

CURRENT STATE OF PRACTICE

POLICY FRAMEWORKS, LAWS AND REGULATIONS
RELATED TO THE FINANCIAL INCLUSION OF FORCIBLY
DISPLACED PERSONS (FDPs) ACROSS THE AFI NETWORK



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Contributors:

From the AFI Management Unit: Led by Mariam Zahari (Policy Specialist) with contributions from Charles Marwa (Head, Monitoring and Evaluation) and Robin Newnham (Head, Policy Analysis).

We would like to thank Shelley Spencer, Hamilton McNutt, Tala Ahmadi (Strategic Impact Advisors), Cristina Castañeda, Ruben Salcido and Bob Trojan (Kozolchyk National Law Center) for their outstanding support in conducting research and drafting the report.

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I. EXECUTIVE SUMMARY

This report provides a synthesis of data collected from 33¹ AFI member institution countries on their policy frameworks, laws and regulations related to the financial inclusion of forcibly displaced persons (FDPs). The accompanying database to this report was designed as a starting point for a new country policy profile on FDPs for inclusion in AFI's Data Portal (ADP).

The database, which is populated by legal research and validated through secondary research and key informant interviews, will allow financial policymakers and regulators to examine their respective policy and regulatory frameworks that address FDPs, and those of their peers.

In adopting AFI's survey approach for the ADP country policy profiles, a 28-question survey was conducted from February to May 2021 to populate the database. The scope of the inquiry was expansive and included research into the policy frameworks, laws and regulations of the 33 countries which address:

- > FDP status and identification.
- > Access to formal financial services.
- > Broader economic participation rights of FDPs.

The 33 AFI member institution countries were selected based on the state of their policy development and the significant presence of FDPs.

This is first and foremost a legal and policy database that is dependent on the available access of laws and policies through desk-based legal research, and does not reflect the state of implementation or enforcement of the legislative requirements or policy rules. As such, access to formal financial services for FDPs in the 33 countries may in practice be more limited or more extensive than suggested by the law or policy. It is also worth remembering that those providing formal financial services adopt their own risk management approaches based on national laws or policies, which can affect an FDP's formal financial access in practice.

While this report is a starting point for further analysis of the database, some key findings have emerged:

- > The classification of FDPs can impact the status and rights that an individual FDP is afforded in a country. It can also define the government's role and level of authority to issue documents, such as IDs or attestation letters that can be used for FDPs to meet KYC and CDD requirements. Regulators must gain a better understanding and capture the segmentation of FDPs in order to effectively advance their financial inclusion.
- > Countries that are signatories to global or regional frameworks for FDPs are more likely to have national legislation that addresses their protection and inclusion, as well as a cohesive policy environment, although country-level implementation of the 2016 Comprehensive Refugee Response Framework (CRRF) is not yet universal.
- > Among the countries in the database, 67 percent have a national law or act governing the status of refugees. These laws typically define the process for acquiring status and rights which could provide a legal foundation for the inclusion of FDPs in national financial inclusion policies.
- > Legal protection and rights afforded in national laws may be limited to only a subset of FDPs (such as refugees and asylum seekers) and thereby intentionally or unintentionally exclude other segments from legal protections. For instance, it is uncommon for national legal frameworks to expressly protect stateless persons.
- > While FDPs may hold government-issued IDs, the legal effects of those IDs are not often explicitly defined by national legislation or policy directives. Some governments are providing clarity on the adequacy and acceptance of these IDs to open financial accounts.

¹ The database includes Palestine, however, the information provided is not authoritative and we have not included Palestine in the analysis in this report due to its complex legislative history. Palestine recently started developing a unified legal framework for the West Bank and Gaza. Although much has been accomplished in the development of a legal framework, its implementation is still underway or significantly recent. At this time and given the ongoing political climate in Palestine and the region, most data relevant to refugees looks at Palestinian refugees in neighboring countries as opposed to FDPs seeking refugee status in Palestine.

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POLICY FRAMEWORKS, LAWS AND REGULATIONS RELATED TO
THE FINANCIAL INCLUSION OF FDPs ACROSS THE AFI NETWORK

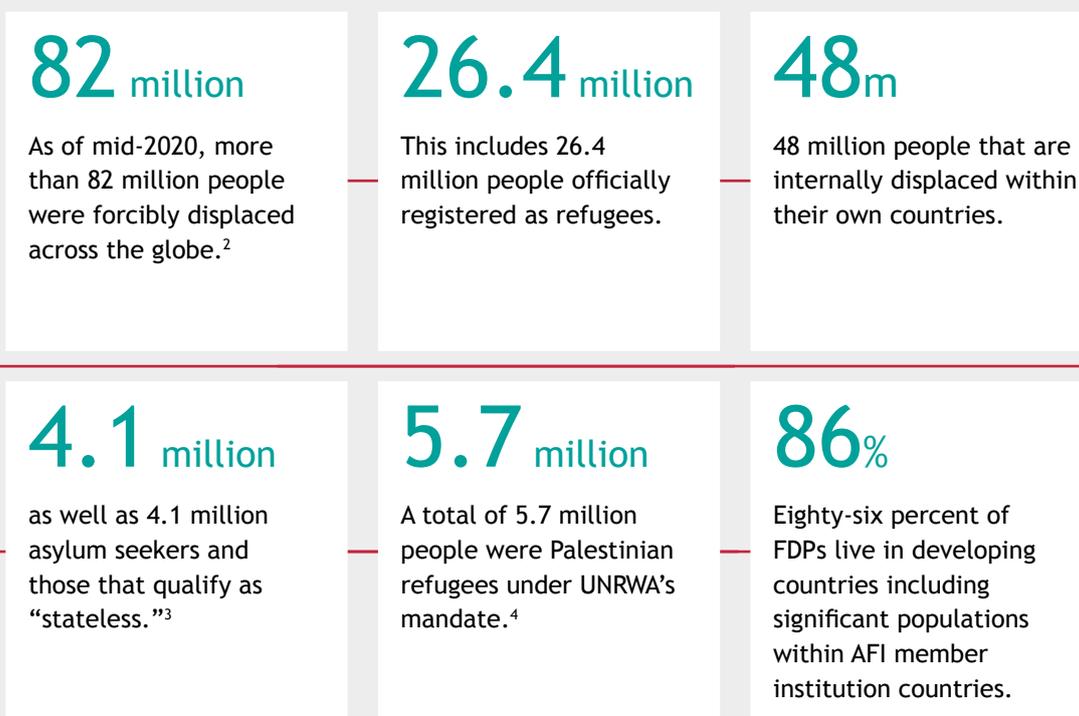
- > Governments often handle the legal registration of FDPs and issue IDs which provide a level of identity assurance. Refugee laws do not typically make a direct connection between the official FDP identification document and the national population. However, most countries do have a verifiable registry that is linked to IDs, indicating a strong opportunity to link FDP databases to the national registry.
 - > Governments issue IDs to FDPs in 20 of the 33 countries. Official government-issued IDs are an acceptable means of verification for KYC and CDD. Financial institutions may benefit from guidance issued by the financial regulator which confirms their adequacy. However, only six countries in the database have specific policies, laws or regulations that address the use of formal financial services by FDPs. Eight of the countries have adopted policies allowing FDPs to use IDs signifying their temporary status to meet the legal requirements for financial account opening.
 - > FDPs holding government-issued IDs can then meet SIM registration requirements, this is typically easier for refugees than asylum seekers.
 - > Just over half the countries (17) in the database have a national legal framework that endows refugees with specific rights to participate in productive activities, acquire land and register their children in schools. In practice, however, meeting the legal requirements to exercise these rights may be prohibitive.
- Going forward, AFI will continue to vet the database with member institutions from the selected countries in addition to developing a structure for its maintenance and allowing for updates. There is also a significant opportunity to work with AFI member institutions to use the database to facilitate their work in including FDPs in their country's national financial inclusion policies, such as their national financial inclusion strategies (NFIS).



People waiting to get in the water, Dadaab, Somalia. (hikrcn/iStock)

II. PURPOSE OF WORK

This initial global database of policy frameworks, laws and regulations related to the financial inclusion of FDPs was developed to provide policymakers, regulators and other stakeholders with a starting point to identify or collect the relevant legal frameworks for FDPs that can be used to further their financial inclusion.



17
AFI member institution countries:
Host ≥ 100,000 refugees



15
AFI member institution countries:
Host ≥ 20,000 people seeking asylum



6
AFI member institution countries:
Host ≥ 170,000 that are internally displaced



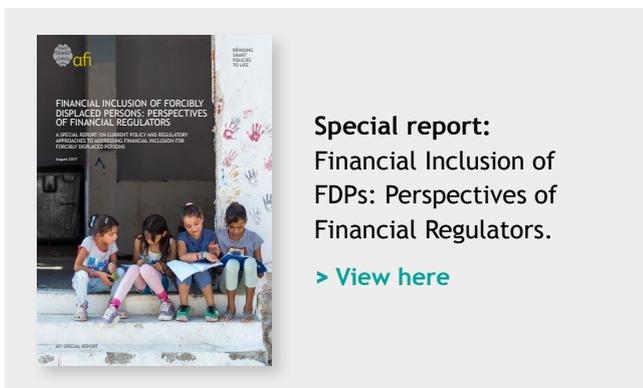
2 UNHCR. 2021. Refugee Data Finder. Available at: <https://www.unhcr.org/refugee-statistics/>

3 Ibid.

4 Ibid.

In 2017, the Global Partnership for Financial Inclusion (GPFI) established the financial inclusion of FDPs as an area for priority policy action. In its Policy Paper on Financial Inclusion of Forcibly Displaced Persons, GPFI called for the creation of policy frameworks that are inclusive of FDPs.⁵ The work of this GPFI initiative resulted in a Roadmap to the Sustainable and Responsible Financial Inclusion of FDPs, which offers a wide set of key policy recommendations for each stakeholder group to advance the financial inclusion of FDPs.⁶

While some progress has been made, FDPs seeking to use formal financial services still often face policy, legal and regulatory barriers that impede their access. In addition, FDPs may find that their status, even if recognized, is not sufficient for them to open a financial account or register a SIM to use mobile services, thereby shutting off an important access channel for formal financial services.



