

# AFRICAN DEVELOPMENT BANK



## Migration and Development Fund (MDF)

*December 2016*

# Background

- A study titled 'money transfers, a development issue' conducted in 2008 had 2 objectives:
- i) map and measure actual flows, via surveys conducted at two corridor end points;
- ii) identify strategies and principles underpinning the behaviour of actors involved in the transfer process.

# Selected countries:

- **Comoros Islands:** where informal transfers exceed 70%,
- **Morocco:** where the bulk of transfers make use of banking system.

- **Senegal and Mali**

These last two countries occupy intermediary positions. The size of the informal sector and the role of money transfer agencies, although the informal and commercial sectors are different .

# Study project Steering Committee

- ◇ DGT & AFDB (co-chairs)
- ◇ Banque de France
- ◇ MAE
- ◇ MINT
- ◇ Agence Française du Développement (AFD)
- ◇ BEI

# Study Responses, Conclusions and Recommendations

- Responses: Some 300 participants representing financial establishments, diasporas, governments of the countries concerned, and development partners were present.
- Conclusions: shed a light on the final outcomes of transfers, the channels, and strategies used by different actors
- Recommendations: to French government and AfDB:
  - ✓ Take the lead for activities targeting different actors involved in this area, in order to better integrate the strategies of receivers and senders, while taking into account the objectives of intermediaries (MTOs, banking institutions, traders....)
  - ✓ Work towards a reduction in money transfer costs, complementing French efforts and developing regulatory mechanisms to strengthen the financial systems concerned, and reduce levels of informal transfers.

