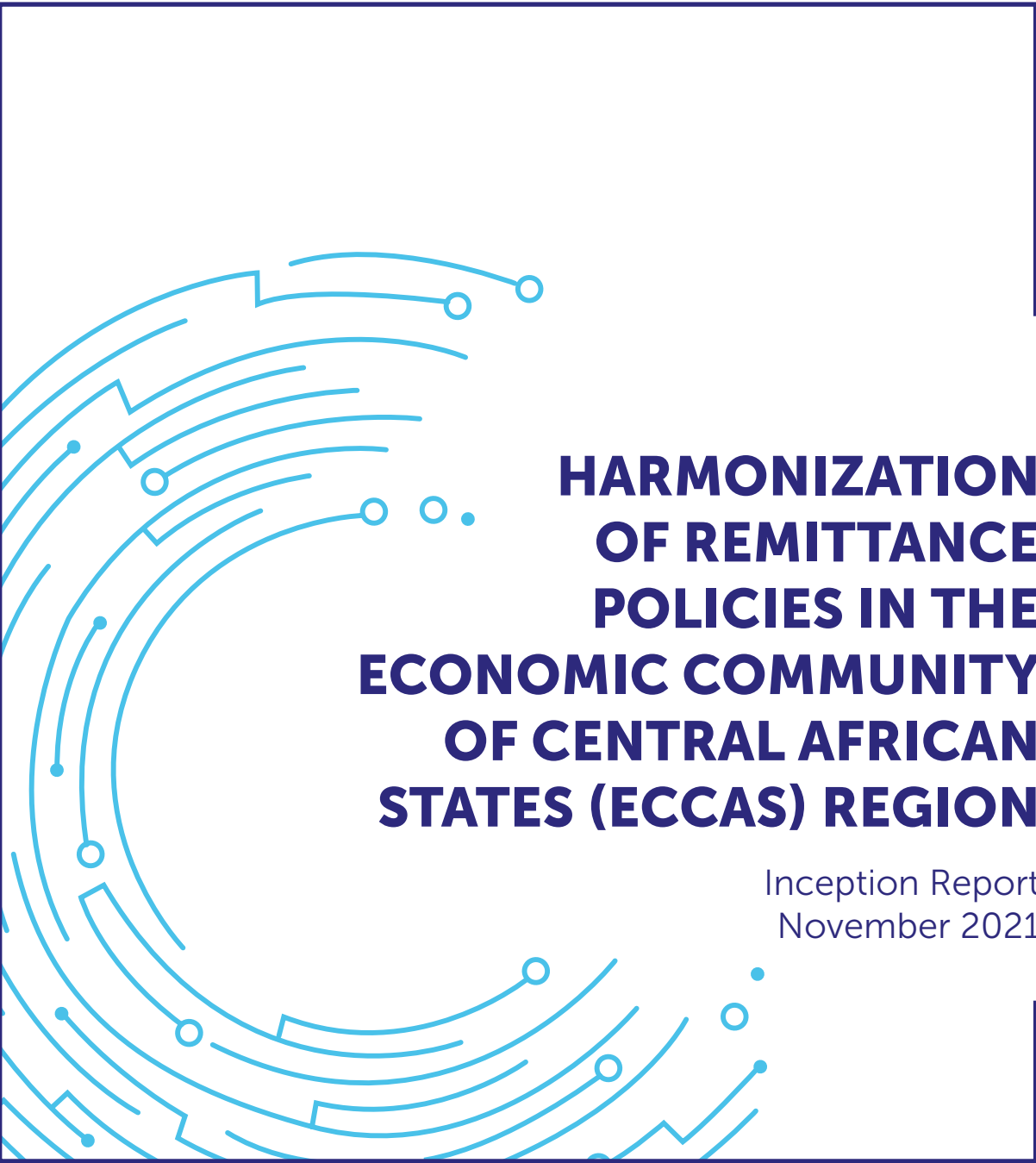




Unlocking Public and Private
Finance for the Poor



HARMONIZATION OF REMITTANCE POLICIES IN THE ECONOMIC COMMUNITY OF CENTRAL AFRICAN STATES (ECCAS) REGION

Inception Report
November 2021

ABOUT

The United Nations Capital Development Fund (UNCDF) makes public and private finance work for the poor in the world's 46 least developed countries (LDCs).

UNCDF offers 'last mile' finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

UNCDF pursues innovative financing solutions through: (i) financial inclusion, which expands the opportunities for individuals, households, and small and medium-sized enterprises to participate in the local economy, while also providing differentiated products for women and men so they can climb out of poverty and manage their financial lives; (ii) local development finance, which shows how fiscal decentralization, innovative municipal finance, and structured project finance can drive public and private funding that underpins local economic expansion, women's economic empowerment, climate adaptation and sustainable development; and (iii) an LDC investment platform that deploys a tailored set of financial instruments to a growing pipeline of impactful projects in the 'missing middle'.

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FOREWORD: UNITED NATIONS CAPITAL DEVELOPMENT FUND

One of the most hopeful signs of the past six years has been the way the world has rallied behind the Sustainable Development Goals (SDGs) since they were endorsed in September 2015. Although they are sometimes referred to as the United Nations' SDGs, they truly belong to everyone. Private sector companies around the globe have posters featuring the colourful 17-tile SDG design on their walls and have incorporated the SDG targets into their own environmental, social and governance frameworks. Individuals and families have also been inspired by the bold vision set forth in the SDGs for healthier, better-educated citizens living in more just societies on a healthier planet. Ambitiously, even audaciously, the SDGs articulate a comprehensive and concrete set of goals for global development, and the world has embraced them.

Remittances—the funds that breadwinners living abroad send home to loved ones—directly or indirectly contribute to most of the SDGs. This comes as no surprise. After all, the goals described in the SDGs—including zero poverty and hunger, education, clean water, sound housing, thriving small businesses, clean and affordable energy—are the same goals people want for themselves and their families. In the least developed countries where UNCDF focuses its efforts, many families rely on remittances to meet basic needs. Others save up that money towards longer-term goals. Some families, of course, do both. But whether for short- or longer-term uses, remittances are one of the most powerful tools available for sustainable development. Moreover, UNCDF is convinced that their power has barely been tapped.

We acknowledge the great importance of remittances in this vibrant region of sub-Saharan Africa. In 2020, an estimated US\$42 billion in remittances was received in sub-Saharan Africa, of which \$2.6 billion was received by households in the Economic Community of Central African States (ECCAS) region. These remittance inflows account for an average of 3 percent of the gross domestic product (GDP) of sub-Saharan Africa as a whole, and 1.4 percent of the GDP of the ECCAS region.

Despite the relatively large inflows of remittances to sub-Saharan Africa, the cost of sending money to the ECCAS region, at 9.45 percent, is significantly higher than the SDG target of below 3 percent. The main reason they remain such a missed opportunity is because remittances still move largely as cash. Unregulated channels and unpredictable exchange rates are major impediments. They present risks to both consumers and the financial system, with potential links to money laundering, the financing of terrorism, human trafficking and other abuses. Even when no criminal activity is involved, informal channels also deprive governments of a clear understanding of inbound and outbound currency flows, distorting the true picture of their balance of payments.

As UNCDF sees it, digitization is the key to both lowering costs and unlocking the full, transformative potential of remittances. Like everyone else, women and men migrants and their families need a full suite of affordable, safe and effective financial services, such as savings, credit, investments, pensions, insurance, etc. In the small or micro-amounts that low-income migrant families need, such products are simply impossible to deliver in a cash-based system. But, as digital products, they suddenly become live options. This is especially true if such products are linked to digital remittances, since remittances are the universal fact of women and men migrants' financial lives. Even a migrant who lacks every other form of financial service will find a way to send money back to their family, making remittances the ideal gateway product to promote financial inclusion and unlock other value-added services.

Like most important undertakings, however, digitizing and optimizing remittances is easier said than done. The challenges—not least the force of long-held habits—are many, but one of the biggest involves the disjointed laws and regulations between one country and another. By their nature, remittances are not an issue where any one country's efforts can change the game. National policies and practices are important, but because remittances are cross-border, countries must work together. This is why I offer the heartiest thanks and congratulations to ECCAS for its leadership in this area. This inception report details the steps that will be pursued to implement a project that aims at promoting regional harmonization among ECCAS member states. It is UNCDF's sincere hope that the work ECCAS's member states undertake together will not only empower migrant families in the region, but will also provide a compelling demonstrator effect to the rest of the world.

Remittances everywhere are subject to inconsistent or even contradictory policies and regulations between countries. There are different degrees of infrastructure development around payments and settlements, different licensing requirements for who can be in the money-transfer business, different requirements for acceptable forms of identification for senders and receivers, and many other disconnects. What should seamlessly work for hard-working women and men migrants and their families is instead a sort of patchwork—and one with too many holes. As part of this, regional cooperation is of paramount importance in creating a coherent framework for remittances to flourish, just as remittances are critical for advancing towards the SDGs.

As I write these words, the world is beginning to see the glimmers of real hope for an end to the COVID-19 pandemic that has exacted such an enormous toll in human lives lost and economic devastation. Remittances, a financial lifeline for so many families, were not spared. But even as the overall flow of remittances decreased, the share of digital transactions increased. No one would wish for a change to old habits to be forced by such circumstances, but the fact remains that remittance service providers (RSPs), women and men migrants on the sending side and families on the receiving side, have all shown that where there is a will, there is a way. For all of us who seek to reimagine remittances as so much more than a way to move money from point A to point B, the task now is to keep that will alive. Our goal is to do everything in our power to make digital remittances the preferred choice, in all circumstances.

In all these efforts, we also acknowledge that remittances are gendered, meaning that existing inequalities and gender biases affect the ways and frequencies of remittances that women and men migrants send home, as well as how the money is used and by whom. UNCDF is convinced that remittances will never achieve their full potential unless gender dimensions are considered and the financial inclusion of women is given priority.

It is my firm belief that, years from now, we will look back on the pandemic's aftermath as a watershed moment when remittances changed forever—and with them, the financial resilience and dreams of more than 4 percent of the world's population who live and work outside of their country of origin. On behalf of all of us at UNCDF, I thank ECCAS and the Swedish International Development Cooperation Agency whose support has made this initiative possible, for partnering with UNCDF and embracing their roles in this history.

