

Inside this issue:

Diaspora Investment in Agriculture (DIA) initiative: leveraging diaspora funds to enhance food security in post-conflict countries and fragile states **1**

Transferring remittances in the form of groceries in Somalia **2**

Empowering Filipino women to save and invest in their future **2**

Remittances and postal networks: expanding services using existing infrastructure **3**

Fostering small and medium enterprise development through migrant investment in Romania **3**

UNCTAD's Expert Meeting on Maximizing the Development Impact of Remittances (Geneva, 14-15 February 2011) **4**

The Global Forum on Remittances 2012 **4**

The **FFR Update** is a newsletter aimed at providing the latest information on the activities of the Financing Facility for Remittances (FFR) to its donors, partners and other interested

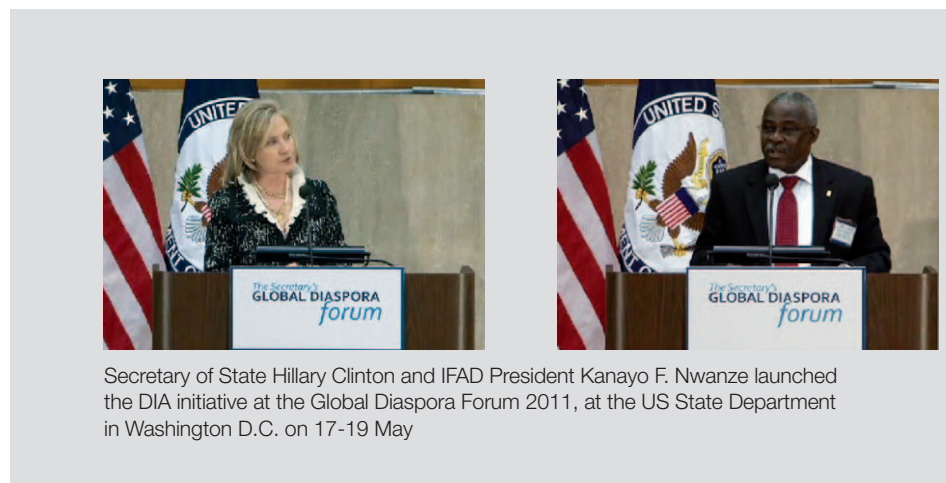
remittance stakeholders. For further details, and in order to receive the newsletter directly by email, please send your request to remittances@ifad.org.

Diaspora Investment in Agriculture (DIA) initiative: leveraging diaspora funds to enhance food security in post-conflict countries and fragile states

The Financing Facility for Remittances (FFR) of the International Fund for Agricultural Development (IFAD) and its donor members are pleased to announce the launch of the Diaspora Investment in Agriculture (DIA) initiative. The initiative will promote local economic development, employment, and enhance food security in post-conflict countries and fragile states. Within this context, DIA will leverage diaspora investments in agriculture, drawing on the experience of FFR projects that specifically target investment in migrants' countries of origin. In collaboration with the US State Department and other participating agencies and donors, the programme will identify innovative investment opportunities in agriculture for diaspora groups, individual investors, agribusiness, and organizations instrumental in the investment facilitation process.

Possible types of projects under the DIA initiative include:

- Identification, design, pilot testing and replication of innovative agricultural projects



Secretary of State Hillary Clinton and IFAD President Kanayo F. Nwanze launched the DIA initiative at the Global Diaspora Forum 2011, at the US State Department in Washington D.C. on 17-19 May

- Development of cross-border partnerships and linkages between various parts of the agricultural value chain
- Development of cross-border partnerships and linkages focused on the export of high value-added products
- Development of country-specific websites linking diaspora investors with producers in selected countries.

The initiative will build the capacity of local organizations to provide opportunities for investment in agribusiness and to efficiently

develop and maintain lasting cross-border relationships with diaspora investor groups.

Eligible countries include Afghanistan, Angola, Burundi, Congo, Côte d'Ivoire, the Democratic Republic of the Congo, Egypt, Haiti, Iraq, Liberia, Sierra Leone, Somalia, Sri Lanka, the Sudan and Tunisia, representing a collective diaspora of 16 million people around the world. The challenge to be met is to provide these migrants with sound investment opportunities through reliable mechanisms that ensure a long-term local development impact.

News from the field

Transferring remittances in the form of groceries in Somalia

Because remittances are sometimes sent to remote areas, it can take a two-days' walk to collect them at the nearest financial institution. The Himilo Relief and Development Association (HIRDA), a Somali diaspora organization, has developed a transfer system that allows a cheap and fast transfer of funds through dedicated web-based software. Through this software, remittances are transferred to local stores in rural areas of Somalia. Recipients can collect their remittances in the form of groceries and other vital products, rather than having to travel long distances to the

nearest urban area to withdraw large cash amounts. In this way remittance recipients can pick up their daily necessities without being exposed to potential security issues, while remittance senders have a higher degree of control over how their hard-earned money is spent.

HIRDA also helped remittance recipients and their families to identify options for their savings. Approximately 320 remittance recipients from three villages in the Gedo region – have received financial literacy training and are now in better position to manage their savings.



Women attending financial literacy training in Bura village, in the Gedo region of Somalia



The newly installed remittance transfer software works in the most remote areas of the Gedo region of Somalia, thanks to an Internet connection provided by this satellite dish

Empowering Filipino women to save and invest in their future

Research carried out among female Filipino workers in Italy illustrated that very few are able to achieve the financial goals they set for themselves before migrating. As a result of low level of financial education, cultural sensitivity to demands placed on them by their families, and lack of opportunities to save or invest, Filipino women work hard to provide for their families, while not being able to adequately provide for their own futures.

