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Migration and Development: Myths and Facts

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EPC-KBF MIGRATION DIALOGUES
Migration and Development:
Myths and Facts

General Introduction

The role of migration between developed and developing countries is becoming a major issue of policy in terms of world development, the conquest of world poverty and the achievement of the UN Millennium goals. The immediate spur in this is the astonishing size (about double official aid flows) and rate of growth of remittances, income transfers from workers abroad to their home countries. Already a significant proportion of households in high emigration countries (for example, Mexico, Philippines, Sri Lanka, Jamaica, Bangladesh) depend upon remittances for their household income.

Anything which expands the size of the market in a developing country stimulates output, but many people fear dependence on external incomes will achieve the reverse. In the past, opinion tended to see worker emigration as a symptom of the failure of development, the failure to generate jobs and incomes at home which would retain the workforce. Nationalists were ashamed of the phenomenon.

However, in a globalising world, the integration of national labour markets implies increased mobility without this carrying any stigma of national failure. Furthermore, the size of remittance flows makes them vital for the balance of payments of many countries (in some cases, more important than exports) as well as the welfare of many households.

Remittance flows are only one issue. If migration were temporary and seen as a period of education/work experience, then the return of migrants would be an enhancement of the human capital of a developing country – a flow that could, in development terms, be far more important than remittances.

The EPC-KBF Migration Dialogue on "Migration and Development – Myths and Facts" aims to address a few crucial issues in a larger debate, such as:

- the promotion of emigration, and the protection of workers while abroad;
- remittances - facilitating safe and cheap modes of transfer, ensuring, incentives to invest in development projects;
- returnees - how to encourage, reintegrate and utilise enhanced human capital;
- the "brain drain" and how to turn it into "brain circulation" and "brain gain";
- using the diaspora:

  (a) to stimulate investment at home (using hometown associations and clubs as sources of development finance);

(b) to develop trade – export-import between source and host country;
(c) to utilise highly skilled emigrants in upgrading tertiary education and research in the home country;

- the role of governments, in source and host countries, and official aid programmes in securing positive outcomes to migration.

In this introductory paper to the Dialogue, the International Organisation for Migration gives an overview of the field, with an account of some of the IOM's work, while Johan Wets, from the University of Leuven, presents a critical reflection of the issue.

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Migration and Development: Current Policy Challenges

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Introduction

Migration has become an increasingly important feature in a globalizing world in which not only more people are on the move, but also the frequency and the different modes, channels and directions of mobility have expanded and extend into every corner of the world. This trend is not only set to continue but to increase.

Over the last 35 years, the number of persons living outside their country of birth has more than doubled to stand today at over 175 million people.[1] Worldwide, one in every 35 persons is a migrant. While the majority of international migrants originate from developing countries, it is not an exclusively "South-North" phenomenon. Significant migration flows occur also between developing countries, in particular between low- and middle-income states.[2]

Besides the magnitude of migratory flows, the patterns of migration have also changed considerably. Together with globalization - especially as regards trade liberalization, global economic integration and electronic means of communication - the awareness of existing life and work opportunities in other parts of the world has also spread. Coupled with wider and easier access to international transport, this has led to greater population mobility. Although progress in liberalizing the movement of persons has not proceeded at the same pace as the liberalization of trade in goods and capital, regular and irregular labour migration plays an important role in the international economy.

More nationals of more countries are on the move, and more countries are affected by migration than ever before. The rising share of women in migration flows, estimated to account for 47.5 per cent of all migrants, has been widely reported, although the implications of this growing trend for policy makers have not yet been fully developed.

Many countries also experience significant internal migration, mainly from rural to urban areas, either as a consequence of population pressure on limited or diminishing resources or, indeed, driven by social and political upheavals. Thus, for instance, some 4.3 million people moved internally in Vietnam during the period 1994-1999, far exceeding the 300,000 who went overseas during the same period.[3]

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[1] IOM, *World Migration 2003: Challenges and Responses for People on the Move*, World Migration Report Series Vol.2, Geneva.
[2] Ibid.
[3] "Migration and Migration Policy in Asia: a synthesis of selected cases", Ronald Skeldon, 2003.

Such developments present a challenge to policy makers to adjust migration policies to take account of these changing patterns. Primary areas of intervention include familiar issues such as border control, labour migration, international protection, and the management of irregular migration. Increasingly, though, attention is also focusing on the nexus between migration and major policy areas, including health, trade and demography, as well as development. Regarding the implications of this increasingly important policy area, the task at hand is not simply a matter of doing a bit more or a bit less of what has been done before. Rather, the challenge is to redefine the management of migration for the benefit of both developing and developed countries and their economies.

Migration Can Contribute to Development

The links between migration and development are widely acknowledged to be complex, and many commentators argue that there is a lack of solid information about the ways in which migration affects development and development affects migration. Traditionally, much of the focus has been on the negative effects of migration on development and has followed two main themes:

- To identify and address the root causes of migration, and
- To attempt to mitigate the negative aspects of migration related to development (viz. brain drain, depletion of the labour force, rural exodus).

Increasingly, however, the international community is beginning to pay more attention to the positive effects of international migration on home country development.

Migrants are rightly considered as potential agents of development able to strengthen cooperation between home and host societies. Migrants can contribute to development through investment and remittances - but also through their skills, entrepreneurial activities, and support for democratization and human rights.

Today, there is growing recognition of what has been termed '*brain gain*,' where skilled emigrants are considered a potential asset and not necessarily a net loss to the home country. Indeed, highly skilled migration often benefits both receiving and sending countries. Moreover, through international migration, important transnational networks are being developed, which can act as agents to facilitate cultural, political and economic exchanges and ensure sustainable links between countries of origin and destination. This realization is leading governments and civil society organizations to undertake increasing efforts to develop activities and partnerships with migrant and *diaspora* communities abroad in order to establish and reinforce such linkages with the aim of fostering development at home.

Migration and Poverty

The relationship between migration and poverty is a complex one. Migration can help to reduce poverty, while poverty itself is also a cause of migration. Although not all migrants are from among the poorest segments of their societies, the process of migration itself does affect the poorest, both directly and indirectly, and there remains significant potential to harness the benefits of migration to improve the livelihood of the poor.

