

## POLICY BRIEF

# MIGRATION AND HUMAN CAPITAL

### Introduction

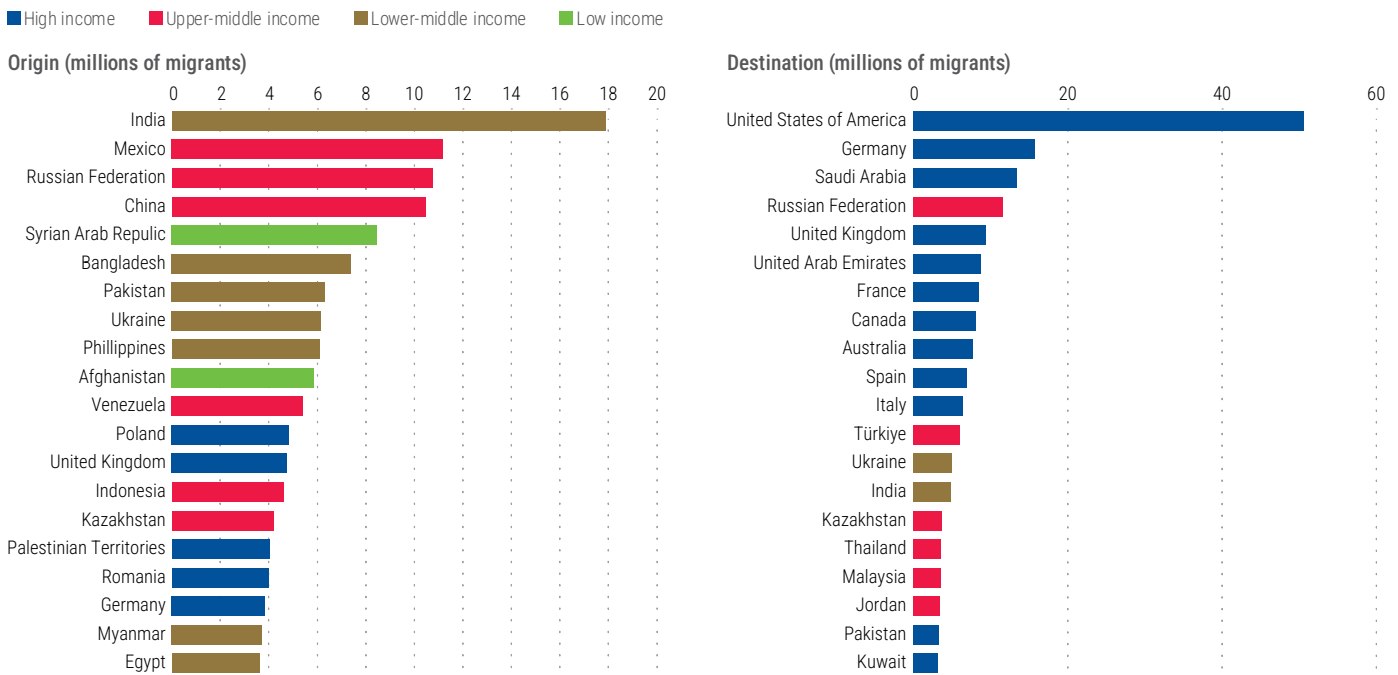
The United Nations vision and goals on migration are integrated in the 2018 Global Compact for Safe, Orderly and Regular Migration (GCM) and in the 2030 Agenda for Sustainable Development, in particular its Sustainable Development Goal target 10.7 “Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies”.<sup>1</sup> At a time when more and more people change their place of usual residence, whether within a country or across an international border, temporarily or permanently, the United Nations has been steadfast in supporting regular pathways and rights-based policy frameworks for migration, and to enhance the contribution of migrants and migration to sustainable development, while addressing the associated challenges.

