



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:**

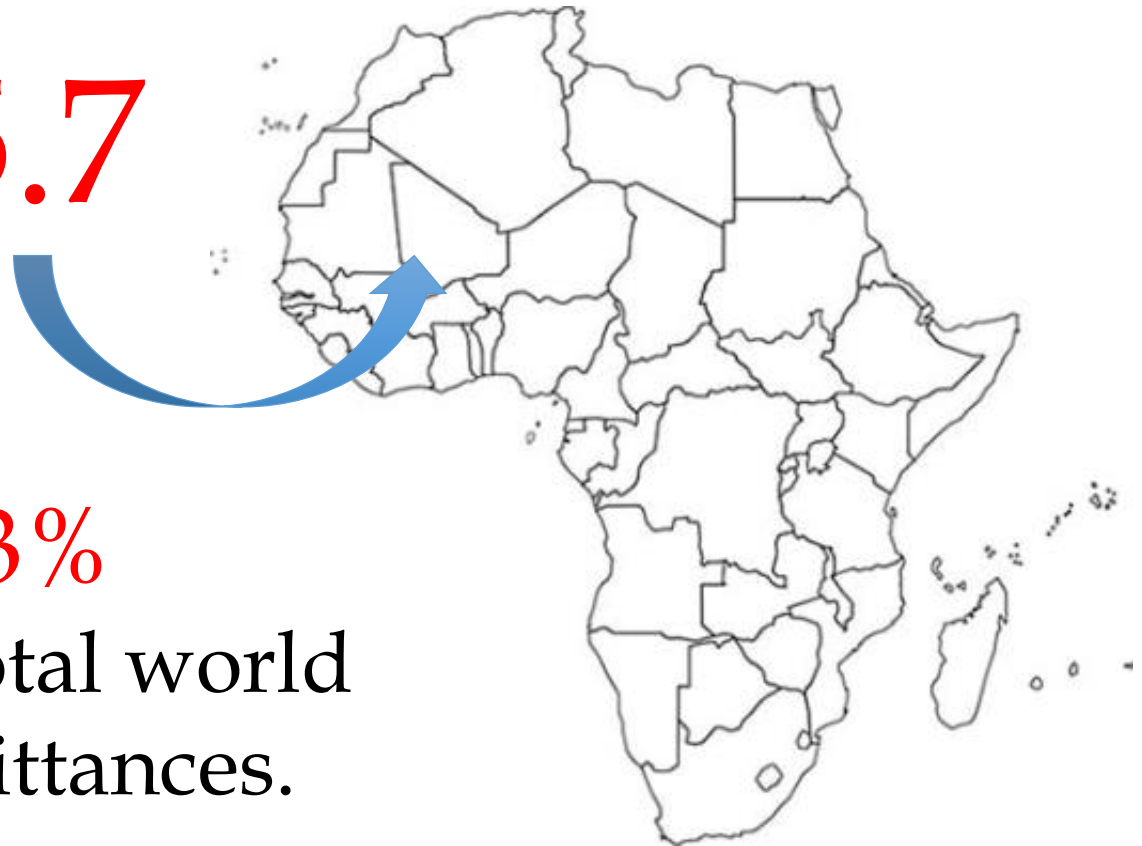
By 2030, reduce to less than 3 per cent the transaction costs of **migrant remittances** and eliminate **remittance corridors** with costs higher than 5 per cent



