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## Development-Oriented Activities of Immigrant Communities in Germany: What do we Know? What are the Policy Options?

Paper presented at the conference on 'Transnationalisation and Development(s): Towards a North-South Perspective', Center for Interdisciplinary Research, Bielefeld, Germany, May 31 - June 01, 2007

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## Introduction

I would like to talk to you about some aspects of how German development cooperation takes up the new concepts and the new awareness of transnational activities of immigrant communities. I will not deal with the issue of mainstreaming of migration and development aspects into the overall development cooperation portfolio.

Since the 2003 World Bank report, migration and its role in the development of immigrants' home countries have featured more prominently on the development policy agenda. Of course, migration was an issue in development cooperation before that too – but remarkably, the debate was confined to the loss of human resources, as if these migrants' departure meant that they were lost to their home countries for good. The development policy debate therefore focussed almost entirely on the "brain drain". In consequence, development interventions were geared primarily towards return programmes.

It was the remittances made by these migrants – simply because of the remarkable volume of these transfers – which brought to light the fact that this view of affairs did not match reality. It became apparent that even migrants who did not return to their home country still had substantial impacts on these countries' development.

## Why has development cooperation taken so long to recognise these linkages?

I think we can identify two main reasons, one of a more general and one of a specific nature.

Due to Europe's historical experience, migration was invariably viewed – not only in development contexts – in terms of immigration and emigration. It was assumed that migrants would integrate into their destination country and focus their economic and social activities there. And indeed, this may well have been true of migration flows in the past, when travel was complicated and time-consuming and our modern communications systems were not available. But it no longer describes current realities.

Development cooperation tends to plan and operate in rather narrow spatial and social frames of reference. So naturally, the impacts of the loss of highly skilled workers from a specific project environment were monitored far more intensively than these people's potential contribution after their departure.

You might assume that all these limitations – conceptual and practical – have long since been overcome, but in reality, development cooperation has still a long way to go. Although various steps towards a new perception and a new understanding of migration have been taken at theoretical level, there is still much to be done at operational level.

**What has been achieved so far? What might be the next steps, and where do the greatest difficulties lie?**

We now know much more than we did four or five years ago. The newly discovered linkages between migration and development were the subject of two conferences organised by GTZ in 2003 and 2004, one dealing with the migration of the highly skilled and the second one with the cooperation with the diaspora. GTZ took up two of the recommendations made by these conferences and has pursued them intensively.

The first related to the issue of remittances. Although it is beyond the scope of my presentation to discuss the complex issue of remittances and their impacts on development in any great detail, one thing is certain. Many of their positive impacts depend on these transactions being carried out through the formal channels of the financial services industry, as this increases the likelihood that the recipients will not only open a bank account of their own but will be able to access other banking services as well. Moreover, remittances can thus make the most effective contribution to strengthening the recipient countries' banking system as a whole.

A key prerequisite for the use of formal routes for the transfer of funds is the provision of an attractive range of services by the financial sector, both in terms of quality (security, speed) and price (transfer fees, exchange rates). As another study, commissioned by GTZ and undertaken by Frankfurt School of Finance, showed, many countries of origin still lack these services. GTZ will therefore promote the establishment of this type of system, largely by informing potential users about the services available in the market through a website similar to the Sending money home website in the UK and encouraging the financial sector to take an interest in this field of operations.

The second dealt with the chance of collaborating with migrants and their associations in specific projects. We had heard a lot of development oriented activities of Diaspora communities but the knowledge base was still very small. Another academic study commissioned by GTZ and carried out by the Institute for Migration Research and Intercultural Studies (IMIS)

at the University of Osnabrück and Hamburg Institute of International Economics (HWWI) focussed on the contributions of three fairly typical Diaspora communities (from Egypt, Afghanistan and Serbia). The key findings of this study are as follows:

The ways in which migrant communities contribute vary widely according to their history of migration, social structure and conditions in the home country. However, the transnational engagement of all three communities is substantial. Among the Serbs, the volume of the remittances has reached immense proportions, whereas the Afghans provide remittances and also make other collective investments in social infrastructure. And among the Egyptians, commercial activities, some of which also contribute to the public good, play a key role.

### How important are these findings for development cooperation?

Let me shed some light on this issue with reference to the example of Afghanistan. Restoring political and economic stability to Afghanistan is one of the most important priorities for the German Government in its foreign policy. Last year alone, the military dimension of this commitment cost several hundred million euros, with a further 80 million euros being contributed via development cooperation. It goes without saying that without security, there can be no political and certainly no economic progress, but initially, the sums deployed for this purpose only make an indirect contribution to improving people's conditions of life. The same applies to many development inputs as well. When investing in infrastructure, there are considerable time lags between the deployment of the funds and the achievement of positive outcomes.

