

## TERMS OF REFERENCE

### REFUGEES' MARKET ASSESSMENT FOR FINANCIAL INCLUSION IN UGANDA and JORDAN

#### 1. Overview

Grameen Credit Agricole Foundation, in partnership with the United Nations High Commissioner for Refugees (UNHCR) and the Swedish Development Agency (Sida), wishes to appoint qualified consultants/consultancy firms to carry out an assessment on the financial needs of refugees and the business case for serving them in Uganda and Jordan.

The consultant will carry-out an in-depth analysis of the demand for financial and non-financial products and services among refugees and their host communities in the districts of West Nile and South West in Uganda, as well as in camps and urban areas in Jordan. The aim of the study is to gain a robust understanding of this market's unmet financial needs and opportunities for financial service providers (FSPs) to profitably serving them.

The findings will help FSPs design credit products that can support business activities and consumption needs of the target market; the research will also provide essential information about the demand for savings accounts, payments services and other products and services that FSPs could be offering.

Specific tasks of the research (detailed in session 4) include:

- Market segmentation: segmentation of the market based on demographic/socio-economic characteristics (part of this data has been collected by UNHCR and the consultant will be compiling it into the report).
- Demand evaluation: assessment of the financial needs and products preferences of the target population, as well as of the possible need for non-financial services.
- Potential areas for future businesses for refugees: market assessment of areas with a comparative advantage for refugees to set-up or expand a business in the short and long term.
- Client's affordability and creditworthiness: analysis of client's affordability for financial services, primarily through cash flow analysis, current savings and borrowing practices.
- Challenges and barriers: identification of main obstacles that refugees are facing in accessing self-employment opportunities in the target areas.
- Product prototype testing: gathering response from a refugee sample on a product concept that selected FSPs would like to test, to then be refined it into a prototype ready for pilot-testing.
- Conflict analysis: conflict sensitive assessment of the impact of the proposed intervention, including a valuation of drivers of conflict between host community and refugee population and mitigation efforts thereof connected to the granting of microcredits and providing TA to refugees.
- Risk assessment: assessment of external risks that could pose an obstacle to the successful implementation of the intervention from both a legal and a protection standpoint.
- Do no harm: assess the context and anticipate any possible protection threats for the refugee population deriving from access to loans, and how these potential negative consequences can be avoided or minimised.

The research will be designed in collaboration with three to four FSPs already selected, so that the insights produced can be relevant and useful to their products development and testing. The main findings of the assessment will be made publicly available, so that providers in the market can gain an understanding of the business case for serving refugees.

## **2. Timeframe**

The assignment is expected to take place between January and February 2018.

## **3. Background**

Refugees face even harder constraints to access formal credit than the local population, since FSPs are not familiar with their livelihoods conditions, opportunities, and households' economics. The result is a largely unmet demand for financial services amongst the refugee population.

Sida and UNHCR are establishing a financial inclusion program which aims at improving access to credit to refugees and host communities in Uganda and in Jordan for income generating activities and consumption smoothing.

The program follows a market-based approach which involves partnering with a selected microfinance investment fund –Grameen Credit Agricole Foundation– that will be providing debt funding to financial service providers (FSPs) in each country, willing to extend their credit products to refugees.

In addition, Sida is establishing a technical assistance fund aiming at offering non-financial services to refugees and to contribute covering some of the initial set-up costs incurred by the FSPs to start lending operations to refugees, including the market assessment part of this ToR.

Within the overarching goal of providing access to credit for refugees, the specific objectives of the program are to:

### **UNDERSTAND THE NEED AND MARKET POTENTIAL OF CREDIT FOR REFUGEES.**

This will be done by:

- Assessing the level of demand for credit for income generation activities and consumption smoothing amongst selected refugee populations;
- Monitoring the risk profile of refugee populations to assess whether it is any different from the rest of microfinance clients, and if so, how can this risk be managed effectively/viably;
- Understanding what types of incentives FSPs might need to sustainably serve refugees in addition to the guarantee (financial as well as non-financial).

### **PROMOTE LIVELIHOODS AND IMPROVE RESILIENCE OF REFUGEES AND HOST COMMUNITIES.**

This will be done by:

- Fostering self-employment by supporting start-ups and expansion of existing business activities through microcredit loans;
- Providing credit for consumption smoothing and emergency loans to improve households' resilience and reduce vulnerability;

- Enhancing refugees business skills and financial literacy through the provision of non-financial services;
- Facilitating refugees' employment by supporting SMEs lending among the host population in those sectors where refugees can be employed, in accordance with the countries' laws.

### *Uganda*

Uganda currently ranks among the top three refugee hosting nations in the world. A mass influx of refugees from South Sudan since July 2016 made Uganda the leading refugee hosting country in Africa, with over 1,381,207 among refugees and asylum seekers as of October 2017. The refugees in Uganda come from about 13 countries; the main groups being South Sudan, Democratic Republic of Congo, Rwanda, Burundi, Somalia and Eritrea.

