Refugees Can't Join Savings Groups... or Can They?

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Refugees Can't Join Savings Groups... or Can They?

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Savings Groups for Refugees: Challenges, opportunities and lessons learned

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WHO ARE WE?

We are a collaborative learning group composed of representatives from: DANISH REFUGEE COUNCIL, THE FLETCHER SCHOOL OF LAW AND DIPLOMACY, MERCY CORPS, seep, TRICKLE UP, UNCDF, UNHCR, VisionFund, and World Vision.
OUR OBJECTIVE

Mobilize knowledge that is actionable, to replicate and scale successful approaches to expanding access to financial services for refugees and internally displaced people.

HOW WE WORK

One-year collaborative learning process, including consultations with experts, Savings Groups, and refugee communities.
Our Learning Agenda – Key Assumptions and Questions

1. We know that Savings Groups can work for refugees and displaced people, but it is not happening a lot nor at scale.

2. What few key questions can we answer to make it happen more often and more successfully?

3. What will we create to effectively teach others what we discover?
Learning Outputs

• We acknowledge that when refugees begin to settle, they are stable members of Savings Groups and good stewards of group assets.

• We recognize that refugees have the demand and capacity for regular savings deposits, and to service loan obligations, despite often subsisting on relatively low incomes.

• Savings Groups composed of refugees are not volatile, as imagined by sceptics.
SAVINGS GROUPS FOR REFUGEES
10 TIPS FOR DEVELOPMENT AND HUMANITARIAN ACTORS

1. Best practice still applies
2. Build on what exists
3. Challenge misconceptions
4. Connect early
5. Support group cohesion
6. Ensure good communication
7. One size does not fit all
8. Recognize the "aid" context
9. Refugee savings groups need more time
10. Support livelihoods and economic inclusion
BEST PRACTICE STILL APPLIES

We recommend using established Savings Groups methodologies while adhering to industry-accepted best practices. As with non-refugee populations, refugees build savings habits through regular, flexible savings deposits. In many instances, Savings Groups may be the primary source of credit for members, creating pressure to lend. Facilitators should help groups to understand loan rules and procedures, intended to protect the group, borrowers and all members.

Transparent recordkeeping, election of officers, and share-outs are the hallmarks of healthy Savings Groups in non-refugee contexts. So are solid savings and lending policies. These same principles apply in refugee contexts. And as is the case with traditional groups, self-determination and participative rule-setting promote the kinds of skills needed for refugee members to resolve disputes and build group assets.

Savings Group program managers and facilitators can adapt approaches and strategies based on local context, market forces, and the specific needs of refugees. Some groups include refugees as well as members of the host population; others may include both older and recent arrivals; and others still may include camp and non-camp members. Best practices still apply to these scenarios.

Key Resources:

- Program Quality Guidelines for Savings Groups (SEEP Network, 2015)
- Savings Groups and the Dynamics of Inclusion (Allen, 2018)
- Good Practices for Savings Groups under the Kigoma Joint Program (UNCDF Tanzania, 2019)
- Strengthening Resilience Through Savings Groups (UNCDF Tanzania, 2019)
Impressions of An Urban Refugee Savings Groups Program

Jul 15, 2019 | by Richard Reynolds, VisionFund International

Meeting a Refugee, a Savings Group Member and a Businesswoman

Jun 27, 2019 | by Anna Ferracuti, UNCDF
TIP 1

BEST PRACTICE STILL APPLIES
TIP 2

BUILD ON WHAT EXISTS
TIP 3

CHALLENGE THE MISCONCEPTIONS OF FINANCIAL SERVICE PROVIDERS
TIP 4

CONNECT EARLY.
LEARN ABOUT THE SKILLS, ASSETS AND NEEDS OF REFUGEES AS THEY ARRIVE IN THE HOST COUNTRY.
TIP 5

SAVINGS GROUPS REQUIRE TRUST.
SUPPORT GROUP COHESION.
TIP 6

ENSURE GOOD COMMUNICATION.
LANGUAGE MATTERS.
TIP 7

THE FINANCIAL SERVICES NEEDS OF REFUGEES ARE DIVERSE. ONE SIZE DOES NOT FIT ALL.
TIP 8

RECOGNIZE THE “AID” CONTEXT.

WORK WITH OTHER DEVELOPMENT AND HUMANITARIAN ACTORS.
TIP 9

REFUGEE SAVINGS GROUPS MAY NOT BE VERY DIFFERENT. BUT THEY NEED MORE TIME.
TIP 10

SAVINGS GROUPS AND ECONOMIC INCLUSION – THE CHICKEN AND THE EGG
Savings Groups for Refugees:
Perspectives and Lessons Learned from UNHCR

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Savings Groups in UNHCR operations - Africa

Snapshot as of August 2019 - 13 out of 23 UNHCR operations surveyed

- >54,000 Savings groups members
- 13 countries
- Average of 23 members per group
- 74% women
- 259 USD saved per group in average
- 183 USD borrowed per group in average
Voices from UNHCR field operations

“High needs and very high demand”

“Victim of their own success, to the point that they have serious risks of holding large amounts of cash”

“Mechanism takes time to root”

“Minimize conflicts in the community”

“Need for SGs digitization records to analyze their credit history and share with formal FSPs”

“Some communities not keen to be in groups due to inter-ethnic conflicts”
Profile of a Savings Group in Hagadera Refugee Camp, Dadaab

- Started in 2016
- Members: 10 refugee women
- Savings rate: $2 per member, per week
- Sole access to a safe place to save and to loans
- Group business valued at $2,000 USD
- Capital requirements: $1,000-1,500 for business growth

Focus group discussion between SGs and MFIs to change misconceptions perceptions about refugees December 2019
Financial inclusion workshops with FSPs

- SGs seen as an entry point for formal FSPs
- Social capital & group management seen as a good way to manage default.
- Acknowledgement of SG members’ skills and business potential

- Cash box security through deposit account & building of a financial history
- Linkage for mature SGs, with credit needs beyond group’s internal funds

Change of perceptions regarding refugee Savings Groups as potential market segment
...and now a conversation with the SEEP Network’s Peer Learning Group on Savings Groups for Refugees

- Observations, surprises and lessons learned
- Personal, professional and institutional development
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Discussion

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For more information about SEEP’s work in Savings Groups, contact David Panetta: panetta@seepnetwork.org

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Thank You!

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SEEP Announcements

**Upcoming Webinar**
Revisiting Savings Groups a Decade Later – What’s Left? What do They Look Like?
February 5

Register now!
Already registered but don’t have accommodation? Book your hotel today!

**Resource Spotlight**
Where are the Men? How Male Engagement in Savings Groups Can Contribute to Financial Inclusion and Women’s Empowerment