Why target 10.c? 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%

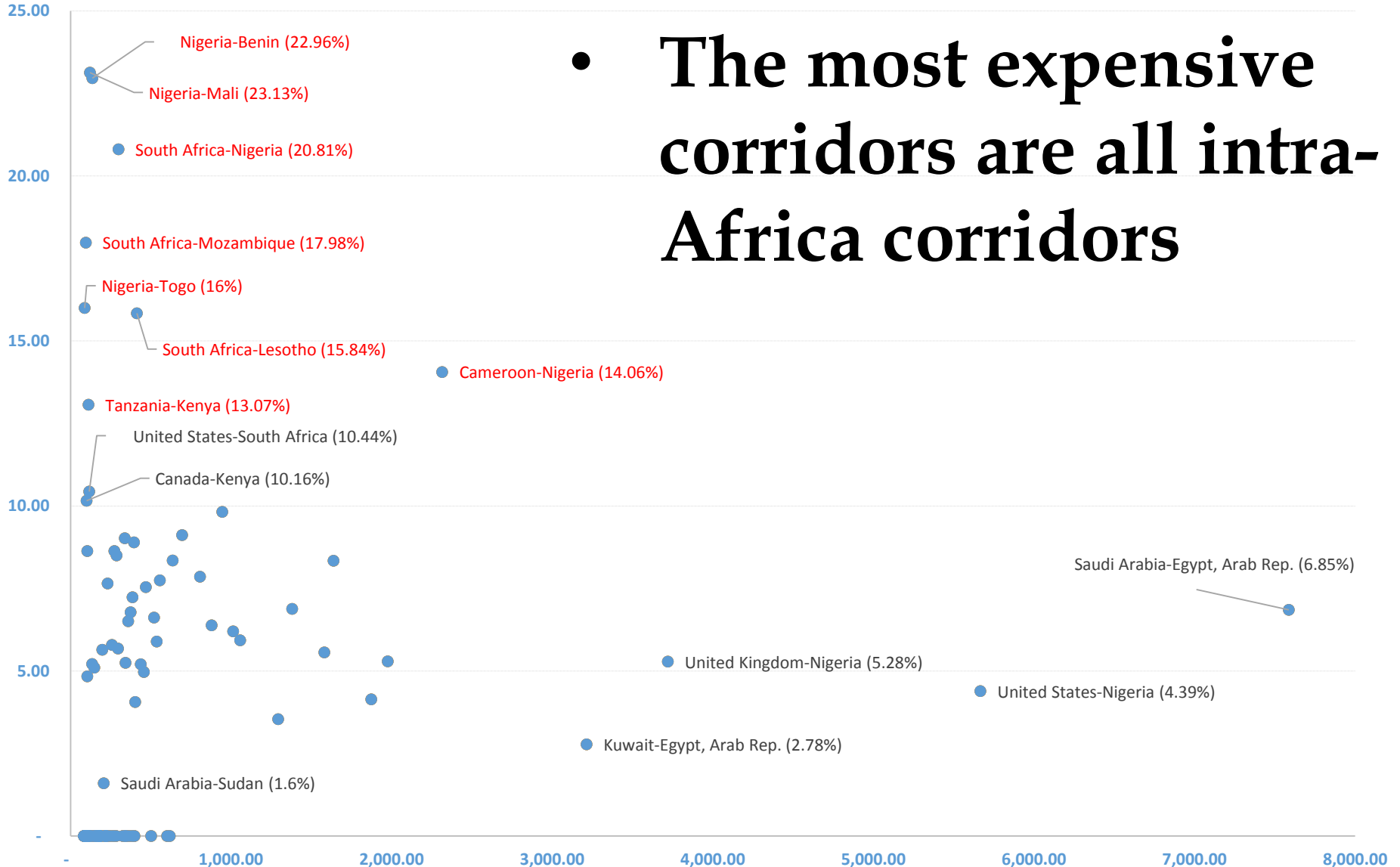
Higher
SDGs target

- **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.

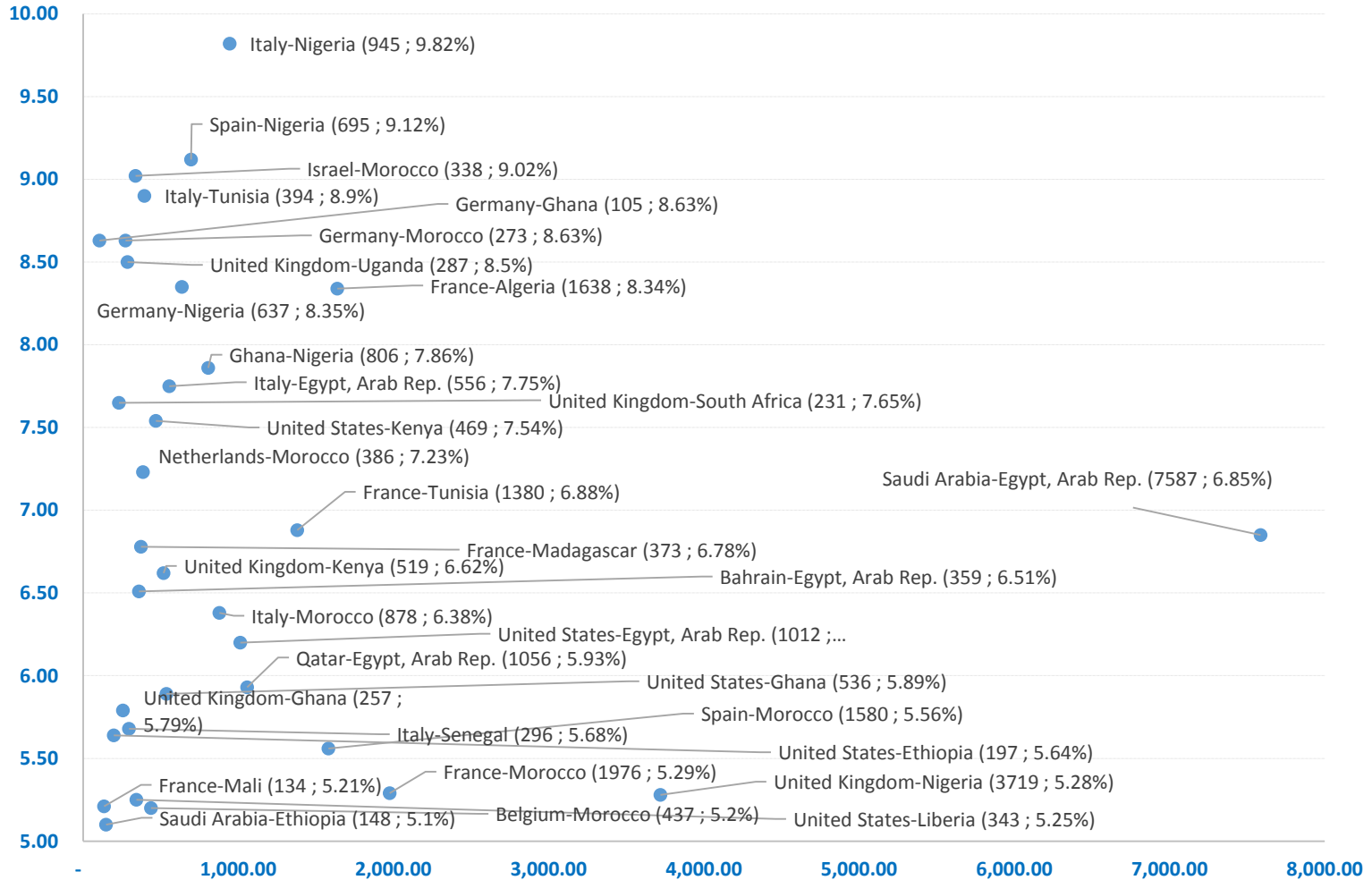
- **Target 10.c related programmes**
 - ✓ Objectives: reduction of remittances transfer costs to and within Africa.
 - ✓ How? First, identify corridors of focus: a few corridors selected on the basis of three criteria: volume, cost and impact

Average cost of sending US\$200 per corridor

- **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, le Senegal and Kenya
- ✓ **Cost:** corridors **from** South Africa, Nigeria, Tanzania, Italy, Spain, Germany, France, UK, Netherland, USA, Saudi Arabia, Bahrain and Belgium
- ✓ **Impact:** Corridors **to** Cape Verde, Gambia, Liberia, Lesotho and Comoros, Madagascar, Sao Tomé e Príncipe 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 yo 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..)



