

Leveraging Migration for Development

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and

Migrating out of Poverty Research Consortium

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Key messages

- Migration is a key component of regional and global integration
- The benefits of migration are already being observed in the form of remittances
- Migration presents significant untapped potential for development. Besides remittances, migration can be leveraged for skill and technology transfers and diaspora investments

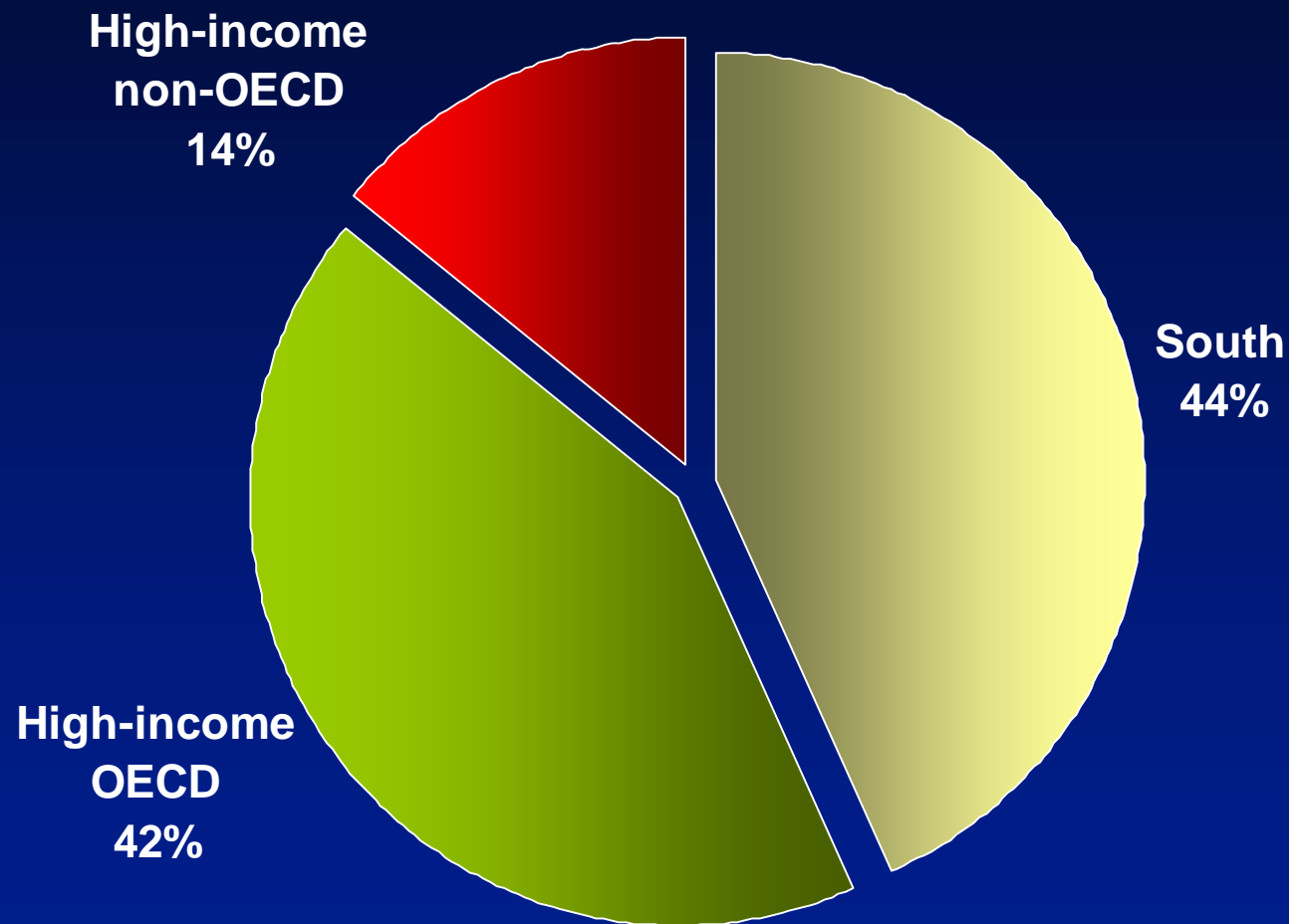


**Migration is a key component of regional
and global integration**



South-South migration is larger than migration from developing countries to OECD countries

Destination of migrants from the South



There were more than 215 million migrants worldwide in 2010.

