Migration and Development: Opportunities and Challenges for Policymakers

No. 22

IOM MIGRATION RESEARCH SERIES

IOM International Organization for Migration

Macha Farrant, Anna MacDonald and Dhananjayan Sriskandarajah prepared this report as independent consultants to the International Organization for Migration. Opinions expressed in this document are those of the authors and do not necessarily reflect the views of IOM.

IOM is committed to the principle that humane and orderly migration benefits migrants and society. As an intergovernmental body, IOM acts with its partners in the international community to: assist in meeting the operational challenges of migration; advance understanding of migration issues; encourage social and economic development through migration; and uphold the human dignity and well-being of migrants.

Publisher: International Organization for Migration
17 route des Morillons
1211 Geneva 19
Switzerland
Tel: +41.22.717 91 11
Fax: +41.22.798 61 50
E-mail: hq@iom.int
Internet: http://www.iom.int

Editor: Ilse Pinto-Dobernig

ISSN 1607-338X

32-06

Migration and Development: Opportunities and Challenges for Policymakers

Prepared for IOM by

Macha Farrant, Anna MacDonald and Dhananjayan Sriskandarajah
institute for public policy research (ippr)

April 2006

IOM International Organization for Migration

CONTENTS

1. INTRODUCTION

2006 marks an important point in the evolution of the research and policy agenda on migration and development. While there has been a long-standing belief that migration can have important impacts on economic and social development in sending and receiving countries, the last few years have seen renewed interest in how these impacts can be understood and optimized. As the scale, complexity and often the intensity of international migration have increased, so too has interest in how to ensure that migration does not hurt the poorest countries in the world or, better still, how to ensure that migration actually benefits those countries.

In recent years, what is often referred to as the migration-development nexus, has been the focus of several major research projects, international conferences, international agency activities and development organization reports. In the UK, for example, the nexus was the subject of a special inquiry of the House of Commons International Development Committee (HCIDC, 2004) and of a forthcoming policy paper from the Department for International Development (DFID). In Sweden, the Expert Group on Development Issues (EGDI) commissioned a special state of the art review of the area (Lucas, 2005). At the international level, the Global Development Network (GDN), International Organization for Migration (IOM) and the World Bank have all been conducting research into the development impacts of migration. The Global Commission on International Migration (GCIM), which reported to the United Nations Secretary General on “the framework for the formulation of a coherent, comprehensive and global response to the issue of international migration”, paid explicit attention to the role that measures to optimize the development impacts of migration can play in “realizing the potential of human mobility”. The GCIM recommends that international migration “should become an integral part of national, regional and global strategies for economic growth, in both the developing and developed world” (GCIM, 2005: 79). Finally, perhaps the best testimony to the renewed interest in this area is the scheduling of a United Nations High-Level Dialogue on International Migration and Development (HLD) in September 2006.

Taken together, these initiatives signal both a growing consensus that international migration can have important impacts on development, and that it is an important opportunity to develop policy interventions that will help realize the full potential of international migration. This will require devising measures to harness the developmental potential that emigration from developing countries can bring while, at the same time, ensuring that the depletion of highly skilled workers does not damage development outcomes. It will mean determining how to make remittances more effective as a tool for poverty reduction and economic development in the country of origin. It calls for new and better ways to facilitate the involvement of diaspora communities in the development of their home countries. These are tasks facing not just those who participate at the HLD in September 2006 but, given the vast scale and reach of international migration, migration *and* development policymakers at all levels and in every country of the world, also.

While the translation of research into workable policy measures may be one of the most pressing tasks in this area, the challenges involved in developing better policy interventions should not be underestimated. Devising a comprehensive policy infrastructure in regard to the migration-development nexus will require progress in at least four key areas. First, it calls for a better evidence base and more holistic methodologies to understand the impacts of migration on an economy and society (Sriskandarajah, 2005a). Only then can policymakers work out the most effective interventions to ensure that migration benefits development. Secondly, it requires better policy coherence and coordination at the national level in developed and developing countries. Given the wide areas on which migration impacts and the considerable potential for there to be conflicting policy priorities, effective strategies for intra-governmental dialogue and coordination will be necessary. Thirdly, progress in these areas will also need to be matched by a better mapping out of the processes and means by which policy objectives will be achieved. Suitable actors for implementing policies, appropriate transmission channels and effective evaluation models will also need to be devised. Finally, given the international nature of the phenomenon, greater international dialogue and cooperation will be necessary to ensure that measures taken in one country are not undermined elsewhere. In sum, policymakers in this area will need to work out appropriate policy aims, identify the means by which those aims can be achieved, collaborate within and between governments to ensure their effective implementation and devise methods to evaluate their success.

This paper is intended to guide policymakers through some of these challenges. It does not claim to provide comprehensive policy lessons and operational guidance, nor does it claim to be a comprehensive review of the literature. Rather, the paper is intended to be an accessible, economic and holistic guide to the policy implications drawn from burgeoning literature on migration and development. Its primary aim is to further the important and timely process of mapping out the policy options in this area, especially across the spectrum of channels that form the migration-development nexus. The paper is written for an audience already familiar with some of the scale, nature and impacts of international migration. Those who require further background or detail should refer to the numerous excellent sources listed in the bibliography.

The following section of the paper explores three main constituent channels that make up the migration-development nexus: people flows, financial flows and diasporic flows. A subsequent section focuses on the key challenges for policymakers in each of these channels and presents a summary of the options available to mitigate adverse impacts and harness the benefits in each. A concluding section identifies further challenges for researchers and policymakers, and discusses what more might need to be done in order to formulate appropriate and effective policies.

2. KEY ISSUES IN MIGRATION AND DEVELOPMENT

The potential impacts of migration on development are complex and multidimensional, and require a multidimensional response from policymakers. As seen in the summary box below, the impacts of migration can be positive or negative, offering opportunities or constraints to economic, social and human development. The effects will vary depending on the country context, its economic and social trends, as well as the scale and characteristics of migration and behaviour of individual migrants. For example, depending on the type and scale of migration, prospects for emigration can either increase or reduce the incentives to invest in education and human capital locally.

Possible Positive Development Effects of Migration	Possible Negative Development Effects of Migration
• Increased global economic efficiency • Good for the individual (in most cases), especially where there are new opportunities for workers not available in the home country. • Inflow of remittances and foreign exchange benefiting receiving individuals and countries. • Emigration may reduce unemployment in some sectors in sending countries. • Technology, investments and venture capital from diasporas. • Leads to increased trade flows between sending and receiving countries. • Possibility of emigration may stimulate investment in education and individual human capital investments. • Charitable activities of diasporas can assist in relief and local community development.	• Loss of highly skilled workers and reduced quality of essential services. • Reduced growth and productivity because of the reduced stock of highly skilled workers and negative externalities. • Lower return from public investments in public education. • Selective migration may cause increasing income disparities in sending country. • Sending country loses potential tax revenue. • Risk of creating a ”remittance economy” and dependency among receivers, a problem exacerbated when remittances diminish over time. • Inflationary potential of remittances, especially on real estate, in some areas. • Reduces the size of ”political classes”

This section seeks to explore some of these impacts by looking particularly at three sets of flows that constitute the migration-development nexus.

2.1. People flows

The most frequently discussed development impact of the international movement of people is "brain drain". Brain drain refers to situations in which the emigration of highly skilled workers has adverse economic impacts. The risk of brain drain from developing countries is certainly palpable. Nearly one in ten tertiary educated adults born in the developing world and between one-third and one half of the developing world's science and technology personnel now live in the developed world (Lowell et al., 2004). Recent OECD data (Dumont and Lemaître, 2004) suggest that up to three-quarters of all highly skilled workers in countries such as Guyana, Jamaica, Haiti, Trinidad and Tobago, and Fiji have moved to OECD countries.

The changing economies of developed countries have created a demand for new skills in information technology and communications. Similarly, as levels of physical and financial welfare have improved, so too has demand for better and more healthcare and education. These developments, along with increasingly ageing populations, have created huge demands for skilled labour, much of which is increasingly being provided by the developing world.

Whether these sustained flows of highly skilled people are always detrimental to a sending country depend on which of the two main "schools" of thought one adopts. The first strand of literature, originating in the 1960s, considers the aftermath of skilled emigration by analysing its impacts on the remaining population. This is a zero-sum analysis that seeks to demonstrate that "by reducing the number of educated remaining in the country, the brain drain unambiguously reduces the average level of education and generates a loss for those left behind" (Docquier et al., 2005: 3). The departure of skilled workers is argued to have knock-on effects such as wage deflation for unskilled workers, and lower levels of attractiveness for foreign direct investment (Page and Plaza, 2005). This approach corresponds with the endogenous growth model, whereby a person's knowledge not only provides a direct benefit in terms of available skills, but also has positive effects on the productivity of the other. If those with skills and knowledge leave, the indirect benefit to the economy at large is eliminated.

A second strand of literature rejects the notion that skilled migration has wholly detrimental consequences for less developed countries. Instead, this analysis emphasizes the positive impact of the prospect of skilled migration on the general population prior to the actual migration. The conclusion is that "in the long run, the global impact of the brain drain balances its *ex ante* beneficial and the *ex post* detrimental effects" (Docquier et al., 2005: 3). This newer approach proposes various ways in which outward migration of skilled workers may actually have positive repercussions. The prospect of migration itself may lead to greater incentives for workers to become skilled, leading to greater human capital formation and growth in general in the sending countries – encouraging what has come to be called a "brain gain" effect. Even when overseas, the migrants themselves can be of benefit to the economic prospects of their home countries through remittances and the creation of business and trade networks (ibid). Once returned, migrants are a potential source of growth through the diffusion of knowledge and technology (Stark, Helmenstein and Prskawetz, 1997; Dos Santos and Postal Vinay, 2003).

Empirical evidence

Few empirical studies have been done to test these theoretical models. What can be gleaned from country experiences is that "the dynamics of skilled migration is a complex process affecting countries in a very heterogeneous way" (Docquier et al., 2005: 25).

