

Leveraging Economic Migration for Development

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Jobs, Labor and Migration Core Course

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World Bank

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Typology

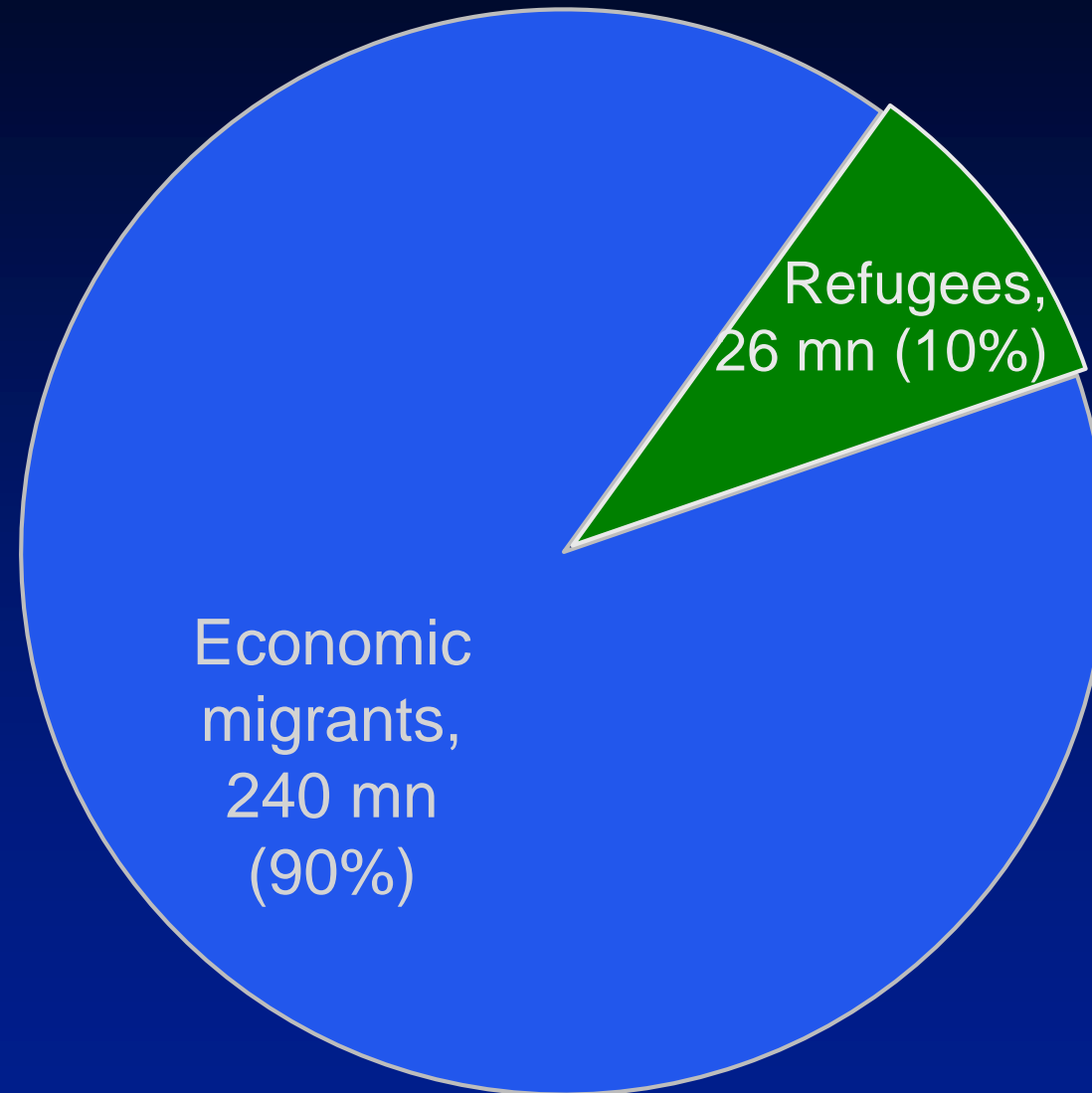
	Internal	International
Migration (economic or voluntary)	740-763 million*	Migrants 240 million
Forced	Climate-driven IDPs 20 million	Climate-driven migrants
	FCV-driven IDPs 41 million	Refugees 26 million*

Forcibly displaced

Key messages

- Migration is set to increase, driven by income gaps, demographic imbalances and climate change.
- Migration is not a substitute for development at home. It can generate substantial welfare gains for sending and receiving countries. But it also brings challenges.
- World Bank can support global efforts to support safe and legal migration and maximize returns for sending and receiving countries.

