IFAD
Investing in rural people

SUSTAINABLE DEVELOPMENT GOALS

Remittances and the Sustainable Development Goals

In support of the

International Day of Family Remittances
16 JUNE

4TH INTERNATIONAL CONFERENCE
FINANCING FOR DEVELOPMENT
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In 2015, Member States of the United Nations issued a call to action to eradicate global poverty, reduce economic inequality and place the world on a more sustainable pathway: the **2030 Agenda for Sustainable Development**. This comprehensive undertaking affirms the need to reach **17 specific Sustainable Development Goals (SDGs)** and proposes several ways to mobilize the additional resources required to realize this ambitious – but achievable – agenda. Of these, SDG 10 specifically refers to safe migration.

Approximately 200 million migrant workers leave home in order to send remittances, with the aim of giving 800 million family members the chance to remain home and address the root causes of their own migration. Therefore, helping remittance families leverage the development impact of their own resources is vital to reach the SDGs. The international community may now recognize migrant workers and their families as agents of change and key partners in this effort.

The potential for synergy in connecting the scale of remittances to reach the SDGs is clear: one billion senders and receivers and a projected US$10 trillion in international remittances being sent to developing countries between 2015 and 2030.

In recent decades, attention has focused primarily on the "sending side" of remittances, particularly the aggregate volumes and transaction costs of sending family remittances, essentially from developed to developing countries. The global dimension of this phenomenon is impressive: US$685 billion were sent to developing countries in 2024, exceeding foreign direct investment (FDI) and amounting to more than three times official development assistance (ODA). In highly fragile countries, remittances account for half of external development finance. It is estimated that 75 per cent of remittance flows go towards immediate needs, but the other 25 per cent – over US$170 billion per year – is available for more long-term purposes.

Despite the focus on the aggregate flows of remittances, the amount that matters the most is not measured in millions or billions, but in the individual US$200 or US$300 sent home regularly. This amount represents 60 per cent of the total household income and, if leveraged, it can most effectively improve the living standards of migrants and their communities back home.

With these apparently small funds, most remittance families commit to reaching "their own SDGs" – reduced poverty, better health and nutrition, education opportunities, improved housing and sanitation, entrepreneurship, financial inclusion and reduced inequality, and the ability to deal with the uncertainty in their lives by increasing their savings and building assets to ensure a more stable future.

In this regard, the SDGs provide a unique opportunity to create a convergence between the goals of remittance families, government development objectives, private sector strategies to tap underserved markets, and the traditional role of civil society to promote positive change. In particular:

(i) **Financial inclusion and literacy** for remittance recipient families can increase opportunities for formal savings and investment. In turn, these mechanisms can build the human capital of remittance families and improve their living standards through better education, health and housing.

(ii) **Migrant investments** beyond remittances can change the development landscape of local communities, if given appropriate options.

(iii) **Remittance markets** improved through an adapted legal and regulatory framework, greater transparency and competition can lower cost and provide more resources to remittance families.

As private flows, migrant remittances do not in any way reduce or supplant the need for additional resources, both public and private. However, the potential development impact of migrant remittances and investments can only be fully realized in partnership with coherent and realistic public policies and priorities coupled with private-sector initiatives.

The urgency is heightened by the current context in which the financing gap for the SDGs has widened to an estimated US$4 trillion annually for developing countries. This represents a more than 50 per cent increase over pre-pandemic estimates and is further exacerbated by rising debt levels and limited access to affordable finance.[1]

The Global Compact for Safe, Orderly and Regular Migration, adopted in December 2018, and its Objective 20, represents an opportunity to build on the growing recognition that the remittances sent by migrants to their families back home are fundamental for governments, international organizations and other partners in realizing their sustainable development objectives.

The International Day of Family Remittances (IDFR), fully recognized at the global level, and included as one of the key initiatives to implement the Global Compact for Safe, Orderly and Regular Migration – GCM (Objective 20), calling for the reduction of remittance transfer costs and greater financial inclusion through remittances. The Day also promotes the achievement of the SDGs and furthers the 2030 Agenda for Sustainable Development.

