CONCLUSIONS

by

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The focus of this conference has been on the links between migrants, remittances and the economic development of sending countries. It provided an overview of the current magnitude of remittances, the characteristics of the migrants in question and the transmission channels used to send their savings back to their countries of origin. Much attention was paid to the impacts of remittances in terms of supporting living standards and economic development in the countries of origin.

The conference has benefited from the presentations of a rich variety of case studies, covering the experiences of OECD and non-OECD countries alike. Our discussions also benefited greatly from the different perspectives brought to the table by ministers, ambassadors, policy makers from different ministries, representatives from central and private banks, international organisations, non-governmental organisations and researchers. The exchanges over the past three days should thus contribute to improving our common understanding of the key issues surrounding remittances and economic development in the countries of origin, and in this way, help to reinforce international co-operation between migrant-sending and receiving countries.

Part of the leitmotif for this conference comes from the stylised fact that the global total of remittances in recent years has exceeded official development aid flows from OECD to non-OECD countries. This has led some observers to argue that remittances could play a greater role in stimulating productive investments in the countries of origin, thereby spurring economic and social development.

However, the conference has revealed that this argument, despite its superficial attraction, is often a dead end. We were reminded, time and again, that remittances are *private* transfers and that the savings involved belong to the migrants and their families, who also decide on their allocation. Now governments may offer incentives to migrants to increase the volume of remittances and to influence the uses to which they are put in the countries of origin. We have heard of many attempts to do this which have been unsuccessful because they have failed to recognise the primacy of individual *choice* is this area. We have also been presented with some interesting good practices which have sought to harness the virtues of choice, trust and networks, in order to put remittances to good use for individuals, their families, and economic and social development at large.

It would be presumptuous of me to seek to draw strong conclusions immediately from our discussions. We need much more time to reflect on them. Instead, I propose to highlight some broad policy recommendations which seem to have been received rather broad support. I will also suggest some possible follow-up to this conference.

Policy recommendations

First and foremost, there is no substitute for sound macroeconomic policies, good governance, a sound banking system, respect for property rights, and an outward-oriented trade and foreign direct investment strategy (FDI). The state has a primordial role to play in establishing these key building-blocks for economic development, supported by the international community. This is not the responsibility of the migrants. Each country has primary responsibility for its own economic and social development and progress.

Remittances are neither a substitute for official development assistance or FDI flows. I must emphasise that countries have made commitments in the Millennium Declaration and the Monterrey Declaration, and that the international environment is very important both for developed and developing countries. Thus, we should not forget the importance of trade. Turning more specifically to the issue of remittances, I would highlight the following recommendations:

We have learned that we must reconsider the artificial distinction between "productive" and "non-productive" uses of remittances. Remittances are used to reduce household poverty and satisfy basic needs, but also to increase investment in health and education, *i.e.* to improve investment in human capital in the countries of origin. There is an important gender dimension to such human capital investments.

Policy should facilitate, rather than impose, channels or uses of remittances, notably through a sound banking system.

- Distribute information widely on remittance channels and opportunities for investments. Create one-stop shops, in order to provide information on all stages of migration and remittance.
- Support and accompany those migrants who wish to engage in entrepreneurial activities. If special incentive schemes are put in place, they should be designed for everybody, and be open to migrants and non-migrants alike.
- Recognise the potential links between remittances and social capital (proxied by trust and social networks). Community initiatives such as the *tres por uno* (three for one) scheme in Mexico, and the examples at local and regional level in Morocco as well as in Mali and Senegal, may provide some interesting lessons for other countries to adapt to their own circumstances.
- Introduce measures to reduce transaction costs associated with transfers and enhance transparency. We heard many examples of how greater competition between banking and other money-transfer-saving intermediaries, combined with the use of information and communication technology, have contributed to reducing formal fees and to quicken the process of remittance. This is less apparent with respect to transparency, as it is often unclear which exchange rates are used for the transactions.

Further steps

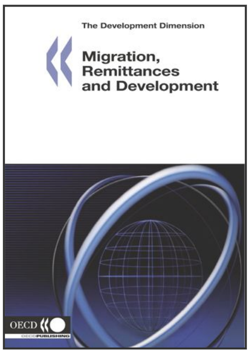
As I noted in my opening statement, 2005 is a very important year for global decisions to ensure that we can achieve the Millenium Development Goals by 2015. At the OECD Ministerial Meeting next May, there will be a major focus on development issues, including the Doha Development Agenda. Inevitably, the topic of remittances will figure in this discussion and I will seek to ensure that the messages from this conference are reflected in the minister's discussion. The Ministerial Meeting will be held back-to-back with the OECD Forum, which this year will have a major focus on development issues and where remittances should be discussed. The Forum 2005 Fuelling the Future: Security, Stability, Development is a major civil society event, and I hope that many of you may be able to attend it.

The OECD has a long experience of migration issues, including the role that remittances have played in the development of sending countries, such as Greece, Italy, Portugal, Spain and more recently Mexico and Turkey. It is important to continue to share these experiences with non-member economies, to optimise the use of the money transferred by emigrants, to explore ways of increasing the use of the new technologies in order to reduce further costs of transfers and help to modernise the formal fund transfer system, as illustrated by the experience of Morocco, the Philippines and Portugal.

Particular attention could be given to some social aspects of development, and in particular the impact of remittances on the reduction of poverty and the improvement of education and healthcare. The OECD will now reflect on the lessons drawn from this conference and consider which of these further steps is best placed to follow up in co-operation with member and non-member economies, as well as other interested international and inter-governmental organisations.

TABLE OF CONTENTS

Part V.
REMITTANCES AND PROMOTION OF DEVELOPMENT: SOME PROPOSALS



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