Workshop on Financial Services to Mitigate Forced Displacement

Beirut, Lebanon

February 20-21, 2019

Summary Report

Table of Content

The workshop's material can be found here:
https://www.cgap.org/events/workshop-financial-services-mitigate-forced-displacement

Background

On February 20-21, 2019, the World Bank Group and the Consultative Group to Assist the Poor (CGAP) held a Workshop entitled **The Role of Financial Services to Mitigate Forced Displacement: Lessons from Lebanon and Jordan** in Beirut, Lebanon**.** Over 100 participants attended from 20 countries representing 53 organizations spanning humanitarian agencies, financial service providers, and development institutions (NGOs, Development Finance Institutions, and International Organizations).

Lebanon and Jordan's economies have been adversely affected by the ongoing conflict in neighboring Syria and closely-linked regional instability. Local economies are strained due to limitations in infrastructure, services, and the increased supply of informal labor. To this end, the Workshop served as a platform for discussions around insights, evidence, and potential programming surrounding financial services and crisis-affected populations.

The Syrian civil war is now in its eighth year and has resulted in an estimated five million refugees who have crossed national boundaries.[1] The length and magnitude of the crisis, combined with decreasing emergency funding available, calls for increasingly efficient social protection mechanisms and for a better allocation of resources, notably by shifting from emergency humanitarian interventions to sustainable approaches focused on resilience. The move towards digital disbursement channels for unconditional cash transfers can contribute to this effort and opens new possibilities in terms of broader access to financial services. Moreover, there is a need to support policymakers in developing sustainable programming focused on resilience and economic development for communities affected by forced displacement.

There is global consensus on financial inclusion being a tool that can accelerate achievement of the UN's Sustainable Development Goals, as it helps people build resilience and seize economic growth opportunities. Today, the financial inclusion of Syrian refugees in Lebanon and Jordan is extremely low, largely due to the reticence of financial services providers to serve the market and to regulatory issues.

The workshop served as a platform for discussion on insights, evidence, and potential programming to enable financial service access and economic opportunities among crisis-affected populations. Sessions included:

- Leveraging financial services in a crisis context;
- Assessing humanitarian cash transfer programs through a financial inclusion and efficiency lens;
- Implementing livelihood programs linked to financial inclusion based on the graduation model;
- Answering unmet financial needs of Syrians and Lebanese in Lebanon.

[1] Data from the UN Office for the Coordination of Humanitarian Affairs.

The workshop also included an activity to discuss key terms used when working on financial services and forced displacement. This helped ensured all participants had a common understanding of technical terms spanning both financial services and humanitarian response. See Annex I for the full agenda and Annex II for a full list of key terms and definitions.

Welcoming Remarks

Three high-level speakers representing the United Nations High Commissioner for Refugees (UNHCR), the World Bank Group (WBG), and the Consultative Group to Assist the Poor (CGAP) opened the session by reiterating the urgency of the Syrian refugee crisis and the need for long-term solutions to respond to the enduring crisis facing both refugees and host communities. The refugee crisis is now the world's largest, surpassing the magnitude of the Afghan crisis. Short-term solutions are no longer tenable as the situation is becoming increasingly protracted. Speakers introduced the potential that financial services have to support resilience and asset-building amongst affected communities.

Speakers set the tone by ensuring that the discussion during the two-day workshop remained focused on both refugees and host communities, who may often face similar challenges if not for different reasons. Some of the greatest challenges faced by the refugee population are lack of access to services (for instance, health, education, and financial services), employment opportunities, and formal identification (ID). In many cases, these barriers are greater for women than for men.

The opening session encouraged participants to focus on solutions, and to think outside of the box. To overcome current challenges and get out of the cycle of poverty, we need to push the parameters of creativity, efficiency, and relevance. Disruptive technologies are one of the ways this can be accomplished. These new technologies are helping to mitigate access challenges by digitizing payments, facilitating low-cost functional transactional accounts, providing new options for issuing and authenticating ID, and allowing for innovative approaches to establish and share customer transaction history. Innovation can also be supported by creative public-private partnerships that work on not only a national level, but also an international level.

At the same time, solutions need to keep in mind risks, including data protection and the security of clients. To do so, solutions need to keep in mind the broader context: all interventions targeting refugees should ensure dignity in exile, allowing them to contribute to the local economy in ways that increase host community livelihoods, and, at the same time, helping them to prepare for relocation or return when and if those options are available. Finally, options need to always keep in mind in the political and economic context. Political economy presents clear barriers to financial access and livelihoods – however, clear and documented evidence can help stakeholders to successfully advocate for change where necessary.