Available evidence shows that the emigration of skilled workers has differing and country-specific effects. It is probably not the case that the departure of information technology experts from India since 1990 has imposed very real losses on the average Indian at home. The loss of medical personnel from sub-Saharan African countries, on the other hand, seems certain to be detrimental. The departure of professionals with skills in short supply and high demand such as doctors, nurses and engineers, may be hampering socio-economic outcomes. In Zimbabwe three-quarters of all doctors emigrate within a few years of completing medical school. Registered doctors in the UK trained in Ghana have more than doubled between 1999 and 2004 (World Bank, 2005). In 1981, there were 202 physicians from Nigeria or Ghana in the US, but by 2002 that number had grown to 2,636 (Hagopian et al., 2005). According to a recent study, each emigrating professional represents a loss of US$ 184,000 for an African sending country (Pang, Langsang and Haines, 2002).

Calculating the brain drain as a proportion of the total educated labour force is the optimal strategy for evaluating the pressure imposed on the local labour market. It is obvious, for example, that the pressure exerted by 1,070,000 Indian skilled emigrants (4.4% of the Indian educated total labour force) is less important than the pressure exerted by 30,000 skilled emigrants from Grenada (65% of their educated labour force) (Docquier et al., 2005; Lucas, 2005a).

The departure of such health professionals has affected the capacity of medical and social services to respond to basic health and social needs in several sub-Saharan countries. The majority of sub-Saharan African countries fall short of the minimum World Health Organisation (WHO) standard of 20 doctors per 100,000 people (World Bank, 2005). In their recent study of migration among West African physicians, Hagopian et al. (2005: 2) make the striking point that "if the 515 American and Canadian physicians from Ghana were to return to their country of training, the total physician workforce there would increase by 32.2 per cent above its current 1,600 physicians". Although, as yet no specific analysis has been carried out, it is likely that the departure of key education and health workers in sub-Saharan Africa is a significant factor in hampering progress towards the Millennium Development Goals.

However, the reality of the departure of such skilled workers may not be as bad as first appears. In some cases, the departure of skilled workers may be compensated for by the arrival of skilled workers from another country. One such case is the domino effect of Canadian doctors moving to the US and being replaced by South African doctors, who are in turn replaced by Cuban ones. In 2003, approximately 450 Cuban doctors were practising in South Africa pursuant to a 1996 agreement between the two countries. Ghana also enjoys the deployment of 189 physicians from Cuba, who are sent by their government on two-year rotations as a form of foreign aid to Africa (Hagopian et al., 2005). So, while there may be brain drain from three countries in this example, only one might actually suffer. And, even then, this may not be the case. Even in the poorest countries, like Cuba, the prospect of being able to emigrate may increase the incentives to acquire education and skills and induces additional investment in education.

In the case of the Philippines, the prospect of migration appears to have boosted the tertiary education sector, with increased enrolment and provision. As Lucas (2005a) states, relative to average income, the tertiary enrolment rate in the Philippines is one of the highest in the world. Responding to the prospect of emigration, the private sector has increased the supply of tertiary training. In 2001, 72 per cent of all students enrolled in higher education were in private institutions, even though the return to higher education for those who stay in the country was relatively low. The most significant increases are seen in medical and nursing courses. A similar phenomenon can be seen in India with the expansion of the IT education sector. In a recent study about 30 per cent of Indian doctors surveyed acknowledged that the prospects of emigration affected the level of effort they put into their studies (Lucas, 2005a).

When this so-called "brain gain" is greater than the "brain drain", the net impact on welfare and growth may well be positive. The above evidence shows that in certain cases migration can be conducive to the formation of human capital. Indeed, governments in certain countries are perhaps not as concerned with brain drain as the literature suggests. The lack of opportunities for graduates means that migration can be perceived as a beneficial economic and political strategy. Proponents such as Stark (2005) claim that a strategic migration policy can confine and utilize the behavioural response to the prospect of migration to the benefit of all workers.

This positive picture is not fully supported by the evidence. A higher probability for skilled workers to migrate may instead be associated with a decline in the home country's educational achievements. Lucas (2005b) himself states that, beyond cases such as the Philippines, the global evidence does not point to an expansion in the tertiary educated labour force at home as a result of high-skilled emigration. He examines a number of developing countries and finds a negative association between the rate at which migrants return and the income level in the sending country. Moreover, migrants may have an incentive to study overseas in order to improve quality of training and chances of employment (Faini, 2002).

Brain circulation

Not all of those who migrate remain in the receiving country forever, nor do they necessarily stay abroad for long periods. They may return, bringing with them experience and entrepreneurship, as seen in the return of Taiwanese émigrés in the 1980s (Panescu, 2004). Migrants may also come and go several times, following a more dynamic process of "brain circulation" (Stark et al., 1997; Dos Santos and Postel-Vinay, 2003).

There is even less data on return migration than on one-way flows. As a result, the factors that shape the scale, nature and circumstances of return migration are not fully understood. What we do know is that the distinction between temporary and permanent migrants is not synonymous with return and one-way migrants because of the complexity of migrant decisions and behaviour.

The economic impacts of circular migration for sending countries are not clear-cut either. Higher turnover will imply greater opportunities of remittances and investment returns. However, heightened mobility brings with it the risk of limited overseas earnings and human capital growth. Nor is the lure of temporary migration straightforward for the receiving countries. High turnover may, for example, allow the receiving country to export the unemployment effects of recession. Yet, in reality, temporary migration raises serious integration challenges in the host country.

Particular policies are likely to influence return migration, either through control or incentives. In Indonesia, it is thought that the requirement for state-funded students to work at home for a certain period of time directly influences the high student return rate. However, it is difficult to differentiate their impact from that of favourable economic and political conditions. For example, establishing how much of the high rate of return is attributable to government efforts and how much to favourable economic conditions is extremely tricky (Iredale et al., 2003).

Migrants return for a number of reasons, relating to the opportunities available to them in the sending and receiving countries. Certain migrants never aspire to permanent settlement, but instead have short-term "targets", such as saving money to facilitate their return. Others may aspire, but fail to achieve their goals in their host country. There is of course involuntary return migration through deportation.

Analysis by Findlay (2001) in the UK suggests that rates of return are relatively low. Between 1995 and 1998 only one highly skilled migrant from "New Commonwealth" countries departed for every four professional and managerial migrants who arrived. A similar pattern of return was found among migrant students. In the US, only about half of overseas science and engineering graduates leave the US within five years, the stay rate being highest among graduates from developing countries. Inter-country variation in stay rates is, however, very wide; whereas only 15 per cent of Koreans in the sample remained in the US, 91 per cent of Chinese stayed and 87 per cent of Indians (Finn, 2001).

The appropriate reintegration of returnee migrants is as important in characterizing return migration as are rates of return themselves. Although issues of psychological and social readjustment are important, studies have usually focused on economic reassimilation into the developing country labour market, in particular through the lens of employment. This is a complex phenomenon and attempts to measure whether or not reintegration has been "successful" are fraught with difficulty. Success will often depend on how long the migrant has been back for. Moreover, comparisons with domestic employment or earnings can be tenuous. Country evidence shows a mixed scenario. In some cases, such as Bangladesh, highly skilled returnees do well in the labour market. In Viet Nam, migrants with savings receive preferential loans and management training. However, in the Philippines, returning migrants, particularly overseas domestic workers, are found to be de-skilled upon return (Lucas, 2005a).

The common approach to brain drain, as always and everywhere, focuses too narrowly on the sheer numbers of highly skilled migrants leaving developing countries. While there are potential costs, movements of such people can often provide benefits for all involved. Moreover, migration does not always involve one-way or permanent flows; there are increasing numbers of returning and circulating migrants.

This has important implications for policymakers who need to understand when brain drain is an issue and how to promote the positive aspects of brain circulation. While the brain drain may not always be a problem, it may of course be a major problem in some sectors in some countries. The pressing empirical challenge then becomes to identify where and when brain drain is actually hampering development outcomes, something that might be labelled as "brain strain" (Sriskandarajah, 2005b). With a better understanding of where and how migration has a negative impact, more effective and targeted policies can be made.

2.2. Financial flows

Remittances from migrant workers to developing countries are large and rising. The World Bank most recently estimated, using officially recorded data, that remittances to developing countries had reached US$ 167 billion in 2005, up 73 per cent from 2001 (World Bank, 2005). For developing countries, remittances are now approximately double the size of net official finance (World Bank, 2004) and rising relative to foreign direct investment (FDI). In Latin America and the Caribbean, the largest and fastest growing remittance-receiving region in the world, remittances now exceed the combined flows of all FDI and net overseas development aid (IADB, 2004). It is suggested that informal channels of remittances would add at least 50 per cent to this official estimate. While developed countries, particularly the US and European countries are the leading sources of remittances, South-South flows are also believed to be substantial, comprising 30-45 per cent of total remittances received by developing countries (World Bank, 2005).

Remittances can have numerous benefits for the development process. Remittances are an invaluable source of income and foreign exchange earnings for many countries, especially for those with foreign exchange constraints. Among those developing countries confronted with persistent labour market slack, exporting labour in return for remittances comprises a substantial component of development strategy. Remittances are usually less volatile than private capital flows that tend to move pro-cyclically, and may even rise during recessions, helping to stimulate vulnerable economies (Ratha, 2003). They are also more likely to reach areas of economies and societies that are left relatively untouched by official development assistance (ODA) and private capital from overseas investors.

The impact of remittances largely depends on the particular context. They are particularly important for some regions and countries: Latin American countries and South Asia take the lion share of global remittances between them, with Mexico, India and the Philippines the largest recipients of remittances in absolute terms (HCIDC, 2004). While remittance receipts have grown in sub-Saharan Africa, it still lags behind other developing regions (World Bank, 2005). Remittances are extremely important for some small countries with large diasporas: as a percentage of national income, remittances account for as much as a third of GDP in some countries. They are likely to be important in situations of conflict or post-war reconstruction (HCIDC, 2004).

Factors shaping the amounts remitted

a) **Migrant characteristics**

Glystos (2001) identifies a negative association between amounts remitted and duration of absence, which he terms the "permanent settlement syndrome". Relative to migrants' earnings, the evidence from India suggests a much greater propensity to remit among temporary workers in the Gulf than among the more permanent settlers in the US.

This leads naturally to a distinction in remittance-sending behaviour between highly skilled and low-skilled migrants. It has been suggested that although highly skilled migrants earn more, they also move more permanently and are often accompanied by their families, both factors that discourage remitting. Faini (2002), for example, examines absolute reported remittances received in relation to the extent of brain drain from the remittance-receiving countries. He observes that remittances decline as the share of migrants with a tertiary education increases.

