



Diaspora contributions to development and reconstruction in fragile situations

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Migrants send three times as much money to developing countries as the total official development aid. They support hospitals and schools in fragile situations, and transfer skills and resources through return migration. How can donors support their contributions?

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Remittances sent to developing countries by migrants tripled between 1995 and 2012 – reaching an estimated USD 325 billion in 2012. This amounts to no less than three times as much as the total official development aid. At the same time the transnational migrant and diaspora organisations which support their home regions – with social services, infrastructural projects and reconstruction – have grown substantially in number. And finally, some diaspora professionals return to their countries of origin for shorter or longer periods of time, contributing to reconstruction and development.

Migrants are often engaged in areas of their home countries to which western development organisations have difficult access and they play a significant role in reconciliation and reconstruction processes. They contribute to the daily survival of millions of people living in fragile situations – and in situations generally characterised by poverty and inadequate state services.

Today, many international development programmes acknowledge the contribution of migrants and diaspora groups, and this is reflected in a range of initiatives. Diaspora and migrant groups have become partners for development aid agencies and organisations and they have also become policy actors in their own right.

POLICY RECOMMENDATIONS

Donors should

- Facilitate the development effects of **remittances** through reducing transfer costs and providing effective and cheap formal transfer channels, acknowledging that remittances are private flows. They should also consider local effects of tightening remittance transfer regulations and encourage a risk-weighted approach to regulation.
- Consider **diaspora organisations** with local knowledge and transnational activities potential partners. They can be supported through partnerships, matching funds and capacity development, based on policy consultation and a participatory, flexible and long-term approach.
- Support knowledge and resource transfer through **temporary return** of diaspora professionals, avoid permanent return conditionality and support transnational mobility and rights of migrants and returnees.
- Ensure **ownership** and commitment among migrants and the receiving institutions as well as at the political level through involving and upgrading local staff and institutions.
- Work for increased **policy coherence** from a migration–development perspective and take the often encountered division between humanitarian assistance and development aid into account through flexible programme design and demands.
- Set **realistic** objectives and time frames. Individual migrants are unlikely to change structural constraints.



Remittances

Remittances are important for food security and access to healthcare and education for millions of poor people. They may also boost private sector investment. To strengthen these positive effects, donors can incorporate a remittance component in programmes concerning groups and situations that are significantly characterised by migration (for instance in relation to refugees, internally displaced persons and repatriation) – as well as in situations characterised by stability. Donors have already implemented remittance programmes and interventions at both multilateral and bilateral level with institutions like the World Bank, regional development banks, the G8 Global Remittances Working Group and Department for International Development as important actors. However, it is important to acknowledge that remittances are private flows and this limits policy intervention. The role of donors is thus primarily to facilitate remittance flows.

First, donors can support processes to make it cheaper and easier to send and receive money and encourage migrants to use formal transfer channels. Donors should continue their efforts to reduce remittance transfer costs, enhance competition and transparency of the remittances market, and extend financial services and products, especially in rural areas. A successful and well-known example of how donors can enhance development is the M-Pesa project in Kenya – a DFID project in partnership with the telephone company Vodafone.

Second, donors can contribute to favourable investment and savings environments and support migrant entrepreneurship through promotion of economic and financial reforms and financial literacy. Such initiatives should ideally be linked with good governance and policy reforms, for instance in relation to land access, to the tax system, to credits and bank accounts and to legal security. On the micro-level donors can support migrant entrepreneurs with updated business support and information, located in both the country of origin and of residence.

Still, donors face a dilemma in relation to striking the right balance between regulation and facilitation of remittances. On the one hand, remittances might be used for criminal or conflict purposes, and this calls for monitoring and regulation. On the other, the securitisation of transfer may run counter to attempts to facilitate flows and hence have negative consequences for the receivers, especially in fragile and (post)conflict situations. Donors should consider the local effects of remittance regulation in the receiving country and encourage a risk-weighted approach.

