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**BRAIN DRAIN VERSUS BRAIN GAIN: THE STUDY OF REMITTANCES
IN SOUTHEAST ASIA AND PROMOTING KNOWLEDGE EXCHANGE
THROUGH DIASPORAS***

Asian Development Bank

* The views expressed in the paper do not imply the expression of any opinion on the part of the United Nations Secretariat.

I. INTRODUCTION

The Asian Development Bank (ADB) is increasingly realizing that better tapping the energies and resources of diasporas can be crucial for developing countries. The report will briefly summarize some of the ongoing research in this area. The first study looks at the systematic study of financial remittance flows in Southeast Asian sender and recipient countries, and offers policy recommendations so that the latter can better take advantage of these flows. The study identifies factors in the policy, regulatory, and institutional framework that have an impact on remittance flows, and proposes action plans that can be implemented at both the country and regional levels to encourage greater remittance fund flow, its effective use, and formal channeling. The second looks at the increased use of associations of highly skilled expatriate nationals in the transfer of knowledge and capacity development, and on the policies and level of awareness among developing countries to capture the benefits of such practices. Comprehensive reviews of such knowledge transfer experiences have been commissioned in the Philippines, People's Republic of China (PRC), and Afghanistan to explore innovative means of improving policies and using networks for knowledge transfer that might otherwise be carried out by non-diaspora, expatriate professionals. Such knowledge transfers can increase the development impact of remittances, and are valuable in their own right.

II. REMITTANCES IN SOUTHEAST ASIA

International migration is increasingly influencing the global economy. Human capital flows from poor countries to rich countries are large and growing. The leading cause is the increasing skill-focus of immigration policy in a number of leading industrialized countries. Cross-border financial capital flows have transformed the global economic and political landscape over the last half-century.¹ Remittances sent by migrant workers amount to some US\$200 billion going to countries and regions in Latin America, Asia, Africa, and Europe. The Southeast Asia region is an important example of the global trend. Historically, this region has been characterized by fluid migration; however, recent economic and other social factors have dramatically increased the flows of people and money.

Contemporary Southeast Asia is a region with high levels of labor migration, both short and long term. Most immigrants live and work legally in the host countries based on short-term labor contracts and work visa, but undocumented migration is a growing phenomenon. A significant trend is the emergence of an increasing number of female migrants who make an independent decision to migrate. While Japan and Singapore are predominately immigrant recipients, countries such as Indonesia and the Philippines send immigrants and workers to richer countries, thereby contributing to the largest single foreign exchange activity in labor-surplus countries of Asia, outweighing commodity exports. Among the trends in Asian labor migration is the realization and awareness by government of this phenomenon, and related attempts by the state to vigorously control and capitalize on the benefits and burdens associated with it. Southeast Asian countries with labor surpluses establish facilitating or regulating labor export agencies within the government bureaucracies while attempting to enhance the value of remittances through an array of policies (e.g., tax breaks or forced remittances) and establishing bilateral agreements for protection of their nationals working abroad.

Given these movements, the Asian Development Bank (ADB) examined remittance fund flows from a regional perspective to better understand its trends, and identify policies that can leverage remittances by providing financial intermediation, building assets from migrant earnings, and increasing household assets. The purpose of this project was to have a systematic understanding of remittance flows in Southeast Asian sender and recipient countries, and offer an informed set of policy recommendations that can help leverage a greater development role of remittances in the countries under study. A regional technical assistance (RETA) project was implemented this year under the Japan Special Fund (JSF) funded by the Government of Japan. The purpose of project was to conduct a systematic understanding

of remittance flows in selected Southeast Asian countries (Hong Kong, Malaysia, Japan, and Singapore) and to develop an informed set of policy recommendations that can leverage a greater development role of remittances in these countries by identifying policy, regulatory, and institutional frameworks that have an impact on these flows, and propose action plans that can be implemented at both the country and regional levels to encourage greater remittance fund flow, its effective use, and its formal channeling.