However, Lucas (2005a) in various case studies finds no such association. Rough calculations indicate that Moroccans in the US remit somewhat less per person than do Moroccans in Europe, despite the very high educational qualifications of Moroccans in the US. Meanwhile, in the Philippines, remittances from contract workers rise with levels of education, both in absolute terms and relative to predicted earnings of the migrant, though even here remittances then decline among university graduates as compared to those with only college education (Lucas, 2005a: 197; Rodriguez, 1996).

b) **Macroeconomic factors**

While some studies suggest that remittance levels are positively correlated to growth in the host countries and others suggest that they are counter-cyclical with respect to growth in the home countries, it is likely that macroeconomic conditions in both countries will shape remittance flows. The cost of living in the recipient country is also an important factor affecting a migrant's remittance decision. Surveys suggest that the same remitter may reduce flows to destinations where the cost of living is lower (Page and Plaza, 2005: 18). It has been further argued that remittances increase as the foreign rate of interest rises relative to the home country interest rate, though the theoretical and evidential basis of such claims is limited.

Macroeconomic consequences of remittances

a) **Remittances and the domestic labour market**

Remittances are almost always sent to family members in the home community of the migrant, but this does not automatically result in increased income for the family. Remittances often induce family members to alter their own lifestyle and behaviour. They represent unearned income and as such they may act as a disincentive to participate in the domestic labour force. Levitt (1996: 7) studied the impact of migration to the US on a town in the Dominican Republic. Remittances sent by parents to their children still in education reduced the incentive to do well at school because the remittances were seen as a guarantee that there would be a continuous flow of income. In addition, although the town relied on agriculture, young people were unwilling to become agricultural workers and were planning to emigrate to the US to a life of easier work with higher financial rewards.

Based on a study of Mexican villages with high emigration, Ojeda (2003) argues that there is a causal relationship between the way that remittances are spent and a continuous flow of migrants from Mexico to the US: low productivity in agriculture in Mexico results in low local wages and pressure to migrate to the US; when remittances are spent on consumer goods, there is a greater chance of inflation that will precipitate lower returns to investment in productive uses; this in turn reduces the likelihood of new jobs being created, which then increases the pressure to migrate to the US.

Hence, in the long run, the impact of remittances on the effort level and quantity of workers can potentially have a negative effect on economic growth. Chami et al. (2003) use panel data from 113 different countries to test the assumption that the disincentive to work created by remittances will indeed have a negative impact on economic growth. They find a negative correlation between the size of remittances and economic growth, and this should be a cause for concern. Whether or not the disincentive effect does indeed exist is difficult to examine, especially at a global level since this is likely to be determined by a number of factors such as cultural influence, family structures and gender of the sender and recipient (Sriskandarajah, 2005b).

However, remittances can increase during times of economic hardship, since they are based on altruism from the migrant, and this could also explain the direct counter-cyclical relationship between remittances and negative economic growth. Remittance receipts by Filipino households increased following the 1997 financial crisis while remittance flows continued to rise after natural disasters in Bangladesh, Dominican Republic, Haiti and Honduras (World Bank, 2005).

b) **Remittances and additional investment**
Contrary to the common belief that remittances are often spent "unproductively", remittances can have expansionary effects regardless of how they are spent. If invested, remittances can contribute significantly to output growth. On the other hand, even if they are used to fund consumption, they can still generate positive multiplier effects. As households receiving remittances increase their consumption of goods and services, such increased demand will create jobs, from which non-remittance receiving households can increase their income. It is more appropriate to see remittances as representing a private, fungible source of funds to the recipient. Further, goods that might be viewed as consumption goods, such as food and education, might also be considered investment to increase human capital (Lucas, 2005b). For example, if remittances are spent on food, and this allows schoolchildren to focus more on schooling and increases their ability to concentrate during class time, it can have a profound effect on human capital in the future.

There is plenty of evidence to suggest a positive association between remittances and aggregate investment. Recent research has shown that households receiving remittances actually spend less on consumption and more on investment – education and housing – than non-migrant households do. In Guatemala, for example, households receiving international remittances spend 15 per cent less on food and 58 per cent more on education than households with no remittances (Adams, 2005a). Households receiving international remittances also tend to invest more in entrepreneurial activities. Woodruff and Zenteno (2001) argue that remittances from the US have financed much of the micro-enterprise development in urban Mexico; while McCormick and Wahba (2002) point to the role remittances in small enterprise development in Cairo. There is, however, some debate about just how comprehensive the multiplier effect is. Patterns of chain migration and migration networks mean that migrants will often originate from certain areas or even specific villages. If the multiplier effects of demand out of remittances are concentrated largely in these particular communities, then the economic benefits to other regions are likely to be minimal.

It is likely that remittances, like aid, may be more effective in a good policy environment (World Bank, 2005). In turn, this raises some important questions about the role of publicly provided infrastructure as a complement to induce investments out of remittances, and of the potential for micro-credit organizations to channel resources effectively.

c) **Remittances and access to international capital markets**

- Remittances could enhance a country's creditworthiness. It has been argued that remittances could improve a country's creditworthiness and thereby enhance its access to international capital markets. At present, remittances are not considered by major international credit rating agencies. The World Bank suggests that if remittances were included in creditworthiness assessments, then credit ratings for countries such as Lebanon and Haiti would improve significantly (World Bank, 2005: 101).

- Remittance securitization. Financial institutions in developing countries can also securitize against expected remittance earnings. This can go some way in overcoming the currency and emerging-market risks that many countries face by establishing an offshore collection account for foreign currency receipts (World Bank, 2005).

d) **Effects of remittances on currency depreciation**

Large and sustained remittance inflows can cause an appreciation of the real exchange rate and make the production of cost-sensitive tradeables, including cash crops and manufacturing, less profitable (World Bank, 2005: 104). The empirical evidence is, however, mixed. In an examination of panel data across 13 Latin American countries, Amuedo-Dorantes and Pozo (2004) find that a doubling of workers' remittances resulted in real exchange rate appreciation of about 22 per cent. As the IMF (2005) argues, however, the appreciation or "Dutch disease" effects of remittances are likely to be less severe than similar effects of other cyclical flows, such as resource windfalls and sensible policies will make the real exchange rate level sustainable.

Remittances and inequality

The effect of remittances on inequality is unclear. Examples can be found of migration both increasing and decreasing inequality levels within countries. An early study in the Philippines in 1983 estimated that the "impact effect of remittances was fairly neutral with respect to inequality, whereas data from 1991 indicate that the main beneficiaries were from the top income deciles, especially in urban areas" (Lucas, 2005a: 199). These results contrast significantly with the findings of Stark et al. (1986) who use evidence from two villages in Mexico to demonstrate that when migration is a new and exclusive phenomenon, remittances tend to widen pre-existing inequality (between, for example, migrants from the lower-middle income groups who have the resources to manage the costs of the trip and the poor who do not have access to migration); but, as migration becomes a more established practice, information asymmetries about migration opportunities decrease, moving becomes more affordable, migrants become drawn from a wider social spectrum and remittances prove equalizing.

Adams (1998) has tried to draw out what exactly causes international remittances to have a negative effect on rural income distribution. He concludes that it is the variations in the number of migrants produced by different income groups rather than differences in migrant earnings abroad or marginal propensities to remit. In Egypt, for example, the poorest quintile of households produce a proportionate share of still-abroad migrants, the richest 40 per cent produce more than their share and the second and third quintiles are under-represented.

One recent in-depth ethnographic study of the relationship between migration to the UK and inequality in a Bangladeshi village tells a more complex story. Although inequality had increased between wealthier households and the very poor, it had decreased between the wealthiest – the elite that used to hold positions of power – and the many poorer households who were previously dependent on this elite for economic and social support, but had now become much better off (Black et al., 2005).

The different conclusions reached in the various case studies can be largely attributed to methodological variation. Whether, for example, remittances are treated as an exogenous transfer or as a potential substitute for home earnings. It is therefore hard to reach any firm conclusions about the relationship between migration and remittances and inequality. Instead, as Black et al. suggest, it is more instructive to consider (a) "A more expansive and multi-dimensional notion of the concept of inequality, to be measured at individual, household and regional levels"; (b) "how context specific the relationship is" and (c) "migration as an institution that directly structures outcomes for different groups" (Black et al., 2005: 2).

The impact of remittances on inequality between countries might also be problematic. As already noted, there are initial costs of migrating, and very poor countries tend to have a low number of migrants for this reason. Indeed, since lower middle-income countries often have relatively high rates of emigration compared to the poorest countries (sometimes called the "migration hump"), these countries stand to gain the most from remittances, while very poor, low-emigration countries stand to miss out on the potential economic benefits of migration. In 2003, upper middle-income countries received the equivalent of US$ 73.55 remittances per capita compared to low-income countries that only received US$ 15.87 per capita. Sub-Saharan Africa received the smallest amount of remittances per capita (US$ 8.52) in 2003 (Page and Plaza, 2005). So, although low-income countries can arguably be said to need migrant remittances the most, they do not receive nearly as much as middle-income countries. Therefore, remittances cannot be viewed as an adequate substitute for ODA.

The evidence of the effect of remittances on poverty is more clear-cut. Since remittances are person-to-person flows, they are well targeted to meet the needs of the recipient and they have the ability to lift people out of poverty. Research done on remittances and poverty at the household level gives some empirical support to these claims. Based on a study of panel-data, Adams and Page (2003: 20) conclude that "on average, a 10 per cent increase in the share of international migrants in a country's population will lead to a 1.9 per cent decline in the share of people living on less than US$ 1.00 per person per day". Quartey and Blankson (2004) found that remittances improve household welfare and have become an important source of income for consumption smoothing in Ghana. Adams (2005a) has also found that remittances reduce the severity of poverty in Guatemala. According to the author "when the poorest of the poor households receive remittances, their income status changes dramatically" (Page and Plaza, 2005: 24).

Other problems/issues associated with remittances

a) **Transfer costs**. The cost of transferring remittances varies greatly depending on country of origin, country of destination and amounts sent (Orozco, 2003). A common problem, however, is that migrants who remit relatively small amounts often end up paying disproportionately high transfer costs, thereby impacting negatively on their own income and/or the income of the remittance receiver. In some cases, fees account for 20 per cent of the total small amount sent.

b) **Distinction between formal and informal flows**. Remittances can be sent through many channels with varying levels of regulation and opacity: banks, money transfer organizations, hand delivery/couriers, or transfers that occur as part of other commercial or charitable activities. These latter channels have been referred to as "informal". These informal channels are estimated to account for an average of 48 per cent worldwide, ranging from 73 per cent per cent in sub-Saharan Africa to a negligible amount in South Asia (Page and Plaza, 2005). However, as Pieke et al. (2005) point out, the distinction between formal and informal remittance flows is blurred and unhelpful. Rather than worrying about the method of transfer, we should be concerned with the impact of that transfer. Indeed, there is no systemic difference in the developmental impact of one sort of transfer over another and informal systems often offer considerable financial and other advantages for migrants themselves.

