UNITED NATIONS
HUMAN RIGHTS
SPECIAL PROCEDURES
SPECIAL RAPPORTEURS, INDEPENDENT EXPERTS & WORKING GROUPS

PALAIS DES NATIONS • 1211 GENEVA 10, SWITZERLAND
www.ohchr.org • TEL: +41 22 917 9000 • FAX: +41 22 917 9008 • E-MAIL: registry@ohchr.org

Mandate of the Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights

23 July 2024

Excellencies,

In my capacity as the United Nations Expert on the effects of foreign debt and other related international financial obligations of states on the full enjoyment of all human rights, particularly economic, social, and cultural rights pursuant to Human Rights Council resolution 52/17, I am addressing this letter to all Member States as they act collectively at the UN General Assembly and other inter-governmental forums with a view to accelerate progress on the SDGs and particularly Goal 10.c "by 2030, reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%."

I am addressing you as the persistence of high remittance costs continues to burden migrant workers and their families, undermining financial inclusion and economic stability in many developing regions. In this regard, and as you discuss and deliberate around the achievement of SDG 10.c, I am interested in understanding what measures States domestically and internationally have been taking to reduce remittance costs.

As you may be aware, for many developing countries, remittances are the most important source of international capital flows and they can have a critical impact on economic development and poverty alleviation. Rightfully so, given that remittances are the largest and most stable source of foreign exchange. Remittance has proven to be a more stable source of foreign capital for low and middle-income countries than foreign direct investment and official development assistance.[1]

Remittances contribute as high as 48% to the GDP in developing countries. For about 60 members of the World Trade Organisation, remittances contribute to more than 5 percent of the GDP. In fact, out of total remittances of USD 860 billion in 2023, USD 669 billion (about 78 percent) went to low and middle-income countries.[2]

Foreign direct investment flows to developed countries more than doubled after the COVID-19 pandemic. Migrant remittances have also quadrupled over the past two decades. Remittance inflows have grown the most in developing and least developed countries, becoming a major source of development finance.[3]

---

[1] DP-281-Dr-Sushil-Kumar.pdf (ris.org.in).
[2] https://www.knomad.org/publication/migration-and-development-brief-39.
[3] Statement of the Independent Expert on the effects of Foreign Debt and Human Rights to the Third Committee of the 78th Session of the General Assembly on 23rd October 2023.

All Permanent Missions to the United Nations in New York

Cross-border remittances positively contribute towards socio-economic development of households and communities, financial inclusion and enhancing participation in financial services trade. Remitted money is used predominantly on education, health and other social development indicators. It also fuels the economy, purchases thereby assisting in state revenues and positively impacting the economy. Remittances also contribute to reducing poverty and inequality. As at October 2023, total financial assets held by banks or investment institutions were valued at over USD 378.9 trillion, an annual increase of 5.9% since 2012. Over 80% of these financial assets are held in developed countries. Thus, a transfer of just 1.1% of global financial assets would be enough to achieve the SDGs in developing countries, closing the financing gap, estimated at USD 4.2 trillion.[4]

The cost of sending remittances in the age of digital banking and multiple advances in financial technologies also appears counter-intuitive because, with the advances in technology and global interconnectedness, the cost should go down remarkably.

UN SDG Goal 10.c aims to reduce the transaction costs of migrant remittances to less than 3 percent, and eliminate remittance corridors with costs higher than 5 percent by 2030.[5] Yet, I am concerned that the world is not on track to achieve that ambitious benchmark. Moreover, I am concerned that the cost for sending remittances could be as high as 25%, and the experience varies across countries and regions. The high cost of remittance fee not only results in reverse flow for precious resources from developing countries but also discourages remittances, which is so essential for developing countries. Reduction of inequality within and among countries should be a prime human rights focus.

Unfortunately, because of the absence of a global fiscal body, attempts to find a resolution to issues like these remain piecemeal, and thus the development of this body is of even more of paramount importance.

Various studies find that the cost of remittance is crucial in determining the total amount of formal remittances. A one percent reduction in the cost of remitting USD 200 would result in an additional USD 6.05 billion being sent to low and middle-income countries. There is a substantial variance in the cost of remittances, with high costs in low-income countries and low costs in high-income countries.

If the cost of sending remittances could be reduced by 5 percent of the amount sent, remittance recipients in developing countries, including least developing countries would receive over USD 31.30 billion more annually than they do now.

In light of the above, I would urge all Member States acting collectively in the UN General Assembly to accelerate efforts towards the reduction of remittance transaction costs to below 3 percent by 2030, as outlined in SDG 10.c and to facilitate international cooperation among member states, financial institutions, and other stakeholders to reduce remittance costs.

I would also urge that systems for monitoring and evaluating the progress of member states in implementing policies to reduce remittance costs are established at the international level so that countries that are lagging in their efforts to reduce remittance

[4] Ibid.
[5] https://sdgs.un.org/2030agenda.

costs may be given additional support In this regard it would also be important that strategies are put in place so that technology providers can also contribute in lowering remittance costs and improve the accuracy and transparency of remittance cost data across different countries and regions.

I remain available to support Member States in the efforts towards meeting SDG 10.c.

Please accept, Excellencies, the assurances of my highest consideration.

Attiya Waris
Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights