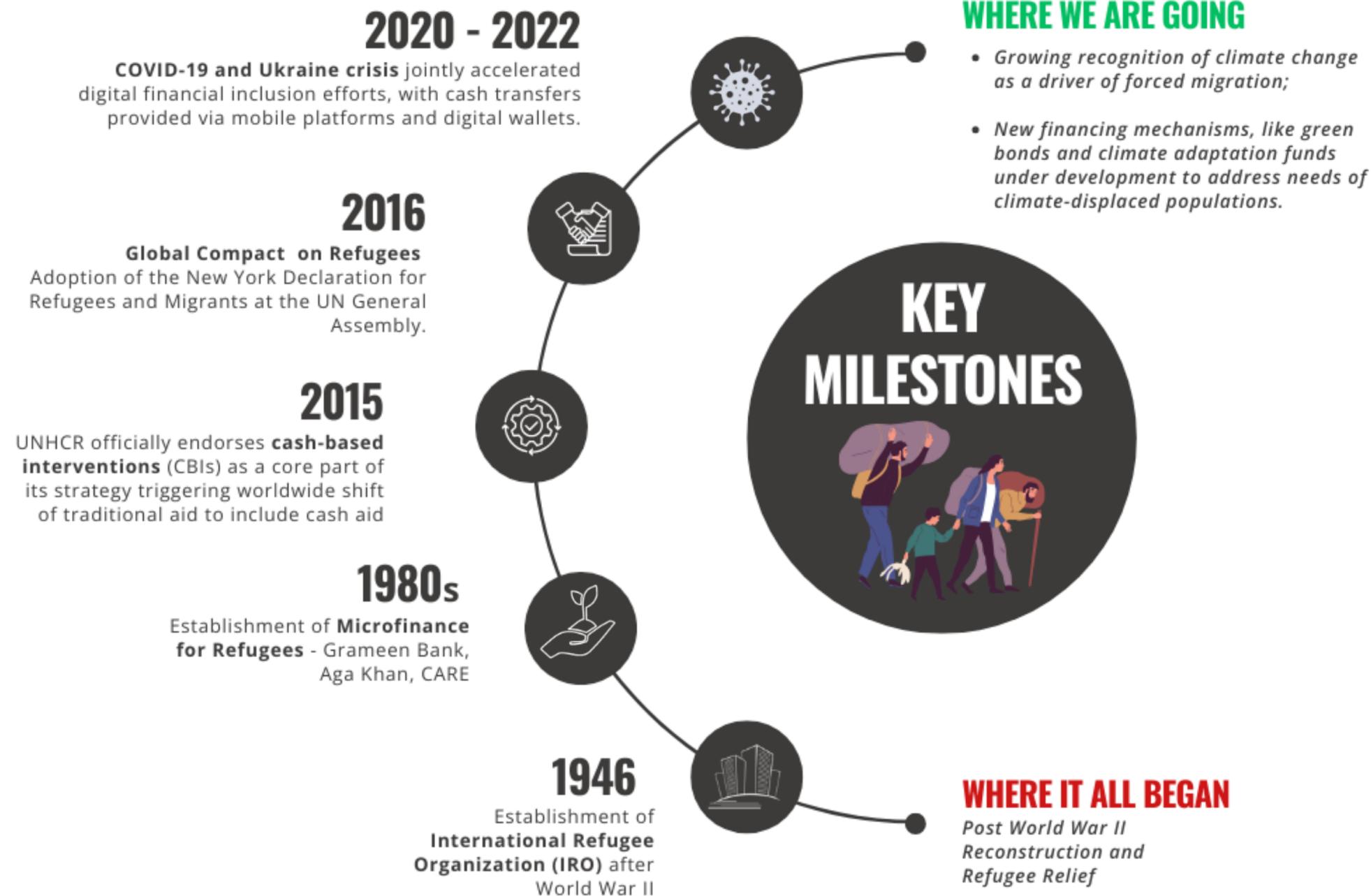


Government laws and policies that recognize refugees' right to work, access financial services, and own businesses are essential for their economic integration.

Other important factors include:

- Risk sharing funding and affordable financing
- Capacity building for FSPs and product innovation
- Legal rights to work, access markets and start businesses

Global milestones that have shaped the development of Refugee Finance



GLIMPSE INTO THE FUTURE

Financing climate-induced displacement:

Developing climate-adaptive financial products (green bonds, climate insurance) and integration of refugees/hosts into national climate adaptation strategies

Enhancing stakeholder collaboration: Strengthening public-private partnerships (PPPs), prioritizing localization and fostering collaboration between funders, development agencies, Refugee-Led Organizations (RLOs), NGOs, and microfinance institutions

Sustainable financing: Developing innovative funding mechanisms, such as blended finance, social impact bonds, and leveraging private sector capital

Refugee Finance: Significance to actors

The economic and social value of the refugee market are important for different actors:

Development Actors

- Seek to **combine development capital and technical assistance (TA)** to influence market dynamics and create inclusive, resilient markets
- Seek contribution of refugee finance interventions to attainment of **SDGs**

NGOs/Implementing Partners

- Contribute towards financial and economic development of vulnerable populations
- Represents a significant opportunity to address a growing global economic and social challenge using market-led approaches and build resilience and equity



Financial Sector

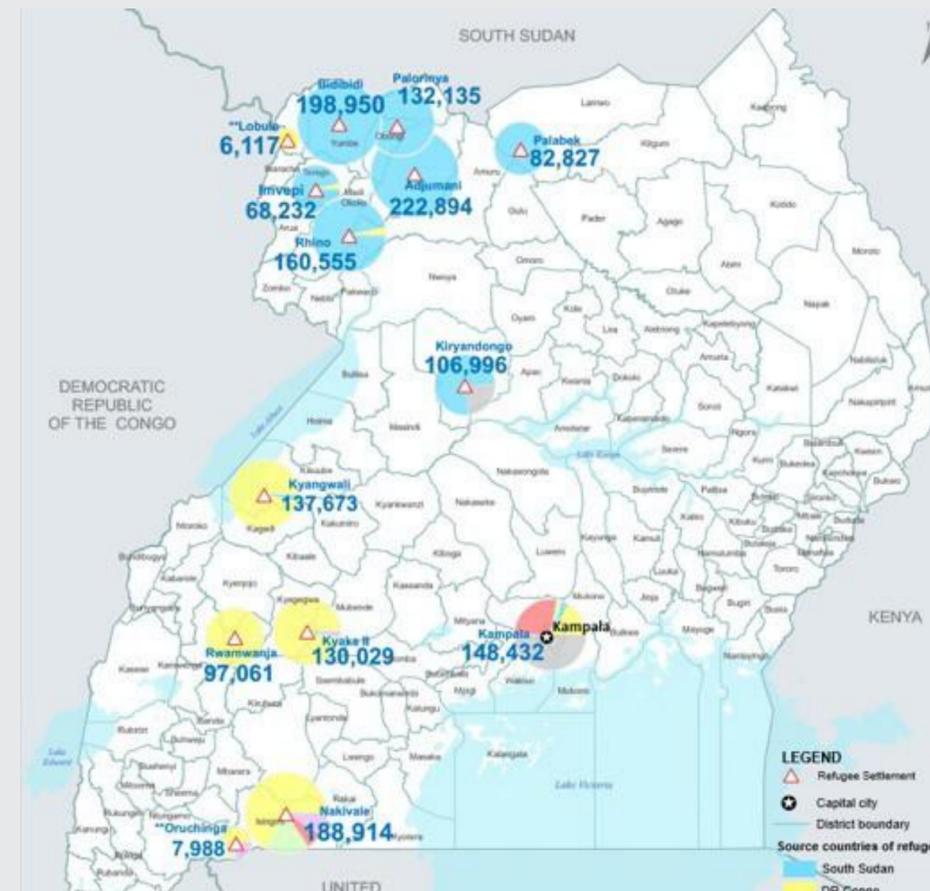
- Untapped use cases (remittances, loans) in refugee finance market can offer significant shareholder value
- Pursue this segment to get financial and technical support to build their rural delivery channels and infrastructure Contribute to social performance targets