Preeti Sinha

Executive Secretary

United Nations Capital Development Fund

FOREWORD: ECONOMIC COMMUNITY OF CENTRAL AFRICAN STATES

Remittances are an indispensable and durable source of development finance. They rose to more than US\$701 billion worldwide at the end of 2020, and to \$2.6 billion or 1.4 percent of total regional GDP for ECCAS member nations. This is all the more remarkable considering the many unwarranted obstacles that women and men migrants face when sending money home, including costly fees and commissions, inconvenient formal banking hours, and inefficient domestic banking services that delay final payment to beneficiaries. With this new project with UNCDF, ECCAS acknowledges the vital importance of remittance flows and demonstrates its commitment to addressing these constraints.

This report marks another important step in the cooperation between UNCDF and ECCAS in advancing 'last mile' finance models that unlock public and private resources towards the broader dream of a world free of poverty. It is my personal conviction that this regional harmonization project is the beginning of even more efforts in the foreseeable future to increase remittances flowing into the ECCAS region.

For many countries, remittances are larger and more stable than foreign direct investment, and in some cases, larger even than official development aid. The ECCAS region is not an exception to this. Given the low rate of domestic saving and high government expenditure in many developing countries, external sources of finance, and particularly remittances, play a critical role in local economic development and poverty reduction strategies. Not only do remittances increase the consumption levels of recipient families—so that education and health care are not out of reach—they also, if conscientiously saved and aggregated, contribute to infrastructure development and long-term investment for increased income.

As I welcome the adoption of this report, I remind us all that remittances complement sustained efforts by developing country governments towards economic development. Technical support is the key to progress on remittances and we need a better understanding of the foundational issues shaping remittances. These issues include women and men migrants and their situations, the needs of recipient families, the new financial products women and men migrants want, the changes needed in policies, regulatory and monitoring mechanisms, infrastructure required, capacity-building needed, and the financial sector climate within each ECCAS member state. No individual country can come up with intervention measures that cover all of the above. I am therefore pleased that UNCDF is cooperating with ECCAS member states on this critical agenda.

The greater challenge, however, rests with ECCAS member states themselves. It would be difficult to imagine progress on the remittances agenda without progress in financial sector reforms and related issues. Governments of ECCAS member states must therefore take full ownership of this project, as they do for their own national development. To address the

key challenges the ECCAS region faces in harnessing the benefits of remittance flows, this inception report identifies and discusses the current remittance landscape, and how UNCDF is positioned to undertake the project in collaboration with the ECCAS Commission, technical teams, regulatory institutions, central banks, relevant ministries, banker associations and other stakeholders in the area of cross-border remittances, payment and settlement systems.

I appreciate all the effort and time UNCDF has so far devoted to this cooperation, as we look forward to working for the benefit of the people in the ECCAS region.

Ambassador Gilberto Da Piedade Veríssimo

President

Economic Community of Central African States Commission

EXECUTIVE SUMMARY

This inception report on the harmonization of remittance policies project in the Economic Community of Central African States (ECCAS) region highlights the background, including preliminary reviews of migration and remittance landscapes, and specifies the project methodology, scope, work plan and activities envisaged to accomplish the project. This report has been prepared by the United Nations Capital Development Fund (UNCDF) in collaboration with the ECCAS Commission, and is one of the key project deliverables shared with partners and relevant stakeholders, paving the way for the assessment stage.

Globally, an estimated 272 million people, or approximately 4 percent of the world's population, live outside their countries of origin. Around 48 percent of international migrants are women. Women and men migrants send around US\$701 billion in remittances each year, mostly to developing countries. Defying predictions, remittance flows have proved to be resilient during the COVID-19 crisis. In 2020, officially recorded remittance flows to low- and middle-income countries reached \$540 billion, only 1.6 percent below the \$548 billion reported in 2019. In 2019, sub-Saharan Africa received an estimated \$48 billion in remittances, of which more than 6 percent was received by households in the ECCAS region. In 2020, remittance flows to the sub-Sahara region were estimated to have declined by 12.5 percent to \$42 billion due to the effects of COVID-19 on economies while that of the ECCAS region declined by 7 percent.

As remittances exceeded foreign direct investment flows by a wider margin in 2020, their relative importance as a source of external financing has remained steady and is expected to increase. The gap between remittance flows and foreign direct investment in 2020 was 11 percent, and this is expected to widen further in 2021 as foreign direct investment is expected to decline more sharply than remittances due to the effects of COVID-19. For low- and middle-income countries, remittances not only complement official development assistance, but also serve as a resilient source to meet the needs of household consumption, emergencies and investments, and are sometimes the main source of income.

In spite of their importance, remittances tend to flow in distinctly suboptimal ways. Women and men migrants earn in the currency of their host country, and when it is time to send money home, they will pay cash to an over-the-counter remittance provider. This provider may charge high transaction costs to send the money to the recipient, who in turn will often pay a high fee to convert that remittance into the currency of the home country. Remittances may also move through unregulated informal channels as physical cash, exposing both sender and recipient to the inherent risks of carrying cash, and preventing governments from having a clear picture of their country's foreign currency flows. In short, cross-border remittances have been facing challenges of high cost, low speed, limited access and transparency—all caused by frictions in processes and channels for making these payments. Without access to safe, affordable and convenient remittance services, it is not surprising that many migrants, particularly women, choose to bypass formal channels and instead use any number of unregulated networks that are ubiquitous in many countries. Often, this reliance on informal channels jeopardizes the well-being of migrants and

their families, and limits their resilience when faced with shocks including natural disasters, income disruptions, death or illness, violence and harassment.

Due to existing regulatory arbitrage between countries, different levels of infrastructure development and differences in remittance-related procedures, seamless cross-border remittance operations are a challenge across a number of countries and regional economic communities—and ECCAS is no exception. For example, the licensing and authorization requirements for RSPs tend to differ, hindering much-needed cross-border remittances. Regional cooperation is therefore of paramount importance in addressing cross-border remittance barriers and in advancing the digitization of remittances. A number of ECCAS member states are implementing policies to facilitate the flow of remittances through formal channels, but often these measures are taken independently with limited collaborative effort among ECCAS member states. Considering the growth of intraregional migration, more could be done through a harmonized approach towards affordable and accessible remittances through digital channels.

The strategic objective for ECCAS, central banks and other public authorities in member states, is to harmonize policies and laws that will facilitate the transition of remittances from cash-based to digital channels, and from informal to formal ones for men and women migrants and their beneficiaries. At the request of ECCAS, UNCDF is working with the ECCAS Commission and other public and private stakeholders from member states to conduct this regional diagnostic assessment of existing remittance arrangements, including the identification of gender-specific barriers and enablers. This aims to improve regional cross-border remittance arrangements within ECCAS, and put forward a road map of practical steps needed to harmonize remittance policies and practices, including promoting the financial inclusion of women. This gender-responsive and migrant-centric assessment of policies, laws and regulations, cross-border remittances infrastructure, and capacity-building needs, will support effective mechanisms to facilitate remittances between residents of participating countries.

Harmonization of the remittance-related laws and regulations involves the development of convergence criteria for priority elements of the regulatory frameworks. These criteria include those related to licensing and authorization regimes; prudential supervision, including of risk management; financial integrity, including anti-money laundering and combating the financing of terrorism (AML/CFT); cybersecurity and other operational risks; consumer protection, safeguarding customer funds and transparency (including the traceability of transactions and disclosure of costs and fees); foreign exchange regulations; data collection, protection and transfer; transaction limits; entities authorized to operate in cross-border payments and their licensing requirements; capital controls and sanctions regimes. Gender dimensions will be taken into consideration in all of these.

The assessment of cross-border remittances infrastructure involves supporting cost-effective solutions while leveraging the existing payment infrastructure. Evaluation of regulations, standards and procedures on payment infrastructure also needs to be conducted, to ensure the compatibility of existing payment systems and the viability of introducing new ones. This begins with a review of policies, laws, regulations and standards relating to remittance infrastructure that supports instant cross-border payments, including mobile money and remittance-related digital financial services. The assessment will also explore and identify where discriminatory practices against women migrants are embedded and reproduced in relevant policies and regulations and how they can be redressed.

Key stakeholders would also benefit from capacity-strengthening, including the ECCAS Commission, technical teams, external regulatory institutions, central banks, relevant ministries, banker associations, capital market authorities in areas of cross-border remittances, and payment and settlement systems. This will involve knowledge-sharing, peer exchange, skill development and leadership development for individuals and teams across the relevant stakeholder groups. Specific attention will be placed on promoting gender diverse leadership and improving the representation of women in remittances policymaking.

The findings from the assessment will be used primarily by the ECCAS Commission, central banks and other authorities of member states to shape their responses to overcoming barriers to regulated and affordable remittances. Cooperation among member states is thus vital to foster industry-wide acceptance and sustainability.

1. MIGRATION AND REMITTANCES

1.1 Introduction

Migrant remittances, usually understood as the money or goods that women and men migrants send back to families and friends in their countries of origin, are often the most direct and well-known link between migration and development.¹ For many low- and middle-income countries, remittances represent a significant share of gross domestic product (GDP), not to mention their importance for quality of life at household level. Remittances are thus an essential source of capital for many low-income households, used for a variety of purposes but often to meet their most basic needs.

Remittances contribute to achieving the Sustainable Development Goals (SDGs) in a variety of ways and at different levels.

- **Individual and household level**, by recognizing the socio-economic and gendered impact of remittances on families, intra-household dynamics and communities.
- **Community level**, from benefits at the subnational or municipal level, including reduced rural poverty, lower income inequality, increased activity for micro-, small and medium-sized enterprises, and strengthened resilience to climate change and disaster risks.
- **Government level**, from benefits for public sector institutions, including greater transparency, better communication with citizens, and increased private sector development and entrepreneurship because of improved access to capital and domestic credit.
- **Macro level**, as remittances can provide much-needed foreign currency exchange, stabilize the balance of payments, reduce dependency on government aid, and reallocate capital resources into more productive investments and other financial services—moving money from international to domestic, consumption to investment and urban to rural.

The Migration Policy Framework for Africa (MPFA)² and the African Common Position on Migration and Development³ set the tone regarding Africa's relationships with migration and its role in development. In the context of migration trends, the MPFA responds to current migration realities and appropriately guides African Union member states and regional economic communities (RECs) in the management of migration. The African Union recognizes that, given the impact of migration on the socio-economic landscape in both remittance sending and receiving countries, it is incumbent upon states and regional economic communities to minimize the adverse effect of migration while maximizing its benefits, through the mainstreaming of migration issues in development frameworks.⁴

Cross-border remittances face other challenges in addition to high costs, such as low speed, limited access and transparency caused by frictions in existing processes for making pay-

ments (Figure 1).⁵ The COVID-19 pandemic has added to the challenges by causing a decrease in remittances because of the lockdowns in many countries. Pandemic-related restrictions have reduced the incomes of remittance senders or their ability to send money back home through cash channels, at a time when remittance recipients are likely to be even more in need of the financial support.

