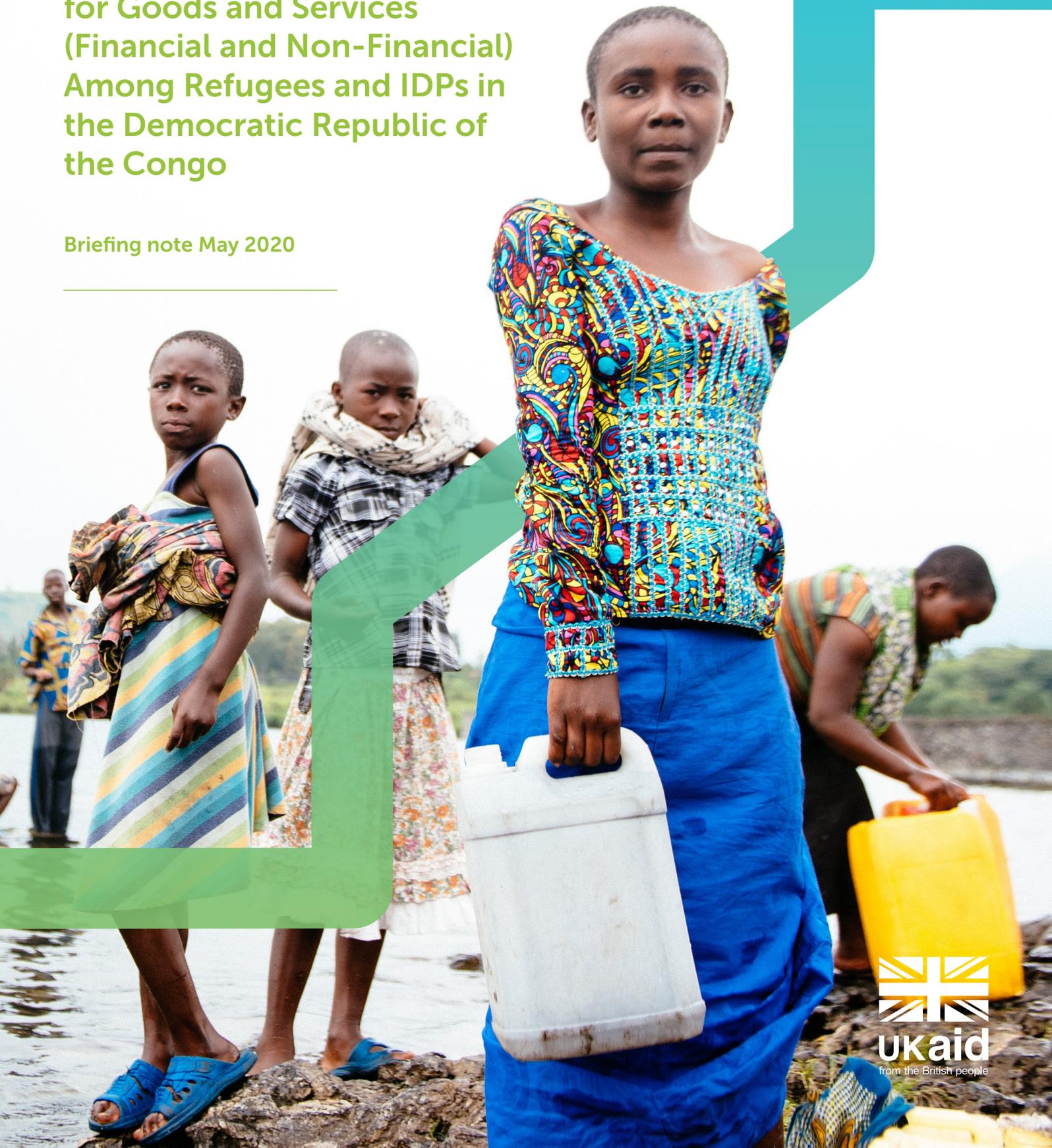


Assessing the Demand for Goods and Services (Financial and Non-Financial) Among Refugees and IDPs in the Democratic Republic of the Congo

Briefing note May 2020



The potential market

Background

This briefing note is based on a research study commissioned in 2018 by FSD Africa and ELAN RDC, and carried out by Digital Disruptions in three locations, to investigate the demand for goods and services among refugees and internally displaced persons (IDPs) in the Democratic Republic of the Congo (DRC).

Its aim is to provide a baseline for financial service providers (FSPs) and others who see the opportunity to do business by providing services to this sizeable population of people.

The Great Lakes region, comprised of the DRC and five neighbouring countries, has some of the greatest numbers of refugees and internally displaced persons in the world.

Refugees and IDPs in the region currently total some 5 million individuals (4.5 million IDPs and 0.5 million refugees). Increased conflict in the DRC, particularly in North Kivu, threatens to increase the numbers further. This is a potential market in need of goods and services, yet is largely overlooked by businesses and service providers.

Because of the many long-running conflicts in the region, settlements that were designed for transient populations are now turning into permanent homes. Refugees and IDPs, like any other segment of the population, require housing, water, lighting and energy, need to buy food, clothing and services, and have children that attend school. Their financial needs can be compared to any other rural community.

FSD Africa has supported FSPs that have successfully brought financial services to refugee and IDP groups in Rwanda and Uganda. We sponsor design innovation competitions and offer strategy and funding support, and guidance from lessons learned. ÉLAN RDC aims to reduce poverty, improve the daily lives of the Congolese and facilitate their inclusion in market systems by addressing constraints and allowing them to benefit from economic growth.

Research findings

The quantitative survey uncovered key insights that were confirmed by qualitative interviews.

75% 

of refugees and IDPs either own or have access to mobile phones. Two out of the three locations surveyed have mobile money agents close by.

95% 

of refugees and IDPs have some type of formal ID, either an elector's card (IDPs) or refugee card, a positive sign when it comes to opening a bank account.

~0% 

of refugees and few IDPs have access to a consistent source of electricity, though more than half say they have lighting.



Cash and voucher assistance are the main source of income (~\$53 to \$60/month), while salaried jobs, odd jobs and fishing bring extra income (\$25 to \$73) for over half of refugees and IDPs.



IDPs in particular have spending power. The 2.15 million* displaced adults living in the DRC would spend in aggregate over \$1 billion for various household expenses over a year.



Both refugees and IDPs report little access to formal or informal financial products, although they nearly all express a need for short-term loans to cover emergencies or to start a business.

*as at 2017

IDPs and refugees in numbers

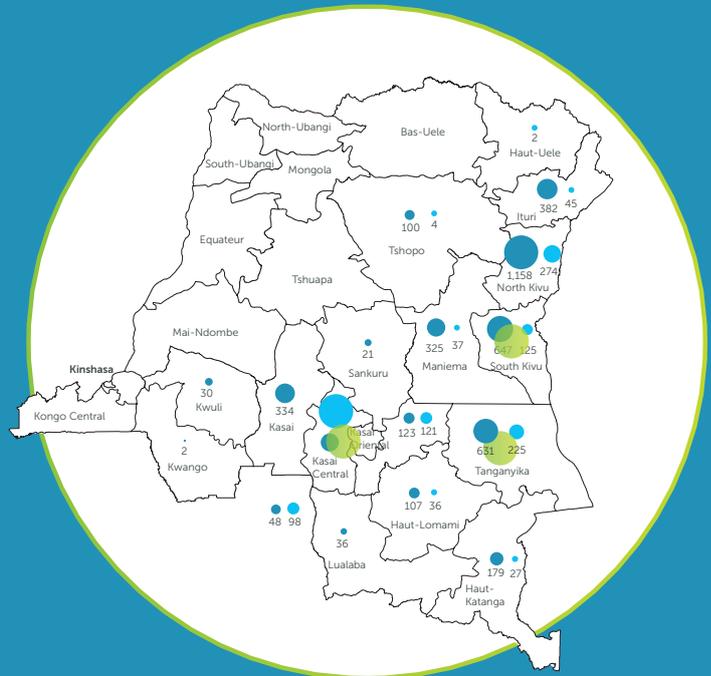
IDPs in DRC

The latest UN/OCHA estimates of Dec. 2017 show 4.49 million IDPs in the DRC, with over 60% below the age of 18. The Kivu provinces and Tanganyika represent just under half of those (2.4 million), while the central provinces of Kasai are estimated to have nearly 896,000, primarily due to inter-community and land conflicts.

