



Expert Meeting on
**THE IMPACT OF ACCESS TO FINANCIAL SERVICES,
INCLUDING BY HIGHLIGHTING THE IMPACT ON REMITTANCES ON
DEVELOPMENT: ECONOMIC EMPOWERMENT OF WOMEN AND YOUTH**

12-14 November 2014

**SESSION 4:
REMITTANCES AND FINANCIAL INCLUSION**

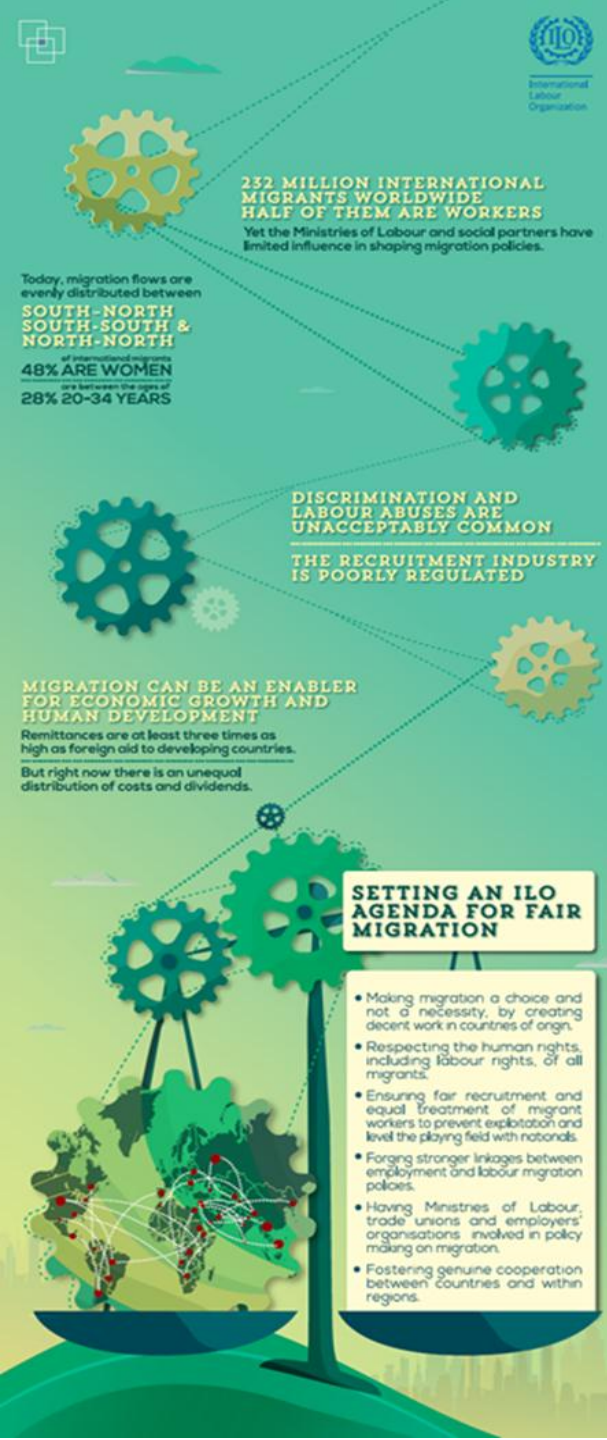
Ms. Samia Kazi Aoul-Chaillou
Technical Officer
Labour Migration Branch
International Labour Organization



UNCTAD Expert Meeting on the Impact of Access to Financial Services.

Session 4: Remittances and financial inclusion

Labour migration and remittances: ILO rights-based and migrant-centred approach to remittances



Samia Kazi Aoul

Labour Migration Branch- MIGRANT

International Labour Office



Introduction

- The ILO estimates: more than half of the 232 million international migrants are economically active.
- Remittances: a work related outcome, the expression of solidarity.
- Remittance costs: efforts should continue to lower them down.
- Social costs of migration for MWs and their families.
- June 2014, the ILO DG's report *Setting an ILO Agenda for Fair Migration*:

“There is a need to ensure that (...) remittances can be made securely and at minimal cost and to explore how they can be used to best effect to promote jobs and development”

