INTRA - AFRICA MIGRATION:
A MAJOR DRIVER OF REMITTANCES WITHIN THE AFRICAN CONTINENT

Written by:
Veronica Studsgaard
Melissa Erisen

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Caleta is an independent research and development company founded in 2017. We conduct research and promote concrete solutions for more inclusive and responsible finance at the global level. Our mission is to empower people by enabling access to financial services. We collaborate with all the stakeholders of the cross-border payments industry to reach this goal, as part of the global efforts towards reaching the Sustainable Development Goals.

The data collected and generated by Caleta makes unprecedented knowledge available to the industry, which provides new insights and new solutions to existing challenges.

The International Association of Money Transfer Networks (IAMTN), a not-for-profit membership organisation, is the only global trade association that represents the cross-border payments industry. IAMTN’s members include, inter alia, banks, payment institutions, electronic money organisations and mobile operators.

Founded in 2005, IAMTN provides a platform for industry partners to come together to discuss common challenges and industry initiatives, and to create opportunities.

IAMTN works closely with governments, regulators, and all other important stakeholders - such as the FATF, FSB, World Bank, International Fund for Agricultural Development (IFAD), UNCDF, Swiss Agency for Development and Cooperation, UK Foreign, Commonwealth and Development Office, African Union - to champion the creation of the most effective, safe, reliable and efficient payment systems and mechanisms for migrants globally.
FOREWORD

This review is designed as an introduction for our upcoming report on Intra-Africa remittances, which will be published in the first quarter of 2022. Understanding the African remittance landscape first requires an in-depth knowledge of migration flows within the continent. While this summary gives a short overview of migration flows, the next report will be an extensive analysis of intra-Africa remittances. The aim of this study is to uncover how to strengthen formal remittance channels in the region.

This series of reports on remittances in Africa is written by Veronica Studsgaard, CEO at IAMTN and Melissa Erisen, Researcher at Caleta ApS. Through this research, we are gathering views from private and public sectors in order to improve the remittance process, in the interests of millions of African migrant workers and their families.
Remittances are sums of money sent by international migrants to their loved ones who remain in their countries of origin. Remittances sent by migrants to and within Africa were over US$85 billion in 2018, and benefitted over 200 million family members of African migrant workers. A majority of remittances flowing into the continent come from the United States and Europe, since many Africans have traditionally relocated in these regions of the world. As the volumes flowing from the US and Europe to African countries are high, much attention has been devoted to analysing these remittance corridors.

Often disregarded are intra-Africa remittances, which are also of key importance. Within Africa, many individuals migrate to obtain a job with a more secure or higher income, with the goal of supporting their families. While they are working abroad, remittances are the way to offer this support, generally by monthly money transfers to pay for their families’ everyday life expenses, or occasionally for gifts or emergency situations. The average amounts sent by migrants are relatively low, and very variable depending on the country and the expected use of the transfer. These amounts can, however, make a huge difference for the recipients.
Remittances enhance receivers’ access to food, education, health, and new opportunities\(^3\). In fact, approximately 75% of remittances received are dedicated to these primary needs\(^4\). A majority of recipients are women, and studies have shown that this additional source of income can help them to improve their position in the household, as well as in the community. In a variety of ways, migrant remittances can harness Africa’s development\(^5\) and contribute to the path towards the achievement of the Sustainable Development Goals (SDGs).

Remittances have an impact not only at the individual level, but also at the macro-level: a number of African countries are highly dependent on migrant remittances. For instance, remittances are estimated to account for between 20% and 50% of Somalia’s GDP\(^6\), while this figure is 23.1% in Lesotho, and 10.3% in Senegal. Even in countries that are less dependent on remittances, they make an impact on the economic situation of the country. A study shows that remittances to West Africa have a positive and significant effect on economic growth in the countries of the region\(^7\).

While intra-Africa remittances are key to improving the lives of millions of people, their seamless circulation should not be taken for granted. The money transfer industry in the region faces a number of challenges that contribute to making remittances expensive and limiting their accessibility. Improving the remittance process requires a paradigm shift in the money transfer landscape in Africa, with efforts from all stakeholders to support the use of formal remittance channels and ensure their improvement to meet people’s needs.

Understanding the motivations behind remittances, the way they circulate and, most importantly, the impact they have on people requires taking a closer look at migration flows. Population movements within Africa are very dynamic, and are naturally the source of movements of money, through trade and remittances.
International migration flows are largely related to global economic, political and social elements. While globalisation has generally had the effect of increasing mobility around the world, the COVID-19 pandemic suddenly interrupted most population movements, thus demonstrating that specific events have the potential to disrupt migration. Many push factors drive people’s decisions to migrate, including lack of job opportunities, political instability, famine, conflict, climate change, and many others. In destination countries, these motivations are for some people a reason to demonstrate solidarity towards those who choose to migrate, and to welcome them when conditions are favourable. However, others are displeased with the idea of having to accept foreign individuals into their countries.

