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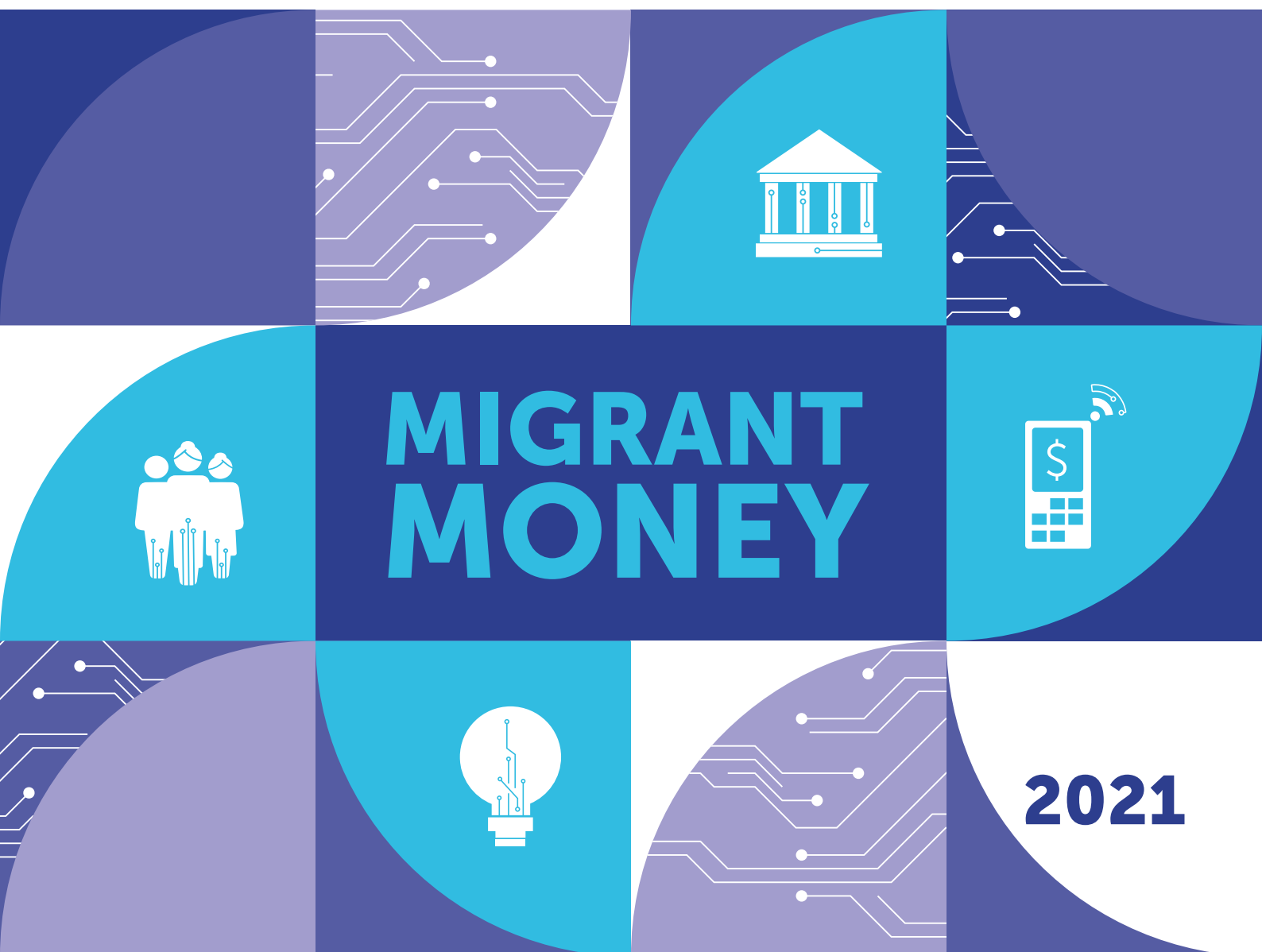
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Beyond sending money back home: remittances and migrant-centred sustainable development

MIGRATION AND REMITTANCES



1 July 2020 – 30 June 2021

ACKNOWLEDGEMENTS

On behalf especially of the migrant women and men customers originating and receiving remittances, and their wider communities in least developed countries, the UNCDF Migrant Money programme team would like to thank the many partners and collaborators who are contributing to our efforts. This appreciation is extended to many stakeholders, including programme staff, implementation partners, knowledge leaders, expert influencers, wider global advocates and advocacy organizations, United Nations colleagues, collaborators in the wider fields of international and development finance and in the financial and remittance industries, research participants, regulatory and policymaking leaders, and many other individual or organizational stakeholders. This programme has been made possible by the generous funding support by the Swiss Agency for Development and Cooperation (SDC) and by the Swedish International Development Cooperation Agency (Sida).

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MIGRANT MONEY

ANNUAL REPORT 2021

Beyond sending money back home:
remittances and migrant-centred sustainable development

UNCDF MIGRATION AND REMITTANCES PROGRAMME

1 July 2020 – 30 June 2021

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migrantmoney.uncdf.org/publications

EXECUTIVE SUMMARY

“Digital financial inclusion is directly contributing to the growth of digital economies, and vice versa. 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 implementing partners on launching initiatives that will certainly create a global paradigm shift in the remittance market.”

Preeti Sinha
Executive Secretary, UNCDF

The United Nations Capital Development Fund, UNCDF, is committed to a world of inclusive, well-functioning digital economies that leave no one behind—including the hundreds of millions of migrants living and working outside their home countries. Migrant men and women make up 4 percent of the global population. Globally, men and women migrants send hundreds of billions of dollars in remittances every year, contributing to sustainable development in least developed countries and benefitting economies. Thus, remittances, the universal feature of migrants’ financial lives, need to be transformed to ensure women and men on the move and their families are included in the digital era: including how migrants receive their wages, how they send a portion of that money home, how their loved ones receive it, how this money is used—all this needs improvement, as do the technologies and regulations that underpin every link in this value chain.

Different market actors—financial institutions, technical partners, government counterparts and development partners—must be brought together to address underlying market dysfunctions in order to improve efficiencies, effectiveness and sustainability, with a focus on migrant empowerment, the mobilization of remittance flows, and striving towards an inclusive financial ecosystem for women and men migrants. An inclusive financial ecosystem is not just about developing digital infrastructure or platforms. It’s not just about using technology to drive down costs and reach down-market. From UNCDF’s perspective, it means taking an ecosystem approach. Economies are digitizing all over the world; but technology in and of itself is neutral. The digitization of the world’s economies can serve to make those economies more inclusive, or it can be a force for making economic inequalities even wider than they are now, by making business-as-usual ever-faster and more efficient. Our goal requires us to take a 360-degree, ecosystem approach to our work.

In the case of migrant remittances, this means working with policymakers and regulators to think through and implement enabling frameworks for migrant remittances on both the send and receive sides. It means working with remittance service providers to reimagine remittances completely—beyond just a way to move money from point A to point B, and instead as the gateway product to unlock a full suite of financial services that migrant households need to pursue their life goals. And it means working with migrants themselves to truly understand and deliver what they value in financial services.

It's possible that this time next year we will know whether the pandemic was a true turning point for remittances—or a missed opportunity of historic proportions. The world-wide lockdowns meant that, in very short order, a significant volume of remittances shifted from cash to digital, exactly what many of us had been advocating for years. But once again, here's the part we don't know yet. Will migrants' embracement of digital remittances be permanent? Or will they go back to their comfort zone of cash as soon as circumstances permit? The answer depends entirely on how we see the big-picture promise of digitization—on how we ensure migrants feel it's worthwhile sticking with digital. If we make digital remittances more than just a way to do the same thing differently, and instead make it a way to do *different* things — to save, borrow, invest, transact — if, in short, we pursue an inclusive approach that works for women and men migrants, we might have a shot.

OVERALL PROGRAMME CONTRIBUTION AND 2021 DELIVERY

The Migration and Remittances programme is part of UNCDF's inclusive digital economies strategy of Leaving No One Behind in the Digital Era, which is based on over a decade of UNCDF experience in digital finance in Africa, Asia and the Pacific. This vision is vital to promoting digital financial inclusion towards the Sustainable Development Goals, including SDG1 against poverty, SDG5 for gender equality, and SDG8 for decent work and economic growth, while SDG10 explicitly calls for remittance transaction fees to be lowered to a maximum of 3 percent.

Our goal is to contribute to inclusive digital economies that support women and men migrants and their families towards greater financial inclusion, resilience and equality. To do this, we operate in four interlinked workstreams: (i) enabling policy and regulations, (ii) open digital payment ecosystems, (iii) inclusive innovation and (iv) empowered customers.

Our core strategies are embedded across these workstreams: gender is mainstreamed by the programme and its partners; learning, insights, data and research are practised and applied at every step; and we perform effective advocacy and outreach to engage the wider industry ecosystem and policymakers in this migration and remittances agenda.

Despite delays and the ongoing pandemic impact, the programme has been increasing its implementation rate and aims to mobilize almost four times as much funding by the end of 2021 as in 2020. Delivery already ramped up in the first six months of 2021, to exceed the total spend for 2020. For the activities supported by SDC (the Swiss Agency for Development Cooperation), this half-year expenditure in 2021 was \$879,704, versus \$716,889 for all of 2020. For the interventions supported by the Swedish International Development and Cooperation Agency (Sida), the 2021 six-months figure was \$781,382, compared with the 2020 whole-year mobilization of \$731,544. Since June 2020, we have also signed performance-based agreements with 14 partners across the programme, with the grant values totalling more than \$3.2 million.

OUR PUBLIC SECTOR ENGAGEMENTS THIS YEAR

Public sector engagements are vital: migrant money is by definition cross-border, so cooperation bilaterally and regionally is a pressing need, to facilitate increased flows of remittances through formal channels at affordable costs. In pursuit of this aim, we have supported four public sector stakeholders in the development of domestic and cross-border remittance policy frameworks.

Since May 2021 we have had a two-year agreement in place to harmonize remittance policies across the IGAD countries (Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan and Uganda). With ECCAS, since April 2021 we have had a two-year commitment to expand affordable and convenient access to digital remittances. The 11 ECCAS member states account for more than 5.3 million migrants, who in 2019 sent remittances valued at more than \$2.5 billion. The programme has also collaborated with Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) on a feasibility study to set up a unique identification system for users of financial services—fundamental to enabling financial inclusion.

At the national level, central bank engagement is also key. Our engagement with the Government and the National Bank of Ethiopia has led to policy, legal and regulatory analysis to enhance remittances, with significant potential to improve remittances for the country itself—but for other Member States too, through the potential demonstrator effect.

OUR PRIVATE SECTOR ENGAGEMENTS

We are supporting nine private sector partners to develop migrant-centred and gender-responsive remittance products and services. With these partners, we are on the road to key milestones in making migrant money work smarter, and we are learning lessons and gaining insights for the future scaling up that can come from these market development collaborations.

Among the highlights of our private sector partnerships so far is our engagement with BRAC Bank, which has already achieved several key performance indicators and milestones. The aim is to increase digital remittance usage among the existing and new customers of this Bangladesh bank, and the partner has onboarded 10 new remittance collaborators and piloted three new digital remittance channels, exceeding its target of 167,000 registrations and already reaching 242,000. We have also partnered with Lion International Bank on smart micro remittances; with Lucy on expanding digital remittances and financial services use among foreign domestic workers in Singapore; with RAKBANK to accelerate the adoption of digital channels; with Sentbe on making remittances a productive and resilient source of income; TerraPay/CongoPay on an interoperability platform; SympliFi on digital migrant-backed loans; uab on wallet-based remittance services; and with Wizall Money on end-to-end digital remittances.

OUR THOUGHT PARTNERSHIPS

A collaborative intellectual effort is needed to improve the remittance environment, creating empowerment and financial resilience. To this end, we have engaged with nine thought partners: IME Digital and eSewa on understanding the remittances market; the Royal Tropical Institute and Butterfly Works on demand-side research and qualitative behavioural research for human-centred design; Aflatoun, on migrant-centred, gender-responsive toolkits for digital financial literacy; Innovations for Poverty Action with the University of Michigan on an access and usage impact evaluation study; PricewaterhouseCoopers, on the feasibility of the single customer ID system being explored in our engagement with BCEAO; Dalberg SURL, on an inclusive innovation framework; and the Harvard Kennedy School on executive education for policymakers and leaders in remittance services and fintech.

KEY LEARNING AND INSIGHTS ON MIGRANT MONEY

This programme has successfully convened powerful responses to the COVID-19 pandemic's impact on migrants and remittances, and has also, in the continued commitment to overcoming challenges, gained vital insights from our outreach and engagements. In our public sector engagements, for example, project teams of digital finance and remittance specialists, policy and regulatory experts, payment infrastructure professionals and economists have been fully onboarded for the regional harmonization work with IGAD and ECCAS, and assessment reports for member countries have been completed.

Across the four workstreams, key insights include: *in the enabling policy and regulation workstream*, that country-level engagement with central banks requires a multipronged approach to regulators' needs; *on the open digital payment ecosystem*, that the challenges to overcome are manifold across last-mile digital infrastructure, shared market infrastructure, and open digital infrastructure; *on inclusive innovation*, that the visibility of women migrant customers must be an explicit issue; and, *on empowered customers*, that this goes beyond building customers' financial and digital skills, and that partners are keen to explore innovative ways to use sex-disaggregated data.