2.3. Diasporic flows

Migrant communities or diasporas more generally can play an important role in the economic, social and political development of their countries of origin. This involvement goes beyond just sending money home. Diasporas can be a source of ideas, behaviours, identities and social capital that flows between countries (something Levitt (1996) describes as "social remittances"). Similarly, migrants can transfer knowledge and skills (sometimes called "technological remittances") or even political identities and practices (which Goldring (2004: 805) calls "political remittances"). The contacts and networks that diasporas retain with their country can act as an important channel for enhancing the positive impacts of emigration on the sending country (Panescu, 2004).

Knowledge networks and technology diffusion

One of the key elements in the recent discussion of the potential for brain gain is the argument that migrants establish knowledge networks that transmit new ideas and technologies back to their home country. Technological advances can be extremely important for enhancing economic growth in developing countries alongside capital and human investments. International diffusion of ideas and technologies is argued to have a significant impact on improvements in productivity. In the developed countries of the OECD, total factor productivity growth is related to their numbers of scientists and engineers and the rates of expenditure on research and development (Lucas, 2005a). With the advance of communications and IT, that knowledge appears increasingly able to be delivered from a distance.

Panescu (2004) looks at the role played by international migration in the establishment and maintenance of transnational knowledge networks. The networks that exist rely heavily on the internet and carry out a number of different activities, such as research projects, technology transfer, expert consulting, training courses and bringing foreign-based companies to their former homes. Examples include the Silicon Valley Indian Professionals Association and the Philippine Brain Gain Network. A project created by UNDP, Transfer of Knowledge Through Expatriate Nationals Program, placed 5,000 migrant volunteers on assignments in 49 developing countries during its first 20 years after inception in 1977. Shorter-term movements of highly skilled workers can also promote technology diffusion. In India, companies are increasingly moving personnel for short periods of time.

The difficulty with establishing the impact of these networks is that their outcomes can be relatively intangible, at least from a statistical perspective. One recent specific exception is research suggesting that within the US and Canada a patent taken out by an inventor is very likely to be cited not only in the current location of the inventor, but also in the locations in which the inventor was previously resident (Panescu, 2004). Perhaps the best measure of the utility of diasporic knowledge transfer is the fact that so many diasporas have set up networks for exactly this purpose, which have been sustained.

Bilateral trade

A growing body of literature explores the linkages between trade and migration. A key idea is that diasporas and their associated transnational business and social networks can help to overcome some of the information asymmetries and other market imperfections involved in *bilateral* trade. As Lucas (2005a) points out, migrants possess some natural advantages in overcoming inadequate information about trading and investment opportunities in their home countries. Through enhanced networks, diasporas are also more likely to become aware of new opportunities. They can also enhance the reputation of the home investment climate in their host country, as well as provide increased guarantees for contract enforcement.

For example, research has shown that as the population of Chinese origin in a country grows, the greater the trade between the country in question and China. This most likely reflects the role that the Chinese business network plays in promoting trade generally. "For trade between countries with ethnic Chinese population shares at the levels prevailing in Southeast Asia, the smallest estimated average increase in bilateral trade in differentiated products attributable to ethnic Chinese networks is nearly 60%" (Rauch and Trindade, 2002: 116).

While empirical evidence is still relatively scant, the IT sector provides examples of how diasporas can promote trade linkages. The presence of Taiwanese engineers in Silicon Valley provides a channel for exchanging information with their former home and promoting trading links (Saxenian, 2000). Such examples have led certain authors to conclude that highly skilled migration is likely to have a greater impact on trade than other types of migration. Head and Reiss (1998) estimate that a 10 per cent increase in the accumulated stock of permanent immigrants from a typical country is associated with a 1 per cent increase in Canadian exports to that country and a 3 per cent increase in imports from that country. The elasticity of response of trade to skill-based migration proves significantly greater than for family based, refugee or business immigrants, and the import response proves largest for immigrants from East Asia.

However, it remains difficult to be absolutely certain of the real factors involved in linking trade and migration. Equally, the extent to which migration enhances trade or trade enhances migration is not clear (Lucas, 2005a).

Foreign Direct Investment

Diasporas and their associated networks may also serve as a potential stimulus to international capital flows. As a result of their knowledge and contacts, migrants are likely to invest in their home country. They may also serve a purpose in encouraging foreigners to invest in their country of origin. This sort of role may be particularly important in industries that require a high level of information. As Saxenian notes "the scarce resource in this new environment is the ability to locate foreign partners quickly and to manage complex business relationships across cultural and linguistic boundaries. This is particularly a challenge in high-technology industries in which products, markets and technologies are continually being redefined – where product cycles are routinely shorter than nine months" (Saxenian, 2000: 54-55).

Empirical evidence shows considerable variation across countries. The Chinese diaspora have invested heavily in China, whereas the Indian diaspora appear to have been more reluctant to carry out such home investment. "By 1999, 48 per cent of the total assets of foreign funded enterprises in China were in enterprises funded by entrepreneurs from Hong Kong Special Administrative Region of China, Macao and Taiwan Province of China (hereinafter referred to as Taiwan). In contrast, foreign direct investment in India during the same period was US$ 17 billion, of which 15 per cent was realized from non-resident Indians" (Lucas, 2005a: 215). While difficult to establish, it may be that the difference does not necessarily result from the hesitance of non-resident Indians to invest in their home country, rather India's general opposition to foreign investment, multinationals and slower economic expansion, as compared to China.

While the evidence does suggest that countries can benefit from their diasporas in various ways, the benefits are very context specific. To a large extent, it seems that the difference in mechanisms reflects differences in the home country economies far more than they reflect differences in migration regimes. Page and Plaza (2005: 30) add that "replication of successful experiences in smaller countries will be more difficult, however, because they may be unable to reach a critical mass of influential people in any given sector (e.g. medicine, large corporations). But a group as small as 200 professionals can provide reliable business and technologies linkages with the rest of the world." In the context of low-income countries, it is likely that the obstacles to investment such as poor infrastructure, inadequate legal frameworks and poor human capital, will discourage diasporas from investing in their home country (Lucas, 2005a).

3. POLICY OPTIONS

The discussion above suggests not only the breadth of the issues involved in the migration-development nexus, but also the scale of the challenges facing policymakers in coming to terms with a large though often inconclusive evidence base. This section examines ten areas in which policy interventions have the potential to optimize impacts of migration on development in sending countries. Each option is considered only in brief, with some attention being paid to best practice examples and some of the challenges of implementing policies.

TABLE 3.1

ADOPT CODES OF CONDUCT

Objectives	Policy options	Challenges
Cooperation between countries to prevent poaching of highly skilled workers	• National code of conduct. • Multilateral codes of conduct that serve as a benchmark for national codes. • Binding multilateral codes of conduct so that countries which have not established or signed up to ethical recruitment codes can be held to account on international recruitment practices. One suggestion is to establish this under GATS Mode 4 (Buchan and Dovlo, 2004).	• National codes may not be effective if only some countries abide by them while others continue to recruit indiscriminately. • Voluntary codes may be ineffective. • Enforcement of codes can be difficult.
Ensure enforcement and accountability	• A multilateral agency could be established to monitor and control recruiters. • Compliant recruitment agencies could be given preferential access to legal immigration routes (Black, 2004b). • A mechanism could be established whereby unethical practices of registered recruitment agencies could be reported to the relevant authorities perhaps through an independent auditing process.	• Over-regulation and enforcement could hinder the fair recruitment of workers and place extra burdens on migrant themselves.

TABLE 3.1 (CONT.)

ADOPT CODES OF CONDUCT

Objectives	Policy options	Challenges
Promote cooperation by non-governmental actors	• Industry-led self-regulation, perhaps through a code of conduct, could be promoted. • Regulators could work with international recruitment agencies on issues such as transparent fee structures, engagement of accredited sub-agents in sending countries, representation and involvement of migrant workers' associations, and health and safety issues.	• In order to ensure that codes of conduct are an effective mechanism, governments will need to work in partnership with the private sector, particularly international recruitment agencies. There is, however, a limit to the control that governments can exert on the private sector.

The UK Department of Health has an established tradition of drawing medical professionals from overseas. Most recently it has adopted a more development-sensitive approach to recruitment. In 2001 the National Health Service (NHS) issued a **Code of Practice on International Recruitment** to restrict active recruitment by NHS employers in developing countries (as defined by OECD/Development Assistance Committee list of aid recipients), unless a *bilateral* agreement is in place. The code was then revised in December 2004 to apply to private recruitment agencies supplying the NHS. However, the private sector has its own guidelines on international recruitment and continues to recruit from countries on the "proscribed list".

TABLE 3.2

ENCOURAGE BILATERAL TEMPORARY MIGRATION AGREEMENTS

Objectives	Policy options	Challenges
Agreements that ensure benefits to migrants, receiving country and sending country	• Developed countries could issue work permits for a set number of migrants from developing countries that stand to benefit from labour migration. • These agreements, while primarily aimed at meeting labour market needs of the receiving countries, could also have specific clauses (e.g. access to special savings accounts, retaining portions of wages for collection on return) that promote development outcomes. • Skills acquisition of migrants while in host country should be encouraged. • Agreements could include commitments from developed countries to finance extra training in sectors being recruited. • Developing countries could devise policies to facilitate the economic reintegration for returning migrants (e.g. business loans or training programmes).	• Labour market priorities may continue to dominate the agenda, leaving little room for development concerns. • Difficult to manage labour needs through quotas and rigid systems. • Taxpayers in developed countries will be reluctant to fund any extra costs for hiring migrant workers.

TABLE 3.2 (CONT.)

