



Migrant Remittances and Economic Development

Lecture 14

SIPA U8159
Tuesdays 4:10 pm – 6:00 pm
IAB 410

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Last Class Agenda

Final look at institutional responses

Multilateral and bilateral donors

Migrant participation in local economic development

Beyond remittances into diaspora issues

Wrap-up of main issues

Multilateral and bilateral donors

Leaders in remittances:

MIF/IDB – research, financial/HTA projects

DFID – research, projects, data, facilitation

USAID – research, financial sector projects

World Bank – research, information, facilitation

Other diaspora work:

IOM – return of qualified professionals, MIDA

UNDP – return of qualified professionals

European governments from central to local

Multilateral and bilateral donors

What should donors do?

Grantmaking, project funding and direct credit

Support for banking and MFI infrastructure/operations

Training to diaspora groups

Assistance in promoting financial “literacy”

Technical assistance for capacity building

Technical assistance for completing projects or specific parts of projects

Collaborative partnerships

Experimentation for scale-up and demo. effects

Migrants and Local Economic Development

Types of engagement

Matching programs/collective remittances

FDI and business investment

Community development/financial literacy

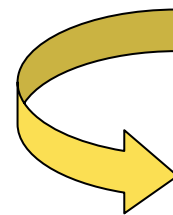
Human capital programs

Incentives – citizenship, fiscal, political

Information dissemination

Orozco's 5Ts – transfers, telecoms, tourism, trade, transportation

Countries w/ active diaspora outreach policies are multiplying



Personal

Institutional

Organizational typology

Regional or local associations, federations of associations

Affinity groups, alumni organizations, religious groups, business networks

Investment clubs, political party affiliates, humanitarian organizations

Migrants and Local Economic Development

Benefits

Cultural awareness

Ability to straddle cultures

Community trust

Awareness of needs/pitfalls

Long term personal
commitment

Peace-building and
reconciliation

Push factor for reform

Challenges

Frictions of class, ethnicity,
religion, politics, language, etc.

Informality, lack of institutionality

Lack of counterparts

Varied prosperity, education,
history

Govt vs. diaspora conflicts

Negative involvement (e.g.
conflict)

THE MOST SUCCESSFUL PROGRAMS DEVELOP THROUGH SELF-ORGANIZATION, GRASS ROOTS EFFORTS

Migrants and Local Economic Development

Hometown Associations

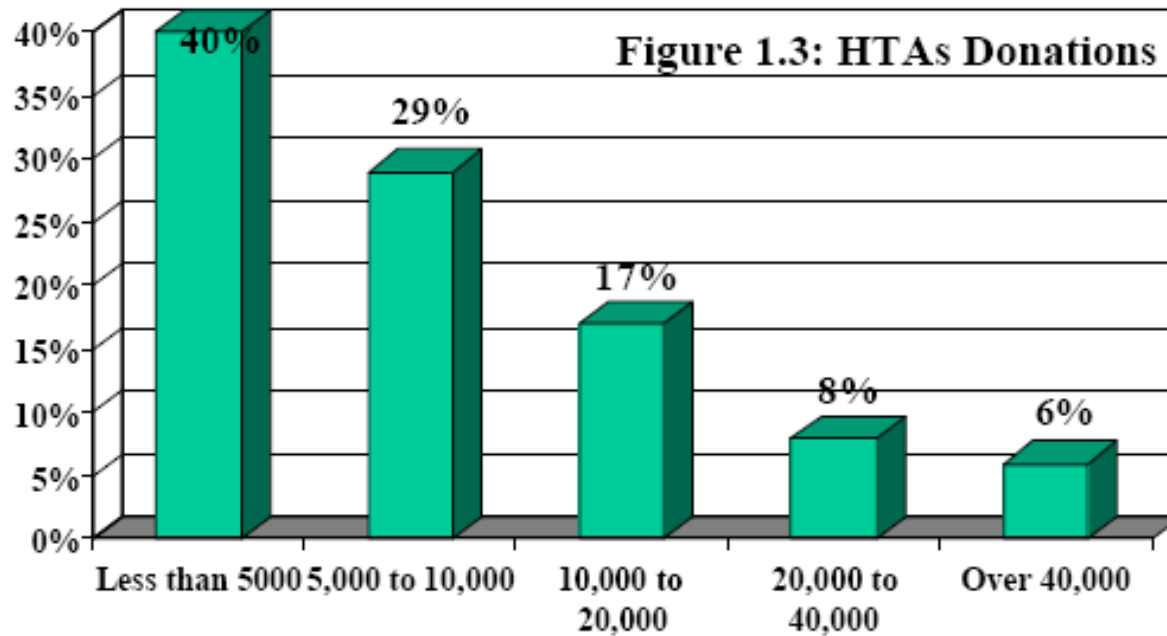
Increasing number of associations
Geographic diversity
Social, cultural or economic interaction
Collaboration w/ partner organizations
Capacity to allocate resources
Ability to evaluate needs and impact
Institutional capacity
Civic participation

