LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES

CASE STUDY

CONTENTS

The inside of a makeshift shelter is pictured at Mbera refugee camp in southern Mauritania. (REUTERS/Alamy Stock Photo)

EXECUTIVE SUMMARY

This collection of case studies was developed to shed light on the progress in leveraging digital identity and e-KYC to advance financial inclusion for forcibly displaced persons (FDPs) in Rwanda, Mauritania, and Eswatini. Towards that end, it presents valuable insights into their unique contexts and actionable policy recommendations for each of these countries while carefully considering the risks and opportunities. The report also provides more general, high-level policy recommendations for leveraging digital ID and e-KYC to increase FDP financial inclusion that can be adopted by other host countries.

>84m FDPs, with a population of over 84 million (at mid-2021)[1] which has been increasing every year, face many unique and complex challenges in accessing digital ID and formal financial services.

These challenges include (but are not limited to) the lack of officially recognized identity documents, limited availability of access points to obtain formal financial services, and strict KYC processes.

Financial policymakers and regulators around the world attempt to reduce money laundering and the financing of terrorism by institutionalizing comprehensive KYC norms in compliance with international standards for Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT). However, in many cases, these norms lead to the exclusion of disadvantaged groups such as FDPs from formal financial services as they often do not have the requisite documents to complete the KYC and CDD processes. Having access to bank accounts, mobile money services and more complex financial products such as credit and insurance is essential for FDPs to enhance their resilience, self-reliance, and economic contribution to the host economy.[2]

Since the coverage of FDPs in the digital ID systems of national governments and humanitarian organizations

is likely to gradually increase, there is a necessity to formulate comprehensive policy frameworks and legislations on data privacy and security that address FDPs' circumstances. FDPs' data is highly sensitive. They often have a limited understanding of consent and the implications of data privacy breaches. Due to their vulnerability, they also face greater risks of discrimination or persecution due to the unauthorized disclosure of their personal data and other information.[3] Thus, it is imperative to establish a strong data privacy and security architecture that will protect FDPs as well as their host communities. This can be done by leveraging new technologies and partnerships with the diverse range of actors in the humanitarian sector. Taking note of these considerations, this report provides a detailed account of the progress in leveraging digital identity and e-KYC to advance financial inclusion for FDPs in Rwanda, Mauritania, and Eswatini.

Rwanda has around 154,542 FDPs (refugees, asylum-seekers, refugees-returnees and other persons of concern to UNHCR) as at the end of 2020[4].

The rights of refugees and asylum-seekers have been enshrined in Rwanda's national legislation. The country also has a national financial inclusion strategy (NFIS) that aims to improve access to formal financial services among vulnerable groups, including FDPs. FDPs in Rwanda receive a Proof of Registration document (issued jointly by UNHCR and the government) and refugee identification cards issued by the National Identification Agency (NIDA). Refugee identification cards serve as officially recognized identification and allow refugees to travel internationally and access financial and other services within the country. The government, in partnership with UNHCR, continues to take concrete steps to ensure that every refugee has a valid identification card.

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1   UNHCR. 2022. Refugee Population Statistics Database. Available at: https://www.unhcr.org/refugee-statistics/

2   UNHCR. 2019. Displaced and Disconnected. Geneva. Available at: https://www.unhcr.org/innovation/wp-content/uploads/2019/04/Displaced-Disconnected-WEB.pdf

3   UNHCR. 2018. Data protection is part and parcel of refugee protection. UNHCR Blogs. Available at https://www.unhcr.org/blogs/

4   UNHCR. 2021. Global Trends in Forced Displacement – 2020. Geneva. Available at: https://www.unhcr.org/60b638e37/unhcr-global-trends-2020

4

LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES

Mauritania has approximately 95,601 FDPs (refugees including an estimated 26,000 people in refugee-like situations, and asylum-seekers) as at the end of 2020[5].

Most refugees are from Mali. Mauritania offers refugees and asylum-seekers the same rights as locals, apart from entry into the formal labor system.[6] Refugees and asylum-seekers in Mauritania are both eligible for the UNHCR ID card. However, only refugees are eligible for the national ID card and many have yet to receive it.[7] Refugees require the national ID card to open bank accounts and to obtain registered SIM cards. Thus, as the coverage of the national ID improves, more refugees will be financially included. The government of Mauritania has taken a notable step in recognizing FDPs by including refugees in the national Social Registry. This inclusion in the Social Registry makes them eligible to receive social assistance from the government of Mauritania. UNHCR and WFP also have multiple humanitarian aid programs in the country that are often disbursed digitally, improving access to basic financial services and enhanced financial literacy.

Eswatini has around 2,074 FDPs (refugees and asylum-seekers) as at the end of 2020[8]. The country's Refugees Act of 2017 recognizes refugees and asylum-seekers.

There are also plans to review the Act to include stateless persons. FDPs in Eswatini are eligible for national ID cards – refugee ID or non-Swazi ID (for asylum-seekers). The financial service providers (FSPs) are open to providing services to refugees and asylum-seekers but have different KYC requirements and offerings for them. Many refugees and asylum-seekers find it difficult to provide all the documents needed for required KYC, leading to their limited financial inclusion. While the country does not provide any cash assistance to refugees, it leases out land to support their livelihoods.

All three case study countries – Rwanda, Mauritania, and Eswatini – are attempting to improve the lives of FDPs. However, each country is at a different stage and faces distinct challenges to improve the national ID systems and e-KYC regulations in the context of FDPs. Therefore, the policy recommendations presented in this report are also exclusive for each country.

For instance, most refugees in Rwanda (approximately 75 percent as of early 2021) have access to refugee identification cards. Some, who hold the proof of registration documents but not the refugee identification cards, struggle to access formal financial services since the proof of registration alone is not considered a valid KYC document by most financial institutions. The government and central bank must work in tandem to ease KYC requirements or facilitate access to documents needed for the successful KYC processing of FDPs.

In Mauritania, the government can improve the coverage of the national digital ID among FDPs by leveraging the ongoing expansion of the national Social Registry.

Lastly, in Eswatini, the government is aiming to launch a new comprehensive ID system and should include vulnerable groups such as FDPs from the design phase. This will also help ensure that the national ID system is designed and deployed in a way that meets the needs and addresses the concerns of FDPs.

The report highlights the common policy and regulatory challenges faced by different countries that host FDPs. These hurdles can be overcome if different stakeholders – including national governments, central banks, humanitarian organizations, financial institutions, and FinTech companies – come together to ideate, innovate, and take concrete action to improve financial inclusion for FDPs.

5   UNHCR. 2021. Global Trends in Forced Displacement – 2020. Geneva. Available at: https://www.unhcr.org/60b638e37/unhcr-global-trends-2020

6   National Legislative Bodies/National Authorities. 2005. Mauritanie: Décret No. 2005-022 du 2005 fixant les modalités d'application en République Islamique de Mauritanie des Convention internationales relatives aux réfugiés. Available at: https://www.refworld.org/docid/492530d02.html

7   Key informant interview

8   UNHCR. 2021. Global Trends in Forced Displacement – 2020. Geneva. Available at: https://www.unhcr.org/60b638e37/unhcr-global-trends-2020

BACKGROUND

According to the UNHCR,[9] more than 84 million people remained forcibly displaced due to persecution, conflict, violence, human rights violations, or events disturbing public order. As per UNHCR's 2017 five-year strategic plan notes, conflict is not the only driver of displacement.

In addition to serious human rights abuses and poor governance, it should be noted that people are also "on the move because of acute poverty, the collapse of traditional livelihoods in a context of globalization and rapid urbanization, the effects of climate change, natural disasters, and environmental degradation which often exacerbate competition over scarce resources."[10]

+143m

The World Bank estimated in 2018 that Latin America, sub-Saharan Africa, and Southeast Asia will generate 143 million more climate migrants by 2050.[11]

FDPs include refugees, asylum seekers, internally displaced persons (IDPs), stateless persons, refugees-returnees, IDP-returnees, Venezuelans displaced abroad, and other persons of concern to UNHCR.[12] The responsibility of forced displacement falls disproportionately on developing countries. Eighty-six percent of the refugees and Venezuelans displaced abroad reside in developing countries, mainly Turkey, Colombia, Pakistan, and Uganda.[13] The East and Horn of Africa, and Great Lakes region hosted 4.5 million refugees at the end of 2020, rising by three percent or 122,800 people during the year. The region now hosts nearly one in every 5 refugees worldwide.[14]

The international community has attempted to mitigate the challenges faced by FDPs through various global conventions, declarations, and policy guidelines. The UN 1951 Convention relating to the status of refugees, commonly called the Refugee Convention, is the cornerstone for refugee protection.[15] It was supplemented by the 1967 Protocol relating to the status of refugees[16], which increased coverage of refugees.[17] The 1969 Convention and Protocol relating to the status of refugees governs the specific aspects of refugee issues in Africa.[18] It also further expanded

the definition of a "refugee" to include situations specific to forced displacement in Africa. With the increasingly protracted nature of displacement, in 2016 the UN announced a Comprehensive Refugee Response Framework (CRRF)[19] as part of the New York Declaration which requires member states to make commitments on the economic and social inclusion of refugees and their integration within national policies and systems. Continuing the momentum, the UN General Assembly adopted the Global Compact on Refugees[20] in 2018. This provides a framework for key stakeholders such as governments, international organizations and so on to support both host communities and refugees as a shared responsibility.

One gateway for the financial and economic inclusion of FDPs is their universal recognition through proper identification. FDPs who are forced to leave their countries of origin often do not have identification documents upon arriving in host countries.[21] Often, these documents are left behind, lost or destroyed during travel, or were never issued in the country of origin.

9   UNHCR. 2022. Refugee Population Statistics Database. Available at: https://www.unhcr.org/refugee-statistics/

10 Goodwin-Gill, Guy S. McAdam, Jane. 2017. UNHCR and climate change, disasters, and displacement. Geneva. Available at: https://www.unhcr.org/596f25467.pdf

11 Podesta, John. July 2019. "The climate crisis, migration, and refugees". Brief commissioned for the 16th annual Brookings Blum Roundtable: 2020 and beyond: Maintaining the bipartisan narrative on US global development. Available at: https://www.brookings.edu/research/the-climate-crisis-migration-and-refugees/

12 UNHCR. 2021. Global Trends in Forced Displacement – 2020. Geneva. Available at: https://www.unhcr.org/60b638e37/unhcr-global-trends-2020

13 UNHCR. 2021. Global Trends in Forced Displacement – 2020. Geneva. Available at: https://www.unhcr.org/60b638e37/unhcr-global-trends-2020

14 UNHCR. 2021. Global Trends in Forced Displacement – 2020. Geneva. Available at: https://www.unhcr.org/60b638e37/unhcr-global-trends-2020

15 UNHCR. 1951. The 1951 Refugee Convention. Available at: https://www.unhcr.org/1951-refugee-convention.html

16 OHCHR. 1996. Protocol relating to the Status of Refugees. OHCHR. Geneva. Available at: https://www.ohchr.org/EN/ProfessionalInterest/Pages/ProtocolStatusOfRefugees.aspx

17 The 1951 Convention recognized refugees displaced due to events occurring before 1951. The 1967 Protocol removed this criterion and recognized refugees displaced after 1951 too.

18 UNHCR. 2010. Convention and Protocol relating to the Status of Refugees. Geneva. Available at: https://www.unhcr.org/en-my/3b66c2aa10

19 UNHCR. Comprehensive Refugee Response Framework. UNHCR. New York. Available at: https://www.unhcr.org/comprehensive-refugee-response-framework-crrf.html

20 UN. 2018. The Global Compact on Refugees. UN. New York. Available at: https://www.unhcr.org/the-global-compact-on-refugees.html

21 Financial Action Task Force (FATF). 2020. Guidance on Digital Identity. Paris. FATF. Available at: http://www.fatf-gafi.org/media/fatf/documents/recommendations/Guidance-on-Digital-Identity.pdf

6

LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES

The lack of such documents makes FDPs susceptible to exclusion from basic services, humanitarian assistance and formal financial services. Many host governments have taken significant steps to issue identity documents to FDPs on a priority basis but much remains to be done. For instance, without proper identification, children born in refugee camps face the risk of statelessness,[22] limiting their ability to repatriate after the crisis is over and to legally reclaim the property and belongings that were left behind.

Emphasizing the need for identity, the UN Sustainable Development Goals Target 16.9 aims to provide legal identities for all – including birth registration – by 2030.

In March 2020 the UN Statistical Commission approved the inclusion of a dedicated SDG indicator 10.7.4 on refugees which measures the "proportion of the population who are refugees, by country of origin."[23]The inclusion of this indicator in the SDGs framework can help all key stakeholders effectively monitor the status of refugees at a national level, especially host countries.

UNHCR has been supporting various national governments in providing identification to refugees and asylum-seekers in various capacities over the past many years.[24] The primary responsibility of issuing the identity documents to refugees and asylum-seekers lies with the government of the host countries. UNHCR encourages host countries to issue identity documentation to refugees and asylum-seekers that is similar to the identity documentation given to the citizens. In case the host country lacks the capacity, UNHCR provides technical and material support. However, the issuing authority remains the government of the host country. In some cases, UNHCR and the government jointly issue the identity documents. In cases where the host country is not in favor of issuing the identity documentation, UNHCR issues the identity documents, which can be either cards or certificates, to refugees and asylum-seekers with the consent of the host government.

In many cases, host governments and UNHCR use biometrics to register and issue identity documentation to refugees and asylum-seekers, depending on the local context. Nearly nine million refugees have been enrolled in the UNHCR digital ID system using biometrics in 72 countries as of March 2020.[25]

With rapid advances in digital technology and an increase in the biometric registration of FDPs, it is imperative to ensure the protection and privacy of FDPs through effective data protection laws and guidelines. Many countries and organizations have data protection laws but in some instances, their applicability to refugees' data is unclear. In the absence of national data protection laws, some countries have adopted international conventions such as the African Union Convention on Cyber Security and Personal Data Protection.[26] In this context, it is encouraging to note that the second edition of 10 Principles of Identification for Sustainable Development[27] has also outlined the use of the "privacy by design" approach and data protection principles in the digital ID systems.

