

Inter-American Development Bank (IDB)

This paper provides a brief summary of the main activities of the Inter-American Development Bank (IDB) with respect to migration, development and remittances. These activities are presented in the context of the 2006 High-level Dialogue on Migration and Development and the 2007 and 2008 Global Forum on Migration and Development held in Brussels, Belgium and Manila, the Philippines, respectively.

The Inter-American Development Bank has a mandate to support development and poverty reduction throughout Latin American and the Caribbean. Under this mandate, the IDB supports member countries in social, labour migration and development programmes and directly supports research and technical activities related to migration, remittances and development. The Multilateral Investment Fund (MIF), a private sector grant facility of the IDB, has launched a programme to bring awareness to the economic and development impacts of remittances and has led an effort to reduce the cost of remittance transactions.

In 2007-2008, the MIF and the Social Department of the Inter-American Development Bank continued their work in the area of international migration. On 9 June 2008, a seminar on the social and labour dimensions of migration was held at the IDB Conference Center in Washington, DC in conjunction with an art exhibition sponsored by the Multilateral Investment Fund (MIF) and the IDB Cultural Center. The art exhibition *Far From Home: The Migration Experience in Latin America and the Caribbean* featured 24 works from countries in the region and was intended to build awareness of the diverse nature of migration in the region and its distinct human, community and social impacts. The call for artworks on the topic of migration yielded the largest number of submissions from regional artists to date. The initiative, with external support, intended to build a programme of research and knowledge dissemination and best policy practices, and pilot projects to improve and address the human capital dimension of migration, drawing on IDB and external expertise.

This paper summarizes migration activities of the IDB and MIF focusing primarily on 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

While almost every region in the world both sends and receives migrants, Latin America and the Caribbean have among the highest rates of outmigration in the world. On average, the net migration rate for Latin America and the Caribbean stands at -2.5 (per 1,000 population) in 2000-2005 compared to 4.6 in Northern America and -0.6 in South-Eastern Asia for the same period (United Nations Department of Economic and Social Affairs, Population Division, 2007). While it is true that the United States of America continues to be the preferred destination for Latin America's migrants, it is often overlooked that there is increasing diversity in the region's migration patterns both to other developed regions and countries (e.g. Japan and Southern Europe) and within Latin America itself—for example of Peruvians to Chile, Colombians to the Bolivarian Republic of Venezuela and Nicaraguans to Costa Rica. The current financial crisis has put a focus on the rise of return migration and the need to improve channels of circular migration and reintegration.

B. SOCIAL AND LABOUR MARKET DEVELOPMENT

Since IDB has a mandate to focus on poverty reduction and development, migration has become a cross-cutting topic for social, labour and economic and policy initiatives and activities. The activities of IDB include: (a) loan and grant operations; (b) research; (c) support of national surveys and censuses, and (d) awareness-raising efforts (e.g. seminars, national campaigns). The accompanying table lists current relevant loan and technical cooperation (grant) agreements is presented at the end of this document. For example, the IDB has provided loan support to Mexico's "Tres por Uno" programme, which multiplies each monetary investment by migrants in their local communities by a multiple of three with matching federal, state and local contributions (ME-L1012, US\$7 million).

As discussed during the 2006 High-level Dialogue on Migration and Development and the Global Forums of 2007 and 2008, the IDB has focused on the social needs of migrants. This includes: (a) initiatives to combat human trafficking and raise public awareness of cross-border trafficking; (b) pilot programmes to address the worst forms of child labour; (c) regional development and poverty-targeting that include areas of high migrant populations, and (d) improving access to education and health services to the poor.

In addition, IDB has noted an increased interest by governments in the region in programmes relating to migration management. A regional public goods project is currently being developed which will advance the creation of a network of institutions for the protection, monitoring and regulation of migrant workers. Argentina, Costa Rica, Ecuador, Guatemala and Uruguay are on the coordinating committee for this project.

C. MULTILATERAL INVESTMENT FUND: REMITTANCES AND DEVELOPMENT

For many years, 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, showing that migration played a key role in poverty alleviation and impacted positively on economic development. Since then, the MIF has been very active advocating the reduction of the costs of remittance services. Over the past decade, these costs have decreased from 15 per cent of the amount of money transferred to a current average of about 5 per cent, per transaction keeping a larger share of income in the hands of those who need it most. The most recent MIF remittances survey, released on 1 October 2008, shows that a number of factors, including economic downturns in Spain and the United States of America, have caused previous years' double-digit growth in remittances to the region to cease. The possibility of less prosperous economic times has led the MIF to focus on helping migrants and their families receive greater access to formal financial services to leverage the funds they receive. This approach can help migrants building savings while at the same time banks and microfinance institutions gain access to new sources of deposits.

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

Working together with the private sector, government agencies and non-governmental organizations, the MIF identifies 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 un- and underserved people access to the tools to invest in their future (see table below).

REFERENCE

United Nations Department of Economic and Social Affairs, Population Division (2007). *World Population Prospects: The 2006 Revision, CD-ROM Edition - Extended Dataset in Excel and ASCII formats* (United Nations publication, Sales No. E.07.XIII.7).

