

GFMD Dialogue on the Global Compact on Migration

GCM Cluster 4 - Contributions of migrants and diasporas to all dimensions of sustainable development, including remittances and portability of earned benefits

Summary Report

Opening panel

1. Working session II was chaired by **Mr. Arturo Cabrera**, Deputy Permanent Representative of Ecuador. The International Organization for Migration (IOM), represented by **Mr. Tauhid Pasha**, set the context of the session by presenting a brief overview on the discussions and developments on the topic of migrant contributions addressed throughout a decade of GFMD activities. There were two input speakers – **Mr. Yoseph Kassaye Yoseph** represented Ambassador Negash Kibret Batora, Permanent Representative of Ethiopia to the UNOG, and **Mr. David Khoudour**, Head of Migration and Skills Unit of the Organization for Economic Cooperation and Development (OECD) Development Center. **Mr. Pedro De Vasconcelos** of the International Fund for Agricultural Development (IFAD) served as rapporteur.
2. The Chair opened the session by emphasizing the importance of the topics covered under GCM cluster 4, and the expectation from the session to deliver important elements for the GCM. The GCM, he said, should provide a guideline that goes beyond the achievement of the 2030 Sustainable Development Goals (SDGs). **Mr. Pasha** mentioned some 8 policy recommendations and good practices on the topic of migrants and diaspora's contributions, which are captured in a [policy brief](#) prepared by IOM upon the invitation of the GFMD 2017-2018 Co-Chairs. According to him, the GFMD as a trust-building platform has advanced the debate on this topic, which has been a recurring theme in the GFMD. In the last 10 years, the GFMD has touched upon the issues of remittance costs reduction, recruitment costs, portability of benefits, financial literacy programs; as well as the role of the diaspora, the private sector, and the key role of member states especially in developing new regulations, facilitating bilateral and multilateral negotiations and exchanges, and promoting best practices.
3. Mr. Pasha urged participants not to limit the discussions to the guiding questions earlier provided, to wit:
 - a) What are the **existing limitations and challenges** that States and other stakeholders have encountered in their **partnership with financial institutions and diaspora networks**?
 - b) How can existing resources and partnerships be enhanced for **promoting contributions of migrants and diaspora communities** to sustainable development in countries of origin and destination? (this includes role of consular offices, business associations, trade investment and financial institutions)
 - c) What are **good practices** to promote not only the transfer of financial resources (i.e. remittances) but also knowledge, skills, innovative ideas or expertise of migrants to foster sustainable development?
4. **Mr. Yoseph** underlined the significance of the recognition given to migration in recent international agendas, notably the 2030 Agenda and the Addis Ababa Action Agenda (AAAA). The latter specially recognises the relevance of financial contribution of migrants for development and the role of financial

inclusion. He also welcomed the Paris Agreement, as it makes an explicit reference to migrants in relation to climate change. For Ethiopia, migrants and diasporas undeniably contribute to the country's socio-economic development. Thus, the government undertakes various activities, particularly on labour mobility, portability of earned benefits and engaging diaspora in national development processes. But there are challenges, such as the low access to financial technologies, high transaction costs for remittances, national legislations that hinder the transfer of insurance benefits, and human trafficking. Ethiopia also focuses on managing the huge flows of largely unskilled labour migrant workers in the Middle East who are vulnerable to illegal trafficking and smuggling. The GCM, he added, should promote partnerships towards strengthening the coherence between regional and global policy frameworks.

5. **Mr. David Khoudour** focused his presentation on the role of **public policies** and what policy makers can do to enhance the positive contribution of migrants to sustainable development. He emphasized the point that migrants make positive contributions in both countries of origin and destination. He argued that migrants' contribution in transit countries should also be taken into consideration, especially where the transit period becomes longer than foreseen. There is a notion, he said, that developing countries are the only countries of origin, and developed countries the countries of destination. However, the evidence shows that South-South migration is equally important as South-North migration. In most countries of origin, emigration acts as a safety valve for the labour market. Remittances represent an important source of financing for development, diasporas contribute not only through investment, but also on social development. Circular migration supports the development of skills and know-how of the country. In the countries of destination, immigration reduces skills mismatches, expands the domestic market, contributes to financing the social protection system, and increases innovation and entrepreneurship. This impact depends not only on migration policies (flows regulation, management and integration, or the ones engaging migrants and social costs), but also on policies affected by migration, such as labour policies, agriculture, education, social protection and health, investment and financial policies. In this regard, the OECD's '[Interrelations between Public Policies, Migration and Development](#)' project shows that non-migration policies have an impact on migration (policies) even though this was not the objective of the policy. A more coherent policy agenda is thus needed, which can be achieved through a 'twin track approach' – i.e., by mainstreaming migration into all relevant sectoral development policies, while also maintaining a targeted track with specific initiatives focused on migration and development.

