MEETING MINUTES

MEETING WITH

DATE	25.10.2023	TIME	11:00 13:00	PLACE	Online Meeting

Participants	Yurii Matnenko Fundacja Ukraina; Anita Całka, Fundacja dla Migrantów Dobry Start; Marcin Czaplinski, PAH; Katarzyna Jaszczuk, Fundacja Innowacja i Wiedza; Naim Frewat IRC; Paulina Kaczmarska Shelter Sector Coordinator (IOM); Maciej Rams, Program Manager, IOCC; Karolina Cikowska, Upwardly Global; Sara Escudero Spanish Red Cross
Chairs	UNHCR (Diogo Salema Da Costa Cabral Senior Livelihood and Economic Inclusion Officer cabrald@unhcr.org), IRC Joanna Surwillo, Private Sector and Livelihoods Manager, Joanna.surwillo@rescue.org)
Presenters	Ms. Olga Shcherbina, International Finance Corporation (IFC), Financial Institutions Group Advisory, Program Lead for Poland presenting *Fostering the financial inclusion of forcibly displaced Ukrainians in Poland;* Ms. Olga Yeroshenko, Project Officer at Microfinance Centre (MFC) presenting *Entrepreneurship as a path to financial inclusion. The Way to Business Program.*

AGENDA

11:00 – 11:05. Introductions by UNHCR and IRC.
11:05 – 11:25. PART 1: Ms. Olga Shcherbina, International Finance Corporation (IFC), Financial Institutions Group Advisory, Program Lead for Poland presenting *Fostering the financial inclusion of forcibly displaced Ukrainians in Poland*.
11:25 – 11:45. PART 2: Ms. Olga Yeroshenko, Project Officer at Microfinance Centre (MFC) presenting *Entrepreneurship as a path to financial inclusion. The Way to Business Program*.
11:45 – 12:15. Additional Questions & Answer.
12:15 – 12:35. The RRP – Refugee Response Plan 2024 - discussion.
12:35 – 12:40. Closing.

INTRODUCTION

This meeting of the Economic Inclusion Working Group focused on the financial inclusion of Ukrainian refugees in Poland. Panelists invited by the EIWG chairs represented international organizations and presented studies and projects from their organizations - the International Finance Corporation and the Microfinance Centre.

OVERVIEW OF THE SITUATION

1. Introduction by Diogo and Joanna, and presentation of the agenda for today's meeting.

2. Presentation of Ms. Olga Shcherbina from International Financial Corporation (IFC) – Fostering the financial inclusion of forcibly displaced Ukrainians in Poland.

I. IFC presentation started with sharing some data about Ukrainian FDPs in Poland:

- 1.6 million FDPS from Ukraine are currently residing in Poland,
- 95% of 1.6 million women,
- 75% of 1.6 million are adults,
- 1 million FDPs have an active registration for temporary protection in Poland (PESEL UKR mode),
- 900 000 found a job (disclaimer: this data represents all of the submission of registration for a job. However, it does not represent a specific number of Ukrainian FDPs in Poland because one person can change their job multiple times and all of it will be counted in this data),
- 6% of Ukrainian FDP have a university degree,
- 60% of Ukrainian FDPs (as of 08-2022) found jobs and settles down in Poland,
- 20.00 companies registered by Ukrainians in Poland in 2022,
- An estimated 15.00-16.00 a sole business owner,
- In 2023, Ukrainians registered 29,000 businesses,
- The largest proportions of sole proprietorship businesses registered by Ukrainians in 2023 are in: construction 24%, information and communication 18% and other services (14%), of which 85% are hairdressing and beauty services.

Ukrainian FDPs have legal rights, education, entrepreneurial ambitions and income.

FDPs with PESEL UKR status can set up businesses on the same basis as Polish citizens. However, in order to obtain a loan for a business, they must register it and generate income for at least 18 months beforehand.

The IFC recognised the problem of the housing market and observed a problem of rising rental prices, especially in large cities. Therefore, Ukrainian FDPs are looking at ways to buy a house through the mortgage and gain more security.

- ➔ 40% indicated that they rent accommodation on their own
- ➔ 24% live in their friends or relatives' apartment/house

II. IFC performed a current market assessment among 50 banks operating in Poland.

<u>Services offered to FDPs:</u>

- Current accounts
- Currency accounts
- Foreign payments
- Western Union Transfers (up o 3% of the amount sent)
- Mobile and internet application – Ukrainian FDPs are used to technological advances mobile services in Ukraine, which is more advanced than in Poland
- Exchange services

<u>Needed improvements:</u>

- Access to information on the existing value offer for FDP
- The same level of expertise and consistent standard of service among banks' employees and channels

- Ukrainian FDPs have become a relevant potential market
- FDPs were granted access to bank services in Poland and use them actively

➔ In 2022, FDPs opened more than half million accounts in Poland

Potential #of clients from the survey performed by IFC.

