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**CONSULTATIVE AND EXPERIENCE SHARING FORUM
ON REMITTANCES LEVERAGE FOR DEVELOPMENT
07-08 JULY 2011
ADDIS ABABA, ETHIOPIA**

**DRAFT REPORT
OF
THE CONSULTATIVE AND EXPERIENCE SHARING FORUM**

DRAFT REPORT OF THE CONSULTATIVE AND EXPERIENCE SHARING FORUM ON REMITTANCES LEVERAGE FOR DEVELOPMENT OF 07-08 JULY 2011, ADDIS ABABA, ETHIOPIA

INTRODUCTION

1. The preparatory phase project towards the establishment of the African Institute for Remittances (AIR) was launched on 8 June 2010. The Project is funded by a grant from the European Commission (EC) for €1.676.271 million (US \$2.4 million equivalent) to the World Bank which is responsible for implementation. A Bank Executed Trust Fund (BETF) Grant Agreement was signed in December 2009. The AIR Steering Committee is led by the African Union Commission (AUC) and comprised of the European Commission, International Organization for Migration (IOM) and the African Development Bank (AfDB). The preparatory phase of the project, which is both consultative and technical, focuses on consultations, research, capacity building and networking. The importance of the consultations to be carried out in order to prepare for the African Union (AU) decision of establishing an AIR is strongly emphasised in the project document. These consultations are to be conducted together with technical and capacity building inputs to be provided by the World Bank.
2. The core objectives of the Project are to facilitate the process leading to the creation of the AIR within the AUC; facilitate a structured and deepened reflection on all aspects of the prospective establishment of the AIR; and build the capacity of the Member States of the AU, remittance senders and recipients and other stakeholders to leverage remittances.
3. The Project's Activities include: (i.) providing technical assistance to government institutions (Central Banks, Ministries, Financial and Non-Financial Institutions) on putting in place the required regulatory frameworks; (ii.) conducting training and capacity building programmes for relevant institutions and organisations; studying remittance flows within Africa; (iii.) conducting policy research, dialogue and information sharing on how remittances can contribute to the development of African countries; developing content and technology platforms for country-based payment and settlement systems for remittances; (iv.) developing partnerships between African central banks and remittance service providers and non-bank correspondent agencies to improve financial access; (v.) disseminating data and research findings; and (vi.) preparing annual reports, conferences and meetings of policy makers.
4. The Project will have direct results on the facilitation of the creation of the AIR; a selected number of AU Member States in remittance receiving countries sharpening the development impact of remittances through the application of appropriate policies; and improving the dissemination of data on remittance fees in major corridors and reducing remittance transaction costs in a selected number of countries.
5. The Project will make indirect contributions to: (i.) improved financial access and banking products/services for remittance senders and recipients; (ii.) regulatory regimes that strike a balance between preventing financial abuse and facilitating remittance flow through formal channels established; (iii.) voluntary code of conduct for delivering fair value transfers implemented; new regulations and instruments for the Diaspora developed; (iv.) diaspora bonds issued, and remittances securitised for credit

/ loans access from the global financial markets; and (v.) remittance-based Investment Fund established and accessed by stakeholders; among others.

6. The main objective of the Consultative and Experience Sharing Forum on Remittances Leverage for Development is to convene high level representatives to discuss policy issues on remittances and provide recommendations leading to a concrete action plan for the establishment of the AIR, to share experience and develop knowledge on policies and regulatory frameworks for the remittance sector.

