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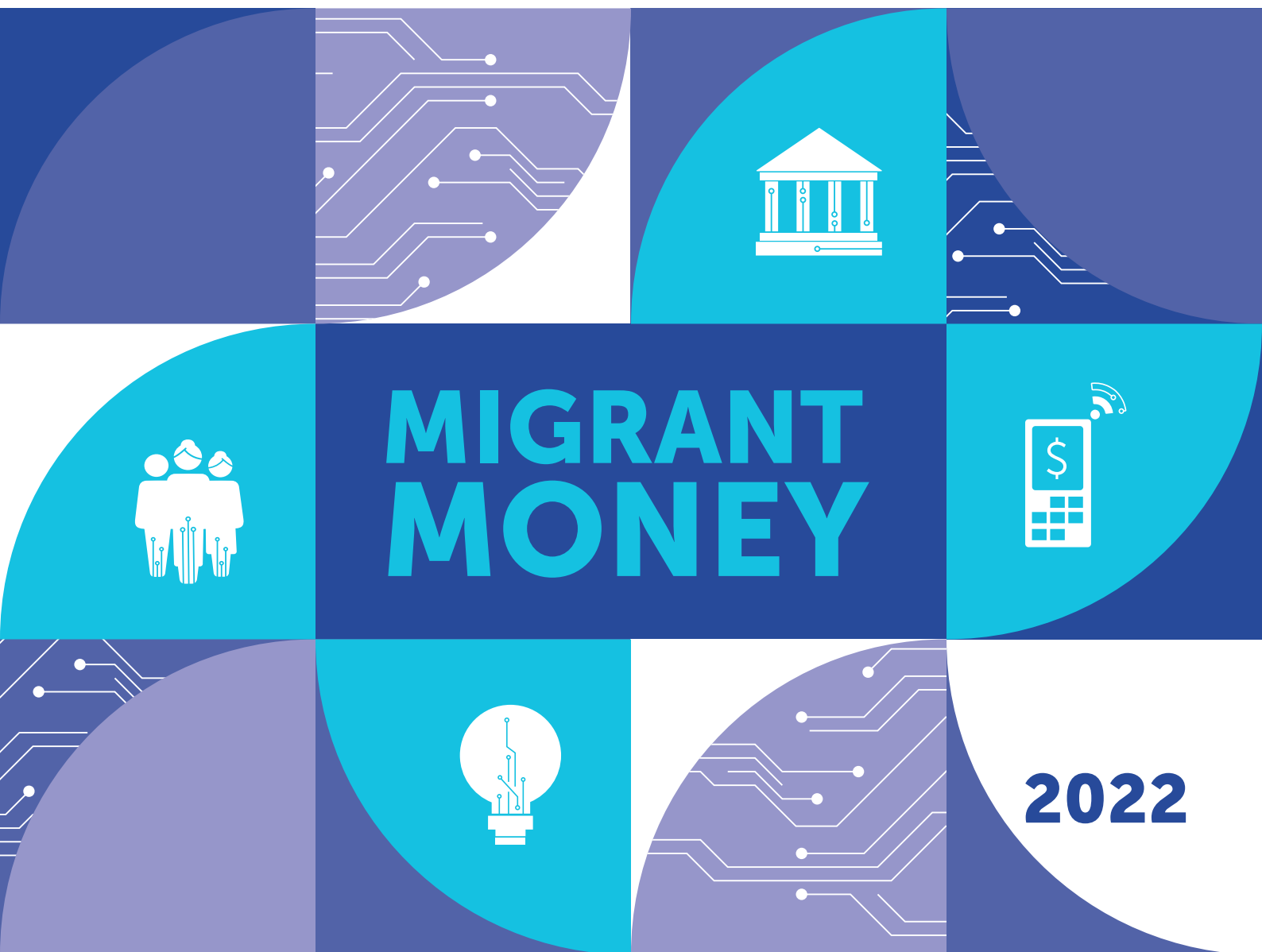
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Beyond sending money back home:
remittances and migrant-centred sustainable development

MIGRATION AND REMITTANCES



1 July 2021 – 30 June 2022

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On behalf especially of the migrant women and men customers originating and receiving remittances, and their wider communities in least developed countries, the United Nations Capital Development Fund (UNCDF) Migration and Remittances 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 2022

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

UNCDF MIGRATION AND REMITTANCES PROGRAMME

1 July 2021 – 30 June 2022

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migrantmoney.uncdf.org/publications



“Modern finance has always emphasized the importance of the citizen as customer, saver, investor and, indeed, as political actor. In other words, an active participant in the functions of the modern financial system. Yet, the migrant has always been perceived as being outside of such financial functions. As opposed to being active participants in the financial system, migrants are viewed as being served by, or even subject to, these functions of finance. For the billion people who are dependent on ‘migrant money’, this could very well be catastrophic.

“Digitization can open the way to the migrant becoming a far more active participant in the financial system—in both host and home countries. Access to financial services is a key part of this change, but it is only a stepping stone to deeper involvement. As new technologies reinforce the idea that individuals should play a greater foundational role in their local economies and exert more control over their economic identities, the digital ecosystem of the future—identification, data and financial services—enabled by risk-based policies and regulations must empower migrants to make the most of their talents; to do so for their own benefit, as well as the benefit of their families and their host countries.”

Henri Dommel

Director, Inclusive Finance, UNCDF

EXECUTIVE SUMMARY

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. Roughly 4 percent of the total global population lived and worked outside their home countries in 2021. Over 85 percent were economic or voluntary migrants. For hundreds of millions of migrants, even when the opportunity to live abroad for some portion of their working years seems a smart decision, it can mean income volatility, uncertainty and insecurity. This is particularly true for migrants in irregular situations, migrant workers with precarious livelihoods and those working in the informal economy.

THE CASE FOR MIGRANT MONEY

Wherever their home or host countries, for most migrants, having access to affordable finance is a major priority. Their families may depend on remitted money to meet basic needs, or they may intend to save it up to build a house, buy land, launch a business, get a degree or achieve some other longer-term goal. The same financial products that at home could help to reduce vulnerability—such as liquid savings, lines of credit, insurance and pensions—are seldom easy, however, to access outside one's home country, and, for people with low incomes, often not there at all.

Modern finance has always emphasized the importance of the citizen as customer, saver, investor and indeed as a political actor. Yet, in this case, a migrant has been conceived of as being outside of the functions of the financial system, served by and subject to it rather than being an active participant. For the billion people who are dependent on 'migrant money', this could be catastrophic.

Digitization can open the way to the migrant becoming a far more active participant in the financial system—in both host and home countries. Access to financial services is a key part of this change, but it is only a stepping stone to greater involvement. As new technologies reinforce the idea that individuals should play a greater foundational role in their local economies and exert more control over their economic identities, the digital ecosystem of the future—identification, data and financial services—enabled by risk-based policies and regulations must be empowering for migrants to make the most of their talents, for the benefit of themselves, their families and their host countries.

As the demand for employment may adjust more frequently with the supply, the digital ecosystem of the future for migrants should also offer them the possibility to understand the resultant variability of income streams, the change in expense flows and assets and the portability of financial products and services, supporting income smoothing and coping with emergencies. Financial products and services such as payments, deposit savings, insurance, credit and pensions—adapted to the needs of migrants—will be critical to increasing the capacity of migrant families to accumulate assets and invest in livelihood opportunities. But the key to transforming the financial lives of migrants begins from the first transaction in the migrant money experience, an experience as universal as migration itself: remittances.

Every year, about 281 million people around the globe send over US\$600 billion as remittances to families in low- and middle-income countries. This money often serves as the primary income source for the migrants' families and is used for varied purposes, including health, nutrition, household consumption, emergencies, and as an investment for future needs, playing a vital role in the financial development of migrant families. Even migrants who lack every other conceivable form of financial service—who have no current or savings account or access to credit or insurance—will, no matter what, find a way to send money to the family.

Despite the importance of remittances, they have remained stuck in a couple of inefficient models. Most formal remittances are over-the-counter, cash-in/cash-out transactions. The migrant earns wages or a salary in the local currency of their host country. They take some of this cash to a money transfer outlet and pay a hefty fee to send it to family back home. The family gets word that the money has been sent, and someone goes to the closest money transfer outlet (which is often not particularly close), pays another hefty fee (whether explicit transaction cost or deliberately implicit foreign exchange spread), and receives the remittance as cash in the local currency. This is all an expensive, inconvenient and inefficient hassle.

For reasons such as these, so many migrants resort to the unregulated networks that are ubiquitous in many countries. These have also been linked to money laundering and the financing of terrorism, human trafficking and other abuses. Even where there is no connection to criminal activity, informal remittance flows distort the financial picture in harmful ways for developing countries, making a receiving country's balance of payments appear less favourable than it actually is, harming the sovereign credit rating and making it harder and more expensive for the country to finance the kinds of large-scale initiatives it needs to develop.

Our work therefore starts from understanding the issue at hand. At the moment, remittances are subject to inconsistent policy considerations within a country across regulators and line ministries, often differing or contradictory regulations between countries, varied degrees of development in the infrastructure around payments and settlements, distinct licensing requirements for who can be in the money transfer business, unique requirements for acceptable forms of identification for senders and receivers, and many other disconnects. All these challenges around remittances—the inefficiency of over-the-counter models, the persistence of unregulated informal flows, the transaction costs—require country, regional and multilateral cooperation among both the public and private sectors to be able to step away from these complexities and contradictions and towards a coherent framework that can allow migrant money to flourish.

UNCDF proposes a reimagining of migrant money in a way that unlocks its true power—as much more than just a way to move funds from point A to point B, and in fact as an on-ramp to full financial inclusion for that 4 percent of the globe’s people. After all, all of our work in this area is informed by UNCDF’s overarching mandate: access to inclusive financial systems for low-income people worldwide. With the support of the Swiss Agency for Development and Cooperation (SDC) and the Swedish International Development Cooperation Agency (Sida), the work of our Migration and Remittances Programme, summarized in this annual report, has engaged partners in the public and private sectors at the global level (multilaterals, standard-setting bodies and global money transfer operators), regional level (regional economic communities and monetary unions) and country level (line ministries, regulators and financial institutions) to address constraints at the ecosystem, institution and product levels. This aims to transform the policy, regulatory and innovation landscapes and thus to start truly meeting the needs of migrants and their families by overcoming all the above obstacles.

OVERALL PROGRAMME CONTRIBUTION AND 2022 DELIVERY

The Migration and Remittances Programme is part of UNCDF’s inclusive digital economies (IDE) practice of Leaving No One Behind in the Digital Era (LNOB) strategy, which is based on over two decades of UNCDF experience in facilitating access to affordable finance to low-income people, especially through digital channels, in Africa, Asia and the Pacific. This vision is vital to promoting digital financial inclusion towards the Sustainable Development Goals (SDGs), 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 and SDG17 calls for improving the volume of remittances as a proportion of GDP. 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 so, we operate in four interlinked workstreams: (i) enabling policy and regulations, (ii) open digital payment ecosystem, (iii) inclusive innovation, and (iv) empowered customers. Our core strategies are embedded across those 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. With a presence in more than 40 countries, delivery by the end of December 2021, for the period January to December, had reached 100 percent on the activities supported by SDC, and 99 percent on those supported by Sida. Reaching those targets is the result of coordinated team efforts and close alignment with selected partners across the globe. With these partners on board and the team’s continued focus on implementation and providing tailored technical assistance, spending across all the activities ramped up in the first six months of 2022, to exceed the total spend for the same period in 2021—11 percent more than in 2021 on the activities supported by SDC, and 28 percent more than in 2021 on those supported by Sida.

For the SDC-supported activities, this half-year expenditure in 2022 was \$1,307,489, or 41 percent of the planned \$3,193,083 budget for 2022. For the Sida-supported interventions,

the 2022 six-month figure was \$1,992,956, or 58 percent of the planned \$3,441,698 budget for 2022. We have also signed performance-based agreements with a total of 14 partners across the programme since June 2020, with the grant values totalling more than \$3.2 million.

Furthermore, with the support from SDC, a new set of activities to further scale up the usage and financial resilience efforts—digitization of wage payments, migrant insurance and pension—has been initiated in March 2022, delivering 15 percent of the total \$1,267,920 budget for 2022. The team for the pilot phase is fully on board, as per the planned structure and the continued activities in support of the selected partners, to leverage the global presence of wage payment service providers, insurance conglomerates, reinsurers and pension fund managers for the integration of migrant insurance and pensions into existing remittance channels, starting from the transition of wages from cash to digital. (See Annex 7 for a full funding and delivery overview.)

OUR PUBLIC-SECTOR ENGAGEMENTS

Public-sector engagements are vital: migrant money is by definition cross-border, so co-operation globally, bilaterally and regionally is a pressing need, to facilitate increased flows of remittances through formal channels at affordable costs. In pursuit of this aim, and given that an increasingly large share of migration occurs in south–south and regional corridors, we have supported public-sector stakeholders in the development of regional payment infrastructure strategy and cross-border remittance policy frameworks.

During the course of the year, UNCDF has held consultations with 50-plus stakeholders across 30-plus organizations, including central banks, standards-setting bodies, multilateral organizations and the global actors in the private sector to publish an exploratory paper on an open regulated payments inter-network that leverages and cultivates existing payment and financial market infrastructure—established by both the public and the private sector—and specifically targeting low-value international remittances to significantly speed up total interoperability, reduce the cost of transactions and provide migrants with an easy and efficient way to digitally transfer money to their home countries—underlining the future of international remittances in aiding women and men on the move.

Since last year, the engagements with the Intergovernmental Authority on Development (IGAD), Economic Community of Central African States (ECCAS) and Economic Community of West African States (ECOWAS) have progressed significantly. We conducted policy and payment infrastructure diagnostics for IGAD and ECCAS member states, technical workshops with regional and country central banks across IGAD, ECCAS and ECOWAS member states, and extensive consultations with the private-sector partners in the IGAD region. These efforts have led to (i) an IGAD regional diagnostic report that has been presented for review and adoption by the IGAD member states and central banks towards the harmonization phase, (ii) and the memorandum of understanding towards technical assistance on remittances and digital financial services with Banque des États de l’Afrique Centrale (BEAC); and (iii) a technical assistance agreement with Banque Centrale des États de l’Afrique de l’Ouest (BCEAO) towards strengthening data and the enabling policy and regulatory environment for remittances in the West African Economic and Monetary Union (WAEMU) region of ECOWAS. The agreement is in addition to collaboration with BCEAO on a feasibility study to set up a unique identification system for users of financial services—fundamental to enabling financial inclusion.

Engagement with central banks is also key at the national level. Our work with the Government and the National Bank of Ethiopia (NBE) has led to regulatory directives and amendments to improve remittance flows through formal channels and to address foreign exchange shortages with significant long-term potential for innovation and market competition towards reduced remittance transaction costs and increased savings and deposits for the country itself but also for other member states, through the potential demonstrator effect. For example, as a result of one of the directives, on the Establishment and Operation of Foreign Savings Currency Account adopted by NBE, foreign currency savings account products were launched (forex fixed/time deposit, forex current account, and non-repatriable birr account), available to residents of Ethiopia (both Ethiopian nationals and foreign residents) and to non-residents of Ethiopia and non-residents of Ethiopian origin. The operationalization of the policy directive has resulted in, since it began in the second quarter of 2021, the mobilization of a total amount of domestic deposits of \$86.4 million. The foreign currency deposits are mobilized via almost 30,000 accounts across 23 banks, deepening the financial sector and building financial systems conducive to domestic resource mobilization.

OUR PRIVATE-SECTOR ENGAGEMENTS

UNCDF envisions an inclusive financial system for migrants and remittance recipients where digital remittances are affordable and accessible to migrants (*access*), where migrants trust digital remittances to improve and extend end-to-end digital financial services in the host and home countries (*usage*), and where migrants' increased access to and usage of digital remittance channels create commercial incentives for the private sector to offer tailored, gender-smart financial products and services—savings, insurance, pension, credit, investments—to strengthen financial resilience (*resilience*). These three drivers of financial health—access, usage and resilience—support migrants and their families to realize the outcomes of financial health: security, control and freedom.

To achieve this vision, UNCDF engages with Remittance Service Providers (RSPs) in host and home countries to innovate and improve their digital remittance services at the corridor, inter-regional, intra-regional and global inter-network levels. With its unique position and technical capacity, UNCDF is supporting nine private-sector partners to develop migrant-centred and gender-responsive remittances and financial services. Following our approach to target interventions at the corridor, regional and global levels, our engagement with the private sector is across sending countries such as Singapore, South Korea, the United Arab Emirates and the United Kingdom and receiving countries such as Bangladesh, Ethiopia, Myanmar, Nepal and Senegal. In 2022, with the support of SDC, the engagement with the private sector has further expanded to Indonesia, Malaysia and Sri Lanka.

Since the start of the programme, more than 3 million transactions with over \$1 billion in value have been conducted by over 500,000 new customers registered with our private-sector partners through their digital remittance and financial services. Fourteen new or improved digital services and business models have been piloted with the support of UNCDF, and two have been scaled up, with consistent capacity-building efforts through 84 events or activities, and 371 staff trained in a range of skills, from data analysis to gender mainstreaming, in the last year. Over 6,000 agents have been onboarded and trained among our private-sector partners, reinforcing their networks and last-mile delivery. Nearly 181,000 customers, with women making up 46 percent, have benefited from financial literacy training.

The opportunity to transition migrants from informal cash-based remittances channels to digital methods that are accessible, affordable, appropriate and more easily tracked remains largely unrealized. The most obvious advantages are safety and increased speed and convenience, at much lower cost, for remittance transactions themselves. Moreover, digital remittances can be more easily linked to other financial services such as savings, credit, insurance and pensions, all of which can expand financial health and strengthen resilience to shocks and setbacks for migrants and their families. To realize these opportunities, we help partners to innovate the design, development and implementation of migrant-centred digital channels and processes that are easy to deploy and have the potential to bring disruptive changes in the way access to affordable remittances and financial services is delivered to migrants.

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 Pay and eSewa on understanding the remittances market and advocating that migrant financial inclusion and resilience efforts are scaled up in Nepal; 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 and the University of Michigan on an impact evaluation study measuring the access to and usage of digital remittances; 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 an executive education programme for policymakers and leaders in remittance services and fintech. These technical and intellectual leaders brought onboard have ensured that the efforts to deliver affordable access to finance for migrants and their families can be done in a holistic manner by improving and investing in the collection, analysis and dissemination of accurate, reliable and comparable research across regions, industries, firms, economic agents and perspectives.

Remittances have often been understood from different perspectives - as a matter of monetary policy, financial and telecom sector regulations, payment and financial market infrastructure, private sector-led innovation, foreign exchange and investments. Significant flows contribute to deepening the financial sector in the country and supporting financial inclusion for households, with the equally significant challenges of costs, speed, trust and last-mile distribution limiting the potential to enable access to formal financial services. To ensure a range of market actors—policymakers and regulators, financial regulatory authorities, telecommunications regulatory bodies, private sector executives from financial institutions and payment intermediaries, multilateral institutions, and investors—would be responsible for solving this complex problem, UNCDF collaborated with Harvard Kennedy School to develop capacity-building coursework that would offer an exceptional opportunity for diverse actors to connect with peers and engage with the foremost academics to find global solutions for access to affordable remittances and financial services for migrants and their families. Eighty participants enrolled in this online programme in January 2022, and 14 were then invited to the Harvard campus in August 2022 to participate in an intensive three-day, in-person workshop.

Over the last year, UNCDF pursued a comprehensive approach to facilitate a shift in migrants' financial behaviours from informal to formal channels, with the goal of making remittances and finance work better for migrant customers, both men and women, and their families. Migrants will make the shift from cash-based and informal remittances to formal channels if—and only if—they trust digital remittances. However, behaviour change is difficult to effect, and, to date, there has been little investment in the area. Offering incentives and customer-centred products that are compellingly superior to the tried-and-true cash, building digital financial capabilities and recourse mechanisms for when transactions fail, and strengthening consumer protection measures are necessary to build sufficient trust in the digital channels to drive their adoption. For that purpose, UNCDF recently concluded a comprehensive demand-side research project, including an analysis of over 8 million customers and 80 million transaction records, 3,000 surveys and 100 qualitative interviews, to understand the constraints that limit access to and the usage of digital remittances, towards financial resilience for migrants and their families.