Through an FFR co-funded project, the Atikha Overseas Workers and

Communities Initiative is carrying out a financial education programme in combination with collective investment in agricultural cooperative in the Philippines. Over 1,500 women are being empowered to achieve their financial goals. The project will provide the necessary technical support required for some of them to establish their own enterprises. They are learning to save and invest in their future, while creating jobs for others in their home region.



Filipino remittance recipients are trained on budgeting, goal setting, saving and investing

Remittances and postal networks: expanding services using existing infrastructure

The African continent is notably dominated by the oligopoly of few money transfer operators (MTOs). An FFR project with the Universal Postal Union (UPU) in West Africa has leveraged the use of the regional postal network to extend remittance services to underserved rural areas. Some 350 rural post offices in Benin, Burkina Faso, Mali, Mauritania, the Niger and Senegal are now connected to an international money transfer platform.

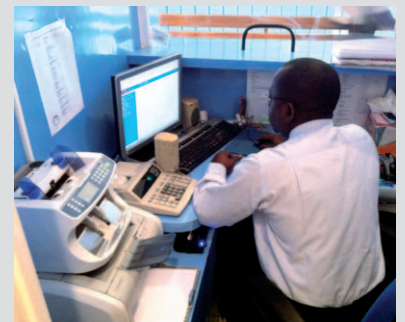
Implementation of the project resulted in a drastic reduction in transfer time from two weeks to a maximum of two

days, as well as a reduction in transfer costs up to 50 per cent. As a consequence, money orders sent or received in the target areas more than doubled. Most importantly, the project triggered a chain reaction among incumbent private MTOs, resulting in an overall decrease in the cost of sending money.

In time, lower-cost remittance transfer services offered by post offices will be complemented by a series of financial services, such as savings and credit accounts. The ultimate effect would then be to mobilise savings for investing in the local community.



Access to remittance transfers is now easier in 350 rural localities in Western Africa served by post offices



Sending money home is now cheaper and faster thanks to the UPU/FFR-supported IT platform for post offices

Fostering small and medium enterprise development through migrant investment in Romania

Small- and medium-sized enterprises are widely known for fostering employment, family income, education opportunities, and infrastructure development. Yet migrants' associations alone could further enhance their capacity to set up the necessary links with economic partners that would allow sustainable development at local level. A notable example is represented by the Romanian community in the Veneto region of Italy, responsible for almost one-fifth of total remittances sent from the region to Romania.

An FFR co-funded project with the Italian Government agency Veneto Lavoro has drafted a Guarantee Fund

model for Romanian migrant would-be entrepreneurs. To be managed by Italian financial agency Banca Popolare Etica, the Fund will be available for organizations of Romanian migrants in Italy willing to start a business in their country. An information desk was also established and is now running in the Veneto region to provide assistance.

Thanks to the project, migrants have acquired the tools to put their ideas into practice and gained confidence in their entrepreneurship skills. Their enthusiasm and collaboration in the initiative has led Veneto Lavoro to extend the programme to reach out to Moldovan migrants as well.



Migrant would-be investors visit the Veneto Lavoro-FFR sponsored one-stop desk for advisory services

Events

UNCTAD's Expert Meeting on Maximizing the Development Impact of Remittances

In February 2011, remittance experts participated in a two-day meeting organized by the United Nations Conference on Trade and Development (UNCTAD) in Geneva, Switzerland. The purpose of the meeting was to explore means to maximize the development impact of remittances by reviewing recent trends in migration and remittance flows. The discussion focused on the different policies and measures that could channel diaspora funds to serve the development needs of home countries. The meeting also produced recommendations on coordination mechanisms at national, bilateral, regional and international levels to maximise the development impact of remittances. The main outcomes of the expert meeting will contribute to the wider dialogue on international migration and development, including the General Assembly Second High-level Dialogue to be held in 2013.

Global Forum on Remittances 2012

The FFR is pleased to announce the next Global Forum on Remittances, to take place in 2012. The Forum will focus on the Asian continent and mainly address challenges and opportunities in linking remittances to development. More specifically, the Forum will look at regulatory barriers and opportunities, markets and competition, remittance flows, and the development potential of migrants' skills and financial capital. By bringing together representatives from governments, the private sector, civil society, and the development community of Asian countries, the Forum is expected to be a platform for enhanced synergy across development actors dealing with remittances.

The IFAD Financing Facility for Remittances

IFAD is an international financial institution and a United Nations specialised agency, dedicated to eradicating poverty and hunger in the rural areas of developing countries. IFAD's US\$18 million multi-donor Financing Facility for Remittances, funded by the Consultative Group to Assist the Poor, the European

Commission, the Government of Luxembourg, the Inter-American Development Bank, the Spanish Ministry of Foreign Affairs and Cooperation, and the United Nations Capital Development Fund, works to (i) increase economic opportunities for poor rural people through the support and development of innovative,

cost-effective and easily accessible remittance services, (ii) support productive rural investment channels, and (iii) foster an enabling environment for rural remittances.

To read more, visit www.ifad.org/remittances



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Finances



Contact

Pedro de Vasconcelos
Programme Coordinator
Financing Facility for Remittances

International Fund for Agricultural Development
Via Paolo di Dono, 44
00142 Rome, Italy
Phone: +39 (06) 5459-2012
Fax: +39 (06) 5459-3012

remittances@ifad.org
www.ifad.org/remittances