Legend - Number of displaced persons (thousands)

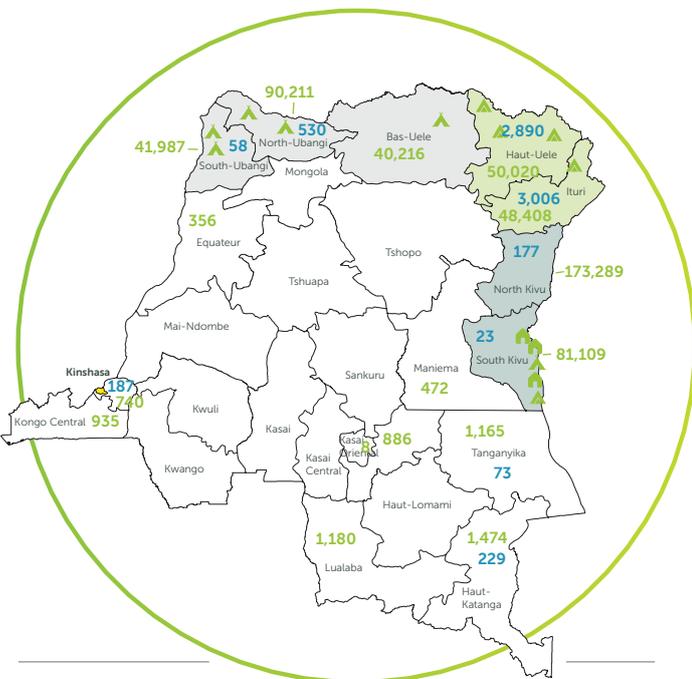
- Total displaced
- Returnees of the last 18 months
- Provinces where the research was carried out

Map Source: OCHA, December 2017



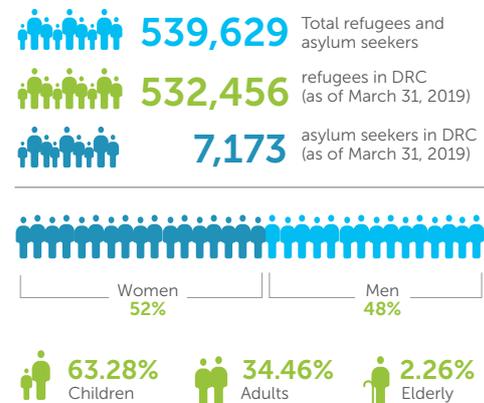
Refugee numbers

The UN estimates that the DRC hosts 532,456 refugees as of March 2019. The greatest numbers are from Rwanda, Central African Republic, South Sudan and Burundi. Most of the refugees from Rwanda and Burundi are in the eastern provinces, especially North and South Kivu, while the majority of refugees from CAR and South Sudan are in the north.



Legend

- ▲ Refugee Camp
- ▲ Refugee Center
- ▲ Refugee Settlement
- Refugees Figures
- Asylum Seekers Figures
- Main Area of Burundian and Rwandan Refugees
- Main Area of South Sudanese Refugees
- Main Area of Central African Refugees



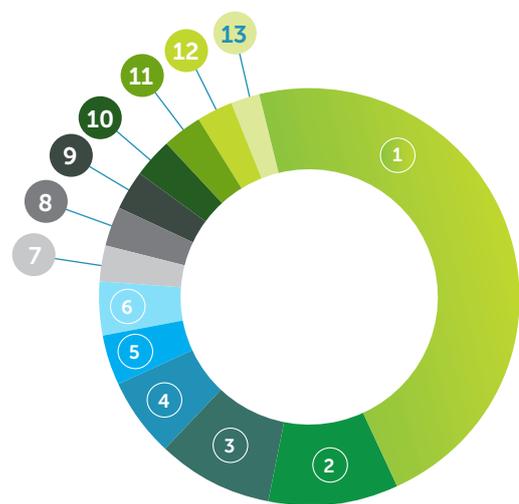
Map Source: UNHCR, April 2019

* Other include Ivory Coast, Eritrea, Syria, Liberia, Chad, etc.

Spending power

The spending power of refugees

From the findings at the most populous settlement of South Kivu, and assuming ~70,691* adult refugees live in camps and settlements, we can extrapolate what the total spend could be on the main expense items annually.