SESSION 1: Setting the Stage: Role of Financial Services in a Humanitarian Context

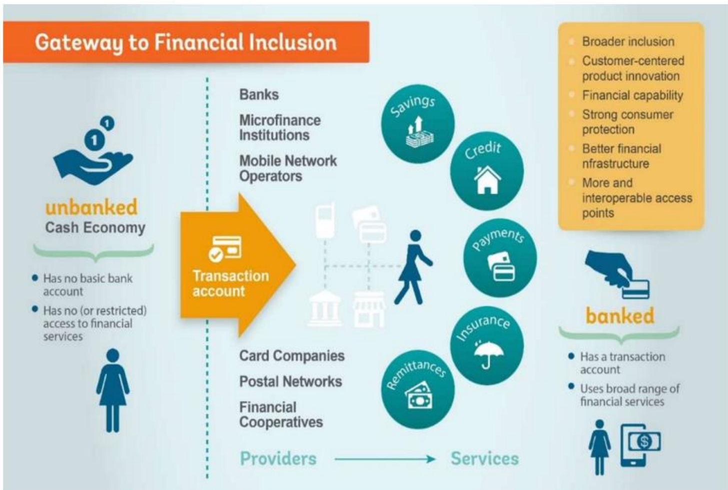
The first session of the Workshop set the stage and presented results of recent global analytical work on the role of financial services in humanitarian crises. It homed in on the refugee situation, updating the 2017 learnings documented in CGAP and the World Bank Group's report on *The Role of Financial Services in Humanitarian Crises*[2] with evidence that has emerged over the past 18 months.

This session defined financial inclusion and its importance, setting the agenda as well as outlining common definitions (see Appendix 2) to support discussion between the various sets of stakeholders in the room: financial industry experts, humanitarian practitioners, private sector providers, and livelihood experts, all of whom may use a different lexicon to describe similar concepts.

What is financial inclusion, and why is it important?

Financial inclusion, at the most basic level, can be defined as access to a transaction account that allows an individual to store funds, send and receive funds, and build a transaction history. This can lead to more advanced financial services, such as credit and insurance, when appropriate and needed (see Figure 1). There is growing evidence to demonstrate the importance of financial inclusion for a variety of livelihood outcomes. Some of the strongest evidence comes from Kenya, where researchers found that over several years, M-Pesa, the wildly popular mobile money service, lifted 2% of Kenyans out of poverty by offering a safe place to store funds and an easy way to receive money transfers when funds are needed to address shocks.[3]

Figure 1: Gateway to Financial Inclusion



Source: World Bank Group Analysis

[2] El-Zoghbi, Mayada, Nadine Chehade, Peter McConaghy, and Matthew Soursourian, "The Role of Financial Services in Humanitarian Crises," CGAP April 2017. http://www.cgap.org/publications/role-financial-services-humanitarian-crises
[3] Jack, Billy and Tavneet Siri, "The long-run poverty and gender impacts of mobile money," Georgetown University 2016. https://www.georgetown.edu/Billy-Jack-Mobile-Money-Kenya-research

The recent Findex global survey found significant progress – globally 69% of adults now have access to the formal financial sector.[4] Yet, this progress is uneven, and the financial inclusion gap remains in many parts of the world. Particularly in crisis-affected countries, evidence clearly shows that **access is low** while **demand is high**. Only 24% of adults in countries with humanitarian crises had access to the formal financial sector and use of informal borrowing methods are extremely high, often for health or emergency outcomes (see Figure 2).

Figure 2: Access to and use of financial services in humanitarian crises

Source: Global Findex and CGAP Analysis, 2018

This session introduced the idea of segmenting crisis-affected communities using human-centered design principles.[5] Neither refugees or host communities are homogenous groups; different segments will need different services as different points in their journey.

For those receiving humanitarian aid or social safety net payments, there is a theoretical causal pathway that suggests that these payments can build a pathway from to financial inclusion and onwards to economic resilience (see Figure 4). While this framework is general and will look different in each context, the key principle is that aid transfers can increase long-term benefits to recipients by

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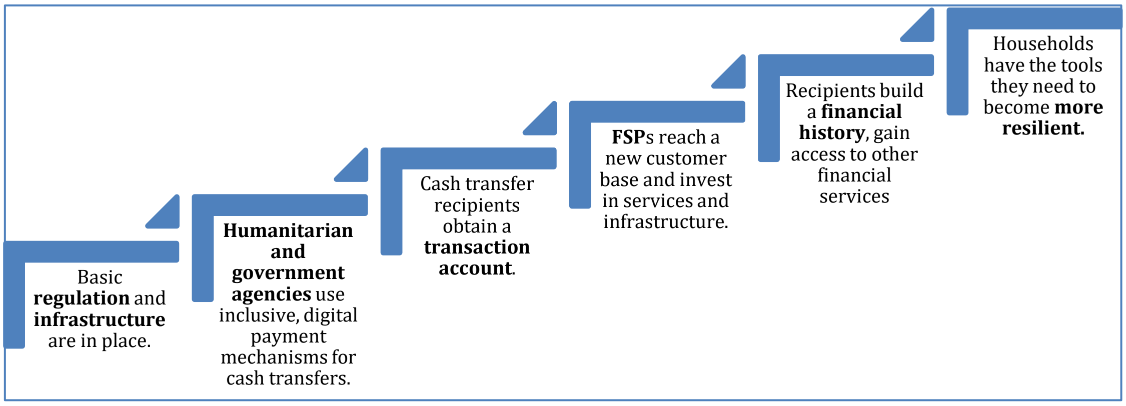
[4] The Global Findex database is a comprehensive data set on how adults save, borrow, make payments, and manage risk: https://globalfindex.worldbank.org/

