DIIS REPORT

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DIASPORA GROUPS AND DEVELOPMENT IN FRAGILE SITUATIONS

LESSONS LEARNT

Nauja Kleist and Ida Vammen

DIIS REPORT 2012:09

DIIS · DANISH INSTITUTE FOR INTERNATIONAL STUDIES

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Cover photo: © Pernille Bærendtsen. M-Pesa kiosk in Kenya
Layout: Allan Lind Jørgensen
Printed in Denmark by Vesterkopi AS

ISBN 978-87-7605-505-9

Price: DKK 50.00 (VAT included)
DIIS publications can be downloaded
free of charge from www.diis.dk
Hardcopies can be ordered at www.diis.dk

This report is part of the Research and Communication Programme (ReCom) on Foreign Aid, commissioned by the Danish Ministry of Foreign Affairs and undertaken by a number of institutions including UN-WIDER and DIIS

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Acknowledgements

We wish to thank the following people for their time, support and good suggestions: Maria Molde and Jeef Bech, the Project Advice and Training Centre (PACT), and the participants at two PACT seminars in November 2011; Maja Hallen Graae and Anders Knudsen, the Diaspora Fund, Danish Refugee Council; Mette Marie Yde, the Renovation and Shipment Fund, Action Aid Denmark; Said Hussein, Københavns Internationale Forening; Eva Pineda Hansen, DanChurch Aid; Giulia Sinatti, Institute of Social Studies, The Hague; Ninna Nyberg Sørensen, Lars Engberg Pedersen and Ane Toubo, Danish Institute for International Studies (DIIS); Hein de Haas, International Migration Institute, University of Oxford; and Birgitte Mossin (DIIS/Danish Ministry of Foreign Affairs), who provided inputs to the report in the first phase.

Acronyms and Abbreviations

AEP	Afghan Expatriate Program
ADPC	African Diaspora Policy Centre
AFFORD	African Foundation for Development
AVR	Assisted Voluntary Return
CSO	Civil Society Organization
Danida	Danish International Development Assistance
DFID	Department for International Development (UK)
DRC	Danish Refugee Council
FAR	Future of African Remittances Project
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
G8	The Group of Eight
HAERDO	Horn of Africa Education and Rural Development Organization
IOM	International Organization for Migration
JMDI	EU-UN Joint Initiative on Migration and Development
KIF	Københavns Internationale Forening [Copenhagen International Association]
M-Pesa	"Mobile Money" (mobile-phone based money transfer service)
NORAD	Norwegian Agency for Development Cooperation
MIDA	Migration for Development in Africa
PATC	Danish Project Advice and Training Centre
PRIO	International Peace Research Institute Oslo
QUEST	Qualified Expatriate Somali Technical Support
REDES-CAP	Redes De Apoyo a las Capacidades de las Personas Migrantes para el Desarrollo
SIDA	Swedish International Development Cooperation Agency
S.T.E.P.	Supporting Tools for Economic Projects
TOKTEN	Transfer of Knowledge Through Expatriate Nationals
UNDP	United Nations Development
UNFSTD	United Nations Fund for Science and Technology for Development
USAID	United States Agency for International Development

Executive Summary

This report examines programmes targeting specific migrants and diaspora groups as development agents with particular emphasis on fragile situations. It is part of the Research and Communication Programme (ReCom) on Foreign Aid, and is commissioned by the Danish Ministry of Foreign Affairs. The examination has the following objectives:

1. To study the results of migration–development programmes with particular emphasis on improved poverty reduction and service delivery, and reconstruction processes.
2. To identify practices producing intended or unintended positive and negative results as well as any dilemmas in these results, and to relate practices producing desired results across contexts.
3. To assess the validity and scope of the material on diaspora groups as development agents in fragile situations.

Three kinds of programmes are examined respectively focusing on: remittances, diaspora organisations and return, together representing some of the most common migration–development programmes in fragile situations. Selection criteria for specific programmes and cases were based on relevance and good documentation. This material is supplemented by interviews with Danish NGO personnel, a Somali diaspora organisation, and academic studies. The study shows that programme experiences are mixed and highly contextual. Nevertheless, some general lessons learnt have been identified, presented below.

Main findings

Remittances

Remittances constitute the area that has attracted most policy attention. A range of programmes and interventions have been implemented at both multilateral and bilateral level with institutions like the World Bank, regional development banks, the G8 Global Remittances Working Group and DFID as important actors. While is important to notice that remittances are private flows and that policy intervention should be limited, donors still have important roles to play.

First donors can *support processes to make it cheaper and easier to send and receive remittances* and *encourage the usage of formal remittance transfer channels*. Lessons learnt show that donors should continue their efforts to reduce remittance transfer costs, enhance competition and transparency of the remittances market, and extend financial services and products, especially in rural areas. Second, donors can contribute to *favourable investment and savings environments* through promotion of economic and financial reforms and through promotion of financial literacy. Likewise donors can support migrant entrepreneurship but it is important to link financial literacy and investment initiatives with good governance and other policy reform programmes. On the micro-level, donors can support migrant entrepreneurs with updated business support and information, located in both the country of origin and of residence.

However, donors face a *dilemma in relation to striking the right balance between regulation and facilitation of remittances*. The securitization of remittances may run counter to attempts to facilitate their flow and hence have negative consequences for remittance receivers, especially in fragile and (post)conflict situations. It is therefore recommended that donors consider the local effects of remittance regulation in the country of origin and encourage a risk-weighted approach.

Diaspora organisations

Diaspora organisations form important partners for donors and their activities are supported through co-matching funds or partnerships. Programmes are usually relatively small-scale and are funded by individual national development agencies and administered by larger NGOs, focusing on qualifying, capacity building, upscaling and, sometimes, co-funding diaspora development projects. They are divided into two overall types: general support schemes for development civil society organisations (CSOs) and specific diaspora initiatives. The study shows that both models have advantages and drawbacks. Generally speaking, the former can enhance networks with other kinds of development CSOs but offers less specialized support to diaspora organisations whose rate of successful funding proposals tends to remain comparatively low. The latter can offer more flexible support and funding arrangements but also tends to be relatively costly. In both cases, programme experiences are quite mixed. When well implemented and run, both models may have significant additional benefits in diversifying development aid partners and deliveries, in supporting civil society in both country of residence and origin and, as a positive side effect, in enhancing processes of integration in the country of residence.

Experience shows that collaboration with diaspora organisations should be based on a *participatory and collaborative approach* and that diaspora organisations should be included in *policy consultations*. It is worthwhile noting that while many diaspora organisations are not professional development actors, they often have experience in transnational development activities and should be acknowledged as development partners. The evaluations and reports consulted also show that both *capacity building* (on the right topics, level and time) and *matching funds schemes* are important tools for supporting the development activities of diaspora organisations. Likewise the study has emphasised the importance of basing projects on *local needs* and in partnership with *local partners*, who may also need capacity building and training and, to the extent possible, aligning projects with local development agendas and programmes.

Return

Return programmes constitute the oldest form of migration–development programme. Many return programmes are multi-lateral and implemented by international organisations like the International Organisation for Migration (IOM) and various UN agencies, targeting both fragile and stable states. Two overall approaches were discerned: permanent and temporary return programmes. Seen from a development perspective, the latter are far more successful and large permanent return programmes have generally been disbanded. Experience from voluntary 'self-return' to fragile situations shows that holding citizenship or permanent residence rights in a Western countries is an extremely important factor, as is general improvement of the security, political and economic situation. These factors also are pertinent in return programmes, indicating that *transnational and temporary return practices* are more likely to be successful. This implies securing migrant and returnee rights, such as upholding migrants' legal or residence status in their country of residence in case of temporary return and encouraging policy reforms in country of origin to support the rights of returnees. In all cases, *return conditionality should be avoided* as should return programmes focusing on the 'removal' of migrants because of domestic political agendas.

The study also shows that it is important to *embed return programmes in local needs and capacity building processes as well as to ensure ownership and commitment among the receiving institutions and at the political level in the country of origin*. This implies involving and upgrading local staff and institutions to avoid resentment and isolation of returnees. Mechanisms for transfer of skills and competencies which might involve capacity building of, and technical assistance to, local partners and institutions should

be supported. Lessons learnt also emphasise the importance of *open, transparent and merit-based recruitment procedures* and of employing a *long-term perspective with realistic objectives*. Returnees alone cannot change structural constraints and some public sector reform programmes have been disappointing because of unrealistic expectations and bad implementation.

Ways forward and dilemmas

Development programmes focusing on remittances, diaspora organisations and return are of very different natures in terms of content, actors, scale, and how diaspora groups and migrants are involved. Likewise, migrants and diaspora groups are very heterogeneous, further emphasising the importance of contextualising lessons learnt. Nevertheless, the study has identified some general trends and dilemmas across the three themes, relating to more overall and strategic considerations.

First, the importance of *realistic expectations and a long-term commitment* is emphasised across programmes and contexts. Migrants and diaspora groups are not magic bullets to solve complex development problems and are unlikely to change structural constraints or reconstruct fragile states on their own. In addition, close, long-term commitment with migrants and diaspora groups is necessary to build in-depth knowledge of the groups, create trust, and for programmes to show results.

Second, *programmes supporting already existing migrant practices are more likely to be successful than projects imposing donor policy agendas.* Facilitating remittance flows and transnational mobility as well as supporting policy reforms are examples of ways donors can support and upscale migrant practices. This observation thus calls for participatory approaches where migrants and diaspora groups are included in policy consultation and involved in projects at all levels. However, it is also important *that reconstruction and development projects are based on local needs in the country of origin, embedded in local policy reforms and development agendas, and that they involve local partners*, for instance in relation to capacity building and technical assistance.

Third, *a challenge for donors is to select the right partners*. Donors should keep in mind that not all migrants and diaspora groups are, or want to be, involved in development activities in their countries of origin, or may not share political agendas with the local population or regime (or donor agencies). Likewise many migrants in Western countries do not originate from the poorest areas and populations in their countries of origin and their development projects do not necessarily reach the poorest of the poor.

A limited number of migrants also support armed conflicts. Open and merit-based recruitment procedures as well as close and long-term commitment with diaspora groups can facilitate selection, collaboration and trust, and hence reduce the risk of donors 'making the wrong choices'.

Fourth, studies of diaspora involvement show that the (often found) *division between social service and civil society programmes or between humanitarian and development aid can be problematic*. This may especially be so in fragile and (post)conflict states where local needs exist on multiple scales – often including security problems – and where it may be difficult for diaspora groups (or indeed other development actors) to respond to local needs and satisfy donor demands at the same time. This finding calls for flexibility in programme designs and in collaboration across policy divides.

Fifth, all programmes show the *need for policy coherence from a migration–development perspective* where transnational mobility, migrant and returnee rights are supported and the linkage between transnational involvement and integration is acknowledged. Though the migration–development nexus has been celebrated in some policy circles, it tends to be subordinated to migration control and migration management issues and is not often accompanied by substantial budgets. A major challenge in migration–development programmes is thus their relatively low political priority and the political emphasis on regulation/control in contrast to facilitation of transnational flows. There is no easy solution to this dilemma but, from a development point of view, overly strict regulation and securitization may impede migrants' contributions to development. Or put differently, while diaspora collaboration should be based on participatory approaches and policy consultation 'from below', it needs to be embedded in political will and concrete policies 'from above'.

Remarks on the quality of sources and literature

Finally, a few notes on the scope and quality of sources on migration–development programmes. While there is an extensive literature on diaspora involvement in development and corresponding policy initiatives – including a wealth of positioning papers – the number of actual programme evaluations is limited. Most migration–development policies are relatively recent and many reports and evaluations conclude that it is yet too early to say much about their impact. Furthermore, most of the existing evaluations consulted focus on programme efficiency with only a little focus on programmes' impact on development and poverty reduction. This means that the validity of scope of material on diaspora groups is quite mixed:

there are many excellent studies and reports on diaspora involvement and policy measures, some high-quality evaluations but also a large number of not very well substantiated papers. However, several handbooks have been or are about to be published that are based on programme project experiences across contexts as well as on academic studies, for example the PRIO and JMDI handbooks, which we highly recommend. An obvious final recommendation is thus to upgrade and share the learning processes involved in migration–development programmes among all actors involved.

List of recommendations

Based on research in this and related fields, the following areas for policy development are identified:

Remittances are private flows but donors can play important roles in facilitating their flow. More particularly, we recommend that donors:

- Continue their work on reducing the cost of remittance transfers and make irregular channels less attractive through supporting effective and cheap formal alternatives.
- Consider the local effects of remittances in developing countries and the implications of tightening regulation of transfers and, ideally, encourage a risk-weighted approach to regulation, especially when affecting conflict or post-conflict countries.
- Strengthen the investment environment in migrants' countries of origin through encouraging general reforms and good governance.

Diaspora organisations are important partners for donor agencies but programmes show mixed results. To enhance collaboration, we recommend that donors:

- Keep in mind that many diaspora organisations are already development agents and base collaboration on a participatory, flexible and long-term approach where mutuality and policy consultation are central.
- Offer matching funds to diaspora organisation projects as well as capacity building activities, preferably including both diaspora organisations and local partners.
- Ensure that supported projects are based on local needs and in partnership with local actors and institutions. Likewise the transnational aspects of diaspora organisation involvement should be considered and supported.

Return of diaspora professionals can offer important contributions to development and reconstruction. We recommend that donors:

- Recognise that the most important condition for successful return to fragile situations is improvement of the security situation and that the environment for returnees is conducive.
- Base return programmes on local needs to ensure ownership and commitment among the receiving institutions and at the political level. Ensure that local staff and institutions are involved and upgraded to avoid resentment and isolation of returnees.
- Avoid permanent return conditionality. Voluntary return to fragile situations is often dependent on holding Western citizenship or a permanent resident's permit. Transnational mobility and migrant/returnee rights should therefore be supported, including upholding legal and resident status in case of return.

General recommendations:

- Set realistic objectives and time frames. Individual migrants are unlikely to change structural constraints.
- Ensure open and merit-based recruitment procedures as well as long-term commitment with diaspora groups to facilitate selection, collaboration and trust.
- Consider the division between social service and civil society programmes or between humanitarian and development aid through flexible programme design and demands.
- Work for increased policy coherence from a migration–development perspective where transnational mobility, migrant and returnee rights are supported and the linkage between transnational involvement and integration is acknowledged.
- Upgrade and share the learning processes involved in migration–development programmes for all actors involved.

1. Introduction

Conflict and fragile situations often produce large diaspora groups – migrants and their descendants scattered across different countries – who maintain transnational linkages with the countries of origin over time. Many send remittances to their family and kin, supporting the daily survival of families. Some organise themselves into hometown, professional or other kinds of organisations which support reconstruction and development processes in their countries of origin. Some are engaged in political or business lobbyism. And some return for shorter or longer periods of time, transferring resources and skills. The contributions from migrant and diaspora groups are thus important for the daily survival of millions of people through remittances and other kinds of support in fragile situations – and more broadly in situations characterised by poverty and the absence of adequate state service provision. Many international programmes acknowledge this today, reflected in a range of initiatives where diaspora and migrant groups have become partners for development aid agencies and organisations as well as policy actors in their own right. Yet, it is also realised that even if diaspora groups may be part of the solution to conflict and stabilisation processes, they may also constitute part of the problem.