While identification remains very important to refugees, the services attached to such identification are absolutely necessary. As many FDPs experience protracted displacement, they need to ensure a sustainable livelihood that goes beyond just food and shelter over a period of time. The ethos of the UN Global Compact on Refugees is that access to affordable financial products and services increases refugees' livelihood quality and self-reliance.[28] In addition, the Global Partnership for Financial Inclusion (GPFI) suggests that the financial needs of FDPs might be linked to the length of their

22 Mostly, children automatically inherit their parents' nationalities at birth. Stateless refugees pass on statelessness to their children. Refugees who have citizenship of their origin countries pass it on to their children but this nationality will often only exist in theory, as parents are prevented from registering their child with authorities of the country of origin. In most countries, babies are registered with the relevant authorities soon after they are born, enabling them to receive a birth certificate. Without such a certificate, it can be very difficult for a person to lay claim to a nationality or to exercise the rights associated. with citizenship. Individuals who lack a birth certificate may, for example, find it impossible to leave or return to their own country, register as a voter or gain access to public health and education services. More information available at: https://indicators.report/targets/16-9/#:~:text=16.9%20by%202030%20provide%20legal,Indicators%20and%20a%20Monitoring%20Framework

23 UNHCR. 2020. Data Disaggregation of SDG Indicators by Forced Displacement. Available at: https://data.unhcr.org/en/documents/details/84157

24 UNHCR. 2018. Implementing registration within an identity management framework: Chapter 5.3 Documentation. Guidance on Registration and Identity Management. Geneva. Available at: https://www.unhcr.org/registration-guidance/chapter5/documentation/

25 Financial Action Task Force (FATF). 2020. Guidance on Digital Identity. Paris. Available at: http://www.fatf-gafi.org/media/fatf/documents/recommendations/Guidance-on-Digital-Identity.pdf

26 African Union. 2014. African Union Convention on Cyber Security and Personal Data Protection. (27 June 2014). Addis Ababa. Available at: https://au.int/sites/default/files/treaties/29560-treaty-0048_-_african_union_convention_on_cyber_security_and_personal_data_protection_e.pdf

27 World Bank. Principles on Identification for Sustainable Development : Toward the Digital Age (English). Washington, DC. Available at: http://documents.worldbank.org/curated/en/213581486378184357/Principles-on-identification-for-sustainable-development-toward-the-digital-age

28 UN. 2018. The Global Compact on Refugees. New York. Available at: https://www.unhcr.org/the-global-compact-on-refugees.html

displacement.[29] Compared to stable populations with relatively fixed financial needs, the financial needs of FDPs change significantly over time based on the stage of their displacement and their migration plans.[30]

A major parameter that impacts FDPs' access to and usage of formal financial services is the KYC and CDD norms that are set by national financial policymakers and regulators as part of their AML/CFT regimes. These KYC and CDD norms determine the acceptability and reliability of FDPs' IDs to access and use different formal financial services. These norms are developed in line with the international AML/CFT standards set by the Financial Action Task Force (FATF) in the form of the FATF Recommendations and related interpretive notes and guidance. Other factors such as the host government's level of awareness of FDPs' special circumstances and how they prioritize forced displacement in their national agenda may also impact the design of the KYC and CDD requirements.

Many jurisdictions still have stringent, rules-based KYC and CDD requirements. However, this approach may often prove to be counterproductive as it can drive monetary transactions into the unregulated, informal economy which can in turn cause financial exclusion risk. The FATF therefore encourages the use of a risk-based approach (RBA) when developing and implementing national AML/CFT regimes. The RBA is a proportionate approach whereby "countries, competent authorities and financial institutions are expected to identify, assess and understand ML-TF risks to which they are exposed and take AML-CFT measures commensurate to those risks in order to mitigate them effectively." They can identify, assess and understand these risks by conducting national and/or sectoral risk assessments. This approach enables the focus of resources and enhanced measures for situations where the risks are higher, the application of simplified measures where the risks are lower, and exemptions where the risks are low.

Over the years, several host countries in the AFI network have taken progressive steps towards the financial inclusion of FDPs through simplifying and tiering KYC and CDD requirements using an RBA and risk assessments. In 2018, Bangladesh Bank enabled access to formal financial services for Rohingya refugees through issuing a circular to FSPs, confirming that photo identity documents generated by the government of Bangladesh and UN organizations are acceptable for KYC purposes, although limited geographically.[32] Bank of Tanzania allows FDPs to get mobile wallets with an upper cap of USD700.[33]

The Directorate General of Migration Management (DGMM) in Turkey has facilitated the opening of bank accounts for refugees and asylum-seekers at Ziraat Bank, a local state bank. The refugees and asylum-seekers can open the bank accounts using identity documents issued by DGMM.[34] Bank of Uganda changed its legislation to allow bank branches in refugee camps and is now finding ways to encourage banks to set up branches in rural camps.[35] The European Union (EU) released a directive on payment accounts which gives people in the EU the right to a basic payment account, regardless of a person's place of residence or their financial situation.[36]

Recognizing the difficulties refugees face in meeting KYC and CDD requirement due to a lack of ID, in March 2020 the FATF's Guidance on Digital Identity[37] noted that "in the case of refugees, proof of official identity may also be provided by an internationally recognized organization with such mandate."[38] This would include the UNHCR-issued IDs.

29 As according to GPFI's policy paper Financial Inclusion for Forcibly Displaced Persons- Priorities for G20 action. During the phase of early displacement, FDPs' major needs are focused around cash aid to access food, shelter, and medical care. There might also be some requirements for microcredit. After a year of stay, during protracted displacement, FDPs need financial products for savings, remittances, household and business loans, and insurance. The needs become more sophisticated in the next phase of displacement, permanence, including transnational services and pension plans, among other products and services. (Global Partnership for Financial Inclusion. 2017. GPFI Policy Paper: Financial Inclusion for Forcibly Displaced Persons – Priorities for G20 Action. Bonn. Available at: https://www.gpfi.org/sites/gpfi/files/documents/gpfi_2017_policy_paper_inclusion_forcibly_displaced.pdf)

30 Alliance for Financial Inclusion (AFI). 2017. Financial Inclusion of Forcibly Displaced Persons: Perspectives of Financial regulators. Kuala Lumpur. Available at: https://www.afi-global.org/publications/financial-inclusion-of-forcibly-displaced-persons-perspectives-of-financial-regulators/

31 Financial Action Task Force (FATF). 2014. Guidance for a Risk-Based Approach: The Banking Sector. Available at: https://www.fatf-gafi.org/publications/fatfrecommendations/documents/risk-based-approach-banking-sector.html

32 Alliance for Financial Inclusion (AFI). Financial Inclusion of Forcibly Displaced Persons (FDPs). Thematic Areas. Kuala Lumpur. Available at: https://www.afi-global.org/thematic-areas/forcibly-displaced-persons/

33 Alliance for Financial Inclusion (AFI). 2017. Financial Inclusion of Forcibly Displaced Persons: Perspectives of Financial regulators. Kuala Lumpur. Available at: https://www.afi-global.org/publications/financial-inclusion-of-forcibly-displaced-persons-perspectives-of-financial-regulators/

34 UNHCR. 2019. Displaced and Disconnected – Country Reports. Geneva. Available at: https://www.unhcr.org/innovation/wp-content/uploads/2019/04/Displaced-Disconnected-WEB.pdf

35 Alliance for Financial Inclusion (AFI). 2017. Financial Inclusion of Forcibly Displaced Persons: Perspectives of Financial regulators. Kuala Lumpur. Available at: https://www.afi-global.org/publications/financial-inclusion-of-forcibly-displaced-persons-perspectives-of-financial-regulators/

36 European Commission. Payment Accounts Directive 2014/92/EU. Available at: https://ec.europa.eu/info/law/payment-accounts-directive-2014-92-eu_en

37 FATF guidance documents are merely advisory and have no legal binding in nations. Nations may or may not implement the guidelines in their domestic regulatory framework.

38 Financial Action Task Force (FATF). 2020. Guidance on Digital Identity. Paris. Available at: http://www.fatf-gafi.org/media/fatf/documents/recommendations/Guidance-on-Digital-Identity.pdf

KEY OBJECTIVES AND POLICY IMPLICATIONS

This report was developed based on

(1) an examination on policies, regulations, and current practices in digital ID and e-KYC for FDP financial inclusion in Rwanda, Mauritania and eSwatini and

(2) key informant interviews with stakeholders representing national governments, international organizations, and the private sector.

THE KEY OBJECTIVES OF THE REPORT ARE:

1

TO ASSESS THE CURRENT STATE OF IMPLEMENTATION: the report provides insights into the extent of digital ID and e-KYC implementation for the financial inclusion of FDPs in the three countries, while also discussing the risks and opportunities

2

TO EXPLORE DATA PROTECTION AND DATA PRIVACY POLICIES: the report showcases the data protection policies, laws, and regulations that ensure the privacy and safety of FDPs

3

TO PROVIDE ACTIONABLE POLICY RECOMMENDATIONS FOR LEVERAGING DIGITAL ID AND E-KYC TO ADVANCE THE FINANCIAL INCLUSION OF FDPs: the report elaborates on the distinct financial needs and circumstances of FDPs, and recommends considerations for financial policymakers and regulators who intend to addressing those needs.

Based on an analysis and synthesis of the **three country case studies**, this report discusses the main challenges and bottlenecks preventing the wider adoption of digital ID and e-KYC to advance the financial inclusion of FDPs, and presents actionable policy recommendations that can be implemented by other financial policymakers and regulators addressing FDP financial inclusion.

COUNTRY
CASE
STUDIES

Sisters and brother, Mbera refugee camp in southern Mauritania. (REUTERS/Alamy Stock Photo)

10

LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES

RWANDA

Rwanda is a landlocked country in Eastern Africa that borders the Democratic Republic of Congo (DRC), Tanzania, Uganda, and Burundi. There are approximately 154,542 FDPs (refugees, asylum-seekers, and others of concern to UNHCR) in Rwanda at the end of 2020.[39]

127,382

As of August 2021, Rwanda has around 127,382 refugees and asylum-seekers, out of which the majority are from DRC and Burundi.[40]

51%

The gender distribution in refugee camps is 51 percent female and 49 percent male with the highest proportion of FDPs being under 18 years of age.

There are six camps hosting refugees in Rwanda, namely, Gihembe, Kigeme, Kiziba, Mugombwa, Nyabiheke, and Mahama, as well as an Emergency Transit Mechanism center to receive evacuees from Libya. Around nine percent of the refugee population live in an urban setting.

Rwanda is a signatory to the 1951 Convention on the status of refugees and the 1967 Protocol relating to the status of refugees. These conventions laid the foundation of national laws governing the "right to asylum" and "determination of refugee status". The right to seek asylum is enshrined in the Constitution of Rwanda under Article 28 of Chapter IV.

In 2018, Rwanda signed the Comprehensive Refugee Response Framework (CRRF) reiterating its commitment to promoting inclusion, identification, and integration with national social protection systems, including the health and education of refugees.[41]

Rwanda has recently undertaken strong institutional measures regarding FDPs. As per its pledge at the High-Level Segment on Statelessness in 2019, Rwanda has established a National Statelessness Taskforce and drafted a National Action Plan (2020-2024) to Eradicate Statelessness in Rwanda, which operationalized the pledges made, including on identification of stateless persons and persons with undetermined nationality, legal amendments to provide for nationality pathways for stateless persons, and improve birth registration for refugees.[42]

The Ministry of Finance and Economic Planning heads the implementation of the Rwanda National Financial Inclusion Strategy (2019-2024).[43] The strategy aims to provide financial services to the entire population and targeted interventions for the inclusion of vulnerable groups such as refugees, however it does not provide any explicit targets towards that end. Notably, financial exclusion in Rwanda has dropped from 11 percent in 2016 to seven percent in 2020 (equivalent to five million adults). The significant drop can be attributed to the increase in the number of adults served by formal financial institutions. Financial institutions have increased their reach by expanding the services offered and developing new banking channels. There has also been an increase in services offered by non-bank financial institutions such as SACCOs and mobile money service providers. The Rwanda Finscope Report 2020 indicated an increase in the use of mobile money accounts from 2.3 million users in 2016 to 4.4 million users in 2020.[44]

DIGITAL ID LANDSCAPE FOR FDPs

Since 2007, the government has been maintaining a computerized National Population Register (NPR), which includes both foreigners and refugees.[45] In 2015, the government of Rwanda launched a digital ID that seeks to transform the identity ecosystem of Rwanda. The purpose of the digital ID is to increase electronic transactions.[46]

39 UNHCR. 2021. Global Trends in Forced Displacement – 2020. Geneva. Available at: https://www.unhcr.org/60b638e37/unhcr-global-trends-2020

40 UNHCR. 2021. UNHCR Rwanda – Operational update, August 2021. Geneva. Available at: https://reporting.unhcr.org/sites/default/files/Rwanda%20Operational%20Update-August%202021.pdf

41 UNHCR. 2020. Rwanda Country Refugee Response Plan. Rwanda. Available at : https://reporting.unhcr.org/sites/default/files/Rwanda%20Country%20Refugee%20Response%20Plan%202020-2021%20-%20March%202020.pdf

42 UNHCR. 2013. Global Action Plan to End Statelessness: 2014-2024. Geneva. Available at: https://www.unhcr.org/54621bf49.html

43 Access to Finance Rwanda. 2020. FinScope 2020 Report. Kigali City. Available at: https://www.bnr.rw/fileadmin/user_upload/2020_Rwanda_Finscope.pdf

44 Access to Finance Rwanda. 2020. FinScope 2020 Report. Kigali City. Available at: https://www.bnr.rw/fileadmin/user_upload/2020_Rwanda_Finscope.pdf

45 Rwanda's historical identity records were destroyed during the conflict. (Atick, Joseph J. 2016. The Identity Ecosystem of Rwanda: A Case Study of a Performant ID System in an African Development Context. ID4Africa. Kigali. Available at: https://www.id4africa.com/2016/files/ID4Africa2016_The_Identity_Ecosystem_of_Rwanda_eBooklet.pdf)

46 Atick, Joseph J. 2016. The Identity Ecosystem of Rwanda: A Case Study of a Performant ID System in an African Development Context. ID4Africa. Kigali. Available at: https://www.id4africa.com/2016/files/ID4Africa2016_The_Identity_Ecosystem_of_Rwanda_eBooklet.pdf

11

**LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES**

The National Identification Agency (NIDA) has been issuing refugee ID cards to refugees above the age of 16. The Agency issues different national identification cards to residents, foreigners, and refugees. The first digit of the identification number printed on the card can be 1, 2, or 3 depending on whether the card is a national ID, a foreigner's ID, or a refugee ID. UNHCR and the government of Rwanda also jointly issue proof of registration identification to refugees, which is a paper document ID in A4 format.[47] The proof of registration document allows refugees to travel across Rwanda but it cannot be used for employment. Only Equity Bank provides bank accounts to refugees on the basis of proof of registration to allow access to cash assistance given by UNHCR and WFP. The proof of registration document is accepted only after the confirmation from UNHCR.[48]

The government of Rwanda and UNHCR are currently conducting biometric enrolment for refugee IDs with an estimated coverage of about 75 percent as of early 2021.[49]

In March 2018, the Ministry of Emergency Management or MINEMA (previously the Ministry of Disaster Management and Refugees or MIDIMAR), NIDA, and

UNHCR jointly launched a verification exercise of refugees and asylum-seekers to update information as well as verify their physical presence in the country through biometric data.[50] The exercise aimed to give refugees greater access to identity documents, which would facilitate their ability to access government services, jobs and business opportunities outside the camps, formal financial services, and machine-readable travel documents.

