

THE BORDER CONSORTIUM (TBC)

Identification of Safe Payment Systems and other Financial Services Available for Refugee Vendors and Food Card Holders along the Thailand Burma Border

Consultancy

Terms of Reference

Duration of Contract: 2 months, April-May 2017

Duty Station: Home based

Line Manager: Field Operations Director

I. Background

TBC is a consortium of nine international non-government organisations working together with displaced and conflict-affected people in Southeast Myanmar and with the refugees in the 9 Burmese refugee camps Thailand. TBC is the main agency supporting the refugees' food and shelter and their structures for camp management serving approximately 20,000 households annually. TBC promotes approaches that strengthen refugees' capacities for self-reliance in preparation for their future return to Myanmar or resettlement in other countries.

The Royal Thai Government's existing policy on displaced peoples restricts external access to camps, limits the mobility of refugees within the camp perimeters, and inhibits refugee contact with commercial entities and financial services. The policy has also limited TBC to keep only a direct distribution approach to its food, cooking fuel, and shelter assistance programmes in camps in the past 30 years. However, with the review of its programmes together with donors in the recent years, TBC was challenged to look into shifting the mode of delivery of its food assistance programme from direct provision to cash transfer. Learning from the experience of humanitarian programmes globally has shown that cash based assistance facilitates greater sense of empowerment and dignity among beneficiaries, increases cost efficiency and can revitalise local economies.

In July 2016, Thailand's Ministry of Interior (MOI) allowed TBC to explore a cash voucher approach to food assistance. TBC's pilot Food Card system provides households with an electronic card voucher topped up with a cash value equivalent to the total cost of critical food commodities (rice and cooking oil) for all household members at market prices plus at least a 20% mark up to cover costs of other essential food items. The card can be used only to purchase eligible food items with accredited vendors in the camp food market. Food items that can be bought with the TBC Food Card include rice (several varieties), cooking oil, vegetables, meat, fish, eggs, fish or shrimp paste, salt, and spices. A Food Card System Working Group is organized in each camp to manage the food market and cooperate with TBC in the administration of the Food Card system. They establish the regulations of the market and work with TBC in accreditation of the vendors.

The TBC Food Card system was launched in Nupo and Tham Hin Camps (Tak and Ratchaburi provinces) in July and August 2016 respectively, covering a total of 1,258 pilot households. An average food card for a household will have a value of around 1200 ThB for a family of 5. A total of 27 vendors are participating in the food market, 9 Nupo and 18 in Thamhin. From July 2016 to January 2017, the market transactions have already amounted to 9,800,000 ThB¹. An average of 1.4 million baht is paid by TBC to vendors and their suppliers every month to cover only

¹ TBC Vendor Statistics Red Rose Dash Board , February 2017

these pilot households in the pilot camps. This amount allocated for food of 1258 households represents only 6% of potential payments that have to be made on a monthly basis if the Food Card system will scale up to cover all the 19,439² refugee households in the 9 camps. TBC pays an average of 50,000 ThB per accredited vendor per month, with the highest payment to a vendor amounting to 200,000ThB for a month and the lowest at 8,000 ThB. As a standard, TBC prefers to pay these vendors through bank transfers or by checks. However, given their status, refugee vendors have limited access to banks or other official financial services in the country. Thus, at the moment, TBC transacts payments to vendors through a variety of ways – by bank or check for those who have access to banks through their suppliers or other contacts in Thailand and by cash brought into the camps by TBC staff for payments up to 30,000 ThB a month per transaction per vendor. These current payment structures are manageable in the current small scale pilots in the two camps but can pose higher risks to both the vendors, their suppliers, and to TBC when the Food Card systems scale up. During this pilot stage, TBC has started to approach Thai banks locally and at national levels to explore possibilities of officially tapping their services but these informal discussions have not yet resulted to a viable partnership.

