



REGIONAL STUDY ON REMITTANCES AND THEIR POTENTIAL USE IN MIGRANT REMITTANCES RECEIVING HOUSEHOLDS

REGIONAL
OVERVIEW

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Publisher:

Regional Office for East and Horn of Africa
Sri Aurobindo Avenue
off Mzima Springs Road Lavington
P.O. Box 55040 - 00200 Nairobi, Kenya
RONairobi@iom.int
www.ronairobi.iom.int
www.iom.int

Foreign Commonwealth and Development Office of the United Kingdom
King Charles Street, London
SW1A 2AH or
Abercrombie House, Eaglesham Road
East Kilbride, G75 8EA
United Kingdom
fcdo.correspondence@fcdo.gov.uk
<https://www.gov.uk/government/organisations/foreign-commonwealth-development-office>

Elijah N. Munyi/Gillian Williams - IOM/UN Migration Consultants
Graphic Design/Layout: Kennedy Njagi
Media and Communication Unit (RO East and Horn of Africa)
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LIST OF ACRONYMS

| | |
|----------|--|
| AU | African Union |
| COVID-19 | Coronavirus Disease 2019 |
| EAC | East African Community |
| DESA | UN Department of Economic and Social Affairs |
| GDP | Gross Domestic Product |
| IGAD | Intergovernmental Authority of Development (in Eastern Africa) |
| IOM | International Organization for Migration |
| ILO | International Labour Organization |
| LMICs | Low- and Middle-Income Countries |
| MMFs | Money Market Funds |
| NPS | National Payment Systems |
| SACCO | Savings and Credit Cooperative Society |
| WB | World Bank |

REGIONAL STUDY ON REMITTANCES AND THEIR POTENTIAL USE IN MIGRANT REMITTANCES RECEIVING HOUSEHOLDS- REGIONAL OVERVIEW

INTRODUCTION

This report provides an overview of major trends and policy developments in remittances for countries in the East and Horn of Africa region. These countries are Burundi, Djibouti, Ethiopia, Eritrea, Kenya, Rwanda, Somalia, South Sudan, Uganda and the United Republic of Tanzania. The report documents general regional trends in migration and remittances, key remittance policy priorities in each of the countries and other remittance initiatives by regional and multilateral organizations operating in the region.



The East and Horn region is marked by a growing vortex of conflict, climate stress and a growing food crisis worsened by the Ukraine-Russia war. As the International Rescue Committee has noted, three¹ of these Horn states (Somalia, Ethiopia and South Sudan) are now in the Global Emergency Watch List. This has raised intra-regional migration (into Kenya) as well as outbound migration from other East and Horn states in search of job opportunities abroad. However, the region is also resilient and leads as a source of migrants to the Middle East and North America which in turn feeds into the region’s remittances. According to the latest statistics from the Migration Policy Institute for instance, the East and Horn States produce the largest percentage (35.2%) African emigrants into the United States of America.



Shopkeeper in Bossasso supported to open the business under IOM’s Assisted Voluntary Return and Reintegration Programme. Photo ©Mohammed Muse IOM 2021

1. International Rescue Committee. 2022. 2023 emergency Watchlist. <https://www.rescue.org/report/2023-emergency-watchlist>

Table 1: Proportion of emigrants from the East and Horn Africa in the United States (2019)²

| Region and Country | Number of Immigrants | Share (%) |
|--|----------------------|---------------|
| TOTAL SUB-SAHARAN AFRICA | 2,094,000 | 100.0% |
| Eastern Africa | 737,000 | 35.2% |
| Eritrea | 49,000 | 2.4% |
| Ethiopia | 256,000 | 12.2% |
| Kenya | 153,000 | 7.3% |
| Somalia | 115,000 | 5.5% |
| Uganda | 44,000 | 2.1% |
| Zimbabwe | 21,000 | 1.0% |
| Other Eastern Africa | 99,000 | 4.7% |
| Middle Africa | 195,000 | 9.3% |
| Cameroon | 73,000 | 3.5% |
| Republic of the Congo | 39,000 | 1.9% |
| Democratic Republic of Congo | 61,000 | 2.9% |
| Other Middle Africa | 23,000 | 1.1% |
| Southern Africa | 116,000 | 5.5% |
| South Africa | 111,000 | 5.3% |
| Other Southern Africa | 5,000 | 0.2% |
| Western Africa | 926,000 | 44.2% |
| Cabo Verde | 36,000 | 1.7% |
| Ghana | 199,000 | 9.5% |
| Liberia | 98,000 | 4.7% |
| Nigeria | 393,000 | 18.8% |
| Senegal | 31,000 | 1.5% |
| Sierra Leone | 46,000 | 2.2% |
| Other Western Africa | 123,000 | 5.9% |
| Africa (not elsewhere classified) | 120,000 | 5.7% |

