

# The Migration-Development Nexus



IOM International Organization for Migration



UNITED NATIONS

## The Migration- Development Nexus





# THE MIGRATION- DEVELOPMENT NEXUS

Edited by

Nicholas Van Hear  
and Ninna Nyberg Sørensen



United Nations



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IOM International Organization for Migration

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The Migration-Development Nexus: Evidence and Policy Options  
**Ninna Nyberg Sørensen, Nicholas Van Hear,**  
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## *Editorial Introduction*

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The links between migration and development have been characterized in several studies as being “unsettled” or as having “uncertain” outcomes. Such links have for long been imperfectly understood by analysts as much as by policy-makers, but the ground is now beginning to shift. Increasingly, migrant-sending countries are recognizing the importance of remittances for national economies and the role migrants can play as lobbyists abroad. Within migration research, the recognition of transnational practices linking migrants to both receiving and sending societies has led to a broader understanding of the prospects migration may hold for development.

Against this shifting background of policy and research, the papers in this volume take a fresh look at the ambiguous “Migration-Development Nexus” with a view to exploring the potential of migration for development at the local, national and international levels. The contributions in the volume point to ways in which migration policy and development policy may be made to work with each other. A central question is the extent to which policies which seek to manage migration can be made compatible with those that seek to reduce poverty in the developing world, and vice versa.

The volume is an outcome of the research programme “Diaspora, development and conflict”, coordinated by Ninna Nyberg Sørensen and Nicholas Van Hear at the Institute for International Studies (formerly the Centre for Development Research) in Copenhagen, Denmark. Sponsored by the Danish Social Science Research Council, the programme aims to sharpen understanding of the influence of diasporas on their countries of origin and to scrutinize critically the incipient policy interest in this field. It seeks to identify the transnational activities carried out by migrants, refugees, home country governments and other actors in the field, focusing on the type, content, intensity, durability and importance of migrants’ and refugees’ transnational ties and networks, as well as the power interests served and sustained through these ties. The programme draws on cases from Latin America, the Middle East, Africa and Asia where a significant proportion of the population live abroad, encompassing societies under economic, social or political strain, those embroiled in violent conflict, and those engaged in post-conflict reconstruction, allowing comparison of diverse development contexts.

The Migration-Development Nexus study was undertaken during October 2001-May 2002. It addresses three interrelated concerns in European migration and development strategies: how to ensure that migration and other globalization processes benefit the poor in developing countries; how to intensify efforts to prevent, manage and settle refugee-producing conflicts in developing countries; and the extent to which

migration and asylum/refugee policies should be linked more closely with development policy.

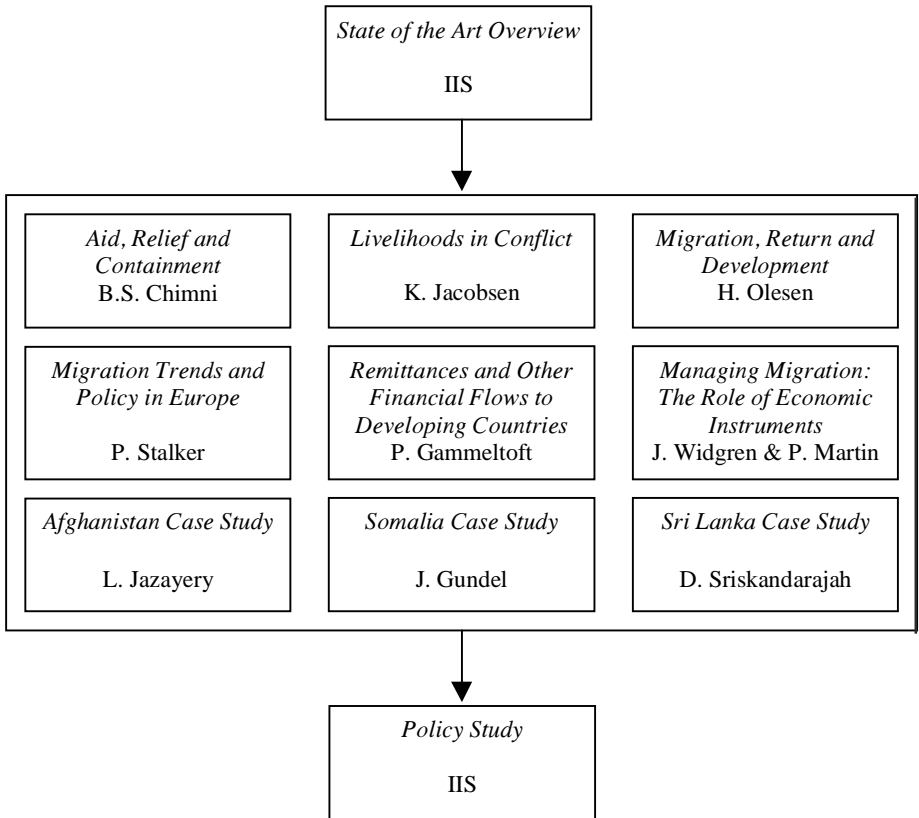
The study was commissioned by the Danish Ministry of Foreign Affairs in September 2001, in preparation for the Danish Government's assumption of the presidency of the European Union in the latter half of 2002. The Danish Government aimed to foreground migration and development issues during its presidency. The study involved cross-cutting analysis of available evidence, interviews with stakeholders in Europe and North America, and papers commissioned from international experts on the subject. Two international workshops were held in Copenhagen, the first focusing on the case of Somalia (December 2001) and the second discussing the overall findings (April 2002). Further background on the study may be found at [www.cdr.dk](http://www.cdr.dk).

The present collection of articles consists of an initial State of the Art Overview by CDR/IIS researchers Ninna Nyberg Sørensen, Nicholas Van Hear and Poul Engberg-Pedersen, and six Thematic Studies and three Country Case Studies by eminent researchers in the field. The countries selected for study – Afghanistan, Somalia and Sri Lanka – were chosen because of their complex mix of economic and forced migration, their experience of protracted conflict, and their interest to policy makers, notably the EU's High Level Working Group on Migration and Asylum. A final Policy Study by the CDR/IIS researchers draws together the findings from all the papers. Ninna Nyberg Sørensen and Nicholas Van Hear coordinated the study and edited the thematic contributions and country studies. The figure below illustrates the evolution of the project.

The study has already begun to have influence among policy-makers. It was drawn upon and extensively cited in a Communication from the Commission of the European Communities to the Council and the European Parliament on 'Integrating Migration Issues in the European Union's Relations with Third Countries' (Brussels: COM 2002 703, 3 December 2002). The issue is being taken up with renewed vigour by development agencies and organisations such as the World Bank and the OECD.

The study was funded by the Royal Danish Ministry of Foreign Affairs/Danida, whose support is gratefully acknowledged. We greatly appreciate comments and suggestions from our reference group, which included a range of international policy specialists, and from the participants in the two workshops held during the study period. We also greatly appreciate the support received from the CDR library and publications staff, as well as secretarial assistance from Ms. Anne Thomsen.

Nicholas Van Hear and Ninna Nyberg Sørensen  
Institute for International Studies, Copenhagen, April 2003







# Migration, Development and Conflict: State-of-the-Art Overview

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Ninna Nyberg Sørensen, Nicholas Van Hear,  
and Poul Engberg-Pedersen

## ABSTRACT

This paper provides a state of the art overview of current thinking and available evidence on the relations between migration, development and conflict, including the role of aid in migrant- and refugee-producing areas. It offers evidence and conclusions related to four critical issues:

*Poverty and migration.* People in developing countries require resources and connections to engage in international migration. There is no direct link between poverty, economic development, population growth, social and political change on one hand, and international migration on the other. Therefore poverty reduction is not in itself a migration-reducing strategy.

*Conflicts, refugees, and migration.* Violent conflicts produce displaced persons, migrants and refugees. People on the move may contribute both to conflict prevention and reconciliation and to sustained conflict. Most refugees do not have the resources to move beyond neighbouring areas: they remain internally displaced or move across borders to first countries of asylum within their region. Aid to developing countries receiving large inflows of refugees is poverty-oriented to the extent that these are poor countries, but it is uncertain what effect such aid has in terms of reducing the number of people seeking asylum in developed countries. Furthermore, aid to neighbouring countries may attract refugees from countries in war and crisis.

*Migrants as a development resource.* International liberalization has gone far with respect to movement of capital, goods and services, but not to labour mobility. Current international institutions provide little space or initiatives for negotiations on labour mobility and the flow of remittances. There is a

pressing need to reinforce the view of migrants as a development resource. Remittances are double the size of aid and at least as well targeted at the poor. Migrant diasporas are engaged in transnational practices with direct effects on aid and development; developed countries recognize their dependence on immigrant labour; and policies on development aid, humanitarian relief, migration, and refugee protection are often internally inconsistent and sometimes mutually contradictory.

*Aid and migration.* Aid policies face a critical challenge to balance a focus on poverty reduction with mitigating the conditions that produce refugees, while also interacting constructively with migrant diasporas and their transnational practices. The current emphasis on aid selectivity tends to allocate development aid to the well performing countries and humanitarian assistance to the crisis countries and trouble spots. However, development aid is more effective than humanitarian assistance in preventing violent conflicts, promoting reconciliation and democratization, and encouraging poverty-reducing development investments by migrant diasporas.

The paper synthesizes current knowledge of migration-development-conflict dynamics, including an assessment of the intended and unintended consequences of development and humanitarian policy interventions. The first section examines whether recent developments in the sphere of international migration provide evidence of a “crisis”, as well as the connections between migration, globalization and the changing nature of conflict. Section two summarizes current thinking on the main issues at stake in the migration-development nexus. Section three examines available evidence on the relations between migration and development. Section four discusses the consequent challenges to the aid community, including the current debates about coherence and selectivity in aid and relief. The final section elaborates on the four conclusions of this summary.

## THE SIGNIFICANCE OF MIGRATION

Throughout history, migration has been intimately related to economic and social development: it is often seen as the result of imbalances in development, but also as influencing development. Assessments of the influence of migration on development have varied over time: sometimes migration has been seen as beneficial and at others detrimental to development, depending on the historical moment and circumstances. With the variation in perspectives has come variation in migration and development policies. In the latter quarter of the twentieth century, the view in Europe shifted from seeing migration as a factor contributing to economic growth in the receiving states and to development in the sending states, to the prevailing view that immigration pressures have reached intolerable levels. More restrictive legislation has been accompanied by tendencies to confuse the status of refugees and illegal migrants and to lump together concerns about security with the problem of asylum seekers. Development and

conflict prevention are seen as needed in the migrant-sending countries to curtail unwanted migration. However, while there has been much talk of improving economic and security conditions in source countries – assumed to alleviate migration pressures – so far the emphasis has been on policies aimed at curbing immigration at the destination end – a trend that has gained momentum in the wake of the events of 11 September 2001.

The prevailing sense of an “international migration crisis” has profoundly influenced the formation of policy. In the latter part of the 1990s, perceived immigration pressure ascended to the status of a worldwide security issue (Weiner, 1995) and to a priority policy concern in the European Community. On the initiative of the Netherlands, the Council of the European Union set up a High Level Working Group (HLWG) on Asylum and Migration in December 1998 charged with preparing action plans encompassing concerns about border controls, coordination of development aid and reallocation of aid to six migrant-producing countries and regions: Afghanistan and neighbouring regions, Morocco, Somalia, Sri Lanka, Iraq, and Albania and neighbouring regions.

The HLWG action plans contain proposals to coordinate action within three areas: foreign policy, development policy and migration/asylum policy. The basic instruments and components are: protection of human rights; support for democratization and measures for the promotion of constitutional governance; social and economic development; combating poverty; support for conflict prevention and reconciliation; cooperation with the Office of the UN High Commissioner for Refugees (UNHCR), the International Organization for Migration (IOM) and human rights organizations; respecting refugees’ and asylum seekers’ right to protection; and measures to combat illegal migration. Implementation of HLWG action plans has come up against certain difficulties, not least the perception among several of the six countries’ negotiators that the security of developed countries (DCs) and *not* development in less developed countries (LDCs) is the major concern of the European Community.

This section gives some of the background to the policy arguments advanced. First, it explores the extent to which the perception of a “migration crisis” rests on plausible grounds. Then the changing dynamics of mass migration in the current era are explored, focusing on the effects of globalization, new forms of conflict and other imperatives to migrate.

### **Is there a crisis of mobility?**

It has been estimated that some 150 million people currently live outside the country of their birth, a reflection of the acceleration of migration worldwide in recent decades. But at about 2.5 per cent of the world’s population, this proportion is not that much different from parts of the last century, or indeed

earlier eras when population movements peaked. The significance of changes during the post-colonial era lies not in the fact of global migration – which has existed for centuries – but rather in the great increase in the magnitude, density, velocity, and diversity of global connections, in the growing awareness of these global relationships, and in the growing recognition of the possibilities for activities that transcend state boundaries.

Defining international migrants as those who reside in countries other than those of their birth for more than one year, the number of such persons has doubled from 75 million in 1965 to an estimated 150 million in 2000 (IOM, 2000a). Of these about 80 to 97 million were migrant workers and members of their families (ILO, 2001), and between 12.1 million (UNHCR, 2001) and 14.5 million (USCR, 2001) were refugees. In addition to the refugees outside their countries of origin, there were some 20-25 million internally displaced persons forced to move within their states.

Zolberg (2001) has traced the evolution of alarmist popular social science commentary on migration, paralleled in more moderate form in the academic literature. In different ways, Kennedy (1993), Kaplan (1994) and Brimelow (1995) provide apocalyptic visions of a western world beset by massive migration pressures from “barbarous”, “degenerating” regions of the developing world, coupled with overwrought anxieties about growing “imbalances” between the native population and other racial categories. In the mid-1990s such visions caught the imaginations of policy-makers, particularly in North America. The academic literature has developed in a similar way. Thus “crisis” is a much-used term in the context of migration, no less than in other arenas. The title of an influential book by Myron Weiner (1995), *The global migration crisis*, referred to what he and others see as a diffuse phenomenon widely felt and experienced throughout the world. However, careful scrutiny of today’s migration reveals less a global migration crisis than a series of migration crises (often serious) around the globe (Van Hear 1998).

Among the factors contributing to an increase in the volume and velocity of migration in the last 50 years are the liberalization of exit, first from the post-colonial world (the “South”), as imperial restrictions on movement of colonial subjects fell away, and later from former communist countries (the “East”), after the collapse of communism. Increased possibilities of out-migration have been coupled with greater awareness of growing disparities in life chances between rich and poor countries, and the spread of violent conflicts often in the same poor regions (Zolberg, 2001). Nevertheless, the majority of refugees stay within their region in the developing world, or in the post communist world. The number of refugees has moreover fallen in recent years, from a peak of 17.6-18.2 million in 1992 (UNHCR, 1993; USCR, 2001) to 12-14.5 million in 2000 (UNHCR, 2001; USCR, 2001), although the number of internally displaced people has concomitantly risen, reflecting increasing pressure to contain forced migrants in their

countries or regions of origin, a trend partly a result of unwarranted anxiety about migration in western countries (Shacknove, 1993; Chimni, 1999). Looking at international migration more generally, the proportion of people living in countries other than those in which they were born has stayed more or less constant over the last three decades (Zlotnik, 1998). Thus while the current era has been presented as “The age of migration” (Castles and Miller 1993), the volume of migration has historical precedents – indeed the proportion of people on the move was probably greater in the decades straddling 1900 than it is 100 years later.

### **The changing dynamics of migration**

Past and present migration may be seen as both a manifestation and a consequence of globalization. Globalization involves a number of related processes, among the most important being the steadily increased circulation of capital, production and goods; the global penetration of new technologies in the form of means of transport, communication and media; and the elaboration of regional, international or transnational political developments and alliances such as the European Union, the North American Free Trade Agreement (NAFTA), and numerous grassroots social organizations and movements. With globalization, mobility has increased and the chains of interaction have been lengthened and spread considerably. However, the movement of capital, goods and information has been liberalized to a much larger extent than the movement of people, whose mobility continues to be heavily regulated. While globalization and liberalization have involved freeing up international trade and capital flows, the international movement of labour, another essential factor of production, has if anything become more restricted (Rodrik, 2001). While national borders are being constantly criss-crossed by processes of communication and exchange, the actual bodily movement of people remains constrained (Smith and Guarnizo, 1998).

These processes have exacerbated imbalances among regions, countries and communities, giving further impetus to migration. A related consequence of globalization has been further differentiation of migrants in terms of ethnic and class backgrounds, as well as an increased feminization of migration.

#### *The feminization of migration*

This is seen in the emergence of new groups and types of migrants, including young single women or female family breadwinners who move independently rather than under the authority of older relatives and men. Female migration is on the increase within as well as from many parts of the developing world. Current migration to Europe is increasingly female, and typically male dominated migration streams towards Europe – for example, from Morocco – have throughout the 1990s changed towards including more and more autonomous female migrants.

Female migrants from LDCs differ in terms of background, including women from rural backgrounds migrating autonomously or through family reunification programmes, low-skilled women from urban backgrounds increasingly migrating autonomously because of divorce/repudiation and poverty, and women with secondary or higher education involved in autonomous migration because they could not obtain jobs in accordance with their qualifications at home. A fourth and increasing group is women fleeing civil unrest. While female migration may form part of an integrated family strategy, it may also take place within female networks, separate from those of men. There can thus be significant differences of opinion within the family, and wives and daughters may migrate as a consequence of the wishes of husbands and parents as well as despite such wishes.

Female migration is linked to new global economic transformations and the resulting restructuring of the labour force. In Europe many women find employment as domestic workers or the broader service sector. Some enter the sex industry, at times involuntarily through trafficking in prostitution networks. While some observers posit that female migrants in Europe resemble a slave labour force, existing on the margins and “fenced in” by society (Anthias and Lazaridis, 2000), others point to the relative autonomy of women even among sex workers (Lisborg, 2001). Despite such differences, most migrant women share the experience of deskilling. However, the sale of domestic services on the global market reveals that the tasks housewives usually perform for free in fact hold the potential for making significant contributions to both household finances and the national economy through remittances. Women, to a larger extent than men, are subject to social pressure to look after their relatives back home. Female migrants not only tend to be better remitters, they also tend to organize around important development issues of family welfare, health, schooling and the local environment. Upon return, women seem to have made some progress in the household and kinship sphere, in some instances leading to larger equity between partners in household decisions and reduced domestic violence.

Migration and development policies often ignore migrants’ gendered identities and practices. When women are targeted as a special group, their transnational engagement in both sending and receiving societies is often overlooked. It is therefore important that policies are designed according to the opportunities and constraints specific to different groups (for example women and men, younger and older women, autonomous or dependent female migrants), as well as according to specific groups’ transnational spheres of action. Migrants not only contribute remittances while abroad. They also contribute new skills and life views whether they return or not. Their abilities to do so depend on whether they have equitable access to services and training. International agencies should therefore approach migrants’ gender-specific concerns and make sure to follow up effectively on gender awareness campaigns and programmes when women return. Unless properly assisted, women may lose newly gained gender rights to men, who seem to regain their traditional gender privileges upon return (Pessar, 2001).

*The changing dynamics of conflict*

While the factors impelling people to move to better their lives have changed in intensity rather than substance in recent years, changes in the nature of conflict since the demise of the Cold War have been accompanied by changes in the nature of displacement both within and among countries in the developing world and beyond (Duffield, 2001; Anderson, 1999; Kaldor, 2001; Collier, 2000; Keen, 1998; Reno, 1998; Richards, 1996; Gurr, 2000; UNHCR, 2001; Global IDP project, 1998; Schmeidl, 2001; McGregor, 1993). As new forms of conflict and upheaval have engulfed many parts of the world, the view is growing that the very nature of the political economy in such turbulent regions is an adaptation to globalization (Duffield, 2001). In a world where some countries and regions have ceased to hold the significance they had during the Cold War, conflict, and the migration associated with it, may be seen not as aberrations, but as novel forms of response.

There is a general consensus that, since the end of the Cold War, conflicts have taken new forms, in which civilians are seen as important components of warfare rather than simply incidental to it. Displacement has become a tactic or object of warfare rather than being an unintended outcome of it (UN High Commissioner for Refugees S. Ogata, cited in UNHCR, 1997). Such trends have rendered some types of intervention by the relief and aid community outmoded (Duffield, 2001). A recent analysis has put this shift in context succinctly:

The fact that the great majority of armed conflicts now are internal conflicts reflects major structural changes in global politics. Geopolitics is not what it used to be. In an era of “de-territorialisation” of economic activities, territorial gains are no longer as important to states.... Weapons capabilities are now such that war between major powers has become virtually impossible, while technological change has put arms in the hands of warlords and militias which previously only states could afford, thereby changing the political and security landscape (Pieterse, 1998: 7).

Much has been made of the harm relief assistance can do in terms of exacerbating conflict and its consequences, including internal displacement and the flight of refugees (Anderson, 1999; Duffield, 2001). Similar conclusions are reached by those looking at development assistance. For example, a recent study concludes that

Rapid economic change *in either positive or negative direction* involves redistribution of opportunity, status, and deprivation in ways that are often inconsistent with deeply held notions of what is fair and what is acceptable. Reciprocally, ethnic politics intrudes on the apparent technical rationality of development policy; rules are bent, locations skewed, privatisations distorted (Herring and Esman, 2001: 1, our emphasis).

Therefore, “Some [aid] interventions may be conducive to peaceful coexistence and equity; others may aggravate tensions and precipitate conflict” (Ibid: 3).



Thus not only does conflict generate displacement, but development itself as well as interventions designed to mitigate conflict may have similar effects. Some of the implications of this are discussed further below in the section on “Challenges to Aid”.

## MIGRATION AND DEVELOPMENT – IS THERE A LINK?

The current relationship between migration and development has rightly been characterized as an “unsettled” one (Papademetriou and Martin, 1991). Since the publication of the influential Ascencio report, a new consensus has arisen that rather than stemming or containing migration pressure, development can stimulate migration in the short term by raising people’s expectations and by enhancing the resources that are needed to move (Ascencio, 1990; see also OECD, 1992; IOM, 1996). Some of the work known as the “new economics of migration” suggests that the demand for remittances from migrants, for example, increases as development proceeds and both investment opportunities and returns on investment increase: by enhancing development, remittances may therefore propel or perpetuate migration. Put another way, there is a “migration hump” that has to be overcome before people are encouraged to stay put by the development of their homelands and migration begins to decline (Martin, 1997; Martin and Taylor, 2001). Accompanying this view, models of migration based on economic forces such as pull and push factors have been supplemented by approaches recognizing mediating factors such as social networks, improved communication and transportation linkages, trade competition between countries, government migration policies, and violent conflicts within countries, yielding a more dynamic analysis of how migrations begin, how and why they stop or continue, and the extent to which migration can be controlled.

As migration has steadily climbed up the list of public and policy concerns, it has become increasingly recognized that migration can be affected – intentionally or not – by interventions in the kindred arenas of development policy and assistance, as well as by wider policies and practice in the foreign and domestic spheres. However, the precise links among these arenas of policy and practice – not least in terms of cause and effect – are imperfectly understood by analysts as much as by policy-makers.

This section first summarizes migration-development links in the literature on economically motivated migration. It then summarizes the links between development/relief and forced migration motivated by conflict, human rights abuse or other political dimensions. Subsequently arguments and evidence from the new literature on migrant diasporas and transnational migration are discussed. After a short discussion of the gap between migration policy outputs and outcomes, the challenges posed to the international aid system are outlined.



## Migration-development links

Conventionally, international migration is understood to occur as a consequence of imbalances in development between sending and receiving societies. The most basic assumption is that if growth in material resources fails to keep up with demographic growth, strong migration pressures from LDCs to DCs will evolve. In classical theory, migration occurs due to a combination of supply-push and demand-pull factors. Diminishing migration pressures are thus dependent on eliminating levels of overpopulation and poverty in LDCs. Leaving aside the question of whether there is any empirical basis for this assumption, the migration-development link is often understood to revolve around “the three R’s” of Recruitment, Remittances and Return (Papademetriou and Martin, 1991).

*Recruitment* in a broad sense covers the conditions producing emigration. Such conditions include both migrant motivation (why people migrate) and facilitating factors/agents (what/who makes movement possible). Negative or low economic growth, population growth, high under- and unemployment rates, combined with unequal income distribution, and high pressures on land and urban environments drive people to seek employment abroad due to a lack of alternatives back home. Poor governance is another major factor for emigration, especially among the highly skilled. Recruitment mechanisms range from individual to collective, from official to unofficial, and from government-led to employment-led. There is no consensus on the optimal recruitment mechanism, but evidence suggests that worker recruitment eventually creates *networks* linking particular rural or urban communities in the sending countries with specific labour markets in the receiving countries (Gamburd, 2000). When such networks are established, they become valuable assets for those who have access to them. Moreover, they represent the means by which migration becomes a self-perpetuating, semi-autonomous process.

Depending on their income in the migration destinations, migrants’ contribution to local development in the sending countries can be significant. *Remittances* from migrants benefit local households in LDCs by sustaining daily living and debt repayment (Athukorala, 1993). Over time, remittances may be invested in consumer durables and better housing, education and the purchase of land or small businesses. At the national level, remittances contribute positively to the balance of payments by providing much-needed foreign exchange. The remittance-development link is highly debated (Massey et al., 1998; Taylor, 1999). Evidence suggests that remittances affect LDCs first by being spent on family maintenance and improvement of housing; in a second stage, spending tends to be on “conspicuous” consumption (often resulting in tensions, inflation and worsening of the position of the poorest); in a third phase, however, remittances are invested in productive activities, including improvement of land productivity. Analysis of the developmental impact of remittances needs to consider the initial

conditions under which people go abroad. Poor families obviously need more time than the better off to gain from migration (Gamburd, 2000).

*Return* is generally seen as the natural “end product” of the migration cycle. Ideally, migrants are expected to have saved capital and acquired skills abroad that can be productively invested in the sending country. Evidence nevertheless suggests that migrants, unless highly skilled, often do not acquire skills abroad that are useful at home. If skills are acquired, returning migrants often prefer to work in another, generally private, sector back home (Martin, 1991). Return is not necessarily promoted by home governments who may have a more direct interest in continuing flows of remittances than in incorporating returnees in the local labour market. Incentives to return have therefore primarily been initiated by receiving countries (Collinson, 1996). A study of Jamaican return migration suggests that return programmes attract only few migrants and generally only those who were planning to return in any event (Thomas-Hope, 2002). To the extent that highly skilled migration is determined by poor governance in the country of origin, return of skilled migrants can only be expected when local governance radically improves.

Assessing migration-development links through the three R's tends to reduce migration to an economic act and to view migrants in their role as labourers only. As this section has suggested, there are other dimensions – social, cultural and political – which also have to be taken into account. In the following section, the links between development and forced migration are discussed.

### **Refugee-development links**

Conflict and human rights abuse associated with poor governance have become among the key factors impelling much current migration. It is no coincidence that conflict-ridden countries are often those with severe economic difficulties. Such combinations of motivations create difficulties in maintaining a clear distinction between voluntary and forced migration, as has been recognized for some time (Richmond, 1994). What begins as economic migration may transmute into internal displacement or international refugee movements, and conversely, what are originally refugee movements may over time develop into other forms of movement (Van Hear, 1998; Stepputat and Sørensen, 2001). When migrants from developing countries arrive in the developed world, refugees may live alongside co-nationals who are not necessarily refugees but rather part of broader communities of newcomers (Steen, 1993; Crisp, 1999); and refugees who remain within their region of origin may also enter prior currents of labour migration. Nevertheless, refugees are distinct from other kinds of migrant in international law.

Each stage of forced displacement has development implications. As with “economic” migration, refugee flight involves the loss of labour, skilled workers and

capital for the country of origin. Mass arrivals of asylum seekers – usually in countries neighbouring those from which refugees have fled, but also in more far-flung states – have short-term damaging effects, particularly in terms of strains on resources hosts must provide; however in the longer term the impacts of such mass arrivals may be more beneficial, particularly in terms of the economic, human and social capital newcomers bring with them (Van Hear, 1998).

Beyond flight and reception, these medium and long-term outcomes also have profound development implications. Conventionally there are three such outcomes, known as the three “durable solutions” (Chimni, 1999; Kibreab, 1999): repatriation; local integration, usually in the country of first asylum; and resettlement in a third country. The feasibility and attractiveness of these “durable solutions” have varied over time, partly determined by geo-political considerations: during the Cold War, resettlement or local integration were more the norm, because this suited the purposes of the West, while since the end of the Cold War, new imperatives have prevailed and repatriation has come to be seen as the most desirable durable solution (Chimni, 1999). Coupled with repatriation have been efforts to deter out-migration and to contain would-be migrants in their countries or regions of origin. Containment has been attempted by physically preventing people from leaving, or by emphasizing the “internal flight alternative”, that is internal displacement. Countries in refugee-generating zones that have in the past been generous in hosting refugees are increasingly reluctant to continue to do so, taking their cue from western countries’ restrictive policies and practices towards asylum seekers. The durable solution of “local integration”, and the potential it offers for developing strife-torn regions, has therefore fallen by the wayside – at least this is the case as an official policy, while informal integration is widespread (Jacobsen, 2001).

Conventionally, displacement is represented as a temporary phenomenon, manifested in the form of temporary residence in refugee camps, more often in neighbouring countries than in countries further afield. Only if asylum becomes permanent may we speak of local integration or resettlement: the refugee may become an established resident, and eventually a citizen of the country of asylum. Temporary status is not supposed to last long: either the conditions that forced flight should be resolved and the displaced can go home, or the displaced should be incorporated permanently into their place of refuge. Such at least is the assumption of the “refugee regime” – the body of institutions, law, policy and practice, national and international that exists to deal with forced migration (Van Hear, 1998a).

Needless to say, the real world is messier than in this ideal scheme. “Resolution” of displacement often takes a long time, which the original architects of the refugee regime did not anticipate. The displaced often find themselves in a state of protracted limbo. Nationality or citizenship may not be easily acquired or re-acquired, and is often disputed or problematic. People in such circumstances

develop ambiguous relationships towards the places in which they find themselves, and this may seriously constrain the influence they can have on the development of such places of residence.

Nevertheless the presence of refugees in the places of settlement does have impacts, during local integration in the first asylum country, during and after resettlement in a third country, and during and after repatriation to their country of origin (Harrell-Bond, 1986; Kuhlman, 1994; Kibreab, 1996; Black, 1998; Van Damme, 1999; Jacobsen, 1997; 2001; Bakewell, 2000). Among these effects, positive and negative, are:

- changes in local markets for food, housing, land, transport, and other goods, services and resources;
- changes in local labour markets;
- changes in the local economy and society wrought by the introduction of humanitarian assistance;
- demands on health care, education and other services;
- demographic changes, and related influences on health, mortality and morbidity;
- influences on infrastructure;
- ecological and environmental changes.

There are also development implications for countries of origin. While refugee flight deprives their homelands of labour and skills, it also opens the possibility of remittances from refugees who manage to find employment sufficiently remunerative to allow surpluses to be sent home. The impact of remittances from both refugees and economic migrants is considered in more detail below.

### **Migrant diasporas and transnational practices**

An important result of the extraordinary new focus on migration is a much greater awareness of the significance of migration, including the factors motivating migration, the factors attracting migrants to particular destination areas, the social networks linking areas of origin with areas of destination, and the improved communication and transportation networks enabling long-distance ties across geo-political divides. Over the past ten years, academic and other literature has stressed the importance of locating migration within transnational processes in terms of global economic connections and the formation of transnational migratory groups. The literature on transnational migration provides essential new insights into contemporary forms of migration and also raises general conceptual issues about ways of understanding migration in a global context.

Contrary to conventional migration theory's binary focus on the process of *emigration from* and *immigration to* particular nation states, transnational

approaches suggest that migration should be understood as social processes linking together countries of origin and destination. Contemporary migrants are designated “transmigrants” in as far as they develop and maintain multiple relations – familial, social, economic, political, organizational and religious ties – that span borders (Glick Schiller et al., 1992). Contrary to prevailing interpretations that portray migrant settlement as a process involving a break with home, transnational approaches suggest that the struggle for incorporation and adaptation in migrant destinations takes place within a framework of interests and obligations that result from migrants’ simultaneous engagement in countries of origin and destination. Thus contemporary migration can only be understood by studying socio-economic, political and other relations spanning sending and receiving societies (Levitt, 2001).

But transnationalism is not limited to migrants’ activities and networks. Migrants have become increasingly important, not only as a source of remittances, investments, and political contributions, but also as potential “ambassadors” or *lobbyists* in defence of national interests abroad. Many migrant-sending states recognize that although many migrants are unlikely to return, they can still advance state consolidation and national development from abroad (Levitt, 2001). Migrants have the potential to be organized into strong lobbies that advocate for sending country interests. In response, sending states may endow migrants with special rights, protections, and recognitions, in the hope of ensuring their long-term support (Basch et al., 1994; R.C. Smith, 1998; Guarnizo, 1997; Roberts et al., 1999). The interplay between “transnationalism from above” (by sending states) and “transnationalism from below” (by migrant groups) is evident in the practices of numerous “home-state” and “home-town” associations connecting migrants and their resources to their homelands often by promoting community development projects (Goldring, 1998; M.P. Smith, 2001); it is also seen in governments offering bonds at high state-guaranteed rates of interest to undertake major national development projects by mobilizing worldwide diasporic loyalties (Rayaprol, 1997; Sengupta, 1998).

Recently, international development agencies like the World Bank and the Inter-American Development Bank have acknowledged the development potential of migrant diasporas. Initiatives to leverage the impact of migrant remittances, such as by supporting regulatory reforms that will enable popular savings and micro-credit institutions to become formal, regulated institutions, are currently being discussed (Martin, 2001).

### **Mobility and migration policy**

If mobile populations have proven to be beneficial to local development, highly restrictive entry policies may interfere. While some analysts have expressed considerable scepticism regarding the effectiveness of migration policies and regulations in determining the level and composition for current immigration to

DCs (e.g. Massey, 1995), others hold that vast uncontrolled flows through transnational networks are unlikely to occur because immigration is in fact severely controlled by the countries to which people want to go (Sen, 1994). Yet others argue that measures to control immigration cannot be said to have failed because they have not seriously been tried (R.C. Smith, 2001).

A country's right to determine who enters its borders, and under what conditions, is regarded as the essence of state sovereignty (Haus, 2001). With the increase in immigration to DCs in the post-war period (OECD, 1992; IOM, 1996), many states began to search for ways to stop or slow the influx. Since the early 1970s, almost all receiving countries have been trying to reassert control over migration flows, often using similar policies and in response to public opinion, which increasingly became hostile to high levels of immigration. To the extent that immigration persisted, the gap between the goals of immigration policies and the result of these policies grew and has since come to be known as the "gap hypothesis" (Cornelius et al., 1994; Hollifield, 2001).

One reason for the gap between policy goals and results undoubtedly has to do with the dominant approach among DCs to view migrants only in their role as labourers and economic actors and to ignore or overlook the prospective incorporation of migrants into society and polity. Other gap-facilitating factors, such as the presence of employers who have an interest in recruiting labour from LDCs; foreign policy considerations, or occasionally historic ties of obligation towards particular migrant groups; and a positive stance toward family reunification initiatives, have also played an important role. South-North movement induced by persecution and violent conflicts has likewise been important (Zolberg, 2001).

Contrary to the goal of curbing international migration, increasingly stringent policies may benefit human smugglers and employers who hire undocumented migrants to avoid complying with existing pay and working conditions regulations, rather than stemming migration (Tacoli and Okali, 2001). Thus one unintended consequence of tightened migration controls – with measures directed against economic migrants even affecting genuine asylum seekers – is the growth in trafficking and human smuggling organizations (IOM, 2000b; Guiraudon and Joppke, 2001).

### **Aid policy challenges**

In addition to migration and refugee policies, aid policies – including development cooperation, humanitarian interventions and humanitarian assistance – have a bearing on migration-development links. Managing migration requires an understanding of why people migrate and the solutions to migration pressures lie mostly within emigration countries (Martin and Taylor, 2001). It is therefore argued that



policies should concentrate not on the migrants themselves (e.g. by limiting their mobility), but rather on ensuring that migration is a choice and not the only option.

Aligning migration and development policies is a complex affair that at times encompasses conflicting objectives. For example, skills acquisition/preferential quota systems in Europe may lead to brain-drain from LDCs, while skills retention and return may lead to capacity-building. Another potentially conflicting outcome is that while return/repatriation generally is seen as the successful end product of the migration/refugee cycle, the return of migrants and refugees means a decrease in remittances and foreign exchange for LDCs (Ferris, 2001).

Recent evidence suggests that policies that restrict migration are costly. In LDCs, they hurt the poor more than the rich (de Haan, 1999). In the long run, other policy instruments may prove more effective in reducing unwanted migration. Such instruments should be directed towards reducing the demographic and economic differences that promote economic migration, and increasing respect for democracy and human rights to minimize the number of asylum seekers and refugees. The impact of democratization or the promotion of “good governance” will take time to take effect – indeed such interventions may stimulate more upheaval and refugee migration in the short run. Therefore “democratization” may produce a “refugee hump” which somewhat parallels the “migration hump” induced by free trade or by “development” (Schmeidl, 2001).

There is some evidence to show that the provision of humanitarian aid in neighbouring countries can stimulate further refugee immigration from countries suffering conflict or widespread human rights abuse: flows of relief to Afghan refugees in Pakistan, to refugees in southern Africa (e.g. Mozambicans in Malawi), to refugees in the Horn of Africa (e.g. Ethiopians, Somalis), and to refugees in South-East Asia (Burma/Thailand) provide examples of this. But there is little evidence to show that refugee flows to further destinations, such as the west, are affected one way or another by such humanitarian intervention. Arguably, however, such intervention may have indirect influence, as “complex humanitarian emergencies” involving cocktails of conflict, humanitarian aid and refugee flows spill over borders to create “bad neighbourhoods” from which people may be impelled to escape altogether to safety further afield.

As recently argued by Zolberg (2001), it is important for DCs to avoid focusing exclusively on what they perceive as security-threatening refugee situations and limit their assistance to only such countries. Other situations, such as declining access to arable land, decreasing farm productivity, less liveable urban environments, recurring “natural” and “man-made” disaster, degraded natural resources, weak off-farm employment prospects, and increasingly restricted international migration may be acutely threatening for the populations involved.

This section has reviewed some of the current thinking on the relations between migration and development. To understand better those relations and the prospects for linking the policies and practices that address them, the following section explores in more detail existing assumptions and evidence on the migration-development nexus.

## ASSUMPTIONS AND EVIDENCE ON MIGRATION-DEVELOPMENT RELATIONS

Consideration of existing and potential migration-development links involves posing fundamental questions about the migrants, the nature of their movement, and the effects of migration on the socio-economic and political structures of source areas and destinations. In recent years, most concern has tended to revolve around the positive and negative impact of foreigners on the receiving societies. To the extent that a sending country perspective has been included, migrants from LDCs have often been viewed through the prism of concern about the migration problems they pose for the Western world due to rapid population growth, poverty and conflict in the source countries (for an elaboration of the latter relationship, see Collier, 2000). In the following we turn our gaze towards LDCs to review findings from conventional as well as transnational literature and indicate various migration-development prospects of migrant diasporas. Subsequently we review the literature linking remittances, development and relief.

### Migration-development links

We define migrant diasporas as being constituted by people dispersed among diverse destinations outside their home country; transnational practices are defined as activities carried out by migrant diasporas over several locations. Such practices may enhance the life chances of migrants' family members in developing countries as well as having wider developmental impacts. The ways in which migrants distribute their resources and loyalties between sending and receiving countries is, in part, determined by the kinds of institutional opportunities and government policies they encounter.

#### *The impact of local development conditions on migration*

How does development in areas of origin affect migration? It is generally believed that a lack of local development options is the root cause of economic migration. Much evidence suggests that increased local development prospects may increase migration in the short term, but ultimately make migration less necessary and attractive (OECD, 1992; Martin and Taylor, 2001). Much of the literature focuses on population movement as a result of locally determined crisis – demographic, economic or environmental – whereas the literature on structural adjustment and other external factors determining local development has only to a limited extent paid attention to the effects on migration (de Haan, 1999).



Many studies have paid attention to the characteristics of the migrants, underlining that migration is a selective process. Such studies have pointed out that migrants are usually not the poorest in the areas of origin, and that young adult men (often slightly better educated than the national average) tend to constitute the bulk of migrants from LDCs, especially in Africa (Mitchell, 1960; Chant and Radcliffe, 1992). Finally there is evidence that the local level of economic development influences the type and duration of migration. Duration of migration may be longer among migrants from economically dynamic regions than from more stagnant regions (Lindström, 1996).

The transnational literature has pointed to an interesting dynamic linking local development conditions in countries of out-migration to wider global processes (Portes, 2001):

- The globalization of production means that *multinational activities* of large corporations operating in LDCs introduce new consumption aspirations and new sources of information about life elsewhere, thereby reinforcing popular incentives for out-migration.
- Once mass migration has taken off and migrant diasporas are established abroad, a flow of *transnational economic and information resources* starts, ranging from occasional remittances to the emergence of a class of full-time transnational entrepreneurs.
- The cumulative effects of these dynamics come to the attention of *national governments* that reorient their international activities through embassies, consulates, and missions to *recapture the loyalty of their expatriates* and guide their investments and political mobilizations.
- The increased demand created by migrant remittances and investments in their home countries support, in turn, the *further expansion of the market for their multinationals* and encourage local firms to go abroad themselves, establishing branches in areas of diaspora concentration.

The existence of such dynamics makes evident how difficult it is to delimit the study of local migration-development causal effects from wider global and transnational processes.

### *The impact of migration on local development*

How does migration affect development in areas of origin? A negative impact of migration is reported by various conventional analyses that point to the selective nature of migration, the lowering of local labour intensity when the most productive household members go abroad (Lipton, 1980), the tendency of remittances to be insignificant among the poorest (Massey et al., 1998), and that return migration is likely to be by old and less successful migrants whereby skills transfers are unlikely to have much developmental effect (Collinson, 1996). In addition migration may have an inflationary effect on the local economy and increase local income disparities. Other analyses suggest that migration helps to

alleviate local unemployment and infuses local economies with remittances and acquired skills (Ghosh, 1992), thereby promoting development.

The transnational literature generally shows a positive effect of migration on development in the countries of origin (for US-bound migration, see Glick Schiller et al., 1992; Rouse, 1992; Lessinger, 1992; Basch et al., 1994; Sørensen, 1994; Smith and Guarnizo, 1998; Portes et al., 1999; van der Veer, 2000; for Europe-bound migration see Soysal, 1994; Anthias and Lazaridis, 2000; Sørensen, 1995, 1999; Østergaard-Nielsen, 2001). Although pointing to a variety of migration-development dynamics, many studies suggest that an important resource for the development of LDCs is people connected by transnational networks. Despite recent findings that point to limited numerical involvement of migrants in transnational activities, these activities remain significant because of their prospective growth and their impact on development projects in LDCs (Portes, 2001).

If transnational activities are important for *national* development, they are even more vital at the *local* level. Hometown associations have served as platforms and vehicles for matching fund schemes that pool remittances with government funds and expertise, often resulting in significant improvements in local health, education, and sanitation conditions, benefiting migrant- and non-migrant households alike (M.P. Smith, 2001). Towns and rural villages that are connected to home-town associations abroad tend to be better off in terms of infrastructure and access to services (Landolt, 2001). To enhance the positive impact, however, support in the form of services, training and infrastructure must be provided. Only then is migration likely to contribute to sustainable local development (Tacoli and Okali, 2001).

More individualized efforts have served the purpose of preventing the decline of rural communities. Many migrants do not leave in order to start a new life elsewhere but rather to better the one they already have back home (Kyle, 2000). Those who remain abroad for extended periods or eventually settle there may continue to remit sums to family members back home. Even if the immediate family resettle abroad, more distant family members may be able to count on remittances in times of acute crisis (Gardner, 1995).

If transnational literature generally shows a positive effect of transnational migration on development, it also suggests that the institutional bridges linking migrants with their home countries do not appear overnight. As the economies of sending countries come to depend increasingly on migrant remittances, their governments must contend with the transnational concerns of a growing proportion of their citizens. And one can find less positive sides to the story. For example, in some sending regions, migrants' transfer of resources has resulted in inflation of real estate prices, concentration of land tenure in the hands of families connected to migration, and increased unemployment (Fletcher, 1999). In other regions, local political leaders have been the first to depart,

depriving local communities of valuable social and political capital (Sørensen, 1999).

### *Developmental impact of voluntary and forced migration*

Evidence suggests that the links between economic and refugee related migration are greater than hitherto expected. With the difficulties in maintaining a clear distinction between voluntary and forced migration in mind, it is still relevant – especially in relation to policy – to pose the following questions: is the relationship between voluntary and forced migration and development of the same nature and do migrants and refugees have the same interests in contributing to local development? This is perhaps the least studied but most relevant area within the field. Evidence suggests that, in the long run, development will alleviate economically driven migrations while democratization is likely to reduce forced movements (Zolberg, 2001). Less is known about the developmental impact of refugee related migrations.

Studies of refugee migration show that refugees generally come from poor countries. Hence economic factors such as lack of development options could be considered the root cause of refugee migration as well. This view is nevertheless countered by the fact that not all poor countries send refugees, leading to speculation that poverty causes political violence leading to conflict, or that poverty interacts with political violence as a root cause. Evidence suggests that poverty may provide the final “push” for people to leave politically unsatisfying environments (Schmeidl, 2001).

An inclusion of the role played by transnational social networks in prompting, facilitating and redirecting the movement of asylum seekers and other immigrants into Western Europe may nevertheless raise questions about the motivations for flight. For this reason, Crisp (1999) advocates that the issues of means and motivations remain rigorously separated. That does not alter the general evidence, however, that migrants and refugees alike continue to send substantial remittances to their countries of origin.

Some analysts assume that refugees wish to leave political activism behind, while economic migrants can be politicized from afar (Basch et al., 1994). Other studies have concluded that refugees who fled their countries of origin on a collective basis take a more political stand towards their homelands than economic migrants who often left on a more individualized basis (Pessar, 2001).

Many studies have documented how migrants have contributed to economic and social development in their countries of origin. Whether the developmental impact is regarded as having positive or negative consequences may depend on the extent to which the countries or areas of origin are internally differentiated. When new opportunities due to migration are introduced to more differentiated

societies, increased polarization is often the result (Gardner, 1995). But even in such societies, migration may have an equalizing effect at the household level (Gamburd, 2000).

### *Return/repatriation and development*

The literature seems to suggest that return or repatriation are a prerequisite for migrants' continued engagement with local development. Yet, inadequate attention has been given to selectivity in terms of returnees' personal characteristics, duration of stay abroad, and the motivations underlying different types of return (Ghosh, 2000).

Some attention has been given to return migration in the 1970s, following the dismantling of Western Europe's guest worker programme (Collinson, 1996), and to more recent return migration of workers from the Gulf States (Gamburd, 2000). Evidence suggests that return after a relatively short period abroad, especially among low skilled migrants and if caused by an inability to adapt to the foreign environment or due to unforeseen and adverse family circumstances, is unlikely to contribute to development. Return following a longer stay abroad when the migrant has saved money to meet specific development purposes back home – such as building a house or investing in business related activities – has far better developmental prospects. Whether return will benefit local development will vary and is primarily determined by two factors: the aptitude and preparation of the return migrant, and whether or not the country of origin provides a propitious social, economic and institutional environment for the migrant to use their economic and human capital productively (Ghosh, 2000).

While some LDCs may be anxious for their migrant populations abroad to return, there may be less interest in refugee repatriation. For repatriation to be successful, a political climate facilitating former adversaries to begin to work together is needed. Recent evidence suggests a valuable consequence of hiring local professional people to take part in relief operations. Such people can be critical elements for rehabilitation. Yet they are usually the first to leave, not only because of their greater mobility but also because the risks they face. Employment of local professionals can help to create a critical mass that keeps the skilled and educated within their own country (Bissell and Natsios, 2001).

If return is seen as the end product of the migration cycle in the conventional literature, evidence from transnational studies suggests that return is *not* a prerequisite for continued engagement with local development. Governments of migrant sending countries have increasingly moved to intensify their contacts with their diasporas and involve them in various forms in national life. Concrete actions include the granting of dual citizenship rights, rights to vote in national elections, representation in national legislatures, cultural and religious pro-

grammes abroad targeting emigrants, and even in some cases providing services abroad for undocumented migrants that wish to legalize their undocumented status (Mahler, 1998). Portes (2001) attributes the new extra-territorial ambitions of developing country governments to the aggregate volume of remittances, migrants' actual or potential investment in the home economy, and their political influence in terms of both contributions to parties and candidates in national elections and organized mobilizations abroad.

Though only a limited number of systematic studies and comparative case assessments have been carried out so far, evidence suggests that sending governments increasingly promote transnational participation (Levitt, 2001; Portes, 2001). Evidence also suggests that states with a history of violent conflict may be more eager to capture the resources of refugees abroad than to encourage their return and participation in the post-conflict nation-state building process (Koser, 2002).

#### *Incentives to contribute to local development*

What determines migrants' incentives to contribute to development in their countries of origin? Migration, and the form it takes, is usually consistent with populations' social and cultural values (Sowell, 1996), and these values structure the patterns of migration (de Haan, 1999). Evidence suggests that population mobility often is a central element in the livelihoods of many households in LDCs (Stepputat and Sørensen, 2001; Sørensen and Olwig, 2002). However, most development policies target sedentary populations or may even have sedentarism as their goal. It is therefore argued that the global policy environment works to the detriment of migration benefiting local development. For example, policy-makers often ignore the fact that mobility is an important part of people's livelihood diversification strategies and assume that land redistribution schemes and credit initiatives can be based on household members living together in a single place (Tacoli and Okali, 2001).

But *the context of reception* may have even more important implications for the directions of migrants' social and economic investments. Some analysts suggest that the greater the gap between the human capital that migrants bring along and the (lack of) opportunities they encounter in the countries of destination, the greater their motivation to engage in developmental activities towards their countries of origin (Grasmuck and Pessar, 1991; Pessar, 2001).

Contrary to these assumptions, evidence from recent transnational studies suggests that economic and political practices of migrant populations should not be reduced to a function of the opportunity structures in migrant receiving states. While more inclusive structures, which in principle allow for migrant incorporation, may exclude dialogue on homeland politics, they may also facilitate mobilization around homeland political concerns (Østergaard-Nielsen, 2001).

### **Remittances, development and relief**

There is increasing evidence that remittances from abroad are crucial to the survival of communities in many developing countries, including many which produce refugees. Estimated at about US\$75 billion a year in the early 1990s (Russell, 1993) and at US\$100 billion in 2000 (Martin, 2001), migrants' remittances represent a large proportion of world financial flows and amount to substantially more than global overseas development assistance. To underline their importance for the developing world, 60 per cent of remittances were thought to go to developing countries in the year 2000 (Martin, 2001).

There has been a considerable amount of research about the effects of remittances sent by economic migrants to relatively stable low-income and middle-income countries. The overall finding is that remittances to developing countries go first and foremost to lower-middle income and low-income countries. Lower middle income countries receive the largest amount, but remittances constitute a much higher share of total international flows to low income countries. In the second half of the 1990s, foreign aid and remittances to low-income countries were of almost equal size, each constituting a third of international flows. Taking remittances through unofficial channels into account, remittances are surely greater than foreign aid, and constitute a more constant source of income to developing countries than other private flows and foreign direct investments (Gammeltoft, 2002).

Refugees also remit a share of their resources but less is known about remittances and other transfers by and to refugees. Are these essential for the survival of those left at home or languishing in refugee camps? Are the transfers used in ways similar to those remitted by economic migrants – for survival or daily essentials, or as investment in productive activity – or are they channelled as support for armed groups that may prolong conflict and retard peace-building? How might money and other transfers be encouraged to assist in post-conflict reconstruction?

