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Investing in rural people

## **Decision to submit a proposal to the Governing Council for the proclamation of an International Day of Family Remittances**

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**For: Approval**

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## Recommendation for approval

The Executive Board is invited to approve the submission to the Governing Council at its 38<sup>th</sup> session of the proposal for the proclamation of an International Day of Family Remittances, as contained in the annex of this document.

## Decision to submit a proposal to the Governing Council for the proclamation of an International Day of Family Remittances

### Background information

#### A. Introduction

1. IFAD's Global Forum on Remittances, held in Bangkok in May 2013,<sup>1</sup> unanimously recommended proclaiming an International Day of Family Remittances and called for IFAD to take the lead in seeking formal recognition of this day.
2. The objective of this proclamation would be to recognize and raise global awareness regarding the fundamental contribution of migrant workers to the well-being of their families and communities of origin, and the importance of remittances to further contribute to sustainable development, particularly in rural areas.
3. Key features of migrants' remittances to their families include:
  - (a) Seeking better opportunities for themselves and their families back home is the principal reason why people migrate. In fact, it is estimated that the resulting international and domestic remittance flows support up to one fifth of the world's population. In addition, at least 40 per cent of these flows go to rural areas.
  - (b) In 2013 alone, over US\$430 billion of international remittances reached the developing world, surpassing foreign direct investment to developing countries and equalling four times official development assistance (ODA). These volumes reflect an upward trend that by 2016 is projected to reach US\$500 billion, with a similar amount from domestic remittances.
  - (c) Beyond these numbers, on the receiving end, remittances improve overall living standards. They also represent one of the few reliable sources of investment in businesses, agriculture and the rural economy as a whole.
4. Remittances are an expression of fundamental family commitment and constitute one of the world's most direct methods of poverty alleviation. Leveraging their impact to foster economic improvement represents a major opportunity for recipient families and communities.
5. While remittance flows already have a substantial positive impact, they could contribute significantly to several key development priorities through new partnerships, improved policies and scaled up innovations:

#### Financial inclusion

6. **Context.** The vast majority of remittance families live and work outside the global financial system; as a result, a significant portion of transactions take place outside

<sup>1</sup> The 2013 IFAD Global Forum on Remittances was co-chaired by IFAD and the World Bank and was held in Bangkok from 20 to 23 May. Participants included over 350 high-level representatives from governments, the private and public sectors, and civil society.

the traditional financial sector. Remittances often represent the first, and perhaps best, opportunity to incorporate recipients into the formal financial sector.

7. **Opportunities.** Improve access to financial intermediation and products that are appropriate to the needs of remittance families - savings, credit and investment opportunities, financial training, and expansion of outreach to rural communities.

#### **International and domestic payment system development**

8. **Context.** Payment infrastructure is neither widely accessible nor used for remittance transfers, and the industry often relies on inefficient and expensive systems and networks, particularly in rural areas.
9. **Opportunities.** Strengthen payment infrastructure at national and regional levels, increase competition in the provision of remittance services and the availability of electronic payments and new technologies, and expand access to financial institutions in underserved and rural markets.

#### **Food security**

10. **Context.** Family remittances invested in agriculture are equivalent to four times global ODA for agriculture, thereby contributing extensively to food security and rural development.
11. **Opportunities.** Efficiently integrate investments into agricultural modernization and value chains to support local markets, trade, jobs and food security.

#### **South-South flows**

12. **Context.** A growing number of family remittances are being sent between neighbouring developing countries, usually back to rural communities. Due to poor financial access, inadequate regulatory framework and limited payments infrastructure, these markets are the least competitive in the world, often resulting in extremely high transaction costs.
13. **Opportunities.** South-South integration of knowledge, legal environments, markets and payment systems are a means to expand trade and spark higher economic growth. As transaction costs are reduced, more funds will become available for consumption and investment.