As noted in AFI's 2017 Special Report on the Financial Inclusion of FDPs: Perspectives of Financial Regulators, without the ability to open financial accounts and acquire a mobile phone, financial exclusion can hurt both FDPs and the countries in which they reside. This is because FDPs are consequently restricted from engaging in formal economic activities and transacting in the digital economy, while governments or humanitarian organizations are prevented from effectively rolling out social or cash transfer programs.⁷

For example, in several cases cash transfers are limited to a pooled account belonging to a humanitarian organization rather than an account held in the FDP's own name, which prevents the creation of pathways to full financial inclusion.

This financial exclusion consequently inhibits the FDP's ability to access more complex formal financial services such as credit, loans and insurance, as well as to manage a business that contributes to the host country's economy.

Several AFI member institutions, such as Banque Centrale de Mauritanie, National Bank of Rwanda, Central Bank of Nigeria and Bank of Uganda have implemented policy and regulatory reforms that enhance access to formal finance for the FDPs they host. AFI published case studies on the approach taken by Banque Centrale de Mauritanie, Da Afghanistan Bank and the National Bank of Rwanda.⁸ Other AFI member institutions, including the Bank of Tanzania, Bank of Zambia and the Central Bank of Jordan have championed this issue for several years now.⁹

AFI continues to develop resources for and collaborate with its members to formulate NFIS that are inclusive of FDPs. In 2020, AFI published its Guideline Note 41 which provides financial policymakers and regulators with guidance and key considerations to integrate FDPs into NFIS,¹⁰ suggesting that regulators follow a three-phased process.

- 5 GPFI. 2017. GPFI Policy Paper: Financial Inclusion of Forcibly Displaced Persons. Hamburg. Available at: https://www.gpfi.org/sites/gpfi/files/documents/gpfi_2017_policy_paper_inclusion_forcibly_displaced.pdf
- 6 AFI. 2019. Roadmap to the Sustainable and Responsible Financial Inclusion of Forcibly Displaced Persons. Available at: https://www.afi-global.org/wp-content/uploads/2020/07/Roadmap_FI-of-FDPs_122019_0.pdf
- 7 AFI. 2017. Financial Inclusion of FDPs: Perspectives of Financial Regulators. Available at: https://www.afi-global.org/wp-content/uploads/publications/2017-11/AFI_displaced%20persons_AW_ISBN_digital.pdf
- 8 AFI. 2020. Advancing the Financial Inclusion of Forcibly Displaced Persons: Case Studies on Rwanda, Mauritania and Afghanistan. Available at: <https://www.afi-global.org/publications/advancing-the-financial-inclusion-of-forcibly-displaced-persons-case-studies-on-rwanda-mauritania-and-afghanistan/>
- 9 AFI. 2021. Financial Inclusion of Forcibly Displaced Persons Website. Available at: <https://www.afi-global.org/thematic-areas/forcibly-displaced-persons/>
- 10 AFI. 2020. Integrating Forcibly Displaced Persons (FDPs) Into National Financial Inclusion Strategies (NFIS). Available at: https://www.afi-global.org/wp-content/uploads/2021/01/AFI_GN41_AW_digital.pdf

FIGURE 1: PHASES FOR INCORPORATING FDPs INTO NFIS



PHASE 1
PRE-FORMULATION



PHASE 2
FORMULATION



PHASE 3
IMPLEMENTATION

In the Phase 1 pre-formulation phase, AFI recommends that policymakers and regulators undertake “diagnostics and analysis on the state of FDP financial inclusion” and the policy, legal and regulatory frameworks in their country.¹¹ AFI further suggests that this analysis include a review of the country’s uptake of the Global Compact for Refugees (GCR), the CRRF and national policies relating to FDPs.¹²

AFI initiated this work to structure and begin populating a database of policy frameworks, laws and regulations that address FDPs’ financial inclusion for member institution countries.

AFI member institutions can then use the database as a starting point to identify or collect relevant data to formulate policy actions at the country level, researching their own country frameworks and also identifying and reviewing laws and policies adopted by other countries that provide examples of how to further advance on the Roadmap to the Sustainable and Responsible Financial Inclusion of FDPs.¹³ As part of the steps on the roadmap, governments are encouraged to provide clear, specific guidance to financial service providers on how related policies, regulations and directives should be interpreted in line with the Financial Action Task Force (FATF) risk-based approach to avoid legal and regulatory uncertainty in providing services and products to FDPs. In addition, governments are encouraged to align the NFIS with global agendas such as the GCR and the CRRF.¹⁴

11 AFI. 2020. Integrating Forcibly Displaced Persons (FDPs) Into National Financial Inclusion Strategies (NFIS). Available at: https://www.afi-global.org/wp-content/uploads/2021/01/AFI_GN41_AW_digital.pdf

12 Ibid.

13 AFI. 2019. Roadmap to the Sustainable and Responsible Financial Inclusion of Forcibly Displaced Persons. Available at: https://www.afi-global.org/wp-content/uploads/2020/07/Roadmap_FI-of-FDPs_122019_0.pdf

14 Ibid.



People, goods and general produce are carried by means of big inflated tires on the Mexican border with Guatemala. (mofles/iStock)

III. METHODOLOGY

The compiled database of policy frameworks, laws and regulations was populated using an inclusive definition of FDPs. The research focused on countries with high concentrations of FDPs, used the survey response structure that AFI adopts in its policy profiles on the AFI Data Portal (ADP) and included primary legal research, the review of secondary sources and interviews with humanitarian organizations, financial inclusion experts and financial institutions.



Data collection took place in 2021, which should be considered accordingly. Given how rapidly things can change, this report is expected to be updated on an ongoing basis every few years. The ADP will continue to be populated with up-to-date information.

3.1 DEFINING FDPs

In designing this research, the following definition of FDPs was applied, in line with UNHCR’s definition of forced displacement as used by AFI in Guideline Note 41:



Forced displacement is defined as the forced movement of people from their locality or environment due to conflict, persecution, violence, or human rights violations. FDPs include refugees, asylum seekers, and IDPs.”¹⁵

Looking at the legal and policy frameworks, we found that the classification of FDPs can impact the status and rights an individual FDP is afforded in a country, and can also define the government’s role and scope of authority to issue documents, such as IDs or attestation letters that can be used for FDPs to meet KYC and CDD requirements. Regulators must gain a better understanding and capture the segmentation of FDPs - this in order to effectively can be achieved by broadening advance their financial inclusion.

3.2 COUNTRY SELECTION FOR THE DATABASE

Country selection for the purposes of this research and data collection was determined by cross-referencing data from UNHCR on refugees, asylum-seekers, IDPs and Venezuelans displaced abroad, with the list of AFI official members (principal and associate members) as well as the signatories to the 1951 Convention Relating to the Status of Refugees and its Protocol. The data included Venezuelans displaced abroad as a separate category because of their significant numbers and large movement to neighboring countries.

TABLE 1: FDP DEFINITIONS¹⁶

FDP CATEGORY	DEFINITION
ASYLUM SEEKER	“Individuals who have sought international protection and whose claims for refugee status have not yet been determined.”
IDP	“Persons or groups of persons who have not crossed an internationally recognized state border, but have been forced or obliged to flee, leave their homes or places of habitual residence, in particular as a result of, or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights or natural or human made disasters.”
REFUGEE	“Individuals recognized under the 1951 Convention relating to the Status of Refugees, its 1967 Protocol, the 1969 Organization of African Unity Convention Governing the Specific Aspects of Refugee Problems in Africa, the refugee definition contained in the 1984 Cartagena Declaration on Refugees as incorporated into national laws, those recognized in accordance with the UNHCR Statute, individuals granted complementary forms of protection, and those receiving temporary protection.”
RETURNEE	“Former refugees who have returned to their countries of origin, either spontaneously or in an organized fashion, but are yet to be fully integrated. Such returns would ideally take place only under conditions of safety and dignity.”
STATELESS	“Defined under the 1954 Convention Relating to the Status of Stateless Persons as those not considered as nationals by any state under the operation of its law. In other words, they do not possess the nationality of any state.”

15 AFI. 2020. Integrating Forcibly Displaced Persons (FDPs) Into National Financial Inclusion Strategies (NFIS). Available at: https://www.afi-global.org/wp-content/uploads/2021/01/AFI_GN41_AW_digital.pdf

16 UNHCR. Persons of Concern to UNHCR. Available at: <http://www.unhcr.org/ph/persons-concern-unhcr>

For reference, there are nearly 2.8 million Venezuelans displaced abroad, with nearly 1.8 million finding refuge in Colombia alone.

The analysis led to the key metrics, listed in Figure 2, that guided our identification of 33 countries. The countries in the database are also listed in Annex A of this report.

3.3 DESIGN OF THE RESEARCH INSTRUMENT

The legal research and data collection was structured using a questionnaire and database template developed to mirror AFI's survey structure. As with other policy profiles on the ADP, this dataset may be analyzed by country and aggregated to identify patterns across AFI members. AFI incorporated the survey into a policy profile specific to FDPs, and added it to the ADP so that it can be populated by AFI members on an ongoing basis.

A survey of 28 questions was developed to identify legal and policy frameworks across three broad areas of inquiry including:

- > FDP status legislation
- > Financial services and access legislation or regulations
- > The broader economic rights of FDPs

The survey question set is included in Annex B with justifications for the relevance of each question.

