

SESSION 10: MIGRATION, DIASPORA AND SUSTAINABLE DEVELOPMENT: A POLICY PERSPECTIVE

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Session 10: Migration, Diaspora and Sustainable Development: A Policy Perspective

Outline

- Migration and the SDGs
- Migration and the Diasporic Economy
- Remittance Transfers and Development
- Remittances and Financial Investment
- Remittances and Financial Innovation

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Objectives

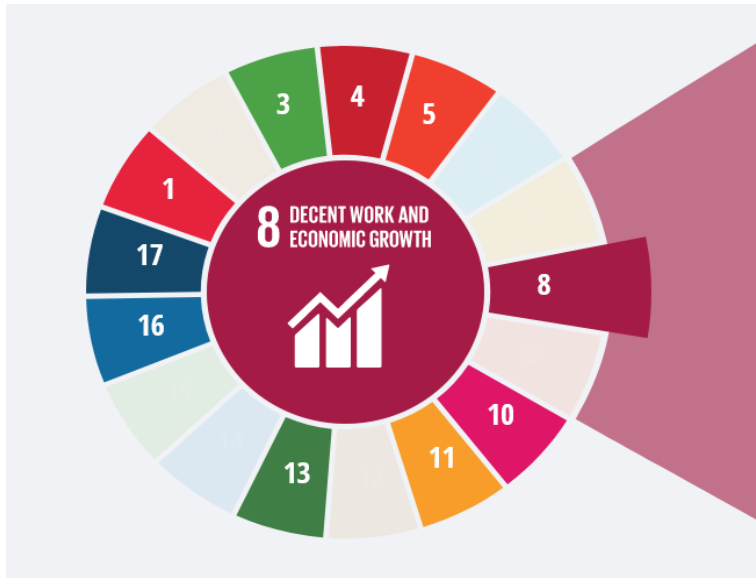
1. This session provides an overview of the key trends associated with contemporary migration and its impact on the achievement of the SDGs.
2. It also focus on the rise of the diasporic economy and its contribution to trade, investment and entrepreneurship.
3. Finally, it examines the key issue areas identified in the SDGs targets that impact on the development potential of migration and diasporas.

- Introduction
- Migration and the growth of global diasporas are key contemporary trends which impact on the pledge to “leave no one behind” in the 2030 Agenda.
- The developmental potential of migration is captured in four Goals and five Targets in the SDGs.
- The inclusion of migration in the SDGs targets gives further international prominence to migrant rights, labour mobility and remittances as development issues.
- In many respects the SDGs are built into goal 19 of the Global Compact on Migration that calls on countries and other key stakeholders to “create conditions for migrants and diasporas to fully contribute to sustainable development in all countries.

- Migration has been a powerful mechanism to reduce poverty and global inequality within and across nations.
- Migration can be viewed as a strategic opportunity for least developed countries(LDCs) because “not only is poverty systematically higher in LDCs, and falling more slowly, but the means available to them are also much more limited.”
- This is underscored by the assessment that “their structural challenges and weak economic and social performance are rooted in the limited development of their productive capacity.”
- Migration is relevant to many of the other Goals and that countries “need to consider the impact of migration at all levels and on all outcomes, beyond the migration-specific Targets.”

■ Migration and SDGs

- Migration and issues affecting migrants are referenced in several SDGs.
- The situation of migrant workers is highlighted in SDG 8 on economic growth and decent work; the issue of trafficking is mentioned in several SDGs for instance SDG 16 on peaceful societies; and migration status is mentioned specifically as a factor for disaggregation during the follow-up and review in SDG 17.



SDG target 10.7 calls for “well-managed migration policies”, and 10 C refers to reducing the transaction costs for migrant remittances.



SDG 10: REDUCED INEQUALITY

Targets:

- **10.2:** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
- **10.3:** Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard
- **10.7:** Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies
- **10.c:** By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent

- The SDGs recognize migration's critical contribution to achieving sustainable development and consequently migration has for the first time been inserted into mainstream global development policy.
- The multi-disciplinary and cross-cutting nature of the SDGs provides a useful framework to assess and promote migration and development.
- The SDGs also facilitate high-level buy-in from global institutions and UN member states and so the migration and development agenda has greater scope for international traction and implementation.
- The SDGs provide a holistic and comprehensive framework to ground the migration-development nexus in the GCM.
- It will be important not to limit the focus to specific targets on migration and remittances, but rather consider the role of human mobility to achieve all the Goals.

