### Remittances: reducing costs, increasing access

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Trade Negotiations and Commercial Diplomacy Branch  
DITC/UNCTAD

**Contents**

1. Introduction ........................................................................................................... 2
2. Key Messages .......................................................................................................... 2  
   Key Recommendations .......................................................................................... 3
3. Major issues and challenges ................................................................................... 4  
   3.1 Facts and trends ............................................................................................... 4  
      Remittances ......................................................................................................... 4  
      Remittance costs ................................................................................................. 6  
      Least Developed Countries (LDCs) ..................................................................... 8  
   3.2 Impacts of remittances ....................................................................................... 10  
   3.3 Formal and informal remittance channels ......................................................... 11  
   3.4 Reducing transaction costs .............................................................................. 11  
   3.5 Financial inclusion ............................................................................................ 12  
4. Mobile money: a new opportunity ......................................................................... 14  
   East African mobile money growth pole ............................................................... 15  
5. The way forward ..................................................................................................... 17  
   5.1 UNCTAD recommendations ............................................................................ 17  
   5.2 Areas for Action ............................................................................................... 19  
      1. Support thy migrant ........................................................................................ 19  
      2. Financial inclusion ........................................................................................ 21  
      3. Reducing transaction costs ............................................................................ 22  
      4. Supportive policy framework ....................................................................... 22  
   5.3 Key messages and conclusions ....................................................................... 24  
References .................................................................................................................. 25
1. Introduction

Recent conferences have highlighted the need for sustainable inclusive development, the theme of the UNCTAD XIII conference in Doha (May 2012). The Rio+20 conference stressed again the need for progress encompassing all three pillars of sustainable development: economic, social and environmental. Inclusive sustainable development means access for all now and in the future.

Some three percent of the world's population is migrants. Many of these send payments (or remittances) home to relatives and friends. Remittances can play an important role particularly in the case of those in poorer households and be used to build productive capacities for longer-term impacts. Supportive integrated cohesive policy frameworks and institutions enhance benefits to youth.

The central question of this chapter is how to best harness remittances for inclusive sustainable development and create opportunities for youth?

How can we measure how we are doing? Success indicators across the three pillars could include:

- Social: remittance transactions are affordable and accessible to all including the poor, youth and women. This relates to financial inclusion.
- Economic: poverty reduction, employment, improved living standards, boost to local economies
- Environmental: promoting sustainable local development, including in locally produced consumables such as food.

This paper highlights key trends, issues and actions to harness remittances for inclusive sustainable development.

2. Key Messages

UNCTAD has many years of research, policy analysis and intergovernmental consensus building on migration and remittances from the development perspective. It has held two recent expert meetings:

For background note and report see UNCTAD 2009a 2009b.

Both meetings have background documents prepared by the secretariat and an outcome of the meeting under the Chair’s responsibility with support of the secretariat as requested. *Maximizing the development impact of remittances* (UNCTAD 2012a) summarizes information contained in the meeting’s background documentation and outcome and expert papers. The lead article integrates information from all these inputs (Mashayekhi 2012). The expert meeting’s recommendations are included in Section 5.1 below.

Valuable work on remittances and mobile money has also been carried out in other UNCTAD Divisions. *UNCTAD’s LDC Report 2012* is devoted to this subject. (UNCTAD 2012c) See section 3 below. The *UNCTAD Information Economy Reports 2011 and 2012* (UNCTAD 2010c and 2011d) and the UNCTAD Mobile Money publication (UNCTAD 2012b) show the rise in youth mobile subscriptions and new opportunities offered for developing country populations in previously underserved areas. East Africa is a mobile money growth pole. See section 4 below. The following recommendations are based upon the foundation of this work.

**Key Recommendations**

International public private partnership (PPP) is needed to:

1) Facilitate the *orderly flow of migrants* with pre- and post-migration support programmes. Know thy migrant: collect information on their profiles motivations and destinations. Temporary movement and circular migration, which has particular developmental benefits for youth, can be liberalized at international, regional, bilateral and unilateral levels. Young migrants can be incentivized to return home by training and skills development and low-interest rate loans. Loans should be made available both pre-migration to pay recruitment fees and moving costs and post-migration to start enterprises combined with entrepreneurship training, financial advice and business support or to pay for education and training. Liberalization and regulatory cooperation can take place at many levels: international (WTO Mode 4), regional (e.g. East African Community, ASEAN) and bilateral or even unilateral (e.g. Singapore economic cooperation agreement).

2) *Reduce remittance costs*, whose burden falls most heavily upon the poorest. Expand access to and ensure interoperability of remittance transfer services, and promote financial inclusiveness. The partnership could involve financial, microfinance, and money transfer organizations like Western Union, the postal
union, telecom operators particularly Safaricom's M-PESA. Policy makers can discuss best regulatory practices, taking lessons from East Africa with support from UNCTAD and other international agencies. As each country has its own unique characteristics policy and regulatory frameworks can be tailored for “best fit”.

3) Develop capacities in affordable and accessible supportive services—finance, telecommunications, energy, and ICT. This may involve careful opening of key service sectors with large development dividends. These include provision of finance, (remittance transfer, savings, investment and credit), telecommunications, mobile money, infrastructure, transportation and energy services. Competition policy across all sectors is important, as is allowing for links across sectors, as we see with M-PESA linking banking with mobile phones.

3. Major issues and challenges

3.1 Facts and trends

Remittances
World Bank data indicates global remittance flows reached $501 billion in 2011 and are expected to increase to $615 billion by 2014. Remittances to developing countries reached US$372 billion in 2011; an increase of 12 per cent compared to 2010, and is expected to reach $467 billion by 2014. As can be seen in figure 1 populous China and India topped the list of largest remittance receiving countries, followed by Mexico and the Philippines. There is a large element of altruism in the act of remittance. Remittance flows remain more stable during economic crises and can be counter-cyclical to home country economy. Figure 2 shows that remittances remained relatively resilience during the financial crisis compared to FDI, which dropped rapidly, and ODA, which was more stable but much lower.

