



## **REMITPLUS™ PROJECT REPORT**

*Report launched as part of AFFORD's  
Global Enterprise Week programme*

**Monday, 14 November 2011**

**House of Commons, Westminster, London SW1 0AA**



**AFFORD, Rich Mix Building, 35-47 Bethnal Green Road, Shoreditch, London E1 6LA**

**W: [www.afford-uk.org](http://www.afford-uk.org) [www.remitplus.org](http://www.remitplus.org) T: +44 (0)20 3326 3750**

**Founded 1994 • UK Charity No: 1104682 • UK Company No: 4772972**

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## AFFORD MISSION & BACKGROUND INFORMATION

AFFORD's mission is:

*“to expand and enhance the contribution Africans in the diaspora make to African development”.*

AFFORD programme areas are:

*Employment & Enterprise in Africa  
Diaspora Remittances & Investment  
Diaspora Engagement & Capacity-Building  
Action-Research, Policy & Practice*

AFFORD has offices in the UK and Sierra Leone; runs projects in Sierra Leone, Ghana and UK; and in 2012 is undertaking feasibility studies in South Sudan, Rwanda, Mauritius, Gambia.

## REMITTANCE & INVESTMENT PILOT PROJECT ON UK–SIERRA LEONE CORRIDOR

The RemitPlus™ project was conceived and developed in 2007 and funding was raised in 2008/09

This pilot project was implemented from March 2009 to May 2011

Replication and development plans have been developed and summarised in this report.

**RemitPlus™**  
More for your money

Send money home today to support existing local businesses or help friends or family start new enterprises

**Linking Remittances to:**

- Better Financial Literacy
- Investment & Savings
- Business Advice & Support
- Enterprise Development in SIERRA LEONE

IFAD  
World Bank  
African Development Bank  
AFFORD has teamed up with Finance Salone the largest microfinance institution in Sierra Leone and Fodges the country's first online international money transfer company to bring you RemitPlus™.

**RemitPlus™**  
More for your money

African Development Bank  
RemitPlus™ is an AFFORD project co-funded by IFAD an agency of the United Nations

RemitPlus™ offers FREE Financial Literacy training to both senders and recipients of remittances to Sierra Leone.

RemitPlus™ also offers FREE Business Support to recipients of remittances in major towns (and surrounding areas) across Sierra Leone:

- Bo
- Freetown
- Kailahun
- Kambia
- Kenema
- Koidu Town
- Lungi
- Makeni
- Port Loko

Want to know more? Call FADUGU on:

UK: +44 (0)20 7078 7315  
Sierra Leone: +232 (0) 33 503 133  
Email: [info@remitplus.org](mailto:info@remitplus.org)  
[www.remitplus.org](http://www.remitplus.org)

FINANCE SALONE LTD  
Fodges

AFFORD | CastleWorks | 21 St George's Road | London | SE1 6ES

*Copy of one of the RemitPlus™ marketing leaflets*

## REMITPLUS™ PROJECT COMPONENTS

The RemitPlus™ project objectives were:

- Improve access to remittances for recipients, especially in rural areas in Sierra Leone, and foster productive use of remittances for investment.
- Provide greater access to additional financial services, through a client-tailored business development and financial inclusion package that is safe, secure, instant and accessible.
- Enable existing and new Finance Salone clients to access financial services in rural Sierra Leone.

## REMITPLUS™ PILOT PARTNERS

### International Fund for Agricultural Development (IFAD)

A specialised agency of the United Nations, set up in 1977

IFAD provided co-funding through the Facilitating Financing of Remittances (FFR) scheme.

### Fadugu Limited

A diaspora-owned online licensed Money Transfer Operator (MTO), set up in 2006  
Fadugu is registered in the UK and is regulated by the Financial Services Authority.

### Finance Salone Limited

A Micro-Finance Institution (MFI) with the largest network of rural branches in Sierra Leone  
Finance Salone has been operating in Sierra Leone since 2001.

### Afro International (AfroInt)

One of the largest independent licensed Money Transfer Operators (MTO) in Sierra Leone  
AfroInt provides remittance and other commercial services in Sierra Leone and Guinea Conakry.