- The Global Compact on Migration(GCM) is guided by the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda, and informed by the Declaration of the High-level Dialogue on International Migration and Development adopted in October 2013.
- The Global Compact presents a non-legally binding, cooperative framework that builds on the commitments agreed upon by Member States in the New York Declaration for Refugees and Migrants (September 2016).
- The New York Declaration references the 2030 Agenda and upholds the sovereignty of States and fosters international cooperation among all actors on migration, acknowledging that migration is a transnational process and that no State can address migration in isolation.
- The GCM consultation process also highlighted the need for a fresh narrative that goes beyond the negative connotations and perceptions that are present in both migration and development debates.

▪ **Three Key Areas to be included in Migrations Debate(3Is)**

▪ **Investment**

- Beyond aid or remittances alone, focus on investing in future societies for all, in line with the 'leave no one behind' imperative.
- This includes harnessing the potential of diaspora, civil society innovators and entrepreneurs as private sectors and civil society.

▪ **Innovation**

- Build and expand on the initiatives that already exist especially at local and country levels:
- Diaspora bonds, global skills partnership, extension of rights for citizens on the move, financial inclusion through digital technology/mobile money, training and skills matching/investment etc.

▪ **Inclusion**

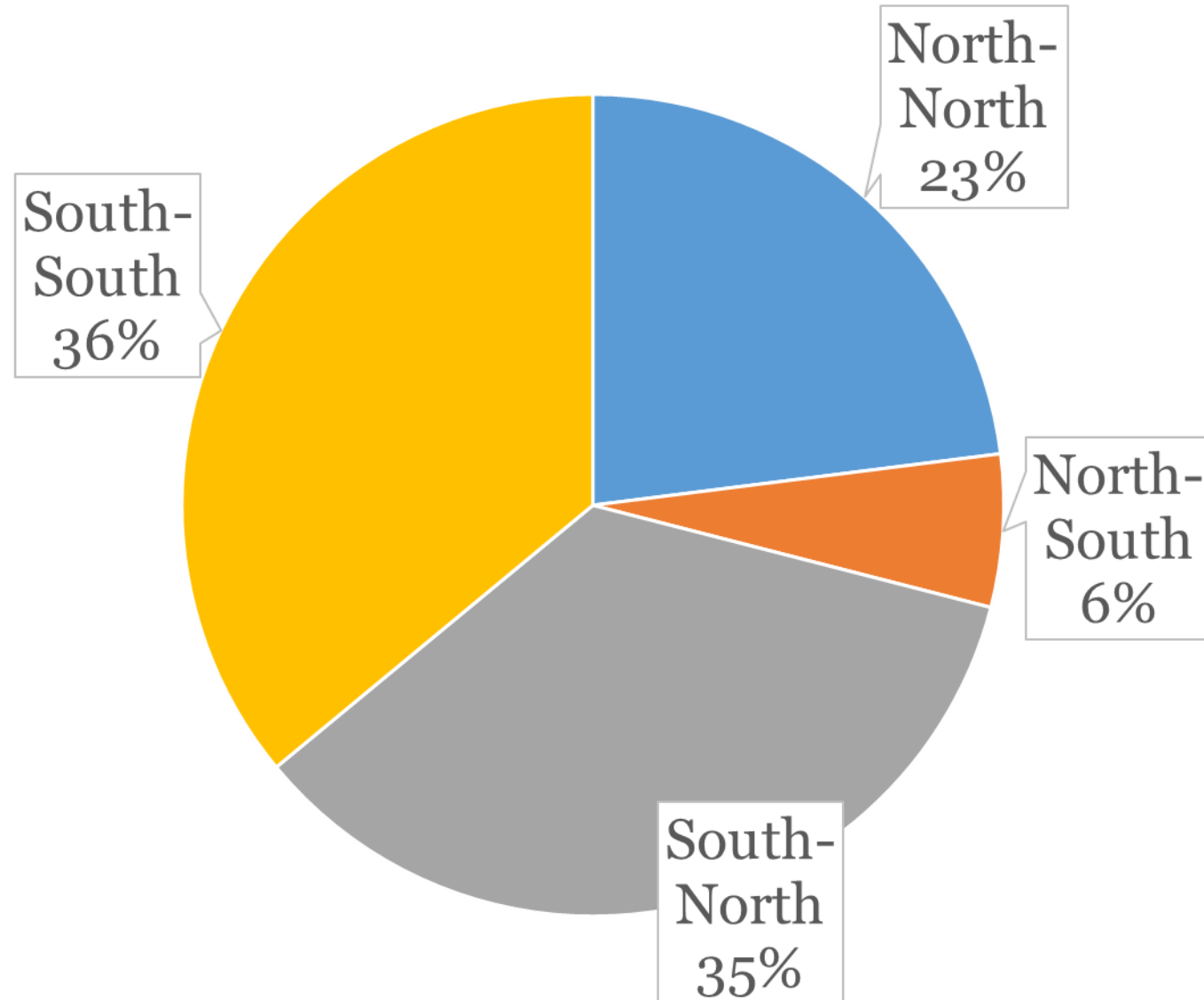
- It is key for development and migration policies to be inclusive and not targeted at specific groups alone. They also need to explicitly aimed at expanding rights and opportunities.
- In practice, there is a need to broadening access to services, ensure portability of benefits and expand access to inclusive finance.

