SUSTAINABLE DEVELOPMENT GOALS

IFAD
Investing in rural people

Recovery and Resilience through Digital and Financial Inclusion

#FamilyRemittances

International Day
of Family Remittances
16 JUNE

IDFR 2021-2022
Campaign

Observance event

JOHANNESBURG | SOUTH AFRICA
Sandton Sun Hotel
Tuesday, 21 June 2022
9 A.M. (South African Standard Time)

www.familyremittances.org remittances.sa@ifad.org

Table of contents

Acronyms

CDD	customer due diligence
CMA	Common Monetary Area
COMESA	Common Market for Eastern and Southern Africa
CoP	community of practice
EU	European Union
FFR	Financing Facility for Remittances
FSP	financial service provider
GCM	Global Compact for Safe, Orderly and Regular Migration
IDFR	International Day of Family Remittances
IFAD	International Fund for Agricultural Development
KYC	know-your-customer
LMICs	low- and middle-income countries
MTO	money transfer operator
NRSN	National Remittance Stakeholder Network
PRIME Africa	Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa
RSP	remittance service provider
SADC	South Africa Development Community
SDGs	Sustainable Development Goals
SMEs	small- and medium-sized enterprises
ZAR	South African rand

Highlights

Global trends

- The IDFR observance events highlighted the power of remittances to help people and communities. Since the IDFR was unanimously adopted by the United Nations General Assembly in 2018, recognizing the contribution of over 200 million migrant workers supporting their 800 million family members back home, remittances have been acknowledged as the human face of globalization.

- Remittances and global resilience are two sides of the same coin. Despite the impact of the COVID-19 pandemic, migrants continued to send remittances back home. Money sent home by 200 million migrant workers around the world reached **US$605 billion in 2021**, an increase of 12 per cent compared to 2020. Remittance flows more than tripled the total amount of official development assistance provided by the countries of the OECD Development Assistance Committee (US$178.6 billion). This money represents a lifeline for more than 800 million family members.

- The Global Compact for Safe, Orderly and Regular Migration (GCM) brings together 164 Member States to achieve 23 migration-related objectives, including that of promoting faster, safer and cheaper transfer of remittances and to foster financial inclusion for migrants and their families (objectives 19 and 20). At the recent International Migration Review Forum in May 2022, where the GCM implementation status was discussed for the first time, Member States committed to reduce the average costs of sending remittances. We are not there yet. The global average cost of remitting US$200 remains above 6 per cent, twice the SDG 10.c target of 3 per cent.[1]

- South Asia remains the region with the lowest receiving cost, with an average of 4.3 per cent, while sub-Saharan Africa remains the most expensive region to send money, averaging 7.8 per cent. Banks remain the most expensive way to send remittances, with a global average cost of 10.3 per cent.

- By meeting the Sustainable Development Goal (SDG) 10.c, migrants would save an additional US$1 billion in transaction fees every year.

- After the United States, the European Union (EU) is the second region from which remittances are sent to low- and middle-income countries (LMICs), accounting for 11 per cent of the total flows.

- In 2021, remittances inflows to Africa reached US$94 billion. Particularly in sub-Saharan Africa, flows soared to US$49 billion in 2021 following an 8.1 per cent decline in 2020.

- The power of remittances to help people and communities has been confirmed once again, as they help secure economic wealth and livelihoods for rural families and communities, particularly in times of crisis, and prevent many people fall into poverty traps when faced with financial shocks.

- Remittances are also key in enabling rural people to invest in resilient activities, providing them with sustainable alternatives to migration. Through remittance-linked adapted savings, insurance, credit and investment products, these flows bring resilience to hundreds of millions of families back at home. They are also crucial in helping them build their way towards financial independence.

1/ 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.

- Migrants represent insurance for families back home. Remittance-linked insurance products can therefore give recipients the opportunity to better manage funds and cover unexpected shocks.

- Remittances and diaspora investments to rural areas offer a concrete avenue for climate adaptation as they allow smallholder farmers to better anticipate, manage and become resilient to climate change.

- Ten years ago, lack of access to digital options for sending remittances made them expensive and inconvenient. Today, the number of digital remittance players has grown, although digital flows still represent less than 4 per cent of global flows.

- The COVID-19 pandemic also proved to be an unprecedented opportunity to further leverage the development impact of remittances. Indeed, the crisis created the conditions for an increased adoption of digital channels which, in turn, promoted the use of formal channels. In many cases, they even brought down costs.

- Deliberate efforts to popularize digital services by the various players during the pandemic allowed customers to use cheaper and faster options, pushing the uptake of digital remittances. In the banking sector, there was a push to mobile applications, online banking and education to increase intake among customers.

- The uptake of digital platforms among excluded populations is limited due to lack of digital financial literacy, poor infrastructure (access to electricity and mobile data in rural areas), and people's fear of fraud.

- Partnerships among diverse remittance service providers (RSPs), financial service providers and fintechs result in more options to the customers. They provide last mile delivery by adapting and integrating their products, hence reducing the cost to the end users.

