

# International Forum on Microfinance, Remittances and Social Impact of Migration

*“Leveraging Migrants’ Remittances for Development: Practices, Lessons Learned and Trends”*  
Theme

Organized by:



in partnership with



Main Sponsor:



Venue: Asian Institute of Management  
Conference Center Manila  
Benavidez cor. Traslerra St.  
Legaspi Village, Makati City  
1260 Philippines  
Date: October 24–25, 2008

With the Philippines’ hosting of the forthcoming Global Forum on Migration and Development (GFMD), the International Network of Alternative Financial Institutions in the Philippines–(INAFI-Philippines) will organize an International Forum on Microfinance, Remittances and Social Impact of Migration with the theme of “*Leveraging Migrants’ Remittances for Development: Practices, Lessons Learned and Trends*”. This will in cooperation with the Philippine Consortium on Migration and Development (PHILCOMDEV) and the Asian Institute of Management Policy Center (AIM Policy Center) through the support of Oxfam NOVIB,

The forum will be held on 24-25 October 2008 at the Asian Institute of Management in Makati City, Philippines. It will be attended by around 80 participants representing different stakeholders in migration and development from different countries in Asia, Africa, Latin America, Europe, and North America.

The forum aims to highlight the contribution of migrants to development and the recognition of partnership building as an empowering process for them and their families and communities. The forum is also expected to serve as a platform in helping awaken the migrants’ consciousness on their potentials, and in further increasing their involvement as key participants in the national development process. This forum is part of the PHILCOMDEV parallel activities on the GFMD entitled “*Closer to Home: Galing ng Pinoy, Galing sa Pinoy*”.

## BACKGROUND

*INAFI’s initiatives on migration and development in partnership with other stakeholders*

INAFI is a network of organizations committed to fighting poverty by capacitating its members to pursue non-traditional affordable financial services that will enable the poor in meeting their financing needs and lessen their vulnerabilities. With the emerging phenomenon and emerging opportunities on migration and development, the INAFI network has been evolving a program to address the challenges of including migration in the development agenda of governments, and in creating an enabling environment that will value-add remittances and transform this as a tool for sustainable development.

INAFI recognizes the direct link of remittances (i.e., as a transfer facility, diaspora philanthropy, or investment) to alternative finance and the need to facilitate this

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financial flow. In engaging migrant remittances for development, INAFI through the support of Oxfam NOVIB and other stakeholders has conducted 3 major international conferences: the Zacatecas Conference in Mexico (Latin America) in 2005; the Tagaytay City Conference in the Philippines (Asia) in 2006, and the Cotonou Conference in Benin (Africa) in 2007. Two big events in preparation for the Benin Conference were also held in 2007 namely the Experts’ Roundtable Discussion held in Burkina Faso and the African Diaspora Conference in Benin.

Partnership building is INAFI’s main strategy in engaging in migration and development. Its African network is active in inter-facing with the African diaspora philanthropy for the establishment of an African Diaspora Fund for Development. In Asia, its Philippine network with its partners has spearheaded the formation of PHILCOMDEV. Other INAFI network members are also involved in facilitating remittances through partnership building like that of the Bangladesh Rural Advancement Committee (BRAC), New Rural Bank of San Leonardo (NRBSL) and BancoLagawe in the Philippines, PAMECAS in Africa, and the Sistema Fedecredito and FOLADE in Latin America to name a few.

With these initiatives, INAFI has positioned itself in the forefront in addressing the challenges of migration and development, specifically in harnessing the potentials of remittances for sustainable community development. As a microfinance network, INAFI has already created a niche in harnessing remittances for economic and social investments through the accessible and efficient remittance channels that were set up by its affiliate microfinance institutions (MFI). INAFI also assisted in linking Diaspora/migrant organizations to their home countries like that of the Kapatiran Philippines with the Economic Resource Center for Migrants Overseas (ERCMOVE). Other INAFI affiliates like the Social Enterprise Development Partnerships, Incorporated (SEDPI) and BALIKKABAYANI have launched migrant education campaigns focusing on the realities in the migrants’ respective origin countries, while several of its members and affiliates have facilitated the channeling of remittances/investments/donations into productive projects that benefit both migrant families (by weaning them away from the vicious cycle of indebtedness and dependency), and their immediate communities (by encouraging investments that will help build stronger local economies). The ATIKHA, Kooperatibang Likas ng Nueva Ecija (KOOL NE) and MILAMDEC experiences are examples of this.