ATTENDANCE

7. The Experience Sharing Forum was attended by delegates from the following AU Member States: Algeria, Burundi, Burkina Faso, Cote D'Ivoire, Democratic Republic of the Congo, Egypt, Eritrea, Ethiopia, the Gambia, Guinea Conakry, Kenya, Lesotho, The Great Socialist People's Libya Arab Jamahiriya, Malawi, Niger, Nigeria, Rwanda, Sahrawi Republic, Senegal, Sierra Leone, South Africa, Sudan, Tanzania, Togo, Tunisia, Uganda and Zimbabwe.
8. The following AU Organs, Inter-Governmental and Non-Governmental Organisations and cooperating partners were represented: EC, United Nations Economic Commission for Africa (UNECA), IOM, International Labour Organisation (ILO), World Bank, Universal Postal Union (UPU), Micro Finance International Cooperation USA, German Embassy, Pan African Postal Union (PAPU), and the Embassy of Mexico.
9. The meeting was also attended by civil society organisations active in Africa.
10. The consultations were frequented by various country representatives and diplomatic missions to Addis Ababa, Ethiopia.
11. Private sector participants to the forum where: National Bank of Ethiopia, Western Union, Money Express and United Bank of Africa (UBA).
12. The media was very well represented at the opening as well as during the proceedings. Fifteen media representatives covered the opening session.

OPENING CERMONY

13. Participants were welcomed by Ambassador Dr. Olawale Maiyegun, AUC Director for Social Affairs. The Director proceeded by providing the forum with a brief overview of the project, its history, and potential.
14. Statement by Mr. Josiah Ogina on behalf of the IOM expressed IOM's pleasure in participating at the forum and re-emphasised IOM's history and commitment in working on migration issues. IOM also recognises the importance of economic development and its close relationship to migration and remittances done by migrants. Mr. Ogina further provided a brief on the benefits as well as challenges of remittances to Africa. IOM has been working closely with the AUC in the potential establishment of the AIR, building of capacity and networking and information gathering to improve and enhance remittance flows to Africa.

15. Statement by World Bank Representative, Mr. Yusupha Crookes Remittances are an important feature of global financial flows. It is an essential element of survival in Africa as it supplied many families with a buffer against poverty. Also, remittances are a stable source of income and tend to increase in times of crisis. Africa has a large Diaspora with much potential for increased remittances. But, to improve remittances and make them more effective, the World Bank agrees that an institute such as the AIR is called for, and needed.
16. Statement by Mr. Nicola Bellomo, Head of the Political Section and Chargé d'Affaires ad interim of the European Union Delegation to the AU in Addis Ababa. Mr. Bellomo provided some background on the Joint Africa-EU Strategy in relation to remittances. In this regard, he referred to the AIR initiative of the second Action Plan of the Migration, Mobility and Employment Partnership and reiterated the commitment of the EC to the successful implementation of this initiative. He also reminded the participants that the main goal for setting up an AIR is to serve the African people who send money back home to their families, so that they can send their money more easily, cheaper, safer and hopefully be more productive for the development of their family and their broader community.
17. Statement by H.E. Adv. Bience Gawanas, AU Commissioner for Social Affairs The Commissioner explained that the initiative of establishing an AIR aims to develop and implement concrete strategies and operational instruments to enhance the potential development impact of remittances for Africa and that the initiative forms an integral part of the current Africa-Europe Partnership on Migration, Mobility and Employment is the eighth partnership of the Africa/EU Action Plan. Remittances are central to development in Africa and need to be recognised as such to become central to Africa's own development. She furthermore emphasised that to best leverage these financial flows, the AUC is planning the creation of the AIR with the aim to monitor the flows of remittances and oversee policies to make them easier, cheaper, safer, and more productive.
18. Opening statement by H.E. Erastus Mwencha, Deputy Chairperson of the AUC The forum was reminded that sound and coherent policy interventions and other enabling environments are needed to unleash the full potential of migrant remittances for development. In Africa, a decline in foreign direct investment, export revenue, including tourism revenues; and remittances have impeded economic growth and employment in developing countries. Reduced remittances could right away affect the household level and this reduced public spending will also eventually negatively affect national economies in countries which are dependent on remittances. Remittances are a powerful lever to open up financial systems and payouts, mobilise savings, convince families to avail of micro-insurance, generate small business loans, and multiply economies that could positively support millions upon millions of individual families and the communities in which they live. Africa needs to "think out of the box" and learn from other experiences in the world.

