Second IDM 2016 workshop on Assessing progress in the implementation of the migration-related SDGs

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Session 4, Panel 2: Financing the implementation of migration-related targets

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• **Key message.**

  ✓ Inclusion of target 10.c in the SDGs means a change of mindset and a call for action and support for *ongoing initiatives* to reduce remittance transfer costs …

  ✓ though some progress have been made, *baseline figures* on some corridors worry …
• Key message (..end)

✓ ... and there is need for better coordination and financing mechanisms of programmes...

✓ ... which should be people-oriented.
• Target 10.c:

By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent.
Why target 10.¢? High volume of Remittances flows to Africa in 2015...

US$ 65.7 billion

11.3% of total world remittances.
... and high remittance transfer costs.

8.88% Average cost to Africa = +5.88% Higher SDGs target
• Target 10.c: meaning

✓ Recognizance of potential impact

✓ Support for ongoing initiatives - establishment of the African Institute for Remittances (AIR) - to reduce remittances transfer cost.
• Target 10.c related programmes

✓ Objectives: reduction of remittances transfer costs to and within Africa.

✓ How? First, identify corridors of focus: a few corridors selected on the basis of three criteria: volume, cost and impact
The most expensive corridors are all intra-Africa corridors.
Remittance flows vs Cost of sending US$200
Selected corridors

✓ **Volume**: corridors to Nigeria, Egypt, Tunisia, Algeria, Ghana, Senegal, and Kenya

✓ **Cost**: corridors from South Africa, Nigeria, Tanzania, Italy, Spain, Germany, France, UK, Netherlands, USA, Saudi Arabia, Bahrain, and Belgium

✓ **Impact**: Corridors to Cape Verde, Gambia, Liberia, Lesotho, Comoros, Madagascar, Sao Tome and Principe, and Angola
Second: Design, implementation and financing

✓ **AIR programs**: TA programs to Member States, Remittance senders and recipients information and financial education; leveraging programs and channeling investments etc..

✓ **Implemented** in collaboration with key partners – EU and IOM – within different frameworks - La Valletta Action Plan, Nairobi Declaration …
• Financing of the implementation of migration-related targets

✓ Traditional and non traditional (Private sector PPP, philanthropy, etc.. Despite associated risks – lose of focus and learning process)

✓ Source of financing would depend on the type of programs (Multilateral, disclosure of information on selected corridors etc..)
• **Conclusion**
  
  ✅ MDGs implementation success factors: cooperation, coordination and adequate financing;
  
  ✅ But also keep in mind the ultimate goal: human development
  
  ✅ Need to be consistent with the SDGs’ overall objectives
Thank you and looking forward to answering your questions.
Annexes
Average cost of sending money from UK to Africa

<table>
<thead>
<tr>
<th>Country</th>
<th>Average Cost</th>
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<tbody>
<tr>
<td>Gambia</td>
<td>14.0</td>
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<tr>
<td>Rwanda</td>
<td>13.9</td>
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<tr>
<td>Sudan</td>
<td>12.0</td>
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<tr>
<td>Tanzania</td>
<td>10.2</td>
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<tr>
<td>Ethiopia</td>
<td>9.4</td>
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<tr>
<td>Zambia</td>
<td>9.0</td>
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<tr>
<td>Eritrea</td>
<td>8.6</td>
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<tr>
<td>Uganda</td>
<td>8.5</td>
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<tr>
<td>Sierra Leone</td>
<td>8.2</td>
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<tr>
<td>South Africa</td>
<td>7.7</td>
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<td>Zimbabwe</td>
<td>7.6</td>
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<td>Somalia</td>
<td>7.5</td>
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<tr>
<td>Kenya</td>
<td>6.6</td>
</tr>
<tr>
<td>Ghana</td>
<td>5.8</td>
</tr>
<tr>
<td>Nigeria</td>
<td>5.3</td>
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</tbody>
</table>
Average cost of sending money from Italy to Africa
Average cost of sending money from France to Africa

<table>
<thead>
<tr>
<th>Country</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>8.3</td>
</tr>
<tr>
<td>Tunisia</td>
<td>6.9</td>
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<tr>
<td>Madagascar Ivory Coast</td>
<td>6.8</td>
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<tr>
<td>Togo</td>
<td>5.7</td>
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<td>Mali</td>
<td>5.3</td>
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<tr>
<td>Senegal</td>
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<tr>
<td>Comoros</td>
<td>5.0</td>
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<tr>
<td>Cameroon</td>
<td>4.8</td>
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<tr>
<td></td>
<td>4.6</td>
</tr>
</tbody>
</table>
Average cost of sending money from Germany to Africa

- Ghana: 9.1
- Nigeria: 8.4
- Togo: 7.3
Average cost of sending money from USA to Africa

- South Africa: 10.4
- Cape Verde: 10.2
- Kenya: 7.5
- Egypt: 6.2
- Ghana: 5.9
- Ethiopia: 5.6
- Somalia: 5.4
- Liberia: 5.3
- South Sudan: 5.1
- Eritrea: 4.6
- Nigeria: 4.4
Average cost of sending money from South Africa

- Nigeria: 20.8
- Tanzania: 18.5
- Mozambique: 18.0
- Zambia: 17.5
- Malawi: 17.1
- Botswana: 16.9
- Angola: 16.4
- Lesotho: 15.8
- Swaziland: 15.8
- Zimbabwe: 12.7
Average cost of sending money from Kenya

- Rwanda: 10.8
- South Sudan: 10.7
- Tanzania: 10.3
- Uganda: 10.3
Average cost of sending money from Tanzania

- Uganda: 16.9
- Rwanda: 16.9
- Kenya: 13.1
Average cost of sending money from West Africa

Ghana to Nigeria: 7.9
Senegal to Mali: 4.8
Factors explaining high remittance costs in Africa

1) Restricted competition/exclusivity clauses
2) Underdeveloped financial system
3) Compliance with AML/CFT
4) Low transparency
5) Limited impact of new technology
6) Opaque forex structures