ADVOCACY, OUTREACH AND THE WAY AHEAD

Remittances are uniquely important in the financial lives of migrant women and men. All migrants, even those with no current account or access to credit or insurance, will find a way to send money home. While there is already an extensive remittance distribution network, we must expand our vision beyond what migrant money and remittances are and towards what they can be: a gateway to full financial inclusion.

This complex yet seemingly simple objective requires a diverse range of stakeholders across sectors, mandates and geographies to come together. At the regional and country levels, UNCDF is working to ensure this can happen—thanks to our technical capacity

and established network of engagements across the public and private sectors. First and foremost, too, we start by listening to the needs of migrant customers, and encouraging our fintech partners to do the same, to create a responsive and facilitative programme to transform migrant money.

Our messaging and positioning has four objectives: (1) to inform—on national, regional and global policy, (2) to position the agenda—the focus is on migrants rather than migration issues, (3) to engage (and to catalyse action), and (4) to build community, so that our outreach is multiplied by the people we reach. The success of the programme's advocacy and outreach was clear in our work towards keeping remittances flowing during the pandemic. This had the powerful effect of further advocating the acceleration of digitized remittances.

If the world does not transform migrant money, the opportunities lost will be to national economies—in host and home countries—and most importantly to the migrant women and men building their own and their communities' financial resilience. This annual report is testament to the efforts of this programme—the policy engagements, the facilitation of innovative market developments, the data research and implementation, the search for the true needs of migrants—in seizing these many opportunities.

PROGRAMME OVERVIEW

The Migration and Remittances programme is part of UNCDF's broader global strategy of Leaving No One Behind in the Digital Era.¹ Our programme goal is to reach the following.

Inclusive digital economies support migrant and beneficiaries towards economic inclusion, financial resilience and reduced inequality.

UNCDF wants to equip millions of people, specifically women and girls, by 2024 to use digital services in their daily lives. These services should be empowering for their users and will contribute to achieving the Sustainable Development Goals.

Meaningful digital financial inclusion must provide outlets for low-income accountholders to engage in the economy to meet their daily needs and to improve their skills, productivity and marketability in this quickly emerging and growing age of digital economies. To do so, we must strive to make sure no one is left with just basic voice, messaging and mobile money services; everyone should be able to access, use and benefit from a broad range of meaningful services built on digital platforms.

For migrants, this inclusion starts with remittances, and the digitization needs to happen end to end—from origination and all the way through the chain, not stopping at receipt but also making the money work digitally for full economic inclusion and productive use in the communities of least developed countries. This 'last mile' reach must penetrate multiple levels and successfully straddle international borders, transforming cross-border payment corridors that involve countries at all levels of development.

This is a complex programme with a clear and structured theory of change (see page 58). In short, to transform remittances for gender-smart and migrant-centred digital inclusion, we seek to leverage innovative policy, regulatory and industry approaches, and innovative digital technologies. Our strategy to do this is structured along the four interlinked workstreams summarized below (enabling policy and regulations, open digital payment ecosystems, inclusive innovation, empowered customers). Together, these workstreams constitute our market development approach.

¹ "UNCDF Global Strategy: Leaving No One Behind in the Digital Era", UNCDF, New York, 2019 (<https://www.uncdf.org/article/4931/global-strategy-leaving-no-one-behind-in-the-digital-era>).

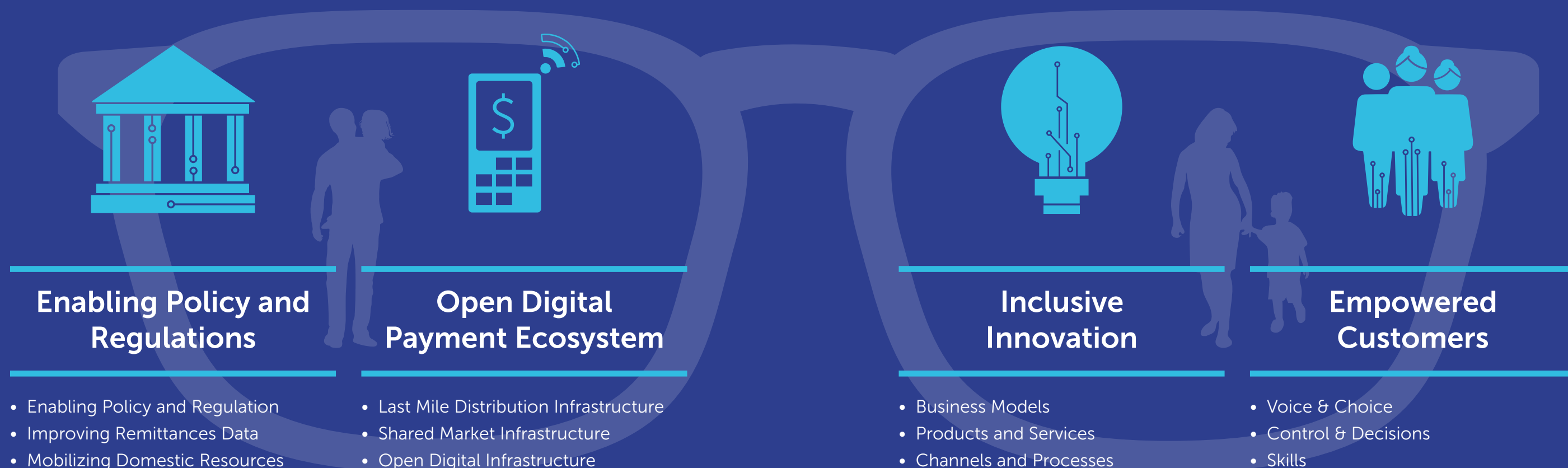
The workstreams are presented here in a sequence reflecting the need to transform public policy at global, regional and national levels, to make systems interoperable, and to innovate products and services that truly meet the needs of men and women migrant remittance customers—and UNCDF is uniquely positioned to enact and enable this strategic direction. Equally, these workstreams can be presented in the reverse order—the programme is led by its end goal of digital financial inclusion. No one workstream is more important than the other: they are all essential to achieving our objectives, and they are all deeply interlinked. We also apply a set of core strategies across these workstreams, and ensure gender is mainstreamed by the programme and its partners and that learning, insights, data and research are practised and applied every step of the way.

Leaving No One Behind in the Digital Era

The UNCDF inclusive digital economies strategy of Leaving No One Behind in the Digital Era is based on over a decade of UNCDF experience in digital finance in Africa, Asia and the Pacific. Its vision is vital to promoting digital financial inclusion towards the Sustainable Development Goals.



The programme's insistence on completely reimagining, not just refining remittances, and its holistic approach are both key qualities of the effort. At crucial points along the remittances value chain, innovative work is under way by various players to recognize migrants as a priority segment, and to transform migrant money in a joined up way. Ultimately, our aim is to transition migrants from informal cash-based remittance channels to digital methods that are accessible, affordable, appropriate and more easily tracked and linked to other services. In other words, we want to create customer journeys that strengthen the financial resilience of women and men migrants and their recipients, so that they can build the futures they envision for themselves, and for their families and wider beneficiaries in least developed countries, and can improve their economies at the same time as making their own finances more robust.



Enabling policy and regulations

We act as a neutral broker and work with governments at the country and regional levels to enable conducive policy and regulatory environments, strengthening governmental capacities to develop, supervise and monitor gender-responsive and risk-based remittance policies and regulations. Such environments further market competition and innovation while guarding against risks to financial stability. Our support extends to helping both the public and private sectors to make informed policy decisions based on sex-disaggregated data and gender analysis.

Open digital payment ecosystems

We build on our past work in digital finance, with an understanding of the importance of digital payments as the basis for sustainable, economically impactful digital remittance services. We work to improve and develop last-mile distribution networks (cash-in/cash-out distribution channels), support shared market infrastructure (shared know your customer or KYC utilities, credit reporting systems), and strengthen open digital payment infrastructure (global standards for application programming interfaces or APIs, and interoperable payment systems) to allow affordable access and usage for both men and women migrants.

Inclusive innovation

We work with the local private sector and micro, small and medium enterprises (MSMEs) to reconfigure remittance value chains to design and implement digital remittance solutions services that match the actual needs and preferences of women and men migrants in the local economy. We provide technical assistance to a wide range of financial institutions such as banks, cooperatives, microfinance institutions, money transfer operators (MTOs) and mobile network operators (MNOs).

Empowered customers

All our efforts are rooted in the workstream for empowered customers—through which we develop activities, guidelines and tools that strengthen the capacity of public and private stakeholders to ensure that new digital remittance solutions do no harm, and both protect and empower migrant worker customers and their recipients in their journeys towards gaining or regaining financial autonomy. We support stakeholders' efforts to ensure that the roll out of policies and products is linked to the diverse financial and digital needs that are both practical and strategic for migrants.

PROGRAMME
SNAPSHOT



USD
3,241,600

UNCDF
Commitments



USD
1,700,793

Partner
Commitments



9

Private sector partners supported to develop migrant-centric and gender-responsive remittance products and services



4

Public sector stakeholders supported in domestic and cross-border remittance policy framework development



9

Thought partners organized to generate ideas, calibrate effectiveness of technical assistance, and disseminate unique ideas



186,000

(35% women)
Total number of customers reached



1.03 M

Inbound remittance transactions through digital channels



USD 351 M

Value of remittance transactions through digital channels



4

Responsive remittance policy measures initiated



2

Responsive remittance policy measures introduced or improved



USD 14 M

Foreign currency deposits mobilized

MEETING CHALLENGES, REALIZING OPPORTUNITIES AND
DELIVERING RESULTS

To summarize, the main challenges affecting the programme in the past year to the end of June 2021 have been the following.

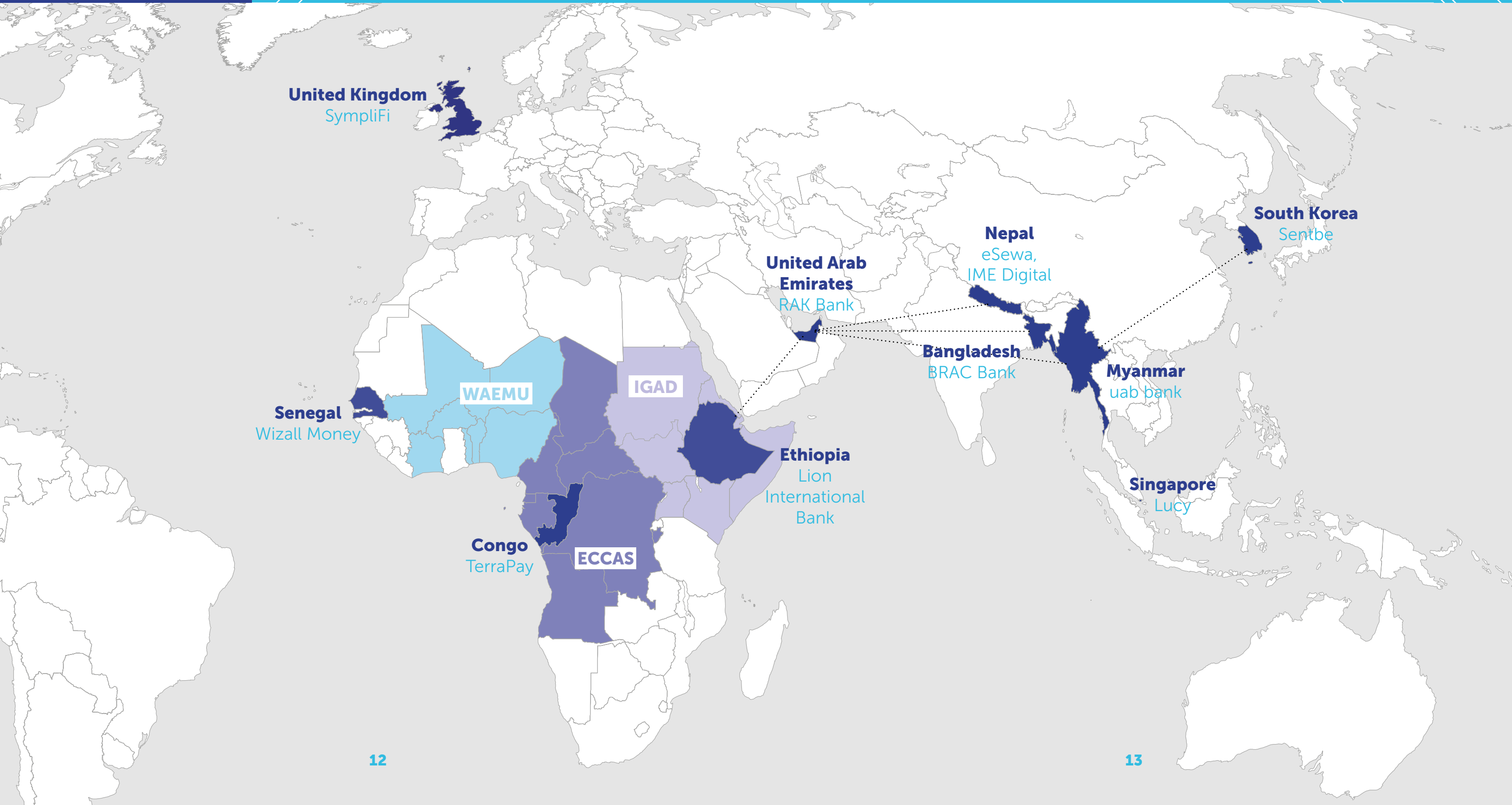
- All countries of operations have remained affected by COVID-19.
- The pandemic has presented some simple practical difficulties, such as not being able to travel as much as needed, which led to:
 - Delays in the public sector engagements to sign memorandums of understanding and provide technical assistance to regional economic communities
 - Late initiation of supply- and demand-side research in countries of intervention.
- Amid unrest in Myanmar, a change of strategy and resourcing was needed; this has led to a significant delay in initiating country programming here.
- A delay of at least six months affected the work to co-design projects and products with private sector partners. This was due to extenuating internal and external factors, including the difficulties of finding a suitable settlement bank partner for TerraPay in the Republic of the Congo and the difficulty in SympliFi securing a partnership with a financial institution to serve as the lending partner in the receiving country, Senegal. This was completed in June 2021, however.