[5] Human-centered design is a research methodology that focuses on building a deep empathy with the people you're designing for; using in-depth interviews and prototypes to generate ideas and build prototypes to get genuine feedback; and sharing research results such as personas with the people you are researching or designing for. For more, refer to Ideo.org's Design Kit: http://www.designkit.org/human-centered-design

leverage operational and financial infrastructure which are in place (or have survived the crisis) to deliver cash assistance to a financial account (rather than creating bespoke, one-time use systems).[6]

Figure 4: Causal pathway from cash transfers to resilience



Source: CGAP and World Bank analysis

This causal pathway is not yet a reality in Jordan or Lebanon due to a variety of constraints: regulatory barriers, FSP hesitance to serve low-income and riskier populations, the lack of ID and other documentation needed for customer due diligence, humanitarian agencies' desire for faster payments (and thus avoiding timely and costly CDD required to provide accounts), factors that favor vouchers (aid that can only be used for specific purposes) rather than general-purpose cash, and lack of concerted efforts prioritizing financial inclusion.

The session concluded with key recommendations to keep in mind throughout and post-Workshop:

- The largest barrier is access, often because the displaced cannot meet CDD requirements;
- Solutions are technical AND political;
- Development programs needs to complement humanitarian interventions;
- Preparation is key: investment in financial inclusion ecosystem and crises mitigation efforts;
- Refugees show the most demand for saving, remittances, and insurance, while credit is useful at a certain stage to link to livelihood opportunities.

[6] Recognizing that this may not be possible or appropriate in all humanitarian crises.

SESSION 2: Financial Lives of Lebanese, Jordanians, and Syrian Refugees

Demand-side research underscores the importance of financial services and related tools for low-income households to manage shocks and effectively respond to life-cycle events with limited resources. This session presented results from ongoing research on financial lives of host communities and Syrian refugees, as well as from previous quantitative and qualitative research on access to and usage of financial services in Lebanon and Jordan.

Qualitative and quantitative research conducted in 2017 in Jordan and Lebanon by Making Cents found that different segments of the refugee population have differing characteristics of success, such as obtaining a job and having pre-existing skills or education.[7] Researched used these characteristics to create three broad segments: "**Stable" households,** which are able to make ends meet due to their employment or entrepreneurial activity; **"Developing" households**, which are developing sustainable livelihoods but are still dependent on remittances and humanitarian assistance to cover shortfalls; and **"Vulnerable" households**, which may earn some money through employment or entrepreneurship yet continue to be largely dependent on humanitarian assistance.

In Lebanon, the research estimated that 14% of refugees were considered stable, 48% developing, and 38% vulnerable. Stable households were able to register legally, make minimum wage, and felt integrated in Lebanon. In Jordan, 16% of refugees were considered stable, 13% developing, and 71% vulnerable.

This approach demonstrated that a market does exist among refugees, despite common perception otherwise. The approach also allows FSPs to quantify the potential market. For instance, among those consider stable, there is an opportunity to offer credit for those who are already running a small business. To take advantage of this market, FSPs need to adjust their assessment process, consider adapting their existing loan products, review their assumptions about refugee flight risk, and support *developing* households with additional service offerings. There is a strong need to invest not only in additional market research but appropriate product design and outreach strategies.

Altai Consulting used these same segments to conduct qualitative demand-side research. Using a mix of in-depth interviews and focus groups, they spoke to 72 individuals, with quotas to ensure a mix of men and women, Lebanese nationals, and Syrian refugees. Their key finding: **vulnerable segments struggle every month**, even without a shock. In addition:

- **Health-issues are a key concern** especially as coping often implies borrowing due to limited availability of insurance tools.
- **Incomes are highly variable**. Many of the jobs available to refugees are seasonal (construction, tourism, services) and the variation in income influences financial services (e.g. need for credit in winter and savings during summer where they make more money).

[7] Making Cents International. December 2017. "Microfinance for Syrians Refugees: The Jordanian and Lebanese Market." https://docs.wixstatic.com/ugd/cf5fc8_8dcf5f6fbd2f4bc7af518a438c30a69c.pdf

- Surviving and struggling households **rely heavily on informal debt** to finance their expenses. This leads to a negative income, frequent debt, and limited ability to save among developing Syrian refugees and low-income Lebanese.
- Yet the **informal space also provides opportunities**. There is a lot of credit issued for daily consumption in retail shops, which could be restructured into a more formal service to mitigate against the risk of becoming indebted. Additionally, opportunities exist with the widespread use of informal savings groups. There is a clear need to develop inclusive insurance products and mechanisms to respond to the financial needs of affected communities.