Remittances help reach the SDGs: One family at a time

Remittances can contribute to reaching the SDGs in a variety of ways:

1. At household level. By recognizing the positive socioeconomic impact of remittances on families' wellbeing (SDGs 1-5);
2. At community level. By supporting policies and specific actions to promote synergies between remittances and financial inclusion, encourage market competition and regulatory reform, and mitigate any negative impact resulting from climate change (SDGs 6, 7, 8, 10, 12 and 13); and
3. At international level.By ensuring that the revitalized Global Partnership for Sustainable Development – as outlined in SDG 17 – and the Global Compact on Migration promotes collaboration across all sectors involved in remittances.

[1] https://www.un.org/sustainabledevelopment/financing-for-development/

At the household level: SDGs 1-5

1 NO POVERTY

SDG 1
End poverty in all its forms everywhere

REMITTANCE FAMILIES' CONTRIBUTION

- On average, remittances represent up to 60 per cent of recipient families' income, and typically more than double a family's disposable income and help deal with uncertainty, allowing them to build assets. • Analyses of 71 developing countries show significant poverty reduction effects of remittances: a 10 per cent increase in per capita remittances leads to a 3.5 per cent decline in the share of poor people in the population.[2]

RECOMMENDED ACTIONS

- *Promote* affordable and safe access to remittances from the first to the last mile, particularly in rural areas, which receive 32 per cent of all flows and where remittances count the most.• *Provide* value-added financial and non-financial services to remittance families to facilitate productive investment of their funds and further build assets for a more secure future.

2 ZERO HUNGER

SDG 2
End hunger, achieve food security and improved nutrition and promote sustainable agriculture

REMITTANCE FAMILIES' CONTRIBUTION

- Half of remittances to developing countries are spent on supporting food security and nutrition.[3] • An estimated US$29 billion of remittances a year is invested in agri-food systems.[4] • Additional income increases receiving households' demand for food, which increases domestic food production and improves nutrition, particularly among children and the elderly.[5] • In low-income countries in Africa, households receiving remittances are 84 per cent more likely to report they have never experienced food scarcity.[6] • Investment of migrants' income in agricultural activities creates employment opportunities.

RECOMMENDED ACTIONS

- *Expand* and leverage the ability of remittance families to invest and engage directly in agricultural production, leading to improved food security. This can be achieved by strengthening the capacity of rural financial and non-financial service providers, particularly by promoting services for agricultural production.

3 GOOD HEALTH AND WELL-BEING

SDG 3
Ensure healthy lives and promote well-being at all ages

REMITTANCE FAMILIES' CONTRIBUTION

- Remittances invested in health care – access to medicine, preventive care and health insurance products – improve the health and well-being of recipient families. • Infants born into remittance families have a higher birthweight and are less likely to die during their first year. • Remittances positively affect health expenditures and reduce malnutrition and child mortality rates.[7]

RECOMMENDED ACTIONS

- *Develop* incentives for enhanced health insurance products and improved channels of distribution customized to the needs of remittance families, including the possibility for migrant workers to directly pay premiums for their families. • *Facilitate* the portability of pension rights for migrant workers to their countries of origin. • *Further mainstream* psychosocial support into financial education programmes for migrants and families during pre-departure and post-migration, to help alleviate the negative effects of family separation.

4 QUALITY EDUCATION

SDG 4
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

REMITTANCE FAMILIES' CONTRIBUTION

- One of the main reasons migrants send money home is to ensure access to better education for their children. • Remittance-receiving households have demonstrably better educational participation than non-recipients, and invest about one-tenth of their income educating their children. • Remittances lead to almost doubling school enrolment. Children from remittance families, especially girls, register higher school attendance, enrolment rates and additional years in school.[8] • Remittances substantially reduce the probability of child labour participation.

RECOMMENDED ACTIONS

- *Facilitate* the ability to save regularly on both the sending side and receiving end to pay for education fees back home, including direct bill payments from abroad to cover education expenses, among others.

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[2] R.H. Adams Jr, J. Page. Do international migration and remittances reduce poverty in developing countries? World Development, 33 (10) (2005), pp. 1645-1669.
[3] FAO (2024) The State of Food Security and Nutrition in the World.
[4] FAO (2024) The State of Food Security and Nutrition in the World.
[5] FAO (2023) The State of Food Security and Nutrition in the World.
[6] I. Sulemana, E. Bugri Anarfo, L. Doabil. Migrant remittances and food security in sub-Saharan Africa: The role of income Classifications, International Migration Review, 57 (2) (2023), pp. 681-706.
[7] S. Azizi (2018), The impacts of workers' remittances on human capital and labour supply in developing countries, Economic Modelling.
[8] S. Azizi (2018), The impacts of workers' remittances on human capital and labour supply in developing countries, Economic Modelling.