Exploring such questions has only just begun (de Montclos, 2001; Van Hear, 2000), and requires examining the flow and role of remittances to and from refugees and displaced people during and after conflicts or refugee crises. It also involves tracking the flow of resources among three different categories of people: refugees in far-flung diasporas, refugees in countries neighbouring their homelands, and those left behind in the country of origin, including the internally displaced. The limited evidence so far points to the ambivalent nature of remittances for both refugees and their families at home.

While considerable work has been accomplished on the developmental impact of remittance flows to LDCs, two scenarios can be identified in which the flow and role of remittances differ in their impacts on relief and development. These

two scenarios involve transfer from (and to) refugees and displaced people *during* conflicts and *after* conflicts. Comparison is needed of the impact of transfers by “economic” migrants to (low- and middle-income) homelands enjoying relative peace and stability on one hand, and on the other the role of remittances during conflicts or refugee-producing crises, as well as the role or potential of remittances after conflicts, in the period of repatriation, reintegration and post-conflict reconstruction.

### *Remittances during conflicts/refugee crises*

Remittances from abroad help families to survive during conflict and to sustain communities in crisis – both in countries of origin and in countries of first asylum. In conflict-torn societies and regions, the scope for investment in “productive” enterprises may be limited in conditions of great insecurity. However, investment of remittances in social activities may be seen as reconstruction of the social fabric, in which “productive” activities are embedded. By facilitating the accumulation or repair of social capital, such investment may lay the foundation for later reconstruction and development (Goodhand, Hulme and Lewer, 2000; Van Hear, 2001).

At the same time, remittances and other transfers, as well as international lobbying by diasporas, may help perpetuate the conflicts or crises that beset such families and communities, by providing support for armed conflict. For Collier (2000) the existence of a large diaspora is a powerful risk factor predisposing a country to civil war, or its resumption. Anderson (1999), another influential writer on conflict, holds a similar view. Duffield (2001) notes that many contemporary wars are sustained by regional and global linkages through which local resources are sold and arms and other essential supplies are bought. Diasporas are crucial in the flow of money and resources on which warring parties depend, helping to market commodities extracted from war-torn areas, or more indirectly supplying the finance or lubricating the connections needed to effect such transactions.

The balance between these positive and negative influences of migrants, diasporas and their transfers varies from case to case. More thought needs to be given to the extent to which policy interventions can encourage the deployment of transnational activities in positive direction, such as towards conflict resolution or post-conflict reconstruction, considered below.

### *Remittances after conflicts*

Remittances are potentially a powerful resource for post-conflict reconstruction (Koser, 2002). Much depends on the extent to which remittances are actually used for reconstruction, and the means and policies that can be deployed to encourage that outcome. There is also the conundrum that if the resolution of conflict or crisis is accompanied by large-scale repatriation, the source of remittances will obviously diminish, raising potential perhaps for instability and



further conflict. There may even be an argument against repatriation on these grounds. Such was the thrust of an appeal in 1995 by the president of El Salvador for the US authorities to refrain from repatriating Salvadorans whose temporary protection in the US was imminently expiring (Mahler, 2001).

Repatriation or restrictions on immigration may have far-reaching consequences for development. The consequences include the possibility that a diminution of remittances may lead to hardship, instability, socio-economic or political upheaval, and even the resumption or provocation of conflict – and then quite likely renewed out-migration. The curtailment of immigration and the implementation of repatriation may therefore imperil the very economic and political security – in broader terms the human security – that the international community claims to want to foster. Moreover, the trend towards containment of forced migrants in countries or regions of origin will mean that those remaining in such places may have less in the way of earning and therefore potential remittance power than those in more prosperous asylum countries. In the longer term, as already indicated, remittances have the potential to be harnessed for the reconstruction and development of societies recovering from the distress of war or economic collapse; diminution of such transfers through repatriation will likely undermine such potential. It follows that migration policies that purport to be oriented to the country of origin of migrants cannot afford to leave those abroad out of consideration, especially those hosted by relatively affluent countries.

## CHALLENGES TO AID: COHERENCE AND SELECTIVITY

Underlying international thinking on aid and migration has been the question of the effectiveness of aid in reducing migration and refugee flows, by generating local development; preventing and resolving local conflicts; and retaining refugees in neighbouring areas/first countries of asylum. The migration-development nexus poses three challenges to the present international aid system:

- 1) Can and should *development* cooperation and *humanitarian* assistance be linked or even merged, in order to maximize the potentially mitigating impact of aid on migration-producing circumstances, including poverty and conflicts?
- 2) Can and should aid (development and humanitarian) be allocated more *selectively* among developing countries, to maximize the potential impact of aid on migration, and if so, should the selectivity be based on development, humanitarian or other criteria?
- 3) Can and should aid, which tends to be space-bound and state-centred, interact more directly with mobile populations, diasporas and transnational



communities? Can and should aid extend its support of national and local civil society to the international level as well?

The first question has been addressed by research and aid agencies, though mainly from the point of increasing the effectiveness of humanitarian assistance in general. The second question about selectivity has been addressed out of concern for the local development effect in developing countries, but only recently in a migration context. The third question represents a quite new challenge to the aid community. A positive answer to these three sets of questions would produce two new dilemmas:

Integration of development and humanitarian assistance has proved to be complex and costly, and makes limited sense at a time of declining aid budgets. Greater selectivity in aid allocations would pull aid in two different directions: development aid would go to the countries performing well in economic and political terms, whereas humanitarian assistance would go to failed and conflict-producing states. The first dilemma is that development aid has a greater potential than humanitarian aid in terms of preventing violent conflict and the migration it generates. If approaches and instruments of development aid are used to address migration-producing factors, the selectivity criteria emphasized so far for development aid would need to be reversed – and then the potential of aid for reducing poverty in “good performance” countries would be lost. Conversely, if only humanitarian assistance is used in crisis countries, aid would have a very limited role in conflict prevention, because humanitarian assistance tends to be delivered after it might have had a conflict-preventing role.

The second dilemma is also related to the aid allocation issue. Comparing the *motivations* of aid donors and migrants, it seems that migrants’ remittances and investments in their countries of origin may follow paths that replace, supplement or even undermine aid. Remittances sent by low-skilled migrants to poorer areas of origin are likely to be for social and livelihood purposes, and their allocation is unlikely to follow the geopolitical and/or commercial political and economic objectives of aid donors. The dilemma is that allocation decisions are taken in different spheres and that the decision-makers have little experience with collaboration and coordination.

This section first summarizes the logic and achievements of integrating development and humanitarian assistance – what has been called linking relief and development. Subsequently, arguments are discussed for and against greater selectivity in the allocation of development and humanitarian assistance, respectively. Finally, the challenges posed to aid by mobility, remittances and transnational communities are discussed, and ways to address the two dilemmas are explored.

### **Linking relief, recovery, development and conflict prevention**

The rationale for linking relief and development assistance is that people and societies in need of relief usually are likely to be the most vulnerable and hence likely to be exposed to new disasters (with natural and/or human causes). To reduce their vulnerability, relief and recovery should be development-oriented. In a good summary of current thinking, the International Federation of Red Cross and Red Crescent Societies (IFRCRCS, 2001: 12-33) discusses four ways for aid to secure and strengthen recovery.

First, the delivery of relief should support, not undermine, recovery. This includes making use of existing institutions in the disaster area, which contributes to long-term capacity building, and providing relief plus assets (for example, tools, seeds and other agricultural inputs) for the recovery of the disaster victims' livelihood. Relief can provide breathing space and a minimum of resources from which to move towards sustainable recovery. However, it can only lead to recovery if it is followed up by development interventions.

The second main approach suggested by IFRCRCS concerns the inclusion of risk-awareness in development promotion. In conflicts and disasters, speed is indeed decisive for the saving of lives, but even the most efficient international NGOs and UN relief agencies are likely to be much too late in arriving at disaster sites. This means that community preparedness is the only practical solution for poor, high-risk countries. The capacity of communities and local institutions to respond to conflicts and recurrent disasters must be strengthened.

The third approach concerns the funding gap between relief and recovery. Donor agencies are fully aware of the persistent rigidity of their budget lines, despite a decade of discussions of the relief-development continuum and development-oriented relief. Some relief donors operate with a six-month spending window on emergency funds. The funding gap between relief and recovery programmes remains a real challenge to both humanitarian and development agencies.

The fourth approach of the IFRCRCS to addressing recovery concerns a linking of aid and advocacy of structural changes at political and economic levels. The realization is simple: "Aid alone will never be able to combat root causes and break the cycle of disasters" (IFRCRCS, 2001: 28). Aid cannot address all aspects of conflict, climate change, under-development, structural poverty, and uneven globalization and marginalization. But relief provides an opportunity and entry-point for political advocacy by international NGOs, UN agencies and their local partners. Complex emergencies demand *concurrent* action within relief, rehabilitation, recovery, development (including risk awareness and local disaster preparedness), and advocacy. Concurrent actions differ from continuum and

integrated approaches, since they can be taken ad hoc by the best capable local, national and international agencies within an overall strategic framework.

The attempts during the 1990s to link relief, rehabilitation and development within the operational aid activities of *individual* donor agencies faced numerous problems. Such efforts were revived in slightly more coordinated form in the late 1990s in the shape of the “Brookings Process”, under which UNHCR, UNDP and the World Bank undertook to bridge “the gap between humanitarian assistance and long term development” (Crisp, 2001; World Bank, 1998a). However, a countervailing trend is also apparent, given the tendencies for multilateral agencies such as the World Bank and UNHCR to concentrate more on their “core” activities – development and refugee protection, respectively – mainly as a consequence of declining aid resources. Similarly, the recent management and organizational reforms in the European Commission kept its Humanitarian Office (ECHO) and humanitarian relief *outside* the integration of all the Commission’s external relations, which is aimed at establishing an integrated EU response to global crises. Thus, there have been both political and operational reasons for limiting the integration of humanitarian assistance with development cooperation and political-economic relations.

In 2001, the UN Secretary-General published a report on the prevention of armed conflict (see also Brahimi, 2000). He reiterated his pledge to move the UN from a culture of reaction to a culture of prevention; the report’s underlying message seemed to be that the UN and its member states and partners should do more in all fields. The report was based on the premise that conflict prevention and sustainable and equitable development are mutually reinforcing activities. It quotes studies by the Carnegie Commission showing that the international community spent about US\$200 billion on the seven major interventions of the 1990s (Bosnia, Somalia, Rwanda, Haiti, the Persian Gulf, Cambodia and El Salvador, exclusive of Kosovo and East Timor), whereas a preventive approach might have cost only some US\$70 billion. These figures are highly uncertain, but they undoubtedly reflect the cost-effectiveness of prevention over cure in conflict management. Kofi Annan’s recommended solutions are more resources, earlier interventions, coordinated planning and coordinated implementation, all within a framework of respect for the national sovereignty of individual states.

There is consensus that the prevention of violent conflict must be multi-dimensional, and it should be part of all development and humanitarian aid – that is, “mainstreamed” in the aid vocabulary. This is a challenge to the international community, but it does not mean that all these measures have to be delivered as integrated packages by individual agencies. The international community needs conflict- and country-specific strategic frameworks for conflict prevention, reconciliation and resolution, but the implementation of the

individual measures may be handled by the agencies in accordance with their respective capacities. Much improved *conflict analysis* is seen as a major requirement for the international community and for individual agencies (Addison, 2000; Royal Danish Ministry of Foreign Affairs, 2000; Ramsbotham and Woodhouse, 1996).

Arguably such analysis has already being integrated into development discourse. A fundamental policy shift in this respect can be traced in the 1990s (Macrae, 2000; Duffield, 2001; Crisp, 2001). In the first half of that decade, the focus was on developing institutional arrangements that allowed aid agencies to work in conflict zones, and to help civilians caught up in them. Such initiatives had limited success and from the mid-1990s the focus shifted towards conflict resolution and post-war reconstruction (Duffield, 2001). Such shifts were manifested in debate over what came to be called “complex emergencies” or “complex political emergencies”, that is conflict-related humanitarian disasters involving much social dislocation and often forced displacement, and requiring system-wide responses from the international community. This debate reflects what Duffield (and others) describe as “the blurring and convergence during the 1990s of development and security” (ibid: 15); in a shift in the politics of development, the object now is to resolve conflicts and to reconstruct societies so as to avoid future wars. “Through a circular form of reinforcement and mutuality”, the perception now is that “development is ultimately impossible without stability and, at the same time, security is not sustainable without development” (ibid: 16). This reinforces the integrated understanding of relief, conflict resolution, migration, development and security, which is a major institutional challenge to the international community.

### **Selectivity in development and humanitarian assistance**

Two partly opposing arguments are currently being made for the introduction of greater selectivity in the allocation of aid. On the one hand, the case is made that development aid should be given primarily to the *good performers* among developing countries, because this will enhance effectiveness and pull more people out of extreme poverty: development assistance is effective in developing countries with good governance, sound economic policies and capable institutions. On the other hand, the case is made (reinforced after 11 September 2001) that aid should be given primarily to the present and future trouble spots and *crisis countries* in order to diffuse or control conflicts, reduce the appeal of fundamentalism, and contain refugees in neighbouring areas (first countries of asylum); this argument is made for both development and humanitarian aid.

Because these two arguments point towards different allocation patterns for aid, there is pressure in OECD countries and multilateral institutions for a clearer distinction between *development aid for good performers* (in economic and political terms) and *humanitarian aid for crisis countries*. Since the political

interest in crisis prevention and control is increasing in connection with the fight against international terrorism, there is pressure for an increase in humanitarian interventions, including aid, possibly to be financed through a reduction in allocations for long-term development cooperation. The international debate has only recently started to examine how these policy prescriptions fit with attempts to address migration-development links in a coherent manner.

### *Performance-based development aid*

The World Bank's *Assessing Aid: What Works, What Doesn't, and Why* (1998) was a milestone in the move from needs- towards performance-based aid. According to Beynon (2001), it prompted a vigorous, healthy but at times hotly contested debate. "Two opposing viewpoints have emerged. According to one, aid only really works when government policies are good, and a more selective allocation of aid to "good policy/high poverty" countries will lead to larger reductions in poverty. According to the other, aid effectiveness is not conditional on policy and the implications of the former for more selective aid allocations are treated with concern" (Beynon, 2001: 1). The debate is ongoing, but some elements of agreement are emerging (Degnbol-Martinussen and Engberg-Pedersen, 2003), including:

- 1) Aid has contributed significantly to a reduction of poverty in recipient countries, through economic growth, income redistribution, improved health and education, that is, a combination of resource transfer, societal change, capacity building and human resource development.
- 2) Aid is, of course, most effective in developing countries with macro-economic stability, coherent policies, and good institutional capacities. It is essential that improved policy-making and capacity building are aid objectives in all developing countries, in particular in the weakest and least developed countries.
- 3) The greatest global effect in terms of income poverty reduction will be achieved through (re-) allocating aid to the low-income countries with the largest number of poor people. This is more effective than a re-allocation of aid on the basis only of the "quality" of policies and institutions.
- 4) Humanitarian assistance, technical cooperation, and development projects and programmes should be allocated on the basis of poverty, social and political needs, and institutional opportunities. With very few exceptions where only humanitarian assistance is possible (examples in 2002 were the Democratic Republic of Congo, Somalia, Liberia and Sierra Leone), all of these aid forms are needed in all low-income countries.

This emerging consensus would help resolve the dilemma of development aid going to the strong countries and humanitarian assistance to the crisis countries.

Recognition that the tools and approaches of development aid are needed in the poorest trouble spots (that is, present and potential crisis countries) would also give development cooperation a renewed role in migration-producing circumstances.

*Selectivity and the effectiveness of humanitarian assistance*

Resources for humanitarian assistance have increased, but not commensurate with the increasingly diverse use of this type of aid. For some donors, Eastern Europe and Central Asia have been added to the target areas for conflict and disaster relief; the closer links between relief and both development assistance and broader humanitarian interventions, and the use of aid for asylum seekers in donor countries have reduced the resources available for “pure” relief; and national and international mobility is adding new target groups (internally displaced persons and other types of migrants) to the recipients of humanitarian assistance.

The terror attacks in New York and Washington in September 2001 have revived the justification of aid as a potentially powerful tool of conflict prevention, reconciliation and resolution, although there is no immediate and direct link between poverty and terrorism. Humanitarian assistance can only help to diffuse tensions and the risk of fundamentalist attacks if aid agencies become better at engaging constructively with the adversaries of the present world order. This requires that aid agencies have a significant presence in the world’s actual or potential trouble spots, reflecting a development-oriented, long-term commitment.

These are requirements that contradict the emphasis on speed and top-down service delivery in the operations of relief agencies. Research on aid as an arena of conflict over knowledge and resources (Long, 1992; Olivier de Sardan, 1995) suggests new demands on aid agency staff, who must be personally involved in local dialogues in ways that are new and alien to the operations and roles of both relief and development agencies in the past. Contrary to the ideological emphasis on aid to the good performers, this new aid rationale calls for strategic use of aid in the countries that are affected by conflicts and are most likely to produce migration and/or attacks (political and/or terror) on international institutions and donor countries. These forms of *selective humanitarianism* may become a threat to fundamental principles of need and neutrality in humanitarian assistance.

**Aid, remittances and diasporas: New policy fields and options**

There is not much research on the strengths and weaknesses of aid seen from a migration perspective. The new challenge is for policy and research to explore ways in which aid can influence migration-producing factors (both conflict- and

development-related); and interact with migrants and diasporas to reduce violent conflicts and poverty and promote development in developing countries. The evidence on the first issue may be summarized as follows:

- Development aid has the instruments and the approach to influence migration-producing factors; but there is a tendency for aid increasingly to go to the relatively well-performing developing countries that do not produce (forced) migration.
- Humanitarian aid goes to migration-producing circumstances (such as violent conflicts), and it is likely to do so even more in future; but it tends to arrive after the event and it lacks the instruments and the agency presence to prevent violent conflicts and reduce forced migration. It may, however, reduce migration from LDCs to DCs to the extent that it helps keeping refugees in neighbouring areas, that is, in first countries of asylum.
- The attempts to integrate humanitarian and development aid as a conflict-preventive and migration-controlling measure have suffered from high institutional complexities and financial costs. This applies also to the attempts to link aid (mainly humanitarian) with peace building and peacekeeping through humanitarian interventions in complex political emergencies. If aid is used mainly for peacemaking and containment, there is a risk of under-utilizing its potential for prevention of violent conflicts.

There is almost no evidence on the second question, the links between aid and diasporas. While recognizing that the motivations behind migrants' remittances are likely to combine economic, political and social dimensions, and that their effects are likely to be a mixture of survival, consumption and development, it is necessary to work with rather simplistic scenarios about the possible links between aid donors and migrant communities. Four situations may be distinguished:

- 1) *Aid and remittances to relatively peaceful, low-income countries (LICs)*. Remittances provide income, foreign exchange and ideas for both human- and private-sector development. In addition to concentrating on policy-making, institutional capacity building, democratization and so on, aid donors could facilitate the involvement of diasporas in private and community sector development at all levels of society and in support to "poor people on the move".
- 2) *Aid and remittances to relatively peaceful middle-income countries (MICs)*. Again, remittances provide livelihood support, but they are also likely to be part of overall foreign direct investments to MICs. The evidence that global poverty is best reduced though re-allocation of aid to the poorest countries would suggest a reduction in official aid to these countries, particularly if remittances and investments do seek out economic opportunities in them. Still, aid agencies could facilitate



collaboration between the state, national and international civil society, that is, the diaspora, aimed at nation and state building.

- 3) *Aid and remittances to present and potential trouble spots, including conflict-affected countries and failed states.* This is where the greatest new challenges lie. Bilateral and multilateral aid agencies could seek ways to combine their different aid types with the activities of transnational communities, aimed at ensuring that the remittances and other activities provide resources, security and political space to the poor and other conflict victims, rather than fuelling violent conflicts. This calls for a case-specific approach, where donors – possibly under UN leadership – invite international NGOs and diaspora organizations for transparent dialogues on the overall resource flows to the country, including to possible conflicting parties.
- 4) *Aid and remittances to “post-conflict” countries and regions.* While in some ways a sub-set of the previous section, the possibilities and techniques are somewhat different in post-conflict states and regions attempting the three “re-s”: repatriation, reintegration and reconstruction. Here the focus should be on mobilizing diaspora resources for reconstruction as part of wider international peace-building, reconciliation and reconstruction efforts, with special emphasis on avoiding the generation of new tensions that might lead to new rounds of conflict and displacement.

## CONCLUSIONS

This state-of-the-art overview has shown that current thinking is still tentative and available evidence is sketchy in many areas regarding the links between migration and development. As a starting-point for the exploration of policy options (in the policy paper at the end of this volume), the study offers four conclusions.

*Poverty and migration.* People in developing countries require resources and connections to engage in international migration. There is little evidence of a direct link between poverty, economic development, population growth, social and political change on the one hand and international migration on the other. The “migration hump” suggests that some economic development generates both the resources and the incentives for people to migrate. By implication, poverty reduction is not in itself a migration-reducing strategy. As long as poverty reduction is the overriding goal of aid and development cooperation, there should be no direct link between aid and migration control.

*Conflicts, refugees, and migration.* Violent conflicts produce displaced persons, migrants and refugees. People on the move may both contribute to



conflict prevention and reconciliation and to renewed and sustained conflict. The impact of migrant and refugee diasporas on conflict or stability in their country and region of origin varies between situations and over time. The large majority of refugees do not have the resources or the opportunities to move beyond neighbouring areas; they remain internally displaced or move across borders to first countries of asylum in the region. By implication, aid to developing countries receiving large inflows of refugees is poverty-oriented to the extent that these are poor countries in need of international support for local settlement of refugees, but it is uncertain whether such aid has much effect in terms of reducing the number of people seeking asylum in developed countries. There is some evidence that aid to neighbouring countries has served as a pull-factor attracting refugees from countries in war, anarchy or even economic and environmental crisis. The alternative of providing the aid directly to the refugee producing countries faces the challenge of controlling the intended and unintended effects of aid on conflict, where aid, aid agencies and their staff are drawn into local political processes and violent conflicts.

*Migrants as a development resource.* In the nineteenth and early twentieth century, migrants were viewed as a resource contributing to the development of both sending and receiving countries. In the last quarter of the twentieth century, migrants from developing to developed countries were increasingly seen by the latter as a problem in need of regulation. The dominant mode of regulation has been stricter immigration controls. Liberalization has been deep and global with respect to capital, goods and services, but not to labour mobility. Current international political-economic institutions and regimes provide neither space nor initiatives for negotiations on labour mobility and the flow of remittances. Based on both evidence and political interests, there is a pressing need to reinforce the view of migrants as a development resource, for at least four reasons. First, the remittances by migrants and refugees are likely to be double the size of aid and may be at least as well targeted at the poor in both conflict-ridden and stable developing countries. Second, migrant diasporas are engaged in a variety of transnational practices (such as relief, investments, cultural exchange and political advocacy) with direct effects on international development cooperation. Third, both private and public sectors in developed countries recognize their immediate and long-term dependence on immigrant labour with an ever more complex skills mixture. Fourth, policies on development cooperation, humanitarian relief, migration, and refugee protection are internally inconsistent and occasionally mutually contradictory. Viewing migrant diasporas as a development resource and seeking links between aid and migrants' transnational practices could address some of these trends and concerns.

*Aid and migration.* Aid policies face a critical challenge to balance a focus on poverty reduction with mitigating the conditions that produce refugees, while at the same time interacting more constructively with migrant diasporas and their transnational practices. Donors must revisit their current approach to selectivity

in aid, which tends to allocate development aid to the well performing countries and humanitarian assistance to the crisis countries and trouble spots. The long-term approaches and instruments of development aid are more effective than (shorter-term) humanitarian assistance in preventing violent conflicts, promoting reconciliation and democratization, and encouraging poverty-reducing development investments by migrant diasporas.

These interconnected issues are pursued in the final policy analysis chapter of this volume, which explores ways in which migration and development can mutually reinforce one another.

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## MIGRATIONS ET DEVELOPPEMENT ELEMENTS PROBANTS ET OPTIONS POLITIQUES : ETAT DE LA QUESTION

Le présent article propose une vue d'ensemble de la réflexion et des données les plus récentes concernant les liens nuisant les migrations concernant les liens unissant les migrations, le développement et les conflits, et aussi le rôle de l'aide aux régions d'où proviennent migrants et réfugiés. Les éléments probants dont il fait état et les conclusions auxquelles il aboutit portent sur quatre thèmes cruciaux.

*Pauvreté et migrations.* Dans les pays en développement, il faut, pour gagner un pays étranger, des moyens et des contacts. Il n'existe aucun rapport direct entre d'une part la pauvreté, le développement économique, la croissance démographique et les mutations sociopolitiques, et d'autre part l'émigration. Par conséquent, l'atténuation de la pauvreté n'équivaut pas en soi à une stratégie de ralentissement des migrations.

*Conflits, réfugiés et migrations.* S'il est vrai que les affrontements violents provoquent déplacements de personnes, migrations et exodes, ceux qu'ils touchent ainsi ont la capacité de contribuer tout à la fois à leur prévention, à leur apaisement ou à leur perpétuation. Faute de moyens, la plupart des réfugiés ne peuvent, dans le meilleur des cas, que gagner un pays voisin. En d'autres termes, soit ils se déplacent à l'intérieur des frontières soit ils s'efforcent de gagner, dans leur propre région, un pays voisin susceptible de leur accorder l'asile. L'aide aux pays en développement où affluent des réfugiés en grand nombre vise en réalité à l'atténuation de la pauvreté puisqu'elle est octroyée à des pays pauvres. On ne sait toutefois pas avec certitude jusqu'à quel point elle contribue à faire baisser le nombre de personnes prêtes à demander l'asile à un pays développé. Par ailleurs, l'aide aux pays voisins est en soi susceptible de motiver la venue de réfugiés de pays en proie à la guerre ou en crise.

*Contribution des migrants au développement.* La libéralisation internationale est très avancée dans le domaine de la circulation de capitaux, de biens et de services, mais pas dans celui de la main-d'œuvre. Les institutions internationales existantes ne prévoient guère de place et n'envisagent guère d'initiatives pour d'éventuelles négociations sur la mobilité de la main-d'œuvre ou pour les rapatriements de fonds. Il faut d'urgence faire valoir et savoir que les migrants contribuent au développement : leurs envois de fonds représentent le double de l'aide et sont au moins aussi bien ciblés sur les pauvres que peut l'être cette dernière ; par leurs pratiques transnationales, les diasporas de migrants influent directement sur l'aide et le développement ; les pays développés reconnaissent qu'ils sont tributaires de la main-d'œuvre immigrée ; les politiques d'aide au

développement et d'aide humanitaire, les politiques migratoires et les politiques de protection des réfugiés, en plus d'être en soi incohérentes, se contredisent parfois.

*Aide et migration.* Les politiques d'aide doivent relever un défi, à savoir réaliser un équilibre entre l'atténuation de la pauvreté et l'adoucissement des conditions responsables des exodes de réfugiés, tout en interagissant de manière constructive avec les diasporas et en tenant compte de la nature transnationale de leurs pratiques. L'importance accordée actuellement à la sélectivité de l'aide fait qu'on alloue celle-ci de préférence aux pays performants, l'aide humanitaire allant aux pays en crise et aux endroits menacés. L'aide au développement est pourtant plus efficace que l'aide humanitaire s'agissant de prévenir les conflits violents, de promouvoir la réconciliation et la démocratisation ou d'encourager les diasporas d'immigrants à investir dans le développement axé sur l'atténuation de la pauvreté.

Cet article fait le point des connaissances les plus récentes sur la dynamique migrations-développement-conflits, et l'on y trouve une évaluation des conséquences, voulues ou non, des interventions découlant des politiques humanitaires et des politiques de développement. Après s'être demandé dans le premier chapitre si les nouvelles orientations des migrations internationales équivalent à une « crise » et avoir examiné les rapports entre les migrations, la mondialisation et l'évolution de la nature des conflits, ses auteurs résument dans le second chapitre les points de vue théoriques contemporains sur les grands enjeux du problème dans la relation migration-développement. Dans le troisième chapitre, ils examinent les témoignages disponibles sur l'existence de cette relation. Le quatrième chapitre est consacré aux défis qui en découlent pour les milieux de l'aide - sans oublier les débats que suscitent en ce moment la cohérence et la sélectivité de l'aide et des secours. Dans le dernier chapitre, les auteurs approfondissent les conclusions présentées dans le résumé.

## EL NEXO ENTRE MIGRACIÓN Y DESARROLLO INFORMACIÓN DISPONIBLE Y OPCIONES POLÍTICAS: SITUACIÓN ACTUAL

En este artículo se expone en líneas generales cuáles son las ideas actuales y los datos disponibles sobre el nexo entre la migración, el desarrollo y los conflictos, incluyendo la función que puede tener la ayuda a las zonas productoras de migrantes y refugiados. Asimismo, ofrece informaciones y conclusiones sobre los cuatro siguientes temas fundamentales:

*Pobreza y migración.* Las personas de los países en desarrollo necesitan recursos y conexiones para emprender la migración internacional. No existe ningún vínculo directo entre pobreza, desarrollo económico, crecimiento demográfico y cambio social y político, por una parte, y migración internacional por otra. Por consiguiente, la reducción de la pobreza no constituye de por sí una estrategia dirigida a reducir la migración.

*Conflictos, refugiados y migración.* Los conflictos violentos provocan desplazamientos de personas, migrantes y refugiados, pero las personas que se desplazan pueden contribuir tanto a la prevención de los conflictos y a la reconciliación como a mantener esos conflictos. La mayor parte de los refugiados carecen de los recursos necesarios para desplazarse más allá de los lugares más próximos, es decir que se convierten en personas desplazadas internamente o cruzan las fronteras que les separan de los primeros países de asilo dentro de la misma región. La ayuda a países en desarrollo receptores de grandes flujos de refugiados se orienta hacia la reducción de la pobreza en la medida en que se trata de países pobres, pero no hay ninguna seguridad en cuanto al efecto que esa ayuda pueda tener en términos de reducir el número de personas que demandan asilo en países desarrollados. Por otra parte, la ayuda a países vecinos puede atraer a refugiados de países en plena guerra o crisis.

*Los migrantes como recurso para el desarrollo.* Es mucho lo que ha avanzado la liberalización internacional en materia de movimientos de capitales, bienes y servicios, pero no en lo que respecta a la movilidad laboral. Las instituciones internacionales actuales casi no prevén espacios ni iniciativas para negociar la movilidad laboral ni los flujos de remesas. Es apremiante y urgente reforzar la imagen del migrante como recurso para el desarrollo. Las remesas duplican la cuantía de la ayuda y tanto como ésta están destinadas a los pobres; las diásporas de migrantes realizan operaciones transnacionales que tienen efectos directos sobre la ayuda y el desarrollo; los países desarrollados reconocen su dependencia con respecto al trabajo de los inmigrantes; y pero sus políticas en materia de ayuda al desarrollo, socorro humanitario, migración y protección de los refugiados son intrínsecamente inconsecuentes y a veces mutuamente contradictorias.

*Ayuda y migración.* Las políticas de ayuda se enfrentan con un desafío fundamental: dirigirse en forma equilibrada a reducir la pobreza al mitigar las condiciones que producen refugiados y, al mismo tiempo, interactuar de forma constructiva con las diásporas de migrantes y sus prácticas transnacionales. La importancia que actualmente se concede a la selectividad de la ayuda tiende a asignar la ayuda para el desarrollo a los países que evolucionan en buenas condiciones, mientras que la asistencia humanitaria se dirige hacia los países en crisis y las zonas conflictivas. Pero la ayuda al desarrollo es más efectiva que la asistencia humanitaria para prevenir conflictos violentos, promover la recon-

ciliación y la democratización, y favorecer las inversiones para un desarrollo reductor de la pobreza entre las diásporas migrantes.

Este documento sintetiza los conocimientos actuales sobre la dinámica de la migración, el desarrollo y los conflictos, incluyendo una evaluación de las consecuencias previstas e imprevistas de las intervenciones políticas para el desarrollo y humanitarias. En la primera sección se examina si los últimos acontecimientos en materia de migraciones internacionales son demostrativos de una “crisis”, y se analizan también las conexiones existentes entre migración, globalización y naturaleza cambiante de los conflictos. En la segunda sección se resumen las ideas actuales acerca de los principales elementos en juego en el nexo entre la migración y el desarrollo. En la tercera sección se examina la información disponible sobre el nexo entre migración y desarrollo. En la cuarta sección se debaten los consiguientes desafíos de la ayuda comunitaria, incluidas las deliberaciones en curso sobre la coherencia y selectividad de la ayuda y el socorro. La sección final presenta las cuatro conclusiones de este resumen.

# Aid, Relief, and Containment: The First Asylum Country and Beyond

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B.S. Chimni

## ABSTRACT

A fundamental problem that confronts the European Union today is how it can maintain its commitment to the institution of asylum while checking irregular migration and the abuse of its asylum system. In order to explore a response to this dilemma the paper addresses the following questions: what role can relief and aid policies play in influencing migration patterns? What should be the appropriate approach to the granting of relief and aid to developing countries of first asylum? Should it be viewed as a part of the larger problem of development or be treated as a distinct issue? What kind of a relief/aid model will help refugees return to post-conflict societies and stop the conflict from reproducing itself? The paper examines two different approaches to address these questions: the *alliance-containment* approach and the *distributive-developmental* approach. It also looks at some empirical evidence, which reveals that at present it is a *conservative alliance-containment* approach that informs EU relief and aid practices. This approach, however, does not help achieve the stated objective of checking abuse of asylum and migration procedures while sustaining a commitment to a liberal asylum regime. The paper goes on to identify the gaps in EU policy and the lessons that can be drawn. It concludes by looking at different policy alternatives and suggesting the adoption of a *reformist distributive-developmental* model. The implementation of this model holds out the hope of reverting to a more liberal asylum regime while controlling irregular migration and “bogus” asylum seekers, for the reformist distributive developmental model takes a more long-term view of migration trends and also seeks to address the growing North-South divide.

## INTRODUCTION: MAIN THEMES AND ISSUES

A fundamental problem that confronts the European Union (EU) today is how it can maintain its commitment to the institution of asylum while checking irregular migration and the abuse of its asylum system. The response is complex because of the lack of certainty about which particular combination of measures, in consonance with international human rights law, will succeed in realizing these objectives. In this regard, attention has been drawn to the following considerations, among others.

*Controlling migration clashes with the demographic profile of Europe, which suggests that migration is necessary to sustain development.* The EU would have a shortfall of 62 million people (17%) between 2000 and 2050, and Europe as a whole would have a shortfall of 123 million people (UNHCR, 2000b: para 15). Therefore, an average of 1.4 million immigrants per year would be required in the EU between 1995 and 2050 to keep the ratio of working population constant at the 1995 level (UNHCR, 2000a: 172). Meanwhile, the net migration into the EU amounted to an average of only 857,000 people per year from 1990 to 1998 (UNHCR, 2000a: 172).

*The mixed motives of target groups.* Asylum seekers/refugees flee their homes most often for a combination of economic/political motives. Thus, “a person may be an ‘economic migrant’ and a refugee at the same time so long as the criteria of the 1951 Convention or other refugee protection instruments are met” (UNHCR, 2000b: para 11). Therefore, unless care is taken, measures directed against economic migrants may impact genuine asylum seekers and compel them to turn to irregular migration as the only way to escape threats to their life and freedom. On the other hand, if legal migration becomes impossible, a liberal asylum regime may compel economic migrants to join the asylum queue.

*The ambiguous relationship between aid and international migration.* On one hand, the development of sending states is the only way to control migration in the long run, an understanding which is embodied in EU documents and several international declarations (Gibney, 2000: 46; Bangkok Declaration, 1999). On the other hand, it has been contended that more aid may in the short term increase the mobility of certain sections of the population of states to which aid is given (Martin, 2001: 9). In other words, there is a “migration hump” to overcome.

*There is growing evidence that the absence of international burden sharing has made developing countries reluctant to host large refugee populations* (Crisp, 2000: 4-8). It is possible that in the future, first asylum developing countries, like Macedonia in the case of Kosovar refugees, will require that respect for the principle of *non-refoulement* be conditional upon respect for the principle of burden sharing (Baruticski and Suhrke, 2000: 109). Such a development, by undermining the international asylum regime, may have implications



for the EU in terms of an increased number of asylum seekers or an increase in irregular migration.

In light of these considerations this paper *inter alia* addresses the following questions: first, what role can be played by relief and aid policies in influencing migration patterns? Second, what should be the appropriate approach to the grant of relief and aid to first asylum developing countries? Should it be viewed as a part of the larger problem of development or be treated as a distinct issue? Third, in light of the growing number of internal conflicts in the developing world, what kind of a relief/aid model will help refugees return to post-conflict societies and stop the conflict from reproducing itself? And, fourth, what combination of measures will allow the EU to simultaneously achieve the objectives of halting irregular migration and maintaining its commitment to the institution of asylum?

## MAIN APPROACHES AND ISSUES

These questions can be addressed using two different approaches. The first can be called the *alliance-containment* approach, and the second the *distributive-developmental* approach (Acharya and Dewitt, 1997).

### **The alliance-containment approach**

The *alliance-containment approach* envisages cooperation “against a commonly perceived external threat”, in this case, irregular migration and “bogus” asylum seekers (Dewitt and Acharya, 1997: 126).

The alliance-containment approach can yield a liberal or a conservative model. The *conservative alliance-containment* model “is inherently restrictive and discriminatory” as it essentially lays emphasis on migration control measures (Dewitt and Acharya, 1997: 128). The constituent elements of the *conservative alliance-containment* model are best identified by reference to the current practice of EU states: (a) a non-entrée regime (interdiction, interception, visas, carrier sanctions, safe third country rule, etc.); (b) deterrence measures (detention, withdrawal of social security payments, etc.); (c) readmission agreements; (d) harsh border controls to check smuggling and trafficking in human bodies; (e) a temporary protection regime to deal with mass influx; (f) minimal humanitarian assistance and aid to first asylum countries without serious debt relief; (g) humanitarian intervention (safe havens, armed intervention, etc.); (h) involuntary return of refugees to the countries of origin; and (i) some bilateral and multilateral aid for reconstruction of post-conflict societies to ensure return.

The *liberal alliance-containment* model, on the other hand, hopes to inject the principle of international burden or responsibility sharing with relatively more content. It recognizes the need for a more *balanced* strategy that *combines* migration control measures with meeting the protection concerns of asylum

seekers, and voluntary and irregular migrants. Its strategy is constituted *inter alia* of the following elements: (a) preventative measures to reduce irregular migration; (b) steps against traffickers and smugglers with some protection for victims written in; (c) a less restrictive asylum regime; (d) bigger resettlement quotas; (e) more opportunities for legal migration; (f) more funding for concerned multilateral institutions; (g) greater relief and development aid to countries of first asylum developing countries; (h) more reconstruction aid to post-conflict societies; and (i) humanitarian intervention when there is gross violation of human rights.

A predominant majority of critics of the present conservative model adopt the liberal model. But the *liberal alliance-containment* model itself suffers from a number of weaknesses.

First, it does not seriously attempt to address the root causes of voluntary and forced migration. In this regard, it does not sufficiently highlight the structural inequality which characterizes North-South relations. Second, it treats the humanitarian assistance and aid problem as being distinct from the larger development problem confronting the developing world. The answer, however, is not a simple dissolution of the sharp distinction between relief and development aid but a focus on the *external* causes of underdevelopment. Third, in implementing humanitarian and reconstruction programmes in the developing world it tends to place great faith in the policies of International Financial Institutions (IFIs) and ignore local history and voices. Finally, it fails to see that dominant actors in the international system do not intervene in third states unless there are significant geo-political objectives. Therefore, humanitarian intervention may not take place when required (e.g., Rwanda) or end up doing more harm than good (e.g., Kosovo).

### **The distributive-developmental approach**

The *distributive-developmental* approach diverges from the liberal alliance-containment model and “views the economic problems of developing countries, including conditions that create conflict and lead to refugee exodus, as the function of structural inequality within the international system” (Acharya and Dewitt, 1997: 128).

Two alternative models of the *distributive-developmental* approach can be posited. The first model, best described as the *radical distributive-developmental* model, envisages the ushering in of a new world order. From the standpoint of this model, anything short of a radical restructuring of international economic and political relations will not help address the problem of irregular and forced migration. A representative text would be the Program and Declaration of Action on a New International Economic Order (1974). Whatever its validity the *radical distributive-developmental* model has few takers today.

The second model is reformist in its orientation but goes beyond the liberal alliance-containment model. The *reformist distributive-developmental* model draws attention to the fact that the connection between refugees and relief, aid, and development has been recognized since the 1950s and 1960s (Gorman, 1993: 8, 130). In the post Cold War period, however, with repatriation becoming the slogan of donor countries and the United Nations High Commissioner for Refugees (UNHCR), this linkage has been stressed in relation to internally displaced persons (IDPs) and the country of origin to which refugees must return (Cohen and Deng, 1998: 289, 294; Gorman and Kibreab, 1997: 35; Crisp, 2001: 5ff). The refugee aid and development (RAD) approach failed not because it received limited funding, as liberal critics are wont to suggest, but because the problem went much deeper (Crisp, 2001: 4). According to the *reformist distributive-developmental* perspective the problem was the restrictive manner in which RAD was conceptualized both in terms of spatial scope and content. The RAD approach did not view it *as an integral part of the problem of development* of first asylum developing countries.

Second, the *reformist distributive-developmental* model offers a more complex account of root causes of migration than the liberal alliance-containment model which mostly emphasizes proximate causes. For example, according to the *reformist distributive-developmental* model, the conflict in Rwanda cannot be merely attributed to primordial hatred between Hutus and Tutsis, or simply bad governance, but also to the seriously constraining *international* development environment which prevailed. An Organization of African Unity (OAU) Eminent Persons Group set up to probe the genocide has *inter alia* noted in its report that while government earnings from coffee exports were declining from \$144 million in 1985 to \$30 million in 1993, the IFIs “imposed programs that exacerbated inflation, unemployment, land scarcity, and unemployment. Young men were hit particularly hard. The mood of the country was raw” (OAU, 2000: para 15; Orford, 1997). The Structural Adjustment Programme (SAP) of IFIs involved measures like devaluation of the currency and the removal of state subsidies. But “devaluation achieved exactly the opposite. Prices rose immediately for virtually all Rwandans who, by now, were at least indirectly linked to the commercial economy. Government social programmes were slashed dramatically, while the costs of school fees, health care, and even water, increased” (OAU, 2000). It was this scenario that created the conditions in which the ethnic conflict broke out.

In other words, the workings of the world economy and the prescription of a neo-liberal economic programme played a significant role in *creating conditions* that unleashed ethnic violence. If violence does not break out in all countries where SAP is implemented it is because there are a range of other variables that come into play, for example, the role of colonial policies in creating and congealing antagonistic ethnic identities, the resilience of the economy, the character of the post-colonial state, and the strength of democratic institutions.

More specifically, in the matrix of these considerations, the *reformist distributive-developmental* model's approach to the problem of irregular and forced migration differs from the liberal alliance-containment model through *additionally* emphasizing: (a) meaningful and institutionalized dialogue with states affected by EU immigration/asylum policies; (b) standstill and phased rolling back of the non-entrée asylum regime in a spirit of responsibility sharing; (c) extended debt relief and "peaceful structural adjustment" policies for developing countries; and (d) attending to the growing North-South divide. In sum, the *reformist distributive-developmental* model calls for seriously addressing the root causes of migration, and also to place the principle of responsibility sharing at the centre of its immigration and asylum policies.

## CURRENT EU RELIEF AND AID POLICIES

At present it is the *conservative alliance-containment* model that informs EU relief and aid practices. It is manifested *inter alia* in the reduction of ODA in real terms, no serious debt relief for highly indebted poor countries (HIPC), reduced funding for UNHCR, the stated objectives of aid which accompany readmission agreements, non-subsidized emergency aid for post-conflict countries, and insufficient funds for reconstruction of post-conflict societies.

### Reduced ODA and redefined humanitarian assistance

#### *Declining ODA*

There has been a clear decline in ODA to developing countries. In 1997, ODA dropped to the same level of funding as 1981 in real terms. After peaking at US\$63 billion in 1992, the ODA in real terms fell through the decade to reach US\$53 billion in 1998 (IASC, 2000: 56). In particular, aid to Africa has declined from \$19 billion a year at the beginning of the 1990s to \$12 billion today, a per capita drop of 40 per cent (Amoaka, 2001).

#### *From development to relief*

On the other hand, humanitarian assistance "has increased its share of the declining ODA budget, growing from around 4 per cent at the end of the 1980s to more than 8 per cent for all of the second half of the 1990s" (IASC, 2000: 4). Humanitarian aid spending rose sharply in the early 1990s, from around US\$2 billion to a peak of US\$5.7 billion in 1994. Despite declining later, humanitarian aid in 1998 remained at US\$4.5 billion, much higher than during the Cold War era (IASC, 2000: 56). This trend, *when viewed in the background of falling ODA*, seems to indicate a definite move away from development to relief activities.

#### *Reduced relief assistance*

Even the picture of relief, however, is not entirely correct. From 1992 on, donors have been allowed to include in their ODA figures the money spent on refugees

and asylum seekers living in the donor country during their first year of residence. Seventeen out of 21 donors have done so at least once, and 12 do so on a regular basis (IASC, 2000: 4). Thus, in 1998, 20 per cent of the total humanitarian assistance was spent on supporting refugees and asylum seekers in donor countries. The sums spent amounted to just under a billion dollars, or more than a third of bilateral humanitarian assistance (IASC, 2000: 4). The inclusion of these costs has been justly criticized because it reduces funds available for development and poverty reduction (IASC, 2000: 5).

#### *Bias in humanitarian assistance*

There also appears to be a bias in the distribution of humanitarian assistance. In 1999, European Community Humanitarian Office (ECHO) funding for the former Yugoslavia and Kosovo “was four times the funding for all 70 African, Caribbean and Pacific Countries” (IASC, 2000: 64). Mention may also be made to the fact that donor countries increasingly earmark their contributions. Thus, “in 1996 38 per cent of contributions to UNHCR’s Special Programmes were earmarked. By 1998 that had arisen to more than 60 per cent” (IASC, 2000: 87). This selective approach is difficult to understand even if the “proximity” factor is taken into account (IASC, 2000: 65).

#### *Relief through non-state agencies*

Finally, relief has come to be managed outside state structures. Thus, for example, in 1976 the then European Community (EC) directed more than 90 per cent of the EC relief budget through national governments in affected countries. By the early 1990s, this had fallen to less than 6 per cent. This trend was simultaneous with a steady increase in the value of relief budgets, which tripled between 1980 and 1990 from \$353 million to just under \$1 billion (Macrae, 2000). Also, by the late 1990s most EU countries were channelling “at least a quarter” of their emergency assistance through NGOs (IASC, 2000: 47). In the mid-1990s “around 45 per cent of ECHO’s budget was spent through NGOs” (IASC, 2000: 35). The by-passing of state structures (and UN agencies) may undermine long-term sustainable development (Donini, 1995) because, generally speaking, non-state agencies are not accountable to people; they are accountable to donors, they work with limited and fragmented mandates, they tend to work without local participation, they ignore local histories, and, most significantly, they eschew long-term thinking.

### **No serious debt relief for HIPC**

The September 1996 HIPC initiative of the International Monetary Fund (IMF) and the World Bank, it is now agreed, suffers from serious shortcomings (UNCTAD, 2001: 25). In the case of 11 out of the 13 Highly Indebted Poor Countries-Least Developed Countries (HIPC-LDCs) with post-2005 debt service data available, debt service starts to increase after 2005 and for nine HIPC-LDCs, future levels are far above present debt service levels (Debt

Reduction, 2001). The IMF and the World Bank admit to this situation (Aslam, 2001). The Group of 77 has meanwhile expressed concern that “relief is still attached to performance under the Enhanced Structural Adjustment Facility” (UNCTAD, 1999: 75). It has recommended that such reform programmes be designed and developed with a view toward enhancing economic development and poverty reduction (UNCTAD, 1999: 75).

### **Reduced funding to UNHCR**

The funding given to multilateral institutions such as UNHCR is presently being reduced. In the current year there is a funding shortfall of US\$126 million (USCR, 2001). But as has been pointed out, “the official UNHCR budget request this year of \$925 million is an austerity budget” that already incorporates a \$100 million cut imposed by donor nations in 2001 (USCR, 2001). Therefore, the actual current funding shortfall facing refugee programs is at least \$225 million when measured against real needs at refugee locations in all regions of the world (USCR, 2001).

### **Readmission agreements and aid**

As part of the effort to construct a non-entrée regime, the EU has “unilaterally incorporate(d)” the Central and Eastern Europe Countries (CEECs) into the emerging regional asylum regime. It has done so through extending to them the EU *acquis* on asylum (i.e., the sum of legislation, standards, and practices) and the export of sophisticated border-control technology (Lavenex, 1999: 73). It has engaged “*in a new form of development aid*” which aims at “the transformation and development of the state monopoly of force in the CEECs, in particular the police and secret services” (Lavenex, 1999: 83, emphasis added). Thus, for example, Germany concluded readmission agreements with Poland in 1993 and the Czech Republic in 1994. To implement them, it gave Poland DM 120m and the Czech Republic DM 60m (Lavenex, 1999: 82). This aid sought to “diminish the financial burden resulting from the amendments of the German asylum law and the readmission agreement(s)” to deal with increased flows of asylum seekers and refugees (Schieffer, cited in Lavenex, 1999). Out of the DM 120m given to Poland only a mere 13 per cent was earmarked for asylum infrastructure, in contrast to nearly half for border authorities, and another 38 per cent for the police (Lavenex, 1999: 84, 88).

### **Non-subsidized emergency aid**

Emergency assistance through IFIs is one vehicle for immediately helping post-conflict countries. Since 1995, eight countries have received this assistance from the IMF (Bosnia and Herzegovina, Albania, Rwanda, Tajikistan, Republic of Congo, Sierra Leone, Guinea-Bissau, the former Yugoslavia). IMFs emergency post-conflict assistance is, however, provided from its General Resources



Account and is therefore on non-concessional terms (IMF-World Bank, 2001: 9). But to date no subsidies have been provided specifically for this purpose, making life difficult for already indebted post-conflict societies (IMF-World Bank, 2001: 9). This reveals that, despite rhetoric to the contrary, there is a lack of commitment toward peace building and reconstruction of poor post-conflict societies.

### **Limited and conditional reconstruction aid**

There is the absence of serious effort on the part of the international community to aid “post-conflict” societies (as has been the experience from Afghanistan to Rwanda), affecting the possibilities of reconstruction and peace building. For example, in Afghanistan it has been estimated that the Taliban had received some \$2 billion in military assistance from Saudi Arabia, in contrast to an estimated \$200-\$230 million for relief and development assistance spent on Afghanistan and for Afghan refugees (Macrae, 1999: 22). The United Nations Secretary-General (UNSG) has noted the lack of support for key reconstruction and development projects in post-conflict societies. Although a dozen bilateral agencies are said to have created “peace-building funds”, “only a small proportion – less than 15 per cent – of all emergency assistance is being devoted to anything like reconstruction or peace building” (IASC, 2000: 51).

## **MAIN POLICY GAPS AND LESSONS**

What are the main gaps and lessons that can be identified on the basis of the theoretical arguments and empirical evidence that have been considered?

### **Failure of current strategy and emerging issues**

To begin with, it needs to be emphasized that the current relief and aid strategy of EU states has not been successful in realizing the objective of promoting respect for the institution of asylum while halting irregular migration. Attention may be drawn to the following developments.

