

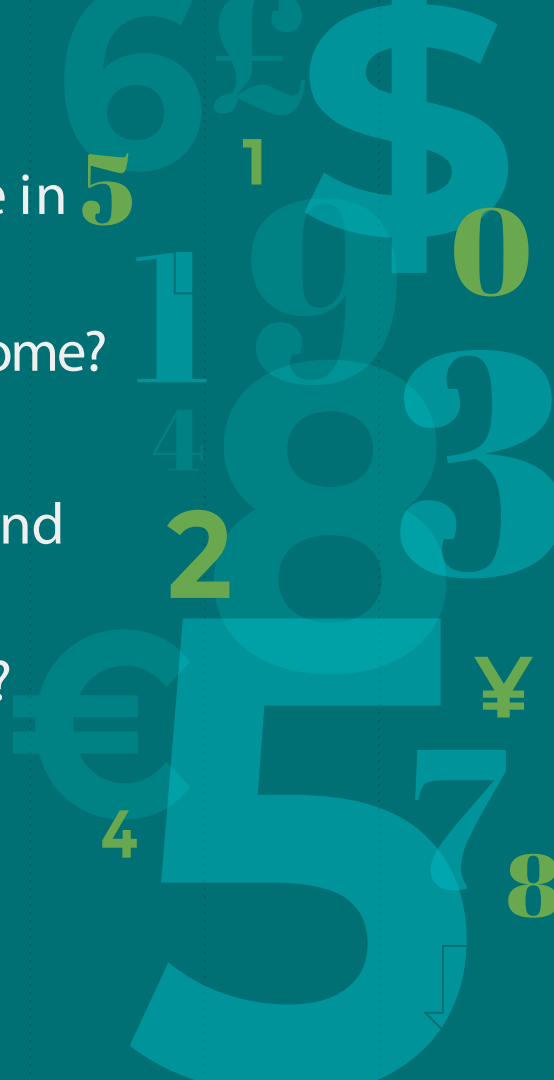


# Strengthening the developmental impact of remittances and diaspora finance in Africa: what is the role of international cooperation?

by  
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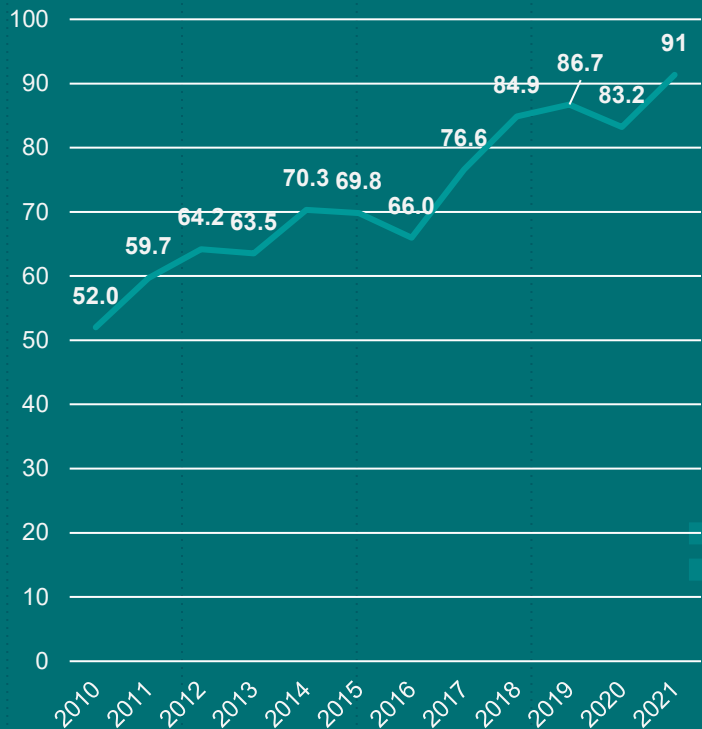


- Remittances and diaspora finance landscape in Africa
- How much does it cost to send money back home?
- What drives the cost of remitting?
- Impact of remittances on income inequality and development
- What is the role of international cooperation?
- Policy recommendations.



## Definitions:

- Remittances are transfers by migrants to their home countries
- Diaspora finance is migrants' savings invested back in their home countries in the form of bonds, equities, capital formation, etc...



