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DOCUMENTATION – G20 GPFI HIGH-LEVEL WORKSHOP ON THE
**FINANCIAL INCLUSION OF
FORCIBLY DISPLACED PERSONS**

10-11 SEPTEMBER 2018, THE HAGUE, NETHERLANDS

BACKGROUND

68.5 million people were uprooted from their homes by conflict and persecution at the end of 2017, one of the highest number of forcibly displaced persons (FDPs) globally in more than a century. Providing access to adequate financial services for FDPs is a policy challenge acknowledged by governments, academia, and international organizations alike. Options to safely store money, to build-up savings or receive money transfers, and to carry out day-to-day financial transactions are vital for FDPs. It enables them to master difficult situations, to deploy their competencies, and to exploit their future potential, hereby contributing to the economic development of the host community or country and helping reach the Sustainable Development Goals. However, access to adequate formal financial services is often not or only insufficiently available to FDPs in their host communities, which is a challenge G20 members and many emerging and developing economies share. In 2017, FDPs financial inclusion was set as a key priority of the Global Partnership for Financial Inclusion (GPFI) under the German G20 Presidency. A variety of activities followed and helped to raise awareness and firmly place this rapidly evolving global development issue at the centre of the international debate. As a result, the G20 expressed their appreciation of GPFI's work on this topic and its Leaders tasked the GPFI with developing a G20 Roadmap for '*Sustainable and Responsible Financial Inclusion of FDPs*' in 2018, based on the identified prioritized areas for action of the [GPFI Policy Paper](#).

The Workshop, seen as a central building block in developing the G20 Roadmap, was hosted by the Ministry of Treasury of Argentina and the Ministry of Foreign Affairs of the Netherlands, and organized in partnership with the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Consultative Group to Assist the Poor (CGAP). It convened over 90 participants from 28 countries in a global dialogue on FDPs financial inclusion, comprising representatives of a diverse range of stakeholders. Financial regulators, supervisors and policymakers from G20 and non-G20 countries, humanitarian and development agencies, private sector partners (including banks and fintechs), and academics came together to discuss common challenges and potential solutions to financially include FDPs.

A zero draft of the G20 Roadmap was prepared and shared in the run-up to the Workshop and served as a basis for the discussions. The workshop aimed at encouraging thought leadership and problem-solving, consolidating views from different sectoral actors, and identifying and prioritizing ways to address the issue of financial inclusion of FDPs – to be reflected in the G20 Roadmap.

WELCOMING REMARKS AND KEYNOTE SPEECH

In the presence of Her Majesty Queen Máxima of the Netherlands, in her role of UN Secretary General's Special Advocate for Inclusive Finance for Development and Honorary Patron of the GPFI, speakers emphasized the importance of financial inclusion, particularly for ending poverty and hunger, reducing inequalities, and achieving decent work and economic growth, hereby reaching the Sustainable Development Goals. The work of the Global Partnership for Financial Inclusion (GPFI) is of major importance to allow 1.7 billion people globally to access financial services and seize economic opportunities. In particular, GPFI's focus on vulnerable groups – such as the 68.5 million people living in forced displacement – is needed and highly appreciated in order to achieve strategic priorities of GPFI members in creating markets and opportunities.

Speakers called for a joint effort to implement the G20 Roadmap wherever appropriate and applicable. They invited stakeholders to provide funding and help build knowledge and systems. Communities hosting refugees and displaced people are often equally poor, and also need our support.

OPENING SESSION N°1: FRAMING THE TOPIC FOR A HOPEFUL FUTURE

This high-level opening session helped frame the issue, reminding participants that financial inclusion is a key component of resiliency as well as a crucial component of inclusive and sustainable development. Evidence shows that the costs of inclusion are lower than the costs of exclusion. Research has also helped debunk some of the common myths about refugees, notably as potential borrowers since they do pay back loans, and often stay in one place long enough to be valuable customers. In effect, experience shows that refugees tend to be strong money managers. Women, in particular, can be incredibly creative in finding livelihood solutions even in challenging situations.

Participants were invited to think creatively about policy improvements, and engagement of the private sector, which can be a powerful voice for refugees. A particularly noteworthy example came from Turkey, where the garment and building industries successfully advocated for the government to grant refugees the right to open a bank account.