First, while it is true that asylum applications have declined from their peak in 1992, there has been an increase in applications received by some countries in recent years, and more significantly, there has been an increase in irregular migration, albeit there are no firm figures in this regard (OECD, 2001: 22; Gibney, 2000: 43).

Second, the lack of resources/development for first asylum countries is undermining liberal asylum regimes in Africa and Asia with several countries closing their borders to asylum seekers (e.g., Guinea, Tanzania, Thailand, and Pakistan). Developing countries which are not party to the 1951 Convention on the Status

of Refugees or have any national refugee legislation (e.g., all countries of South Asia) are reluctant to take steps in this direction.

Third, reduced funding to UNHCR has led to almost three-quarters of the funding in Africa being cut. This has meant enormous hardship for refugees (USCR, 2001). Thus, the United States Committee on Refugees (USCR) notes that in Tanzania “a half-million refugees from Burundi and Congo-Kinshasa, already forced to survive on a 20 per cent cut in food rations, suffered additional food cutbacks during 2001 because of shortfalls in food donations. Up to 5,000 refugees left their camps to protest the food cuts” (USCR, 2001). Likewise, in Kenya “malnutrition among 120,000 Somali refugees increased because shortages of donated food forced a 30 per cent cut in food rations in early 2001” (USCR, 2001). Also in Kenya “some 27,000 Somali and Sudanese refugee children were unable to attend school because of classroom shortages linked to budget cuts. Existing classrooms were overcrowded, averaging 120 pupils per teacher. Refugee camps in Kenya need seven new schools and 240 new classrooms, relief workers report” (USCR, 2001). Further, UNHCR plans to close down offices in at least 10 countries: Benin, Cameroon, Chad, Gambia, Kuwait, Mali, Niger, Swaziland, Togo, United Arab Emirates, and Viet Nam (UNHCR, 2001).

Fourth, there has been an increase in internal conflicts in developing countries in the past decade. In the 11-year post Cold War period, there were 56 different major armed conflicts in 44 different locations (SIPRI, 2001). All but three of the major armed conflicts registered for 1990-2000 were internal (SIPRI, 2001), and nearly all of them were in developing countries. Many of the internal conflicts, in the last decade and before, have taken place in low-income HIPC countries such as Angola, Burundi, Central African Republic, Democratic Republic of Congo, Ethiopia, Liberia, Myanmar, Sierra Leone, Somalia, and Sudan (IMF-WB, 2001: 6). It is, among other things, an indication of the failure to address the root causes of migration. It has also meant a growing number of internally displaced persons.

Fifth, the absence of sufficient aid, the difficulties of bringing in private investment, and insufficient debt relief to post-conflict societies has compelled them to turn to IFIs for succour which prescribe conditions that tend to reproduce the general environment for conflict (Haiti, Rwanda, Congo, Sierra Leone, Guinea-Bissau, Angola, Burundi, and others) (Crisp, 2001: 16). The UNHCR, for example, notes, “structural adjustment programmes may in the...short run [...] exacerbate the causes of conflict” (UNHCR, 1998). There has been self criticism by the World Bank that “too much emphasis was put on a rapid pace of reforms in Haiti, Rwanda, and Uganda, as opposed to concentrating on maintaining low inflation and a convertible currency, and approaching other reforms more incrementally” (cited in UNDP, 2000b: 49). It has noted, for example, that an emphasis on immediate and widespread privatization in post-



conflict situations "...may well not enhance the prospects for sustained, equitable development, and may even make them worse" (cited in UNDP, 2000b). The UNSG has therefore been compelled to plead with the IFIs to initiate "a 'peace-friendly' structural adjustment program" (Annan, 1998: 14).

### Policy gaps

The *conservative alliance-containment* model, in view of the underlying assumption that migration is an external threat, and given its inability to appreciate the concerns of poor developing countries, has led to the following policy gaps.

First, while migration from South to North has increased, the fact that most of international migration still occurs between developing countries is ignored. Therefore, EU debate focuses more on controlling migration from South to North than on addressing the root causes of migration or in assisting first asylum developing countries.

Second, it prescribes and encourages unilateral action. It does not envisage entering into a dialogue with those states that are affected by actions flowing from the model. This attitude militates against international cooperation in either sustaining a liberal global asylum regime or in tackling irregular migration.

Third, it disregards the demographic profile of the EU and places too much emphasis on migration control, rather than on managing migration. Therefore, there is the absence of official recognition that illegal migration takes place because there is a demand for it (Martin, 2001: 18; Morrison, 2000: 72; Gibney, 2000: 42).

Fourth, it fails to acknowledge evidence that "no link between immigration and unemployment can be established", and further that "foreigners are more vulnerable to unemployment than nationals" (OECD, 2001: 59, 62).

Fifth, it does not sufficiently appreciate that migration is a source of development funds for poor countries through the process of remittances. According to the IMF, an estimated \$77 billion was remitted in 1997 (Martin, 2001: 12), increased from \$58 billion in 1996 (UNDP, 1999: 25).

Sixth, it ignores the fact that aid budgets have fallen because there is a lack of political commitment. This can be seen from the fact that aid budgets have fallen "significantly faster than other government expenditures, so that the share of ODA in total government spending dropped from 0.8 per cent to 0.6 per cent over the period 1993 to 1998" (IASC, 2000: 59).

Seventh, it fails to see that "the changing modalities of aid distribution may in turn breed conflict" (Donini, 1995: 7).

Eighth, the model does not sufficiently recognize the human rights dimension of the problem of migration. For example, the Vienna Declaration and Programme of Action, 1993 (UNHCR, 1995: 268) states that extreme poverty in sending states “inhibits full and effective enjoyment of human rights” and that its alleviation must remain high international priority.

Ninth, it fails to appreciate the positive public response when the case for refugees is properly argued (as in the case of Kosovar refugees). European citizens have also shown no sign of aid fatigue (IASC, 2000: 57ff). Europe has also, among other things, witnessed the “direct aid phenomenon” with community representatives personally delivering the goods that have been donated (IASC, 2000: 62).

Tenth, it does not pay sufficient attention to the fact that political stability in the third world is crucial for the North’s access to vital natural resources as well to provide an appropriate environment investment for foreign direct investment (Acharya and Dewitt, 1997: 134).

### **Lessons**

What are the lessons that can be drawn from hitherto EU experience?

First, that only a comprehensive and long-term perspective informed by evolving international human rights law can help shape a rational and sustainable EU migration policy.

Second, that migration policies should be based on transparent and rational appraisal of labour and demographic needs. A zero immigration policy will only encourage irregular migration.

Third, that the non-entrée regime confronting economic migrants and asylum seekers has merely displaced the problem. It has ensured the emergence of a huge underground industry involving the illegal movement of people across borders (IGC-UNHCR, 1997: 4-5; Koser, 2000: 110).

Fourth, the current allocation of resources for international assistance is irrational (UNDP, 2000: 121). The Carnegie Commission on Preventing Deadly Conflicts estimated that the cost to the international community of the seven major wars in the 1990s, not including Kosovo, was \$200 billion – four times the development aid in any single year (UNDP, 2000: 121). In other words, the root causes of internal conflicts and migration must be urgently addressed.

Fifth, the reduction of support to UNHCR and first asylum developing countries will undermine the 1951 Refugee Convention and the credibility of the principal organization concerned with the protection and welfare of refugees.

Sixth, that the cooperation of “sending” states to check irregular migration and safeguard a favourable investment climate cannot be fully secured without entering into a dialogue with them and without taking measures that address the problem of their people.

## DIFFERENT POLICY ALTERNATIVES

There are *two* alternative policy packages available to the EU which have been designated above as the *liberal alliance-containment* model and the *reformist distributive-developmental* model. A *third* possibility is to introduce elements from the latter package into the liberal model.

### **Alternative I: A liberal alliance containment model**

The *liberal alliance-containment* model holds attraction for EU states as it seeks to address some of the gaps in the conservative model without changing the essentially restrictive nature of the alliance-containment approach. The liberal model, however, does not take into account the more fundamental flaws that characterize the alliance-containment approach. To recapitulate, it *inter alia* overlooks: (a) historical and regional trends in international migration; (b) the structural inequalities in the international system that underpin the North-South divide; (c) the need for a comprehensive, rational and sustainable strategy; and (d) the significance of entering into a meaningful and institutionalized dialogue with the South.

### **Alternative II: A reformist distributive-developmental model**

The second alternative is the *reformist distributive-developmental* model. It holds out the hope of reverting to a more liberal asylum regime while controlling irregular migration and “bogus” asylum seekers. The reformist model takes a long-term view of migration trends and attempts to begin to address the growing North-South divide. It would (other than take harsh measures against smugglers and traffickers) *inter alia* invite the following measures from EU.

#### *Institutionalize dialogue with the South*

Enter into and institutionalize (either inside or outside the UNHCR) dialogue with developing countries before framing migration policy (Chimni, 2001). The work undertaken by EU High Level Working Group on Asylum and Migration set up in 1998 does not fulfil such a need for three reasons. First, it is limited to a few states (Afghanistan, Albania, Iraq, Morocco, Somalia, and Sri Lanka). Second, it does not discuss the impact of EU asylum and migration policies on countries of the South. Third, as critics have noted, its plans “have not focused on those causes such as human rights violations and poverty, nor on protection of refugees, but instead on measures to prevent entry into Europe” (Baneke, 2000).

*Seriously address the root causes of migration*

In particular, come to grips with the growing North-South divide and rethink the neo-liberal economic programme imposed by IFIs.

*Phased removal of the worst elements of non-entrée and deterrence regime*

Begin a phased removal of the non-entrée regime, starting with elimination of interception, interdiction, and deterrence measures to be followed by removal of carrier sanctions and the safe third country rule. In other words, the principle of *non-refoulement* should be fully respected (Gibney, 2000: 47, 49).

*Increased resettlement facilities*

More resettlement opportunities should be made available. To put it differently, it should not be perceived as a durable solution of the “last resort”. There should also be “no trade off between resettlement commitments and asylum obligations” (ECRE, 2000). This would show EU’s respect for the principle of responsibility sharing.

*Allow legal migration*

Permit open legal migration channels in light of its labour needs to reduce the possibility of irregular migration. Temporary legal migration schemes with reasonable controls (that is in consonance with international human rights law) may also help undermine the smuggling and trafficking industry (Gibney, 2000: 47).

*Increase ODA*

The EU must meet its ODA commitments because it remains a critical resource for developing countries and its decline a matter of serious concern. The recent Brussels Declaration on LDCs requires them to meet expeditiously the targets of 0.15 per cent or 0.20 per cent of Gross National Product (GNP) as ODA to LDCs (Brussels Declaration, 2001). In other cases the target of 0.7 per cent of the GNP should be achieved. The EU must also refrain from including money spent on asylum seekers and refugees in the first year of residence in the ODA figures.

*Reduce debt*

Provide greater debt relief to post-conflict countries within the flexibility provided under the HIPC framework (Brussels Declaration, 2001). The accompanying conditions should be designed to eradicate poverty and promote economic development.

*Meet interest subsidies of emergency financial assistance from IMF*

Bilateral donors should be encouraged to provide interest subsidies to reduce the cost of the emergency financial assistance offered by IMF. Such interest subsidies should be provided in addition to, and not as a substitute for, other assistance from bilateral donors (IMF-WB, 2001: 9).

*More unconditional aid from World Bank for post-conflict countries*

The World Bank should substantially scale up the Post-Conflict Fund to meet the need of HIPC-eligible countries. It should provide annual grants up to \$10 million in each country with arrears for financing of technical assistance and capacity-building activities (IMF-WB, 2001: 14-15). It should also broaden the scope of International Development Assistance (IDA) grants and seek donor authorization for IDA grants of up to \$10 million per country per year. The advantages of an IDA-based approach include less immediate demands on strained aid budgets, flexibility to respond adequately and rapidly while reducing administrative burdens and avoiding allocating, and perhaps tying up resources in a single-purpose trust fund (IMF-WB, 2001: 14-15).

*Give greater market access*

The EU should eliminate domestic support for agriculture products. A decline of 40 per cent in Europe's agricultural subsidies by 2005 would produce annual gains of \$15 billion for developing countries and \$55 billion for Europe's consumers (Amoaka, 2001).

*More funds to UNHCR*

The contributions to the UNHCR budget should be augmented to meet the protection and welfare needs of refugees. OECD countries should, based on assessment of current year shortfalls, add a minimum of US\$200 million to the contributions already announced.

*Work through state structures*

Finally, in order to promote sustainable development in post-conflict societies humanitarian aid should be directed primarily through state structures, albeit certain checks may be put in place to ensure their appropriate use. When aid is delivered outside state structures, local participation should be ensured.

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## AIDE, SECOURS D'URGENCE ET ENDIGUEMENT : AU DELA DU PREMIER PAYS D'ASILE

L'Union européenne se trouve aujourd'hui confrontée à un problème majeur parce que, soucieuse de respecter ses obligations en matière d'asile, elle entend faire pièce à l'immigration clandestine et empêcher l'utilisation abusive des dispositions sur l'asile. Pour comprendre comment sortir d'un tel dilemme, l'auteur de cet article pose préalablement diverses questions : Comment les politiques d'aide et de secours peuvent-elles influencer les comportements migratoires ? Aux termes de quelle démarche appropriée accorder de l'aide et des secours au premier pays d'asile quand celui-ci est un pays en développement ? Ce sujet doit-il être considéré dans le cadre élargi du développement ou traité séparément ? Quel est le modèle d'aide-secours qui permettrait aux réfugiés de réintégrer une société dans l'état où l'a laissée le conflit, et aussi d'empêcher celui-ci de se reproduire ? Après quoi il fait le point des deux approches envisageables pour y répondre – l'*alliance-endiguement* et le *développement distributif*. Au vu de certains éléments empiriques, il suggère en outre que c'est actuellement une pratique *restrictive* de l'alliance-endiguement qui inspire la politique d'aide et de secours de l'Union, ce qui va précisément à l'encontre de l'objectif explicite de lutte contre les abus et, simultanément, de maintien d'un système d'asile libéral. Ayant ensuite montré les lacunes de la politique de l'UE ainsi que les enseignements à en tirer, l'article conclut en examinant quelles autres solutions sont concevables au plan des politiques, laissant enfin entendre que c'est un modèle de développement distributif *réformateur* qui conviendrait. Car celui-ci, comme il tient compte de la tendance migratoire de longue durée et qu'il se préoccupe de l'aggravation de la fracture Nord-Sud, laisserait espérer le retour à un régime d'asile assoupli sans pour autant passer sur l'immigration clandestine et sur les demandes d'asile de circonstance.

## AYUDA, SOCORRO Y CONTENCIÓN: EL PAÍS DE PRIMER ASILO Y MÁS ALLÁ

Un problema fundamental que se plantea actualmente a la Unión Europea es el de mantener su compromiso como institución de asilo disuadiendo al mismo tiempo la migración irregular y el abuso del sistema de asilo. Tratando de hallar respuesta a este dilema, en el artículo se plantean las siguientes preguntas: ¿Qué papel podrían asumir las políticas de socorro y ayuda para influir sobre las características de la migración? ¿Qué estrategia aseguraría mejor el socorro a países en desarrollo de primer asilo? ¿Debería esta problemática ser considerada como parte de un problema más amplio de desarrollo o debería tratarse como una cuestión aparte? ¿Qué tipo de modelo de socorro/ ayuda podrá facilitar más a los refugiados el retorno a las sociedades después del conflicto y evitar que el

conflicto se reproduzca? En respuesta a esas preguntas el artículo examina dos estrategias distintas: la estrategia de *alianza – contención* y la estrategia *distributiva – de desarrollo*. Toma además en consideración ciertos datos empíricos que revelan que en la actualidad existe una estrategia de alianza – contención *conservadora* que se sitúa en la base de las prácticas de socorro y ayuda de la Unión Europea. Pero esta estrategia no contribuye al logro del objetivo fijado de disuadir los abusos del asilo y de los procedimientos migratorios, sin renunciar al compromiso con un régimen de asilo liberal. El artículo continúa señalando las lagunas que presenta la política de la Unión Europea y las lecciones que pueden deducirse. Concluye ocupándose de diferentes alternativas políticas y sugiriendo que se adopte un modelo distributivo de desarrollo *reformista*. La aplicación de este modelo conlleva la esperanza de volver a un régimen de asilo más liberal controlando al mismo tiempo la migración irregular y a los demandantes de asilo “abusivos”, ya que el modelo de desarrollo distributivo reformista adopta puntos de vista a más largo plazo en lo referente a las tendencias de la migración y además procura mitigar el foso cada vez mayor que se abre entre el Norte y el Sur.

# Livelihoods in Conflict

## *The Pursuit of Livelihoods by Refugees and the Impact on the Human Security of Host Communities*

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Karen Jacobsen

### ABSTRACT

This paper explores how long-term refugees pursue livelihoods, the impact this pursuit has on the human security of conflict-affected communities, and the ways in which international assistance can help. Refugees' pursuit of livelihoods can increase human security because economic activities help to recreate social and economic interdependence within and between communities, and can restore social networks based on the exchange of labour, assets and food. When refugees are allowed to gain access to resources and freedom of movement, and can work alongside their hosts to pursue productive lives, they would be less dependent on aid and better able to overcome the sources of tension and conflict in their host communities.

The paper identifies how humanitarian programmes working with national governments can increase economic security and shore up the respective rights of both refugees and their host communities. Today, relief interventions are no longer expected solely to save lives in the short term, but also to lay the foundation for future development and to promote conflict resolution.

### INTRODUCTION

In those regions of the world mired in conflict, displaced people face deep and chronic problems of poverty and insecurity. In most cases, the forcibly displaced do not have the resources to move beyond the region, and they remain internally displaced or move across borders to neighbouring countries, many of which are

facing their own conflicts.<sup>1</sup> In these neighbourhoods, displaced people face challenging environments and often impose economic, environmental, and security burdens on their hosts. But viewing refugees as passive victims, who wait for relief handouts and bring only trouble to host countries, fails to see the multiple ways they pursue livelihoods for themselves, and in so doing can contribute to the economic vitality of host areas.

This paper explores how long-term refugees pursue livelihoods, the impact this pursuit has on the human security of conflict-affected host communities, and the ways in which international assistance can enable a positive impact. “Human security” here refers to economic, civil, and political security – a situation in which people can pursue livelihoods without violent conflict. The paper is premised on the belief that refugees’ pursuit of livelihoods can lead to increased human security in conflict-affected communities. Livelihood activities help recreate and maintain social and economic interdependence within and between communities, and can thus restore functioning social networks, based on mutually beneficial exchange of labour, assets, and food (FIFC, 2002). When refugees are allowed to gain access to resources, have freedom of movement, and can work beside their hosts to pursue productive lives, they will be less dependent on aid and better able to overcome the sources of tension and conflict in their host communities. They will help mend the fraying economic fabric that binds communities and strengthen what Mary Anderson (1999) calls peace economies in contrast to war economies.

A key theme of the paper is to identify how humanitarian assistance can increase economic security in the refugee hosting area (RHA) by supporting livelihoods and shoring up the rights of both refugees and their host communities. Today, relief interventions are expected to save lives in the short term, and to lay the foundation for future development and promote conflict resolution (FIFC, 2002). As the governments of wealthy countries reduce their engagement with the world’s poor and conflict affected, disaster relief has become the predominant mode of crisis response. If relief is the only source of international assistance for conflict-affected areas, it is imperative that relief resources be used both to save lives and to support and enable the livelihoods of those living there.

Crisis situations can lead to the re-making of roles and opportunities for affected communities. For women in particular, their efforts to survive mean they engage in trade and other economic activities that give them more control, autonomy, and status at both the household and community level. Refugees (like locals) also engage in livelihood activities that are illegal and dangerous, like prostitution or smuggling, and the aid community is faced with the task of finding ways to encourage and enable legitimate activities, while eliminating the need for illicit activities, which can harm both the refugees and their host communities and increase insecurity in the region. Aid agencies must also find ways to enhance

and protect the opportunities and gains brought by conflict situations, particularly for disadvantaged groups amongst refugees.

The exploration of refugee livelihoods and their impact on refugees and host communities is part of a body of research that seeks to understand the consequences of refugee and humanitarian assistance for host countries and for refugees. There are a growing number of studies on such issues as the role of food aid and other forms of refugee assistance in livelihoods, the impact of refugees' activities on host communities, and the circumstances under which repatriation occurs.<sup>2</sup> This paper draws on that body of research and writing, and also uses several examples of case material from the camp notes of Martin Masumbuko, a student and key informant currently at the Fletcher School of Law and Diplomacy. This paper draws on that body of research and writing, and on the rich discussion that took place between practitioners, academics and policy-makers during a conference entitled "Promoting Human Security in the Democratic Republic of Congo" held at Tufts University (Boston) in February 2002<sup>3</sup>. One of the main recommendations that emerged at this conference was the importance of supporting economic activities in conflict-affected areas, as a way both to enable people to survive and to build inter-communal relationships that contribute to conflict management and reduction. By supporting livelihoods, humanitarian aid can also increase human security.

In the next section, the paper sets out a conceptual approach for understanding how refugees pursue livelihoods in regions of protracted conflict. Our approach emphasizes the need to focus on the vulnerability of refugees in conflict settings, and explores how refugee livelihoods are different from those of the host community.

Then, we examine the settings where refugees pursue livelihoods, often referred to as the refugee hosting area (RHA). These settings, like the ones displaced people flee, are often afflicted by conflict and instability. We focus on both the host government's refugee policies and the ways refugees are settled as important factors in refugees' abilities to pursue livelihoods.

Next, we examine how refugees pursue livelihoods, and the economic and security impact this pursuit has on host communities. We focus on three types of resources: land and common property resources, transnational resources, and international aid, in particular the role of income-generating programmes and microfinance in conflict settings.

Finally, we discuss the lessons learned from humanitarian interventions that try to support refugee livelihoods, and make recommendations about ways for the donor community to move forward. The paper concludes with some caveats about supporting livelihoods in conflict situations.

## LIVELIHOODS IN CONFLICT: A CONCEPTUAL APPROACH

The study of how conflict-affected people pursue livelihoods has been widely studied (for an annotated bibliography, see Holland et al 2002; see also ODI's Working Papers Nos. 182-193, which can be found at [http://www.odi.org.uk/publications/working\\_papers/index.html](http://www.odi.org.uk/publications/working_papers/index.html)). "Livelihoods" refer to the means used to maintain and sustain life. "Means" connotes the resources, including household assets, capital, social institutions, and networks (kin, village, authority structures), and the strategies available to people through their local and transnational communities. In the current debate about development and poverty reduction, a key concept is "sustainable livelihoods". Frameworks have been developed that analyse the household assets, strategies, and institutional factors that influence livelihood outcomes,<sup>4</sup> and these frameworks are used to design and implement appropriate programme interventions (DFID, 2000; Scoones, 1998; Lautze, 1997; Cernea, 1996). The sustainable livelihoods approach is a useful way to think about how to reduce poverty in stable situations, and some writers have sought to apply it to refugee livelihoods (Hansen, 2000; Kibreab, 2001; Lassailly-Jacob, 1996).

For refugees and refugee-hosting communities in conflict situations, however, the sustainable livelihoods approach needs to be adapted to emphasize the vulnerability of people exposed to constant threats of violence and displacement. Refugees and internally displaced persons (IDPs) in conflict areas are subject to new forms of risk that burden the pursuit of livelihoods. Displacement tends to aggravate existing vulnerabilities and create new forms. Social groups that are politically or economically marginalized, like pastoralists in the Horn of Africa, or ethnic groups like the Twa in Rwanda, find themselves at double risk when they are displaced and have even more difficulty pursuing livelihoods.

Displacement can result in new forms of gender and age vulnerability. For women, the loss of a husband and children can result in the loss of identity and social marginalization, as well as increased economic burden.<sup>5</sup> In some societies, the loss of cultural adornments, clothes, head coverings, and other forms of traditional dress can affect women's identity and restrict their mobility and ability to take part in relief programmes like food distributions (IASC, 2000). Women on their own can experience discrimination in the allocation of economic and social resources such as credit, relief commodities, seeds, tools, or access to productive land. For men, displacement and the resulting loss of livelihoods place them at increased risk for military recruitment, either forced or voluntary. Children must deal with the loss of parents and caregivers, and must often manage as heads of household, while being at risk for forced labour, sexual abuse, and abduction.

Taking into account the increased risk of the entire community, a "livelihoods in conflict" approach de-emphasizes the sustainability part of the livelihoods

framework and emphasizes the need to reduce the vulnerability and risk that are a result of conflict. Such a definition might be as follows:<sup>6</sup>

In communities facing conflict and displacement, livelihoods comprise how people access and mobilize resources enabling them to increase their economic security, thereby reducing the vulnerability created and exacerbated by conflict, and how they pursue goals necessary for survival and possible return.

The pursuit of livelihoods in conflict thus refers to the availability, extent, and mix of *resources*, the *strategies* used to access and mobilize these resources, and the *goals* and changing priorities of refugees.

What makes the pursuit of livelihoods by refugees different from that of host communities in conflict environments? All communities living in conflict environments struggle to pursue livelihoods in ways that differ from those living in more stable and peaceful environments. Refugees and other displaced people, while part of these communities, are more vulnerable than their hosts, as discussed above, and they differ from their hosts in terms of the resources available to them, their livelihood goals, and the strategies for achieving them. In putting together livelihoods in RHAs, refugees are able to rely on new forms of social organization and networks that form as a result of having to cope with the loss of their property, traumatic flight, social dislocation, and the antagonism of local authorities and the host population. As Kibreab (2001a: 7) argues, overcoming these hardships, and learning to deal with aid agencies, necessitates collective and cooperative effort.

### **Refugee goals**

Refugees' immediate livelihood goals are likely to include: physical safety from violence, the threat of violence, or intimidation; reducing economic vulnerability and food insecurity; finding a place to settle; and locating lost family members.

If these goals are achieved, but refugees remain in protracted situations, new goals will become priorities. As refugees are exposed to new experiences and new cultures, including that of the humanitarian community, they learn about their rights, including those pertaining to refugees and women, and they acquire new skills. They may even increase their resources, all of which will change their goals.

### **Refugee resources**

Like all economic actors, refugees have access to economic, social, and cultural resources, including household assets, capital, social institutions, and networks (kin, village, authority structures), available through both their local and transnational communities. Refugees often are blocked from or otherwise unable to access the set of resources available to the local community, such as land, (legal) employment,



housing, and so on. Refugees may, however, have their own resources that are not as available to host communities, including: transnational resources provided by other refugees and co-nationals living abroad, consisting of financial resources, as well as the social capital from refugee networks that increase information flows and enable trade and relocation; human capital, in the form of education or skills not present in the host community, which can enable refugees to gain economic advantage; humanitarian aid and assistance in kind, which are often translated into commodities for trade; and getting their own land back, which they are sometimes able to access through semi-illicit movement across the border and back.

Many of these resources are traded or exchanged in the local community as a way to gain access to local resources.

### **Refugee strategies**

Strategies refer to the range of activities undertaken by refugees to access and mobilize needed resources. In the RHA, displaced men, women, and even children<sup>7</sup> have developed coping mechanisms and strategies that take advantage of resources and opportunities. Such activities include those permitted and supported by host governments and aid agencies, and those that are unofficial or illegal, like prostitution or smuggling. The aid community must find ways to encourage and enable legitimate activities, and discourage or reduce the need for illicit activities, which can harm both the refugees and their host communities, and can increase insecurity in the region.

Refugees pursue livelihoods in two domains. One is the official space permitted for refugees – usually camps or organized settlements, where refugees can engage in programmes created for them by relief agencies, or in agricultural (or development) activities condoned by the government. The other domain is the informal sector, outside of camps, where self-settled refugees (and sometimes also those from camps) pursue livelihoods under conditions of double insecurity – from both the conflict environment and their own illegal status. In this domain, many of their activities are illegal or illicit. Refugees move between these two domains, using resources in both, and mixing their strategies accordingly. The consequences for both the refugees and their hosts are mixed, as we discuss in the following section.

## **THE LIVELIHOOD SETTING: THE REFUGEE HOSTING AREA**

In many regions of the developing world today, RHAs are parts of so-called “fragile states”,<sup>8</sup> where armed conflict, organized violence, and other forms of disorder and physical threat present significant and chronic difficulties in pursuing livelihoods. An increasing cause of displacement in Africa is the

destruction of communities from inter-communal violence fomented by the regime (often to disguise its failure as a state) or other powerful actors who benefit from conflict and disorder. Violence is often used to deliberately destroy the social and economic fabric of communities or to displace people as a means to achieving war- or profit-related goals, as in the oil fields of southern Sudan or the resource-rich areas of Sierra Leone, Angola, and the Congo. As communities descend into insecurity, people flee both the violence and the destruction of local microeconomic systems between communities – the “economic lifeblood” of fragile societies. The classic case is Zaire/DRC, where beginning in the late 1980s, intercommunal (or “ethnic”) tensions were manipulated “until they exploded into repeated localized, but deadly conflicts that further ripped apart a social fabric already under stress from the structural crisis in the country” (Bourque and Sampson, 2001). This pattern occurs in many other African countries, including Sierra Leone and Liberia, Sudan, Uganda, Kenya, Burundi, Somalia, and more recently, Zimbabwe.

What is notable about many of these situations is that while there is an outflow of people fleeing conflict-affected communities, there are also refugee flows into, and localized displacement of, IDPs *within* these communities. When refugees or IDPs arrive in host communities, whether across borders or in the same country, they often bring new problems that lead to conflict and further displacement. Entire regions can thus be destabilized by cycles of displacement and conflict, often made worse by deliberate political manipulation.

The linked problem of forced displacement and the destruction of communities is particularly critical in Africa. Most of the refugee situations in Africa are an outcome of protracted conflict, and consequently refugees have been in host communities for long periods of time, averaging 20 years or more (see Table 1). As shown in Table 2, of the 50 states in Africa, 40 have hosted large numbers of refugees over the past decade, and of these, 25 countries have themselves experienced significant degrees of conflict, enough to have produced more than 20,000 of their own refugees or IDPs.

### Refugee policy

The refugee policies of the host government – or in cases where the central government’s remit is weak, the local authorities – is a key determinant of refugees’ vulnerability and their ability to pursue livelihoods. In many host countries, refugees suffer from the absence of civil, social, and economic rights including freedom of movement and residence; freedom of speech and assembly; fair trial; property rights, the right to engage in wage labour, self-employment, and the conclusion of valid contracts; access to school education, access to credit; and protection against physical and sexual abuse, harassment, unlawful detention, and deportation (Kibreab, 2001: 9).

TABLE 1  
PROTRACTED REFUGEE SITUATIONS IN SUB-SAHARAN AFRICA,  
1980-2001

Country of origin	Main host countries in sub-Saharan Africa	Beginning year (total years)	Number of refugees at the end of 2000
Angola	Zambia, Namibia, DRC, S. Africa, Congo-Brazzaville	1980-2001 (20)	400,000
Burundi	Tanzania, DRC, S. Africa	1980-2001 (20)	420,000
Chad	Sudan, Central African Republic (CAR)	1980-2001 (20)	53,000
Democratic Republic of Congo (DRC)	Congo, CAR, Zambia, Tanzania, Rwanda, S. Africa	1980-2001 (20)	350,000
Eritrea	Sudan	1970s-2001 (+30)	350,000
Ethiopia	Sudan, Kenya, Somalia	1970s-1994 (+25)	40,000
Liberia	Guinea, Côte d'Ivoire, Sierra Leone	1989-2001 (12)	200,000
Rwanda	Burundi, Tanzania, DRC, Uganda	1970s-1996 (+25)	55,000
Sierra Leone	Guinea, Côte d'Ivoire, Liberia	1991-2001 (10)	400,000
Somalia	Ethiopia, Kenya	1988-2001 (13)	370,000
Sudan	Uganda, Ethiopia, Chad, CAR	1984-2001 (17)	460,000
Uganda	Sudan, Kenya	1980-2001 (21)	20,000
West Sahara	Mauritania, Algeria	1981-2001 (20)	110,000

Note: The table indicates continuous refugee presence of more than 20,000 in neighbouring host countries for more than 8 years; N=13.

Source: *State of the World's Refugees*, 2001: tables 1 and 2.

TABLE 2  
HOST STATES IN SUB-SAHARAN AFRICA, 1997-2001\*

States that hosted >20,000 refugees (N=27)		States that hosted <20,000, but >1,000 (N=13)		
Conflict-affected (N=18)		Peaceful (N=9)	Conflict-affected (N=7)	Peaceful (N=6)
Burundi	Rwanda	Cameroon	Angola	Benin
Chad	Guinea	Côte d'Ivoire	Chad	Burkina Faso
Congo-Brazzaville	Mauritania	Djibouti	Eritrea	Gabon
Zambia	Sudan	Malawi	Guinea-Bissau	Gambia
Congo (DRC)	Somalia	Mozambique	Nigeria	Mali
Ethiopia	Kenya	Namibia	Niger	Swaziland
Uganda	Senegal	South Africa	Zimbabwe	
Ghana	Sierra Leone	Tanzania		
Liberia		Togo		

Note: Of the 50 states in Africa, 40 have hosted large numbers of refugees over the past decade, and of these, 25 countries have themselves experienced significant degrees of conflict, enough to have produced more than 20,000 of their own refugees or IDPs. In the table, the host states are divided into those defined as "conflict-affected", that is, they have experienced enough conflict to produce at least 10,000 of their own refugees or IDPs; and as "peaceful", that is, they did not produce 10,000 refugees or IDPs. Obviously, these are simplistic categories, used only for the purpose of illustration.

Source: *State of the World's Refugees*, 1998-2001.

The main policy factors preventing refugees' pursuit of livelihoods are:

- host governments' desire that refugees be allowed only as temporary guests (no permanent residence);
- poor standards of protection and physical security for refugees;
- restrictions on freedom of movement and settlement; and
- restrictions on property rights and employment.

These constraints have been well documented in countries like Sudan (Bascom, 1998; Kibreab, 1996; Kuhlman, 1990), Tanzania (Rutinwa, 1999), Kenya (Crisp, 2001; Hyndman and Nylund, 1998), Lebanon (Arzt, 1997), Mexico (Ferris, 1984), Costa Rica (Basok, 1990; Ferris, 1987; Larson, 1992), Thailand (Pongsapit and Chongwatana, 1988) and Hong Kong (Davis, 1988).

In many host countries, refugees are widely treated as illegal migrants, with few rights and little protection from the government. Most refugees living in border zones are *prima facie* refugees, that is, they have not undergone formal determination procedures and do not qualify as legal refugees (Hyndman and

Nylund, 1998). Whereas UNHCR refers to them as refugees, host governments do not think of them that way, and their legal status is precarious, making them potential victims of forcible relocation or even forced repatriation. It is remarkable then that refugees are able to pursue any sort of livelihood, but many do, usually because local communities see the value of their activities and benefit from them, and authorities turn a blind eye, or are encouraged to do so with bribes. Like other marginalized groups, refugees are experts in the art of survival. A key aspect of refugees being able to work the system in this way is their location and form of settlement in the RHA.

### **Refugees' location and form of settlement**

A key set of host government restrictions concerns where refugees settle and their freedom of movement. At the official policy level, most host governments require that refugees remain in camps or planned agricultural settlements, or in some cases (like Côte d'Ivoire), restricted zones. In camps and official settlements, refugees' basic needs are (mostly) provided for by aid agencies, they have little or no freedom of movement, and they have reduced opportunities to pursue livelihoods. Where there are security problems, as there increasingly are in most border zones of host countries, host governments are more likely to restrict movement and residence outside of camps.

For example, the Sudanese border region of north-western Kenya is characterized by banditry, a longstanding tradition of cattle rustling, and the cross-border movement of the Sudan People's Liberation Army (SPLA) from Sudan. The region is volatile and conflict ridden, and the Kenyan Government does its best to keep refugees in Kakuma camp (Crisp, 2000). Similarly, the Governments of Thailand, Tanzania, Mexico, Pakistan, and others have restricted the movements and settlement of refugees from neighbouring countries.

In most RHAs, refugees make their own choices about where they will settle, and do not always heed official policy. Although accurate figures are difficult to establish, it is widely recognized that relatively small proportions of refugees live in camps and settlements. The majority is self-settled, that is, they find ways to settle themselves among the host community. While they are then at risk for government round-ups and relocation, many prefer to take their chances. It has also been documented, although not yet well researched, that refugee households strategize their settlement to diversify their resources. They will place some members in camps to access resources there, and place others outside in the host community where a different set of resources can be targeted.

Refugees are well aware that economic opportunities differ depending on whether they are settled in camps and organized settlements, in rural villages amongst the host community, in urban areas, or in encampments abutting towns.

Camps and organized settlements present particular environments that enable, as well as obstruct, the pursuit of livelihoods. For example, refugees in organized settlements might have location advantages with respect to land or natural resources, or better access to infrastructure such as urban markets, roads, and extension services (Hansen, 2001). Refugees in camps might be prohibited from travelling to engage in economic activities, but they have easier access to aid commodities for trade and to camp markets. A number of studies have sought to compare the economic activities of refugees who are self-settled with those living in camps and settlements (Hansen, 2001; Jacobsen, 2001; Kibreab, 2001a; Bakewell, 2000).

## REFUGEES' PURSUIT OF LIVELIHOODS AND THE IMPACT ON HOST COMMUNITIES

Protracted refugee situations give rise to problems for the host community and refugees alike. The most significant are security problems, which can include military incursions from the sending country, increased local crime and violence, predation on refugees and the local community by warlords and bandits, and often an increase in organized crime including gun running, drug smuggling, and human trafficking (Crisp, 2000; Jacobsen, 2000; Rutinwa, 1999).

A related set of problems is the economic impact. The nature of this impact varies and it is often difficult to determine what can be specifically attributed to the refugees. In conflict-affected RHAs, local microeconomic systems are often already destroyed or badly frayed by insecurity or prior economic problems. Refugees bring new problems including pressure on scarce economic resources, but this effect is often mixed because refugees can also bring resources with them (Bakewell, 2000; Bascom, 1998; Jacobsen, 2001; Kibreab, 1996; Kok, 1989; Kuhlman, 1990).

In the following section, we discuss how refugees pursue the resources required for their livelihoods, the environmental and security consequences for host communities, and how humanitarian assistance can support positive outcomes.

Three sets of livelihood resources are important for refugees: (1) arable land, local resources, and assets, for the purposes of rural livelihoods such as agriculture and/or pastoralism; (2) transnational resources, including capital (cash) and information, usually transferred through networks; it's needed to secure access to housing, employment, and other needs; and (3) resources from international assistance that can provide basic needs as well as opportunities for livelihoods such as direct employment, income-generating activities, or microcredit.

### **Arable land and local (common property) resources**

In rural areas, land is the basis of livelihoods and identity and the most valuable economic resource lost when rural people are forcibly displaced. Cernea (1996) argues that landlessness is the major cause of impoverishment among displaced rural populations. Prior to their flight, agriculture and/or pastoralism is the basis of rural people's subsistence and income-earning opportunities. Displacement often forces refugees to diversify their livelihoods – pastoralists and agro-pastoralists take up more sedentary occupations, including cultivation and microenterprises – but most rural refugees still need access to some combination of arable land, common resources, or livestock to pursue livelihoods.

Refugees rely on access to common natural resources like water (for fishing and livestock), forests (for firewood, construction materials, wild foods), and rangeland (for grazing of livestock) to support themselves and eventually to earn income. Wild products are either used for subsistence (especially in the initial stages of arrival), or for trade. When refugees have the required skills, they add value by processing. Sawyers who turn timber into planks for construction, charcoal makers, beer brewers, and restaurateurs are all examples. Access to land and common resources is thus a key component of refugee livelihoods, and of their economic productivity (Hansen, 2001).

Strategies for mobilizing these resources are constrained by relations with the host community, the security situation, and government policies which restrict refugees' settlement and mobility. Access to land is constrained by the traditional land tenure system, and laws concerning land ownership and rights of usufruct. In many host countries, such as Eritrea, all land is owned by the government (Kibreab, 2001a). Refugees are dependent on their relations with their hosts and local authorities to bypass these laws and traditions when they are not in their favour.

#### *Agriculture*

In some cases, refugees have taken over arable land when farmers abandon their fields as a result of insecurity, causing resentment when owners return. In host countries where there are tensions over land or resources, such as the Chiapas region of Mexico, refugees' need for land can aggravate tensions and even cause conflict. Host communities will be less willing to allow refugees to use those resources, and host governments will be more likely to restrict refugees' freedom of movement and settlement. The situation is further complicated when refugees turn out to be more productive farmers than locals, able to put the land to better use, and profiting from their labour. Ensuing resentment can mean that local authorities are notified and called in to remove or restrict refugee activities.



By contrast, when production is constrained by available labour and/or access to markets, rather than land, refugees are welcomed because they make the land more productive. In his study of Kanongesha, western Zambia, and its abundant land, Bakewell (2000: 362) quotes Zambian villagers that the arrival of refugees was welcome as they “turned the bush into villages”. The refugees were the largest land users and they could use as much land as they could cultivate. Agricultural expansion or intensification as a result of refugee labour also occurred in Sudan (Kok, 1989), in western Tanzania (Armstrong, 1998; Daley, 1993), and in the Forest Region of Guinea where Liberian refugees helped rice production by increasing the cultivation of the lower swamp areas; a common practice in Liberia but hardly known in Guinea (Black and Milimouno, 1996).

In host countries where governments have policies of settling refugees in agricultural settlements, refugees are utilized directly for development. In Belize, Uganda, and Tanzania, the governments saw refugees as a means to develop under-utilized land, and pursued this by allocating land to the refugees.<sup>9</sup>

### *Pastoralism*

When pastoralists become displaced the loss of livestock is a serious blow. In the Horn of Africa, livestock, primarily cattle, is the mainstay of many people's livelihoods, culture, and identity. Restocking cattle is often their first priority, but keeping livestock while living as refugees is a difficult task. Refugees struggle with locals over access to water and rangeland, and cattle can seldom be kept in refugee camps. But many refugees develop strategies to keep livestock, striking deals with locals, hiring children to do cattle herding, and so forth. Livestock continues to be a key livelihood asset, either through the sale of products like meat, hides, milk, and blood (there are large livestock markets in refugee camps in the Horn of Africa), or for added food security in the household (meat, milk, or blood supplement food rations). Employment as cattle herders by both children and adults can supplement incomes.

### *Environmental and security impact on the RHA*

Livelihood activities of refugees that depend on access to land and common resources take a toll on the RHA environment, and can create security problems. The following kinds of problems are widespread:

- refugees destroy fields and orchards; for example, in the Forest Region of Guinea, wild palm groves were destroyed and exploited by refugees, leading to a decline in palm oil production and an increase in the retail price;
- deforestation and destruction of plant cover, when refugees clear forest for farming, or to obtain wood for construction or charcoal making
- water pollution, loss of watercourses, and overburdened water supplies
- uncontrolled fishing; and
- the overuse and destruction of rangeland when refugees bring their livestock.

Using these problems as justification, host governments require that refugees stay in camps where their activities are restricted. But the environmental impact of self-settled refugees is not necessarily worse than that of camp refugees. Empirical findings indicate that when compared to refugees in camps, self-settled refugees “exercise far greater flexibility...in selecting environmentally sustainable locations...or in adopting more sustainable settlement practices” (Zetter, 1995: 74). The worst environmental impact occurs soon after a mass influx (or after a mass return, Kibreab, 2001a). As refugees become integrated into the host community, their harmful practices will be reduced because they become socialized to adopt sustainable community environmental practices, and the pressure on common resources associated with the initial influx is reduced (Jacobsen, 1997).

The refugees need for access to land and common resources can create or aggravate security problems in the RHA. For example, in the Sudan-Uganda-Kenya border region, where pastoralism is the main form of livelihood, cattle rustling is a long-standing tradition, and refugees with cattle face a constant struggle. The infiltration of small arms into the region has increased the dangers associated with cattle rustling, and has heightened insecurity. In their efforts to restock and to hold onto their cattle, refugees have engaged in their own cattle rustling and use of threats and small arms. Efforts to access or protect access to common resources can result in the formation of criminal gangs (or bandits) and increased security problems in the RHA, as in the case of the firewood business in Dadaab, north-eastern Kenya described below.

In both Kakuma and Dadaab camps, wood fuel or firewood is supplied to refugees in the amount of 10 kilograms per person per month – never enough. Many families supplement the official supply by purchasing extra firewood or charcoal from local people. Some have taken up the role of middlemen, either to buy from locals or, in the case of Dadaab, to harvest firewood themselves. Firewood has become a Somali clan-controlled enterprise, and clan rivalry has made it a risky business. The refugees have refused suppliers from outside the camp and all wood is provided through supply tenders based on clan affiliation. The more powerful the clan, the larger the wood fuel zone they control. Donkey cart owners pay taxes to the clan gangs in order to be allowed to harvest firewood. Nobody else is allowed to go into the bush. The gangs turn into “bandits” and terrorize the refugees in the camps. If found in the forest, women are raped if they do not belong to the rapist’s clan. This is done to discourage women from interfering in the firewood business. If men are found, they are shot dead, so they opt to send women and risk rape as the lesser evil. The deep rooted clan hatred that several Somali clans hold for one another is manifest in the fact that the rapists always ask for the victim’s clan before the assault.

### **Transnational resources**

Refugees in camps and urban areas have access to remittances and social capital through transnational communities, that is, through co-nationals resettled in third countries who send money, contacts, and information to friends or relatives. While there is extensive research on the contribution of migrant remittances to development in sending countries, there is much less research on refugee remittances. More understanding and data about refugee remittances flows and their impact on host communities would help explain their role in refugees' livelihoods and the contribution they make toward underpinning human security in host areas. Anecdotal evidence suggests that in some conflict areas remittances and parcels of household items from the diaspora are the only source of cash, educational materials, or clothing for many people (OCHA DRC, 2001).

In most RHAs, the infrastructure for refugee remittance transfer is in place both in camps and in urban areas. In the Kenyan refugee camps, Somali and Sudanese refugees have established unofficial banking and money transfer systems using satellite dishes or radio call transmitters connected to telephones. Western Union is also used.

Money transfers are usually based on mutual trust, established ground rules, and the word of recognized dealers. A client gives money to the dealer at point A (say, in Boston), who calls his counterpart at point B (e.g., in Kakuma camp) who then gives the required amount of money to the client's beneficiary. The client pays a fee plus telephone charges, and ends up paying much less for the transaction than she would have had she used formal banking institutions (assuming they were even available). This system is said to work faster than Western Union as there is no delaying paperwork, and have a surprisingly solid reputation for reliability (perhaps because transgressors reputedly face serious sanctions).

Special remittance banks have opened in the Eastleigh section of Nairobi (populated by Somali refugees) for refugee banking, mostly in US dollars. Such a bank was closed in downtown Boston on suspicion that it was linked to Al-Qaeda operatives in Kenya. The bank undertook transfers of millions of dollars from around the world to relatives and friends in Kenya and Somalia. Such banks charge minimal interest and even give soft loans for various types of business, including drugs.

Cash remittances are often kept in local banks until they can be used to buy passage for onward journeys, either to more economically favourable host countries or areas in the region, to developed countries in the North, or to facilitate return to countries of origin. Remittances are also used to gain access to local resources like housing, land, or capital equipment.

## Resources from international humanitarian assistance

The arrival of humanitarian assistance following a refugee influx creates a new set of livelihood resources in the RHA. These resources appear in two forms. The first is formal livelihood support programmes, such as income-generating activities that are directly implemented by aid agencies in camps, official settlements, and sometimes in the host community itself. The paper focuses below on income-generating programmes, but relief interventions target many parts of the livelihood system, ranging from food security, water safety, and environment protection, to disease control and management of community resources.

The second way that livelihoods are supported by humanitarian assistance is through indirect economic stimuli to the RHA economy. Relief agencies create new economic inputs and demands that spread beyond the camps, creating livelihood opportunities for both locals and refugees. New demands include the need for services like trucking and delivery, construction, administration, or translation. New inputs take the form of relief commodities that are traded throughout the RHA, often creating entirely new regional economies. For example, the trading of food aid and merchandise from refugee camps within RHAs and across borders has evolved into a complex and multifaceted system, supporting the livelihoods of different social groups, including unaccompanied youths. It is common for some part of the UNHCR/WFP food package to be bartered in exchange for missing or desired items of food available locally in the host community.

Where humanitarian inputs occur in conflict-affected areas, the consequences can be negative when warlords and other forms of organized crime target resources, or when competition for them leads to violence and further conflict.

### *Trade in food aid in Kakuma camp*

In Kakuma camp on food distribution days, many refugees sell their food rations and buy sugar and salt to send across the border into Sudan where these commodities bring higher prices than the food itself. At the retail level, food shop owners stock food rations sold or exchanged to them for resale when the WFP food pipeline breaks down. Both fellow refugees and locals are also employed to buy food at distribution centres. When food stores become large enough, and depending on market demand for particular foods, business extends outside the camp, where the food entrepreneurs engage with either the Kenyan security or self-proclaimed middlemen to negotiate access to markets in nearby (and even quite distant) towns.

### *Income-generating programmes*

Income-generating programmes (IGPs) are intended to enable refugees to attain “self-sufficiency” by providing economic inputs and training for livelihood

activities like agriculture, service provision (e.g., food vending, charcoal making), or trade. The idea behind self-sufficiency or self-reliance is that most refugees are able to support themselves and should not be forced to depend on food assistance while awaiting their return. Some host governments therefore allow refugees to farm or pursue income-generating activities. In a few cases, IGPs are linked to a policy of local integration, where refugees are helped to pursue their livelihoods as part of the host community.<sup>10</sup>

IGPs comprise a relatively small proportion of refugee assistance, however, in part because they often encounter political resistance.<sup>11</sup> Host governments usually prefer refugees to go home after a short period of time, and resist programmes that might encourage them to stay. They fear that since refugees would not receive this kind of support in their homelands, they are unlikely to return. The problem with this reasoning is that refugees stay in host countries for a variety of reasons, not simply economic ones. For some, return is not a feasible prospect, and the protracted presence of refugees is a fact of life in many host countries. Short-term, traditional forms of assistance (such as food aid or other handouts) are expensive, encourage dependency, and simply waste the potential contribution refugees could make to their host communities.

IGPs use two approaches. Most common are grant-based, which provide cash, capital equipment, and raw materials free. A less widely used approach, sometimes combined with grants, is based on microfinance. A line of credit or a loan is provided for beneficiaries to start small businesses. Advocates argue that loans are “better” forms of aid than grants for various reasons. They break the “dependency cycle” associated with humanitarian aid by encouraging fiscally responsible use of resources and viable enterprises, and through loan repayments they increase the number of future loan recipients (Doyle, 1998; Larson, 2001).

Microfinance approaches have been more widely attempted in post-conflict or reconstruction situations than in conflict-affected communities.<sup>12</sup> Refugees are seen as “unsuitable” candidates for microfinance – they are a transient population and thus less likely to repay loans; they tend not to distinguish between hand-outs and loans; and loans to refugees would create resentment by the host community. Many microfinance-based IGPs have been curtailed in recent years, judged as failures. Their critics argue that the funds would be better used in grant form. But, as recognized by the same critics, these judgements and arguments are often based on the financial success of the programme (e.g., repayment rates), rather than on how they affect the economic security of the community. The human security consequences of deliberately injecting cash, credit, or other livelihood resources into a refugee community have not been independently evaluated. NGOs rarely find funding for (expensive) independent evaluations, and it is not a funding priority for larger international organizations.

*The effect of IGPs on the economic security of refugees and the host community*

The lack of a general evaluation of IGPs means that we do not have a clear picture of their effects, positive or negative, on the economic security of refugees and their host communities. It is likely that the availability of capital equipment such as sewing machines, fishing boats, and ovens for food preparation, or loan capital for small businesses, improves the ability of refugees to pursue livelihoods, and that the benefits trickle out to the host community or even to aid agencies themselves.