**REMITTANCES TO AFRICA,  
2010-2021  
\$ BILLION**

Remittances  
\$91 billion

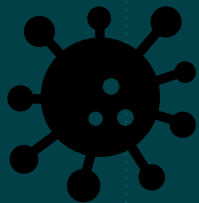
ODA \$52.7 billion

FDI \$39.8 billion



## Remittances are special

- Stable
- Countercyclical
- More resilient compared to other sources of finance

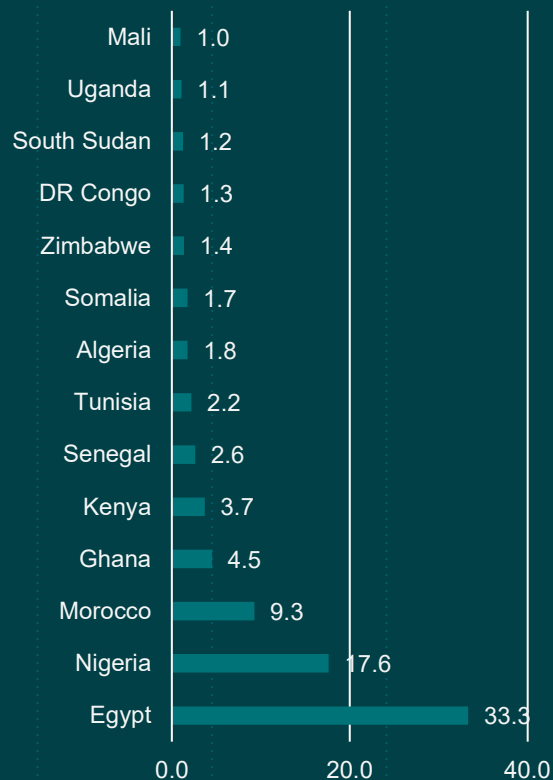


Contribute to achieving SDGs 1–6, 7, 8, 10, 12, 13, and 17.

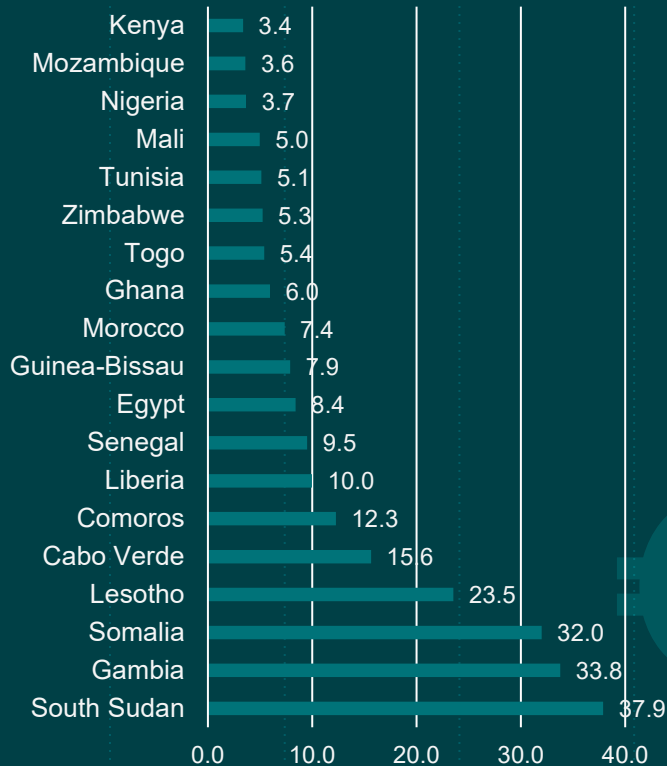
Remittances to Africa are projected to grow by 7.1% in 2022



## Many African countries rely heavily on remittances



Top African remittance recipient countries, 2021, \$ billion



Remittances as a share of GDP, 2021, \$ billion



How much does it cost to send money back home?