Table 1: Remittances to developing countries, 2008-2014
### Figure 1: top 10 remittance receiving countries 2012

<table>
<thead>
<tr>
<th>Region</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011e</th>
<th>2012f</th>
<th>2013f</th>
<th>2014f</th>
</tr>
</thead>
<tbody>
<tr>
<td>All developing countries</td>
<td>324</td>
<td>308</td>
<td>332</td>
<td>372</td>
<td>399</td>
<td>430</td>
<td>467</td>
</tr>
<tr>
<td>East Asia and Pacific</td>
<td>85</td>
<td>86</td>
<td>95</td>
<td>107</td>
<td>115</td>
<td>125</td>
<td>135</td>
</tr>
<tr>
<td>Europe and Central Asia</td>
<td>45</td>
<td>36</td>
<td>37</td>
<td>41</td>
<td>45</td>
<td>49</td>
<td>55</td>
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<td>Latin America and Caribbean</td>
<td>64</td>
<td>57</td>
<td>57</td>
<td>62</td>
<td>66</td>
<td>72</td>
<td>77</td>
</tr>
<tr>
<td>Middle-East and North Africa</td>
<td>36</td>
<td>34</td>
<td>40</td>
<td>42</td>
<td>45</td>
<td>47</td>
<td>50</td>
</tr>
<tr>
<td>South Asia</td>
<td>72</td>
<td>75</td>
<td>82</td>
<td>97</td>
<td>104</td>
<td>113</td>
<td>122</td>
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<tr>
<td>Sub-Saharan Africa</td>
<td>22</td>
<td>20</td>
<td>21</td>
<td>22</td>
<td>24</td>
<td>25</td>
<td>27</td>
</tr>
<tr>
<td>LDCs (UN-classification)</td>
<td>23</td>
<td>24</td>
<td>25</td>
<td>27</td>
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<td>32</td>
<td>35</td>
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<tr>
<td>Low-income countries</td>
<td>22</td>
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<td>28</td>
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<td>302</td>
<td>286</td>
<td>308</td>
<td>344</td>
<td>369</td>
<td>397</td>
<td>429</td>
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<tr>
<td>High income</td>
<td>133</td>
<td>120</td>
<td>121</td>
<td>128</td>
<td>134</td>
<td>140</td>
<td>148</td>
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<tr>
<td>World</td>
<td>457</td>
<td>429</td>
<td>453</td>
<td>501</td>
<td>533</td>
<td>571</td>
<td>615</td>
</tr>
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</table>

Growth rate (%)

<table>
<thead>
<tr>
<th>Region</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011e</th>
<th>2012f</th>
<th>2013f</th>
<th>2014f</th>
</tr>
</thead>
<tbody>
<tr>
<td>All developing countries</td>
<td>16.5%</td>
<td>-4.8%</td>
<td>7.7%</td>
<td>12.1%</td>
<td>7.2%</td>
<td>7.8%</td>
<td>8.4%</td>
</tr>
<tr>
<td>East Asia and Pacific</td>
<td>18.8%</td>
<td>1.7%</td>
<td>10.6%</td>
<td>12.6%</td>
<td>7.3%</td>
<td>8.0%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Europe and Central Asia</td>
<td>17.2%</td>
<td>-19.6%</td>
<td>0.3%</td>
<td>12.6%</td>
<td>8.8%</td>
<td>10.1%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Latin America and Caribbean</td>
<td>2.2%</td>
<td>-11.9%</td>
<td>0.9%</td>
<td>7.7%</td>
<td>7.6%</td>
<td>7.9%</td>
<td>8.2%</td>
</tr>
<tr>
<td>Middle-East and North Africa</td>
<td>12.0%</td>
<td>-6.7%</td>
<td>19.5%</td>
<td>5.7%</td>
<td>5.1%</td>
<td>5.3%</td>
<td>5.5%</td>
</tr>
<tr>
<td>South Asia</td>
<td>32.6%</td>
<td>4.8%</td>
<td>9.5%</td>
<td>18.2%</td>
<td>7.4%</td>
<td>7.9%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>15.7%</td>
<td>-7.3%</td>
<td>1.9%</td>
<td>8.5%</td>
<td>6.3%</td>
<td>6.8%</td>
<td>7.4%</td>
</tr>
<tr>
<td>LDCs (UN-classification)</td>
<td>32.4%</td>
<td>1.6%</td>
<td>4.4%</td>
<td>9.0%</td>
<td>8.5%</td>
<td>9.1%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Low-income countries</td>
<td>32.6%</td>
<td>3.3%</td>
<td>9.6%</td>
<td>13.4%</td>
<td>9.4%</td>
<td>10.4%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Middle-income</td>
<td>15.5%</td>
<td>-5.4%</td>
<td>7.6%</td>
<td>12.0%</td>
<td>7.1%</td>
<td>7.6%</td>
<td>8.2%</td>
</tr>
<tr>
<td>High income</td>
<td>15.1%</td>
<td>-9.7%</td>
<td>0.6%</td>
<td>6.2%</td>
<td>4.1%</td>
<td>4.9%</td>
<td>5.6%</td>
</tr>
<tr>
<td>World</td>
<td>16.1%</td>
<td>-6.3%</td>
<td>5.7%</td>
<td>10.5%</td>
<td>6.4%</td>
<td>7.1%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

*e* = estimate; *f* = forecast

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**Box figure 1: Top 10 recipients of migrant remittances**

(US$ billion, 2011e)

**Box figure 2: Top 10 recipients of migrant remittances as a share of GDP**

(% of GDP, 2010)
Youth migrants send back on average less than older migrants. In part this is because youth migrants are more often lower skilled and poorer. They comprise a higher percentage of the undocumented, irregular, unbanked and poor. In addition, a higher percentage of youth migrate for non-economic reasons, primarily education, marriage, family reunification and refuge.

Female migrants are more likely to send a higher percentage of their earnings as remittances. Female recipients are more likely to spend a higher proportion on meeting basic family needs such as food and health care and investing in education for the youth there. Males are reportedly more likely to purchase consumer items like TVs. Thus measures targeted to support female migrants will generally have greater poverty reduction and multigenerational impact.