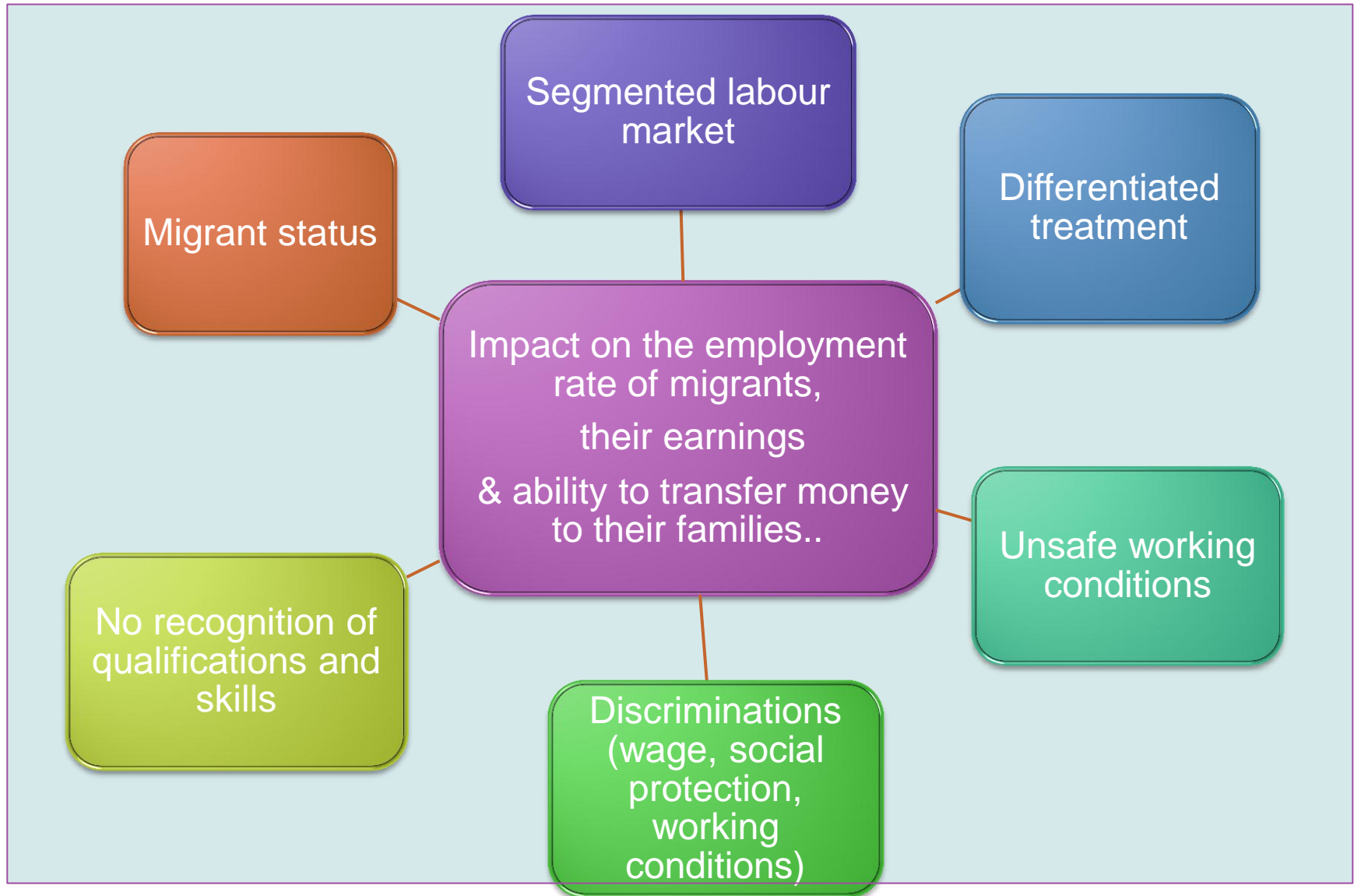
A rights-based and migrant centred approach to remittances

Contribute to poverty alleviation

- Remittances
 - Private individual earnings
 - Primarily used for food, education, improved housing and health care.
 - Improve households' living standards
 - An insurance against shocks
 - Impact on domestic production & job creation
 - Financial inclusion, productive investments
- 2 ILO Conventions **C 97 & C 143** – fundamental principles: Equality of treatment & non-discrimination.
- **C97** « right to transfer part of the earnings and savings of the migrant»
- Ensuring the **protection of migrant workers** is essential to maximise the development benefits of migration for migrants themselves, their countries of origin and destination.

