Background paper[1]

Theme 3: Good migration governance for sustainable development

Roundtable Session 3.2:
Beyond remittances: leveraging the development impact and promoting the transnational engagement of diaspora and migrants

Introduction

This background paper analyzes the scope of migrants' contribution to their countries of origin. It aims at offering cues on how migrants' transnational engagement can be supported and leveraged to efficiently maximize their vast potential for the development of local and national economies. Furthermore, this paper identifies a number of controversial issues related to their engagement, and in turn, points to possible actionable strategies to align it with development challenges.

There is a rising global awareness on the significant social and economic contribution migrant workers and diasporas make towards development which is also reflected in recent global framework documents and agendas. The 2030 Agenda for Sustainable Development highlights the significance of migrant contributions to inclusive growth and sustainable development in countries of origin, transit and destination. The G20, especially through the Global Partnership for Financial Inclusion (GPFI), is continuously focusing on the impact of remittances for development and monitoring the "national remittances plans" of its member states. The Addis Ababa Action Agenda (AAAA) adopted during the Financing for Development conference in 2015 recognizes the contribution of migrants to development. The current draft of the Global Compact for Safe, Regular and Orderly Migration commits in Objective 19 to empower all migrants and diasporas to catalyze their development contributions, and to harness the benefits of migration as a source of sustainable development, while its Objective 20 focuses on promote faster, safer and cheaper transfer of remittances and foster financial inclusion of migrants[2].

In order to address how migrants' contribution to their countries of origin can be supported and leveraged, and to efficiently maximize their vast potential for the development of local and national economies, it is important to consider that transnational migrants' engagement extends beyond remittances, and includes, among others, trade, investment, philanthropy and skills transfer. However, to fully leverage this engagement and align it with the challenges of development, greater understanding of its scope, depth and significance is required. Such alignment will offer a baseline for areas of intervention and mutual cooperation.

Remittances are the most visible act of migrants' contribution to the development of their home countries. These person-to-person private financial flows, directed to families back home, bring many benefits of their own. Leveraging them further, through financial access, education and investment, would strengthen economic development, benefitting entire communities.

[1] This paper has been elaborated by the IFAD, under the guidance of the RT 3.2 Co-Chairs, Mexico and Sri Lanka and based on inputs from other RT team members during and between the Roundtable consultations. Though all attempts have been made to make sure that the information provided is accurate, the authors do not accept any liability or give any guarantee for the validity, accuracy and completeness of the information in this paper, which is intended to solely inform and stimulate discussion of Roundtable session 3.2 during the GFMD Summit meeting in December 2018. It is not exhaustive in its treatment of the session 3.2 theme and does not necessarily reflect the views of the authors, the GFMD organizers or the governments or international organizations involved in the GFMD process.

[2] Global Compact for Safe, Orderly and Regular Migration, Objective 19 and 20. Final draft (13 July 2018)

While remittances are a crucial aspect of migrant workers' financial contribution to their countries of origin, however, there are also equally powerful forces at work such as demand for home country goods, or in-country investments by migrants. Migrants also make donations for charitable causes; they invest, both singularly and collectively, into micro, small and medium enterprises (MSMEs) in their countries of origin as well as their countries of destination, build assets and create international trade relationships.

While living abroad, migrant workers participate in many transnational economic activities with the country of origin that set the basis for deep ties and impact in their home societies. Those ties and impacts create a space for intervention in economic development, particularly when government policies or the donor community support and integrate their engagement.

Furthermore, during time of crisis remittances and migrants investment tend to increase, although it is often more difficult for them to engage effectively.

There are at least six forms of engagement through which migrants directly contribute to the development of their home countries (see Table 1), and a range of intermediary institutions that facilitate those links.

Depending on the region, between 60 and 95 percent of migrants send money back home to developing countries,[3] constituting a flow upwards of US$450 billion annually, according to the last World Bank estimation.[4] A number of recent studies undertaken in the United States show that another 90 per cent of migrants consume goods from their home countries.[5] Around 10 per cent also invest back home (either in business ventures or as direct entrepreneurs) and a similar share participate in philanthropic activities that involve donations.[6]

Over time, these activities have influenced the economies of many developing countries with a positive development impact. It is estimated that a 10 percent rise in remittances may contribute to a 3.5 percent reduction in the share of people living in poverty.[7] The development impact, however, mostly remains unmeasured.

Table 1 presents these activities and their corresponding relationships to the areas of engagement. Typically, the two most substantive activities in which migrants engage are sending money to their families and consuming products from their home countries (promoting international nostalgic trade).

The existence of an important diaspora population in a country is often correlated to an increasing amount of trade between the migrants' host and home countries. Nostalgic trade refers also to trade in tourism services, when migrants go back home to visit.[8] Diaspora tourism may include medical, business-related, heritage, education, and other forms of tourism.[9] Some tourism services may be pursued as part of a public policy to build stronger links of migrants to the home country. Notably, tourism from migrants tends to be more focused on local products and services, such as locally owned accommodations and restaurants.

Table 1: Migrants' forms of engagement in transnational economic activities with their home countries

[3] "Sending Money Home: Contributing to the SDGs, one family at a time" IFAD, 2017, and Orozco Manuel, "Migrant Remittances and Development in the Global Economy" Boulder: Lynne Rienner, 2013.
[4] "Migration and Development Brief 28", World Bank 2017
[5] The annual amount spent by a migrant in the United States amounts up to US$1,200. "The Demand for and Supply of Nostalgic Products among the Albanian-Americans: A Survey on Nostalgic trade", Harvard University, CID, 2015; "Diaspora Investment and the Nostalgia Trade in Central America", in "*Confronting the Challenges of Migration and Development in Central America*", 2016, Washington, D.C., IAD.
[6] "Handbook to develop projects on remittances", IOM, FIIAPP, 2014.
[7] Access to Financial Services as a Driver for the post-2015 Development Agenda, *Policy Brief*, No.35, UNCTAD, September 2015.
[8] "Trade, Migration and Development, Handbook for Improving the Production and Use of Migration Data for Development", Global Migration Group (GMG), UNCTAD, 2017.
[9] "Heritage Tourism and Nostalgia Trade: A Diaspora Niche in the Development Landscape", Migration Policy Institute, 2010.