OVERVIEW OF CURRENT LOAN AND TECHNICAL COOPERATION AGREEMENTS

Country	Project name	Project number	Approval date	IDB contribution (in US\$)
Argentina	Expansion and Strengthening of a Microfinance Institution FIE	TC0305019	19-Nov-03	2,590,640
Bolivia	Development of Services to Improve Remittances Access and Management	BO-M1006	28-Oct-05	291,610
Brazil	Remittances and Training for Brazilian Migrants and their Beneficiaries	BR-M1032	27-Apr-06	470,000
Brazil	Investment Fund – REIF	TC0004002	16-May-01	4,374,000
Brazil	Dekassegui Entrepreneurs	BR-M1021	3-Mar-05	3,100,000
Colombia	The Role of Remittances in the Development of Low-Income Housing Market	CO-M1022	15-Nov-06	1,725,000
Costa Rica	Strengthening Management of Migration	TC9911171	16-Dec-99	18,000
Dominican Republic	Remittances and Rural Development in the Dominican Republic	DR-M1006	10-Nov-05	321,500
Dominican Republic	Financial and Business Services for Remittance Recipients	TC0304042	1-Oct-03	840,000
Dominican Republic	Distribution Channels for Remittances	DR0158	30-Apr-03	2,500,000
Ecuador	Supporting the Provision of Transnational Mortgages Loans for Ecuadoran Migrants	EC-M1030	8-Aug-07	5,360,000
Ecuador	Support Micro-Enterprises Utilizing a Line of Credit	TC0105029	19-Sep-01	200,000
Ecuador	Alternative Remittance Distribution Channel for Small Financial Intermediaries	EC-M1022	23-May-07	725,500
El Salvador	Strengthening of Financial Services and Remittances	TC0202014	29-May-02	2,300,000
El Salvador	Remittances and Rural Development in El Salvador	ES-M1002	28-Oct-05	366,000
Guatemala	Enhance Development Impact of Workers' Remittances	GU-M1003	3-Aug-05	5,200,000
Guatemala	More than Remittances	GU-M1004	29-Nov-05	198,000
Haiti	Enhancement of the Remittances Services to and within Rural Haiti	HA-M1007	11-Oct-06	463,020
Haiti	Collective Remittances and Social Service Provision in Haiti	HA-T1059	29-Jun-07	141,000
Honduras	Institutional Strengthening of Credit Unions in Honduras	TC0206015	10-Dec-03	1,425,000
Honduras	Enhance Development Impact of Workers' Remittances	HO-M1006	21-May-08	2,800,000
Mexico	Strengthening Savings and Credit Unions	TC0109002	20-Feb-02	3,500,000
Mexico	Remittances and Rural Development	ME-M1015	20-Jul-06	209,000
Mexico	Pilot Project 3x1 for Migrants	ME-L1012	3-May-06	7,000,000
Mexico	Investment of Remittances	TC0108017	4-Apr-02	460,000
Mexico	International Migration, Remittances and Impact on Rural Communities in Zacatecas	ME-M1014	3-Oct-05	55,000
Mexico	Facilitation of Access to Housing Finance for Recipients of Remittances	ME-M1006	23-Mar-05	3,400,000
Mexico	Capitalization of Remittances for Local Economic Development	TC0106003	12-Dec-01	1,115,000
Nicaragua	Migration Service Support	TC9804297	9-Dec-98	168,000
Nicaragua	Investment in Financiera Nicaragüense de Desarrollo (FINDE S.A.)	TC0203015	30-Jul-03	840,000

OVERVIEW OF CURRENT LOAN AND TECHNICAL COOPERATION AGREEMENTS (*continued*)

Country	Project name	Project number	Approval date	IDB contribution (in US\$)
Paraguay	Bringing Unbanked Remittance Recipients into Formal Financial System	PR-M1003	28-Oct-05	222,000
Peru	Support for Returning Entrepreneurs	PE-M1006	7-Apr-04	500,000
Peru	Enhance Dev. Impact of Peruvian Workers' Remittances from JP	PE-M1010	17-Nov-04	7,200,000
Regional Project	Voluntary Return Migration Model Based on Entrepreneurship Development	RG-M1080	15-Dec-06	3,975,000
Regional Project	Promoting Diaspora and Local Support for Productive Initiatives	RG-M1069	22-Mar-06	3,285,000
Regional Project	Mobilization of Remittances through Microfinance Institutions	RG-M1003	28-Apr-04	824,770
Regional Project	Migration and Development: The Latin American Case	RG-T1060	30-Mar-05	369,500
Regional Project	MIF-IFAD Partnership Facility for Rural Private Sector Dev-LAC	RG-M1019	10-Mar-04	300,000
Regional Project	International Migration Symposium	TC0002053	20-Jul-00	337,500
Regional Project	International Migration	TC0206022	4-Sep-02	65,000
Regional Project	Improving Central Bank Remittance Reporting and Procedures	RG-M1059	27-Apr-05	1,306,884
Regional Project	Immigrant Remittance Corridors	RG-M1075	27-Apr-06	150,000
Regional Project	CARICOM - Implementing the Free Movement of Skills	RG-T1293	24-Mar-08	200,000
Regional Project	Application of General Principles for Remittance Markets	RG-M1083	2-Aug-06	1,759,300
Regional Project	Information System for Statistics on Migration	TC0111010	13-Dec-02	66,000
Total: 45 projects (15 countries and 12 regional projects)				72,717,224
Haiti	Diaspora Market - Haiti	TBD	TBD	TBD
Mexico	Human Resource Development – Riviera Maya (internal migrants)	ME-M1041	TBD	TBD
Regional	Regional Framework for the Protection, Monitoring, and Regulation of Migrant Workers in LAC	RG-T1514	Expected 12/08	900,000
Regional Project (El Salvador, Honduras and Nicaragua)	Leveraging the diaspora to increase market opportunities for small producers	RG-M1143	Expected 01/09	2,600,000