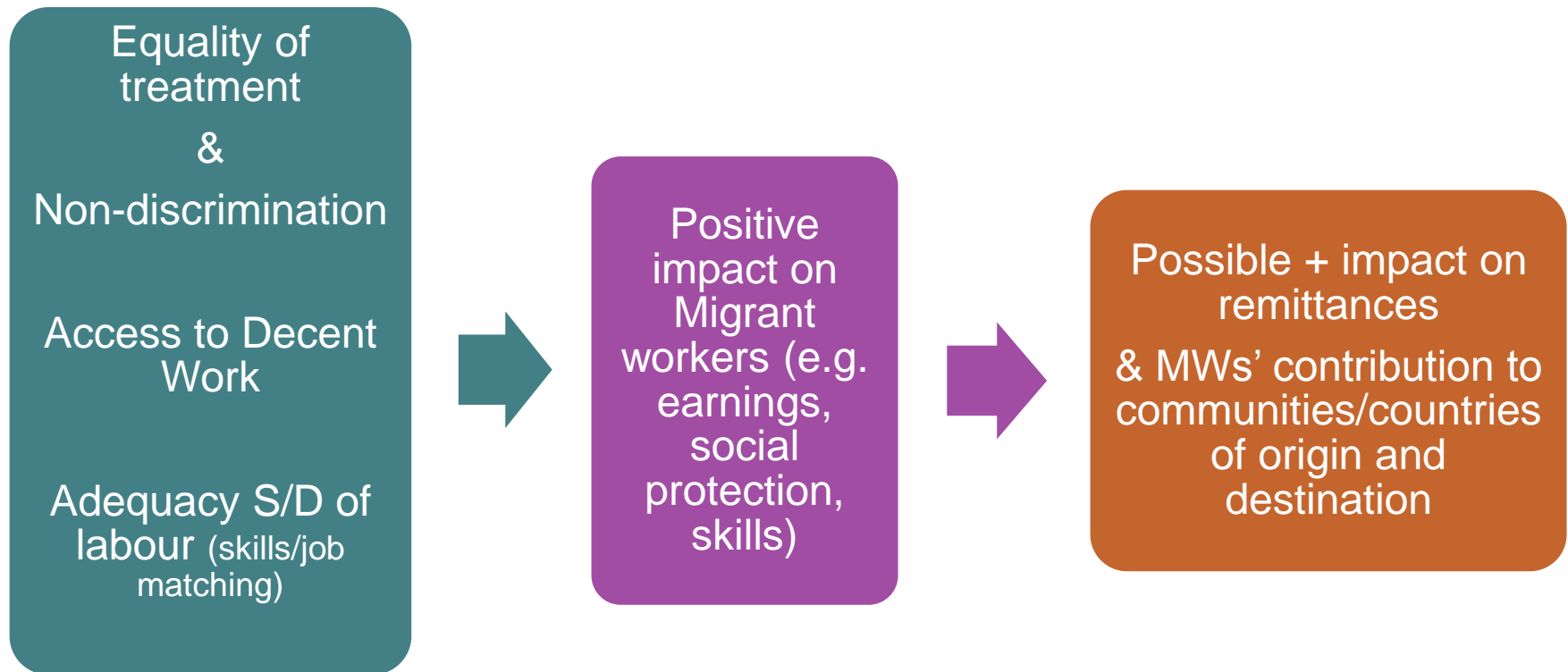


Migration conditions & impact on remittances



How to optimize the benefits of labour migration on development?

Good governance of labour migration that relies on concerted, coherent, transparent and flexible migration policies based on international standards and social dialogue.



What role for governments?