Economic activity	Migrants involved (%)	Indicative amount involved (US$)	Activity associated with:		
			Host country	Intermediation	Home country
Remittances	60%-80%	US$450	The decision to remit a share of the migrant workers' income	The work of Remittance Service Providers (RSP)	The positive effect of remittances on Family's household economy
Nostalgic trade	80%-90%	US$200 billion > US$300 billion	Consumption of home-country goods, including but not limited to food, and provision of tourism services	Supply chain of products and services	Production chain of home country goods and provision of tourism services
Philanthropy	10%-20%	US$3 billion > US$5 billion	Fundraising and donations for charitable causes	Method of donating	Funds received and projects implemented, also in crisis situations
Entrepreneur-ship	5%-10%	No data available	The decision to create or maintain a migrant-owned business	The enabling environment to create a business	Creation of a micro or small enterprise by either the migrant or the family member
Investment	5%-10%	US$50 billion > US$100 billion	Use of savings for a particular investment or business venture	The enabling environment for investment	Identification of a productive investment opportunity (including in real estate and capital markets)
Skills acquisition and Knowledge transfer	5%-10%	No data available	Sharing information and skills acquired as development tools	Institutions building skills or sharing knowledge	Methods to share information, knowledge and skills that enhance local and national development

** With the exception of remittances, there are no real aggregate data available on the migrants' economic activities in the countries of origin. The figures above are indicative and based on tentative calculations from various studies, researches and case studies.*

Women play an often a predominant role in transnational economic activities, as indicatively half of the migrant community is constituted by women. At the same time, women represent over two thirds of the primary remittance recipient group worldwide and half of the remittance senders. In addition, women tend to send more than men.[10]

Skills acquisition and knowledge transfer is an aspect of particular relevance in the migration cycle, including for temporary migration. While abroad migrants engage in new labour activities and often develop innovative ideas for potential investment or setting up of new businesses back home. This is becoming more evident in recent years, when new communication technologies have brought migrants closer to their families and communities in their countries of origin, often allowing them to join forces in new investment opportunities, either in the home country or engaging in transnational trade activities, and eventually creating the conditions for their possible return.

There are also other non-economic forms of contribution, including the voice and visibility that diaspora communities have raised to increase their influence in the political debate both in origin and destination countries. In this context, a growing number of countries worldwide have now dedicated ministries for diaspora, expatriates or citizens abroad, created with the scope to interact with the nation's migrants in order to promote their contribution to the development of their respective countries, and are taking advantage of their consular network to foster national identity for their citizens abroad.

Key issues: the most important aspects for policy debate

Migrants and diaspora communities, even from the same country, are very different in terms of level of skills, education, earnings, networks and ties with country of origin and destination and the reasons for migration. They have different expectations and potential contributions. Therefore, different approaches are necessary to succeed in working with diaspora groups. What is common among them is their desire to help their families and/or communities.

In this context there are at least two aspects to consider that can shape the ways to leverage diaspora transnational economic and social engagement, and they mainly relate to research and impact.

a. Improving the knowledge, awareness and clarity of the scope and depth of migrant economic engagement with their home countries

The narrative and rhetoric about the transnational engagement and ways to leverage it needs greater clarity, evidence and visibility. Typically, the discussion has largely been reduced to the impact of remittances to development.

Therefore, a better understanding of all various types of migrants and their home country economies is essential. The six forms of engagement indicated in Table 1 are part of larger framework of interaction not limited to them. However, these can serve as a point of departure to better measure migrants' impact to development at country level.

All these forms of engagement influence directly or indirectly the SDGs. Remittances reduce poverty at household level (SDG 1), increase food security (SDG 2), enhance health conditions (SDG 3) and support better education (SDG 4). Nostalgic trade and diaspora investment promote economic growth (SDG 8) and partnerships (SDG 17), many philanthropic activities contribute to gender equality (SDG 5), clear water and sanitation (SDG 6), among others, while all these activities directly contribute to reduce inequalities (SDG 10).

In order to better understand the impact of migrants contribution to the development of their countries of origin – and more broadly to the SDGs – it would be essential to promote a research agenda aimed at providing better and more coherent data on the scope and depth of the activities in all their forms.

The scope refers to the magnitude of a given activity as measured by the unit of analysis utilized. The depth of the activity refers to the ways in which the unit of analysis has a demonstration or multiplying effect on other economic factors. For example, increases in disposable income create

[10] Migration, Remittances and Financial Inclusion: Challenges and Opportunities for Women's Economic Empowerment, GMG 2017.

more savings, which, if formalized into the financial system, have an effect on increasing credit in the local economy. Similarly, the importation of nostalgic goods supports production and distribution value-chains, resulting in job creation in both farming and non-farming activities, such as marketing technology-based tools (e.g. e-commerce).

Table 2: Units of analysis for scope, depth and impact of transnational economic engagement

Economic activity	Units of analysis
Remittances	Individual migrant transfers; Ratio to disposable income for recipient families
Nostalgic trade	Commodities and services as a share of total exports (goods and services)
Philanthropy	Diaspora philanthropy as share of all forms of private international philanthropy; Type of initiative (education, health, infrastructure, entrepreneurship, others)
Entrepreneurship	Migrant and returnees business activities as a share of all entrepreneurial activities
Investment	Migrant capital investment as a share of foreign direct investment; Type of investment (capital, working capital, real estate, capital markets, liquidity, others)

b. Identify the points of convergence between development challenges, causes of migration and migrant engagement needs and ambitions in the home countries

On a more strategic context, the narrative on development as it relates to migration is often discussed along the lines of establishing development policy interventions aimed at addressing the root causes of migration. As in the lack of clarity with regards to the scope and depth of migrant engagement vis-à-vis their homeland, these policy initiatives often occur without analyzing the entire context related to the migration circle. It would be therefore important to empirically and technically align development challenges, causes of migration and migrant engagement in order to identify the points of convergence. These aspects may be related but are not the same.

