

# GFMD Mauritius 2012

## Concept Note

### **Roundtable 1.2: *Supporting Migrants and Diaspora as Agents of Socioeconomic Change.***

Co-Chairs: France, Kenya and Morocco

Team members: Belgium, El Salvador, Germany, Ghana, Jamaica, Madagascar, Mauritius, Mali, Netherlands, South Africa, Spain, Switzerland; ILO, IOM, World Bank; IFAD

Coordinators: Irena Omelaniuk; Salomon Samen

## **1. The Session**

### *1.1 Rationale and scope*

This session will build on GFMD discussions of 2011 and earlier about how to strengthen the propensity, potential and interest of migrants and diaspora to engage, in development activities in their countries of origin. A key focus would be on promoting entrepreneurship and strengthening economic and trade links between countries. The session is based on the assumption that the accumulated skills, ideas, networks and financial resources of migrants and diaspora can support and even catalyze socio-economic development in the home country (bearing in mind the different situations of migrants and diaspora). Much of this relies on the initiatives of migrants and diaspora themselves, and their respective networks, which can overcome information asymmetries between countries and promote more cost effective cross-border transactions and investments.

Local and national governments in countries of origin and destination, the private sector, civil society and international organizations all play important roles in enabling and leveraging such engagement of migrant and diaspora resources.

The session will identify institutional, financial and partnership mechanisms that can help achieve this. This is particularly significant for many countries in Africa and other regions, which benefit from their diaspora abroad but still lack information about them and their relationship to the home country; and lack national policies to support them. The session could examine how government or inter-agency institutions dedicated to the diaspora (e.g. Ministry of Moroccans Abroad; Consulates, Embassies) can strengthen the links between the diaspora and their home country, and ensure that the economic and business environment back home offers prospects and opportunities for entrepreneurial initiatives. It will examine what kinds of incentives and legal frameworks are efficient in attracting migrants willing to work and invest in their country or region of origin.

There could be a specific focus on strengthening the capacities and contributions of women migrants and diaspora. In the context of Africa, the discussion should also not be limited to South-North migration and diaspora dynamics.

In line with the Mauritian Chair's objective of achieving concrete development outcomes for migrants, diaspora, and countries of origin and destination, and further engaging private sector and civil society, the session could examine the broad field of diaspora relations with home and host countries, but then draw out the specific challenge of business and entrepreneurship. While many donor countries have to date focused mostly on diaspora solidarity with their country of origin and relatives and communities left

behind, this is just one facet of migrant/diaspora engagement. By looking at the practicalities of how diaspora do business across borders, this session could address some structural impediments to this, which also affect domestic and foreign entrepreneurs and investors. It could examine how to incentivize investment promotion agencies that typically target the big-ticket FDI projects to service smaller migrant/diaspora investors and entrepreneurs (but many more of them), that potentially invest in job-creating SMEs. Conversely, it could also consider information tools that help migrant and diaspora entrepreneurs make connections with investment promotion agencies (e.g. agencies in the Netherlands that assist SMEs in doing business abroad).

The session could also discuss specific schemes by governments, and governments in partnership with the private sector, to channel migrant and diaspora skills and expertise to augment capacity to produce public and private goods, particularly in the critical areas of health, education and agriculture etc. It could also look at how the diaspora organizes itself (e.g. Ghana Diaspora Forum; Kenya Diaspora Investment Forum) and uses its transnational networks to do business across borders, even and especially where the regulatory environment is complex and unfriendly. It could follow up on the recommendation in GFMD 2011 for public-private initiatives to empower lower skilled women migrant workers to pool resources and access financial services/products and investment/business options tailored to their interests.

The session could identify practical vehicles and instruments that can leverage and securitize migrant and diaspora remittances and offer options for investment in businesses that create jobs and support infrastructural development in the home country. Multipurpose facilities such as Diaspora Investment Funds, and Diaspora Bonds/Funds are increasingly being employed effectively by developing countries for infrastructure financing and to raise further external development finances. The diaspora, governments, donors, private sector companies, and international financial institutions all play an important role in ensuring that a conducive regulatory environment and effective information systems are in place to make these work efficiently.