Session 1: REMITTANCE TRENDS IN AFRICA – FACTS

<i>Moderator – Dr. Jinmi Adisa, Director for CIDO, AUC</i>
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19. Ms. Geertrui Lanneau from the IOM guided the forum through the IOM strategic objectives in the area of remittances, IOM activities related to remittances in Africa and

made some conclusions and recommendations regarding future activities. she reminded the forum that IOM agrees that remittances have the potential to contribute significantly to local and national development and can play an important role in reducing household poverty. IOM facilitates the development of policies and mechanisms that improve remittance services to migrants and enhance the development impact of remittances. IOM aims to channel remittances to productive investments and development initiatives such as financial education, access to financial / bank services, information on investment opportunities and development initiatives of Diaspora. Undertakes research studies / surveys on remittances in African Countries, technical support to the International Migrants' Remittances Observatory of the LDC and ACP Observatory on Migration and supports projects to enhance the development impact of migrant remittances through their MIDA programme which entails a Women Scheme. In order to promote migrant women's role in entrepreneurial activities in their country of origin, IOM has undertaken surveys of banks' and financial institutions' approach to attract migrants women's remittances (2010), has initiated a website to compare fees of money transfer operators and assisted in the identification of priority sectors / investment opportunities in countries of origin. Essential recommendations include to improve the access of migrants and their families to remittances transfer services and financial /bank services (use of new technologies), inform migrants and their families about investment opportunities and to take into account gender considerations in data collection, projects and policies on remittances.

20. In an update of the findings of the Africa Migration Report and Study of Remittance Flows, Kai Schmitz of the World Bank updated the forum that remittances are often the largest source of hard currency for developing countries, reaching the equivalent of over 30% of GDP, and form a critical factor for their Balance of Payments. The amounts received as remittances can be larger than the national income from commodity exports, usually only eclipsed by oil exports. Remittances typically exceed Official Development Assistance and sometimes foreign direct investment (FDI). They directly reach many poor and rural areas and often lift poor families out of poverty. Remittance systems in Africa are still characterised by cash transactions, inefficient manual processes, fragmentation of the delivery chains, and poor compliance. Often more than three parties are involved in the processing of a transfer. Regulation in many countries creates high barriers - for banks and non-bank financial institutions to offer remittance services and other financial products to migrants and their families. As a result, migrants still pay money transfer fees of up to 20% of the amount they send and a large portion of remittances is sent through informal channels, increasing risk and reducing benefits of remittances. Traditional money transfer organizations (MTOs) often have efficient systems but collect and make payments in cash, often using small retailers as collection agents and banks for payment. The cost for the collection in this business model can reach up to 50% of the fees generated for the transfer. Remittance services that include a self-serve process and use electronic means of payment, such as online and mobile remittances, tend to be significantly cheaper. A word of caution however is that the introduction of such services often suffers from unclear regulation.

21. Q&A:

- a. A large percentage of remittances are being used for consumption instead of investment, but countries also need to offer investment products that are interesting to migrants. This should be further investigated.

- b. Further to questions regarding the challenge of exclusivity clauses and reduced competition, the World Bank feels that more channels need to be made available and an enabling infrastructure needs to be facilitated.
- c. Further to questions regarding the involvement of microfinance institutions, the World Bank indicated that these are mostly excluded by regulations and lack of legal framework scope to be involved.
- d. In response to questions regarding “in-kind” remittances that are often found in Africa but not included in the calculation of remittances, it is an area of research well worth investigating as it is a known fact that often non-monetary items are sent to home-countries.
- e. The meeting agreed that we should consider including Regional Economic Communities (RECs) in strategies relating to remittances and migration. Furthermore, the forum was reminded that various RECs do have best practices to insert into this subject.
- f. If remittances are being used for basic survival this also contributes to human development, but we have to consider how to apply remittances for the greater community. Diaspora organisations could partner in this process to meet real development needs in communities.
- g. Regarding the structure of the proposed institute, the idea was raised that we should aim to create an overarching organisation (perhaps anchored within a global institution like the UN) that is able to negotiate and administer clear contracts with existing axis points in each country, including post offices, bank branches, MTOs, mobile network organisations and microfinance institutions (MFIs).