International migration has, indeed, been on the rise over the last decades. According to the United Nations Department of Economic and Social Affairs (UN DESA, 2020), the number of international migrants increased from 84 million in 1970 to 281 million in 2020, while the proportion of international migrants as a share of the total global population also rose, from 2.3 per cent in 1970 to 3.6 per cent in 2020. Numbers have increased further since, including the 5.7 million Ukrainians fleeing the war and, most recently, the exodus of ethnic Armenians from Nagorno-Karabakh, among other international displacements. Among the top 20 origin and destination countries of international migrants in 2020, a vast majority (more than 70 per cent) of international migrants originate from middle-income countries and more than half (52 per cent) move to high-income countries (see Figure 1).

But all countries of the world are part of migratory cycles, be it as origin, transit or destination, or a combination of them (see Box 1).

Figure 1

### Top 20 countries of origin and destination of international migrants, by country income, 2020



Source: Based on UN DESA, International Migrant Stock 2020. New York. Available at [www.un.org/development/desa/pd/content/international-migrant-stock](http://www.un.org/development/desa/pd/content/international-migrant-stock).

<sup>1</sup> Other migration-related targets in the 2030 Agenda include strengthening and retaining the health workforce in developing countries (target 3.c), providing scholarships for study abroad (target 4.b), respecting the labour rights of migrant workers (target 8.8), reducing the costs of transferring remittances (target 10.c), ending human trafficking (targets 5.2, 8.7 and 16.2), establishing legal identity, including through birth registration (target 16.9) and disaggregating data by various characteristics, including migratory status (target 17.18).

### Box 1

#### Mexico: a country of migration origin, transit and destination

In 2020, Mexico had the second largest emigrant population of the world of around 11 million people (U.S. Census Bureau, 2021), mostly living in the United States. Out-migration from Mexico to the U.S. began to increase during the recession of the 1980s. In 1986, net out-migration from Mexico reached an all-time high, of some 642,000 people (Migration Data Portal, 2022). Subsequent restrictions to immigration implemented by the United States starting in November 1986 significantly reduced the number of Mexicans moving to the United States, but Mexico still experienced net out-migration of around 300,000 persons per year during the 1990s and 2000s. In the 2010s, out-migration continued to taper off, which, combined with a large number of Mexicans returning, resulted in an annual average net migration of only -46,500 people, with two years showing positive net migration (see Table 1), that is to say, more people entering to reside in Mexico than those moving out.

Table 1

#### Mexico: Estimated net migration, 2010-2021 (thousands)

Year	Net Migration (thousands)	Year	Net Migration (thousands)	Year	Net Migration (thousands)
2010	-41.2	2014	-100.4	2018	-99.4
2011	4.2	2015	-82.2	2019	-47.8
2012	-48.2	2016	33.1	2020	-9.9
2013	-101.7	2017	-12.4	2021	-52.6

Source: Migration Data Portal (2022), using data from UN DESA, 2022.

Due to its large diaspora, Mexico receives sizeable remittance flows. According to OIM (2023a), in 2021 Mexico became the second largest recipient of remittances in the world (behind India and ahead of China), with remittances representing 4.3 per cent of its GDP. Remittances to Mexico increased from \$36 billion in 2019 to \$58 billion in 2022, the highest level recorded to date. Most remittances are received by low-income households in the country, and are used mostly to cover basic needs, such as food, healthcare, and education (Eggers and Jiménez Montero, 2023). To foster the positive impact of remittances, the Mexican government has implemented the 3x1 Migrant Program to channel collective remittance funds to infrastructure and productive projects in the communities of origin of Mexicans living abroad: for each dollar invested by migrants, the federal and subnational governments invest \$3.

Even though migrants represent a small proportion (less than 1 per cent) of the Mexican population, the absolute numbers are considerable. From 2000 to 2020, Mexico's immigrant population more than doubled, from 538,000 to 1.2 million. In 2020, 67 per cent of immigrants in Mexico originated in the United States, followed by immigrants from Venezuela (6 per cent), Guatemala (3 per cent), Honduras (3 per cent) and Spain (2 per cent) (United Nations, 2020). In 2022, the nearly 6,000 Canadians and more than 19,000 United States citizens that had requested permanent and temporary residence permits in Mexico, are part of the growing numbers of "digital nomads", taking advantage of the proximity to Northern America and the lower cost of living in Mexico (Rodríguez, 2023).

