

# SDG 10.c.1: Reducing Remittance Costs

**Sonia Plaza, KNOMAD, World Bank**

*Sixteenth Coordination Meeting on International Migration, Feb 15-16<sup>th</sup> 2018*

# Sustainable Development Goal 10.7

- **SDG 10.7:** By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent
- **SDG indicator 10.c.1: Remittance costs as a proportion of the amount remitted**

# Exorbitant costs



7  
%

Global  
average



9%

Africa



20  
%

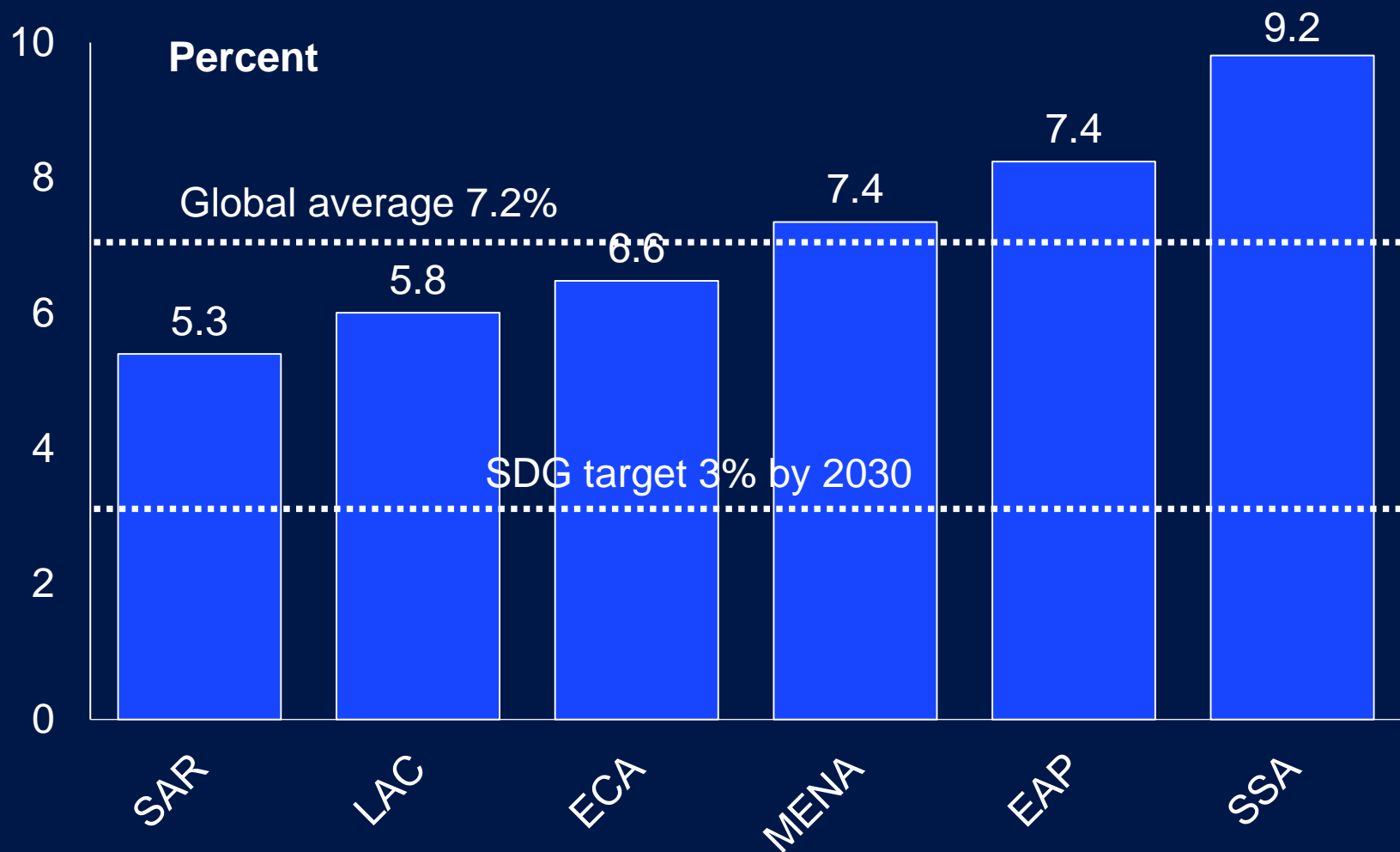
Within  
Africa



90%

Venezuela

# Remittance costs remain high in Sub-Saharan Africa



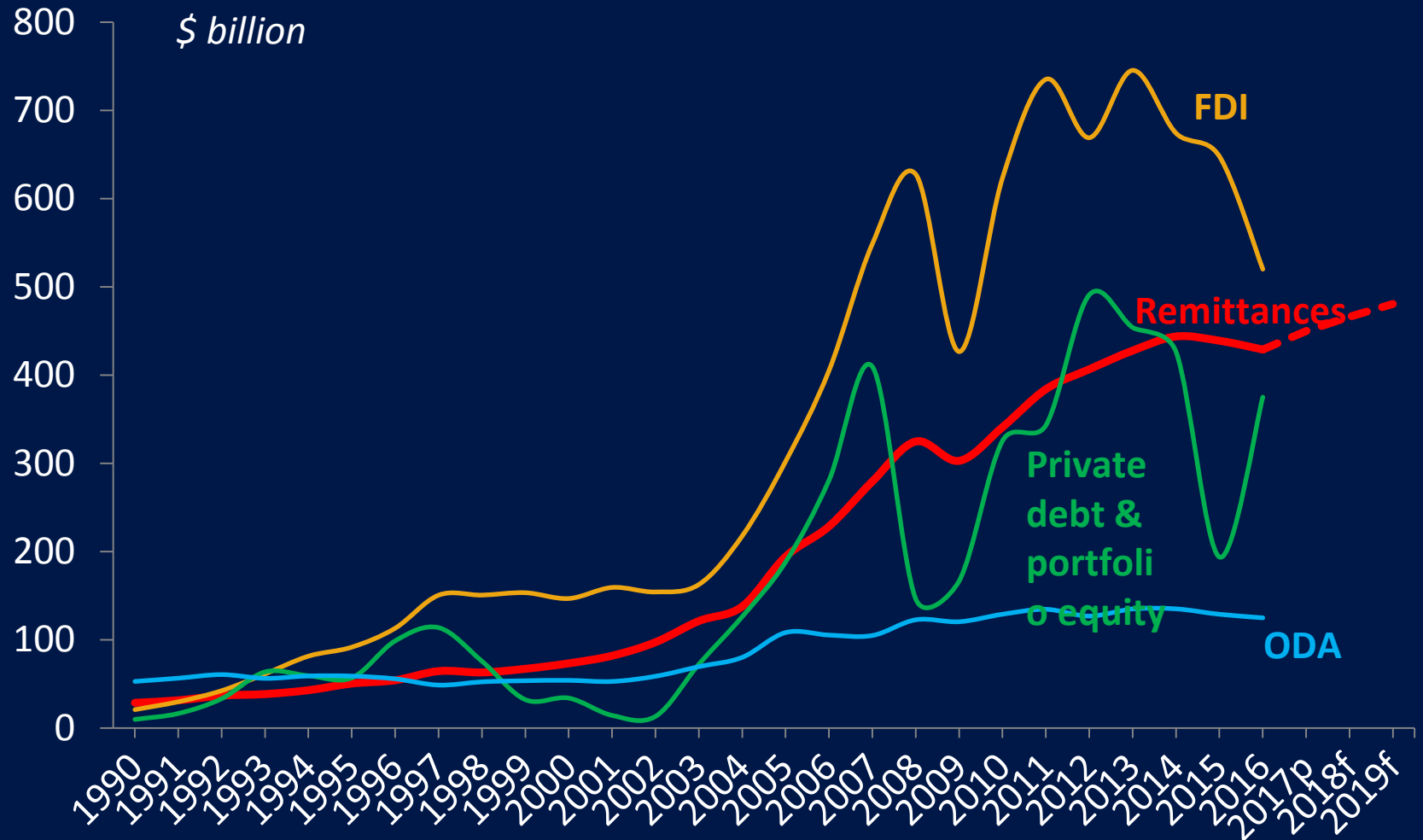
# Remittance Cost indicator

- Remittance Prices Worldwide monitors remittance prices across all regions
- RPW started monitoring costs since 2008
- RPW covers 48 remittance sending countries and 105 receiving countries
- 365 country corridors worldwide
- Main RSPs: Banks, MTOs and Postal Offices

# Sustainable Development Goal 17.3

- SDG 17.3: Mobilize additional financial resources for developing countries from multiple sources
- **SDG indicator 17.3.2: Volume of remittances (in United States dollars) as a proportion of total GDP**

