

Migration presents huge untapped potential for development

- Migration is a key component of regional and global integration; South-South migration is larger than South-North migration
- The benefits of migration are already being observed in the form of remittances (\$372 billion in 2011)
- Besides remittances, migration can be leveraged for skill and technology transfers and diaspora investments

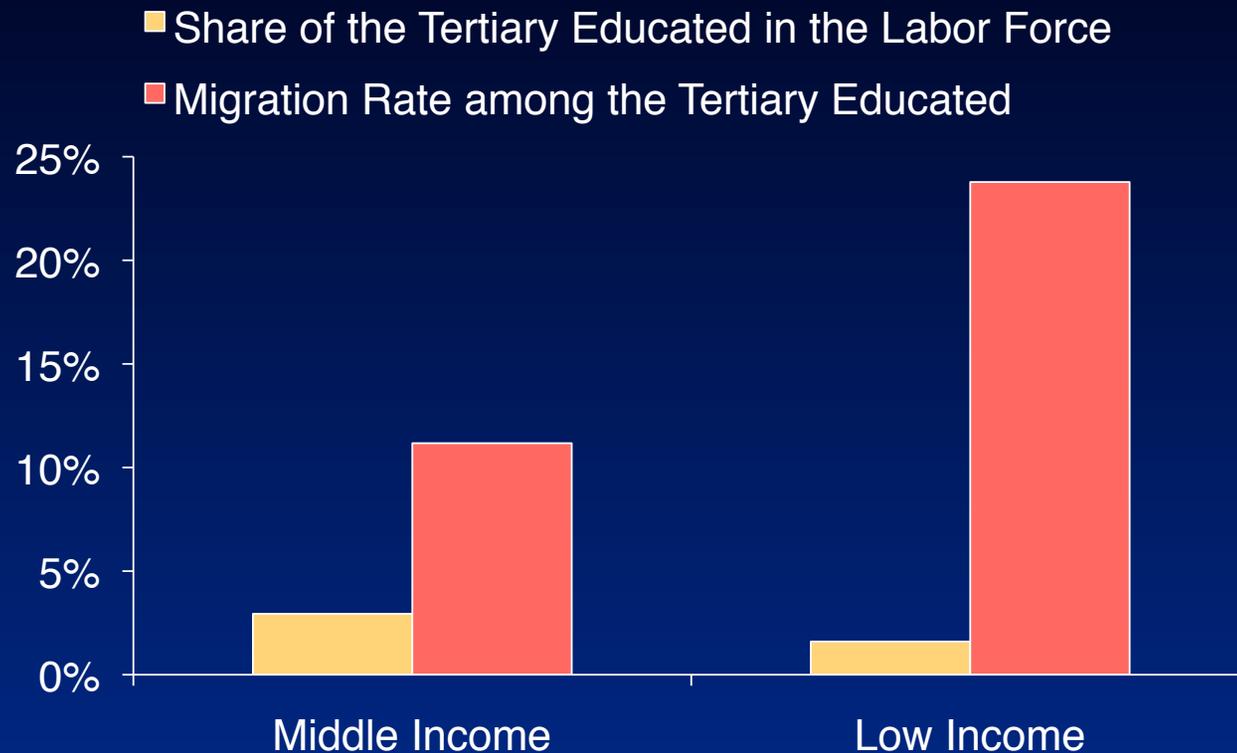
Migration pressures will grow in future because of demographic changes, and income gaps

Projected Change in Labor Force, 2005–50 (millions), ages 15-64

Sub-Saharan Africa	699
Middle-East & N. Africa	187
East and South Asia	727
Western Europe	-88
North America	-12
Eastern Europe & Central Asia	-26

Source: Koettl (2010); Shaping the Future : A Long-Term Perspective of People and Job Mobility for the Middle East and North Africa (World Bank 2008)

High-skilled migration is larger in poor countries which already suffer from low skill levels

