



IOM and Remittances

IOM is committed to the principle that humane and orderly migration benefits migrants and society. As an intergovernmental body, IOM acts with its partners in the international community to: assist in meeting the operational challenges of migration, advance understanding of migration issues, encourage social and economic development through migration, and work towards effective respect of the human dignity and well-being of migrants.

Definition and Scale of Remittances

For IOM purposes, migrant remittances are broadly defined as personal monetary transfers that a migrant worker makes to his/her relatives back in their country of origin. The World Bank (WB) estimates that remittances reached US\$420 billion in 2009, of which US\$317 billion went to developing countries. The majority of remittances flow from North to South, but an estimated 9 to 29 per cent flow from one developing country to another (WB, 2007). However, as a result of the recent global economic crisis and subsequent raise of migrant unemployment, remittance flows have fallen by 6 per cent compared to 2008 (444 billion in remittances of which 338 billion went to developing countries).

Remittances can be sent in various ways, ranging from funds transferred through formal channels (such as Money Transfer Operators, banks or other financial institutions) or “informal” channels (cash carried in person or in-kind transfers). If all remittance payments made through informal and unrecorded channels were to be included in the estimated total amount of remittances, it is believed that this figure could be as much as 50 per cent larger. At such extraordinary levels remittances constitute an essential source of income for many developing countries and, in some cases, represent a very significant percentage of the national Gross Domestic Product.

In this context labour migration generates a relatively stable source of income that contributes to the support of migrant workers’ family members back home, enabling them to invest in education, health and housing, thus improving household living conditions and reducing vulnerability of family members, especially women and children. Remittances therefore constitute a steady source of poverty reduction.

Importance of Remittances for Development and Poverty Alleviation

Remittances represent the most direct link between migration and development. One of the challenges associated with remittances is how to maximize their potential development impact for countries of origin, countries of destination and for individual migrants themselves.

IOM activities in the remittance area aim to facilitate the development of policies and mechanisms that improve remittance services to migrants. The large volume of remittances channeled to countries of origin, and the potential role these remittances could play in the communities’ development, encourages more and more countries to streamline the productive use of remittances in their development plans and initiatives. Although remittances alone cannot alleviate poverty, fully address the needs of developing countries or act as a substitute for Official Development Assistance, they do place migrants firmly within the development equation.



IOM International Organization for Migration

17 route des Morillons • CH-1211 • Geneva 19, Switzerland

Tel: +41 22 717 9111 • Fax: +41 22 798 6150

E-mail: lfm@iom.int • Internet: <http://www.iom.int>

Migration, Gender and Remittances

Women and men migrants act differently as both remittance senders and recipients. Globally, women are the most frequent recipients of remittances sent either by their spouse or by a relative working abroad. They tend to use these remittances for basic household consumption, consumer durables, housing, and debt repayment. As remittance senders women tend to transfer smaller amounts of money more regularly than men.

Today, women account for almost half of the world's migrants. Global labour migration trends are changing and more women now tend to migrate autonomously for economic reasons, and not only as the dependants (spouses or daughters) of male migrants. These women usually work in different labour sectors than male migrants, with varying levels of job security and wages, and independently send remittances home to support their families left behind.

These new migration trends and the differences between women and men as senders and recipients of remittances can greatly affect remittance patterns and need to be acknowledged in order to maximize the potential impact of remittances on development.

IOM Recent or On-going Remittances-linked Initiatives

IOM, together with governments, migrants, migrants' associations and financial institutions, seeks to achieve this objective by generating research and collecting data to support policy and programme development, by encouraging policy dialogue and the sharing of good practices, as well as by implementing capacity building and innovative projects.

Research and Data Collection

Mapping remittance flows from Saudi Arabia to Pakistan

IOM Islamabad has undertaken a study on the nature, use and impact on development at local and national level of remittance flows from Pakistani migrant workers in Saudi Arabia to migrant-sending households in Pakistan. Saudi Arabia is the main destination of Pakistani migrant workers. Mapping remittances from Saudi Arabia will fill a gap in current literature and provide policy makers and financial institutions with recent and comprehensive data to develop new labour migration strategies. This project, funded by IOM's 1035 Facility, will contribute to improving remittance services – such as lowering transfer costs and increasing the volume of remittances flowing through formal channels. It will also encourage the productive use of remittances for initiatives aimed at reducing poverty in Pakistan. Finally, the study will shed some light on how Pakistani women and men use the remittances they receive. *(Project title: A study of the nature, use and impact of remittance flows from Pakistani migrant workers in Saudi Arabia to migrant-sending households in Pakistan. More information at: <http://www.iom.int/jahia/Jahia/pid/495>. IOM contact: sroislamabad2@iom.int)*



