



Journey for Financial Inclusion for Refugees- UGAFODE's Story

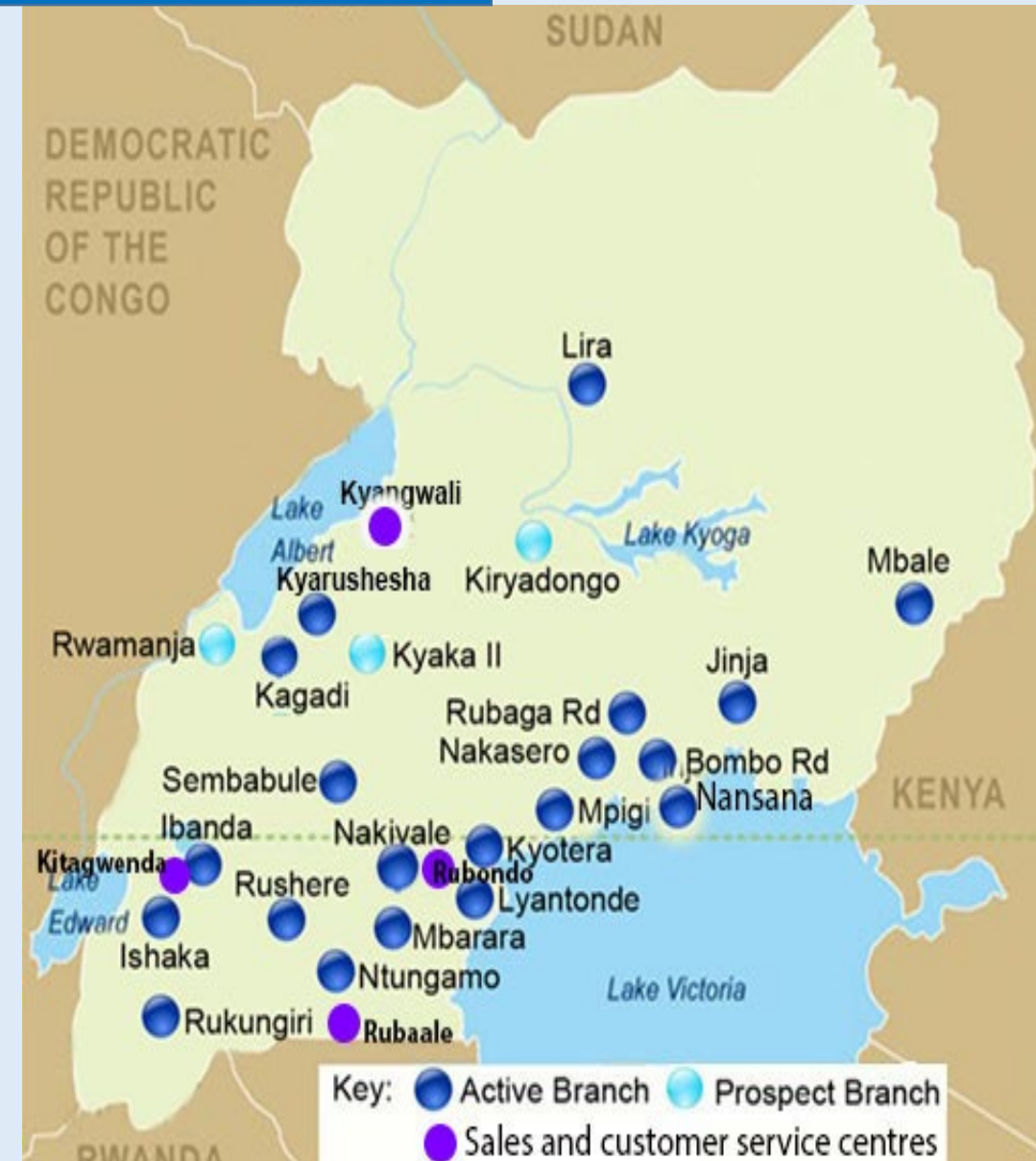
Presented by:

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About us

- UGAFODE is a Tier III Microfinance deposit-taking institution (MDI) regulated by Bank of Uganda.
- It targets micro and small entrepreneurs, especially women, youth and refugees for financial and non-financial products and services.
- 21 branches; one specifically for financial inclusion for refugees and host communities; and four Sales and Customer Service Centres, two for financial inclusion for refugees and host communities.



