

Reinforcing the financial inclusion of refugees and temporary intra-continental migrants

Editorial

"The growth in the number of asylum seekers and beneficiaries of international protection has put the issue of their professional integration on the agenda" Noting, in France as well as internationally, the "refugee gap", i.e. the increased difficulties in accessing employment for refugees, as well as the slowness, for identical profiles, of their professional integration, the journal Socio-économie du travail made this the subject of its latest call for contributions¹.

Existing research focuses on the difficulties encountered by refugees, who run the risk of being downgraded to low-skilled jobs or relegated to the community, due to a lack of networks appropriate to the host context. On the other hand, their informal know-how and interpersonal skills are rarely recognized by employment support systems.

In fact, this issue, which straddles the boundary between work and employment, remains poorly documented, both in the North and South, despite the proliferation of initiatives and programs, both associative and public, to support the integration of refugees. Even if the experiences are specific and, in each case, need to be placed in their proper context, it is essential to ensure feedback and capitalize on them in order to improve the effectiveness of the public policies that support them.

WHAT IS THE FISONG-AFD "FINANCIAL INCLUSION OF MIGRANTS" PROGRAM?

The FISONG instrument set up by AFD in 2008 aims to co-finance innovative projects in partnership with international NGOsⁱ. The projects financed aim to enrich public policy processes and strengthen the recognition of non-governmental cooperation initiatives. In addition, as an extension of the strategic reflections undertaken in the fields of interventions in crisis and fragile zones, as well as in support of financial systems, the FISONG 2021 aims for AFD to organize **feedback** to improve the agency's capacity to expand its interventions in the field of financial inclusion of migrants.

FISONG's main hypothesis is that vulnerable migrant populations, in the broadest sense of the term (i.e. "refugees, internally displaced persons or economic migrants"ⁱⁱ), are confronted with specific obstacles to accessing financial services, linked in particular to their migratory trajectory and their place of reception. Innovation in the field of financial inclusion can help to remove these obstacles and, more generally, improve the socio-economic integration of these vulnerable migrant populations. Following on from Newsletter n°1-2023, this issue looks at two of the five capitalization themes selected and which will be the subject of the transversal capitalization summary notes, as well as the gender approach on which the projects have structured an initial approach.

¹ <https://socioecotravail.hypotheses.org/>

THE CERRANDO BRECHAS PROJECT IN COLOMBIA



Projects in progress

During 2023, activities focused on the project's three axes, namely (i) working with the migrant population in the areas of financial education and access to financial products, (ii) assessing the financial offer for the migrant population and identifying better opportunities with two financial entities (*Cooperativa Financiera -CFA-* and *Crezcamos*) (iii) promoting meetings between public, financial and social sector players.

The **digital financial education applications²**, *Lista* and *Con Hector* have been successfully launched. Both applications have been adapted to make them accessible to the hearing and visually impaired. By the end of 2023, almost 1,300 users had registered for the *Con Hector* application. The *Lista* application, meanwhile, has registered almost 700 users across its five training modules. Functioning as a "serious game", users are rewarded each time they progress in the training program. An e-portfolio simulation module was developed specifically for this project. Of the 5 training modules, it was also the most successful, with almost 80% of users completing it.



HI Colombia/Fundacion Capital

In addition, financial education activities continued in 2023 with the training of around 100 **community leaders** and the implementation of as many financial education workshops led by trained leaders, enabling migrants and host communities to strengthen their financial capabilities and increase their confidence in the Colombian financial system.

Finally, information and capacity-building activities for financial institutions on the specificities of finance for refugees were implemented with the selection of two financial institutions (*Cooperativa Financiera -CFA-* and *Crezcamos*) to implement *SparkassenStiftung's* support in carrying out a detailed diagnosis of their current situation and formulating recommendations aimed at better adapting their policies, procedures and services to the migrant population. Training and exchange programs for cooperation and civil society players have also been set up with the Office of the United Nations High Commissioner for Refugees (UNHCR) and the NGO *International Rescue Committee (IRC)*.