Interview with a Pakistani migrant worker in Saudi Arabia

The Angola: a comprehensive study on remittances from South Africa and Portugal

IOM Angola, in collaboration with the Angolan Ministry of Foreign Affairs, has undertaken an extensive study aimed at understanding the characteristics of remittance flows from the Angolan diasporas in Portugal and South Africa. This 1035 Facility-funded project maps preferred transfer channels, patterns of remittances' use and impacts at the household level in Angola, and the characteristics of the Angolan diasporas abroad. The results will be used to develop concrete strategies and initiatives for the productive use of remittances in order to increase economic growth and social development in Angola. *(Project title: Setting the stage for enhanced development impacts of remittances in Angola - Research study of remittance flows to Angola from the diaspora in Portugal and South Africa, and their current use and impact on migrant-sending communities). More information at: <http://www.iom.int/jahia/Jahia/activities/africa-and-middle-east/southern-africa/angola>. IOM contact: iomluanda@iom.int)*

Policy Dialogue

Inter-regional dialogue between Europe and Southeast Asia (SEA)

IOM is currently implementing an inter-regional project which seeks to promote the link between remittances and development in SEA, in particular the Philippines and Indonesia. The project provides support to the EU's ongoing efforts to promote development in these countries through data collection (mapping remittance corridors between EU and SEA countries), policy dialogue and project implementation. This ongoing initiative, co-funded by the European Commission (EC) and the 1035 Facility, will help migrants from SEA countries and remittance recipients in the region better understand the importance of remittances in national and community development. It will create better awareness of migrant populations, migration and remittances patterns. It will also allow migrant workers to better access information on migration, benefit from migration-related services and build stronger relationships with their countries of origin. *(Project title: Improving knowledge of remittance corridors and enhancing development through inter-regional dialogue and pilot projects in Southeast Asia and Europe (with a special focus on the Philippines and Indonesia). More information at: <http://www.iom.int/jahia/Jahia/activities/by-theme/migration-development/aeneas-2>. IOM contact: mrfmanila@iom.int)*

Capacity Building

Moldova: investing remittances in Small and Medium Enterprises (SMEs)

IOM, in partnership with the Ministry of Economy and Trade of the Republic of Moldova and the International Labour Organization, has implemented a project aimed at improving the implementation of policies that sought to maximize the economic gains of migrants' remittances for Small and Medium Enterprises (SMEs). The results of this EC-funded initiative included the strengthening of the Moldovan Government's capacity to implement new policies, collect data on remittances and inform the diaspora on remittance investment opportunities. The specific needs of women migrants were examined. Policies were developed to maximize the use of formal money transfer channels and enhance the use of other financial services. The development impact of remittances has been widely acknowledged by policy makers and harnessing the productive investment of these remittances has been streamlined in the national development agenda. As a result of this, men and women migrant workers acquired financial literacy, and increasingly invested their remittances in SMEs in Moldova. *(Project title: Beyond Poverty Alleviation: Developing a Legal, Regulatory and Institutional Framework for Leveraging Migrant Remittances for Entrepreneurial Growth in Moldova. More information at: <http://www.iom.md/migration&development.html#remit>. IOM contact: iomchisinau@iom.int)*



Press conference for the launching of a mass information campaign in Moldova for migrants and their families, focused on economic empowerment and financial literacy

Albania: Pursuing the National Action Plan on Remittances

IOM Albania, in partnership with the Government of Albania, financial institutions, NGOs and social partners, is implementing a project aimed at promoting the expansion of remittance-related services offered by Albanian banks – such as savings and investment opportunities. It also aims at identifying regular work opportunities for Albanian migrants in Greece and Italy. This project, financed by the Italian Ministry of Foreign Affairs, is consistent with the framework of the

National Action Plan on Remittances. This Plan stems from the Albanian National Strategy on Migration for 2005 – 2010, as developed by the Government of Albania with the technical support and funding of IOM and the EC. The National Action Plan on Remittances includes a number of measures designed to boost the impact of remittance flows. These measures include data collection and research, the expansion of banking and remittance transfer services, and the promotion of collaboration on transnational development initiatives between the Albanian diaspora and the Government of Albania. *(Project title: The Albanian National Action Plan on Remittances: moving from policy development to implementation). More information at: <http://www.iomtirana.org.al/Remittance/index.html>. IOM contact: iomtirana2@iom.int)*