Notes: "Africa, not elsewhere classified" includes people from Africa who did not report their country of birth, and some may have been from North Africa.
Source: Migration Policy Institute (MPI) tabulation of data from the U.S. Census Bureau 2019 ACS.

Like many parts of the developing world where remittances outstrip Official Development Assistance (ODA), this is the case for all states in the East and Horn. As table 2 shows, in 2020 (the last year for which the World Bank data is complete) the region recorded USD billion 7.11 in remittances against a total ODA of USD 934 million. Even for individual states, remittance volumes surpassed ODA in all of the states except Eritrea. The situation with regard to remittances versus FDI is a bit more mixed with some countries such as Ethiopia and the United Republic of Tanzania receiving far greater FDI than remittances while Burundi, Kenya and Somalia have remittances as the most dominant form of foreign incomes. In all these states, remittances play a critical role in balancing Current Account deficits and moderating other fiscal pressures such as external debt payments. The developmental contribution of remittance is therefore already well recognized as documented by the World Bank³ as well as the World Migration Report (2020, pp 174)⁴

2. Migration and Policy Institute. 2022. Sub-Saharan Immigrants in the United States. <https://www.migrationpolicy.org/article/sub-saharan-african-immigrants-united-states>

3. World Bank. 2022. Remittances Brave Global head Winds' https://www.knomad.org/sites/default/files/publicationdoc/migration_and_development_brief_37_nov_2022.pdf

4. IOM. 2020. World Migration Report.

Table 2: Comparison between Remittances, FDI and ODA in the East and Horn States.

| Country | Remittances in USD | | Foreign Incomes | |
|-------------|--------------------|--------------|---------------------------|----------------------------|
| | 2019 | 2020 | ODA in USD million (2020) | FDI in USD millions (2021) |
| Burundi | 48.3 | 45.6 | 39 | 7.8 |
| Djibouti | 79.4 | 64.0 | 170 | 166.7 |
| Ethiopia | 479.6 | 404.0 | 45 | 4260 |
| Eritrea | - | - | 17 | 70.4 |
| Kenya | 2840 | 3110 | 77 | 463 |
| Somalia | 1580 | 1740 | 184 | 455.5 |
| South Sudan | 80.4 | 86.5 | 172 | 67.5 |
| Rwanda | 260.7 | 280 | 124 | 211.8 |
| Uganda | 1420 | 1060 | 69 | 1140 |
| Tanzania | 433.4 | 326 | 37 | 921 |
| Total (USD) | | 7.11 billion | 934 (million) | |

Source: World Bank Data⁵.



Lady counting money. Photo © IOM 2021

5. World Bank. 2023 World Bank Data <https://data.worldbank.org/>

COUNTRY STATUS AND PRIORITIES

1.1 Burundi

The government of Burundi does not have a specific policy regarding remittances. In 2015, the GoB developed a Draft Diaspora Policy which contained key strategic objectives for diaspora communication and coordination, as well as the mainstreaming of the diaspora in the national economic development. The government through the Ministry of Finance, took measures to collaborate with the diaspora communities to facilitate diaspora projects and investments (De Bruyn & Wets, 2020)⁶. While noting the primacy of growing remittances to the country which have grown from USD 3.6 million in 2008 to USD 45.6 million by 2021, the IMF⁷ notes that the core agenda for the country is to enhance its formalization and tracing of remittances intake away from informal channels. The IMF sent a capacity development team to the country to help broaden coverage of remittances. Core sending states are Canada, USA, Belgium, and Sweden.

