



World Food Programme

SAVING  
LIVES  
CHANGING  
LIVES



## ENABLING FINANCIAL INCLUSION THROUGH CASH-BASED TRANSFERS

National Policy Workshop on Promoting Entrepreneurship for Migrants and Refugees in Uganda

9 Feb 2021

# CONTEXT



**Increasing number of severely hungry people  
in an increasing number of protracted crises**



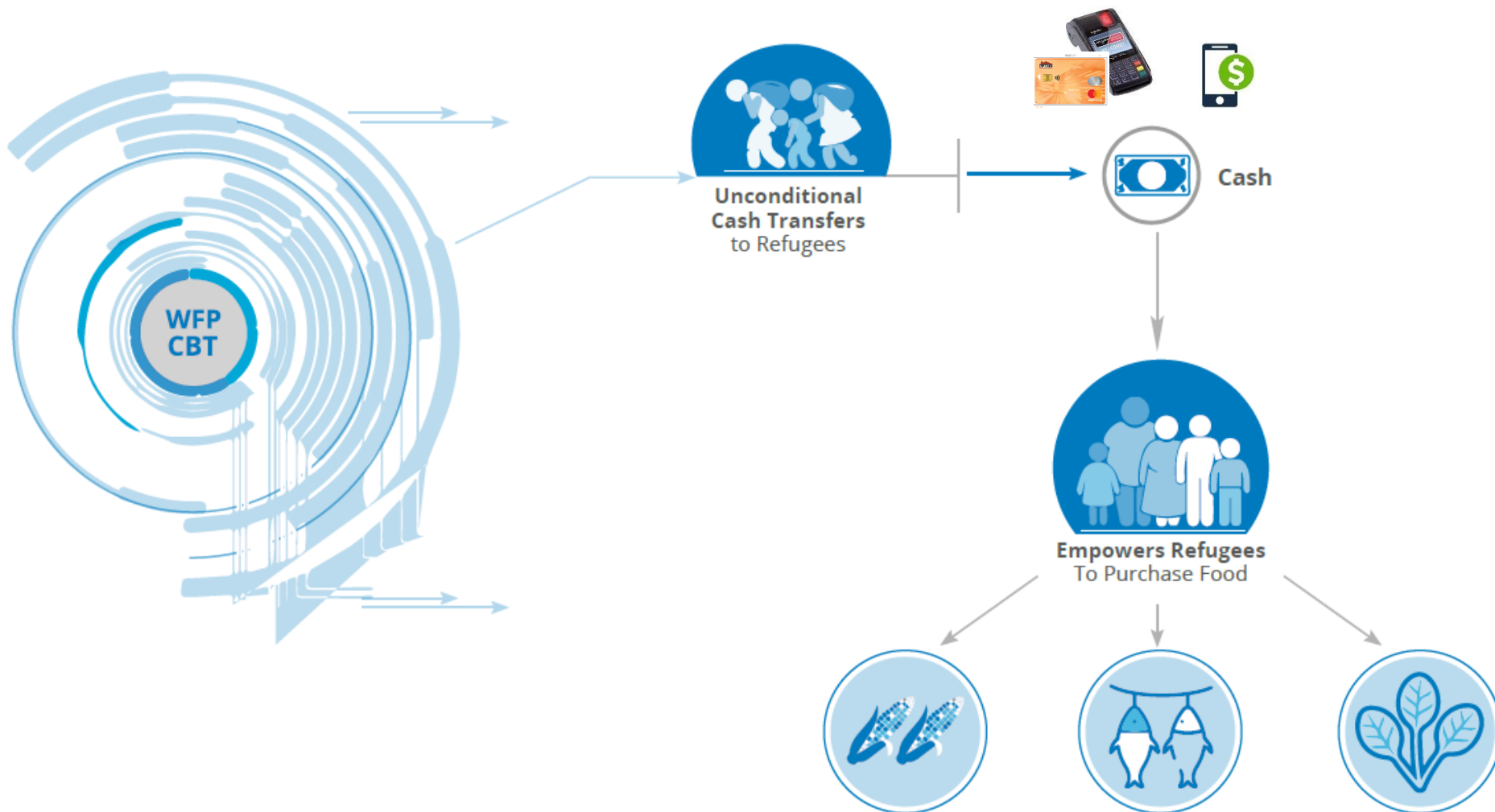
**Lack of global resources to address  
the essential needs of vulnerable people**



