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Some key factors in the contribution of migrant workers abroad to local development of their communities of origin

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In my personal opinion there are seven key factors in the eventual contribution of migrants abroad to the local development of their communities of origin, through the promotion and support of self-sustainable productive projects.

1. Remittances and investment. - A lot has been speculated on the remittances like source of financing of productive investment. Some public officials or bank executives speak of the remittances as if it was a homogeneous flow of resources that enters to the country and that if for the time being it is dedicated basically to the consumption expense, with certain actions of governments or migrants organizations, remittances could stray toward the productive investment what would be much more beneficent for the national economy. This approach reflects, without a doubt, a deep ignorance of the migratory phenomenon

It should be accepted that remittances constitute the partial transfer of wages sent to families of low revenues to assist them in the satisfaction of basic essential needs. (Feeding, clothing, and when it is possible, health, education and housing). An important function that remittances will continue to carry out. The possibility that part of this remittances becomes productive investments is extremely limited and, for such reason, unable to impact local development in a significant way.

By means of remittances, Migrant workers abroad contribute to improve the conditions of life of their families, and to counteract the effects of the neoliberal policies of structural adjustment. There are not arguments to assume that this salary can be considered, potentially, as source of financing of productive investments. Otherwise it would have to be explained why the wage of a migrant worker has a productive capacity, same potential that has never been recognized neither attributed to the wages and any other local worker's remunerations. The answer is very simple, because none of both has that productive potential supposition.

But in parallel to this structural limitation of regular remittances, there is a great and increased disposition of the national migrants abroad to put in risk a small portion of their savings to contribute to the economic and social development of their communities of origin. This potential source of resources, that can reach impressive figures in accumulated terms, could contribute significantly to the financing of development of the countries of origin. The difference seems to be irrelevant but it is certainly not.

2. Migrant entrepreneurs and migrant workers. - It is true that some migrant workers have had the opportunity to discover and to put in action their venturesome spirit and, it is also true that they were able to accumulate a patrimony and an important managerial experience. Some of them prefer to reinvest their earnings in their residence places, where by the way, it is very much simpler to establish and manage a productive business.

The migrants that have become entrepreneurs and investors in their new residence places, can certainly collaborate with investment and management to local development of their communities of origin. Their importance is no doubt significant, but its impact in local development is limited because unfortunately

migrant entrepreneurs are very few, in particular those who are willing to dedicate the time and necessary effort for managing and monitoring its local investment. On the other hand, these investors spread to act and to reason as any other foreign investor, and at the end of the day they prefer to consider other areas in the region as investment places, instead of their communities of origin, which in general present limitations and structural obstacles that hinder the investment execution and the operational management.

They are the migrant workers, in particular those that send remittances and are quite aware of their negative and harmful effect, when obstructing the initiative and perpetuating the dependent attitude of their relatives in their communities of origin, who have the mayor capacity to contribute to local development, putting in position of risk a small portion of their personal savings to impel productive projects in their communities of origin. But as they will remain in their new residence places, they need operating schemes that guarantee that their relatives will receive the appropriate technical, promotional and financial support to execute and operate, in an independent way, their productive projects.

It is required, indeed, a reliable, efficient and realistic methodological scheme that takes in particular consideration the cultural values and local motivations, a methodology that is not in fact the conventional and imported one that is applied in the traditional urban areas, a new scheme that assures to the main actors, the community and their migrants, the coexistence of the social sense, on one hand, and the entrepreneurial approach and self sustainability of the productive operation, on the other one.

3. Investment projects and local development. - The authentic development has never arrived from the outside. The productive projects that can be supported with the active participation of migrants workers abroad, should be instrumental part of an endogenous strategy of poverty alleviation and local development. The projects should be invariably selected and accepted by the community, that should always consider them as its own projects.

Local governments and migrant workers abroad can, and they surely should, promote and support the initiatives, but neither them, or external specialist, or agents form other latitudes, should substitute the members of the community of origin in the taking of the transcendent decisions, like it is, without a doubt, the one of defining the type of project to execute. The initiatives should always come from the communities themselves. Experience has proved that when the solution to solve local problems comes from outside, the community usually creates some sort of social antibodies that destroy the external initiative.

