

**POLICIES FOR MIGRATION AND DEVELOPMENT:
A EUROPEAN PERSPECTIVE**

by

**Louka T. Katseli, Robert E.B. Lucas
and Theodora Xenogiani**

- Interlinking migration and development policies can facilitate the management of migration and make difficult trade-offs easier to handle.
- Multi-annual visas for short-term work, supported by an integrated monitoring system, can help manage migration flows more effectively.
- The integration of migration into development strategies needs to be supported by the international community.



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Migration and Development: Policy Coherence Needed for More Effective Management

Managing migration has become a priority for policy makers both in developed and developing countries; it is a difficult challenge indeed. Large immigration or emigration flows relative to domestic population's impact on almost all aspects of an economy and society: family structures, community life, educational and health systems, labour markets, security systems, governance and institutions. Despite the inherent difficulties in policy making, there is a growing awareness that if management can be improved, important gains for both migrant-receiving ("host") and migrant-sending ("home") countries may be generated. Effective management can furthermore mitigate the risks associated with migration.

This *Policy Brief* highlights the importance of interlinking migration and development policies towards a more effective management of migration. This does not imply that migration policies do not need to take into consideration other major domestic policy concerns including employment, vulnerability, security or social cohesion; nor does it imply that domestic policy priorities need to become secondary to development objectives of partner countries. Instead, the main policy message of the *Policy Brief* is that joint consideration of migration and development issues including development assistance could facilitate policy making and make difficult trade-offs easier to handle.

In arguing the case, the *Policy Brief* adopts a European perspective; this is because in the European Union, policy coherence for development has already been established as a major policy objective. The following section provides an overview of past, current and future migration trends focusing on immigration from non-EU (third) countries to EU member states. Migration policies are discussed in the next section taking into account their impact on both host and sending countries. Policies to mobilise and diffuse the benefits of remittances are considered in the following section. Suggestions on how to integrate migration into poverty reduction strategies of the migrants' home countries are discussed in the penultimate section. The concluding section focuses on the role of EU development assistance, trade and security policies in migration management as well as on the need for improved governance for effective policy making.

Economic migrants normally enjoy significant income gains when they migrate; in this sense, economic migration is a form of economic development in itself. Apart from migrants however, the effects of migration on those left behind are mixed¹. They critically depend on migration patterns as well as the capacity of sending countries to adjust and profit from migration.

Migration patterns shaped, by the characteristics of the migrants as well as the nature and circumstances of emigration, influence the length of stay abroad, the amount of funds remitted, the skills acquired, the ties to the home country and the probability of migrants' return. Together these factors have a lasting impact on the countries of origin.

The *capacity of sending countries to adjust* depends on appropriate policies and institutions in sending countries; in many low-income countries, this capacity also critically depends on the policies, including external assistance, pursued by the international community. Thus, both migration patterns and capacity for adjustment can be influenced by both OECD and developing countries' actions.

Causality also runs the other way: the level and prospects of economic development in the country of origin influence the extent and patterns of migration. People migrate in search of increased security and better relative standards of living for them and their families. There is little evidence to support the popular notion that sustainable economic development among the poorest nations accelerates emigration; instead, the emigration option offers an essential safety valve when the home country fails to provide adequate employment opportunities and acceptable living standards or security. Most migrants would rather remain at home, if only appropriate jobs and security could be provided. Therefore, economic development, employment creation and security especially in low-income countries, while highly desirable in their own right, tend to limit pressures for permanent relocation abroad.

For these reasons, development considerations must be integrated into host-country migration policies and migration strategies must be taken fully into account in the growth and poverty-reduction strategies of sending countries. Such co-ordination will ensure greater policy coherence for migration and development, defined as the pursuit of win-win opportunities for both host and sending countries through the systematic promotion of mutually-reinforcing policy actions.

Improved policy coherence for migration and development is a prerequisite for more effective management of migration flows. It requires *inter alia*:

- a) Better understanding of migration patterns and their links to economic, political and social conditions of migrants' countries of origin.
- b) Careful consideration of the impact effects of migration on development and of development processes on migration patterns.
- c) Co-ordination of migration policies with other OECD policies as well as with growth and poverty reduction strategies of developing and transition countries.

Translating policy coherence for development from accepted principles into practice requires the development of operational frameworks. This can best be achieved in institutional set ups, such as the European Union, where the need for such policy coordination has been acknowledged and introduced in actual policy making. The EU has taken the lead in this domain. It has introduced policy coherence for development into its own Treaties of Maastricht (1992) and Amsterdam (1997). It has reaffirmed its commitment to this principle in the European Consensus on Development (2006/C 46/01) and in the conclusions on development cooperation adopted by the Council on General Affairs and External Relations on 23 and 24 May 2005. At the same time, a number of EU member states – most notably Sweden, the Netherlands, Finland, the United Kingdom and France have adopted more or less formalised approaches to promote policy coherence for development². Thus the European experience offers a promising institutional set up to explore how to translate the migration and development agenda from theory into practice.

Past, Present and Future Migration Trends: the European Experience

There are currently about 40 million expatriates (foreign-born individuals) in the EU25 countries, which represent about 8.6 per cent of its total population. Of the foreign born adults living in the EU25, 74 per cent are low or medium-skilled and only 26 per cent are highly-skilled³. Overall, Europe lags behind North America in attracting highly skilled migrants⁴. According to available data which pertain only to EU15, the EU15 countries have attracted only one quarter of the total number of highly skilled migrants, versus two-thirds who went to North America. More than half of the foreign-born migrants in EU15 have come from other EU15 countries. A great part of the other half (or 26.4 per cent) have come from Wider Europe and North Africa. Migration of low-skilled workers to the EU originated primarily from neighbouring countries⁵. High-skilled workers to the EU have been drawn from further afield, most notably Africa⁶.

Migration patterns vary across EU member states. In fact, there is considerable heterogeneity across different EU countries both in terms of immigrant characteristics as well as countries of origin. As expected, there is a North/South divide. More than 50 per cent of the foreign born population in the most industrialised EU countries (France, the United Kingdom, Ireland, Belgium, the Netherlands, Finland, Sweden, Denmark and Luxembourg) came from other EU15 or OECD countries. In contrast, this share is considerably lower in Southern Europe and in Germany, largely due to their geographical location; in these countries, more than 50 per cent of the foreign-born population originated in transition or developing countries.

Past Migration Trends

Examining the stock of migrants in Europe allows one to identify old migration patterns. Regardless of recent changes, these old patterns continue to shape European perceptions, politics, diplomacy and to a large extent current policy making. Indeed, a careful examination of the characteristics of the foreign-born population from non-EU countries residing in different EU host countries reveals some interesting patterns⁷.

There exists a group of European countries (Group A: France, UK, Benelux countries, Spain, Portugal as well as Ireland) for which historical, linguistic or old colonial ties have determined past immigration flows⁸. Morocco, Algeria, India, Pakistan and Turkey were – and in certain cases still remain – the main sending countries to these EU member states. Together these five countries of origin represent 34 per cent of the non-EU foreign born residents in this group of countries.

A second group, group B, includes Greece, Italy, Germany and Austria. Despite important differences among them and their migration policies, a common determinant of their old (or consolidated) migration patterns is geographic proximity: most non-EU foreign born individuals in these countries originated in Central, Eastern and Southern Europe, the Maghreb and the Middle East. About 50 per cent of foreign-born residents have come from nine neighbouring countries, with Albania and Turkey accounting for the lion's share.

Finally, in Group C, to which the Nordic countries (Sweden, Finland and Denmark) belong, political and humanitarian considerations seem to have played a leading role in shaping both past and recent migration patterns. Foreign-born residents comprise many asylum seekers, refugees and “political migrants”. Migrants from five conflict countries alone (Iraq, Serbia, Montenegro, Bosnia-Herzegovina and Iran) account for 28 per cent of the foreign-born.

Skill levels of the foreign-born also differ across the three groupings. In the first group, (France, UK, Benelux countries, Spain, Portugal and Ireland), the foreign born are almost evenly split between those having completed secondary school and those who have not done so⁹. In contrast, countries in the second group (Greece, Italy, Germany and Austria) have mainly attracted migrants with low levels of education (76 per cent)¹⁰. The adult foreign-born population in the Nordic countries¹¹ is much more evenly distributed across skill levels.

Thus, history, geography and politics have been important determinants of EU migration patterns in the past and have forged differentiated links between sets of host and sending countries.