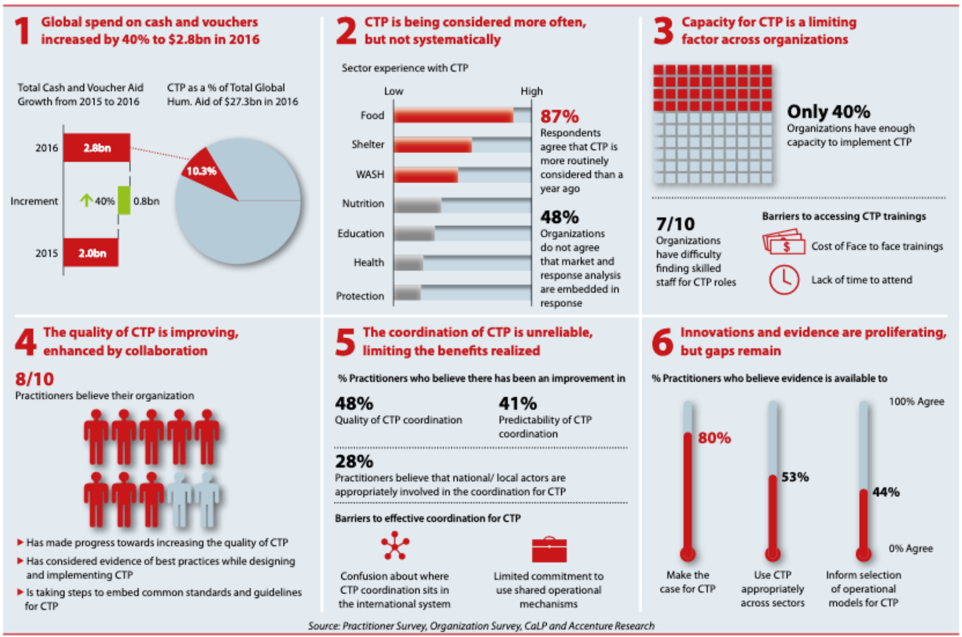
Research conducted by GIZ on the financial lives of refugees in Germany helped to place some of these findings into context. The experience of a refugee in Germany is very different, notably given access to the labor market in a highly formalized economy, but some things remain the same: the need for a variety of services at different points in the journey, the role of social networks, and the risk of easy-to-access informal credit without sufficient financial education. Germany also highlights how an enabling policy environment facilitates the transition from cash assistance to financial inclusion. Germany started with handing out cash every month but found there were several challenges around this. To overcome these challenges, the government worked with one bank to open up specialized bank branches and accounts with trained staff to target refugees. This was supported by civil society and non-governmental organizations (NGOs) who helped to council refugees on these processes.

SESSION 3: Lessons Learned from Humanitarian Cash Transfers in Lebanon and Jordan (1/2)

The use of cash in humanitarian assistance is growing fast due to extensive evidence of the benefits of cash-based assistance: from transparency to local economic growth where local markets and businesses exist, and to recipient choice and empowerment as households spend cash on their own prioritized needs and gain purchasing power. The 2018 *State of the World's Cash Report* released by CaLP found that the use of cash and voucher assistance (CVA) grew 40% between from 2015 to 2016, and reached 2.8 billion USD globally.[8] CaLP is in the process of updating these numbers, but it is clear that this growth continues.

[8] CaLP, *The State of the World's Cash Report*, February 2018. http://www.cashlearning.org/downloads/calp-sowc-report-web.pdf

Figure 5: State of Global Cash Assistance, 2016



Source: CaLP State of the World's Cash Report 2018

As the use of cash increase, so does organizational capacity to implement cash effectively. Organizations are learning by doing and are making rapid changes to build better tools and set standards around cash. Yet, there is still a long way to go. This session explored two key yet distinct areas of improvement in terms of CVA: increased coordination and efficiency of CVA programming, and improvements in linking CVA to financial inclusion – both despite barriers related to legacy systems, limited capabilities, and restrictions in mandate.

Coordination: Lebanon and Jordan provided examples of increased collaboration and harmonization in the humanitarian space. In Lebanon, The three big UN agencies, World Food Programme, UNHCR, and UNICEF, came together, along with various NGOs, to establish a unified platform for refugees cash assistance. Different organizations moved to a single card, did a joint national assessment, and adopted a common targeting mechanism. Through such collaboration and coordination, the Common card system simplified the process of receiving cash for beneficiaries, and helped to ensure alignment among the Consortium members. This is a major improvement in coordination and efficiency, which could help to pave the way towards financial inclusion in the future. Building these pathways to financial inclusion, however, could require a major shift in how the humanitarian community targets recipients. At the moment, 'residual balances' on the cash card are not seen as savings, but rather as a failure in targeting (since there are limited aid resources for an extremely vulnerable population, a recipient with leftover funds could indicate that there was another individual in more extreme need who did not receive aid).

