



Expert Meeting on  
**THE IMPACT OF ACCESS TO FINANCIAL SERVICES,  
INCLUDING BY HIGHLIGHTING THE IMPACT ON REMITTANCES ON  
DEVELOPMENT: ECONOMIC EMPOWERMENT OF WOMEN AND YOUTH**  
*12-14 November 2014*

**SESSION 4:  
REMITTANCES AND FINANCIAL INCLUSION**

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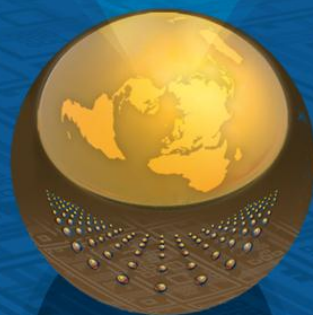


**International Fund for Agricultural Development**

# **INTEGRATING MIGRATION INTO DEVELOPMENT**

## **Diaspora as a development enabler**

**UNCTAD Expert Meeting on the Impact of Access to Financial Services, Including by Highlighting Remittances on Development: Economic Empowerment of Women and Youth**



**Pedro De Vasconcelos**  
**Manager**

**Financing Facility for Remittances**  
**IFAD**

**Geneva, 12-14 November 2014**

# Remittances and Development Opportunities

## IFAD and Remittances: Mission statement

Our goal is to:

*Increase the financial resources of those who receive remittances, particularly in rural areas,*

*Maximize the developmental impact of remittances once received, and*

*Provide migrants and their families with opportunities to invest their capital in their home communities.*

