African Institute for Remittances Project

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The African Institute for Remittances Project ("Project") is an initiative in which the World Bank (WB) and selected development partners, i.e., the European Commission (EC), African Development Bank (AfDB), and the International Organisation for Migrations (IOM) are collaborating to facilitate the African Union Commission (AUC) and its Member States in establishing the African Institute for Remittances (AIR). The AIR will be anchored within the AUC.

The Project is funded by a grant from the EC for Euro 1.6m (US $2.4m equivalent) to the World Bank which is responsible for the project implementation. The project was signed in December 2009, launched in June 2010, and due to close in April 2013.

OBJECTIVES

The core objectives of the Project are to:

- FACILITATE THE PROCESS leading to the creation of the Institute; and
- DEVELOP THE CAPACITY of the Member States of the African Union (AU), remittance senders and recipients, and other stakeholders to implement concrete strategies and operational instruments to use remittances as development tools for poverty reduction.

STEERING COMMITTEE: chaired by the AUC and comprises representatives from the WB, EC, AfDB, and IOM. Its role is to provide overall strategic guidance to the Project and facilitate the establishment of AIR.

TECHNICAL COMMITTEE: chaired by the WB and comprises representatives from the AUC, EC, AfDB, and IOM. Its role is to provide a forum for consultation on technical issues related to the Project.

The TARGET GROUPS of the Project are Member States of the AU, in particular Ministries of Finance, central banks, financial and non-financial institutions.

The key BENEFICIARIES of the Project are remittance senders and recipients, the broader African Diaspora and their families and communities in home countries.

ACTIVITIES

The Project activities are:

- Providing TECHNICAL ASSISTANCE to government institutions (central banks, ministries, financial and non-financial institutions) on putting in place the necessary regulatory frameworks;
- Carrying out TRAINING and CAPACITY BUILDING PROGRAMS of relevant institutions and organizations (e.g., national statistical services departments);
- STUDYING REMITTANCES FLOWS within Africa, which includes North Africa;
- Conducting POLICY RESEARCH and DIALOGUE and sharing information 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;
- Developing PARTNERSHIPS between African central banks and remittance service providers and non-bank correspondent agencies to improve financial access;
- Disseminating DATA and RESEARCH findings; and
- Preparing ANNUAL REPORTS, conferences and meetings of policy makers.

ACTIVITIES UNDER IMPLEMENTATION

STUDY OF REMITTANCE FLOWS WITHIN AFRICA: A comprehensive report on Remittances in Africa, cataloguing studies and technical assistance by the World Bank, Development Agencies and Government in Africa has been completed and will be regularly updated.

ON-LINE CONSULTATIONS WITH STAKEHOLDERS: A Social Media consultancy based in Ethiopia supported the AUC in their on-line consultations with stakeholders - African Diaspora, Central Banks, Ministry of Finance, Financial Institutions, Money Transfer Operators, etc. - regarding the proposed organization, setup and results framework of the AIR project. The online consultations were launched in May 2011 and concluded in July 2011.

TECHNICAL ASSISTANCE FOR DEVELOPMENT OF CONTENT AND TECHNOLOGY PLATFORMS FOR COUNTRY-BASED PAYMENT AND SETTLEMENT SYSTEMS FOR REMITTANCES: Four assessment missions based on the General Principles for International Remittance Services were undertaken in Liberia, Malawi, Sierra Leone and Tanzania between September 2011 - March 2012, with the objective of supporting these countries to improve their national markets for remittances. Reports detailing recommendations have been delivered to the respective Central Bank authorities.

AFRICA REMITTANCE PRICES DATABASE: The Send Money Africa Database was launched in July 2011 and it will both enhance the transparency in the market, as well as provide migrants with reliable data on the cost of transferring money. It analyses the cost of remittances in 50 select country corridors, and covers at least 60% of total remittance flows to the continent. The database is updated monthly and can be viewed at http://sendmoneyafrica.worldbank.org. A preliminary analysis of the data is available on the African Diaspora Program website. The database will run up to April 30, 2013.

TECHNICAL ASSISTANCE FOR POSTAL OPERATORS AND THE UNIVERSAL POSTAL UNION (UPU): Technical assistance is being provided to post offices in several countries to implement the remittance system provided by UPU – a service that will enable them to enter remittance markets without having to rely on money transfer operators or banks. Risk assessments have been completed in Kenya, Gabon, Ethiopia, with plans to expand to North Africa. Financial inclusion and remittance training workshops have been completed in Senegal, Ethiopia, Gabon, Mali, Burkina Faso, with plans for future workshops in East Africa.

AFRICAN DIAaspORA In BRAZIL: A report containing baseline information on African Diaspora in Brazil, including estimates of remittances from Brazil to sub-Saharan Africa was completed in May 2012.

EXPECTED RESULTS

Results which can be attributed to the project are:

- AIR creation would be facilitated;
- A selected number of AU Member Governments in remittance receiving countries would have sharpened the development impact of remittances through the application of appropriate policies;
- Remittance transaction costs in a selected number of countries reduced; and
- The dissemination of data on remittance fees in major corridors would have improved.