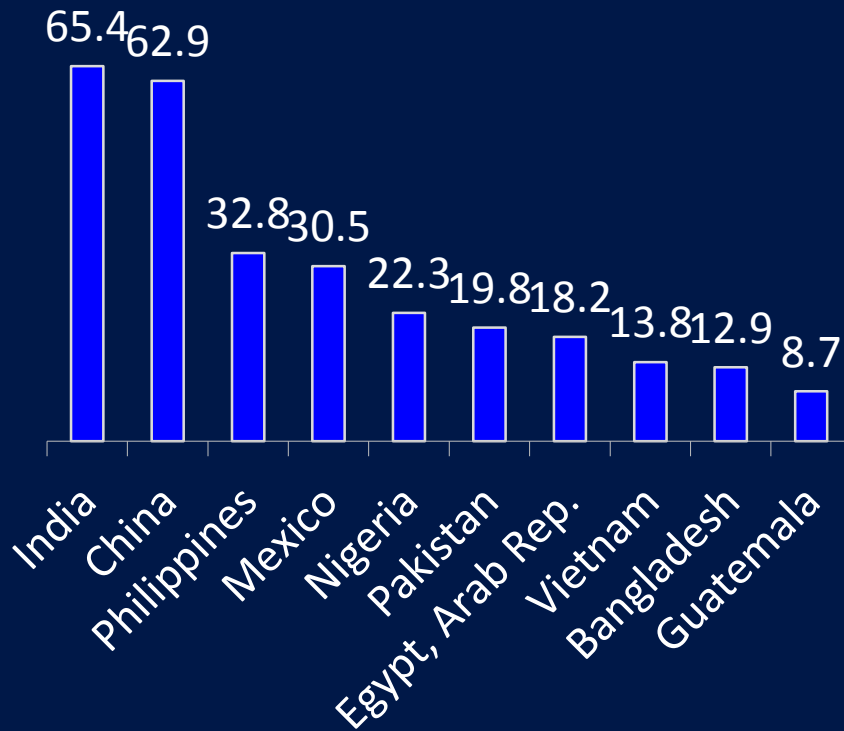
# Remittances to low and middle income countries projected to reach \$450 billion in 2017



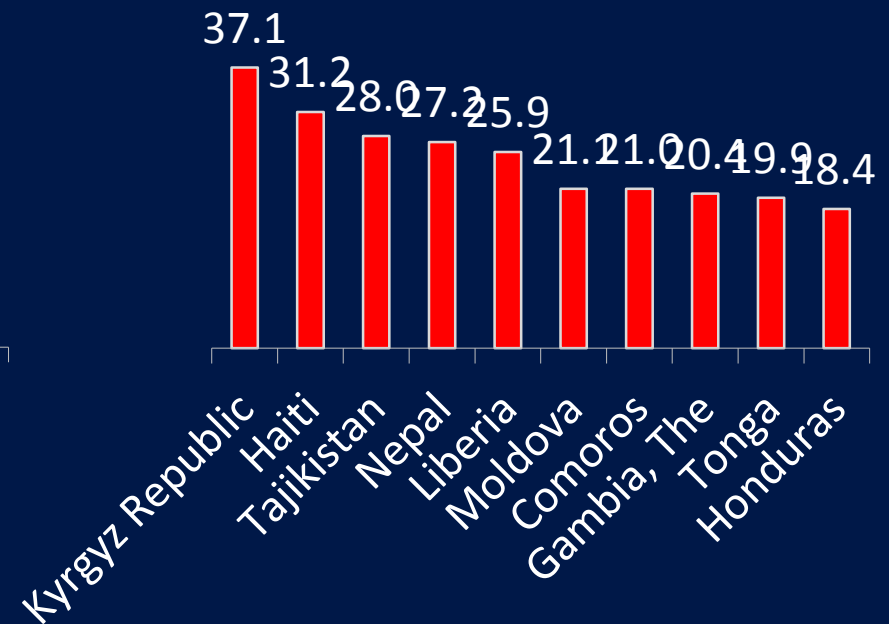
Source: World Bank, October 2017

# Top recipients of remittances

*\$ billion, 2017p*



*as % of GDP, 2017p*



Source: World Bank, October 2017



# Remittances can be leveraged for accessing international capital markets

- Remittances can improve country risk rating
- As part of debt sustainability analysis
- Future remittance inflows and diversified payment rights can be used as collateral to reduce borrowing costs and lengthen debt maturity

# Benefits and Risks

## Benefits

- Remittance goes direct to the people
- Can be mobilized for investments
- Access to capital markets

## Risks

- Reduction on ODA and other financial flows
- Remittances are not substitute for aid or other financial flows

# THANK YOU

**Dilip Ratha (Head of KNOMAD/WB),  
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