



kiva

World Refugee Fund

2018 Impact Report





Refugees are financially excluded

Humanitarian assistance addresses critical, early needs of refugees and internally displaced peoples (IDPs) but is not enough. Of the more than 65 million people displaced worldwide, less than 5% will return home, and those who do spend an average of 17 years in exile. Refugees and IDPs face disproportionate levels of poverty as well as fundamental difficulties in securing livelihoods as “second class citizens.” For example, UNHCR reports more than 70% of Syrian refugees in Lebanon and Jordan live below the poverty line.

The provision of economic opportunity is an essential component of a longer-term solution, as access to finance is crucial to helping refugees and IDPs rebuild their lives: Whether to start a business, pay for critical medical needs or continue their education.

Refugees and IDPs, however, are often perceived as too risky to lend to by financial institutions because they may not have documented credit histories and have few fixed assets or limited collateral. The uncertain nature of their residency and instability of their living conditions also contributes to this perception.

Since 2016, Kiva has funded loans to thousands of refugees and IDPs in 6 countries. The findings highlighted in this report challenge the perception of refugees as “too risky,” proving that refugees can, and do, pay back loans.

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An introduction to the World Refugee Fund

In response to refugees and IDPs being financially excluded, Kiva launched the World Refugee Fund (WRF), an innovative approach to catalyzing refugee lending around the world. The WRF offers Kiva's 0% interest and risk-tolerant funding to local financial institutions (Kiva Field Partners), who in turn provide loans to refugees at scale.

For the first time, we are releasing our repayment findings: Refugee and IDP borrowers have a high repayment rate on par with non-refugee borrowers. Loans to refugees and IDPs have a repayment rate on Kiva of 96.6%, versus 96.8% for all non-refugee loans during the same period.

These are key findings that directly counter the misperception of refugees and IDPs as “too risky.” Our belief and hope is that sharing our experience will encourage more financial institutions to serve displaced populations.

To truly improve the long-term well-being of refugees and IDPs, we need to look at the whole picture of what is needed to rebuild their lives. Demonstrating that refugees are viable microfinance clients is a crucial first step, and the long-term goal of the WRF is to continue to serve as a proof of concept to unlock capital at scale for displaced populations.

Kiva's refugee and IDP portfolio by the numbers

Borrowers



Countries



Field Partners



Total loan volume



Average loan size



Repayment rate



Borrowers, countries, Field Partners, loan volume, and loan size reflect cumulative figures of all Field Partners since 2016. Average loan size and repayment rate reflects cumulative figure of active Field Partners only.