How UGAFODE pioneered financial inclusion for refugees in Uganda

2018/19

- Conducted Diagnostic study
- Concluded Feasibility Study for urban refugee financing
- Secured Bank of Uganda approval
- Pilot tested Urban refugee financial inclusion
- Engaged Compuscan to add Refugee IDs in Credit reference Bureau.

2020

- Opened a branch in Nakivale Refugee Settlement - **The first of its kind in Uganda.**
- Adjusted Human Resource Manual to allow for recruitment of refugee staff.
- Recruited and trained refugee staff.
- Call center was established with Refugee staff.
- Onboarding of NGO to offer financial literacy.
- Adjustment of operational procedures to cope with COVID-19 Pandemic like Work from home and alternative delivery channels-

2021

- Expanded Nakivale Branch space to cater for the growing number of clients and staff.
- Partnered with AMFIU to conduct TOT
- Rolled out the Remote onboarding solution and Agent Banking
- Partnered with DTB to offer Agency banking services.

2022

- Explored expansion of services through Service Centers in Nakivale.
- Explore replication of the Nakivale model in other refugee settlements, such as Kyangwali, Kyaka II, Rwamwanja, and Oruchinga.
- Conducted financial literacy training

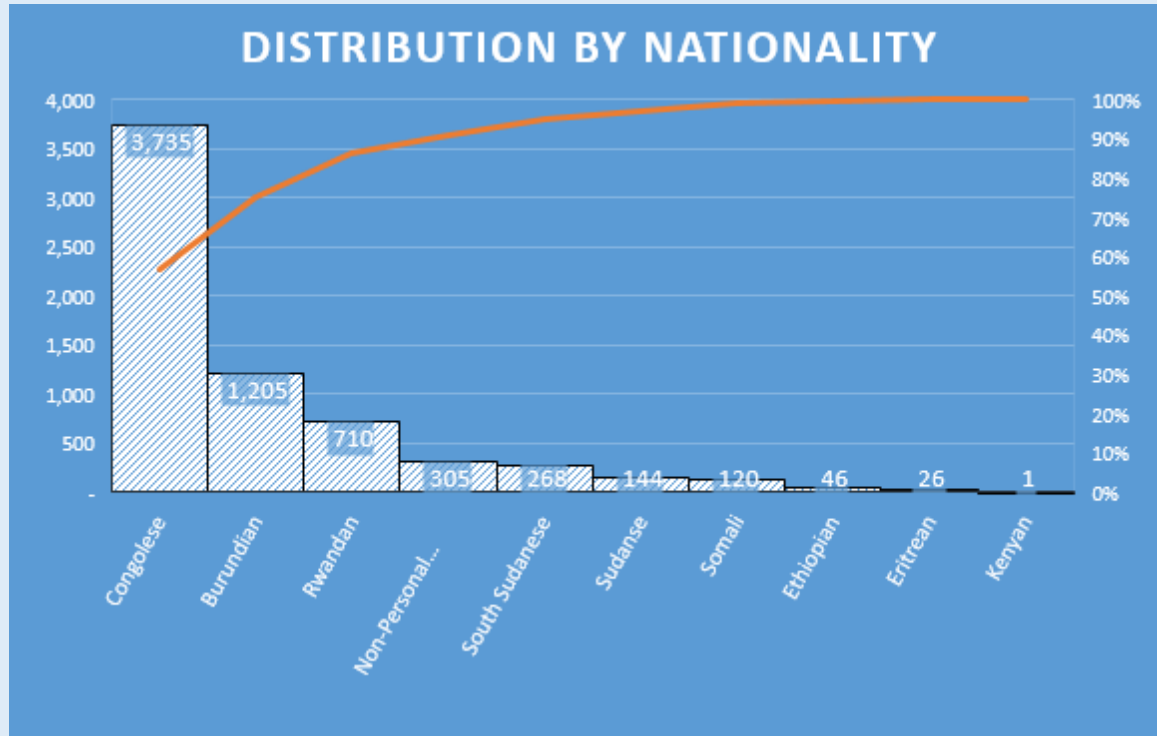
2023

- Opened a Sales and Customer Service Centre in Rubondo near Nakivale Refugee Settlement to extend services to more refugees and members of the host communities.
- Continued conducting financial literacy training for refugees both in urban areas and rural areas.