International migrants and refugees: 266 million or 3.5% of world population in 2018

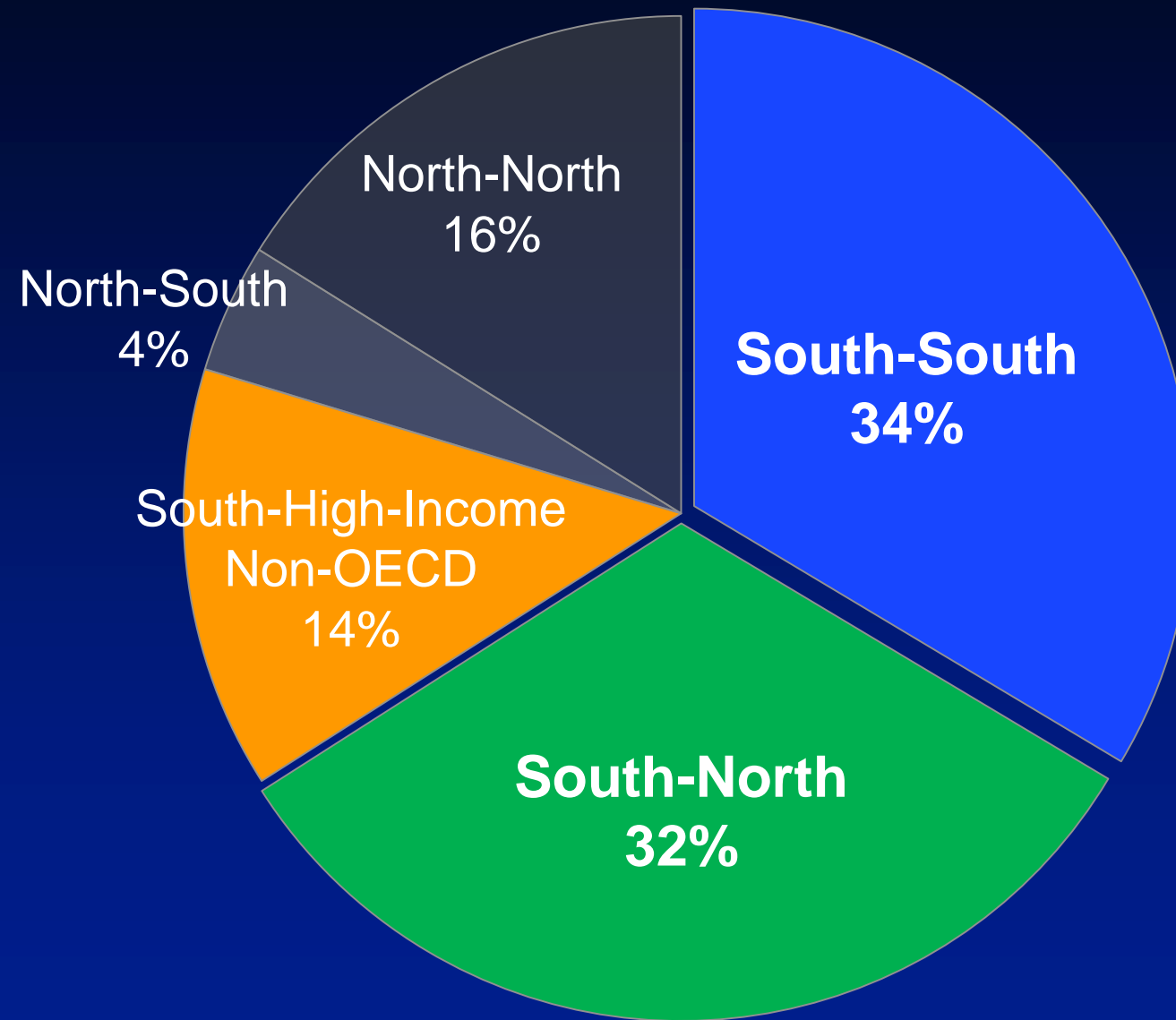


Irregular migration

Detected undocumented:

- 6 million in EU-28
- 3.4 million in the US
- Argentina, India, Malaysia, Pakistan, Thailand, South Africa, Saudi Arabia – unconfirmed numbers