# Implementation of recommendation from seminar on return

## Thematic workshops 2009

**Casablanca:**  
covering Maghreb  
countries (Algeria,  
Morocco,, Tunisia

**Bamako:**  
dealing with regulatory  
regimes governing  
money transfers

## Outreach workshops

**Moroni:** January 2013

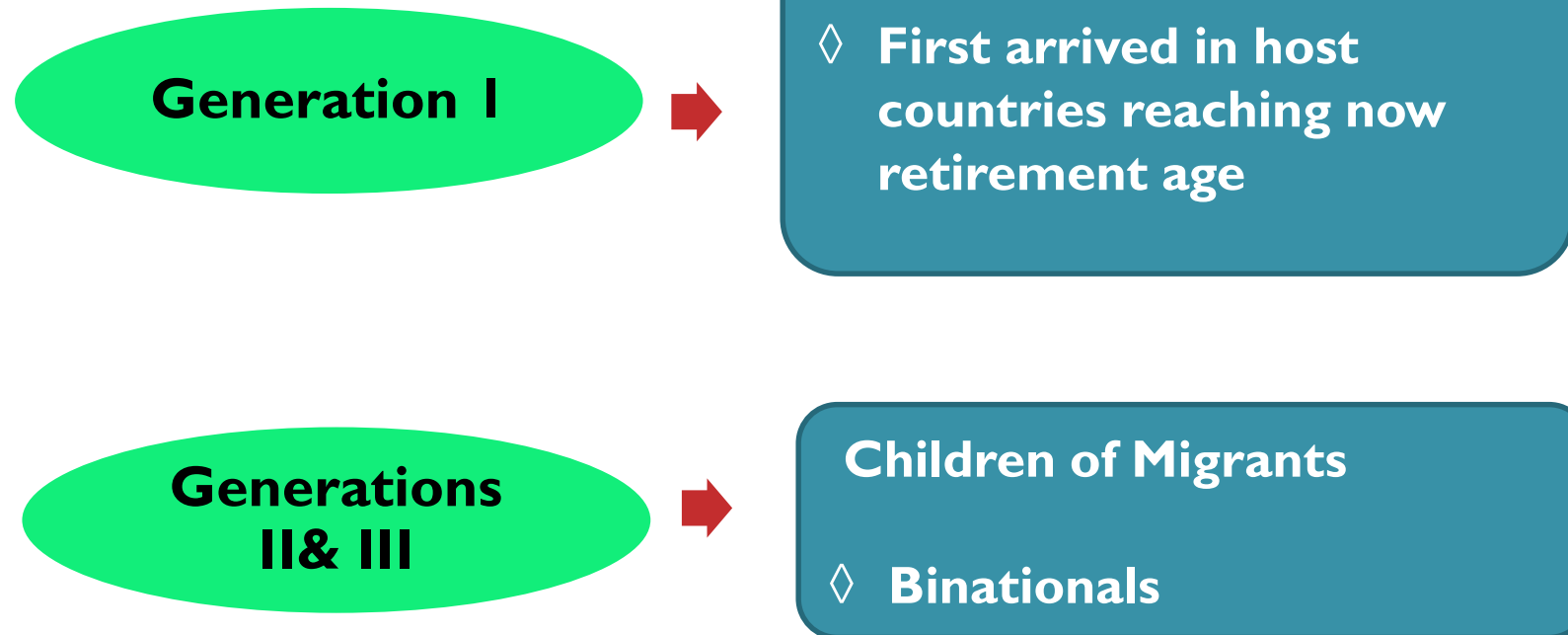
**Douala:** February  
2013

**Dakar:** October 2013

**Tunis:** March 2014

# Recommendations from the workshops

## Generations of migrants



# Generation I

## ● Constraints

- Difficulties in terms of ownership of their productive investment projects ;
- Lack of mentorship in the initial and piloting phases during relocation;
- Lack of sensitization by local authorities in the countries of origin;
- Difficulties to access bank loans due to the limited size of the projects initiated by the migrants of génération I.

## ● Recommendations

- ❖ Use the opportunities provided by economic advisors based in the Embassies to get information on doing business in their countries of origin.
- ❖ Initiate a partnership based on 4 stakeholders: the hosting bank in Europe, the intermediary bank in the country of origin, the microfinance institution supposed to assist in implementing the project and the government authority. This type of operation should be conducted along the lines of the solidarity bibanking.



# Generations II et III

## • Constraints

- Insufficient access to loan conditions in countries of origin;
- Heavy bureaucracy, complexity on application procedures to fulfil; lack of guarantees in the country of origin;
- Alternatives are offered by tontines credit unions created by the migrants associations but there are constraints related to limited resources, loan term, conflicts between individual projects and community based needs;
- Difficulties for African educated people to promote and commercialize their financial products for which there is a market.

## • Recommendations


- - Use opportunities offered by bibanking;
- ✓ Important business niches exist where host countries and countries of origin can benefit;
- ✓ - Put in place a strategy based on a dialogue with youth from the second and third generations of the diaspora involving banks operating in the North (Europe) and the South (Africa), Governments and Development Partners organisations.
- ✓ - AfDB and AFD should take the initiative to meet and discuss with decision-makers in countries of origin in order to put in place « one stop shops » to address issues related to the diaspora.

## 2. Objectives of the migration and development initiative


### **Main Objective of the MDF :**

Promote and support local initiatives, and the ones coming from the diaspora, in order to reduce cost of transfer of funds and have a better use of remittances.

# 3. Areas of intervention and activities to fund




• (i) improving knowledge on migrant remittances in Africa; (maximum 10 % of the MDF total resources) ;



• providing support to reforms of the regulatory frameworks required to improve transfer conditions; (maximum 15 % of the MDF total resources);



• (iii) developing financial products (at least 25% of the MDF total resources) ;



• (iv) providing support for productive investment in the migrants' countries of origin; (at least 15% of the MDF total resources) ;  
• (v) providing support for local for local development in the migrants countries of origin (at least 5% of the MDF total resources).

# 4. Resources of the MDF (EUR)

as at June 30 2016

<b>Total budget approved</b>	<b>7 363 105</b>
<b>Total amount committed</b>	<b>2 696 648</b>
<b>Balance available</b>	<b>4 666 457</b>

## 5. Main donors of the MDF(EUR) as at June 30, 2016

FRANCE	7 000 000
IFAD	162 655
USAID	154 907

# 6. Proposals

**Call for Proposals (CFP) will be used in parallel with :**

Direct Approach (DA) that will operate as follows:



1. Proposals are directly sent to the MDF management team,

2. Proposals are identified in collaboration with Bank countries and regional offices;

3. Proposals submitted to MDF can be complementary with other Bank projects;

# 7. Project Appraisal Process

- Applicants fill the MDF application form .
- The MDF management team assist them in the preparation of the proposals, in collaboration with the Banks technical and support departments (ORPF, FFCO, GECL).



**Regions covered:** All AFDB regional members countries (RMC)

**Eligible applicants:** individuals migrants or diaspora associations, financial institutions (such as banks and Microfinance Institutions), non-profit organizations, financial institutions, money transfer operators, governments, etc...