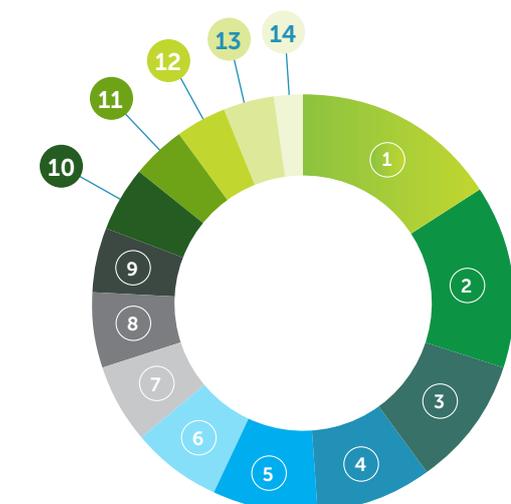


- Based on survey response
- # of total refugee segment across DRC (extrapolation)
- Estimated yearly spend for refugee segment (extrapolation)

1 Food/Beverages 47% Monthly average CDF 55,419 69,332 Yearly spend CDF 46.1B (\$28.5M)	2 Utilities 10% Monthly average CDF 11,833 66,450 Yearly spend CDF 9.4B (\$5.8M)	3 Clothing 9% Monthly average CDF 9,055 65,743 Yearly spend CDF 7.1B (\$4.4M)	4 Misc goods 6% Monthly average CDF 7,001 62,915 Yearly spend CDF 5.3B (\$3.3M)
5 Send or give money 4% Monthly average CDF 5,105 3,535 Yearly spend CDF 217M (\$134K)	6 Rent (house) 4% Monthly average CDF 4,875 177 Yearly spend CDF 10M (\$6K)	7 School fees 3% Monthly average CDF 4,094 707 Yearly spend CDF 35M (\$21K)	8 Personal hygiene 3% Monthly average CDF 3,855 67,157 Yearly spend CDF 3.1B (\$1.9M)
9 Transport 3% Monthly average CDF 3,763 37,466 Yearly spend CDF 1.7B (\$1M)	10 Home items 3% Monthly average CDF 3,550 61,502 Yearly spend CDF 2.6B (\$1.6M)	11 Health 3% Monthly average CDF 3,373 63,242 Yearly spend CDF 2.6B (\$1.6M)	12 Communication 3% Monthly average CDF 2,957 57,967 Yearly spend CDF 2.1B (\$1.3M)
13 Fin. services fees 2% Monthly average CDF 2,616 2,828 Yearly spend CDF 89M (\$55K)	<p>*Note: Directional estimates only; it is assumed that context and refugee segments are distinct throughout the country and that South Kivu is not nationally representative. Figure represents estimate of refugees 15 years and over (~50% of total) living in refugee camps and settlements in the DRC (~26.2%). B = billion; M = million, K = thousands.</p>		

Spending power of IDPs

Based on the findings in Kasai, we can do a similar exercise for the IDPs, assuming 2.15 million* living in host communities, spending \$28M to just over \$250M annually on various expenses (in aggregate over \$1 billion).



- Based on survey response
- # of total refugee segment across DRC (extrapolation)
- Estimated yearly spend for refugee segment (extrapolation)

1 Send or give money 16% Monthly average CDF 33,833 150,500 Yearly spend CDF 61.1B (\$37.7M)	2 Clothing 14% Monthly average CDF 30,176 774,000 Yearly spend CDF 280.3B (\$173M)	3 School Fees 10% Monthly average CDF 22,369 946,000 Yearly spend CDF 254B (\$156.7 M)	4 Utilities 9% Monthly average CDF 20,262 1,669,000 Yearly spend CDF 405.8B (\$250.5M)
5 Fin. services fees 8% Monthly average CDF 16,861 279,500 Yearly spend CDF 56.6B (\$35M)	6 Savings/Investments 7% Monthly average CDF 14,324 258,000 Yearly spend CDF 44.3B (\$27.4M)	7 Rent (house) 6% Monthly average CDF 12,449 774,000 Yearly spend CDF 280.3B (\$173M)	8 Personal hygiene 6% Monthly average CDF 12,144 1,354,500 Yearly spend CDF 197.4B (\$121.8M)
9 Health 5% Monthly average CDF 11,818 1,268,600 Yearly spend CDF 180B (\$111.1M)	10 Home items 5% Monthly average CDF 10,838 774,000 Yearly spend CDF 100.7B (\$62.1M)	11 Food/Beverages¹ 4% Monthly average CDF 9,796 1,892,000 Yearly spend CDF 222.4B (\$137.3M)	12 Communication 4% Monthly average CDF 7,942 1,247,000 Yearly spend CDF 118.8B (\$73.4M)
13 Misc goods 4% Monthly average CDF 9,710 623,500 Yearly spend CDF 72.7B (\$44.8M)	14 Transport 2% Monthly average CDF 5,623 666,500 Yearly spend CDF 45B (\$27.8M)	<p>*Note: Directional estimates only; it is assumed that context and refugee segments are distinct throughout the country and that South Kivu is not nationally representative. Figure represents estimate of refugees 15 years and over (~50% of total) living in refugee camps and settlements in the DRC (~26.2%). B = billion; M = million, K = thousands.</p>	