In order to understand the trends in migration and remittance flows, ADB looked into a range of issues relevant to donors and development players. These included:

- (i) Migration trends and their social and economic features
- (ii) Remittance flows both official and estimated figures
- (iii) Regulatory framework overseeing international worker transfers
- (iv) Marketplace of remittance flows: channels and competition
- (v) Role of financial intermediation
- (vi) Transnational landscape among remittance senders; and
- (vii) Social and economic impact: macro and micro economic trends

A. Characteristics of Migrants

There are several characteristics which define intra-regional migration flows in Southeast Asian countries. Demographic features such as gender and age, income and education levels of migrants influence their purpose and duration of stay in the host country as well as influences behavior of remittance senders.

Intra-regional migration flows tend to be predominately female, with the exception of Malaysian and Indonesian migrants who migrate to Japan or Malaysia. The “feminization” of immigration from Indonesia and the Philippines has many contributing factors, among them the nature of the work available to migrants in the host country. Based on the survey results, two-thirds of Filipino migrants to Japan are women, many of who work as entertainers, while nearly all migrant workers from Indonesia and the Philippines to Hong Kong and Singapore are women who work as foreign domestic helpers (FDH). FDHs represent 90 percent of all Asian migrant workers in Hong Kong, and comprise of 30 percent of the total migrant labor force in Singapore.

B. Duration in destination country

In most cases, the longer a migrant resides in the host country; the least likely they are to continue remitting money to family members in their home country. This behavior can be explained by a variety of factors, including assimilation, migration laws favorable to family reunification, etc. As the study indicated, Filipinos living and working in Japan and Hong Kong tend to stay approximately five to six years in the host country, an average of one to two years longer than their Indonesian counterparts. In contrast to survey respondents in Japan and Hong Kong, Filipinos working in Singapore reported staying *twice* as long as their fellow countrymen working in other destination countries. Indonesians working in Singapore, meanwhile, stayed *half* as long as their fellow countrymen working in the other destination countries.

C. Characteristics of remittance senders

Remittance sending behavior varies between countries in Southeast Asia. The average monthly remittance transaction for Filipino and Indonesian immigrants living and working in Hong Kong is US\$300 on average versus US\$289 for those working in Singapore. These amounts to slightly more than twice the amount sent by their counterparts working in and remitting from Malaysia (see Table 1).

Filipinos and Indonesians working in Japan, however, remit more than twice as much as their counterparts in Hong Kong and Singapore.

TABLE 1: AVERAGE MONTHLY REMITTANCE AMOUNT SENT BY MIGRANTS

	<i>Japan</i>		<i>Hong Kong, China</i>		<i>Singapore</i>		<i>Malaysia</i>	
	<i>Average</i>	<i>Lowest 40%</i>	<i>Average</i>	<i>Lowest 40%</i>	<i>Average</i>	<i>Lowest 40%</i>	<i>Average</i>	<i>Lowest 40%</i>
Philippines	\$532	\$377	\$264	\$190	\$265	\$182	\$100	\$70
Indonesia	\$838	\$422	\$305	\$174	\$291	\$182	\$100	\$70
Malaysia	\$970	\$283	-	-	\$329	\$242	-	-

Source: Survey of Immigrant Sender, TA62120REG Southeast Asia Workers' Remittance Study, ADB

D. The marketplace of money transfer

The intermediation of money transfers is essential to an effective and efficient marketplace. Such a marketplace operates as a function of prevailing regulatory frameworks, which establish rules on how money is sent and the institutions that are used in the transfer. The remittance transfer workplace also functions in relationship to the number and type of players, demand, size, real and expected volumes, and the structure of competition. Each of these elements define the health of such markets. In examining the context of countries under analysis, it was determined that intermediation for money transfers occurred under structure, however, the regulatory environment varied; Japan and Malaysia practiced strict regulations while Hong Kong and Malaysia's regulations were lax. Moreover, competition was concentrated among no more than 20 players, and transaction costs varied by country and were a function of regulatory environments restricting non-banking financial institutions, than a response to the size of demand. Not all countries in Southeast Asia have uniform regulations or institutional bodies that oversee money transfers, in most cases, this job is shared by more than one institution. For example, Singapore and Malaysia have a sole regulator – the Monetary Authority of Singapore (MAS) and Bank Negara Malaysia which are responsible for all remittances by either banks or remittance companies.ⁱⁱ

E. Transaction Cost

Pricing and costs are factors found at the intersection between supply and demand of goods and services. In the remittance transfer industry, it is said that people often resort to informal mechanisms to cope with high costs of regulated channels. The study analyzed the cost of sending remittances through both upstream and downstream corridors: Philippines, Indonesia, Malaysia, Japan, Hong Kong, Singapore and Malaysia. In examining the overall transaction cost of remittances in the countries, the study concluded Japan to have the highest transaction cost (from 2,000JPY to 25,000JPY or about US\$17 to US\$216) and Hong Kong to have one of the least expensive (HK\$25.5 or about US\$3.30). The explanations related to the determinants of these costs focused on exogenous factors such as volume, informality, and regulatory environment in the sending and receiving corridors.