Government

- Commitment to refugee hosting and development attracts international funding and TA to critical sectors in the economy
- To contribute towards national development goals and economic development

Uganda: Overview of Refugee Profile

- **5th largest** refugee-hosting country in the world; largest in Sub Saharan Africa
- **1.7M** displaced population comprising refugees & asylum seekers from South Sudan (56%), Democratic Republic of Congo (31%), all others - Burundi, Somalia, Sudan, etc. (13%)
- **13 settlements** in rural Uganda host refugees, self-settled refugees stay in Kampala
- 91% of refugees live in settlements; of these, 82% are women and children, **52% women** and girls, 3% elderly and 24% youth.
- Progressive government policies have created an enabling, supportive environment for refugees
 - Refugee Act (2006)
 - 2010 Refugee Regulations
 - Settlement Transformative Agenda (STA) (NDP II 2015/16 -2019/20)
 - Comprehensive Refugee Response Framework (CRRF) (2017)



2024 2025 **1.7M**

Refugees & Asylum Seekers

	2024	2025
SSD	1M	1M
DRC	536K	577K
OTH	144K	154K

Host Community

	2024	2025
Host Community	2.7M	2.8M

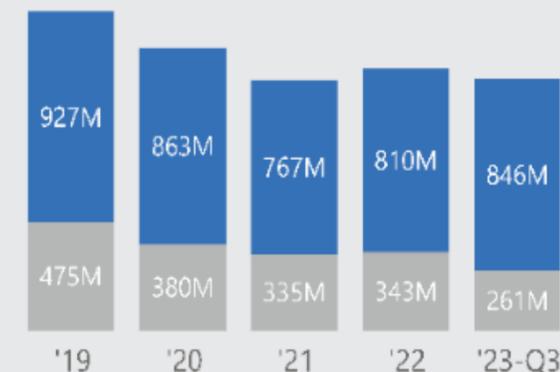
Host communities in refugee-hosting sub counties.

Funding received Funding required

Did You Know?

There are growing concerns about the future of Uganda's shining refugee hosting model. There at least 2 reasons for this:

- Global funding support for **Uganda's refugee response** has not matched the praise: the country received less than 13% of required, requested assistance in 2022 and this support keeps dwindling.
- **Funding** for the Ugandan refugee crisis is shifting from humanitarian to development funding, but without any major donor willing to foot this bill. Meanwhile, the country continues to receive an influx of refugees from Sudan and DRC.



Meaningful Engagement with Refugees and Hosts

- Understanding displacement terminologies
- Understanding the refugee and unpacking stereotypes, barriers
- Getting acquainted with the displacement phase
-
- Introducing Refugee Led Organizations



Understanding displacement terminologies

Refugees, IDPs, migrants, asylum-seekers ... what's the difference?



Refugees

Flee their homes, cross an international border, and cannot return because they fear their lives are in danger



IDPs

Flee their homes for the same reasons as refugees but have not crossed an international border.



Asylum Seekers

Flee their homes and claim they are refugees, but their status has not yet been definitively determined.



Migrants

Voluntarily leave their homes to settle permanently in another region or country for a variety of different reasons.

DID YOU KNOW?

These differences are important for a variety of reasons:

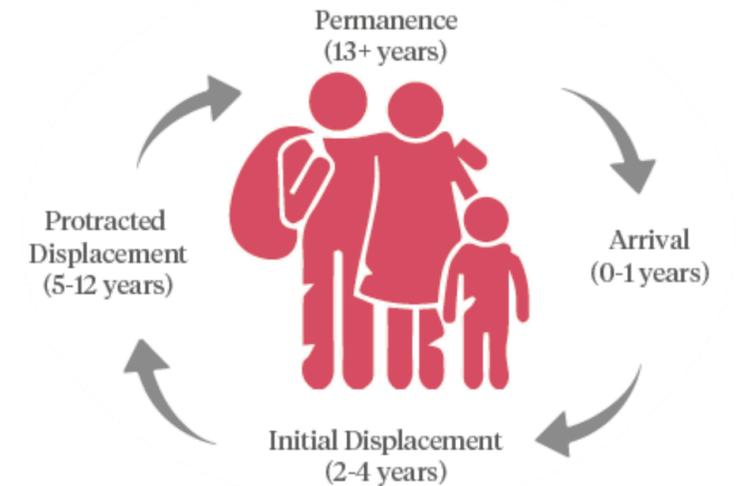
- While all are vulnerable, not all face the same set of barriers (e.g IDPs do not usually face ID challenges)
- They impact solution design (e.g. language, level of investment, complexity of solutions)
- Without special protections afforded refugees, migrants may be forced to live and work 'under the radar,' at risk of abuses of their rights

Unpacking refugee stereotypes & barriers

Perceptions held about refugees		Learning from ReFine, global implementations
Aid dependent, a potential national burden		Despite receiving land and other livelihood support for start-ups, most refugees (54%) reported that aid was their main source of income. Refugees have largely been unable to become financially autonomous (UNHCR LRSS '22 – '25)
Flight risk leading to greater likelihood of credit default risk		Minimal risk, many refugees are increasingly staying longer in their host country. Globally, PAR-30 of refugee portfolio is comparable with that of host community.
Unskilled and financially illiterate, economically inactive		Over 45% of refugees are engaged in either entrepreneurship or formal employment. 23% of all refugees in Uganda and 46% of those living in Kampala used to have regular jobs in their country of origin (FSD Uganda)
Live isolated lives, unwilling to integrate		Refugees are often well integrated within the communities they live through grassroots institutions such as RLOs, aid organizations
Women are typically less empowered		Women face multiple constraints in displaced communities: income and resource disparities, limited access to education, job opportunities, lower pay for equal work, mobility restrictions, gender-based violence, etc. However, more women than men receive livelihood support from NGOs .
Most refugees are highly transient (move or could move fast)		Majority of refugees seek to stay and build sustainable livelihoods in their host country.
Most do not possess government-issued ID, are risky hires, and untrustworthy		About 80% of refugees in Uganda have been issued with a Refugee ID. (OPM/UNHCR July 2023)