# Remittance and migration

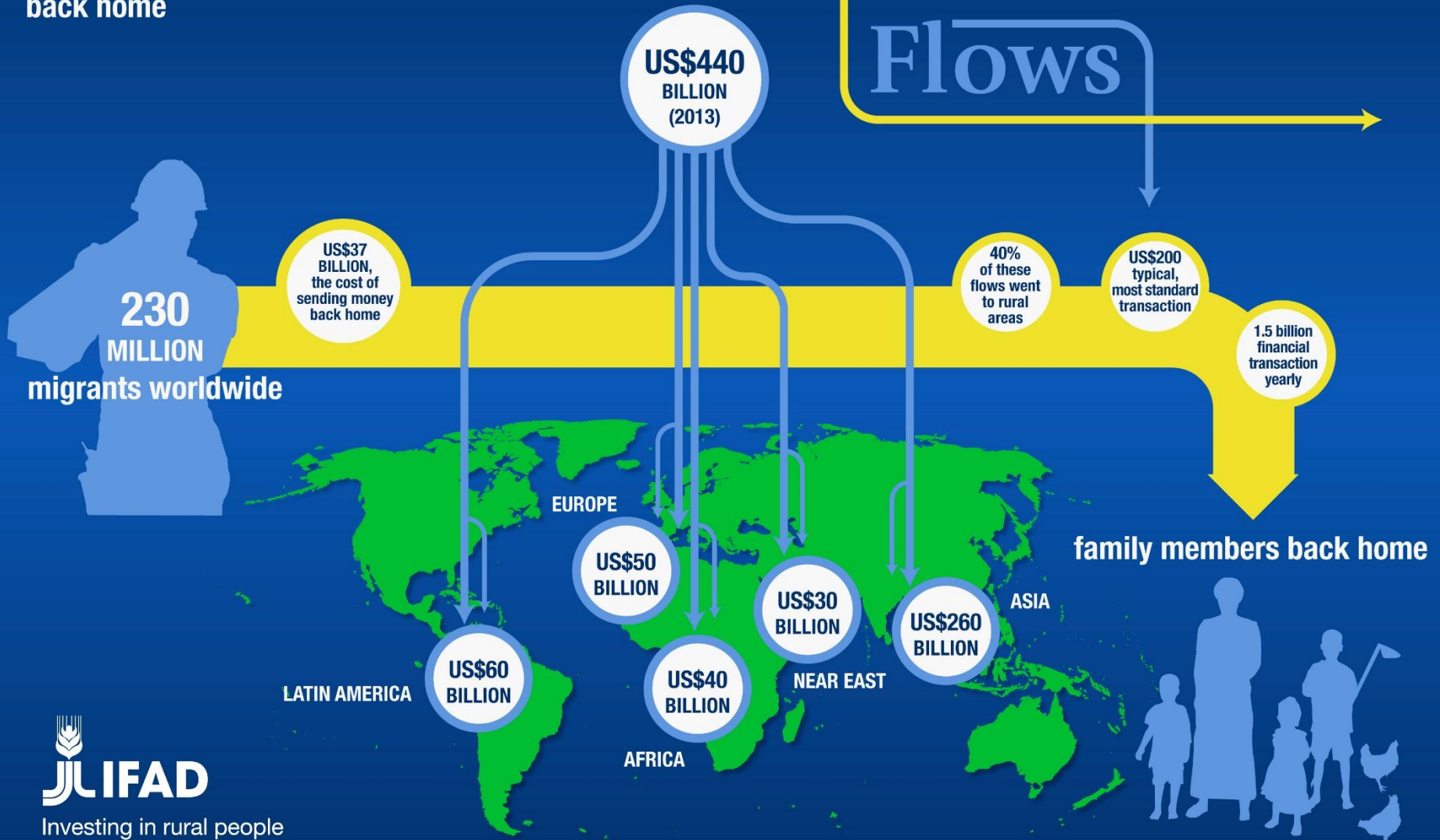
## Focus of the presentation

- **Volume and size**
- **The migration and remittance cycle**
- **The remittance market: Challenges and opportunities**
- **Maximizing the development impact of remittances**
  - **Development community priorities**
  - **Project examples**

# Remittance and migration

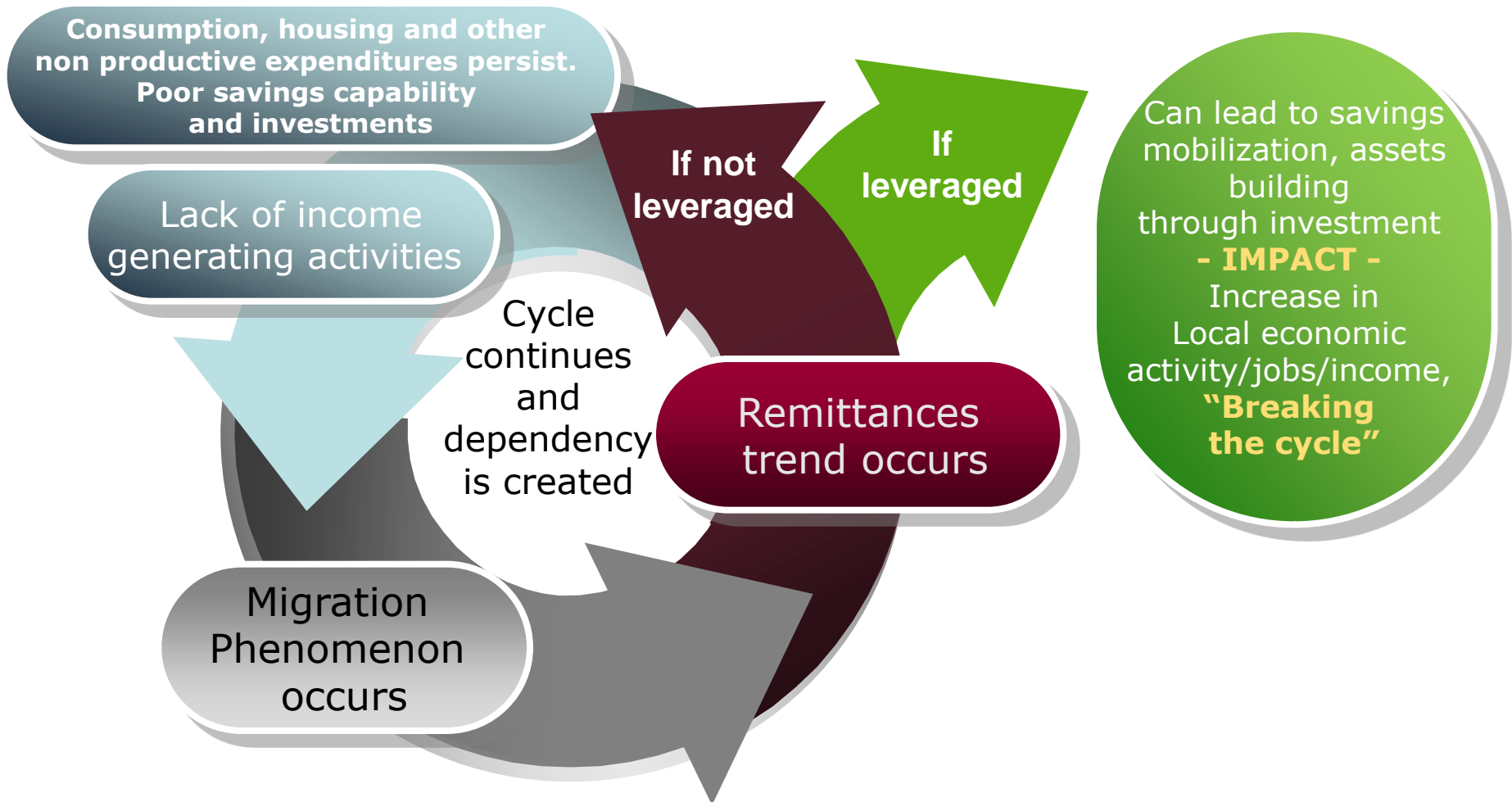
Remittances are the traditional means of financial support to family members back home

