Africa-Europe Diaspora Development Platform

REPORT ON ITS

FIFTH DIASPORA DEVELOPMENT DIALOGUE (DDD5)

Safari Park Hotel, Nairobi, Kenya

Dialogue with Policymakers, Practitioners & Partners:
‘Actions Needed to Reduce Remittance Costs in Africa’
(Thursday, 28 July 2016)

Professional Training for Selected Delegates:
‘Optimising Actual, Virtual and Circular Diaspora Return’
(Tuesday & Wednesday, 26 & 27 July 2016)

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ADEPT is implemented by: ADEPT is supported by:
PARTNERS FOR THE FIFTH DIASPORA DEVELOPMENT DIALOGUE (DDD5)

Ministry of Foreign Affairs, Government of Kenya

The Government of Kenya recognises the important contribution of the Kenyan diaspora to the country’s socio-economic development. Conservative figures indicate that diaspora remittances alone accounted for over 3% of Kenya’s GDP in 2015. The population of Kenya’s global diaspora is estimated to be about 3 million. With the right of dual citizenship entrenched in the new constitution, it is expected that diaspora engagement will be enhanced. Under the Presidential Circular No. 1 of 2008 and the Executive Order No. 2 of May 2013 on Organization of Government, the Diaspora Office is identified as a major portfolio under the Ministry of Foreign Affairs and International Trade (MFA). Consequently, a fully-fledged Directorate was established in the Ministry dedicated solely to handling diaspora issues. The Directorate is divided into three sections, namely: Diaspora; Consular Affairs; and Honorary Consuls. It also serves as the liaison office for the African Institute for Remittances (AIR) on behalf of the Government of Kenya.

In October 2014, Diaspora Diplomacy was incorporated as one of the key strategic areas in the MFA Strategic Plan 2013/14 – 2017/18. It is also one of the five interlinked pillars of Kenya’s Foreign Policy launched in January 2015. Kenya’s diplomatic missions have been directed to setup desks to deal with diaspora issues promptly. Kenya recognises its diaspora as the 48th County of the devolved government and considers Kenyans abroad as first line Ambassadors because of their potential role in promoting Kenya as an investment and tourism destination, both for themselves and other foreign national.

African Institute for Remittances (AIR)

The African Institute for Remittances (AIR) was established as a Specialized Technical Office of the African Union (AU), becoming operational in October 2015. AIR is hosted by the Government of Kenya and its headquarters are at the Kenya School of Monetary Studies, Nairobi. AIR was conceived within the framework of the AU-EU Partnership on Migration, Mobility and Employment (MME) in the Joint Africa-EU Strategy (JAES) adopted in Lisbon in 2007 with the aim of fostering the links between migration and development. The ‘Declaration of the Global African Diaspora Summit’, 25 May 2012, called for the establishment of legacy projects to give practical meaning to the diaspora programme. AIR is one of these legacy projects. The main objectives of AIR are to:

- Promote appropriate changes to the legal and regulatory frameworks aimed at reducing remittance transfer cost to and within Africa;

- Improve the statistical measurement, compilation and reporting capabilities of Member States on remittances data; and

- Leverage the potential impact of remittances on social and economic development of AU Member States.

Remittances are begetters of resource. Its flows to Africa tends to be more than the flow of official development assistance (ODA)

Amadou Cisse, Interim Director, AU’s African Institute for Remittances
INTRODUCTION TO ADEPT

ADEPT aims to ‘improve and enhance the capacity and impact of the African diaspora organisations that are involved in development activities in Africa’.

The ADEPT aim is pursued through delivery of services to diaspora organisations and individuals in Europe and Africa. **ADEPT will work and engage with 84 countries** (28 EU countries, plus Switzerland and Norway, and 54 African countries). In particular, ADEPT will assist **Africa Diaspora-Development Organisations (ADDOs)** to:

- Optimise their development engagement in Africa
- Professionalise their organisations and activities
- Create effective partnerships in Europe and Africa
- Expand and improve their development activities in Africa
- Influence the policy and practice of development cooperation.