Part of the study included segmentation of Ukrainian FDPs living in Poland There are seven segments of Ukrainian FDPs living in Poland according to IFC:

- ➔ Stable Homesick – FDP with a stable economic situation waiting for the end of the war to return home (7,5%)
- ➔ Wealthy Families – Wealthy Families living in major cities; considering to remain in Poland after the war ends (2%)
- ➔ Independent Mothers – Single mothers or mothers whose partners do not lice in Poland; their economic situation is stable (10%)
- ➔ Young Professionals – Well-integrated FDP with stable income (8%)
- ➔ New Wave Incomers – Young women who recently came to Poland to get through difficult times with no plans to stay (4%)
- ➔ Integrated with Unstable Income – Well-integrated FDP doing some freelance or unofficial jobs (35%)
- ➔ Job Seekers and Unemployed – People who came to Poland some time ago; showing signs of integration yet still not working (32%)

The first four segments are the most important for banks as potential borrowers. However, as the integration of FDPs progresses over time, their economic situation stabilises. IFC estimates the total market size at 1,425,000, of which 62% receive financial support from their partners or other family members. Over 63% have at least one child and around 43% have other dependents.

Those categorized by those seven segments have their own priorities when it comes to financial services and communication channels.

Segment	Desired financial services	Desired value-added services	Communication channels
New wave incomers	Remote opening of bank account; access to the bank account in Ukrainian	Access to job offers, online Polish courses, life insurance	Telegram, phone call, mobile app
Stable homesick	Credit cards, consumer lending, short-term loans	Access to online classes for further education; legal advisory	Telegram, Viber, Mobile app
Wealthy families	Mortgage, term deposits, consumer lending, credit cards, prepaid cards	Access to services necessary for a mortgage loan (such as initial verification and valuation of real estate or insurance); access to housing market offers; information about taxes and administrative procedures; car insurance	Telegram, Viber, Whatsapp

Independent mothers	Credit cards, consumer lending	Access to online classes for further education; language courses; life insurance	Mobile app, phone calls, Telegram
Integrated with unstable income	Access to the bank account in Ukrainian with a set of value-added services	Access to online classes for further education; online Polish courses; life insurance	Mobile app, Telegram, Viber
Young professionals	Mortgage, credit cards, consumer lending	Access to services necessary for a mortgage loan (such as initial verification and valuation of real estate or insurance for it); access to housing market offers	Mobile app, Telegram, Brick and mortar branch
Job seeker and unemployed	Access to the bank account in Ukrainian with a set of value-added services	Access to job offers; online Polish courses; life insurance	Mobile app, Telegram, Phone call

The longer refugees stay in Poland then he/she shifts to the needs of host community.

1. Initial displacement:
   -> Initial focus on securing finances for basic necessities
   -> Necessities include food, housing, healthcare, and clothing
   -> Critical need for basic financial services: current accounts, money transfers
2. Gradual integration into host countries:
   -> Pursuit of employment or opening businesses
   -> Supporting families back in Ukraine
   -> Ensuring the future of their children
   -> Seeking more permanent accommodation
3. Changing financial needs over time:
   -> Shift towards access to credit, mortgage, insurance, deposit, and savings accounts
   -> Aim for greater financial independence
   -> Aspiration for a 'better future' for their families

<u>In conclusion:</u>
Ukrainian FDPs, including pre-war residents and post-war newcomers, offer an opportunity for the Polish community to develop a new bankable and sustainable niche segment while promoting their financial and economic inclusion.
As Ukrainian FDPs remain in Poland and other host countries for longer periods of time, their needs for financial and non-financial services continue to evolve and converge with those of the host population.

There is a significant market opportunity of 1.4 million well-educated, financially stable Ukrainian FDPs in Poland.
Of this population, over 580,000 Ukrainian FDPs have expressed a demand for specific credit services such as mortgages, short-term loans, credit cards and consumer loans.

There are several barriers preventing Ukrainian DPs from accessing financial services in Poland, including language barriers, the need to visit a branch in person to open an account, and a lack of readily available information.
The supply side has the potential to respond quickly, with existing services, products, and operational and business models that can be easily adapted to serve this population.

IFC is currently working with banks to unlock opportunities. IFC is working with Santander through

Providing a second loan to Santander to support Ukrainian FDPs with $100 million.

