



Observance event

“International Day of Family Remittances Supporting one billion people reach their own SDGs

Friday, 14 June 2019
Conference Room 12, UN Headquarters, New York

Background

Over the past decade, the international community has increasingly recognized the contribution of migrants to the development and wellbeing of their communities of origin and residence. This recognition has been strengthened by viewing remittances as a means to achieve the SDGs by 2030, and by acknowledging migrants' contribution in the newly-adopted *Global Compact for Safe, Orderly and Regular Migration* (GCM). It is now also widely accepted that, beyond the specific SDG aimed at reducing remittance transfer costs (SDG 10c), these flows also have an immense socio-economic impact, allowing millions of families to achieve their own SDGs.

Indeed, it is estimated that around 258 million migrants directly and substantially contribute to the achievement of several SDGs through the remittances they send home. These essentially private money transfers represent their first line of defense against poverty and contribute to their access to nutrition, health, education, housing, water and sanitation. In addition, steady remittance flows can promote households' financial inclusion and create additional opportunities such as products of blended finance and lending schemes for business development. This, in turn, provides remittance-receiving families more options to use these funds productively, and positively impacts local communities through savings, investments and job creation.

In 2018, migrants sent an estimated **US\$529 billion** to low- and middle-income countries. By 2030, this amount will cumulatively reach **more than US\$8.5 trillion**, and over US\$10 trillion in the next two years. Projections indicate that, by end 2019, these flows will reach US\$550 billion, with US\$250 billion reaching rural areas. Remittances sent to developing countries annually are more than three times the amount of official development assistance (ODA) worldwide and surpass foreign direct investment. While 75 per cent of these flows are used for short-term and daily needs, the remaining 25 per cent is either saved or invested.

These trends in remittance flows are of particular importance to remote rural areas where an aggregated US\$30 billion per year in remittances are directly invested in agriculture – an amount equal to four times global ODA **to agriculture**, thus making remittance-receiving families the **largest investors in this field**. Remittances to rural and urban areas represent a prime opportunity for fostering job creation and supporting entrepreneurship in local communities. In addition, improved conditions through the maximization of remittances sent back home can create the conditions that give migrants the possibility to return home, offer alternatives to the young and future generations not to migrate, and break the dependency on remittances which often impedes family reunification.

Brief report¹

The observance event: *International Day of Family Remittances: Supporting one billion people reach their own SDGs* was held at the United Nations Headquarters in New York, on 14 June 2019. The event was organized by the 2019 Chair of the Global Forum on Migration and Development (GFMD), Ecuador, in partnership with the Permanent Missions of Algeria, Canada, Ecuador, Guatemala, Madagascar and the Philippines, along with the International Fund for Agricultural Development (IFAD), the International Organization for Migration (IOM) and the United Nations Department of Economic and Social Affairs (UN-DESA).

On the occasion of the 2019 observance of the International Day of Family Remittances (IDFR), the event highlighted migrants' contribution to sustainable development through remittances and investment, emphasizing how these flows support the achievement of the *2030 Agenda* and the SDGs. In particular, and in the context of one of the 2019 GFMD's thematic priorities on the effects of remittances for the building and transformation of rural areas, the event engaged with participants on exchanging action-driven mechanisms and synergies that could support the implementation of Objective 20 of the GCM: *Promote faster, safer and cheaper transfer of remittances and foster financial inclusion*. These recommendations will be further analyzed at the GFMD Summit, taking place in Quito on 18-22 November 2019 during Roundtable 3.2. On this IDFR observance event, partners of the IDFR actively supported the **#FamilyRemittances2030** campaign, in line with the objectives of the SDGs, the GCM and the GFMD. The campaign provides an opportunity to learn about - and share - best practices among UN Member States and private sector representatives, as well as the basis to guide global, regional, national and local stakeholders in the GCM implementation.

Over 60 participants attended, with high-level participation from 25 Member States, 10 international organizations, and representatives from the private sector, including Western Union, GSMA and Equity Bank. An intervention in support of the IDFR was also made by the United Nations Network on Migration.

Panelists from the public and private sectors discussed the current status of the global remittance market, as well as the proposed policies and mechanisms to lower remittance transaction costs, improve market efficiencies and regulatory environments, promote financial inclusion, enable innovation and customize investment opportunities to the needs and interests of both remittance senders and receivers.

During the opening session, the interventions emphasized the role of the IDFR in raising global awareness on the link between remittances and sustainable development, and focused on policies, approaches and sustainable solutions needed to enhance the positive effects of migration and remittances for development, for resilience-building and transformation in rural areas. The role of reaching out to diaspora, e.g. through the use of IOM's *3Es policy of engaging, enabling and empowering* diaspora, diaspora mapping, as well as that of innovative financing (blended finance) and embracing technology (iDiaspora) was also highlighted.