**Cash assistance and emerging digital  
opportunities can help vulnerable households  
prioritise their limited resources**

Cash puts people at the centre of humanitarian aid by empowering them to meet their essential needs according to their priorities. The asectoral nature of cash means it can be a cost-effective asset to address a range of needs (food, nutrition, health, education, shelter, etc.), helping countries achieve SDG2 while also contributing to other SDG targets

# WFP Uganda Cash-Based Assistance to Refugees





# WHY DOES WFP DO CASH?

Where markets and financial sectors are functioning, **cash programming can be an effective and efficient path to achieve food security and nutrition results.**

WFP uses cash within integrated programmes to:

## 1. Empower people with choice to address their essential needs in local markets. Food and nutrition are essential needs.

Vulnerable households often spend 60-70% of their income on food. Studies show that unrestricted cash in the right context contributes to positive food security and nutrition outcomes, improving the wellbeing of households.

## 2. Boost local markets and country systems through the injection of cash.

Cash assistance stimulates local agriculture and retail activities in and around settlements. It drives demand for food and other goods and services that need to be made available by local producers and traders. Each US\$1 given to refugees through cash assistance creates a spillover of an additional US\$1 in Adjumani and an additional US\$1.50 in Rwamwanja. *(Source: Department of Agricultural and Resource Economics, University of California, Davis, 2016)*



# Operatio nal

CASH-BASED TRANSFERS REPRESENT AN INCREASING SHARE OF WFP'S TOTAL HUMANITARIAN ASSISTANCE



settlements receiving monthly Cash Transfers

9/13

Adjumani • Rhino • Kiryandongo  
Rwamwanja • Kyangwali • Kyaka II  
Lobule • Nakivale • Oruchinga



1 cooperating partner



per settlement



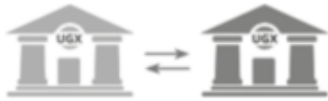
refugees receiving General Food Assistance (GFA)

52%

receive cash

48%

receive food In-kind



Post Bank, Equity Bank & Airtel service agreements signed

USD3,800,000

transferred every month

USD5.92

per person/per month



Meets

1,470kcl

per person/per day



Bank on Wheels, Agent Banking, Mobile Money

3+

models of delivery



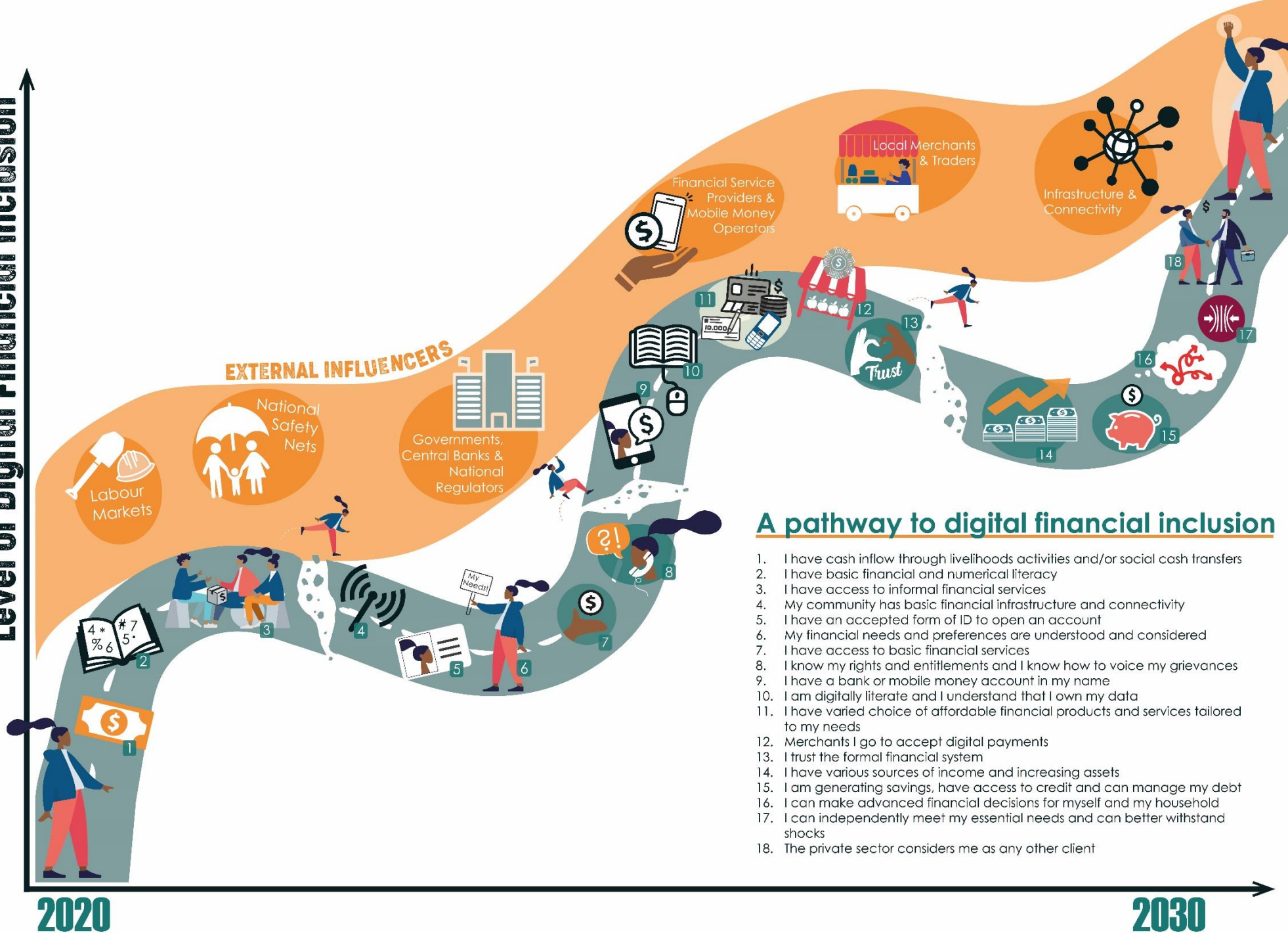
Financial literacy curriculum development trainings/TOT



