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A favourable macro-economic environment, innovative financial instruments and international partnership to channel workers' remittances towards the promotion of local development.

Two case studies in Morocco and Tunisia

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Economic Research Forum
For the Arab Countries, Iran and Turkey

Institut de la Méditerranée

Femise Research Project

"A favourable macro-economic environment, innovative financial instruments and international partnership to channel workers' remittances towards the promotion of local development. Two case studies in Morocco and Tunisia"

Final Report

By

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EXECUTIVE SUMMARY

The migration problem in the Mediterranean Region has been timely and widely perceived, monitored and assessed. Its various socioeconomic causes and impacts – ranging from demographic, social political and economic one – have been largely analyzed and despite differences in the approaches there has been a great convergence on the conclusions: the migration problem would become explosive at the turn of the century for the all Region, and the consequences are what we are dealing with today. The risk represented by the "demographic bomb" is not longer a risk. It has exploded and it is documented by the daily dramatic events along the Italian and Spanish coasts of the Mediterranean Basin.

The causes are strongly related to the impact of globalization on the Region with its economic marginalization of the peripheral areas and its political destabilization of countries and regions. The failure of the Barcelona Process with the following weakening of the European Union influence on the Region has reduced the whole process of Euro-Mediterranean "partnership" for a "shared prosperity" to the implementation of the "free trade area" and privatization policies, with social negative impacts to follow. It is demonstrated that migrations from southern Mediterranean countries are the results of both push (marginalization and destabilization) and pull (economic concentration and wealth in the North) factors.

The topic this research is dealing with, concerns the exploration of the new economic-financial links created by the migrants between two European Countries (Denmark and Italy) and two Arab Countries (Morocco and Tunisia), and the problems and potentials that arise. Therefore the research has focused on: (i) the migrants composition, (ii) their origin and destination, (iii) the amount and direction of the remittances, (iv) the channels chosen for money transfer, (iv) their destination in the recipient countries and the various forms of "investment", (v) the role of remittance in local development, and finally (vi) possible lessons to be learned or the Euro-Mediterranean Policies.

(i) *The migrants composition*

It is well-known that a minority of the population emigrates from the disadvantages countries. Their composition, for the countries here concerned, shows that migrants are mainly male, they belong to middle classes and often with good qualifications. Therefore the use of the concept of "brain drain" is appropriated when describing the impact of migration with reference to the intellectual and technical capability in the country of origin. Sometime the migrant departure is supported by the whole family, friends and perceived as a family investment for better earning and improved living conditions. That is why the links between the migrants and their relatives/friends at home remain strong and it manifests itself through the remittances.

(ii) *The migrants origin and destination*

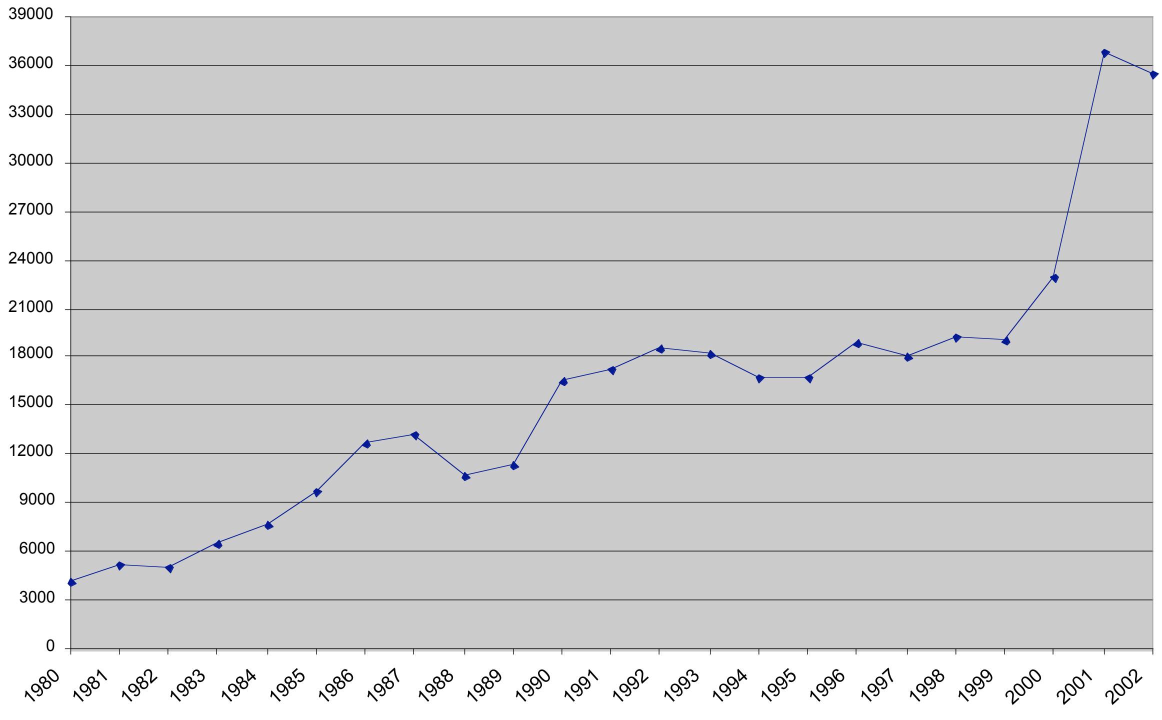
The two countries here concerned – Morocco and Tunisia – belong to the Maghreb area, and the traditional pattern of migration is oriented toward France in particular, followed by other EU countries such as Germany, Spain, Italy, Spain, and the Scandinavian countries. The two EU countries – Italy and Denmark – have been chosen for various reasons. Italy is the biggest recipient of migrants among the southern European countries, Denmark is the second, after Sweden, among the Scandinavian countries. The different traditions in integration policies among the two countries, with different income earning possibilities open to immigrants, permit to study the consistence and forms of remittance and their impact on the economies in the countries of origin.

(iii) *The amount and direction of the remittances*

The workers' remittance in the top 10 developing countries *in billion of USD* amount to 10.0 in India, 9.9 in Mexico, 6.4 in the Philippines, 3.3 in Morocco, 2.9 in Egypt, 2.8 in Turkey, 2.3 in Lebanon, 2.2 in Bangladesh, 2.0 in Jordan and in the Dominican Republic. When considering the top 10 developing-country recipients of workers' remittances, 2001, as percentage of GDP the figures are following: Tonga 37.3, Lesotho 25.5, Jordan 22.0, Albania 17.0, Nicaragua 16.2, Yemen Rep. 16.1, Moldova 15.0, Lebanon 13.8, El Salvador 13.8, Capo Verde 13.6, Morocco (rank 13, 9.7) *(World Bank Finance Report 2003).*

The flow of remittances in Morocco is illustrated in Graph. 1

Graph 1 remittances flow during 1980-2002 in Morocco, in million Moroccan Dirhams.



Source: Office de Changes, http://www.oc.gov.ma/MRE_annees.htm

Comparing remittances with other flows in the balance of payments the obtained results are follow (Tab. 2)

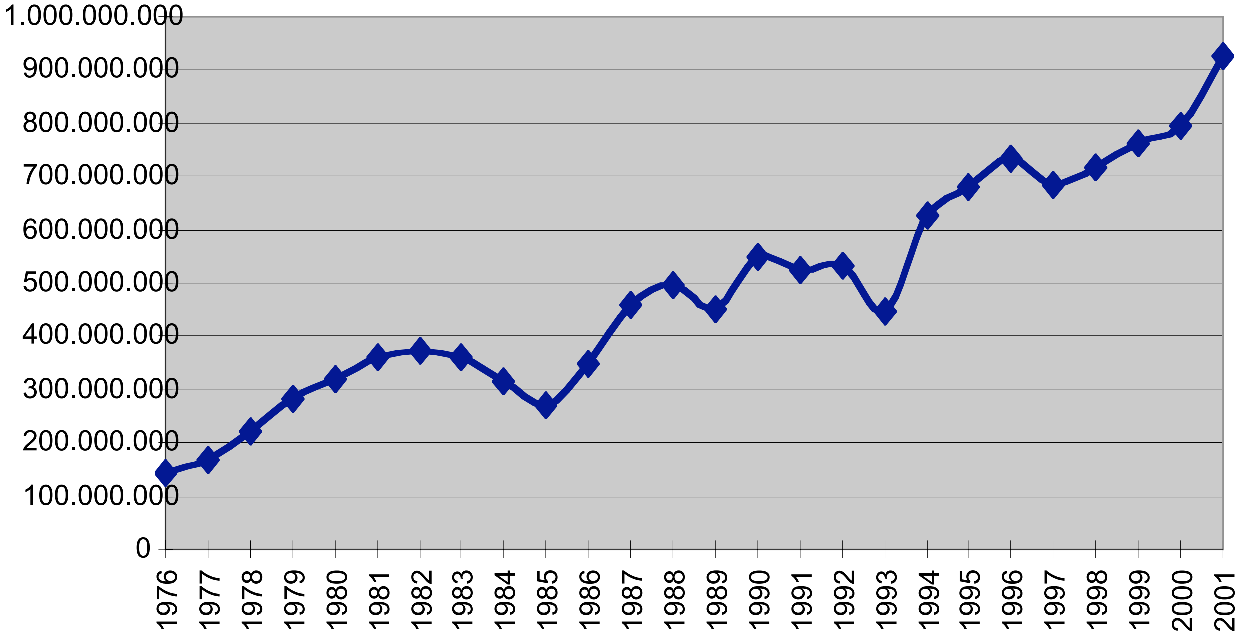
Table 1 - Comparing remittances with other flows of the balance of payments, in millions Moroccan Dhirams

	1998	1999	2000	2001	2002
Phosphate and derivates	12573	13346	12924	13238	13908
Remittances	19311	19002	22962	36858	35513
Travels and tourism	16754	19112	21666	29196	24702
Foreign direct investments	5433	18460	12640	33260	6206

Source: http://www.oc.gov.ma/MRE_annees.htm, consulted the 25th November 2003

Similar results we obtain when considering Tunisian Workers' remittances (Graph 2)

Graph 2 Tunisian Workers' remittances, 1976-2001, receipts (BoP, current USD)

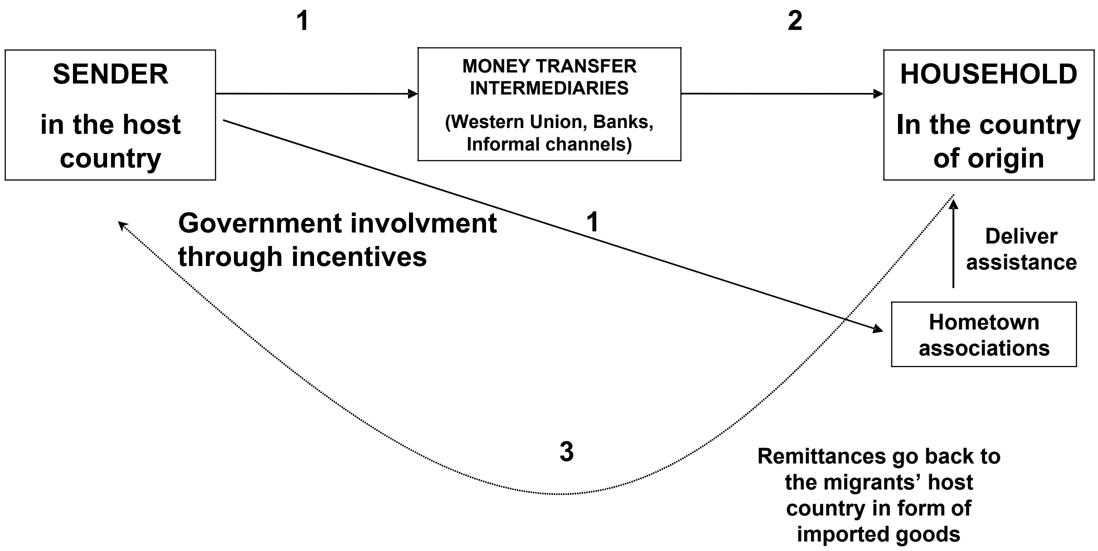


Source: Elaborations on Banque Centrale de Tunisie, *Balance des Paiements de la Tunisie 2001.*

(iv) *The channels chosen for money transfer*

There are not special or privileged channel for the remittance transfer and this situation is reflected in the diffuse and unsatisfied need of banking services and finance on the part of the immigrants. The financial and postal services in both countries, and particularly in Italy, are underestimating the potentiality of this portion of the market. Therefore the "transactions costs" are relatively high and in many cases the remittance take place via informal channels or using expensive means such as Western Union. Only Morocco has established particular links for the remittance transfer via its Banks. The received information shows that remittances are sent mainly by banks from Denmark and by Western Union from Italy.

Figure 1: The cycle of remittances and the players



(v) *The role of migrants in the countries of origin*

The migrants assume different economic roles in their countries of origin, due to the remittances as well as to other forms of economic engagements. These are:

- Investors in local small and large business projects
- Consumers of home country goods
- Consumers of transportation, communication and tourist services
- Promoters of social initiatives
- Senders of remittances to their families

The destination of remittances in the recipient countries and the various forms of "investment" are:

- Construction/enlargement of house
- Consumption of local and imported goods
- Debt repayment
- Building of leisure house in tourist areas (for lodging during holidays and for renting to tourist)
- Small enterprises, mainly services, (depending on the host country local conditions)
- Education
- Community development

(vi) *The social and economic mechanisms of migrants remittances and interrelated factors*

The results of a number of interviews among Moroccans living in Denmark since many years and possibly during a life time show the maintenance of a romantic perception about returning to Morocco, and the cultural and sentimental links to the country of origin remain quite strong. However, after few months they returned home, they came back to Denmark where life in general is easier and where many had established new relations and family links.

Some of the interviewed find it difficult and unattractive to make investments in Morocco because of a slow bureaucratic system and widespread lack of transparency. Similar judgments can be applied to Tunisia. Experiences of investments made in the home country in various kinds of businesses and later on pulled out because of bureaucracy and a negative investment "climate" were mentioned and recorded.

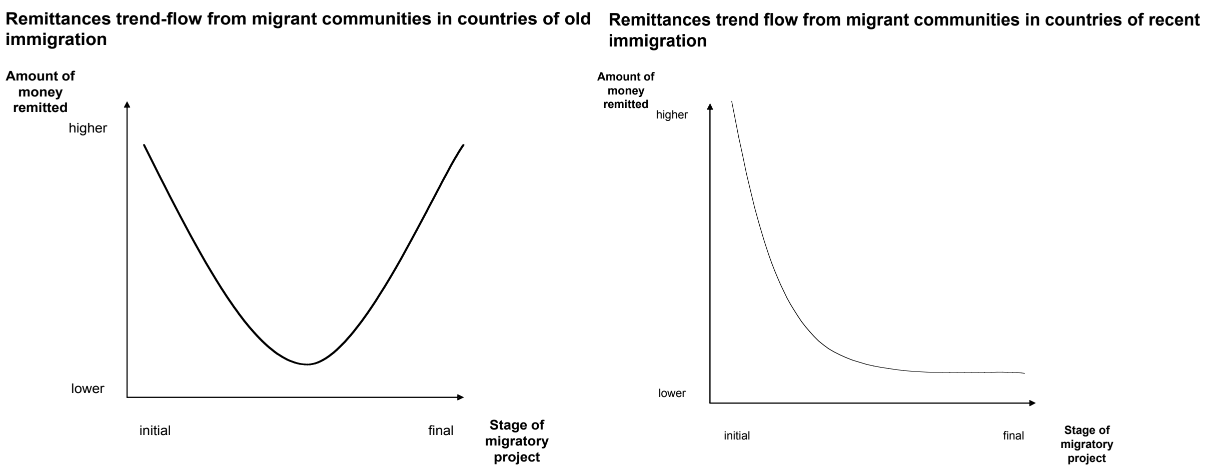
The role of the banks in providing information to their country men and women living abroad is still perceived as too weak and ineffective. There is a widespread perception that migrants might consider making investments in their country of origin if they possessed the necessary information and were encouraged to do so.

The situation in Italy is more complex and various because of the greater variety of economic and social situation due to the existence of a large group of workers with a low level of integration in Italian society, with unsteady or irregular jobs and, frequently, with their close family still in Tunisia. The very precariousness of the work situation and of the migratory project increase the importance of the management of savings and the transfer of part of them to the country of origin. Paradoxically this situation of being domiciled and employed in a confined area produces as a result a numerically consistent and relatively cohesive community.

The magnitude of the transfers is significant, notwithstanding the relatively low and irregular nature of average incomes, and this can in part be explained by the greater solidity of ties with the context of origin. This results in a greater frequency and regularity of transfers, which often represent the source of sustenance for the family remaining in the native country.

Therefore, forecasting remittances flow is central to the policy-making process and to the determination of the instruments and measure necessary to its fully implementation and positive impact on local development (Graph. 3)

Graph 3 - Two hypotheses in the forecasting of remittances flow



If migrants in countries such as Spain and Italy will follow a migratory project that aims to settle steadily in the host country, then the remittances flow will likely decline very fast (if migration policies and flows are tighten). While, in countries of old immigration, where the migratory project was perceived as temporary (though migrants remained locked-in in the host country), the remittances flow will increase with the ageing of the migrant population that aims to retire in the country of origin.

Though these hypotheses are very preliminary, the sample interviewed is not representative, and they need to be tested at the macro level, they provide interesting indications on the need to analyze and forecast the remittances flows.

(vii) *Possible lessons to be learned for the Euro-Mediterranean Policies*

Key areas of intervention within the Euro-Mediterranean Partnership inspired to the goal of co-development of both shores can also be identified and for different targets:

Civil society:

- Facilitate the replication of good practices in the channeling and use of remittances for local development;
- Develop within the EU de-centralized and aid cooperation frameworks budget lines particularly designed to involve the local civil society in both the hosting and sending countries in developing and implementing development projects;

Investments' milieu:

- Facilitate the creation of investment framework to stimulate local development activities (multiplier effect); such as modern cooperatives, in which the immigrants can play a role also by remaining in the host country;
- Establish partnerships between sending and receiving countries' governments to channel workers' remittances into employment generation productive activities, such as for example technology transfers facilities, de-taxation of imported capital goods;
- Create economic co-development schemes facilitating the ventures between European Union entrepreneurs and migrants (co-development);
- Increase the information flow about the investments opportunities.

Capacity building:

- Increase the possibilities for entrepreneurial competences' development of the migrant in order to facilitate the investment in productive activities upon return;
- Create professional training schemes in both the EU and the Mediterranean Partner countries to increase the entrepreneurial skills of young migrants, and upgrading skills of older migrants, to facilitate the likelihood and success of productive investments in the home country.
- Increase the possibilities for channeling funds in community development projects (support to local civil society).

Transfer mechanisms:

- Reduce the transfer costs by introducing new transfer modalities (cash exchange) in cooperation with EU and Mediterranean Banks;
- Develop financial and pension schemes to increase and improve the possibilities for return upon retirement.
- Improve the money transfer markets (both public and private mechanisms) by reducing leakages, costs or barriers.

(viii) *Possible lessons to be learned for facilitating the transfer and utilization of remittances*

Given the importance of the remittances, governmental and private actors need to develop a new approach in orienting and managing the modernization of the financial system, and of the instruments to promote investments and development in the country. The possible steps to take in this direction can be divided into two main areas of intervention.

A) Improvement of the financial sector functioning through:

1) The promotion of new policies from the banking system towards the immigrants and their families at home;
2) The promotion of strategic partnerships between the banking systems and financial institutions of both the European and Southern Mediterranean countries;
3) The speeding up of bureaucratic procedures which now prevent migrants from an easy access to the banking services in the countries of residence (and their families' access to banks in their countries of origin);
4) Try to bring low cost banking centers where there is a high concentration of families who receive remittances;
5) In the migrants' countries of origin, the direct commitment of banks, financial institutions (including microfinance and credit unions) and involved ministries to reach international agreements with counterparts in the migrants' countries of residence in order to integrate the financial systems and offer migrants a competitive service as agents of remittances, forging mutual confidence.

B) Improving the recipients' capabilities to optimize the utilization of remittances through:

6) The promotion of home town associations as autonomous bodies in the migrants' countries of origin aimed at linking international development cooperation activities and collective and productive usage of remittances;
7) The development of an independent civil society in the emigration countries capable to effectively interact with the financial system and with the national and local bodies working for promotion of local development;
8) The creation of synergies in the hosting countries involving local financial system, migrant associations, NGOs, local governments and decentralized cooperation in the creation of mechanisms able to channel remittances towards development aims in the migration areas;

9) The use of all possibilities offered by the CSR activities of many of the major banks in the developed countries to finance pilot programs to experiment new saving and credit schemes fitting the needs of migrant workers;
10) The involvement of international development cooperation actors as catalysts of the engagements of all mentioned actors involved in the process of making remittances a resource for development, with specific reference to the role of home town associations (offering technical assistance, support to transnational webs, and education on financial services);
11) The promotion of links and partnership in the migration areas among local institutions, NGOs, microfinance institutions and formal financial system in order to respond to the financial needs of the population taking advantage of the remittance inflows.

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PART I
Introduction to the project

The Research Project and the Method

The continuing growth of international migration is one of the manifold aspects of globalization as a consequence of (i) the creation of a global labor market (both for skilled and unskilled workers), (ii) the spread of expectations on economic advancement, and (iii) impoverishment of populations hit by economic changes or simply excluded from the benefits of market liberalization.

Remittances are one of the most visible impacts of the migration phenomenon for migrant-sending countries: if we consider the partial figure represented by the money sent through official operators registered and included in the IMF Balance of Payment Report, remittances have risen to more than 100 billions USD in 1999, with more than 60% going to developing countries (Martin, 2001).

Weakness of data and widespread use of unofficial channels to repatriate migrants' savings induce official data, which are published in the recipient countries balance of payments, to grossly underestimate the actual level of remittances. The degree of under recording varies from country to country and is particularly significant in countries that have trade and exchange-rate restrictions and unstable domestic economies.

Growing flows of remittances should represent one of the main financial resources to be considered in approaching the issue of international finance for development. As the research conducted within the FEMISE I project (Study D2: Poverty, informal sector, healthcare and labor market) showed, "*It is crucial to develop instruments to regulate the effects of the transition at the local level (micro-businesses, micro-credit, careful use of workers remittances, local development policies) by relying on the active participation of populations*". And, as the FEMISE II call for proposals (Theme B2: Impact of Association agreements on flows of capital, goods & services) underlines, it is important to investigate "*the role of remittances, their investment/spending typologies, income and employment generation, multiplicative effect on local/national production, qualitative improvement in social conditions and productive management. Specific analysis of formal and informal remittances market, in order to produce policy-oriented studies on: (i) local development opportunities linked to the usage of this financial resource, (ii) the possible role of local and international financial institutions in integrating remittances in local development, and international development co-operation flows and programmes, (iii) the possible links to insurance and retirement systems*".

Nonetheless, for the most part, remittances have not received the sustained attention required, either by the recipient governments, international financial institutions, local communities, or by the private sector. In fact, the very recent

UN Conference on Financing for Development (Monterrey, March 2002) did not stress the importance of workers' remittances and it mainly focused on the role of Official development assistance and Foreign direct investment, even though their net amount is often – as in the case of the Mediterranean countries – smaller than remittances.

Also, a literature review evidences a concentration on some specific issues. The implication for the receiving country and regions is one of the points, which have traditionally attracted the attention with a twofold evaluation of overall impact of remittances on the home-countries. Benefits in terms of balance of payments, value reserves and more opportunities of importing capital goods are counterbalanced by change in patterns of consumption and increasing import of consumer goods, inflationary pressure, and incentives for more migration of skilled labor force with impoverishment of national human capital (Waller, 1998). At local level, literature documented cases of poor areas surviving mainly thanks to remittances sent by a large part of the working population living abroad, as well as of relatively affluent areas with local economy boosted by migrant workers investments (usually in housing). Other studies have focused on consequences of more insurance provided by the migrants to the family which can encourage them to substitute leisure for effort (Gubert, 2000).

On the other hand, empirical studies have mostly focused on factors influencing the size of remittances proposing and testing econometric models. Results are partially not univocal and evidenced the concomitance of numerous elements acting at community, family and individual level (Venturini 2001).

Attention of researchers and international institutions has been recently attracted by the possible impact of a best usage of remittances on local development[1]. Some possible new fields of experimentation, such as the possible role of micro-finance institutions (Siddiqui and Chowdhury, 2001), home town associations (Lowell e De La Garza, 2000; World Bank) or credit unions (Grace, 2000), started to be explored.

In this respect, there are some points worth to be investigated. Firstly, the true magnitude of unrecorded remittances and their economic implications have received comparatively little attention. Policies experimented to encourage the continued flows of remittances through official channels have not achieved the expected results. Thus, innovations in capturing a share of remittances could involve development co-operation agencies, private sectors, and no-profit organizations. Based on this network of actors, research should aim at investigating the concrete opportunities of pooling matching funds into a critical mass for truly substantial accomplishments.

Secondly, the focus on local communities is the most adequate dimension and the possible keystone of pro-active practices to encourage the use of remittances for productive investments, insurance and pension, development. The existence

[1]The Social Finance Unit of Geneva International Labor Office is developing a research line on the issue and organized the Conference: "Making the best of Globalisation: Migrant Worker Remittances and Micro-Finance 20-21 November 2000", ILO, Geneva. The Multilateral Investment Fund of Interamerican Development Bank promoted "Remittances As A Development Tool: A Regional Conference May 17 & 18, 2001". The possible role of micro finance institutions in remittances market has also been discussed in May 2001 on web-forum called "Development Finance Network Discussion List" (http://www.enterweb.org/devfin.htm).

of spontaneous collective formal and informal transfer practices, often linked to informal or semi-formal institutions, must be taken into account as a bulk of the analysis. These institutions must be taken into account in evaluating the potentiality of channeling remittances into local development through the involvement of international cooperation agencies, local institutions, local partners and entrepreneurial associations.

A country-specific approach is needed as well, since the impact of the remittances on the economy and local communities varies, as the means of transmission and migrant flows do. The mentioned pilot studies are based on field studies among Latinos migrant communities in the USA or South Asian migrant sending countries.

An analysis focused on two Mediterranean communities considerably rooted in Europe (Moroccans and Tunisians) can deliver original indications and guidelines for the European perspective. Migrant workers from the Southern part of the Mediterranean basin are by far the biggest community in the EU, while the home countries are among of the top receivers of European official development aid. Specific characteristics of the Mediterranean basin's societies and financial systems, as well as the possible links to insurance and retirement systems must be considered and give the chance to investigate the mentioned new opportunities of leverage on remittances for development in a specific context.

The context: the relevance of a favorable macro-economic environment

From a very general point of view it is important that workers' remittances do not fall in a vacuum. Remittances, as part of external finance requirements, are linked to the «Financing Gap» between the investment requirements and the financing available from the sum of private financing and domestic saving. As in the Harrod-Domar model, output depends on the investment rate and on the productivity of that investment. Investment is financed by savings, and in an open economy total savings equal the sum of domestic and foreign savings, including workers' remittances.

Since the surplus or deficit on the current account represents the change in a country's net foreign assets, one approach to judging how remittances do interact with development is to assess the country's external situation.

Another approach is to consider the implications of a path of external imbalance for the size of external flows relative to GDP. The "sustainable" path of an economy's external financial flows depends on two factors: (i) trade imbalances; and (ii) an external financial dynamics term equal to the difference between the world interest rate and the domestic growth rate of the country. If the world interest rate exceeds the domestic growth rate, then the only sustainable path along which the current account (excluding net factor payments) is constant is when the trade balance is in surplus.

But the real picture is much more complex. The nature of external financial flows is another important factor, given the critical relationship between the current account and the capital account. A country's ability to sustain a current account deficit is influenced not only by the size and nature of existing liabilities and the stock of foreign assets but also by the dynamics of aid and workers' remittances. Degree of openness does matter, too. A country's propensity to import and export will clearly influence the sustainability of its external position. As any sustained structural deterioration of the trade balance would make a current account deficit even less sustainable, then a real exchange rate appreciation may be adverse or not. The country's terms of trade are strongly related to movements in the real exchange rate as well: a strengthening of the real exchange rate, or negative shocks in foreign demand, for example, would put downward pressure on the domestic country's terms of trade. This might subsequently impact on the sustainability of a current account deficit and on the workers' remittances flows. Thus, research has to investigate if, how and how much are workers' remittances linked, through interaction effects, to other external financial inflows and to other external relation indicators.

A clear link also exists between the sustainability of the current account and deviations of consumption, investment or government expenditure: high levels of domestic investment that are not met by domestic savings weaken the current account balance. In this situation, individuals are dependent on remittances in an attempt to finance investment opportunities while avoiding sharp drops in their consumption. Higher levels of investment may suggest higher future growth rates, which might enhance intertemporal solvency. However, higher savings and investment levels do not necessarily translate into higher output levels. Investment projects may be allocated inefficiently.

Under these circumstances, high levels of public investment may not enhance external sustainability. Positive productivity shocks can cause investment to rise, as it raises the expected path of future output directly. This tends to worsen the current account balance as domestic residents borrow abroad to finance the additional capital accumulation or become highly dependent on remittances, without promoting a more prudential and "economic" behavior. The productivity increase may, however, also increase saving, which tends to offset the impact of increased investment on the current account balance, with uncertainty on the net effect on the current account balance.

Thus, we have mentioned at least three categories of influential factors: (i) external finance (debt, Fdi, Oda) and its composition imbalances, (ii) external trade imbalances, (iii) domestic factors (savings and investment, and public budget spending).

Referring to the last point, the net effect of fiscal deficits on the current account and on the overall balance of payment remains an empirical issue. Nonetheless, econometric modeling is highly limited in its ability to predict or forecast a pending external crisis. The interrelations between saving-investment gap, deficit spending, trade imbalances and interaction of remittances with other external capital inflows must be more adequately investigated.

This approach is clearly an extension (including the remittances' flows), which is derived from the three-gaps approach. The idea of a gap only makes sense given an exogenously determined target growth rate. Thus, a distinction must be made between the ex ante savings gap (the difference between desired investment and domestic savings) and the ex post savings gap (the difference between actual investment and domestic savings).