Figure 1. Challenges and frictions in cross-border payments



Note: AML/CFT, anti-money laundering / countering the financing of terrorism
Source: Committee on Payments and Market Infrastructures, 2020⁶

Regarding high transfer costs, the global average cost of sending \$200 to low- and middle-income countries remained high in the fourth quarter of 2020 at 6.5 percent, well above the SDG target of less than 3 percent. The average cost of sending \$200 to sub-Saharan African countries was even higher, at 8.2 percent, thus making it is more important than ever to address frictions to keep remittances flowing.

Other challenges are that efforts and discussions around remittances still proceed in a siloed and gender-blind manner, ignoring the fact that the behaviours, needs and preferences of men and women migrants and their recipients are influenced by existing gender roles and inequalities in society.⁷ These strongly affect the channels, amounts and frequencies of remittances that women and men migrants send home, as well as how the money is used and by whom.⁸ Studies indicate that remittances have empowering effects on women, but that these are not automatic and in some cases are only temporary.^{9,10}

In addition, women may experience additional risks and constraints when they remit or receive. They may have limited mobility and freedom to control how, when and to whom they send money or how to receive it. Also, women face specific barriers to accessing formal remittance channels, as they are often confined to secluded accommodation and workplaces, far away from access points and agents, and they might not be in possession of valid documents, including proof of residency or identification. In addition, banks and other RSPs may not recognize low-skilled migrant women as an important customer segment, as they tend to send smaller amounts. Or financial service providers may use know your customer (KYC) and due diligence processes that by design exclude and are simply out of reach for many women migrants. Sources of transaction data on remittances generated by central banks are not disaggregated by sex, so data, knowledge and experiences to redress gendered constraints and better reach, market and onboard these 'last-mile' segments are absent or very limited. Even when data are available, they are rarely applied to product development.

Redressing gendered constraints is of paramount importance as a precondition for the successful transition of migrants from informal to formal digital channels. It requires a new, gender-smart and inclusive approach.

1.2 The African landscape

Remittances to Africa are becoming increasingly important, raising issues of macroeconomic stability, poverty alleviation and financial inclusion. Remittances represent the most stable source of income and have been the largest source of international financial flows to Africa since 2010, accounting for about a third of total external financial inflows.¹¹

The potential of remittances to support sustainable development is not being fully met, and remittance markets in Africa still suffer from many inefficiencies and obstacles, including but not limited to the following.

- Persistence of informal remittance flows.
- High remittance transaction costs.
- Unfavourable policy and regulatory environments.
- Limited capacity of regulators to monitor remittance flows.
- Lack of availability of digital remittance channels and a limited offering of remittance-linked financial products available to women and men migrants and their families.
- Lack of access to formal financial services for marginalized and discriminated groups such as women.

To address remittance challenges in Africa, the African Union's migration policy recommends the following strategies.¹²

1. Reduce the cost of transferring remittances by fostering competition in remittance markets.
2. Encourage the transfer of remittances by adopting sound macroeconomic policies conducive to investment and growth, and appropriate financial sector policies that encourage financial institutions and their outreach, such as post office networks, supporting credit unions and rural financial service providers.
3. Strengthen collaboration with the African Institute of Remittances and relevant stakeholders in civil society, the donor community and the financial sector, to create incentive strategies and investment opportunities for remitters in commercial, entrepreneurial and other productive activities.
4. Improve the quality of data reporting on remittance and migration statistics, and generate qualitative evidence, including on the gender dimensions of remittance flows, to create a solid base for future gender-responsive policy action on remittances. Data should be disaggregated by sex, age and other relevant factors.
5. Promote the effective mobilization and utilization of diaspora funds for investment and development of the public and private sectors, which in the long term will improve the macroeconomic environment and reduce outflows or emigration of African professionals.
6. Make it easier for women and men migrants and their families to access financial services, including by extending financial literacy training to remittance senders and receivers.
7. Boost the use of technology, such as mobile money, for cross-border remittances.

1.3 The ECCAS regional landscape

ECCAS comprises 11 countries: Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, the Democratic Republic of the Congo, Equatorial Guinea, Gabon, Rwanda, and Sao Tome and Principe. The member countries of the region enjoy relative political stability, which has led to a decrease in forced population movements. On elective immigration, data often relate only to regular migration. This is because irregular migration is difficult to quantify. In addition, the absence of a systematic statistical monitoring system contributes to the lack of information about population movements within ECCAS, but also to and from ECCAS. There is, however, a free movement of people agreement within ECCAS (the ECCAS–ECOWAS interregional cooperation agreement, signed in 2006) to facilitate the mobility of goods and people, but not all movements of people are quantified. Most studies are based on data published by international organizations such as the International Labour Organization, the United Nations Department of Economic and Social Affairs and the World Bank.¹³

ECCAS has a set of documents—treaty, protocols, decisions of conferences on the free movement of people—to institute, confirm or seek to facilitate the movement of people within the community. They are hardly applied in practice, however. There are also bilateral or trilateral agreements on free movements of people such as those between Cameroon with two Economic Community of West African States (ECOWAS) members, Mali and Nigeria, and Gabon and South Africa.

In the pan-African context, the reference texts are those signed within the framework of the African Union (Box 1).

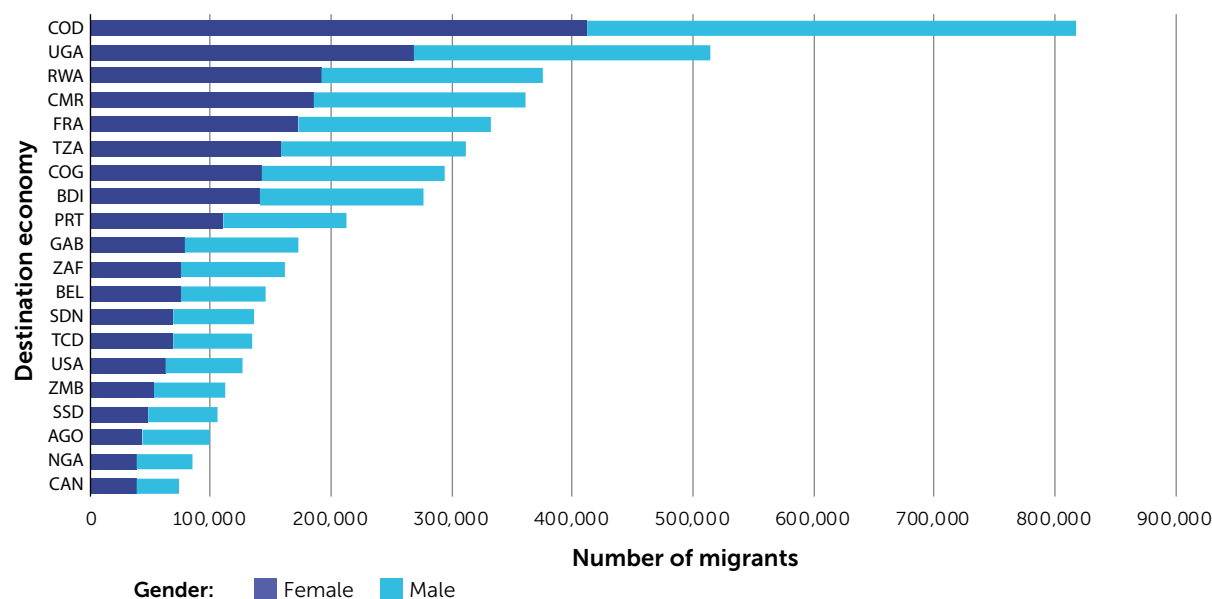
Box 1. The framework of African Union migration policy

The Addis Ababa 21 convention in 2014 provided the legal means to promote the mobility of students and workers, and to strengthen intra-African cooperation in education, training and research in tertiary education. Agenda 2063 was adopted in 2015 by all members of the African Union. Its objective was to build an African community that is economically efficient, peaceful and social. This agenda proposes the free movement of goods and people across the continent. The revised Migration Policy Framework for Africa and its Action Plan (2018–2030) were developed in 2018 to facilitate safe migration. The framework provides comprehensive political guidance to African Union member states across eight pillars: labour migration and education, diaspora engagement, migration governance, border governance, irregular migration, forced displacement, internal migration, and migration and trade.

Source: International Labour Organization, 2018¹⁴

In 2020, the number of migrants abroad was 5.5 million, or 3.8 percent of the total population, among which females numbered 2.7 million equivalent to 49 percent of the total migrants.¹⁵

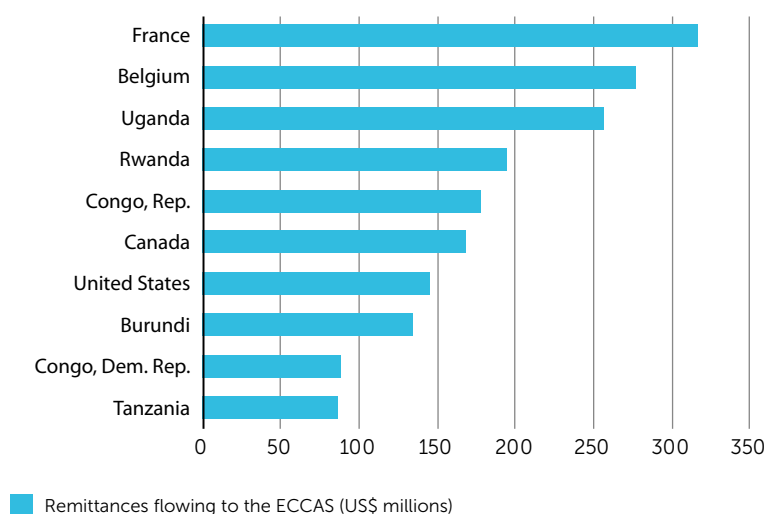
Figure 2. Number of women and men migrants—destination economy, 2020 (top 20)

