Rabat Process
Euro-African Dialogue on Migration and Development

EU / HORN OF AFRICA MIGRATION ROUTE INITIATIVE
Khartoum PROCESS

High Level Thematic Meeting
"Remittances and Sustainable Development"

3-4 November 2022
Brussels, Belgium

FPS Foreign Affairs, Foreign Trade and Development Cooperation,
Palais d'Egmont, rue des Petits Carmes 8 bis, B-1000 Brussels

Outcome document

KINGDOM OF BELGIUM
Federal Public Service
Foreign Affairs, Foreign Trade and Development Cooperation

Belgium
partner in development

REPUBLIC OF GHANA

Under the Co-chairmanship of Belgium and Ghana

Project funded by the European Union

Implemented by ICMPD
ICMPD International Centre for Migration Policy Development

In the framework of the Support Programme to the Africa-EU Dialogue on Migration and Mobility (MMD)

High Level Thematic Meeting on Remittances and Sustainable Development:

- Co-chaired by Belgium and Ghana;
- Attended both by Rabat Process and Khartoum Process countries;
- Echoing the Objective 1 (Maximising the positive development impact of regular migration) under the Domain 1 of the Marrakech Action Plan 2018-2020 on legal migration and mobility and in particular its action 2;
- The meeting is a follow-up to the Rabat Process Thematic Meeting on 'Diaspora Remittances and Sustainable Development' held in Abuja in November 2019.
- The meeting attracted a diverse audience of about 140 participants, from 38 European and African countries and over 30 international and non-governmental organisations.

Objectives of the meeting:

- Take stock of the asymmetrical shocks and how these impacted the reality of remittances in Rabat and Khartoum Process partner countries.
- Bring together the decision- and policymakers of the Rabat and Khartoum Process partners, as well as a variety of experts from the public and private sectors.
- Improve the technical understanding of Rabat and Khartoum Process partners on remittances and sustainable development;
- Promote mutual learning that will lead, potentially, to the replication of initiatives that have had a positive impact;
- Present a selection of initiatives and instruments already in place in one or more Rabat and Khartoum Process Countries, with particular attention for the results achieved in reducing transfer costs.
- Present a selection of initiatives and instruments to make remittances more relevant for development, with particular attention for the role of diaspora organisations.

Expected outcomes of the meeting:

- Better knowledge of **the latest developments in the field of remittances**, with a particular focus on the **intra-regional situation in Africa**
- Better understanding of **the role of the different actors in the field, with recommendations on policies and strategies to be pursued** to enable better coordination between the various actors
- Better knowledge of **the developments in the fields of digitalisation and new technologies** and their possible impact on remittances in terms of volumes, costs, accessibility [...]
- Better knowledge of **the latest results of projects and initiatives involving diaspora** in the field of mobilizing remittances for development and perspectives for the future.
- **Provide an overview of the benefits offered by and developments associated with technological innovation** and define the challenges linked to the use of new technologies.
- **Present a series of "best practices" related to the nexus between** remittances and sustainable development.
- **Formulate technical recommendations** related to the use of digital remittance channels and the development of diaspora initiatives for the benefit of Rabat and Khartoum Process partners.

This document provides an overview of the main **conclusions and takeaways of the meeting**, and reports on the best **practices**, **challenges, and opportunities** related to remittances and sustainable development as highlighted during the discussion.

• High-level opening ceremony

The high-level opening ceremony was attended by: **Nicole De Moor**, State Secretary for Asylum and Migration of Belgium; Dr **Ernest K. Y. Addison**, Governor, Bank of Ghana; **Dolores Rios,** Ambassador-at-Large for Migration Affairs, Spain; **Martin Seychell,** Deputy Director General, Directorate-General for International Partnerships (DG INTPA), European Commission; **Dedou Panamsi Hemou**, ECOWAS Representative in Brussels; and, **Ralph Genetzke**, Director, ICMPD Brussels Mission.

