

## **JOINT CONFERENCE ON REMITTANCES**

12-13 September 2005  
ADB, Manila, Philippines

### **Opening Remarks**

**Yiping Zhou**

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Mr. Vice-President Liqun Jin, distinguished colleagues, ladies and gentlemen:

On behalf of Mr. Kemal Dervis, the new UNDP Administrator, let me first thank President Enrique Iglesias of the IDB and President Haruhiko Kuroda of the ADB for coordinating our efforts to explore the critical contribution of remittances in achieving the Millennium Development Goals, particularly in relation to the global South.

Today, the powerful developmental impact of remittances has become unprecedented. Indeed, the numbers have burgeoned at an increasingly breathtaking pace: already, the World Bank has estimated \$126 billion in formal transfers globally for 2004 alone, placing the total world figure, including informal flows, well over \$200 billion. These figures can be attributed to both an actual increase in remittances driven by globalization, as well as the improved tracking and data collection technologies that have come to characterize the field as a whole. Remittances have now become a very real testimony of the enormous economic gains that have resulted – and can continue to result, at ever increasing levels -- from globalization.

Vitally important at a global level, remittances directly touch the lives of over 500 million people around the world. But the actual economic impact of remittances could only be measured if we were able to quantify the economic sustainability of local economies – and the consequent impact on millions of human lives due to this enormous financial inflow. Conservative estimates already place the number of human beings receiving some form of economic benefit from remittances at 1 billion people -- almost one sixth of the planet's population as a whole.

To paraphrase Dr. Manuel Orozco, an eminent colleague and partner in the issue of remittances for development: development in a given society is determined by that society's education, health care and access to financial services. In development, we are continually looking for ways in which to impact these three factors. When looking to provide developing economies with each of the three, we achieve the 'biggest bang for our buck', so to speak, by focusing on the third factor: that is, access to financial services by the poor.

Remittances are the initial entry point into the world of financial services for developing countries, local economies and poorer families. Once a family is receiving remittances through formal or informal means, it has joined the global financial service system; from that point on, it is up to us in the world of development to ensure that this is just a beginning. Savings and investment, access to credit and even the concept of insurance are all next on the 'value chain' of financial services: already, we have begun to see this become true in the excellent work of micro-finance organizations collaborating with remittance efforts in Mexico, Pakistan, and here in the Philippines. At UNDP, we are continually working 'in the field' and have a wide range of resources across 144 country offices, many of which have already been working on leveraging remittances for local development in their respective communities.

In being tasked with achieving the Millennium Development Goals by 2015, many of us at UNDP -- and indeed throughout the UN system as a whole -- have come to realize that remittances have become one of the developing world's most significant exports. Like any export, the financial inflow impacts the exporting country economically; indeed, the export of human labor is no different, particularly since remittances are non-cyclical sustainers of local economies across the developing world. From this vantage point, the impact of remittances on the MDGs becomes increasingly clear.

The Special Unit for South-South Cooperation began exploring remittances as a means of achieving the MDGs as early as 2002, later presenting it as a critical issue to the General Assembly's High-Level Committee for South-South Cooperation in May 2003. This marked a new beginning in our relationship with the Philippines: former Senator Leticia Ramos-Shahani was the Moderator of the High-Level Committee, and we began to coordinate our efforts with the Philippine Department of Foreign Affairs shortly thereafter. In fact, there is no better example than the Philippines as a case study for the importance of remittances, given the fact that over \$15 billion annually is received in this country in the form of remittances alone. One might even venture to suggest that most of our Philippine colleagues at home and abroad are in many significant ways affected by remittances almost everyday. Indeed, the Philippines has one of the world's most comprehensive systems for the recruitment, training and deployment of overseas contract workers, a system that could be shared -- in the spirit of South-South cooperation -- with any number of developing countries, and one that could be profoundly beneficial to them all.

It is indeed a pleasure to observe at this conference yet another example of South-South cooperation at its best. Sharing best practices in the world of remittances is particularly important and valuable because of their rapidly evolving nature, as a myriad of new experiences that are created all over the world almost every day. At the Special Unit, we believe that the most cost-effective way of maximizing the effect of our work -- and the many experiences it has since engendered -- is to share it across the developing world. We

are deeply optimistic that much of this will begin to take place during this historic conference.

This conference – jointly organized by UNDP, the ADB and the IDB – will focus on transferring to the rest of the global South the best practices learned in the Latin American and Caribbean countries over the past 5 years, under the pioneering direction of Don Terry at the IDB. The ADB has since joined in this exciting endeavour and is basing its programme on many of these experiences. Its “Best Practices Study”, gleaned from the Philippine experience, will be enormously helpful in assessing the impact of remittances throughout the global community.

The conference will also give us the opportunity to highlight a seminal study we are currently undertaking with UNICEF, which will analyze the social impact -- both the benefits and the costs -- of remittances.

We are equally eager to hear and benefit from the outstanding research work and best practices provided by representatives of the World Bank, the IMF, CUES-Philippines, CEMLA, Bendixen and Associates, UCLA, University of Queensland, State Bank of Pakistan, Musashi University of Japan, Visa do Brazil, G-Xchange, PayQuik, the Deutsche Bank, XacBank of Mongolia, Mivivienda of Peru and many others.

I fervently hope that the UN – and UNDP in particular, through the Special Unit for South-South Cooperation -- will serve as your common platform, promoting your efforts and facilitating the effective transfer of knowledge, technologies and best practices in making remittances work for development in the South. I sincerely hope that we will all leave Manila with the promise of cooperation and a much-expanded partnership with one another towards a common objective. Let us join our hands to make remittances work for our countries, our communities and the poor of the global South. I wish the conference a great success.

Thank you.