Kiva refugee and IDP lending over time

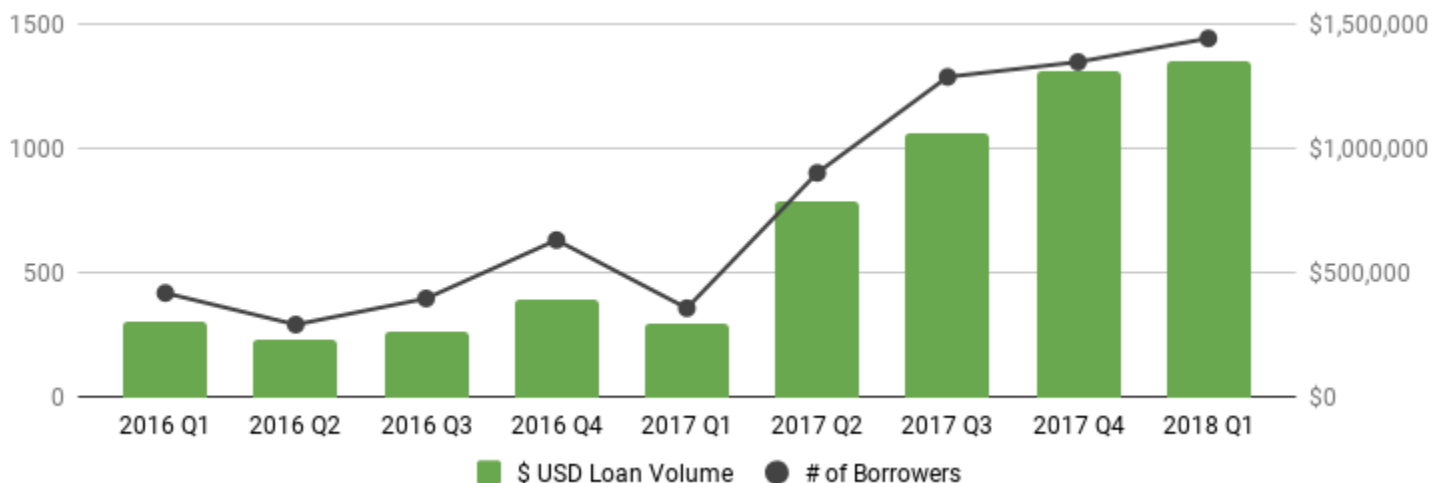
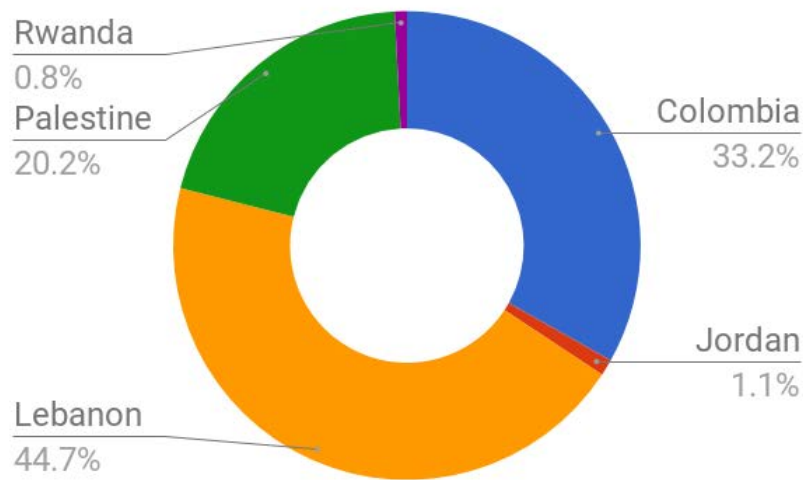


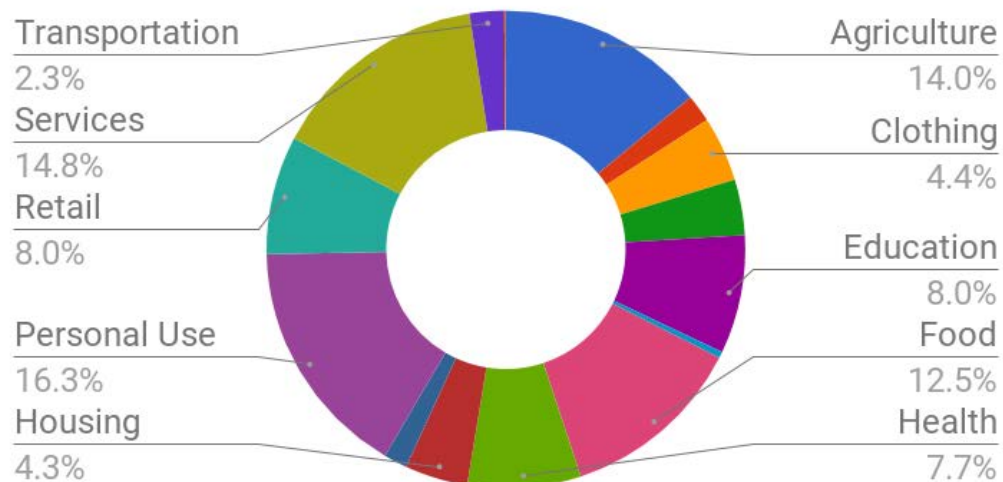
Chart reflects cumulative figures of all Field Partners since 2016.



Refugee and IDP lending by country: Last 12 months



Refugee and IDP lending by loan use: Last 12 months



Above charts reflect Kiva's current annual portfolio: Last 12 months ending 2018 Q1.

Lessons learned lending to refugees and IDPs

As Kiva Field Partners continue to pioneer this type of lending, Kiva is eager to share what's worked for refugee lending programs.

Tailor loans for the needs of refugees and IDPs

Kiva Field Partners found they can adapt existing types of loans to accommodate the unique challenges faced by refugees and IDPs. A few examples of these changes:

- Offering smaller loan sizes to refugees than their other clients, helping them build a successful record more quickly
- Expanding the type of identification accepted (such as UNHCR ID or residency permit instead of state-issued ID)
- Becoming more lenient on collateral and guarantor requirements

Partner with organizations working with refugees and IDPs

Working with UNHCR or other NGOs providing livelihood services to refugees helped build trust and created a pipeline of refugees in need of financial services.