The core issue: the importance of innovative financial instruments to channel remittances towards the promotion of development

Moreover, in order to effectively close the financial gap for promoting development, it is important to analyze national financial policies and institutions, which influence the transfer and mobilization modalities of remittances. This analysis must help to identify the major constraints and opportunities in involving domestic and international financial institutions (such as European commercial banks and other local actors) into the remittances market and in integrating remittances in local development and international co-operation programs (decentralized co-operation specifically).

A more detailed analysis is required to investigate the remittances market and policies to facilitate the use of formal channels for saving, transfer, and mobilization.

Ultimately, the long-term goal would be to provide a stable political and economic system, and significantly improve infrastructure and financial systems to encourage and facilitate investment through remittances. The interim steps, however, can involve, an investigation on incentive programs, remittance banks, marketing campaigns, pilot projects, and partnerships with money transfer companies. Any proposals should be carefully considered to avoid producing unintended consequences.

How best can transfer costs be reduced to maximize the level of remittances reaching local communities? Competition of the for-profits actors in this marketplace, together with the entry of nonprofits, may reduce transfer costs, leaving more remittance money to be spent by those most in need. Innovations in capturing a share of remittances—from development bonds, to matching-funds, to associations of migrants abroad (AMA) collective-remittances— can pool money into a critical mass for truly substantial accomplishments.

Moreover, it is important to analyze the possible links of remittances’ to insurance and retirement systems, in particular the mechanisms, which will be able to offer interesting functioning advantages, integrating private interests (of insurance companies and pension funds) with public ones (and development co-operation funds) and workers’ remittances. The problem of traditional public intervention systems, their administrative difficulties and delays in interventions as well as their crisis within the context of the general crisis of welfare state is particularly acute when referred to the migrants’ situation.

A possible next research step: focus on the local development impact of remittances’ flows

A final area to be coherently investigated, as a next complementary step to the previous ones, is the impact of remittances on local development. The regions, which are highly dependent on the inflows of remittances and significant share of migrants living and working abroad, are the most adequate to be studied in order to identify the relationship between workers' remittances and local development process. The analysis of impact of remittances on local development can be based on investment/spending typologies, income and employment generation, multiplicative effect on local/national production, qualitative improvement in social conditions and productive management. Consequently, the analysis has to be based on local economy's data and qualitative interviews' to the major public and private institutions and banks involved in the collection and mobilization of remittances.

The multiplier effects of remittances can be substantial, with each dollar producing additional dollars in economic growth for the businesses that produce and supply the products bought with these resources. The microeconomic effects of remittances can also be significant. Workers' remittances can be translated into communal resources to the villages from which they emigrated. Collected through a variety of means, these resources have – in some cases - helped villages improve roads, water and sanitation systems, health clinics, schools, and other community infrastructure. There has been a recent trend toward encouraging the workers migrated abroad to use their remittances as investment in small businesses and manufacturing activities in order to produce new jobs for the villagers. These are truly grassroots initiatives that involve community-to-community development.

Also, remittances are often used to help families address emergency needs that could, perhaps, be better addressed through other means, or prevented altogether. For example, many households use some portion of their remittances to deal with emergency health care needs because they lack access to health care and do not have insurance coverage.

In some countries of Central America a sizeable part of remittances have been used to reconstruct the countries after years of civil war and more recent hurricanes and earthquakes. Remittances have become so important a part of reconstruction that they have been prominently on the foreign policy agenda.

Thus the final question to be answered is how best can governments and international organizations help migrants' associations abroad and home villages make the most effective use of the communal remittances for development without impeding local initiative.

Method

The study has been carried-out starting with the setting up, both in Denmark and Italy, of a focus group of researchers, experts on the process of migration, finance for development, local development, with particular reference to the case of Morocco and Tunisia.

The first phase of the research was dedicated to the analysis of existing documentation on economic and social dimensions of workers' remittances markets with special attention to the issues covered by this project.

In this phase a background review of theoretical and policy-oriented international (including Danish, Italian, Moroccan and Tunisian) scientific and technical literature on the remittances market and policies to facilitate the use of formal channels for saving, transfer, and mobilization has been carried out by both teams in Denmark and Italy.

Then, the research focused on the analysis of the macroeconomic and regulatory context, which directly and indirectly influences the remittances market in Tunisia and Morocco. In particular, estimate of remittances (share of Balance of Payments, comparison to Fdi, Oda, and foreign debt flows, to private and public savings, and to government revenue), monetary and exchange rate policies (including foreign exchange control) and regulations on banking sector, which affect remittances' flows, were taken into account.

The following phase has seen the involvement of the Danish and Italian teams in the field where a number of qualitative interviews to Moroccan and Tunisian immigrants and associations of migrants living in Denmark and Italy, Moroccan and Tunisian institutions in Denmark and Italy, and to the major public and private institutions and banks involved in the collection and mobilization of remittances.

The questionnaire jointly prepared during a meeting in Rome was used to interview 50 households in Denmark and 104 in Italy.

The interviews were aiming to identify:

- Different intermediaries and channels (formal and informal)
- Different instruments (Credit and Deposit instruments for remittances, Money transfers, Postal transfers, Local Investment Fund, City Bonds, Soft Aid, semi-formal and informal mechanisms
- Different purposes
- Public and private institutions involved in the remittances market
- Regulatory system, domestic incentives and schemes to mobilize migrants' remittances
- Existing bilateral agreements on the issue, at governmental, local or private level.

Besides the interviews to migrants' households, experts about remittances or key informants in Denmark and Italy were interviewed. 5 key informants were interviewed in Copenhagen and 11 in Milan between July and August 2003. Interviewees were chosen among the following profiles: officers of the Tunisian Consulate General in Milan, representatives and members of several Moroccans or Tunisian associations/cultural centers that bring together different collectives: young men, families, professionals and small entrepreneurs; executives of Italian Banks, executives of the Central Postal Office of Milan, Tunisians who have been living in Milan for a long time and Moroccans that have been living in Copenhagen for many years.

In September the preliminary results were discussed in a meeting in Copenhagen.

The following phase of the project has been concerned the preparation and realization of the field-research in Morocco and one in Tunisia. Once identified the areas of the field-research, the two teams have carried-out an analysis of the impact of remittances on local development (investment/spending typologies, income and employment generation, multiplicative effect on local/national production, qualitative improvement in social conditions and productive management), based on local economy's data and qualitative interviews' to small entrepreneurs and households who invest/consume remittances and to the major public and private institutions and banks involved in the collection and mobilization of remittances.

In Morocco, during October and November 30 households were interviewed in the provinces of Taroudant and Beni Mellal, which are characterized by high rates of emigration towards countries of old migration such as France, The Netherlands, Belgium, Denmark. A number of experts in migration and remittances issues were interviewed in Rabat, Casablanca, and Taroudant. Interviewees included officers of relevant institutions such as Banque Populaire, Fondation Hassan II, representative of local Ngos, Banque Al Amal, and also a number of university professors.

In Tunisia 40 households in the area of Mahdia and 10 experts in the field of remittances and migration were interviewed during November and December 2003.

A number of experts in the matter of remittances were interviewed in Tunis in order to obtain confirmation of the data that emerged from the field research in Mahdia. Interviewees include officers of institutions and agencies which work for regional and national development, academics who are involved in the study of Tunisian development, Tunisian bank managers and representatives in Tunisia of Italian banks, representatives of NGOs and agencies for international cooperation for development.

The interviews to the key informants was also useful for understanding the social and economic impact of remittances on national and local situations and possible future perspectives for an increased and improved use of them, with the aim of pushing the country's development.

A final meeting has been organized in Rome to discuss the state of the research, the results of the field works and elaborate concrete suggestions for Euro-Mediterranean partnership on development co-operation strategies to involve workers' remittances into the local development process. and organize the elaboration of the final study report.

An overview of the activities carried-out in the project

Activities	Place	Researchers	Date
Constitution of the research team in Denmark	Roskilde	Andrea Gallina Ninna Nyberg Sørensen Souria El Idrissi Anders Lisborg Davide Tiziano Tocchi Diana Sainz	February 2003
Constitution of the research team in Italy	Rome	Rosa Balfour Raffaella Coletti	February 2003

		Veronica Di Pinto Maira Fiorini Chiara Lainati Alberto Mazzali Ana Ozorio de Almeida Pierfrancesco Salemi Paolo Sospiro Marco Zupi	
Constitution of local focus groups	Roskilde, Rome	Bruno Amoroso, Andrea Gallina, Ninna Nyberg Sørensen; Marco Zupi, Alberto Mazzali	February 2003
Survey of literature	Roskilde, Rome	Andrea Gallina, Diana Sainz, Davide Tiziano Tocchi; Rosa Balfour, Raffaella Coletti, Veronica Di Pinto, Maira Fiorini Chiara Lainati, Alberto Mazzali, Ana Ozorio de Almeida, Pierfrancesco Salemi, Paolo Sospiro, Marco Zupi	February-March 2003
Field work			
Denmark	Larger Copenhagen	Souria El Idrissi Anders Lisborg	April-July 2003
Italy	Rome, Milan, Ancona, Mazara del Vallo	Rosa Balfour, Raffaella Coletti, Chiara Lainati, Alberto Mazzali, Paolo Sospiro,	April-September 2003
Morocco (Background work)	Casablanca	Pierfrancesco Salemi	March 2003
Tunisia (Background work)	Tunis	Maira Fiorini	February-May 2003
Data analysis			
Danish Team		Bruno Amoroso, Ninna Nyberg Sørensen, Andrea Gallina	July-December 2003
Italian Team		Marco Zupi, Alberto Mazzali, Raffaella Coletti	July-December 2003
Field work			
Morocco	Rabat, Casablanca, Taroudant, Beni Mellal	Andrea Gallina, Chadia Arab, Francesco Slaviero	October-November 2003
Tunisia	Mahdia Tunis	Maira Fiorini, Paolo Sospiro	September-December 2003
Data analysis			
Danish Team		Bruno Amoroso, Ninna Nyberg Sørensen, Andrea Gallina	November-December 2003
Italian Team		Marco Zupi, Alberto Mazzali,	December 2003
Preparation of Final Report			
Writing, Editing	Roskilde, Rome	Bruno Amoroso, Ninna Nyberg Sørensen, Andrea Gallina, Davide Tiziano Tocchi, Marco Zupi, Alberto Mazzali, Ana Ozorio de Almeida, Veronica Di Pinto	November 2003-January 2004
Workshops and meetings			
Rome		Marco Zupi & Andrea Gallina	April 2003
Copenhagen		Marco Zupi, Andrea Gallina, Bruno Amoroso, Ninna Nyberg Sørensen	September 2003
Rome		Marco Zupi, Alberto Mazzali, Bruno Amoroso, Andrea Gallina	January 2004

PART II
Theoretical Framework: Linking Remittances and Migration with Local Development

Introduction

International migration transforms not only the destiny of individual migrants but also the conditions of their families in specific sending communities. Remittances have become the most visible evidence and measuring stick for the ties connecting migrants with their societies of origin (Guarnizo 2003). In 2000, remittances from abroad comprised more than 10% of GDP in developing countries such as El Salvador, Haiti, Ecuador, Eritrea, Jordan, and Yemen (UNDP 2002). In 2003, the Global Development Finance Annual Report took formal notice of remittances as a source of external development finance for the first time. Estimated at over $100 billion in 2001, migrants' remittances represent a large proportion of world financial flows and amount to substantially more than global official development assistance, more than capital market flows, and more than half of foreign directs investment flows. To underline their importance for the developing world, 60 percent of global remittances were thought to go to developing countries in 2000. Lower middle-income receive the largest amounts, but remittances constitute a much higher share of the total international capital flow to low-income countries (Gammeltoft 2002). In addition, remittances seem to be more stable than private capital flows and to be less volatile to changing economic cycles (Ratha 2003:160). In sum, remittances play an extraordinary role in the accounts of many developing countries and are crucial to the survival of poor individuals and communities around the world.

The emphasis of development policy is now firmly on poverty alleviation and achievement of the Millennium Development Goals, which in addition to eradication of extreme poverty and hunger headline objectives such as health and education, gender equality and empowerment of women, the reduction of infant and child mortality, universal access to safe drinking water and adequate sanitation, and the improvement of the lives of poor rural and urban slum dwellers. Because much remittance research stems from an economic development concern, it has centered on determining the volume, assessing the contribution to local development through investments in productive activities, identifying the transfer channels and costs involved, and defining the determinants of remitting. Household or community based approaches nevertheless suggest that remittances augment incomes, potentially lift recipients out of poverty and are used to build schools and clinics (Martin *et al.* 2001). However, despite such evidence, there remain gaps in our understanding of how remittances are, or can be used for, promoting development, especially given that existing policy incentives are not generally considered to have been very effective in channeling remittances towards development (Black 2003).

The current appreciation of remittances as a development tool is recent and several questions about how best to capture remittances' development impact remain. This chapter summarizes current knowledge and theoretical developments in the area of migration, remittances and local development.

Definitions of remittances

There are different ways to estimate the flow of remittances and there is no universal agreement as to how it should be done. The International Monetary Fund includes three categories in its balance-of-payments statistics: 'worker remittances' (the total of monetary transfers sent from workers who live abroad for more than one year), 'compensation of employees' (the gross earnings of migrants residing abroad for less than a year), and 'migrant transfers' (the net worth of migrants who move from one country to another). However, the interpretation of these categories can differ from one country to another, and commercial banks may not report the data consistently.

Remittances are generally defined as the portion of a migrant's earnings sent back from the migration destination to the place of origin. Although remittances also can be sent in-kind, the term 'remittances' usually refers to cash transfers. In most of the literature, the term is further limited to refer to *migrant worker remittances*, that is to cash transfers transmitted by migrant workers to their families and communities back home (Van Doorn 2001). While migrant worker remittances probably constitute the largest part of total global remittance flows, this briefing adopts a broader definition including transfers from refugees and other migrants who do not benefit from the legal status of migrant workers.

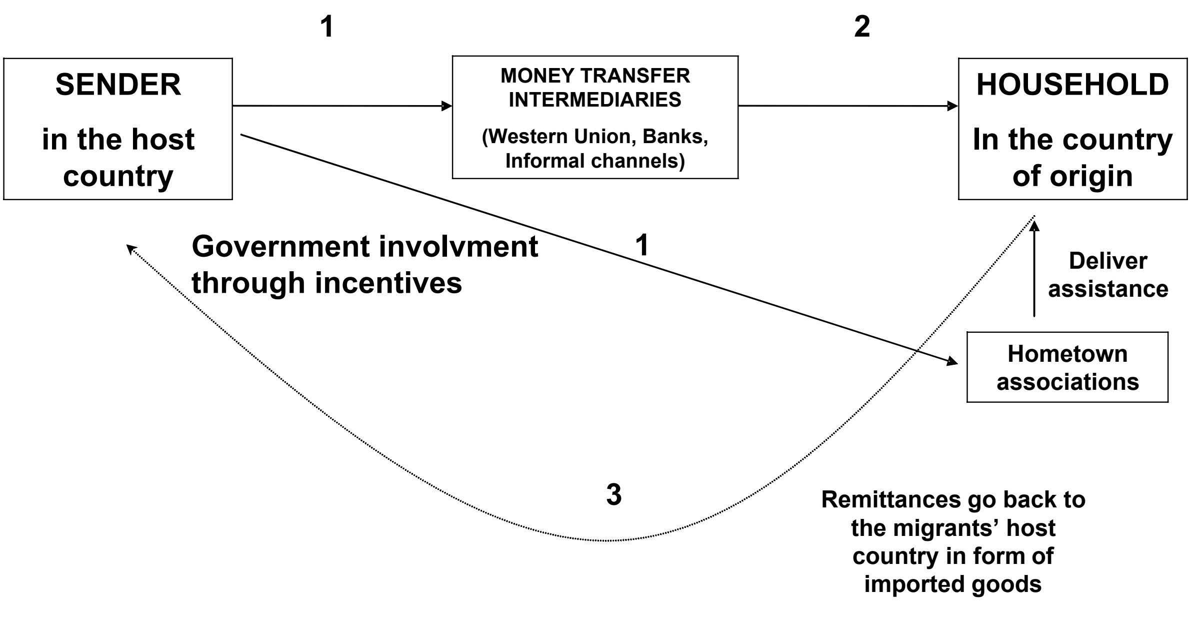
Many of the changes that migration gives rise to do not only result from monetary remittance flows. Other kinds of change catalysts are also at work, among them *social remittances*. Social remittances are the ideas, practices, identities, and social capital that flow from receiving to sending-country communities. Social remittances are transferred by migrants and travelers or they are exchanged by letter or other forms of communication such as phone, fax, the internet or video (Levitt 1996). They may affect family relations, gender roles, class and race identity, political, economic and religious participation. Social remittances constitute an under-studied, local-level counterpart of macro-level global monetary and cultural flows and are key in understanding how migration modifies the lives of those who remain behind (Levitt 2001). To the extent that social remittances travel together with economic remittances, changes in normative structures and systems of practice may be pertinent on the wish to ensure continued economic remittances.

Remittances can be transferred within and between countries. *Intra-national* remittances are transferred by persons who migrated within their countries of origin (including internally displaced persons), whereas *international remittances* are transferred by migrants who crossed an international border. Geographical categories may nevertheless be less important than understanding the role migration plays in livelihood strategies. Assessments of the importance of migration are often based on an idea of different economic areas, rather than conceptualizing areas of origin and destination as a singular economic space (De Haan 2000). Though migrants from developing countries potentially can earn more by migrating abroad, even within countries wage differentials can be huge and intra-national remittance transfer fees are generally lower due to the absence of foreign exchange issues and related financial regulations (van Doorn 2001).

The bulk of remittances are sent by individual migrants –*individual remittances*– yet a smaller fraction is sent as *collective remittances* by groups of migrants through community or church groups. The latter form is often organized through *hometown associations* (HTAs) consisting of migrants from the same town or parish in the migrant-sending country, but other more or less organized groups such as refugee groups, ethic professional groups, or even virtual refugee organizations using the internet (e.g. the Somali Forum and the Tamil Eelam), participate in the transfer of collective remittances. Along with the growing number of HTAs has come greater institutional outreach and collective remittances. One incentive for HTA-based collective remittances is to match HTA monies with government funding; another approach is to actively solicit and encourage HTA investments in micro-enterprises and job-generating ventures in developing countries (Lowell & de la Garza 2000).

Thus, remittances involve many actors and bottlenecks exist in different levels. Therefore, it is important to stress that the intervention in one level might not produce the expected results if the other levels are not working properly. Researches carried out until now have often only focused on one dimension on the problem. The following scheme can better represent the complexity of the issue at hand.

Figure 1: The cycle of remittances and the players



Monetary remittances are transferred in formal and informal ways. *Formal remittances* are sent through banks, post offices, exchange houses and money transfer companies (such as Western Union, Thomas Cook and Money Gram). Formal international remittances can be measured through the IMF Balance of Payments Statistic Yearbook. *Informal remittances* are generally transferred through hand-carriage (when going home to visit) or by family, friends or money couriers.[2] Besides, some countries have extensive and efficient systems to facilitate informal transfers, e.g. *Hawala* in Pakistan and Bangladesh; *Hundi* in India. These systems are generally well-organized, effective and inexpensive, and senders do not need to provide identification (Orozco 2003). Official estimates of remittances do usually not include money sent through informal channels, leading many experts to believe that they are significantly undercounted (O'Neil 2003).

The advantage of adopting a financial as well as a social definition of remittances is that this allows for an understanding of migration as a social process in which migrants are agents of change, economically as well as socially and politically. As argued by de Haan (2000) this is relevant for policies: An understanding of the role of migration may help to make policies more relevant to people's livelihood strategies […and] may help devise measures in which migration can be supported, building on the ways groups have facilitated migration, and thus build on people's capabilities and assets (De Haan 2000:4).

Current global trends

A recent study commissioned by the MIF of the IADB (Orozco 2003a) estimates the worldwide flows of remittances by region in 2002. The study concludes that Latin America is the main remittance recipient area in the world, receiving about 31 percent of the total global flows. The second largest remittance recipient area is South Asia (20 percent), followed by the Middle East and North Africa (18 percent), East Asia and the Pacific (14 percent), Europe and Central Asia (13 percent), and Southern Africa (5 percent). An interesting finding is that one or two countries in each region receive over 50 percent of the total flow to the region. For example India, the world's largest remittance recipient country, accounts for 73 percent of the flow to South Asia; Mexico for 34 percent of the flow to Latin America; and the Philippines for 43 percent of the flow to East Asia and the Pacific. Another interesting finding is that sixteen countries share three quarters of the total global flows.

The Global Development Finance 2003 Annual Report takes a very conservative calculation of remittances based on official IMF balance of payments data. Even so, the report estimates that $72.3 billion went to developing countries in 2001.

In 2001, the top five remittance receiving countries in Africa were Morocco, Egypt, Tunisia, Sudan and Uganda. In Sub-Saharan Africa the single largest

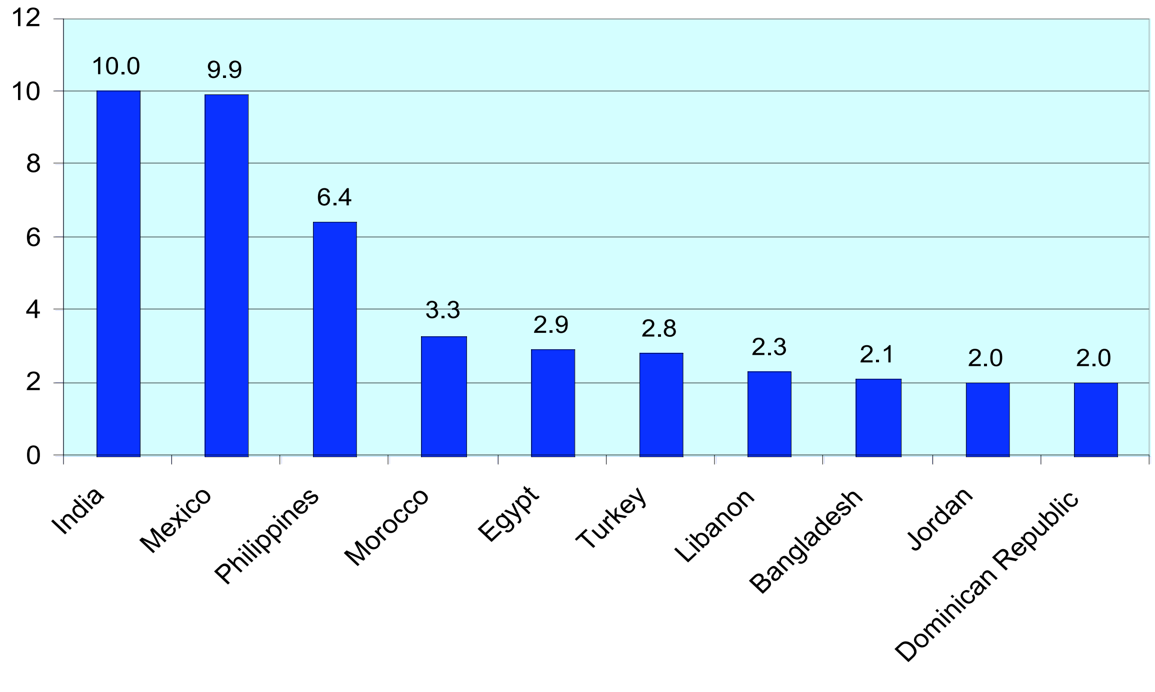
[2] Athukorola (1993) argues that the usual practice to treat all informal remittances as foreign exchange leakages from the labor exporting country is erroneous because the aggregate figure includes two types of remittances that do not show up in official remittance data: 1. Goods imported by return migrants under duty free allowance facility (or under personal baggage/gift schemes); 2. Saving brought home on return in the form of cash (or traveller's cheques) subject to formal custom's procedures and subsequently converted into local currency at domestic banks (where they will show up as 'tourist expenditure').

receiver was Nigeria, followed by Lesotho, Sudan, Senegal and Mauritius (Sander 2003:6). IOM's World Migration Report 2003 reveals a significant increase in the level of remittances to selected African countries. In the cases of Cape Verde, Ghana, Madagascar, Mali, Morocco and Tunisia, the amount of annual official remittances increased by approximately 100 percent from 1980 to 1995.

Monetary remittances to African countries are generally considered highly underreported, and their development impact therefore to be underestimated. This is even more the case for social remittances. Nevertheless, a range of migrant organizations involved in African development (including HTAs, ethnic associations, alumni associations, religious associations, professional associations, investment groups, political groups, etcetera) participate in community-to-community transfers related to identity building, lobbying in current country of residence on issues related to the homeland, and participation in post-conflict reconstruction and the development of new democratic structures (Mohan and Zack-Williams 2002; Koser 2002).

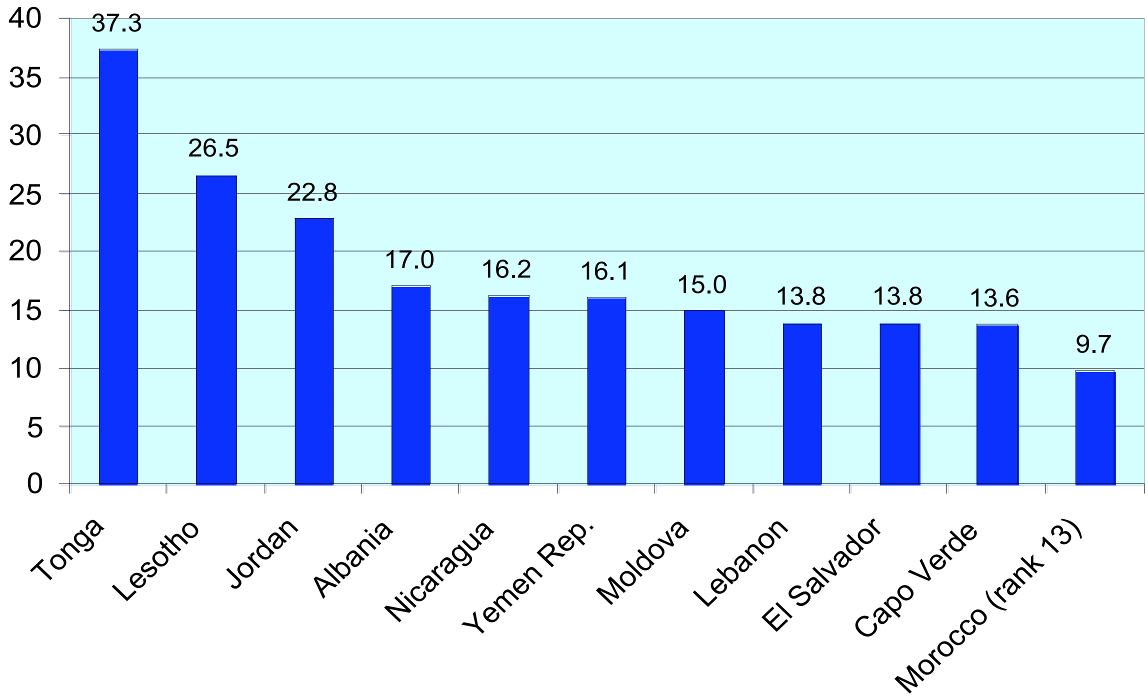
Evidence from West Africa suggests that social capital gained abroad are likely to transform into social remittance transfers upon return and that returnees generally promote social transformation in their countries of origin. Interestingly, an important aspect of West African returnees' social capital is the strengths of contacts (personal and professional) established abroad, contacts a majority of returnees kept upon return (Tiemoko 2003). Malian migrants have transferred lessons learned from Western democracies to their home communities. In other case, returning male migrants appear to be reluctant to change traditional gender roles, while others have become more socially and religiously conservative as a result of their own migration experience (Martin *et al.* 2002).

Graph 1 - Top 10 developing-country recipients of workers' remittances, 2001, billions of dollars.



Source: World Bank Finance Report 2003.

Graph 2 - Top 10 developing-country recipients of workers' remittances, 2001, as Percentage of GDP.



Source: World Bank Finance Report 2003.

The link remittances-local development

For many years, countries have been concerned with certain aspects of migration, such as remittances as a means of earning foreign exchange. Recently, the link between migration and socio-economic development has become an issue in its own right. Neo-liberal economic theory has linked remittances to community development. Dependency theory, on the other hand, has understood international migration as a process reinforcing a pattern of dependent community development, where higher living standards are achieved through the inflow of money from abroad rather than from an expansion of economic activity at home (Leichtman 2002).

Traditionally, the literature on remittances to developing countries has focused on spending patterns among recipients (spouses, parents, siblings, and children). According to Susan Martin, "until relatively recently, researchers, economists, and development agencies tended to dismiss the importance of remittances or emphasized only their negative aspects. They often argued that money sent back by foreign workers was spent largely on consumer items, pointing out that it seldom was invested in productive activities that would grow the economies of the developing countries. They also feared that those receiving remittances would become more dependent upon them, reducing incentives to invest in their own income-generating activities" (Martin, 2001).

Guerin-Guengant (1996) pointed out that the increase in migrants households' purchasing power risks to: a) increase the consumption of imported goods; b) push towards the abandonment of local activities that are judged insufficiently remunerative, c) induce consumption to achieve higher social prestige and d) idealize migration as the only – or fastest - strategy to escape local poverty.

In a similar vein, Castels and Kosack (1973) as well as Paine (1974) have argued that migration may create a petty bourgeois elite whose standard of living will adversely affect the already meager resource supply of the poorer segment of the population. Other analysts have found that returned migrants often choose to settle in a different area from that of origin, especially in urban metropolitan areas, increasing rural-urban disparities (Erayfun, 1981, Gitmez, 1984, Godkere, 1978).

Another often pointed to negative effect is the rise in the real estate prices. In the Tunisian area of Msaken, an area of departure for many migrants, the large demand of housing from the migrants living abroad has caused a generalized rise in real estate prices, concentration of land tenure in the hands of families connected to migration, and increased unemployment (Fletcher 1999). In other regions, local political leaders have been the first to depart, depriving local communities of valuable social and political capital (Sørensen 1999).

But, the picture is more complex, not only because the increased scale of remittances, but also because of different findings on local developmental effects.