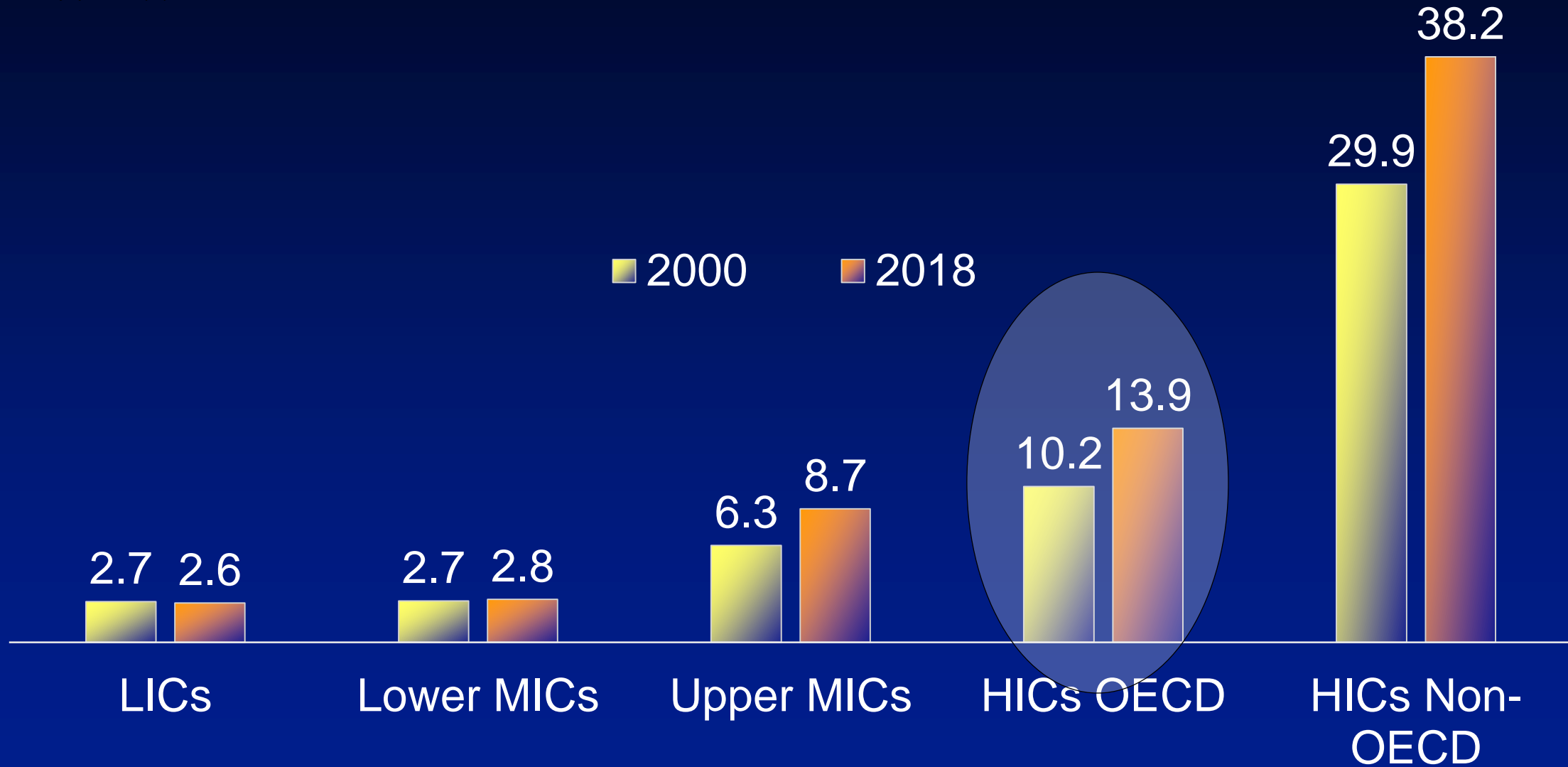
South-South migration is larger than South-North migration



*Note: South = Low- and middle-income countries, North = high-income OECD countries
Source: UNDESA, World Bank-KNOMAD staff estimates*

Migration to High-Income Countries has increased

Share of population (%)



Drivers of Migration

- Income gaps
- Demographic changes
- Environmental Change
- [Fragility, Conflict, Violence]

Drivers of migration: Income gaps (per capita income in high-income countries is 54 times larger than in low-income countries)



* 2013-2017 Average of GDP per capita

Drivers of migration: Demographic divergence

	Ratio of 65+ persons to 15-24 year olds, 2030
Japan	3:1
Germany	3:1
Italy	3:1
Korea, Rep.	3:1
Poland	2:1
China	1:1
Mexico	1:2
India	1:2
Pakistan	1:3
Kenya	1:6
Ethiopia	1:5
Nigeria	1:7
Uganda	1:9

Working age defined as 15-64.

