

Remittance inflows to sub-Saharan Africa fell by 0.3% in 2023 to \$54 billion, according to World Bank data—an amount 1.5 times that of foreign investment to the region.

Nigeria remained the top destination, though its receipts fell by 2.9% within the period. However, the cost of sending remittances to the region remains the highest in the world, averaging nearly 8% for every \$200 sent, compared to the global average of 6.4%.

The most expensive routes are transfers from Tanzania to its close East Africa neighbors Uganda, Kenya, and Rwanda, which cost no less than 30% per \$200 transaction. Two of the cheapest corridors are remittances to Mali from Senegal and Côte d'Ivoire, the World Bank's report noted.

Sub-Saharan Africa's remittance market is critical for the region's economy, often serving as a lifeline for millions of households. Yet, the region grapples with the world's highest transfer costs, hindering the potential benefits of these funds. The disparity between the costs in Southern Africa and other regions highlights the urgent need for reforms to reduce the financial burden on senders and recipients alike.

According to the report, Southern African countries, particularly those within the Southern African Development Community (SADC), continue to face economic pressures that influence remittance inflows and outflows. South Africa, the region's largest economy, remains a significant source of remittances to neighboring countries, including Zimbabwe, Mozambique, and Lesotho. However, the economic slowdown in South Africa, driven by factors such as rising inflation and unemployment, has strained the flow of remittances across borders.

Despite these challenges, some countries in the region have shown resilience. For instance, Zimbabwe saw a modest increase in remittance inflows, buoyed by its diaspora's efforts to support families amid the nation's economic instability. Conversely, countries like Angola and Zambia experienced a decline in remittance receipts, reflecting broader economic difficulties and reduced expatriate earnings.

The World Bank report projects that remittance inflows to sub-Saharan Africa will experience modest growth of 3% in 2024, driven by improving global economic conditions and the stabilization of key economies in the region.

However, this growth is expected to be uneven, with countries like Rwanda and Kenya leading the way, while others, particularly in Southern Africa, may continue to face sluggish inflows due to persistent economic challenges.

Additionally, the report highlights the importance of remittances as a vital source of income for many African households and calls for concerted efforts to reduce transfer costs. By enhancing digital payment systems and fostering competition among service providers, the region could significantly lower the cost of remittances, thereby maximizing their impact on poverty reduction and economic development.