During the opening ceremony, speakers agreed that more serious action needs to be undertaken to **reduce transfer costs and to increase the developmental impact of remittances**, as remittances represent a **major source of foreign exchange inflow** as well as a vital source of income for many households, for instance, in Ghana. The European Union recalled its commitment to reducing remittance costs, a goal reemphasised during the last AU-EU Summit in February 2022. To that end, as the Belgian State Secretary for Asylum and Migration, Nicole De Moor, underlined, Belgium aims to reduce the cost of remittances to below 3 percent, and **the issue of remittances remains high on Belgium's political agenda**. In addition, the necessity of **concerted international efforts, and the importance of supporting remittance recipients in making productive investments** in their home countries was stressed, as well. Finally, all speakers recognised the **importance of mobile banking and digitalisation** in the facilitation of remittance flows, local investments, and financial inclusion. However, it was also stressed that the emergence of fintech actors comes with **new complexities which need to be addressed.**

Overall context, state of play, challenges and perspectives for the future

This session introduced the current state of play of remittances in the Rabat and Khartoum Process regions, and simultaneously addressed the challenges linked with the Russia's ongoing war of aggression against Ukraine, as well as the resilience that the remittances flows showed during the Covid-19 pandemic and other humanitarian crises. In introducing this session, moderator Jean-Louis de Brouwer (Director, European Affairs Programme, Egmont – Belgian Royal Institute for International Affairs), underlined how, since the 1990s, the synergy between migration and development has been acknowledged by the European Union. Moreover, as stressed during the introduction to this session, the EU also recognises the need to mobilise remittances as a tool to encourage sustainable development.

In his keynote address**, Dr Dilip Ratha** (Director, KNOMAD Programme, World Bank), stressed the effect of remittances on migratory flows, identifying the very prospect of sending remittances as a motivating factor which can spur migrants to emigrate, as migrants do not simply migrate for the sake of migrating. What is more, Dr Ratha indicated that, while debates about migration tend to focus on north - south (cross-continental) migration, south – south is far more common, especially in the African context. In fact, more than 70% of migrants migrate within the African continent itself. Currently, economic migration surpasses all other forms of migration, with internal migration flows being approximately three times larger than flows of refugees and asylum-seekers. In this context, it is also noteworthy to highlight the fact that economic migrants tend to remit more money than refugees and asylum seekers. Globally, in terms of gross domestic product, Tonga and Lebanon are the top receiving countries for remittances, while India receives the highest number of remittances in USD. For Africa these are The Gambia (%GDP) and Egypt (highest number of remittances in USD).

In recent years, the international context has changed repeatedly, suddenly, and dramatically, and new challenges have arisen. The Covid-19 pandemic, and the associated lockdowns, drastically altered the way in which migrants transferred money to their families. As the physical transfer of remittances was no longer possible, especially through the informal channels, due the closure of borders and the new regulations on physical distancing, many migrants turned to digital remittance tools, thus also increasing formal remittance flows. This shows how remittances are remarkably resilient during crises, including natural disasters, financially bolstering households against such shocks. Even at the height of the Covid-19 pandemic – when, during the second quarter of 2020, steep declines in remittance flows could be observed because of government-imposed lockdowns – remittance flows recovered and even grew by 0.8 percent reaching USD558 billion.

As recent high-frequency data suggests, remittance flows to Low- and Middle-Income Countries (LMICs) can now be seen to be bouncing back in the wake of the Covid-19 pandemic,[1]and remittances to these countries are expected to reach a valuation in excess of $630 billion over the whole of 2022, exceeding both foreign investment and official [2]aid provided to LMICs. However, there are important regional differences; for instance, in Africa, remittances levels have not yet returned to pre-pandemic levels.

High transfer costs and lagging rates of financial inclusion remain areas of concern, as also highlighted by the Gambian case. Experts now foresee the emergence of a multipolar global payment system wherein different central banks would issue their own digital currencies. Yet, such a development would come at the expense of unbanked individuals, who would "slip through the cracks" and face further financially exclusion. Considering this risk, concrete political action which would see digital remittance flows be better regulated, and which would see an increasing number of remittance-senders and recipients be financially included, needs to be undertaken. In order to achieve this goal, obtaining reliable qualitative information concerning the characteristics of remittances-senders and recipients, data which currently remains limited, is crucial.

