UNCDF Announces Global Portfolio of New Partnerships to Advance Financial Services for Migrants and Their Families

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WEDNESDAY 28 APRIL 2021 (NEW YORK). The United Nations Capital Development Fund, or UNCDF, today announced that it has entered into agreements with seven (7) new private-sector partners as part of a multi-year, global initiative to transform remittances, the money transfers that migrants working abroad send home to loved ones in their countries of origin.

Although worldwide remittances have slowed as a result of pandemic-related lockdowns, they remain a nearly half-trillion dollar annual business in low- and middle-income countries (LMICs) alone, and are a vital source of support for LMIC families and national economies. With funding from the Swiss Agency for Development and Cooperation (SDC) and from Sida, the Swedish International Development Cooperation Agency, UNCDF’s programme will pursue two related objectives. First, it will seek ways to make remittances themselves more accessible, affordable, and convenient. More broadly, UNCDF will work to reimagine remittances as the gateway to a full suite of effective financial products for a population, with a special emphasis on women, who often lack practical access to quality services.
Key to the programme’s approach will be to shift remittances from the cash-based models that currently dominate the market and into digital channels. All seven new partnerships (see below) involve some aspect of digitization, and all are with private-sector providers regarded as among the most innovative in their respective markets. “Remittances historically have been one of the biggest missed opportunities in global finance,” said Amil Aneja, UNCDF’s lead specialist on migration and remittances and one of the chief architects of the programme. “Beyond just a way to transfer money from point A to point B, remittances have immense untapped potential to advance sustainable development and well-being for more than four percent of the world’s people: migrants and their families. Digitizing remittances will do much more than just dramatically reduce cost, as important as that is. It will also permit the layering of additional products—insurance, pension, savings, credit, bill pay, and much more—which are potentially life-changing and which are simply not practical otherwise. And it will expand financial services to women, both on the remittance-sending and -receiving sides, who may lack the access, mobility, or time to engage with traditional channels.”

The migration and remittances programme is part of UNCDF’s inclusive digital economies strategy, an effort broadly aimed at ensuring that the technology revolution leaves no one behind. UNCDF began working on expanding digital financial services to low-income people when mobile money first began scaling nearly 15 years ago. The agency focuses its efforts in least developed countries, pursuant to its corporate mandate. “Digital financial inclusion is directly contributing to the growth of digital economies, and vice versa,” said Preeti Sinha, executive secretary of UNCDF. “But technology itself is neutral; it can lead either to inclusion or to exclusion depending on how it is deployed. UNCDF is an experienced hand in expanding financial inclusion. We have worked for more than 25 years in some of the most difficult markets in the world, and have a track record of success. UNCDF thanks SDC and Sida, and congratulates our seven new implementing partners on launching an initiative that will certainly create a global paradigm shift in the remittance market.”

The seven newly approved partnerships are:

**Wizall Money (Senegal).** Project aimed at improving lives of migrants and their families in Burkina Faso, Ivory Coast, Mali and Senegal by driving uptake of Wizall wallet and tailored financial products.

**TerraPay (Republic of Congo/Brazzaville).** Strengthening digital payment infrastructure through interoperability for service providers.

**Lion International Bank (Ethiopia).** Improving termination of remittances in digital wallets and linking it to utility payments.

**Symplifi (Senegal/West Africa).** Designing new approaches to guarantee remittance-linked credit for migrant families.

**RAKBank (UAE/Nepal/Bangladesh).** Digitizing wage payments for migrant workers, especially female migrant workers, and offering financial services in host countries.

**BRAC Bank (Bangladesh/Nepal).** Improving access to digital remittance channels for migrants and family members.

**Sentbe (South Korea).** Financial education and awareness for migrants and families to improve the adoption of digital remittance channels and financial products.

In keeping with UNCDF’s model of counterpart contributions to its public private partnerships, the new partners collectively have committed $1.32 million, or 11.2 percent of UNCDF total contribution towards migrant-centric product development. Along with the seven newly announced private-sector partnerships, UNCDF is also working closely with policymakers within the major remittances corridors to create coherent and compatible regulatory frameworks. Additional planned efforts will focus on building providers’ capacity to incorporate human-centered design principles into their remittance and other financial service offerings, and on strengthening the financial and digital literacy of migrants themselves.
The programme, currently scheduled to run through 2023, aims to impact the lives of nearly 1 million migrants, at least 60 percent of them women.

ABOUT UNCDF

The UN Capital Development Fund makes public and private finance work for the poor in the world’s 46 least developed countries (LDCs).

UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

UNCDFs financing models work through three channels: (1) inclusive digital economies, which connects individuals, households, and small businesses with financial eco-systems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; (2) local development finance, which capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and (3) investment finance, which provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and domestic resource mobilization.

LEAVING NO ONE BEHIND IN THE DIGITAL ERA

The UNCDF strategy ‘Leaving no one behind in the digital era’ is based on over a decade of experience in digital finance in Africa, Asia and the Pacific. UNCDF recognizes that reaching the full potential of digital financial inclusion in support of the Sustainable Development Goals aligns with the vision of promoting digital economies that leave no one behind. The vision of UNCDF is to empower millions of people by 2024 to use services daily that leverage innovation and technology and contribute to the Sustainable Development Goals. UNCDF will apply a market development approach and continuously seek to address underlying market dysfunctions.