Linking migration strategies with specific sectors such as trade, finance, investment, entrepreneurship, (but also with education, social protection, health) involves close cooperation between several institutions and entities at both international, national and local level (Central banks, ministries of Labour, Trade, Agriculture, local authorities, others). While this is a difficult task, home and host countries need to adopt a more coherent policy agenda to better integrate migration into all development strategies.[11]

In finding the convergence in the alignment, the opportunities for leveraging become more evident and prevent ad hoc assumptions. For example, one typical assumption has been to promote migrant entrepreneurship or migrant investment in entrepreneurial activities of the migrant's family. While in many contexts this can be seen an opportunity, for most countries where outflows of migration are notable, the size of the informal economy might be too large to allow for more private-sector engagement unless sufficient capital and resources are available in order to enter the business with economies of scale. Yet, migrant resources are often too small to foster large investments or economies of scale.[12]

Overall, migration is largely correlated to the lack of global economic complexity, or to the strong dependence on few sources of income from the national economy. In his study, "The Building Blocks of Economic Complexity", Hausmann points out that "as people and firms specialize in different activities, economic efficiency increases, suggesting that development is associated with an increase in the number of individual activities and with the complexity that emerges from the interactions

[11] OECD, Interrelations between Public Policies, Migration and Development, 2017
[12] "Sending Money Home: Contributing to the SDGs one family at a time," IFAD, 2017.

between them".[13] In other words, though a developing countries grows through the prosperity of its national economy, its wealth and employment generation depend on the quality of its interactions.

Migration is more likely to occur when a country lacks proper economic competitiveness due to low diversification in the various economic sectors.

Thus, the development challenge among developing countries with high emigration is not poverty per se but rather increasing economic diversity by investing in human capital and innovation, rather than commodities. In this context, policies aimed at engaging migrants in contributing to the economic development of their countries of origin should be designed at seeking to leverage their transnational engagement aligning challenges and opportunities for intervention.

Access to finance (either to open bank accounts, perform multiple financial activities, or to obtain credit), is a central development challenge, which intersects with migrant transnational engagement. For example, at the core of family remittances is the wealth they create. Remittances can be leveraged by formalizing savings resulting from increase in disposable income, thus increasing liquidity in the financial system, and mobilizing these savings for investments in areas that can increase productivity. Similarly, migrant philanthropy investing in education can be leveraged to increase school performance in farming areas, extending school time and skills to strengthen youth's human capital.

It is also important to note that remittances tend to increase as a result of conflicts and natural disasters, in order to help the households and families of the migrants to cope with their hard circumstance along with their income difficulties. Nevertheless, remittances during natural disasters and conflict situations face number of challenges. The prominent challenge in this regard is related to the difficulties and high costs of sending money to countries living in conflicts and natural disaster situations, which affects directly the highly needed households who rely mainly on such remittances. Moreover, such remittances face other challenges related to the breakdown or limitations of the banking system at those affected countries where the money transfer becomes very difficult and even more expensive. Accordingly, the issue of remittances during natural disasters and conflict situations needs more attention, where efficient solutions would be in favor of the highly needed households.

Migrants' situation in the host country influences options, possibilities and ambitions with regard to engagement in the country of origin. For instance, evidence shows that better integration in the country of destination and stronger networks among the diaspora lead to larger engagement with the country of origin. Furthermore, for migrants willing to return and invest back home, a central development policy objective is to help them to build assets for their return. In addition, this also becomes an opportunity for the private sector to meet their financial product needs. Migrants who are financially vulnerable require protection, including advice, goalsetting, and strategies to build savings. Stable migrant workers, on the other hand, need products that help them accumulate their assets in various types of savings and loan products. Among those in higher-income brackets, financial needs are related to wealth diversification and social investment in their countries of origin.

Table 3 presents a non-exhaustive list of services that migrants in those categories can benefit from. The list is matched to a typical financial profile. The combination of instruments provides the means to help the migrant move up in the spectrum; for example, after investing in savings a migrant can use those savings to improve his/her skills, either for investing in or join the labour market of the home country.[14] In this context, national policies should focus on aspects related to expanding economic activities while leveraging on the wealth created through transnational economic engagement.

Table 3: Types of financial services and investment products according to migrants' financial profiles

[13] Complexity is measured in terms of the diversity of resulting manufactured outputs, and the density of value- added accompanying the output. Hidalgo and Hausmann, The Building Blocks of Economic Complexity, 2009. CID, Harvard University.
[14] "Sending Money Home: Contributing to SDGs one family at a time," IFAD, 2017.

Financial services and investment products	Vulnerable	Stable	Medium/ high-income
Deposit account denominated in local and foreign currency: savings accounts, certificates of deposits	x	x	x
Mortgage loans: local or transnational loans that allow diasporas to purchase real estate and housing in their countries of origin		x	x
Retirement accounts		x	x
Diaspora mutual funds which mobilize pools of individual investors for collective investments in corporate and sovereign debt and equity			x
Diaspora bonds allowing governments to borrow long-term funds from diaspora	x	x	x
Inclusive (micro)insurance instruments	x	x	x
Other investment instruments (stocks)			x
Business and impact investment instruments (such as crowdfunding platforms) which can benefit low-income migrant workers through small investments pooled together	x	x	x

High-quality investment vehicles and products are also a must. Getting people to invest is difficult. One of the keys is to first introduce products that migrants can understand: pension plans and insurance among others. Community investment can be bought online, and these investments are a tool to connect people to communities and to the causes they value. These types of practice are gathering momentum among diasporas who are looking to create social and financial returns. Likewise, crowdfunding has democratized the ability to invest. Diaspora funds and bonds could also be used as a tool for development financing. Migrants are motivated to invest in their countries of origin for emotional or social status reasons, but attractive return on investment is required to better attract diaspora investment. Ethiopia, India, Kenya, Nepal, Nigeria and the Philippines have already used diaspora bonds, and Trinidad and Tobago is processing its issue. These bonds are typically offered to citizens abroad with long-term maturities and low yields. Provided that migrants hold some patriotism and knowledge of their home economies, they could be willing to accept a below-average investment. Tax and credit incentives to induce migrants and diasporas to invest in their home countries were used for example in Bangladesh and Brazil.

All these forms of investment require different multi-stakeholder approaches, including foreign affairs structures and trade and investment agencies, to reach out, inform and support diaspora. Governments need to have programmes in place to support diaspora investments and to welcome back diaspora. Diaspora associations, employers’ and workers’ organizations should also play a role in strengthening these linkages. This contributes to protect the rights of migrants, improve migrants’ welfare and facilitate sustainable reintegration. In Central America, for example, central banks have an important role in shaping the market. They can affect not only the remittance market, but they can also help create an enabling environment for investments by diaspora, venture capitalists and angel investors.

