

Transatlantic Perspectives on Migration

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Incorporating Migration into Development: Government and Civil Society Initiatives

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Introduction

A growing number of States on both sides of the Atlantic has adopted explicit policies linking migration and development. The Swiss Agency for Cooperation and Development, for example, includes migration and development as one of 13 overarching themes of its development program. The United Kingdom's Department for International Development issued a policy paper, *Moving out of poverty – making migration work better for poor people*, which includes a forward looking agenda for DFID's work in this area. The Swedish Foreign Ministry in outlining its priorities for International Development Cooperation lists migration as one of six global challenges that require cooperation in meeting the overall goal of equitable and sustainable global development. Similarly, the policy on migration recognizes that "migration often has a major impact on the development of both countries of origin and countries of destination." The US State Department and US Agency for International Development Strategic Plan for FY 2007-2012 includes as one priority, "Promote Orderly and Humane Means for Migration Management." In November 2007, the Council of the European Union included migration and development as one of 12 areas in need of policy coherence, arguing that "Migration, if properly managed, can promote closer ties between countries of origin, transit and destination, help meet existing and future labour needs and contribute to the development of all countries. Hence, it is important to harness the positive links and synergies between relevant policy areas for the benefit of migrants themselves, the EU and partner countries."

In trying to promote migration for development, Northern governments and nongovernmental organizations often seek to work with or through members of the Diaspora. This policy brief identifies specific programs implemented by North American and European governments and development NGOs in three principal areas: strengthening the role of Diaspora associations in development of home countries; support for more effective transfer and use of remittances; and services for return migrants. The focus is on the ways in which development donors and practitioners are responding to the new appreciation of the importance of migration as a contributor to development. As many of these programmes are relatively new, there are few evaluations of their effectiveness or their replicability. The following are highlighted because they are described by their donors with sufficient detail to provide some insights into their potential benefits to development. As the policy brief concludes, more structured evaluations are needed to ensure that these programs achieve their desired outcomes.

Strengthening Diaspora Contributions to Development

Diaspora associations take a number of different forms. Some are built around particular hometowns, organizing the collection and distribution of funds to promote religious and cultural

events, infrastructure development and income generation activities in their communities of origin. Others organize around professional or business interests, supporting investment, transfer of technology, education and professional training and health care in home countries. Diasporic religious, cultural and student organizations often provide humanitarian assistance to home countries affected by natural disasters and conflict. And, of course, individual members of the Diaspora make important contributions through their remittances to families and communities.

A number of North American and European governments support capacity building of Diaspora organizations as well as actual services provided by and through Diasporas, alone or in collaboration with mainstream development agencies. The European Economic and Social Committee (EESC), a civil society consultative group that provides input to the decisions of the European Union, concluded in its December 2007 session that “migrants have a key role to play in poverty relief in their countries of origin.” The EESC recommended that the “international community and development agencies cooperate more with Diaspora communities in order to assist them in increasing their capacity,” supporting the creation of a Migration and Development Fund. It also called for steps to mitigate the effects of brain drain, promoting the facilitation of circular migration. It recommended that migration and development be mainstreamed into other relevant policies.¹

The German Development Cooperation (GDC) supports a program at GTZ to develop mechanisms to cooperate with Diaspora communities. After engaging in several studies, GTZ launched a pilot program that promotes the charitable activities of migrants in their countries of origin, including help in setting up and expanding schools, hospitals and training measures for young people. The projects are coordinated with the priority areas of GDC in the respective countries in which the pilot is implemented. In funding the program, GDC explained, “in the long term, this method is to be used to develop permanent cooperation structures between German DC and migrant organisations.” The programs operate in Afghanistan, Senegal, Nigeria and Guinea.² For example, GTZ has worked with the Afghan-German Physicians’ Association to provide training to doctors from various provinces in Afghanistan to learn about ultrasound diagnostics in the city of Kabul. GTZ also worked with another Afghan migrant association to build wind and solar power energy stations in rural areas.

A further capacity building project involving the Diaspora is implemented via CARE’s Diaspora Partnership Program (DPP) in Somalia, which “aims to strengthen the implementing capacities of an estimated 10 key local partners: NGOs, government agencies, private sector organisations or community based organisations.” It is implemented in partnership with NedSom, a Netherlands-based Somali NGO. DPP facilitates expert support from the Dutch Diaspora, to enhance the capacity of local Somali NGOs. The program expects to increase the capacity of the

local NGO partners through technical support from the Diaspora, increase long-term interest and involvement of the Somali Diaspora in development activities in Somalia, and “increase cooperation among the Somali Diaspora, Diaspora organisations and CARE.”³