The first session focused on addressing the role of remittances in achieving the 2030 Agenda and the role of cooperation and partnerships (i.e. public-private, civil society-public, South-South, etc.) in this regard, including the use of technology, FinTechs, postal networks, financial literacy, etc. A key point made was the need to ensure last mile connectivity by building the requisite infrastructure, investing in digital options and newer partnerships both private-public as well as partnerships among private sector operators.

The flip side of the impact of remittance economy-wide such as currency appreciation, potential for over-dependency and the issue of sustainability was also highlighted, as well as the issue of adequate and accurate data collection and gender considerations in remittance policy formulation.

The second session discussed concrete best practices to implement Objective 20 of the GCM, and how central banks, the private sector and international organizations can contribute to

¹ A more detailed official report will follow in the coming weeks.

making remittance transfers faster, safer and cheaper, and lead to maximizing their impact. In particular, discussions focused on the importance of financial services linked to remittances as an important opportunity in addressing the needs of remittance-receiving families. In particular, few concrete examples were highlighted, such as the new EU-IFAD initiative "Platform for Remittances, Investment and Migrants Entrepreneurship in Africa – PRIME Africa", the ACP-EU Action's work on remittances, the mobile app currently developed by Equity Bank in Eastern Africa, and the impact of mobile network operators in enhancing financial inclusion through remittances.

The event concluded with the announcement of upcoming events, amongst which the 2019 GFMD event, to be co-organized with IFAD on 9 October 2019 in Addis Ababa, aimed at addressing the impact of remittances on rural transformation in Africa. Outcomes of this event will be further elaborated on at the GFMD Summit in Quito on 19-22 November 2019. IFAD also took the opportunity to announce its upcoming Global Forum on Remittances, Investment and Development (GFRID 2020) to take place on 15-17 June 2020 in Nairobi, Kenya.

Main messages

1. It is widely agreed that remittances can extensively contribute, for millions of families, to reach their own SDGs, and can catalyze sustainable development in migrants' countries of origin.
2. Keeping in mind that remittances are private money flows, the impact of remittances can be further leveraged if savings are enhanced through the provision of financial products and financial literacy and subsequently invested in SME development to create local opportunities in terms of jobs, investment and entrepreneurship.
3. Financial service providers and digitalization have a key role to play in supporting the effort of reducing global average remittance transaction costs to 3 per cent by 2030, as per SDG 10.c.
4. Linking remittances to financial services makes business sense for financial institutions; and doing so would increase competition and eventually reduce transaction costs.
5. Financial inclusion for migrants and their families, including low-income and female-headed households, should be promoted, especially in terms of facilitating asset-building in order to leverage the impact of remittances in rural areas and local communities.
6. Digitalization of remittances is the future. While cash-to-cash transactions are still the main channel, this situation is changing rapidly with digital banking and the expanding numbers of mobile users in Africa and Asia. Digital innovation can be further catalyzed by enabling financial and digital literacy and through enabled regulatory frameworks.
7. In line with Objective 20 of the GCM, the promotion of coordinated actions between regulators and innovators to incubate regulations, sandboxes and other safe regulatory environment approaches is of outmost importance to contribute to a deeper and wider remittance market.
8. Engaging with a broad range of stakeholders, a better public-private collaboration is particularly needed to support the maximization of remittances on both the sending side and receiving end, as well as to reach the "last mile," provide digital financial literacy and unlock the potential of financial inclusion.
9. The international community plays an important role in supporting the public sector in strengthening their remittance-linked policies and regulatory frameworks, and can contribute towards better coordination across jurisdictions.
10. Consideration should be given to remittance transfers in crisis situations.
11. The #FamilyRemittances 2030 campaign is an important instrument to raise awareness of the contributions of migrant remittances in furthering the goals of financial inclusion and development.

Key global development agenda on remittances

- **The 2030 Agenda for Sustainable Development (SDG 10.c):** reduce the cost of remittances to 3 per cent by 2030 and eliminate corridors that are above 5 per cent.
- **The UN Financing for Development (Addis Ababa Action Agenda):** “recognizes the positive contribution of migrants for inclusive growth and sustainable development in countries of origin, transit and destination; and commits to work to ensure that adequate and affordable financial services are available to migrants and their families in both home and host countries, and to exploit new technologies, promote financial literacy and inclusion, and improve data collection.”
- **The Global Compact for Safe, Orderly and Regular Migration (GCM):** adopted in Morocco in December 2018, affirms the role of migration in promoting positive development outcomes. In particular, Objective 20 affirms the commitment to “Promote faster, safer and cheaper transfer of remittances and foster financial inclusion of migrants”.