Remittance costs
Transaction costs of remittances are high, generally rising as incomes go down. They are higher for youth, women, irregularly documented migrants, and LDC nationals. LDCs have less developed financial sectors, for example. Some countries have a lack of competition and/or production capacity in financial, telecom, energy and other services.
Figure 3 shows that while the simple average of remittance costs increased 2010-11, the weighted average decreased. (World Bank 2011). There is a need for further research on the weighting system. In the third quarter of 2011, commercial banks charged the highest (13.7 per cent) compared to money transfer operators (7.4 per cent) and post offices (7.2 per cent). (General Assembly 2012)

Table 2: Average remittance cost by recipient region, 2008 - 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>2008</th>
<th>1Q2009</th>
<th>3Q2009</th>
<th>1Q2010</th>
<th>3Q2010</th>
<th>1Q2011</th>
<th>3Q2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia &amp; Pacific</td>
<td>11.05</td>
<td>10.46</td>
<td>10.38</td>
<td>9.33</td>
<td>9.48</td>
<td>9.71</td>
<td>9.8</td>
</tr>
<tr>
<td>Eastern &amp; Central Asia (ECA)</td>
<td>5.96</td>
<td>6.68</td>
<td>7.19</td>
<td>6.48</td>
<td>7.57</td>
<td>7.55</td>
<td>6.86</td>
</tr>
<tr>
<td>ECA (without Russia)</td>
<td>11.03</td>
<td>9.7</td>
<td>9.42</td>
<td>8.33</td>
<td>9.49</td>
<td>9.32</td>
<td>8.68</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>8.37</td>
<td>8.65</td>
<td>7.63</td>
<td>8.12</td>
<td>7.27</td>
<td>6.82</td>
<td>7.68</td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
<td>11.1</td>
<td>9.3</td>
<td>9.58</td>
<td>8.19</td>
<td>8.95</td>
<td>8</td>
<td>8.15</td>
</tr>
<tr>
<td>South Asia</td>
<td>7.8</td>
<td>7.31</td>
<td>6.85</td>
<td>5.99</td>
<td>6.54</td>
<td>6.56</td>
<td>6.15</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>14.01</td>
<td>13.07</td>
<td>11.61</td>
<td>10.86</td>
<td>11.57</td>
<td>12.82</td>
<td>12.41</td>
</tr>
<tr>
<td>Global</td>
<td><strong>9.81</strong></td>
<td><strong>9.67</strong></td>
<td><strong>9.4</strong></td>
<td><strong>8.72</strong></td>
<td><strong>8.89</strong></td>
<td><strong>9.08</strong></td>
<td><strong>9.3</strong></td>
</tr>
</tbody>
</table>

Figure 3: Trends in remittance costs

![Figure 3: Trends in remittance costs](image-url)

WB 2011 p 13
Figure 4: Average cost of sending remittances to developing regions 2011

Source: WB 2011 p 14

Best rates (3-6 per cent) are sending home from the Gulf countries (where migrants account for two thirds of the population), Singapore the emerging financial hub, and Australia (where a remittance to the Philippines within one hour can be found for as low as 4 per cent. These countries have incentives for orderly flow of workers. Singapore has an economic cooperation agreement with India, for example, by which many young Indians migrate there. In Africa costs are high for sending from South Africa (particularly through the banks, over 20 per cent) and Tanzania, and reasonable in Kenya.

Least Developed Countries (LDCs)

LDCs comprise 48 poorer nations, many in Africa and the Pacific and Asia. The UNCTAD LDC Report 2012 takes a close look at LDC migrants. Some 80 per cent of these migrate to other developing countries, compared to 50 per cent for all developing country emigrants. Often these are neighbouring countries e.g. Bangladesh and Nepal to India or Uganda and Tanzania to Kenya. LDCs face much higher than average remittance costs. Most African LDC migration takes place within Africa with Kenyan and South African being pulls, as well as cote d'Ivoire et al. Transaction costs within African LDCs are very high. Transmitting funds from Tanzania is currently the most expensive in percentage terms remittance payment, with sending 200 and 500 fees very close. (UNCTAD 2011b, 2012c)

There are established south-south migration corridors. Table 3 shows the top main emigration corridors for LDCs. Most Africans migrate within Africa. In Asia,
India is a major destination for neighbouring countries. Gulf countries are primary or secondary destinations for LDCs including Yemen, Bangladesh Sudan and Nepal. Several Gulf countries rank the highest in terms of migrants as percentage of population: ---in Qatar (87 %), United Arab Emirates (70%) and Kuwait (69%). (UNCTAD 2012c)

Table 3 shows the Bangladesh-Indian migration corridor is the largest in the world—3.3 million, 61 per cent of all emigrants, head for India. India is also destination for 57 percent of Nepalese emigrants. As there are long borders and no formal accords between the sending and recipient countries, much is likely undocumented informal migration. (UNCTAD 2012c). Interestingly, India is both host for two main LDC migration corridors and also the largest remittance recipient. See Figure 1 and Table 3. Figure 4 reveals that the Middle Eastern and Northern Africa (MENA) region has the highest remittance costs (19%). Sub-Saharan Africa is 16.6 percent. Intra-African transfers are particularly expensive. Transferring $200 from Tanzania to Uganda is the costliest (in percentage terms) in the world.

**Table 3: Top emigration corridors for LDCs**

<table>
<thead>
<tr>
<th>Source country</th>
<th>Primary emigration corridor</th>
<th>% of total emigrants using this corridor</th>
<th>1&lt;sup&gt;st&lt;/sup&gt; country of destination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>3,299,268</td>
<td>61%</td>
<td>India</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>1,704,199</td>
<td>72%</td>
<td>Iran, Islamic Rep.</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>1,310,892</td>
<td>83%</td>
<td>Cote d'Ivoire</td>
</tr>
<tr>
<td>Mozambique</td>
<td>454,548</td>
<td>39%</td>
<td>South Africa</td>
</tr>
<tr>
<td>Yemen, Rep.</td>
<td>894,109</td>
<td>80%</td>
<td>Saudi Arabia</td>
</tr>
<tr>
<td>Mali</td>
<td>440,960</td>
<td>43%</td>
<td>Cote d'Ivoire</td>
</tr>
<tr>
<td>Haiti</td>
<td>545,437</td>
<td>54%</td>
<td>United States</td>
</tr>
<tr>
<td>Nepal</td>
<td>564,906</td>
<td>57%</td>
<td>India</td>
</tr>
<tr>
<td>Sudan</td>
<td>279,409</td>
<td>29%</td>
<td>Saudi Arabia</td>
</tr>
<tr>
<td>Eritrea</td>
<td>458,042</td>
<td>49%</td>
<td>Sudan</td>
</tr>
<tr>
<td>Congo, Dem. Rep.</td>
<td>372,964</td>
<td>41%</td>
<td>Rwanda</td>
</tr>
<tr>
<td>Somalia</td>
<td>161,179</td>
<td>20%</td>
<td>Ethiopia</td>
</tr>
<tr>
<td>Uganda</td>
<td>531,218</td>
<td>70%</td>
<td>Kenya</td>
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<tr>
<td>Senegal</td>
<td>177,306</td>
<td>28%</td>
<td>Gambi, The</td>
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<tr>
<td>Ethiopia</td>
<td>152,094</td>
<td>25%</td>
<td>Sudan</td>
</tr>
</tbody>
</table>