- Because the financial services sector is the most regulated industry worldwide, fintechs are realizing that to get into the financial system they need to partner with other players.

- Collaboration between different players – as banks provide migrants with tailored products, and provide remittance options (in the absence of exclusivity agreements with MTOs), can enable banking solutions that target youth and women, to build their credit history and leverage remittances including starting small businesses.

- Blockchains help reduce the cost to a certain point (2-3 per cent). However, engaging with traditional players can increase costs.

- There is a need for financial literacy among remittance senders and recipients.

South Africa

- South Africa is a remittance sending country with total remittance outflows of 12 billion rands (equivalent to around US$750 million) in 2021. This demonstrates how impactful remittance flows are for the receiving countries.

- The South African regulatory environment is very progressive and forward looking, which is an opportunity for remittance service providers to innovate and increase their value proposition. The risk-based approach provides room for innovation on identity and compliance for low-risk transactions. A lot can be done to ensure a coordinated and coherent approach to the implementation of the guidelines outlined in the Financial Intelligence Centre Guidance Note 7.

- There has been a significant reduction in cost across key outbound corridors though the cost of sending remittances remains above the SDG targets. In Q4 2021, the average to send US$100 (equivalent to ZAR 1,370) from South Africa was 13.2 per cent of the send amount; this exceeds the global average of 6 per cent (the sub-Saharan African average of 7.8 per cent, and SDG 10.c target of 3 per cent).

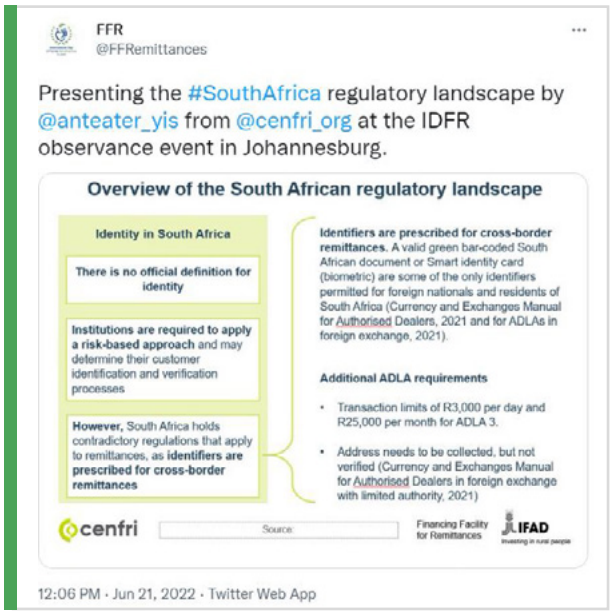
- The high cost in sending remittances is due to frictions in the remittance value chain. Many of the main corridors from South Africa have weak infrastructure and complex regulatory environments. The lack of interoperability between remittance products is another key driver of cost in key outbound markets.

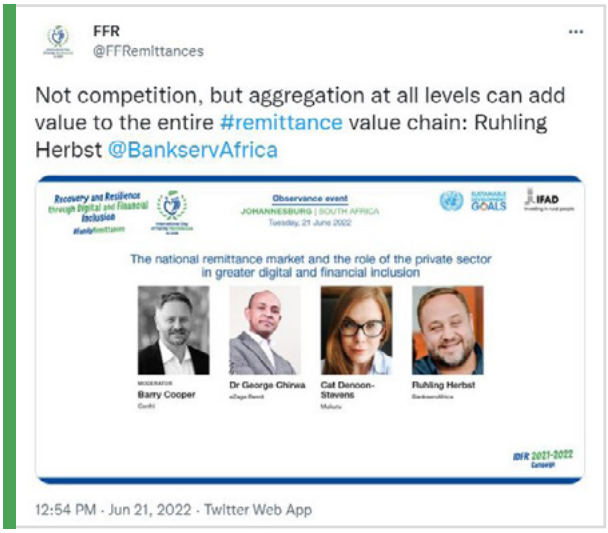
- At IFAD, we seek to support both public and private sector engagements to promote a conducive environment for remittances, allowing better access and usage of remittances products. We achieve this by financing partnerships, innovative business models and new ideas, that are scalable and replicable while fostering the digitalization of financial services and promoting financial inclusion.

Read the newsletter on the IDFR Observance Event

The South African remittance community at the IDFR

- Over **80 attendees** from South Africa and neighbouring countries
- Half day marked by **2 sessions**, **1 report presentation** and **5 panels**
- **14 speakers** from international financial institutions (IFIs), governments, the private sector and civil society
- Over **1,000 impressions** on social media using #familyremittances



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Leon Isaacs, CEO of Developing Markets Associates Global (DMAG), introducing the RemitSCOPE South Africa Country Diagnostic, presented by Leonard Makuvaza, FFR, IFAD.


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Networking at the event.


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Panellists for the "Remittance families and the Sustainable Development Goals."


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Panellists of the South Africa country diagnostic and the RAI programme.


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The event's attendees.