\* Actual data as of December 2020



# Level of Digital Financial Inclusion



## A pathway to digital financial inclusion

1. I have cash inflow through livelihoods activities and/or social cash transfers
2. I have basic financial and numerical literacy
3. I have access to informal financial services
4. My community has basic financial infrastructure and connectivity
5. I have an accepted form of ID to open an account
6. My financial needs and preferences are understood and considered
7. I have access to basic financial services
8. I know my rights and entitlements and I know how to voice my grievances
9. I have a bank or mobile money account in my name
10. I am digitally literate and I understand that I own my data
11. I have varied choice of affordable financial products and services tailored to my needs
12. Merchants I go to accept digital payments
13. I trust the formal financial system
14. I have various sources of income and increasing assets
15. I am generating savings, have access to credit and can manage my debt
16. I can make advanced financial decisions for myself and my household
17. I can independently meet my essential needs and can better withstand shocks
18. The private sector considers me as any other client

# ENABLING FINANCIAL INCLUSION THROUGH CASH-BASED TRANSFERS



**Improve access to and use of financial services**

**Develop financial and digital literacy of CBT Beneficiaries**

**Measure the impact of financial inclusion**



*Refugee-owned bank accounts linked to Bank Card; biometric payment authentication enabled*



*Linking retailers to suppliers, training retailer agents and monitoring*



WFP-UNCDF Financial Literacy Toolkit for refugees

➤ Ongoing outcome assessments

## Barriers to Financial Inclusion

Lack of enabling regulatory framework allowing refugees to open bank account/register SIM card

Lack of suitable documentation meeting KYC identification requirements from Central Banks and AML/CFT rules

FSPs not familiar with this segment – preconceived ideas (higher risks level)

Cost: High set up, transfer and withdrawal fees.

Distance: few financial services access points in/near refugee settlements



# Opportunities and Challenges

- Humanitarian cash transfers which combined with retail engagement creates win-wins for access to markets for host and refugee farmers, while increasing choice and dignity. Not to mention the increased supply side access for financial services and competition, e.g. bank agents network & financial education that is provided as part of the programme.
- Customized Financial Literacy Training Toolkit for refugees – rolling out at scale with FRC
- Rules/regulation – Uganda has a progressive refugee policy. There are a couple of challenges though:
  - Stringent KYC requirements
  - Refugees' requirements to become mobile money agent appear increasingly difficult, since now they are required to open a limited company.

# Thank You!

