

UNCDF and Banque des États de l'Afrique Centrale (BEAC) agree to improve the Policy and Regulatory Environment for Digital Financial Services in the CEMAC Region

WEDNESDAY, 8 FEBRUARY (NEW YORK, NEW YORK, USA). The United Nations Capital Development Fund, or UNCDF, announced today that it has entered into a memorandum of understanding (MoU) with the *Banque des États de l'Afrique Centrale* (BEAC)—the central bank that serves the six central African countries in the *Communauté Économique et Monétaire de l'Afrique Centrale* (CEMAC) region—to improve the policy and regulatory environment for Digital Financial Services (DFS) in the CEMAC region.

Given that an increasingly large share of migration occurs in regional corridors, increasing the flow of remittances through formal channels at affordable costs is imperative to countries in the CEMAC region, namely Cameroon, the Central African Republic, Congo, Gabon, Equatorial Guinea, and Chad. To achieve this, UNCDF will provide technical assistance to the BEAC on the legal framework and regulatory options relating to DFS in the CEMAC region, as per CEMAC's international practices and strategic objectives.

UNCDF will further help the BEAC in driving change in the implementation of the Regional Financial Inclusion Strategy, taking into account its proposals from the Advisory Panel on Women and Digital Financial Services in the CEMAC region, which sought the inclusion of the region's civil society voices. The agreement between UNCDF and the BEAC will also launch public-private sector dialogues to federate the players in the digital finance ecosystem around the CEMAC regulatory framework on DFS.

UNCDF will also facilitate and support BEAC staff's training and exchange visits to strengthen their skills in the field of digital financial services as part of its capacity-building approach, where a learning agenda will be co-created for the necessary momentum and conditions for meaningful and lasting regulatory change.

Xavier Michon, Deputy Executive Secretary, UNCDF, commenting on the importance of the agreement with the BEAC in driving regional financial inclusion in the CEMAC region, said,

« Remittances are an indispensable and durable source of development finance. Remittances are greater and more stable than foreign direct investment for many countries and, in most cases, greater even than official development assistance. Remittances are also a crucial financial source for the families of migrants. When they are sent digitally, remittances present a means to greater social impact and financial inclusion of migrants and their families who send and spend them in the real economy. The CEMAC region is no exception to this. Given low domestic savings rates and significant government spending in many developing countries, external sources of finance, especially remittances enabled by digital financial services, play an important role in local economic growth and poverty reduction strategies. »

Abbas Mahamat Tolli, the Governor of the BEAC, commenting on this important agreement with UNCDF, said,

« Financial inclusion is a key priority in the CEMAC region. Remittances and digital financial services complement efforts by developing countries' governments and sustained initiatives targeting economic development. Our responsibility remains to ensure adequate technical assistance is obtained in this area. Such technical support is key to progress on the financial inclusion agenda that the Regional Financial Inclusion Strategy will soon guide. I am, therefore, pleased that UNCDF is cooperating with the BEAC on this critical agenda for the CEMAC Member States. »

In improving the policy and regulatory environment for digital financial services, UNCDF's collaboration with the BEAC will help enable innovation in the CEMAC region for better financial stability, market integrity, and consumer protection, thereby unlocking financial inclusion at a large scale.

ABOUT UNCDF

The UN Capital Development Fund makes public and private finance work for the poor in the world's 46 least developed countries (LDCs). UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through three channels: (1) inclusive digital economies, which connects individuals, households, and small businesses with financial eco-systems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; (2) local development finance, which capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and (3) investment finance, which provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and domestic resource mobilization.

ABOUT BEAC

Created in 1972, *Banque des États de l'Afrique Centrale* (BEAC), or the Bank of Central African States, is the central bank common to the six states that constitute *Communauté Économique et Monétaire de l'Afrique Centrale* (CEMAC), or the Economic and Monetary Community of Central Africa. They are respectively Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea, and Chad. The BEAC's missions are to promote financial stability; promote the smooth functioning of payment and settlement systems; hold and manage the official foreign exchange reserves of the Member States; lead the CEMAC exchange rate policy; issue fiduciary money (banknotes and coins that are legal tender and discharging power in the CEMAC); and define and conduct the monetary policy of CEMAC.

The Central Bank makes available to the Banking Commission of Central African States (COBAC), the financial, material and human resources necessary for the execution of its banking supervision mission; indispensable mission to guarantee the economic stability of the CEMAC. It also maintains regular and effective relations with international partners, making it a leading monetary and financial institution.

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