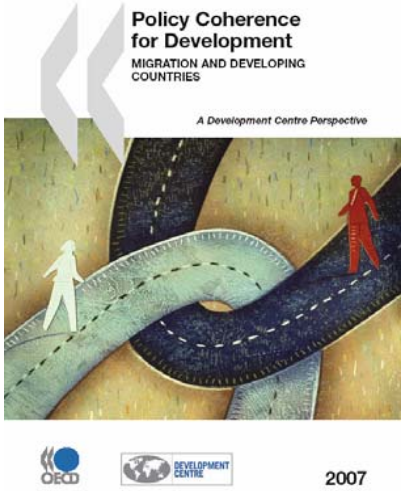
Migration and Developing Countries



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Sixth Coordination Meeting on International Migration

United Nations

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

OECD

International migration and developing countries

Roadmap to the presentation:

1. What do we *think* we know?
2. What do we *really* know?
3. What can we do?

Two main messages

Good news:

Migration can contribute global poverty reduction

Inconvenient news?

Neither development in general nor aid in particular will not slow or stop migration… for a long, long time

International migration and developing countries

1	**What do we *think* we know?**
2	What do we *really* know?
3	What can we do?

1) What Do We *Think* We Know?

- International migration is exploding
- Canary Islands, Sonoran desert, boat people: most immigrants to OECD come illegally from poor countries → humanitarian crisis
- Brain drain robs poor countries of doctors, nurses and teachers
- Remittances: No need for aid any more

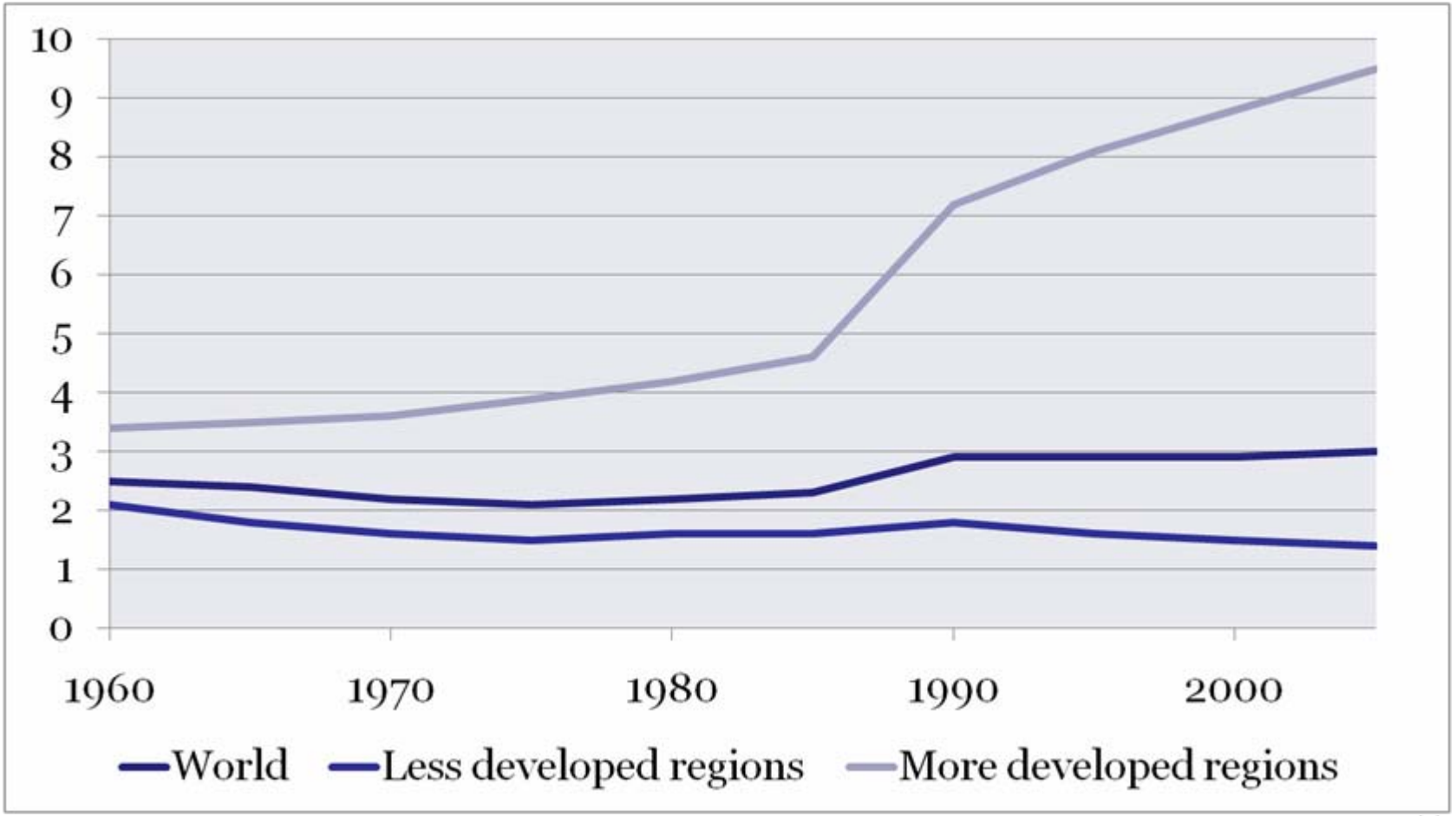
International migration and developing countries