This report examines lessons learnt, challenges and dilemmas from migration–development programmes with particular emphasis on fragile situations. It is a part of the Research and Communication Programme (ReCom) on Foreign Aid, and is commissioned by the Danish Ministry of Foreign Affairs.

Objectives

The study has the following objectives:

1. To study the results of migration–development programmes with particular emphasis on improved poverty reduction and service delivery and reconstruction processes.
2. To identify practices producing intended or unintended positive and negative results as well as any dilemmas in these results, and to relate practices producing desired results across contexts.
3. To assess the validity and scope of the material on diaspora groups as development agents in fragile situations.

Scope and delimitation of the report

Three kinds of programmes are examined in this report, focusing on remittances, diaspora organisations and return. These themes have been selected as they represent some of the most common migration–development programmes in fragile situations – and more generally in developing countries – with programmes ranging back from the 1970s but especially taking off from the 2000s. Being primarily a desk study, the report is based on evaluations of programmes and reports. The focus is mainly on European and, especially, Scandinavian experiences as well as on programmes conducted by international organisations, such as the UN, the IOM and the World Bank. This choice reflects the different nature and scale of the three types of programmes. Programmes supporting diaspora organisations are usually relatively small; funded and implemented by individual national donor agencies, local authorities and NGOs, whereas many return and remittances programmes are larger; funded by several donor agencies and run by international organisations. It should be noted that there are relatively few independent evaluations of migration–development programmes (Chappell and Laczko 2011) and available evaluations tend to have relatively little focus on impact. This means that it has not been possible to base the report on a very structured or systematised set of sources. Instead, the specific programmes and cases examined within each theme have been selected on the basis of availability and include evaluations, reports, and websites. In addition to written material, interviews with Danish NGO personnel working with migration–development programmes funded by Danida as well as interviews with a Somali diaspora organisation have been carried out, to include their experiences and perspectives. Likewise, we draw on empirical studies of migrant and diaspora involvement to shed light on the logics and dynamics that characterise such engagement.

For reasons of time and space, the report does not include programmes on labour or educational migration – such as circular migration schemes or brain drain prevention programmes. Migration management or migration control programmes also fall outside the scope of the report.

Box 1. International migration at a glance

The UNDP and IOM have estimated that in 2010 there were about *214 million international migrants* – people living outside their countries of origin – equalling about three per cent of the world's population. About *15.5 million* of them were *refugees*, and *845,800* were *asylum seekers*. Most refugees live in neighbouring countries or in the same region as their country of origin. In addition to these numbers, there were about *42 million internally displaced persons* (IDPs) in 2010. The number of *internal migrants* – i.e. persons moving within their country of origin – is estimated to be *740 million*. It should be noted that migration statistics are often highly unreliable because of lack of data.

This report uses the notion of *migrants* as a broad category referring to persons living outside their country of origin for a longer time period, including both labour migrants and refugees. The notion of *diaspora groups* refers to transnational communities, consisting of dispersed migrant groups and their descendants. Migrants and diaspora groups will be used interchangeably but, when necessary, the report will refer explicitly to more accurate mobility categories.

Source: UNDP (2009); IOM (2011).

Approach

Below the concepts of diaspora and fragile situations are presented.

Diaspora groups – definition and considerations

In this report, *diaspora*[1] is used in the following sense: to designate groups originating from a *homeland*, dispersed in several territories outside this homeland with an enduring – though not necessarily permanent or uninterrupted – *presence abroad*, maintaining a sense of *homeland orientation, collective identity and transnational*

[1] The term *diaspora* is Greek and means 'the scattering of seeds' or to sow over (Cohen 1997). Originally a term referring to the expulsion and scattering of Jews and other expelled groups, such as Armenians and Greeks, diaspora is now used in a much broader sense to denote transnational communities. Also, the concept has been appropriated as a political position, connoting agency and moral obligation (Kleist 2008a; 2008b).

practices oriented towards the homeland and co-ethnics, sometimes with the hope of *return* (Van Hear 1998; Brubaker 2005). Diaspora groups thus include persons scattered in different countries, of different generations, socio-economic positions, political opinions and legal statuses – from naturalised citizens settled for several generations, to expatriate professionals, to irregular migrants – brought together by their alleged attachment and belonging to a real or imagined homeland. Temporary returnees as well as transmigrants, regularly going back and forth between the country of origin and settlement, are also included in the category.

It is crucial to emphasise that diasporas are heterogeneous communities and attempts to generalise diasporas as unified and singular actors are misguided. To emphasise this point the report therefore employs the notion *of diaspora groups* when referring to particular groups active in transnational development and reconstruction activities, while the notion of *diasporas* is reserved to the totality of dispersed persons from a particular homeland and their descendants. Another implication is that the focus on diaspora groups risks presuming and reifying ethnicity and belonging to a perhaps ancient homeland of the involved groups rather than perceiving them as citizens in their country of residence. It follows that the development engagement of diaspora groups cannot – and should not – be presupposed but must be based on empirical evidence.

Diaspora and fragile situations

While the original focus on diaspora referred to expulsion and conflict, today diasporas are also seen as including groups from more stable settings as well as conflict or post-conflict ones. However, diasporisation is often linked to fragile situations – whether related to political or economic crisis or full-blown conflict. The report uses a broader notion of a fragile state[2] as "*one unable to meet its population's expectations or manage changes in expectations and capacity through the political process*" (OECD/DAC 2008: 12).[3] These expectations may involve poverty reduction, development, security or human rights as well as they relate to questions about legitimacy and political authority, including expectations about state performance (OECD/DAC 2008; OECD 2010). Engaging with fragile states thus involves a range of challenges related to state capacity and legitimacy relevant to formal development agencies and diaspora groups alike – though not necessarily in the same ways.

[2] The report interchangeably refers to fragile states and fragile situations. The latter term denotes that fragility does not characterise all dimensions of statehood or all geographical regions in a state.

[3] For more theoretical discussion of fragile or failed states see Milliken and Krause (2002); Engberg-Pedersen et al. (2008); OECD/DAC (2008); OECD (2010); Eriksen (2011).

The involvement of diaspora groups in development and reconstruction in fragile states is complex in nature. In some states, governments and other political actors regard diaspora groups as an attractive extension of the nation, holding economical, human or political capacities. In other states, they are regarded as subversive and destabilising forces. The relationship between states and diaspora groups cannot and should not be taken for granted but must be empirically examined – also in relation to internal differences in diaspora groups. Relevant factors include the emergence, composition, and nature of transnational involvement of the diaspora groups; their socio-economic and legal positions in the countries of residence as well as the political opportunity structures or constraints they face; the means of transfer they have access to; any regulations of their mobility and, not least, the social, economic, and political conditions in the country of origin and the type of state fragility which may have triggered or co-produced the formation and involvement of diaspora groups in the first place.

Outline of the report

The report is structured in the following way. An introduction to diaspora, conflict and development is presented in chapter 2 where reflections on the quality of sources on diaspora groups as development agents can also be found. Three thematic chapters follow, on remittances (chapter 3), diaspora organisations (chapter 4), and return programmes (chapter 5). Each of these chapters starts out by presenting migrant and diaspora involvement, followed by analysis of donor interest and existing programmes. The chapters then present lessons learnt and dilemmas in programming. The report ends with a concluding discussion (chapter 6) of overall lessons learnt and remarks on the quality of sources. Finally a list of recommendations is presented in chapter 7.

2. Diaspora Groups as Development Agents in Fragile Situations

Policy interest in migration and development

Migration and development have been interlinked throughout history and the engagement of migrant and diaspora groups in development processes is not a new phenomenon (Schiller and Faist 2009). Neither is policy interest in migration and development. In the last 50 years policy interest has swung from seeing migration as spurring development processes to seeing it as an impediment for national development and then (partly) back to development optimism again (Faist 2009; de Haas 2010a).[4] Corresponding with economic growth and demand for labour in Western Europe as well as decolonisation and independence of many former colonies, in the 1960s migrants were seen as development agents through the transfer of remittances, human capital and eventual return to their countries of origin. Optimism reversed in the 1970s and 1980s following the global oil crisis, the 1973 European immigration ban and, not least, widespread economic and political crisis in developing countries.

Since the mid 1990s and especially in the 2000s, there has been a policy and research re-discovery of the development potential of migration. Researchers and policymakers realised that many migrants are engaged in transnational practices at social, economic, political, and religious levels, contributing to development (and conflict) in various ways. The notion of the migration–development nexus (Sørensen et al. 2002) was introduced in the early 2000s, gaining academic and political prominence in the course of the following decade.[5] Policy attention was further spurred by the publication of the *Global Development Finance Report* by the World Bank in 2003, which pointed out that remittances constitute the second largest flow of external funding to developing countries after Foreign Direct Investment (FDI). The same year Kofi Annan, then Secretary-General of the UN, established the Global Commission on International Migration to provide a framework for international migration. This was followed by a number of reports, the UN High-Level Dialogue on Migration and Development in 2006, the Global Forums on Migration and Development of 2007 (de Haas 2006; Skeldon 2008), and the EU–UN Joint Initiative on Migration and Development (JMDI) of 2008 (www.migration4development.org) – a EUR 15

[4] For a more elaborate history of migration and development policies see Faist 2009; de Haas 2010a; and Kleist 2011.

[5] It should be emphasised that the focus on migration and development during the last decade runs parallel to processes of securitisation of migration, especially following 11 September 2001.

million programme supporting small-scale organisations (JMDI 2011). Likewise migration and development constitutes one of the three pillars of the EU Global Approach to Migration (European Commission 2011).

Today the involvement and contributions of migrant and diaspora groups are widely acknowledged by formal and mainstream development actors, though it varies considerably how and to what degree migrants are considered partners in development and reconstruction activities. A wide range of actors are important players on the migration–development scene, ranging from supranational bodies such as the UN and the EU; international organisations, such as the IOM; international banks, including the World Bank and regional development banks; governments in countries of origin and settlement; national donor agencies, NGOs and CSOs; religious organisations and churches; private businesses; money transfer companies; and of course individual migrants and their families, migrant businesses, diaspora professionals, and various forms of diaspora organisations.

The 'diaspora position'

Migrants and diaspora groups are often assumed to constitute agents of change. Because of simultaneous affiliations to and involvement in country of origin and residence, some diaspora groups are seen as bridgeheads between the established development industry and local actors and contexts as well as between the global North and South.[6] A key characteristic in this 'diaspora position' is thus involvement and knowledge of several cultures and (local) languages. Furthermore, migrant and diaspora involvement is often characterised by a high degree of personal and moral commitment and obligation to support their relatives and home communities (e.g. Lindley 2009; Horst et al. 2010), especially in relation to remittances in times of crisis.

Living abroad but maintaining social, economic, and political relations to the country of origin, the diaspora position represents a potential resource for local and national homeland development – not only in relation to remittances but also in the form of possible ambassadors and lobbyists for business and political purposes. Indeed, political actors in countries of origin often expect 'the diaspora' – especially diaspora groups who have lived in Western countries – to constitute economic and human resources, exposed to high-quality education, professional know-how and, in some cases, liberal and democratic values (Kleist 2007a; 2008a). Furthermore, some di-

[6] The diaspora position is often used exclusively about groups living in Western countries whereas big migrant and refugee groups in neighbouring countries are not included (Bakewell 2008a).

aspora groups play important roles in relation to peace and reconciliation processes through the transfer of democratic values and civil society support.

Not all diaspora groups are development agents or transnationally involved

However, it is important to emphasise that not all migrant and diaspora groups are included in this positive diaspora position. First, development agencies (and homeland governments) tend to target specific migrant groups, usually those living in Western countries with legal statuses (Kleist 2007a; 2011). Second not all migrants are transnationally engaged and not all are able or willing to contribute to collective or development-related projects and activities, and use their (scarce) time and resources for such purposes. Furthermore, some migrant and diaspora groups are in opposition to or distrust existing governments and political structures in their countries of origin. Third, since 9/11 and the War on Terror, migration has become increasingly securitised with the emphasis on prevention and combatting of terrorism and radicalisation, often related to the fight against illegal migration (Isotalo 2009). Anti-terrorism measures can have impeding effects on transnational involvement, for instance by criminalising remittances (Hammond et al. 2011; Pantuliano et al. 2011). Likewise securitisation and the tightening of migration policies and visa restrictions make mobility and hence some forms of transnational development engagement more difficult.

Finally, some migrant and diaspora groups are perceived as agents of conflict rather than development because of their (real or alleged) funding, aggravation and prolongation of conflicts, or radicalisation of political discourse and actions (Demmers 2002; Vertovec 2006). The economic, human and social resources of migrants may not only be used for development purposes, but also in relation to armed conflicts or militias through remittances, political support, and the provision of arms, manpower and information (Byman et al. 2001). Indeed, according to Collier (2000), the risk of renewed conflict is larger for countries with large diaspora groups, because of their ability to fund conflicts. The conflict potential of some diaspora groups has, in some cases, led to policy resistance towards more general diaspora involvement in reconstruction and development.

Policy scepticism

In addition to the barriers mentioned above, migrant and diaspora involvement is also impeded by a certain degree of cautiousness on the part of the professional development industry. Some mainstream development actors worry about the nature of migrant

and diaspora transnational involvement (Horst et al. 2010; Brinkerhoff 2011), as it takes place outside the professional development sphere and is frequently grounded in local, family and personal relationships. They may be anxious that migrants and diaspora groups lack a 'professional distance' from development problems and thereby risk being too emotionally or politically involved in development projects in their homelands. Likewise, many diaspora organisations are run by volunteers with other constraints on their time and resources. Their approach to development projects may therefore be different from that of mainstream development actors who may find or fear that they lack capacity to engage effectively and professionally in development cooperation, for instance in relation to donor demands on financial and project management. Likewise some diaspora groups are fragmented and divided, due to conflict in the country of origin. This means that donor agencies may face a high number of internally competing diaspora organisations and sometimes also a number of proclaimed leaders from the same diaspora group. For donor agencies or other bodies looking for unambiguous diaspora leadership and/or internal collaboration, such a situation may be frustrating and confusing.

Where are we today?

After a decade of policy optimism, there is currently a tendency to take stock – perhaps spurred by the global economic crisis and ensuing pressure on development aid. Indeed, geographer Ronald Skeldon (2008) has rhetorically asked if migration–development is 'a passing phase' in the development world. The continued policy and development aid interest in migrant and diaspora groups indicates that this is not the case. However, several scholars working with migration and development have called for more nuanced and critical approaches for some time now. Hein de Haas (2010a) and Ronald Skeldon (2010) emphasise that individual migrants cannot change structural constraints and institutional weaknesses. Oliver Bakewell points out that in spite of the focus on the development potential of migration, often the underlying assumption remains that migration is a symptom of crisis and that the aim of development is to enable people to stay at 'home' (Bakewell 2008b). And Nina Glick Schiller (2009) criticises the celebration of migrant and diaspora groups as development agents, while simultaneously ignoring the reproduction of global inequalities and the simultaneous securitisation of migration.

The current moment of reflection and stock-taking is to some degree mirrored in more applied parts of the literature. However, while there is an extensive literature on diaspora involvement in development and corresponding policy initiatives – includ-

ing a wealth of positioning papers – the number of actual programme evaluations is limited (cf. Chappell and Laczko 2011). Most migration–development policies are relatively recent and many reports and evaluations focus on programme efficiency rather than impact. Laczko (2011) proposes that the limited number of evaluations is related to 'the fear factor' of bad news as well as to the fact that rigorous impact evaluations are very expensive and require a high degree of technical expertise (cf. IOM 2007: 24). It should also be noted that it is very difficult to isolate the development impact of specific migration–development programmes from "wider processes of social transformation and economic change" (de Haas 2010b: 160).