▪ **Migration and the Diasporic Economy**

- It is estimated that in 2017, 258 million people, or 3.4 per cent of the world's population, lived outside their country of origin.
- The number also includes refugees and asylum seekers which is estimated at 25.9 million, approximately 10 percent of all international migrants, 82.5 percent of which were hosted in developing regions.
- Most international migrants move to a country located in their region of birth except for migrants to North America which mainly come from the Latin America and Caribbean region.
- The top-receiving region is Asia with close to 80 million migrants.
- Europe is a close second with 78 million, followed by North America with 58 million. Africa is the top-receiving region in the developing world with 24.7 million with Latin America and the Caribbean (9.5 million) and Oceania (8.4 million).

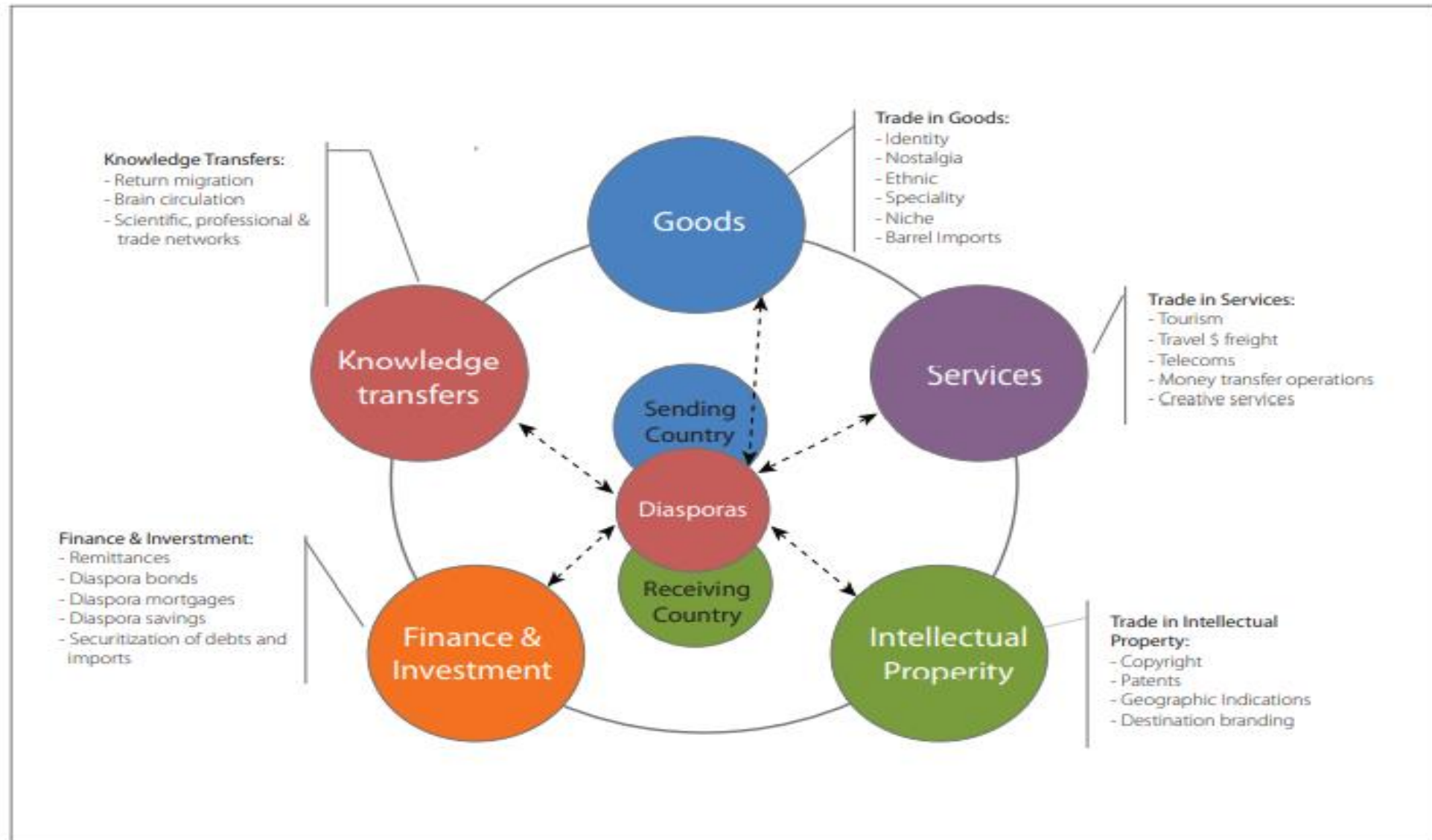
- International migration is very diversified.
- In 2015 South-South migration accounted for 36% of total international migrants which edged out South-North migration (35%).
- North-North migration is the third largest flow with 23% and North-South accounts for a mere 6%.
- International migrants accounted for a mere 1.6 per cent share of the population of the global South in 2013, in comparison to 10.8 per cent of the population of the industrialized North.

IOM, 2017: International Labour Migration, Regional Flows, 2015



- The growth of global diasporas in last few decades has led to a new development context with economic flows like financial transfers (remittances) playing a critical role in poverty reduction, enterprise development as well as the securitization of debt.
- For many developing countries remittances have exceeded traditional modes of external inflows like foreign aid, foreign direct investment and external borrowing.
- The diasporic economy, however, is wider than just financial transfers and it includes: the economic impact of trade in goods targeted at niche, ethnic or diasporic markets, services such as tourism, shipping, telecoms and media along with the monetization of intellectual property through the creative industries, geographic indications and tapping into networks of trade, scientific and professional diasporas.
- The latter refers to the issue of brain circulation which are the mechanisms (e.g. return migration, mobility of professional services) that have been employed to redress the challenges associated with brain drain (i.e. the emigration of the tertiary educated).

