

BRIEF ON ACTIVITIES AND PROGRAMMES ON MIGRATION, DEVELOPMENT AND REMITTANCES

Inter-American Development Bank

This note summarizes the principal activities of the Inter-American Development Bank (IDB) with respect to migration, development and remittances, in light of the 2006 High-level Dialogue on International Migration and Development and the 2007 Global Forum on Migration and Development.

The Inter-American Development Bank has a strong mandate to support development and poverty reduction throughout the Latin American and Caribbean region. Under this mandate, the IDB supports member countries in social, labour and development programmes as well as provides a range of research and technical activities related to migration, remittances and development. In particular, under the Multilateral Investment Fund (MIF), a private sector grant facility, the IDB has launched an extensive programme to bring awareness to the economic and development role of remittances and led a major effort to reduce the cost of remittance transactions. This paper summarizes these activities in the areas of labour and economic development and remittances and provides a list of currently approved projects, both loan and grant or technical cooperation agreements.

A. OVERVIEW, SOCIAL AND LABOUR MARKET DEVELOPMENT

While almost every region in the world both sends and receives migrants, Latin America and the Caribbean has one of the highest outmigration rates in the world. On average, 1 out of every 1,000 persons left their country of origin in the region in 2000, compared to half that rate in Northern Africa and one tenth that rate in South Asia. While it is true that the United States of America continues to be the preferred destination for Latin America's migrants, there is increasing diversity in the region's migration patterns to other developed countries and regions (e.g. Japan, Southern Europe) and within Latin America itself—Peruvians to Chile, Colombians to Venezuela (Bolivarian Republic of), Nicaraguans to Costa Rica.

As part of its poverty and development mandate, the IDB deals with a range of social, labour and economic and policy initiatives and activities, most prominent being in documenting and addressing the role of remittances and migration in regional development (see section B). The activities of IDB include: loan and grant operations, research, support to national surveys and censuses, and awareness-raising efforts (e.g. seminars, national campaigns). The accompanying annex lists the most directly relevant loan and technical cooperation (grant) agreements, which are currently being executed. For example, the IDB has provided loan support to the “Tres por Uno” programme by Mexico, which multiplies investments of migrants in their local communities by a multiple of three with matching federal, state and local contributions (ME-L1012, US\$21 million).

As featured in the 2006 High-level Dialogue and 2007 Global Forum, the IDB has given attention to particular social needs affecting migrating populations. This includes initiatives to combat human trafficking and raise public awareness of cross-border trafficking; pilot programmes to address the worst forms of child labour; regional development and poverty-targeting that include areas of high migrant outflows, and improving access to education and health services to the poor. New initiatives in labour training are incorporating internal migrants as a target population. Under the Opportunities for the Majority Initiative announced in March of 2007, the IDB has given special attention to increase civil registration, including birth and adult registration, to improve the access of the poor to services and ensure

the provision of basic citizenship rights throughout the region. In research, the 2008 Report on Economic and Social Progress in Latin America of IDB highlights social exclusion, a key feature for migrant populations both inside and outside the region (Inter-American Development Bank, 2007). Through the Program for the improvement of surveys and the measurement of living conditions in Latin America and the Caribbean (MECOVI) and the support of IDB to national census operations, IDB provides extensive direct support to national institutions in the region.

B. MULTILATERAL INVESTMENT FUND: REMITTANCES AND DEVELOPMENT

Cross-border remittances sent by migrant workers have been part of the migration phenomenon across the globe. The contribution these flows made to recipient families, communities and countries, however, went unnoticed due to the fact that migrant workers existed largely outside the societal mainstream. In 1999, the Multilateral Investment Fund (MIF) of the Inter-American Development Bank pioneered the mapping of remittance flows to Latin America, exposing the central role migrant workers play in poverty alleviation and their potential impact on economic development. Since then, the MIF has played an important role in advocating the reduction of the price of remittance services. Over the past decade, these costs have decreased from 15 per cent to a current average of about 5 per cent, keeping a much larger share of hard-earned income in the hands of those who need it most.

The MIF continues to showcase these initiatives as it aims to leverage the development impact of remittances through innovative projects that address four main concerns: (a) reduction of costs of remitting; (b) ease and accessibility of remittance transmission; (c) mobilization of savings through formal financial institutions, and (d) productive investment.

Working together with the private sector, governmental agencies and non-governmental organizations, the MIF identifies novel approaches and new business concepts that can be replicated and scaled-up to enhance the effect of remittance flows. Through these initiatives, remittances go beyond simply lifting recipients out of poverty to granting the un- and underserved access to the tools to invest in their future (see Annex).