Despite the challenges, the programme has charted its path forward and devised solutions to mitigate impacts:

- On the private sector engagement, technical resources for Senegal are in country, and for Bangladesh, Ethiopia and Nepal, expected by November following full vaccination. No technical presence is available for Myanmar at this point but technical assistance with the partner is being provided remotely. For regional harmonization, technical resource for BEAC is in country at the headquarters in Cameroon, and is expected by November for the ECCAS Secretariat in Gabon and the IGAD Secretariat in Djibouti. Our engagement with National Bank of Ethiopia continues with a technical resource to be based in Ethiopia and closely working with NBE.
- Project teams—comprising digital finance and remittance specialists, policy and regulatory experts, payment infrastructure professionals, and economists—have been fully onboarded for the regional harmonization work with IGAD and ECCAS. The assessment reports for all IGAD and ECCAS countries have been completed.
- To date, 19 projects have officially been launched through a series of remote co-creation team workshops with partners prior to the projects' launch.
- The identification system study with BCEAO has been initiated, with PwC coming on board to lead the study.
- On thought partner engagements, the demand-side research and impact evaluation have been initiated and other thought partners—Aflatoun, Butterfly Works, eSewa, HKS, IME, IPA, KIT and PwC—have now been onboarded.
- And finally, the frameworks guiding the policy and regulatory workstream and the open digital payment ecosystem workstream have been completed and are set to be launched publicly.

➔ For further details of engagements with the public and private sectors, see the sections from pages 14 and 23 respectively.

PROGRAMME
PRESENCE



PUBLIC SECTOR ENGAGEMENTS

Remittances are presently subject to a patchwork of policies and regulations that may differ significantly from one region to another, or even from one country to another within the same region. There are multiple guidelines at the country, intra-regional and inter-regional levels that govern everything from acceptable forms of personal identification and maximum transaction sizes to licensing requirements for money-transfer providers. These layers of complexity alongside a number of other factors make the formal remittance market difficult for customers to navigate. This may drive men and women migrant customers away from affordable digital channels and could force them to rely on the riskier and less transparent alternative of informal remittance.

Along with harmonizing the regulatory frameworks and payment infrastructure that govern remittance flows, UNCDF is investing efforts to strengthen the capacity of policymakers and regulators to capture, manage, analyse and share data concerning the inflows and outflows of cross-border remittances, which in turn supports countries' balance of payments (BOP) requirements.

This set of public sector engagements by the programme, at national to international levels, ultimately aims to keep remittances flowing to the countries and regions where they are vitally important, and to shift more of them from the unregulated informal networks into regulated, safe and transparent channels for digital financial inclusion.

“Our approach to enabling policies and regulations employs a toolbox of strategic activities meant to be tailored and fitted to the specific requirements of each market and regulators. Enabling policies must be reactive in addition to proactive; able to incorporate changes and new evidence through trial and error.”

Eliamringi Mandari

Remittance Policy Specialist, UNCDF

REGIONAL PUBLIC SECTOR ENGAGEMENTS



Inter-Governmental Authority on Development

Letter of Agreement, May 2021

The Intergovernmental Authority on Development (IGAD) became engaged by the UNCDF in a two-year agreement to harmonize remittance policies across the IGAD countries:

- Djibouti
- Eritrea
- Ethiopia
- Kenya
- Somalia
- South Sudan
- Sudan
- Uganda

In close collaboration with the IGAD secretariat's technical experts, UNCDF has mapped out all the relevant policies and regulations within each IGAD country.

Key to this initiative is understanding how remittances, if shifted from cash to digital channels, can be the gateway for migrants and their families to other financial products that add value for their financial health and resilience.

Dr Workneh Gebeyehu



“This partnership with UNCDF represents a continuation of IGAD’s history of support to our member states, and ultimately to the individuals and families of the region. The work that our two organizations now undertake together will strengthen central banks and other government stakeholders, which will in turn promote increased remittance flows through formal channels, and contribute to the implementation of IGAD’s Migration Action Plan 2015-2020, including its specific strategic priorities on remittances.”

His Excellency Workneh Gebeyehu

Executive Secretary,
Intergovernmental Authority on Development (IGAD)

“Sida congratulates ECCAS and UNCDF on reaching this milestone. We see regional and international cooperation as the key not only to leveraging the full potential of remittances, but to economic development in Africa. Through our support of the Joint Labour Migration Programme for Africa, or JLMP, adopted in 2015 by African heads of states, Sweden is committed to supporting efforts to improve migration policies and governance, promote migrants’ rights, and facilitate labour mobility on the continent. Sida looks forward to seeing the efforts under this new ECCAS/UNCDF partnership create lasting positive impact in the lives of African families.”

Ulla Andrén

Head of Development Cooperation in sub-Saharan Africa, Swedish International Development Cooperation Agency (Sida)



Economic Community of Central African States

Memorandum of understanding in place, April 2021

The Economic Community of Central African States (ECCAS) entered a two-year memorandum of understanding (MoU) to expand affordable and convenient access to digital remittances in the region.

The 11 member states of ECCAS—including the small-island developing state of Sao Tome and Principe, the furthest west of these nations, Chad in the north of central Africa, Angola the furthest south of these members, and Burundi and Rwanda in the east of ECCAS—account for more than 5.3 million migrants, who in 2019 sent remittances valued at more than \$2.5 billion.² These funds are a vital source of income for receiving households and constitute one of the largest and most reliable inflows of foreign currency for developing economies.



Banque Centrale des Etats de l'Afrique de l'Ouest

Progress towards a unique ID system, 2021

Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO or the Central Bank of Western African States) has been instrumental in the functioning of financial systems in its member countries. One of the key focus areas for BCEAO is to drive initiatives that enable financial inclusion. In the absence of a unique identification system for users of financial services, BCEAO faces multiple challenges towards the implementation of financial inclusion. To address the underlying need for a single ID system to enable digital payments, domestic and international, UNCDF and BCEAO are carrying out a feasibility study for setting up a single ID system for all financial services users. Especially for migrants and their families, the single identification of financial service users within the West African Economic and Monetary Union will advance and facilitate the end-to-end digitization of cross-border money transfers and related financial services.

PricewaterhouseCoopers (PwC) is working with BCEAO and UNCDF to guide the setting up of a single system to identify financial service users. The inception phase has been completed, including secondary data analysis of BCEAO documents.

² “ECCAS and UNCDF announce agreement to strengthen financial services for African migrants and families”, UNCDF, New York and Libreville, 2021 (<https://www.uncdf.org/article/6691/eccas-and-uncdf-announce-agreement-to-strengthen-financial-services-for-african-migrants-and-families>).

NATIONAL PUBLIC SECTOR ENGAGEMENT—A RESULTS HIGHLIGHT

Central bank collaboration: accelerating remittance inflows

- New regulatory directives in place to support remittance flows
- Insights towards diaspora investment into Ethiopia, through digital innovations

UNCDF has been working closely with the National Bank of Ethiopia (NBE) to assess the regulatory, marketing and infrastructure landscape for remittance flows to Ethiopia. Understanding this landscape enables us to propose strategies to realize the full potential of Ethiopian migrants' contributions to the economic development of their country.

With the NBE and other government stakeholders, UNCDF has been working to increase policymakers' and regulators' capacity to adapt existing frameworks with the aim of lowering remittance costs, improving cross-border remittance flows through formal channels and expanding the use of digital channels to receive remittances.

Based on a review of relevant policies, laws and regulations, plus interviews with relevant key stakeholders, a country-level landscaping report was prepared, mapping the enablers and inhibitors and making recommendations for intervention. Through a consultative process over the past year, priority recommendations have been specified and have led to the development of directives that will achieve our shared objectives.

- Establishment and Operation of Foreign Currency Saving Account for Residents of Ethiopia, Non-Resident Ethiopians and Non-Residents of Ethiopian Origin³
 - This new NBE directive allows banks to open interest-bearing, no-fee foreign currency savings accounts for both in-country Ethiopians and migrants working abroad.
 - \$14 million mobilized in deposits into the foreign currency accounts since directive issued.
- The Retention and Utilization of Export Earnings and Inward Remittances
 - This directive took effect in March 2021, to accelerate formal banking uptake by remittance recipients. Catalysed by the pandemic, this effort to keep remittances flowing to a low-income country should significantly increase flows through formal channels.
- Remittance service providers directive
 - Remittance service providers (RSPs) are not directly recognized by the NBE. This stifles innovation towards migrant-centred financial inclusion because banks focus on traditional services instead. The new directive on RSPs supports competitive market conditions for non-bank financial services providers (FSPs), including through access to retail payment infrastructures. As part of a regulatory framework to remove discrimination against remittances, this regulation also fosters consumer protection and supports the governance and risk management of remittance services.
- Open market operations and standing facilities directive
 - Non-bank FSPs rely on agents to act as 'liquidity cashiers'. Agents often need support to maintain working levels of cash and e-money. This new directive will support

³ Eliamringi Mandari, "Making it easier for migrants to send and save", UNCDF, Addis Ababa (<https://www.uncdf.org/article/6370/making-it-easier-for-migrants-to-send-and-save>, accessed 14 September 2021),

“On behalf of the National Bank of Ethiopia, let me express our sincere gratitude to the United Nations Capital Development Fund for the technical assistance being provided to the NBE on the Policy, Legal and Regulatory Framework to Enhance Remittances.

The NBE recognizes the project's achievements as a best practice of cooperation with UNCDF on remittances policy reforms, which resulted in a preliminary diagnostic process, through a consultative and iterative manner.

The report provided a wide spectrum of reform recommendations, including [for a] legislative framework governing the foreign exchange, national payment systems with a focus on remittances, and proposed improvements to the international transaction reporting system.

Predominantly noteworthy is the ongoing technical assistance on developing a regulatory and supervisory framework for remittance service providers and introducing diaspora finance mechanisms.”

Habamu Workneh

Director, External Economic Analysis and
International Relations Directorate, Monetary Stability, National
Bank of Ethiopia

liquidity windows for banks, in turn improving liquidity management for agents. These improvements will also act as an anchor for payments and capital markets infrastructure in the operationalization of migrant-centred products such as micro-savings bonds.

Further achievements resulting from the engagement between the UNCDF and NBE include assessments of progress towards:

- Completing an open digital payment ecosystem assessment towards improving low-value remittance flows.
- Convening multiple workshops towards strengthening policies and processes for a system of monitoring and analysing remittance flows.

Creating modern and efficient payment system infrastructures—so that digital payment channels can be used to keep remittances flowing—will overcome the key challenges otherwise presented to incomes to Ethiopia. This UNCDF public sector engagement with NBE has reported an assessment of progress towards creating this open digital ecosystem—technical assistance that is also guiding further action by the central bank and industry stakeholders.

On the work towards a remittance transaction reporting system, this is one way to strengthen the policies and processes that facilitate the transition from informal to formal remittances. In 2021, UNCDF worked with NBE to understand and validate the bank's needs for a systematized solution for timely, disaggregated, high-quality data on inbound and outbound cross-border transactions. The assessment led to four detailed recommendations to NBE in establishing such a system to monitor and analyse remittance flows.

Finally, another part of the UNCDF Migration and Remittances public sector engagement in Ethiopia is:

- Gaining insights towards the diaspora of working men and women migrants being able to save and invest in Ethiopia, thanks to mobile money platforms.

Building on the past efforts of multilateral agencies, this work explores the determinants for migrants to invest in their country of origin. In addition to the directive achieved above for migrant-centred foreign currency savings accounts, the government may consider launching new products, such as endowment saving accounts and micro-savings bonds that cater to the needs of low-income migrants in particular.

In the course of achieving this progress in the UNCDF public sector engagement with the NBE, we have learned that UNCDF technical assistance needs to be aligned with government policy priorities, and this insight, in line with the programme's formal learning agenda, has been carefully recorded, analysed and shared. Engagement with further national regulators could be challenging because such bodies are often guided by strict rules that inhibit behaviour change. The positive response to this engagement and collaboration by NBE, with the resulting policy directives and the movement towards regulatory support for digitized remittances, are an example set by Ethiopia that can yield wider success for other remittance corridors and receiving economies.