Whether monetary or social in form, remittances represent the social ties of solidarity, reciprocity, and obligation that bind together migrants and their families and communities back home. Initially, this long-distance bounded solidarity may have a narrow scope of action (as individual migrants' intent is mainly to benefit kin and friends). Over time, however, remittances may become a macroeconomic factor that spawns vast effects in the countries of origin and beyond (Guarnizo 2003:7).

Several micro and meso level economic studies indicate that the amount and/or character of transfers depends on *context*, i.e. legal status of migrants, job market available to migrants, living expenses in country of destination, and the number of and relation to dependants back home – the latter pointing to the importance of the household as the relevant unit for the analysis of individual remittances. Other additional factors include: the number of workers abroad, wage rates, economic activity in host and home countries, exchange rates, relative interest rates between home and host countries, political risk factors, facilities for transferring funds, the gender composition of migrant households in home and host countries, marital status, household income level, employment status and occupational level of household members in home and host countries, length of stay abroad, and the occupational level of migrants (Russell 1986).

In the case of collective remittances, additional factors such as the establishment of residential migrant communities abroad and level and form of organization should be taken into account.

Table 1: Determinants and intermediate effects of individual remittances

Potential determinants of remittances	Expected direction of relationship	Available pool of remittances	Decision to remit or not	How to remit	Amount to remit	Uses
Number of workers	+	X				
Wage rates	+/-	X				
Economic activity in host country	+	X				
Economic activity in source country	+	X				
Exchange rate	+/-		X	X		
Relative interest rate between countries	+/-	X	X			
Political risk factors in source countries	-	X				
Facility of transferring funds	+	?	X	X		
Ratio of females in host country	-		X		X	
Years since out-migration	+/-		X		X	X
Household income level	-		X		X	X
Employment of other household members	-		X		X	X
Marital status	+		X		X	?
Level of education	-		X	?	X	X
Occupational level of migrants	-		X		X	X

Source: Russell 1986, quoted in Ramamurthy 2003.

Macro economic studies indicate that although remittances are affected by the economic cycles of source and host countries, they often provide a significant source of foreign currency, increase national income, finance import, and contribute to the balance of payment. While other capital flows tends to rise during favourable economic cycles and fall in times of economic crisis, remittances appear to react less violently and show remarkable stability over time (Ratha 2003:160). Thus, countries having a high share of remittances relative to other capital flows might be experiencing more stable inflows of funds (Bush *et al.* 2003:6). Remittances may also be linked positively to economic growth. Thus, remittances may not only be determined by migrants' wish to shield their families back home from adverse economic shocks, but may also represent additional funds that can enlarge the pool of capital (Bush *et al.* 2003:18). Finally remittances may have a positive effect not only on the quantity but also on the quality of investments. Migrants and their dependants may have a better understanding of local conditions and investment opportunities than foreign creditors and investors (Bush *et al.* 2003:8).

A focus on remittances leading to *productive investments* can be found in Pastor and Rogers (1985), Martin (1991), Diaz Briquets and Weintraub (1990), and Lazaar (1996). The use of remittances for productive investments depends upon the context and on the opportunity for small-scale investments and the social and financial capital needed for a new business. Lack of infrastructures, lack of access to credit and lack of a developed market can play a decisive role in the decision of investing remittances. It is generally expected that returning migrants will bring impetus to the local communities' investments, transfer of technology and machinery and new enterprises.

Other studies adopting a macro economic approach nevertheless point in the opposite direction: Remittances fail to help the economy and decrease the likelihood of an improved economy in the future. The transfer of funds can be deceptive if it creates dependency among recipients, encourages continued migration of the working age population and decreases the likelihood of investments by the government or foreign investors because of an unreliable workforce. If spent on imported consumer goods rather than locally produced ones, the potential multiplier effect may decrease while simultaneously increasing import demand and inflation (Martin 1991, for an overview see Puri & Ritzema 1994). In oasis households in Morocco, Haas (1998) have found that remittances constitute the most important revenue and agriculture, in many cases, have become a supplementary activity. Migration has created the possibility to have higher non-agricultural income and so "liberate" them from the absolute dependence on this sector but has also implied the abandonment of large areas. The process of individualization, the disintegration of the power of the traditional community and labor shortages has undermined the willingness to carry out collective soil and water conservation measures. The neglect of agricultural infrastructure and in particular of the vital irrigation system has provoked increasing land degradation. Nevertheless, under some circumstances money has been invested in the development of 'modern' irrigated agriculture, although this in turn has provoked sand encroachment and scarcity of ground and surface waters (due to mechanized pumping).

Return and development

The 1970s were dubbed '*partir pour rester'*, leading (male) migrants to leave their families behind, try to earn as much money and spend as little while in Europe, to facilitate a relatively quick return. However, over the past 15-20 years, labor migration has changed and circular or shorter term migration has curbed as European states have instituted immigration restrictions.

Generally, the literature seems to dwell in the era of the 1970s and to suggest that return is a prerequisite for migrants' continued engagement with local development. Still inadequate attention has been given to selectivity in terms of returnees' personal characteristics, duration of stay abroad, and the motivations underlying different types of return (Ghosh 2000).

Some attention has been given to return migration in the 1970s, following the dismantling of Western Europe's guest worker program (Collinson 1996), and to more recent return migration of workers from the Gulf States (Gamburd 2000). Return after a relatively short period abroad, especially among low skilled migrants and if caused by an inability to adapt to the foreign environment or due to unforeseen and adverse family circumstances, is unlikely to contribute to development. Return following a longer stay abroad when the migrant has saved a given amount of money to meet specific development purposes back home – such as building a house or investing in business related activities – has far better developmental prospects. Whether return will benefit local development will vary and is primarily determined by two factors: i) the aptitude and preparation of the return migrant herself, and ii) whether or not the country of origin provides a propitious social, economic and institutional environment for the migrant to use their economic and human capital productively (Ghosh 2000). While some developing countries may be anxious for their migrant populations abroad to return, there may be less interest in return if unemployment rates are already high or important parts of the diaspora are viewed as critical towards the government.

Given the changes in European migration regimes and that more migrants have 'settled' without cutting their links to their home communities, it may be argued that return is *not* a prerequisite for continued engagement with local development. Governments of migrant sending countries have increasingly moved to intensify their contacts with their diasporas and involve them in various forms in national life. Concrete actions include the granting of dual citizenship rights, rights to vote in national elections, representation in national legislatures, cultural and religious programs abroad targeting migrants, and even in some cases providing services abroad for undocumented migrants that wish to legalize their undocumented status (Mahler 1998). Portes (2001) attributes the new extra-territorial ambitions of third world governments to the aggregate volume of remittances, migrants' actual or potential investment in the home economy, and their political influence in terms of both contributions to parties and candidates in national elections and organized mobilizations abroad. Though only a limited number of systematic studies and comparative case assessments have been carried out so far, it seems that sending governments increasingly promote transnational participation (Levitt 2001, Portes 2001).

Collective remittances have also gained importance. The example of Hometown Associations (HTA) in Mexico has been emblematic (Orozco, 2000). HTAs have served as platforms and vehicles for matching fund schemes that pool remittances with government funds and expertise, often resulting in significant improvements in local health, education, and sanitation conditions, benefiting migrant- and non-migrant households alike (M.P. Smith 2001). Towns and rural villages that are connected to hometown associations abroad tend to be better off in terms of infrastructure and access to services (Landholt 2001). To enhance the positive impact, however, support in the form of services, access to capital, training and infrastructure must be provided to the migrants. Only then is migration likely to contribute to sustainable local development (Tacoli and Okali 2001). In this sense migration can represent an "accelerating factor" when remittances concentrate in a specific geographical area and when they spur the creation of associations of immigrants (as shown in the studies on the Kayes in Mali).

What determines migrants' incentives to contribute to development in their countries of origin? Migration, and the form it takes, is usually consistent with populations' social and cultural values and these values structure the patterns of migration (de Haan 1999). Population mobility is often a central element in the livelihoods of many households in developing countries (Stepputat and Sørensen 2001, Sørensen and Olwig 2002). However, most development policies target sedentary populations or may even have sedentarism as their goal. Therefore the global policy environment often works to the detriment of migration benefiting local development. For example, policy makers often ignore the fact that mobility is an important part of people's livelihood diversification strategies and assume that land redistribution schemes and credit initiatives can be based on household members living together in a single place (Tacoli and Okali 2001).

And, why investments in productive activities occur in some communities and not in others? The *context of reception* may have even more important implications for the directions of migrants' social and economic investments. Some analyses suggest that the greater the gap between the human capital that migrants bring along and the (lack of) opportunities they encounter in the countries of destination, the greater their motivation to engage in developmental activities towards their countries of origin (Grasmuck and Pessar 1991, Pessar 2001).

For example, this has been the case of Jamal founder of the association "Migration & Development". With the closing of the aluminium factory of Argentiere la Bessée in which he was working together with other guest workers from the Maghreb, he establishes the association "Retour et Développement" with the aim to accompany those workers that want to return in their villages of origin, which were actually lacking all kind of infrastructures. In 1988 the association change name in "Migration & Development" to enlarge its objectives and scope.[3] It will channel the competences and money of the Moroccan migrants in France and of French people in different development projects such as roads constructions, electrification, mills, dams, and later on productive activities such as cooperatives of saffron, handicrafts producers, sustainable tourism, argane oil and milk production. The success of these activities has reduced positive externalities in the governmental authorities which have started to support more extensively the development of this region and also benefited from the support of the European Union and the French Government. Today, Migration & Development is considered as one of the best practice in grassroots development work with a transnational dimension and with a participatory approach that sees the involvement and creation of local village associations and other forms of solidarity.

Thus, we can also say that the scope and volume of remittances are linked to the composition of migrant communities in the host countries. In some cases the migration has begun to produce a third generation that often has a dual nationality and that most likely will feel distant or simply not interested in the homeland. The loss of remittances is not due to economic difficulties, but because the increasing inclusion into the society of the host country. In the best case second and third generations' migrants have a more national awareness of development problems, i.e. it is not only linked to the problems of the parents' home village.

[3] The article 2 of the M&D statute says: […] "it has the scope to group in France and outside France all the physical or moral persons interested in the organisation or to the participation in development activities in the areas of migration, enabling, among other objectives, the elimination of migration and valorise the dynamics of immigration as a development factor between the two shores of the Mediterranean".

PART III
The Case of Morocco

Remittances and Development in Morocco: an uneasy relationship

King Hassan II once said that Morocco was a tree with its roots in Africa and its branches in Europe. Separated from Europe by the Strait of Gibraltar, a mere fourteen kilometres wide, its economic and strategic interests are firmly rooted in the European states to the north. Over 60% of Morocco's exports go to EU markets, and Europe provides most of Morocco's tourists, remittances and loans. Morocco is also the country that receives the largest amount of EU development aid.

The Moroccan population is growing. There are about 20 million Moroccans aged 15-64 (compared to approximately 10 million aged 0-14 and 1.5 million 65 years and over). The labour force is estimated at 11 million (1999), broken down into 50% in agriculture, 35% in services, and 15% in industry. Unemployment is estimated to be 19% (2002), but the unemployment rate is much higher in urban areas, 20-25% for women and 30 percent for university graduates. 19% of the population lives below the poverty line, with the highest poverty rates in rural areas in the central and north-central regions (*World Fact Book* 2003). Economic growth in the 1990s averaged less than 2% a year, compared to the 6-8% growth needed to provide jobs for the 200,000 to 300,000 people entering the labour market each year (CEME 2003).

These figures alone make it relevant to examine remittances – that is, the nature, source, and effect of various types of transfer, whether monetary or in kind – in strengthening relations of social protection and family solidarity, particularly in alleviating poverty.

Morocco dependency on migration and remittances is as old as migration into Europe. The Kingdom's budgetary plans for 1968-72 proposed migration as a means of solving the under- and unemployment problem, a policy which would simultaneously provide an increase in foreign currency through remittances. Migrant transfers would help finance internal investments, local employment and the creation of a group of nationals with professional skills and attitudes favorable to economic development acquired in Europe. The five-year plan of 1973-77 further proposed methods of stimulating migration services in Morocco and setting up a network of social bureaus abroad. Activities in favor of migration and agreeing workers' conventions with different receiving countries would further enhance development, as would the creation of migration funds designated to aid potential migrants with the costs of establishing themselves abroad (Leichtman 2002).

Moroccan Migration to the European Union

The roots of contemporary migration from Morocco to Europe can be traced back to the colonial period. The volume of migration increased substantially during the reconstruction of Europe in the aftermath of the Second World War. Increase was accelerated by the subsequent economic boom across Western Europe. Although Moroccan flows dropped significantly in volume during the recession at the end of the 1970s, they picked up momentum in the 1980s and further increased during the 1990s, propelled mainly by irregular flows.

Morocco was ruled by the Alawi dynasty from the mid-seventeenth century until 1912, when the European states met at the Algeciras Conference and shared out Africa between them. The Kingdom became a Franco-Spanish protectorate, with France dominating the south and Spain the north. During the First World War, thousands of Moroccans fought for the French or worked as replacement labor in French industry and agriculture. During the Spanish Civil War (1936-39), Franco recruited 60,000 Moroccans (mainly from the northern Rif region) to fight in Spain for the nationalist cause (Collinson 1996). The French and Spanish protectorates over Morocco lasted until Moroccan independence in 1956.[4] The Alawi monarchy was restored under King Mohammed V, whose son, King Hassan II (1961-99), was succeeded by his son, the current King Mohammed VI, who promised liberalization when he came to power in 1999.

The King has been slow to give up his enormous constitutional powers to the elected parliament. In September 2002, the country held parliamentary elections for the lower chamber that were widely regarded as the first free, fair and transparent elections since independence. The judiciary remained subject to government influence, although government reforms aimed at improvement.

It is therefore fair to say that several factors explain migration out of Morocco: demographic pressures and imbalances in the labor market, an unstable economic situation, but also political discontent.

From the early 1960s, Moroccan movements towards Europe began to be conceptualized as labor migration. Until 1965, the number of Moroccans in Europe was still very modest, estimated at some 70-80,000 persons. The overall majority of these 'guest workers' were young men from rural areas, generally married, who left their families behind and remitted large parts of their European salaries back home.

Although Moroccan overseas migration was determined by labor demands in Europe, the Moroccan government tended to view migration as contributing to development. First of all, it was seen as a solution to growing unemployment and balance of payment problems in the country. Secondly migration was seen as providing a cheap and convenient mechanism for upgrading the skills of the population, a presumption based on the firm belief that the migrants would return.

The government attempted to control Moroccan migration flows by favoring migration from urban areas. Nonetheless, actual flows continued to be dominated

[4] Ceuta, Melilla and the Peñons still remain Spanish enclaves or EU territory in Africa.

by marginalized rural areas such as the Rif, Oriental and Sous regions. Collinson (1996: 13) attributes Moroccan policy to the fact that the government was almost certainly sensitive to the possibility that the migrant communities might prove important breeding grounds for opposition movements. Attempts to discourage migration from the Rif can thus be seen as reflecting a degree of discomfort at the prospects of a large diaspora being established in Europe with roots in a region with traditions of rebellion against and opposition to the centralizing power structures in Rabat.[5]

Although the EEC countries restricted entry in the early 1970s, family reunification programs made it possible for Moroccans to continue traveling to various European countries. Deteriorating economic and political conditions in Morocco and the presence of established family networks in various European countries made migration to Europe attractive, conceivable and feasible. According to official estimates, 1.1 million Moroccans entered Europe between 1971 and 1982.

In comparison with pre-1970 Moroccan movements to Europe, post-1970 migratory movements were characterized by the progressive inclusion of new sending regions, especially the Atlantic Coast and the interior. People from larger urban areas such as Casablanca, Rabat, Fez, Meknés, Kenitra, Marrakesh, Agadir, Tangier and Tetuán also began to add their numbers, and experiences, to what was formerly seen as predominantly rural labor migration (Colectivo Ioé 1994). At the same time, economic adjustments and a restrictive university reform led to the mass desertion of the country by well-educated Moroccan students. Many of them chose to migrate to Europe, often to new destinations such as Spain, as well as to other Maghrebian countries and the Persian Gulf as an alternative to the traditional EEC countries. Others were forced into exile by their oppositional political beliefs and behavior (Sørensen 2000).

Khachani (1998) divides Moroccan migration to Europe into four different historical phases, each distinct in terms of its nature and size:

1. Individual male migration
2. Family reunion
3. Seasonal migration
4. Clandestine migration

Individual male migration proliferated throughout the 1960s and up to the oil crisis in 1973. Since the mid-1980s, however, Morocco has witnessed sizeable female migration to some European countries, notably Spain and Italy, but also to some Arab countries, such as Libya and the Gulf states. Seasonal migration has been a constant feature of Moroccan migration, but it has lost its importance in numerical terms. Both family reunion and clandestine migration can be seen as a result of the tightened policy adopted by the European Community and its successors, especially after the Schengen agreement in 1990 and the Maastricht Treaty of 1991, which introduced visas, strict border surveillance and a selective ceiling for work permits.

[5] Unlike the Tunisian and Algerian governments, the administration of Hassan II refused to recognise dual citizenship and was opposed to granting voting rights to Moroccan nationals in European countries (Leichtman 2002: 117).

In 1993, the European Union decided to build an eight-kilometer defensive wall around Ceuta, the Spanish enclave in northern Morocco, consisting of two parallel wire fences 2.5 meters high and 5 meters apart, and with a line of sensors between the wires. Although this defensive line is no more than one more obstacle in the familiar game that pits clandestine migrants against wealthy countries further North and that has to be reached and surmounted (cf. Harding 2000), it has become exceedingly difficult and expensive for Moroccans to cross the border to Europe. Those who manage to beat European border controls find themselves in steadily deteriorating working and living conditions in Europe. At the same time a growing number of individuals who had hoped for better lives elsewhere find themselves stuck in Morocco. As well as accommodating Moroccans waiting to go abroad, the country is also a transit point for trafficking and human smuggling to Europe. Hundreds of citizens and foreign nationals, mostly from Sub-Saharan Africa, drown annually while attempting to cross the Strait of Gibraltar.

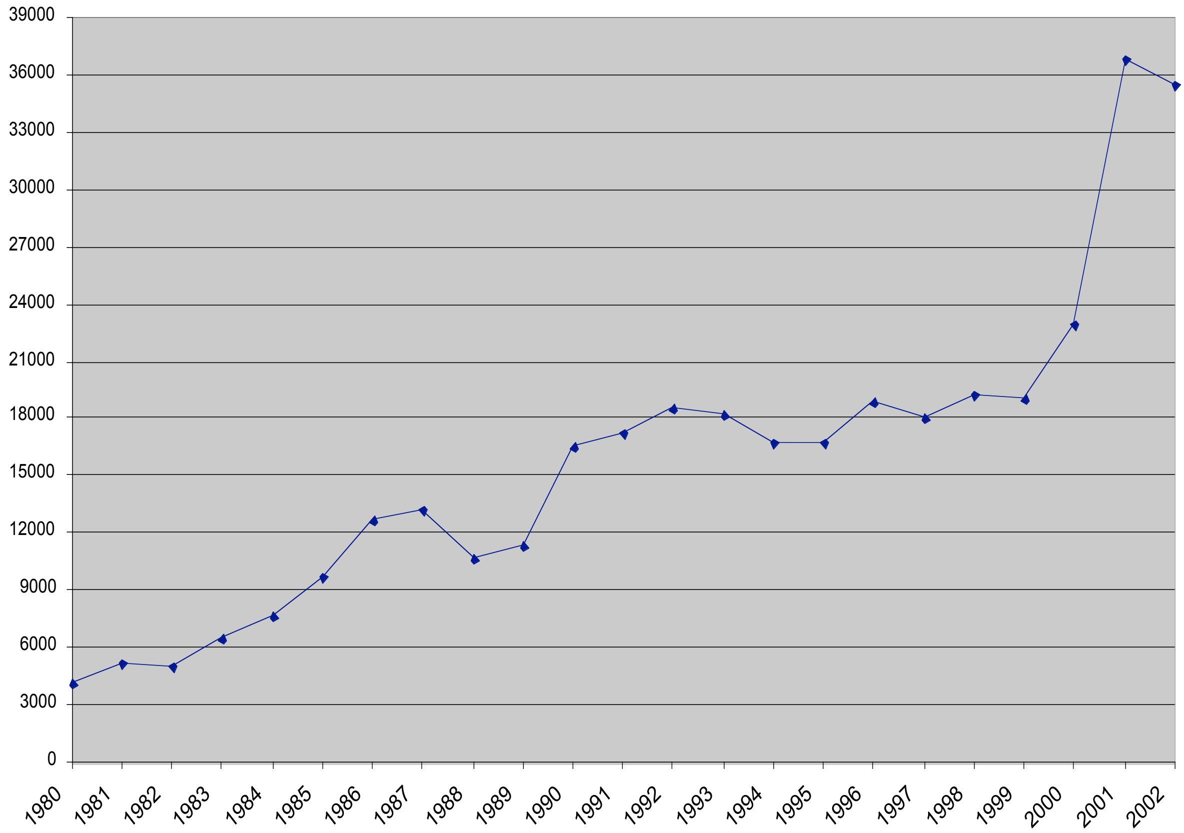
In 2003, an estimated 2.5 million Moroccans were residing abroad, representing almost eight percent of Morocco's total population of 31,689,265 (July 2003 estimate), and affecting maybe half of all Moroccan families. Contemporary Moroccan migration is overwhelmingly oriented towards the European Union, with Belgium, France, Germany and the Netherlands featuring among the long-established destinations, Italy and Spain among the more recent (IOM 2003). Given the importance of social networks, migrants from certain regions tend to go to specific European countries. Historically, the first wave included Moroccans from the south that went to France. Inhabitants from the North, especially around Al-Hoceima, often went to Germany, Belgium and the Netherlands (Moroccans from Agadir and Nador also tend to migrate to the Netherlands), while those who have migrated from central Morocco more recently have gone to Italy (Leichtman 2002). Today the composition of Moroccan migrants is younger and with a higher percentage of women than 15-20 years ago.

Remittances to Morocco: macro-economic aspects

According to data from the IMF's *Balance of Payments Yearbook*, Morocco is the fourth largest recipient of official remittances, totaling $3.3 billions in 2001. Remittances role in the balance of payment is higher than phosphate and tourism industries (Ben Ali, 1991). The impact of remittances on household income is far from negligible. A study by Bourchachen (2000) provides evidence that migration is often a means of achieving a decent income. The contribution from remittances means that only 19% of the population lives below the poverty line, that is, that 1.2 million Moroccans escape poverty thanks to migrant remittances.

International migration from Morocco and the remittances flowing from it has had important repercussions for Morocco's economy. In 2001, an increase of approximately 60 % over the amount received in 2000 was recorded. Remittances represent a considerable proportion of GDP and contribute to readjusting Morocco's balance of trade deficit. Together with tourism, they also constitute one of the main generators of foreign currencies

Graph 1 - Remittances flow during 1980-2002 in Morocco, in million Moroccan Dirhams



Source: Elaboration on Office de Changes, http://www.oc.gov.ma/MRE_annees.htm.

Table 1 - Remittances to Morocco and balance of trade deficit, in million Moroccan Dirhams 1996-2002

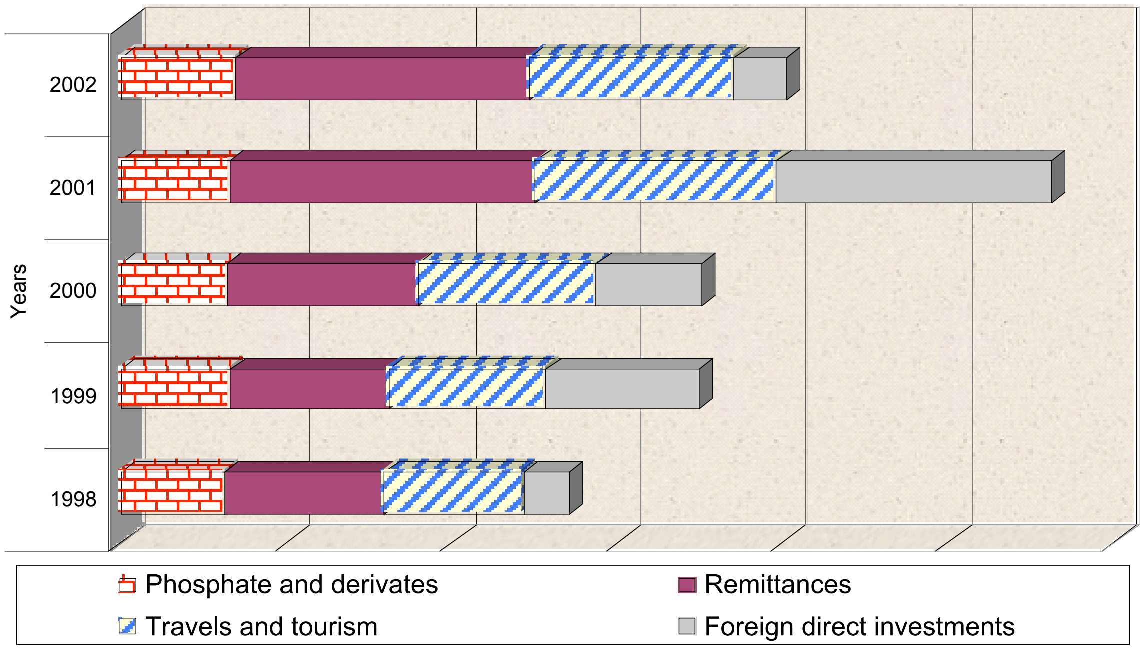
	1996	1997	1998	1999	2000	2001	2002*
Remittances	18873.8	21033.4	19310.9	19001.5	22961.6	36858.1	35513.0
Trade Balance deficit	-24599.5	-23655.5	-30068.0	-32314.3	-43700.1	-44051.1	-43693.2
As % of Trade balance deficit	76.7	88.9	64.2	58.8	52.5	83.7	81.3

* Estimated

Source: http://www.oc.gov.ma/MRE_annees.htm, consulted the 25th November 2003

Since the early 1970s, remittances have become increasingly important for the external balance of payment in both Morocco and Tunisia. For Morocco, remittances represent the country's number one source of foreign currency receipts, and represent income both well in excess of the countries receipts from tourism, and consistently above inflows of FDI (graph 2).

Graph 2 - Comparing remittances with other flows in the balance of payments (for values see table 2)



Source: Elaboration on Office de Changes, http://www.oc.gov.ma/MRE_annees.htm.

Table 2 - Comparing remittances with other flows of the balance of payments, in millions Moroccan Dhirams

Phosphate and derivates	12573	13346	12924	13238	13908
Remittances	19311	19002	22962	36858	35513
Travels and tourism	16754	19112	21666	29196	24702
Foreign direct investments	5433	18460	12640	33260	6206

Source: http://www.oc.gov.ma/MRE_annees.htm, consulted the 25th November 2003.

Remittances flows are not stable during the year but traditionally the months of July and August, the holiday season for the resident abroad, is the period during which remittances peak. This is also the period during which the hidden but substantial amount of in-kind remittances, in forms of gifts or spare parts for vehicles and other small equipments, flow into the country. According to Fondation Hassan II spokesperson Mr. Ftouh:

« Il est difficile d'apprécier et de donner un e valeur marchande à ce qui est rentré par les immigrés au Maroc, des produits qu'ils introduisent. Ils font entrer parfois des produits usagers. A part les cas où on a des immigrés qui font du commerce à travers la migration. Cela sert en général pour couvrir une partie du voyage […]. Il est difficile d'estimer les transferts de séjour des immigrés au Maroc. Au Maroc personne ne dit ce qu'il gagne ou ce qu'il dépense. Mais une bonne partie de l'épargne va dans les festivités comme les mariages… Cela demande beaucoup d'argent et de ressources. Par comparaison à leur vie en France, ils consomment beaucoup plus au Maroc. Ca va parfois du double voir au triple de ce qu'ils consomment à l'étranger». (Personal Interview, 29 October 2003).

Money transfer to Morocco

Most remittances to Morocco flow through either the commercial banking sector or social networks. The expansion of the national banking system is thought to have effectively increased official remittance flows (Leichtman 2002: 116).

The changing patterns and scale of migration have also found a positive response in the private financial sector and new instruments for the migrants leaving abroad have been developed. At the present migrants remittances are monopolized by two main banks: the *Banque Populaire* and the *Bank Al Amal*.

The first one has been the main reference for residents abroad since the 1970s. The Moroccan Banque Populaire was created in 1970 and today has around forty branches throughout France, Germany, England, Denmark, Spain, Italy, Belgium, the Netherlands and Sweden. The Moroccan desire to enhance development through migration is illustrated by the practice of situating the bank's HQs in each European country within the Moroccan Embassy itself. Today, most major Moroccan banks have separate departments dealing with Moroccans abroad, and during the summer banks bombard returning migrants with free gifts and advertisements for their services. The Banque Populaire has even developed a research centre on Moroccan migrants and remittances (Leichtman 2002: 133).

Today, Banque Populaire still holds about 60 per cent of the accounts of residents abroad. Its decrease in the market share can be explained for before it was a monopoly. The attention of the Bank to resident abroad is revealed by the low commission for the money transfer (about half of that charged by private money transfer companies like Western Union or Money Gram) and access to normal bank credit with favorable interest rates. Also, Banque Populaire account holders have an insurance that in case of death provides the repatriation of the body in Morocco. The Bank works with three kind of transfer delivery:

- Transfer by cash: it follows agreements between financial institutions or others like the French mail service. It will be forbidden by European anti money cleaning legislation in a short period of time;
- Transfer by swift: Moroccan residents abroad can send money through some bank partners, in that case a bank account in both countries is needed;
- Electronic transfer.

Transfer by phone needs to be still implemented. Transfer by cash plays the big role in money transfer, i.e. Euros exchanged in dirhams.

The fact that the Bank is present in consulates and embassies gives it an enormous advantage in comparison to other banks.

