



Helping the African Diaspora Send Money Home:

AfDB and French Government Launch Multilateral Fund

Tunis, 20 October 2009 – The President of the African Development Bank (AfDB), Donald Kaberuka, together with the French Minister for Immigration, Integration, National Identity and Co-operative Development, Mr. Eric Besson, and the Representative for the International Fund for Agricultural Development (IFAD), will sign an agreement establishing the Trust Fund on Remittances from Migrants in Paris on 23 October.

This signing ceremony confirms the commitment of AfDB and France, along with IFAD, in their joint effort to help migrants use their skills and resources for African development. The contribution of France to launch the fund, with an initial endowment of 6 million euros, is especially useful in the context of the current financial crisis and economic situation.

Administered and managed by AfDB, this Fund is open to all donors. It will be used to finance:

- better understanding by migrants of how to send money home
- support for regulatory reform to improve the conditions for funds transfer,
- the development of financial products, and
- the development of productive investment and local development in the home countries of migrants.

These plans came from the conclusions and recommendations of a study, undertaken by AfDB and financed by France, which were presented in Paris in January 2008. The study's results formed the basis for the launch of the Bank's "Migration and Development" initiative, and the creation of the multilateral Fund.

This study enabled the calculation of statistics on the global flow of financial transfers from the Diaspora, to identify the mechanisms that govern the business of funds transfer, and what determines the supply and demand in the market. On transfers between France and four African countries (Comoros, Mali, Morocco and Senegal), the study found the value of transfers accounted for 9% to 24% of the GDP of the countries studied. Transfers were almost as important, or even more important than, official development aid received by those countries. Transferred funds were valued at the equivalent of between 80% and 750% of development aid received by the countries studied. The study stressed that current transfer costs are still too high. It also emphasized the importance of diversifying financial products, and strengthening the financial infrastructure, particularly where micro-credit was concerned.

These are all issues that the AfDB's "Migration and Development" initiative will consider in a collaboration process involving all stakeholders, migrants, beneficiary households, communities, governments, financial organizations and development partners.