The cost of sending money to Africa is the highest in the world

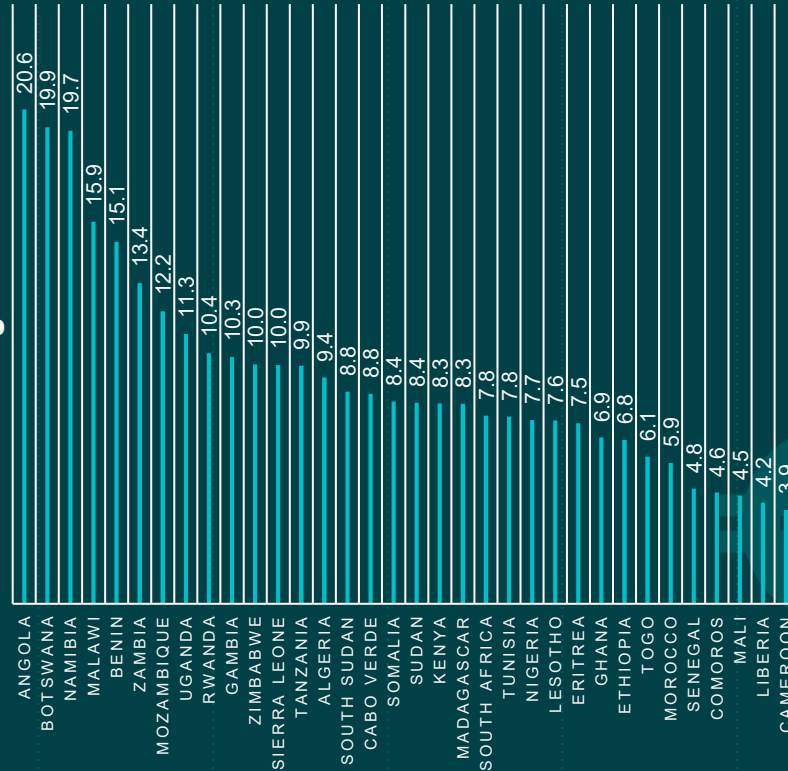
**Africa 7.9%**

**East Asia and the Pacific 6.7%**

**Global average 6.1%**

**LAC 5.5%**

**SDG 10.c target 3%**



**The average cost of sending \$200  
2020**



## Transferring money within Africa is more expensive than receiving money from abroad



**Intra-African corridors**  
Cost of sending 200\$ (%)  
2020



**Cost of sending 200\$ (%) by corridor**  
2020



## Why the Cost of remittances is important?

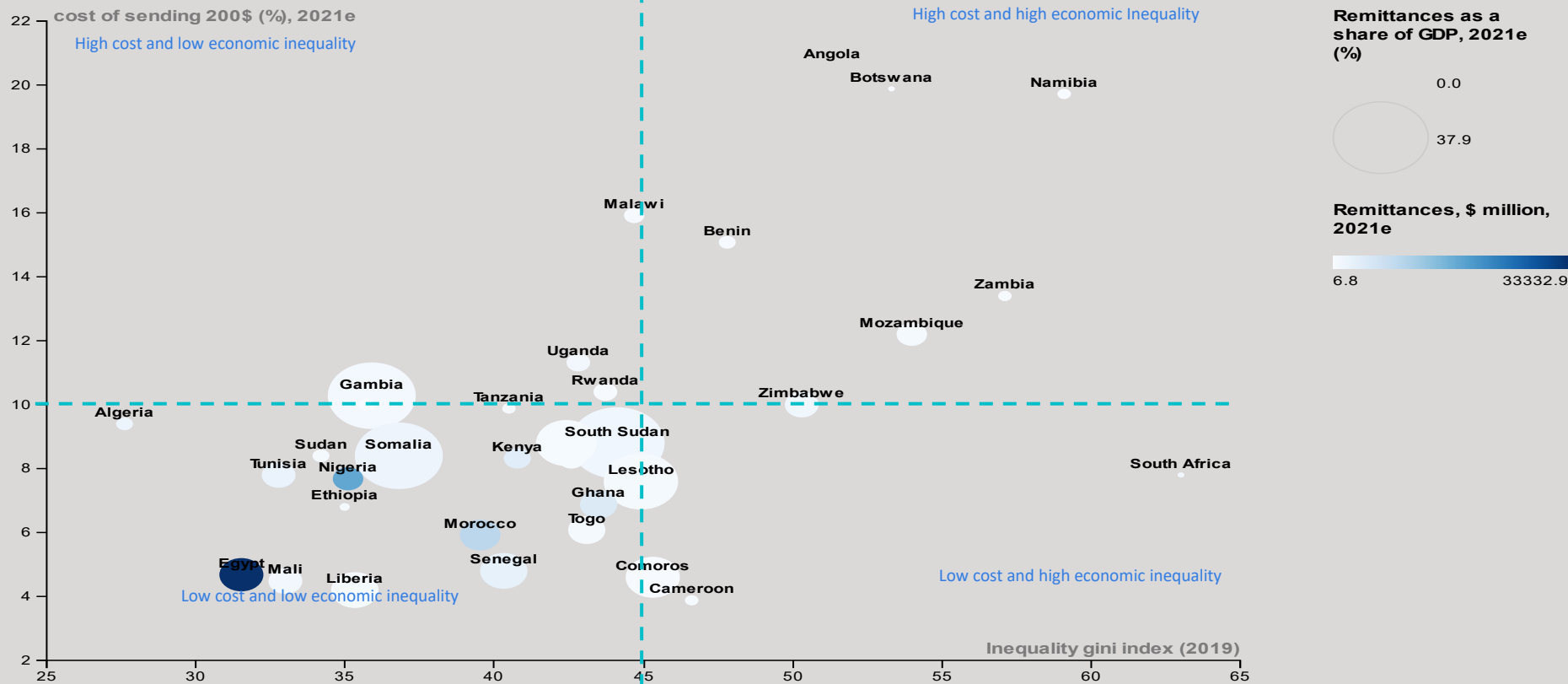
- If the cost of remittance ↓ 3% (SDG target), this would almost double the global volume of remittances
- Reducing the cost of remitting \$200 by 1% ↑ remittances volumes by 1.6%



