

# Refugees and Their Money: The Financial Lives of Refugees in Rwanda



# Background

## Purpose of this document

This is a two-page brief of the research conducted by BFA and FSD Africa, funded by UK aid, which was completed in partnership with UNHCR and Access to Finance Rwanda.

This brief summarises the business case for providing financial services to refugees in Rwanda. The full report will be released shortly.

## The business case - in summary

Rwanda has hosted refugees from Congo and Burundi for over 20 years and as of June 2017, the refugee population was at 160,000. About half are 16 years or older and more than half (52%) are women.



A large segment of these refugees, roughly 90% of households, appears to be as eligible for financial services as any other client segment, especially rural dwellers. None the less, financial service providers (FSPs) have largely overlooked refugees as a viable client segment.

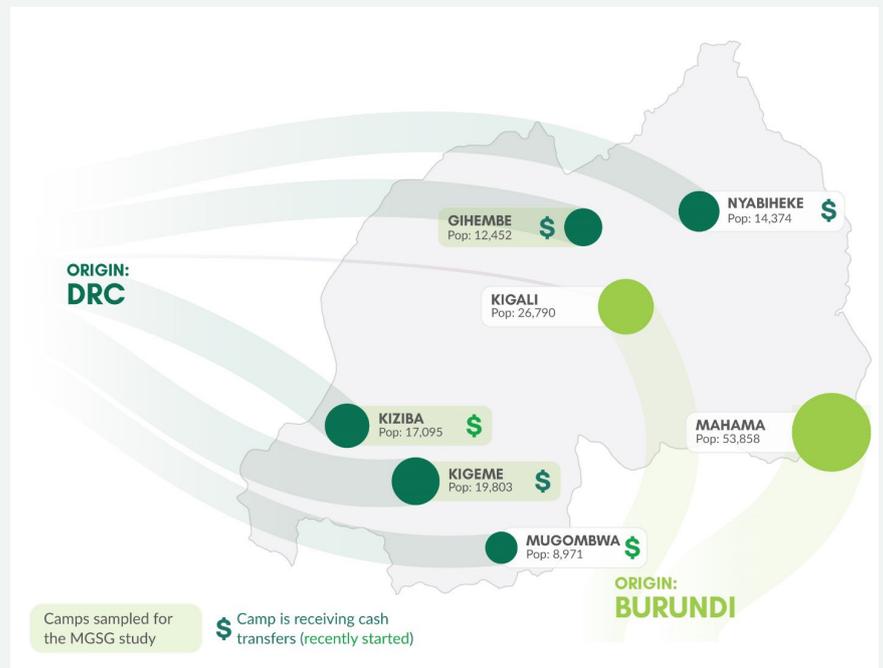
The longevity of the camps suggests the refugees they host are more likely to be permanent than transient. In addition, these refugees exist in a highly progressive policy and regulatory environment.

According to the MIDIMAR/UNHCR economic inclusion strategy report, Rwandan law allows refugees to work in any part of the country. UNHCR and Government of Rwanda documentation is also permitted as banking identification for refugees. In fact, Equity Bank has already successfully issued bank accounts to many of Rwanda's refugee population.

In many ways, the lives of refugees are no different from Rwandan nationals and they have a strong need for comprehensive financial services to support their livelihoods.

For financial service providers, the business case of providing financial services to refugees is clear – a reasonably large, middle income, entrepreneurial and un-tapped group of customers.

Figure 1: Location and size of refugee camps as well as settlers in Kigali<sup>1,2</sup>



1. The size of the circle is directly proportional to the number of the refugees' households in the camp.

2. Author's calculations based on the MSGS (2016) and UNHCR (2017) data sets. Households: Kigali: 14,200; Mahama: 18,527; Nyabiheke: 2,785; Gihembe: 2,865; Kiziba: 3,490; Kigeme: 3,834; Mugombwa: 2,011.

# The business case - in detail

## 1. Camps are moving to digital cash transfers

- Four out of six camps in Rwanda have digital cash transfers of aid from UNHCR and World Food Programme (WFP) and for the other two, this will be rolled out soon
- Each household head receives 7600 RWF (\$8.86) per person per month in the form of a digital cash transfer. These transfers are not tied to food and as such represent a steady stream of income with which to save or repay a loan
- Most eligible refugees possess a bank account and familiarity with financial products

## 2. Contrary to expectations, refugees in Rwanda have enough income to be strong potential customers for FSPs

- 42% of refugees, in addition to cash transfers, receive income from another source such as a salaried job, remittances, odd jobs/self-employment, and agriculture
- 10% of households have a median income of 43,200 RWF (US \$51.40). More information is in this figure below

## 3. A new financial market of 44,000 households

- Roughly 90% of the 49,166 refugee households, which is approximately 44,000 households, earn more than 25,000 KWF per month, the monthly median earnings of a banked Rwandan national, FinScope 2016
- If refugee populations were banked, this could increase the bank account holders and number of loans from a bank/ SACCO/MFI<sup>3</sup> by 6% and 19%, respectively

## 4. Refugees are familiar with financial services and want to use them again, perhaps even more urgently than Rwandan nationals

- To supplement the lack of formal financial services, refugees have used informal credit and VSLAs
- As FSDA observed, numerous small businesses, like tailoring, a food canteen and bag making, have flourished in camps when they have had access to a loan but such loans remain rare
- Refugees' take-up of savings groups, for example, was much faster than in savings groups introduced in other non-refugee populations. In Mahama camp, savings groups were introduced by a local NGO and about 4 000 refugees (15% of the adults in the camp, mostly women) have become involved in the first year alone

3. <http://www.statistics.gov.rw/publication/finscope-rwanda-2016>