1. What do we *think* we know?
2. **What do we *really* know?**
3. What can we do?

2) What do we really know

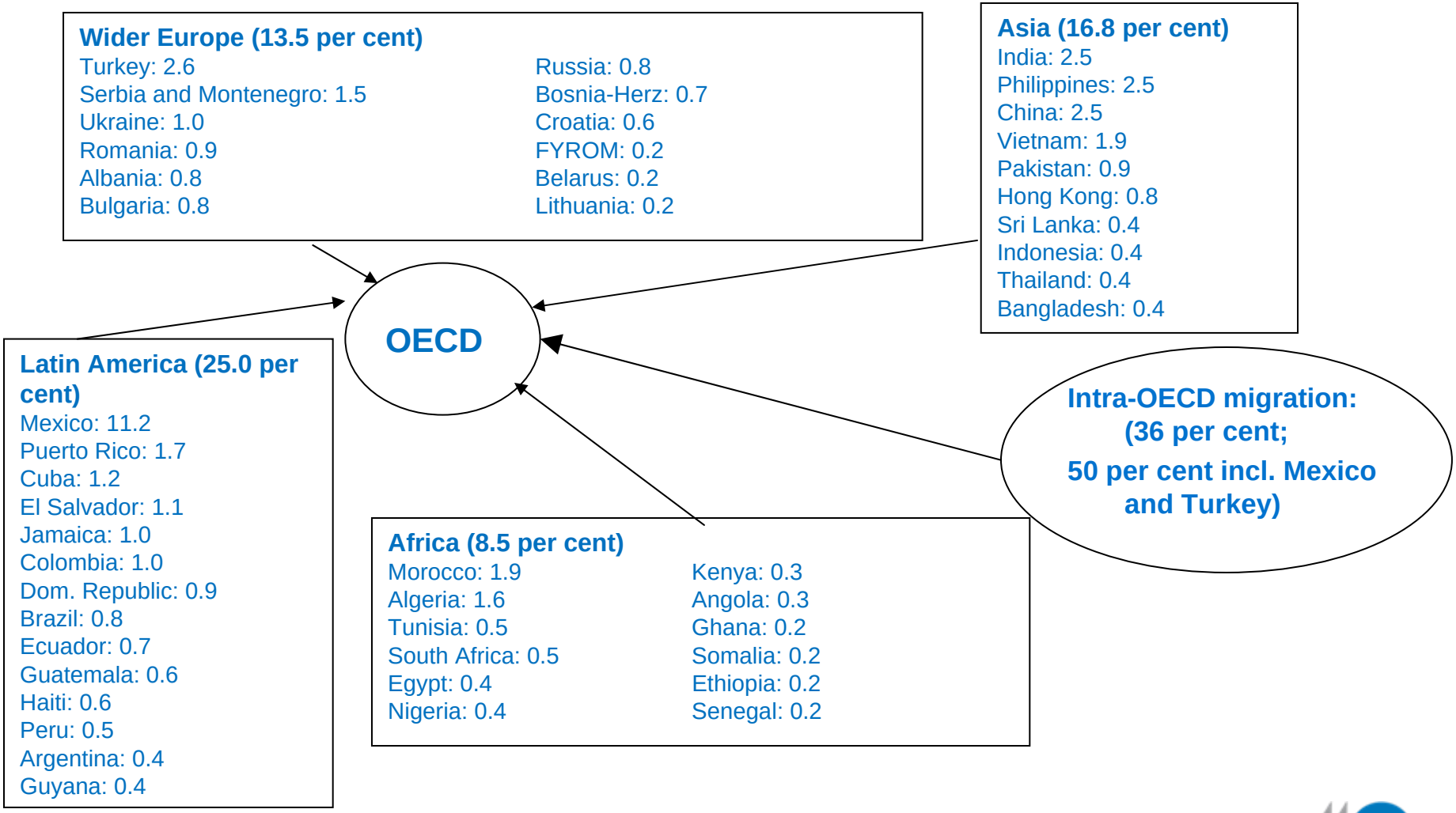
- Size, trends and composition of migrant flows
  - intra-OECD migration
  - skill levels and destination
- Brain drain versus brain gain
- Remittances – substitute or complement to aid
- Development policies – can they stop emigration?