Financial inclusion training for IRC's technical team © HI Colombia/Fundacion Capital

² See Newsletter n°1

THE "ReFINE" PROJECT IN UGANDA

ReFine

Projects in progress

The activities carried out in the last six months of 2023 have enabled the project to regain the momentum partly lost due to delays in setting up partnerships. Key activities are underway, such as technical assistance work for partner MFIs, the implementation of **Business Clinics** (a program to build entrepreneurial skills among refugees), the completion of the first series of financial education training courses, the start of the liaison process with refugee organizations (FSP-RLO), and work to strengthen the project's capacity to take gender into account in its activities.

During 2023, the project contributed to the development of refugees' capacity to access financial services. The five partner refugee associations accompanied a total of 1,550 refugees (404 men, 1,146 women) in financial education programs to provide them with the basics of finance and entrepreneurship.

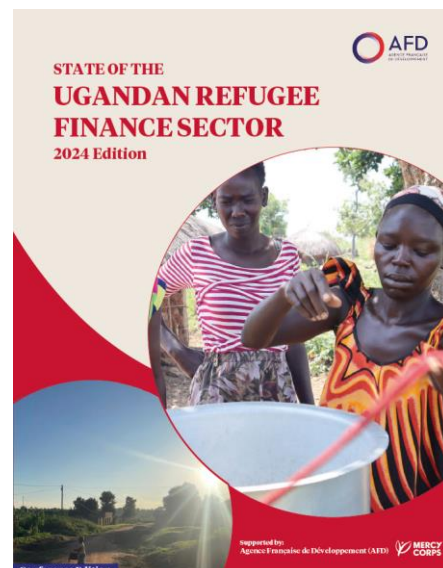
Business Clinics, being implemented in 2024, will deepen these foundations and provide additional knowledge in business management and risk management, to prepare entrepreneurs for the operation of the formal financial sector. Liaison meetings introduced refugee groups to financial institutions and facilitated discussions on refugees' needs and aspirations in terms of financial inclusion, as well as commitments in relation to the use of credit to set up or expand one's business.

Significant progress has been made in terms of financial institutions' understanding of refugees' needs, enabling them to develop suitable financial products. Technical support to partner institutions has been provided. This

has proved essential in mobilizing financial institutions to make the necessary changes to improve refugees' access to their services.

This period also saw the publication of the project's first **State of the Sector Report**, which reports on the current state of financial inclusion in the local and global context of displaced populations, and highlights best practices and lessons learned to support the growth and development of refugee finance. The report was prepared in 2023 and is now available at³.

Refinancing of microfinance institutions in the form of lines of credit began in 2023. Nearly \$1.1 million has been allocated to partner institutions. At the end of September 2023, *Kiva* credit line utilization levels for *UGAFODE*, *VisionFund* and *FINCA Uganda* stood at 49%, 99% and 11% respectively.



Mercy Corps, 2024

³ [State of the Refugee Finance Sector report 2024.](#)

**FOCUS ON TWO CROSS-CUTTING THEMES: IDENTIFICATION AND FINANCIAL PROFILES AS PART OF THE FINANCIAL
INCLUSION OF REFUGEES**

Understand financial profiles to provide the right financial services offer

In order to understand the profiles of migrants and offer financial services adapted to their needs, what lessons are being learned from the projects?