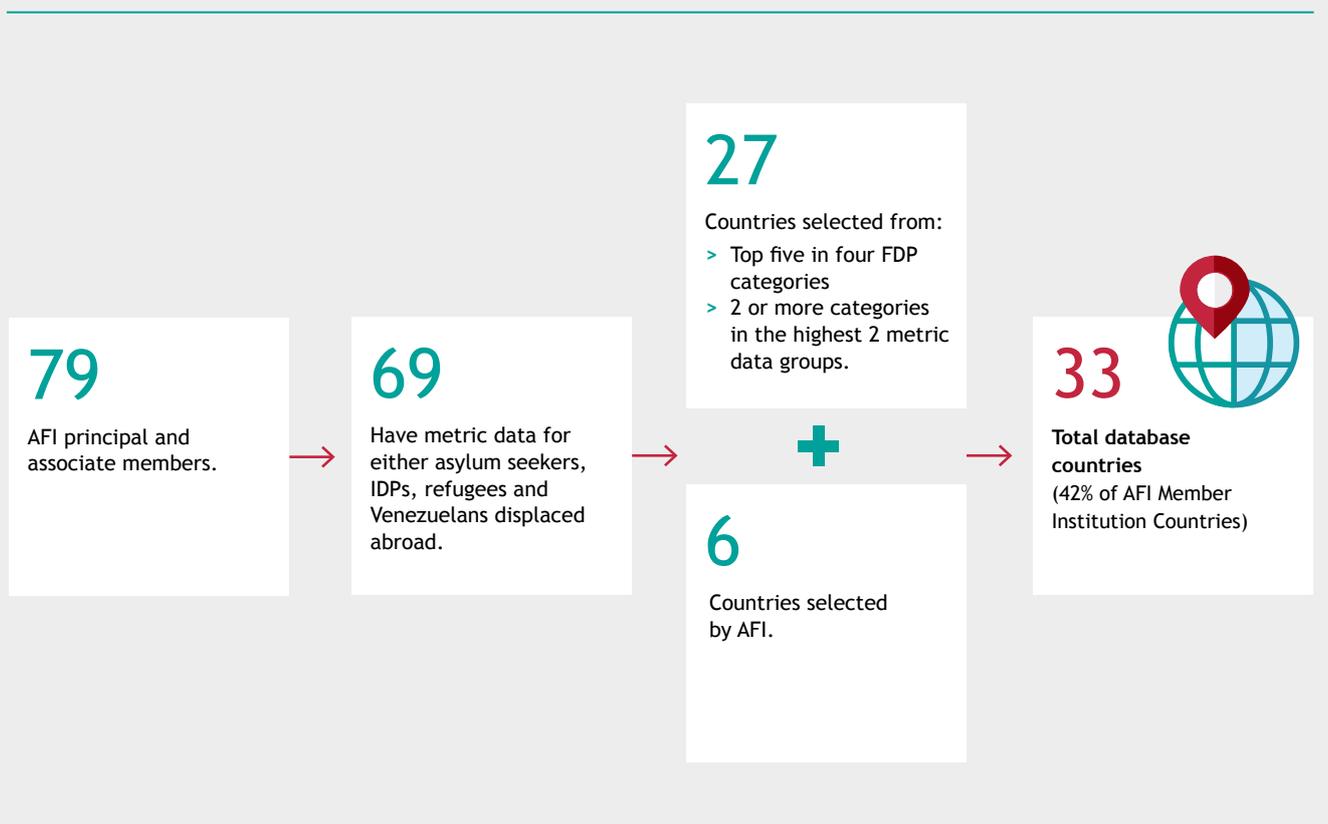
3.4 RESEARCH APPROACH

3.4.1 LEGAL RESEARCH

Most of the 33 countries included in the database do not have centralized, searchable databases. Therefore, primary research included a number of country sources, depending on accessibility, searchability, and language limitations.

The primary research approach focused on country-specific access to laws and regulations. Most countries compile and publish their national legislation through their respective legislative authority websites, or in some cases, the executive branch and judiciary offer searchable databases. The websites of relevant government authorities, including ministries, secretariats and administrative departments, also contributed to primary resource research. The websites of regulators, such as central banks and telecom regulatory authorities, were also included in this research. Lastly, the databases of large humanitarian organizations, such as UNHCR, were similarly referenced to inform the legal research.

FIGURE 2: COUNTRY SELECTION METHODOLOGY



Desk research was conducted in English, Spanish and French to increase access to the most current versions of the relevant legislation. All legal citations are referenced and hyperlinked in the database.

3.4.2 SECONDARY SOURCES

We consulted secondary resources in the research and data collection process to complement gaps in the research when primary sources yielded limited or no data. Data in AFI’s ADP Policy Profiles on Proportional AML/CFT Framework was also consulted to verify data. Table 2 shows a list of secondary resources consulted, referenced and hyperlinked in the database.

3.4.3 STAKEHOLDER ENGAGEMENTS

Eight key informant interviews (KIIs) were conducted with a mix of humanitarian organizations, FDP financial inclusion experts, and financial institutions. SIA engaged individuals from:

1. International Rescue Committee
2. Mercy Corps
3. Catholic Relief Services
4. UNHCR
5. GSMA

6. Kiva
7. Equity Bank (Kenya, Rwanda, Uganda)
8. Opportunity Bank (Uganda)

The objective of these interviews was to verify legal research findings, and discuss whether the presence of policy frameworks, laws and regulations translated into access to formal financial services for FDPs. Interviewees typically had a limited understanding of the actual legal frameworks that were either enabling or hindering access to financial services for FDPs.

The remainder of this report outlines the main findings and trends identified through primary and secondary legal desk research as well as KIIs.

TABLE 2: SECONDARY RESOURCES CONSULTED DURING THE RESEARCH AND DATA COLLECTION PROCESS

ORGANIZATION	PUBLICATION
AFI	<ul style="list-style-type: none"> > Advancing the Financial Inclusion of Forcibly Displaced Persons (2020) > Digital identity systems and e-KYC of FDPs in Rwanda, Mauritania, and Eswatini (January 2021) > Integrating Forcibly Displaced Persons into National Financial Inclusion Strategies (December 2020)
FATF	<ul style="list-style-type: none"> > FATF Guidance on Digital Identity in Brief (2020)
GSMA	<ul style="list-style-type: none"> > The Digital Lives of Refugees: How Displaced Populations Use Mobile Phones and What Gets in the Way (2019) > Humanitarian Cash and Voucher Assistance in Jordan: A Gateway to Mobile Financial Services (January 2020) > Proportionate Regulation in Uganda: A gateway for refugees accessing mobile services in their own name (February 2020) > Mobile for Humanitarian Innovation: Annual Report (February 2021)
INTERNATIONAL RESCUE COMMITTEE	<ul style="list-style-type: none"> > Covid-19 and refugees’ economic opportunities, financial services and digital inclusion (November 2020) > Supporting the Financial Health of Refugees (December 2020) > Ruled Out of Work: Refugee Women’s Legal Right to Work (December 2019) > A Decade In Search of Work: A review of policy commitments for Syrian refugees’ livelihoods in Jordan and Lebanon (June 2020)
WORLD BANK	<ul style="list-style-type: none"> > National IDs and Central Registries Dataset
UNHCR	<ul style="list-style-type: none"> > Displaced and Disconnected (April 2019) > Digital Payments to Refugees: A Pathway towards Financial Inclusion (December 2020)

IV. FINDINGS

Countries that are signatories to global or regional frameworks for FDPs are more likely to have national legislation that addresses their protection and inclusion and a cohesive policy environment, although country level implementation of the 2016 CRRF is not yet universal.



4.1 SIGNATORIES TO GLOBAL AND REGIONAL FRAMEWORKS ON FDPs HAVE MORE COHESIVE NATIONAL LEGAL FRAMEWORKS FOR THEIR PROTECTION AND INCLUSION

As shown in the database, 27 of the countries are signatories to the 1951 Convention. The legal and policy environment for FDPs is fragmented and harder to navigate for those that are not signatories, with the exception of Eswatini.

Countries in the Database that are Non-Signatories to the 1951 Convention

1. Bangladesh
2. Eswatini
3. India
4. Jordan
5. Malaysia
6. Pakistan

These five non-signatory countries do not have a national legal framework for the protection and inclusion of FDPs. Although India and Jordan have financial inclusion provisions applicable to refugees, there is no comprehensive law that addresses all or most matters relevant to FDPs. However, it is worth noting that the central banks of Jordan and Pakistan have issued directives to financial service providers (FSPs) to offer specific segments of FDPs formal financial services, which results from strong policy signals provided by their respective heads of state.

The Central Bank of Jordan has also been an impressive pioneer and policy leader in the financial inclusion of FDPs within the AFI network. For instance, Jordan's

NFIS¹⁷ references the need for and explicitly addresses the financial inclusion of FDPs with a particular focus on Syrian refugees, who can open financial accounts with their UNHCR ID. Likewise, Pakistan's government issued a circular allowing Afghan refugees to access financial services with a valid ID.¹⁸

The 2016 NY Declaration established the CRRF and the path for a Global Compact for Safe, Orderly, and Regular Migration. All UN members are signatories to the declaration, therefore all 33 countries in the database are part of this commitment. The CRRF lists four key objectives that should be implemented with the comprehensive involvement of all stakeholders to ensure, "an inter-institutional and inter-sectoral approach":¹⁹

1. Ease the pressure on host countries and communities
2. Enhance refugee self-reliance
3. Expand third-country solution
4. Support conditions in countries of origin for return in safety and dignity

As of July 2018, only 14 countries in the database are implementing the CRRF.²⁰

17 Government of Jordan. 2017. "The National Financial Inclusion Strategy 2018-2020." Central Bank of Jordan.

18 Government of Pakistan. 2019. "BPRD Circular Letter No. 2 of 2019." February. State Bank of Pakistan.

19 UNHCR. 2018. From Commitment to Action - Highlights of Progress Towards Comprehensive Refugee Responses Since the Adoption of the New York Declaration. Available at: <https://www.unhcr.org/5b8d1ad34>

20 Ibid.

TABLE 3: COUNTRIES IMPLEMENTING THE CRRF

NO.	COUNTRY		NO.	COUNTRY	
1	Belize		8	Kenya	
2	Chad		9	Mexico	
3	Costa Rica		10	Panama	
4	Djibouti		11	Rwanda	
5	Ethiopia		12	Somalia	
6	Guatemala		13	Uganda	
7	Honduras		14	Zambia	

It proved difficult to identify exact ways that the CRRF has been implemented by countries due to the lack of any explicit reference to it in specific legislation. In the Asia Displacement Solutions Platform's (ADSP) review of Afghanistan's implementation of the CRRF, there were a number of suggestions for improving CRRF implementation including: stronger coordination with local field leadership; incremental changes beginning at the local levels versus national; and stronger donor and regional coordination.²¹

Data on implementation included in the database was collected only through UNHCR reports on the matter. An example of how the CRRF is implemented can be seen in Ethiopia, which enrolled 50,000 refugees across various levels of education, as well as Costa Rica, which included refugees and asylum seekers in their "My First Job" initiative to stimulate private sector employment.²² Specific to IDPs, the Kampala Convention, which has been ratified by 30 members of the African Union, is the only legally binding and regional instrument on internal displacement. Despite the unilateral agreement, states were individually required to implement legislation in line with the convention's goals.

