



Harnessing

the Potentials of Migration for Development by Linking MFIs and Immigrant Associations



 Oxfam Novib


INAFI
INTERNATIONAL NETWORK OF ALTERNATIVE FINANCIAL INSTITUTIONS

Target Groups

!!! 10 INAFI member MFIs based in Sub-Saharan Africa countries: Benin Burkina Faso, Ethiopia, Ghana, Kenya, Mali, Nigeria, Senegal, Tanzania, and Uganda with a total of 4,989 staff members, 60% are women. 62 MFI staff and other participants will attend technical training workshops – of which all their clients will benefit.

!!! 10 immigrant associations with members originally coming from the ten selected SSA countries who are now working or residing in ten European countries; 40 migrant leaders attending the financial literacy training of trainers; 3,000 immigrants (one-third are women) targeted for the surveys to determine their needs and wants and financial literacy outreach program; 120 migrant leaders (50 are women) attending the project management training; 50 participants for the Accra conference.

Final Beneficiaries

Up to 2.3 million clients of the 10 MFIs (1,342,194 are women); up to 300,000 immigrants from the selected countries living in various countries in Europe. The final beneficiaries of this project mostly belong to low-income group and have no access to financial services. Today, 40% of all Africans still have to survive on less than a dollar a day. Immigrant associations are now leading initiatives which foster investments into their home countries while MFIs are getting interested to link with African migrants as potential clients and partners in development.

Implementing Agencies

INAFI International (*International Network of Alternative Financial Institutions*)

Established in 1995 in Cusco, Peru, INAFI International is a global network of 313 (as of 2007) microfinance institutions based in Africa, Asia and Latin America serving about 26.7 million clients. INAFI Africa has 50 member organizations spread in 24 countries throughout Africa and is serving a client base of 4.2 million people, typically peasant farmers, artisans, and micro/small-scale entrepreneurs.

Oxfam Novib

A Dutch international development funding agency established in 1954. It is an affiliate of Oxfam International, a group of thirteen independent, like-minded development organizations that are striving to achieve a more just world. The Oxfams work together with a total of 3,000 counterparts in 100 countries.

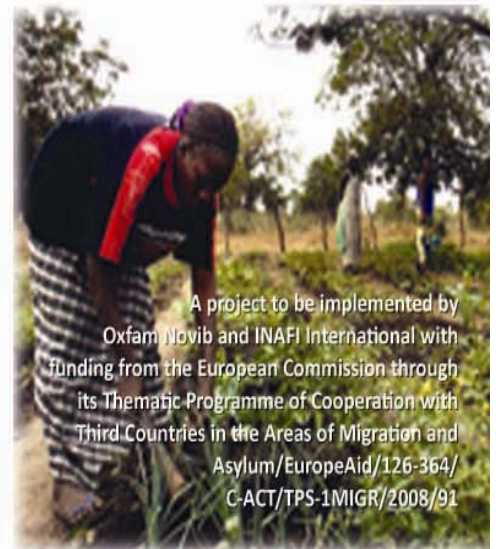
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Relevance

African society has a history of significant international human mobility resulting from intra-regional trade, colonial ties and the legacy that comes with it (including trade), as well as by contemporary trends associated to political turmoil, the HIV/Aids pandemic, poverty and globalization. Within that context African migrants send billions of dollars home which become the lifeline for millions of poor people. The World Bank estimates that 200 million migrants worldwide sent home a total amount of 300 billion dollars in 2007 through formal channels, three times more than official development aid. About 80% of remittances are used for everyday needs and about 5-10% is for investment in human capital such as education and health. Some immigrants support community projects and are engaged in job-creating activities but performance of these investments records a high rate of failure due to lack of support and proper management. The level of informal flows is significantly large and represents at least 50% of all estimated transfers and is correlated to poverty in Africa.

Many migrants returning home eventually get caught up in the same poverty trap as before, that gives them no other option but to migrate again. The official estimates of African migration worldwide are under 35 million people, which amount to less than 5% of all Africans (Global Migrant Origin Database 2007).



The impact of remittances is more tangible in poor rural areas where families have no other source of income other than the monthly remittances they receive. Migrants still prefer the informal channel because it is cheaper and because their families mostly live in rural areas where financial services are scarce.

In addition, the cost of money transfers in many African countries is still high resulting in the widespread use of informal channels. To cite some examples: the cost of sending US\$ 200 to Ghana is US\$ 22; \$200 from London to Lagos cost \$29, and from Benin to Lagos cost over \$34 (World Bank). There are advantages of informal channels such as reduced costs of transactions but there are mostly disadvantages such as risks of losing money or fraud and reliance on informal contracts that do not help senders and receivers to develop a financial track record which they can use to avail of financial services. One option to encourage the use of formal channels is to stimulate market competition in remittance transfer business.

Overall Objective

To contribute to improved capacities of immigrant associations with members originating from Sub-Saharan Africa (SSA) countries namely Benin, Burkina Faso, Ethiopia, Ghana, Kenya, Mali, Senegal, Tanzania, and Uganda which are based in 10 EU countries (The Netherlands, UK, France, Germany, Italy, Belgium, Luxembourg, Spain, Switzerland, and Sweden) to actively support the development of their countries of origin and to enable 10 microfinance institutions based in targeted SSA countries to facilitate the transfer of migrant remittances in a safer and cheaper manner.

Specific Objective

To establish a transnational technical assistance that trains and enables 10 microfinance institutions which are members of INAFI located in 10 Sub-Saharan Africa countries to provide worldwide remittance transfers and builds partnerships including a co-development program with immigrant associations working or residing in 10 European countries.

Expected Results

- !!! Provided technical assistance to 10 MFI's based in 10 Sub-Saharan African countries enabling them to perform money transfers worldwide. Skills of 40 staff members plus 12 representatives of other organizations are improved enabling them to manage successful money transfer activities.
- !!! Developed and marketed remittance-based financial products and services, and other investment opportunities targeting potential individual migrants.
- !!! Introduced financial services outreach program to immigrants and remittance recipients. Migrants aware of options to maximize the benefits of remittances.
- !!! Ten immigrant associations mainly based in the EU, trained on how to carry out co-development projects effectively in partnership with MFIs and other potential partners.