The demand-side research insights and convenings with the private-sector partners have led to the development of two migrant-centred toolkits, the first of their kind: for Digital Financial Literacy (DFL) and Human-Centred Design (HCD). Targeting remittance and financial service providers, the toolkits are a guide to designing digital financial capability programmes and trusted digital interfaces that are tailored to the needs and contexts—humanitarian, economic development and incentives—of remittance customers and institutions. On one side, as the conversation on financial literacy shifts to the more action-oriented concept of financial capability, it brings a focus on practical tools to help customers to gain the knowledge, attitudes and skills to effectively use digital financial services. On the other hand, building trust in the digital channels requires a human-centred approach for the private sector partners, to ensure that the digital platforms are built to accommodate the digital capabilities and interface familiarity that are unique to the migrant experience.

Further to the capacity building and research efforts under way, we were encouraged by the collaboration with our partners in Nepal—IME Pay and eSewa—with whom we have carried out institutional and data mapping exercises, a market scan, supply-side data analytics on 50 million transactions via mobile wallets and agents, and a demand-side survey with 1,000 respondents, leading to outreach by IME Pay to 9,000 remittance recipients through mobile wallet channels with the tailored incentive scheme on agent networks and mobile apps. IME Pay has also planned to pilot solutions to improve the financial inclusion and resilience of its remittance customers. Such advocacy initiatives, when convened and communicated at the ecosystem level, improve product competitiveness while encouraging the adoption of best practices to reach low-income populations by market participants.

ADVOCACY AND OUTREACH

Through our Advocacy Co-Lab—a network of communication focal points across organizations that share a common narrative of reimagining the financial markets for migrants—the programme provides an effective hub for deepening and widening our communication and engagement on the agenda for migrants' financial inclusion and resilience. We will continue to create insightful, relevant and transformative content and to deliver it on multiple channels so it reaches and inspires people who can power change for migrants. The Advocacy

Co-Lab has strengthened the programme's existing outreach through its widening networks (40 countries) and ongoing active dialogues (600-plus unique private-sector stakeholders), and its engagement and far-reaching communications across hundreds of regulators and line ministries across countries, plus a wide array of multilateral and development partners. We have continued to build on our outreach achievements by further strengthening our systems, processes and capacities for advocacy.

In continuing to communicate and advocate with decision makers and partners, our intention is to go beyond simply 'communicating to advocate'. We want to strategically 'communicate to advocate, to drive change, to replicate and scale up'. We believe this is best done by working side by side with partners who are committed to our agenda while also mobilizing the strengths and reach of each of them. The efforts pursued with the private-sector partners in Nepal are just one among many examples. To summarize the continuing advocacy agenda, the centrality of access to affordable remittances and financial services for women and men migrants—and not migration itself—continues to be the focus for the programme.

Apart from social media, the central digital resource for our work continues to be the Migrant Money website hosted by UNCDF at migrantmoney.uncdf.org. The increased number of publications throughout 2021 and 2022 showed us that our website can be a powerful platform to scale up learning and to drive a narrative that is grounded in the positive impact on migrants' access to affordable remittances and financial services. To cater to public- and private-sector actors better, we are therefore undergoing a refresh to result in a more user-centred experience and to display the content in a manner that is visually and verbally intuitive.

CONCLUDING REMARKS

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 now, and towards what they can be tomorrow: the gateway to full financial inclusion for migrants and a stable flow of foreign exchange for low- and middle-income countries.

This complex yet seemingly simple objective requires a diverse range of stakeholders across sectors, mandates and geographies to come together. At the global, 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 public- and private-sector partners to do the same, to create responsive and facilitative policies and products to transform migrant money.

If the world does not transform migrant money, the lost opportunities will be to national economies—in host and home countries—and, most important, to the migrant women and men building their own and their communities' financial resilience. This 2022 annual report is a testament to the efforts of this programme—the policy engagements, the facilitation of innovative market developments, the data and research initiatives, the search for the true needs of migrants—to seize 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 migrants and beneficiaries towards economic inclusion, financial health and reduced inequality.

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

Meaningful digital financial inclusion must provide outlets for low-income account-holders 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 ensure 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.

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.



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>).



For migrants, this inclusion starts with remittances, and the digitization needs to happen end-to-end—from origination and through the chain, not stopping at receipt but also making 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 involving countries at all development levels.

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

These four workstreams reflect the need to transform public policy at global, regional and national levels, make systems interoperable and 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. No one workstream is more important than the others: they are all essential to achieving our objectives, and they are all deeply interlinked.

Through the *Enabling Policy and Regulations* workstream, the objective is for regulators to have assessed the policies and regulations limiting the flow of remittances through formal channels and to have drafted measures to address the regulatory challenges and market inefficiencies in consideration of the macroprudential and financial inclusion policies.

With our focus on an *Open Digital Payment Ecosystem*, we aim to enhance regional and domestic payment infrastructures towards interoperability of domestic and cross-border payments, accounts and agents, in turn improving access to shared market infrastructures by bank and non-bank remittance service providers to facilitate account opening, authentication and issuance of digital products.

Inclusive Innovation is nourished by and ingrained in the complete remittance and financial services value chain: in business models, products and services as well as channels and processes. With our support, the interests and incentives of investors and the shareholders of private-sector partners are aligned with testing and scaling up migrant-centred and gender-responsive financial services.

At the centre of this programme are the needs and aspirations of migrants and their families, so that they are *Empowered Customers*. The ambition of our work is that customers' feelings and position should be expressed as: "I trust the remittance and financial service providers I use; they treat me with respect; I am confident in transacting with them; I feel safe; and I feel free to exercise my voice, including to complain and seek redress. As a result, I make informed choices among the range of financial options available and use the services I value. I have greater control of my financial life."

Across these workstreams, we also apply a set of core strategies, tools and assessment guides for the benefit of the public and private sectors at large, as our objective is to have an impact on the ecosystems and institutions generally. The annexes to this annual report also set out overviews of efforts to 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.

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 underway by various players to recognize migrants as a priority segment, and to transform migrant money in a joined-up way. Ultimately, we aim 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 health of women and men migrants and their recipients, so that they can build the futures they envision for themselves, their families and wider beneficiaries in the least developed countries, and can improve their economies at the same time as making their own finances more robust.



Enabling Policy and Regulations

- Enabling Policy and Regulations
- Improving Remittances Data
- Mobilizing Domestic Resources



Open Digital Payment Ecosystem

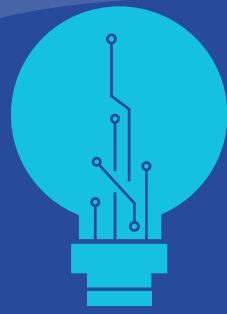
- Last-Mile Distribution Infrastructure
- Shared Market Infrastructure
- Open Digital Infrastructure

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 the private sectors to make informed policy decisions based on sex-disaggregated data and gender analysis.

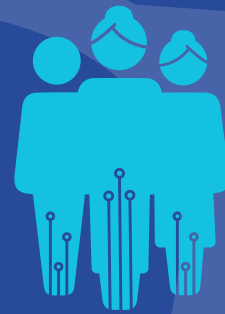
Open digital payment ecosystem

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 women and men migrants.



Inclusive Innovation

- Business Models
- Products and Services
- Channels and Processes



Empowered Customers

- Voice & Choice
- Control & Decisions
- Skills

Inclusive innovation

We work with the local private sector and micro, small and medium-sized enterprises 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 and mobile network operators.

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 health. 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.

Financial health explained

Financial inclusion—defined as access to and usage of affordable and quality financial products—has experienced significant progress over the last decade, as reflected in the 2021 Global Findex survey. This is a cause for celebration as more people worldwide can access formal financial services to achieve their personal and business aspirations.

Over recent years, the concept of financial health has gained prominence in parallel with a growing consensus that financial inclusion—with a focus on access and usage—was only the first step towards inclusive development. Interest in financial health was heightened by the global COVID-19 pandemic, which placed a spotlight on the challenges people faced in managing their financial life under stress and called for a more holistic approach to understanding how and why financial services are essential.² Recognition is growing that financial health or well-being is a shared responsibility, with individuals, governments, financial service providers and others contributing to support positive outcomes.³ According to the United Nations Secretary General’s Special Advocate for Inclusive Finance for Development, financial health or well-being is the extent to which a person or family can smoothly manage their current financial obligations and have confidence in their financial future.

An essential step toward developing and evaluating the required policies and programmes for financial health⁴ lies in measuring financial health. Financial health aims to capture the state of a person or family’s financial life in a way that traditional socio-economic indicators often miss. As a multidimensional concept, measuring financial health is complex and different measurement approaches have emerged in recent years.

The World Bank Findex Data has recently attempted to measure financial worry and resilience globally.⁵ The 2021 Findex results reveal that the share of adults in developing economies who are very worried about one or more financial expenses is double that of adults in high-income economies. The 2021 Findex also points to a substantial financial resilience gap between developing and high-income economies. While 79 percent of adults in high-income economies can access emergency funds within 30 days without much difficulty, this number is only 55 percent in developing economies. Our research on remittances provides an insightful contrast, with 80 percent of remittance recipients surveyed for our demand-side analysis—all in developing economies—reporting that they could come up with emergency funds.

The approach taken by UNCDF to define financial health⁶ highlights the multidimensionality of this concept. Four important aspects of an individual’s financial life include financial security, financial resilience, financial control and financial freedom:

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- 2 L. Brune, D. Karlan and R. Rouse. “Measuring financial health around the globe. Innovations for poverty action”. June 2020. <https://www.poverty-action.org/sites/default/files/publications/IPA%20Financial%20Health%20-%20Full%20Report%20Final.pdf>
 - 3 UNSGSA Financial Health Working Group. “Measuring financial health: Concepts and considerations. 2021 <https://www.unsgsa.org/publications/measuring-financial-health-concepts-and-considerations>
 - 4 M. Schlein. “Three takeaways from the Findex — and three next steps” ACCION, 2022. <https://www.accion.org/three-takeaways-from-the-findex-and-three-next-steps>
 - 5 The Global Findex Database 2021 : Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19 <https://openknowledge.worldbank.org/bitstream/handle/10986/37578/9781464818974-ch3.pdf?sequence=8&isAllowed=y>
 - 6 UNCDF. “Delivering financial health globally: A collection of insights, approaches and recommendations”. UNCDF, 2022. <https://www.uncdf.org/article/7008/delivering-financial-health-globally-a-collection-of-insights-approaches-and-recommendations>

- **Financial security** is the ability to meet short-term commitments.
- **Financial resilience** is the ability to cope with unexpected or adverse events.
- **Financial control** is confidence in one's current and future finances.
- **Financial freedom** is the ability to meet long-term financial goals and desires.

UNCDF Migration and Remittances Programme offers a first attempt at applying this definition and measuring financial health. The extensive demand-side research over the past year through surveys conducted among the new and past customers of our private-sector partners provide data for this innovative measurement:

- Financial security: 62 percent of the customers surveyed reported having money left after paying for living expenses.
- Financial resilience: 67 percent of the customers were confident they could come up with emergency funds.
- Financial control: 50 percent reported not worrying about affording normal living expenses.
- Financial freedom: 84 percent reported that remittances received could improve their financial lives.

An aggregated indicator that combines each respondent's answers to these four dimensions showed that 64 percent of the customers could be considered financially healthy.

The programme will aim to develop this measurement further, with a gender lens and looking into the specific role played by remittances, by our partners and the new digital channels supported by the programme. We will also aim to track the progress experienced by the end beneficiaries of the programme, as stated as impact in the theory of change: "Inclusive digital economies support migrants and beneficiaries towards economic inclusion, financial health and reduced inequality".

CHALLENGES AND OPPORTUNITIES

To proactively anticipate the challenges that may emerge from the ambitious and innovative programme that this is, the team engages in a weekly reflection on the possible risks and issues, but also on the learning and opportunities. As unavoidable as some challenges are, this approach leads us to be as prepared as possible to mitigate the risks and to turn the challenges into prospects.

Enabling policy and regulations

Building an efficient and sustainable approach in our engagement with public-sector stakeholders at the regional and national levels is both a challenge and an opportunity. Remittances are presently subject to inconsistent or even contradictory regulations between countries, to the different degrees of development in the infrastructure around payments and settlements, to the different licensing requirements on who can be in the money transfer business, and to the different requirements for acceptable forms of identification for senders and receivers, among many other disconnects. Regional cooperation is the first step away from these complexities and towards a coherent framework that can allow remittances to flourish.

A long-term approach with an extensive initial scoping phase is needed to recognize the incentives, capacities and opportunities across regulators and line ministries. For each country, UNCDF

has identified the need to engage with the central bank, the ministries of finance, foreign affairs, trade and investment, labour, telecoms and communications, and of information technology or digital economy, the regulators of insurance and pensions, and the national statistical office. Understanding the role played by each of the stakeholders, and building on the existing initiatives of development partners, has been a process needing more resources than initially planned.

Key learning lies in choosing the right ‘owners’ for such projects within a country. For the Migration and Remittances Programme, while we cast a wide net for participation and harmonization, our key focal point remains the directorate of external sector analysis or foreign exchange. While it has been comparatively easy to coordinate the efforts at the country level, managing the engagement through the regional economic commissions or communities has had a mixed response. In the case of the Intergovernmental Authority on Development, the technical and political convening has led to considerable success. For the Economic Community of Central African States and the Economic Community of West African States, we have had to rely significantly on country-level engagements to drive regional harmonization efforts. To successfully engage member states, it is crucial to consider each one’s current state of payment and financial market infrastructure, level of enabling laws and regulations, policy priorities and ongoing projects. These may incentivize or limit the ability of member states to participate in the proposed regional policy harmonization work and to engage bilaterally.

To advance the remittance policy and regulatory efforts on cross-border payments and financial services—with due consideration of the regulatory environments often impacted by the state of the country’s financial market infrastructure—UNCDF is applying a PHASE approach: for *participation* (to ensure a wider set of stakeholders is consulted), *harmonization* (towards shared understanding and objectives), *agreement* (for commitment on tangible outputs), *scale* (to replicate and scale up impact) and *embed* (to instil local ownership and mainstream gender-responsiveness).

Open digital payment ecosystem

An efficient and open payments system can help to promote financial inclusion, improves the safety of funds and facilitates access to and the use of additional payment services for end users. In this context, the primary objective of the open digital payment ecosystem workstream is to develop the capacities of the policymakers and regulators to understand the challenges with, and limitations of, the digital remittance ecosystems in their country. It is also to build capacities for adequate policy and regulatory measures to implement the reforms needed to improve digital payment systems and shared market infrastructures based on guidance from the standards-setting bodies.

Yet, despite innovation in end-user digital remittances and in underlying payments system infrastructure, challenges remain in creating payment and financial market infrastructures that better serve a broader range of stakeholders, especially the last-mile customers needing to make low-value remittances. Payments can still be made more accessible, faster, more affordable and more transparent, while also maintaining their safety and security.

The task is complex because it extends beyond technical implementation and includes the need to agree on business cases, business rules, pricing, governance, and incentives for all stakeholders to participate in and to support last-mile distribution structures. It must consider shared financial market infrastructures that benefit all the regulated participants. Cross-border interoperability is

even more challenging, given the jurisdictions with different laws and regulations; there are few examples of systems that have successfully surmounted this challenge.

UNCDF efforts involve providing guidance to regional economic communities, policymakers, regulators and development partners to identify gaps in their existing payments, financial and shared market infrastructures and to implement various reforms that will promote domestic, regional and cross-border interoperability, promote equal access to national and regional payment systems for all remittance service providers (both bank and non-bank RSPs), and develop supporting infrastructures (e.g., platforms for electronic know-your-customer) to improve digital penetration and usage.

When supporting the implementation of payment and shared financial market infrastructures, UNCDF's approach to structuring the project must differ from that adopted in other private-sector engagements focused on products. For instance, where multiple partners beyond the primary project partner will be crucial to the success of the project, it is essential to clarify what level of commitment is needed and, thus, what agreements should be in place, to avoid complete dependence on one partner.

Inclusive innovation

Towards a migrant-centred and gender-smart approach to innovation, UNCDF has developed an inclusive innovation framework that draws on our experience of working with the private sector at the levels of the ecosystem, institutions and products. This ensures that the commercial incentives of the private sector are aligned with the development outcomes for migrants and their host communities.

The inclusive innovation framework (Figure 1) delivers on the Donor Committee for Enterprise Development's principles of additionality—in particular through our engagement with the private sector towards sharing the costs and risks of private investments in developing countries. The framework is designed to guide the investments and resources of stakeholders within the remittance ecosystem towards a maximally inclusive and innovative 'ideal state' with adequate support and systems.

The process of developing this framework involved extensive benchmarking, secondary research, and reviews of other frameworks and the literature. Further, UNCDF has conducted extensive consultations to inform and refine it in the past year. We have interviewed more than 35 remittance sector stakeholders across developing and advanced economies. These institutions and organizations include banks, mobile money providers, fintechs, venture capital firms, civil society and regulators. We have also updated the framework based on learning from country assessments in four countries—Senegal, Ethiopia, Nepal and Bangladesh.

Through the application of the framework, these country assessments are helping us to focus our attention on the most pressing challenges at the ecosystem level, such as licensing and regulatory environments that limit innovation. On the other hand, the framework is helping us to better anticipate the technical assistance needs of any private-sector partner to reach the low-income segments.

Non-inclusive innovation	Inclusion-neutral innovation	Innovation with inclusion	Innovation specifically for inclusion
<ul style="list-style-type: none"> • Remittance service provider (RSP) aims to improve the user experience of the most digitally equipped customer segment • Product is built around the central idea of innovation and innovation theories • The needs of under-represented segments are neither researched nor accounted for 	<ul style="list-style-type: none"> • Innovation is motivated by factors other than inclusion • Innovation is motivated by a business case, with neither regard for nor reticence towards inclusion; that is, inclusion is neither a desired outcome nor one that is avoided • Product is built around the central idea of innovation and innovation theories • The needs of under-represented segments may be researched but are not accounted for 	<ul style="list-style-type: none"> • Innovation aims to improve the user experience of existing customer segments while acquiring new ones • RSP makes adjustments to ensure innovations are, by the major parameters, inclusive • RSP is focused on providing a business case for inclusion • Product team starts using an inclusion lens while innovating • The needs of under-represented segments are consciously researched, and some steps are taken to address them 	<ul style="list-style-type: none"> • RSP is focused on acquiring new customer segments, especially underserved ones • Product is built around transformative design with inclusion at the heart • RSP attempts to provide both a business and a social-impact case for inclusion • The inclusion lens is fully applied • The needs of under-represented segments are deliberately addressed through research and design

Figure 1. UNCDF framework for inclusive innovation

Over the past two years, through the pandemic, the programme has experienced delays in launching new products and services. These delays are generally of two origins: delays in qualifying for new regulatory requirements and those in securing partnerships for the business model. These delays affect partners’ abilities to meet the targets on key performance indicators.

Mitigation strategies have been tried and tested to remedy these delays, including reaching out early to regulators, conducting in-depth market analysis—including of the policies and regulations that are in place—and calling for the early involvement of the senior management of private-sector partners.

Through this time, an extensive effort has also been made to conduct demand-side research and explore the data gathered through surveys and interviews among existing and new clients. Transaction data from private partners and public-sector data have also been shared and analysed. The techniques used and insights shared with our partners in a capacity-building effort proved essential as an advocacy tool for regulators and the industry alike, towards migrant-centred business models and partnerships. Indeed, a triangulation of data sources and findings has highlighted clear opportunities for private-sector partners for commercially viable solutions that serve the needs of low-income populations.

