



Impact Capital
for Development

Insurance for Migration and Remittances: The Need and the Business Case

26 October 2022

UNCDF | Capital Mandate



UNCDF is the UN's development finance arm, primarily for the 46 Least Developed Countries (LDCs)



From the beginning, UNCDF was given a unique capital activation mandate



UNCDF has the ability to work directly with both the public and the private sectors

Technical assistance and financial instruments



Technical Assistance



Advocacy



Market Research



Capital Investments

UNCDF has a unique hybrid model at the crossroads between a development agency and a development finance institution



The goal is to **improve the financial resilience and economic inclusion** of migrant women and men and their families.

If Migrants were a country..

4th Most populous country in the world : 281 million

3rd Largest economy of the world : US\$ 5.5 trillion

US\$800bn+ Sent to other countries

2/3rd Low and middle income

48% women

1.5x

Risk of poverty



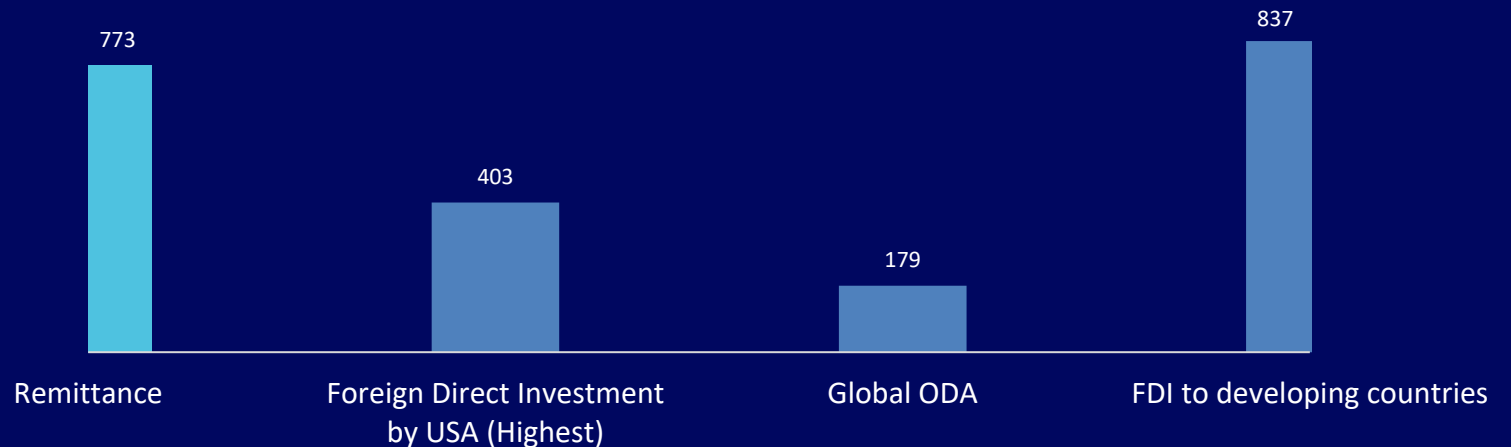
2.5x

Workplace mortality rate



3%

Migrants' access to portable social security



All figures in US\$ Billion

Voice of Migrants

Snippets from Demand Side Research with ~3,000 migrants (and family members)]