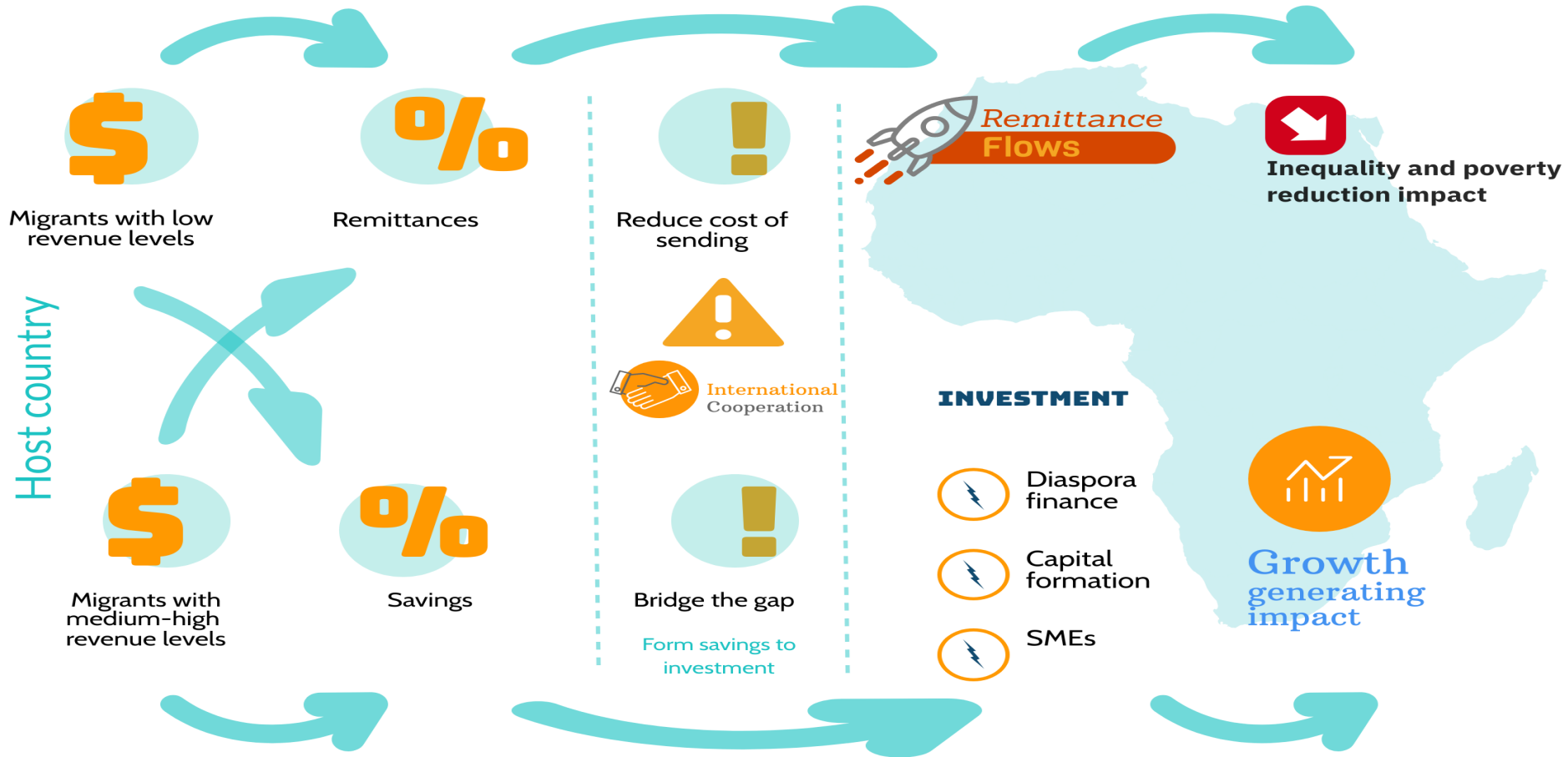
## What drives the high cost of remitting to Africa?

- Degree of competition in the remittance corridor
- Availability of information to the sender
- Migrant stock
- Exchange rate stability in the recipient country
- Financial development
- Transfer instrument (cash, bank, or mobile)
- Channel (formal vs informal)

# Impact of remittances on income inequality and development



# What is the role of international cooperation?



## Policy recommendations

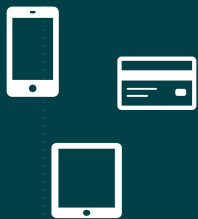




- Strengthen competition in the remittance industry



- Support the African Institute for Remittances



- Promote financial inclusion

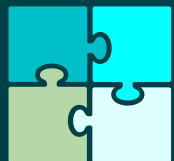




- Develop the African financial sector



- Establish a research agenda for impactful remittances



- Nurture partnerships





Thanks!