Nevertheless, several guidelines and handbooks on migration and development have come out recently or are about to be published, presenting policy recommendations and best practices based on data collection from a wide range of programmes. Examples include two recent handbooks for practitioners and policymakers. One is written by the research consortium Diasporas for Peace (DIASPEACE), funded by the European Commission's Seventh Framework Programme (Horst et al. 2010) and another is published by the Joint Migration Development Initiative (JMDI 2011), based on data collection from the 51 JDMI-funded programmes. Both handbooks emphasise the positive potential of supporting and collaborating with migrant and diaspora groups, emphasising a participatory and bottom-up approach. Likewise a *Handbook on Engaging Diasporas in Development* has been published, commissioned by the Global Forum on Migration and Development, and implemented by the IOM and the International Centre for Migration Policy Development (ICMPD). A special issue of International Migration on European migration–development debates, edited by Ida Vammen and Birgitte Mossin, Danish Institute of International Studies has also come out.[7] This it thus a good moment to take a closer look at lessons learnt in programming.

[7] The two latter publications have not been included in the report as they were published after the completion of the analysis.

3. Remittances

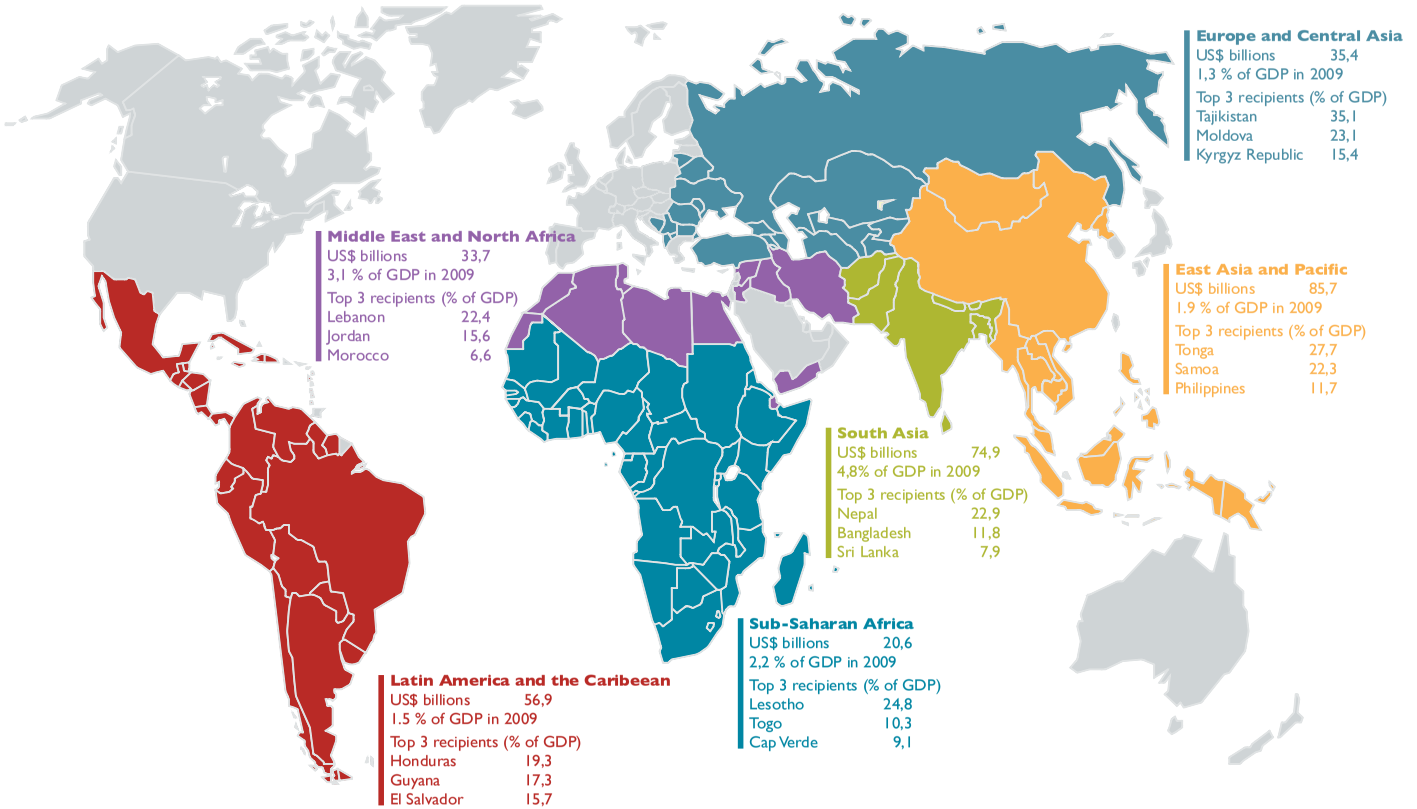
Migrants today send remittances worth almost three times the official development assistance (ODA) to developing countries (World Bank 2011). Remittances are not a new phenomenon. Families have sent remittances to other family members for generations – both to the nuclear family and the extended family – as part of widespread moral obligation to assist and sustain kith and kin.[8] Remittances support the local economies in the countries of origin from below. They cover basic necessities and are used for food security, access to healthcare, school fees and other educational expenses, consumption, savings, investment in housing and land and investment in the private sector – both directly and through, for instance, construction of houses (Carling 2005). In other words they function as a form of insurance in situations where there is a lack of economic stability, social services and public access to schooling and health. In areas characterised by poverty, conflict or humanitarian catastrophe, remittances can constitute a vital lifeline for the receiving households.

On the macro-level, remittances have often proved to be a relatively stable and countercyclical financial flow and a source of foreign exchange but remittances can also cause inflation, dependency, and reinforce inequalities, since remittance-receiving households are rarely the poorest of the poor. Furthermore, obligations to remit can put substantial economic and social strain on migrants, especially in times of conflict or other crises. Whether remittances play a positive or negative role in economic, social and political development depends on the more general development conditions in the country of origin. Remittances alone cannot resolve structural development constraints.

Since the beginning of the millennium this large capital flow has increasingly drawn policymakers' interest towards the earnings of migrants – not just as a new major economic resource but also as a potential financial source for development finance. Transnational connections between migrant, family and community in countries of origin have become visible and an area of policy interest. Governments in countries of origin, donor agencies, international organisations and other development actors aim at 'tapping' migrant remittances or 'channelling

[8] Remittances can be divided into *international* remittances from international migrants and *internal* remittances from internal or domestic migrants.

Remittance flows to developing countries in 2009



Source: Migration and Remittance Handbook, 2011, World Bank

them' into what are seen as more productive development purposes. However, there is now a general consensus that remittances constitute private money for private purposes, which places delimitations on policies (de Haas 2006; Horst et al. 2010). This chapter describes the most common donor approaches.[9] It starts with a brief discussion of remittances in the changing global economy and the impact of remittances in fragile situations before looking into donor interests and concrete policy measures.

The development potential of remittances

In the 1990s remittances doubled to over more than USD 105 billion annually and further rose to twice the level of international aid in that decade (Vertovec 2007).[10] In Africa alone remittances quadrupled from 1990–2010, reaching almost USD 40 billion in 2010, i.e. 2.6% of Africa's Gross Domestic Product (GDP) in 2009 (Ratha et al. 2011).[11] Remittances constitute the largest source of foreign capital after FDI in Africa, even exceeding FDI and equalling the size of Official Development Assistance (ODA) in some African countries (Mohapatra et al. 2011a).

Table 1. Economic flows to developing countries, 1995–2010 (USD billions)

	1995	*2000*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*
Foreign direct investment (FDI)	95	149	208	276	346	514	593	359	–
Remittances	55	81	159	192	227	278	325	307	325
Official development assistance (ODA)	57	49	79	108	106	107	128	120	–
Private debt and portfolio equity	83	27	93	165	211	434	157	85	–

Source: Migration and Remittances Fact Book (World Bank 2011:17).
Note: Private debt includes only medium and long-term debt.
– = not available.

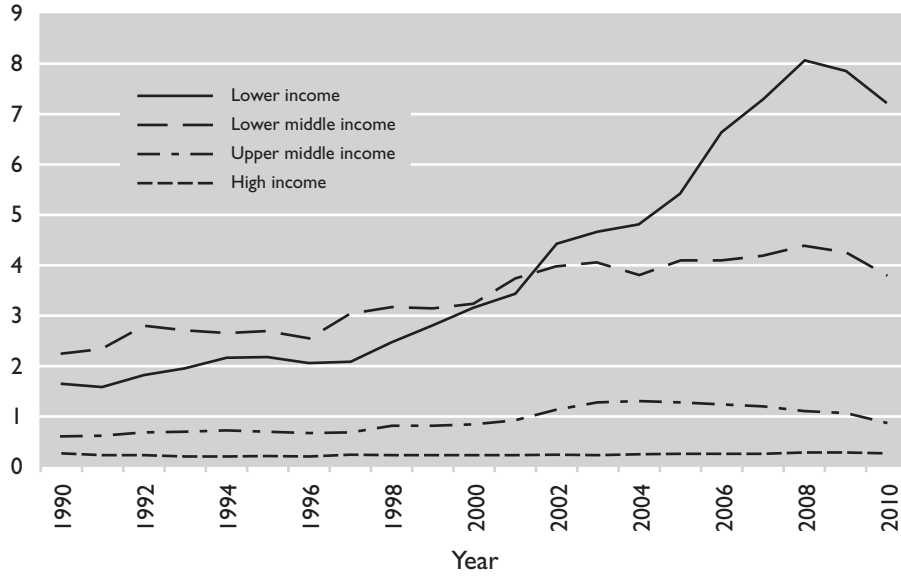
[9] This chapter will primarily explore how Western donors have approached remittance policy measures. However a number of sending states have also been active in similar policies for many years (see for example Orozco 2005a; Castles and Delgado Wise 2007).

[10] The increase in remittances is caused by various factors, including increased migration to wealthy countries in the period, improved data quality and infrastructure for transactions through formal channels (Kapur 2004).

[11] The growth can mainly be explained by the growing number of emigrants from Africa and their rising incomes, especially before the economic downturn (Mohapatra et al. 2011a).

As Table 1 shows, remittances kept increasing through the 2000s (also in relation to ODA) until the economic downturn in 2009. However, in 2010 official remittances to developing countries reached USD 325 billion and recovered to the level of 2008. The global flow of remittances thereby proved to be resilient during the global financial crisis (Mohapatra et al. 2011a). Remittances are expected to rise 8% in 2011 to USD 351 billion (Mohapatra et al. 2011b). However, smaller developing countries, low income countries and fragile states (see below) are especially vulnerable to any prospect of decay in remittances since their GDPs are more dependent on this income. Indeed, in 2009 remittances exceeded a fifth of the GDP of many of the smaller economies.

Table 2. Remittances as percentage of GDP 1990–2010



Source: http://data.worldbank.org/data-catalog/world-development-indicators

Box 2. Behind the numbers

There are primarily two ways of recording remittances. One is through information collected by central banks and published under the balance of payment statistics; the other is through surveys of remittance sender and receiver behaviour. The latter has the advantage of being able to record the micro-level dynamics of remittances such as the use of informal channels[12] but they are few in number and often associated with methodological problems (Carling 2005). The most used data for estimating remittances over time are balance of payment statistics. In these statistics, migrant remittances are considered the sum of three components 1) workers' remittances, 2) compensation of employees, and 3) migrants' transfers. However remittance data are often unreliable due to incomplete national statistics and the fact that most data do not include remittances sent through informal channels like the *hawala* system or hand-delivered money from relatives. Informal channels are often a much cheaper alternative to banks and are estimated to constitute between 10 to 50 per cent of total remittance flows in many countries (Ratha 2003). This is especially so in fragile states with weak or non-existing financial institutions where accurate data on the informal economy are not available (Hansen 2008a; Horst 2008).

The impact of local inflation

Though remittances seem to have recovered from the financial downturn and thus proven to be a resilient financial flow, it is necessary to consider the effect of local inflation to evaluate the development effect for the recipients in the countries of origin. This makes the picture more complex: the 5.6% growth in remittances in 2009–10 in USD terms for all developing countries was actually negative (-2.7%) when adjusting for the local inflation. Only developing countries in East Asia and the Pacific (0.8%) and the Middle East and North Africa (2.2%) experienced small growth rates in local currency terms when adjusted for inflation, whereas developing countries in Latin America and the Caribbean (-6.9%) and Sub-Saharan Africa (-4.0%) experienced a decline. These numbers show that recipients have less spending power in spite of having received the same amount of remittances in US dollars. Such situations can

[12] Informal channels transfer money through various different mechanisms outside the regulated financial system. Often there are no or few transaction records and the systems largely build on trust (Carling 2005).

create increased pressure on migrants, who may already be strained by the effects of the financial downturn, to remit more money (Mohapatra et al. 2011a).

Remittances and fragile states

Remittances can be seen as a response from below to the insecurity, inequities and the economic difficulties that have prompted or enforced migration in the first place. In countries affected by conflict, ethnic violence and political instability, people are often deprived of crucial resources that constitute their livelihoods such as their income, land, networks and social services, and very few investments are made by domestic or foreign investors. In these cases remittances from the diaspora can be crucial for individual livelihoods and survival. By establishing or 'recreating' basic social services, they can sustain communities during conflict. In the Somali case, for instance, remittances in urban areas are estimated to constitute 40% of the household incomes, ensuring access to education in many families (Maimbo 2008: 83–84).

Research shows that there is an inherent ambivalence in the impact of remittances (especially collective remittances) on conflict-worn countries. Diaspora groups can both support peace building and reconstruction efforts but they can also perpetuate or prolong conflict by supporting warring parties in armed conflicts. This has been the case in Sri Lanka, Somalia and Afghanistan (Sørensen et al. 2002; Van Hear 2004; Maimbo 2008), shaping the political economy of war and conflict resolution (Horst 2008). However, in post-conflict countries remittances can be a vital resource for reconstruction but they may diminish when large population groups repatriate, leading to fresh instability and economic and social insecurity and change (Sørensen et al. 2002).

Access to financial services and institutions is typically very constrained or non-existent in conflict and post-conflict countries where basic infrastructure, rule of law, and a general monetary policy framework are lacking. Therefore informal channels are often the only means of transferring money in conflict areas. In Somalia and Afghanistan the *Hawala* system is mainly used. Such informal channels are often cheaper and faster for individuals and for NGOs (Horst 2008; Maimbo 2008). The main concern for external observers is that flows sent through informal channels can be difficult to track and trace, and it is hence problematic to separate legal transactions from illicit activities. Informal flows thus run the risk of being criminalised and cut off if connected to terrorism and money laundering. However a close-down of informal channels also affects the legitimate transactions made to family members and collective contributions for humanitarian interventions and

other stabilising reconciliation efforts in conflict-torn societies (Hansen 2008a; Horst 2008).