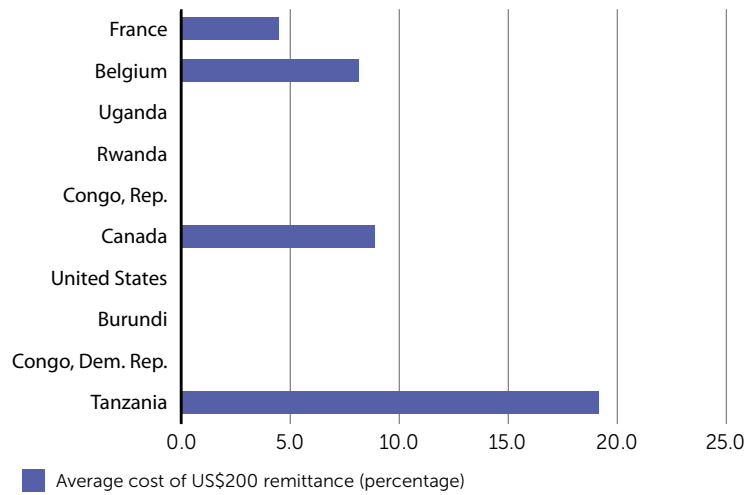
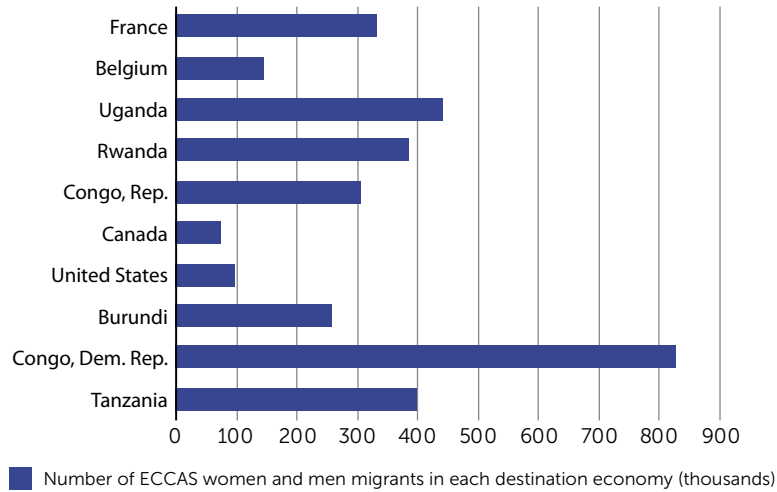


Notes: AGO, Angola; BDI, Burundi; BEL, Belgium; CAN, Canada; CMR, Cameroon; COD, Democratic Republic of the Congo; COG, Republic of the Congo; FRA, France; GAB, Gabon; NGA, Nigeria; PRT, Portugal; RWA, Rwanda; SDN, Sudan; SSD, South Sudan; TCD, Chad; TZA, Tanzania; USA, United States of America; UGA, Uganda; ZAF, South Africa; ZMB, Zambia
Source: United Nations, 2021¹⁶

In 2020, recorded inbound remittances to the ECCAS region were \$2.6 billion or 1.4 percent of the total GDP of the region.¹⁷ This amount was a decrease from \$2.8 billion recorded in 2019, demonstrating the effects of the COVID-19 pandemic.¹⁸ The average remittance transaction cost to send \$200 to the region is 9.5 percent,¹⁹ far above the SDG target of less than 3 percent. The top sending economies to the ECCAS region are the francophone European countries, namely France (13 percent) and Belgium (11 percent), while most women and men migrants are in the Democratic Republic of the Congo (16 percent), Uganda (8 percent) and Rwanda (7 percent) (Figure 3).²⁰

Figure 3. Top 10 remittance-sending economies

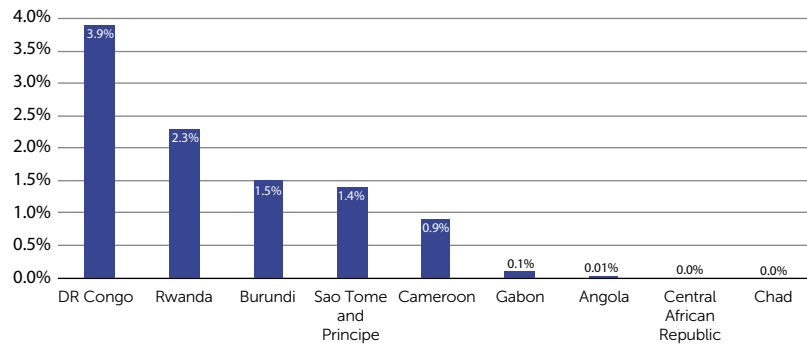




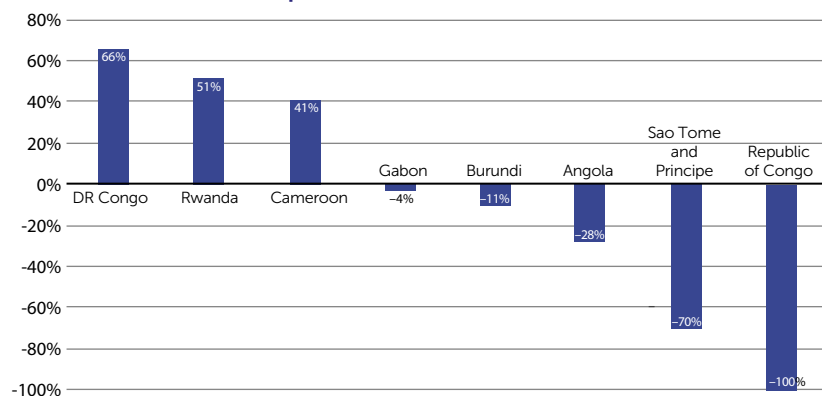
The top remittance-receiving economy within the ECCAS region is the Democratic Republic of the Congo (73 percent), which also has the highest number of women and men migrants (32 percent). Cameroon and Rwanda are next for remittances, representing 13 percent and 10 percent, respectively.²¹ Figures 4 and 5) give further analysis of the remittance flows into the ECCAS countries.

Figure 4. Breakdown of remittance inflows to ECCAS countries

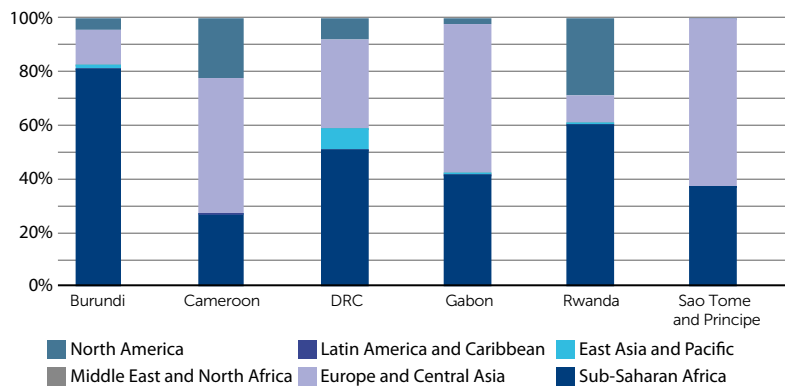
Remittance inflows as a percentage of GDP, 2020



Changes in remittance inflows, 2020 compared with 2015



Remittances by sending region, 2020



Remittances by income level of sending economy, 2020

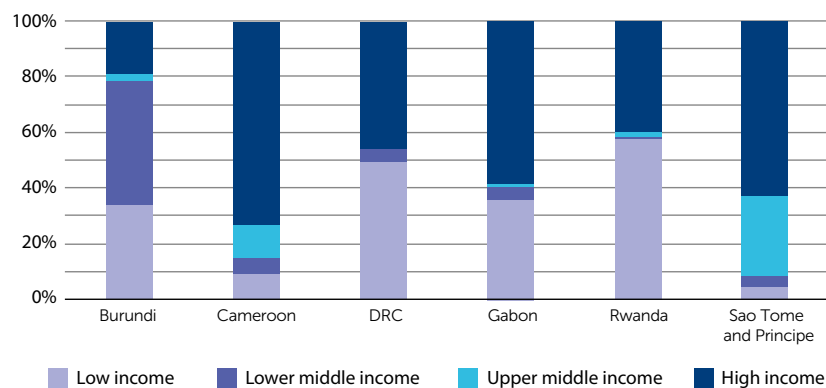
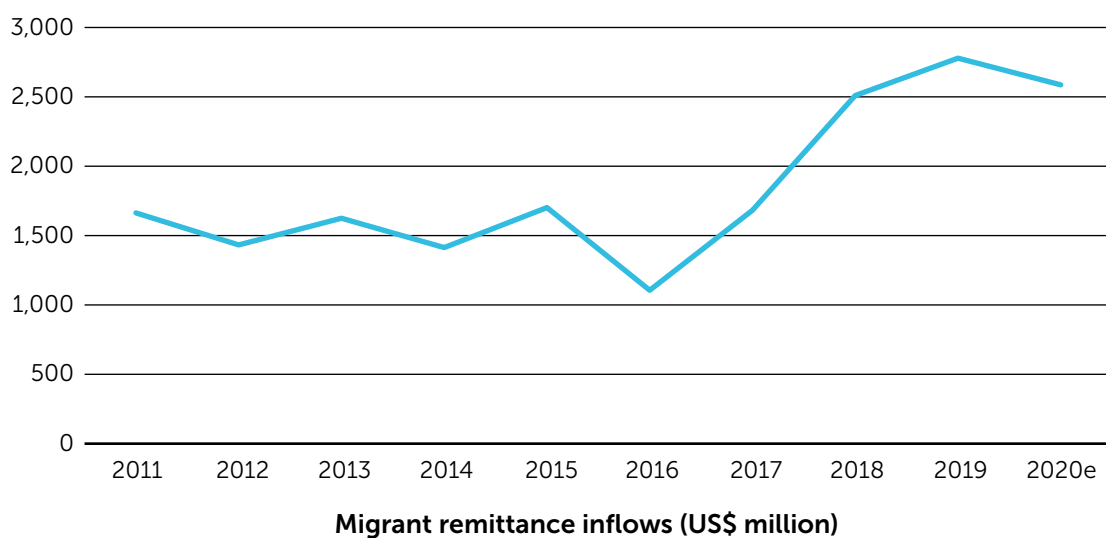


Figure 5. Ten-year trend of total remittance inflows to ECCAS region



Note: 2020e = estimate.
Source: World Bank, 2021^{22,23}

The problem of official statistics within ECCAS is significant, as details on remittance flows to the Central African Republic, Chad, Congo and Equatorial Guinea are lacking from global data sources.