Event pictures and video recording

Main outcomes

Welcoming remarks

Ambrosio Barros
Acting Head, IFAD
Multi-Country Office

High-level remarks

Tebogo Maake
Senior Economist,
National Treasury
of South Africa

Bernard Rey
Head of Cooperation,
European Union
Delegation to
South Africa

IDFR 2021-2022 Campaign

Welcoming remarks

Ambrosio Barros
Acting Head, IFAD Multi-Country Office

- In 2021, over 200 million migrant workers worldwide sent more than US$605 billion to indicatively 800 million family members and communities in LMICs, a gain of 8.6 per cent compared to 2020.
- In South Africa, thanks to the financial contribution of the European Union, and in close collaboration with key partners and stakeholders, IFAD's Financing Facility for Remittances is implementing the PRIME Africa initiative, with the aim to address the main challenges in the country's remittance market and benefit from all the opportunities to leverage their impact on rural development and financial inclusion.
- IFAD's engagement will also continue to increase in the coming years, in partnership with key national and international actors, with the aim to make South Africa an example to learn from by other African countries.

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From left to right: Leonard Makuvaza, Tebogo Maake, Ambrosio Barros, Bernard Rey and Pedro De Vasconcelos at the opening ceremony.

High-level remarks

Tebogo Maake

Senior Economist, National Treasury of South Africa

The National Treasury recognizes remittances as a springboard for financial inclusion. Through the national financial inclusion policy, the National Treasury aims to promote greater competition and interoperability in the remittances market.

On the occasion of the International Day of Family Remittances, the three key facts on remittances stand out:

1. **Remittances are critically important to rural and more vulnerable communities, particularly in times of crisis.** Rural transformation is closely connected to the migration phenomenon, as rural areas are often the starting point of the migration journey. Half of remittances go to rural areas, where financial inclusion rates are lower, payment infrastructure is weaker, and where remittances play an essential role in preventing rural people from falling into poverty traps.

2. **Remittances can expand and leverage financial inclusion**. For many rural households and vulnerable communities, remittances are often the first point of access to the formal financial system. Remittances promote resilience and help build financial independence. They contribute to buying agricultural assets and support investments in farm and non-farm businesses. Remittances also enhance food security, by enhancing access to food.

3. **Remittances and diaspora investments are also safeguards against the accelerating impacts of climate change**. Migrants and the diaspora contribute to climate change adaptation, by enabling smallholder farmers in rural areas of origin to invest in climate adaptive practices.

Bernard Rey

Head of Cooperation, European Union Delegation to South Africa

- The European Union (EU) is proud to have partnered with IFAD over the last 15 years on the remittances topic and to be the FFR's first financial supporter. The EU has contributed with EUR25 million to IFAD to date.

- There is a commonality of issues between the EU and South Africa of being large remittance sending markets in their respective regions.

- Remittances from South Africa reached US$750 million in 2021, equal to US$2 million sent daily from South Africa to other countries. Over the last decade, remittance flows surpassed official development assistance by three times.

- The caveat for the success of PRIME is building on partnerships with public entities, the private sector and civil society and diaspora groups. In the panel, the categories of all these stakeholders are fully represented.

Main outcomes

Remittance families and the Sustainable Development Goals

MODERATOR

Pedro De Vasconcelos
Manager, Financing Facility for Remittances (FFR), IFAD

PANELLISTS

Munya Chiura
Head Rest of Africa, Growth, Flutterwave

Dare Okoudjou
Founder and CEO, MFS Africa

Damola Owolade
Head, SADC Financial Inclusion Programme, FinMark Trust

Jason Theede
Senior Labour Mobility and Human Development Specialist, Southern Africa, International Organization for Migration (IOM)

IDFR 2021-2022 Campaign

- Beyond these billions and trillions of US dollars, what matters are the US$200,300 sent by family members monthly. Remittances is a way for families to achieve their SDGs, as well as their daily needs.
- Immigration is a growing concern in the African content, with about 50 per cent of African youth wanting to leave the continent and 15 per cent have no intention to come back. About 90 per cent of these youth prefer South Africa as a country to immigrate, destined to become remittance senders.
- The idea of remittances is not only about receiving money. Migrants send money to family members who channel these funds to savings clubs. Remittances then act as a channel for investments and building businesses.
- We need to move away from a transactional relationship with clients to a more lifelong one, where pricing is subscription-based. This reinforces the need for remittance service providers (RSPs) to help customers access saving and investment solutions to meet broad client needs.
- Even though most of the migration happens in the rural areas of the recipient countries, the financial access points are very few. Money typically goes to the urban areas where third party people take these remittances to rural areas.

- RSPs use many retailers to cash-in and cash-out remittances, and small- and medium-sized enterprises (SMEs) that act as remittance agents providing employment.

- In South Africa, besides people sending money home, they send goods to the recipient countries. Some services allow people back home to receive fertilizers and other household consumable goods.