Diaspora organisations

Diaspora organisations initiate and support social services, civil society, reconstruction and development projects, often under difficult conditions and without external backup. They often have transnational experience and

knowledge of local conditions and thus they are potential partners for donors in relation to policy consultation and programme support in fragile situations – in collaboration with local partners. The programmes supporting them are usually relatively small, funded by individual national development agencies and administered by larger NGOs.

Experiences with programmes that target diaspora organisations are mixed. Currently, donors mainly support such organisations by upgrading them, developing their capacity, scaling up their activities and, sometimes, co-funding diaspora development projects. Support programmes consist of general support schemes for both civil society development organisations and specific diaspora initiatives. Both models have advantages and drawbacks:

General support schemes can enhance networks between diaspora organisations and other kinds of civil society organisations but they offer less specialised support to diaspora organisations, who have far less success in getting funded compared to other civil society organisations.

Special diaspora initiatives offer more flexible support and funding arrangements. An example is the Diaspora Fund, run by the Danish Refugee Council to support Somali and Afghan diaspora organisations engaged in reconstruction projects in their home countries, through less complicated proposal procedures and tailor made assistance.

When these kinds of support schemes are well implemented and run, both models may have significant additional benefits: they diversify development aid partners and deliveries, they support civil society in both the country of residence and origin and – as a positive side effect – they enhance processes of integration in the country of residence.

Experience shows that policy consultation and a participatory and collaborative approach to diaspora organisations are important, thereby acknowledging them as development partners. In all cases it is pertinent to base projects on local needs and in partnership with local partners, who may also need capacity development and training and, to the extent possible, projects should be aligned with local development agendas and programmes.

Return migration

Some diaspora professionals return to their countries of origin, even in fragile situations, and contribute to processes of reconciliation and reconstruction – for instance through capacity development and transfer of resources and skills. However, returning to fragile situations is always complex. Improvements in the political, economic and security situation are a prerequisite for this kind of return. Related to this, many returnees practice so-called ‘transnational return’ – moving back and forth between their country of residence and origin, holding a Western citizenship, rather than returning once and for all.



The M-Pesa project in Kenya enables rural people without bank accounts to transfer and receive money – e.g. remittances – through mobile phones. M-Pesa means ‘mobile money’ in Swahili and one of the underlying ideas is that cheap and safe banking and investment services can encourage rural migrants to invest in their home community – and hence support rural development through the purchase of land, equipment and labour. The project was developed in a partnership between DFID and Vodafone and launched in collaboration with the Kenyan telecommunication company Safaricom. DFID matched Vodafone’s investment of GBP 1 million and helped setting up the new service. In 2009 M-Pesa had 9 million customers, amounting 40% of the adult population, and was facilitating approximately 10% of Kenya’s GDP on an annual basis. M-Pesa has since been introduced in Afghanistan, South Africa and Tanzania. Photo: © Pernille Bærendtsen.

Many return migration programmes are multilateral and implemented by international organisations like the International Organization for Migration (IOM) and various UN agencies. From a development perspective, programmes supporting temporary return programmes – such as the Transfer of Knowledge through Expatriate Nationals (TOKTEN) – are far more successful than those aiming at large-scale permanent return, and the latter have generally been disbanded. Again from a development perspective, return conditionality should be avoided in all cases. So too should return programmes focusing on the ‘removal’ of migrants due to domestic political agendas in the countries of residence. Any such conditions imposed on migrants serve agendas other than that of development.

It is also important to embed return programmes in local needs and capacity development processes in the countries of origin, as well as to ensure ownership and commitment among the receiving institutions and at the political level in these countries. This means involving and upgrading local staff and institutions to avoid any experience of resentment and isolation among returnees. Mechanisms for transfer of skills and competencies should be supported, and this too might involve capacity development of local partners and institutions and technical assistance. Returnees alone cannot change structural constraints and some public sector reform programmes have disappointed because of unrealistic expectations and bad implementation.

