

Maximizing the role of migrants' remittances and investment for development



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European Migration Network
Educational Seminar on Migration
25 August 2021

Setting the context

US\$540 billion of remittances
to low and middle income countries in 2020

US\$200
is the amount of the average transaction



**Remittances are a lifeline for the migrant 's family,
and for the economy as a whole**

Reliance of countries economy on remittances (2020)

Country	% remittances / GDP
Tonga	37.2
Somalia	35.3
Kyrgyz Republic	28.4
Tajikistan	26.7
El Salvador	24.1
Nepal	24.1
Honduras	23.4
Haiti	23.2
Lesotho	23.1
Jamaica	21.4
Kosovo	18.9

A light green world map with white grid lines, centered on the Atlantic Ocean, serving as a background for the title text.

The international context and commitments



G20



The international context



Target 10.c: By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent



Global Compact
FOR Migration

Obj 19: Create conditions for migrants and diasporas to fully contribute to sustainable development in all countries

Obj 20: Promote faster, safer and cheaper transfer of remittances and foster financial inclusion of migrants



International Day
of Family Remittances
16 JUNE

International Day of Family Remittances, unanimously proclaimed by the UN General Assembly in 2018

Other international and regional processes, such as the **G20**, the **Financing for Development**, the **La Valletta Action Plan**, etc.

Resolution A/RES/72/281 unanimously adopted by the United Nations General Assembly in 2018



Recovery and Resilience
through Digital and Financial
Inclusion

#FamilyRemittances



International Day
of Family Remittances
16 JUNE

Contribution to SDGs

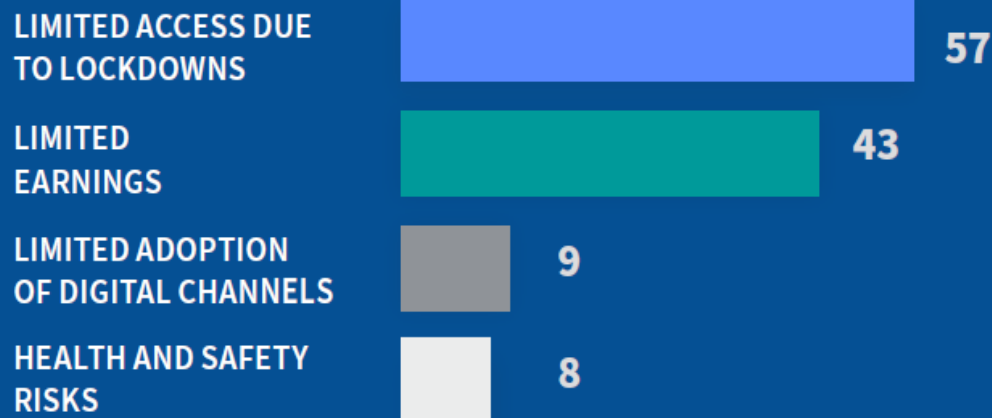


[VIDEO](#)

Challenges faced by migrants and RSPs during Covid-19

CHALLENGES FACED BY MIGRANTS

COUNT OF REMITTANCE SERVICE PROVIDERS WHO REPORTED
THE FOLLOWING ISSUES FOR MIGRANTS:



REMITTANCE SERVICE PROVIDERS WERE FACING PROBLEMS
SUCH AS:

- ☒ Declining remittance volume
- ☒ Closed locations
- ☒ Limited working hours
- ☒ Staff isolation
- ☒ Liquidity issues
- ☒ Shrinking access to banking services because of de-risking



Remittance Community Task Force

Remittances in times of crisis:
facing the challenges of COVID-19



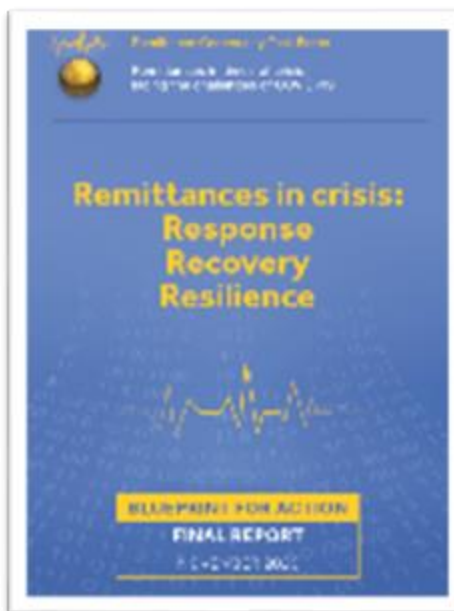
Launched on **24 March 2020**, in **response to the call by the UN Secretary General** for global solidarity, noting that “remittances are a lifeline in the developing world”.

41 organizations have since joined the RCTF.