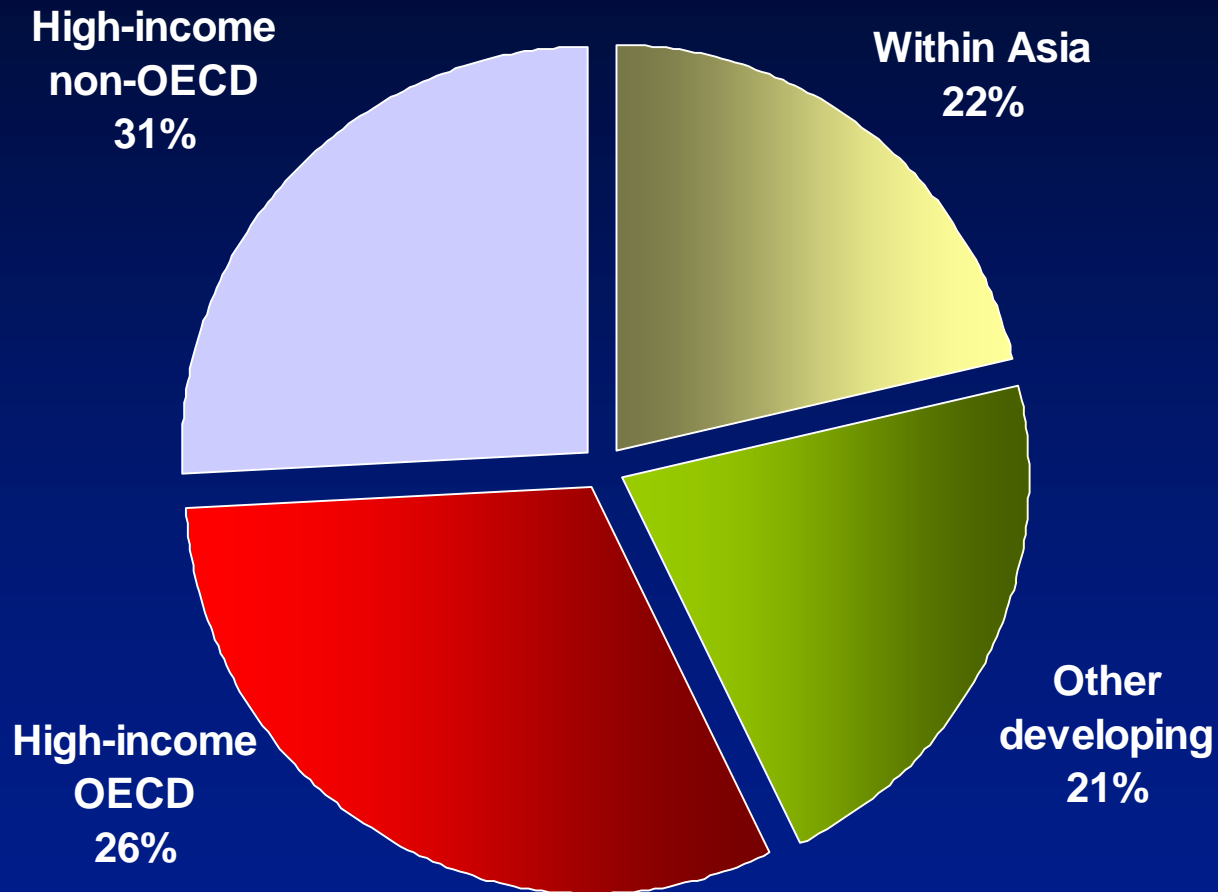
Note: South = Developing countries

Source: Migration and Remittances Factbook 2011



More than half of migrants from Asia are in high-income countries

Destination of migrants from Asia

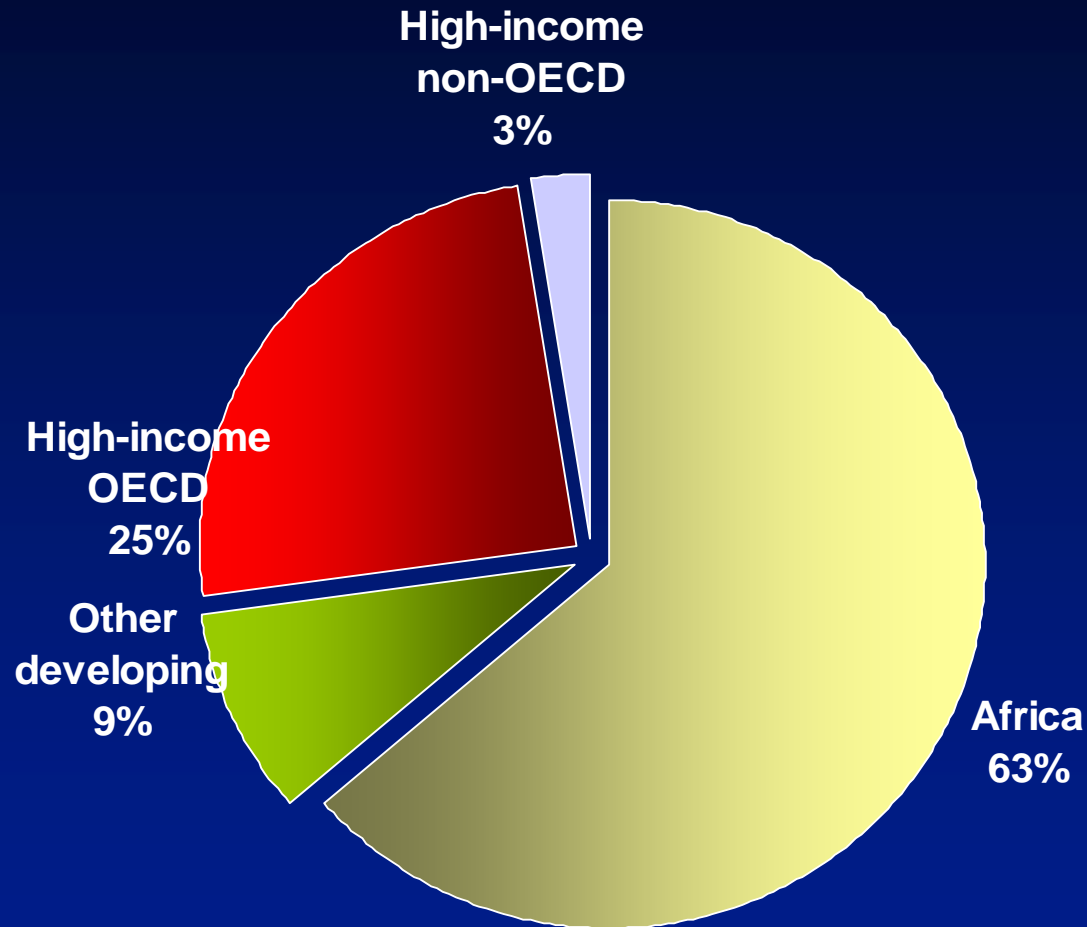


Stock of emigrants: 59 million or 1.6% of Asia's population in 2010



