

*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.



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

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