Diasporic Economy, Trade, Knowledge and Investment



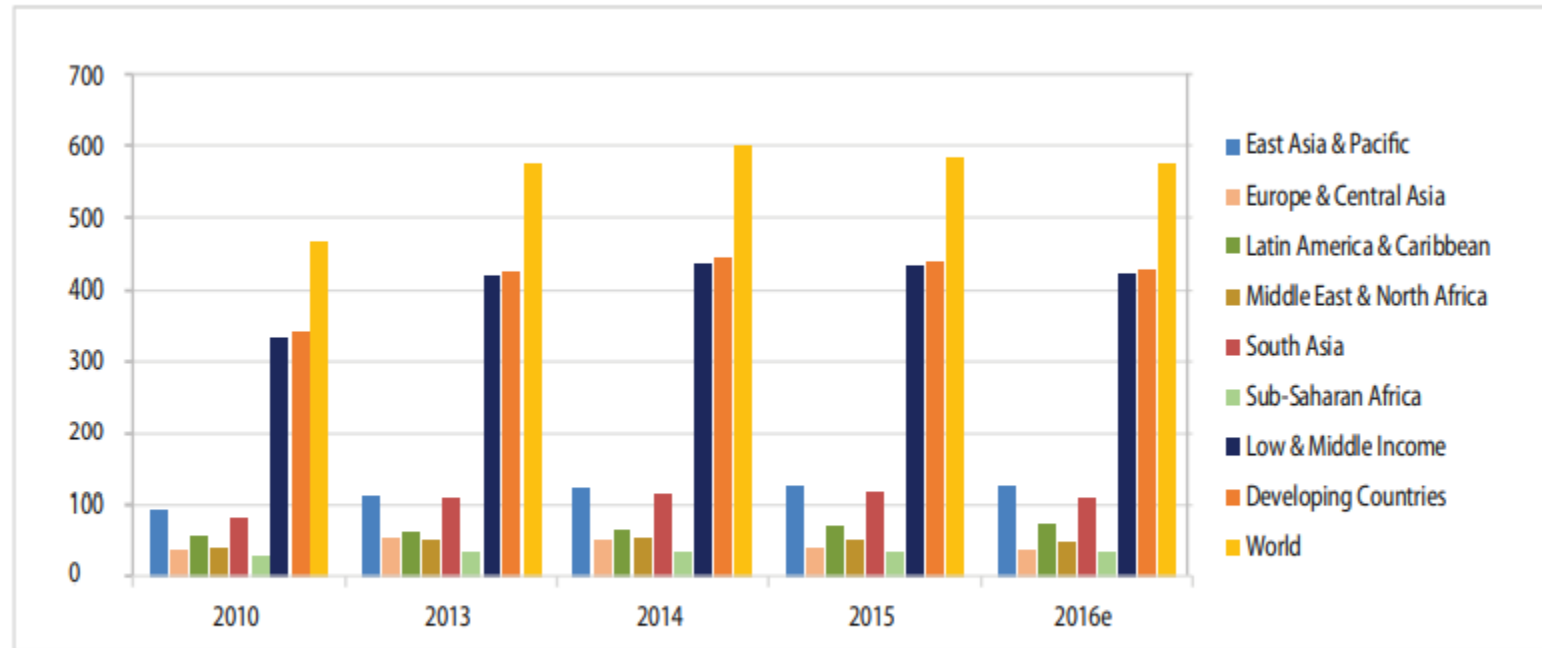
Source: Keith Nurse "The Diasporic Economy, Trade and Investment Linkages in the Commonwealth", International Trade Working Paper, No. 2016/09, Commonwealth Secretariat, London.

- Remittance Transfers and Development
- Remittances, personal money transfers and compensation of employees, has become one of the main sources of external financing for developing countries. Remittances have proven to be a critical resource for many developing countries in terms of balance payments.
- Migration is very much a family decision and remittances are seen as part of a bond or contract between remitters and their families and dependants that are left behind.
- Remittances are a major source of income for many lower income households.

- It is estimated that over 80 percent of the funds that are remitted is used for immediate consumption.
- However, an increasing share of remittances is used for longer-term investment in land, housing, education and productive investments.
- Remittances have become a major factor in poverty reduction in the developing world.
- However, the benefits for low-income communities could be expanded and local investment can be boosted if remittances are used by financial institutions to expand and deepen access to credit by remittance recipients.
- This is particularly important for promoting financial inclusion given that many of the top remittance recipient countries have large unbanked populations.

- Low and middle-income economies are the key beneficiaries of remittance flows with East Asia and the Pacific as the **number one** recipient followed by South Asia, Latin America and the Caribbean, Middle East and North Africa, Europe and Central Asia and lastly Sub-Saharan Africa.
- Remittances were affected by the global financial and economic crisis as exemplified by a drop of 6.1 percent in 2009 on account of the weak jobs market.
- Remittance flows rebounded in 2010.
- For the first time in recent history, remittance flows to developing countries registered a decline for two successive years.
- Remittances declined by an estimated 2.4 percent, to \$429 billion, in 2016, after a decline of 1 percent in 2015.egistered a decline for two successive years.