In **Colombia**, Venezuelan migrants who do not cross the border directly to other destinations, transit in stages from a situation of humanitarian distress to a settlement process. In this context, employment or the possibility of engaging in income-generating activities become key issues in stabilizing the integration process. Recent generations of migrants (since 2019) are diverse. Their ability to develop an income-generating activity, on the one hand, and their experience of financial inclusion, on the other, are heterogeneous. The temporary protection status for migrants (PPT) has proved effective in terms of reception. But without the capacity to generate their own income, the situation of migrants could become delicate, both for the people themselves and for the institutions that support them. And yet, among the barriers to integration, access to financial services constitutes a real "gap" between the situation of migrants and that of the populations in the host territories. Faced with this challenge, the "*Cerrando brechas*" project offers a range of solutions. A study of the financial behavior of the migrant population is currently underway. Monitoring the use of the financial innovations proposed by the project will enable a more in-depth analysis of practices. The support provided by German savings banks (*SparkassenStiftung*) to partners involved in financing refugees should enable us to gain a better understanding of the

segmentation of the public and its needs. Finally, the project is gathering life stories and experience feedback with a view to capitalizing on them.

In the case of **Uganda**, the refugee camps are home to a variety of nationalities: South Sudanese, Congolese, Burundians, Somalis and Rwandans. The proportion of women varies according to the location. Kampala has the highest proportion of women refugees. Living in Kampala offers economic opportunities, employment and access to a variety of services. Life here is more expensive and requires significant financial resources, which has an influence on the socio-economic profile of settled refugees: refugee families are smaller than in the camps, the level of education is higher, as is the rate of smartphone ownership. A survey shows that the spending profile of refugees is strongly determined by their socio-economic characteristics. Food needs are more pressing in the Bidi Bidi camp, hence the interest in land loans made there to develop agricultural activities, whereas financing for entrepreneurship seems to be more in demand in Kampala. The "*ReFine*" project is developing various actions around this issue. A baseline situation, the "*Baseline Findings Overview*", has been established for March 2023. In addition, "*60 Decibels MFI Index*" studies⁴ have been carried out with partner financial institutions. Finally, to support these partners, the project plans to set up a dedicated training program for their staff, as well as support for product promotion strategies tailored to the different needs of refugees.

⁴ <https://60decibels.com/>

Having an identity to access financial services

In both countries, whether we're talking about the Temporary Protection Permit in Colombia or the ID Refugee Card in Uganda, there are numerous difficulties in authenticating the identity of customers of financial institutions.

Migrant populations often have no identity documents when they arrive. They are either lost or stolen, or were not issued when they left. The *ID Refugee Card* is, in theory, recognized by financial institutions. But this is often not enough to guarantee access: technological barriers in financial entities (information systems), administrative procedures, discrimination at the counter against the migrant population.



Ugandan newspaper "Monitor", 2019

Interviews with managers of partner financial institutions in Uganda highlight the difficulties they face in carrying out the *ID Refugee Card* identification procedure, as there are many cases of identity fraud using this simple plastic card. To avoid errors, partner financial institutions systematically validate the identity of each applicant with the Prime Minister's office. An *ID Refugee Card* can take from one to two weeks to be verified, which considerably

lengthens the processing time for requests for financial services received by the financial institutions (FSP) and mobilizes their resources.

In 2023, the Ugandan government redoubled its efforts to generalize biometric *ID Refugee Cards*, which tends to alleviate the problem. All new refugee status granted is now accompanied by this biometric document. On the other hand, it takes time to renew the old cards with the holders, as each refugee holding the old card has to be contacted individually. The percentage of refugees holding the new biometric card is estimated at around 60%⁵.

The same applies to Colombia. The temporary protection permit for Venezuelan migrants (PPT) is, in theory, recognized by financial entities, but not sufficient. Moreover, the year 2023 saw the end of validity of the *Permiso Especial de Permanencia* (PEP) as a valid identification document for accessing public and private services, resulting in the "financial disclusion" of some people who were unable to access the PPT after their PEP expired.

In February 2023, the Colombian migration services (*la Migración*) launched an "Integral Plan" for regularization to implement a Single Register of Venezuelan Migrants (RUMV), as a mandatory initial step for any applicant for the *Permiso Especial de Permanencia* (PPT), the only document now valid to prove identity as a Venezuelan migrant in Colombia. However, to use this document, financial institutions still have to upgrade their information and management systems (number of digits different from those of the Colombian identity number).