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47 UNHCR. Working in Rwanda. Available at: https://help.unhcr.org/rwanda/services/work/

48 UNHCR. 2019. Displaced and Disconnected – Country Reports. Geneva. Available at: https://www.unhcr.org/innovation/wp-content/uploads/2019/04/Displaced-Disconnected-WEB.pdf

49 Key informant interview

50 UNHCR. February 2018. The Government of Rwanda and the UN Refugee Agency launch a joint verification exercise of refugees and asylum seekers residing in Rwanda. Available at: https://www.unhcr.org/rw/12906-government-rwanda-un-refugee-agency-launch-joint-verification-exercise-refugees-asylum-seekers-residing-rwanda.html

51 UNHCR. October 2018. The Government of Rwanda and the UN Refugee Agency launch the issuance of Machine Readable Refugee Travel Documents. UNHCR – Rwanda. Available at: https://www.unhcr.org/rw/13674-the-government-of-rwanda-and-the-un-refugee-agency-launch-the-issuance-of-machine-readable-refugee-travel-documents.html

Internally displaced persons, widow and her children. Rwanda. (Mike Goldwater/Alamy Stock Photo)

12

**LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES**

The provision for issuance of machine-readable travel documents to refugees was introduced in 2018.[51] These documents contain biometric data and security features allowing international travel for refugees in line with requirements specified by the Directorate General of Immigration and Emigration,[52] enabling them to seek better business opportunities. The requirements for the issue of machine-readable travel documents involves filling in an application letter addressed to the Director-General of Immigration and Emigration, a recommendation letter issued at the administrative cell or camp manager level, a copy of proof of registration, a copy of a valid refugee card and presentation of the original (if any), one recent passport photo in color, and a payment slip of RWF20,000 (USD19.50) paid to Irembo.[53] Irembo is an e-government platform that aims to digitize over 100 public services to allow easier access to Rwandan nationals and foreigners. The services available under Irembo can be accessed through multiple modes, including online, USSD, and agents. The machine-readable travel documents are available to both adults above 16 years and minors below the age of 16 years.

As a result of the verification exercise, by December 2019, 148,848 refugees[53] had been registered individually and 1,107 were registered at a group level. In addition, 6,422 birth certificates had been issued to children born to refugees.[55]

UNHCR is responsible for capturing refugees' and asylum-seekers' biometric details including fingerprints, irises, and photographs. NIDA is responsible for the registration of eligible refugees for the refugee ID using fingerprints and photographs. Once an individual (refugee, asylum-seeker or those who fall into other categories) is registered with UNHCR, they are issued with a proof of registration document. Subsequently, if eligible, refugees who are 16 years and above are enrolled for refugee IDs.

The digitization of government services through Irembo may also facilitate easier access to registration for FDPs.

DATA PROTECTION AND PRIVACY

In May 2017, UNHCR and the government of Rwanda created a data-sharing mechanism to exchange and access data on refugees. Through MINEMA and NIDA, the government is responsible for safeguarding data relating to refugees. Rwanda has also enacted a data protection law restricting the unauthorized use of personal data of data subjects. The law is not specific to the handling of data of refugees. Rwanda has also signed and ratified the African Union Convention on Cyber Security and Personal Data Protection, which covers natural persons which is supposed to cover refugees.[56]

NIDA and UNHCR are responsible for collection of data on refugees. UNHCR uses the guidelines on registration[57] and identity management which are part of the policy on persons of concern to UNHCR.[58] The policy was put in place to prevent unauthorized loss or disclosure of personal information of FDPs. The UNHCR signed a Memorandum of Understanding (MOU) with their implementation partners, such as the WFP,[59] on the data that can be shared. The MoU includes the data transfer agreement between UNHCR and the implementing partner, outlining the terms and conditions for use of personal data including the data components to be shared, the intended use, mode of transfer, and security measures.[60]

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51 UNHCR. October 2018. The Government of Rwanda and the UN Refugee Agency launch the issuance of Machine Readable Refugee Travel Documents. UNHCR – Rwanda. Available at: https://www.unhcr.org/rw/13674-the-government-of-rwanda-and-the-un-refugee-agency-launch-the-issuance-of-machine-readable-refugee-travel-documents.html

52 Directorate General of Immigration and Emigration, Government of Rwanda. Refugee Travel Document. Rwanda Directorate General of Immigration and Emigration – Our Services. Accessed 19 February 2022 Available at: https://www.migration.gov.rw/our-services/refugee/

53 According to immigration website Directorate General of Immigration and Emigration, Government of Rwanda. Refugee Travel Document. Rwanda Directorate General of Immigration and Emigration – Our Services. Accessed 19 February 2022 Available at: https://www.migration.gov.rw/our-services/refugee/)

54 This includes refugees that have willingly repatriated to their home countries.

55 UNHCR, et.al. 2020. RWANDA Country Refugee Response Plan (CRP) 2020-2021.Available at: https://reporting.unhcr.org/sites/default/files/Rwanda%20Country%20Refugee%20Response%20Plan%202020-2021%20-%20March%202020.pdf#_ga=2.140193523.1569461358.1645191318-1611624227.164519131856 African Union. 2014. African Union Convention on Cyber Security and Personal Data Protection. (27 June 2014). Addis Ababa. Available at: https://au.int/sites/default/files/treaties/29560-treaty-0048_-_african_union_convention_on_cyber_security_and_personal_data_protection_e.pdf

56 UNHCR. Guidance on Registration and Identity Management. Accessed on 19 February 2022. Available at: https://www.unhcr.org/registration-guidance/

58 UNHCR. Policy on the Protection of Personal Data of Persons of Concern to UNHCR. Available at: https://cms.emergency.unhcr.org/documents/11982/52542/Data+Protection+Policy/06bc03cf-e969-4329-a52b-161ae1eb42d7

59 UNHCR and the World Food Programme. May 2017. Addendum on Cash Assistance to Refugees to the January 2011 Memorandum of Understanding Between the United Nations High Commissioner for Refugees (UNHCR) and the World Food Programme (WFP). Available at: https://www.unhcr.org/596e13717.pdf

60 UNHCR, The World Food Programme, UNICEF. October 2020. Data Sharing Agreement among the Office of the United Nations High Commissioner for Refugees, the World Food Programme and the United Nations Children's Fund in the context of programmes involving transfers of cash assistance to beneficiaries in humanitarian situations. Available at: https://www.unhcr.org/602e24a94.pdf and UNHCR and the World Food Programme. May 2017. Addendum on Cash Assistance to Refugees to the January 2011 Memorandum of Understanding Between the United Nations High Commissioner for Refugees (UNHCR) and the World Food Programme (WFP). Available at: https://www.unhcr.org/596e13717.pdf

13

**LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES**

ACCESS TO FORMAL FINANCIAL SERVICES

Rwanda has made impressive progress in advancing the financial inclusion of FDPs through various government-led initiatives and close partnerships with development and humanitarian agencies. FDPs have access to bank accounts offered by financial institutions such as Equity Bank. The eligible refugee households in some camps who receive the UNHCR and WFP cash aid are given bank accounts linked with a Mastercard debit card which is issued to the head of the household.[61] Some refugees may have also access to a cross-border digital wallet named "Leaf"[62] that allows them to do remittance transactions through either a smartphone or a feature phone using USSD.

FDPs in Rwanda also have access to mobile money accounts provided by mobile network operators such as MTN.

There is a visible divide in access to SIM cards and mobile money usage between urban and rural refugees. Urban refugees, who mainly reside in Kigali and the Huye district, can purchase SIM cards at various mobile money centers using UNHCR proof of registration. However, refugees living in rural camps (constituting about 92 percent),[63] face difficulties in accessing SIM cards since rural agents cannot register non-Rwandan nationals.

Some agents in rural areas collect copies of proof of registration and deliver them to the nearest mobile registration centers for activation of SIM cards. This often takes time, making the process cumbersome for rural refugees.

The access to credit to FDPs seems to be limited to informal channels through shopkeepers in the camp. However, MNOs such as Airtel and Tigo are also trying to partner with banks to offer microcredit and loans to refugees.

According to a study by BFA Global published in March 2018,[64] there is a strong case for FSPs to provide formal financial services targeted to refugees in Rwanda. The report's estimates are based on Maastricht Graduate School of Governance (MGSG) data of 2016. They say that over 90 percent of refugee households report income from various sources above RWF25,000 per month which translates to USD300 annually.

The average annual household income in Rwanda is about USD 400[65] (2015) and GDP per capita according to the World Bank is USD820 (2019).[66] The income source includes salaried jobs (nine percent), remittances (four percent), those receiving cash transfers and holding salaried jobs (10 percent), those receiving cash transfers plus wages from odd jobs (27 percent), those receiving cash transfers plus remittances (four percent), and those receiving cash transfers only (35 percent).

Kindly refer to Appendix A to understand the availability of formal financial services to FDPs with respect to the length of their displacement.

KYC ECOSYSTEM

Rwanda is part of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG),[67] a FATF-Style Regional Body (FSRB). The country amended its AML/CFT law[68] in 2020, paving a way for the full criminalization of money laundering and terrorist financing (ML/TF) activities and confiscation of illicit proceeds.

The Rwandan Financial Intelligence Centre requires regulated entities to identify their customers as residents or non-residents before establishing business relationships. The minimum requirements for the opening of a personal bank account for an individual include: original and copy of passport, laissez-passer

61 According to FSD Africa 2019 Report: Refugees and their money, The Mastercard debit card is issued to the head of the household. (BFA Global. 2018. Refugees and Their Money: The Business Case for Providing Financial Services to Refugees. FSD Africa. Available at: https://bfaglobal.com/wp-content/uploads/2020/01/Refugees-and-Their-Money_-Assessing-the-Business-Case-for-Providing-Financial-Services-to-Refugees.pdf)

62 Leaf Global Fintech. https://leafglobalfintech.com/

63 UNHCR. 2019. Fact Sheet - Rwanda as of 15 October 2019. Geneva. Available at: https://reporting.unhcr.org/sites/default/files/UNHCR%20Rwanda%20Fact%20Sheet%20-%2015OCT19.pdf)

64 BFA Global. 2018. Refugees and Their Money: The Business Case for Providing Financial Services to Refugees. Available at: https://bfaglobal.com/wp-content/uploads/2020/01/Refugees-and-Their-Money_-Assessing-the-Business-Case-for-Providing-Financial-Services-to-Refugees.pdf

65 BFA Global. 2018. Refugees and Their Money: The Business Case for Providing Financial Services to Refugees. Available at: https://bfaglobal.com/wp-content/uploads/2020/01/Refugees-and-Their-Money_-Assessing-the-Business-Case-for-Providing-Financial-Services-to-Refugees.pdf

66 World Bank. GDP per capita (Current US$) – Rwanda. Accessed on 19 February 2022. Available at: https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=RW

67 IMF. September 2014. Mutual Evaluation Report: Anti-Money Laundering and Combating the Financing of Terrorism – Republic of Rwanda. Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). Available at: https://www.esaamlg.org/index.php/all_news/readmore_news/84

68 Mwai, Collins. 29 July 2020. Why Rwanda amended anti-money laundering law. Available at: https://www.newtimes.co.rw/news/rwanda-amend-anti-money-laundering-law

14

**LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES**

COMPARISON OF THE UNHCR AND GOVERNMENT-ISSUED REFUGEE ID WITH THE DESIGN PARAMETERS OF A GOOD ID[69]
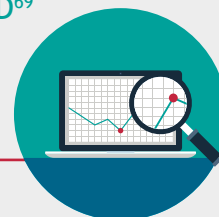
PARAMETERS	UNHCR- AND MINEMA-ISSUED PROOF OF REGISTRATION (POR)	GOVERNMENT-ISSUED REFUGEE ID
PRIVACY This parameter adjudicates data collection, sharing, and usage.	UNHCR has signed an MoU with the government of Rwanda on data sharing and access to refugees' data in 2017. UNHCR follows guidelines on registration and identity management.[70]	NIDA is in charge of the National Population Register. UNHCR maintains the most updated refugee data but shares refugee basic data with NIDA through MINEMA to produce refugee IDs and help with the issuance of other Civil Registration and Vital Statistics (CRVS) documents such birth certificates. Rwanda has established a data protection law that restricts the unauthorized use of personal data by data processors. This offers protection and privacy of data subjects. The law, however, does not provide specific conditions for handling refugee data. Rwanda has also ratified the African Union Convention on Cyber Security and Personal Data Protection.
INCLUSION	All FDPs are eligible for PoR.	There are no mentions of any FDP communities being excluded from national IDs.
USER VALUE	The UNCHR proof of registration allows refugees to move out of the camp and to open mobile money accounts in urban areas only. A few of the financial institutions like Equity Bank have been accepting the proof of registration document for opening of bank accounts to allow refugees to access cash assistance from UNHCR and WFP.	The refugee ID is of great value to FDPs. It allows refugees to be gainfully employed, start businesses, open bank accounts and obtain machine-readable travel documents for international travel.
USER AGENCY	Registration with UNCHR is voluntary.	Refugees, just like foreigners have to report to the government's Directorate General of Immigration and Emigration for registration. Those who are above 16 years are eligible for a refugee ID.
SECURITY	NIDA and UNHCR follow a rigorous data protection policy to ensure that refugee data is secure. UNHCR has a dedicated data protection policy (Policy on the Protection of Personal Data of Persons of Concern to UNHCR).[71] It also adheres to UNHCR's guidance for registration and identity management.[72]	

69 Good ID is a term used by the Omidyar Network to characterize the good practices in digital ID systems. (Omidyar Network. 16 May 2019. Omidyar Network Unpacks Good ID: An Update to Our Point of View on Digital Identity. Available at: https://omidyar.com/omidyar-network-unpacks-good-id-update-our-point-view-digital-identity/)

70 UNHCR. Guidance on Registration and Identity Management. Accessed on 19 February 2022. Available at: https://www.unhcr.org/registration-guidance/

71 UNHCR. 2015. Data Protection Policy – Policy on the Protection of Personal Data of Persons of Concern to UNHCR. Geneva. Available at: https://cms.emergency.unhcr.org/documents/11982/52542/Data+Protection+Policy/06bc03cf-e969-4329-a52b-161ae1eb42d7

72 UNHCR. Guidance on Registration and Identity Management. Accessed on 19 February 2022. Available at: https://www.unhcr.org/registration-guidance/

15

LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES

or ID where applicable, a high-quality passport size photo in color, an account opening application form, a letter from the employer confirming an employment contract, address, employment visa, copy of a Taxpayer Identification Number (TIN), and acceptance of terms and conditions.[73] There are two major mobile network operators in Rwanda namely MTN and Airtel-Tigo. According to MTN,[74] the minimum requirements for opening a mobile money account for foreigners in Rwanda are a valid passport, a laissez-passer, or a letter from the employer confirming employment, or a valid visa.

