



Breakout Session: Education and Migration Smart Campaign Background

- The Smart Campaign is a global campaign committed to embedding client protection practices into the institutional culture and operations of the microfinance industry.
- A project of the Center for Financial Inclusion under Accion International
- Conducts research, provides training, generates industry standards, and builds coalitions



- Research
 - Client Voice
 - Innovations in Financial Capability
- Training
 - Technical assistance for financial institutions and networks
 - Training for assessors
- Industry Standards
 - Standards 1.0 – 7 principles broken into 30 standards and into 95 indicators to assess financial institutions. What does it mean to provide quality financial services?
 - Standards 2.0 – Industry is evolving!! - digital financial services, savings, insurance
- Coalitions
 - Georgia parliamentary hearing

Breakout Session: Education and Migration Azerbaijan Case Study



- 1992 war resulted in >800,000 displaced
- IDPs faced numerous disadvantages
- Nonetheless, a stable sector emerged
- IDPs have benefited significantly but remain vulnerable to macroeconomic shocks

- Background
 - In 1992, sporadic clashes between ethnic Armenians and Azerbaijanis in the mountainous region of Nagorno Karabakh erupted into full scale war
 - Between 800,000 and 1,000,000 ethnic Azerbaijanis were displaced
- Result: Surprisingly, a successful financial sector inclusive to IDPs emerged, lessening these difficulties and demonstrating that IDPs can be a bankable client segment.
 - Microlending was born in Azerbaijan to serve the interests of the economically disadvantaged
- This is surprising because IDPs are extremely vulnerable and face an uphill battle securing financial services
 - IDPs reside far from major towns and near the conflict zone, they face limited opportunities to participate in commerce or trade.
 - IDPs are unable to gain access to the country's most fertile land, which was claimed and farmed long before they were displaced.
 - Azerbaijani IDPs are concentrated in urban and semi-urban areas where arable land is scarce and of poor quality.
 - major financial institutions in Azerbaijan consider investing in internally displaced persons to be a risky proposition.
 - IDPs lack much property in their name to use as collateral.
 - Many IDPs suffer serious disabilities
 - IDPs live near conflict zones. Violence and poor sanitation all increase the

- risk to their health and longevity
- Fis feel efforts to pursue repayment against an IDP family in the court system would never work because of public sympathy for IDPs
- Nonetheless, IDPs became a valuable and effective Market
 - 16 percent of IDPs bank with microcredit organizations, compared to 3 percent of the Azerbaijani population as a whole
 - Served by 4 financial institutions: Eurasia Credit, Caspian Invest, Caucasus Credit, and Azeristar Microfinance
- Why? Despite the difficulties they face – refugees not as risky as thought
 - internally displaced clients demonstrated an outstanding recovery percentage – with 98 percent of loans repaid on time
 - Since IDPs typically take on far smaller loans, their credit was less likely to be dollarized, leaving them less susceptible to currency fluctuations.
- Also – Financial institutions quickly adapted to better serve IDPs and ensure the product was appropriate
 - Hire IDPs as LOs
 - Ensure flexible terms
- Nonetheless IDPs remain incredibly vulnerable
 - Because they are perceived as more risky, IDPs face higher interest rates
 - In regions with large refugee populations, Portfolio at Risk has risen to 30 percent over the past year as Azerbaijan devalued its currency
 - Network: When Azerbaijan sneezes, refugees catch pneumonia

Breakout Session: Education and Migration Assisting IDPs in Azerbaijan

- Certifying effective institutions



- Creating dialogue



- Exploring new solutions



•Certifying Effective Institutions

- Client Protection Certification is an independent, third-party evaluation to publicly recognize institutions that meet adequate standards of care in client protection.

- The Certification program was launched in 2013 to set global standards around client protection in the microfinance industry.

- The program is designed for retail financial institutions that provide services to financially excluded or underserved populations.

- IDPs are especially vulnerable and all Azerbaijanis have difficulty differentiating quality financial services. We made Azerbaijan a priority country and provided extensive technical assistance and worked with partners to secure funding for certifications. We guided these institutions in reforming policies and practices to make them *more pro-client*.

- The Result: Certified FOUR of the largest financial institutions in country (Viator Azercredit, FINCA Azerbaijan, Vision Fund Azercredit, Demirbank) serving over 343,000 clients

•Creating Dialogue

- We launched a conversation on our well trafficked Center for Financial Inclusion Blog to highlight the past, present and future of financial inclusion for refugees and IDPs
- A series of blog posts raised the profile of financial inclusion for refugee issues.
 - First post: tracked history of sustainability and financial inclusion for forced migratory populations
 - Second Post: Azerbaijan case study
 - Third Post: Al Majmoua Lebanon case study
 - Fourth Post: The future and Technical solutions
- Exploring new solutions
 - the financial inclusion sector has paid little attention to how refugees experience these services, how new technologies can better serve them, and how they can be protected from harm.
 - A proposed Smart Campaign program would leverage quantitative and qualitative research methodologies to answer some of these questions
 - We're hoping to create a "HOW TO" guide for financial financial institutions with basic "dos and don'ts" for providing services to refugees. A separate report would focus on regulators and feature a summary of the research, findings, and provide recommendations for overall sector reform.