1.2 Djibouti

With a relatively small diaspora (compared to other East and Horn states) Djibouti has modest per capita remittance inflows. Remittances have doubled in a decade from USD 32.6 million in 2010, to USD 64 million in 2020⁸. There is limited policy focus on remittances-related issues including remittance inflows, policy and initiatives in Djibouti with primacy being on providing harmony of regional states (Ethiopia, Somali, Yemen) in facilitating safe migration from these Horn states. Collaborations with IOM revolve around formulation of the first National Strategy for Migration⁹. The predominate source for inbound remittance is France (53%) and Ethiopia (17%).¹⁰

1.3 Eritrea

Eritrea is an outlier state with no recorded remittance inflows which can be partially explained by a historical political principle of 'self-reliance' which might ascribe remittance as foreign-sourced incomes which defeat the course of domestic self-reliance. The Eritrean Constitution recognizes the role the diaspora community plays in the development of the home country and accords that the right to participate in referenda and national elections. The Investment Proclamation No. 18/199 encourages both foreigners and national expatriates to invest in Eritrea although there is strong top-down command of business activities by the government party. In 2015, the Bank of Eritrea initiated a nationwide currency replacement programme that was aimed at among other things, curbing the hoarding of deposit cash associated with the *hawala system* and illicit foreign exchange and trade in the country (Belloni, Furasi & Massa, 2022)¹¹.

1.4 Ethiopia

Ethiopia's remittance landscape is marked by a plateauing of inflows from the great heights achieved in the mid-2010s. After a rapid rise of inflows from USD 173 million in 2005 to USD 1.8 billion in 2014, inflows fell steeply to average between 400- 450 million between 2017-2021. To harness diaspora potential for the economic development of the nation, the government of Ethiopia has endeavoured to develop an enabling regulatory environment. Through the Growth and Transformation Plan (GTP) 2015 – 2019, the

6. De Bruyn, T. & Wets, J. (2020). *Remittances in the Great Lakes Region* https://publications.iom.int/fr/system/files/pdf/mrs25_0.pdf

7. IMF. 2022 'Burundi Article IV Press Release' <https://www.imf.org/-/media/Files/Publications/CR/2022/English/1BDIEA2022001.ashx>

8. World Bank. 'Djibouti personal remittances' <https://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT?end=2020&locations=DJ&start=2009>

9. IOM. 2021. 'Djibouti's First National Strategy on Migration targets Challenges from Horn of Africa' <https://www.iom.int/news/djiboutis-first-national-strategy-migration-targets-challenges-horn-africa>

10. UNHCR. 2021. 'Remittances' <https://www.unhcr.org/5b3101d44.pdf>

11. Milena Belloni and Aurora Massa. 2022. 'Much More than just Money: Investigating Remittances Across Time and Place in the Eritrean Context'. *Modern Africa: Politics, History and Society*, 10(1), 89 – 116. <https://uni.uhk.cz/africa/index.php/ModAfr/article/view/415>

Diaspora Policy 2006 and 2013, and the National Financial Inclusion Strategy, the government of Ethiopia pursued strategies, which are aimed at developing the remittances market (Cooper & Esser, 2018)¹². Some of these include¹³ (i) creating formal routes of migration, (ii) increasing transparency in pricing of money sending methods, (iii) include irregular migrants access to formal remittances system by issuing identification to them that enables them to send money, (iv) encourage investment of migrant capital and (v) introduce awards and recognition schemes for best remittance service providers. In January 2023¹⁴, the government recognized some 52 Diaspora organizations that have played a part in national development through remittances highlighting an open embrace of remittances in development as well as the imperative of keeping the Ethiopian diaspora united and patriotic at a time of domestic strife. The United States, the Kingdom of Saudi Arabia, Italy and the United Kingdom are the main source countries.

1.5 Kenya

Kenya's Vision 2030 perceives diaspora remittance as a key flagship project in the financial sector and identified a comprehensive remittance strategy among the flagship projects. The Vision's Second Medium Term Plan seeks to harness remittance inflows from the Kenyan diaspora. The National Payment Strategy (NPS) launched in February 2022 seeks to, among other things, create an enabling framework for international money transfer (IMT) institutions. NPS has made it possible for a Kenyan recipient of remittances to receive the money within 3 to 5 seconds (Central Bank of Kenya, 2022)¹⁵. Kenya's remittance priorities are marked by an exponential growth of emigration to the Middle East and the concomitant increase in remittances from the Gulf states. The Kenyan Government manifesto¹⁶ is focused on (i) establishment of a Social Welfare Fund for migrants working abroad to incentives savings, (ii) establishment of investment channels that incentivize more diaspora investment and (iii) skills and social protection portability. The United States, Saudi Arabia, the United Kingdom and other Gulf States are the key sources.

1.6 Rwanda

Rwanda has had the most rapid increase in remittances in the in the East and Horn region over the past decade from virtually no remittances recorded in 2009 to USD 377 million in 2021/22 (National Bank of Rwanda).¹⁷ Incidentally, the rapid rise in remittances between 2010 and 2013 coincides with a period of strained relations between Rwanda and bilateral donor, around which time Rwanda launched its *Agachiro Fund* which is now the country's sovereign fund. In spite of the rise in inbound remittances, Rwanda is unique in the region as the only net outbound sender state. As of 2017, Rwanda was estimated to send outbound remittances (mostly to Uganda and Tanzania) in the range of USD 258 (UNHCR- see footnote 22). The principle sources of Rwanda's remittances are also regional (DRC, Uganda, Burundi, Tanzania and Republic of Congo).

The most recent remittance linked policy initiative in Rwanda is the *Ejoheza*, voluntary retirement savings scheme aimed at providing a platform for non-salaried Rwandans to save for their retirement. *Ejoheza* enables voluntary savings contributions for anyone irrespective of sources of income and also allows earlier retirement withdrawal (at 55 years) as opposed to the RSSB which permits withdrawals at 65 years. The savings scheme also includes an Rwanda Franc 18,000 government grant per year for every individual account holder for the first 3 years.

12. B. Cooper, & A. Esser, A. (2018). *Market Barriers to Remittances in Sub-Saharan Africa (SSA)*. <https://www.rfilc.org/library/market-barriers-to-remittances-in-sub-saharan-africa-ssa-volume-2/>

13. Leon Issacs. ACP-EU Migration Action. 2017. 'Scaling up Formal Remittances to Ethiopia' https://www.iom.int/sites/g/files/tmzbd1486/files/press_release/file/iom-ethiopia-executive-summary-21.pdf

14. Ethiopian Monitor. 2023 'Government recognises 52 Ethiopian Diaspora Organizations' <https://ethiopianmonitor.com/2023/01/26/52-diaspora-associations-recognised-for-their-support-at-critical-times/>

15. Central Bank of Kenya. 2022. *National Payment Strategy 2022-2025* <https://www.centralbank.go.ke/wp-content/uploads/2022/02/National-Payments-Strategy-2022-2025.pdf>

16. Presidency Kenya. 2022. 'The Kenya Plan' <https://uda.ke/downloads/manifesto.pdf>

17. Bank of Rwanda Annual Report 2021/2022: pp 223 https://www.bnr.rw/fileadmin/user_upload/Annual_Report_2021_22_Web_English_Versio.pdf

The fund works with the government and non-profit partners such as *Access to Finance Rwanda* to use the funds collected to provide financial inclusion and access for small-scale farmers. While not exclusively targeted at the diaspora, *Ejoheza* provides emigrant workers with a platform for remittances as direct and regular monetary savings. It is also much easier to use as one can perform all the transactions on a mobile device. *Ejoheza* is therefore in a sense one of the best models of remittance aggregation for development.

1.7 Somalia

Somali represents one of the most exciting remittance prospects in the Horn. With virtually nominal remittances at all by 2017, the country's remittance inflows have risen steeply to USD 1.7 billion by 2020¹⁸. Somalia is only second to Kenya in absolute volume of remittance received in the region. Remittances account for 30% of Somalia's GDP¹⁹ making the country the most remittance-dependent country in Africa. Somalia National Development Plan (2020 – 2024) prioritizes poverty reduction and economic growth and mainstreams the role of the Somali diaspora in the country's development agenda. Somalia is yet to establish a regulatory framework for remittances (UNCDF, 2022)²⁰. Notwithstanding, remittance inflows in Somalia are estimated at USD 1.3 million²¹ and are almost entirely transmitted through the Somali owned Dahabshiil firm which has extensive global networks. The US, UK, Netherlands and Libya are key sources²² of remittance based on diaspora populations.