FORCED DISPLACEMENT: A JOURNEY



SESSION N°2: WHAT'S ON YOUR MIND? THE G20 ROADMAP UNVEILED

This interactive session presented the GPFI work on forced displacement, including highlights and priority actions outlined in the policy paper. Speakers went through the five key challenges to financial inclusion of FDPs, as identified in the GPFI Policy Paper:

1. Lack of conducive policy and regulatory framework conditions;
2. Insufficient or inadequate financial and physical infrastructure;
3. Limited consumer protection, awareness, and financial literacy;
4. Insufficient engagement of financial service providers;
5. Insufficient coordination and alignment between stakeholders;

...and the six thematic clusters of the G20 Roadmap:

1. National Strategies and Regulation;
2. Resiliency of Financial Infrastructure;
3. Identification and related International Standards on AML/CFT;
4. Bridging Humanitarian Response and Development Approaches with Digitized Payments;
5. Financial Consumer and Data Protection; and
6. Economic Participation.

The topic raised many questions and reactions as to the best way to target FDPs as a client group. Discussions highlighted the need for segmentation, as FDPs are not a uniform segment, and the need to adapt communication and delivery channels: even though FDPs may have the same economic profile and financial needs as host communities, levels of financial literacy may differ.



SESSION N°3: FROM CASH TRANSFERS TO FINANCIAL INCLUSION – HOW DO WE MAKE IT WORK?

The Cash Learning Partnership (CaLP) set the stage by providing an overview of recent developments of cash transfer programming (CTP) in humanitarian aid. While cash is still only a small portion of humanitarian aid overall (10% in 2016), recent developments and the commitment of aid organizations and donors confirm an expected increased use of CTP (probably up to 40%). Key challenges implementing CTP include: organizational capacity; evidence gap as to the appropriate use and operating models of CTPs; and quality and predictability of coordination.

There was an overall agreement on the fact that humanitarian CTP should contribute to long-term financial inclusion where possible. Panelists stressed that financial inclusion is not an end in itself, but a way to build resilience, absorb shocks, and seize socio-economic opportunities. For some humanitarian actors, financial inclusion is a key implementing principle from day one when it comes to cash transfer programming. The sheer volume of transfers makes CTP a unique entry point for further financial inclusion. However, panelists confirmed that building the bridge from cash transfers to financial inclusion would not happen automatically, as the latter often remains an aspiration, outranked by the need to prioritize and efficiently allocate scarce funds. A crucial step towards this goal will be to listen and understand FDPs themselves: their behavior, their decision-making process, and the trade-offs they have to make. Then there is of course what the formal financial sector can or cannot provide, such as when investment is made in livestock instead of savings in an account.

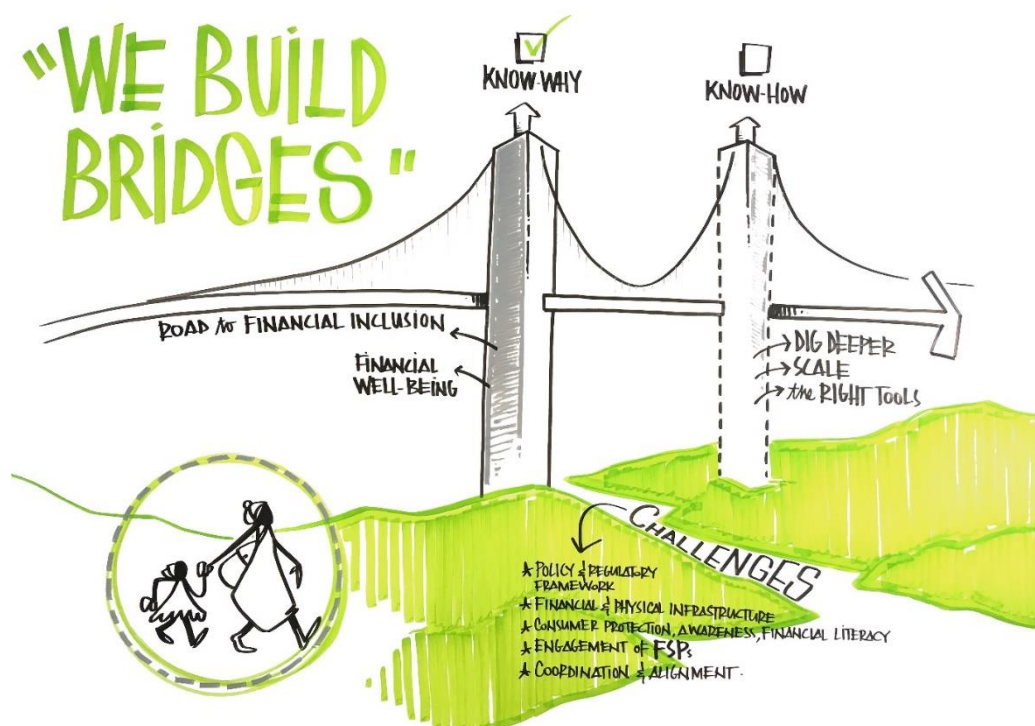
In addition to the challenges, the financial inclusion promise of cash transfers can only be realized if the following issues are also addressed:

- The regulatory environment and the ID requirements;
- Service provision and connectivity;
- Perception of financial service providers and policy makers that FDPs are a burden;
- Lack of scale for creating a business case; and
- Privacy and data protection.

WRAP-UP – DAY ONE

During this first day, a broad vision emerged to use financial inclusion to build the bridge between humanitarian relief and long-term FDP resilience. Consensus was reached as to ‘why’ financial inclusion is important in humanitarian contexts. The next and even bigger question is ‘how’ this should be achieved.

Two main answers to the latter deserve being highlighted from the G20 Roadmap for ‘*Sustainable and Responsible Financial Inclusion of FDPs*’. First, the humanitarian and development sectors need to jointly create solutions to maximize the impact of their approaches. In that regard, the mapping of ongoing activities related to the financial inclusion of FDPs revealed both the breadth of practical interventions and the numerous silos. By defining the roles and priorities of different stakeholders, the roadmap offers a guide for cooperation. Second, there should be a focus on people-centric approaches to achieve more effective policies. This was evident from the journeys of refugees and urges to spend more time on understanding the needs of FDPs.



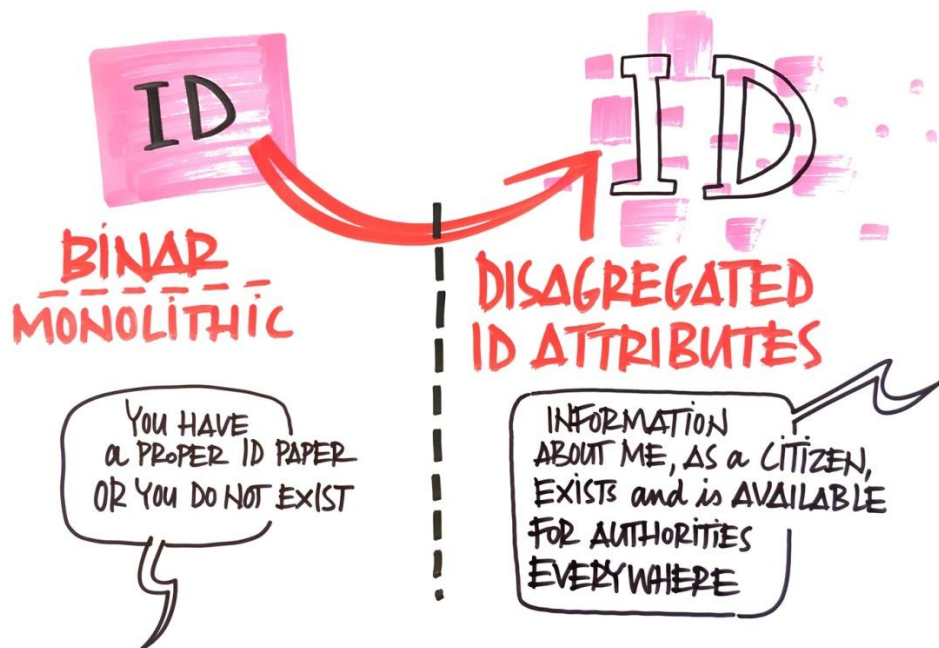
FIRE-SIDE CHAT

This session gathered stakeholders who had previous field experience with FDPs or in FDP hosting countries. Linking their past and present roles, speakers emphasized the key outcome of day one, namely the shift from ‘why’ financial inclusion of FDPs matters, to ‘how’ it can be achieved. Whether it is through the vivid economy developing in secluded refugee camps (for example in Dadaab, Kenya), or the fact that FDPs outside camps blend into the local economies of the host areas (as observed in Zambia, at times surrounded by conflicts in up to five neighboring countries), a diversity of situations has indeed made the case for financial inclusion of FDPs.