Donor interests in remittances

The development effects of remittances have been much debated. Since the 2000s more optimistic notes have replaced pessimistic views. In the 1970s and 1980s remittances were generally perceived as negative for development in the countries of origin because it was thought that they were spent on non-productive 'conspicuous consumption' and only to a minor degree on productive investments. Rather than contributing to poverty alleviation, the sending community would experience dependency, asymmetric growth and increased inequality (de Haas 2010b). But this pessimism lifted in the early 1990s along with a reinterpretation of investment and consumption. Investment in education and health was increasingly seen as an investment in human capital (Carling 2008). This 'new' policy optimism has been linked with an ideological position. Kapur (2004), for instance, has linked the remittance enthusiasm with agency-oriented neo-liberal views which emphasise the free market and a belief in the individual migrant as a strong development agent, providing direct aid to the poor in the place of slow and insufficient governmental aid.

The policy enthusiasm is built on the assumption that migrant remittances can boost the economy at both household and national levels by increasing the foreign exchange reserves and by creating growth through consumption. Diaspora groups are also believed to be potential agents for change through their transfers of capital and know-how. However other scholars have pointed out that by approaching migrant remittances, host countries can avoid more politically sensitive migration themes – like setting up fewer restrictions on immigration to developed countries. Promoting transparency, lowering transaction costs and supporting financial literacy are politically non-intrusive strategies within a policy area which is influenced by strong national interest as well as North–South divides (Carling 2008; Lindley 2011). Indeed, donor discussions and policies on remittances very often have a North–South bias. This is unfortunate from a development perspective, since South–South remittance flows are very important in poor countries. Not only do South–South migrants tend to earn less and therefore remit less, they also face some of the most expensive transfer costs, due to the lack of proper infrastructure (Ratha and Shaw 2007; de Haas 2010b).

A broad variety of actors are now engaged in remittance policy on the global, regional and national levels. Since the early 2000s, the World Bank and the regional

development banks (especially the Inter-American Development Bank) have been agenda-setting: initiating research, working on creating reliable data on remittances, creating transparency, and promoting diaspora bonds.[13] Two events have particularly prompted the Western donor community to engage with remittances. First was the publication of the *Global Development Finance Report* by the World Bank in 2003, pointing out that remittances constitute the second largest flow of external funding to developing countries after FDI. Second was the G8 Sea Island Summit in 2004 that made remittances a key focus in the *Action Plan on Applying the Power of Entrepreneurship to the Eradication of Poverty*. National donor agencies – especially DFID but also for example French, Dutch, American and German agencies – have since initiated a range of different conferences, programmes and projects with remittance components. Governments in countries with large diaspora populations – like Latin American countries, Morocco and the Philippines – have also initiated proactive policies (de Haas 2006; Lindley 2011). Policy measures have different dimensions and targets. Carling (2004) emphasises that policy measures can be targeted directly at emigrants and/or their families or, like public sector reforms, have an added bonus for migrants and their relatives. Other policies do not have an explicit focus on migrants but on the barriers that limit their investments.

In spite of the implementation of different policy measures, still very little is known about the impact of remittance policies. According to de Haas, this is due to a lack of independent evaluations. Likewise he points out that without considering "the wider processes of social transformation and economic change of which migration [and remittances] is an intrinsic part, it is impossible to specify the impact of targeted policies, since they cannot be analysed 'in isolation' of the broader development context" (2010b:160). Remittances can have a poverty alleviating effect. But remittances alone are no solution to the structural constraints that lead to poverty in the first place. It must be considered how remittances can work beyond catering for the basic needs of families and become a long-term path to financial security, otherwise policy measures risk having only a short-term impact (Orozco 2005a). Therefore, it is naïve to think that remittance policy measures alone can alleviate poverty. Rather remittance policies must be included in general development strategies directed at structural reforms, security, financial democracy etc. to create attractive opportunities for migrant investment and possibly return.

[13] Diaspora bonds can be defined as "...a debt instrument issued by a country – or, potentially, a sub-sovereign entity or even a private corporation – to raise finance from its overseas diaspora" (Ratha and Ketkar 2007: 127). The bonds are promoted as a way for developing countries to raise development finance from 'their' diaspora groups.

Table 3 lists some of the common donor policy measures linked to individual remittances. It shows that the measures are mostly related to declarations of intent on a bilateral and multilateral level, aiming to generate common standards and goals. The three first subsections have been selected for further discussion in the remaining part of the chapter.

Table 3. Remittance programmes[14]

Aims	*Initiatives*	*Examples*
Facilitation of remittance flows, transparency and lower transaction costs	- Price comparison websites to promote competition and financial literacy - Promotion of common legal remittance frameworks - Bilateral remittance partnerships - Corridor and market analysis to identify lack of competition and inefficiency	- G8 Global Remittances Working Group - *www.sendingmoneyhome.org* - Future of African Remittances Project (FAR)[15]
Enabling environments for investments and savings	- Promotion of financial literacy - Facilitation of collective investment - Support to migrant entrepreneurship and businesses - Promotion of saving and microfinance products - Promoting of diaspora bonds	- S.T.E.P. - CAPES-RED
Extension of financial services, especially in rural areas	- Innovate new technologies to facilitate transfers and savings - Expansion of remittance markets - Improved access to remittances by including post offices, mobile companies, trade networks etc. in the country of origin	- The M-Pesa Project - The FAR Project
Accurate and standardised measurement of remittance flows	- Improved remittance data - Common legal remittance frameworks	- G8 Global Remittances Working Group
Increase knowledge on remittance patterns and usage	- Multilateral conference and meetings - Comparative studies to understand remittance dynamics and effects of policy measures	- G8 Global Remittances Working Group - World Bank remittance group

[14] In addition to other sources used in this chapter, the table draws on Carling (2004, 2008); de Haas (2010b); Ratha et al. (2011).

Facilitating remittance flows and creating transparency

Facilitating remittances and reducing transfer costs constitutes one of the most tangible and least problematic policy measures (de Haas 2006). This also seems to be one of the most popular approaches among Western donors. Mechanisms to reduce the cost of transactions have been set up, building on the assumption that the lower the transaction cost, the greater the proportion of remittances that reaches and benefits the recipients. For example, Sub-Saharan Africa, for example, is seen as a massive potential beneficiary of this as it has the highest remittance costs and the largest share of informal and unrecorded remittances (Ratha 2007).

In 2009 the G8 countries agreed on creating the G8 Global Remittances Working Group, coordinated by the World Bank, to work for exactly this policy objective. The goal is to reduce the global average cost of transferring remittances from the present 10% to 5% of total amount transferred in five years by creating transparency, competition and cooperation with public and private partners and by maximising the impact on remittances for the receivers. This is not an easy task since transfer costs are linked to multiple factors, such as informality, regulation, market competition, monopolies, and the transfer amount. So far there is limited empirical knowledge on what drives the cost of remittances (Beck and Pería 2009). Yet the cost has declined in the last decade – especially in corridors with a high volume of remittances such as those to urban (but not rural) Latin America (Orozco 2007). However remittances remain expensive to transfer: the global average cost is 9.3% of the amount sent, representing an increase since 2010 (World Bank 2011). Likewise, efforts to reduce transfer costs are complicated by the fact that some rural areas in developing countries are beyond the grid of formal banking institutions, implying that informal channels may be the only option for receiving remittances in these areas.

In practice, one of the ways to (try to) reduce transaction costs, create financial literacy and make migrants use legal remittance channels has been to launch websites that compare transaction prices and thus create competition and transparency on the remittances transfer market. The UK website SendMoneyHome.org is an example.

Box 3. SendMoneyHome.org

The DFID-supported UK website SendMoneyHome.org (today the privately run fxcompared.com) has been a model for similar sites in other European countries.[15] In 2005 DFID and the Banking Codes Standards Board published a survey on remittances from the UK to a number of countries (Carling et al. 2007). The facts and figures were made available on the website and country-specific leaflets were distributed in the relevant migrant communities (Hernández-Coss and Bun 2007). The objectives were to create information for migrants about the most efficient and cheapest way to transfer money while at the same time increasing the transparency of the UK remittance market. The website was seen as a success. DFID estimates that the project has contributed to a 30% reduction in the transaction costs (DFID 2007). Today the site has expanded and moved away from its publicly sponsored origin and is a commercial website with a transfer price comparison tool that encompasses all aspects of both large and small foreign currency transfers to and from countries around the globe. DFID is no longer financing the site.

However not all websites have been as successful. A recent external evaluation of the Dutch counterpart www.geldnaarhuis.nl concludes: "'Geld Naar Huis' has experienced limited usage by members of its target audience, and its lacking visibility has resulted in meager impacts on migrants' understanding of the Dutch remittance market and operators functioning within it" (Siegel et al. 2010: 3). The report does emphasise that the website has great potential but without being visible for users and service providers, it cannot have an impact on the remittance market. Proper promotion and targeting strategies directed at relevant immigrant communities, regular updates as well as a user-friendly interface thus seem to be the key for the success for such initiatives. However, even though price comparison websites are a valuable tool, not all migrants are familiar with or use the internet on a regular basis (Orozco, Burgess and Ascoli 2010). Websites may thus not reach all remittance senders.

[15] Several European donors have set up similar sites: France: www.envoidargent.fr; Germany: www.geldtransfair.de; Norway, www.sendepenger.no. There are also a number of private providers as well as international remittance comparison websites such as the World Bank's http://remittanceprices.worldbank.org/. However the sites do differ. Some offer updated service comparisons, others present an overview of the providers, services and cost within a very limited timeframe. For a comparison of the different websites see Siegel et al. (2010).

Extending the available financial services by 'Banking the unbanked'

Other projects and initiatives are directly linked to the countries of origin and the objective of creating access for poor people to the formal financial sector and promoting financial literacy. Financial literacy programs set up by Western donors have, in general, led to positive results in increasing know-how and economic independence, but few have focused on educating migrants and their families in the country of origin (Orozco et al. 2010). Transfer costs in remote areas are often very high and people have to travel long distances to urban areas to collect remittances. Banks in countries of origin have been slow in developing financial products for migrants – such as savings accounts and loans that build on their credit history – despite that fact that remittances generate at least 10% of their net income in many cases, and that they handle a vast part of remittances in Central Asia, Africa, Eastern Europe and Southeast Asia. Access to such banking products could potentially increase the scope of local investments (Orozoco 2007). Applying technological innovations is one of the ways in which the remittance market can be transformed and in which banking-like services can be made available in rural areas and to poor people. The M-Pesa project in Kenya is a well-known example of this.

Box 4. Mobile money – the M-Pesa project in Kenya

Again DFID has been one of the front runners for innovative technology development and public–private partnerships. M-Pesa means 'mobile money' in Swahili and one of the underlying ideas in the project is exactly that cheap and safe banking and investment services can encourage rural migrants to invest in their home community and hence support rural development through the purchase of land, equipment and labour (DFID 2007:15). Such objectives have been connected to mobile technology in partnership with the private sector which DFID sees as one of the keys to improve access and achieve lower transaction costs (IOM 2008a: 59). However, remittances were not initially part of the Vodafone M-Pesa project, which is a system developed to transfer and store smaller amounts of money through a mobile phone (all transactions are capped at USD 500). It started as a pilot project aiming to distribute and collect loans for micro-finance institutions in a simple way. A proper technology was developed so that users without a bank account could transfer and collect money and thus access formalised financial services. DFID matched Vodafone's investment of GBP 1 million and helped in setting up the new service. According to Nick

Hughes, Global Head of International Mobile Payment Solutions at Vodafone, this investment was crucial to make Vodafone invest in the project.[16]

When Vodafone launched the service together with the Kenyan telecommunication company Safaricom, people used the product for alternative purposes, such as transfering money. In a way, the facilitation of remittances was an 'accidental realisation' as one of the DFID staff members put it.[17] Today M-Pesa offers three basic services: 1) mobile transactions between individual senders, 2) mobile transactions between individuals and businesses (i.e. salary payments, payment of bills etc.), and 3) purchase of pre-paid airtime. The customer can also follow the different transactions and check the balance. In 2009 M-Pesa had 9 million customers, equalling 40% of the adult population, and was facilitating approximately 10% of Kenya's GDP on an annual basis.[18] M-Pesa has since been introduced in Afghanistan, South Africa and Tanzania.

The advantage of a system like the M-Pesa is that it enables transfer of small amounts of money for people who would normally be excluded from the formal banking sector. It has low transaction costs and increases the security of the individual sender and receiver since they do not have to carry large amounts of cash. Finally, the service has proven to be very accessible and easy to use. As a result, the share of remittances sent by hand decreased from 32% in 2007 to 9% in 2009 (Ratha et al. 2011). On the basis of these positive experiences DFID has started up the three-year Global Technology Programme for Branchless Banking and dedicated GBP 8 million to micro-finance and remittances initiatives in 2010.[19]

Supporting individual migrant businesses

Supporting migrant businesses is another policy option for donors. Transnationally active migrants and refugees from fragile or post-conflict states constitute potential entrepreneurs. They may have information and knowledge of local markets that they can use as a competitive advantage to identify reliable partners and navigate

[16] http://webarchive.nationalarchives.gov.uk/+/http:/www.DFIDDFID.gov.uk/Media-Room/News-Stories/2007/M-PESA-1-million-Kenyans-bank-by-phone/

[17] Interview with Mahesh Mishra, DFID, 08.10.2010, London.

[18] http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/0,,contentMDK:22551641~pagePK:146736~piPK:146830~theSitePK:258644,00.html

[19] http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm110110/text/110110w0003.htm

the bureaucratic systems in settings where civil law is weak (Newland and Patrick 2004). Migrants are often entrepreneurial in setting up smaller businesses in their countries of origin where family or friends are involved in the daily operation. Indeed, research shows that international migrant households are more likely to invest than non-migrant households (de Haas 2005). The idea behind supporting individual migrant enterprises is that remittances can be channelled from short-term needs to productive investments that create revenue and potentially break the dependency on remittances through creating a sustainable and independent income. However, policies directed at channelling remittances into productive investment run the risk of being patronising and not recognising that 'non-productive' investments can have a positive effect on the local economy (de Haas 2010b).

The JMDI Handbook suggests three main approaches: 1) to improve financial tools and capacities by promoting migrant-friendly financial products, remittance transfer tools, micro-credits for migrants and their families, savings schemes, insurance policies and financial literacy; 2) to facilitate collective investment by investing migrant savings in independent local businesses and to scale up cooperatives in migrants' communities of origin as well as to support migrants' savings and investment groups; 3) to support individual migrant businesses by creating business support services (JMDI 2011: 47–64). Experience from JMDI projects shows that many businesses are set up as a way of "preparing the ground for the migrants' permanent return" (ibid: 62). But migrants often fail in their business endeavours due to lack of capital and know-how. Here, civil society actors can play an important role by helping with capacity training and assistance in developing new business ideas, creating improved business plans and market analysis.

Box 5. S.T.E.P. and REDES-CAP – Senegal and Ecuador

The Migrants' Supporting Tools for Economic Projects (S.T.E.P.) consist of business support centres in Senegal, Belgium and Italy to help migrant entrepreneurs from the initial business idea to the implementation in Senegal through coaching and training (JMDI 2011: 61). The project has shown that not all migrants are up to date with the business climate in the country of origin and may need capacity training and briefings about the current situation and the sources of financial assistance as well as technical support to develop successful businesses. S.T.E.P. has benefited from links to already

existing institutions in Senegal, which have created visibility and micro-credit facilities and facilitated access to funding. One of the main challenges in the programme has been the sustainability of the business projects and of the information and support services. This implies that donors and partners have to consider what can be expected within the given timeframe of the project – both in terms of the profit potential and of the service provider's ability to survive without initial funding.