3. Microfinance Centre presenting *Entrepreneurship as a path to financial inclusion. The Way to Business Program:*

MFC has been working with refugees since 2016 and currently is working with UNHCR. During its work MFC has identified the needs of refugees regarding the financial inclusion:

- Funding
- Entrepreneurship support,
- Coaching & Mentoring
- High quality staff
- Information sharing/P2P learning
- Multis-stakeholder cooperation
- Imagination
- Evaluation programs

To address these needs, MFC launched The Way to Business programme, which focuses on helping Ukrainian refugees in the Mazovia region of Poland to achieve financial independence through entrepreneurship. It also aims to build the capacity of NGOs working with refugees by enabling them to provide business-related advice or refer their beneficiaries to relevant sources of information. The target group is 100% female and of Ukrainian nationality, and the age range of participants is 18-67. Potential participants in the programme come from diverse backgrounds.

<u>8 months results of the project:</u>

- Dedicated web page with 1100+visitors
- 9 NGOs network
- 9 promo videos
- 10 trained trainers
- 103 women received initial consultation
- 30+ women in mentoring Program
- Survey of 122 entrepreneurial women

During the presentation, Ms Olga presented the results of the survey distributed by MFC among Ukrainian women FDPs. From the survey, MFC found more interest in entrepreneurship among women in two age categories, namely 26 - 45 years (75% of all participants). They also understand that 16.5% of women older than 45 are also interested in continuing their entrepreneurial journey, as 68% of them had such experience in Ukraine (the highest percentage among other age groups). The results of the study on the level of monthly income and the results show that the main driver for Ukrainian women in Poland to start their own business is a low income.

- Age 18-15 – 5%
- Age 26-35 – 36%
- Age 36-45 - 43%
- Age 45+ - 16%

Evaluation of the existing information gap

According to the MFC survey, almost 65% of respondents had never been consulted on entrepreneurship, although 35% had such experience.

The main source of information for the respondents was internet search (70, 5%). For most of them it was the first stage of research, but it is worth mentioning that government websites such as business.gov.pl were also mentioned. Only 20% of the respondents were satisfied with the quality of the information they found on the Internet.

According to the survey the information that are most needed to acquire by the participants of the survey are following:

- ➔ Legal and tax aspects
- ➔ Finance and investments
- ➔ Marketing and competitive environment
- ➔ Cultural and mental specifics of Poland
- ➔ Business management

The study also addressed the barriers that are the most pressing for the respondents.

- ➢ Traditionally, IDPs face language problems when seeking information due to insufficient language skills. And the results showed that the majority of respondents - 57% - had no language barrier in finding the necessary information. However, the percentage of those who suffer from low language skills and would like to find information in Ukrainian is still high - 43%.

- ➢ However, the main problem for new entrepreneurs is money, namely start-up capital. For example, 70.5% of respondents confirmed that they did not have the initial funds to start a business. They also cannot count on bank loans until their business has been profitable for 18 months.

Findings and next steps:

- ➔ MFC plans to continue the program and provide mentoring help to those refugees who want to start their business in Poland.
- ➔ MFC wants to expand the program outside of Warsaw in cities such as Poznań, Kraków, ect.
- ➔ The initial focus was on 200 women, but MFC wants to continue and invite NGOs and organization for cooperation regarding the program
- ➔ MFC also wants to continue the work by creating articles with detailed instructions for the aspiring entrepreneurs in Ukrainian
- ➔ MFC sees prospects of continuation of the Program in supporting our participants with micro-grant for their businesses and further development of practical tools for entrepreneurial women in Poland

4. Q&A

Do you see IFC as an opportunity for NGO (Non-Governmental Organizations) and intern org involvement for addressing the gaps?

Information sharing is valuable and for cooperation (IFC role is to work with private sector and banks) however IFC has a mandate to advise and can use the local NGO to reach a refugee community where IFC can provide trainings etc.

Before the war 600 000 Ukrainians citizens in Poland
900 k working can be counted couple times because people changing or taking more than one job. Part of the business owners are sometimes pushed to start their own business to be hired on B2B contracts.
Official documents and information regarding taxation and business-related information should be provided in Ukrainian since the terminology can be tricky

Target population for financial inclusion
IFC: Those FDPs, who are considered as a target population for banks.
MFC: Microfinance is not a tool to support the most vulnerable refugees, but it works for refugees with a stable income.

MFC is currently working on a study comparing the host community and the refugees.

5. Regarding RRP discussion no questions were asked.

NEXT MEETING

29th of November 2023