Refugee Financing Needs: Driven by the displacement phase

Displacement Phase/Characteristics	Key Financial Needs (Demand Profile)
Phase 1: Arrival Focus on immediate basic needs for protection, shelter, food, medical services, and communications technology to reconnect with family	Survival cash for housing, food, medical services, and often to repay debt incurred during escape.
Phase 2: Initial displacement Focus on access to housing, education, learning the language, work, or business start-up	<ul style="list-style-type: none"> • Financial services: Savings, remittances to family in country of origin; micro-/consumer credit for furniture, appliances, school fees, business equipment; and health insurance. This demand can remain latent due to real or perceived financial exclusion. • Non-Financial services: Market information and access, job placement/vocational training, business skills, life skills and social interaction with hosts.
Phase 3: Stable/protracted displacement Focus on making an increasingly better living	<ul style="list-style-type: none"> • Financial services: Savings products, micro/consumer credit, mortgage/home improvement loans, business loans, transactional accounts for cross-border payments and remittances, and health insurance. • Non-Financial services: job placement, vocational or business training, linkages to the market /value chains, social/business interaction with hosts.
Phase 4: Permanence Focus resembling host population, i.e. Livelihood building to ensure the best life possible for self and family.	<ul style="list-style-type: none"> • If integration is the goal, financial service demands becomes more sophisticated and resemble those of hosts: savings, pension plans, credit, insurance, and transnational services (e.g. line of credit, remittances, insurance). • If return/resettlement is the goal: Savings for journey, transferable credit history (certificate), transferable pension schemes, and deferred annuities.



CRITICAL TIP!

Understanding the displacement phase is key to effective segmentation for financial institutions. Products will be designed amiss if **demand profiles** of refugees are not considered.

Even the delivery of Non-Financial Services (NFS) is more impactful when the displacement phase of refugees is well understood.

Introducing Refugee Led Organizations (RLOs)

Refugee Led Organizations (RLOs) are locally based independent organizations led by refugee leaders who provide advocacy for refugee agency and self representation. They additionally provide survivalist skills, psychosocial support, livelihood opportunities and support towards integration (education). They are typically the first grassroots point of contact for refugees and asylum seekers arriving in-country.



Entrance to Hope of Children and Women (Victims of Violence) - HOCW; an urban-based Refugee Led Organization (RLO) in Ndejje, Uganda

Benefits	Constraints
<p>Local knowledge: RLOs usually have better understanding of refugee needs since they operate at grass root level within refugee communities.</p>	<p>Limited funding: Most RLOs struggle to get large funding opportunities due to low business development capacity.</p>
<p>Sustainability of intervention benefits: Improving RLO capacity provides for continuity of program initiatives after project closure.</p>	<p>Low skills: Many RLOs employ low skilled workers and volunteers due to low financial capacity.</p>
<p>Mobilization: RLOs are easiest avenues for mobilization and screening of potential program participants</p>	<p>Inadequate policies and procedures: Most RLOs have weak policies which make them prone to fund mismanagement & corruption.</p>
<p>Financial linkages: Just like VSLA groups, RLOs are proven centers for financial service linkages to FSPs</p>	<p>Weak systems: With low financial capacity, some RLOs are unable to put in place vital systems such as Finance, compliance, M&E & HR systems.</p>

Research from the Overseas Development Institute (ODI) revealed that RLOs are chronically under-funded and often sidelined in refugee responses. Available data shows that **less than 1% (0.4%)** of humanitarian and development funding reached RLOs in 2022. This is a phenomenon that needs to change if RLOs are to play key roles in transforming displaced communities. The rhetoric around localization must be put into action by empowering refugees. Access the ODI research report [here](#).

Adjusting Product Criteria & Delivery Systems



Facilitate en masse access to refugees and hosts

- It makes economic sense to identify aggregation points within the community to partner with when providing financial services to refugees/hosts.
- A single RLO can facilitate access to between 100 – 1,500 refugees at a go and reduce customer acquisition costs for an FSP or service provider.

Liaise between refugees, hosts and financial institutions

RLOs represent the interests of refugees/hosts and wield significant influence. If well trained and capacitated, RLOs can effectively link refugees to FSPs, communicate the needs of refugees to FSPs, and assist in resolving conflicts between FSPs and refugees.



Target and address refugee women's needs more effectively

Refugee women's needs are often underrepresented in 'mixed' RLOs and so many turn to women-led RLOs. FSPs seeking to include more women at scale in a culture devoid of male intimidation can do so by targeting these RLOs.

[LEARN MORE ABOUT RLOs IN UGANDA](#)

Preparing Refugees & Hosts for Formal Finance

- The value of:
 - Financial literacy
 - Business literacy
 - Digital literacy
- Establishing effective linkages between RLOs and FSPs



Laying the Foundation with Financial Literacy

Training Approach

- Use group training approach to save cost, promote group learning & sharing.
- Use in-person methods to accommodate low literacy of all participants (pictorials, illustrations, role plays, drama, flip charts)
- Use ToT model; refugee trainers can better understand the community dynamics, are more accessible for post training support,
- Cost -effective approach; also potential income generating activity for individual trainers

Delivery

- Use of practical training approaches and adult learning techniques is the best form of delivering financial education.
- Remember, adult trainees typically remember 20% of what they hear, 40% of what they hear and see, and 80% of what they hear, see, and do
- Conduct sessions for one or two hours, once or twice a week provide for flexibility of other duties. Average training for a standard FL curriculum is usually 6 weeks.
- Rural women have well-known mobility restrictions and child- care constraints; be mindful of timing, duration and provide on-site child-care support, if possible.

Curriculum

- In-house adapted curricula allow for achievement of specific objectives however, WFP and UNCDF resources released in 2021 offer standard curricula for refugee context.
- BOU Financial Literacy core messages can be used in trainings. Standards can guide approach
- Standard FLT curriculum should cover the following:
 - Personal financial management
 - Saving
 - Investment
 - Credit management
 - Preparing for retirement
 - Insurance

Monitoring & Evaluation

- M&E is crucial for assessment, learning, and feedback. Develop simple forms or media to collect feedback from participants at the end of the training.
- If refreshers are organized later, be sure to incorporate the learning and feedback from the forms.

ADDITIONAL RESOURCES

- Links to WFP, [UNCDF financial literacy toolkits](#)
- Link to [ReFine financial literacy deck](#)
- [Link to BoU financial literacy core messages](#)

Building business and digital skills: Theory, Approach

Helping refugee / host micro-entrepreneurs to become economically empowered

1 Define Business & Digital Needs

- Start with the RLOs: Why? Put the rhetoric about localization and sustainability into action by building the capacity of local agents that can sustain the intervention past its life. Together with RLOs, identify priority business/digital areas for refugee groups where gaps need to be closed. Use mixed-methods (FGDs, interviews, one-on-ones) to gather this data
- Defining business & digital needs: Define a business ToT curriculum focused on building relevant business skills (bookkeeping, risk management, access to formal credit, business plan) for small-medium businesses (SMBs).
- Focus digital ToT curriculum on how SMBs can leverage simple digital tools to increase revenue, pare down costs, and stay in touch with customers. Focus on basic digital tool handling/use first if this is a gap.