Another JMDI project is the Spanish-based REDES-CAP.[20] This project created a micro-credit scheme for individual entrepreneurial initiatives, targeting migrants from Ecuador and their families with a strong transnational connection between the sending and receiving ends. The businesses should be joint initiatives between migrants in Spain and their families in Ecuador with the business enterprise located at either end. REDES-CAP emphasised that both parties should have ownership in order to establish joint business ventures. It also created an innovative model for support from the country of destination, unlinked to existing micro-finance institutions and banks.

These two projects show that migrants' transnational relations and up to date business knowledge of their countries of origin cannot be presupposed and that they may well need additional support.

Lessons learnt and dilemmas

Remittances do not inevitably lead to sustainable economic and social development. Their development is complex and context specific, depending on the general development context and the investment climate in the country of origin (de Haas 2010b). Lessons learnt should therefore always be seen in light of the target migrant group/s, the country of origin and the political and socio-economic context in the country of origin and residence.

Strike the appropriate balance between regulation and facilitation of remittances

Remittances can have a positive effect in conflict and post-conflict countries but policymakers have to strike a balance between regulation of criminal activities and

[20] http://www.migration4development.org/node/1123, accessed 01.01.12.

facilitation of flows. Although internal remittance projects like the M-Pesa project have been successful, difficulties arise when the transfers cross borders. After 9/11 in particular, remittances have been subject to securitisation and general mistrust. Private transactions are seen as being potentially dangerous because they might be linked to crime and money laundering (Pantuliano et al. 2011). This is not new since the anti-crime agenda has dominated the discourse on financial regulation since the 1990s (Lindley 2011). Financial institutions and money transfer companies have been asked to monitor the transactions strictly and this has influenced the remittance business, forcing some companies to shut down. Strict monitoring and anti-terrorism measures may thus diminish the money transfer market and cause remitters to use informal or more expensive channels (Orozco 2007). These trends affect how donors can approach remittances; the problem of being able to trace and track remittances especially limits the progress. Another hurdle is the difficulties encountered in linking the different regulatory systems such as, in the M-Pesa case, banks and mobile network providers.

Donors like DFID are currently working on different solutions, like a risk-weighted approach where regulations are set in proportion to the risk, so that smaller transactions, below a certain amount, become less regulated. DFID has also worked on ensuring that remittances to, for example, Somalia are not unduly restricted, whereas Norway has chosen a much stricter approach (Carling 2005; Carling et al. 2007). The lesson learnt here is to reduce the need for informal transfers by creating viable, cheap and competitive alternatives.

Link financial literacy initiatives and good governance programs

Even though remittances can be used for sustainable investments, such projects risk failure if they are not linked to more general reforms of structural macro barriers in developing countries. Good governance and trust in the country of origin, as well as stability and security of the investment, are essential for investment in the first place and for overcoming risks and obstacles that migrant entrepreneurs face. In other words, policies geared to facilitate remittances cannot replace good governance initiatives in the country of origin. Migrants are more likely to place their investment when the overall investment climate is good. Supporting this might therefore be a more successful policy target than supporting individual migrant businesses (Ratha 2007). Experiences also show that financial literacy should be linked to all actors involved in sending and handling remittances – whether when designing price-comparison websites and new technologies like the M-Pesa or when finding ways to increase the financial know-how of migrants and their families. On the micro-level this aim relates to the migrant communities and non-migrant

receivers; on the meso- and macro-levels it relates to the banking sector, private investors and governments at both ends.

Avoid further pressure on migrants to remit

Remittance policy measures should always take into account that remittances are private money that can be spent in whatever way migrants and their families choose and that remittances are not a substitute for official development aid (cf. Ratha 2007). It is therefore important not to patronise migrants and their families' investment decisions in relation to micro-level projects that promote entrepreneurship and financial literacy measures. Additional burdens on migrants who may already be strained by family obligations, inflexible labour markets, unemployment and home country governments should also be avoided. Studies show that migrants in low-wage jobs experience deskilling and downward social mobility because of low wages and continued expectations to remit large parts of their salaries to their families (Basa et al. 2011; Parreñas 2000). It is important that remittance policies do not enhance such stratification mechanisms. Likewise, power relations and conflicting interests between migrant and family members in family-related migrant investment projects should be recognised. What is considered a desirable investment for the migrant is not necessarily a top priority for non-migrants and vice versa. Gender and generation may also play important roles in relation to diverging interests. Finally, policymakers should realise that some migrants may not wish to invest in their country of origin due to negative experiences with homeland authorities, especially in regard to post-conflict countries. Projects need to be sensitive to such potential conflict and dilemmas.

To avoid these pitfalls it is important to identify migrant groups who are economically fit to take the risk involved in new business endeavours. This will often depend on the length of their stay, income, legal status and, not least, their transnational ties. Migrants' economic positions are also linked to labour market structures and professional opportunities in the country of residence. Securing migrant worker rights, avoiding deskilling and advancing possibilities for further education are thus also important means of promoting migrant investment and the development of remittances.

Ensure sustainable support to migrant entrepreneurship

Although migrants might be more willing to invest in their homeland and may have more local knowledge than other foreign investors, they are not natural-born business agents for development. The lessons learnt from the S.T.E.P. are that migrants,

too, need support, access to funding and technical support, ideally located in both the host and the home country. A support service in the country of origin could help potential investors to avoid duplication of already existing businesses, based on local knowledge of the market. It is important that policymakers envision such initiatives beyond the timeframe of the project cycle to further sustainability – both in relation to continued support for the migrant businesses but also to prevent loss of valuable knowledge. Here collaboration with local institutions in the home country is crucial. Initiatives could also be broadened to include investments that benefit overall human development like in education and health.

Read more

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de Haas, Hein. 2010. "Remittances, Migration and Development: Policy Options and Policy Illusions", in Hujo, K., and Piper, N. (eds.) *South–South Migration*: Implications for Social Policy and Development, London and Basingstoke: Palgrave Macmillan.

Lindley, Anna. 2011. "Remittances", in Betts, A. (ed.) *Global Migration Governance*. Oxford: Oxford University Press.

Orozco, Manuel. 2005a. "International Financial Flows and Worker Remittances: Best Practices", http://www.ilo.org/dyn/migpractice/docs/51/Orozco_UNPD.pdf

Ratha, Dilip et al. 2011. "Migrant Remittances", in *Leveraging Migration for Africa*. World Bank: Washington DC.

4. Collaboration with Diaspora Organisations

Migrants and diaspora groups often form associations in their new places of residence with activities ranging from social support and integration to development and reconstruction projects in their erstwhile home regions. In contrast to the private and often family-based nature of remittances, the development activities of diaspora organizations usually focus on the community level or are intended to benefit broader parts of the population through supporting social service provision, poverty reduction, and civil society. They have therefore come to the attention of development aid donors, international organizations and NGOs since the late 1990s and early 2000s, and transnationally active diaspora organizations are now seen as potential – and important – partners for donors.

Diaspora organizations and development

The development activities of migrant and diaspora organizations are not a recent phenomenon but have become intensified during the last decades with the proliferation of transnationally active migrant associations[21] – whether as independent associations or as chapters to already established organizations. Diaspora organizations can now be found all over the world. Their development and reconstruction activities vary greatly: from advocacy work, support of rights of vulnerable groups, engagement in politics and processes of reconciliation, or support of civil society development in other ways. Others are active in the fields of education, health, and infrastructure (Orozco 2006). Diaspora organizations have, for instance, established or supported hospitals, schools, libraries, and electricity and water supply. They thus support the provision of basic social services and support civil society in their countries of origin, especially where the state fails to do so (Mohan 2008; Hoehne 2011) – which is often the case in fragile situations. They may also support projects and activities in areas which formal development actors find difficult or impossible to access due to conflict or other security problems (Horst et al. 2010).

Transnationally engaged diaspora organisations are active in a range of development and reconstruction projects. Some do advocacy work, support the rights of vulnerable groups, are engaged in politics, processes of reconciliation, or support civil society

[21] There is a long tradition of for example African migrant associations engaged in the development of their home region (Schrover and Vermeulen 2005; Crook and Hosu-Porblev 2008; Mercer et al. 2009).

development in other ways. Others are active in the fields of education, health, and infrastructure (e.g. Orozco 2006). Diaspora organisations thus support the provision of basic social services and support civil society in their countries of origin, especially where the state fails to do so (c.f. Mohan 2008; Hoehne 2011) – which is often the case in fragile situations. They may also support projects and activities in areas which formal development actors find difficult or impossible to access due to conflict or other security problems (Horst et al. 2010).

Donor interest in diaspora organisations

Whether approached primarily as potential development agents 'back home' or as civil society actors, diaspora organisations are now seen as potential partners for donor agencies. Supporting and recognising the contributions of migrants qua their capacities as citizens and participation in development and foreign policy is emphasised in several European development aid strategies, such as that of Norway (Erdal and Horst 2010), the UK (Thornton and Hext 2009), and the Netherlands (de Haas 2006). Likewise, so-called 'co-development policies' are part of French, Spanish and Italian development cooperation policies (Nijenhuis and Brokehuis 2010).[22] Finally, the EU–UN Joint Migration and Development Initiative (JMDI) has funded 51 migration–development projects.

Table 4. Diaspora organisation (DO) programmes

Aims	*Initiatives*	*Examples*
Support CSO participation in development activities	- DO access to general CSO co-funding schemes on equal terms with other CSOs	- PATC - Oxfam Novib Linkis
Support diaspora engagement in selected fragile states	- Access to special diaspora co-funding schemes - Often pilot projects	- The Diaspora Fund - Pilot Project Pakistan
Partnerships between DO and CSO	- Support networking and collaboration between DOs and other development CSOs - Access to co-funding schemes furthered by collaborative projects	- PATC - Oxfam Novib Linkis - Bistandstorget
Capacity building and upscaling of diaspora organisations	- Training courses to upgrade capacity - Tailor-made support to organisations - Networking activities	- all of the above

[22] Co-development refers to a wide set of practices where diaspora organisations and local or decentralised authorities do joint development programmes, linked to national or overall migration and development policies (Niejenhuis and Broekhuis 2010: 247). The term is especially used in France, Italy and Spain.

Three overall approaches for supporting diaspora organisations can be discerned: general development and civil society co-funding schemes; special diaspora initiatives; and support to networks and partnerships between diaspora organisations and other CSOs. All three approaches put the emphasis on capacity building and many of their activities are similar, as indicated in the fourth row of the table.

Co-funding schemes

The most common way of supporting diaspora organisations is through access to co-funding schemes for development and reconstruction activities, administered by big NGOs or umbrella organisations, to which diaspora organisations apply for funds on equal terms with other CSOs. Funding is usually offered in the form of matching funds schemes with requirements for self-funding, sometimes with the opportunity to self-fund 'in kind' – i.e. as equipment or self-coverage of per diem. The inclusion of diaspora organisations in such schemes has often evolved through an increasing number of inquiries from such groups and, hence, has not been the result of a particular strategy but gradually become an area of interest. This is the approach of the Danish Project Advice and Training Centre (PATC).

Box 6. The Project Advice and Training Centre[23]

PATC offers funding and training activities to development CSOs, including diaspora organisations. PATC is an umbrella organisation of more than 250 Danish civil society organisations working with development – including 39 diaspora organisations, especially from Somalia but also from Congo, Iran, Afghanistan, Pakistan and Sri Lanka. As part of its activities, PATC administers the Danida-financed Project Fund to support projects and partnerships with local CSOs in developing countries, in accordance with the Danish Civil Society Strategy. Any Danish civil society organisation can apply for funding if their activities and setup corresponds with the criteria outlined in the Project Fund. PATC started receiving an increasing number of inquiries from diaspora organisations from the late 1990s and onwards (Frederiksen 2007), and from 2005 a consultant was employed to strengthen diaspora organisations and to extend the number of members in PATC. Activities have included training courses and seminars for member

[23] www.prngo.dk.

organisations, the establishment of networks, and proposal writing support. No special funding scheme has been made available. Since 2010 PATC has reorganised its strategy. It now aims at supporting networks between diaspora organisations as well as between diaspora organisations and other member organisations. Likewise PATC offers flexibility in relation to funding involvement in fragile states.

PATC and other similar initiatives thus pursue a mainstreaming strategy, where diaspora organisations are supported but do not receive special funding. Such strategies reflect an expectation that diaspora organisations can or should compete on equal terms with other actors and that other actors treat them as such. However, this may not always be the case and many diaspora organisations have difficulties in obtaining funding from regular funding schemes (Erdal and Horst 2010; Trans and Vammen 2011).[24] In the PACT case, though the number of diaspora organisations have grown, they still are not able to compete with Danish CSOs in terms of successful applications (Frederiksen 2007; Nordic Consulting Group 2010). According to PATC employees there are two main problems: the quality of proposals is too low and many proposals aim to support social service provision rather than capacity building of civil society, hence falling outside the mandate of the Project Fund. Similar problems have been found in the Dutch Oxfam Novib (ON), another organisation with a mainstreaming strategy (de Bruyn and Huyse 2008: 46). [25]

To address such problems, many donor and development organisations offer capacity building activities to diaspora organisations (and other small CSOs). Specific objectives include upscaling of projects; strengthening the quality of proposals; enhancing participation in policy decision-making and public debates on development; and enabling common platforms of understanding. Courses cover a great range of fields, such as civil society organisational development, project cycle management, leadership, proposal development and fundraising, procurement, financial management etc. and are generally aimed at creating "a level playing field" (de Haas 2006: 100).

[24] It should be noted that some professionalised diaspora organisations – such as for instance AFFORD, ADPC and HIRDA http://www.hirda.org/ – receive separate funding from donor agencies and international funds.

[25] See de Haas (2006) and de Bruyn and Huyse (2008) for more information on the Oxfam Novib Programme.

Special diaspora initiatives

Some donor agencies also conduct special initiatives targeted at specific diaspora groups. Like other initiatives, these activities aim to strengthen engagement in development and reconstruction activities through access to funding and training. However, in contrast to general activities, they offer the opportunity for highly context-sensitive programmes and activities. Special diaspora initiatives are often pilot projects, expected to show quick results, and often have mainstreaming into regular programmes and funding schemes as their long-term objective. They usually target big migrant or refugee groups in the country and/or groups originating from states receiving development or humanitarian aid from the donor agency. The Diaspora Fund is an example of such an initiative.

Box 7. The Diaspora Fund – Somalia and Afghanistan

The Fund for Diaspora Involvement in Rehabilitation and Development in Former Home Countries[26] is a Danida-funded pilot project implemented by the Danish Refugee Council (DRC). It was established on the initiative of PATC to support two of the biggest diaspora groups in Denmark, Somalis and Afghans, to conduct small-scale reconstruction programmes in their countries of origin. Somalia and Afghanistan are also two of the most important humanitarian aid receiving countries for Danida. The Diaspora Fund was started in September 2010 and was meant to run until January 2011 but got a no-cost extension to March 2012. An internal evaluation concludes that the pilot was successful in upscaling and speeding up the development activities of diaspora organisations, but that time constraints and budget limitations diminished their potential impact (Choudhury 2012). Another issue is differences between Somali and Afghani diaspora organisations where the former are usually more experienced and have greater organisational capacity than the latter.[27] The evaluation suggests that the Diaspora Fund should include other diaspora groups from fragile situations over a period of three years, gradually learning from experience (ibid). This extension of the fund should ideally be accompanied by an extension of staff with one project officer per country and one full time assistant in Copenhagen so that local expertise is ensured.

