



Policy Brief for Member States'  
consideration in preparation of the  
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# MAXIMIZING THE POTENTIAL OF REMITTANCES AND DIASPORA INVESTMENT IN ADVANCING SUSTAINABLE DEVELOPMENT

## GCM OBJECTIVES 19 AND 20

### INTRODUCTION

The **second International Migration Review Forum (IMRF)** provides a unique opportunity for UN Member States and partners to assess progress on the **Global Compact for Safe, Orderly and Regular Migration (GCM)**, including its **objectives 19 and 20** calling for “creating conditions for migrants and diasporas to fully contribute to sustainable development in all countries (obj. 19)” and “promoting faster, safer and cheaper transfer of remittances and foster financial inclusion of migrants and their families (obj. 20)”.

Since the first IMRF in 2022, where Member States committed to “redoubling efforts to reduce the average transaction cost of migrant remittances to less than 3 per cent by 2030, including by adopting digital solutions

for faster, safer and cheaper remittances, promoting digital and financial inclusion and accelerating access to transaction accounts for migrants”,<sup>2</sup> major global milestones have further advanced this agenda. These include, among others: the 2022 **Global Diaspora Summit**, the 2023 edition of the **Global Forum on Remittances, Investment and Development (GFRID) Summit** (14 – 16 June 2023, Nairobi, Kenya), the 2024 **Global Diaspora Policy Alliance**, the 2023, 2024 and 2025 annual campaigns of the **International Day of Family Remittances (IDFR)**, and the **Fourth International Conference on Financing for Development (FfD4)** (30 June – 3 July 2025, Sevilla, Spain) which reaffirmed the transformative potential of remittances and diaspora investment for achieving the Sustainable Development Goals (SDGs), with particular focus on rural areas.

<sup>1</sup> This policy brief has been authored and coordinated by IFAD and the World Bank in the framework of the UN Network on Migration Round Table 3 workstream, with contributions from its members: FAO, ILO, IOM, OHCHR, UNDP, UNICEF, WHO, African NSAs Platform on M&D, Caritas, IFMSA, IFRC, ITUC, Migration Youth & Children Platform, Solidarity Center, and UCLG.

<sup>2</sup> Progress Declaration of the First International Migration Review Forum (IMRF), 2022 (A/AC.293/2022/L1).

## THE TRANSFORMATIVE POWER OF REMITTANCES AND DIASPORA INVESTMENT

Remittances and diaspora investments are private, voluntary financial flows which can nonetheless contribute significantly to poverty reduction in low- and middle-income countries (LMICs), surpassing Official Development Assistance and approaching – and in some years even surpassing – the scale of Foreign Direct Investment. Around US\$700 billion is sent annually to these countries,<sup>3</sup> nearly US\$2 billion every day, out of a total of US\$900 billion.<sup>4</sup>

These transfers are typically made by migrants who have moved to a foreign country or cross-border workers temporarily seeking better economic opportunities and often represent a significant proportion of their salaries. The primary motivation behind these transfers is to support the financial needs of the recipients, such as covering essential living expenses, education fees, or healthcare costs. For many migrants, remittances to support families in their communities of origin are the key motivation for migrating and represent a concrete realization of the transnational ties of family, community and solidarity that underlie stories of migration.

For many developing countries, remittances and diaspora investments represent a vital source of income and foreign exchange earnings. These funds play a significant role in poverty reduction, economic development, improving the welfare of recipient households, and fostering investment in physical and human capital. Remittances can also contribute to stabilizing a country's balance of payments. Most of all, these flows boost economic development by increasing the disposable income of recipient households. As a result, they can stimulate economic growth, particularly in rural areas where remittance flows can have a significant impact on local economies and enhance resilience to climate-related challenges.

Many governments of both countries of origin and destination recognize the importance of remittances

flows and diaspora investments and often implement policies and programs to encourage and facilitate them by providing incentives or support to reduce transactions fees for these transfers to boost economic activities at the grassroots level. At the same time the role of local and regional governments is equally important – and often overlooked – in incentivizing the use of remittances and diaspora investments in community projects, integrating these financial flows into local development plans that fund services such as education, healthcare, infrastructure, or climate resilience.