Empowered customers

UNCDF's migrant money strategy is gender-smart and migrant-centred. It seeks to build customer trust, and thereby to facilitate convenient access to and the usage of digital remittances towards financial products that strengthen financial resilience. The strategy directly promotes and protects customer empowerment by investing in and partnering with stakeholders that create business models and digital remittance delivery channels centred on customer voice, choice, skills and control. For migrants and their families, the strategy seeks to build financial and digital capabilities, while enhancing the hard and soft skills needed to engage effectively with digital remittances. The premise is that, when customers are empowered, they make more informed choices, trust the institutions they interact with, are comfortable using those financial services they value, and feel more in control of their financial lives. In turn, the likelihood that customers become more loyal to, and transact more regularly with, their RSPs increases. This leads to greater consistency in transactions, supporting the scale-up and profitability of products and services, and generating greater value for customers.

As a key element of the migrant money strategy, UNCDF developed a framework for empowered customers over the last year, to identify the constraints to migrant access to affordable finance and then to help remove or mitigate these. To do this, the framework starts by outlining the physical and financial journeys of migrant customers and the impact that the governing policies and regulations, the payment and financial market infrastructures, the private-sector incentives and, most important, the social norms have on their access to and usage of digital channels. It moves on to explain who remittance customers are and introduces the other actors with whom they interact in the remittance market system. From there, it explores the limits to customer empowerment—from the perspective of remittance customers as well as RSPs—with a particular focus on the drivers of empowerment, of voice, choice, skills and control. The framework concludes by guiding the design, review and measurement of stakeholder-level recommendations and action plans that respond to the customer empowerment needs for access, usage and resilience.

Through the application of this framework in the private-sector engagements across Africa, Asia, Europe and the Middle East, UNCDF tailored its approach to design, test and refine new business models and delivery channels capable of building financial and digital capabilities as well as developing the soft and hard skills of migrants and beneficiaries. These activities directly contributed to the customer, stakeholder and sector outcomes relating to customer capacity, service provider responsiveness, and sectoral sustainability.

PROGRAMME JOURNEY



\$10,513,751

Development funds
deployed



\$89,944,497

Deposits and capital
mobilized



9

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



30

Countries/public-sector
stakeholders supported in
cross-border remittance
policy and payment
framework development



13

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



505,707

(27 percent women)
Total number of
customers reached



3 million

Inbound remittance
transactions through
digital channels



\$1 billion

Value of remittance
transactions through
digital channels



10

Responsive remittance
policy measures
initiated



7

Responsive remittance
policy measures
introduced or improved



3

Active initiatives on
payment and financial
market infrastructures

Further significant results have been achieved in our four workstreams, as follows.

Enabling policy and regulations

- As a result of the directive on the *Establishment and Operation of Foreign Savings Currency Account* adopted by the National Bank of Ethiopia (NBE), foreign currency savings account products were launched (forex fixed/time deposit, forex currency account, and non-repatriable birr account), available to residents of Ethiopia (both Ethiopian nationals and foreign residents) and to non-residents of Ethiopia and non-residents of Ethiopian origin. (See page 31)
- Since it began in the second quarter of 2021, the operationalization of the policy directive has resulted in the mobilization of a total amount of deposits of \$86.4 million. The foreign currency deposits are mobilised via 29,762 accounts across 23 banks.
- This traces a direct pathway of the programme's contribution. There is more to explore in this regard, when considering how this directive may have led to new institutions or existing non-bank financial institutions starting to provide remittance services, thus improving last-mile connectivity and market competitiveness.

Open digital payment ecosystem

- UNCDF is driving efforts towards an open, regulated global payments inter-network specifically designed for low-value international remittances, to address the needs of migrants around the world. During the year, UNCDF has held consultations with 50-plus stakeholders across 30-plus organizations, including central banks, multilateral organizations and the private sector. These have led to an exploratory paper on an open regulated global payments inter-network (see page 80 on cross-border interoperability as a programme priority).
- The programme supports in particular on shared market infrastructure: In Congo, UNCDF supports the implementation and operationalization of CongoPay, the first interoperable domestic payment infrastructure, built and operated by TerraPay under a memorandum of understanding with the Ministry of Posts, Telecommunications and Digital Economy (see page 42 for more about the TerraPay project). This will create payment interoperability for individuals, businesses and merchants, provide universal acceptance of different payment instruments and foster affordable access to international remittances in the country.

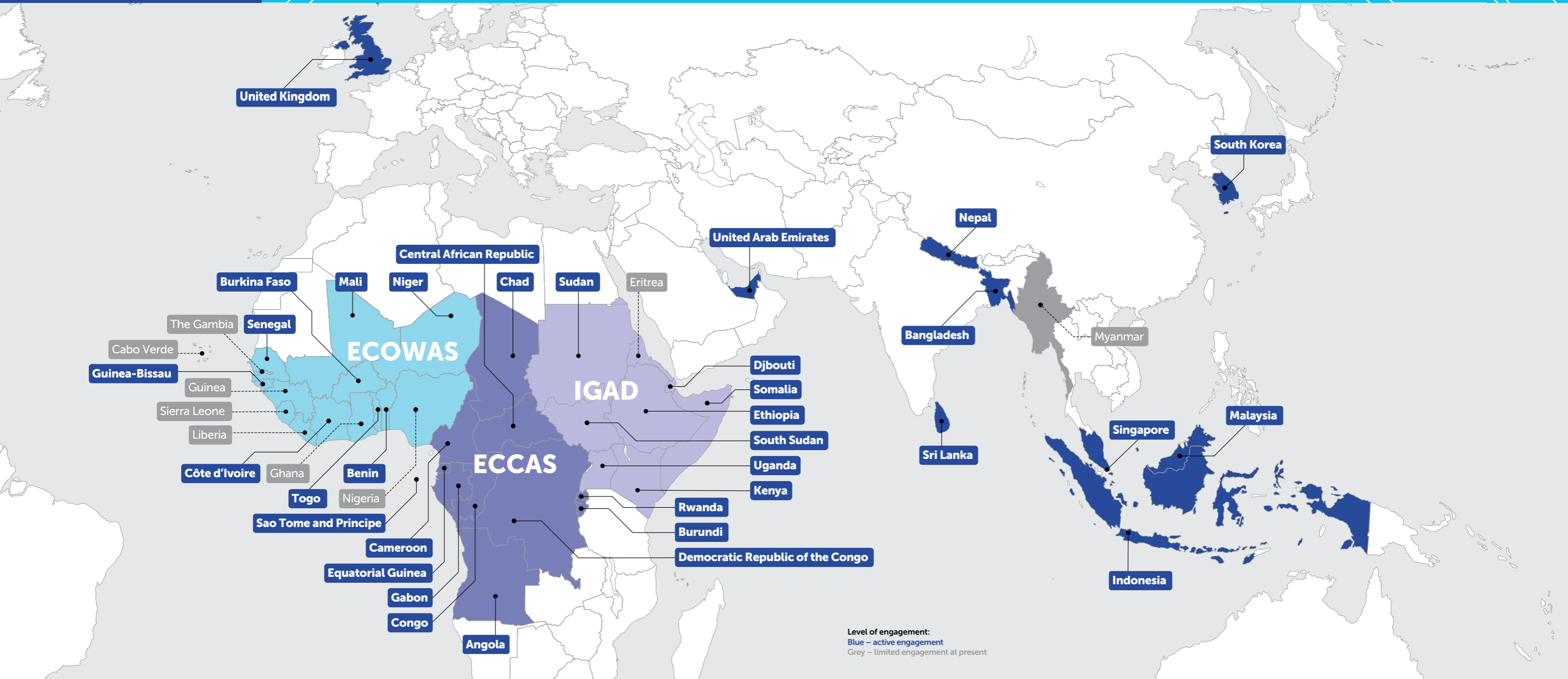
Inclusive innovation

- Fourteen new or improved digital services and business models have been piloted with the support of UNCDF, and two have been scaled up.
- Capacity-building efforts with our partners have led to 84 events or activities and 371 staff trained in a range of skills, from data analysis to gender mainstreaming.
- Since the start of the programme, more than 3 million transactions have been conducted by new customers registered with our private-sector partners through their innovative financial products and services.
- Capital mobilized by the private sector partners along with the partners commitments to the UNCDF supported projects reached \$3.5 million against \$3.3 million in contributions by UNCDF.

Empowered customers

- Among our private-sector partners, over 6,034 agents have been onboarded and trained, reinforcing their networks and last-mile delivery.
- 180,863 customers of our private-sector partners have benefited from financial literacy training; the share of women being 46 percent.

PROGRAMME PRESENCE



Level of engagement:
 Blue – active engagement
 Grey – limited engagement at present

Private Sector

- Bangladesh
- Congo
- Ethiopia
- Indonesia
- Malaysia
- Myanmar
- Nepal
- Senegal
- Singapore
- South Korea
- Sri Lanka
- United Arab Emirates
- United Kingdom

Public Sector

- Angola
- Benin
- Burkina Faso
- Burundi
- Cabo Verde
- Cameroon
- Central African Republic
- Chad
- Congo
- Côte d'Ivoire
- Democratic Republic of the Congo
- Djibouti
- Equatorial Guinea
- Eritrea
- Ethiopia
- Gabon
- Ghana
- Guinea
- Guinea-Bissau
- Kenya
- Liberia
- Mali
- Niger
- Nigeria
- Rwanda
- Sao Tome and Principe
- Senegal
- Sierra Leone
- Somalia
- South Sudan
- Sudan
- Togo
- Uganda

PUBLIC SECTOR ENGAGEMENTS

Some 4 percent of the world's people now live and work outside their countries of origin. When fluid labour markets collide with rigid financial ones, human beings suffer the consequences. The jumble of unharmonized or outdated regulations affects people personally and directly—it means they cannot use, save or send their own money without risk or overwhelming hassle. This situation demands a sense of urgency. For hundreds of millions of households throughout the developing world, remittances are both a lifeline that keeps them from falling into destitution and also the foundation for longer-term goals: educating their children, buying or improving a home, and starting or expanding a business. Almost all of the Sustainable Development Goals (SDGs) recognize the role that remittances play in reducing poverty and advancing progress on multiple fronts, and much work is under way to make remittances more efficient.

Currently, most of the attention seems focused on technology—on digital solutions for cross-border payments. This is certainly important, but it is only half the story. None of the fintech advancements matter if the policy environment is unfavourable. There are jobs that only public officials can or should do. Among them is the essential work of crafting policy and regulatory frameworks that will advance the resilience of their regions' households while safeguarding the integrity of the financial system.

Along with harmonizing the regulatory frameworks and payment infrastructure that govern remittance flows, UNCDF acts as a neutral broker and works with governments at the country or regional level to enable a conducive policy and regulatory environment. It does this by strengthening their capacities in developing, supervising and monitoring gender-responsive and risk-based remittances policies and regulations that further market competition and innovation while guarding against risks to financial stability. 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 requirements.

Because most migration is intra-regional—between and among neighbouring countries—the regional economic communities and commissions have a unique opportunity to rewrite the rule books in a way that makes sense for their people. This is not to say that such harmonization efforts could not also be pursued for remittance corridors where the sending countries and the receiving ones are in different regions (Europe to Africa, for example, or the Gulf States to Asia). This work will be challenging, although it must start somewhere.

Over the last year, with travel opening up post-pandemic, UNCDF has made significant strides towards deepening the engagement with central banks and line ministries across the IGAD, ECCAS and ECOWAS regions to advance regional harmonization for remittance policies and to invest efforts to improve the open digital payments ecosystem that makes cross-border payments more accessible and affordable.

Notably, in the last year, UNCDF has concluded the following:

1. Country monitors for IGAD and ECCAS countries.
2. Policy and regulatory diagnostic for IGAD and ECCAS countries.
3. Inception and regional diagnostic reports for IGAD and ECCAS.
4. Technical assistance agreement with BCEAO (the central bank for UEMOA).
5. Memorandum of understanding with the Bank of Central African States (Banque des États de l'Afrique Centrale, or BEAC), the central bank for the Economic and Monetary Community of Central Africa, or CEMAC.

In addition to these achievements, UNCDF, with consultations concluded with 50-plus stakeholders across 35 public- and private-sector institutions at global, regional and country levels, published an [exploratory paper](#) on the options for the future of international remittances. It envisions an open, regulated global payments inter-network specifically designed for low-value international remittances that addresses the needs of migrants around the world. Such an inter-network, aligned fully with the [G20 cross-border payments roadmap and targets](#), would leverage and cultivate existing infrastructure, specifically targeting low-value international remittances to significantly speed up total interoperability, reduce the cost of transactions, and provide migrants with an easy and efficient way to digitally transfer money to their home countries.



Finally, UNCDF also concluded the global capacity-building coursework on the future of migrant remittances and financial services with Harvard Kennedy School. The Executive Programme reached nearly 80 public-sector, private-sector and multilateral partners.

This set of public sector engagements, at national to international levels, by the programme has led to significant results in new and amended policies and regulations, has deepened our technical assistance on payment and financial market infrastructure with the central banks, and facilitated the role of non-banking financial institutions to strengthen market competition and migrant-centred product innovation. We have aimed to keep remittances flowing to the countries and regions where they are vitally important, enabling the mobilization of forex reserves, and shifting more of them from the unregulated informal networks into regulated, safe and transparent channels for digital financial inclusion.

INTER-GOVERNMENTAL AUTHORITY ON DEVELOPMENT



Following the signing of a letter of agreement, the Intergovernmental Authority on Development (IGAD) and UNCDF continued to undertake the project on the harmonization of remittance policies across the IGAD countries.⁷ The key to this initiative is to help harmonize the different policy and regulatory frameworks governing remittances and to create coherent frameworks to support the flow of remittances to and within the IGAD region. The efforts pursued by UNCDF, under the leadership of IGAD, will strengthen the capacity of 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, including its specific strategic priorities on remittances.

Project overview

The objectives of the project are threefold:

1. Contributing to the harmonization of the policies and regulations: Developing convergence criteria for the priority elements of the policy and regulatory framework.
2. Strengthening cross-border payments infrastructure: Leveraging the existing payment and financial market infrastructure to support cost-effective solutions to move money through formal channels.
3. Capacity-building: Strengthening the capacity of the key stakeholders, including the IGAD secretariat, regulatory institutions, central banks and relevant ministries.

Project status

In close collaboration with the IGAD secretariat, UNCDF completed desk reviews, engaged with the private sector across the region and convened public- and private-sector engagements towards developing a better understanding of remittance-related policies, regulations and payment infrastructures towards regional harmonization objectives. We have completed

⁷ Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan and Uganda

Migrant Money | IGAD Regional Harmonization of Remittance workshops



regional and individual country diagnostics—on policy and payments infrastructure. Implementation of the activities under the road map will ensue after deliberation at a regional policy meeting being convened by the IGAD secretariat in the last quarter of 2022. Preparations for the regional meeting have already started.

Next steps

The IGAD secretariat, UNCDF and member states will review the diagnostic report and approve the road map at the regional level. Implementation of the activities under the road map shall be undertaken, starting with identifying areas where specific support can further be provided at the country level and drawing up a list of priority activities for implementation based on the country circumstances. Implementation of the road map activities within the member states will continue along with capacity-building programmes. It is necessary to work at the country level because IGAD has no legal framework to mandate policy and regulatory changes in its member states. The next phase of road map implementation will entail in-country technical assistance to the regulators and policymakers towards an enabling remittance policy and regulatory framework.

ECONOMIC COMMUNITY OF CENTRAL AFRICAN STATES

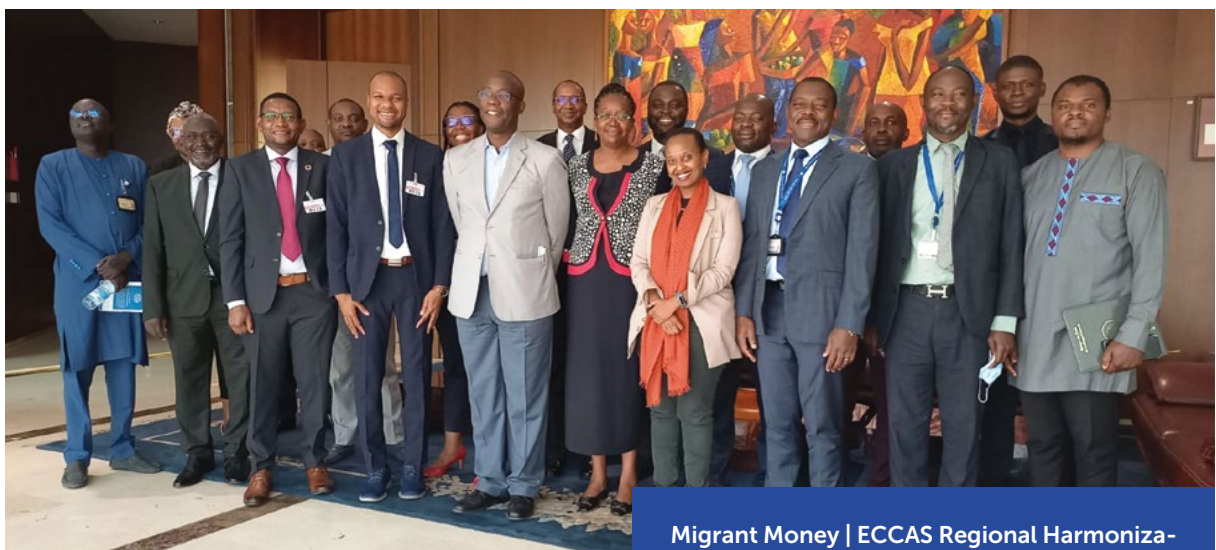


Following the memorandum of understanding between the Economic Community of Central African States (ECCAS) Commission and UNCDF to expand affordable and convenient access to digital remittances in the region, UNCDF is interacting with several key public-sector stakeholders, including ECCAS, the Economic and Monetary Community of Central Africa (CEMAC, through its central bank, Banque des Etats de l'Afrique Centrale, or BEAC) and the central bank of non-CEMAC-member countries in the region.

Project overview

The objectives of the agreement are threefold:

1. Contribute to the harmonization of the policies and regulations: Developing convergence criteria for the priority elements of the policy and regulatory framework.
2. Strengthen cross-border payments infrastructure: Leveraging the existing payment and financial market infrastructure to support cost-effective solutions to move money through formal channels.
3. Capacity-building: Strengthening the capacity of the key stakeholders, including the ECCAS secretariat, regulatory institutions, central banks and relevant ministries.



Migrant Money | ECCAS Regional Harmonization of Remittance workshops

Project status

To achieve mutual objectives and better support improving remittance flows in the ECCAS region, UNCDF conducted an initial assessment of the legal and regulatory framework of remittances in the ECCAS member states.⁸ As a first step, we shared an inception report with the ECCAS commission, with an assessment of the region's remittance policy and regulatory landscape. The report highlights the challenges to move money affordably to and within the region, and proposes a detailed methodology to assess the regulatory environment, towards recommendations for improvement. These recommendations will further be elaborated in a technical assistance framework that is expected to be extended to the ECCAS member states through the course of the project.

For BEAC, the approach was slightly different, with the aim to expand the scope of collaboration beyond the initial project on the regional harmonization of remittance policies. It would also complement the efforts for an enabling policy and regulatory framework for CEMAC with the strengthening of balance of payments and an estimation of informal remittance flows, as has been the case with the Central Bank of West African States (BCEAO, for member states of the West African Economic and Monetary Union).

As a further step beyond the engagement with BEAC for CEMAC, UNCDF directly engaged with each of the five central banks from non-CEMAC countries. This outreach has led to planning consultations in the third quarter of 2022 with the central banks of Burundi, Democratic Republic of the Congo and Rwanda.

Next steps

UNCDF will continue its engagements with the ECCAS commission, relevant government ministries, agencies, regulators and supply-side remittance stakeholders to share the preliminary diagnostic reports and to solicit feedback towards a common road map towards in-country technical assistance and regional harmonization of remittance policies and regulations. The road map will form a basis for the implementation of the proposed recommendations that are expected to improve the flow of remittances to and within the region, ownership for which lies with the public- and private-sector stakeholders in the countries and region.