Experts could be drawn from across the public and private sector spectrum, including from among the diaspora, to present case studies and evidence good practices. The World Bank can bring its products and evidence of the effectiveness of multi-purpose diaspora-based financing and investment facilities to the table. National development support agencies can bring their policy tools (such as the German Migration and Development Agency's (GIZ) toolbox to leverage the benefits of migration for sustainable private sector development) to the discussion. Lessons can be learned from existing academic and research initiatives, such as the "migration and development network" supported by the research divisions of the World Bank and *Agence française de développement*. The *IOM/MPI Handbook on Engaging Diaspora in Development Activities* could be tested as a general technical aide to policy makers and practitioners.

The preparations for the session can be supported by thematic meetings such as a high level forum on diaspora and remittances planned by the World Bank in Mauritius in June, and a possible partnership-building workshop by Mauritian private and civil society stakeholders in Senegal, also in June 2012.

## *1.2. Objectives of Session 1.2*

*General:* To contribute to the wider Roundtable 1 debate about how to enhance human development potential in countries of origin through circulation of skills, ideas, and financial assets accumulated by migrants and diaspora while abroad.

*Specific:*

- a) Identify and rehearse effective schemes to encourage migrants and diaspora to invest in businesses, infrastructural development and other development initiatives in the country of origin.

These could include schemes connected with the temporary or permanent return of migrants and/or diaspora (such as IOM's Migration for Development in Africa program (MIDA)).

- b) Encourage/forgo partnerships, specifically involving the private sector, to: i) strengthen the business environment at origin; ii) incentivize diaspora to engage in the development efforts of the home country; and iii) strengthen regional migration frameworks, in order to develop regional policies about migration and diaspora contributions to development.
- c) Develop models to improve national legal and institutional frameworks i) to create a better environment and more accessible channels for migrant and diaspora investments, and ii) to better integrate migration, diaspora and development policies.

### *1.3 Questions to guide the Session*

- i) What are the essential elements of a diaspora-supporting and empowering strategy?
- ii) How can partnerships between governments, private sector, international organizations (World Bank, IOM et al), migrants and/or diaspora work to support migrant/diaspora entrepreneurship, skills transfer and contributions to community development programs?
- iii) How can current and emerging financial instruments and technologies work to benefit the migrant, diaspora and home communities and economies? How secure/helpful are they in times of economic downturn? Could they be implemented by all countries, in any conditions?

### *1.4 Possible outcomes of the Session*

- a) Matching grant schemes to encourage migrants and diaspora to invest in the development of their countries/regions of origin and/or a business on return;
- b) Databases for the diaspora and its mobilization for investments and skills;
- c) Information portals that can inform migrant/diaspora decisions to invest in countries of origin;
- d) Model public-private partnerships that can improve the business climate in countries of origin and encourage investments by the diaspora in those countries;
- e) Participating African countries to design/develop comprehensive national policies for engaging the diaspora as business partners in development; and initiate actions to implement such policies within a specific timeframe. These could be complemented, or embedded in, a more regional African framework of cooperation.

## **2. The Background Paper**

The RT 1.2 background Paper could research effective examples of government policy and institutional support to migrants and diaspora that have encouraged and resulted in development-related investments in the home country. It could identify some concrete good practices where financial vehicles and instruments such as remittance securitization, Diaspora Investment Funds or Diaspora Bonds/Funds have spurred infrastructure growth, diaspora businesses and investments and actually created jobs and employment. The paper could rehearse how these have been set up and used in certain countries or regions, and the resources and the follow-up costs and monitoring required for this. It could give direction on how a resource for policymakers like the *GFMD Handbook on Engaging Diaspora in Development Activities* could be utilized towards achieving the good practices identified in the session.

## **3. Role of the Co-chairs and Team members**

*(See attached Guidelines for RT Preparations for GFMD 2012)*

#### **4. RT 1.2 Workplan**

Early march – Co-chairs and Coordinator complete the draft Concept Note and share with team members

Mid March Team members comment on the RT 1.2 Concept Note.

Meeting or teleconference of the team

End March Finalize and post the Session Concept Note.

April–August Co-chairs/expert/Coordinator prepare the RT Background Paper; plan the RT session.

26 April Team meeting on the margins of the 2<sup>nd</sup> FOF meeting in Geneva.

June Team meeting on the margins of the 3<sup>rd</sup> FOF meeting in Geneva.

13 September Final Team meeting on the margins of the 4<sup>th</sup> FOF meeting in Geneva.

By end September Team reviews, finalizes and posts the Background Paper.

October Translation of the Background Paper into French/Spanish.

**22 November RT Session 1.2 at the 6<sup>th</sup> GFMD meeting in Mauritius.**

*I.O./09 May 2012*