Research is still being conducted to determine the real and potential impact of migration on poverty reduction and development. Research by the World Bank and other institutions points to a positive correlation between migration and poverty reduction. A recent study of 74 low and middle-income developing countries reveals that, on average, a 10% increase in the number of international migrants in a country's population can lead to a 1.6% decline in the poverty headcount, and that a 10% increase in the share of remittances in a country's GDP can lead to a 1.2% decline in poverty.[4]

However, although migration can be an effective tool in the fight against poverty in less developed countries, it does not follow that this is always the case. To harness the possibilities migration can offer, it is necessary to create an appropriate policy and programme environment to maximize the chances for migration to alleviate poverty in countries and regions of origin. The challenge for governments is to facilitate migration that is most likely to lead to a reduction of poverty, while also acting to protect migrants from abuse and exploitation. Indeed, among the most serious and dangerous risks facing migrants who have been driven to migrate to escape poverty is their vulnerability to the false promises of jobs and opportunities by traffickers. Most of the cross-border trafficking which occurs in the world today involves the movement of migrants from poorer to richer countries in search of better opportunities. Few migrants are trafficked from rich countries to developing countries.

[4] John Page and Richard Adams, "The Impact of International Migration and Remittances on Poverty", World Bank, forthcoming, 2004.

Integrating Migration into Development Frameworks

The current U.N. frame of reference for development is set by the eight Millennium Development Goals. The international community has defined development targets to be achieved by 2015, and indicators for the progress of the respective target. The eight goals are as follows:

Goal 1: Eradicate extreme poverty and hunger
Goal 2: Achieve universal primary education
Goal 3: Promote gender equality and empower women
Goal 4: Reduce child mortality
Goal 5: Improve maternal health
Goal 6: Combat HIV/AIDS, malaria and other diseases
Goal 7: Ensure environmental sustainability
Goal 8: Develop a global partnership for development

Over the next decade, the international community will work towards the achievement of these goals. However, the role of migration in relation to these goals has not yet been clearly defined, particularly as concerns the reduction of poverty, and there is rarely any specific reference to the contribution migration can make to development. It is necessary, therefore, to integrate migration management approaches more explicitly and coherently within a broader context of economic and social development frameworks.

Undoubtedly, migration management should be given an important place in any strategy aimed at achieving the Millennium Development Goals. In addition to poverty reduction, economic growth and private sector development, better migration management can contribute to promote gender equality and to combat the spread of diseases such as HIV/Aids and malaria (corresponding to *millenium* development goals 1, 8, 3 and 6, respectively), provided that appropriate policy approaches are in fact developed and implemented.

From an IOM perspective, the problems related to international migration and development could be much more efficiently and comprehensively dealt with if relevant migration management concerns were to be integrated into this framework. Such an approach would make it possible to identify common priorities and possible contributions to be made by migration management towards the achievement of the set goals. Governments worldwide face the challenge of making migration more orderly, more productive and of greater benefit to all concerned. The timely development of national, regional and multilateral frameworks for migration management that establish the right balance between the interests of all concerned is a key element in this equation.

The regional consultative processes on migration[5] instituted by governments worldwide during the last decade offer valuable insights on what can be done to develop a common approach on migration and development issues and the means to achieve this. In several regional meetings of this kind, governments have acknowledged the importance of the migration-development nexus in their deliberations and plans of action. Indeed, migration and development is a key theme on the agendas of such established regional consultative processes as the Regional Conference on Migration (Puebla Process), the Western Mediterranean Cooperation Process (5+5 Process), the Migration Dialogue for Southern Africa (MIDSA) and the Migration Dialogue for Western Africa (MIDWA).

At the European level, the EU Member States have acknowledged the principle that an effective EU asylum and immigration policy must necessarily involve cooperation with the countries of origin and of transit. This goes beyond the general endeavour of trying to understand and to influence the causes of migration; rather it calls for the adoption of a responsible attitude towards the effects of emigration on the countries of origin. Indeed, the Spanish, Greek and Italian EU Council presidencies have each reiterated the need for closer cooperation, trade expansion, development assistance and conflict prevention as a means of promoting economic prosperity in the countries concerned, and to reduce the underlying causes of migration flows. This clearly states the need for closer cooperation among EU and third countries in managing international migration.

Ensuring that Migration Contributes to Development

The effects of international migration on developing countries can be both positive and negative. The departure of highly skilled migrants is often referred to as a loss, or brain drain, for the country of origin, and as a benefit, or brain gain, for the country of destination. The negative effect in this case goes beyond the loss of skilled manpower, and includes the loss of return on the investment made by the country of origin towards the training and education of its nationals. This is particularly acute in such sectors as health care, that have a direct impact on the ability of developing countries to maintain and improve the quality of life of their citizens. However, it is also increasingly acknowledged that the emigration of the highly skilled is not necessarily a net loss, and that it may in fact benefit both receiving and sending countries. Available evidence shows that countries of origin stand to benefit through the inflow of remittances, but also from access to knowledge, new technologies and new markets through the linkages to their migrant communities, as well as the eventual return of their expatriate skilled manpower and their superior training and skills,

[5] See IOM, 2001, "The Role of Regional Consultative Processes in Managing International Migration."

management experience, their ties to foreign institutions and networking capacity acquired while abroad.

The promotion of international migration has been an implicit or explicit policy goal in many developing countries. Many are adopting policies, legislation and structures to actively promote the foreign employment of part of their workforce. Such policies are pursued by the governments of, e.g., Bangladesh, El Salvador, India, Jamaica, Mexico, Nicaragua, Pakistan, the Philippines and Sri Lanka.

Despite the actual and potential benefits of international labour migration, unmanaged and indiscriminate international recruitment of skilled workers can have a profound negative impact on countries of origin with fragile economies and skill shortages, particularly in such sectors as health and education. As more EU countries seek to attract highly skilled labour migrants, concerns about brain drain have resurfaced.

Governments have adopted various countervailing measures to counter the potential negative effects of skilled emigration on countries of origin. Until the late 1980s, the problem was often addressed by policies focusing on measures to reduce the outflow of the highly skilled labour force from developing countries, or to balance their negative effects through taxation.[6] Today, the emphasis is rather on improving the regulation of the recruitment of migrants from developing countries, the creation of incentives to promote return migration and to maximize the development contribution of migrant communities, including the management of remittances.

Some destination countries, have adopted codes of good conduct for the health sector recommending that recruitment be conducted in consultation with countries of origin to avoid the loss of essential skilled workers. It has been suggested that governments in the developed world should also establish guidelines for potential employers of international migrants regarding recruitment, training and the acquisition of skills. Other policy options to be considered include the identification of developing countries most vulnerable to skill losses, and the establishment of a list of countries not to be targeted by employers seeking to recruit overseas workers. Better regulation of international recruitment agencies and the introduction of guidelines for the ethical recruitment of workers from developing countries is another policy option being discussed.