Table I. Past Migration Trends: A Summary

Drivers of Migration	Group A	Group B	Group C
	Linguistic, colonial links	Geographic proximity	Political/humanitarian
Principal sending countries	Morocco, Algeria, India, Turkey, Pakistan	Albania, Turkey, Serbia and Montenegro, Morocco, Romania	Iraq, Serbia and Montenegro, Bosnia-Herzegovina, Iran
Skill composition			
High-skilled	34.4	19.3	26.1
Low skilled	48.3	76.3	41.8

Data source: OECD Database on Expatriates and Immigrants, 2004.

Current Migration Trends

Past and current trends of migration to Europe, in combination with the adverse demographic trends that the continent is already experiencing, suggest that migration pressures will most likely continue at the same pace, if not with the same intensity. The EU enlargement and changes in the demographics of EU neighbouring countries have already induced changes in migration trends. At the same time, the emergence of new global actors in the international scene, most notably India and China, has changed the dynamics of global integration through relocation of production and employment opportunities towards Asia.

Recent migration trends seem somewhat different than the consolidated migration regimes discussed above. Increased globalisation, the recent enlargement of the EU and the subsequent selective opening of certain EU countries' labour markets to residents of non-member States appear to have influenced traditional migration trends. The latest SOPEMI report¹² presents evidence that immigration has risen sharply in certain European countries, most notably in Italy and the United Kingdom, but has declined in others, including Finland and Germany. The number of asylum seekers has steadily declined while the number of foreign students has increased (especially in France and Germany). New sending countries have appeared in the international migration scene including the Ukraine, China, the Russian Federation and countries in Latin America. In 2000, immigrant flows to Europe were mostly coming from Morocco, Ecuador, Poland, Bulgaria, Turkey and Romania¹³. By 2004, the order of importance of the main sending countries has changed: Ukraine and the Russian Federation now appear at the top of the list. According to the same source¹⁴, while Latin American countries used to send few migrants to Europe since 2000, 150-200.000 immigrants arrive annually in Europe, going mostly to Spain, Portugal and Italy. New patterns of migration are indeed

emerging. Even when current flows are taken into account however, it is important to realise that the European extended neighbourhood continues to constitute an important source for migrant labour and that political, historical and linguistic ties influence to a large extent relocation patterns.

Looking Ahead: Will the Skill Deficit in Europe Widen?

Before considering options to improve policy coherence and effective management of migration flows, it is worth reflecting on whether these migration patterns are likely to continue. Low birth rates and an ageing population will tend to diminish the relative supply of native workers in the EU. According to recent population and workforce projections¹⁵, in the absence of migration, the EU15 population would decline by 10 million during the next two decades. Germany, Austria, Italy and Greece in particular are expected to experience lower rates of natural population growth, compensated only by relatively high immigration. Overall population declines are expected in the new member states (including Romania and Bulgaria), since total migration inflows will not compensate for the decline in the population's natural rate of increase. Demand for workers in many low-skill occupations, therefore, is likely to remain high, particularly in caring services and in seasonal agriculture, construction and tourism. The Commission's Lisbon Agenda clearly establishes that reducing high unemployment rates among EU nationals is a priority. Nonetheless, we cannot lose sight of continued high demand for low-skill immigrant workers.

Security, growth and employment considerations as well as long-run demographic trends will continue to be important determinants of migration patterns; so will the degree of integration of migrant-sending countries into world and regional markets. While intra-European migration represents an important share of total migration in a small number of countries, overall it is expected to remain limited¹⁶ due to inconsistent labour market institutions, problems in the portability of pensions as well as language and cultural barriers. As the European market expands and growth prospects improve in the wider European region, emigration from EU-neighbourhood countries will likely taper off and increasingly take the form of temporary cross-border movements. Recent evidence suggests a continuing expected decline of annual net migration into Germany from Central and Eastern European countries (CEEC) from over 200 000 persons annually to under 100 000 by 2010 and under 30 000 by 2020. A more gradual decrease in annual migration from around 15 000 to less than 2 000 by 2020 is projected for the United Kingdom¹⁷. Over time, migration pressures from CEEC-10 countries

will ease as their per capita incomes and living standards converge at least to those of low-income EU countries¹⁸. Thus, European member-states – both old and new – can expect increasing immigration inflows from non-European countries.

Countries in the Maghreb are already turning into transit countries for migrants from low-income sub-Saharan Africa: emigration from these countries is expected to increase, as a consequence of these countries' progressive integration in the world economy, and persistent large income differentials. Refugees and asylum seekers will also likely continue to flow to Northern European countries as long as vulnerability and insecurity persist in Africa¹⁹, the Middle East and other conflict-prone areas.

Last but not least, increased globalisation of production, trade and investment will continue to change employment patterns and give rise to increased pressures for labour relocation. These will not be easily accommodated under existing rules and regulations for legal migration. Unless policies for legal migration are revisited, illegal flows are likely to continue rising. The re-emergence of China and India as global actors as well as producing the rapid restructuring taking place in the Asia/Pacific region are likely to attract a growing number of highly-skilled professionals into these emerging economies from the world-wide pool of talent (see Box 1). Under such a scenario, Europe would run the risk of becoming a preferred destination for unskilled labour from low-income developing countries and to see some of its talented workers relocate to emerging Asia or the United States.

As in the past, these trends are likely to be influenced by policy decisions taken by both developed and developing countries. Policy responses will likewise influence the average skill levels of migrants, their performance and integration prospects in host countries and the impacts on the countries of origin. Not only each country's experience with migration will influence its policies but its policy choices will in turn affect migration.

Migration Policies: the Way Forward

Migration policies and practices in the past have been strongly influenced by the same historical, geographical and political considerations that lie behind old migration patterns. Policies have thus contributed to the consolidation of these patterns: countries in the first group traditionally offered preferential access to residents of their ex-colonies or to those with whom they had political or linguistic ties and readily relaxed, at least till recently, entry requirements for family members. In the Nordic countries, relatively liberal asylum and refugee policies

Box 1. The Asia/Pacific Region: A Likely Destination for University Graduates?

Rapid growth in trade, investment, R&D activities and technology-intensive industries will increase the demand for highly-skilled personnel and will worsen the skilled labour shortages that the Asia/ Pacific region is already facing. A combination of pull and push factors will likely lead to increased numbers of qualified specialists, intra-corporate transferees and educated personnel from abroad – including Europe – relocating in the Asia/Pacific region:

- Growth rates in South Asia and the East Asia/Pacific region over the next decade are projected to remain high (4.2 and 5.3 respectively) and to exceed the corresponding rates in the United States (2.5) and the European Union (2.3) (World Bank, 2004a). Moreover continuing improved export performance by Asian countries is likely to attract foreign labour²⁰.
- Important skill shortages have already appeared in both China and India and are likely to increase²¹. Skill shortages are already reflected in rapidly rising salary rates for managerial and technical talent²².
- Increased R&D activity in the Asia/Pacific region can be a major pull factor of skilled labour from abroad. Indeed the European Union has lost ground in information technologies and biotechnologies and US and European R&D laboratories are being set up or relocated in Asia (OECD, 2006b). For example the share of the EU as a major destination of US R&D investment abroad has decreased from 70 per cent to 62 per cent in less than a decade in favour of the Asia/Pacific region, especially China (OECD, 2006b).
- The Asia/Pacific region will continue to be a primary offshoring destination. As ICT networks become more broadly diffused in offshoring destinations, human capital needed to provide those services is likely to increase. While a broader geographical distribution of offshoring providers might slow down the wage rise in today's offshoring centres, it would increase the incentives for high-wage countries to offshore their activities (Hofmann, 2006).
- Expected patterns in the less developed countries of the Asia-Pacific region are likely to replicate the experience of more technologically advanced countries such as Japan where the number of registered foreigners rose from 740 000 in 1972 to 1.78 million in 2001 (METI, 2001; Chalamwong, 2005). While most foreigners come from within the region, a growing number of specialists in humanities and international services already come from Europe. In Japan as of 2001, most foreign workers with an "intra-company transferee" status came from Europe (METI, 2003, p.220).
- An increasing number of scientists from the Asia/Pacific region, presently studying or working in OECD countries, might return to their country of origin upon completion of their studies. In China, for example, return policies have targeted established Chinese scientists and returns have already been on the rise²³.

have permitted and sustained the inflow of migrants from conflict zones. In Southern Europe, the structure and needs of domestic labour markets, repeated amnesty programmes for illegal migrants and the absence of pro-active policies to attract the highly skilled have contributed to an exceptionally large share of unskilled foreign-born workers from neighbouring countries.