According to Mr. El Gourhani, marketing manager of the Banque Populaire headquarter in Casablanca, transfers form traditional Moroccan migration countries (France, Germany, Holland and Belgium) are slowing down; while on the opposite remittances from new immigration countries such as Spain, Italy, Canada and the Gulf Countries are increasing. The largest amount of remittances is used for housing. Also, it is possible to receive a state loan if at least 25% of the house has been built on money transferred within the year and one can have access to normal bank credit with a specific rate varying between 6.25 and 9%.[6]

The second one –Bank Al Amal- is an investment bank established in 1989, following the demand by residents abroad to have an Islamic investment bank supporting their entrepreneurial initiatives. It is specialized in financing investments and it does not transfer money and does not open bank accounts. Its main function is to encourage migrants to transfer their money to Morocco in order to invest. The Bank has preferential interest rates and does not require collaterals for the share (40 per cent) the bank provides.

According to Mr. Makhlouk and Mr. Khadi, representatives of Al Amal Bank office in Casablanca migrants know about the bank from media advertising and surveys, from trade and industrial houses, from other banks or when they come to collect information on how to invest. Some of the migrants go to the Bank with a business plan, while others just ask for advice and what benefits they can receive. One or two years may be needed for a project to be ready. It first has to follow some criteria: a resident abroad must submit a feasibility plan, it should help both the country and the applicant, and its financial plan has to be on medium and long term. Commercial plans will not be accepted as well as those on property, personal project, and purchase of financial stocks. The financing of a project is shared in the following way: 20% the resident abroad, 40% from Al Amal Bank and 40% from another bank with which Al Amal has agreements. The interest rate is 7% from 4 to 9 years projects and 9% for those from 10 to 15 years. Al Amal does not ask for guarantee on its 40% since there are other partners involved in the project. All kind of projects, in any sector are financed: pharmaceutical industry, IT, health care clinics.[7]

According to the two bank's spokesmen Morocco really needs investments and residents abroad try to do their part. Some of them have studied abroad and present good projects, other, especially first generation migrants often ask for loans for building houses. In that case they are sent to other financial institutions. Interestingly, migrants that have lived abroad for long have forgot about Morocco, its culture and the way things work. "They need to be told everything" one of the spokesmen says. Another aspect emerged from the interview is that today migrants interested to make investments increasingly come from Italy, Spain and Arabic African countries too. Also, there is still a specialization according to the country in which they migrated: Moroccans residents in France become often doctors, and they expect to invest in this sector; those living in Italy and Germany prefer restaurants, services, and mechanic or metallurgy industry.

Money transfer agencies, such as Money Gram, Barid El Maghrib and Western Union exist in Morocco and often have a desk in other local banks. However, financial services strictly related to the use of remittances for social security schemes or productive investments are lacking. Until 1985 a premium was given to support money transfer to Morocco, but it was suspended in 1986.

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[6] Personal interview with Mr. El Gourhani, November the 5th 2003.
[7] Based on a personal interview, November the 5th 2003.

Specific public instruments for Moroccans resident abroad

The growing migration of unskilled and skilled people from Morocco has stimulated the government to take action by promoting different political initiatives. In 1990, a Ministry for Moroccans Resident Abroad dealing with the affairs of the Moroccan communities abroad was established. The newly created ministry had the role to promote social and cultural and education program for the resident abroad, to safeguard their interests, to understand the migration trajectories, and to participate in the international and regional conferences dealing with the issue of Moroccans abroad, and to provide the instruments for the reinsertion of the migrants upon their return. More recently and following these developments King Mohammed VI announced the establishment of a global, coherent and integrated new policy to be responsive to Morocco's migrant community. This policy favors the emergence of new dynamic migrant elites in politics, science, technology, culture and sports. At the same time, new mechanisms directed towards strengthening the developmental impact of migrant remittances in terms of productive investments were established.

At the present, two public foundations are involved in migration management issues, the Hassan II Foundation and the Mohammed V Foundation. The former is specialized in providing economic advice to resident abroad willing to invest in the home country, but also supporting cultural activities and legal aid; the latter is particularly specialized with the summer return of Moroccan migrants (*operations de transit*). Nonetheless, despite the apparent dualism, the Hassan II Foundation plays a major role.

The *Fondation Hassan II pour les Marocains resident a l'etranger* was established in the early 1990s, with the main mission to promote and safeguard the Moroccan community abroad, to promote cultural activities for residents abroad upon their return for holidays, to provide financial assistance to the poor residents abroad. This more than apparently created a dualism, considering also that its orientation were set by the government and that its director was the Ministry of Moroccans Resident Abroad, and housed in the same building. Therefore, it came not as a surprise that the demise of the ministry had important repercussions on the Foundation as well. The new structure of the Foundation, introduced in 1997, offers support to education, cultural exchange, sports, protection to the community abroad and legal assistance and economic promotion for those that want to return and establish a business. A guide for promoting investment in several sectors was published until recently and also a guide for understanding custom procedures and regime in different situations. More recently, the Foundation developed in an instrument to promote the Arabic language, culture and religious education within the communities living abroad. In addition, the Hassan II Foundation plans to work towards enhancing the cultural influence of Morocco in host countries with the specific objective of favoring the emergence of partnerships between migrant associations and host communities. In partnership with the International Organization for Migration, the Hassan II Foundation has created a project entitled 'Observatory on the Moroccan Community Living Abroad', with the objective to strengthen Morocco's capacity to document migration trends and to establish an integrated research system to collect and disseminate information on Moroccans abroad (IOM, 2003, p. 225).

Box 1: Entretien avec Monsieur Ftouh, Responsable du pôle économique a la Fondation Hassan II, le 29 Octubre 2003

«Au début la banque populaire avait le monopole sur le marché des immigrés; Par la suite, d'autres banques se sont installés comme la Wafa Banque, la BCM, la Société Général qui ont pris pas mal de part de marché. Mais la Banque Populaire demeure le leader, car elle' est présente dans des coins reculés du Maroc. Elle est aussi la première banque pour son étendu du réseau. Et en général, les RME provenant de région assez éloignée, la Banque Populaire a réussi à garder sa clientèle. Dès 2000, d'autres intervenants comme Western Union, Money Gram et Barid el Maghrib ; qui assurent les transferts monétaires par mandats. La Banque Populaire reste quand même le grand leader, peut être pas à 60%; et peut être moins que 50% [...] Il est difficile d'apprécier et de donner un e valeur marchande à ce qui est rentré par les immigrés au Maroc, des produits qu'ils introduisent. Ils font entrer parfois des produits usagers. A part les cas où on a des immigrés qui font du commerce à travers la migration. Cela serv en général pour couvrir une partie du voyage. On a 200.000 voitures qui rentrent chaque année au Maroc. Pour couvrir un voyage qui coûte entre 5.000 et 10.000 dirhams, ils font rentrer environ 20.000 dirhams de marchandise. Ce qui fait qu'il gagne à peu près 10.000 dirhams de gain pour l'immigré [...] 80% de l'investissement est orienté vers l'immobilier. Le reste est partagé entre l'agriculture, le commerce, et l'industrie en dernier lieu. Mais depuis quelques années il y a des évolutions. La nouvelle génération par exemple se tourne moins vers l'immobilier et de plus e plus vers les entreprises. Ou alors quand ils investissent dans l'immobilier, les deuxièmes générations achètent des appartements dans des grandes villes du Maroc pour passer les vacances, alors que la première génération construit une maison dans le village d'origine. Les générations suivantes investissent à 35% dan l'immobilier. Cela reste l'objet dominant de l'épargne. L'immobilier permet de créer un mouvement d'investissement dans les régions les plus éloignés dans la mesure où le logement permet et nécessite l'intervention de corps de métiers. Ceci prennent droit de cité avec une petite économie dans les villages qui se met en place. La maçonnerie devient une activité stable, comme la menuiserie. Tout cela se stabilise grâce aux investissement dans la construction des maisons des immigrés. Cela créer une économie qui marche à petits pas au début et qui commence à faire tourner une machine. L'investissement des RME joue un rôle capital dans le développement économique au niveau local. Ils sont en train de suppléer l'insuffisance de l'économie publique. Les migrations des marocains se localisent en général dans les régions pauvres du Maroc et ce sont elles qui donnent vie aujourd'hui à ces régions. Au niveau des grandes agglomérations, les immigrés investissent plus dans des activités de commerciales, de service, qui sont souvent mises en place grâce à l'expérience acquise dans le pays étranger. On à faire des activités de loisirs comme les cafés, les restaurants, les hôtels, et les télé boutiques qui sont plus l'œuvre des RME que des marocains locaux […] Il est difficile d'estimer les transferts de séjour des immigrés au Maroc. Au Maroc personne ne dit ce qu'il gagne ou ce qu'il dépense. Mais une bonne partie de l'épargne va dans les festivités comme les mariages. Cela demande beaucoup d'argent et de ressources. Par comparaison à leur vie en France, ils consomment beaucoup plus au Maroc. Ca va parfois du double voir au triple de ce qu'ils consomment à l'étranger. Le migrant par nature vit de façon instable. Il n'est pas stable au Maroc, pas stable en France. Il ne s'intéresse pas à l'investissement sauf quand c'est pour dégager une épargne. Mais cela est très mal suivi. Il y a beaucoup de déperdition en matière d'information. Les gens ne s'intéressent pas. Ils ne vont pas au consulat. Les associations jouent un rôle auprès des immigrés pour tenter de répondre à leurs difficultés, mais cela plus en Europe qu'au Maroc. On a beaucoup d'informations sur internet, mais de migrants y accèdent. Ceux que ça intéresse, prennent contact avec plusieurs sources. La deuxième génération est beaucoup plus active. Elle fait des comparaisons et des études préalables. Mais l'autofinancement reste dominant. Ce qui ne permet pas de se mettre en contact direct avec les banques. D'où souvent des risques d'échec. Mais la deuxième génération arrive à maîtriser ces risques [...] C'est vrai que pour la première génération, on a un autre problème. C'est celui de la vieillesse, de la retraite et du rapatriement du corps. C'est un nouveau problème qui apparaît, il y aussi le problème de la couverture médicale, problème du choix du pays pour la sépulture, en cas de décès. La Fondation Hassan II prend en charge le rapatriement de corps de ceux qui n'ont pas de couverture. […] Il existe une couverture entre la sécurité sociale en France et une au Maroc qui gère la situation de ces migrants. Je ne sais pas la consistance qu'elle a. La sécurité sociale en France verse des indemnités à des marocains qui étaient en France. Cela passe par le sécurité sociale du Maroc. Mais je ne crois pas que ce soit généralisé avec d'autres pays. C'est surtout avec la France que ça fonctionne ainsi […] La Fondation s'oriente moins dans les investissements avec la première génération mais s'intéresse plus au problème du vieillissement de cette population. Mais pour traiter de l'investissement on s'intéresse plus aux deuxièmes générations de l'Europe occidentale et aux premières générations d'Italie et d'Espagne. On parle de la nouvelle première génération c'est à dire, celle provenant d'Italie, d'Espagne, des pays Nordiques et des pays du Golfe».

Definitive return and investment projects

In Morocco experiments with organized permanent return have not been successful. These experiments are exemplified by the assistance provided by the French government to encourage migrants to return and by the special program financed by the Dutch government in rural areas in Morocco. Those migrants who have returned have mainly done so on their own initiative. Sabagh (1997, cited in Leichtman 2002) established that 62% of return migrants to Morocco were over fifty years of age, compared with 13% of migrants leaving. Moreover, 53% of return migrants were uneducated, compared with 24% of those leaving and 12% who might leave. Although those who returned brought back less human capital than those remaining abroad, they were nevertheless more highly skilled than non-migrants.

According to McMurray (1992), the plurality of returned Moroccan migrants in Nador came from the agricultural sector before their departure, most of them presumably having been peasant farmers or rural day laborers. After their return, however, 41% entered commerce, services or transportation. More significantly, a surprising 12% of Moroccan migrants were owners or independent operators before they migrated, compared to an impressive 39% after return. Therefore, apart from the positive impact on the economic development of Morocco, migration has also altered the local class structure.

Remittances flowing through family and/or village networks have played an important part in supporting local economies and infrastructural development in certain areas, for example, the Rif region, where construction and the creation of small and medium-sized businesses have transformed marginalized rural areas. The local development impact in other rural areas has been limited by migrants' preferences to undertake investments and consumption in major urban centers such as Casablanca (Collinson 1996: 28-9).

Critics have continuously argued that migration has failed to develop Morocco: the skills of returning migrants have not been matched effectively by local labor market needs, while the impact of remittances has at best been ambiguous and has tended to be channeled into consumption rather than productive investment (Collinson 1996). However, more micro-oriented studies have demonstrated how areas with strong traditions of migration, such as the Rif, have seen a veritable boom in the construction sector. 71% of migrant households in this region have managed to buy land, build a house or carry out considerable repair work on their old homes (Lazaar 1987). Several professions and occupations attached to construction have benefited from migration and repatriated wages: plasterers, iron-workers, furniture-makers, foam rubber cushion shops, plumbing appliance shops, lighting fixture outlets, and the market in used refrigerators, stoves, hot water heaters and washing machines. The same housing boom that has been fired by immigrant spending has probably saved many of the smaller cities. All communities in Nador Province suffered a loss of population and commerce after independence, but those like Monte Arrouit and Tistoutine in the territory of Beni Bou Ifrour might have disappeared completely had the migrant boom not turned them around (McMurray 1992).

Other investments have been made in vans, taxis, small tea and coffee shops, restaurants and hotels. In Targuist, seven of the twenty hotels are owned by migrants. Similar patterns are found in Tetouan and Tanger, where travel agencies and a booming business changing money are also developing (Lazaar 1987).

Khachani (1998) argues that the field for economic activity for Moroccan migrants in Europe has widened. In recent years, Moroccan investments have included the exploitation of agricultural land using modern technologies and methods, the introduction of state-of-the-art stock-raising, expanding the tourist sector, and setting up commercial establishments and small and medium-size industries in food-processing and the supply of building materials. Migrants have also played a role in activating the stock exchange in Casablanca and are even managing parts of the public transport system.

Moroccans in Denmark and their remittances

Until the 1960s, few migrants entered Denmark. From the late 1960s, however, the expansion of after WWII economy and industry gave rise to import of foreign labor, from former Yugoslavia and Turkey, followed by a smaller number from Asia and North Africa.

Smaller groups of Moroccan migrants began to enter Denmark from 1962-63; but it was not before the 1970s – when the oil crisis put a hold on other favored migration destinations – that the number of Moroccan migrants surpassed 1,000. Most were men. Initially these men intended their stay to be temporary. As living conditions deteriorated in Morocco and return projects became postponed, many began to send for their families. According to spokesperson Hamid El Musti (Danish-Moroccan Association), families were generally reunited after 8-10 years of separation. According to interviews conducted in Copenhagen during 2003, individual initiative migration is no longer limited to men. The present gender composition of Moroccan migrants in Denmark is 53.4 men, 46.6 women.

Table 3- Stock of Moroccan born population in Denmark

Country of Birth	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**	**1988**	**1989**
Morocco	1,658	1,801	1,887	1,983	2,046	2,142	2,252	2,393	2,566	2,708
	1990	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**
Morocco	2,947	3,290	3,528	3,648	3,716	3,811	3,894	4,126	4,283	4,491
	2000	**2001**	**2002**	**2003**						
Morocco	4,669	4,775	4,877	4,943						

Source: http://www.migrationinformation.org/GlobalData/countrydata/data.cfm.

The number of Moroccan migrants in Denmark is still relatively small. In 2003, there are 8952 Moroccans living in Denmark, of whom 4009 have acquired Danish citizenship. They represent about 3% of the immigrant population and their descendants from third countries (non-EU countries excluding the US and Norway). Although rated only the 12th largest migrant group in Denmark, their numbers have doubled over the last ten years. Whether this trend will continue is an open question. The experience of many Moroccans is that the tightening of Danish migration policy has made family reunification more difficult and Denmark a less favored destination.

Table 4 - Acquisition of Danish citizenship by country of former nationality

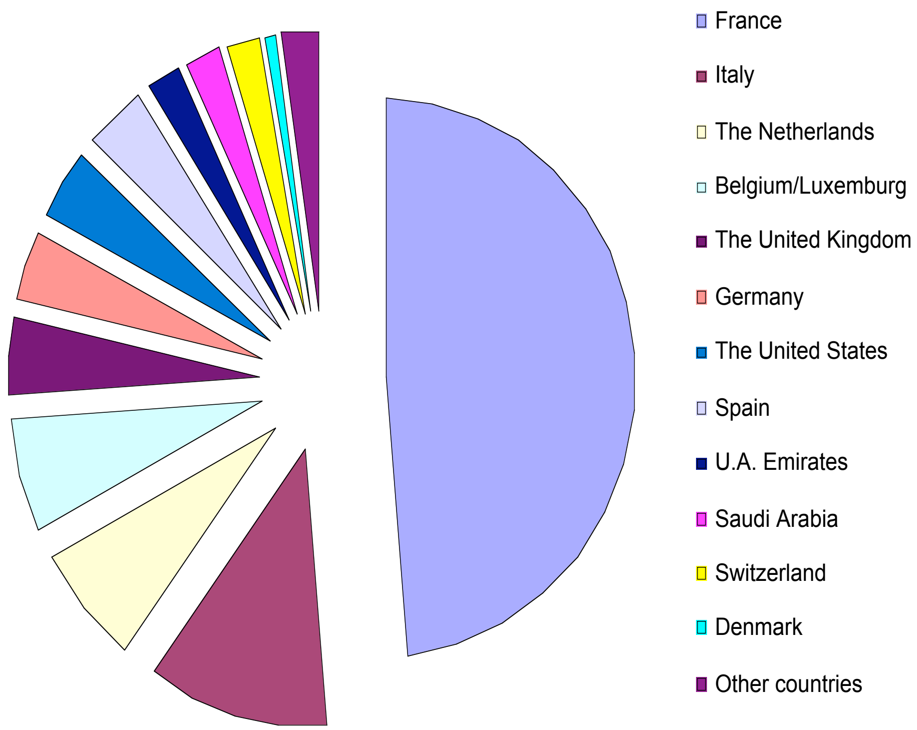
Country of former nationality	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
All foreign born (total)	3,772	3,629	3,027	2,796	2,739	3,309	3,622	3,763	3,744	3,258
Morocco	41	61	66	82	145	227	77	219	181	109

Country of former nationality	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
All foreign born (total)	3,028	5,484	5,104	5,037	5,736	5,260	7,283	5,482	10,262	12,416	18,811	11,902	17,300
Morocco	114	202	167	168	136	122	201	110	248	322	485	213	313

Source: http://www.migrationinformation.org/GlobalData/countrydata/data.cfm.

An examination of the origin of migrant remittances reveals a growing diversity in the destination countries of Moroccan migration and the strong links with families and communities back home maintained by the diaspora in these countries.

Graph 3 – Geographic source of remittances flows to Morocco (2002)



Source: Elaboration on Office de Changes, http://www.oc.gov.ma/MRE_annees.htm.

Moroccans in Denmark: interrelations between migration, work and remittances

The great majority (80-85%) of migrants of Moroccan descent in Denmark are ethnically Berber, overwhelmingly originating in northern Moroccan towns such as Al Hoceima, Nador, Tetouan and their rural surroundings. The first generation generally had low levels of education, but some mobility can be observed in the second generation. A minor proportion of the first generation migrants is ethnic entrepreneurs, primarily involved in the (halal) butchering trade, ethnic import stores and restaurants/cafes.

Sample description

50 Moroccans were interviewed in larger Copenhagen during the summer of 2003. The sample includes 24 women and 26 men, who apart from a single female student all live in larger households (whose income levels and remittance practices they represent).

Age distribution

	20-29	30-39	40-49	50-
F	9	10	2	3
M	1	11	10	4

Regional origin

North	Atlantic Coast	Central North	Central South	West Sahara	DK born
34	9	3	2	1	1

In the sample [50] 2 have only basic schooling (less than 3 years), 14 went through the public school system, 13 graduated from high school, and 13 have university degrees at least at BA level. 5 came to Denmark with a skill, and 3 are currently enrolled in the Danish educational system.

The sample shows that both husbands and wives are involved in the Danish labor market, or, put differently, that married coupled have a dual wage earner economy. Household income levels range from 10,000 to 100,000 Euro a year. 24% fall in the low household income group, with an average of 30,000 Euro a year. 50% fall in the middle income group with an average household income at about 53,000 Euro a year, and 26% of the households have middle high incomes at an average of 84,000 Euro a year.

Moroccan migrants have generally settled in the larger Copenhagen metropolitan area. Here three associations have been formed:

> Dank-Marokkansk Venskabsforening [The Danish-Moroccan Friendship Association]
> Marokkansk Kulturforening [The Moroccan Cultural Association)
> Marokkansk-Dansk Samvirke [Association for Moroccan youth in Denmark]

Moroccans are also actively involved in the cultural and religious activities of two Mosques in Copenhagen, as well as in Kulturcenteret [The Cultural Centre] in

Brønshøj. No hometown or development associations have been formed among Moroccans.

The funds transfer process

Moroccan migrants talking about other Moroccan migrants generally state that "Moroccans live in a suitcase with the intention of returning home". Another common stereotype is that Moroccan migrants invest in a house in Morocco, a house they may use during the occasional visit, a house they dream about returning to, but most probably never will. In the sample, 9 respondents have invested in houses/real estate or apartments, 2 are saving in Denmark with the purpose of investing in a house, while 1 expects to do so in the future. Individual migrants nevertheless see themselves as different from the stereotype, seriously questioning its validity. For example, only 5 of 50 respondents expect to return to Morocco in the future; another 5 plan to return when they retire; while only 2 envisage living in both countries. 3 are indecisive as to whether their future residence will be in Morocco or Denmark; while 35 have no plans of return.

The average amount remitted per household per year varies according to the table below.

Average amount remitted per year in Euro

0	<665	666-1,332	1333-2,665	2,666-3.998	>3,999	No answer
6	3	5	16	4	15	1

A finding of the 50 interviews conducted is that the amount of transfers depends on the personal and family situation of the migrant and thus that individual migration experiences determine remittance patterns.

Remittances are sent once a month by only 5 households in the sample; while 11 households remit 3-6 times a year; 15 households remit 1-2 times a year, and 9 every 2-3 years. 6-10 households never remit (6) or may have stopped past remittance practices (4).

Different factors explain the variation in remittance practices. The socio-economic situation of the family left at home play a substantial role. The poorer the family, the larger the need to remit and vice versa, but in a few cases the more recently arrived migrants interviewed were economically supported by the family back home (indicating that families back home may 'invest' in migration in anticipation of remittances in the future), while the majority who send money did so to sustain parents and other extended family members in the country of origin. In the sample, only three cases give evidence of a transnational household.

In addition, the economic status of the migrant in Denmark has a direct correlation with the remittances practice. Higher household incomes favor the transfer of larger amount of money. It should be noted, however, that the better-educated people in the sample tend to keep most of their savings in the host country whereas lower educated migrants tend to transfer home a larger percentage of their income. This seems to correlate with the fact that the better educated migrants in the sample see their future in Denmark.

Family relationship in the home country also plays a substantial role. In Denmark, the so-called 'second generation' of Moroccan migrants have looser ties with their *parents'* home country and family ties tend to become weaker.

Generally, remittances are not sent on a regular basis but rather depend on spontaneous needs expressed by relatives in the home country, or on particular events such as illnesses or weddings.

Remittances peak during feasts such as the 'Eid' or other religious festivals. Donations as for example the 'Za' kat', or the Friday's prayer donation to the Mosque, represent other forms of remittances that are sent through the migrant associations to local communities in Morocco. Thus, even so-called home town associations have not been established, collective remittances can still be found. The Za' kat corresponds to approximately 2.5 per cent of households' savings which have been untouched for a period of a year. The precise amount is calculated by the head of the household and is normally distributed among people in need in the local area. Whether individual respondents overestimate the 'Za' kat' donations are debated among the people interviewed.

Remittances in kind represent another important resource flow, although more difficult to quantify. New and second-hand electrical equipment, wearing apparel, and used cars are often brought to Morocco during holidays' trips.

Until 1997, remitted money could be deducted from Danish income tax (up to 10,000 DKK per year, or ca. 1,400 Euro). Many respondents explain the decline in their remittance transfers with the lapse of this policy.

The use of remittances: the final destination of savings

Remittances are sent to fulfill the following purposes:

Family support	Housing	Life insurance	Savings	Religious donations	Other donations	Health care	Education	Investme nts	Holidays
32*	11	10	6	3 (33 incl. Za'kat)*	2*	2*	2*	0	30

* altruistic (43)
Personal purposes (57)

More than half of the sample (32) provide support for their families in Morocco.

Remittances are also invested in pension schemes and in a particular form of insurance in case of death. Investments in pension schemes seems to be more rewarding in Morocco than in Denmark - interest rates are higher in Morocco 7-9% compared to 4-5% in Denmark and the pension is tax free. The life insurance, which in case of death ensures transport of the body back to Morocco, is controlled by the Moroccan 'Banque Populaire' who has representative at the Moroccan Embassy in Copenhagen. To get the life insurance, one must have a bank account with 'Bank Popular', and pay a fee of 100-200 DKK (app. 12-24 Euro) per year. The need to get this kind of life insurance was one of the main reasons why many informants even after many years of residence in Denmark kept a Moroccan Bank account. However, this common practice might change when a Muslim graveyard in Denmark becomes a reality.

Actors connected with the remittance market

In Denmark, Moroccans largely make use of the Danish bank system that transfers money to the Moroccan Banque Populaire. Moroccan migrants generally find this system easy and inexpensive to use. Other money transfer systems, such as transfer services offered by the postal system, are hardly used. Western Union is generally only used in case of an emergency. Apart from these transfers, migrants bring cash during visits, but generally only if larger amounts (over 60.000 DKK, or ca. 8000 Euro). Moroccans rarely ask friends to carry money on their behalf as a general lack of trust prevails within the migrant community. They do send remittances carried by other family members, however. While visiting Morocco during holidays, Visa or credit card cash withdrawal is frequently used and among the younger generation preferred to carrying cash.

Main channels for remittances

Through bank system	Personally carried	Carried by family members	Western Union	Cash Card	Post
38	17	7	8	5	2

A change in the use of the official channels is taking place following the tighter control imposed by the authorities on financial flows to and from the Arab country in the wave of the "war on terror" declared by the United States administration [see box 2].

Box 2: Remittances and the war on terrorism

The US Treasury, the World Bank, regional financial institutions and national governments have for the last two years focused attention to the linkage between informal remittance systems and terrorist financing/money laundering. The consensus strategy is not to drive informal remittances underground, but to regulate them to formal sector standards as much as possible and to channel a much higher percentage of remittances to the formal sector.

The efforts to crack down on the financing of terrorism have affected the volume of informal remittances and large numbers of migrants have begun to look for formal banking channels to remit funds. It is estimated that informal transfers' market share in developing countries will fall from 45 percent in 2001 to 34 percent in 2006, mainly because of pressures faced by informal networks in the western world due to the war on terrorism. The war on terrorism has disrupted a few informal remittance channels, specifically those involving the Middle East, Indonesia and the Philippines. The disruption of informal Somali remittance networks are expected to have a huge negative impact on recipients in both Somalia and Somali refugees in neighboring countries.

Increasingly, Moroccan migrants in Denmark are using the official banking system to transfer remittances. Fear of being perceived as potential sponsors of terrorism is among several reasons stated.

Some remarks based on the research on the Moroccans living in Denmark

Two general tendencies have been discerned: On the one hand, newly arrived migrants remit more money and more frequently than their predecessors. This is mainly due to the fact that newly arrived migrants tend to see their stay as temporary. At the same time individual remittance patterns are also related to the presence/absence of other relatives living abroad. The more migrants who contribute remittances to the same dependant family in Morocco, the less remittances are transferred to the country of origin. On the other hand, a longer stay in Denmark may also imply a better remunerated position in the Danish labor market which in turn might imply better options to remit money for dependent family members or for building a house for future retirement. These findings are very important in relation to the forecasting of remittances flow.

Similar indications can be found in a study by Lahlou (2000) on the evolution of the Moroccan migration. Younger migrants, between 15 and 19, and the older, over 70 years old, have remitted money in the last five years. The younger because a stronger feeling of affection to their country and the elderly generally in preparation of a future return. But, the study concludes that also the age classes in between generally remit, therefore confirming that is not the age variable that influences the remittances directly but the stage of the migration project, i.e. the period spent abroad. Another indication of this relationship is provided when looking at the relationship between remittances and marital stage, the engaged couples send money less often than the widows. Also, according to Lahlou remittances are fewer by migrants with higher educational levels, due to higher rate of consumption and saving in the hosting country. Factors such as age of the migrant, family status, age of the family members left behind, educational level of the migrant, and size of the migrant family must therefore taken into account in analyzing the determinant of remittances flows.

Although data are very limited we may formulate the hypothesis that the relationship between the stages of migration and the share of income remitted as a U-curve: A larger percentage of income is transferred home at the beginning and the end of the migration period, whereas the period in between is characterized by a lower flow of remittances due to reproductive factors and living- and housing expenses in Denmark.[8]

Micro-economic impact of remittances on Morocco

The main purpose of sending money to Morocco is to support the family household and other close relatives and/or to build a house. Purchase of real estate is the prevailing form of investment. The interviews give only limited evidence of investments in productive sectors. Previous studies have shown that Moroccan returnees have a strong tendency to establish themselves in the retailing and in particular in the food sector (Lazaar, 1996), or in small services such as restaurants and taxi. These types of sector require little entrepreneurial

[8] This hypothesis needs further test to be verified, especially at the macro level. However it might provide an important instrument to forecast the direction and quantity of remittances flow, once the overall stages of migrations are identified, and other conditions being equal.

and managerial capability and they must be considered as the alternative to the return to agriculture. If the investment is in the industrial sector then utilizes simple technologies. This is also linked to the lack of necessary skills to innovate and the ability to perceive the new possibilities offered by the markets. It is therefore wrong to consider automatically the return migrants into potential entrepreneurs. But, the lack of institutional frameworks enabling the return is contributing to this vicious circle of deflection of remittances into non-productive scopes.

The migrants interviewed in Denmark stressed that lack of investments in productive activities is often related to the lack of information about investment opportunities and to the insecurity produced by the economic and political situation in Morocco. People find it difficult and unattractive to make investments in Morocco because of a slow bureaucratic system and widespread corruption. Provided a supporting economic framework and legal mechanisms to prevent fraud and corruption existed, wealthier Moroccan migrants in Denmark would consider investing in Morocco.