An example of the impact of a refugee microcredit programme is the soap-manufacturing venture in Kakuma camp, on the Kenya's Sudan border. A group of five refugees formed a soap-manufacturing business, but soon realized their soap products had a limited market in the camp because there was a general UNHCR soap distribution to all refugees in the camp every month. In order to sustain the business, they approached an NGO, the International Rescue Committee (IRC) for support through its microcredit programme. This helped them increase output and improve the quality of soap, which soon met the requirements of the Kenya Bureau of Standards. UNHCR began to buy the refugee produced soap instead of transporting it from Nairobi for the general monthly distribution. They began training other interested refugees and locals, and were soon employing more than 40 men and women in production, training, and management. IRC helps them in preparing their financial reports and general book keeping. UNHCR supports their logistics in terms of transporting chemicals from Nairobi and carrying the soap to distribution centres for free. The soap is well packaged. Monitoring covers personnel to ensure that the employees are not exploited in terms of working hours and wages. UNHCR benefited too, as it was able to reduce transportation costs of more than 30 tons of soap every month from Nairobi to Kakuma.

But the unintended consequences of injecting capital and credit into a conflict-affected community have not yet been well identified. For example, by increasing economic security for refugees, microcredit programmes may reduce dependency on illicit livelihood activities, or such programmes may simply act as screens for their continuation. There is some anecdotal evidence of refugees engaging in microcredit programmes in camps while at the same time maintaining shadow business to help them pay back interest on the loans.<sup>13</sup> It is possible that the increased availability of resources from IGPs could attract the attention of bandits and warlords to the RHA.

There are mixed findings about whether increased economic security encourages refugees to repatriate or to stay in the community (Bakewell, 2000). The effect of refugees' increased economic resources on relations with the host community is also mixed; in some case it leads to increased resentment by the host community, in others increased willingness to socialize with them.

In general, IGPs can have a multiplier effect, by expanding the capacity and productivity of the RHA economy as a result of refugees' labour and skills, coupled with training and inputs from international assistance. This will especially be the case in RHAs that are under-developed and under-populated. This economic boost occurs for the following reasons: increased availability of new goods and services in the community; market growth and new trading opportunities as a result of new inputs; and development of under-utilized land and resources.

On the other hand, it is conceivable that IGPs can increase insecurity in the RHAs when refugees develop strategies of combining international assistance with illicit means. Or, when the resources associated with IGPs become targeted by actors in the war economy, such as bandits and warlords, and thereby increase the potential for violence in the area. Most relief agencies are well aware of this problem and seek to address it when implementing IGPs.

### LESSONS LEARNED: WHAT CAN DONORS DO TO SUPPORT REFUGEE LIVELIHOODS?

This paper has focused on the resources available to refugees and IDPs. We can use these as a guide to derive lessons about how to support their livelihoods. This section begins with some general lessons learned, and then focuses on specific recommendations about ways forward for donors and the humanitarian community.

#### **General lessons about supporting livelihoods in conflict-affected area**

- In conflict-affected areas, humanitarian assistance for displaced people can and should include both emergency relief inputs and longer-term livelihood support. The latter is most efficacious when it is aimed at both displaced people and the host community.
- In conflict-affected areas, every humanitarian input, from food aid to new roads to loan capital, becomes a contested resource, which can contribute to the war economy or to the conflict itself. For example, a new road will benefit traders and link communities, but it will also facilitate the movement of militias and warlords – and often becomes controlled by them. As Mary Anderson (1999) notes, donors and humanitarian agencies must analyse the conflict context before implementing programmes. In these contexts, it is difficult to think of humanitarian assistance as neutral.
- Given the previous two, it is important that donors and humanitarian agencies identify local organizations and individuals that are familiar with the political and security context, and can provide guidance about how to



distribute resources or implement programmes. Local organizations that seek to include all “sides” and stakeholders often have legitimacy and respect within the community and make good candidates for donor support.

### **Specific approaches that could be undertaken by donors**

#### *Advocacy*

Donors can encourage host governments and local authorities to see the value to their own people in supporting and allowing livelihood activities for displaced people. This advocacy should include: reducing restrictions on the movement of refugees; ensuring existing property rights are available to refugees; helping negotiate access to land and common resources for refugees; abiding by international principles of refugee protection that require host governments to ensure the physical safety of refugees; and encouraging local integration as a durable solution that potentially benefits host communities and countries, as well as refugees.

#### *Better understanding of income-generating programmes*

Although income-generating programmes have not received extensive support, especially in Africa, they are a possible entry point for donors wishing to pursue forms of assistance that go beyond traditional relief handouts. IGPs, in conjunction with microfinance programmes, represent important modalities for livelihood support. Our understanding of how microfinance works in conflict or refugee situations is still in its infancy, but there is substantial anecdotal evidence from Sudan, the Congo, Kenya, and elsewhere that microcredit support can make a positive difference to livelihoods in conflict. It is important that evaluations of microcredit programmes be done in a way that goes beyond evaluating their financial outcomes, and seeks to understand their wider impact on the economic security of affected communities.

Other approaches to livelihood support must be attempted – and properly evaluated. These include:

- Direct cash distribution in lieu of food aid or other rations. Cash is sometimes a better option than in-kind relief inputs in conflict situations because it allows beneficiaries more flexibility, and is easier to transport and conceal from bandits. Cash injections can also take the form of salaries for government officials or functional legitimate authorities who, in many conflict-affected situations, have not been paid for lengthy periods.
- Vocational training and access to educational institutions is an important complement to direct forms of support. Opportunities need to be provided

in refugee camps and other emergency settlements for equitable access to training.

- The existing skills of refugees and IDPs, as craftsmen, artisans, entrepreneurs, managers, administrators, and so on, can be used to set up training and skill enhancement opportunities.<sup>15</sup>

### *Help with Access to Land and Local Resources*

Given the importance of land, common resources, and livestock for refugees in RHAs, aid agencies can do the following to support refugee livelihoods and reduce the associated environmental and security consequences: negotiate with locals for access to farmland, rangeland, and water; support livestock health and agricultural extension services, both for locals and the displaced; encourage reduction of local land tensions and cattle rustling through border harmonization programmes; promote the use of non-biomass sources of energy and building materials; support livelihood activities that use land and common resources in an environmentally sustainable way; and support livelihood activities that can replace or supplement traditional agriculture and pastoralism, microenterprise activities might be a realistic alternative.

### *Help access transnational resources*

In many host areas, refugees derive substantial livelihood support from remittances and other transnational resources. Although informal banking entities that facilitate these transfers are sometimes seen as security threats, and even closed down, as occurred with some Islamic banks after 11 September, it is clear that many refugees, and the nondisplaced in conflict situations depend on them economically. The informal and unregulated nature of refugee remittance facilities makes them difficult to study and fully comprehend, but more information about them would be helpful in furthering our understanding of how refugees cope.

## CONCLUSION

Programmes like IGPs that support refugee livelihoods have great potential for off-setting some of the economic burdens on communities imposed by refugees. In some cases, they also represent a more fiscally sound approach to refugee assistance by utilizing the economic skills and motivation of refugees to off-set costs. Perhaps even more significantly, support for refugee livelihoods has the potential to contribute to conflict reduction and to mend the economic fabric holding together conflict-affected communities.

Some caveats need to be made however. Care must be taken to ensure that security problems are addressed when resources for livelihoods are provided.

One approach that might work is to ensure that programmes and interventions address the needs of the affected host community as well as the refugees. Programmes that take a more inclusive approach are more likely to be embraced by everyone in the RHA, and are thus more likely to succeed.

In conflict situations, many people, both displaced and local, rely on illicit activities of varying degrees of seriousness to support their livelihoods. Humanitarian agencies must recognize this, and seek to address the problems that arise from illicit activities in a productive way. We need to develop our understanding of how the informal sector and so-called shadow economies work in parallel with humanitarian programmes. We need further understanding of how warlords shape economies and control resources, and how displaced people and locals incorporate these illegitimate structures into their livelihoods.

Finally, we pointed out early in the paper that refugee livelihoods are spread across two domains – the camps or official settlements where they are usually required to live, and the host community itself where many refugees are self-settled. Support for local host communities means that refugee livelihoods can be supported in both domains. This means that donors must advocate with host governments to allow refugees to pursue livelihoods outside of camps.

The problem of how long-term refugees should be assisted in host countries is one of the challenges facing the international refugee regime. The question is not simply how best to help refugees, but, given the climate of restrictive and temporary asylum, how to find solutions that are acceptable to host countries. Without the host country's acquiescence and active involvement, it will be much more difficult to help refugees. Many host countries are facing the problems of conflict and violence that refugees flee, and it is important to focus on the needs and constraints of host communities as much as on those of refugees.

Better understanding of how refugees pursue livelihoods, and the consequences of assistance programmes that support livelihoods in conflict, will help the international community shape its aid policy toward both refugees and the fragile states that host them. From a humanitarian point of view, in an increasingly restrictive asylum climate, it is important that we address the concerns that host states have about the negative impact of refugees by promoting programmes that benefit both refugees and nationals. Donors, host governments, and UNHCR have been unimaginative in their response to refugees in protracted situations. There is no vision that refugees and assistance programmes could be an asset to countries of first asylum, or that they could promote development and human security there. The tendency to warehouse refugees in camps and the failure to look for more creative and positive approaches to protracted refugee situations represents an extraordinary waste of resources, and fails to see the multiple ways in which by pursuing livelihoods refugees can contribute to the economic vitality, and ultimately to the human security of host areas.

## NOTES

1. Eighty-eight per cent of the world's 14.5 million refugees in 2000 were in the developing countries of Africa, the Middle East, and Asia (USCR, 2000).
2. Recent studies include: Bakewell, 2000; Black and Koser, 1999; Landau, 2001; Crisp, 2000; Kibreab, 2001a; and Sperl, 2000.
3. The Conference was jointly sponsored by UNDP (Bureau for Crisis Prevention and Recovery), and the Institute for Human Security and Feinstein International Famine Center both of Tufts University, and took place from 27 February to 1 March 2002 at the School of Nutrition and Science Policy, Tufts University. The Conference proceedings are available at [www.fletcher.tufts.edu/humansecurity/conference.html](http://www.fletcher.tufts.edu/humansecurity/conference.html).
4. One example is the DFID-ESCOR funded Sustainable Livelihoods Programme coordinated by the Institute of Development Studies. See IDS working paper series.
5. Conflict increases women's vulnerability to sexual violence and rape, and exacerbates levels of domestic violence and sexual harassment. Rape and sexual harassment increase the spread of sexually transmitted diseases, including HIV/AIDS, and unwanted pregnancies. The fear of harassment and rape in turn forces women into forming alliances with soldiers and other men in power as a means of safety and escape. This causes other problems such as exposure to HIV/AIDS, more abuse and eventual abandonment, and potential expulsion from their own communities. Rape often carries stigma resulting in marginalization or expulsion from the community.
6. This definition is currently being developed by colleagues at the Feinstein International Famine Center at Tufts University (<http://famine.tufts.edu>).
7. For example, in the Kakuma camp, the unaccompanied Sudanese ("lost") boys give their rations to food shop owners in exchange for cooked meals or even meal plans because they have difficulty in combining cooking for themselves and going to school.
8. "Fragile states" are those facing latent or protracted conflicts, emerging from conflict, or indirectly affected by regional conflicts. These countries are caught in situations of chronic instability, insecurity, violation of human rights, economic and social collapse, high levels of aid dependency, and rising levels of absolute poverty. They often have weak or failed states characterized by lack of legitimacy, partial control of national territory, and ineffective delivery of services (Bourque and Sampson, 2001).
9. In Belize, in the early 1980s, each refugee family was allocated 50-acre holdings. In Tanzania in the 1970s, each family was given a minimum of ten acres of land for farming (Gasarasi, 1990, 1987). More recently in Uganda, the government allocated approximately 1,333 square kilometres of land for the development of settlements with the aim of allowing agricultural self-sufficiency, and to encourage local integration (UNHCR Uganda, 1996, 1999).
10. In DRC, UNHCR and its partner NGOs (CRS, IRC, Oxfam) are working to help Angolan refugees create "integration villages". The refugees are supported with food and non-food items and access to free health care, then after a year they are expected to function on their own. Many of the Angolans are traders or small business people (such as tailors), and UNHCR's income-generating project helps them purchase the materials, like cloth and needles, they need to restart their

businesses. Other inputs might include bicycles – so traders can get to markets, seeds for vegetable gardens, and so on (see Jacobsen, 2001 for a review of literature and findings on local integration).

11. There is relatively little support for refugee IGPs in African host countries. In 2000, of the almost US\$12 million in UNHCR programmes for IGPs worldwide, just 3 per cent (US\$417,800) went to African countries (ILO/UNHCR Income-Generating Projects by Country, UNHCR, 2000).
12. Rwanda, Cambodia, Mozambique, and Bosnia are the most noted examples of countries that were provided large amounts of aid to run post-conflict development or reconstruction programmes. Many of these programmes contained a microcredit component. These programmes, in general, had two primary objectives: to help rebuild their war-torn economies and to begin healing divided communities through projects that encouraged collaborative work.
13. According to one informant in Kakuma camp, “The refugees prefer to maintain the two forms of business by fronting the formal one which is officially known and recognized by IRC for the purposes of bookkeeping. Such businesses thrive very quickly and the returns are very high since the population is concentrated at one particular place with an additional large local clientele from the host community and the service providers.”
14. See D. Peppiatt, J. Mitchell, and P. Holzmann, “Cash transfers in emergencies: evaluating benefits and assessing risks”, HPN paper no. 35, ODI, June, 2001.
15. ILO, WFP, and IOM have specific guidelines on gender and development of employment opportunities. ILO has also focused on gender and post-conflict issues and examined practices in a number of countries. WFP has a commitment to expend at least 25 per cent of its food-for-work and food-for-training resources on women and to ensure that women also benefit from long-term asset creation from these programmes. WFP also has a commitment to spend 50 per cent of its education resources on girls, which often means taking proactive steps to enable parents to send their girls to school. UNIFEM and the African Women in Crisis Programme also have guidelines, lessons learnt, and case histories of successful strategies and initiatives in this sector.

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## CONTINUER DE SUBSISTER DURANT UN CONFLIT : AUTOSUBSISTANCE DES REFUGIES ET CONSEQUENCES POUR LA SECURITE DES COMMUNAUTES HOTES

Cet article explique comment les réfugiés assurent leur subsistance quand leur déplacement se prolonge, quelles conséquences ça implique pour la sécurité des personnes au sein des communautés touchées par un conflit, et de quelles façons l'aide internationale peut être utile. Le fait que des réfugiés assurent leur subsistance peut amener une amélioration de la sécurité des personnes, parce que l'activité économique contribue au rétablissement de liens économiques et sociaux intra et intercommunautaires. Il permet de même la reconstitution de réseaux sociaux fondés sur l'échange de travail, de biens et de nourriture. Si les réfugiés sont autorisés à faire usage des ressources, qu'ils sont libres de leurs mouvements, qu'ils peuvent s'employer aux côtés de leurs hôtes à mener des vies productives, ils sont moins dépendants de l'aide et mieux à même d'éviter les tensions et conflits avec les communautés qui les accueillent.

L'auteur, enfin, montre comment les programmes humanitaires, de concert avec les gouvernements des pays, peuvent accroître la sécurité économique tout en confortant les droits des réfugiés et de leurs hôtes. Ce qu'on attend aujourd'hui des interventions d'urgence, ce n'est pas seulement qu'elles sauvent des vies dans un premier temps, mais encore qu'elles jettent les bases d'un futur développement et qu'elles favorisent la résolution des conflits.

## LA VIDA DURANTE EL CONFLICTO: CÓMO TRATAN DE GANARSE LA VIDA LOS REFUGIADOS Y EL IMPACTO SOBRE LA SEGURIDAD HUMANA DE LAS COMUNIDADES DE ACOGIDA

Este artículo estudia la forma como los refugiados a largo plazo tratan de ganarse la vida, los efectos que esta búsqueda tiene sobre la seguridad humana de las comunidades afectadas por el conflicto y las posibilidades de ayuda mediante la asistencia internacional. El hecho de que los refugiados traten de ganarse la vida puede ser favorable a la seguridad humana ya que sus actividades económicas contribuyen a recrear una interdependencia social y económica en el interior de las distintas comunidades y entre unas y otras, y puede restaurar las redes sociales basadas en el intercambio de trabajo, bienes y alimentos. Cuando se permite que los refugiados tengan acceso a los recursos y libertad de movimientos, y éstos pueden trabajar junto con los nacionales del país de acogida para alcanzar vidas productivas serán menos dependientes de la ayuda y más capaces de superar las fuentes de tensiones y conflictos en las comunidades de acogida.

El artículo expone cómo los programas humanitarios que trabajan con los gobiernos nacionales pueden incrementar la seguridad económica y conseguir

que se respeten los derechos tanto de los refugiados como de las comunidades de acogida. Hoy en día ya no se espera que las intervenciones de socorro se limiten a salvar vidas a corto plazo sino que además han de asentar las bases para el desarrollo futuro y promover la resolución de los conflictos.



# Remittances and Other Financial Flows to Developing Countries

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Peter Gammeltoft

## ABSTRACT

Official estimates of migrants' remittances are around US\$100 billion annually, with some 60 per cent going to developing countries. Any policy making use of migrants as a development resource must understand the size and allocation of remittances, and the roles played by migrants and their communities in the remittance process. This paper examines the flows of remittances in relation to other financial flows to developing countries. The examination is based on data available from official statistics. As discussed in the paper, remittances by unofficial channels are significant by all accounts so the remittance amounts reported here are quite conservative.

The paper shows that annual remittances to developing countries have more than doubled between 1988 and 1999. Viewed over the last decade, remittances have been a much larger source of income for developing countries than official development assistance (ODA). The gap is increasing, since ODA has been falling while remittances have increased. Furthermore, remittances appear to be a much more stable source of income than private flows, both direct and portfolio, which tend to be more volatile and flow into a limited set of countries.

Remittances to developing countries go first and foremost to lower middle-income and low-income countries. Lower middle-income countries receive the largest amounts, but remittances constitute a much higher share of total international flows to low-income countries. Of the ten countries receiving most remittances, two are low-income (India and Pakistan); six are lower middle-income (Philippines, Turkey, Egypt, Morocco, Thailand, and Jordan); and two are upper middle-income (Mexico and Brazil).

Sub-Saharan Africa received some 8 per cent of remittances in 1980, but only some 4 per cent in 1999. South Asia's share also declined from what was already a relatively high 34 to 24 per cent. Those who gained most were Eastern Europe and Central Asia, South and Central America, and the Caribbean, which increased their share of global remittances.

## INTRODUCTION

This paper<sup>1</sup> contains analyses of the flow of remittances to developing countries, based on data available from official statistics. Remittance flows are contrasted and compared with other types of financial flows, aid,<sup>2</sup> foreign direct investment (FDI), and other official and private flows. In the following sections, we first look at variations in financial flows to developing countries as a group over the last decade. Next, the paper looks at the level and composition of flows separately for different types of countries. Then we explore geographical variations in flows and identify the main recipients of remittances. After a summary of trends in aid allocation, we look at financial flows to 12 case countries: Mexico, El Salvador, Dominican Republic, Colombia, Peru, Ghana, Burundi, Rwanda, Mozambique, Pakistan, Sri Lanka, and Indonesia. The last section contains a discussion of the validity and limitations of the underlying data sources.

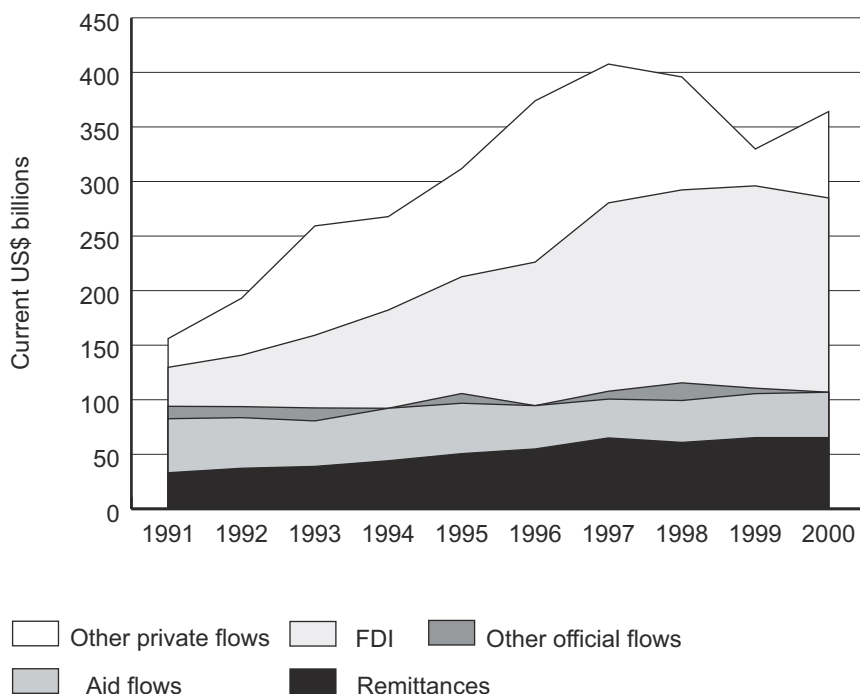
## TRENDS IN INTERNATIONAL RESOURCE FLOWS TO DEVELOPING COUNTRIES

Figure 1 shows the composition of long-term resource flows to all developing countries over the period from 1991 to 2000.

The most visible trend is that "other private flows" plummeted in the wake of financial crises around the year 1997, and total international financial transfers dropped in 1998 and 1999. They increased again but remain under their 1997 level. FDI grew consistently through the 1990s but declined from 1999 to 2000. The World Bank attributes this drop to the fact that processes, which had maintained high levels of FDI in the past, such as mergers and acquisitions in East Asia and large-scale privatization in Latin America, have largely played themselves out.<sup>3</sup>

Aid decreased somewhat (16%) over the period from US\$49.5 billion in 1991 to US\$41.6 billion in 2000. Remittances to developing countries on the other hand, as officially recorded in the IMF *Balance of Payments Statistics Yearbook*, have grown rapidly during the last decade and almost doubled from 1991 to 1999 from US\$33 billion to US\$65 billion.

FIGURE 1  
LEVEL AND COMPOSITION OF INTERNATIONAL  
RESOURCE FLOWS TO DEVELOPING COUNTRIES, 1991-2000



Note: Detailed data in Table A1 in the Appendix. Remittance data are not available for 2000 and are set to the 1999 value in the figure.

Considering the amounts that travel through unofficial channels, total remittances are likely to be more than US\$100 billion. This is not all net income to developing countries as a group since some remittances flow from one developing country to another. Even allowing for this, remittances exceed aid flows, which stood at US\$40.3 billion in 1999. Total accumulated gross remittances to developing countries, 1991-1999, were US\$450 billion according to the official estimates; while total accumulated aid in the same period was US\$386 billion.

In 1991, aid was the largest single component in total resource flows (32%); between 1992 and 1996 either FDI or “other private flows” contributed the most; and from 1997 on FDI has been by far the largest component, constituting more than half of total resource flows in 1999.

## COMPOSITION OF FINANCIAL FLOWS TO DIFFERENT TYPES OF COUNTRIES

Underneath these aggregate data there is considerable variation in the composition of financial flows between different types of developing countries. In this section we distinguish mainly between countries in different income groups and geographical regions. The average yearly flows over the period 1994-1999 are used to assess the composition of financial flows for these different types of countries.<sup>4</sup>

Table A2 in the Appendix shows the categorization of countries into income and regional groups. All the data sets involved here (income level, remittances, aid, FDI, other private flows, and GDP) are available for 104 developing, that is, low and middle income, countries. For these 104 countries, resource flows are composed as shown in Figure 2.

In absolute terms, total resource flows into low-income countries are expectedly lower than into middle-income countries. The figure also shows that the higher the income level the lower the amount of aid and the higher the amount of private resource flows. Low-income countries receive most aid, both in absolute terms and relative to total resource inflows. For remittances, lower middle-income countries receive the largest absolute amount, but remittances constitute a much higher share of total international inflows for low-income countries (31%) than for lower middle (21%) or upper middle (8%) countries.

Even though lower middle-income countries receive the largest amount of remittances, when it is considered relative to the size of the economies as measured by GDP, remittances are far more important for low-income countries. This holds even stronger for inflows of aid. It is no surprise that the poorest countries receive the most aid, nor that aid constitutes a very large share of their economies. The ten low-income countries, which received most aid in 1994-1999 are, in order of amount: India, Indonesia, Viet Nam, Pakistan, Tanzania, Côte d'Ivoire, Mozambique, Zambia, Ethiopia, and Uganda. The ten countries receiving the most remittances receive a little more than half of the total remittance flows to the 104 countries. Out of these ten countries, six are lower middle-income (in order of remittance amount: Philippines, Turkey, Egypt, Morocco, Thailand, and Jordan); two are low-income (India, Pakistan); and two are upper middle-income (Mexico, Brazil).

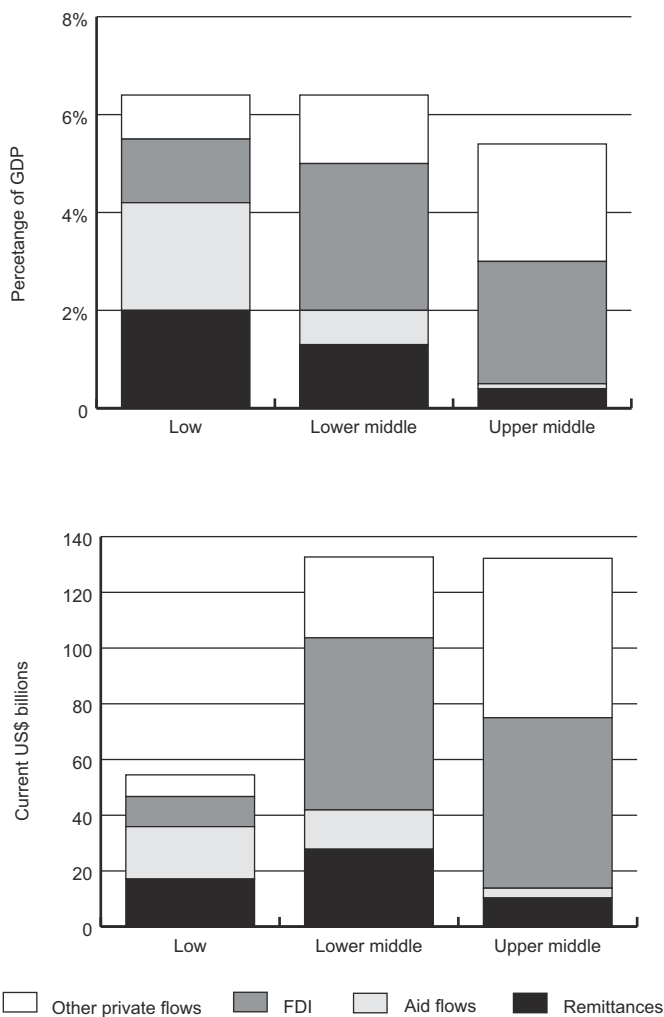
### Level of international resource flows by region

East Asia and Pacific and South America receive a very high level of *private* inflows. This reflects the more general fact that private capital flows tend to be concentrated in fewer than 20 developing countries.<sup>5</sup> South Asia, East Asia and Pacific, North Africa, and Central America are the largest recipients of



remittance inflows. In relative terms, though, remittance inflows appear to be most important to South Asia and North Africa since the level of private inflows is much lower than the two other regions (see Tables A5 and A6).

FIGURE 2  
LEVEL AND COMPOSITION OF INTERNATIONAL  
RESOURCE FLOWS BY INCOME GROUP, 1994-1999 AVERAGE



Note: The underlying data can be found in Tables A3 and A4.

Relative to the size of their economies (GDP), the Middle East, North Africa, and the Caribbean receive large inflows in the form of remittances; these are relatively insignificant in Eastern and Southern Africa, East Asia and Pacific, Eastern Europe and Central Asia, and South America. In the Caribbean, the Dominican Republic receives nearly 60 per cent of the remittances to the nine countries in the region in the data set and also has a high ratio of remittances relative to GDP (8%). Out of the four countries in the Middle East, Jordan and Yemen are the two large receivers and both have a large share of remittances relative to GDP. Finally, North Africa, Egypt, and to a lesser extent Morocco are the main receivers among the four countries in the data set.

The most aid dependent regions are Eastern and Southern Africa, West Africa, the Middle East, and North Africa. In Eastern and Southern Africa, aid constitutes about 30 per cent of GDP for both Mozambique and Rwanda. Among the 15 countries in Western Africa, aid is more than half of GDP for Guinea-Bissau and a quarter for Cape Verde but the larger economies, such as Côte d'Ivoire, Ghana, and Senegal, are primarily responsible for the high proportion of aid in GDP in West Africa. In the Middle East, Jordan and Yemen receive large amounts of aid, measured relative to GDP. Finally, in North Africa, the relatively large economy of Egypt is the primary reason for the high level of aid to GDP, even though the share is only 3 per cent as compared to Djibouti's 19 per cent.

We would like to be able to assess the relationship between the "level of conflict" in a country and international resource flows. A crude reflection of the level of conflict in a country could be the extent to which it generates refugees.<sup>6</sup> Therefore, we have tried to construct a "conflict level proxy" by calculating the ratio of the average number of refugees *originating* from the country in two separate years, 1996 and 1999, divided by the 1999 population (see Table A7). Unfortunately, the data availability and the causation links are too uncertain to allow solid conclusions on resource flows.

For example, during continued conflicts, refugees are more likely to remit funds to neighbouring countries than to their countries of origin, yet this may change when conflicts subside or new groups come into power. It is no surprise that remittances do not go to countries in deep conflict that are producing refugees. Because of the extreme poverty found in many conflict-affected developing countries, however, these countries are quite dependent on the little aid and remittances they do receive. In other words, the more refugees produced, the smaller the inflows of aid and remittances *but* the higher the importance of these inflows, when considered relative to the size of the economies.

## GEOGRAPHICAL VARIATIONS IN REMITTANCES

Table 1 shows the gross remittance flows to developing and industrial countries, respectively, in 1988, 1995, and 1999. The totals for developing and industrial

countries in the IMF *Balance of Payments Statistics Yearbook* are not the simple sum of the underlying individual country data but somewhat more accurate IMF estimates. If we include only the countries classified according to region in the *World Development Report 2000*, we can break the developing countries down into regions, as shown in Table 2.<sup>7</sup>

TABLE 1  
GROSS FLOWS OF REMITTANCES BY YEAR TO INDUSTRIAL  
AND DEVELOPING COUNTRIES (current US\$ billions and per cent)

	1988	1995	1999
Developing countries	28.3 (57.8%)	50.6 (58.7%)	65.3 (62.1%)
Industrial countries	20.6 (42.0%)	35.6 (41.3%)	39.9 (37.9%)
World	49.0 (100.0%)	86.2 (100.0%)	105.2 (100.0%)

Source: IMF, various years.

Total remittances have grown for both developing and industrialized countries and for all regions, but at a different pace: remittances to developing countries have grown faster than remittances to industrialized countries and developing countries in East Asia and Pacific, Eastern Europe, and Central Asia. All regions belonging to the Western Hemisphere have increased their share of total remittances in 1999 compared to 1980. A smaller share of total remittance flows goes into the other regions.

Which countries receive the largest amounts of remittances? The inflow of remittances obviously depends on a host of factors, for example, the population size and stock of migrants abroad. There does not appear to be data with any worthwhile coverage and currency about national stocks of migrants and their origin, however.

Table 3 shows which countries received the largest total amounts of remittances over the period 1995-1999, in absolute terms and relative to aid, GDP, and population size. Among the countries for which remittance data are available from the *Balance of Payments Statistics*, India received the most remittances in 1995-1999 with a total of US\$45.9 billion. The Dominican Republic, the fifteenth largest receiver, had an inflow of US\$6.0 billion during the same period. Relative to GDP, Lesotho was the largest receiver with remittance inflow of US\$369 per US\$1,000 GDP. Finally, in per capita terms, Antigua and Barbuda had the largest inflow: US\$3,997 per capita.

TABLE 2  
GROSS FLOWS OF REMITTANCES TO DEVELOPING COUNTRIES, BY YEAR AND REGION  
(current US\$ billion and per cent)

	East and Southern Africa	West Africa	East Africa and Pacific	South Asia	Eastern Europe and Central Asia	Rest of Europe	Middle East	North Africa	South America	Central America	Caribbean	Total
1980	0.8 (5%)	0.5 (3%)	1.1 (7%)	5.3 (34%)	0.0 (0%)	2.1 (13%)	0.8 (5%)	3.0 (20%)	0.3 (2%)	1.2 (8%)	0.4 (3%)	15.5 (100%)
1985	0.7 (4%)	0.4 (2%)	2.3 (13%)	5.8 (32%)	0.0 (0%)	1.7 (9%)	1.1 (6%)	3.5 (19%)	0.2 (1%)	1.9 (11%)	0.5 (3%)	18.1 (100%)
1990	1.1 (4%)	0.6 (2%)	3.6 (12%)	5.6 (19%)	0.0 (0%)	3.2 (11%)	2.4 (8%)	6.9 (24%)	1.2 (4%)	3.8 (13%)	0.7 (2%)	29.1 (100%)
1995	1.1 (2%)	1.5 (3%)	9.4 (19%)	10.0 (20%)	2.2 (5%)	3.3 (7%)	2.7 (6%)	5.9 (12%)	4.7 (10%)	6.2 (13%)	1.7 (3%)	48.8 (100%)
1999	1.2 (2%)	1.3 (2%)	11.2 (19%)	14.4 (24%)	3.3 (6%)	4.5 (8%)	1.9 (3%)	5.9 (10%)	4.1 (7%)	9.3 (16%)	2.4 (4%)	59.7 (100%)
N countries*	25	23	23	8	26	2	10	7	12	8	13	157

Note: Whether countries are “developing” is determined by their classification in the World Development 2000, not the year which the remittance data refer to.

\*This is not the number of countries with valid data for all years, but the total number of countries in the regional group.

Source: IMF, Balance of Payments Statistics Yearbook.

TABLE 3  
LARGEST DEVELOPING COUNTRY RECEIVERS OF REMITTANCES,  
1995-1999 TOTAL

Total remittances		Remittances per US\$ aid		Remittances/ GDP		Remittances per capita	
Country	(US\$)	Country	(US\$)	Country	(%)	Country	(US\$)
India	45.9	Turkey	39.3	Lesotho	37	Antigua and Barbuda	3,997
Philippines	29.1	Mexico	33.9	Jordan	21	Jordan	1,714
Mexico	28.0	Costa Rica	23.9	Samoa	21	Jamaica	1,393
Turkey	21.0	Jamaica	15.4	Yemen	18	Samoa	1,305
Egypt	16.6	Barbados	14.7	Cape Verde	18	Barbados	1,212
Morocco	10.0	Dominican Republic	9.8	Albania	16	Cape Verde	1,105
Brazil	9.3	Croatia	9.3	Jamaica	13	Grenada	1,071
Thailand	8.0	Philippines	7.8	El Salvador	11	El Salvador	1,027
Pakistan	7.8	Antigua and Barbuda	6.9	Georgia	10	Lesotho	863
Jordan	7.7	Nigeria	6.8	Antigua and Barbuda	9	Dominica	771
Bangladesh	7.5	Brazil	6.5	Nicaragua	8	Dominican Republic	738
China	7.5	India	5.5	Dominican Republic	8	St. Lucia	708
Nigeria	6.5	El Salvador	4.9	Philippines	8	St. Vincent and the Grenadines	689
El Salvador	6.1	Tunisia	4.6	Grenada	7	Albania	662
Dominican Republic	6.0	Lesotho	4.3	Sri Lanka	6	Croatia	640

Note: if remittances, aid, GDP or population data is missing for any of the involved year, it is estimated by the average of the years for which data is available.

Source: Remittances: IMF, various years; other flows: World Bank, various years.

## TRENDS IN OFFICIAL DEVELOPMENT ASSISTANCE

We have seen that private financial flows and remittances grew rapidly during the 1990s. Official aid flows, on the other hand, fell through most of the 1990s as a result of the end of the cold war, financial contraction in the donor economies, and increasing scepticism about the efficacy of aid. Official development finance (ODF) to developing countries, concessional and non-concessional, has with a few exceptions steadily dropped throughout the 1990s and fell from US\$45.3 billion in 1999 to US\$38.6 billion in 2000 (World Bank estimate) (see Table A9).

Concessional official flows (official development assistance), excluding technical assistance, increased slightly from 1997 to 2000, after having decreased from a peak in 1991 to a low in 1997. In 2000, ODA was US\$41.6 billion (World Bank estimate), well below the US\$49.5 billion in 1991. The reason that ODF continued to drop while ODA rose is that non-concessional flows dropped from a peak of US\$16.2 billion in 1998 to US\$-3.0 billion in 2000 as new lending decreased and some countries repaid funds received to contain the financial crisis.

The primary reason for the increase in ODA is Japan's special assistance programme for countries affected by the East Asian financial crisis, which caused an increase in Japanese aid from US\$9.4 billion in 1997 to US\$15.3 billion in 1999. The main beneficiary was Indonesia where the net inflow doubled in both 1997-1998 and 1999-2000. In terms of regions, East Asia and Pacific and Eastern Europe and Central Asia saw a marked increase in aid in 1999-2000, accounting for nearly 45 per cent of total flows. That in turn meant smaller shares for sub-Saharan Africa and, to a lesser extent, South Asia.

Besides the overall receding trend, the *composition* of aid on types and sectors has also changed. Comparing 1978-1979 with 1998-1999, a larger share of aid is allocated to emergency aid and to social and administrative infrastructure (comprising, for example, education, health, water supply and sanitation, and government and civil society) (see Table A10). These higher shares have been allocated at the expense of agriculture, industry and other production, and programme assistance.

## FINANCIAL FLOWS FOR SELECTED CASE COUNTRIES

In this section we examine the composition of financial flows to the following 12 countries: Mexico, El Salvador, Dominican Republic, Colombia, Peru, Ghana, Burundi, Rwanda, Mozambique, Pakistan, Sri Lanka, and Indonesia. The inflows of international resources vary considerably in both level and composition. Four countries receive particularly large private resource inflows: Colombia, Peru, Indonesia, and, especially, Mexico. Mexico also receives by far the largest

absolute amount of remittances (remittance data is not available for Burundi). El Salvador, the Dominican Republic, Colombia, Pakistan, and Sri Lanka also receive large amounts. The countries receiving the largest amounts of aid are Ghana, Rwanda, Mozambique, Pakistan, and Indonesia.

Assessing the flows relative to GDP gives a better impression of the potential significance of the inflows to the economies. To Mozambique and Rwanda, resource inflows constitute a huge share of GDP (32% and 31%) and aid is by far the largest component. In addition to these two countries, which appear to be the most aid dependent among the 12 countries, Burundi, Ghana, and to some extent Sri Lanka, also receive very large inflows of aid relative to GDP. The high share of resource inflows to GDP as well as the high aid component is readily explained by the fact that we are dealing with very poor countries. The 1994-1999 average GDP per capita for Burundi, Mozambique, and Rwanda are all below US\$400 (a mere US\$150 for Burundi).

Remittances are particularly significant to four countries: El Salvador, the Dominican Republic, Pakistan, and Sri Lanka. Even though Mexico and Colombia also receive large remittances, they are less significant when considered relative to the size of the economies.

Among the countries with remittance data available from IMF, India received the most remittances in 1995-1999 with US\$45.9 billion. The Dominican Republic, the fifteenth largest receiver, had an inflow of US\$6.0 billion over the same period. Relative to GDP, Lesotho was the largest receiver with remittance inflow of US\$369 per US\$1,000 GDP. Finally, in per capita terms, Antigua and Barbuda had the largest inflow: US\$3,997 per capita (see Table 4).

## DISCUSSION OF DATA SOURCES

This section examines problems of how to define and measure the entities involved in this study. There are various uncertainties and imprecisions involved with all the various data items considered. The different types of financial flows may be defined and measured differently by different countries, and there are imprecisions associated with accounting and reporting. The measurement and reporting of remittance flows, however, is considerably more incomplete than the other types of financial flows.

For data on remittance flows we rely on the IMF *Balance of Payments Statistical Yearbook*. Data related to remittances are available from three items in the balance of payments reports: (1) workers' remittances – money sent home by workers abroad for more than one year; (2) compensation of employees, previously referred to as labour income – gross earnings of foreigners residing abroad for fewer than 12 months); and (3) migrant transfer – the net worth of migrants moving from one country to another.



TABLE 4  
INTERNATIONAL RESOURCE FLOWS TO CASE COUNTRIES, 1990-1999 TOTAL (US\$ millions and per cent)

	Mexico	El Salvador	Dominican Republic	Colombia	Peru	Ghana	Burundi	Rwanda	Mozambique	Pakistan	Sri Lanka	Indonesia
Remittances	45,945 (20%)	9,373 (66%)	8,531 (64%)	6,591 (15%)	4,505 (13%)	177 (2%)	-	31 (1%)	588* (5%)	16,253* (43%)	7,395 (50%)	5,560 (8%)
Aid	2,436 (1%)	3,013 (21%)	914 (7%)	1,784 (4%)	4,525 (13%)	6,323 (72%)	1,973 (100%)	4,213 (98%)	10,054 (87%)	10,205 (27%)	5,626 (38%)	16,160 (24%)
FDI	81,790 (35%)	1,485 (10%)	4,002 (30%)	19,450 (43%)	14,839 (44%)	799 (9%)	6 (0%)	37 (1%)	903 (8%)	4,995 (13%)	1,551 (10%)	20,583 (30%)
Other private flows	102,622 (44%)	350 (2%)	-92 (-1%)	17,420 (39%)	9,654 (29%)	1,466 (17%)	-13 (-1%)	-4 (0%)	9 (0%)	6,633 (17%)	365 (2%)	26,240 (38%)
Total	232,793 (100%)	14,220 (100%)	13,354 (100%)	45,245 (100%)	33,523 (100%)	8,764 (100%)	1,966 (100%)	4,278 (100%)	11,555 (100%)	38,085 (100%)	14,937 (100%)	68,543 (100%)

Note: For Mozambique 1999 and Pakistan 1998-1999, missing remittance data are estimated by the average of the remaining years.

Sources: Remittances: IMF, *BOP Statistics Yearbook*; other flows: World Bank, *World Development Indicators*.

The data from the IMF *Balance of Payments Statistics* have deficiencies, and it is widely acknowledged that officially transferred remittances published in the recipient countries' balance of payments reports underestimate the actual level of remittances.<sup>8</sup> There are two types of leakages: one due to erroneous, imprecise accounting, and the other due to the use of informal, unsupervised channels for remittances. There are many transfers in cash and in-kind between migrants and their country of origin that are not reflected adequately in the balance of payments reports, and there are different accounting practices in different countries and differences between what is recorded at all. The degree of under-recording varies from country to country. Some countries record remittances as "compensation of employees", others do not distinguish between "workers' remittances" and "other transfers".

Puri and Ritzema (1999) provide quantifications of the magnitude of unrecorded remittances: in a survey of available estimations of unrecorded remittance flows for 11 different countries performed at different points in time between the late 1970s and early 1990s, unrecorded remittances vary between 8 and as much as 85 per cent of total remittances to the country. The average of the 11 shares reported is 36 per cent. Also based on Puri and Ritzema (1999), according to a survey-based report from 1993, out of total remittances to the Philippines, cash brought home was found to constitute 35 per cent and in-kind transfers 7 per cent, that is, at least 42 per cent of total flows eluded recording in the *Balance of Payments Statistics*.

Given the general imprecisions involved, we allow convenience to be a factor in our choice of estimate of remittances. The way data are aggregated in *Balance of Payments Statistics*, makes the third component, "migrant transfers", inconvenient because, unlike the two other items, it is not reported in the Yearbook's summary section but only available from the detailed individual country reports. Therefore, we choose to estimate remittances as the sum of "workers' remittances" and "compensation of employees", which is also quite consistent with established practice for this type of study.

For reasons explained in Bilsborrow et al. (1997), simply adding these two items may cause the same money to be counted twice. Yet, this has to be related to the, by all accounts, considerable under-reporting taking place. The main problem would be that the double accounting would not apply equally to all countries and all times but only to some, thus introducing not a random error, but a certain bias.

To report migrants' transfers, it is necessary to establish who is a migrant and there are problems establishing whether a migrant is a resident of the compiling economy. Some countries distinguish between immigrants and refugees/asylum seekers, others do not. Complete and comparable sources of information are not available for South-South movements, even though they have an overwhelming

significance in world migration. This makes it impossible to accurately estimate the total stock of the world's migrants (UNCTAD/IMO, 1996).

Turning next to the concept of a "developing country", countries considered "developing" may be defined in a number of different ways. Since this study primarily relies on data from the IMF, the World Bank, and the DAC, the definitions employed by these institutions are those we should consider. We use the *Balance of Payments Statistics Yearbook* to assess remittances, and the Yearbook distinguishes between "industrialized" and "developing" countries, the latter further sub-divided into geographical regions (Africa, Asia, Europe, Middle East, Western Hemisphere). The definition of "developing" is not explicitly stated in the IMF Yearbook but it is presumably the countries that were low or middle income that year.

When using the World Bank's World Development Indicators CD-Rom, time-series for "low and middle income countries" it appears to return data for the fixed set of countries, which were low or middle income in the last year for which data is available. Considering the general level of uncertainty associated with all the data items used here, the error introduced by operating with a fixed rather than yearly variable set of countries can be assumed to be negligible.

For any given year and time-series, data are missing for a number of countries. No effort has been made to approximate the missing data. One consequence of this is that the further back in time we go, the less accurate the data, as more are missing. If we assume that this equally affects all time-series, the relative composition of the flows would be less affected by this than the absolute value of the individual flows.

We also need to decide whether to use net or gross remittances for the analyses. Remittances do not only flow into but also out of developing countries. Other flows considered in this analysis are generally net. But in the case of remittances, in developmental and somewhat crude terms, money flowing into developing countries (often to poor families) is presumably very different from money flowing out. If we are interested in the net resources accruing from remittances to the *country* as such, we should use the net transfers. But if we are particularly interested in marginal groups, gross inflows appear more appropriate and we choose to use gross inflow of remittances.

## NOTES

1. I would like to thank my then colleagues at Centre for Development Research in Copenhagen, Poul-Engberg Pedersen, Nicholas Van Hear, and Ninna Nyberg Sørensen for constructive suggestions and criticisms to the form and content of this article. Poul-Engberg Pedersen's resolved review and clearer accentuation of the findings of the analysis were especially helpful.

2. Here and in the following, "aid" refers to both official development assistance and official aid as defined by DAC.
3. Worldwide, FDI flows grew rapidly during the 1990s. Industrial countries' share of world FDI flows grew from a low of 65 per cent in 1994 to an estimated 84 per cent in 2000. From 1997 to 2000, developing countries' share in global private flows fell from 14.4 per cent to 7.6 per cent, and their share of FDI fell from 36.5 per cent to about 16 per cent.
4. If data are missing for some year(s), but not all years, for a particular flow and country, the average is calculated as the average of the remaining years.
5. Over the period 1993-1997, almost 90 per cent of total FDI flows to developing countries went to the following 20 countries (in order of magnitude of absolute FDI flows): China (32.3%), Mexico (8.3%), Brazil, Argentina, Malaysia, Indonesia, Poland, Chile, Hungary, Colombia, Russian Federation, Thailand, Peru, Viet Nam, Venezuela, India, Korea, Nigeria, Philippines, and Czech Republic (1.1%). In per capita terms, among the 20 top receivers with a substantial population (more than 1 million inhabitants) were additionally (in order of magnitude): Trinidad and Tobago (US\$1,970 per capita), Panama, Estonia, Latvia, Costa Rica, Lesotho, Croatia, Jamaica, Azerbaijan, and Kazakhstan (US\$252) (calculations based on World Development Indicators CD-Rom, the World Bank).
6. The most obvious shortcoming of this proxy is that it does not take IDPs into account, which can be significant, especially in large countries, but no data with worthwhile coverage are available.
7. The inaccuracy introduced by operating only with the countries classified according to region can be assessed by comparing the sum total of remittances for this group of countries with the sum totals for all developing countries as calculated by the IMF. When including only the countries classified by region, the totals in 1988, 1995, and 1999 were US\$22.5, 48.8, and 59.7 billion, while the corresponding IMF totals for developing countries as a group were 28.3, 50.6, and 65.3.
8. See Bilsborrow et al. (1997) for a thorough treatment of the balance of payments statistics.

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## APPENDIX

TABLE A1  
LONG-TERM RESOURCE FLOWS TO DEVELOPING COUNTRIES, 1991-2000  
(current US\$ billions and per cent)<sup>a</sup>

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	1991- 1999 total
Remittances	33.1 (21%)	37.2 (19%)	38.9 (15%)	44.1 (16%)	50.6 (16%)	54.9 (15%)	65.0 (16%)	60.9 (15%)	65.3 (20%)	-	450.0 (17%)
Aid flows	49.5 (32%)	46.4 (24%)	41.7 (16%)	48.1 (18%)	46.2 (15%)	39.7 (11%)	35.6 (9%)	38.4 (10%)	40.3 (12%)	41.6 (12%)	385.9 (14%)
Other official flows	11.4 (7%)	10.1 (5%)	11.9 (5%)	-0.1 (0%)	8.9 (3%)	-7.8 (-2%)	7.2 (2%)	16.2 (4%)	5 (2%)	-3 (-1%)	62.8 (2%)
FDI	35.7 (23%)	47.1 (24%)	66.6 (26%)	90 (34%)	107 (34%)	131.5 (36%)	172.6 (42%)	176.8 (45%)	185.4 (56%)	178 (49%)	1,012.7 (38%)
Other private flows	26.3 (17%)	52.2 (27%)	100.2 (39%)	85.6 (32%)	99.1 (32%)	147.8 (40%)	127.2 (31%)	103.5 (26%)	33.8 (10%)	79.2 (22%)	775.7 (29%)
Total	156.0 (100%)	193.0 (100%)	259.3 (100%)	267.7 (100%)	311.8 (100%)	366.1 (100%)	407.6 (100%)	395.8 (100%)	329.8 (100%)	361.1 (82%)	2,687.1 (100%)

Note: (a) Remittances are calculated as the sum of "workers' remittances" and "compensation of employees" (cf. section 1); "aid flows" are "official development assistance" and "official aid"; net of technical cooperation; "other official flows" are total official flows ("official development finance"); net of aid flows; official flows are from DAC countries, Arab states, and multilateral organizations; "other private flows" are portfolio flows and bank and trade related lending ("net private capital flows", excluding net inflows of FDI); remittances are gross inflows; all other flows are net. The definition of "developing country" is the one employed in the underlying data source.

Source: Remittances: IMF, various years; all other flows: World Bank, 2001; year 2000 is World Bank estimate.