Another policy area of concern is the regulation of student migration. Student mobility has grown significantly in recent years, including students from developing countries. Developing countries therefore have an interest in creating incentives for students to return and use

[6] "Connecting Migration, Brain Drain and Capacity Development", Carlo Lopes, UNDP Bureau for Development Policy, 2002.

their acquired skills at home, thereby increasing the home country's potential to acquire skilled professionals. The introduction of safeguards to limit the risk of brain drain and to ensure an adequate rate of return of expatriate students could ease the concerns of countries of origin, which may otherwise be tempted to restrict the international mobility of their students. One of a number of possible approaches to minimize *brain drain* would be to provide for a greater number of scholarships with conditions attached regarding the return of the students.[7]

Whether a country experiences *brain gain* rather than *brain drain* depends in part on the successful utilization of the potential of *diaspora* networks, and the knowledge and experience of returning migrants. There is growing recognition that skilled emigrants need not necessarily constitute a permanent loss to their countries of origin, and that they can play a very positive transnational role. The challenge is how best to design policies and programmes to facilitate and harness the potential benefits of that positive role.[8]

Maximizing the Development Contribution of *Diasporas*

There is growing global awareness that migrant diasporas may contribute in several important ways to the social and economic development of their country of origin. Modern communication and transportation technology makes it easier for migrants to maintain links with their home countries, and also facilitates the transfer of skills and funds. Often it is the migrants themselves who serve as the most effective link between the sending and receiving countries. Diasporas often organize themselves and form associations that are able to promote the flow of investments and know-how to their home countries. The challenge for policy makers in developed and developing countries is to create an environment conducive to enhancing the contributions by migrant diasporas to development. Host countries could encourage initiatives to create migrant associations on their territories, while home countries could facilitate the creation of networks among their expatriates to help maintain close linkages with the home communities and assist in the transfer of know-how, information and development initiatives.

Improving the Management of Remittances for Development

One of the most important linkages between diasporas and the home country is forged through the transfer of remittances. In recognition of this, one of the consequences of migration being examined in greater depth today by numerous governments and international organizations is the potential benefit of remittances to development.

[7] OECD, Trends in International Migration, 2001, p. 115.
[8] "Policy Research on Migration and Development", David Ellerman, World Bank Working Paper 3117, August 2003.

The total value of remittances transferred through official channels more than doubled between 1988 and 1999. According to the World Bank, in 2002 remittances to developing countries stood at US $88 billion - considerably higher than the amount of official development assistance for that or any other recent year. Based on trends in the first half of 2003, remittances are projected to exceed US $90 billion in 2003. The real figure is likely to be much higher given that many migrants remit through informal channels. Although large countries are the main recipients of remittances, the amounts going to smaller countries represent a higher share of GDP.

There is a considerable literature on the reasons why migrants send money home,[9] but there is less research and knowledge on how to develop mechanisms to reduce the cost of sending remittances and to ensure that remittances are sent through reliable financial channels, including banks and credit institutions. Barriers to the official transfers of funds are currently the greatest obstacles to maximizing the benefits of remittances. Official bank transfers are often complicated and lengthy, if not altogether inaccessible to migrants who are unable to open bank accounts in their countries of residence either because of their temporary situation, or legal status. Frequently, the only alternatives are private companies, and these generally charge high fees. The average charge for the transfer of remittances to developing countries is around 13% and often exceeds 20% of the amount transferred.[10] High transfer fees create an incentive for migrants to send their remittances through informal channels, but these are often unreliable and money can be lost or stolen in the process.

Policy makers have been concerned with four major issues relating to the management of remittances:

- How can the transfer of remittances be made cheaper and easier;
- How to ensure that remittances are transferred through more reliable channels;
- What use is made of remittances, and
- How to best harness the development potential of remittances?

Several measures have been taken to address transfer issues, including:

- Mandatory remittance requirements (e.g. Korea);
- Attracting remittances through foreign currency accounts and bonds (e.g. India);

[9] Richard Black, "Soaring Remittances Raise New Issues", Migration Information Source, Migration Policy Institute, June 1, 2003.
[10] L. B. Lowell and R. de la Garza, 2002, "Sending Money Home: Hispanic Remittances and Community Development", Rowman and Littlefield, Oxford.

- Pre-departure counselling and advice to migrant workers (e.g. Philippines);
- Simpler transfer procedures and expansion of financial networks (e.g. Bangladesh);
- Home country incentives to encourage remittances through formal channels (e.g. Pakistan);
- Reduced transfer fees (e.g. Mexico, IRNeT credit union service).

There is a need to take stock of the various measures that have been tried in different parts of the world to manage remittances more efficiently and to see whether any successful approaches that have been found to contribute to development and poverty reduction could be replicated elsewhere.

Facilitating the Return and Reintegration of Migrants

Recent research suggests that only a relatively small proportion of skilled migrants from developing countries working, for example, in the U.K. return to their countries of origin.[11]

Policies to encourage return migration may be able to significantly reduce the negative effects of the brain drain. Returning migrants who bring back their skills and work experience acquired abroad can invest their knowledge in the home country and thereby contribute to economic and social advancement.

Returning migrants and migrant *diasporas* can be an important source of foreign direct investment. Governments can foster return migration and maximize the investment potential of the experience, skills, networks and financial capital of return migrants by introducing policies which streamline investment procedures for interested returnees, involve return migrants more actively in policy making, and encourage return migrants to contribute to, and network with, public sector institutions so that their contributions do not remain confined to the private sector.

Means to encourage *diaspora* participation in the domestic economy should also be investigated. Some governments are considering special investment procedures and incentives to attract investment by *diasporas*, and to develop and institutionalize the *diaspora* network for their contribution to investment, research and training. Some governments offer returning migrants reintegration assistance to facilitate their return as well as to ensure that returns and reintegration,

[11] Allan Findlay, "From Brain Exchange to Brain Gain: Policy Implications for the UK of Recent Trends in Skilled Migration From Developing Countries", ILO, Geneva, 2001.

in fact, prove to be durable. In many cases institutional capacity building is required to facilitate such efforts.

Nevertheless, it remains difficult to assess the overall effects of return migration on local development as there is generally much less information available concerning the characteristics and implications of the return of skilled workers to developing countries of origin, than the outflow of persons from the developing world.