Whereas, in Sub-Saharan Africa migration is predominantly intra-regional

Destination of migrants from SSA



Stock of emigrants: **22 million** or 2.5% of Africa's population in 2010



Intra-regional migration is also evident at the sub-regional level

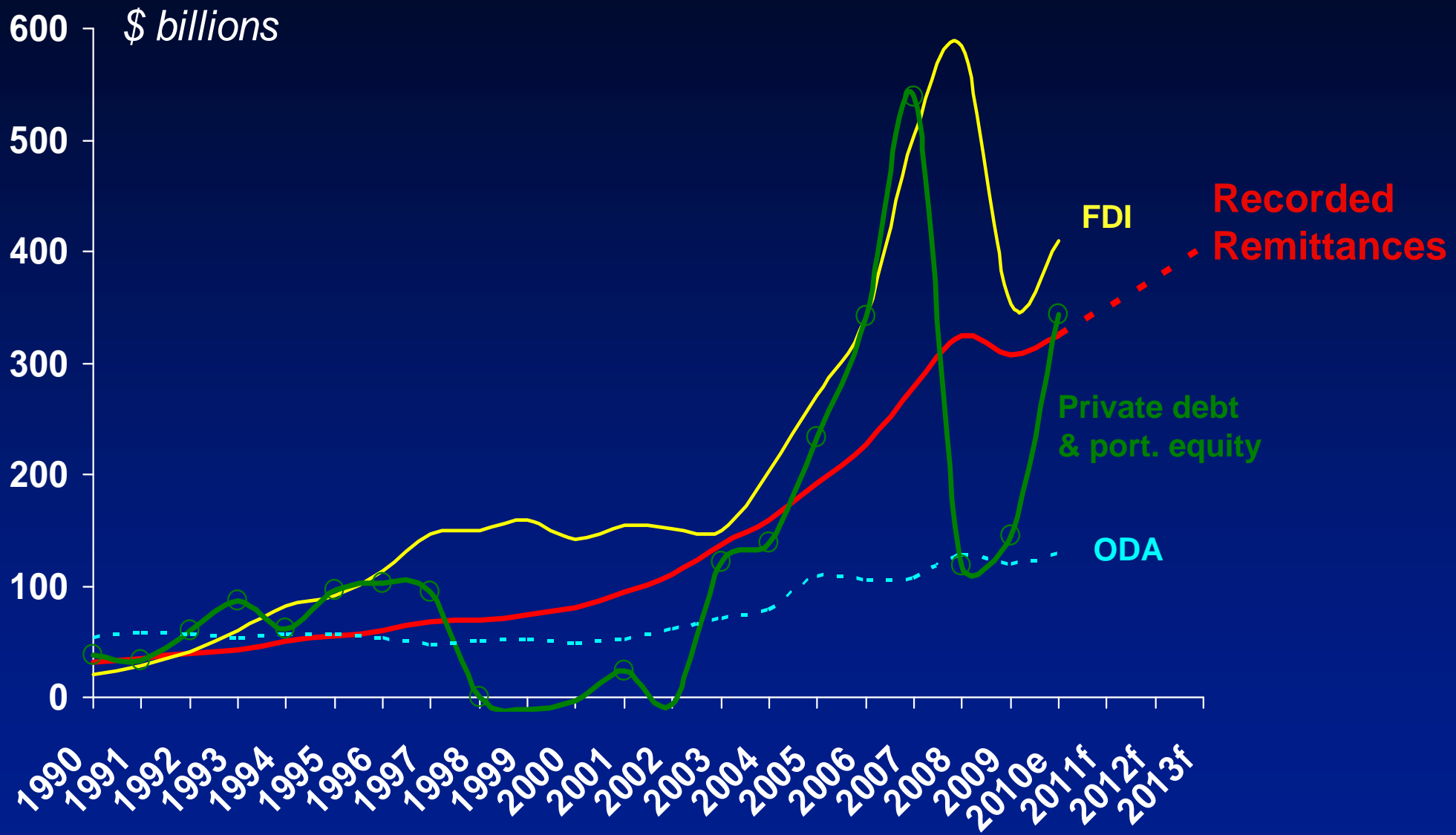
<u>Origin</u>	<u>Destination</u>					
	<u>Central Africa</u>	<u>East Africa</u>	<u>Sthn. Africa</u>	<u>West Africa</u>	<u>North Africa</u>	<u>Out of Africa</u>
Central Africa	23%	26%	9%	3%	0%	39%
East Africa	1%	52%	3%	0%	3%	41%
Southern Africa	0%	7%	66%	0%	0%	28%
West Africa	5%	0%	0%	71%	0%	24%
North Africa	0%	0%	0%	0%	6%	93%
All Africa	3%	13%	11%	21%	2%	50%