Furthermore, donors can support temporary and transnational return through securing migrant and returnee rights such as upholding migrants’ legal or residence status in their country of residence, in case they only return temporarily, and encouraging the countries of origin to make the necessary policy reforms to support the rights of returnees.

Ways forward and dilemmas

Development programmes focusing on remittances, diaspora organisations and the return of migrants are very different from each other in nature: in terms of content, actors, scale and of how diaspora groups and migrants are involved. Likewise, migrants and diaspora groups are very heterogeneous and this further emphasises the importance of paying attention to context. Nevertheless, there are some general trends and dilemmas across themes:

- It is important to have *realistic expectations and a long-term commitment*. Migrants and diaspora groups are not magic bullets to solve complex development problems and are unlikely to alter structural constraints or reconstruct fragile states on their own. In addition, close long-term commitment with migrants and diaspora groups is necessary to build in-depth knowledge of these groups, to build trust and for programmes to show results.
- *Programmes supporting already existing migrant practices are more likely to be successful* than projects imposing the



policy agendas of the donors. Facilitating remittance flows and transnational mobility as well as supporting policy reforms are examples of ways that donors can support and upscale the development effects of migrant practices. This observation thus calls for participatory approaches, where migrants and diaspora groups are included in policy consultation and involved in projects at all levels. However, it is also important that *reconstruction and development projects are based on local needs in the country of origin, embedded in local policy reforms and development agendas, and that they involve local partners*, for instance in relation to capacity development and technical assistance.

- It is a challenge for donors is to select the right partners. Donors should bear in mind that not all migrants and diaspora groups are, or want to be, involved in development activities in their countries of origin. They may not share political agendas with the local population, the regime or the donor agencies. Likewise, many migrants in Western countries do not originate from the poorest areas and populations in their countries of origin and their development projects do not necessarily reach the poorest of the poor. A limited number of migrants also support armed conflicts. Open and merit-based recruitment procedures as well as close and long-term commitment to diaspora groups can facilitate selection, collaboration and trust, and hence reduce the risk of donors 'making wrong choices'.
- Studies of diaspora involvement show that the (often encountered) *division between social service and civil*

society programmes and humanitarian and development aid can be problematic. This may especially be the case in fragile and (post)conflict states where local needs are on multiple scales, there are often security problems – and where it may be difficult for diaspora groups (or indeed other development actors) to respond to local needs and satisfy donor demands at the same time. This finding calls for flexibility in programme design and in collaboration across policy divides.

- Finally, there is a *need for policy coherence from a migration development perspective*. It is necessary that 1) migrant mobility between country of origin and of residence is facilitated, 2) migrant and returnee rights are supported; and 3) the linkage between diaspora involvement in development and integration is acknowledged. Though the migration–development nexus has been celebrated in some policy circles, it tends to be subordinated to migration control and migration management issues and is not often accompanied by substantial budgets. A major challenge in migration–development programmes is thus their relatively low political priority and the political emphasis on regulation/control versus facilitation of transnational flows. There is no easy solution to this dilemma but, from a development point of view, overly strict regulation and securitisation may impede migrant contributions to development. Or put differently, while diaspora collaboration should be based on participatory approaches and policy consultation 'from below', it needs to be embedded in political will and concrete policies 'from above'.

This policy paper draws on the findings of the *DIIS Report 2012* by Nauja Kleist and Ida Vammen: 'Diaspora Groups and Development in Fragile Situations – Lessons Learnt'. The report is based on migration–development programme evaluations, reviews, reports and academic studies supplemented with interviews. Download at www.diis.dk/sw120565.asp

FURTHER READING

- de Haas, Hein. 2006. *Engaging Diasporas: How governments and development agencies can support diaspora involvement in the development of origin countries*. Oxford: International Migration Institute, University of Oxford.
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- JMDI. 2011. *Migration for Development: A Bottom-Up Approach. A Handbook for Practitioners and Policymakers*. Brussels: EC-UN Joint Migration and Development Initiative.

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