Remittance flows by region, 2010 – 2016 (Billion US dollars)



Source: World Bank (2017) Migration and Development Brief: Migration and Remittances: Recent Developments and Outlook, 28. KNOMAD <https://www.knomad.org/sites/default/files/2017-12/Migration%20and%20Development%20Report%202012-14-17%20web.pdf>

- The decline in remittance flows are largely attributed to the following factors:
- Low oil prices and weak economic growth in the Gulf and the Russian Federation has adversely affected flows to South Asia and Central Asia.
- Weak growth in Europe affected flows to North Africa and Sub-Saharan Africa.
- The weakening of the Euro, the British pound and the Ruble against the U.S. dollar.

▪ **Remittance and Financial Investment**

- Remittances contribute to a more favourable balance of payments position in sending countries and offers a critical source of financial investment.
- Remittances have outstripped key exports sectors and even tourism earnings in several territories.
- Due to its sheer volume, stability and anti-cyclical nature remittances have become a key element in the finance area(e.g., through improving the credit worthiness of recipient country's sovereign credit rating, thereby lowering borrowing costs and lengthening debt maturity).
- For example, the joint World Bank-IMF low-income country **Debt Sustainability Framework** includes a country's remittances when assessing a country's capacity to repay debt and ability to undertake non-concessional borrowing.

▪ **Remittances and Financial Innovation**

- The transfer cost of remittances is also impacted by the market structure in the receiving country.
- The case studies of remittance service providers from Haiti, Tonga and Bangladesh give some insight into the diversity of opportunities and the key issues impacting on the growth of remittance services providers and the trade, entrepreneurship and investment linkages from a developing country standpoint.
- The case studies illustrate that the remittance or money transfer business is dynamic, competitive and increasingly digital.
- There has been growth of domestic firms that have expanded market share over time. This has occurred in a context of declining transaction fees and rapid technological change that is disrupting traditional bricks and mortar business models.

▪ **Remittances and Financial Inclusion**

- One of the key recommendations from the SDGs on migration is the reduction of remitting costs.
- Global institutions like the World Bank also call for the facilitation of increased price competition among remittance agencies.
- Transaction costs have successfully been driven down in most markets but some markets have sustained high fees.
- The cost of remitting is impacted by the market conditions in the source country.
- There is significant variation in the average cost of remitting among, for example, the G20 countries which account for a large share of the North-South
- remittances.
- The key mechanism to achieve lower transaction costs is to facilitate increased price competition among remittance service providers and money transfer operators.

- Given the wide differential on the costs of the various RSPs it is recommended more countries consider facilitate mobile money operators.
- The key challenge here often is regulatory given the demands of Anti-Money Laundering/Combating the Financing of Terrorism protocols.
- Banks and other financial institutions have been impacted by greater scrutiny with the result that a number of banks have stepped away from money transfer operations on account of de-risking strategies.
- The problem of expanding regulatory oversight is also evident in the problem of corresponding banking.

Quiz Question

1. The vision of 'Zero Hunger' is provided under which of the following Sustainable Development Goals(SDGs)

- (a) Goal 2
- (b) Goal 3
- (c) Goal 4
- (d) Goal 5

2. Migration and issues affecting migrants are referenced in which of the following Sustainable Development Goals?

- (a) SDG 8
- (b) SDG 10
- (c)SDG 16
- (d) SDG 17
- (e) All the above
- (f) None of the above

3. What are the key areas often included in migration debate?

- (a) Investment
- (b) Innovation
- (c) Inclusion
- (d) All the above
- (e) None of the above

Readings

- Kounani, A., & Skanavis, C. (2019). Migration and Sustainable Development. *Encyclopedia of Sustainability in Higher Education*, 1159-1170.
- Nurse, K. (2019). Migration, Diasporas, Remittances and the Sustainable Development Goals in Least Developed Countries. *Journal of Globalization and Development*, 9(2).
- ODI (2017). Migration and 2030 Agenda for Sustainable Development. Overseas Development Institute, London: 4.

- With this I come to an end of the session on Migration, Diaspora And Sustainable Development: A Policy Perspective and leave you with few questions which you will find easy.

Thanks for watching the video.



Thank you