

Remarks
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Global Forum on Financial Inclusion for Development
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Panel: Migrant Remittances as a tool for Economic Development

DG Role: Opening Remarks

Speakers before DG: Organizers' Principals:

- Bishar A. Hussein
Director-General, Universal Postal Union
 - Ridha Bouabid
PR to the UN, International Organization of la Francophonie
 - Alexandre Fasel
PR of Switzerland to UNOG, Swiss Federal Department of Foreign Affairs
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Your Excellencies, distinguished ladies and gentlemen,

It is an honor to participate in this Global Forum on Financial Inclusion for Development. I would like to start by thanking our hosts and partners: the Universal Postal Union; l'Organisation Internationale de la la Francophonie; and the BM Gates Foundation the financial for their support. I thank them for organizing such an important gathering – gatherings such as this one are vital forums for collective efforts -- involving a wide range of relevant actors -- to move towards greater financial inclusiveness so that low-income remittance recipients can have access to financial services to invest, save and leverage their remittances towards greater development ends.

I am confident this Global Forum will be another occasion for economic players, governments, central banks, donors and international organizations to forge partnerships to

advance innovative and sustainable solutions and bring human and economic development efforts one step further.

I would like to make three points. (1) First, I would like to set the scene by giving an overview of recent global trends in migration; (2) Second, I will briefly discuss the outcomes of the UN GA's Second High Level Dialogue on International Migration and Development and stress the importance of including migration and financing for development in the upcoming Post-2015 UN Development Agenda. (3) Third and final I would wish to highlight the importance of linking migration to development, along with examples of practical steps, to transform migrant challenges into advantages, and thereby make migration a positive force for development.

I. Global Migration Trends

(a) We live in an era of unprecedented human mobility. There are more people on the move today than at any other time in recorded history.

One in every seven persons is a migrant, that is, 1 billion of 7 billion international of our planet. Migration is this century's megatrend, there are 232 million international migrants today; and the number is up from 175 million in 2000 and from 154 million in 1990.

What is driving this large-scale human movement?

(b) Drivers of Migration

First of all, demography. The 20th century was the first time in history that the world's population quadrupled in size in a single century. Two other major milestones occurred in this period: (1) a "feminization" of migration whereby women now constitute 50% of all international migrants; and (2) for the first time, more people, now live in urban areas than rural, and the vast majority of migrants migrate to cities.

By 2040, however, there will be more than 400 million international migrants. In other words, in the next 25 years, the number of international migrants will increase at an even faster rate than during the past 25 years. Already today, international migrants comprise a population group larger than the population of Brazil, and about the same as Indonesia, in other words, the world's sixth largest "Nation."

Labor demands are also driving large-scale population movements. In the meantime, aging OECD countries and other developed countries will need tens of millions of workers that they will not have given their negative replacement rate – that is, more people dying than being born.

The vast majority of these work places will, per force, be filled by migrants from the "Global South". This large influx will change the very composition and character of the traditional 19th century Nation State.

These are just a few forces that will ensure that large-scale migration remains a "mega-trend" of the 21st century.

(c) People are increasingly aware of the growing importance of South-South migration, but North-South migration -- a relatively new phenomenon -- is also rising.

As described in IOM's 2013 World Migration Report on the "well-being of migrants," launched in September, a large proportion of the world's migrant workers continue to come from traditional low and mid-income emigration countries; however, increasing numbers of workers from high-income countries are drawn to low and mid-income destinations, that is, increasing North-South Migration.

II. High Level Dialogue and the post-2015 UN Development Agenda

There is an urgent need to lower the costs of migration, particularly costs related to transfers and recruitment. The Second HLD thus came at a time when countries are ready to strengthen their collaboration on these urgent migration issues. Migration is not a substitute for development, but it is an enabler and we must strengthen development policies to account for

migration -- and the 1 billion migrants on the planet, and the billions more whose lives they touch.

IOM has prepared actively and assiduously for the High Level Dialogue in a number of ways:

-- by supporting countries and regional groups such as the SACM, RCM and the ECLAC/IOM conference in their deliberations on the HLD;

-- by compiling and synthesizing, with UNFPA, recommendations from 28 UN bodies and other entities. (The UN CEB has just launched these results in a publication this past Friday, 27 September, in New York entitled:

International Migration and Development: Contributions Ministerial and Recommendations of the International System.)

-- by holding the first International Diaspora Conference at Geneva in June, at the CICG, attended by Ministers from 55 countries and 500 participants overall (a volume from the conference has just been published under the title: "Diasporas and Development: Bridging Societies and States").

