Remittances and the SDGs

In 2015, Member States of the United Nations issued a call to action to eradicate global poverty, reduce economic inequality and place the world on a more sustainable pathway: the 2030 Agenda for Sustainable Development. This comprehensive undertaking affirms the need to reach 17 specific Sustainable Development Goals (SDGs) and proposes several ways to mobilize the additional resources required to realize this ambitious – but achievable – agenda. Of these, SDG 10 specifically refers to safe migration.

For more than a century, people have been moving from rural to urban areas, and across national borders in search of better opportunities. Of the 250 million people currently living outside their countries of origin, approximately 200 million migrant workers leave home in order to send remittances, with the aim of giving their families the chance to remain home and addressing the root causes of their own migration.

Therefore, helping remittance families leverage the development impact of their own resources is vital to reach the SDGs. The international community may now recognize migrant workers and their families as agents of change and key partners in this effort.

The potential for synergy in connecting the scale of remittances to reach the SDGs is clear: one billion senders and receivers and a projected US$6.5 trillion in international remittances will be sent to developing countries between 2015 and 2030.

Over the last decade, attention has focused primarily on the "sending side" of remittances, particularly the aggregate volumes and transaction costs of sending family remittances, essentially from developed to developing countries. The global dimension of this phenomenon is impressive: US$481 billion were sent in 2017 to developing countries and remittance-reliant European countries, more than three times official development assistance (ODA).

It is estimated that 75 per cent of remittance flows go towards immediate needs, but the other 25 per cent – over US$100 billion per year – is available for other purposes.

Despite the focus on the aggregate flows of remittances, the amount that matters the most is not measured in millions or billions, but in the individual US$200 or US$300 sent home regularly. This amount represents 60 per cent of total household income and, if leveraged, it can most effectively improve the living standards of migrants and their communities back home.

With these apparently small funds, most remittance families commit to reaching "their own SDGs" – reduced poverty, better health and nutrition, education opportunities, improved housing and sanitation, entrepreneurship, financial inclusion and reduced inequality, and the ability to deal with the uncertainty in their lives by increasing their savings and building assets to ensure a more stable future.

In this regard, the SDGs provide a unique opportunity to create a convergence between the goals of remittance families, government development objectives, private sector strategies to tap underserved markets, and the traditional role of civil society to promote positive change. In particular:

1. Financial inclusion and literacy for remittance recipient families can increase opportunities for formal savings and investment. In turn, these mechanisms can build the human capital of remittance families and improve their living standards through better education, health and housing.

2. Migrant investments beyond remittances can change the development landscape of local communities, if given appropriate options.
3. Remittance markets improved through an adapted legal and regulatory framework, greater transparency and competition can lower cost and provide more resources to remittance families.

As private flows, migrant remittances do not in any way reduce or supplant the need for additional resources, both public and private. However, the potential development impact of migrant remittances and investments can only be fully realized in partnership with coherent and realistic public policies and priorities coupled with private-sector initiatives.

The Global Compact for Safe, Orderly and Regular Migration is an opportunity to build on the growing recognition that the remittances sent by migrants to their families back home are fundamental for governments, international organizations and other partners in realizing their sustainable development objectives.

Remittances help reach the SDGs: One family at a time

Remittances can contribute to reaching the Sustainable Development Goals (SDGs) in a variety of ways:

1. At household level. By recognizing the positive socioeconomic impact of remittances on families and communities (SDGs 1-6);
2. At community level. By supporting policies and specific actions to promote synergies between remittances and financial inclusion, encourage market competition and regulatory reform, and mitigate any negative impact resulting from climate change (SDGs 7, 8, 10, 12 and 13); and
3. At national level. By ensuring that the revitalized Global Partnership for Sustainable Development – as outlined in SDG 17 – and the Global Compact on Migration promote collaboration across all sectors involved in remittances.

At the household level: SDGs 1-5

SDG 1

- Remittances represent up to 60 per cent of recipients' families on average and typically more than double a family's disposable income and help deal with uncertainty, allowing them to build assets.
- Analyses of 71 developing countries show significant poverty reduction effects of remittances: a 10 per cent increase in per capita remittances leads to a 3.5 per cent decline in the share of poor people in the population.