Although many foreign-born individuals have made Mexico their home, most migrants in the country intend to move onward to the United States as their destination. Since many of them are not able to do so, they remain in "transit", for, sometimes, extended periods of time. The year 2022 recorded the highest number of such foreign-born individuals, the majority of them (444,000) with an irregular migratory status in Mexico, mostly from Venezuela, Honduras, Guatemala, Cuba and Nicaragua (BBVA, 2023).

In this context, this policy brief will explore the migration-human capital nexus, and its significance for countries of origin and destination, emphasizing a rights-based perspective. We start by recalling that access to health and education,<sup>2</sup> to decent work and social protection by migrants and non-migrants, are well-recognized human rights, and discuss how migrant persons, especially those in irregular situations, are a vulnerable population group. But the brief will also highlight the powerful contribution of migrants, and the human capital they bring to development for countries of origin and destination, while noting key challenges to be addressed. For example, the brief will review recent evidence on the potential "brain drain", or economic loss to countries of origin, the "brain gain" to destination countries, and the "brain waste" – the underutilization of skills of migrants due to institutional constraints. It will also examine the impact of remittances, refer to policy experiences in Sweden and the United Arab Emirates, and conclude with some policy recommendations to foster "win-win" scenarios, where migrants of all skill levels can effectively contribute to improving their well-being as well as to sustainable development more broadly.

#### When migrants and non-migrants have access to health, education, decent work and social protection, and their rights are protected, their human capital is enhanced

The right to health, education, work and social protection, for everyone, without discrimination, are recognized under international human rights law and related standards. This applies to migrants, including irregular migrants, which are often among the most vulnerable population groups (see Box 2). While differential treatment between citizens and non-citizens is commonplace across countries, OHCHR notes that treatment "must be consistent with international human rights obligations, undertaken for a legitimate objective, and the course of action taken to achieve this objective must be proportionate and reasonable".<sup>3</sup>

<sup>2</sup> Education and health are key components of human capital, understood as "the knowledge, skills, and health accumulated by people over their lifetimes that enable them to realize their potential as productive members of society" (UNDP, 2023).

<sup>3</sup> See *The Economic, Social and Cultural Rights of Migrants in an Irregular Situation*, p. 1. For example, international human rights law accepts distinctions between nationals and non-nationals under article 25 of the International Covenant on Civil and Political Rights, which reserves to citizens the right to vote and take part in public affairs, and under article 12, which reserves the right to freedom of movement within a country to foreigners who are lawfully present within the country.

## Box 2

### Migrant persons are vulnerable, especially those in irregular situations

According to OHCHR and GMG (2018), migrants in vulnerable situations are “persons who are unable effectively to enjoy their human rights, are at increased risk of violations and abuse and who, accordingly, are entitled to call on a duty bearer’s heightened duty of care”. Migrants’ vulnerability may be categorized as individual and situational (OHCHR, 2017; OHCHR and GMG, 2018). *Situational* vulnerability refers to the reasons or factors that compel migrants to leave and not return to their countries of origin, including war, violence, political instability, extreme poverty, and natural disasters. They also include hardship experienced during the migratory journey and at the destination country, including hazardous travel and precarious conditions of transportation, shelter, access to water, food and medical services, and to situations of abuse, exploitation, violence and human trafficking, among others (OHCHR and GMG, 2018).

Due to their legal status, irregular migrants are more exposed to individual and situational vulnerabilities and may receive less protection than refugees and asylum seekers. But even though these last two groups are entitled to more protection under international law, they are also prone to experience some or all the difficulties faced by irregular migrants, considering that few countries are willing to receive refugees (NRC, 2020).

The number of deaths during migration (IOM, 2023b) gives an indication of the extreme vulnerability of irregular migrants. Globally, more than 59,000 deaths during migration have been recorded since 2014. The causes of migrants’ deaths included drowning (more than 60 per cent of the total), mixed or unknown causes, vehicle accident/hazardous transport, harsh environmental conditions/lack of adequate shelter, food, and water, violence, and sickness/lack of access to adequate healthcare and accidents. These risks associated to international migration may increase further in years to come, as many receiving countries are tightening their border controls and alternate migration routes may become more hazardous.