**Application considerations:** Individuals and institutions applying for a grant must exhibit the following three attributes that ensure experience and management capacity, and must:

- a) provide evidence of relevant experience in the project to be funded (ex. remittance transfers and other transnational economic activities), particularly but not exclusively as they relate to activities under the Agreement
- b) demonstrate experience in fund management as well as technical expertise in development activities;
- c) include a management team, senior and technical, who possess experience in international worker in the project and/or in the field of migration





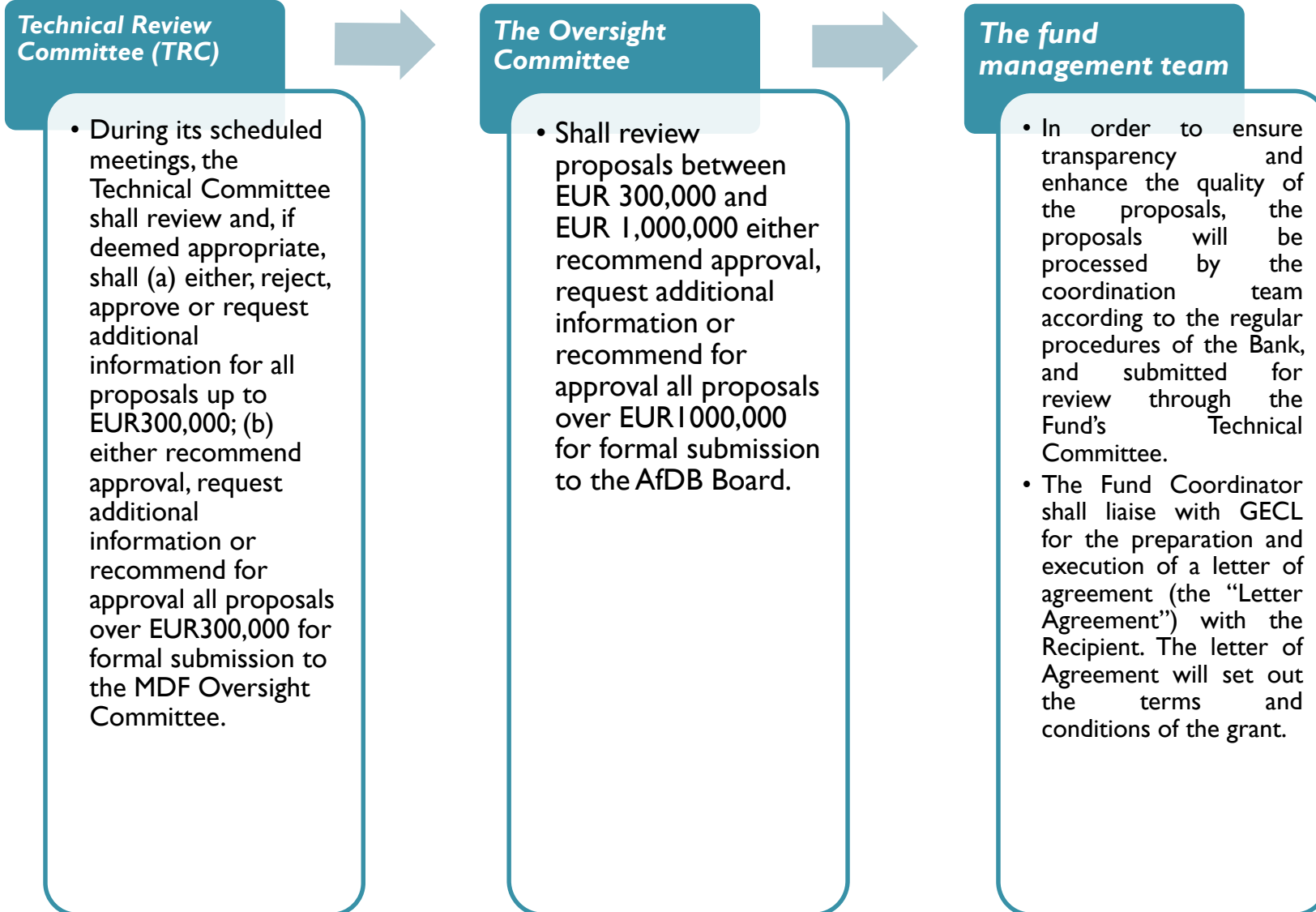
**Project duration:** A maximum of 24 months

**Cost-Sharing:** Grantees of the MDF are required to provide a counterpart contribution equivalent to:

- a. 30% of the grant amount requested in the case of a non-profit applicant and a migrant organization, at the sole discretion of the MDF
- b. 50% of the grant amount requested in the case of a for-profit entity

In all project proposals, at least 75% of the required counterpart contribution must be in cash. The rest may be in-kind. An institution's in-kind contribution may include internal fiscal resources, internal expertise, the applicant's current staff dedicated to the project, use of facilities and equipment, project sponsorship, among others approved by the MDF.

# Evaluation Process



# THANK YOU !



- *[Presented by Babacar SAMBE](#)*

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