These preferences are likewise reflected in recent patterns of bilateral agreements signed by EU host and sending countries (Appendix, Table 1). France has thus signed a number of bilateral agreements for trainees, seasonal workers, guest workers and apprentices with Morocco, Algeria, Senegal and Tunisia. Spain has negotiated similar types of agreements with Colombia, the Dominican Republic and Ecuador as well as some of its neighbouring countries. Similarly, Finland has signed agreements for project-based workers and trainees with Russia, while Greece has concluded agreements for reciprocal seasonal employment of 3-6 months with its neighbours (Albania, Romania, and Bulgaria).

These diverse patterns of migration, consolidated through corresponding policies, have impacted sending countries differently, shaping not only their economic development but also people's attitudes, governance structures and links to the various receiving countries. The experience of immigrants in the host countries as well as the active involvement of diaspora networks in development-related activities of their home countries, have also made a difference. Grappling with these impacts requires vastly improved understanding of "the migration life-cycle", i.e. the temporal patterns of labour outflows, remittances and repatriation, in conjunction with transformations in both home and host communities²⁴.

Better collection of data, statistical capacity-building and more effective harmonisation and data-sharing across countries are urgently needed. The European Commission's Policy Plan on Legal Migration²⁵ proposes some useful first steps: that information contained in the European Job Mobility Portal and the network created to foster mobility of EU nationals (EURES) be expanded to support the management of economic immigration of third-country nationals and provide information on incoming as well as return migrants. But what is in fact needed is an *Integrated Migration Monitoring System* to collect and process relevant information based on data and metadata by member countries. Such integrated public information systems were in fact developed and tested under the V European Research Framework²⁶; it is about time that they are applied in the area of labour mobility. Using a unique identification number provided to all non-EU nationals legally entering the community, such a system could provide effective and evidence-based monitoring of flows as well as the necessary information that could guide policy making.

Smart Visa Policies, Contract-Service Provision and Development

The magnitude and composition of migration flows are only partially determined by the admission criteria of the host countries; migrants' willingness to attempt irregular entry also contributes to observed outcomes. Nonetheless, the rules of legal entry, lawful residence and work, as well as past practices (e.g. strict enforcement versus amnesties etc.) affect not only entry among applicants, but also the rates of application for legal visas, the frequency of irregular migration, the nature of migration (e.g. asylum seekers vs. seasonal workers etc.) as well as the skill level of immigrants.

Low and Semi-skilled Migration can be Beneficial for Both Ends

Migration of low and semi-skilled workers typically has a greater impact on poverty reduction in the countries of origin than does emigration of professionals²⁷. There are three reasons for this. First, such workers come from lower income families and communities, who therefore benefit more directly from migration. Second, their withdrawal from home-country labour markets opens more opportunities for other low or semi-skilled replacement workers at home. Finally, these migrants tend to remit more per person than high-skill professionals, especially if they have left their families behind. At present, however, only 17 per cent of the relatively low-skill migration to the EU15 originates from the least developed countries of sub-Saharan Africa, South Asia and Latin America²⁸. Even if substantial benefits do not accrue as yet to these countries, the observed patterns of migration have nevertheless contributed to poverty reduction in poorer regions of middle-income sending countries.

Migration of low and semi-skilled migrants also confers important advantages upon many receiving countries. In many EU countries, the agricultural, construction and household-service sectors depend critically upon the labour supply of foreign-born nationals. More often than not, these immigrants do not compete with natives in labour markets so that high rates of unemployment among low-skilled natives are not usually related to high rates of immigration²⁹. Policies need therefore to address low and semi-skilled migration in a more comprehensive, flexible and consistent manner, taking into account not only demographic trends, but also diverse present and future labour-market needs across member-states and EU groupings. One policy will not fit all circumstances.

For many developing countries, the dominant destination for their low or semi-skilled migrant workers is often other developing countries. Much of this migration is irregular, offering little or no protection of rights to foreign workers. Bilateral and regional agreements among developing countries exchanging workers are therefore to be encouraged. This might include an expansion of current efforts to establish regional passports with automatic entry rights and perhaps the extension of employment rights to nationals of all participating states.

Temporary and Circular Migration: Tools to Maximise the Positive Impact of Migration?

Temporary employment schemes, with a variety of pre-admission and post-admission criteria, have proliferated in recent years even though the number of migrants covered by them is still relatively small. The International Labour Organization (ILO) reports a plethora of temporary schemes in use by different OECD and developing countries³⁰. Joint management through bilateral agreements is provided by 57 out of 92 countries using temporary employment schemes. In EU countries such agreements have emerged as an alternative to long-term work contracts and permanent residence (Appendix, Table 1).

The EU Communication on *Migration and Development* [COM(2002)703] emphasises the importance of return migration for development of migrants' home countries. Both seasonal and temporary³¹ workers tend to save more while working in the EU and transfer more of their earnings home in the form of remittances. Return migrants may also bring freshly-acquired skills to the home labour market, even if these skills are not always readily transferable to their country of origin³². Indeed, given the chance and under sufficiently low transport costs, many workers might prefer seasonal and/or temporary migration over permanent relocation. This preference will be even greater if potential migrants are breadwinners with large families living in neighbouring countries³³ (see Box 2). Given the lower cost of living in the migrants' regions of origin, this option provides substantial gains in living standards and reduces the costs of migrants' separation from their families. In fact there is substantial evidence that under reasonable options to engage in what is called "circular migration", that is, to be able to come and go across borders in an organised fashion under contracts of fixed duration, workers will chose not to overstay their visas. Examples do exist of successful bilateral management of such schemes, (e.g. Germany-Poland, Japan-Philippines), involving a growing number of workers.

Box 2. Polish Seasonal Migration to Germany

Seasonal migration of Polish workers to Germany provides a good example of “circular migration”: the same workers cross borders year after year to work in a neighbouring country for a short period of time. Germany remains till today the main destination of Polish workers.

The Opole region in Poland offers an example for the study of cross-border migration. Thanks to their double citizenship, people in the Opole region have enjoyed free access to Germany (and other EU countries) since long before 2004. This ensures that they return to Poland only to re-enter Germany at a later time; they engage in “circular migration”³⁴.

The number of work permits extended by Germany to Polish workers is on the rise: in 2004 approximately 307 000 work permits have been issued for seasonal work in Germany, as compared to 292 000 in 2003, and 131 000 in 1992 (Kepinska, 2004). Recent evidence (Stark *et al.*, 2006) suggests that two thirds of the seasonal migrants³⁵ are males, many in their mid-thirties and usually married with children. In fact 38 per cent were employed full-time in Poland before going to Germany to work as seasonal workers in agriculture. Their educational attainment is relatively low: about 60 per cent have not completed secondary education. They mostly come from relatively low-income regions of Poland and from middle to small-size towns where the cost of living is substantially lower: returning to spend their income with their families in Poland allows them to increase the purchasing power of their foreign earnings. Those with large families and those coming from regions with low cost of living in fact tend to work longer hours than the time specified in their contracts so as to reduce the number of trips they have to undertake.

Polish seasonal workers seem to prefer to engage in “circular migration” than relocate permanently in Germany. Approximately 74 per cent of these workers have worked in Germany at least twice and 43 per cent at least four times.

In order to be effective, the schemes need to provide adequate incentives to both employers and employees to respect them. For this reason they need to go beyond traditional guest worker programmes which stipulated a fixed duration of stay and tied workers to a specific employer. Such programmes often introduced distortions and made migration management more difficult over time: businesses initiated investments on the presumption of a continuous supply of immigrant labour while migrants had little incentive to change jobs or leave the country³⁶.

Effective management of successful seasonal or temporary programmes needs to be associated, instead, with flexibility of working arrangements after extensive tripartite consultations, close supervision of recruitment procedures, clear admission criteria and protection of fundamental rights. In rethinking such schemes, “circular-migration arrangements” associated with multi-annual visas for short-term work under flexible contracts for service provision should be taken into consideration.

Any temporary scheme will lead to some long-term settlement. Such programmes therefore require careful management to increase the incidence of return. Organised recruiting through intermediaries and contracting of projects involving migrant workers generally result in a higher return rate than does casual hiring of individual workers. However, reports of abusive and exploitative treatment of workers by intermediaries are common. Although such contracting schemes are likely to be an important feature of low-skill work arrangements from developing and emerging countries, they will require continuous and active monitoring. Supervision of recruiting agents will not be possible by the EU alone, but will demand bilateral intervention. Repeat contracting with agents, conditioned upon a good record of transparency, reliability and treatment of workers, will provide incentives for agents to improve conditions. These discussions can also be advanced in a multilateral context under GATS Mode 4 movements of natural persons for service provision (see Box 3).

