Matching grant programmes: an effective approach to channel remittances into sustainable investment in agribusiness?

Recent decades have seen a substantial rise in international labour migration worldwide. In the period of 2013–2019 alone, an increase of 12.7 percent can be observed – from 150 million to 169 million migrant workers.[[1]](#footnote-1) At the core of this phenomenon various important benefits can be highlighted, including the vast flow of remittances migrants send back to their communities of origin, as well as the knowledge and skills migrants gain while abroad and that are brought back or transmitted by them. As the world economy recovers and people’s movement across borders resumes in the context of the COVID-19 pandemic, large inflows of remittances to rural areas are expected. Importantly, this vast amount of resources could be channeled into investments in agribusinesses, helping boost sustainable and quality food production and job creation, and consequently, improving incomes and nutrition in the rurality.

In practice however, migrants and remittance receivers often do not have sufficient financial means and the technical and business development capacities needed for productive investment of remittances in agriculture. Some countries have explored ways to address this problem; an example of the initiatives that have been undertaken in this context is that of matching grant programmes.[[2]](#footnote-2) A matching grant is a one-off, non-reimbursable transfer to project beneficiaries and is paid in a certain proportion to the amount of remittances used by the beneficiary (the migrant) for a productive investment. In addition, matching grant programmes have provided beneficiaries with training to develop the technical and business skills they need to set up and run agribusinesses. Evidence suggests that matching grant programmes have had a positive impact on small and medium enterprises performance in terms of revenues, profits and productivity, and their ability to create jobs.[[3]](#footnote-3)

FAO, through its Agrifood Economics Division (ESA), has been supporting its member states in the development of evidence-based policies and programmes to support migrants and returnees, and their families, in investing in agribusiness development. For instance, a pilot project was conducted in Tajikistan to gain more insights about the use of a matching grant programme for this aim.[[4]](#footnote-4) This consultation is organized to help further refine and improve the design of programmes and policies by collecting perspectives from a wide range of stakeholders on the potential of matching grant programmes to sustainably improve rural livelihoods and nutrition by promoting investments in the agricultural sector. It also aims to gather information on matching grant programmes that have already been implemented. All feedback received will inform evidence-based recommendations to countries interested in applying the matching grants approach. We kindly invite participants to address the following discussion questions:

1. *Do you believe that governments should make efforts to promote migrants’ and returnees’ investments in agribusinesses in rural areas with high labour out-migration rates? What should be the role of other stakeholders (NGOs, academia, international organizations, donors, etc.) in promoting such investments?*
2. *According to you, what are the pros and cons of matching grant programmes? What should be taken into consideration for their promotion and deployment?*
3. *What other models or approaches would you recommend to promote the investment of remittances in agriculture and agribusinesses? Do you think these are preferable over matching grant programmes, and if so, why?*
4. *Do you know about matching grant programmes - meeting the inclusion criteria outlined below - that have been implemented to channelize remittances into agribusiness development? If yes, please provide the name and country where the programme was implemented and sources of complementary information, such as studies, mid-term or impact evaluations, links to relevant websites, etc.*

Inclusion criteria for programmes

* It has to be a matching grant programme and the contribution from the beneficiary has to be in cash. You are welcome to share examples of programmes with different shares of contributions to the investment by each actor involved (i.e. the beneficiary and the donor, e.g. 1:1, 2:1, etc.).
* The target population must be migrants, returnees, or first-degree relatives of the migrant.
* The matching grants programme aims to promote rural development projects (the main focus should be on agriculture, fisheries or forestry).

The impact and drivers of migration are closely linked to FAO’s strategic framework of action. The results of this consultation will feed into FAO models for supporting countries in designing and implementing better policies for harnessing the development potential of remittances in rural areas.

We look forward to learning from you!

Thank you for your valuable contribution to this exchange,

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1. **ILO.** 2021.ILO *global estimates on international migrant workers – Results and methodology. Third Edition.* Switzerland, Geneva. [www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\_808935.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_808935.pdf) [↑](#footnote-ref-1)
2. Examples include the FAO pilot “Promoting Inclusive Economic Growth through Matching Grants” in the Republic of Tajikistan ([www.fao.org/in-action/fsn-caucasus-asia/areas-of-work/migration/en/](http://www.fao.org/in-action/fsn-caucasus-asia/areas-of-work/migration/en/)) and the Programme for Attracting Remittances in Economy (PARE 1+1) in the Republic of Moldova ([www.odimm.md/en/the-programme-for-attracting-remittances-into-economy](http://www.odimm.md/en/the-programme-for-attracting-remittances-into-economy)). [↑](#footnote-ref-2)
3. **Kersten, R., Harms, J., Liket, K. & Maas, K.** 2017. Small firms, large impact? A systematic review of the SME finance literature. *World Development*, 97: 330–348.

   **Piza, C., Cravo, T.A., Taylor, L., Gonzalez, L., Musse, I., Furtado, I., Sierra, A.C. & Abdelnour, A.** 2016. The impact of business support services for small and medium enterprises on firm performance in low- and middle-income countries: a systematic review. *Campbell Systematic Reviews*, 12(1): 167 [online]. Cited 21 December 2021. <https://onlinelibrary.wiley.com/doi/pdf/10.4073/csr.2016.1> [↑](#footnote-ref-3)
4. See [www.fao.org/in-action/fsn-caucasus-asia/areas-of-work/migration/en/](http://www.fao.org/in-action/fsn-caucasus-asia/areas-of-work/migration/en/) [↑](#footnote-ref-4)