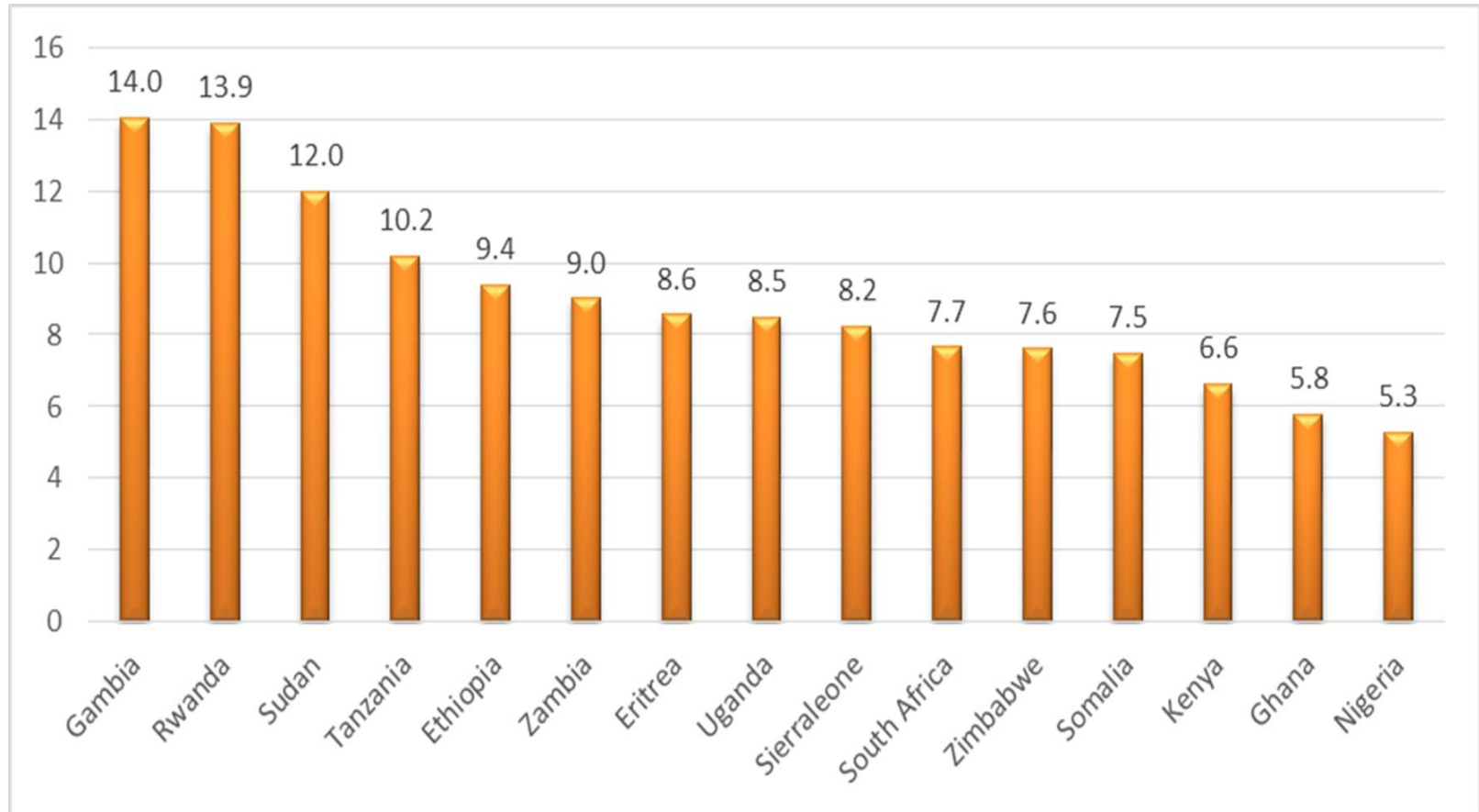
- **Conclusion**

- ✓ 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

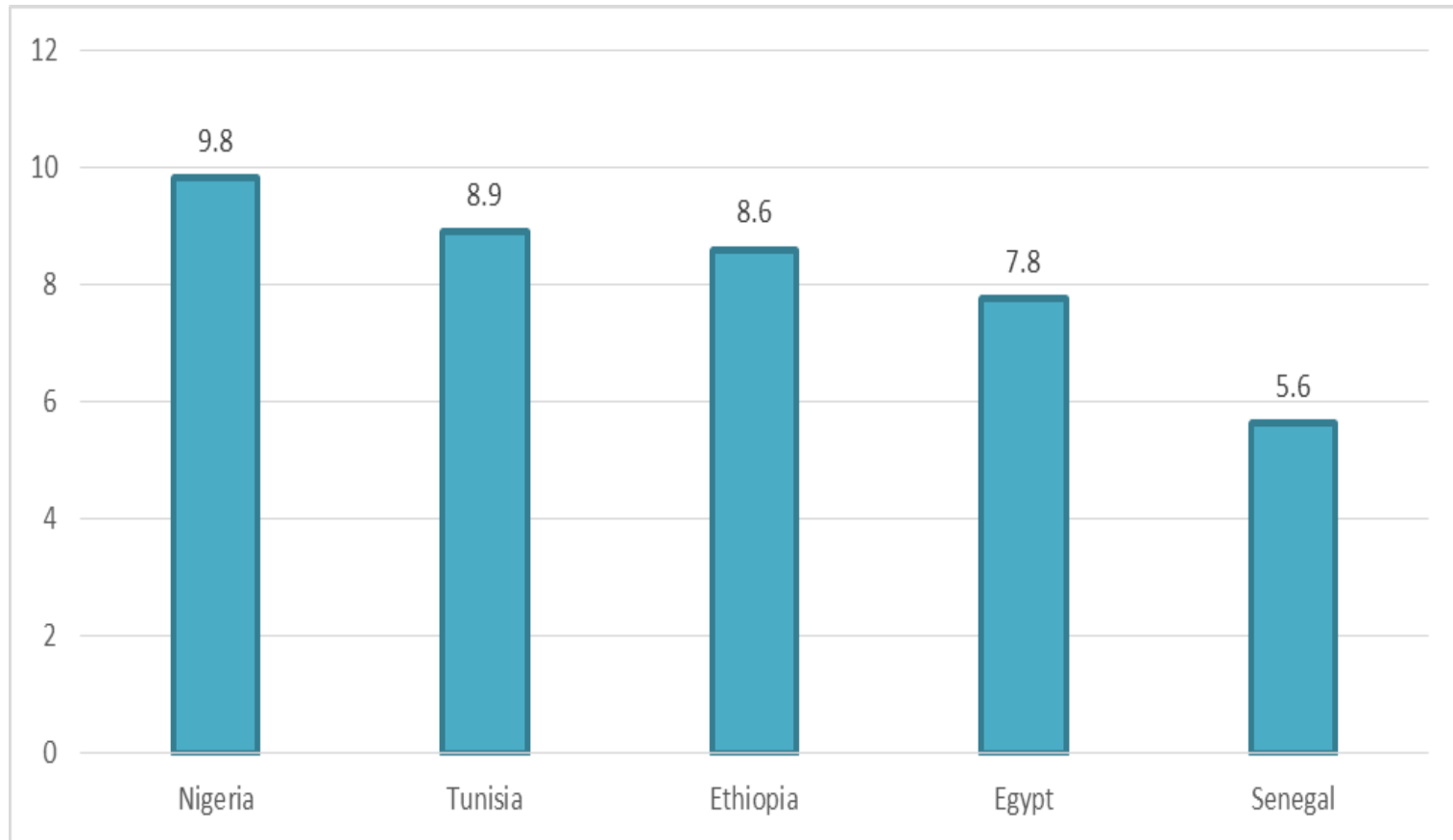