## Remittance Flows



# Remittance Flows and Markets

## The Migration and Remittances' cycle



# Remittances Flows and Markets

## Challenges in the Remittance Market:

- **ACCESS:** poor rural payment networks make it expensive to reach the “last mile”
- **COMPETITION AND INTERMEDIATION** are still scarce in a market largely dominated by a few Money Transfer Operators (MTOs) and with limited participation of the formal financial sector,
- **REGULATION** compliance still remains a key issue for many market players and generates high operating cost,
- **USE TECHNOLOGIES**, such as mobile payments, is on the rise but requires investments and have yet to make a impact in the remittance market.

**As a result, COSTS are slow in decreasing:** Although global average cost has come down to around **8%**, many **LDCs** (and particularly their rural areas) still witness costs ranging from **14% to 20%** on average.



A close-up photograph featuring a fountain pen with a silver nib and a dark blue barrel on the left, resting on a document. On the right, a stack of US dollar bills is fanned out, showing the '100' denomination. The background is a soft-focus blue sky. A dark blue banner at the bottom contains white text.

# Remittances and Development Opportunities



# Remittances and Development Opportunities

A general consensus from development practitioners

- **Promote effective and efficient regulation**
- **Empower market actors and increase competition (MFIs and postal networks)**
- **Adopt new technologies (Mobile, card-based, etc..)**
- **Expand access to financial services (linking remittances services to savings, loans, insurance, etc..)**
- **Link and promote scalable models of investments for migrants and their families.**

# Remittances and Development

## Opportunities for IFAD and strategic objectives

1

Strengthen the  
remittance  
rural market

2

Promote  
Financial  
Inclusion  
in rural areas

3

Create a more  
conducive  
environment for  
Productive  
Investment of  
savings and  
remittances in  
rural areas

# IFAD and Remittances: Our portfolio

- **Almost US\$40 million in pilot projects and US\$40 in scaling-up projects**
- **Active in more than 40 countries**
- **50 innovative projects**
- **Over 200 partners worldwide**
- **Sub-programmes on:**
  - **Diaspora Investment in Agriculture**
  - **Postal Financial Services**

