



Council of the  
European Union

Brussels, 28 July 2023  
(OR. en)

11859/23

**LIMITE**

**MIGR 245  
JAI 1011  
ASIM 70  
RELEX 897**

**NOTE**

---

From: Presidency  
To: Working Party on External Aspects of Asylum and Migration (EMWP)  
Subject: Diaspora as a development agent – remittances and beyond  
- Presidency discussion paper

---

Delegations will find attached a Presidency discussion paper with a view to the EMWP on 8 September (CM 3805/1/23 REV1 – item 2).

While there is no globally agreed definition of diaspora, to address the concept throughout this paper, we will consider the definition established by the EU Global Diaspora Programme (EUDiF), which understands diaspora to be “migrants and descendants of migrants who actively maintain links with their country of origin/heritage and are willing to contribute to its development.”

For years, the importance of diaspora as a relevant catalyst and partner for governments and development institutions to foster cooperation, development, globalisation, regional integration and entrepreneurship in countries of origin has been stressed in the European framework — including in the 2020 Pact on Migration and Asylum —. Diaspora members, in particular professionals and skilled persons, constitute a key human capital asset.

In 2022, migrants sent home almost €750 billion, according to World Bank data. About 80% of these remittances were sent to low- and middle-income countries, with the largest recipients being India (€90 billion) and Mexico (€55 billion). Remittances were the largest source of capital inflows to low- and middle-income countries in 2022, ahead of foreign direct investment and aid. Their importance is growing.

The International Fund for Agricultural Development (IFAD) estimates that 75% of remittances are used to cover basic needs and consumption: food and medical expenses, school fees or housing costs. While this proves the relevance of remittances to face immediate needs and expenses, only about 25% of them — amounting to more than \$100 billion a year — can be invested in asset creation or income-generating activities, thus contributing to development objectives. Around 50% of global remittances go to rural areas, where 75% of the most vulnerable people in terms of food insecurity live. On average, remittances represent 60% of recipients' household income.

According to the European Commission, migrants living in the EU send an average of €63 billion a year to their families in developing countries. The cost of these transfers, which is still remain high, has been a matter of debate and reform in the EU framework: In 2020, the cost from the EU was 6.9%, and in the first quarter of 2021 it was reduced to 5.86%, the steepest reduction (-15%) and the cheapest value since the adoption of the SDGs in 2015. The EU exhibits a wide disparity in the cost of remittances. While some EU countries benefit from well-established and competitive remittance services, others grapple with high costs and limited options. The lack of standardized regulations among EU member states further contributes to the divergence in remittance costs, hindering the potential for a more inclusive and affordable financial ecosystem for all within the bloc.

Even after these efforts, further commitment is needed to the Action Plan adopted at the Valletta Summit and to target 10 c) of the 2030 Agenda, which included the following provision: ‘By 2030, reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent.’ At the same time, the Action Plan advocates identifying corridors for remittance transfers where partners commit to substantially reduce costs, from Europe to Africa and within Africa, in accordance with existing national legislation.

The European Commission's Communication “Towards a comprehensive strategy with Africa,” adopted in April 2020, states that digital services can increase access to transaction accounts and digital remittance financing solutions. The evolution of payment technologies could lead to cost reductions.

In 2020, the EU adopted the revised Regulation on cross-border payments, which obliges operators to show the full costs of remittances, on the one hand, and the EU Retail Payments Strategy, on the other.

The latter contains in pillar 4 some recommendations to facilitate cross-border flows, as well as to sustain remittances: supporting the remittance industry where service providers commit to progressively reduce the cost over time, supporting SEPA-like initiatives in regional groupings of low- and middle-income countries and, where relevant, the possibility for third countries to join SEPA. In addition, it suggests promoting access to payment accounts in low- and middle-income countries, which will also facilitate the digitisation of remittances.

The Commission's aim is to make cross-border payments involving non-EU countries, including remittances, faster, more affordable, accessible, transparent and convenient. At the same time, all these actions could enhance the international relevance of the euro by strengthening the ability of citizens and businesses to use the euro as a currency for private-to-private transfers, investment, financing and trade flows.

Remittances are also addressed in the Atlantic/Western Mediterranean Route TEI, through the "Platform for Remittances, Investment and Migrant Entrepreneurship in Africa" (PRIME Africa, 2019-2024), implemented by IFAD/FFR and aimed at improving the management of remittances and their use for development results. It targets 7 African countries, of which 4 (Senegal, Gambia, Ghana and Morocco) are part of the AWMed TEI. PRIME works in the following remittance corridors: Morocco with DE, FR and IT; Gambia with ES, IT, SE and DE; Senegal with ES, IT and FR; Ghana with IT and DE.

Thus, innovative financial instruments should be explored, identified and promoted to channel remittances for development purposes and to increase the volume of transfers through formal remittance channels. This is one of the aims of the Rabat Process, as reflected in Action 2 of the Cadiz Action Plan — under objective 1 (maximising the positive impact of regular migration) of the first area — which explicitly includes the possibility of working with the African Institute for Remittances. The scaling up of these initiatives could be accompanied by efforts to broaden the available evidence base through data collection and evaluation, in order to better inform future policy and practice.

Considering all this, it is worth noting that, over the past few years, several institutions are moving away from the traditional focus on remittances to emphasise the benefits that can be gained through active diaspora engagement. The diaspora is beginning to be seen as a "collective action", whose members can contribute directly to investment, as well as act as agents of development. The Rabat Process partners agreed to reinforce the synergies between migration and development as a priority area and, in particular, to focus their actions on maximising the benefits and opportunities of regular migration for development, taking full account of national competences, through the priority involvement of diasporas in this process (Action 3 of the Cadiz Action Plan, again under objective 1).

The actions of diaspora investment promotion agencies (IPAs) are starting to play a major role in this regard, promoting a range of activities such as: the creation of marketing materials for their diaspora to invest, outreach and awareness-raising through cooperation with diaspora organisations, networking in host countries through events and social gatherings, meetings with diaspora-owned companies in host countries or engaging diaspora members working in large multinational companies to obtain information on key contacts. In addition, an increasing number of migrant-sending countries is looking at raising funds from its diaspora through Diaspora Bonds, issuing bonds at a favourable premium to its diaspora, generating a flow of funds while creating a process that keeps the diaspora highly engaged with their home countries. The EU, with its resources and know-how, has the potential to assist in this work.

Digital tools can also play a crucial role in enhancing diaspora engagement, providing new and innovative ways for diaspora members to connect with each other and with their countries of origin. For example, these can enable knowledge transfer, advocacy and awareness-raising or crowdfunding of development projects.

Thus, conditions must be created and strategies identified for migrants and diasporas to contribute to sustainable development in all countries, through both financial and non-financial contributions. The focus on ensuring the active political and civic participation of diaspora communities in both countries of origin and residence, as reflected in the Global Compact for Safe, Orderly and Regular Migration, highlights the importance of engaging diaspora social capital.

On this matter, it must be highlighted that diasporas' investment for climate adaptation in rural communities is enormous but still under-exploited, as it could help mitigate the cycle of climate-induced forced migration. In this manner, migrants' investments can be used by rural entrepreneurs to promote climate adaptation solutions, thereby improving food and economic security through the adoption of smart agriculture, irrigation and land restoration practices. These could be implemented through educational actions such as increasing awareness, as diaspora investors are not always informed about the opportunities to finance climate strategies and mechanisms, as well as participate in climate adaptation and resilience activities.