BANQUE CENTRALE DES ETATS DE L'AFRIQUE DE L'OUEST (BCEAO)



Following the cooperation between BCEAO and UNCDF on a feasibility study for setting up a single ID system for all financial services users, to advance and facilitate the end-to-end digitization of cross-border money transfers and related financial services, UNCDF technical assistance has further expanded, at the request of BCEAO, to the following three areas:

1. Policy and regulations—support to implement an enabling regulatory framework for remittances.
2. Remittance transaction analysis and reporting systems—setting up a transaction level, sex-disaggregated remittances data systems and analytics capacity.
3. Training and capacity-building to enhance the learning of the stakeholders involved in remittances.

⁸ Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Sao Tome and Principe

Project overview

To ensure that remittance fees are affordable and that these flows facilitate financial sector deepening, different market actors—government counterparts, financial institutions, technical partners and development partners—must collaborate to address underlying market inefficiencies, with a focus on the mobilization of remittance flows and striving towards an inclusive financial ecosystem for women and men migrants.

1. Technical assistance on policy and regulations focuses on key areas, including licensing and authorization of RSPs (considering the role of non-bank remittance service providers), foreign exchange regulations, including foreign exchange account opening, digital financial services and open banking regulations, the regional payment infrastructure strategy, consumer protection and financial inclusion. Work in this area is guided by a comparative analysis between the West African Economic and Monetary Union (WAEMU) regulatory framework and those of other jurisdictions more advanced in these areas.
2. The cooperation around the remittance transaction analysis and reporting involves sharing the best practices of central banks in developing countries on remittance data collection. The areas of focus will include the collection of sex-disaggregated data, transaction-level data, including the purpose of remittances, the use of SupTech and RegTech technologies, and so on. This is to be further extended to the automation of collecting financial inclusion indicators by the central bank, and the estimation of the flow of informal remittances with the use of indirect methods.
3. Training and capacity-building efforts involve assessing the needs and organizing training through workshops and peer learning opportunities.

Project status

The first step of the long-term cooperation between BCEAO and UNCDF has focused on aligning expectations and agreeing on the scope of technical assistance over the next phase of the funding support from Sida. Several workshops were conducted to define the priorities and action plan, which were approved by BCEAO during the first quarter of 2022.

The feasibility study to set up a unique identification system for financial service users in the WAEMU started in 2021. The project aims to ensure the accurate computation of financial inclusion indicators by uniquely identifying all financial service users, notwithstanding the number of accounts they hold or the similarities of names, identifying the traceability and security of transactions, and identifying tailored and targeted policies and strategies. The analysis of the existing identification systems in the WAEMU has been done. Scenarios for implementing the unique identification system are under review. The selected scenario will be further detailed in the last quarter of 2022.

Another strategic project that has started is the automation of the collection of financial inclusion data and the geolocation of financial access points in the WAEMU. This project will ensure a timely view of the financial inclusion status but also of targeted policies on underserved areas. The analysis of the current data collection systems is ongoing. This project, which is being implemented in partnership with PwC, has become one of the strategic projects of the BCEAO as part of its regional financial inclusion strategy.

The central bank has also benefited from the training activities, especially the joint UNCDF–Harvard Kennedy School executive education on migrant financial services. Three directors attended the online session in January 2022 and the in-person workshop at the Harvard Kennedy School.

Next steps

Key activities are planned for 2022–2023, including the remittance policy and regulatory diagnostic in the WAEMU. UNCDF will also deliver technical assistance on strengthening remittance transaction data systems that also contribute to the regional financial inclusion strategy. UNCDF will also support BCEAO in the regional harmonization effort of remittance policies and regulations. BCEAO is expected to be a key stakeholder in this effort.

In the engagement with the BCEAO, within each area and each activity, the need to clearly and collaboratively define the scope and to envision the milestones in consideration of the constraints and cooperation among WAEMU member states has been found to be critical.

NATIONAL BANK OF ETHIOPIA



Project overview

To implement the priority recommendation emanating from the diagnostic report,⁹ UNCDF continued to work closely with the National Bank of Ethiopia (NBE) and other government stakeholders to increase policymakers' and regulators' capacities to improve the existing remittance-related regulatory framework, the payment infrastructure and innovative product development. The efforts aim to lower remittance costs, improve cross-border remittance flows through formal channels and expand the use of digital channels for receipt.

Project status

Remittance-related regulatory reforms

The remittance industry, like any other, is likely to flourish best when the regulatory framework is sound, predictable, non-discriminatory and proportionate. A conducive and enabling regulatory framework is the foundation for competitive market conditions for non-bank financial service providers, including by supporting access to domestic payment infrastructures. Such a framework should lead to lower remittance costs, increased cross-border remittance flows through formal channels and expanded use of digital financial services.

During the period under review, with support from UNCDF, NBE amended two key remittance-related directives. The first is 'Establishment and Operation of Foreign Currency Saving Account for Residents of Ethiopia, Non-Resident Ethiopians, and Non-Residents of Ethiopian Origin Directive'. The amendment aims to incentivize the Ethiopian diaspora to maintain foreign currency accounts at home and to encourage domestic investments. The amendment also seeks to support the foreign exchange reserve, ease the country's balance of payments and encourage foreign direct investment. Since the directive came into operation in November 2020, 23 banks are now offering services and almost 30,000 accounts have been opened, with more than \$86 million deposited by the end of June 2022.

The second is the 'International Remittance Service Directive'. The amendment aims to improve the operations of the formal remittance transfer system in Ethiopia by reducing

⁹ [Review of Remittance Policy, Legal and Regulatory Framework in Ethiopia—UNCDF Migrant Money—Autumn 2020](https://www.uncdf.org/publications/review-of-remittance-policy-legal-and-regulatory-framework-in-ethiopia-uncdf-migrant-money-autumn-2020) (uncdf.org)

Migrant Money | National Bank of Ethiopia
Remittance Policy and Regulations workshops



remittance costs and improving access to cost-effective, reliable, fast and safe services that benefit migrants. It also aims to set a conducive and transparent legal framework and to use innovative mechanisms and infrastructures by payment instrument issuers to facilitate inbound remittances through formal channels. Under the previous directive, RSPs could partner only with commercial banks. This bank-dependent arrangement, where the regulator did not directly recognize RSPs, could stifle innovation. Under the amended directive, payment instrument issuers can now provide remittance services in partnership with international remittance service providers. The directive also permits the use of application programming interfaces (APIs) so that services can operate between global and local RSPs, and prohibits exclusive conditions in these agreements.

Improvement of the payment infrastructure

To improve the payment infrastructure and data collection and analysis, UNCDF is supporting NBE through technical assistance on the Core Banking System Replacement and Cheque Truncation System Project. At a request from NBE, UNCDF is providing technical support for the implementation of the project, specifically to conduct a risk assessment, an analysis of requirements, an assessment of the current capacity, to prepare high-level technical documents and a request for proposal document, to evaluate the technical proposal documents submitted by the vendor, to participate in contract negotiations and project closure and to provide feedback and recommendations for project milestones to the NBE team until going live. UNCDF provided technical support on operationalizing the new directive on open market operations and standing order facilities. Among others, the operationalization of the directive supports the availability of liquidity windows for banks, improving liquidity management for agents. The efforts also provide further impetus to the ongoing infrastructure-related work by UNCDF in operationalizing migrant-centred products such as the micro-savings bonds in Ethiopia and the African region.

With support from UNCDF, NBE is taking the necessary steps to improve data on cross-border transactions by building a more comprehensive, inclusive and advanced data collection

and analysis system—to this end, NBE is upgrading its Foreign Exchange Monitoring System. UNCDF is also providing technical assistance to NBE to review and provide comments on the terms of reference for the procurement of an anti-money-laundering/combating the financing of terrorism (AML/CFT) database, sanction screening and the transaction monitoring solution at NBE.

Next steps

UNCDF will continue to provide technical assistance to NBE on the ongoing regulatory reforms, improvement of the payment infrastructure and capacity-building. On core banking replacement, UNCDF will assist NBE in preparing the request for proposal document (including capacity-building programmes), evaluating the technical proposal documents submitted by the vendor and work on vendor selection and negotiation, on project closure and in accompanying the NBE team until the live date (by providing feedback and recommendations for project milestones). UNCDF will finalize the review of the terms of reference for procurement of the AML/CFT database, sanction screening and the transaction monitoring solution at NBE. Finally, UNCDF will support the upgrading of the data collection and analysis system.

PRIVATE SECTOR ENGAGEMENTS

As new technologies have emerged in recent decades, a disconnect has grown between the remittance services available on the market, the policies that regulate them, and the needs, aspirations and challenges experienced by migrant populations. This has resulted in the limited adoption of formal, digital remittance channels that can drive the usage of digital payments in host and home countries. Digital remittances in particular hold great potential to contribute to the financial inclusion of historically marginalized groups, especially women migrants. Compared with the cash-based models that currently dominate the formal remittances market, and the informal alternatives that are just as big or bigger in many corridors, digital remittances may offer migrant groups several significant potential advantages.

The opportunity to transition migrants from informal cash-based remittance channels to digital methods that are accessible, affordable, appropriate and more easily tracked remains largely unrealized. The most obvious advantages are safety and increased speed and convenience, at much lower cost, for remittance transactions themselves. Moreover, digital remit-

Migrant Money | Private Sector Engagement Team



tances can be more easily linked to other financial services such as savings, credit, insurance and pensions, all of which can expand financial health and strengthen resilience to shocks and setbacks for migrants and their families. Remittances seem to be one of the most obvious financial services for fostering financial inclusion and positive development impact in the lives and businesses of migrants and their recipient households in developing countries.

UNCDF is committed to working with all the relevant stakeholders across the ecosystem, in the market and traversing value chains, to innovate remittances by making business models, delivery channels and products more inclusive. We deploy a combination of capital tools, technical assistance and global expertise to incentivize supply-side stakeholders and policymakers to create synergies within the remittance ecosystem in such a way that it fosters the design and delivery of digital, gender-responsive and migrant-centred remittances that build financial resilience and address the last-mile challenges for migrants and their families.

Migrants and their families are central to our approach and we work with local RSPs to encourage and foster innovation across the remittances value chain. Traditionally, a remittance value chain is presented as a series of coordinated activities primarily focused on creating an enduring commercial and competitive advantage—whereby companies and their business models are considered the leading drivers of change, and the customer the passive recipient at the very end. In contrast, UNCDF places the migrant customer at the core of the remittance value chain: not only as a unique customer—incorporating further subsegments with unique needs and preferences different from those of other customers because of their migration experience—but also as an active builder of remittance value chains. Reconfiguring remittance value chains requires a different approach from that of RSPs, to make them digitized end-to-end and to set the vantage point on the financial and non-financial needs, preferences and aspirations of different migrant customer segments.

We assist with the design and implementation of migrant-centred and gender-smart customer journeys that not only enhance user experience and capacity but are also faster, cheaper, convenient, efficient and more transparent. This can include capacity development for doing gender-smart and migrant-centred market research, human-centred product design and implementation, and outreach and marketing. It can also include how to link remittances to a broader suite of financial services, such as insurance, savings, pensions, investments and credit, and how to develop delivery models for integrated financial and non-financial services such as digital literacy, empowerment or business education that can help migrants reach their goals. We also assist with installing systems that allow for monitoring the quality of products and services through carefully integrated migrant-centred feedback loops, so that user feedback is acknowledged and incorporated into the continuous product improvement plan. We use gender-sensitive, women-friendly, gender-smart techniques and methods that enable women migrants to access, participate in, control and benefit from developing, redesigning and broadening remittance services in such a way that these also equip women migrants with new and relevant opportunities and resources to shape their futures as they choose. We help partners to innovate the design, development and implementation of migrant-centred digital channels and processes that are easy to deploy and have the potential to bring about disruptive changes in the remittance value chain that can drive uptake and facilitate convenient access to and usage of digital remittances towards financial products that strengthen resilience.

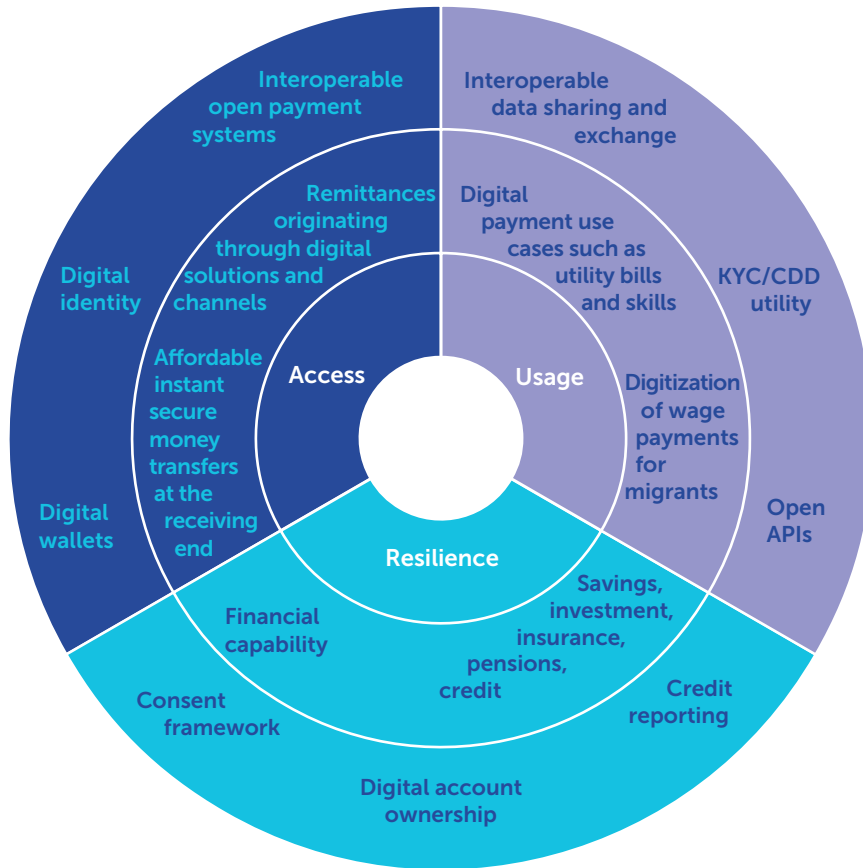


Figure 2. Interventions to implement innovative solutions that increase access to digital remittances, increase their adoption and usage, and strengthen the financial resilience of migrants and their families

KYC/CDD = know your customer/customer due diligence

Access	Usage	Resilience
 LUCY Singapore	 Ethiopia	 Senegal
 uab Myanmar	 BRAC BANK Bangladesh	 SympliFi Senegal
 terrapay Congo	 RAKBANK United Arab Emirates	
 SentBe South Korea		

Figure 3. Active UNCDF implementation projects with private-sector partners

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—to implement innovative solutions that increase access to, and the adoption and usage of, digital remittances, and strengthen financial resilience of migrants and their families.

Access: Solutions that improve the accessibility, user experience and delivery of digital remittance channels

Usage: Solutions that reduce the dependence on cash and deliver end-to-end payment products whose value to migrants is compelling, and increase migrants' trust in the digital channels

Resilience: Migrant-centred and gender-responsive financial products that will increase the adoption of remittance-linked financial services, including insurance, pensions, credit and productive investments for livelihoods.

In this section, we summarize the private-sector engagements of the programme. To date, over 500,000 new customers have been registered through the remittance and remittance-linked financial services offered by the private-sector partners supported by the programme. Since the start of the programme, 3 million transactions have been conducted, for a value of \$1 billion. 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 more learning on these projects, see Annex 10.

For an overview of our strategies to identify and respond to market development intelligence, see page 68.

DIGITAL MIGRANT-BACKED LOANS | SYMPLIFI

SympliFi

SympliFi is a fintech start-up that provides the opportunity to migrants to support their families to access funding in their home countries to grow their businesses. SympliFi started its operations in 2019 in the United Kingdom-to-Nigeria corridor, enabling Nigerian migrants in the United Kingdom to guarantee loans accessed by their families through local financial institutions in Nigeria. The loan is used by the beneficiary to start or grow a small business and build credit history. Further, once the loan is fully reimbursed, the guarantee can be reused for a subsequent higher loan.

With support from UNCDF, SympliFi has expanded its operations into the European Union and the francophone region in Africa, starting with a pilot in the EU-to-Senegal corridor.

Key milestones

1. Signing a partnership with a local financial institution to disburse migrants' guaranteed loans.
2. Design, development and pilot of a credit product guaranteed by Senegalese migrants in the EU, with the local financial institution partner.
3. SympliFi front-end systems (website and app) adapted in French.
4. Setup of a customer support service in French and Wolof (the Senegalese national language).
5. Recruitment of influencers in France and launch of marketing campaigns towards the Senegalese diaspora in France.
6. Adaptation of processes and messages to improve the system.

Key learning and observations

Securing a partnership with incumbent financial institutions for such an innovative product and service takes time, and this should be factored into project planning. It took SympliFi eight months to sign the partnership with the local financial institution. Local financial institutions, in this case microfinance institutions, have two key concerns: (i) limited clarity about the regulatory permissions to operate with collateral/guarantee held in foreign countries with foreign companies, and (ii) the regulatory treatment of the collateral for credit risk mitigation purposes.

Local financial institutions are not prohibited from conducting transactions guaranteed by non-resident companies such as SympliFi. However, for said guarantees to be eligible under the credit risk mitigation, they must comply with the legal and operational conditions and the provisions on the prudential framework applicable to the credit institutions and financial companies of WAEMU. This means that the SympliFi-guaranteed loans are not currently eligible for reduced capital loan loss provisioning by local financial institutions.

Reducing the counterparty risk that local financial institutions have with SympliFi is a reassuring factor in signing the partnership. A tripartite agreement between SympliFi, Rapyd (the actual migrant cash collateral holder) and the local financial institution was eventually signed to secure access to funds held at Rapyd in the name of the local financial institution in the case of default of SympliFi.

It is essential to include some flexibility in the product design to adapt the product to the market needs and unique regulatory environments. SympliFi started the pilot with the guarantor (in the EU) being required to lock 100 percent of the requested loan amount by the borrower (in Senegal). Given the low uptake by potential guarantors (fewer than 10 in the five months of the pilot), SympliFi decided to reduce the amount that the guarantor was required to lock, to 50 percent of the loan amount (the other 50 percent being subsidized by SympliFi). After unsatisfactory results, SympliFi started making changes to the business model by giving guarantors the option to decide on the amount they wanted to guarantee and accordingly considering the application for the loan amount requested.

WALLET TERMINATION AND NANO-CREDIT | WIZALL MONEY



Founded in 2015, Wizall Money is a fintech start-up that has developed an electronic wallet to manage electronic money, issued by partner banks: Banque Atlantique in Burkina Faso, Côte d'Ivoire, Mali and Senegal, and with Ecobank in Senegal. Specialized in corporate payments, Wizall won several social payments, including the Côte d'Ivoire COVID-19 relief social payments by the government in 2020 and the social payments by the Government of Senegal in 2022. Wizall also developed partnerships with international RSPs for terminating international remittances.

UNCDF and Wizall are partnering to expand the reach and inclusivity of Wizall's wallet termination solution. Wizall has also prepared the development and pilot of an innovative nano-credit product.

Key milestones

Expanding the wallet termination of international remittances—as of June 2022, approaching 4,223 new digital customers had been registered, 25 percent of whom were women. Over 3,700 new agents have been onboarded and trained since the start of the project with UNCDF.

1. Market research (quantitative and qualitative) concluded to uncover the Wizall customers' needs and behaviours for wallet use and credit in Senegal.
2. Preparation and submission of regulatory approval request to offer the nano-credit product at least in one country (Burkina Faso).
3. Design of a credit scoring algorithm for the nano-credit product to automatically decide on the credit disbursement and eligible amount of the credit.



Migrant Money | Partner Workshop in Senegal

Key learning and observations

Customers transitioning from receiving international remittances in cash to the digital wallet transact more frequently and continuously than other customer segments. They are also the most loyal and have the lowest platform drop-off rates. In general, women users receive more transactions and stay with Wizall even longer than men.

