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## African Institute for Remittances (AIR) is officially launched in Nairobi, Kenya

**Nairobi, Kenya 28 November 2014:** On Friday 28 November 2014, the African Union Commission (AUC), and the Government of the Republic of Kenya signed a Host Agreement and officially launched the African Institute for Remittances. The signing ceremony and official launch took place in the Kenya School of Monetary Studies (KSMS), where the institute will be hosted.

The Executive Council through its Decision, EX.CL/Dec.808 (XXIV), accepted the offer of the Republic of Kenya to host the African Institute for Remittances (AIR) and requested the African Union Commission to facilitate the early operationalization of the Institute. The Host Country Agreement was signed by H.E. Erastus J.O Mwencha, Deputy Chairperson of the African Union Commission and H.E. Ambassador Amina Mohamed, Cabinet Secretary, Ministry of Foreign Affairs of the Republic of Kenya.

In his opening statement on behalf of the Chairperson of the African Union Commission, H.E. Dr Nkosazana Dlamini-Zuma, H.E. Erastus J.O. Mwencha, Deputy Chairperson, African Union Commission, mentioned that initially four Member States namely: Djibouti, Egypt, Kenya and Mauritius offered to host AIR and following the non-committal technical report of the fact-finding mission, the AU Executive Council selected the Republic of Kenya to host AIR in Nairobi. H.E. thanked the Government and people of the Republic of Kenya being host of the AIR and their continued support for the operationalization of the Institute. “Since many decades, African families are benefitting from remittances sent by their migrant relatives and friends living outside their home countries”, he said. He added that unfortunately, a significant portion of remittance flows within Africa, were sent through informal channels. The major reason migrants choose informal channels reside in the high transaction costs; Intra-African transfers are costly, averaging 20% of the amount remitted. Furthermore exclusive agreements between Money Transfer Operators and Banks are hampering competition in the African remittances market.

According to recent estimations remittances sent by over 30 million African migrant workers, increased by 3.5% and reached more than US\$ 62 billion in 2013, supporting at least 120 million family members living back home. For many African households, remittances constitute a significant share of their income, reducing poverty and

stimulating inclusive growth. Studies shows that remittance flows to and within Africa are expected to increase at 9% annual average rate in 2014-2017.

The signing of the Host Country Agreement and the official launching ceremony was preceded by a sensitization forum on 27 November 2014, to discuss the activities of the AIR and the role of the Private sector in reduction of remittances transfer cost and provision of remittances-linked financial products. The forum was attended by more than 50 participants from relevant Kenyan government offices, such as, the Ministry of Foreign Affairs, the National Treasury, the Central Bank, the Regional Economic Communities (RECs), and the private sector. H.E. Dr. Mustapha S. Kaloko, Commissioner of Social Affairs of the African Union Commission, addressed the forum. In his opening remarks, H.E. the Commissioner said “if well harnessed and formalized, remittances could contribute to the social and economic development of Africa”.

The signing of the Host Agreement was followed by a tour to the designated AIR office and a joint press conference to Kenyan media.

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