Mode 4 negotiations provide an opportunity for more effective management of service provision by implicating directly foreign enterprises and by extending the set of options available for innovative risk-sharing. In the presence of foreign intermediaries, the ultimate responsibility for ensuring both the return of workers to the country of origin and/or the continued employment of the imported worker can be borne credibly by the foreign employer, the country of origin or a combination of host and home-country employers. Working arrangements can specify appropriate remuneration, length of stay and working conditions. Appropriate insurance schemes can be designed and an orderly market for temporary service providers can be created.

Under present arrangements, uncertain prospects for re-entry to the EU discourage return; the feasibility of extending multiple-entry visas under contracts for service provision should be carefully studied. Such visas would, however, require appropriate protection to prevent their transfer to others. The proposed *Integrated Migration Monitoring System*, including a database on temporary workers who have left the EU upon expiry of their permits, would facilitate the management of temporary migration in the EU provided that adequate care is given to protection of basic civil rights. Mechanisms to transfer pension or social security contributions to the home country, to be collected by the migrant upon return or by specified members of his/her family should also be encouraged as devices to encourage circular movement.

Box 3. Mode 4 Movements for Service Provision

Under the General Agreement on Trade in Services (GATS), one of the modes by which services can be provided by suppliers in one country to consumers in another is through the Mode 4 supply, namely the movement of natural persons to the country of the consumer. Mode 4 movements for service provision encompass temporary movements which involve self-employed persons based in the country of origin and/or employees of a contract service provider also based in the country of origin³⁷.

GATS has been mainly designed to address market access issues and not the mobility of labour; however, Mode 4 opens possibilities for more effective management of the temporary movement of workers across borders. By implicating directly foreign enterprises in the management of service provision on the territory of the receiving country, an orderly market for temporary service providers can be created ; risks pertaining to recruitment and return can also be shared between the sending and receiving countries as well as between the respective employers, i.e. the recruiting enterprise in the foreign country and the employer in the receiving country.

Various issues pertaining to Mode 4 supply need to be discussed prior to the opening up of formal negotiations under the WTO: *i)* the optimal length of a contract and the nature of work that would be suitable for Mode 4 supply which strictly pertains to temporary services ; *ii)* the terms and conditions offered in such contracts relative to those of other comparable employment contracts in the host country; *iii)* the provisions that need to be embedded in the contracts that would ensure that workers have incentives to return to their country of origin at the end of their term and that employers terminate employment as specified ; *iv)* a regulatory framework guiding the operations of foreign enterprises engaged in the management of service provision that would guarantee respect for human rights , transparency of operations and accountability to both home and host countries.

The initiation of an informal but inclusive policy dialogue on these issues among all relevant stakeholders could prepare the ground for bilateral or regional initiatives in this direction and pave the way for eventual multilateral negotiations on further liberalisation of trade in services.

For a greater impact on poverty alleviation, low-skilled worker-recruitment programmes including contracts for service provision, might need to be redirected towards lower-income countries. Countries in the EU Neighbourhood area could also be likely candidates. At present, under the EU Neighbourhood policy no such provision exists (see Box 4). The Commission's support and funding for non-mandatory pre-departure training and language courses (under local auspices) for would-be migrants is to be applauded. Such programmes can be more easily managed under an organised EU market for contract service provision. The choice of countries in which training programmes are to be located may have considerable impact upon the pattern of migrant origin; the language of training can also affect the choice of destination within Europe.

Box 4. The European Neighbourhood Policy and the EU's Mediterranean Partners

The European Neighbourhood Policy (ENP) “was developed in the context of the EU’s 2004 enlargement, with the objective of avoiding the emergence of new dividing lines between an enlarging EU and its neighbours and instead strengthening stability, security and well-being for all concerned” [COM(2004)373]. A key element of the European Neighbourhood Policy is the bilateral ENP Action Plans mutually agreed between the EU and each partner country, setting out an agenda of political and economic reforms with short and medium-term priorities. Action Plans are already being implemented with Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine. Action Plans with Armenia, Azerbaijan, Egypt, Georgia and Lebanon are expected by the end of 2006.

The EU, under the ENP, has recognised in principle the importance of co-operation in the fight against illegal immigration, effective management of migration and implementation of migration plans. The ENP initiative falls short, however, of opening the EU labour market to Europe’s Mediterranean partners; the EU has instead offered its Southern Neighbours the option to liberalise trade in services on a reciprocal and preferential basis, in conformity with GATS obligations and rights. Such an offer could entail significant gains for Europe’s Mediterranean partners: both the contract service suppliers and the countries concerned could gain from legal access to temporary job opportunities in EU member states. Among the nine MENA countries in the ENP, the Maghreb countries are the ones most likely to be positively affected. Given their abundance in low and medium-skilled labour, these gains could be substantial if concessions are offered in such services as tourism, trading, hotel and restaurant services and construction. Recent negotiations have in fact started incorporating the inclusion of specific service provision clauses for legal employment opportunities in the EU by nationals of partner countries in specific sectors where shortages have appeared (Tovias, 2006).

It is to be expected that as EU migration policy is most likely to focus on accommodating workers from new member states, workers from Europe’s Mediterranean partners are going to face increased competition in EU labour markets from workers originating in Central and South Eastern Europe, most notably from Poland and Romania (World Bank, 2004b).

Europe’s Southern Partners should thus make concerted efforts under ENP to conclude as soon as possible comprehensive bilateral if not regional partnership agreements for the supply of services under Mode 4.

Source: World Bank (2004); Tovias (2006).

Challenges of Irregular Migration

There is little evidence to indicate that increasing resources for more aggressive patrolling of borders is effective in eliminating irregular migration. Co-ordination is particularly difficult in any federal entity in which states exhibit different levels of commitment to border controls. Other mechanisms are likewise problematic. Sanctions against employers for hiring undocumented workers are rarely enforced, perhaps because of lack of political determination or administrative capacity; such sanctions moreover raise the threat of discrimination against legal migrants and even nationals of similar ethnic profile to the irregular migrant population.

The commerce in smuggling migrants across borders appears to be rising globally. The pursuit of these smugglers requires at least bilateral and possibly multilateral co-operation between countries. Better control of smuggling activities would diminish the flow of irregular migrants; at the same time, the reduction in competition could drive up smuggling fees and the irregular migrants who successfully cross borders would be those with a greater ability to pay. Some portion of smuggling involves trafficking in involuntary migrants, often as sex workers. Strident efforts, on a bilateral or preferably multilateral basis, are called for to fight trafficking.

The more informal components of the economy typically provide the major source of employment for irregular workers. This is taken as an argument to redouble efforts to reduce the informal economy in the EU, a recommendation which calls for a cautious interpretation. In the context of an ongoing debate regarding the need for greater flexibility in the EU labour market, it should be borne in mind that portions of the informal or quasi-informal economy might be a part of this flexibility. A crackdown on the extent of the informal economy – a highly desirable policy objective in itself – could also result in a loss in flexibility that might exacerbate the current state of unemployment; compensatory policy measures to reduce any potential burden for lower-income workers, including native and documented migrant workers will be required.

More legal channels and more flexible options for migrant entry offer workable alternatives to more aggressive policing and formalisation of the informal economy; employers' demands for workers can be met through organised recruitment rather than through irregular migration. Such recruitment has often led in the past to permanent settlement through amnesty or regularisation programmes, thereby often inducing new irregular migration flows as a result of the social networks established by settlers. In contrast, if recruitment can effectively be maintained on a circular basis, then irregular migration might be curtailed.

Seasonal or temporary work arrangements under contracts for specific service provision coupled with establishment of clear criteria for return and future re-entry could significantly help in ensuring such initial circularity. Conditions for potential conversion, possibly allowing earned permanent residence, following a positive history of contract fulfilment can also be considered.

Family Reunification and Potential Return: A Dilemma?

The EU appropriately recognises the importance of family reunification and access to employment by family members³⁸. Family reunification nevertheless poses a fundamental dilemma for coherent policy making. Migrants accompanied by family members are significantly less likely to return to their home countries. Given that the intention to return home is a powerful motivation for larger remittances and other positive impacts on the home country, there is thus a trade-off. On the one hand, conjugal separation and parental absence can engender serious tensions within the family; on the other hand, family separation may be in the wider interest of the home community because of the induced economic impact. If well designed circular migration schemes provide the incentives for migrants to return to their families and their home countries, they could provide a way out of this dilemma.