Recommendations:
How should recipient countries proceed to maximize the impact of remittances?

- Programmes targeting the nexus between diasporas and developmental efforts;
- Financial inclusion strategies, aimed at increasing migrants' access to bank accounts and other financial services. Such strategies should specifically address difficulties in terms of migrants' lack of identification documents.
- Build schemes designed to encourage private-sector money transfer operators' (MTOs) adoption of new technologies, allowing MTOs to increase their global reach and tailor their products towards diasporas' specific needs.
- A collection of qualitative data on the recipient of remittances, in order to then be able to identify the diaspora to be included in future schemes and initiatives aimed at maximising the developmental impacts of remittances.

Addressing challenges in the field of remittances

Data collection can help alert decision- and policymakers to emerging trends and structural challenges:

- Comparatively high transaction costs for people who remit smaller amounts. This is the case of women and other vulnerable groups.
- Governmental policies aimed at preventing money-laundering often become too cumbersome for these groups.
- Exclusion of certain categories of migrants, such as asylum seekers, undocumented migrants, from access to services and among those investment schemes due to lack of documentation, property rights, domiciliation, and gender norms.

[1] Source: World Bank-KNOMAD staff, IMF Balance of Payments, and various central banks
[2] Source: World Bank-KNOMAD staff estimates, IMF's WEO and BOP statistics

- Low rates of financial and digital literacy – including limited adoption of digital financial tools – among migrants and their families.
- Regulatory hurdles faced by money transfer operators, which may face suspicions of being engaged in money-laundering activities.
- As highlighted in the Gambian case, regulatory frameworks need to follow the technological development and adapt to it.
- Challenges encountered by money transfer operators in mapping their competitive landscape.

Perspectives of the future:

- Improving the interoperability of digital financial systems reduces operational inefficiencies.
- Anticipated volatile future FX spreads.
- Anticipated multipolar global payment system, with different central banks issuing different digital currencies, creates a fragmented landscape for remittance senders.
- Anticipated continued financial exclusion of specific groups; rates of exclusion remain high in the absence of governmental targeted intervention.
- Governments have shown their willingness to undertake measures to address external shocks and to protect those countries which are heavily economically; the Gambian Government, for example, is currently developing monetary-policy and exchange-rate interventions with this aim in mind.
- Efforts aimed towards data collection on remittance flows to be encouraged and expanded, for instance through the implementation of the "RemitStat" scheme (created by KNOMAD).

The role of actors in the field of remittances

Several actors, of different nature and functions, are involved in the field of remittances, all with their own priorities and objectives. This session centred around the roles of these actors and around each actor's impact on both policy and practice, with particular attention having been devoted to the common challenges which these actors may face.

From financial inclusion, and reducing the cost of money transfers, to implementing regulation on remittances and promoting community development, the influence of the governmental actors and private sectors may be different and multiple. Public-private partnerships are often stated as key factor of success, for a triple win situation: benefit the State, the community, and the private companies.

Roundtable 1: The role of institutional actors

During this roundtable discussion, various institutional actors highlighted the recent progress made in achieving the Sustainable Development Goals of the United Nations, with encouraging efforts having been undertaken and initiatives launched by the UN, as well as by numerous regional and national actors. Nevertheless, the panellists who participated in this roundtable discussion also **highlighted the challenges posed by remaining regulatory restraints which do not allow for remittances to be effectively mobilised for sustainable development.**

Key takeaways:

- There is a need for **more migrant- and diaspora focused initiatives in the regulation of remittances**. At the same time, it is crucial to **reassess de-risking and financial-compliance regulations** which make transferring remittances difficult, and not all remitters can meet the 'Know Your Customer' requirements adhered to by financial institutions, necessitating further coordination with governmental actors operating in the migration domain.

