



## Technical Workshop on diaspora remittances and sustainable development 5<sup>th</sup> – 6<sup>th</sup> November 2019, Hotel Sheraton, Abuja, Nigeria

### Recommendations

#### Working group 1: “Remittances for household/family well-being and development”

##### To governments:

- Support and encourage the implementation of support strategies for diaspora which have a trans-African dimension;
- Encourage regulations that are likely to encourage/foster diaspora initiatives;
- Given the social nature of operations carried out through cash-to-goods platforms (which allow vouchers to be sent for direct purchase of products for household use, or for the well-being and development of households/families): explore the possibility that the latter may be exempt from taxation for a certain period;
- Set up financial instruments which enable members of the diaspora to implement initiatives in countries of origin but also in countries of destination;
- Raise awareness among the population in countries of origin about the benefits of mechanisms for the sustainable management of health costs, education costs and energy expenses (e.g. medical insurance, renewable energies, etc.);
- Encourage people in countries of origin to adopt a forward-looking and solidarity-based approach to managing health, education and energy costs;
- Encourage private investors to finance diaspora-led initiatives that contribute to sustainable development (e.g. the European Union External Investment Plan).

##### To the diaspora and those initiating projects:

- Ensure good governance and transparency of the actions which are implemented, as well as the correct identification of the needs of both the diaspora and the beneficiaries of these actions;
- Ensure that initiatives providing health insurance in countries of origin (funded by the diaspora) are integrated within the national health system, and do not create parallel or competing systems;
- Encourage members of the diaspora to form partnerships with recognised development organisations in order to access public funding.





## **Working group 2: “Remittances for public investments, in connection with the State: Diaspora bonds”**

### **To governments:**

#### **Creation of an enabling environment**

- Promote the creation of an enabling environment where different levels of approval required (from different branches of government and from regulatory agencies) can be sought rapidly, so as to not slow down or impede the issuing of bonds;
- Encourage members of the diaspora to establish domestic bank accounts to avoid cumbersome international security regulations and to allow the issuance of diaspora bonds through the domestic market;
- Ensure that due diligence is applied to the distribution partners of such bonds, so that those purchasing bonds have access to important financial information (regarding, for example, the abilities of the financial advisor and that the latter hold the necessary licenses to operate within the target market).

#### **Invest time and effort in bond design and project identification**

- Work through challenges, pilot them and then replicate solutions provided;
- Develop projects where risks are minimised and mitigated at all level

### **To governments and distribution partners of bonds:**

#### **Get to know and build trust with one’s clients**

- Obtain prior knowledge of one’s diaspora through mapping of diaspora profiles or surveys, for example, so as to better understand their needs, expectations and interests as potential clients;
- Target several types of investor with different levels of financial education: diversified solutions are needed for a diverse group of diaspora with varied level of sophistication and investment ability;
- Engage the diaspora in a continuous fashion throughout the process ; seek to engage, in particular, more female diaspora members as potential clients and work with diasporas and their organisations in both countries of origin and destination ;
- Support the creation of a positive investment narrative in order to inspire clients’ confidence and to render the opportunity of investing in diaspora bonds attractive; manage clients’ expectations from start to finish.

#### **Partnerships for successful implementation of the bond**

- Build partnerships as a means for successful delivery (linking, for example, cities, the private sector, housing authorities, capital markets authorities, real estate partners, banks with equity capital, etc.)





### **Working group 3: “Diaspora investments to finance MSMEs (micro, small and medium-sized enterprises) and income-generating activities”**

#### **To governments and members of the diaspora:**

##### **Strengthen dialogue between governments and the diaspora**

- Encourage governments to support initiatives led by members of the African diasporas in the area of business development and income-generating activities;
- Strengthen relations of trust between state representatives and diaspora representatives through various means (physical meetings with the diaspora, use of digital tools, involvement of a trusted intermediary to liaise between state representatives and members of the diaspora, etc.)

##### **Identify potential investors from among the Diaspora**

- Develop diaspora mapping/targeting tools, to determine suitable investment profiles and to better mobilise diaspora savings.

##### **Ensure that diaspora investments meet identified needs and promote sustainable development**

- Capitalise on national development documents (economic and social development plans and their databases) to identify the financing needs of specific sectors ;
- Use embassy networks to share funding needs identified by the diaspora.