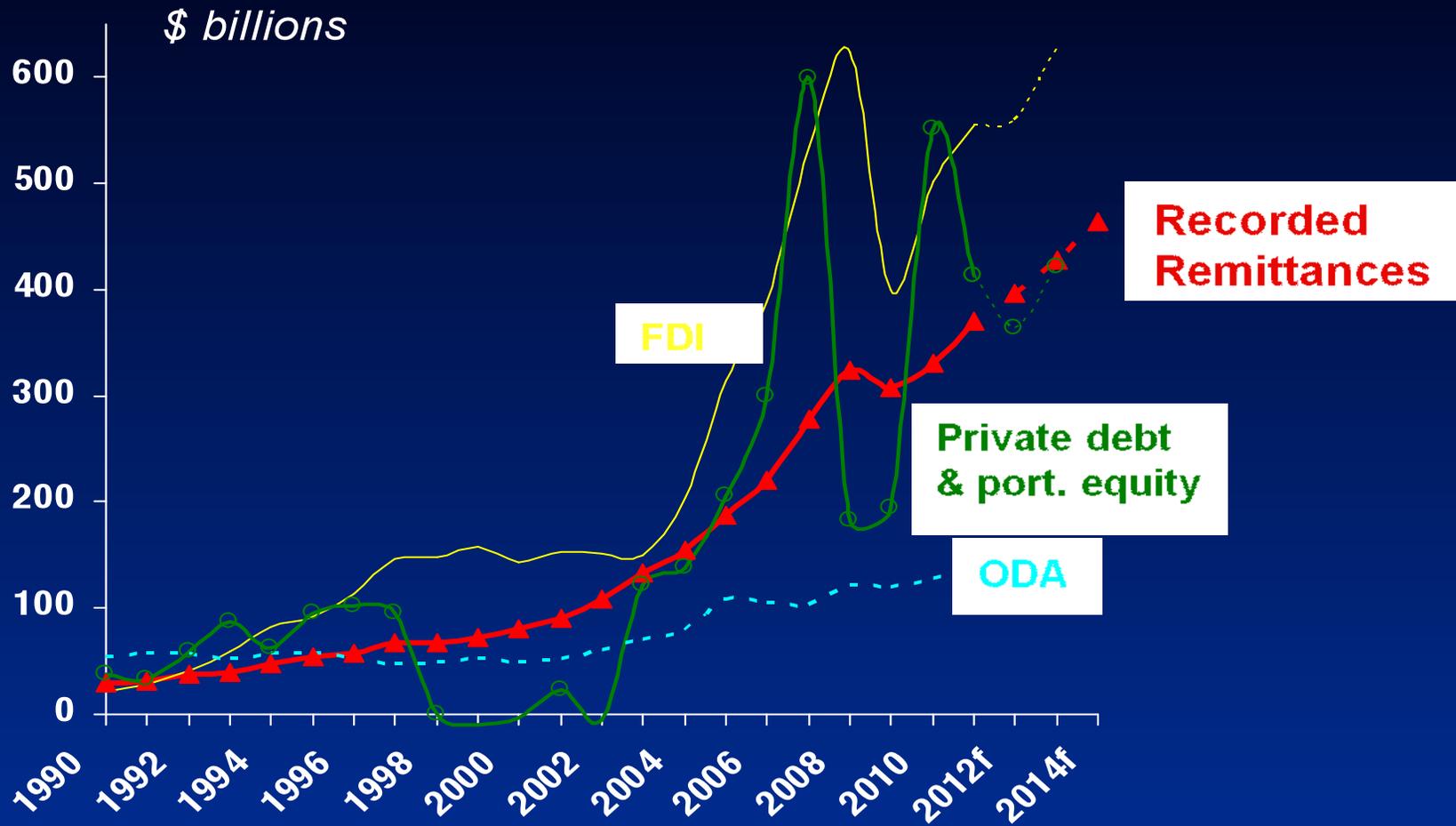


But migration can augment skill levels in developing countries through brain gain, skill and technology transfers, and return migration