These KYC requirements, however, have limited the ability of FSPs to serve FDPs. Most FDPs may find it difficult to produce all the requirements such as the TIN number, letter from employer confirming employment, contact address, and employment visa. Following the verification exercise in 2018, some refugees have refugee ID cards that they can use to open bank accounts, but some still face difficulties in accessing financial services using these cards[75] because of the lack of verifiable addresses and TIN numbers. Equity Bank is one of the few financial institutions that accepts UNHCR refugee IDs for the opening of bank accounts.

On the other hand, the financial inclusion of FDPs has also been accelerated through institutional reforms and innovations. NIDA has spearheaded the innovations in digital identification in Rwanda as part of its mandate of modernizing the national population registration.

Computerization and integration of the various registries have enabled easier KYC processes as FSPs can leverage real-time identity verification and validation.[76]

STEPS TAKEN TO ADVANCE FINANCIAL AND ECONOMIC INCLUSION OF FDPs

Rwanda has endorsed the United Nations Development Assistance Plan (2018-2023), which is aligned with the National Strategy for Transformation with a focus on three pillars:[77] economic transformation, social transformation, and transformational governance.

The UN Development Assistance Plan (2018-2023) focuses on the inclusion of refugees in national systems instead of developing parallel systems meant for refugees.[78] The inclusion of refugees in the national systems began in August 2018 with the joint verification exercise of UNHCR and the government of Rwanda. This improved the issuance and delivery of refugee IDs and birth certificates.

The effective multi-agency response, comprising government actors such as NIDA, private sector organizations like Mastercard, financial sector actors like Equity Bank, and humanitarian agencies including UNHCR, UNCDF and WFP, has significantly contributed to the financial inclusion of refugees through the enhancement of demand for financial products and services. This has been done through the shift from primarily food assistance to cash-based interventions (in line with the UNHCR's priorities) which has accorded FDPs greater choice. Access to market-linked livelihood interventions such as allowing refugees to participate in economic activities and access to labor markets. This is partly contributing to the creation of a "demand-pull" for financial services among FDPs due to improved economic empowerment and purchasing power.

Several interventions have been undertaken jointly by government and development agencies to provide better access to financial services to FDPs. Examples include UNCDF-led program expanding financial access, digital and financial literacy for refugees' program (REFAD)[79] that has been implemented to increase access to financial services through capacity building of local FSPs, and strategic partnerships to design and roll out innovative financial services and products.

73 Rwanda National Police. 2015. Directive No 001/FIU/2015 of 30/12/2015 of the Financial Investigation Unit Relating to the Identification of Customers, Suspicious Transactions Reporting and Record Keeping Requirements for Reporting Entities. Available at: https://www.police.gov.rw/uploads/tx_download/doc06762320160121085053.compressed.pdf

74 Mobile Telecommunications Network (MTN). Mobile Money Service: Terms and Conditions. Accessed 19 February 2022. Available at: https://www.mtn.co.rw/wp-content/uploads/2019/11/MOMO-TERMS-CONDITIONS.pdf

75 UNHCR. 2019. Displaced and Disconnected – Country Reports. Geneva. UNHCR. Available at: https://www.unhcr.org/innovation/wp-content/uploads/2019/04/Displaced-Disconnected-WEB.pdf

76 Mukesha, Josephine. 2019. Reforming Identity Management Practices in Rwanda. Report presented at 5th Annual Meeting of the ID4Africa Movement. 18 June 2019. Available at: https://www.id4africa.com/2019_event/presentations/PS1/5-Josephine-Mukesha-NIDA-Rwanda.pdf)

77 Office of the UN Resident Coordinator, United Nations Rwanda. 2018. UNDAP II - the United Nations Development Assistance Plan 2018-2023. Kigali. Available at: https://rwanda.un.org/en/1236-undap-ii-united-nations-development-assistance-plan-2018-2023

78 UNHCR et al. 2020. RWANDA Country Refugee Response Plan (CRP) 2020-2021. Available at: https://reporting.unhcr.org/sites/default/files/Rwanda%20Country%20Refugee%20Response%20Plan%202020-2021%20-%20March%202020.pdf#_ga=2.140193523.1569461358.1645191318-1611624227.1645191318

79 Ogba, Uloma. 2019. Rwanda: Expanding Financial Access & Digital And Financial Literacy For Refugees Programme (REFAD)". Unlocking Public and Private Finance for the Poor (UNCDF) Blog. Available at: https://www.uncdf.org/article/4681/uncdf-rwanda---expanding-financial-access-digital-and-financial-literacy-for-refugees-programme-refad

16

LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES

MAURITANIA

Located in the Sahel region of West Africa, Mauritania is surrounded by Mali in the east and south, Western Sahara and Algeria in the north, Senegal in the south-west, and the Atlantic Ocean in the west. It has a population of 4.5 million spread across one million square kilometers. Mauritania is often considered a transit country for refugees and migrants originating mostly from Mali seeking to go north. The country also deals with protracted displacement. There are approximately 95,601 FDPs (refugees including approximately 26,000 people in refugee-like situations, and asylum-seekers) in Mauritania at the end of 2020.

76,212 As of September 2021, Mauritania hosts around 76,212 refugees and asylum-seekers.[80]

>94% Of these, more than 72,000 refugees and asylum-seekers are from Mali alone. The majority of the refugees fled to Mauritania due to the unrest in Mali and have settled in the M'bera refugee camp.

The majority of the refugees fled to Mauritania due to the unrest in Mali and have settled in the M'bera refugee camp. The M'bera camp is at a 40-kilometer distance from the Mali-Mauritania border and is four and a half square kilometers large.[81] It also hosts around 66,112 refugees from Mali as of September 2021. The other refugees and asylum-seekers, belonging to over 40 nationalities, settle in urban areas,[82] particularly the coastal cities of Nouakchott and Nouadhibou. In 2019, there were about 6,600 IDPs in the country, mostly displaced due to floods.[83] IDPs enjoy all rights as before their displacement and there are no specific provisions for them.

Cognizant of the protracted nature of displacement, the country's Constitution, enacted in 1991, allows all refugees who have legally entered the country the

same rights as local citizens. Refugees in Mauritania have freedom of movement, non-refoulement,[84] and access to basic services such as health and education. However, the national legislation does not allow the integration of refugees into the formal labor system.[85] Refugees have limited access to financial services due to limited financial infrastructure around refugee camps and a lack of customization of KYC norms for refugees.

Mauritania drafted a national asylum bill earlier in 2010 but it has not been ratified yet.[86]

In the absence of such legislation, Mauritania follows the various conventions it is a signatory to, such as the UN 1951 Convention relating to the status of refugees, the 1967 Protocol relating to the status of refugees, and the Organization of African Unity (OAU) 1969 Convention governing the specific aspects of refugee problems in Africa. In 2013, Mauritania signed the 2009 African Union Convention for the Protection and Assistance of Internally Displaced Persons in Africa (the Kampala Convention).[87]

The central bank, Banque Centrale de Mauritanie (BCM) is working on an NFIS that would serve vulnerable populations including refugees.[88] This is notable as not many countries have financial inclusion strategies that cater to FDPs. It will be the first policy of its kind in Mauritania as the current financial inclusion legislation does not cater to refugees.[89]

80 UNHCR. 2021. Mauritania - Situation map as at end of August 2021. Geneva. Available at: https://data2.unhcr.org/es/documents/details/88822

81 WFP West Africa. 2017. The Voices of Malian Refugees". Medium – World Food Programme Insight. 9 November. Available at: https://medium.com/world-food-programme-insight/the-voices-of-malian-refugees-671030690ca7)

82 Key informant interview

83 As according to the Internal Displacement Monitoring Centre. Internal Displacement Monitoring Centre (IDMC). Country Profile: Mauritania. Accessed on 19 February 2022. Available at: https://www.internal-displacement.org/countries/mauritania)

84 Non-refoulement is the practice of not forcing refugees or asylum seekers to return to a country in which they are liable to be subjected to persecution.

85 UNHCR. March 2020. UNHCR's Decentralized Evaluation of UNHCR's Livelihoods Programme in Mauritania (2017-2019) Technical Assistance to NGOs. Available at: https://www.unhcr.org/5e99cce47.pdf)

86 Key informant interview

87 UNHCR. 2015. "Submission by the United Nations High Commissioner for Refugees For the Office of the High Commissioner for Human Rights' Compilation Report Universal Periodic Review: Mauritania". UNHCR. Geneva. March 2015, available at: https://www.refworld.org/docid/563861198.html

88 UNCDF Policy Accelerator. "Mauritania's journey towards increased financial inclusion". Unlocking Public and Private Finance for the Poor (UNCDF). Accessed 19 February 2022. Available at: https://policyaccelerator.uncdf.org/whats-new/mauritania-journey-financial-inclusion#:~:text=The%20primary%20objective%20of%20their,too%20to%20achieve%20that%20objective.

89 The Financial Sector Development Strategy and Action Plan (2013-17), National Microfinance Strategy (2003) and the Mauritania Growth and Shared Prosperity Strategy (2016-2030) are limited to vulnerable populations such as women, farmers and disadvantaged persons but not displaced persons in particular.

17

**LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES**

DIGITAL ID LANDSCAPE FOR FDPs

UNHCR supports the government of Mauritania in providing FDPs with refugee IDs in line with UNHCR's mandate. This practice began in the M'bera camp where Malian refugees were recognized on a prima facie basis. Since 2019, it has grown to include refugees residing in urban areas.[90] Due to the absence of national asylum legislation, UNHCR determines refugee registration eligibility on an individual basis for refugees who are not settled in the M'bera camp.[91]

The UNHCR cards given to refugees and asylum-seekers are generally recognized in the country but they cannot be used to access formal financial services. The UNHCR cards do not have prolonged validity either. In urban areas, they are recognized by government authorities for one year and in the camp for two years.[92]

UNHCR uses its interoperable proGres tool to register refugees.[93] The tool is integrated with BIMS, a global biometrics system. The UNHCR registration process is simple. Refugees can register in UNHCR offices in Nouadhibou, Nouakchott, Bassikounou, or M'bera. UNHCR collects basic identification data and reasons for flight or fear of persecution along with a photo and biometric data, i.e. fingerprints and iris scan. UNHCR assesses the refugees' eligibility based on their risk of persecution and grants them the ID accordingly.

Since April 2013, the National Agency for Civil Registration (ANRPTS) has been biometrically registering refugees allowing them to receive government-issued refugee cards with national identification numbers (NIN) printed on them.[94]

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90 UNHCR. 2020. Mauritania: UNHCR Fact Sheet (May 2020). Geneva. Available at: https://reliefweb.int/report/mauritania/mauritania-unhcr-fact-sheet-may-2020

91 UNHCR. 2015. Submission by the United Nations High Commissioner for Refugees For the Office of the High Commissioner for Human Rights' Compilation Report Universal Periodic Review: Mauritania. Available at: https://www.refworld.org/docid/563861198.html

92 Key informant interview

93 UNHCR. Planning and Preparing Registration and Identity Management Systems: Chapter 3.6 Registration. Guidance on Registration and Identity Management. Geneva. Available at: https://www.unhcr.org/registration-guidance/chapter3/registration-tools/

94 UNHCR. March 2015. Submission by the United Nations High Commissioner for Refugees For the Office of the High Commissioner for Human Rights' Compilation Report Universal Periodic Review: Mauritania. Geneva. Available at: https://www.refworld.org/docid/563861198.html

Providing telephone service, Adrar, Mauritania. (mauritius images GmbH/Alamy Stock Photo)

18

**LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES**

Asylum-seekers are not eligible for these government-issued IDs.[95] It seems that due to limitations in resources and a lengthy approval process, to date, the actual disbursement of these government-issued IDs has been low: only 2,000 FDPs have received such cards.[96] NINs are recognized by financial institutions making these cards crucial for FDPs. In July 2021, the government of Mauritania adopted a decree to provide machine-readable travel documents or laissez-passers to refugees.[97]

In 2018, the government allowed children born in M'bera camp to receive birth certificates, thus addressing the problem of statelessness.

DATA PROTECTION AND PRIVACY

Data protection and privacy are vital for FDPs as they are often in a vulnerable position and their information is highly sensitive.[98] Two parallel FDP databases are maintained in Mauritania – one by UNHCR and the second by the ANRPTS. UNHCR signed an MoU with all the stakeholders having access to UNHCR's data on refugees, including the government of Mauritania and WFP, to ensure the data protection and privacy of FDPs are in line with UNHCR's data protection policies.

95 UNHCR. March 2015. Submission by the United Nations High Commissioner for Refugees For the Office of the High Commissioner for Human Rights' Compilation Report Universal Periodic Review: Mauritania. Geneva. Available at: https://www.refworld.org/docid/563861198.html

96 Key informant interview

97 UNHCR. 2020. Mauritania: UNHCR Fact Sheet (September 2020). Geneva. Available at: https://reporting.unhcr.org/sites/default/files/Mauritania-Factsheet%20September%202021.pdf

98 UNHCR. 2018. Data protection is part and parcel of refugee protection. UNHCR Blogs. Available at: https://www.unhcr.org/blogs/data-protection-part-parcel-refugee-protection/#:~:text=A.B%3A%20Data%20protection%20is%20part%20and%20parcel%20of,Data%20protection%20is%20therefore%20particularly%20important%20to%20UNHCRIslamic Republic of Mauritania - Mutual Evaluation Report. Manama. Available at: https://www.fatf-gafi.org/media/fatf/content/images/Mutual-Evaluation-Report-Mauritania-2018.pdf

Family at Mbera refugee camp in southern Mauritania, she fled her hometown of Lere, Mali, because of violence. (REUTERS/Alamy Stock Photo)

19

**LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES**

In 2021, the government of Mauritania took an important step to include eligible refugee households in the National Social Registry[99] to provide benefits through its national social protection programs such as Tekavoul. To enable this, UNHCR and the government of Mauritania plan to establish a secure data sharing process to use UNHCR's data on refugees to identify eligible households.[100]

Mauritania has a draft data protection law that has not been implemented yet. It has signed but not ratified the African Union Convention on Cyber Security and Personal Data Protection.[101] This convention covers data of natural persons which should cover refugees' data.

ACCESS TO FORMAL FINANCIAL SERVICES

To open a bank account in Mauritania, an NIN is mandatory. Currently, very few refugees have obtained their NINs. Urban refugees can access micro-loans and microcredit through Djikke, a national savings and credit cooperative. Microcredits to the value of USD400 to USD7000 are given to promote economic self-reliance. Until 2019, 128 urban refugees had benefited from this. These loans have been subsidized by UNHCR but repayment has been suboptimal due to poor financial literacy.[102] Recently, UNHCR has strengthened advocacy with the authorities and FSPs to facilitate the recognition of refugee ID as a document for establishing bank accounts. In September 2021, a pilot project was implemented with Banque El Amana, which allowed the successful opening of a bank account for a refugee living in Nouakchott. In the first quarter of 2022, UNHCR in collaboration with Banque El Amana will facilitate the opening of bank accounts for 100 urban refugees to scale-up the financial inclusion of FDPs.