¹ Food and beverage amounts being relatively low for IDPs, the hypothesis is that IDPs often live with a host family, which provide food and beverages, and thus direct expenditures are low.

Snapshot South Kivu

44,000 refugees from Burundi

Refugees are housed in two main locations in South Kivu, both run by UNHCR. The Lusenda camp has roughly 36,000 refugees and the Mulongwe settlement 8,000 refugees.



Population

The population of refugees is evenly split between genders. Nearly 2/3 of refugees in South Kivu have children, many of them below 10 years of age; nearly 60% of the population here is under the age of 18.

Nationality

Almost all refugees come from Burundi. They are fluent in Kirundi and also speak Kiswahili.

Education

Nearly three in 10 adults have at least a high-school education, which shows promise in terms of comfort with technology and overall financial activity.

Registration

All except a handful are formally registered as refugees and hold an ID.

Mobile phone usage

86% own mobile phones, mainly basic phones on Vodacom's network. Network coverage is good.

In Mulongwe, UNHCR has distributed nearly 2,000 feature phones and opened M-Pesa accounts for every household. M-Pesa is the distribution mechanism for cash transfers.

Accessibility

Most refugees live relatively close to amenities: churches, markets, schools, medical facilities and mobile money agents are quite accessible; banks are further away.

Untapped markets

Local Congolese in the nearby town of Baraka express similar financial needs to those of refugees.

Informal loans

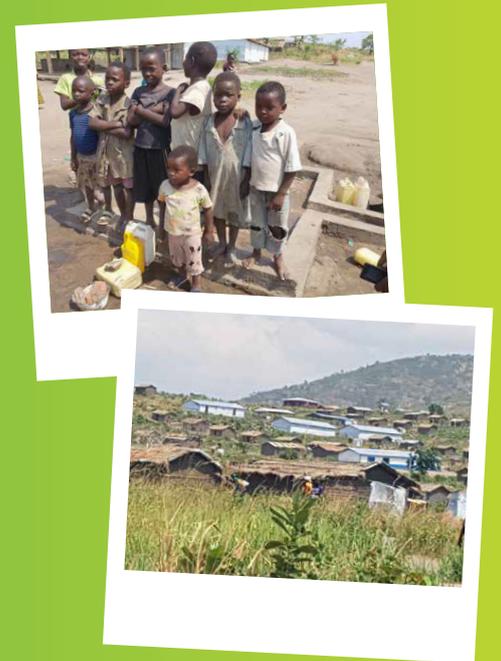
Most small loans they receive are from family and friends, at about \$18.50 per month.

Sources of income

Cash and voucher assistance (\$47-\$51 per month) are overwhelmingly the main source of income. One in six also earns between \$23 and \$26 on average per month working in agriculture or odd jobs.

Most important loan needs

Cash for short-term emergencies was cited as most important among a variety of needs.





Snapshot Tanganyika

The lives of IDPs in Kikumbe

Tanganyika province is the third most affected by internal displacement. Many displaced persons are in the subregion of Kalemie.



Location

Nearly 60% of the province's forced displacement of individuals occurred in 2017. The main IDP site is Kikumbe, which is supervised by a government agency and not far from the provincial capital of Kalemie.

Population

The population is evenly split between genders, and nearly 63% of the IDPs are below the age of 18.