The IOM Return and Reintegration of Qualified Nationals programmes have for many years supported the social and economic advancement of developing countries. Programmes in Africa, Asia and Latin America have sought to foster national human resource development and to counter the negative effects of brain drain. In collaboration with governments of the country of origin, the IOM identifies and selects suitable candidates, finances their return and ensures their reintegration into both professional and personal environments, thus contributing to rebuild and strengthen a depleted human resource base.

Many other measures have been adopted to promote the permanent return of highly skilled migrants. These initiatives include specific incentives (e.g., tax exemptions, financial assistance with moving costs or seed capital to establish a business, citizenship rights for spouses and children), or the creation of more attractive opportunities in the home country.

However, available experience has also shown that such measures are sometimes difficult to implement, particularly when the economic and political conditions in the country of origin are not attractive to returnees. A challenge regarding the return of skills is how to reach out to and encourage members of diasporas to return, even if only temporarily, and to facilitate the sharing of their skills by the home community. An example of such an approach is the IOM Migration for Development in Africa programme.

IOM Programme for Migration for Development in Africa (MIDA)

One way to promote and take advantage of brain circulation is through programmes such as the IOM programme for Migration for Development in Africa (MIDA), launched in 2001. This programme involves the temporary or permanent transfer of vital resources and skills to support the development of countries of origin. The programme works by promoting a legal status for the *diaspora* in destination countries and reallocates the resources and skills of African migrants through a variety of actual and virtual transfers. Countries that have already taken formal steps towards inscribing MIDA in their National Indicative Programme (NIP) are Benin, Cape Verde, Democratic Republic of Congo, Ghana, Kenya, Rwanda and Uganda.

Reducing the Risks of Migration for Poor People

Trafficking in women and girls from developing countries is a serious and growing concern to many governments. Trafficking is fuelled among other factors by changes in the global economy and major economic disparities between and within countries, exposing poor people, especially women and children, to the risk of trafficking and economic and sexual exploitation. A recent study on trafficking in South Asia by the Asian Development Bank found that the most commonly identified push factor driving the trafficking process is poverty. Despite this, trafficking often does not receive sufficient priority in strategies aiming to combat poverty in different parts of the world. For example, combating trafficking is not articulated as a specific objective in any country strategy paper in South Asia. There is an urgent need to "mainstream" trafficking into the work of development agencies and for measures intended to reduce poverty to also target those most vulnerable to trafficking.

Poverty is also a major factor driving irregular migration and migrant smuggling. The number of irregular migrants continues to increase despite rising spending on enforcement measures in developed countries. The absence of viable regular migration opportunities can lead individuals to fall back on smugglers and traffickers to help them access developed countries. As a result they are often caught in conditions of personal insecurity and exploitation. The money paid for the services of criminal networks is lost for the development of home countries. In the absence of legal low-skilled labour migration channels, hundreds of thousands of workers are engaged in illegal work in Europe.

The failure to adequately address such push factors as poverty in developing regions further feeds this trend, although not all irregular migrants originate from the poorest parts of the developing world. IOM favours a comprehensive approach to manage irregular migration.[12] Such an approach includes a range of measures, including foreign direct investment, where possible, development assistance and better protection of the rights of migrants. Another key component is the creation of temporary and targeted labour migration channels to provide viable and attractive alternatives to irregular migration for migrants from developing countries. More legal entry routes will not stop all attempts at irregular entry and residence in a country, but should have at least two positive effects: one, such policies, if well targeted and well understood could reduce the incidence of illegal entries and residence and, two, bilateral labour agreements can act as an incentive for labour-sending countries to assume more responsibility to counter irregular migration.

[12] See "Comprehensive and Solutions-Oriented Approaches to Irregular Migration", IOM, 2003.

Migration and Trade: Enhancing understanding of the development potential of Mode 4

Within the framework of the General Agreement on Trade in Services (GATS) which came into force in 1995 and applies to 144 countries, one of the four possible ways of trading a service is through the temporary movement of "natural persons." In recent years there has been a growing interest on the part of developing countries to liberalise movements under GATS Mode 4, in order to provide greater opportunities for persons in developing countries to obtain temporary work in developed countries.

IOM, the Organization for Economic Cooperation and Development and the World Bank held a seminar on trade and migration in Geneva on 12-14 November 2003. The meeting brought together trade and migration officials for an informal exchange of views on the relationship between migration and trade internationally for the first time. Discussions focussed in particular on the supply of services via the temporary movement across borders of "natural persons," or Mode 4 of the World Trade Organisation (WTO) General Agreement on Trade in Services (GATS**).**

One of the conclusions of this meeting is that GATS mode 4 is relatively broadly, yet poorly defined. It is at present difficult to know precisely what kinds of movements are taking place under Mode 4 and what impact these movements are having on sending and receiving countries. Research in the area of Mode 4 remains in its infancy. However, it is clear that the financial, human and social capital that is gained by migrants abroad will potentially bring positive benefits to countries exporting labour services, particularly if migrants return to or maintain substantial links (including economic links) with their countries of origin. Temporary labour migration, and Mode 4 movement within it, potentially enhances benefits for countries of origin in four main areas:

1. Increasing brain circulation
2. Maximizing remittances
3. Use of Mode 4 to enhance other forms of trade
4. Promoting labour exports

Improving Data on Migration and Development

Information and data on migration from and to developing countries are relatively scant and unreliable. More and better information is essential for policy makers to address migration and development challenges more effectively. In particular, greater and more specific research and data collection in developing countries is needed if the impact of both migration and return migration is to better understood and factored into programmes to assist countries of origin to develop and retain, and further improve their national resources, including human resources.

In the U.K., for example, recent research suggests that it is very difficult to assess the impact of immigration from developing countries since there is no annual survey of work permit holders.[13] There is also a lack of information about the role migrant communities play in shaping migration flows to the U.K. or how they contribute to development in their country of origin. Consideration should be given to preparing an **annual report on migration from developing countries to the European Union to promote a better understanding of trends in migration from less developed countries to the EU.**

Such gaps in the available database seriously limit a clear understanding of the different ways in which *diasporas* and expatriate networks can contribute to development and better migration management. Few governments maintain regular statistics on their expatriates. Even in the case of remittances, where there is a great deal of information, there are several problems with the comparability of the data collected. On the one hand, official remittance data collected by the International Monetary Fund (IMF) may underestimate the size of flows because they fail to capture informal remittance transfers. On the other hand, official remittance figures may also overstate such flows, as other types of money transfers, including illicit ones, cannot always be distinguished from remittances.[14] Improving the quality of data on remittance flows and their impact on development is one of the key recommendations emerging from a recent DFID/World Bank conference on migrant remittances, held in London, 9-10 October 2003.