A **BLUE PRINT FOR ACTION** was launched to improve response and support resilience and recovery of the remittance market. The included emergency and short to medium-term measures address:

- **Remittance Families**
- **Services Providers and the Digitalization of flows**
- **Enabling environment**

www.FamilyRemittances.org



GOING DIGITAL

RSPs strengthened their digital products:

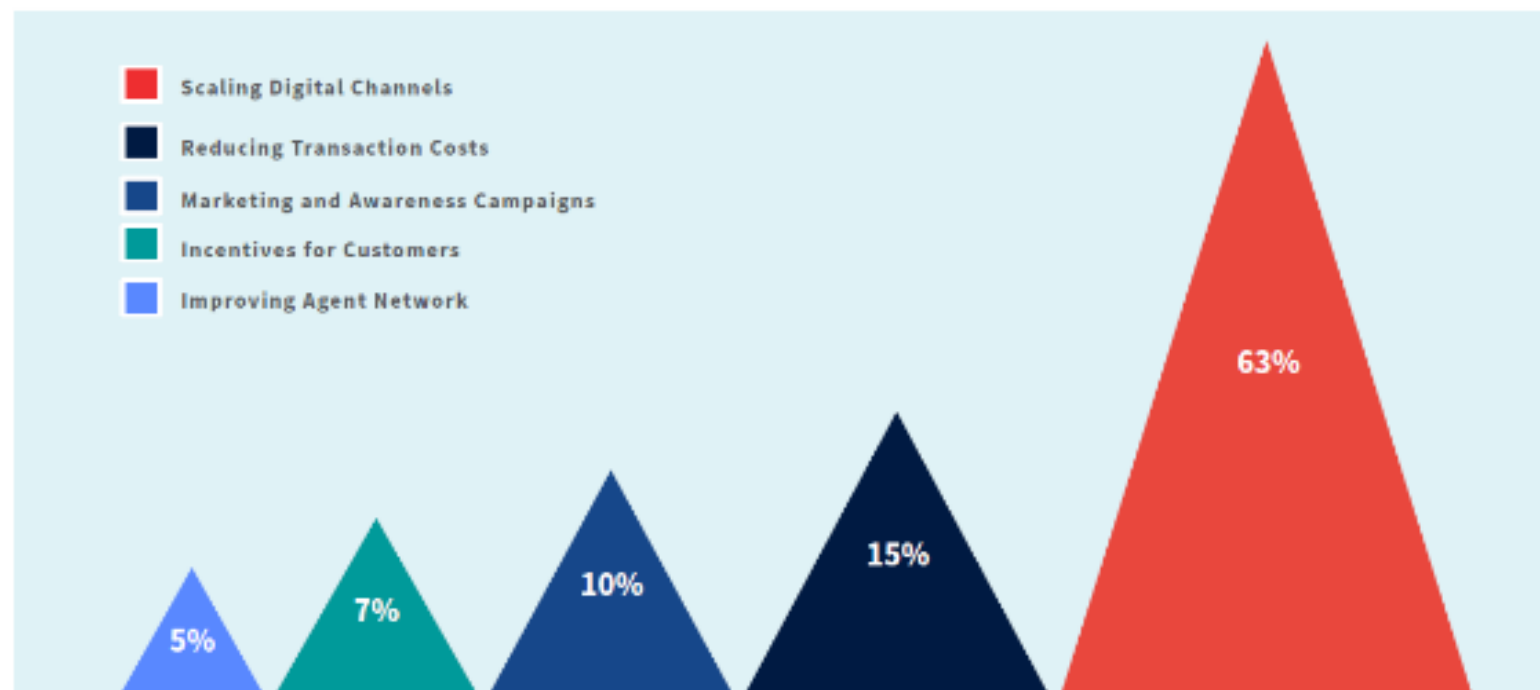
Good consequences:

- From informal to formal
- Reduced costs at withdraw
- Faster transfers

HOWEVER:

- while digital innovation is to be encouraged, the crucial role that cash still plays for many must not be forgotten.
- Switching migrants and their families to e-wallets, apps and other digital solutions cannot be done by remittance and cross-border payment providers alone (need of infrastructure, enabling environment, mind-set, digital financial literacy)