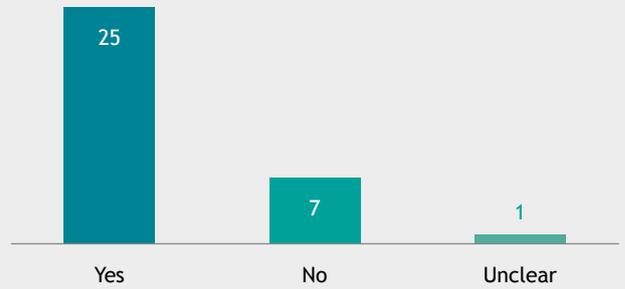
4.2 ACROSS THE GROUP OF COUNTRIES, 76 PERCENT HAVE A NATIONAL LAW OR ACT THAT GOVERNS THE STATUS OF REFUGEES, BUT THESE TYPICALLY EXCLUDE ACCESS TO FINANCIAL SERVICES, OWNERSHIP OF LAND, AND THE ABILITY TO OPEN A BUSINESS

Among the countries in the database, 76 percent have a national law or act governing the status of refugees. These laws typically define the process for acquiring status and rights that could provide a legal foundation for inclusion of FDPs in national financial inclusion policies.

Overall, FDP laws are common across the group of countries included in the database. 76 percent (25 of the 33 countries) have a national law or act that governs the status of refugees. These laws generally address matters related to eligibility for and processing of refugee status.

Typical country level frameworks identify the government office responsible for managing FDP relations, which include listing the rights and obligations of FDPs as well as establishing processes and timelines for those seeking identification documents and temporary or travel documents. The rights and obligations granted to refugees in particular laws

FIGURE 3: COUNTRIES IN THE DATABASE WITH LAWS THAT GOVERN FDP RECOGNITION



are often listed specifically and limited to the rights and obligations included in the 1951 Convention. For example, this includes the right to reside in the country (though not necessarily anywhere in the country), freedom of movement, and access to basic education and health services. More complex structures of rights like access to financial services, ownership of land, and the ability to open a business are not typically included in the governing laws.

As reflected by the gaps in fields in the database, links between refugee laws and industry specific regulations or legislation are significantly absent. Even when tiered KYC or simplified CDD exist in a country, the requirements do not typically expressly address how to treat FDPs.

21 Asia Displacement Solution Platform. 2020. Developing a CRRF in Afghanistan that is fit for purpose: Lessons Learnt from the East and Horn of Africa. Available at: <https://adsp.ngo/publications/developing-a-crrf-in-afghanistan-that-is-fit-for-purpose-lessons-learnt-from-the-east-and-horn-of-africa/>

22 UNHCR. 2018. From Commitment to Action Highlights of Progress Towards Comprehensive Refugee Responses Since the Adoption of the New York Declaration; at 8 and 10. Available at: <https://www.unhcr.org/5b8d1ad34>

4.3 LEGAL STATUS DISTINCTIONS ARE LARGELY LIMITED TO A SPECIFIC SUBSET OF FDPs

Legal protection and rights afforded in national laws may be limited to a subset of FDPs (such as refugees and asylum seekers) thereby intentionally or unintentionally excluding other segments of FDPs from legal protection.

4.3.1 INTERNALLY DISPLACED PERSONS

It is unusual to find a law or policy framework that addresses the entire class of FDPs or uses the FDP umbrella category. Most national legal frameworks are specific to a category or categories of FDPs, normally dependent on the unique composition of the FDP population residing in the country, and many address both refugees and asylum seekers who are in the process of seeking refugee status. In addition, many laws may explicitly include asylum seekers or refugees in their titles, which underscores the importance of those groups for that country. In some countries with a high number of IDPs, the legal frameworks include laws or regulations applicable specifically to IDPs. For example:

- > Colombia adopted a national law on the prevention and protection of IDPs in 1997. The country has the highest number of IDPs according to UNHCR data from 2020²³ with more than eight million IDPs.
- > Although Yemen has approximately four million IDPs,²⁴ the framework that established protections for IDPs is limited to policy adopted by the executive branch in 2013 and it remains unclear how this policy has been implemented in practice.
- > Afghanistan has a high number of IDPs and although the country also adopted a policy for the protection and reintegration of IDPs between 2015 and 2017, it is again unclear how enforceable the policy framework is across key sectors for reintegration - such as access to broader rights like land ownership, education, etc. While Afghanistan is among the first in its region to adopt the CRRF, actual implementation of the framework has thus far been minimal.²⁵
- > Niger, has a law applicable to refugees²⁶ and a separate, more recent law applicable to IDPs.²⁷ Similarly, Nigeria adopted a policy framework in 2012 that expanded the National Commission Authority, which has oversight authority over refugees, to oversee the “resettlement and rehabilitation of IDPs”.²⁸
- > In Iraq, Catholic Relief Services (CRS), which mostly worked with returnees to the country, confirmed

that these Iraqi citizens did not face the regulatory barriers faced by refugees, but many had lost their identity documents. The process to attain a new identity has been very difficult for some, which hinders their access to financial services, among others.

4.3.2 REFUGEES, ASYLUM SEEKERS AND THE STATELESS

Domestic legislation applicable to refugees typically includes the regulation of asylum seekers as part of the process to reach refugee status. One exception is Peru which has separate laws and regulations for both asylum seekers and refugees. This distinction is a result of Peru’s definition of asylee, which is limited to those persecuted for political crimes.

Although some laws refer to either or both terms, ultimately, their content follows similar structures, as identified in Figure 4.

Uganda has a Refugee Act (2006) that generally follows this structure, but its content is much more detailed than the national refugee laws of other countries. For instance, Uganda includes a provision on the rights of refugees to intellectual property affording them the same rights as Ugandan nationals.²⁹ This is not common across other refugee or asylum laws. While laws are in place that enable access to formal financial services, the access to services gap between urban and rural settings plays a major role.

One of the largest populations of FDPs are Venezuelans who were mostly displaced to Colombia, which has the highest number of the country’s asylum seekers and refugees. In 2020, there were 1,729,537 Venezuelans in Colombia,³⁰ as mentioned earlier, this number exceeds the total number of refugees in any other country.

23 UNHCR. 2020. Global Trends: Forced Displacement in 2020. Available at: <https://www.unhcr.org/60b638e37/unhcr-global-trends-2020>.

24 Ibid.

25 Asia Displacement Solution Platform. 2020. Developing a CRRF in Afghanistan that is fit for purpose: Lessons Learnt from the East and Horn of Africa. Available at: <https://adsp.ngo/publications/developing-a-crrf-in-afghanistan-that-is-fit-for-purpose-lessons-learnt-from-the-east-and-horn-of-africa/>.

26 Government of Niger. 1997. “Law 97-16 on the Status of Refugees.” June. National Assembly of Niger.

27 Government of Niger. 2018. “Law 2018-74 on the protection and assistance of internally displaced persons.” December. National Assembly of Niger.

28 Federal Republic of Nigeria. 2012. “National Policy on Internally Displaced Persons (IDPs) In Nigeria.” December.

29 Government of Uganda. 2006. “The Refugees Act of 2006.” July.

30 UNHCR. 2021. Refugee Data Finder. Available at: <https://www.unhcr.org/refugee-statistics/>.

FIGURE 4: COUNTRIES IN THE DATABASE WITH LAWS THAT GOVERN FDP RECOGNITION



Colombia, which has the highest number of IDPs, at close to eight million,³¹ has a national legal framework for refugees and IDPs and has responded to the Venezuelan crisis with a humanitarian approach. In 2017, Colombia created a special residency permit for Venezuelans,³² and in 2019, the country adopted a legal provision granting Colombian nationality to the children of Venezuelans born in Colombia, without requiring proof of a permanent domicile (which would typically be required).³³ In addition, in early 2021, Colombia announced a plan to implement and grant temporary protected status to Venezuelans in Colombia, allowing them to remain in Colombia for 10 years under such status.³⁴

It is uncommon for national legal frameworks to expressly regulate stateless persons. There are however, two countries that have explicit references to stateless persons in the title and content of their laws or regulations including the Philippines' Department of Justice circular on the Process for the Recognition of Refugees and Stateless Persons as well as Burundi's Refugee Law implemented by the National Office for the Protection of Refugees and Stateless Persons.

4.4 NATIONAL LEGISLATION AND REGULATIONS DO NOT SPECIFICALLY ADDRESS THE SUFFICIENCY OF ID DOCUMENTS FOR KYC AND CDD

While FDPs may hold government-issued IDs, their legal effects are not often explicitly defined by national legislation or policy directives. Some governments are providing clarity on the adequacy and acceptance of these IDs to open financial accounts.

National legislation and regulations for 75% of the countries in the database do not specifically address the legal effects or sufficiency of FDP identification documents, whether issued by the government or not. Ethiopia stands out as an example where national legislation addresses the sufficiency of identification documents to access services.

³¹ Ibid.

³² Republic of Colombia. 2017. "Resolution No. 5797." July 25, 2017. Ministry of Foreign Affairs, Colombia; and "Resolution No. 1272." July 28, 2017. Unidad Administrativa Especial Migración Colombia.

³³ Republic of Colombia. 2019. "Law 1997 of 2019". September 16, 2019. Article 1, modifying Article 2 of Law 43 of 1993 on Colombian Nationality.

³⁴ BBC. 2021. Colombia announces a massive regularization of Venezuelan migrants that "could benefit more than 2 million" people. Available at: <https://www.bbc.com/mundo/noticias-america-latina-55989693>.

Ethiopia’s 2019 Proclamation on Refugees has specific provisions on the sufficiency of the official refugee identification document for: accessing banking and financial services including opening a bank account, making deposits, withdrawals and accessing other services (Art. 33, 2019 Proclamation) and accessing telecommunication services (Art. 34, 2019 Proclamation).³⁵

Nigeria recently followed in Ethiopia’s footsteps and issued a memorandum mandating that financial institutions accept machine readable travel documents and refugee identification cards issued by government ministries as an acceptable form of ID to meet KYC requirements to open a financial account.³⁶ The Central Bank of Nigeria issued the memorandum in response to difficulties faced by Nigeria’s refugees in accessing financial services. However, current cash transfer programming to FDPs does not result in the creation of permanent financial accounts for recipients, who receive transfers in temporary, virtual accounts that must be cashed out within designed pay out days. These temporary accounts are also not accessible by recipients and are closed once the cash transfer program period ends.