## Latin America and the Caribbean

Bolivia  
Colombia  
Costa Rica  
Ecuador  
Haiti  
Jamaica  
Paraguay  
Peru

## Africa

Benin  
Burkina Faso  
Cameroon  
Ethiopia  
Ghana  
Madagascar  
Malawi  
Mali  
Mauritania  
Niger  
Senegal  
Sierra Leone  
Somalia  
Uganda

Europe  
Albania  
Kosovo  
Moldova  
Romania

Near East and the Caucasus  
Georgia

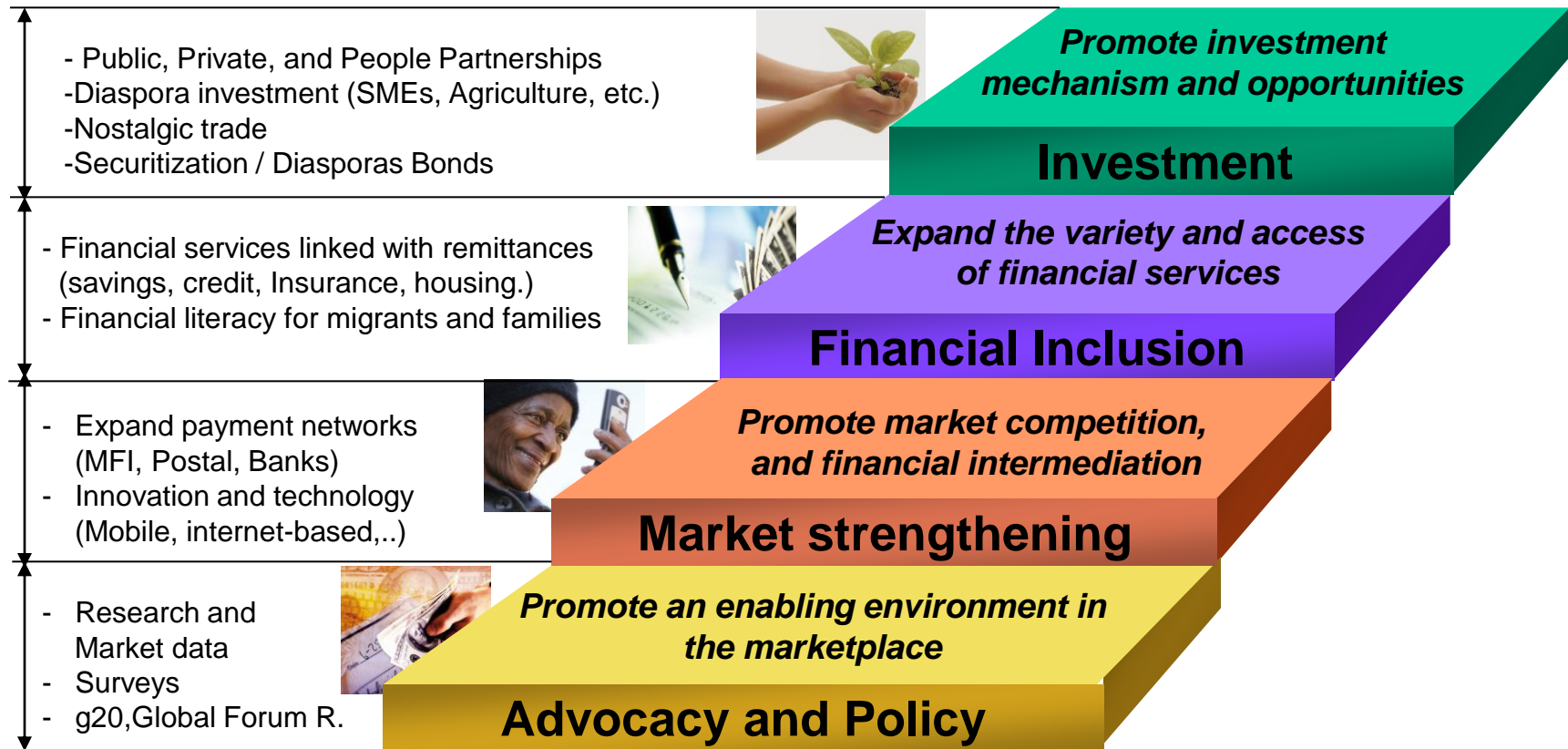
## Asia and the Pacific

Bangladesh  
Cambodia  
China  
India  
Indonesia  
Kazakhstan  
Kyrgyzstan  
Laos  
Malaysia  
Nepal  
Philippines  
Sri Lanka  
Tajikistan  
Uzbekistan  
Vietnam