INITIATIVES BY REMITTANCE SERVICE PROVIDERS



Source: IAMTN

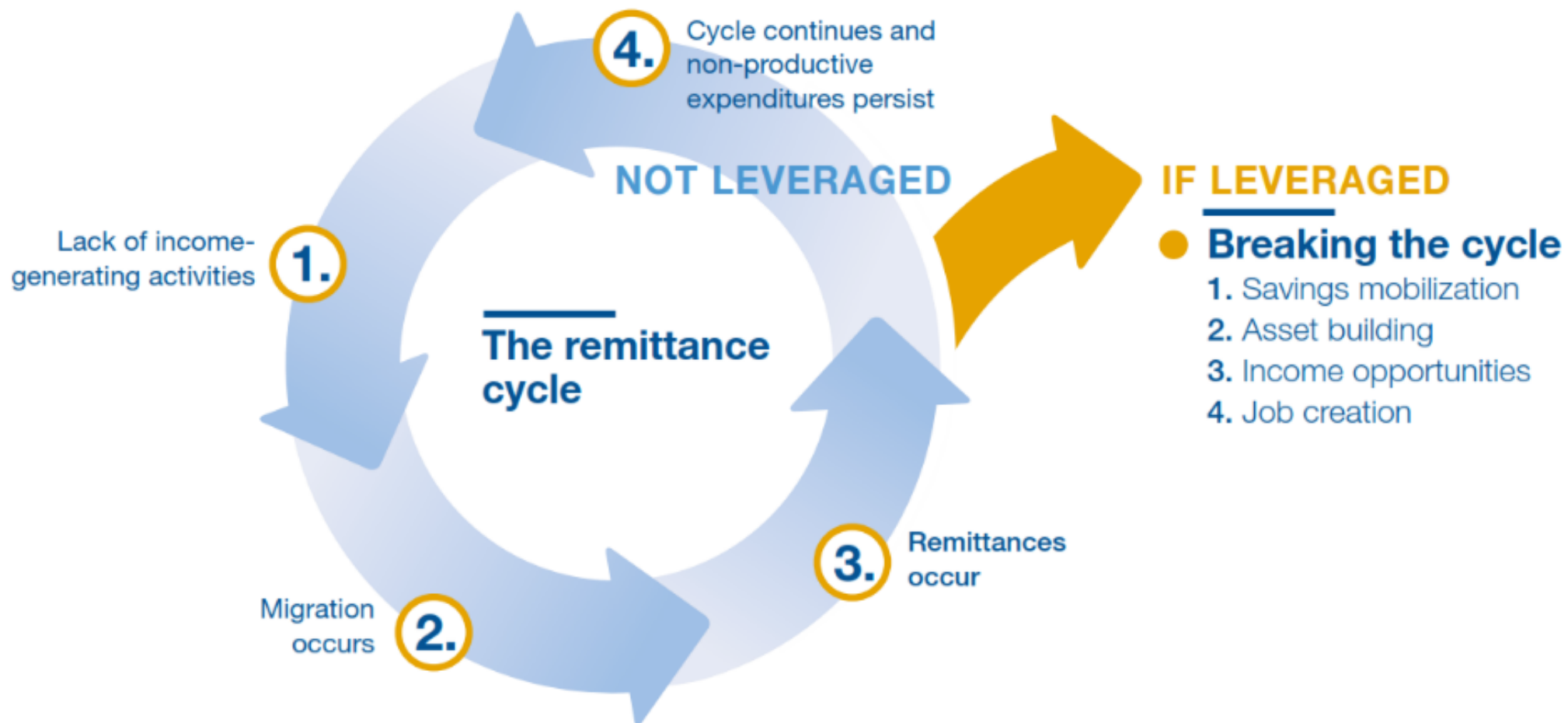
IFAD's APPROACH



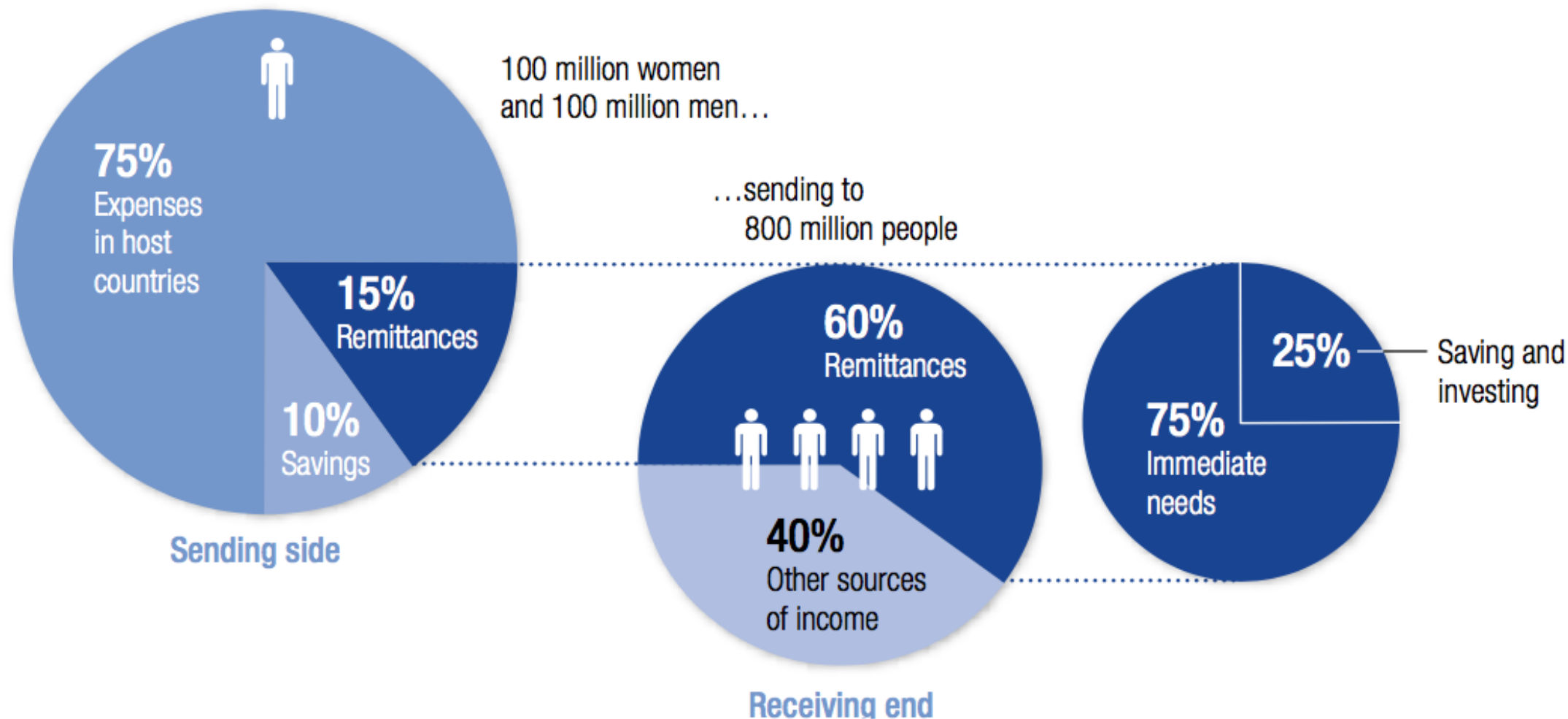
Financing Facility for Remittances

Remittances and development: A theory of change

“Making remittances count more in the short and medium term
... and less needed in the long term”



Senders and receivers over 1 BILLION people



Maximizing the development impact of migrant's and diasporas contributions

- IFAD's dual approach -

1 Remittance ecosystem and financial inclusion

...promote **ACCESS** to Remittances

Strengthen a cost effective and inclusive rural remittance market through:

- Wider competition in the sending and receiving marketplace
- Greater intermediation (MMP, MFIs, Postal, others) in rural areas
- Support for innovative transfer models and digitisation of flows (Fintechs, Mobile Money)
- Adapted enabling environment
- Addressing the existing data gap and market intelligence provision

...expand **USE** of Remittances

Unleash the financial inclusiveness Remittances by linking them with financial options for recipients through:

- Empower senders and recipients through financial and digital education,
- Support to development, and cross-selling of financial products (savings, loans, insurance) to remittance families
- Incite savings mobilization culture among remittance families



Models & Capacity

2 Investment in migrant's and diasporas countries of origin

...develop **Diaspora Impact Investment**

Scale-up mechanisms and opportunities for diaspora savings investments through:

- Opportunity identification
- Productive investment models (Funds, Bonds)
- Skill development and entrepreneurship training

...encourage **Entrepreneurship and investment back home**

Support migrant returnees' entrepreneurship and business development through:

- Opportunity identification
- Skill development and entrepreneurship training



● Improved market data

Strategic market data allows for further market depth and width, and capacity building to key stakeholders for remittance data creation and use.



● Increased market competition

Expand access to remittances through close cooperation with public and private sectors, and additionally reduce significantly direct and indirect costs, and spur market competition.



● Enabling environment

Coherent national regulatory frameworks in both sending and receiving countries that foster competition in remittance corridors and enable safe, cheap and fast transfers.



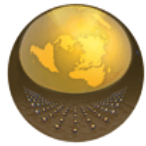
● Access to remittance and use of financial services

Increase and improve the number of access points delivering remittances and other financial services, along with innovative and replicable models linking remittances with financial inclusion.