International migrants as a share of population



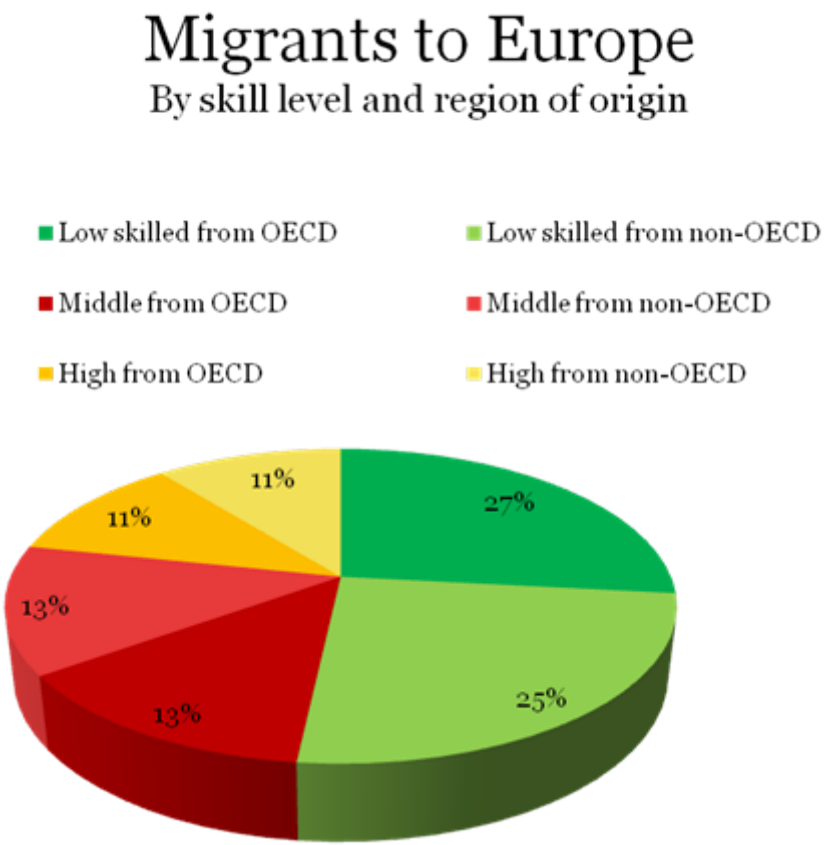
Source: United Nations.

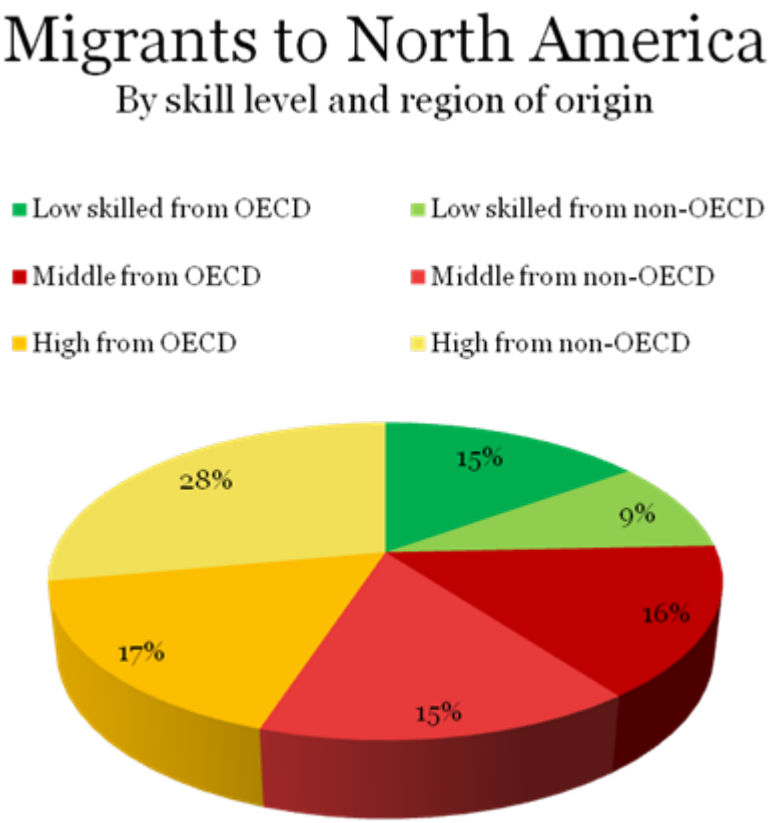
Where do migrants to the OECD come from?