Source: UNCTAD 2012c
3.2 Impacts of remittances

The *direct poverty reduction* impact of remittances (both domestic and international) is undisputed. The funds are being sent to households in need. In many rural areas, remittances payments may be the sole source of income sustaining whole branches of the family tree. For the very poor, remittances are used first to meet basic needs such as food, shelter, health and funds permitting, education. Remittances have a positive impact on Millennium Development Goals (MDGs) in these communities. A study of 77 developing countries estimated that a 10% rise in remittances lead to a 3.1% reduction in the percentage of the population living on less than $1.25 a day. (UNCTAD 2011b)

Remittances *boost consumption* by the rural poor allowing them to purchase food, generally from local farmers, which in turn gives a boost to the local agriculture sector, also enhancing employment and can create a virtuous circle. Using sustainable agricultural methods (such as organic agriculture) does less harm to local natural capital base, leaving it in better shape for use in other financial activities including renewable energy provision and servicing of home based renewable energy distribution and maintenance networks.

Remittances can boost local sustainable development particularly where some part of it *invested in building productive capacities* and the five types of capital: human, social, physical, financial and natural capital. Food, education and health - -the main uses of youth remittances-- build human capital.

Migration and remittances are *not a substitute for domestic-driven development*. Rather, if thoughtfully utilized they can play an important supportive role, particularly for families and communities in poverty and distress.

*Macroeconomic benefits/concerns*—Economic theory would predict possible problems where an influx of remittances could lead to appreciation of the currency or that remittances increase local consumption and could favour the nontradables sector over the other tradables. Early literature surveys do not conclusively bear out these hypotheses and the relationship between exchange rates and remittances can flow both ways. In Mexico in 2011 remittances rose by 11 per cent as Mexican emigrants responded to a cheaper Mexican peso. (World Bank 2011) Influx of funds could induce inflationary pressures. Migration reduces also local labour supply and could increase wages for those remaining in the home countries. The reservation wage of remittance-receiving household members could rise as they become more selective about what type of jobs they accept. Some worry remittances can cause dependence. Migrants sending money home to build or buy real estate—land or a home—may lead to rising local real estate prices.
Impact on youth left behind. Remittances are often used to finance the education of siblings and other relatives or to pay for health care. This is an investment in youth human capital in the home country, which has a long term positive development effect. However some studies do raise concerns about the impact on the emotional well being of children and youth left behind when a significant family member, particularly a parent, migrates. These children generally have less positive outlook on life, which could also have longer term impacts to their future prospects.

3.3 Formal and informal remittance channels

A large part of remittance flows, particularly from the poorer and younger migrants, are sent through informal channels. This includes through relatives or friends as well as some informal networks. For example, In Ghana baggage porter youth in urban areas often use local bus drivers to carry remittances home to their families in rural areas. (Deshingkar et al 2012) The real value of both formal and informal remittances is likely double the official figures. Analysis indicates that remittances transferred through formal channels have greater chances of being used for investment for productive capacities that increase longer term development in the home countries.

Informal remittance transactions are more likely to prevail where:
- The migrant is working irregularly.
- The migrant does not have a bank account or credit card in the host country. This is more likely among the undocumented, young and poor.
- The recipient has no bank account or other access to financial services such as receipt and pay out of remittances.
- The migrant is young.
- The migrant is female.

3.4 Reducing transaction costs

UNCTAD has long pointed to high remittance costs acting as an unnecessary braking mechanism on maximizing remittances' contribution to sustainable development. (UNCTAD 2011a, 2012a). Remittance costs can be a sizable portion of payments, globally between 7 and 10 per cent depending on whether using a simple average or weighted average, as can be seen in Figure 3. (World Bank 2011) In some countries, particularly LDCs, very high transaction costs divert up to 20-30 % of the amount paid in by the sender away from direct poverty reduction and potential investment in social, human, natural, financial and infrastructural capital. These high costs significantly reduce the pay out to the recipient household and limit also the amount left for investing in productive
capacities and other activities perceived by the communities to improve the quality of their lives.

The effects of high remittance transaction costs are felt most directly by the poor—both the poor sender and recipient. Relevant factors include:
1. Poorer migrants send less money home. The smaller the remittance payment, the higher the relative costs.
2. The poorer the country, the higher the incoming transaction costs. This is due to underdeveloped financial, communication, logistical, energy, and physical infrastructure, and political and institutional frameworks.

3.5 Financial inclusion

"Inclusive financial systems—allowing broad access to financial services, without price or nonprice barriers to their use—are especially likely to benefit poor people and other disadvantaged groups. Without inclusive financial systems, poor people must rely on their own limited savings to invest in their education or become entrepreneurs—and small enterprises must rely on their limited earnings to pursue promising growth opportunities. This can contribute to persistent income inequality and slower economic growth." (World Bank 2012a)

Table 4 reveals interesting trends. Globally, half (50%) of all adults have accounts at formal financial institutions. (FFIs). The percentage rate is higher for males (55%) than females (46%), and even lower for youth aged 15-24 (38%). Over 75 per cent of the world's poor are "unbanked". (World Bank 2012d) As Table 3 shows, the young figure disproportionately high among the unbanked.
Table 4: **Financial inclusion 2012**

Source: UNCTAD compiled from World Bank 2012a.