The benefits of migration are already being observed in the form of remittances



Remittance flows to developing countries remained resilient during the crisis



Source: Migration and Development Brief 16 (Mohapatra et al. 2011)

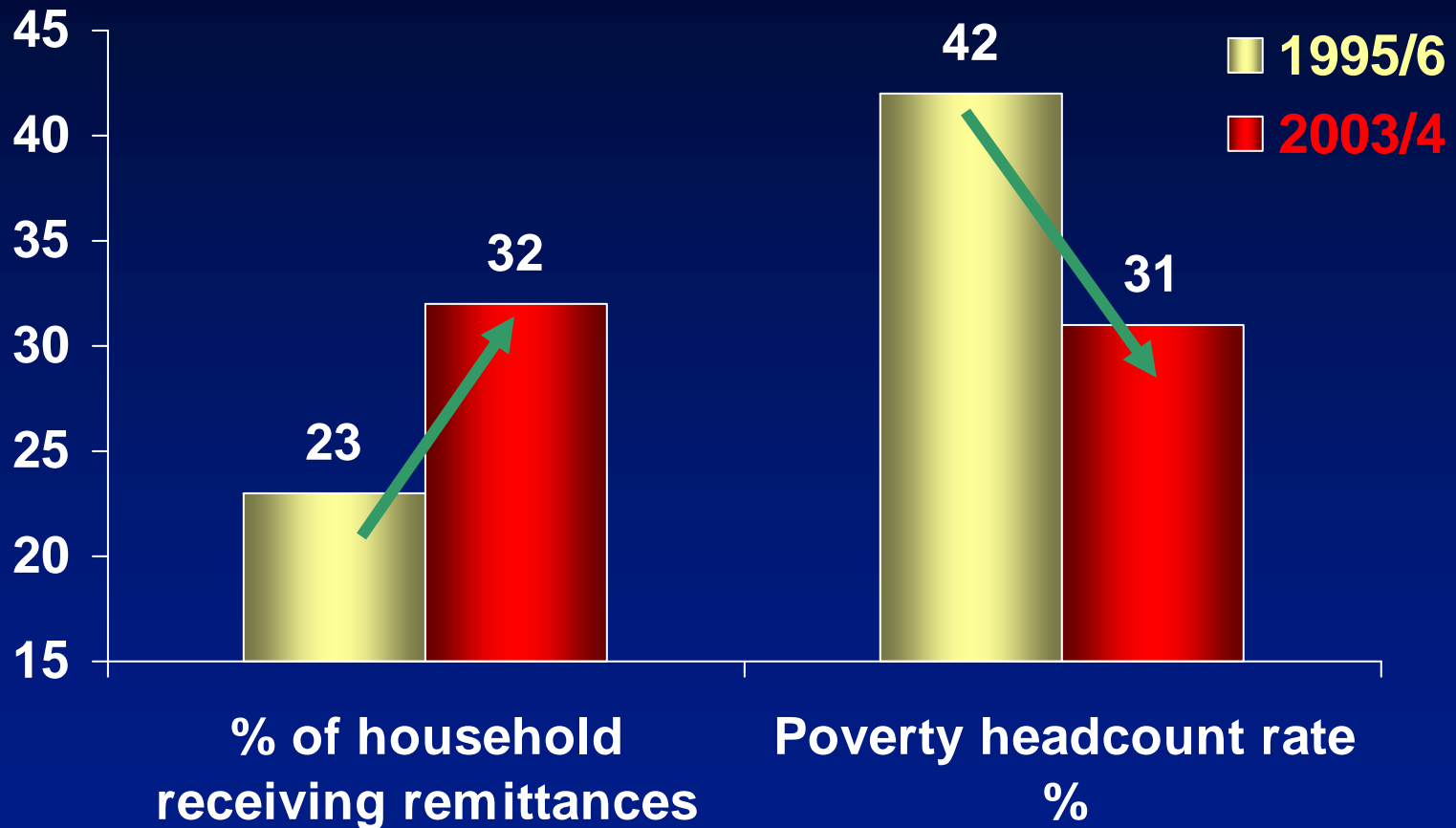


Remittance flows to developing regions 2009-2013

<i>\$ billion</i>	2009	2010	2011f	2012f	2013f
Developing countries	308	325	349	375	404
East Asia and Pacific	86	93	99	107	117
Europe and Central Asia	35	36	39	42	46
Latin America and Caribbean	57	58	63	68	74
Middle-East and North Africa	34	36	37	39	41
South Asia	75	81	89	94	100
Sub-Saharan Africa	21	22	23	24	26
<u>Growth rate (%)</u>					
Developing countries	-5.4%	5.6%	7.3%	7.4%	7.9%
<i>East Asia and Pacific</i>	0.8%	7.4%	6.8%	8.0%	9.5%
<i>Europe and Central Asia</i>	-22.7%	1.3%	7.8%	9.4%	8.8%
<i>Latin America and Caribbean</i>	-12.3%	1.7%	8.6%	9.3%	8.6%
<i>Middle-East and North Africa</i>	-6.8%	6.2%	3.4%	5.5%	5.6%
<i>South Asia</i>	4.8%	8.2%	9.1%	5.8%	6.5%
<i>Sub-Saharan Africa</i>	-3.8%	5.5%	5.1%	5.9%	6.5%