A second example of the progress that has been made in terms of coordination is the World Bank's support to the Government of Lebanon to build out the National Poverty Targeting Programme (NPTP) to support vulnerable Lebanese. The NPTP is Lebanon's main social safety net program, playing a central role for donors, UN agencies, and other ministries in targeting and reaching poor and vulnerable host populations affected by the Syrian conflict. It is managed by the Ministry of Social

Affairs (MoSA) and the Presidency of the Council of Ministers. This program currently reaches 42,000 households with education and health benefits, of which 10,000 get the Common card food voucher. The WBG is supporting NPTP through improving targeting, modernizing operations, liking to livelihood programs, and facilitating linkages to technology through leveraging the Common card system.

Panelists recognized cash assistance does not answer all needs. The established coordination mechanisms however set a good platform for trying to combine cash with other services, at the nexus of the humanitarian-development challenge.

Financial Inclusion: Despite the progress made towards using cash, digitizing cash, and coordinating cash, evidence shows that this has not yet led to financial inclusion for recipients. Why? Financial inclusion is the result of 5 key factors, each of which have been implemented to varying degrees in Lebanon and Jordan:

1. **Established core national payments infrastructure** – both Lebanon and Jordan have made tremendous progress here, although there is still work to be done to ensure that there is a universal unique ID for all residents and that interoperability is seamless between providers, channels (e.g. ATMs, internet, mobile networks), and instruments (e-money, debit/credit cards, direct transfers).
2. **A proportional regulatory environment**, which balances financial integrity, stability, and inclusion. While Jordan has clearly implemented a risk-based approach (RBA) allowing for refugees to be issued accounts in their own name, both the regulator and the FSPs in Lebanon have taken a more conservative approach based on ongoing financial integrity concerns.
3. **FSPs willingness to have a direct relationship** with CVA recipients and other underserved host community segments. Currently, many FSPs, especially in Lebanon, are hesitant to conduct CDD on refuges for both cost and risk reasons, preferring to maintain a relationship with the international agency only. This prevents CVA recipients to have an account in their own name.
4. **Humanitarian and government agencies proactively** choose to use inclusive, digital payment solutions for CVA. While efficiency may continue to be prioritized over financial inclusion, humanitarian and government agencies can start to think about how they can build *pathways* to financial inclusion
5. **Donors and governments consider financial inclusion** a priority, enabling agencies to make decisions based on financial inclusion objectives. This includes evaluating proposals on additional factors beyond cost, setting program objectives linked to financial inclusion upfront, and building technical skills amongst staff for both of both FSPs and humanitarian agencies.

What is the way forward?

- Although cash works, we need to complement cash with additional services needed for refugees and vulnerable populations.
- We need to think about interoperability not just within a country but also across borders to ensure that financial products support return and/or resettlement in another country.
- Regulators need to support non-bank providers, who often have the space to be more creative with payment services. Yet, the lack of enabling regulatory environments, specifically in Lebanon, make it difficult for creativity to be transformed into solutions.

- Once e-money and non-bank providers are in place, building out robust agent networks, supporting usage of mobile payments by building financial capabilities and providing targeted incentives, and developing a robust consumer protection framework are all key.

SESSION 4: Lessons Learned from Humanitarian Cash Transfers: Providers' Point of View (2/2)

Building off the previous session, this session focused on FSPs' perspectives in the context of humanitarian and social cash transfers in Lebanon and Jordan through examples of financial products and payment processes developed. Representatives from banks and payment service providers spoke.

FSPs understand that there is an increase opportunity for them to serve refugees. As the crisis becomes more protracted, onboarding those customers on the short run provides the opportunities for cross-selling other financial products and services on the longer run.

Yet, panelists made it clear that significant challenges still exist. The low financial literacy among refugees, most of whom were unbanked in their country of origin, is one of them. Another one is the long history of aid, which makes it difficult for refugees and NGOs to accept the fees necessary to make financial products sustainable. International standards around anti-money laundering and countering the financing of terrorism (AML/CFT) are also a significant barrier: compliance drives up the cost of conducting proper CDD on a person from a sanctioned country (such as Syria), which is not seen as a worthwhile investment for all FSPs, especially for low-value customers. Finally, distribution is still a challenge: widespread agent networks are not yet available, and it is hard for FSPs to invest in agents until they are confident that the demand is present (leading to a chicken and egg problem which hinders growth).