## THE INTERNATIONAL FORUM

### *Rationale*

Over the years, migrant remittances have increased significantly, leading experts to recognize it as the developing world’s most reliable and broad-based source of financing. Remittances have been second to or even surpassing official development assistance. The World Bank Remittances Trend estimates that recorded remittances to developing countries in 2007 has reached US\$ 240 billion and projected to increase to US\$ 318 billion with India, China, Mexico and Philippines as the top 4 recipient countries.

These remittances have a definite contribution to development and some of the recognized impacts are:

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1. At macro level there clearly is evidence of poverty reduction. Remittances reduce poverty in the recipient economy; they are also associated with increased household investments in education, entrepreneurship, and health.
2. Remittances to countries contribute to appreciation of local currency. Large remittance inflows may cause currency appreciation and affect traditional exports.
3. Financial institutions receiving remittance can securitize future remittances for raising capital from international markets.

These impacts are further discussed as follows:

## *MFI –Facilitated Remittance Platform*

*According to BRAC and Sistema Fedecredito, the remittance facility provided by the MFIs have provided the clients easy access to the money remitted, thus expanding more savings in terms of transportation cost and time. Additionally, the clients have increased thier access to other services that the MFIs offered like loans, education and health programs and including other livelihood programs, in the case of BRAC. In the case of BancoLagawe, the provision of remittance service has provided more security as it lessens the distance and time in claiming the remittance.*

## *Migrants’ donation/philanthropy*

*In a case presented during the 2006 INAFI International Conference on Migration and Development, it was pointed out that the sending of resources of a migrants association called Vellinippatti Migrants Association in Singapore have helped their native land in terms of infrastructure and social transformation in a community in India.*

*According to study conducted by Añonuevo and Añonuevo (2008), San Pablo City (Philippines) receives an average of USD50,000 annually from a diaspora community which mainly from Seven Lakes International ( a federation of organizations of people from San Pablo City and now reside in the USA and Canada). Donations go to a variety of community programs including feeding activities, scholarships and the construction of public facilities such as village halls, recreational facilities and libraries.*

## *Migrants investments*

*Migrants’ investments in enterprises and MFIs help in the development of local economies. Coco Natur is a fair trade social enterprise of coconut farmers, overseas Filipinos and other stakeholders in coconut communities. It was set-up through the donations of overseas Filipino organizations led by Overseas Filipinos Worldwide Mutual Benefit Corporation (OFW-MBC). The enterprise contributes to the job creation and increase in income among coconut farmers. ERCMOVE has put investments in microfinance operations of MILAMDEC through time deposit. The investment has helped the MFI to expand its microfinance operations that directly provide financial services to the enterprising poor. A cooperative in Nueva Ecija offers an investment product for overseas Filipinos called Adopt a Client Investment Program. The investments have also helped microfinance clients of the cooperative.*

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*In recognition of these contributions, an agreement was forged during the November 2007 G8 meeting to promote better coherence and coordination of international organizations that are working to enhance remittance services and heighten the developmental impact of remittance receipts in developing countries.*

But there is still much to be done. Economic depression remains evident in the migrants’ countries of origin especially the rural areas. Migrant families remain dependent on remittances mainly for expenditures on food, clothing, shelter, education, health, and loan payments although they would have saved money and invested if they could. This indicates the lack of support systems for reintegrating the migrants once they return home.