1.4 ECCAS countries

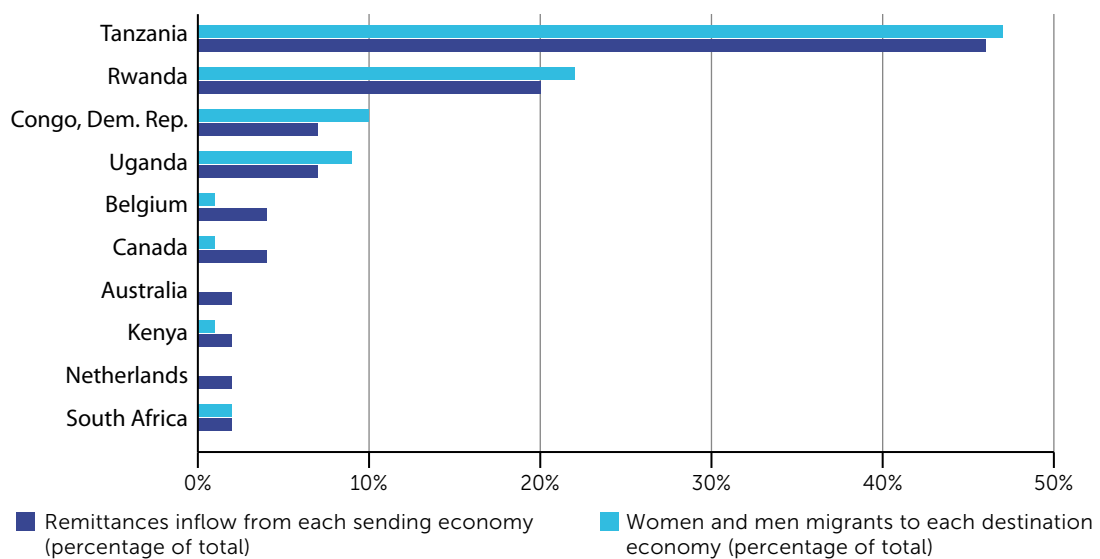
1. Angola

In 2020, remittance inflows to Angola amounted to \$8 million, which is a negligible percentage of the total GDP of the country, from 700,000 migrants or 2 percent of the country's population.^{24,25} Females numbered 333,700 or 48 percent of the total migrants.²⁶ Angola is the most expensive corridor for remittances, with an average transaction cost of 20.9 percent per \$200.²⁷

2. Burundi

In 2020, inbound remittances to Burundi amounted to \$46 million or 2 percent of the total GDP of the country, from 551,100 migrants abroad or 6 percent of the total population.^{28,29} Females numbered 276,200 or 50 percent of the total migrants.³⁰ Most remittances come from Tanzania (46 percent) and Rwanda (20 percent), and large numbers of Burundi women and men migrants are in these countries (47 percent and 22 percent, respectively) (see Figure 6).³¹ There is lack of data on remittance transaction costs.

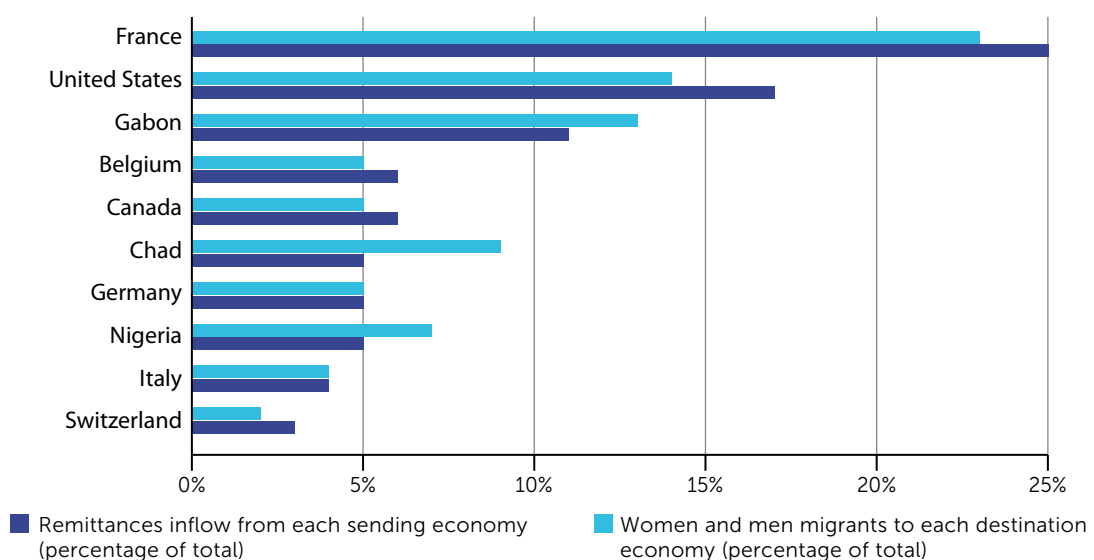
Figure 6. Burundi's top 10 remittance-sending economies



3. Cameroon

In 2020, global inbound remittances to Cameroon amounted to \$340 million or 1 percent of the country's GDP, from 441,000 migrants abroad, or 2 percent of the total population.^{32,33} Females numbered 221,600 or 50 percent of the total migrants.³⁴ As seen in Figure 7, most remittances come from France (25 percent), the United States (17 percent) and Gabon (11 percent), countries that are also host to the largest numbers of women and men migrants (23 percent, 14 percent and 13 percent, respectively).³⁵ The average remittance transactions cost was 3.5 percent.

Figure 7. Cameroon's top 10 remittance-sending economies



4. Central African Republic

In 2020, the number of migrants abroad from the Central African Republic was 816,700 or 17 percent of the total population.^{36,37} Females numbered 407,200 or 50 percent of the total migrants.³⁸ The Immigration Department of the Ministry of the Interior acknowledges the inadequacy of data on women and men migrants and the need to develop a database to better manage migratory flows.³⁹ There is a lack of data to determine the remittance landscape of the Central African Republic.

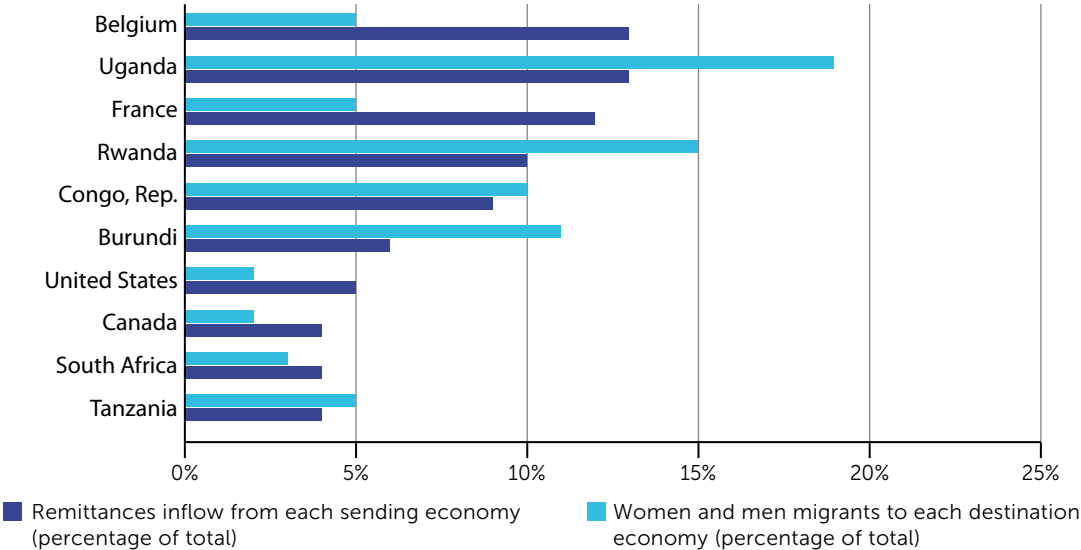
5. Chad

In 2020, the number of migrants abroad from Chad was 222,300 or 1 percent of the total population.^{40,41} Females numbered 102,400 or 46 percent of the total migrants.⁴² There is a lack of data to determine the remittance landscape of Chad.

6. Democratic Republic of the Congo

In 2020, global inbound remittances to the Democratic Republic of the Congo amounted to \$1.9 billion, which is 4 percent of the total GDP of the country and the number of women and men migrants abroad was 1.8 million or 2 percent of the total population.^{43,44} Females numbered 915,900 or 51 percent of the total migrants.⁴⁵ Most remittances come from Belgium (13 percent), Uganda (13 percent) and France (12 percent) (Figure 8). Large numbers of women and men migrants are in Uganda (19 percent) and Rwanda (15 percent).⁴⁶ The average remittance transactions cost was 8.4 percent.

Figure 8. Democratic Republic of the Congo’s top 10 remittance-sending economies



7. Republic of the Congo

There are no data on remittance inflows to the Congo despite having 223,800 women and men migrants abroad or 5 percent of the total population in 2020.⁴⁷ Females numbered 110,300 or 49 percent of the total migrants.⁴⁸

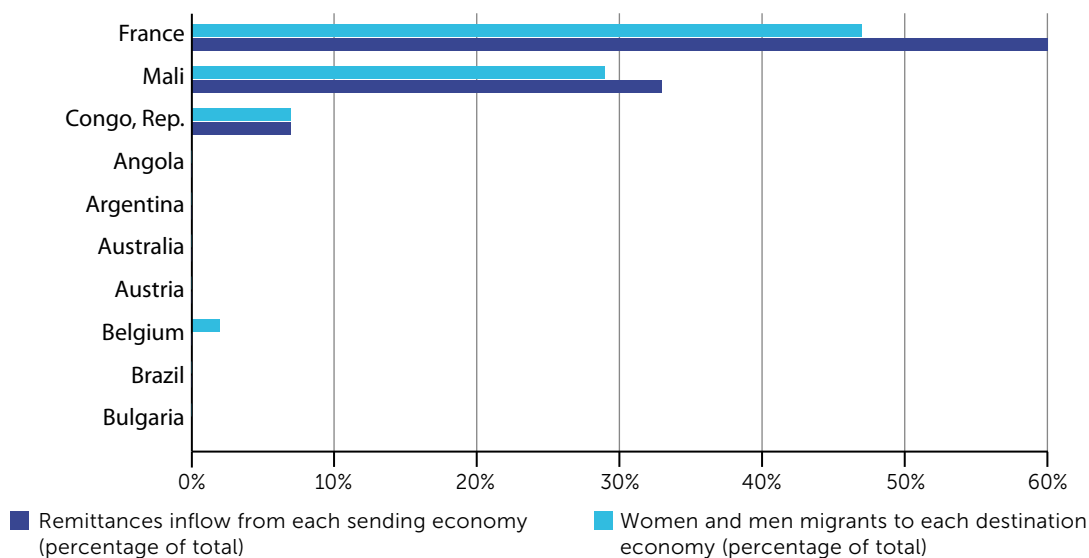
8. Equatorial Guinea

There are no data on remittance inflows to Equatorial Guinea despite having 128,800 women and men migrants abroad or 9 percent of the total population in 2020.⁴⁹ Females numbered 60,000 or 47 percent of the total migrants.⁵⁰

9. Gabon

In 2020, global inbound remittances to Gabon amounted to \$18 million or 0.1 percent of the country's total GDP, from 48,400 women and men migrants or 2 percent of the total population.^{51,52} Females numbered 25,200 or 52 percent of the total migrants.⁵³ As seen in Figure 9, most remittances come from France (60 percent), Mali (33 percent) and the Congo (7 percent), the countries that are also host to the largest numbers of women and men migrants (47 percent, 29 percent and 7 percent, respectively).⁵⁴ There is a lack of data on remittance transaction costs.

