

Remittances, economic growth and development - recent initiatives by Italy – Leading Group on Solidarity Levies (28-29 may 2009).

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Migrants contribute to economic growth and development of their home countries in a variety of ways, through the resources that they transfer before and at the time of their return as well as with their human and social capital. Migrants have often proved to be capable small entrepreneurs, returning home with motivation and ideas for setting up business activities. Also migrants maintain strong family and community ties with the motherland and are favourably inclined in investing their savings in the social development of the home country (for example setting up NGOs, contributing to hospitals, schools, orphanages funding). In the same country of destination migrants mobilize resources (fundraisings, creation of cooperatives).

### Migrant Remittances

Migrant remittances in particular are giving a very important contribution to economic growth and development. The recent economic and financial crisis is affecting also remittances but to a lesser extent when compared with other flows (FDIs, trade). Remittances in the past have shown a counter-cyclical effect and even in today's environment are more resilient.

Migrant remittances are private money. The Public sector can play a role as a facilitator, removing obstacles and encouraging the private sector.

Italy has turned into a net remittance provider since 1998 and is among the largest in the world. The role of Italy has changed over the last decade and a lot of effort has been promoted in Italy.

Italy is actively participating in the international effort to facilitate remittance flows. The G8 Declarations of Sea Island 2004, Heiligendamm 2007 and Toyako 2008, all refer to remittances ( the Recommendations of the G8 Conference on Remittances held in 2007 in Berlin . )

Action in the field of remittances is further developed in 2009 under Italian G8 Presidency. At the G8 Summit in Toyako the World Bank has been entrusted the coordination and facilitation in this field and in setting up a Global Remittances Working Group, that has a very strong also thanks to the General Principles for International Remittance Services by Bank for International Settlements /World Bank.

Together with the World Bank, Italy has started up the Global Remittances Working Group in 2009 in the framework of the initiatives of the Italian G8 Presidency. The work is in progress and we are confident that we will have an increasing support by all experts and especially from African experts. There are 4 thematic groups that work within the G8 Global Remittances Working Group, they are dedicated to: (1) data; (2) interconnections with migration and development; (3) payment and market infrastructure e (4) remittance-linked financial products and access to finance.

The International Organization for Migration is one of our partners in this field among others and is associated to the work of this Group.

We believe that a qualified participation of experts from developing countries and experts from emerging economies is necessary to strengthen the Global Remittances Working Group and together with our partners we are open to your suggestions.

Remittances are not a new phenomenon, but in the middle of a worldwide slump of private flows to developing countries, they represent a lifeline for many families.

Currently Italy and this Group are advocating a quantified, measurable “deliverable”. The cost of remittances is still expensive, relative to the often low incomes of migrant workers and their families.

There is not one recipe, not one size fits all on how to work for this important objective. But we believe there should be openness and a tool box approach because the means are many: regulation, tightening of the already existing monitoring activities by Authorities, moral suasion and advocacy.

The Italian Ministry of Foreign Affairs has been coordinating the effort in Italy and abroad together with our partners. A group of experts- made up of officials and experts of the Prime Ministers Office, the Ministry of Foreign Affairs, the Ministry of Economy and Finance, the Central Bank of Italy, the Italian Banking Association (ABI) and research centres (like CeSPI) - is working on these issues.

At home, the Italian competent authorities and research institutes have worked out analyses that identify the obstacles to the transfer of remittances and how to achieve a substantial reduction of remittances transaction costs. The Ministry of Foreign Affairs is financing initiatives that encourage the diaspora to invest into the countries of origin and plays an advocacy role together with other competent authorities for better financial services for migrants. Italy also gives relevance to innovative instruments of payments that facilitate the transfer of remittances, also in the framework of the programmes of international organizations (MIDA (Migration for Development in Africa of the International Organization for Migrations/IOM). These projects have been very successful and popular in Ghana and in Senegal

The Bank of Italy has actively collaborated in the elaboration of the General Principles for International Remittance Services. The Bank of Italy is a fundamental partner being the depository of controls and vigilance in the monetary area - as are other Central Banks. Balance of Payments data on remittances have improved steadily in Italy since 2005, when direct data collection from Money Transfer Companies operating in Italy has been implemented.

Web – sites on the cost of remittances have also shown efficiency in contributing to the reduction of the cost of remittances. We are working together with Civil Society and Ministries and Public stakeholders on a web-site and we will be able to launch it soon matching the standards set by the World Bank in the area of web-sites on cost of remittances.

All these are actions recent and on-going and all are tools through which we contribute to facilitating remittances. Others are also working with good results in this field and we encourage them to join us in this efforts. The Leading Group has shown clearly that all

motivated stakeholders can play a positive role in the field of remittances- and we believe that in this area is even more true. The public sector can for example take the lead but right from the beginning needs to adopt an approach that is very much based on partnership.