ENCOURAGE BILATERAL TEMPORARY MIGRATION AGREEMENTS

Objectives	Policy options	Challenges
Representation of diverse stakeholders	• The design of any bilateral agreement should involve joined governance in both sending and receiving countries. In the former, this might involve policy coordination between foreign employment, labour and public service (e.g. health/education) ministries. In the latter, this might involve immigration, labour and development ministries. • Non-government partners in sending and receiving countries could be involved in the design or even implementation of bilateral agreements. This could range from trade unions (to inform workers of their rights) to diaspora communities (to help provide integration assistance to temporary migrants). • Multilateral agencies or fora could highlight best practices and provide templates for countries wishing to design temporary migration programmes.	• Involving many partners, sometimes with competing interests, will not be easy. • National interest will need to be balanced against wider development objectives.

Bilateral Agreement on Low-skilled Migration, Spanish-Ecuadorian Scheme, 2001. As part of a larger strategy of managing and regulating migration flows, the Spanish government contracted the IOM to recruit low-skilled temporary workers from Ecuador on its behalf. Spanish employers register their vacancies with their embassy in Quito, which then refers the request to the IOM which manages a database of Ecuadorian applicants. Selections are then made by a team from the IOM and the Spanish Ministry of Labour. The IOM then prepares the contracts and helps migrants secure passports, visas and tickets for the journey (International Dialogue on Migration, 2005a). The agreement offers one-year contracts and access to all social security benefits for selected migrants. It also allows them to bring their families to Spain if their employment contracts are renewed. Social integration of migrants is a key component of the programme. A similar programme was initiated in 2005 between the governments of Italy and Sri Lanka for the temporary migration of up to 1,500 Sri Lankan workers. Again IOM has been involved in managing this programme.

TABLE 3.3

ENCOURAGE RETENTION IN ”BRAIN STRAIN HOTSPOTS”

Objectives	Policy options	Challenges
Create favourable conditions to promote retention and return	• In countries particularly vulnerable to “brain strain”, donors could do more to ensure that macroeconomic and political conditions are improved so that the leakage of key workers is reduced. • ODA could be targeted to improving wages and conditions in key sectors of vulnerable developing countries. • If there is sufficient appetite and the necessary technical capacity, such schemes could be overtly indexed to the taxes paid by migrant workers from particular countries.	• Development specialists may argue that devoting scarce aid resources to reducing emigration may not be the most effective poverty reduction strategy.
Increase supply of workers in vulnerable sectors	• Developed country governments (either acting unilaterally or through multilateral agencies) could increase financial support for education and training of additional key workers in ”hotspots” to meet local demand. • Private sector could be given incentives to invest in extra education and training capacity. • Promote “reverse brain drain” by providing opportunities for developed country workers to spend time in developing countries, either through existing voluntary schemes or through diaspora exchange schemes.	• Direct budgetary support for developing countries goes against current practice in disbursing ODA. • Private sector likely to require considerable incentives in particularly acute situations.

TABLE 3.3 (CONT.)

ENCOURAGE RETENTION IN "BRAIN STRAIN HOTSPOTS"

Objectives	Policy options	Challenges
Improve working conditions in key sectors	• Given that many departing workers complain not just of poor wages but also of poor working conditions, donors could attempt to provide training and exchange opportunities, improve human resource management, promote transparency and fairness in promotion among others. • Incentive schemes are likely to work best when based on evidence and analysis of the expectations of staff, who can express economic, professional and family-related motivations (Mensah et al., 2005). • Promote greater collaboration between developed and vulnerable developing country institutions (e.g. training/exchange schemes between twinned hospitals or universities).	• Despite best efforts in this area, relative wages are still likely to be key determinant of retention.

The Ghanaian government has implemented several measures to **retain healthcare workers**. The Additional Duty Hours Allowance (ADHA) instituted in 1999 aimed to increase physician take-home pay substantially. In 2002, Ghana's parliament invested US$ 3 million in a new post-graduate training programme as an explicit strategy to stem emigration. The Ghana Health Ministry recently purchased 63 vehicles to distribute to young physicians "who are most vulnerable to leaving" as an incentive to stay. Cars were also given to nurses who have served for three years or more (see Mensah *et al*., 2005).

TABLE 3.4

INCREASE FISCAL TRANSFERS TO DEVELOPING COUNTRIES

Objectives	Policy options	Challenges
Compensate developing countries for the loss of human capital	• Countries receiving migrant workers could share income tax revenues from migrant workers with country of origin governments. Another variation would be that migrants would have post-emigration tax obligations to countries of origin (the so-called "Bhagwati" tax). • Receiving countries could share the proceeds of visa fees or the revenues of visa auctions. Employers wanting to recruit migrant workers would be paying a fee to home country governments. • Developed countries could set up a "compensation fund" for returning migrants and the key sectors they operate in. It could be managed as an "off-shore" management structure, constituted as a trust and run by a board made up of various stakeholders. Agreement on how the money should be spent would require a substantial majority or consensus, and the board would also publicly account for the spending (Mensah et al., 2005). • Arranging for replacement of developed country personnel (direct compensation). • ODA could be specifically targeted to boost human capital development in countries that send highly skilled migrants.	• Requires support from taxpayers in developed countries. • Considered a tax on migration. • There is likely to be disagreement over whether compensation should by paid by the host governments, migrant employers, or migrants themselves, and how compensation should be calculated and collected. • Similarly, there is likely to be disagreement over who receives compensation and under what conditions.

TABLE 3.4 (CONT.)

INCREASE FISCAL TRANSFERS TO DEVELOPING COUNTRIES

Objectives	Policy options	Challenges
Ensure that migrant worker social protection entitlements are fully transferable	• Allowing migrants to both earn entitlements to state pensions and to transfer savings from occupational and personal savings schemes to the country of retirement. • Ensuring that pensions, where applicable, are fully portable between countries, even for temporary migrant workers. • Providing information on pensions and other forms of social protection, not just during a migrant worker's tenure overseas but also for their return. • Reimbursing income taxation upon return to the home country.	• Difficulties in calculating entitlement levels and manage transfers, especially countries with weak financial infrastructure. • Where small amounts are involved, administrative costs may be cumbersome. • Very little international cooperation in this area.

TABLE 3.5

ENCOURAGE CIRCULAR MIGRATION

Objectives	Policy options	Challenges
Create incentives to return	• In addition to the measures listed in section 3.4 above, there could also be non-pecuniary incentives to return. For example, returnees could be provided with dedicated training or advice in order to facilitate reintegration. • Return schemes could be linked to future opportunities to enrol in temporary migration schemes, providing an incentive to potential migrants to wait for spaces on these schemes (rather than travelling illegally). This should also increase the potential for skills transfers between countries and migrants circulate between places.	• Some form of enforcement to return required. • Consideration of rights of the migrant. • Individual training is resource intensive.
Encourage returnee entrepreneurship	• Venture capital funds could be established to support the entrepreneurial activities of returning migrants, perhaps on a semi-commercial basis. A venture capital fund, administered by and for returning migrants may help provide much needed seed capital and also facilitate a social and commercial network.	• Requires appropriate regulation to avoid abuse. • Designed to benefit both the individual migrant and the sending country at large.

TABLE 3.5 (CONT.)

ENCOURAGE CIRCULAR MIGRATION

Objectives	Policy options	Challenges
Promote successful reintegration	• Ensuring that the skills and experience of the migrant are best used in the home labour market so as to avoid skills waste on return. • Returnees could be provided with subsidized loans for business start-up or housing.	• A whole package of initiatives will be required to ensure successful reintegration of the migrant socially, psychologically and economically.

At present programmes designed to encourage the **return of highly educated nationals** living abroad have been funded by the sending countries. For example, Thailand has offered generous research funding and monetary incentives (Pang, Lansing and Haines, 2002). Similarly, China has offered attractive salary packages, multiple-entry visa and access to foreign exchange. In Taiwan (Province of China), the Hsinchu Industrial Park initiative attracted more than 5,000 returning scientists in 2000 (Saxenian, 2002).

Some return initiative schemes can be found in receiving countries. For example, nearly 80 per cent of African trainees in the AIDS research programmes funded by the Fogarty International Centre and National Institute of Health in the US returned to Africa after acquiring academic training. The incentives used included development of health infrastructure in the trainee's home country, provision of re-entry research support upon return, as well as the use of short-stay visas and repayment agreements to discourage continued stay in the US (Black, 2004a).

The IADB has recently funded such a venture capital project for workers returning from Japan to Brazil (World Bank, 2005). In Ecuador, remittance-receiving banks make a particular effort to design packages suited to migrants, such as the "my family, my country, my home" return programme run by Banco Solidado, which provides loans to migrants returning from Spain to set up small businesses and buy property (Oxfam, 2003).

TABLE 3.6

LOWER THE COSTS OF REMITTANCE TRANSFERS

Objectives	Policy options	Challenges
Encourage greater diversity in services and promote competition	• In order to reduce transfer costs, governments in developed and developing countries could alter financial services regulation to promote both transparency and competition in this sector. • Developed country governments might provide ID cards to migrants (regardless of their migration status) to access banking facilities.	• Promoting competition and efficiency may not be compatible with efforts to prevent money laundering and fraud.
Improve migrant financial literacy	• Inform migrants of the service available, to allow them to promote cost comparison. • Reduce information asymmetries through surveys and publicity campaigns such as the UK survey of Money Transfer Products to developing countries.	• Requires cooperation by the private sector.
Allow developing country financial sectors to access diasporas	• Expand domestic banks in sending countries into receiving countries. Countries in the Middle East and North Africa and, more recently governments in Armenia, Haiti and North Africa have all allowed their domestic financial institutions (including some micro-finance institutions) to open branches in overseas locations to provide services to their diaspora, most crucially remittance services and competitive rates (Page et al., 2005).	• Requires large investment from often weak financial actors in developing countries.

TABLE 3.6 (CONT.)

LOWER THE COSTS OF REMITTANCE TRANSFERS

The US **"Partnership for Prosperity"** Programme of 2001 has helped reduce the cost of Mexican remittance transfers by 60 per cent (Page and Plaza, 2005). This programme involved a device to grant legal identity to the *matricula consular*, and low-cost electronic transfers through the Federal Reserve Bank's Automated Clearing House system for Mexico. Such initiatives can significantly reduce transfer fees and foster the entry of new agents into the financial market, thereby expanding access.

In the UK, DFID have identified the need to improve access to the remittance market for low-income senders and receivers. Supported by DFID, diasporas can now access information and resources on remittances via a new website **- www.sendmoneyhome.org**. DFID have also supported the formation of the UK Remittance Working Group with private sector actors, which involves sub-groups working on regulation, product development and information-sharing.

