Roundtable Sessions, Marrakesh, 6 December 2018

Reporting Template

This template is meant to facilitate reporting from the different Roundtable discussions to the closing session on Friday, December 7 (15h30-17h00).

In the interest of time, we advise you to use this template to directly take notes during the respective Roundtable session. Please write in concise bullet points to facilitate the preparation of the final report.

When quoting: the sessions follow Chatham House rules, so please either ask for approval to name speakers/organizations or put "anonymous"

Thank you for your assistance!

Name of Rapporteur:	**Ms. Yessenia Lozano Gallegos**, Director of the Office of International Analysis of Migration, Deputy Ministry for Salvadoran Abroad
Roundtable session:	**3.2 Beyond remittances: leveraging the development impact and promoting the transnational engagement of diaspora and migrants**

Reporting Template

1. Summary/Main discussion points

This RoundTable discussed the various forms of migrants' engagement in transnational activities with their home countries, their impact for development, and how to facilitate it.

Migrant transnational economic engagement is both A) a consequence and B) a factor of economic growth and development. It is the most evident intersection between migration and development.

Remittances are the most visible act of migrants' contribution to the development of their home countries. These amounts, regularly sent to families back home bring many benefits of their own and allow migrants to reach their own sustainable development goals. Furthermore, almost half of these flows go to rural areas, where they count the most. Leveraging them further, through financial access, education and investment, would strengthen economic development, benefitting entire communities.

Besides sending remittances, migrants however greatly contribute to the development of their countries in many other manners, either singularly or collectively.

Migrants make donations for charitable causes; they invest, both singularly and collectively, into micro, small and medium enterprises, in their countries of origin as well as their countries of destination, build assets and create international trade relationships.

The so called nostalgic trade is a perfect example of international trade relationships – 80% of migrants purchase domestic food and products – and does not cover only food items, but it also refers to other businesses, such as tourism or textile.

Housing and the agricultural sector are two key sector for investment for a predominant number of migrants, especially when they come from rural areas.

Furthermore, it has been recognized that during time of crisis or in fragile situations, for example in the aftermath of natural disasters, both remittances and migrants investment tend to increase, in order to help the households and families of the migrants to cope with their hard circumstance along with their income difficulties, although it is often more difficult for them to engage effectively.

There are also very relevant non-economic forms of migrants' contribution to the development of their coutries of origin. Migrants transfer skills and capacities, disseminate national culture and heritage and support it, and also participate in the political debate.

A growing number of countries worldwide have understood the importance of engaging directly with their diaspora abroad, and have created dedicated ministries for diaspora, taking advantage of their consular network to foster national identity for their citizens abroad.

2. Challenges

Some of the main challenges discussed were:

- The need to Know your Customer, that translated in the migration field is "Know your Diaspora".
- 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;
- Migrants have different expectations, different needs, and different ways of contributing. Therefore, a better understanding of all various types of migrants and their home country economies is essential, and 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.
- Financial education remains a key aspect to spur the productive use of remittances and foster investment. Financial education is the most important tool to lift migrants and their families out of the dependency from remittances and create the path towards financial independence.
- Data are still lacking, in particular aggregated data on the amount of migrants investments and the sectors they are invested in, but also on profiling. Expand and strengthen the collection, analysis and application of diaspora-related data are key to foster effective policies and private-sector investment, and informed decision-making at the customer end.
- Building trust is a key factor. Migrants are interested in investing in their home countries but are often suspicious of formal institutions and regulatory frameworks. Governments should put in place policies and strategies to get closer to their citizens abroad and make them feel relevant for their home countries. This was a key point also widely discussed in the thematic sessions during the first day. Regardless if the migrant had success or not in its journey and experience abroad, he or she should be put in the condition to connect with his/her home countries, and be put in a privileged position to either contribute to its development or benefit from its basic services, even from abroad.
- Trust is the foundation of every successful relationship. A recent very good example it the new Ethiopian Diaspora Trust Fund, directly launched by the government in October this year. For the first time, following a direct call from their new Prime Minister, Ethiopians abroad positively responded and started to invest their money in a government initiative to support their citizens and communities at home.
- It is therefore very important to create a conducive and enabling environment that facilitate migrants participation in the home country development. This can be done through improved market regulations that foster fair competition, facilitate international trade, support external investments.
- 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.

3. Opportunities / good practices / innovations for the way forward

The background paper was very useful as it provided in annex a broad list of current good practices and initiatives put in place by many governments to enable and facilitate migrants' contribution to the development of their countries of origin.

These good practices varied from improvements in the regulatory framework for the reduction of cost of remittances and foster competition in the remittance market, to the creation of an enabling environment for external investments, return, skill transfer and transnational trade, diaspora bonds, and others.

Few countries such as India and Nigeria recently launched diaspora bonds with different degree of success. Other countries, such as Ethiopia, recently set up national diaspora investment funds.

