Migration and Developing Countries

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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

<table>
<thead>
<tr>
<th>1</th>
<th>What do we <em>think</em> we know?</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>What do we <em>really</em> know?</td>
</tr>
<tr>
<td>3</td>
<td>What can we do?</td>
</tr>
</tbody>
</table>
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

Where do migrants to the OECD come from?

**Latin America (25.0 per cent)**
- Mexico: 11.2
- Puerto Rico: 1.7
- Cuba: 1.2
- El Salvador: 1.1
- Jamaica: 1.0
- Colombia: 1.0
- Dom. Republic: 0.9
- Brazil: 0.8
- Ecuador: 0.7
- Guatemala: 0.6
- Haiti: 0.6
- Peru: 0.5
- Argentina: 0.4
- Guyana: 0.4

**Wider Europe (13.5 per cent)**
- Turkey: 2.6
- Serbia and Montenegro: 1.5
- Ukraine: 1.0
- Romania: 0.9
- Albania: 0.8
- Bulgaria: 0.8

- Russia: 0.8
- Bosnia-Herz: 0.7
- Croatia: 0.6
- FYROM: 0.2
- Belarus: 0.2
- Lithuania: 0.2

**Africa (8.5 per cent)**
- Morocco: 1.9
- Algeria: 1.6
- Tunisia: 0.5
- South Africa: 0.5
- Egypt: 0.4
- Nigeria: 0.4

- Kenya: 0.3
- Angola: 0.3
- Ghana: 0.2
- Somalia: 0.2
- Ethiopia: 0.2
- Senegal: 0.2

**Asia (16.8 per cent)**
- India: 2.5
- Philippines: 2.5
- China: 2.5
- Vietnam: 1.9
- Pakistan: 0.9
- Hong Kong: 0.8
- Sri Lanka: 0.4
- Indonesia: 0.4
- Thailand: 0.4
- Bangladesh: 0.4

**Intra-OECD migration:**
- (36 per cent; 50 per cent incl. Mexico and Turkey)

*Source: OECD Database on Expatriates and Immigrants, 2004/2005*
Skill level of migrants to Europe and North America

Migrants to Europe
By skill level and region of origin

Migrants to North America
By skill level and region of origin

Source: OECD Database on Expatriates and Immigrants, 2004/2005
Where do low-skilled migrants in the OECD come from?

Low Education Adult Foreign Born in OECD, by region of origin

- USA, Canada, Australia and New Zealand: 2%
- East Asia and Pacific: 9%
- Eastern Europe and Central Asia: 14%
- Latin America and Caribbean: 36%
- Middle East/North Africa: 8%
- South Asia: 4%
- Sub-Saharan Africa: 3%
- Western Europe: 24%

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

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

* = Subsequent regularisations not accounted for in these estimates.

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….


.... mostly used for consumption

Uses of remittances, Mexico 2000

<table>
<thead>
<tr>
<th>Use</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption</td>
<td>78.0</td>
</tr>
<tr>
<td>Education</td>
<td>7.0</td>
</tr>
<tr>
<td>Saving</td>
<td>5.0</td>
</tr>
<tr>
<td>Other Cons.</td>
<td>4.0</td>
</tr>
<tr>
<td>Investment</td>
<td>1.0</td>
</tr>
</tbody>
</table>

*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
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**
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)

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

Source: Pew Hispanic Center

Source: PEW Hispanic Center

* From USA; 2004