



African Union Legacy Project through an African Diaspora Finance Corporation (ADFC)

25 May 2012: African Union Legacy Project: At the Global African Diaspora Summit (GADS) in South Africa, the African Union Heads of State and Government agreed to:

“.....adopt five legacy projects.....Use financial instruments focusing on investments to facilitate the mobilization of capital that would strengthen links between Africa and the Diaspora.....creating a Development Fund and/or African Diaspora Investment Fund to address development challenges confronting Africans in the continent and the Diaspora”.

17-21 May 2021: AU Provisional Endorsement: At the Fourth Ordinary Session of the Specialized Technical Committee (STC) on Finance, Monetary Affairs, Economic Planning and Integration, the Ministers agreed to:

“Provisionally endorse the AUC report on ‘Strategic, Business and Operational Framework for an African Diaspora Finance Corporation’ as the framework for the African Union legacy project on diaspora investment;....Request the AUC to continue discussions with the competent authorities on the matter, and organise an Extra Ordinary STC Experts meeting.....The recommendations of these discussions are to be sent to the 35th Ordinary Session of the Assembly for consideration and adoption”.

15-17 Dec 2021: AU Finance Ministers’ Endorsement: At the Second Extraordinary Session of the Specialized Technical Committee (STC) on Finance, Monetary Affairs, Economic Planning and Integration, *the Finance Ministers of the African Union formally endorsed the Framework Report for the African Diaspora Finance Corporation (ADFC) and recommended adoption by the Heads of State and Government*, noting the reservation of some Member States.

2-3 Feb 2022: AU Executive Decision on ADFC: On 20-21 January 2022, the Forty-Third Ordinary Session of the Permanent Representatives’ Committee (PRC) discussed the report of the STC and underscored the need for additional feasibility studies. On 2-3 February 2022, the Fortieth Session of the Executive Council made a decision on the ‘Reports of the STCs and other Ministerial Meetings’ stating that the AU:

“Adopts the ‘Strategic, Business and Operational Framework for an African Diaspora Finance Corporation’ as the framework for the African Union legacy project on diaspora investment after consideration of by the relevant PRC Sub-Committee;....Further Request the AUC to undertake a feasibility study on the establishment of the African Diaspora Finance Corporation (ADFC) that will cover business operations, investment planning and criteria, and the application and administration of ADFC funds”.

From Commitment to Implementation: A Decade in the Making

A decade after the commitment made by the AU Heads of State and Government, and after three years of research, analysis, consultations and review, the AU legacy project on diaspora investment is now close to being reality. With the historic AU Executive Decision of February 2022, the ADFC first phase implementation will be undertaken (2022 to 2025), focussed on start-up operations of the: **RemitAid™ Remittance Match Funding (RMF) innovative finance mechanism; RemitAid™ Endowment Fund (REF) and RemitAid™ Development Trust (RDT).**

African Union Diaspora Investment Legacy Project through an African Diaspora Finance Corporation (ADFC)

- ADFC Vision:** *“Innovative and optimal usage of African diaspora resources for inclusive development in Africa and within the diaspora”.*
- ADFC Mission:** *“Mobilise direct and indirect diaspora funds for structured investment in socially responsible and impactful ventures and schemes”.*
- ADFC Products:** *Three core products, namely: Management of Endowment Fund (created through the innovative finance mechanism of Remittance Match Funding [RMF]); Issuance and Management of Diaspora Bonds; and Management of Diaspora Mutual Funds.*
- ADFC Structure:** *Treaty-based multilateral finance institution, comprising: Members, Board of Directors and Operational Directorate. ADFC shall be governed by: Treaty, Charter and Headquarters Agreement. To bring the ADFC Treaty into force, it shall require signatures by Ten (10) and ratification by Six (6) African countries.*
- ADFC Launch:** *After the African Union Executive Decision endorsing and adopting the ADFC Report as the framework for the AU legacy project on diaspora investment, in February 2022), ADFC will be launched starting with: further feasibility studies; first phase implementation of the RemitAid™ Remittance Match Funding (RMF) innovative finance mechanism; updating and implementation of business plan for Diaspora Bonds and Mutual Funds; and negotiations for the signature and ratification of an ADFC Treaty.*

Main Strands of ADFC

- **RemitAid™:** Start operations with the initiation of RemitAid™ and the Endowment Fund
- **Innovative Finance:** Through RemitAid™ Remittance Match Funding (RMF)
- **Structured Products:** Diaspora Bonds and Diaspora Mutual Funds
- **Forward Investment:** In continental priority sectors and industries
- **Impact Investment:** Through African corporate and institutional partners
- **Profits and Surpluses:** Channelled to Endowment Fund and Development Trust
- **Social Enterprise Mutual:** Structured for full re-investment and no dividend payments
- **Treaty-Based Entity:** Independent, non-AU multilateral finance institution