Some of the good practices presented during the roundtables were:

- The Ethiopian government itself just launched in October this year the Ethiopian Diaspora Trust Fund, aimed at financing people-focused social and economic development projects and achieved already an amount of 495.000 USD as of today. The new Prime Minister challenged the diaspora to put one dollar a day to engage socially for the benefit and development of their country. The Fund aims at financing projects that meet critical needs selected based on their potential to make the highest positive impact on groups and communities in Ethiopia in such areas as health, education, water and sanitation facilities, rehabilitation of persons with disability, agricultural development, technology, small scale entrepreneurship and other income and employment generating projects.
- In Guatemala, for example, a development strategy called "Opportunities in My Community" has increased wealth and reduced migration through a financial inclusion program that includes savings formalization through financial education, savings mobilization through credit to knowledge entrepreneurs working in non-farming and non-saturated markets. This program showed that through savings formalization, people may use their disposable income to migrate, however, when the incentives to formalize savings are present, people will be incentivized to plan on longer terms, and therefore be less likely interested to migrate.
- Madagascar recently created a Directorate in charge of diaspora within the Ministry of Foreign Affairs. The first initiative they took was to carry out a profiling of diaspora members in France, where the majority of migrants from Madagascar are resident. The government of Madagascar also organized the first forum on Diaspora, to show what the Malagasy diaspora does, and putting them in contact and synergies with Civil society organizations.
- India has recently set up national migration strategy to scale up diaspora successful contributions to build up together a new India.
- Mexico is working a lot on financial education for migrants and their families, in order to give the right tools to maximize the productive investment in their communities of origin - through the well-known "3x1" - , and to invest in real estate, especially in preparation of a possible return.
- Some International Organizations and few International Financial Institutions are increasingly working on diaspora investment. The International Fund for Agricultural Development for example is testing various types of financial mechanisms for migrants' investment in their home countries. In Mali, IFAD set up a crowdfunding platform called "Babyloan Mali" allowing Malians residing in Europe to invest in micro-small enterprises or agro-business opportunities in the rural areas of Mali. In Somalia, it set up a seed capital matching investment fund focused on driving diaspora investments into Somali agriculture and rural businesses which leveraged over 2 million USD funding investing in over 15 small and medium enterprises.
- The government of Philippines very recently created the Overseas Filipino Bank, attached to the government development back giving their migrants the opportunity to have access to financial services where they are. This is fully and actively supported by the consular network of the Filipino institutions

abroad.

- El Salvador has put in place a strong consular network which support citizens abroad to invest back home providing all relevant information on potential opportunities.

Some recommendations in this sense were:

- Governments should work to offer diaspora investors the same opportunities as other investor, recognize and incentivize diaspora investors, and engage them through an array of investment opportunities open to all types of investors.
- Governments should take advantage of the unique position held by a migrant as a direct "trait d'union" 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.

4. Relevance to the Global Compact for Migration and its follow-up, implementation and review

The Guiding vision of the Global compact for Migration is that migration, if properly managed, is a source of prosperity, innovation and sustainable development, and that its positive impact can be optimized by improving migration governance. In its objectives 19 and 20, the Global Compact for Migration focuses on this aspects:

- to empower all migrants and diasporas to catalyse their development contributions, and to harness the benefits of migration as a source of sustainable development
- to promote faster, safer and cheaper transfer of remittances and foster financial inclusion of migrants

To facilitate migrants' positive contribution to the development and make it an even more concrete reality than today, governments should first of all recognize it in its entire fullness.

Migrants "remit" far more than just money. They also bring innovative thinking that can leverage new ideas and create opportunities for their families and communities back home.

In this context, the Global Compact for Migration provides a blueprint for ideas and actions to help create convergence between the goals of migrants and their families back home, the strategies of the private sector to tap underserved markets, public policies and the role of the civil society to promote positive change.

It becomes therefore increasingly important to consider migrants potential "agents of change" in their countries of origin by promoting economic opportunities and sustainable development.

Furthermore, recognize that leveraging the development impact of remittances and diaspora investment to reach long-term goals can only be achieved when strategies to undertake concrete actions are formulated and implemented at both national and local levels.

5. Contributions to the achievement of the Agenda 2030

Migrants' positive contribution to the development of their countries of origin, and their engagement influence directly or indirectly almost all SDGs. In particular, through remittances and investments, and as very well said by Ms Louise Arbour in various occasions, migrants contribute to reach their own sustainable goals.

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 many others.

And definitely all these activities directly contribute to reduce inequalities (SDG 10).

6. Inspiring quotes: If you like, please give one or two **quotes** that inspired you during the session.

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Mr Manuel Orozco: "Over 80% of migrants purchase home products, filling the so called nostalgic trade. Even gringos when abroad always go to McDonalds. Billions of dollars are spent on this stuff. This is the global economy".

Mr Yohannes Assefa: "Trust is the foundation of every successful relationship. For the first time, following a direct recent call from their new Prime Minister, Ethiopians abroad positively responded and started to invest their money in a government initiative to support their citizens and communities at home. It is called Ethiopian Diaspora Trust Fund".

Ms. Lanto Rahajarizafy: "Each migrant, each diaspora has his/her story, his/her specificities, and his/her needs. The is no one fits all solution".