#### **Fragile states**

14. **Context.** When conflicts or crises emerge, more people migrate, and migrants already abroad send significantly more money back home. These flows are critical to preventing governance instability at all levels.
15. **Opportunities.** Confronted with such difficult circumstances, remittances provide not only a lifeline to individual families, but also the seeds for greater opportunity and the prospects for recovery and stability.

#### **Gender**

16. **Context.** Family roles are changing rapidly, as many women are now generating income for their families in non-traditional ways. Globally, female migrants send approximately the same amount of remittances as male migrants.<sup>2</sup>
17. **Opportunities.** Women already constitute the vast majority of microfinance clients, often using loans for working capital to start their own businesses; remittances can provide the basis to expand successful family enterprises and to engage women in local economic activities.

#### **Youth**

18. **Context.** Most family members supported by remittances are young people – either children of migrant workers or their younger sisters and brothers.

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<sup>2</sup> *Gender, Migration and Remittances*, International Organization for Migration (IOM) factsheet.

19. **Opportunities.** Generate more options for the next generation to stay home and contribute to their communities through targeted education and training programmes. These initiatives would focus on meeting local needs, and provide small-scale seed capital for entrepreneurial activities.

## **B. Rationale for proclaiming the International Day of Family Remittances**

20. IFAD, through its Financing Facility for Remittances (FFR), has been implementing innovative and sustainable initiatives to enable migrant workers and their families to foster their economic and social development through the use of remittances. Supported by several Member States, strategic partners and international financial institutions, the FFR has co-funded nearly 50 projects in over 40 countries since its start-up, and built a network of over 200 partners across sectors.
21. IFAD has become an internationally recognized knowledge partner for governments, international organizations and forums, strengthening its substantial contribution to the global debate on remittances, migration and development, and positioning itself as one of the leading actors in this domain.
22. Proclaiming an International Day of Family Remittances would contribute to further encouraging key stakeholders across sectors to work together to leverage the impact of remittances.
23. Moreover, it would contribute to IFAD's mandate by raising awareness of how remittances can become a more effective economic and human development force, particularly in overcoming rural poverty. Public and private sector partnerships are key to creating the necessary enabling environment to reach the full potential of improving the living standards of remittance families and future prospects of their communities.
24. Proclaiming an International Day of Family Remittances represents an invaluable opportunity for IFAD to recognize the efforts of migrants, strengthen current partnerships and create new synergies linking remittances to specific development activities, including:
- (a) Public-private partnerships that create a more favourable regulatory and market environment for remittance flows, particularly reaching the "last mile" of rural communities through financial access and inclusion;
  - (b) Private-sector initiatives to increase competition, lower transaction costs and provide innovative financial products to meet the needs of low-income families; and
  - (c) Civil society collaboration to identify a broader range of economic opportunities and share knowledge resulting in more options to improve the living standards of remittance families.

## **C. Proclamation of an international day**

25. International days may be proposed and declared either by the United Nations General Assembly or by a specialized agency.<sup>3</sup>
26. There are no guidelines governing the proclamation of international days by United Nations specialized agencies, which depends on their governing bodies and internal regulations only. In the absence of such guidelines or procedures, IFAD has ensured that the proposal for the proclamation of an International Day of Family

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<sup>3</sup> International days have been proclaimed by the following United Nations agencies: Food and Agriculture Organization of the United Nations, International Civil Aviation Organization, International Labour Organization, International Maritime Organization, International Telecommunication Union, United Nations Educational, Scientific and Cultural Organization, Universal Postal Union, World Health Organization, World Intellectual Property Organization, World Meteorological Organization and World Trade Organization.

Remittances be in accordance with the criteria established by Resolution 1980/67 of the Economic and Social Council of the United Nations for the proclamation of international years.

27. Although the United Nations General Assembly is not required to approve international days proclaimed by a specialized agency, it is recommended that once IFAD has proclaimed the International Day of Family Remittances, the General Assembly be approached to provide system-wide recognition.