In 2020, it was estimated that the total number of international migrants was as high as 281 million people\(^8\). The largest proportion of them are located in Europe (86.7 million), followed by Asia, North America and then Africa.

In fact, migration has long been, and still is, a subject of public attention. Migration-related issues are central in policy debates, and widely covered by the media. However, the impressions people have of migration are often biased and quite different from the real migration phenomena and observable data.

There is a common misconception that most international migration is from Africa. However, in 2020, only about 41 million, or 14.5% of global migrants, were African. Furthermore, many people believe that African migration tends to be South-North, meaning from African countries to northern regions such as Europe or North America. Once again, research proves the opposite: about 51.56% (UNDESA 2020) of African migrants remain within Africa, and 87% of the 28 million migrants\(^9\) from Sub-Saharan Africa tend to remain on the African continent\(^{10}\).
The Mediterranean migration crisis of 2014-2015 received high media coverage. The broadcasting and newspaper reporting of tragic events such as the deaths of over 5,000 people while crossing the Mediterranean to reach Europe during those two years reinforced the belief that African migration to Europe is very high, and that much of this migration is not legitimate. However, it is interesting to note that actually most of African mobility is intra-continental.

Additionally, the proportion of African migrants in Europe is relatively low. Of the 40.2 million migrants from the African continent, about 27% have Europe as a destination. Out of all asylum seekers in the European Union in 2020, less than a quarter of them were originally from Africa\textsuperscript{11}. It is becoming more and more difficult for Africans to move to Europe, unless they have rare skills\textsuperscript{12}.

In 2020, migration from Africa dropped significantly owing to COVID-19 border closures. Mediterranean Sea crossings dropped by 20% in 2020 (to 81,502 arrivals) with African migrants comprising roughly half of those numbers\textsuperscript{13}.

Regarding the irregularity of African migration, the reality is once again quite far from common conceptions. There is no clear data on how much of the migration is legal, but some reports state that 94% of African migration is legitimate\textsuperscript{14}.

The \textit{Africa Migration Report} from the African Union and International Organization for Migration (IOM) highlights that most research on migration is based on Western perspectives, and that adopting an African approach to mobility is key to understanding African migration. South-North migration should not be disregarded, but it should also not be accorded disproportionate importance given the actual size of the phenomenon. Intra-Africa migration constitutes the majority within African migration, and is the focus of this report.
Intra-Africa migration contributes to determining economic and social structures in the continent. As many African countries lack the capacity to generate data on migration patterns, access to updated and accurate data on intra-Africa migration is quite limited. The most accurate data can be found in the United Nation Division of Economic and Social Affairs (UNDESA) database.

The number of international migrants in Africa has been increasing from 15.1 million in 2000 to 25.4 million in 2020, but Africa remains the destination of only 9% of migrants in the world (UNDESA 2020).

As regards patterns of migration in Africa, the major trend is the tendency of more than half of African migrants to remain on the continent. Others migrate to Europe, Asia, North America, and the rest of the world.
More than half of the main migration corridors in 2019 were within Africa. Examples of the largest ones are Burkina Faso to Côte d’Ivoire, South Sudan to Uganda, Sudan to Ethiopia and the routes between Mozambique, Zimbabwe and South Africa.

Eastern Africa hosts the largest share of international migrants residing in Africa (30%), followed by Western Africa (29%), Southern Africa (12%), Middle Africa (15%) and Northern Africa (12%).
REFUGEES IN AFRICA

Of all the migrants on the African continent, a small proportion of them are refugees who have fled war, violence, conflict or persecution and have crossed an international border to find safety in another country. Sub-Saharan Africa hosts more than 26% of the world’s refugee population. The number of refugees has been growing due to the ongoing crises in the Central African Republic, Nigeria, South Sudan, Burundi and Yemen. Over 18 million people in this region are now of concern to the UN High Commissioner for Refugees (UNHCR).

The latest elections in Burundi are helping to restore peace and security, which has improved the situation of refugees. As of 30 June 2021, 164,990 Burundian refugees had been repatriated under the tripartite voluntary repatriation programme launched in 2017, primarily from Tanzania (129,535) and Rwanda (28,212). As of the same date, 276,275 Burundians officially remained refugees in neighbouring countries.

South Sudan is dealing with a refugee crisis, with about 4.3 million South Sudanese displaced people. About 63% of refugees are under 18, and are often survivors of violent attacks. Most of the people fleeing the country are in Uganda and Sudan.

