**Forum:** General Assembly 2\(^{nd}\) Committee

**Issue:** Strengthening the national economy of countries dependent on migrant workers remittances

**Student Officer:** Moritz-Jacob Mohr

**Position:** Deputy Chair

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**Introduction**

We live in an era of global trade. Global forces of supply and demand dictate that countries engage in trade to meet the demand for the flow of goods and services. The world economy is dependent upon the input of labour. Labour is, however, not equally dispersed on the planet; therefore, people must migrate in order to sell their labour in different markets, and different markets must buy this labour in order to meet demand. Economic opportunity is not equal in the planet; therefore, workers must migrate for economic achievement. These migrant workers share the fruits of their economic production with their families and communities in their country of origin. These payments are known as remittances.

The World Bank estimates that international remittances to low- and middle-income countries will reach $485 billion in 2018. Remittances grew worldwide, including high-income countries by seven per cent, from $573 billion in 2016 to $613 billion in 2017. Remittances play a key role in the survival strategy of many people in developing countries. It is a relatively new financial phenomenon and a growing source of external financing for these countries. Remittances largely outnumber Official Development Assistance (ODA) but are private funds.

These figures show that migrants make an important economic, developmental, and cultural contribution by the private transfers of goods and money, international remittances, to their country of origin. Remittances have attracted increasing interest at a national and international level as they have a large impact on poverty reduction and provide opportunities for investments and development of knowledge in the receiving countries. They also contribute to achieving the United Nations Global Goals for Sustainable Development.

Remittances are a vital support in the development of countries, and the smaller scale remittances help to enhance the standard of living of millions across the globe. It is evident that the global flow of remittances is vital for the survival of millions in the world. Therefore, the rights of the migrants to produce these remittances must be protected and ensured if the good the remittances bring is to be lasting and effective.
Definition of Key Terms

**Sustainable Development Goals (SDGs)**

“The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. These 17 Goals build on the successes of the Millennium Development Goals while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities. The goals are interconnected – often the key to success on one will involve tackling issues more commonly associated with another.”

**Remittances**

A sum of money sent in payment or as a gift. Formal remittances enter a country through official banking channels. These formal remittances often have origins from NGOs, governments, and charities. Informal remittances occur through unrecorded private channels. These often include money transfers given by migrants from abroad, or money brought home from travelling relatives.

**Money Transfer**

Generally, money transfer refers to one of the following cashless modes of payment or payment systems: electronic funds transfer, an umbrella term mostly used for bank card-based payments; wire transfer, an international expedited bank-to-bank funds transfer; giro, also known as direct deposit. Due to the nature of remittances, most transfers are done through private transfer companies or mobile transfers. Since many in the developing world have limited access to financial institutions, such as banks, several transfer methods are impractical, making the number of remittances difficult to measure, as well.

**World Bank**

The World Bank is an international financial institution that provides loans to countries of the world for capital projects. The World Bank is headquartered in Washington D.C. The World Bank is comprised of two institutions: The International Bank for Reconstruction and Development (IBRD), and the International Development Association (IDA). The World Bank’s stated goal is the reduction of poverty across the globe.

**Migrants**

A person who moves from one place to another in order to find work or better living conditions. Migrants are found across the planet. Their reasons for migration are varied; however, most migrants move in search of economic opportunity. Migrants are the origins of informal remittances.
Immigration

The action of coming to live permanently in a foreign country. Economic migrants seek to establish themselves in the country of their migration in order to gain economic opportunity. Not all economic migrants remain permanently and many move back to their country of origin after accumulating enough wealth to enhance their standard of living.

Microfinance Institutions (MFIs)

MFIs are organisations that offer financial services to low-income populations. Almost all provide loans to their members, and many offer insurance, deposit and other services.

Mobile and branchless banking

“Is defined as the delivery of financial services outside conventional bank branches, often using agents and relying on information and communications technologies to transmit transaction details – typically card-reading point-of-sale (POS) terminals or mobile phones.”

Developing countries

Are low- and middle-income “country (LMIC), less developed country, less economically developed country (LEDC), or underdeveloped country) is a country with a less developed industrial base and a low Human Development Index (HDI) relative to other countries.”

National Economy

The economic system and range of economic activity in a nation and national area that serves a national population.