When partners do not have the capabilities to report on sex-disaggregated data, asking them to do so may seem overwhelming, and they may miss the benefits of doing so. However, once their capacity to report on sex-disaggregated data is built, partners realize that it allows them to reap benefits beyond the project, since they can implement tailored strategies towards gender-smart financial products and services for low-income segments.

The preparation of the regulatory approval request for the nano-credit is complex and cumbersome, with several documents to be prepared and several stakeholders to involve. Under the regulations of the central bank—BCEAO—Wizall cannot submit the request, as it is a fintech that is not directly supervised by BCEAO. It is up to the financial institution partners of Wizall to request clearance (AMIFA, the partner microfinance institution issuing the credit, and Banque Atlantique, the partner bank issuing the electronic money). The regulatory clearance request file should include the contracts signed between Wizall and the financial institutions and any other third party involved, a detailed description of the role of each partner, the proposed product design and customer journey, including the customer support and recourse mechanisms, the business plan, and so on.

When supporting an innovation, it is important to understand early if the partner has previous experience in the topic and to discuss how the partner will build capacity, so that this can be planned and budgeted in the workplan. Given that neither Wizall nor its microfinance and bank partners have experience in nano-credit scoring, Wizall requested the support of UNCDF during the project implementation in designing the credit scoring algorithm and in building its capacity to maintain it. This was offered as additional technical assistance and has been helpful to the partner.

SMART MICRO-REMITTANCES IN ETHIOPIA | LION INTERNATIONAL BANK



UNCDF is supporting Lion International Bank to pilot a new service, the Smart Micro Remittance Channel. The proposed solution is a digital remittance-linked product that allows migrants to access online payment. The beneficiaries in Ethiopia initiate a request to receive a micro-transfer via any phone or merchant, the migrants confirm payment, and the merchant is paid via HelloCash mobile money. Value-added services such as for e-commerce, utility bills, school fees and health advice are fully integrated into the system.

The project focuses on expanding the use of digital remittance services in the corridors of Ethiopia, Djibouti, the European Union, the United States of America, Canada and the United Kingdom.

Key milestones

1. The project was officially launched in August 2021 after receiving approval from the National Bank of Ethiopia (NBE) and the Ministry of Finance.
2. A go-to-market strategy was developed to guide the roll-out of the product.
3. BelCash, parent company of HelloCash, completed building the MamaPays platform in December 2021.
4. UNCDF completed a lean data survey in the second quarter of 2022. Four hundred remittance customers of Lion International Bank were interviewed. The insights from the research have been shared with the partner as part of technical assistance on product design and delivery.
5. The service was suspended by NBE because of regulatory concerns. After three months of suspension, and with facilitation by UNCDF to allay the concerns, BelCash and Lion International Bank received approval from NBE in June 2022 to launch MamaPays services in Ethiopia.
6. The approval of MamaPays to resume operations has enabled other banks to participate in the remittance space, not as agents for RSPs but as RSPs themselves. This is a critical achievement in the country that will improve the flow of foreign currency in the market, especially of the low-value remittances that may otherwise largely come through informal channels.
7. To scale up MamaPays in Ethiopia, BelCash is engaging other partners beyond Lion International Bank—the service has been launched in partnership with the Bank of Abyssinia and the Somali Microfinance Bank. Additionally, MamaPays has been downloaded by over 20,000 users on Google Play. BelCash is in discussion with Wegagen Bank, Telebirr and the Commercial Bank of Ethiopia to offer this service.
8. MamaPays is in discussion with Stanbic Bank Uganda to offer MamaPays services. The discussions have progressed, and Stanbic Bank has submitted a letter of no objection to Bank of Uganda. Once approval has been given, the service will be tested in the Uganda-Ethiopia corridor with a target of about 300,000 Ethiopians in the country. If this is successful in Uganda, it will be deployed in 20 other African countries where Stanbic Bank has a presence. The project is in its initial stages but will certainly have an impact in transforming the way migrants send remittances not only to Ethiopia but also in Africa.

Key learning and observations

In preparation for the pilot, Lion International Bank and BelCash are training staff at branches in Addis Ababa and other major cities. An issue was noted by the team, according to the project key performance indicators (KPIs). Lion International Bank and BelCash have a target of training the branch staff on MamaPays in all the 260 branches in Ethiopia. However, due to ongoing conflict in the northern Tigray region, achieving this KPI will not be possible because about 120 branches of Lion International Bank in the region are not operational. Some of the branches have been completely destroyed, alongside other public facilities such as health centres, schools, banks, ATMs, and so on. It will take time to rebuild the branches and make them operational.

Lion International Bank/HelloCash had a plan to implement international airtime top-up as one of the value-added services for MamaPays. They approached the telecom service provider in Ethiopia, Ethio telecom, and were informed of the need to deposit \$20,000 as a first-time deposit to be able to offer this service internationally. The other condition was that, if they were not able to meet the target, the required deposit amount would double each

month the target was missed, which is unrealistic and unjustifiable even from the telecom side. As a result of this, the implementors have shelved this feature for now, as it does not make business sense to them.

BelCash has proposed a different approach, of adopting smart point of sale (POS) as opposed to the physical POS. Smart POS is a payment solution that enables consumers to make fast, secure payments to merchants for goods and services by scanning QR codes. It will save the bank the cost of acquiring and equipping merchants with the physical POS. Smart POS will cost \$5, compared with \$300 for physical POS. It will also help BelCash to onboard more merchants beyond what was planned (a total of 6,000 merchants as opposed to 100 merchants). The smart POS will also enable consumers to make cashless payments from their mobile phones by simply scanning a QR code.

INTEROPERABILITY PLATFORM TO FOSTER DOMESTIC TRANSFERS AND INTERNATIONAL REMITTANCES IN CONGO | TERRAPAY



With 700,000 regional migrants from the Central African Economic and Monetary Community (CEMAC) sending \$100 million in remittances from one CEMAC country to another, there is an opportunity to offer them alternative low-cost remittance services that could improve the socio-economic impact for both migrants and beneficiaries in their home countries.

In Congo, UNCDF supports the implementation and operationalization of CongoPay, the first interoperable domestic payment infrastructure, built and operated by TerraPay under a memorandum of understanding with the Ministry of Posts, Telecommunications and Digital Economy. It will create payments interoperability for individuals, businesses and merchants, provide universal acceptance of different payment instruments and foster affordable access to international remittances in the country.

This infrastructure will eventually facilitate the termination of remittances in wallets through participating financial service providers to CongoPay. The project targets Congo's 4.9 million mobile money subscribers and aims to drive inactive mobile money users, with a special focus on women, to send money or pay with their mobile money wallets seamlessly to any other wallet or merchant in the country.

This infrastructure will eventually contribute to the emergence of similar projects being taken up in Central Africa.

Key milestones

UNCDF has applied an ecosystem approach in providing technical assistance to TerraPay. This involves building ties between the central bank and payment infrastructure providers at the regional level and between line ministries and the private sector at the country level, towards building the capacity of TerraPay, regulators and policymakers to better digitize and formalize international remittances in Congo and to and within Central Africa—both CEMAC and non-CEMAC parts of the region.

1. Through regular online engagements and a country visit in quarter four of 2021, UNCDF could strengthen the commitments of the stakeholders in Congo to participate in the CongoPay platform.
2. UNCDF also deepened its commitment to support TerraPay by building its capacity to draw insights on remittance patterns in more than 14 countries, including Congo. This will give TerraPay the ability to fine-tune its approach to develop remittance infrastructures across its regions of operation. The insights on remittance flows across geographies will also allow UNCDF to build policy cases for the estimation of informal remittances or the improvement of regulatory and policymaking frameworks.

Key learning and observations

Supporting infrastructure projects requires an ecosystem-level approach that is not always needed when supporting institution- or product-level projects. In the specific case of building an interoperable payment platform, it is vital to keep the participants in the interoperability platform engaged, starting from drafting the scheme documentation, and throughout the implementation of the project.

Banque des États de l’Afrique Centrale (BEAC) is facilitating partnerships within the financial industry in CEMAC by proceeding to certify the technical platforms of fintechs that show interest in working with regulated financial institutions.

There is a risk of key performance indicators not being achieved with CongoPay because of a lack of proper execution of commercial roll-out activities by the Ministry of Posts, Telecommunications and Digital Economy. These include ongoing challenges in engaging the line ministry and central bank on the issue of interoperability: there is a need to (i) raise awareness and capacity to instil a long-term vision for payment interoperability, and (ii) commit to sustained in-country technical capacity to respond to the limited technical capacity of the counterparts in the public and private sectors.

The contract between TerraPay and the Ministry of Posts, Telecommunications and Digital Economy had to be complemented by a tripartite contract with the Ministry of Finance because the Ministry of Posts, Telecommunications and Digital Economy is earning revenue from the transactions on the platform.

DEVELOPING A COMMERCIALY VIABLE MODEL OF DELIVERING FINANCIAL LITERACY TO MIGRANT WORKERS FROM BANGLADESH, MYANMAR AND NEPAL | SENTBE



SentBe set up its operations in 2015–2016 soon after the regulations around cross-border money transfer services were liberalized in South Korea. These new regulations facilitated the entry of start-ups in this market originally controlled by the banks. A digital-first money transfer operator, SentBe was able to get traction for its offerings in this highly competitive market. In addition to adopting a fresh look towards product development, leveraging elements of open banking, digital know your customer (KYC) and a strong focus on removing friction points that prevent usage, SentBe has also been able to disrupt the market with its attractive pricing—1.5 percent of the remittance amount as against 8 percent, on an average, charged by the incumbents at the time.

With support from UNCDF, SentBe developed, tested and deployed a financial health programme to migrant workers from three target countries: Bangladesh, Myanmar and Nepal.

Key milestones

1. Market needs assessment completed.
2. Content and platform developed.
3. Content delivery platform integrated with SentBe's remittance platform.
4. Financial health modules launched and delivered.
5. Outreach and impact: 1,052 clients benefited from the financial literacy campaign, 30 percent women, reaching 100 percent of the targets set. The clients trained were distributed equally among the three recipient countries: Bangladesh, Myanmar and Nepal.

In addition to support for these key milestones, UNCDF also offered SentBe support for remittance transaction data analysis to help improve the adoption of the product.

Key learning and observations

Fully integrating financial literacy content into a remittance transaction platform can have an impact on customer experience. For example, content that is not essential for the core service, if included within the remittance platform, can potentially have a negative impact on user experience. This is a risk that few private-sector partners would be willing to take. SentBe addressed this issue by hosting the content on an independent platform but linking it with the remittance app so that interested customers would not have to install a new application.

While women migrant workers are expected to be working in numbers almost equal to those of their male counterparts, certain sectors such as construction employ more men than women. Industries such as retail that offer more job opportunities to women can also be informal or semi-formal to some extent. This makes reaching out to women customers an extremely challenging task.

Delivering financial literacy, using a digital approach, allows the service providers to collect a rich set of data. These data can be utilized not only after the campaign but also in real time to improve quality. For example, by knowing that migrant workers tend to use their mobile phones more during the weekends, reminders to complete the course can be targeted, leading to better response from customers.

DEVELOPING, TESTING AND SCALING UP A FINTECH PLATFORM DEDICATED TO SERVING WOMEN FOREIGN DOMESTIC WORKERS IN SOUTHEAST ASIA | LUCY

LUCY

Lucy focuses on expanding the use of digital remittances and financial services among foreign domestic workers in Singapore, targeting workers from Myanmar, Indonesia and the 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.

In its first 12 months of commercial operations, Lucy has done a commendable job of identifying, selecting and bringing together a diverse set of technical capabilities to create a low-cost fintech platform by which to serve women foreign domestic workers in Singapore. This flexible, low-cost platform has given the fintech the ability to patiently develop, test, deploy and scale up multiple approaches to customer acquisition and service.

In the absence of a high, fixed-cost structure for enabling its digital remittance service, Lucy has been able to focus solely on exploring a diverse range of customer acquisition strategies, including using social media platforms and community-based brand ambassadors. The fintech has faced numerous roadblocks in trying to create a direct-to-consumer marketing channel for its new brand of remittance services—an attempt to do so has not delivered the results that had been expected at the beginning of the project.

Based on a range of customer acquisition approaches tested in the first phase of its operations, Lucy has zeroed in on a combination of marketing channels, digital as well as physical, to leverage these together to scale up customer acquisition rates.

Key milestones

1. Lucy app launched commercially in mid-2021.
2. Remittances services for Indonesia and the Philippines went live at the time of the Lucy app launch.
3. App user interface updated to offer services in multiple languages to reduce friction for target users.
4. Online and offline approaches tested to zero in on an appropriate combination of marketing channels being leveraged to reach the target customers.
5. Strategy in place to collaborate with institutional partners.
6. Demand-side research completed. Concept distillation workshop concluded. Recommendations shared with partner for assessment and implementation.
7. Partnerships for activating the Singapore-Myanmar corridor in place with key players in the region. This effort is presently work-in-progress and is likely to go live between December 2022 and February 2023.

Although Lucy is yet to reach 1,500 customers (its first milestone for the number of clients reached), based on the learning and experience gathered in phase one of its operations, an approval was granted to extend the project by 12 months.

Key learning and observations

Converting a vision to reach and serve women customers into a strategy that is effective in the local environment can be extremely challenging.

Owing to several factors—including low wages, the semi-regulated nature of the industry, the prevalence of informal employment, the active involvement of middle agents and a lack of data from reliable sources—the domestic workers segment is probably the most difficult among migrant workers to service.

Migrant workers hailing from developing countries may have the required exposure and training to access and use technology but tend to demonstrate conservative behaviour when it comes to experimenting with newly launched digital financial services. Their behaviour and choice of service type are primarily dictated by the ease with which funds remitted would be used in their home country.

Cost structures in host nations can be extremely prohibitive when it comes to reaching migrant workers through commercially available channels.

An effective customer acquisition strategy should explore leveraging partnerships in destination countries to build a unique value proposition. This should enable the company to differentiate itself from the rest of the market, especially in a crowded market such as Singapore.

STRENGTHENING ADOPTION OF DIGITAL REMITTANCES AND DOMESTIC PAYMENTS IN MYANMAR | UAB BANK



In 2020, with support from UNCDF, uab bank, a leading private-sector bank in Myanmar, embarked on a journey to strengthen its digital portfolio with a view to promoting access to and usage of digital remittance and payments services in Myanmar.

Key milestones

1. Technology readiness and deployment: Digital remittance application developed and commercially launched.
2. Customer awareness: Marketing and financial literacy campaigns launched to drive adoption of newly launched digital solutions.
3. Network: Agent network expanded and strengthened, with a key focus on the inclusion of women agents to deliver reliable services to women customers.

The successful achievement of these milestones relied heavily on:

- Reliable telecom services across the country, including in rural areas
- Unhindered access to social media, which is a preferred and a dominant channel for online marketing in the country
- Ability of the bank staff to travel and engage with end customers in the target markets
- Absence of lockdowns and restrictions related to the COVID-19 pandemic.

Key challenges

Despite the partner's readiness, the following factors delayed the launch and affected the pace of the project. On 1 February 2021, the Myanmar military took over power from the democratically elected government. This political turmoil led, in the following days, to a breakdown of law and order, disruption in banking services, reduced access to telecommunications services and a negative effect on international relations.

Among the specific impacts on the project and its target milestones, business sentiments and the future outlook were severely affected, in turn reducing the pace at which the partner could implement the project. The partner also had to continue operating under severe restrictions. Restrictions on access to the internet in general and to social media in particular affected the launch, promotion and usage of digital services by first-time users.

While the app was released on schedule, marketing and financial literacy campaigns could not be executed effectively and at scale. Just as the quality of online campaigns suffered because of disruptions in internet access, physical campaigns involving engagement with end customers could not be scaled up due to disturbances in law and order across the country. Expansion of the agent network also suffered under the limitations. Eventually, these limitations and constraints contributed to the closure of the project in Q1 2022.

UNCDF provided the following technical assistance to the partner.

Financial literacy initiatives in the Asia region: lessons and experiences

Modality: Technical workshop

Timeline: July 2021

Scope: The team focused on sharing best practices from across the region and provided inputs on the content design and delivery of financial literacy campaigns.

Market analysis: scaling up via partnerships with global players

Modality: Ongoing discussions and consultations

Timeline: Mid-2021 until end of project

Scope: The scope of exploration involved identifying emerging digital players that would be interested in partnering with uab bank on the remittance receiving side. UNCDF worked with the partner to think through its partnership development strategy with a view to expanding the portfolio of its remittance services. No partnerships had been entered into as part of this engagement.

Data analysis

Modality: Presentations

Timeline: August 2021 until end of project

Scope: Client data analysed for generating insights and helping to drive product development and innovation towards better and accelerated adoption.

UNCDF-HKS Executive Programme

The project team participated in the online module of the capacity-building coursework on the future of migrant remittances and financial services offered in January 2022.

Key learning and observations

Given the country's present stage of growth, formal remittance services offer great scope and opportunity for innovation and change in Myanmar. While banks continue to be the major players driving innovation, there is tremendous scope for fintechs to also participate in the market.

There is a heavy reliance on the platforms of big tech for driving customer awareness in the country. Following the political crisis, this channel became a primary target under the measures taken by the new administration to prevent civil protests—this also affected the ability of our private-sector partner to onboard new customers. Financial service providers should reduce their dependence on the platforms of big tech and should explore, develop and partner with domestic channels to implement their digital engagement campaigns.

To expand the agent network, there should be an openness to partner with other organizations that have a deeper reach outside the urban markets in Myanmar. A captive network, though effective, can be extremely challenging to build and sustain over a longer period.

Serving women clients, especially in rural areas, is best accomplished via partnerships. The private sector should explore business engagements with organizations that are working closer to the communities they wish to target.

EXPANDING DIGITAL REMITTANCES VIA A WAGE PAYMENTS APP IN UNITED ARAB EMIRATES | RAKBANK AND EDENRED



Blue-collar men and women migrant workers are typically conservative when it comes to using digital remittance channels such as RAKMoneyTransfer (RMT) services. While

RMT provides the migrant with the convenience of being able to send money anywhere and anytime at a competitive fee and favourable exchange rate, blue-collar migrants still prefer to use physical exchange houses to transact.

RAKBANK and Edenred aim to expand digital remittances and financial services among blue-collar migrant workers, particularly foreign domestic workers in the United Arab Emirates, targeting the sending corridors to these six countries: Bangladesh, India, Nepal, Pakistan, the Philippines and Sri Lanka.

UNCDF's collaboration with RAKBANK and Edenred aims to improve the access to and usage of the digital remittance channel through C3Pay—Edenred's solution that enables migrants to receive their wages digitally. UNCDF technical assistance extends to market research, business strategy, transaction data analysis, marketing and communication, financial literacy, and migrant-centred and gender-smart product design and strategy.

Migrant Money | UNCDF Technical Assistance to Edenred and RAKBANK



Key milestones

1. United Arab Emirates country scan completed. This highlights insights into the financial behaviour of women and men migrants in the country.
2. Customer and transaction data analysis of over 1 million customer records completed. The data analysis exercises gave insights into the customer profiles in the six corridors of focus.
3. Demand-side research completed in the second quarter of 2022. Over 350 customers were interviewed for a lean data survey and qualitative research.
4. RAKBANK and Edenred have onboarded over 217,000 customers on the C3Pay app since the project's inception, exceeding the 80,000 project target.

Key learning and observations

Initially, Edenred, a key partner in the project, wanted to focus on men customers more than women due to easier access and an expectation of better adoption. However, through continuous engagement in workshops, combined with the support and commitment of the senior managements of RAKBANK and Edenred, UNCDF was able to trigger a change in behaviour around gender.

There has been a significant effort to achieve the key performance indicators (KPIs) concerning women; based on the 2022 second quarter data shared by Edenred, the partner has met this KPI for women. Discussion with the partner reveals the following ongoing initiatives are being undertaken: (i) there has been a deliberate effort by Edenred and RAKBANK to prioritize onboarding more women customers in Q2 2022, (ii) to create a more diverse workplace, Edenred has onboarded more women agents (both field and telesales) to support the onboarding of customers, and (iii) Edenred has improved the customer onboarding process by removing some barriers, such as ATM PINs, from C3Pay app registration.