2 Administer ToT to RLOs

- Appoint champions within the RLO to be recipients of the ToT curriculum
- Procure an expert/master trainer to develop the curriculum based on identified gaps. Alternatively, leverage existing tools and customize. Prioritize adult learning techniques.
- Conduct pre-test with RLO trainees to gauge knowledge levels
- Collect feedback, evaluate performance of training using post-test tools and adapt
- Don't forget to make it fun: integrate gaming, 5-day challenges, etc. to build competition and interest

3 Plan the Activity

- Support RLO champions to tailor curricula on business/digital topics employing tools and approaches they were introduced to.
- Consider using language translation & graphics services to localize the content for the target audience.
- Conduct dry runs to ensure champions are confident and prepared. Digital training will require setup and testing of equipment.
- Don't forget the special needs of women; they must be prioritized!
- Develop pre and post-tests and training schedule. Build in refresher training from this stage as well.
- Emphasize practical approaches – stories, demos, immersive techniques

4 Deliver Participant Training

- Work with RLOs to mobilize participants weeks ahead of the activity. Consider liaising with relevant service providers (FSPs, digital service providers, etc.) to participate in the activity and provide real-life perspectives. Caution them against excessive salesmanship.
- Conduct training with participants in the vernacular language if possible. If possible, deliver the training at the RLO
- Integrate gaming and competitive play to generate interest
- Collect feedback, evaluate performance of training using post-test tools and adapt
- Re-introduce the champions as the focal points for follow-on support

Building business and digital skills of refugees: A roadmap

Coordinate with RLOs to build the business and digital capacities of refugees through organized business & digital training activities



CLICK LINKS TO ACCESS RESOURCES



Case Study: Impact of business clinics in Rhino Camp

Payoffs for targeting women for business skilling are huge and transcend individuals and households



MELING PELINA

Ofua II, Rhino Camp Settlement, Uganda

DECEMBER 2023

Meling Pelina, a single mother and South Sudanese refugee living in Ofua II within Rhino Camp refugee settlement, faced the challenge of rebuilding her livelihood in a foreign land. She learned essential financial and business skills (record keeping, loan management, and investment planning) through ReFine’s business clinics which enabled her to reinvest in her business with a **UGX 1M (\$270)** loan from an MFI, providing a lifeline for her family.

“For now, the skills I have attained from these trainings will remain to be a husband to me as a single mother because it will enable me to earn a living and sustain life for my family in the refugee Settlement in Rhino Camp. Skills doesn’t get old it remains forever so that mean when peace come to our country, the knowledge and experience of this training will easy life for me and other single mothers too.”

- Pelina’s skills improved her household’s standard of living, provided stability for her children and inspired other women in Ofua II.
- Other women and youth participants testified to expanding their businesses, transitioning to formal markets, and gaining confidence to apply for loans

Linking refugees & hosts to financial institutions

Be cognizant of the realities: connecting refugees to financial institutions is a complex process

OBSERVATION	CHALLENGE	RECOMMENDATION
Setting and managing expectations	Refugees are often accustomed to receiving aid and in-kind assistance (from NGOs and FSPs alike); many perceive loans as grants or may expect interest rate subsidies. FSPs often expect to be linked to “ready made” refugees who have undergone financial, business or digital literacy training because of the high costs of NFS.	Be clear and emphasize the obligations of loans and the costs of defaults for refugees Set clear expectations on the NFS package funders/NGOs will offer and what is expected from the FSPs
Adequacy of preparation	First appearances count! Ill-prepared FSPs or uninformed RLOs complicate issues quickly and breakdown relationships causing irreparable harm. Many FSPs are often guilty of excessive salesmanship and push products to refugees without fully understanding their needs and circumstance.	Make sure both parties have designated focal points who meet bilaterally to understand the model, clarify expectations and undergo the due diligence requirements for a partnership.
Relationship facilitation	Risk of having “too many cooks in the kitchen” in the linkage process. Complementary and/or overlapping services may be offered to RLOs or refugee groups by additional partners or service providers. This can make ultimate ownership / leadership of the initiative unclear to refugees and RLOs.	Simplify and clearly communicate the reporting and escalation protocols for the RLOs and FSPs. For sustainability purposes, limit NGO involvement to partner coordination; support more actors from behind and allow commercial actors to lead
Sustainability	There is a risk of avoiding the hard conversation of sustainability or “Who Does Who Pays” within the facilitative process in a bid to make the pilot succeed.	Define sustainability objectives from the start; measure progress in your log-frame and throughout the project. Test the economics of FS+NFS in a specific pilot; clearly monitor progress and issues for follow up.

Case Study: The Role of Information Desks

ReFine's solution to the challenge of sustaining financial linkages between refugees and FSPs (May 2024 – Jan 2025)



“By addressing participants’ concerns and providing a safe space for inquiries, information desks empower individuals to make informed financial decisions confidently”.

BONA ALINE SYNTHIA

Project Lead HOCW – Urban-based RLO

Information Desk:

A sustainability mechanism at each RLO that supports the business and financial needs of refugees and hosts and builds strong relationships with the financial community and other service providers

Function of the information desk for refugees and hosts:

- Track and manage the effectiveness of mentoring engagements, referrals to financial institutions, and resolution of refugee concerns and requests through simple tracking tools
- Provide business mentorship for refugee entrepreneurs and women to reduce the failure rates of their micro-enterprises and ensure that knowledge gained from prior business and financial management training is effectively applied

Preparing Financial Institutions for Refugees & Hosts

- Building the business case for serving refugees
- Segmenting the right way
- Adjusting product policies & delivery mechanisms
- Putting it all together : Refugee Finance strategy



Why refugees and hosts? Building the business case

1. Start with the Market Levers

Focus Areas:

- Overall refugee populations in the country (market size), where they are (in relation to FSP branches), how long have they been here (displacement phase) and how long they expect to stay (migration path).
- Competition: Who else serves refugees? FSPs, NGOs, humanitarians?
- Legal barriers, enablers, KYC, etc.

2. Look within the institution

Focus Areas:

- What is the institution's motivation for serving refugees?
- Is there capacity (time, staff, interest, funds, systems, products etc.) within the FSP?