TABLE A2  
WORLD BANK CLASSIFICATION OF DEVELOPING ECONOMIES  
BY INCOME AND REGION, 2000

Income region	Low income	Lower middle	Upper middle	Total
East and Southern Africa	Angola; Burundi; Comoros; Democratic Republic of Congo; Eritrea; Ethiopia; Kenya; Lesotho; Madagascar; Malawi; Mozambique; Rwanda; Somalia; Sudan; Tanzania; Uganda; Zambia; Zimbabwe (18)	Namibia; Swaziland (2)	Botswana; Mauritius; Mayotte; Seychelles; South Africa (5)	25
West Africa	Benin; Burkina Faso; Cameroon; Central African Republic; Chad; Democratic Republic of Congo; Côte d'Ivoire; Gambia; Ghana; Guinea; Guinea-Bissau; Liberia; Mali; Mauritania; Niger; Nigeria; Sao Tome and Principe; Senegal; Sierra Leone; Togo (20)	Cape Verde; Equatorial Guinea (2)	Gabon (1)	23
East Asia and Pacific	Cambodia; Indonesia; Republic of Korea; Lao People's Democratic Republic; Mongolia; Myanmar; Solomon Islands; Viet Nam (8)	China; Fiji; Kiribati; Marshall Islands; Micronesia; Papua New Guinea; Philippines; Samoa; Thailand; Tonga; Vanuatu (11)	American Samoa; Republic of Korea; Malaysia; Palau (4)	23
South Asia	Afghanistan; Bangladesh; Bhutan; India; Nepal; Pakistan (6)	Maldives; Sri Lanka (2)	-	8



TABLE A2 CONTINUED

Income region	Low income	Lower middle	Upper middle	Total
Eastern Europe and Central Asia	Armenia; Azerbaijan; Georgia; Kyrgyzstan; Moldova; Tajikistan; Turkmenistan; Ukraine; Uzbekistan (9)	Albania; Belarus; Bosnia and Herzegovina; Bulgaria; Kazakhstan; Latvia; Lithuania; Macedonia, FYR; Romania; Russian Federation; Yugoslavia (11)	Croatia; Czech Republic; Estonia; Hungary; Poland; Slovak Republic (6)	26
Rest of Europe		Turkey (1)	Isle of Man (1)	2
Middle East	Yemen (1)	Islamic Republic of Iran; Iraq; Jordan; Syrian Arab Republic; West Bank and Gaza (5)	Bahrain; Lebanon; Oman; Saudi Arabia (4)	10
North Africa		Algeria; Djibouti; Egypt, Arab Rep.; Morocco; Tunisia (5)	Libya; Malta (2)	7
Americas	Haiti; Nicaragua (2)	Belize; Bolivia; Colombia; Costa Rica; Cuba; Dominican Republic; Ecuador; El Salvador; Guatemala; Guyana; Honduras; Jamaica; Paraguay; Peru; St. Vincent and the Grenadines; Suriname (16)	Antigua and Barbuda; Argentina; Barbados; Brazil; Chile; Dominica; Grenada; Mexico; Panama; Puerto Rico; St. Kitts and Nevis; St. Lucia; Trinidad and Tobago; Uruguay; Venezuela, RB (15)	33
Total	64	55	38	157

Source: World Bank, 2000.

TABLE A3  
INTERNATIONAL RESOURCE FLOWS BY INCOME GROUP, 1994-1999  
AVERAGE (current US\$ billions and per cent)

	Remittances	Aid	FDI	Other private flows	Total	N countries	Missing <sup>a</sup>
Low	17.1 (31%)	18.8 (34%)	10.8 (20%)	7.8 (14%)	54.5 (100%)	42	22
Lower middle	27.8 (21%)	14.1 (11%)	61.8 (47%)	29.0 (22%)	132.6 (100%)	39	16
Upper middle	10.3 (8%)	3.5 (3%)	61.2 (46%)	57.2 (43%)	132.1 (100%)	23	15
All developing	55.1 (17%)	36.4 (11%)	133.8 (42%)	94.0 (29%)	319.3 (100%)	104	53

Note: (a) Number of countries for which income group is known but one or more of the other data items are missing.

Sources: Remittances: IMF, various years; Aid: World Bank, *World Development Indicators*, web edition for years 1996-1999, CD-Rom for 1994-1995; FDI and other private flows: World Bank, 2001.

TABLE A4  
INTERNATIONAL RESOURCE FLOWS BY INCOME GROUP, 1994-1999  
AVERAGE (per cent of GDP)

	Remittances	Aid	FDI	Other private flows	Total	GDP (current US\$ billions)
Low	2.0	2.2	1.3	0.9	6.3	861
Lower middle	1.3	0.7	3.0	1.4	6.4	2,066
Upper middle	0.4	0.1	2.5	2.4	5.5	2,403
All developing	1.0	0.7	2.5	1.8	6.0	5,330

Sources: Same as Table A3; GDP from World Bank, *World Development Indicators* (1996-1999, from web edition; prior years from 1998 CD-Rom).

TABLE A5  
INTERNATIONAL RESOURCE FLOWS BY REGION, 1994-1999  
AVERAGE (current US\$ billions and per cent)

	Remittances	Aid	FDI	Other private flows	Total	N countries	Missing*
Eastern and Southern Africa	1.1 (9%)	5.2 (44%)	3.2 (27)	2.3 (19)	11.8 (100%)	14	11
West Africa	1.9 (21%)	5.3 (59%)	2.0 (23)	(-)	9.0 (100%)	15	8
East Asia and Pacific	10.2 (10%)	6.6 (6%)	54.9 (54)	30.8 (30)	102.6 (100%)	13	10
South Asia	12.7 (51%)	4.9 (20%)	3.3 (13)	4.2 (17)	25.0 (100%)	6	2
Eastern Europe and Central Asia	3.0 (7%)	6.0 (15%)	18.2 (45)	13.4 (33)	40.7 (100%)	22	4
Rest of Europe	3.9 (47%)	0.1 (1%)	0.8	3.6 (42)	8.4 (100%)	1	1
Middle East	2.9 (72%)	1.1 (27%)	0.2	(-)	4.1 (100%)	4	6
North Africa	6.1 (54%)	2.9 (26%)	1.4 (13)	0.9	11.3 (100%)	4	3
South America	3.9 (6%)	2.1 (3%)	35.5 (32)	27.4 (40)	68.8 (100%)	8	4
Central America	7.5 (22%)	1.8 (5%)	12.7 (38)	11.7 (35)	33.7 (100%)	8	0
Caribbean	2.0 (51%)	0.3 (7%)	1.6 (40)	0.1	3.9 (100%)	9	4
Total	55.1 (17%)	36.4 (11%)	133.8 (42)	94.0 (29)	319.3 (100%)	104	53

Note: \*Number of countries for which region is known but one or more of the data items are unknown.

Sources: Same as Table A3; regional categorization from World Bank, 2000.

TABLE A6  
INTERNATIONAL RESOURCE FLOWS BY REGION,  
1994-1999 AVERAGE (per cent of GDP)

	Remittances	Aid	FDI	Other private flows	Total	GDP (current US\$ billion)
Eastern and Southern Africa	0.6	2.8	1.7	1.2	6.3	186
West Africa	2.4	6.8	2.6	-0.4	11.4	78
East Asia and Pacific	0.6	0.4	3.2	1.8	5.9	1,731
South Asia	2.5	1.0	0.7	0.8	5.0	499
Eastern Europe and Central Asia	0.4	0.8	2.3	1.7	5.2	780
Rest of Europe	2.2	0.1	0.4	2.0	4.8	176
Middle East	6.7	2.5	0.5	-0.4	9.3	44
North Africa	4.9	2.3	1.1	0.7	9.1	124
South America	0.3	0.2	2.9	2.2	5.6	1,238
Central America	1.7	0.4	2.9	2.6	7.6	444
Caribbean	6.8	1.0	5.4	0.3	13.5	29
Total	1.0	0.7	2.5	1.8	6.0	5,330

Source: Same as Table A4.

TABLE A7  
INTERNATIONAL RESOURCE FLOWS BY REFUGEE PRODUCTION,<sup>a</sup>  
1994-1999 AVERAGE (current US\$ billions and per cent)

	Remittances	Aid	FDI	Other private flows	Total	N countries	Missing <sup>b</sup>
Low	21.9 (37%)	10.1 (17%)	14.1 (24%)	12.9 (22%)	59.0 (100%)	17	7
Lower middle	14.8 (14%)	9.8 (9%)	56.7 (53%)	25.5 (24%)	106.7 (100%)	17	8
Upper middle	2.2 (19%)	6.1 (54%)	2.4 (22%)	0.6 (5%)	11.3 (100%)	16	9
High	2.3 (27%)	2.7 (32%)	2.5 (30%)	1.0 (11%)	8.6 (100%)	11	13
Total	41.2 (22%)	28.7 (15%)	75.7 (41%)	40.0 (22%)	185.6 (100%)	61	37

Note: (a) Four category categorization of countries by refugee production (which may be considered a "conflict level proxy") is constructed by calculating the ratio or the average of the number of refugees originating from the country in 1996 and 1999 to total 1999 population. The 98 countries for which this ratio can be calculated, are then divided into four roughly equally sized groups. Refugee data are acquired from UNHCR statistics. Using this procedure the following categorization is attained: Low – Columbia; Honduras; Indonesia; Belarus; Czech Republic; Lithuania; Ukraine; Jordan; Yemen; Egypt; Morocco; Tunisia; India; Pakistan; Cameroon; Guinea; Nigeria; (b) Number of countries for which refugee production category is known but one or more of the flow items are unknown.

TABLE A8  
INTERNATIONAL RESOURCE FLOWS BY REFUGEE PRODUCTION,  
1994-1999 AVERAGE (per cent of GDP)

	Remittances	Aid	FDI	Other private flows	Total	GDP (current US\$ billion)
Low	2.1	1.0	1.4	1.3	5.8	1,024
Lower middle	0.8	0.6	3.2	1.4	6.0	1,771
Upper middle	2.6	7.2	2.9	0.7	13.4	84
High	3.8	4.4	4.1	1.6	13.8	62
Total	1.4	1.0	2.6	1.4	6.3	2,942

Sources: Same as Table A4.

TABLE A9  
OFFICIAL FLOWS TO DEVELOPING COUNTRIES BY TYPE AND SOURCE,  
1990-2000 (current US\$ billions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000*
Total official development assistance	55.2	60.9	56.5	53.6	48.0	55.1	31.9	42.8	54.6	45.3	38.6
Official development assistance	43.2	49.5	46.4	41.7	48.1	46.2	39.7	25.6	38.4	40.3	41.6
Grants**	28.2	35.1	30.5	28.3	32.7	32.7	28.1	26.1	27.3	28.9	29.6
Concessional loans	15.0	14.4	15.9	13.4	15.4	13.5	11.6	9.5	11.1	11.4	11.7
Nonconcessional loans	12.0	11.4	10.1	11.9	-0.1	8.9	-7.8	7.2	16.2	5.0	-3.0
<i>Memo items</i>											
IMF	0.1	3.2	1.1	2.6	1.6	16.8	1.0	14.7	19.2	-12.6	-10.8
Technical cooperation grants	14.1	15.6	17.7	18.2	16.9	20.0	18.7	15.7	16.2	16.6	17.0

Note: \*Estimate; \*\*Excluding technical cooperation grants.

Inflows of debt are net of amortization payments. For this reason, these flows are sometimes referred to as "net" resource flows.

Source: World Bank, 2001, based on OECD DAC, World Bank Debtor Reporting System and World Bank staff estimates.

TABLE A10  
MAJOR AID USES BY DAC DONORS  
(per cent of total bilateral commitments)

	1978-1979	1998-1999
Social and administrative infrastructure	21.9	29.3
Emergency aid	1.2	9.3
Agriculture	12.4	6.3
Industry and other production	11.9	2.4
Commodity aid and programme assistance	13.4	7.9
Economic infrastructure	17.4	18.0
Other	21.8	26.8
Total	100.0	100.0

Source: OECD, 2001.

TABLE A11  
INTERNATIONAL RESOURCE FLOWS TO CASE COUNTRIES,  
1994-1999 AVERAGE (current US\$ millions and per cent)

	Remittances	Aid	FDI	Other private flows	Total
Mexico	5,356 (19%)	209 (1%)	10,935 (39%)	11,334 (41%)	2, 835 (100%)
El Salvador	1,174 (68%)	259 (15%)	238 (14%)	57 (3%)	1,727 (100%)
Dominican Republic	1,130 (64%)	113 (6%)	530 (30%)	-4 (0%)	1,768 (100%)
Colombia	684 (11%)	202 (3%)	2,539 (41%)	2,790 (45%)	6,216 (100%)
Peru	611 (13%)	420 (9%)	2,341 (49%)	1,400 (29%)	4,772 (100%)
Ghana	24 (3%)	608 (62%)	103 (11%)	244 (25%)	979 (100%)
Burundi	-	153 (99%)	1 (1%)	0 (0%)	154 (100%)
Rwanda	13 (3%)	474 (97%)	3 (1%)	0 (0%)	490 (100%)
Mozambique	57 (5%)	887 (82%)	136 (13%)	1 (0%)	1,081 (100%)
Sri Lanka	895 (56%)	451 (28%)	190 (12%)	73 (5%)	1,610 (100%)
Pakistan	1,613 (40%)	948 (24%)	637 (16%)	833 (21%)	4,030 (100%)
Indonesia	782 (10%)	1,407 (18%)	2,371 (30%)	3,377 (43%)	7,936 (100%)

Source: Same as Table A3.



TABLE A12  
INTERNATIONAL RESOURCE FLOWS TO CASE COUNTRIES,  
1994-1999 AVERAGE (per cent of GDP)

	Remittances	Aid	FDI	Other private flows	Total	GDP (current US\$ millions)
Mexico	1.4	0.1	2.8	2.9	7.1	389,427
El Salvador	11.1	2.4	2.2	0.5	16.3	10,581
Dominican Republic	8.0	0.8	3.8	0.0	12.6	14,073
Colombia	0.8	0.2	2.8	3.1	6.9	90,038
Peru	1.1	0.8	4.2	2.5	8.6	55,487
Ghana	0.4	9.0	1.5	3.6	14.5	6,735
Burundi	0.0	16.0	0.1	0.0	16.1	958
Rwanda	0.8	31.0	0.2	0.0	32.0	1,532
Mozambique	2.0	31.5	4.8	0.0	38.3	2,1822
Pakistan	2.7	1.6	1.1	1.4	6.7	59,804
Sri Lanka	6.3	3.2	1.3	0.5	11.3	14,209
Indonesia	0.4	0.8	1.3	1.9	4.5	1,763,324

Source: Same as Table A4.

TABLE A13  
INTERNATIONAL RESOURCE FLOWS TO CASE COUNTRIES, 1985, 1990, AND 1999  
(current US\$ millions and per cent)

	Remittances			Aid			FDI			Other private flows			Total		
	1985	1990	1999	1985	1990	1999	1985	1990	1999	1985	1990	1999	1985	1990	1999
Mexico	1,616 (114%)	3,098 (27%)	6,649 (20%)	144 (10%)	160 (1%)	35 (0%)	491 (35%)	2,634 (23%)	11,786 (35%)	-832 (-59%)	5,606 (49%)	14,995 (45%)	1,420 (100%)	11,498 (100%)	33,465 (100%)
El Salvador	157 (34%)	366 (51%)	1,386 (72%)	345 (74%)	347 (48%)	183 (9%)				-50 (-11%)	6 (1%)	129 (7%)	464 (100%)	721 (100%)	1,929 (100%)
Dominican Republic	242 (48%)	315 (58%)	1,631 (50%)	207 (41%)	101 (19%)	195 (6%)				20 (4%)	-3 (-1%)	66 (2%)	506 (100%)	546 (100%)	3,230 (100%)
Colombia	110 (7%)	495 (53%)	558 (12%)	62 (4%)	96 (10%)	301 (7%)	1,023			392 (25%)	-155 (-17%)	2,526 (56%)	1,587 (100%)	936 (100%)	4,494 (100%)
Peru	-	122 (21%)	712 (17%)	316 (80%)	401 (69%)	452 (11%)				80 (20%)	18 (3%)	1,171 (27%)	398 (100%)	582 (100%)	4,304 (100%)
Ghana	4 (2%)	6 (1%)	31 (5%)	196 (82%)	563 (100%)	607 (98%)				35 (14%)	-20 (-4)	-33 (-5%)	240 (100%)	564 (100%)	622 (100%)

TABLE A13 CONTINUED

	Remittances			Aid			FDI			Other private flows			Total		
	1985	1990	1999	1985	1990	1999	1985	1990	1999	1985	1990	1999	1985	1990	1999
Burundi	-	-	-	139 (102%)	265 (102%)	74 (100%)				-3 (-2%)	-6 (-2%)	0 (0%)	137 (100%)	261 (100%)	74 (100%)
Rwanda	2 (1%)	1 (0%)	0 (0%)	180 (93%)	293 (98%)	373 (99%)				-3 (-1%)	-2 (-1%)	0 (0%)	194 (100%)	300 (100%)	375 (100%)
Mozambique	41 (10%)	70 (6%)	-	300 (76%)	1,008 (91%)	118 (24%)				54 (14%)	26 (2%)	-10 (-2%)	395 (100%)	1,113 (100%)	492 (100%)
Pakistan	2,525 (78%)	1,997 (60%)	-	769 (24%)	1,130 (34%)	732 (93%)	131	244		-170 (-5%)	-63 (-2%)	-478 (-61%)	3,255 (100%)	3,308 (100%)	784 (100%)
Sri Lanka	292 (35%)	401 (34%)	1,068 (75%)	468 (56%)	730 (62%)	252 (18%)				44 (5%)	11 (1%)	-68 (-5%)	830 (100%)	1,184 (100%)	1,429 (100%)
Indonesia	61 (5%)	166 (3%)	1,109 (-22%)	603 (53%)	1,747 (34%)	2,207 (-43%)	310 (27%)	1,093 (21%)	-2,745 (54%)	154 (14%)	2,126 (41%)	-5,671 (111%)	1,128 (100%)	5,132 (100%)	-5,100 (100%)

Sources: Remittances: IMF, various years; all other flows: World Bank: "World Development indicators".

## ENVOIS D'ARGENT ET AUTRES FLUX FINANCIERS A DESTINATION DES PAYS EN DEVELOPPEMENT

Selon les estimations officielles, les envois d'argent des migrants se montent annuellement à quelque 100 milliards de dollars des Etats-Unis, dont 60 pour cent environ vont dans les pays en développement. Toute politique intégrant les migrants dans un processus de développement se doit de comprendre l'importance et la destination des envois d'argent, ainsi que le rôle des migrants et de leur communauté d'appartenance à l'égard de cette forme de transferts de capitaux. Cet article étudie les flux que représentent ces envois à lumière des autres flux dirigés vers les pays en développement, sur la base des données statistiques officielles disponibles. Toutefois, comme le fait valoir son auteur, du fait de l'importance des envois d'argent par les canaux non officiels, les montants indiqués sont très inférieurs à la réalité.

Les envois d'argent vers les pays en développement ont plus que doublé entre 1988 et 1999. Pour ce qui est des dix dernières années, leur valeur a été bien supérieure à celle de l'aide publique au développement allouée à ces mêmes pays. Aussi bien, ce phénomène s'accroît d'autant plus que la dite aide fléchit tandis que les envois d'argent augmentent. Par ailleurs, ceux-ci se révèlent être une source de revenus bien plus stable que les apports du secteur privé – tant directs que sous forme de titres –, lesquels tendent à plus de volatilité et ne concernent qu'un nombre restreint de pays.

Les envois d'argent aux pays en développement vont essentiellement aux pays à faible revenu et à revenu moyen-inférieur. Ce sont ces derniers qui en reçoivent la majeure partie, encore que la fraction revenant aux pays à faible revenu dépasse de beaucoup en valeur l'ensemble des flux internationaux. Des dix destinations où en aboutit la plus grande part, deux sont des pays à faible revenu (Inde et Pakistan) ; six, à revenu moyen-inférieur (Philippines, Turquie, Egypte, Maroc, Thaïlande et Jordanie) ; deux, à revenu moyen-supérieur (Mexique et Brésil).

En 1999, l'Afrique subsaharienne a reçu quelque 4 pour cent du total des envois d'argent, contre 8 pour cent en 1980. La part échoant à l'Asie méridionale a elle aussi reculé, de 34 à 24 pour cent. En revanche, l'Europe orientale, l'Asie centrale, l'Amérique du sud, l'Amérique centrale et les Caraïbes ont vu la leur progresser.

## REMESAS Y OTROS FLUJOS FINANCIEROS A LOS PAÍSES EN DESARROLLO

Se calcula oficialmente que las remesas anuales de los migrantes se aproximan a los 100.000 millones de dólares EE.UU., de los cuales un 60 por ciento aproximadamente va a países en desarrollo. Toda política que utilice a los migrantes como recurso de desarrollo deberá considerar la magnitud y distribución de las remesas, así como los papeles representados por los migrantes y sus comunidades en el proceso de las remesas. El artículo examina el flujo de remesas en relación con otros flujos financieros hacia países en desarrollo. Este examen se basa en los datos disponibles en estadísticas oficiales. Como se advierte en el artículo, las remesas que transcurren por canales no oficiales son considerables en todos los casos, de manera que las sumas que aquí se exponen han de considerarse como francamente conservadoras.

El artículo muestra que las remesas anuales hacia países en desarrollo se han más que duplicado entre 1988 y 1999. En el último decenio las remesas han constituido una fuente de ingresos para los países en desarrollo mucho más importante que la Ayuda Oficial al Desarrollo (AOD). Y la diferencia es cada vez mayor, ya que la AOD va disminuyendo al tiempo que aumentan las remesas. Además las remesas parecen ser una fuente de ingresos mucho más estable que los flujos privados, tanto directos como multilaterales, que tienden a ser más volátiles y que se dirigen a un número limitado de países.

Las remesas a los países en desarrollo se dirigen en primer lugar y ante todo a los países de renta media baja y baja. Los países de renta media baja reciben las sumas más elevadas pero para los países de bajos ingresos las remesas constituyen una porción más elevada del total de flujos internacionales. Entre los 10 países que reciben las más importantes remesas, dos pertenecen al grupo de renta baja (India y Pakistán); seis al de renta media baja (Filipinas, Turquía, Egipto, Marruecos, Tailandia y Jordania); y dos al de renta media alta (México y Brasil).

En 1980 el África subsahariana recibió el ocho por ciento aproximadamente del total de remesas, mientras que en 1999 la proporción ha bajado al cuatro por ciento poco más o menos. También la parte de Asia meridional ha bajado desde el relativamente elevado 34 por ciento hasta el 24 por ciento. Los que más han ganado han sido los países de Europa oriental y Asia central, América del Sur y Central, y el Caribe, todos los cuales han incrementado su participación en las remesas globales.



# Migration, Return, and Development: An Institutional Perspective

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Henrik Olesen\*

## ABSTRACT

The development community has been rather reluctant in the past to integrate migration as a parameter for development policies, as often advocated by politicians and the migration community. The following analysis demonstrates that the position of development institutions on this matter has evolved, e.g., in the direction of increased interest among development practitioners to look at remittances as a tool for development. The article discusses the importance of brain drain and possibilities for using return migration as a brain gain. It introduces the concept “migration band” as an aggregate expression of Martin’s “migration hump” for individual countries. Furthermore, it suggests policy options for a foreign input policy mix to developing countries composed of foreign direct investment, trade liberalizations, aid, remittances, return migration, and improved governance.

## INTRODUCTION

This paper has three overall objectives: (1) to describe the specific role of institutions in the policy development debate, regarding the issue of migration and development; (2) to describe which role *return migration* can play in the development of a country, together with the other parameters relevant for development – namely foreign direct investment (FDI), trade liberalization, aid,

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migrants' remittances, and improved governance; and (3) to reflect on policy options available to the European Union (EU) in the area of migration and development.

To facilitate the general understanding of correlations, the term "migration band" is introduced as an aggregate expression of Martin's "migration hump" on the national level.

## MIGRATION AND DEVELOPMENT

### **The "development community"**

When development assistance began in the 1960s, large international funds were transferred to the former colonies, and national and international bureaucracies were created. This period also saw the creation of a new profession: development specialist. These bureaucracies and specialists became what are now known as the "development community". At the time, most believed that after a maximum of 30-40 years, the majority of developing countries would have reached acceptable levels of development for human existence.

Initially, ambitions were high and resources comparatively important. Now, 40 years later, there is a general acceptance of the fact that development assistance can be useful in attaining sustainable human development in Less Developed Countries (LDCs), but only if it is combined with other external inputs like FDI, trade liberalization, and improved governance (World Bank, 2002).

Like other "communities", the "development community" is conservative. It only reluctantly adopts new ideas, changes course, and agrees to work with other specialized communities like the "migration community". It has therefore taken a long time for the "development community" to accept that migration is an important parameter to be taken into consideration when planning development programmes in LDCs. How far this acceptance has come today will be described below.

### **The European background**

Europe was an emigration region from 1880-1930, when 45 million Europeans moved overseas. During the turbulent period from 1930-1950, Europe changed and became an immigration region. Migration inflows from LDCs to Europe started in the late 1950s with its rapidly expanding economies and demand for imported labour. As "development creates migration" (Massey, 1998) the supply of labour easily came about through the economic transformations in LDCs with improvements in agricultural practices, consequent rural-urban migration, and rapidly developing education systems (Faini, 2001). This system worked



smoothly until 1973 when European economies went into recession because of the oil crisis. But once a migratory system has started, it is virtually impossible for democratic developed nations with respect for human rights and international law to stop it (Massey, 1998). The migration networks and links had been created, and important diasporas established, which exerted a migration pressure on Europe. As the immigration door was closed, immigrants used the available windows, namely family reunification, asylum applications, and illegal entry. Europe had no well-established immigration system to cope with this, therefore each country developed widely different policies to control inflows. These control mechanisms, while gradually synchronized and strengthened, never managed to have a major impact on the total number of non-Europeans arriving in Europe. This coincided with rapidly increasing unemployment, which consequently created drastically increased unemployment levels among immigrants, leading to higher public social costs for this group. This again caused political pressure to diminish the arrivals. Logically, if this could not happen through the closure of frontiers, one could contemplate to diminish the interest for emigration in the sending countries. One answer for many was: why not use development assistance to improve living conditions in sending countries and over time see less “pressure” on European borders? Thus, the linkage of the two words *migration* and *development*.

## MIGRATION: AN ORPHAN ISSUE

After World War II, the winners decided to try to make a better and more just world based on international rules and regulations through the creation of the United Nations (UN) and its many affiliated agencies. Among these were the World Bank and the International Monetary Fund (IMF) for economic and monetary discussion and regulation. They also tried to create an instrument for trade and international exchange: The International Trade Organization (ITO). Its draft charter had three objectives: (1) to regulate the flow of merchandise; (2) to regulate the flow of services; and (3) to regulate the flow of international migrant workers.

The charter of the ITO adopted in Havana, Cuba, in 1947, was never ratified by the United States because of US Senate opposition. Thus, the international community had to adopt *ad hoc* and partial solutions. The General Agreement on Tariffs and Trade (GATT) was established in 1948 as an international agreement supported by a small secretariat in Geneva. From 1948 to 1994 it had a major impact on the liberalization and regulation of international trade in merchandise. When the international community was ready to deal with trade in services it adopted the charter for the World Trade Organization (WTO) in Marrakech in 1994. Two of the original three themes were then given their own organization. The remaining one – migration – was mentioned in Marrakech and

was mainly supported by developing countries as a future goal to regulate international migration based on rules and regulations.

The Intergovernmental Committee for European Migration (ICEM) was created in 1951 and was renamed the International Organization for Migration (IOM) in 1989. The main objective of ICEM was operational. It has not played a major role in the international *regulation* or *management* of migration. Even to this day, IOM, in spite of a rather wide mandate, has had limited success in getting a large enough role in policy development in the migration area, despite the continued efforts of its leadership.

As such, migration as a policy development area is an orphan. But it has many stepfathers, stepmothers, aunts, and well wishers.

### **International institutions**

International development institutions only began look into migration issues in the 1980s. Sharon Stanton Russell, in her seminal article of 1986 (Stanton Russell, 1986), raised attention for the issue of remittances. But, only within the last five years, have development institutions like the World Bank, IMF, and the Inter-American Development Bank (IDB) started to look into how to create improved synergies between remittances and the other elements in the development equation (FDI, trade liberalization, aid, and improved governance). These attempts have mainly been directed toward Latin America by the IMF (Inter-American Foundation, 2001), the World Bank (Inter-American Foundation, 2001), and the United Nations Economic Commission for Latin America and the Caribbean (Serrano, 2001; Teitelbaum and Stanton Russell, 1997).

#### *International Organization for Migration (IOM)*

Despite its limited financial and human resources, IOM works to remain centrally placed in all research and discussions on migration. One of the first references to the subject of migration and development was in 1964 when IOM (then ICEM) launched a recruitment effort to Latin America of highly skilled labour among immigrants under its Migration for Development programmes. The IOM journal *International Migration* has, over the years, become one of the most important and serious forums for migration and development discussions (IOM, 2001a). Recent joint exercises between IOM and the United Nations Conference on Trade and Development (UNCTAD) (1996), and IOM's participation in the conference of the Least Developed Countries in Brussels (IOM, 2001c), shows its willingness to aggressively pursue this topic (IOM, 2001d).

The African conference on brain drain organized jointly in 1998 with the United Nations Economic Commission for Africa (UNECA) in Dakar, was the first step of the process to draw attention to this subject in Africa and take steps to reverse

it (Ammassar and Black, 2001). Several useful initiatives for better understanding have been undertaken in terms of research, directly or indirectly supported by IOM (Ghosh, 2000a, 2000b; Arowolo, 2000), and its support to the establishment of regional consultative processes (IOM, 2001b). IOM would be well placed to undertake international consultations between “sending” and “receiving” countries if only the necessary resources and political mandate could be obtained. Its attempts in the Caucasus with the so-called Cluster process may be a useful beginning. The Cluster process includes consultations among a group of sending, transit, and receiving countries on how to best coordinate the information collection and management of international migration from a specific region.

#### *World Trade Organization (WTO)*

As mentioned above, WTO's predecessor was supposed to deal with the regulation of labour migration. It was and is still too touchy an issue. The only hints of any interest within WTO on this subject are vague dispositions in the so-called General Agreement on Trade in Services (GATS). It will probably be a long time before – if ever – WTO assumes the regulatory role it exerts in merchandise and services to the area of general labour migration. However, according to Martin, “...it seems naïve to suggest that migration can continue to be excluded from trade negotiations” (Martin, 2000; Rodrik, 2002).

#### *Organisation for Economic Co-operation and Development (OECD)*

Since 1991, OECD has been looking seriously at the subject of migration and development, and has been very much encouraged by Canada and the previous chairman of its Working Party on Migration, Demetrios Papademetriou. A first conference was held on the subject in Rome in 1991. A second one was held in Madrid in 1993, jointly organized by the OECD, Spain, and Canada. This was followed by regional conferences in Vienna (1996), Athens (1996), and Mexico (1998). This cycle of meetings ended with a conference in Lisbon in 1998 with a final document titled *Globalisation, Migration and Development* (OECD, 2000). Much useful research has been financed by this important exercise, and there is now increased knowledge about what works (Papademetriou, 2000). But the lack of interest *from* the development community in the process, and the lack of concrete policy proposals *to* the development community, emanating from this process, put limits on this otherwise very useful exercise.

The annual SOPEMI reports should also be mentioned as a continued valuable contribution to all studies on migration (OECD, 2001).

OECD has continued to pursue research on this topic, mainly carried out by economists and trade specialists, while the policy oriented development practitioners have mainly been absent from the debate (OECD, 2002). And, it is typical of the lack of interest about this topic in the development community

that the OECD DAC paper, "Shaping the 21<sup>st</sup> Century: The Contribution of the Development Community" (OECD, 1996), almost considered a bible by the development community, does not include any reference to migration and development or the results of this exercise.

### *World Bank*

One of its first forays into migration issues was by Gurushri Swamy, "International Migrant Workers' Remittances: Issues and Prospects" from August 1981, and Serageldin, et al., "Manpower and International Labour Migration in the Middle East and North Africa" from June 1981. The studies on remittances by Stanton Russell, Jacobsen, and Deane Stanley, titled "International Migration and Development in Sub-Saharan Africa" from 1990, and Stanton Russell and Teitelbaum's 1992 "International Migration and International Trade", both commissioned by the World Bank, saw for the first time a quantified and practical assessment of the importance of this previously neglected issue.<sup>1</sup> Recently the increased international attention to the importance of remittances has been reflected in the World Bank's support of the 2001 conference in Washington together with UNECLAC and the Inter-American Foundation (Martin, 2001). With the report, "Globalization, Growth, and Poverty" (2002), the World Bank seems to have taken a decisive step in placing migration as a key parameter of globalization. It introduces the term "globalized country" and finds that GDP per capita growth is considerably higher in *more* globalized developing countries, with high emigration rates, compared to *less* globalized countries (Venturini, 2000). It thus implicitly urges its fellow development assistance institutions to concentrate more efforts on the migration-development nexus (see also Borjas, 1999). Research however is one thing, operations quite another. It does not appear clear whether the World Bank has as yet taken steps to include migration as a parameter in its decisions, programmes, and loan agreements.

### *International Monetary Fund (IMF)*

Starting to show interest for the subject, the IMF commissioned the very interesting study on brain drain (Carrington, 1998) and a useful overview, *Development, Trade and Migration* (Faini, 2001). But the migration/development linkage does not yet seem important to the concerns of the IMF.

### *United Nations (UN)*

UN Secretariat. With departments in research on population and economic and social development, the UN Secretariat would seem an obvious place for promoting a multidisciplinary discussion on a subject like migration and development. The Population Division stands out by its rigorous and solid population statistics and narrowly defined migration studies, but it has not ventured into the politically charged topic of migration and development (Zlotnik,

1999). It has to a certain degree left this to the United Nations Population Fund (UNFPA), which enjoys somewhat more political freedom than the UN Secretariat. In a recent evaluation of the operational development activities of the UN, this issue could have been touched upon, but wasn't (UNDESA, 1999). Migration, however, was addressed indirectly, as the evaluation clearly indicates the need for the UN and other donors to rethink their own capacity building programmes. The UN Commission on Population and Development, set up after the International Conference on Population and Development (ICPD) in Cairo, would seem to be the right place for a global consideration of the issue of migration and development links, but that has not taken place yet.

UN Economic Commission for Latin America and the Caribbean (UNECLAC). The Regional Economic Commission for Latin America has always been the first and foremost intellectual force among the five UN Regional Commissions. It has not only commissioned research, but also carried out pilot projects to measure the efficiency of the linkage between remittances and microcredit.<sup>2</sup>

UN Economic Commission for Africa (UNECA). The only other UN Regional Commission involved in some interesting and forward-looking research on migration/development is UNECA. It sponsored a conference with IOM in Dakar, Senegal, on the brain drain (IOM/ECA/AAU, 1998). Although the conference did not bring much new knowledge forward it did stress the importance of discussing migration and development linkages in Africa.

UN Population Fund (UNFPA). This agency has long played the catalyst role in the discussion on migration in the UN. It has been done somewhat half-heartedly because UNFPA did not consider itself to have a mandate in this area. The leadership, however, felt obliged to do something on migration, as little was done elsewhere in the UN. This was seen during the International Conference on Population and Development (ICPD) in Cairo (1994), which became a greater success than expected, largely thanks to UNFPA's dynamic support. The chapter on migration is rather comprehensive and detailed, and deals for the first time in a global conference with this issue (Shenstone, 1997). This was followed up five years later in the Technical Symposium on International Migration and Development in The Hague, Netherlands (UNECOSOC, 1999).

UN Development Programme (UNDP). *The Human Development Report*, which under the leadership of Mahboub Ul Haq put UNDP on the forefront in development thinking, dealt with migration in its 1992 report. It was postulated that opening up migration access to the North from the South would increase income for developing countries by US\$200 billion per year (UNDP, 1992).<sup>3</sup> It is difficult to imagine adoption of such a major change in immigration policies, especially in Europe, in view of the prevailing strength of xenophobic attitudes in most EU countries. Apart from a fleeting reference to migration in *The Human*

*Development Report 2001* (UNDP, 1999, 2001), UNDP as an organization does not seem to have seized the opportunity to place itself in the forefront on an issue many expect the development community will be compelled to seriously address in the future (UNDP, 1997).

UN Conference on Trade and Development (UNCTAD). The nomination of Rubens Ricupero as Secretary General has considerably sharpened UNCTAD's focus and increased respect for its work, not only among its traditional supporters in developing countries, but also in the international business community. Although migration is somewhat peripheral to UNCTAD's main concerns, it addressed this through its collaboration with IOM on *Foreign Direct Investment, Trade and Aid: An Alternative to Migration* (UNCTAD, 1996) and their collaboration on the same topic during the Third Conference on the Least Developed Countries in the Netherlands (UN, 2001). This opens perspectives for a substantial input to international discussions on the migration-development link, especially on linkages between FDI, trade, and migration.

UN High Commissioner for Refugees (UNHCR). There is a clear understanding in UNHCR that the root causes of migration or refugee movements should be addressed. Now and then initiatives are taken in this respect, as in 1994 when a conference on migration and development was held in cooperation with IOM and the International Labour Organization (ILO). But the organization rightly points out that it is perhaps its role to attract attention, but that other more development-oriented organizations would be better placed to deal with it.

UN Research Institute on Social Development (UNRISD). UNRISD has at different stages of its history dealt with migration. The small size of the organization and its limited capacity does not seem to give it the necessary critical mass to play any important role on this topic (Van Hear, 1994).

#### *International Labour Organization (ILO)*

ILO, with its strong research tradition, rules-based working methods, and very extensive global network through its tripartite structure (employers, employees, and governments) has for many years made a major contribution to the regulation of labour movements, including the treatment of migrant workers. One of the first attempts at linking migration and development in scientific terms was by ILO's W.R. Boehning and M.L. Shloter-Paredes (1994) in *Aid in Place of Migration* (Stalker, 1994). Since then, numerous articles and seminars touching on the migration/development link have been either organized by ILO or have had contributions from the organization (Abella, 1991, 1999; ILO, 1999).

#### *Group of Eight Most Industrialized Countries (G8)*

The G8 seems concerned mainly with the control aspects of migration, although there is a recognizable attempt on the part of the Canadian Government to



introduce the issue of migration more forcefully into this forum. Several OECD studies either originated from or were encouraged by the G8.

### *European Union (EU)*

Migration into Europe has caused considerable difficulty for the collaboration between EU member countries (Niessen, 2001). Even if it became a community issue with the Maastricht Treaty, a coherent EU policy is far away (EU Commission, 2000; EU Council, 2000). This is even more so the case for Denmark with its reserve to the Treaty on Justice and Home Affairs (Kornoe, 1997, 2000). At the level of Heads of Government and Justice and Home Affairs Minister, there is a clear interest in looking into the linkage between migration and development. This was expressed at the Special Summit of the EU Council held in Tampere, Finland (EU Council, 1999a). The conclusion includes a clear understanding of the close link between migration to Europe and conditions prevailing in the migrants' countries of origin. It states, "The European Union needs a comprehensive approach to migration addressing political, human rights and development issues in countries and regions of origin and transit." To this end, the High Level Working Group on Asylum and Migration was created, and has selected six target countries for special EU attention (Afghanistan, Morocco, Somalia, Sri Lanka, Iraq, and Albania) (EU Council, 1999b). In the extension of the Lomé convention signed in Cotonou in 2001, chapter 13 deals extensively with relations between the ACP group of countries (Africa, Caribbean, and Pacific) and the EU, in terms of migration (EU, 2001). It is worth noting that the speech given by the EU Development Commissioner at the signature in Cotonou did not mention the migration issue. This seems to reflect a general aversion among development professionals in the EU to discuss the migration/development link in concrete terms and the possibilities for operationalizing research and knowledge into concrete action and financial agreements.

### *Inter-American Development Bank (IDB)*

It seems that Latin America is one of the regions that has most extensively looked into the transformation of knowledge into action, in terms of using migrants' remittances. The UNECLAC has played a large role in this; the World Bank has also been involved; and IDB has ventured into this in a very public and aggressive way. Its president, Enrique Iglesias, made a forceful proposal in the *International Herald Tribune* (13 July 2001) to include remittances in the overall financial planning and development in Latin America. According to Iglesias, during the next decade, this region could expect US\$300 billion in remittances, almost quadrupling in size over the last decade. He invited other development institutions to look into how they could ensure that these important resources are used in an optimal way for the benefit not only of migrants and their families, but also of their countries as a whole (Iglesias, 2001).

*Inter-governmental Consultations on Asylum, Refugee and Migration Policies in Europe, North America and Australia (IGC)*

From 1993 to 1996, with encouragement from the Canadian Government, the organization attempted to deal seriously with the issue of migration and development (IGC, 1993, 1994; Olesen, 1995a, 1995b, 1995c, 1995d). As Shenstone points out, "the attempts ... to stimulate serious discussion of 'root causes', including development, were met with polite apathy...." (Shenstone, 1997). It has not been taken up later in IGC as it has since re-centred its focus on migration control.

### **Governments showing specific interest**

#### *Canada*

Canada has by far been the country promoting discussion of migration and development the most. This can be noted in its interventions in the UN (ICPD in Cairo, 1994), G8, OECD, ILO, IOM, and the creation of the Metropolis programme. Canada seems to have a clearer view of its attitude toward migration and as such can look beyond the narrow confines of the migration discussion generally undertaken in Europe (Shenstone, 1997; Samuel, 1998).

#### *United Kingdom*

While the UK is struggling with the immigration issue, the Department for International Development of the Foreign Office (DFID) is promoting and financing discussions on this. It is worth mentioning the support given to Project Brain Drain by the Sussex Migration Policy Institute (de Haan, 1999; McDowell and de Haan, 1997).

#### *Sweden*

By creating the post of State Secretary Responsible for Development Cooperation, Migration and Asylum Policy, Sweden has shown Europe a new way of dealing with migration issues. By recognizing that migration is mainly happening outside Sweden and not leaving these issues to the Ministry of the Interior (as is the case in most EU countries), Sweden opens possibilities for treating migration together with other international issues like development, trade, globalization, and so forth.

In 1999, Sweden hosted a conference titled, International Migration, Development and Integration: Towards a Comprehensive Approach. The conference was instrumental in focusing EU attention on this subject, and facilitated the adoption of the comparatively detailed work programme in this area at the EU Tampere Summit in 1999 (see also Papademetriou, 1999).



Sweden is pursuing its efforts to shape both its own policies and EU foreign policies. At the conference, *The External Action of the EU in an Era of Globalization* (4-5 Dec. 2001) in Stockholm, the issues of migration and return migration were touched on (Ministry for Foreign Affairs, 2001a and 2001b). The proceedings clearly stated the linkages between migration and development, although it did not reach the stage where it defined what should be done.

### *France*

Based on diaspora experiences, France is encouraging the so-called co-development in its relations with certain regions and states in West Africa. Although the principle is interesting – to support local initiatives through the persons involved and especially the diaspora – it would seem that the modest means involved do not warrant large expectations in terms of diminished emigration and, even as suggested, important return migration (Weil, 1997). The word co-development is now increasingly present in EU documentation.

### **Research institutions and think tanks**

Some hubs for research on the of issue migration and development include:<sup>4</sup> Sussex Migration Research Centre, Sussex; Migration Policy Institute, Washington DC; Comparative Immigration and Integration Program at the University of California at Davis; The Inter-University Committee on International Migration, Boston; Institute for the Study of International Migration, Georgetown University, Washington DC; Centre for Peace Action and Migration Research, Carleton University, Canada; and the Center for International and European Law on Immigration and Asylum, University of Konstanz, Germany.

### **The current trend**

When comparing the current situation with the situation six to eight years ago (IGC, 1994; Widgren, 1994; Stoett, 1996), it is quite clear that this topic is given more attention than before. More organizations are involved, many more research papers are written, and more conferences are held. This, however, does not seem to have had much impact in terms of changed policies in the institutions concerned.

## **RETURN MIGRATION OR THE POTENTIAL FOR BRAIN GAIN**

“Return migration is the great unwritten chapter in the history of migration”(Ghosh, 2000a).<sup>5</sup>

This section will look at the potential development effect of the return of highly skilled migrants to developing countries. It will, therefore, on purpose, exclude

categories of return migrants like rejected asylum seekers, short-term seasonal workers, most irregular migrants, and returning short-term refugees, even if these groups can contribute significantly to the development of their countries by bringing back human and social capital (categories from Ghosh et al., 2000a).

### **The magnitude of the brain drain**

The term brain drain was first coined in the early 1960s after the first graduates of the newly independent developing countries started to leave their home country (Reichling, 2001). In Carrington and Detragiache's recent study, *How Big is the Brain Drain?* (1998), the authors show how serious it is when developing countries lose their best and brightest. Some of their findings include: the total brain drain from LDCs to OECD countries is an estimated stock figure of 12.9 million (7 million to the US and 5.9 million to the rest of OECD including Europe). In most developing countries, the migration rate is highest among university graduates. For Ghana, Egypt, and South Africa, 60 per cent of all migrants were graduates.

Out of 128,000 African migrants in the US in 1990, 95,000 were graduates. In many developing countries the loss of graduates to migration is 30 per cent, with some even higher. In Guyana more than 70 per cent of graduates are in the US; Iran has lost 25-34 per cent of its graduates; Ghana has lost 26-35 per cent; and so forth. The World Bank estimates that Africa lost one-third of its executives between 1960 and 1987 (Khan, 2001; Stalker, 1994).

Every year 23,000 graduates leave Africa, mainly for Europe, but also for North America (Khan, 2001). The number of foreign students in the US rose from 145,000 in 1970 to more than 450,000 in 1994. Half of all foreign students in the US indicated in a survey in 1987 that they did not intend to return home after completing their studies (Massey, 1998).

Some general statements from Carrington and Detragiache may facilitate the understanding of this phenomenon (1998):

- "... a majority of LDC migrants have a secondary education."
- "... flows of migrants with primary education or less are small."
- "... migrants tend to be much better educated than the rest of the population..."
- "The very well educated tend to be the most internationally mobile group."

### **Brain gain's contribution to countries' development**

Migration is rarely only one way. More often than not, the dream or conscious intention of a migrant is to return to the home country after a shorter or longer period of time abroad. Thirty per cent of the migrants who came to the US between 1908 and 1957 went home again (Ghosh, 2000a). The reasons for return

can be manifold. Cerase has established four categories of reasons: (a) *Return of failure*: migrants who could not find the job necessary to survive and send back remittances; (b) *Return of conservatism*: migrants who realized early on that they could not thrive in a different culture away from family and friends; (c) *Return of retirement*: many migrants, after earning enough money, want to retire comfortably in the home country; and (d) *Return of innovation*: the group most interesting to development practitioners (Cerase, 1974).

The term *return of innovation* was first coined in 1974, and is the equivalent of what we today call the brain gain. What can be done to promote return migration or brain gain? First, one needs to understand that the reasons for leaving have changed, and therefore the return incentives need to change as well. This can vary from improvement in living conditions (governance) in the home country to a positive change in income differential between emigration and immigration countries.

### *Bad governance*

An element which is not often mentioned in migration literature is the role *bad governance* plays in the migration of highly skilled persons. When explaining reasons for migrating, all scholars agree that the equation is very complex and only on the aggregate level is it possible to see some linkages. While not fulfilling the criteria for refugee protection under the UN conventions, it seems clear that especially highly skilled people are very sensitive to the migration option when they find the human rights/governance situation in their home country unacceptable. This can have many forms: honest civil servants refusing to be corrupted; lack of freedom to speak one's mind, especially for civil servants; and promotions based on un-professional criteria. Governments are often pleased to see potential critics leave rather than having them as a source of local criticism. The proof of the bad governance argument is that when the human rights situation improves, return migration starts, regardless of the fact that the economic situation in the home country may be unchanged (Sethi, 1998).

There are numerous historic examples of this:

- Spain, after the death of Franco in 1975;
- Armenia, after 1990 and the collapse of the Soviet Union;
- Eritrea, after independence in 1991;
- Chile, after the departure of General Pinochet in 1991; and
- Most recently, Afghanistan after the departure of the Taliban regime.

### *Improved economic situation*

One other cause of migration of highly skilled people is the income differential between the home country and a "richer" country. When this income differential becomes smaller the reason for the migratory move diminishes. Less people

want to leave and some want to return. Notable cases are South Korea in the 1970s, Taiwan, Italy, Greece, Spain and Portugal (combined with improvements in governance), and Ireland.

### **How to profit from brain gain**

As stated above the fact that remittances have very beneficial impacts on growth and economic development is slowly gaining ground among development practitioners and much operational research is now undertaken.

But the fact that return migration can bring a similarly important contribution to LDCs is less recognized. It appears that the maximum benefit to the sending country is obtained when highly skilled migrants leave for relatively short periods of 10-15 years, remit while they are away, and return with financial and human and social capital. It happens all the time, and passes unrecognized, but could be promoted more strongly through various mechanisms.

Return migration has many variants. King (in Ghosh, 2000a) mentions four: occasional returns, seasonal returns, temporary returns, and permanent returns. All can be beneficial to the home country. In the literature on transnational practices this is well described (Nyberg-Sørensen et al., 2002; Oestergaard-Nielsen, 2001). Many governments in LDCs understand the importance of the brain drain. But on one hand, they depend to a large degree on remittances of their migrants abroad; on the other hand, they need the skills of many of these migrants for their national development. Many countries would not be able to cope without remittances, but to try to attract a small portion of migrants back may be the best of all worlds. They continue to receive remittances, but they benefit from some of those who want to return. Abella of the ILO (1991) made a rough estimate for five Asian labour-sending countries. He concluded that it would require US\$55 billion in capital inflows to maintain the same level of income as before if labour migration stopped. In 1989 FDI to these countries was US\$4.2 billion (Teitelbaum and Stanton Russell, 1997).

Since 1960 the policy of attracting some migrants back home has been tried by diverse countries such as, Columbia, Ghana, India, Iraq, Pakistan, Philippines, South Korea, Sri Lanka, and Turkey (Ghosh, 2000a). One interesting example cited by Ghosh (2000a) is South Korea, which in 1980 sent a talent search mission to 21 cities in the US and Japan. This led 400 specialists, mostly in science and technology, to pledge to go back for longer or shorter periods of time.

Several international organizations have tried to set up programmes to facilitate the brain gain. Ghosh (2000a) gives a comprehensive description of programmes called Assisted Return for Development. This has been tried by IOM (by far the longest tradition and experience), often funded by the EU, UNDP (the Transfer of Knowledge Through Expatriate Nationals (TOKTEN) programme), and

bilateral programmes from Germany and France. There are many examples like these, but as yet there is no comprehensive system for receiving countries to use this pool of goodwill from expatriate nationals in a systematic way.

There are many potential cases where large return migration could be expected if the governance situation would change: Iraq, Iran, Syria, Libya, Algeria, Sudan, and most of Africa. However, that may not be for the immediate future.

### **How to promote brain gain in the international community**

In the early years of Overseas Development Assistance (ODA) and FDI, the personnel component was important. The number of expatriates, experts, and others was considerable from the 1960s to the late 1980s. Most developing countries have since achieved tremendous success in educating highly skilled personnel needed for the development of their countries. Unfortunately, many of them are living abroad for various reasons, including better wages, easier lives, and apprehension about the governance situation in their homeland. Technical assistance (TA) or capacity development is estimated to cost US\$14 billion out of total Development Assistance of \$54 billion (UNDESA, 1999; OECD, 2001). In a recent report to the Earth Summit in South Africa, Chris Buckley claimed that 100,000 expatriates are employed in Africa at a cost of US\$4 billion or 35 per cent of Development Assistance to the continent. There is no doubt that a part of those could be replaced by well-planned return migration. The option is to hire a European expert for a development job in, say Mozambique, or hiring an equally qualified Mozambican from the diaspora living in Europe for the same job. The cost for the Mozambican would probably be lower in the medium term and the efficiency much higher (UNDESA, 1999).

A few development agencies have dared to lead the way. When the World Bank recruited TA staff for Palestine some years ago, they insisted on recruiting expatriate Palestinians. When the Aga Khan Foundation recently recruited staff for Afghanistan, they were looking for expatriate Afghans. If this could become the rule, development assistance could reallocate resources and set in motion a return migration more efficient than any foreign intervention.