At the household level: SDGs 1-5

5 GENDER EQUALITY

SDG 5
Achieve gender equality and empower all women and girls

REMITTANCE FAMILIES' CONTRIBUTION

- Women comprise over 40 per cent of migrant workers worldwide[9] (over 70 million in total) and are also primary recipients of remittances in many countries where male-outbound migration is prevalent • Changes in household structures due to migration and remittances can transform the economic role of women both on the sending side and receiving end, increasing financial independence, autonomy, decision making and better employment opportunities. • While women remit approximately the same amount as men, women tend to send a higher proportion of their income regularly and consistently, even though they generally earn less than men.

RECOMMENDED ACTIONS

- *Recognize* the shift in household composition and dynamics due to migration, where women migrate independently or become de facto head of households and empower them to overcome the traditional bias against financial independence and control and use of remittances • *Support* women's access to financial and agricultural land markets, particularly in rural areas, to allow women to become more economically independent.[10] • *Invest* in advisory and training services for women to meet entrepreneurial aspirations, improve income management and ultimately enable family reunification. • Expand gender-sensitive financial services and gender-disaggregated data to identify opportunities and underpin policies and innovation.

At the local level: SDGs 6, 7, 12 and 13

6 CLEAN WATER AND SANITATION

SDG 6
Ensure availability and sustainable management of water and sanitation for all

REMITTANCE FAMILIES' CONTRIBUTION

- Remittances have a positive impact on access to safe drinking water and sanitation, and are found to reduce the urban-rural gap in access to these services.[11] • To create social capital and pool funds to address local needs, migrants and/or their families often organize themselves into neighbourhood organizations in their communities or through Hometown Associations (HTAs) abroad. • HTAs identify development priorities and participate in their achievement through technical advice and fund-raising. • Projects take into account sustainability concerns and community welfare based on primary needs (e.g. the provision of irrigation and clean water infrastructure)

RECOMMENDED ACTIONS

- *Support* social capital with migrant groups that facilitate the pooling of funds to sustain investment in water and sanitation infrastructure in their places of origin. • *Promote* partnerships between local authorities and migrant groups and/or HTAs towards identifying water and sanitation priorities and join design and fund-raising efforts for project implementation. • *Create* incentives for remittance families to invest in sustainable agricultural irrigation infrastructure that efficiently manages water resources.

7 AFFORDABLE AND CLEAN ENERGY

SDG 7
Ensure access to affordable, reliable, sustainable and modern energy for all

REMITTANCE FAMILIES' CONTRIBUTION

- Remittances effectively mitigate energy poverty in low- and middle-income countries.[12] • Remittances have a positive impact on family assets and overall quality of life when invested in housing, and they are more likely to be used for home improvements than for home purchases. • A 1 per cent increase in remittances is associated with a 0.5–0.8 per cent increase in electricity consumption.[13] • Affordable solutions for poor households and their communities are already available, including efficient cooking devices and clean energy solutions. • Local community projects may apply clean energy technologies, particularly relevant in remote rural areas lacking access to electricity.

RECOMMENDED ACTIONS

- *Promote* the use of remittances for financing household solar energy projects, which could be expanded to the community with the support of funding from the public sector (at local and national levels), the private sector and IFIs. • *Create* incentives to support remittance families to invest in clean energy ventures to distribute solar power systems or affordable equipment using sustainable and affordable sources of power.

9 Roger Tsafack & Ronald Djeunankan, 2021. "Do remittances improve access to safe drinking water and sanitation in developing countries?," Economics Bulletin, AccessEcon, vol. 41(4).
10 OECD (2017) Interrelations between Public Policies, Migration and Development.
11 Roger Tsafack & Ronald Djeunankan, 2021. "Do remittances improve access to safe drinking water and sanitation in developing countries?," Economics Bulletin, AccessEcon, vol. 41(4).
12 Barkat, Alsamara, Mimouni (2023) "Can remittances alleviate energy poverty in developing countries? New evidence from panel data", Energy Economics, 119.
13 Agradi (2023) "Does remittance inflow influence energy poverty?" Applied Energy, 335.