ANNEX

Country	Project Name	Project Number	Amount (in US\$)
Argentina	<u>Expansión y Fortalecimiento de una Institución Financiera FIE</u>	TC0305019	2,590,640
Bolivia	<u>Desarrollo de Servicios para Mejorar el Acceso y Manejo de Remesas</u>	BO-M1006	291,610
Brazil	<u>Remesas y Capacitación para Emigrantes Brasileños y sus Beneficiarios</u>	BR-M1032	470,000
Brazil	<u>Fondo de Inversión - REIF</u>	TC0004002	4,374,000
Colombia	<u>Canalizando remesas colectivas</u>	CO-M1023	
Dominican Republic	<u>Remesas y Desarrollo Rural en República Dominicana</u>	DR-M1006	321,500
Dominican Republic	<u>Servicios Financieros para Receptores de Remesas</u>	TC0304042	840,000
Dominican Republic	<u>Canales de Distribución de Remesas</u>	DR-M0158	2,500,000
Ecuador	<u>Apoyo a la Concesión de Hipotecas Transnacionales a Emigrantes Ecuatorianos</u>	EC-M1030	5,360,000
Ecuador	<u>Canal de Distribución de Remesas para Pequeños Intermediarios Financieros</u>	EC-M1022	725,500
Ecuador	<u>Financiamiento de Microempresas Ecuatorianas para una Línea de Crédito</u>	TC0105029	200,000
El Salvador	<u>Remesas y Desarrollo Rural en El Salvador</u>	ES-M1002	366,000
El Salvador	<u>Fortalecimiento de Servicios Financieros y Remesas</u>	TC0202014	2,300,000
Guatemala	<u>"Más que Remesas"</u>	GU-M1004	198,000
Guatemala	<u>Aumento del Aporte al Desarrollo Generado por las Remesas de los Trabajadores</u>	GU-M1003	5,200,000
Haiti	Remesas colectivas e Inversión en la Provisión de Servicios	HA-T1059	141,000
Honduras	<u>Fortalecimiento Institucional de Cooperativas de Ahorro y Crédito</u>	TC0206015	1,425,000
Mexico	Proyecto Piloto 3x1 para Migrantes	ME-L1012	21,000,000
Mexico	<u>Remesas y Desarrollo Rural</u>	ME-M1015	209,000
Mexico	<u>Migración Internacional, Remesas e Impacto en Comunidades Rurales de Zacatecas</u>	ME-M1014	55,000
Mexico	<u>Inversión de Remesas</u>	TC0108017	460,000
Mexico	<u>Fortalecimiento del Sistema de Ahorro y Crédito Popular</u>	TC0109002	3,500,000
Mexico	<u>Capitalización de Remesas para Desarrollar la Economía Local</u>	TC0106003	1,115,000
Nicaragua	<u>Inversión en Financiera Nicaragüense de Desarrollo (FINDE S.A.)</u>	TC0203015	1,750,000

Country	Project Name	Project Number	Amount (in US\$)
Paraguay	<u>Bancarización de Clientes Receptores de Remesas en Paraguay</u>	PR-M1003	222,000
Peru	<u>Aumento Aporte al Desarrollo con Remesas Peruanos desde JP</u>	PE-M1010	7,200,000
Peru	<u>Apoyo a los Empresarios que Retornan al País</u>	PE-M1006	500,000
Regional	<u>Apoyo a Iniciativas Productivas a través de la Diáspora y Entidades Locales</u>	RG-M1069	3,285,000
Regional	<u>Corredores de Remesas de Inmigrantes</u>	RG-M1075	150,000
Regional	<u>Aplicación de los Principios Generales para Mercados de Remesas</u>	RG-M1083	1,759,300
Regional	<u>Mejora de la Información y Procedimientos de Bancos Centrales en Área de Remesas</u>	RG-M1059	1,306,884
Regional	<u>Movilización de Remesas a través de Entidades Microfinancieras</u>	RG-M1003	824,770
Regional	<u>Línea Actividad Asociación FOMIN-FIDA para Sector Privado Rural</u>	RG-M1019	300,000
Regional	<u>Abriendo el mercado de remesas regionales a las instituciones de microfinanzas</u>	RG-M-1110	460,000
Total		34 projects	71,400,204

REFERENCE

Inter-American Development Bank (2007). *Outsiders? The Changing Patterns of Exclusion in Latin America and the Caribbean, 2008 Report*. Cambridge, MA: Harvard University Press.