

PRIME AFRICA

Platform for **R**emittances, **I**nvestments and
Migrants' **E**ntrepreneurship in Africa



Improving the management of remittances
and their use for development impact in Africa

Implemented by



Financing Facility
for Remittances

In support of:



BACKGROUND

AT A GLANCE

● **AMOUNT AND DURATION**

EUR 15.1 million over 2019-2023

● **WHERE**

The programme focuses on the African remittance market and its intra-African and European corridors, promoting specific activities in 7 selected countries (Gambia, Ghana, Kenya, Morocco, Senegal, South Africa and Uganda).

● **PARTNERS**

Public, private and civil society entities, such as regulators, financial service providers (mobile network operators, microfinance institutions, postal networks, fintechs), money transfer operators and diaspora groups, among others.

● **BENEFICIARIES**

African migrants, their families back home and communities of origin

● **GOALS**

- Reduced remittance transfer costs from Europe to and within Africa
- Enhanced financial inclusion through remittance-linked financial services

Remittance markets in Africa

Today, **1 billion people** – one out of seven people on Earth – are involved in either sending or receiving international remittances. In 2018 alone, **over half a trillion US\$** in international remittances were sent by over 200 million migrants to 800 million family members back in low- and middle-income countries.

Nowhere is the impact of this phenomenon greater than in Africa, with around **US\$85 billion** sent by African migrants around the world. Remittances are a **crucial financial inflow** for Africa and a **vital source of income** for millions of families, allowing them to reach “**their own Sustainable Development Goals**”: fight poverty and improve access to nutrition, health, education, as well as support savings and access to credit, accompanying them on the road of financial independence.

Africa is also the continent where remittances can be maximized the most, particularly in rural areas, either at market level or in the way families leverage these flows.

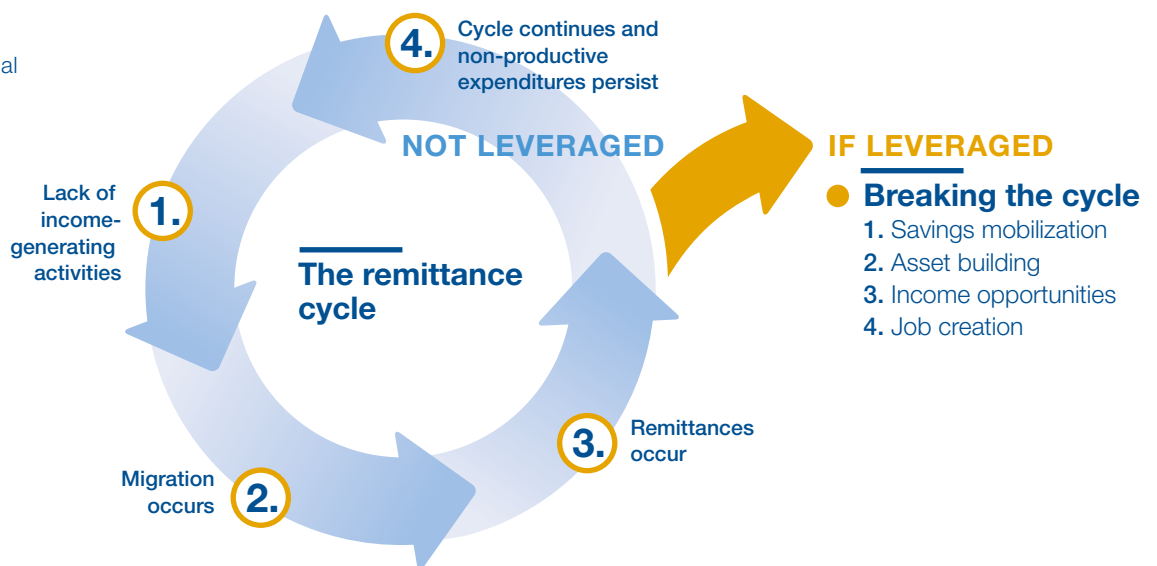
Although transaction costs have fallen over the last years, the African remittance market remains the **most expensive**, with an average transfer cost (to and within Africa) of

8.52 per cent against the global average of the current 6.84 per cent. Reduction to at least 3 per cent by 2030 as per SDG target 10.c would lead to an **additional US\$5 billion** per year being received into the hands of migrant families in Africa.