⁵ Mercy Corps team estimate obtained from the Prime Minister's office.

Common constraints

Many gender-related constraints are common to both projects and their contexts. In response, the projects have developed adaptation strategies as part of their activities. Gender-related inequalities were highlighted during an initial exchange workshop in April 2024. They occur at different levels (administrative, security, institutional, social, family, individual). They call for a variety of responses, including strategic, organizational and methodological ones.

In Colombia, we have highlighted the violence and harassment perpetrated by the police and administrative authorities against women. The *Cerrando Brechas* project in Colombia has developed access to an information network (*ConHector*) to help migrant women anticipate difficulties at every stage of their journey in the country. Refugee women's organizations (RLOs) in Uganda have also made much of the violence suffered by women during the migration process.

At social and family level, gender constraints weigh heavily on migrant women and call for appropriate responses. In view of gender stereotypes within families and communities, migrant women are subjected, in a context of heightened vulnerability, to an overload of work linked to their domestic obligations (feeding, caring for and raising children). In response to their limited availability, the *Cerrando brechas* project has set up a childcare system to enable women to take part in training courses. The *Refine* project, for its part, intends to develop a method of accessing credit that takes into account women's time constraints, thanks to adapted and flexible financial products (maturities, mobility, collateral required).

Another constraint is women's dependence on men, who are reluctant to open bank accounts. In addition, gender-based violence sometimes arises from men's feelings of devaluation when

it comes to women's economic integration. In view of these constraints, both projects emphasized the importance of involving male family members (husbands, uncles, brothers) in supporting, coaching and mentoring women.

As a result, gender stereotypes contribute to limiting migrant women's ability to master financial tools, and are often reflected in increased difficulties in using digital technology as they face more restricted access to smartphones. In Uganda, migrant women, particularly those living in rural areas, need more support to better manage their time constraints and domestic obligations, so that they can better seize the opportunities available to them.

Finally, financial institutions, financial service providers and the organizations that support them have difficulty in taking gender issues into account in their activities. Faced with these institutional weaknesses, the *Refine* project in Uganda provides technical support to microfinance institutions to help them prioritize the needs of refugee women. The *Cerrando Brechas* project in Colombia, for its part, has developed gender toolkits that have been made available to its partners.

And constraints specific to contexts and projects

Gender constraints are also specific to the different contexts, and require specific adaptations for each of the two projects. Unlike the Colombian context, which is characterized by greater homogeneity between migrant and host populations (languages, socio-cultural characteristics), the Ugandan context features greater social, cultural, religious and linguistic diversity between urban and rural areas, as well as between refugees according to their origin. The gender constraints and spaces for action of the *ReFine* project are therefore not the same for South Sudanese women as they are for Congolese, Burundian and Ugandan women. Such diversity calls for adaptations in the modes of intervention to enable these different categories of women to have access to administrative documents, smartphones and digital tools, or to use digital financial services and access loans.

In order to adapt to migrants' low financial capacities and lack of collateral, the microfinance institutions (*Vision Fund*) partnering the *ReFine* project have developed adapted approaches such as *Saving-Groups*. While these access methods are well-suited to the context of highly vulnerable populations, some malfunctions have been observed. Certain community elites tend to monopolize power and funding, to the detriment of more vulnerable women. The project supports the mobilization of financial institutions to counteract this tendency. A specific feature of the *Refine* project is the experimentation with Business Clinics and Digital Clinics, which are gradually being set up. The system is based on the design of a model, the selection and training of trainers, the definition of admission criteria and the identification of areas of support suited to refugees. The practices developed to take account of gender-specific constraints and needs in all these areas will be highlighted and shared.