Major issues

Connections with hometown (HT) and counterparts
Perception of needs and preferences of members/leaders
Emergency humanitarian response
Partnership with other institutions
Focus on tangible outcomes
Little focus on productive projects
No substitute for state intervention

THE MOST SUCCESSFUL PROGRAMS DEVELOP THROUGH SELF-ORGANIZATION, GRASS ROOTS EFFORTS

ESTIMATED TOTAL CONTRIBUTION: \$30 MILLION



Source: Orozco, Manuel. *HTAs and Their Present and Future Partnerships*.

Migrants and Local Economic Development

Types of engagement

Matching programs/collective remittances	—————>	Mexico Tres por Uno, El Salvador HTAs
FDI and financial/business investment	—————>	China, Lebanon, India Honduras New Horizons Investment Club
Community development	—————>	Dominican Republic – New York Task Force
Human development programs	—————>	Taiwan brain gain policies, IOM Return of Qualified pro's
Fiscal and other return incentives	—————>	Indian Investment Centre
Information collection and dissemination	—————>	Philippines OFW, Mexico

Concluding points

Remittances: not a fad

Indicative of failed development strategies

Important on-the-ground impact

Basic reforms generate major improvements

Expanded definitions broaden interest

New efforts by governments, private sector,
civil society

***TAKE AWAY: REAL PHENOMENON OF GLOBALIZATION
TO BE UNDERSTOOD AND LEVERAGED***

Concluding points

Remittances and migration

Selective, global and pervasive

New economics of labor migration

Distinct economic vs. socio-political impacts

Transnational lives and families