Session 2: UPDATE ON PROJECT ACTIVITIES

Moderator – Mr. Don Terry, World Bank

- 22. After a briefing on the global scope of African remittances by the moderator, emphasising the challenges and realities, the forum then received a briefing on the activities of the AIR project (as already outlined).
- 23. In a presentation on activities led by the Payment Systems Development Group (PSDG), Marco Nicoli, World Bank introduced the role of the PSDG on remittances, Some examples of ongoing World Bank initiatives are the Global Remittances Working Group which continue to work to reduce remittance costs, the involvement in the G20 Development Working Group, the Remittance Prices Worldwide Database which is monitoring prices of remittance services, technical support for countries around the world, also through regional initiatives such as the Center for Latin-American Monetary Studies (CEMLA) Remittance Initiative. Specifically, the World Bank PSDG is supporting the AIR Project by providing assessments of remittance markets (Tanzania and Malawi have been covered so far and more will be covered in the next months), assisting various African countries with remittance reforms, helping countries to establish standards and the regulatory framework for remittance services, publishing the Send Money Africa database, which make remittances to Africa more transparent.

24. The CPSS-World Bank General Principles for International Remittance Services (GPs) are internationally recognized standards for the development of a sound remittance market. The GPs are five: (1) the market for remittances should be transparent and have adequate consumer protection, (2) improvements to payment system infrastructure that have the potential to increase the efficiency of remittance services should be encouraged, (3) remittance services should be supported by a sound, predictable, non-discriminatory and proportionate legal and regulatory framework, (4) competitive market conditions, including appropriate access to domestic payments infrastructures, should be fostered in the remittance service industry, and (5) remittance services should be supported by appropriate governance and risk management practices. The GPs are the backbone for reforms and policies for the improvement of remittance markets in both sending and receiving countries.
25. Technical Assistance for Postal Operators for the implementation and operation of the UPU IFS Remittance System in six pilot countries (Benin, Burkina Faso, Mali, Mauritania, Niger and Senegal) in West Africa, and Risk Assessments to improve the security and efficiency of operations in two pilot countries, Kenya and Gabon, Nils Clotteau (UPU). Mr. Clotteau reminded that the objective of the UPU is to leverage the postal physical network to provide efficient, secure, reliable and affordable remittance services worldwide. In support of post offices the UPU has established an electronic postal payments network which relies on a legal framework (Postal Payment Services Agreement) and a technical tool developed by the UPU's Postal Technology Centre. Remittance services offered by post offices suffer various constraints: volumes still low, capacity-building needed and in response various responses have followed suit, namely technical assistance, workshops in West African countries, operations, financial inclusion and risk assessment missions.
26. Report on online discussions of the MANGO Project – African Diaspora communities, Tinos Yohannes, Mango Productions explained that as part of the ongoing programme of consultations and dialogue with key project stakeholders, the AIR Project launched an online consultation aimed at collecting feedback on remittances, specifically related to how they are sent and used, challenges, costs and alternatives, guiding AIR's presence in social media and emerging media tools, and building capacity within AUC to conduct similar consultations in the future. Consultations were launched on May 31st 2011 and this pilot will conclude on July 15th 2011.
27. Q&A
- a. Various clarifications were provided regarding definitions and payment categorising.
 - b. It was specifically explained that the average remittance is approximately \$100; it is often not a much larger amount.
 - c. The challenges faced in information gathering during household surveys were highlighted. In this regard, greater data sharing between AU member countries was encouraged to gather more comprehensive data on migrants.
 - d. One suggestion was the consideration for an international convention on "the right to remit" or similar.