Outline

1. Benefits of the diaspora :
 - A. Remittance inflows, support for poverty alleviation & philanthropic donations
 - B. Support for trade, technology and knowledge transfer
 - C. Investment by the diaspora
2. Governments' programs for engaging diaspora in sending and receiving countries
3. Policy recommendations

Remittances are large, and stable



Source: Migration and Development Brief 18, World Bank

Cost of remittances can be reduced

Average cost of sending \$200 to developing regions



Post offices and mobile phone companies can play a major role in expanding access to the poorest, but need to avoid exclusive partnerships (both in source and destination countries)

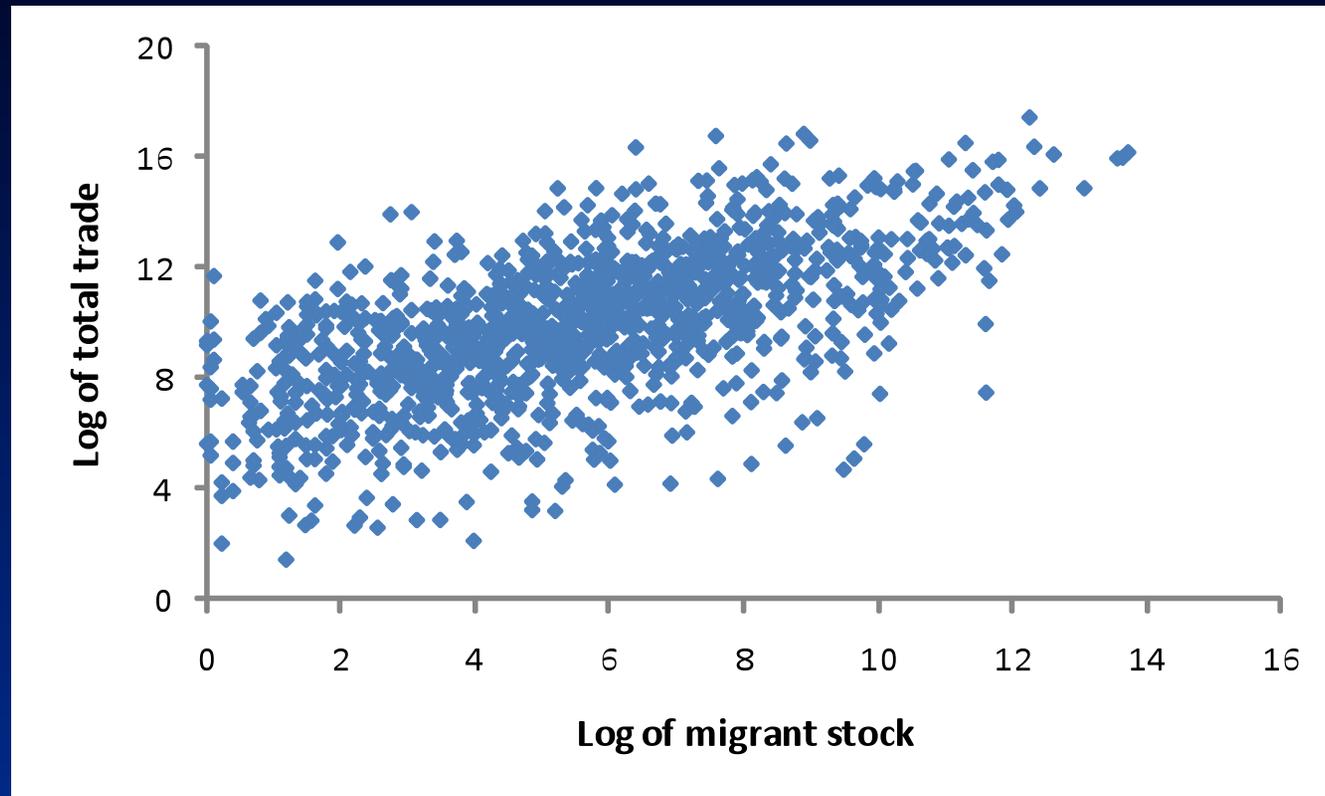
*EAP excludes Pacific Islands

Source: World Bank Remittances Prices Worldwide database (January 2011)

