

## Civil Society Days 2016, 8-9 December, Dhaka, Bangladesh

ACTION PAPER FOR WORKING SESSIONS 3.2<sup>1</sup>:

### Doing Inclusive Development

#### *3.2: Migrant and diaspora action for job creation, social entrepreneurship and public policy*

##### 1. Introduction

A key issue in previous GFMD Civil Society Days has been the role of migrants and diaspora in the development of both their countries of origin and residence. This has included discussions around remitting money, setting up businesses, creating jobs or advocating for policy change. This year's Working Session on this theme will focus on best practices and existing initiatives that support diaspora and migrant enterprises, how they contribute to economic development (enterprise development, local investment, etc.), what lessons can be learnt and how to ensure that diaspora entrepreneurship and investment can make maximum social impact in both the country of destination and origin.

**Diaspora and migrant entrepreneurship and investment:** 'Diaspora entrepreneurs' represent the group of migrants or those of migrant origin who are entrepreneurs, live outside their country of origin, yet stay connected and involved with it. A thematic report by the MADE Working Group on Diaspora and Migrants in Development in November 2016 – [Diaspora and Migrant Investment and National Development: Building on the Nexus](#) - provides a good starting point for discussions on diaspora and migrant contributions to economic development.

**Challenges:** The obstacles for diaspora and migrant entrepreneurship are far from resolved – major obstacles include limited access to capital and in some regions high cost of borrowing; lack of accessible local market information; limited business support in transnational investment; and lack of structured or diverse diaspora investment products. Yet, the potential for diaspora entrepreneurs is evident. For example, a [World Bank Report on Sierra Leone Diaspora Investment and Trade Study](#) (2015) showed substantial disparities between current levels of diaspora investment - volunteerism, entrepreneurship, and portfolio investment - and diaspora's interest in investment. Almost a quarter (23.8%) of respondents had made a real estate purchase for personal use in Sierra Leone compared to the 70.8% who indicated an interest in doing so; 45% to 63% showed interest in investment compared to 1% to 6% actual investment in bonds, equity, social impact and microenterprises.

With the advent of South-South (or inter-regional) migration and the world's 82 million South-South migrants forming about 36% of the total stock of migrants, South-South migration is an increasingly significant factor in the economic and social development of many developing countries.<sup>2</sup>

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<sup>1</sup> This Action Paper has been prepared as input for the 2016 GFMD Civil Society Days by the African Foundation for Development UK (AFFORD) and BASUG- Diaspora and Development

<sup>2</sup> See: <http://www.oecd.org/dev/migration-development/south-south-migration.htm>

**Public policy on financing development:** Governments are in a position to develop mechanisms for diaspora investment: such as national diaspora bonds, municipality bonds, cooperative bonds (with government guarantee) for social impact, and the ability to invest in priority sectors within the national social economy. Just as important is the need for transboundary investment funds and financing schemes, particularly for the Small and Medium Enterprises (SME) sector, and the need for the development of new policies and legal structures for social enterprises. Those targeting women entrepreneurs and young people in particular are crucial. Diaspora and migrant enterprises can also prioritise and support workers in the “informal” economy, which is in many countries dominated by women (as well as women trade associations).

## **2. Inclusive development in the UN 2030 Agenda and the “New York Declaration for Refugees and Migrants”**

Some relevant references in the UN 2030 Agenda related to migrant and diaspora action for job creation, social entrepreneurship and public policy are:

- **Goal 8:** “Sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.” There is enough anecdotal evidence to suggest a significant percentage of remittances go to investment. Therefore it could be argued that a reduction in transfer costs could release more resources for investment purposes.
- **Goal 10, target C:** “By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent.”
- **Goal 17, target 18:** “By 2020, enhance capacity-building support to developing countries, including for least developed countries and small island developing States, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status.”

The “[New York Declaration for Refugees and Migrants](#)” that was unanimously adopted by 193 UN Member States during the UN High Level Summit of 19 September 2016 includes numerous commitments towards the role of diaspora in development, including the following:

- **par. 46:** We also recognize that international migration is a multidimensional reality of major relevance for the development of countries of origin, transit and destination, which requires coherent and comprehensive responses. Migrants can make positive and profound contributions to economic and social development in their host societies and to global wealth creation. They can help to respond to demographic trends, labour shortages and other challenges in host societies, and add fresh skills and dynamism to the latter’s economies.
- **par. 87:** We will ensure that all aspects of migration are integrated into global, regional and national sustainable development plans and in humanitarian, peacebuilding and human rights policies and programmes. We will work to strengthen host countries’ and communities’ resilience, assisting them, for example, with employment creation and income generation schemes. In this regard, we recognize the potential of young people and will work to create the conditions for growth, employment and education that will allow them to be the drivers of development.
- Furthermore, Annex II includes (in II.3) an acknowledgement of “the important contribution made by migrants and migration to development in countries of origin, transit and destination, as well as the complex interrelationship between migration and development and (in 3.t) the: “Harnessing the contribution of diasporas and strengthening links with countries of origin;” as elements to be included in the Global Compact for safe, orderly and regular migration.

## **3. Existing recommendations from civil society**

Point #2 from the Civil Society 5-year 8-point action plan calls for: 'Models and frameworks that facilitate the engagement of diaspora and migrant associations as entrepreneurs, social investors, policy advocates and partners in setting and achieving priorities for the full range of human development in countries of origin, heritage and destination.'