F. Remittances and Financial Intermediation

While remittances are earnings from abroad to families of immigrants, they also serve as foreign savings, such as earnings from trade, or investment. They serve as a financial stream; however they are not confined in a financial network as they are predominately cash to cash transactions. Yet development is found at the intersection between remittances and financial intermediation. First, by providing financial intermediation through remittances increases benefits to senders and recipients as it brings opportunities to save, borrow, purchase other financial services (insurance, investments), and assists financial institutions to mobilize savings in local communities where the money is allocated. Second, as the transnational family diversifies its dependence on foreign savings with assets built from migrant earnings

and saving, one can ensure that family can stay out of poverty after remittances recede and the immigrant worker has returned home or has stopped remitting for other reasons. Third, increasing household assets have national effects on growth and development in an economy. The national savings and investment ratio can grow higher once foreign savings are mobilized to strengthen the productive base of the local economy.

Unfortunately, a development challenge exists in many countries where remittance senders and recipients have limited access to financial intermediation. A small percent have bank accounts, savings accounts, or access to credit or financial institutions. This represents a policy problem as financial intermediation is limited to the processing of remittance transfers but not to the transformation of senders and recipients into financial asset builders. Transforming individuals from cash-based to asset-based agents has benefits for the individual, family, the intermediaries and the country as savings and investment ratios rise.

G. Migrant's access to financial intermediation

While there remains a perception that migrant workers spend less than one year working abroad, the study showed that a majority spent an average of five years in host countries. While a percentage of immigrants have bank accounts, there appeared to be no clear relationship between sending remittances through banks and owning an account. This is particularly important among immigrants in Japan and Malaysia where options for remitting are restricted to banking financial institutions. In fact having a bank account does not present a condition for use or access to financial services, as very small percentage of immigrants have financial obligations in their host country.

H. Recipient's access to financial institutions

In examining the receiving side of remittances, immigrants are more likely to return to their countries after being abroad, and given greater financial opportunities and support of their families can improve their living conditions. Evidence suggests that financial intermediation among remittance recipient households have greater effects on their quality of life; the propensity to save and invest in education is higher among remittance recipients, and the demand for other financial services is achieved when the supply side responds to the market preferences of recipients.ⁱⁱⁱ

The survey results of remittance recipients in Indonesia, Philippines and Malaysia showed that nearly all remittance recipients in these countries had savings accounts. In addition, a slightly lower but significant percentage of Filipinos, Indonesians and Malaysians working in Japan, Hong Kong, Singapore, and Malaysia had savings accounts in their country of origin. When asked how remittances are used or spent, between 30 to 50 percent of all respondents reported that some of the remittance is allocated to savings in the home country. Overall, recipients appeared more inclined than senders to choose some form of savings mechanism for remittance funds.

Moreover, when remittance recipients were asked about their financial activities, a large number of Filipinos and Malaysians, and a quarter of Indonesians, listed having a savings account at a local bank. A similar trend was evident when it came to owning a credit and/or debit card. More than one-third (37%) of Filipinos and almost one-half (47%) of Malaysians use either and/or both a credit and a debit card while just 7% of Indonesians used a credit and/or debit card.

I. Study conclusions and recommendations

In attempting to identify trends and patterns in regional remittance flows, the study found the existence of more than two million migrants from Indonesia, Malaysia and the Philippines living and working in Hong Kong, Japan, Malaysia, and Singapore who are sending over US\$3 billion to their home countries. Migrant workers in Southeast Asia remit, on average, between US\$100 and US\$500 a month and recipients are mostly the parents of migrants, and because of these funds, tend to earn higher incomes than the national average. This study also found a regulatory environment throughout the region that varies by country, however, the commonality shared by these countries was the information requested by the regulators on senders and receivers for purposes of curbing money laundering and other criminal activities.

