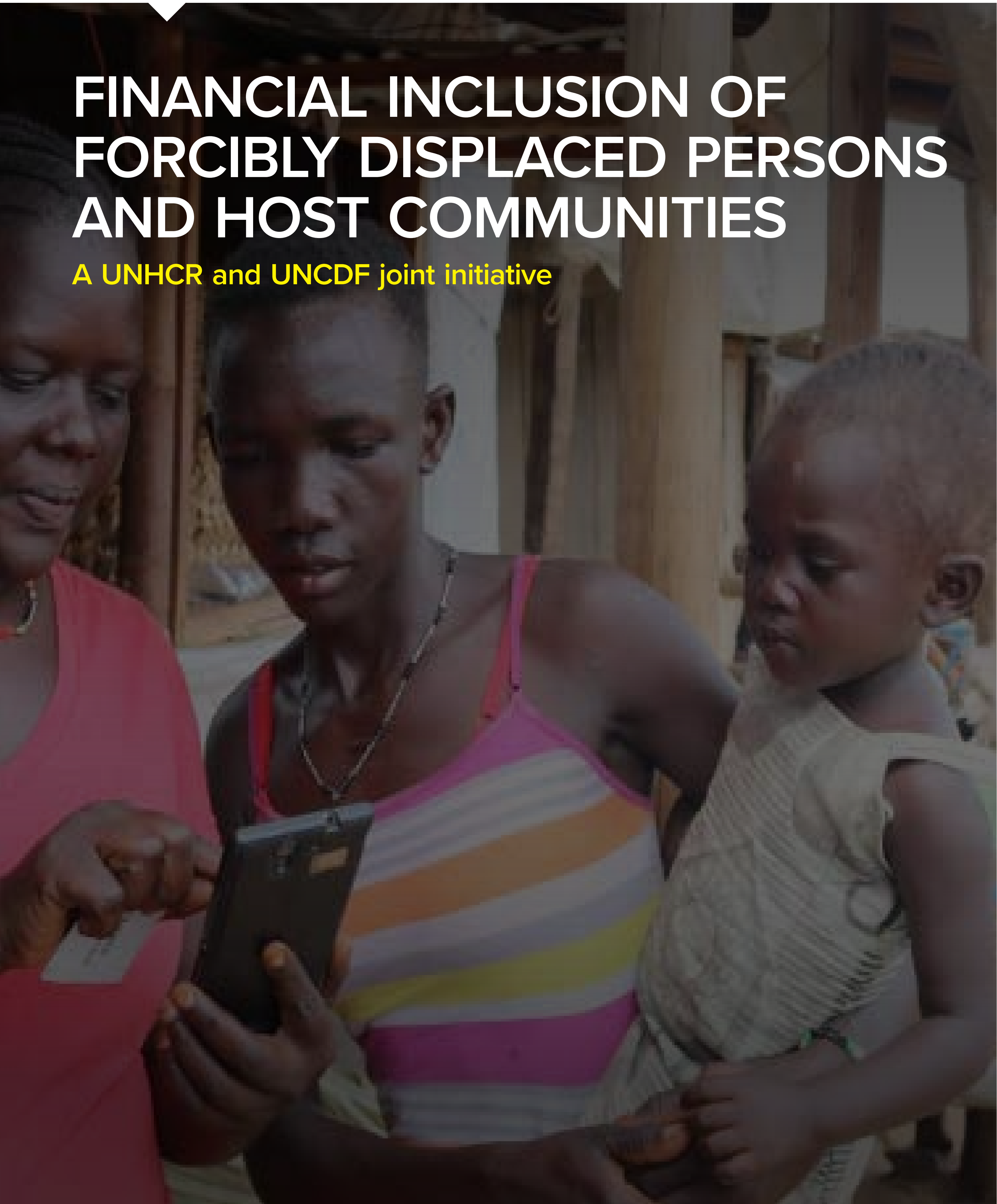
UNHCR
The UN Refugee Agency

UNCDF
Unlocking Public and Private Finance for the Poor

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.[1]

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

[1] 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[2].

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.[3]

To encourage providers[4] 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