Most countries do not include such express provisions as Ethiopia and Nigeria. While in practice, there may be broader levels of acceptance of government-issued IDs as sufficient, there are limited references to FDPs’ use of those IDs to enable access to formal financial services in specific laws and policies. Section 4.4.2 of this report breaks down the overall acceptance of the various types of IDs issued to FDPs and how they correlate to KYCs and due diligence.

4.4.1 REGISTRATION/ID RESPONSIBILITIES

Governments often handle the legal registration of FDPs and issue IDs which provide a level of identity assurance. Refugee laws do not typically make a direct connection between the official FDP identification document and the national population. However, most countries do have a verifiable registry that is linked to IDs, indicating a strong opportunity to link FDP databases to the national registry.

The database shows that local governments typically manage FDP registrations independently or in collaboration with UNHCR. Countries that have adopted laws on refugees include the registration process and either the creation of or a reference to the government office in charge of such a process. Governments also issue IDs to FDPs in 20 of the countries in the database.

As indicated in UNHCR’s Displaced and Disconnected report, UNHCR classifies FDP registration into eight key buckets, which include government only registration where governments take full responsibility for registering FDPs and UNHCR may only be involved in the case of emergencies.³⁷ Another key bucket is UNHCR registration, which typically occurs in states that are not signatories to the 1951 Refugee Convention, usually indicating a lack of a national legal framework for FDPs.

35 Federal Democratic Republic of Ethiopia. 2019. “Refugees Proclamation. No. 1110/2019.” February.
 36 Premium Times Nigeria. 2021. CBN orders banks to accept travel documents, refugee ID for transactions. Available at: <https://www.premiumtimesng.com/news/top-news/442111-cbn-orders-banks-to-accept-travel-documents-refugee-id-for-transactions.html>
 37 UNHCR. 2019. Displaced and Disconnected. Available at: <https://www.unhcr.org/innovation/wp-content/uploads/2019/04/Displaced-Disconnected-WEB.pdf>

FIGURE 3: ENTITIES REGISTERING FDPs

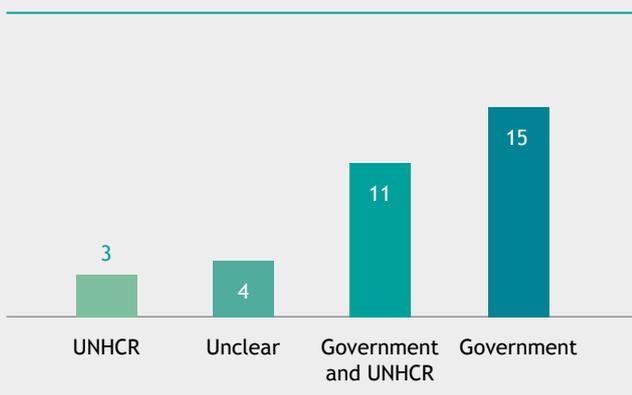
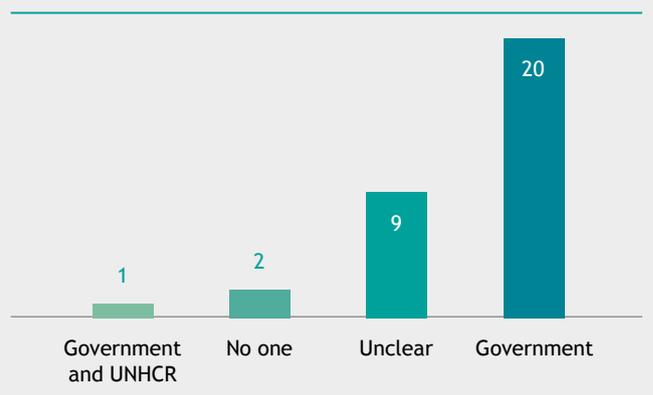


FIGURE 4: ORGANIZATIONS ISSUING IDs TO FDPs



Parallel registration occurs when government authorities and UNHCR both register FDPs to collect and manage different datasets, which tends to occur at the beginning of an emergency or in particular contexts in line with UNHCR’s mandate, such as resettlement.³⁸ Lastly, split registration is an uncommon arrangement between governments and UNHCR who each register different FDP profiles based on national laws.³⁹

Refugee laws do not typically make a direct connection between the official FDP identification document and the national population registry. A recent exception is Kenya, with its adoption of the Huduma Namba Regulations which integrates the identification systems into one.⁴⁰ In Uganda, although the UNHCR refugee register is not linked to the national register, UNHCR has established an MOU with the government that will support linkage and related biometric deduplication.⁴¹

In spite of the lack of express provisions in refugee laws themselves, our research on national population registries and other guidance revealed an even split among the 33 countries in the database for those that do link FDP identification documents to population registries, those that do not and for those countries where it was unclear, as shown in figure 5.

Desk research further revealed that a majority of countries in the database do have a verifiable registry that is linked to IDs, indicating a strong opportunity to link the respective FDP database to the national registry.



KII INSIGHTS

Ethiopia’s Registration Model. In Ethiopia, the registration of FDPs is completed solely by local government actors who provide information up to the national level. The ability for refugees to access financial services often times is contingent on the political environment of the local government. In some areas, refugees can use their documentation issued by the government to access accounts, but this is not the same throughout the country. Furthermore, UNHCR and relevant Ethiopian government agencies have identified 27 centers throughout the country to establish a registration model. At these centers, FDPs can access services such as the registration of births, marriages, divorces, and deaths and receive protection referrals and civil documentation. They believe this helps more refugees access additional services, including financial services.

Rwanda’s Registration Model. According to data received from UNHCR, the Government of Rwanda issues identity cards to eligible refugees registered by UNHCR. Refugees are allowed to use these identity cards as proof of registration to open bank accounts and access banking services. UNHCR and Rwanda are just beginning talks (January 2021) to link the UNHCR registration and identity management systems with the national population registry.



38 Ibid.
39 Ibid.
40 Government of Kenya. 2020. “Legal Notice No. 195. The Registration of Persons (National Integrated Identity Management System) Rules, 2020.” October.
41 UNHCR. 2019. MOU between Office of the Prime Minister, National Identification and Registration Authority and UNHCR, signed August 13, 2019. Available at: https://reporting.unhcr.org/sites/default/files/UNHCR%20Uganda%20Operational%20Update%20-%20August%202019_0.pdf

FIGURE 5: NATIONAL POPULATION REGISTRY LINKED TO IDs ISSUED TO FDPs

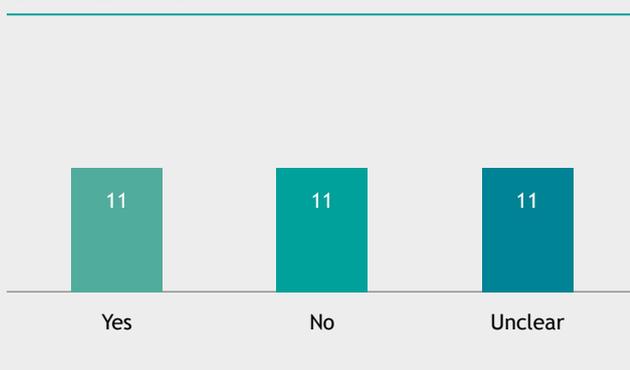
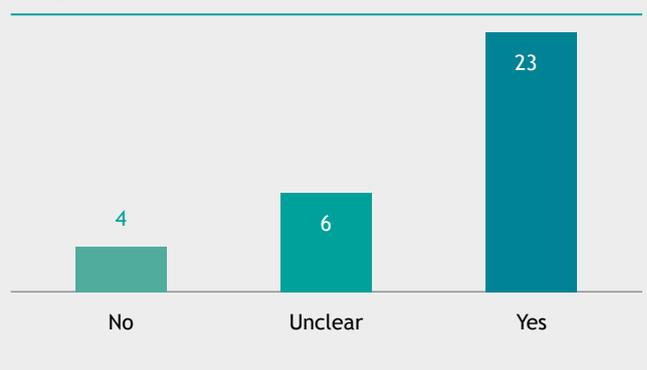


FIGURE 6: VERIFIABLE POPULATION REGISTRY LINKED TO IDs



4.4.2 KNOW-YOUR-CUSTOMER (KYC) AND CUSTOMER DUE DILIGENCE (CDD)

FDPs receive official government-issued IDs, an acceptable means of verification for KYC and CDD, in 20 of the 33 countries. Financial institutions may benefit from guidance issued by the financial regulator that confirms their adequacy. Only six countries in the database have specific laws, regulations or policies that address the use of formal financial services by FDPs. Eight of the countries in the database have adopted policies allowing FDPs to use IDs signifying their temporary status to meet the legal requirements to open financial accounts.

The database questions regarding KYC and CDD requirements consider the specific financial services for FDPs using one of three possible documents to meet these requirements: 1) host government-issued ID; 2) ID issued by a humanitarian organization (e.g. UNHCR); and 3) home country ID (mainly passports). Most national legislation and regulations on this matter are found in rules pertaining to anti-money laundering and countering the financing of terrorism (AML/CFT). These are typically in the form of a national law or regulation by the regulatory authority. The vast majority of these provisions do not expressly refer to, or address FDPs, however, references to ID requirements and those applicable to foreigners and residents can shed light on the acceptance of FDP identity documents.

Only six of the countries in the database have specific laws, regulations or policies that address the use of financial services by FDPs. In 2020, AFI and the Center for Financial Regulation and Inclusion (Cenfri) released Inclusive Financial Integrity: A Toolkit for Policymakers which provides practical guidance on how to align

financial inclusion and financial integrity (AML/CFT) policy outcomes.⁴² It highlights the experiences of AFI members in applying simplified CDD for FDPs towards advancing their financial inclusion.

Although legislation and regulations do not expressly provide for access to formal financial services with FDP identification documents, financial regulatory authorities typically give some level of discretion to banks and non-bank financial institutions (NBFIs), particularly where there is tiered KYC, when transactions are between consumers, and low value accounts. Local input from banks and NBFIs would complement desk research with actual practices in each country. As can be seen in Figure 8 below, only 11 countries in the database share their national population and ID registries, which includes FDPs, with financial institutions.