With regards to marketplace for money transfers, informality exists in some corridors and analysis suggests that transaction costs may be a variable, and that high transaction costs in the formal sector explain the preference for less expensive informal transfers as transaction costs among formally licensed money-transfer businesses range from 4 to 9 percent of the total remitted amount. The research also found minimal intersection between financial intermediation and remittance transfers. While remittance transfers served as a form of foreign savings, the sender and the receiver had little contact with bank intermediaries.

Although this study provided an estimate of remittance flows, more accurate data collection and analysis is required as in some countries, limited data was collected on the aggregate as financial institutions lacked appropriate methodologies or relied solely on formal flows. Therefore, a cross-border comparative statistical analysis of workers' remittances is required. Additionally, while data collection is important, data analysis is also critical. There is limited information available on the macroeconomic impact of remittances on economic growth and how macroeconomic determinants affect remittances.

The study identified financial intermediation and remittance transfers as the weakest link as well as the most important in the relationship between remittances and development. It recommended increasing the education and awareness among remittance senders and recipients in order to enhance financial intermediation. Additionally, systematic information dissemination mechanisms and materials should be made available to foreign workers (through media, seminars, events, organizations, etc.) to enhance their participation in the financial sectors.

III. KNOWLEDGE EXCHANGE THROUGH DIASPORAS

Debate on how skilled labor migration affects capacity in source countries is currently ongoing. When skilled workers migrate, the source country loses their skills and output. When migrants are disproportionately made up of skilled workers — the source country experiences a decline in average-per-worker income, even though wages for the skills of the migrant worker in the source country (or "skill price") may go up as the supply goes down. Educational investments in the source country become subsidies to the destination country. These effects constitute the much lamented "brain drain."^{iv}

Some have argued that a vicious cycle can unfold if employed nurses, teachers or engineers are recruited for overseas jobs, leading to a decline in quality and accessibility in health and schooling and unemployment in factories due to an inability to recruit key managers. In the vicious circle, migrants who go abroad may benefit from higher incomes, but if they do not send home significant remittances, or send home remittances that fuel inflation rather than job creating development, those who stayed behind may be worse off. Consequently, if migrants abroad do not return, or return only to rest and retire, there may be only a limited transfer of new ideas, energies, and entrepreneurial abilities from more to less developed countries, so that some migration leads to more migration.^v

Yet other forces at work where skilled migration leads to "brain gain" help to build capacity in source countries. Case studies suggest that skilled migration can prompt families to invest more in education, both because of the prospect of securing an overseas job and because the skill prices are pushed up in the source country as skilled migrants leave. Source countries also benefit from the return of migrant professionals, bringing back increased skills and knowledge. Some evidence suggests that these return flows are significant, and that many of these return migrants have received further education and training. Education and training in destination countries benefit source countries when skilled migrants return. When skilled migration estimates are adjusted for such return migrants, the net brain drain can be sharply reduced.

Since the late 1990s, an additional element of brain gain has been recognized: in the current era of globalization, global links may be more important than the human capital "stock" in a particular country. A professional may contribute more value to the source country by residing overseas than by returning permanently. In the private sector, for example, firms boost productivity by linking up across borders to integrate production networks that supply raw materials, manufacture components, assemble finished goods, and move them through regional and global distribution chains to consumers. Skilled migrant workers and investors participating in such production networks may benefit firms in their source country, even though they are residing elsewhere. The stunning growth of India's software industry is a notable example. The industry relies on ideas, technologies, markets, and reputational advice of individuals and professional organizations from the diaspora and diaspora-led subsidiaries in key markets such as the United States.^{vi}

A. People's Republic of China (PRC)^{vii}

Overseas Chinese professionals (OCPs) are ethnic Chinese residing outside the PRC on a long-term basis, with tertiary degrees, and working in specialized areas, using their specialist knowledge. They may work for universities, research institutions, business, government and NGOs. Self-employed professionals including high-technology entrepreneurs, lawyers, and freelance consultants, also fall into this category.