[26] http://www.drc.dk/relief-work/diaspora/

[27] Interview with Maja Halleen Graae and Anders Knudsen, the Diaspora Fund, DRC, 25.10.11.

Other special diaspora initiatives in the Nordic countries show both positive and negative results. The Norwegian *Pilot Project Pakistan* (PPP), a three-year NORAD-funded pilot project running between 2008 and 2010, offered tailor-made support and matching funding opportunities to Norwegian–Pakistani organisations to further their development engagement in Pakistan as well as supporting a resource organisation in the country (Erdal and Horst 2010). The project got a positive evaluation, but according to a recent PATC report NORAD will not support special diaspora initiatives, as the effort of building well-functioning organisations in the PPP was too demanding in proportion to the results (Molde 2011: 5). Instead NORAD will promote collaboration between Norwegian and diaspora organisations.

A problematic experience is constituted by the Swedish Civil Society Programme in Iraq, funded by SIDA and implemented by the Olof Palme International Centre, running from 2004 to the middle of 2009. Its aim was to support civil society in Iraq, partly through supporting Swedish–Iraqi diaspora organisations, partly through establishing a resource centre in Iraq. It was abruptly closed down in 2009 and received a very critical evaluation in relation to the preparation, implementation, administration and exit of the programme as being of poor quality, suffering from heavy time-pressure and unrealistic expectations. Likewise the participating Swedish–Iraqi diaspora organisations did not have the necessary capacity to operate under very difficult political and security circumstances in Iraq (Englom and Svensson 2009).

Experiences with special diaspora initiatives are thus quite mixed. Special initiatives can offer valuable support to the selected groups in terms of capacity building and enabling diaspora organisations to access regular funding.[28] However, it should be noted that not all diaspora organisations desire to scale up their development activities or apply for larger grants (Choudhury 2012).

Networking between diaspora organisations and other development CSOs

While not a distinct kind of programme as such, supporting networks and collaboration between diaspora organisations and other development CSOs represents a significant trend. Networking activities have the aim of fostering coordination and cooperation and, in the long term, partnerships between organisations. So far there is little systematised knowledge on such partnerships but the case below presents a diaspora organisation which has strategically entered different kinds of partnerships and networks.

[28] Four of the participating Norwegian–Pakistani groups now receive regular NORAD funding and the other four are part of a capacity building program run by the Pakistani resource organisation (personal communication with Maria Molde, PATC, 21.01.12).

Box 8. Copenhagen International Association – Somalia

Københavns Internationale Forening – KIF[29] [Copenhagen International Association] was established in 2002 to further integration of ethnic minority youth in Denmark with special focus on Somalis. The association grew during the following years, establishing sister branches in nine other towns. Until 2007 KIF was exclusively active in integration activities in Denmark, but then it started to engage in reconstruction and humanitarian aid in the Horn of Africa as well.[30] Since 2007 KIF has collaborated with the Horn of Africa Education and Rural Development Organisation (HAERDO),[31] a non-profit humanitarian organisation, mainly supported by Somaliland diaspora groups and returnees.

In 2009, HAERDO and KIF developed a project on 'Elementary Participation in Society' during a project formulation mission in Somaliland. The aim of the project was poverty eradication and increased societal participation of nomadic children through support to a boarding school in the Salahley district. KIF applied for and obtained a grant from the Project Fund to conduct training and information workshops and to renovate of the school. In 2011, KIF got a second and larger grant with the additional aims of incorporating civil society in the school activities. A third phase of the project is currently being prepared where KIF teams up with the Danish branch of Engineers Without Borders, HAERDO and another local Somaliland organisation: Water Aid Somaliland (WAS). In this phase, the long-term aim is to provide clean water to the entire Salahley district and, in the short term, to provide clean water in three local schools and the local hospital through capacity building of WAS and HAERDO, while Engineers Without Borders will contribute with its technical expertise.

[29] The box is based on an interview with Said Hussein, former president of KIF, 21.11.11, Copenhagen, and project proposals to PATC (KIF 2009; 2010; 2011).

[30] Most of KIF's activities are related to integration activities. The association is collaborating with a range of Danish actors, including Copenhagen Municipality, the Danish Refugee Council, the Danish Youth Council, and the (now) Ministry of Social Affairs and Integration. For more information see www.kifonline.dk.

[31] For more information on HAERDO, see www.garoodi.org

The example of KIF illustrates how diaspora organisations can both be involved in integration and development activities, and how diaspora organisations collaborate with each other, with local institutions and with 'regular' NGOs. However, KIF has not yet obtained the third grant and it is too early to draw on lessons learnt from this project. But there are more general networking challenges and experiences from other programmes.

One central challenge in networking is the availability of appropriate spaces and opportunities for organisations to meet and exchange experiences. Several institutions use training courses and seminar activities as networking opportunities through including different kinds of participants in the events, such as other development CSOs, policymakers and development professionals. Such activities may facilitate networking activities without networking being an end itself. This is important, as networking is not necessarily productive if not followed up by other activities. Diaspora organisations (and other actors) risk becoming demotivated if too many events are organised without any further results – what could also be termed 'meeting fatigue'. Because, in the words of a Somali diaspora organiser, "what is dialogue without action?"

Establishing networks or umbrella organisations is another option, but the same warning against meeting fatigue and redundancy applies. In addition it is important that networks and umbrella organisations are established from below and based upon internal objectives and interests rather than donor agendas. Externally supported networks and umbrella organisations rarely have legitimacy within their target groups and are not sustainable without external support (Ars Progretti 2007; Thornton and Hext 2009; Horst et al. 2010). The issue of whether diaspora organisations 'represent their diasporas' is sometimes brought up (cf. Ars Progretti 2007; GTZ 2009) but as Haas (2006) has remarked, diaspora organisations represent their objectives and members – not the entire diaspora. Externally established umbrella organisations do not 'solve' the representation issue and attempts to 'force' networks or umbrella organisations on diaspora organisations are unlikely to be successful. Therefore, donors should not seek unambiguous representation of sometimes fragmented groups through establishing umbrella organisations, or look for the 'most representative' organisation; likewise claims by diaspora organisations to represent the entire diaspora rather than themselves as an organisation should be treated with care.

Another challenge is obtaining overview of diaspora profiles and activities. Virtual meeting spaces and databases, such as membership-based web portals and online

databases can be important tools. Examples include the website of the EU–UN Joint Migration and Development Initiative www.migration4development.org, featuring a global project database and several discussion forums, and the *Who's Who? African Diaspora Skills Database*, run by the African Diaspora Policy Centre.[32]. Databases are generally in high demand among policymakers, organisations and diaspora organisations themselves and – when regularly updated by all involved parties and easily accessible – are highly recommended (Horst et al. 2010: 31). However, few if any databases are complete and they cannot be regarded as an exhaustive directory of all diaspora organisations.

Lessons learnt and dilemmas

Donor agencies have been collaborating with diaspora organisations through general programmes and special diaspora initiatives for some time now. While some evaluations and studies highlight the positive potential and opportunities in further collaboration with diaspora organisations (Erdal and Horst 2010; Horst et al. 2010; JMDI 2011), others conclude that it is still too early to say much about their effect (e.g. Thornton and Hext 2009; Newland 2011). Experiences are mixed and highly context-dependent. Nevertheless evaluations and guidelines do highlight some general lessons learnt.

Base collaboration on a participatory approach and ensure policy consultation

A participatory approach is consistently emphasised in the major guidelines and studies (de Haas 2006; Horst et al. 2010, JMDI 2011) as well as in several evaluations (de Bruyn and Huyse 2008; Erdal and Horst 2010; Thornton and Hext 2009). This accentuates the importance of mutual learning processes and of donors and diaspora organisations establishing mutual interests, objectives, communication, monitoring and evaluation procedures throughout the process. Likewise, *policy consultation* is highlighted: that diaspora organisations are included in policymaking processes with the opportunity to actually shape policies. Many diaspora organisations *already* have experience of supporting development and reconstruction processes at the individual or group level and may possess greater local knowledge, language skills, and access to the country of origin than the professional development industry does (cf. Choudhury 2012). A consequence is thus to dissuade a top-down approach where diaspora organisations are perceived as 'tools' to be mobilised or 'tapped', according to a pre-conceived agenda – or as possible 'politi-

[32] http://www.diaspora-centre.org/Database.

cal messengers'.[33] Comparing NGO involvement in development cooperation with diaspora organisation engagement, Jennifer Brinkerhoff warns against the dangers of co-optation and instrumentalisation. She concludes that "if donors and governments seek to maximise diaspora development contributions, rather than rushing to instrumentalise diasporas, they would do well simply to embrace diasporans as independent partners, not extensions of their own agendas" (2011: 47; de Haas 2006). This is important to keep in mind, not least given the increased emphasis on partnerships between diaspora organisations and other CSOs to avoid being 'token partnerships'.

Ensure flexibility

The need for flexibility is another important lesson learnt. The division of activities and funding opportunities into social services, civil society support, or humanitarian aid does not match realities in fragile situations with weak or absent state institutions, difficult security situations, and simultaneous needs for social service delivery, civil society support, and humanitarian aid. This is a general problem for engagement in fragile situations – and for policy coherence – but it is also highlighted by diaspora organisations as frustrating and as thwarting relevant activities. The division is sometimes addressed through the establishment of special 'humanitarian funds' or through allowing for funding flexibility in fragile situations. There is thus a need for increased flexibility and cooperation across donor agency departments. Likewise, flexibility may also be needed in relation to monitoring, reporting and accounting in fragile and conflict situations. Close monitoring is often expensive and difficult and alternative procedures, such as distance management procedures, could be considered in such cases (Choudhury 2012). However, engagement in fragile and conflict situations always carries risk and the balance between monitoring/control and involvement under insecure circumstances is difficult to strike.

Ensure open and transparent selection procedures

Selection of diaspora organisations for funding or other kinds of support may be seen as a political process by the actors involved, especially perhaps in relation to fragmented diaspora groups. In principle selection requires in-depth understanding of internal relations and divisions within groups established through long-term commitment. It is therefore a general recommendation that selection procedures are

[33] Some projects in Iraq during the mid 2000s are cases in point. The Civil Society Programme in Iraq (SIDA) is an example. Another is the USAID project Iraqpartnership.org where Iraqi-Americans were approached as an important partner by USAID but in reality were offered the opportunity to donate to pre-designed and pre-implemented projects (Brinkerhoff 2011: 44).

open and transparent and based on qualifications, such as project quality, ownership and commitment, as well as on existing or previous initiatives. Another challenge is that development and reconstruction projects in conflict and highly insecure areas – such as big parts of Somalia, Iraq and Afghanistan – risk being turned down because donors or implementing agencies foresee that they cannot conduct monitoring or evaluation according to existing criteria. This turned out to be the case for a number of the diaspora organisation proposals to the Diaspora Fund, resulting in outspoken frustration and disappointment among the diaspora organisations in question.[34] It is very important that such and other conditions are clearly communicated when calls for proposals are announced.

Long-term commitment is necessary

Long-term commitment is a consistent recommendation. Successful collaboration with diaspora organisations requires trust, confidence and knowledge which can only be obtained over time (e.g. Ars Progretti 2007; Thornton and Hext 2009). This is especially so in relation to diaspora groups from fragile situations where conflict may have created fragmentation and where development and reconstruction projects are difficult to conduct due to the lack of weakness of local institutions, insecurity etc. Likewise programmes and other initiatives need a significant time frame to evolve and show results. Indeed, the evaluation of DFID's Building Support for Development programme recommends a time frame of at least ten years – in combination with realistic and mutually achievable short term targets (Thornton and Hext 2009). Both long-term and short-term projects raise expectations among the target groups who may adapt their strategies accordingly, spending their time and resources adjusting to the demands and opportunities in these programmes. Pilot projects can be useful for experimentation and, obviously, should only be continued or transformed into long-term programmes if useful. However, pilot projects with diaspora organisations for development cooperation need a substantial time frame in order to be useful *as* pilot projects – i.e. as testing grounds for new initiatives. Just as significantly, pilot projects should be accompanied by political will and the economic resources to follow up if they show good results – otherwise they should not be started in the first place (Horst et al. 2010). Both long-term programmes and pilot projects risk creating disappointment among diaspora organisations if they announce initiatives which are not realised, or if they are closed down after a short time, making the donors appear unreliable in the eyes of diaspora organisations and other partners. Trust and future collaboration can thereby be destroyed or impeded.

[34] Interview with the Diaspora Fund, 25.10.11.

Support the local and transnational dimensions

Finally, it is important to acknowledge and support both the local and transnational dimensions of diaspora organisational work, and to consider diaspora positions, networks and levels of inclusion in both homelands and host societies. Like other development and reconstruction activities, it is pertinent that diaspora organisation projects take departure in local needs and, possibly, overall policies (see also lessons learnt in chapter 5 on return programmes) and to ensure local co-ownership and trustworthy partners (Kleist 2009; JMDI 2011). Likewise, local partners may need technical support and capacity building to benefit from projects. Donating computer equipment to an ICT centre to strengthen computer literacy in a rural village, for instance, not only requires electricity and appropriate premises, but also local computer expertise. Collaboration with local partners, analysis of local needs or local requests for assistance are basic conditions for obtaining funding in many programmes. To further strengthen the transnational and local dimensions, several studies recommend that partners from developing countries should participate in capacity building activities and training courses, or should be offered (other) relevant training courses to ensure that capacity building and training is a shared process (Horst et al. 2010: 33).[35] This means that sufficient budgeting for travelling, meetings, communication and local capacity building should be included.

Another aspect of the transnational dimension refers to inclusion in the country of residence. Integration and transnational involvement in development are often treated as separate phenomena and based in different policy departments and with different funding opportunities. However, studies show that integration and transnational involvement are often mutually reinforcing processes (Itzigsohn and Saucedo 2002; Portes 2003; Levitt and Schiller 2004). Acknowledging this relationship – without assuming migrant transnational involvement – is important. Indeed, the evaluation of the Diaspora Fund notes that an (unexpected) finding was a "greater degree of satisfaction, confidence, and pride" (Choudhury 2012: 5) among the involved diaspora organisations at being recognised as official development partners of DRC. Just as important, this recognition also "had a motivational benefit amongst peers and communities in Denmark, Somalia and Afghanistan" (ibid.). These and other findings imply that donors may reconsider the sharp division into integration and development projects and think about ways to include both aspects.

[35] Another – perhaps supplementary – option is to consider e-learning courses or other ways of training which do not require physical presence. An example is the e-learning course "Running your M&D Project Successfully" offered by JMDI http://www.migration4development.org/elearning/.

Read more

Brinkerhoff, Jennifer M. 2011. David and Goliath: Diaspora Organizations as Partners in the Development Industry. *Public Administration and Development*, 31: 37–49.

Horst, Cindy, et al. 2010. *Participation of Diasporas in Peacebuilding and Development. A Handbook for Practitioners and Policymakers*. Oslo: PRIO.

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Mercer, Claire and Ben Page. 2008. *African home associations in Britain: betweeen political belonging and moral conviviality*. *Beyond Plurality in the African Diaspora: Ethnicity, Congregation, Networking and Citizenship*. Keele University, UK.

5. Facilitating Return to Fragile Situations

Programmes to facilitate voluntary diaspora return to countries of origin have been running since the 1970s and continue to date. Donors perceive the return of migrants and refugees to fragile and post-conflict states as holding a huge development potential, spurring reconstruction processes as well as mitigating the effects of so-called brain drain through a transfer of economic, social, human and political resources to the country of origin.