SDG 2

- In rural communities, half of remittances are spent on agriculture-related expenses.
- Additional income increases receiving households' demand for food, which increases domestic food production and improves nutrition, particularly among children and the elderly.
- Investment of migrants’ income in agricultural activities creates employment opportunities.

SDG 3

- Remittances invested in health care – access to medicine, preventive care and health insurance products – improve the health and well-being of recipient families.
- Infants born into remittance families have a higher birthweight and are less likely to die during their first year.

SDG 4

- One of the main reasons migrants send money home is to ensure access to better education for their children.
- Remittance-receiving households have demonstrably better educational participation than non-recipients, and invest about one tenth of their income educating their children.
- Remittances lead to almost doubling school enrolment. Children from remittance families, especially girls, register higher school attendance, enrolment rates and additional years in school.
- Remittances substantially reduce the probability of child labour participation.

SDG 5

- Women migrant workers now comprise half of all remittance senders: 100 million in total.
- Remittances transform the economic role of women both on the sending side and receiving end through financial independence and better employment opportunities.
- While women remit approximately the same amount as men, women tend to send a higher proportion of their income regularly and consistently, even though they generally earn less than men.

At the local level: SDGs 6, 7, 12 and 13

SDG 6

- To create social capital and pool funds to address local needs, migrants and/or their families often organize themselves into neighbourhood organizations in their communities or through Hometown Associations (HTAs) abroad.
- HTAs identify development priorities and participate in their achievement though technical advice and fund-raising.
- Projects take into account sustainability concerns and community welfare based on primary needs (e.g. the provision of irrigation and clean water infrastructure)

SDG 7

- Remittances have a positive impact on family assets and overall quality of life when invested in housing, and they are more likely to be used for home improvements than for home purchases.
- Affordable solutions for poor households and their communities are already available, including efficient cooking devices and clean energy solutions.
- Local community projects may apply clean energy technologies, particularly relevant in remote rural areas lacking access to electricity.

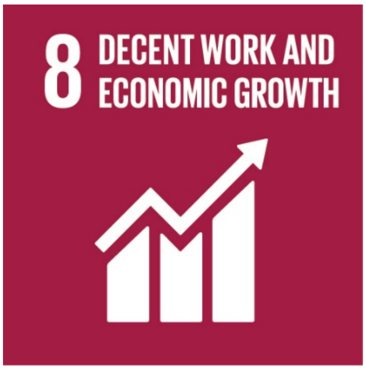
SDG 12

- As remittance families increase their purchase capacity and change their consumption patterns, they can do so by meeting individual needs and aspirations within the ecological limits of the planet.
- Migrant households are regular and heavy consumers of nostalgic goods (homecountry products).
- Trade of nostalgic goods and diaspora tourism imply significant revenue for countries of origin. Diaspora populations can act as a bridge to broader markets of nostalgic goods and local tourism.

SDG 13

- Migration is increasingly becoming a consequence of climate change. Remittances and diaspora investment play a crucial role in mitigating its negative impacts and helping cope with income shortages due to weather-related shocks.
- Remittances enable the adoption of more sustainable crops and non-farm activities. Examples include: support to local enterprises to provide solutions for flood control, more efficient use of water, improved irrigation systems, storm/heat/wind-resilient building materials, among others.

At the national level: SDGs 8 and 10



SDG 8

- Money held by remittance-receiving families and migrants' savings in host countries improve financial resources available to the general economy. This capital can be maximized when coupled with financial and entrepreneurial services.
- Migrant workers possess tremendous assets: knowledge, skills and networks.
- In terms of development impact, migrants' investment in micro, small or medium enterprises effectively generates employment and income in local communities.

SDG 10

- Reducing the cost of remittance transfers can substantially increase disposable income for remittance-receiving families.
- By reducing average costs to 3 per cent globally, remittance families would save an additional US$20 billion annually.
- Civil society awareness raising and information campaigns are achieving progress in promoting better working conditions for migrant workers.

At the international level: SDG 17

17 PARTNERSHIPS FOR THE GOALS

The international community – in line with SDG 17 – is committed to working together in order to leverage the development impact of remittances.

- Through initiatives such as the Global Compact for Safe, Orderly and Regular Migration, the international community now recognizes remittances as a vital support for hundreds of millions of people across the globe and works to strengthen their development impact on families and communities.