“Most remittances sent to countries of origin are used by families to invest in health, education, sanitation and housing. Remittances to developing countries have lifted millions of families out of poverty. In short, remittances allow families to reach their “own” sustainable development goals.”

-Louise Arbour, Special Representative of the Secretary-General for International Migration

Millions of people migrate across national borders every year in search of greater human security for themselves and their families, often motivated by the desire for higher wages and better opportunities. As globalization increases, a growing number of Member States participate in migrant labor markets, as origin, destination, or transit countries. Migrant workers contribute to their host communities by taking part in local economies and paying taxes, and support the communities they left behind by sending small, regular amounts of money to their countries of origin. However, to maximize the development benefits for the migrants themselves, as well as their countries of origin and destination, they must be ensured essential protections which they have often been denied. “Equality of treatment, non-discrimination, and access to decent work are vital to improving migrant workers’ incomes and capacity to contribute to development.” In 2016, global remittances to developing States totaled $429 billion. These remittances, which are primarily used for food, education, improved housing, and health care, provide a lifeline to fragile and conflict-affected situations, where they are larger than foreign aid, foreign direct investment (FDI), and other sources of international finance. Although these remittances provide an important tool for economic growth and development to developing States, it is often difficult or prohibitively expensive for migrant workers to transfer remittance payments back home through recorded financial channels (channels that fall within the mainstream sector such as banks and large-scale money transmitters), and they often find external methods of money transference. As

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3 Arbour, “Keynote Address.”
5 Ibid.
6 Arbour, “Keynote Address.”
a result, the global community has become increasingly concerned with the legitimacy and security of non-recorded flows of remittances.

**Background:**

In the early 1990s, global remittances were estimated at only about $30 billion USD. By 2015, it was estimated at more than $441 billion. While the drastic growth in the reported value of remittances is due in part to increased monetization, reduction of transfer costs, and the volatile nature of currency value, the number of migrant laborers has also dramatically increased and is expected to continue to grow in the coming years. Rising economic and demographic differences between Member States, accompanied by technological changes that have increased access to information and communication, make the migration of people over borders a “natural response” to the globalizing world. However, migrant laborers do not always have the same rights and protections as local workforces and are particularly vulnerable to economic recession due to shrinking employment opportunities and deteriorating working conditions. During recessions, destination countries sometimes make new immigration more difficult, forcing migrants into irregular situations and pushing for the return of migrant workers. Because remittances are an important contributor to economic development in Africa, Asia, Latin America, and the Pacific, trouble in the migrant labor markets in developed States adversely impacts economic growth and development in Member States dependent on remittance flows.

**Challenges Migrant Workers Face Regarding the Flow of Remittances**

In evaluating the economic impact of remittances, it is becoming increasingly recognized that monetary sums remitted through recorded channels are only part of the total remittance transfers. Formal channels often charge high transaction and exchange fees. Migrant laborers want to send their funds as efficiently as possible at the lowest cost available. Evidence shows that alternative

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methods of remittance transfers are usually cheaper, more reliable, accessible, and convenient, which is why many individuals transferring and receiving funds prefer them. These outside channels are poorly understood outside of the groups involved in facilitating the transfers. Such channels include: delivery by hand, transfer in the context of another business, and transfer through dedicated money transmitters specialized in serving a particular ethnic or national group.

After the September 11, 2001 terrorist attacks, and subsequent terrorist activities, Member States became increasingly concerned with national security, which drew attention to migrants and remittance transfers. The use of informal channels, while being cost-effective for many migrant laborers, makes it difficult for Member States to monitor the flow of remittances. This causes concern that unmonitored funds could be used in the financing of terrorism or transnational organized crime. While formal channels can be more expensive in terms of transferring funds, they still offer many benefits that are absent with informal channels. For one, formal channels reduce the risk that remittances will be diverted for illicit purposes, as they are usually subject to regulations and oversight. They also strengthen financial systems in developing countries, which are widely understood as a necessary condition for economic growth and poverty reduction. As the transfer of remittances are often the only point of contact with the formal financial sector for many poor families and migrants, the use of remittance transfer services might be used to connect such people into wider financial services, such as deposit, savings, credit, and possibly even insurance and investment services. These activities strengthen financial sector growth in emerging economies and facilitate sustained economic growth.