The US Agency for International Development has also focused attention on capacity building of Diaspora associations. USAID established a “Diaspora Engagement” program as part of its Global Development Alliance (GDA). GDA identified six strategic Diaspora engagement mechanisms, in addition to individual and household remittances: Diaspora philanthropy, Diaspora volunteer corps, Diaspora direct investment, Diaspora capital markets, Diaspora tourism and nostalgic trade, and Diaspora advocacy and diplomacy. The aim is to promote public-private partnerships involving Diaspora groups, private sector companies and government. In Haiti, for example, the USAID mission in Haiti launched the Haitian Diaspora Marketplace, “a business competition asking members of the U.S.-based Haitian migrant community to create business proposals that will boost employment and support development in the island nation.” Finalists would obtain access to equity financing mechanisms to support job-creating investments in Haiti for small- and medium- sized enterprises.⁴

A number of nongovernmental development agencies in the United States also have Diaspora programs. The Pan American Development Foundation’s (PADF) Transnational Development Program, “links U.S. -based immigrant groups from El Salvador, Haiti, and Mexico with training, matching funds, and other resources to help them implement development projects in their home countries.” PADF collaborates with Banco Agrícola, Citigroup, Unibank, USAID, World Vision, and others “to join efforts with LAC immigrant groups on social and economic development activities. Because of these efforts, women in Mexico and El Salvador have gained organic certification for their crops and learned how to process and package their products to sell on the local market, and children throughout El Salvador have gained access to better classrooms, computer and science labs, and uniforms and school supplies.”⁵

One example of the collaborative approach is Manos Unidas por El Salvador (Hands United for El Salvador), which was created in 2004 by PADF and Banco Agrícola of El Salvador “to channel community remittances to development initiatives focused on rural education.” Manos Unidas works with U.S.-based Salvadoran immigrant groups in financing the initiatives. The immigrant groups and their home communities develop project proposals, and through a competitive selection process, the program provides small grants of up to \$40,000 to co-finance selected projects. PADF manages the funds, provides technical assistance to the beneficiary communities in El Salvador, and offers training to the U.S.-based Salvadoran immigrant groups on various aspects of institutional development and project support.

Visions for Development, Inc. and the American International Health Alliance — Twinning Center and three supporting Diaspora organizations collaborate to mobilize professionals in the Diaspora to assist in Ethiopia's fight against HIV/AIDS. The Ethiopia Diaspora Initiative works to identify and place highly skilled Diaspora professionals at treatment sites and AIDS service organizations, where they serve as technical experts.⁶ Volunteers are placed at sites for a period ranging from three months to two years with the dual goals of building institutional capacity and increasing staff competencies. As of April 2008, the program had placed 15 Diaspora volunteers in Ethiopia, including a laboratory health and safety guidelines developer, a monitoring and evaluation specialist, an infection and post-exposure prevention advisor, a Web content developer, and an Anti-Retrovirus Treatment nurse.

The American Society of Civil Engineers (ASCE) has worked with the Society of Afghan Engineers (SAE) and Kabul University on a capacity building initiative in Afghanistan. With funding from the US Trade and Development Agency, SAE trains and mentors Afghan firms so they will have the capacity to participate in infrastructure projects. SAE began with Training of Trainers workshops in Virginia, attended by 74 Afghan engineers (including three women). The three workshops were designed to train Afghan engineering firms in the preparation of contracts, report writing, auditing requirements and reliable professional behavior. ASCE attests that the Afghan Diaspora brought strong advantages to the program, including language, cultural sensitivity, familiarity with business and social organization, and a commitment to the development of a successful Afghan business community.

Remittance Transfers and Use

Governments on both sides of the Atlantic are also supporting initiatives to promote more effective, efficient and low cost transfer and use of remittances. These initiatives include support for websites that detail the options and costs of remittance transfers. For example, German Development Cooperation, through GTZ and the Frankfurt School of Finance & Management, supports operation of the website GeldtransFAIR, which provides migrants with information on services offered by banks and other money transfer institutions. The website helps to increase transparency in the remittance market and competition, shorten the time taken for the transfers and reduce fees. As described by GDC, "In this way, money transfer via formal channels will become more attractive and more money will arrive safely at the migrants' families."

A number of microfinance institutions (MFIs) and credit unions have adopted migration as a theme, particularly focused on remittance transfers. The International Network of Alternative Financial Institutions hosted a conference in Benin in November 2007 on Microfinance, Remittances and Development, to explore ways to enhance the development benefits of

remittances.⁷ The conference declaration resolved that participants would map out the levels of institutional preparedness and constraints of the network, its affiliates and partners, the diasporas, existing remittance service providers, and initiate a capacity development process for the INAFI network and partner diaspora organizations that will address the financial literacy of migrants and their families, the constraints of linking remittances with microfinance and other financial service, and ensure the safety of migrant remittance and investment. More specifically, the INAFI plans to create a diaspora fund for sustainable development from migrant investments and philanthropy/donations, local investments, and leveraged funds and link this with microfinance services to stimulate business education and development, social development, financial literacy and local economy building towards retaining a reasonable mix of profit and social return.