B. Support for Trade, technology and knowledge transfer

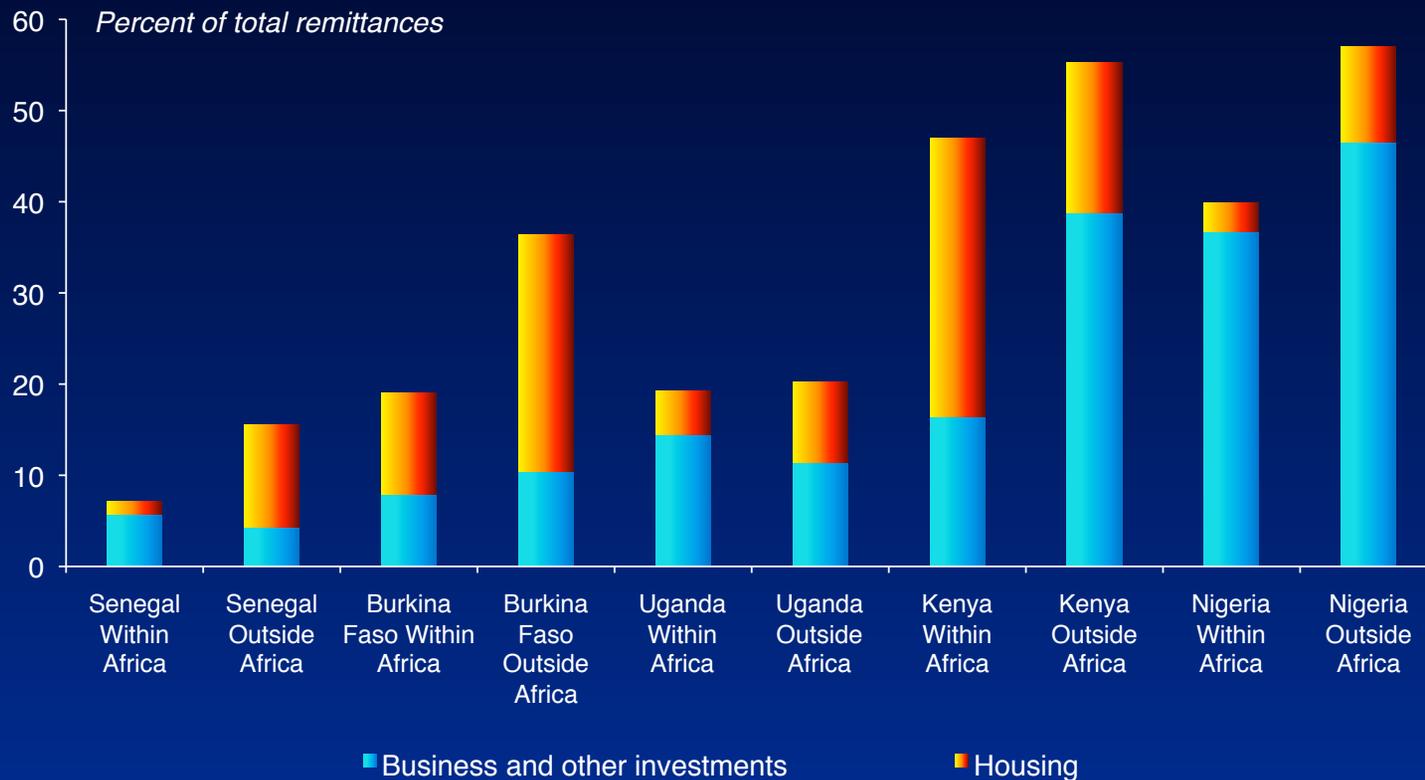
- ÿ Foreign emigrants: significant source of demand for home country's exports
- ÿ A source and facilitator of research and innovation
- ÿ Due to their cultural and linguistic abilities, they are better able to adapt, establish connections and reduce asymmetric information

