IFAD
Investing in rural people

Sending Money Home:
Contributing to the SDGs, one family at a time

Key findings

This report provides data and analysis of remittances and migration trends for developing countries over the past decade, as well as the potential contributions of remittance families to reaching the SDGs by 2030.

Contributing to the Sustainable Development Goals (SDGs)

- Between 2015 and 2030, an estimated US$6.5 trillion in remittances will be sent to low- and middle-income countries.
- Most of these resources will be used by remittance-receiving families to reach their own individual goals: increased income, better health and nutrition, educational opportunities, improved housing and sanitation, entrepreneurship, and reduced inequality.
- Regular remittances lift most families above the poverty line and help them avoid falling back into "poverty traps."
- About three quarters of family remittances are used to cover immediate basic needs (food, shelter and recurring bill payments).
- More than US$100 billion in remittances is available to cover long-term goals such as education and health (10 per cent) and for savings and investing in housing, small assets and other income-generating activities (15 per cent).
- Although progress has been made, transaction costs remain far below the SDG target 10.7c of 3 per cent by 2030.
- Women now comprise about half of all remittance senders (100 million). This trend can help advance gender equality and women's empowerment through financial independence and better employment opportunities.
- The potential impact of migrant remittances, savings and investments in helping to reach the SDGs can only be fully realized in partnership with coherent public policies and priorities, coupled with private-sector initiatives.
- Leveraging the linkages between remittances and financial inclusion presents an important opportunity to create convergence between the financial goals of remittance families and the commercial strategies of financial service providers.

Global trends (2007-2016)[1]

- Global remittances to developing countries increased by 51 per cent, while the number of migrants from these same countries increased by 28 per cent and the populations of those countries of origin increased by only 13 per cent.
- Remittances to, and migration from, the Asia-Pacific region reflects dynamic change during this period. Inflows to the region increased much faster (87 per cent) than its migration (33 per cent).
- In comparison, European remittances (5 per cent) and migration (19 per cent) had the smallest increases of any region.
- These numbers also indicate that individual migrants from Asia-Pacific are sending on average more money home on a regular basis, while the reverse is true for migrants in Europe, who are sending less.
- Growth in remittance flows to Africa (36 per cent), Latin America and the Caribbean (18 per cent), and the Near East and Caucasus (37 per cent) are consistent with their increase in migration, respectively 33 per cent, 21 per cent and 38 per cent.

1/ Data for 2007-2016 are grouped into two general categories: the remittance "sending side" of over 40 host countries to migrant workers from low- and middle-income countries, and the remittance "receiving end" of 144 countries of origin. More than 80 per cent of the world's population lives in countries on the "receiving end."

Remittance flows… on the sending side

- There are about 200 million migrants from low- and middle-income countries, who send money to their families back home.
- Remittance flows have grown over the past decade at a rate averaging 4.2 per cent annually, from US$296 billion in 2007 to US$445 billion in 2016. This growth occurred despite economic dislocations, first caused by the 2008 financial crisis, and more recently by reduced revenues to oil-producing countries and currency market fluctuations.
- This overall growth pattern is associated primarily with the continued need for immigrant labour from developed countries due to their ageing populations and improved reporting of remittance flows.
- Migrant workers and their relatives have demonstrated remarkable resilience and resourcefulness in adapting to economic downturns in order to maintain a relatively steady level of support for their families.
- The top ten sending countries[2] account for almost half of annual flows: United States, Saudi Arabia, the Russian Federation, United Arab Emirates, Germany, Kuwait, France, Qatar, United Kingdom and Italy.
- Among the most noteworthy corridors are: (i) United States to Asia and Latin America; (ii) Gulf Cooperation Council (GCC) countries to Asia; (iii) Europe to East-Central Europe and to Africa; and (iv) the Russian Federation to Central Asia.
- Europe is also the main source of remittances to a number of fragile states in Africa, Asia, and the Middle East.
- These flows account for more than three times the combined official development assistance from all sources, as well as more than the total of foreign direct investment to almost every low- and middle-income country.
- Remittances sent from developed countries account, on average, for substantially less than 1 per cent of their individual GDP.
- Total migrant worker earnings are estimated to be approximately US$3 trillion annually, of which about 85 per cent remain in the sending countries.
- While the overwhelming volume of remittances comes from high-income countries (North-South), there may be an equal number of migrant workers living in low- and middle-income countries, also sending money home (South-South), but generally in much smaller amounts.
- More than half of all migrants from Asia, Africa and the Near East remain (and send money) within their home continent.
- While reporting on North-South remittances has improved significantly over the past decade, large gaps remain for South-South flows, particularly within sub-Saharan Africa.

Remittance flows… on the receiving end

- An estimated 800 million people worldwide are directly supported by remittances.
- Taken together – senders and their families back home – 1 billion people are directly involved with remittances: one out of seven people in the world.
- Remittances typically represent about 60 per cent of household incomes.
- Eighty per cent of remittances are received by 23 countries, led by China, India, the Philippines, Mexico and Pakistan.
- The most dynamic growth in remittances over the past decade has been in Asia, which now receives 55 per cent of all flows.
- For 9 countries, remittances equal more than 20 per cent of GDP. For 71 countries, they equal more than 3 per cent of GDP (2015).
- There are 100 countries that receive more than US$100 million annually.
- Countries on the receiving end have over 80 per cent of the world's population.
- For most of these countries, the majority of their population lives in rural areas.
- Forty per cent of total remittance flows go to rural areas, which benefits the agriculture economy, improves food security and generates employment opportunities, particularly for young people.

2/ In 2015. For the United Arab Emirates in 2014.