



COVID-19 AND REFUGEES' ECONOMIC OPPORTUNITIES, FINANCIAL SERVICES AND DIGITAL INCLUSION

This policy brief is part of a series of papers by the International Rescue Committee that are putting a spotlight on the realities of COVID-19 in humanitarian settings. The series explores the knock-on effects of the virus on people in fragile and conflict-affected contexts and how the international community and national governments can meet evolving needs.

SUMMARY KEY FINDINGS AND RECOMMENDATIONS

Since the start of the COVID-19 pandemic, governments worldwide have increased policy support for digital financial services, including by waiving fees and allowing remote onboarding to both allow for greater social distancing and support resilience in the midst of a major economic crisis. While our findings in four refugee contexts in Jordan, Kenya, Uganda and Ethiopia, show that digital services such as mobile money can in theory be more accessible for refugees than standard bank accounts, in practice refugees continue to face barriers. These services are often new and underdeveloped and therefore untested, or refugees are only permitted a restricted form of access. Even though digital services are likely to become more important given the 'new normal' and continued need for socially distanced services, this transition is only starting, and refugees need to be included in mainstream and fully developed financial services.

We therefore urge national governments and regulators, donors, humanitarians and financial service providers to address both structural and practical barriers to refugees' financial and economic inclusion and consider their specific needs.

- **National governments and regulators** should ensure refugees can access mainstream financial services and make refugees a target group in National Financial Inclusion policies
- **Donors** should advocate for full economic and financial inclusion of refugees in policy dialogue with host countries; invest in programs that educate refugees on financial services and financial literacy; and take action to close the digital divide.
- **Humanitarian practitioners** should share market data and research on refugees' financial needs to de-risk financial service providers' investments, and advance a common understanding on the risks and benefits of extending access of financial services to refugees.
- **Financial service providers** should authorize the use of alternative forms of government-issued refugee identification documents for accessing services, and collaborate with humanitarian partners to tailor financial products to specific refugee contexts.

Financial services like money transfer services and humanitarian cash assistance can represent a lifeline for refugees seeking to rebuild their livelihoods, particularly those withstanding the economic effects of COVID-19. Savings, credit and insurance services become more important for refugees once their livelihoods start to grow beyond meeting basic needs. Digital financial services, such as mobile money, mobile banking, digital payments for home based businesses, and tools that digitalise group savings can help refugees to save, transfer and receive money. They can also help refugees build a digital financial track record that can in turn facilitate their access to other financial services.

Digitalisation of financial services has become increasingly important as lockdowns and social distancing measures have been put in place to mitigate the spread of COVID-19.

A number of governments and businesses globally have implemented short-term policies to facilitate increased access to digital financial services. At the international level, the G20 Finance Ministers' and Central Bank Governors' action plan on COVID-19 specifically promotes digital financial inclusion to support economic recovery and it is one of the two key priorities of the G20's financial inclusion action plan for the coming three years - which includes the forcibly displaced as an underserved and vulnerable group to be targeted.

However, the increase in availability of digital services can only be beneficial to refugees where regulatory and practical barriers to access are addressed. At the same time, refugees require access to mainstream financial services in places where digital services are underdeveloped. Proof-of-identity requirements and other regulatory constraints often hinder access for refugees to financial services—digital or otherwise. The mobile and digital access gap between refugees and national populations further inhibits access to digital services. Refugees are 50% less likely than the general population to have an Internet-enabled phone, and 29% of refugee households have no phone at all. Moreover, there is a gender gap in digital access, with women in low and middle income countries 23% less likely to use mobile internet than men. Exemplary evidence shows this gap is even starker in refugee contexts.

Promoting refugees' economic inclusion and financial health is critical; refugees have been especially hard hit by the economic downturn due to the pandemic, compounding their already precarious livelihoods. Structural barriers should be addressed so that refugees can build their livelihoods and financial health, while benefiting from access to affordable and customer-centric financial products and services.

This briefing looks at the impact of COVID-19 on refugees and their access to financial services.

It makes a number of recommendations drawing on IRC's experience, the FIND research project (see Box 1) and on a review of the policy contexts around refugees' access to financial services in Jordan, Kenya, Uganda and Ethiopia.

BOX 1

IRC PROGRAMMING ON FINANCIAL INCLUSION AND FIND RESEARCH PROJECT

IRC is working to enhance financial inclusion of refugees and host communities in 18 countries across Sub-Saharan Africa, South East Asia and the Middle East. IRC's financial inclusion work is context adaptive, customized for clients to ensure it responds to their financial need and their stage in the financial journey. Building on and leveraging the long standing work with savings groups, IRC is working to increase the adoption and sustained usage of both standard and digital financial services in many of these countries.

Since 2019, IRC has partnered with the Catholic University (KU) Eichstätt-Ingolstadt, The Fletcher School of Tufts University, BMZ and Open Society Foundation on a research project called Finance in Displacement (FIND) in Jordan, Kenya, Uganda, Ethiopia and Mexico. The project seeks to better understand how refugees manage their financial and economic lives in the context of protracted displacement, as well as their financial challenges and the strategies or resources they can use to overcome them. Almost 300 displaced people from various nationalities have been interviewed to date. Research is ongoing in Jordan and Kenya, and programme pilots based on research findings are underway in Uganda

IMPACT OF COVID-19 ON FINANCIAL LIVES OF REFUGEES AND HUMANITARIAN PROGRAMMING

Economic impacts on refugees

Economic downturn resulting from the COVID-19 pandemic is impacting refugees more deeply than host communities in low- and middle- income countries. A report by IRC, the Center for Global Development and Refugees International, based on data from eight hosting countries, found refugees are 60% more likely than host populations to be working in sectors highly impacted by COVID-19 and related policies. COVID-19 has also made it more difficult for refugees to access the labour market, social safety nets, and humanitarian aid. While the top 10 refugee hosting countries are all providing (or planning to provide) some form of social protection in response to the pandemic, refugees are not identified as targets of these interventions and some measures are already limited by geographic area or to workers in a particular sector, according to a recent IRC report. UNHCR found that 74% of refugees who received cash assistance during the pandemic are meeting only half or less of their basic needs, and 83% of surveyed households are engaging in one or more negative coping mechanisms, such as reducing spending to buy food, skipping payments, or selling livelihoods assets.

Initial qualitative findings from the FIND research supports this analysis. In Jordan, the majority of Syrian and non-Syrian respondents lost their incomes overnight due to the strict lockdown imposed by the government, and they continued to be out of work even after restrictions had eased. Very few reported having any substantial savings to rely on to get through this crisis. Among 90% of refugees surveyed in a recent UNHCR study, savings were lower than \$70 in total. Even prior to the pandemic, securing basic needs was a source of constant worry and stress for refugees. An IRC survey found 88% of 2,000 Jordanians and Syrian refugees saw their economic situation worsen after the lockdown and 91% are worried about their financial security.

In Kenya, FIND found the economic downturn as a result of COVID-19 caused income to decline significantly among urban refugee respondents. As of September 2020, 25% of 75 urban refugee respondents were evicted from their homes and debts to landlords had ballooned from zero in most cases, to a median of KES 14,000 (\$130). Incomes were lost from both informal casual work and highly valued, formal jobs as translators and facilitators with NGOs, while remittances and business sales dropped. Many respondents received some emergency cash and food relief, but this was not enough to clear rent backlogs and pay for food.

Impacts on financial services

Formal and informal financial services have been impacted by the pandemic. Savings groups supported by IRC in Uganda, Ivory Coast and Ethiopia have had to pause and members have had to close their micro-enterprises due to government restrictions and market closures. With the loss of a consistent weekly income, many savings groups opted to pause or reduce weekly savings until COVID-19 restrictions are lifted and economic activities are able to resume. Some savings groups decided to share out savings prematurely to meet basic food, rent and health care needs - serving as a safety net at time of need.

IRC's support for linking savings groups to formal bank accounts in Uganda and Ivory Coast was affected when banking partners paused the opening of new savings accounts and provision of loans. Even after restrictions in Uganda and Ivory Coast were lifted and savings activities could resume, group members continued to have lower incomes which led to less participation in saving groups or lower savings amounts.

The pandemic has also posed challenges to the underlying business structure of microfinance institutions. According to CGAP, cash levels are “worryingly low” among microfinance institutions in Latin America and Sub-Saharan Africa, and two-thirds of institutions have decreased their lending by more than half compared to normal levels. As economies continue to suffer the effects of COVID-19, there are concerns that microfinance institutions that are trying to rebuild the quality of their loan portfolio will view refugees—who are considered “high risk” to work with—as less desirable clients.

COUNTRY CASE STUDIES

POLICY BARRIERS AND COVID-19 IMPACT

In light of social distancing policies, some governments have started to increase the availability of digital services through agreements with mobile and internet operators and introducing new policies. Agreements with mobile operators in 23 countries have focused on waiving fees such as those for Person-to-Person transfers (which facilitate remittances) while 20 countries have increased transaction and balance limits. In a few cases, governments broadened identity verification, including Know Your Customer (KYC) regulations, by, for example allowing remote onboarding and use of mobile phone registration details to access mobile money. Governments also expanded authorisation and licensing for mobile network operators. Some of these measures have helped get cash to people most in need while they remain in lockdown. In 14 countries, there has been an increase in social and humanitarian cash transfers via mobile money.

While these measures have the potential to expand access to digital financial services for nationals, regulatory barriers for refugees, such as restrictive ID requirements, remain (see Table 1). Notably, refugees do not have access to full digital financial services in countries like Kenya where the market is most developed. In addition, many of the temporary measures to support increased access have now been reversed; for example, mobile money fees have already been reinstated in Uganda.

TABLE 1
REFUGEES' ACCESS TO FINANCE

	ACCESS TO MOBILE MONEY	ACCESS TO BANK ACCOUNT	DEVELOPMENT OF MOBILE MONEY MARKET
Jordan	Yes, with Ministry of Interior card and UNHCR number (in practice not accessible for non-Syrian refugees who are required to have a valid passport)	No, need a valid passport and other documentation, which most refugees do not have.	Nascent. Low percentage of population uses mobile money but recent measures have increased number of people opening accounts to over <u>1 million</u> . Basic use cases including person-to-person transfers. Some options for paying for purchases directly through mobile wallets and bill payments.
Kenya	Limited. Refugees in camps may use a limited version. Refugees in cities are not permitted but may have access through the use of a Kenyan's ID or by registering before refugees were prohibited.	Limited. Certain branches of Equity Bank allow camp-based access; Some refugees have been permitted to open accounts in cities, but recent regulations have blocked access.	Mobile money is a highly popular service - only 30% of adults in Kenya use traditional bank accounts, while <u>79%</u> use mobile money. <u>60%</u> of adults used advanced mobile money services.
Uganda	Yes, with refugee ID or attestation letter.	Depends on the bank. <u>Banks can decide</u> which type of documents they allow, so long as it is ' <u>issued by official sources</u> '. Certain banks allow refugee IDs or attestation letters.	Nascent but growing. <u>58%</u> of adults use formal financial services; mobile money represents 56% of services used. But use remains basic and limited among a handful of providers.
Ethiopia	Yes, but need to be a beneficiary of a programme providing cash assistance. The programme ID can be used to open an account.	Yes, with refugee ID under new refugee law, but policy not yet fully implemented.	Nascent. Operational since 2015 and low mobile phone ownership in country.

Mobile money access for Syrian refugees with limited usage

Refugees are a target group in Jordan's National Financial Inclusion strategy and the central bank is promoting digital financial inclusion through mobile money accounts as the solution for refugees for savings, payments and money transfers. Syrian refugees can set up an account using a Ministry of Interior (Mol) refugee identification; however, Mol cards are not issued to non-Syrian refugees, who need to provide a valid passport to access mobile money, and even some Syrian refugees are ineligible to receive this card.

The mobile money industry, which started operating in 2014, remains nascent. There is limited uptake among Jordanians and refugees, even with high mobile phone usage among both populations. Mobile money accounts have low balance and transfer limits (up to about 1200\$) and offer only a few options for making e-wallet purchases. Moreover, despite the high mobile phone usage in Jordan, the gender divide in mobile phone ownership is relatively high: women in Jordan are 21% less likely than men to own a phone, and 74% of women SIM card owners do not have their SIM card registered in their own name. This divide in mobile phone ownership and usage highlights the additional challenges women refugees face in accessing digital financial services.

Standard bank accounts remain inaccessible to refugees. According to government figures from 2018, only 7.5% of registered refugees have a bank account and 1.5% borrow formally. Banks require a valid passport, among other documents, to satisfy Know Your Customer requirements, as well as additional checks and management approval before gaining access to an account. Additionally, refugees must be able to make a minimum deposit, a limiting barrier for many. Even the recently introduced low cost 'basic bank accounts', which have simplified due diligence procedures and reduced fees to increase financial inclusion of vulnerable groups, are not accessible to refugees without a passport. Access to loans equally remains restricted for refugees. FIND research shows only 16% of Syrian respondents have been able to take a formal loan with a microfinance institution.