Source: International Labour Organization calculations based on ILO Trends Econometric Models and UN World Population Prospects (2017 Revision).

Change in working age population 2018-2030 (million)

Developing countries	<u>552</u>
East Asia & Pacific	15
Europe & Central Asia	-3
Latin America & Caribbean	40
Middle East & North Africa	56
South Asia	<u>194</u>
Sub-Saharan Africa	<u>251</u>
<u>High-income OECD</u>	-17

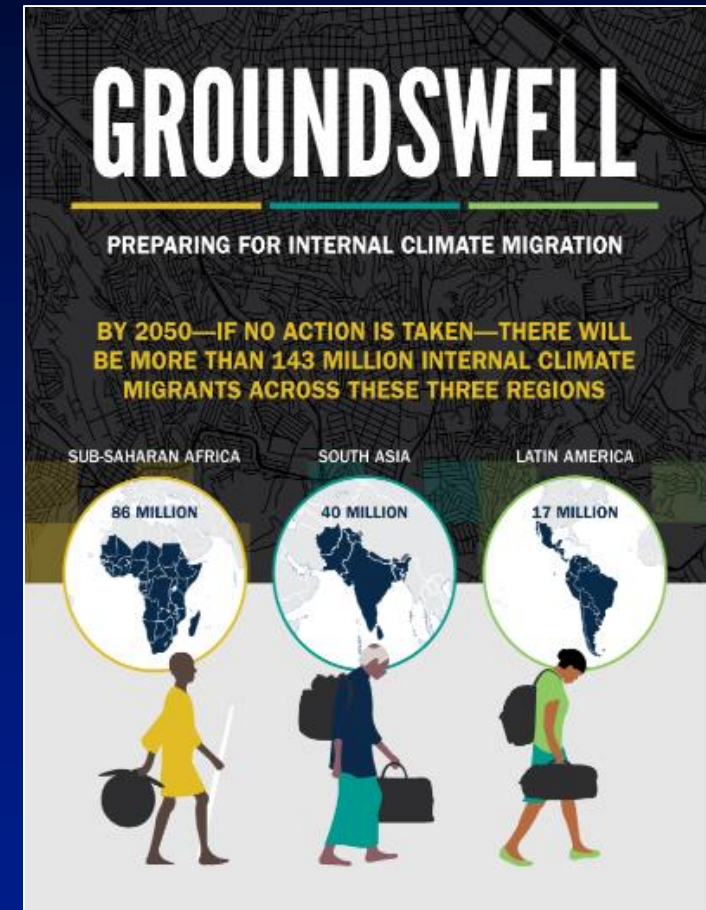
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Source: International Labour Organization calculations based on ILO Trends Econometric Models and UN World Population Prospects (2017 Revision).

Climate change may induce 143 million people to migrate

Due to:

- Decreasing crop productivity
- Shortage of water
- Rising sea level
- Melting glaciers



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Impacts of Migration: Benefits

Migrants

- Income increases 15-fold
- Child mortality reduced by 16-fold
- Better access to education and health services
- Women are empowered

Origin countries

- Reduced unemployment, reduced poverty
- Remittances and diaspora investments
- Trade and FDI
- Skill and technology transfer