However, speakers also highlighted the need to advocate beyond closed circles and stop “preaching to the converted”. It is particularly important to raise awareness about the need and benefits of financial inclusion of FDPs in contexts where the various stakeholders are not yet convinced. The importance of peer-to-peer learning, especially with non-G20 countries that have been less exposed to the roadmap, was highlighted as a key driver of implementation. As concerns regarding policy coherence were raised between the G20 Roadmap, the Global Compact on Refugees, and the Global Compact on Migration, the session ended reminding the specificity of FDPs as a distinct target group.

SESSION N°4: DIGITAL SOLUTIONS – IDENTIFICATION, FINANCIAL INTEGRITY, AND DATA PROTECTION

This session encouraged panelists to debate the opportunities and risks of digital solutions by focusing on what can be achieved in terms of FDPs identification by 2030, taking into account the two main issues of coverage and quality. According to the World Bank, 1.1 billion people globally do not have proof of identity, and this coverage issue is likely to also affect FDPs for whom there is no good identification data. Quality is the other fundamental characteristic of identification, as an identification document (ID) needs to be robust and widely accepted (see the 10 Principles of Identification for Sustainable Development). The visioning statements led to a vivid debate as to what is possible or even desirable, as we look to fill in existing gaps.



Statement: By 2030, all individuals will be able to carry and use their identifying data, gathered from a wide variety of sources, with them in any country, regardless of nationality or displacement status.

Panelists generally agreed that this is possible, and that the technology is already there to make it happen, but questions remain:

- Will new systems add value to the end user?
- Will there be proper safeguards in terms of privacy, data agency, and right to rectification and redress?
- What will count as identity given the numerous possible data sources?
- Will governments accept new forms of identification and promote interoperability?

Statement: By 2030, FDPs will feel entirely confident using a variety of biometric data to authenticate their identity & trust that this data will not be lost or misused.

For a number of reasons, panelists were more skeptical that this can happen by 2030. While more biometric data are being used, more are also being misused, and trust is the key missing factor

(example was taken of the audience who is neither vulnerable nor displaced, yet do not trust major tech companies). This leads to a tension between aid-funded closed-loop private and secure systems, and the possibility of opening them up to facilitate financial inclusion. Besides, who would be in trained enough and in charge of reporting data misuse?

To get there, we need to better:

- Understand who benefits versus who bears the risks, as those are often different people/stakeholders;
- Document risks so that they can be communicated and understood;
- Shift mindsets from tech companies owning and managing data to a “personal data management industry”;
- Adapt regulations to biometrics, especially passive biometrics such as facial that can currently be captured without consent;
- Shift to global ID acceptance, including when ID is issued in another -- something Governments are still reluctant to do.

Statement: By 2030, it will no longer be necessary to have offline options for authentication – either because connectivity is ubiquitous, or there are sufficient low-cost, low-bandwidth options for authentication.

Most panelists agreed this is not realistic. Any technology-dependent solution inherently bears exclusions risks, although it is a lot cheaper. Emergencies can however be an opportunity to boost capabilities e.g. when there are lasting impacts of investments in connectivity that benefits all.

In sum:

- ID is a socio-economic enabler and should not be a silo system;
- Aid programs need to move towards digitizing their relationship with their beneficiaries – or better, their end consumers;
- Regulators need to allow innovation to be tested and experimented, e.g. in sandboxes for tiered ID regulations; and
- Fostering trust is the most important aspect of building either functional or foundational IDs.

SESSION N°5: ROLE OF FINANCIAL SERVICES IN LIVELIHOODS – A CHICKEN AND EGG DILEMMA?

This session provided insights into the economic lives of refugees, unpacked the different factors affecting livelihood opportunities for FDPs, and highlighted the role of financial services provision as well as existing barriers accessing them and the importance of enabling policies. Clearly, access to livelihoods differs for the three FDP segments, namely internally displaced people(IDPs), refugees, and asylum seekers. While IDPs generally have the same access, refugee’s livelihoods opportunities and types are often limited – depending on the duration of displacement, location and policies of the host country.