At the local level: SDGs 6, 7, 12 and 13

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG 12
Ensure sustainable consumption and production patterns

REMITTANCE FAMILIES' CONTRIBUTION

- As remittance families increase their purchase capacity and change their consumption patterns, they can do so by meeting individual needs and aspirations within the ecological limits of the planet. • Migrant households are regular and heavy consumers of nostalgic goods (homecountry products). • Trade of nostalgic goods and diaspora tourism imply significant revenue for countries of origin. Diaspora populations can act as a bridge to broader markets of nostalgic goods and local tourism.

RECOMMENDED ACTIONS

- *Develop* awareness-raising programmes in remittance-receiving communities on the suitability of adopting environmentally-friendly consumption patterns and prioritizing productive investment over luxury spending. • *Promote* the investment of remittances in family and community projects of sustainable and agro-tourism which, in addition to creating decent jobs, would foster local culture, handicrafts, agro-biodiversity and gastronomy.

13 CLIMATE ACTION

SDG 13
Take urgent action to combat climate change and its impacts

REMITTANCE FAMILIES' CONTRIBUTION

- Migration is increasingly becoming a consequence of climate change. Remittances and diaspora investment play a crucial role in mitigating its negative impacts and helping cope with income shortages due to weather-related shocks. • Households receiving remittances are more likely to adopt strategies and solutions to minimize the impacts of climate change.[14] • Remittances enable the adoption of more sustainable crops and non-farm activities. Examples include: support to local enterprises to provide solutions for flood control, more efficient use of water, improved irrigation systems, storm/heat/wind-resilient building materials, among others.

RECOMMENDED ACTIONS

- *Support* local financial institutions' development and provision of remittance-related, weather-based insurance products to migrant families in rural areas. • *Encourage* investment from diaspora in local enterprises offering products and services designed to better manage exposure to climate-related risks, such as drought and water shortages, floods and storm surges, heat waves, cyclonic winds, shifting precipitation patterns, wildfires and invasive pests, among others.

At the national level: SDGs 8 and 10

8 DECENT WORK AND ECONOMIC GROWTH

SDG 8
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

REMITTANCE FAMILIES' CONTRIBUTION

- Money held by remittance-receiving families and migrants' savings in host countries improve financial resources available to the general economy. This capital can be maximized when coupled with financial and entrepreneurial services. • Migrant workers possess tremendous assets: knowledge, skills and networks. • In terms of development impact, migrants' investment in micro, small or medium enterprises effectively generates employment and income in local communities. • It is estimated that the annual diaspora savings of developing countries could be in the range of US$400 billion.[15]

RECOMMENDED ACTIONS

Asset-building and savings

- *Recognize* that the financial inclusion of tens of millions of remittance families represents a major opportunity to multiply economic impact in individual households, communities and the financial system as a whole.[16] • *Create* incentives for the private sector to expand adapted services linked to remittances and offer savings products to a large underserved population. • *Promote* financial education as a central pillar of financial inclusion to stimulate the uptake of financial services by migrant workers, refugees and their families.

Diaspora investment

- *Acknowledge* the transformative effect of diaspora investment and recipients' savings on their livelihoods and communities, stimulating employment and income-generating opportunities, with the highest impact in rural areas. • *Expand and adapt* financial and entrepreneurship development services to allow migrant workers to invest directly or through investment vehicles into SMEs in their home countries.

[14] Research by Musah-Surugu, Ahenkan, Bawole, Darkwah, "Migrants' remittances: A complementary source of financing adaptation to climate change at the local level in Ghana" (2017), International Journal of Climate Change Strategies and Management, 10 and Babagaliyeva, Kayumov, Mahmadullozoda, Mustaeva, *Migration, remittances and climate resilience in Tajikistan* (2017) and IFAD, *Remittances for climate change adaptation in Mali* (2024).

[15] Ratha, Dilip Kumar; Mohapatra, Sanket. Preliminary estimates of diaspora savings (English). Migration and development brief; no. 14 Washington, DC: World Bank.

