



# Remittance Access and Innovation (RAI) programme



Financing Facility  
for Remittances

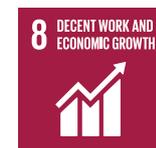
Brought to you by



The two-year, regional RAI programme is a partnership between IFAD's Financing Facility for Remittances and Cenfri.

Its aim is to support sustainable development by transforming remittance ecosystems to improve financial inclusion in Africa.

To achieve this, we're working to improve access to cheaper, faster and safer remittance services through identity proofing and related customer due diligence (CDD) and know-your-customer (KYC) innovations. This will extend remittance flows for development, strengthen resilience and help people out of poverty.



## Building inclusive remittance ecosystems

### The challenge: Lack of access to remittances due to inadequate identification for vulnerable people

Worldwide, over 200 million people send money home to over 800 million family members. This is the lifeline for many developing economies and the money received is key in helping millions of people out of poverty.<sup>1</sup>

The COVID-19 pandemic has highlighted long-standing market issues and dramatically affected the global remittances ecosystem. Lockdowns has disrupted informal remittance channels, accelerated the digital transformation of remittance value chains and led to digital relief financing by governments which has shone the spotlight on two key issues:

- Weak digital ecosystems that risk increasing social exclusion of already vulnerable groups who are not connected
- Dated, exclusionary and cumbersome identity verification processes

This is particularly relevant for members of rural and low-income groups, as 29% of adults in sub-Saharan Africa are financially excluded because they do not have the required documentation<sup>2</sup>. Most financial institutions still follow CDD and KYC processes that limit the concept of identity to certain documents such as IDs, proof of address and passports. The inability of financial institutions to properly verify prospective clients in line with the risk they pose to the financial integrity of a country results in financial institutions allocating a disproportionate number of compliance costs within the lower-income customer segment. This, in turn, incentivises financial institutions to erroneously rate such marginalised groups as high risk, further preventing their access to regulated financial services and remittances.

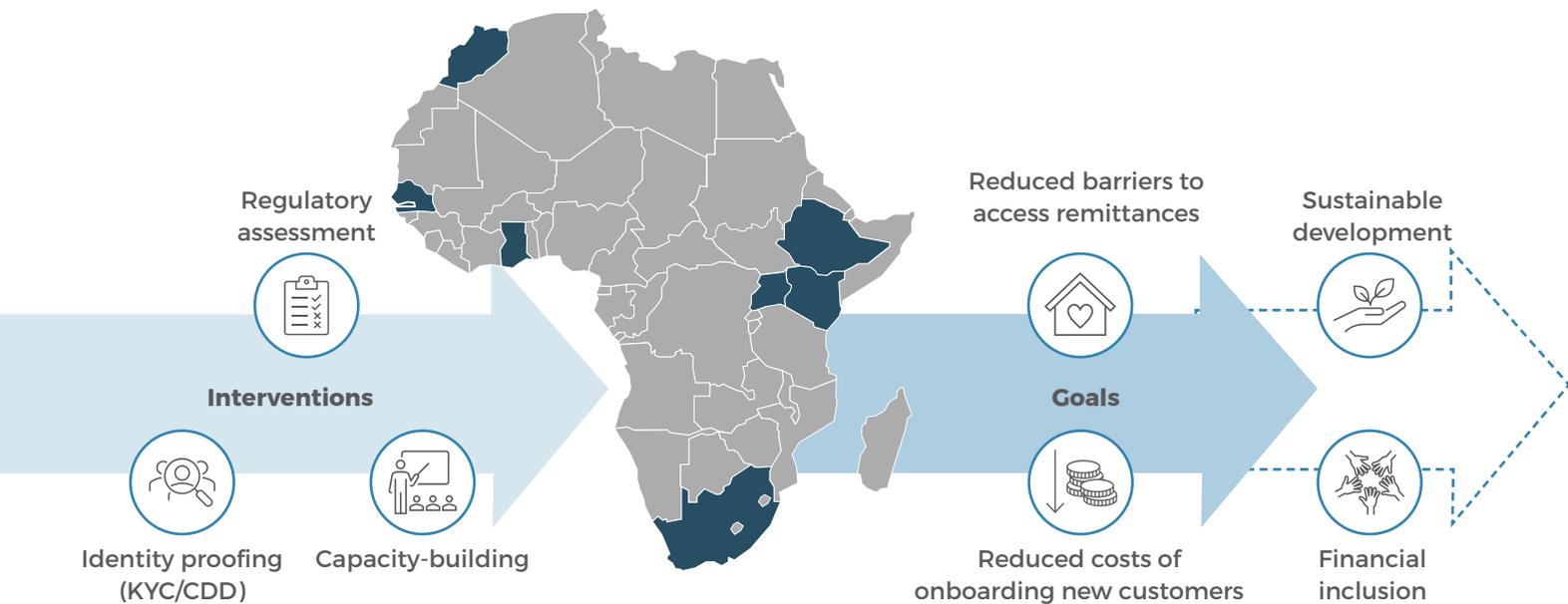
---

1 Source: <https://www.un.org/development/desa/en/news/population/remittances-matter.html>

2 Findex, 2017

# What are the Financing Facility for Remittances and Cenfri doing?

## Enabling remittance access through identity proofing innovations



- Expected results**
- Better understanding of identity proofing interventions
  - Adapted identity verification processes with KYC/CDD innovations
  - Enhanced financial access and use of formal remittance services

## Why now?

Remittance families are typically both resourceful and resilient in the face of difficult circumstances and changing conditions. COVID-19 has once again **evidenced** this unique resilience through the slim decline in flows of 1.6%, compared to greater drops in Foreign Direct Investment. The pandemic has emphasised the importance of these remittance flows for vulnerable communities in developing and emerging economies to weather crises and bounce back.

Global standard-setters, national governments and multi-national corporations have all embraced digital solutions that have made it possible for much of these remittance flows to continue through COVID-19. Nowhere has this been more evident than in identification requirements to access financial services where new and innovation approaches to KYC and CDD requirements have been rapidly adopted.

The Financial Action Task Force (FATF) released guidance on identity proofing and related CDD and KYC innovations for a more risk-based, inclusive approach to promote financial inclusion, anti-money laundering and the combating of the financing of terrorism. These present opportunities to enhance access to financial services, and many national and regional jurisdictions around the world are already acting on them. The Alliance for Financial Inclusion (AFI) and Cenfri have launched a **toolkit** to assist regulators with a practical framework for implementing the recent guidance in their jurisdictions.

### **Our response: Enabling remittance access through identity proofing innovations**

This programme will support many low-income, rural and vulnerable families with reduced costs, lower onboarding requirements through technical innovations and digital financial services in pursuit of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs).

To address these challenges, this programme builds on the knowledge and partnerships generated by the Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa (PRIME Africa) and works with policymakers, regulators and 14 remittance service providers (RSPs) in The Gambia, Ghana, Kenya, Morocco, Senegal, South Africa and Uganda.

## How the programme works

### Main goal

Enhance remittance access opportunities for low-income, rural households, and particularly women, to support livelihoods, thereby enhancing financial inclusion and sustainable development

### Multi-stakeholder approach

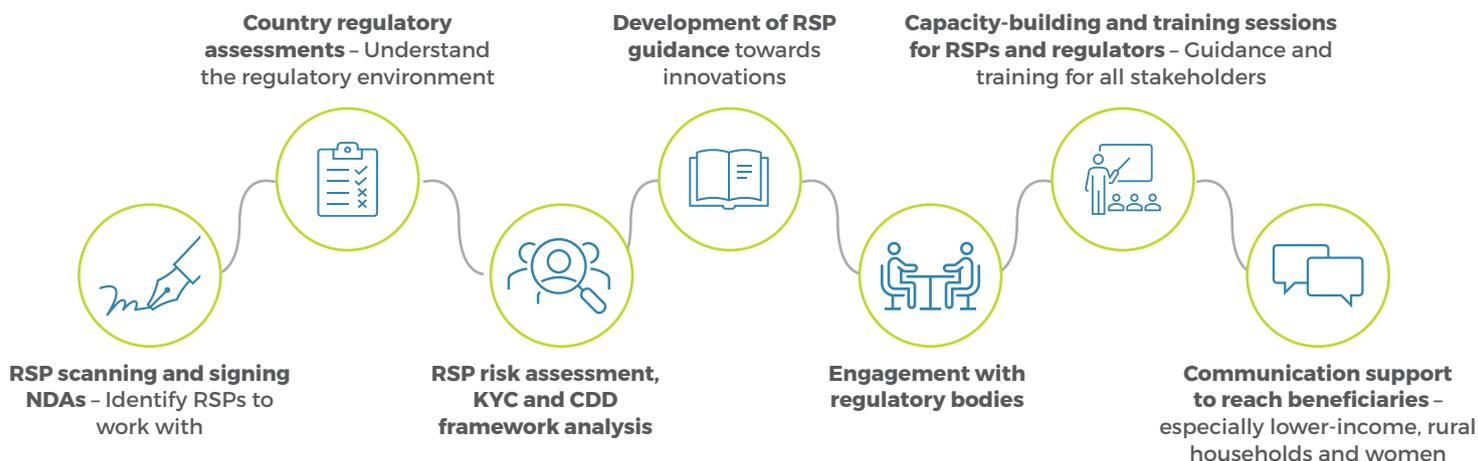
In the remittance ecosystem, we work with:

- Remittance service providers – banks, money transfer operators, mobile money operators, fintechs, MFIs, postal operators, etc.
- Regulators and policymakers

