

IOM Joins Call to Action on Socioeconomic Impacts of COVID-19 on Remittances

Geneva - As the world faces the economic and broader development repercussions of COVID-19, remittances to low- and middle-income countries are projected to fall sharply in 2020 - by about 20 percent or US \$110 billion. A reduction in remittances, in particular for remittance dependent countries, communities and households, can have substantial socio-economic impacts.

Today, the International Organization for Migrations joins a global Call to Action, Remittances in Crisis – How to Keep Them Flowing, which draws the attention of the international community to the issue of the socio-economic effects of the COVID-19 pandemic on remittances and the financial situation of migrants and their families. This member state initiative led by Switzerland and the United Kingdom, is now open for all countries and like-minded partners to join.

The Call is also supported by the World Bank, the United Nations Capital Development Fund (UNCDF), the United Nations Development Programme (UNDP), the International Association of Money Transfer Networks and the International Chamber of Commerce. The Call to Action highlights the ripple effects of the COVID 19 pandemic on remittance flows to migrant families, local economies and communities in countries of origin. It also proposes a set of concrete measures that can be taken in this regard.

"While we are anticipating a strong economic downturn globally, our concern is that there will be an even stronger knock-on effect for remittance dependent economies, communities and families, in terms of worsening access to education, health and nutrition, and broader poverty outcomes," said IOM Director General António Vitorino.

"We call upon policy makers, the private sector and civil society to focus on specific measures we can take in this regard to support migrants and their families."

The world-wide Call to Action, aims to raise awareness and calls on different stakeholders in the remittances sector to undertake mitigation measures to decelerate the pandemic-caused drop in remittances and facilitate their flow between migrants and their families in low and middle-income countries.

Governments and central banks, for instance, are encouraged to, among other things, declare remittance transfer services an essential service, establish economic support measures that benefit migrants and remittance service providers, support greater

access to and use of digital technologies, facilitate implementation of financial regulation linked to remittances. Remittance service providers are called upon to provide relief to migrants by reducing transaction costs, investing in financial education and literacy and enabling easy access to remittance transfer channels.

The implementation of these gestures of solidarity towards migrants and their families taken by stakeholders in the remittance sector will prevent millions of people from falling into poverty as well as avoid a roll back on several Sustainable Development Goals achievements. Facilitating and improving the continued flow of remittances is also vital for the resilience and recovery of the local economies and communities in many low- and middle-income countries heavily affected by the health and socioeconomic crisis caused by the spread of COVID-19.

"The key objectives and messages of this Call to Action reinforce the long-standing work of our organization on remittances and financial empowerment," stated Marina Manke, Head of Labour Mobility and Human Development at IOM.

"In addition to improving broader knowledge and research on remittance usage and impacts on families and communities, IOM has been engaging in partnerships with governments, the private sector and other UN organizations in initiatives across the globe to help reduce remittance transfer costs, enhance financial literacy and develop policies which strengthen the important contributions that migrants are making to their families and societies alike."