Table 4: Supporting national policies for economic transnational activities

Economic activity	Supporting national policies
Remittances	Enabling environment; Improved competitiveness and the digital payment ecosystem; Improved financial inclusion policies (savings formalization, mobilization) and financial literacy
Nostalgic trade	Strengthen the scope of goods exported; Increase credit to producers and distributors; Introduce technologies for improved agricultural production; Introduce technologies connected to the value chain in non-farm activities; business literacy; building of business and trade networks; trade standards (eg. For food, health, safety etc.); Strengthen cooperation between home and host countries including through trade and cooperation agreements or policies
Philanthropy	Match partnerships for development; Invest in human capital (through education, health, and the overall knowledge economy); Support collective investments in cooperatives, savings and credit associations, and microfinance; Support in project identification and co-investment; in particular in time of crisis
Entrepreneurship	Enable migrants to access to financial institutions (e.g. open accounts, borrow, and co-invest); Identify investment partnerships that can yield higher returns; Identify skills sets and linked opportunities
Investment	Offer financial products affordable and accessible to migrants, from savings to other investment vehicles like bonds, stocks and equity, as well as insurance products or facilitating investments in the real estate

Main controversies: conflicting interests and views

The relationship between migrants' transnational economic engagement and ways to leverage it points to some controversial and at times conflicting issues or views. Despite the recent growing number of studies and analysis on migrants' contribution to development, the debate to explore in more systematic ways the wide scope of migrant engagement and its impact in the local economies remains limited to few aspects, and often tied to opinions rather than facts.

On the impact of remittances to development for instance, there is still a 'reductionist' approach to transfer costs or volumes without analyzing in detail the leveraging value of these transfers. Remittances have been assumed to be the only practical measurable unit related to migrants contribution to development. Consequently, there are incomplete and inaccurate data, leading to distorted policy guidance; and key factors such as financial inclusion, credit to producers, support to diaspora groups to design development projects, remain largely uncovered.

While in many contexts diaspora investors do not differ from other investors in the sense that they also seek low risk and good returns, they often receive less or no government support than foreign direct investors. In turn, that neglect diminishes access to markets and information. Given this context, governments should work to offer diaspora investors the same opportunities as other investors. Governments should therefore prioritize developing conditions that recognize and incentivize diaspora investors, and engage them through an array of investment opportunities open to all types of investors. Moreover, Governments should take advantage of the diaspora investors' transnational position between their communities of origin and their host countries. In this context, host countries policies addressing exclusively to diaspora communities have to be well assessed in order to avoid frictions with non-migrant communities.

Last but not least, trust plays a key role in all migrants' transnational economic activities. Migrants are interested in investing in their home countries but are often suspicious of formal institutions and regulatory frameworks. Likewise, there is often a lack of investment channels that are safe and that have a track record. Reaching out directly to investors therefore requires transparency and trust, given that diaspora organizations are very sensitive to corruption and misuse of funds. When planning for investments back home, migrants need to trust both the institutions and those organizations with whom they are working. Building trust with migrants and migrant communities is a long and intricate process, and particularly complicated in fragile states, or countries where corruption in banks and government institutions is present.

Ideas for action

A migrant-centred and development-oriented approach to leverage the development impact and promote the transnational engagement of diaspora and migrants should primarily pass through policies and programmes designed to: (i) acquire better knowledge on the magnitude and form of engagement; and (ii) foster an enabling environment and asset-building through financial and human capital investments, including promoting broader partnerships between governments, local authorities, migrants and diaspora communities, and the private sector.

Migrants already possess significant assets, not only in financial terms, but also in terms of their knowledge, skills and networks, and they have a strong affinity with their home communities. At the same time, diaspora investors share many investment challenges, yet differ in terms of needs, savings capacity and investment preferences. In order to enable migrant investors to invest, financial literacy, business skills and investment vehicles proposing appealing products in terms of financial and/or impact returns must be in place.

Financial literacy programmes are however still fundamental in empowering remittance senders and investors to make the most of hard-earned funds. Migrants and their families are keen to save and invest their resources, but often lack knowledge of their options.

Annex 1 provides several examples of governments' initiatives supporting remittances and financial inclusion programmes for both their citizens abroad and their families at home.

In parallel, there are several different typologies of investment mechanisms that are currently being set up in various countries and are demonstrating positive results. These range from crowdfunding platform, to seed capital matching investment fund, from blending mechanisms to diaspora bonds. In Somalia for example, the SomaliAgriFood Fund[15] targeted the successful Somali diaspora in US, Canada, North of EU and Australia, matching their interest to invest with small and medium enterprises in the agribusiness in Somalia on fishing, agriculture, food processing, packaging and cold storage facilities, livestock. In Mali, the crowdfunding platform Babyloan[16] identifies good business plans for the development of microenterprises, and matches them with diaspora members and organizations in France keen to invest in their home country, through the intermediation of Malian microfinance institutions. Private interactive web-based investment platforms[17] provide individual investors with means to direct their resources towards institutional private equity funds, projects, public-private partnerships and sovereign debt programmes (e.g. diaspora bonds) that were not available to individual investors[18].

Reaching out to the diaspora community and convince them to invest can be challenging. One option is to reach out to them before they go abroad. Pre-departure seminars, including basic financial education and information on potential financial services based on migrant profiles, can be effective. Once migrants have gone abroad, there are three basic approaches to reach out to them: (i)

[15] www.somaliagrifood.org
[16] www.babyloan.org/en
[17] An example is Homestrings (www.homestrings.com): this model has track records in 13 African countries for a multitude of productive sectors, such as infrastructures, agribusiness, commercial real estate, financial services, telecommunications, and key small-to-medium sized enterprises. It has raised more than $25 million for projects since launch in July 2011, using an interactive web-based investment platform that aggregates demand from individual investors and remitters.
[18] "The Quest to Lower High Remittance Costs to Africa: A Brief Review of the Use of Mobile Banking and Bitcoins", Maloumby-Baka, Ralph C. and Christian Kingombe, 2016.

communication through their families in their places of origin; (ii) by developing trust in the transnational household; and iii) engaging through diaspora communities and organizations. Diaspora is a broad market that has great potential as investors. But institutions must prove themselves trustworthy, they must educate migrants in the value of investing, and they must develop products appropriate to the migrant life cycle. Some countries, such as the Philippines, have also established a specialized bank for migrants. These banks provide migrants with financial services, investment and financial advisory services.

A non- exhaustive list of governments' programmes aimed at promoting and facilitating in-country investments from their citizens abroad can also be found in *Annex 1*.

Furthermore, by targeting particular communities, partnerships between entrepreneurs and migrant investors can result in improvements in food production and rural employment, thus promoting the rural economy.

Collaboration with the private sector to promote sustainability is another key factor. Financial intermediaries serve as a link between diaspora investors and investment recipients by providing due diligence and on-site technical support. Furthermore, financial intermediaries with a strong social mission, in addition to being financially stable. The financial sector must better understand the needs of diaspora investors and recognize their unique challenges, and educate the banking sector on the risk levels surrounding diaspora investment encourages them to work with migrants and thus also promotes financially sustainable partnerships and investments.

Guiding questions for the Round Table debate

1. How can governments and diaspora collaborate to assess and improve knowledge of all the dimensions of migrant transnational engagement?
2. What framework conditions are needed in order for migrants transnational engagement to be more successful and who can facilitate these conditions? (such as legal migration pathways, enabling investment environment, adequate financial services, adequate options for movement of goods and ideas etc.)
3. How can non-financial engagement (i.e. other forms of civic engagement) with migrants be usefully quantified and measured?
4. How can governments and diaspora collaborate to promote and strengthen the transfer of knowledge, including both migrants who are still at the country of destination, as well as those that have already returned to the country of origin?
5. How can governments achieve bilateral, regional and international cooperation to improve all aspects of migrants transnational engagement?

ANNEX 1: National good practices facilitating remittance transfers and diaspora' investment

Country	Good practices[19]	Addressed GCM actions under objectives 19 and 20[20]
Argentina	The Central Bank of Argentina started a process in 2015 to ease foreign exchange (FX) market regulations, thereby exerting a direct and far-reaching effect on the operation of international transfers and leading to a more flexible and competitive context to send and receive remittances to and from abroad. The new regulation allows Money Transfer Operators (MTOs) access to the FX market for transfers abroad without limits on the amount transferred. The Central Bank of Argentina's regulation on the protection of users of financial services provides that customers must be made aware of all related conditions and costs prior to the completion of any operation or acquisition of product or service. Banks are also required to publish current prices of all the services they provide.	20.d 20.f
Australia	Australia's National Remittance Plan (NRP) aims to enable women and men to send money in a safe and cost effective way from Australia to, and within, key countries in the Indo-Pacific region. A review of Australia's AML/CTF regime was finalised in 2016, containing 84 recommendations to streamline, simplify and strengthen the regime, including recommendations that will impact the remittance sector. The Australian Government will consult with industry on the proposals to ensure the regime provides clarity and certainty for reporting entities. The Australian Government, through the Department of Foreign Affairs and Trade (DFAT), supports approaches that increase the transparency of remittance costs, including the Send Money Pacific remittance comparison website, which has contributed to reducing the costs of remittance transfers from Australia to the Pacific.	20.a 20.c 20.d 20.e 20.f 20.g 20.h 20.i 20.f
Belgium	Since 2018, the Belgian government is working with a network of stakeholders (migrants and diaspora groups, civil society, the National Bank) to build a better knowledge and receive some transparency on remittances sent from Belgium to the countries of origin in order to take appropriate measures to reduce the costs of remittances. The Belgian government also supports a mobile application developed by IOM (called "MigApp") which aims at providing reliable information to migrants. One of its component is the "Money Transfer" feature. The	20.a 20.c 20.d 20.f

[19] Many good practices on remittances from G20 Member States come from the G20 2017 National Remittances Plans Overview, GPFI 2017

[20] Global Compact for Safe, Orderly and Regular Migration, Objective 19 and 20. Final draft (13 July 2018): https://bit.ly/2LP0ycL

	remittance comparison feature allows the user to find the cheapest and fastest way to send money home using the available money transfer operators.	
Brazil	The Banco Central do Brasil (BCB) constantly monitors the foreign exchange market and undertaking studies with the objective of fine-tuning regulation to simplify FX procedures, increase competitiveness and lower costs. BCB is also working on the development of a section on its website aiming to offer customers specific information about regulation, costs and guidelines for remittances operations, and intends to improve its remittance price comparison website launched in 2016, the Total Effective Value (VET) Ranking for remittances. Furthermore BCB will seek to improve the dissemination of statistics related to remittances and its costs over the context of financial inclusion indicators.	20.c 20.d 20.f
Canada	In its 2015-2017 National Remittance Plan, the Government of Canada focused on increasing transparency and consumer protection for Canadian remitters; to this end, Canada has undertaken a national survey to better understand remittances providers' needs and has been discussing with financial institutions how to improve remittance market competitiveness. The national survey on remittances will enable Canadian policy-makers to know the size of the Canadian remittance market (including the size of the informal market) and to understand remittance consumer behaviour. The survey results are expected to help inform evidence-based policy and programming that would facilitate safer, more reliable, and lower-cost remittances from Canada leading to better outcomes in developing countries.	20.a 20.f
El Salvador	The government of El Salvador, through the experience of linking migration with development seeks a productive, economic, social and cultural integration of migrants and their families; as well as the guarantee of their economic, social and cultural rights. Salvadorans living outside national borders are strategic development agents, transcending their view of mere remittance providers. They are now part of social, cultural, political and economic processes of the El Salvador, seeking to ensure their permanent participation in these issues through the generation of territorial processes that considers them, when building their development schemes. The interest and demands from Salvadorans abroad lead to the creation of an interinstitutional investment team, in order to seek the expansion and strengthening of economic relations that may accelerate national development. This platform lead to identify diaspora investment and nostalgic trade as the raison d'être. More recently, the government of El Salvador is seeking to	19.a 19.b 19.c 19.e 19.e 19.i

	expand the investment funds portfolio to Salvadorans living outside our borders –particularly within the United States of America– as an alternative to savings and remittances within the deadline given by the Temporal Protection Status (TPS).	
France	Since the G20 Summit of 2015, France has adopted a National Plan on Remittances which seeks to: (i) facilitate remittances by reducing their costs; (ii) maximizing the value of remittances by orientating them towards sustainable and growth-generating projects; (iii) improve its knowledge of remittances fluxes to develop a better understanding of migrants' needs. The improvement of migrants' access to financial products and services was already one of the axes of a law adopted in 2014. This law allowed the commercialization, in France, of financial products and services by banks located in partner countries.	20.c 20.g 20.h 20.i
	France launched a new version of the French price comparison website 'envoidargent.fr' including a mobile version, in 2016. This platform, aimed at migrants, compares the prices and services offered by banks and MTOs. An evaluation study conducted in 2017 led to a series of recommendations to improve the collective strategy and governance of the website.	20.d
	In order to promote the use of remittances towards growth-inducing activities by migrants, France is supporting the MEETAfrica project, which aims to support African entrepreneurs, researchers or professionals who graduated from French or German universities in the creation of a business in their country of origin.	19.e 19.i 19.j
	France has also made a 7M€ contribution to the multi-donor 'Migrations and Development' fund of the African Development Bank. The objective of this fund is to foster innovation to facilitate remittances transfers, and to support development projects led by Diasporas.	19.a 19.c 19.e 19.j
	In terms of development initiatives driven by diaspora organization, France also funds, since 2003, the PRA/OSIM program: this initiative of the FORIM, a national platform that brings together networks, federations and groups of Diaspora-led International Solidarity Organizations (OSIMs), intends to support local development projects. It awards 50 projects led by diaspora associations yearly with on average €15.000 grants.	19.b 19.d 19.f 19.j
	Finally, in February 2018, France, through its Inter-ministerial Committee on International Cooperation and Development, has adopted the "International Migrations and Development" Action Plan, which reaffirms the importance to facilitate remittances transfers and diaspora' investments. The 2018-2022 strategy includes the objectives of reducing the costs and maximizing the value of remittances, notably through the improvement of digital tools.	20.a 20.d 20.e 20.i

Germany	The German price comparison portal 'www.GeldtransFAIR.de', which obtained World Bank certification in 2014, is currently being redesigned to make it more user-friendly. The new website (including a mobile version) is to be launched in 2018. The German Development Cooperation is working with the Central Bank of Jordan (CBJ) to implement a project on Improving Access to Remittances and other Financial Services through Digital Solutions to increase access to and usage of needs-based digital remittances services for refugees and Jordanians in hosting communities. As part of the project, Germany will conduct a study on current developments in the digital remittances market and new business models of RSPs (i.e. mobile network operators, FinTechs) and a study on remittances practices of Syrians in Germany. The GIZ Programme "Migration for Development" supports migrant organization in their development projects, business activities (training for entrepreneurship when returning in countries of origin).	20.d 20.d 20.e 19.d 19.e
Guatemala	The Guatemalan Ministry of Economy's installed regional support centres for SMEs and Entrepreneurship Schools, Entrepreneurship, Innovation through the Incubators Program, "Weaving Food" (Tejiendo Alimentos) Program and the "Encounter the Migrant" annual meetings.	19.b 19.c 19.j
Honduras	The Government of Honduras has created the programme Honduras 2020 Scholarship Programme linking young temporary migrants to the country's growth in order to promote temporary migration as a contribution to the sustainable development, Consular representations of Honduras carry out various outreach activities with migrants and diaspora communities to promote Honduras' cultural tradition abroad.	19.c 19.h 19.j 19.d
India	Under the National Financial Inclusion Strategy, many public-sector banks offer accounts that charge no fees for remittances. To streamline the remittance arrangement under the Speed Remittance Procedure and make remittances more cost-effective, the Government of India has removed the mandated requirement of maintenance of collateral or cash deposits by the Exchange Houses with whom the banks have entered into the Rupee Drawing Arrangement. Authorized Dealer (AD) banks are free to determine the collateral requirement, if any, based on factors, such as, whether the remittances are pre-funded, the track record of the Exchange House, whether the remittances are effected on gross (real-time) or net (file transfer) basis, etc., and the	20.a 20.d 20.c 20.d 20.c 20.d

	ADs may frame their own policy accordingly in this regard. India's authorities have permitted AD Category I Banks to partner and leverage on the systems and services of non-bank entities to effect small value outward remittances.	20.c 20.d
Indonesia	Indonesia is working on a new business model for remittance transfers that will focus on cash to account or account to account approaches. This will seek to boost financial services access for women and vulnerable persons. A pilot on remittances based on non-cash platforms is expected to be followed by banks, telecommunication companies and post offices. This pilot will aim to harmonize relevant regulations with AML/CFT standards. Indonesia is working to encourage migrant works to use non-cash transfers through its financial education curriculum delivered through the Migrant Worker Training Center.	20.d 20.h 20.i 20.c 20.e 20.g 20.h 20.i
Italy	Italian authorities have been working on further enhancing the supply of basic banking products for migrants. Since 2011, the National Observatory for the Financial Inclusion of Migrants provides ongoing structured analyses and monitors migrants' financial inclusion. The recently established National Committee for planning and coordination of financial education activities, will contribute to the design and promotion of initiatives aiming to enhance financial literacy competencies for vulnerable target groups, including migrants, according to international best practices In March 2017, Italy implemented the European Union Directive 2014/92/EU on the comparability of fees related to payment accounts, payment account switching and access to basic payment accounts.	20.f 20.g 20.h 20.i 20.g 20.h 20.i 20.c 20.d
Japan	The Government of Japan has put in place the Payment Services Act to encourage customers to use new service providers with low commission fees. The Act allowed the non-banking fund transfer business providers to handle currency transactions given IT development and diversified needs of the users. Under the Payment Services Act, RSPs are required to provide customers with information such as processing fees, exchange rates, and clear complaints processes; and allows customers to access "Alternative Dispute Resolution" which provides a non-judicial resolution mechanism	20.c 20.d 20.f
Kenya	The Government of Kenya and IOM released in 2017 a guide for diaspora remittances and investments in the country. Among other things, the guidelines provide a background on the size, diversity and location of the Kenyan diaspora.	19.b 19.d 19.e 19.f 20.f 20.g 20.h