Migration and Trade Go Hand in Hand: African and OECD Countries



Bilateral trade (2007) and migrant population (2010) between OECD and Africa
Each dot represents a migrant corridor (Kenya-UK, Morocco-France, etc.)

Investments in business and housing funded by remittance from within and outside Africa



C. Diaspora Investment

- Diaspora resources are determined by the net wealth of members.
- Types
 - Diaspora bonds (India, Israel, Ethiopia)
 - Diaspora funds
- Several countries show that diasporas do invest (e.g., China, Ethiopia, India, Israel, Ireland)

The wealth of the diaspora can be mobilized through diaspora bonds

	Diaspora size (millions)	Estimated savings (\$ billions, 2009)
<u>North Africa</u>	<u>8.7</u>	<u>22.3</u>
Algeria	1.2	4.2
Egypt	3.7	6.0
Morocco	3.0	9.6
<u>Sub-Saharan Africa</u>	<u>21.8</u>	<u>30.4</u>
Ethiopia	0.6	1.9
Ghana	0.8	2.0
Kenya	0.5	1.8
Nigeria	1.0	3.5
Senegal	0.6	0.9
South Africa	0.9	3.8
Zimbabwe	1.3	1.6

Also remittances can be used as collateral to raise bond financing for development projects

Diaspora Bonds

- ÿ Bonds issued by a country to its own diaspora
- ÿ Examples: Israel Independence Issue, Resurgent India Bond
- ÿ Potential for Africa? Examples:

Ethiopia: Millennium Corporate Bonds

- Purpose: to raise funds for the Ethiopian Electric Power Corporation

Key messages

- Migration of skilled people can generate complex effects, but in the end, labor market solutions have to be found
- Diaspora can be a significant source of wealth and ideas
- Capacity for managing migration is weak in several countries and Africa in general – it needs to be strengthened
- Migration should not be viewed as a substitute for development at home but integral to globalization

What can be done?

- A. Policies in receiving countries
- B. Policies in sending countries
- C. Remittance trends
- D. Policy implications

Policies in receiving countries

1. Regulation of Recruitment Agencies
2. Return and Voluntary Return Programs
3. Remittances
4. Transferability of pension and health care benefits
5. Circular Migration Programs

Example of United Arab Emirates

- ÿ Main Complain: non-payment and delayed payment of salaries
 - Since November 2008, the UAE government has regulated that the employers have to make the payments to workers directly to their bank accounts.
 - Full implementation of this regulation has not been achieved yet.

Remittance-Source Countries

- ÿ Policies affecting access to banks (i.e. Matricula Consular)
- ÿ Access to FX
- ÿ Immigration regimes
- ÿ Cooperation with receiving countries
 - Federal Reserve Bank's automated clearing house for Mexico
 - Possible Spain with some Latin American financial institutions

Transferability of Pension and Health Care Benefits

- ÿ EU has signed bilateral agreements with its neighboring countries
- ÿ Attempts to incorporate the special needs of migrant workers, in particular from non-EU member states (so-called third-country nationals), into the welfare systems have remained scattered and uncoordinated.
- ÿ Most countries grant full equality of treatment to third country nationals only after awarding them long-term or permanent residence status.