An estimated 700,000 PRC students had moved overseas for study by 2003, and about 180,000 of these returned to PRC on a long-term basis, creating a pool of OCPs of 520,000 (including students who may return later). Combining the new OCPs with first generation skilled migrants who left before 1949 (estimated to be 600,000), it is estimated that the total OCPs by the end of 2003 was 1.1 million. The average age is 35, and an estimated 95% are male. An estimated 60% of OCPs reside in the USA, with Japan and Canada the next most important host countries. According to analysis of a random sample of CVs of 103 employed OCPs, 78.2% have PhDs, 16.4% have Master's degrees and 5.5% have Bachelor's degrees. Almost 50% work in private enterprises or are self-employed; approximately 40% of employed OCPs work in the academic field, and the rest work for government and NGOs. An estimated 65% work in the fields of science or engineering.

The PRC government has put in place various policies and programs to attract both the long-term and short-term return of OCPs. There are three main types of government initiatives for promoting knowledge exchange through diaspora networks: policies, concrete programs, and official websites. The PRC government has issued numerous policies in this field. Following an index provided by the Ministry of Education, there are 180 government policies issued during the period from 1986 to 2003, including eight general policies issued by the State Council, 90 general policies by local government, 34 regarding industrial parks exclusively for returned overseas students, seven on education for returnees' children, 27 on personnel policy, nationality, household registration and even marriage of returnees, and 14 on customs regulations.

OCPs maintain regular ties with China both on an individual basis and through associations. An ADB sponsored survey found that OCPs make an average of 1.3 visits a year and two “phone calls a week to China.” Those working in commercial enterprises and government agencies tend to visit more frequently, almost twice a year on average, than those working in academic or education institutes. The survey shows that over half of OCPs have stable academic or commercial connections with China-based institutes, including 60% of males and 25% of females. The older an OCP is and the longer he/she resides overseas, the more likely he/she is to have stable connections with China. A large number of the OCPs that we surveyed are “very willing” to return to work in China: 50% for return on a long-term basis, and 55% on a short-term basis. The older an OCP is, the more enthusiastic he/she is about short-term return. By comparison, with the decrease in age, the proportion of OCPs who are willing to return on a long-term basis increases.

Interviews and focus group discussions reveal that OCP ties with the motherland are closely linked to their career trajectory, roughly divided into four stages. First, when an OCP has completed their study and moved from being a student to being a professional, he/she often develops a strong interest in contacting China. But, given their relatively limited work experience and other resources, while OCPs are active in exploring various possible means for network building, few achieve tangible collaboration relationships. This is followed by the second stage, when the OCP is preoccupied with gaining a foothold overseas, particularly by publishing as many academic papers as possible. To this end, OCPs often target research communities in the USA and Europe—collaboration with institutes in China is not particularly helpful at this career stage. Thus, this stage forms a relatively “low” period in network building. OCPs enter the third stage when they obtain secure positions such as a long-term contract when the employer. They have more autonomy in starting new research projects and choosing partners for collaboration. Connections with China-based institutes become more beneficial; for example, working with a laboratory in China can cut research costs significantly, and China makes a “natural” top choice when an OCP wants to recruit good postgraduate students. Lastly, those in the later stages of their career often have the most, and also strongest, connections with institutes in China, and they are often motivated by altruistic concerns of helping scientific development in China.

The PRC experience has two distinctive features. First, almost all the programs are state-led. Although the programs are aimed at benefiting the wider society, including the private sector, the state remains overwhelmingly the major investor and organizer, and the programs are implemented through the state. At the first-ever National Conference on Skilled Labor Force and Professionals held by the Central Committee of the Chinese Communist Party and the State Council in December 2003, the president, the premier, and the vice president all delivered important speeches. OCPs have become a new political constituency for whom special policies have been designated, institutes set up, resources provided, and for which government departments compete with each other for resources and demonstration of achievement.

The second feature of OCP programs is the emphasis on profitable projects as the most desirable outcome (most typically joint ventures between OCPs and domestic enterprises). Sometimes, helping to set up profitable enterprises becomes the central goal, and knowledge exchange is only supplementary. There are good reasons for the emphasis on profitable projects. First, the connections between OCPs and China in general have become increasingly business-driven. Second, from the organizers’ point of view, “deliverability” is critical — the concrete results that a program can yield — are essential for the sustainability of their work. This is particularly true for the local OCAO that require a specially allocated budget from the provincial and municipal government to support their work. It would be difficult to justify constant requests for funding without the identification of specific deliverables. Lastly, demonstrable results are important for government departments, as this provides the most convincing evidence about their performance. For this reason, a government department is often very keen to have a large number of agreements, no matter how tentative, signed on the spot at an event that they organize.