Thank you and looking forward to
answering your questions.

Annexes

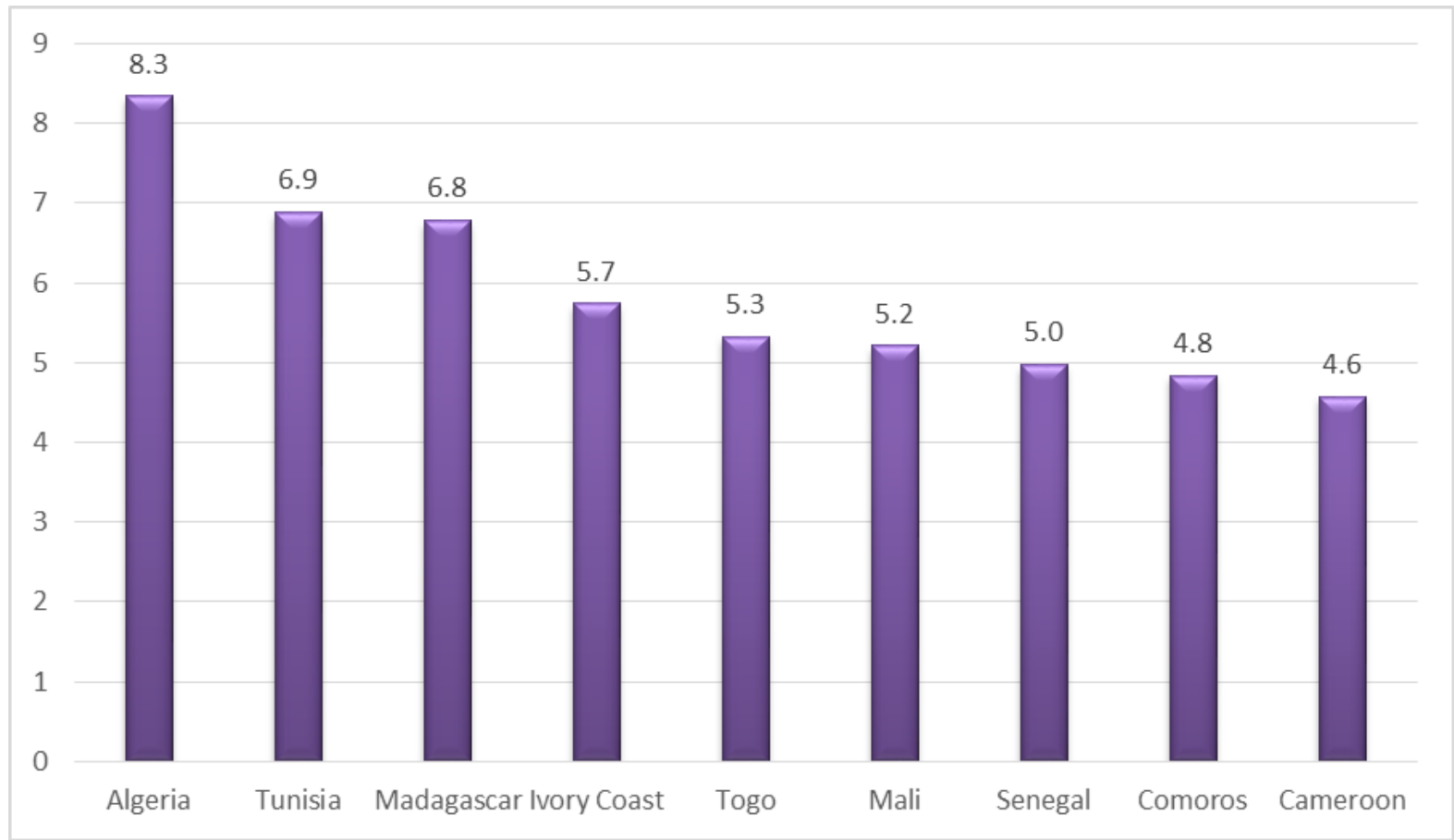
Average cost of sending money from UK to Africa