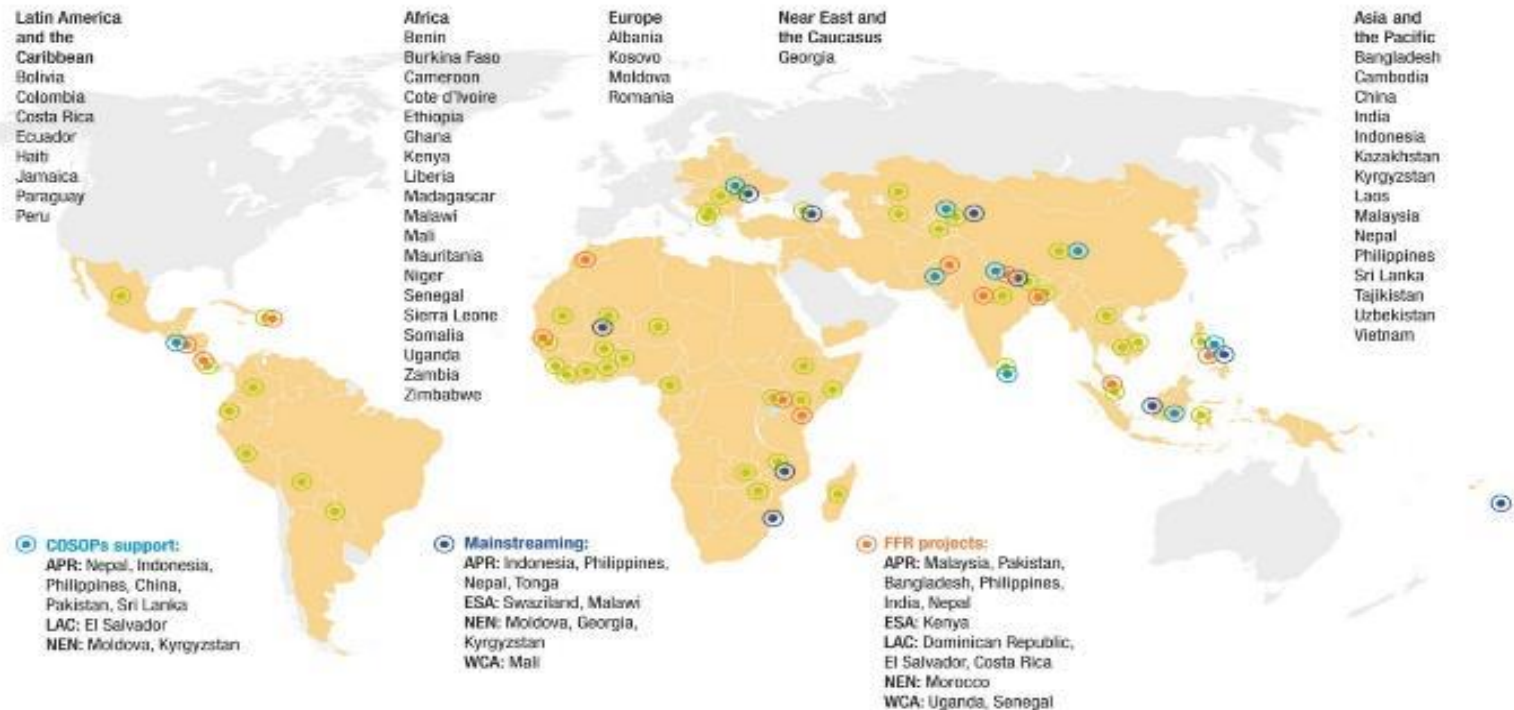
● Building capacity and scaling up

Collaboration mechanisms in place among central banks, regulatory bodies, the private sector and diaspora communities in sending and receiving countries; and strengthened capacity to adapt and scale up best practices within an operational framework that allows cooperation among partners.