The present situation denies migrant participation to development which makes them uninformed, excluded and marginalized. PHILCOMDEV, an INAFI cooperating agency in the Philippines and in this international forum would like to reverse this trend. The welfare of the migrants should be recognized and protected, and migration should contribute to sustainable development. Towards this end, PHILCOMDEV has been conducting dialogues and inter-face to link the migrants with the development imperatives in the Philippines. This effort will be illustrated in the facilitation of partnerships between and among Home Town Associations (HTA’s), Local Government Units (LGU’s), and Non-Government Organizations/ Private Institutions (NGO/PI) which will be launched alongside the international forum.

## Goals and Objectives

INAFI’s last Global Conference on Migration and Development in Benin was all about sharing and profiling the best practices of remittances, microfinance and diaspora philanthropy for sustainable development. It was where INAFI’s policy and program on migration, remittances, microfinance and sustainable development were launched. Now, it is about time to look at the trends and lessons learned from the practice.

Parallel to the GFMD, INAFI-Philippines will hold an international forum that seeks to acknowledge the contributions of migrants to development; and the recognition of partnership building as an empowering process for the migrants, their families, and their communities; and help arouse the national consciousness on the migrants’ potentials and therefore increase their involvement in the development process. The specific objectives are:

- Launch with PHILCOMDEV partnership initiatives of migrants with LGUs and MFIs /NGOs through a Memorandum of Agreement;
- Bring together migrants, their families, migration and development stakeholders, and microfinance practitioners to share their best practices on leveraging remittances for development;
- Promote migration and development as a development agenda;
- Introduce with PHILCOMDEV a process of migrant empowerment through consciousness raising and capacity building on financial literacy and entrepreneurship;
- Showcase migrants’ initiatives and contributions to economic development and empowerment.

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The proposed forum will be part of the PHILCOMDEV parallel GFMD program and will have the theme of Leveraging Migrants’ Remittances for Development: Practices, Lessons Learned and Trends.

## *Expected Output*

The following outputs are expected to be achieved: (1) HTA-LGU-NGO partnerships, (2) crafting of a common advocacy agenda, (3) compilation of training modules on financial literacy and social entrepreneurship, (4) conducted financial literacy and social entrepreneurship capacitation for migrants and their families, (5) documented proceedings with a compendium of the showcased best practices, and (6) awarding of recognition to best practices.

## *Management and Administration*

The forum will be held in Makati near where the GFMD will take place. It will be undertaken with the cooperation of PHILCOMDEV and in coordination with the GFMD, and through the support of Oxfam NOVIB. INAFI’s Philippine chapter with PHILCOMDEV representatives shall comprise the organizing committee and it will be responsible for the preparation, mobilization, promotion and management of the forum and the other parallel events..

The forum promotion, mobilization of sponsors, coordination with relevant stakeholders and other preparatory activities shall take place from June to the second week of October 2008. A web link to the web sites of INAFI Asia ([www.inafiasia.net](http://www.inafiasia.net)) and INAFI International ([inafiinternational.org](http://inafiinternational.org), [info@inafiinternational.org](mailto:info@inafiinternational.org)) will be established a month before the forum provide updates for the participants.

The design of the activities presented in this proposal will be open to adjustments and changes until a month before the proposed forum date. The forum will be part of the PHILCOMDEV parallel events—“*Closer to Home: Galing ng Pinoy, Galing sa Pinoy*”—which includes the following activities which will take place on 24-30 October 2008.

- Conduct of Philippine Dialogue on Migration and Health. Discussion of migration and health issues as well as solutions (with IDEALS and the AIM Policy Center)
- Launching of the *Galing ng Pinoy, Galing sa Pinoy* Search for Best Practices on Migration and Development. (PHILCOMDEV with AIM Policy Center, OFW Caucus for Sustainable Development)
- MOA Signing with 15 Provincial Governors and City Mayors Piloting Program on Leveraging Resources for Development. The MOA is intended migrants’ rights and welfare, reintegration preparedness, and harnessing the benefits of migration for local economy development. (PHILCOMDEV with AIM Policy Center and the OFW Caucus for Sustainable Development)