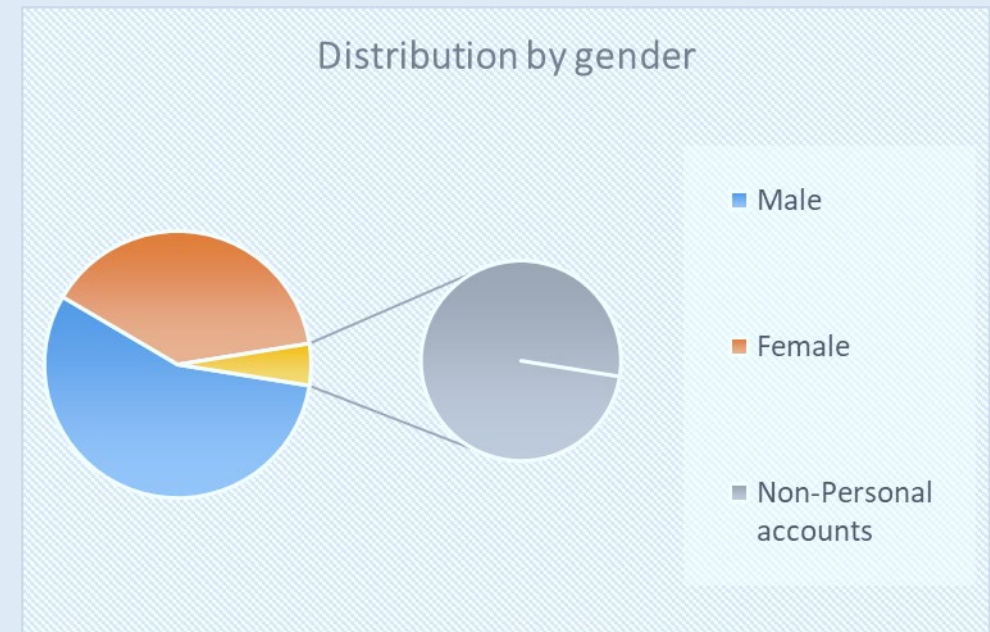
2024

- Opened a Sales and Customer Service Centre in Kyangwali Refugee Settlement.

Distribution of refugee clients by nationality and gender



- 6,560 savings customers where by: 62% are Congolese, 15.7% Burundians, 7% Rwandese, 5% are institutional accounts 4% Southern Sudanese, 2% Sudanese, 2% Somalis, Ethiopian 0.3% and Kenyans 0%



- 39% are female
- 56% are male
- 5% are Institutional accounts

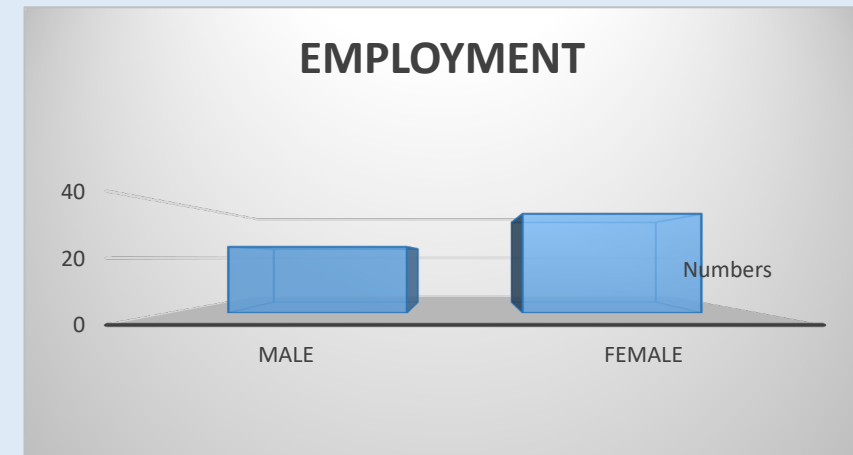
Access to credit and financial services by refugees