Panelists stressed that most FDPs do engage actively in their local host economy, albeit mostly informally – they exploit the opportunities, and the human and social capital they possess and, where

possible, blend in the local value and supply chains. Panelists discussed different examples of livelihoods (in rural camp and urban settings; in restrictive and enabling political environments) and the emerging challenges with regard to accessing financial services. Many factors, such as access to ID and social networks impact livelihoods. However, the greatest challenge remains right to work. Even when it is in place, it often targets specific sectors and does not necessarily match the FDP's skills. Panelists highlighted that allowing FDPs to engage in the formal business and labor market or at least not prohibiting it, is not only important for FDPs livelihoods but also for local economic development and will in the end lead to investment by the private sector.

Coming to the engagement of financial service providers (FSPs) in supporting FDPs livelihoods, panelists evidenced that the demand for financial services evolves over time and depends on the socio-economic opportunities but does not differ markedly from that of nationals. However, free or subsidized services offered by various organizations often represent short-sighted solutions and might crowd out the private sector. While more FSPs have engaged with FDPs in recent years, notably thanks to studies that helped raise awareness and trigger interest, they still need to build more capacity to understand this customer segment and believe in the business case, which is most likely to happen through field engagement. The real or perceived reputation, credit, and compliance risks remain key challenges for FSPs.

Agreement was reached that policies and official strategies that explicitly prioritize financial inclusion of FDPs and provide clear guidance can help address these challenges. In addition, FSPs need objective, accessible information and data on FDPs to be able to assess the potential business case. Non-financial services by FSPs and mentoring are important complementary instruments for increasing financial services for FDP livelihoods.



SESSION N°6: ROUNDTABLE WITH POLICY MAKERS

Discussions here focused on the need to approach financial inclusion of FDPs as part of a holistic effort addressing a wide array of broader socio-political-economic issues. Whether justified or not, host communities sometimes view FDPs as physical, economic, and/or cultural threats, which often leads to policies that worsen the conditions to FDPs and increases the chances of social tension. Enabling

policies are however possible and the German example was put forward. It extended the EU-directed basic payments accounts (simplified KYC, but no overdraft credit or associated credit card) to the 1.5 million FDPs who have come to Germany since 2015. When it came to remittances, FDPs are known to face an extra set of problems compared to other financial products, as they might be sending to high-risk countries. Overall, most participants agreed that – though probably not justified – host population and policy-makers perceive FDPs as risky groups, which often leads to their exclusion from financial services. Risk assessments are therefore important to evaluate and mitigate the actual risks.

SESSION N°7: LOOKING AHEAD – WHAT IS THE NEXT WALL TO FALL

The intense two-day debates ended with a panel discussion comprising representatives from the humanitarian and development sectors, the private sector, academia, and the GPFI. The session wrapped up the conference and successfully created an atmosphere that “change is in the air” and that financial inclusion of FDPs can become a reality. There was a broad consensus on priorities for next steps that are summarized in four broad areas:

- There is a need for **better coordination** between stakeholders working in different countries. A lot has already been done and the lessons must be shared more pro-actively. There is an urge to work with each other, not only to avoid duplication, but also to leverage the strengths of each stakeholder.
- National strategies with regards to financial inclusion and economic participation have significant influence on the extent to which FDPs could be empowered. There is a need to **share best practices from different countries**. However, the national regulations will vary from one country to another, depending on their specific context and the diverse FDPs needs. This warrants the need to **work closely with the host countries regulators**.
- There is demand for **more data and evidence**. This will be crucial to win the support of different stakeholders in the countries and important international stakeholders such as the Standard Setting Bodies.
- All stakeholders were urged to **adopt a more people-centric approach**. Panelists highlighted the need to focus on **customer protection**, build **resilient last mile infrastructure**, and understand **customer experience**. Putting people at the center would ensure that more inclusive policies and programs are developed to empower them.

NEXT STEPS

The discussions and outcomes of the workshop, as well as written feedback from participants will be incorporated in the G20 Roadmap for ‘*Sustainable and Responsible Financial Inclusion of FDPs*’. The revised G20 Roadmap will be shared with all GPFI members for final comments and endorsement, before being shared with the G20 Leaders.

