

Advocacy note on use Unrestricted Cash for the Rohingya Refugee Response in Cox's Bazar

Several humanitarian actors raised high concerns on the stringent Government regulations in using digital payment for provision of assistance to the Rohingya refugees. Evidence built and discussions with Rohingya shows the need for cash in prioritising of needs, and the absence thereof, has led to protection concerns including; sale of food assistance, reduction in number of meals and exploitation in labour markets through low wage rates amongst others. Conversely, the need of cash to address preparedness activities in preparation for the monsoon resonates with a majority of the refugees. Latest situational reports show that around 16,000 HHs have been relocated and mitigation measures on the effects of the heavy rains are ongoing by both the GoB and humanitarian actors. Although critical, there is a need for a further rethink on the micro benefits these responses have on the refugee households in light of the vulnerabilities posed by lack of cash and the potential upcoming climate related shocks.

At the global level, the use of technology in provision of assistance has proven to be an efficient and effective mechanism – as observed in the Syrian and Lebanon crisis, and one that puts the interest of the affected population at the centre. The regulations on 'Know Your Customer' which requires the use of appropriate identification and restrictions on refugees owning a mobile simcards does negate the efficiencies and scalability of unrestricted cash assistance in the backdrop of an extremely low funded corporate emergency operation.

This is an outline of the current situation, related issues, and specific recommendations. Dispositions of advocacy messaging in cash working groups (CWG), inter-sector coordination groups (ISCG) and the strategic executive group (SEG) at the national level are outlined here. However, since discussions have been ongoing and inter-agency evidence based findings collated on markets, delivery mechanisms and benefits of unrestricted cash (MPA/MPG); donors have sought the support of the Regional CWG to bring these issues to the attention of the Agencies Regional Directors – in finding a solution consistent with the interests of the affected population – the Rohingya refugees.

1.0 Government Regulations

Bangladesh is an enabling environment for testing and piloting technological innovations for use in cash transfer programming (CTP). For the host population in Cox's Bazar, this includes; mobile money, cash-in-hand delivery, bank transfers, and other Over the Counter (OTC) transactions that could be used to provide cash assistance for a range of purposes (e.g. unrestricted, conditional/unconditional), in addition to e-vouchers for restricted transfers¹. However, GoB does not acknowledge the refugee status for the Rohingya community, and as such, refugee movement is limited to within the camp and restrictions are imposed on accessing a mobile sim card due to concerns on terrorism financing and crime. In addition, the Central bank regulations on the use of appropriate identification for KYC have

¹ Cox Bazaar CWG, 2017 – Delivery mechanisms mapping for cash based interventions in Cox's Bazaar, Bangladesh. Available at <https://www.humanitarianresponse.info/en/operations/bangladesh/cash-working-group>

blocked the use of digital payment solutions as a safe, efficient and effective response mechanism by humanitarian actors in meeting the needs of the refugees.

Ongoing Undertakings and further follow Ups

- **Financial Infrastructure** - despite the government policy and framework, the financial service providers (FSPs) have demonstrated their ability to design potential solutions to enable Rohingya to access specific delivery options, e.g. pre-paid cards and smart cards, that would not require the application of the established regulations from the CBB related to mobile banking and bank accounts. **Further follow ups by humanitarian actors** is needed to get clarity on acceptable and specific KYC for the Rohingya and general confirmation that FSPs can provide these services to the Rohingya.
- **Humanitarian Response Mechanisms** – in the immediate term, humanitarian actors opted for the use of e-vouchers – a WFP multi-wallet providing food and partial NFIs to targeted refugees, and cash in envelope pilots by UNHCR, Bangladesh Red Cross society- Shelter Sector and Action Against Hunger – Food Security Sector. These, provided a feasible option to deliver assistance to the refugees and requiring no clarification on the regulatory environment of the CBB and with demonstrated experience of obtaining government approvals. However, the latter option is restricted in terms of its scalability and ability to provide MPA. In the medium-term, **humanitarian actors** are following up on the promising solutions such as pre-paid cards, smart cards, and potentially other financial services if the regulatory environment and KYC restrictions could either be: 1) clarified specifically for the Rohingya population and/or amended to enable access of the Rohingya to financial services generally in Bangladesh. This, would offer the humanitarian community the opportunity to deliver MPA at scale as part of the response
- **Identification documents** – the humanitarian actors need to prioritize the agreement of a unique identifier to enable effective coordination and scale-up of MPA, meanwhile inform the above discussions and negotiations with FSPs and regulatory authorities.