Get staff buy-in

Serving refugees can be sensitive within an organization, especially in countries where tension is high between refugees and host nationals. Ensuring staff needs and concerns are heard before beginning to serve refugees is important.

Address the needs of host communities as well

Host nationals living in areas where refugees settle are also impacted by the influx of refugees, especially in countries already facing economic challenges. Ensuring that host communities continue to be a priority has been a key for Kiva Field Partners and is a core principle of the World Refugee Fund.



Examples of success

Kiva has grown the number of Field Partners serving refugees and IDPs to 11 in 2018, up from 3 in 2016. Kiva has also seen growth within partners over time. As more and more financial institutions around the world help prove the business case to serve displaced populations, success has gone beyond viable repayment rates.

A paradigm shift for staff

At Kiva Field Partners in the Middle East, loan officers initially were reluctant to start lending to Syrian refugees. They were concerned about the risk of defaults, as well as how supporting Syrians would be perceived by their existing Lebanese or Jordanian clients.

Today, having lent to thousands of Syrian refugees, loan officers have a completely different perspective. In both Lebanon and Jordan, Kiva Field Partners explained that as their loan officers have learned more about refugee communities, they now feel confident lending to refugees given their excellent repayment rates. One loan officer in Lebanon said refugees are the first group he looks to when searching for new clients, given their repayment track record over the last few years.

Making the case for other lenders in the region

In Rwanda, Kiva's Field Partner is proud to share that their lending within refugee camps has seen a 100% repayment rate. They believe and hope this data point will help prove to other financial institutions the viability of lending to refugees.



Bringing refugees and host communities together

In both Jordan and Lebanon, one step Kiva Field Partners have taken is to provide loans to mixed groups that are made up of both refugees and host nationals. Partners initially had a difficult time finding host nationals who trusted Syrians enough to enter these partnerships. As the product has evolved, one partner in Jordan reported that despite early challenges, they have seen Jordanian and Syrian neighbors becoming closer friends as a result of the group loans, sometimes even sharing business ventures or projects together.



Borrower spotlight: Samah's story

Samah is a Syrian refugee who took out a group loan with 2 Lebanese citizens, Ahlam and Eftika. They met in 2013 when Samah, her husband and their 3 children fled Syria after their home was bombed.

Ahlam was eager to help Samah and her family, so she proposed they partner up for a business reselling clothing. The Kiva loan gave them the capital they needed to purchase additional stock.

Since taking out the loan, the business has grown from just a few clients and their income has increased. When they started 3 years ago, they were each making \$200 to \$300 a month, now Samah makes close to \$1,000 each month. Ahlam makes even more.

Samah appreciates the income because the cost of living is very high in Lebanon. She also appreciates the support she feels from her Lebanese friends and feels like she has people she can rely on in her new community. Ahlam said that many Lebanese resent Syrian refugees, but she doesn't care what they think.

"Samah is a good person, and she has a white heart, so I like working with her," said Ahlam.







Going forward

At Kiva, we know these initial results are just a start. The World Refugee Fund expects to deploy over \$6 million in loans in 2018 alone, and, in total, Kiva aims to reach more than 28,000 refugees and IDPs with \$26 million in loan capital by the end of 2020. Another \$18 million will be lent to support host communities specifically in Lebanon, Jordan and Turkey. While the World Refugee Fund already lends in the Middle East, Latin America and Africa, Kiva plans to continue our geographical expansion moving forward as well.

To help us achieve our goals, Kiva is looking for support in the following ways:

- **Matching funds:** Matching funds from institutional partners will be used as a 1:1 match for crowdfunded lending by individual Kiva lenders, thus doubling the impact.
- **Programmatic grants:** Grant funds will allow us to source new Field Partners in countries with high refugee populations, scale lending to host communities, and continue measuring the impact of the World Refugee Fund.
- **Partners:** Kiva is looking to grow our network of Field Partners working with refugees and IDPs around the world and also develop more relationships with thought-partners and other organizations working in this space.

For more information or to get involved, please contact refugees@kiva.org.

**Thank you to our founding partners of
the World Refugee Fund.**



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