

PRODUCT UP-SCALING SUPPORT – FACTSHEET

Product Up-scaling Support	2019-06: Loans, savings and digital cash transfer products for refugee populations in Uganda
Country / Region	Uganda
Partner Financial Institution/s	Opportunity Bank Uganda Ltd (OBUL) & FINCA Uganda
Grantee	<i>Opportunity International Switzerland</i>
Overall Budget	CHF 80'412 (4% Opportunity International contribution ; 22% OBUL contribution ; 10% FINCA Uganda contribution)
SCBF Contribution	CHF 142'271 (64% SCBF funding share)
Date of Approval	21.08.2019
Duration	12.2019 until 05.2021, extended to 12.2022
Context	<p>According to the 2018 FinScope survey 78% of Ugandans are financially included, leaving 22% still excluded. Of the financially included population, 20% use informal service providers only, mainly driven by Village Savings and Loan Associations (VSLAs), 36% use both informal and formal mechanisms and 22% only use formal financial services (banks, Savings and Credit Cooperatives (SACCOs), microfinance institutions and Mobile Money Service Providers (MMSPs)). Just 11% of the population use commercial banks. Whilst financial inclusion amongst the Ugandan population has increased, there is limited data on the financial inclusion of refugees in Uganda. A 2018 UNCDF report 'Assessing the needs of refugees for financial and non-financial services' found that the majority of refugees borrowed informally from family and friends (63%) or through VSLAs (52%), with only 8% accessing a formal loan from a financial service provider (FSP).</p> <p>Building on their experience of providing financial services to rural, marginalized populations in Uganda FINCA and OBUL will develop and test financial products and services tailored to refugees' needs and circumstances. Innovations will be seen in the adaption of traditional financial products and services for refugee populations and by building new digital delivery channels in refugee settlements. In recent years both FINCA and OBUL have developed Digital Financial Services (DFS), including mobile and agency banking, for the Ugandan market and are well positioned to adapt these delivery channels for refugee and host populations.</p>
Current Status of the MFI	FINCA and Opportunity have been working in Uganda since the mid-1990s, providing financial services to poor, marginalized communities. Both have successfully scaled their operations nationally, whilst maintaining their social mission. The provision of digital financial services enabling clients, especially those in remote, rural areas to access full banking services, is core to the long term strategy and growth plans of both institutions. The partnership between FINCA and OBUL will bring economies of scale as research and development costs will be shared and lessons learnt will benefit both organisations. Through consultancy support, the project will build OBUL and FINCA's internal capacity to serve refugees through appropriate financial services.
Objective and Main Activities	The project's aim is to promote the development of self-reliant, integrated and financially included refugee and host communities in Uganda. Through the development of appropriate financial products and services, refugee households in Uganda will be supported to transition from survival mode, whereby they are reliant on humanitarian assistance, to a position of greater financial security and independence, allowing for more efficient and effective management of household finances, future planning and asset acquisition. Upon project completion, the financial institutions should be in a position to deliver a suite of financial products and services, adapted to refugee needs, without the need for external donor support. Specifically, 1,620 clients will have a savings account and 1,215 clients will receive loans.