Some limited data sets on migration exist (maintained, for example, by OECD, EUROSTAT, the UN Population Division) as well as certain limited data sets relevant to development (such as those developed by the World Bank, IMF, UNDP). However, despite the acknowledged importance of the migration-development nexus, any action undertaken to date to aggregate existing data and to fill the gaps with essential new data has been limited.

[13] "From Brain Exchange to Brain Gain: Policy Implications for the UK of Recent Trends in Skilled Migration from Developing Countries", Allan Findlay, ILO, Geneva, 2001.
[14] "Remittance Data", Migration Information Source, Migration Policy Institute, June 1st, 2003.

Conclusions

International migration has enormous development potential for the countries of origin, especially for the least developed among them. It can contribute to the reduction of poverty at the local and national level, improve sustainable human development and reduce the economic vulnerability of these countries. Therefore, migration management is an important element in a strategy aimed at achieving the Millennium Development Goals.

Destination countries have traditionally sought to reduce and/or restrict international migration. Today, however, the need for more immigration to support their demographic and labour needs is being increasingly acknowledged. This fact creates the opportunity for the international community to reconcile migration policies and development strategies.

The important elements of a comprehensive approach include:

- Ensuring that migration is incorporated into development frameworks and anti-poverty strategies;
- Effective management of remittances;
- Mobilization and involvement of diasporas and transnational networks in development strategies;
- Facilitating the return and reintegration of migrants;
- Targeted and comprehensive labour migration programmes;

Today, policy makers have a real opportunity to create a win-win situation in the field of international migration management for the benefit of migrants, governments and communities in countries the world over.

IOM Activities Concerning Migration and Development

Migration and Development: A Key Focus of IOM Activities

After half a century of worldwide operational experience, the International Organization for Migration has become the leading intergovernmental organization working with migrants and governments to establish humane responses to migration challenges. IOM believes that international migration presents an opportunity for cooperation and development. IOM counts 102 Member States and 33 Observer States. The Organization has more than 165 offices around the world.

Development has long been a topic of interest to the International Organization for Migration. IOM recognized the complexity of the relationship between migration and development already early on. Indeed, the resolution to establish a Provisional Intergovernmental Committee for the Movement of Migrants (PICMME) from Europe,[15] adopted in 1951, underlined the existence of "a close relationship (…) between economic development and immigration." Already in the 1960s, ICEM, as IOM was subsequently called, developed specific "Migration for Development" programmes to enhance development through migration.[16] Today, the relationship between migration and development is an increasingly important focus for IOM activities. This, in part, also reflects the growing number of African and Asian countries that have joined IOM over the years.

The IOM approach

The key assumption of IOM is that international migration, if effectively managed, can contribute to the growth and prosperity of both countries of origin and destination. In this sense, migrants are considered as potential agents of development who strengthen cooperation between home and host societies. While the focus of IOM activities, therefore, lies on the strengthening of the positive aspects of migration, the approach is sufficiently inclusive and adaptable to also tackle aspects of root causes and alleviate negative consequences of migration. IOM activities relating to migration and development can be broadly structured into the areas of international policy dialogue, policy-oriented research, and migration management programmes, including technical cooperation, and operations.

The overall aim of IOM is:

To harness the potential of international migration for development within a context of orderly movement.

In the course of the last four years alone, IOM has implemented migration projects directly linked to development in more than 30 countries in Africa, Central Asia, the Caucasus, South Asia, South-east Asia, and south-eastern Europe.

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[15] PICMME would change its name to the Intergovernmental Committee for European Migration, then to Intergovernmental Committee for Migration and finally, in 1989, to IOM.
[16] For more details, see chapter 3, Ducasse-Rogier, M., The International Organization for Migration 1951 - 2001

Some thoughts about Migration and Development

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1. Introduction

The past decades we have witnessed a significant increase in international migration. Between 1965 and today, the total number of international migrants increased from 75 million to 175 million. Labour migrants are heading towards various destinations, but industrialised countries are most attractive to migrants. People who flee persecution, conflicts or disasters usually receive sympathetic attention, international aid and are (albeit the longer the less) more or less welcome in the industrialised world. This cannot be said about the millions of people - a number many times higher than the number of refugees - who try to escape poverty. Their numbers are increasing every year. As consequence, economic migration became a topic of concern for the receiving countries and quickly rose to the top of the political agenda. Since the mid-1990s the (perceived) migration pressure has even come to be considered a security issue (Weiner, 1993 and 1995; Loescher, 1992).

This migration problem did not appear out of the blue. Migration is a phenomenon that is typical for human history. People have always migrated, in search of land, a more peaceful environment, work, prosperity, agricultural land, a better climate or, in some cases merely to look beyond the other side of the river or the hill. The majority of mankind gave up its nomadic existence ages ago - still a considerable part of the world does not seem to be firmly rooted. Their destination thus becomes the immediate or wider surroundings but also abroad. In absolute figures the 175 million people that live in a country other than their birthplace may appear almost overwhelming, as it is more than the combined population of Germany, France and the Benelux countries. In relative terms, though, this figure is less impressive: only 3 % of the world population can be considered international migrants. 97% of the world population is not participating in this migratory flow. But of course, the distribution of the migrant population is spread unevenly. Looking only at the “developed regions,” the figure rises to 8.7%. In other words, 1 out of 11 people in industrialised countries is a migrant.

Governments reacted to what was called the “international migration crisis” mainly by increasing border control and tightening up regulations. Recently the receiving countries have come to realise that further migration is inevitable, that migration pressure is unlikely to decrease and that it is necessary to anticipate future migratory flows. This insight has not yet lead to many policy reforms but it is reflected in some official documents like the communication of the European Commission on Immigration, Integration and Employment of June 3, 2003 (COM (2003) 336 final).

This paper first examines the larger context and the reasons for which further migration is inevitable. Subsequently the link between migration and development is examined whereby two concepts are studied at greater length: the “brain drain” phenomenon and migrant remittances.

2. The larger context

Current migratory flows, as well as many such movements in the past, are a manifestation and a consequence of certain processes linked to globalisation. Globalisation, through trade liberalisation, economic integration and new forms of communication has raised awareness in the poorer countries about opportunities in the rest of the world. In addition to a greater awareness, improved and cheaper international transportation has also contributed to increased mobility of a large share of the world’s population. And there is also the steady population growth.

