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EXPERT ADVISORY CALL-DOWN SERVICE (EACDS) LOT B:

STRENGTHENING RESILIENCE AND RESPONSE TO CRISES

PRODUCED FOR

CENTRE FOR DISASTER PROTECTION

AIRBEL CENTER
DESIGNING & TESTING SOLUTIONS IN CRISES

UKaid
from the British people

INNOVATION LAB: INFORMATION-BASED SOLUTIONS

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SERVICE IMPLEMENTATION
BY A DAI CONSORTIUM

DAI

EXPERT ADVISORY CALL DOWN SERVICE – LOT B

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THE SERVICE

Through the Lot B: Resilience service, DAI offers rapid response, high quality support to UK Government and other donors, across a wide range of development and humanitarian challenges.

We offer support for risk informed design for development interventions across all sectors; risk and contingency financing; understanding changing systems; and strategic integration of humanitarian action and development.

We offer a clear process for users that draws upon a well-established network of relevant expertise provided through over 60 consortium partners. We are able to build strong practical partnerships for rapid and responsive delivery through:

- A dedicated, easy-to-access Secretariat to manage new enquiries and assure delivery
- Consistent end-to-end quality assurance
- A user friendly, customer oriented outlook
- A pro-active approach to knowledge sharing and communication
- A focus on due diligence, efficiency and cost effectiveness.

ACKNOWLEDGEMENTS AND DISCLAIMER

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Several of the ideas proposed at the Innovation Lab events would more appropriately be considered as 'programmes' to support refugees, rather than 'financing solutions'. Whilst these programmes are outside the original scope of the Innovation Labs, they are nonetheless valuable ideas that should not be lost and as such have been included here.

The proposals identified below were developed in an intensive, one day events. As such, they are high level ideas that require significant additional work to test the validity of the concept and efficacy of the idea. They are a long way from being fully formed or transaction-ready.

1 CONNECTION VIA INFORMATION

Three interventions focused on using information to connect refugees with finance. These interventions recognised the human potential and intellectual capital that exists in refugee populations and seeks to cultivate it, allowing self-sufficiency, entrepreneurialism and long-term access to capital.

1.1 DATA PLATFORM

Challenge	Duration
Solution Name	Data Platform
Solution Summary	How to mobilise data to bridge gaps and create opportunities for refugees and private sector in a protracted crisis
Who	Refugees and local populations
Why	There is asymmetry of information between investors, NGOs and governments, and opportunities are being missed
How	• Disparate existing data is made available for public use by building a public data platform • The data platform collates needs assessment data already collected and makes it available for all
Details	• Donors will require data sharing as a condition of funds, nominate a coordinator country (i.e. Netherlands). Nominate WB to coordinate. • UN agencies (WFP, UNHCR, UNICEF) agree to data sharing process • World Bank tenders the implementation and is broker & coordinator • Data should also be accessible to refugees. Develop tools to make it accessible. Refugees can use their own data, and can shape database by uploading their own information. • Various relief agencies will share and upload their data. • Local private sector: share investment constraints as part of pilots (Jordan & Kenya) in early programme stages • Investors (private and public, refugees and host) will use information for investment decisions.
Metrics	• Use/access/number of citations of data platform

	• Cost savings (avoid data collection duplication) • Number of investments/funding commitments made attributable to data platform • Improvements in refugee outcomes
Comments	• Good potential to build data foundation for better decision making both by public and private sector • Data validation and maintenance challenge • A programme rather than a financial intervention