So in reality, the main burden of bringing about a swift and immediate improvement in the living conditions of Afghanistan's population has been shouldered by the many Afghan Diaspora communities. This applies especially to the provision of a means of livelihood for a large percentage of the population, but it also applies to the physical and social infrastructure, such as schools, hospitals and so forth, much of which has also been funded or co-financed by migrants. The example of Afghanistan shows very clearly the extent to which the international community is reliant on the Diaspora communities' contributions to achieve its foreign and development policy goals. And this is of course not only true in the case of Afghanistan.

Given that development cooperation and the Diaspora communities apparently have the same goals, it would seem sensible to engage in dialogue and work out whether and how these goals can be achieved more effectively through a concerted approach.

As regards the remittances, ensuring the availability of attractive, low-cost services for the transfer of these funds through the banking system clearly should have been a key task. Yet in reality, no system of this kind has been established. Most immigrants still transfer their funds via the hawala system, which not only has no positive impacts in terms of developing the financial sector in Afghanistan but is also rather dubious from a security perspective.

A further major problem in Afghanistan was the large-scale destruction of social infrastructure. The study which I have just mentioned showed that Afghan migrants and their associations were willing to commit funds and make a personal contribution to reconstruct the country's social infrastructure. What would have been more appropriate than to support their commitment, for example through grants and professional advice? But instead, a "return of talents" programme was launched with the aim of encouraging skilled migrants from Afghanistan now living in Germany to return home – on a one-way ticket. No wonder the take-up was extremely low.

## So why does development cooperation find it so hard to link in with migrants' activities?

These activities went more or less unnoticed for many years, but the domestic policy agenda is undoubtedly a key factor as well. Development policy was expected to help alleviate the so-called "asylum-seeker problem". It aimed to fulfil this expectation by launching a "return of talents" programme for highly skilled workers, even though there was absolutely no interest in this programme on the part of the workers themselves as under current legislation, it could result in them losing their right to return to Germany afterwards.

There is another conceptual obstacle as well, also relating to domestic policy. Transnational engagement does not fit well with Germany's overall attitude to immigration, which is that immigration is more than just the temporary relocation of one's place of residence; it entails integration often conceived as assimilation, and ties with the home country according to this perception can only inhibit this process. That is basically the reason why Germany has passed legislation depriving foreign nationals of their residence status if they leave Germany for more than six months, and why dual citizenship is viewed in such negative terms. A conscious appeal to, and systematic use of, immigrants' links with their home country do not fit this attitude.

It is quite apparent that these perceptions and preconceptions are impeding the utilisation of capacities which – in foreign, security and development policy grounds – should be harnessed as a matter of urgency. What's more, these approaches do not stand up to scrutiny for other reasons as well. Another finding of the study which I have just mentioned is that the migrants who have shown a particularly high level of commitment to Afghanistan's reconstruction are those who are especially well integrated in Germany. There is absolutely no negative correlation between the maintenance of ties with the home country and integration in the host country.

So there are strong arguments in favour of encouraging closer cooperation between development and migrant communities.

What should such cooperation aim to achieve? The aim must be to improve the impacts of both actors' activities through cooperation. The impact would be enhanced through natural complementarities of their activities. For example, within programmes to promote the development of primary education and healthcare through cooperation with governments, Diaspora communities can contribute to their home communities by setting up educational and health facilities.

However, development institutions will only be able to take on these tasks if they are successful in establishing structures for cooperation with migrants and their organisations. Given the highly fragmented nature of migrant organisations in Germany, this is labour-intensive, time-consuming work. In Germany, it has been the major welfare organisations rather than the Diaspora communities which acted as the state's main point of contact on integration issues, so there are very few platforms for regular exchange with migrant organisations. And where this does occur, it has tended to focus almost entirely on integration issues. So wherever this exchange is taking place, more intensive dialogue is now needed in order to raise awareness of the Diaspora communities' potential.

In order to develop these cooperative structures with the migrant organisations, some form of incentive is needed, which must extend beyond the provision of advice. For that reason, inspired by a successful US-Mexican project, German development actors have decided to offer financial support via a pilot programme which will initially focus purely on investment in the home countries' social infrastructure. Initial reactions to this proposal are very promising.

However, there are still misgivings within the development cooperation structures as well. This is not only because development institutions have problems in dealing with this type of transnational project as some of the actors are not located in the partner country; it is also

because general development strategy does not encourage micro-level funding of relatively small-scale projects.

Nonetheless, development cooperation would lose credibility if it failed to seek an alliance with a partner which, every year, contributes a far greater volume of funding to poverty reduction in the partner countries than the amount provided within the official development framework.