ADFC's start-up work programme shall include:

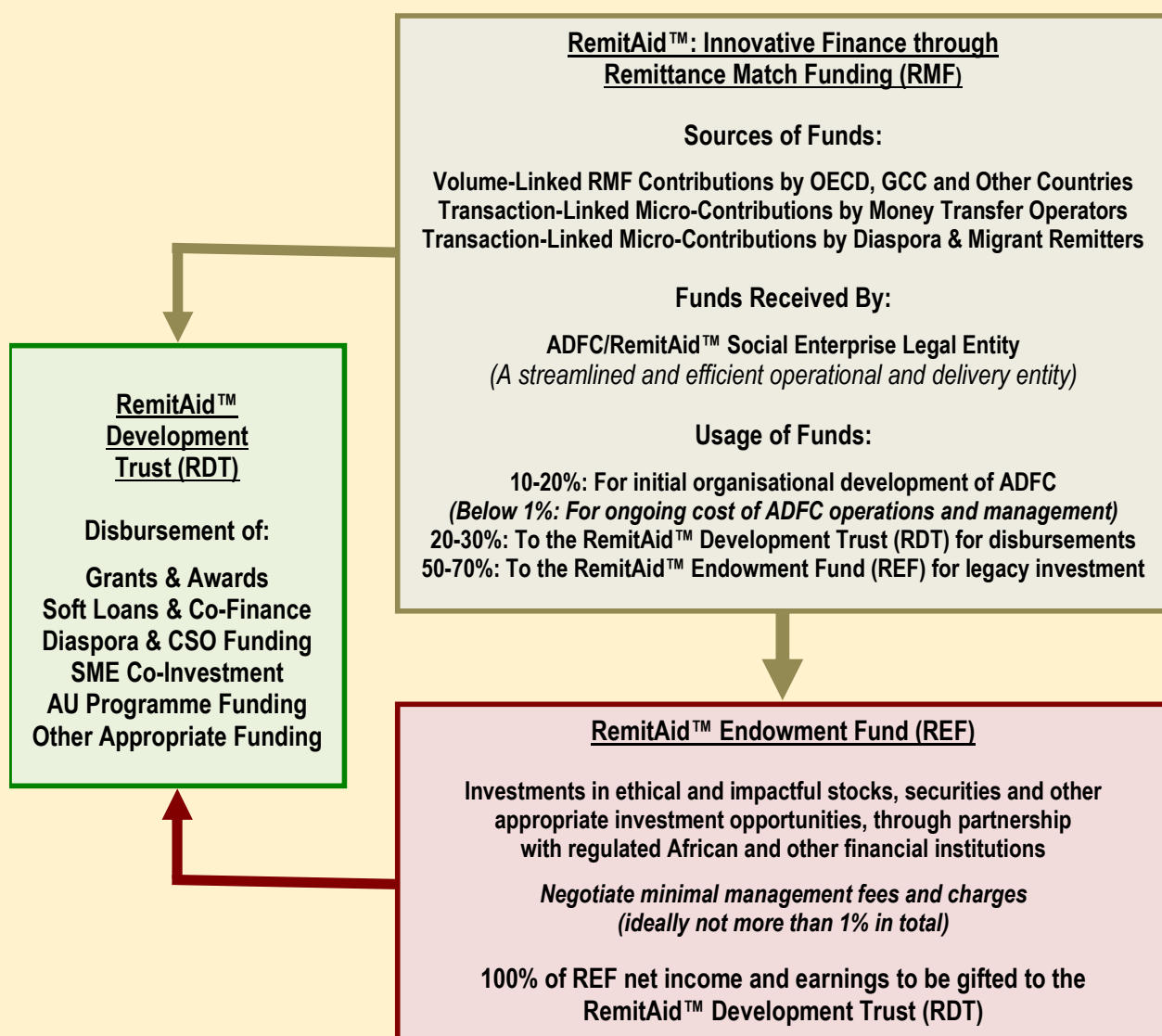
Resource mobilisation from development partners through innovative finance mechanism
Resource mobilisation from the multigenerational African diaspora through micro-contributions
Investment of funds through intermediary continental and diaspora corporations and organisations
Impact investment in profitable, responsible and structured ventures and regulated schemes
Operations to be undertaken on a continent-wide basis to foster African integration
Strategic and operational partnerships with financial and development institutions
Investment of surpluses in a Perpetual Endowment Fund, creating an African Legacy Fund
Use Endowment Fund income for grants and co-finance of development projects

ADFC Start-Up: Launch of RemitAid™ Innovative Finance Mechanism

Optimal Start-Up: Based on the vision and mission, ADFC shall harness the options and opportunities of hybrid and blended finance, innovative finance, and a social enterprise structure. It shall focus on diaspora savings, and stimulate the development of Diaspora Portfolio Investment (DPI). ADFC shall start operations by launching the 'RemitAid™ Remittance Match Funding (RMF)' innovative finance mechanism. Amongst other things, this will facilitate:

- Creation of practical co-financing relations with development partners and the diaspora
- Creation of operational and co-financing relationships with Money Transfer Operators
- Creation of business and investment relationships with financial corporations
- Start of the RemitAid™ Endowment Fund as an African Legacy Fund
- Start of the RemitAid™ Development Trust as a grant-making and co-finance fund
- Development of the ADFC organisational and investment business structure
- Development of the ADFC Diaspora Bond and Diaspora Mutual Fund products

RemitAid™: Remittance Match Funding (RMF) Innovative Finance Mechanism



Viability Illustration: Between 2006 and 2019, the innovative finance mechanism called 'UnitAid' raised over US\$3 Billion through a US\$1 Solidarity Levy on airline tickets, with 75% of the funds coming from five participating countries. Informal consultations by AUC and GKP indicate that about 10 countries may participate as founding members in the RemitAid™ Remittance Match Funding (RMF) innovative finance mechanism. (RemitAid™ was originally developed in the United Kingdom in 2003 by Professor Gibril Faal of GKP, and the African Foundation for Development [AFFORD]).

ADFC Timeline: A Decade in the Making

25 May 2012: Declaration on African Diaspora Investment Fund by the AU Heads of State and Government

Sep 2015: AU 'Agenda 2063 First Ten-Year Implementation Plan' set deadline of 2018 for ADIF launch

May 2018: AU 'Migration Policy Framework' restated ADIF as action point for AU-CIDO implementation

Sep 2018: AU and GIZ commissioned GK Partners (GKP) to establish the design and implementation framework

Feb 2019: GKP proposed creation of an independent African Diaspora Finance Corporation (ADFC)

May 2019: AUC accepted the GKP proposal and the full 120-page ADFC Framework Report*

Sep 2019: AUC published the abridged version of the ADFC Report on the AU website

28-29 Nov 2019: AU convened Diaspora Investment Fund consultative and validation workshop in Cairo, Egypt, attended by about 50 delegates including: Member States and diaspora organisations; officials from different AUC directorates; independent diaspora finance experts; Regional Economic Commissions; UN agencies (namely UNECA, UNCTAD and IOM); African financial institutions (including African Development Bank, Afreximbank, Africa Finance Corporation, Ecobank, Equity Bank Group, Central Bank of Nigeria).

Jan-Mar 2020: AUC consultations on implementation with Member States, development and financial institutions

Mar 2020: Meeting of the AU Specialized Technical Committee (STC) postponed due to the COVID19 pandemic

May-Dec 2020: AUC initiated new tender process to appoint consultants for the 'Start-up Implementation'

Jan 2021: AUC appointed GKP as consultants to lead the 'Implementation Start-Up Phase'

May 2021: AUC shared full ADFC Report with Member States (in Arabic, English, French and Portuguese)

17-21 May 2021: AUC and GKP presented the ADFC Report to the AU Specialized Technical Committee (STC) on Finance, Monetary Affairs, Economic Planning and Integration, and the Ministers gave a provisional endorsement.

Jun-Sep 2021: AUC and GKP continued discussions and consultations with competent authorities and potential partners, including: technical briefing of Member States and diaspora stakeholders; internal consultations and briefings with different directorates; informal liaisons with African financial institutions, international development agencies, and Money Transfer Operators.

6-7 Oct 2021: AUC and GKP made further detailed presentation to the STC consultative meeting. The crucial outstanding actions points for the launch of ADFC are:

15-17 Dec 2021: Endorsement by AU Finance Ministers at the STC Second Extraordinary Session

20-21 Jan 2022: Review of the STC Ministerial Report by the AU Permanent Representatives' Committee (PRC)

2-3 Feb 2022: AU Executive Decision made to endorse ADFC and the ADFC Framework Report

July 2022 to June 2025:

Further feasibility studies and ADFC implementation, start-up and operations

African Union press statement on the endorsement of ADFC.

<https://au.int/en/pressreleases/20220402/african-union-endorses-african-diaspora-finance-corporation-adfc>

The ADFC Framework Report is titled: 'Strategic, Business and Operational Framework for an African Diaspora Finance Corporation: African Union Legacy Project on Diaspora Investment, Innovative Finance and Social Enterprise in Africa'. The English version is 120-pages long, 50,000 words, with 8 chapters, 60+ sub-sections, 12 tables, 250+ footnotes, 90+ references; and over 60 experts and stakeholders were interviewed or consulted. The full report is available in Arabic, English, French and Portuguese, on the AU website.

<https://au.int/en/documents/20211001/strategic-business-and-operational-framework-african-diaspora-finance-corporation>

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