Despite their importance, the full potential of remittances and diaspora investment for sustainable development remain under-realized. Enhanced international support and strategic commitment at both global, regional and local level could harness these financial flows to address long-term goals, significantly advancing the Sustainable Development Goals (SDGs).

## PROGRESS SINCE THE FIRST IMRF (2022)

In this global context, global average remittance costs have fallen to **6.49 per cent in the first quarter of 2025** yet remain far above the SDG target (3 per cent), especially in **rural and Africa-bound corridors**, where rates are still close to 8 per cent.<sup>5</sup> High transfer costs are, at global level, one of the most important variables affecting the size of unregulated flows of remittances.<sup>6</sup>

Private-sector innovation, competition and public-private partnerships are showing that digitalisation can reduce costs and expand rural access. Remittance-linked products such as savings, credit, pensions, and disaster-risk tools, further increase value for users and support long-term financial resilience.

Diaspora investors are playing an expanding role in **financing SMEs, agribusiness, and climate resilience** in their countries of origin. Instruments such as **diaspora**

<sup>3</sup> World Bank, Personal remittances, received (US\$ current), 2024, LMICs – US\$699.86 billion.

<sup>4</sup> <https://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT>

<sup>5</sup> World Bank, Remittance Price Worldwide, Q1 2025.

<sup>6</sup> Beck and Martinez-Peria (2011); Ambler et al. (2014); Kosse and Vermeulen (2014); Ferriani and Oddo (2019).

**bonds, collective investment vehicles, and public-private matching funds** have emerged as effective channels to mobilize diaspora capital, as highlighted in the recent Guidelines for Engaging Diasporas' Economic Contributions for Sustainable Development produced by the UN Network on Migration.<sup>7</sup>

An increasing number of governments are integrating the topic of remittances into **their national financial inclusion strategies**, recognizing the impact of remittances on financial inclusion and designing dedicated action plans to leverage their effect.

Innovative programmes, such as the ones promoted by IFAD through its **Financing Facility for Remittances (FFR)**,<sup>8</sup> are contributing to maximizing remittances and diaspora investment to boost digitalization, access in rural areas, financial inclusion, strengthening rural economies, improving food security and promoting climate resilience.

The **International Day of Family Remittances (IDFR)**, observed every year on 16 June, recognizes the contributions of hundreds of millions of migrants who support their families worldwide, particularly in rural areas where remittances have the greatest impact. Proclaimed by the United Nations General Assembly (UNGA) in 2018, the IDFR, through its annual campaigns, has catalysed public and private sector engagement. Thousands of market actors, umbrella bodies, and central banks, have shared their commitment, and in many cases their ongoing efforts and initiatives, to advance inclusive financial services for migrant families and to strengthen the development impact of remittances through digitalization and financial inclusion. The 2026 campaign, promoted by IFAD and the G7 French Presidency, focuses on "Remittances for rural resilience, entrepreneurship and employment".<sup>9</sup>

The **Global Forum on Remittances, Investment and Development (GFRID) 2023 Summit** successfully took place in Nairobi (Kenya) in 2023. Over 650 global

and African delegates attended the three-day event, discussing opportunities and challenges in the post-pandemic landscape, with a major focus on main remittance corridors and diaspora investment innovations in Africa. Its Outcomes Report contains a series of key findings and actionable outcomes for both remittances and diaspora-impact investments.<sup>10</sup>

The **Global Diaspora Summit (2022)**<sup>11</sup> and the launch of the **Global Diaspora Policy Alliance (2024)**<sup>12</sup> marked two key milestones in global diaspora engagement. The 2022 Summit brought together governments, diaspora organizations, and diverse partners to assess progress under the GCM Objective 19 and produced the Dublin Declaration, a strategic roadmap to embed diaspora capitals across policies, programmes, and partnerships. The Policy Alliance was established in 2024 to operationalize this agenda through structured, solution-oriented collaboration. Together, they form a coherent global framework positioning diasporas as partners in delivering cross-sectoral solutions for sustainable development.

