



International Telecommunication Union

Telecommunication Development Bureau

“DIGITAL FINANCIAL SERVICES: LEGISLATIVE AND REGULATORY DEVELOPMENT IN ARAB REGION”

Location(s)	Countries in the Arab Region
Expected duration	3 years
Estimated Budget	Total: USD 550,000
Implementing Agency	International Telecommunication Union (ITU)
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Brief Description:

The aim of this project is to support further the Arab Countries to develop and promote the access and usage of digital financial services such as mobile banking and mobile payment.

Experiences, best practices and expertise on how ICT/telecommunications interacts with other regulation will be presented and shared. So that Arab Countries can define tools and guidelines to develop and align their regulation in a collaborative environment including regulators from financial sector.

1. BACKGROUND AND CONTEXT

The evolution in the sector has brought about changes – there are new players on the market and discussions as to new and existing business models, new technologies, and new opportunities. Regulators around the world have become more conscious of the changing ecosystem and are aware that they need to adapt to the changing environment. They are more aware about their active role in promoting investment and fostering the development of ICTs for economic and social development.

Today we are seeing a new opportunity arise because of the changing landscape, where we are dealing with the Internet of Everything which will affect the ability of some categories of the society to participate in the digital economy – socially, financially, and economically.

As ICTs are recognized as the foundation upon which the pillars of economic and social development can grow, recognition has grown that we need ecosystems that include ICT/telecommunication operators and service providers, but also banks and others as partners to connect the world and create value for business.

Arab countries need to work together to create an enabling regulatory environment between regulators across the sectors and remove the barriers that hinder progress of economic and social exchange. We also need greater focus on standardization and interoperability between borders and also between technologies. The ability to offer secure and real time transactions on strong, resilient ICT networks is essential to build consumer trust, and this also requires a focus on protecting privacy.

2. Overall Objective

The over-arching objective of this project is to strengthening and expanding cooperation between ICTs and Financial institution within the Arab region encouraging applications and services to:

- 1. Serve the national and regional priorities for socio-economic development by providing solutions to the unbanked population to access financial services.*
- 2. Promote cross border digital transactions and build consumer trust including privacy protection.*

3. Project Strategy

The project will aim to utilize the Regional and ITU resources to develop specific tools and guidelines.

The project will be guided by the global objective of creating an enabling environment conducive to ICT development and Digital inclusion.

The project will focus on the potential partnerships between operators from Telecom and Financial sectors and also on public-private partnerships.

4. Expected Results

- Assessment of the situation of Digital Financial Services in the Arab Region
- Legislation and regulatory regional recommendations and Guidelines on Digital Financial Services priority topics (identified during the multi-stakeholder (kick off) meeting) developed;
- Assistance to selected countries on implementation of recommendations and guidelines provided
- Human and institutional capacity built at regional and at national level.

5. Indicators

- Report on the review of the current legislative and regulatory situation on Digital Financial Services in the Arab Region and recommendations on the necessary reforms.
- Training program developed and delivered
- Assistance provided to selected countries

6. Activities

The following key activities will be undertaken:

- Identification of the resource requirements to be mobilized under the project;
- Hiring of experts and consultants for the assessment and the guidelines development;
- Provide assistance and Conduct trainings in the respective areas in response to the identified needs in selected countries;
- Monitoring and evaluation of project implementation;

7. Inputs

The project implementation will depend on the successful mobilization of resources (human, material and financial). It is envisaged that the project will require funding to the tune of **USD 550,000**.

ITU:

Cash contribution from ICT-DF

IN-KIND CONTRIBUTION: ITU will provide skills, Identifying experts and consultants in the region to work with and care and diligence to ensure the success of the project.

Beneficiary Countries:

IN-KIND CONTRIBUTION: Assist in identifying regional needs, Hosting-workshops and meetings conducted under the project; and Promoting the program in the region.

Partners:

Cash CONTRIBUTION: The Partners will provide funding support for the implementation of the project.

Potential Partners:

- Telecom Operators
- Telecom regulators
- Central Banks
- UN Organizations
- Regional Financial institutions
- Regional and sub-regional concerned Organizations

8. Risks

The risks include failure to raise the funding resources required to finance this project. This risk could be mitigated by using the ITU wide network of partners through which this project could be sold. ITU also has in-house capabilities for fundraising activities and it is the intention to activate these capabilities for this project.

Furthermore, political instability in the Region may militate against resource mobilization efforts or even implementation. Also, lack of support for the project at national and regional level may hamper the implementation.

9. Sustainability

A regional coordination entity could be established at the end of the project implementation to ensure the sustainability of the digital inclusion program.

10. Management

The project will be managed by the ITU Project Manager in close collaboration with countries and institutions counterparts and partners, as well as representatives from regional organizations and some beneficiary countries.

The ITU shall be the implementing agency, and shall be responsible for the recruitment of experts.

11. Budget

The proposed budget of the project is \$ USD **550,000**.

12. Work Plan

ACTIVITIES	2016	2017	2018	2019
Identification of the resource requirements to be mobilized under the project	S2			
Hiring of experts and consultants for the assessment and the guidelines development		S1 + S2		
Provide assistance and Conduct trainings in the respective areas in response to the identified needs in selected countries		S2	S1 + S2	S1