Transforming the Brain Drain to Brain Gain

Most EU member countries have programmes to facilitate the entry of highly-skilled migrant. Indeed, the global competition to attract the best and the brightest is intensifying. While the benefits of low-skilled migration to migrants' home countries are relatively clear, any comparable net benefits from emigration of professionals and highly-educated nationals are far more controversial. The disruption from the loss of key personnel, such as healthcare workers and educators, and the public costs invested in training potential emigrants can be very real. A highly-educated diaspora could, in principle, provide benefits to the home economy, but the evidence remains weak and pertains more to upper-middle-income countries. The newly-industrialised economies are better placed to take advantage of technologies transferred from overseas and any fresh skills of a returning diaspora. Meanwhile, the fraction of highly-educated persons migrating to the industrialised countries is typically greater the poorer the country.

Not all emigration of highly-skilled persons proves harmful to the country of origin, however. This may be particularly true where highly-skilled emigrants would be ineffectively deployed at home, where training costs are privately borne, where the probability of emigration improves incentives for skill acquisition at home or where a highly-skilled diaspora contributes significantly to the development of their home country. Suggestions to compensate the countries of origin for their losses are common, but would need to be well targeted and monitored; losses are not universally incurred, and compensation has the potential to encourage expanded training and emigration.

EU member countries' efforts to attract highly-skilled migrants are unlikely to abate. However, a number of steps might be considered to better manage the flows of highly-skilled migrants and limit any negative impacts on the countries of origin:

- a) Closer monitoring of migration of highly-skilled persons to the EU from developing countries is sorely needed. This can be achieved through introduction of the proposed *Integrated Migration Monitoring System*.
- b) Recruiting restraints, self-imposed by public-sector employers, have proved ineffective in limiting migration of healthcare workers. Exhorting private-sector employers to recruit ethically is likely to prove equally ineffective. General guidelines are needed to avoid imminent crises in developing countries' health care systems. For instance, the EU recognition of the need for a comprehensive and coherent approach to the ethical recruitment of healthcare workers, particularly from Africa, is to be commended.
- c) Partnership arrangements between sending and receiving countries and regions (and between relevant institutions) could more effectively link recruitment with capacity building and replenishment in the countries of origin. The EU could take the lead in this area. The absorption of highly-skilled professionals in developing countries, especially in the health and education sectors, can be substantially improved through investments in service delivery systems, continuous training of personnel and better working conditions. Temporary recruitment of personnel can thus be associated with on-the-job training programmes and skill-replenishment schemes. Such options could be explored further if recruiters want to address the costs imposed by their practices upon the countries of origin.

Current proposals to subsidise replenishment training in developing countries, combined with temporary visa programmes to work and train for a limited period in the EU, are to be encouraged; so is the equivalent of an Erasmus or a Marie-Curie Programme for students and/or postgraduates from developing countries. An inherent difficulty should however be recognised in such programmes; there is a possibility that the migrant may choose not to return home upon completion of the program but instead move to a third (non-EU) country. The Fulbright Program in the United States has shown that leakages are not in fact substantial. Consideration might however be given to making return home for a specified period of time a prerequisite for granting a re-entry visa to the EU in the future. Whether such programmes should be focussed upon countries that currently supply significant numbers of healthcare workers or teachers to the EU, or upon those countries most in need of additional personnel in these fields, also warrants careful scrutiny.

The lack, at present, of multiple-entry visas for highly-skilled persons from developing countries discourages timely participation in conferences, joint research and other professional activities within the EU. This barrier not only harms the professional development of these visitors and hence their home countries, but may impact on learning and technology in the EU. Limited entry can also limit ability to attract such visitors to more permanent positions within the EU, where appropriate.

Training foreign students has long served as a vehicle to attract highly-skilled persons to the United States. During the 1990s, enrolment in EU universities of students from lower-income countries expanded rapidly. Such overseas training frequently opens important new avenues of opportunity to these students. The benefits of this training for the home country are almost certainly greater if students return home, and frequently a period of post-graduation training or work experience is a critical part of the overall learning process. Visas that require departure from the EU upon completion of training may not be in the best interest either of the EU member countries or of the students. Such practices may simply result in EU-trained students relocating in North America. For those students who wish to return home, information about opportunities at home might usefully be provided systematically by university placement offices.

Some of these needs of EU countries and highly-skilled developing-country nationals might be met through programmes for remunerated trainees, though there is a critical need for safeguards to prevent abuses. In the global market, remunerated trainees are frequently underpaid i.e. full-time workers who are denied standard benefits.

Mobilising and Channelling Remittances for Development

Remittances are large, stable and growing over time³⁹. Money sent home by migrants worldwide increased from \$102 billion in 1995 to an estimated \$232 billion in 2005. The share of global remittances going to developing countries has also increased from 57 per cent in 1995 (\$58 billion) to 72 per cent in 2005 (\$167 billion)⁴⁰. These figures, despite great discrepancies, are higher than total official development assistance (ODA) and private debt flows to developing countries.

Remittances sent by migrants to families and friends in home countries constitute an important driver of development⁴¹. The actual amounts that migrants remit depend on economic and financial conditions in both sending and receiving countries; they also depend on the composition of migration flows as well as the conditions under which the migrants are admitted into the host country. Hence remittances are partly determined by OECD-country admission policies. We have already pointed out that the pro-poor effects associated with remittances are much stronger in the case of low-skilled as opposed to high-skill migration, especially if highly-skilled migrants settle permanently abroad with their families. Low-skilled migrants tend to remit proportionally more and direct their saving to their low-income families which often remain in the home country.

Remittances promote economic expansion, by permitting increases in consumption and by generating “multiplier effects” (e.g. when remittance-financed house construction in a village increases income for local carpenters, builders, suppliers of materials, etc.). Negative effects on inflation and price competitiveness (possible consequences of surging inflows of foreign currencies) tend to be relatively small and limited to countries where remittances are especially large relative to the size of the economy. Remittances are usually counter-cyclical: they tend to rise under unfavourable economic conditions to compensate for lost revenues in the case of adverse agricultural yields, natural disasters, or negative economic hazards thus serving as insurance against risk. In some cases however, they do complement rising incomes in the home countries⁴². Remittances furthermore often finance expanded education opportunities for the young, especially if women are given greater control over spending patterns in the household⁴³.

Some observers suggest that remittances are a substitute to official development assistance. Remittances, however, are a private interhousehold or intrahousehold flow and their use is at the discretion of receiving households and individuals; aid is almost entirely a public, government-to-government flow. This casts serious doubt on the substitutability between remittances and ODA.

The reported size of remittances is most likely underestimated. Remittances are often transferred through informal channels rather than banks or formal institutions. The cost of transferring money remains extremely high for migrants in many OECD countries, varying between 5 and 15 per cent of the amount transferred. Furthermore, there are significant differences across countries. For example, the cost of remittances between Europe and West Africa is ten times higher than that between the United States and the Philippines. Lowering the cost of transfers through formal channels should become a top policy priority for EU member-states.

Given the size of remittances to developing countries, efforts should also be directed towards expansion of financial services to poor rural communities. Developing countries need to put in place sustainable economic and financial policies that enhance stability and credibility. European development banks and financial institutions, in co-operation with development co-operation agencies, could take the lead in providing improved access and innovative financial instruments that would facilitate the channelling of remittances into productive investment, especially in poor communities. Involving migrants and migrant associations in such schemes would increase pressure for appropriate services and thus increase the volume of remittances transferred through official channels.

Whether the positive impacts of remittances are diffused from the household level to the whole of the economy depends in large part on how well domestic markets function. If markets are well integrated, increases in local incomes can then be translated into increased trading opportunities with other communities, enhancing growth and employment creation. The availability of infrastructure is similarly a precondition for the diffusion of benefits across regions. Development assistance towards capacity-building and infrastructure development in the context of national development strategies can substantially enhance the positive impact of remittances on development.

Migrants' networks could play an important role in facilitating remittances and promoting their role as a development tool. Diaspora networks in developed countries can act as lobby groups to improve access to financial services for migrants, both in the destination and their country of origin. Moreover they can contribute to the collection and dissemination of information on the available channels to transfer their savings to their families back home.

Integrating International Migration into Development Strategies

The development impact of migration depends not only on migration patterns but equally on the capacity of sending countries to adjust successfully to international migration. This capacity depends in turn on the active engagement of migrants themselves as well as on incentives, institutions and policies of sending countries; it can also be supported by OECD countries.

Integrating migration considerations into national development strategies is a prerequisite for enhancing the capacity of sending countries to adjust and to profit from international migration. In designing such strategies, governments need to involve and actively consult migrants and their associations. Engaging diaspora networks into the design of development strategies at home can bring about important political and economic benefits for the sending country as the experience of many OECD countries has amply demonstrated (Ireland, Portugal, Greece); it may also, in the medium term, enhance the transfer of ideas and technology to the home country from abroad, and encourage return.