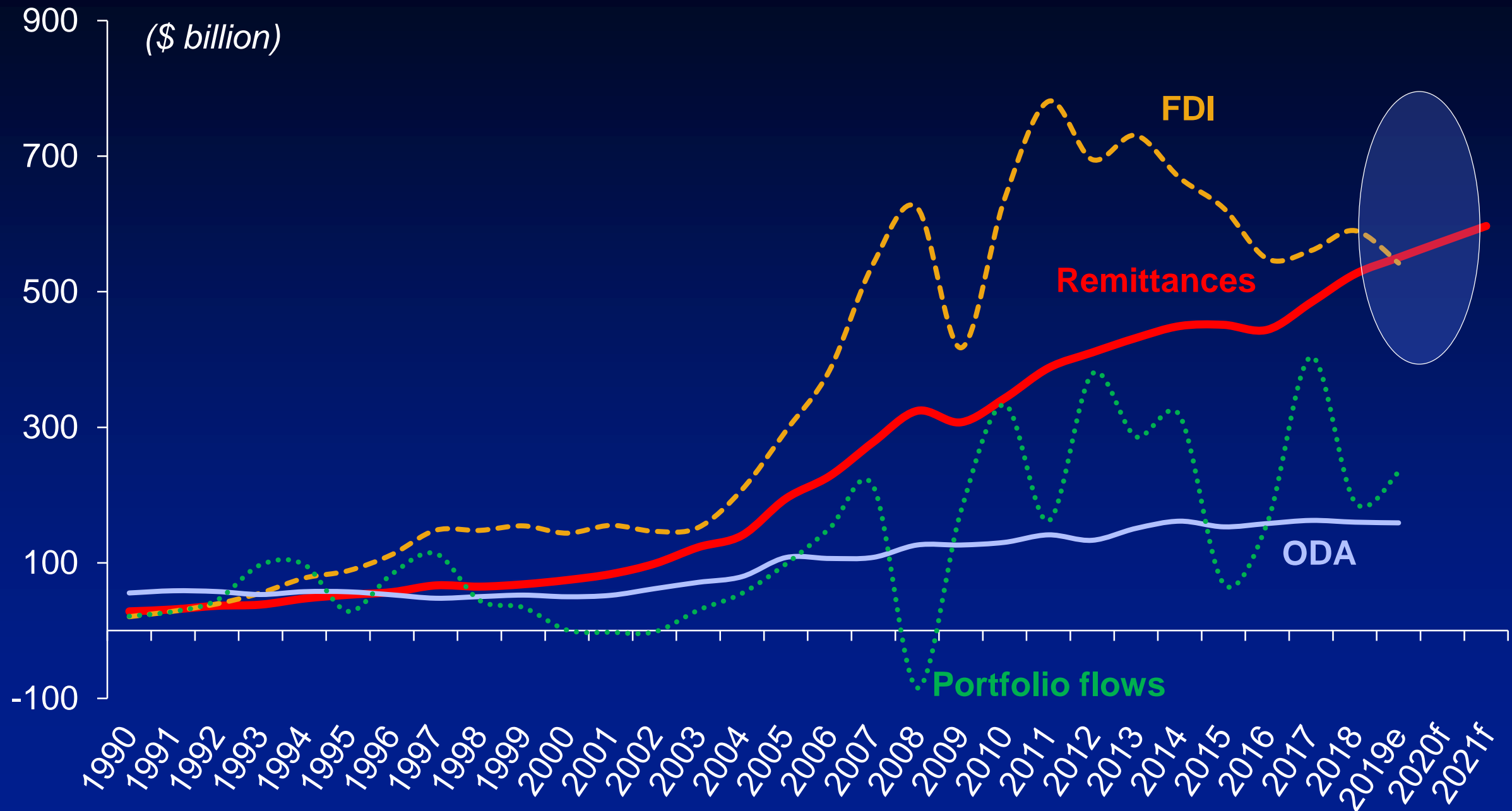
Destination countries

- Increased incomes
- Increases in labor supply, skills, and innovation
- Alleviates aging problem
- Fiscal contributions often positive
- Diversity

“83 percent of the native populations in the 22 richest OECD countries experienced a welfare gain from immigration” (Aubry et al. 2016).