AGENDA

Monday, September 10th

8:15 – 8:45 Registration & Coffee at the Spaansche Hof (Westeinde 12, The Hague)

9:00 – 9:15 Welcoming Remarks & Keynote Speeches

In the presence of **Her Majesty Queen Máxima of the Netherlands**, in her role of UN Secretary General's Special Advocate for Inclusive Finance for Development and Honorary Patron of the GPFI:

Gabriel Bizama, GPFI Co-Chair, Ministry of Treasury and Finance, Argentina

H.E. Sigrid Kaag, Minister for Foreign Trade and Development Cooperation, The Netherlands

9:15 – 10:00 Opening Session n°1: Framing the Topic For a Hopeful Future

Moderator: **Greta Bull** (CGAP) – Panelists: **H.E. Dr. Tarek Mitri** (Director of the Issam Fares Institute for Public Policy and International Affairs at the American University of Beirut, former Lebanese Minister, and former Head of the United Nations Support Mission in Libya); **Jaime de Bourbon de Parme**(UNHCR); **Maha Bahou** (JO-PACC)

10:00 – 11:00 Group Picture & Coffee Break

11:00 – 11:45 Forced Displacement: A Journey

Presenter: **Kim Wilson** (Tufts University, Fletcher School). Illustrator: **Guillaume Lagane**.

11:45 – 11:55 Video Address

David Miliband, President and CEO, International Rescue Committee (IRC)

11:55 – 12:10 Launch: Scavenger Hunt

12:10 – 13:45 Lunch

13:45 – 15:00 Session n°2: What's On Your Mind? The G20 Roadmap Unveiled

Presenters: **Joscha Albert** (GIZ); **Nadine Chehade** (CGAP); **Chrissy Martin** (Independent Financial Inclusion Expert)

15:00 – 15:30 Coffee Break

15:30 – 16:45 Session n°3: From Cash Transfers to Financial Inclusion, How Do We Make It Work?

Moderator: **Andreas Proksch** (GIZ) – Input: **Sophie Tholstrup** (CaLP) – Panelists: **Hanna Mattinen** (UNHCR); **Imad Al-Oyoun** (Dinarak); **Radha Rajkotia** (IRC)

16:45 – 17:15 Wrap Up

Presenter: **Jamie Zimmermann** (BMGF)

Tuesday, September 11th

8:30 – 9:00 Registration & Coffee at the Spaansche Hof

9:00 – 9:30 Fire-Side Chat

Moderator: **Hans Docter** (Ministry of Foreign Affairs, The Netherlands) – Panelists: **Natascha Beinker** (BMZ, Germany); **Norbert Mumba** (AFI)

9:30 – 11:00 Session n°4: Digital Solutions: Identification, Financial Integrity, and Data Protection

Input: **Anna Metz** (World Bank ID4D) – Moderator: **Nathan Naidoo** (GSMA) – Panelists: **Thea Anderson** (Omidyar Network); **Mohammad Anwarul Islam** (Bangladesh Bank); **Stuart Campo** (Harvard Humanitarian Initiative); **Jean-Marc Stenger** (Gravity); **Robert van der Zee** (WFP)

11:00 – 11:20 Coffee Break

11:20 – 12:40 Session n°5: Role of Financial Services in Livelihoods: a Chicken & Egg Dilemma?

Moderator: **Lene Hansen** (Independent Financial Inclusion Expert) – Panelists: **Michel Botzung** (IFC); **Beatrice Delperdange** (KOIS Invest); **Dr. Youssef Fawaz** (Al Majmoua); **Jennifer Holt** (Building Markets); **Tilda Nabbanja** (Central Bank of Uganda)

12:40 – 14:00 Lunch

14:00 – 15:00 Session n°6: Roundtable with Policy-Makers

Moderator: **Joe Huxley** (FSD Africa) – Panelists: **Mir Ahmad Shekib** (Da Afghanistan Bank); **Maha Bahou** (JO-PACC); **Nangi Massawe** (Bank of Tanzania); **David Pereira** (Banco de Portugal)

15:00 – 15:45 Session n°7: Looking Ahead: What is the Next Wall to Fall?

Moderator: **Tim Nourse** (Making Cents) – Panelists: **Natascha Beinker** (BMZ, Germany); **Nadine Chegade** (CGAP); **Micol Pistelli** (UNHCR); **Allan Waititu** (Equity Bank); **Kim Wilson** (Tufts University, Fletcher School)

15:45 – 16:00 Closing Remarks