For countries where emigration is a prominent feature, development and second-generation poverty-reduction strategies need to bear in mind the implications of migration for macroeconomic policies, human resource management, education policies, investment and regional programmes. Policy makers should take into account the migration dimension in all these policy domains.

Macroeconomic Policies

The budgetary implications of large-scale emigration and remittances can be profound and consequently warrant explicit recognition in national poverty-reduction strategies. First, when migrants – particularly the highly-skilled – leave, potential tax revenues decline: alternative mechanisms of raising tax revenues so as to avoid a budget deficit must be adequately addressed. Similarly, when remittances start flowing in, real exchange rate appreciation needs to be avoided by careful management of the exchange rate. Emigration may also shift expenditure priorities; expenditures might need to be shifted towards public and social service delivery systems hurt by loss of personnel (e.g. health care, education) or towards services to dependent children, spouses or elderly parents not effectively supported by absent migrant family members. Yet the design of any such schemes needs to be sensitive to the possibility of obviating the need for such support from the migrant. More generally, the design of transfer programmes should recognise that remittance receipts might be reduced in the case of publicly-funded alternatives. Some governments offer matching grants to encourage remittances. However, such matching grants tend to

go to communities already relatively enriched by remittance receipts and may divert spending from communities left in poverty, partly because they are left out of the migration process.

Human Resource Management

Human resource management, including employment policies, should also take into consideration current and projected effects of migration on domestic labour markets. The design of sufficient incentives for public-sector posts is critical. Such incentives include not only acceptable pay but also appropriate facilities and working conditions. Where the concern is the loss of key personnel and the resultant lack of capacity to deliver basic services (such as healthcare or education), the effective deployment of available personnel becomes especially critical. Conscription of personnel to designated posts is rarely an effective or feasible option. Instead, incentives should be provided to ensure labour force participation of those with specific needed skills, employment in occupations that make use of these specific skills, and location in areas where the skills are most in demand. Examples exist of programmes that have been successful in placing students in rural communities, or incorporating poverty relief efforts as part of their training.

Financing Higher Education

If a given country's principal concern is the loss of public resources invested in highly-skilled emigrants, policy makers should consider restructuring the methods of financing higher education. Programmes of student loans, rather than outright grants, offer greater potential to recoup training costs. Such loan programmes could be combined with debt forgiveness for those undertaking predefined tasks at home, such as healthcare work, teaching in rural areas or public service more generally. In the design of any such programmes, it is important not to discourage bright children from lower income families from continuing their education; a means-tested grant element will probably need to be retained. In addition, mechanisms would need to be explored for repayment of interest and principal while the migrant is overseas. Possibilities might include bilateral arrangements with the host countries and intermediation by the banking sectors of both countries.

Policy makers must be attentive to the incentives provided by the mix of fields supported in public higher education and training. People trained in certain specialisations have relatively easy access to the global market; those trained in fields more closely related to the needs of the poor in a developing country (e.g. agronomists) might have fewer opportunities to visit and work abroad. Specialisation and vocational training in areas of high demand in developing countries need to be encouraged through appropriate incentives, including (when appropriate) scholarships and temporary programmes of work in EU countries. Temporary stays abroad for additional training or work can prove to be important incentives for increased supply of experts in these specialisations. EU universities and training institutions can also support, through fellowships or training schemes, specialisation of overseas students in these areas.

In a number of developing countries with high emigration rates of highly-skilled persons, private colleges and training facilities have expanded rapidly, potentially calling for careful accreditation of these new establishments. This is true in the first instance to maintain the quality of the services provided by those trained in the new institutions. Additionally, low standards imposed by some training establishments can readily harm the overseas reputation of other establishments too, since information about differences among the newly emerging facilities is very incomplete. Trainees who unknowingly choose institutions with low standards and their cohorts at the better facilities can both be hurt by this “reputation effect”.

A number of developing countries have programmes to encourage the return of their highly skilled diaspora and overseas students. Offering premium salaries, tax breaks and attractive research facilities can prove very costly, generate resentment among those who stayed at home, and increase the incentive to move abroad to take advantage of such packages upon return. At a minimum, nonetheless, it is important to remove any disincentives for return. Prime examples of such disincentives include the failure to advance seniority in public sector posts based on experience acquired abroad or the inability to transfer pension and social security benefits to the country of origin upon return. Some returning international migrants appropriately choose to enjoy their savings from overseas and take early retirement. Others choose to re-enter the labour market or to become self-employed. Excessive regulatory requirements can prohibit establishing small enterprises. Providing lines of credit for start-up enterprises can lower barriers to employment opportunities for returning workers. Provision of information about the realities of such business ventures may also be important; business failures among returned migrants with inadequate management experience are common. Not only can such actions render return a more attractive option, they can also stimulate the home economy and hence diminish the pressure to emigrate.

Infrastructure

Optimal infrastructure policy might well change when emigration occurs on a large scale. Plans for investment in public infrastructure need to be cognizant of the demographic implications of migration flows. From which communities and regions are migrants leaving? Do these migration streams include families, or are children and others left behind? Where do returning migrants settle? The answers to these questions have implications for infrastructure development. If, for example, migrants leave rural areas on a large scale, but settle in urban locations upon return (perhaps with internal migration of family members to join the returning migrant) the balance of desired investments in rural versus urban contexts can readily be altered.

Since international migrants are normally drawn from quite specific regions of their home country, higher internal replacement migration can help to spread the positive effects of diminished labour supply. Removing obstacles to internal migration can therefore help to spread the indirect benefits of emigration from specific areas. Improved infrastructure and abolition of barriers to internal migration, if adequately incorporated in domestic development strategies, can enhance the capacity of the sending country to adjust smoothly to migration and benefit from positive ripple effects. Examples might include removing licensing requirements for entry to informal sector activities, or granting access to public-work schemes in other regions of the country.

As the idea of regional development strategies gains ground, the regional aspects of migration should also play a key part⁴⁴. Policies to facilitate cross-border regional market integration through improved infrastructure and appropriate visas, including the extension of regional passports, should be adequately considered. This is especially true in view of the evidence that a large part of the international migration of less skilled workers (not to mention refugees) is intra-regional, and given that the migration of the less skilled has the greatest potential to alleviate poverty.

Policy Coherence for Migration and Development: What Role for OECD Policies?

Some of the key factors shaping employment creation, economic development and even security at home lie beyond the control of the migrant's home country. OECD-country policies (e.g. in agriculture, trade, environment or security) have profound effects on developing countries. External factors, such as changing world

terms of trade, climate swings, or even violence instigated by neighbouring states impinge upon living conditions that alter pressures to migrate internationally. Nevertheless, the development strategies chosen by the home state can play a major role in mitigating risks and seizing opportunities for development. This can be facilitated if migration, trade, investment and development assistance considerations are jointly addressed at the national, the European and the global levels⁴⁵.

The Role of Development Assistance

Development assistance has often been suggested as a policy device to be used by EU countries to stop or control immigration. This recommendation is misplaced for a number of reasons. First, the links from aid to growth are weak and even if aid spurs growth, there is no guarantee that migration will diminish as a result. Second, using development assistance as a bargaining device to extract co-operation in controlling irregular migration, as is sometimes suggested, would be fraught with difficulties. If immigration border controls are extremely difficult to enforce, emigration border controls pose commensurate difficulties, especially in low-income countries with limited resources. Finally, the principal objective of development assistance should remain poverty eradication. ODA cannot easily serve the double goal of poverty reduction and migration control. Given that very little of the low skill migration to the EU originates from the least developed countries, redirecting development assistance toward the high-migration middle-income countries in order to influence migration patterns there would run counter to the objective of eradicating the most severe poverty.

In the context of second-generation poverty-reduction strategy papers (PRSPs)⁴⁶, ODA can be used instead as a catalyst to better diffuse the benefits of migration and facilitate adjustment. This is particularly needed in the framework of the EU's dialogue and partnership with high-emigration, low-income countries. For these countries policy coherence between migration and development co-operation is crucial.

Enhancing the sending countries' capacity to adjust to emigration successfully through support to infrastructure development, improvements of education and health systems, co-development projects or support for appropriately designed fellowships and training schemes can facilitate the diffusion of gains from migration, and turn the brain drain into a brain gain. For example, investments in infrastructure would tend to facilitate domestic labour market adjustment across segmented markets, spreading the benefits from migration and remittances to a wider region. Similarly, appropriate capacity building in health and education sectors would enhance low-income countries' skill-retention capacity, permit skill circularity and facilitate skill creation and replenishment.