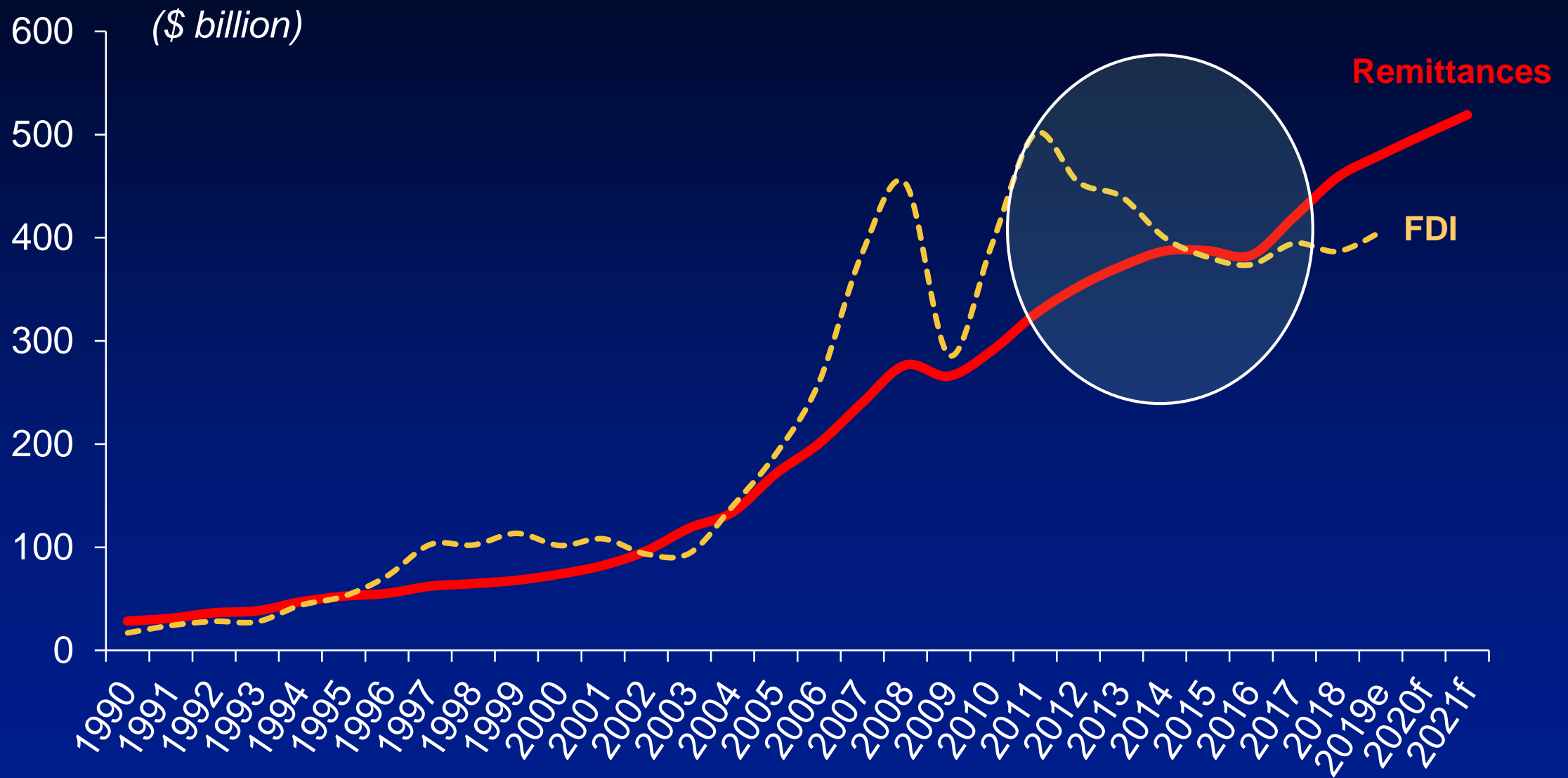
Potential gains from increased migration exceed those from full trade liberalization (GEP 2006, World Bank).

Remittance flows to LMICs to reach \$551 billion in 2019, \$597 billion by 2021



Source: World Bank-KNOMAD staff estimates, World Development Indicator, and IMF's BOP statistics

Excluding China, remittances have been larger than FDI since 2015



Source: World Bank-KNOMAD staff estimates, World Development Indicator, and IMF's BOP statistics

Impacts of Migration: Challenges

Migrants

- Exclusion, discrimination, xenophobic attacks
- Irregular migrants more likely to be exploited by traffickers
- Recruitment malpractices, unsafe living and working conditions and abusive employers (particularly for irregular migrants)

Origin countries

- Need for support to families left behind
- Potential loss of skills, especially in small economies

Destination countries

- Job competition in some markets
- Congestion and costs of social services
- Negative public perceptions [national identity, national security, crime]

During 1990-2010, across most OECD countries immigration increased the relative wages of low-skilled native-born workers between 1% and 5%.

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WBG Activities: International Migration

1. Global Partnerships

- Global Compact on Migration; Global Migration Group/UN Migration Network; Global Forum on Migration and Development; Financing for Development; G20; G7