However, there are many opportunities and signs that innovation is supporting the shift towards serving refugees. For example, Cairo-Amman Bank (CAB) in Jordan is the first bank globally to incorporate the UNHCR identification system to authenticate refugees when they access financial services. CAB recognizes refugees as a different customer segment and has catered its offerings accordingly by incorporating iris scans to quickly check identity, increasing both FSP and recipient trust in the system. BLF bank in Lebanon underscored the importance of financial inclusion, especially in a highly competitive and geographically concentrated market, and recognized Lebanese banks could do more to serve those affected by forced displacement. Ensuring compliance with international AML/CFT standards remains nonetheless a major concern and affects providers responses accordingly.

SESSION 5: Livelihoods Options for Low-Income Lebanese, Jordanians and Syrian Refugees

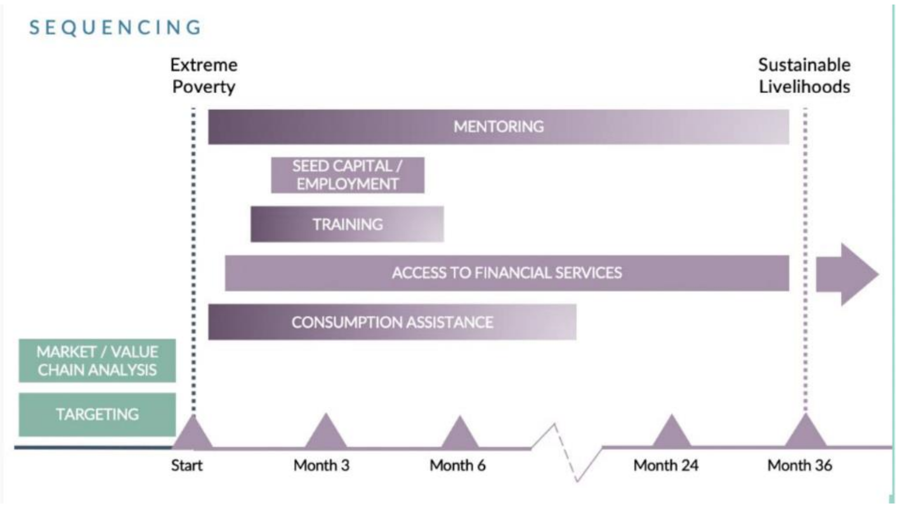
> *"Economic Inclusion means enabling refugees to provide for themselves and be net contributors to economic development as consumers, workers and entrepreneurs. It is one of the most important keys to enhancing protection and unlocking solutions for refugees."*
>
> *Filippo Grandi, UN High Commissioner for Refugees*

Developing livelihoods is key to the first two tenants of the *Global Compact on Refugees:* easing pressure on host communities and increasing refugees' self-reliance. Livelihoods also support the other two tenants: focusing on third-country solutions and improving conditions in the country of origin.[9] Within the context of the Global Compact, UNHCR is taking a *market systems approach*, looking beyond jobs to the entire spectrum of capital and support functions required for ***economic inclusion.***

Each stakeholder group has their own role to play to make economic inclusion a reality. Humanitarian agencies can create change by moving beyond program implementation to advocate, convene, coordinate, and provide data. Development finance institutions (DFIs) can fund and de-risk innovative partnerships. The private sector is critical as it will provide the vast majority of investment and employment opportunities. Engaging with these stakeholders can help governments in developing the regulations and policies necessary to protect, serve, and facilitate opportunities for all residents.

Organizations such as Trickle Up, Mercy Corps, and the WBG are currently working on both employment programs and livelihoods programs, including implementing the Graduation Approach in Lebanon and Jordan. The Graduation Approach is a sequenced intervention designed to support the poorest and most vulnerable households to achieve sustained income and move out of extreme poverty.

Figure 6: Sequencing of Livelihoods Interventions



Source: Heisey, Janet. Partnership for Economic Inclusion.

[9] United Nations, *Report of the United Nations High Commissioner for Refugees: Global compact on refugees*, September 2018. https://www.unhcr.org/excom/unhcrannual/5ba3a5d44/report-united-nations-high-commissioner-refugees-part-ii-global-compact.html

The Graduation Approach, which was started by BRAC and tested by CGAP and the Ford Foundation through robust randomized control trials (RCTs) in multiple parts of the world, is a five-step pathway out of poverty. Typically, the approach lasts for 18 to 36 months in duration – with the most common timeline being around 24 months – to allow for the time and space required to help individuals and households develop skills, ability, and resilience. Today, there are approximately 100 of these projects implemented in 46 countries. The proven success has caught the attention of governments worldwide. Some key factors to keep in mind with the Graduation approach include:

- Many programs **target women**, as they tend to reinvest in the household more so than men. However, this can be difficult at times due to social/cultural norms.
- The Graduation Approach is often viewed as expensive. To **reduce costs**, programs have experimented with lowering the timeframe for the intervention, and using technology to support coaches (a coach can use a tablet to have access to addition content, and/or SMS messages can be used to reinforce face-to-face couching). It is however a very **cost-effective** method to support the poorest in building sustainable livelihoods for themselves.