Specifically, the provision of access to free primary education is a “core obligation of the State and should therefore not be restricted on the basis of nationality or legal status”.<sup>4</sup> Additionally, and directly linked to the maintenance of human capital over the life course, guidelines developed by OHCHR and the Global Migration Group call for assisting migrants “to have access to vocational training and benefit from lifelong learning opportunities that help them acquire the knowledge and skills they need to participate fully in society.”<sup>5</sup> Similarly, regarding access to essential health care services the guidelines stipulate that ...migrants should not be denied access to public health care services because

of their migration status.<sup>6</sup> Also, the Committee on Economic, Social and Cultural Rights (ESCR) states that “All persons, irrespective of their nationality, residency or immigration status, are entitled to primary and emergency medical care”.<sup>7</sup>

Lastly, on the right to work and social protection, the Committee on ESCR recognizes that migrant workers, especially if they are undocumented, are vulnerable to exploitation, long working hours, unfair wages and dangerous and unhealthy working environments, and that “laws and policies should ensure that migrant workers enjoy treatment that is no less favourable than that of national workers in relation to remuneration and conditions of work”. This includes recognition of skills and qualifications, and social protection and that “non-nationals should be able to access non-contributory schemes for income support, affordable access to health care and family support”.<sup>8</sup>

### Brain drain, brain gain and brain waste

International migration contributes to reducing labour shortages in host countries and unemployment rates in origin countries, and to increase overall economic efficiency by reallocating labour from places of lower to higher productivity (Clemens, 2022; Pritchett, 2023). Although migration can have costs for individual countries especially when out-migration is massive, it is widely recognized that both high-skilled and low-skilled migrants make a range of contributions to their communities of origin and to the economies of destination. Migrants contribute to origin countries via international remittances, which support financial stability and resilience (IOM, 2019). At the same time, migrants generally increase their own income and living standards, and bring various benefits to host countries: highly skilled migrants contribute with their talent and expertise, while low-skilled migrants work in occupations for which natives are in short supply, allowing natives to perform higher-productivity work (IMF, 2016; Pritchett, 2023).

Education is a major driver of internal and international migration (UNICEF, 2020), especially of well-trained youth in search of better job opportunities. In 2020, emigration rates<sup>9</sup> were 5.4 per cent among individuals with tertiary education, compared to 1.8 per cent and 1.1 per cent among those with secondary and primary education, respectively (UNESCO, 2019).

The emigration of highly skilled individuals is a form of human capital flight or “drain”, which is a major concern

<sup>4</sup> See Committee on Economic, Social and Cultural Rights, General Comment 13, [E/C.12/1999/10](#), 8 December 1999 para. 9.

<sup>5</sup> See [Principles and Guidelines, supported by practical guidance, on the human rights protection of migrants in vulnerable situations](#), p. 53.

<sup>6</sup> See *Supra*. 8, p. 47.

<sup>7</sup> See Committee on Economic, Social and Cultural Rights, General Comment 19, [E/C.12/GC/19](#), 4 February 2008, para. 37.

<sup>8</sup> See *Supra*, para. 37.

<sup>9</sup> The ratio of the annual number of emigrants of a given level of education to the workforce in the country of origin of said educational level.

for countries with a relatively small number of highly educated individuals, for example health sector workers from the Caribbean or well-educated workers from Eastern Europe or Northern Africa.<sup>10</sup> Conversely, the economic benefits of the migration of highly skilled individuals for the destination countries are known as “brain gain”. Due to data constraints, most studies have considered highly skilled migrants as those with tertiary-level education, but, from a policy perspective, other measures could also be considered, such as occupational attainment and income level (Ahmad, 2004; Carling, 1996; Grebenyik et al., 2021; and World Bank, 2018).

The **brain drain** may have the following implications for the sending countries (World Bank, 2018):

- Reduced productivity and innovation due to the migration of people whose expertise and skills may be critical to the development of their places of origin. For instance, when many young people leave rural areas, rural communities risk losing the most vital part of their population and workforce.
- Wasted investments due to the migration of individuals whose tertiary-level education was funded by the governments and societies of the origin countries, and the loss of tax revenue from the migration of these individuals with high-earnings potential.
- The emigration of scientists, health workers and teachers entails a loss of the social and economic value of the work and public services provided by those professionals in origin countries.