<table>
<thead>
<tr>
<th>Financial inclusion</th>
<th>global</th>
<th>high income</th>
<th>middle income</th>
<th>low income</th>
<th>Kenya</th>
<th>Uganda</th>
<th>Tanzania</th>
</tr>
</thead>
<tbody>
<tr>
<td>acct at formal financial institution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>all adults</td>
<td>50</td>
<td>89</td>
<td>43</td>
<td>24</td>
<td>43</td>
<td>20</td>
<td>17</td>
</tr>
<tr>
<td>adult males</td>
<td>55</td>
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<td>48</td>
<td>27</td>
<td>46</td>
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<td>adult females</td>
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<td>87</td>
<td>38</td>
<td>20</td>
<td>39</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>youth (15-24)</td>
<td>38</td>
<td>77</td>
<td>35</td>
<td>16</td>
<td>40</td>
<td>12</td>
<td>14</td>
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<tr>
<td>older adults</td>
<td>54</td>
<td>92</td>
<td>46</td>
<td>28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>withdrawals (main method)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATM</td>
<td>43</td>
<td>69</td>
<td>39</td>
<td>23</td>
<td>69</td>
<td>41</td>
<td>70</td>
</tr>
<tr>
<td>bank teller</td>
<td>48</td>
<td>23</td>
<td>52</td>
<td>63</td>
<td>25</td>
<td>57</td>
<td>22</td>
</tr>
<tr>
<td>mobile payments (% of age 15+)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>pay bills</td>
<td>2</td>
<td>1.8</td>
<td>2.6</td>
<td></td>
<td>13</td>
<td>3.3</td>
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</tr>
<tr>
<td>send money</td>
<td>2.2</td>
<td>1.6</td>
<td>7.1</td>
<td></td>
<td>60</td>
<td>20</td>
<td>14</td>
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<tr>
<td>receive money</td>
<td>3</td>
<td>2.4</td>
<td>9.1</td>
<td></td>
<td>67</td>
<td>25</td>
<td>20</td>
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<td>savings (% of age 15+)</td>
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<td></td>
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<tr>
<td>saved in past yr formal FI</td>
<td>36</td>
<td>58</td>
<td>31</td>
<td>30</td>
<td>40</td>
<td>44</td>
<td>40</td>
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<tr>
<td>credit (% of age 15+)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>from formal FI fr.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family/friends</td>
<td>23</td>
<td>12</td>
<td>25</td>
<td>30</td>
<td>58</td>
<td>46</td>
<td>46</td>
</tr>
</tbody>
</table>
4. Mobile money: a new opportunity

Recent ICT advancements offer a new way to offer financial services to the unbanked or underbanked. Increasing use of mobile phones for financial services can reach never before properly served areas and populaces, particularly in rural areas. In countries in East Africa and elsewhere, mobile banking through mobile phones to is opening affordable access to financial services to millions. Mobile money is: "money stored using the SIM (subscriber identity module) in a mobile phone as an identifier as opposed to an account number in conventional banking." (UNCTAD 2012b). Kenya leads the way with its MPESA system reaching 67 per cent of the population.

Figures 5 and 6 show developing countries are more likely to have higher percentages of households with mobile phones than landlines. The decade 2000-2010 witnessed an expansion in mobile telephone signal coverage. In LDCs it rose from less than 20 per cent to close to 70 percent of population. The 30 percent spread between that and the coverage rates globally and in developing countries (nearly 90 per cent) and developed countries (close to 100 per cent) is not so large. The fixed telephony gap in 2010 was over 40 per cent—developed country percentage falling from 55 to 45 percent, developing countries maxing out at 15 percent, and LDCs never rising above 5 percent.

Figures 5 & 6

Table 5: Individuals who used a mobile cellular telephone in the last 12 months, by age and gender, selected developing countries (%)

<table>
<thead>
<tr>
<th>Country name</th>
<th>Latest Year</th>
<th>Age 15-24 Total</th>
<th>Age 15-24 Male</th>
<th>Age 15-24 Female</th>
<th>Age 25-74 Total</th>
<th>Age 25-74 Male</th>
<th>Age 25-74 Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan</td>
<td>2010</td>
<td>93.2</td>
<td>97.5</td>
<td>88.6</td>
<td>93.2</td>
<td>91.1</td>
<td>73.6</td>
</tr>
<tr>
<td>Bahrain</td>
<td>2011</td>
<td>81.9</td>
<td>74.0</td>
<td>92.0</td>
<td>71.3</td>
<td>68.3</td>
<td>85.1</td>
</tr>
<tr>
<td>Bolivia</td>
<td>2009</td>
<td>75.8</td>
<td>75.5</td>
<td>76.1</td>
<td>70.9</td>
<td>74.6</td>
<td>67.4</td>
</tr>
<tr>
<td>Brazil</td>
<td>2010</td>
<td>90.8</td>
<td>88.6</td>
<td>93.0</td>
<td>77.3</td>
<td>77.0</td>
<td>77.5</td>
</tr>
<tr>
<td>Chile</td>
<td>2009</td>
<td>75.4</td>
<td>73.2</td>
<td>77.5</td>
<td>75.1</td>
<td>76.7</td>
<td>73.7</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>2008</td>
<td>56.5</td>
<td>54.6</td>
<td>58.6</td>
<td>55.7</td>
<td>60.1</td>
<td>51.7</td>
</tr>
<tr>
<td>Ecuador</td>
<td>2009</td>
<td>49.6</td>
<td>49.2</td>
<td>49.9</td>
<td>53.0</td>
<td>59.1</td>
<td>47.4</td>
</tr>
<tr>
<td>El Salvador</td>
<td>2010</td>
<td>75.9</td>
<td>75.3</td>
<td>76.3</td>
<td>74.6</td>
<td>76.9</td>
<td>72.7</td>
</tr>
<tr>
<td>Honduras</td>
<td>2008</td>
<td>46.4</td>
<td>45.1</td>
<td>47.5</td>
<td>47.7</td>
<td>52.2</td>
<td>43.9</td>
</tr>
<tr>
<td>Hong Kong, China (Rep.)</td>
<td>2009</td>
<td>95.9</td>
<td>95.0</td>
<td>96.8</td>
<td>65.7</td>
<td>68.7</td>
<td>62.8</td>
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<tr>
<td>Jamaica</td>
<td>2010</td>
<td>87.2</td>
<td>88.7</td>
<td>85.8</td>
<td>91.6</td>
<td>91.2</td>
<td>92.1</td>
</tr>
<tr>
<td>Mauritius</td>
<td>2010</td>
<td>90.1</td>
<td>91.1</td>
<td>89.9</td>
<td>78.8</td>
<td>86.3</td>
<td>71.6</td>
</tr>
<tr>
<td>Mexico</td>
<td>2010</td>
<td>64.6</td>
<td>64.3</td>
<td>64.9</td>
<td>57.2</td>
<td>61.1</td>
<td>53.8</td>
</tr>
<tr>
<td>Morocco</td>
<td>2010</td>
<td>95.8</td>
<td>98.4</td>
<td>92.9</td>
<td>93.9</td>
<td>94.2</td>
<td>93.5</td>
</tr>
<tr>
<td>Palestinian Authority</td>
<td>2009</td>
<td>57.1</td>
<td>65.8</td>
<td>47.9</td>
<td>71.0</td>
<td>89.1</td>
<td>52.5</td>
</tr>
<tr>
<td>Qatar</td>
<td>2011</td>
<td>98.3</td>
<td>97.3</td>
<td>99.8</td>
<td>99.5</td>
<td>99.9</td>
<td>98.5</td>
</tr>
<tr>
<td>Senegal</td>
<td>2009</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>89.8</td>
<td>89.9</td>
<td>89.8</td>
</tr>
<tr>
<td>Singapore</td>
<td>2009</td>
<td>98.6</td>
<td>98.8</td>
<td>98.4</td>
<td>90.8</td>
<td>94.5</td>
<td>87.7</td>
</tr>
<tr>
<td>Thailand</td>
<td>2011</td>
<td>83.7</td>
<td>82.5</td>
<td>85.0</td>
<td>74.0</td>
<td>75.4</td>
<td>72.6</td>
</tr>
<tr>
<td>Uruguay</td>
<td>2009</td>
<td>83.6</td>
<td>80.4</td>
<td>86.9</td>
<td>76.9</td>
<td>77.1</td>
<td>76.7</td>
</tr>
</tbody>
</table>