In any case, some actions at the national level are considering this role of migrants as development agents. For example, in Ghana, the ATUU project will harness the diaspora's contribution to development. On the other hand, EUDiF was launched in 2019, being the first EU-funded project to implement diaspora engagement in development with partner countries at the global level. The second phase (EUDiF II) will strive to complement any other diaspora engagement initiative implemented at national levels. Diasporas offer fresh ideas and relevant cultural, ethnic and/or national perspectives. This is what diaspora groups themselves also consider the core of their added value as development actors.

Furthermore, new technologies such as the Internet and social media serve as mechanisms for the dissemination of information in the social context: they act as a space for debate, confrontation of ideas and opinions, and mobilisation of contacts beyond national borders. They can also warn about the threat of trafficking in human beings and exploitation and provide information about the requirements on the legal framework for employment and decent working conditions. This allows searching for suppliers, capital and potential investment markets, possibilities that could be especially exploited by diasporas — given their particular connections — in order to contribute to the economic growth of their countries of origin and destination.

While the benefits of partnering with diaspora organisations are various — depending on the organisation and context, — certain qualities, expertise and added value are often common. In particular, local knowledge and insight is a key benefit. At the same time, diasporas can implement projects in geographic areas that are often difficult for other actors to access, and may sometimes be in a better position to assess the security situation.

Diaspora groups, moreover, tend to have a more sustained interest in their country's development, both present and future, due to family, social and historical ties: they constitute a strong "emotional capital" made up of emotional commitment and personal motivation to contribute to its development. Many donors and NGOs share the view that diaspora engagement is long-term, which is key to supporting the sustainability of peace and development processes.

Gender is also noticeable when taking into consideration the role of diaspora. Women play a vital role in both their countries of origin and the countries they reside in. A compelling illustration of this is demonstrated through the collaborative efforts of EUDiF and AGBU Europe in empowering women entrepreneurs in Armenia. Through their partnership, AGBU Europe's existing program aimed at fostering entrepreneurship skills among women in Armenia has been significantly expanded. By recognising and appreciating the distinct contributions women make in small-scale initiatives or informal settings, we can expand opportunities and create a more inclusive environment for their involvement. They can offer a window of opportunity to increased gender equality and can also lead to greater social mobilisation in which women participate and develop empowerment strategies for women's rights, justice and reparation. Taking a gender lens approach to diaspora contributions allows for a comprehensive understanding of the intricate interplay of factors and the immense potential of diaspora engagement in fostering inclusive and sustainable development. By recognising the unique experiences and perspectives of women and men within the diaspora, we gain valuable insights that can inform effective strategies and policies for maximising the positive impact of diaspora engagement.

Remittances, and other forms of diaspora investment and engagement, are a key source of income for migrant-sending countries. They are the reason why so many partner countries keep a keen interest on legal migration, often sustaining their economies and their GDP. Working on legal migration pathways should thus go hand in hand with enhancing the EU's support to maximise the impact that the Diaspora can have. This support, if well used and coherently put together, has also the promise of becoming a significant incentive for deepening cooperation on migration more widely from partner countries, and also on matters of specific concern to the EU. When embedding discussions on diaspora relations in bilateral relations on migration with partner countries, the development discussion on remittances becomes all the more important.

The Presidency presents the following discussion questions intending to steer the discussion on the way forward:

1. How can we make more and better use of existing tools, such as EUDiF?
2. How can we integrate diaspora investment and remittances in bilateral relations with partner countries, making use of its potential as an incentive to deepen cooperation on migration with the EU?
3. What strategies and policies are seen as delivering results to reduce the cost of remittances and increase the volume of transfers through formal channels, as outlined in the EU framework?
4. What measures can be taken to effectively highlight the challenges faced by women and recognise their significant contributions, ultimately fostering the development of more equal societies?
5. What role could diasporas play to facilitate returns? How to involve diasporas in some of the aspects of voluntary return? For example, orientation, counselling for reintegration, reintegration support in the country of origin.
6. How can Talent Partnerships and labour migration projects be used as a framework to support diaspora engagement in development?