Ethiopia’s Tigray region is experiencing violent clashes. The UNHCR is working on assisting 96,000 Eritrean refugees and 650,000 internally displaced people in Ethiopia’s Tigray region and up to 120,000 Ethiopian refugees in eastern Sudan.

Even though intra-Africa migration is an important phenomenon, migrating within Africa still comes with a number of difficulties: border controls are often strict, and sometimes abusive towards migrants. Skill qualifications are not recognised across countries, leading to issues for working migrants.

In order to reduce the barriers to migration on the continent, the African Union is working on establishing the African Economic Community, which will relate to free movement of persons, right of residence and right of establishment. It is still unclear whether this agreement will soon allow Africans to move freely around the continent, but there are hopes that it will facilitate intra-Africa migration. A few countries, such as Benin, the Gambia and Seychelles, already offer visa-free travel for all Africans.

Seven African countries host the most international migrants.

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Migrants</th>
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<tbody>
<tr>
<td>South Africa</td>
<td>2,860,495.00</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>2,564,857.00</td>
</tr>
<tr>
<td>Uganda</td>
<td>1,720,313.00</td>
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<tr>
<td>Sudan</td>
<td>1,379,147.00</td>
</tr>
<tr>
<td>Nigeria</td>
<td>1,308,568.00</td>
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<tr>
<td>Ethiopia</td>
<td>1,085,517.00</td>
</tr>
<tr>
<td>Kenya</td>
<td>1,050,147.00</td>
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</tbody>
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Source: UNDESA 2020 Data
04.

RURAL EXODUS WITHIN AFRICA: THE SEARCH FOR NEW OPPORTUNITIES

Migration within Africa is not only about moving to a different country. There is one additional interesting aspect: the large migration flows towards cities.

Rural exodus is the movement of people from rural areas to urban areas, mainly in search of better opportunities in terms of employment. People often move to cities hoping to find non-agricultural jobs that offer more secure, and sometimes higher, incomes. This is observable on the African continent, where the share of people living in rural areas has been decreasing for some time. Many farmers struggle to make a living, and move to growing and modernising cities, hoping to start a new life. While the phenomenon is mostly driven by economic reasons, social and ecological determinants are also factors.

In Sub-Saharan Africa in particular, issues related to climate change are disrupting agriculture. According to statistics published by The Food and Agriculture Organization of the United Nations (FAO), 96% of agricultural land is entirely reliant on rainfall and therefore highly jeopardised by climate change. Moreover, increased temperatures are leading to crop losses, and droughts are becoming more and more frequent in some regions. Rural migration has historically been a coping mechanism for rural Africans to deal with seasonal changes, but this phenomenon has been replaced by more permanent relocations. In fact, these issues are likely to worsen if no major action is taken against climate change, and they will therefore accelerate the movement of rural farmers towards cities.
Another driver of rural exodus is the increased access to education which cities provide in most rural parts of Africa. The education that children receive at school often sets urban life as a goal and as a view of success. In fact, evidence from Nigeria shows that youths with more education are more likely to migrate.

As a result of these changes, Africa is undergoing an unprecedented urbanisation phenomenon: since 2010, the urban population of Africa has grown by 21 million every year. About half of all people in Africa now live in an agglomeration with a population greater than 10,000.

Rural exodus is a large part of population movements within Africa, and is redefining economic, social and political structures within the continent. While much of the African rural youth is driven to move to cities, it is also important to realise that rural regions of Africa are developing rapidly, and living conditions are improving. In particular, international remittances sent by migrants to their families and loved ones contribute significantly to the improvement of living standards within poorer regions of rural Africa.
INTRA-AFRICA MIGRATION: A MAJOR DRIVER OF REMITTANCES WITHIN THE AFRICAN CONTINENT

Migration has always been an important pillar of social and economic life in Africa, and will most likely continue to be in the future. The COVID-19 pandemic severely disrupted global mobility in the form of reduced travel, border closures, travel restrictions and bans. Between January and April 2020, migration flows in West and Central Africa dropped by 48%. However, in the following months, migration increased by 65% in the same region. Out of 54 countries in Africa, 43 closed their borders during 2020, creating large challenges for migrants travelling for work. The pandemic has made global migration flows more unpredictable.

As of January 2022, only 9.11% of Africans were fully vaccinated against COVID-19, while some European countries had vaccination rates of up to 88% of their populations. Refugees, asylum seekers and stateless people face an even greater issue regarding access to vaccination, as they are generally excluded from national vaccination programmes. If the shortage of vaccines in Africa becomes prolonged, vaccine inequality might keep Africa fragilised by the pandemic in the upcoming years. The pandemic brought the worst recession ever recorded to Africa in 2020, and increased unemployment to high levels. Even though the continent still has to fight against the economic and societal effects of COVID-19, the recovery has already begun.