2.1. An ongoing population growth

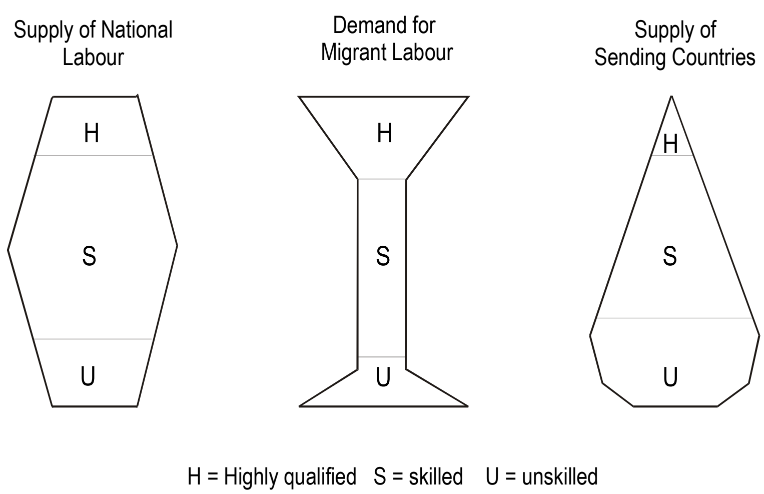
Nowadays, mass migration is to a large extent a matter of exporting the problems of the developing world. The problems are known: violence, poverty, high unemployment and despite child mortality and diseases like AIDS, a sizeable population growth. An average annual population growth rate of 1.4 % may not sound like a large number, but, at this rate, nearly 90 million people will be added to this year’s population count. The less advanced societies are accountable for more than 90% of the population growth. The impact of growth rates can best be seen by looking at the time it takes for a population to double in size. Many societies in the south are facing a doubling of their population in thirty years or less. Twice as many people will need twice as much food and water, along with adequate houses, schools, hospitals, jobs, roads, etc. This accelerates the degradation of the environment, strains finite resources and gives rise to social ills, such as poverty and unemployment. To accommodate all new workers coming into the labour force and to reduce unemployment, the world will have to create 500 million new jobs over the next 10 years, the International Labour Organisation (ILO) predicts.

In monitoring world-wide fertility, mortality and migration trends, we also see certain reverse trends in Europe and Japan. For these regions two trends are particularly salient: population decline and population ageing. In 2000 the United Nations published *‘Replacement Migration: Is it a Solution to Declining and Ageing Populations?,’* a report that fuelled the discussion on migration in most of the European countries in. In the report, prognoses indicate that over the next 50 years, the population of Japan and virtually all countries of Europe will most likely decline. In a number of cases, countries would lose between one quarter and one third of their populations. Population ageing will bring the median age to previously unprecedented levels.

2.2 The world-wide labour market

Apparently the world is facing an oversupply of labour in the developing countries on the one hand, and simultaneously a shortage of labour due to ageing of the population in a part of the industrialised world. One and one adds up to two. It should not be so difficult to imagine that this can be beneficial for all parties involved.. If there is unemployment in one region, even academic unemployment (like in India, Pakistan, and Egypt), and a shortage of labour in another region, circulation of labour seems to be a solution for both types of society. So perhaps the brain drain discussion (see below) is exaggerated.

Unfortunately, there is a skill mismatch on the global labour market. The labour market is not a uniform market, but a layered market, with supply and demand on each level. Migrant receiving countries do not worry about migration as such. They are more concerned with unskilled labour migration. Highly qualified workers or professionals are regarded in quite a different way. Most countries are not reluctant to welcome them. On the contrary, many countries are more than happy to accept these people and even to put concrete efforts into attracting them. Looking at Figure 1 below, we see a more substantial demand for highly qualified workers in the upper layers of the labour market and also a demand for people who are willing to do the dirty, dangerous and difficult jobs for wages that national workers reject.



Source: Böhning, W. in Stalker P. 2000

Figure 1 Patterns of Skill Supply and Demand, Western and Northern Europe, 1990

Böhnings figure shown above denotes how the supply of high skilled labourers on the national labour market is smaller than the demand. It also shows the supply in the sending countries. What it does not show, however, is that there is a demand for high skilled labour in the sending countries as well. The market forces play out, and highly skilled labourers and professionals are players in the game.

3. Brains on the move

3.1 The advantages of the international mobility of the high skilled

The concept *brain drain* goes back to the 1960s when the first graduates of the former colonies started to leave their home countries. In the in 1998 published study *How big is the Brain Drain?,* Carrington and Detragiache estimate how many skilled and highly skilled people are leaving the developing countries. They estimate that the total brain drain from developing countries to OECD countries to be at 12.9 million, with the larger share (7 million) of those migrants headed for the US. The World Bank estimates that Africa lost one third of its executives between 1960 and 1987 (Stalker 1994).

The emigration of these highly skilled workers seems to be a problem Or is this not the case? A recent study by the Organisation for Economic Co-operation and Development (OECD) called *International Mobility of the Highly Skilled* (2002), suggests that the mobility of highly skilled workers encourages innovation to circulate and helps to boost economic growth around the globe.

Based on a series of country case studies, the report looks at what drives the movement of professionals like scientists, engineers, computer programmers across borders, on the one hand, and at how entry rules in the richer countries have generally served to match shortages of highly qualified labour in some industries, on the other hand. According to the report, the main influx increase has been from Asia and Central and Eastern Europe into North America, Australia, Germany and the United Kingdom.

The report notes some clear benefits for the home countries: migrant workers return with new technological and entrepreneurial skills obtained abroad and very often they also have money to invest or have contacts in the international science and technology fields. They have extended their social capital, their 'network' capital. The sharp expansion of high-technology industries in Chinese Taipei, South Korea and Ireland owes much to returning migrants, says the report.

Given that many professionals do eventually return to their country of origin, fears of a loss of competence, of a brain drain from developing to technologically advanced countries may be exaggerated, the OECD report says. The press headlines on the release of the report sets this out: 'Highly Skilled Worker Migration Can Boost Economic Growth, Says OECD Study.' This seems to be a clear position in a debate that has been characterised by quite some confusion. The study is, of course, more balanced than the newspaper headlines suggest. It also states that greater co-operation between sending and receiving countries is needed to ensure a more equitable distribution of benefits.