- Unpacking the numbers and understanding where remittance flows go is fundamental. Influencing the South African market will have some regional reverberations, meaning that it will enable other countries across the region to reach a certain development level.

- In line with this, the International Organization for Migration (IOM) is working with the South African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) to support small-scale cross-border traders (informal trade is one of the key drivers of migration in SADC).

- Although the diaspora contribution can be enhanced in terms of human and cultural capital, diasporas are often not formalized and therefore they cannot be official partners. South Africa should work on engaging diaspora members within the region to maximisez impact.

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Dare Okoudjou, CEO of MFS Africa, intervening during the session.

Main outcomes

Presentations: South Africa Country Diagnostic and Remittance Access Initiative

Leonard Makuvaza
Remittances and Inclusive Digital Finance Officer, FFR, IFAD

Antonia Esser
Engagement Manager, Cenfri

IDFR 2021-2022 Campaign

Leonard Makuvaza

Remittances and Inclusive Digital Finance Officer, FFR, IFAD

South Africa Country Diagnostic

- Through increased competition, South Africa has seen significant cost reduction on some corridors though this is not close to the SDG target of 5 per cent at the corridor level in most cases.

- The cost of sending money to PRIME corridors Mozambique and Zimbabwe is 13.2 per cent and 10.2 per cent respectively.

- The high cost of sending money to Mozambique and Zimbabwe is mainly a result of the lack of complementary payments infrastructure in both Mozambique and Zimbabwe and foreign exchange market inefficiencies in both corridors.

- The South African payments system is predominantly bank-led which brings challenges in end-to-end digitalization of cross-border transactions because the receiving market infrastructure is mostly driven by mobile wallets (in non-CMA countries). Interoperability becomes important in enhancing efficiencies in remittance markets.

- Informality is still high in South Africa outbound corridors due to high levels of undocumented migrants. There is a need to lower know-your-customer (KYC) requirements for low-risk transactions to formalize these flows.

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Leonard Makuvaza presenting the South Africa country diagnostic.

Antonia Esser

Engagement Manager, Cenfri

Remittances Access Initiative

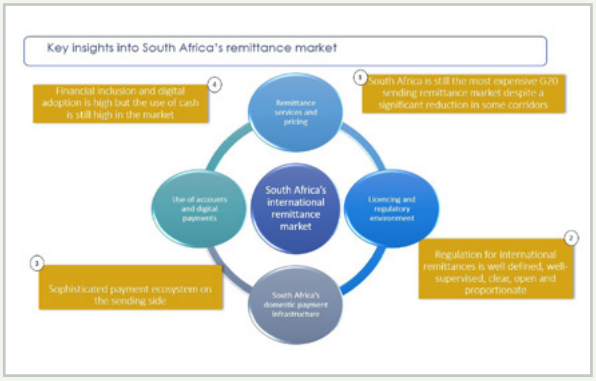
- The South African regulatory landscape is forward-looking and innovative. It presents a lot of opportunities for enhancing access to remittance services when it comes to resolving identity-related barriers.

- Cross-border transactions, however, suffer from rigid and prescriptive identification requirements that discourage migrants from accessing formal remittance services.

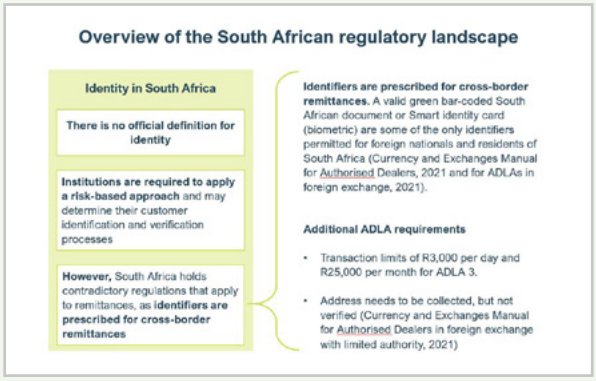
- Cenfri and IFAD are working with RSPs across PRIME Africa countries to navigate the regulatory barriers related to KYC and customer due dilligence (CDD) regulations to enhance access to remittances.

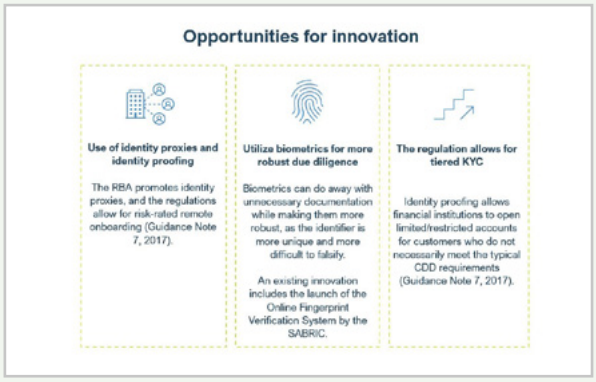
Antonia Esser presenting the RAI programme.