(ADEPT emerged out of the pilot Africa-Europe Platform [AEP] project which ran from 2010 to 2013, in line with the Joint Africa-EU Strategic Partnership [JASP] agreed at the 2007 Lisbon summit).

ADEPT is working to create a permanent service-delivery directorate with focus on:

- Providing **training, guidance and technical support** for capacity-development
- Producing and disseminating **information on relevant funding, jobs and events**
- Undertaking research and consultations for **advocacy on policy and practice**
- Facilitating **networking and partnerships to mainstream diaspora perspectives**
- Promoting **positive images of Africa** and showcasing **best practices of the diaspora**
- Promote programmes on **youth, women and under-represented diaspora stakeholders**.

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Amadou Cisse, Interim Director, AU’s African Institute for Remittances
**Diaspora Development Dialogues (DDDs)**

Diaspora Development Dialogues (DDDs) form an important part of ADEPT’s service delivery framework. DDDs bring together African Diaspora-Development Organisations (ADDOs), governments, civil society organisations, the private sector and other development stakeholders, to work on practical means of improving diaspora interventions in African development. The DDDs are convened by the African diaspora, thereby providing the opportunity to mainstream diaspora perspectives, priorities and practices. The DDD involves:

- **Development Dialogue** between ADDOs and mainstream agencies and institutions
- **Policy Development** with focus on practical, effective and sustainable implementation
- **Facilitated Networking** for partnership action and improved development impact.

Whenever possible and desirable, the DDDs are organised to coincide with ‘Professional Training’ for capacity development of ADDOs and partners'. This dual scheduling enables more diaspora practitioners and experts to engage directly with diverse development partners.

**Summary of Past Diaspora Development Dialogues (DDDs)**

- **DDD1** was held in Copenhagen, Denmark (26 November 2014) on the theme: ‘**Enhancing Diaspora Role in Job Creation in Africa**’. It was organised in partnership with African Chamber of Commerce Scandinavia (ACCS), Danish Refugee Council (DRC) and the Africa Danish Diaspora Rally (ADDR). *(DDD1 was scheduled to coincide with professional training on 24, 25 & 27 November 2014).*

- **DDD2** was held in Valletta, Malta (28 May 2015) on the theme: ‘**From Irregularity to Stability: Strategic and Viable Actions to Prevent Irregular and Dysfunctional Migration**’. It was organised with support from Migrant Network for Equality (MNE) and Skop Malta. *(DDD2 was scheduled to coincide with professional training on 27, 29 & 30 May 2015).*

- **DDD3** was held in Vienna, Austria (30 September 2015) on the theme: ‘**Migration in Times of Crises: Collective Actions and Common Obligations**’. It was organised in partnership with Radio Afrika TV and Vienna Institute for International Dialogue and cooperation (VIDC). *(DDD3 was scheduled to coincide with professional training on 28, 29 September & 1 October 2015).*

- **DDD4** was held in Paris, France (5 December 2015) on the theme: ‘**Climate Change, Migration and Development: How to Enhance the Impact of African Diaspora Organisations?**’. It was organised in partnership with FORIM, African Diaspora Policy Centre (ADPC) and the Association des Jeunes Guinéens de France (AJGF). *(DDD4 was scheduled during the UN Climate Change Conference [COP21]).*
THEME OF THE FIFTH DIASPORA DEVELOPMENT DIALOGUE (DDD5)

‘Actions Needed to Reduce Remittance Costs in Africa’

SDG Target 10.c: After many years of analyses, pilot projects and advocacy, the need to reduce the cost of migrant and diaspora remittances was incorporated in the Sustainable Development Goals (SDGs) adopted in September 2015. Target 10.c of the SDG is: “By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent”. It is now time for implementation and practical action. There is hardly any need or value for professionals and practitioners in the sector to reiterate or reaffirm the importance of reducing the cost of remittances. Instead, focus should be on purposeful and methodical implementation schedules, and concerted action by all the different stakeholders.

