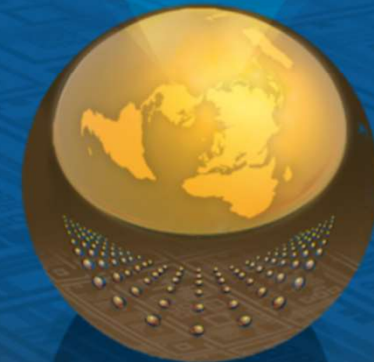




Uganda NRSN CoP 2023

ID verification challenges for refugees in international remittances and other financial services

Barry Cooper



Financing Facility for Remittances



About Cenfri

Cenfri is a **leading economic impact agency** based in **Cape Town and Kigali**



Purpose:

Empowering people to solve problems that matter – to create ideas and solutions that have lasting impact.



Vision:

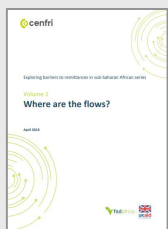
People living their financial lives optimally to enhance welfare and grow the economy.



Mission:

Unlocking development outcomes through insights and technical support.

With experience and expertise in the **remittance** and **digital identity** space:



[Where are the flows?
Exploring barriers to remittances](#)



[An inclusive digital identity platform in the Pacific Islands](#)



[Biometrics and financial inclusion](#)



[KYC Innovations in selected AFI member Countries](#)



Malawi e-KYC platform project underway with UNCDF to design and develop a fit-for-purpose centralised e-KYC platform model for the financial sector



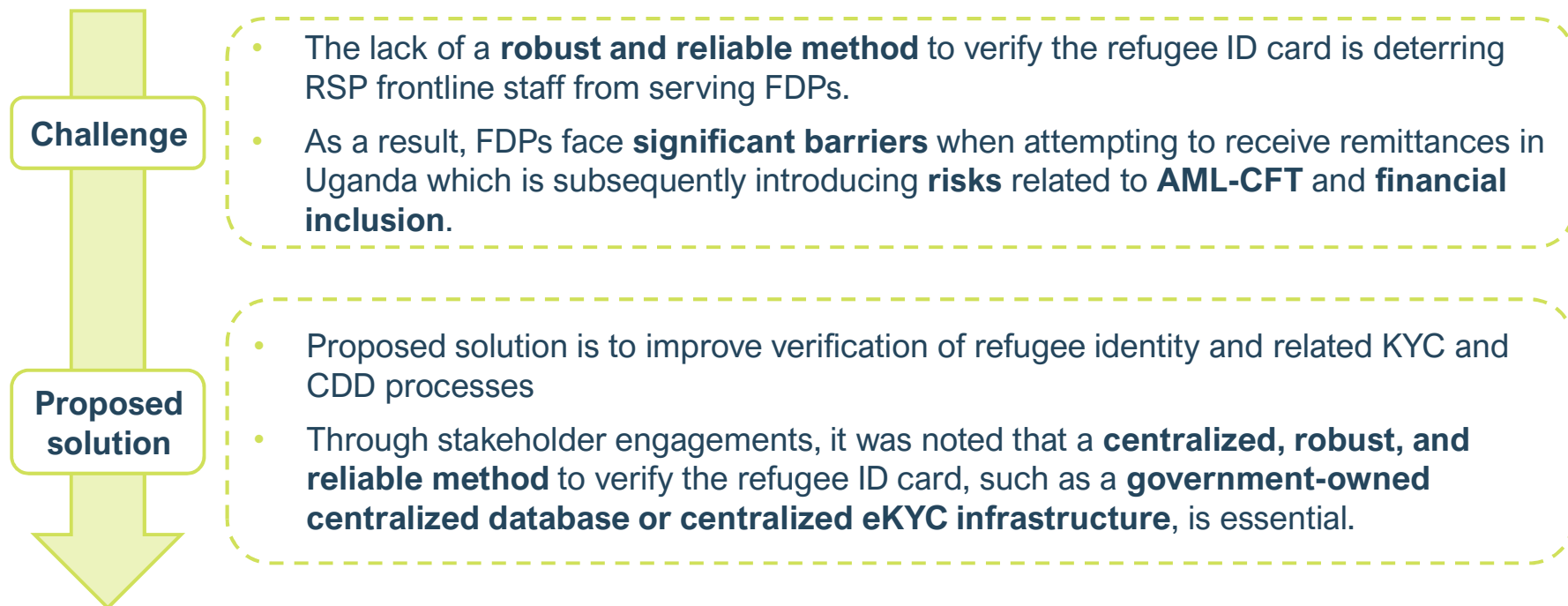
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Overview of the Remittance Access Initiative (RAI)

Intervention to remove barriers to remittance access for refugees in Uganda

- The International Fund for Agricultural Development's (IFAD)'s Financing Facility for Remittances (FFR), and Cenfri launched a two-year RAI in January 2021.
- This initiative focusses on working with remittance service providers (RSPs) to **alleviate KYC and CDD barriers** to accessing and utilising formal remittance services.



State of digital identity in Uganda

Digital identity roll out promising, but 30% of Ugandans remain excluded



Uganda has a **permanent national foundational digital ID** system – the *Huduma Namba* card.