Source: UNCTAD 2011d from ITU World Telecommunication/ICT Indicators database.

Youth are particularly keen on having mobile phones and Internet access, and more likely than their elders to be tech savvy. Table 5 above reveals the general trend in developing countries that a higher percentage of youth than older adults have mobile phones.

“Thanks to the mobile revolution, many entrepreneurs in developing countries now have – for the first time – a real possibility of benefiting from ICTs in their activities, with enhanced productivity as a result. By improving communication along the value chain, both domestically and internationally, the application of relevant ICTs can greatly enhance the competitiveness of the enterprise sector as a whole.” (UNCTAD, 2011d).

East African mobile money growth pole

A dynamic mobile money growth pole is centered in Kenya and expanding rapidly in neighboring Tanzania and Uganda. A noticeable outlier in Table 4: 67 percent of Kenyans receive money through mobile payments. This is
followed by 25 percent Ugandans and 20 percent of Tanzanians. Compare that to a global rate of 3 per cent.

Remittance payments shot up in Kenya the past 6 months. Why? The Kenyan Central Bank attributes the 50% jump to reduced transaction costs for remittance payments. (Central Bank of Kenya, 2012) M-PESA was launched in March 2007 and an agreement with Western Union was announced 24 October 2011. The positive trend accelerates.

Figure 7: Remittance payments from abroad received by households in Kenya 2004-2012


LDCs Tanzania and Uganda are rapidly joining in following their EAC brother country Kenya's mobile money example. Table 4 shows that in Uganda 25% and in Tanzania 20% of the population receives payments through mobile money and 46% of their populations has relied on family and friends for a loan in the past year. Only 7-9 per cent sought loans from formal financial institutions.

In these three East African countries, mobile money gives new opportunities for a variety of operators to offer needed financial services (credit, saving) to the lesser-banked, relatively poorer population. Access till now has often been limited by the paperwork, even some cases of illiteracy, sometimes a mistrust of the formal financial system. Safaricom's reach across East Africa likely
fosters intra-EAC remittance transfers. Kenya is the top destination for 70 percent of all Ugandan emigrants, over half a million per year. Remittance costs are highest within the African continent. There are large efficiency and expansion gains to be had if the fields are properly sowed now.

Certainly there are lessons to be learned here. Which government regulations allowed M-PESA to flourish? Certainly a good telecommunications infrastructure and a higher than African norm of financial sector development. Nevertheless, Table 4 reveals that 58 per cent of Kenyans have borrowed money from family or friends, and only 10 per cent from formal financial institutions. There is great potential to raise awareness among migrants and their families back home about financial options. Low cost savings accounts, perhaps accessible through M-PESA, could further reduce the transaction costs of remitting to Kenya. By formalizing the hereto largely informal micro credit market, a greater proportion of this should in theory allow savings to be pooled into local sources of investment funds. International transactions can be facilitated by MTOs like Western Union, banks, and PayPal. Competition considerations will probably necessitate allowing access to the telecommunication platform by other financial service providers, including local banks, post offices, and micro-credit agencies.

5. The way forward

5.1 UNCTAD recommendations

UNCTAD has provided a unique platform for public and private sector actors to meet in dialogue, intergovernmental consensus building supported by solid secretariat research and policy analysis. The recommendations of the UNCTAD Expert Meeting on Remittances in February 2011 were thoroughly discussed by many experts from around the world. These recommendations are included below. Building upon this foundation, Section 5.2 highlights 5 key areas for action. Section 5.3 offers concluding remarks.

The UNCTAD Expert Meeting on Maximizing the Development Impact of Remittances (Geneva, 14-15 February 2011) made these conclusions and recommendations:

"(a) Migration is a win–win pro-development opportunity for all countries in the context of globalization. It should be mainstreamed and integrated into national development strategies.

(b) Managing migration issues is a shared responsibility between the countries of origin, transit and destination. Bilateral agreements on temporary and
circular migration can help maintain secure, legal and orderly migratory movements between countries.

(c) Remittances are intrinsically linked with migration, and have become a particular driver of the economies of many developing countries. Remittances must be integrated into the overall migration management policy and national development strategy. The gender and youth dimension should be integrated into the management of migration and remittances.

(d) Remittances have made positive contributions to poverty reduction, economic growth and social development in recipient countries by answering basic needs, enabling investment in housing, health and education, and enabling transfers of knowledge and skills from returned migrants and diasporas. Nevertheless, it must be emphasized that remittances cannot be a substitute for coherent economic development strategies.

(e) Proactive and targeted policies and measures could enhance the development impact of remittances. These may include (i) financial education and financial inclusion, both for migrants and for recipients of remittances; (ii) the design and marketing of financial products (e.g. savings and insurance products); (iii) technical training in money transfer and financial services; (iv) migrant entrepreneurship training; (v) assistance to SMEs; and (vi) the securitization of remittances (e.g. through diaspora bonds).

(f) While keeping in mind that remittances are private flows, four steps in the process can be identified as maximizing the development impacts of remittances, namely: (i) formalizing remittance flows; (ii) establishing an enabling and competitive environment and conducive regulatory framework; (iii) promoting access to financial services and finance (i.e. linking remittances with other financial products e.g. savings products, credit, insurance, and mortgages); and (iv) developing the range of financial products, including for rural areas, and promoting the use of new technologies.