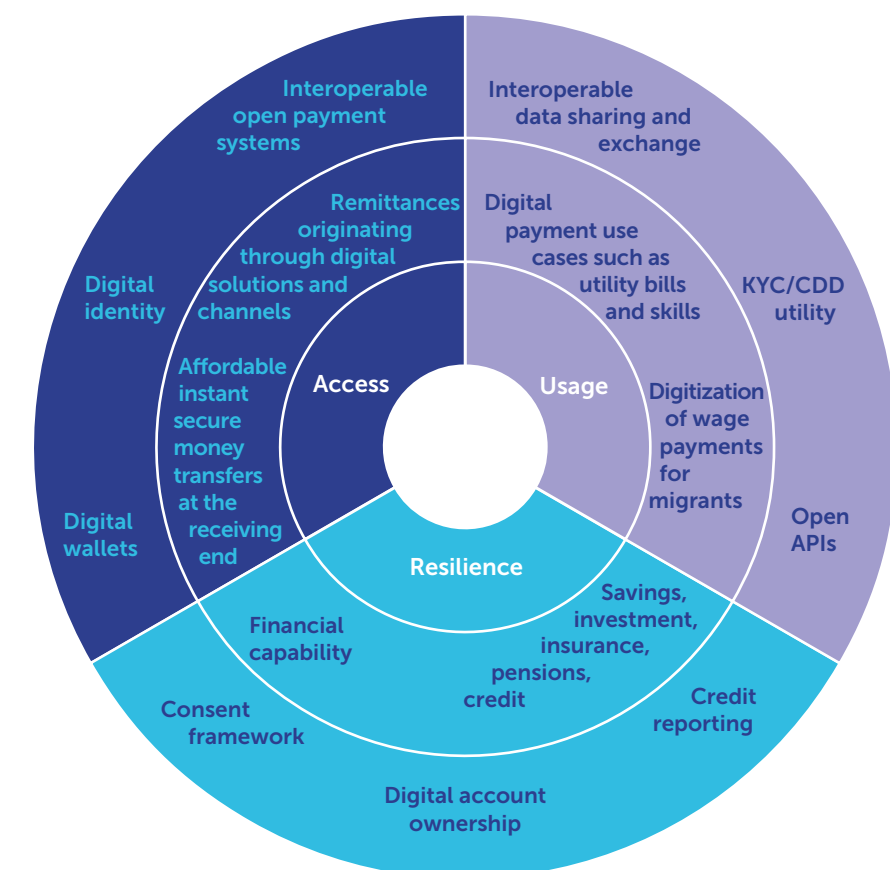
PRIVATE SECTOR ENGAGEMENTS

Coupled with collaborations with regulators, policymakers and regional economic communities to improve and harmonize payment systems and remittance policies (as set out in the previous section for Public Sector Engagements), the programme uses the additionality that UNCDF brings to market development, for the benefit of low-income migrant workers and their families (see page 38, UNCDF brings additionality to engagements). With this unique position and technical capacity, UNCDF works with the private sector in both sending countries such as Singapore, South Korea, United Arab Emirates and United Kingdom, and receiving countries such as Bangladesh, Ethiopia, Myanmar, Nepal and Senegal.

Access—digital remittance solutions are available to migrants at affordable costs;

Usage—migrants trust digital remittances and are using the digital channels regularly; and

Resilience—migrants' financial health and ability to withstand setbacks is strengthened.



Below, we summarize the private sector engagements. These brief project overviews and implementation status updates apply to partners now on board after performance-based agreements (PBAs) signed with UNCDF. These implementation partners were selected following our call for applications in a rigorous, open and competitive process.⁴ Applications to collaborate were received from banks, non-bank financial institutions, cross-border payment hubs, remittance service providers (RSPs), mobile network operators (MNOs) and fintechs. The programme received 66 responses, from which 20 were longlisted before 9 partners were selected.

The innovative work by our supported partners—to improve remittances and make money work better for gender-responsive and migrant-centred empowerment—yields ongoing learning and insights for project and programme success and subsequent scale-up. To harness this learning, the programme has a well-structured strategy of identifying and recording these insights and analysing the best response strategies. The summaries that follow are also a brief introduction to the key points learned to date.

➔ For an overview of our strategies to identify and respond to market development intelligence, see page 44.

SympliFi

Digital migrant-backed loans

- SympliFi enables migrants and diaspora to digitally guarantee a microfinance loan for family in their home country. The loan is used by the beneficiary to start and grow a small business and build credit history, reducing the need for migrants to pay so many fees in sending their money.
- SympliFi operates in the United Kingdom and European Union to Nigeria corridor, and the UNCDF partnership is designed to expand the empowerment to a growing number of beneficiaries, enabled through this new market player's fintech solution. Expansion is also set to develop via further corridors to Africa.

Key milestone reached: SympliFi successfully concluded the partnership with regional microfinance institution Baobab Senegal in June 2021.

Key learning: Support new market players to engage effectively with regulators.

In the case of SympliFi, securing the lending partnership with Baobab Senegal required the approval of the regulator West African Economic and Monetary Union (WAEMU)—so regulatory understanding and engagement are vital to the trust that can be placed in new fintech for digital inclusion.

Implementation project supported to 30 June 2022. Donor commitment to UNCDF-led engagement provided by SDC.

⁴ See: "Request for applications: inclusive digital solutions to support migrants and remittances", UNCDF, New York, 2020 (<https://www.uncdf.org/article/5660/request-for-applications-inclusive-digital-solutions-to-support-migrants-and-remittances>).

“We are proud to be at the forefront of expanding the migrant and diaspora financial ecosystem beyond remittances to enable greater financial inclusion. This partnership allows us to enter new markets, starting with Senegal, expanding our footprint to francophone Africa. Our goal is to provide our innovative solutions to support migrants’ families living on the whole continent.”

**Maurice Iwunze and
Gregoire Lecomte**
Co-Founders, SympliFi

Wizall Money

Remittance portfolio for migrants and their families

- This project aims to provide end-to-end digital remittances to migrants and their beneficiaries in four countries of the West Africa region—Burkina Faso, Côte d’Ivoire, Mali and Senegal—through the Wizall wallet and access to instant credit and insurance.
- Wizall Money is partnering with UNCDF and Atlantic Microfinance for Africa. The project will focus on remittances terminated in mobile wallets, nano credit, and an insurance product tailored to the needs of migrant families.

Key milestone reached: Partnerships with key RSPs have been established in Senegal.

Implementation project supported to 30 June 2022. Donor commitment to UNCDF-led engagement provided by Sida.

Lion International Bank Smart micro remittances

- Ethiopian migrants will be provided with low cost and secure money transfer channels through Lion Bank's HelloCash digital platform, linking it with value-added services such as e-commerce, utility bills and school fees

The project formally began in August 2021 after significant delays due to acquiring approvals from the Ministry of Finance, remote circumstances and coordination delays between and among partners.

Implementation project supported to 30 June 2022. Donor commitment to UNCDF-led engagement provided by SDC.

Sentbe Making remittances a productive and resilient source of income

- This project offers a financial health programme to low-income migrants, towards improving the adoption of digital remittance channels and financial products.
- Most Sentbe users are migrant workers from Bangladesh, Myanmar and Nepal sending home income earned in the Republic of Korea. They face challenges in accessing reasonable financial products and services and in building sound financial health and resilience.

Key milestone reached: The project formally commenced in June 2021 and Sentbe is in the process of completing a data mapping exercise.

Key learning: Support partners to understand and account for the true cost of remittances for senders and recipients during product development.

Providers such as Sentbe are better placed than partners to determine the remittance costs incurred by end customers. UNCDF will help partners to define and understand the components of remittance costs and will support them to introduce product-disaggregated revenues or channel-disaggregated profitability.

Implementation project supported to 30 June 2022. Donor commitment to UNCDF-led engagement provided by SDC.

TerraPay Interoperability platform

- This engagement supports the implementation and operationalization of a payment infrastructure that will create payments interoperability for individuals, businesses and merchants, and provide universal acceptance of different payment instruments in the Republic of the Congo.
- The project targets CongoPay's 4.9 million mobile money subscribers and aims to drive inactive mobile money users to activate their mobile money subscription, with a special focus on women.

Key milestone reached: The commercial launch of CongoPay is scheduled for October 2021.

Key learning:

- Clarify the roles of participating government entities from the project's outset. When working with government stakeholders on interoperability schemes, it is important to independently map the government stakeholders in charge of the country's remittance agenda.
- Ensure all participating partners have the required licences before partnerships are established.
- Where additional partnerships are needed, pursue diverse options early.

Implementation project supported to 30 June 2022. Donor commitment to UNCDF-led engagement provided by Sida.

“Sentbe strongly believes that we can make a real positive impact by helping our migrant users improve their financial health along with our product and service in partnership with UNCDF.”

Choi Seong-ouk
Co-Founder and
Chief Executive Officer, Sentbe

Lucy**Accelerating the adoption of digital channels**

- Lucy focuses on expanding the use of digital remittances and financial services among foreign domestic workers in Singapore, targeting workers from Myanmar, Indonesia and Philippines.
- The project aims to give foreign domestic workers more control over how and where their income is sent and to allow them to save in a structured way for unexpected financial shocks and towards their own goals.

Key milestone reached: the Lucy app has been launched and has already attracted around 2,000 registrations.

Lucy has also recently closed a seed round of investment worth US\$1 million by EmergeVest, the Hong Kong-based growth-oriented private equity investment group. Previously, Lucy secured funding in an all-women pre-seed funding round in September 2020. Initial founder funding came from Debbie Watkins (former MD of Fern Software APMEA), Hal Boshier (former CEO of Yoma Bank, and chairman of Wave Money), Luke Janssen (former CEO and chairman of Tigerspike), as well as from the Savearth fund.

Key learning: Gain insights directly from customers because secondary data can miss the whole story.

Figures gained from desktop research may not convey the actual lived experiences of migrant customers. Gaining their trust for participation in qualitative interviews could give more reliable valuable insights.

Implementation project supported to 30 June 2022. Donor commitment to UNCDF-led engagement provided by SDC.

RAKBANK**Accelerating the adoption of digital channels**

- To support quicker penetration of digital remittance solutions into the blue-collar workforce in the UAE, especially foreign domestic workers, this project accelerates customer acquisition of workers and will close the gap between the number of issued wage payment service cards and the numbers of workers using digital remittance services.
- To incentivize workers to try the service, it is important to reduce entry barriers by having zero fees and putting 'feet on the street' to engage, educate and demonstrate the ease of transactions.

Key milestone reached: UNCDF awaits receipt of data sets from both RAKBANK and Edenred.

Key learning: Senior-level engagement and buy-in is needed to foster the adoption of a gender-inclusive approach. The more it can be ensured at the early stages, the better.

UNCDF supported RAKBANK to develop gender-smart use cases that would help it achieve the project's key performance indicators (KPIs), shifting the position of RAKBANK to a more gender-inclusive approach.

Implementation project supported to 30 June 2022. Donor commitment to UNCDF-led engagement provided by SDC.

uab bank**Wallet-based remittance services**

- This engagement supports the termination of remittances in digital channels, the uab-pay platform and other mobile wallet partners of uab, with an objective to improve the quality of existing remittances services and strengthen the value proposition through migrant-centred financial products and services.
- The portfolio of remittance services will target underserved and unbanked migrants in Myanmar and their families, particularly women.

Key milestone reached: Due to the current political situation in Myanmar and the COVID-19 pandemic, grant support has been paused. UNCDF continues to provide technical support, especially at the time when inbound remittances are a lifeline for the migrant families.

Key learning: Support partners to understand and account for the true cost of remittances for senders and recipients during product development.

Implementation project supported to 30 June 2022. Donor commitment to UNCDF-led engagement provided by SDC.

PRIVATE SECTOR ENGAGEMENTS HIGHLIGHT— results from cashless remittance project

BRAC Bank, Bangladesh

BRAC Bank has achieved the broad key performance indicators (KPIs) of the project around registered customers, active customers and financial literacy parameters, along with the milestones for implementing the planned digital remittance channels. This project has aimed to increase digital remittance usage among the bank's existing and new customers: migrants and their families from Bangladesh and Nepal.

For two existing solutions—remittances digitally credited to bank accounts and bKash wallets, the project improves the app's interface and engagement to increase active customers, creates an online account-opening platform and uses technologies such as RippleNet for integration with other systems. The initiative is also piloting five new solutions—including the onboarding of remittance partners on the send side, the onboarding of mobile financial service providers on the receive side, and integrations with RippleNet and Visa Direct—to improve the accessibility, user experience and delivery of digital remittance channels, especially for last mile customers.

“Financial and regulatory incentives are needed to motivate migrants and their families to use digital channels beyond receiving and withdrawing remittances in cash.

Answering this research issue is not just at the core of BRAC Bank's strategic direction but also other financial institutions who are looking to increase their footprint and enhance digital remittance access and usage in Bangladesh.”

