



# The impact of large migrant and refugee flows on host countries

UNDERSTANDING LARGE MOVEMENTS OF REFUGEES & MIGRANTS

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# Migrants are not all the same

Economic Migrants	Forcibly Displaced
	
Looking for better opportunities and demand for their skills	Fleeing from conflict and violence
Choose when and where to go	Move to the first possible “safe” place, often in lagging borderlands.
Generally positive impact on global welfare, benefits host countries, migrants, and countries of origins through remittances.	Demand for their skills may not exist, with no global welfare benefits

# The impact of voluntary migration on host countries

***An overall positive economic impact for host countries***

- Increases labor force and availability of skills
- Allows native workers to perform higher value-added tasks by providing complementary, cheaper services (e.g., child care)
- Improves competitiveness
- Contributes to mitigating the decline in working-age population in aging countries
- Has negligible net fiscal impact (rarely exceeding 0.5 percent of GDP over the past 50 years in OECD countries in either positive or negative terms)

# The impact of forced displacement on host countries

## ***A complex and nuanced economic impact for host countries***

- Shock and response – impact largely depends on initial conditions, flow, response
- Overall impact at macro level often very small
- Impact at local level is uneven, and heterogeneous
  - Prices
  - Jobs
  - Services
- Critical role of initial conditions and policy responses
- Need for external support – Social protection, services

# The importance of destination

## ***Moving to higher productivity environments***

- EU example:
  - Modest increase in GDP growth in the short-term
  - Medium-term impact to depend on integration in labor market

## ***Moving to lower productivity environments***

- More competition with natives
- Less opportunities and contributions

# The WBG's contribution

- **2016 IMF and WBG Spring Meetings**
  - Development Committee paper on Forced Displacement and Development
- **Expanded engagement**
  - Financing
  - Research and evidence
  - Partnerships