Malian refugees settled in the camp do not have access to financial products as there is limited supporting infrastructure in the camp. The nearest town, Bassikounou, 18 kilometers away, hosts few bank branches. Women are less likely to travel out of the camp so their access to formal financial services is severely limited. The access to financial services for camp residents is likely to improve as Djikke has recently opened a branch in Bassikounou, and a counter in the camp. UNHCR also plans to release another tender for financial institutions to provide financial services to FDPs. UNHCR developed a partnership with the microfinance institution Djikke and Banque El Amana, in addition to the local authorities in Bassikounou to build a complex for financial services in Mbera camp. The completion of the complex in 2022 will bring refugees closer to the financial services

provided by these two institutions and strengthen the financial and economic inclusion of refugees.

Mauritania has been unable to leverage the benefits of mobile wallets, unlike many other African nations. The Global Findex 2017 reported that only four percent of Mauritanian adults have mobile money accounts. The country does not have a regulatory framework for mobile money yet. In the GSMA Mobile Money Regulatory Index 2019, Mauritania had a very low score in non-bank institutions based on their performance against authorization, KYC, consumer protection, and agent network indicators.[103]

The mobile money ecosystem is likely to see growth after BCM implements its new NFIS. Demonstrating noteworthy signs, the Banque Populaire de Maurantine started a mobile banking service, Bankily, in August 2020[104] and the Mauritania Bank for International Trade launched a digital bank named Marsvi in May 2021.[105]

Popular MNOs like Mattel, Mauritel, and Chinguitel have created mobile money wallets and may launch them when permitted by national regulations.

Refugees are unable to use mobile money accounts as they require NINs to register SIM cards. There are workarounds for obtaining SIM cards but there are dangers of sudden cancellation. Since few refugees have NINs, their access to mobile money accounts is limited.

99 The National Social Registry is a tool for identifying the poorest households in Mauritania, currently numbering around 175,000 registered households. This tool helps target social interventions more effectively.

100 UNHCR. 2021. Mauritania: Supporting inclusion of refugees in the national social safety net. Geneva. Available at: https://reliefweb.int/report/mauritania/mauritania-supporting-inclusion-refugees-national-social-safety-net)

101 Data Guidance. Mauritania: Draft Law No. 2017 - 020 on the protection of the personal data. Accessed 20 February 2022. Available at: https://www.dataguidance.com/jurisdiction/mauritania)

102 UNHCR. March 2020. Assessment 2017-2019. Technical Assistance to NGOs. 2020. Decentralized Evaluation of UNHCR's Livelihoods Programme in Mauritania (2017-2019). Available at: https://www.unhcr.org/5e99cce47.pdf)

103 GSMA. 2020. Mobile Money Regulatory Index 2019. London. Available at: https://www.gsma.com/mobilefordevelopment/resources/mobile-money-regulatory-index-2019/)

104 Comviva. 2020. Bankily brings digital banking revolution in Mauritania. PR Newswire. Available at: https://www.prnewswire.com/in/news-releases/bankily-brings-digital-banking-revolution-in-mauritania-867973179.html#:~:text=Bankily%20brings%20a%20digital%20revolution%20in%20the%20banking,app%20or%20USSD%20code%20%2A888%23%20for%20Mattel%20subscribers)

105 Biztech Africa. 2021. Digital bank launched in Mauritania. Available at: https://www.biztechafrica.com/article/digital-bank-launched-mauritania/16637/)

COMPARISON OF THE UNHCR AND GOVERNMENT-ISSUED REFUGEE ID WITH THE DESIGN PARAMETERS OF A GOOD ID[106]
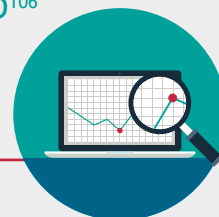
PARAMETERS	UNHCR- AND MINEMA-ISSUED PoR	GOVERNMENT-ISSUED REFUGEE ID
PRIVACY This parameter adjudicates data collection, sharing, and usage.	UNHCR signs MoU with all parties having access to any data collected by UNHCR to prevent unauthorized sharing or usage of data on refugees. One example of this is that UNHCR does not share biometric details with WFP to give out humanitarian aid and limits the use of biometrics to ensure deduplication. UNHCR follows the principles of data minimization, consent, and choice while collecting refugee data.	Mauritania has a draft data protection law but it not yet been implemented. It is a signatory to the African Union Convention on Personal Data Protection and Privacy which may cover the ANRPTS database on refugees once the Convention is ratified by the government.
INCLUSION	The UNHCR ID is mandatory to access basic services such as food and shelter, health, education, and other social assistance in the country.	While the legislation does not exclude any refugees from the ID program to date, only a few refugees (~2,000 refugees) have obtained government-issued refugee cards. Asylum seekers are not eligible to receive these cards yet. This may often lead to exclusion from services for many vulnerable people.
USER VALUE	The UNHCR ID allows refugees freedom of movement and access to health, education, and humanitarian aid.	The National IDs and NINs allow FDPs to access services including obtaining civil registration documentation, the opening of bank accounts, and social registry, vulnerability categorization.
USER AGENCY	Refugees are not forced into registering for national or UNHCR IDs. However, they will be unable to access basic services if they do not register themselves.	
SECURITY	UNHCR has a dedicated data protection policy (Policy on the Protection of Personal Data of Persons of Concern to UNHCR).[107] It also adheres to UNHCR's guidance on registration and identity management [108]	Mauritania is working on a draft data protection law that may cover the ANRPTS refugee database.

106 Good ID is a term used by the Omidyar Network to characterize the good practices in digital ID systems. (Omidyar Network. 2019. Omidyar Network Unpacks Good ID: An Update to Our Point of View on Digital Identity. Available at: https://omidyar.com/omidyar-network-unpacks-good-id-update-our-point-view-digital-identity/)

107 UNHCR. 2015. Data Protection Policy – Policy on the Protection of Personal Data of Persons of Concern to UNHCR. Geneva. Available at: https://cms.emergency.unhcr.org/documents/11982/52542/Data+Protection+Policy/06bc03cf-e969-4329-a52b-161ae1eb42d7

108 UNHCR. Guidance on Registration and Identity Management. Accessed on 19 February 2022. Available at: https://www.unhcr.org/registration-guidance/

With the government's laudable step of including refugees in the National Social Registry by the end of 2021, and allowing eligible households to receive conditional cash transfers under the Tekavoul program, the financial inclusion of refugees may improve significantly.[109] This can be partly attributed to the fact that an NIN is a prerequisite to becoming part of the National Social Registry.

Kindly refer to Appendix A to understand the availability of financial services to FDPs with respect to the length of their displacement.

KYC ECOSYSTEM

In Mauritania's Mutual Evaluation Report (MER) published in 2018 by the Middle East and North Africa Financial Action Task Force (MENAFATF), it was noted that there are no specific KYC norms for foreign customers in Mauritania.[110] The absence of specific KYC norms for foreign customers has left banks unable to decide if they can offer their services to refugees and the credentials that would be acceptable. The central bank has been unable to direct financial institutions to use a simplified KYC process for refugees as it has yet to conduct a national or sectoral risk assessment of FDPs.

Many financial institutions do not consider FDPs a lucrative business opportunity so they may not provide them services unless incentivized to do so by the government. In this regard, the government along with BCM, is working on an NFIS that will include refugees as a target group. BCM also conducted a study on FDPs aiming to understand the refugee market and the financial products most suited for them.

STEPS TAKEN TO ADVANCE SOCIAL AND ECONOMIC INCLUSION OF FDPs

UNHCR has been instrumental in providing identification – and thus protection – to refugees. It has also been advocating for better recognition of its IDs and is helping the government provide national IDs so that FDPs can access formal financial services. It has also digitized some of its cash transfer programs to augment its efforts to enhance the financial and economic inclusion of the refugees. The main points of this strategy are given below:

> Eligible refugees residing in urban areas receive multi-purpose cash assistance from UNHCR.[111] UNHCR has tied up with Banque El Amana to provide refugees with prepaid ATM cards and bank accounts. Refugees can use these cards to access their funds.

> In the M'bera camp, UNHCR, WFP, and Lutheran World Federation (LWF) provides in-kind food and cash to refugees. Due to limited financial infrastructure, the cash portion of the assistance is physically distributed to them. There are plans to digitize after the appropriate infrastructure is created.

> About 600 FDP students have received a UNHCR-facilitated scholarship for primary and secondary education as of September 2021.

> UNHCR has also provided cash grants to 1500 local entrepreneurs in and around the camp to encourage economic inclusion in 2020.

The planned inclusion of refugees in the National Social Registry would result in the poorest refugee households receiving regular and sustainable support from the government by way of conditional cash transfers for five years.[112] The government of Mauritania has also expanded the coverage of its National Health System (Inaya) to the M'bera camp. The program supports the healthcare infrastructure, vaccination and immunization drives, medicine provisions, and Covid-19 prevention and response.[113]

In a nutshell, while Mauritania has made significant strides in digital ID, such as biometric registration of refugees to provide government-issued ID cards. There is scope to further bolster FDP financial inclusion by leveraging the ID system. This will lead to refugees enjoying a better and more secure livelihood while benefiting the host community.

109 UNHCR. 2021. Mauritania: Supporting inclusion of refugees in the national social safety net. Geneva. Available at: https://reliefweb.int/report/mauritania/mauritania-supporting-inclusion-refugees-national-social-safety-net

110 Middle East and North Africa Financial Action Task Force (MENAFATF). 2018. Anti-money laundering and counter-terrorist financing measures: Islamic Republic of Mauritania - Mutual Evaluation Report. Manama. Available at: https://www.fatf-gafi.org/media/fatf/content/images/Mutual-Evaluation-Report-Mauritania-2018.pdf

111 UNHCR. 2020. Mauritania: UNHCR Fact Sheet (September 2020). Geneva. Available at: https://reporting.unhcr.org/sites/default/files/Mauritania-Factsheet%20September%202021.pdf

112 UNHCR. 2021. Mauritania: Supporting inclusion of refugees in the national social safety net. Geneva. Available at: https://reliefweb.int/report/mauritania/mauritania-supporting-inclusion-refugees-national-social-safety-net

113 UNHCR. 2021. UNHCR Mauritania - Year End Report 2020. Geneva. Available at: https://reliefweb.int/report/mauritania/unhcr-mauritania-year-end-report-2020

22

LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES

ESWATINI

The Kingdom of Eswatini is a landlocked country, with a population of 1.2 million, spread across 17 thousand square kilometers. It is surrounded by South Africa and Mozambique.

↓ The number of refugees in Eswatini decreased drastically after the abolition of apartheid in South Africa in the early 1990s and the end of the Mozambique civil war in 1992.

2,974 Eswatini had 970 refugees and 1104 asylum-seekers at the end of 2020.[114]

The majority of refugees are provided shelter in the Malindza Refugee Reception Centre. In Eswatini, persons who are not of Swazi ethnic origin often find it very difficult to obtain citizenship.[115] Eswatini also has 110 IDPs.[116] However, there are no special provisions made for them.

The government is currently undertaking an exercise to estimate the number of stateless persons in Eswatini. It has adopted a National Action Plan to Eradicate Statelessness in Eswatini which was approved by the Cabinet in 2018. There is also an ongoing study on statelessness that is intended to give a detailed understanding of the likely causes and impact of statelessness on Eswatini.

The government enacted a Refugee Act in 2017,[117] according better recognition and protection to FDPs while adhering to the UN's Comprehensive Refugee Response Framework (CRRF),[118] the 1951 Convention relating to the status of refugees, the 1967 Protocol, and the 1969 Convention governing the specific aspects of refugee problems in Africa.[119] The country plans to review the 2017 Refugee Act to include stateless persons too.[120] Eswatini is also a signatory to UN's 1954 Convention relating to the Status of Stateless Persons and the 1961 Convention on the Reduction of Statelessness.

The Refugees Department under the Ministry of Home Affairs is the appellate body for all refugee affairs, including protection and provision of basic services. The Ministry of Home Affairs works closely with UNHCR

and World Vision to provide various services to refugees and asylum-seekers.[121] These services and provisions include legal protection, non-refoulement, healthcare, education, shelter, food assistance, counseling, skills training, and income-generating opportunities.[122] FDPs are only prohibited from voting and traveling to their countries of origin.

DIGITAL ID LANDSCAPE FOR FDPs

The government of Eswatini, through its Refugees Department manages the registration process of refugees and asylum-seekers. As per the Refugees Act 2017, it is mandatory for any refugee who has entered the country to request protection from an authorized government officer by way of an application before entry or a verbal request after entry. The authorized officer will help the refugee fill in an application form if the latter has not already done so. The refugee will receive a copy of the form stating their request for a refugee status permit. This document shall be valid until the status is granted. Refugee status is determined after a round of interviews. If successful, the refugee receives a refugee status permit card. If unsuccessful, there is a provision for the refugee to apply again.

A national identity program was rolled out in Eswatini in 1998 through the Identification Bill[123] of 1998. The Bill made clear provisions for non-citizens. As per the Bill, refugees above the age of 16 can apply for refugee ID using their status permit, while asylum-seekers above the age of 16 can apply for a non-Swazi ID using their status permit. After verification of status permits, refugees and asylum-seekers receive

114 UNHCR. Global Trends on Forced Displacement in 2020. Available at: https://www.unhcr.org/flagship-reports/globaltrends/

115 UNHCR. 2020. Citizenship and Statelessness in the Member States of the Southern African Development Community. Geneva. Available at: https://www.refworld.org/docid/6012a0d44.html

116 OCHA. Humanitarian Data Exchange – Kingdom of Eswatini - Internally displaced persons – IDPs. Accessed on 20 February 2022. Available at: https://data.humdata.org/dataset/idmc-idp-data-for-kingdom-of-eswatini?force_layout=desktop)

117 Government of Eswatini. 2017. Eswatini: The Refugees Act of 2017. Available at: https://www.refworld.org/docid/5d31b3f64.html

118 UNHCR. Comprehensive Refugee Response Framework. New York. Accessed 19 February 2022. Available at: https://www.unhcr.org/comprehensive-refugee-response-framework-crrf.html

119 Eswatini is a signatory to the latter three conventions and the New York declaration which subsumes the CRRF.

120 Key informant interview

121 Caritas Swaziland. Accessed on 20 February 2022. Available at https://www.caritas.org/where-caritas-work/africa/swaziland/

122 As according to the website of the government of the Kingdom of Eswatini

123 Government of Eswatini. 1998. Swaziland: The Identification Bill 1998. Available at: http://citizenshiprightsafrica.org/wp-content/uploads/2020/06/Swaziland-Identification-Bill-1998.pdf

23

**LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES**

a Personal Identification Number (PIN) from the Civil Registrar. After receiving a PIN, they can apply for government-issued IDs.[124] The details collected while registering for government-issued IDs include basic identification details, place of birth, citizenship status, photograph, and biometric details which in this case are only fingerprints.[125] On application for a refugee or non-Swazi ID, the FDP receives a temporary identity document. Children born to refugees and asylum-seekers in Eswatini and FDPs below the age of 16 are not eligible for ID cards. However, they receive birth certificates and birth identification numbers to avoid statelessness. All details are recorded in the National Population Register.[126] There are no linkages yet with the IT system.[127] It is unclear if the entire process of registration and documentation is paper-based or digitized.