- The current **limited availability of reliable data on remittances needs to be addressed. Interinstitutional data-sharing and interagency cooperation can both serve to make reliable data more widely available.** What is more, institutional actors operating in the field remittances need to intensify their efforts aimed at getting to know diasporas and the migrants who engage with these diasporas.
- There is a need to **scale up initiatives and to promote cross-learning between the various actors,** including private-sector actors, operating in the remittances domain, as well as a need to further leverage digital tools and technological innovations.
- Crucially, **furthering financial inclusion is a top priority**. Moving beyond the transfer of remittances, institutional actors should devote attention to the link with between remittances and their potential contribution to improving livelihoods and to increasing development in local communities.

Roundtable 2: The role of private actors and actors in the field

During this roundtable discussion, various panellists highlighted the fact that **remittances, both productive and solidarity-based, contribute to achieving the Sustainable Development Goals**. When migrants invest in superior housing, in better health and improved nutrition or in education opportunities for family members in their country of origin this is also a productive investment and should be treated as such. In this context, it was also stressed that removing obstacles and lowering costs are a commitment to sustainable development. Echoing the discussion in the other round table, the panellists also highlighted the challenges posed by remaining regulatory restraints.

Key takeaways:

- Obstacles to the free flow of remittances can be removed, and costs can be lowered further, by **ensuring inclusion and accessibility** (e.g., by reducing using fees for financial services offered by mobile money actors and digital MTOs); private actors should bear in mind that their products and services must work for individuals and SME owners
- Private-sector remittance actors will need to comply with the rules and regulations in the countries they operate in. What is more, **financial regulators in these countries should facilitate easy diaspora investments in countries of origin, and foreign direct investments can help diasporas cover the costs they incur as they navigate regulatory frameworks.**
- Diaspora associations ought to be involved in the formulation and implementation of rules and regulations related to investments.

Recommendations:
How can remittances help to increase financial inclusion?

- Remittance strategies are personal: migrants who remit money have their motivations, priorities, and means of transferring money.
- Countries hosting migrants should remain aware of the role of remittances in migrants' countries of origin (e.g., through the intergovernmental roundtables on remittances as convened by the Italian Government).
- Free competition between MTOs should be encouraged, in this context there was a plea to abolish monopolies of MTOs with post offices in Morocco (for example), as competition can allow for achieving cost reductions and can enable MTOs to diversify their service offerings. Migrants' exposure to new

types of financial services and products can, in turn, increase their levels of financial literacy and inclusion, as can projects more directly geared towards increasing rates of financial inclusion (e.g., assistance schemes to support migrants in opening bank accounts and making use of other financial services). Remittances are resilient and, as observed during the Covid-19 pandemic, remittance flows remain intact during times of crisis. Unlike foreign investments or official development aid, remittances have remained stable, or have even increased, during times of financial uncertainty.

- Inclusion can be further enhanced by not asking remittance recipients to show official identification when cashing out funds; as an alternative, recipients might cash-out money using a secret code (akin to a PIN number) without having to show identification. In addition, efforts aimed at making financial services more accessible for specific groups of migrants, including undocumented migrants and asylum seekers, should be intensified.

Regulating remittances

Governments need to be involved in the regulatory framework of remittances in order to ensure smooth sending and receiving and to make remittances contribute to development. Here, in both migrant-sending and migrant-host countries, different governmental departments need to come together to provide for a holistic approach to regulating remittances.

Which other actors play a crucial role in the regulation of remittances?

- Private-sector actors, which need to have a good understanding of local dynamics, but whose actors continue to encounter the face challenges related to the variety of regulatory landscapes which they encounter and the associated need to make their business models financially viable.
- When do migrants' interests meet those of the private sector? To be able to properly respond to migrants' interests, private-sector actors need micro-level and macro-level data on remittances.
- Undocumented migrants are at risk of being left out of regulatory frameworks
- The global community at large has a role to play in motivating migrant-receiving countries to properly host and (financially) support incoming migrants, and these countries deserve the global community's support, as well.
- Central banks should issue currency for remittances to facilitate the direct conversion of digitally transferred remittances into cash.
- Diasporas should be mobilised to ensure proper compliance with many host countries' comparatively conservative and strict regulations in relation to remittances.