Session 3: REMITTANCES SECTOR REGULATION AND POLICY REFORMS
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<i>Moderator – Mr. Charles Kwenin, IOM</i>
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28. The reform of the national payment systems, John Sebabi Bosco, Director of Payment Systems Department, National Bank of Rwanda Undertook reforms in governance, the legal framework and the infrastructure. In 2002, the Rwandan Central Bank established a payment systems unit which culminated in a national payment systems council and later department within the Central Bank with wide representation by all concerned with payment systems in Rwanda. Emphasis was placed on the importance of opening up competition in the remittances market. Essential factors included the flow of information and communication, and to ensure that all services offered by Government departments are done electronically.
29. Role of exclusivity arrangements, Ms Haimanot Amare, Director for Foreign Transfer and NR/NT Accounts, Commercial Bank of Ethiopia. In Ethiopia, the previous exclusivity agreement has expired and it is now possible to use various remittance service providers. This has resulted in lower costs and increased accessibility. Also the volume of incoming remittances have increased substantially.
30. In explaining the experiences of Mexico, Ms Paola Ramirez (Deputy Head of Mission Embassy of Mexico to Ethiopia) explained the main strategies being to maximise the relationship between migration and development as being low cost services to send remittances, skill certification programmes for migrant workers, programmes to give remittances an additional value, and the “Mexican talent network”. Important factors pointed out are efficiency, competitiveness, and transparency of remittances. One specific challenge identified is to provide migrants options to channel remittances to productive projects or to services with an additional value that can promote local and regional development. Explained the “3-for-1” initiative, which is essentially that for every US\$1 sent home to Mexico for development, the federal and state governments will each give an additional US\$1 for the attainment of goals. Also, it is essential to remember that contributions that migrants give to their country of origin are not limited to remittances - Mexicans abroad are a source of knowledge, contacts and work experience that can be essential to promote economic, social and political development in Mexico.
31. Q&A
- a. Access to financial services is very complicated in Africa and there is no singular answer to challenges faced. Africa requires a comprehensive, combined and holistic response based on each reality, especially in the rural areas.
 - b. Various discussions relating to regulations ensued. The forum agreed that regulations should be balanced and covering what is needed. Also, regulations should be considered in originating as well as destination countries, while some M/S indicated that they feel comfortable with their current existing regulations
 - c. Mexico indicated that their remittances are being managed by consular services, which implies many physical consulates. These consulates are not sponsored through remittances, but by the Government of Mexico’s Department of Foreign Affairs. Currently, Mexico’s “3-for-1” is operational in the United States but Mexico is expanding to other countries.

- d. There was an expressed need to look at the regulatory frameworks simultaneously in sending and receiving countries, and to enhance their cooperation.
- e. The sub regional regulatory framework in the Economic and Monetary Union (UEMOA) has facilitated the intervention of micro finance institutions when backed up by banks to remove the constraints of lack of capacity to monitor money laundry and perform other control functions.

32. Remittances and Development – Ron Hendrix, European Commission - Mr Hendrix explained that the EU is committed to promote low-cost, fast and safe flows of remittances from migrants because the EU recognizes the important role of remittances in terms of micro and macro planning in developing countries and because the existing data on remittances from migrants living in the EU to their home countries demonstrate the importance of these financial transfers. He further elaborated on the achievements so far. The EU has harmonized its legal framework on payment services which advocates greater transparency in the markets. The EC also funds several projects that promote the use of new technologies to make remittances inexpensive, readily available and competitive, and open up economic opportunities in developing countries. In addition, the EC promotes initiatives to improve access to banking and financial services in developing countries, focusing on the possible role of microfinance institutions, as well as appropriate accompanying measures (information activities, etc.). Finally, in facilitating the so-called "productive" contribution of remittances to developing countries of origin of migrants, the European approach is based on respect for the private nature of remittances, and hence the response to expectations of the migrants who wish to save and invest in local economic development.

33. Reforms in Latin America – Don Terry, World Bank. Each region and country is different and absolute replication of any model is difficult. When talking about remittances, the essential concepts are data, costs, and development impact. In the case of remittances, the gathering of data is a challenge as many remittances are sent informally and by persons who have not "counted" historically. The true extent of remittances and the diaspora is still not fully clear. When discussing costs, it is essential to keep it as low as possible in order to have maximum financial benefit for receivers. The most critical issue is how to leverage these funds to be used for development. Various international best practices do exist, but Africa must find its own answers and solutions to make remittances work harder.

34. Q&A

- a) The forum was reminded that appropriate government policies are central to the whole process to facilitate remittances and that it is not only about physical infrastructure.
- b) Also, the meeting was informed that some best practice models do exist in Africa, such as Sudan who has since 1988 established a mechanism for migrants abroad which is essentially an investment company which is channelled into various sectors. This mechanism even has a university for children of migrants and returning migrants.

**Session 4: REMITTANCES FOR FINANCIAL INCLUSION AND DEVELOPMENT:
PRIVATE SECTOR VIEWS**

Moderator – Mr. Don Terry, World Bank

35. The Business Case for Banks: Linking remittances to other financial services, Stella Okojie, UBA Tanzania reminded that remittances contribute to the economic growth and well being of Africa. Remittance business in Africa remains the exclusive right of banks in most countries as dictated by most regulations. Experience has shown that remittance receivers often have a higher propensity to own a bank account or use any of the bank's financial services thereby promoting access to financial services for the receiver as well as the sender. Outward movement of Africans will continue to exist whether without or within Africa with subsequent sustainable growth in African remittances. Remittances are also supposed to improve financial inclusion by providing access to affordable formal financial services. Commercial banks, recognizing the vast size of remittance flows, are increasingly interested in targeting this market segment despite the fact that the size of each remittance is relatively small. Governments can influence access to formal financial services by stimulating remittance sending through formal channels. Post Offices, MFIs (MFBs), Bureau De Changes also have the potential to vastly improve access to both remittances and broader financial services such as low-cost savings and credit products, for migrants and remittance recipients.
36. In a presentation regarding the challenges in offering remittance services in Africa, Ms Karen Jordaan, Western Union, agrees that the Diaspora have taken a leading role in development, yet with largely untapped capacity. She pointed out that globally the average fee for sending remittances through Western Union is 5-6%. Diaspora remittances pay for food, education and family business and it contributes to foreign capital inflows and positively impact sovereign debt ratings. Also Diaspora moving beyond remittances are investing in real estate, bonds and small-medium enterprises. Aspects that are important are accessibility, convenience and adaptation to consumer needs, expansion into more remote areas, and leveraging new technology. Endorses a balanced approach whereby documentation and framework be adapted according to remittance amount. But, Africa's infrastructure and vision also need to be developed in order to handle remittances more cost effectively.
37. Challenges in offering remittance services in Africa, Saer Set Sarr, Money Express explained that they operate as a network of various transfer operators and services conducting various methods of remittance transmission, also access to credit and loans for migrants. Concur with challenges mentioned as high overhead costs, inflexible regulations, reaching remote areas, documentation, lack of technology and infrastructure. There are solutions in Africa, but we do need to make adaptations to fit into the African environment and its related challenges.
38. Q&A
- a. It is accurate to say that in all parts of the world where costs have come down, it is mainly driven by the leadership and commitment of the transfer operators.

Sessions 5&6: BREAK-OUT SESSIONS TO DISCUSS ACTION PLAN AND TOPICS OF INTERESTS FOCUSING ON THE STRUCTURE, FUNCTIONS, ROLES, LOCATION, AS WELL AS THE FUNDING MODALITIES OF THE AIR

Moderator – Mr. Don Terry, World Bank

39. For the outcomes of three break-out sessions please see ANNEX I:

40. After request that plenary must be pragmatic in making presenting options for future recommendations, the following observations and suggestions were put forth:

- a. Agreement by all three groups on the various proposed roles of the AIR.
- b. Consensus that AIR should be aligned as part of the AUC. A final decision on the location was referred to the AU to be determined in accordance with existing procedures for such cases.
- c. Governing structure and membership: The forum agreed that AIR must be an African owned organisation but that private sector should participate in at least an advisory capacity. While one group presented a concrete governance and organisational structure, others suggested that the World Bank could make concrete suggestions for further discussion and decision by the AUC.
- d. The majority of participants in all groups agreed that ideally, the AIR should be funded by AU MS to ensure ownership but it was pointed out that the existing high level of financial commitments of AU Member States makes this scenario unlikely. It was suggested to produce a cost benefit analysis for further discussion.
- e. For the benefit of the forum, the Director of Social Affairs (DSA) reaffirmed that DSA will work with Member States to establish the AIR. DSA is currently envisaging an “STC” being a “Specialised Technical Committee”.
- f. The next step will be for DSA to synthesize the recommendations of this forum and convert it into a plan of action. The immediate next step is to draft the legal framework and submit this to Ministers of Justice. Then, AUC will host the required Ministerial meetings (migration and finance), the recommendations of which will be presented to the Executive Council and the Assembly at the Heads of State Summit. DSA is planning for this final decision to be made at the June 2012 summit.

CLOSING

41. The forum was officially closed by Ambassador Dr. Olawale Maiyegun, AUC Director for Social Affairs, who thanked participants for their constructive contributions, and the World Bank, EC and IOM for their technical support to make the meeting a success.

42. The meeting was then adjourned.

ANNEX I

Matrix of Breakout Session Discussions

	Group Red Facilitator: Josiah Ogina (IOM) Nominated Speaker: Ahmed Faragallah (Egypt)	Group Green Facilitator: Kai Schmitz (WB) Nominated Speaker: Fatou Kinney Jobe (The Gambia)	Group Orange Facilitator: Ron Hendrix (EC) Nominated Speaker: Nils Clotteau (UPU)
Topic 1: Envisaged roles and functions of the African Institute for Remittances	<p>1. Research: not so useful alone, global research not enough = need for application. Capture remittances data. AIR needs to play a role to gather information about money flows.</p> <p>Technical Assistance:</p> <ul style="list-style-type: none"> • Standardization of policies within the countries. Very important. • Regulation of all sectors. New sector within the AU Framework. Need to analyze the different sectors. • Private sector engagement: Being part of the remittances services and financial institution or to provide technical assistance to the private sector? <p>Help the countries to open to the market.</p> <p>Knowledge base</p> <p>Research important to create expertise: first step to build a pool of expertise</p> <p>2. Lobbying:</p> <ul style="list-style-type: none"> • Need to be a lobbying entity. AIR need to play a part of liaison with member states to develop policy to promote inclusion and competition • Lobbying is supposed to inform not to enforce. • Information to encourage country to open its market • Training • Define key performance indicators (KPIs) for the remittances • Identify how AIR will work with the Diaspora • Use of the human capital • Major players: relationship between AIR and the players. • Compensation <p>3. What else should AIR focus on in its roles and functions?</p> <ul style="list-style-type: none"> • Capacity building but focus on 2 years • Encourage members states to encourage fund movement, promote the use of formal sector 	<p>Research and technical assistance which should be demand-driven, based on needs-assessments or requests by countries.</p> <p>Possible topics for research and technical assistance could include:</p> <ul style="list-style-type: none"> • Statistical data gathering • Promoting and identifying strategies for Diaspora investment • Should cover all areas of the General Principles (payment systems, regulatory framework etc.) 	<p>The AIR should be there for the African people (migrants and beneficiaries of remittances).</p> <p>The AIR has 2 main objectives:</p> <ul style="list-style-type: none"> • Ensure development of efficient and affordable remittance services in Africa • Foster the developmental impact of remittances <p>Research</p> <ul style="list-style-type: none"> • The role of AIR should be to coordinate research activities and ensure that work is not duplicated (importance of dialogue) • Collaboration needed with universities, central banks, governmental institutions and other organizations • Areas of interest: data collection (harmonization), household surveys (necessity to build confidence), annual report on remittances in Africa • Identification of best practices (data collection and operations) <p>Technical assistance:</p> <ul style="list-style-type: none"> • How to collect data (harmonization of methodologies) • Ensure development of sound policies and enabling regulatory framework • Capacity building for operators (MFIs, Post offices, etc.) to ensure reduction of costs and increase efficiency of service <p>Lobbying – advocacy</p>