DATA PROTECTION AND PRIVACY

The Identification Bill of 1998 provides for secrecy, ensuring that any persons who come into possession of any information during the ID process does not share said information with others.[128] The refugee ID and non-Swazi ID databases are not linked or shared with any other agencies. The Data Protection Law, 2020 extends protection to all individuals in the country as outlined below.[129] The law is still under discussion and is yet to be made an Act.

According to the Data Protection Law of 2020, "The legitimate private interest of an individual is recognized and legally protected. Privacy, therefore, is infringed by the unauthorized collection of personal data which is the act of intrusion, as well as the disclosure of any such data, while the identity is violated by the collection and disclosure of false information."[130]

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124 As according to the Government of Eswatini's Ministry of Home Affairs website

125 Key informant interview

126 Government of Eswatini. 1998. Swaziland: The Identification Bill 1998. Available at: http://citizenshiprightsafrica.org/wp-content/uploads/2020/06/Swaziland-Identification-Bill-1998.pdf

127 Key informant interview

128 Government of Eswatini. 1998. Swaziland: The Identification Bill 1998. Available at: http://citizenshiprightsafrica.org/wp-content/uploads/2020/06/Swaziland-Identification-Bill-1998.pdf

129 Henwood, John. 2021. Eswatini - Data Protection Overview. Data Guidance. Available at: https://www.dataguidance.com/notes/eswatini-data-protection-overview

130 Henwood, John. 2021. Eswatini - Data Protection Overview. Data Guidance. Available at: https://www.dataguidance.com/notes/eswatini-data-protection-overview)

Eswatini village. (Horizons WWP/Alamy Stock Photo)

The Act has specific sections for the financial and telecommunications sectors providing specific guidance on what data can be shared and when. There are also protections in place to limit access to the digital trail of personally identifiable information.[131]

ACCESS TO FORMAL FINANCIAL SERVICES

The National Financial Inclusion Strategy 2017-2022 provides a roadmap to increase inclusion of the vulnerable but not explicitly of FDPs. It is unclear what banking infrastructure exists in the camps.

13% While there are no statistics on the financial inclusion of FDPs, 13 percent of the entire Eswatini population was reported to be financially excluded in 2018.

55% Fifty-two percent used banks, 33 percent used non-bank financial institutions particularly mobile wallets, and 13 percent used informal banking.[132]

All banks are regulated by the central bank and Ministry of Finance through the Money Laundering and Financing of Terrorism (Prevention) Act of 2011,[133] while all non-bank financial institutions are regulated by the Financial Security Regulatory Authority (FSRA)'s AML/CFT guidelines.[134] The Act and the guidelines cover the KYC measures for different types of customers but they do not mention specific provisions for FDPs. The interviews with national stakeholders suggest that regulated entities[135] are allowed to apply a simplified due diligence process to customers who are considered lower risk. The regulated entities classify customers as lower-risk based on their own risk assessments, taking into account the risk exposure associated with different products, customers, delivery channels, and geographic locations.[136] The central bank and FSRA allow financial institutions to recognize refugees and asylum-seekers registered in Eswatini and who are in possession of a valid permit; however, the final decision lies with the institutions themselves.[137]

Institutions often do not classify refugees and asylum seekers as lower risk as "there may be a heightened ML/FT risk since some of the FDPs come from conflict zones and jurisdictions, which may have weaker AML/CFT regulations or are facing sanctions."[138] This means that FSPs have to undertake enhanced due diligence measures and may deem this risk outside their risk appetites.[139]

Many refugees have access to financial services, namely savings accounts from Standard Bank and remittance services from Western Union. Refugees can also access a mobile wallet that is provided by FNB through nearby shops around the Reception Centre.[140] Kindly refer to Appendix A to understand the availability of financial services to FDPs with respect to the length of their displacement.

KYC ECOSYSTEM

Financial institutions have varied modes of engaging with refugees and asylum seekers depending on their own risk assessment. The Swaziland Building Society requires status permits from refugees and the verification of those permits from the Ministry of Immigration to access financial services.

The Eswatini Bank allows customers with a monthly turnover of less than SZL5,000 (USD354) to access financial services requiring only an identity document with a photograph. Most refugees and asylum-seekers fall into this income category. The bank recognizes a non-Swazi passport, a letter from the Ministry of Home Affairs, and a letter from the refugee camp as proof of identity for FDPs.

Standard Bank offers financial products to refugees and asylum-seekers and requires an identity document and proof of income source. It also recognizes a non-Swazi passport, a letter from the Ministry of Home Affairs, and a letter from the refugee camp as identity proof for FDPs.

NedBank has created a product, Ngeyakho, to enable access to financial services for FDPs at a minimal fee and reduced verification, requiring only a local ID. The product has additional benefits like cellphone banking and ATM services.

131 Key informant interview

132 UNCDF. 2020. Eswatini Financial Inclusion Refresh. Unlocking Public and Private Finance for the Poor. Available at: https://www.uncdf.org/article/6570/eswatini-financial-inclusion-refresh)

133 Website of the Central Bank of Eswatini. Accessed on 20 February 2022. Available at https://www.centralbank.org.sz/

134 Key informant interview

135 "Regulated entities" refers to financial institutions, virtual asset service providers (VASPs), and designated non-financial businesses and professions (DNFBPs), as defined under the FATF Standards

136 Key informant interview

137 Key informant interview

138 Key informant interview

139 Key informant interview

140 Key informant interview

MTN Eswatini, a leading telco and mobile money provider, accepts any non-Swazi identification proof such as a passport at the time of onboarding, but requires Eswatini identity documents later.

In most cases, refugees and asylum-seekers can access financial products if they have a residence status permit, a letter from the Ministry of Home Affairs, and a letter from the refugee camp proving their address. However, most FDPs find it difficult to produce all these documents, and FSPs find it difficult to verify them due to administrative challenges and delays. The level of recognition afforded to personal identity documents (refugee ID and non-Swazi ID) issued by the Ministry of Home Affairs is unclear.

STEPS TAKEN TO ADVANCE FINANCIAL AND ECONOMIC INCLUSION OF FDPs

The government of Eswatini has provided income-earning opportunities for FDPs. It has attempted to provide them with a life of dignity and has settled them in the Malindza Refugee Reception Centre. It plans to open another camp and provide agricultural livelihood opportunities to refugees. The Centre has a school for refugee children, and clinics to provide healthcare. The government has also set up a food assistance program that provides FDPs with meals cooked in community kitchens.

Eswatini has significant and strong legislation recognizing refugees and asylum-seekers, and providing them with an identity. It has taken several steps to offer them a life of dignity by giving them opportunities to earn a living and not depend on aid. However, there is scope to improve their livelihoods further by easing their access to financial products and services.

COMPARISON OF THE UNHCR AND GOVERNMENT-ISSUED ID WITH THE DESIGN PARAMETERS OF A GOOD ID[141]

PARAMETERS	ESWATINI PERSONAL IDENTITY DOCUMENTS FOR REFUGEES AND ASYLUM-SEEKERS
PRIVACY	Refugees' data is protected under the secrecy clause in the Identification Bill, 1998, and the Data Protection Act, 2020.
INCLUSION	It is unclear how many refugees and asylum seekers have been able to get government-issued IDs. However, most services are tied to the status permits which almost every FDP has, thus ensuring their minimal exclusion.
USER VALUE	It is unclear as to what recognition the IDs have. Most services are tied to the FDP status permits.
USER AGENCY	FDPs may choose to register for the refugee or non-Swazi ID. However, it is not mandatory. The government attempts to provide most relief and services to FDPs using the status permits.
SECURITY	The refugee and non-Swazi ID databases are not shared with any external organization. It is protected under the Data Protection Act, 2020.

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141 Good ID is a term used by the Omidyar Network to characterize the good practices in digital ID systems. (Omidyar Network. 2019. Omidyar Network Unpacks Good ID: An Update to Our Point of View on Digital Identity. Available at: https://omidyar.com/omidyar-network-unpacks-good-id-update-our-point-view-digital-identity/

COUNTRY-SPECIFIC RECOMMENDATIONS

Female refugee from Nara, Mali at the Mbera refugee camp, Mauritania. (REUTERS/Alamy Stock Photo)

RWANDA

Rwanda has made great strides in refugee identification over the past few years. However, there are still areas for improvement, given the continued fragile situation in the neighboring countries.

ENHANCE THE CAPACITY OF NIDA SO THAT IT CAN ISSUE REFUGEE IDENTIFICATION CARDS

The capacity of NIDA can be enhanced to issue identification to minors and to provide birth certificates to children born in refugee camps.[142] The registration of children born in the camps will facilitate ease of access to machine-readable travel documents. It will also make the registration for refugee identity cards easier. NIDA, in partnership with the World Bank launched a digital birth registration system for citizens to allow children to be registered and issued with identity at the health facilities where they are born.[143] A similar approach can be extended to children born to FDPs.

STREAMLINE KYC REGULATIONS TO ADDRESS SYSTEMATIC GAPS AND MITIGATE CHALLENGES

Rwanda's AML/CFT compliance requirements allow financial institutions to collect minimum information for KYC and CDD. However, there is a clear need to streamline the KYC and CDD process of FDPs and provide detailed regulatory guidance to financial institutions to bring legal certainty and uniformity on KYC and CDD documents required for FDP financial inclusion.

Some financial institutions in Rwanda allow customers to open accounts using refugee identification cards while others do not.[144] In some instances, financial institutions like Equity Bank allow the refugees to register and open wallets and even bank accounts using UNCHR proof of registration, in cases where those accounts have to be used to access cash assistance provided by UNHCR and WFP. There is, therefore, a need to harmonize the KYC requirements across the board to facilitate easy access to bank accounts by FDPs using documents that they most readily have, or can obtain such as UNHCR proof or registration.

When the UNHCR proof of registration is used in place of government-issued refugee ID card, there needs to be a risk management framework in place to ensure the validity and authenticity of the proof of registration document.

ENABLE E-KYC OF REFUGEES BASED ON REFUGEE IDENTIFICATION CARDS

Given that a majority of the refugees have a valid refugee ID card, NIDA in partnership with National Bank of Rwanda could launch an e-KYC facility to allow easier access to the opening of bank accounts and other financial services.

NIDA can set the technical and operational standards for e-KYC and the devices to be used by the financial institutions for biometric authentication. NIDA may also consider the use of mobile phone OTP-based e-KYC instead of biometric-based e-KYC, depending on the cost and other factors. The learnings and experiences from existing initiatives such as the issuance of travel documents to refugees, which already contain their biometrics, can also be leveraged to launch the e-KYC facility.

INCREASE ACCESS TO MOBILE MONEY

Rwanda has a strong mobile money ecosystem. Though there are two only major MNOs namely MTN and Airtel Tigo - according to GSMA,[145] the country has four live mobile money services: MTN mobile money, Airtel Tigo, Dau Pesa, and Mcash.

Leveraging the increase in access to government-issued refugee identification cards and the growth of mobile money services, the government can create incentives for MNOs to open agent points in and around refugee camps. This will enable refugees to transact conveniently.

IMPROVE ACCESS TO MORE COMPLEX FINANCIAL SERVICES SUCH AS LOANS, REMITTANCES, CREDIT, AND INSURANCE

Mobile money services have greatly improved the financial inclusion landscape in Rwanda. However, refugees will eventually need more complex financial products and services such as credit for business expansion. With the advancement in refugee

142 Harbitz, Mia. Hubbard, Dianne. 2021. Synthesis Brief: Constructing the Foundations for Legal Identity in Post-Conflict Settings. Available at: https://crvssystems.ca/sites/default/files/assets/images/LegalID_Synthesis_e_WEB.pdf

143 Macdonald, Ayang. 2021.Rwanda's new digital ID birth registration system brings services closer to citizens. Available at: https://www.biometricupdate.com/202102/rwandas-new-digital-id-birth-registration-system-brings-services-closer-to-citizens

144 UNHCR. 2019. Displaced and Disconnected – Country Reports. Geneva. Available at: https://www.unhcr.org/innovation/wp-content/uploads/2019/04/Displaced-Disconnected-WEB.pdf

145 GSMA. 2019. The digital lives of refugees: How displaced populations use mobile phones and what gets in the way. London. Available at: https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2019/07/The-Digital-Lives-of-Refugees.pdf

28

**LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES**

identification cards for FDPs, there is great potential for the growth of FinTech companies that offer diverse financial products and services such as loans and insurance. FinTech companies may build solutions for the digital verification of identity documents and the use of digital credit scoring to create products that suit the needs of FDPs. In addition, the central bank can create an enabling environment to promote the growth of innovative solutions for loans, remittances, credit, and insurance.

ENHANCE THE FINANCIAL AND DIGITAL LITERACY OF REFUGEES

There needs to be proactive take steps to co-design and implement – with FDPs – financial and digital literacy programs for FDPs. The investment in financial literacy programs will greatly enhance the knowledge of financial products and services.

The investment in digital literacy skills will enhance demand for and access to financial services. It will be important to invest in financial literacy as a way of increasing the confidence level in using complex financial services such as digital credit and insurance. This will have a ripple effect in creating demand for financial products and services. Transferring humanitarian aid and government to people (G2P) payments through digital channels could also help improve digital and financial literacy.

WFP has shifted from food-based assistance to cash-based interventions and other interventions through several partners such as Equity Bank. The central bank can leverage innovative methods of training FDPs through social media and massive open learning courses through partnerships with non-governmental organizations (NGOs).

ENSURE THE DATA PROTECTION AND PRIVACY OF REFUGEES

Rwanda has enacted a data protection law restricting the unauthorized use of personal data of data subjects. However, the law does not mention anything specific on the handling of data on FDPs, in particular that of refugees. Hence, there is a clear need to expand the legislation to include the data protection of FDPs and specify the minimum standards for the collection, processing, and sharing of data relating to FDPs.

MAURITANIA

With the deteriorating security climate in Mali, there is likely to be a refugee influx in Mauritania, exacerbating the need for a more matured digital identity system and e-KYC processes.