1.2 MOBILE RECORDS[1]

Challenge	**Shape &/or Duration Challenge***
Solution Name	Mobile Records - Enable
Solution Summary	A new mobile platform to develop financial track-record targeted to refugees
Who	• Rating agencies and credit scoring agencies* • DFI / IFI* • Local retail banks*
Why	Refugee women and men (as well as other vulnerable groups in local/host country) are unable to access finance to invest in own futures – excluded from financial services, perceived as higher risk, due to lack of recognised credit history.
How	Digital platform to allow refugees to establish verifiable credit history*
Details	Digital platform to: • Enable financial identification – previous and future bankability • build credit history – reduce risk of default • enable access to financial services Establish fit of solution – with refugee men and women population Design use cases through pilots – for evidence base now (Research and NGO) 3 contexts – • Technical solution design -> Start-ups • Implementation design -> Partners needed – NGOs, Research, Local FIs, • Education and Advocacy - Financial Literacy and Value of Maintaining a Good Credit History Regulation

[1] Details marked with (*) indicate that these were not included/addressed in the initial Innovation Lab proposals, and instead have been proposed by the DAI research team during the post-Lab review process.

Metrics	• Partners (e.g. FIs, utilities) sharing data to platform • People with credit history day 0 • People with credit history year 2 • Financial services provided – eg # of loans, savings accounts, insurance • Service add-ons
Comments	• Enables refugees to establish credit history thereby enabling them to access credit (subject to other host country restrictions) • Requires buy-in from domestic banks and credit organisations • Could be used for other records (e.g. health, assistance) • A programme rather than a financial intervention

1.3 AFFECTED POPULATIONS MARKETPLACE

Challenge	Shape Challenge
Solution Name	AP (Affected Populations) Marketplace
Solution Summary	Marketplace for fulfilling the needs of a refugee crisis and its affected population (e.g. access to capital, access to employment)
Who	Affected populations
Why	There are too many barriers impeding affected populations' involvement in investment decisions. This is due to lack of information, lack of awareness and interest from donors and potential investors, and communication barriers
How	Single setting pilot (e.g. 3 transactions, 10 investors)
Details	• Tech Providers to build the service • Implementing Agencies to publish and translate needs assessments (project owner) • Project Preparation Team to turn needs and wants into needs preparations • Communications Agency to raise awareness about the marketplace • Donors to mandate implementing agencies to support the creation of markets • Investors
Metrics	• Finance attracted from providers with different levels of concessionality • Volume of bids • Direct feedback from communities (surveys, etc.) • Increase volume and size of transactions every year • Awareness of offers
Comments	• Provides refugees with access to capital to build own businesses

	• Potential conflict with host country laws and regulations • Transaction cost and scalability concerns • A programme rather than a financial intervention

All three interventions seek to address different financing challenges but are very similar in that they use data collection and dissemination to connect refugees with finance or opportunity providers, be they public or private sector. The first looks at the "Duration Challenge", in particular targeting refugee communities that may have established themselves and created markets that could be serviced by investors and capital providers. This intervention seeks to address this by providing potential investors and financiers with information about market opportunities that may exist.

The second intervention is complimentary to the first but rather than seeking to provide market information it enables refugees to establish a financial track record and credit history. This is often a significant barrier to allowing individuals access to finance.

The third intervention addresses the 'Shape Challenge', i.e. using existing funds more effectively and efficiently. This intervention seeks to better connect the refugees with spending and investment decisions being made by implementing agencies and host countries.

All these interventions will establish a solid foundation to better provide refugee populations with access to capital. This is most likely to enable micro-finance schemes and organisations to operate.

1.4 RECOMMENDATIONS

Although coming from different angles, these interventions all address the lack of useable information about refugee finance. This was also a challenge encountered in the development of the various case studies and defining of the financing challenges being addressed in this report. It was found that whilst there was a strong intuitive understanding of the challenges, there was a paucity of data to support these intuitions. Therefore, enabling better data collection and dissemination is likely to have multiple benefits, including but not limited to:

- better understanding of the impact of different interventions;
- connecting host countries and implementing agencies with refugee needs;
- providing investors and capital providers with market actionable information; and
- enabling refugees to access capital to become self-sufficient and/or entrepreneurial.

Micro-finance organisations are now fairly well established and are likely to have potential solutions that could be deployed directly or adapted for refugees. Engagement with this sector is recommended.