

REMITTANCES



HOW ARE REMITTANCES USED?

The International Fund for Agricultural Development estimates that about **75 per cent of remittances** are used to put **food** on the table and cover **medical expenses, school fees** or **housing expenses**.

The remaining 25 per cent is either saved or invested in assets or activities that generate income and jobs

According to the World Bank, **20% of all monies remitted are used for formal and informal investments**, typically in the MSME and property sectors. It is estimated that investments in the informal sector make up a significant component of diaspora investment activity, often investing in family MSME.



REMITTANCES LIMITATIONS

Sending money to Africa remains costly. Senders had to pay an average of 7.9 percent to send \$200 to African countries during 2023, compared with 7.4 percent in 2022

While remittances are a lifeline for individual families, they don't reflect the country's economic growth. For instance, they often increase in times of crisis as families try to keep their loves one afloat but this isn't a sign of economic property

Intraregional remittances costs are still very high. Sending \$200 in remittances from Tanzania to neighboring Kenya, Uganda, and Rwanda cost a migrant more than 33 percent in 2023.

Remittances are private gifts between individuals and cannot be guaranteed to be used in the ways intended by the sender.

CONSUMPTION & POVERTY REDUCTION

BUSINESS INVESTMENT

Sources:

11 reasons why remittances are important (IFAD, 2021)

Diaspora Investment to Help Achieve the SDGs in Africa: Prospects and Trends (Asquith & Opoku-Owusu, 2020)

Remittances Slowed in 2023, Expected to Grow Faster in 2024 (The World Bank)