3. Drill down specific levers

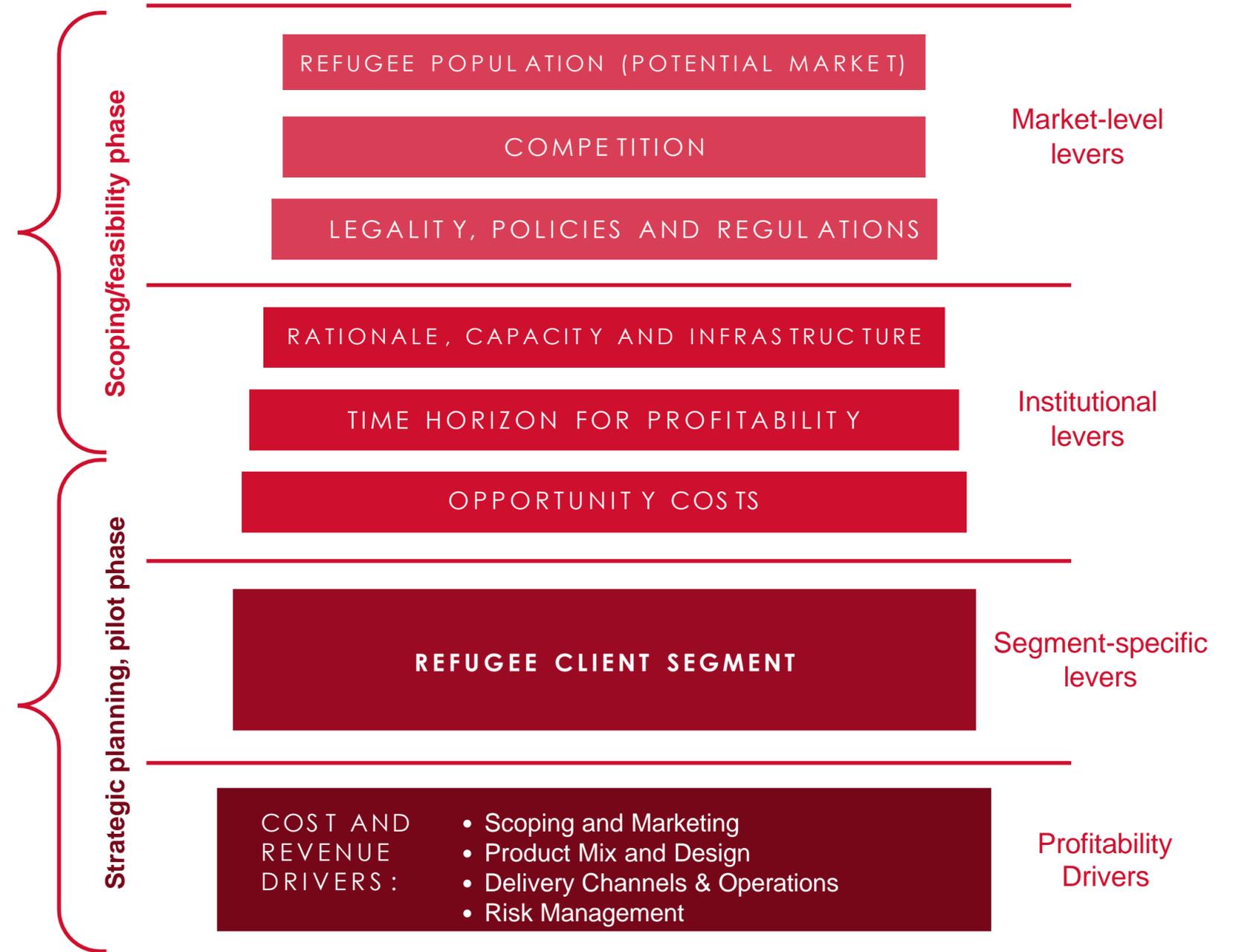
Focus Areas:

- Identify who we can serve best, with which products and through which delivery mechanisms.

4. Examine the economics

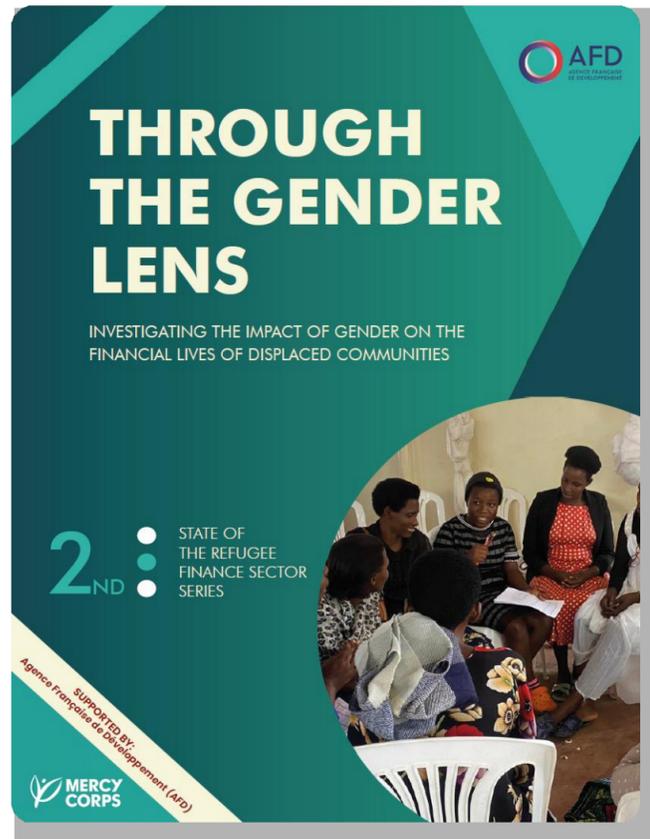
Focus Areas:

- Examine costs and revenue drivers to understand if and when the expansion would translate into commercial and social gains.



Building a business case: Prioritizing women

Being intentional about serving women means:



- Conducting a **Gender Self-Assessment** to take stock of institution's gender positioning and capacity to mainstream gender across its products, services or enterprise.
- Being explicit about a **Gender Commitment Statement**.
- Benchmarking and working to improve performance against **known gender performance standards and indicators** in the finance world.
- Developing a gender financial inclusion strategy aligned with the FSP business/ strategic plan.
- Linking products to community livelihoods programs that **benefit whole communities** (not just women) to quell threats to entrenched masculinity norms.

Expanded Market Opportunity:

About 52% of 1.6M (or 832,000) women (refugees and host) in Uganda constitute an addressable market involved in formal and informal economy in major refugee hosting areas.

Profitability:

Female led savings groups consistently record lower default rates & more loyalty compared to male dominated groups. Savings-to-income ratios are comparatively higher as well.

Economic & Societal Benefits:

Economically empowered women are more likely to positively impact the social wellbeing of the whole family and community

Compliance & Brand Equity:

Women tailored products and services improves institutional branding, corporate image and brand loyalty

DID YOU KNOW?

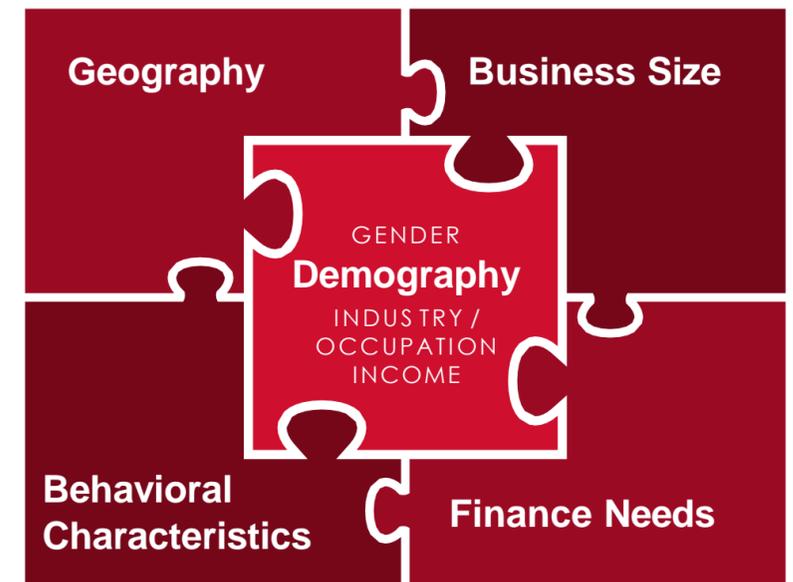
"In Uganda, women who have had a male role model exposing them to male-dominated job sectors in their youth were 25% more likely to take up such a job. They earn 3 times as much as women in female-dominated industries." Explore more [here](#)

Segmentation: Serving refugees and hosts effectively

Refugees are not homogeneous, so segmentation of your refugee customers is imperative!