The 2015 GFMD Civil Society Days recommended three courses of action:

- Ensure adequate policy and funding frameworks and mechanisms in both sending and receiving countries to facilitate diaspora and migrant contributions to development, including through job creation, social entrepreneurship and advocacy for sound public policies (e.g. on health, education and social services) and regulatory frameworks, also in particular to ensure decent work in small and medium enterprises.
- Set up practical mechanisms for diaspora investment and entrepreneurship, such as diaspora bonds, municipal bonds, diaspora development funds, access to public private partnership (PPP) schemes and public finance initiatives (PFI), and the identification of priority investment areas.
- Include diaspora and migrants engagement in local and national development plans.

#### **4. Initiatives and actions taken in the past years to advance the protection of migrant workers**

Over the past several years, a number of promising initiatives and actions have been undertaken by civil society, governments and international organisations. Only a few are presented here. During the sessions, others will be added to this list:

- **Finance, investment, skills and capacity development for diaspora entrepreneurs**, example: AFFORD is delivering the Diaspora Finance and Investment (DFI) of [the Common Ground Initiative \(CGI\)](#). DFI will stimulate diaspora investments to create jobs and enhance the African social economy. In 2017, this programme will deliver a Rwandan diaspora bond.
- **Government marketing their national bonds to their diaspora**, example: [Homestrings](#) which provides a marketing platform to support governments and financial institutions to pool resources from its diaspora.
- **Diaspora philanthropy**, example: [Calvert Foundation harnesses investment](#) from individual and institutional investors, including the diaspora. Through its proprietary platform vested.org, the diaspora can make investments starting from as little as \$20 – current initiatives through vested.org are focused on India and Latin America.<sup>3</sup>
- **Technical business support**, example: GIZ (Germany) technical assistance programme which provides business skills to diaspora and migrant enterprises - MITOS tool box.
- **Expanding and strengthening private diaspora enterprises in country of origin / heritage**, example: Fisheries project which promotes job creation at the community level both for men and women (example in Bangladesh, a project supported by BASUG.)
- **[Nairobi Action Plan on Remittances](#)**: which proposes a goal to reduce remittance costs in Africa to 3% by 2020.

#### **5. Suggestions for recommendations for the 2016 GFMD CSD 2016**

The Working Sessions will deepen existing goals, benchmarks and actions such as the ones described above. It is suggested to begin with a focus on the following areas:

- **Goal:** Increase civil society’s learning of diaspora enterprises and businesses to enable a better understanding of existing and new initiatives that support diaspora enterprises
  - **Indicator:** Increased understanding of the potential of diaspora and migrant enterprises and investment
- **Goal:** Promote the practice (and definition) of decent jobs and ethical practice in business, particularly regarding migrant workers and regardless of their status.
  - **Indicator:** Measure against ILO description of decent jobs
- **Goal:** Promoting and strengthening women-led and youth-led diaspora and migrant enterprises
  - **Indicator:** Number of existing and new women-led diaspora and migrant enterprises

## **6. Action steps beyond the GFMD**

The working sessions will define key actions for civil society and governments at global and regional levels.

### ***Actions to be taken by civil society at international, regional and local level:***

- Discuss ways in which the business and technical skills of diaspora/migrants can be developed, for example, through the provision and support of training and capacity-building in enterprise and business development.
- Gather data to contribute to research, discuss best practices and support a coordinated approach that documents and shares best practices and lessons learned and enables evidence-based policy interventions.
- Expand and coordinate civil society efforts for diaspora engagement by joining the global MADE network for a more efficient facilitation of diaspora and migrants as entrepreneurs and social investors.

### ***Actions to be taken by governments at international, regional and global level***

- Establish an enabling regulatory and business environment to expand the impact of diaspora and migrant contributions in countries of origin, such as simplifying bureaucratic processes to foster a conducive environment for migrants to invest and start businesses through one-stop shops that facilitate diaspora investment and enterprise.
- Facilitate access to capital by, for example, supporting transboundary investment and innovative financing schemes for social and private enterprises. Other examples to be explored are supporting the SME sector, providing local and transnational grants and other forms of capital, match-funding schemes, access to or creation of suitable public-private partnerships (PPP) and public finance initiatives (PFI) for diaspora and migrant entrepreneurs.
- Ensure policy coherence at national and local levels in relation to diaspora engagement strategies. This should include a link to global-level migration discourses such as GFMD, Regional Consultative Processes (RCPs), regional dialogues for cross-border cooperation, and mainstreaming relevant national policies into local planning mechanisms.
- Facilitate business development support, capacity building and mentoring in the field of enterprise, business and related management skills for diaspora entrepreneurs.

## **7. Guiding questions for discussion during the Session**

### ***1) Recommendations for changes in policies and practices***

What legal, regulatory and enforcement mechanisms are necessary to enhance the economic development impact of migrants and diaspora to their countries of origin and/or residence? How well do the relevant national policies feed into local implementation and vice versa?

### ***2) Strategies, practices, partnerships and tools***

What different partnerships can be created and how can different types of partnerships – such as PPPs - enhance diaspora and migrant contributions to economic development? What other opportunities exist?

### ***3) Actors for success***

What successful initiatives are you aware of that pool and harness diaspora and migrant resources – including remittances - for economic development? What role do different stakeholders play in these initiatives -national governments, local governments, private investors, civil society, diaspora and migrant networks – and how can these be enhanced?

### ***4) Actions and strategies***

The gap between potential and actual entrepreneurs remains wide for a number of reasons, including lack of investment protection especially in the Global South. How can this gap be narrowed and who are the key stakeholders?

### ***5) The Global Compact for safe, orderly and regular migration***

How can the Global Compact on Migration help to better facilitate migrant and diaspora entrepreneurship and investment, in order for them to make maximum social impact in both the country of destination and origin. What global/regional governance mechanisms need to be improved for this to become reality?