Source: OECD Database on Expatriates and Immigrants, 2004/2005

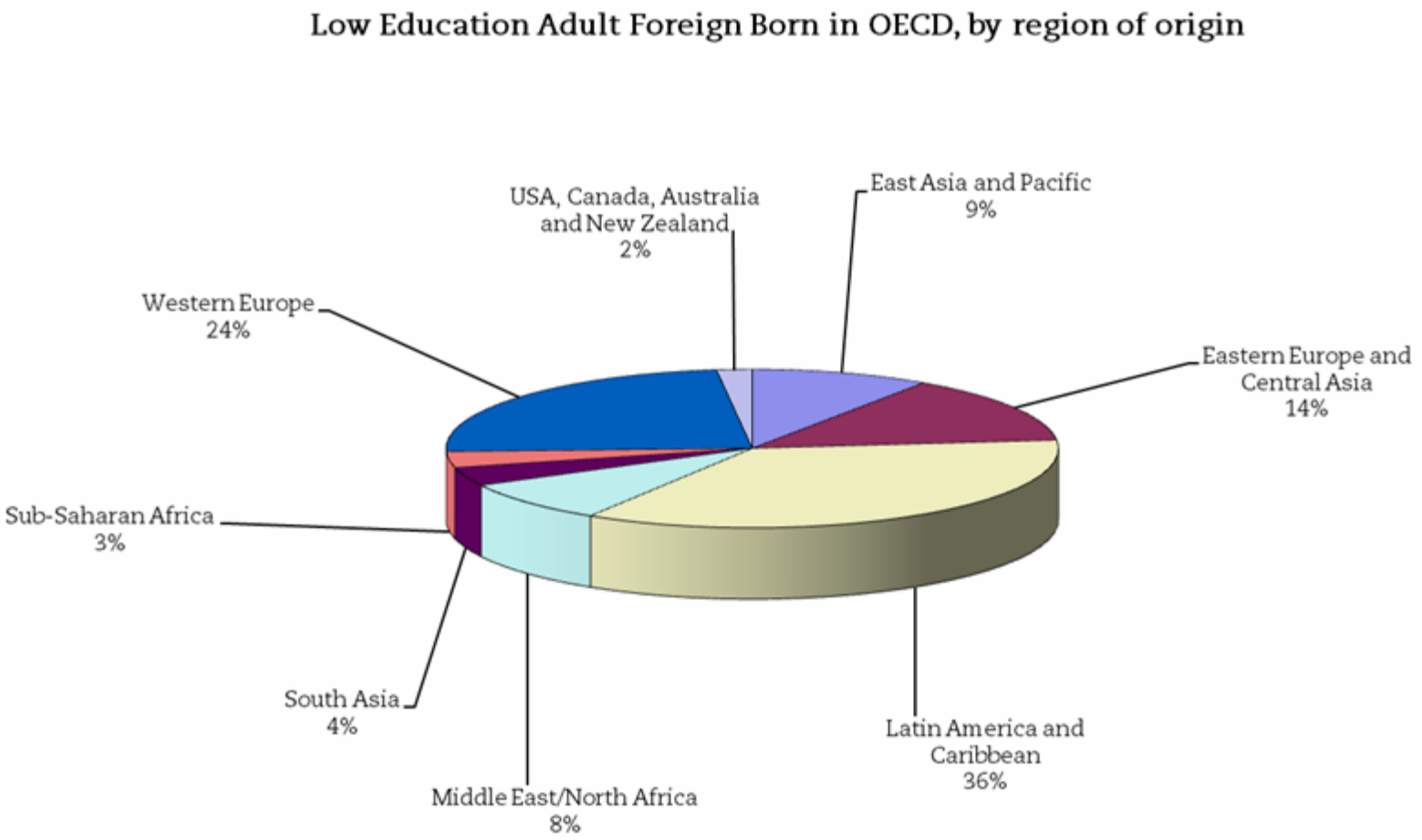
Skill level of migrants to Europe and North America





Source: OECD Database on Expatriates and Immigrants, 2004/2005

Where do low-skilled migrants in the OECD come from?