An effective market segment should be:

- **Identifiable.** Can you describe the customers in the segment with several common characteristics?
 - Foreign-born/non-Ugandan country of origin, perhaps language, residence, gender, parents/guardians
- **Measurable.** Can the size, purchasing power and characteristics of the segment be measured?
- **Accessible.** Can you effectively reach and serve the segment?
- **Substantial.** Is the segment large and profitable enough to serve?
- **Differentiable.** Is there something unique about the segment's response to different marketing-mix elements that distinguishes it from other segments?
- **Actionable.** Can effective strategy/products be formulated to attract and serve the segment?



CRITICAL TIP

- FSPs: please resist the urge to use stereotypes for decision making. It must be kept *"in the back pocket"* and used only when all else fails.
- Instead, refine your segmentation model with additional factors like migration plans / displacement phase, demand (income/family), economic activity, repayment capacity, legal residence and location consistency

Adjusting Product Criteria & Delivery Systems



Reviewing and adjusting product criteria

Through ReFine's TA, one FSP partner increased group maximum loan eligibility from USD 1,600 to USD 4,000. The FSP also approved individual lending guidelines for refugees which initiated individual refugee lending. Such adjustments can create a multiplier effect on product adoption

Delivery Mechanisms

Use a robust, well trained and liquid agent network to overcome the large distances in refugee settlements. The Uthabiti program funded by USAID in Uganda supported refugee-serving MFIs through Grameen Foundation to improve their loan product uptake among women by digitizing delivery channels. The projection is to onboard DFS agents to reach at least 20,000 refugees by 2029



Other Operational Adjustments

Consider making adjustments to appraisal processes (policies, manuals, etc.), collateral requirements, MIS, CRMs and M&E systems by incorporating early warning signals and staff incentives to accommodate identified refugee needs. Staff training and refreshers may also be needed.

Putting it all together with a refugee finance strategy

How best do we serve refugees ?

SAMPLE REFUGEE FINANCE REFERENCE MODEL

MEL

How do we track the effectiveness of refugee- focused financial products and adjust our strategy based on outcomes?

Establishing key metrics, using data analytics to monitor trends and adapting, and continuously seeking feedback from refugees/hosts is key

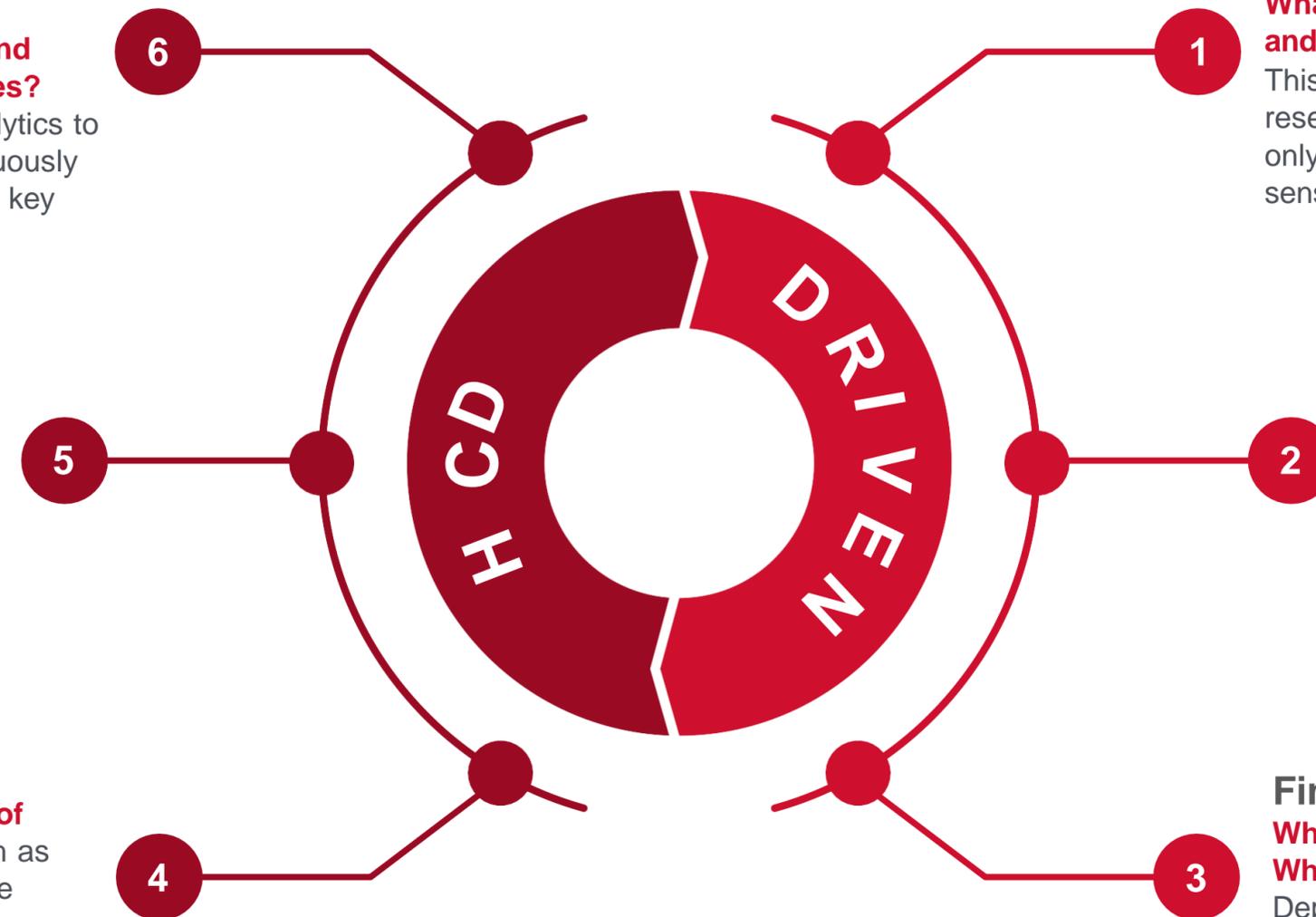
Capacity Building

How can we prepare and empower refugees and hosts to use financial services effectively and sustainably?

Figure out the right combination of FS and NFS needed to build the capabilities of refugees and who pays for it; identify the local partnerships to forge. Also consider how to equip your staff to serve.

Risk Management

How do I evaluate and manage a variety of risks in displacement finance? Risks such as credit risk, AML/CFT and reputation risks are notable and must be addressed with a combination of robust AML/ CFT protocols, credit-scoring mechanisms, based on alternative data and tiered CDD solutions.



Market Research

What are the financial needs, preferences, and behaviours of refugee segments?

This should be borne out of user-centric research not from mere stereotypes. Prioritize only market segments that make economic sense.

Products & Services

What products (traditional and emerging) meet refugee needs and how can you develop them?

Remember, rarely are new products necessary; rather, adjustments may need to be made to product policies, criteria and channels.

Financing

What sources of capital will we leverage? What will it cost you ? What will it finance?

Depending on your maturity in serving refugees, your needs will range from a grant or guarantee fund (low risk) to corporate or institutional capital (relatively high risk).

Achieving Sustainability

Take aways on:

- Refugee capacity building
- Financial institution capacity strengthening
- Financial institution capitalization





Takeaways: Refugee Capacity Building

1. Empower local actors with both basic and nuanced skills

- To make capacity building sustainable, seek ways to build the **skills and knowledge of grass root actors and community leaders** in basic and sophisticated finance, micro business management and elementary digital transformation. Pair this with mentoring to be effective.
- The local actors' longevity, influence and knowledge of customs are critical for sustaining gains within the community.