One Percent Advocacy: Reduction of transaction costs is only one of many mechanisms which can enhance the development impact of remittances. During the SDG negotiations, there was advocacy for the targets to include provisions for remittance match-funding, tax reliefs, transboundary financing schemes, and for costs to be set at a maximum of 1%. However, it should be noted that the 3% stated in target 10.c is a ceiling and there is no floor. Countries can aim for costs below 1% and may seek to achieve this any time before 2030.

Valletta Action Plan – 2020: After intense advocacy and engagement, the Valletta Action Plan adopted in November 2015 included remittance cost targets that are more ambitious than the SDGs. It states: “In addition [to the 3% SDG target], identify corridors for remittances transfers where the partners commit to substantially reduce the costs by 2020, from Europe to Africa and within Africa”

Urgent Action in Africa: The World Bank monitoring of Remittance Prices Worldwide (RPW) confirms that remittance costs are higher for African corridors, with the worst cases being for intra-Africa remittances. All stakeholders in Africa – governments, banks, MTOs – seem to be committed to ending this development infamy. Given that some of the effective cost reduction tools are available for immediate adoption and implementation, the urgency for action cannot be over-emphasised. African countries must act now and gain now, otherwise the unnecessary and costly infamy will be amplified.

Nairobi Action Plan on Remittances – 3% by 2020: The African Institute of Remittances (AIR) has now been established, hosted by the Government of Kenya. Kenya is a pioneer and world leader in mobile money and its uses for small transactions and remittances. For 15 years, the African diaspora have been advocating, innovating and activating schemes and ventures to reduce transaction costs. ADEPT’s Fifth Diaspora Development Dialogue (DDD5), will be held in July 2016 in Kenya. The planned outcome is an ‘implementation schedule’ in the form of a Nairobi Action Plan on Remittances – to reduce remittance costs in Africa to 3% by 2020. This can be achieved by: adoption and application of immediate operational actions (2016/17) that are known to be effective; testing, piloting and adopting innovative and creative schemes in the medium term (2016 to 2019); and consolidation, replication and normalisation of low cost status, in the longer term (2020 to 2030). We are in the era of implementation. This is the time for countries to turn their commitments into action. Countries that want to act should act now. Countries that do not want to act now may yet be influenced by the practical actions of the implementers.

The Sustainable Development Goals (SDGs) 10.7 target, agreed in September 2015, is to bring the costs below 3%. ADEPT and partners think we should choose to reduce that target by 2020 not 2030.

Gibril Faal, Interim Executive Director, ADEPT
REPORT ON THE FIFTH DIASPORA DEVELOPMENT DIALOGUE (DDD5)

26 - 28 July 2016, Nairobi, Kenya

ADEPT, in partnership with the Ministry of Foreign Affairs of the Republic of Kenya and Africa Union’s African Institute for Remittances, organised the Fifth Diaspora Development Dialogue (DDD5) on the theme “Actions Needed to Reduce Remittance Costs in Africa,” which was held at the Safari Park Hotel in Nairobi, Kenya.

In view of the fact that remittance costs are significantly higher for African corridors and for intra-African remittances in particular, and with regard to Target 10c of the Sustainable Development Goals to reduce remittance costs to less than 3% by 2030 and the Valetta Action Plan which seeks to have partners commit to reduce remittance costs substantially by 2020, the Fifth Diaspora Development Dialogue adopted the Nairobi Action Plan on Remittances, an implementation schedule to reduce remittance costs in Africa to 3% or lower by 2020.

The Dialogue was preceded by a two-day professional training on the topic “Optimising Actual, Virtual and Circular Diaspora Return” for selected delegates from diaspora organisations from Europe and within Africa, Kenyan civil society organisations and African government representatives.