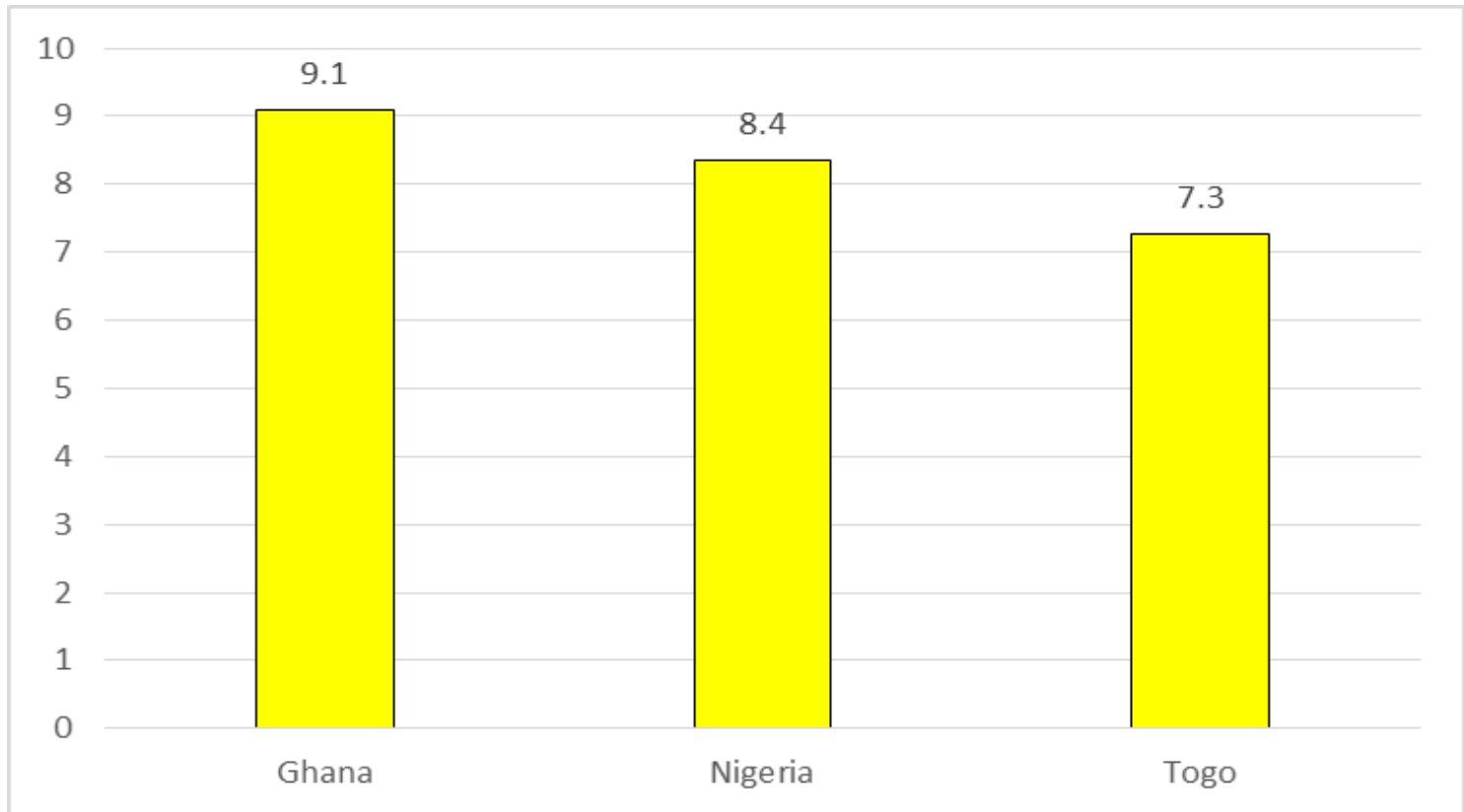
Average cost of sending money from Italy to Africa



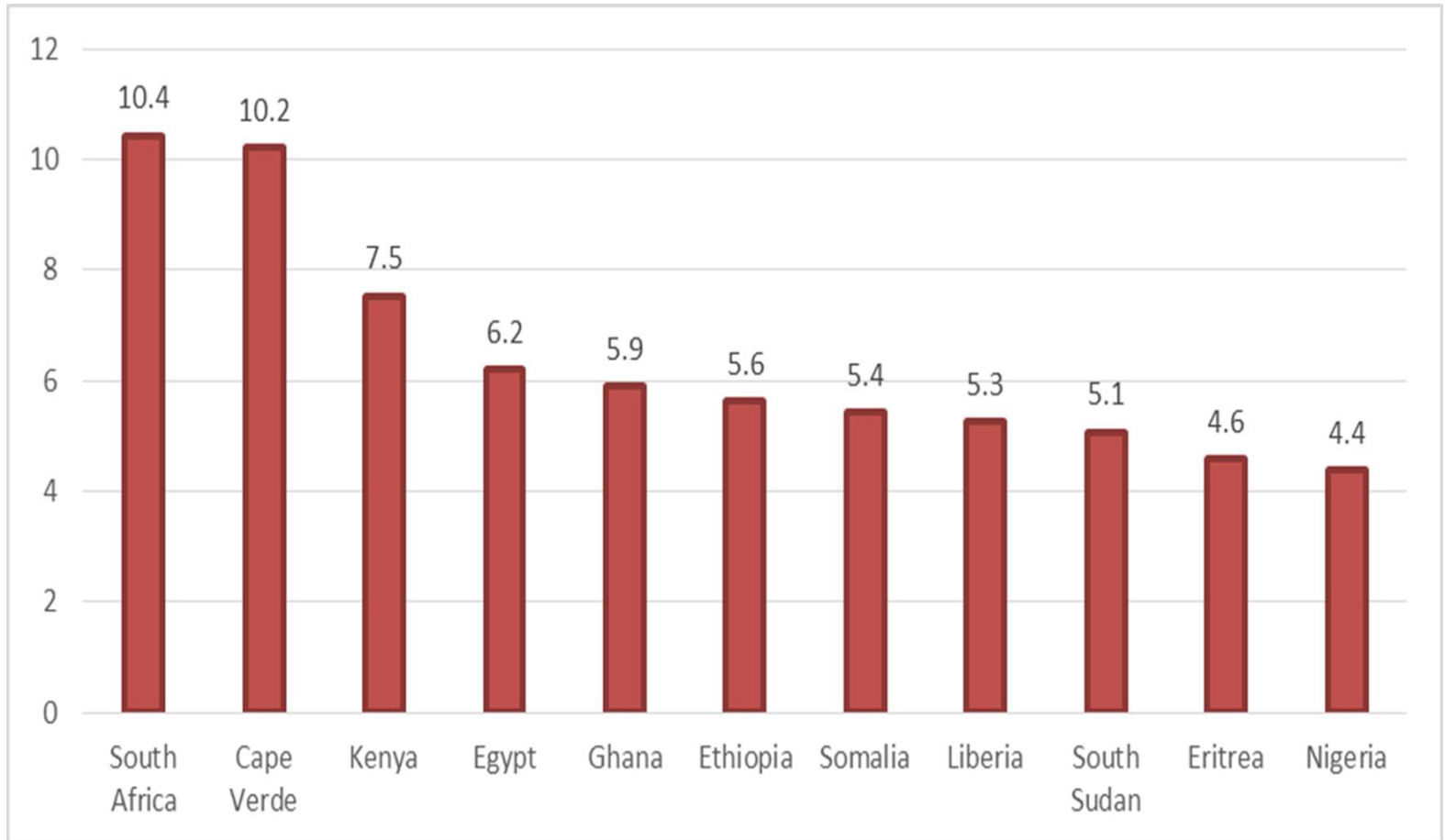
Average cost of sending money from France to Africa