In July 2025, the International Community gathered in Sevilla (Spain) for the **Fourth International Conference on Financing for Development (FfD4)** where it adopted the "**Sevilla Commitment**",<sup>13</sup> which includes the most advanced **global commitments to maximizing the impact of remittances and diaspora investments for sustainable development**. By expanding financial inclusion for migrants and their families in the countries of origin and recognizing for the first time their positive impact in rural areas, the Sevilla Commitment reflects a shared resolve to redouble efforts to lower costs, promote digital solutions, foster competition and transparency, expand access to transaction accounts, support financial literacy, establish enabling policies and regulations, strengthen remittance data collection, and support correspondent banking through technical assistance, capacity building and digitalization for developing countries in need.

<sup>7</sup> UN Network on Migration (2025), [Guidelines for Engaging Diasporas' Economic Contributions for Sustainable Development](#).

<sup>8</sup> IFAD, [www.ffremittances.org](http://www.ffremittances.org)

<sup>9</sup> [www.familyremittances.org](http://www.familyremittances.org)

<sup>10</sup> IFAD (2023), [GFRID Summit 2023 Outcomes Report](#).

<sup>11</sup> IOM, <https://www.iom.int/global-diaspora-summit-2022>

<sup>12</sup> IOM, <https://www.iom.int/future-agenda-action-global-diaspora-engagement>

<sup>13</sup> <https://financing.desa.un.org/ffd4>

## CURRENT CHALLENGES

To realize the GCM commitments undertaken in its objectives 19 and 20, several key challenges that require targeted interventions and policy improvements have been identified:

1. **Low financial and digital literacy** among migrants and their families limits access to affordable, safe, and efficient remittance services and investment opportunities. Vulnerable groups and rural populations, often rely on costly and unsafe informal channels, missing out on related services like savings, credit, insurance, and investment products.
2. **Regulatory barriers** continue to constrain financial inclusion and remittance use. Misaligned or overly cumbersome Anti money laundering/ Counter fight terrorism (AML/CFT) rules create high compliance costs and apply requirements that are not always risk-based, while banks often limit relationships with money transfer operators due to the compliance risks and potential penalties involved, reducing competition. Restrictive AML/CFT regulations have reduced the number of correspondent banks, impeded money transfers, and diverted flows toward informal channels, which in turn could increase AML/CFT risks. The absence of low-KYC account options prevents many low-income and rural customers from accessing basic services.
3. **Weak financial sectors and underdeveloped payment systems** further constrain investment and remittance-linked financial services. Poor cross-border interoperability increases transaction costs, weak digital payments infrastructure, and limited availability of remittance-linked financial services. A lack of linkage between proprietary domestic payment systems and technology platforms, and a thin network of agents increase the cost and the time required to send remittances.
4. **Insufficient data and analysis** on remittances and diaspora investments hinder policymakers and private actors from designing effective, evidence-based interventions to maximize development benefits. A significant share of global remittances flow through unregulated channels, which increase data gaps and inconsistent measurement of flows between sending and receiving countries. Quantifying the flows of unregulated remittances and adopting data collection frameworks for their estimation can greatly benefit the quality of data.
5. **Overvalued exchange rates** lower the value of remittances to receiving households and divert flows from regulated channels. In many countries with large differences between the official and equilibrium exchange rate, parallel markets exist that will exchange money at a rate closer to equilibrium. As much as 50 percent of remittances may be unrecorded in countries where there is a large difference between the official exchange rate and the parallel market rate.<sup>14</sup>
6. **Gender gap in remittances** undermines these flows as a pathway to financial inclusion and empowerment. Migrant women face gender-specific barriers that limit their access to safe, affordable, and productive use of remittances. Lower wages, lower financial and digital literacy, restrictive and non-risk-based regulations, weak payment systems, and limited data disproportionately create vulnerable situations for women – especially in rural and structurally disadvantaged contexts – resulting in them relying on more costly and informal channels. These constraints, reinforced by social norms that limit women’s financial decision-making, reduce their access to savings, credit, insurance, and investment opportunities.<sup>15</sup>
7. **Limited financial instruments for diaspora investment** prevent migrants from investing safely and productively in their home countries. The absence of reliable, well-aligned investment options and the lack of investment funds or blended finance mechanisms reduce diaspora-driven investments and remains a missed opportunity for private investors, governments, and development partners.