Mr. Washington Oloo, Director of Diaspora and Consular Affairs at the Ministry of Foreign Affairs, welcomed the attendees and introduced the keynote speaker, Mr. Gibril Faal, the Interim Executive Director of ADEPT.

We need to cut all costs and limitations which affect the value of remittances to ensure the money earned by individuals remitting can make an impact not only to their families but also to the nations.

Mark Lesiit, Director of Banking Services, Central Bank Of Kenya
Professional Training for Selected Delegates:  
‘Optimising Actual, Virtual and Circular Diaspora Return’  
Tuesday & Wednesday, 26 & 27 July 2016

The main aims of the training were to give the participants an understanding of the nature and processes of actual, virtual and circular return and provide them with the skills required to facilitate and effectively support diaspora return.

Gibril Faal: ‘Understanding productive Diaspora Return: Actual, Virtual and Circular’ & ‘Return to Setup Commercial and Social Enterprises’

The training gave the participants an understanding of productive diaspora return. The motivation for diaspora return was identified as being for the purpose of setting up commercial or social enterprises, to seek employment in the public or private sectors, or for the purpose of semi or full retirement.

The participants we taken through the common characteristics relating to the definition of diaspora, the topology of diaspora return and the differing loyalties experienced by the diaspora resulting from these characteristics. Transnationality, it was noted, has begun to overshadow the classical definitions of diaspora.

The African diaspora is the result of intra-African migration as well as rural-urban migration and not limited to movement out of Africa. Also identified were factors that influence the diaspora’s interest in development in both their host countries and their countries of origin or heritage.

In practical terms, it is impossible for the African Union to turn its 2005 definition of the African diaspora - which it considers as the sixth region of Africa - into practical action, namely, the aspiration that the diaspora contributes to the development of the continent and the building of the AU. The task, therefore, falls upon individual African countries to implement the definition within their own contexts.

The concept of “Diaspora Memory,” which encapsulates the affinity of diaspora with origin or heritage countries, is a new and more practical classification of the African diaspora and directly correlates to the contribution of the diaspora to origin or heritage countries.

Finally, concrete proposals and suggestions were made which governments, trade, diaspora and other organisations should consider in order to facilitate returnees to set up commercial and social enterprises in their countries of origin.

Ade Adeagbo: Viewing the World from Diaspora Perspectives

The training session addressed the issue of diaspora identity and labelling, defined the challenges diaspora must face as a result, and the solutions for facilitating and sustaining diaspora return.

Returnees face diverse challenges and require support systems in their home countries. Among the solutions proposed are creating databases of diaspora and potential areas of investment, business financing and
support systems, lowering barriers of entry, establishing diaspora trade groups and developing technology hubs. Providing actual support for existing policies and the involvement of diaspora in their creation are equally important.

**Beatrice Achaleke: Conceptual and Practical Challenges of Diaspora Return**

Day two addressed the conceptual and practical challenges of diaspora return. It featured a workshop on the topic of “Globuntu” and the active participation of attendees in an exercise designed to explore practical solutions to challenges faced by returnees, whether for business, employment or retirement.

At the conclusion of the workshop, 42 participants were awarded a Certificate of Continuing Professional Development, certified by the CPD Certification Service of the United Kingdom; and 18 participants were recognised for their attendance.

**Dialogue with Policymakers, Practitioners & Partners:**

‘Actions Needed to Reduce Remittance Costs in Africa’

**Thursday, 28 July 2016**

![Image of dialogues](image)

*From Left to Right: Gibril Faal, Becky Karanja, Washington Oloo, Linda Oucho and Amadou Cisse*

**Setting the Context: What are the specific causes of high remittance costs to Africa?**

**Panellists:** Mr. **Amadou Cisse**, Interim Executive Director, African Institute for Remittances; Dr. **Linda Oucho**, Director of Research, African Migration and Development Policy Centre; **Mr. Washington Oloo**, Director of Diaspora and Consular Affairs, MFA, Kenya; **Mr. Gibril Faal**, Interim Executive Director, ADEPT; and **H.E. Stefano-Antonio Dejak**, EU Ambassador to Kenya (not in the photo).