South Africa Country Diagnostic



Remittances Access Initiative





Main outcomes

The role of the private sector in greater digital and financial inclusion

MODERATOR
Barry Cooper
Technical Director, Cenfri

PANELLISTS
George Chirwa
Director, eZaga Remit

Cat Denoon-Stevens
Head of Product Incubation, Mukuru

Ruhling Herbst
Executive Head: Africa Business Development, BankservAfrica

IDFR 2021-2022 Campaign

Highlights

- South Africa is a multi-level hub (finance, trade and commodities) with the potential to provide digital and electronic rails for the region.
- Full chain digitalization of the remittance environment requires a full ecosystem view from both migrants and recipients.
- The high cost of remittances is mostly related to market frictions.
- Digitalizing the whole remittance value chain can go a long way in reducing the cost, pushing consumers into digital channels (e.g. by digitalizing key use cases such as bills, medical expenses and airtime top-up).
- A counterfactual is that, at times, some of the most expensive RSPs have the longest queues suggesting they have solved a key problem in the value chain that other RSPs have not.
- Many stakeholders are working on similar issues which require a level of aggregation. This brings the need for interoperability across actors to unlock the full potential of infrastructure.
- The fact that most migrants cannot use accounts from their home country points to a broader lack of interoperability in the South African remittance market.

- Remittance providers recognize that they are usually the first point of entry to formal financial services. Digitalization holds great promise in serving customers better. But at times, even with access to smartphones, customers still prefer cash channels because of high data costs.

- The high cost of remittances is mostly related to market frictions. Before a transaction is initiated, substantial cost is already incurred in cost of encashing, documentation, and exchange rates before factoring the actual cost of the value transfer. Additional value is lost in the transportation cost to access points, reducing the amount remitted by the time it reaches the receiver.

- There is need for a single infrastructure that can aggregate providers to enable seamless termination of transactions. This can efficiently solve some of the market constraints that result in high transaction costs for consumers.

- Interoperability between different stores of value can potentially break down trade boundaries, unlocking broader economic development.

- By pulling resources in a cooperative space, the cost of remittance service delivery can be a lot lower, resulting in low transaction cost to consumers.

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Panellists of the “The role of the private sector in greater digital and financial inclusion”.

Main outcomes

Closing remarks

Pedro De Vasconcelos
Manager, FFR, IFAD

- The public sector needs to better understand the dynamics and impact that remittance flows can have on the country, while the private sector deepens knowledge on clients' financial patterns to better shape their needs.
- IFAD seeks to collaborate with all stakeholders in the South African remittance market as we implement interventions responding to the challenges outlined in the South Africa country diagnostic.
- Within the framework of the PRIME Africa initiative, IFAD will establish the National Remittance Stakeholder Network (NRSN) to promote policy dialogue, as well as the NRSN Community of Practice (CoP). Here, as a common meeting space to exchange practices and experiences, IFAD will follow up on existing market opportunities and challenges, and provide solutions to promote market development. The CoP will meet regularly to discuss thematic issues pertinent to the national remittance market.
- In the coming months, IFAD will announce the Innovation Challenge to start financing key private sector initiatives
- In parallel, in 2023, IFAD will organize the Remit Fair & Expo Africa 2023 in Cape Town. This convention gives the opportunity to key private sector entities to showcase their latest business models and innovations, and to learn from emerging technological innovations from other regions. Public sector representatives will also join, following the Global Forum on Remittances, Investment and Development (GFRID) Summit 2023 to be convened in New York in 16 June 2023.

Organizers

IFAD
Investing in rural people

The International Fund for Agricultural Development (IFAD) is a specialized agency of the United Nations and an international financial institution, with the mandate to invest in rural people to eradicate poverty in low- and middle-income countries.

Financing Facility for Remittances

IFAD's US$65 million multi-donor Financing Facility for Remittances (FFR) aims at maximizing the impact of remittances on development and promoting diaspora engagement in migrants' countries of origin.

Sponsors

European Commission
ec.europa.eu

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International Fund for Agricultural Development
www.ifad.org

LUXEMBOURG AID & DEVELOPMENT

The Government of the Grand Duchy of Luxembourg
maee.gouvernement.lu/en.html

MINISTERIO DE ASUNTOS EXTERIORES Y DE COOPERACIÓN
cooperación española

Spanish Agency for Development Cooperation (AECID)
www.aecid.es/EN/aecid

Sweden
Sverige

The Swedish International Development Cooperation Agency (Sida)
https://www.sida.se/en

Resolution adopting the International Day of Family Remittances

Resolution adopted by the United Nations General Assembly on 12 June 2018

A/RES/72/281

The General Assembly,
Recalling its resolutions 53/199 of 15 December 1998 and 61/185 of 20 December 2006 on the proclamation of international years, and Economic and Social Council resolution 1980/67 of 25 July 1980 on international years and anniversaries, particularly paragraphs 1 to 10 of the annex thereto on the agreed criteria for the proclamation of international years, as well as paragraphs 13 and 14, in which it is stated that an international day or year should not be proclaimed before the basic arrangements for its organization and financing have been made,