International Labour Organization and Migrant Labor

In 1949, the International Labour Organization (ILO) adopted its first convention regarding the status and protection of migrant workers: The Migration for Employment Convention. Although the Migration for Employment Convention has only been ratified by 49 Member States, it was the first unified effort to collect information regarding national policies, laws, and regulations relating to migration, and laid the foundation for the protection of the basic human rights of migrant workers. It was followed up in 1975 by the Convention concerning Migration in Abusive Conditions and the Promotion of Equality of Opportunity and Treatment of Migrant Workers (Migrant Workers Convention), which further guaranteed equality of treatment for all migrant workers. The Migrant Workers Convention garnered only 20 ratifications, and the low

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16 Ibid.
17 Ibid.
participation of Member States in the ILO conventions motivated the United Nations to draft the *International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families* (ICRMW) in 1990. The ICRMW built on the principles established within the existing ILO conventions by connecting them to the principles established within the *Universal Declaration of Human Rights*. The implementation of the ICRMW is monitored by the Committee on the Protection of the Rights of All Migrant Workers and Members of Their Families (CMW), an International Legal Instrument consisting of 10 experts.\(^22\)

**United Nations Framework on Migrant Labor and Remittance Flows**

Following the adoption of the ICRMW, migrant labor became a key policy concern at the International Conference on Population and Development (ICPD) in Cairo, Egypt in 1994. At the ICPD, Member States adopted the *ICPD Programme of Action*, which acknowledged the beginning of a growing trend of international migration and evaluated the potential costs and benefits of such migration. It examined the potential losses countries of origin face by losing human resources to emigration and explored to potential political, economic, and social tensions immigration could cause in countries of destination. Further, the *ICPD Programme of Action* advocated for a concerted effort to make the option of remaining in one’s home country viable for all people if sustainable, equitable economic growth and development are to be achieved.\(^23\) The United Nations further acknowledged the critical link between migrant labor and development in 2003 and 2006 with the meetings of the Global Commission on International Migration (GCIM) and the UN General Assembly 14-15 September 2006 High-Level Dialogue on International Migration and Development (HLD), respectively. The GCIM was called by then Secretary-General Kofi Annan to research and present a report and provide recommendations on all aspects of human mobility and migration governance, including the interconnection between migration and development.\(^24\) During the HLD, the Secretary-General and his Special Representative on International Migration and Development proposed the creation of the Global Forum on Migration and Development (GFMD), an informal, non-binding, voluntary, and government-led process created to address the interconnection between migration and development in practical and action-oriented ways.\(^25\) The GFMD has met annually since 2007.

**Migrant Labor and the Sustainable Development Goals**

In September of 2015, the UN unanimously adopted the Sustainable Development Goals (SDGs), which focus on the reduction of poverty and fighting inequality.\(^26\) When migrant labor is fair, it  

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\(^25\) Ibid.

can greatly benefit the international community and assist with the attainment of the SDGs. The flow of remittances can directly affect the pursuit of SDG 1, to eradicate poverty in all its forms everywhere. By sending money to their families in developing States, migrant workers combat poverty in their countries of origin by providing capital which can be used for consumption or investment to stimulate local economies and financial sectors. Further, SDG 8, to promote sustained, inclusive, and sustainable economic growth, and full and productive employment and decent work for all, speaks directly to the role of migrant labor in today’s globalizing economy. Migration, as one of the best options for employment for millions of people in developing States, provides broader access to decent work, and the capital migrant laborers remit promotes economic growth in their countries of origin. This is a crucial step in the attainment of SDG 10, in which Member States committed themselves to the reduction of inequalities. Remittances are also used to improve the health and education of children and have a positive influence on child mortality, birth weight, and school drop-out rates, furthering the impact of migrant labor and remittances on the overall achievement of the SDGs.

**Current Issues:**

Migration and remittance flows are rapidly changing due to the large influx of refugees and other irregular migrants fleeing from famine and poverty, natural disasters, and environmental degradation, and violent conflict or persecution. Unauthorized migrants face greater risk of rights violations, despite the international standards in place to protect them. Their situation becomes even more volatile as anti-immigration sentiments and increased deportations threaten the long-term health of remittance flows. Developed countries fear the competition in labor markets posed by immigrants, the erosion of their cultural identity, and lack of immigrant assimilation, and increasingly, threats to their national security in the face of radical terrorism. Despite international efforts to cooperate on the protection of migrants, reduce irregular migration, and combat racism and xenophobia, there is no specific framework for the necessary actions at the national or multilateral levels to establish a mutually beneficial and sustainable migration regime. As a result, comprehensive and comparable national statistics and reliable estimates at the regional and global levels of the economically active migrant population are still largely lacking. Member States has thus been deliberating how to better collect labor information including standards,

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28 “Labour Migration Highlights No. 5,” ILO.