			<ul style="list-style-type: none"> • Harmonization of regulatory frameworks and policies • Financial literacy programs (diaspora and recipients), including on how to channel remittances in developmental projects • Focus on best practices and disseminate to all stakeholders • Promote innovative use of remittances (bonds, etc.) • Dialogue with sending countries to ensure availability of formal channels (lack of ID is an obstacle) • Promote role of MFIs and post offices to ensure they are allowed to provide remittance services
<p>Topic 2: Overall Organizational structure of the institute</p>	<ul style="list-style-type: none"> • Relationship Diaspora/ AIR: reliability, cost effectiveness... Need include Diaspora in the first row of functions • Need to implicate all actors: Diaspora within and outside Africa. Specific needs of the people reduce transfer. Focus of their need to increase the remittances. Other focus on formation of the beneficiaries to use the remittances more productively. Microfinance in rural areas must be actors. Need for a link between all the actors. • Board: representatives of the main dimensions and aspects of remittances, having representation of different regions to see all the pictures of remittances. Representation of the board tell exactly the major issues. Different dimension and ideas. Main entities responsible • Project base organization: project management way (budget, time...) • • Technical organization/ political direction. Importance of regional direction • External assistance and expertise <p>Recommendation for the ownership: public private joint venture</p>	<p>Institute should be publicly owned, with participation from the private sector in an advisory capacity. Each country should identify its key stakeholders (Central Banks, Ministry of Finance etc.).</p> <p>However, the group requested that concrete suggestions for the organizational structure based on best practices of existing institutions should be presented.</p>	<ul style="list-style-type: none"> • The AIR should be a part of the AUC, because AUC «is what brings us together» • AIR should have a public service mission and should not be influenced by private interests • AUC will have to decide on internal organization • AIR should include a secretariat • Role of a consultative committee (private sector, Diaspora, international institutions, central banks / finance ministries) was mentioned but no clear agreement • AIR should identify institutions in member states to collaborate with

<p>Topic 3: Location of the institute</p>	<p>1. Should the AIR be host within an existing institution or should it be independent? -Independent</p> <p>2. Physical location</p> <p>Criteria:</p> <ul style="list-style-type: none"> country which is having the largest amount of transfer or have increased its remittances, interest of remittances Importance of the connection and the infrastructures Country which is having experiences on the field 	<p>The selection of the location should be based on functional criteria such as:</p> <ul style="list-style-type: none"> General infrastructure Stability and security The role the country has played in furthering the issue of remittances Technical infrastructure, particularly telecommunications Payment and banking infrastructure <p>The institute could initially be anchored within an existing institution in Africa, such as the African Development Bank or others.</p>	<ul style="list-style-type: none"> Location could be Addis Ababa as part of the AUC (convenient and cheaper) or any other member state The decision has to be made by member states Criteria are hard to define but the AU treaty provides guidelines
<p>Topic 4: Funding implications for the Institute</p>	<ul style="list-style-type: none"> Grants or generating its own revenues? Must be in link with the choice of independence: need to be autonomous and to generate revenues But need for an initial funding coming from AU Member States should fund to show their commitment but can also block a project because of the cost Use of Public Aid for Development? Funding from countries which benefit from the institute : allow sustainability Open to the donors contribution on the general budget and on specific projects By tax (in every transfer there is a tax for the country can be use for the AIR) <p>→Need for external funding to start (AU, UE) but need to create revenue in the medium and long term</p>	<p>The majority of the group agreed that the institute should be funded by the Member States, at least partially. Initially, during its set-up, it may need donor support, but it should also use this period to be able to raise funding from Member States based on voluntary contributions or the benefit that it can provide to the Member States generated from the improvements in remittance markets.</p>	<ul style="list-style-type: none"> We can't commit on a budget yet Ownership by AU member states Funding should be provided by member states and all interested parties (EU, AfDB, EIB, WB, private sector, Diaspora, etc.) <ul style="list-style-type: none"> A tax on remittances was mentioned