Reaffirming its resolution 70/1 of 25 September 2015, entitled "Transforming our world: the 2030 Agenda for Sustainable Development", in which it adopted a comprehensive, far-reaching and people-centred set of universal and transformative Sustainable Development Goals and targets, its commitment to working tirelessly for the full implementation of the Agenda by 2030, its recognition that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development, its commitment to achieving sustainable development in its three dimensions – economic, social and environmental – in a balanced and integrated manner, and to building upon the achievements of the Millennium Development Goals and seeking to address their unfinished business,

Reaffirming also its resolution 69/313 of 27 July 2015 on the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, which is an integral part of the 2030 Agenda for Sustainable Development, supports and complements it, helps to contextualize its means of implementation targets with concrete policies and actions, and reaffirms the strong political commitment to address the challenge of financing and creating an enabling environment at all levels for sustainable development in the spirit of global partnership and solidarity,

Recalling its resolution 71/237 of 21 December 2016 on international migration and development, in which it noted the adoption of resolution 189/XXXVIII by the Governing Council of the International Fund for Agricultural Development, on 16 February 2015, in which the Governing Council proclaimed 16 June as the International Day of Family Remittances,

Welcoming the work of the International Fund for Agricultural Development to develop and promote innovative investment mechanisms to increase the development impact of remittances and diaspora investment for sustainable development, including through the Global Forum on Remittances, Investment and Development, bringing together representatives of the private and public sectors and of civil society,

Considering that in many developing countries international remittances constitute an important source of income for poor families and are projected to exceed a cumulative 6.5 trillion United States dollars, of which half will reach rural areas, during the 2015-2030 time frame for achieving the Sustainable Development Goals,

Noting that 1 billion people are directly impacted by remittances annually, either as senders or as recipients, and that 75 per cent of annual remittance flows go to meet the immediate

needs of recipients and the remainder – over 100 billion dollars a year – is either saved or invested,

Recognizing the transformative impact that remittances, including those from migrants, have across the Sustainable Development Goals and in supporting long-term development strategies, particularly on poverty reduction and access to basic services at the household level, and that remittances foster local investments that can encourage entrepreneurship and financial inclusion, especially in rural areas of developing countries where poverty rates are highest, and in times of crisis and disaster,

Conscious that millions of families in rural areas are also supported by domestic remittances sent by family members typically living in urban locations,

Recognizing the work done by Member States, the United Nations system, the World Bank and the Group of 20 and the role of civil society organizations in promoting the development impact of migration and family remittances,

Recognizing also the role of the private sector in developing cost-effective and accessible money transfer services, including by linking them to other financial services for remittance senders and their families, and the role of all relevant stakeholders in realizing by 2030 the objective of target 10.c of Sustainable Development Goal 10, to reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent,

Acknowledging that innovative digital technologies such as mobile money transfers can effectively reduce the cost of the transfer of remittances, which enables efficiency and cost savings for senders and recipients of remittances,

1. *Decides* to proclaim 16 June the International Day of Family Remittances;
2. *Invites* all Member States, organizations of the United Nations system and other international and regional organizations, as well as civil society, including non-governmental organizations, individuals, the private sector and academia, to observe and actively support the International Day in an appropriate manner and in accordance with national priorities, in order to raise awareness of the impact of remittances;
3. *Calls upon* the International Fund for Agricultural Development to facilitate the observance of the International Day, including through the Global Forum on Remittances, Investment and Development and mindful of the provisions contained in the annex to Economic and Social Council resolution 1980/67;
4. *Stresses* that the cost of all activities that may arise from the implementation of the present resolution should be met from voluntary contributions;
5. *Requests* the Secretary-General to bring the present resolution to the attention of Member States, the organizations of the United Nations system and all relevant stakeholders for observance.

95th Plenary Meeting
12 June 2018

Sponsors of the Resolution:
Algeria, Australia, Bangladesh, Bolivia (Plurinational State of), Brazil, Canada, China, Colombia, Costa Rica, Dominican Republic, Ecuador, Egypt, El Salvador, Ghana, Guatemala, Guinea, Guyana, Honduras, India, Indonesia, Ireland, Jamaica, Madagascar, Malawi, Mexico, Morocco, Myanmar, Nepal, Nicaragua, Nigeria, Paraguay, Philippines, Republic of Moldova, Russian Federation, Samoa, Singapore, Sudan, Thailand, Timor-Leste, Tunisia, Uruguay and Viet Nam.

The #FamilyRemittances Campaign 2020-2030

IFAD, as *custodian* of the IDFR, aims at ensuring support of the observance and dissemination of resulting actions in the framework of the decennial ***#FamilyRemittances Campaign 2020-2030: Support one billion people reach their own SDGs***. In that timeframe, through a spotlight on yearly themes aligned to the global development agenda, the campaign aims at strengthening and guiding stakeholders in focusing on the new trends and priorities that make remittances count more.

Furthermore, the campaign presents an opportunity to highlight practices, initiatives, innovations and partnerships that are committed to facilitate faster, cheaper and safer transfers, and to link these funds to inclusive financial services for migrants and their families.

Since its launch in 2020, the first campaign theme has shed light on how remittances can support migrant families in Building resilience in times of crises. In 2021-2022, the campaign theme focused on Recovery and resilience through digital and financial inclusion, as presented in the following section.

Supporting
one billion people
reach their own
SDGs

#FamilyRemittances2030

International Day
of Family Remittances
16 JUNE

The #FamilyRemittances Campaign 2021-2022

The theme of the 2021-2022 #FamilyRemittances campaign is a step in the direction of enabling digital remittances, which saw a spike after the COVID-19 crisis despite catastrophic predictions of a severe fall in global flows. Indeed, data from the past two years have demonstrated that remittances have remained resilient during the COVID-19 pandemic and ensuing economic crisis. Global crises have always been a testing ground for the resilience of any economy. Remittances have, time and again, stayed afloat due to the strong commitment of migrant workers to the well-being of their families back home.

In 2021, remittance flows to LMICs reached US$605 billion, registering an increase of over 8 per cent from 2020 (World Bank, 2022). Such recovery follows the trend initiated in 2020, when remittances declined only by a modest 1.6 per cent, equal to US$540 billion, in the face of one of the deepest recorded global recessions.

One of the greatest catalysts of formal remittances during the past two years is the accelerated adoption of digital technology by migrant workers and their families. Both online and mobile digitalization buoyed remittance flows during this challenging period. Mobile remittances alone increased 48 per cent during 2021 to US$16 billion (GSMA, 2022). Digitalization proved to be less costly than cash transfers, which further reinforced the adoption of mobile money, thereby advancing the financial inclusion of migrants and their families.

Current estimates indicate that US$1 trillion is processed annually by the mobile money industry, an increase of 31 per cent year-on-year (GSMA, 2022). The value of international remittances sent and received via mobile money grew by 48 per cent in 2021, reaching US$16 billion.

In addition to highlighting the resilience displayed by migrant workers and their families through the pandemic, the IDFR 2021-2022 campaign also builds on behavioural shifts among migrants and the diaspora over the past two years, toward the accelerated adoption of digital technology. The campaign showcases practices and initiatives that led to the promotion and uptake of digital transfers and remittance-linked financial services, toward greater financial inclusion.

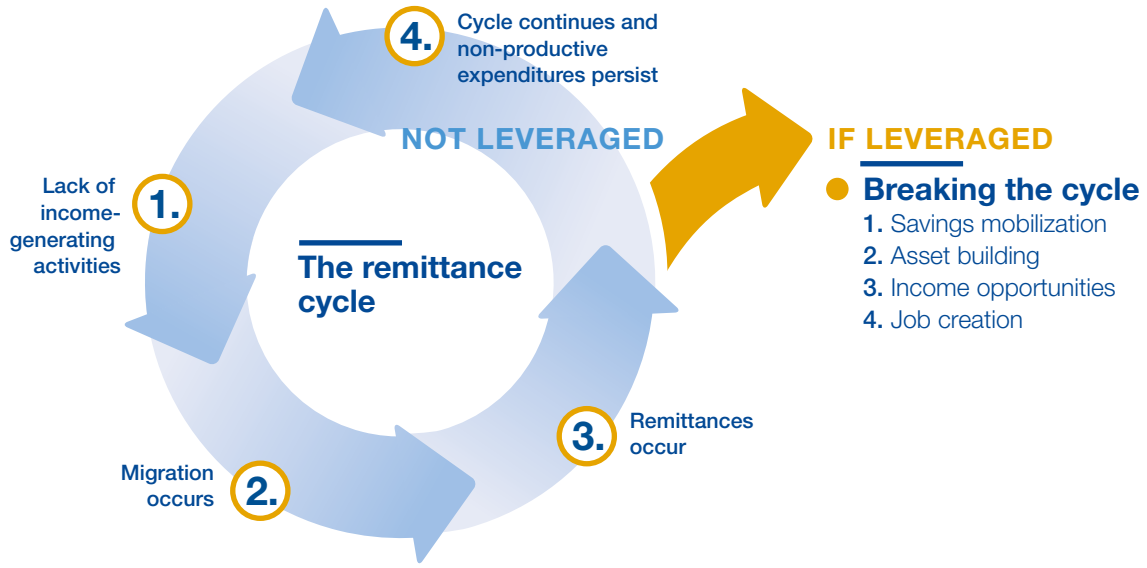
The PRIME Africa initiative

Through the Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa – the PRIME Africa initiative –, IFAD's FFR and its partners in Africa are working to promote cost reduction, formalization and digitalization of remittance flows, and financial inclusion in seven African countries – Ghana, Kenya, Morocco, Senegal, South Africa, The Gambia and Uganda.