Edenred's goal is to get between 80 and 90 percent of the C3Pay cardholders onto the app. The following strategy is being applied to help to convert cardholders to digital app users and increase the activity rate of the app users. First, there is a loyalty programme to encourage the uptake and usage of the C3Pay app (i.e., after every four transactions, the fifth is free). Second, Edenred is diversifying by offering value-added services on the C3Pay app, such as airtime top-up and salary advance. Third, Edenred will be implementing a strategy to offer differentiated services in the market. Customers can access their payslips on the app, book holidays and track their leave balances. The app will also serve as a communication bridge between human resources and construction workers, which is currently missing in the market. Finally, Edenred has hired more boots on the ground to drive awareness of the product and improve financial literacy.

CASHLESS REMITTANCE PROJECT IN BANGLADESH | BRAC BANK



The cashless remittance project at BRAC Bank aimed to improve the financial health of migrants and their families from Bangladesh (and Nepal) through digital remittance solutions. The project was conceived in the wake of the COVID-19 pandemic amid concerns that remittances in Bangladesh would decline, negatively impacting the economy and the well-being of remittance recipient families.

Key milestones

1. During the project (September 2020 to October 2021), the bank launched two new digital remittance platforms—from Visa Direct and Western Union—opening more conduits to migrants from Bangladesh.
2. BRAC Bank has also increased the outreach of its existing digital remittance solutions—remittances digitally credited to bank accounts and bKash wallets—through the integration of RippleNet, an aggregator application. Through this, the bank could integrate 14 new remittance partners in different host countries.
3. In Bangladesh, the bank has onboarded a new mobile financial service (Upay) to increase last-mile outreach in Bangladesh.
4. Through its subsidiary, BRAC Saajan (United Kingdom), BRAC Bank has launched 11 new user interface versions of the digital remittance application, REMITnGO.
5. Through these new digital channels, almost 38,000 new customers have been registered (against a target of 27,000 new customers), 44 percent being women.
6. To increase the digital and formal remittance channel outreach, the bank has launched targeted digital and physical financial literacy campaigns to onboard customers and increase outreach to female migrants. Since the start of the project supported by UNCDF, 85,100 customers have been trained.

BRAC Bank has achieved all the key milestones of the project. Beyond the project implementation phase, in the last year, UNCDF has provided technical assistance to the bank towards achieving the following milestones.

- Completed a detailed Bangladesh remittance market scan to provide insights to the bank for product development and implementation.

- UNCDF and BRAC Bank jointly conducted a detailed remittance transaction data analytics exercise analysing 3.3 million transaction records for 800,000 international remittance customers of BRAC Bank. Insights from the analysis have been published—see [Shifting from cash to digital remittances during the pandemic: A case study of BRAC Bank in Bangladesh](#).
- UNCDF has conducted detailed demand-side research (qualitative and quantitative) with the bank’s customers. The study has covered more than 500 quantitative lean data surveys and around 40 qualitative sessions in the form of personal interviews and focus group discussions assessing access to and the usage of digital remittances towards financial resilience.
- Innovations for Poverty Action (IPA), in collaboration with the University of Michigan, has partnered with UNCDF to deliver a client-level impact evaluation study among migrant and remittance recipient customers of BRAC Bank (see page 56 for more information). This study will measure the impact of aligning the financial goals of remittance senders and recipients on their financial behaviour regarding access to and usage of remittances and resilience.

Key learning and observations

A substantial shift from cash to digital remittances accelerated due to COVID-19. While remittances to low- and middle-income countries worldwide fell by 1.6 percent in 2020, the opposite occurred in Bangladesh, where inbound remittances increased by 18 percent. Coupled with systemic factors, the proportion of digitally received remittances (remittances terminating in a bank account or a digital wallet) has increased dramatically at the bank, from 37 percent in 2019 to 75 percent in 2020. The trend of digital channel use is primarily defined by the demography and destination country. While mobile wallet-based remittances are increasing in volume, they are still used mainly for small-value remittances. However, the sustainability of such increased digital remittances will be revealed only when all the



pandemic-related restrictions are lifted so that we may assess the level of the 'new normal' in digital remittances against pre-pandemic levels.

Digital remittance solutions are yet to reach women customers in the market equally. While 60 percent of receivers in the market are women (Intermedia, 2018), women represent only 35 percent of remittance recipients through BRAC Bank's digital channels. Low mobile phone ownership for women, the gender gap in access to finance and lower levels of financial capability are the main reasons for women's limited access to and usage of digital remittances.

Digital financial literacy, despite providing a conduit for targeted campaigns, is limited in efficacy in the absence of curated content and a platform. While the scope of physical financial literacy campaigns has been limited due to the pandemic, the bank has subscribed to digital platforms (social media) to provide targeted digital financial literacy engagement. The bank targeted such financial literacy campaigns only at women remittance receivers. However, due to the lack of quality content and continued engagement through a systematic digital financial literacy focus, the outreach and impact were not as expected.

The demand-side research has found that convenience and familiarity with the brand have been the primary motivators for customers. In contrast, the gender gap, information asymmetry, risk perception around digital transactions, and lack of trust have been the negative levers against access to and usage of digital remittance services.

THOUGHT PARTNER ENGAGEMENTS

U NCDF's goal is to support migrants on their journeys towards improved financial inclusion and financial resilience in which they have access to a full range of formal financial services and the capacity to use them to prepare for and cope with shocks. For migrants and/or their families, limited access to and usage of digital remittance channels is not enough. Remittances are a near-universal feature in the migrant experience, and the digital infrastructure and last-mile delivery channels built around remittances remain an under-tapped resource. New thinking and approaches are needed to expand access to the value-added services, financial and otherwise, that can reduce migrants' vulnerabilities during times of crisis and beyond.

We believe financial inclusion and resilience go hand in hand in a reinforcing cycle. In this context, access is characterized by the availability of digital remittances and migrants' abilities, mobility and skills, while usage is characterized by migrants and their families trusting digital channels, so that they may make better and more informed choices on how and to whom they remit. Access to digital remittance channels does not, however, automatically guarantee usage. Even with the increasing availability of digital platforms for migrant remittances, the value proposition for shifting from cash-based to digital remittances remains weak, as cash invariably enters the equation at

Migrant Money | Systems and Research Team



some point. The reality is that migrants either receive their wages in cash and/or their beneficiaries need the remittances as cash. Without end-to-end digitization of the entire remittance value chain, the assumption is that the long-term incentives for any single link to digitize are substantially diminished, and the full benefits of financial inclusion for migrants remain unrealized.

In empowering migrants and their families and bringing digital financial inclusion to the people who would otherwise be left behind, our engagements are innately complex across our four interlinked workstreams: (i) enabling policy and regulations, (ii) open digital payment ecosystem, (iii) inclusive innovation, and (iv) empowered customers.

The partners being engaged, both in the public sector and the 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 women and men migrants—all this requires a collaborative intellectual effort. The programme has therefore entered into a number of engagements with thought partners to strengthen the global evidence base and solutions to address limited access to affordable remittances and financial services for migrants.

This strengthening is done by improving and investing in the collection, analysis and dissemination of accurate, reliable and comparable data and research. 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.

For further detail about these thought partnerships, see Annex 11.

DATA COLLABORATIVE INITIATIVE WITH PRIVATE PARTNERS | IME AND ESEWA



UNCDF partnered with IME Digital Solution Limited (IME Pay)¹⁰ and eSewa¹¹ to cooperate in areas of mutual interest towards generating migrant customer insights that will inform

the development of products and policies in the remittance sector and will support research publications.

The partners carried out institutional and data mapping exercises, a market scan, supply-side data analytics on 50 million transactions via mobile wallets and agents, and a demand-side survey with 1,000 respondents. This research enabled an analysis of customer profiles and transaction behaviours to understand the customer journey and identify pain points, in par-

¹⁰ IME Pay is Nepal's top remittance company and the country's second-largest mobile wallet provider, with a network of more than 30,000 agents and a rapidly expanding customer base of over 1.4 million people across Nepal.

¹¹ Established in 2019, eSewa Money Transfer is one of the fastest-growing remittance companies in Nepal. To date, eSewa has onboarded more than 150,000 merchants and 50-plus banks and financial institutions and has established a wider network of agents nationwide.

“In alliance with UNCDF, IME Pay is conducting intensive research to improve the digital medium for remittance recipients in Nepal. Despite being cheaper and more instantaneous than traditional agent (cash) channels, a lack of awareness among remittance receivers means that digital adoption is limited. Thus, one of the primary areas we aim to address through the partnership with UNCDF is the poor uptake of digital channels by remittance recipients in Nepal, primarily women.”

— Suman Pokhrel, Chief Executive Officer, IME Pay

ticular for women recipients. The research insights will inform the product design of digital remittances with a migrant-centred approach and will enhance the agent network as an advocator of digital services with a gender-inclusive method.

Status: IME Pay has reached out to 9,000 remittance recipients through mobile wallet channels with the tailored incentive scheme on agent networks and mobile apps. IME Pay has also planned to pilot solutions to improve the financial inclusion and resilience of its remittance customers.

A case study of remittance and mobile wallet services in Nepal has been published based on the insights from the data collaborative project with IME Pay.¹² The second article based on IME Pay demand-side research will be published by October 2022.

eSewa has gone through the institutional assessment, data mapping and market scan phases. The project is on hold (in the pipeline) due to the partner being unwilling to share granular transaction data for deep analysis. The team continues to maintain and strengthen its relationship with eSewa, given our commitment to developing the retail payments ecosystem in Nepal, and is currently exploring opportunities for a formal collaboration in the near future.

DEMAND-SIDE RESEARCH ON MIGRANT REMITTANCES | KIT ROYAL TROPICAL INSTITUTE



KIT Royal
Tropical
Institute

UNCDF partnered with the KIT Royal Tropical Institute (KIT) to conduct demand-side research to inform the development of inclusive digital remittance solutions and innovation in financial services for migrants and their families. This research sought to estimate the trends, patterns and barriers in the access to and usage of digital remittances and other financial products, and the financial resilience outcomes of remittance services, with a focus on gender-aware insights.

In partnership with Butterfly Works and Aflatoun, KIT assessed the financial needs and preferences of more than 3,000 remittance-sending migrants and their remittance-receiving family members. Through analytical research reports, insight validation workshops and concept distillation workshops, they supported the commercial and development objectives of seven

¹² Ali Asad Rashid, Houle Cao and Robin Gravesteijn, “Integrating remittance and mobile wallet services: A case study of IME Pay in Nepal”, United Nations Capital Development Fund, New York (<https://migrantmoney.uncdf.org/integrating-remittance-and-mobile-wallet-services-a-case-study-of-ime-pay-in-nepal>, accessed 16 September 2022).



UNCDF private-sector partners (BRAC Bank, IME, Lion International Bank, Lucy, RAKBANK, SentBe and Wizall) using evidence-based customer insights.

Implementation concluded in August 2022.

QUALITATIVE BEHAVIOURAL RESEARCH FOR A HUMAN-CENTRED DESIGN TOOLKIT | BUTTERFLY WORKS

BUTTERFLY WORKS

The gaps between migrant customer needs and values, and RSP business interests result in market inefficiencies with social costs. These gaps can lead to the underutilization of formal digital remittances, pushing migrants into informal, unregulated and risky remittance channels. Going further, these gaps can stunt the growth and impact of RSPs, causing a loss in competitive advantage and market space. The solution lies in the principles of human-centred design (HCD)—empowering people, not products. Human-centred design is a problem-solving approach that puts the people that we are designing for at the heart of the process. It is a co-creative approach to innovation for the mutual benefit of customers and service providers.

While HCD has been applied to the development of financial services and digital financial services, it is still a new concept for remittances and digital remittances. To better support HCD use in digital remittance design, UNCDF worked with a consortium of KIT Royal Tropical Institute, Butterfly Works and Aflatoun International. Butterfly Works conducted qualitative behavioural research that informed the design of an HCD toolkit that RSPs can use to adapt their financial product portfolio to offer more suitable products to migrant households.

The research project combined quantitative and qualitative behavioural research to shed light on the demand-side aspects of the remittances value chain. The qualitative research was conducted in four markets: Singapore (Lucy), Senegal (Wizall), United Arab Emirates (RAKBANK and Edenred) and Bangladesh (BRAC Bank).

The HCD toolkit can be accessed at <https://hcd.migrantmoney.org>. Implementation concluded in August 2022.

MIGRANT-CENTRED, GENDER-RESPONSIVE DIGITAL FINANCIAL LITERACY TOOLKITS | AFLATOUN



Aflatoun International's contribution to demand-side research is on the design of a migrant-centred and gender-responsive digital financial literacy (DFL) toolkit.

With a modular format—web portal, mobile app, open-source Android Package Kit (APK) file—the toolkit can be adopted and deployed by any RSP in a plug-and-play model for its users.

Significant challenges limit the implementation and safe use of digital financial services for migrant workers and their families. For example, consumers lack financial literacy, have low digital skills and limited awareness of digital financial service offerings, lack trust in service providers, experience inadequate customer service and poor clarity of how and where to reach out for help, and get inadequate protection of personal data. Overcoming these and other challenges plays a crucial role in the adoption of digital financial services, especially in the context of digital RSPs. UNCDF's DFL toolkit for migrants and their families will support RSPs, including financial services providers (FSPs), in addressing these critical challenges with their service users. RSPs and FSPs can contextualize the DFL toolkit to offer learning materials based on their customer base. Courses are available online or offline, depending on the platform options and access to the internet.

The DFL Toolkit contains 17 self-learning modules covering different key topics in the thematic focus areas of digital payments, digital remittances, foundational knowledge on financial planning and management, risks and safety, and consumers' rights and responsibilities. The DFL Toolkit is adaptable to different modalities and formats of implementation, prioritizing being migrant-centred and gender-responsive.

The DFL Toolkit can be accessed at <https://dfl.migrantmoney.org>.

Implementation concluded in August 2022.

IMPACT EVALUATION OF DIGITAL REMITTANCES ON MIGRANTS' FINANCIAL ACCESS, USAGE AND RESILIENCE | INNOVATIONS FOR POVERTY ACTION



Innovations for Poverty Action (IPA), in collaboration with the University of Michigan, is partnering with the UNCDF to deliver a client-level impact evaluation study among migrant and remittance recipient customers of the BRAC Bank, a selected remittance service provider partner. This study will measure the

impact of aligning the financial goals of remittance senders and recipients on their financial behaviour, in terms of access to and usage of remittances, and resilience.

IPA is a research and policy non-profit organization with a presence in 22 countries in Africa, Asia, and Latin America. With cutting-edge research and innovation, it creates and shares evidence, equipping decision makers to use the information to reduce poverty.

UNCDF and BRAC Bank have signed an agreement to conduct the impact evaluation study. The IPA team has piloted several strategies to recruit study participants: direct phone calls to

remittance receivers, contacting receivers through BRAC Bank branches, and direct phone calls to remittance senders. The IPA team has also finalized all the baseline survey instruments and is expected to administer the baseline survey in September 2022. After the baseline survey, the IPA and BRAC Bank teams will launch the project activities immediately.

More information: poverty-action.org/about.

Partnership supported to 31 December 2023.

FEASIBILITY STUDY FOR SETTING UP AN IDENTIFICATION SYSTEM FOR FINANCIAL SERVICE USERS IN WAEMU | PwC (BCEAO)



To ensure the traceability and security of transactions, more accurate financial inclusion indicators and better-tailored and evidence-based policies, the BCEAO aims to set up an identification system to uniquely identify financial service users in the WAEMU. For migrants and their families, this system should further facilitate the end-to-end digitization of cross-border money transfers and related financial services by reducing the compliance costs, harmonizing the know your customer (KYC) process across financial institutions in the WAEMU region and improving the speed of transactions, all of which contribute to reducing the transaction cost of remittances and limiting the flow of transactions via unofficial channels.

PricewaterhouseCoopers (PwC) is conducting a feasibility study for setting up this identification system of financial service users in the WAEMU. PwC started with a detailed landscape assessment of identification systems in the eight WAEMU countries. Fifty-nine identification systems were analysed around 10 criteria, ranging from the regulatory framework and governance to the infrastructure. In each country, the most mature ID systems were highlighted to inform BCEAO on the possible systems to rely on when building the unique ID system. PwC also analysed four international implementations of digital identification systems (Aadhaar in India, the Bank of Central African States in CEMAC, the Bank Verification Number in Nigeria and e-ID in Estonia) to learn critical lessons. Building on the landscape and benchmarks analysis, PwC has proposed three scenarios that BCEAO can use to implement the unique ID for financial service users.

Partnership supported to 30 December 2022.

INCLUSIVE INNOVATION FRAMEWORK | DALBERG



Even when data on migration and remittances exist, they are often not used to inform product innovation. Traditionally, remittances value-chains are presented as a series of coordinated activities primarily focused on creating an enduring commercial and competitive advantage—whereby companies and their business models are considered the leading drivers of change and the customer the passive recipient at the very end. In contrast, UNCDF places the migrant customer at the core of the remittance value-chain: not only as a unique customer, incorporating further subsegments with unique needs and preferences different from those of other customers because of their

migration experience, but also as an active builder of remittance value-chains. Reconfiguring remittance value-chains, making them digitized end-to-end and with the financial and non-financial needs, preferences and aspirations of different migrant customer segments at vantage point, requires a different approach from that of RSPs.

To address this, in a co-creation exercise, UNCDF and Dalberg SURL have developed a migrant-centred and gender-responsive framework to guide the inclusive innovation strategies of remittance service providers (RSPs). Through an inclusive way of doing innovation—which is gender-smart and migrant empowering—UNCDF, and other multilateral partners, can work with RSPs to adapt and tweak their business models, delivery channels and products to provide a full suite of safe, affordable, effective and convenient digital remittances services, which improve both women and men migrants’ access to, and usage of, formal digital remittances.

The framework has three components: (i) templates for country assessment of the remittance ecosystem and value chain, (ii) guidelines and capacity-building tools for RSPs and financial service providers on how to do inclusive innovation within the specific context of digital remittances and remittance-linked financial products and (iii) templates for drafting country-specific road maps on how to leverage innovation in the remittance ecosystem through financial and technical support. The framework will be applied and tested in four countries: Bangladesh, Ethiopia, Nepal and Senegal. Designed primarily for the remittance industry, it could be used by both venture capital firms and RSPs that are committed to fostering more inclusive digital remittance and finance ecosystems for women and men on the move.

Dalberg SURL is a registered company in Senegal, linked to Dalberg Group. Dalberg Group is a leading consulting group that includes six different businesses that provide strategic, policy and investment advice to key institutions, corporations and governments, working collaboratively to address pressing global problems and generate positive social impact.

More information: dalberg.com/who-we-are

This Partnership concluded in July 2022.