Similarly, the European Microfinance Platform, composed of 86 member organizations, established a working group on remittances, which aims to stimulate broad cooperation among MFIs and other stakeholders in harnessing the development potentials of remittances for sustainable development; promote financial literacy among senders and receivers of remittances; promote financial democracy (promoting and expanding financial services for the majority of the people by developing additional financial products and services (e.g., insurance, health care, education and housing) to migrants and their families; stimulate and promote initiatives on remittances among Europe-based MFIs and to build partnership with MFIs in the South in the field of microfinance and remittances linkages, investments, capacity building, etc.; and advocate for an enabling environment including appropriate financial infrastructures and knowledge sharing to facilitate improved and effective flow and use of remittances for sustainable development.

Within Latin America, Acción International's remittance project aims to improve the financial options available to recipients of remittances by: facilitating access to financial products, particularly products that can help families promote productive use of remittances such as savings, home improvement and insurance; improving financial products linked with remittances and the convenience and safety of remittance services; exploring innovations such as the use of pre-paid cards to reduce the cost of paying out remittances and increase opportunities for cross-sell; and helping recipients make more informed decisions about the use of remittances using tools such as financial literacy. Acción works through local NGOs, including Mibanco-Peru, Financiera FAMA-Nicaragua, SogeSol-Haiti, Banco Solidario-Bolivia and Banco Caja Social-Colombia.

Microfinance International Corporation was established in June 2003, to develop a business model that links remittances with microfinance for the benefit of immigrants in the United States and their families in developing countries. MIC helps microfinance organizations enter the remittance transfer market, by providing "technical advice on marketing and regulatory

compliance as well as an online platform that allows MFIs in recipient countries to process remittance transfers from US financial institutions.”⁸

In some cases, microfinance institutions have partnered with banks to ease remittance transfers. For example, in July 2007, BRAC signed a remittance distribution agreement with Citi Bank Bangladesh. The press release announcing the agreement explained that “BRAC will open up access to remote corners of the country and facilitate transfer of workers remittances that comes through Citi from all over the world.” According to Manuel Orozco, “In Paraguay, the rural bank Financiera El Comercio has become a formidable competitor to banks, now accounting for 50 percent of Western Union transfers to the country and aggressively converting recipients into bank clients. In three years, it increased the number of clients applying for savings and loan products by 79 percent.”⁹

The World Council of Credit Unions (WOCCU) offers credit unions with “safe and affordable money transfer products and technologies.”¹⁰ The services allow for transfers from credit union in destination countries to credit unions in source countries of migrants, credit unions in destination to non-credit union outlets (such as retail stores), and from wire transfer companies (such as MoneyGram or Vigo) to credit unions. The hope is that those who send and receive remittances will avail themselves of other banking services.

With funding from USAID, WOCCU undertook an in-depth survey of remittance receivers in the five largest credit unions in Guatemala, as measured by market share. According to the survey results, “fifty-four percent of recipients surveyed save a portion of their cash remittances in financial institutions. Sixty-two percent of these savers identify credit unions as the institutions in which they deposit most of their saved remittances.” There were major differences, however, depending on the location of the credit union. “Credit unions in the rural areas have been more successful in recruiting members and mobilizing savings from remittance recipients than their urban counterparts. The percentage of credit union member recipients is higher at the more rural credit unions, ECOSABA (83%) and ACREDICOM (34%), than at the urban locations of *Parroquial Guadalupeana* (13%) and COOSADECO (13%).”¹¹

Interestingly, the attempt to engage credit unions in remittance transfers to Nicaragua did not meet the same success as in Guatemala. Another grant from USAID permitted WOCCU to survey remittance senders and recipients to identify barriers. The survey took place in Miami, the city with the largest number of Nicaraguan migrants in the United States. It determined that the two companies working with credit unions to transfer funds, MoneyGram and Vigo, were not as well known as their competition. Also, the companies serving the recipients had not informed them of the full range of services available although the survey demonstrated a keen interest in such services.

Services aimed at Migrants

A third set of initiatives supported by governments in Europe and North America focuses on return of migrants to their countries of origin and their effective reintegration. Of particular interest is the temporary or permanent return of those with skills important to the development of their countries, and where countries of origin are keen to engage with the Diaspora. France has partnership agreements with a number of African countries that include co-development programs that, among other priorities, support return and reintegration of migrants who intend to begin businesses in their home countries. A number of governments support the TOKTEN program operated by the UN Development Programme that helps highly skilled migrants return home for short missions, particularly to support education and training initiatives.