MAKE THE DIGITAL ID ECOSYSTEM MORE EFFICIENT FOR FDPs

Mauritania is making significant progress by biometrically registering refugees and providing them with government ID cards through NINs. However, there is still scope to improve the pace of its implementation as very few refugees have received it. There could also be the provision of national IDs and NINs to asylum seekers.

The government of Mauritania can leverage its ongoing data-sharing transfer mechanism with UNHCR to provide national ID cards to refugees. The onboarding of refugees in the National Social Registry and the Tevakoul program requires survey-based identification of refugees. Hence, this process can be used by ANRPTS to collect the required information to issue national IDs for refugees. ANRPTS can also rope in NGOs and private sector companies to facilitate data collection, thereby reducing the burden on government resources. This will help increase efficiency and cost-effectiveness, and will reduce delays in providing national IDs to refugees.

STREAMLINE KYC REGULATION TO ADDRESS SYSTEMATIC GAPS AND CHALLENGES

BCM's upcoming NFIS is likely to give a boost to the expansion of financial services to refugees and asylum-seekers. BCM should conduct a national or sectoral risk assessment to enable the adoption of a risk-based approach in conducting KYC and CDD. Alternatively, while complying with AML/CFT guidelines, BCM could allow financial institutions to open bank accounts using a simplified due diligence process for persons falling in the low-income group and set limits for transactions. In many countries, simpler CDD requirements have helped the financially-excluded sections of the society integrate into the formal financial system.

BCM could also provide flexibility to financial institutions to decide on the KYC requirements based on their own risk assessment while adhering to international AML/CFT standards. The financial institutions may also be supported to build a strong risk management capability in this regard. For instance, the Central Bank of Eswatini allows financial institutions to open bank accounts and provide financial services for all persons whose monthly income is less than SZL5,000.

One way in which financial institutions could simplify the KYC process is by accepting the UNHCR IDs which most refugees and asylum-seekers have, or using a letter from the camp manager or any local authority as a legitimate e-KYC document.

This is already being practiced in many African nations. For example, Uganda, Kenya, and Tanzania allow financial institutions to accept letters from the local authorities – referred to as 'peasant passports'. In Egypt, the UNHCR ID serves as KYC proof.[146] Regulatory clarity and guidance from BCM in this regard can go a long way to ensure the financial inclusion of FDPs. Financial institutions could also leverage the ID and the UNHCR database for e-KYC and authentication.

CONSIDER LAUNCHING AN E-KYC FACILITY FOR FDPs

Once the government-issued refugee cards with national identification numbers are provided to more refugees, the government of Mauritania may consider creating an enabling policy environment to launch a biometric authentication-based or mobile number authentication-based e-KYC facility. This is to allow easier access to financial services by the refugees. The government of Mauritania may set the technical, operational, and security standards for financial institution and MNO use of portable biometric authentication devices that are linked to the refugees' biometric database maintained by ANRPTS. The government may also leverage the learnings from experiences of other countries in launching and running a e-KYC platform.

LEVERAGE THE POTENTIAL OF MOBILE MONEY

Mauritania has been unable to utilize mobile money as a key enabler of financial inclusion as it does not yet have a regulatory framework for MNOs to provide financial services. The government can tap its recent advancements in mobile and digital banking and allow MNOs to create digital wallets for refugees and asylum-seekers. As many MNOs have already created the prototypes of mobile money wallets, permitting these entities to accept UNHCR ID as a valid KYC document to open mobile money accounts could be a game-changer. The government may also consider removing the requirement of an NIN to register a SIM card.

Mobile money accounts could also be a stepping stone towards bank account ownership. They would allow FDPs to create a credit history and also increase financial literacy. In many developing countries, refugees have benefitted from using mobile money for remittances. For instance Leaf,[147] a cross-border digital wallet available in Rwanda – among other countries – uses blockchain technology to allow refugees to save, send, and receive remittances through either a smartphone or a feature phone using USSD.

IMPROVE ACCESS TO MORE COMPLEX FINANCIAL SERVICES – LOANS, CREDIT, AND INSURANCE

Refugees have been settling in M'bera camp since 2012 with very little repatriation. There are 14,000 households settled in the M'bera camp. The majority earn from cattle breeding, trading, and working for humanitarian agencies.[148] Currently, they have limited access to loans or credit for emergencies or enterprise. As they pose little flight risk, micro-credit and microfinance might prove successful in serving them.

Though Djikke has recently opened a counter in the camp, this alone may not adequately enhance the access of credit or loans to refugees as many stakeholders have to work in synergy to enable this. The government can encourage microfinance institutions (MFIs) to target refugees and asylum-seekers by creating friendly legislation and perhaps incentivizing them through initial subsidies. BCM may allow simpler due diligence norms for FDPs to access these financial products. MFIs can educate FDPs and tailor their offerings to suit the local requirements.[149] The existing partnership between UNHCR and Djikke can also be leveraged for the same.

The model adopted by MyBucks, an MFI catering to FDPs in Malawi, can also offer some useful lessons. Similar to refugees of M'bera, refugees in the Dzaleka camp in Malawi had to travel roughly 40 kilometers to the nearest city of Lilongwe to access financial services. MyBucks saw the business potential of this untapped market. However, to serve refugees, MyBucks needed to tailor its offering by widening the acceptable forms of identification as potential refugee clients often do not meet KYC regulations set by the central bank – such as a passport or national ID – and do not own land properties that the bank can use as collateral.

146 UNHCR and Social Performance Task Force. 2016. Serving Refugee Populations: The Next Financial Inclusion Frontier. Guidelines for Financial Service Providers. Version for Public Comment: July 2016. Available at: https://sptf.info/images/RefugeeWG-Serving-Refugee-Populations-Guidelines-FSPs-Lene-Hansen.pdf)

147 Leaf Global Fintech. Available at https://leafglobalfintech.com/

148 UNHCR. 2020. UNHCR Mauritania: Results of a sampling survey on the impact of COVID -19 on the socio - economic and protection situation of refugees in the Mbera refugee camp, July 2020. Geneva. Available at: https://reliefweb.int/report/mauritania/unhcr-mauritania-results-sampling-survey-impact-covid-19-socio-economic-and)

149 MFIs can partner with ILO, which is already providing training in M'bera, to train the refugees on business management, financial skills etc.

30

**LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES**

Therefore, to comply with the country's regulations MyBucks sought a waiver from the central bank to use refugee forms provided by UNHCR as sufficient to open bank accounts. As of July 2019, 153 refugee entrepreneurs have received business loans from the MFI, which relies on group lending methodology to lower credit risks in extending collateral-free loans to refugees. Each individual has to repay according to their loan amount and repayment schedule. The group guarantees for the members in case a member cannot repay on time.

The biggest obstacle between financial services and FDPs is the lack of credit history or economic identity. In recent years, some FinTech companies have been successful in overcoming the obstacle of developing and proving identity by using blockchain technology. Syrian refugees in Jordan were able to display their creditworthiness by creating a verified digital identity on BanQu, a blockchain-based digital locker. In addition, public key infrastructure (PKI)-based solutions could also be explored to provide prompt financial services to FDPs.

IMPROVE THE FINANCIAL LITERACY OF REFUGEES

Humanitarian agencies and multilateral organizations can greatly help to make FDPs financially literate. This would result in increased trust in financial institutions. For instance, the WFP, UNCDF, and PHB Academy have developed a financial literacy training toolkit customized to meet the needs and realities of refugees and refugee-hosting communities in Uganda.

Forcibly displaced women and vulnerable groups should also be made financially literate to increase their independence and resilience. UNHCR, ILO, the government of Mauritania, and other stakeholders can jointly make a sustained effort in this regard. The model of self-help groups can also be explored.

ENSURE THE DATA PROTECTION AND PRIVACY OF REFUGEES

The national data protection law can be implemented and the African Union Data Protection and Privacy Convention ratified. The data protection law should explicitly cover FDPs and introduce strong measures on all aspects of data collection, sharing, and access by government agencies and third parties. It must also cover the FDP database created by ANRPTS, and any other data on refugees that government entities may access or create in the future.

ESWATINI

> Given the recent indications of changes in the Refugee Act and conducting of a sectoral risk assessment specifically for FDPs in the near future, FDPs in Eswatini may have better access to identity and financial services soon.

In 2020, the Central Bank of Eswatini, FSRA, and other stakeholders came together to support FinTech companies through the COVID-19 pandemic and develop digital solutions to improve access to formal financial services. The key informant interviews suggest that these digital solutions could potentially accelerate the financial inclusion of FDPs.[151] Taking steps in the right direction, Eswatini is also developing a Gender Financial Inclusion Roadmap that will improve financial literacy and awareness among women. The following recommendations may help to further foster the financial and economic inclusion of asylum-seekers, refugees, and stateless persons in Eswatini.

INCLUDE FDPs AND STATELESS PERSONS IN THE DIGITAL ID SYSTEM

Several functional ID systems e.g. voter ID, passports, and driving licenses exist in the country but they are not interconnected and do not contain sufficient information to be used independently. Eswatini is currently looking to create a single digital ID system that can be used as a foundational ID and enable e-KYC.[152] It would be prudent to include FDPs in the digital ID system from the design and inception phase to economize costs and avoid unnecessary burdens at a later stage. In addition, it even might be easier to address the unique challenges faced by FDPs during the design phase.

CONDUCT A SECTORAL RISK ASSESSMENT OF FDPs AND FACILITATE ACCESS TO KYC AND CDD DOCUMENTS

Eswatini already allows flexibility to FSPs to cater to refugees and asylum-seekers while conducting their own institutional risk assessments. The financial inclusion of FDPs will get a significant boost once the country conducts a sectoral risk assessment of FDPs. This will lead to FSPs adopting risk-based approaches such as tiered KYC. The risk-based, tiered KYC norms and the effective communication of these will help address the

150 Pistelli, Micol. 2019. How to Include Refugee Entrepreneurs in Microfinance. Centre for Financial Inclusion Blog. Available at: https://www.centerforfinancialinclusion.org/how-to-include-refugee-entrepreneurs-in-microfinance)

151 Key informant interview

152 Nolwazi Hlophe. Corley, Sarah. 2020. Digital Identity Week 2020 Final Summary. Digital Frontiers Institute. Available at: https://digitalfrontiersinstitute.org/wp-content/uploads/2020/11/DID-Week-2020-Final-Summary-16-11-2020.pdf)

31

**LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES**

existing hesitancy that financial institutions have in onboarding FDPs.

In addition, the Refugee Department may proactively facilitate the issuance of letters from the Ministry of Home Affairs and from the refugee camp to FDPs, as these documents are required by many banks for KYC.

PROVIDE REGULATORY CLARITY TO FINANCIAL INSTITUTIONS ON KYC AND CDD PROCESSES FOR FDPs

The central bank should proactively inform all financial institutions that they have the flexibility to adopt a simplified due diligence process for FDPs based on their own risk assessment. This clarity which can be in the form of a written advisory such as a circular, will signal to financial institutions that the central bank supports the financial inclusion of FDPs. It will also make them aware of the processes that other banks and mobile money service providers have adopted to offer financial services to the FDPs.

EXPAND FINANCIAL INFRASTRUCTURE WHERE FDPs RESIDE

The accessibility to financial institutions is a key determinant of uptake and usage of financial services.

The government should encourage FSPs to open a branch or a counter in places where most FDPs reside, such as the Malindza Refugee Reception Centre. Given the small number of FDPs, financial institutions may be given the flexibility to operate on certain fixed days in a week to minimize costs. Other countries, such as Mauritania, have benefitted from this strategy with Djikke opening a cash counter in the M'bera camp.

IMPROVE THE FINANCIAL LITERACY OF FDPs

Humanitarian agencies and multilateral organizations can help educate FDPs financially. Financially-educated FDPs would have greater trust and comfort in FSPs. An example is Uganda, where the WFP, UNCDF, and PHB Academy have developed a customized financial literacy training toolkit to meet the local needs and requirements of refugees and refugee-hosting communities in the country.

Eswatini has already taken a significant step towards increasing financial inclusion by focusing on women's financial literacy as part of the Gender Financial Inclusion Roadmap. This Roadmap may also be expanded to include FDPs households, where a woman is head of the household.

Internally displaced persons. (Abaca Press/Alamy Stock Photo)

32

LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES

HIGH-LEVEL RECOMMENDATIONS

Based on our analysis and synthesis of the three countries and a study of the global landscape, we have framed the following high-level recommendations that are intended to help both developed and developing country financial policymakers and regulators leverage digital ID and e-KYC to improve FDP access to and usage of formal financial services.
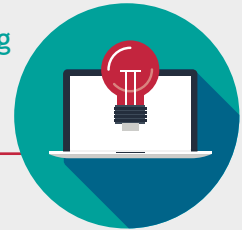
TAKE DELIBERATE STEPS TO COORDINATE with key line ministries to include FDPs in the national digital ID system while adhering to the principles of identification for sustainable development and international AML/CFT standards. This will help provide an enabling environment for digital identification and financial inclusion of FDPs. Digital ID systems should promote both financial inclusion and data privacy, while offering multi-factor authentication mechanisms that have high levels of assurance.

CONDUCT AN ASSESSMENT OR DIAGNOSTIC of the status of digital financial inclusion among FDPs to understand their digital financial inclusion needs and underlying challenges preventing that end. This assessment should be conducted in close partnership with the national statistics office, relevant line ministries, and humanitarian agencies such as UNHCR. This may help FSPs in the host country create financial products and services that are aligned with the digital readiness of the financial sector as well as the digital financial literacy of FDPs.

COLLABORATE WITH RELEVANT LINE MINISTRIES to ensure that FDPs have verified means to access KYC documents from different government agencies and departments easily and transparently. This is particularly important when countries decide to change KYC regulations.

TAKE INTO ACCOUNT THE IMPERATIVE to ensure FDPs' economic inclusion and integration with their host communities, which remains an integral part of successful financial inclusion. Allowing FDPs access to the labor market will go a long way in enhancing their integration with and acceptance by host communities.[153]

DEVELOP APPROPRIATE POLICIES AND REGULATIONS to provide recognition to FDPs and an effective national strategy to increase the digital, financial, and economic inclusion of FDPs. This includes national AML/CFT policies and regulations that are formulated based on the risk-based approach and national or sectoral risk assessments that cover FDPs.

CO-DESIGN DIGITAL FINANCIAL LITERACY PROGRAMS with humanitarian organizations and FDPs themselves towards empowering FDPs to understand the potential data privacy implications arising out of accessing and using digital financial services. FDPs should also be informed about data sharing mechanisms between the host country, UNHCR and other stakeholders.

