



GCM Talk: Remittances, Diaspora and the SDGs

25 May 2023

Summary Report

Background

In the Progress Declaration of the 2022 International Migration Review Forum (IMRF), Member States, building on the Global Compact for Safe, Orderly and Regular Migration (GCM), made a renewed commitment to redoubling efforts “to reduce the average transaction cost of migrant remittances [...] to less than 3 per cent by 2030, including by adopting digital solutions for faster, safer and cheaper remittances, promoting digital and financial inclusion and accelerating access to transaction accounts for migrants”.

The IMRF Progress Declaration also recognised the progress achieved in the recognition of the economic capital that diasporas bring, as well as their engagement in national development strategies and programmes to improve the financial inclusion and literacy of migrant workers and their families.

In support of these efforts, the United Nations Network on Migration established a dedicated workstream on “[Maximizing the economic contribution of remittances and diasporas to sustainable development](#)”, focusing on the importance of migrants’ economic contributions to their families back home, both through remittances and investments, as vital for the livelihood of their communities of origin.

Organization

The 90 minutes GCM Talk was held online. Simultaneous interpretation was provided in English, French and Spanish.

Objective

This GCM Talk intended to explore how engaging migrants and diaspora and utilising new remittance technologies combined with tailored financial products for migrants and their families can contribute to financing the funding gap for the SDG by 2030. At the same time, it aimed to pave the way towards the International Day of Family Remittances and put the first building blocks for the discussions that will take place during the GFRID Summit.

Specifically, the objective of this GCM talk was threefold:

1. Lay out the current dialogue on remittances and diaspora investments in advance of the GFRDI Summit 2023

2. Engage Member States and all relevant stakeholders the campaign building up to the 16 June IDFR; and
3. Highlight and explore ways to strengthen Member States commitment on GCM objectives 19 and 20 and their link with the sustainable development framework of the 2030 Agenda.

The discussion was based on the following guiding questions:

- Why is the mobilization of diaspora resources to support families and communities back home particularly important today? And how are migrants contributing to the 2030 Agenda?
- How can digitalization contribute and be further promoted enhance financial inclusion of migrants and their families and reduce remittance cost?
- What are good examples of digital mechanism and practices to engage and maximize migrants and diasporas' economic contributions to sustainable development, particularly considering barriers of age gender and discussion.

Participants

Participants: 198

Speakers/Panellists: Killian Clifford, Migrant Financial and Economic Empowerment, Labour Mobility and Social Inclusion, International Organization for Migration (IOM), Pedro De Vasconcelos, Manager, Financing Facility for Remittances, International Fund for Agricultural Development (IFAD), Jonathan Prentice, Head, UN Network on Migration Secretariat, David Khoudour, Human Mobility Adviser, United Nations Development Programme (UNDP), Paddy Siyanga Knudsen, Vice President, Global Research Forum on Diaspora and Transnationalism (GRFDT), Dilip Ratha, Lead Economist, Migration and Remittances and Head of Knomad, World Bank, Veronica Studsgaard, Founder and CEO, International Association of Money Transfer Networks (IAMTN).

Member States: GUATEMALA - Ambassador Carla Maria Rodríguez Mancia, Permanent Representative of Guatemala to the United Nations; MEXICO - Jorge Gonzalez Mayagoitia, First Secretary, Migration and Forced Displacement Expert; MOLDOVA – Violina Domu, Deputy Head, Bureau for Diaspora Relations; PHILIPPINES - Ambassador Antonio Manuel Revilla Lagdameo, Permanent Representative of the Philippines to the United Nations; PORTUGAL – Duarte Cunha Valent, First Secretary, Permanent Mission of Portugal to the United Nations.

Key take-aways

- In 2022 migrants sent home over US\$620 billion to low- and middle-income countries (LMICs) and that migrant savings in countries of destination are estimated to be around US\$500 billion. Taken together, this represents a financing for development opportunity exceeding US\$1 trillion per annum, connected to the

achievement of the 2030 Agenda. By comparison, in the same period, overseas development assistance (ODA) to LMICs amounted to USD 204 billion.