Therefore, brain drain, in general terms, has a negative connotation, particularly in the case of low-income sending countries. There are, however, potential benefits to origin countries. These include the fact that highly skilled migrants are able to send sizeable remittances to their countries of origin, which can be used to finance consumption or capital investments. Returning migrants and the diaspora make additional, potentially important contributions, to the extent that they return with new technological and entrepreneurial skills, an expanded social network, and resources to invest. The temporary losses of human capital may thus be compensated, later in time, by the transfer of knowledge and resources from migrants and diaspora.<sup>11</sup> As demonstrated in cases such as in Uganda<sup>12</sup>, diasporas can support investments in agribusiness and the uptake of technology.

The **brain gain**, on the other hand, has major and more unambiguous benefits for countries of destination, particularly for developed countries, where most highly

skilled migrants are concentrated. In many OECD countries, immigrants are more likely to have attended or completed tertiary education than the native-born population (OECD, 2019; United Nations, 2023). This influx increases productivity in the receiving countries due to the migrants high level of human capital, especially in STEM, health care, finance, and education.

The net benefits of the migration for the native population depend on the specific location, market, and industry (World Bank, 2018) where the migrants work and whether their skills mostly complement or substitute the skills of the native population. Where migrants enter into direct competition with local workers, the result would be a reduction in wages and fewer employment opportunities for the latter. However, the opposite has been found, namely that immigration brings net benefits to native workers and to the host country economy in most cases studied (Poutvaara et al., 2014; Peri et al., 2016, Jaumotte et al., 2016; Rouse et al., 2021).

Most countries in the world, developed and developing, are net exporters of highly skilled migrants, while a small number of high-income countries are net importers, including Australia, Canada, the United Kingdom, and the United States (World Bank, 2018). In OECD countries as a whole, a third of the total foreign-born population (15+ years) is tertiary-educated (d’Aiglepieyre et al., 2020) (see Table 2).

Table 2  
**Foreign-born population 15+ years residing in OECD countries, by region of birth, 2015/16**

Region of birth	Foreign-born population 15+ years (thousands)	Tertiary educated (per cent)	Tertiary educated (thousands)
Europe	41,572	32.2	13,386
Asia	31,297	46.9	14,678
Latin America	29,980	20.1	6,026
Africa	12,510	30.8	3,853
North America	2,533	53.7	1,360
Oceania	1,514	37.9	574
<b>Total</b>	<b>119,406</b>	<b>33.3</b>	<b>39,877</b>

Adapted from: d’Aiglepieyre, et al., 2020 with information from Database on Immigrants in OECD Countries (DIOC) 2015/16.

As noted, human capital flight statistics usually refer to foreign born population with a tertiary education. However, if other characteristics such as occupation and income level at destination are considered, some of the

<sup>10</sup> This concern is also reflected in the 2030 Agenda for Sustainable Development, specifically in target 3.c that calls to increase “...the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States”.

<sup>11</sup> In the case of internal migration, beyond financial support, diasporas often contribute to rural livelihoods through their human and social capital, by transferring knowledge, skills, and know-how, as well as facilitating trade and investment between countries. <https://www.fao.org/documents/card/en/c/cc6783en>.

<sup>12</sup> <https://www.fao.org/rural-employment/resources/detail/en/c/1542549/>.



migrants with tertiary education would fall into the “brain waste” category, which applies when previous experience, academic degrees, and professional credentials are not recognized in the destination country, forcing these highly skilled migrants to become underemployed in low-skill and low-paying jobs or even to be unemployed. According to UNESCO (2018), 12.5 per cent of migrants in Europe indicated that the non-recognition of qualifications is the greatest challenge to work in the destination country, ranking above language skills, discrimination, and visa restrictions.