Uganda maintains very progressive laws for refugees. Refugees and asylum seekers are entitled to work, can own a plot of land, have freedom of movement, and can access Ugandan social services, such as health and education. All refugees are issued with documents (Individual ID Cards and family attestations) through biometric registration.

Uganda's 2006 Refugee Act empowers refugees to become gainfully employed, self-sufficient, and to live in dignity. The Act contains provisions for protection, property rights, freedom of movement, access to livelihoods, and provision of services to refugee families. Refugees are allocated land to grow food for the entire duration of their stay in the country, and can work or set up businesses to help them become self-sufficient and less dependent on handouts. Refugees located in rural settlements, whether on community-owned or gazetted lands, are able to access basic services, receive physical protection, and cultivate land provided to them for self-sustenance. Refugees with some income or ability to fend for themselves are self-settled in urban centres.

The 'Refugee's commercial Rights Act' no. 2 of 2006 under Section 29(1)(e) mentions that 'Refugees have rights to engage in agriculture, industry, handicrafts, and commerce and establish commercial and industrial companies in accordance with the applicable laws and regulations'.

In terms of access to financial services, the landscape has improved dramatically in recent years, especially due to the fast penetration of mobile money. Nevertheless, the majority of the population is still unable to access formal financial institutions for credit, leaving them unable to invest in business for income generating activities, thus continuing to rely on subsistence activities, particularly in the agricultural sector. There are no financial institutions currently providing credit to refugees in camp areas.

### *Jordan*

Jordan continues to host a considerable number of refugees, and contributes substantial assistance.

As of June 2017, Jordan hosted 736,396 refugees, 91% of which were Syrians and others were mainly Iraqis. Seventy eight percent are residing in Jordanian host communities, with largest concentrations in the governorates of Amman (27%), Mafrq (25%), Irbid (22%) and Zarqa (14%). Only 21 per cent of Syrians live in camps, in urban and peri-urban and rural areas.

Of over 650, 000 refugees from Syria registered by UNHCR in Jordan, 297, 000 are men and women of working age (18-59).

Years of protracted displacement have had a significant impact on both the refugee community and the Jordanian economy, with an estimated 86% of refugees now living below the Jordanian poverty

line of 68 JOD per capita per month. Over 80 percent of refugees live outside camps and many have entered a cycle of asset depletion, with savings exhausted and levels of debt increasing.

The majority of Syrian refugees live in a situation of protracted displacement in urban settings outside of camps. They have accumulated debts and are highly shelter vulnerable. They face difficulties in meeting their basic needs and in accessing labor permit, thus relying on informal work to generate some income.

The Central Bank of Jordan has embarked on a national policy process for enhancing the formal financial inclusion of all, including refugees and the low-income population. Currently there is only one microfinance institution that is providing loans to refugees outside camp areas.

#### **4. Scope**

The information gathered during this assignment will provide evidence on the size and the dynamics of the demand for financial services amongst refugees. The research will be useful for FSPs to tailor their business case and product development requirements.

The information that the assessment will be covering include:

- The profiles (socio-demographic characteristics) of the sample respondents who are individual in households based in the refugee settlements. Their socio-demographic characteristics including sex, age, marital status and level of education;
- Key forms of identification among refugees that will inform the design of KYC requirements
- Key economic activities that form the major sources of income (segmented by host community/refugees, age, gender, household vs single, time of arrival in settlements);
- Income from cash assistance;
- Levels of income among individual refugees;
- Specific loan needs of the refugees households in the refugee settlements;
- Specific loan attributes desired by refugees and their preferences in respect to principal loan amounts, loan tenor and period, modes and or forms of loan repayment;
- Possible types of business and household assets that can be mortgaged as collateral for loans and the level of willingness to do so;
- Willingness to pay loan interest and related fees, and offer personal guarantees for loans
- The desired approach of accessing loans by refugees – individual vs group;
- Specific non-financial services needs of the refugees (like financial literacy, business support, etc.) and type of trainings desired;
- The most common means of access to information within the refugee settlements and the surrounding host communities and their preference regarding the channels for communication and marketing;
- What are the potential areas for future businesses for refugees - which have a strong and growing demand, vs any potential areas of conflict with businesses which will compete and deplete the businesses of the host community;
- Mobile phone access (how is the connectivity; approximate needs in terms of agent banking - how many agents would be needed to make this viable, how much money would be needed per week);
- Saving Groups - how many savings groups exist? How many months have they been saving for? How much is one share (typically); do they share out? How long will be one saving group cycle (12 months?); how many of the saving groups have members who have started an income generating activity? Are businesses individual, or group based.

- External risks to the successful implementation of the intervention, including possible legal obstacles for refugees to take a loan, open an account, start a business etc.