Microfinance initiatives in rural areas of Tajikistan

IOM and the Government of Tajikistan have been collaborating since 2004 on a joint initiative aimed at enhancing the development impact of migration and remittances and assisting the reintegration of labour migrants through microcredit initiatives in rural areas. In 2008 a project aimed at improving financial literacy among migrant workers and their families, establishing community-based associations to facilitate the pooling of migrant remittances for local community development projects, and matching migrants' remittances with international funds to develop small-scale businesses was finalized. This project, funded by the EU Aeneas programme and the UK Department for International Development, replicated the successful outcome of a previous pilot project. This previous project supported micro-loan initiatives and infrastructure rehabilitation with pooled migrant remittances, and was limited to 200 direct beneficiaries of two rural communities. The new project extended the action to an additional 30 migrant-sending communities of rural Tajikistan. *(Project title: Enhancing development Impact of remittances and promoting legal migration in rural communities. More information at: <http://www.iom.tj/projects.html>. IOM contact: iomdushanbe@iom.int)*



Building a community centre with pooled remittances in Tajikistan

Innovative Remittance Transfer Services

Mobile phone money transfers in Georgia

IOM Georgia is implementing a project aimed at improving access to remittances for migrant-sending families in Georgia by diversifying remittance transfer services for Georgians in Greece and enhancing the development impact of remittances by offering migrants and their families new investment opportunities. This two-year project, funded by the International Fund for Agricultural Development (IFAD), includes a study on the scale and use of remittances by 207 remittance-receiving households in a target community in Georgia. It also includes a technical feasibility and cost comparison study of mobile phone technology as a tool for money transfers, and an assessment of opportunities to link remittances to savings and credit schemes. In parallel, IOM will identify the target community's needs and explore how these could be met through matching the investment of remittances with local government support (financial and institutional). The capacity of 60 people from remittance-receiving households will be built on starting small businesses using their remittances. A positive outcome after the project is finalized would include the formal commercial launch of mobile phone money transfers in Georgia. *(Project title: Testing new channels and products to maximize the development impact of remittances for the rural poor in Georgia. More information at: http://www.iom.ge/index.php?activities&remittances&activities_start&photo. IOM contact: iomtbilisi@iom.ge)*



Business training for local communities in Georgia

Tanzania-Uganda IOM collaboration with the Universal Postal Union (UPU) and the Pan-African Postal Union (PAPU)

The IOM/UPU joint pilot project aims to improve and expand remittance services to Tanzanian and Ugandan migrant workers and their families through the use of a real-time electronic money transfer system available through the postal network. The project will reduce remittance transfer costs, enhance access to formal electronic transfer services for remittance senders and recipients, and build the capacity of post office employees in both countries on the development impact of remittances and the benefits of using financial services. *(Project title: IOM-UPU pilot project: Supporting an affordable electronic remittance transfer system between Tanzania and Uganda. More information at: <http://nairobi.iom.int/tanzania.htm>. IOM contact: iomdar@iom.int)*

Remittances website in Italy

IOM Italy has promoted the creation of a new Italian website, www.mandasoldiacasa.it, intended to compare costs and services to send remittances from Italy to 13 main countries of origin of migrants in Africa, Latin America, Eastern Europe and Asia and to offer a comprehensive view of existing money transfer means. This website has been developed within the framework of two IOM projects, Migrant Women for Development in Africa and Migration for Development in Latin America – both of which are funded by the Italian Ministry of Foreign Affairs – and was designed by the Centre for International Political Studies (CeSPI), in collaboration with the World Bank. This website also aims to improve migrants' financial literacy by providing basic information on financial terms and products available to migrants, and includes a wide range of information on migration and development initiatives and remittance channelling mechanisms. *(Project titles: "Migrant women for development in Africa – WMIDA" and "Migration for Development in Latin America – MIDLA". Website: www.mandasoldiacasa.it. IOM contact: midaitalia@iom.int)*

Links to Select Remittance Data

1. International Organization for Migration – Remittances
<http://www.iom.int/jahia/Jahia/pid/538>
2. World Bank's website on remittances
<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:21121930~menuPK:3145470~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html>
3. IMF, Balance of Payments – Remittances Statistics
<http://www.imf.org/external/np/sta/bop/remitt.htm>
4. INSTRAW'S website on remittances
<http://www.un-instraw.org/en/grd/general/remittances-and-development.html>