This might confirm the general view that there is a large amount of money that is not utilized for productive purposes.

The field work has covered two traditionally sending regions of Morocco: the Province of Taroudannt in the South and the Province of Beni Mellal in the Centre of the country. Migration from the South of Morocco, especially towards northern European countries such as France, Holland and Belgium, is an old phenomenon, while the migrants from the Central provinces are mainly going to new immigration countries such as Italy and Spain.[9]

Also, the change in the mentality of the migrant upon return, and the preference for settling down in a urban area instead of coming back in the rural village of origin, is having an impact on the utilization of remittances for the birth places. Already Lazaar in his field work pointed out that the migrants from the Rif preferred to settle in Tanger and Tetouan, as well as the migrant originally coming from Taza and Taounate settled in the city of Fez (Lazaar, 1996). Therefore, the rural areas are benefiting less and less from migration. The structure of the migrant family, with growing children with new needs, is also influencing the decision for the place to settle upon return or the place to buy a house for holidays. Young second generations that grew up in Europe are less incline to spend the summer holidays in the small rural village.

A study on thirty households in the two provinces of Taroudant and Beni Mellal and ten key informants carried-out during October and November 2003 by a team of local researchers coordinated has collected information on the modality and use of remittances, focusing in particular on their productive utilization.

From the survey in Morocco, it emerged that the main purpose of sending money back home is to support the family household, other close relatives and/or to build a new house or improve the existing one.

[9] The interviews have been carried out during the month of November before and during the Ramadam in order to interview also migrants returned to spend the fest with their family.

Fatima, 50 ans: j'ai 3 garçons et 4 filles. Mohamed, 31 ans est le plus grand. Il est émigré en 2000. Il nous envoie de l'argent régulièrement. C'est grâce à lui qu'on vit mieux aujourd'hui. Le mois de juillet de cette année il est venu pour les vacances. Le mois de septembre dernier il nous a envoyé 6000 dirhams. Tous les mois il nous envoie un peu d'argent. Par exemple il nous a envoyé 10000 dirhams pour refaire le plafond du salon. On a sculpté le plafond. En général il envoie 2000 dirhams par mois et quand on fait des travaux pour la maison il nous envoie des grosses sommes. La première chose qu'on a faite c'est de faire entrer l'électricité dans la maison car on ne la possédait pas. Ca nous a coûté 4250 dirhams. On a ajouté un salon avec les sculptures au plafond et on l'a aménagé. Ca nous a coûté en totalité 40000 dirhams. On a construit un puis pour l'eau potable pour la maison, et l'utilisation quotidienne. Car auparavant on était obligé d'aller chercher l'eau au fleuve. C'était les filles qui s'en occupaient. (Entretien, Beni Ayat, le 11 novembre 2003).

Lahcen, 53 ans: mon fils Jamal est parti en Espagne a 26 ans. Il nous envoie tous les deux à trois mois de l'argent […] On les utilise pour vivre, pour manger, les dépenses quotidiennes. Aujourd'hui on se nourrit beaucoup mieux qu'avant. On a refait plusieurs choses dans la maison. On a acheté des grosses couvertures. (Entretien, Beni Ayatt, le 11 novembre 2003).

Mohamed, environ 45 ans: mon père est parti en 1968 et ma mère l'a rejoint en 1989 avec 2 enfants. Je suis resté au Maroc car il était trop âgé pour aller avec eux. Ils ont acheté des terres agricoles grâce à leurs économies. Ils ont aussi des terres pour construire une maison qu'ils vont construire à Casablanca dans le quartier de Bernoussi. Ils ont aussi construit une maison à Taliouine. La maison à Casa va servir pour un futur retour pour y vivre. Leur argent économisé va leur servir à construire la maison. Ils ont choisi Casa car ça leur plait. En plus on a beaucoup de famille à Casa. C'est bien pour les enfants pour passer les vacances. A part les maisons ils n'ont jamais pensé à investir leur argent dans autre chose. Cet argent va aussi leur servir pour un futur retour au Maroc. (Entretien, Taroudant, le 20 octobre 2003)

Remittances flowing through family and/or village networks have played an important part in supporting local economies and infrastructure development in certain areas. However, the migrants' preference to invest in larger urban centers, such as Casablanca and Agadir, where market opportunities are larger, or because that gives a higher social status, is affecting the local development impact of remittances in the rural marginalized areas, thus increasing the rural-urban development gap.

Despite the rural villages in both provinces traditionally send people abroad, the lack of infrastructures such as electricity, water well and roads have deeply inhibited the productive use of remittances. Purchase of real estate remains the prevailing form of investment. The interviews give only limited evidence of investments in productive sectors.

Hassan J.: Ici il n'a pas d'entreprise, ni de commerce. C'est difficile d'avoir une entreprise. C'est déjà difficile de s'occuper de sois et de sa famille (Entretien, Douar d'Imgoun à Taliouine, le 22 octobre 2003).

As in previous studies (Lazaar, 1996), Moroccan returnees have a strong tendency to establish themselves in the retailing and in particular in the food sector, or in small services such as restaurants and taxi, but also in the agricultural sector. Industry is the least attractive.

Selon Mr. B. Mohamed émigré de Belgique: «les marocains qui habitent l'étranger choisissent des affaires faciles comme un café, taxi, immeuble. L'immobilier puis location de l'immeuble. Ils n'investissent pas dans les entreprises car il y a plus de risque. Quand tu as un café tu mets un membre de la famille et tu lui dis chaque fin de moi, tu me donnes tant». (Entretien, Taroudant, le 20 octobre 2003).

These types of sectors require little entrepreneurial and managerial capability. When productive investments were made, they were mainly in small-scale industries utilizing simple technologies. This is also linked to the lack of necessary skills to innovate and the ability to perceive the new possibilities offered by the markets. It is therefore wrong to perceive the return migrants into potential entrepreneurs, even though the conditions are created. According to Mr. Ftouh of the Hassan II Foundation:

« [Le migrant] ne s'intéresse pas à l'investissement sauf quand c'est pour dégager une épargne. Mais cela est très mal suivi. Il y a beaucoup de déperdition en matière d'information. Les gens ne s'intéressent pas. Ils ne vont pas au consulat. Les associations jouent un rôle auprès des immigrés pour tenter de répondre à leurs difficultés, mais cela plus en Europe qu'au Maroc. On a beaucoup d'informations sur internet, mais de migrants y accèdent. Ceux que ça intéresse, prennent contact avec plusieurs sources. La deuxième génération est beaucoup plus active; Elle fait des comparaisons et des études préalables. Mais l'autofinancement reste dominant. Ce qui ne permet pas de se mettre en contact direct avec les banques. D'où souvent des risques d'échec. Mais la deuxième génération arrive à maîtriser ces risques». (Entretien, Rabat, 29 octobre 2003).

However, success stories are not lacking. From the interview with Mr. Makhlouk and Mr. Khadi, representatives of Al Amal Bank emerges that the cultural and educational dimensions of the potential entrepreneur is very important, as well as his/her understanding of the country after many years lived abroad:

«Il y a les MRE qui ont étudiés à l'étranger et qui veulent monter leur affaire ici. Il y aussi des franchise. Comme par exemple le premier Mac Donald qui s'est installé au Maroc, c'est une franchise d'une MRE américain qui a installé son Mac Do à Aïn Diab à Casa. Il a fait appel à notre banque. Cela a très bien marché pour lui. Aujourd'hui il est très riche […] Il le MRE qui est complètement déconnecté du Maroc. On doit tout lui expliquer, ce qui marche au Maroc. Il y a la notion de mentalité. A force de vivre en Europe, ils oublient les mentalités du pays. Il faut leur expliquer la réalité du Maroc. On a toutes sortes de MRE qui vient nous voir. On a les marocains qui ont fait des études en France et reviennent s'installer au Maroc et investir dans un projet. Ceux sont des gens instruits qui viennent un projet bien étudié donc là il n'y a pas de problèmes. Il y a ceux qui viennent de l'étranger, qui viennent monter un commerce ici, ils s'associent avec d'autres personnes. La première génération est beaucoup plus rare. Ils ont plus intéressé par des prêt immobiliers pour construire une maison.

Et comme nous on fait pas ça, ils s'adressent à d'autres banques». (Entretien, Casablanca novembre 5, 2003)

Taking into account that the majority of migrants are unskilled with low level of education, it is difficult to expect that investments are made in sectors in which technical and managerial knowledge is required. Yet, although the migrant may have the necessary knowledge, the success of the enterprise depends upon many other factors. According to El Mouden Mohamed, secrétaire général de la chambre de commerce d'Agadir, président de la commune d'Amalou à Taroudant:

«en général ce sont les immigrés qui ont fait des études en France qui viennent se renseigner à la chambre. il y a un immigré qui a tenté de créer une usine de margarine mais ça n'a pas marché, car il y a défaillance dans les services commerciaux. Il y a un autre marocain suisse qui a essayé une affaire de pêche maritime mais ça n'a pas marché non plus». (Entretien, Taroudant, le 20 octobre 2003).

The migrants interviewed in Denmark confirmed the existence of bottlenecks in the institutional frameworks in Morocco that should promote industrial investments. They stressed that lack of investments in productive activities is often related to the lack of information about investment opportunities and to the insecurity produced by the economic and political situation in Morocco. They also added that people find it difficult and unattractive to make investments in Morocco because of a slow bureaucratic system and widespread corruption. This may confirm the general view that there is a large amount of money that remains largely unutilized for productive purposes.

However, individual and collective initiatives have not lacked in the provinces studied. For example, in 1987 following the downsizing of the aluminum factory of Argentiere la Bessée a Moroccan guest worker established the French association *"Retour et Développement"* with the aim to accompany the reinsertion of those guest workers that wanted to return in their villages of origin. One year after, the association changed name and became *"Migration & Développement"* to enlarge its objectives and scope, but also to avoid the stigma that the word 'return' produced in those time. The idea was to channel the competences and money of the Moroccan migrants in France in different development projects such as roads constructions, electrification, mills, dams, which were completely lacking in the aluminum factory workers' villages of origin.[10] The mechanism used was to pull together the money of the migrant, plus the money of the village households, plus the labor of the people in the village and the donations of equipment and material of any sort. This has led to a dramatic improvement of the infrastructures in the province and a better awareness of the problems within the local administration.

Currently, the organization has begun to use the money to spur productive activities such as women cooperatives of saffron, handicrafts producers,

[10] The article 2 of the M&D statute says: […] "it has the scope to group in France and outside France all the physical or moral persons interested in the organisation or to the participation in development activities in the areas of migration, enabling, among other objectives, the elimination of migration and valorise the dynamics of immigration as a development factor between the two shores of the Mediterranean".

sustainable tourism, huile d'argan and milk production. The success of these activities has produced positive externalities in the local government which have started to support more extensively the development of this region. Today, "Migration & Développement" is considered as one of the good practices in grassroots development work with a transnational dimension, and with a participatory approach that sees the involvement and creation of local village associations and other forms of solidarity through remittances.

In the same region, other minor initiatives have not lacked. The Lycèe of Agadir has been partly financed by the remittances of migrants from the region. Also, in the outskirt of Taroudant, a wealthy migrant that accumulated large capitals in Belgium by selling Maghreb food has financed the construction of the dormitory for three hundreds pupils. This has enabled students from remote rural villages to attend school.

In these cases the general weakness of the institutional framework and markets has been overtaken with a collective mobilization based on communitarian solidarity. In the case of the individual entrepreneur besides the weakness of the investment milieu there are other social, cultural and psychological factors that hinder the mobilization of capital and favor the vicious circle of deflection of remittances into non-productive aims. Addressing these problems represent an important challenge.

PART IV
The Case of Tunisia

Remittances in Tunisia: macro-economic aspects

The data on the Tunisian Balance of payments (BoP) show the considerable importance of the inflows of foreign currency ascribed to remittances.

The Tunisian Central Bank's choice of deviating from the indications of the IMF manual on the compilation of statistics on the Balance of Payments means that the entire amount of transfers carried out by workers resident abroad is registered under the same heading.

In the data published by the Tunisian Central Bank (TCB), the heading corresponding to such transfers comprehends the monetary flows repatriated both by workers resident abroad for more than twelve months (which according to IMF standards should be inserted under unilateral transfers) and by non-resident workers or those abroad for less than twelve months (which should be inserted as labor income according to the IMF). Under this heading is also registered the value of goods declared by the same Tunisian citizens in transit through customs during trips to their home country.

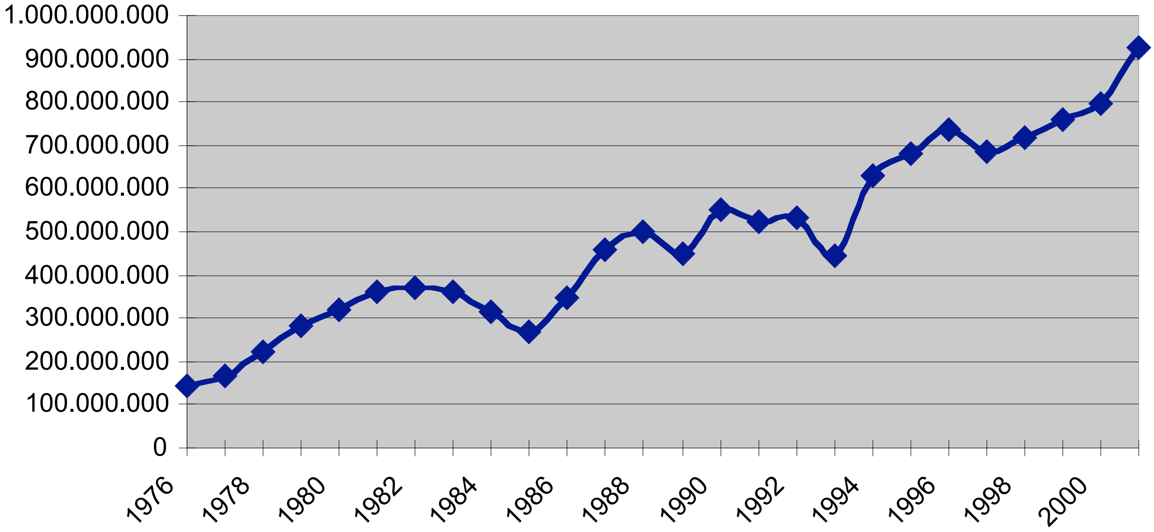
Besides including transfers effected through banks and currency inflows registered by exchange offices at the frontier, the regulation on foreign exchange in force in Tunisia makes it possible to identify flows which do not appear in the statistics published by other countries (like Italy, for instance), such as those channeled through the Post or through non-banking institutions specialized in money transfers (Western Union, Money Gram, etc.).

According to the data on the Balance of Payments compiled by the TCB, remittances amounted to approximately 1,334 million Tunisian Dinars in 2001 (equal to 1,050 million euros). Of this amount, 76% is made up of currency transfers, whereas the remainder comprises goods imported by workers resident abroad and registered by customs offices.

Examination of the data regarding the last five years shows an average yearly growth of remittances of 11.54%, with a peak of 22.3% in 2001 as compared with 2000. Growth is mainly associated with the currency transfers, which augmented at increasing rates throughout the period and achieved an increase of over 25% in the final year, whereas the transfers of goods fluctuated and their participation in the total diminished in the last three years, down to 24%.

The data on remittances is particularly significant when compared to other headings of the balance of payments. In 2001 labor income, which represents the larger part of the headings classified as factor income, represented 7.02% of total inflows and 8.72% of current inflows, equivalent in value to nearly half the foreign direct investment and to around one seventh of the inflows arising from the export of goods. Remittances cover approximately 32% of the trade deficit and represent, together with the tourist sector, one of the most important sources of currency, with a growing proportion which reached close to 57% in 2001. Remittances are equivalent to around two and a half times the flows of official development aid, although the proportion is gradually diminishing, and represent around 65% of debt service.

Graph 1 - Tunisian Workers' remittances, 1976-2001, receipts (BoP, current US$)



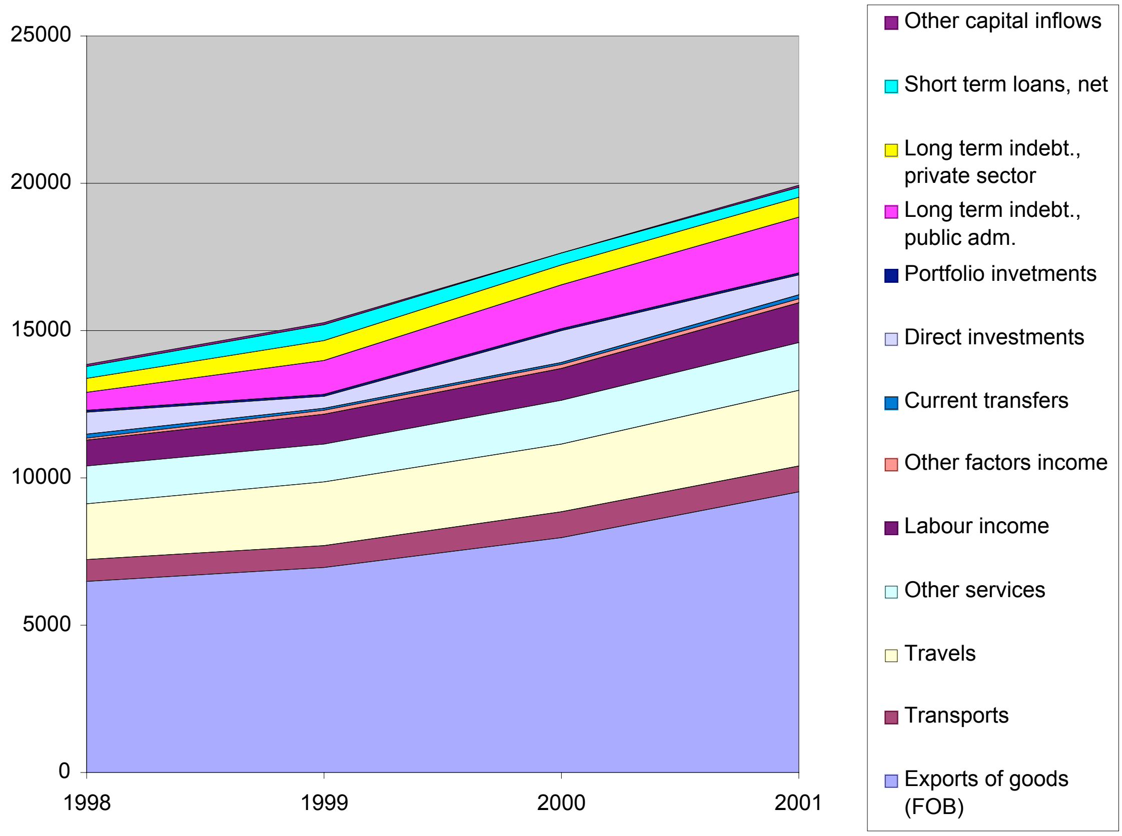
Source: Elaborations on Banque Centrale de Tunisie, *Balance des Paiements de la Tunisie 2001.*

Table 1– Labor income, by transfer channels (DT mln)

	Total	Annual change %	currency	% of total	in kind	% of total
1997	846	6.0	616	72.8	230	27.2
1998	902	6.6	676	74.9	226	25.1
1999	1,020	13.1	732	71.8	288	28.2
2000	1,091	7.0	810	74.2	281	25.8
2001	1,334	22.3	1,014	76.0	320	24.0

Source: Elaborations on Banque Centrale de Tunisie, *Balance des Paiements de la Tunisie 2001.*

Graph 2 – Summary of Balance of Payments flows (DT mln)



Source: Elaborations on Banque Centrale de Tunisie, *Balance des Paiements de la Tunisie 2001.*

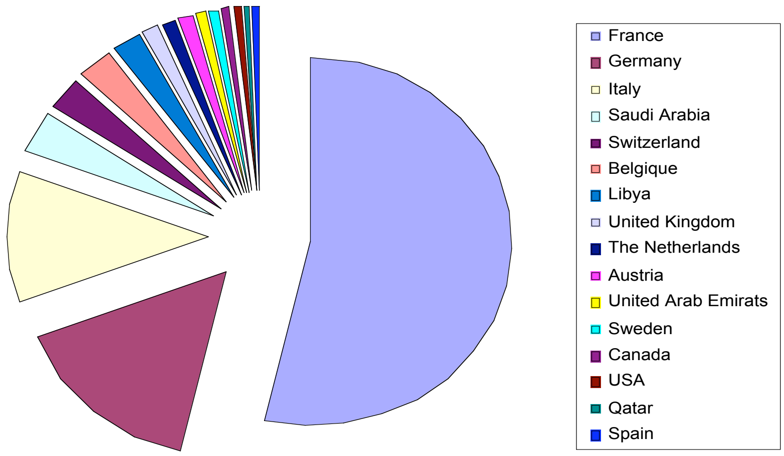
Table 2 – Remittances inflows compared to other BoP and national accounts flows

	Remittances inflows (% of other flows)			
	1998	**1999**	**2000**	**2001**
Exports of goods (FOB)	13,84	14,64	13,63	14,04
Direct investments	118,19	233,13	102,12	190,56
Portfolio investments	1.011,10	1.368,72	1.569,93	7.289,07
Long term loans, Public administration	150,42	89,04	73,20	69,37
Long term loans, private sector	201,81	159,88	156,14	199,00
Short term loans, net	211,17	176,69	288,27	413,36
GDP, current value	4,00	4,13	4,09	4,64
Gross national saving	17,12	17,16	17,71	19,93
Gross fixed capital formation	16,08	16,24	15,54	17,76
Outstanding external debt	8,31	7,97	7,97	8,87
Debt service, total	52,13	56,49	43,02	65,64
Total ODA, net	528,20	340,39	357,61	245,92
Trade deficit	30,36	32,85	29,23	31,81
Tourism revenue	52,65	52,19	52,08	56,98

Source: Elaborations on Banque Centrale de Tunisie, *Balance des Paiements de la Tunisie 2001.*

A glance at the other magnitudes of the Tunisian national accounts illustrates even further the role of the remittance inflows in the economy of the country. They are equivalent to 4.64% of the GDP, to nearly 20% of gross savings and to 8.87% of the stock of foreign debt.

Graph 3 - Geographic source of remittances flows to Tunisia, 2001 (DT million)



Source: Elaborations on Banque Centrale de Tunisie, Balance des Paiements de la Tunisie 2001

Tunisian policies, institutions and instruments that influence remittance flows

Tunisia has ratified many international agreements (among which the Free Trade Agreement with the European Union) through which it has committed itself to full insertion in the world market.

This move towards liberalization concerns the entire economic structure and it fully contemplates the banking sector. In view of the complete liberalization of the banking sector scheduled for 2006, Tunisia is carrying out a profound and progressive restructuring of the banking system which should allow it to achieve the complete liberalization of financial services and investment. The process is supported by the implementation of a privatization policy that involves the entry of foreign banks in the shareholding of the principal Tunisian commercial banks.

In the expectation of the full implementation, in the year 2008, of the Free Trade Agreement executed with the European Union in 1995, the banking sector has begun to carry out, since 1997, a set of reforms concerning the sector as a whole. Among these initiatives can be mentioned the current convertibility of the

Tunisian dinar, the institution of a foreign exchange market[11] and the liberalization of debtor/creditor interest rates.

As regards the weak spots of the banking system, these mainly consist in the nearly chronicle lack of liquidity and in the difficulties in credit collection.

As a result of the restructuring in progress, the country's financial system as a whole appears to be in good condition and quite well structured. Furthermore, thanks to the competition among the different banks, the latter are able to provide both resident and non- resident clients with an interesting variety of services.

Finally, the presence of many foreign banks ensures an important financial contribution, as well as the possibility of entering into a larger international network capable of offering services to Tunisians residing abroad.

Banking and Postal financial products for migrants

Tunisian banks offer a wide range of services directed to their entire clientele, both individuals and companies. Recently, some banking products have been adapted to Tunisian residents abroad (TRE): through accounts in convertible dinars or in foreign currency, banks offer substantially the same services supplied to residents in Tunisia at better conditions. These conditions usually consist in higher interest on the deposits as well as exemption from the payment of taxes on interest.

The earned income which is not deposited in these particular accounts in convertible dinars but in accounts denominated in current dinars can benefit from the same conditions of the said accounts, through the depositor's family living in Tunisia.

The accounts in convertible dinars or in foreign currency offer the opportunity to render the savings of the TRE more remunerative, allowing him to use his money freely in the country of origin or abroad.

In case of need when abroad, the holder of the account may draw his money from a correspondent bank in the country of residence within a maximum period of forty eight hours from the receipt of the instruction of payment.

The profitability of these accounts is quite interesting. Holders of accounts in convertible dinars can negotiate with the bank an interest rate which, depending on the deposited value, ranks from 3.8% to 2.8%, which is higher than the rate usually applied, equal to 2.5% (in this respect see the services offered by the banks hereinafter). Moreover, these accounts are exempted from the following taxes: "Retenue à la Source" and Value-Added Tax, which usually weigh on the accounts in current dinars.

The interest rate is negotiable and varies in relation to the value of the deposit. The reference rate is equal to the rate fixed by the money market (Taux du

[11] The market where the supply and demand of foreign currency are determined.

Marché Monetaire TMM = 5.875%), minus a few percentage points. As regards the accounts in foreign currency, the rate is indexed to the international market.

These accounts can be accessed easily and rapidly from the country of residence and offer the opportunity of using the deposited money both in Tunisia and abroad. Moreover, the management costs are quite modest: for instance, the annual management costs of a current account rank from 20 to 40 dinars.

One of the most interesting services offered by Tunisian banks to residents abroad is the possibility of borrowing money for the construction or purchase of property. TRE can deposit their savings in Tunisian banks benefiting from particular conditions and, after a period of saving (which varies in relation to the agreement undertaken and the financial institution involved), have the right to borrow money in order to build or purchase a house.

The conditions usually granted to holders of the said accounts consist in an average remuneration of approximately 4.8%, with total tax exemption on interest, if the period of saving is of at least three years for an amount of at least 10,000 dinars. After the period in which the savings are blocked, the holder has the right to a loan equal to or double the tied-up fund, with a ceiling of 100,000 dinars, to be repaid within fifteen years.

Among all banks, BH (Banque de l'Habitat) offers the most interest rates, approximately 5.25% for savings accounts of residents abroad.

The case of UBCI and BIAT

As regards the different banking products available to TRE, it is worth illustrating them in greater detail through the analysis of UBCI and BIAT: the former because of the recent offer of a package, designed specifically for this specific clientele; the latter because it is the bank that, more than any other, has historically carried out promotional activities to the benefit of TRE.

The UBCI (Union Bancaire pour le Commerce et l'Industrie), participated by BNP Parisbas, has recently developed a policy aimed at expanding its TRE clientele and strengthening their ties with the bank. For this reason, it has launched a programme called "Offre Azur", consisting of a package of services for TRE. These services are not particularly innovative with respect to those offered by other banks: what can be considered "new" is the concept of "package".

The package in question comprehends two types of service: "essential" and "optional". Essential services comprehend:

- an account in convertible dinars remunerated at an interesting rate, which is to say TMM- 0.5% (equal to a rate of 5% according to quotations of 15/06/03);
- An electronic Visa card at the cost of 10 dinars a year;
- A UBCI contract including several services (such as the possibility of checking the current account through the internet or the release of chequebooks) for the cost of 40 dinars a year;

- The deposit of foreign currency free of bank commission (only 2 per thousand of the deposited amount is charged, corresponding to the commission of the Tunisian Central Bank);
- A commission equal to 0.75 per thousand of every deposit not exceeding 100 dinars.

The optional services which can be included at clients' request are:

- a current account in foreign currency, remunerated at the rate fixed by the Central Bank minus 0.25%;
- a mortgage credit account with gratuitous transfers;
- a "housing savings plan" with gratuitous transfers;
- an all- risk contract for housing.
-

The marketing policy adopted so far has been to send all current UBCI clients a presentation of the financial product together with the statement of the account. The strategy is that the information reach TRE through parents and friends who are already clients of UBCI.

It is not excluded that attempts be made in the future to reach the potential clientele abroad directly. However, the bank-officers contacted underlined that eventual promotions outside Tunisia may be carried out both in collaboration with the present partner (PNB Paribas), as regards the countries in which the latter operates, and through future collaborations to be established with other banks. The same officers stressed the need to adapt these actions to the European juridical context, especially as regards the treatment of personal data. They asserted that UBCI is extremely interested in TRE clientele and that the bank will continue to pursue its policy geared to promote remittances.

As regards the possibility of supporting the creation of firms on the part of TRE or of former TRE in Italy, the bank-officers showed great interest in financing productive or commercial activities set up by the latter, specially in the presence of a programme of co-operation comprehending the creation of a trust fund which can protect the bank in the absence of real guarantees.

BIAT (Banque Nationale Arab de Tunisie, participated by San Paolo IMI spa, among others) also represents an interesting case as regards the attention paid to the clientele of Tunisians resident abroad. Its information activities directed to TRE are carried out both through the opening of an agency in France and through its representatives who await Tunisians returning from abroad in the points of arrival (ports and airports) in order to inform them of the advantages offered by the financial institution.

BIAT has prepared a brochure named "passeport khadra" (green passport), with the task of informing potential clients of its services.

To permit comparison between the two institutions selected as examples, the list of financial products offered by BIAT are listed here below:

- "account in convertible dinars", with rates ranging from 4.87% to 5.87%;
- "account in foreign currency" indexed to the international market;

- "housing savings plan" (minimum savings period of three years, remunerated at 4.87%, with loans granted for the purchase of the house from the moment the accumulated savings reach 10,000 dinars);
- rapid money transfer services (Western Union) and periodical transfers named "Biatip" through the French post or "Biatkreiss" in Germany;
- information on the state of the current account by telephone with the service "Biatofil";
- assistance in requests of financing made to the local investment funds (Fonapra, Foprodi).

As has already been mentioned, the services offered by the Tunisian banking sector are substantially similar. What is worth stressing is the persistent and growing interest towards this type of client.

Money transfer services to Tunisia

Western Union is the leader of the world market for money transfers. It has operated in Tunisia since 1995 and guarantees a rapid service of money transfers in real-time The company made a collaboration agreement with Banque Internationale Arabe de Tunisie (signed in 1995) and has built quite an extensive network which uses both the BIAT channel and the Tunisian Post (agreement signed in the year 2000).