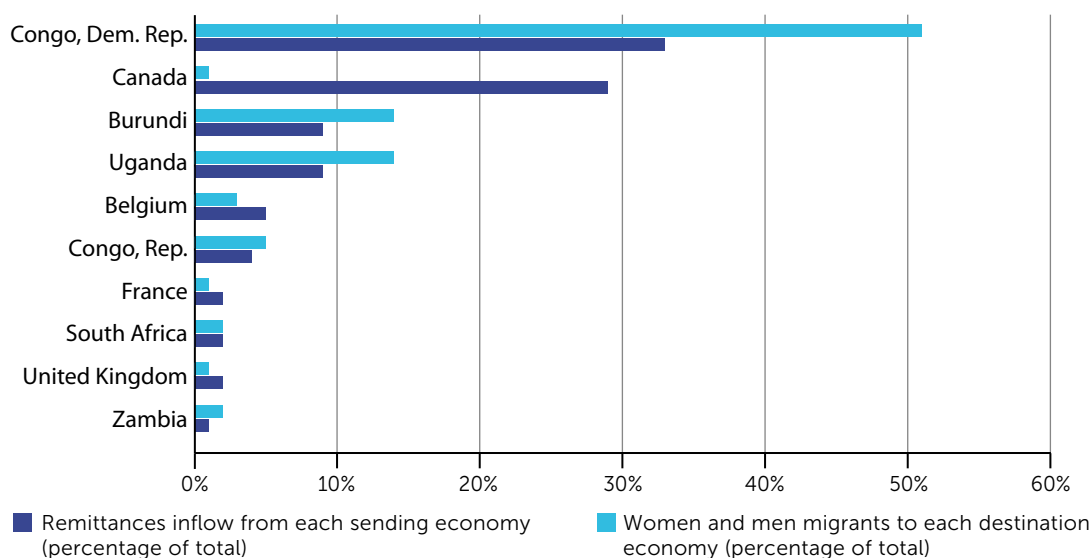
Figure 9. Gabon's top 10 remittance-sending economies



10. Rwanda

In 2020, global inbound remittances to Rwanda amounted to \$241 million or 2.3 percent of the total GDP of the country from 492,500 women and men migrants or 4 percent of the total population.^{55,56} Females numbered 251,300 or 51 percent of the total migrants.⁵⁷ Most remittances come from the Democratic Republic of the Congo (33 percent) and Canada (29 percent) (Figure 10). Large numbers of women and men migrants are in the Democratic Republic of the Congo (51 percent), Burundi (14 percent) and Uganda (14 percent).⁵⁸ Official statistics show that the remittance inflows from Canada were notably high due to the large number of Rwandan women and men migrants to this North American country. The average transaction cost of remittance inflows to Rwanda was 9.6 percent.⁵⁹

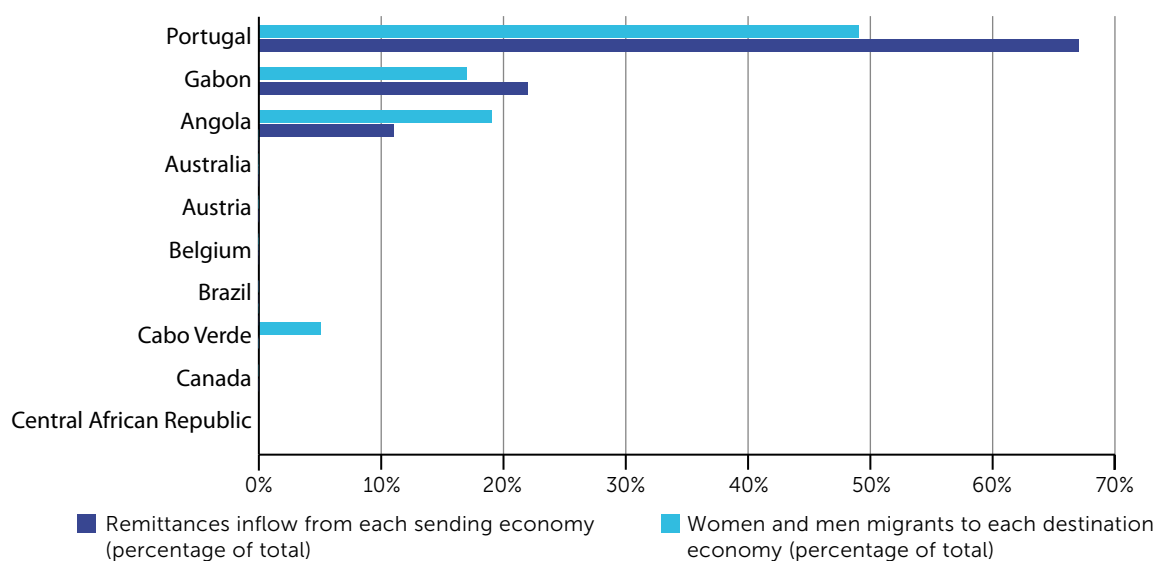
Figure 10. Rwanda's top 10 remittance-sending economies



11. Sao Tome and Principe

In 2020, global inbound remittances to Sao Tome and Principe amounted to \$6 million or 1.4 percent of the total GDP of the country, and the number of women and men migrants abroad reached 39,600 or 19 percent of the total population.^{60,61} Females numbered 20,800 or 53 percent of the total migrants.⁶² Most remittances come from Portugal (67 percent), Gabon (22 percent) and Angola (11 percent), which are the countries with the largest numbers of women and men migrants (49 percent, 17 percent and 19 percent, respectively) (Figure 11).⁶³ There were no data on average remittance transaction costs.

Figure 11. Sao Tome and Principe's top 10 remittance-sending economies



2. REGIONAL HARMONIZATION OF REMITTANCES POLICIES

2.1 Background

Seven countries of ECCAS belong to more than one regional economic community (REC) (Figure 12). This presents some challenges of harmonization at the REC level, but also a potential for more economic opportunities for the designated countries.

Figure 12. Regional economic community memberships

Country	Regional economic community				
	CEN-SAD	COMESA	EAC	ECCAS	SADC
Angola				✓	✓
Burundi		✓	✓	✓	
Cameroon				✓	
Central African Republic	✓			✓	
Chad	✓			✓	
Congo				✓	
DR Congo		✓		✓	✓
Equatorial Guinea				✓	
Gabon				✓	
Rwanda		✓	✓	✓	
Sao Tome and Principe	✓			✓	

Notes: COMESA, Common Market for Eastern and Southern Africa; CEN-SAD, Community of Sahel-Saharan States; EAC, East African Community; ECCAS, Economic Community of Central African States; SADC, Southern Africa Development Community

Sources: UNCDF research; United Nations Conference on Trade and Development, 201864

Since its creation in 1983, the mandate of ECCAS has been the promotion of regional economic cooperation in central Africa. It has focused mainly on regional collaboration for peace and stability in the region, which remains a major challenge. The community aims to achieve collective autonomy, raise the standard of living of its populations and maintain economic stability through harmonious cooperation. Four of eleven member states have ratified the protocol on the free movement of people. The reality of the ECCAS states is marked by a strong aspiration of the people to affirm their right to mobility, work and economic autonomy.

ECCAS countries face significant challenges of remittance data collection, analysis and monitoring tools. The ECCAS Commission envisages technical assistance to develop a set of

tools and methodology for collecting, processing and analysing data on the transfer of funds to better understand them and overcome the challenges faced by some member states in terms of funds movement.

Remittances to the ECCAS region are very important, with a significant role in macroeconomic stability, poverty alleviation and financial inclusion, and ECCAS member states recognize the value of remittances for economic development and income security for many. However, the reality is that the potential of remittances to support sustainable development is not being fully met. Despite the relatively large inflows of remittances, the cost of sending money to and within the region is higher than the SDG target of less than 3 percent. One of the main reasons that cross-border remittances remain costly is because remittances to ECCAS countries still move largely in cash. This dependence on cash with limited transparency constrains central banks, ministries of finance and regulators in their understanding of the effects of remittances on financial stability and integrity, wider financial inclusion and inclusive growth.

Another challenge is regulatory arbitrage between ECCAS countries, different levels of infrastructure development, and differences in other remittance-related procedures—for example, licensing and authorization requirements for RSPs, prudential supervision, AML/CFT laws and regulations, foreign exchange regimes, consumer protection, complaints resolution mechanisms, transparency and disclosures all tend to differ, and are major barriers for RSPs to provide much-needed cross-border remittance services. It is also noted that most ECCAS member countries lack robust identification (ID) systems, making customer onboarding difficult and costly.

In the ECCAS region, mobile money is growing as an affordable and convenient tool for enabling international remittances, reducing remittance costs and maximizing the impacts of remittances on individual lives and national economic growth. Due to its reach and growing use among underserved people, mobile money is well positioned to transform formal remittance markets and advance inclusive finance. Mobile money providers are at the forefront of domestic payment services in many emerging market economies. However, despite a dynamic digital financial subsector in ECCAS countries, roadblocks persist, including regulatory limits on daily transactions. Differences between international and domestic transaction and balance limits within countries is also an issue. Available regulations lack standardized and transparent licensing criteria for international inward and outward mobile money transfers. In addition, the legal frameworks lack standardized and transparent authorization criteria for securing approval to connect new corridors.

These barriers have been the main reasons why people continue to use informal remittance channels. In this regard, it is critical to dig deeper into the challenges across ECCAS countries and exploit immediate opportunities to improve access, increase usage and strengthen the financial resilience of women and men migrants and their families.