Most remittances received in Africa cover daily needs, with a significant amount (25 per cent) available for savings or investment. Bringing these funds into the formal financial system can dramatically increase their impact. In fact, with better **financial education** and a broader range of **financial services** to choose from, remittance recipients are empowered to make financial choices that can advance them towards financial resilience.

In light of the above, PRIME Africa aims to address these development opportunities by financing and supporting innovations, partnerships and replicable/scalable products that promote cheap and fast remittance transfers. By helping maximize the impact of remittances for millions of families, PRIME Africa will contribute to foster local economic opportunities in the migrant workers’ countries of origin.

PRIME Africa’s theory of change



In support of:

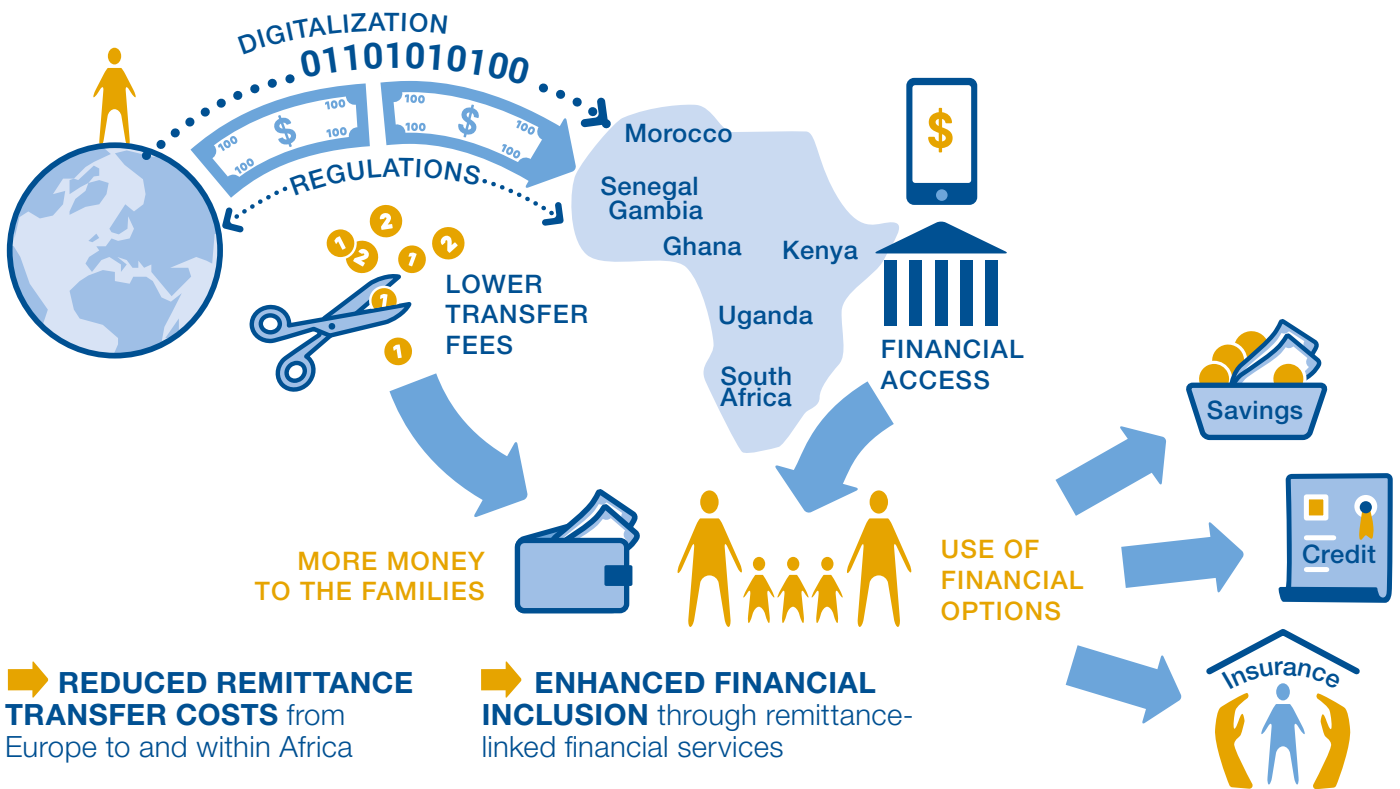


SDG 10.c: by 2030, reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%



Objective 19: Create conditions for migrants and diasporas to fully contribute to sustainable development in all countries
Objective 20: Promote faster, safer and cheaper transfer of remittances and foster financial inclusion of migrants

GOALS

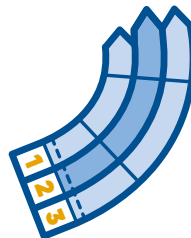


ACTIVITIES



● Address the data gap

Strategic market data allow for further market depth and width, and targeted capacity building to key stakeholders for remittance data creation and use.



● Increase market competition

Expand access to remittances through close cooperation with public and private sectors, and additionally reduce significantly direct and indirect costs, and spur market competition.



● Support an enabling environment

Coherent national regulatory frameworks in both sending and receiving countries can foster competition in remittance corridors and enable safe, cheap and fast transfers.



● Finance and promote business models linking remittances and financial services

Co-finance and promote innovative, replicable and scalable business models and technologies that link remittances to financial services, towards greater financial inclusion.



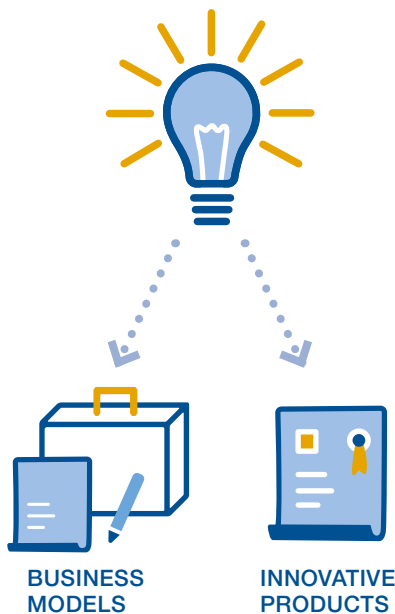
● Finance scalable innovations and related capacity