	They touch on the important role the diaspora plays in Kenya's national development and the Government's policy towards harnessing their developmental potential. The document provides pointers on what to think about when choosing/using a remittance service provider (RSP), identifies a broad cross section of RSPs serving the Kenyan market, and it outlines tools migrants can use to compare RSPs so migrants can make cost effective decisions when sending money home, providing tips on how to open a bank account in Kenya while abroad and make payments (e.g. pay utility bills). It also outlines a cross section of commercial banks in Kenya that provide services to the diaspora and focuses on diaspora investment which is broadly defined to include commercial investment (where a profit is expected) and diaspora philanthropy.	
Lebanon	The Government of Lebanon holds annual conferences for diaspora focused on investment opportunities and incentives in the country. At the same time, the government of Lebanon holds conferences abroad targeting the Lebanese diaspora on various topics, to provide and talk about investment opportunities in Lebanon. The most recent one was held in France and focused on Energy.	19.d 19.e 19.b 19.c
Mali	Collaboration with IOM to assess and review all mechanisms implemented by the Malian government on remittances and migration. In 2012 Mali eliminated the exclusivity clause from all contracts signed with MTOs In 2014 Mali adopted a National Policy on migration, established a framework for national consultation on migration governance and elaborated guidelines for the use of migration data Malian government is currently working on guidelines for Malians abroad	19.b 20.c 20.d 20.c 20.d 19.b 20.a 20.c 20.d 19.d 19.j 20.f
Mexico	In its national development plan 2013-2018 the Mexican government established as the fifth national goal (Mexico with Global Responsibility) to implement strategies and actions for social integration and financial education for Mexican nationals living abroad. This is the mandate of the Institute for Mexicans Abroad (IME). The 3x1 is an innovative programme that helps migrant communities to align and influence local development policies back home. For every "peso" a collective group of migrants invest, the local, state and central government each match that "peso". The initiative came about because Mexican diasporas were telling Mexican government that they were sending money home but the conditions of their families and communities were not improving. Through the continuous promotion and use of the "Directo	19.b 19.d 20.g 19.b 19.e 19.i 19.j 20.g 20.a 20.c 20.d

	a México" program from the Central Bank, the Mexican population in the US has a safe and low-cost alternative to send their money home. The major benefit of using this channel is that the commission charged is very low (0.21%). One of the latest efforts of the Mexican Government towards expanding the usage of the payment system network is the electronic distribution of all the stipends from Mexico's largest social welfare program (PROSPERA). As many PROSPERA beneficiaries also receive remittances, it is expected that this will have flow-on effects to improve how PROSPERA recipients manage and use remittances. The Mexican Government has passed a FinTech Law in March 2018, which aim at protecting customers, giving platforms legal and fiscal certainty and ensuring compliance with AML/CTF standards.	20.e 20.g 20.h 20.c
[**Moldova**]()	The PARE 1+1 programme and its Migrant Savings and Investment Trust (MSIT) is a government initiative aimed at maximize the development impact of migrants' contributions by directing them towards productive investments in both public and private spheres.	19.d 19.e
[**Morocco**]()	Ministry in charge of Moroccans living abroad created during the 90ies. Gradually, its policy changed from making that distinction between different types of migrants: the first and second generation. Summer University engaging second, third generation migrants for knowledge transfer.	19.d 19.e 19.j 19.c
[**Nigeria**]()	The Federal Republic of Nigeria has issued a US$300 million Diaspora Bond in 2017, which was oversubscribed by 130 per cent. The Government of Nigeria is currently focusing on how it can create an enabling environment for the Nigerian diaspora to contribute to national development on the understanding that the diaspora can only make meaningful contributions to national development when the favorable conditions are put in place. On June 30th, 2017, Nigerian Government signed the Nigerians in Diaspora Commission Establishment Bill 2017. The Commission has the responsibility to coordinate and organize Nigerians in and from the diaspora to contribute human capital and material resources, including their expertise, for the development of Nigeria and its constituent states while working closely with all the organs of government in Nigeria. This is part of Nigeria's commitment to efficiently engage the diaspora and migrants for national growth and sustainable development toward achieving the 2030 Agenda on Sustainable Development and the African Union 2063 development	19.e 19.a 19.b 19.a 19.b 19.d 19.e

	Agenda. It is also pertinent to mention that the Nigerian Diaspora Organisation (NIDO), a true Pan-Nigeria Diaspora Organisation, non-governmental and non-political formed in 2000-2001 has continued to harness the tremendous skills, expertise, and knowledgebase of Nigerians residing outside Nigeria to promote Socio-economic and infrastructural development in Nigeria.	19.g
Pakistan	The Pakistan Remittance Initiative (PRI), jointly launched by the State Bank of Pakistan and the Ministry of Overseas Pakistanis and Ministry of Finance. PRI has formulated a comprehensive strategy aimed at greater commitment of financial sector towards remittance services and resultant inculcation of remittance culture, transparency of remittance market with adequate consumer protection, efficiency of payment system infrastructure, and incentives for the remitters, beneficiaries and overseas entities.	20.a 20.c 20.d 20.e 20.f
Philippines	The Philippine Development Plan (2011–2016) explicitly noted the need to promote financial inclusion and facilitate remittances domestically and from abroad. In order to assist overseas Filipinos on their remittance and investment concerns, The national Central Bank (BSP) has created an interactive portal that will link users to information on the different banks and non-bank remittance companies in the Philippines, including locations of their branches abroad, remittance center, foreign bank/correspondents, products and services, and charges/fees for remittance services to any part of the Philippines. In 2017, the Department of Finance (DOF) and the Land Bank of the Philippines have created a new Overseas Filipino Bank (OFB) to offer expat workers investments, and provide financial advisory services. The Government of Philippines is also very active with its Diaspora to Development Initiative (D2D), LINKAPIL, the Overseas Filipinos Remittances for Development Project and the Remittance for Development Council.	20.a 20.f 19.d 19.e 20.g 19.d 19.e 20.g
Republic of Korea	The Republic of Korea has built infrastructure that directly links national remittance service providers with those in receiving countries to provide real-time remittance services at affordable costs, through the removal of intermediary services such as SWIFT and the establishment of bilateral partnerships between clearing and settlement institutions (e.g. the Korea Financial Telecommunications and clearing institutions). The Foreign Exchange Transactions Act was recently revised to permit the operation of Money Transfer Operators (MTOs) with certain requirements in order to increase remittance market competitiveness with lower	20.c 20.d 20.a 20.c 20.d 20.c 20.d