Regarding health status, migration is often characterized by the “healthy migrant effect paradox”, wherein migrants exhibit better initial health status compared to native populations in host countries, but deteriorate over time (Markides and Rote, 2015). The effect is more pronounced among low-skilled workers, as they are more often excluded from national programmes for health promotion, disease prevention, treatment, and care, as well as from financial protection in health (WHO, 2019).

### Impact of remittances on human capital development and diaspora engagement

Remittances greatly benefit migrants and their families, as they help to supplement income and finance consumption and investment in the home country (Cañas, Coronado and Orrenius, 2007). Remittances can flow through formal<sup>13</sup> or informal channels. Formal channels include dedicated money transfer operators, banks and credit unions in sending and receiving countries, and informal channels like *hawala*, *hundi* (India), and *padala* (Philippines). When remittances are used to finance investments in education, health, and entrepreneurship, they contribute directly to human capital formation (de Haas, 2010; Ratha, 2007). In turn, migration, whether rural-urban or international, typically makes education a more profitable investment for families. Studies on remittances and investments in human capital formation have shown that children in households with a migrant member complete significantly more years of schooling, with larger gains for girls and older children (Rapoport and Docquier, 2005).

While there is historical evidence that remittances contribute to reduce poverty in countries of origin,<sup>14</sup> the effect of migration and remittances on income inequality in migrant-sending communities is less clear, as it appears to depend on the selectivity of migrants, i.e., whether they originate from low, medium or high-income households.

Since the late 1990s, international remittances have exceeded official development assistance and foreign direct investment. Remittances have also been resilient as a source of external financing, particularly for low- and middle-income countries with high external debt. The top five recipient countries of remittances in 2022 were India, Mexico, China, the Philippines, and Pakistan. Remittance flows are a significant source of finance for many other countries, where they make up between 5 per cent and 40 per cent of GDP.

The growth of remittances in past decades was very high, including an impressive average annual real growth rate of 12.9 per cent in the decade preceding the 2008 financial crisis. Despite the great challenges that migrant workers faced during the global COVID-19 pandemic, remittances proved to be resilient, providing crucial support to families back home. In 2022, remittances to low- and middle-income countries reached US\$647 billion (World Bank, 2023)<sup>15</sup>, 8 per cent higher than in 2021. This increase is remarkable, since it followed a 10.6 per cent growth in 2021 and an uncertain 2022 global economic outlook due to slowing economies around the world, inflation, and the war in Ukraine (World Bank, 2023).<sup>16</sup> The World Bank is forecasting a further 1.4 per cent growth in remittance flows to low- and middle-income countries in 2023, to US\$656 billion, supported by increased economic activity in remittance-source countries.

The International Fund for Agricultural Development (IFAD) estimates that over one half of remittances are sent to rural areas, where 75 per cent of the world’s poor and food-insecure people live. About three-quarters of family remittances are used for immediate needs such as food, shelter and bill payment. The remaining quarter is spent on education, health, savings and investing in assets and income-generating activities (IFAD, 2017 and 2023). Half of what migrants remit to rural communities is spent on agriculture-related expenses (e.g. land purchases, agricultural equipment, business set-up, hiring agricultural labour), and in some cases they play a role in enabling on-farm investments towards more sustainable agricultural techniques, contributing to climate change adaptation and the green transition.<sup>17</sup>

### Policy recommendations

The growing movement of people across borders, a feature of an increasingly interconnected world, necessitates well-governed migration systems in both sending and receiving

<sup>13</sup> As recorded in the Balance of Payments and consisting of the sum of personal transfers and compensation of employees; see: <https://datahelpdesk.worldbank.org/knowledgebase/articles/114950-how-do-you-define-remittances>.

<sup>14</sup> Remittances have been shown to significantly reduce poverty, with a 10 per cent increase in per capita official remittances leading to a 3.5 per cent decline in the share of poor people (deHaas, 2010; Ratha, 2007).

<sup>15</sup> [https://www.knomad.org/sites/default/files/publication-doc/migration\\_and\\_development\\_brief\\_38\\_june\\_2023\\_0.pdf](https://www.knomad.org/sites/default/files/publication-doc/migration_and_development_brief_38_june_2023_0.pdf).

<sup>16</sup> Ibid.