How to make remittances relevant for community development?

- Productive remittances are those that work for both migrants and the destination communities, and that help achieve the UN's Sustainable Development Goals.
- The decentralisation of banking actors to members of the communities, like some new start-ups do. This creates new jobs and increase accessibility to financial services.
- Migrants are rational agents and will act as such in investments, regardless of the benefits for the community- if risks are high migrants who have an adverse propension to risk- will not invest.
- Remittances can only contribute to the development of local communities when governments in countries of origin recognise the contributions which diasporas can make and actively invest in maintaining positive relations with diasporas. For example, the use of digital technology (e.g., mobile apps tailored to diasporas) can alert diasporas to local investment opportunities and to developments in countries with which diasporas have historical ties.

Recommendations:
What elements should be present when building remittances programmes with all the actors?

- Financial-services infrastructure and financial regulations should be thought of **through the lens of migrants' and diasporas' needs.**
- Decentralisation in order to **encourage 'last-mile' solutions**.
- Information on available opportunities for channels, investments, development programmes.
- **A harmonised regulatory system across regions**, in particular within the African continent.
- **A holistic approach**: remittances should not be regulated by one governmental ministry alone, and remittances should be approached by various governmental departments in a holistic manner. Central banks, foreign ministries, agricultural ministries, etc. should all be involved in the regulation of, and devote attention to, remittances and their contribution to development
- Institutional actors have the tools to ensure that money transfers go towards value creation (e.g., investment) and not just consumption. In this context the vital role of public actors within the field of remittances is to set up **adequate regulations to encourage investment** and support these transfers.

Reducing the costs of transferring funds through new technologies: a solution for all?

In introducing this session, moderator Frederic Ponsot (Senior Technical Specialist on remittances, diaspora investments and financial inclusion, IFAD), underlined the importance of the digitalisation of remittances as a means to both reduce transaction costs and to increase rates of financial inclusion. On the African continent, digitalisation of remittances can help achieve cost reductions of up to 3 percent. What is more, digital remittances may foster greater financial inclusion as digital remittance tools allow for introducing migrants to other financial services. Yet, challenges remain on the demand side, the widespread adoption of digital remittance tools is hindered by lack of trust, as well as a lack of digital and financial literacy. What is more, the digitalisation of remittances can generate adverse effects, such as increase the gap between those who are financially excluded and those who are not, such as members of the most vulnerable populations (e.g., women, inhabitants of rural areas, youths). On the supply side, the adoption of digital remittance tools requires considerable investments in technology, infrastructure marketing, and regulatory compliance, and these costs can make digital remittance providers focus (too heavily) on the most profitable and easy-to-reach customers, –often residents of urban areas – at the expense of poorer populations.

Overall, while gaps in financial inclusion rates are smaller for digital channels than for more traditional ones, financial inclusion remains an important issue to which public and private actors should devote attention so that all migrants and their communities of origin can profit from the opportunities provided by the emergence of new financial technologies. There remains an important technological coverage gap (approx. 500,000,000 individuals). Moreover, the digitalisation of transfers should be complemented by a digital payment ecosystem in order to prevent recipients from incurring cash-out costs when collecting remittances. Here, one may look at Uganda, which has formulated a payment systems policy that addresses the regulation of cross border payments, digital money, and interoperability concerns. Nevertheless, in Uganda and elsewhere, important challenges remain in relation to the risk of fraud, technological system failures, inadequate digital infrastructures, supply-side security risks, and challenges related to inadequate (technological) skills and a sense of mistrust at the recipient side. A good regulatory framework should provide for the speedy transfer of remittances at low costs, transparency, easy access, as well as security and trust.