Source: OECD Database on Expatriates and Immigrants, 2004/2005

What about illegal immigration?

- Estimates of illegal immigrants for selected countries:
  - United States: 10.5-12 million (3.5-4% population)
  - Netherlands 125 000-230 000 (0.8-1.4 % population)
  - Switzerland 80 000-100 000 (1.1-1.5 % population)
  - Greece 370 000 (3.4% population)
- Overstaying often more common than fraudulent entry or sea landings
  - Italy, 2005 estimates: 60% "overstayers", 25% entered with false documents, and 14% entered by sea landings in southern Italy

Source: OECD International Migration Outlook 2006, 2007

Estimates of the Irregular Migrant Stock

	thousands	% of pop.	Year (years since regularisation)
Japan	210	0.2	2005
United States	10 300	3.6	2004 (18)
Netherlands	125-230	0.8-1.4	2004
Spain*	690	1.6	2005 (4)
Italy	700	1.2	2002 (4)
Greece*	370	3.4	2001 (3)
Portugal	185	1.8	2001 (6)

* = Subsequent regularisations not accounted for in these estimates.

Source: OECD International Migration Outlook 2005.

The Migration Cycle

- Migration affects development in three ways (+/-):
  - Changes in labour supply
  - Receipt of remittances
  - Changes in productivity
- The relative importance of each effect varies over the migration cycle

Source: OECD (2007)

Low skill migrants and poverty reduction

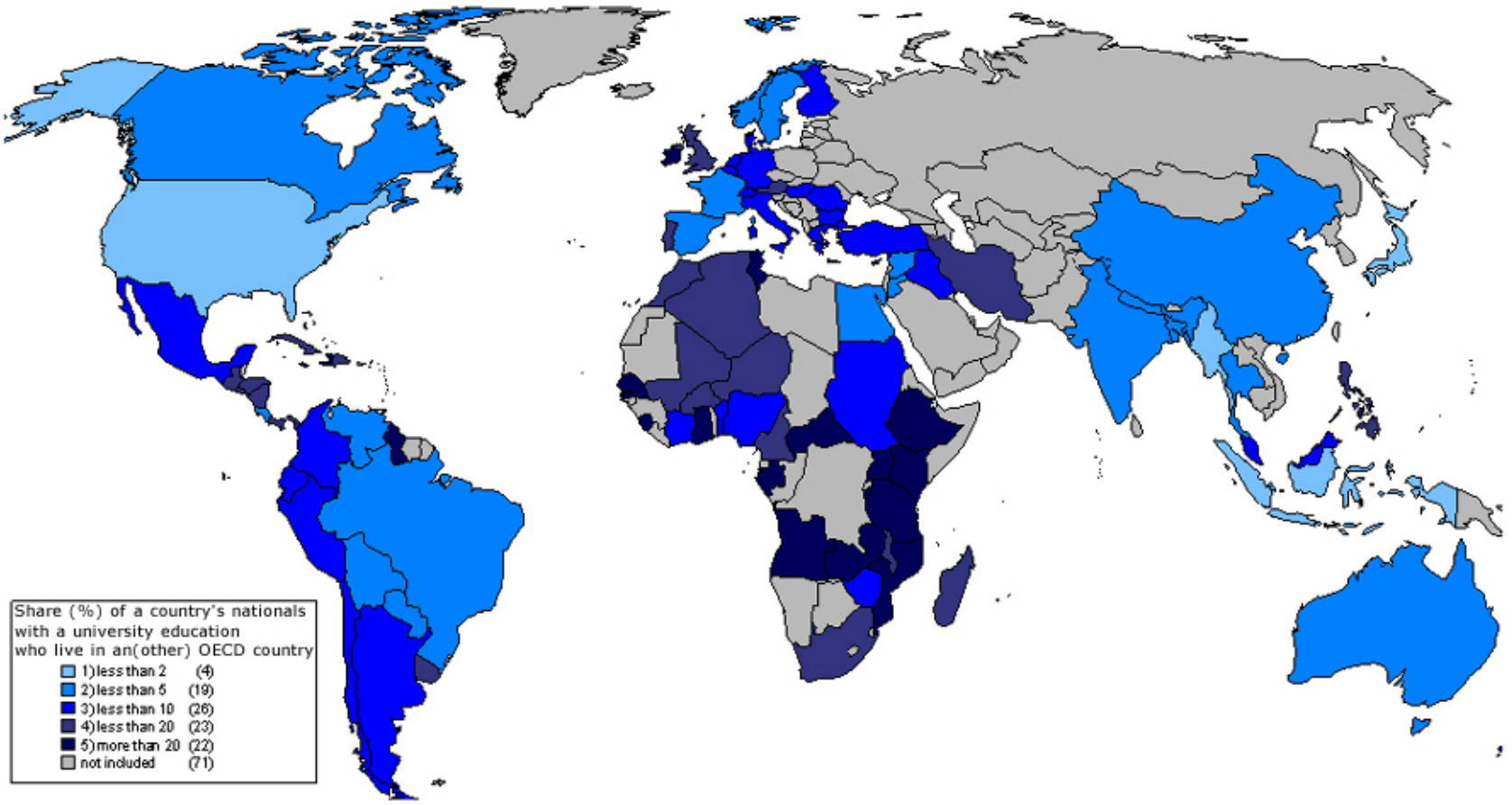
- Low-skilled mobility raises wages or reduces unemployment/underemployment
- The low-skilled remit more
  - Circular mobility
  - Unaccompanied by family members
  - Shorter stays
  - Closer to home
- Remittances by the low-skilled have a larger poverty-reduction impact