TABLE 3.7

USE REMITTANCES TO STRENGTHEN FINANCIAL SYSTEMS

Objectives	Policy options	Challenges
Use remittances to strengthen the financial environment in developing countries	• Existing financial institutions through which remittances are channelled could offer their savings and credit services to migrants and their families. In principle, this should encourage remittance receivers to save and invest more than if they were to have access only to cash. • Channel remittances through micro-finance schemes. Even if migrants or remittance receivers do not borrow from these schemes, the extra money provided by current or expected remittance flows could provide capital for credit to other micro-entrepreneurs.	• Requires further targeted measures in order to open up access to formal remittances and to other financial services to poorer groups in developing countries.
Use remittances to help countries raise external financing	• Leveraging finance using expected remittances as collateral. • Financial institutions in developing countries could securitize against expected remittance earnings. • Establishing offshore collection accounts for foreign currency receipts. These can mitigate the currency convertibility and sovereign transfer risks. These securities are typically structured to obtain an investment grade rating (World Bank, 2005: 102).	• Few formal arrangements currently in place. • Several hurdles need to be crossed before securitization deals can proceed, such as high fixed costs of investment banking, credit-rating services and long lead times.

TABLE 3.7 (CONT.)

USE REMITTANCES TO STRENGTHEN FINANCIAL SYSTEMS

The **Micro-finance International Co-operation (MFIC)** was initially set up to cater to migrants from El Salvador in the US but will be extended to other Latin American countries. Remittances are collected by the firm on such a scale that they constitute a pool of low-cost funds, which can then be used in lending programmes by partner micro-finance institutions. MFIC also uses software which not only allows instant access to remittances by the receivers, but that also provides the sender with the opportunity to use remittances for school fees, utility bills or savings. Hence, MFIC provides an excellent example of a profit-making firm, which nevertheless contributes to economic growth and development in developing countries (www.iadb.org).

The UK aid agency DFID has established several **remittance country partnerships** (Nigeria, Bangladesh and Ghana) where support will be given to the financial sector to open up their services to remittance-receiving households.

The first major **securitization** deal involving migrant remittances occurred in 1994 in Mexico. Since then, the volume of remittance securitization has increased significantly. Mexico, El Salvador and Turkey raised about US$ 2.3 billion through monetizing future flows during 1994-2000. During 2000-4 a total of US$ 10.4 billion was raised through securitization of DPRs by Brazil (US$ 5.3 billion), Turkey (US$ 4.1 billion), as well as substantial sums from El Salvador, Kazakhstan, Mexico and Peru. It is not easy to estimate the potential size of future flow securitization, but preliminary World Bank calculations, using migrant remittance figures for 2003, show that developing countries could potentially issue nearly US$ 9 billion annually from international capital markets (World Bank, 2005).

TABLE 3.8

ENHANCE THE IMPACT OF REMITTANCES

Objectives	Policy options	Challenges
Encourage migrants to invest collectively in their home communities	• Enhancing the developmental impact of collective remittances by providing matching funds, which by supplementing the money already pledged, provide an incentive to the migrant to save and invest in their home community. • Matching funds could be provided by local governments in developing countries, as well as by NGOs or bilateral aid agencies.	• Difficulties in establishing the type of development activities undertaken.
Allow the remitter to determine their use	• Providing opportunities to purchase goods or services directly (e.g. health insurance or even essential household items like groceries).	• Private companies will need to be motivated to provide information and services overseas. • Requires assurance mechanisms that goods are delivered appropriately.

Home Town Associations (HTAs) are organized through links to specific areas such as villages. Despite the small economic base of these organizations, there is evidence that the villages connected to HTAs tend to have better roads, electricity and employment opportunities (Sorensen, 2004: 17). Most HTAs tend to be small-scale and philanthropic in orientation, and they invest in projects of no more than £10,000. They have traditionally focused on infrastructure and social projects (schools, churches, recreation parks, medical outreach clinics, and household support) and on channelling post-disaster humanitarian aid (for example, in El Salvador). In Africa, there is evidence that the more sustainable projects tend to facilitate household distribution of consumer goods or the purchase of farming equipment. But the focus of HTAs is expanding to include more investment in economic infrastructure and income-generating projects managed by the community and local NGOs or banks (World Bank, 2005).

TABLE 3.8 (CONT.)

ENHANCE THE IMPACT OF REMITTANCES

“Matching fund programmes” can be linked to HTAs. In the Mexican state of Zaracas, for example, each dollar contributed in remittances is matched by three dollars, one from the municipality, one from the state and one from the federal government (Van Doorn, 2002). By 2002, the “3-for-1” programme had established projects totalling 443.5 million, two-thirds of which benefited labour-intensive agricultural economies in four high emigration states across Mexico (World Bank, 2005).

Supermarkets in Peru, Argentina and Senegal allow emigrants to shop online for goods that are then delivered to families in their country of origin.

TABLE 3.9

ENHANCE THE ROLE OF THE DIASPORA

Objectives	Policy options	Challenges
Promote links between diasporas and countries of origin	• Access to dual citizenship could promote stronger ties. • Special funds could be created to support diaspora-homeland cultural, social and development linkages.	• Political and administrative cooperation between countries in order to ensure sustainability.
Encourage diasporas to be involved in development of countries of origin	• Receiving and sending countries could support development activities that involve or are led by diasporas. This could involve incentives to invest in countries of origin or support for temporary return programmes. • Drawing on diaspora networks to provide a forum for knowledge and skills transfer. • Building networks between development agencies and diasporas. Aid agencies in developed countries might draw on the knowledge and expertise in the diaspora to plan and/or even implement development activities. • Increasing links between diaspora communities and civil society organizations based in countries of origin, with the latter identifying areas of need and the former supporting development projects through sponsorship or technical assistance.	• Some sending countries might be reluctant to welcome diaspora activities. • There is a risk that diaspora involvement will only help some (migrant-sending) regions and groups.

TABLE 3.9 (CONT.)

ENHANCE THE ROLE OF THE DIASPORA

Knowledge networks – Over the past decade the governments of Malaysia, South Africa and Thailand, among others, have increasingly made use of the Internet to involve expatriates. For example, the stated goal of the government-backed Thai Reverse Brain Drain Project (RBD) is not simply to facilitate discussion, but to serve concretely as a clearinghouse for the dissemination of technical, often engineering, and other scientific knowledge. It seeks to create collaboration between expatriates with domestic individual and institutional partners (Lowell et al., 2004). Examples of initiatives to encourage cooperation between the diaspora, countries of origin and development institutions include the UNDP's Transfer of Knowledge Through Expatriate Nationals (TOKTEN) programme, IOM's Migration and Development in Africa (MIDA), and World Bank/IOM initiatives on return of qualified Afghans. Tokten is currently running successfully in 35 developing countries (Van Hear et al., 2004:28).

"Senator Joseph Bidden introduced the **Return of Talent Act**, in November 2003,which would allow legal migrants resident in the US to return temporarily to their country of citizenship if that country is engaged in post-conflict reconstruction, and for other purposes. Immigrants would not be penalized for returning to the country of origin to help with reconstruction, and the time spent in the country of origin would apply towards their five-year residency requirement" (Kapur and McHale, 2005).

In 2000, DFID signed a Strategic Grant Agreement (SGA) with **Connections for Development** (CfD), a network of black and ethnic minority (BME) diaspora communities with an interest in international development.

4. CONCLUSION

Even this briefest of overviews of the policy context and policy options to manage the development impacts of migration suggest that there is much to be done. Given that the migration-development nexus involves ever more complex flows of people, money and diasporic linkages, the scale of the challenge facing policymakers is immense. One-size-fits-all interventions and "easy wins" will be rare if not impossible in this area. And for any intervention to be effective, there needs to be cooperation from a range of stakeholders, not just policymakers in developed and developing countries, but also multilateral agencies, NGOs and the private sector.

That said, as has been seen above, in each of these three areas, there are policy options that have the potential to enhance the positive benefits of migration for development. Flows of people can be managed through incentives, linkages and increased investment in order to mitigate harmful depletion of key sectors and to promote sensible low-skilled migration. Flows of money can be enhanced for developmental purposes through lower transfer costs and collective action. The potential of diasporas can be harnessed through facilitation of networks. As discussed at the outset, policy development in this area will require progress in at least four key areas. By way of conclusion and as a means of signalling potential issues of concern, each of these areas is examined in turn.

4.1. Building a better evidence base

Despite the vast literature detailing the links between migration and development, the relationship is still only loosely understood. A large number of research gaps will need to be plugged to establish a comprehensive evidence base for policymakers. Several key issues stand as deserving of further research.

- **Brain drain**. It is commonly assumed that the departure of highly skilled people represents a net loss to the sending country in terms of productivity, key professions and fiscal stock. However, there is a dearth of evidence establishing whether these costs exist and, if so, to what extent. There is a need to identify when and where brain drain really counts for development.

- **Labour market impacts**. The departure of highly skilled workers points to the need to understand better the broader labour market impacts of emigration on sending countries. Whereas there have been numerous efforts to examine the impact of immigration on labour markets in host countries, studies on the impact of emigration on labour markets in countries of origin are extraordinarily scarce. These impacts are important not only to understand the developmental impacts of brain drain, but also of the departure of lower skilled workers. As Lucas (2005a) points out, several questions remain to be answered: Are higher wages induced for those left behind? Is internal migration induced to replace departing workers? It is equally important to understand further the labour market impacts of returning migrants, such as foreign-educated students, skilled workers and repatriated refuges.

- **Remittances**. While the evidence concerning the scale of remittances is growing (World Bank, 2005), empirical understanding of their impacts on growth, poverty and inequality still remains vague. This is increasingly important as many governments are looking to formulate policies to maximize remittance earnings. Even in terms of scale of remittances, systematic data exist only for formal flows and much less is known about informal channels. Similarly, only a handful of studies examine the impacts of remittances on individuals and households.

- **Diasporas**. The existing evidence suggests that countries can benefit from their diasporas in various ways. However, the instruments used to channel these benefits and the actual outcomes are very context-specific. Further systematic evidence of the role played by diasporas, in particular through capital flows and transnational networks, in contributing to development in their home countries is needed.

- **Return migration**. It remains difficult to assess the overall effects of return migration on local development as there is a lack of evidence available concerning both the extent to which return migration is occurring, as well as the characteristics and implications of the return of workers to developing countries of origin.