Collaboration mechanisms in place among central banks, regulatory bodies, the private sector and diaspora communities in sending and receiving countries; and strengthened capacity to adapt and scale up best practices within an operational framework that allows cooperation among partners.

GUIDING PRINCIPLES

● Innovation

Innovation is at the core of PRIME Africa. The programme will identify, apply and promote a range of both innovative products and business models.



● Partnerships for success

PRIME Africa will benefit from partnerships with **public, private, and civil-society** actors, to enhance its impact and raise further awareness on the importance of leveraging remittances in Africa.



● Country-level impact

PRIME Africa will carry out targeted initiatives in the selected countries with the full involvement of key partners, to leverage local resources and institutionalize core achievements for project sustainability.



● Scaling-up approach

PRIME Africa will focus on leveraging its achievements and impact in the target countries to promote policy changes, mobilize additional resources and enhance partnerships to bring the results to scale.



International Fund for Agricultural Development (IFAD)

IFAD has invested in rural people for 40 years, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, IFAD has provided US\$20.2 billion in grants and low-interest loans to projects that have reached about 476 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN’s food and agriculture hub.



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Financing Facility for Remittances (FFR)

IFAD’s multi-donor Financing Facility for Remittances (FFR) aims to maximize the impact of remittances on development and promote diaspora engagement in their countries of origin. Through advocacy, innovative projects and partnerships, initiatives promoted by the FFR have contributed to a raised awareness on the link between remittances and development, and its transformative impact in rural areas. The FFR is supported by the European Commission, the Government of Luxembourg and the Ministry of Foreign Affairs and Cooperation of Spain.

The Facility’s portfolio includes 60 projects in more than 40 countries across the developing world.

For more information, visit:
www.ifad.org/remittances
www.RemittancesGateway.org

FFR STEERING COMMITTEE