Remittances reduce poverty: Nepal



Sources: World Bank, DFID, ADB Study 2006, Glinskaya and others 2006

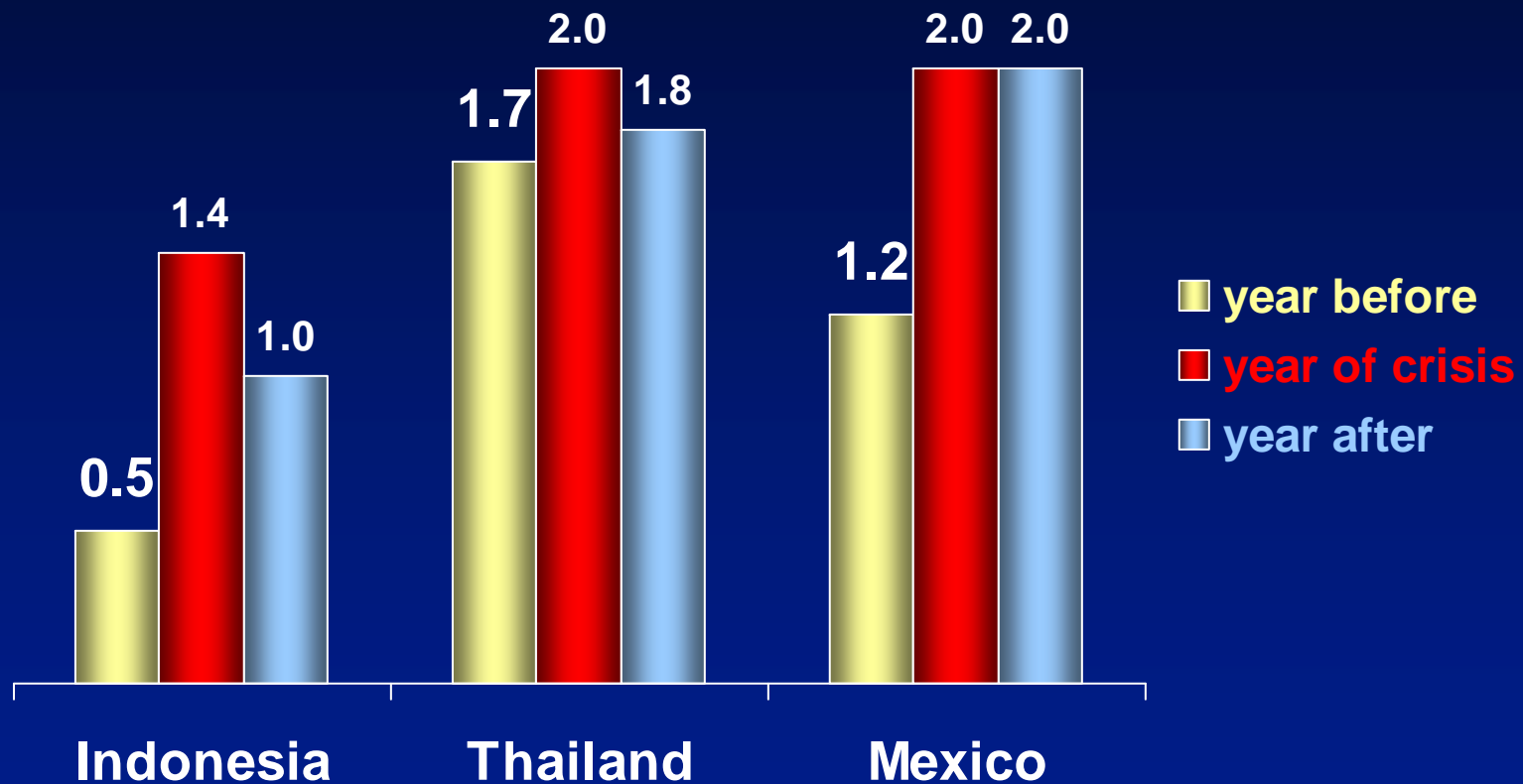


- Evidence from household surveys shows that remittances reduce poverty
- Remittances finance education and health expenditures, and ease credit constraints for small businesses
- Remittances act as insurance against adverse shocks during crisis and natural disasters
- Remittances contribute to improving current account sustainability and creditworthiness



Remittances tend to rise following crisis, natural disaster, or conflict

Remittances as % of private consumption



Note: Crisis refers to Asian financial crisis in 1997-98



Downside of remittances

- Large remittance flows may lead to currency appreciation
- Remittances may create dependency
- Remittance channels may be misused for money laundering and financing of terror