Currently **70.2%** of the country's eligible population have **been issued with digital IDs**.



Digital IDs are robust, enable centralized eKYC and risk management infrastructure and contribute towards **inclusive financial integrity**



Digital IDs in Uganda capture applicants' **biometric data** (i.e. fingerprints).



Digital ID expansion plans aim to enroll **17 million** unregistered citizens by 2024.



Future plans include **iris and face biometrics** in a new generation ID system.

Digital ID and refugees

Digital ID has the potential to enhance financial inclusion for marginalised groups

Uganda welcomes refugees

- **Uganda has the highest number of refugees** and asylum seekers in Africa, at over 1.5 million.
- **Refugees are issued with digital IDs** by the Office of the Prime Minister (OPM) at registration, which enables them to exercise their individual and economic agency, including accessing **remittances**.
- Remittances are a lifeline for many refugees, but the **verification method** of the refugee ID required to **access** remittances is **inefficient**.
- **Potential to include refugees** on the current centralized tier 1 to 3 **eKYC system** and to develop a consumer consent management engine.

The refugee digital ID verification journey for remittance customers:

Documents issued to refugees at registration include a **photo-bearing biometric refugee ID card** and a family attestation form to confirm their identity.



Step 1:
Refugee approaches teller to collect remittance



Step 2:
Refugee presents digital refugee ID card for verification



Step 3:
Teller calls OPM via satellite phone to verify customer identity



Step 4:
If there's no answer, they are shown away and cannot receive remittance

Digital ID for remittances

A challenging verification process could hinder financial inclusion



The challenging verification process and the perception that refugees and asylum seekers are high-risk customers make FSPs **hesitant to serve** refugees and asylum seekers.



Refugees do not want to use formal remittance services because they are **neither effective nor efficient**.

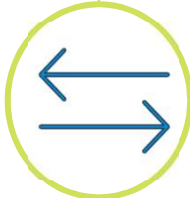


This cycle **exacerbates financial exclusion risks** and spurs on **distrust** in formal financial services for refugees and asylum seekers.


Enhancing the impact of digital ID

Potential solutions identified to address digital ID issues

Enhance interoperability of digital IDs.

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- The International Standards Organisation (ISO) has formed a working group to develop **standards for digital identity**.
 - One standardized guideline on digital identity can allow countries like Uganda to **adopt more risk-appropriate** and tested verification methods to solve the issue related to refugee ID verification.

Reduce risk around digital ID.

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- The United Nations High Commissioner for Refugees (UNHCR) has committed to support refugee registration and the **improvement of a multi-purpose ID infrastructure** across states.
 - Conforming to international standards around robust person identification, data security and privacy, **reduces the risk and improves trust and co-recognition** of refugees' digital IDs.
 - Incorporation of refugee IDs into a centralized eKYC infrastructure can **enable access** to a broader range of institutions, products including remittances and other appropriate financial services and geographies.

Improving access to remittances

Promising initiatives to address remittance access challenges in Uganda



- **Incorporate biometric verification on refugee ID card.** The OPM and the UNHCR are collaborating on leveraging digital ID methods to verify the refugee ID card using biometrics. These details will then be stored in a government database and can more easily be verified, thereby enhancing access to remittances for refugees with their ID.
- **International collaboration.** IFAD and Post Bank are collaborating to use postal networks to enhance remittance access in poor rural communities and refugee settlements. From this partnership, Postalpay Uganda was launched in 2023 to reduce remittance transaction costs from EU to Uganda to 1%. This will **enhance access to remittances** in Uganda and improve financial inclusion.

Key takeaways

Digital identity roll out efforts promising, but need to ensure universal roll out for all Ugandans



Digital ID has the **potential to enhance financial inclusion** for marginalized groups. **Recognition** of robust refugee digital IDs can **facilitate greater economic integration**



Addressing the **challenging refugee ID verification process** will be key to enhance access to remittances



Several **promising developments underway** in Uganda and abroad to enhance impact of digital ID and improve access to remittances



Thank you

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About Cenfri

Cenfri is a global independent economic impact agency and non-profit enterprise that bridges the gap between insights and impact in the financial sector. It collaborates with its partners to foster economic growth and sustainable development in emerging and developing markets in Africa and beyond. Cenfri's people are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Its core focus is on generating insights that can inform policymakers, market players and donors who seek to unlock development outcomes through inclusive financial services and the financial sector more broadly.

About IFAD's Financing Facility for Remittances

Since 2006, IFAD's multi-donor Financing Facility for Remittances (FFR) aims to maximise the impact of remittances on development, and to promote migrants' engagement in their countries of origin. Through the financing of almost 70 projects in over 40 countries, the FFR is successfully increasing the impact of remittances on development by promoting innovative investments and transfer modalities; supporting financially inclusive mechanisms; enhancing competition; empowering migrants and their families through financial education and inclusion; and encouraging migrant investment and entrepreneurship. The FFR is cofinanced by IFAD, the European Union, the Grand-Duchy of Luxembourg, the Ministry of Foreign Affairs of Spain and the Swedish International Development Cooperation Agency (Sida).



Financing Facility for Remittances

