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EVENTO

# International Forum on Remittances 2007, Washington

18 - 19 ottobre 2007

## Background

The International Fund for Agricultural Development (IFAD) and the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB) organized the 2007 International Forum on Remittances at the IDB Conference Center in Washington DC, on 18-19 October 2007.

Remittances are part of the centuries-old pattern of migration from rural to urban areas. Nowadays, remittances represent the human face of globalization, in which millions of people migrate in search of a better life and in order to provide for their loved ones back home. One person out of every ten in the world is personally affected by the hundreds of billions of US dollars in remittances that are sent every year by migrants to families back home. These flows of human and financial capital have profound implications for the economies and societies of the sending and the receiving countries.

Over the past 20 years, remittances have influenced the economic and social identities of regions worldwide. A case in point is Latin America, with a flow of remittances totalling US\$63 billion in 2006, which, many experts believe, now exceeds the combined total of all Foreign Direct Investment and Overseas Development Assistance to the region.

However, this phenomenon is also evident on a global scale, in Africa, Asia, Eastern Europe and the Middle East. To date, very little is known about these global flows, and the true magnitude of remittances remains hidden in the errors and omissions columns of national balance of payments accounts.

At a microeconomic level, remittances offer a direct opportunity to improve access to financial services, with a greater pro-poor and rural outreach by linking remittances to products such as savings and loans. Therefore, remittance services are main elements of interventions by IFAD and the MIF, both of which have mandates to improve access to financial services for the rural poor and to strengthen the private sector in developing countries.

In support of IFAD's multi-donor Financing Facility for Remittances, IFAD and the MIF organized the 2007 Forum to follow-up on the 2005 Forum on Remittances that provided more than 600 guests from the private and public sectors and civil society with the opportunity to

share experiences and create partnerships that have had a significant impact on the remittance market.

### **Objectives of the Forum**

The Forum brought key players together to raise awareness of the challenges and opportunities of remittances and to shed light on the rural dimension of these flows, estimated at 40 per cent of total flows. In addition, the Forum explored the links between remittances and banking, technology and microfinance, and discuss ways to integrate development agencies' agendas on remittances. The two-day event included a series of roundtable discussions and working groups devoted to an in-depth exchange of ideas and business models for urban and rural remittances worldwide. Sessions within the Forum covered such topics as financial inclusion, migrant investments, gender dimension, technology, innovation and development.

Providers of products and services had the opportunity to share innovations that enhance the impact of remittance flows worldwide.

This Forum reflected the ongoing efforts of IFAD, IDB, the European Union, CGAP, UNCDF, and the Governments of Luxembourg and Spain to improve the development impact of remittances and raise awareness of their rural dimension. It built on the experience gained through recent conferences and initiatives aimed

at promoting links between governments, the private sector, NGOs, multilateral institutions, migrant hometown associations, financial institutions and the diplomatic community.

## **Main Sessions**

### ***Financial inclusion***

This session promoted open dialogue between key players in remittance flows. Financial institutions presented examples of successful methodologies that serve the migrant market, including low-cost remittance products, deposit accounts and other banking services. The session discussed opportunities that remittance flows represent in microfinance, both urban and rural financial institutions. Case studies and methodologies for financial institutions to integrate remittance services in their operations were also discussed.

### ***Migrant investments and gender dimension***

The first session discussed migrant capital in public-private sector partnerships and the links between migrant associations and their communities of origin. The session also examined incentives for senders to invest in productive activities in their countries of origin.

New financial initiatives, such as financial platforms for angel investors, mechanisms for channelling remittances through

hometown associations, and a range of special investment funds for SME start-ups, are among the topics discussed.

Following this session, a panel on the gender dimension of remittances took place. Women represent almost half of the estimated 200 million economic migrants in the world, and they are also often the heads of households that receive remittances.

Remittances can enhance the economic status of women and change traditional gender roles and ideologies. However, very little research has been conducted on the gender dimension of remittances. The development potential of remittances can be increased by looking at remittances from a gender perspective.

### ***Technology and innovation***

In the past decade, technological development has greatly enhanced the remittance market. Affordable software and hardware have enabled a multitude of institutions to enter the remittance market and to provide remittance services.

Technology has increased competition and spurred innovation within remittance service providers. Remittance services are being linked to other financial services, allowing senders and recipients to leverage their funds and gain access to more options to leverage their money. This session focused on technological solutions and business models, including

integrated and specialized money transfer systems, cellphones and internet-based solutions, as well as traditional platforms. These applications were also discussed in the context of the rural sector.

### *Development and remittances*

Over the past five years, international development institutions have been studying and developing strategies to maximize the impact of remittances in recipient countries.

This session focused on ongoing and recent programmes carried out by development agencies and government institutions to share knowledge, identify market distortions and find mechanisms to leverage remittance flows in the countries where they are received. It presented updates on task force initiatives on remittances. Additionally, the session provided an opportunity for agencies working in the field of remittances to coordinate their efforts.

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