1.8 South Sudan

South Sudan has probably one of the most erratic remittance²³ landscapes not just in Eastern Africa but in the world. From USD 1.9 million in remittance in 2014, the country's remittance rapidly rose to USD 1.14 billion in 2015 and USD 1.27 billion in 2018. This was then followed by a precipitous drop in 2019 and 2020 to the 2021 amounts of just USD 135 million. In 2018, the government of South Sudan (GoSS), in collaboration with the IOM, through the National Aliens Committee (NAC) and the National Coordination Mechanism (NCM), initiated the National Comprehensive Migration Policy (CMP) in accordance with South Sudan Vision 2040 and the National Development Plan 2018 – 2021. CMP's key provisions include mapping remittance corridors including the assessment of remittances inflows, and the analysis of remittances behaviors, channels and costs (IOM, 2019)²⁴. Overall, the focus of migration policy in South Sudan is on safety and the provision of basic services. However, considering the steep fall in remittances over the past 3 years as shown, then the effectiveness of the policy with regards to increasing and safeguarding remittance inflows remains ineffective. South Sudan's big diaspora population is however a note of optimism on opportunities in scale up of remittances.

18. World Bank. Somali remittances. <https://data.worldbank.org/indicator/BX.TR.F.PWKR.CD.DT?end=2021&locations=SO&start=2011>

19. IMF. 2022. Somalia Selected Issues. IMF Country Report No. 22/376 pp10

20. Impact Capital for Development - <https://migrantmoney.uncdf.org/resources/research/diagnostic-report-regional-harmonization-of-remittances-in-the-igad-region/>

21. Horn Diplomat. August 2022. 'Diaspora Remittances Continue to boost Somali Economy- Dahabshiil' <https://www.horndiplomat.com/2022/08/30/diaspora-remittances-continue-to-boost-somali-economy-dahabshiil/>

22. UNHCR. 2021. 'Remittances' <https://www.unhcr.org/5b3101d44.pdf>

23. World Bank. South Sudan Personal Remittances. <https://data.worldbank.org/indicator/BX.TR.F.PWKR.CD.DT?end=2021&locations=SS&start=2011>

24. IOM. 2019. South Sudan's first Migration Policy Takes another Step Forward' <https://www.iom.int/news/south-sudans-first-migration-policy-takes-another-step-forward>

1.9 Tanzania

Remittances to Tanzania rose by 42% between 2020/2021 to top USD 570 million²⁵. However, the country's inflows have been stagnant for over a decade ranging between USD 410-430 million between 2011 and 2019. In 2020 the inflows went down to USD 326 million. In 2019, the country held its sixth Tanzania Diaspora Conference which among other objectives sought to increase diaspora investment back home including using Private Public Partnership frameworks. While Tanzania's overall population is larger than that of neighbors Kenya and Uganda, its remittances amounts are below half of what any of the two neighbors receive and there is a perception²⁶ of its historical lackluster diaspora engagement and hence low remittance. This has evoked a national debate²⁷ on possibilities of permitting dual citizenship as a means to unlock greater willingness to invest at home by Tanzanians abroad.

The Government of Tanzania (GoT) has taken several steps to engage the diaspora and remittances as tools for national development. For instance, the Bank of Tanzania is in the process of implementing an interoperable payment system called the Tanzania Instant Payment System (TIPS)²⁸ which allows instant transfer of funds between banks and digital money transfer systems such as MPESA. A more recent private sector led initiative has been the launch of the Tanzanian owned Nala App in the EU, as a way of providing a cheaper and direct means of sending money to Tanzania (and anywhere else in Africa) more cheaply.

1.10 Uganda

Uganda has recorded a steady rise in its remittance inflows from USD 32 million in 2010, reaching a peak of USD 1.4 billion in 2019 and then a slight drop USD 1.06 billion in 2020²⁹ According to the Bank of Uganda, there was notable recovery of remittances to totals of 1.1 billion by July 2022³⁰ and hence expectations of long-term recovery also fueled by a stream of constant migration to the middle East. According to the country's National Development Plan the key policy objective is to shift remittances from consumption driven to investment driven. As the NDP III puts it, 'the government is developing modalities for redirecting the utilization of remittances to fund diaspora focused investments through the issuance of bonds as well as interesting the diaspora in investing in key development projects' (NDP III, 2020: 228)³¹ The main source countries for remittances to Uganda are the United Kingdom, South Sudan, Rwanda, United States and Kenya.³²

25. The Citizen Reporter. 2022. 'Tanzania Diaspora Remittances hit USD 570 million' <https://www.thecitizen.co.tz/tanzania/news/national/tanzania-diaspora-remittances-hit-570-million-3834382>

26. Ambrose T Kessy and Hildebrand Shayo. 2022. *Tanzanian Diaspora Engagement: The Need for Paradigm Shift in Diaspora Engagement and Investment Policies*. Research In Globalization.