	costs. To enable more MTOs to enter the remittance market, the Korean Government will explain registration requirements, processes and operating systems to MTOs. This will allow MTOs to better understand the reviews law and enter the remittance market. The Korean Government will establish a joint platform for the banking sector to support the sharing of information on remitters. 15 commercial banks have committed to participate in building the information sharing platform, which is expected to simplify identification processes and make it easier for MTOs to comply with identification requirements. The Cross Border Fund Transfer (CBFT) Service launched between Korea and Vietnam will be expanded to cover overall member countries of Asia Payment Network (APN), a regional cooperative network for payment clearing institutions in Asia (the project will be completed by end 2018). This service is expected to cut remittance fees and improve the speed of transfer and transparency	20.d 20.d
Russia	The National Financial Literacy Strategy initiated by the Ministry of Finance of the Russian Federation was approved by the Russian Government in September, 2017. This Strategy includes special financial consumer protection measures and financial education activities for migrants and their families. The implementation will start in 2018. The joint project of the Ministry of Finance and the OECD aimed at the financial literacy of migrants from six Commonwealth of Independent States (CIS) countries and their families has been launched. The technical assistance delivered in developing information materials and pilot projects focused on migrant families will help them to make more informed and effective decisions on remittance costs, channels, and improved financial inclusion and personal finance. Work on the Bank of Russia Financial Inclusion Strategy as well as Action plan is in progress. It contains special measures on supporting the development and scaling of low-cost, low-value products, as well as expediency to expand the functionality of banking payment agents and other financial intermediaries. The new consumer protection standards are being developed taking into account the financial institution type. Channeling remittances into accounts will be leveraged as a first step in financial inclusion efforts, while also aiding in the promotion of cashless payments.	20.a 20.f 20.i 20.h 20.j 20.d 20.e 20.c
Saudi Arabia	The Saudi Arabian Monetary Authority ("SAMA") initiated the "Remittance Centers Project" at the end of 2016. The Project's objective is to review the remittances	20.d 20.e

	environment and identify areas of improvement, with a particular focus on the centers' working hours, pricing and service quality, as well as the technology utilization and electronic channels. The project will be completed by the end of 2017. Following the successful experience of using the Saudi Post offices as a network for offering remittance services, SAMA is currently looking to promote similar experience through the deployment of Agent Banking. The Agent Banking proposition will seek to address both the competitiveness and the accessibility of remittance transfers to all relevant geographical areas. The AML/CFT guidelines will be updated according to legislation to provide better clarity to remittance service providers with regard to their regulatory compliance commitment (e.g. account opening requirements). The outcome of financial surveys undertaken by the Kingdom of Saudi Arabia (KSA) will be used to continue the enhancement of financial literacy through targeted initiatives. KSA is also considering the establishment of a remittance price database. Different measures to increase cost transparency will be studied, including the consideration for the establishment of a remittance price database.	20.e 20.h 20.j 20.c 20.h 20.f
Senegal	The Support Fund for Investments of Senegalese Abroad (Fonds d'appui à l'investissement des Sénégalais de l'extérieur – FAISE) aims to promote productive investments in Senegal by citizens living overseas with the long-term objective of encouraging their voluntary return to the country. The Plateforme d'Appui au Secteur Privé et à la Valorisation de la Diaspora Sénégalaise en Italie (PLASEPRI), a bilateral cooperation initiative set up between the Government of Senegal and the Italian Ministry of Foreign Affairs and International Cooperation aims at providing financial and technical support to enhance the economic potential of the Senegalese community in Italy.	19.d 19.e 19.d 19.e
Turkey	The government of Turkey is working to improve the platform that is set on the Banking Regulation and Supervision Agency's (BRSA) web site and that discloses all fees charged by banks for the services they provide. The BRSA started to license payment institutions in July 2015 and will continue to progress this work. To improve sector competition, the Law allows payment institutions and electronic money institutions to conduct money remittance services through a more extensive service or agent network compared to banks. All fees that are charged by each bank for the services they	20.c 20.f 20.c 20.d 20.d 20.e

	provide are listed on a platform set in the BRSA's web site. This work is expected to increase transparency and competition in the remittance market, helping consumers make fully informed choices among alternatives.	20.d 20.f
United Kingdom	The UK Government introduced Payment services legislation in 2017 to implement the second European Payment Services Directive (PSD2). The Legislation will come into force in the UK in January 2018. Under this legislation credit institutions will be required to provide payment service providers (PSPs) with access to payment accounts on a proportionate, objective and non-discriminatory basis, and report instances where access has been denied to the UK Financial Conduct Authority (FCA). In 2017 the UK Government introduced new Money Laundering Regulations; issued guidance on money service business (MSB) and Banking supervision; embarked on greater MSB supervision; conducted research; and, provided Technical assistance. The Government is working with regulators, including the FCA, Payment Systems Regulator (PSR) and Bank of England to create a more competitive financial services system. This includes: PSR's work on broadening indirect access to payment systems; legislation to allow direct access to payment systems for non-bank payment service providers (PSPs); and FCA sandbox and Project Innovate initiatives to encourage innovative new firms (e.g. digital) to enter the market.	20.c 20.c 20.d 20.c 20.d
United States of America	The Money Remittances Improvement Act of 2014 allows the Financial Crimes Enforcement Network (FinCEN) to rely on state examinations of MTOs, reducing duplicative oversight and increasing the effectiveness of overall supervision. In March 2016, FinCEN released guidance to make regulatory expectations related to MTO principal supervision of agents clearer and to eliminate misunderstandings about what is expected from principals. The Consumer Financial Protection Bureau's (CFPB) remittance rule requires covered entities to provide consumers who send remittance transfers with information on the exchange rate utilized as well as on certain fees and U.S. taxes. Federal banking authorities continue to work with financial institutions under their respective jurisdictions on ways to offer low-cost remittance transfers and no-cost or low-cost basic consumer accounts. The CFPB examines large banks and non-bank participants of the international money transfer market for compliance with the Remittance Rule, which includes disclosure requirements, error resolution, and cancellation rights for consumers who send remittances. Overall, remittance transfer providers have implemented changes to address compliance with that rule. The Federal Reserve's Faster Payments Task Force issued	20.c 20.d 20.c 20.f 20.d

	a report in 2017 identifying effective approaches for implementing a safe, ubiquitous, and faster payments capability in the United States by 2020. The report encourages collaboration among all stakeholders, including competing faster payments solution operators, payment service providers, and end users.	