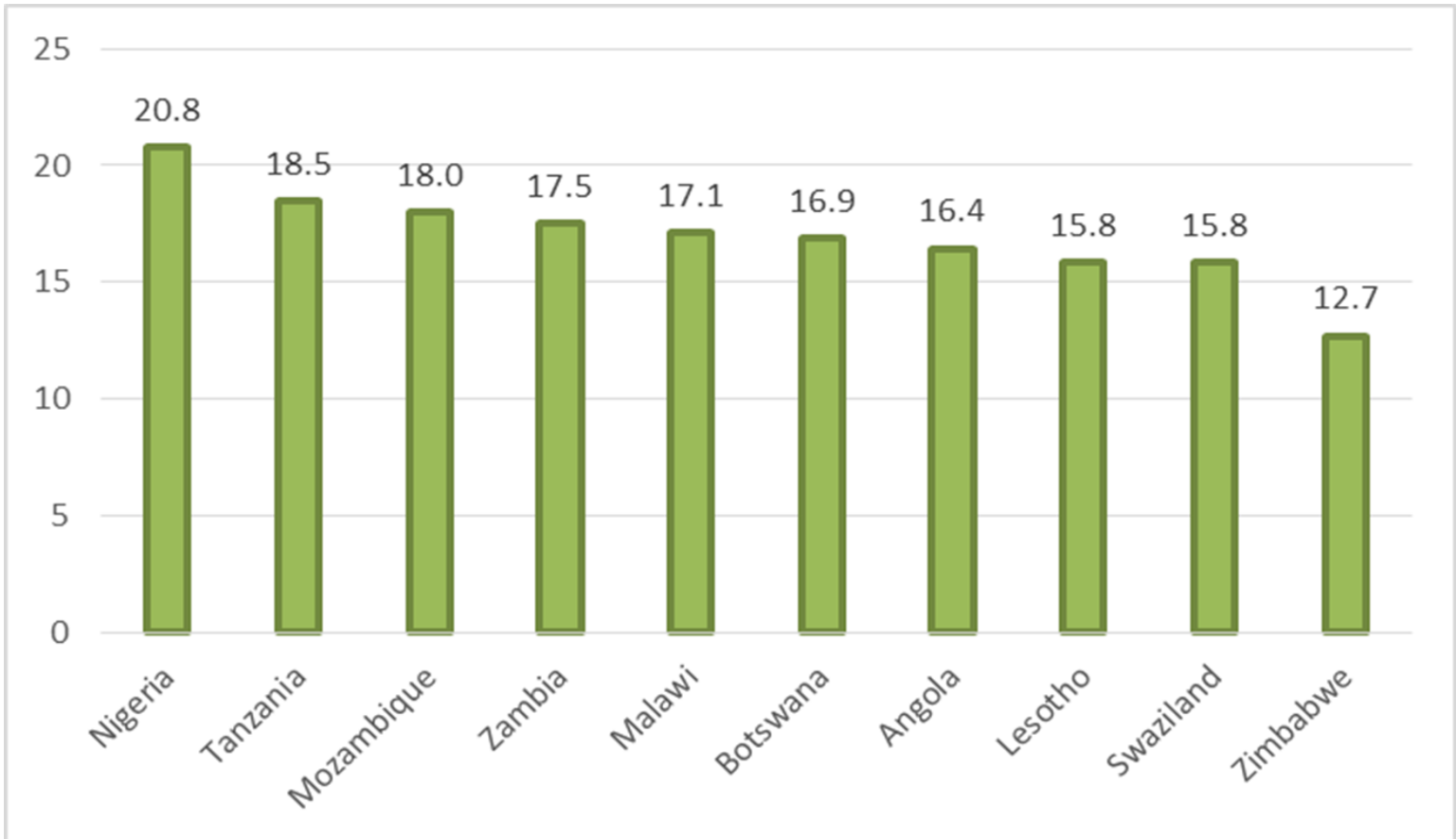
Average cost of sending money from Germany to Africa