2. Global Knowledge

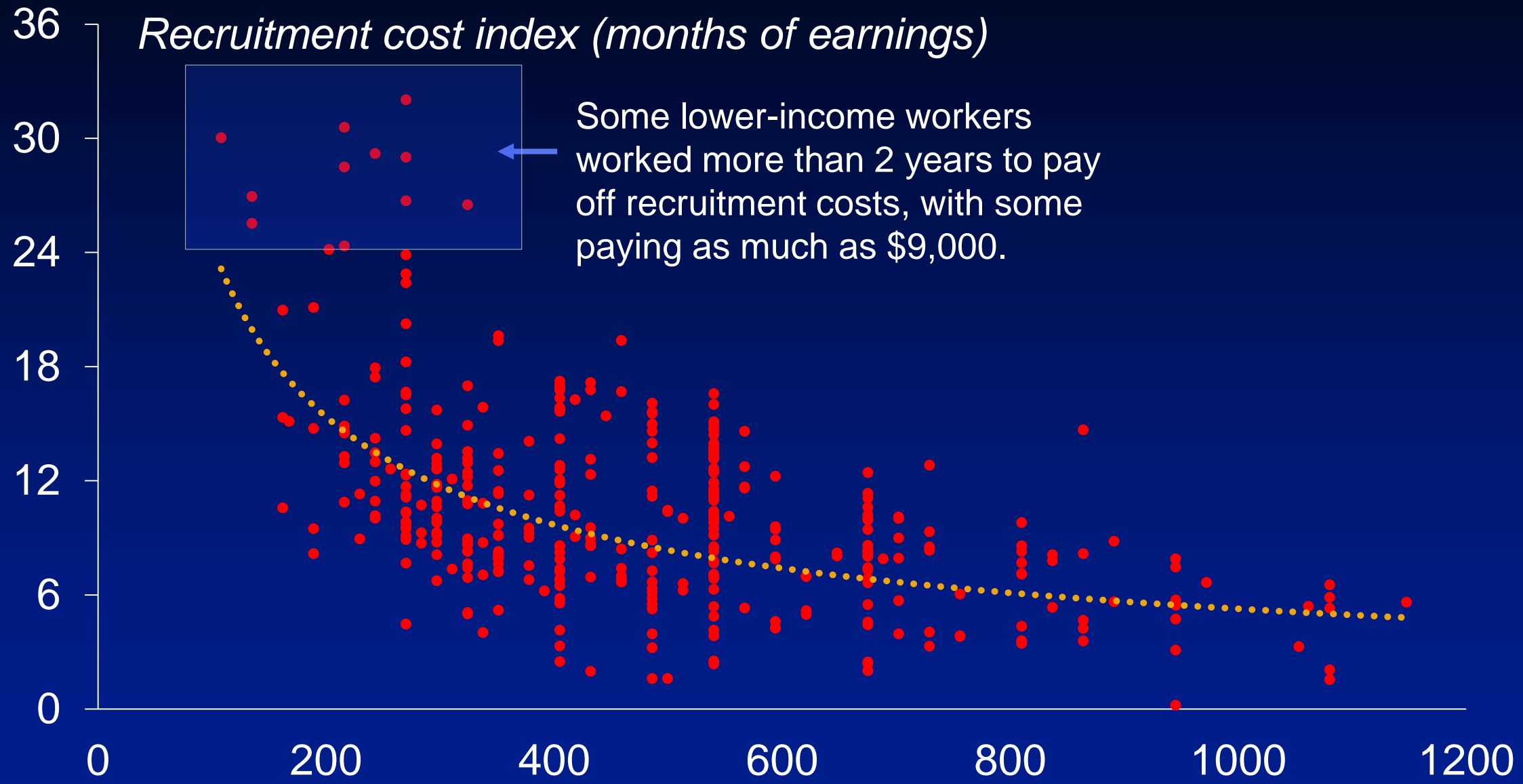
- Data
- SDG 10.7.1: reducing recruitment costs
- SDG 17.2.3: volume of remittances as % of GDP
- SDC 10.c.1: reducing remittance costs

3. Advisory Services and Analytics (100), SCDs (40), and CPFs (30)

4. Lending (7)

Viewing SCDs and CPFs through a migration lens in countries where migration and remittances are important