COVID-19 initiatives to expand mobile money and refugee access

In response to COVID-19, the Government of Jordan scaled up promotion of digital financial services, especially given the growing fear of contagion through contaminated cash. The Central Bank now allows simplified Know Your Customer requirements for mobile money accounts, enabling remote registration. According to UNHCR, some refugees have already taken advantage of this option. The National Aid Fund, which provides social safety nets to vulnerable Jordanian households, started to use e-wallets to distribute payments, representing 23% of total mobile money transactions in 2020. The government's adoption of e-wallets for aid disbursement and increasingly for salary payments, led to the number of active e-wallets doubling over four months to 1 million users. However apart from receiving aid in the wallet, it is not clear that users actively used the service.

To address access and active usage challenges, authorities have increased the agent per user ratio by 96.5%, increasing access points for customers to deposit or withdraw cash from mobile wallets. A number of banks have facilitated access to e-wallet services and enabled card-less deposit and/or withdrawal for users through their ATMs, raised transaction limits to 5,000 JOD (about 6000\$) and reduced transaction interchange fees. The Central Bank also launched a challenge fund for service providers to increase merchant acceptance of digital payments, and increase the use of QR codes for payments. Looking ahead, over 83% of financial institutions in Jordan plan to prioritize digital capabilities expansion over branch expansion.

Refugees are still accessing cash assistance primarily through the 'Iris Guard' system and withdrawing aid from ATMs enabled with Iris scan. So far, the distribution of assistance through mobile wallets is restricted to small pilots and scholarship holders. As of June 2020, most of the Syrian respondents of the FIND research confirmed opening e-wallets in anticipation of receiving COVID-19 financial assistance through it. However, ultimately they did not have a reason to use the wallet as aid was distributed through Iris-enabled ATMs.

Strong mobile money market but refugees remain excluded from mainstream services

The Government of Kenya has signed on to or adopted a number of global and regional commitments in recent years towards refugee integration. These include the Global Refugee Compact and the Kampala, Nairobi and Djibouti declarations, which expand refugees' access to livelihoods, durable solutions and integration. While none of these policy commitments specifically focus on extending financial services to refugees, the goals articulated in many of them depend on the availability and use of financial services. So far, these commitments are far from being fully implemented. Instead, the treatment of refugees has become increasingly punitive and restrictive.

Kenya is widely recognized for expanding mobile money services for its national population. While only 30% Kenyan adults use traditional bank accounts, 79% use mobile money accounts. Refugees could previously register SIM cards with their alien IDs, whereas the government issued refugee IDs introduced in 2006 are not accepted for SIM card registration. Camp-based refugees are allowed to register and use limited-purpose mobile money accounts that are disabled outside the camp. Urban refugees are barred from access to the main mobile money system, M-PESA that is a critical part of the country's payment infrastructure. Similarly, in the past two years, the government has sought to restrict bank access, requiring bank users to have a PIN from the revenue authority, which is extremely difficult for refugees to obtain as it requires a valid ID.

Refugees in Kenya's settlement camps, where over 400,000 (84%) refugees live, have limited access to in-person financial services. There are some exceptions where agencies have made arrangements with local banks and allow refugees to open a bank account to save and withdraw money. However, even where these arrangements exist, access to credit remains difficult because refugees are unable to obtain the required formal documentation and collateral. Most digital lenders refuse to lend to known foreigners, fearing they pose a repayment risk. Refugees access the vibrant digital lending marketplace only when registering their phone and M-PESA lines with a borrowed ID.

Despite constraints, humanitarian and development actors have worked closely with the private sector and regulators to introduce services that partly serve refugees' financial service needs. The World Food Program, in partnership with Safaricom, established a simplified M-PESA model that operated as an e-voucher account with specified vendors in Kakuma camp. This is helpful for distributing aid, especially as mobile phone penetration among refugees is high: 98% of refugees in the Kakuma refugee settlement have a mobile phone. Similarly, Equity Bank has opened nearly 10,000 bank accounts for refugees in Kakuma camp and in Nairobi since 2017, although regulations introduced in 2019 have made this more difficult. UNHCR is also working with the microfinance sector to increase availability of lending to refugee micro-entrepreneurs.