30 “Remittances to developing countries to stay robust this year,” World Bank.


definitions, and methodologies in order to create and promote best practices and improved capacity
collection.\textsuperscript{34}

Efforts to Maximize the Benefits of Remittances

The ILO provides numerous resources to help increase the usage of formal channels for remittance
transfers, as well as providing Member States with tools and strategies to properly manage and
protect migrant laborers. To maximize the economic development impact of remittances, the ILO
intervenes on both the supply and demand side of financial services. On the supply side, the ILO
leverages the use of remittances for income-generating activities, such as working with financial
institutions to develop adequate and innovative financial services.\textsuperscript{35} On the demand side, the ILO
works with migrant workers and the beneficiaries of remittances to strengthen their capacity to
make informed and rational choices about the use of remittances and remittance-linked services.\textsuperscript{36}
The ILO International Training Centre in Turin developed financial education and training tools and
programs to help migrant workers and their beneficiaries develop the skills and knowledge
required for responsible budgeting, including spending, saving, borrowing, and investing. They
also work in conjunction with workers’ organizations to provide a financial orientation for migrant
workers and their families, both in countries of origin and destination. Such improved financial
education and inclusion can enhance the welfare of low-income households and support enterprises and job creation in countries of origin as part of their broader economic development.\textsuperscript{37}

In order to support the development of adequate financial schemes and services for migrant
workers, the ILO is an advocate for more accessible financial infrastructures, which encourage
migrant workers to utilize formal channels for remittance transfers.

Actions to Address Migrant Labor Concerns

Migrant labor concerns are complex and combating them requires extensive collaboration between
origin, destination, and transit countries. Since 2007, a group of 195 States and 54 regional and
international organizations have met annually at the GFMD to discuss relevant policies and
practical challenges and opportunities of migration and development, and to engage with other
stakeholders to foster practical, action-oriented outcomes at the national, bilateral, and
international level.\textsuperscript{38} Participants exchange good practices and experiences in order to maximize
the development benefits of migration and remittance flows. They also seek to identify information
and policy gaps to foster greater policy coherence at all levels between migration and development
policy areas; and establish partnerships and cooperation between countries, and between countries
and other stakeholders on migration and development.\textsuperscript{39} The GFMD partners with the Global
Migration Group (GMG), which is an inter-agency group consisting of heads of 22 UN agencies
to promote the wider application of all relevant migration-centric international and regional

\begin{footnotesize}
\textsuperscript{34} "Labour Migration Statistics," ILO.
\textsuperscript{35} Ibid.
\textsuperscript{36} "A migrant centred approach to remittances," ILO.
\textsuperscript{37} Ibid.
\textsuperscript{38} "Background and Objectives," Global Forum on Migration & Development.
\textsuperscript{39} Ibid.
\end{footnotesize}
instruments and norms, and to encourage the adoption of a more coherent and comprehensive approach to migration issues.\(^\text{40}\)

The 106\(^{\text{th}}\) Session of the International Labour Conference (ILC), which was held June 5-16, 2017, included the Committee for Labour Migration. The Committee recognized that fair and effective labor migration governance is crucial to maximize the benefits of labor migration while minimizing the related costs and risks.\(^\text{41}\) While they acknowledged that policies must be tailored to the different realities of Member States and migration corridors, cooperation among relevant government agencies at all levels and social is essential to keep up with the changing needs of businesses and workers while ensuring decent work for all.\(^\text{42}\)

**Future Outlook:**

Between projected rates of environmental deterioration, prolonged internal conflicts around the world, lagging developing economies, and the widespread access to information and communication technologies, it seems unlikely that migration will slow in the coming years. It is necessary for the international community to continue its efforts to address migrant labor concerns, especially regarding the flows of remittances, if it hopes to maximize the benefits of migrant labor and minimize the costs to both origin and destination countries. In 2018, the *New York Declaration for Refugees and Migrants*, along with its annex, the *UN Global Compact for Safe, Orderly, and Regular Migration (Global Compact for Migration)* is due to be adopted. The 106\(^{\text{th}}\) Session of the ILC called upon the ILO to assume a leadership role in promoting decent work in labor migration, especially in the process leading up to the *Global Compact for Migration*. Because the *Global Compact for Migration* is intended to present a framework for comprehensive international cooperation on migrants and set out a range of actionable commitments, means of implementation, and a framework for follow-up and review among Member States regarding international migration, it has the potential to facilitate safe, orderly, and regular migration in a capacity the existing ILO Standards were unable to achieve.\(^\text{43}\)


\(^{42}\) Ibid.

Focus Questions:

1. In what ways can the international community cooperate to ensure the protection of migrant workers?
2. Why might Member States not have adopted the ILO conventions regarding migrant workers?
3. How can migrant workers and their beneficiaries who currently utilize informal money transfer channels be persuaded to use formal channels instead? What are the costs of using these formal channels?
4. Has your Member State been involved with any international agreements or meetings regarding migration and development?
5. Is your Member State an origin, destination, or transit country? Is migration impacting your economic or social situation?
6. Is your Member State involved with the development stages of the *Global Compact on Migration*?
Bibliography