#### **To governments and micro finance institutions:**

##### **Strengthen the sustainability and long-term future of micro, small and medium-sized enterprise (MSME) initiatives/projects (financed through diaspora remittances):**

- Put in place the necessary provisions so that MSMEs can obtain long-term financing and can access bank credit;
- Train and support entrepreneurs and those implementing income-generating activities, whilst ensuring that this support is institutionalised and not dependent on time-bound programmes or projects;
- Strengthen the relationship between micro entrepreneurs and microfinance institutions.

#### **To practitioners, experts in crowdfunding:**

##### **Support the development of a regulatory framework conducive to advancing crowdfunding in Africa**

- Provide, at the request of governments, technical assistance for the development of a regulatory framework to promote the development of crowdfunding in Africa;
- Organise forums and events to promote crowdfunding in African ecosystems and in Africa, and to exchange good regulatory practices;
- Consider drafting and disseminating a charter of good practices applicable to crowdfunding platforms.

#### **To financial institutions and operators:**

##### **Take risk management into account**

- Propose instruments to reduce the exposure of diaspora investors to potential risks (risk of loss or devaluation, etc.);
- Develop insurance and portfolio guarantees for investors;
- Promote co-investment schemes between institutional investors and those from within the diaspora.





#### **Working group 4: “Digitalisation of remittance channels”**

##### **To money transfer operators, mobile network operators and banks:**

- Ensure that senders and recipients of remittances have access to digital payment instruments (“downstream digitalisation”). While this enables senders to send at their convenience without the use of cash payment agents, recipients can transfer funds (if they are not the final users), make purchases and payments after receiving funds into their bank accounts and mobile wallets without travelling. This not only saves both the sender and recipient the cost of transportation to send or pick up the money, but also the additional cost of the recipient travelling to pay for utility and hospital bills, school fees, etc. in person. These extra savings can be put to other beneficial uses;
- Encourage recipients of remittances to save part of their money by paying interests on positive balances in their Mobile Wallets, as is the case of bank savings accounts.

##### **To governments:**

- Initiate and support the establishment of instant, seamless and interoperable Digital Payment Systems to enable purchases and bill payments (rent, utilities, school fees, insurance, hospital, etc.) to be made in a convenient manner. This will ensure that remittances are used for the purposes intended by the senders, which helps to build trust between remittance senders and recipients. Linking mobile wallets or bank accounts to specific billers and merchants also means that these bills and purchases can be paid for without the need for travelling or cash withdrawal, ultimately increasing the convenience and therefore the use of transaction accounts.
- Improve the regulatory environment between postal regulators and central banks to allow postal networks to play the important role of distribution in international remittances (especially in countries where these services are not yet well structured);
- Create more training and awareness-raising opportunities in financial education as well as capacity building on the use of international remittances in rural areas;
- Raise awareness in both countries of origin and destination about the risks linked to cash transactions and the benefits of digitalisation.

#### **Working group 5: “Mobilisation of savings and financial inclusion”**

##### **To financial institutions and operators:**

##### **Create a favourable environment and offer attractive solutions, which are adapted to the different profiles of members of the diaspora**

- Collect data on the financial profiles and the needs of the diaspora, as well as on existing financial institutions, in order to promote relevant solutions and highlight opportunities for the creation of new services aimed at mobilising diaspora savings;
- Facilitate the adoption of a regulatory framework to enable the integration of the latest technical and financial innovations, which takes the specificities of innovative operators into account;
- Facilitate bi-banking by collecting data on opportunities for African financial operators, particularly in Europe, and by offering them technical assistance to establish themselves;
- Build and/or strengthen partnerships between public and private sector actors and encourage inter-operability and inter-connectivity in order to facilitate remittances and the deployment of complementary financial services.





**To governments:**

**Encourage financial inclusion by communicating with the diaspora**

- Support financial education efforts, a prerequisite for improving virtuous financial practices (securing savings, knowledge of investment risks, etc.);
- Facilitate the identification of economically and socially sustainable projects in order to invest savings in a less risky way;
- Inform members of the diaspora about the potential contribution of their savings to sustainable development, in a context of controlled financial risks;
- Provide technical and financial support to diaspora operators, including informal support (removal of regulatory constraints, etc.)

**Encourage financial inclusion by leveraging the services of financial institutions investing in the real economy**

- Strengthen the role of deposit funds (*caisses des dépôts*) in collecting international savings for the benefit of the local real economy;
- Ensure that governments and their incumbent postal operators adopt a holistic, structured and shared approach to harness the potential of the postal market.