An over **US\$ 65 million** multi-donor programme

FFR projects in the world: Closed and on going projects



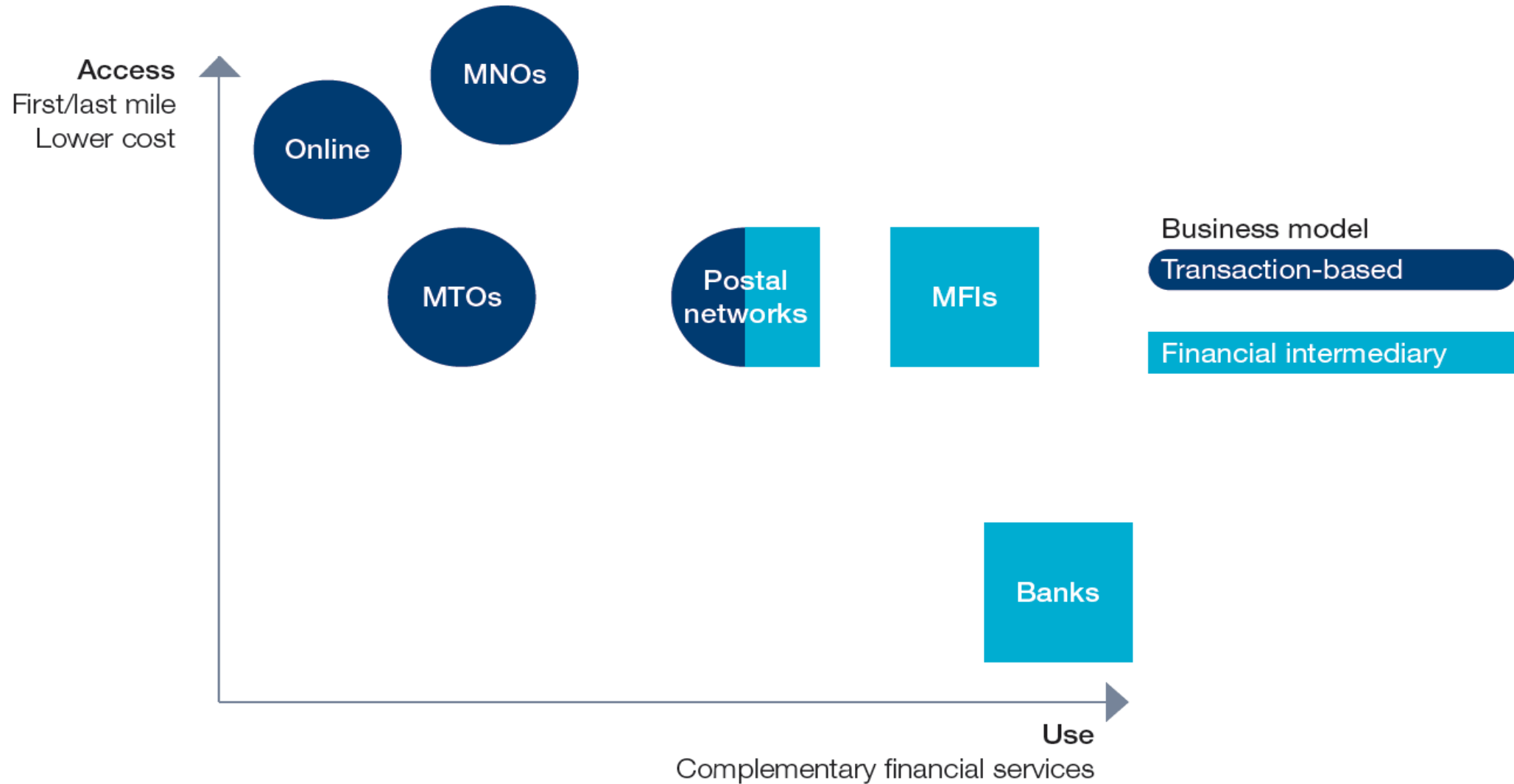
Main donors



- More than 60 projects
- in over 50 countries
- with 230 partners

- 55 Innovative pilots
- 9 Investment loans
- 9 National Strategy plans

Actors and partners





VC-backed (growth-stage)



Banks



Private-Equity backed



Main players in the market by financing sources and leading technologies

Mobile



Crypto/DLT



Independently owned



Public Companies (non-banks)



An increasingly concentrated and capitalised market.

Scale is the essence.

Mobile phones, combined with non-bank agents, disrupt the whole remittance ecosystem as an instrument to send / receive money, store money and access to financial services.

New models that increase access point outreach.

New models to foster financial inclusion with new use cases.

Leverage IFAD money to push business models at the frontier to accelerate the provision of services adding value to rural dwellers (rural transformation).

1

ACCESS & USE

Case Study 1 and 2

Remittances through mobile phones



Adding "ValYou":
advancing financial
inclusion through e-wallet
remittances from Malaysia



- Improve migrants and their families' livelihoods through faster, cheaper remittances and additional financial services.
- Scale-up the impact of remittances to rural areas in Pakistan towards deeper financial inclusion by (i) converting over-the-counter remittance users to e-wallets, and (ii) providing additional services to senders and the new rural e-wallet-based receivers.
- Enrol senders and receivers to use the new e-wallet-based remittance system in Pakistan.



GCash network activation



Key activities and results

- Expansion of "G-Cash", a remittance service system which transforms a mobile phone into a virtual wallet, enabling rural remittance receivers to access their funds more conveniently and more economically
- Expansion of the network of "G-Cash" partner locations in rural areas delivering additional services, from bill payments to mobile loan repayments





Case Study 3

Leveraging remittances for entrepreneurship through SCAs



MOLDOVA The Importance of Remittances

[VIDEO](#)



Case Study 4

Remittances through post offices

AFRICAN POSTAL FINANCIAL SERVICES INITIATIVE



Objectives:

Reduce the cost of remittances to and within the African continent



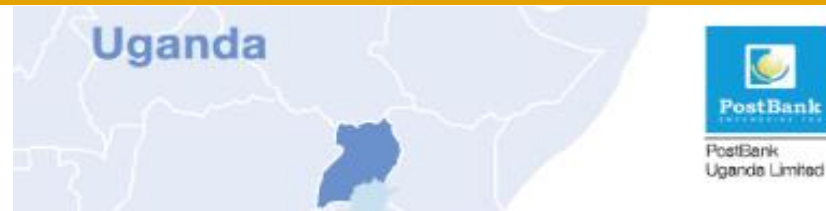
Reduce transaction times of remittances to and within Africa




Broaden the network of rural locations through which remittances can be picked up



Deepen the range of financial services provided in rural areas

Scaling up remittances and financial inclusion in Uganda through post offices



- Enhance competition in the African remittance market by promoting and enabling post offices in Uganda to offer remittances and financial services.
- Increase the number of remittance account holders, including those from seven refugee camps, and diaspora accounts.
- Provide regular financial literacy training for remittance-receiving refugees.
- Increase the number of financial access points to offer financial services.

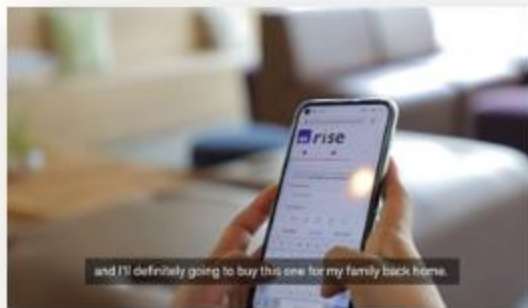
Case Study 5

Remittances and insurance

United Arab Emirates



Piloting a new microinsurance distribution channel linked to remittance services for migrant workers in the UAE



13,000 migrants were provided with micro-insurance products via remittances

8,800 migrant received digital live financial literacy sessions, engaging in separate queries and conversations online.

