

Roundtable 1 - Economics of Migration and Development

Report by the General Rapporteur

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Good afternoon. I have the honour and responsibility to present to all of you the general report of Roundtable 1: Economics of migration and development. The RT 1 included two RT sessions, RT 1.1 on reducing migration costs, and RT 1.2 on connectivity and migration.

RT 1.1 Reducing Migration Costs

The Roundtable 1.1 was co-chaired by Russia and the United Arab Emirates. The meeting discussed the main points of the background paper on migration costs: 1) Reducing recruitment costs; 2) reducing remittance costs and 3) reducing social costs. The first two costs could be measured in monetary terms but some are not possible to measure. Equally hard to measure are the “social costs” of migration that include the costs associated by family left behind. Several participants welcomed the holistic perspective to look through all those dimensions.

Although **remittance costs** have been declining over time, still these remain above 7 percent of the amount transferred for all developing countries, and at 10 percent for Sub-Saharan Africa. All participants highlighted that it is also important not to forget that migrants seek to accumulate capital as a priority goal of their migration experience, and they look for financial instruments to save and invest that are tailored to their needs. For that reason, financial inclusion for migrants both in sending and destination countries is important. An important barrier to lowering remittance fees arises from the costs associated with implementing anti-money laundering and counter-terrorism financing (AML-CTF). Participants recommended finding a solution to the trend of banks withdrawing services to money transfer operators. Presently, however, ‘de-risking’ by international banks has become a major threat to remittance services in several countries. Financial inclusion can help improve the efficiency of remittances just as remittances can be leveraged for financial inclusion. Leveraging remittances for financial inclusion needs to involve traditional banks and other financial intermediaries such as insurance and pension providers, greater consumer education as well as mobile network operators (MNOs), and money transfer operators (MTOs).

Technology is already here for reducing remittances costs. Remittances can be reduced to zero along all migration corridors. In terms of regulatory barriers, sometimes remittances might be associated with money laundering. De-risking phenomenon is the most important road block. It will be important for regulators to recognize that small remittances are not money laundering. Since costs are high, there is a need for market consolidation in certain corridors.

Regarding **recruitment costs**, preliminary research by KNOMAD and ILO suggests that the most important determinants of costs include the existence of state-to-state agreements on free movement of workers, the existence of social networks, and policies of governance in both origin and destination countries. Costs are lower in corridors with a strong bilateral labor agreement-based approach (e.g., Spain and Korea). A major cost component is visa-related costs. There are large differences among countries regarding recruitment fees. Some countries are not allowed to charge recruitment costs while in other countries recruitment fees are permissible. Some countries have signed inter-governmental agreements to control visa trading and also the visa-free agreements.

Participants suggested some experiences that are contributing to reduce migration costs: 1) using information communication technology_for increasing transparency, monitoring recruitment contracts, tracking down recruitment agencies and facilitating information; 2) visa free regimes that stimulate labor mobility and reduce the risk of irregular migration. The private sector could also work on improving transparency in the supply chain including responsibility on recruitment, decent employment and safety. Some experiences on mobilizing cooperation with civil society and private firms including recruiting firms have been presented.

The development community should endeavor to eliminate illegal recruitment fees and this would require effective regulation and monitoring of recruitment agencies and combating unscrupulous recruiters implemented in constructive collaboration between the sending and the receiving countries. Improving migrants' access to information can help improve the effectiveness of migration-related policies and regulations.

Also, reducing recruitment costs would lessen migrants' vulnerability, regulate unscrupulous recruiters, and allow governments and businesses to benefit fully from productive workers. Governments, the private sector and other relevant stakeholders should thus consider -- improving access to job information and facilitating job matching; permitting direct employment by employers; regulating recruitment agencies' fees, and ensuring that no fees are imposed on migrant workers; working with the financial sector to provide low-cost financing for migration; and facilitating low-skilled labor migration through concluding bilateral agreements, which incorporate a government-to-government recruitment mechanisms. In South Asia, for instance, government monitoring of recruitment agencies is still weak due to poor public information systems, obstacles to obtaining data from departing migrants, and unregulated trade in rural areas. Associations that self-police have proven their worth in certain regions in South East Asia, and should be supported. The use of ICT could also help to reduce migration costs.