Open discussion on the contributions of migrants and diaspora to sustainable development

6. The open discussion reflected on the facts and figures that prove that migrants and diaspora have been contributing in many ways to the achievement of Sustainable Development Goals (and the previous Millennium Development Goals). For decades, trillions of dollars are sent by migrants and diasporas back to families left behind to address poverty, bring food to the table, maintain good health, and ensure the future of their children through education. For women migrants who constitute half of the remittance senders of the world, migration offers an opportunity for empowerment for themselves and their families.
7. Migrant workers typically send about 15% of their earnings as remittances. The remaining 85% -- an estimated \$3 Trillion - remains in host countries and is spent mostly on housing, food, transportation, and other necessities, including taxes. In this context, it is important to highlight that migrants and diasporas contribute significantly to the development of their host communities. Naturally, migrant workers are even more important for their countries of origin, where 15% of migrants' earnings are usually transformed into more than 50% of household income for tens of millions of families on the receiving end of remittances.
8. Migrants and diasporas contribute not only financially (through their remittances and investments), but also in-kind, while abroad or upon return, by sharing their skills and/or doing businesses back home. But a central question is how to help member states in supporting their migrants and diasporas in order to maximize their contribution to the SDGs. On this note, a few key policy issues were highlighted during the discussion.

Policy coherence

9. It was pointed out that there exists a discrepancy in the current migration and development discourse. On one hand, the international community talks about how to promote an agenda where migration is considered to contribute to development. On the other hand, the political agenda is focused on how to address the root causes and drivers of migration in order to stop migration. Ensuring policy coherence is a must, and this means including migration in other relevant policies, inter-ministerial coordination mechanisms, as well as involving and empowering local authorities. Reference was made in this regard to the recommendation of the Sutherland Report, which also mentions the need to consolidate national capacities and to include the private sector and civil society.
10. The need to link bilateral and regional efforts in the global framework and to foster cooperation between sending and receiving countries was emphasized. A point was made that some countries are facing triple challenges as a country of origin, destination and transit. There is no clear dichotomy between a sending or a receiving country in the context of today's mixed flows.

Remittances, portability of earned benefits and diaspora engagement

11. The lack of portability of migrants' earned benefits remains as a key concern. As well, participants emphasized the need to empower migrants through the exercise of their legitimate rights, payment of fair salaries, access to health services and financial literacy. All these measures have the potential to increase migrants' contributions to both host and origin countries and affirm migrants' rights and their human dignity. This is of particular importance for countries exporting low-skilled migrants. In addition, one delegate called for the inclusion of gender roles within migration, as women and men contribute differently to development. The 'humanitarian development-nexus' was also brought up, and the important role that migrants can play in crisis situations. On a more general note, there was a call for engaging diaspora in political dialogue.
12. There is an issue of remittance dependency in many countries; however, putting conditions on remittances may put an undue pressure on migrants. Both micro-level and macro-level aspects of migrants and diasporas' contributions were emphasized. At a macro-level, diasporas face institutional barriers when it comes to entrepreneurship, trade and investment. Diasporas also contribute to development in crisis-affected populations. At a micro-level, migrants continue to make individual decisions that have developmental impact – food, housing, consumption, etc. But migrants and families left behind would benefit from financial education, lower remittance transfer costs and other related services that could enhance their socio-economic outcomes. It would also be important to look at the different gender roles in financial inclusion (i.e., male and female migrants send remittances in different amounts and for different priorities.)
13. There is also difficulty for many countries in coming up with indicators or targets on social remittances, which are generally more difficult to measure and, thus, more difficult for states to address.

Reducing the costs of migration

14. The contribution of migrants and diaspora to sustainable development was deemed to be directly linked to the cost of migration. The lower the cost of migration, the higher the contribution that migrants can make to development. In this sense, it would be vital to address high costs associated with remittance transfers and recruitment, and to lift institutional barriers that increase overall costs of migration. Equally important is the necessity to address the social costs of migration.
15. Much remains to be done in terms of reducing remittance transfer costs, particularly on the regulatory aspect. It is a must to ensure that costs are sound, predictable, non-discriminatory, and commensurate to the level of risk in both sending and receiving countries.

