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**Statement by His Excellency Erastus Mwencha, Deputy Chairperson
of the African Union Commission at the Opening of the Consultative
and Experience Sharing Forum on Remittances Leverage for
Development**

Addis Ababa, Ethiopia, 7 and 8 July 2011

PROTOCOLS (to be inserted by Office of the XXXXXXXXXXXXX),

Ladies and Gentlemen,

It is my honour and privilege to address you this morning and to welcome you to Addis Ababa, the diplomatic capital of Africa and home to the African Union Commission. My appreciation to Commissioner Gawanas and the Department of Social Affairs for inviting me to be part of this important Consultative and Experience Sharing Forum on Remittance Leverage for Development.

This is an important Forum because I have been following closely the issue of remittance and its vast potentials for accelerating socio-economic development on our continent. Moreover, I see the establishment of African Institute for Remittance (AIR) as a major deliverable in the context of our Strategic Plan for 2008-2012.

More than 30 million Africans are living outside their countries of origin and they transfer more than US\$40 billion annually in remittances to their families and communities back home. Remittances are personal, mostly small amount of money transfers typically made by migrants and members of the Diaspora of recent times being approximately the last 50 years. They have a crucial effect on the standard of living of households that receive them, particularly in rural areas. Unlike development aid, remittances are spent directly by families of migrants, so in many respects, remittances are an efficient way to raise the overall income and well-being of the poor.

There is no argument therefore, that remittances, when properly harnessed, will have significant effect in accelerating socio-economic development of our continent. However, we need to remind ourselves that money alone is not enough. Sound and coherent policy interventions and other enabling environments are needed to unleash the full potentials of migrant remittances for development.

There are challenges and there are opportunities to realizing the potentials of remittances. There are challenges such as high cost of remittance, legal and regulatory frameworks that inhibit competition, low level of financial access, and inadequate data that could facilitate introduction of new technologies by

the private sector. But opportunities also exist, such as large delivery network of Post Offices, Micro Finance Institutions, and Mobile Telephone Companies like MTN and Safari's M-Pesa whose coverage extends to rural areas but they are not yet involved in cross-border remittances.

Ladies and Gentlemen,

I am glad to note that the preparatory phase project towards the establishment of the African Institute for remittances (AIR) that was launched on 8 June 2010 has begun to address the capacity building and training needs of AU Member States. I was also informed that Day One of these Consultations will focus on building the capacities of the participants from Ministries of Finance and Central Banks gathered here. We need to scale up on technical assistance and capacity building in order to overcome the challenges identified earlier. This brings me to the possible roles of the AIR, if established.

Here is my vision: I want to see an African Institute for Remittances established by the African Union, supported by our Member States, partners and the African private sector. I want an Institute that conducts research and generates useful data that will facilitate policy formulations and interventions; offers technical assistance and capacity-building to our Member States and the African Private Sector, as well as advocacy.

Therefore, I challenge participants to clearly articulate the possible roles of the AIR, along the lines I have enumerated, its structure, particularly ownership and decision-making structures and funding mechanisms for sustainability. Your recommendations will facilitate the decision by our political leaders on the establishment of the AIR.

Allow me to thank the European Commission for supporting the process through a grant to the World Bank, within the framework of the implementation of the Joint Africa-EU Declaration on Migration and Development, and the Africa-EU Strategic Partnership. I call upon all the international partners to consider providing support to the Institute, once established, to ensure its effectiveness and sustainability.

I wish you fruitful deliberations and I am looking forward to the final recommendations made by this forum.