Partnerships and dialogue

Last, I would like to mention that participants stated the importance of the dialogue with the private sector, civil society and firms to facilitate the reduction of migration costs. Greater emphasis should be placed on a more comprehensive view on the total costs of migration at every stage of the migration cycle. In particular costs related to return migration deserve greater attention. Mention was also made of the direct and indirect costs to migrants in their dealings with their respective embassies and consulates abroad. Dialogue with multinational companies is important as well as the cooperation on visa regimes, bilateral and regional initiatives.

RT 1.2 Migration and Connectivity

Now I am turning to a short sum-up of the main findings and discussion elements of the Roundtable session 1.2 on connectivity and migration. This Roundtable session was co-chaired by France and Moldova. There was an overarching recognition that connectivity is enabling mobility. This new topic for the GFMD brought many dimensions of the impact that migration has on connectivity, and connectivity on migration. It was agreed that further discussions on connectivity and migration should be developed and considered by the GFMD under the next Presidency.

For example, highlighting the increasing soft skills on demand which may significantly impact on the sizable majority of unskilled and semi-skilled migrants at the bottom. Also, as markets and economies get connected in every possible manner, and there is a growing demand on migrant workers across diverse countries. Connectivity and technology may not yield corresponding benefits for the vast majority of migrants in the way it is envisaged. Clearly, the digital economy and that advent of the fourth industrial revolution place demand migration and wider mobility issues, looking through new policy lands: subnational, national, regional and global levels. It needs to be seen how the existing stock and flow of migrant workers serve the need in the new creative economy. Skills and mobility issues have to be looked deeper, and how mobility and new technologies, tools, could facilitate connectivity of migrant workers. Particularly the ones that are sending remittances, and also how this could lower the costs of it.

Considering the wider context, the Roundtable dealt with two panels. The first panel within this Roundtable looked on how migration was impacted by connectivity. The second Roundtable was on how migration and connectivity have impact on growth, economy and development.

Just a few conclusions from that. Connectivity has changed the entire migration management dynamic. As a result, innovation has gained a huge impetus. We need a new approach to connectivity. Connectivity has become a tool for survival, for integration, for education, for reintegration. Also, a tool to connect territories, diaspora, to empower. And also to promote awareness of rights, opportunities and services. Also to give better access to services and skills matching. Refugees have been recognized as particularly vulnerable. Connectivity is a key element for their integration as well.

Digital technologies providers are a new highway to accomplish greater mobility, and they should be also part of the discussions and dialogue. Greater connectivity will spawn more development, and more development will bring more mobility. The discussions also identify a number of success factors when designing tools for connectivity, vis-a-vis diaspora and migrant populations, the need to actively and directly involve to ensure that the tools respond to their real needs and expectations. Efforts to engage and connect migrants and development must also be done with their families left behind for enhanced effectiveness. Governments cannot do it alone. A multi-stakeholders approach is essential, which can also be blastered through bilateral country-to-country cooperation, with complementary activities.

The role of the private sector and local and regional authorities is also crucial. The private sector, in particular in relation to employment, recruitment and provisions of tools and applications, and

local authorities as key actors to ensure that policies are implemented at the local level successfully, linked to the real needs and opportunities at the local level. The way and the type of connectivity also is very important. Investors want to see their investment grow, diaspora need to trust their partners on the ground. Connectivity even brings a limitless approach, but still it has a limit, and it is needed to still have a human face on connectivity, and to have a person behind the ICT. Capacity-building and knowledge-sharing among diaspora need to be ensured and to be continued. Also, it was highlighted the need to engage collectively and promote partnership and joint action. The main recommendations of the roundtable 1.2 is that we need to ensure that connectivity is more egalitarian, that connectivity is accessible to all people in all the languages possible, and we have the most out-reached and they're used in the right way to have them as effective as possible.

Connectivity needs to be localized, the role of, as I said local, regional authorities, should increase alongside with the national ones. Also, it's very important to keep a focus on data-protection, and trust, when it comes to enhance connectivity and the usage of the private sector, especially in cooperation with different partnerships with the government. Also, in the context of changing production and investment partners, the nature of the economy, as also supply chains change, and the kind of services demanded, like work, workplace, will change rapidly. This is also why it is important to see and to adjust policies. It is crucial to further explore the vectors of connectivity, migration and development by the next GFMD chairs, like Germany and Morocco.

Before concluding I would like to thank the entire team that worked to have the RT 1.1, the GFMD Chair, the GFMD Secretariat, the coordinators, the co-chairs, all the representatives of the governments that participated, the international organisations, and note-takers and rapporteurs for their hard work. Because I think it was a very, kind of important topic to be covered.