*AFFORD is especially grateful to the members of the Sierra Leonean community in the UK who participated actively in the pilot project and provided useful advice and guidance.*

## SUMMARY OF ACHIEVEMENTS

- Helped Finance Salone (the Microfinance Finance Institution with the largest network of rural branches) start operations as a remittance paying-out agent for the first time.
- Helped Fadugu develop and operate a feasible online money transfer service, leading to the company gaining further private investment and expansion of its services.
- Produced financial literacy workbook for remitters and financial information factsheets about banking, savings and investment options in Sierra Leone.
- Provided financial literacy training to 335 remittance senders in the UK through workshops, and sensitised 50 community leaders and mobilisers through outreach activities.
- Provided financial training and business support to 385 remittance receivers and helped 80 remittance receivers open bank accounts in 7 rural areas of Sierra Leone.
- Signed up Afro International as an additional MT0 project partner, to optimise access to remittance receivers in rural areas.
- Developed better conceptual and practical understanding of how to optimise the productive impact of remittances in different socio-economic settings.

## SUMMARY OF CHALLENGES

- Remittance recipients are concentrated in the urban area, as reflected by the volume of flows handled by the RemitPlus™ MT0 partners. These funds are also spent in the urban area, contributing to the urban economy and increasing the rural-urban imbalance.
- The key partners (Finance Salone and Fadugu) faced business viability challenges in that the income earned from unit remittance transfers were very low and the pilot project did not generate enough volumes of remittance flows to make the operations profitable.
- Remittance receivers in rural Sierra Leone do not generally have a habit of saving moneys. Apart from sustained awareness-raising and financial training, practical mechanisms are needed to facilitate savings and combat the ingrained habit of non-saving.
- Finance Salone (like many other MFIs) did not have a deposit-taking license. There was a missed opportunity in that remittances were just paid out to receivers and not linked to savings accounts within the institution.

## **RESOURCES PRODUCED TO SUPPORT BENEFICIARIES**

The RemitPlus™ project produced a number of resources, which were used to support both senders and receivers of remittances. The resources include the following:

- ‘Money Talks: Financial Training Workbook’
- ‘Factsheet 1: Banking in the United Kingdom and Sierra Leone’
- ‘Factsheet 2: Savings and Investments in the United Kingdom and Sierra Leone’
- ‘Factsheet 3: Tips on Improving Personal Remittance Behaviour’
- ‘Factsheet 4: The Practice of Personal Financial Budgeting’

## **BUSINESS SUPPORT PROVIDED & FINANCIAL ACCESS FACILITATED**

<b>Business Support</b>	<b>Financial Access</b>
<i>385 rural remittance receivers were provided financial training and business support by AFFORD. Beneficiaries reside in the following rural areas:</i>	<i>80 rural remittance receivers were helped by AFFORD to open bank accounts. Beneficiaries reside in the following rural areas:</i>
Bo 57 People	Bo 8 People
Kambia 41 People	Kambia 15 People
Kenema 65 People	Kenema 15 People
Kono 36 People	Kono 8 People
Makeni 138 People	Makeni 18 People
Port Loko 25 People	Port Loko 4 People
Western Area (Freetown Rural) 23 People	Western Area (Freetown Rural) 12 People

## **REMITPLUS™ REPLICATION AND DEVELOPMENT PLAN**

RemitPlus™ have produced a business plan, indicating how the pilot project can be developed and enhanced as part of a replication and development process.

The immediate short term (2011-12) development action relates to providing support and facilitation to Finance Salone (and potentially other Micro Finance Institutions operating in rural areas) to:

- Become remittance paying-out agents for multiple MTOs
- Acquire licenses to take deposits and open savings accounts
- Route remittances through the savings accounts of recipients
- Facilitate savings of a given percentage of every remittance received
- Integrate remittances within the local savings and investment sector.

