



SUMMARY

Opportunity International implements the Refugee: Innovation, Self-reliance, and Empowerment (RISE) Project to drive financial inclusion among refugees in Uganda.

Context:

1. There are increasing number of displaced people in the world.
2. Uganda has the highest number of refugees in Africa and third highest in the world.
3. The majority of refugees are from South Sudan, DR Congo, Burundi, Somalia, and Rwanda.
4. Refugees in Uganda have limited access to land and financial services.
5. Refugees fall into different market segments, with different needs.

The Rise Project Goals:

1. Increase income and promote self-reliance and resilience among refugees
2. Drive financial inclusion among refugees
3. Stimulate local economic activity in refugee settlements
4. Extend financial products and services to various economic segments of refugees
5. Empower women in refugee and host communities

Spotlight: Opportunity International RISE Project drives Financial Inclusion among Refugees in Uganda

The global and Ugandan refugee context

The world continues to witness high displacement of people as a result of persecution, conflict, or human rights violations. The United Nations High Commissioner for Refugees (UNHCR) estimates that there were over 89.3 million forcibly displaced people worldwide at end of 2021, of whom 27.1 million are refugees.¹ About 9 out of 10 refugees are living in developing countries.²

With around 1.5 million refugees and asylum seekers, Uganda hosts the highest number of refugees in Africa and the third highest in the world.³ About 94% live in settlements alongside local communities. Over half (59%) are children.⁴ Uganda provides a conducive environment and policy for refugees. They allow for refugees to integrate into host communities and provide refugees with the same access to government services as nationals. Refugees also have the right to freedom of movement and to work and run businesses.⁵

The struggle for livelihoods and financial services among refugees

Most are subsistence farmers but face the challenge of limited access to land for farming. Half live in extreme poverty, compared to 44% of host communities. Only 13% have access to financial services as compared to 78% of citizens.⁶ Only around 26% of young refugees between the ages of 18 to 25 are engaged in some form of economic activity.⁷ The Nakivale settlement in Uganda, where the RISE project is located, are plagued with poverty, land disagreements, and community conflict.⁸ Despite the challenges, many refugees have skills and entrepreneurial spirit.⁹

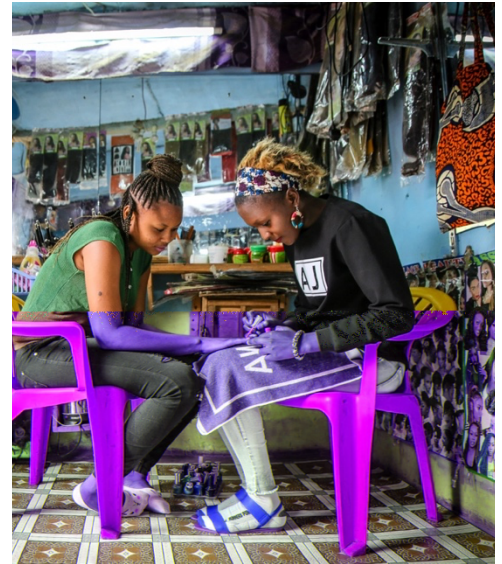
The refugee situation in Nakivale

Established in 1959 and located in the Southwest Uganda, the Nakivale Refugee Settlement is the oldest refugee settlement in Uganda. The settlement currently hosts over 151,474 displaced people (142,544 are refugees, 8,930 are asylum seekers) in 42,379 households. Women make up over 75,538 (50%) and young people between 15-24 years are about 31,643 of the total number.¹⁰

Refugee: Innovation, Self-reliance, and Empowerment (RISE) Project

With the aim of promoting economic empowerment and self-livelihood, Opportunity International (OI) has worked with Opportunity Bank Uganda (OBUL) and other financial service providers, governmental, and non-governmental organizations since June 2019 to implement the Refugee: Innovation, Self-reliance and Empowerment (RISE) Project at the Nakivale refugee settlement of Uganda. This project seeks to increase income earning opportunities and control over finance through access to formal financial services, to improve client management of finances and assets, and to stimulate local economies. Specifically, the program engages refugees and host community members in the following core activities:

1. Access to formal savings accounts and working capital loans;
2. Linkages and information on savings and loans groups;
3. Access to cash transfers through digital payment systems;
4. Adoption of mobile money for accessing cash or inputs (with agents and traders adopting more sophisticated digital finance in order to serve them); and
5. Participation in financial education customized to the context.