-- With a number of Governments and UN agencies, IOM has also just published a further volume containing the final report of a series of five Roundtables held at the UN to prepare for the HLD.

-- Finally, we carefully linked this year's edition of our flagship publication, the World Migration Report, to the HLD, under the title of "Migrant well-being and Development."

- Outcome: The High Level Dialogue Declaration, under its 27th point, recognizes that "remittances constitute an important source of private capital" and calls for "the need to promote conditions for cheaper, faster and safer transfers of remittances in both source and recipient countries."

III. The Impact of Remittances: Monetary and Social

Migrant remittances in 2013 to developing countries were USD 414 billion, with a 6.3% increase compared to 2012 and projected to rise to \$540 billion by 2016 - migrant remittances are several times greater than foreign assistance, and roughly equivalent to the total of Direct Foreign Investment (DFI); were migrant remittances, globally, to be calculated as GDP, this would make migrant GDP roughly equivalent to the GDP of Saudi Arabia. For a significant number of countries, migrant remittances represent the largest GDP component as much as 30% of GDP in one or more instances.

Internal remittances to poor areas probably account for even more.

But it would be misleading to limit ourselves to thinking about migrant remittances only in monetary terms. Social remittances – that is, talented people investing their skills and knowledge back home from abroad – greatly benefit countries recovering from crises or expanding economically. IOM helps facilitate such diaspora investments through our Migration for Development in Africa (MIDA) and Return of Qualified Nationals (RQN) programme; IOM has assisted nearly 4,000 diaspora to conduct “return assignments” in the last 10 years alone, to countries ranging from Afghanistan to Somalia.

In this context, IOM takes initiatives to support maximizing the impact of remittances. There are two priority areas of intervention, (1) one is improving the developmental impact of remittances, and (2) secondly is lowering transfer costs.

1. On the first point, bearing in mind that remittances are essentially private funds, we can seek to empower migrants and diaspora with a wider range of choices when they seek to invest money in the welfare of their families back home. IOM is developing partnerships with micro-finance institutions which can channel diaspora funds into community-based development initiatives in the health and education sector. These partnerships also raise the possibility for diaspora funds to be used to finance small business initiatives. The well-known Mexican “three for one” initiative whereby every dollar or peso a migrant sends home is matched by a dollar or peso each from federal, state and local governments.

2. On the second point, the importance of reducing remittance transfer costs cannot be overstated. If current transfer prices could be cut by 5% this would mean an extra USD 16 billion a year could go to the intended recipients.

- IOM helps empower migrants and their families by providing financial literacy training to remittance senders and recipients and raising awareness of transfer channels, financial services and investment opportunities. Through one of its MIDA programmes, IOM Rome set up a remittance cost-comparison website that does just this.
- However the macro-regulatory constraints are such that inter-agency and government partnerships are required. The World Bank is working with the Financial Action Task Force (FATF) on anti-money laundering and countering the financing of terror regulations that can affect the channels and costs of remittances; this topic is on the radar screen of several members of the G20.
- We value our partnership with UPU – in 2009 IOM and UPU were involved in a project that looked into an Electronic Remittance Transfer System between Tanzania and Uganda. A number of important findings and recommendations emerged from that project, including the need for a simplified cross-border regulatory framework, increasing the connectivity of local post offices and increased partnerships with banks.

Conclusion

In conclusion, I have tried to do three things: (1) to describe global migration trends, (2) to highlight the value of the HLD in achieving global consensus on migration policies, such as remittances , and (3) to emphasize the expanding impact of remittances on development. We can certainly build on the strong partnership that exists between IOM and UPU to the ultimate benefit of migrants and their families. We can draw upon IOM's and UPU's presence in a number of countries where governments would welcome our intervention, particularly in sub-Saharan Africa where remittance costs have proved to be excessively high, I look forward to developing these joint interventions.

In conclusion, let me leave you with this thought: large-scale migration is **inevitable**, primarily as a result of the demographic differences between North and South and other drivers that I mentioned. Unprecedented human mobility is **necessary if countries are** to meet labor demand, ensure skills availability and sound economies, and maintain development levels -- most notably in high and mid-income countries with ageing populations; and, finally, population movements are **desirable** -- for migrants and host populations alike -- if well-managed.

For migration to be well managed and beneficial to all, we must work together to remove the obstacles that prevent migrants and migration from reaching their full potential to contribute to development.