27. Josephine Christopher and Rosemary Mirono. 2021. 'Why Tanzania is Behind in East Africa Remittances' <https://www.thecitizen.co.tz/tanzania/news/national/why-tanzania-is-behind-in-east-africa-remittances-3655178>

28. Bank of Tanzania. 2022. 'Payment Systems Initiatives' <https://www.bot.go.tz/PaymentSystem/Initiatives>

29. World Bank Data. Uganda personal remittances <https://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT?end=2020&locations=DJ-UG&start=2009>

30. Dorothy Nakaweesi. 'Uganda records 4.2 trillion from remittances' <https://www.monitor.co.ug/uganda/business/markets/uganda-records-shs4-2-trillion-from-remittances-3949628> <https://www.monitor.co.ug/uganda/business/markets/uganda-records-shs4-2-trillion-from-remittances-3949628>

31. National Planning Authority. 2020. *National Development Plan III*. http://www.npa.go.ug/wp-content/uploads/2020/08/NDPIII-Finale_Compressed.pdf

32. UNHCR. 2021. 'Remittances' <https://www.unhcr.org/5b3101d44.pdf>

2.0 REGIONAL REMITTANCES POLICY INITIATIVES

2.1 East African Community

The Member States of the East African Community (EAC) have recognized the economic development potential of diaspora and remittances. In line, with country-specific initiatives to leverage the impact of remittances on development, the EAC has also pursued several initiatives to further the trend. In 2022, the EAC initiated the EAC Payment and Settlement System Integration Project (PSIP). The PSIP seeks to establish a robust regional hub for retail and wholesale payment and settlement that will ultimately enhance the efficiency of cross-border remittance transfers. In October 2022, the EAC initiated steps to establish a Diaspora Desk that is geared toward facilitating investment and trade for the region's diaspora community living abroad.³³

2.2 Intergovernmental Authority on Development

In its Migration Action Plan (MAP) 2015 – 2020, IGAD has identified specific strategic primacies on remittances. In collaboration with the United Nations Capital Development Fund (UNCDF)³⁴, IGAD plans to achieve three objectives; research on remittance flows, especially how the change from cash to digital remittances impacts the region's financial ecosystem, increase peer-learning among sector places including regional banks, IGAD, central banks and remittance providers, and review country-specific policies to identify opportunities for harmonization. The initiative is supported by the Swedish International Development Cooperation (SIDA) and other stakeholders including the African Institution of Remittance (AIR), and the United Nations Network on Migration.³⁵

2.3 African Union

Efforts and initiatives aimed at harnessing the diaspora's potential for economic development have also been taken at the regional level through the African Union. The core agenda at the African Union is the establishment of the African Diaspora Finance Corporation (ADFC)³⁶ as a social enterprise to harness diaspora savings and manage investments (Bonds and Mutual Funds).

33. See: *bne* 2022. <https://www.intellinews.com/east-african-community-eac-bloc-setting-up-diaspora-desk-in-bid-to-boost-remittances-fdi-and-trade-259280/>

34. *Impact capital for Development* 2022. <https://migrantmoney.uncdf.org/resources/research/diagnostic-report-regional-harmonization-of-remittances-in-the-igad-region/>

35. See: *Sophie Fiala*, 2021. <https://www.microcapital.org/microcapital-brief-igad-uncdf-to-research-harmonize-remittance-policies-in-east-africa/>

36. *African Union*. 2022. 'African Union Endorses the Africa Diaspora Finance Corporation' <https://au.int/en/pressreleases/20220402/african-union-endorses-african-diaspora-finance-corporation-adfc>

3.0 REMITTANCE POLICY INITIATIVES BY INTERNATIONAL ORGANIZATIONS

3.1 International Fund for Agricultural Development

Since 2019, the International Fund for Agricultural Development (IFAD) in collaboration with the Grand Duchy of Luxembourg, EU, the Ministry of Foreign Affairs of Spain, and the Swedish International Development Cooperation Agency (SIDA) has implemented the Platform for Remittances, Investment, Migrants Entrepreneurship (PRIME Africa). PRIME Africa's ultimate goal is to maximize the impact of remittances for millions of families in selected African countries including the IGAD countries that contributes to enhancing local economic opportunities for the diaspora communities in their home country. IFAD has also partnered with Cable News Networks (CNN) International Commercial and the African Export-Import (Afreximbank) in the Evolve Programme. The Evolve Programme is intended to benefit individuals and businesses involved in the remittance system. In September 2022, IFAD announced a grant to MFS Africa, a digital payments company in a bid to enhance mobile remittance utilization in marginal rural areas in Africa including Uganda and Kenya (IFAD, 2022b)³⁷. The organization has also rolled out the Financing Facility for Remittances (FFR) aimed at reducing poverty levels and promoting development by leveraging migrant capital and remittances in rural areas.