As mentioned earlier, although laws do not generally state that a refugee ID card or document are adequate, laws and regulations do often state that official government-issued IDs are acceptable. Therefore, it can be assumed that in most countries, refugee ID cards would be accepted for most low value and basic financial services. If a temporary identification document or letter is issued by the relevant government authority, the law typically does not explain what the legal effects of such a temporary document are, and if it can be used in the same context to access services as though it were an official ID.

42 AFI. 2020. Inclusive Financial Integrity: A Toolkit for Policymakers. Available at: <https://www.afi-global.org/publications/inclusive-financial-integrity-a-toolkit-for-policymakers/>

FIGURE 7: LAWS, REGULATIONS OR POLICIES THAT ADDRESS THE USE OF FINANCIAL SERVICES BY FDPs

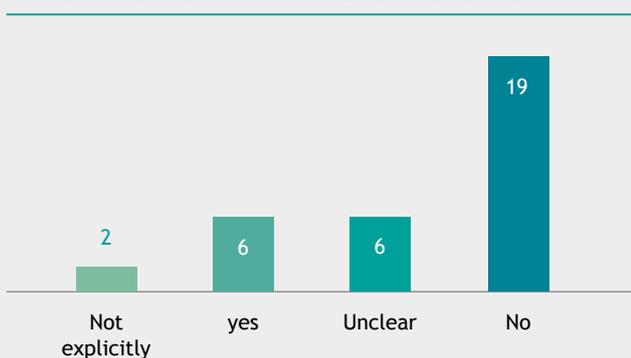
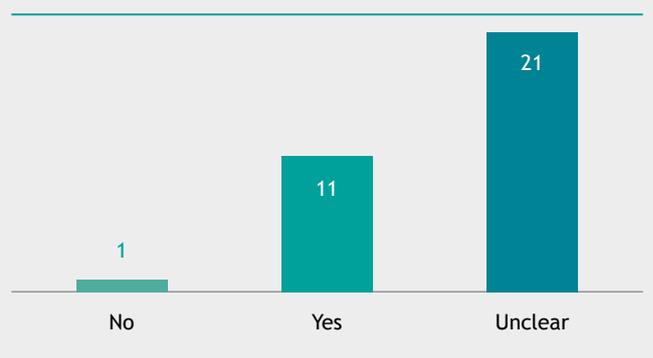


FIGURE 8: ID REGISTRY ACCESSIBLE BY FINANCIAL INSTITUTIONS



Identification documents issued solely by humanitarian organizations like UNHCR are not sufficient to meet KYC requirements based on legal research, however, this may differ in practice. Significantly, the FATF Guidance on Digital ID has specified that governments can consider digital IDs issued by UNHCR as sufficient in meeting CDD requirements.⁴³

Research showed that temporary identification documents or registration letters do not generally meet KYC requirements, with only eight of the countries in the database having explicit recognition of temporary IDs as an official ID to meet KYC requirements. Financial institutions in Uganda do accept other forms of ID besides a passport and national IDs but must seek verification or “no objections” from the Bank of Uganda.⁴⁴ In 2018, the Ugandan government conducted a countrywide biometric verification of FDP populations to smooth out the verification processes.⁴⁵

Most countries do not accept the home country IDs of FDPs. There are references to passports for foreigners to access certain bank services in Argentina, Costa Rica, Ecuador, Kenya, and Mozambique. Typically, the use of passports as a form of ID is accompanied by some type of residency requirement or local address. In Jordan, banks require a passport to open accounts, while mobile money accounts can be opened with refugee documentation. Passports do not necessarily close the gap in access to financial services for FDPs, given that in many cases, FDPs do not have a passport or formal identification from their home country.



KII INSIGHTS

Financial Access for Rohingya Refugees in Bangladesh. In Bangladesh, there have been several attempts through the humanitarian cluster system’s cash working group (CwG) to deliver financial services to Rohingya refugees. These efforts have been difficult, as the law and regulations have held firm on requiring KYC documentation which refugees rarely have for either registering a SIM or opening a financial service account. However, in 2018 the Bangladesh Bank’s Financial Intelligence Unit (FIU) issued a circular to financial service providers to accept photo identity documents issued by the Government of Bangladesh and United Nations (UN) organizations as acceptable for KYC purposes while providing financial services for the Rohingyas who have been forcefully displaced from Myanmar. This demonstrates the highly complex and political nature of FDP financial inclusion as policy signals at the highest levels can cascade down impacting regulations and service offerings.

Opportunity Banking and Financial Accounts for FDPs. In Rwanda and Uganda, Equity Bank works with humanitarian organizations to open financial accounts for FDPs. The account opening process begins with humanitarian organizations preparing the list of FDPs, which UNHCR then verifies by comparing their names to their UNHCR registration letter. Equity Bank then proceeds with the typical account opening process such as documenting age, gender and location and then a debit card is instantly issued.



43 FATF. 2020. Guidance on Digital Identity. Paris. Available at: <https://www.fatfgafi.org/media/fatf/documents/recommendations/Guidance-on-Digital-Identity.pdf>

44 UNHCR. 2019. Displaced and Disconnected. Available at: <https://www.unhcr.org/innovation/wp-content/uploads/2019/04/Displaced-Disconnected-WEB.pdf>

45 Ibid.

FIGURE 9: FDP ID AS ACCEPTABLE KYC TO OPEN FINANCIAL ACCOUNTS

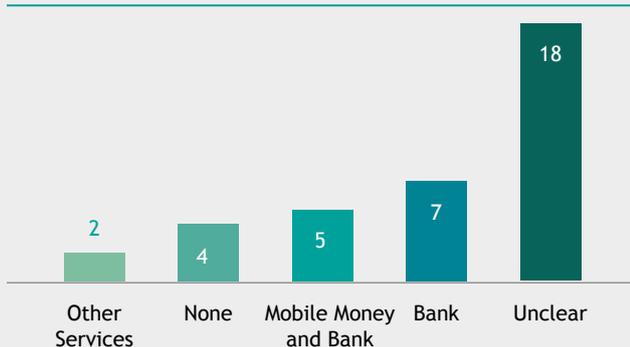


FIGURE 10: RECOGNITION OF TEMPORARY ID AS OFFICIAL ID



4.5 FDPs WITH GOVERNMENT-ISSUED ID CAN MEET SIM CARD REGISTRATION REQUIREMENTS

FDPs holding government-issued ID can meet SIM registration requirements. This is typically easier for refugees than asylum seekers.

SIM cards have become a vehicle for FDPs and low-income populations to access financial and other services. However, with countries concerned about organized crime and the use of prepaid, unregistered SIM cards for those purposes, laws on SIM card registration have emerged over the last decade.⁴⁶ Data on SIM registration was available in 24 out of the 33 countries in the database. The majority of these countries allow registration using the identification document issued to refugees or passports. SIM card accessibility is typically easier for refugees compared to asylum seekers but is in large part dependent on ID issuance.⁴⁷

SIM registration may not be a problem in most countries where FDPs have access to a government-issued ID that is generally accepted for identification purposes. In other instances, organizations like UNHCR facilitate access by registering SIM cards to the organization itself. Many FDPs also make use of informal workarounds by asking a local to register a SIM card on their behalf.⁴⁸

In Kenya, FDPs have been able to access limited functionality bank accounts, but they are unable to register for a SIM card which means they are unable to open an mPesa account,⁴⁹ which would grant them access to a wider range of digital financial services. Some FDPs work around this restriction by using their friends' mPesa accounts to access small loans and receive remittances.⁵⁰ In Uganda, the GSMA and

UNHCR led a joint advocacy effort to increase access to telecom services for refugees which resulted in the Uganda Communications Commission issuing a directive allowing refugees to use attestation letters as an eligible form of KYC to register for a SIM card.⁵¹ In Bangladesh, the sale of SIMs remains restricted to Rohingya refugees despite the 2018 guidance mentioned earlier which extended their access to financial services.⁵² Thus, while Rohingya refugees are technically allowed to access financial services, their access to digital financial services is inherently limited by the SIM sale restriction.



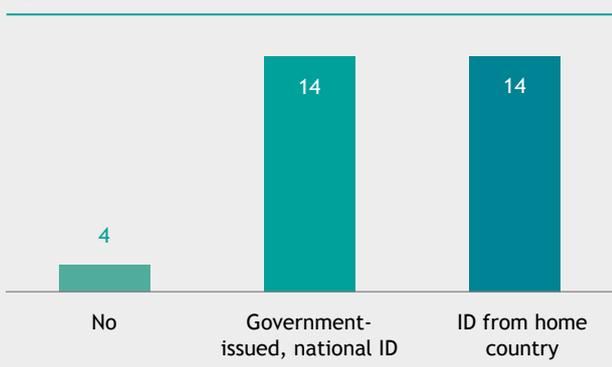
KII INSIGHTS

SIM access in Argentina. Argentina's laws ordered the issuance of the official national identification document and number to refugees, which had previously only been issued to Argentine nationals. The ID card can also be used to register a SIM card.

Adapting to SIM restrictions to open FDP financial accounts in Kenya. In Kenya, FDPs are not allowed to own SIM cards or open a bank account. Equity Bank, which services FDPs in Kenya, works with humanitarian organizations to establish voucher products that provide pre-paid cards where program participants can purchase goods at eligible merchants. At the moment, these accounts are unable to connect to the broader financial ecosystem in Kenya. Equity stated that if the Kenyan government were to lift restrictions on financial account opening for refugees, they could easily transition these voucher accounts into full-fledged bank accounts with access to a broader suite of services and payment channels.



FIGURE 11: FDP ID DOCUMENTS ELIGIBLE FOR SIM REGISTRATION



46 GSMA. 2020. Access to Mobile Services and Proof of Identity 2020: The Undisputed Linkages Available at: https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2020/03/Access_to_mobile_services_2020_Singles.pdf

47 UNHCR. 2019. Displaced and Disconnected. Available at: <https://www.unhcr.org/innovation/wp-content/uploads/2019/04/Displaced-Disconnected-WEB.pdf>

48 Ibid.

49 2021. Key Informant Interview.