However, this project-oriented approach is at odds with the basic fact that knowledge exchange is by definition a long-term and multifaceted process. The project-oriented approach also fails to reflect the reality that enrolled students overseas continue to form the main part of the OCP, and that work with OCPs is to a great extent an investment for the future, for which there is unlikely to be immediate achievement. How to establish contacts with self-financing overseas students -- who have little connection with the government, but are set to form the majority of OCPs soon -- remains a challenge. Furthermore, paradoxically, the emphasis on profitable projects does not mean that existing OCP programs truly link themselves into the dynamism of the global economy or domestic industries.

Bearing in mind the key features of state leadership and project-orientation, the policy recommendations flowing from this study are two-pronged. On the one hand, at least some government agencies should make the OCP programs less commercially project-oriented, and instead adopt a longer-term view with less emphasis on immediate deliverables and payoff. On the other hand, the government should try to better facilitate the mobility of the highly skilled among the workforce to the global high-tech industry rather than focusing narrowly on shorter-term return, regardless of whether it is permanent or temporary. Only by moving in this direction can the OCP programs sustain themselves successfully and contribute effectively to China's development in the long term. More specifically what is needed includes the following:

- Improved cooperation between government agencies across all levels (particularly between central and local levels) and between different agencies at the sub-national level. Duplication of effort and a lack of coordination between ministries at the central level clearly is a problem. Given the unusual complexity of inter-ministry relationship, there is a need for a better division of labor that may be achieved through the inter-ministry consultation process put in place by the central government. In addition, evaluation research is needed to assist each department in identifying its comparative advantage and focus. As a first step, ministries can work together to improve the data-collecting system on OCPs. One scenario that may be pursued is where different departments focus on *policy*, *project*, and *people* respectively.
- Despite the enthusiasm for profitable projects, the actual amount and impact of the economic contribution made by OCPs through government programs remains unclear. Thus far, based upon evidence developed and analyzed in this research project, the net outcomes of the outflow of OCPs (mainly students), the return of OCPs, and developments in the high-tech industry in China are separate and distinct. In comparison, India's experience of growth and diversification in its IT industry and with the mobility and flexible use of its IT professionals suggests that mobility itself has become an integral part of the process for assisting the development of the high-tech industry. Facilitated by firms that combine technology development and labor supply, professionals migrate as part of trade in services rather than as a result of individual behavior and incentives. Mobility of this type helps small firms accumulate capital and fosters global business connections and investment. To achieve these types of outcomes, it appears that the Chinese government should link its OCP work more closely to its overall strategy for science and technology development and international trade in services.

B. Philippines

Filipino skilled worker migration has some elements of a virtuous migration circle. There are an estimated 2.5 million overseas Filipino professionals (OFPs), or over 32% of total migrants. OFPs largely migrate for work rather than study, and are employed in managerial, professional and technical jobs prior to leaving the Philippines. OFP opportunities are vital in meeting demands for new jobs. In 2004, the Department of Labor and Employment (DOLE) announced that nearly 1.5 million Filipinos

have been placed in new jobs, with over 60% of those job placements overseas. Because the proportion of OFPs in total migrant flows is twice the proportion of workers with tertiary education in the labor force, it is reasonable to assume that the proportion of new managerial, professional or technical jobs filled overseas is more than 60%.^{viii}

99 per cent of OFPs have only Bachelor's degrees. A study identified four types of professionals that migrate: teachers, engineers, nurses, and computer and ICT professionals.^{ix} A 2002 survey indicated that 170,000 nurses were employed overseas, compared to less than 27,000 nurses working in the Philippines. An estimated 3,000 Filipino doctors are working overseas as nurses. The Philippine Software Association (PSA) has complained about the loss of the country's best ICT professionals to countries including the United States and Singapore. In 1997, the U.S. National Science Foundation reported that 5.1% of the total Filipino populations in the U.S. are computer scientists and 12.4% are engineers. Approximately 27.2 percent of the total Filipino population in Australia are professionals (Ibid:14).