Financial access through credit

	No of borrowers	Total Volume
Host community	2,471	13,270,000,000
Refugees	2,387	9,400,000,000
	4,858	22,670,000,000

- 12% of total volume disbursed is to clients 30 years and below
- 33% to clients between 31 yrs to 40yrs
- 8% to clients up to 61 years
- Average loan term 9months
- 76% Male vs 24% Female

Financial access through Employment



- Over 60 refugee staff have received employment during the period
- 100% youth were employed
- 40% male refugees
- 60% Female

CUSTOMER TESTIMONIES

FEMALE REFUGEE, SELLS CLOTHES AND SHOES

- Arrived in Kyangwali Refugee Settlement in 2015 from DRC.
- Struggled to look after family of seven (five children)
- Tried petty trade in several items such as vegetables and millet porridge, but lacked capital to grow business and increase income
- Last year, she got to know about UGAFODE and so far she has got two loans.
- She has been able to expand her business of selling clothes and shoes, build a four bedroom house (initially the family lived in one room) and pay school fees for her children, two of whom are in boarding secondary school.

“I thank UGAFODE for supporting my growth, and I will definitely go back for the third loan.”

MALE REFUGEE, OWNS RETAIL SHOP

- I came to Uganda 24 years ago and settled in Kyangwali Settlement.
- I run a general merchandise shop
- I approached several banks in Hoima for loan to invest in my business, but all turned me down.
- In 2022, I got to know about UGAFODE Microfinance and their Sales Centre in Kyarushesha, which is 30km away from Kyangwali Settlement.
- I approached them for a loan and the only thing they asked was that I open an account. After trying several banks, without success, I was able to access a loan from UGAFODE.
- I expanded my business and I was able to support my three children to complete their university education.
- I thank UGAFODE for improving our lives. For the 24 years I have been in Kyangwali, UGAFODE is the only organisation that I have seen giving loans to refugees.

OPPORTUNITIES

- Government will/regulatory environment that allows refugee to conduct business, and even engage in cross-border trade
- Existence of market potential to expand to other settlements
- Donor interest to work with the private sector, especially Financial Institutions, to drive financial inclusion agenda
- Reduction in food portions, calls for mindset change among refugees to be involved in income generating activities
- Loan capital/credit guarantees to increase access to loans by refugees and host communities.

CHALLENGES

- Lack of formal collateral – Partnership for credit guarantee.
- Language barrier – Recruitment of refugee staff
- High operating expenses (cost of funds, monitoring expenses) – Leverage through TA/ funding from partnerships .
- Skills gaps amongst the refugees(Majority don't have basic academic qualifications)- financial literacy training through NGOs.
- Refugees are always in transit due to resettlement, repatriation and relocation within the country.
- High default rate due to unstable businesses

INNOVATIONS

- Developed new products and services such as VSLA and Woman loans.
- Partnerships for credit guarantees, thus reducing collateral loan requirements.
- Digitizing VSLAs to help refugees keep data, which enables decision making on their creditworthiness without formal collateral.
- Secured approval from Bank of Uganda to include refugee identification documents as acceptable KYC to access financial services.
- Engagement with Compuscan to add Refugee IDs in Credit Reference Bureau.
- Remote on boarding and Agent Banking.

ASPIRATIONS

- Soliciting cheaper sources of funding so as to lower interest rates further for refugees
- Exploring replication of the Nakivale model in other refugee settlements
- Plans to expand into Kyaka II and Rwamwanja Refugee Settlements and increase access to refugees in urban areas.
- Pilot-testing VSLA product for both loans and savings in Nakivale. This is expected to be rolled-out to other refugee settlements in Q4 2024.