Through peer pressure in OECD and DAC, developed countries are trying to diminish tied aid, that is, aid tied in one or the other to procurement from the donor country in question. The last item to untie is the provision of human resources, although this has started to happen.

### **MIGRATION HUMP AND MIGRATION BAND**

For rapid economic and social development to happen in LDCs, and as a consequence cause less migration over the medium term, the policy mix and

synergy among elements must be right (Ascencio, 1990). The relevant external parameters are:

- Foreign direct investment. In 2000 around \$208 billion to developing countries (UNCTAD, 2000).
- Trade liberalizations (difficult to quantify).
- Development assistance (ODA). \$54 billion in 2001 (OECD, 2001).
- Remittances. In recent years, development practitioners have realized that migrant workers' remittances also play a major role (the part going through official channels alone is estimated at >\$65 billion to developing countries per year, more than the \$54 billion of ODA) (Faini, 2001).
- Return migration (brain gain). The recognition that reverse brain drain can be an important factor as well is rather new, although it is not easily quantifiable.
- Governance. If the other five parameters are not combined with tangible improvements in governance in the country in question, most sustainable human development efforts are in vain.

### **Migration hump**

In 1994, Martin introduced the term "migration hump" (Martin, 1994). When economic and social development improves rapidly in a developing country through a successful combination of internal policies and the above-mentioned factors, international migration increases. Massey says: "... international migrants do not come from poor, isolated places that are disconnected from world markets, but from regions and nations that are undergoing rapid change and development as a result of their incorporation into global trade, information, and production networks. In the short run, *international migration does not stem from a lack of economic development, but from development itself.*" (Massey, 1998: 277, added italics; Martin and Olmstead, 1985; Martin, 1993).

Most researchers credit this with successful improvements in agricultural productivity, pushing surplus labour toward urban areas, from where a portion of the population acquires the means to emigrate (Massey, 1998).

Population growth also plays an important role. The situation in Europe in the nineteenth century, with the doubling of its population and the ensuing important emigration (48 million left Europe for overseas from 1800 to 1925) (Massey, 1998), seems to be repeated in LDCs since the 1960s (World Bank, 2002).<sup>6</sup> This process, "the migration hump", only stops when the advantage of migrating is too small in terms of income differential between traditional pairs of sending and receiving countries. It is quite obvious that income differential does not need to disappear completely for migration to stop. It is often unpleasant to be a migrant: absence from loved ones, familiar culture, climate, and religion, combined with the usual conditions for migrant labour, namely racial, ethnic, and other forms of

discrimination, and xenophobic attitudes in receiving countries all add to the disadvantages of migration.

In simple terms, the question is, at which level of economic development can sufficient numbers afford to migrate? And conversely, at which stage of economic development does it become less attractive to migrate?

Looking at statistics of GDP/capita in purchasing power parity (PPP) terms and migration figures, the migration hump seems to have some critical values (World Bank, 2002; IOM, 2001d; Abella, 1999): Where does the hump begin and when it does it end?

### Migration band

From the poorest countries (US\$ 0-1,500/capita in PPP terms) we see few migration movements, and if any, it is mostly refugee movements. From middle-income countries (US\$ 1,500-8,000/capita in PPP terms), we see large migration movements. From richer countries (>\$8000/capita in PPP terms) we see fewer movements. Faini and Venturini put the upper limit at \$4000/capita in 1985 prices (Faini and Venturini, 1993, 1994).

One could perhaps use the term “migration band” for the countries of large emigration (in the income bracket \$1,500-8,000/cap. PPP) (Olesen, 1995b). Below you are too poor to move and above you are rich enough not to desperately need to move, except for the small percentage of people who become migrants, regardless of income.

A potential refinement in the upper limit of the *migration band* seems to be that, when the difference in income differential between traditional sending and receiving countries reaches approximately 1:3, migration stops or diminishes radically (Mamadou, 1995). Different values can be found with Martin (1994) 1:4, and Faini and Venturini (1994) 1:4.5 (see also Dustman, 2001).

The term *migration band* is only a gross generalization of a phenomenon and reflects more an attempt to pedagogically present a paradox in simple terms, rather than scientifically proving a relationship. Going through the World Bank’s list of 207 countries, however, reflects rather adequately the situation as of today (World Bank, 2002).

From a policy perspective the following conclusions can therefore be drawn:

- Successful economic and social development depends on an optimal combination of FDI, trade liberalization, aid, remittances, return migration, and improvements in governance (Bonaglia, Braga de Macedo, and Bussolo, 2001; Djajic, 2001; Faini, de Melo, and Zimmerman, 1999; Taylor, 1999).



- Development doctrine today puts emphasis on assistance to the poorest countries. If the external inputs for development as mentioned above coincide with improved governance – including peace – there is every reason to believe the country will enter the “economic take-off phase” reflected by higher growth rates. This is the same moment where emigration kicks off. Increased emigration is, therefore, an externality of successful economic development. This is the beginning of the migration hump. Over a few years the country moves into the migration band with approximately \$1,500/capita in PPP terms. For the foreseeable future the poorest countries will either, as today, continue producing refugees, or if peace and better governance prevails, the external input package is right, and economic development accelerates, start producing migrants.

As it is inconceivable to imagine that the development package to the poorest countries will diminish (and it would be highly immoral to do so for fear of increasing migration), receiving countries must address this issue seriously. One can only imagine that this can happen in a dialogue between the two parties – the rich and the poor countries. Just closing borders in receiving countries is not an option, as all evidence proves (Massey, 1998).

- When the development combination is applied to countries finding themselves in the migration band (\$1,500 PPP-\$8,000 PPP), the diminished propensity to emigrate will eventually be the consequence. The crucial questions are: *how* to find the right balance inside the external input combination, and *when* the country will reach the end of the migration band. Martin’s comment on Mexico, “the migration hump associated with gradual economic integration may be coming into view” (knowing that Mexico is at \$8,810/capita PPP) seems to confirm this (Martin, 2000).
- Persons wanting to emigrate from countries above the migration band (>\$8,000/capita PPP) will follow the already well-established rules for international migration like visas, work permits, and so forth, but the movements are not much impeded.

## CONCLUSION

If the theories of migration hump and migration band are applied to the six countries selected by the EU-HLWG for special attention (Afghanistan, Albania, Iraq, Morocco, Somalia, and Sri Lanka), a new picture appears. The current action plans elaborated for the HLWG are descriptive and do not attempt to look at the whole external input to the countries as mentioned above. Nor do they address the issue of how decreased migration should come about thanks to the application of these external measures. For each of the six countries, the current situation should be established in terms of the six elements and proposals



to increase or change each of them, and the possibilities for synergy among them. Furthermore, the issue of migration should become a parameter in decisions relevant for the economic and social development in each country under consideration. The policy consequences for external inputs to developing countries would thus be reasonably clear.

An increase of the foreign input mix (FDI, trade liberalization, aid, remittances, return migration, and improved governance) would have opposite effects in different groups of countries. To Somalia, Burkina Faso, Uganda, and Mozambique, it would increase migration in the medium term. It would probably also decrease outflow of refugees, if any.

To increase the same foreign input mix to Morocco, Turkey, Viet Nam, and Albania would in the medium term bring these countries out of the migration band and thus decrease mass international migration. Remittances would play an important part in this. An optimal solution for developing countries would be to continue to export highly skilled migrants for shorter periods and thus get remittances while planning/hoping for a certain return migration (brain gain) as this will be needed in the further development of these countries. Foreign aid and FDI could promote this vigorously by recruiting staff among the diaspora for deployment for longer or shorter periods in sending countries, on internationally competitive conditions of course.

Then, econometric scenarios could be developed on the prospective 10-20 years in terms of the relevant parameters. Only by looking from the macro perspective, can long-term solutions be found. The question can be asked, can sufficient political support be found to ensure the preconditions for rapid economic and social development, and the consequent decrease in migration in the medium and long term? These preconditions are:

- Vastly improved trading access to markets in the North;
- Vastly increased aid;
- Better utilization of remittances; and
- Consequently, increased foreign direct investment.

In other words, is immigration considered such a big problem in the North (by the population and politicians alike), that the North is willing to spend the enormous resources necessary to diminish it in the medium to long term?

#### ADDENDUM

Since the finalization of this article in March 2002, several positive policy developments relating to the Migration-Development Nexus are worth noting.

The CDR/IIS study has had an important impact of the drafting of the EU Commission's Communication "Integrating migration issues into the European Union's external relations" (Brussels, 3 December 2002), which is an important step forward in transforming policy studies into concrete operational action. One of the countries illustrating this point is Afghanistan. Approximately 1.8 million Afghans have returned to their country, one of the Least Developed Countries of the world. Other encouraging changes are in motion at the World Bank, most recently in its report *Global Development Finance 2003* (April 2003). Some of the traditional assumptions around the negative consequences of the so-called brain drain are now increasingly being questioned, as the role of migrants' remittances is increasingly shown to have a positive effect on their home countries' development. Much policy and research work still has to be undertaken, but it seems that much more attention by media and policymakers has been given to the topic within the last year than within the previous ten years.

#### NOTES

1. Interesting studies related in various ways to migration are Schiff (1994, 1996, and 1999), and Solimano (2001).
2. For description of this in detail, see Serrano (2001).
3. For a recent return to this idea see Rodrik (2002).
4. The list below is by no means exhaustive.
5. For a more elaborate and thorough review of linkages between migration, return, and development, see Ammassar and Black (2001).
6. For questions to the causality of the linkage between population growth and migration see Kritz and Zlotnik (1992).

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## MIGRATION, RETOUR ET DEVELOPPEMENT : POINT DE VUE INSTITUTIONNEL

S'agissant, comme l'ont souvent prôné les politiciens et le milieu des migrations, de considérer celles-ci comme une composante à part entière des politiques de développement, les milieux du développement se sont montrés par le passé plutôt réticents. L'analyse proposée ici des positions correspondantes des organismes de développement conclut à une évolution se manifestant notamment par un intérêt accru de la part des praticiens du développement pour les envois d'argent en tant que facteur de développement. L'auteur s'interroge par ailleurs sur l'importance de l'exode des cerveaux et sur les possibilités d'exploitation des compétences des migrants de retour. Il propose un nouveau concept, la « tranche migratoire », inspirée de la notion de « crête migratoire » appliquée par Martin aux pays considérés séparément. Il suggère en outre un panachage de diverses options politiques à l'intention des pays en développement, comprenant investissements directs étrangers, libéralisation du commerce, aide, envois d'argent, retour des migrants et amélioration de la gestion publique.

## MIGRACIÓN, RETORNO Y DESARROLLO: UNA PERSPECTIVA INSTITUCIONAL

Hasta ahora, la comunidad interesada por el desarrollo se ha resistido a integrar la migración como parámetro de las políticas de desarrollo, idea que con frecuencia han defendido tanto políticos como miembros de la comunidad interesada por las migraciones. El siguiente análisis demuestra cómo ha evolucionado a este respecto la posición de las instituciones de desarrollo, por ejemplo al haber aumentado el interés de los agentes de desarrollo por ocuparse de las remesas de fondos como instrumento para el desarrollo. El artículo se ocupa de la importancia que tiene la pérdida de personal capacitado y las posibilidades de utilizar la migración de retorno como ganancia de calificaciones. Introduce el concepto de la “banda de migración” como expresión de conjunto del concepto de “alza de migración” de Martin referido a países individuales. Además propone diversas opciones políticas para que países en desarrollo puedan aprovechar un conjunto de aportaciones políticas exteriores constituido por inversiones directas extrajeras, liberalizaciones comerciales, ayuda, remesas, migración de retorno y mejor gobernanza.



# Migration Trends and Migration Policy in Europe

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Peter Stalker

## ABSTRACT

This paper summarizes information on both stocks and flows of migrants in Europe, focusing specifically on arrivals from developing countries. It starts out by setting this into its historical context by showing how flows of labour migrants were followed by flows of family members, and later by asylum seekers and refugees. Then it looks more closely at recent migration data, though it finds these to be frequently incomplete and inconsistent.

The most comparable cross-national data come from the OECD and Eurostat, which indicate that Germany had the largest flows of migrants in the 1990s followed by the United Kingdom. In addition to these arrivals there are probably between 2 and 3 million undocumented immigrants in Europe – accounting for 10 to 15 per cent of the total population of foreigners.

The paper also traces the countries from where migrants are leaving. Sources vary considerably from one immigration country to another, reflecting a number of factors, of which the most important are former colonial links, previous areas of labour recruitment, and ease of entry from neighbouring countries. In recent years, however, immigrants have been coming from a wider range of countries and particularly from lower-income countries.

The paper also examines changes in immigration policy. National policies were fairly liberal during the 1950s and 1960s, before becoming more

restrictive from the 1970s on. Recently, however, a number of governments have been revising their policies to take better account of employment and demographic needs. The paper also traces the emergence of a cross-national European response to immigration, as European Union (EU) countries have become more concerned about their common external frontier.

Thus far European countries have done little to try to control migration through cooperation with sending countries. They could, for example, direct Official Development Assistance to those countries most likely to send immigrants, though few appear to have done so in a deliberate fashion.

The paper concludes that in the future immigration to the EU is likely to increase, both as a result of the demand for labour and because of low birth rates in the EU. In the short and medium term many of these requirements are likely to be met by flows from Eastern Europe, particularly following the eastward expansion of the EU. But, the longer-term picture will probably involve greater immigration from developing countries.

## MIGRATION TRENDS AND MIGRATION POLICY IN EUROPE

If it were possible, an aerial snapshot of migrant flows across Western Europe in the early years of the twenty-first century would offer a complex and confusing picture. For the purposes of international comparison, the simplest form of classification of these diverse flows is by four broad categories of entry. First, labour migration, which would include long- and short-term immigrants and seasonal workers. Second, family reunification, which usually consists of close relatives of those with long-term settlement rights. Third, undocumented workers or “illegal immigrants” who have either entered the country illegally or have entered on tourist visas and have overstayed, usually in order to work. Fourth, asylum seekers who, once granted asylum, are classified as refugees.

To track these different flows and set the context for modern migration, a convenient starting point is the end of World War II. Since then, Europe has had four main phases of immigration.

### *Late 1940s and early-1950s – mass refugee flows*

The end of World War II saw dramatic population shifts as around 15 million people transferred from one country to another, many of whom were forced to relocate as a result of boundary changes, particularly between Germany, Poland, and the former Czechoslovakia. By 1950, refugees made up 30 per cent of the population of West Germany (Borrie, 1970). From the mid-1950s these flows started to slow, though they continued at lower levels until the building of the Berlin wall in 1961.

*Early-1950s to 1973 – recruitment of contract workers*

The reconstruction of Europe ushered in an economic boom. Between 1950 and 1973 the economies of the OECD countries grew on average by 5 per cent per year. This created a huge new demand for workers, and Germany, France, and the UK started to run short of labour. At first they were able to recruit many of those displaced during the war. Then they looked to other European countries that had been slower to industrialize, including Italy, Portugal, and Spain. But as these countries too became more prosperous recruiters had to look further afield. Some countries drew on their colonial ties. France turned to North Africa, and the UK to the Caribbean and the Indian subcontinent. Germany, without a colonial reservoir instead recruited short-term contract workers from countries adjacent to Western Europe, notably the former Yugoslavia and Turkey. Over this period net immigration for Western Europe reached around 10 million (compared with net outflows of 4 million for the period 1914 to 1949) (Stalker, 1994).

*1974 to mid-1980s – the doors close*

Opposition to the arrival of large numbers of immigrants had already been growing in the late 1960s. In the 1960s this caused the UK, for example, to cut back the number of people who could come from the British Commonwealth. But it was the recession following the oil shock of 1973 that signalled a more general reversal across Europe and all governments effectively closed the doors to further labour immigration and expected guest workers to leave. These workers had, however, by now put down roots and preferred to stay. Even so, most governments shied away from the kind of punitive measures it would have taken to expel them and allowed family members of existing immigrants to join them. Before and during this period migrants had also started to choose from a wider range of destinations including Italy and other countries of southern Europe. The economic stimulus of joining the European Community also made Greece, Portugal, and Spain more attractive to immigrants.

*Mid-1980s to 2001 – asylum seekers, refugees, and illegal immigrants*

This was a period of political upheaval, particularly in Eastern Europe during and after the collapse of communism. Eastern Europeans, with more freedom to travel, started to join the thousands of people fleeing conflict elsewhere in the world and sought asylum in Western Europe. But others who formerly might have travelled as contract workers were also deflected to the “asylum door”. This phenomenon had been evident as far back as 1980 when some 108,000 Turkish citizens applied for asylum in West Germany. From 1989-1998, more than 4 million people applied for asylum in Europe, 43 per cent of whom came from elsewhere in Europe, 35 per cent from Asia, and 19 per cent from Africa (Salt, 2000). As the pressure grew, however, Western European governments started to tighten up on asylum applications, and more people tried to enter illegally, either travelling on their own initiative or with the help of smugglers.

### **Measuring migrant flows**

Each country has developed a system of migration measurement based on its own particular requirements. This can make it difficult to aggregate data across Europe or make valid cross-country comparisons. The most up-to-date information typically comes from those countries that maintain full population registers – requiring that both nationals and foreigners register with the local authorities. But even these registers are not exactly comparable since they can be based on a different duration for the minimum length of stay required to qualify as an immigrant rather than as a visitor – three months in Belgium and Italy, for example, but 12 months in Ireland.

Moreover, some countries classify asylum seekers as immigrants while others do not. Data for Germany, for example, include some asylum seekers, but not all. Those countries that do not maintain population registers have to rely on other sources.

With this in mind, Table 1 combines the latest data available from the OECD's continuous reporting system on migration, SOPEMI, and from Eurostat (Eurostat, 2000), showing the extent of migrant inflows during the 1990s. As Table 1 indicates, Germany occupies first place, partly because of the inclusion of some asylum seekers, and has a peak in 1992. The United Kingdom is next, though it follows a different pattern with a steady overall rise.

Data on emigration are sparser and even less reliable than those on immigration; some countries, including France, do not collect such information at all. The latest available information on emigration is collected in Table 2. Again Germany accounts for the bulk of the flows, and comparison with Table 1 shows that in 1997 and 1998 emigration exceeded immigration.

To complete the picture, since these data may not include flows of asylum seekers and refugees, is it also useful to present these as a separate category. In the earlier years, Germany was the main destination but by the end of the decade the United Kingdom had taken the lead (see Table 3).

Combining outflows and inflows should give net migration, which will be positive if immigration exceeds emigration. But since emigration data can be missing or unreliable it may be better to arrive at net migration from another direction. One option is to monitor changes in overall population size, treating net migration as a residual. So the difference between the population at the beginning and end of the year minus the difference between births and deaths can be taken as net migration. Eurostat uses this approach to estimate net migration rates for the 15 countries of the European Union (EU) (Eurostat, 2002). These are shown in Figure 1, which shows that net migration for this group of countries peaked in 1992, fell until 1997, and then started to rise again.

TABLE 1  
INFLOWS OF FOREIGN CITIZENS TO SELECTED COUNTRIES,  
1990-1999 (thousands)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Austria***	—	—	—	—	—	—	—	57	—	—
Belgium*	51	54	55	53	56	53	52	49	51	58
Denmark*	15	18	17	15	16	33	25	20	21	—
Finland*	7	12	10	11	8	7	8	8	8	8
France**	102	110	117	99	92	77	76	102	138	104
Germany*	842	921	1,208	987	774	788	708	615	606	674
Greece***	10	14	10	18	15	18	20	17	35	—
Hungary*	37	23	15	16	13	13	13	12	12	15
Ireland**	—	—	—	—	13	14	22	24	21	22
Italy****	97	71	59	51	53	68	143	—	111	268
Luxembourg*	9	10	10	9	9	10	9	9	11	12
Netherlands*	81	84	83	88	68	67	77	77	82	78
Norway*	16	16	17	22	18	17	17	22	27	32
Portugal**	—	—	14	10	6	5	4	3	7	11
Sweden*	53	44	40	55	75	36	29	33	36	35
Switzerland*	101	110	112	104	92	88	74	73	75	86
United Kingdom**	—	—	204	190	194	206	216	237	258	277

Sources: \*SOPEMI, 2001, based on national population register; \*\*SOPEMI, 2001, source other than population register; \*\*\*Eurostat, 2000; \*\*\*\*for 1990-1996, SOPEMI, 2001, based on national population register; for 1998-1999, SOPEMI, 2001, source other than population register.

### Migrant stocks

The other way of assessing the extent of immigration is to consider the total number of resident migrants, the “stocks”. Data on stocks usually come from population registers of various kinds as well as censuses, though the UK arrives at this information indirectly from a regular sample survey of the labour force. Again there are differences in the way these data are collected. Most European countries make regular estimates of the citizenship of their populations. These will indicate the number of “foreigners” but they will not include all immigrants since some will have naturalized and by definition have ceased to be foreigners. The only way to count the stock of immigrants is to estimate the number who are “foreign born”. Some countries gather this information as part of census surveys though they may not do so very regularly.

Table 4 collects some of the most recent data on the proportion of the population who are foreign citizens, along with the proportion who are foreign born.

TABLE 2  
OUTFLOWS OF FOREIGN CITIZENS FROM SELECTED COUNTRIES,  
1990-1999 (thousands)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Austria***	–	–	–	–	–	–	–	50	–	–
Belgium*	27	35	28	31	34	33	32	35	36	36
Denmark*	5	5	5	5	5	5	6	7	8	–
Finland*	1	1	2	2	2	2	3	2	2	2
Germany*	466	498	615	710	622	561	559	637	639	556
Italy***	7	6	7	–	–	–	8	8	–	–
Luxembourg*	6	6	6	5	5	5	6	6	7	7
Netherlands*	21	21	23	22	23	22	22	22	21	21
Norway*	10	8	8	11	10	9	10	10	12	13
Sweden*	16	15	13	15	16	15	15	15	14	14
Switzerland*	60	66	80	71	64	68	68	63	59	58
United Kingdom**	95	102	94	89	82	74	77	94	88	130

Sources: \*SOPEMI, 2001, based on national population register; \*\*SOPEMI, 2001, source other than population register; \*\*\*Eurostat, 2000.

Although the data are not for matching years, they do confirm the expected result that there are more foreign born than foreign citizens. This difference will be greater in countries where it is easier to gain citizenship – as in France where the proportion of the population who are foreign born is 11 per cent but the proportion who are foreign citizens is only around 6 per cent. For most countries there were no significant changes between 1990 and 1999. The largest increases seem to have been in Austria and Denmark. Elsewhere the proportion of people who are foreigners has been static or falling, though this could also reflect a combination of high levels of immigration combined with high levels of naturalization. The data in the middle two columns show the citizenship of the workforce. These roughly parallel the patterns in the first two columns.

### Illegal immigrants

In addition to these immigrants there are also millions of other undocumented workers – whose numbers are thought to have increased substantially during the 1980s and 1990s. Since illegal immigrants tend to avoid being registered, any estimates of the total number in Europe are necessarily guesstimates. One of the best indications comes from regularizations when a country declares an amnesty for certain categories of illegal immigrants who then have an incentive to come forward. Italy, for example, has had a series of regularization programmes. The latest of these, in 1998, attracted 350,000 applicants, which combined with data on legal immigrants, indicated a total foreign population of 1.6 million, of whom around 20 per cent were there illegally (SOPEMI, 2000). Spain's regularization

programme in 2000 attracted 245,000 applicants which would indicate a total foreign population of 1 million, of whom around 25 per cent were there illegally (SOPEMI, 2001). Italy and Spain probably have higher proportions of illegal workers than other countries because they form part of Europe's southern border, are easier to enter, and are seen as transit countries for people heading further north. For Europe as a whole, the stock of illegal immigrants has been assumed to be between 2 and 3 million – which would constitute between 10 and 15 per cent of the total population of foreigners (IOM, 2000).

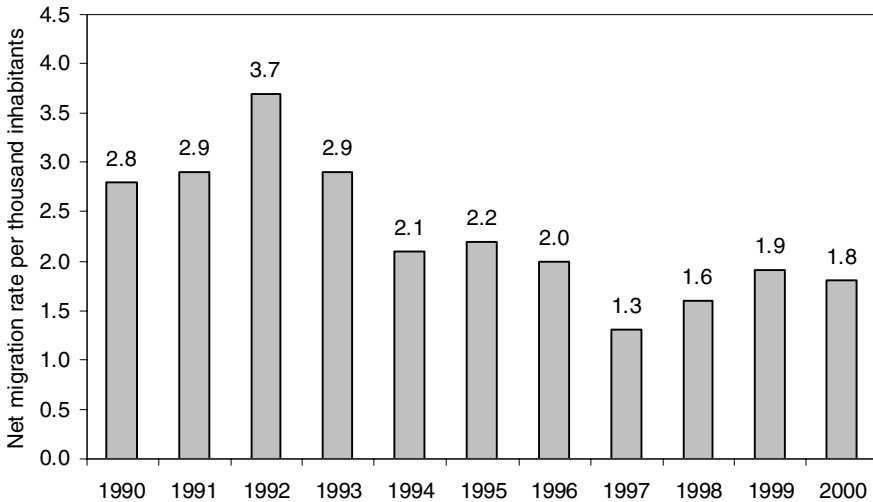
If stocks of illegal immigrants are difficult to count it is even more difficult to estimate the rate they are flowing into Europe. One of the most commonly quoted flow estimates was made in 1994 by Jonas Widgren of the Vienna-based International Centre for Migration Policy and Development. He started from the fact that, in 1993, 60,000 undocumented immigrants were apprehended at European borders. After talking to many border control authorities he estimated that perhaps four to six times as many people were not caught. This would mean that some 250,000 to 350,000 were getting through each year (Widgren, 1994).

TABLE 3  
INFLOWS OF ASYLUM SEEKERS INTO SELECTED COUNTRIES,  
1991-2000 (thousands)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Austria	27.3	16.2	4.7	5.1	5.9	7.0	6.7	13.8	20.1	18.3
Belgium	15.4	17.6	26.5	14.7	11.7	12.4	11.8	22.1	35.8	42.7
Denmark	4.6	13.9	14.3	6.7	5.1	5.9	5.1	5.7	6.5	10.1
Finland	2.1	3.6	2.0	0.8	0.8	0.7	1.0	1.3	3.1	3.2
France	47.4	28.9	27.6	26.0	20.4	17.4	21.4	22.4	30.9	38.6
Germany	256.1	438.2	322.6	127.2	127.9	116.4	104.4	98.6	95.1	78.6
Greece	2.7	2.0	0.8	1.3	1.4	1.6	4.4	2.6	1.5	3.1
Ireland	-	-	0.1	0.4	0.4	1.2	3.9	4.6	7.7	10.9
Italy	26.5	6.0	1.6	1.8	1.7	0.7	1.9	11.1	33.4	18.0
Luxembourg	0.2	0.1	0.2	0.2	0.2	0.3	0.4	1.6	2.9	0.6
Netherlands	21.6	20.3	35.4	52.6	29.3	22.9	34.4	45.2	42.7	43.9
Norway	4.6	5.2	12.9	3.4	1.5	1.8	2.3	8.5	10.2	10.8
Portugal	0.2	0.5	1.7	0.6	0.3	0.2	0.3	0.3	0.3	0.2
Spain	8.1	11.7	12.6	12.0	5.7	4.7	5.0	6.8	8.4	7.2
Sweden	27.4	84.0	37.6	18.6	9.0	5.8	9.6	12.5	11.2	16.3
Switzerland	41.6	18.0	24.7	16.1	17.0	18.0	24.0	41.3	46.1	17.6
United Kingdom	73.4	32.3	28.0	42.2	55.0	37.0	41.5	58.0	91.2	97.9
Total	559.2	698.5	553.3	329.7	293.3	254.0	278.1	356.4	447.1	418.0

Sources: SOPEMI, 2001.

FIGURE 1  
NET MIGRATION RATE PER THOUSAND INHABITANTS,  
EUROPEAN UNION, 1990-2000



Source: Eurostat, 2002.

### **Sources of immigrants**

The data indicate the destinations of migrants to Europe in recent years. But, from where have they been coming? The national composition of the immigrant population varies considerably from one destination country to another and reflects a number of factors, the most important of which are former colonial links, former areas of labour recruitment, and ease of entry from neighbouring countries.

The simplest snapshot of source countries comes from data on the foreign born. For this group of countries, 47 per cent of the foreign born came from other European countries, 27 per cent from Africa, 10 per cent from the Americas, 14 per cent from Asia, and 2 per cent from elsewhere.

There are significant differences, however, between the proportions for individual countries. Switzerland, Ireland, and Luxembourg, which have the highest proportions of EU nationals, did not have colonies, so they are a less obvious choice for immigrants from Asia or Africa. At the other end of the scale are former colonizing countries: France, the Netherlands, the UK, and Portugal. In France, for example, 32 per cent of the foreign born came from Algeria and Morocco; in the Netherlands, 26 per cent came from Indonesia and Suriname; in the UK, more than 20 per cent came from the Indian subcontinent; and in Portugal, 49 per cent came from Angola and Mozambique (Salt, 2000).



TABLE 4  
STOCKS OF FOREIGN CITIZENS, FOREIGN WORKERS,  
AND FOREIGN BORN, 1990-2000

	Foreign citizens as a % of total population <sup>1</sup>		Foreign workers as a % of total workforce		Foreign born as a % of total population	
	1990	1999	1990 <sup>4</sup>	1999 <sup>1</sup>	Year	%
Austria	5.9	9.2	7.4	9.5	-	-
Belgium	9.1	8.8	7.1	8.7	-	-
Denmark	3.1	4.9	2.4	2.5	1999 <sup>2</sup>	6.3
Finland	0.5	1.7	-	1.2	2000 <sup>2</sup>	2.5
France	6.3	5.6	6.2	6.1	1990 <sup>3</sup>	11.0
Germany	8.4	8.9	7.1	8.7	-	-
Ireland	2.3	3.1	2.6	3.4	2000 <sup>2</sup>	6.8
Italy	1.4	2.2	1.3*	3.6	-	-
Luxembourg	29.4	36	45.2	57.3	1991 <sup>3</sup>	30.2
Netherlands	4.6	4.1	3.1	3.4	2000 <sup>2</sup>	9.8
Norway	3.4	4	2.3	2.9	1999 <sup>1</sup>	6.5
Portugal	1.1	1.9	1.0	1.8	1991 <sup>3</sup>	4.6
Spain	0.7	2	0.6	1.0	1991 <sup>3</sup>	2.2
Sweden	5.6	5.5	5.4	4.1	2000 <sup>2</sup>	11.1
Switzerland	16.3	19.2	18.9	18.1	1990 <sup>3</sup>	21.3
United Kingdom	3.2	3.8	3.3	3.9	1999 <sup>2</sup>	7.5

Note: \*For 1991.

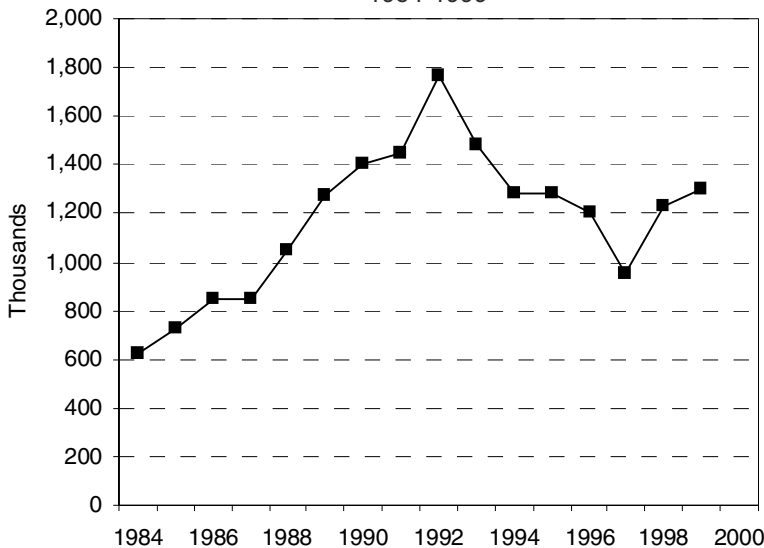
Sources: 1. SOPEMI, 2001; 2. Eurostat New Cronos database, 2002; 3. Salt et al., 2000; 4. SOPEMI, 2000.

Spain is something of an exception in that the largest single source of foreign-born residents came from France, not former colonies. This is probably because in the early 1990s immigration to Spain was still relatively low and the foreign born were only around 3 per cent of the population. Belgium too is an exception; although Belgium had colonies in Africa, and during the 1960s and 1970s did require workers for its iron and steel industry, it largely recruited from other European countries, notably Italy (Stalker, 1994). Another way of looking at the same data is from the perspective of the sending areas. Of emigrants from Africa, for example, 66 per cent went to France, and from Asia 55 percent went to the UK.

For more recent trends a better indication of source countries comes from data on flows. The overall trend is shown in Figure 2 for eight of the countries of the EU (SOPEMI, 2001). This shows a steep rise in immigration, peaking in 1992-1993, following the collapse of communism and the breakup of the former Soviet Union, which provoked a sharp increase in migration to Germany, particularly of ethnic Germans. As these crises abated somewhat, however, and European

countries became more restrictive, overall immigrant numbers started to fall, particularly for Germany. In the last few years, however, the total has been rising again. Table 1 also confirms that for a number of countries, including the Netherlands, Finland, and Sweden, immigration has remained fairly stable. Although the inflows appeared to fall in 1999, this is thought to be the result of a “technical adjustment”. But other European countries have seen significant increases from 1998-1999, including Germany, Italy, and the UK. In Portugal immigration has also been rising, though from a lower base.

FIGURE 2  
MIGRATION TO SELECTED EUROPEAN COUNTRIES,  
1984-1999



Note: Inflows of foreign citizens into Belgium, Denmark, Germany, France, Luxembourg, the Netherlands, Sweden, and the United Kingdom.

Source: SOPEMI, 2001.

Migrants to Europe now seem to be entering via most of the immigrant categories, though the largest numbers are family members, followed by labour migrants and asylum applicants.

*Family reunification* – This is often the largest category of legal arrivals. In Denmark, for example, around 66 per cent of those given residence permits in 1999 for more than 1 year were family members, while 16 per cent were workers, and 8 per cent were refugees. In Sweden the proportion of inflows of non-Nordic or European Economic Area (EEA)<sup>1</sup> citizens arriving for family reunification was nearer 80 per cent. In Portugal 47 per cent of official arrivals were family members, a similar proportion arrived on work visas, and the rest were refugees. In the UK, however, the proportion of family members is lower –

around 43 per cent of non-EEA citizens (SOPEMI, 2001). The nationality of the newly arriving family members naturally follows the pattern of previous immigration. In Germany and Switzerland, therefore, most of the joining family members come from Turkey and the former Yugoslavia. In France and to a lesser degree in Belgium and the Netherlands, they come from North Africa, and in the UK they come most from India, Pakistan, and Bangladesh.

*Labour migration* – After several years of economic expansion, Europe has seen a notable increase in labour migration. Some countries have actively been recruiting again at the higher end of the jobs market, yet they have also started to take on more unskilled workers, usually on a short-term or seasonal basis, particularly in agriculture, construction, and manufacturing, and also in services such as hotels and catering. For Europe as a whole, the majority of non-EU short-term workers come either from Eastern Europe or from Africa (IOM, 2000).

*Refugees and asylum seekers* – This is the most volatile category, ebbing and flowing, according to political and economic conditions. The largest flows in recent years were of refugees escaping the Kosovo crisis. Hundreds of thousands of Kosovans fled to the West in 1999, though by mid-2000 most of these had returned home. Table 3 shows the destination countries for asylum seekers in Europe. In 2000 the largest number of requests in Europe were going to the UK, followed by Germany, the Netherlands, and Belgium. Where are asylum seekers coming from? Table 5 shows the main sources of close to 1.8 million asylum applications in Europe during the years 1994 to 1999 (UNHCR, 2001). Despite the violence in Europe in 1999 the largest number of applications over this period came from Asia. A similar pattern is also evident in more recent data. For October and November 2001 the top four source countries of asylum in Europe were Iraq, Afghanistan, the former Yugoslavia, and Turkey.

### **Diversity of immigrants**

Another trend in recent years is that migration flows have become more diverse. Although the main destination countries continue to receive the bulk of their immigrants from traditional sources, they are also seeing people arrive from a broader array of countries. To some extent this is the result of political instability in many source countries, combined with falling costs of travel. One measure of this is to consider what proportion of the foreign population is accounted for by the top five immigrant groups. For most countries this proportion has tended to fall over the past decade. This is seen in Figure 3, which ranks countries according to the diversity of immigrant inflows in 1999. Of this group, the most diverse is the Netherlands where only 27 per cent of the 78,400 arrivals in 1999 came from the top five countries – in this case the UK, Germany, Morocco, Turkey, and the US. At the other end of the scale is Luxembourg where 55 per cent came from the top five countries: France, Portugal, Belgium, Germany, and the US. Ireland ranks in the middle of this figure, but in this case the proportion refers to only two countries: the UK and the US.

TABLE 5  
SOURCE COUNTRIES OF ASYLUM SEEKERS TO EUROPE, 1995-1999

Origin	1995	1996	1997	1998	1999	Total
Yugoslavia, FR	51,759	38,451	48,401	98,270	120,614	357,495
Iraq	18,198	26,288	40,434	40,821	35,129	160,870
Turkey	41,385	38,416	33,106	21,762	19,723	154,392
Afghanistan	11,669	12,513	16,343	18,633	24,220	83,378
Sri Lanka	12,765	13,084	14,118	12,345	12,785	65,097
Iran	10,994	11,644	10,148	10,315	16,157	59,258
Somalia	12,290	8,091	8,963	12,129	14,272	55,745
Romania	14,537	9,757	10,630	8,786	8,657	52,367
Bosnia and Herzegovina	17,231	6,484	8,226	10,207	6,679	48,827
Pakistan	9,825	7,838	8,270	6,596	8,163	40,692
Democratic Republic of Congo	7,761	7,847	8,726	6,959	7,249	38,542
Algeria	8,678	5,218	6,860	8,228	8,027	37,011
India	9,131	7,393	5,833	4,792	6,606	33,755
Armenia	5,746	6,957	6,086	5,345	8,645	32,779
Russian Federation	4,740	4,900	5,480	5,847	11,495	32,462
China	3,924	4,269	6,902	6,020	10,780	31,895
Nigeria	8,901	6,354	5,281	5,659	4,698	30,893
Albania	1,263	1,482	7,880	6,651	4,058	21,334
Stateless	3,120	3,550	3,650	3,661	4,227	18,208
Georgia	3,150	3,102	4,410	4,117	3,422	18,201
Africa	71,854	55,631	58,950	64,040	72,862	323,337
Asia	143,835	148,108	165,216	150,294	171,771	779,224
Europe	107,347	76,361	97,784	146,865	175,289	603,646
Latin American and Caribbean	3,131	4,018	4,820	3,874	4,975	20,818
Other/unknown	7,679	8,701	6,013	5,864	38,940	67,197
Total	333,846	292,819	332,783	370,937	463,837	1,794,222

Source: UNHCR, 2001.

For the majority of countries the proportion represented by the top five countries has tended to fall in recent years. The most striking difference in this figure is for the Netherlands, down from 49 per cent to 27 per cent, much of which is accounted for by declining numbers coming from Morocco and especially from Turkey, which was the leading source of immigrants in 1990 but had dropped to fourth place by 1999. Portugal too has seen a decline in immigration from Angola and Guinea-Bissau. Yet, some countries seem to have seen a greater con-

centration in the immigrant population. In Norway, for example, the 1999 figures were affected by a large inflow of refugees from Kosovo, though there has also been a notable increase in the number of people moving in from Sweden.

Apart from an increase in diversity, there has also been a tendency for the foreign population in Europe to come from lower-income countries. In the mid-1980s the majority of the foreign populations from EU and EFTA countries came from other high-income countries, and generally from other European states. The main exceptions were Germany and the Netherlands, which already had high numbers from Turkey, and Portugal which had many immigrants from its former colonies in Africa. But during the mid-1990s most countries that previously received a majority of their immigrants from high-income countries increased the proportion coming from lower-income countries. Even these are usually from the lower-middle income countries (per capita income in 1995 \$766 to \$3,035), rather than the very poorest countries in sub-Saharan Africa or elsewhere. Italy's increase, for example, included many more people from Morocco, Tunisia, and the Philippines (Salt, 2000).

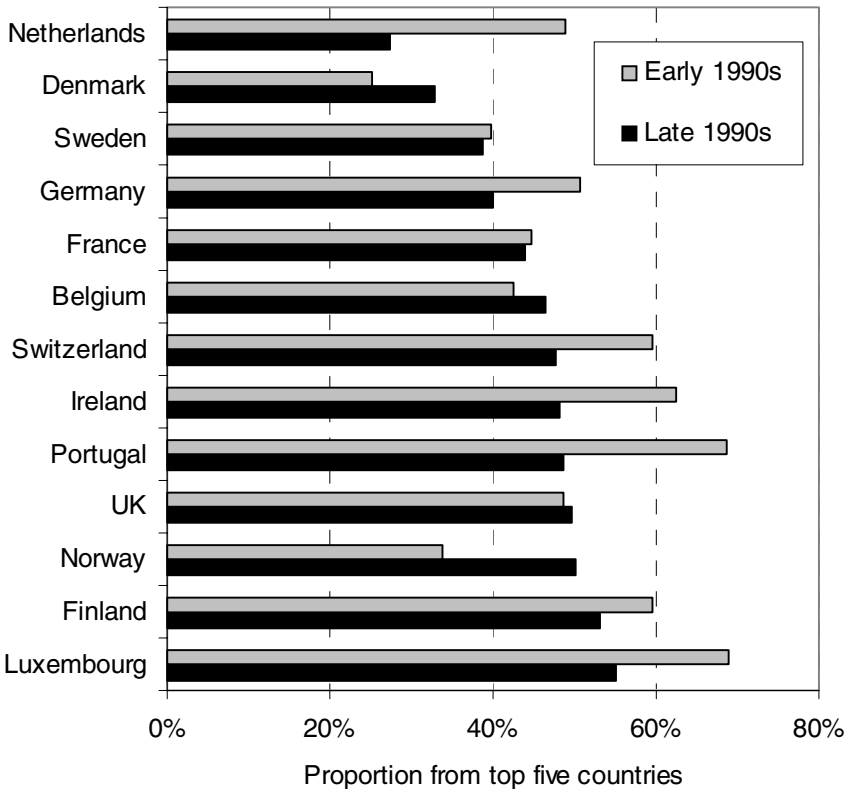
## IMMIGRATION POLICY

Patterns of immigration are also shaped by government policy which attempts to control immigration flows in the national interest. At its simplest this can be seen as an attempt to balance two conflicting objectives. On the one hand governments welcome immigrants as a valuable labour force, either as workers whose skills are in short supply, or as unskilled workers who are prepared to do some of the jobs that native workers shun. On the other hand they also try to dissuade immigrants if they believe they will bring social and political problems and they usually restrict immigration on the grounds of preserving "national identity" or maintaining social stability.

Similarly there are two main conflicting factors when it comes to accepting refugees. The main reasons for accepting are social and political – responding to humanitarian impulse to create a safe haven for those who have a "well-founded fear of persecution". The primary reason for trying to limit the flows of refugees is usually economic, since refugees can be seen as a drain on publicly funded welfare services, though there are also concerns about social stability. In reality, of course the situation is far more complex, and these and many other factors interact and mutate. In the receiving countries, governments have to respond to pressures from many different interest groups, some in favour of liberal immigration policies and others demanding stricter controls. Thus employers can be expected to be in favour of immigration which gives them a larger pool of potential employees. Workers' groups, on the other hand, may object to competition from immigrants who are prepared to accept lower wages. Nevertheless during times of economic expansion even workers'

representatives tend not to oppose immigration very strongly. Germany's guest worker programme, for example, was worked out in close cooperation with trade unions (Hollifield, 1992).

FIGURE 3  
PROPORTION OF INFLOWS OF FOREIGNERS FROM TOP FIVE COUNTRIES, EARLY AND LATE 1990s



Notes: Data are for inflows for 1990 and 1999, except Denmark (1992 and 1998), Finland and the UK (1992 and 1999), and Belgium (1991 and 1999). For Ireland they are 1994 and 1999 and the proportion is for the top two countries.

Source: Data from SOPEMI, 2001.

A further factor likely to favour more positive immigration policies is demographic change. In the EU, the total fertility rate, the average number of children a woman bears in her lifetime, is now down to 1.4, far below the figure of 2.1 required to maintain a stable population. As a result there have been suggestions in recent years that European countries should encourage immigration to offset the ageing of their populations, though the scale of immigration required to achieve this is dramatic. To maintain a stable population,

the UN estimates that from 1995-2000 the EU would need to boost its annual inflows by a factor of five, to around 1.6 million. And if it wanted to maintain a constant “support ratio”, the number of working people for each person older than 65, the EU would need to achieve net annual migration of 13 million (UN Population Division, 2000).

There are similar fluctuations in attitudes to refugees. In principle the number of asylum claims that are accepted should be determined only by the number of people who have a well-founded fear of persecution. In practice, however, the proportion admitted also depends on the overall number of claimants since the stringency with which claims are tested tends to rise with the prospect of more arrivals.

### **National policies on immigration**

Ultimately immigration in Europe is controlled by national governments. These policies can be quite diverse but during the 1950s and 1960s they were fairly liberal. The countries of northern Europe that had colonial histories needed more workers and were happy to accept them from their former colonies. In the 1950s the United Kingdom, for example, allowed people from the former British Empire to come to the “mother country” and accorded them the same rights as any other citizen, though it curtailed these settlement rights from 1962 on. France, concerned about falling birth rates, also gave citizenship rights to people not just from parts of the Caribbean that were administratively part of France, but also to arrivals from some former colonies in North Africa. The Netherlands and Belgium also had colonial links but actually recruited more guest workers from southern Europe, Morocco, and Turkey. West Germany also allowed free immigration to some extent, notably for “ethnic Germans” either from East Germany or from other countries in Eastern Europe or the Soviet Union. Then during the 1960s, West Germany started actively to promote the temporary immigration of young male workers through inter-governmental agreements with other West European countries as well as with Turkey, Morocco, Tunisia, and the former Yugoslavia. Switzerland also recruited guest workers over this period but always on a strictly controlled basis.

The position of the Nordic countries was somewhat different. From 1954, Sweden, Denmark, Finland, and Norway had established a common labour market, and from 1957 a common passport union, allowing people to work freely in each other’s countries. This allowed Sweden, for example, to draw in workers from Finland, though later it also established a controlled system for foreign labour from other countries, including the former Yugoslavia, Greece, and Turkey. Here the first main attempt at control was from 1965 when workers had to obtain a work permit before arrival. Denmark also used guest workers during this period. Norway, during the 1950s and 1960s, had relatively little immigration.

Immigration policies that had been diverse suddenly converged after the oil crisis of 1973-1974. Most countries passed legislation to restrict further primary immigration. And countries with guest workers also encouraged them to return home. But such policies had little success. Many guest workers in Germany and elsewhere had already put down roots and started families.

Although Switzerland did deport some workers, other countries were reluctant to take measures that could be seen to infringe human rights. A similar concern for human rights also ensured that immigrants already in place would be allowed to bring in close family members. The effect of the controls was therefore to shift inflows from labour immigration to family reunification.

### **The European dimension**

This period also saw the slow emergence of a cross-national European response to immigration. Initially this was limited to agreements between members of the EU on travel and labour issues within European countries. But from the mid-1980s the countries of the EU became more concerned about their common external frontier and struggled to develop a common policy on non-EU immigrants. Some of the stages in this process are listed in Table 6.

One of the most significant moves was the adoption of the Schengen accords, originally signed in 1985. In 1990 these were formalized into the Schengen Convention which moved the EU closer to a borderless union and to common policies on immigration and asylum. This involves removing border controls between EU countries while hardening external frontiers, creating what is popularly referred to as “fortress Europe”. This has not yet been implemented completely.

Denmark, for example, will decide on a case-by-case basis whether to participate. And the UK and Ireland are not parties but can, with the approval of the EU Council, apply the Schengen Convention in whole or in part and participate in its further development. On the other hand two non-EU countries, Iceland and Norway, are now part of the agreement. Schengen also offers some freedom for non-EU nationals who can move between signatory countries if they have the appropriate visa or residence permit.

In the case of asylum seekers the most significant effort at establishing common frontiers has been the 1997 Dublin Convention which requires asylum seekers to apply in the first EU country in which they land. In practice this has proved very difficult to implement and relatively few people have yet been transferred (DRC, 2001). One of the most dramatic indications of its failure to work as planned is the gathering of asylum seekers at the French end of the Channel Tunnel hoping to gain asylum in the UK.



TABLE 6  
MIGRATION POLICY IN THE EUROPEAN UNION

Year*	Event	Outcome
1958	Treaty of Rome	Set up the European Economic Community and established that a citizen of one member country could travel to another country to work or seek work.
1976	Trevi Group	A meeting of ministers to promote cooperation on issues of law and order ("Trevi" now stands for Terrorisme, Radicalisme, Extremisme, et Violence Internationale). After 1986 this becomes an ad hoc group of ministers responsible for considering immigration questions, particularly illegal immigration, among other things.
1985	Schengen Accords	An agreement to remove all border controls while attempting to strengthen the common external frontier. Originally signed by six countries in 1985, the current signatories are Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, and Sweden.
1987	Single European Act	The member states of the EU declared their intention to create a unified market. The Act also amended earlier treaties to ensure further cooperation on foreign policy.
1993	Treaty on EU	The "Maastricht treaty" extended cooperation to political activities, including foreign policy. This treaty also lifted the remaining restrictions on migration from Spain and Portugal to other EU countries (SOPEMI, 1999).
1997	Dublin Convention	An attempt to harmonize policy by requiring asylum seekers to apply in the first EU country they enter; still not in effect.
1999	Treaty of Amsterdam	Placed issues relating to immigration and asylum under the jurisdiction of the EC and incorporated the Schengen Accords into the EU; included an agreement to achieve minimum standards in asylum policies and practices by 2004.
1999	European Council meeting in Tampere	Established the need for a common European policy on asylum and immigration and asked the European Commission to draw up proposals on asylum, refugees, and immigration.
2000	Nice Treaty	This included a Charter of Fundamental Rights that says that non-EU nationals with residence or work permits should eventually have the same freedom of movement as EU nationals.
2001	European Council meeting in Laeken	Failed to agree on greater cooperation on immigration or asylum policies.

Note: \*In the case of treaties this refers to the year in which they came into force.

As far as immigration from outside the EU is concerned, governments still prefer national policies to supranational ones and have proved reluctant to transfer authority to European bodies such as the European Parliament or the European Court of Justice (Koslowsky, 1998). This determination to retain sovereign control over immigration was confirmed at a meeting of the European Council (heads of government) meeting at Laeken in December 2001 which, while calling for closer cooperation to protect external frontiers, rejected a proposal to create a common European border patrolled by EU border guards.

There was a similar impasse at this meeting when it came to policies on asylum. The UK, for example, was pressing for common standards on accepting asylum applications but Austria and Germany opposed such measures which would probably require them to accept higher numbers. The European Commission does now have more authority to propose laws on immigration and asylum, but still has to present these to the Council of Ministers where they are subject to close national scrutiny.

### **National policies**

At the national level the current trend seems to be for governments to make a more realistic assessment of the need, both economic and demographic, for immigrants while also trying to manage immigration more efficiently. National level policies on immigration involve efforts to: control immigration, which include measures to tighten up border controls and to simplify and speed up the processes for dealing with asylum applications; combat illegal immigration, which typically include sanctions against airlines or other travel operators, as well as heavy fines for employers of illegal immigrants – a number of countries have also had regularization programmes for current illegal immigrants; and better integrate immigrants, which include, for example, training for local authorities to make them more sensitive to the needs of immigrants, training and language classes for immigrants, systems of sponsorship to help immigrants settle, and special reception classes for children.