- **Migration and inequality/poverty**. There are few analyses of both the impact and indirect effects of migration upon inequality and poverty in developing countries. Issues remain as to the effect of migration on inequality, whether some groups who are left behind in any way gain from migration and, indeed, whether some are made worse off. There are further questions as to whether the outward flow of people, particularly the highly skilled, affects overall rates of poverty.

- **Internal/International migration**. Internal migration, especially in countries such as China and India, occurs on a massive scale, often with greater impacts on development than international migration. Understanding the impacts will necessarily require further consideration of the how the two interact. Who moves between regions and who moves internationally? What are their different characteristics and behaviours? How do they impact on development?

- **Disaggregated data**. Much of the data on migration need to be disaggregated in order to better gauge the key features of migration. Systematic collection of data regarding the length of stay of migrants, types of migrants, outcomes in the host country will help to better understand the development impacts of migration on sending countries.

In addition to these issues, there are also key methodological challenges that need to be addressed before comprehensive policies can be formulated effectively. The methodological challenge can be summarized by the need to develop a set of robust analytical tools that can do justice to the complex phenomenon that is the migration-development nexus. Much of the existing literature focuses on one or a few of the possible positive or negative effects of migration. However, "if rapidly developing countries do experience higher rates of emigration, but those migrants who leave remit, invest at home, and eventually return with better skills and more capital, the net developmental impact may actually be positive. On the other hand, the poorest and slowest growing countries may be caught in a 'migration trap', with relatively high rates of highly skilled migration with few of the benefits of migration" (Sriskandarajah, 2005b). The next step is developing a robust methodology that allows a more comprehensive view of the net impacts of migration on development. This requires using a variety of instruments in order to capture context-specific evidence concerning the labour market, sectoral characteristics, economic trends, trends in human development and poverty, as well as the migration experience of those who leave (relative incomes, remittances, returns).

4.2. Increasing policy coherence and coordination

Given the potential for competing interests in this area (e.g. between labour ministries and migration ministries in receiving countries, or between developed and developing countries), policymakers will need to ensure that they adopt as coordinated an approach to migration policy formulation as possible. At the very least, this will require substantial cooperation between departments within a particular country; dialogue between governments, and exchange between governments and non-governmental organizations.

Efforts are already underway to examine migration as a development issue and to place migration onto national and international development agendas. There is increasing recognition that migration is an important, and thus far relatively overlooked, factor in addressing global poverty. The challenge is to identify where and how migration constrains or facilitates poverty reduction in relation to the key development goals, and to incorporate this within the existing targets. A number of international forums, in particular IOM and the UN Population Fund expert group, have begun to raise awareness of migration as a developmental tool in the context of the Millennium Development Goals (MDGs). A recent meeting held by the IOM, DFID and the Netherlands brought together national government, multilateral organizations and NGOs in order to identify where migration has been and could be incorporated into development policy agendas (International Dialogue on Migration, 2005b). There is also a forthcoming study, commissioned by the World Bank and conducted by IOM, that will examine the extent of policy coordination and policy coherence in this area in several case studies.

4.3. Ensuring policy effectiveness

Although policy development in this area is at a relatively early stage, there is a need to ensure that whatever policies are adopted are also effective. At the very least, this will require the assessment of existing migration policies, identification of appropriate implementing mechanisms and the involvement of a range of stakeholders.

The extent to which migration can enhance development through trade flows, investments and transfers of technology and so on, is likely to be susceptible to policy interventions. A number of countries have created various facilities intended to aid diaspora investment and transfer, return and reintegration into the labour market and society. It is also worth noting that most migration policies, be they explicitly development-friendly or not, will have some form of impact on the nature, and therefore consequences, of migration from developing countries. Little or no formal evaluation of these mechanisms has taken place. As such, the effectiveness of policies relating to migration is not clearly understood. Even in the area where most policy efforts have been made, that of attracting remittances, remains poorly documented and understood. There is a pressing need for a better understanding of where policies exist and of their actual effects, a global audit, as it were, of policy relating to migration and development.

There is also a need to identify appropriate mechanisms of how to implement or operationalize policies. This will require not only good governance on the part of public bodies, but also engagement with non-state actors. For example, an often neglected but potentially important actor in the discussion of migration-development policies is the private sector. We already know that transnational company transfers account for part of the recent growth in global mobility, relating mainly to highly skilled workers. There is also a role for the private sector in mitigating some of the more adverse effects of brain drain. It is often in the health and education sectors that emigration can be most detrimental, reducing already scant human capacity. Greater provision of training in these sectors would go some way towards providing more professionals, some of whom may emigrate, while others would stay. The human resource supply would be improved overall. There are already examples of private sector investment in the tertiary education of health and education professionals in the developing world. Pharmaceutical companies are investing in training programmes and institutions of health workers. One pertinent example is in Uganda, where Pfizer funds an AIDS/HIV-oriented institute that provides training for physicians and nurses. Current training projects of key workers have the potential to be expanded by concluding agreements between governments in sending and receiving countries and the private sector. The details of exactly how the private sector would be involved, and what the incentives and checks might be, will need to be elaborated. Such initiatives will also require attention to be paid to broader issues relating to public-private partnerships in the provision of basic services, such as accountability, ownership and adequate provision for the poorest and most vulnerable.

4.4. Greater international dialogue and cooperation

Finally, it is becoming increasingly clear that any effective policies on migration and development will require considerable dialogue and cooperation at the international level. This need is not particularly surprising – after all, migrants cross borders so policies concerning them also need to cross borders to be effective. However, this is an area where there has been relatively little progress to date. Unlike trade or aid issues, where there has been considerable multilateral cooperation, migration remains primarily a concern of individual states. There are, of course, instances of regional cooperation (e.g. the European Union), but there is still a long way to go to ensure, as the GCIM recommends, that migration becomes “an integral part of national, regional and global strategies for economic growth, in both the developing and developed world”. Indeed, it is the potential of ensuring that we move closer to this ideal that makes 2006 such an important staging point in discussions of migration and development.

5. BIBLIOGRAPHY

Adams R.

1998 "Remittances, investment, and rural asset accumulation in Pakistan", *Economic Development and Cultural Change*, 47: 155-173, October.

2005a "Remittances, household expenditure and investment in Guatemala",World Bank Policy Research Working Paper No. 3532.

2005b "International remittances and the household: Analysis and review of global evidence", Paper prepared for the Plenary Session of African Economic Research Consortium, Nairobi, Kenya, May.

Adams R., and J. Page

2003 *International Migration, Remittances, and Poverty in Developing Countries*, World Bank, Washington D.C.

AFFORD

2000 Globalisation and Development: AFFORD's submission (in response to the UK government's White Paper on Globalisation and Development, 2000), AFFORD, London.

Ameudo-Dorantes, C., and S. Pozo

2004 "Workers remittances and the real exchange rate: A paradox of gifts", World Development, 32 (8): 1407-17.

Barber, C.

2003 "Making migration more development friendly", unpublished MA dissertation.

Barber, C., R. Black, and P. Tenaglia

2005 "Making migration development friendly: Temporary worker schemes in the UK", DRC Working Paper Series.

Black, R.

2004a "Migration and pro-poor policy in Africa", Working Paper C6, Development Research Centre on Migration, Globalisation and Poverty, University of Sussex.

2004b "Making migration more development friendly: Temporary mobility schemes", Written evidence to the House of Commons International Development Committee.

Black, R, C. Natali, and J. Skinner

2005 "Migration and inequality", World Development Report Background Papers.

Borjas, G.J.

1989 "Immigrant and emigrant earnings: A longitudinal study", *Economic Enquiry*, 27: 21-37, January.

Buchan, J., and D. Dovlo

2004 "International recruitment of health workers to the UK: A report for DFID", DFID Health Systems Resource Centre.

Bundred, P. E., and C. Levitt

2000 "Medical migration: Who are the real losers?", *The Lancet*, 365:9225:245-271.

Chami, R., C. Fullenkamp, and S. Jahjah

2003 "Are immigrant remittance flows a source of capital for development?", IMF Working paper 031189, International Monetary Fund, Washington, D.C.

DeVoretz, D., and K. Zhang
2004 "Citizenship, passports and the brain exchange triangle", *Journal of Comparative Policy Analysis"* , 4:1.
Docquier, L., and Marfoulk
2005 "Brain drain in developing regions", IZA Discussion Paper Series, Bonn, Germany.
Dos Santos, M ., and F. Postel-Vinay
2003 "Migration as a source of growth: The perspective of a developing country", *Journal of Population Economics*, Springer, 16(1): 161-175, http://ideas.repec.org/a/spr/jopoec/v16y2003i1p161-175.html
Dovlo, D., and F. Nyonator
1999 "Migration by graduates of the University of Ghana Medical School: A preliminary rapid appraisal", *Human Resources for Health Development Journal*, 3 (1).
Dumont, J-C., and G. Lemaître
2004 "Counting immigrants and expatriates: A new perspective", OECD, Paris, Social, Employment and Migration Working Papers, http://www.oecd.org/dataoecd/27/5/33868740.pdf
Faini, R.
2002 "Migration, remittances and growth", paper presented at the Conference on Poverty, International Migration and Asylum, Helsinki, September, http://www.wider.unu.edu/conference/conference-2002-3/conference%20papers/faini.pdf
Findlay, A.
2001 "From grain exchange to brain gain: Policy implications for the UK of recent trends in skilled migration from developing countries", Report to the ILO, May.
Finn, M.
2001 Stay rates of Foreign Doctorate Recipients from US Universities 1999, Oak Ridge T: Oak Ridge Institute for Sciences and Education.
Gardner, K.
1995 *Global Migrants Local Lives*, Clarendon Press, Oxford.
Global Commission on International Migration
2005 "Migration in an interconnected world: New directions for action", www.gcim.org
Glystos, N.
2001 "Determinants and effects of migrant remittances: A survey", in Djajic Slobodan (Ed.), *International Migration: Trends, Policies and Economic Impact*, London.
Goldring, L.
2004 "Family and collective remittances to Mexico: A multi-dimensional typology", In *Development and Change*, 35(4): 799-840.
Hagopian, A., A. Ofosu, A. Fatusi, R. Biritwum, A. Essel, L. Hart, and C. Watts
2005 "The flight of physicians from West Africa: Views of African physicians and implications for policy, social science and medicine", draft.
Head, K., and J. Reiss
1998 "Immigration and trade creation: Econometric evidence from Canada", *Canadian Journal of Economics*, Vol. 31; 47-62, February.