**Moderator:** Becky Karanja, CEO, Diaspora Services Ltd.
Remittances have a significant impact on economic, infrastructure and social development and high transaction costs are a disincentive to remittances. Studies indicate that reducing transactions costs by 1% could increase remittances by as much as 10%. High transaction costs also contribute to the proliferation of unorthodox and controversial channels of remittances.

Remittances account for a significant percentage of the GDP in many African countries and have a positive effect on the buoyancy of local currencies. In some African countries, amounts remitted are higher than FDI or ODA. In addition, many households are dependent on remittances for social security for family members and investment. The importance of reducing transaction costs can therefore not be overstated.

Factors that contribute to high remittance costs include restricted competition and exclusivity clauses, underdeveloped financial systems and inadequate regulatory frameworks, AML/CFT regulatory compliance requirements, a lack of transparency, limited adoption of new technologies and opaque foreign exchange structures.

A number of encouraging models can ensure that remittances contribute to the community rather than to the individual alone. These include rebates on agricultural machinery and introducing ICT products and channels for remittance. The Mexican 3 by 1 model, whereby the government matches remittances and invests the sums in development, can serve as a benchmark.

The EU is strongly committed to reducing remittance costs and ensuring that remittances are an engine for development, and has undertaken several remittance initiatives over the past 10 years to reducing the costs to less than 3 percent.

From Left to Right: Vincent Aberi, Alix Murphy, Gibril Faal, Ahmed Elmi, Erick Njuguna and Elizabeth Rossiello

50% of transfers via WorldRemit into the continent goes to mobile money direct. Therefore people are able to send smaller amounts of money and more frequently.

Alix Murphy, Senior Analyst, WorldRemit

GDP – Gross Domestic Product
FDI – Foreign Direct Investment
ODA – Official Development Assistance
AML – Anti-Money Laundering
CFT – Combating The Financing of Terrorism
EU – European Union
**Actions by the Industry - What new actions should MTOs take to reduce transaction costs to less than 3% by 2020?**

**Panellists:** Ms. Elizabeth Rossiello, founder, BitPesa; Mr. Erick Njuguna, Regional Manager for East Africa, MoneyGram International; Mr. Ahmed Elmi, Marketing Director of Dahabshiil; Ms. Alix Murphy, Senior Analyst, WorldRemit; Mr. Vincent Aberi, Head of Diaspora Banking, Kenya Commercial Bank.

**Moderator:** Gibril Faal, Interim Executive Director, ADEPT

The high cost of remittances arises from logistical and security challenges and regulatory compliance requirements (AML/CTF). It is important to distinguish between costs arising from commissions, which can be reduced, and foreign exchange charges, which cannot.

Technology (mobile banking, online transfers) has reduced the cost of transactions and must be adopted as a matter of urgency. The only way to substantially reduce transaction costs is to move online, which enables transactions to be monitored in real time and suspicious transactions to be noticed immediately. Online transactions cut out non-explicit costs whilst technologies such as mobile apps allow smaller amounts of money to be transferred to more people more frequently.

Governments need to play a larger role in improving communication and infrastructure and creating a conducive environment and banking systems, which in many instances are trying to alienate MTOs, need to be engaged to simplify transfers.

![From Left to Right: Mark Kaigwa, Johnson Emekaike, Jane Mwangi, Fatoumata Camara and Emmanuel Mutisya,](image)

**Actions by the Diaspora - How should the diaspora change their remittance behaviour in order to enhance development impact.**

**Panellists:** Ms. Fatoumata Camara, Senior Adviser, World Savings and Retail Banking Institute; Emmanuel Mutisya, President, Diaspora Consortium of Kenya; Mr. Mark Kaigwa, Founder of Nendo; Mr. Johnson Emekaike, Chairman, Africa Diaspora Forum.