The following are some recent measures taken by individual countries:

*Denmark* – In 2000 the Government enacted legislation to deter any immigrant younger than 25 from bringing a foreign spouse to Denmark. And in 2001 the new-elected Government introduced measures to make the country less attractive to refugees and immigrants. Now refugees can be sent home up to seven years after being granted asylum if their home countries are by then deemed safe. And they must also wait seven years before being granted permanent residence permits.

*France* – In 1997 the new Government instituted a regularization programme that has granted residence to 75,600 foreigners. Three-quarters of these came

from Africa, with similar numbers from the Maghreb and sub-Saharan Africa. In 2001 France signed a bilateral agreement with Algeria on the status of Algerians in France.

*Germany* – In 2001 the Minister of the Interior said that “Germany is an immigration country”, a significant shift from the previous official stance. Germany is also considering a new immigration bill that would allow highly skilled people to qualify for permanent residence as soon as they arrive, and also introduced measures to integrate foreigners and tighten the asylum system. However the bill has met with some opposition from parties opposed to immigration and may not be accepted by the upper house of parliament.

*Ireland* – The situation here is somewhat different. Ireland, which has only recently become a country of immigration, and had the fastest-growing economy in Europe, was happy to welcome more workers. Here around three-quarters of immigrant workers are unskilled. Now Ireland is becoming more restrictive. Faced with rising unemployment it is tightening up on work permits. Employers now have to show that reasonable efforts have been made to recruit EU nationals.

*Italy* – So far Italy has granted residence permits to foreigners who have entered legally or illegally and found work. Early in 2002, however, there were plans for a tougher immigration law that would permit non-EU immigrants to remain in the country only for as long as they have a contract of employment, and also make it simpler to expel illegal immigrants.

*Sweden* – Sweden has always made efforts to integrate its foreign labour force and has never operated under the assumption that contract workers would go home. Here it is relatively easy to gain citizenship and around half the foreign-born are citizens. In 1998 the Government introduced a new policy on integration and in 2001 enacted a new citizenship law that recognizes dual nationality.

*United Kingdom* – During 2001 British policy on labour immigration shifted significantly in favour of allowing more foreign workers. From the beginning of 2002 a “Highly Skilled Migrant Programme” will use a points scheme based on educational attainment and salary to admit foreign professionals who do not have a pre-arranged job. And the opportunities for “working holiday makers” and seasonal workers have been widened. At the same time the penalty for smuggling or trafficking people has been increased from a ten to 14 year prison sentence (Koslowsky, 1998).

## INTERNATIONAL COOPERATION

Thus far, European countries have pursued most of their migration policies within their own national borders by controlling the entry of foreigners and supervising

the integration of existing immigrants. They have done relatively little to try to control immigration through cooperation with the sending countries. In earlier eras, when the aim was to encourage labour immigration, Germany set up recruitment bureaus in the former Yugoslavia and Turkey, and France and the UK at various times established systems to encourage immigration from their former colonies.

Even today, a number of European countries have bilateral quota agreements with sending countries for unskilled workers, usually for temporary or seasonal labour. Germany has the largest number of seasonal workers, most of whom come from Poland, and France has bilateral agreements with Morocco, Poland, Senegal, and Tunisia (IOM, 2000).

There are also bilateral arrangements – “readmission agreements” – for the repatriation of various types of migrants, usually failed asylum seekers. Although most such arrangements are bilateral, some are multilateral. Most of the latter are through the International Organization for Migration (IOM), which among other activities, helps people who have to return home – rejected asylum seekers, trafficked migrants, stranded students, and some labour migrants. One project, for example, concerns the “Reintegration and Emigration of Asylum Seekers from Germany” which in 2000 assisted some 70,000 people to return to Bosnia, Kosovo, and elsewhere (IOM, 2002).

### **Aid in place of migration?**

Could the receiving countries also do more to prevent migration by addressing the causes of unwanted immigration rather than simply trying to control it? At times there have indeed been suggestions that the richer countries might target some of their development aid in this direction, using it to defuse potential conflicts that could trigger flows of refugees, for example, or to alleviate the poverty that causes people to seek work overseas.

Conflict prevention and resolution came to be seen as a more urgent task during the 1990s following a surge of internal conflicts in Europe and elsewhere. The European Community, for example, when preparing *Country Strategy Papers* for the countries to which it gives aid now assesses the potential for conflicts – looking at such issues as the balance of political and economic power, the nature of the security forces, the ethnic composition of the government, the representation of women, and the extent of environmental degradation.

There have also been efforts to focus on countries that have produced a large number of emigrants. In 1998 the EU created a High-Level Working Group (HLWG) on Asylum and Migration which has now developed Action Plans for Sri Lanka, Somalia, Albania, Afghanistan, Iraq, and Morocco, aimed at

comprehensively addressing the roots of displacement (European Commission, 2001). In what are always very complex situations, however, it will be difficult to prove whether such interventions really do have a significant impact on emigration.

It is equally difficult to judge the impact on emigration of aid given to reduce poverty. This was an issue raised explicitly at several international conferences in the early 1990s, and still remains largely unresolved (Böhning and Schloeter-Pareses, 1994). Many of the doubts concern whether aid can indeed reduce poverty – a much larger question beyond the scope of this paper. But even if development cooperation did reduce poverty it is questionable whether this would then immediately stem emigration. A number of studies have concluded that when people's incomes and aspirations rise as their countries industrialize they will become more mobile both nationally and internationally and have the resources to emigrate.

Only later, when the labour market at home offers sufficient remunerative employment, will the more ambitious people be content to remain at home. This produces what has been called a "migration hump" as migration first rises and then falls (Martin and Taylor, 1996). How rich do people have to be before they do not feel impelled to emigrate? Some studies in the mid-1990s suggested that the transition occurred at an average real per capita income of around \$4,000. This is illustrated in Figure 4 which suggests that the transition occurs first for national migration, then for international unskilled migration, and finally for migration of the highly skilled (Fisher and Straubhaar, 1996).

Nevertheless it could also be argued that even if this is the case it might be useful to try more targeted interventions to boost employment, specifically in countries and areas that send large numbers of migrants. The evidence here is not very positive. The International Labour Organization (ILO), for example, has been involved with such activities in high-emigration areas in the Maghreb countries, which do have per capita incomes of around \$4,000. These have included "micro-level" targeted interventions such as support to small enterprise development. The ILO has concluded, however, that such interventions usually have no perceptible impact on migration pressure and argues that a more fruitful option would be for the richer countries to open their markets so as to enable the poorer migrant-sending countries to pursue the kind of export-led growth that could give a more substantial boost to both wages and employment (Abella, 2002).

### **The empirical evidence**

Do European countries, in practice, try to direct aid to reduce migration pressures? One indication would be if European ODA flows were concentrated on migrant-sending countries. Table 7 compares, for the countries with both sets of data available, the main developing-country destinations of ODA with the

main developing-country sources of immigrants (DAC, 2001). The developing countries listed here are the leading three, though countries that also figure highly in the top 12 or 15 in the other category are also asterisked. Thus for Belgium, Morocco is the leading source of immigrants, and is also ranked highly as an aid destination (number 15).

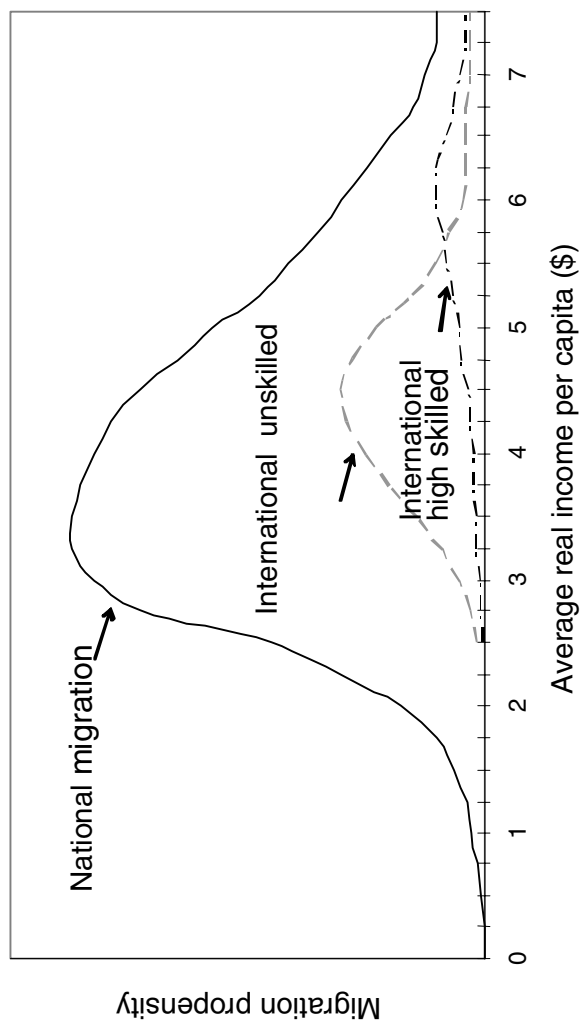
This table does indeed suggest a degree of correlation. However, in most cases this is because both immigration and aid flows reflect colonial ties. For the UK, India is the leading destination of ODA primarily because of a long historical association, rather than from an attempt to dampen emigration. The strongest colonial correlation is for Portugal, almost all of whose assistance goes to former colonies. Turkey also figures highly on the ODA lists, though again there are probably other reasons for this, since Turkey, particularly during the Cold War, was strategically important to Europe. On the other hand, Tanzania figures strongly as an aid recipient, though it is not a significant source of migrants. The lack of any clear connection between aid policies and migration is also implied from the published policies of donors. The DAC guidelines on poverty reduction, for example, do mention migration but only in the broader context of the ways in which development assistance could contribute to poverty reduction with the implication that this in turn might reduce emigration pressures.

## THE NEXT PHASES OF EUROPEAN IMMIGRATION

In the past most European countries have not considered themselves countries of immigration. Their first instinct has been to resist large numbers of new arrivals. Recent developments, however, suggest possible changes of direction. Although in the short term there can be switches in immigration policy in response to immediate political pressures, in the longer term immigration is likely to grow. This is partly because of labour demand, since even at times of slow economic growth, most European countries find themselves short of skilled workers and also of people prepared to do jobs that national workers shun. The longer-term picture will also be affected by demographic changes and the greying of the population. Immigration is not the answer to falling birth rates, since countering this would require immigration on a vast scale. What demographic shifts could eventually do, however, is erode popular resistance to immigration and encourage governments to accept more people, even if in a closely controlled fashion tailored as precisely as possible to national needs.

For the EU in the short and medium term many of these labour demands are likely to be met from the East, rather than from the South. As the EU expands eastward it will gain access to new sources of migrant labour, similar to those provided in the 1950s and 1960s by Italy, Portugal, and Spain. Yet, given the low birth rates in most of these countries too, the longer-term picture, even for an expanded EU, is likely to involve greater use of workers from developing countries.

FIGURE 4  
MIGRATION PROPENSITY AND DEVELOPMENT



Source: Fischer and Straubhaar, 1996.

TABLE 7  
LEADING SOURCES OF FLOWS OF IMMIGRANTS, AND LEADING  
DEVELOPING-COUNTRY DESTINATIONS OF OFFICIAL DEVELOPMENT  
ASSISTANCE (ODA), SELECTED COUNTRIES, 1998-1999

	Top Three Sources of Migrants, 1999			Top Three Destinations of ODA, 1998-1999		
Belgium	Morocco*	Turkey	Malawi	Tanzania	Congo	Rwanda
Denmark	Iraq	Somalia	Turkey	Tanzania	Uganda	Mozambique
Finland	Iraq*	Iran	China*	Mozam- bique	Nicaragua	China*
France	Morocco*	Algeria*	Turkey	Fr. Polynesia	New Caledonia	Côte d'Ivoire
Germany	Turkey*	-	-	China	Indonesia	Turkey*
Greece	Egypt*	Philippines	Turkey*	Palestine	Egypt*	Turkey*
Italy	Morocco	China*	Senegal	Madagascar	Mozam- bique	Haiti
Netherlands	Morocco	Turkey	Suri- name*	Neth. Antilles	Tanzania	India
Norway	Iraq*	Somalia	Iran	Tanzania	Mozam- bique	Palestine
Portugal	Brazil *	Guinea- Bissau*	Cape Verde*	Mozam- bique*	East Timor	Cape Verde*
Sweden	Iraq	Iran	China	Tanzania	Mozam- bique	S. Africa
Switzerland	Turkey	-	-	Bangladesh	Mozam- bique	India
UK	S. Africa*	India*	Pakistan*	India*	Tanzania	Bangladesh*

Notes: \*Also a leading source of migrants, or also a leading destination of ODA, though not necessarily in the top three.

This does not include European countries such as Bosnia and Herzegovina and the former Yugoslavia, which are major immigrant sources, as well as destinations for ODA.

Sources: SOPEMI, 2001; Development Assistance Committee, 2000.



NOTE

1. The European Economic Area includes the 15 members of the European Union plus Iceland, Liechtenstein, and Norway.

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## TENDANCES ET POLITIQUES MIGRATOIRES EN EUROPE

L'auteur de cet article propose une synthèse des dernières données en date sur le nombre de migrants et les flux migratoires en Europe, en insistant sur l'immigration en provenance des pays en développement. Replaçant tout d'abord ce phénomène dans son contexte historique, il rappelle comment l'afflux initial de travailleurs immigrés a été suivi de l'afflux des membres de leurs familles puis, ultérieurement, par les arrivées de réfugiés et de demandeurs d'asile. Après quoi il examine de plus près les données migratoires récentes, lesquelles, relève-t-il toutefois, sont souvent hétérogènes et lacunaires.

Les données statistiques transnationales les plus facilement comparables, dues à l'OCDE et à Eurostat, indiquent que dans les années 90, c'est l'Allemagne qui a reçu le plus grand nombre d'immigrants, suivie du Royaume-Uni. En outre, il se trouve probablement en Europe de trois à quatre millions d'immigrants dont on ne sait rien – soit 10 à 15 pour cent de toute la population étrangère.

Il est aussi question dans cet article des pays d'émigration. Très diversifiée d'un pays à l'autre, la provenance de l'immigration dépend de plusieurs facteurs dont les principaux sont les antécédents coloniaux, une tradition de recrutement de la main-d'œuvre dans certaines régions, la facilité d'entrée depuis des pays limitrophes. On observe cependant depuis quelques années que les immigrants proviennent de pays bien plus nombreux, et notamment de pays à très faible revenu.

L'évolution des politiques migratoires y est par ailleurs examinée. Dans les années 50 et 60, les politiques nationales étaient relativement tolérantes – elles ne se sont durcies qu'après 1970. Or, les autorités de plusieurs pays s'emploient depuis quelque temps à les remanier dans le sens d'une meilleure prise en compte des nécessités de l'emploi et des besoins démographiques. L'auteur évoque à ce propos l'apparition d'une réponse transnationale européenne coordonnée à l'immigration, les pays de l'Union se souciant désormais davantage de leurs frontières extérieures communes.

À ce jour, les pays européens n'ont pas fait grand-chose pour tenter de maîtriser l'immigration avec le concours des pays de provenance. Pourtant, alors qu'ils pourraient par exemple octroyer une aide au développement aux pays de forte émigration, peu ont opté délibérément pour cette formule.

L'auteur conclut qu'on doit s'attendre à une augmentation de l'immigration en Europe, résultant à la fois d'un renforcement de la demande de main-d'œuvre et de la faiblesse du taux de natalité dans ce continent. À court et moyen termes, c'est d'Europe orientale que viendront les migrants, surtout en conséquence de l'élargissement de l'Union européenne. En revanche, plus tard, ils viendront probablement en plus grand nombre des pays en développement.

## TENDENCIAS DE LA MIGRACIÓN Y POLÍTICA MIGRATORIA EN EUROPA

Este documento resume la más reciente información sobre contingentes y flujos de migrantes en Europa, centrándose concretamente en las llegadas a partir de países en desarrollo. Empieza por colocar el problema en su contexto histórico mostrando cómo los flujos de migrantes laborales acarrearón flujos de familiares y, más adelante, de demandantes de asilo y refugiados. A continuación, se examina con más detalle los datos más recientes sobre migración, encontrando que éstos son con frecuencia incompletos e incoherentes.

Los datos transnacionales más comparables son los procedentes de la OCDE y de Eurostat, según los cuales en los años noventa Alemania recibió el mayor flujo de migrantes, seguida de Reino Unido. Además de esas llegadas, en Europa existen probablemente entre dos y tres millones de inmigrantes indocumentados, constituyendo entre el 10 y el 15 por ciento del total de la población extranjera.

El artículo se ocupa también de los países de procedencia de los inmigrantes. Los orígenes varían considerablemente de unos países de inmigración a otros, como consecuencia de diversos factores entre los cuales los más importantes son los vínculos coloniales previos, los lugares anteriores de reclutamiento de trabajadores y la facilidad de ingreso a partir de países limítrofes. Pero en estos últimos años los inmigrantes proceden de un número cada vez mayor de países, y, en particular, de los países de más bajos ingresos.

El artículo se ocupa también de los cambios experimentados por la política inmigratoria. Las políticas nacionales fueron bastante liberales en el curso de los años cincuenta y sesenta, antes de hacerse más restrictivas a partir de los setenta. Y recientemente cierto número de gobiernos han revisado sus políticas de manera que se tomen en consideración las necesidades laborales y demográficas. Se hace asimismo referencia al hecho de que a medida que los países de la Unión Europea (UE) van teniendo más en cuenta la existencia de fronteras externas comunes, va apareciendo una respuesta europea transnacional a la inmigración.

Hasta ahora los países europeos apenas habían tratado de controlar la migración cooperando con los países de partida. Así, por ejemplo, a veces dirigían su asistencia oficial al desarrollo hacia los países que probablemente les iban a enviar más migrantes, aunque muy pocos parecían hacerlo de manera deliberada.

El artículo llega a la conclusión que en el futuro lo más probable es que la inmigración a la UE vaya en aumento como resultado tanto de la demanda de trabajadores como de los escasos índices de natalidad de los países europeos. A corto y mediano plazo muchas de estas necesidades probablemente se satisfarán

mediante flujos procedentes de Europa oriental, sobre todo a raíz de la expansión hacia el Este de la UE. Pero a largo plazo lo más probable es que se produzca una mayor inmigración procedente de países en desarrollo.



# Managing Migration: The Role of Economic Instruments

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## ABSTRACT

This paper reviews economic policies and instruments available to the developed countries to reduce unwanted migration from developing countries, not all of which is irregular migration. Countries generally welcome legal immigrants and visitors, try to make it unnecessary for people to become refugees and asylum seekers, and try to discourage, detect, and remove irregular foreigners.

There are three major themes:

1. There are as many reasons for migration as there are migrants, and the distinction between migrants motivated by economic and non-economic considerations is often blurred. Perhaps the best analogy is to a river – what begins as one channel that can be managed with a dam can become a series of rivulets forming a delta, making migration far more difficult to manage.
2. The keys to reducing unwanted migration lie mostly in emigration countries, but trade and investment fostered by immigration countries can accelerate economic and job growth in both emigration and immigration countries, and make trading in goods a substitute for economically motivated migration. Trade and economic integration had the effect of slowing emigration from Europe to the Americas, between southern Europe and northern Europe, and in Asian Tiger countries such as South Korea and Malaysia. However, the process of moving toward freer trade and economic integration can also increase migration in the short term, producing a migration hump, and requiring cooperation between emigration and immigration destinations

so that the threat of more migration does not slow economic integration and growth.

3. Aid, intervention, and remittances can help reduce unwanted migration, but experience shows that there are no assurances that such aid, intervention, and remittances would, in fact, lead migrants to stay at home. The better use of remittances to promote development, which at US\$65 billion in 1999 exceeded the US\$56 billion in official development assistance (ODA), is a promising area for cooperation between migrants and their areas of origin, as well as emigration and immigration countries.

There are two ways that differences between countries can be narrowed: migration alone in a world without free trade, or migration and trade in an open economy. Migration will eventually diminish in both cases, but there is an important difference between reducing migration pressures in a closed or open world economy. In a closed economy, economic differences can narrow as wages fall in the immigration country, a sure recipe for an anti-immigrant backlash. By contrast, in an open economy, economic differences can be narrowed as wages rise faster in the emigration country.

Areas for additional research and exploration of policy options include: (1) how to phase in freer trade, investment, and economic integration to minimize unwanted migration; (2) strategies to increase the job-creating impacts of remittances, perhaps by using aid to match remittances that are invested in job-creating ways.

## INTRODUCTION AND THEMES

Most of the world's 6.1 billion people never cross a national border – most people will live and die within the country in which they were born. Most of those who do cross national borders will move only a short distance. More than 80 per cent of the world's population live in less developed countries, which means that most international migrants move from one less developed nation to another.<sup>1</sup>

The UN estimated the number of international migrants – persons outside their country of birth or citizenship for 12 months or more – to be 160 million in 2000. There is no regional or country breakdown, but in 1990, when the UN estimated 120 million migrants, 66 million or 55 per cent, were in developing countries, and 54 million or 45 per cent, were in developed countries. If these same percentages apply to the 2000 migrant total, there would be 72 million migrants in developed countries and 88 million in developing countries.

### **Migration determinants and factors**

International migration is usually a major individual or family decision that is carefully considered – crossing national borders to settle or work in another



country is not a decision made lightly. There are two broad categories of migrants: those who migrate to another country for primarily economic reasons, and those who move primarily for non-economic reasons (see Table 1). The factors that encourage a migrant to actually move are grouped into three categories: demand-pull, supply-push, and network. Economic migrants might, for example, be encouraged to migrate by demand-pull guest worker recruitment; non-economic migrants might be motivated to cross borders to join family members settled abroad.

TABLE 1  
DETERMINANTS OF MIGRATION: FACTORS  
ENCOURAGING AN INDIVIDUAL TO MIGRATE

Type of migrant	Demand-pull	Supply-push	Network/other
Economic	Labour recruitment (e.g., guest workers)	Un- or under-employment; low wages (e.g., farmers whose crops fail)	Jobs and wage information flows (e.g., sons following fathers)
Non-economic	Family unification (e.g., family members join spouse)	Flee war and persecution (e.g., displaced persons and refugees/asylum seekers)	Communications; transportation; assistance organizations; desire for new experience/adventure

Note: These examples are illustrative. Individuals contemplating migration may be encouraged to move by all three factors. The importance of pull, push, and network factors can change over time.

A man living in rural Turkey, for example, may be offered a job in Germany by a recruiter, or hear about German jobs from friends and relatives abroad, which is a demand-pull factor. This potential migrant may not have a job at home, or he may face crop failures, which makes him willing to move, a supply-push factor. After paying the recruiter/smuggler to get him to Germany – a network factor – he decides to migrate.

The three factors encouraging an individual to migrate do not have equal weights, and the weight of each factor can change over time. Generally, demand-pull and supply-push factors are strongest at the beginning of a migration flow, and network factors become more important as the migration stream matures. Thus, the first guest workers are recruited, often in rural areas where jobs are scarce. But after migrants return with information about job opportunities abroad, network factors may become more important in sustaining migration, so that even employed workers in Turkey may migrate to Germany for higher wages.

### **Migration motivations**

One of the most important non-economic motivations for crossing national borders is family unification. A father working abroad wants to have his wife and children join him, for example. In such cases, the anchor immigrant is a demand-pull factor for family chain migration. The migrant's immediate family may be followed by brothers and sisters, and then their families.<sup>2</sup> Family considerations can play important roles in migration decisions, an insight that is at the core of the so-called new economics of labour migration (NELM), which recognizes a variety of reasons for migration (Taylor and Martin, 2001):

- migration may represent an effort to “keep up with the neighbours”— if migrant families have better homes and TVs, then non-migrant families may be motivated to send a migrant abroad to earn money to overcome their relative deprivation;
- missing services and markets – many migrants are from farm families. There is typically no crop insurance available to provide an income if the rains do not come and crops fail, so a foreign labour market can serve as a means of reducing the risk of having no income when crops fail;
- migration can overcome a local credit obstacle to development, such as when banks are reluctant to lend money to farmers who own land communally rather than individually. In some cases, farmers who want to buy new machines migrate to earn wages so they can purchase machinery.

Some migrants are impelled to cross national borders by war and political persecution at home, and might qualify as refugees according to the 1951 Geneva Convention which defines a refugee as a person residing outside his or her country of citizenship and who is unwilling or unable to return because of “a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion”. Countries that signed the Geneva Convention pledged not to “refoul” or return persons to places where they could be persecuted.

Most nations are committed to reducing the root causes of unwanted migration, which means reducing the demographic and economic differences that promote economic migration, and increasing political stability, respect for democracy, and human rights in order to minimize the number of refugees and asylum seekers. Most of the changes that would reduce unwanted migration lie within the developing countries that are the source of most migrants. Trade, investment, and aid policies of the industrial nations can accelerate demographic and economic changes as well as ensure respect for human rights. In the extreme,

industrial nations can use military force for “humanitarian intervention” to prevent unwanted migration.

## MAJOR APPROACHES

### Trade and investment

Trade means that a good is produced in one country, taken over borders, and used in another. Economic theory suggests that, if countries specialize in producing those goods in which the country has a comparative advantage, the residents of all countries that trade or exchange goods will be better off. Trade affects the location and cost of producing goods. Trade policies affect the competitiveness of an emigration country’s products, and employment in the export and import sectors of *both* sending and receiving countries. This means that if Poland can produce agricultural commodities cheaper than France, and France can produce cars cheaper than Poland, then Poland should produce pork, and send it to France in exchange for cars. This way, the French have lower food costs, and the Poles have cheaper cars. With trade accelerating economic and job growth in both countries, there is less Polish emigration.

Economically motivated migration should decrease in a free trade world because of factor price equalization, the tendency of wages to equalize as workers move from poorer to richer countries. In the terms of economic theory, this means that trade and migration are substitutes – countries that have relatively cheaper labour can export labour-intensive goods *or* workers. Over time, differences in the prices of goods and the wages of workers should converge with freer trade, reducing emigration pressures.

Migration and trade were *substitutes* across the Atlantic and within Europe, as economic theory suggests. For more than a century, Europeans migrated to North America, until restrictive legislation in the 1920s almost stopped the flow across the Atlantic. In the 1950s and 1960s, European economic growth rates rose above US growth rates, the gaps in wages and incomes across the Atlantic narrowed, and migration across the Atlantic was minimal even after the United States reopened opportunities for European immigration in the 1950s and 1960s. A similar story of narrowing wage and income gaps due to freer trade and economic integration helps explain why labour migration between southern European nations such as Italy and Spain and northern Europe practically stopped in the 1970s and 1980s despite the right of Italians and Spaniards to live and work anywhere in the European Union (EU).

The US Commission for the Study of International Migration and Cooperative Economic Development searched for the best mutually beneficial way to reduce unwanted migration, and concluded that “expanded trade between the sending

countries and the United States is the single most important remedy” (1990: xv). Many countries have embraced freer trade as a route to faster economic growth. In 1998, trade in goods and services totalled \$6.5 trillion, almost one-fourth of the world’s \$29 trillion GNP. As trade continues to expand, economic growth should speed up, and in the long run trade in goods should replace the migration of people.

However, when countries that once discouraged free trade suddenly embrace freer trade, there can be severe adjustments. For example, electronics and garment factories in Western Europe may close and relocate to Eastern Europe for lower wages. Many developing countries have 25 to 50 per cent of their workforces in agriculture, and opening developing country agriculture to freer trade may displace farmers, as farms become fewer and larger. The displaced farmers, often older men, may not be able to find factory jobs, since young women are often preferred, and some may migrate abroad for jobs. The US Commission warned that “the economic development process itself tends in the short to medium term to stimulate migration”, the so-called migration hump (1990: xvi).

The migration hump can be smaller and shorter lived if immigration and emigration countries cooperate to accelerate the pace of job creation in emigration countries. For example, instead of emigrating, displaced farmers may not emigrate if foreign investment creates jobs for them near their homes. There are many types of investments, but foreign direct investment (FDI) that leads to factories and other job-creating workplaces is most likely to spur economic and productivity growth and reduce emigration. FDI flows to countries where entrepreneurs think they are most likely to make profits, not necessarily to emigration areas most in need of jobs. In 1998, China received the most FDI among developing countries, \$44 billion, while the Philippines received less than \$2 billion. Each \$10,000 of FDI is typically associated with the creation of one job in a developing country.

The same FDI that increases jobs and trade, and reduces migration in the long term, may increase migration in the short term. Three examples are illustrative. First, foreigners investing in developing countries usually send managers and other professionals to help operate the factory, which means that FDI is often marked by more migration of professional expatriates. Second, some countries receiving FDI may serve as production platforms, attracting FDI because they are stable economically and politically, and then permitting the entry of foreign workers to staff the factories. For example, Hungary attracts more FDI than Romania, and new factories in Hungary staffed by Hungarians may encourage migration from Romania to Hungary to fill jobs in agriculture, construction, and services that are shunned by Hungarians.

Third, FDI may increase internal migration and emigration. Much of the FDI in developing countries goes into free-trade zones, which often have foreign-

owned assembly plants that import components and turn them into cars and consumer goods to be exported. As farmers and other workers are displaced in the interior of the country, they may migrate to seek jobs in border-area FTZs. Those not hired may emigrate, as they come into contact with the international migration infrastructure in more dynamic economic areas. For example, much of the FDI in China goes into the same coastal provinces that send the most migrants abroad; these coastal provinces also attract migrants from the interior of China to fill jobs shunned by local workers.

### Aid and intervention

Official development assistance (ODA) are funds given or lent to developing nations to speed their economic and job growth. In 1970, the UN recommended that donor countries contribute aid equivalent to 0.7 per cent of their GDP. The Netherlands, Denmark, Sweden, and Norway are among the only countries that consistently meet the UN's aid target. In 1999, the OECD nations that were members of the Development Assistance Committee provided \$56 billion in ODA. Five countries provided almost two-thirds of ODA: Japan (\$15 billion, or 0.4 per cent of its GDP), the United States (\$9 billion or 0.1 per cent), Germany (\$6 billion or 0.3 per cent), France (\$6 billion or 0.4 per cent), and the United Kingdom (\$4 billion or 0.2 per cent).

The ILO and UNHCR in 1992 undertook a major project to investigate whether more ODA, or ODA delivered in a different way, could reduce unwanted emigration (Böhning and Schloeter-Paredes, 1993). Since donor nations already make ODA conditional, meaning that they require recipient countries to respect human rights and so forth, experts were asked how ODA should be provided if its goal is to reduce emigration pressures.

The answers were surprising. The experts who focused on refugee-producing conflicts emphasized that aid provided during the Cold War often intensified and sustained the conflict, increasing the number of refugees. While they did not urge less aid, they did recommend that the aid provided to assist refugees change its focus, from only *relief and resettlement* of refugees to also homeland reconstruction to encourage *repatriation or returns*. They also recommended that aid was needed to attack the *root causes* of refugee-producing conflicts, which often lie in poverty and environmental degradation that lead to competition for scarce resources.

The experts studying the role of aid to reduce economically motivated migration also called for more aid, but they emphasized the need to link additional aid to economic policy reforms in emigration countries. For example, instead of using aid to build a dam to provide poor farmers with irrigation water, it might be better to use ODA to change agricultural policies and prices, so that farmers can earn a profit from farming. Several experts concluded that the most important "aid"

that could be provided to stem emigration would be for industrial countries to open their borders to the goods produced in emigration countries. Too often, they noted, the industrial democracies restrict imports of labour-intensive goods such as farm commodities, garments, and shoes, which may be produced in the industrial countries by migrants. If emigration countries were allowed to export these commodities, jobs would be created in the migrants' countries of origin, and there would be a reduced demand-pull for migrants in the industrial countries.

Can ODA be increased and redirected? The UN's Social Summit in Copenhagen in March 1995 heard an appeal from the Group of 77 – 130 developing nations – for more aid and a new 20-20 distribution formula. Under the Group of 77 proposal, 20 per cent of ODA would be earmarked to meet basic human needs, such as building and staffing schools and hospitals, and aid recipients would also dedicate at least 20 per cent of their government expenditures to satisfying basic human needs.<sup>3</sup> However, instead of implementing the 20-20 formula, most aid discussions have focused on debt relief, which means that the rich countries write off the debts run up by the most indebted developing nations.

### **Case: intervention in Haiti**

The alternative to slow but steady economic progress is humanitarian intervention, which occurs when a country intervenes militarily to head off emigration. The US experience in Haiti since 1994 highlights the fact that trade, investment, and aid are often cheaper and surer ways to reduce emigration pressure than humanitarian intervention. Dictatorship and corruption led to a people power revolt and the election of Jean-Bertrand Aristide as President in 1991, but he was soon removed from the presidency by a military coup.

Under US policies in effect until 1994, boats determined to be carrying Haitians to the US were forced to return to Haiti without individuals having the opportunity to present their claims for asylum. On 16 June 1994, the US announced that Haitians picked up at sea by US ships would be eligible to present to US asylum officers on-board evidence that they face persecution in Haiti. The US Coast Guard picked up more than 11,627 Haitians during the next three weeks, and 30 per cent were granted asylum and taken to the US; the others were returned to Haiti. After 5 July 1994, Haitians picked up at sea were sent to the US base at Guantanamo Bay, Cuba and, if they were deemed in need of safe haven, they were kept in safe haven camps, but not taken to the US. By mid-July 1994, there were 16,500 Haitians at Guantanamo, and a few hundred began to trickle back to Haiti after they learned that, even if they could prove they needed safe haven, they would not be going to the US.

On 31 July 1994, the UN Security Council approved the use of force to restore President Aristide to power. On 18 September 1994, with American planes in the air as part of Operation Restore Democracy, Haitian military coup leaders

resigned, and Aristide resumed his presidency. US intervention to restore democracy and stem migration from Haiti was costly. The US military presence in Haiti cost about \$140 million a month. Since Haiti's GDP was only \$1.5 billion in 1994, the 11 months that US troops were in Haiti cost more than Haiti's GDP. Between 1994 and 2000, the US spent a total \$2.4 billion in Haiti, which prompted the State Department's special Haiti coordinator, Donald Steinberg, in 2000 to conclude for a Senate committee that "the record [of US intervention] has been decidedly mixed". Haitians continue to try to leave their country in small boats for the Bahamas and Florida.

### **Case: Mexican 3-1 and godfather programmes**

One of the world's largest migration flows is between Mexico and the US: about 9 million Mexican-born persons live in the US, and half arrived in the 1990s. Mexicans in the US have formed more than 500 hometown clubs or associations, and they play an important role in sending about \$8 billion a year in remittances to Mexico.

Many of Mexico's 31 state governments that have large numbers of migrants in the US have launched programmes to match remittances that are invested to create jobs. For example, there are believed to be as many Zacatecans in the US as in the central Mexican state, 600,000 to 1 million. Under the 3-for-1 programme, each dollar remitted by migrants or hometown clubs in the US for projects such as paving streets or improving infrastructure in Zacatecas is matched with three additional dollars, one each from the federal, state, and local governments. The Zacatecas State Government and the Inter-American Development Bank provide infrastructure support and financing for returned migrants who invest their remittances in job-creating enterprises.

The Mexican Government also has a "godfather programme" that encourages Mexican-Americans to invest in Mexico. In July 2001, President Fox showcased a planned \$21 million sewing operation about 90 miles east of Mexico City in San Salvador El Seco, in the state of Puebla, which is planned to grow into 21 maquiladoras with 7,000 employees. The owner of the first maquiladora, Jaime Lucero, emigrated to New York City and became a millionaire. He opened the first sewing factory in El Seco in 2000; it employs 750 workers who earn between \$7.50 and \$11 a day.

### **Case: French co-development in Mali**

Increasing the flow and development impact of remittances is not the only option. The French co-development model aims to link migration and development policies in source countries of immigrants, and to facilitate and promote the circulation of migrants between their country of origin and destination. The Mali-



France Consultation Agreement on Migration of 21 December 2000 calls on the governments to meet at least once a year at the ministerial level to deal with three issues: the integration of Malians who want to remain in France, co-management of migration flows, and cooperative development.

Malians figured prominently in mid-1990s protests in France during which migrants trying to avoid deportation occupied churches.<sup>5</sup> When France sent a charter plane with deported Malians to Bamako on 25 August 1996, President Alpha Omar Konare complained that “Some people have been expelled with absolutely nothing.”

In response, France developed a policy of assisted returns. Malians not allowed to remain in France could return “voluntarily” and receive CFA 2.5 million (\$3,600) to open businesses in Mali to support themselves and their families – the cost of deportation is about \$3,500 per person because two immigration-officials accompany each deportee. Instead of paying for police to enforce deportations, the same funds are used to help the returnee earn a living in Mali. The returned migrants also receive technical assistance, and by some measures, 80 per cent of those who participate are still in business after two years, so that the programme helps to re-integrate migrants who “failed” in France.

## CONCLUSIONS

### **Lessons learned and policy options**

Countries seeking to manage the migration of people across their borders should keep in mind three basic migration facts: most people never cross national borders to live or work in another country; more than half of the world’s migrants move from one less developed country to another; and a diverse group of countries – from Italy and Spain to South Korea – have successfully made the migration transition from net emigration to net immigration areas.

Indeed, given large and widening economic differences between nations, the surprise may be how little, not how much, international migration occurs.

In thinking about how to manage migration, it is important to remember that most migration is analogous to water dripping, not floods, and durable solutions to “drip migration” lie in economic growth and peace. Policies that promote trade, investment, aid, as well as respect for human rights do not eliminate the need for border controls overnight, but they do keep countries on the path toward sustained reductions in migration pressure. Abandoning or neglecting those policies because they work slowly, on the other hand, may invite the very mass and unpredictable migration some industrial countries fear.



Even though most developing countries have embraced freer trade and investment, migration is likely to increase rather than to decrease in the next 25 years because of demographic and economic differences and ever-stronger networks. The recommended policy instruments available to prevent unwanted migration may actually increase migration in the short term, as freer trade, for example, can allow imports to increase before exports rise, leading to a currency crisis, devaluation, recession, rising unemployment, and emigration, as in Mexico in 1995. Multinationals often use imported components when producing in developing countries, so that breaking up local monopolies and replacing their production with factories created by FDI can increase imports, the use of capital-intensive production techniques, and a country's exports – without increasing the number of jobs immediately. Finally, aid in the form of infrastructure improvements can have the short-term effect of stimulating emigration, as when better roads meant to help farmers to market their crops also permit cheap imported food to reach the countryside, destroying jobs and stimulating emigration.

The prospect of short-term migration humps as emigration countries get on the faster development road should not deter immigration countries from recommending such policies to emigration countries. Immigration countries anticipating migration humps should be comforted by how little – not how much – wage and job gaps must be narrowed to deter economically motivated migration. Experience suggests that, after wage gaps are narrowed to 1:4 or 1:5, and more rapid economic and job growth in the emigration area creates the widespread expectation that economic differences will continue to narrow, economically motivated migration practically ceases (Martin, 1993; Straubhaar, 1988).

There are now some 150-160 million migrants, and they remit at least \$65 billion a year to their countries of origin. Is there the possibility of negotiating a grand bargain to better manage migration? Grand bargains are agreements in which each party does something it would not otherwise do that have a desired and mutually beneficial long-run impact. A grand bargain may be:

- To get the industrial democracies to do more to integrate currently resident foreigners, so that they are more capable of investing in their countries of origin. Better integration would also raise immigrant incomes and reduce inequality.<sup>4</sup>
- To get developing countries to see their nationals abroad as a source of capital and ideas to get development moving, encouraging the investment of money earned abroad by those who know the language, laws, and customs of the country. In this case, facilitating remittance investments may upset some local monopolies, but accelerate economic growth.

There are three sources of funds that can be used to accelerate economic growth and reduce migration pressure: private FDI, aid, and remittances. Of the three, remittances have perhaps the greatest potential, but their nature must be considered carefully. During the 1960s, it was often assumed that remittances and the return of workers with skills acquired abroad would turn emigration areas into boom areas that no longer exported workers, with no government involvement. However, remittances and returns rarely led to an economic take off, and the remittance-development literature of the 1970s that anticipated such an outcome has a negative tone, with migrants accused of spending remittances nonproductively, such as on imported consumer durables and cars rather than local goods. Remittances were sometimes used to speculate on and inflate land and housing as well as bride prices, which critics said simply shuffled funds from one person to another without creating jobs (Abadan-Unat et al., 1976; Penninx, 1982).

The major lesson is that remittances are not an external pump that primes every area for an economic take-off. Indeed, remittances flowing to emigration areas often wind up producing what John Kenneth Galbraith called “private affluence and public squalor”, or new homes reachable only over dirt roads. What is clearly needed is some way of harnessing some fraction of the remittances in order to develop the infrastructure that can help a region develop economically. Cooperation to increase remittances, reduce the cost of transferring money, and matching that share of remittances that are invested could open a new era in cooperative economic development. The funding base for such cooperation is not trivial – the volume of remittances sent to developing countries doubled in the 1990s to \$65 billion (Table 2), and the Mexican godfather programme demonstrates how governments can work with migrants to increase the development impact of remittances.

TABLE 2  
REMITTANCES TO LESS DEVELOPED COUNTRIES, 1988-1999

	Total remittances (\$millions)	% change
1988	28,340	
1989	32,136	13
1990	39,052	22
1991	33,050	-15
1992	37,196	13
1993	38,872	5
1994	44,134	14
1995	50,632	15
1996	54,851	8
1997	65,021	19
1998	60,895	-6
1999	65,325	7
Total	549,504	

Note: Remittances include worker remittances, monetary transfers sent home from workers abroad more than one year, and compensation of employees (previously labour income), the earnings of foreigners abroad less than 12 months.

Source: IMF, various years.

## NOTES

1. PRB 2001 data sheet shows 6,137 million world total; 4,944 million (or 81 per cent) in less developed countries.
2. Some migration streams reflect traditional flows between former colonies and their colonizers, long after colonies gained independence: migration between India and Pakistan and the United Kingdom, or between Africa and France.
3. The threat of immigration was used by ex-Prime Minister Rasmussen of Denmark as a “very concrete” argument for more foreign aid: “if you don’t help the third world...then you will have these poor people in our society.” He continued, “Europe has now lived through a period where thousands and thousands and thousands of refugees are coming from various parts of the world...ordinary people now recognize ...the global situation” making “ordinary people” more receptive to the need for aid to reduce emigration pressures (*Migration News*, April 1995). President Bush used the argument that poverty can breed terrorism in recommending increased US foreign aid in 2002: “persistent poverty and oppression can lead to hopelessness and despair. And when governments fail to meet the most basic needs of their people, these failed states can become havens for terror.” The US now provides about \$17 billion a year in foreign aid; Bush proposed a \$6 billion increase.

4. Industrial democracies are being transformed by immigration and other factors that are increasing inequality within them. One way to visualize this transformation is to remember that, throughout human history, most societies had pyramid shapes: a king or royal family on top, a small middle class, and the poor masses filling out the bottom. The great achievement of the industrial democracies in the twentieth century was the development of diamond-shaped societies: The number of rich people at the top was limited by taxes; the number of poor people at the bottom was reduced with a social safety net. The result was a large group of people at the widest band of the diamond: the middle class. However, current immigrants tend to add to the top or the bottom of this diamond distribution, not to the middle, which increases inequality. When arrayed by the best single predictor of economic success – years of education – immigrants to the United States, for example, are more likely than native-born adults to have a graduate degree or higher, and immigrants are also less likely than non-immigrants to have a high school education.
5. There were an estimated 10,000 sub-Saharan Blacks in France in the 1960s, 80,000 in 1975, and 320,000 in 1992.

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## GERER LES MIGRATIONS: ROLE DES INSTRUMENTS ECONOMIQUES

Cet article passe en revue les politiques et instruments économiques dont disposent les pays développés pour restreindre l'immigration indésirée – mais pas forcément irrégulière – en provenance des pays en développement. En général, les pays accueillent convenablement les immigrants déclarés et les visiteurs, essaient de faire en sorte qu'ils ne deviennent pas réfugiés ou demandeurs d'asile, tentent de décourager les séjours clandestins, s'efforcent de découvrir et de faire partir les étrangers en situation irrégulière.

Les auteurs soulèvent trois grands problèmes.

1. Il existe autant de raisons de migrer qu'il existe de migrants, cependant qu'il est souvent difficile de distinguer les migrants dont les motivations sont économiques de ceux chez qui elles ne le sont pas. C'est l'image du fleuve qui l'illustre le mieux : le cours d'eau, suivant initialement un lit unique, laisse facilement réguler son débit par un barrage ; par la suite, il lui arrive de diverger en de multiples bras qui formeront un delta défiant la domestication.

2. Ce sont avant tout les pays d'émigration qui sont en position de freiner les migrations indésirées. Toutefois, le commerce et les investissements stimulés par les pays d'immigration ont le pouvoir d'une part d'accélérer la croissance de l'économie et de l'emploi aussi bien dans les pays d'émigration que dans les pays d'immigration, et d'autre part d'encourager au commerce des biens plutôt qu'à l'émigration. Le commerce et l'intégration économique ont abouti par exemple à ralentir l'émigration européenne vers les États-Unis d'Amérique, ainsi que les mouvements, au sein de l'Europe même, du sud vers le nord de l'Europe, ou, en Asie, vers des pays très dynamiques tels que la Malaisie ou la Corée du Sud. Mais le processus de libéralisation du commerce et d'intégration économique peut aussi entraîner à court terme une augmentation des migrations, caractérisée par une crête migratoire et imposant aux pays d'émigration et aux pays d'immigration de coopérer afin d'écarter la menace d'une migration effrénée qui ralentirait la croissance et l'intégration.

3. L'aide, les interventions et les envois d'argent peuvent contribuer à réduire les mouvements migratoires indésirés, encore qu'on sache par expérience que ni les unes ni les autres ne sont une garantie absolue contre le désir d'émigrer. On pourrait faire en sorte que les envois d'argent – qui, en 1999, se sont montés à 65 milliards de dollars des États-Unis, contre 56 milliards pour toute l'aide publique au développement – servent davantage au développement. Il y a là un domaine de coopération prometteur entre les migrants et leurs régions d'origine, et aussi entre les pays d'émigration et les pays d'immigration.

Pour réduire les différences entre les pays, deux voies s'offrent : les migrations dans un monde où le commerce n'est pas libre; les migrations et le commerce au sein d'une économie ouverte. Quelle que soit celle qu'on retient, le rythme des

migrations finira par ralentir. L'allègement des pressions migratoires est pourtant une affaire bien différente selon qu'elle a pour cadre une économie mondiale ouverte ou fermée. Dans ce cas-ci, les différences économiques peuvent s'atténuer quand, dans le pays d'immigration, il se produit une baisse des salaires – et, à coup sûr, un choc en retour contre les immigrants. En revanche, dans ce cas-là, les différences économiques peuvent s'atténuer quand les salaires progressent plus vite dans le pays d'émigration.

En matière d'options politiques, il faut procéder à des études et recherches supplémentaires portant, entre autres, sur: les modalités d'une bonne synchronisation de la libéralisation du commerce, des investissements et de l'immigration permettant de réduire au minimum les migrations indésirées; les stratégies d'optimisation de la création d'emplois par le truchement des envois d'argent (lesdites stratégies prévoyant éventuellement l'octroi d'une aide proportionnelle aux envois d'argent servant cette fin).

### GESTIÓN DE LAS MIGRACIONES: IMPORTANCIA DE LOS INSTRUMENTOS ECONÓMICOS

Este artículo examina las políticas y los instrumentos de que disponen los países desarrollados para reducir la migración indeseable a partir de países en desarrollo, que no siempre es migración irregular. En general los países acogen favorablemente a los inmigrantes legales y a los visitantes; tratan de evitar a los refugiados y a los demandantes de asilo, y procuran disuadir, detectar y expulsar a los extranjeros irregulares.

Contiene tres temas principales:

1. Existen tantas razones para emigrar como migrantes, y con frecuencia es difícil distinguir entre migrantes motivados por consideraciones económicas o no económicas. Podría, por ejemplo compararse con un río, que comienza con un canal que se puede encauzar con una presa o que puede transformarse en una serie de brazos que constituyan un delta difícil de organizar, es decir que en este caso la migración será mucho más difícil de encauzar.

2. Las claves para reducir la migración indeseable se encuentran sobre todo en los países de emigración, pero si los países de inmigración favorecen el comercio y las inversiones se acelerará el crecimiento económico y del empleo tanto en los países de emigración como en los de inmigración, de manera que el comercio de bienes vendrá a sustituir a la migración por motivos económicos. El comercio y la integración económica han tenido como efecto la reducción de la emigración desde Europa a las Américas, entre Europa meridional y septentrional, y en los países llamados tigres asiáticos, como Corea del Sur y Malasia. Pero, por otra parte, la liberalización del comercio y la integración

económica también pueden a corto plazo incrementar la migración, con un ascenso de la curva migratoria que requerirá una cooperación entre lugares de emigración y de inmigración de manera que la perspectiva de una mayor migración no vaya a detener la integración económica y el crecimiento.

3. Ayuda, intervenciones y remesas de fondos pueden contribuir a reducir la migración no deseada pero la experiencia muestra que en realidad no es seguro que esa ayuda, intervenciones y remesas vayan a convencer a los migrantes de que permanezcan en sus lugares de origen. Una mejor utilización de las remesas para fomentar el desarrollo, remesas que en 1999 ascendieron a 65.000 millones de dólares EE.UU., frente a los 56.000 millones de dólares EE.UU. de la Ayuda Oficial al Desarrollo (AOD), constituye un prometedor sector de cooperación entre los migrantes y sus regiones de origen, así como entre países de emigración y de inmigración.

Las diferencias entre los países pueden reducirse de dos maneras: sólo migración en un mundo sin libre comercio o migración y comercio en una economía abierta. De todas formas, en ambos casos la migración terminará disminuyendo pero hay una diferencia importante entre que se reduzcan las presiones migratorias en una economía mundial cerrada o en una economía mundial abierta. Si es cerrada, las diferencias económicas pueden disminuir a medida que los salarios disminuyen en el país de inmigración, con lo cual es seguro que se suscitará una reacción contra los inmigrantes. En cambio, en una economía abierta las diferencias económicas pueden reducirse en el momento en que los salarios empiecen a aumentar más rápidamente en el país de emigración.

Entre los nuevos sectores de investigación y exploración de opciones políticas figuran: (1) cómo sincronizar la liberación del comercio, las inversiones y la integración económica de manera que se reduzca al mínimo la migración no deseada; (2) estrategias que permitan multiplicar el efecto creador de empleos de las remesas de fondos, utilizando en ciertos casos una ayuda equivalente a las remesas que se inviertan de formas que se creen empleos.



# The Migration-Development Nexus: Afghanistan Case Study

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Leila Jazayery\*

## ABSTRACT

This paper looks at the relationship between migration and development in the context of Afghanistan. It begins with a brief outline of the historical and political background to the refugee crisis of the past two decades, and looks briefly at the society and economy of Afghanistan. The history and pattern of aid flows are described and analysed in the next section, followed by consideration of migration and refugee flows over the past two decades, and of remittances and diaspora activities. Repatriation and reconstruction are covered in the following two sections. The penultimate section looks at lessons to be learned for policy making in Afghanistan in the future, and is followed by concluding observations.