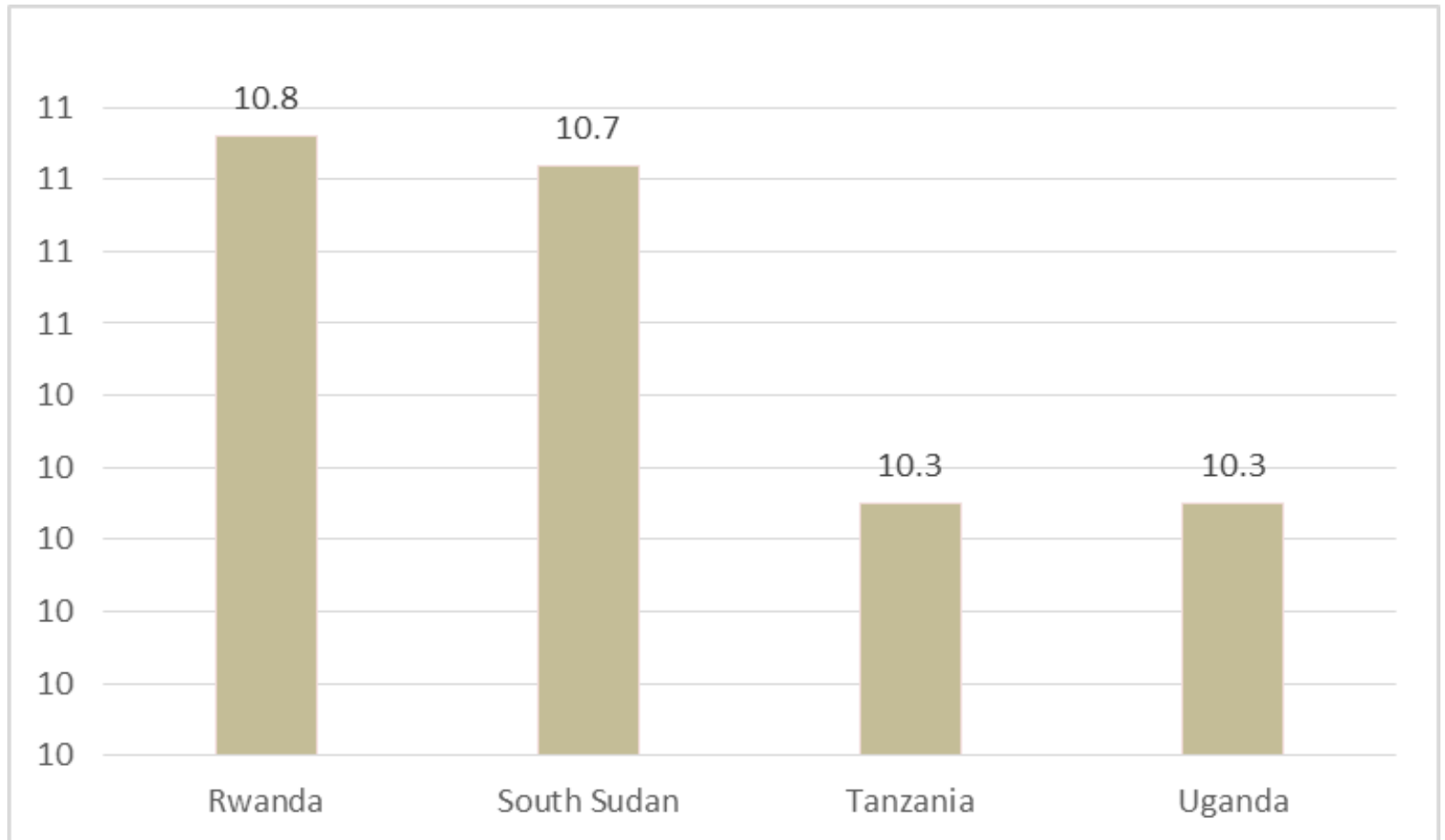
Average cost of sending money from USA to Africa



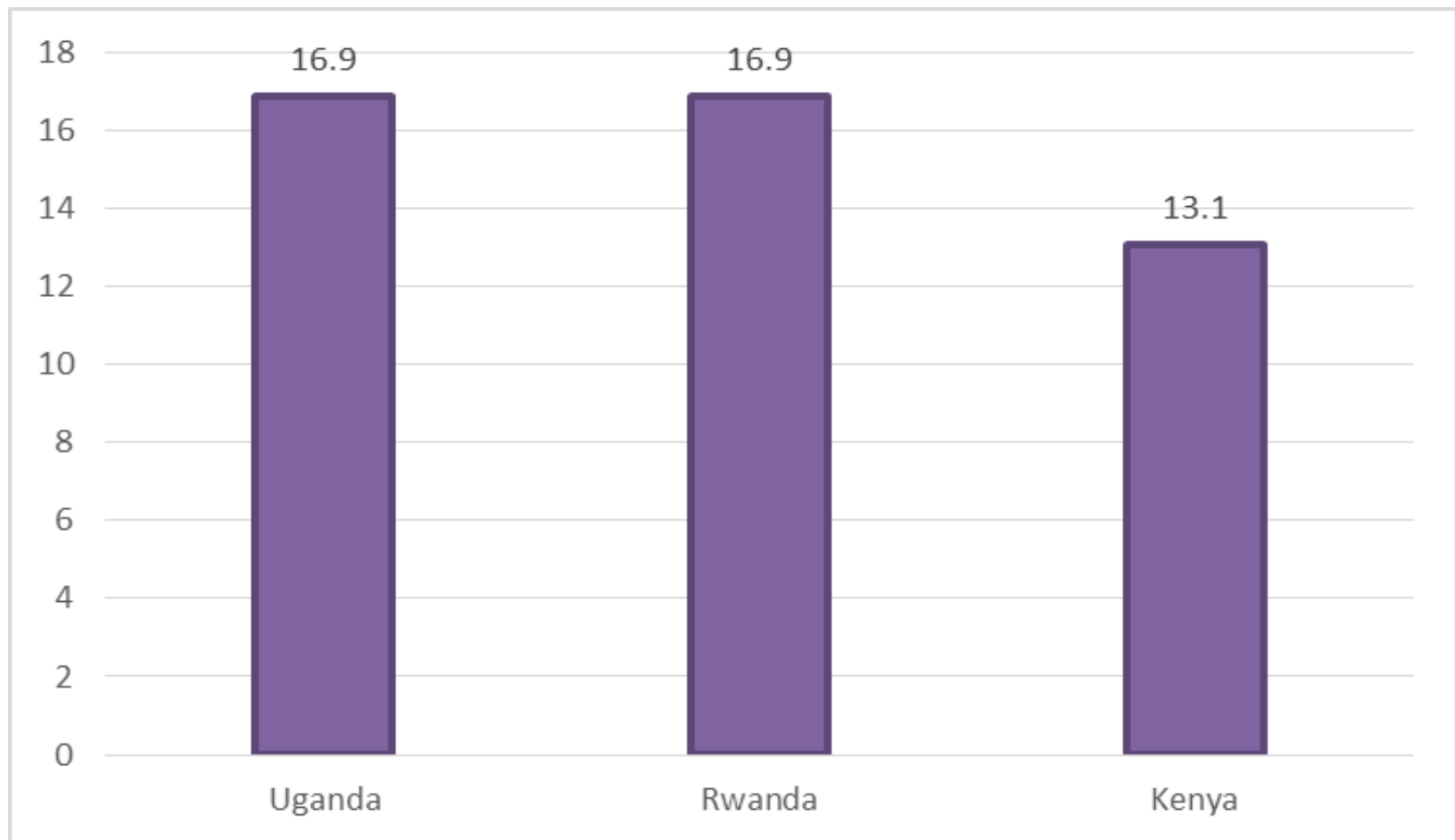
Average cost of sending money from South Africa