(g) Remittance flows need to be improved further, by: (i) reducing transaction costs; (ii) ensuring safety and security; (iii) providing accessible and affordable transfer channels; (iv) eliminating tax on transactions; (v) improving transparency, information and competition in the money transfer markets; and (vi) offering innovative products. The postal network could be an important modality in rural areas, especially where other financial services providers are absent.

(h) In order to increase remittance flows, measures – especially those that may act as barriers on temporary migration – should be dealt with at national, bilateral, regional and multilateral levels, including at the Doha Round services negotiations. Facilitating temporary and circular migration – including through
bilateral agreements – provides a useful solution, which requires cooperation among the countries involved in migration.

(i) Policy coherence and integrated approaches are particularly important. Despite the existing policies, experiences and mechanisms available to facilitate migration and remittances, there is room for strengthening and improving cooperation and coordination nationally and internationally – including among origin, transit and destination countries – and also for experience-sharing and for providing an enabling environment for temporary and circular migration.

(j) A comprehensive approach should seek, inter alia, to: (i) set clear and aligned policy goals and priorities; (ii) establish and strengthen coherent regulations and institutions; (iii) assess labour market needs in destination countries; (iv) provide migrants with pre-departure and return reintegration training; and (v) hold multi-stakeholder consultations to facilitate flows of remittances for development, and rights-based managed migration.”

(UNCTAD 2011a, para. 54)

5.2 Areas for Action

A strategic policy rests on five pillars:
1. Support to youth migrant
2. Financial inclusion
3. Reduce transaction costs
4. Supportive policy framework.
5. Build capacities in key support services

1. Support thy migrant

Facilitate youth migration

Sending and receiving countries can cooperate to facilitate orderly, regular youth migration, including temporary and circular migration, to help meet labour supply needs in receiving countries and build capacity in receiving country and in youth migrants.

UNCTAD research finds that temporary and circular migration carries the greatest development benefits. The young migrant goes for a specific period of time, with reasonable paperwork requirements. The returning migrant brings back new knowledge, skills, networks, purchases and savings. Post-migration support programmes in the home country help the returnee to make best use of these. Giving returnees priority consideration for future opportunities and for return to the country of temporary employment can increased their incentive to return home at the end of the agreed upon period of time. An effective smoothly functioning formal circular migration channel yields long term sustainable development benefits for host and home countries and also
discourages informal migration. The more accessible and functional the formal channel, the lower are incentives to use informal channels for both migration and remittances.

Regulatory barriers to youth migration for employment purposes can be higher. Youth are relatively less skilled. Less progress has been made for lower skilled workers in the on WTO GATS negotiations on Mode 4. This may be one reason why many youth migrate domestically instead of internationally. Some achievements have been reached in regional and bilateral accords. For example there is free movement of natural persons among the five East African Community members and among ASEAN countries. The United States offers HiB visas for temporary employment of skilled workers. Countries hosting foreign students could allow them to work for one year after they finish their studies. Education is a main cause of youth migration.

Benefits to youth migrants, sending countries and host countries could be enhanced by analysis and strategic planning. To maximize the contribution of youth migration and remittances, governments should give support to young migrants before, during and after migration. Elements could include:

**Know thy migrant**
Governments can make a migrant database, linked to a mailing list or website where migrants and remittance recipients get access to relevant updates and other information such as financial advising. It can also facilitate the processing of documentation requests for overseas visas and work permits. It could assess skills and employment interests and act as a central repository of knowledge to identify matches between known opportunities and available skills. This would reduce the transaction costs of migrating and remitting. Bangladesh, for instance, has a 'know thy migrant' policy. The Government polls the population and migrants on their interest in migration, motivations, skill profiles and plans.

**Pre-departure programme**
Provide useful information and services for out-going migrants including
- assistance with employment opportunities and contracts, visa and work permit issues, housing and transport information.
- a loan attached to a savings account for the initial costs the migrant has to pay, moving costs and often high recruitment fees. One study found Bangladeshi workers in a gulf country paid recruitment fees equal in value of some two years of their expected salaries.
- regulate recruitment fees.

**Post-migration programmes**
- Information on employment options
- Categorization of skills acquired and assistance in making a resume.
• Placement programme. For example could facilitate an information-sharing website for employment demand and offers.
• Entrepreneurship training
• Assistance in developing business plans
• Start up loans for new enterprises and resettlement costs
• Mortgages to purchase a home or land.

The Philippines has been offering a reintegration programme, including entrepreneurship training and access to credit. SENAMI heads the Ecuadorian government’s migration return programme. A migrant bank is also in the works. (For further information on country cases, please see UNCTAD 2010a and 2012a)

2. Financial inclusion

Migrants and recipient households need access to the full range of financial services—advice, remittance transfers, savings, credit and investment—before, during and after migration.

Problems of financial inclusion of youth migrants who may be overrepresented among the undocumented. The Mexican Government issues consular IDs to its emigrants that many banks in the United States will accept for financial transaction purposes. The Philippines has a long-standing programme supporting its migrants abroad. (UNCTAD 2010a).

Remitters and recipients both need greatly improved access to financial services and facilitated easy and reliable information about those services. Comparison-shopping should be facilitated for example though websites with price comparisons for different destination countries and remittance sums. This is already being successfully done in some countries.

It makes good business sense for financial intermediaries such as banks to offer loans on favourable terms to young migrants (perhaps upon verification of an employment offer) and sign a contract where a certain percentage of the income will be used for monthly repayment installments into a bank account in the migrants’ name. One or more additional accounts for remittance recipients can be registered or set up at the bank at the same time. The migrant could thus send one large payment a month to his/her own savings account. From her/his account, funds can be transferred for loan repayment, assistance to relatives, local costs, investments in real estate or businesses and savings for the future. Both migrants and recipients could benefit from financial advice. Customers tend to stay with their first bank. A study in five western European countries, where banks abound indicated that 80 per cent remained lifelong customers of their first bank. (Salz and Pilorge 2010) There could be long term payoffs for pioneering early movers here.
Mobile money offers new avenues to reach the unbanked in Africa. In Kenya 67 percent of the population has used MM to receive payments. Tanzania and Uganda follow close behind with 25 and 20 per cent respectively. Nevertheless some 60 per cent of these three countries' populations have relied on loans from family members in the past year; less than 10 percent access credit from formal financial institutions. This is a huge untapped market for cost-effective micro-savings options.