- Currently, one billion people, or one person out of every eight, are directly involved in either sending or receiving remittances. More than half of these flows reaches rural areas, where they count the most.
- While many commitments to reduce the transfer costs of remittances have been taken by the international community over the last years – for example, in the 2030 agenda, in the Global Compact for Safe, Orderly and Regular Migration, in the Financing for Development, in the G20 Global Partnership for Financial Inclusion (GPMI) - much more needs to be done in order to achieve them. Despite the increase in bank accounts registered during the last few years, the costs linked to remittances are still not declining.
- Digitalization and financial inclusion are the centre of this year's campaign for the [International Day of Family Remittances](#), observed every year on 16 June, and will be thoroughly addressed at the upcoming [Global Forum on Remittances, Investment and Development \(GFRID\)](#) which will take place in Nairobi on 14-16 June.
- Technology and digitalization were highlighted as means to promote cost reduction of remittance transfer costs and the financial inclusion of receiving communities, playing an important role in the achievement of the SDGs. Yet digitalization can also be limiting as communities need a deeper understanding of how to use such digital financial tools.
- Despite the increase in the use of digital tools to send remittances, there is still a large use of informal channels, mainly due to (i) limited Internet connection or mobile signal in some areas of the world; and (ii) the restricted knowledge of remittance senders on how to use digital financial services. It was reported that almost 10 per cent of remittance flows are informal, varying across different countries.
- While banks may have limitations in dealing with remittances, thus leading to more informal channels of transfers, the private sector has a central role in promoting digitalization that in turn links to the democratization of financial services and products, as well as to financial inclusion.
- Several participants stressed the importance of collaboration among private and public sectors to implement financial education strategies that promote savings and productive investments, also allowing the participation of the diaspora to improve living conditions in their communities. A positive example during the pandemic was cited, as to the increased use of digital financial services and products due to the reduction of costs charged by mobile money providers and the regulators that allowed them to do so.
- Several noted that remittances are not only linked to GCM objectives 19 and 20 but to a number of other SDG objectives, for example essential role is played by labour rights and conditions of host countries and the fundamental use of for women and girls especially when it comes to education. Many emphasized the essential role of

migration as a powerful driver for sustainable development and its interrelation with all the SDGs.

- Several remarked that migrants are keen to invest remittances if there is an environment that enables them to do so, characterized by trust in the institutions. In this regard, participants highlighted the importance of empowering diasporas as actors for development not only as remittances senders or receivers, but also for their human and social capital contributions.
- Several highlighted the need to consider the second and subsequent generations of diaspora perspectives, stressing the fact that they are very likely to remit and become actively involved, especially when it comes to natural disasters, humanitarian crises, as well as supporting ongoing businesses.
- Diaspora bonds were also encouraged to be considered, through which billions could be easily mobilized.

Key recommendations

- Take advantage of the International Day of Family Remittances (IDFR) on June 16 to raise awareness on the impact of remittances and diaspora investment for sustainable development;
- Follow the GFRID event on 14-16 June 2023 in Nairobi, which, as indicated by the GCM, is the platform to build and strengthen partnerships for innovative solutions on cheaper, faster and safer transfer of remittances with all relevant stakeholders;
- Strengthen the collaboration with diaspora organizations as key actor for development, in the identification of the most appropriate financial instruments that would serve their needs and investment preferences and for their human and social capital contribution;
- Expand and strengthen data collection and analysis on remittances and diaspora investment, to foster effective public policies and private-sector investment, and informed decision making at the customer end;
- Strengthening partnerships with private sector entities to promote digitalization of remittances
- Increase financial inclusion through remittances bundled with adapted financial products (among which savings, credit and insurance products for the vulnerable people at the last mile).
- Promote financial education along with digital literacy to financial inclusion linked to remittances and for the uptake of digital methods

This summary of the GCM Talk was prepared by the members of the [workstream on the economic contribution of remittances and diasporas to sustainable development](#) and the secretariat of the UN Network on Migration. It does not necessarily reflect the opinions of the Network members. As a summary, it is not a verbatim transcript. Watch the full recording [here](#).