<sup>14</sup> World Bank (2006).

<sup>15</sup> UNCDF (2024), [Gender insights on remittances access, usage and financial health](#).

8. **Limited coordination and dialogue among the diverse actors** shaping the remittance ecosystem. Public institutions, private sector players, civil society, and academia often operate in silos, hindering the integration of remittances into broader financial inclusion strategies. At the same time the role of local and regional governments is not harnessed enough.

## THE WAY FORWARD: TOWARDS THE IMRF PROGRESS DECLARATION

To fully harness the potential of remittances and diaspora investments, a comprehensive approach is required. Governments and international organizations have the opportunity to renew and expand their commitments on objectives 19 and 20, by implementing the following key actions:

### 1. Advancing financial and digital inclusion for migrants and their families (Aligned with GCM Objective 19: actions e, f, and Objective 20: actions e, f, h, i)

- ▶ **Expand financial literacy programs:** Develop targeted, gender-responsive financial education for migrants, their families, and diaspora investors – especially women, youth, and rural populations – to increase the use of formal, affordable remittance channels and related services (savings, credit, insurance, investments) and enhance the effectiveness and sustainability of investment opportunities.
- ▶ **Promote finance and digital inclusion:** Improve access to affordable, reliable digital tools to enable migrants and families to use fast, low-cost digital remittance services. Encourage mobile banking and e-wallet solutions to extend access to underserved regions and rural areas.

- ▶ **Strengthen women’s financial literacy and autonomy** within remittance ecosystems through initiatives that enhance women’s decision-making power over how remittances are sent and used, including through mechanisms that increase privacy, safety, and control – such as individualized digital accounts and gender-responsive customer support – so that remittances can more effectively advance care, household wellbeing and women’s economic empowerment.
- ▶ **Support financial literacy programs** tailored through multistakeholder collaboration and delivered at the local level, with a special focus on women, youth, and rural populations to increase access to formal, affordable remittance channels.

### 2. Strengthening policy and regulatory frameworks and the payment system infrastructure

(Aligned with GCM Objective 19: action h, and Objective 20: actions a, c, d, e)

- ▶ **Harmonize financial regulations:** Advocate for harmonized AML/CFT approaches among jurisdictions and encourage risk-based approaches, in line with Financial Action Task Force guidance, to prevent the de-risking of money transfer organizations and protect low-value transactions.
- ▶ **Enable inclusive financial access:** Introduce low-value, low-Know Your Customer (KYC) account rules permitting migrants and remittance-recipients with limited documentation to open basic accounts while maintaining safeguards.
- ▶ **Foster market competition:** Permit non-bank remittance providers and fintechs to process remittance transfers, facilitating lower-cost digital providers entering the market and increasing competition, innovation, and lowering costs.

### 3. Deepening financial sector development and interoperability

(Aligned with GCM Objective 19: action e, and Objective 20: actions c, d, g)

- ▶ **Use remittances to enhance the recipient country's sovereign credit rating:** Because remittances are large and stable, they can help reduce borrowing costs and lengthening debt maturity. For a similar reason, remittance receipts can be used to judge low-income families' creditworthiness. They can also be used to promote micro-savings and micro-insurance, all to enhance financial inclusions for the poor and increase domestic resources available to finance the local economy.
- ▶ **Promote remittance-linked products:** Encourage the adoption of savings, credit, and insurance products that leverage remittance flows to enhance household resilience and promote local investment.
- ▶ **Invest in interoperable payment systems:** Upgrade cross-border payment infrastructure, adopting standards and interoperability mechanisms in line with the G20 roadmap for cross-border payments.