However, refugees are prohibited from fully accessing M-PESA—the most useful financial tool in the Kenyan market. The service is now a critical, national payment utility offering private, safe transfers, savings, payments, and credit. But the meaningful inclusion of refugees into national financial systems, via standard and digital financial services, has been abandoned in favour of approaches that create one way channels for digital payments to refugees for humanitarian assistance and incentive-based work. Although these channels are valuable for increasing the efficiency and scale of providing humanitarian assistance, they do not provide meaningful access to mainstream financial services.

New measures to expand mobile money but refugees rely on informal social networks

The Central Bank of Kenya encouraged Kenyans to use digital payments during COVID-19 by eliminating person-to-person transaction fees on M-PESA for transactions under 1000 KES (about 8\$) until end 2020. The government also permanently increased balance and single transaction limits. However, refugees continue to be excluded from this growing digital financial ecosystem.

Instead, analogue financial services—particularly through shops, landlords, and social networks—have proven the most important safety net for refugees, particularly in urban areas. Shopkeepers have extended large amounts of food on credit.

When that credit was exhausted, neighbours stepped-in, inviting refugees in dire need to eat with them. The only signs of livelihood recovery have been within large, relatively wealthy social networks that have given families some financial capital to restart informal trading businesses. International remittances are often part of this story, arriving through M-PESA accounts registered by Kenyan friends, neighbours or relatives who withdraw money for them or give them SIM cards. But these workarounds are not ideal; recipients can demand fees and favors, and refugees lose privacy around their payments.

UGANDA

Inclusive policies on paper but refugees face practical barriers to access services

Uganda is known for its progressive policy which supports inclusion of refugees in national development plans. At the national level, the 2006 Refugee Act gives refugees the right to work and freedom of residence. In 2019, Uganda signed the Kampala Declaration, committing to review and revise its national policies to expand access to labour markets and improve access to financial services for refugees.

In practice, refugees face a number of hurdles to accessing standard and digital financial services. Among the most foundational barriers is the complicated and often delayed process for obtaining a refugee ID card, which is required for accessing mobile money and other livelihoods services or permits. Qualitative evidence from FIND suggests many refugees have waited months—even years—to receive their ID cards. While there are efforts to introduce more efficient methods of identifying refugees (the government and UNHCR are piloting biometric registration programs), bureaucratic barriers persist.

In part a recognition of the slow process to obtain a refugee ID card, in 2019 the government allowed refugees to obtain SIM cards using an Attestation Letter issued by the government while they await their IDs. However, this policy has been at the whim of the government. At one point, the Ugandan Communications Commission placed a ban on refugee SIM cards. The ban has since been lifted, but misinformation about the changing policy continues to hinder access.

Despite the hurdles of obtaining a SIM card, research estimates that 67% of men and 36% of women in Bidi Bidi settlement camp—home to about 232,750 refugees—own a phone, and 80% of the population lives within one kilometre of a mobile money agent. According to UNHCR/UNCDF, a majority of refugees report receiving remittances into mobile money accounts. They prefer this method despite expensive cash out fees because the alternative involves travelling long distances to access money transfer agents.

Uganda's laws do not specify requirements for financial service providers when onboarding refugees, creating both a barrier and confusion on which rules to apply. Requirements to access bank accounts depend on the bank's own regulations and practices. Depending on the perceived risk of clients, some financial institutions accept only passports and national IDs, while others accept refugee IDs or an attestation letter. The FIND research found that although refugees with growing businesses were interested in bank accounts, only a few with formal employment were able to secure them.

Progress has recently been made. UNHCR is working with partners such as Equity bank to open bank accounts for refugees in some settlements. The European Investment Bank is also working with Centenary Bank to strengthen business and finance skills of refugee entrepreneurs. In addition, IRC and the Kampala Capital City Authority helped reduce some procedural barriers. For example, they streamlined the process for village savings groups to be registered as Community Based Organizations, which allowed them to open bank accounts and become eligible for group grants from the City Authority.

Reduction of mobile money fees since COVID-19 but reluctance to use mobile services

Between March and June 2020, the telecommunications network MTN removed fees for person-to-person transactions less than UGX 30,000 (US\$7.87). Mobile wallet-to-bank transactions are set free of charge for specific mobile providers, following discussions between the central bank and its financial services partners.