Brain drain: gains and losses

- Brain gain for some countries
  - Incentive to acquire more training and skills
  - Poor prospects for working in qualified jobs
  - Returning "brains"
- Brain drain hits the poorest developing countries hardest!

Source: OECD (2007)

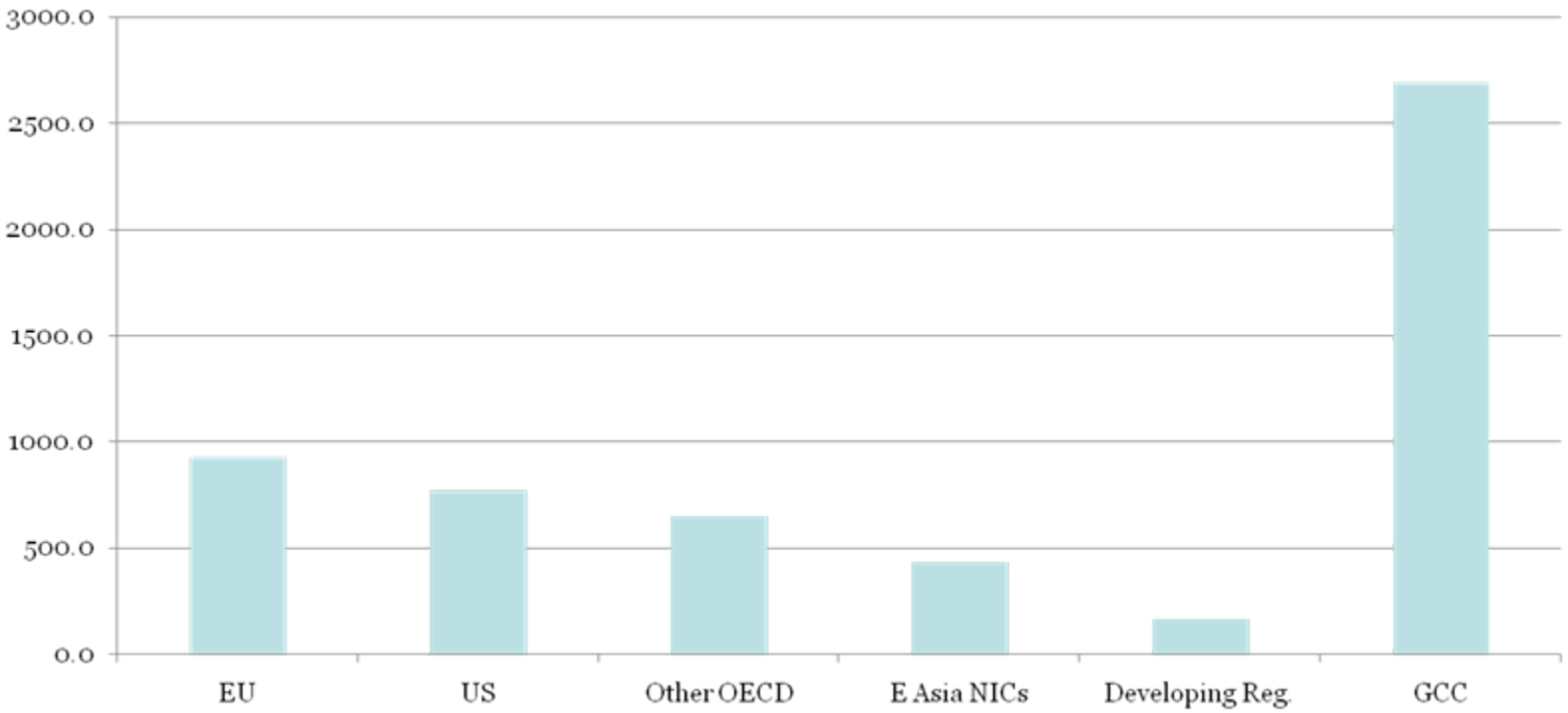
Brain Drain: A Problem for the Poorest Countries