Migration presents huge untapped potential



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

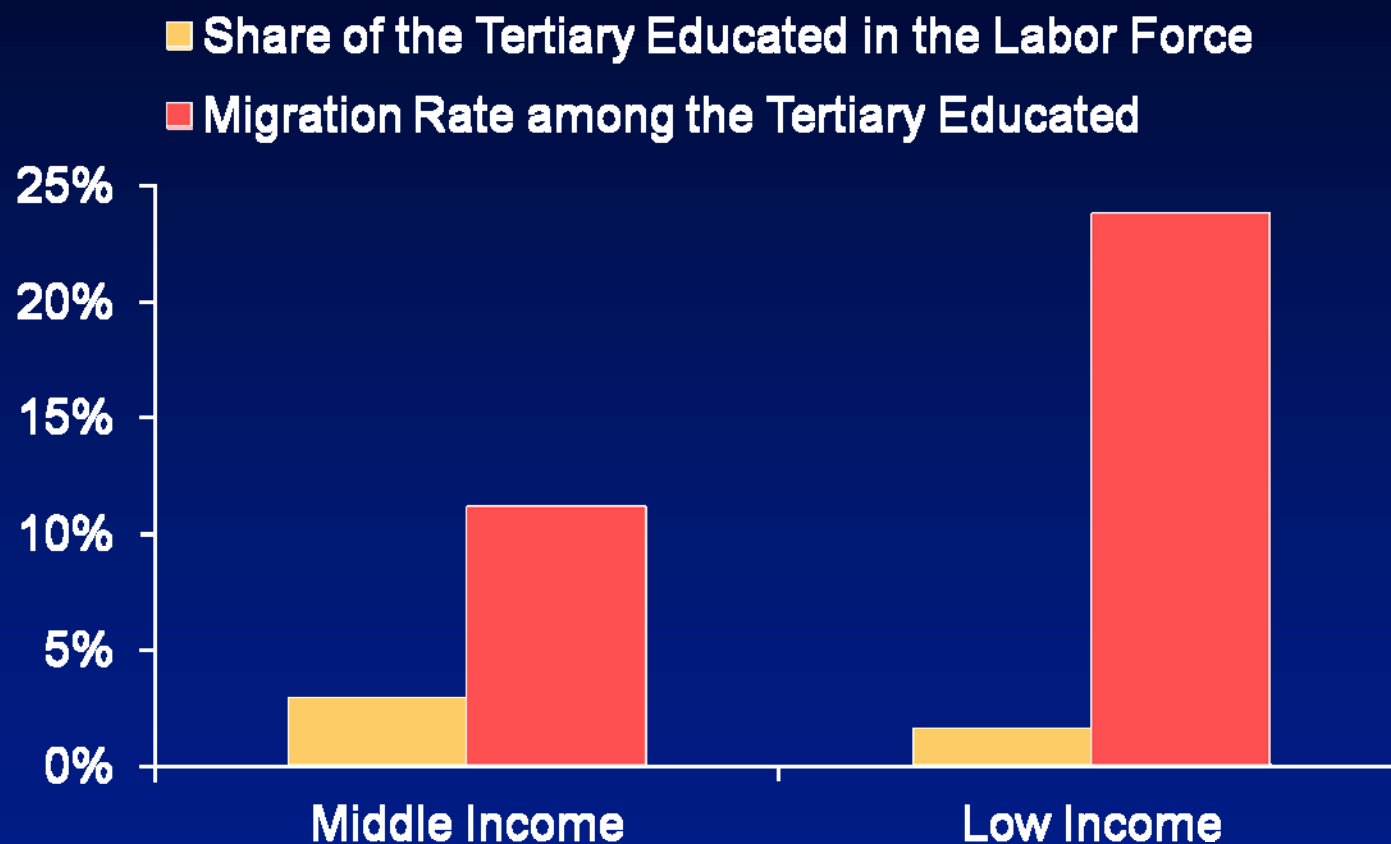
Projected Change in Labor Force, 2005–50 (millions), ages 15-64

Sub-Saharan Africa	699
Middle-East & N. Africa	187
Other sending regions	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



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)



1. Monitoring, analysis, projection

- Size, corridors, channels
- Counter-cyclical
- Effects on poverty, education, health, investment
- Policy (costs, competition, exchange controls)

3. Financial access

- Deposit and saving products
- Loan products (mortgages, consumer loans, microfinance)
- Credit history for MFI clients
- Insurance products

International Remittances Agenda

4. Capital market access

- Private banks and corporations (securitization)
- Governments (diaspora bonds)
- Sovereign credit rating

2. Retail payment systems

- Payment platforms/instruments
- Regulation (clearing and settlement, capital adequacy, exchange controls, disclosure, cross-border arbitration)
- Anti-money laundering/Countering financing of terrorism (AML/CFT)



The wealth of the diaspora can be mobilized through diaspora bonds

	Diaspora size (millions)	Estimated savings (\$ billions, 2009)
<u>Developing countries</u>	<u>161.5</u>	<u>397.5</u>
East Asia & Pacific	21.7	83.9
Europe & Central Asia	43.0	72.9
Latin America & Caribbean	30.2	116.0
Middle East & North Africa	18.0	41.2
Sub-Saharan Africa	21.8	30.4
South Asia	26.7	53.2

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



Summary

- Migration is a key component of regional and global integration. The benefits of migration are already being observed in the form of remittances. Migration presents significant untapped potential for development. Migration can be leveraged for skill and technology transfers and diaspora investment



A Knowledge Platform on Migration and Global Development : A Global Public Good

- Provide an open platform for debate and discussion – include divergent views; but with strong emphasis on rigor, peer review and quality control
- Act as a knowledge broker
- Attract multi-disciplinary researchers and practitioners
- Deliver menu of policy options on migration



Outputs of Migration Knowledge Platform

- Analytical research products
- Operational toolkits, fact books
- Web-based anthologies, archives, blogs
- *A menu of policy choices for the policy makers*



Data and other resources are available at

www.worldbank.org/migration