The ILO Multilateral Framework on Labour Migration (2006)

- Non-binding principles & guidelines for a rights-based approach to labour migration: Highlights that “the contribution of labour migration to employment, economic growth, development and the alleviation of poverty should be recognized and maximized for the benefit of both origin and destination countries” (Principle 15)
- Among the guidelines that may prove valuable in giving practical effect to the above principle (15.5) **providing incentives to promote the productive investment of remittances** in the countries of origin; (15.6.) **reducing the costs of remittance transfers**, including by **facilitating accessible financial services, reducing transaction fees, providing tax incentives and promoting greater competition between financial institutions**;
- Facilitate the use of formal transfer channels, efficient technologies and partnerships.

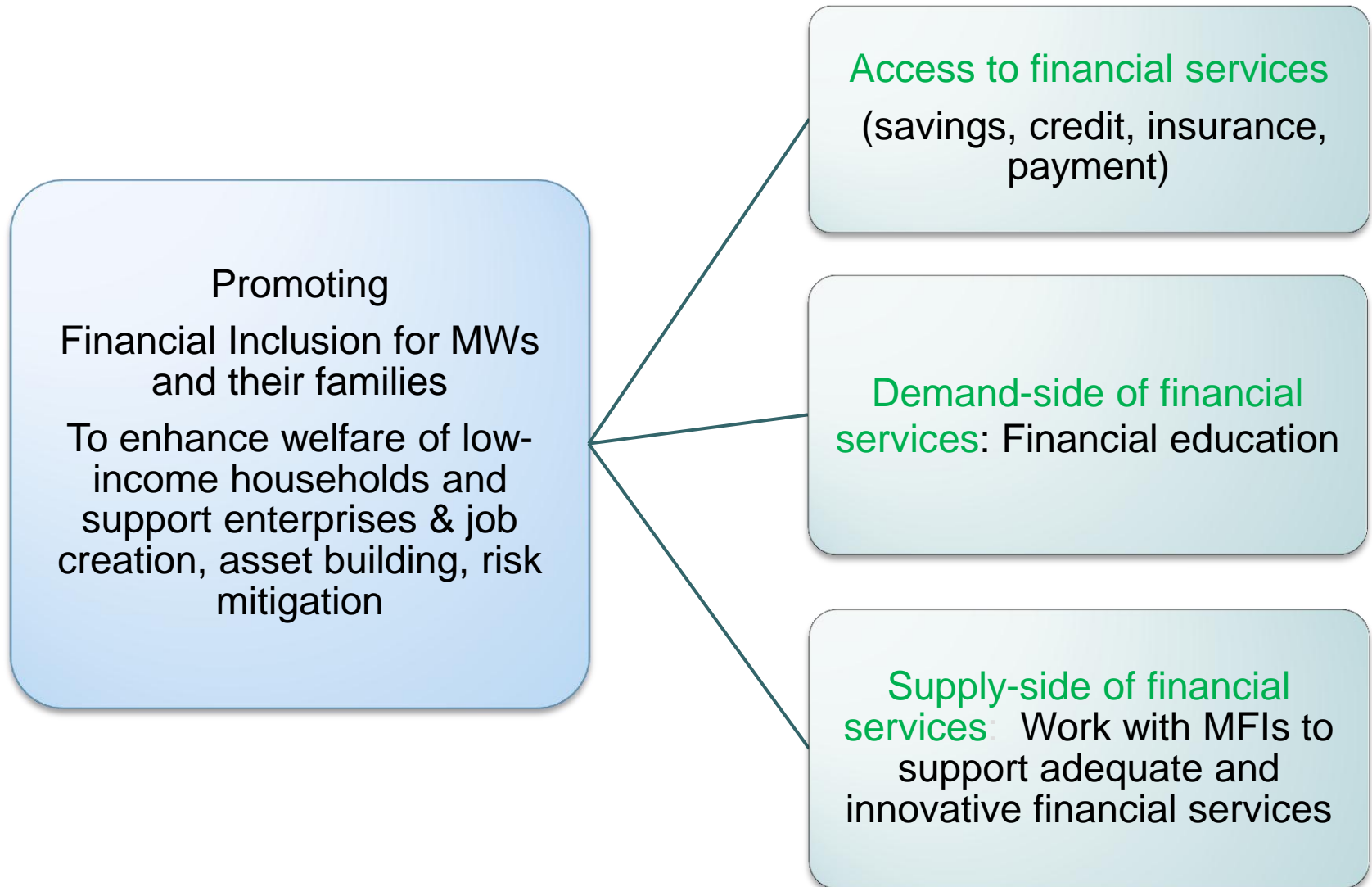
What role for governments?