Seasonal and No seasonal Circular Migration

- New Zealand established a new program in 2007 for workers from the Pacific Islands
- Bilateral Migration Agreements
- Provision of vocational training in Spain or sending country emphasizes skills in short supply
- Skills will serve in receiving and sending countries

II. Policies in Sending Countries

1. Limiting the Costs of Migration
2. Reducing Asymmetric Information
3. Providing portability of pension funds and health care
4. Bringing Migrants Back Home
5. Mobilizing the diaspora

Supporting the diaspora – Role of embassies

1. Providing dual citizenship/voting rights
2. Limiting the Costs of Migration
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1. Limiting the Costs of Migration

Y Largest costs: fees paid to recruitment agencies

Y Policies:

- The majority of developing country programs to limit the monopsony power of recruiters have had little success
- Philippines limits private recruiter fees to one month of wages paid abroad.
- In practice migrants sometimes pay from two to four times monthly wages

Protection and Representation

- ÿ Problems associated with working abroad: contract issues, non payment of wages, arrears, safety and health issues at the work place
- ÿ Embassies and consulates provide assistance by:
 - Contacting the company directly and trying to reach an amicable settlement
 - Organizing seminars with lawyers from the diaspora community (e.g. Peru)
 - Reaching the diaspora community to pay the relatively expensive legal fees (e.g India, Peru)
- ÿ Migrant Welfare Funds

How India is dealing with these issues?

- ÿ The embassy in the destination country plays a key role:
 - Help with worker complaints (non-payment of wages, arrears etc.).
 - The embassy contacts the company directly and tries to reach an amicable settlement.
 - Otherwise advises workers to go to labor department or take legal recourse – sometimes the embassy contacts the Indian diaspora community to pay the relatively expensive legal fees.

2. Reducing Asymmetric Information

ÿ Regulation of Recruitment

ÿ Managed Deployment Process

ÿ Awareness and Information

Regulation of Recruitment

- ÿ Use of standard contracts
- ÿ Provide licenses to recruiters
- ÿ Inform potential overseas workers of agencies that have issue false contracts or have malpractices cases
- ÿ Publish in the web list of overseas job openings, recruitment agencies

Regulation of Recruitment

The Case of India

- ÿ Recruitment and contracting system
 - Employer must have a detail contract
 - Evidence of award of the project
 - Proposed arranged living accommodations
 - Model contract acceptable to the embassy on basis of attesting document
 - Pre-recruitment registration
 - India mission and immigration officers will check if the recruiting firm has fulfilled all the requirements.

Awareness and Information

- ÿ The Indian embassy provides a list of minimum wages as a reference to the Indian workers
- ÿ Dissemination and information of rules to workers. A 24 hour line for workers

4. Bringing Migrants Back Home

ÿ Skilled Labor

- Thailand & Ireland have offered research funding and monetary incentives
- China has offered salary packages, multiple-entry visas and access to foreign exchange

ÿ Unskilled Labor

- Philippines offers a range of real state investment opportunities

5. Mobilizing the diaspora

ÿ Dual citizenship

ÿ virtual return, temporary or permanent return

ÿ Contribution to welfare funds and support migrants in their communities through legal advise and representation

ÿ Diaspora bonds and diaspora funds

Issues that need close cooperation between sending and receiving countries

- ÿ Supervision of recruiter agencies by national laws or regulations to
 - Limit private recruiter fees
 - Provide adequate sanctions and malpractices
- ÿ Resolution of grievances, and existence of institutions and procedures for the investigation
- ÿ Adoption of a code of practice
- ÿ Bilateral and Multilateral dialogue with the government of receiving country to ensure responses to grievances

Possible questions for discussion

- ÿ What are the major challenges in managing migration in your country/region and what are the key concerns in relation to the impact of the crisis on migration?
- ÿ Which policy initiatives could be particularly effective in your country?
- ÿ What are the major priorities for further action at national, bilateral and multilateral levels?