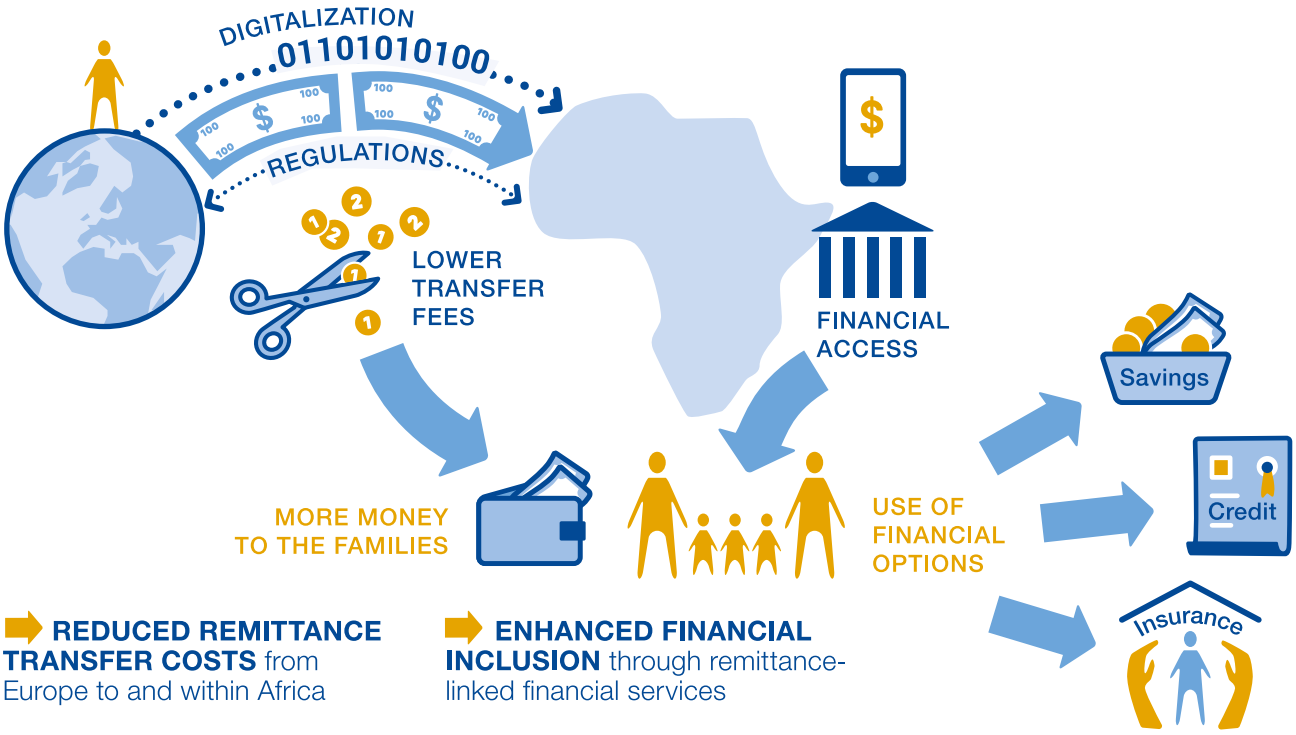
Through the implementation of 15 projects, in partnership with remittance service providers, with the co-financing of the European Union and the other FFR donors, IFAD expects to benefit over 1 million people.

Furthermore, in each of the seven target countries, National Remittance Stakeholder Networks and related Communities of Practice have been established to promote a regular inclusive dialogue on key aspects of the national remittance markets.

PRIME AFRICA'S THEORY OF CHANGE



GOALS



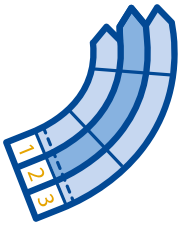
REDUCED REMITTANCE TRANSFER COSTS from Europe to and within Africa

ENHANCED FINANCIAL INCLUSION through remittance-linked financial services

ACTIVITIES

- **Address the data gap**

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



- **Increase 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.

- **Support an enabling environment**

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

- **Finance and promote business models linking remittances and financial services**

Co-finance and promote innovative, replicable and scalable business models and technologies that link remittances to financial services, towards greater financial inclusion.

- **Finance scalable innovations and related capacity**

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.

International Fund for Agricultural Development (IFAD)
IFAD is a specialized agency of the United Nations and an international financial institution, with the mandate to invest in rural people to eradicate poverty in low- and middle-income countries.

Financing Facility for Remittances (FFR)
IFAD's US$65 million multi-donor Financing Facility for Remittances aims at maximizing the impact of remittances on development and promoting diaspora engagement in migrants' countries of origin.

For more information, visit: www.ifad.org/ffr | www.gfrid.org | www.familyremittances.org

IFAD

Financing Facility for Remittances

International Fund for Agricultural Development
Financing Facility for Remittances
Pedro De Vasconcelos
FFR Programme Coordinator
Via Paolo di Dono, 44 – 00142 Rome, Italy
Tel: +39 06 5459 2012 – Fax: +39 06 5043 463
Email: remittances@ifad.org
www.ifad.org/remittances
facebook.com/ifad
instagram.com/ifadnews
linkedin.com/in/remittances
twitter.com/FFRemittances
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