MoneyGram, on the other hand, entered the Tunisian Market more recently, having established a collaboration with Banque Nationale Agricole in 2001.

Through the services of both companies the migrant has the possibility of sending money with great speed and in absolute security. Furthermore, the sender is certain that the money will be delivered in real-time.

However, because of the high costs –approximately 15% of the amount transferred- the services of Western Union and MoneyGram are generally used by TRE in case of emergencies, and not for periodic remittances, for which Eurogiro remains a cheaper channel. For other, more distant Migration countries (such as the United States of America), and with which Tunisia does not have postal agreements, the rapid money transfer systems are preferred.

In order to facilitate the periodic transfers to Tunisia, banks have formed a network with correspondent banks, with banks with which there are ad hoc agreements or with the post. This is the case of BIAT with its BIATIP service in France, a special money transfer service offered in collaboration with the French post, or of Tunisian banks with foreign shareholders which –through their representation offices- guarantee relatively rapid transfers.

As regards the regulation of exchange, the Tunisian post is subject to the authority of the Central Bank. Although it is difficult to send money rapidly through the post, the migrant can benefit from a well distributed presence on the territory and the lower cost of services compared to Western Union. For this reason the more regular remittances, usually meant to cover the needs of the sender's family of origin, pass through this channel.

Besides offering a vast range of services, the Tunisian post has the unquestionable advantage of covering the whole country with an extensive network of offices. At the end of 2001, it was present throughout Tunisia with over 1,000 branches, divided among local offices, rural offices and mobile offices. It is also present through "publiposte" agencies and offices, offering clients services of fast post, expedition of parcels and postal advertising.

The Tunisian post is progressively acquiring new instruments with which to compete with the banking system: with the exception of loans, it is now beginning to offer the same services offered by banks. As regards services directed to TRE, now it exists the possibility of opening savings accounts in convertible dinars or in foreign currency with the same rates applied by banks.

Furthermore, as from mid- 2003 a service of international credit cards should initiate, with the consequence of allowing holders to access their accounts directly from abroad.

Specific Public Instruments for Tunisians Resident Abroad

With the exception of the "Office des Tunisiens à l'Etranger" (OTE), which is the only organization carrying out a policy of placing and assisting the TRE, the Tunisian government has regarded migrants as normal citizens and has not therefore put into effect any particular policy in their benefit, or created public instruments for the investment of their remittances.

The OTE was created in 1988 with the mission of providing the Government with the necessary material and data to undertake a policy of placing and assisting citizens resident abroad, in order to furnish them with information on the legislation in force in connection with their temporary or permanent return to the country.

As mentioned above, migrants are able to use various instruments adapted to their needs (current accounts in convertible dinars or foreign currency), but in general the same instruments are available to them as to any other citizen.

Temporary Return

Tunisians who return on holiday can temporarily import, for their sole personal use, their car (and also caravan, trailer, camper, motorcycle, pleasure boat) and objects for everyday use (camera, video camera, binoculars, etc).

However, at the moment of leaving Tunisia, such objects must be redirected abroad or made subject to all the customs regulations in force in order that they may be used legally on the local market.
In practice, in the case of the importation of vehicles the law is strictly applied, while objects for everyday use (especially clothing, footwear, electrical and electronic goods and appliances, items for home decor, jewellery etc.) are in fact imported into Tunisia, either for future personal use and use by the family or for resale on the local market.

With regard to the tax benefits accorded at the moment of a temporary return after a minimum period of one year spent abroad, any Tunisian above the age of majority can take advantage of an exemption on tax and customs duties on imported goods up to a value equal to 1,000 dinars per fiscal year.

Generally this refers to moveable goods transported within or without the migrant's personal baggage and officially destined for personal or family use. The law, in fact, states that such goods are not to be considered to have a commercial character, neither with regard to their nature nor to their number or quantity. Nevertheless, in spite of these arrangements, "suitcase trade" is practiced widely.

Regarding the importation of foreign currency, the OTE informs that Tunisians resident abroad can, from the moment of their return to Tunisia on holiday, bring foreign currency into the country without limits on quantity and without following any particular formalities.

However, if one intends to re-export any remaining currency with a value equal to or greater than 1,000 dinars, it is necessary to declare the importation of foreign currency at the customs office at the port or airport of arrival and before leaving the customs area.

Such a declaration is necessary not only in order to be able to re-export the currency but also to be able to open an account in convertible dinars or foreign currency in any bank and without special authorization from the Tunisian Central Bank (OTE, 2002).

Definitive return and investment projects

With regard to a definitive return to the country of origin for Tunisians normally resident abroad, laws have been put into place which are specifically intended to create better conditions for their reinsertion into the productive fabric of the country. Such advantages are not renewable and are granted only once in a lifetime.

The Decree of January 23rd 1995 concedes customs and fiscal advantages to the TRE. At the moment of definitive return to Tunisia the TRE can import or acquire on the local market moveable personal goods and effects, such as a means of transport, exempt from customs tax and duties.

The exemption is limited to a value equal to 15,000 dinars per family, and the global value of moveable goods to be imported is determined on the basis of invoices or, if they are not available, on an official estimate carried out by the customs services. Such advantages can be enjoyed within a maximum period of 120 days commencing from the date of re-entry.

Again it is useful to highlight that, in addition to the fiscal advantages accorded to any entrepreneur within the framework of the Single Investment Code, the Tunisian who resides abroad benefits from special attention. In order to be considered "resident abroad" the citizen must satisfy very specific legal conditions: he/she must have resided abroad for at least two years and trips to Tunisia must not have exceeded 180 days out of 365.

The Tunisian citizen who decides to carry out an investment in his country of origin has the right, at the moment of his return (definitive or temporary) to make use of the customs exemption for the importation of material necessary to the project and of a van (acquired by his own financial means from income earned abroad). Likewise VAT is suspended on materials or goods acquired locally which are necessary for the realization of the project.

It is necessary that all goods which are to be used for the project are acquired by means of financial resources acquired by the entrepreneur during his stay abroad, without the transfer of any currency from Tunisia.

The Tunisian entrepreneur may avail himself of a period of six months from the date of his re-entry to import the equipment necessary to his project and/or to acquire it VAT-free on the local market.
All exemptions provided by law will be granted at the moment of the legal creation of the investment project.

Failure to realize the project within a period of one year (renewable only once) or to observe the fixed five-year block on the transfer of equipment (including the van/lorry), necessitate the automatic payment of customs duties and taxes due at the moment of its entry into the country or acquisition on the local market. The age of the van/lorry is also subject to the law: it may not exceed five years.

If, following a definitive return, the Tunisian resident abroad intends to import machinery or instruments for agricultural, industrial or commercial use, these benefits from an exemption on duties and taxes and from the dispensation of the importation authorization.

Again the importation of machinery must be effected only once in a lifetime, the privilege is not renewable and, in order to obtain these advantages, the person concerned must show at the imports office a customs form attached to documents stating the quantity and nature of the machinery to be imported.

With the aim of facilitating the concession of such privileges and of helping the citizen resident abroad to make a full reintegration, the Tunisian State has made available specific publications and bodies (ONTT – Office Nationale du Tourisme Tunisine; APIA – Agence de Promotion des Investissements Agricoles; API – Agence de Promotion de l'Industrie etc.), which are charged with the task of providing information to the migrant at the time of his return to the country of origin and supporting him in his investment project.

The Code for the Promotion of Investment also provides for a series of concessions in different fields of activity: within the framework of our study we consider it useful to bear in mind that certain sectors, such as construction companies or public transport are by their nature favoured by migrants who decide to return to Tunisia (OTE, 2002).

Transfer of activity constitutes another instrument for the reintegration of Tunisians who have lived abroad. This provides for an exemption from customs duties, taxes and the license for the importation of agricultural, industrial or commercial machinery and materials belonging to natural persons or companies which have ceased their activity abroad and wish to transfer to Tunisia. Such benefits are subject to the condition that these goods are put to the same use as in the previous activity.

Provisions for human consumption, animal fodder, inflammable goods and stock of raw materials, semi-finished or finished products are excluded from this exemption.

For the concession of fiscal advantages it is necessary to present documentation including a detailed list of materials and instruments to be imported, and certification of ownership and use of instruments dating back more than two years attesting to their use in the framework of an activity analogous to that which will be carried out in Tunisia.

In order to make use of the exemption in question, the transfer of equipment must take place on a single occasion, to be notified alongside the change of residence and following the declaration required by the customs office (OTE, 2002).

Free-trade zones are a further tool permitting the migrant (and others) to profit from technical skills as well as business connections developed during a period abroad, whether with the aim of making an investment on his own behalf or a productive collaboration with a foreign or Tunisian partner.

Tunisian law has introduced the concept of the "free-trade zone" for two specific areas: that of Biserta and that of Zarzis. Beyond these two broad areas, the regulation in effect grants the status of "free-trade zone" to any agricultural, industrial or service activity present throughout the territory and working exclusively or almost exclusively with foreign countries.

The free-trade zones are intended to reinforce the country's policy of economic liberalization: firms located in the free-trade zones benefit from tax advantages and from the special exchange and foreign trade regime.

The aforementioned zones are exempt from the customs regime and transactions are made freely in foreign currency or convertible dinars.

The advantages accorded to the firms located within the free-trade zones relate above all to the complete freedom of transfer of profits, the repatriation of invested capital, the freedom to import goods and services connected to the activity of the firm, a complete freedom in commercial relations with other exclusively export-based firms, tax exemption during the first 10 years of activity, and a reduction equal to 50% of taxable income from the eleventh year (OTE, 2002).

Use of such instruments on the part of the TRE

These instruments offer real opportunities for Tunisians resident abroad who wish to initiate a productive investment in their country of origin.

In comparison with the financial instruments discussed in the previous chapter, it can be said that the instruments specifically placed at the disposal of the TRE by the OTE and those relative to the free-trade zone are better known and utilized.

Nevertheless, even these instruments are relatively under-employed, and tend to be used mostly by those with a medium to high level of education and a good capacity for establishing connections.

Again it is useful to highlight the difficulties experienced by the "average" migrant in understanding and managing the various phases of the bureaucratic process connected with obtaining authorizations and privileges.

Tunisians in Italy and their remittances

According to data relative to the year 2001, presented in the XII Rapporto sull'immigrazione (Report on Immigration) published by Caritas and Migrantes in 2002, the Tunisians in Italy with a residence permit are 46,494.[12] They are the sixth foreign community in Italy after Morocco, Albania, Romania, Philippines and China, representing 3.41% of all the immigrants in our country.

In the last decade (1991- 2001) their number has increased 1.12% annually, one of the lowest growth rates among those relative to the 25 most numerous nationalities in our country, which registered an average increase of 2.10%.

Also in recent years the flows seem to remain below the general average. In 2000, compared to a total increase of 10.88% in the number of foreigners in Italy as compared to the previous year, Tunisians increased by only 6.18%, whereas in 2001 a slight decrease in their numbers was registered (-0.58%), compared to a 5.74% increase in the total.

In absolute terms, the same dynamics are reflected in the trends of visas granted to Tunisian citizens for entry in our country which, after an increase from 11,856 in 1999 to 15,727 in 2000, diminished to 15,409 in 2001. In relative terms, however, the quota of visas granted Tunisians with respect to the total increased from1.42% from 1999 to 1.56% in 2000 and 1.63% in 2001.

As regards the granting of residence permits, Tunisian citizens obtained 6,540 in 2001, the equivalent of 2.81% of the total, corresponding to 14.10% of the total number of Tunisians presently residing in our country. This figure is inferior to the overall data referring to the proportion between new permits and the total number of foreigners, which is of 17.10%.

Tunisians are in Italy predominantly for work reasons. Nearly 57% of residence permits are granted to Tunisians with a subordinate employment contract. To these are added another 2,995 permits for job searching (6.44% of the total) and 2,386 permits for self-employment (5.13%). The quota of permits for subordinate employment in relation to the total for Tunisians is superior by approximately 9 percentage points to the same relation for the total amount of foreigners, whereas the quota relative to job searching is equivalent to nearly

[12] It should be underlined that there are strong discrepancies between the data furnished by Tunisian and Italian authorities. The estimate made by Caritas based on data of the Italian Ministero dell'Interno (Ministry of the Interior) for 1999 indicates a presence of over 44,000 Tunisians, whereas OTE indicates over 62,500 Tunisians. It is also known that the official data is limited to the counting the citizens regularised according to the respective legislation of reference. Italian Caritas believes that, for a correct estimate of the Tunisian presence in Italy, the official data should be increased by 19%.

twice the average for foreigners and represents 6.81% of the overall number of permits granted for this reason.

The quota of permits for self-employment, on the contrary, is inferior by almost one and a half percentage points with respect to the general figure (5.13% against 6.57%), revealing lower propensity or greater difficulties for Tunisians to obtain residence permits justified by carrying on business activities. Among the most numerous national groups present in our country, the data on Tunisians not only deviates from the groups more closely associated with independent activities, such as the Senegalese (19.76% of the total) or the Chinese (17.57% of the total) but also from other North African groups such as Moroccans and Egyptians, for which the quota of permits for self-employment is of, respectively, 11.33% and 12.66% of the total.

It is interesting to examine the data on the permits obtained through the sponsoring mechanism, which constituted nearly one sixth of the total for the year 2001. The abolition of this possibility, not provided for by the new law on immigration, will probably have a considerable impact on the flows of immigration from Tunisia.

Table 3 – Tunisians in Italy according to the motivations to grant residence permit (2001)

	Tunisians	% of total Tunisians	% of total with the same motivation	Foreigners in Italy	% of foreigners in Italy
total	46,494	100	3.41	1,362,630	100
employees	26,485	56.96	4.06	652,064	47.85
relatives	12,188	26.21	3.09	393,865	28.9
job search	2,995	6.44	6.81	43,973	3.23
self-employed	2,386	5.13	2.67	89,498	6.57
sponsored	2,036	4.38	17.51	11,630	0.85
corse of studies	153	0.33	0.50	30,790	2.26
temporary	117	0.25	0.58	20,310	1.49
residence	49	0.11	0.11	44,635	3.28
asylum	44	0.09	0.85	5,152	0.38
business	20	0.04	0.38	5,323	0.39
demand of asylum	6	0.01	0.11	5,520	0.41
protection collab.	6	0.01	0.81	744	0.05
other humanitarian	4	0.01	0.35	1,134	0.08
adoption	4	0.01	0.07	5,579	0.41
religion	1	0	0	48,898	3.59
humanitarian job	0	0	0	3,515	0.26

Source: Elaborations on Caritas 2002

Family reasons (26.21% of the total), on the other hand, have a smaller effect as compared to the average. Also in this case it is possible to hypothesize a greater difficulty in obtaining the approval of a request for this reason or a lower propensity to family reunion, due to the geographical vicinity and to the seasonal character of a part of the migratory flow from Tunisia to our country.

The data on work permits granted for study reasons are particularly distanced from the general average, representing only 0.33% of the total. This data indicates the substantial inexistence of a tradition of immigration of youths with the aim of training or obtaining higher education in our country. Finally, the number of Tunisians resident for other motives, such as the request of political asylum or religious reasons, is negligible.

As is the case of other foreign communities in Italy, Tunisians tend to concentrate themselves in some regions. More than 80% of the total is grouped in the seven regions where presence is more consistent, whereas Lombardia, Emilia Romagna and Sicilia, alone, make up for 56.6% of the total.

As regards the territorial distribution, it corresponds only in part to the general picture of foreign presence in Italy. In the regions where the presence of foreigners is most significant in relation to the total population, only Lombardia and Emilia Romagna appear as areas in which there is a greater concentration of Tunisians, whereas regions marked by consistent foreign presence, such as the regions of the North-East, show a more contained Tunisian presence. This is also true for Lazio, the second Italian region as regards the presence of foreign citizens and the first if the figure is considered in relation to the total population, which answers for only 8.52% of the total of Tunisians resident in our country.

A significant particularity regards the above the average concentration of Tunisians in the regions of Southern Italy, marked by a lesser vocation to attract foreigners, such as Campania and Sicilia. In the latter, in particular, the Tunisian community represents 18% of the total of foreign residents.

Comparison of the data for 2001 with the data relative to the preceding year shows, however, dynamics that tend partly to draw the distribution of Tunisians closer to the prevailing model, which is marked by a strong preference of foreign residents for the northern regions. In fact, the number of citizens in regions such as Lombardia, Piemonte and, particularly, Emilia Romagna, have increased significantly, especially considering a slight decrease in numbers at the national level. In the case of Emilia Romagna, the number of Tunisians has increased by nearly one thousand people, a growth rate of over 20%, with the Tunisian community representing 6.82% of the total of foreigner residents. These dynamics exclude Veneto and Friuli Venezia Giulia, where a decrease in numbers is registered, whereas there has been a considerable increase in the community present in the Marche region, which has grown 17.44% and represents nearly 5% of foreign presence in the region.

The proportion of females in the Tunisian community is significantly lower compared to the average for the overall number of foreigners in Italy, which is just under half (46.66% in 2001). Tunisian women in Italy represent, in fact, only 23.90% of total Tunisian residents, without significant deviations from this proportion at regional level. The presence of women is more consistent in the regions of central Italy (Marche, Lazio and Toscana), whereas in other regions presence is close to the national average. The exception is Campania, where female presence is inferior to the national average by over four percentage points. In the Tunisian community, not characterized by the massive presence of working women (which happens in the case of the Filipino, Somali or Capo Verde communities), the larger female quota in some regions is the result of greater resource to family reunion, which would seem to indicate a higher level of integration in the community and a higher diffusion of long term migratory models.

The remittances of Tunisians in Italy

As regards Tunisian remittances, 91% come from OECD countries, while most of the remaining 9% come from other Arab countries. The continental distribution sees Europe in first place with nearly 90% of the entire flow. The remainder is divided among Asia (6.33%), Africa (2.74%) and the Americas (1.29%), with the African quota being nearly completely represented by transfers from Libya, the Asian quota by the Arabic peninsula, and the scanty contribution from the American continent equally divided between the USA and Canada.

If this data is compared to the information on the distribution of Tunisian migrants abroad published by the Office des Tunisiens à l'Etranger, it becomes evident that the origin of the remittances corresponds, obviously, to the numerical presence of the migrants. Through the calculation of the pro capita average remittances from the country of Migration, it becomes clear that the amounts sent from Italy are smaller than those sent from Germany, Switzerland, Austria and the Low Countries, but larger than those repatriated from France, Canada and the USA. This can depend on differences in income-generating and saving capacities, but also on the migratory project and on the intensity of the migrants bonds with the family in the country of origin, as well as on the greater or lesser use of informal transfer channels.

As already mentioned, the Italian Balance of Payments registers as remittances only the transfers made through the banking system by Tunisians resident in Italy for more than twelve months, which show a value of 737,000 euro for the year 2000. However, the use of the criteria for the compilation of statistics adopted by the Tunisian Central Bank (TCB) shows a completely different picture as regards the overall amount of remittances from Italy to Tunisia.

The amount registered in the year 2000 was of 137.2 million dinars, which became 149.9 million in 2001, equivalent to approximately 109 million euros and corresponding to 11.29% of total remittances. The data on the last decade shows a fluctuating movement in the first five years, followed by a constant increase in the subsequent period. Growth rates were of approximately 15% in the second half of the 1990s, and about half this rate in the years 2000 and 2001. A net upturn is expected for 2002, if the TCB's estimates of a flow of 188 million dinars, equal to 144,615,384 euros, are confirmed.

The pro capita data shows a clear increase in the average value of transfers, which grew from 1,183 dinars per migrant in Italy in 1990 to 1,959 in 1997 and to 3,224 in 2001. This increase can be interpreted as a sign of a possible improvement in the economic conditions of Tunisians in Italy. The improved savings capacity, arising from the increase in income, could be at the heart of the near doubling of transfers to the home country.

Once again, it is necessary to consider that the data regards solely the remittances sent through formal channels. Their increase could, therefore, be determined –in good measure- by a variation in the mode of transfer, with the shift of a consistent quota of the flows into channels registered by the TCB's statistics.

As regards the distribution between remittances in foreign currency and in goods, the provisional figures for the year 2002 are of 168 million dinars in currency and 19.9 million dinars worth of goods. In percentage terms, the data estimated for 2002 shows a significant upturn in the practice of repatriating resources in the form of goods, inverting the trend of increase in the quota transferred in the form of money which had marked the previous three years.

It is useful to stress that the distribution between contributions in goods and in money fluctuates considerably from year to year also due to trends in the exchange rates and inflation (Garson 1993). The Tunisian dinar, after a long period of stability, began to depreciate in relation to the euro at the end of the 1990s, following the decision by the Tunisian government to recover price competitiveness in the international markets, increasing the exchange rate from 1,2646 dinars to the euro in 1999 to approximately 1,3 dinars in 2002, to the present exchange rate (May 2003) of 1,4 dinars. Inflation has diminished from 3.7% in 1997 to 1.9% in 2001, due to the adoption of a restrictive monetary policy and the control of fundamentals on the part of the Tunisian government.

Another factor which is extremely relevant to the choice between contributions in money or in goods is represented by the legislation which regulates the importation of used motor-cars. These provisions establish the age, nominal horse-power and the amount of eventual customs duties for every type of vehicle, determining the convenience of destining a part of savings to the purchase of such goods.

Tunisians in Milan: interrelations between migration, work and social-demographic profile, and remittances

The number of Tunisians in Milan is relatively small: at the end of 2000 it reached 1,314 people (of which only 280 were women), representing 1% of the foreign population in the city and 2,2% of all Tunisians living in Italy, yet accounting for over 13% of the Tunisians living in Lombardia.

Milan also attracts Tunisians who are not actual residents in the area. In fact, the city offers job opportunities and houses the Consulate General. The latter has jurisdiction over Tunisian citizens living in 24 provinces of North-western Italy (Lombardia, Veneto, Trentino– Alto Adige, Friuli– Venezia- Giulia) with more than 15,000 residents, most of whom living in Lombardia (about 65%).

Most of the Tunisians living in Milan and within the rest of the consulate's district are employed as workers in industry (construction and mechanical sectors), in transport, and in restaurants and pizzerias as chefs or waiters. In Milan there are around one hundred self-employed workers (holding a VAT registration number) mostly working in building, catering or import-export businesses. Finally, and only very recently, the presence of a particular category is increasing: university students, who presently number around forty.

The wages of these workers range from 900 to 1,200 euros, certainly far higher than the wages they could earn in their country (about 300 euros). Nonetheless, these amounts are hard to live on in Milan, where the cost of living is very high: the larger part of earnings is spent on house rent.

Although most informants pointed out the difficulties of saving, they all agreed that Tunisians manage somehow to periodically send money home, even if in small amounts.

What is evident is that as the stay becomes longer and access to local services and resources makes progress, the migrant reaches increasing stability. In its turn such stability requires larger economic investment in the country of residence and therefore affects the economic relationship with the country of departure. At the same, the life cycle both has effects on and is affected by migration projects, so that the creation of a family and the choice of living together in the country of Migration demand even larger economic efforts and consequently affect the remittance of earnings back to the country of origin.

In Italy there are currency regulations establishing various requirements for the opening of an account on the basis of the customer’s residential status, aiming to ensure the solvency of customer resident both in Italy and abroad. It seems that the main difficulties in gaining access to banks are due both to currency regulations requesting conditions of stability and to distrust that Tunisians already have in banks and institutions even in their country of origin. One must also consider that many Tunisians are not even informed of the availability of financial products specially addressed to migrants from Italian banks. This may be due either to ignorance, or to bad marketing on behalf of the banks themselves, who have not developed effective communication strategies focused on these particular customers.

Many Tunisians turn to keeping money at home or to making use of the Post Office. In support of Tunisians’ use of the latter is interesting data from the Italian Postal Service indicating that, in February 2003, 7,726 Tunisians held a postal account and 10,757 held a postal passbook throughout the whole of Italy.
According to experiences reported during field research, Tunisians often do not apply for loans with banks because they anticipate they are likely to receive a negative answer. In turn, they seek loans from holding companies, that easily grant the requested amount but charge excessive interest rates that have repercussions on the saving capacity of the customer, who -under these conditions- finds it increasingly difficult to save.

Transfer modalities

Most interviewees agreed that substantial flows are transferred from Milan through informal or semi-formal channels. Most Tunisians repatriate their earnings personally or through relatives or acquaintances, mainly in summer-time and in the month of Ramadhan, the periods of the year in which most Tunisians return home to spend their holidays. Generally, if a migrant needs to send money to relatives but cannot leave, he/she thus entrusts money to somebody else belonging to his social network, who is from the same city or village.

Italian authorities established a limit on the value of currency exports of 10,000 euros. Tunisian authorities don't fix limits on currency imports, but when residual amounts of over 1,000 Tunisian Dinars (about 770 euros) are to be exported back to Italy, it's compulsory to declare the import to customs on arrival. Therefore not all Tunisians declare because they want to avoid controls.

In any case –according to several interviewees- it's rare for Tunisians in Milan to save 10,000 euros in a year. If it does happen, there is another popular practice to overcome this obstacle, which is the compensation between compatriots: a Tunisian living abroad buys goods or makes other transactions abroad such as loans, in favor of a compatriot who pays back the debt in national currency to the family of migrant in Tunisia at a pre- arranged rate.

During the field research the existence of couriers didn't emerge, but there seems to be a widespread practice of exchanging currency at rates higher than the official ones, with a difference that can reach +15% in certain periods of the year. These periods coincide with the main religious and life cycle festivities (Ramadhan, the summer period in which most of the weddings are celebrated, and the pilgrimage to Mecca) that increase the demand for liquidity.

Another local factor that contributes to develop speculative transactions and the informal market of currency is the regulation that forbids residents in Tunisia to export more than 1,000 dinars every year. The only way to integrate this low amount is to turn to the availability of currency of Tunisian residents abroad or of informal market brokers.

Another kind of informal channel is the transaction carried out in the so-called "FCR market" (Franchise de Changement de Résidence). This transaction is based on the special fiscal status of resident abroad that the Tunisian Government conceived to incentive the definitive repatriation of migrant workers and their goods and capital. Since not all Tunisian residents abroad can enjoy this right due to lack of funds, a real international market around FCR has emerged, hinged upon a broker who puts Tunisians having right to FCR, who cannot enjoy the franchise and want to sell the right, in contact with Tunisian residents in Tunisia who are interested in buying goods saving on import taxes. At present the value of FCR is around 2,000 – 2,500 dinars (around 1,540-1,900 euros). Once the seller and the buyer agree on the transaction, the latter himself or the broker provide to buying goods abroad in the name of the seller. Goods involved are mainly motorcars, because in Tunisia this kind of market is still relatively closed. Once through customs, the seller starts the procedures for changing property and receiving the amount previously agreed for the FCR.

In any case, Tunisian workers turn to informal channels primarily because of their efficient and speedy service. More importantly, they usually cover areas where there are no formal banking facilities. Furthermore, unlike formal channels there are no limits on importing and exporting currency.

Considering the opinions and personal evidence collected, there are some factors that play an important role in discouraging Tunisians living in Milan from using the formal channel:

- The Italian banking system is still not receptive to the needs of migrants: although the market of remittances is an interesting area that banks are gradually approaching through financial products expressly conceived for migrants, the obstacles for migrants to access accounts still work as a filter on access to other services such as money transfers.
- The slowness of the funds transfer system of banks and the general distrust in them because of their status of official institutions drive migrants to money transfer companies or to informal channels.
- The combination of fees and unfavorable exchange rates used by the money transfer companies can bring the total cost of transfers up to 20 percent.
- The small distance between Italy and Tunisia and the frequent return trips Tunisians make yearly foster alternative ways of transfer that are much cheaper.
- The controls operated by both the Italian and Tunisian governments on the flows of funds create obstacles for most Tunisians who are seasonal workers, without a stable residence or in their first period abroad.

In this framework it seems that among formal channels banks come off badly in comparison to the post office and the money transfer companies. In fact, the former can offer a service more accessible and adequate to the public not used to the bureaucracy and formalism of banks, while the latter offers a speed service that no other operator in the area is able to outdo.

The speedy service is coming out as such a strategic element that an increasing number of banks choose to become agents or subagents of the main money transfer companies in order to attract foreign customers and to lead them to become customers of their services. A similar strategy has been adopted by the Italian Post Offices, who in 2001 signed an agreement with Moneygram that is the company with the lowest transfer costs. Moreover, European Post Offices recently promoted an alternative circuit of money transfers, Eurogiro, of which Italy is part. Tunisia has played an important role in the transaction flows of Eurogiro since the beginning: in 2002, transactions from Milan towards Tunisia reached almost 15% of all transactions starting from Milan to all over Europe and the south Mediterranean regions.

Another important channel of remittances is represented by the SNR (Société de Services Nationaux et des Résidences), a society that is the only authorised national agent to organise pilgrimage trips to Mecca in the last two years (previously, people could organise the trip themselves). Every year, a quota of residents abroad (in 2004 it will consist of 1,500 people) has the opportunity of financing the pilgrimage of relatives with foreign currency. In this way they can avoid participating in a national draw in which all Tunisians must participate. Residents in Milan (and the whole of Italy) have to pay in foreign currency to Banque de l'Habitat; residents in France pay to the U.T.B. (Union Tunisienne de Banques) housed in Marseille or Paris. In 2002, the number of Tunisian residents in the north of Italy who enjoyed this opportunity was 28. This channel –according to a Consulate Officer of Milan- is still not well known or is difficult to use, since people are requested make an immediate payment of 3,735 euros, which could mean almost 6 months- 1 year of savings, depending on household and work conditions.

The use of remittances: the final destination of savings

Most information sources we contacted in Milan, such as presidents of Tunisian associations and consulate officers, as well as the life histories of migrant workers themselves, suggest that remittances are used as an overall means of supporting families' expenses back home, such as food, clothing, health care and education. Funds are also spent on building or improving housing, on the purchase of land and on the purchase (mainly in Italy) of durable consumer goods such as washing machines, televisions and parabolic antennas. The major religious festivities like Ramadhan and Aid-El Kebir and those connected with the life cycle (i.e. circumcisions, marriages, funerals and pilgrimage trips to Mecca, or El Hajj), are important expenditure factors for migrant workers from this area.