Need for sound immigration policy

Integration into economic mainstream

Access to services

***TAKE AWAY: INVESTING IN DIASPORA COMMUNITIES
ON BOTH SIDES HELPS BOTH SIDES***

Concluding points

Remittances, diaspora and development

YES

Important development resource, not only cash transfers

Helps to reduce poverty, perhaps inequality

Can leverage financial development/deepening

NO

Not the same thing as development aid

No substitute for development strategy, FDI or growth

TAKE AWAY: UNDERSTAND AND MOVE BEYOND LIMITS OF REMITTANCES FOR DEVELOPMENT

Concluding points

New directions for remittances research

Use of remittances and alternative vehicles

Gender and remittance behavior

Diaspora investment

Refugees vs. voluntary migrants

Remittances for conflict

Integration and diaspora behavior

In-kind remittances

Diaspora philanthropy

***TAKE AWAY: FINER DISTINCTIONS ARE NEEDED,
USE OF EXPANDED DEFINITIONS***

Concluding points

Institutions

Lower prices – fair and non-discriminatory

Improve regulation – competition, transparency

Improve data – who, where, how much

Encourage inclusion – welcome for low income

Bank the unbanked – integrated services

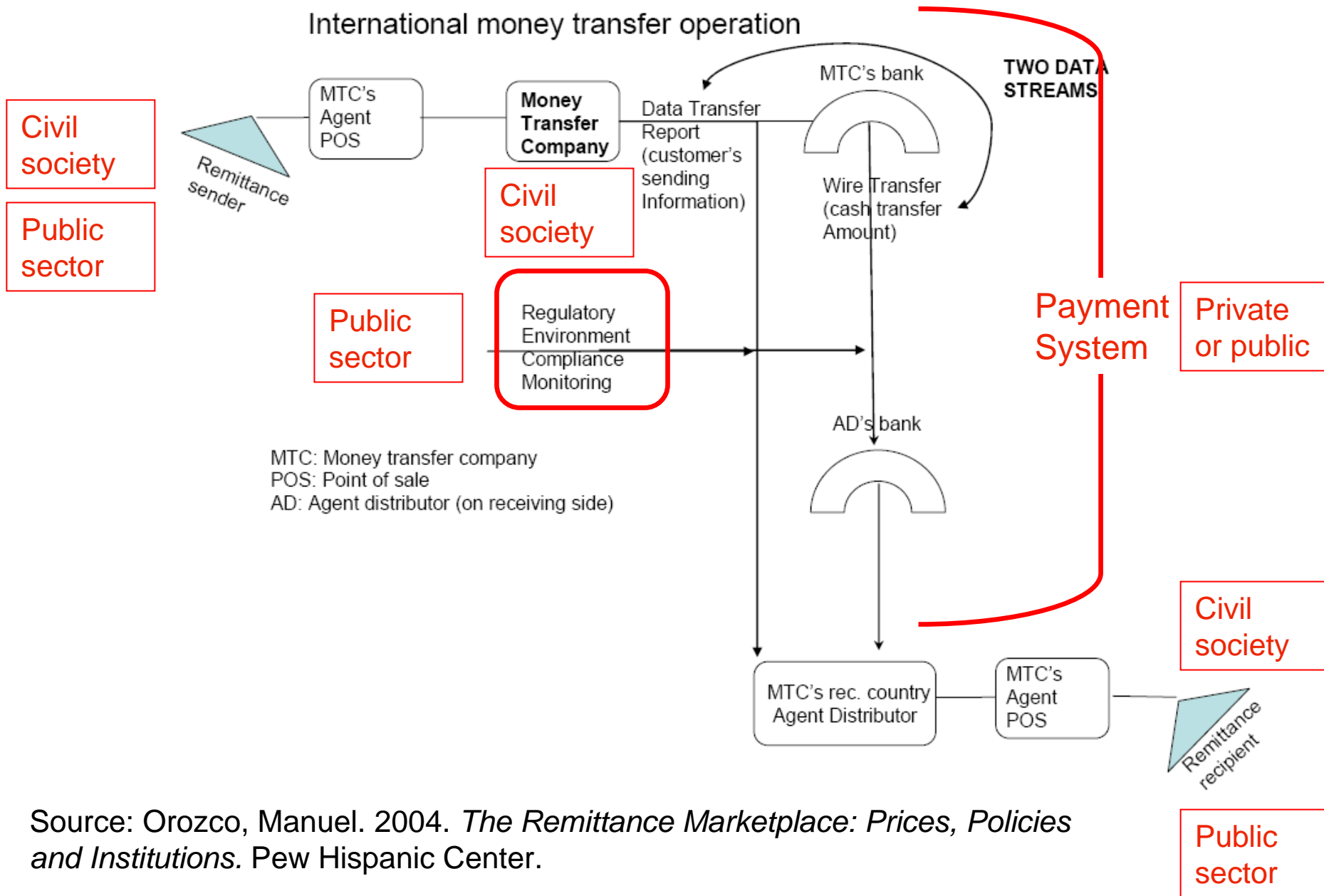
Use technology – tools for lowering costs

No taxes – discriminatory, counter-productive

Alliances – a means for delivering new svcs.

Payment systems – open financial infrastructure

Figure 1: Structure of an international money transfer operation



Source: Orozco, Manuel. 2004. *The Remittance Marketplace: Prices, Policies and Institutions*. Pew Hispanic Center.