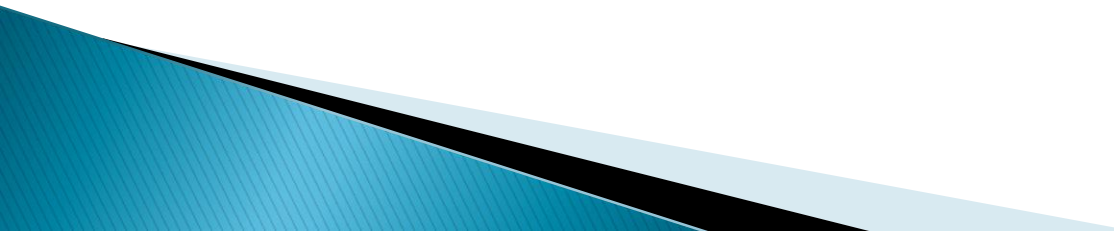


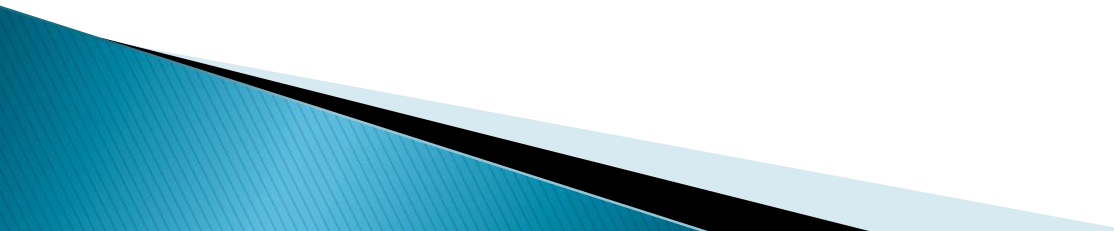
# Migration *as* Development

*Manjula Luthria*  
*Senior Economist, World Bank*

# The Context

- ▶ Small size and distance from markets a problem in the Pacific islands
  - ▶ Youth bulge present (40 % < 15 years)
  - ▶ Domestic employment creation was difficult
- 

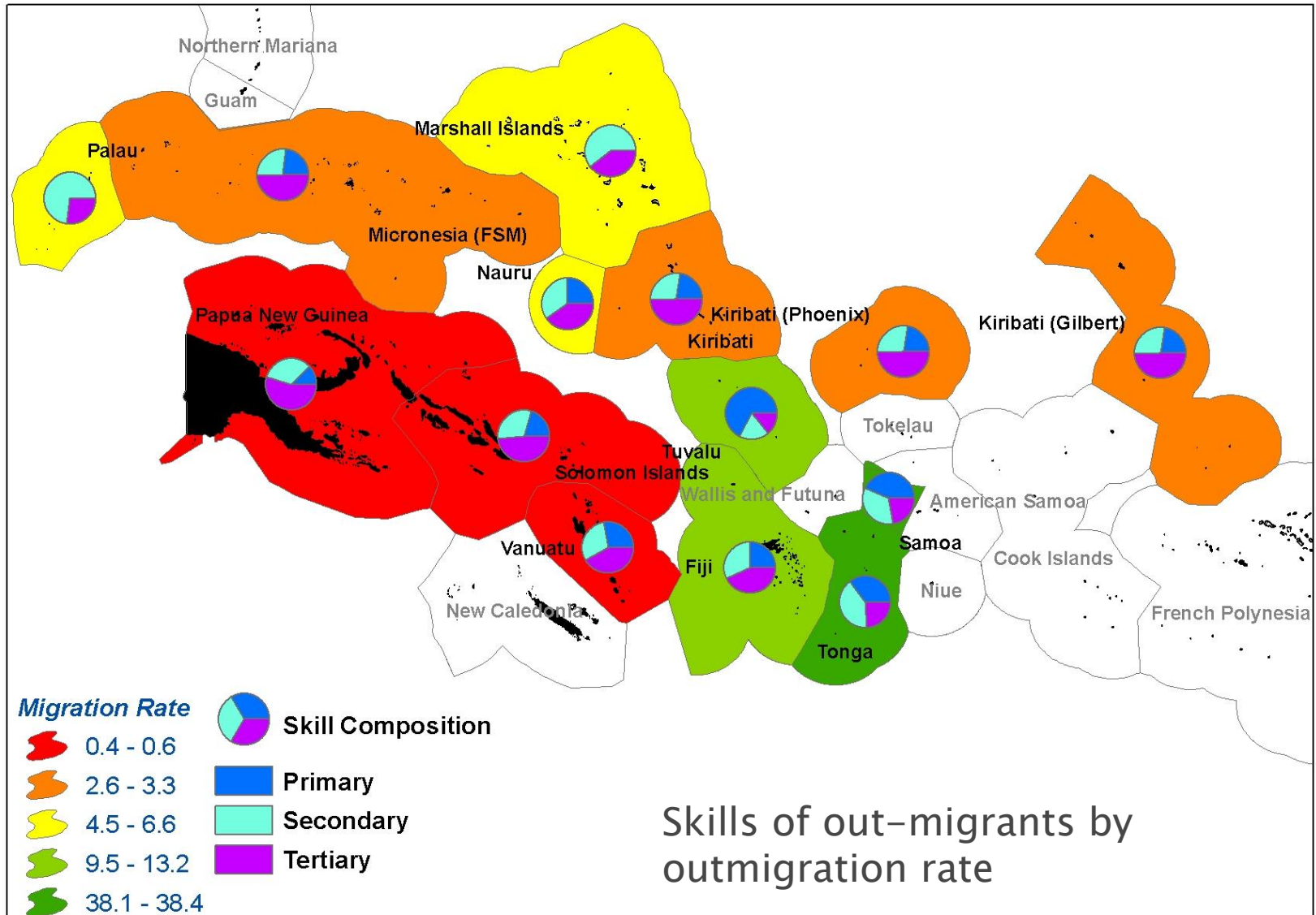
# Policy Objective and Development Strategy