The recipients of remittances are not just relatives or siblings but also members of larger kinship and social networks, so that there is a circulation of goods and cash that goes beyond the circle of relatives. Transactions between relatives and close kin are considered as normal flows of household expenditure or investments, whereas as transactions extended to more distant kin or other social networks are often considered as "loans". In most cases "loan" is just a term highlighting the social distance existing within the transaction and does not necessarily mean it is charged with interest.

Investments in the construction and improvement of the home are a priority: almost all interviewees said that the home is almost an "obsession" to which nobody renounces in Tunisia, and it is an important element for the construction of social status.

Only a small percentage of remittances is used for what is called "productive investments", for example, to set up small enterprises. An agent of the Foreign Investment Promotion Agency (FIPA) stated that Tunisian migrants in Milan or in Italy in general are still not interesting investors to support in starting up activities in Tunisia as they have low capacity to save money. This is not only due to lack of skills, but more generally to the low wages in the industrial sector where they are mainly employed as unqualified workers. Interviewees also spotted cultural and educational factors leading to low entrepreneurial initiative.

The amounts periodically sent by some migrants to relatives running small businesses like groceries or other kinds of commerce could be considered an indirect contribution to productive investment: the amount is generally used to cover running costs.

The general opinion of interviewees is that recipients of remittances in Tunisia spend the money received from abroad directly, without passing through bank deposits. Only a small minority saves money in accounts: those Tunisians who receive remittances through banking or postal channels. In this case they have a personal account, yet in most cases they have a passbook either in a bank or in a post office, where they put money aside for (health) emergencies or other household expenditures or to cumulate small personal credit for the future.

The banking system in Tunisia has lately adopted interesting financial products to encourage and channel deposits of foreign currency imported or transferred by

Tunisian migrant workers resident abroad. In spite of these facilitations, it seems that not many migrant workers make use of or are brought up to date with these specific instruments. On the basis of some of our interviews and considering the quality of the information collected, several elements allow us to conclude that the main factor behind this apparent failure of banking system policy towards most Tunisian residents abroad can be attributed to misinformation and bias. Many interviewees complained of the high fees for transfer operations. Moreover,Tunisian migrants could be discouraged from opening this kind of account because of the bad accounting system of Tunisian banks.

In conclusion, it seems that only people who have large amounts of funds use this kind of account. Most users of this kind of account are self-employed migrants. As regards Italy, the interviewees spoke mainly about import–export activities that need large amounts of capital and the flexible mobilisation of foreign currency. These cases are nonetheless a minority because in Italy, and especially in Milan, wage earners with low saving margins represent the average Tunisian migrant.

Actors connected with the remittance market

The Foreign Investment Promotion Agency (FIPA) and the Consulate General, the main Tunisian institutions housed in Milan, don't have a policy in the domain of investments that could be done by Tunisians living in Italy: Tunisians cannot be good savers because of their low wages and their low skills profile, so it's still early to think about incentives for Tunisian residents in Italy to promote investments in their country. The incentives already created by the Tunisian government are enough. It's important to note that the former is more interested in foreign investments involving larger amounts of capital or means than most Tunisians abroad amass, while the latter is engaged in its bureaucratic and political role.

Only the representatives of Tunisian associations seem to be more sensitive to the needs of their members in the domain of money transfers. They pointed out the high fees and suggested different solutions to facilitate the operations and make them cheaper. Along with other Tunisians, they proposed the Consulate as a promoter of the opening of a Tunisian bank agency in Milan, but on the other hand they are conscious that Tunisians in Milan are not in great numbers and that the agency settlement is too expensive for a bank. Therefore they gave other suggestions: the consulate or the associations could support the opening of a sort of money transfer counter housed at the consulate itself or by the associations, offering funds transactions at low costs by cumulating savings of Tunisians in a few fixed days and sending all at once. This counter could be connected to others in main Italian cities and with banks and post offices in Tunisia in order to assure a good network reaching all areas of the country.

This solution could not only facilitate the remittance transfers but also the circulation of information on financial and savings products existing in Italy and Tunisia, which most Tunisians lack.

The Tunisian Consulate General housed in Milan is not able to inform or to support citizens in the choice of the best channel through which to save or invest their capital. Interviewees complained about the disinformation of most officers but recognised that it is an important point of reference for other operations such as permits, family reunification and so on, so that it could be enhanced with the creation of an information counter. In their turn, Italian banks don't seem to know the right channels through which to market their products for foreign citizens, either because migrants are still not considered good savers or because banks are not ready to deal with this kind of customer who is not always acquainted with the system. In support of this is the case of *Banca popolare di Bergamo* that has just opened an agency with operators speaking the languages of the main countries represented in the area. It seems probable that this kind of initiative will be followed by other bank agencies because it's an important means to attract customers and to extend services.

The solvency of migrants is the main concern of the banks because their temporary status of residence is tightly identified with precariousness, although the settlement process is demonstrating the opposite. If banks are still closed to immigrants as regards offering services in Italy, they are much more closed to the opportunity of promoting their investments outside Italy. Italian banks' system of guaranties is too difficult to "export": only if a Tunisian has a steady and strong independent activity in Italy and wants to expand it in Tunisia can he/she enjoy the opportunity of funding through banks, otherwise it is impossible. An executive of a bank of Milan suggested that the solution could be the creation of a trust fund promoted by trade associations through their holding societies in order to support the investments of Tunisian entrepreneurs in Italy. Once the activity is well set up, the entrepreneur could be encouraged in expanding it abroad or in his country of origin.

According to interviewees, initiatives directed to promote the entrepreneurship of migrants are focused on information and training for start up activities.

The Chamber of Commerce of Milan is supporting the creation of an association of foreign entrepreneurs, to favour the exchange of information among them and to spread it throughout the area, to promote self-employment.

Another local actor that could play an interesting role of intermediation between Milan and Tunisia is the Lombardia Region**.** It has an open channel with Tunisia since 2001: a co-operation agreement that involves some *gouvernorats* situated in the centre of the country and which are among the depressed areas included in the national economic development program, Kasserine and Gafsa.

The Labor Agency of the Lombardia Region is in charge of the implementation of the co-operation program, which has two main policy domains:

vocational, professional and linguistic training for Tunisians citizens available to move to Italy and to work in building and mechanical sectors as well as catering;

support and promotion of joint-ventures between Tunisians and Italians in the framework of the internationalization of enterprises.

As regards the first domain, the choice of labor sectors in which to invest was made in collaboration with Promos, a special agency of the Chamber of Commerce of Milan, which is promoting joint-ventures all around the world and is in close contact with the needs of the Region's entrepreneurs. Until now the project has involved about 200 Tunisian workers, all of whom men, selected and trained in a joint initiative with the Labor and Professional Training Agency (ATFP) of the Tunisian Ministry of Labor. The workers will be included in the quotas of flows programmed yearly by the Italian government.

Concerning the second domain, the officer responsible for the program said it is still early to talk about it: migrants from Tunisia are young and most Tunisians living in Milan cannot afford this kind of investment. Moreover, he is cautious concerning the opportunity of supporting a channel to transfer savings and investment to Tunisia.

If the formal sector does not seem to be interested in this kind of promotion at present, the *main actors, the migrants,* are not strong enough to take the initiative themselves, either because of the difficulty to access loans or of the difficulty to foster the kind of solidarity that could form the basis for more structured economic initiatives such as joint-ventures, clusters or development poles in Tunisia.

There are other factors connected with the local context that could discourage initiatives involving joint-ventures or non governmental associations as a means of the canalization of remittances to develop local areas. An interviewee pointed out that in Tunisia civil society is an elusive concept because most non governmental organizations are tightly connected with the government and its party and there is no association culture. If initiatives in the domain were taken up, they would be controlled by the government or by small groups that would exploit the resources for themselves. Consequently few Tunisians residents abroad would trust these initiatives.

Some results of the interviews to Tunisians living in Ancona

In the last decade, many Tunisian migrants chose to establish themselves in the Marche region. Comparing the data for 1992 and 2002, the presence of migrants in the region has increased by 367%, with the highest increase (442%) being registered in the province of Macerata.

There are 39,211 migrants living in the four provinces of the Marche region, although they are not distributed equally among them. The province of Macerata is the most populated by the migrants. The migrants' presence in the province of Macerata is also important as a percentage of the total population, which reaches 4%. It is a high percentage compared to the other provinces of the region and even to the national average. Almost half the migrants living in the region have work permits and 38% are relatives of the former.

Five communities represent more than 60% of the migrants present in the region, while the sum of the first three communities makes up almost 50%. The first community is the Albanian one, accounting for 21.1% of the total; the Moroccan community is in second place with 16.7%; and finally, the third community is Macedonian with over 10% of all foreigners. The participation of the Tunisian and Rumanian community in the total is of around 6%.

There are 4,281 immigrants resident in Ancona and they represent almost 4.5% of the total population. There are more than one hundred (105) communities represented in Ancona to different degrees. The first community is the Albanian one, followed by the Philippine community and by the Tunisian community.

We interviewed thirty Tunisian workers in Ancona with a pre- defined questionnaire. The interviewees were selected through a snow -ball system.

Income and savings

The average income is of 2,040 euros per month but there are many differences. Some of the interviewees work as employees in a factory and, in this case, they earn a medium salary, around 950 euros; others are also working as employees but are able to make money as masons in their free time, so they can make over 2,000 euros. Most of the interviewees are fishermen and they officially earn 850 euros, but the percentage that they take when the fish is sold should be added to the amount, so they can earn over 2,000 euro. Some of the interviewees bought a stall at the open market and they make 1,500 – 1,800 euros per month. Finally, four interviewees opened a food shop and they earn more than 3,000 euros. Moreover, we should take into account the welfare impact on income that means pensions, family allowances and public housing.

All the interviewees are the only breadwinners in the family because their wives take care of the children, who are still studying.

Most of the interviewees are working in the formal sector and are relatively stable but to this corresponds a high variability of wages, specially as regards the fishermen.

The average savings are of 900 euros per month, which means around 10,800 euros per year. Around 30% of the interviewees keep their savings at home, for two main reasons: because they don't have a work permit or because they don't save enough money to open a bank account.

Sixty-three percent of the interviewees have an account through which some also receive their wages. Twenty-seven percent of the interviewees have a cash card and some hold a credit card. Seven percent of interviewees hold an account at the post office and some of them declared that they had previously held an account at the bank but had found it too expensive.

Half the interviewees declared that the money saved will be used in Italy, for their children or to buy durable goods, while another 17% were not able to answer. Forty percent of the interviewees planned to buy a house and some of them to buy a car in the next future. Around 60% of the interviewees intend to invest their savings in Italy even if many of them don't know how. Most of them would like to open a small business, a café or a restaurant.

Remittances

Around 63% of the Tunisians interviewed said they don't spend all their income, and almost 87% of them send part of the money saved to Tunisia.

There are two different ways to send money: formal and informal. The first includes bank, post office and specialised agencies such as Western Union and Moneygram, while the informal channel is divided in two categories: direct and indirect.

The formal channel is used specially to send money to the family and in small amounts. In this case, all the interviewees use the post office and, in case of emergency, specialised agencies. Only 13% of the interviewees send money regularly. Those who do not send money on a regular basis say that when their parents and relatives call them because they need some money, they send the amount requested by the family. The others, who send money regularly, send between 100 and 400 euros each time, depending on whether they send money monthly or every two months. Some of them send consistent sums if they cannot return to Tunisia within a year or it is needed at home for business or for building a house.

The interviewees use the post office because it is cheaper than banks and specialized agencies while, considering efficiency; it is better than banks and worse than specialized agencies. In fact, the post office, like the specialized agencies, is present in all the country in both Italy and Tunisia. Banks suffer the disadvantage that there is not an agreement between Italian and Tunisian banks. Moreover, comparing speed of service, the post office is slower than agencies and faster than banks.

Many of the interviewees criticize the post office, for different reasons. The Italian one, because there are long queues because there is not an *ad hoc* office for this kind of service. On the Tunisian side, there are often problems for withdrawing the money.

The informal channel, as mentioned above, can be direct or indirect. The latter is used sometimes to send money, but specially goods, to the family. In this case, the carrier can be a relative, a friend, another migrant, or an Italian. To send their savings, the migrants generally prefer the first channel. Most Tunisians return to Tunisia at least once a year, for vacation, and therefore prefer to wait to take their money back. In this occasion they also take goods back with them.

Since some of the interviewees have a cash card or a credit card, they don't take money with them and the money they spend when they are in Tunisia should be taken into account.

The last variable, remittances in kind, become day by day more consistent because the migrants buy, in Italy, presents for their relatives and friends, and also for themselves and for the construction of their house. The amount of money spent each time could be around 1,500 euro.

The money sent by the formal channel and regularly is destined to help maintain parents or relatives. This kind of remittances is rarely used for investment purposes. These remittances are not often destined to wives and children, because almost 80% of them have effected family reunion.

The second part, usually taken by the migrants themselves, is savings to be used for the construction of their house or, generally after the house, but rarely, to open a small business, buy a taxi or a truck.

Most of the interviewees (80%) consider the construction of the house as an investment. With the saved money they build a part of the house every year. Generally, it takes around five years to finish it. Parents or relatives are asked to supervise construction. They do not usually take out bank loans, although sometimes they ask parents or relatives for a loan. In five years they spend an average of 70 – 80.000 euros to finish building the house.

Productive investment in Tunisia by the migrants

More than 50% of the interviewees intend to invest in the next five years in their country of origin. The sectors contemplated are: agriculture, fishing and trade, particularly import-export.

The interviewees don't want create businesses in association with other people, but they think that their business could create jobs in Tunisia and in their home towns in particular.

Seventy-seven percent of Tunisians thinking of investing in Tunisia are considering taking a loan to start the business, generally from the bank. However, they say it is very difficult to take out loans both in Italy and Tunisian. In Tunisia because it is a closed financial market while in Italy banks are not available to lend money to migrants specially if they want to invest in their home country.

Finally, we asked the migrants if they were informed about any kind of public facilities for migrants given by the Tunisian government.

To this question all of them answered they don't know about them, but one of them was informed and, years ago, presented a project and requested financial support from the Tunisian government, without receiving any response. It is worth noting that the interviewee who presented a project is the only one with a degree and arrived in Italy with a scholarship.

The others know quite well the opportunities given by the Tunisian government to the migrants once they decide to return definitely to Tunisia. In this case, they said, there is the possibility to bring some goods from abroad without paying any duties.

However, they are skeptical about this kind of possibility, because: they do not want to return definitely to Tunisia, just to improve their economic conditions and find a job allowing them to live between the two countries.

Some results of the interviews to Tunisians living in Sicily

The Sicilian community is still significant, although a consistent decline has been recorded in recent years. In 1999, around a quarter (24.72%) of the Tunisian population in Italy was concentrated in Sicily, whereas by 2000 their number had declined by a total of around 1000 (from 10,889 to 9,920), reaching 8,623 in 2001, corresponding to 18.55% of the national total13.

Data on the presence of Tunisian communities in the various provinces, referring to the year 2000, show that they are predominantly located in three of the nine Sicilian provinces. More than three quarters of the 13,500 Tunisians staying in Sicily in 2001 reside in the provinces of Messina, Ragusa and Trapani, where they constitute the prevalent immigrant group, accounting for, in the case of Trapani, more than 80% of the entire foreign population, against 35.34% at the regional level.

The two largest communities are that of Mazara del Vallo and another established in the agricultural areas of the province of Ragusa.

The Province of Ragusa has the highest concentration of Tunisians in Italy, corresponding in 2002 to 18.14% of the total. The Tunisian community of Mazara del Vallo, estimated at around 5,000 people out of a total population of roughly 50,000 inhabitants is, along with the Chinese community in Milan, the oldest settlement of immigrants in the country.

In total, thirty-two interviews were administered in the area of Ragusa, while nine of the control interviews were administered in Mazara del Vallo, nine in other Sicilian districts and twelve in Rome.

Income and savings

With regard to the levels of income, the greater part of those who provided responses are gathered within the average income range (between 6,000 and 10,000 Euros per year).

Of the twenty-eight who responded in the Ragusa group, almost half manage to save between 1,000 and 5,000 Euros per year and seven exceed this figure. A greater tendency to save can be observed in the Mazara group, yet by comparison with the interviewees in the other zones of Sicily the information on capacity to save confirms the indication of an economic condition which is, on average, lower than that of the Ragusa community. Proceeding to a comparison with the interviewees in Rome, one notes a reversal of the information obtained regarding income, with a clearly lower tendency to save among Tunisians whose social conditions as suggested by the other data are shown to be better than the average found in Sicily, and, above all, by comparison with the Ragusa community.

A significant number of immigrants in all the groups interviewed nurture plans to acquire durable assets in Italy. A third of interviewees in the Ragusa group have the intention of acquiring a home in Italy. This plan is shared also by all the Tunisians who responded to the question in Mazara and Rome, and by three of the four interviewees from other Sicilian cities.

[13] All data on the Tunisian presence in Sicily were obtained from: Caritas, *Immigrazione. Dossier statistico*, Rome, editions 2000, 2001, 2002, 2003.

It is interesting to note that, in all groups, the majority of those who wish to acquire property in Italy have the intention of returning definitively to Tunisia, even before retirement. The preference for property investment is attributable on the one hand to the difficulty of finding economical and acceptable rented accommodation and, on the other, to the security associated with this type of investment.

Remittances

The three Sicilian groups send money to their families in the country of origin with remarkable regularity, in which they distinguish themselves from the Tunisians interviewed in Rome, among whom only one carries out transfers to his parents in Tunisia.

The family situation is particularly influential: immigrants with spouses in Tunisia send savings to their families with greater frequency and regularity.

As regards the immigrants in the province of Ragusa, around half of them send money home once a month. The others, for the most part, send money at least every six months. The proportions are similar to those registered in the rest of Sicily.

In the Ragusa group there is also a proportionately greater presence of immigrants with spouses in Tunisia, for which the sending of remittances is more frequent. Except for the group interviewed in Rome, the majority of the interviewees transfer part of their own income to the family of origin, which always comprehends parents and, frequently, brothers and sisters. This custom is also shared by a part of the workers with spouses in Tunisia, which must divide the transfers among the family nuclei.

Indications on the quota of income assigned to transfers show fluctuating proportions which range from 20% and reach 80% for those with wives and children in Tunisia. The data does not allow reliable estimates of the sums effectively transferred, owing to the difficulty of many of the interviewees in calculating average sums of the fluctuating amounts. However, there emerges a clear trend towards high rates of saving which feed frequent and proportionally consistent transfers of resources.

The preferred channel for the transfer of remittances is by hand delivery of cash. In general, as in the case of in-kind remittances, the resources are transferred personally during the summer or for different festivities. Less frequent, with the exception of the group interviewed in Mazara, is the custom of resorting to relatives or acquaintances for the delivery of the money in the country of origin.
In the province of Ragusa, the postal money order is very diffuse. This is the system most widely used by Tunisians in the rest of Sicily, although it is less used by Tunisians in Mazara or Rome.

The absence of an extensive and structured community seems to imply a more limited choice as regards the system of transfer. The Tunisians present in the province of Ragusa and in Mazara can benefit from the presence of Western Union and MoneyGram branches and, in the case of Mazara, a consolidated informal system for the transfer of savings emerged. In the case of Tunisians established in Sicilian centers with a lower density of co-nationals, resource to the post office seems to be the cheapest and safest means through which to send money to the country of origin.

Banking services are seldom used. The money transfer services are used exclusively in case of emergency; commissions are applied in proportion to the transferred amount. In the case of the community in the province of Mazara, the existence of an informal system geared to the transfer of remittances emerged.

According to the interviewees, the remittances are used, in Tunisia, "for living", that is, for contributing to the family's current expenses (paying bills, purchasing essential goods, etc.).

Most of the transferred resources are used for supporting the close family, i.e., wife and children, if they are in Tunisia, or for other relatives, particularly elderly parents or siblings. Many interviewees declared to sending money for the support of elderly parents, whereas only a few support single sisters without income.

The transfer of remittances sometimes acquires the significance of a compensation for help received for financing the departure from the home country. Besides operating as complementary social security, the remittances often finance education expenses and, in some cases, health expenses, particularly those related to the assistance of chronic invalids or to the costs of surgical intervention.

Around one third of interviewees sent money to the country of origin to finance the purchase of a house and, among the interviewees in Mazara, six out of nine migrants were effecting resource transfers with this objective.

Recourse to mortgage credit is almost inexistent. This data provides further confirmation of the scarce familiarity with the banking system which emerges in the issue of the management of savings in Italy. There is complete ignorance regarding the existence of savings plans geared to the purchase of housing.

Examination of the answers regarding the management of savings in Tunisia shows scarce propensity to dealings with the banking and financial system. To the question of how the remittances are managed once in Tunisia, nearly two thirds of the interviewees in the province of Ragusa answered that the available resources are kept in the form of cash. This data is confirmed by the answers obtained from other interviewees in Sicily.

Furthermore, when a decision is made in favor of making use of banking or postal services, simple products such as ordinary or post office savings books are chosen and only in once case was a current account used.

None of the interviewees had taken advantage of the possibility of opening an account in foreign currency or convertible Dinars, offered to Tunisians resident abroad. Neither did there emerge participation in savings plans such as the so-called plan logement which allow, under particular conditions, the saver to accumulate sufficient capital to give access to a mortgage for the purchase of housing.

In net contrast to this scenario marked by the poverty of relations with banking and financial systems, there appears to be an extremely diffuse potential inclination towards financial, insurance and pension products.

Productive investment in Tunisia by the migrants

The last part of the interviews was dedicated to the issue of the use of remittances to finance productive activities in Tunisia.

A considerable proportion of the interviewees cherish the desire to start up an autonomous activity in Tunisia. This project regards approximately half total interviewees, with percentages which reach 77% for the Sicilian groups but with only one positive answer in Rome.

The association of the entrepreneurial project with the definitive return, together with the long time-lags indicated, suggest that the real consistency of these projects should be cautiously judged. It can be hypothesized that, in some cases, these consist in desired rather than effective investment projects. However, the data on the diffuse presence of the desire of entrepreneurship is significant and gives indications as to the opportunity of developing instruments capable of helping to disclose this latent potentiality.

The number of migrants which declare to wanting to invest in an autonomous activity in the medium-short term (less than ten years) is, in any case, considerable. These consist of nearly 30% of the total, a slightly higher proportion compared to that of the projects of definitive return, due to the presence of migrants who intend to start up an activity before returning to the home country.

Nearly all the interviewees who have the intention of investing in an activity mean to occupy themselves personally of its management. The type of enterprise planned is an individual one, in most cases (twenty out of thirty). As regards the creation of employment, most interviewees intend to hire personnel. Fourteen plan to employ more than two people, and four are considering one or two collaborators, whereas another seven do not mean to take on people from outside the family.

Another interesting data for the evaluation of the dimensions of the firm imagined by the aspiring entrepreneurs is relative to the amount of the planned investment. For most of the answers, this is inferior to 50,000 Euros (fourteen cases).

The answers to questions regarding possible recourse to external financing confirm the generally weak tendency towards dealings with the banking system, which has already emerged in other occasions.

In general, few interviewees were familiar with the incentives granted by the Tunisian Government for re-entry and investment in Tunisia. Forty three of them had no knowledge at all of these incentives.

Among the reasons given to justify the scarce interest in the measures for promoting investment in the home country, there was recurring mention of the notion that these instruments are designed for people who are already wealthy, for they require the pre-existence of capital to be offered as a guarantee.

Some remarks based on the research on the Tunisians living in Italy

The results of the research carried out among some sectors of the Tunisian community in Sicily and Marche, offer evidence on the management and use of remittances in those particular contexts. Furthermore, they bring out certain significant elements which regard the general issue of the canalization of resources and of the instruments for their appreciation as a resource for local development.

In particular, two elements which characterize the communities examined are interesting for their exemplification of more general situations. In the first place, although the immigrant population presents a natural variety of family, social economic and cultural situations, it includes a large group of workers with a low level of integration in Italian society, with unsteady or irregular jobs and, frequently, with their close family still in Tunisia. Furthermore, another significant element regards the fact that a large part of the interviewees belonged to a numerically consistent and relatively cohesive community, as a result of being domiciled and employed in a confined area.

The results suggest the need to confer greater attention to the group of migrants which is less inserted in Italian society, considering also that these represent the larger part of some communities.

The magnitude of the transfers is not insignificant, notwithstanding the relatively low and irregular nature of average incomes, and this can in part be explained by the greater solidity of ties with the context of origin. The lower degree of integration with the country of destination is associated with a profuse commitment to guaranteeing a minimum flux of remittances, which remains a priority for the migrant worker. This is resulting in a greater frequency and regularity of transfers, which often represents the source of sustenance for the family remaining in the native country.

It is the very precariousness of the work situation and of the migratory project which increases the importance of the management of savings and the transfer of part of them to the country of origin. As shown by some studies (Mazzali *et al.* 2002), remittances take on the role of a double insurance, guaranteeing, on the one hand, the sustenance of the family in the country of origin, and on the other, for the worker abroad, the conservation of solid ties with their relatives, including the right to reception and assistance in case of an interruption of the migratory project and ensuing return home.

A second point which emerged clearly is the low level of interrelation with the banking system, both in Italy and in Tunisia, notwithstanding the diffuse and unsatisfied need of banking services and finance on the part of the immigrants.

In this sense, an information deficit in two senses can be hypothesized. On one hand, in spite of some signs of growing interest on the part of some firms, it would seem that the financial and postal services in both countries, and particularly in Italy, are underestimating the potentiality of this portion of the market. On the other, the data collected on the diffusion of information on the services offered to workers abroad on the part of Tunisian institutions reveals nearly total ignorance both of the facilitations offered to residents abroad with plans of investment in Tunisia, and of the possibility of making use of specific banking services such as housing plans or accounts in foreign currency or in convertible dinars.

Among the indications collected regarding the possible characteristics of products and services dedicated to this segment of potential clientele on the part of banking institutions, it is important to consider the central role that the purchase of a house occupies among the objectives of the interviewees. Of particular interest is the result indicating that the purchase of a house in Italy is among the medium term projects of Tunisians that, at the same time, declared their intention of returning definitely to their home country in a more distant future. The high cost of rent and the strong impact of housing expenses on their budgets is probably among the reasons at the heart of the dissemination of the project of purchasing a house in Italy, frequently associated with a parallel project of investment in real estate in Tunisia.

The Tunisian banking sector has already taken into consideration the strong interest of citizens abroad in the purchase of a house in Tunisia to which at the termination of the migratory experience. A specialized banking institution, Banque de l'Habitat, proposes a complete and articulate product, centered on savings plans which allow access to a mortgage at the achievement of sufficient capitalization, and connected to the purchase of housing built and associated with the bank and proposed to clients at particular conditions.

On the other hand, the sector of financial services for immigrants intending to invest in Italy remains completely uncovered. The results of the study raise the issue of the projection of services analogous to the savings plans, consenting investment in both countries, in an alternative or parallel manner.

The same considerations can be made on the theme of the financing of autonomous/self employment activities. Notwithstanding the profile of many of the investment projects mentioned by the interviewees, there remains the impression that the desire of becoming entrepreneur is considerably diffuse. Also in this case, this is an interesting indication of the opportunities for the development of the relations between immigrants and the financial systems of Italy and of the country of origin, from the perspective of enhancing the role of workers abroad in the development of the regions of origin.

As has been shown by recent research on the relationship between foreign workers and banks (Mazzoni & Naletto 2002, Libanora 2002, Blion & Verrière 1998), the making the most of this opportunity involves the dedication of greater attention to this particular clientele on the part of the banking sector. The results of the study confirm that significant improvement could arise from the employment and training of personnel with specific linguistic capacity associated with knowledge of the culture and the relationship customs of the different communities present on the territory. It is important to the consider the relevance, specially for those excluded from the use of banking services, of the proximity of the place of residence and of work, and of the trust and ease in personal dealings with bank employees.

The involvement of important members of the community in projecting some aspects of the service and in the diffusion of information on the same could have a consistent effect on the maximizing the diffusion of the project, taking advantage of the "avalanche" effect in the propagation of information and practices, characteristic of strongly integrated communities such as those of workers abroad. At the same time, it would be desirable to involve associations or aggregations of migrants, including those of informal kind, where these exist. The possibility of financing social and cultural initiatives on the part of banking institutions represents, in this perspective, an opportunity for the development of collaboration with the associations of immigrants, and could succeed in promoting their creation and activities.

In the second place, the indications regarding the needs and projects of the Tunisian workers interviewed help to identify a series of elements which could be translated into specific services to be offered to this clientele, considering either in association with traditional services or the projection of integrated products. These should be based on the possibility of offering services in both countries so as to supply, along with the savings management services, facilitations and efficiency in the transfer of remittances, savings plans geared to investment in property in Italy and in the country of origin, consumer credit in Italy and in Tunisia, articulated services for the financing of entrepreneurial projects, support for the worker and his family.

Finally, the issue of the collaboration between the Italian banking sector and its Tunisian correspondent, but also with the public agencies of the African country, involved in the promotion of investments, and with international co-operation, is of great interest. This collaboration should involve Italian governmental and decentred co-operation in initiatives geared to putting remittances to productive use, in the wake of experiences carried out in other areas (Mazzali *et al.* 2002).

The impact of remittances in the area of Mahdia (Tunisia)

During the field work in Tunisia, we met relatives of all the Tunisian immigrants from the region of Mahdia who now live in Ancona. In some cases we met more than one relative, like in the cases in which the father was particularly old and could not offer enough information so we contacted a brother or sister.

Generally, Mahdia's migrants let their families deal with their affairs in their home country. Sometimes parents may be too old to handle these issues however they remain the most important and trustworthy point of reference for an migrant. In some cases, migrants may also rely on the support of their wife's family, especially when the construction of a home is concerned.

For migrants the aspects of trustworthiness, mobility and networking potential are particularly important when they choose someone to whom they can delegate their personal affairs.

In the case of parents, the education level is low or non-existent and all but two of the interviewees were fishermen. Two of these had bought a small fishing boat in the last years of their working activity and only one of them still owns a boat although it is not used for working. More than half of them have been abroad, most of them to Libya during the Seventies and Eighties, some to Italy and none to France although it is frequent among the different families to hear about relatives who are living or have lived there.