50 Tufts University. 2020. Financial Integration and Friendship. Available at: <https://sites.tufts.edu/journeysproject/financial-integration-and-friendship/>

51 Government of Uganda. 2020. "The Uganda Communications Commission Operational Guidelines On Sim Card Registration In Uganda, Section 7." December. Uganda Communications Commission.

52 Ibid.

4.6 CHALLENGES IN LINKING TO BROADER ECONOMIC RIGHTS

Just over half the countries (17) in the database have a national legal framework that endows refugees with specific rights to participate in productive activities, acquire land and register their children for school. In practice, meeting the legal requirements to exercise these rights may be prohibitive.

Out of the 33 countries in the database, just over half (17) had a national legal framework that included the rights of refugees to three or more of the categories of rights listed in Figure 12 below, which shows the rights of FDPs available in those 17 countries.

When it comes to asylum seekers, there are significantly less explicit laws that allow for their broader economic rights.

While FDPs may be legally eligible to access some of these broader economic rights, the requirements for accessibility in practice may be prohibitive. For example, AFI’s case study of Mauritania indicated that refugees must present a national identification document (visa or residence permit), proof of a bank account and a Mauritanian address to open a business. Access to these requirements is already challenging for FDPs in Mauritania and thus minimizes the feasibility of FDPs actually being able to start a business.⁵³

Armenia in particular has liberal laws regarding the broader economic rights of refugees and asylum seekers. Through its Law on Refugees and Asylum (as amended in 2011), Article 15-27, refugees and asylum seekers enjoy: the right to contact UNHCR; the right to seek employment; the right to pursue entrepreneurship; public education; freedom of movement; temporary

accommodation; and the right to social security and medical care, among others.⁵⁴



KII INSIGHTS

Credit initiatives for refugees in Uganda.

In Uganda, Mercy Corps is working with three MFIs that are supported by Kiva who are extending credit products to refugees to support small business growth. These MFIs are only providing credit products at the moment, though some do offer deposit-taking services.

The Kiva Protocol. Kiva is developing a digital identity platform, called Kiva Protocol⁵⁵, to strengthen credit scores for unbanked populations. They have started discussions with UNHCR to link into this platform enabling the agency to monitor existing credit and explore ways to support those without credit histories, helping them gain access to credit when necessary. This is just launching but holds promise for improving the digital identity footprint of refugees.

FDP Specific Products. Opportunity Bank in Uganda developed an FDP specific financial product which offers a suite of services such as individual, group, community-based and asset loans as well as individual, group, community-based and youth-focused savings products. Opportunity accepts the government ID cards issued to refugees or attestation letters in some cases as acceptable KYC to open accounts. In addition, Opportunity Bank is the first tier 1 bank in Uganda to open a bank branch in an FDP settlement.



53 AFI. 2020. Advancing the Financial Inclusion of Forcibly Displaced Persons: Case Studies on Rwanda, Mauritania and Afghanistan. Available at: <https://www.afi-global.org/publications/advancing-the-financial-inclusion-of-forcibly-displaced-persons-case-studies-on-rwanda-mauritania-and-afghanistan/>

54 Republic of Armenia. 2008. “The Law of the Republic of Armenia on Refugees and Asylum.” November.

55 Kiva. 2021. Kiva Protocol. Available at: <https://www.kiva.org/protocol>

FIGURE 12: FDPs’ ACCESS TO BROADER ECONOMIC RIGHTS

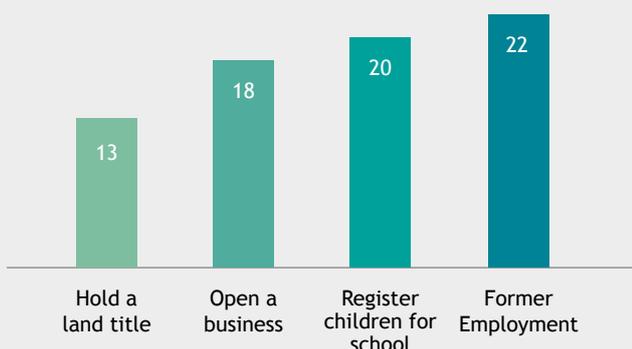
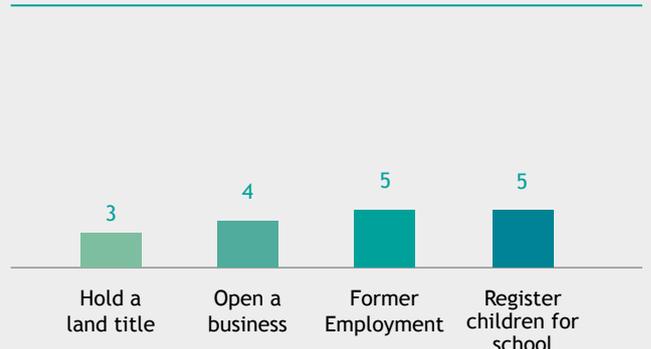


FIGURE 13: ASYLUM SEEKERS’ ACCESS TO BROADER ECONOMIC RIGHTS



V. GAPS AND CHALLENGES

5.1 DATA GAPS

There are several data gaps in the database, which can be attributed to a number of factors including:

LEGAL OR POLICY DEVELOPMENT

In some cases, the gaps are due to an area of the law or policy that is not developed. This may be because the issues are not on a priority for legislative or policy action either because solutions exist, there are more pressing national priorities that dominate the agenda or there is a need to build an understanding across sectors of jurisdiction within the government.

LIMITED ACCESS

In other cases, the laws or policies may exist but are not published or accessible through online legal research methods. While we tried to accommodate these factors with outreach to stakeholders and local legal professionals, retrieving data proved challenging, but we included links to relevant laws, policies or regulations in the database when available.

IMPLEMENTATION AND PRACTICE

Another significant gap that should not be underestimated is the gap between the adoption of laws and policies and their actual implementation or common practice. It takes significant effort to enact legislation and policies as well as gathering the resources to ensure their implementation and enforcement. For countries with limited capacities and resources, it can be challenging to create processes to meet legal requirements in a timely manner and acquire the resources necessary for effective policy implementation. For example, legislation may set a process or timeframe for the adjudication of an FDP's status and issuance of an ID. However, the timeline for that process is subject to the influence of varying demands and can delay formal status recognition, creating ripple effects on the FDP's rights and ability to access services.

NO DISTINCTION BETWEEN CAMP AND INTEGRATED HOST COMMUNITIES

While some legal frameworks may address mobility and different rights for FDPs living within structured settings for FDPs, the database does not distinguish between those populations.



Refugees fleeing to Bangladesh. (ymphotos/Shutterstock)

LIMITED GENDER LENS

Although there is a question in the database regarding the availability of sex-disaggregated data for reporting by financial institutions, our legal research could not attain this level of detail. The database did not look specifically at how the laws treat households or individuals by sex or how the construct of gender-neutral laws may disproportionately disadvantage women.

5.2 MULTIDISCIPLINARY ACTION TO RESPOND TO THE DATABASE SURVEY

The database covers legal and policy frameworks that span the jurisdiction of different ministries and regulatory authorities. Ministries responsible for migration and immigration implement laws and policies on FDP processes, status determinations and rights. Other ministries may be responsible for identification registries and digital identity, and telecom and financial services regulations which are separate sector specific ministries. This makes the database challenging to populate as multiple voices and expertise are needed to build a complete picture of the legal and policy environment.

If the survey is used to populate the database on an ongoing basis, it may be useful to divide the survey into discrete segmented sections that could be addressed to the policymaker and regulator with specific expertise in that area. In addition, some areas may be best populated by AFI's internal experts, or others outside the financial services laws and policies such as collaborators working on FDP issues or external advisors through updated research in dedicated periods (i.e. annually).



Group of displaced persons traveling to another country, when the truck breaks down. Chad. (yoh4nn/iStock)

VI. COUNTRY GROUPING

The country groups in this report are based on AFI's Guideline Note 41, which suggests that regulators follow a pre-formulation, formulation and implementation phase to incorporate FDPs into an NFIS. The suggested country grouping below identifies countries at each of these three phases.



Guideline Note No.41:
Integrating Forcibly Displaced Persons (FDPs) into National Financial Inclusion Strategies (NFIS)
[> View here](#)

PHASE 1 PRE-FORMULATION



Countries in this category require an in-depth diagnostic assessment in participation with local stakeholders to ensure access to both legislation and practices, in addition to a gap analysis against international instruments and best practices. Countries in this phase include:

1. Afghanistan
2. Bangladesh
3. Costa Rica
4. Ecuador
5. Egypt
6. India
7. Malaysia
8. Mauritania
9. Pakistan
10. The Philippines
11. South Africa
12. Trinidad & Tobago
13. Yemen

PHASE 2 FORMULATION



Countries in this category have a national legal framework in place and would benefit from the participation of local stakeholders to include local practices in the dataset. Furthermore, a gap analysis is recommended to identify any remaining gaps, particularly in the areas of regulatory authority and guidance. Countries in this phase include:

1. Armenia
2. Burundi
3. Congo (Democratic Republic)
4. Ethiopia
5. Eswatini
6. Iraq
7. Mozambique
8. Niger
9. Peru
10. Sudan
11. Tanzania
12. Uganda
13. Zimbabwe

PHASE 3 IMPLEMENTATION



Countries in this category have a national legal framework, an online national ID registry and some level of access to financial services for FDPs. Further input of local practices would be beneficial to identify any nuances between the laws and practices that can be strengthened. Countries in this phase include:

1. Argentina
2. Colombia
3. Kenya
4. Mexico
5. Nigeria
6. Rwanda
7. Jordan

VII. NEXT STEPS

From an analysis of the database, desk research and engagements with important humanitarian stakeholders, a few key next steps emerged to best strengthen access to formal financial services for FDPs.

CLARIFICATION BY REGULATORS

As UNHCR has noted and as was validated during KIs, the inability of FDPs to access formal financial services is oftentimes not necessarily due to a restrictive law. Rather, there is confusion amongst service providers as to what FDP ID documents are acceptable to open certain accounts. For example, a law may indicate that anyone with a government-issued ID can open an account with a financial institution, however, it may not explicitly mention that government-issued FDP IDs also qualify. This can be addressed by issuing a memo or directive indicating which FDP IDs (including temporary IDs) qualify as an acceptable form of KYC to open a financial account. For example, Uganda issued a mandate indicating that attestation letters qualified as KYC to open a financial account while the Central Bank of Nigeria recently did the same for machine readable travel documents or refugee IDs through a directive.