Premasis Mukherjee
Digital Finance Specialist, UNCDF

“We are proud to be associated with UNCDF for expanding the financial ecosystem beyond remittances to enable greater financial inclusion for the Bangladeshi diaspora and their families as well.”

Selim RF Hussain
Managing Director and
Chief Executive Officer, BRAC Bank

- **Key milestone reached:** BRAC Bank has piloted three new digital remittance channels (Visa Direct, REMITnGO and RippleNet-enabled account transfer), reaching a total of 186,000 customers by Q2 in 2021.
- **Key learning:** Project success is driven by partners' level of commitment.

Despite the challenges of the COVID-19 pandemic, BRAC Bank's commitment to growing its remittance businesses and to increasing usage by improving the financial capability of customers has led to significant growth in the bank's remittance business.

Another key insight for success is that consistent engagement is valuable for achieving gender targets. The bank made a commitment to increasing the proportion of women customers

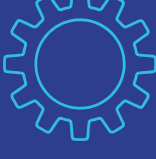
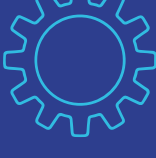
to 50 percent and has already reached 39 percent. The programme has also learned with this project that, when partnering with a bank that has a dedicated remittance department, it is important to recognize that engagement may be needed with both the department’s data team and the institutional or corporate-level data team. The bank can now leverage this project’s learning to seek further insights into the success of digital remittance solutions in engaging new and existing customers. These insights will be used to develop strategies for the future of digital remittance more widely in Bangladesh.

BRAC Bank continues to be receptive to UNCDF’s technical assistance and data support. When working with partners that have a clear strategy in place, UNCDF’s added value lies in its ability to support partners to fast-track their processes in the most efficient, migrant-centred and data-driven manner to target underserved new markets.

Table 1 shows how BRAC Bank has leveraged new and existing solutions to achieve key results, including on-boarding 10 new remittance partners and launching marketing and financial literacy campaigns. These achievements have allowed the bank to exceed its target number of registered customers.

Implementation project supported to 30 September 2021. Donor commitment to UNCDF engagement provided by SDC.

Table 1. Results from UNCDF engagement on cashless remittance with BRAC Bank
By leveraging seven existing or new digital remittance solutions, BRAC Bank has exceeded its target number of registered customers by 75,000 (242,000 registrations against the target of 167,000).

Results and key milestones		
Existing solutions		
	Remittances credited to bank accounts	• 10 new remittance partners onboarded • RippleNet launched in April, training of staff completed • Financial literacy campaigns launched
	Remittances credited to bKash wallets	• 18 bKash global partners onboarded • Marketing and occasional fee-waiver campaigns launched with bKash (in 2019)
New solutions		
	2 additional mobile financial service partners	• Upay integration under way after Bangladesh Bank approval
	Cash to digital	• Customer communication and internal training completed in 2021
	Visa Direct	• Deployment is live
	BRAC Bank end-to-end digital remittances	• Technology vendor identified
	BRAC Saajan’s remittance app REMITnGO	• 11 public versions launched • Continuous user interface (UI) and user experience (UX) developments

THOUGHT PARTNER ENGAGEMENTS

In empowering migrants and their families and bringing digital financial inclusion to the people in least developed countries who would otherwise be left behind at the last mile of sustainable development, our engagements are innately complex across our four interlinked workstreams: (i) enabling policy and regulations, (ii) open digital payment ecosystems, (iii) inclusive innovation, (iv) empowered customers. The partners being engaged, both public sector and private, are diverse. The challenges being tackled and the innovations and transformations stepping up to meet them are intertwined and rarely simple. Improving the policy and regulatory contexts, making remittances affordable, digitizing them, linking them to empowering value-added products, and transforming financial services and products so that they are truly able to attract uptake and usage by men and women migrants—all this requires a collaborative intellectual effort.

The programme has therefore entered into a number of engagements with thought partners. These technical and intellectual leaders are coming on board with the intent to ensure affordable access to finance for migrants and their families and ensure that it remains incisive, effective and inclusive—truly helping us to transform remittances sustainably for migrant-centred and gender-responsive digital financial inclusion. This section summarizes these engagements and their status for the current programme year.

IME Digital

Recognizing banked, unbanked and under-banked migrant customers | Nepal

- With UNCDF engagement, IME aims to better understand their customers and expand their IME Pay service to reach more banked, unbanked and under-banked customers in Nepal.
- IME Digital has introduced a mobile money service, with the brand name 'IME pay', under its digital financial services initiative. IME Pay offers a wide range of payment services and convenient ways to transfer money from wallet-to-wallet, pay utility bills and make purchases online or offline instantly. The IME Pay app allows users to send money through mobile banking, by depositing money in IME/IME Pay agent and, also, through remittances.

Status: UNCDF is analysing IME Digital's customer and transaction data and generating customer insights to inform the development of products and policies in the remittance sector.

eSewa

Estimating the digital and cash inbound remittance flows | Nepal

- With UNCDF engagement, eSewa aims to better understand the needs of migrants and their families in sending and receiving remittances, identify market barriers to the use of digital remittances, and leverage these insights for research on financial inclusion and resilience.
- One of the fastest growing remittance companies in Nepal, eSewa is a subsidiary company of F1Soft International, a leading Nepalese fintech.

Status: eSewa has onboarded more than 150,000 merchants and 50+ banks and financial institutions, and established a wider network of agents nationwide.

KIT

Demand-side research on migrant remittances | The Netherlands

- The Royal Tropical Institute (KIT) is partnering with UNCDF to support the programme's work in demand-side research towards developing inclusive digital remittances and innovation in financial services for migrants and their families. This research aims to estimate the trends, patterns and barriers in the access to and usage of digital/formal remittances

“This partnership offers an innovative approach to remittances. Our migrant centric approach will consider remittances through the eyes of senders and receivers and unravel the real stories behind the users, their challenges, needs and preferences. The approach will also be gender-responsive, so that ultimately different women's segments can benefit from services that work for them. The results of this extensive research will be at the core of new suitable, gender-responsive and innovative products, as well as informed policies to enhance the access to and usage of remittances and strengthen the financial resilience of migrants' households.”

Maria Vitores

Senior Financial Inclusion Adviser, KIT Royal Tropical Institute

and other financial products, and the socio-economic outcomes of remittance services in creating financial resilience, with a focus on gender-inclusive insights.

- To support the commercial and development objectives of UNCDF private sector partners, KIT will assess the financial needs and preferences of more than 4,000 remittance-sending migrants and their remittance-receiving family members.

Status: Following an assessment of each private sector partner's innovation, market context and readiness, BRAC Bank, eSewa, IME, LUCY, RAK Bank-Edenred, Sentbe, SympliFi and Wizall were selected to go through this research process with KIT. Of these, BRAC Bank, RAK Bank-Edenred and Wizall will undergo comprehensive demand-side research, including data analytics, lean data survey and qualitative behavioural research.

Implementation supported to 30 April 2022.

Butterfly Works and KIT

Qualitative behavioural research for a human-centred design toolkit | The Netherlands

- In partnership with KIT, Butterfly Works is on board to conduct qualitative behavioural research to create a human-centred design (HCD) toolkit that remittance service providers (RSPs) can use to adapt their financial product portfolio to offer more suitable products to migrant households.
- Butterfly Works is a social design studio pioneering the use of co-creation and design thinking in international development, and an innovation, research, technical and HCD partner for social organizations worldwide, creating education and communication solutions for social impact.

Status: The implementation of this project is underway.

Aflatoun

Migrant-centred, gender-responsive digital financial literacy toolkits | The Netherlands

- Aflatoun International will contribute to demand-side research by designing migrant-centred, gender-responsive digital financial literacy toolkits in a modular format—web portal, mobile app, open-source APK file—that can be adopted and deployed by any RSP in a plug-and-play model for its users.
- Aflatoun International is a Netherlands-based non-governmental organization that offers social and financial education to children and young people worldwide, reaching 10.5 million children and young people each year in 108 countries. This NGO creates high-quality curricula that can be contextualized to local needs.

Status: The implementation of this project is underway.

IPA

Impact evaluation of digital remittances on migrants' financial access, usage and resilience | United States

- Innovations for Poverty Action (IPA), in partnership with the University of Michigan, is partnering with the programme to deliver a client-level impact evaluation study with the selected RSP partner, BRAC Bank, to measure the impact of its innovation on the access to and usage of remittances and financial products for both men and women migrants, plus the impact on their resilience.
- IPA is a research and policy non-profit organization with a presence in 22 countries in Africa, Asia and Latin America. By creating and sharing evidence while equipping decision makers to use evidence to reduce poverty, IPA leads the field of development in cutting-edge research, innovation and impact.

Status: BRAC Bank (Bangladesh) has been selected as the RSP partner for the impact evaluation, as the strongest candidate in terms of the product team and its buy-in, the availability of shared transaction data, and the success in scaling up innovation with multiple sending and receiving delivery channels.

Partnership supported to 31 December 2023.

BRAC Bank is the subject of the results highlight in private sector engagements—see page 30.

PwC

Feasibility study for a single customer identification system | Côte d'Ivoire

- To ensure the traceability and security of transactions, the Central Bank of West African States (BCEAO) aims to set up a single system for financial service user identification in the West African Economic and Monetary Union (WAEMU). For migrants and their families, a single system should facilitate the end-to-end digitization of cross-border money transfers and related financial services, reducing the cost of money transfers and stemming transactions via unofficial channels.
- PricewaterhouseCoopers (PwC) will conduct the feasibility study for setting up the single customer identification system.

Status: PwC has compiled a [scoping report](#) providing the detailed phased approach, a project plan, a risk management plan, key deliverables, the project governance structure and a communication plan for the project.

Partnership supported to 30 September 2021.

Dalberg SURL

Inclusive innovation framework | Senegal

- To guide the inclusive innovation—business model, products and services, channels and processes—strategies of RSPs, UNCDF and Dalberg SURL will develop a migrant-centred and gender-responsive framework with three components: (i) templates for assessment of the remittance ecosystem, (ii) guidelines and tools for RSPs and FSPs on inclusive innovation in digital remittances and (iii) templates for road maps on leveraging innovation in the remittance ecosystem.
- Dalberg SURL is a registered company in Senegal, linked to the consultancy Dalberg Group. The framework will be applied and tested in four countries: Bangladesh, Ethiopia, Nepal and Senegal.

Partnership supported to 31 July 2022.

Harvard Kennedy School

Capacity-building and learning course on the future of migrant remittances and financial services | United States

- UNCDF is partnering with the Harvard Kennedy School (HKS) on a new executive education programme targeting three groups of stakeholders: (i) policymakers and regulators from central banks, financial regulatory authorities and telecommunications regulatory bodies, (ii) leaders from RSPs, banks and mobile money providers, and (iii) representatives of think tanks, community-based organizations and other non-governmental actors.
- Participants in the executive education at HKS experience cutting-edge research and dynamic discussions, centred around three themes: innovative public policy problem solving; robust, sustainable and equitable development; and financial services and alternative delivery vehicles for the unbanked and underbanked. Participants will connect with peers and engage with some of the HKS faculty's foremost thinkers in public policy and leadership.

Status: A media release has been posted and formal outreach to the stakeholders for needs assessment and buy-in has been initiated. A dedicated web page has been set up with more information about the programme.⁵

Partnership supported to 31 July 2023.

UNCDF BRINGS ADDITIONALITY TO ENGAGEMENTS

Additionality is a central principle to the engagement of UNCDF with the private sector, including those in the sector acting as thought partners, in collaboration with this Migrant Money programme.

The private sector is playing an unprecedented role in creating and shaping opportunities that improve the lives of the people and communities targeted for support by the UNCDF.

⁵ See: "Migrant Remittances and Financial Services (online)", Harvard Kennedy School (<https://www.hks.harvard.edu/educational-programs/executive-education/migrant-remittances-financial-services>).

Private sources now represent nearly 90 percent of financial flows to developing countries⁶ and the private sector is the driving force behind innovations that solve problems. Yet, as the United Nations agency with the deepest experience of engaging with the private sector, UNCDF is often asked to reflect on what can sometimes be characterized as the public sector subsidizing the private sector. What are we trying to achieve? And what is the most effective path to this achievement?

UNCDF wants the private sector to see people with low incomes as viable remittance customers, and to deliver products that men and women migrants and remittees want and need to achieve their financial goals (and in turn be able to support the communities and economies of their home countries). The private sector players that are in a position to do this may be willing to serve these less profitable customer segments and meet their unique needs, but they may not be willing to invest in the market intelligence that must be gathered, or in the design, development and delivery that is required to achieve relevant and effective products. To overcome this, we should defray some of the expense of serving migrant customers—lest there would often be no clear path to profitability in migrant-centred remittances, and the opportunity for financial inclusion and economic development would be lost.

Additionality is a clearly defined concept that, "simply put, is asking whether a business could and would implement the project anyway, or in the same way, without outside support".⁷ Donor involvement can be additional if it provides:⁸

- Financing not available in the market
- Risk mitigation
- Improved project design
- Better development outcomes
- Additional environmental, social and governance standards.