2.0 Markets

A majority of the refugees are settled South of Court Bazar where some 20 markets of varying sizes can be found². These markets are infiltrated by smaller traders who have fostered competition and availability of main commodities in near proximity to the settlements. However, the location of these markets are farther from the large markets that are long-established with larger wholesale-to-retail ratio and considered as major activity and distribution nodes. As such, commodities pass through ‘transit markets’ to the smaller markets forming a well-established supply chain network.

- **Prices** –price commodities at the smaller markets are within expected ranges given their integration to the large markets except for shelter materials ‘bamboo sticks’.
- **Access to markets** – refugees have no access to the large markets and traders confirm having challenges on road congestions leading to delayed deliveries, cost of hiring transport and lack of financial capital disproportionately mentioned by small traders.

² VAM, WFP 2017 – Market Assessments in Cox’s Bazaar. Implications of market-based interventions targeted to Rohingya refugees and host communities

- **Capacity of markets** – although capacity of the small markets is questionable, they are linked to medium-sized or ‘transit’ markets that are accessible to refugees and can absorb the additional demand.
- **Availability** – focus group discussions with refugee families confirm availability of main commodities except for insufficient supply of firewood.

Measures to be undertaken

- **Evidence base findings** – humanitarian actors to present market findings at an organised forum specifically targeted to relevant government offices/officers who can influence or make decisions on government policies and/or frameworks.
- **Collaboration by agencies** – senior level staff of agencies should collectively voice their standpoint on the use of unrestricted cash transfers based on the evidence built .

3.0 Refugee Situational Analysis

Since 25 August 2017, extreme violence in Rakhine State, Myanmar, has driven an estimated 693,000 Rohingya refugees across the border into Cox’s Bazar, Bangladesh. The humanitarian community stepped up its support to help mitigate a critical humanitarian emergency and resultant impacts on the Bangladeshi communities most directly affected by the influx. Months later, refugees remain forced to rely upon humanitarian assistance for their basic needs. They live in congested sites that are ill-equipped to handle the early rains, monsoon and cyclone seasons³.

Markets are the lifeline of the camps⁴. It is reported that 50% of the Rohingya families sold humanitarian assistance at cheaper prices directly for cash to buy vegetables, dry fish, medication, firewood and bamboo at much higher prices eroding their purchasing power. Income sources for a few families are petty trade and domestic labour although, restrictions on work rights compels them to accept employment opportunities at lower rates to the host community. In addition, preference for cash is attributed to in-kind pipeline breaks, need for diet diversity and flexibility/choice to plan for future emergencies.

According to the inter-agency calculation of the minimum expenditure basket, the average household requirement is Taka 7,290 per month (PCMA, 2018). Additionally, data on food consumption suggests that nutrient intake is correlated with the transfer modality and partially with higher value of assistance. Food voucher assistance has a positive impact on increasing refugees’ dietary diversity and nutrient intake by providing them with diverse food options⁵.

Measures to be undertaken

- **Government engagement** – senior management to reinforce with the country counterparts on the importance of common advocacy position

³ Strategic Executive Group (SEG), 2018 – Joint Response Plan for Rohingya Humanitarian Crisis available at <https://www.humanitarianresponse.info/en/operations/bangladesh>

⁴ Cox’s Bazar CWG, 2018 – Pre-Crisis Market and Needs Analysis. Available at <https://www.humanitarianresponse.info/en/operations/bangladesh/cash-working-group>

⁵ WFP, 2017 – Refugee Influx Emergency Vulnerability Assessment (REVA) -summary report

