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Fund Transfers by Moroccan Expatriates: Context, Evolution and Prospects for Capacity-building

18-00661

Acknowledgements

The present study is based on the conclusions and recommendations of the meeting of experts on the theme, “Capacity building for a better use of remittances in financing development in North Africa”, organized by the Subregional Office for North Africa of the Economic Commission for Africa (ECA) in partnership with the Economic and Social Commission for Western Asia (ESCWA), in Rabat on 19 and 20 May 2015.

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Foreword

Remittances represent a source of external financing for recipient countries. However, two interdependent factors point to a decrease or stagnation of fund transfers to migrants' family members. The trend toward the permanent settlement of new generations in the host country and the disappearance or gradual loosening of migrants' family ties with their home country may cause remittances to shrink over time.

Aware of these problems, the home country of Moroccan expatriates has tried to mobilize savings and remittances, in order to channel them more effectively into development and productive investments, mainly by improving (i) national strategies and policies focused on the diaspora; (ii) financial and institutional infrastructure supporting fund transfers; (iii) investment opportunities; and (iv) statistics and data/information on workers' remittances.

The ECA Subregional Office for North Africa and the Economic and Social Commission for Western Asia (ESCWA) organized a meeting of experts on 1 and 2 February 2016 in Rabat to analyse and share experiences and best practices regarding the optimal use of migrants' savings and remittances for financing economic and social development. Experts selected on the basis of their expertise and experience in the field participated in this workshop, during which the results of a study on migrant remittances and their role in the economic development of Morocco were presented. The contributions of participants enhanced this report.

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Context

Migration issues are of central concern for both home and host countries. They affect several dimensions, namely, economic, social, cultural and even security. In fact, emigrant remittances take on significant importance in the lives of the people who receive the funds and constitute a major source of financing of recipient economies and a lever of economic and social development. They reduce chronic balance of payment deficits by influencing foreign currency needs, in a context of periodic tensions and financial stability in home countries. Moreover, in several southern countries, these transfers have greatly helped meet the needs of families staying in the country, allowing large segments of the population, generally underprivileged, to get out of vulnerable, precarious situations. In other cases, these transfers have even promoted investment in economic activities, thereby creating job opportunities, even on a more or less reduced scale, and generating additional revenues.

A quick look at the literature on the fund transfer issue reveals that the dynamics of the latter are determined by several proven interdependent factors. The flow of remittances by migrants is correlated to their income level, their savings capacity, as well as their desire to repatriate their savings to the country of origin. Other determinants include the migrant’s emigration seniority, family situation, level of education and extent of socioeconomic integration into the country of residence. Of course, the migrant’s future intention to return to the home country significantly influences the volume and frequency of remittances.

Generally, migrants rely on a wide range of formal and informal devices for transferring money, from transportation by migrants themselves or by third parties, to less regulated devices, including electronic transfers through postal services, banks, mutual credit companies and fund transfer companies. The costs of these transfers vary according to the options offered.

Another loosely mentioned type of emigrant contribution is related to their status as direct players in the development of their country of origin. Many migrants mobilize around associations in order to bring their contribution and assistance to their home communities, thereby generating a local dynamic and reducing the inequality of opportunity that characterizes most developing countries.

In addition to these preliminary elements on the transfer issue, it should be pointed out that today’s global economic crisis pushes many emigrant countries of residence to covet the manna of transfers by establishing incentive mechanisms for harnessing emigrants’ savings and channelling them into their economies. Far from being a form of transfer restriction, this