#### Understanding of agriculture work (specifically for Uganda)

- Which crops / animals and for each, the cost of cultivation / animal fattening, availability of supplies (names of suppliers and comment on what is and is not available);
- Months of planting and harvesting by crop and price per kilo which can be obtained, and information about how reliable the price is;
- How much land is available the refugees for rent from the host community, by refugee settlement, in what multiples, and for what price, period (# of months) and conditions (need for security? upfront payment? frequency of payment? what comfort do people have that if they plant crops they will not get kicked off the land prior to harvest);
- Are people renting the land already (how many people, and what is their experience - any initial problems to be aware of);
- How wide-spread is labor being used in the camp by farms around the camp. How much are they paid daily? Which months / seasons is this land available?

#### 5. Deliverables

- A report ready for publication summarizing and detailing the findings from each assessment written in MS Word;
- A confidential report with specific recommendations to the selected FSPs written in MS Word, which takes into consideration the operational capacity, products and services offering, and objectives of individual FSPs;
- A PowerPoint presentation of the study key findings and recommendations;
- Proposals shall be submitted in English.

#### 6. Milestone payments:

- Project plan including timeline (20% payment);
- Surveys completed and first draft of the general market assessment handed out (30% payment);
- Final market assessment report ready for publication, two individual reports handed out to the selected FSPs and a PowerPoint presentation of the study key findings and recommendations (50%).

#### 7. Invitation to tender

Grameen Credit Agricole Foundation is inviting tenders from suitably qualified consultants/consultancy firms. Consultants/consultancy firms can tender for the two missions together or separately only for one mission; either Jordan, or Uganda, depending on their field of expertise.

The proposal should contain:

- A description of your understanding of the task
- Your proposed methodology and timeline (The sample of refugees to be interviewed will be decided in partnership with UNHCR)
- Proposed team composition and structure
- Relevant experience of team members (the consultant(s) should send their CV or the ones of the members of the firm that will conduct the assessment).
- A proposed budget denominated in EUROS - fees (including day rates and number of days) and expenses. Consultants shall state their price component for cost incurred in Euro and if necessary in local currency. Consultants who intend to incur cost in other currencies for the assignment may state the corresponding price component in Euros.

Your proposal should be sent by email to [philippe.guichandut@credit-agricole-sa.fr](mailto:philippe.guichandut@credit-agricole-sa.fr) by **12:00 CET 8<sup>th</sup> January 2018**. Consultant must submit an electronic version of the Proposal

Clarifications may be requested not later than 2 days before the submission date and sent to [philippe.guichandut@credit-agricole-sa.fr](mailto:philippe.guichandut@credit-agricole-sa.fr)

Proposals must remain valid 60 days after the submission date.

Criteria, sub-criteria, and point system for the evaluation of Technical Proposals are:

- |       |  |       |
|-------|--|-------|
| (i)   | Specific experience of the main Consultants (team leader) relevant to the assignment:                          | [ 15] |
| (ii)  | Adequacy of the proposed methodology and work plan in responding to the Terms of Reference:                    |       |
|       | a) Technical approach and methodology  | [30]  |
|       | b) Work plan   | [10]  |
|       | c) Organization and staffing   | [15]  |
|       | Total points for criterion (ii):   | [55]  |
| (iii) | Key professional staff qualifications and competence for the assignment, including presence of national staff: | [30]  |

Total points for the three criteria: 100

The minimum technical score required to pass is: 70 Points

The weights given to the Technical and Financial Proposals are: Technical = 0.8, and Financial = 0.2

### **8. Profile of Consultant(s):**

- At least 10 years of proven experience in conducting high quality research and evaluation in the field of financial inclusion
- Understanding of and experience in the countries of research
- Demonstrated experience with research in the refugee landscape
- Excellent writing skills in English

### **9. About us**

### **Sida**

The Swedish International Development Cooperation Agency, Sida, is a government agency working on behalf of the Swedish parliament and government, with the mission to reduce poverty in the world. Through our work and in cooperation with others, we contribute to implementing Sweden's Policy for Global Development.

### **UN High Commissioner for Refugees**

UNHCR, the UN Refugee Agency, is a global organisation dedicated to saving lives, protecting rights and building a better future for refugees, forcibly displaced communities and stateless people. It works to ensure that everybody has the right to seek asylum and find safe refuge, having fled violence, persecution, war or disaster at home. Since 1950, it has faced multiple crises on multiple continents, and provided vital assistance to refugees, asylum-seekers, internally displaced and stateless people, many of whom have nobody left to turn to.

### **Grameen Credit Agricole Foundation**

Initiated in 2008 by the Groupe Crédit Agricole, in partnership with Prof. Muhammad Yunus, Founder of the Grameen Bank and Peace Nobel Prize 2006, the Foundation Grameen Crédit Agricole aims at contributing to the fight against poverty in developing countries by financing microfinance institutions and social business enterprises. It provides loans, equity, guaranties and technical assistance to its partners. Initially the Foundation received an endowment of 50 million euros. Currently the Foundation works with 66 partners in 28 countries.