<sup>17</sup> GFMD 2019, Roundtable session 3.2: Harnessing migration for rural transformation and development, <https://www.gfmd.org/meetings/ecuador2019/summit>.

economies. Migrant-receiving economies play a key role in attracting and retaining top talent from around the globe, enabling them to fill key gaps in their labour markets. These countries must recognize that a strong immigration system is essential to foster economic growth, innovation, and cultural diversity. Successful experiences by countries of destination to manage long-term or permanent immigration is exemplified by Sweden (see Box 3). The United Arab Emirates provides an interesting case study of a country seeking to attract skilled labour on a temporary basis (see Box 4).

#### Box 3

##### Long-term resettlement in developed countries: Lessons from Sweden

Sweden has established an efficient system for long-term or permanent immigration. The system features the design of clear, transparent, and flexible policies to attract talent, promote integration through robust integration and support programmes, and undertaking regular reviews and adaptation.

Prospective immigrants benefit from clear information about expectations, the criteria for eligibility and the potential benefits of settling in the country. Transparent and efficient immigration procedures make it relatively easy for eligible applicants to navigate the system.<sup>a</sup> The country offers clear and accessible pathways to permanent residence and citizenship, together with integration programmes and related interventions. The centrepiece of Sweden's integration policy is the Establishment Programme (*Etableringsprogrammet*), which involves language courses, job coaching, as well as a civic orientation course. The programme lasts for 24 months and is equivalent to a full-time job (40 hours a week), providing participants with support to cover basic living expenses. Some participants are also eligible for housing benefits and support for children. Furthermore, the Swedish Migration Agency stipulates that migrants must receive a minimum salary, fair remuneration and be covered by insurance.

In sum, Sweden's immigration system is considered an effective and comprehensive approach to integration, which guarantees equal rights, opportunities and security for immigrants and citizens alike. The system is subject to regular reviews to address emerging challenges and make necessary adjustments. For example, in June 2022, the Swedish Parliament adopted new regulations aimed at improving and strengthening the existing rules on labour migration, designed to counter exploitation, to attract and retain international talent and expertise, and prevent the expulsion of skilled workers. High levels of public support for immigration in the country have contributed to the system's success.

**Source:** European Commission, Governance of migrant integration in Sweden. [https://ec.europa.eu/migrant-integration/country-governance/governance/sweden\\_en](https://ec.europa.eu/migrant-integration/country-governance/governance/sweden_en); OECD, 2022. International Migration Outlook 2022, Paris. <https://doi.org/10.1787/30fe16d2-en>; Solano, G. and T. Huddleston, 2020. Migrant Integration Policy Index (MIPEX) 2020. <https://www.mipex.eu/key-findings>; The Economist Intelligence Unit, 2016. Measuring well-governed migration: The 2016 Migration Governance Index, London.

<sup>a</sup> Sweden houses three specialized migration divisions responsible for formulating and monitoring migration policy: (i) Migration Law, (ii) Management of Migration Affairs, and (iii) Migration and Asylum Policy. The Swedish Migration Agency publishes the country's migration policy online, while Statistics Sweden tracks migration data.

#### Box 4

##### Skilled labour migration to the United Arab Emirates

The attraction of skilled labour is central to the United Arab Emirates' (UAE) vision of transitioning to a knowledge-based economy. Competitive compensation packages, coupled with a diversifying economy that has withstood economic challenges, have rendered the UAE a compelling destination for skilled migrant workers. The UAE's population has surged, tripling from just over 3 million in 2000 to 9.5 million in 2023. Concurrently, GDP has grown fivefold, from just above US\$ 100 billion to more than US\$ 500 billion during the same period. However, the efforts to attract the necessary talent to sustain the sought-after knowledge-driven shift in the UAE development strategy have achieved only partial success. The national pool of skilled workers does not fully align with the nation's aspirations, as only 55 per cent of the population aged 25 and older in the UAE have beyond secondary education. Furthermore, 28 per cent of the current workforce lacks the educational credentials ideally suited for their jobs.