The next phase will be to scale up the pilot to cover 100% of households in NuPo and Tham Hin camps. In preparation for potential scale up, TBC is now aiming to know and understand available financial services and safe payment mechanisms, especially the local banking and money transfer systems along the Thailand-Burma border that can be tapped to support the Food Card System at camp levels. Are there possibilities for refugee vendors and their local suppliers to work with local banks or even local branches of national level banks to facilitate safe payments? Are there opportunities in existing money transfer systems?

It is known that refugees receive remittances from relatives who have been resettled or relatives who have become migrant workers in Thailand or elsewhere. These remittances reach the refugees through a variety of ways, including money transfers by bank or through services such as Western Union, Money Gram or Post Office with the assistance of third parties, usually Thai persons.

TBC also wants to know whether there are still other ways and means that have evolved in these camps and along the border to safely facilitate movements of cash, similar to what is known to be occurring in other long standing refugee areas in other parts of the globe. In the Kenyan Kakuma refugee camps, “Somali and Sudanese refugees have established unofficial banking and money transfer systems using satellite dishes or radio call transmitters connected to telephones.”³ The ‘hawala’ or ‘hundi’ system in South Asia and the fei ch’ien system in China are informal money transfer mechanisms that are known to have existed along with the migration patterns of people and trading practices for hundreds of years⁴. These mechanisms involve having authorized persons receive money from senders at points of payment contacting another authorized person to deliver payment to beneficiaries at receiving points. They can be more expensive

II. Purpose

TBC is now seeking to recruit a short-term Consultant to conduct research along the Thailand Burma border to assist TBC in identifying available financial services in local banking systems, and other formal and informal financial mechanisms that can be tapped to facilitate safe payments to vendors and suppliers of the Food Card systems in the 9 camps. The Consultant is

² TBC Monthly Population Report December 2016

³ Simona Cavaglieri, *Livelihood Strategies and Food Security in Refugee Camps*, Thesis, Master in Human Development and Food Security, University of Roma Tre, Rome-Italy, March 2005.

⁴ Leonides Buencamino and Sergei Gorbunov, *Informal Money Transfer Systems: Opportunities and Challenges for Development Finance*, DESA Discussion Paper No.26, United Nations, November 2002

also expected to analyse these services and make recommendations on what could work for the TBC Food Card system taking into consideration the opportunities and limitations posed by the Thai government's policy governing the Burmese refugees in camps.

III. Objectives, Activities and Expected Outputs

Objectives and Activities

The Research Consultant is expected to develop a research plan to gather data that will meet the following objectives of the research.

1. Identify banks operating along the border and indicate potentials and constraints of these banks in delivering services to the refugees and Thai suppliers
2. Identify and describe informal money transfer systems and other financial services currently being tapped by refugees for personal finances and market purposes in the camps
3. Recommend appropriate mechanisms that TBC can use for safe financial payments to vendors and suppliers in the Food Card system for each camp and an implementation plan for NuPo and Tham Hin camps.

The researchers can utilize secondary data reviews, key informant interviews, focus group discussions, workshops to conduct this study. Final set of activities will have to be contained in the agreed research plan .

Expected outputs

1. A research plan agreed with the TBC Food Card Working Group
2. List of banks and financial service providers operating in border provinces with Myanmar and analysis on potentials and constraints in utilizing their services
3. A report describing existing informal mechanisms for financial services in refugee camps
4. A final report with recommendations on potential mechanisms for safe payments for the TBC Food Card system and an implementation plan for NuPo and Tham Hin camps

Time Frame

The research will have to be done within 3rd April-2nd June 2017 with a draft final report to be presented to TBC senior management in the second week of June 2017.

IV. Competencies and Qualifications

1. 5 years relevant experience in working with refugee/marginalised communities along the Thailand-Burma border
2. Experience in social and financial research in Thailand
3. Ability to communicate with community groups and with institutions
4. Advanced university degree preferably in economics, development studies or a related field.
5. Fluency in English and Thai and knowledge of Burmese/Karen languages an asset