[16] Barkat, Mimouni, Alsamara, Mrabet (2024), "Achieving the sustainable development goals in developing countries: The role of remittances and the mediating effect of financial inclusion", International Review of Economics & Finance Volume 95.

At the national level: SDGs 8 and 10

10 REDUCED INEQUALITIES

SDG 10
Reduce inequality within and among countries

10.c
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

REMITTANCE FAMILIES' CONTRIBUTION

- Reducing the cost of remittance transfers can substantially increase disposable income for remittance-receiving families. • By reducing average costs to 3 per cent globally, remittance families would save an additional US$20 billion annually.[17] • Civil society awareness raising and information campaigns are achieving progress in promoting better working conditions for migrant workers.

RECOMMENDED ACTIONS

Enabling environment and regulations

- *Adapt* regulations that are commensurate to relatively low-value transactions to avoid excessive, counterproductive and costly processes. • *Recognize* that "de-risking" practices used by global financial institutions effectively deny many remittance companies access to the financial system, threatening their existence as well as the ability of migrant workers to send money home to their families, particularly those living in fragile situations. • *Acknowledge* that exclusivity agreements continue to limit competition and cost reduction, particularly in many countries served by low-volume corridors and in rural areas. • *Understand* that taxing family remittances is counterproductive, as it incentivizes informal transfer systems. • *Increase* market transparency by empowering end-users with accessible information on costs, claim process disclosures, new channels for sending money and additional services. • *Develop* national "whole-of-government" remittance plans in recipient countries to fully assess the opportunities represented by remittances and migrant investments in their local economies. • *Support* the expansion of the remittance and diaspora investment markets and related services through the provision of public and accurate data at macro, meso and micro levels.

Competition and cost

- *Encourage* RSPs on both sides of remittance corridors to incorporate competitive business models, and invest in more cost-effective and inclusive distribution channels and products, leading to lowering transaction costs to the SDG goal of 3 per cent. • *Support* a proportional and predictable enabling environment for technological innovators such as FinTechs, mobile network operators and nonbank financial institutions to enter this market, reach the last mile and link financial services to remittances.

The international community – in line with SDG 17 – is committed to working together to leverage the development impact of remittances.

17 PARTNERSHIPS FOR THE GOALS

SDG 17
Strengthen the means of implementation and revitalize the Global Partnership For Sustainable Development

REMITTANCE FAMILIES' CONTRIBUTION

- Through initiatives such as the Global Compact for Safe, Orderly and Regular Migration, the international community now recognizes remittances as a vital support for hundreds of millions of people across the globe and works to strengthen their development impact on families and communities.

RECOMMENDED ACTIONS

- *Promote* policy coherence among government institutions to create synergies across national priorities that integrate migrant workers and their contributions to national development plans. • *Promote* public-private partnership approaches that stimulate client adoption of new technology-driven systems to change the cash habits particularly in the underserved, rural and remote areas. • *Support* the adoption of the International Day of Family Remittances (IDFR) in recognition of the fundamental contribution of migrant workers to their families and communities back home, and to the sustainable development of their countries of origin.

[17] Based on calculations from the World Bank, Remittance Prices Worldwide data. https://remittanceprices.worldbank.org

For more details see *Sending Money Home: Contributing to the SDGs, one family at a time*, IFAD 2017.

As part of this effort every year, the international community observes the International Day of Family Remittances (IDFR), formally adopted by the United Nations General Assembly in 2018. Since its first observance in 2015, the IDFR has seen an unprecedented support by over 50 UN agencies, national development agencies, and several international institutions and networks. The private sector, including banks, fintechs and remittance service providers have widely endorsed the IDFR including 6,000 savings and retail banks across 80 countries, over 100 emerging payments companies and more than 1,000 mobile operators.

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of Family Remittances
16 JUNE

This publication, produced in support of the IDFR 2025 Campaign "Remittances Financing Development", updates and builds upon the 2018 "Remittances and Sustainable Development" Report.

International Fund for Agricultural Development (IFAD)
IFAD is a specialized agency of the United Nations and an international financial institution, with the mandate to invest in rural people to eradicate poverty in low- and middle-income countries.

Financing Facility for Remittances (FFR)
IFAD's US$75 million multi-donor Financing Facility for Remittances aims at maximizing the impact of remittances on development and promoting diaspora engagement in migrants' countries of origin.

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