Challenges

- Cash transfers are still the preferred method, even though digital channels offer a less costly option: there are other elements, beside the costs, that need attention to close these gaps.
- The stakes of cost reduction need to be linked to the accessibility in terms of digital literacy and infrastructures.
- The reduction of the cost comes at its own price: the companies need to keep their business viable by enlarging their offer of services and, more in general, by adapting their business model.
- On the demand side: **digitalization of remittances is hindered by the lack of trust in digital means and the lack of digital and financial knowledge/literacy** of the migrant's sending money and the people receiving it.
- On the supply side: **digitalisation and reducing the costs of remittances requires investments, both financial and structural/regulatory**. Hence, the issue cannot be solved only by the private sector, as the governments should also pave the way for a regulatory framework enabling such cost reduction while guarantying safe financial stability.
- Further the interoperability of payments systems to improve and broaden access for an agnostic acceptance ecosystem
- There is an **opportunity gap between town/city and rural area** regarding digitalization and financial services/inclusion: cost of payment, cost of mobility, and cost of availability.

Transfer cost can only be reduced once all the actors are satisfied (people, private sector, government).

Initiatives and solutions:

The private sector faces substantial expectations to lower the cost of money transfers. Yet, there is a mismatch between expectations and reality: the regulatory frameworks of many Western countries force private-sector actors to spend considerable money on regulatory compliance, and this prevents them from reducing the costs of their services; under these condition, private companies are not able to reduce costs.

Zeepay - GHANA fin-tech

- Cost reduction: Leveraging digital will improve cost of remittance further down, Zeepay has achieved zero cost over a 3-year period.
- Micro insurance: total Transactions (YTD Oct 31, 2022): 21,500 for Zeepay.
- Employment: through this, Zeepay has created employment opportunities for 44K agents and reduced cash pick-up cost from $5 to $1.

MFS Africa - DRC Mobile Payments Provider

- Pan-African network with connections to 40+ countries.
- Pay in and disbursements to Telco wallets and bank accounts across 40+ African countries.
- Cross border payments – enterprise collections through agent network.

APS International - The Gambia

- Innovating actor in the international money transfer domain, first Gambian internationally operating MTO to achieve substantial remittance transaction cost reductions.
- Succeeded in bringing transaction cost for remittances transferred to The Gambia down to approx. 1% through encouraging increasing use of risk-free formal remittance channels.

Moneytrans - Belgium

- Legacy actor with 21 years of experience in facilitating international money transfers.
- Expanding focus beyond only facilitating remittance transfers through the recent introduction of financial services (incl. bank accounts, debit cards, insurance, cost-free SEPA transfers) to otherwise unbanked populations.

Afriex – United States

- Established during the early 2020s, Afriex, as a low-cost remittance platform, seeks to make the transfer of remittances as fast as the sending of a text message, and currently operates in various African countries, as well as the United Kingdom.
- Afriex has also established partnerships with the likes of MFS Africa and Zeepay, among many others.
- Afriex app currently has over 40,000+ users for cross border transactions daily and it is fast evolving into a crypto bank for Africa. The app is currently backed by Ycombinator and Soft Bank Group
- Ability to send your money via crypto.

Key takeaways of Day One:

- The issue of **data collection** regarding remittances, should be taken seriously as it helps setting an effective regulatory framework adapted to the needs and challenges of the field;
- **The lack of financial inclusion of vulnerable populations (e.g., women, rural populations, undocumented migrants)** is a development issue created by other **structural development challenges**, but digitalisation and cost reduction of remittances are some of the solutions;
- In the field of combat against corruption, **small remittances transfers are not money laundering**. Hence, facilitating cost reduction of small money transfers should be encouraged.
- The remittances topic is not only a matter for ministry of finance or governmental diaspora agencies, but Central banks should also be involved, as well as ministry of foreign affairs, economy, and investment.
- A strong political will is needed to enable adapted policy development to happen, and create a climate of confidence for investment;
- **Digitalisation of remittances is both a challenge and an opportunity to increase financial inclusion** of the population.

