

**Development Policy Analysis Division, DESA/Economic Cooperation and Integration
Division, UNECE
International Conference
2- 4 April 2008, Geneva**

**“Strengthening integration of the economies in transition into the world economy
through economic diversification”**

Round table 2. Mobilizing the efforts of international institutions; policies to channel remittances into investment

Participants in the panel:

Robert Shelburne, *Senior Economic Affairs Officer, UNECE – moderator*

Hayk Mirzoyan, *Head of Department, Department of Branch and Regional Economic Development, Ministry of Trade and Economic Development (Armenia)*

Gloria Moreno-Fontes Chammartine, *International Migration Programme, ILO*

Mamuka Tsikhelashvili, *Deputy Director, International Economic, Cultural and Humanitarian Relations Department, Ministry of Foreign Affairs (Georgia)*

Zamira Xhepa, *Expert, Trade Policy Department, Ministry of Economy, Trade and Energy (Albania)*

The *objective* of this round-table is to discuss two interrelated topics: managing migration flows and channeling remittances into productive investment.

The following issues *main question* will be the focus of the discussion:

- What are the possible strategies to manage migration flows in order to limit the adverse effect on the home and host country on growth and diversification
- Which policies to channel remittances to investment are most relevant for your country

Regarding migration, the participants should discuss the experience of their countries to implement policies to manage migration flows, what is being done to ensure the share of migrants who enter or leave the country through the formal channels is increased, as well as policies to protect the working conditions of migrants and to negotiate partial liberalization of labor markets of the host countries.

The participants should also describe policies of strengthening “social remittances”, including transfer of knowledge and business culture and establishment of business links, undertaken in their countries to strengthen integration of their economies.

Regarding remittances, the participants are expected to discuss strategies to utilize private transfers to promote economic development and to mitigate negative effect caused by remittances (such as disincentive to work or appreciated exchange rate). Since at the early stages of transition the main impact of remittances was poverty alleviation, and at the later stages a large share of investment financed by remittances was channeled into real estate investment, the question is how to divert funds to productive investment generating income and employment opportunities.

The following *additional questions/issues* could also be addressed in this panel while discussing the main question (depending on the country's experience and policy challenges):

- Can migration within the region be appropriately regulated by unilateral or bilateral agreements or is a regional approach required?
- Are the current regimes for taxing the wages of migrant workers appropriate? Should the host country tax them at the normal rate since the workers may not use or be eligible for social services or retirement benefits? Should the recipient country attempt to tax remittances?
- Improving the formal channels of remittances and the necessary conditions, such as macroeconomic stability (in terms of inflation, exchange rate and banking system), efficiency, improved access to the banking system and privacy, and lowering the transaction costs. The participants may share information on the progress achieved in their countries in this field.
- The role of microfinance organizations and funds providing micro-credit loans in channeling remittances into investment and the role of the tax code.
- Direct fundraising efforts towards development in the migrants' source country, for example, towards infrastructure projects.

Structure of the panel discussion:

- the moderator introduces the topic and objectives of the roundtable; the panelist and asks the main questions and the additional issues which could be addressed depending on the country's experience and policy needs (10 minutes)
- each panelist provides country experience and policy discussion on the two questions (10 minutes per participant)
- the moderator takes questions from the audience (5 minutes)
- the panelists answer to those questions (5 minutes)
- the moderator should ask the following wrap up question:

Given the policy and institutional reforms (agreed upon here) that are viewed as important for promoting diversification, especially those that require regional or global participation, are these initiatives already in the Monterrey Consensus Financing for Development document, or if not what you consider as necessary to be added to the Doha Review document so that the issues raised here would be properly addressed?

- panelists' answers (10 minutes)

Expected outcome of the discussion: the participants should make suggestions on specific activities of the UN agencies in assisting migration management and increasing the productive use of remittances.