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Reduced remittance flows
to developing countries,
but rising cause for
optimism

Summary report on the
international policy
conference on the global
financial crisis and migrant
remittances

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Held at the Geldmuseum Utrecht on Saturday 21 March 2009, the international policy conference was aimed at highlighting the implications that the current global economic and financial crisis has on migrants' remittances. The conference, co-organized by COS Utrecht, AfroEuro, Oxfam Novib and the International Centre for Migration Policy Development, brought together 130 participants from NGOs, development agencies, migrant organisations and governments to discuss and share ideas on the impacts of the crisis and its implications for development. The conference specifically addressed some of the challenges migrants face during the current global financial crisis and the coping mechanisms they deploy to deal with it.

In his opening address, Mr Maarten Dittmarsch, Chairperson of COS Utrecht began by recalling another conference held previously in 2008 by COS Utrecht and other organisations on the link between remittances and the Millennium Development Goals (MDGs). He then highlighted the need to separate remittances, as flows of private money, and official development aid (ODA). Dittmarsch specifically emphasized that remittances should be seen as contributory to the impact of ODA and ought to have an effect on poverty reduction and in pursuing the implementation of the MDGs. He ended by noting that there is still much to be done in harnessing migrant remittances for sustainable development and this cannot be done without collective and collaborative approach of all stakeholders.



Cross section of conference participants

In his keynote address, Dr Manuel Orozco (Inter-American Dialogue) pointed out some key issues in relation to the theme. In his view the current recession is having a more serious effect in the industrialized world than in the developing countries, but that the effect will trickle down eventually. In addition, there are other economic activities that migrants participate in besides remittances that have a multiplier effect on the economy of host and home countries, which should also be considered in light of the current crisis. Orozco also pointed out the effects of the recession highlight five salient issues:

- a. Increase in unemployment.
- b. Possible continuity of deportations.
- c. Possible rise of underground economies.
- d. A decline in economic activities with home countries.
- e. Counter-cyclicality of remittance flows is also evident: migrants still send money but in less amounts, less frequently and from their savings.

Panel Discussions

The three panel discussions focused on (1) the impact of the global economic crisis on migrants' remittances, (2) economic downturn and migrants' coping mechanism, and (3) harnessing migrants' remittances for development: best practices and initiatives (capacity building as a key enabling tool). Two of the most important issues raised were that, remittance flows remain resilient despite the economic crisis and that the economic crisis is deep-rooted and synchronized around the world.

A key challenge was addressed by the panelists and participants during the first panel discussion: what are the policy responses to address the negative impact of the crisis on remittances? Two major policy options were proposed (1) A general approach focusing on avoiding protectionist measures in the labour market, and (2) IFIs facilitating sending of remittances to developing countries.

The second panel discussion focused on strategies utilised by migrants in coping with economic downturns. The panel discussion included testimonies from participants, sharing the challenges they face and how they address them. Four speakers (Chukwu Emeka-Chikezie (Afford UK), Samuel Ackah (ASDA), Sylvia van den Berg (Ayni-Bolivia) and Corine de los Reyes (United Migrant Domestic Workers) shared their views and the following issues were highlighted:

1. The current crisis is an opportunity because it is teaching us the limitations of some of the existing development models.
2. Migrants transfer capital not only in the form of remittances, but also in the form of skills, donations and engaging in philanthropic activities in the home country.
3. It is important in this context to look at the role of the state, both in regulating the flows of remittances and also in employing policies that will leverage the development impact of the various economic activities of migrants.
4. Some effects of the crisis:
 - a. The exports from developing countries dropped because trade with developed economies has declined, affecting employment in developing countries.
 - b. Private businesses in developing countries are also affected by the crisis, leading to increased unemployment rates in developing countries.
 - c. Foreign direct investment in developing countries will decrease dramatically as a consequence of the economic crisis.

Lastly, the third panel discussion brought together migrant organisations working in the field of remittances and capacity building, and focused on harnessing the efforts of migrants in the development process of their countries of origin. Three panellists shared their perspectives on the crisis and the approaches of their initiatives in dealing with the challenges it poses. Leila Rispens-Noel, INAFI Global Remittances Project; Leah Mansaray, Fadugu UK and Doris Alfafara COS Utrecht discussed various projects useful in mitigating the negative impact of the crisis.

Workshops

Four parallel working groups brought together a mix of policy makers and practitioners. Working groups 1 and 2 examined remittances for development—stakeholder engagement—and Working groups 3 and 4 examined migrants' capacities and development of country of origin. Some of the challenges and policy recommendations identified by the four working groups included:

Challenges

1. Lack of information, both on the number of migrants and on the amounts they remit, as well as on saving opportunities for migrants.
2. Lack of effective and proper communication between migrants and policy makers.
3. Lack of policy initiatives supporting migrants by matching their needs and priorities to development cooperation.
4. Lack of competition between providers of financial services, which leads to higher rates for remittance transfers.
5. Breaking the dependency of receiving communities on remittances.
6. Using remittances to support the local industries and create jobs in the countries of origin.
7. Limited access to finance for many citizens in developing countries, and for those receiving remittances and/or engaging in investment activities.



Workshop participants

Policy recommendations

1. Increase and deepen the involvement of civil society organisations / non-state actors, such as NGOs and MFIs, in policy debates and projects related to remittances;
2. Raise awareness among governments of migrants' needs and priorities by improving the channels of communication and establishing mechanisms for the effective participatory involvement of migrants in decision-making procedures;
3. Develop capacity building programmes for migrants, especially those focused on financial literacy;
4. Creating an intermediary role between migrants and their families in order to assure efficient use of remittances and accountability for inter-familial loans;
5. Policy recommendations to stimulate diaspora involvement in human and capacity development of their home countries;

Policy recommendations on how to promote brain gain/skills transfers as a capacity building strategy.