### 4. Enhancing data, research, and policy coherence on remittances and diaspora investment

(Aligned with GCM Objective 19: actions c, d, j, and Objective 20: action f)

- ▶ **Strengthen data systems:** Develop robust, corridor, channel and gender-disaggregated systems for collecting and analyzing remittance and diaspora investment data to inform policies and private sector strategies.
- ▶ **Use technology to collect and process data more efficiently:** Replicate successful practices already in use such as leveraging an international transactions reporting system if it is available.

- ▶ **Be clear about the definitions used in remittances statistical publications:** Relate to the definitions in current international guidelines such as the Balance of Payments and International Investment Position Manual.<sup>16</sup> Facilitate the exchange of bilateral data through international cooperation, transparency, and information sharing between remittances data compilers: Promote, staff exchange, capacity building, and sharing of the statistical methodology underlying the estimation approach. This can improve the quality of statistics and the estimation of unregulated flows and lead to a more extensive use of mirror data.
- ▶ **Support research and evidence sharing:** Foster collaboration between governments, central banks, and development partners to enhance data transparency and comparability across corridors.

### 5. Engaging and Empowering Diaspora Communities

(Aligned with GCM Objective 19: actions d, e, f, h, i, j, and Objective 20: action g)

- ▶ **Facilitate safe and inclusive mobility:** Ensure safe, regular and accessible migration pathways that support fair and ethical recruitment and decent work and the financial and digital inclusion of migrants, facilitating their participation in economies both in countries of origin and destination.
- ▶ **Institutionalize diaspora engagement:** Establish dedicated diaspora offices, advisory councils, and focal points in embassies to channel diaspora skills, knowledge, and resources into national development strategies, as well as strengthen partnership with diaspora organizations and networks.

<sup>16</sup> IMF (2007), <https://www.imf.org/external/pubs/ft/bop/2007/pdf/bpm6.pdf>

- ▶ **Mobilize diaspora investment:** Create innovative financial instruments – such as diaspora bonds, blended finance facilities, and guarantee funds – to attract and de-risk diaspora investments in productive sectors and in local development. Diasporas can promote trade and foreign investments and facilitate skill and technology transfers. Diasporas also have substantial savings abroad that could be tapped, via diaspora bonds, for development financing back home. Multilateral Development Banks can also facilitate mobilization of migrants' investments for development in origin countries.

## 6. Fostering partnerships and policy coherence

(Aligned with GCM Objective 19: actions a, b, j, and Objective 20: actions b, g)

- ▶ **Integrate migration into development planning:** Embed migration, remittances, and diaspora investment into national and regional development strategies, ensuring coherence with the 2030 Agenda.
- ▶ **Build multi-stakeholder partnerships:** Encourage collaboration among governments, financial institutions, diaspora associations, international organizations, local communities, and migrants themselves for sustainable remittance and investment ecosystems.
- ▶ **Strengthen multilevel governance with local and regional governments:** Promote coordinated actions across national, regional and local levels to facilitate active involvement and ownership of diaspora organizations and communities for sustainable community-led development.

## CONCLUSIONS

Remittances and diaspora investments are not merely financial flows; they are human stories of resilience and empowerment. The recent commitments taken at the FfD4, and the upcoming IMRF 2026 provides a timely opportunity to transform remittances and diaspora investments into engines of inclusive and sustainable development.

Delivering on GCM Objectives 19 and 20 means empowering migrant and their families in countries of origin advancing toward their financial independence and ensuring that migration truly works for all.

By strengthening policy coherence and multilevel collaboration, leveraging innovation, and empowering migrants and diasporas as development actors, Member States can ensure that migration continues to be a source of resilience, opportunity, and shared prosperity.