3. If inexperienced with refuge groups, consider working through an aggregator

- Dealing with RLOs directly as an FSP can be challenging as many may not meet the strict partnership requirements or pass due diligence checks. Working through an aggregator, association or NGO can abstract away some of these complexities and simplify reporting lines. However, intermediary costs will also have to be considered.
- Manage directly if you are familiar with these nuances.

2. Begin the complex financial linkage process early

- Rapport-building and establishment of commercial relationships between refugees and financial institutions take time so start early.
- Misunderstanding and push backs are likely to crop up initially so manage these carefully.
- **Bottom line:** don't push the linkage process to the last phase of the project; issues won't get resolved sufficiently.

4. Have a commercial model for NFS delivery as a program outcome

- Although NFS delivery is expensive, the pathway to its sustainability is having FSPs eventually take on the cost.
- Work with FSPs to lower costs through innovation, strategic partnerships (volunteers, co-financing), or using digital technology.
- Develop projections for 'graduation' to financial services for NFS usage. Track the costs to the client and the branch and adjust accordingly.



Takeaways: Financial Institution Strengthening

- 1. Institutional buy-in for serving refugees is critical but takes time. Staff turnover decreases memory.** Buy-in at all levels of the institution is necessary. Executive buy-in without functional buy-in can get projects started but deliver poor results; the reverse will not get projects started at all. Advocacy, training, and data are important for producing refugee finance converts throughout the institution. Training must be refreshed occasionally to deal with lost capacity and 'memory loss' from staff turnover.
- 2. Pair consultancy support with modest funding to incentivize FSPs to act** TA achieves maximum impact with FSPs when combined with matching funds for implementation activities. At the risk of having consultancy recommendations vapourize, a small funding envelope should be availed to incentivize the completion of priority activities on the recommendations list. Ensure that the FSP also make a financial contribution.
- 3. Improved processes, and not new products, are required** FSPs should focus on adjusting **KYC** requirements, increasing loan limits to support business growth, and pairing other FS (e.g. insurance) or NFS (e.g. mentoring) in stead of developing completely new products. Appropriate segmentation of customers is just as important for refugees as it is for hosts.
- 4. Explore commercial incentives for linkages between FSPs and refugee.** Design of FSP linkages should build in sustainability concerns from the start. Through the information desks' mentoring and signposting mechanism at partner RLOs, ReFine linked FSPs to program participants who had been empowered with crucial entrepreneurship and digital skills. The **sustainability plan** involved a compensating scheme between the RLOs and the FSPs for referrals made through the desks.



Takeaways: Capitalization

1. Provide catalytic financing to FSPs and NGOs with discretion: don't distort.

Donors should leverage a mix of concessional financing, loans, TA and blended financing after a careful assessment of supply-side and ecosystem conditions and barriers. Subsidies and concessional financing may create dependency, crowd out private sector actors or create over-indebtedness.

2. Reserve the use of credit guarantees for risky sub-sectors

The concessional facility provided by Kiva proved that refugee lending isn't any riskier than lending to nationals. This may make risk sharing facilities like credit guarantees redundant. Guarantees however, hold value in hedging risk of lending in risky sectors like agriculture or certain MSME value chains. But this is independent of displacement status.

3. Beware of reputational risks of donor financing to loan repayment

Funders and grantees should manage information flow about grant funding prudently; if program participants learn about donor involvement it can affect repayment. Poor repayment in turn fuels the negative stereotypes about refugees and can deter FSPs from engaging this segment.

4. Closely monitor grantee's proportion of own invested capital

Astute funders will monitor portfolio health of their grantees over time. Also important is to track the amount of the grantee's invested capital and how this varies over time. Ideally, this should increase over time as the viability of the business case emerges and should primarily comprise the FSP's funds raised from the open market, not from another donor.

Annex: ReFine Overview

- Overview
- Key partnerships
- Key accomplishments
- Theory of change



ReFine: Mercy Corps' 3-year refugee finance intervention

APRIL 2022 - APRIL 2025

PROGRAM GOAL

Enable 2,000 refugees to access and benefit from financial services to improve their incomes, increase their assets, and improve their self-reliance by improving their digital and financial literacy and providing low-cost, risk-tolerant capital through financial institutions to their businesses and farms.



- **Refugee Capacity Building**

- Offer support to refugee communities to build their financial and digital literacy capacities through Refugee Led Organizations (RLOs)
- Provide advisory in navigating legal and regulatory structures to access finance and develop partnerships to improve refugee farm and business productivity

- **FSP Technical Assistance**

- Improve nature of FSP financial offerings to the refugee community through technical assistance, partner product and channel redesign, trainings and published learnings on effective refugee finance strategies

- **FSP Capitalization**

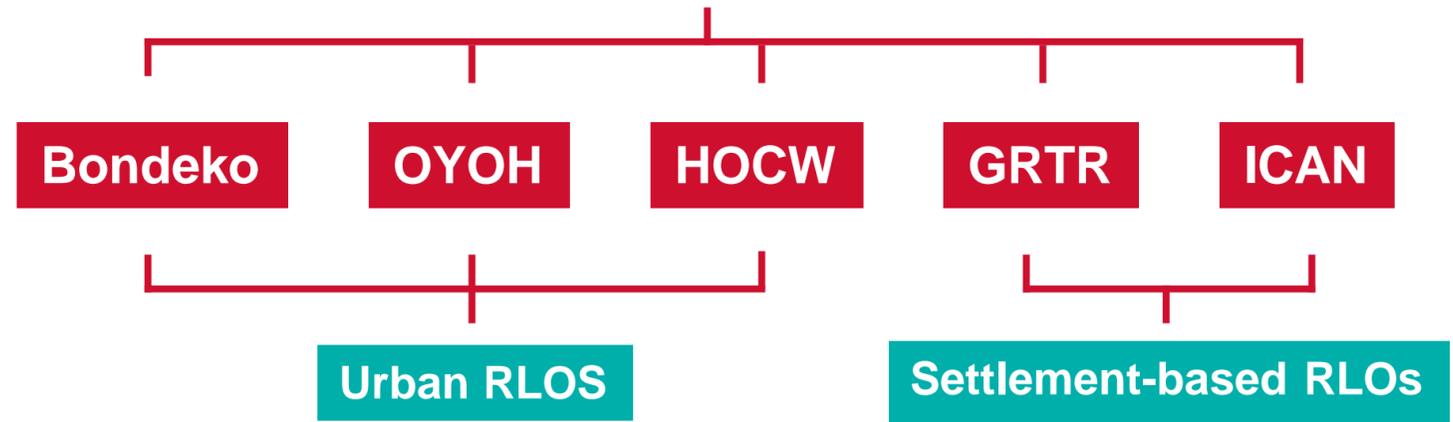
- Build on existing specialized FSP credit lines designed for refugee lending
- Expand the overall loan capital available to the FSP refugee clients

ReFine: Key Partnerships



Offer technical assistance to financial institutions to correct supply-side imperfections and gaps

Build capacity of refugees and Refugee Led Organizations in business, digital & financial services



How Kiva intervenes:

Lending limits allocated to each financial institution on the Kiva crowd-lending platform

ReFine: What has been accomplished?