1. Take people to jobs not just jobs to people
  2. Bring balance to emigration (skilled already leaving easily)
  3. Promote regional integration
- Aid for integration
- 

# Disappointing returns to aid?

- Rigorous evaluations of popular development interventions suggest very modest returns
  - Randomized evaluation of microfinance
  - Randomized conditional cash transfers
  - Randomized cash grants
- Yet these are some of the current ‘darlings’ of the aid-financed development industry
- No reason to believe that the harder to evaluate budget-support or governance projects of the aid industry do any better

# The Pacific – A Sea of Barriers?



# Dilemmas

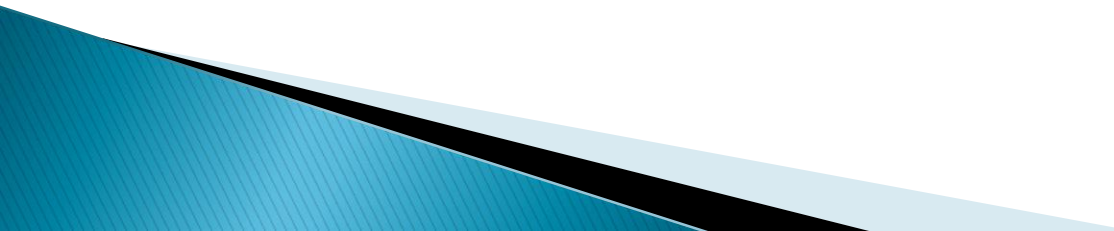
- ▶ Limited avenues for mobility of unskilled
- ▶ Receiving countries prefer settlement based immigration policy
- ▶ Aid seen as substitute for opening labor market to the poor

Temporary movement of people (TMP) only way to gain access


Hence bilateral schemes needed



# Deck not stacked in favor of TMP

1. “There is nothing more permanent than a temporary worker”
  2. “We asked for workers, but you sent us people instead”
- 

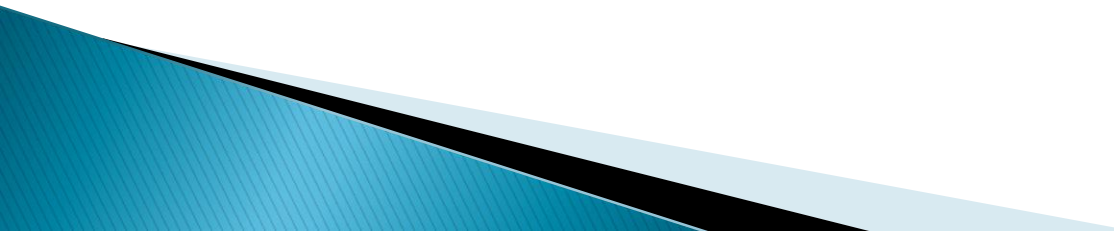
# Bane of International Labor Markets

1. Excess supply of workers but prices can't adjust, need rationing mechanisms
  2. Information asymmetries exist between buyers and sellers
  3. Private and public objectives differ, creating room for exploitation
  4. Conflicts of interest present between sending and receiving countries
- 




The Missing Ingredient...

**TRUST**



# Strategy pursued to instill trust

- ▶ World Bank led pilot allowed hands-on learning on ingredients of success
  - ▶ Multi stakeholder consultations and involvement sought to deliver services
  - ▶ Trust building mechanisms developed
  - ▶ Notion of “shared responsibility” developed
  - ▶ Monitoring and evaluation methods put in place at the start
- 

# Focus was on

- ▶ Incentive-compatible design
  - Cost recovery, Circularity, Choice of workers, commercial viability
- ▶ Capacity building for institutions in sending countries (similar to behind-the-border interventions)

# Where We Are Now

- ▶ The RSE scheme is one-third the size of the Canadian scheme in a short time
- ▶ M&E has given it oxygen to scale up
- ▶ Remittances and knowledge flows increasing
  - NEB in Tonga: 40% of NZ aid, 44% of export earnings
  - NEB in Vanuatu: 50% of NZ aid, 20% of export earnings
- ▶ WB-led institutional strengthening ongoing in sending countries