# Remittances and Development Opportunities

## A stepped operationnal approach to achieve scale



# Regional Programme on Remittances and Diaspora Investment for Rural Development (US\$1.2 million) - ASIA

**Development Objective:** establish inclusive youth- and gender-sensitive remittance-related financial products and services, facilitating investment and savings in diaspora capital into apexes and local financial institutions in Pakistan, Philippines, Sri Lanka and Nepal.

**Outcomes:**

- Develop financial services for migrants and their remittance recipient families that enable them to save and invest safely with financial institutions that finance rural economic activities in countries of origin.
- Enhance capacity of migrants and their families to save and invest, and provide access to secured savings and investment products in countries of origin.
- Disseminate successful models for channeling diaspora capital towards rural economic activities, in target countries.

# SAMRIDDHI

## RURAL ENTREPRISES AND REMITTANCES (RER)



**Area:** *Mountainous east region,*  
**Amount:** *US\$62 million*  
*(40% grant and 60% loan)*  
**Recipients:** *Government of Nepal*  
*and chambers of commerce*



### Key Remittances and migration component objectives

- ***Link remittances to innovative financial products and services;***
- ***Facilitate migrants' reintegration*** and **harness migrants capital and family remittance** for investment in rural, farm and non-farm enterprises;
- ***Promote an enabling legal, social and business environment*** to maximize the development potential of migration



# SAMRIDDHI Target Groups

## Primary target group

- (i) **poor households**, particularly the families that are landless or close to landless, families resorting to migration, unemployed or underemployed youth, socially excluded Dalits, Janajatis, other ethnic minorities and women;
- (ii) **migrants**: potential migrants, returnee migrants and remittance receiving households, esp. venerable families;
- (iii) **Rural micro-enterprises**: existing formal or informal rural micro-entrepreneurs that have a potential for development;
- (iv) **small enterprises** that either play a key role in securing microenterprise access to inputs, services and markets, or have a potential to generate employment.



## Secondary target group

Medium and large enterprises and service providers, who will provide support to the primary target group through the development of cluster approaches, job placements, vocational trainings and apprenticeship packages, and products.

# Conclusions and Policy Considerations

- **Remittances are *private* funds.**

They are neither a development strategy, nor a replacement for development assistance

- **Governments and Development institutions** should focus their efforts in providing migrants and their families with financial options and tools that allow them to best manage and maximize the impact of their funds. This will **empower** migrants and recipients families.

- Financial inclusion policies should take full advantage of the migration and remittances realities in order to achieve scale

SAVE  
THE  
DATE



# Global Forum on Remittances and Development 2015

16-19 June 2015 Milan, Italy



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Ministry of Foreign and European Affairs

Directorate for Development Cooperation  
and Humanitarian Affairs



United Women's Initiative Network  
Member of the IBS Group



IBRD • IDA



North-South • Capital Development

Launch of the first  
*International Day of Family Remittances*

Remittance market, technology fair, and  
innovation awards

Best practices on policies and  
regulations , private sector models

Over 400 participants for public and private sector and the civil society  
Four days of interactive and cross-cutting discussions

**Public Sector Day - 16 June**

**Private Sector Day – 17 June**

**Civil Society and**

**Development Organizations Day – 18 June**

**Special sessions and workshops – 19 June**

Launch of the Remittances 2020 Process:  
*Implementation Strategies for IFIs*

G20 agenda and  
GFMD special session (tbd)

Civil society partnership development



International Fund for Agricultural Development

**Thank you**

[www.ifad.org/remittances](http://www.ifad.org/remittances)

[www.RemittancesGateway.org](http://www.RemittancesGateway.org)