The Philippines, in spite of having a good reputation globally for the management of migration flows, does not have the policy to address the development potential of skilled labor migration.^x The reasons for this possibly include the government's inability to integrate the vital role of international migration into national development policy.^{xi} While the Medium-Term Philippine Development Plan (MTPDP) 2004-2010 has sections that address ways overseas Filipinos can contribute to development (e.g., as investors), they do not constitute a clear policy perspective and design for the country to strategically tap skilled migration so that gains are harnessed, and costs minimized.^{xii}

Most developing countries like the Philippines do not have a policy or resources to encourage knowledge exchange from skilled migrants and diaspora associations. However, there are laws in these countries that provide incentives to returning overseas workers and steps need to be taken to encourage migrants to repatriate their skills and technology acquired abroad. While professional associations in these countries have started their own initiatives (e.g., Philippine Medical Association, associations of specialist doctors have agreed to encourage their members, especially new graduates, to serve the country first for three years before migrating, thereby enabling the country's health sector to build a new roster of medical professionals to replace those migrating overseas), additional steps need to be taken to promote knowledge transfer initiatives. These endeavors need to be undertaken not just by overseas-based migrant networks or associations, but by groups of overseas foreign workers nationwide, civil society groups and academic/research institutions, the business and government sectors, and by international organizations. These brain gain activities deserve more attention that they have in the past – especially from multilateral organizations and donor agencies. Even if the outright repatriation of financial capital is not assured from these brain gain programs, any developmental resource from overseas citizens will benefit the motherland and should be welcomed and fully harnessed.^{xiii}

Migration is said to be an investment that has unsure benefits and costs.^{xiv} Given today's clamor to harness the supplementary resources from international migration to benefit countries of origin, it is hoped that various initiatives result in significant socioeconomic gains for these countries. The commodity that should be lured back is the knowledge and skills of overseas workers. Knowledge is a great leveler, and it cannot be stolen.^{xv} Still the country may lose much of the potential gain from knowledge transfer activities and integration of intellectual and professional resources possessed by skilled migrant labor if it does not strategically harness these resources as to spread developmental benefits.^{xvi} The potential positive distributional consequences to the entire nation that would flow from well-conceived and implemented policies and programs to stimulate knowledge transfer appear to be very high and, consequently, worthy of vigorous attention and energy.

END NOTES

ⁱ Kapur, Devesh (2005). *Give Us Your Best and Brightest: The Global Hunt for Talent and Its Impact on the Developing World*. Washington, D.C.: Center for Global Development.

ⁱⁱ The MAS is also the sole regulator of finance companies, insurance companies, securities firms, and moneychangers.

ⁱⁱⁱ (Orozco, 2005)

^{iv} Rosenzweig, M. R. (2005). "Consequences of Migration for Developing Countries", paper presented at United Nations Expert Group Meeting on International Migration and Development, New York, 6-8 July.

^v Martin, Philip. (2005). *Migrants in the Global Labor Market*. Global Commission on International Migration.

^{vi} Wescott, Clay. (2005). "Promoting Knowledge Exchange through Diasporas", paper presented at G-20 Workshop on Demographic Challenges and Migration, Sydney, 27-28 August; and Wescott, Clay. "Forward" in Xiang Biao. *Migrant Networks and Knowledge Exchange: How China Reaches Out to Its Scientific Diaspora*. Oxford: Centre on Migration, Policy and Society (COMPAS), in press.

^{vii} (Draws from Xiang Biao, *op. cit.*)

^{viii} (Wescott, 2005)

^{ix} Albuero, F. & Abella, D. (2002). "Skilled labor migration from developing countries: Study on the Philippines." *International Migration papers* 51. Geneva: International Labour Office.

^x Opiniano, Jeremiaiah M. and Castro, Patricia Anne M. (2005). "Technical Assistance to Ayala Foundation U.S.A. for Promoting Knowledge Transfer Activities through Diaspora Networks: A Pilot Study on the Philippines". Manila: Ayala Foundation USA. Draft Report.

^{xi} Macaranas, F. (2005a). "Harnessing Pinoy Creative Solutions to Brain Drain." Presented at the Third Global Filipino Networking Convention. Cebu City. 20-22 January.

^{xii} (Opiniano, 2005)

^{xiii} (Wescott, 2005)

^{xiv} (Macaranes, 2005)

^{xv} (Macaranes, 2005)

^{xvi} (Opiniano, 2005)