ECCAS member states have made some financial sector reforms, but there is a continuing need to seize common opportunities for economic growth and social development. Some ECCAS member states are implementing policies to facilitate the flow of remittances through formal channels, but these measures are often taken independently, with limited collaborative

effort among member states. Considering the growth of intraregional migration, more could be done through a harmonized approach to affordable and accessible gender-responsive remittances through digital channels. Regional cooperation is therefore of paramount importance in addressing cross-border remittance barriers and in advancing the digitization of remittances. This project builds on the ECCAS development agenda and contributes to the implementation of ECCAS regional development strategies.

2.2 Project objectives

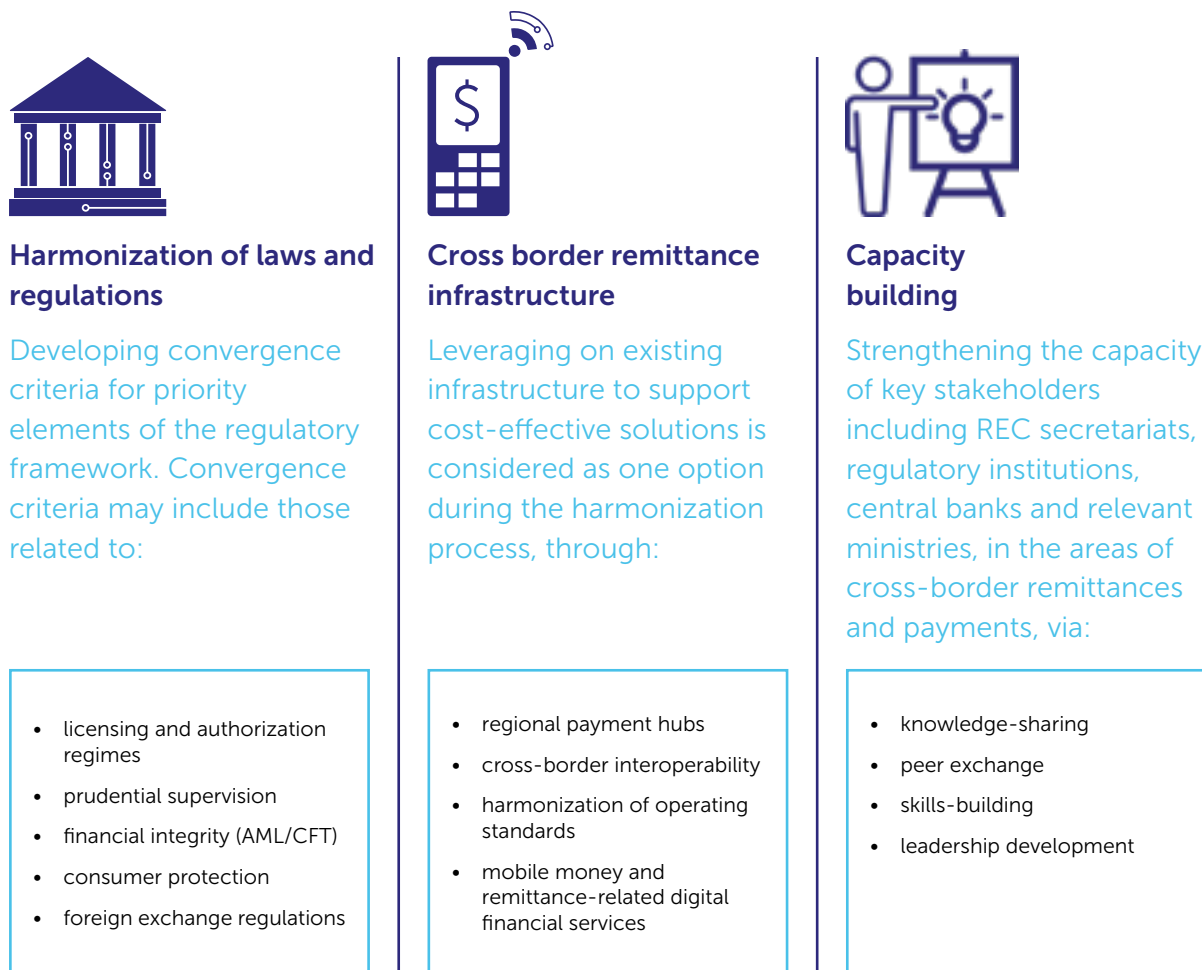
The main objective of this project is to elaborate a conducive policy and regulatory framework and supporting infrastructure, with due consideration of gender dimensions, to facilitate affordable and accessible cross-border remittances that will drive remittance costs down and increase flows through formal channels. Harmonized policies form anchors upon which legal and regulatory frameworks can be developed to guide and oversee markets for the ultimate benefit of vulnerable people while also promoting trade and enterprise. Such policies must promote common interests and address common challenges to ease adoption and implementation at regional and national levels. The project is assessing policy and regulatory regimes to identify areas for possible convergence in areas such as licensing and authorization regimes, prudential supervision, AML/CFT laws and regulations, consumer protection, complaints resolution mechanisms and transparency, and disclosures and foreign exchange regimes.

This effort is in line with the objectives of several key multinational frameworks and agreements.

1. The Global Compact for Safe, Orderly and Regular Migration which seeks in part to “promote faster, safer and cheaper transfer of remittances and foster financial inclusion of migrants.”⁶⁵
2. SDG target 10.c: “by 2030, reduce to less than 3 percent the transaction costs of migrant remittances.”⁶⁶
3. The African Union’s migration policy recommendations⁶⁷ on the strategies to reduce the cost of remittances, strengthen collaboration, improve quality of data and boost the use of technology, such as mobile money, for cross-border remittances.
4. The ECCAS strategic vision document for 2025 which commits to make the ECCAS region, by 2025, an area of peace, prosperity and solidarity; a unified economic and political space for balanced and self-sustaining development where every citizen moves freely.⁶⁸

Among the implementation activities stipulated and to be accomplished through a consultative process, those shown in Figure 13 are being considered as the major components and activities of the project.

Figure 13. Main implementation activities of the project



2.2.1 Harmonizing laws and regulations

Having an enabling regulatory environment for remittances taking into account gender dimensions is essential to achieving policy goals. Currently, there are multiple approaches to remittance regulation across ECCAS countries, so a good starting point is to create a common understanding of a regulatory framework that is specifically focused on remittances. For regional harmonization to support an enabling framework for cross-border payments, the project involves developing enablers and five convergence criteria for priority elements.

1. Proportionate and non-discriminatory licensing procedures for RSPs, looking especially at licensing and authorization regimes to identify areas for possible convergence.
2. Proportionate prudential supervision.
3. Financial integrity and risk management.
4. Adequate level of consumer protection and complaints resolution mechanisms, including for vulnerable customer segments.
5. Proportionate foreign exchange regulations.

2.2.2 Assessing payment infrastructure

Payment infrastructure is the foundation for remittances. Activities under the project involve supporting cost-effective solutions while building on existing infrastructure, and assessing regulations and standards relating to payment infrastructure to ensure compatibility and the viability of introducing new systems. The intended output is to achieve cross-border harmonization of operating standards in payment infrastructure to lower the cost of remittances.

This assessment will start with a review of policies, laws, regulations and standards relating to remittance infrastructure that supports cross-border payments, including mobile money and remittance-related digital financial services. Similar experiences will be drawn from the harmonization of the East African Payment System, the cross-border payment settlement infrastructure within the Southern African Development Community, the Regional Payment and Settlement System of the Common Market for Eastern and Southern Africa, and the West African Monetary Zone Payments System Development Project of ECOWAS.

In undertaking project activities, the following areas will also be covered.

- Assessing available elements of retail-level systems, merchant payment points, cash-in and cash-out networks; assessing whether the national retail payment systems are able to connect with regional/international payment hubs and gateways; assessing market-driven innovations that facilitate the development of resilient infrastructure for cross-border remittances that withstand service disruptions.
- Assessing the robustness of the ID system that supports effective identification and onboarding of customers/user segments including women and other vulnerable populations. The ID system should also facilitate authentication and verification of cross-border transactions, facilitate effective AML/CFT supervision of cross-border remittance transactions, and support the digital footprint of the underbanked to enable access to a broader range of financial services.
- Assessing the use of technology to facilitate effective supervision and oversight, and to enable efficient remittance transactions.

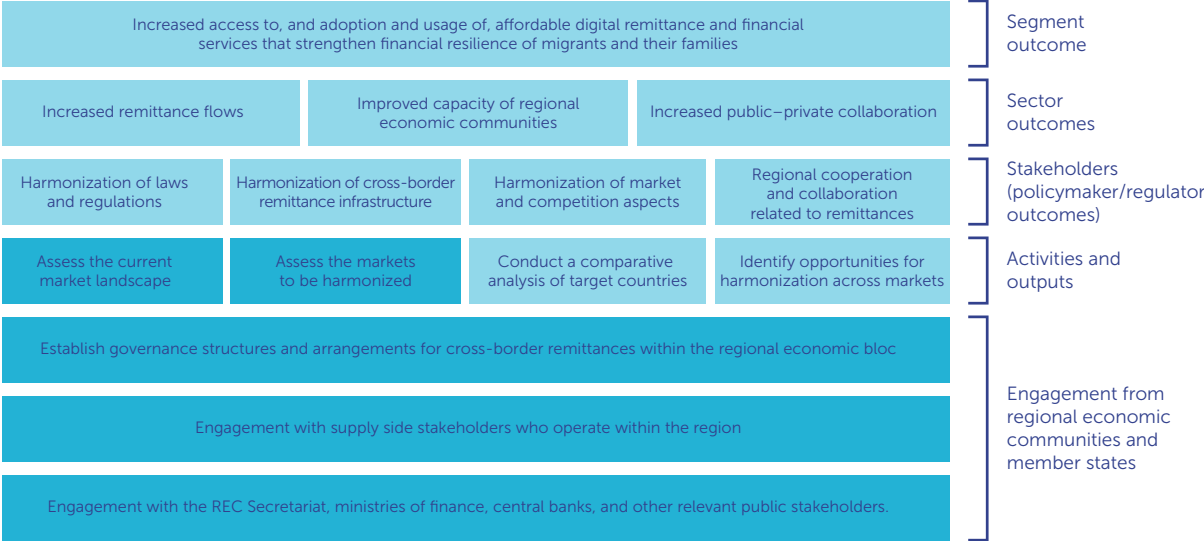
2.2.3 Strengthening capacity

It is important to strengthen the capacity of key stakeholder groups comprising of both men and women, including the ECCAS Commission technical team, external regulatory institutions, central banks, relevant ministries, bankers' associations, capital market authorities, financial institutions and RSPs. Key topics include cross-border remittances, payments and settlements systems through knowledge-sharing, peer exchange, and skills and leadership development. It is important that policymakers and regulators have the necessary skills and systems to successfully bridge the gap between knowledge and implementation, propose gender-responsive policy and regulatory solutions to address identified challenges to improving remittance flows and use of digital remittances, and decide which tools central banks and line ministries can leverage for efficient data-sharing.