The *Cerrando Brechas* project in Colombia is experimenting with the collection of refugee women's life stories as part of its monitoring-evaluation system based on a qualitative approach (*Make it Work*), particularly in the case of community leaders and project leaders supported by the project. The aim is to monitor the financial practices and trajectories of refugee women, particularly in the development of their capacities and *empowerment* within their families and communities. Such an approach complements the quantitative monitoring of results to better understand gender-specific dynamics.

Avenues for further study

The vast majority of migrants still use informal credit. To what extent do migrant women, faced with the aforementioned difficulties, have greater recourse to informal credit than migrant men? It will be important to analyze gender-disaggregated data at this level. In view of the risks of over-indebtedness, dependency and harassment faced by women subject to this form of financing, the aim will be to highlight practices that may have reduced these gender inequalities.

In addition, the modalities of access to agricultural land for South Sudanese refugees in Uganda could be approached from a gender perspective. To what extent do refugee women, particularly heads of household, have access to land? How can their specific characteristics be better taken into account at this level, and in the funding that accompanies them?

A TECHNICAL AND SCIENTIFIC WATCH FOR CAPITALIZATION

As part of the FISONG project, IRAM is deploying an Internet watch service⁶ to broaden the scientific and technical information available to those involved in the two projects. Among the dozen or so works selected each quarter, two examples illustrate the interest:

"Financial Inclusion for Forcibly Displaced persons: The Impact of Aid Conditions", Chandan Kumar Roy, *Quartely on refugee Problems*, 2023, vol.62-Issue4. This article by a researcher at the Central Bank of Bangladesh examines the links between financial inclusion and development aid for refugees and forcibly displaced persons. Based on data from 74 countries, the model developed in the article supports the hypothesis of a link between the two modalities, thereby reinforcing the scope of financial inclusion, and the importance of developing international partnerships to achieve this objective.

***Políticas públicas en el nivel local con el enfoque del Pacto Mundial para la migración*, Laura Gottero, IOM South America Regional Office.** This guide contributes to the advocacy of the involvement of local authorities as actors in the Global Compact on Migration⁷. Indeed, local authorities represent an essential level of public policy, whether in terms of access to basic services, social inclusion and cohesion, or the reduction of vulnerabilities for migrants. To translate this level into effective policies, the guide draws on a series of references, some of which focus on the socio-economic integration of women through vocational training and financial inclusion (Ecuador, Venezuela and Colombia). The guide also argues in favor of greater involvement of international cooperation in this issue of common interest (interdependence), greater coherence between different levels of public policy, and dialogue and promotion of multi-actor "alliances" involving, among others, migrant organizations and local communities.

The transversal capitalization of FISONG-AFD projects "Financial inclusion of migrants", supervised by the "Financial Systems" Division of the Agence française de développement (www.afd.fr), is led by a team from the Institut de Recherches et d'Applications des Méthodes de développement (www.iram-fr.org) comprising François Doligez, Youssef Makrouf, Agnès Lambert and Liora Stührenberg. At project level, Marcela Carvajal, head of the Humanity and Inclusion project in Colombia (www.hi.org), Daniela Pradilla of Fondation Capital in Colombia (www.fundacioncapital.org) and, in Uganda, David Darkwa, head of the Mercy Corps project (www.mercycorps.org). For further information, l.stuhenberg@iram-fr.org

ⁱ <https://www.afd.fr/financements-projets-ong>. The FISONG instrument gave rise to an evaluation in 2020 (Ex-post AFD n°85, December 2020) as well as a complementary study on coherence conducted by the Pluricité group and published in September 2021 (both available at www.afd.fr).

ⁱⁱ To make the Newsletter easier to read, when reference is made to people in terms of their status (migrant, refugee, displaced person) or profession (farmer), the term is applied regardless of the gender of the person in question. Gender is only specified where necessary.

⁶ For methodology, see Lettre n°1-2023.

⁷ <https://www.un.org/fr/migration2022/global-compact-for-migration>.