In summary, to a certain extent, migration of the highly skilled is advantageous for the country of origin because of the social and economic return. Successful migrants abroad also leave opportunities for those left behind on the local labour market – less competition – and their success stories can stimulate new generations to study and attempt to follow in their footsteps. The prospect of working abroad for higher wages and better conditions can be a stimulus to pursue higher education. This can increase the number of domestic students beyond what it might have been without migration. If many of these opt to stay in the country after graduation, they bolster the knowledge available locally. This is what is behind Oded Starks argument that the brain drain has economic and social benefits for the countries whose brains are leaving (Stark, 2002). His reasoning is simple, although backed up by a lot of theoretical economics. When educated people leave and report back that they make a lot of money, that creates an incentive to those still in the homeland to improve their human or social capital, say by improving their education. This happens on a large scale. However, only a small percentage of those whose human or social capital has increased actually leave. The rest stay behind and offer the benefits of their education to the home country.

3.2 The drawback of highly skilled migration

But this also has to be put into perspective. Migration of the highly qualified can be positive, but this assumes that there is already a minimal stock of qualified people. If a doctor or a nurse, or even an electrician leaves the village, the city or the region, and there is nobody to succeed him or her, you can hardly speak of an advantage for society. There is a threshold – perhaps even two thresholds. There is a lower limit under which society suffers the consequences of all skilled and high skilled migration, because there is no replacement capacity. Above this threshold migration can be positive until the number of migrant workers reaches the upper limit, above which emigration of professionals and highly qualified becomes problematic again because the replacement capacity has been drained. Between the two limits, we can speak of 'brain transfer', 'brain circulation' and even 'brain gain.' Above and below the thresholds, we are better off speaking of brain drain. For every country, for every region and even for every sector, the picture is different.

The destination countries also play multiple roles. The industrialised world is attractive, first because of the wage differences and the possibility to send money back home, and secondly because of the opportunities at professional level. If highly qualified migrants from the less advanced countries develop their talents in the industrialised world, this need not be disadvantageous as we already saw. It can be a win-win situation. But unfortunately this is not always the case. Perhaps the worst situation is when the highly skilled are not adequately utilised in the countries of employment. If trained nurses migrate to the more advances societies in order to work in a factory, a shop or to clean the houses of the double-income families, it becomes more difficult to evaluate this positively. Although supply met demand, the worker can earn money and send a part of it to the family left behind, and the employer found relatively cheap labour, it cannot be considered a win-win situation. Here the investment in education is not used to the full advantage: neither for the country of origin that lost a skilled worker, nor to the country of destination that makes insufficient use of the investment made is such a development of use. This is an important aspect of economic loss that we will call '*brain waste*.'

Because of the wage disparities, the lack of opportunities etc., there is no equal distribution of power between the different players in the game. If there is a shortage on the labour market in the more advanced countries, and there are qualified workers in the developing world, even if this labour market also faces shortages, the supply and demand mechanism will most probably lead to a loss of skilled and/or highly skilled workers for the developing countries. History demonstrates this, too. The African countries have been severely hit, albeit in terms of absolute numbers the largest exodus of professionals is the one from Asia, with the United States as principal destination. Whereas certain countries see their citizens eventually returning and/or establishing networks with the former host countries, many other societies, especially in Africa, are not developed to the level where they can match the wages and employment conditions of the more developed countries. Some regions are losing most of their professionals. To describe this situation the expression '*brain desertification'* is used.

4. Worker remittances

4.1 The return of emigration: remittances

Many emigration countries lose manpower, often highly qualified manpower. But those countries get something in return. Emigration entails a lot for the sending countries like less unemployment and less social tension. But one of the most direct benefits migration provides to developing countries is through worker remittances. Migrant remittances have become an increasingly important funding resource for many developing countries. The total value of global remittances has increased from less than US $2 billion in 1970 to almost US $100 billion today. More than 60% of that sum goes to the developing countries. The importance of remittances varies from country to county. There is increasing evidence that they are crucial to the survival of communities in many developing countries. For many countries, the remittances are an important source of income that in some cases can significantly exceed the export earning. For certain countries remittances are a more important source of income that the official development assistance (ODA), the financial flows from the industrialised world to the developing countries. In 2000, the OECD nations that are members of the Development Assistance Committee gave $54 billion of ODA. This is more or less the same amount that those countries spent more than a decade ago, in 1990 ($53 billion). In the same period, migrant-remittances to developing countries have more than doubled, trade increased 1.5 times, and Foreign Direct Investment (FDI) rose almost six-fold (Martin, 2002).

Nyberg-Sorensen a.o. (2002) argue that the effects of remittances sent by economic migrants go first and foremost to lower middle- and low-income countries. Within these countries, it is not always clear who benefits most from the remittances. In a recent paper on the Philippines Stella P. Go states that over the years, a significant proportion of Filipino families have relied on foreign remittances as a main source of income (Go, 2002). In 1997, the Family Income and Expenditures Survey revealed that 6.2% of Filipino families derived their main source of income from remittances. This translates to a total of 881,263 families who receive income from overseas. A closer study of the figures reveals a striking discrepancy in who benefits from international labour migration. It is apparently not the poorer segments of Filipino society that benefit most from migrant labour abroad. As far as the direct effect of international migration is concerned, the richer regions as well as the richer classes have benefited disproportionately from the economic gains.

4.2 Drawback of remittances

Remittances can certainly have a positive impact both on the level of financial liquidity in the receiving country, as reflected in the balance of payments, as well as on the spending power in the actual receiving household. Still, evidence from different case studies contradict the positive approach.

The drawback of an important monetary flow sent by emigrants is that the receiving countries may easily become dependant on this source of income, which is overall vulnerable to changes in the economic, political and social evolutions in the migrant receiving countries.

Many scholars have argued as early as the late 1960s that remittances are not triggering local development because they lead to consumptive rather than to productive investment. In some cases, the beneficiaries even oppose a structural transformation and a more productive use of the remittances as examples in Haiti suggest. Beneficiaries rather prefer receiving a sum of money every now and then that they can freely spend on medical care, than migrant-sponsored health centre, for example.

Literature also suggests that remittances distort the social development since the gains are only for the happy few with relatives abroad creating wealth disparities and leading to a local inflation. Inflation is visible because these transfers create a demand that leads to higher prices and thus to social and political tension between the ‘receivers’ and the 'non-receivers.' This mechanism often prices the latter out of the market, and might even force them to consider migrating in turn.

The full verdict is still out on whether or not migrant remittances benefit overall development. Some doubt it on the grounds quoted above. Still, it is undeniable that many forms of consumption such as better food, education, health care and housing will improve productivity in the long run. A synthesis of arguments pro and contra can be found in the table below.

