

## **REGIONAL CONSULTATION ON MIGRATION, REMITTANCES AND DEVELOPMENT IN AFRICA**

*United Nations Office of the High Representative for the  
Least Developed Countries, Landlocked Developing  
Countries and Small Island Developing States*

The Regional Consultation on Migration, Remittances and Development in Africa was the second in the series of such consultations organized jointly by UNDP, UN-OHRLS and the Government of Ghana and was held in Accra, from 4 to 5 September 2007.

The regional consultation was preceded by national consultations in a selected number of the sub-Saharan African countries, including six least developed countries.

### **A. OBJECTIVES**

The objectives of the consultation were the following:

- (a) Create an intra-Africa dialogue, including expatriate communities, to explore strategic options to maximize the developmental impact of remittances.
- (b) Provide recommendations for actions, including through public private partnerships, by the various stakeholders within the framework of the outcome of the Secretary-General's High-level Dialogue on International Migration and Development.
- (c) Assist UNDP in sharpening its focus on the work in this area at the country level, including through South-South cooperation, with due attention to the special needs of the Least Developed Countries (LDCs) and war-affected countries.

### **B. STRUCTURE AND FORMAT**

The two-day regional consultation brought together Government representatives, private sector, expatriate communities and community leaders from 10 African countries (Benin, Botswana, Burkina Faso, Gambia, Ghana, Kenya, Nigeria, Somalia, Tanzania and Uganda), selected on the criteria of the size of their remittances inflows and ongoing innovative work on remittances.

The regional consultation was organized in the form of five plenary sessions, namely: (a) general discussion on migration and remittances in Africa; (b) capacities, institutions and policies on migration and remittances; (c) country experiences; (d) the role of the United Nations, and (e) the way forward. Two simultaneous panels discussed the private sector, public private partnerships and the role of expatriate communities.

### C. FINDINGS

The consultation produced the following findings:

- Scarcity of data and applied research is constraining the analysis of the actual flow of remittances. In sub-Saharan Africa, two thirds of the countries do not report on remittance transfers.
- Most sub-Saharan African countries are both remittance receiving and sending countries, which further complicates a proper analysis of the migration-development paradigm, i.e., how the economies benefit from each other.
- It is estimated that about 50 per cent of remittance flows in Southern Africa is through informal channels<sup>1</sup>. Reliance on transfers through non-formal sources is still viewed by the senders and the receivers as more reliable and cost-effective.
- Most remittances to African countries are transmitted through informal channels because of an inadequate financial infrastructure in many countries. This in turn leads to higher transaction costs as well as unreliable access to resources.
- There is little understanding among policymakers as well as the private sector about how to channel remittances for investment and development.
- No special consideration is provided to acknowledge migrants' rights. There is a lack of policies that encourage emigrants to participate in national development strategies and activities.
- The regulatory environment is restrictive and fails to promote user-friendly services and attractive financial incentives and instruments to both remittance senders and receivers.
- Lack of financial education is a major constraint in the use of formal banking channels.
- Although almost half of the migrants in sub-Saharan Africa are women<sup>2</sup>, gender-specific data on the impact of remittances on women-headed households or on their investment choices is lacking.

Despite the growth of mobile technology in Africa, the potential for mobile banking has not been properly explored to provide better access of remittance senders and receivers to formal banking channels.

### D. OUTCOMES AND RECOMMENDATIONS

Participants made the following recommendations on how to transform remittances into productive investments in countries of origin:

- Provide targeted assistance to the financial sector to ensure that remittances facilitate access to other financial services, both in the originating and receiving countries.
- Explore fiscal and other incentives to direct migrant worker remittances towards investment in employment generation, including by use of microfinance.

- Improve the knowledge base to determine the role of remittances in development by focusing on:
  - Tracking migration flows and examining remittance flows, patterns, corridors and channels;
  - The effects of remittances on households in countries of origin regarding poverty, education, health, gender equity, as well as human trafficking;
  - The costs of migration by targeting sectors that are impacted by the emigration of skilled labour;
  - Remittance transfer agencies, including transfer costs, security, competition and exchange rate policies.
- Invest in capacity-building and training initiatives to promote financial education of migrant communities, their families and financial services sector professionals in recipient countries.
- Provide support to reforming the banking sector by addressing cost, convenience, competition, and confidence and trust issues.
- Engage expatriate communities in local development initiatives through multi-stakeholder meetings and engagement in national development issues.
- Develop legislative frameworks to promote linkage of money transfer products with new technologies such as “m-payments” and increase competition among service providers.
- Promote the development of financial products such as deposit and savings schemes, mortgages, consumer loans, expatriate community bonds and insurance products.
- Develop an information database on investment opportunities in Africa.
- Promote partnerships among Governments, banks, microfinance institutions and donor agencies to harness the development potential of collective remittances.
- Document and disseminate “good practices” from countries such as India, Indonesia, Mexico and the Philippines, to assess and identify options for sub-Saharan African countries.

#### E. FOLLOW-UP

The participants requested UNDP and UN-OHRLLS to disseminate the outcomes of the consultations among all relevant stakeholders. To this end, UNDP and UN-OHRLLS will prepare a CD-ROM comprising all the materials of the regional consultation. The documents will be put on a website and distributed among United Nations delegations, international and regional organizations and NGOs. UNDP will disseminate the materials of the meeting to the United Nations country offices with a request to assist the countries of the region in the implementation of the recommendations.

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#### NOTES

<sup>1</sup> South African Migration Project (SAMP).

<sup>2</sup> IFAD, Paper on Remittances Regional Profile: Sub-Saharan Africa.