Foreign Direct Investment (FDI)

“Is an investment made by a company or individual” in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company.

Millennium Development Goal (MDGs)

The MDGs are a set of “eight goals with measurable targets and clear deadlines for improving the lives of the world’s poorest people. To meet these goals and eradicate poverty, leaders of 189 countries signed the historic millennium declaration at the United Nations Millennium Summit in 2000.”

Gross Domestic Product (GDP)

“GDP is the value of all the finished goods and services produced within a country’s borders in a specific time period.”

Official Development Assistance (ODA)

“ODA is a term coined by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) to measure aid. The DAC first used the term in 1969. It is widely used as an indicator of international aid flow. It includes some loans.” ODA is sent by governments to the developing world in order to enhance their economic conditions.
Global Compact on Migration (GCM)

The global compact for migration is the first negotiated intergovernmental agreement, prepared under the auspices of the United Nations, covering all dimensions of international migration in a holistic and comprehensive manner. The global compact comprises 23 objectives for better managing migration at local, national, regional and global levels. The compact aims to mitigate the forces and structural factors that hinder people from building and maintaining sustainable livelihoods in their home countries. The compact also intends to reduce the risks and vulnerabilities migrants face at different stages of migration by respecting, protecting and fulfilling their human rights. The compact also aims to reduce fears and anxieties in countries with high influxes of migrants and quell social concerns surrounding migration.

International Monetary Fund (IMF)

The IMF is an international organisation headquartered in Washington, D.C., consisting of “189 countries working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.”

Background Information

The global economy experiences many flows of economic inputs, among these is the flow of labour. Workers who move from their country of origin to another in search of work are known as migrant workers. As of 2017, more than 258 million people reside in countries in which they were not born. Of these migrants, nearly 200 million are economic immigrants, meaning they have migrated to gain economic opportunities not available in their country of origin. These opportunities provide to the immigrated country’s GDP, as shown in the graph titled “Top ten countries in terms of remittances as a % of GDP (2008)”. These people live, work and contribute to their countries of residence, but often send money back to their families in their country of origin. Tajikistan is one of the countries shown that has an economy that relies predominantly on remittances that provide 50% to its GDP. These payments are known as remittances. Remittances are vital for the economic survival and the development of the countries from which the migrants originate because these payments are used by communities and families in the developing world to invest and better their living conditions. Economic migration and its resulting remittances are key factors in the rural and
structural transformation occurring today. The flow of these payments has created an opportunity for people to invest and build greater structures of economic opportunity. These remittances compound on themselves and their effect snowballs over time.

A great deal of focus has been paid to the aggregate flows of remittances; these flows originate in the developed world and are sent to the developing world. In 2017, $481 billion was sent in the form of remittances to the developing world, the developing world being nations with lower HDIs (Human Developing Indices) and lower standards of living. India, being the world's largest population of remittance recipients in 2009, received almost 50 billion dollars in remittances from migrant workers in other countries, as shown in “Top remittance-recipient countries (2009)”.

It is estimated that 75% of these payments go towards immediate expenses, but the remaining 25% is available for other purposes such as savings and investments as shown in the graph below. These payments also go towards other necessities like the following: long-term household expenses, health and education, home comfort, and direct household consumptions.

What matters most about these remittances is not the large aggregate numbers, but the frequent payments individuals make to their families of $200 or $300 (Remittances, UN). These payments represent nearly 60% of total household income in the developing world, and if these payments are properly leveraged can be used to significantly increase the living standards of migrants and their communities at home.
Due to the substantial impact migrant workers and their remittances have on their native countries, it is vital that they are properly supported. It is predicted that between 2015 and 2030, remittances will connect more than one billion senders and receivers with an estimated value of $6.5 trillion. Between the years 1990 and 2018, the growth of remittances has grown exponentially from almost 50 billion to a staggering 400 billion dollars in the last 28 years, as shown in the graph titled “Growth of Remittances (1990-2018)”. Families who depend upon remittances use them to reduce poverty, better their health and nutrition, achieve education opportunities, improve housing and sanitation, create entrepreneurship, work towards financial inclusion and reduced inequality and the ability to face with the uncertainty in their lives by increasing their savings and building assets to ensure a more stable future. Remittances are a key link in the chain of global economic development.