Main partners: Democrance, AXA, other insurance companies

Linking insurance with remittances through technology



video

Over 13.000 migrants provided with micro-insurance

Over 8,800 migrants received digital financial literacy training

Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa



Implemented by:

In partnership with:



National Remittance Stakeholder Networks

- Representatives from public sector and the industry
- Regular update on the national remittance market
- Identification of challenges and opportunities
- Develop and validate a Roadmap for Action
- Build collaboration and synergies

THE GAMBIA	National Remittance Stakeholder Network
GHANA	National Remittance Stakeholder Network
KENYA	National Remittance Stakeholder Network
MAROC	Réseau National sur les Envois de Fonds
SÉNÉGAL	Réseau National sur les Envois de Fonds
UGANDA	National Remittance Stakeholder Network

In-depth national remittance market diagnostic



Partnership, technical and financial support to:

Private sector (RSPs)

Public sector (Regulators)

Roadmap for action through



National Calls for Proposals

Regional initiatives

Direct Technical Assistance



On Customer Due Diligence (CDD), Know Your Customer (KYC), Mobile remittances, Regulatory Framework and Enabling Environment



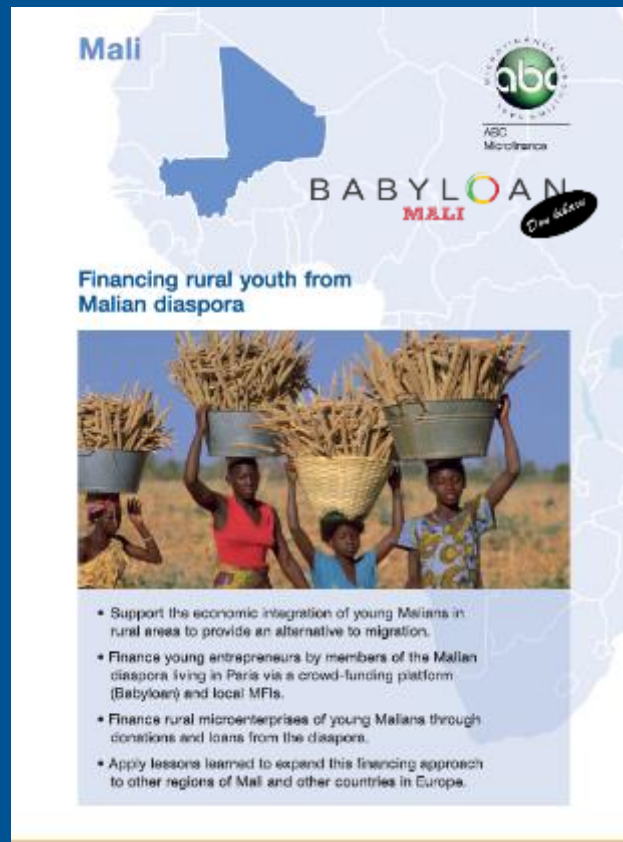
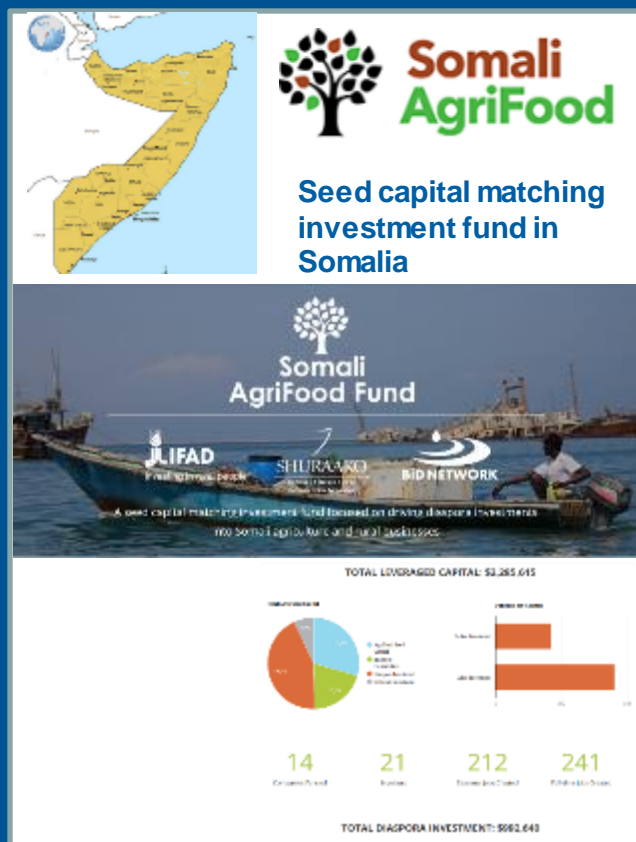
Data collection and gathering, regulatory framework, enabling environment, multi-annual policies and strategies