This gap can be attributed to global competition for top-tier talent, with factors such as long-term residency opportunities (the UAE's standard work visa is for 2-3 years), the quality of social services and employment protections, and career advancement possibilities, especially in the scientific and technological domains, playing a role. This limits the potential of the accumulation of human capital in the country to bolster economic activity and untapped opportunities for the UAE's economy. For instance, the UNCDF estimates that if merely 25 per cent of the UAE's migrant population were to participate in contributory pension schemes, the country could add US\$2.2 billion annually in investable assets, or US\$44.4 billion over two decades.

Moreover, migrant insurance schemes<sup>a</sup> could potentially generate over US\$1.13 billion in annual premiums, which represent approximately 7.4 per cent of the yearly remittance outflow from the UAE. Recommended reforms in the UAE include measures to enhance talent attraction, such as introducing long-term residence programmes not tethered to employment, investment schemes in burgeoning sectors, and the rollout of unemployment insurance, complemented by enhancements in labour market governance.

**Source:** UN DESA, World Population Prospects, 2022 revision; World Bank National Data Accounts; UAE Labour Force Survey, 2018; UNCDF, 2023 UAE Country Study Report (forthcoming).

<sup>a</sup> Covering end of service benefits, vacation allowance, overtime allowance, unpaid wages, worker's return ticket and cases of work injury (see: [News uaecabinet.ae](https://www.aecabinet.ae)).

## Conclusions

Migration can be mutually beneficial for countries of origin, transit, and destination. However, for such benefits to materialize or be maximized, several aspects must be considered:

- Regular migration contributes to a safer and orderly movement of people, benefitting origin and transit countries by reducing the risks faced by migrants during their migration journey and at destination, facilitating the control and monitoring of migratory moves; and reducing the social and economic pressures to local communities

faced with large numbers of migrants in transit or stationed at the borders.

- A synergistic approach involving policy coordination between origin and host countries is essential for optimizing migration outcomes, including the efficient use of the skills and human capital of migrants and native workers alike. Any such collaborative approach should feature the full respect of the human rights of all, including providing access to education essential healthcare for migrants, language training and financial support during inception (UNESCO, 2019).
- Bilateral and multilateral migrant labour agreements between origin and destination countries, even though these are not easy to forge, are extremely useful. Well-designed agreements include a realistic assessment of the structure and constraints of the labour markets in sending and receiving countries, and provisions to enable a return to investments in the human capital of migrants for the origin countries, while reducing critical labour shortages in destination countries. Since labour markets evolve over time, the agreements should be reviewed periodically, and updated as labour supply and demand conditions change. The agreements should guarantee decent living conditions and fair treatment of migrants and their families in destination countries and low-cost options for sending remittances. Programmes that are temporary by design should have clear information and policies to apply for permanent work or residency permits, if allowed.
- Countries with ageing populations, many of them with labour market shortages (particularly in the health care sector) and facing fiscal pressures on their pension and healthcare systems, have clear incentives to enter bilateral, regional or multilateral agreements with countries with an abundance of labour, to fill gaps in critical sectors of the economy of receiving countries.
- Remittances have become increasingly important for both the private and the public sector. The private sector has experienced phenomenal growth in remittance services, while several national governments have established agencies dedicated to harness diasporas, and the financial resources they command, for national economic development (Yang, 2011). However, the cost of sending remittances is still too high: the average cost of international transfers of \$200 was 6.2 per cent in the fourth quarter of 2022, more than double the Sustainable Development Goal target of 3 per cent (World Bank, 2003). The reduction of remittance fees in destination countries and the creation of social investment programmes funded with remittances in origin countries are certain to benefit migrants, their families and economic development at origin (Ratha 2007).
- Recognition of skills and qualifications of migrant workers, as stipulated in the ILO's Human Resources Development Recommendation, 2004 (No. 195) is

essential to address various labour market challenges and to bring substantial benefits for individuals, employers and national economies. Such recognition would help to minimize much of the brain waste for migrants and countries of destination, and the overall cost of the brain drain for countries of origin.

- Creation of programmes aimed at returning migrants to facilitate reintegration, knowledge transfer and entrepreneurial activities are sure to benefit local economies, as well as individual migrants and their families.

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