**Moderator:** Dr. Jane Mwangi, Director, Diaspora Link
The panellists shared their experiences in contributing towards development in their countries of origin or heritage. The various methods employed include organising annual investment meetings that bring together governments and stakeholders, establishing collective investment vehicles to jointly invest in countries of origin, creating a knowledge-sharing platform for investment and working closely with governments and embassies.

There was also a call for supporting structures for lowering remittance costs, including the participation of embassy trade missions and chambers of commerce.

Actions by the Governments: What regulatory and operational priorities should governments implement to achieve the 3% target by 2020?

Panellists: Ms. Aminata Coulibaly, Chief of Staff, Ministry of African Integration and Ivorians Living Abroad, Cote D'Ivoire; Ms. Maimouna Gueye, Principal Financial Inclusion Expert, African Development Bank; Mr. Mark Lesiit, Director of Banking Services, Central Bank of Kenya.

Moderator: Dr. Mwangi Wachira, Economic Consultant

Policies that need to be adopted across governments in support of achieving the 3 percent target include the so-called ICT - Innovation, Competition and Transparency.

Non-banks must be given access to the market to boost competition and established and emerging technologies, must be adopted to lower transaction costs and enhance transparency, which in turn ensures market efficiency. Governments should also develop microfinance options and facilitate the opening of bank accounts for returnees.

Governments have set in place several regulatory institutions, including central banks, which have undertaken a raft of measures to liberalise domestic environments, increase competition and encourage innovation.

Remittances are important for families of migrants in developing countries, governments and banks in every country. Immigrants go through considerable strife to working abroad to send money for families and loved ones back home.

Stefan Antonio Dejak, Ambassador, European Union (EU) Ambassador to Kenya
Nairobi Action Plan on Remittances: What should be done in the next 12 months to ensure that remittance costs are below 3% by 2020?

Panellists: Mr. Amadou Cisse, Interim Executive Director, African Institute for Remittances; Mr. Dilip Ratha, Lead Economist, Migration and Remittances, World Bank (via video link); Mr. Armando Morales, Resident Representative, International Monetary Fund; Mr. Mark Lesiit, Director of Banking Services, Central Bank of Kenya.

Moderator: Mr. Gibril Faal

The following proposals were tabled for the reduction of remittance costs:

Governments need to adopt regulations that proscribe exclusivity partnerships between MTOs and post offices in order to boost competition in the transaction market.

There is no evidence that small remittances are linked to money transfer problems. Thus, AML/CFT regulations that punish small remitters under the pretext of preventing financial crime and money laundering must be repealed.

Existing, low-cost money transfer technology must be introduced in order to lower remittance transaction costs.

With the lack of competition, BitPesa is a universal payment and trading platform who is interested in making very tight rates in currencies to and from Sub Saharan Africa. We offer these to the big companies in Bitcoin or Bitchange.

Elizabeth Rossiello, CEO/Founder, BitPesa

Studies have shown that a 1% reduction in the cost of remittances will lead to over 10% increase in remittance trade.

Washington Oloo, Director of Diaspora Affairs, Ministry Of Foreign Affairs, Kenya
DDD5 CONFERECE FACTS
KENYA

4 Continents
15 Countries represented

TOTAL ATTENDEES 143
59 Females
84 Males
14 Banks

DEVELOPED:
NAIROBI ACTION PLAN ON REMITTANCES
STATISTICS ON THE FIFTH DIASPORA DEVELOPMENT DIALOGUE (DDD5)

**DDD5 CONFERENCE FACTS**  
**KENYA**

- 2 Commercial Banks
- 3 International Agencies
- 4 Ambassadors
- 6 Government
- 6 NGO/Civil Society
- 8 Money Transfer Organisations
- 10 Diplomats
- 11 Diaspora Organisations
- 34 Other

**TOTAL NUMBER OF...**

- Trainees acknowledged: 15
- Trainees certified: 43
- Non-trainees: 85
- Attendees: 143