Children

Nearly three in 10 adults IDPs in Tanganyika tend to have any children; nearly half have 3 to 5 children, and just under 30% have over 6, mainly below the age of 10.

Language

The main language spoken is Kiswahili.

Education

1 in 4 has a high-school education or higher.

Registration

Only 12% have no identification document; most have an elector's card, and, given the proximity to the border, over a fifth have a Great Lakes ID as well.

Mobile phones and mobile money

Less than half of the IDPs own a mobile phone; those who do overwhelmingly are with Vodacom. There is strong awareness of M-Pesa, even if they do not necessarily know how to use it.

Accessibility

The site is quite isolated – while churches, markets, medical facilities and schools are close, mobile money agents and banks are not.

Sources of income

IDPs rely almost entirely on support from the government or humanitarian organisations (\$75 a month), although over half also look for casual jobs to earn additional income.

Level of financial inclusion

More than 2/3 of IDPs in Tanganyika do not use any financial products, other than small informal loans (\$9 on average) from friends and family.

Entrepreneurship

There is a strong aspiration to own their own business; this they share with the resident population of Kalemie who, in addition, are already familiar with digital technology.



Snapshot Kasai

IDPs in host families and communities

Unlike other surveyed locations, IDPs here have more education — 44% have finished high school, and 17% have been to university.



No formal settlements

The Kasai region does not have formally organised settlements, the IDPs are hosted in individual families or within communities.

Population

The region counts nearly 900,000 IDPs; over 85% of the survey respondents indicated they are from Kasai Central province itself.

Children

Unlike other provinces, 3 in 10 IDPs in Kasai have few or no children. A notable 60% have a spouse or children back home or don't know where they are, because they fled their homes in a hurry.

Education

Unlike other surveyed locations, IDPs here are much more educated — 44% have a high-school education, and 17% have been to university.

Registration

Essentially all have an elector's card from the government, fulfilling basic know-your-customer (KYC) requirements for opening a bank account.

Mobile phones and mobile money

About 70% have a mobile phone, and Airtel is more prominent than Vodacom.

Accessibility

Being more urbanised than other displaced populations, they have access to mobile money agents and other amenities close by.

Sources of income

There is no government or NGO support for IDPs here, so they rely on salaried or odd jobs; the most-cited source of funds was cash from friends or family.

While many men work outside the home, the women do housework, laundry and casual jobs for their hosts, earning about \$2 a day.

Access to food and shelter

Access to food is through their host communities; about half pay rent to their host families.

Level of financial inclusion

Because many IDPs are working, receiving money more efficiently is important to them, particularly as they get paid in cash.

IDPs in Kasai hold and use more financial products than others in the survey; borrowing money from friends and family is the most commonly cited, at an average of just under \$20.



Key opportunities

We believe there are two key areas of opportunity for building a business among the wider refugee population in the DRC.



Offer micro-loans

There is a major need for “micro” borrowing of all types – but especially for short-term emergencies and day-to-day expenses. Loans could be small and repayable within a few days or weeks to build credit history. One option would be to look into offering “digital credit”, from automatic underwriting to loan disbursement and repayment, as a way of reducing transaction costs for small credit lines.



Supply affordable electricity/power

None of the refugees have electricity and therefore lack access to basic services such as lighting, security and charging of radios and phones. Any reliable power supply – a large-scale generator or solar energy – would clearly meet the need. These could be supplied either individually or (more likely) to a larger group, and perhaps even be financed at the group level, possibly using a Pay-As-You-Go (PAYG) scheme. Alternatively, these could be sold to the camp organisers themselves or subsidised by them.

For the wider IDP population, two further considerations stand out.



Boost “Send Money”

While only a small portion of IDPs send money, the average amount (~34K CDF/\$21) is relatively high for this segment and represents a respectable ~10B CDF/\$6M in domestic transfers per month. Most IDPs have a phone and proximity to a mobile money and money transfer agent, so there could well be “latent demand” for boosting the existing product or creating a new service that directly addresses the needs of this “IDP sender” segment.



Make utility payments more effective

Market projections directionally estimate nearly 34B CDF/\$21M per month in spend on utility payments among the IDP segment. If any part of the product or overall experience could be improved – such as enabling remote payments, offering discounts and promotions, or more effective or cheaper alternatives to current utility providers – there is likely a viable business case behind it.

[Click here to read the full report](#) 



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