2022

2024

2,238 Refugee & hosts received financial, business or digital literacy training (1,608 F, 630 M)

1,820 Refugees linked to 3 FSPs for savings, loans, insurance products by RLOs

9,000+ Refugees, hosts have received loans from 3 FSPs (~65% women)

4 Market studies produced

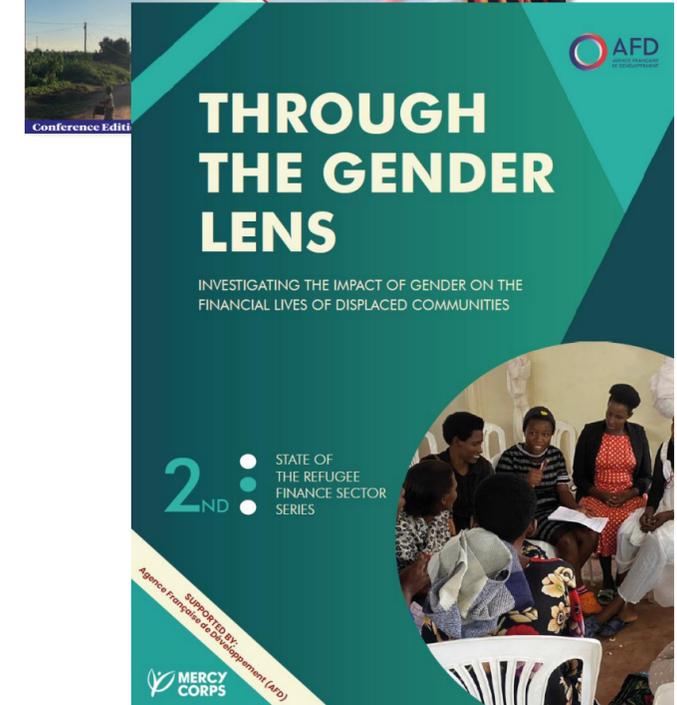
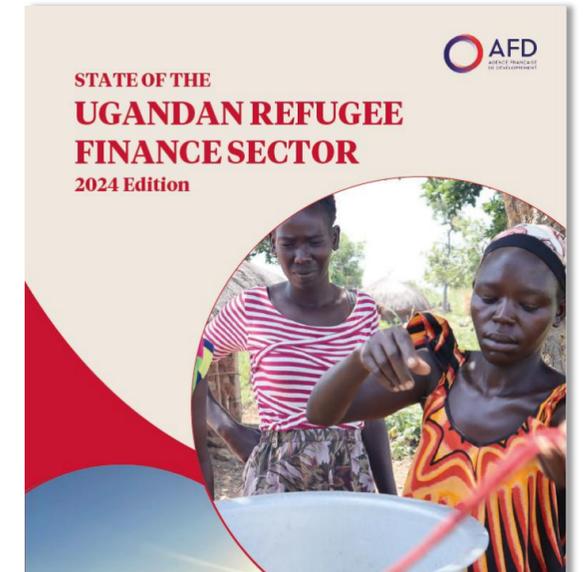
>\$3M

In Kiva-backed capital loaned out by FSPs to refugees and hosts

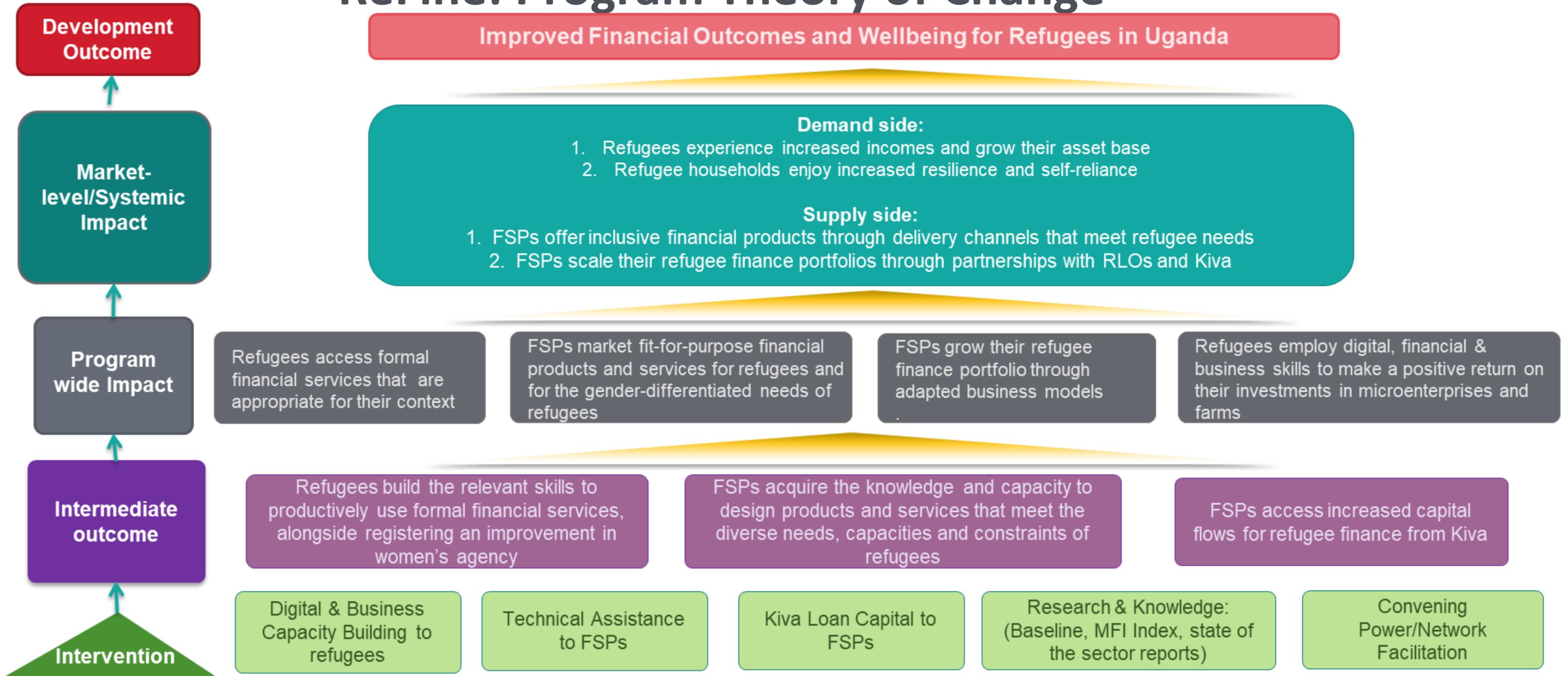
4.58% Average default rate of loan portfolio for all 3 MFIs

4 Changes to financial product, process or strategy approved by FSPs to better serve refugees

4 Information desks established at RLOs to mentor participants and increase referrals to FSPs



ReFine: Program Theory of Change



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- UGAFODE Microfinance Deposit-taking Institution (MDI)
- VisionFund Uganda
- FINCA Uganda Limited
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- One Youth One Heart International
- Bondeko Refugee Livelihoods Center
- Isaac Tashlex Barikundembe
- Stephen Kyalibulha
- FRIENDS Consult
- Elisabeth Hoffman
- I CAN South Sudan
- Global Rehabilitation and Transformative Response (GRTR)
- Lene Hansen
- Patrick Okumu-Omony
- Salome Awidi



ReFine

FEBRUARY 2025