Major Countries and Organisations Involved

United Nations Conference on Trade and Development (UNCTAD)

The United Nations Conference on Trade and Development (UNCTAD) aids developing countries in accessing the benefits of the global economy. They help equip developing countries to deal with the potential drawbacks of greater economic integration. To do this, they provide analysis, facilitate consensus-building and offer technical assistance. This helps them use trade, investment, finance and technology as vehicles for inclusive and sustainable development.

United Nations Department of Economic and Social Affairs (DESA)

UNDESA’s “work promotes and supports international cooperation for sustainable development. It addresses a range of cross-cutting issues that affect people’s lives and livelihoods, especially the most vulnerable. In providing a broad range of top-quality analytical products, policy advice and technical assistance, UNDESA “effectively translates global commitments in the economic, social and environmental spheres into national policies and actions and plays a key role in monitoring progress towards the SDGs.”

World Bank

“The World Bank is a vital source of financial and technical assistance to developing countries.” The World does not function as a normal commercial bank but rather as a special form of financial institution; it is a bank which does not operate commercially and instead offers their services directly to national governments. They provide low-interest loans, zero to low-interest credits and grants to developing countries. These loans “support a wide array of investments in such areas as education, health, public administration, infrastructure, financial and private sector development, agriculture and environmental and natural resource management. Some of” their projects are co-financed with governments, other multilateral institutions, commercial banks, export credit agencies and private sector investors.

Organisation for Economic Cooperation and Development (OECD)

“The mission of the Organisation for Economic Co-operation and Development (OECD)” promotes “policies that will improve the economic and social well-being of people around the world. The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems. They work with governments to understand what drives economic, social and environmental change. They measure productivity and global flows of trade and investment. They analyse and compare data to predict future trends. They” also set international standards on a wide range of things, from agriculture and tax to the safety of chemicals.
Timeline of Events

<table>
<thead>
<tr>
<th>Date</th>
<th>Description of Event</th>
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<tbody>
<tr>
<td>1882</td>
<td>50 cent head tax was established to enter the U.S. as a ship passenger. The first general immigration law added this tax and put the Secretary of the Treasury in charge of immigration.</td>
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<td>1956-1957</td>
<td>The United States admitted 38,000 Hungarians. These were some the first of the Cold War refugees.</td>
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<tr>
<td>October 30, 1961</td>
<td>The West German government signed a labour recruitment agreement with the Republic of Turkey inviting the Turkish people to emigrate to West Germany to work.</td>
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<tr>
<td>1986</td>
<td>In 1986, the United States government pardoned more than 3 million immigrants through the Immigration Reform Act.</td>
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<tr>
<td>1990</td>
<td>10 million people migrated to North America from Latin America.</td>
</tr>
<tr>
<td>1990</td>
<td>13.4 million people migrated from Asia to Europe.</td>
</tr>
<tr>
<td>2015</td>
<td>One million immigrants immigrated to Europe.</td>
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<tr>
<td>October 2018</td>
<td>5000 Honduran migrants head towards the United States border in Tijuana, Mexico in hopes to start a new life.</td>
</tr>
<tr>
<td>November 2018</td>
<td>U.S. President Donald J. Trump signed an executive order to stop asylum seekers from entering the United States of America.</td>
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Relevant UN Treaties and Events

The United Nations General Assembly:

- Resolution 59/262, Mar. 2005 *(A/RES/59/262)*: Protecting the rights of all migrant workers and their families
- Resolution 60/206, Mar. 2006 *(A/RES/60/206)*: Facilitating the reduction of the cost of transfer of migrant remittances
- Resolution 67/185, Mar. 2013 *(A/RES/67/185)*: Promoting efforts to eliminate violence against migrant workers and their families
- Resolution 72/281, June 2018 *(A/RES/72/281)*: Ensuring the protection of female migrant workers

Previous Attempts to Solve the Issue

Family Remittance Day

The International Day of Family Remittances (IDFR), taking place yearly 16 June, recognises the major “financial contribution migrant workers make to the wellbeing of their families back home and to the sustainable development of their countries of origin. It is also” directed at encouraging civil society and the public and private sectors to collaborate to maximize the benefits of remittances in the developing world.