Source: OECD Database on Expatriates and Immigrants, 2004/2005; Cohen and Soto (2001)

Remittances matter….

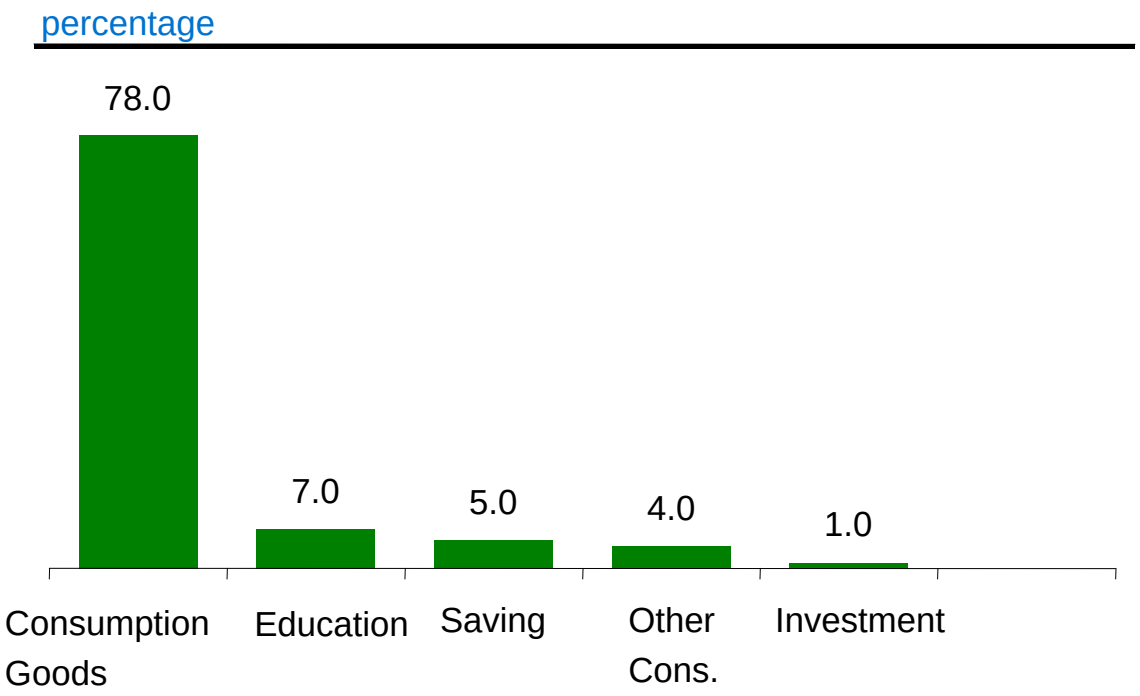
Money sent home annually, US $ per migrant (2000)



Source: IMF Balance of Payments Statistics; UN Trends in Migrant Stock, 2000.

…. mostly used for consumption

Uses of remittances, Mexico 2000



Source: Fomin, Pew Hispanic Center

Remittances and aid: complements, not substitutes

- Remittances tend to finance consumption: often productive (consumer durables, house improvement, education, health)
- Incipient schemes for community investment of remittances (e.g. *Tres por uno*, Zacatecas, México)

Will development slow migration?