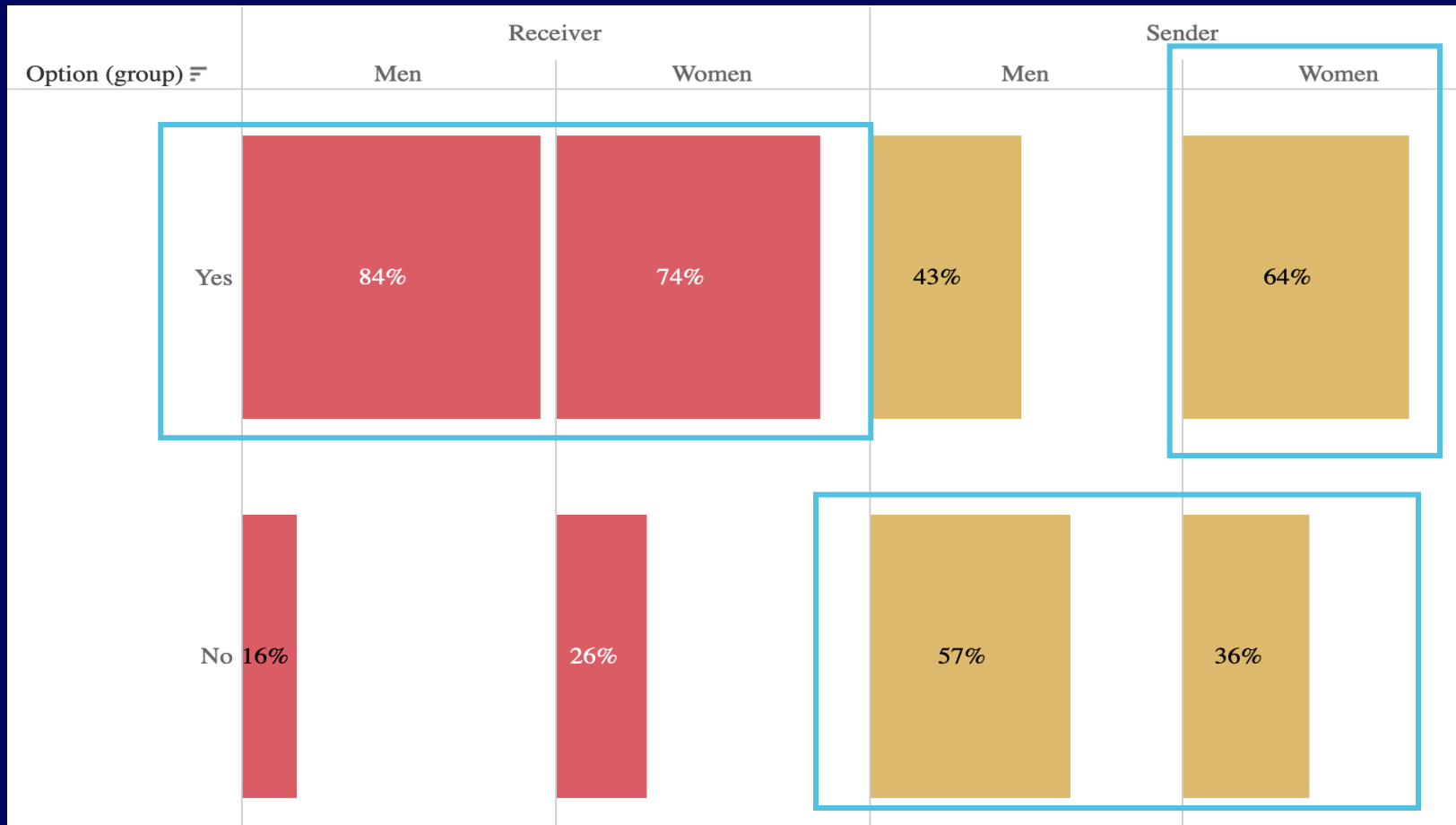
Q: For What purpose have you used the money sent/received via remittance?

Option (group) [≠]	Receiver		Sender	
	Men	Women	Men	Women
Paying household expenses and consumer products	76%	81%	87%	73%
Children's education	31%	47%	22%	21%
Utility payments	33%	35%	14%	30%
Paying medical bills	28%	35%	3%	8%
Paying back debts	26%	30%	8%	6%
Savings	22%	23%	31%	20%
Buying/Renting land, a house, livestock	23%	20%	13%	11%

Voice of Migrants

Snippets from Demand Side Research with ~3,000 migrants (and family members)]

Q: Imagine that you have an emergency, and you need to pay [1/20 GNI per capita in local currency]. Would you be able to pay the amount within the NEXT 30 DAYS?



Voice of Migrants

Snippets from Demand Side Research with ~3,000 migrants (and family members)]

Q: In your opinion, in which 3 main dimensions your family's life has changed since you started receiving/sending money [remittance]?

Option (group) =	Receiver		Sender	
	Men	Women	Men	Women
Improved financial situation (better ability to face emergency financial needs,	63%	58%	70%	64%
Better education (more children enrolled in school, high quality schools)	21%	30%	26%	21%
Improved housing	20%	21%	30%	24%
Improved health	17%	19%	21%	15%
Started income generating activities	16%	8%	13%	10%

The Sustainable Development Goals

SDGs linked to social security for migrants



Target 1.3

Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.



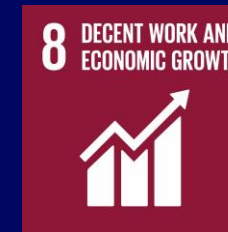
Target 3.8

Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.



Target 5.4

Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.