#### **D. Road map towards the proclamation of the International Day of Family Remittances**

28. The submitted draft resolution has undergone a thorough internal and external review process, chaired by IFAD's Vice-President.
29. Upon approval by the Executive Board, the draft resolution will be submitted to IFAD's Governing Council for adoption at its 38<sup>th</sup> session.<sup>4</sup> The International Day of Family Remittances will be celebrated for the first time on 16 June 2015 in Milan, at the opening ceremony of IFAD's Global Forum on Remittances and Development (GFRD).
30. Once approved by the Governing Council, a subsequent stage of endorsement might be sought by IFAD in order for the resolution to be endorsed by the General Assembly.

#### **E. IFAD's role in observance**

31. IFAD will proclaim 16 June as the International Day of Family Remittances. IFAD plans to invite each country and institution to celebrate the day as they wish, with the active participation of governments, private sector and civil society.
32. IFAD undertakes to encourage and support the following initiatives:
- (a) **Events.** IFAD will celebrate the International Day of Family Remittances each year, either at the GFRD, which takes place biennially, or at dedicated events with key partners in alternate years. The first celebration will be held on 16 June 2015, at IFAD's fourth GFRD in Milan, in conjunction with the Universal Exposition Expo2015, and in collaboration with IFAD's partners.
  - (b) **Publications.** At each GFRD, IFAD will take the opportunity to release remittance and migration-related publications, such as new editions of IFAD's *Sending Money Home* series, briefs, reports and updates.
  - (c) **Partnerships and programmes.** IFAD will encourage partnerships with other international financial institutions, as well as public and private sector stakeholders. In addition, IFAD will engage in the G20 remittance agenda, and will support the efforts of individual Member States in this area.

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<sup>4</sup> To be held on 16 and 17 February 2015.

## **Draft Governing Council resolution on the proclamation of an International Day of Family Remittances**

### **The Governing Council,**

**Recalling** the Declaration of the High-level Dialogue on International Migration and Development, unanimously adopted by the General Assembly and Member States on 3-4 October 2013,

**Recalling** Resolution 55/93 adopted by the General Assembly, proclaiming 18 December as International Migrants Day, which calls for the protection of their human rights,

**Welcoming** the recommendation, unanimously endorsed by representatives of the public and private sectors and civil society during IFAD's Global Forum on Remittances, held in Bangkok on 20-23 May 2013, to declare an International Day of Family Remittances,

**Considering** that in many developing countries, international remittances constitute an important source of income to poor families, projected to exceed US\$500 billion annually from 2016 onward,

**Noting** that the transformative impact remittances have on access to education, food, health and housing is most apparent in communities of the developing world, particularly in rural areas where poverty rates are highest,

**Recognizing** the critical contributions of migrants in supporting their families living in fragile states and during times of crisis,

**Recognizing** the work done by Member States, the United Nations system and the role of civil society organizations in promoting the development impact of family remittances,

**Recognizing** the role of the private sector in developing cost effective and accessible financial transfer services,

**Noting** that families, as basic units of social life, are major agents of sustainable development at all levels of society and that their contribution to that process is crucial for its success,

**Stressing** that South-South remittances can represent an important element for international cooperation among developing countries, in their collective pursuit of economic growth and sustainable development,

**Mindful** that millions of families in rural areas are also supported by domestic remittances sent by family members typically living in urban locations,

- (a) **Proclaims** 16 June to be the International Day of Family Remittances,
- (b) **Invites** all governments, private sector entities, civil society representatives and inter-governmental and non-governmental organizations to undertake special efforts in observance of this Day,
- (c) **Focuses** attention on the receiving end of family remittances, and the need to capitalize on their potential to further help meet the economic, social and environmental challenges confronting developing countries, particularly in rural areas,
- (d) **Encourages** the private sector to facilitate the sending of remittances and to link these flows to a range of financial services and products for migrants and their families,
- (e) **Invites** civil society organizations to bring forward initiatives based on synergies and partnerships with international organizations, governments and the private sector, that enhance the development impact of remittances in communities of origin.