FUTURE MIGRATION TRENDS:
THE FORECASTED SCENARIO
The Africa Migration Report explores three possible development pathways for the continent until 2050. It explains that the final migration and more general development outcomes will depend on a variety of factors, as follows:

### Empowered Africa
- Technology is accessible to all.
- Fostering inclusion through enhanced gender equality.
- Improved life in rural areas with more sustainable energies and farming technologies.
- Development and innovation driven by the spread of knowledge.
- Intra-Africa migration is easier and frictionless.

### Slowdown in the West
- Western countries struggle with ageing populations and technology innovation.
- Automation handles most tasks, maintaining production but limiting growth.
- Migration to the West slows down, internal flows become more significant.

### African Way
- World experiences economic growth with redistributive policies.
- Conflicts within Africa end, culture strong and local economies thrive.
- Africa becomes a popular destination for global tourists.

Depending on which development path the continent takes, different outcomes can be contemplated. A possible scenario is one of an Empowered Africa, where technology is accessible to all, and fostering inclusion, which is further improved by the enhanced gender equality that allows all women to fully participate in governance and economic activity. Life in rural areas would also be improved thanks to the use of more sustainable energies and the introduction of technologies in farming. The attainment of this outcome primarily necessitates the spread of knowledge through African society and in all communities, to foster development and innovation. In this case, intra-Africa migration would be easier and frictionless. Even though migration outside the continent would continue, African countries would become more attractive for their citizens to eventually return.

Another possible scenario is a Slowdown in the West, according to which Western countries could lose their hegemony around the year 2050. These countries will most likely struggle with ageing populations, and the movement of technology and innovation towards Africa and Asia. Most of the work could be automated with artificial intelligence to handle the majority of tasks, which would maintain production, but boost it only to a very limited extent. As Western nations would need immigration to offset their falling birth rates, they would instead limit the number of incoming migrants due to xenophobic and restrictive migration policies. In the meantime, Africa would be experiencing large growth, in particular in big cities. Therefore, the economy would remain polarised geographically and based on the sectors, creating large differences in wages across sectors and economies. In this case, migration within Africa would be boosted even more than in current circumstances, and flows would mainly be directed towards cities that thrive. Migration to the West would slow down, and would be insignificant compared to internal flows.

The third possible scenario is the African Way. Most of the world would experience large economic growth until 2050, combined with redistributive policies that reduce income polarisation and enhance equality. Most conflicts within Africa would come to an end, and Africa would build itself based on its own values and culture, rather than following the West. The principal changes would be high quality education and revival of local cultures. Africa would become a popular destination for global tourists, as well as a more attractive migration destination, thanks to the large range of good universities and work opportunities.

Read more in the African Migration report.
CONCLUSION

This report has shown that Africa has a highly mobile population, and is therefore a very dynamic continent. There are a variety of popular migration routes within Africa, where people move primarily for economic reasons, but also social, cultural or climate-related reasons, in order to improve their lives. Even though the COVID-19 pandemic has brought uncertainty and affected migration patterns, many signs show that international migration will only continue flowing in Africa.

As people migrate, money flows across borders in a variety of ways. We believe that individuals should be able to send money to their loved ones across borders. This process is still far from being seamless, as remittances are still expensive, slow, lacking in accessibility and transparency. In particular, while remittances from the major source regions such as the USA, Europe and the Middle East are vital for the African continent, intra-Africa remittances are also critical. As the majority of these flows are not recorded, their importance is often underestimated. On top of that, intra-Africa remittance corridors are some of the most challenging in the world due to fragmented regulation often resulting in slow transfers, high costs and low accessibility. Gaining a deeper understanding of these corridors is necessary to improve the remittance process in the region, and in particular to achieve the SDG goal 10.c - to reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%.

In the next report, we will explore how formal intra-Africa remittance channels can be improved and strengthened. While remittance services providers work to offer the best service possible to the end-users, these companies still face a number of challenges that need to be remedied to improve cross-border payments in the region. This effort is supported by the G20 in the Building Blocks project which aims to reduce the cost of remittances, to ensure accessibility to everyone, to promote transparency and to increase the speed of payments, while at the same time maintaining profitability for remittance services providers.

We will give voice to the private sector, as well as to financial regulators, in order to get a better understanding of the challenges faced by the industry. The research will come with findings valuable to both private and public sectors.
INTRA-AFRICA MIGRATION: A MAJOR DRIVER OF REMITTANCES WITHIN THE AFRICAN CONTINENT

Chapter 1: Intra-Africa migration, a major driver for remittances within the African continent

Chapter 2: The persistence of a large informal remittance market

Chapter 3: The challenges faced by remittance services providers in Africa

Chapter 4: Building the regulatory framework: views from the regulators

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