The medium term (2012-14) replication and development actions include launch of:

- RemitPlus™ Factsheets
- RemitPlus™ Bank Account
- RemitPlus™ Diaspora Bonds
- RemitPlus™ Diaspora Mutual Fund
- RemitPlus™ SME Development Fund

## **REMITPLUS™ FACTSHEETS**

The proposed RemitPlus™ Factsheets shall have the following features:

- Address the challenge that significant numbers of migrants and diasporans are not aware of, or do not understand the workings of relevant financial products and services available in their countries of origin.
- Production of factsheet on social security and pension schemes in African countries; and ongoing research and production of regular online updates of all factsheets.
- Production of the factsheets and updates in a range of official and local languages, and versions targeted at particular migrants and diasporans e.g. domestic, care, health and agricultural workers.
- Credible research and replication of the Sierra Leone factsheets for all African countries (and other Less Developed Countries).
- Identification of new and relevant themes and topics to address through the factsheets and updates.

## **REMITPLUS™ BANK ACCOUNT**

The proposed RemitPlus™ Bank Account package shall have the following features:

- Address the mis-opportunity of the diaspora and remittance economy not being fully integrated into mainstream national financial systems.
- Account to comprise current account and at least 2 other investment or savings accounts such as: education plan, health insurance, home plan, managed investment options etc.
- Account to be offered by participating banks in Africa (and other Less Developed Countries); packaged from their existing portfolio of savings and investment products.
- Be available to diaspora and migrants as well as recipients of remittances in countries of origin.
- An independent RemitPlus™ social enterprise company markets the branded bank account globally to the diaspora and all remittance senders and receivers. Participating banks to pay minimal sums to the RemitPlus™ company, based on the number of RemitPlus™ Accounts they hold.

## **REMITPLUS™ DIASPORA BONDS**

The proposed RemitPlus™ Diaspora Bond scheme shall have the following features:

- Address the fact that the successful schemes in Israel and India cannot be replicated in Africa without significant modifications to reflect the socio-economic and political realities of the African diaspora.
- RemitPlus™ Diaspora Bonds to be packaged, managed and marketed by the RemitPlus™ social enterprise company; backed and underwritten by the relevant African governments.
- RemitPlus™ Diaspora Bonds to be used initially to raise funds of under \$10m; for shorter term projects of 3-5 years; to finance physical and tangible stand-alone projects that reflect the development interests of the diaspora.
- RemitPlus™ Diaspora Bonds to be packaged for the first and second generations as well as the historic African diaspora of the Americas.
- The RemitPlus™ social enterprise company to market and promote diaspora bonds issued directly by central banks as well as those issued by state-owned enterprises, backed and underwritten by the relevant African governments.

## REMITPLUS™ DIASPORA MUTUAL FUND

The proposed RemitPlus™ Diaspora Mutual Fund shall have the following features:

- Address the challenge that many migrants and diasporans on low income are practically excluded from the financial investment schemes available in their countries of origin.
- Mobilisation of an investment fund through monthly or occasional account subscriptions by migrants and diasporans; the small individual investments are pooled together into a fund to be invested in relatively safe financial products such as Treasury Bills and sovereign bonds and shares in local blue chip corporations.
- Returns on investments to be assessed and credited to investors bi-annually; with investors encouraged to reinvest funds over 5, 10 and 15 years.
- Fund packaged to reflect the specific needs and circumstances of low income migrants and diasporans such as domestic, care, health and agricultural workers; promoted in partnership with trade unions, employee groups, international agencies etc.

## REMITPLUS™ SME DEVELOPMENT FUND

The proposed RemitPlus™ SME Development Fund shall have the following features:

- Address the challenge that there is significant shortage of equity investment funds aimed at SME development in Africa; and that interest rates on business loans are prohibitively high in most African countries.
- Mobilisation of an investment fund from grant-makers and investors, to be used to invest in African SMEs through equity stakes and affordable business loan schemes.
- The Fund shall invest \$25,000 to \$100,000 in fast-growth ethical SMEs that create well-paid (above the living wage) and sustainable jobs in Africa; exiting from investments within 5 years.
- Working together with AFFORD's business support service, the fund will deploy its own enterprise and management teams to transform the SMEs in which it invests, and to run wholly-owned SMEs.

*AFFORD is seeking partners and funders for the development and replication of the RemitPlus™ portfolio of financial products, services and projects, as set out above.*

*You can contact directly the chairman of AFFORD, Mr Gibril Faal at [gfaal@gkpartners.co.uk](mailto:gfaal@gkpartners.co.uk)*