CAPACITY-BUILDING AND LEARNING COURSE ON THE FUTURE OF MIGRANT REMITTANCES AND FINANCIAL SERVICES | HARVARD KENNEDY SCHOOL



**HARVARD
Kennedy School**

UNCDF partnered with Harvard Kennedy School Executive Education and Evidence for Policy Design to deliver ‘Migrant Remittances and Financial Services’, a

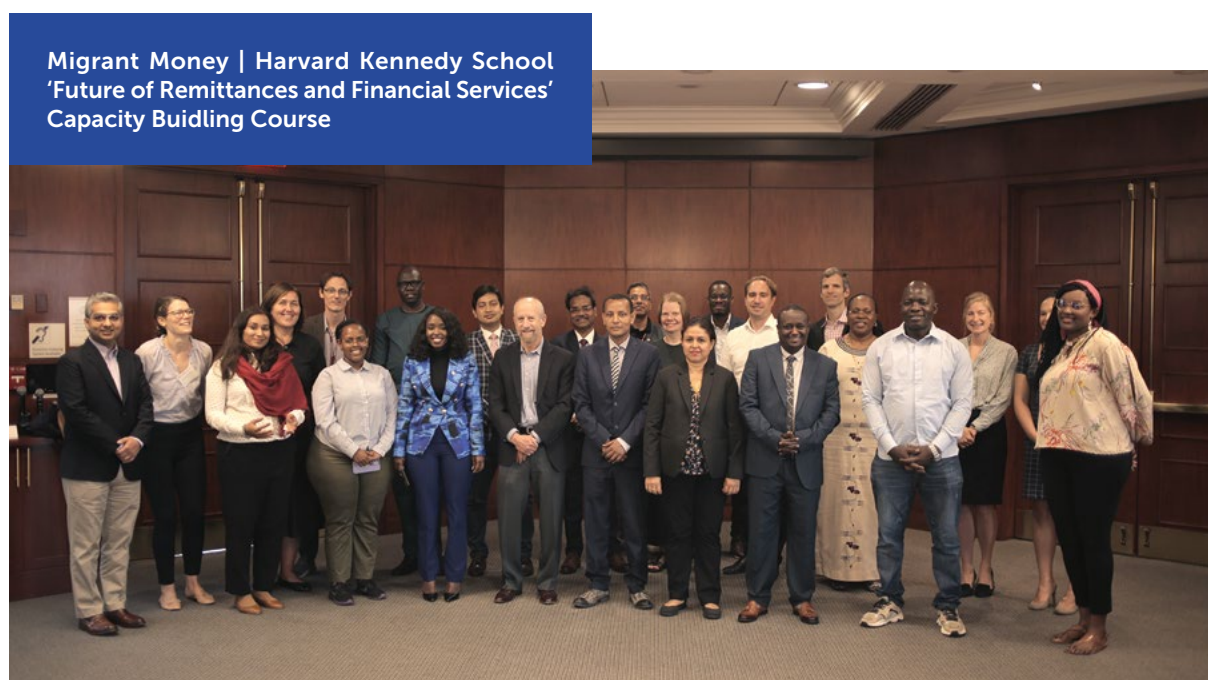
new executive education programme targeting three groups of stakeholder: (i) policymakers and regulators whose mandates relate to migration, remittances and financial inclusion, (ii) leaders from RSPs, banks and other relevant private-sector providers, and (iii) representatives of multilateral organizations and other non-governmental actors.

The programme introduced participants to Harvard Kennedy School’s Smart Policy Design and Implementation (SPDI) framework. They worked in small groups with a dedicated teaching fellow to apply the framework to policy and product design challenges in the remittances sector, culminating in a presentation to Harvard Kennedy School professors.

Eighty participants enrolled in this online programme in January 2022, and 14 were then invited to the Harvard campus in August 2022 to participate in an intensive three-day, in-person workshop. These participants engaged with the Harvard faculty to gain additional feedback on how to implement the SPDI framework effectively, with an emphasis on using data and evidence to inform policy and project design and implementation.

More information: <https://www.hks.harvard.edu/educational-programs/executive-education/migrant-remittances-financial-services>

Partnership supported to 31 October 2023.



DIGITIZATION OF WAGES IN ASIA | KAPRONASIA

Kapronasia

The first link in the digital remittance value chain is migrants' access to wages. The seemingly routine transaction of transferring wages presents a valuable opportunity through which millions of migrant workers can be brought into the fold of formal financial services, not only in host countries but also in their home countries, with the benefits being extended to their families as well as the broader communities. Based on recent UNCDF estimates, there is an unrealized potential business opportunity for private-sector players in migrant wages, with those from low-income countries representing up to \$5.5 trillion per year.

Towards contributing to Sustainable Development Goal target 10.4, *Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality*, UNCDF has initiated a research project to identify strategies for the digitization of wages/salaries for migrant workers, especially women, with an objective to link these digitization initiatives to the adoption of digital remittance services and the adoption of migrant-centred financial products towards financial resilience. In addition to developing a strategy for the

digitization of wages, Kapronasia, as part of this research effort, has also prepared a series of five case studies focused on private-sector actors driving the digitization of wages through distinct business models—MFS Africa (payment aggregator, sub-Saharan Africa), Edenred (wage processor, Middle East), Merchantrade (money transfer operator, Malaysia), Singtel Dash (telecoms company, Singapore), and Wizall (fintech, Senegal).

UNCDF is finalizing the strategy and the case studies into a consolidated document that will be made available for review by mid-September 2022.

Kapronasia is a leading independent research and consulting firm helping financial institutions, technology vendors, consultancies and private equity firms to understand the impact of business, technology and regulatory issues on banking, payments, insurance and the capital markets.

Partnership supported to December 2022.

PROGRAMME THEORY OF CHANGE

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 accelerated some aspects despite inhibiting the timeline of delivery—or regional and country crises such as in Ethiopia and Myanmar.

A MARKET SYSTEMS DEVELOPMENT APPROACH

A market development programme, often called the facilitator, tries to identify the constraints in existing market systems where low-income individuals operate and then attempts to address those constraints in a systemic way. Facilitative in nature, it focuses on leveraging public- and private-sector stakeholders to deliver the desired change rather than directly working with end beneficiaries.

Systemic change

The facilitative approach is indirect and focuses on bringing about institutional and behavioural change through detailed and ongoing analysis of local contexts. It will take longer to realize the impact, and the impact on the end beneficiaries is often beyond the direct control of the programme.

Definition

Systemic change is a fundamental shift in the structure of a market system—which addresses its underlying causes for underperformance—that leads to **sustainable change**, inclusive markets and **impact at scale**

Focus

Addresses the underlying causes of market systems failure and transforming the operational conditions that shape poor people's participation as visualized in the markets supporting functions and rules (e.g., policy, infrastructure, financial literacy)

Key

Change in behaviour of key market actors (regulators, RSPs) stimulated by changes in their perspectives, way of thinking and incentives (CGAP)

The market system development approach is reflected in the UNCDF approach taken to shape the programme's actions, around the following four workstreams.

- *Empowered customers*: Ensure key customer segments can use digital finance innovations that support their life-cycle transitions, seize economic opportunities in their local economies and live healthy and productive lives.
- *Inclusive innovation*: Accelerate innovation in global remittances and digital financial services with migrant-centred and gender-smart solutions so that low-income people experience services that empower their daily lives, while ensuring commercial incentives for the private sector to provide new or improved services are preserved.
- *Open digital payment ecosystem*: Payment and financial market infrastructure related to cross-border payments will be strengthened and expanded to cater to last-mile segments affordably and effectively.
- *Enabling policy and regulations*: Regulatory and policy gaps will be worked on through various mechanisms of technical assistance, advocacy efforts, convening and influencing agencies, and partnerships with local and global partners that can drive changes leveraging national, regional and global constituencies.

The key strategic instruments that will be used in each workstream to achieve the goal are: customer-centred approaches, data and research, stakeholder engagement, expert technical advice and training, and de-risking financial instruments.

The programme's overarching goal is aligned with the UNCDF's inclusive digital economies strategy of 'Leaving no one behind in the digital era', where **inclusive digital economies support migrants and beneficiaries towards economic inclusion, financial health and reduced inequality**.

This journey to financial health through digital remittances calls for migrants and their families to have access to suitable products and services and to see value in using them actively and consistently because they meet their needs and are supported by the ecosystem. Beyond access to and usage of digital remittances and payments services, the programme recognizes the crucial role of the uptake of remittance-linked financial products by migrants and their families. With a migrant-centred and gender-smart focus, remittance-linked financial products, including savings, insurance, pensions and credit, will support education, energy, health, water and livelihood purposes. Three key dimensions—access, usage and resilience (see box)—permeate the programme theory of change.

To fulfil the overarching goal, the programme aims to bring systemic change at the levels of **customers, stakeholders and sectors**.

At the **sector level**, the programme aims to support a virtuous circle of outcomes. Through the regular use of digital remittance services by migrants and beneficiaries, the digital ecosystem expands with more investment, competition and innovation. With an increasing range and reach of services that leverage technology, the use of digital remittance services, and remittance-linked services, by migrants and receivers is supported, as remittances act as a gateway to other services. As a result of the regular use of these different services, remittance and financial service providers benefit from diversified revenues from cross-selling opportunities and improved sustainability, which in turn allow providers to keep innovating, ensuring the use of financial services that meet the evolving needs of migrants and their families.

Three drivers of financial health—access, usage and resilience

UNCDF envisions an inclusive financial system for migrants and remittance recipients where digital remittances are affordable and accessible to migrants (access), where migrants trust digital remittances to improve and extend end-to-end digital financial services in the host and home countries (usage) and where migrants' increased access to and usage of digital remittance channels create commercial incentives for the private sector to offer tailored, gender-smart financial products and services—savings, insurance, pension, credit, investments—to strengthen financial resilience (resilience). These three drivers of financial health—access, usage and resilience—support migrants and their families to realize the outcomes of financial health: security, control and freedom.

The outcomes expected at the **customers' level** illustrate this systemic change the programme aims to support. With a specific focus on women and youth, migrants and receivers meaningfully access and use digital remittance and financial services, thanks to improved ability, knowledge, skills and behaviours. Migrants' and receivers' digital, financial and commerce capabilities expand access to jobs and markets, contributing to their economic inclusion and financial health.

The programme outcomes are permitted only if similar high-level changes are experienced by the different stakeholders in the remittance and financial services ecosystem. These key stakeholders, with whom the programme directly engages, include, among others, public- and private-sector stakeholders from whom policies and regulations, digital infrastructures and innovative business models originate.

As direct contributions of the programme, inclusive policies and regulations that enable access to and usage of digital remittances and remittance-linked financial products are acknowledged and accepted with a scope to be responsibly adopted and implemented. Digital payment and financial market infrastructure is strengthened, and open digital platforms and interoperability are promoted. Among the outcomes at the stakeholder level, the programme also aims to contribute towards available, accessible, affordable, reliable and appropriate digital remittance services being piloted, and inclusive business models are tested and piloted. Essential for the customer outcomes, the programme also contributes to new business models and delivery channels to be piloted for building the financial and digital capabilities, and soft and hard skills of migrants and beneficiaries.

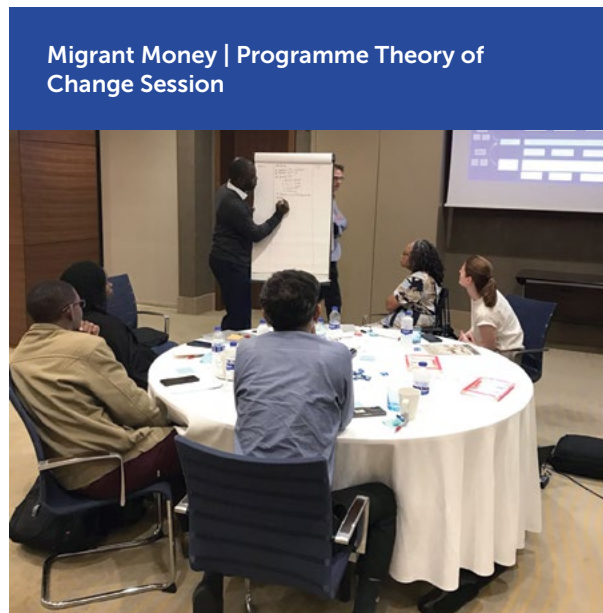
The programme contributes to these high-level changes by reaching key results—or **outputs**—directly attributed to the programme through the wide range of activities implemented.

UNCDF provides technical assistance, which can take several forms, including research studies, data analysis on remittance flows, country regulatory diagnostics and policy assessments

to develop policymakers' and regulators' capacities, and information to support data-driven decision-making and to develop, supervise and enforce inclusive policies and regulations on remittances.

Complementary to technical assistance and investments, UNCDF engages in advocacy efforts to rally and engage public and private stakeholders as well as development partners towards improving oversight capacity. Thanks to these new alliances, policymakers and regulators engage with the private sector to address market constraints and align objectives. These activities and alliances supported are also essential in support of open digital infrastructure and digital financial services offerings to migrants and beneficiaries.

Through market research efforts and customer-focused research informing tools and framework development and channelling supply-side and demand-side insights, UNCDF supports the capacity development of partners. Complemented with UNCDF's investment and ability to crowd in investment partners, partners have increased capacities and resources to offer inclusive innovative business models and services, and to efficiently build the financial and digital capabilities of migrants and beneficiaries.



THEORY OF CHANGE OVERVIEW



Inclusive digital economies support migrants and beneficiaries towards				economic inclusion, financial health and reduced inequality					
SECTOR OUTCOMES	Migrants and beneficiaries regularly use digital remittance services			Expansion of the digital ecosystem with more investment, competition and innovation, and an increasing range and reach of services that leverage technology					
	Remittance and financial service providers benefit from diversified revenues from cross-selling opportunities and improved sustainability			Migrants and beneficiaries regularly use a range of remittance-linked financial services, as remittances act as a gateway to other services					
	Migrants and beneficiaries regularly use a range of remittance-linked financial services, as remittances act as a gateway to other services			Migrants and receivers have better financial, digital and commercial capabilities, including access to jobs and markets					
CUSTOMER OUTCOMES	Migrants and receivers have improved ability, knowledge, skills and behaviours to meaningfully access and use digital remittance and financial services			Migrants and receivers have better financial, digital and commercial capabilities, including access to jobs and markets					
STAKEHOLDER OUTCOMES	Inclusive policies and regulations that enable access to and usage of digital remittances and remittance-linked financial products are acknowledged and accepted with a scope to be responsibly adopted and implemented	Digital infrastructure is strengthened, and open digital platforms and interoperability are promoted	Available, accessible, affordable, reliable and appropriate digital remittance services are piloted	Inclusive innovative business models and remittance-linked financial services are tested and piloted in two regions	New business models and delivery channels for building the financial and digital capabilities, and soft and hard skills of migrants and beneficiaries are piloted				
OUTPUTS	Policymakers and regulators have improved capacities and information to develop, supervise and enforce inclusive policies and regulations on remittances	Policymakers and regulators engage with the private sector to address market constraints and align objectives	Remittance service providers, mobile network operators, governments and other actors are capable of and committed to developing and expanding inclusive and open digital infrastructure, and digital remittance offerings for migrants and beneficiaries	Digital finance providers, payment aggregators and other stakeholders have improved capacities to improve access at the last mile through strengthened digital rails (distribution network, e-KYC) and facilitate easier adoption and onboarding on digital channels for migrants and their families	Start-ups, corporates and other actors have increased capacities and resources to offer inclusive business models and products (including digital remittance services and remittance-linked payments and financial products) and incentivize their usage	Partners have the capacities, tools and delivery channels to efficiently build the financial and digital capabilities and soft and hard skills of migrants and beneficiaries			
ACTIVITIES	UNCDF provides technical assistance, based on policy assessment, country diagnostics and specialist research, to the remittance and financial sector and to the relevant sectoral policymakers and regulators	UNCDF provides investments and technical assistance to regulators on data-driven decision-making based on remittance and financial flows analysis	UNCDF provides investments and technical assistance based on specialist research, market research and country diagnostics, and brokers alliances between stakeholders		UNCDF provides investments and crowds in investments partners	UNCDF provides technical assistance based on market and demand-side research and develops migrant-centred gender-smart tools and frameworks for start-ups, corporates and other actors	UNCDF brokers alliances between different stakeholders (MTOs, MNOs, banks, non-banks, financial institutions, postal networks)	UNCDF provides investments to private-sector partners	UNCDF provides technical assistance based on demand-side research for clients' and potential clients' needs and capabilities
Research and Learning, Knowledge Sharing, Public-Private Dialogue, Development Partner				Coordination, Events, Training, Workshops, Exposure Visits, etc.					

Workstream 1:
Enabling Policy and Regulations

Workstream 2:
Open Digital Payment Ecosystem

Workstream 3:
Inclusive Innovation

Workstream 4:
Empowered Customers

RESULTS MANAGEMENT

With the Migration and Remittances Programme, UNCDF follows a market systems development approach, which focuses on leveraging public- and private-sector stakeholders to deliver the desired change rather than directly working with end beneficiaries. This facilitative approach is indirect and focuses on institutional and behavioural change through detailed and ongoing analysis of local contexts. The implication is that it will take longer to realize the impact and that the effect on end beneficiaries is often beyond the programme's direct control. Therefore, programmes following market systems' development approaches must continually monitor and track progress to employ effective learning and adaptive management. As such, results measurement is a critical component of a market systems development programme.

RESULTS MEASUREMENT FRAMEWORK

A results measurement framework (RMF) is a critical component of any development programme, and ours has been developed around the programme theory of change (see page 61). The RMF is a key programme management tool for tracking indicators to identify events occurring as expected. It enables results to be articulated, guides programme measurement practices and empowers programmes to learn and adapt based on the data and results.

Other pillars of the RMF alongside the theory of change are the key performance indicators (KPIs), identified to inform each stage of the theory of change. This purposefully concise list of KPIs encompasses the three dimensions of the digitized customer's journey—access, usage and resilience—and all results levels in the theory of change: outputs, outcomes and impact. Programme-level KPIs are reported internally and to key stakeholders through a programme reporting dashboard powered by Power BI.

Different projects are being implemented within the programme, focusing on policy and implementation objectives with a growing number of partners. A specific results chain has been constructed for each project in the form of a flowchart that maps how the activities of an intervention are expected to lead to changes at the output, outcome and impact levels. These are aligned with the theory of change and provide a broader overview, enabling partners to develop a comprehensive results measurement plan of regularly monitored quantitative and qualitative indicators that interpret observed changes and results within the context of the desired and linked project outputs, outcomes and impact.

PROGRAMME REPORTING

Each partner, following its results chains and KPIs defined at the start of its partnership with UNCDF, submits a report, including KPI figures and a narrative exposing the key achievements, challenges and risks experienced in the past quarter. It also provides a key outline of the next quarter's work plan. Each UNCDF team member shares the activities led and results achieved and reflects on the key learning, opportunities and risks identified and issues faced.

These insights are gathered on an ongoing basis and discussed weekly in portfolio meetings. These results and insights are consolidated into a quarterly report. Further efficiency comes in the form of more direct reporting to donors and stakeholders through enterprise and programming reporting dashboards. Through these, the reporting requirements are decentralized, and it is for donors, partners and other key stakeholders to access updates independently and more regularly.

PROGRAMME OUTREACH JANUARY 2020 –PRESENT



20

Blogs & op-eds



10

Press releases



2

Videos & media
interviews



22

Working papers
& reports



15

Policy briefs
& diagnostics



25

Country
monitors



84

External trainings
& workshops



105

Internal team
presentations



21

Events & speaking
engagements

PUBLICATIONS—JULY 2021 TO JUNE 2022

Enabling Policy and Regulations

COUNTRY MONITORS | REMITTANCE POLICY DIAGNOSTICS

- [Assessment of the National Remittance Policy and Regulatory Framework](#)
- [Regulatory Reforms Turn the Page on Ethiopia's Illusive Remittances](#)
- [Ethiopia | Remittance Policy Diagnostic](#)
- [Djibouti](#)
- [Kenya](#)
- [Somalia](#)
- [Sudan](#)
- [South Sudan](#)
- [Uganda](#)
- [Angola](#)
- [Burundi](#)
- [Cameroon](#)
- [Central African Republic](#)
- [Chad](#)
- [Congo](#)
- [Democratic Republic of the Congo](#)
- [Equatorial Guinea](#)
- [Gabon](#)
- [Rwanda](#)
- [Sao Tome and Principe](#)
- [Senegal](#)
- [Bangladesh](#)
- [Nepal](#)
- [Myanmar](#)

Note: Publication of Remittance Policy Diagnostics is pending approval with CBs.