3.2 World Bank

The World Bank is among the international organizations that are focused on the initiatives to harness the potential of the diaspora communities and remittances for development. Among the World Bank's key engagements in this broad agenda is providing evidence-based policy advice on diaspora issues, migration and remittances. With the Swiss Agency for Development and Cooperation, GIZ and the European Commission, the World Bank support the Global Knowledge Partnership on Migration and Development (KNOMAD) a knowledge partnership that produces the bi-annual *Migration and Development Brief*³⁸. The Bank does not currently have any bilateral initiatives on remittances with any of the East and Horn member states.

3.3 United Nations Capital Development Fund

On May 20, 2021, the Intergovernmental Authority on Development (IGAD) and the UNCDF agreed on a joint two-year initiative to harmonize the remittance policies of the member states of IGAD. In this engagement, UNCDF sought to map out remittance-associated policies and regulations of the IGAD countries with the goal of enhancing the continuous inflow of remittances in the region.

3.4 International Labour Organization

The ILO is another international Organization that seeks to leverage the impact of remittances for economic development. In the *Multilateral Framework on Labour Migration*, the ILO upholds reduction of remittance transfers costs as a key facilitating requirement for harnessing the impact of cash transfers. The ILO is currently engaged in all East and Horn states in supporting the *Better Regional Migration Management*³⁹, an initiative that seek to integrate (i) Fair labor migration policies, (ii) effective labour migration governance and (iii) more inclusive migration governance.

37. IFAD. 2022b. 'Improving the Management of Remittances and their Use for Development Impact in Africa' <https://www.ifad.org/en/prime-africa>

38. KNOMAD. Migration and Development Brief 37. <https://www.knomad.org/publication/migration-and-development-brief-37>

39. ILO. 2022. 'Better Regional Migration Management' https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/---sro-addis_ababa/documents/publication/wcms_866404.pdf

4.0 RECOMMENDATIONS

There are significant interstate differences in remittances status, information and policy focus which portends risks in a regional approach as well as opportunities. Countries in the East and Horn Africa are at different levels of data collection and records on remittances inflows, utilization, investment dynamics and policy focus. Successful implementation of regional initiatives, policies, and programs on diaspora and remittance issues is contingent on careful appreciation and disaggregation of national status and priorities. On opportunities general trends show broad variation between strugglers (South Sudan, Ethiopia, Eritrea) the stagnant (Tanzania) and the ascending (Djibouti, Burundi, Rwanda, Kenya, Somalia and Uganda). These variances provide an opportunity for intra-regional learning.

1. Harmonize regional policies without duplication: The initiative by the United Nations Capital Development Fund (working with IGAD) is the most institutionalized system for policy harmonization. Sensitizing among key regional bodies is essential to avoid duplication of objectives as well as to work out ways of dispensations that give certain countries (such as DRC) which are not members of IGAD the opportunity to participate in remittances related deliberations.
2. Technological improvements: Several countries lack reliable mobile phones and internet connectivity in rural places. This limits the harnessing of the full potential of remittances for economic growth. Hence, adopting new mobile technologies and Digital-only Money Transfer Operators (MTOs), namely mobile operators like M-PESA and Sendwave are key to unlocking trust between senders and recipients.
3. Most states are focused on domestically controlled financial investment models for their diaspora. There is need to clarify (among diaspora members as well as among East & Horn state governments) of the additionality presented by the proposed regional investment models such as the African Diaspora Finance Corporation.
4. Based on the study of most compelling national models of diaspora investment, diaspora national funds (such as Rwanda's Ejihozi) or Diaspora SACCOs (such as the Kenya USA diaspora SACCO) seem to be the most favored forms of investment based on the level of control granted to the diaspora saver on monitoring their accounts, flexibility in deposits, and ability to withdraw or transfer investment.

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