Therefore, ODA channelled to the key sectors of education and health can offset the negative impact of the brain drain, provide the incentives for return migration and promote human development. Further options include assistance toward redesigning service delivery systems, such as additional use of paramedics, or schemes to reintegrate returning professional emigrants. The UNDP Transfer of Knowledge Through Expatriate Nationals (TOKTEN) Programme, which seeks to bring the expertise, knowledge and experience of qualified expatriates back to their home country through short-term consultancy missions is a good example of how well-designed programmes may reverse the negative effects of the brain drain (de Haas, 2006).

The Role of Trade Policies

Being able to export products that make intensive use of low-skilled labour is a critical strategy for accelerated growth and the principal rationale for opening to trade. Expansion of such export industries will in some cases affect migration flows. Such a growth strategy is complicated by the trade policies of the EU and of other OECD countries, however. The use of agricultural subsidies by many of the industrialised countries, for example, depresses world prices for agricultural products. Whether this hurts or harms living conditions in the home country of migrants depends upon whether the country is a net importer of food or whether they are exporters of cash crops whose prices are depressed. Moreover, the impacts of such policies on potential migrants vary within and across developing countries. This example illustrates that the impacts of OECD trade, migration and development policies on specific low and middle income developing countries need to be incorporated in migration policy making.

Liberalisation of trade in services would induce greater and more organised mobility of people. This might take the form of intra-corporate transferees as has been the case in East Asia or of supply through the movement of natural persons. Given that demand for low-skilled and semi-skilled migration will continue to increase in the decades ahead, the EU may want to engage in an informal but inclusive policy dialogue among all relevant stakeholders on GATS Mode 4 provision. Under this, contract service provision could allow countries to better manage temporary migration flows and sending countries to profit from circularity. The proposal for a “GATS visa” merits serious consideration in this context: the optimal length of period that countries are willing to consider for contracts under Mode 4 provisions, the terms and conditions for such contracts, the structure of incentives that would ensure that workers and employers respect such contracts and the role and status of foreign employers need to be carefully considered prior

to formal negotiations; whether or not the labour laws of the worker's home country should govern contracts also needs re-evaluation. Without extension to permit trade in services provided by low-skilled workers, Mode 4 will continue to do little to serve the interests of the developing countries. Including provisions for the movement of unskilled workers in the Doha Round under Mode 4 might in fact provide powerful incentives for progress in other areas of negotiation.

The Role of Security Policies

A new EU agenda on security and development provides an opportunity to explore the many interlinkages between development, migration and security⁴⁷. EU policies and programmes could explicitly aim to address the various sources of insecurity⁴⁸ which often cause people to emigrate and which hamper development.

Strategies for risk prevention, risk mitigation and risk coping should be incorporated ex ante into the design of OECD migration policies. Improving access to land and water assets, supporting agricultural extension programmes and irrigation infrastructure, promoting institutional capacity-building as well as appropriate land titling and regulatory modernisation are only a few examples of policy priorities that could significantly enhance security in the countries of origin and stem the desire for relocation.

The Institutional Challenge

Pursuit of greater policy coherence across the migration, development co-operation, trade and security policy domains, both at the national and the EU levels, will require substantial rethinking of existing institutional set-ups to address the current segmentation of policy competencies across ministries, directorates and organisations. Among OECD countries, Sweden's 2003 Government Bill, committing various ministries to greater policy coherence in measures that affect development with annual reporting to Parliament, is probably the most institutionally ambitious initiative. Many EU member states, such as the Netherlands, have also opted for co-ordination mechanisms bringing together development and non-development officials to discuss development impacts of various measures.

Seeking greater policy coherence for migration and development is becoming increasingly important for the European Union⁴⁹.

Article 130v of Title XVII of the Maastricht Treaty⁵⁰ is often referred to as the "coherence article for development co-operation"⁵¹. In December 2004 the European Council called for further strengthening of policy coherence for

development “making wider and more systematic use of existing mechanisms for consultation and impact assessment and procedures to screen all relevant policies for their impact on developing countries”⁵².

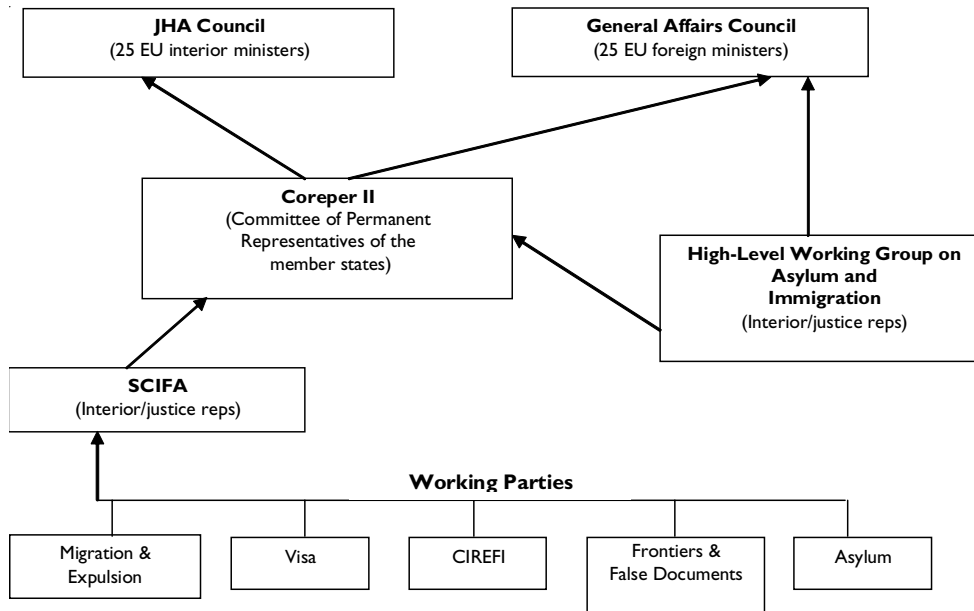
As the Commission is looking into ways and means to further reinforce its existing instruments, including its Impact Assessment tool, a key priority is stronger systematic consultations across all relevant EC directorates, most notably DG Justice, Freedom and Security, DG Employment, Social Affairs and Equal Opportunities and DG Development so that they can strengthen the development input into the relevant structures responsible for migration policy.

The present configuration of working parties engaged in the formulation of migration policies needs to be revisited if these are to be made consistent with the Lisbon Agenda and with strategic development considerations. A Working Party on Migration, Trade and Development could be instituted to provide inputs to the Committee of Permanent Representatives of the Member States (Coreper II). Support by a permanent inter-directorate liaison network might provide a necessary forum for information exchange, policy consultation and stronger development inputs on migration policy making.

Migration can potentially have significant positive effects on the development of sending countries, by reducing under-employment, expanding development financing through remittances, improving knowledge, skills and technology. OECD policies can have an impact on development; development in turn plays a major role in shaping future migration pressures. These interlinkages call for greater coherence and synergies across migration, trade and development co-operation policies.

Box 5. Process and Structures for Migration Policy in the EU

In 2005, the Commission Communication on a Policy Plan on Legal Migration stressed “the need to enhance collaboration with third countries on economic migration and to develop initiatives offering ‘win-win’ opportunities to countries of origin and destination and to labour immigrants” [COM(2005)699]; for this to happen the process and structures for migration policy in the EU need to be revisited. The present structure, as presented diagrammatically below, does not facilitate consensus-building across the migration and development constituencies.



At present, Commission proposals are considered by competent working parties consisting of technical experts with no consideration of development repercussions. Issues concerning migration are mainly taken up by the Working Party on Migration and Expulsion which covers topics related to both admission and expulsion of third-country nationals and to a lesser extent by the Visas Working Party and the Centre for Immigration, Discussion and Exchange on the Crossing of Frontiers and Immigration (CIREFI). No working party on migration, trade and development interlinkages exists.

Box 5. (continued)

Political and strategic discussions are reached in the Strategic Committee on Immigration, Frontiers and Asylum (SCIFA) which consists of senior officials from the interior ministries. If the SCIFA cannot reach consensus, these matters are passed on to the Committee of Permanent Representatives of the member states (Coreper II) for discussion in the Council on Justice and Home Affairs (JHA). JHA, consisting exclusively of interior and justice representatives, has the primary responsibility of overseeing the policy-making process in relation to immigration. The Council on General Affairs and External Relations (GAERC) only intervenes on issues that are considered to have an impact on external relations or contain an external dimension.

Source: Carrera and Chou (2006).