An investment can be additional because of its financial additionality, non-financial additionality or both. In summary terms, the UNCDF value added to sustainable development through better remittances can be by on-balance sheet investments, by adding value through advisory and technical assistance, or by making off-balance sheet market facilitation and investments—and all three can of course happen at once.

⁶ Carol Adelman, Bryan Schwartz and Elias Riskin, "The index of global philanthropy and remittances 2016", Hudson Institute, Washington, DC, 2016 (<https://s3.amazonaws.com/media.hudson.org/files/publications/201703IndexofGlobalPhilanthropyandRemittances2016.pdf>, accessed 1 September 2021); page 9.

⁷ Melina Heinrich-Fernandes, "New DCED publication: demonstrating additionality in private sector development initiatives—a practical exploration of good practice for challenge funds and other cost-sharing mechanisms", (<https://www.inclusivebusiness.net/ib-voices/new-dced-publication-demonstrating-additionality-private-sector-development-initiatives>, accessed 1 September 2021).

⁸ Charles Kenny and Todd Moss, "What to do when you can't prove DFI additionality", Center for Global Development, Washington DC, 2020 (<https://www.cgdev.org/sites/default/files/Moss-Kenny-DFI-Additionality-Full.pdf>, accessed 4 September 2021).

PROGRAMME LEARNING AND INSIGHTS

financial inclusion, as they continue to catalyse the wider uptake of digital remittances and migrant-centred policies. The previous three sections of this annual report give overviews of the past year of engagements with public and private sector partners, and thought partners, and summarize the key results and learning at the level of these projects. In this section, we summarize key findings at the overall programme level.

This programme has not only succeeded in convening powerful responses to the COVID-19 pandemic's impact on migrants and remittances, but it has also, in the continued commitments and in ramping up some activities to overcome the delays and challenges of the past 12 to 18 months, gained numerous insights from its outreach and engagements—because the structure for learning is built into the foundations of our effort.

The programme has a robust and well-supported set of goals and activities to meet them. Within this clear structure, it has proven agile in responding to events such as the pandemic—

a global crisis that has accelerated some aspects despite inhibiting the timeline of delivery. In the efforts to make remittances work for women and men migrants and to develop the market for the improved benefit of all, we will always aim to take advantage of any opportunities that may arise from unforeseen events, and equally from any insights and developments that may turn out to be more important than envisaged. We also have a robust approach to learning the lessons of any negative experiences.

The nature of our effort and the market development approach mean that this learning and the insights gained all become vital assets. The programme's efforts and partnerships can go on to inform future developments for digital

Keeping remittances flowing into Myanmar

The programme has continued to execute with agility in response to COVID-19—both through high-level policy advocacy and influence at the global and regional levels, and through tenacity amid the crisis at the national and projects levels. It may also need to be nimble at the intervention level with the situation that has arisen in Myanmar in 2021. UNCDF is carefully monitoring and assessing the extent to which our activities can continue in Myanmar, and will continue to report the findings and lessons learned. As remittances to the country face great difficulties at the receiving end, the sending corridors into the country remain important too, and our presence in Myanmar could for example become more focused on the sending economies, in particular the migrant women and men customers remitting from Thailand and South-East Asian economies.

“The more closely and longer we work with our partners, we do realize their fault lines but, more importantly, we are able to work with our partners to become better at discovering these fault lines together, more decisive in acting on them, and more proactive in building practices and taking actions that foster commercial viability and resilience.”

Uloma Ogba

Gender and Learning Specialist, Remittances and Migration Programme

Key insights and lessons learned across the programme’s four workstreams

ENABLING POLICY AND REGULATION



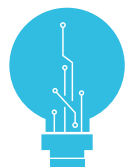
- Country-level engagement with central banks to drive the migration and remittances agenda requires a multipronged approach that simultaneously addresses different areas of these regulators’ needs.
- Regional engagement to reinforce the harmonization initiative benefits from taking opportunities to support country-level strategies. Leveraging these strategy opportunities will also reinforce regional harmonization by informing a common understanding of the challenges experienced by policymakers and regulators.

OPEN DIGITAL PAYMENT ECOSYSTEM



- The challenges in implementing an open digital payment ecosystem are manifold across last-mile digital infrastructure, shared market infrastructure, and open digital infrastructure. Some examples of these challenges:
 - Low availability, for sending and receiving remittances, of access points—including ATMs, merchant point of sale (POS) and cash-in/cash-out agents;
 - Limited access to national payment infrastructures by non-bank remittance service providers (RSPs), such as mobile network operator (MNOs), money transfer operators (MTOs) and fintechs;
 - Limited interoperability for key retail payment systems—including POS and mobile money;
 - Low levels of connectivity with local, regional and international hubs and gateways as well as with multilateral payment platforms.

INCLUSIVE INNOVATION



- Providing guidance to partners and nurturing regular dialogue are key aspects to the relationship-building needed to create viable and sustainable projects.
- It is important to make the visibility of women migrant customers an explicit issue, or men will otherwise remain the default customer group in partners’ decisions, whether intentionally or not.
- Having multiple partners means a variety of business realities, market contexts and paces of innovation: one-size does not fit all. A well-stocked toolbox is therefore a must-have to deliver on the technical assistance needs of diverse partners.

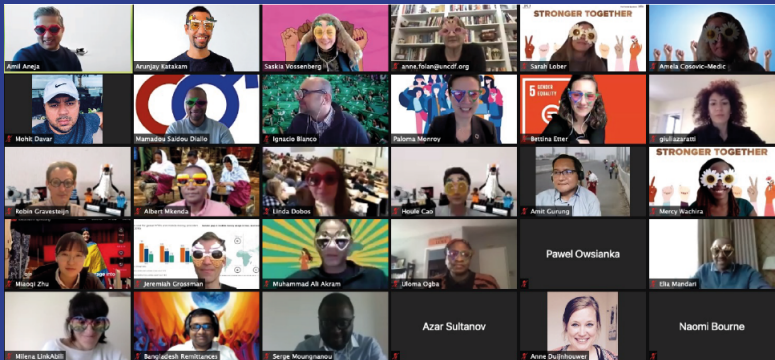
EMPOWERED CUSTOMERS



- Empowerment goes beyond building customers’ financial and digital skills. For migrant women and men to send and receive remittances digitally and to take up linked products, they also need to be given voices, choices and control over financial services.
- Partners want to explore innovative, technology-enabled ways to collect and analyse sex-disaggregated data.
- It is important to see through the lens of customer retention and growth in helping partners to make this link to investing in financial education and user experience.

Gender mainstreaming workshop

Here the UNCDF team is seen at the start of the programme’s journey to mainstream gender. Look closely at this capture of a workshop video conference and you’ll see that we’re literally putting on our ‘gender lenses’.



This workshop marked the moment in the past year of the programme when we would—in all that we do from that point onwards—uncover and make visible the fact that women migrants, because of their gender, can face additional risks and constraints when accessing and using financial services.

Men and women migrants can have different preferences, needs and behaviours when they remit. Also, wearing our gender lenses, we can see that women and men migrants have different and changing goals, depending on where they are in their life or their position in the family and labour market.

Our gender glasses are a metaphor, but a powerful one that helps the people working in the programme, plus the many partners who work with us, to analyse, identify, prioritize and tackle gendered constraints to financial inclusion.

PROGRAMME MANAGEMENT

Global team

Our team started as a group of highly skilled individuals from all corners of the world and a wide range of industries. Through the journey of implementing the programme management systems and tools, we are a group connected by common goals and ways of working.

Throughout the past year, we have invested time and effort in establishing the values, processes and tools needed for a globally distributed virtual team for UNCDF Migration and Remittances. We have focused on building an inclusive digital workspace that fosters trust, collaboration and well-being and harnesses our diversity towards delivering the highest quality of work.



Members of the team meeting for lunch during a busy New York week for the UN General Assembly (UNGA) 2021

Results measurement

UNCDF is following a market systems development approach in this programme. Rather than working directly with end beneficiaries, this approach is facilitative, partnering with public and private sector stakeholders to mobilize resources, ensure ownership and deliver change. The indirect nature of the market systems development approach means it is important for effective learning and adaptive management to continually monitor and track progress.

Results measurement is thus a critical component of our efforts. The strategy also lists the sources of data used to follow progress and measure impact, including data entered by staff themselves using LORI forms to log learning, observations, risks and issues. Reflection and learning are also formally structured so that findings are not only made but analysed for action too.

Improvements to programme reporting

A short note concerning administration: the importance of successfully delivering the programme's reporting requirements has, however, been onerous, with the need for quarterly, semi-annual and annual reporting, but:

- The present annual report itself is one of the solutions towards streamlining the reporting;
- The quarterly reporting submitted a month following each quarter provides an overview of activities and learnings;
- Further efficiency comes in the form of more direct reporting to donors and stakeholders with the establishment of enterprise and programming reporting dashboards.

Through these dashboards, the reporting requirements are becoming decentralized; and it will be easier for donors, partners and other key stakeholders to access updates independently and more regularly.

APPLYING MIGRANT-CENTRED RESEARCH, DATA AND LEARNING STRATEGIES

The section on page 51 detailing the priorities for the year ahead includes an introduction to the learning, insights and research agenda that will be developed further in 2021–2022. This strategy will help to improve our understanding of how men and women migrant customers shift to digital remittances.

MAINSTREAMING GENDER FOR FULL MIGRANT-CENTRED DIGITAL FINANCIAL INCLUSION

Finally, in this annual summary of the learning and insights gained, gender mainstreaming has warranted high priority in the past year to the end of June 2021—and continues to be a major focus that intertwines all the four workstreams. The team's efforts to now fully integrate this 'gender lens' will improve the results of learning how policies and products can improve remittances and their linked digital financial products—to enhance the full financial inclusion of both women and men migrants, rather than otherwise potentially hindering the progress. A fuller introduction to this integration and these aims is given in the Priorities section.

PROGRAMME OUTREACH



15

Blogs and Op/Eds



10

Press releases



1

Videos and media interviews



5

Working papers



9

Policy briefs and diagnostics



5

Country monitors



45

External trainings
and workshops


48

Internal team presentations



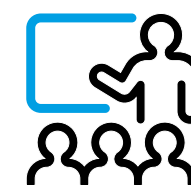
9

Events and speaking engagements

From the individual sets of learning and insights structured for formal collection and analysis during our internal deliberations and external engagements, to the findings of our higher-level learning, the outreach and advocacy agenda is fed by this evidence-based approach. In short, we engage in dialogue and action—internally and externally—listen to findings, facilitate discussions among partners and practitioners, and evolve strategies accordingly. We then champion and transform digital financial inclusion in a way that is migrant-centred, gender-responsive and sustainable in least developed countries.

COMMUNICATIONS STRATEGY

Our comprehensive communications strategy was presented during the investment committee meeting in September 2020 and endorsed by its members, including the Swiss Agency for Development and Cooperation (SDC) and by the Swedish International Development Cooperation Agency (Sida). The strategy's messaging and positioning platform makes the migrant-centred, integrated approach—how it works, how it is different, and why it is so important—accessible and compelling. These messages are reflected throughout our communications, aligned to the following four strategic communications objectives.



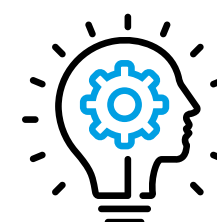
Inform

At the intersection of micro and macroeconomics, remittances are a national, regional and global policy issue and strong information flows will help to bring together numerous stakeholders.



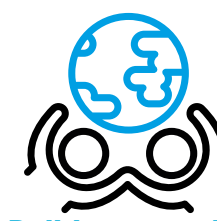
Position

The focus is on migrants rather than migration; wherever there are migrants, there will be a need to send and receive money, and making this process safer and more accessible, affordable and convenient is in everyone's best interests.



**Engage, and catalyse
action**

The COVID-19 pandemic has shown that necessity is the driver of innovation and that everyone has a role to play, but everyone also needs to be able to see how they can contribute to the bigger picture.