IN ADDITION TO THE DATA PROTECTION LAWS AND GUIDELINES, CONDUCT A DATA PRIVACY RISK ASSESSMENT at regular intervals of the development and implementation of the digital ID system and e-KYC framework, and their potential financial inclusion use cases to understand the data protection and privacy implications for FDPs. This could help greatly in proactively plugging the gaps in the data privacy and broader humanitarian protection of FDPs. There is value in proactively ensuring "privacy by design" for FDPs while providing them with digital ID.

153 Blei, Daniela. 2021. How Work Helps Refugees Thrive. Stanford. Available at: https://doi.org/10.48558/674D-NX89)

33

LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES

CONCLUSION

The three case studies examined the current policies, regulations, and practices related to leveraging digital ID and e-KYC to advance FDP financial inclusion in Rwanda, Mauritania and eSwatini. It is clear that there are risks and opportunities in using digital ID and e-KYC, and the issue of data protection and privacy is particularly delicate in the context of FDPs. While e-KYC is not fully developed in the countries, there is great potential to use their digital ID systems to apply e-KYC towards increasing financial inclusion among FDPs residing in their jurisdictions.

Based on an analysis and synthesis of the experiences in these countries, this report discussed the main challenges and bottlenecks preventing the wider adoption of digital ID and e-KYC to advance the financial inclusion of among FDPs, and presented some actionable policy recommendations that can be implemented by financial policymakers and regulators addressing FDP financial inclusion. Towards that end, multi-stakeholder collaboration, a deep understanding of FDPs' data protection and privacy challenges, as well as deliberate efforts to ensure their integration with host communities are imperative.

The inside of a makeshift shelter is pictured at Mbera refugee camp in southern Mauritania. (REUTERS/Alamy Stock Photo)

GLOSSARY OF TERMS AND ABBREVIATIONS

AML/CFT
Anti-Money Laundering and Countering the Financing of Terrorism - Policies, laws and regulations aimed at maintaining the integrity of the financial system by deterring and preventing the use of the financial system for illicit activities such as money laundering and terrorist financing.

ANRPTS
National Agency for the Register of Population and Securities (Mauritania)

Asylum-seekers
Individuals who have sought international protection and whose claims for refugee status have not yet been determined.

Authent-ication
Checking that a person who claims an identity is the rightful owner of that identity based on one or more factors (Something they have, know, or are) previously provided with the KYC information.

BCM
Banque Centrale de Mauritanie

CDD
Customer Due Diligence

Credent-ials
A credential is any document, object, or data structure, that can digitally affirm the identity of an individual through some method of authentication in an identity system. There are several kinds of factors that could be used as identity credentials like smartcards, biometrics, passwords, one-time passwords (OTPs).

CRVS
Civil Registration and Vital Statistics

Dedupic-ation
Deduplication refers to eliminating duplicate or redundant information, in the case of a Digital ID system, it is the process of checking for duplicate entries, usually through a biometric matching process, to ensure unique additions are made.

DGMM
Directorate General of Migration Management (in Turkey)

Digital identity (ID)
A set of electronically captured and stored attributes and/or credentials that uniquely identify a person.[154]

Digital ID system
A digital ID system is a system that covers the process of identity proofing/enrolment and authentication. Identity proofing and enrolment can be either digital or physical (documentary), or a combination, but binding, credentialing, authentication, and portability/federation must be digital.[155]

DRC
Democratic Republic of Congo

e-KYC
Electronic know your customer - e-KYC refers to the process of electronically verifying the credentials of a customer in line with KYC processes of the country with respect to risk-based approaches. For example, this may include biometric, one-time passwords (OTPs) on mobile phones, video identification etc.

ESAAMLG
Eastern and Southern Africa Anti-Money Laundering Group

EU
European Union

FATF
Financial Action Task Force - an intergovernmental and standard-setting body responsible for establishing and promoting international standards to combat money laundering, the financing of terrorism, and proliferation financing.

FDPs
Forcibly displaced persons - FDPs broadly refer to those "forced to leave their homes due to conflict, persecution, violence, or human rights violations". It may also include people who are forcibly displaced due to climate change, natural disasters, and environmental degradation. FDPs include stateless persons, asylum seekers, refugees, returnees, IDPs (see below), and "others of concern to UNHCR".[156]

FinTech
Refers to financial technology or a company or other organization that produces financial technology

FSPs
Financial Service Providers

FSRA
Financial Security Regulatory Authority

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154 World Bank. 2022. Practitioner's Guide: Section IV Resources: ID4D Glossary. Available at: https://id4d.worldbank.org/guide/glossary. Adopted from Harbitz & Kentala 2013 and ID4D Technology Landscape report.

155 Financial Action Task Force (FATF). 2020. "Guidance on Digital Identity". Paris. Available at: (http://www.fatf-gafi.org/media/fatf/documents/recommendations/Guidance-on-Digital-Identity.pdf)

156 Adopted from Alliance for Financial Inclusion (AFI). 2020. Integrating Forcibly Displaced Persons into a National Financial Inclusion Strategy. Guidance Note 41. Alliance for Financial Inclusion. Kuala Lumpur. Available at: https://www.afi-global.org/publications/integrating-forcibly-displaced-persons-into-a-national-financial-inclusion-strategy/

FSRB	FATF-Style Regional Body
G2P	Government to People
GPFI	Global Partnership for Financial Inclusion
GSMA	Global System for Mobile Communications Association
Identity proofing/ verification	Establishing or determining a person's identity by collecting and verifying relevant identity information.
IDPs	Internally displaced persons - IDPs are persons or groups of persons who have been forced or obliged to flee or to leave their homes or places of habitual residence – in particular as a result of, or in order to avoid the effects of – armed conflict, situations of generalized violence, violations of human rights or natural or human-made disasters, and who have not crossed an internationally-recognized state border.
IDP-Returnees	An IDP-returnee is a returnee to a country who, upon return, is unable to reach their place of origin or habitual residence due to insecurity, violence, violation of human rights or land disputes
ILO	International Labour Organization
KYC	Know-Your-Customer
LWF	Lutheran World Federation
MENAFATF	Middle East and North Africa Financial Action Task Force
MFIs	Microfinance Institutions
MINEMA	Ministry of Emergency Management
MoU	Memorandum of Understanding
NFIS	National Financial Inclusion Strategy or Strategies
NGOs	Non-Governmental Organizations
NIDA	National Identification Agency (Rwanda)
NIN	National Identification Numbers (Mauritania)
NPR	National Population Register
PIN	Personal Identification Number
PKI	Public Key Infrastructure
PMJDY	Pradhan Mantri Jan Dhan Yojana
PoR	Proof of Registration
REFAD	Renewable Energy For Accelerated Development
Refugee	Refugees are individuals recognized under the 1951 Convention relating to the Status of Refugees, its 1967 Protocol, the 1969 Organization of African Unity (OAU) Convention Governing the Specific Aspects of Refugee Problems in Africa, the refugee definition contained in the 1984 Cartagena Declaration on Refugees as incorporated into national laws, those recognized in accordance with the UNHCR Statute, individuals granted complementary forms of protection, and those enjoying temporary protection. The refugee population also includes people in refugee-like situations.
Refugee-returnees	Former refugees who have returned to their countries of origin, either spontaneously or in an organized fashion, but who have yet to be fully integrated. Such returns would ideally take place only under conditions of safety and dignity.
SACCOs	Savings and Credit Cooperatives
Sensitive data	Sensitive data is a collection of biographic information that is deemed particularly sensitive as the information could be used for profiling or discrimination against the individual, or put them at serious risk. This data should therefore not be publicly available or made easily accessible to third parties. This includes, but is not limited to data consisting of racial or ethnic origin, political opinions, religious beliefs, sexual orientation and so on.
SDG or SDGs	Sustainable Development Goal or Goals
Stateless persons	Defined under the 1954 Convention Relating to the Status of Stateless Persons as those not considered as nationals by any state under the operation of its law. In other words, they do not possess the nationality of any state.
TIN	Taxpayer Identification Number
UNCDF	UN Capital Development Fund
UNHCR	The UN High Commission for Refugees
WFP	World Food Programme

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APPENDIX A

ACCESS TO FINANCIAL SERVICES WITH RESPECT TO THE LENGTH OF PROTRACTED DISPLACEMENT

The table below compares the financial needs of FDPs and their availability in the three focus countries with respect to the length of protracted displacement.

RWANDA: AVAILABILITY OF FINANCIAL SERVICES WITH RESPECT TO NEEDS[157]

PHASE	FINANCIAL NEEDS	CURRENT AVAILABILITY
TRANSIT (1-3 MONTHS)	> Cash aid for food, shelter, medical care, and possibly debt incurred during transit > Remittances (in a few cases)	UNHCR, in partnership with WFP, provides cash aid and in-kind food assistance to eligible FDPs. As part of this cash transfer program, a bank account linked with a Mastercard debit card is opened for the eligible refugee households. Refugees can withdraw cash from the Equity Bank agents in the camp. Some refugees may have access to the LEAF mobile wallet to make remittance transactions.
EARLY DISPLACEMENT (3-12 MONTHS)	> Cash aid for basic needs, subsistence and urgent care > Savings and remittances, in some cases > Micro-consumer credit for household appliances, business, and education	UNHCR, in partnership with WFP, provides cash aid and in-kind food assistance to FDPs. Refugees have limited access to savings and remittances. However, these services, especially savings, are provided through Equity Bank. The mobile wallet is provided by MTN. Some refugees may have access to the LEAF mobile wallet to make remittance transactions. The majority of refugees access informal credit from shopkeepers in the camps. Airtel and Tigo are also in the process of forming partnerships with banks to offer micro-credit to refugees in Rwanda.
PROTRACTED DISPLACEMENT (1-3 YEARS)	Savings, remittances, micro-credit and loans |for businesses, and micro-insurance	Refugees in urban areas like Kigali and Huye have access to savings, remittances, and small micro- loans. The Equity Bank has started to offer some of these services (savings and remittances) to the refugees in rural camps.
PERMANENCE (>3 YEARS)	Sophisticated financial products including pension plans, transnational products etc.	There is no clear evidence to determine if the refugees have access to sophisticated financial products like pension plans yet.

157 Zimmerman, Jamie M. Weisert, Natascha. Albert, Joscha. 2017. GPFI Policy Paper on Financial Inclusion of Forcibly Displaced Persons - Priorities for G20 Action. Available at: https://www.gpfi.org/publications/gpfi-policy-paper-financial-inclusion-forcibly-displaced-persons-priorities-g20-action)

40

**LEVERAGING DIGITAL ID AND E-KYC FOR THE FINANCIAL INCLUSION
OF FORCIBLY DISPLACED PERSONS (FDPs): RISKS AND OPPORTUNITIES**

MAURITANIA: AVAILABILITY OF FINANCIAL SERVICES WITH RESPECT TO NEEDS[158]

PHASE	FINANCIAL NEEDS	CURRENT AVAILABILITY
TRANSIT (1-3 MONTHS)	> Cash aid for food, shelter, medical care, and possibly debt incurred during transit > Remittances (in a few cases)	UNHCR, in partnership with WFP, provides cash aid and in-kind food assistance to the eligible FDPs. The M'bera camp also has a medical center. It seems that refugees do not have access to any facility to conduct remittance transactions.
EARLY DISPLACEMENT (3-12 MONTHS)	> Cash aid for basic needs, subsistence and urgent care > Savings and remittances, in some cases > Micro-consumer credit for household appliances, business, and education	UNHCR and WFP provide cash aid to eligible FDPs. The government of Mauritania also plans to provide cash aid to the poorest refugees in the coming year as part of the Tekavoul program. It appears that refugees do not have access to facilities to conduct remittance transactions. Urban refugees have access to microloans and microcredit provided by Djikke. Djikke and UNHCR have opened a counter in the M'bera camp and hence, access to credit services may improve in the future.
PROTRACTED DISPLACEMENT (1-3 YEARS)	Savings, remittances, micro-credit and loans for businesses, and micro-insurance	The majority of refugees do not have access to savings instruments as they do not have NINs. Urban refugees have access to microloans and credit provided by Djikke. Djikke and UNHCR have opened a counter in the M'bera camp and hence, access to credit services may improve in the future.
PERMANENCE (>3 YEARS)	Sophisticated financial products including pension plans, transnational products etc.	Refugees do not have access to these sophisticated financial products.

158 Zimmerman, Jamie M. Weisert, Natascha. Albert, Joscha. 2017. GPFI Policy Paper on Financial Inclusion of Forcibly Displaced Persons - Priorities for G20 Action. Available at: https://www.gpfi.org/publications/gpfi-policy-paper-financial-inclusion-forcibly-displaced-persons-priorities-g20-action)

ESWATINI: AVAILABILITY OF FINANCIAL SERVICES WITH RESPECT TO NEEDS[159]

PHASE	FINANCIAL NEEDS	CURRENT AVAILABILITY
TRANSIT (1-3 MONTHS)	> Cash aid for food, shelter, medical care, and possibly debt incurred during transit > Remittances (in a few cases)	The government of Eswatini provides food, shelter, medical care and schooling to all refugees in the Malindza camp. It does not provide cash aid. Refugees and asylum-seekers can transfer money after opening bank accounts using their status permits and letters from the Ministry of Home Affairs and the refugee camp. Refugees have access to remittance services through Western Union.
EARLY DISPLACEMENT (3-12 MONTHS)	> Cash aid for basic needs, subsistence and urgent care. > Savings and remittances in some cases. > Micro-consumer credit for household appliances, business, education.	The government provides in-kind assistance and opportunities for livelihood to refugees. It does not provide cash aid. Many FSPs provide savings and remittance services to refugees and asylum seekers. However, FDPs might find it difficult to get all the required documents for KYC. Refugees have access to remittance services from Western Union. Refugees also have access to mobile wallets (from FNB) and can access them from nearby shops around the Reception Centre. Some banks such as the Standard Bank provide all financial services and products to refugees and asylum-seekers. However, procuring all required documents for KYC is not an easy process for refugees.
PROTRACTED DISPLACEMENT (1-3 YEARS)	Savings, remittances, micro-credit and loans for businesses, and micro-insurance	Many FSPs provide savings and remittance services to refugees and asylum-seekers. However, FDPs might it difficult to get all the required documents for KYC. Refugees have access to remittance services from Western Union. Refugees also have access to mobile wallets (from FNB) and can access them from nearby shops around the Reception Centre. Some banks such as the Standard Bank provide all financial services and products to refugees and asylum-seekers. However, procuring all required documents for KYC is not an easy process for refugees.
PERMANENCE (>3 YEARS)	Sophisticated financial products including pension plans, transnational products etc.	There is no clarity on access to sophisticated financial products by the refugees and asylum-seekers.

159 Zimmerman, Jamie M. Weisert, Natascha. Albert, Joscha. 2017. GPFI Policy Paper on Financial Inclusion of Forcibly Displaced Persons - Priorities for G20 Action. Available at: https://www.gpfi.org/publications/gpfi-policy-paper-financial-inclusion-forcibly-displaced-persons-priorities-g20-action)