House of Commons International Development Committee (HCIDC)
2004 "Migration and development: How to make migration work for poverty reduction", Sixth Report of Session 2003-4, Vol.1, House of Commons, United Kingdom.

Inter-American Development Bank
2004 *Sending Money Home: Remittances to Latin America and the Caribbean*, IMF, Washington D.C., http://www.imf.org/external/pubs/ft/weo/2004/02/index.htm.

International Dialogue on Migration
2005a *Managing the Movement of People: What Can Be Learned from Mode 4 of the GATS?*, IOM, World Bank, WTO, http://www.iom.int/DOCUMENTS/PUBLICATION/EN/Red_Book_7.pdf
2005b *Mainstreaming Migration into Development Policy Agendas*, DFID, IOM and the Netherlands, Report of Workshop, 2-3 February, http://www.iom.int/DOCUMENTS/OFFICIALTXT/EN/Migr_Development_28-07.pdf

International Monetary Fund
2005 *World Economic Outlook: Globalisation and External Imbalances*, Washington D.C.

International Organization for Migration
2004 *The Millennium Development Goals (MDGs) And Migration*, New York: UN/POP/PD/2004/18.

Iredale, R., F. Gou, and S. Rozario (eds.)
2003 *Return Migration in the Asia Pacific*, Cheltenham: Edward Elgar.

Iredale, R., C. Hawksley, and S. Castles (eds.)
2003 *Migration in the Asia Pacific: Population Settlement and Citizenship Issues*, Cheltenham: Edward Elgar.

Kapur, D. and J. McHale
2005 *The Global Migration of Talent: What Does it Mean for Developing Countries?*, Centre for Global Development Policy, Policy Brief, October.
2005 *Give us your Best and your Brightest: The Global Hunt for Talent and its Impact on the Developing World*, Centre for Global Development, Washington D.C.

Koser, K. and N. Van Hear
2002 "Asylum migration: Implications for countries of origin", Paper presented at the Conference on Poverty, International Migration and Asylum, Helsinki, 27-28.

Levitt, P.
1996 "Social remittances: A conceptual tool for understanding migration and development", Working Paper Series (96.04), Harvard, Cambridge, MA.

Lowell, B.L., A. Findlay, and E. Stewart
2004 "Brain strain: Optimising highly skilled migration from developing countries", Asylum and Migration Working Paper 3, ippr, London, http://www.ippr.org/ecomm/files/brainstrain.pdf

Lucas, R.
2005a *International Migration Regimes and Economic Development*, http://www.egdi.gov.se/pdf/egdi.pdf
2005b "Migration and economic development in Africa: A review of evidence", Paper prepared for the Plenary Session of the African Economic Research Consortium, Nairobi, Kenya, 29 May.

Martin, P.
2003 *Highly Skilled Labour Migration: Sharing the Benefits*, ILO, Geneva.
Matineau, T., K. Decker, and P. Bundred
2002 Briefing Note on International Migration of Health Professionals: Levelling the Playing Field for Developing Country Health Systems, Liverpool School of Tropical Medicine.
McCormick, B., and J. Wahba
2002 "Return migration and geographical inequality: The case of Egypt", unpublished paper, University of Southampton.
Mensah, K., M. Mackintosh, and L- Henry
2005 "The 'Skills Drain' of health professionals from the developing world: A framework for policy formulation", MEDACT, February.
Meyer, J., and M. Brown
1999 "Scientific diasporas: A new approach to the brain drain", MOST discussion paper 41, UNESCO, Geneva.
Meyer, J.B., J. Charum, D. Bernal, J. Gaillard, J. Granes, J. Leon, A. Montenegro, A. Morales, C. Murcia, N. Narvaez-Berthelemot, L.S. Parrado, and B. Schlemmer
1997 *Turning Brain Drain into Brain Gain: The Colombian Experience*.
Ndofor-Tha, C.
2000 "Diaspora and development: Contributions by African organisations in the UK to Africa's development", AFFORD, London.
NHS Confederation
2005 "Linking with less developed countries", Background Briefing, August.
OECD
2002 *Trends in International Migration*, OECD Editions, Paris.
Ojeda, R.H.
2003 "Transnational migration, remittances and development in North America: Globalisation lessons from the OaxaCalifornia Transnational Village Community Modelling Project", IADB, Washington D.C.
Orozco, M.
2003 "Worker remittances: Issues and best practices", Testimony presented to the US House Committee on Financial Services hearing entitled "Remittances: Reducing Costs, Increasing Competition, and Broadening Access to the Market", 1 October.
Oxfam
2003 Written submission for the International Development Committee.
Page, J., and S. Plaza
2005 *Migration and Economic Development: A Review of Global Evidence*, Paper prepared for the Plenary Session of the African Economic Research Consortium, Nairobi, Kenya, 29 May.
Pang, T., M. Lansang M., and A. Haines
2002 "Brain drain and health professionals", *British Medical Journal*, http://bmj.bmjjournals.com/cgi/content/full/324/7336/499?maxtoshow=&HITS
Panescu, A.
2004 "Brain drain and brain gain: A new perspective on highly skilled migration", Paper presented at a seminar on Labour Migration in Central and Eastern Europe, organized by the Public Policy Centre in Cluj, Nopaca, July.

Pieke, F.N., N. Van Hear, and A. Lindley
2005 "Synthesis study: Informal remittance systems in Africa, Carribbean and Pacific countries", COMPAS, Oxford.
Psacharopoulos, G.
1985 "Returns to education: A further international update and implication", *Journal of Human Resources*, 20(4): 583-604.
Puri, S. and T. Ritzema
1999 "Migrant worker remittances, micro-finance and the informal economy: Prospects and issues", Working Paper 21, ILO, Geneva.
Quartey, P., and T. Blankson
2004 "Do migrant remittances minimize the impact of macro-volatility on the poor in Ghana?", Final report submitted to the Global Development Network, University of Ghana.
Ratha, D.
2003 "Workers' remittances: An important and stable source of external finance", *Global Development Finance Report 2003*, World Bank, Washington D.C .
Rauche, J., and V. Trinidade
2002 "Ethnic Chinese networks in international trade", *Review of Economics and Statistics*, 84:116-130, February.
Rodriguez, E.
1996 "International migrants' remittances in the Philippines",*Canadian Journal of Economics*, 29: S427-432, April.
Saxenian, A.
2000 *Silicon Valley's New Immigrant Entrepreneurs*, Public Policy Institute of California, San Francisco.
Sorensen, N.
2004 *The Developmental Dimension of Migrant Remittances*, Danish Institute of Development Studies, Copenhagen.
Sriskandarajah, D.
2005a "Migration and development: A new research and policy agenda", *World Economics*, 6(2).
2005b "Migration and development", Paper prepared for the Policy Analysis and Research Programme of the Global Commission on International Migration (GCIM), http://www.gcim.org/mm/File/Thematic%20Study%204.pdf
Stark, O.
2005 "The new economics of the brain drain: Mapping the gains", *World Economics*, 6(2).
Stark, O., C. Helmenstein, and A. Prskawetz
1997 "A brain gain with a brain drain", *Economics Series*, 45, Institute for Advanced Studies, Vienna.
Stark, O., E. Taylor, and S. Yitzhaki
1986 "Remittances and inequality", In *The Economic Journal*, 96: 722-740.
Stillwell, B., K. Diallo, P. Zurn, M. Dal POz, O. Adams, J. Buchan J.
2003 "Developing evidence-based ethical policies on the migration of health workers: conceptual and practical challenges", *Human Resources for Health*, Vol.I.

Suro, R.
2003 "Latino remittances swell despite US economic slump", *Migration Information*, Migration Policy Institute, Washington D.C ., http://www.migrationinformation.org/USfocus/display.cfm?ID=89

Van Doorn, J.
2002 "Migration, remittances and development", In *Labour Education*, 4(129): 48-55.

Van Hear, N., F. Pieke, S. Vertovec
2004 "The contribution of UK-based diasporas to development and poverty reduction", COMPAS report for DfID, COMPAS, Oxford.

Willem te Velde, D., and S. Grimm
2005 "From brain drain to brain gain: How the WTO can make migration a win-win", *ODI Opinions*, November.

Woodruff, C.M., and R. Zenteno
2001 "Remittances and microenterprises in Mexico", UCSD Graduate School of International Relations and Pacific Studies Working Paper, UCSD, La Jolla.

World Bank
2005 *Global Economic Prospect: The Economic Implications of Remittances and Migration*, World Bank, Washington D.C .
2004 *Global Development Finance*, World Bank, Washington D.C., http://www.worldbank.org/prospects/gdf2004/
2002 *World Development Report*, OUP, New York.

IOM Migration Research Series (MRS)

Editor: Frank Laczko
Chief, Research and Publications Division
International Organization for Migration
17 route des Morillons
C.P. 71 CH-1211 Geneva 19
Switzerland
Tel: +41.22.717 91 11
E-mail: publications@iom.int

Titles in the series are available from:

International Organization for Migration, Research and Publications Unit
17 route des Morillons, CH-1211 Geneva 19 Switzerland, Tel: +41.22.717 91 11;
Fax: +41.22.798 61 50, E-mail: publications@iom.int.

ⓘ The MRS order form is found on the IOM website: http:/www.iom.int

• **Single issue: US$ 16-25 + US$ 2 postage**

Payment must accompany orders and can be made by international bank draft or money order in US dollars payable to International Organization for Migration, Geneva.

Also available online at:
http://www.iom.int

There is growing consensus that international migration can have important impacts on development, and that it is important to develop appropriate and effective policy interventions that will help realize the full potential of international migration. This will require devising measures to harness the developmental potential that emigration from developing countries can bring while, at the same time, ensuring that the depletion of highly skilled workers does not damage development outcomes in the countries of origin. This calls for measures conducive to making remittances more effective as a means to reduce poverty and advance economic development, and to develop new and better ways with which to facilitate the involvement of diaspora communities in the development of their home countries. These are tasks facing migration and development policymakers at all levels and in every country of the world.

This paper is intended to guide policymakers through some of these challenges. It is intended to be an accessible guide to the policy implications drawn from the burgeoning literature on migration and development. Its primary aim is to further the important and timely process of mapping out the policy options in this area, especially across the spectrum of channels that form the migration-development nexus.

IOM • OIM

ISSN 1607-338X