African Institute for Remittances (AIR)
By Hailu Kinfe

Social Protection for Migrants in the SADC: Prospects, Vulnerability and Benefits across Boarders
International Conference
29 – 30 October 2014
Johannesburg, South Africa
• Key facts of African remittances;
• Facts on Remittances to and within SADC;
• Leveraging Remittances for Social and Economic Development in Africa;
• African Institute for Remittances (AIR).
AFRICAN REMITTANCES

29 – 30 October 2014
Johannesburg, South Africa
REMITTANCES FLOWS TO AND WITHIN AFRICA

Facts

• In 2013, an estimated 30 million African migrants sent more than **US$ 62 billion** (2.6% of African GDP) in remittances to support more than 120 million family members back home. It is expected to increase;

• The cost of sending remittances to Africa is far more expensive than the global average with **12%** and within Africa it is even higher: the *top 10 most expensive corridors are all intra-African*;

• African Remittances are almost equally shared between North Africa and SSA;

• Out of the US$ 31b sent to SSA, Nigeria took the lion share (US$ 21b about 68%);

• The rest of SSA countries shared the remaining US$ 10b;
Origins of African Remittances

Source: Bilateral Remittances Matrix 2013, World Bank

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Remittances to SADC
REMITTANCES FLOWS TO AND WITHIN SADC

Facts on Migration and Remittances of SADC:

- There are an estimated 6.4 million migrants from SADC:
  
  - More than **53% intra-SADC**: South Africa (1.9m), Zimbabwe (0.3m), Mozambique (0.28m), Tanzania (0.22m) and Malawi (0.21m) are the top five recipient countries;
  
  - Europe (**22%**): UK, Portugal and France are the top three destinations.
  
  - Other African (**12%**):
  
  - North America & Australia (**7%**): USA (0.5m) and Canada are the next destination countries; and
  
  - Other South (**9%**)

- **Officially recorded remittances to SADC is only US$ 2.3b with SA (50%), Lesotho (25%) and Mauritius (12%)**
Sources of Remittances of SADC

- Others: 1%
- North America: 10%
- Australia: 10%
- Europe: 36%
- Intra-SADC: 43%

REMITTANCES FLOWS TO AND WITHIN SADC

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REMITTANCES FLOWS TO AND WITHIN AFRICA

Source: Send Money Africa database: https://sendmoneyafrica.worldbank.org

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The 10 Most Expensive Corridors for Sending USD200

Source: Send Money Africa database: https://sendmoneyafrica.worldbank.org

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LEVERAGING REMITTANCES FOR DEVELOPMENT
Remittances:

- Migrants save in countries of origin and destinations, which can be mobilized through Diaspora bonds;
- For household consumption;
- For Education, Healthcare and sometimes for construction of Houses;
- Between 10-20% of remittances saved by beneficiaries; and
- A way for Financial Inclusion;
Leveraging Remittances for Development

Strategies for productive use of remittances:

• Improve Migrant’s access to banking services in destination countries;
• Create ways for undocumented migrants to remit money home;
• Linking remittance flows with other financial services (financial inclusion);
• Harmonization of regional remittances payment system would improve transfer cost;
• Proactive and targeted policies and measures could enhance the development impact of remittances.
African Union Initiatives

• To ensure Migrants participation on the development of the continent, AU established a Directorate “Citizens and Diaspora Organizations (CIDO)”;

• The AU Assembly endorsed five Diaspora legacy projects, as a way of giving practical meaning to its Diaspora program;

• The AIR is one of the legacy projects designed to exclusively work on remittances.
AFRICAN INSTITUTE FOR REMITTANCES (AIR)

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African Institute for Remittances (AIR):  
• Expected to be fully operational by 2016;  

AIR Mission:  
• AIR will exclusively work on African remittances to make them **cheaper, safer, faster** and **easier** and to ensure remittances impact for social and economic development in Africa.
Objectives of AIR is to help countries:

- Improve accuracy of remittances measurement and understand remittances **Volume**;
- Promote market competition and innovation to lower remittances transfer **Cost**;
- To ensure the development **Impact** of remittances through inclusive finance for poverty reduction;
AIR Products:

- Workshops and Seminars;
- Technical Assistance;
- Applied Research;
- Advocacy towards AU Member States’ policies;

Delivery Mechanism:

- Peer Central Bank Groups;
- Regional Working Groups;
Stakeholders of AIR:

- AU Member States;
- African Union Commission (AUC);
- RECs;
- African Diaspora (remittance senders);
- International Development Partners;
- Private Sector Organizations: Banks, telecoms, MTOs;
- Academia; etc.
PROPOSED STRUCTURAL SETUP

Multilateral Donor Fund

Program funding

Governing Board

GOVERNING BOARD

AIR

Consultative Forum

AIR

CONSULTATIVE
FORUM

Technical Advisory Group

TA

Coordination

Region Working Group

COORDINATION

REGIONAL
WORKING
GROUP

Products

OPERATING
BUDGET

PRODUCTS

AFRICAN UNION COMMISSION & AU MEMBER COUNTRIES

Participants

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$200
Thank You

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