Notes

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1. For a review of the evidence see Lucas (2004, 2005) and Katseli *et al.* (2006).
 2. See Ministère de l’Économie, des Finances et de l’Industrie, France (2006).
 3. Münz *et al.* (2006b). Reference to “highly-skilled” or “low-skilled” migrants pertains strictly to educational attainment; these terms do not capture the full range of skills possessed by individuals as a consequence of experience, on the job training, etc.
 4. For a detailed description, see pp. 13-24 in Katseli *et al.* (2006).
 5. EU15 residents from wider Europe and North Africa accounted for 35 per cent of the total stock of low-skilled foreign-born (2004 OECD Database on immigrants and expatriates. For a description of the data base, see Dumont and Lemaître, 2002).
 6. High-skilled Africans comprised 13.5 per cent of the highly skilled EU15 residents born in non-OECD countries (2004 OECD Database).
 7. These old migration patterns are revealed through the examination of stock data on the foreign born population living in the EU15. They by no means represent patterns of current migration flows.
 8. This grouping of countries is based on a regression analysis investigating the share of the variation in migrants bilateral stocks which can be explained by colonial and historical ties, common language and geographic proximity. Katseli *et al.* (2006) find that these factors alone explain between 20 and 30 per cent of the variation in the share of migrants stocks in the EU15 countries.
 9. Highly skilled migrants (with tertiary education) comprise 35 per cent of the non-EU15 foreign-born population; 18 per cent have completed a secondary school while the rest (47 per cent) are low skilled.
 10. Only 19 per cent are highly skilled.

11. Highly skilled migrants comprise 26 per cent, medium skilled 32 per cent and low-skilled 42 per cent.
12. OECD (2006a).
13. Apart from these countries, there are also some OECD-member countries which send large numbers of migrants to other OECD (and European) countries, such as Germany, the UK, the US, France and Italy.
14. OECD (2006a).
15. Ortiz (2006).
16. It is estimated that annual migration between Member States in the EU amounts to around 0.75 per cent of the resident population and only 0.4 per cent of resident EU nationals. Comparable figures in the United States are six times greater (Piracha and Vickerman, 2003). For more details see OECD (2006a).
17. See Boeri and Brücker (2000).
18. Piracha and Vickerman (2003).
19. Cross *et al.* (2006).
20. Hofmann (2006) shows that there is a positive correlation between export performance and net immigration.
21. Nasscom in India, which helps companies wanting to outsource find workers, forecasts a shortage of 500 000 professional employees in the technology sector by 2010 (Sengupta, 2006 and Kroeber, 2005).
22. Skill mismatches are also prevalent. Data show that only 10 per cent of Chinese job applicants and one in four Indian engineers seem to be qualified for employment in international or high-quality domestic firms (Farrell and Grant, 2005; Sengupta, 2006).
23. Overseas Chinese students grew from 2 900 in 1991 to 20 905 in 1996 and returnees increased from 2 069 to 6 570 over the same period. Return ratios are expected to increase in the years to come (See www.oecd.org/sti/statistical-analysis and www.nsf.gov/statistics/seind06/c2/c2s4.htm).
24. For a review see Katseli *et al.* (2006).
25. COM(2005)669.
26. See for example the Integrated Public Information System (IPIS): <http://www.instore.gr/ipis/>
27. Tingsabath (1989), Gustafsson and Makonnen (1993), Lachaud (1999) and Adams (2005).
28. For a more extensive discussion of migration patterns and figures, see Katseli *et al.* (2006), pp. 13-24.
29. Münz *et al.* (2006a).
30. Abella (2006).
31. Seasonal employment for the purpose of this *Policy Brief* refers to stays of less than a year's duration; all other types of agreement with stays exceeding one year are referred to as temporary. Both seasonal and temporary migration can be repetitive if the same individual crosses borders more than once over time. Repetitive migration, whether seasonal or temporary, is called circular.

32. Tan (1993) argues that these skills may not be employable upon return, as in the case of the Philippines; however, work experience abroad, administrative skills acquired and participation in networks contribute to social capital accumulation of the home country.
33. Stark *et al.* (2006) and Agesa and Kim (2001).
34. For more details see Okolski (2006).
35. The micro-level data used in this work are taken from a nationally-representative survey that was carried out between April and August 2002 by the Centre of Migration Research at Warsaw University, under the auspices of the Polish Committee for Scientific Research.
36. Martin (2006).
37. Some GATS signatory members have in the past provided an even broader scope of action under Mode 4 by making commitments regarding Mode 4 movements in the area of intra-corporate transfers, as well as special visas and permits that go beyond the narrow definition.
38. E.g. Directive 2003/86/EC.
39. World Bank (2005 and 2006) and Lucas (2004).
40. UN Factsheet (2006).
41. See Katseli *et al.* (2006) for a review of the evidence on the development impact of remittances and multiplier effects.
42. Giuliano and Ruiz-Arranz (2006).
43. Chimhowu *et al.* (2003).
44. See for example OECD (1997), OECD (1998), OECD (1999).
45. For a discussion on this see Dayton-Johnson and Katseli (2006) and Xenogiani (2006).
46. The PRSP, according to the World Bank web site, is “a country-led, country-written document that provides the basis for assistance from the World Bank and the International Monetary Fund, as well as debt relief under the Heavily Indebted Poor Country initiative. A Poverty Reduction Strategy Paper describes a country’s macroeconomic, structural, and social policies and programs to promote growth. It summarises the country’s objectives, policies, and measures for poverty reduction. A Poverty Reduction Strategy Paper should be country-driven, comprehensive in scope, partnership-oriented, and participatory.”
47. Katseli (2006).
48. Four proximate sources of insecurity include inability to access strategic assets, access to food or other inputs, large market volatility or failed institutional set ups.
49. For an informative review on history and processes as well as proposals for structural reforms, see CEPS (2006).
50. Article 178 of the Amsterdam Treaty as from May 1, 1999.
51. Hoebink (1999).
52. Commission of European Committees [COM(2005)134final], p. 18.

Appendix Table I. **Bilateral Agreements**

		European Union Countries							
		Austria	Belgium	Czech Republic	Finland	France	Germany	Greece	Hungary
Developing and Transition	Albania						GW	SE	
	Algeria					Other			
	Argentina					STA			
	Belarus								
	Bosnia-Herzegovina						PBW		
	Bulgaria			GW,SE			SE,PBW,GW	SE	
	Cape Verde								
	Colombia								
	Croatia			SE			SE,PBW,GW		
	Dom. Rep. and Ecuador								
	FYROM						PBW		
	Kazakhstan			SE					
	Libya								
	Mexico								
	Moldova								
	Mongolia			GW					
	Morocco					SE,GW,STA			
	Philippines								
	Romania						SE,GW,STA		SE,GW
	Russia			GW		PBW,STA	GW,STA		
Senegal						STA			
Tunisia						SE			
Turkey	GW	GW			STA,GW	PBW,GW			
Ukraine			GW						
Vietnam			GW						
Yugoslavia						STA,SE	PBW		

Appendix Table I (continued)

	Italy	Luxembourg	Netherlands	Poland	Portugal	Slovak Rep.	Spain	Sweden
Albania	SE							
Algeria								
Argentina								
Belarus				GW				
Bosnia-Herzegovina								
Bulgaria		STA			GW,SE		SE	
Cape Verde					GW			
Colombia							SE, STA, Other	
Croatia								
Dom. Rep. and Ecuador							SE, STA, Other	
FYROM							SE, STA, Other	
Kazakhstan								
Libya				GW				
Mexico							SE	
Moldova	AUC							
Mongolia								
Morocco			GW				SE, GW, Other	
Philippines								STA
Romania	Other	STA			Other		SE, GWS TA	
Russia				GW	GW	SE, GWPBW		
Senegal								
Tunisia	SE							
Turkey			GW					GW
Ukraine				GW	GW	SE, GWPBW		
Vietnam						STA		
Yugoslavia								

Types of Bilateral agreements

SE	Seasonal Employment
PBW	Project Based Workers
GW	Guest Workers
STA	Internship, training and apprenticeship
CBE	Cross boarder Employment
WH	Working Holidaymakers
Other	Others
AUC	New agreements under consideration

Source: Migration for Employment - Bilateral Agreements at a Crossroads, OECD (2004a).

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This *Policy Brief* highlights the importance of interlinking migration and development policies towards a more effective management of migration. This does not imply that migration policies do not need to take into consideration other major domestic policy concerns including employment, vulnerability, security or social cohesion; nor does it imply that domestic policy priorities need to become secondary to development objectives of partner countries. Instead, the main policy message of the *Policy Brief* is that joint consideration of migration and development issues including development assistance could facilitate policy making and make difficult trade-offs easier to handle. Interlinkages between migration and development call for greater coherence and synergies across migration, trade and development co-operation policies and they highlight the need for bilateral and multilateral co-operation in managing migration.

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