Countering the negative narrative on migration

16. The session identified the gap between the consensus around the positive impact of migration to development, and the negative public perceptions around migrants and migration. The negative narrative on migration is especially true in countries facing economic crisis, with increasing incidents of xenophobia and racism. This affects migration policies that are, on the contrary, supporting the real positive impact of migration. As many studies demonstrate that migrants are positively contributing to the economies of the destination countries (for example, two percent of GDP of Europe comes from migrant contributions), there is need to fight the wrong statements against migrants, and countries should put efforts in stimulating a positive debate, changing public perceptions and promoting the right positive image of migration.
17. Participants also underlined that restrictive immigration policies only tend to increase irregular migration which puts migrants at risk and in vulnerable situations, thus reducing their capacity and development potential. Integration is extremely important to support the link between migration and sustainable development. In this regard, the importance of the roles of local and host communities, as well as the civil society and private sector, was upheld.

The GFMD's Role

18. Participants held the view that the 10 years of GFMD debates has advanced the discourse (e.g., migration is now integrated in the 2030 agenda) and generated a lot of concrete policy and practical recommendations. This body of knowledge and recommendations, they urged, should feed into the Global Compact process to help ensure that the Global Compact will achieve concrete outcomes.
19. Information was given that the Support Unit is currently restructuring the Policy and Practice Database in the online Platform for Partnerships (PfP), in order to align the database content with the six thematic clusters of the GCM. While this was recognized as an important step, it was pointed out by one of the speakers that there is no existing mechanism for assessing the effectiveness of these policies and practices. Thus, there is no firm basis to consider them as “best practices.”
20. The Chair concluded the session by summarizing some key elements of the discussion and thanking all participants.
21. Below are some of the policy and practical recommendations that came to the fore during the discussion:

Policy Recommendations

- Shed light on migrants' and diaspora's contributions not only in their countries of origin, but also in their host countries.
- Give integration a more important role in GFMD as an important link between migration and development.
- Improve the conditions of migrants and ensure a people-centered and human-rights based approach
- Strengthen international cooperation in setting and implementing the governance framework of international migration.
- Address the drivers and root causes of migration, for example, by promoting an enabling environment at home by creating jobs and opportunities for people not to be forced to migrate.
- Address non-migration policies that have an impact on migration.
- Address both the financial and social costs of migration, which reduce migrants and diasporas' contributions to development.

Practical Recommendations

- Connect financial literacy programs with the national labour market and link them with job offers
- Include migration in other relevant policies and inter-ministerial coordination mechanisms, and involve and empower local authorities.
- Address the negative public perceptions about migrants and migration, for example through public and private campaigns aimed at changing the narrative of migration to something positive and evidence-based. In this regard, share examples of how migrants contribute to society on a daily basis, e.g., the longest train tunnel in the world that was recently opened in Switzerland was built mostly by foreigners.
- Assess the results of policies and programmes that have been put in place in order to extrapolate lessons learned and understand the way forward.
- OECD's Key Performance Indicators (KPIs) are a useful tool to assess policy coherence and to understand what good practices are, with the final objective of enhancing the contribution of migrants to development.
- Reduce the informal channels of sending remittances and enhance competition in the remittances market by establishing websites that compare the prices of different service providers
- Promote greater financial inclusion among migrants through, for example, mobilizing diplomatic missions to assist migrants in opening bank accounts.
- Remove unnecessary administrative barriers for the transfer of remittances.
- Offer pre-departure information for migrants and establish frameworks that support families left behind, to ensure that they have the necessary information on financial literacy.
- Conduct diaspora mapping in order to know where the nation's migrants and diasporas are.
- Improve the trade and investment framework in order to attract diaspora investment, for example through tax incentives, dual citizenship, business networks and trade fairs.
- Put in place mechanisms to involve diaspora in political dialogue.

Policies and Practices Cited

- The Ethiopian Employment Policy of 2009 and the Overseas Employment Proclamation of 2016, provides the legal regime that protects the violation of rights and portability of earned benefits.
- The Ethiopian Diaspora Policy of 2002 incorporates diaspora engagement as core functions of its foreign relation activities.
- A bilateral agreement between Somalia and Sweden in engaging the diaspora and transfer of knowledge by diaspora, to enhance sustainable development in Somalia.
- Sweden is working on a whole of government approach to migration and development, where the development effect of migration is an explicit target of their migration policy.
- Sweden works with IOM and ILO to establish and enhance guiding principles (for instance IOM's IRIS initiative) to reduce recruitment costs, reduce exploitation of migrant workers etc.
- Haiti has set up a national education fund that imposes a fee on money transfers, through which more than 1.5 million pupils could stay at school
- In Nepal, migrants' remittances have helped tremendously in the last decade to bring poverty level from around 43% down to 21%.