- Create a conducive environment for the development of a financial market that allows competition and development of remittances linked products
- Support financial education
- Facilitate human capital transfer through temporary or permanent returns.
- Negotiate bilateral agreements on social security and vocational training.
- Facilitate procedures & rules of access to labour markets and reduce recruitment costs.
- Support the reintegration into the labour market and stimulate entrepreneurship: training, financial assistance, recognition of qualifications, access to microcredit

What role for social partners and diaspora associations?

- **Employers' organizations**: encourage entrepreneurship development, provide financial orientation and access to financial payment facilities.
- **Workers' organizations**: provide financial orientation for migrant workers and their families, advocate for more accessible financial infrastructure, and support the development of adequate financial schemes/services for migrant workers.
- **Diaspora associations** provide information to their members, they strengthen migrant workers and their families' capacity to **make informed/ rational choices about the use of remittances and remittances-linked services** through financial education (ILO partnership with the FORIM)

ILO action on financial inclusion for migrants and their families



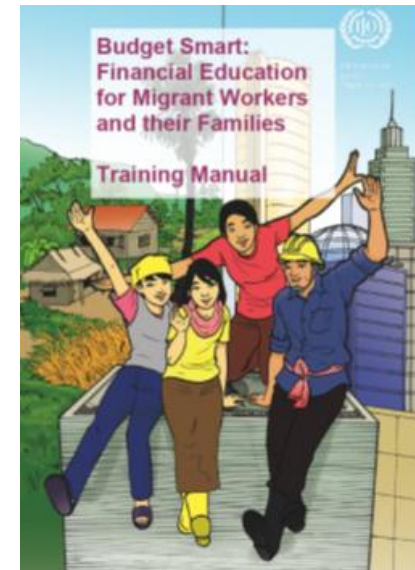
ILO action on Financial inclusion for migrants and their families

- **Financial education training tools developed** to improve knowledge and skills for responsible budgeting, including spending, saving, borrowing, and investing.
- **Financial education trainings** carried out Benin, Burkina Faso, Cambodia, Ethiopia, Indonesia, Kenya, Mali, Mauritania, Moldova, Morocco, Myanmar, Philippines, Senegal, Singapore, Malaysia, Thailand, France, Spain and Italy. (+/- 20,000 beneficiaries)



ILO action on Financial inclusion for migrants and their families

- **Training provided to microfinance institutions** through the course on “Making Microfinance Work, Managing Product diversification”. In Albania, Moldova technical support was provided in developing national action plans to improve formalisation and investment of remittances.
- **Action research carried out on migrant remittances and microfinance** in various countries (Bangladesh, Mexico, Nepal, Senegal, South Africa).
- The ILO has carried out feasibility studies on the possibility to use a portion of migrant workers remittances to develop **health micro insurance products** in origin countries (Mali, Senegal, Comoros)
- **Seguros futuro**: a cooperative insurance company in El Salvador. The ILO Microinsurance Innovation Facility supported Seguros futuro in the development of financial and insurance products adapted to the needs of remittance recipients families.



Conclusion

- Remittances have a positive impact on poverty alleviation and development but can also have negative consequences.
- Good governance of labour migration relying on rights-based migration policies and promoting efficient labour markets should be at the heart of the discussions on remittances and their contribution to development.
- Reducing the costs of migration goes beyond reducing remittances costs.
- No country or government can achieve this goal in isolation: cooperation between countries of origin and destination, social dialogue and the involvement of multiple actors at local, national and international level are central to this process.



Thank you for your attention !

Samia Kazi Aoul – Chaillou

kaziaoul@ilo.org