North American and European development NGOs also implement programs for migrants who are returning to their home countries. The European Red Cross and Red Crescent Societies promulgated a policy on returnees, outlining services that would be consistent with the movement's basic principles, including pre-departure counselling, information and preparations in the host country and re-integration assistance in the country of origin, including provision of initial/transit accommodation and material/financial/medical support upon arrival, through referral to local authorities and relevant organizations, provision of additional support in emergency cases, such as for housing, food or medicines, psychological and social support, counselling/advice and assistance in accessing services related to housing, employment, health care and education, assistance to support self-reliance, including in finding employment and setting up small business; and longer-term individual counselling-, coaching-, referral- and follow-up.¹²

Another return program set up by SAMAH and the Cordaid Mediation Agency for Return works in the Netherlands, Angola, Sierra Leone, and Guinea Conakry. The project works with "young failed asylum seekers and young voluntary returnees in the Netherlands to return to their countries of origin by providing them with the tools to forge a new life for themselves." SAMAH provides counseling and training in the Netherlands and Cordaid assists the returnees in their home countries.¹³ Another assisted voluntary return program is operated by MPDL (the Movimiento por la Paz, el Desarme y la Libertad) in Romania, Morocco, Ecuador and the Dominican Republic.

Challenges Ahead

The principal challenge facing governments and NGOs in linking migration and development is moving from concept to implementation and then evaluation of these strategies. Three factors

are central in moving from rhetoric to implementation: political will, financial resources, and the participation of migrants themselves in initiatives to promote development. Political will is needed to ensure that migration-related development receives priority in government and private sector initiatives, which will in turn lead to sufficient resources to allow for implementation of new initiatives on a large enough scale to be meaningful. The rapid growth in remittance flows has placed the migration-development nexus on policy agendas, but the challenge ahead is to ensure that the many good ideas that have been generated are implemented. Since migrants are private actors, and their remittances, philanthropic contributions and investments are private resources, governments cannot move in this direction without their active involvement in decision-making and implementation. Yet, bringing migrants into the decision-making process can be difficult, particularly if they are geographically dispersed, do not have regular or secure status in the country of destination, and/or come from demographic groups, such as women, or socio-economic groups that have not traditionally participated in government policy-making.

At present, many of the initiatives launched under the migration-development rubric are pilots or small-scale initiatives to maximize the benefits of migration for development. A challenge ahead is to assess their effectiveness and to determine the extent to which they are replicable in other contexts. Although it is important to recognize that a 'one shoe fits all' strategy is unlikely to be effective, it is equally important to develop models that are proven to be effective in helping to reduce poverty and enhance development.

Systematic and consistent evaluation of programs is essential to developing the information base needed to make coherent policy and programmatic choices. Assessments should include measures of process, outcomes and, eventually, impacts of the new strategies. Process evaluations will help inform future decisions about how to initiate and implement policies and programs that recognize the role of migrants, Diasporas and their financial and other resources in promoting poverty reduction and development. For example, the process evaluations could identify the best ways to consult with and ensure effective participation of migrants and Diaspora groups in the development plans. The outcome evaluations should seek to identify the direct benefits and costs of programs implemented under the migration-development policy rubric. For example, outcome evaluations could seek to determine if Diaspora business investments result in sustainable economic enterprises, particularly as compared with other foreign direct investment. Finally, the impact evaluations should seek to measure the overall effects of these strategies on poverty reduction and development.

A further challenge is instituting more collaborative institutional arrangements, particularly between mainstream development actors and migrants and Diasporas. At present, there is an asymmetry in the relationship, with the development agencies having far more resources and expertise than the Diaspora groups. Similarly, Diaspora groups often have greater resources than

those who remain at home, creating another asymmetry. Yet, donors often cannot persuade Diaspora and migrant associations to participate in development projects, as the ‘experts’ design them, because the migrants and the communities they assist, more often than not, have their own priorities. Success is more likely when the donors support these priorities and support actions already underway through funding, technical assistance, and early engagement in design and outcomes. True collaborations would treat all three parties on an equal basis, drawing upon the respective knowledge and expertise that each brings to the development process.

ACKNOWLEDGEMENTS

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NOTES

- 1 European Economic and Social Committee, “Migration and development: opportunities and challenges,” adopted December 12, 2007.
- 2 <http://www.gtz.de/en/themen/wirtschaft-beschaeftigung/15647.htm>
- 3 <http://www.care.org/careswork/projects/SOM082.asp>
- 4 http://www.usaid.gov/our_work/global_partnerships/gda/newsletter/winter09.pdf
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- 6 <http://www.peoplepeople.org/projects.php?P=49>
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