Study presentation: "The role of remittances in promoting sustainable development" (Prof. Dr Iliana Olivié, Spanish Royal Elcano Institute)

As part of her presentation, Professor Olivié stressed how there currently exists a wide variety of money transfer methods, as migrants can have many different reasons for remitting money and the array of profiles associated with remittance recipients is equally diverse. Yet, the lack of reliable, comprehensive data on remittance flows makes it difficult to formulate a universal response to the current challenges in the field of remittances. To address these challenges, tailored and context-specific tools are required, and such tools can only be developed when political decision-makers have a solid understanding of the various profiles associated with the remittance domain.

Professor Olivié indicated that objective of reducing the transfer costs associated with remittances is still high on the political agenda, while the final use of remittances is often overlooked. Within this context, migrant diasporas, especially, should be considered as a valuable pool from which investors for development-oriented projects can be drawn. As such, money transfer operators and associated actors seeking to mobilise remittances for development should tailor their offerings to both the specific investment criteria of diaspora and the needs of diaspora members’ relatives in their respective homelands.

In engaging with the high-level meeting’s attendees directly following her presentation, Professor Olivié, and others, stressed how national central banks can encourage developmental efforts through issuing diaspora bonds. In addition, the valuable role to be played by financial institutions in encouraging the use of digital financial tools (e.g., mobile wallets) was underlined. Regarding efforts aimed at mapping diasporas, the usefulness of host countries’ contributions was underscored (e.g., current diaspora-mapping efforts related to Senegalese, Congolese, and Moroccan diasporas undertaken by the UN IOM in cooperation with the Belgian Central Bank and others). Moreover, participants in the high-level meeting stressed the value of engaging diasporas in political activities, including elections and policymaking efforts, taking place in countries of origin (e.g., diaspora mobilisation ahead of elections for the Senegalese National Assembly).

Making remittances more relevant for development through concrete initiatives, involving diaspora organisations

For years, the actions and projects of development agencies and initiatives of diaspora organisations have tried to make remittances more relevant for the sustainable development of communities of origin. This session centred around the **concrete initiatives** being put in place by diaspora networks with **the aim of improving the productivity of remittances and creating viable investment opportunities and highlighted the opportunities and challenges of associated with launching development projects.**

Whether remittances can be mobilised for developmental purposes **depends heavily on the volume of remittances and the frequency with which remittances are transferred.** The distinct characteristics of different remittance flows call for context-specific political tools and case-by-case interventions. Specifically, political actors should recognise the trade-off between efforts to encourage the use of remittances and international counterterrorism efforts. In addition, we can observe clashes between (restrictive) migration policies, on the one hand, and policies aimed at expanding remittance flows, on the other hand.

Currently, comprehensive evaluations of initiatives targeting the nexus between remittances and development are limited. Yet, it is crucially important to engage in such evaluations to gauge the effectiveness and impact of these initiatives.

The applicability of remittances for developmental purposes also depends on additional important factors. For example, first-generation migrants may feel more strongly about financially supporting their families compared to subsequent generations, and the proximity between migrants and their families can also impact the size and frequency of remittances (as is the case, for instance, with migrants from Jamaica and Indonesia), and remittance size and remittance frequency both also influence the degree to which formal or informal transfer methods are used; in geographically short remittance corridors (e.g., Spain-Morocco), informal channels are used more frequently compared to longer corridors (e.g., France-Morocco).

Remittances have a huge impact on development even if they are used only for consumption?

The assumption that the use of remittances for consumption related purposes does not contribute to developmental efforts can have a serious impact on policymaking. After all, this assumption could prevent decision makers from seeing how remittances can considerably help reduce poverty—as is the case in, for example, many parts of Latin America. Yet, when the migrants who send remittances are not members of poorer populations themselves, remittances will not vastly contribute to poverty-reduction efforts. Similarly, while the use of remittances to finance education can help achieve global development goals, when remittances are used to transfer children from public schools to private schools, for example, the concrete developmental impact of remittances is limited, as well.

A key challenge remains in trying to link remittances and the use of remittances for development to other, more broadly oriented policy domains, such as mobility and overall migration policy.