  Design matters. The NPTP is piloting the graduation model using food vouchers rather than cash. This design feature makes digitization more complicated. In parallel, however, the program is striving to include access to savings through local banks.

Graduation requires moving into some sort of income-generating activity: however, both formal job placement and self-employment opportunities are challenging for vulnerable Lebanese, Jordanians, and Syrian refugees. In fact, employment programs funded by international agencies achieve a conversion to jobs rate of just 10% on average. This contributes to frustration within host communities and governments that employment programs may be unfairly or ineffectively channelling resources to refugees. Mercy Corps presented research on perceptions which found that 71% of Lebanese believe that if Syrians gain employment, they lose. On the other hand, 36% of Syrians believed if Lebanese gain employment, they lose. These cultural considerations are critical to keep in mind when setting up livelihoods program to avoid contributing to economic resentment.

SESSION 6: Designing the Next Five Years: Long-Term Resilience and Return

During the final session of the Workshop, participants worked in small groups to develop possible and relevant next steps for five key themes (prioritized by participants from a longer list): savings, insurance, identification, digital payments, and livelihoods.

1. **Savings**

Key Issues:
Cost, distance to banks, the need to have a base amount to open an account, the lack of financial literacy, and a general lack of trust in formal financial institutions among refugees.

Recommendations:

- Avoid unnecessarily pushing the formal sector – informal savings can be just as effective.

- Explore the networks currently available (e.g. postal banks, microfinance institutions, fintechs, etc.) and research how to de-risk these networks to make them more attractive for customers.
- Increase financial literacy so that customers can manage their debt burden.
- Ensure that regulation allows for fintechs (non-banks and mobile money providers) to create innovative products and services to and tap into the opportunities that are available.

2. **Insurance**

Key Issues:
There is minimal insurance protection available for the refugee population. Due to this, many refugees end up selling economic assets to deal with shocks, such as emergency health bills.

Recommendations:
- Build new and better products for this population, complemented by education to ensure that potential and existing customers understand the value of insurance.
- Leverage public-private partnerships (such as donor relationships with the private sector) to overcome the high cost/risk of launching new insurance products.

3. **ID, Customer Due Diligence (CDD), and Anti-Money Laundering / Counter Financing of Terrorism (AML-CFT)**

Key Issues:

Access to formal and unique identification is still an issue. While Jordan provides Syrians with an officially recognized ID, such ID provision requires more documentation and is more expensive in Lebanon. Also, both countries have not achieved universal ID access for refugees: uptake is likely larger in Jordan, although exact numbers are not available for either country. Yet, even for those who have an ID, there is the additional need for FSPs to conduct full CDD.

Recommendations:
- Gain better insight into the state of ID in both countries – coverage, quality, technological infrastructure.
- Continue working on the development of competitive and inclusive digital payments markets using both banks and other financial service providers (e.g. payment system providers).
- Focus on simplified due diligence (SDD) for customers – building low-value, limited-purpose accounts that minimize risk while allowing customers to still build a financial history in their own name.
- Explore new models for collaborative customer due diligence (CCDD) which can help FSPs to share the cost and risk of CDD.[10]

[10]For more on CCDD, refer to the CGAP Blog post on "Collaborative Customer Due Diligence: New Ways Forward," October 2018. https://www.cgap.org/blog/collaborative-customer-due-diligence-new-ways-forward

4. **Digital Payments**

Key Issues:
Digital payments can be an important channel through which vulnerable communities can manage life-cycle expenditures and economic shocks, in addition to connecting small businesses to markets. Challenges, however, include higher costs associated with delivery and onboarding and the need to build demand for usage in markets where cash is still widely prevalent/preferred.

Recommendations:
- Governments can digitize their own payments and lead by example.
- Build out the digital payments ecosystem so that recipients can spend funds digitally.
- Work with non-traditional providers (such as fintechs) to leverage their innovations and open up this space further.
- Focus on customer education and literacy, better understand customers for product development, and maintain a focus on data protection.

5. **Livelihoods**

Key Issues:
While livelihood programs targeting refugees and vulnerable populations exist in Lebanon and Jordan, they have been short-term in nature and have not generally been subject to stringent impact evaluations. There is however not enough information available about current financial services use or livelihood options. In addition, there is a lack of dialogue between private sector players, NGOs, and regulators that maintains such programs in a grey area. It is important to keep in mind that not everyone needs the same support for livelihoods and not having access to livelihoods in the first place often makes financial services irrelevant.

Recommendations:
- De-correlate conversations on livelihoods and the length of stay of refugees.
- Discuss livelihoods at both national and local level.
- Donors need to assist in making more information available, including on risk mitigation and segmentation.