Migration to Libya was, to a certain extent, a form of mass Migration in the sense that it was often big groups that made the move together and jointly took on the handling of a Libyan boat on which they all worked together.

Migration to Libya was particularly intense during the Seventies only to slow down in the early Eighties and grind to a halt by the middle of that decade due to the embargo.

Migration, whether to Italy or to Libya, has the final goal of being able to marry and build a home. Those who migrate to Libya tend to return to Tunisia after getting married whereas, in the case of Migration to Ancona, the stay abroad tends to be longer, the family reunited in Italy and the stay often extended until pension age has been reached.

Among the relatives of migrants to Ancona, we interviewed some older people with past experiences of Migration to Italy. Brothers and sisters are generally about forty years old. Some of the migrants, who are now resident in Ancona, also rely on their wives' families for help. They live in Mahdia, Boumardes, Rejiche and Ksour Essef.

The remittance flows

According to the relatives of Tunisian migrants resident in Ancona, it is very difficult to give a reliable estimate because the money rarely arrives regularly. Most of the money does not reach the families but stays in the hands of the migrants.

There are four different reasons for the transfer of money to the country of origin:

- Small amounts of money for monthly living expenses -about 100-120 dinars a month.
- Slightly larger sums in the cases in which the migrant contributes to the social life of his family and his community which may amount to 200-300 dinars in the case of special events and celebrations.
- In the case of weddings and births, these amounts range between 2,000 and 10,000 dinars or more. These expenses may be covered for oneself but also for close relatives.
- Finally there is the case of an actual investment when the construction of a house begins and the amount of money involved becomes much larger.

Sometimes the migrant's parent or one of his wife's parents, supervises the building of a house and in these cases the money transfers may reach the total amount of 70,000 to 90,000 dinars over a period of four or five years. When the relative in charge of supervising the construction of the house finishes the money that has been sent, a further sum is transferred home by the migrant.

Small amounts tend to be sent by mail whereas larger amounts are personally delivered by the migrant on his return home. Specialized agencies are only used in emergencies. Most of the interviewees declare they have a post office savings account and a bank account. However very few of them, including those involved in commercial activities, seem to have a current account and hardly any of them own credit cards or automatic debit cards.

As far as mailing sums of money is concerned, some migrants tend to do this every one or two month, in other cases about every six months. There is a strong tendency to send money home particularly after Ramadan and near Aid Del Kebir, which falls about two months after the end of Ramadan. The sums vary between 100 and 400 euros and the money is usually intended for helping parents or siblings.

When an migrant returns to his country, at least once a year, he/she takes his/her credit card, if he/she owns one, otherwise he/she carries cash. In this case the amount of money is larger: 2,500 euros at least to live at home, on holiday, for about 40-50 days. During the stay, if a house is being built, the work will be monitored and the amount of money that is taken back increases up to 10,000 euros. This means that construction work tends to increase during the summer and that employment in the building industry is seasonal.

As mentioned previously, building a house costs between 70,000 and 100,000 dinars according to where it is being built and depending also on whether the land already belonged to the migrant. It takes between five and eight years to complete a house and the tendency is to begin the work in coincidence with an engagement or marriage - on average, about seven years after leaving the home country. This means the house will be ready twelve to fifteen years after the departure from Mahdia. Considering that, on average, these people leave between the ages of 22 and 26, their new homes are ready by the time they are aged between 34 and 41.

The case of people who migrated to Italy but returned to Tunisia is different because they were not joined -except for holidays- in the country to which they emigrated by their families whose lives continued at home, in Tunisia. In these cases money was sent home regularly every month to cover expenses but also to be saved or invested. In the first period of Migration the tendency is to send money home for parents, then for marriage and a home and, finally, also for investments in productive activities.

As mentioned previously, in the case of Migration to France, the situation is different. Nowadays many migrants have achieved dual nationality in this country. They have a home and they no longer need to work in France all year round. In fact, they often travel home and frequently have some form of business in their country of origin. This means they bring the money home themselves on their frequent trips and invest part of it by buying and selling property and land and deposit the rest in a bank.

Interviewees frequently refer to migrants to France as people with large sums of savings in the bank thanks to the money they bring home and use for the purchase and sale of various goods. These operations are also made possible by strong networks of friends and acquaintances.

The migrants' relatives tend to be generally satisfied with the money transfer services available although the difficulty in transferring credit via banks is often mentioned. However, the low number of current accounts remains a problem. Post office saving account seems to be the most popular means of saving, due also to the larger presence of structures on the territory.

The impact of remittances

In Mahdia most families have both a savings account at the post office and one in a bank and this happens for various reasons. For a start, this does not cause any extra expenses. Banks have the advantage that their clerks are more willing to help while post offices are open on Saturdays when banks are closed and, more important, remittances are generally transferred by mail.

As far as the money that is sent to relatives is concerned, these sums are usually kept at home as they are generally destined to be spent immediately for everyday living expenses. When this does not happen the money is deposited on the post office account.

The money that migrants send home, by mail or with other migrants, with the purpose of saving it, gets collected by the person who has been given this responsibility by the migrant himself/herself and who deposits it on the post office account where he/she cannot withdrawn or spent it.

Money circulates within the community in relation to the cash flow from members living abroad and their families. The type of business usually proposed to those who have available funds is often the purchase of land or quantities of fish.

There are no formal institutions which intervene to promote more important types of market operations and the flow of money from abroad does not appear to be changing this situation. This is exemplified by the fact that, within the sample taken into consideration, there are no cases of loans requested on the basis of guarantees offered by people employed in a foreign country.

The cash flow seems to feed only everyday living expenses and building investments but strictly via cash movements and with no involvement of the financial system. Only a small percentage of resources is handled by institutions and this is the case of credit transfers by post. No impact seems to have been made on the levels of bank and post office deposit accounts thanks to remittances.

Apparently remittances in kinds used to make more of an impact on the local economic system a few years ago when earnings were larger. However the habit of buying second hand cars and scooters or domestic appliances, furnishings and other goods before returning to Tunisia permanently remains strong.

The influence of remittances on the standard of living seems to be strong. Although very few relatives of migrants now resident in Ancona seem to have stable jobs, they live in homes which they own where they have domestic appliances brought back from abroad by relatives or which they bought themselves while staying in a foreign country or even that they received as wedding presents from relations working abroad.

The issue of health related expenses is interesting in that often it is relatives who send or bring medicines from foreign countries although, both migrants and their relatives state that, lately, these products have become more expensive in Italy than in Tunisia. As far as surgical operations are concerned, the solution is to travel to Italy for them and, only very rarely, to undergo such treatments in Tunisia.

Expenses for higher education are covered directly by families as the costs are not high.

Real estate investments are the most important quota of the remittances that migrants use for themselves. As previously stated, the average Tunisian who has migrated from Mahdia to Ancona takes about eight years to reach marriage and ten to reunite his family after which, the construction of a house in the homeland begins and is not completed until, on average, five to eight years later. In the past, building a house had the sole purpose of providing a home to stay in when traveling back and where to live in after returning permanently and not the aim of increasing income. In recent years, however, thanks to the increase in tourism in this region, more and more migrants have begun to plan their homes with extra floors in order to rent accommodation out to tourists in the summer.

The construction of a house for the holidays and which to live in once back in Tunisia is becoming more and more a form of investment. The process takes years because, apart from a few exceptions, it is unusual for both migrants and their relatives to turn to banks for any form of investment. Banks are not perceived as being reliable, interest rates in Tunisia are very high and, moreover, the future is seen as being too uncertain.

Only one of the migrants that now live in Ancona has made an investment so far. He bought a small fishing boat on which his brother works in Tunisia. On his trips home he brings equipment and parts needed for the maintenance and also works with his brother on the boat. However his involvement is marginal and it appears to be more like a way of helping his brother at home rather than bringing him over to Italy as happens in most cases.

The boat was purchased four years ago and cost 7,000 euros. The brother used to work on his uncle’s boat previously, and there he earned about 280-300 dinars a month. Now, with the boat his brother bought, he earns about 450 dinars a month, which is a good income for Mahdia and he also has three employees.

So far, none of the other migrants has made an investment because they are still involved in the construction of their home or they have recently completed it but are, at present, focused on improving their life in Italy. However, the areas in which they are interested are: agriculture, fishing and tourism. This applies also to the relatives who live in Tunisia.

The information gathered with relevance to investments reveals that they are concentrated in the fishing business and don't appear to have delivered many results apart from being very small ventures.

Only rarely did we encounter someone who relies on banks or loans or even institutions in order to make an investment. Most people only rely on their own and their relatives' money.

It also appears to be rare for government aid within investment promotion schemes to be granted except in the case of small operations.

Some remarks based on the opinion of Tunisian experts living in Tunis

Some experts in remittances were interviewed in Tunis in order to obtain confirmation of the data that emerged from the field research in Mahdia. This was also useful for understanding the social and economic impact of remittances on national and local situations and possible future perspectives for an increased and improved use of them with the aim of pushing the country's development.

Interviewees include officers of institutions and agencies which work for regional and national development, academics who are involved in the study of Tunisian development, Tunisian bank managers and representatives in Tunisia of Italian banks, representatives of NGOs and agencies for international cooperation for development.

The data and information obtained, confirm that, although the resources which originate from Migration enter the economic and productive system of the country, migrants don't appear to be making the most of existing administrative structures and financial instruments.

The remittances which enter the country in the form of goods and money, seem to "spontaneously" come into the economy of the country and it would appear that only in rare cases, migrants take advantage of the financial instruments conceived especially for Tunisians who live abroad.

When interviewees from local development agencies, were asked to evaluate the support given to migrants so far, even they had to admit to a definite under-utilization of their expertise and to a lack of contact/interest on the part of migrants.

Overall, a consistent tendency to be willing to meet migrants' needs emerged, as well as the tendency to carry out projects which involve migrants themselves. These subjects work both on a central and a peripheral scale: local administrations with the knowledge and means to put local development plans and projects into action, regional development offices and financial institutions which operate in depressed areas and handle Government aid and incentives.

At present, the limit lies in the fact that each of these parties is devoted to accomplishing its own specific mission but it is common belief that, in the future, it will be possible to propose and carry out actions which will bring different organizations which promote local development and innovative forms of financial support together.

Promotion of local development is among the priorities expressed and planned for in the tenth Development plan within which priorities, goals and methodology are set. Another aspect which is considered in the development plan is the necessity and opportunity of reinforcing employment abroad. At the moment, in Tunisia, there is an excess of labor offer on the internal employment market thus making it necessary to find practical solutions to improve the young and, on average, well educated population’s conditions. This difference between offer and demand will give many young Tunisians the opportunity to emigrate with the support of their government.

On the basis of what declared in the course of the tenth Development plan, the financing of development will also rely on international cooperation: the estimate of loans on the medium and long term, amounts to over 5 billion dinars. This amount is slightly higher than the flow of official remittances registered during the ninth plan. It goes without saying what role these “supplementary” resources could play in the country’s development in the event that they were to be considered as an actual resource for financing it.

If, so far, remittances have contributed in improving the basic living conditions of migrants’ families, a lot of work must be done to reinforce existing instruments and create new ones in order for these incomes to be channeled into remunerative saving and financial investments once primary and living needs have been satisfied. Furthermore, those migrants who acquire specific qualities, know-how or financial resources could make commercial and productive investments in the regions they come from, especially in those depressed areas where the need to emigrate is stronger.

In order to favour such processes, it is necessary to encourage the efforts already made by some Tunisian financial institutions which intend to get in touch with migrants living abroad through partnerships or via agreements with foreign banks in the hope of enforcing some measures aimed at containing transaction costs.

The bank partnership strategy would have the undoubted advantage of slashing the costs of putting up new commercial networks abroad and it could also be an interesting option for European banks which, on one hand, would have the opportunity to find customers among migrants and, on the other, to operate indirectly on the market also in view of the complete liberalization of financial services in Tunisia.

The role played by local organizations with reference to the promotion of local development thanks to the contribution of migrants, appears to be very limited and occasional seen as associations in Tunisia still need to grow in quality and quantity.

What we can hope for the future is that the organizations present on the territory elaborate programs which take the economic and social impact of migrations in the area of origin into account. These programs could be carried out in cooperation with local authorities and also through contacts with Tunisian associations in foreign countries.

The first issue is getting in touch with migrants in order to gain information and learn about their expectations.

This first step should be followed by actions aimed at tailoring financial instruments to the needs of migrants and their families in the home country and then by a phase of advertising/promoting and informing about the new financial "tools" and local investment opportunities.

It was frequently pointed out that, in many cases, after an Migration phase, it can be difficult to understand and recognize one's own country. In this respect, it would be very useful to follow up with updates and further information in order to involve migrants in the ongoing changes in their country with concern to economic, financial and social policies, as well as to the opportunities which they produce.

These actions should be based on a shared approach involving the participation of beneficiaries (both in Tunisia and abroad) who will have the opportunity to take part in planning ventures, to understand their goals and to contribute to a responsible development of their country.

Banks should wonder about the real efficiency of presently available instruments and the efforts made in promoting them. The "solidarity" banking system should provide financial tools aimed at saving and financing productive activities, or at creating initial amounts of savings in view of investments made by migrants. Even the Tunisian Postal services could, within a "fair" approach, consolidate and increase cooperation with BTS and provide a financial network which would have an extremely important role in the handling of savings and loans.

Regional development offices and Sicar (Société d'Investissement Capital à Risque), which operate in specific developing areas, should work together in order to get in touch with migrants' families and with migrants themselves to promote investment opportunities and new projects.

The Ministry of Development and International Cooperation should operate in the direction of rationalizing and coordinating the activities carried out by the organizations which are linked to it or depend from it (FIPA, ODNO, ODCO, ODS). This way it would be possible to make the most of remittances in favor of local development, involving the Ministries of Social Affairs, of Agriculture and Environment, of Industry and Energy and of Internal Affairs as well as Governorates too.

API's present and very limited prerogatives could be more productive if they were seen within a context of communication with migrants through FIPA and OTE and if actions were taken to link the different subjects involved in the promotion of development to each other.

International unions of states (EU) and organizations (OIM, UNDP, UNIDO) could play the role of promoting and coordinating efforts within areas of development and Migration, also thanks to their recognized ability in handling complex programs involving various parties and their capability to put “local” and “international” issues in relation with each other.

However, the role of international organizations could be to support and reinforce the clear will of national and local institutions to promote confrontation and cooperation processes among the different subjects on the territory and, moreover, stimulate an active and responsible approach of beneficiary population towards local development programs.

PART V
Conclusions and policy implications

General prospects for development

In the Mediterranean countries the macroeconomics importance of remittances for both the balance of payment and the foreign currency reserves (Escribano, 2002) but also the dependency that they create is noticeable (Ferganyi, 2001). How to keep alive this flow is therefore a necessary condition for long term economic stability, but it is not sufficient to guarantee a use of remittances for developing the local production systems. In actual fact it depends upon several factors.

This study has shown that there is a large amount of money yet unutilized and migrants' household investment preferences remain within the housing sector. This can be explained by both a psychological factor, i.e. the risk to loose the savings of an entire life in a bad enterprise, and an economic and institutional factor, i.e. the lack of the market opportunities, lack of infrastructures, and limited interest of the local development institutions. Yet, the utilization of remittances for education, improvement of living standards and health need to be considered as an important way to increase households' labor productivity.

Also, the study has shown that despite the limits that case-study analysis present in making generalization some important conclusions can be drawn on the microeconomics impact that remittances have on local development. The analysis of the patterns of utilization of remittances in two different areas, together with the analysis of the existing institutions concerned with the use of remittances, has helped to identify some areas of intervention to stimulate remittances' productive use and accelerating capacity. These areas are also of relevance for the Euro-Mediterranean partnership co-development objectives. However, as long as Maghreb politicians see migration as a substitute for economic development meso-regional cooperation will be difficult to achieve (Testas, 2001).

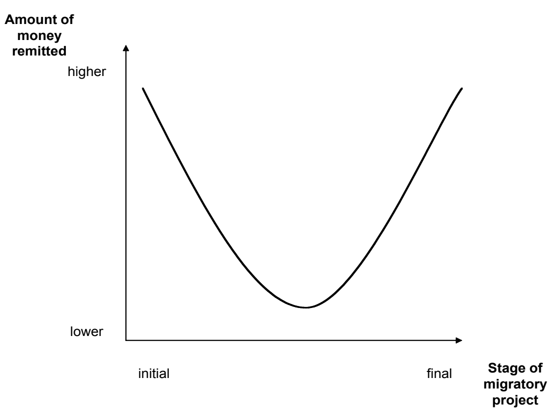
The Moroccan and Tunisian population are growing, and especially that in working age. This alone makes it relevant to examine remittances –that is, the nature, source, and effect of various types of transfer, whether monetary or in kind– in strengthening relations of social protection and family solidarity, particularly in alleviating poverty.

Thus, also to forecast their flow is an important challenge and a necessary task for policy makers. In the research project, two interesting hypotheses that are worth to be investigated at the macro level have emerged in this regard: the first is that given the changing typology of migration projects (from temporary, i.e.

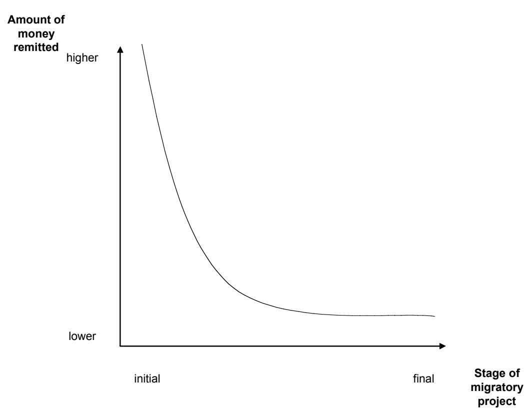
the guest-workers scheme of the 1970s, to permanent) remittances flow from country of new immigration (Italy, Spain, etc.) will decline fast, while the flow from country of old migration will increase to prepare a definitive return.

Of course, other variables such as migration policies and migration flows need to be taken into account. However, the study has shown that two patterns can be discerned: on the one hand, immigrants in newly immigration countries remit more in the early stage of migration and more frequently. This is mainly due to the fact that the obligations towards family at home are bigger (debt repayment). But they increasingly perceive their stay as permanent, or at least would like to be, and thus, being also less confident in a future in their country, they will tend to remit less. Immigrants in older immigration countries have perceived always their stay as temporary, but then they remained locked-in the host country, while maintaining a stronger link with the country of origin. This implies that during the final stage of the migratory project the largest amounts are sent to prepare for definitive return. The two hypotheses can be exemplified in the graph below.

Remittances trend-flow from migrant communities in countries of old immigration



Remittances trend flow from migrant communities in countries of recent immigration



For example, if we take Denmark, migrants came in the 1960/70s as guest-workers with the idea to return. Then, only later on they decided to stay and maintained a view –though in many cases "romantic" - of the return. Thus, a larger percentage of income is transferred home at the beginning and at the end of the migration period, whereas the period in between is characterized by a lower flow of remittances due to reproductive factors and living- and housing expenses. In Italy, a higher amount and frequency of remittances is also registered at the beginning of the migratory project, but the tendency and aspirations of the migrant is to find a way to remain in Italy and no plans for a definitive return are made. If migration flows stay stable (or even decrease) this trend can cause a strong decline in the flow of remittances in the long term unless.

Policy options at the national level

At the national level three types of initiatives, normally based on incitements, corresponding to three levels of intervention can be undertaken in channeling remittances for endogenous local development (Van Doorn, 2001):

1. The household;
2. The community;
3. The economy at large (socially responsible investments or profit-oriented).

Within the first one, the transfers used for education, health, savings or land can have an impact on the access to credit for developing a family business, or to support the development of a business upon the return of the migrant. The role of local financial institutions is central in this regard. Example from the Ecuadorian Bank of Solidarity, working in cooperation with the Caja Madrid, is enlightening of how return of migrant can be supported to promote local development through loans for returning and for starting a business, buying a land and a house in their country of origin. In Tunisia Banque de l'Habitat is trying to stimulate similar kind of utilization of money, while in Morocco Banque Al Amal is addressing larger investment projects. However, these incitements are still focusing on the returnees and too little on the migrants' household capability. Therefore, at the level of the household micro-enterprises development training schemes and access to credit should be supported to help those family members remained back home.

The second level, the community of origin of the migrant, is easier to reach when a community exports a large number of persons which in turn create associations that join financial resources to develop the local area; usually on project basis (construction of schools, roads, water systems, etc.). A classic example are the Home Town Associations in the Mexican State of Zacatecas in which the government offers complementary support to these social investments, but also the experience reported in the article of the French-Moroccan association "Migration & Développement" is instructive. These projects require support from the local administration to pull more resources, but it is also necessary that there is a positive cultural attitude towards reciprocal solidarity within the same community members. Some villages located at a short distance from those that were involved in the projects by Migration and Développement did not show any interest in creating the village associations, which is the preliminary condition to benefit from the projects.

The third level is less frequent. Remittances are rather used to support the household income than to support nice projects in the country of origin. Some programs to inform migrants on the investment opportunities have been established, such as for example those by the Foundation Hassan II, although the information recorded on the success of these initiatives is quite limited. The second and third generations of Moroccans living abroad might represent the vehicle through which channel these initiatives. Already now, groups of young Moroccans are engaged in small and medium development and cultural projects.

The study has also shown other important elements for future studies on the link between remittances and local development. As pointed out by Ghosh (2000), Collinson (1996) and Gamburd (2000), the migrants' competences, the phase of the migratory project, the duration of the stay abroad, and also the reason behind the return itself are factors that must be increasingly taken into account. Thus, the changing patterns of migration destination, the changing constitution of migrant population and the increasing limitation to people's movement represent important factors to be further analyzed. The flow of remittances can drastically change and produce dramatic shocks to the local economy. However, if a reduced flow of remittances depends on an increased return of migrants a positive effect on the local development can be expected, as it occurred in Jordan after the first Gulf War (Amoroso and Gallina, 2002).

In fact, despite the lively debate and the rich literature on the subject, there are no studies on the link between remittances flow and the changing pattern of migration destination and migrants' population needs and aspirations. If a relationship between the migrants' population, stages of migration and the share of income remitted exists, as presented in the two graphs above, then the possibility to analyze and forecast the trends in the flow of remittances in the future becomes feasible for both policy makers of the migrants' countries of origin and transfer agencies alike.

The many issues touched by this study are just a small part of the many important and yet unexplored aspects within the larger research area of migration and local development. The findings presented in this project provided a deeper understanding of the link "remittances-local development" and identified some of the future directions to follow for practitioners and researchers alike. Still much is to be done and the inclusion in the analysis of variables such as social remittances, transfer of competences and cultural attitude towards communitarian solidarity aiming at local development; together with a better understanding of the implications of the changing patterns of migration for remittances flow are wished.

There are two other important issues to be debated in relation to this aspect. Firstly, a central and little discussed issue in the literature is how to keep the flow of remittances once the migrant community has aged and second and third generation links to the homeland are loosen up, which may lead to an interruption of the remittances flow. Programs to maintain the link may be developed. Secondly, there is how to improve the use and the multiplier effect of the remittances.

Rebuilding a new link between remittances and local development: The second and third generations as agent of development

Recent evidence suggests that younger, second-generation migrants are creating a new relationship between Europe and their countries of origin. Jamal Belahrach, who returned to Casablanca from Europe in 1998 to direct the North African operations of a recruitment agency, believes Euro-Moroccans will be a catalyst for change. Euro-Moroccans are increasingly linking up with Moroccan business people who are already abandoning the low-risk mentality that predominated in the first two or three decades of migrant investments. One BBC feature quoted a young Euro-Moroccan male saying that "We are not like our parents' generation. They hadn't studied and did not know their rights. They could write cheques and send money home and that was it" (BBC News, 11.09.02). Mobilizing such energies, however, will depend on creating an environment suitable for development activities in Morocco. The fact is that return migrants and Euro-Moroccans judge local conditions against the reference background constituted by the prevailing environment in the European host countries. For this reason, the Moroccan government should exert more effort to improve and upgrade the conditions for development and investment activities.

The rural problem

The out-migration of the young poses a threat to the future of agriculture. Offering viable alternatives to migration is therefore a vital area for intervention, since there is an enormous labor surplus in urban areas. The free trade agreement with Europe presupposes that Morocco will specialize in agriculture, thus exploiting the country’s comparative advantage. Productive activities should target both young men and women. Savings opportunities, for marriage or re-investment, need to be associated with any credit regime.

The first step is to encourage rural investment. This could be facilitated by the Bank al-Amal, which specializes in investment by residents abroad, its mission being to partially finance the investments initiated by Moroccan migrants abroad to promote social and economic development, as well as to facilitate the reinsertion of these migrants back into Morocco.

A second step should focus on building up the rural human capital by investing in the building of schools and hospitals in the countryside. Policies that support small farmers and informal sector activities are required, as is reform of the educational system, increasing training, and greater efforts to ensure that employment is taken fully into account in public and private investment decisions.

Urban projects could facilitate rural–urban mobility, since many urban dwellers are newcomers from the countryside. Rural–urban mobility would also support the transfer of skills.

There is thus a need to obtain more systematic insights into the interaction between migration, general socio-economic changes and agricultural transformation in the Moroccan case.

Policy options at the Euro-Mediterranean level

Other areas of intervention within the Euro-Mediterranean Partnership between the two shores of the Mediterranean Basin could be experimented with. These include the following:

1) Facilitate the replication of best practices in the channeling and use of remittances for local development.

2) Develop within the de-centralized and aid-cooperation framework budget-line modalities to involve the local civil society in both the host and sending countries in developing and implementing development projects (e.g. by supporting HTAs).

3) Establish partnerships between sending and receiving countries to channel workers' remittances into employment-generating productive investments, for example, technology transfer facilities and removing taxes from imported capital goods.

4) Create economic co-development schemes facilitating ventures between European Union entrepreneurs and migrants.

5) Increase the opportunities for developing entrepreneurial competence on the part of the immigrant in order to facilitate the investment in productive activities upon return.

6) Create professional training schemes in both the EU and the Mediterranean Partner countries to increase the entrepreneurial skills of young migrants and up-grade the skills of older migrants, to facilitate the likelihood and success of productive investments in the home country.

7) Facilitate the creation of investment frameworks to stimulate local development activities, such as modern cooperatives, in which migrants can also play a role by remaining in the host country. Also in the view of the proposed creation of a Mediterranean Development Bank.

8) Reduce transfer costs by introducing new transfer modalities (cash exchange) in cooperation with EU and Mediterranean banks.

9) Develop financial and pension schemes to increase and improve the possibilities for return upon retirement.

10) Facilitate the growth of local initiatives in civil society (local non-government actors) through both employment and income-generating activities, and by building local democratic structures.

Policy options for the financial sector

The improvement of the financial system capacities of migration countries to take advantage of the resources flows transferred by the workers depends on the development of a new approach both by the financial institutions and the governmental actors involved in orienting and managing the modernization of the financial system and of the instruments to promote investments and development in the country.

The possible steps in this direction should consider:

1) The promotion of new policies from the banking system towards the immigrants and their families at home, who are now marginalized,

2) The promotion of strategic partnerships between the banking systems and financial institutions of both the European and Southern Mediterranean countries (the migrants' countries of residence and the countries of origin), in order to identify new instruments and services targeted to the needs of this segment of potential customers. The aim should be to increase the

liquidity flows channeled through banking, to exploit the opportunity of productive use and impact on local development, based on the underestimated solvability of these customers.

3) The speeding up of bureaucratic procedures which now prevent migrants from an easy access to the banking services in the countries of residence (and their families' access to banks in their countries of origin).

4) Monitoring transfer (especially the exchange rate) and try to bring low cost banking centers where there is a high concentration of families who receive remittances (such as Mahdia area, in the Tunisian case-study).

5) In the migrants' countries of origin, the direct commitment of banks, financial institutions (including microfinance and credit unions) and involved ministries to reach international agreements with counterparts in the migrants' countries of residence in order to integrate the financial systems and offer migrants a competitive service as agents of remittances, forging mutual confidence.

6) The promotion of home town associations as autonomous bodies in the migrants' countries of origin aimed at linking international development cooperation activities and collective and productive usage of remittances.

7) The development of an independent civil society in the emigration countries capable to effectively interact with the financial system and with the national and local bodies working for promotion of local development.

8) The creation of synergies in the hosting countries involving local financial system, migrant associations, NGOs, local governments and decentralized cooperation in the creation of mechanisms able to channel remittances towards development aims in the migration areas.

9) The use of all possibilities offered by the CSR activities of many of the major banks in the developed countries to finance pilot programs to experiment new saving and credit schemes fitting the needs of migrant workers.

10) The involvement of international development cooperation actors as catalysts of the engagements of all mentioned actors involved in the process of making remittances a resource for development, with specific reference to the role of home town associations (offering technical assistance, support to transnational webs, education on financial services).

11) The promotion of links and partnership in the migration areas among local institutions, NGOs, microfinance institutions and formal financial system in order to respond to the financial needs of the population taking advantage of the remittance inflows.

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List of key informants interviewed

Monsieur El Gourhani : directeur marketing de la Banque populaire, au siège social de la banque à Casablanca, Le 5 novembre 2003.

Monsieur Makhlouk et Monsieur Khadi, chargé de mission à la Banque Al Amal, au siège social de la banque à Casablanca, Le 5 novembre 2003.

Bouabid Mohamed, émigré de Belgique, Le 20 octobre 2003 au restaurant Tiout de Taroudant.

Caïdat Aït Abdellah, Président de la commune Tabia, Le 20 octobre 2003 au restaurant Tiout de Taroudant.

EL Mouden Mohamed*, s*ecrétaire général de la chambre de commerce d'Agadir, président de la commune d'Amalou à Taroudant, Le 20 octobre 2003.

Géraldine (M&D France), Abderrazak (Coordinateur au niveau national marocain de M&D) et Hugues (président de M&D) Migration et développement, Le 20 octobre 2003.

El Hassan Battali, Président de l'association villageoise, Douar d'Imgoun à Taliouine, Le 22 octobre 2003.

Abdel, président de l'association Tifaouine, Beni Ayatt, Le 14 novembre 2003.

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