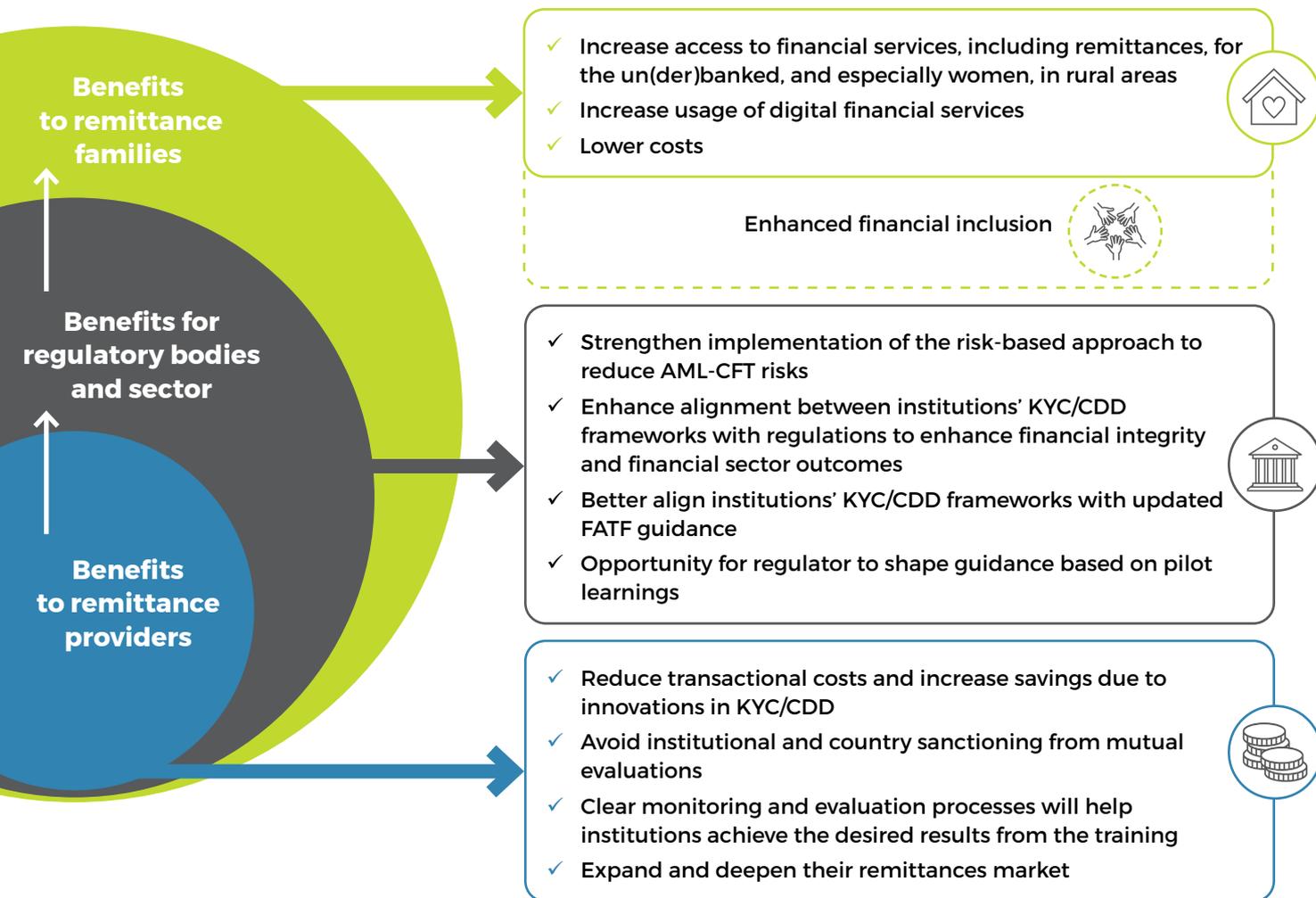
### Key beneficiaries

- Remittance-receiving households specifically in PRIME Africa countries, especially lower-income, rural households and particularly women.
- Relatives who support these households living outside their home country

## Key operations on the ground



## The possible benefits of a multi-stakeholder approach to enable remittances





**The International Fund for Agricultural Development (IFAD)** is an international financial institution and specialised United Nations agency based in Rome. IFAD invests in the very people most likely to be left behind: poor small-scale producers, women, youth, indigenous peoples and other vulnerable groups. Investing in rural areas promotes prosperity, food security and resilience.



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 co-financed 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).

**PRIME  
AFRICA**

The **Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa (PRIME Africa)** is implemented by IFAD in partnership with the European Union. PRIME Africa has activities in nine countries: Cabo Verde, Ethiopia, The Gambia, Ghana, Kenya, Morocco, Senegal, South Africa and Uganda. It aims to promote development opportunities created by remittance flows through innovations, partnerships and scalable products that facilitate regulated and affordable remittance transfers, while fostering the digitisation of financial services and financial inclusion.

 cenfri

**Cenfri** is an independent economic impact agency based in Cape Town, South Africa. Its work focuses on the role of the financial sector and financial services to improve the lives of low-income individuals. Cenfri has been able to combine its deep expertise in research with capacity-building for regulators, financial institutions, policymakers and other stakeholders across sub-Saharan Africa, GIABA, ESAAMLG and AFI countries.

## Contact us

[remittances@ifad.org](mailto:remittances@ifad.org)



[info@cenfri.org](mailto:info@cenfri.org)

[www.ifad.org](http://www.ifad.org)



[www.cenfri.org](http://www.cenfri.org)

[www.linkedin.com/in/remittances/](http://www.linkedin.com/in/remittances/)



[www.linkedin.com/company/cenfri/](http://www.linkedin.com/company/cenfri/)