2

IMPACT INVESTMENT

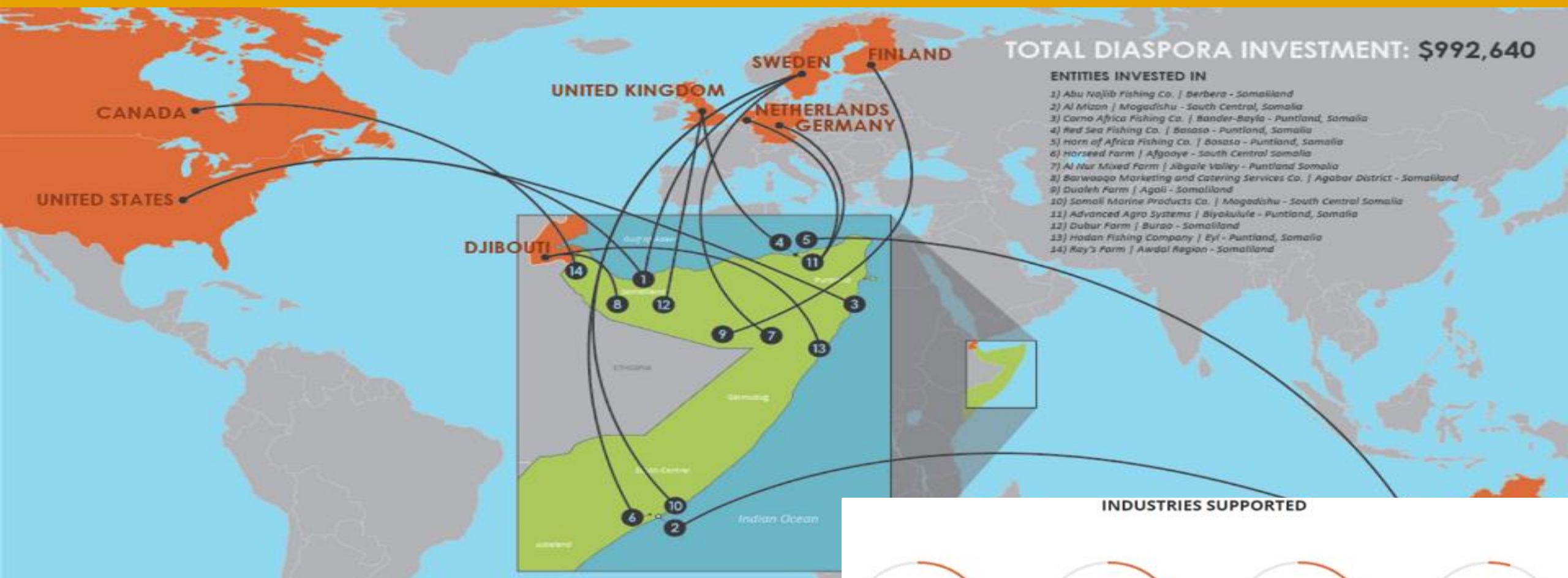
Some of IFAD's FFR ongoing projects

DIASPORA ENGAGEMENT

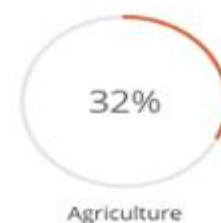
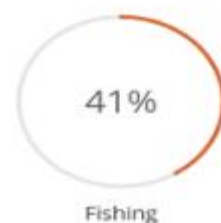


Case Study 7

Seed capital matching funds



INDUSTRIES SUPPORTED





HOW DOES IT WORK ?

[> Learn more](#)



PARTENAIRE



La belle histoire de Konsou, agricultrice de Kotokani

Au mois d'octobre dernier, Konsou contractait un microprêt de 360€ sur Babyloan afin d'améliorer l'espace de vie de ses moutons. Cinq mois plus tard...



ACTU



Ibrahim Dicko, premier prêteur de la diaspora malienne sur la plateforme

L'équipe Babyloan Mali a rencontré, à Paris, le premier prêteur de la plateforme issu de la diaspora malienne. Ibrahim a soutenu le projet de...



[visit](#)

www.babyloan.org/fr/mali

Case Study 9

Collective diaspora investment in agribusiness

Philippines



Atikha Overseas Workers
and Communities
Initiative Inc.

Mobilizing migrant resources towards agri-based cooperatives



Key activities and results

- Training on financial literacy and entrepreneurship in the Philippines and Italy
- Joint investment opportunities through mobilization of Filipino migrant workers' and family members' savings for investment in agribusinesses in the Philippines
- Awareness-raising for migrants and family members in Italy



VIDEO

- Over 6% annual return of investment
- Started from Filipino community in Italy, expanded to several countries, in particular Middle East



Global Forum on Remittances, Investment and Development Summit 2021 16-17 June | ONLINE

*Recovery and Resilience
through Digital and Financial
Inclusion*
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16 JUNE
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