The IRC trained savings groups with bank accounts on how to use mobile banking services during COVID-19 restrictions, but most participants did not use these services due to the high withdrawal charges and other fees. Limited access to mobile banking agents in Bidi Bidi, and fears of losing savings also prevented their use of mobile services.

ETHIOPIA

Slow implementation of progressive refugee law and policies

In 2016, Ethiopia pledged to provide refugees with work permits and allow refugees to obtain bank accounts and driver's licenses. In 2019, Ethiopia became a signatory to the Kampala Declaration. Since January 2019, Ethiopia's parliament adopted a new refugee law, codifying refugees' right to freedom of movement and employment, among other benefits. But 11 months after passing the law, implementation has been delayed with work and residence permits yet to be issued.

Mobile money accounts can be accessed with various government issued IDs, such as a driver's license, employer ID, or ID issued by a cash assistance programme. However, the mobile money market in Ethiopia is very nascent. The market has only been operational since 2015, and only allows banks and micro-finance institutions to provide services (GSMA, February 2020). There is a low level of awareness of mobile money services, low financial literacy rates and limited infrastructure. Instead, refugees tend to use foreign money transfer agencies for receiving remittances, which they can do with a refugee ID card. Additionally, internet and mobile phone penetration rates remain low in Ethiopia, at 12% and 43%, respectively. Women are less likely to have the same access as men to the internet and mobile phones due to limited resources and social norms.

In June 2019, the government issued a memorandum to allow refugees to open bank accounts with their ID cards from the Agency for Refugees and Returnee Affairs (ARRA). However in practice, the guidance has not been fully implemented. Only Equity Bank has started to open bank accounts for refugees, while others are working informally with refugees. Some government banks are operating at a very small scale in some of the settlement camps, and banks are present in the rural areas around the camps, but access remains limited.

COVID-19 regulations to develop mobile money market and mobile solutions for savings groups

In April, Ethiopia's central bank issued new regulations allowing non-banks, such as telecommunication companies, to offer basic financial services, including mobile money. Previously, these services could only be offered by banks and microfinance institutions. This new regulation could lead to a scale-up of mobile money services.

To support refugees' access to digital finance, IRC has provided training for village savings groups to use the mobile platform Jamiipay. Jamiipay allows members to hold virtual meetings and provides a digital track record of savings groups. In the long run, this can help members using formal financial services as their loan history can be accessed by banks. Humanitarian mobile cash transfers are also planned to be piloted in Ethiopia.

BOX 2

BARRIERS TO FINANCIAL INCLUSION IN MEXICO

Across the globe, one of the key challenges for refugees to access formal financial services are related to documentation and identification. Tufts University found this to be true also in Mexico, where refugees require a permanent residency card in addition to a passport, proof of address, individual registration number, and social security number to open a regular bank account. The inability to access banking limits employment opportunities, as many employers in the formal economy require a bank account to deposit paychecks. Much of the required documentation by the traditional banking sector is challenging to acquire and requires long and costly bureaucratic procedures. Alternatively, a Mexican startup named Cuenca, part of Mexico's thriving Fintech ecosystem, and an innovative partnership between BanCoppel and UNHCR, are reducing the documentation burden by only requiring a residency card from refugees to access financial services. Residency cards are made available by the National Migration Institute once asylum seekers have been granted refugee status. These examples shed a light on the possibilities that Fintech companies and partnerships for development can offer to reduce barriers to financial inclusion of refugees. However, these measures alone are not a full solution: obtaining documentation from the Migration Institute proves challenging. Long lines and wait times, in addition to requiring weekly signatures, force asylum seekers to forego their asylum claim for fear they get fired from missing too many days of, often informal, work.

CONCLUSION & RECOMMENDATIONS

ENHANCE RESILIENCE & ACCESS TO SERVICES POST COVID-19

The push for digital financial services, accelerated by the implications of COVID-19 and social distancing requirements, could lead to the expansion of mobile money markets in the long run. As governments are promoting digital financial services to become more accessible, cheaper, and better as social distancing becomes the norm, they should also make them more inclusive and allow refugee access. In Jordan, Kenya, Uganda, Ethiopia and Mexico, refugees have some form of access to mobile money in theory, via a refugee or humanitarian programme ID. But these services are either restricted in functionality for refugees, or the markets are nascent, with few mobile money agents and limited service options. Moreover it is extremely challenging or impossible for certain refugees to even obtain the required ID. Refugees, especially women, continue to suffer limited access to mobile phones and the internet. Barriers are even higher for standard financial services such as bank accounts, where refugees are excluded either by national policies or by service providers' practices.