2.3 Methodology

The project encourages discussion and dialogue between ministries and stakeholders to ensure the development and implementation of a regional road map with key actions. Project activities include assessments of the current market landscapes, conducting a comparative analysis of the target countries and identifying opportunities for harmonization across markets. These activities are geared towards obtaining outcomes desired by policymakers and regulators: harmonization of laws and regulations, of payment infrastructure, of markets and competition aspects, and regional economic cooperation.

Figure 14. Regional remittance policy harmonization methodology and milestones



The following are the main processes.

2.3.1 Understanding the environment

To understand the remittance environment, all key public and private sector stakeholders have been mapped for each country and the region as a whole. Preliminary desk reviews have also been undertaken of remittance-related policies, laws and regulations at country level, including existing payment infrastructure, and operating standards at country and regional level.

2.3.2 Engaging stakeholders and identifying knowledge gaps

Through meetings with the ECCAS Commission and central banks, a gender-balanced group of stakeholders will be able to share observations on the reviewed policies, regulatory frameworks, operating standards and identified issues during preliminary reviews. Feedback and learning from each meeting will be incorporated to validate observations about the environment, respond to knowledge gaps, identify additional ones, and develop further questions for stakeholders. See Annex 1 for details on stakeholder mapping.

2.3.3 Mainstreaming gender into the policymaking process⁶⁹

Gender mainstreaming makes a gender dimension explicit in all policy sectors. Gender equality is no longer viewed as a 'separate question', but has become a concern for all policies and programmes. Furthermore, a gender mainstreaming approach does not look at women in isolation but looks at women and men—both as actors in the development process, and as its beneficiaries.

Experience has shown that gender issues differ by country, region and situation. Experience has also shown that rigorous, gender-sensitive analysis invariably reveals gender-differentiated needs and priorities, and gender inequalities in terms of opportunities and outcomes. Gender mainstreaming seeks to redress these problems.

The level of intervention (from basic 'gender sensitivity' to comprehensive, targeted gender programmes) will depend on the specific needs and priorities revealed by a gender-sensitive situation assessment.

Finally, as a comprehensive strategy, gender mainstreaming should also address the environment (corporate, office) in which policies and programmes are developed and implemented. Thus, a strategy to integrate gender concerns into programming must be accompanied by a strategy to ensure that the working environment is gender sensitive, guaranteeing equal opportunities and treatment for both men and women. Sufficient technical capacity and human resources to successfully implement gender mainstreaming must also be ensured.

2.3.4 Preparing a road map

Based on the assessments and stakeholder engagements, the ECCAS remittance landscape will be mapped, identifying policies, regulations, infrastructure, operating standards, and enablers of and barriers to harmonization, with recommendations on convergence criteria. This will support the formation of a response to improve the negotiation of cross-border remittance arrangements and the creation of a road map with practical steps and timelines for achieving harmonization. In collaboration with key stakeholders, an implementation plan will be prepared, prioritizing actions to attain the intended goals. See Annex 2 for more details on the action plan and key milestones.

2.4 Project steering structure

The project structure draws on lessons learned from other, similar regional initiatives—such as those in the East African Community—and therefore it is a structure that ensures a consultative process and effective cooperation, without stretching the existing capacities of the ECCAS Commission and member states. In this project, steering committee and project teams are proposed to be involved in the implementation of the project. They both draw members from the ECCAS Commission, the ECCAS member states and UNCDF.

2.4.1 Steering Committee

The Steering Committee is responsible for overall guidance, supervision, risk management and project outcome. The main tasks of the committee are overall monitoring and oversight of the project, including defining and deciding on key milestones, managing the external and project-specific risks, reviewing the project performance at regular intervals, validating the deliverables and approving changes, if any, in the project log.

The team comprises members from the ECCAS Commission, UNCDF and member states. It shall elect a chairperson at its first meeting. The secretary of the team shall be the UNCDF project manager.

Steering Committee members from ECCAS member states shall be central bank governors or deputy governors or executive directors responsible for the financial sector.

The committee meetings shall be held on a quarterly basis, to deliberate on the project progress report, but also at the end of each key milestone and when necessary. The meetings once convened shall continue irrespective of a quorum.

2.4.2 Project team

The project team is responsible for project performance, timeline, alignment, reporting and deliverables at regional level, research, policy and regulatory reviews, and stakeholder engagements. Specifically, the team's tasks are the day-to-day management of the project activities, keeping track of the project milestones and timelines, budget and cost management, preparation of project progress reports, identifying challenges and issues in the project and presenting the same to the Steering Committee.

The team shall comprise members from the ECCAS Commission, UNCDF and member states. Member states' nominations shall be from among senior officials from the ministries of finance, specifically from financial sector development function and central banks' foreign exchange policy, banking supervision and national payment systems departments.

Meetings of the team shall be every two months, to deliberate on the project progress report, but also at the end of each key milestone and when necessary. The meetings once convened shall continue irrespective of a quorum.

ANNEX 1. STAKEHOLDER MAPPING

COUNTRY ASSESSMENTS			REGIONAL COMPARATIVE ANALYSIS
KEY ASPECTS IN THE REVIEW PROCESS	PUBLIC STAKEHOLDERS	SUPPLY-SIDE STAKEHOLDERS	AFTER COUNTRY ASSESSMENTS, COMPARATIVE ASSESSMENTS WILL BE UNDERTAKEN ACROSS MARKETS IN THE ECCAS REGION IN THE AREAS OF:
<p>Review of policies, laws and regulations that govern and/or relate to remittances; engagements with public stakeholders who craft the policies and/or maintain the regulations; and also engagements with private sector stakeholders who are subject to the policies and regulations while providing remittance services to the end user</p>	<ul style="list-style-type: none"> • Central bank executive officers • National payment systems department • Foreign exchange/ external sector department • Ministry responsible for finance • Ministry responsible for foreign affairs • Telecommunication authority 	<ul style="list-style-type: none"> • Banks and financial institutions • Remittance service providers (RSPs) • Microfinance institutions (MFIs) 	<ul style="list-style-type: none"> • Remittance-related policies and regulatory frameworks • Regional cooperation and collaboration aspects related to remittances • Market and competition aspects • Consumer protection aspects • Capability of the key stakeholders

ANNEX 2. ACTION PLAN, KEY MILESTONES AND TIMELINES

STRATEGIC GOAL	TO CONTRIBUTE TO THE REGIONAL HARMONIZATION OF REMITTANCE POLICIES AND TO THE EXPANSION OF AFFORDABLE, ACCESSIBLE, RELIABLE AND TAILORED DIGITAL REMITTANCE AND RELATED FINANCIAL PRODUCTS, WITH THE BROADER OBJECTIVE OF ADVANCING WOMEN AND MEN MIGRANTS' ECONOMIC INCLUSION, FINANCIAL RESILIENCE AND EQUALITY			
1: PLAN	2: ASSESS	3: REPORTING	4: ROADMAP	
<p>Mobilize the team from UNCDF, ECCAS Commission and member states, establish grounds for delivery, and set rules of engagement to ensure common understanding of project objectives</p> <p>Activities</p> <ul style="list-style-type: none"> Mobilize project team Hold a meeting between UNCDF and ECCAS Commission to discuss and agree the Steering Committee, project team and single points of contact (SPOC) from member states, implementation approach, timelines and monitoring mechanism Review and optimize the proposed plan for the subsequent phases <p>Set up</p> <ul style="list-style-type: none"> Virtual meetings or physical meetings at the ECCAS Commission <p>Outputs</p> <p>Inception report with agreed implementation plan including stakeholder engagement plan</p>	<p>Undertake country-level reviews with participating ministries of finance, central banks, telecommunications, national identification and other relevant public authorities, and supply side stakeholders</p> <p>Activities</p> <ul style="list-style-type: none"> Conduct interviews, consult with member countries' public and supply side stakeholders, and summarize findings Benchmarking against African and other countries <p>Set up</p> <ul style="list-style-type: none"> Interviews Desk-based research <p>Outputs</p> <p>Current state assessment and benchmarking report, with a summary of findings, gap analysis and benchmarking assessment</p>	<p>Produce a report with implementation scenarios (draft road map) and risk analysis, with identified areas for possible intervention and policy recommendations</p> <p>Activities</p> <ul style="list-style-type: none"> Conceptualize implementation scenarios and present to stakeholders with pros and cons and a risk assessment Incorporate dependencies with existing and planned initiatives—public and private Draft report with detailed road map requirements of the preferred scenario <p>Set up</p> <ul style="list-style-type: none"> Visioning workshop with key stakeholders Online meetings and validation sessions <p>Outputs</p> <p>Draft report, with findings from current assessments and lessons from previous projects and inputs and visioning workshop, with recommendations</p>	<p>Execution-level details, e.g. detailed work plan (road map), resource-level requirements, proposals on regulatory and policy frameworks, and an implementation model for sustainability</p> <p>Activities</p> <ul style="list-style-type: none"> Prepare a detailed implementation road map with resource-level breakdown <p>Set up</p> <ul style="list-style-type: none"> Presentation to ECCAS policy organs <p>Outputs</p> <p>Final report containing final road map</p>	

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Unlocking Public and Private
Finance for the Poor

LEAVING NO ONE BEHIND IN THE DIGITAL ERA

The UNCDF Strategy 'Leaving no one behind in the digital era' is based on over a decade of experience in digital finance in Africa, Asia, and the Pacific. UNCDF recognizes that reaching the full potential of digital financial inclusion in support of the Sustainable Development Goals (SDGs) aligns with the vision of promoting digital economies that leave no one behind. The vision of UNCDF is to empower millions of people by 2024 to use services daily that leverage innovation and technology and contribute to the SDGs. UNCDF will apply a market development approach and continuously seek to address underlying market dysfunctions.

THE UNITED NATIONS CAPITAL DEVELOPMENT FUND

The United Nations Capital Development Fund makes public and private finance work for the poor in the world's 46 least developed countries (LDCs).

UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

UNCDF's financing models work through three channels: (1) inclusive digital economies, which connects individuals, households, and small businesses with financial eco-systems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; (2) local development finance, which capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and (3) investment finance, which provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and domestic resource mobilization.

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