The complexities of return

The development contributions of return migrants can be observed in many fragile situations. Returnees are involved in investment or business, take up political office or work for international organisations, or engage themselves directly or indirectly in reconstruction processes. In Somaliland, for instance, the educational and private sectors are to a high degree run and supported by returnees, diaspora groups and individuals (Hansen 2007; Hammond et al. 2011; Hoehne 2011).

Return to fragile and post-conflict situations is always complex. First, improvement of the security situation and of the political and economic environment is cardinal for voluntary return to be sustainable and successful. Second, prolonged conflict changes social, political and economic relations and institutions, meaning that (re-)integration processes can be challenging for returnees. Return, therefore, may not be a return 'home' but rather relocation to a new environment where the rules of the game might be different (cf. Warner 1994). Some returnees experience resentment from locals who feel that the returnees have escaped conflict but return to benefit from new opportunities when the crisis is over (Grünenberg 2006; PDG 2010). Likewise insecurity, slow or lacking reconciliation processes and poor quality of social services, such as educational and health facilities, are likely to make return more difficult. Indeed, transnational return is very common practice among returnees from Western countries. Transnational return refers to practices of going back and forth between the country of origin and residence, staying for shorter or longer periods of time, rather than returning once and for all (Eastmond 2006; Hansen 2007). Such practices are usually made possible by holding a Western citizenship which allows for continuous mobility and transnational practices. This may be in relation to so-called 'scattered return' where one part of the family returns – typically the man – to investigate the opportunities for or prepare for the return of the rest of family in advance,

while they remain in the country of residence (Kleist 2007a; Hansen 2008b). Indeed, return to fragile and post-conflict states – whether through 'self-return' or return programmes – tends to be dominated by men, although women do also return (Kleist 2007c; PDG 2010). Likewise, holding dual or Western citizenship secures access to security if conflict breaks out again. These observations thus call for the inclusion of a transnational perspective in return programmes.

Donor interest in return

Donors have had an interest in return programmes for more than three decades, including both temporary and permanent return. Four types of programmes can be identified.

Table 5. Return programmes

Aims	*Initiatives*	*Examples*
Permanent return of qualified expatriate nationals	- Match vacant positions in selected sectors in country of origin with qualified expatriates - Cover transport costs and reintegration fee - Return conditionality	- Return of Qualified African Nationals
Return and reintegration of refugees, rejected asylum seekers and irregular migrants	- Coverage of transport costs, health insurance and reintegration fee - Return conditionality	- Return, Reception and Reintegration of Afghan Nationals to Afghanistan
Temporary return of diaspora professionals as short-term volunteers	- Match vacant positions in selected sectors in country of origin with qualified expatriates on short-term voluntary assignments - Coverage of transport costs, health insurance and reintegration fee (no salaries) - No return conditionality	- Transfer of Knowledge Through Expatriate Nationals - IOM-Migration for Development in Africa - Qualified Expatriate Somali Technical Support for Development in Africa
Return of diaspora professionals to public sector or government positions	- Recruitment of diaspora professionals to government and public sector - Coverage of transport costs etc. - Competitive salaries to attract qualified expatriates - No return conditionality	- Afghan Expatriate Programme - Sierra Leone Diaspora Project

Most of these programmes run in both fragile and peaceful countries. It is not unusual that several or different programmes run simultaneously in fragile situations, targeting different groups of migrants and refugees – as is the case in, for instance, Afghanistan (PDG 2010: 16). Two overall policy trends can be discerned. First a realisation that

permanent return programmes are not very effective and generally do not live up to the expectations and target goals (de Haas 2006: 97). Big permanent return programmes have generally been disbanded and been replaced or supplemented by temporary return programmes. Second – and in spite of the first trend – a continued policy emphasis on ending or 'managing' migration through so-called assisted voluntary return (AVR) and reintegration of refugees, rejected asylum seekers and irregular migrants, focusing on permanent return of these groups.[36] Such programmes fall outside the scope of this report. In the following, experiences and lessons learnt are examined with special attention to temporary return programmes and programmes aiming at recruiting diaspora professionals to government positions.

Promoting development through return

Return of migrants to promote development has been on policy agendas since the 1970s. The first programmes targeted 'guest workers' in European countries, offering migrants cash payments to return to their countries of origin. Examples include the French *Aide au Retour* programme and the Dutch Reintegration of Emigrant Manpower and Promotion of Local Opportunities for Development (REMPLOD) programme, which was initiated in 1974 and disbanded in the 1980s (de Haas 2006; Sward 2009). Other permanent return programmes have focused on specific migrant sending countries, such as the IOM-run Return of Qualified African Nationals Programme (RQAN) and other Return of Qualified Nationals programmes. The RQAN programme aimed at strengthening development and mitigating the adverse effects of brain drain through facilitating the return of diaspora professionals to sectors lacking qualified personnel. It began as a pilot project in 1983 in Kenya, Somalia and Zimbabwe, was extended to 11 target countries in 1995, and disbanded in 1999. Such programmes typically offer pre-departure information, cover airfares of the returnee (and in some cases of his/her immediate family) as well as other costs, depending on the type of return – for instance a monthly limited reintegration or maintenance allowance, or shipment of professional or household goods.

However, it is not likely that return programmes play a major role in returnees' decisions to relocate permanently (IOM 2000: 33). Permanent return conditionality – i.e. loss of legal status in the country of residence – is a very problematic component in development programmes, seriously impeding the willingness of diaspora professionals

[36] Voluntary repatriation has been promoted as a durable solution to refugee situations since the 1980s, sometimes articulated as the end of the 'refugee cycle' or as 'sustainable return'. The idealisation of repatriation and the assumption of refugees as naturally belonging to their country of origin has been thoroughly criticised (see Fink-Nielsen et al. 2004).

and other migrants to participate (de Haas 2006; Hansen 2007). This is especially so in fragile and post-conflict situations where the ability to relocate to the (former) country of residence is particularly relevant to a decision to go back.

Voluntary long- or short-term assignments

With the exception of AVR programmes, many return programmes are now focusing explicitly on temporary return, targeting highly skilled migrants and refugees for short or long-term return assignments in their countries of origin. Programmes are based on transnational involvement, continuous mobility and the upholding of legal status in the country of residence, and they are generally recommended as a good way of engaging diaspora professionals in home country development (de Haas 2006; Horst et al. 2010; Hammond et al. 2011). Temporary return programmes have especially emerged since the 2000s but they have existed since the 1970s with one example being the TOKTEN programme.

Box 9. The TOKTEN programme – Sri Lanka

The TOKTEN programme – Transfer of Knowledge Through Expatriate Nationals – was initiated by UNDP in 1977 and was administered by UNDP and UNFSTD until 1994 when United Nations Volunteers (UNV) took over. TOKTEN supports highly skilled migrant professionals to do short-term assignments in approximately 50 countries, including Afghanistan, China, Palestine, Lebanon, Sudan, Somalia, Syria, Rwanda and Sri Lanka. Between 1977 and 1997 about 500 TOKTEN consultants (i.e. volunteers receiving per diem allowances) were supported (de Haas 2006: 17) and more than 500 experts have volunteered in the occupied Palestinian territory between 1994 and 2011. Assignments are typically short-term advisory services for up to 12 weeks, sometimes up to six months (UNV 2008). Applicants enter their information into the TOKTEN database and subsequently a steering committee of government officials from the host country and UN officials assess his or her expertise (de Haas 2006: 18). They are thus selected through decentralised processes of supply and demand.

A series of TOKTEN programmes have been carried out in Sri Lanka since the 1990s (Wanigaratne 2006). Between 1998 and 2004, forty-three TOKTEN

consultants carried out assignments in academic institutions, ministries and state agencies, and NGOs, especially in relation to curricular development, teaching, planning, IT and other kinds of technical know-how. The evaluation of the 1998–2004 programme cycle concluded that TOKTEN volunteers had conducted the expected services but that actual transfer of skills seems to be more problematic in terms of confined institutional memories and lack of understanding and commitment among senior staff colleagues, limiting the impact. The evaluation calls for 'back-to-back' exchange programmes between TOKTEN consultants and local experts, and highlights the establishment of linkages between receiving institutions in Sri Lanka and the home institutions of TOKTEN consultants – i.e. the formation of transnational institutional support and collaboration. However, such linkages were all based on individual initiatives and the evaluation recommends that a new cycle of the TOKTEN programme become more structured and institutionalised. Likewise it calls for longer and repeated assignments by the consultants (ibid.).

More recent temporary return programmes include Migration and Development in Africa (MIDA), established by IOM in 2001 in cooperation with the Organisation for African Unity (IOM 2007); the QUEST-MIDA[37] programmes, jointly implemented by UNDP and IOM and formally launched in 2009; and a range of Temporary Return of Qualified Nationals (TRQN) programmes, also run by IOM. The Dutch office of IOM, for instance, runs a TRQN II programme, focusing on Afghanistan, Bosnia and Herzegovina, Ethiopia, Georgia, Sierra Leone and Sudan.

Temporary return programmes are usually organised according to a demand and supply matching model where sending country governments identify needs for expatriate support in particular sectors and diaspora professionals are recruited through calls and/or identified in programme databases. They are usually based on voluntary involvement, where the returnee gets travel costs, health insurance and per diem covered but receives no salary. Temporary returnees are thus significantly cheaper than regular international consultancies – the expense of a TOKTEN consultant, for instance,

[37] See http://www.so.undp.org/index.php/Somalia-Stories/QUESTS-MIDA-IOM-and-UNDP-Team-Up-to-Bring-back-Diaspora-Expertise-to-Somalia.html. See also Horst et al. (2010: 44) for more information on QUESTS-MIDA.

equals approximately 25% of that of an international consultant. This feature has made the programme popular and financially efficient. Another advantage is that TOKTEN consultants are likely to attract less resentment than long-term returnees because they are usually paid less and do not compete for permanent positions with local skilled people (PDG 2010). These are good arguments for supporting such programmes. However, the comparatively low fee to TOKTEN consultants limits the scope of potential consultants to professionals who can afford to take leave from their regular jobs (de Haas 2006: 18).

Recruitment of diaspora professionals for long-term positions

Another set of return programmes recruit diaspora professionals to long-term or permanent positions, for instance in relation to public sector reform or reconstruction of governance institutions. In contrast to the 'volunteer' programmes, such as TOKTEN and MIDA, these programmes offer salaried positions to attract the best diaspora professionals, often at higher salary levels than local civil servants – though usually not comparable with those of international consultants. Several examples can be found in fragile states where governments are characterised by a shortage of skills in relation to technical, managerial and professional capacity as well as low civil service salaries because of protracted conflict. Such programmes may thus target both technical and political advisory positions (PDG 2010). Two examples are presented below.

Box 10. The Afghan Expatriate Program and the Sierra Leonean Diaspora Project

The Afghan Expatriate Program (AEP) was launched by the Government of Afghanistan and donors in 2002 as a temporary and merit-based recruitment system "to address the shortage of skilled personnel in public institutions and kick-start development programs [..with] Afghan expatriate expertise" (Simpson 2006: 1). The programme was operational from July 2004 and was supposed to end in February 2010, being part of a larger capacity building programme through the Afghanistan Civil Service Capacity Building Program. While the programme aimed at recruiting 60 diaspora professionals, 97 experts were recruited between July 2004 and March 2008 for twenty agencies and ministries in relation to agriculture,

health, education, urban development and energy.[38] AEP had a total budget of USD 10 million.

The Sierra Leonean Delivering Results and Accelerating Public Sector Reform with Diaspora Resources and Experts from the South Project – in short the 'Diaspora Project' – is another example. The Diaspora Project was developed by the Sierra Leonean government and UNDP, and funded by UNDP, the Hewlett Foundation, and the Open Society in 2008 with a total budget of USD 955, 754. The overall aim was "to solidify Sierra Leone's peace-building process and boost its institutional capacity",[39] through return of diaspora professionals (McLaughlin and Momoh 2011), and the programme aimed at recruiting 35 experts to fill critical positions. Between 2008 and 2010, twenty-five professionals (including two non-Sierra Leonean professionals) were recruited for 531 person months in eleven ministries and agencies, ranging from the Office of the President to the Ministry of Lands. Likewise an Office of Diaspora Affairs (ODA) was established, functioning as a one-stop resource centre for the diaspora.

Evaluations of the two programmes show mixed results (cf. PDG 2010). Both programmes did succeed in recruiting diaspora professionals – indeed both recruited more experts (in the AEP programme) and person months (in the Diaspora Project) than anticipated. However, the evaluations also point to problems in terms of weak project design, management, implementation and lack of monitoring (Simpson 2006; McLaughlin and Momoh 2011). In the Diaspora Project case, the reception of and collaboration with diaspora professionals is described as poorly prepared and conducted. Also, there were problems with lack of office space, computer access and basic technology (McLaughlin and Momoh 2011: 12–13). In the AEP case, there was an overestimation of the capacity of ministries and agencies to "identify their needs, translate them into accurate job descriptions and supervise the capacity building programs" (Simpson 2006: 2). Obviously such barriers impede the ability of diaspora professionals – and indeed all other professionals – to carry out their jobs and transfer their skills, which points to the importance of capacity building within receiving institutions. Both programmes are also criticised for having unrealistic ex-

[38] http://www.afghanexperts.gov.af/index.php?page_id=17
[39] http://www.sl.undp.org/dispora.htm

pectations, especially in the Afghan case where expatriates were expected to help run ministries in a complex conflict environment. Finally, both programmes are found to lack exit strategies, especially in relation to the question of retaining diaspora experts when donor funding runs out.

These and other problems led the World Bank to conclude that "such programs are only stop-gap and unless they build capacity over the medium term, as donor funding diminishes, they are unsustainable for recipient governments" (Simpson 2006: 1). The evaluation of the Diaspora Project was more positive, characterising the project concept as "forward-looking, innovative and [responding] to a genuine need" (McLaughlin and Momoh 2011: 5). These two examples thus show that there is no agreement on the potential and desirability of such programmes. In addition, government institutions in fragile states are often characterised by a closed administrative culture (cf. PDG 2010: 26). This observation points to a dilemma: to strengthen capacity building through return of highly skilled diaspora returnees, the receiving institutions must *already* possess some level of capacity to be able to absorb and optimise skills transfer as well as for diaspora professionals to work efficiently (cf. Simpson 2006; Touray 2008).

Lessons learnt and dilemmas

Return programmes show mixed results. Programmes with a return conditionality have not lived up to expectations whereas temporary return programmes facilitating voluntary assignments are generally recommended, though evaluations do also point to possibilities for improvement. In the following section, lessons learnt from return programmes are discussed.

Base programmes on local needs

Many programmes are demand-driven and based on local needs as formulated by governments and key sector institutions. In contrast to AVR programmes and other programmes primarily aimed at returning migrants (rather than supporting development processes), the embeddedness in local needs is very important. Studies recommend that international donors support governments in undertaking basic needs assessment to identify the most important sectors and positions to form the basis of return programmes (PDG 2010). Likewise, an inventory of skills among local staff should be conducted to identify gaps – and, it can be added, to identify already existing resources to avoid bringing in returnees for positions that highly skilled local staff could fill. It is very important to involve and upgrade skilled local people

as well. Overly heavy reliance on diaspora returnees – or international consultants – risks creating resentment among skilled local staff. In addition to complicating the return process socially, it also damages the positive effects of return consultancies if partners and colleagues are opposed or indifferent to the returnee.