Target 8.5

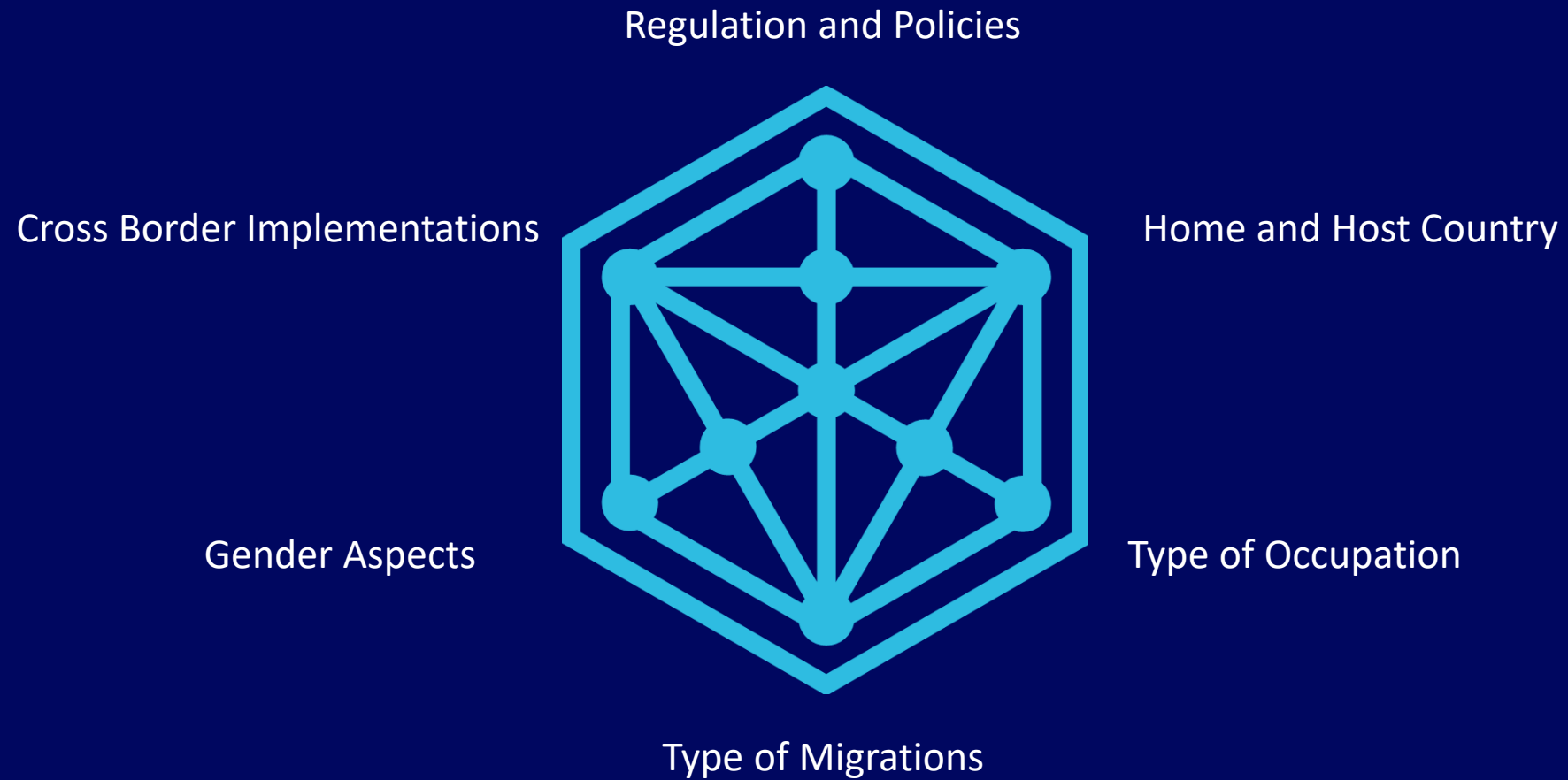
By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. [Social protection is one of the four pillars of decent work].



Target 10.4

Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

Dimensions to the challenge



Maturity of Market

Determinants of market maturity:

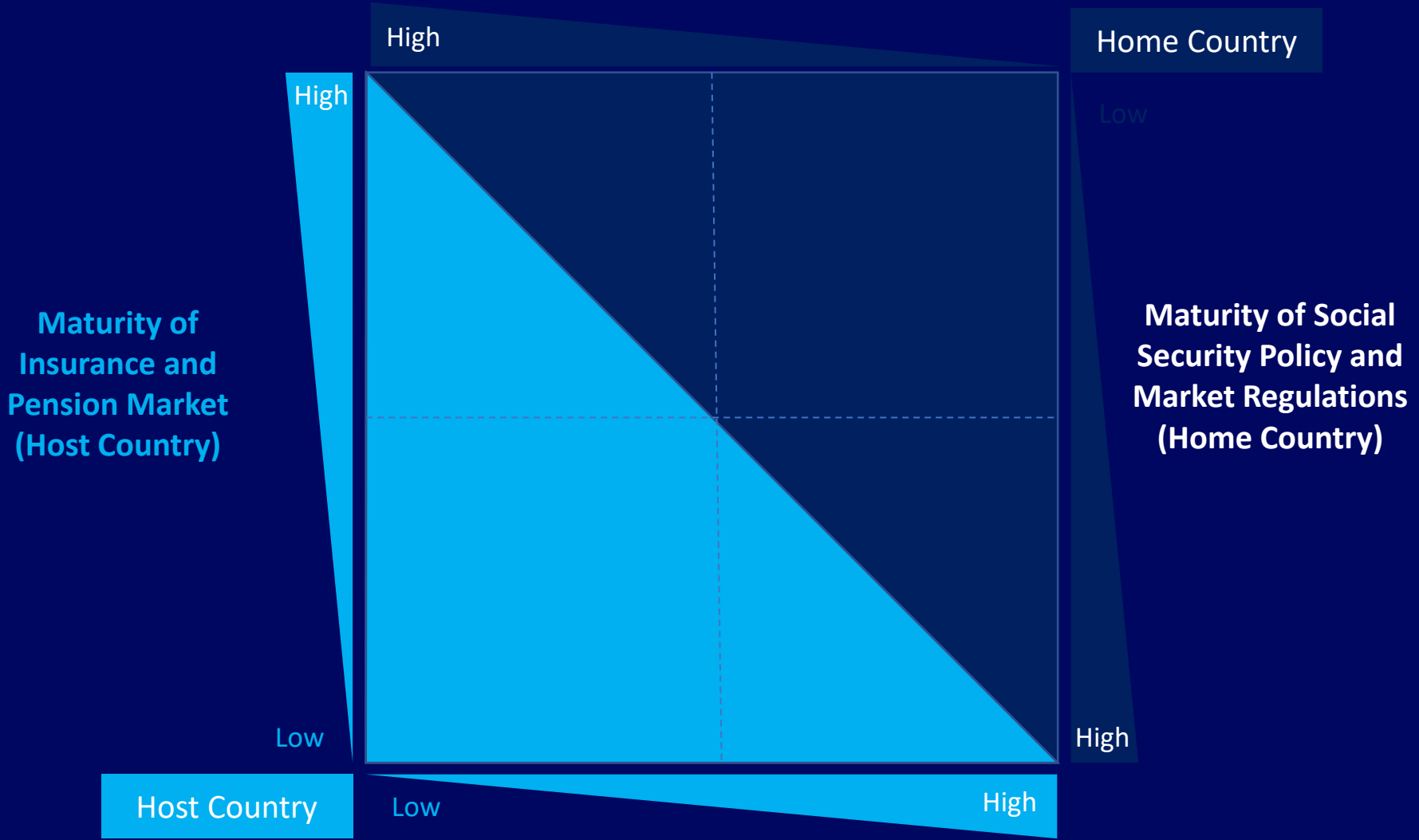
- ✓ Clarity in the regulatory environment regarding digital finance, insurance and pension operations
- ✓ Competitive DFS, insurance and pension market
- ✓ Existence of third pillar pension products
- ✓ Insurance and pension penetration in the country
- ✓ Well-developed digital finance eco-system
- ✓ Existence and maturity of bundled financial products
- ✓ Existence and maturity of Fintech ecosystem
- ✓ Inclusiveness in the formal financial ecosystem
- ✓ Formal remittance as a proportion of overall remittance

Maturity of Social Security Policy and Market Regulations

Determinants of policy and regulatory maturity:

- ✓ The willingness of the government for fiscal expenditure on migrants
- ✓ Existence of a national social security system (for citizen and specifically for migrants)
- ✓ Overall compliance environment for national social security
- ✓ The ability of the policymakers to implement mandatory schemes
- ✓ Portability of pension and insurance (Existence of BLAs across major corridors)
- ✓ Alignment between the financial regulator and the migrant employment divisions
- ✓ Regulation for cross-border operations and payments of insurance and pension
- ✓ Limited entry barriers for cross-border insurers and pension funds
- ✓ Digital finance regulations are well developed and complied
- ✓ E-KYC and national ID systems

**Maturity of Insurance and Pension Market
(Home Country)**



**Maturity of Insurance and Pension Market
(Host Country)**

**Maturity of Social Security Policy and Market Regulations
(Home Country)**

**Maturity of Social Security Policy and Market Regulations
(Host Country)**