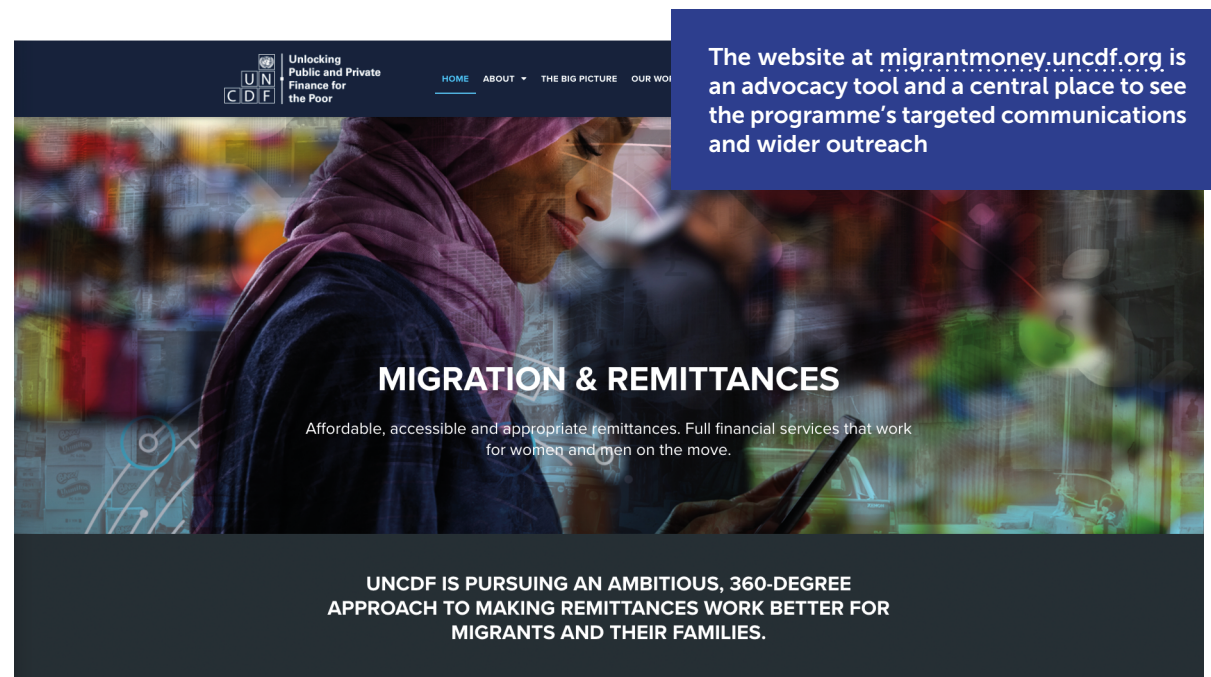


Build community

Policymakers and providers can, via platforms for learning and mutual support, develop vital knowledge among themselves, but also carry these lessons and productive messages out into the wider world.

Digital communications

Leading the digitization of remittances, the programme contributes to the UNCDF goal of leaving no one behind in the digital era. The team's approach to its work and to its data, research and learning is also digital. In these digital times, our communication activities are equally in tune. But whether through the powerful means of communication and engagement achieved via outreach, advocacy, partnerships and established media, or through our digital channels, our strategy is to lead the narrative, build a community and mobilize change.



The digital channels we use include simple email and other forms of direct messaging but also conversations in electronic forums and the use of social media—including widely used platforms such as Twitter and Facebook and the more professionally focused channels like LinkedIn. The power of search, paid search included, is also harnessed by the programme, including to reach users of platforms such as YouTube and Instagram.

The central digital resource for our work is the Migrant Money website hosted by UNCDF at migrantmoney.uncdf.org. This is a cleanly effective online destination delivering key messages in our goals for migrant-centred remittances and inclusive digital economies. In summarizing the core facets of our work and giving easy-to-read and easy-to-access messages of advocacy, the website is a useful tool for building awareness in support of greater financial inclusion, resilience and equality. And because our digital communications strategy applies across the ecosystem of social media and other digital contact points, key people among the wider net of interested stakeholders can be attracted to use this website resource.

Our central online presence makes gaining a quick understanding of the ambitious and complex effort easy. Added to these communication purposes, the website is also available to anyone who wishes to understand and support migrant-centred remittances and inclusive digitization for sustainable development—through access to the publications, briefs, webinars and more regularly being produced by the programme. The site is an asset for us and our collaborators to refer to during the digital connections we make, for example people who

can advocate the effort's ethos, aims and activities. Added to gaining direct access via links, people can simply search "migrant money UNCDF" or "UNCDF migration and remittances".

Advocacy agenda

In developing our messages, for both digital and non-digital dissemination, we go beyond one-way communication that would fail to understand and engage its audiences and instead use dialogue that is led by the needs of the people we aim to inform and influence, and by the women and men migrants on behalf of whom we advocate. We inform this dialogue through the data and research participation of beneficiaries and stakeholders, through our partnership engagements, and through technology. This research and listening, including through digital technologies,⁹ is in tune with the approach we support for our partners—remittance service providers (RSPs), for example—to listen to their markets. UNCDF technical assistance on data and research to help RSPs develop products that are migrant-centred and gender-responsive includes social listening to explore customer barriers, satisfaction and complaints.

Our advocacy is structured yet responsive. Our advocacy on remittances and linked products has already proven responsive in the past year—including to respond nimbly and influentially to the opportunity and necessity to accelerate digitization, as urged on by the COVID-19 pandemic.

One example of the further success of this approach in the past year has been the continued advancement of the development case to keep remittances flowing¹⁰ after the Governments of Switzerland and the United Kingdom joined forces during the most acute part of the pandemic to rally other governments, United Nations agencies and other multilateral organizations, industry partners, and civil society around a call to action. Our UNCDF programme was instrumental in this influential effort.

The coming year will see advocacy that also moves with the migration and remittances context and the market development being led by this UNCDF programme itself.

To summarize the current advocacy agenda, the centrality of access to affordable finance for women and men migrants—and not migration issues being the focus—continues to be the core concern.

Alongside the innovations to make policies and products migrant-centred and gender-responsive, financial inclusion stakeholders are increasingly recognizing working migrant women and men as a priority segment, sometimes designing segment-specific strategies to make remittances more accessible and affordable. But while the digitization agenda has achieved a sense of urgency, and ad hoc digital innovations are under way among RSPs, these efforts are for the most part proceeding in a siloed way, as are many of the various

⁹ All research, including the use of anonymized analytics data, social media research, and so on, is undertaken within the frameworks of the programme's ethics and principles, and in compliance with tools such as the United Nations "Risk, Harms and Benefits Assessment Tool" for data privacy, ethics and data protection compliance (available at <https://www.unglobalpulse.org/policy/risk-assessment>).

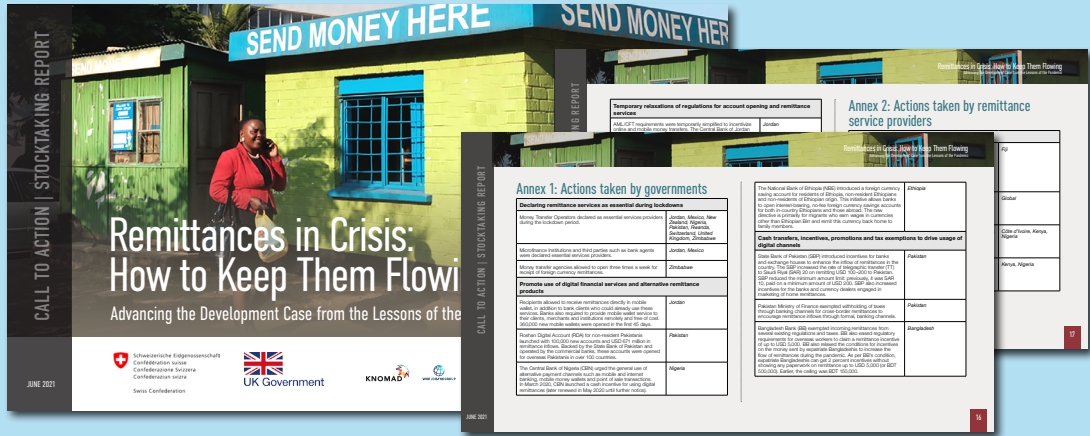
¹⁰ "Remittances in crisis: how to keep them flowing advancing the development case from the lessons of the pandemic" (stocktaking paper), KNOMAD, Washington DC, 2021 (<https://www.knomad.org/covid-19-remittances-call-to-action>, accessed 11 September 2021).

Remittances in Crisis: How to keep them flowing

Call to Action report, June 2021

The Call to Action was launched in May 2020 in response to the emergence of the COVID-19 pandemic and the World Bank’s projection of a global 20 percent decline in remittances. This report, released in June 2021, marks the first anniversary of the Call to Action and notes its achievements: for example, in response to the first of its recommendations, nine countries classified remittances as essential services exempt from lockdown restrictions. The report also describes how the lessons of the pandemic can advance the development case for shifting remittances towards digital channels

See the [Call to Action report](#).



policy diagnostics and reforms also being initiated in both remittance sending and receiving countries.

The programme, with the unique convening influence and technical capacity provided by UNCDF, counters this siloed approach by integrating its four workstreams to transform public policy at global, regional and national levels, to make systems interoperable, and to innovate products and services that truly meet the needs of women and men migrant remittance customers. This is because remittances will never achieve their full potential unless work proceeds on all fronts at once, in a sustained, systematic, and globally and regionally coordinated effort. The earlier sections setting out the results of the engagement projects with public, private and thought partners show the early fruits of the integrated, holistic market development approach of the programme. Yet the wider migration and remittances agenda we aim to lead remains to be influenced and transformed beyond these activities—and this is exactly where our advocacy agenda and our outreach and communications activities become so important.

PRIORITIES

Towards economic inclusion, financial resilience and reduced inequality, UNCDF aims to support at least 1 million migrants and beneficiaries by 2023. To ensure that women and men migrants benefit equally, we must mainstream gender across all our activities.

The following initiatives summarized in this section are established as priority areas of activity for the year ahead:

- A. Gender mainstreaming and the Gender Co-Lab
- B. Data Collaborative
- C. Advocacy Collaborative
- D. Cross-border interoperability
- E. Micro-savings and investment
- F. Insurance and Pension
- G. Learning agenda and focus note

Of major importance to the programme, and across all its workstreams and activities, is the gender lens. The integration of this lens, listed above as priority A, means we will make it a main concern over the coming year to fully mainstream gender into activities, partnerships and engagements as well as advocacy. The lens—created as a way to ensure remittances are gender-responsive, and financial empowerment fully inclusive—is a key strategy. So too is the programme’s aim for its Gender Co-Lab in the year ahead, a consolidating forum that could gradually become an industry-wide platform. This priorities section introduces the gender priority further.

Priorities B and C aim to maximize and optimize data and research tools and efforts—as we continue to lead the development of remittances and financial services that work better for migrants, and as we work harder and wider on advocacy—are also introduced below in this overview of priorities.

Priority D establishes our position to address a key regulatory and industry issue on payment interoperability—the need to overcome the technical barriers to the end-to-end digitization of remittances. Priorities E and F are core opportunities in the three tenets of inclusive digital remittances, where one is access, two is usage and three is resilience. Making savings,

insurance and pension products accessible and attractive to the needs of women and men migrants is a means to increasing their financial resilience.

Finally, priority G allows us to reflect and pursue the learnings from our work across different levels of inquiry. It identifies persistent knowledge gaps that need to be addressed if we are to understand how, where and why digital remittances impact the lives of men and women migrants and their families and their journeys towards financial resilience, control, and freedom over their lives. It highlights the hurdles that research methodology can pose in addressing knowledge gaps, and it points to new research initiatives that can improve our ability to answer our questions while also inviting multilaterals, academia, development partners, public and private sector stakeholders to answer these questions together.

GENDER COLLABORATIVE

The programme gender mainstreaming strategy is a well-developed, evolving strategy that interweaves the workstreams and feeds into all engagements with partners, helping to inform innovations and practices. Applying this gender lens is a priority for the year ahead, and means actively engaging stakeholders in gender responsiveness through the course of our activities (see box, The gender lens explained: understanding gender biases in remittances). Policymakers, regulators, investors, fintechs and financial service providers will thereby fully realize the value of gender investment and gain capacities to genuinely meet the needs for female inclusion in products and policies.

The Gender Collaborative is a key initiative that will be instrumental in developing these efforts to mainstream gender over the coming year. The Gender Co-Lab is a flexible space giving tailored and targeted capacity-building and technical support to teams working across our effort, while also inviting stakeholders from private sector, public sector, and multilaterals who are pursuing gender mainstreaming in financial services.

“Mainstreaming gender into a programme really is a journey, whereby the road map to reaching our destination matters most. In all that we do, we look for and make visible that women migrants, because of their gender, can face additional risks and constraints when accessing and using financial services. And, that men and women migrants can have different preferences, needs and behaviours when they remit.”

Saskia Vossenber

Gender Lead, Migration and Remittances
Programme, UNCDF



The gender lens explained: understanding gender biases in remittances

Remittances will never achieve their full potential unless they are seen through the lens of gender, which means acknowledging that remittance patterns are gendered, and that women and men migrants live different economic and social realities.

To ensure we innovate digital remittance solutions that work for both men and women on the move, UNCDF has integrated gender into the programme. We deliberately explore and identify gender biases and discriminatory practices embedded and reproduced in remittance policies, value chains and business models.

Wherever possible, we promote good practices, frameworks, methods and activities that contribute to redressing gender biases and ensuring that women migrant customers can fully access, use and benefit from digital remittance channels, both as consumers and as builders of inclusive digital economies. In addition, we conduct gender analyses that are able to challenge harmful gender norms, and we collect sex-disaggregated data in supply- and demand-side market research and policy analyses.

Integrating a gender lens is as good for sustainable development and the financial and remittances ecosystem as it is for women and men sending and receiving. We expect that ensuring gender-responsive remittance customer journeys will create business value for service providers along the value chain—through diversified client bases and revenue channels, cross-selling opportunities, additional liquidity and enhanced customer retention and market reputation.

DATA COLLABORATIVE

Through data collaboration with remittance service providers (RSPs) and central banks, the programme's technical approach for data and research aims to fill gaps. It will monitor the growth of remittance inflows and impacts on financial inclusion and resilience by collecting supply-side transaction data from RSPs and gathering insights from demand-side migrant and recipient data, while supporting the efforts of regulators to capture and analyse transaction-level data, especially from non-banking financial institutions.