Governmental and political interventions do not have a homogenous impact on development; – policy actions undertaken by remittance-sending countries often focus on lowering transaction costs, with any development-oriented interventions often centring around investments as a means to further local development; here, policymakers might not realise that the use of remittances for household consumption can also contribute to further local development. Indeed, Objective 19 of the Global Compact for Migration outlines the aim of creating "(…) Conditions for migrants and diasporas to fully contribute to sustainable development in all countries".

Concrete examples of interventions and initiatives

PAISD – Senegal

The PAISD scheme was established in 2005. Initially focused on supporting individual developmental projects, its focus has now shifted to larger developmental programmes. Thanks to the efforts undertaken within the PAISD framework, diaspora members are now being supported in making private investments in Senegal, where the presence of the Senegalese diaspora has now become strongly institutionalised, and their contributions have helped establish many small and medium-sized businesses. Moreover, investments also contribute to strengthening human capital, especially in larger Senegalese regions.

Zidi Circle – Ghana

Zidi Circle focuses on bridging the capacity and funding gap for small and medium-sized businesses, as well as start-ups, in Africa. Through various schemes, Zidi Circle channels remittances to SMEs across, and Zidi Circle also focuses on strengthening African business owners' entrepreneurial capacities. In addition, Zidi Circle provides a venture-backers platform, which recently helped facilitate environmentally friendly business growth in Ghana.

ACFA

ACFA's creation was spurred by a lack of opportunities to easily invest in local communities (e.g., in Kenya, Ghana). The cost of raising capital for African small and medium-sized business was (and remains) particularly high due to a variety of legal and compliance-related barriers, many of which are encountered in making use of European crowdfunding platforms; only French crowdfunding platforms currently allow for making investments in African SMEs. What is more, launching financial support schemes with the aim of fostering business growth in Africa proved relatively difficult against the context of wider EU (crowdfunding) regulations; by contrast, British crowdfunding platforms did not raise such barriers. ACFA focuses, primarily, on engaging with African (crowdfunding) regulators, while simultaneously encouraging European financial regulators to remove obstacles to crowdfunding for SME business growth in Africa.

GK Partners

Recent improvements in terms of data collection in The Gambia within the context of the EDFC project have addressed the discrepancy between estimates of remittances, and associated investments flowing into The Gambia, and the actual volume of funds which reach the country. Currently, remittances are accurately estimated to make up some 62.7% of The Gambia’s GDP. If Gambians are sending some USD 700,750,000 (based on The Gambian statistics) to The Gambia, the amount of money which they save is, likely, even greater. Particular attention should be devoted to blended-finance schemes, and to match-funding programmes, especially, with a focus on the easy accessibility of these schemes (e.g., by involving fintech players which can offer migrants with the possibility of making micro-sized contributions when transferring remittances).

Conclusion of the thematic meeting:

The High-Level Thematic Meeting on Remittances and Sustainable Development proved crucial in bringing together stakeholders associated with the global governance of remittances, and further meetings between these stakeholders as part of an institutionalised framework should be encouraged.

Migration is here to stay, and migratory flows will only increase. Multi-level, multi-actor initiatives, such as this High-Level Thematic Meeting, provide a valuable platform for encouraging greater harmonisation between remittances-related and migration-oriented policies in both migrant-sending and migrant-hosting states. Moreover, against the backdrop of such conferences, financial regulators and private-sector money transfer operators can come together to exchange views on easing the burdens of regulatory compliance as these relate to the transfer of remittances.

In addition, “last mile solutions”, should go hand in hand with an inclusive digitalisation which, if tailor made to the needs identified for both sending and receiving people, could certainly disclose its higher potential. Nonetheless, these need to be constant efforts, as opposed to remaining in a project-cycle logic.

These takeaways show in practice how all actors, from institutions (be it national, international, or regional) to development banks and -agencies, diaspora organisations and the private sector in all its forms, can help formulate and inform policymaking (as remittances concern everybody).

*****