Diaspora bonds and investment an option for inclusiveness in access to investment opportunities for migrants and a source of revenue and finance for sending countries. Recalling the altruistic element in remittances, many migrants feel a desire to support development in their home countries. Many set up NGOs or support schools. These are knowledge and social remittances. Some countries have initiated actions to offer investment opportunities to their nationals abroad. India has been offering diaspora bonds since 1991, raising $11 billion. A diaspora investment programme is in the works. Brazil also has set up a mutual fund for diaspora investment (UNCTAD 2010a).

3. Reducing transaction costs

It is estimated that a five percent reduction in remittance costs could yield $16 billion in savings. Action is needed to foster appropriate and development-friendly linkages and competition among financial, governmental, regulatory, microfinance, social entrepreneurs, businesses, banks, post offices, money transfer organizations and international agencies. There is a need for competition and investment in remittance channels, supported by wisely designed national and international regulatory frameworks. Policies and agreements, both domestically and abroad, should be carefully analyzed for their impact on competition (with resulting benefits to consumers and other actors), remittance flows and costs, and sustainable development.

Private sector international-national partnerships can promote increased competition and interoperability along remittance transfer chains so as to reduce costs and increase flows and inclusive reach of remittances. New actors are emerging. MTOs like Western Union are slowly being joined by others with potential for channeling remittance funds more efficiently and effectively. These include PayPal, from which funds can be paid in via a credit card to bank account and then paid out to another specified (and verified) bank account.

4. Supportive policy framework

A supportive policy framework rests upon several policy pillars: Macroeconomic, Finance, Telecommunications, Trade and Investment.
4.1 Macroeconomic foundation
The following contribute to a strong macroeconomic foundation:
- A secure framework for business transactions including honouring of contracts
- Efficient government transactions
- Lack of crippling red tape tangles and delays
- Good macroeconomic policies and management
- Keeping watch for inflationary or currency appreciation tendencies and take action to redress problems.

4.2 Trade
There are two key angles on the trade front:
1. Promote regularized orderly circulation migration through bilateral, regional, and multilateral WTO channels. Countries could explore mechanisms for this and discuss best practices in UNCTAD and the WTO. Circular migration has particular development benefits and also meets specific labour shortages in host countries.
2. Promote inclusive access to key support services and infrastructure: finance, mobile money, telecom, ICT, energy and transport. This could involve opening the domestic sector to competition.

Both of these related to WTO GATS negotiations on Mode 4.
- Migration—facilitate temporary and circular migration of youth who tend to be less skilled
- Financial services—remittances, receipt, payments, purchases, savings, credit, advice
- ICT services including mobile phones and Internet services (hardware and services)
- Energy provision services (especially in rural areas)

4.3 Competition policy
Competition policy also has an important role to play. Restrictive business practices and uncompetitive practices are more likely to occur in sectors with few domestic operators, relatively high entry costs, and barriers to trade reducing competition with imported products. Thus careful opening of selected key support services could act to increase access and affordability and fuel sustainable inclusive development, now and in the future. And the future concerns youth greatly. They have their whole lives ahead of them. Increasing their human capital and personal savings can give them a start upon their return to find suitable employment and start their own businesses alone or with other friends, relatives, or other recent migrant returnee.

4.4 Finance
Provisions barring all but banks to handle incoming remittance flows can limit competition in the domestic market, as do exclusivity agreements between local banks and money transfer organizations (MTO). Competition in the remittances markets should be carefully opened with proper government
oversight of the market. Trade and investment liberalization in the financial sector especially, but also in supporting infrastructure telecommunications and energy, needed for example for mobile money remittance transfers, linking international operators with a wide spread of pay in locations with an ever-increasing number of customers receiving financial services like saving, payments and transfers. Multipliers like mobile telephone networks, microfinance institutions, post offices, are important to reach the unbanked. Governments should set up supporting frameworks to reap full potential. Financial inclusion and careful liberalization of key services can go hand in hand to reap sustainable development benefits.

4.5 Energy
ICT needs energy to run. Renewable energy sources such as small solar cells can charge phone batteries in off-grid areas (i.e. most of the land area in Africa). Smaller rural villages may host micro-entrepreneurs running small telephone charging booths. Joint work by UNCTAD's technology and trade divisions highlighted the importance of renewable off-grid energy to improve the over 90 percent of Africa's rural population with no access to grid electricity. Extending the grid can be quite expensive, especially in less densely populated areas. (UNCTAD 2009c, 2009d and 2010b)

5.3 Key messages and conclusions

The paper has explored trends, issues, opportunities, and actions. International public private partnership (PPP) is needed to:

1) Facilitate the orderly flow of migrants with pre- and post-migration support programmes. Know thy migrant: collect information on their profiles motivations and destinations. Temporary movement and circular migration, which has particular developmental benefits for youth, can be liberalized at international, regional, bilateral and unilateral levels. Young migrants can be incentivized to return home by training and skills development and low-interest rate loans. Loans should be made available both pre-migration to pay recruitment fees and moving costs and post-migration to start enterprises combined with entrepreneurship training, financial advice and business support or to pay for education and training. Liberalization and regulatory cooperation can take place at many levels: international (WTO Mode 4), regional (e.g. East African Community, ASEAN) and bilateral or even unilateral (e.g Singapore economic cooperation agreement).

2) Reduce remittance costs, whose burden falls most heavily upon the poorest. Expand access to and ensure interoperability of remittance transfer services, and promote financial inclusiveness. The partnership could involve financial, microfinance, and money transfer organizations like Western Union, the postal union, telecom operators particularly Safaricom M-PESA. Policy makers can
discuss best regulatory practices, taking lessons from East Africa with support from UNCTAD and other international agencies. As each country has its own unique characteristics policy and regulatory frameworks can be tailored for “best fit”.

3) Develop capacities in affordable and accessible supportive services—finance, telecom, energy, and ICT. This may involve careful opening of key service sectors with large development dividends. These include provision of finance, (remittance transfer, savings, investment and credit), telecommunications, mobile money, infrastructure, transportation and energy services. Competition policy across all sectors is important, as is allowing for links across sectors, as we see with M-PESA linking banking with mobile phones.

In closing let us return to our central question: How to harness remittances for inclusive sustainable development? Follow these recommendations will improve performance measured against the benchmarks identified in the introduction. Of course financial and human resources are scarce resources. Countries must set priorities, build upon their strengths, and make strategic decisions.

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