Based on observations from FIND surveys we know refugees' financial strategies are focused mostly on surviving - they first and foremost need economic opportunities to get them out of a '*survivalihoods*' phase and into a more stable financial situation, where they can recover, start saving and planning. Even before COVID-19, refugees were barely getting enough resources to get by. De facto restrictions on their rights to work, travel, and build assets make it nearly impossible for them to become sustainably self-reliant and contribute to economic recovery. The economic shock of COVID-19 has further revealed how fragile their economic situation is, with even fewer livelihood opportunities but also more limited options for resettlement or return. Refugees are cutting back meals, selling household assets, and facing eviction.

Kenya, Uganda, Ethiopia and Jordan have all signed on to global or regional policy commitments to promote the economic inclusion of refugees in their countries. Now is the time to live up to those commitments and improve refugees' financial health, while learning from each other's progress.

The 2019 Roadmap to the Sustainable and Responsible Financial Inclusion of Forcibly Displaced Persons, the result of a multi-stakeholder effort including governments, international organisations, financial inclusion actors and NGOs, is a useful tool in this regard. The Roadmap identifies action areas that are key to financial inclusion and supporting sustainable livelihoods that should be applied in the COVID-19 context.

Based on the case studies within this report, and considering the Roadmap, IRC recommends:

HOST GOVERNMENTS AND REGULATORS:

- **Implement relevant global and regional policy commitments to enhance economic opportunities for refugees.**
- **Ensure refugees can access mainstream financial services.**
 - Provide a clear regulatory framework for financial service providers that permit the use of alternative forms of government-issued refugee identification documents, through tiered or simplified Know-Your-Customer and customer due diligence requirements based on a proportionate risk-based approach. See examples in the Alliance for Financial Inclusion toolkit.
 - Accelerate and simplify the issuance of refugee documentation, without discriminating on the basis of nationality
- **Incentivize the expansion of digital financial services, such as mobile wallets.**
 - Make temporary measures expanding digital financial services taken since COVID-19 permanent.
 - Take further measures to incentivize the number of mobile money agents and improve digital infrastructure especially in rural areas and displacement camps.
- **Make refugees a target group in National Financial Inclusion policies**, in alignment with the Alliance for Financial Inclusion's guidance note (forthcoming).

DONORS:

- **Advocate for full economic and financial inclusion of refugees** in policy dialogue with host countries.
- **Invest in programs that educate refugees on accessing available financial services and financial literacy.**
- **Close the digital divide** by investing in solutions that address regulatory, policy and practical barriers faced by refugees and women.

HUMANITARIAN PRACTITIONERS:

- **Share sex- and age- disaggregated market data and research on refugees' financial needs** and access to and usage of financial services to help de-risk financial service provider investments.
- **Work with governments and financial service providers to advance a common understanding of the risks and benefits** of extending access of financial services to refugees.

FINANCIAL SERVICE PROVIDERS AND MOBILE NETWORK OPERATORS:

- **Authorize the use of alternative forms of government-issued refugee ID documents for accessing services**, where government policies allow.
- **Collaborate with humanitarian partners** to inform the development of financial products that are suitable for specific refugee contexts and are tailored to the needs of refugee women.
- **Provide training** to refugees, including women, about available services and how they can access them.

ANNEX: TERMINOLOGY

Mobile banking:

When customers access a standard bank account and banking services via a mobile phone; this includes non-transactional services, such as checking account balance and sometimes, transactional services, such as initiating payments.

Mobile money account or e-wallet:

An e-money account that is primarily accessed using a mobile phone that is held with the e-money issuer. In some jurisdictions, e-money accounts may resemble conventional bank accounts, but are treated differently under the regulatory framework because they are used for different purposes (for example, as a surrogate for cash or a stored value that is used to facilitate transactional services).

For more information see GSMA's Mobile Money Glossary:
<https://www.gsma.com/mobilefordevelopment/mobile-money/glossary>

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