CLEARER TRANSPARENCY AND COMMUNICATION BY REGULATORS

As was noted in the Gaps and Challenges section of this report, finding up to date laws, policies or regulations was a challenge. Policymakers and regulators should regularly update legislation on a public facing portal such as the websites of respective regulators with a user-friendly searchable logic tool. In addition, new policy changes that may impact FDPs should be clearly communicated to financial institutions as well as humanitarian organizations, which often lack clarity around which services FDPs can access.

AFI MEMBERS REVIEW DATABASES AND COMPLETE DATABASE QUESTIONNAIRE

This database is primarily formed from publicly available policies, laws and regulations as well as stakeholder engagements with humanitarian organizations. As discussed in this report, where laws were not available, information was collected from secondary sources such as reports or news articles, which should be validated by regulators. Of particular relevance for AFI member institutions, validation is

the implementation of the CRRF, which the database identifies solely from UNHCR reports. As AFI member institutions complete the database survey, they are highly encouraged to upload copies of relevant policies, laws and regulations.

SUPPLY-SIDE LANDSCAPING STUDY

As mentioned in this report, a distinction should be made in some cases between what policies, laws and regulations state and their application in practice, which can differ. A landscaping study with financial institutions in particular would bring value in understanding, for example, how and why legislation on access to financial services for FDPs from the supply side is not implemented in practice.

AUDIT OF FINANCIAL INSTITUTIONS

AFI can also encourage its member institutions to include FDP account openings as a part of regular audits to better understand and map FDPs' access to financial services and accounts.

ANNEX A: LIST OF DATABASE COUNTRIES

NO.	COUNTRY
1	Afghanistan
2	Argentina
3	Armenia
4	Bangladesh
5	Burundi
6	Colombia
7	Congo (Democratic Republic)
8	Costa Rica
9	Ecuador
10	Egypt
11	Eswatini
12	Ethiopia
13	India
14	Iraq
15	Jordan
16	Kenya
17	Malaysia
18	Mauritania
19	Mexico
20	Mozambique
21	Niger
22	Nigeria
23	Pakistan
24	Peru
25	The Philippines
26	Rwanda
27	South Africa
28	Sudan
29	Tanzania
30	Trinidad & Tobago
31	Uganda
32	Yemen
33	Zimbabwe

ANNEX B: DATABASE QUESTIONNAIRE

1. Is your country a signatory of the 1951 Convention and Protocol?

- a. Yes
- b. No

2. Is your country a signatory to the NY Declaration?

- a. Yes
- b. No

Justification for #1 and 2: International laws such as the 1951 Convention and Protocol and the New York (NY) Declaration serve as the standards and best international practices in developing national legislation regarding the status and rights of FDPs.

3. What FDP population is most prevalent in your country? Use the population you select below as the subject of this survey when FDP is referenced.

- a. Refugees and Asylum Seekers
- b. Internally Displaced People and Returnees
- c. Stateless Persons

Justification: Given that FDPs is an umbrella category, narrowing to the specific FDP population segment that is most relevant to the interviewee will provide context to the answers.

4. Has your country implemented the Comprehensive Refugee Response Framework (CRRF)?

- a. Yes
- b. No
- c. Don't know

Justification: The CRRF, which has been adopted by 193 member states of the UN, lays out a vision for a more predictable and comprehensive response to forced displacement.

5. If yes, what policies, laws or regulations has your country adopted to implement the CRRF?

Justification: While most UN member states have adopted the CRRF, its actual implementation is difficult to quantify from desk-based research.

6. Do you have a specific law or policy that governs the recognition and status of FDPs?

- a. Yes

b. No

7. If yes, what are the specific policies or laws that govern the recognition and status of FDPs?

Justification #6 and 7: Knowing whether a country has a dedicated law on FDPs, or a category of FDPs such as refugee, is a clear indication of the country's policy interest in providing access to services (including financial services), employment, etc. and may endow FDPs with certain recognitions and rights relevant for access to financial services or mobile phones.

8. Do your laws, regulations or policies address the use of financial services by refugees, asylum seekers or displaced persons?

- a. Yes
- b. No

9. If yes, what are the laws, regulations or policies that address the use of financial services by FDPs?

Justification #8 and 9: Legislation governing matters on FDPs can be found in a single article of the constitution, a dedicated law, or even a set of laws and implementing regulations. This question seeks to identify whether there is any type of legislation applicable to the use of financial services by FDPs.

10. Are there policies or laws that allow FDPs to participate in any of the following economic activities?

- a. Hold a land title
- b. Formal employment
- c. Open a business
- d. Register children for school
- e. None
- f. Other economic activities (specify)

11. If there are asylum seekers awaiting refugee status in your country, can they participate in any of the following economic activities? Check all that apply.

- a. Hold a land title
- b. Formal employment
- c. Open a business
- d. Register children for school
- e. None
- f. Other economic activities (specify)

12. If selected, what are the laws or policies that allow FDPs to undertake the selected economic activities in your country?

Justification #10, 11 and 12: FDPs' access to broader economic rights can be a good indicator of their access to financial services within a certain country.

13. Who registers FDPs in your country?

- a. Government
- b. UNHCR
- c. Humanitarian Organization (WFP, etc.)
- d. No one
- e. Other (please specify)

14. If the government, which government office or ministry?

Justification #13 and 14: The organization registering FDPs is also likely the one to first issue refugees with a form of ID, which may be used by FDPs to access financial services. The relationship between the host country and UNHCR is important to recognize the different forms of ID eligible to meet KYC requirements.

15. Who issues nationally recognized, verifiable IDs to FDPs in your country? Check all that apply:

- a. Government
- b. United Nations High Commissioner for Refugees (UNHCR)
- c. Humanitarian organizations
- d. Government in collaboration with UNHCR or humanitarian organizations
- e. No one
- f. Other (please specify):

Justification: Given the centrality of an ID to access financial services, understanding who issues IDs to FDPs is a key component in understanding their ability to access such services.

16. Does your country recognize temporary, provisional or interim IDs issued to FDPs as an official, legal ID?

- a. Yes
- b. No

Justification: Understanding what type of ID is classified as an official, legal ID may also determine which IDs can be used to access financial services.

17. Does your country have a verifiable national

population registry that is linked to IDs?

- a. Yes
- b. No

18. If yes, is this national population registry linked to IDs issued to FDPs?

- a. Yes
- b. No

19. If yes, is this national population or ID registry accessible online by bank, non-bank financial institutions, and mobile money agents to enable FDPs to open financial accounts?

- a. Yes
- b. No

Justification #18, 19 and 20: In some jurisdictions, a national population or ID registry that is accessible is used for verification during the KYC process. This question is designed to get to the issue of “digital identity” but applies to a broader lens to capture regulatory variations and avoid restrictive legal jargon or classifications.

20. If your country has a tiered KYC approach, do FDPs meet the requirements for any of the following products? Check all that apply.

- a. Basic bank account
- b. Basic mobile money account
- c. Low value single transactions
- d. Prepaid cards
- e. Credit cards
- f. Insurance products
- g. Receiving remittances
- h. Credit
- i. None
- j. Other (please specify:)

Justification: This will determine what low value KYC financial service products FDPs may be eligible to access.

21. Does the regulator provide any guidance to financial institutions pertaining to simplified due diligence for FDPs?

- a. Yes
- b. No

22. If yes, what kind of guidance (e.g. circulars, guidance notes, directives, etc.)?

Justification: Understanding the level of activity of regulators in issuing guidance to financial service providers is a good indicator of the level of commitment to increasing access to financial services for FDPs, as well as the financial service provider’s willingness to do so.

23. Do official IDs and/or registration documents (including attestation letters) issued to refugees, asylum seekers or displaced persons by humanitarian organizations and/or UNHCR meet know your customer requirements to open any of the following financial accounts?

- a. Mobile money
- b. Bank accounts
- c. Mobile money and bank accounts
- d. None

Justification: Understanding the validity of a UNHCR or humanitarian-issued ID to use financial services will determine whether FDPs require additional forms of ID to open a mobile money or bank account. In Uganda, the Uganda Communications Commission revised its KYC requirements to permit acceptance of attestation letters issued by UNHCR to refugees.

24. Do IDs issued to refugees, asylum seekers or displaced persons by their home countries meet KYC requirements to open any of the following accounts?

- a. Yes - Mobile money
- b. Yes - Bank accounts
- c. Yes - Mobile money and bank accounts
- d. Other, specify:
- e. None

Justification: Understanding the power of a home country ID to access and use financial services will determine whether FDPs require additional forms of ID to open a mobile money or bank account.

25. Do you collect data on financial account openings (bank accounts, mobile money, etc.) used by FDPs?

- a. Yes
- b. No

26. If yes, is this data sex and age disaggregated?

Justification #28 and 29: Knowing whether a regulator collects data on FDP financial account openings can be an indicator of the government’s understanding and mapping of its FDP population.

27. Does your country provide exceptions from standard bank or non-bank financial institution requirements to permit refugees, asylum seekers or displaced persons to open any of the following accounts?

- a. Yes - Mobile money
- b. Yes - Bank accounts
- c. Yes - Mobile money and bank accounts
- d. Other, specify:
- e. None

Justification: Input on this matter will be an indication of the use of legal and acceptable workarounds that do not breach banking regulations and practices but acknowledge the need for inclusion.

28. Can refugees, asylum seekers or displaced persons use any of the following identity documents to register and use a SIM card?

- a. Yes - Government-issued, national ID
- b. Yes - ID from their home country
- c. Yes - ID or registration documents issued by humanitarian organizations and/or UNHCR
- d. No

Justification: Registering a SIM card in an FDP's own name is a crucial first step to accessing digital financial services.

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Alliance for Financial Inclusion

AFI, Sasana Kijang, 2, Jalan Dato' Onn, 50480 Kuala Lumpur, Malaysia
t +60 3 2776 9000 e info@afi-global.org www.afi-global.org

 Alliance for Financial Inclusion  AFI.History  @NewsAFI  @afinetwork