Promotion and support actions should be looking for the adaptation of the instruments and procedures to each specific environment, limitations, modalities and competitive advantages, but the responsibilities and consequences of a success or a failure in the investment project should be exclusively of the community, if there is indeed a serious intention to contribute to local development.

4. Entrepreneurial profitability versus community profitability. - The projects should be sustainable and profitable, no doubt at all, but how profitable and for whom, those are the key questions. It seems that traditional and conventional concept of entrepreneurial profitability could not be the most appropriate when it deals with productive projects in poor and excluded communities. The truly transcendent implication is that the project generates a positive net balance in the flow of resources that enter and leave the community. If the balance is favorable and the local monetary circulation level within the community is increased in a reasonable period of time, the productive project, still with modest profitability to the capital, will contribute significantly to local development. If, on the contrary, the balance is negative and the monetary circulation level decreases, still with high profitability for the capital in the project, local poverty will increase inevitably.

It is for this reason that simply making bankable a poor community, without having efficient mechanisms to recycle the community saving to local productive investments, can have devastating effects when the resources of the community, and particularly the remittances, are taken out, reducing the monetary circulation level, to lend it to other investors of higher revenues in urban areas. This could be an effective way to accentuate even more regional inequality and increase poverty.

5. Division of labor and local development.- Most of the members of communities of origin in developing countries gather the profile of workers and employees and, in smaller measure, of venturesome producers (By the way, the most venturesome already left as migrants). Only a very small minority responds to the manager entrepreneur's profile. Just a few prefer to carry out the functions of acquisition, management and marketing, on the production function, (generally the youngest and particularly women that went to study to larger cities in the country). It is a serious mistake to try to convert a worker or venturesome producer in an entrepreneur-manager. It won't ever be achieved. This could happen in industrialized countries, but in developing countries centuries of dominance and slavery influence in contrary sense. To be successful with a productive project in poor communities it is required to promote a division of labor, in which the few ones, that manage well, provide administration services to the many that produce well and that prefer to continue doing so.

6. Donation and risk participation. – The experience has been eloquent. The contribution of the migrant workers to impel local development of their communities of origin should not be channeled through donations, but through contributions of risk resources, with recovery and profit expectations. To avoid the patronizing approach, it is a requirement *sine-qua-non* in order that productive projects could be successful in their execution and efficient in their operation.

Migrant workers can also participate in the risk of investment projects transferring to their relatives in their communities of origin, their access capacity to bank financing that they have achieved in their residence places, through the opening of interbanking lines of contingent support to make possible local credits.

This way, migrant workers abroad that has a checks or saving account in their residence place could request to their bank that, with base in their respective credit capacity, proceed to open a contingent line of credit support to a certain bank settled down in the country or origin, in order to grant a direct credit, without collateral requirement, for a certain amount, to who he points out in their community of origin. The contingent agreement would indicate that if the beneficiary doesn't fulfill the payment with the proper opportunity, the creditor bank, via compensation mechanisms, can discount automatically the amount uncovered. In such a case, the correspondent bank would proceed to open a direct credit to the migrants that supports the operation, in terms previously agreed.

It would be extremely convenient to promote export oriented bi-national projects in which members of the local community and migrants, as well as their sons and daughters born in the destination country can share the risks, participating like partners, and reciprocally benefit from the productive projects.

7. Strategic alliance in export oriented projects. - Migrant workers can not only constitute an important market but also, and mainly, they can act as strategic allies of their communities of origin so that new production can acquire competitiveness and have access to the markets of their residence places. This can be the best support of migrant workers to impel local development in their communities of origin. They can also negotiate the support of cooperation agents and local governments where they live to facilitate imports and promote the marketing of products elaborated in the community of origin. Migrant workers can as well constitute and manage funds to finance market research and trade promotion activities in the market niches of their residence places.