European Union

The European Union Agency for Fundamental Rights (FRA) has made efforts to protect the human rights of migrant workers and prevent their exploitation. Specifically, they investigated how unscrupulous employers circumnavigate, manipulated, and undermine inspections and what can be done about it.

United Nations

The United Nations has passed multiple resolutions ensuring the rights of migrant workers and their families, protecting female migrant workers, and facilitating the reduction of the cost of sending remittances. The protection of migrant workers is instrumental in the
achievement of the 2030 UN Sustainable Development Goals. For example, resolution A/RES/67/185.

**Possible Solutions**

In order to strengthen the economy of countries that are dependent on remittances, it is vital to understand the larger picture. Firstly, the migrant workers, who serve as the source of remittances, must have their rights protected as this enables the continuous flow of remittances to the developing world. The ease of payment of remittances between countries must be streamlined and efficient. Furthermore, it is important that other organisations and institutions support the efforts of those making remittance payments. By educating members of the developing world in how to most effectively distribute and utilise the remittances, and through establishing other forms of direct payments to the developing world, the magnitude of available funds is could be increased. While these are not the sole solutions available to address the issue, it is paramount that awareness is increased, and action is taken. With a larger pool of available funds and the proper tools and knowledge to utilise them, the developing world can have their economies strengthened further while enhancing the living standard across the globe in accordance with the Sustainable Development Goals.

In order to strengthen the economy of countries that are dependent on remittances, the outflow of money must be reduced. This could be achieved by implementing a law that would allow the immigration of the remittance beneficiaries to permanently live in the immigrated country. The income earned in the immigrated country would then turn into an internal flow. The money would be put back into the economy through various ways such as long-term household expenses, health and education, home comfort, and direct household consumptions. This would improve the quality of life for the migrant family and in the future provide more opportunities to the children of the migrant family to provide to the GDP of the host country.

In order to strengthen the economy of countries that are dependent on remittances, the country of origin could host trusts that would receive an inflow of money to improve the infrastructure and quality of life. These trusts could hold a policy where the returning citizen would be ensured a job in which they could provide for their families and contribute to the GDP of their country of origin. This process could work if a set percentage of the remittance was obliged to be put towards developing the growing country. The money could be put towards creating factories or other means of employment that would secure the guarantee of jobs upon their return.
Bibliography


Appendices

Appendix I.

- Diagram showing economic needs categories: Saving and small investments, Long term household, Health and education, Home comfort, Direct household consumption.

Appendix II.

- Chart 2: Official development assistance flows (billions of current dollars) from 1984 to 2005 for Sub-Saharan Africa, Latin America and Caribbean, Asia and Pacific, Middle East and North Africa.

Appendix III.

GROWTH OF REMITTANCES
(1990 – 2018)

Appendix IV.

Remittances data by the World Bank, based on the IMF’s statistics and country information, sometimes do not include:

- Small amounts of money sent by migrants to their families not via banks but money transfer operators, post offices, mobile phones, or informal transfers

Instead information focuses on

- Compensation of employees
- Salaries of
- ‘Personal transfers’

Temporary migrant workers
Residents of the country who work for embassies
Residents of the country who work for international organizations (like the UN)
Residents of the country who work for foreign companies

All transfers in cash or in kind made or received by residents in country A from or to individuals resident in country B, regardless of them being migrants or not. The data conflates remittances with dispossession, investment, savings and other financial transactions.
Appendix V.

*Estimated number of migrants at mid year (2005-2010)*

![Chart showing the estimated number of migrants at mid year (2005-2010)]


Appendix VI.

*Top ten countries in terms of remittances as a % of GDP (2008)*

![Chart showing the top ten countries in terms of remittances as a % of GDP (2008)]

*Source:* UNCTAD based on data from World Bank (2008).
Appendix VII.

Number of International Migrants in 2017

The number of international migrants reached 258 million in 2017. An increase of 80 million since 2000.

Median age 39

14% are below 20 years old

48% women

Notes:
1. All numbers are millions of people.
2. Women and men data were used to produce the graphs, but the data for some regions were not available by sex.

Source: UN DESA, 2017

Appendix VIII.

Top remittance-recipient countries (2009)