Policy implications

1. The international remittances agenda
2. Know your migrants/diaspora
3. Help potential migrants acquire globally marketable skills
4. Point-based systems can produce adverse effects on developing countries –
5. But ethical recruitment policies may be ineffective, and unethical
6. Improve transparency in recruitment of migrants
7. Migration is not a substitute for job creation at home

Policy recommendations for governments

ÿ Data

- Improve data collection on diaspora

ÿ Improving diaspora outreach

- Embassies/foreign service departments need to provide more investment, trade, skills & technology transfer services, as well as more staff training in these areas
- Better coordination among different departments within the embassies and governments

ÿ Stimulating Investment

- Innovative ways of developing financing instruments, harnessing diaspora resources, etc

Supporting the diaspora – Role of embassies

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Website:

<http://www.worldbank.org/migration>

Blog:

<http://peoplemove.worldbank.org>

Thank you!

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Data and other resources are available at

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5. Circular Migration Programs: Seasonal Workers

ÿ Examples from Spain

ÿ Union de Pagesos (a farmers union) identifies labor needs in the agricultural sector and cooperates with the Ministry of Labor to recruit workers from Morocco, Romania, Colombia

ÿ Fundacion de Agricultores Solidarios (foundation of agricultors) provides newly arrived seasonal workers with information on health care, remittances transfer and law.

Circular Migration: Seasonal Workers

- ÿ New Zealand established a new program in 2007 for workers from the Pacific Islands
- ÿ Up to 5000 workers per year could be employed to plant, harvest and pack crops for a period of 7 months
- ÿ They can not switch to other type of work permit during stay

1. Regulation of Recruitment Agencies

- ÿ Some governments have regulating labor contractors
 - Contractors register and publicize means of complaining against their practices
 - Contractors are required to post bonds to cover a portion of wages to workers
 - Employer liable (together with the contractor) for violations of law

However, cooperation between origin and destination countries can improve safeguards against abuse

2. Return and Voluntary Return Programs

• EU Return Directive

- First step towards a common immigration policy for illegal immigrants from non-EU countries. The directive would come into force in 2010.

• Spain Voluntary Return Directive

- unemployed foreigners in Spain, who are not from EU countries, to return to their countries of origin and collect their unemployment benefits early

1. Limiting the Costs of Migration

Y Policies to limit fees paid to recruiters

Y Protection and representation

Protecting Migrants: Welfare funds

ÿ Bangladesh, Pakistan, Philippines, Sri Lanka, Thailand and India

ÿ Services to migrants:

- pre-departure orientation seminars, loans,
- emergency repatriation
- life and medical insurance
- reintegration assistance

Migrant Welfare Funds

• Management:

Pakistan: the Overseas Pakistanis Foundation

Philippines: a special government agency within the Department of Labor and Employment.

• Funding Sources:

- employers
- recruitment agencies
- migrant workers
- sending government

Case of Philippines

- ÿ The **Overseas Workers Welfare Administration (OWWA)**, an attached agency of the Department of Labor and Employment (DOLE), is the lead government agency tasked to protect and promote the welfare and well-being of Overseas Filipino Workers (OFWs) and their dependents.
- ÿ A "Welfare and Training Fund For Overseas Workers" was created on 01 May 1997 in the Department of Labor

Continuation: Case of Philippines

- **Objectives of the Welfare and Training Fund:**
Provide social and welfare services to Overseas Filipino Workers (OFW), including insurance, social work assistance, legal assistance, cultural services, and remittance services
- **Fund Source OWWA fund :** single trust fund pooled from the US\$25.00 membership contributions of foreign employers, land-based and sea-based workers, investment and interest income, and income from other sources

India: Protection and Representation

ÿ Indian Community Welfare Fund (ICWF) provides food and shelter to female migrants who escape from abuse from employers, to help stranded migrants, legal help to migrants, and for medical care of indigent workers.

ÿ Funded by

- Passport and visa fees (10 dirham per passport and 50 dirham per visa)
- Contributions from the Government of India
- Contributions from the Indian diaspora in UAE