Annex 1: Agenda

Day One – Wednesday February 20th, 2019

8:30 – 9:00 **Registration**

9:00 – 9:30 **Welcoming Remarks**

Nabila Assaf, Practice Manager, World Bank Group
Stephen Rasmussen, Lead Financial Sector Specialist, CGAP
Mireille Girard, Representative for Lebanon, UNHCR

9:30 – 10:00 **Setting the Stage: Role of Financial Services in Humanitarian Crises**

Nadine Chehade, Senior Financial Sector Specialist, CGAP
Peter McConaghy, Financial Sector Specialist, World Bank Group

10:00 – 11:00 **Financial Lives of Lebanese, Jordanians and Syrian Refugees**

Moderator: Michael McCord, Managing Director, MicroInsurance Centre at Milliman
Panelists:
Carla Hobeiche, Head of Consumer Banking and Branches Network, Jammal Trust Bank
Sebastien Duhaut, Project Director, Altai Consulting
Swati Mehta, German Chancellor Fellow, GIZ
Tim Nourse, President, Making Cents

11:00 – 11:30 **Coffee Break**

11:30 – 12:45 **Lessons Learned from Humanitarian Cash Transfers in Lebanon and Jordan (1/2)**

Moderator: Camilo Tellez, Head of Research and Innovation, Better Than Cash Alliance, UNCDF
Panelists:
Julie Lawson-McDowall, Research and Knowledge Management Coordinator, The Cash and Learning Partnership (CaLP)
Paul Skoczylas, Deputy Country Director - Lebanon, WFP
Haneen Ismail Sayed, Lead Operations Officer, World Bank Group
Chrissy Martin, Consultant, World Bank Group

12:45 – 14:00 **Lunch**

14:00 – 15:30 **Lessons Learned from Humanitarian Cash Transfers: Providers Point of View (2/2)**

Moderator: William Cook, Senior Financial Sector Specialist, CGAP
Panelists:
Ayman Dababneh, Head of Business Development & Marketing, Dinarak
Bassim Abulfeilat, Products and Business Development Manager, Mahfazati, Jordan
Maurice Iskandar, Assistant General Manager, Banque Libano-Française
Rawan Al-Habahbeh, Card Products & Payment Services Supervisor, Cairo-Amman Bank, Jordan

15:30 – 16:00 **Closing Remarks**

Day Two – Thursday February 21st, 2019

9:00 – 11:00 **Livelihoods Options for Low-Income Lebanese, Jordanians and Syrian Refugees**

Moderator: Lene Hansen, Independent Expert
Panelists:
Carron Beaumont, Director of Programs, Mercy Corps
Janet Heisey, Technical Advisor, Partnership for Economic Inclusion (PEI)
Angela Elzir Assy, Labor Market Specialist, World Bank Group
Ziad Ayoubi, Head of Livelihoods and Economic Inclusion Unit, UNHCR

11:00 – 11:30 **Coffee Break**

11:30 – 13:00 **Designing the Next 5 Years – Long Term Resilience & Return**

Nabila Assaf, Practice Manager, World Bank Group
Tim Nourse, President, Making Cents

13:00 – 13:30 **Closing Remarks**

Annex 2: Definitions[11]

Biometric Authentication
Technologies that measure and analyse human physical and/or behavioural characteristics for authentication purposes (e.g. fingerprint, voice print, iris recognition).

Cash and Voucher Assistance (CVA):
In the context of humanitarian assistance, used to refer to the provision of cash transfers or vouchers given to individuals, household or community recipients; not to governments or other state actors. This excludes remittances and microfinance in humanitarian interventions (although microfinance and money transfer institutions may be used for the actual delivery of cash).

Cash Transfer
The provision of assistance in the form of money – either physical currency or e-cash – to recipients (individuals, households or communities). Cash transfers are by definition unrestricted in terms of use and distinct from restricted modalities including vouchers and in-kind assistance.

Customer Due Diligence (CDD)
The full range of responsibilities that a financial institution has to carry out in order to comply with anti-money laundering and countering the financing of terrorism (AML/CFT) regulations, including identification, know-your-customer (KYC) obligations; determining whether clients are the real parties in interest; assessing and compiling risk profiles of clients, products and services; screening against sanctions and blacklists; monitoring transactions; and reporting suspicious activity to a financial intelligence unit. Simplified CDD (SDD) may be available for certain groups of people or products deemed low risk.

Financial Inclusion
Financial inclusion means that a full suite of financial services is provided, with quality, by a range of providers, to financially capable clients.

Forcibly Displaced Persons (FDPs)
A person who is forced to flee his or her home including refugees, internally displaced persons (IDPs), and asylum seekers.

Wallet
In a humanitarian assistance context is sometimes defined as a place to store value, such as a pre-paid card. The related account can be in the name of an individual but most often is in the name of donor institution as a "pool account" with multiple sub-accounts attached. In the financial inclusion world, a mobile wallet is an often regulated and simplified account owned by an individual. It may be offered by a bank, a payments service provider, or a mobile network operator.

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[11] For all definitions, refer to The Cash Learning Partnership (CaLP) Glossary: http://www.cashlearning.org/resources/glossary#SDD