Table 1 Positive and negative effects of remittances: summary

Negative	Positive
Less investment and capital accumulation	Dependent on definition: education, nourishment, housing, health care, etc. can also be seen as an investment in the future important welfare effect
Little effect on productive employment	Indirect effect on productive employment through e.g. construction activities, retail trade, …
Inflation	
Static growth (dependent on foreign countries)	Multiplier-effect. Secondary effects of remittances lead to growth
Dependency	Only a limited risk of dependency
Disruption of development	Contribution to development
Monetary disruption	
	Accelerator of locale economy through a.o. regional concentration and contribution of migrant associations
Rural exodus	Multiplier-effect, especially in rural area's where the local economy is supported
Reinforcement of inequalities	Redistribution effect; mobilisation of social capital

4.3 Who benefits?

Documented or undocumented, skilled or unskilled, the main motivation for migrant workers will be to increase their income. As early as 10 years ago, a Philippine nurse for example could triple her monthly income by migrating to the Gulf Countries and make twenty times as much in the United States as in Manila. Salary differentials can be a major source of attraction, but career development opportunities are also a strong motivator (Stalker, 2000). At an individual level this seems to be a win-win situation. The migrant workers improve their situation, earn more money and have better opportunities. The employer abroad thus has just hired a motivated but relatively cheap professional.

While it may be advantageous at individual level, migration of highly skilled workers and professionals may represent a considerable loss for the countries that have invested in the education. Indian professionals are well known for this. India is losing an investment of US$ 2 billion a year only as a result of the migration of IT professionals. India has been investing hugely in human capital. There is of course some return. India has progressed in the IT sector and is supplying industrialised countries with software engineers. Software even accounted for 8 % of India's exports of goods and services. The question is whether India will be able to sustain this now decade-long momentum in the software business (UNDP, 2001).

The goals of the countries of origin are multiple and depend on the social and economic situations. Highly skilled workers and professionals are needed to develop the country. A Diaspora population also stands for money transfers, savings and investments and can contribute to social goals. In case of high unemployment, emigration even functions as a safety valve to reduce unemployment.

5. Migration and development

"Development" became the magic word in the migration discussion only rather recently. The rationale behind it is simple: if people are leaving their countries because of a lack of development, then improved living conditions in the sending countries can slow down international migration. But is the logic behind it as simple as that? What the precise link is between both, how policy and practice relate and what can be considered as cause and what as effect is still not completely understood. It is not entirely clear yet how migration is influenced by development and how migration itself impacts on development. Throughout history, migration has always been intimately related with development: as a result of imbalances or as a force fostering development. The impact of migration on development and vice versa has varied over time. The relationship between migration and development, or the relationship between development and migration has been a topic of debate for decades.

To be able to discuss the relationship between migration and development, we first have to know what is meant by development. It is remarkable that in the discussion on the link between migration and development in many sources, development is used as an implicit concept, implying the assumption that something is moving from a lower status to a higher or better one - or more or less what Walt W. Rostow described almost half a century ago in "the stages of growth" (1964). A clear definition of what is understood by "development" is however crucial for understanding the relationship. Development theory has evolved strongly since Rostow. An operationalisation of the concept "development" is not easy, but it is clear that development as such is more than economic development. Other issues aside from economic factors alone figure into the development equation. With respect to migration and development, it is important to balance also the non-economic, less measurable factors like democracy, the freedom of expression, welfare and security of the overall the environment as well as future prospects etc. (Hammar et. al., 1997).

The picture becomes clear when examining the cases of countries that rely heavily on the migrant remittances. It is said of Morocco, for example, that more than 1 million people do not live below the absolute poverty line, precisely because of the migrant remittances. It can be discussed whether or not this is a productive use of these means or merely one linked to consumption. If "consumption" implies an investment generating higher-quality food, education for the children, better and more sanitary housing, health care etc., then it can at least be considered as an investment in the future generation and thus an indirect investment in a more productive society.

Even if the benefits are clear, it is important to know what the cost is. A significant change in the recent migration patterns is the 'feminisation' of migration. Almost half of the migration population is female and these women are not always wives following their spouses. Countries like the Philippines and Bangladesh are sending a lot of female migrants abroad. Migrant right, however, are not guaranteed in many countries. This can result in a situation where a country benefits from migration through remittances (this is what is tangible through the balance of payments) and where a family receives vital necessities. But it is very often also a situation in which the children - in the absence of their mother - are raised by their grandmother while the mother, earning money abroad, is exploited and in the worst case scenario even abused. If raped, these women often lose their social position in their own society upon returning home. The economic benefits are often realised at a very high social cost. The question remains: can this be considered sustainable development?

6. Final thoughts

Summarising, we know that the world population is steadily growing, and consequently also the (potential) migrant population. And what is also known for certain, is that the local labour markets in the developing countries are not capable of absorbing all newcomers on the labour market. It is a fact that the migration potential in the developing world increases all the time.

We have further individuals who express the desire to go abroad, we have a demand for migrant labour and companies willing to hire qualified foreigners, we have – on average poor – countries that have invested in education of their nationals, we have – on average rich – countries with an ageing population and a shortage on the labour market. We also have on the one hand concepts like individual freedom, and freedom of choice, and on the other hand concepts like obligations and social duties. We have a globalised, world-wide, layered labour market where supply and demand meet. And we have unequal power relations.

The challenge is how to put the pieces together in a way that ensures a more equitable distribution of the benefits. It can be concluded that brain mobility does not automatically translate into 'brain drain.' As stated earlier, for every country, for every region, for every branch of industry, the picture is different. It is clear that there is no overall effect. If there is an adverse effect, it occurs on a country-by-country basis, and even within an occupation-by-occupation framework. Let us look for instance at the health industry. The emigration of nurses in many Pacific or Caribbean islands like Jamaica is a loss and a challenge for those countries to deal with. The migration of Filipino nurses is part of the Philippines' strategy to export labour. The Philippines are often cited as an example of a country that ended up in the business of exporting skilled labour (*brain business*) to the benefit of their academic industry, and as a way to cultivate remittances and international connections. Universities in the Philippines have even adapted their curricula to suit international demand and facilitate the export of skilled workers (Stalker, 1994).

The opportunity of skilled mobility may be real, but so is the threat. The international actors involved must dig into the details and not only look solely at the 'shining examples.' It is clear that while we know more and more about migration of highly skilled workers and its effects on the countries of origin, there still is a lot we do not know.

The same counts for the remittances: the opportunities may be real, but so is the threat. The remittances of migrants are constantly rising and may as well be targeted to the poor in the developing countries. Also here the actors involved must dig into the details and not only look solely at one dimension like economic growth. The development impact of the remittances can only be assessed if the social cost is also taken into account.

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