With an aim to identify and measure public policy and business cases for formalizing remittances from cash-based (and informal flows) towards digital channels, the research convened with the industry stakeholders will combine supply-side remittance transaction data with macro-economic data to better estimate the informal remittance markets while creating use-cases for better adoption of digital remittance and financial products.

ADVOCACY COLLABORATIVE

We aim to formalize an advocacy collaborative that would strengthen the programme's existing outreach taking place through its widening networks and ongoing dialogue, engagement and far-reaching communications. Building on the outreach achievements by further strengthening and formalizing dialogue with our implementation partners, multilaterals and governments, for example, will help to structure continued efforts to advocate migrant-centred digital inclusion and the remittances agenda.

With the Advocacy Co-Lab in place, the programme will provide an effective hub for deepening and widening this communication, engagement and advocacy. This will help to ensure—just as we seed and help to develop products and policies that can be scaled up sustainably and inclusively—that our outreach and advocacy can also continue to be insightful, relevant and transformative to this agenda.

CROSS-BORDER INTEROPERABILITY

UNCDF is driving efforts towards an open, regulated global payments network specifically designed for low-value international remittances, to address the needs of migrants around the world. In our activities on open digital payments systems, we work to understand the importance of digital cross-border payments as the basis for gender-responsive remittance services. We advocate interoperability and lower costs as ways to lower the barriers to entry and experimentation and to incentivize merchants to join the system en masse. This will benefit everyone, but especially women customers, since studies indicate that they pay more in fees and appear to be more sensitive to price. It will also lead to more convenience and new kinds of more specialized remittance products that meet women and men migrants' specific needs.

An open regulated global payments network, run by a neutral trusted entity, will significantly speed up total interoperability, reduce the cost of transactions and provide users with an easy way to transfer money digitally. This global network would be open to any regulated RSP transacting domestically or internationally.

Today though, global payments are not interoperable. It is not possible to send money from one network to another, for example, Western Union to MoneyGram. Currently, RSPs receive money in the origin country and then pay it out from a prefunded bank account in the destination country. To do this, whether via SWIFT or direct API connectivity, the integration is painful, time consuming and expensive. Imagine a new email provider having to build the network to connect to Gmail, Microsoft Exchange, AOL and hundreds of email providers. This is the state of play in cross-border remittances. A single, open, regulated global payments network will provide the simple point of integration needed. In summary, there is the need for:

- a. A neutral entity to run this interoperable infrastructure
- b. The use of phone numbers as account identifiers
- c. An ecosystem to be built, with central banks linking to local banks
- d. A reduction in the number of intermediaries involved in transactions
- e. Faster and more transparent settlements.

In short, an open global network will allow any RSP to send money to anyone, anywhere on the network. We have developed an exploratory paper on interoperability—available now as a draft, see [‘Open regulated global payments network’](#).

MICRO-SAVINGS AND INVESTMENT

Migrant-centred financial products are vital to reducing the vulnerability of men and women on the move working in the global labour markets that are becoming increasingly fluid. Giving low-earning customers access to savings products that are migrant-centred is a first step towards improving their financial resilience, and particularly for remittees at home. Savings products have not always, however, been aligned with the right incentives for migrants and their families to save more and for governments and the private sector to direct the savings into productive investments.

In a new initiative aiming to overcome such obstacles, UNCDF is working with a range of stakeholders to help structure migrant-centred micro-savings bonds, or M-savings bonds. These products seek to enhance financial inclusion for migrants and their families by enabling subscriptions for small amounts that can build savings and investments to support economic development in remittance-receiving countries. The minimum subscription amounts for most bonds and bills are barriers to uptake, adding to the difficulties of low financial literacy and a lack of access to suitable platforms. To address these barriers, M-savings bonds are structured to enable subscription across mobile networks and, as migrant-centred products that leverage mobile money, they have the potential to attract the mass participation of migrant senders and remittees into the financial system.

M-savings bonds could be scaled up through issuance by governments and both public institutions and private companies. With great potential to help with achieving targets for financial inclusion, leveraging mobile money platforms to attract migrant customers’ participation will bring more activity, liquidity and vibrancy into the financial sector.

MIGRANT-CENTRED INSURANCE AND PENSIONS

The nature of work has changed dramatically in the past few decades. Globalization, climate change, and perhaps most of all, the technology revolution, have all converged to create a world where fewer people stay in one place working a steady job and more people pursue multiple opportunities. For hundreds of millions of people, those opportunities involve living abroad for some portion of their working years. Even when moving for work is the smart decision, migration can mean income volatility, uncertainty and insecurity. The same financial products which at home could help reduce vulnerability—liquid savings, lines of credit, insurance, pension, etc.—are seldom easy to access outside one’s home country. (And for low-income people, often not there, either.) This market failure is startling, considering how common migration is, how long-standing the trend, and how many economies, in both migrant-sending and -receiving countries, depend on it.

The effort aims to facilitate better cover social protection—insurance and pension—needs of migrants. Connecting insights from national insurance and pension policy to the migrant experience, the engagement focuses on setting up partnerships with all the key players to create an eco-system that will work most effectively for the different circumstances of migrants—reflecting the strengths and weaknesses in current home and host country insurance and pension systems, the efficiency of different remittance corridors and the potential for digital innovations in all aspects of the value chain to improve on current provision. These innovations create new markets and products which would previously be impossible without improvements in financial inclusion.

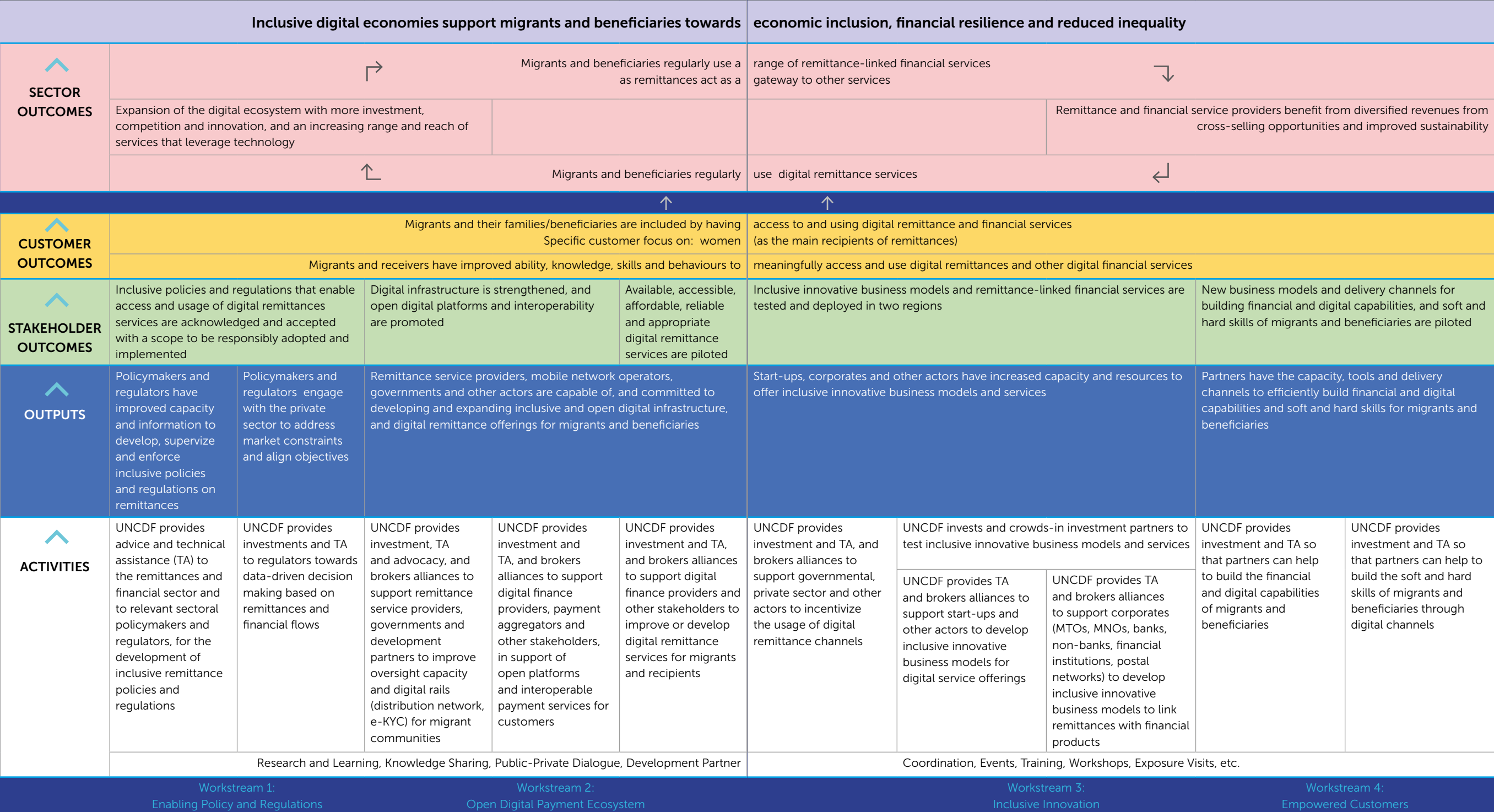
LEARNING AGENDA AND FOCUS NOTE

By improving our understanding of the impact of digital remittances on the financial resilience and financial inclusion of migrants and their families, we can better predict where, when and for whom changes in policy and industry practice can generate positive results. By improving our understanding of how men and women migrant customers make the shift from cash-based to digital remittances, we can also better predict how innovation would be most effective, and adjust priorities accordingly.

Building on the findings of our implementation work and gaps highlighted by a literature review, the programme has developed a draft learning agenda and focus note.

During the first half of the year ahead, the team will focus on iterating this ‘living’ process further—the learning agenda is a dynamic organizational tool that is both flexible and scalable over the timespan of our initiatives. It will continue to be maintained and updated for ongoing relevance and applicability.

PROGRAMME
THEORY OF
CHANGE



ABBREVIATIONS

These abbreviations are commonly used by the programme.

2030 Agenda	United Nations 2030 Agenda for Sustainable Development	IOM	International Organization for Migration
AMIFA	Atlantic Microfinance for Africa	IPA	Innovations for Poverty Action
AML/CFT	anti-money-laundering/countering the financing of terrorism	ITRS	international transactions reporting system
APBEF	Professional Associations of Banks and Financial Institutions	KIT	Royal Tropical Institute
API	application programming interface	KPI	key performance indicator
APSP	Professional Associations of Decentralized Financial Systems	KYC	know your customer
BCEAO	Banque Centrale des États de l’Afrique de l’Ouest (Central Bank of West African States)	LORI	learning, observations, risks and issues
BIS	Bank of International Settlements	MFI	microfinance institution
CPMI	Committee on Payments and Market Infrastructures (Bank of International Settlements)	MFS	mobile financial service
BOP	balance of payments	MNO	mobile network operator
BTCA	Better Than Cash Alliance	MPFA	Migration Policy Framework for Africa
CEMAC	Central African Economic and Monetary Community	M-savings	micro-savings bonds
COE	Central Operating Entity	bonds	
CREPMF	Regional Council for Public Savings and Financial Markets	MSB	money service business
ECCAS	Economic Community of Central African States (French name: <i>Communauté économique des États de l’Afrique centrale</i> , CEEAC)	MSMEs	micro, small and medium enterprises
ECOWAS	Economic Community of West African States	MTO	money transfer operator
e-KYC	electronic know your customer	NBE	National Bank of Ethiopia
ECOSOC	United Nations Economic and Social Council	NDA	non-disclosure agreement
EPoD	Evidence for Policy Design	ODA	official development assistance
FEMoS	foreign exchange monitoring system	POS	point of sale
FDI	foreign direct investment	PSP	payment service provider
FSB	Financial Stability Board	PwC	PricewaterhouseCoopers
FSP	financial service provider	REC	regional economic community
GDP	gross domestic product	RMT	RAKMoneyTransfer
GCM	Global Compact for Safe, Orderly and Regular Migration	RSP	remittance service provider
GDPR	General Data Protection Regulation	regtech	regulatory technology
HCD	human-centred design	SDC	Swiss Agency for Development and Cooperation
HKS	Harvard Kennedy School	SDG	Sustainable Development Goal
IAMTN	International Association of Money Transfer Networks	Sida	Swedish International Development Cooperation Agency
IGAD	Intergovernmental Authority on Development	ToC	theory of change
IMF	International Monetary Fund	UAE	United Arab Emirates
IVR	interactive voice response	UBA	United Bank of Africa
		UI	user interface
		UNCDF	United Nations Capital Development Fund
		UNDESA	United Nations Department of Economic and Social Affairs
		UNDG	United Nations Development Group
		UNDP	United Nations Development Programme
		UX	user experience
		WAEMU	West African Economic and Monetary Union
		WPS	Wage Protection System

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 (SDGs) 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 SDGs. UNCDF will apply a market development approach and continuously seek to address underlying market dysfunctions

THE UN CAPITAL DEVELOPMENT FUND

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 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.