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Sida Announces Agreement with UNCDF for Reimagining Remittance Regulations and Regional Harmonization in Sub-Saharan Africa, Amounting to SEK79.35 million

Enabling digital rails and regulatory environment that is inclusive of the financial needs of migrants

WEDNESDAY, 14 DECEMBER 2022, NEW YORK, NEW YORK. The Swedish International Development Cooperation Agency, or Sida, and the United Nations Capital Development Fund, or UNCDF, have signed a cooperation agreement for Phase II of the three-year project (2022–2025) on Remittances for Development in Africa. The agreement was signed today—by Ms. Ulla Andrén, Head of Regional Development Cooperation in Africa at Sida, and Mr. Mourad Wahba, UNCDF OIC—to improve regional harmonization of remittance policies and regulations, strengthen cross-border payment infrastructure, support the capacity of the regulators to monitor accurate and meaningful data on remittances for evidence-based policymaking, and engage with the private sector towards the development of digital channels for migrants and their families to send and receive remittances at affordable costs.

For many countries, remittances are larger and more stable than foreign direct investment and, in some cases, larger even than official development aid. Sub-Saharan Africa is not an exception to this. Given the low rate of domestic saving and high government expenditure in many developing countries in the region, external sources of finance, particularly remittances, play a critical part in local economic development and poverty reduction strategies. Not only do remittances increase the consumption levels of recipient families—so that education and healthcare are not out of reach—they also, if conscientiously saved and aggregated, can contribute to infrastructure development and long-term investment for increased income.

The cooperation between Sida and UNCDF reinforces the role of regional economic communities towards regional initiatives that strengthen economic integration. The essential work of crafting harmonized policy frameworks and cross-border payment infrastructure will advance the capacity of the private sector to invest and innovate in financial services that are inclusive of the needs of migrants and their families, building the resilience of the regions' households while safeguarding the integrity of the financial system.

UNCDF Deputy Executive Secretary Mr. Xavier Michon stated,

> "UNCDF is committed to improving the policy and regulatory environment for cross-border remittances that enable seamless access to affordable financial services to migrants and their families. We are honoured and proud to work with Sida, a longstanding partner of UNCDF to develop and invest in technical capacity of the national and regional public and private sector partners in the region."

Head of Regional Development Cooperation in Africa at Sida, Ms. Ulla Andrén, commented,

> "Sida is pleased to support the second phase of this UNDCF programme to improve remittance regulations and regional harmonization in Africa. It is of utmost importance that migrants can send and receive remittances according to their needs."

ABOUT SIDA

The Swedish International Development Cooperation Agency, Sida, is Sweden's government agency for development cooperation. It strives to reduce poverty and oppression around the world.

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. UNCDF's financing models work through three channels: (1) inclusive digital economies, which connects individuals, households, and small businesses with financial ecosystems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; (2) local transformative 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.

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