How it works:

- Poor countries specialise in production and of goods that use labour intensively
- New jobs created in export sector, absorbing would-be migrants
- Outsourcing

Probably not

- Adjustment is a long-term process
- Demographic factors will slow it further
- “Migration hump” hypothesis; with prosperity, *more* emigration
- Pitfalls of using aid to influence migration

International migration and developing countries

1. What do we *think* we know?
2. What do we *really* know?
3. **What can we do?**

3) What Can We Do?

More coherent policies for more effective mobility management

1. Look at migration policies through a development lens
2. Look at development policies through a migration lens

Migration policies through a development lens

More flexible options for migrants and employers, including

- Smart labour-market access policies to allow legal circular mobility
- Creating paths to naturalisation/citizenship for longer-term migrants
- Reducing remittance costs and increasing access to the financial system
- Co-developpement: engaging diasporas

Development policies through a migration lens

For sending countries, integrate migration into national development strategies.

- Macroeconomic policies (tax revenues, exchange rates...)
- Human resources and higher education policy
- Infrastructure investment (transport, communications)
- Dealing with the informal sector

Concluding remarks

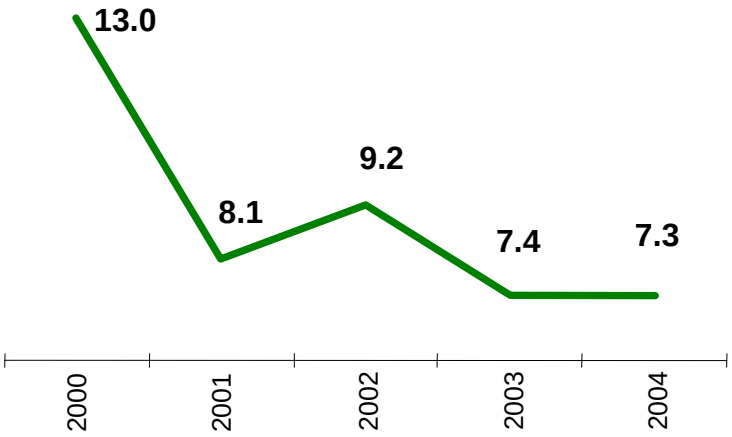
- Migration an integral part of globalisation
- Creating more awareness of the development – migration nexus
- Striving for policy coherence
- Not raising false hopes, promoting realistic solutions

For more info:
www.oecd.org/dev/migration

Thank you for your attention !

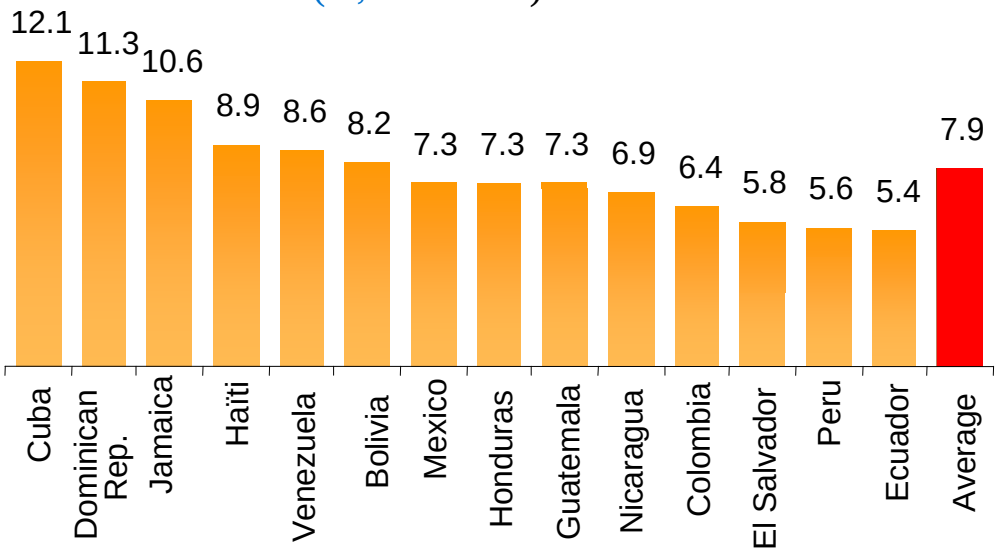
Transfer costs high

Costs of transfers to Mexico
(%, for 200 USD)



Source: Pew Hispanic Center

Costs of remittances to Latin America *
(%, 200 USD)



* From USA; 2004
Source: PEW Hispanic Center