

Position Paper #4

Contributions of migrants and diasporas to all dimensions of sustainable development, including remittances and portability of earned benefits

Republic of Korea

The Republic of Korea recognizes that international migration is a multidimensional reality of major relevance for the development of countries of origin, transit and destination¹. As a country where in and outbound migration has been in increase, with inward migration reaching over 1.3 million and outward migration over 2.3 million in 2015², the Korean government has been implementing concrete actions to maximize contribution of migrants to sustainable development, while endeavoring to harness the potential of Korean diaspora and strengthen interactions with them in the course of economic and social development.

Maximizing impact of migration on development

Migration is a cross-cutting issue that calls for a coordination mechanism for migration policy engaging all government ministries and local authorities. In particular, ensuring participation and specific commitment of the local authorities is important, for all migration and development policies are implemented on a local basis. Governments should therefore foster an enabling environment for the local authorities and forge cooperation with them in developing, implementing and monitoring national migration policies.

The Republic of Korea establishes the Migration Policy Master Plan every five years with the participation of all relevant ministries and local authorities. The Korean government sets up an annual action plan to translate the master plan into action, and the action plan is drawn upon specific implementation plans of all governmental ministries and local authorities. The government also runs the Migration Policy Committee presided by the prime minister to monitor implementation of the commitments, draw lessons, and bridge policy gaps based on those lessons to improve national migration governance.

¹ Para. 46 of the New York Declaration (A/RES/71/1)

² Global Migration Flow, <http://www.iom.int/world-migration>

Tapping diasporas' resources for global development

The Republic of Korea fully recognizes that diasporas have a significant potential to realize sustainable development. Diasporas are the drivers that can expand bilateral trades between the countries of origin and destination, and also a channel of “social remittances” that transfers technology, knowledge, ideas and values. The Korean government established the Overseas Koreans Foundation in 1997 to oversee 7.2 million people abroad that have ties to the country. The government also designated every 5th of October to be the Korean Day to strengthen the bond with overseas Koreans and hosts the World Korean Business Convention every year to promote information exchange and networking among Korean companies and overseas Korean entrepreneurs. In addition, the Ministry of Interior’s revised decree of 2015 allows Korean nationals with foreign permanent residency to apply for, and receive resident registration certificates that will give them more convenient access to financial institutions in the country.

Remittances and financial inclusion

The Korean government is of the view that financial inclusion of migrants has a positive impact on sustainable development, and in this regard, commits itself to the Sustainable Development Goals and the Addis Ababa Action Agenda related to the reduction of the remittance transaction costs³. The Republic of Korea has already achieved the Target 10.c of the 2030 Agenda with the average remittance cost of less than 3 per cent, compared to the global average cost of sending remittances of 7.45 per cent⁴. Moreover, the government amended the Foreign Exchange Transactions Act (no.14525) to enable non-bank financial institutions to participate in small value remittance services should they meet certain requirements. Having taken effect on 18 July 2017, this amendment is expected to improve migrants’ access to remittance services and have substantial development impact on the countries of origin, considering that the Republic of Korea is one of huge remittance corridors where more than USD 460 million was sent in 2015 to Nepal and Cambodia alone by migrant workers residing in the country⁵.

The Korean government acknowledges that de-risking practice by financial institutions can deter migrant remittances, a stable financial source for development in the countries of origin. However, considering the importance of effective international sanctions and preventing money laundering and financing of terrorism, the Korean government believes that striking a

³ SDG 10.c.; Para. 40 of the Addis Ababa Action Agenda

⁴ World Bank (2017). *Remittance Prices Worldwide*, Issue 21, March 2017. Washington, DC: <https://remittanceprices.worldbank.org/en>

⁵ KOICA, Ewha Womans University, IOM (2016) *The Role of Remittances as Effective Development Finance for Sustainable Development in Nepal*

balance between positive development outcome and prevention of international threats and crimes is crucial. Additionally, the Republic of Korea is assured that provision of assistance is imperative to advance financial literacy of households in countries of origin, and in particular, to promote economic empowerment and financial inclusion of women and girls.

Portability of entitlements and earned benefits

Promoting adequate and effective transfers of migrant workers' social security entitlements including through international social security agreement is one of the ways to foster favorable conditions for regular migration. By ensuring portability of social benefits, states can address the so-called "brain drain" and facilitate transfers of technology, knowledge and ideas. However, social security scheme may vary by state, hence international cooperation between countries of origin and destination is crucial. Also, the Republic of Korea believes that states should provide assistance to the countries of origin to improve their insufficient social security system and administrative capacity.

Regarding the promotion of social security inclusion, the Korean government recognizes the importance of protecting the right to social security of all people under its jurisdiction including migrants. In this regard, foreigners residing in Korea (including migrant workers) are entitled to all four major social securities—national pension, health insurance, unemployment insurance, industrial accident compensation—with different terms and references depending on one's status. /END/