Embed programmes in broader capacity building processes

Several evaluations call for stronger local ownership, commitment and knowledge of return programmes and returnees among the receiving institutions (Wanigaratne 2006; Simpson 2006; IOM 2007; PDG 2010). Lack of ownership can impede government and institutional support, coordination and anchorage in larger policies and programmes, all negatively impacting project implementation and sustainability. In order to incorporate and multiply the skills of the returnees, their assignments must be anchored within government reforms or other kinds of capacity building or development programmes so that returnees are integrated into mainstreamed processes (PDG 2010: 10). While high-level political support is necessary, project management and coordination should not be too high-level and should include persons with vested interests (Simpson 2006; Touray 2008).

Likewise it is important to ensure and optimise the capacity of both the returnee and local personnel to engage in learning processes and to systematise mechanisms for the transfer of skills, such as training, mentoring, twinning or coaching programmes (PDG 2010: 8). An important implication is that receiving institutions may need capacity building and technical inputs in order to be able to benefit from return programmes. It is thus important to recognise that the transfer of skills through return does not happen automatically but is dependent on an enabling environment where temporary assignments of diaspora professionals are but one element.

Support open, transparent and merit-based recruitment procedures

The effectiveness of return programmes also depends on the individual attributes of the returnees, pointing to the importance of recruitment. Likewise identification of relevant sectors in the receiving countries in need of upgrading, capacity building or simply of qualified personnel is equally important. Matching supply and demand is thus a key challenge of programming.

It is widely recommended that recruitment processes are open, transparent and merit-based, such as through programme databases and rosters to which diaspora professionals can upload their qualifications or apply for specific positions. Open and web-based announcements seem to be quite successful. The Somali QUEST-

MIDA programme, for instance, received expressions of interest from Somalis in more than 100 countries (Horst et al. 2010: 44). Another suggestion is to make return employment desks in embassies (PDG 2010). However recruitment is often conducted in informal ways through kinship networks and other social and political ties. The PDC study of diaspora return to Afghanistan, Haiti and Sudan notes that "informal recruitment procedures may be effective in the short term [...but] are unlikely to access the full pool of potential returnees" (ibid: 8). Likewise informal recruitment – or the sheer suspicion thereof – may generate resentment among local staff and hence negatively impact on effectiveness and sustainability (ibid: 23). Such problems might be especially likely in fragile situations with weak governance institutions – but it should also be remembered that personal networks are known to play important roles in recruitment processes all over the world.

A related recruitment challenge is the percentage of female returnees. Return programmes to fragile situations tend to be dominated by men (cf. Touray 2008; PDG 2010) – just like in cases of 'self-return'. This has several implications. One is that the full pool of potential returnees is not accessed. Another is that more female returnees would represent a broader array of qualifications in relation to reconstruction processes. One study thus recommends incorporating a gender dimension in the programme design (Touray 2008).

Set realistic objectives and expectations

A recurrent lesson learnt is to set realistic objectives and expectations. Programmes built on assumptions that return migration can spur significant processes of reconstruction and development in a short time are unlikely to meet their objectives, and several larger return programmes have been too ambitious in relation to the available time, resources and general capacity of both receiving institutions and returnees. Several evaluations therefore call for long-term projects (Simpson 2006; Wanigaratne 2006; Touray 2008; PDG 2010). Evaluations of the TOKTEN programmes, for instance, point out that the stays of a maximum of 12 weeks are too short to develop professional bonds and transfer knowledge and they call for longer and continuous involvement in the field (Wanigaratne 2006; Touray 2008). Likewise some returnees have unrealistic expectations of what they can achieve and change during their assignment.

Programme ambitions may also be too high in relation to recruiting and retaining diaspora professionals, given that the salaries or fees offered in temporary return programmes are usually not comparable with international consultancies or salaries

in migrants' countries of residence. Many highly skilled diaspora professionals have obtained permanent residents permits or citizenship in their countries of residence and have established their families there. While some diaspora professionals are willing to accept a lower income, donors cannot – and should not – take for granted that they can be hired for lower fees out of moral obligations for homeland development.

Facilitate transnational mobility and support migrant rights

Finally it is pertinent that migrants transnational practices are factored into return programmes. First, the assumed *special* ability for diaspora professionals to transfer skills and act as brokers between their country of origin and residence is dependent on continuous transnational involvement. Second, migrant 'self-return' is typically based on transnational engagement and mobility, and attempts to disrupt such practices – for instance by imposing return conditionality – are likely to be unproductive at best. And third, an additional bonus of temporary and transnational return is to initiate or strengthen long-term diaspora support to local institutions, whether organised by individuals or through diaspora organisations (cf. Touray 2008). Such support may be in the form of economic support to specific projects, sending of equipment, twinning of institutions, showing how temporary return and support to diaspora organisations may be interconnected. In all three cases, easing mobility and ensuring migrant rights in both their countries of residence and origin can facilitate diaspora involvement and return. This involves securing and facilitating the right to return to countries of origin as well as lifting possible employment restrictions. Likewise it involves securing migrants' right to leave their countries of residence without losing legal or residence status.

Read more

de Haas, Hein. 2006. *Engaging Diasporas: How governments and development agencies can support diaspora involvement in the development of origin countries*. Oxford: International Migration Institute, University of Oxford.

Hammond, Laura, et al. 2011. *Cash and Compassion: The Role of the Somali Diaspora in Relief, Development, and Peace-building*. Nairobi, UNDP.

PDG. 2010. *The Contribution of Diaspora Return to Post-Conflict and Fragile Countries. Key Findings and Recommendations*. Paris, OECD.

6. Concluding Discussion

This study has examined migration–development programmes with particular emphasis on fragile situations. An examination of remittances, diaspora organisations and return programmes shows that experiences are mixed and highly contextualised – not only in relation to the quality of programme design and implementation, but also in relation to political opportunity structures in the country of origin and residence as well as the composition of the diaspora groups and their homeland relationships. Yet, there are general lessons learnt in all themes.

Main findings

Remittances

Remittances constitute the area that has attracted most policy attention. A range of programmes and interventions have been implemented at both multilateral and bilateral levels with institutions like the World Bank, regional development banks, the G8 Global Remittances Working Group, and DFID as important actors. While is important to note that remittances are private flows, and that policy intervention should be limited, donors still have important roles to play.

First donors can *support processes to make it cheaper and easier to send and receive remittances* and *encourage the usage of formal remittance transfer channels*. Lessons learnt show that donors should continue their efforts to reduce remittance transfer costs, enhance competition and transparency of the remittances market, and extend financial services and products, especially in rural areas. Second, donors can contribute to *favourable investment and savings environments* through promotion of economic and financial reforms and through promotion of financial literacy. Likewise donors can support migrant entrepreneurship but it is important to link financial literacy and investment initiatives with good governance and other policy reform programmes. On the micro-level, donors can support migrant entrepreneurs with updated business support and information, located in both the country of origin and residence.

However donors face a *dilemma in relation to striking the right balance between regulation and facilitation of remittances*. The securitisation of remittances may run counter to attempts to facilitate their flow and hence have negative consequences for remittance receivers, especially in fragile and (post)conflict situations. It is therefore

recommended that donors consider the local effects of remittance regulation in the country of origin and encourage a risk-weighted approach.

Diaspora organisations

Diaspora organisations form important partners for donors and their activities are supported through co-matching funds or partnerships. Programmes are usually relatively small-scale and are funded by individual national development agencies and administered by larger NGOs, focusing on qualifying, capacity building, upscaling and, sometimes, co-funding diaspora development projects. They are divided into two overall types: general support schemes for development CSOs and specific diaspora initiatives. The study shows that both models have advantages and drawbacks. Generally speaking, the former can enhance networks with other kinds of development CSOs but offer less specialised support to diaspora organisations whose rate of successful funding proposals tends to remain comparatively low. The latter can offer more flexible support and funding arrangements but also tend to be relatively costly. In both cases, programme experiences are quite mixed. When well implemented and run, both models may have significant additional benefits in diversifying development aid partners and deliveries, in supporting civil society in both country of residence and origin and, as a positive side effect, in enhancing processes of integration in the country of residence.

Experience shows that collaboration with diaspora organisations should be based on a *participatory and collaborative approach* and that diaspora organisations should be included in *policy consultations*. It is worthwhile noting that while many diaspora organisations are not professional development actors, they often have experience in transnational development activities and should be acknowledged as development partners. The evaluations and reports consulted also show that *capacity building* (on the right topics, level and time) and that *matching funds schemes* are important tools for supporting the development activities of diaspora organisations. Likewise the study has emphasised the importance of basing projects on *local needs* and in partnership with *local partners*, who may also need capacity building and training and, to the extent possible, aligning projects with local development agendas and programmes.

Return

Return programmes constitute the oldest form of migration–development programmes. Many return programmes are multilateral and implemented by international organisations like IOM and various UN agencies, targeting both fragile and stable states. Two overall approaches were discerned: permanent and temporary return

programmes. Seen from a development perspective, the latter are far more successful and large permanent return programmes have generally been disbanded. Experience from voluntary 'self-return' to fragile situations shows that holding citizenship or permanent residence rights in a Western countries is an extremely important factor, as is general improvement of the security, political and economic situation. These factors also are pertinent to return programmes, indicating that *transnational and temporary return practices* are more likely to be successful. This implies securing migrant and returnee rights, such as upholding migrants' legal or residence status in their country of residence in case of temporary return and encouraging policy reforms in country of origin to support the rights of returnees. In all cases, *return conditionality should be avoided* as should return programmes focusing on the 'removal' of migrants because of domestic political agendas.

The study also shows that it is important to *embed return programmes in local needs and capacity building processes as well as to ensure ownership and commitment among the receiving institutions and at the political level in the country of origin*. This implies involving and upgrading local staff and institutions to avoid resentment and isolation of returnees. Mechanisms for transfer of skills and competencies should be supported which might involve capacity building of and technical assistance to local partners and institutions. Lessons learnt also emphasise the importance of *open, transparent and merit-based recruitment procedures* and of employing a *long-term perspective with realistic objectives*. Returnees alone cannot change structural constraints and some public sector reforms programmes have been disappointing because of unrealistic expectations and bad implementation.

Ways forward and dilemmas

Development programmes focusing on remittances, diaspora organisations and return are of a very different nature in terms of content, actors, scale, and of how diaspora groups and migrants are involved. Likewise migrants and diaspora groups are very heterogeneous, further emphasising the importance of contextualising lessons learnt. Nevertheless, the study has identified some general trends and dilemmas across the three themes relating to more overall and strategic considerations.

First, the importance of *realistic expectations and a long-term commitment* is emphasised across programmes and contexts. Migrants and diaspora groups are not magic bullets to solve complex development problems and are unlikely to change structural constraints or reconstruct fragile states on their own. In addition, close long-term

commitment to migrants and diaspora groups is necessary to build in-depth knowledge of the groups, create trust, and for programmes to show results.

Second, *programmes supporting already existing migrant practices are more likely to be successful than projects imposing donor policy agendas.* Facilitating remittance flows and transnational mobility as well as supporting policy reforms are examples of ways donors can support and upscale migrant practices. This observation thus calls for participatory approaches where migrants and diaspora groups are included in policy consultation and involved in projects at all levels. However, it is also important *that reconstruction and development projects are based on local needs in the country of origin, embedded in local policy reforms and development agendas, and that they involve local partners*, for instance in relation to capacity building and technical assistance.

Third, *a challenge for donors is to select the right partners*. Donors should keep in mind that not all migrants and diaspora groups are or want to be involved in development activities in their countries of origin, or may not share political agendas with the local population or regime (or donor agencies). Likewise many migrants in Western countries do not originate from the poorest areas and populations in their countries of origin and their development projects do not necessarily reach the poorest of the poor. A limited number of migrants also support armed conflicts. Open and merit-based recruitment procedures as well as close and long-term commitment with diaspora groups can facilitate selection, collaboration and trust, and hence reduce risks of donors 'making the wrong choices'.

Fourth, studies of diaspora involvement show that the (often found) *division between social service and civil society programmes or between humanitarian and development aid can be problematic*. This may especially be so in fragile and (post)conflict states where local needs are at multiple scales – often including security problems – and where it may be difficult for diaspora groups (or indeed other development actors) to respond to local needs and satisfy donor demands at the same time. This finding calls for flexibility in programme designs and in collaboration across policy divides.

Fifth, all programmes show the *need for policy coherence from a migration–development perspective* where transnational mobility, migrant and returnee rights are supported and the linkage between transnational involvement and integration is acknowledged. Though the migration–development nexus has been celebrated in some policy circles, it tends to be subordinated to migration control and migration management issues and is not often accompanied by substantial budgets. A major challenge in

migration–development programmes is thus their relatively low political priority and the political emphasis on regulation/control versus facilitation of transnational flows. There is no easy solution to this dilemma but, from a development point of view, overly strict regulation and securitisation may impede migrant contributions to development. Or put differently, while diaspora collaboration should be based on participatory approaches and policy consultation 'from below', it needs to be embedded in political will and concrete policies 'from above'.

7. List of Recommendations

Based on research in this and related fields, the following areas for policy development are identified:

Remittances

Donors can play important roles in facilitating remittance flows. To enhance this potential donors should:

- Continue their work on reducing the cost of remittance transfers and make irregular channels less attractive through supporting effective and cheap formal alternatives.
- Consider the local effects of and for remittances in developing countries if tightening regulations of transfers, and encourage a risk-weighted approach to regulation, especially when it affects conflict or post-conflict countries.
- Strengthen the investment environment in migrants' countries of origin through encouraging general reforms and good governance.

Diaspora organisations

Diaspora organisations are important partners for donors but programmes show mixed results. Donors should:

- Keep in mind that many diaspora organisations are already development agents and base collaboration on a participatory, flexible and long-term approach where mutuality and policy consultation are central.
- Offer matching funds to diaspora organisation projects as well as capacity building activities, preferably including both diaspora organisations and local partners.
- Ensure that supported projects are based on local needs and in partnership with local actors and institutions. Likewise the transnational aspects of diaspora organisation involvement should be considered and supported.

Return

Diaspora professionals can offer important contributions to development and reconstruction. Donors should:

- Recognise that the most important condition for successful return to fragile situations is improvement of the security situation and that the environment for returnees is conducive.
- Base return programmes on local needs to ensure ownership and commitment among the receiving institutions and at the political level. Ensure that local staff and institutions are involved and upgraded to avoid resentment and isolation of returnees.
- Avoid permanent return conditionality. Voluntary return to fragile situations is often dependent on holding a Western citizenship or permanent residence permit. Transnational mobility and migrant/returnee rights should therefore be supported, including upholding legal and resident status in case of return.

General recommendations

- Set realistic objectives and time frames. Individual migrants are unlikely to change structural constraints.
- Ensure open and merit-based recruitment procedures as well as long-term commitment with diaspora groups to facilitate selection, collaboration and trust.
- Consider the division between social service and civil society programmes or between humanitarian and development aid through flexible programme design and demands.
- Work for increased policy coherence from a migration–development perspective where mobility and rights of migrants and returnees are supported and the positive linkage between migrants' involvement in development in their homelands and their integration in the country of residence is acknowledged.
- Upgrade and share the learning processes involved in migration–development programmes for all actors involved.

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