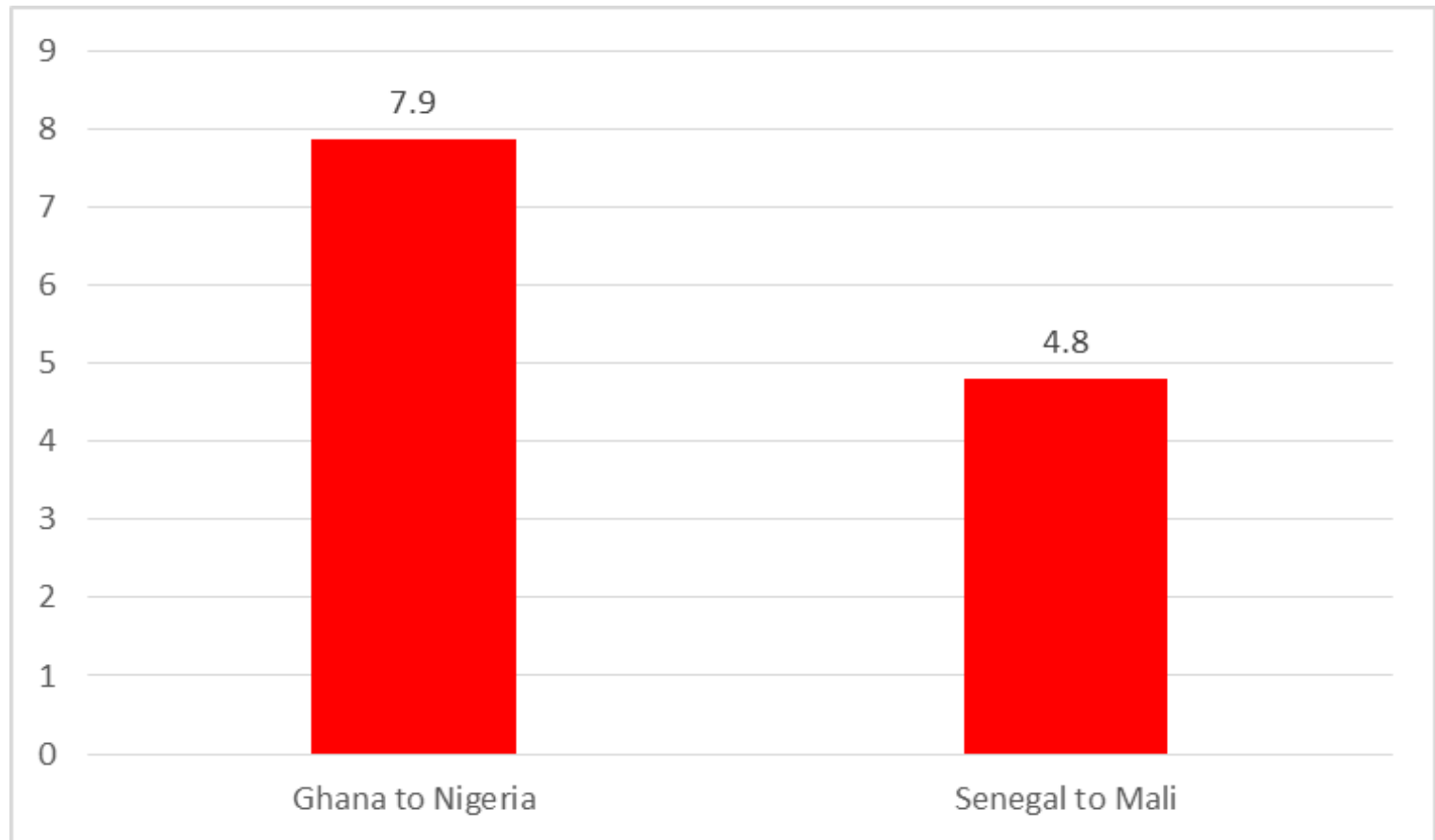
Average cost of sending money from Kenya



Average cost of sending money from Tanzania



Average cost of sending money from West Africa



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