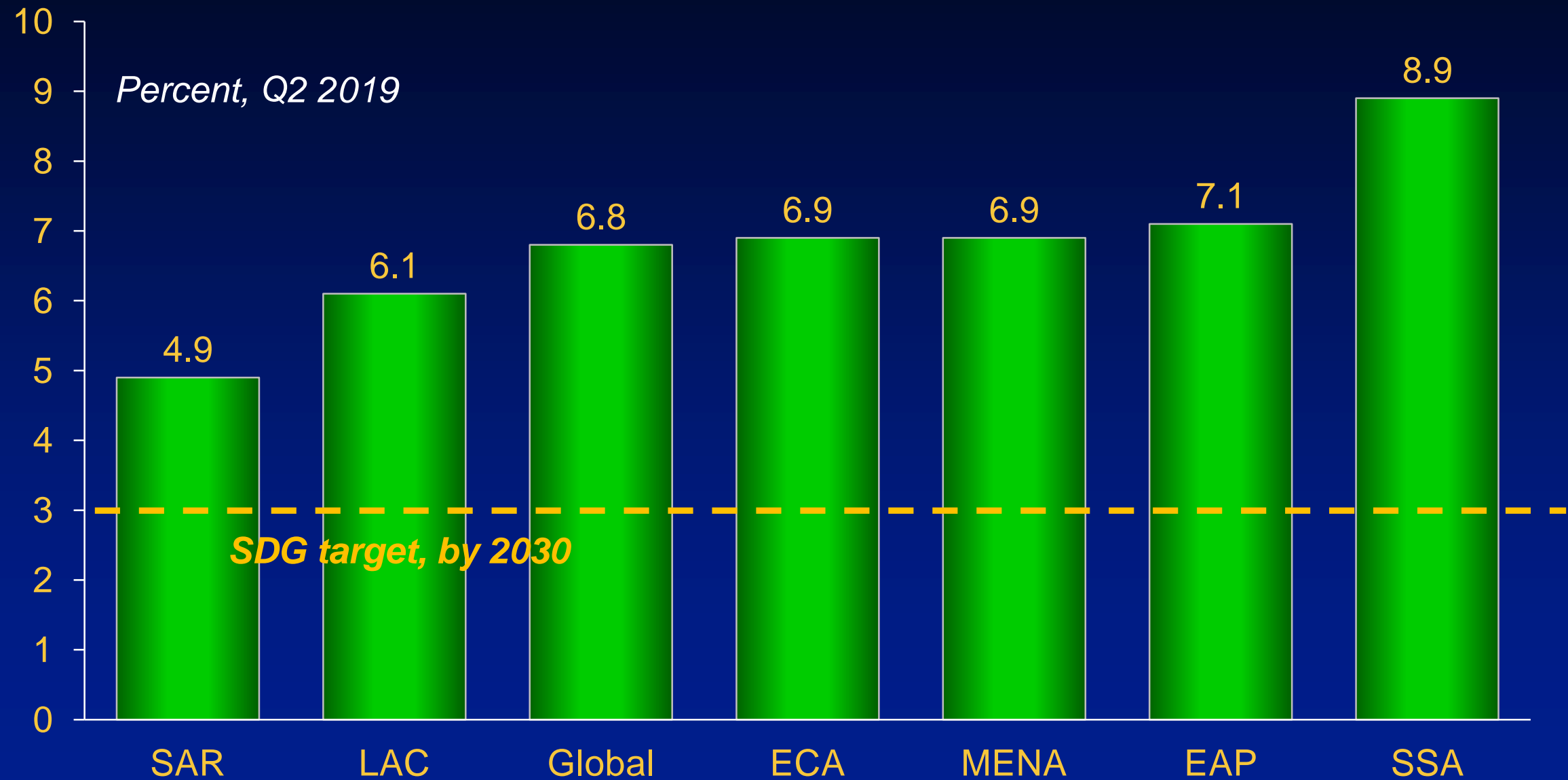
Recruitment costs are highly variable and are disproportionately higher for lower-income workers



Pakistan-Saudi Arabia: Average monthly foreign earnings (constant 2016\$)

Source: KNOMAD-ILO Migration Costs Surveys

Average remittance costs remain higher than the SDG target (SDG indicator 10.c.1)



Source: Remittance Prices Worldwide, World Bank.

Majority of WBG programs affect the drivers of migration

- Human Capital Project
- Jobs and Economic Transformation
- Climate change mitigation and adaptation
- Focus on women, youth
- Global Facility for Disaster Reduction and Recovery
- IMF-WB Debt Sustainability Framework
- Regional integration

The Way Forward

1. Supporting safe and regular labor mobility

- Supporting bilateral labor mobility arrangements
- Training and certification of skills, modernization of passport systems and IDs, portability of social benefits

2. Reducing recruitment costs (SDG 10.7.1)

- Regulation of recruitment agencies, bilateral labor agreements, access to information and finance

3. Managing climate-driven migration

- Provision of services to displaced people and host populations, support resilience and adaptation plans

4. Supporting integration of migrants in host countries

Demand driven

The Way Forward

5. Reducing remittance costs and increasing volume of remittances (SDG 10.c.1, 17.3.2)

- Monitor flows and costs, support reform of retail payment systems, financial inclusion

6. Mobilizing diaspora resources

- Support regulations and institutions (investment-promotion agencies, debt management offices, consulates abroad) to mobilize diaspora investments

7. Generating knowledge

- Data, capacity building, program evaluation, Annual Migration and Development Report

8. Supporting global partnerships

Subject to availability of funding – through IDA19, Financing Facility, and Migration Umbrella Trust Fund

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