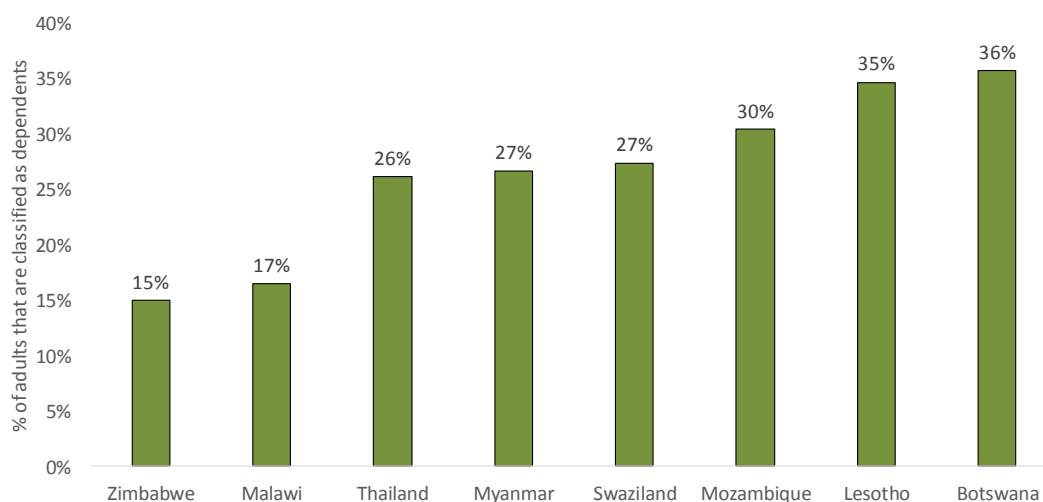


Data show that remittances can support those who receive them to access inclusive and sustainable financial services. Bringing remittances within the ambit of formal finance, and reducing the cost and increasing the convenience of such financial transfers increases financial inclusion, given the potential size of the market for remittance products/services and the increase in well-being that could potentially flow from providing better services to this market.

Their first and probably most substantial impact is on the households that receive them; and, for the very poor, they may be able to facilitate movement out of poverty. Data indicates that the majority of remittances are typically used to finance day-to-day living expenses. Many migrants are simply unable to earn enough to accumulate substantial funds for investment. Most remitters feel that their money is vital to the continued well-being of recipient households.

Almost a third of adult Zimbabweans – estimated at 3.3 million – now live outside the country. The remittances that they send home to family and friends, at 13% of GDP, are now a significant source of foreign funding flowing into the country.

### Many benefit from each remittance transfer



**Figure: Dependence on income from others (including remittances): 8 MAP countries**

Source: FinScope Consumer Surveys: Zimbabwe 2014, Malawi 2014, Thailand 2013, Myanmar 2013, Swaziland 2011, Mozambique 2014, Lesotho 2011, Botswana 2014.

Because of its role in reducing the financial risks facing a household, the mere presence of migration and remittances is thus arguably a component of poverty reduction.

In Nepal, despite the encouraging figures in remittance incomes – which have aided the nation in increasing the volume of foreign reserves, maintaining a balance-of-payments surplus and bolstering incomes – investment of the received remittances in productive sectors has, according to 2014/15 figures from the country's finance ministry, remained low. Of Nepali adults who receive remittances:

- 57% spend the remittance money on buying food.
- 14% save the remittance money.
- 7% use the remittance money to buy land or a house.
- 7% invest the remittance money in business (MAP Nepal 2016).

In the Nepal example, almost all the respondents indicated that they depend solely on the income provided by the migrant worker and that their families would not have an alternative means of income. While primary schooling is free in that country, as children enter high school the costs of education are often covered almost entirely by remittances. The research found that remittances are also quite frequently used to defray agricultural costs, including paying herd boys, purchasing feed to supplement poor rangelands, and paying for medicine for livestock.