RISE Program Outcomes

Over a three-year period, including months of pandemic lockdowns, Opportunity and its partners have delivered financial literacy, savings, loans, and digital finance. RISE has reached some 7,000 target beneficiaries with financial literacy training. Of those reached, 72% are refugees and 28% are citizens; 60% are women and 19% are people with a disability. In terms of savings, 3,495 participants have opened individual savings accounts, and 178 groups have opened group accounts. Together, their deposits amount to around US\$2.7 million. In terms of loans, 782 participants have taken out loans valued at a total of US\$352,580. In terms of digital finance, OBUL issued 919 ATM cards and has processed over 10,000 transactions from these and other card holders.

A key program objective has been to use financial diary surveys and human-centered design to develop products and services customized to the different segments of the refugee population. The three segments include dependent, subsistent, and resilient refugees. The dependent segment only receives cash transfers, originating from World Food Program (WFP) and the United National High Commission for Refugees (UNHCR). The other two groups receive different types of services in combination including cash transfers, financial education, savings, remittances, and loans – through in-person and digital channels fitting their economic status.

Key Innovations

The RISE program has tested the following innovations, and assessed them as successful and ready for replication:

1. **Establishing both digital and physical presence in the communities.** In order to provide full financial services closer to clients, RISE established an OBUL branch office with ATMs in Nakivale and renovated a FINCA branch in Kiryandongo. In addition, the project is deploying agents to extend digital finance further into communities from the branches.
2. **Facilitating identification:** Ordinarily, national identification is required to open a bank account and to access formal financial services. The RISE team negotiated with the Bank of Uganda the acceptance of alternative identification for refugees since they do not have Ugandan national ID cards. The RISE team also advocated for faster procedures for processing refugee identification verification, reducing the time required from a month to several days.

3. **Reducing Fees:** OBUL charges no ledger fees for refugees and host community members, making savings accounts more accessible and affordable; in addition, interest rates are 30% lower for refugees than for nationals.
4. **Adapting Financial Literacy Training:** Among many adaptations, RISE deploys materials that use refugees as model case studies, employs refugees as trainers to deliver the training in appropriate languages, and incorporates digital finance into the curricula, since many refugees receive payments through digital channels on their phones.
5. **Adjusting the terms of the cash security deposit:** The RISE project adjusted the terms of lending for refugees. As is the case with citizens, refugees are encouraged to form groups to co-guarantee one another's loans. Each member must save an amount equivalent to 20% of their loan request, to demonstrate that they can handle the loan value they are requesting. For citizens, this would act as a security deposit, released upon loan repayment, but refugees may access this cash during the lending period. (Although some individual loans have been issued, these are all collateralized.)
6. **Securing capital and a de facto loan guarantee via KIVA:** KIVA loans money – interest free – to OBUL, and OBUL in turn lends to refugees at a discounted interest rate in order to cover costs. In a special arrangement, however, any potential losses are passed on to KIVA rather than experienced by OBUL. Thus, KIVA is delivering de facto interest free capital with a guarantee. OBUL is still very motivated toward responsible lending as any bad loan still appears on their books and would affect their status with regulators.
7. **Handling digital cash payment through OBUL:** The project tested OBUL's capacity to deliver cash payments originating with World Food Program (WFP) and/or the United Nations High Commission for Refugees (UNHCR).



What's Next: Rural Expansion and Urban Refugees

Opportunity is expanding this refugee service model to other rural locations and to the urban setting as well. In the coming months, Opportunity will expand services to refugees in Rwamwanja, another rural settlement area. Opportunity has also piloted a six-month project in urban refugee settlements in Kampala by developing financial inclusion products to benefit these urban refugees. Under the pilot project, over 1,200 urban refugees have received financial literacy training and linkages to three OBUL branches across Kampala. Urban services will now be integrated into the RISE project.

¹ UNHCR, 2022: Refugee Data Finder.

² UNHCR, 2021: Global Compact on Refugees Indicator Report.

³ Statista.com using UNHCR data, "Number of Refugees in Africa as of 2021, by country of asylum," accessed 1 Sept 2022, <https://www.statista.com/statistics/1241293/refugees-in-uganda-by-origin/>.

⁴ Revised 2020-2021 Uganda Country Refugee Response Plan.

⁵ *Ibid.*

⁶ Henry J. Leirn Institute, 2021: Financial Inclusion for Refugees: Learning from Financial Deepening Uganda.

⁷ World Food Program, 2020: Analysis of Refugee Vulnerability in Uganda.

⁸ UNICEF: Child Poverty and Deprivation in Refugee-Hosting Areas Evidence from Uganda.

⁹ United Nations Conference on Trade and Development (UNCTA), 2018, Policy Guide on Entrepreneurship for Migrants and Refugees.

¹⁰ Uganda-Refugee Statistics July 2022: Nakivale; UNHCR, 2022: Refugee and Asylum-Seekers in Uganda, Uganda Refugee Response