REGIONAL HARMONIZATION OF REMITTANCES POLICIES AND REGULATIONS

- [Keeping Remittances Flowing: Harmonization of Remittance Policies in the IGAD region](#)
- [Assessment of the Regional Remittance Policy and Regulatory Landscape](#)
- [Harmonization of Remittance Policies in the IGAD Region—Inception Report](#)
- [Harmonization of Remittance Policies in the IGAD Region—Diagnostic Report](#)
- [Harmonization of Remittance Policies in the ECCAS Region—Inception Report](#)
- [Blog: Learning How to Improve Remittances and Financial Services for Women and Men on the Move](#)

REMITTANCES DATA AND STATISTICS

- [Understanding Informal Remittances](#)
- [Policymaker Summary: A Model for the Systematic Capture, Management and Analysis of Remittances Data by Central Banks](#)
- [Remittance Reporting and Analysis System: Capturing, Monitoring and Analyzing Remittance Flows](#)
- [The Case for the Collection and Analysis of Transaction-Level, Supply-Side Data on Remittances](#)
- [Toolkit: Lessons Learned on Building an ITRS to Collect Remittance Data](#)
- [Assessment Guide: Assessment of the National Remittance Data Collection Landscape](#)
- [Reference Guide: Design and Implement a Remittance Reporting and Analysis System \(RRAS\)](#)
- [Webinars: UNCDF Webinar Series: Better Remittances Data for Better Decisions—7, 8 and 9 June 2022](#)

Open Digital Payment Ecosystem

- [Exploratory Paper: Open Regulated Global Payments Inter-Network](#)
- [Ethiopia Payment Infrastructure Diagnostic](#)

Inclusive Innovation

ACCESS

- [Shifting from Cash to Digital Remittances During the Pandemic: A Case Study of BRAC Bank in Bangladesh](#)
- [Switching from Cash to Digital Remittances, Research Insights from Wizall Money in Senegal](#)
- [Integrating Remittance and Mobile Wallet Services: A Case Study of IME Pay in Nepal](#)

USAGE

- [Financial Inclusion of Blue-collar Women and Men Migrants in the UAE: Opportunities and Challenges—The Case of RAKBANK and Edenred](#)
- [Access and Usage of Digital Remittances: A Case Study of Ping Money in The Gambia](#)
- [Access to and Usage of Digital Remittances: A Case Study of SentBe](#)

RESILIENCE

- [Exploratory Paper: Mechanisms for Diaspora Finance](#)
- [Exploratory Paper: Diaspora Micro-Savings Products in Ethiopia](#)
- [Financial Resilience of Migrants—The Case for Digital Wages, Insurance and Pensions](#)
- [Insurance and Pensions: Charting the Path for Migrant Financial Resilience](#)
- [Migrant Financial Resilience: Where are we in preparing the building blocks?](#)
- [Scaling the Next Frontier in Migrant Money: The Case of Insurance and Pensions](#)
- [Migrant Insurance and Pension: Gazing through the Future](#)
- [Webinar on Innovation Pilots Focused on Migrant Financial Resilience,” 19 and 21 July](#)

Empowered Customers

- [Toolkit: Human-centered Design Toolkit for Migrant-centric Product Design](#)
- [Toolkit: Migrant-centric and Gender-responsive Digital Financial Literacy Toolkit](#)

Gender

- [Designing Migrant-centric and Gender-smart Digital Remittances](#)
- [How do Digital Remittances Contribute to Improving Women’s Financial Health?](#)
- [Gender-smart Product Design: Using Customer Archetypes to Design Digital Remittances for Women Migrant Domestic Workers: Part 1—Identifying the Archetypes of Women Migrant Domestic Workers in Singapore.](#)
- [Gender-smart Product Design Part 2—Leveraging Customer Archetypes to Shape the Value Proposition of Digital Remittances for Women Foreign Domestic Workers](#)

Annual Report

- [Annual Report 2021—Beyond Sending Money Home](#)

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. 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 and financial resilience in a way that is migrant-centred, gender-responsive and commercially viable for the private sector.

COMMUNICATIONS STRATEGY

Our comprehensive communications strategy was presented during the investment committee meeting in September 2020 and endorsed by its members, including SDC and 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 with 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.



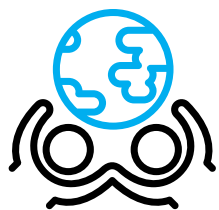
Position

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

Policy-makers 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 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 social media—widely used platforms such as Twitter and the more professionally focused channels such as LinkedIn. We have also started working with a digital strategy and technology firm on increasing brand recognition. With the help of this agency, we launched a pilot social media paid campaign to drive advocacy and awareness for UNCDF and to position the Migration and Remittances Programme as the market leader in remittances in front of key audiences working in the sector.

Apart from social media, the central digital resource for our work continued to be the Migrant Money website hosted by UNCDF at migrantmoney.uncdf.org. The website ensures that we have a foundation that is suitable for healthy organic growth through future content strategy efforts, and we will continue to use it as a tool for building awareness in support of greater financial inclusion, resilience and equality.

Our central online presence makes gaining a quick understanding of the ambitious and complex effort easy. Added to these communication purposes, the updated website is also available to anyone else who wishes to understand and support migrant-centred remittances—through access to the publications, briefs and webinars that have already been produced

Migrant Money | Service Delivery Team



regularly 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 for 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 participation of beneficiaries and stakeholders in our data and research, through our partnership engagements and through technology. This research and listening, including through digital technologies,¹³ is in tune with the approach we support for our partners—RSPs, for example—to listen to their markets. UNCDF technical assistance, to help RSPs to develop products that are migrant-centred and gender-responsive, includes social listening to explore customer barriers, satisfaction and complaints.

Our advocacy on remittances and linked products has already proven responsive in the past year. With the Advocacy Co-Lab in place in 2021, the programme will continue to provide an effective hub for deepening and widening this communication, engagement and advocacy. The Migration and Remittances Programme remains relevant and creates multiple opportunities for engagement. In this context, we will continue to create insightful, relevant and transformative content and to deliver it on multiple channels so it reaches and inspires people who can power change for migrants.

Furthermore, we will also continue to communicate and advocate with decision makers and partners. However, our intention is to go beyond communicating, to advocate. We want to strategically communicate to advocate and drive change—and thus to achieve our programmatic and impact outcomes. We believe this is best done by working side by side with partners who are committed to our agenda, while also mobilizing the strengths and reach of each of those partners.

To summarize the current advocacy agenda, the centrality of access to affordable remittances and financial services for women and men migrants—and not migration being the focus—continues to be the core focus for the programme.

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. However, while the digitization agenda achieved a sense of urgency due to the COVID-19 crisis, and many ad hoc digital innovations were developed among RSPs, these efforts for the most part have continued to proceed in a siloed way, as have many of the various policy diagnostics and reforms also being initiated in both remittance sending and receiving countries.

¹³ 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>).

The programme, with the unique convening influence and technical capacity provided by UNCDF, counters the 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 migrant money 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.

PROGRAMME PRIORITIES

CONTENTS

- Gender collaborative
- Data collaborative
- Advocacy collaborative
- Cross-border interoperability
- Migrant financial resilience

GENDER COLLABORATIVE

The programme gender mainstreaming strategy (see Annex 2) 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 continues to be 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). 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 women's inclusion in products and policies.

The gender collaborative is a key initiative that remains instrumental in developing these efforts to mainstream gender over the coming year. Launched in 2021, 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 the public and private sectors and multilaterals that are pursuing gender mainstreaming in financial services. See Annex 2 for details of how this internal hub embeds gender-responsiveness into the programme. As a strategic report, the annex also explains how we intend to set the Gender Co-Lab on course to become an industry-wide platform and community of practice.

To date, Gender Co-Lab sessions have addressed, among others, the following topics:

- Addressing challenges that arise in supporting the private sector to apply a gender lens in the development and implementation of gender-smart remittances and financial services
- Developing the language, tools and processes to support gender mainstreaming across the Migration and Remittances Programme
- Mainstreaming gender in the policymaking process
- Understanding and applying the principles for gender-smart and migrant-centred remittance product development.



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 remittances. 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

Even the best databases on remittance flows into low- and middle-income countries suffer from substantive data gaps, hindering product innovation and policymaking. When comparing the economies of sending and receiving countries, for example, the outflow data do not always match the corresponding inflow data for bilateral corridors. It is not always clear which channels (e.g., online, agent or bank) are being used to transfer remittances, or who is sending or receiving them (e.g., youth, women or other population segments that are not being counted in the data). Because the official data are known to under-represent informal and unregulated flows of remittances, it is not fully understood how remittances affect a developing nation's balance of payments. Moreover, data on remittance flows are updated and reconciled only periodically—often just once a year—and they lack granularity and precision. More real-time data are needed, with greater disaggregation by geographical and demographic characteristics such as sex and age.

To bridge the data and knowledge gaps, UNCDF is committed to working with stakeholders to promote data, research and learning activities that support the creation of enabling ecosystems, the design of migrant-centred product innovations and the making of evidence-based policy. Through the collection and amalgamation of supply-side remittance data from the private sector, complemented by novel demand-side research on migrants and their families (see Annex 11, p 4 - Demand side research project), UNCDF aims to fill significant data and knowledge gaps (see Annex 3) to strengthen the body of evidence on international remittances by improving the collection, analysis and dissemination of accurate, reliable and comparable data and research, disaggregated by sex, age, remittance corridors, remittance channels (cash, bank, e-wallet) and other characteristics.

Through the data collaborative with remittance companies and regulators, UNCDF generates learning, research insights and publications on migrant profiles, remittance flows and transaction patterns to inform evidence-based policymaking and migrant-centred product innovation. At the same time, its research insights help remittance services providers to develop more inclusive, migrant-centred products and to inform the policies of central banks and other regulators. Our goal is to ensure that remittance services empower and strengthen the financial resilience of all migrants, their family members and others.



In Q2 2022, UNCDF launched a request for applications to support this effort—[Data Systems Implementation for Migrant Remittances and Financial Services](#). In phase one, through 2022 and 2023, the selected institution will build and deploy a data 'lake house' (lake plus warehouse) that will streamline the collection, processing, curation and analysis of demand- and supply-side remittance data, and develop interactive dashboards that will inform remittance markets and stakeholders. The data lake house will leverage the institutional knowledge and best practices that UNCDF has acquired through cleaning and analysing over 80 million transaction records from 10 different service providers and equip UNCDF with the technical infrastructure to exponentially scale up the data collection from the private sector. The data collaborative project will also enable UNCDF to scale up our analysis effort by providing tiered access to disaggregated data and dashboards to data collaborative members.

ADVOCACY COLLABORATIVE

WE BELIEVE that economies can truly thrive only when migrants are financially resilient, with the skills and tools to meet their needs and aspirations.

WE EXIST to ensure *all* migrants—and the families who depend on them—have access to convenient, safe and affordable remittances and financial services.

With the Advocacy Co-Lab—a network of communication focal points across organizations that share a common narrative of reimagining the financial markets for migrants—the programme provides an effective hub for deepening and widening this communication and engagement on this important agenda of financial inclusion and resilience for migrants. The Migration and Remittances Programme remains relevant and creates multiple opportunities for engagement. In this context, we will continue to create insightful, relevant and transformative content and deliver it on multiple channels so it reaches and inspires people who can power change for migrants.

Last year, the Migrant Money team formalized an advocacy collaborative that strengthened the programme's existing outreach through its widening networks (40 countries) and its ongoing active dialogue (600-plus unique private-sector stakeholders), engagement and far-reaching communications across 10 regulators and line ministries, plus a range of private-sector partners—banks, money transfer operators, payment aggregators, mobile money providers, mobile network operators, fintech and microfinance institutions—and multilateral and development partners at the global, regional and local levels. This year, we continued building on those outreach achievements by further strengthening our systems, processes and capacities for advocacy while also continuing to formalize dialogue with our implementation partners, multilaterals and governments to help with our continued efforts to advocate migrant-centred and gender-responsive digital financial inclusion and the remittances agenda.

To remain credible and relevant as one of the leading programmes in migration and remittances, we must evolve. We must embrace risk and adopt new technologies so that we can adjust

to the changing world. The programme's outreach activities must be omni-channel, with assets tailored to specific audiences and designed for the platforms that perform best in each context.

Furthermore, we will also continue to communicate and advocate with decision makers and partners. However, our intention is to go beyond communicating to advocate. We want to strategically communicate to advocate, to drive change—and thus achieve our programmatic and fundraising goals. We believe this is best done by working side by side with partners who are committed to our agenda, while also mobilizing the strengths and reach of each of those partners.

CROSS-BORDER INTEROPERABILITY

Despite the importance of remittances for achieving the Sustainable Development Goals, international remittances still face many challenges for their potential to be fully realized. Among these is the lack of interoperable payment systems (or interoperability schemes) in sending and receiving countries.¹⁴ For example, despite the improvement of banking agent or mobile money agent networks in developing countries, lack of liquidity remains a major issue, with serious challenges faced in remote areas in particular. Moreover, interoperable payment systems would allow mobile money service providers, remittance services providers and banks in receiving countries to build affordable services that could allow recipients to receive money through the digital channels of their choice—and would improve the likelihood of remittances to be used as an on-ramp for the financial inclusion of beneficiaries. Indeed, recipients would be able to seamlessly use the amounts received to benefit from other value-added services: payments for education, health, clean energy, utilities and merchants, and financial products such as savings, credit, insurance, pensions and investments.

UNCDF is driving efforts towards an open, regulated global payments inter-network specifically designed for low-value international remittances, to address the needs of migrants around the world. In our activities towards open digital payments systems, we work to understand the importance of digital cross-border payments as the basis for gender-responsive remittance services. 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 the development of new kinds of more specialized remittance products that meet women and men migrants' specific needs.

Building interoperable payment systems is a complex task. During the year, UNCDF held consultations with 50-plus stakeholders across 30-plus organizations, including central banks, multilaterals and private-sector entities. We have developed an exploratory paper on interoperability—published in August 2022; see 'Open Regulated Global Payments Inter-network'.¹⁵ This builds on the G20 road map for enhancing cross-border payments, specifically its building blocks 8 and 16, and proposes ideas for three components on which UNCDF will continue efforts:

- Account addressing
- Tokenized compliance
- Clearing and settlement.

¹⁴ Interoperable payment systems are defined here as national or regional retail instant-payment systems incorporating banks, digital financial service providers, remittance service providers and other financial service providers as platform participants.

¹⁵ Available at <https://migrantmoney.uncdf.org/docs/open-regulated-global-payments-inter-network>.

Work on account addressing has been initiated, and we are holding sessions with relevant stakeholders to explore the need for a global directory to resolve identifiers with proxy registries, and to understand the key requirements for a global directory that could resolve an account identifier or alias across borders. We will address the other two areas subsequently, by fostering the sharing of know-your-customer and identity information and factoring digitally signed transactions and central bank digital currencies into the international clearing and settlement process.

All these efforts, as prioritized in a phased manner, are intended to improve reach and convenience, reduce remittance transaction costs and increase market competition, by facilitating risk-based access to payment and financial market infrastructure for non-banking financial service providers. These providers include wage payment service providers, money transfer operators, mobile network operators, agents at both ends, utility companies, banks, and financial institutions offering bite-sized financial products and services. All these would feel incentivized in a digital ecosystem through financial offerings that could be aggregated for migrants and their families, generating more transactions per customer and additional, responsibly monetized revenue streams.

Additionally, for information and reference purposes, the paper builds also on the work of several key documents created by UNCDF, the Better than Cash Alliance and the World Bank for guidance on the modernization of payments and remittance services. It also builds on standards and principles encapsulated by the Financial Stability Board, the Committee on Payments and Market Infrastructures of the Bank for International Settlements, the World Bank and other standards-setting bodies on retail payment systems, cross-border remittances and digital financial inclusion.

The experience of UNCDF in improving international remittance by supporting governments, central banks and regional economic community (REC) stakeholders to build interoperable payment systems has also revealed the need for better and sustained capacity-building initiatives. Towards this objective, UNCDF is developing a cross-border interoperability reference guide for policymakers, regulators and private-sector partners. This initiative will build on other existing ones and on research efforts, largely focused on domestic payments, and will address:

- The presentation of the topic from the perspective of the governments, central banks and REC stakeholders that are willing to introduce interoperable payment systems
- Providing practical, step-by-step approaches to build the capacity of the stakeholders bringing in the interoperability schemes
- Proposing decision-making tools that would help championing stakeholders to proactively factor in the ambition to spur the growth of international remittances in their countries or regions.

In drafting the reference guide, UNCDF will address cross-border interoperability with the aim of helping to ensure countries and regions are capable of building or evolving their cross-border payment infrastructure. This has the view to both create more opportunities for them and to mobilize additional financial resources, in particular through inbound remittances, towards strengthening countries' balance of payments and improving the financial resilience of migrants and their families.

MIGRANT FINANCIAL RESILIENCE

The financial resilience of migrants is increasingly taking centre stage in the development discourse, given its role in safeguarding migrant families against unforeseen events, such as death, sickness or job loss. These events negatively impact the financial stability of the family, leading to excessive debt, inequality and poverty.

UNCDF aims to contribute to the financial resilience of migrants and their families by facilitating the design and development of migrant-centred, gender-responsive, scalable and commercially viable digital wage, insurance and pension products and services, delivered through the alignment of the migrant money ecosystem. Our approach towards migrant financial resilience may be found in [Financial Resilience of Migrants: The case for digital wages, insurance and pensions](#).

Over the last year, we have conducted secondary research and a series of key stakeholder consultations on the prospect of migrant financial resilience. The research and consultation insights are reflected in our article on [Insurance and Pensions: Charting the path for migrant financial resilience](#). This highlights the scope of innovations across the insurance and pension ecosystem that may contribute to reducing risks and improving migrant financial resilience, through interventions in policy, regulations, payments and appropriate nudges to the market-based players. The article further links to our following three detailed technical papers:

- [Scaling the Next Frontier in Migrant Money: The case of insurance and pensions](#)
- [Migrant Financial Resilience: Where are we in preparing the building blocks?](#)
- [Migrant Insurance and Pension: Gazing through the future](#).

To identify strategies for the digitization of wages/salaries for migrant workers, especially women, we have conducted five case studies across Asia and Africa with a bank, a mobile network provider, a money transfer operator, a wage service provider and a fintech. The case studies provide insights into the challenges and opportunities for innovations in migrant digital wage services, leading to an innovation and intervention strategy in the domain of migrant wages.

In the past six months, we have also conducted two webinars focusing on the challenges and opportunities of migrant financial resilience: one with a close group of global stakeholders and experts, and another with the private-sector entities in the six focus countries: Bangladesh, Indonesia, Malaysia, Nepal, Sri Lanka and the United Arab Emirates. We also presented the research and insights in the [Savings and Credit Forum](#), hosted by SDC in June 2022.

To create demonstrable impact through inclusive innovation on migrant financial resilience, we aim to leverage the digital financial service providers, insurance conglomerates, reinsurers, payroll service providers, pension fund managers and the ecosystem stakeholders to integrate digital wages, insurance and pensions into the existing migrant money ecosystem. Towards this aim, we have launched a [request for applications](#) to onboard up to 10 private-sector entities in the six focus countries. These partners would be provided with curated technical and limited financial assistance to design and scale up innovative, migrant-centred, gender-responsive, commercially viable digital wage, insurance and pension services for migrants.

ABBREVIATIONS

These abbreviations are commonly used by the programme.

2030 Agenda	United Nations 2030 Agenda for Sustainable Development	IVR	interactive voice response
AMIFA	Atlantic Microfinance for Africa	IOM	International Organization for Migration
AML/CFT	anti-money-laundering/countering (or combatting) the financing of terrorism	IPA	Innovations for Poverty Action
APBEF	Professional Associations of Banks and Financial Institutions	ITRS	international transactions reporting system
API	application programming interface	KIT	Royal Tropical Institute
APSPD	Professional Associations of Decentralized Financial Systems	KPI	key performance indicator
BCEAO	Banque Centrale des États de l'Afrique de l'Ouest (Central Bank of West African States)	KYC	know your customer
BIS	Bank of International Settlements	LORI	learning, observations, risks and issues
CPMI	Committee on Payments and Market Infrastructures (Bank of International Settlements)	MFI	microfinance institution
BOP	balance of payments	MFS	mobile financial service
BTCA	Better Than Cash Alliance	MNO	mobile network operator
CEMAC	Central African Economic and Monetary Community	MPFA	Migration Policy Framework for Africa
COE	Central Operating Entity	M-savings bonds	micro-savings bonds
CREPMF	Regional Council for Public Savings and Financial Markets	MSB	money service business
ECCAS	Economic Community of Central African States (French name: Communauté économique des États de l'Afrique centrale, 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	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 catalyse 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.