A cautionary note on data on Afghanistan: although there have been a surge of interest and writing on Afghanistan, there has always been a shortage of data on the country. Much writing on Afghanistan, both by journalists and a few academics during the 1980s and 1990s, relates to politics, given the Cold War context of the conflict at the time. Most other data available on Afghanistan tend to come from aid agencies involved in the country. While this provides the bulk of information and data on aid and refugee issues – as reflected in the sources used in this paper – it has little to offer on other aspects of life in Afghanistan, especially on recent history and economy.<sup>1</sup>

## INTRODUCTION: OUTLINE OF THE HISTORY OF THE CONFLICT IN AFGHANISTAN

Afghanistan was formally established as a state in the last quarter of the nineteenth century, to serve as a buffer between the British and Russian empires. From the mid-eighteenth century the territory later known as Afghanistan was ruled by the Pashtun Durrani, to which Afghanistan's last king, Zahir Shah, belonged. Zahir Shah reigned from 1933 to 1973, and was overthrown by a coup d'état led by his cousin and ex-premier President Mohammad Daoud. Growing opposition to Daoud's Government culminated in a coup in 1978, by the People's Democratic Party of Afghanistan (PDPA), leading to the establishment of the first Marxist regime in Afghanistan. The first wave of refugees fleeing Afghanistan began after arbitrary detentions and executions by the PDPA of non-leftist intellectuals, other figures, and members of the religious community.

Internal differences within the PDPA threatened the new Marxist regime's survival and the Soviet Union sent 80,000 soldiers into Afghanistan in December 1979 – claiming the intervention had been requested by the PDPA. The presence of the Red Army was seen by Western powers as an escalation of the cold war, to which they felt compelled to respond. Millions, and later billions, of dollars, arms, and other support was offered to resistance forces – which came to be known collectively as the Mujahideen – operating within Afghanistan and later from Pakistan. The ensuing escalation of fighting throughout the country led to large outflows of people into the neighbouring countries of Pakistan and Iran.

After Mikhail Gorbachev came to power in 1986, the Soviet Union began the process of extricating itself from Afghanistan. Former secret police chief Najibullah was installed as president in 1986. By February 1989 Soviet forces had left Afghanistan. Although Najibullah's Government was not expected to last without the presence of the Red Army, it remained in power until 1992. The survival of Najibullah's Government and the continued fighting led to further large flows of refugees out of Afghanistan.

In April 1992 Mujahideen forces marched into Kabul and deposed Najibullah's Government. Failure to reach agreement over the composition of a government, led to the outbreak of renewed fighting at the end of 1992. The civil war of 1992–1996 saw many tens of thousands killed and renewed outflows of refugees from areas throughout Afghanistan, composed both of repatriated and new refugees.

Meanwhile, the Taliban emerged and became nationally and internationally recognized in November 1994. Many Taliban, mostly Pashtuns from Kandahar, had at one time or another studied in Pakistani religious schools (*madrasah*). Led by Mullah Mohammad Omar, they proclaimed that the unity of Afghanistan should be re-established in the framework of *Shari'a* (Islamic law). They swiftly swept through many parts of Afghanistan, establishing themselves with virtually

no resistance from Mujahideen groups in these areas. The Taliban were welcomed in many areas because they established relative security in the areas they controlled. By the end of 1996 the Taliban had captured Kabul and other major cities such as Herat and Jalalabad. By this time the Taliban had become a fearsome force, killing, pillaging, raping, stealing, and ethnically cleansing individuals and whole populations. Large waves of forced population movements began once again, both within Afghanistan and across its borders.

At the end of 1998 the Taliban captured the mainly Uzbek- and Hazara-inhabited north-western and central provinces of Afghanistan, including Mazar-e-Sharif, Bamiyan, and Yekaulang. According to reports by Amnesty International and the United Nations (UN), tens of thousands of people were massacred, primarily, but not exclusively, the Shi'a and Hazara population of the area. A surge of refugees fleeing Mazar and Bamiyan were initiated by these ethnic killings, consisting mainly of Shi'as and Hazaras seeking refuge, especially in Iran.

Meanwhile, attempts by Mujahideen leaders to organize effective resistance to the Taliban led to the creation of the United Northern Front, which has since become known as the Northern Alliance, under the leadership of Ahmad Shah Massoud, who was assassinated just days before 11 September 2001. Afghanistan was, until the fall of the Taliban, a country with two governments, the "Islamic Emirate of Afghanistan" under the Taliban, and the "Islamic State of Afghanistan", with Burhanuddin Rabbani as president. The Taliban Government was recognized only by Pakistan, Saudi Arabia, and the United Arab Emirates, while Afghanistan remained officially represented by an appointee of the Rabbani Government in the UN.

This was the situation at the start of Coalition attacks on Afghanistan on 7 October 2001, following the 11 September 2001 attacks on New York. Since then the Taliban have been removed from power and replaced by an interim administration, headed by Hamid Karzai, due to prepare the grounds for a gradual transition to an elected permanent government in the next two to three years. This new administration and plans for the future government of Afghanistan were established under the auspices of the UN and enjoy the support of the international community. Meanwhile, many whose homes and villages were destroyed under coalition bombings have been forced to find refuge wherever they can. Their fate along with that of the already several million Afghan refugees scattered worldwide remains uncertain.

## AFGHANISTAN'S ECONOMY AND SOCIETY

### **Social and economic indicators**

Most international sources of social and economic indicators, such as the *World Development Report* (World Development Indicators since 1997), and the

*Social Indicators of Development*, no longer include Afghanistan in their lists of countries because of lack of access to the population and data. The most recent figures provided by the World Bank relate to the 1970s and 1980s or project from them, as in Table 1. Total population is estimated at 17 million, with an 80:20 division between rural and urban population; 60 per cent of the labour force works in agriculture (World Bank, 1995: 4-6).

TABLE 1  
AFGHANISTAN'S SOCIAL AND ECONOMIC INDICATORS

Category	Figures
Infant mortality	162 per 1,000
Under 5 mortality	257 per 1,000
Maternal mortality	600 per 10,000
Life expectancy	45
Illiteracy	85%

Source: World Bank, 1995.

More recent figures supplied by UNHCR estimate the total population closer to 20 million, infant mortality at 200 per 1,000, and life expectancy around 44 (UNHCR, 2000). While these figures are estimates, there is little doubt that human development figures in Afghanistan have continuously deteriorated over the last two decades, and are among the worst two or three countries, if not the worst, in the world.

### Economic history

Afghanistan's main source of income has been agriculture, with up to four-fifths of the population relying on farming for their livelihood. Main agricultural products are wheat, barley, fruits, nuts, and animal products. The 1960s and 1970s saw the agricultural sector supplemented by an emerging industrial sector, trade, and tourism; export of natural gas to the USSR began in 1968. But agricultural products still represented more than half of total exports. Economic growth and development were limited to urban centres. These official statistics do not tell the full story, as they exclude the very substantial trade in smuggled goods, especially in Pakistan's north-west Frontier Province. Estimates of smuggling during the 1970s range from 25 to 50 per cent of total foreign trade (Hyman, 1992: 35).

The 1980s saw some increase in industrial growth and trade. More than 70 per cent of Afghanistan's foreign trade was by then being conducted with COMECON countries (Hyman, 1992: 169). Natural gas had become the largest export commodity, with the Soviet Union virtually the sole customer (Hyman,

1992: 169). Areas under Mujahideen control and agriculture generally suffered during the 1980s because of the civil war.

The intensification of the conflict in the 1990s saw the destruction of much of the industry and economic infrastructure that had developed during the previous decades. The most vibrant sector was trade in smuggled goods. By the end of Taliban rule, production and employment were at very low levels, and there was no proper banking system or functioning civil service. Agricultural productivity too steeply declined due to the drought that hit most of the country in 1999. For the past decade, the main sources of income and livelihood in Afghanistan have been the war or support for political factions, drugs, the illegal trade of duty-free goods and art treasures, remittances, and international aid (Girardet and Walter, 1998: 157).

Even though the society and economy are still primarily agricultural, the conflicts of the past two decades led to an increasing urbanization of life, as people moved to the towns and cities during the Soviet occupation, partly because most of the fighting occurred in rural areas, and partly in an attempt to survive. Subsidies provided by the Soviet Union kept the urban economy alive until 1992 (Marsden, 1998: 9). Events since 1992, however, have seen a steady decline of the urban economy too. Observers have estimated that 60 per cent of Kabul has been destroyed (USCR, 2000: 127).

## AID

### **Before Soviet intervention**

In the first half of the twentieth century Afghanistan received assistance from allies in Europe, the US, and the former USSR, in an attempt to modernize the country (Dupree, 1980: 440-481). But it was not really until the 1950s that any noticeable efforts at economic planning were made – the first Five Year Plan was introduced in 1956. Afghanistan learned to play the two superpowers against each other, encouraging rivalry in the level of trade and aid offered by the former USSR and the US. In 1953-1963 as much as 65 per cent of investment finance was contributed by foreign aid (Hyman, 1992: 31).

Afghanistan gradually turned more to the former USSR for military aid as the US became less interested in non-aligned Afghanistan in favour of Pakistan. Soviet foreign assistance between 1950-1971 in grants and loans amounted to \$672 million, while American assistance stood at \$285 million (Dupree, 1980: 630). More recent estimates put economic aid from USSR between 1956-1978 at \$1,256 million, as well as \$1,250 million in military aid (Rubin, 1999: 4). By the 1970s, the USSR and Eastern Europe had become Afghanistan's main trade and aid partners (Hyman, 1992: 30).

By the 1970s, Afghanistan's economy, still very much dominated by agriculture in both production and trade, was heavily dependent on foreign aid, financing more than 40 per cent of annual expenditure from aid and rentier income (Rubin, 1999: 4). But after the entry of Soviet forces in Afghanistan in 1979, the nature of financial involvement by the US and other Western countries changed dramatically, both in nature and size – as had that of the Soviet Union.

### **The 1980s and 1990s**

The 1980s saw an unprecedented increase in funding allocated to Afghanistan by Western countries, especially the US. By 1986, the US, whose stated aim of aid policy was to get rid of the Soviet Union from Afghanistan, openly supported Mujahideen resistance groups, allocating \$600 million per annum of military and humanitarian aid for Afghanistan at its peak (Girardet and Walter, 1998: 117-120). These funds were coordinated by the Central Intelligence Agency (CIA) and the US Agency for International Aid (USAID), and distributed by Pakistan's military intelligence, the ISI (Inter-Services Intelligence).

The millions, and later billions, of dollars provided were either used to arm Mujahideen resistance groups or directed toward the 3 million refugees who had fled into Pakistan by the mid-1980s. While some 2 million also fled to Iran, that country chose to deal with the influx without outside aid. The aid allocated to refugees was channeled through Afghan resistance parties' headquarters in Pakistan and the Islamabad Government. The US had an active refugee resettlement programme for Afghan refugees until the mid-1980s; many now settled in the US talk of how officials went around Pakistani cities offering to register Afghan refugees for resettlement.

This huge inflow of US aid resulted in the mushrooming of international and local NGOs wanting to work with Afghan refugees in Pakistan; few ventured across the border to Afghanistan. Aid allocation was also heavily ethnically biased, targeting mainly Pashtuns. This was partly a result of ignorance by aid agencies, which were simply unaware of the composition of Afghanistan's population, and partly because of their reluctance to venture far inside the country away from the safety of the north-west Frontier Province border area with Pakistan.

The large flow of funds also resulted in corruption and abuse of aid money by those involved in its dissemination. It is estimated that, at the very most, 20-30 per cent of US aid ever reached its intended beneficiaries (Girardet and Walter, 1998: 117-120). Furthermore, much of the abuse of aid funds was carried out by Afghan political groups using aid as a means of buying allegiance, while much of the aid sent in kind for refugees found its way into the markets of Pakistan.

Thus, while Afghanistan was allocated huge amounts of aid during the 1980s, very little reached inside Afghanistan, and made little impact on conditions inside the country. In the meantime, military aid was stockpiled in the aftermath of Soviet withdrawal from Afghanistan and used by Mujahideen groups in their internal fighting after 1992.

Aid that found its way inside Afghanistan was granted – reluctantly – through the UN in those cities where the Government exercised control. At the time, however, some 8 million Afghans lived in rural areas, which were mainly under the control of resistance groups. Not only did very little aid find its way to the rural areas and the majority of the population of Afghanistan, what infrastructure may have existed in the provinces was destroyed as the Government and its Soviet allies attempted to root out resistance guerrillas. Agricultural production also suffered, leading to food deficit, compensated for by imports from the Soviet Union. Some international relief and primary medical care were provided in rural areas and to IDPs in Kabul, mainly by WHO and UNICEF, but these interventions were limited (Girardet and Walter, 1998: 117-120). The main reasons for restricted UN aid inside Afghanistan in the 1980s were the unfavourable political situation and lack of funding. It would thus be fair to say that the main aim of aid to Afghanistan in the 1980s was the expulsion of the Soviet Union – and not the plight of Afghans – and that, furthermore, the main beneficiary of aid for Afghanistan in the 1980s was Pakistan.

Following the withdrawal of the Soviet Union, the UN set up a special body for Afghanistan, the UN Office for the Coordination of Humanitarian and Economic Assistance Programmes Relating to Afghanistan (UNOCA). This was intended to address refugee repatriation, food aid, transport and logistics, agriculture, health, education, industrial and communications network reconstruction, and de-mining. The US, Japan, and other Western countries pledged huge sums of money – something in the region of \$600 million – while the USSR committed itself to match this. A total of nearly \$1.2 billion was pledged to help Afghanistan rebuild itself and re-absorb the more than 5 million refugees waiting to return (UNOCA, 1988). The operation aimed at delivering aid and reconstructing the country was named Operation Salaam and was headed by Prince Sadruddin Agha Khan. Field offices were set up in Pakistan in anticipation of transfer inside Afghanistan. The tasks of consultation, communication, and exchanging information on NGO activities were carried out by the newly created Agency Coordinating Body for Afghan Relief (ACBAR) in Peshawar, which represented more than 40 NGOs working in relation to Afghanistan at the time (UNOCA, 1988).

It soon became clear, however, that once again extensive abuse of funds was taking place, particularly in Pakistan. The mushrooming of NGOs, as in the early 1980s, recurred. While funding was approved for large-scale projects submitted by NGOs and various international organizations, there was little to



show for it on the ground. Most activity was restricted to areas mainly along the border with Pakistan. At the same time, the expected fall of Najibullah's Government in 1989 did not happen, and concern grew that the UN reconstruction programme may have prolonged its life. Since the main, though unstated, aim of the pledged funding was the restoration of Afghanistan into the Western sphere of influence, donors became increasingly unwilling to continue their contributions. By 1991 funding had virtually dried up and Operation Salaam was wrapped up.

Following the eventual fall of Najibullah in 1992 the international community once again geared itself up to offer repatriation and reconstruction assistance to Afghanistan. Local and international NGOs began reconstruction projects alongside relief work. Much of the assistance was geared to restoration of the agricultural base. A major de-mining operation was also established. In cities, agencies worked on water supply, sanitation, health, and relief programmes (Marsden, 1998: 103). Internal fighting among the Mujahideen between 1992-1996, however, meant that most aid was needed once again for relief and rehabilitation of returning refugees and IDPs.

This period did see international aid organizations and NGOs open up to provinces away from the border areas with Pakistan, as awareness of conditions there grew and organizations such as Oxfam and WFP started to move into these areas. These included the more remote areas, such as areas of central Afghanistan inhabited by the Hazaras, as well as northern and western Afghanistan. The UN, meanwhile, restricted its assistance to Afghan refugees in Pakistan and the main centres of Mujahideen Government control, such as Kabul and Mazar (Girardet and Walter, 1998: 117-120).

As the Taliban took over most of the country by the late 1990s, it became necessary for NGOs and the UN to renegotiate terms for intervention with the new leaders. The extent and nature of aid work allowed varied from area to area, depending on the strictness of each local commander. One of the main areas of need and assistance was Kabul, where influxes of IDPs, estimated at some 1.7 million (USCR, 2000: 160), swelled the city's already large numbers of unemployed and destitute. By the late 1990s, the city was allocated its own "relief group". In 2000, the ICRC, WFP, and CARE operated bakeries that provided bread to more than 400,000 people, while MEDAIR distributed non-food items to those qualifying to receive bread (USCR, 2000: 160). But even in the midst of the crisis, lack of international funding for assisting IDPs forced some NGOs to suspend their programmes in Kabul (USCR, 2000: 160).

By the mid-1990s, after funding for aid to Afghan refugees dwindled, UNHCR had allocated well over \$1 billion to refugees in Pakistan, and some \$150 million in Iran (UNHCR, 1997: 4). WFP had allocated nearly \$1.4 billion in total to Afghan refugees in Pakistan (UNHCR, 1997: 4). There were two main reasons



for the reduction of aid to Afghan refugees in Pakistan in the mid-1990s. First, it was believed, wrongly for the most part, that they had become settled and self-supporting. Second, there was too much abuse of funds. There was, instead, a shift in aid policy to assist people inside Afghanistan, whose circumstances by the mid-1990s had deteriorated greatly due to the ongoing fighting. Plus, despite being unstable, the Mujahideen Government was considered pro-Western.

From then on, more of the aid received by agencies for Afghanistan was spent inside the country. By the late 1990s, the ICRC relief operation inside Afghanistan had become its biggest in the world, distributing food and non-food items nationwide and holding overall responsibility for IDPs. UNICEF has worked to provide emergency shelter for orphans and IDPs. NGO operations throughout Afghanistan continue to be coordinated by ACBAR (Girardet and Walter, 1998: 241-242).

It would thus be fair to say that the appalling conditions of life for Afghan refugees, especially in Pakistan, has not been due to lack of funding, although there have been very serious abuses of funds allocated for refugees by all those involved in its distribution. It is equally true that the amount of aid has not been the determining factor in the movement of people from Afghanistan, since they first fled the country long before any talk of aid, and have kept coming long after any real aid was being made available to them since the mid-1990s. Refugees have continued to leave Afghanistan first and foremost because of ongoing fighting and lack of security.

## REFUGEES

The number of refugees fleeing Afghanistan has ebbed and flowed during the 23 years of continuous internal conflict that have been the cause of the refugee crisis. The first waves of refugees left Afghanistan after the takeover of power by the Marxist PDPA government in 1978. The arrival of Soviet troops in 1979 sparked a massive exodus of refugees into Pakistan and Iran. By the early 1980s there were some 3 million Afghan refugees, mainly in Pakistan and Iran, soaring to a peak of more than 6 million by the time the Soviets withdrew from Afghanistan in 1989 (UNHCR, 2001a).

Although large-scale repatriation had been expected in 1989, the unexpected survival of the Najibullah regime into 1992 meant that the refugees did not return, and numbers probably reached their highest level – more than 6 million in 1990. Once the Mujahideen took over government in 1992, nearly 2 million refugees returned to Afghanistan; by 1997 some 4 million had returned from Pakistan and Iran (Marsden, 1999: 57). The outbreak of fighting between rival Mujahideen groups, however, deterred many refugees from returning, and created new refugees and IDPs. The next four years saw fluid movements of people as some

refugees whose homes and lives were not under direct attack returned, while new refugee movements were created as the fighting moved across Afghanistan (Mardsen, 1999: 57).

The arrival of the Taliban from 1996 saw similar patterns with refugees returning if their homes and livelihoods were secure. Despite the movements in and out of Afghanistan, there were, in 1994-2000, between 3 million (officially) and 5 million (unofficially) Afghan refugees worldwide. The combination of large-scale massacres carried out by the Taliban in Mazar, Bamiyan city, Yekaulang, and Shomali in 1998-2000, and the worst drought to hit Afghanistan for 30 years, sparked large outflows of populations from all over Afghanistan in 2000, taking the number of refugees once again to levels witnessed in the mid-1980s. Because of the restrictions imposed by both Pakistan and Iran on their respective borders, up to 1 million people have also been internally displaced since 1999.

TABLE 2  
AFGHAN REFUGEES, 1980-2001

Year	Figure	Description
1980	600,000	UN calls for immediate withdrawal of foreign forces
1983	3.9 million	Civil war intensifies as Mujahideen receives arms
1987	5.1 million	Babrak Karmal replaced by Najibullah
1988	5.9 million	Geneva Accord calls for withdrawal of Soviet troops
1990	6.2 million	Peak of refugee outflow as Najibullah remains in power
1992	6.0 million	Najibullah government falls; large-scale repatriation delayed, but some refugees return
1992-97	2.7 million	Mujahideen in power; up to 4 million refugees return
1997-2001	3-5 million	As Taliban capture most of the country, many new refugees flee, but there is a wide gap between official and unofficial numbers. There are up to 1 million IDPs inside Afghanistan

Source: UNHCR, 2001a.

It is now widely accepted by UNHCR itself that current official refugee figures for Afghanistan are well short of the actual number. Official figures have been based on those registered with the UNHCR in Pakistan and Iran, but there have been large influxes of refugees that remain undocumented either because of their unwillingness to be identified for fear of being repatriated, or the incapacity or unwillingness of UNHCR and host governments to offer assistance to new waves of refugees.

According to the US Committee for Refugees, at the end of 2000 there were some 3.6 million Afghan refugees worldwide and perhaps 375,000 IDPs; more have fled since October 2001 (USCR, 2001). Official UNHCR figures put the

number of refugees at 3.6 million, and just more than 980,000 IDPs (UNHCR, 2001d). The UNHCR, however, conceded unofficially in 1999-2000 that there are up to 2 million refugees in Pakistan without documentation (USCR, 2001: 3). This would take the total number of refugees and internally displaced to more than 6 million. Whatever the actual figures, Afghan refugees constituted the largest refugee population in the world in 2000-2001, as they have done for much of the past two decades.

The refugees and displaced fall into four main groups. Those in Pakistan number 3.5 million. Those in Iran were estimated at 1.48 million at the end of 2000 by USCR (UNHCR, 2001d), 1.35 million by UNHCR (2001d), and 2 million by the Iranian Government. A third category of refugees includes those spread among Central Asia, India, other parts of Asia, the Gulf, Europe, and North America (see Table 3). Accurate figures for refugees in these countries are hard to find. In countries such as Russia, the Central Asian Republics, and India there is a difference between official and actual figures, i.e., between registered and illegal entrants. There are currently no figures for Afghans in the Gulf, but given the difficulty of entering these countries, they probably lie in the thousands. A rough estimate of refugees in countries other than Pakistan and Iran, including Western countries, would probably fall just short of 1 million. The fourth group of forced migrants is composed of IDPs, whose numbers before Coalition attacks on Afghanistan in October 2001 numbered some 980,000 (USCR, 2000: 4-5).

TABLE 3  
DIASPORA DISTRIBUTION  
(approximate estimates)

Country	Figure
United States	200,000
Europe	100,000
Central Asia and Russia	150,000-300,000
India	40,000-50,000
Australia*	20,000-30,000
Japan*	10,000-20,000
Gulf	1,000s
Others	10,000
Estimated total	800,000-1,000,000

Note: Although official figures for Afghan refugees exist in most countries, these are not representative of actual numbers. In Western countries "refugee" is interpreted narrowly as those who have been granted asylum; these constitute a minority in the case of Afghanistan, especially for recent arrivals. The actual number of asylum seekers is higher. In non-Western countries registration is easily avoided, or governments inflate figures in order to receive increased international assistance. \*Most data from the 1980s.

## REPATRIATION

The first wave of repatriation was expected after the withdrawal of the former USSR from Afghanistan in 1989. When the demise of Najibullah failed to materialize in the aftermath of the Soviet withdrawal, the expected return of large numbers of refugees also failed to occur. The UN was forced to put its massive repatriation and rehabilitation programme on hold.

After 1992 and the eventual demise of the Najibullah regime, repatriation was once again on the UN agenda. Many refugees were willing to return from Iran and particularly from Pakistan. By the end of December 1995, an estimated 2.4 million refugees had returned to Afghanistan from Pakistan, and 1.2 million from Iran (UNHCR, 1998: 2). Even while infighting in Kabul and other parts of the country continued intermittently, repatriation programmes continued.

It soon became apparent, however, that it was impracticable to return most refugees, and unreasonable to expect them to remain once fighting resumed in their home regions. With the fall of new cities and regions to the Taliban, many new refugees and some returnees began to pour out of Afghanistan, with large numbers going to Iran this time.

Faced with deteriorating conditions of asylum in neighbouring countries, more and more refugees headed for Western countries. With increased migration to these countries over the last decade or so, governments have tightened conditions of acceptance and used deterrence measures such as detention of new arrivals, reduction of social benefits, and narrowing the legal interpretation of refugees in attempts to curb immigration flows. There is, however, no evidence as of yet that such restrictions have had any impact on the flow of Afghan immigrants, in particular those who arrive illegally.

Afghan returnees may be categorized according to their prior living conditions as follows. Those dwelling in camps in Pakistan probably live in the worst conditions. With nothing to lose, they are most likely to want to return to Afghanistan as soon as possible. At the same time, however, they probably also have the least to return to, and will require the most assistance. Mainly rural and little educated, they probably have the least to offer in terms of skills, but they make up for this by their sheer number and their drive to rebuild their lives, farms, and property in Afghanistan. They will need both immediate and longer-term aid until they are able to sustain themselves, and until the Government is able to provide them with the services they need. According to a 2000 UNHCR survey of more than 4,000 returnee household heads, 24 per cent had no regular job, 42 per cent returned to find their homes completely ruined, 11 per cent faced problems with landmines or unexploded ordnance, 45 per cent had no access to health care, and 79 per cent of their children had no access to school (UNHCR,

2000: 29). This category of refugees probably makes up some 50 per cent of the total number of refugees.

The second category comprises those refugees who have been self-sustaining and integrated into Iranian society. Although they have fared better economically, and benefited from schooling for their children and other services, they are marginalized as a group in Iran. They are often treated and feel like second-class citizens. Moreover, many of the benefits they enjoyed are no longer available to them. Having had to work to sustain themselves as well as having lived mostly in cities, they will probably have more skills to offer, and are more likely than the former group to become self sufficient faster. This group probably makes up some 30 per cent of the total number of refugees. At the same time, there will be a small percentage who have married Iranians and would be more likely to want to stay in Iran.

Third, in both countries there is a small group of refugees who have, especially over the past five to six years, been living on remittances from abroad. Making up about 5 per cent of the total number of refugees at the very most, they are a small but relatively well-off section of the diaspora. Yet, although they enjoy a much better standard of living than their fellow refugees, they are regarded as out-siders and feel insecure in both Iran and Pakistan. Moreover, they could enjoy the same standard of living, if not better, inside Afghanistan as long as they have family members abroad who continue sending remittances. In addition, often coming from the better-educated middle classes, they will be keen to return to their homes and businesses and to take part in the rebuilding of their country. Many have kept up ties and have traveled regularly inside Afghanistan to maintain as much of their lives there as possible, even if they have not felt secure enough to stay. This indicates the presence of strong emotional and practical ties to Afghanistan despite the fact that they have been forced to live abroad.

The fourth group is those in the wider diaspora living in relative security and comfort in developed countries. These are also often supporting families either in Afghanistan or in exile in less developed countries. Because of their potentially different role in the development of Afghanistan and different feelings about returning they are dealt with separately in the following section.

## REMITTANCES AND THE DIASPORA

### **The diaspora**

The wider Afghan diaspora, referring to those not living as refugees in Pakistan and Iran, but mainly in affluent countries, make up a relatively small section of the total number of Afghans living outside the country. Their very different composition and conditions of life in exile compared to the rest of their fellow

refugees, however, makes them a significant factor in relation to hopes and plans for development in Afghanistan if and when they return.

About 5 per cent or 1 million of the population of Afghanistan lives in exile in affluent countries, including Australia, Japan, and the Gulf states, as well as Europe and the US. Of these, perhaps half have clear and permanent status in their respective host countries, mainly those who left Afghanistan during the 1980s and the early 1990s before the takeover of power by the Mujahideen. Others, who have arrived since then, especially in European countries, have been given revocable temporary and exceptional permits to stay pending developments inside Afghanistan, and have found themselves restricted to various types of refugee camps and detention centres following tightening of EU migration and asylum policy during the last decade or so, or have been left with no clear status at all, in some cases several years after arrival.

Though relatively small as opposed to overall refugee numbers, the diaspora will have very different contributions to make to the future development of Afghanistan should they return. Composed of many different sections of Afghan society, ethnic, and religious groups, they have different skills and aspirations from most of their fellow refugees in Pakistan and Iran. Many – though by no means all – of those who chose to come to the West tend to be from the professional middle class, with many years of work experience behind them. Their mode and standard of life in exile tends on the whole to reflect this; many find relatively good jobs, though not necessarily in their initial profession. They have expectations for themselves and their children. They tend to give great importance and priority to the education of their children and believe in the need to adjust to life in cultures very different from their own. These very characteristics may mean they will be cautious about returning to Afghanistan.

The hesitation of the Afghan diaspora over return to Afghanistan is essentially similar to those faced by diaspora populations everywhere. First, many have made good lives for themselves and are simply not willing to risk losing the security they have gained. Second, they have commitments, such as children and mortgages which require long-term planning. Third, this group will need more than just security to return; they will require education and job prospects. Finally, those with an uncertain status in their current country of residence will not feel able to risk going to Afghanistan for fear they may not be able to return to their current place of residence should they need to.

Another group represented in the diaspora are those whose families are dependent on the remittances they send. Despite the political changes that have taken place in Afghanistan, many of these will have to remain abroad so as to continue sending remittances even after their families have returned to Afghanistan, until the economy allows them to provide for their needs inside the country.

Despite these reservations, the writer knows of several Afghan professionals who have already begun making arrangements for return. In some cases, these plans include returning to live and work inside Afghanistan. For others, this is seen as an opportunity to invest and contribute skills and information acquired while living and working abroad. Many returnees are not immediately planning to return to live in Afghanistan permanently, but intend being very much involved in the reconstruction of their country.

Since the establishment of the Interim administration, the International Organization for Migration (IOM) has begun a Return of Qualified Afghans (RQA) programme. The programme is designed to prepare an inventory of skilled Afghans worldwide, and to recruit from among these to fill short-, medium-, and longer-term human resources needs. The programme currently offers salaries of \$400 per month and \$400 installation costs; it covers transport costs and arranges orientation courses (IOM, 2002). While an excellent initiative in principle, it is unlikely that many Afghans will be tempted or even able to take up IOM offers. Apart from failing to take into consideration the financial commitments of Afghan exiles, the salary offered does not even begin to cover the highly inflated cost of living in Kabul, particularly since the arrival of foreign NGOs and UN agencies. The Interim administration has a Minister for Migration, but his remit and capabilities remain to be seen.

The Afghan diaspora was also heavily involved in political negotiations in Bonn and in the ensuing interim administration running the country at present. Some three-quarters of the participants at the Bonn talks were exiled Afghans from the US, Europe, Pakistan, Iran, and Saudi Arabia. They represented different interests and groups from the diaspora. Of the four parties in the negotiations, only the United Front/Northern Alliance was based in Afghanistan; the Rome group representing the ex-King, the Cyprus group representing independent Afghan exiles, and the Peshawar group, were all based outside the country. Of the 30-member cabinet selected, three-quarters were members of the Afghan diaspora, including Hamid Karzai, the head of the interim administration, who had lived and been active in Pakistan and the US at different times over the past several years.

### **Remittances and the diaspora**

Remittances and transfer of funds from abroad to Afghanistan, or Afghan refugees in Pakistan and Iran appear not to have been significant in the 1980s. Minimal attention is given to such transfers in reports by international agencies engaged with Afghan refugees. For example, in her study on the economic conditions of Afghan refugees in Pakistan for UNRISD in 1988, Hanne Christensen only makes marginal reference to remittances in her tables on different sources of refugee income: only small numbers are shown to receive



money from abroad, and by far the largest number is shown as receiving no remittances (Christensen, 1988).

Although there has been no research on the topic in the 1990s either, preliminary data and anecdotal evidence suggest an increase in occurrence, amount, and significance during that decade. Some of the reasons for this increase could be the following. Throughout the 1980s, the UN and international community provided financial support and aid for refugees; this has gradually reduced significantly and withdrawn totally in some places. At the same time, while sections of the Afghan economy were still functioning during the 1980s, the ongoing civil war of the 1990s crippled the country.

These negative developments have increased the appeal of a family member – or sometimes whole families – migrating further afield in hopes of earning more money and perhaps starting a new life. Those who have reached Europe, US, or the Gulf states carry the burden of responsibility for relatives and other close dependents, hence, the increase in remittances during the 1990s. The flow of funds and their impact on the lives of individuals and the wider economy is impossible to estimate, as most of it is informally transferred and unrecorded.

Families have usually sent an older son abroad to Western countries or the Gulf states. There they work hard, often illegally, and are able to send money to their families in Afghanistan, Pakistan, or Iran. Sometimes money is sent monthly, or alternatively in large lump sums once or twice a year. Sometimes the sums can be substantial enough for families to build or buy a new home, or start up a business, which makes the family productive and even self-sufficient; but in most cases there is just enough money for families to survive. Where possible, the extended family or very close friends and neighbours may also receive money, or at least share in each other's income. Extra expenses, such as weddings and funerals, require further large lump sums (Mousavi and Jazayery, 1998).

The number of refugees relying on remittances is probably in the low hundreds of thousands, a relatively small proportion of the total number of Afghan refugees. Though small in number, such households enjoy better quality of life than others, with remittances ranging from \$200-\$1,000 per month per extended family. Given the favourable exchange rate in both Iran and Pakistan, this constitutes a relatively high level of income both for the refugees and the host country. One example quoted to the writer by an Afghan refugee, whose family in Peshawar depends on remittances sent by him, puts the monthly expenditure of a community of 20,000 refugees living in one of the suburbs of Peshawar at an average of \$200 per household. Similar communities exist in Islamabad, Karachi, and Quetta, as well as cities in Iran.



## RECONSTRUCTION

Since Afghanistan remains a primarily agricultural country, most reconstruction programmes have focused on improving agricultural production. These have included the repair of irrigation systems, flood protection structures, wells, rural roads, bridges and culverts, and the provision of improved seed, fertilizer, and pesticides, as well as veterinary care and education programmes (Marsden, 1999). Until the end of 1992, however, most reconstruction programmes were in the provinces of Afghanistan adjacent to the Pakistan border, because of ease of access. Some limited activity began in the north and west of the country from the beginning of 1993.

One of the lessons learned by aid agencies in Afghanistan has been the initiative taken by the people themselves in implementing reconstruction as soon as security returns to an area. This was first witnessed in the aftermath of the withdrawal of Soviet forces (Marsden, 1999: 64). Many refugees divided up their families, leaving the majority outside, while one or a few returned to rebuild their homes and businesses back inside Afghanistan (Marsden, 1996: 6).

Yet, much of whatever limited reconstruction took place during the 1990s, whether by aid agencies or by local people and returning refugees, may have been destroyed by a combination of the drought and the bombing campaign that began in October 2001, although it is impossible to tell until full details of the destruction caused is assessed and revealed. What can be built on is the experience gained from the implementation of reconstruction projects in Afghanistan. Despite plans to move on to reconstruction and development projects countrywide, continued fighting and the need for emergency relief has meant that most has so far been used for basic relief and rehabilitation. Accounts by those who have returned to Kabul since the fall of the Taliban tell once again of the culture of self-help witnessed by observers in the past.

### **The UN and reconstruction**

In the late 1990s, the UN changed its strategy for Afghanistan. Early in 1997, UN member states from the region and major Western donors met with UN aid agencies, international and Afghan NGOs, the ICRC, Red Cross, and Red Crescent in Turkmenistan and agreed to develop a “holistic” approach to development, which would require coordination and strategic planning among aid agencies to sustain long-term projects and avoid duplication and waste. The conference led to the creation of the Afghan Support Group (ASG), consisting of 14 donor countries and the EU, which together have been the main donors for Afghanistan in recent years. Later in 1997, the UN, the IMF, and the World Bank met to develop a strategy for Afghanistan. By September of that year, a high-level interagency mission, the World Bank, and Oxfam had

met and prepared a draft “Strategic Framework” document (Girardet and Walter, 1998: 241-242).

This document outlined a coordinated approach to understanding and dealing with economic, political, social, and humanitarian problems in Afghanistan, which would also be needs-driven and include a mainly Afghan workforce. Yet, while a new strategy has been conceived and much of the ground work done, the most important step of translating this new strategy into reality remains. Traditionally, UN agencies have preferred to work independently, while donor countries have pursued individual projects. The new strategy would require all parties involved to cooperate and share in an overall programme.

Whatever strategy is pursued, reconstruction in Afghanistan must cover basic areas of human life. This will mean establishing a water sanitation system, which would significantly reduce disease and prevent the high level of infant mortality, and a workable irrigation system, along with tools and seeds that will allow cultivation of land. Health and education will need to be provided nationwide, as will construction material for rebuilding houses. Most important, before most projects can be implemented, it will be necessary to carry out a massive and thorough de-mining campaign nationwide. Return and reconstruction cannot wait for de-mining to finish, but the two can perhaps be carried out in tandem.

The UNHCR's initial reaction to the return of refugees in the early months of the interim administration was “not to rush home from Iran and Pakistan” (UNHCR, 2001c). Despite these warnings refugees returned at the rate of several thousands every week, disregarding the harsh conditions that awaited them in their country. Most went back because they had waited too long, while others had run out of money or lost their jobs in their host countries the aftermath of 11 September 2001 (Gall, 2001).

After 11 September 2001, a new administrator, Mark Malloch Brown, was named by the UN Secretary-General to take responsibility for leading the recovery in Afghanistan (UNHCR, 2001c). The new fund has financial requirements of \$652 million (UNHCR, 2001c). By UNHCR's estimates there are 7.5 million Afghans inside the country in need of emergency assistance; this includes food, water, basic health, shelter, and non-food items such as blankets, clothes, cooking fuel, and protection.

In 21-22 January 2002 a pledging conference was held in Japan, aimed at securing commitments from large donors to the reconstruction of Afghanistan. The total amount pledged was \$4.5 billion dollars over the next five years, contingent on the new administration's success in achieving effective security. The pledges are shown in Table 4.

TABLE 4  
PLEDGES TO AFGHANISTAN

Country	Figures
United States	\$296 million for 2002
World Bank	\$500 million for 2.5 years
Asian Development Bank	\$500 million for 2.5 years
Japan	Up to \$500 million over 2.5 years
European Commission	800 million Euros over the next 4 years: 200 million Euros (\$177 million) p.a.
Iran	\$500 million over 5 years
China	\$100 million for this year
Germany	\$362 million over 4 years
Saudi Arabia	\$220 million over 3 years
United Kingdom	\$288 million over 5 years

## LESSONS FOR POLICY AND THE DEBATE ON MIGRATION AND DEVELOPMENT

In light of the above overview of migration patterns in and out of Afghanistan during the past two decades, it seems that the argument that aid and development may contribute to outflows of refugees by empowering them economically and socially does not apply to Afghanistan, the source of the world's largest refugee population of the past two decades. The first waves of people leaving the country in the 1970s were composed mostly of migrant workers who had no opportunities inside Afghanistan. The booming economies of Iran and the Gulf states offered an irresistible allure, as they did to migrants from elsewhere in Asia.

The following waves of refugees have been motivated first and foremost by insecurity and fighting. Aid for refugees has not acted as a magnet; refugees fled across the eastern and western borders before any aid was offered. It was the nature of human flows in the area, as well as the political motivation behind aid, that prompted the flood of money into the region. Furthermore, it soon became clear to all concerned, especially the refugees, that despite the large sums allocated, living conditions in Pakistan were dire. It also became clear that those who had taken refuge in Iran were not going to receive aid. Neither circumstance deterred the flow of refugees or resulted in voluntary repatriation throughout the 1980s. At the same time, repatriation began so soon and at such speed in the aftermath of the fall of the Najibullah Government that international agencies were taken off guard.

Similarly, the lack of aid for refugees in the 1990s did not deter new refugees fleeing fighting under the Mujahideen regime, or later under the Taliban. Lack of security has been the main cause of migration from Afghanistan in the last two decades. Without the re-establishment of security, repatriation and re-development of the country will not take place. Development aid, however, is a necessary condition for the successful and sustainable redirection of migration flows and re-absorption of refugees.

### **The UN and NGOs**

Humanitarian aid in Afghanistan during the past two decades has suffered three main weaknesses. First, aid during the 1980s was highly politically driven. Its aim, overtly and covertly, was the undermining and eventual destruction of the Marxist regime and its Soviet backers. Second, aid during the 1990s was delivered either under conditions of war, or without the cooperation of central government and often despite obstructions imposed by it. Third, the huge sums of money allocated to Afghanistan and its refugees provided fertile ground for large-scale abuse of funds. The result of these weaknesses has been that despite huge sums of money allocated to Afghanistan, little development has taken place. Even relief programmes have had very limited success, except perhaps since the very late 1990s.

The two decades experience of aid in Afghanistan has many lessons to offer future policy making both in Afghanistan and throughout the developing world. First, aid cannot ever have a lasting effect on development unless distributed with the cooperation of and in close harmony with government planning agencies and projects. Second, government planning itself cannot be effectively implemented without the consultation and participation of its beneficiaries, the people. Third, as far as the UN and its development agencies and assistance are concerned, success and efficiency will be minimal as long as different agencies are funded and act independently of each other. In other words, a full harmonization of intended UN projects in Afghanistan is vital if funds are not to be wasted on bureaucracy and overlapping projects. Fourth, the massive number of NGOs, local and international, will have to be drastically cut. There has, during the past two decades, been a massive return of aid back to developed countries in the form of salaries and administration costs. Even the “Afghanization” of NGOs has seen little sustained development on the ground. This has, in the past, in turn led to periodical reductions in funding as donors have felt disappointed.

### **CONCLUSION**

In the immediate aftermath of 11 September 2001 and the US-led coalition attacks on Afghanistan much was made of the international community's commitment to the reconstruction of Afghanistan and the resolution of its many

long-standing problems, including the repatriation of its huge refugee population. More than a year on, that commitment is under question.

While a noticeable effort has been made by aid agencies – UN and NGOs – to deliver food and other relief needs to the more accessible parts of the country, the level of financial contribution has so far been limited. While the figure of \$15 billion over a period of five years was widely talked about by aid agencies just days before the Japan conference, the final pledges of less than one-fifth of that amount were made with very strict conditions attached, and only after some hard persuasion by former UN High Commissioner for Refugees, Sadako Ogata.

Large amounts of aid have rarely achieved lasting improvement in Afghanistan in the past. This is not because of an intrinsic problem with aid itself, but rather in the way it is targeted and distributed as well as in the level of commitment displayed by donors and agencies. The best strategy for reconstructing Afghanistan is one that provides relief and basic needs immediately, but also invests and plans for ongoing development with the aim of enabling the country to contribute to and participate in the world economy.

#### NOTE

1. A note on the timing of the writing of this case study: although much of the information available on Afghanistan and its refugees relates to the period preceding the fall of the Taliban, efforts have been made to incorporate data and information on the changing situation of Afghan refugees in the aftermath of the Coalition War on Terrorism which began on 7 October 2001.

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## MIGRATION ET DEVELOPPEMENT : LE CAS DE L'AFGHANISTAN

Cet article, qui a pour objet les rapports entre les migrations et le développement en Afghanistan, commence par un résumé du contexte politique et des événements responsables depuis une vingtaine d'années de l'exode de réfugiés, assorti d'une brève présentation de la société et de l'économie du pays. Puis il décrit et analyse l'histoire et les caractéristiques des flux migratoires et des mouvements de réfugiés au cours des deux dernières décennies, ainsi que les activités et envois d'argent de la diaspora afghane. Deux sections en sont consacrées au rapatriement et à la construction. Enfin, précédant la conclusion, une dernière partie s'interroge sur les enseignements qu'on devra en tirer en Afghanistan quand viendra le temps d'élaborer des politiques.

L'auteur élève incidemment une mise en garde : malgré la vague d'intérêt et de publications observées ces mois passés, on n'a jamais disposé de données suffisantes sur l'Afghanistan. Une bonne partie de ce qui s'est écrit au sujet de ce pays – et qu'on doit à la plume de journalistes ou, plus rarement, de théoriciens – dans les années 80 et 90 concerne la politique et le fond de Guerre froide sur lequel se déroulait le conflit. Quant aux autres sources d'information, ce sont en général les organismes d'aide qui se trouvent sur place. Tandis qu'elles renseignent abondamment sur les réfugiés et sur l'aide – l'article s'appuie sur elles –, il n'y a guère à en attendre pour ce qui touche aux autres aspects de l'Afghanistan, en particulier l'histoire récente et l'économie.

## EL NEXO ENTRE MIGRACIÓN Y DESARROLLO: ESTUDIO DEL CASO DE AFGANISTÁN

Este trabajo se ocupa de las relaciones existentes entre migración y desarrollo en el contexto de Afganistán. Comienza con una breve descripción de los antecedentes históricos y políticos de la crisis de refugiados de los dos últimos decenios, y hace una breve descripción de la sociedad y la economía afgana. En la sección siguiente se describen y analizan la historia y forma de los flujos de ayuda, estudiándose a continuación los flujos migratorios y de refugiados de los dos últimos decenios, así como las remesas de fondos y las actividades de la diáspora. Las dos secciones siguientes se ocupan de las repatriaciones y la reconstrucción. La penúltima sección expone qué lecciones pueden desprenderse para la futura elaboración de políticas en Afganistán y por último figuran unas observaciones de conclusión.

Con respecto a los datos sobre Afganistán debe hacerse una advertencia: aunque en los últimos meses el interés y los estudios sobre Afganistán han experimentado un súbito aumento, siempre han escaseado los datos sobre el país.



Gran parte de lo que los periodistas y algunos académicos han publicado sobre Afganistán durante los años ochenta y noventa se refiere a la política, dado el contexto de guerra fría de los conflictos entonces existentes. La mayor parte de los otros datos relativos a Afganistán proceden sobre todo de los organismos de ayuda activos en el país. Aunque todas estas fuentes facilitan la mayor parte de las informaciones y datos sobre ayuda y refugiados – como se refleja en las fuentes utilizadas en este trabajo – es poco lo que pueden ofrecer sobre otros aspectos de la vida en Afganistán, en particular sobre la historia y la economía más recientes.



# The Migration-Development Nexus: Somalia Case Study

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## ABSTRACT

The humanitarian disaster in 1992 made the Somalis known throughout the world. The first image that appeared in the Western part of the world was the broadcast of the famine caused by the civil war. This was followed by the international intervention known as UNOSOM, when CNN covered the landing of the American intervention forces in December 1992. The next image was the fatal confrontation between UNOSOM and the local warlord, General Aideed, which resulted in the withdrawal of UNOSOM in 1995. During that period the West also came to know the Somalis more intimately as thousands of them had fled and spread to North America and North-western Europe. This encounter was not without problems, and raised issues such as how to integrate Somalis into society, and how and when they could be expected to return to Somalia. Today, this experience has spurred a new policy trend among Western governments that aims at directing aid to the “neighbouring” areas of refugee-generating conflicts to keep the refugees in their region. These debates are unfortunately often full of myths, and tend to suggest policies often lacking a substantial basis. Hence, this article is part of a project that attempts to shed some light on contemporary migration processes and the possible linkages between the diasporas and the social and economic development in their country of origin. The case study describes the main flows of migration in modern Somali history, and how the emerging Somali diaspora maintains links to their kin via inventive remittance systems. The possible impact of remittances on local development in Somalia is addressed in the paper, and it concludes that the linkages between aid and migration-related resource transfers are multidimensional and that development can lead to migration and vice versa.

## INTRODUCTION

### **Four decades of political and violent conflict**

The independent Somali Republic was formed when British Somaliland (north-west Somalia) and the Italian-administrated United Nations Trust Territory of Somalia merged in 1960. The new Republic embarked upon a parliamentary civilian political system along Western democratic lines. This soon proved ill-adapted to the clan-based nature of Somali politics, and became corrupted as the business-elites competed for the spoils that came from preferential access to the state. Increased political competition for monopolizing state access, the economic effect of the Suez crisis by the end of 1960s, and the corruption of the political system led to a crisis in both economy and politics, reflecting the emergence of the dynamics of spoils politics, which later would culminate in state collapse in 1990. By placing state institutions in Mogadishu, development was concentrated there to the detriment of the northern towns and ports such as Hargeysa, Berbera, and Bossaso. Against a backdrop of growing popular discontent, General Mohamed Siyad Barre staged a bloodless coup d'état in October 1969.

After the military coup in 1969, Barre envisaged a “socialist” orientation, which proved to be merely nominal. Although few Somalis relished the prospect of military rule, the new regime was widely received as a welcome alternative to the disappointments of civilian rule. With the backing of the Soviet Union, Siyad Barre promised to preserve democracy and justice, and to eliminate corruption and clannism.<sup>1</sup> But, instead of doing away with clannism, his regime led to a subtle and manipulative exercise in corruption increasingly based on clan politics. In an attempt to divert the growing tensions, his regime revived the Pan-Somali vision of uniting all Somali people. Thus, in 1977 the army of Somalia attacked Ethiopia in order to conquer the Ogaden region. However, the Soviets sided with Ethiopia, and the Somali army was defeated. This conflict provoked the first massive refugee movement of Ogaden refugees from Ethiopia fleeing to Somalia (Waldron and Hasci, 1995: 4).

The military defeat in 1978 marked the beginning of an evolving crisis throughout the 1980s, which involved an economic downward spiral, political marginalization, repression, migration, and manipulation of external aid. The internal conflict culminated in full-scale war in 1988 as the Somali National Movement (SNM), representing the Isaaq clans of north-western Somalia, launched an all-out offensive against government forces in the towns of Hargeysa and Burco. The government responded by destroying Hargeysa, killing more than 50,000 people. From its bases in Ethiopia, the SNM offered a springboard for other guerrilla groups, especially the United Somali Congress (USC – affiliated with the Hawiye clans) and Somali Patriotic Movement

(SPM), in the South (Jimcale, et al., 1999). Thus, in January 1991, the USC pushed Siyad Barre out of Mogadishu, overthrowing his regime, while the SNM launched an offensive in the north-west leading to the self-proclaimed independent Republic of Somaliland in May 1991.

In January 1991, the State of the Republic of Somalia collapsed totally and has not been resurrected since. During 1991 and well into 1992, southern and central Somalia were ravaged by inter-clan warfare, banditry, and widespread famine, which claimed the lives of between 240,000 and 280,000 Somalis. The humanitarian situation prompted a UN peace enforcement operation in Somalia (UNOSOM) in 1993-1995. While the famine ended during the UNOSOM intervention and refugees and internally displaced persons returned to some regions, a new state was not rebuilt. Instead, UNOSOM became embroiled in the conflict, culminating in open warfare with the USC/SNA faction in 1993. Thus, when UNOSOM departed from Somalia in March 1995, it left the country divided, without a central government, and with an economic infrastructure mostly in ruins. Furthermore, Somalia remained vulnerable in terms of physical and social security. In parts of southern and central Somalia the process of fragmentation continued with factions splintering into quarrelling sub-clan militias. In other parts, localized polities emerged, drawing on differing combinations of traditional, clan-based authorities, Islamic courts, and local business people. Only in the northern regions of the country (Somaliland and Puntland) did relatively stable legitimate and functional administrations emerge. A new Transitional National Government (TNG), however, was installed in August 2000 in Mogadishu, following a peace conference in Djibouti. But this administration has not yet managed to complete the peace process, and has not established its sovereignty throughout Somalia.

## DEVELOPMENT, AID, AND FOREIGN INVESTMENT PATTERNS

During the first three years after independence Somalia relied on Italian and British subsidies that funded 31 per cent of the national budget (Marchal, 1996: 17). From 1960 to 1970 the level of foreign aid per capita was one of the highest in sub-Saharan Africa. Development at that time followed the general pattern of third-world development planning, focusing on building infrastructure, which was thought to facilitate a “take-off” effect on the economy. This did not happen, but there was significant expansion, especially in the livestock trade and export.

From 1969 to 1989 Somalia became an archetypal “Cold War client state”, receiving most of its aid from the Soviet Union and the “East Bloc” during the 1970s, while the US took over this role during the 1980s. This meant that Siyad

Barre with his “scientific socialism” could access Soviet aid, although this did not prevent Italy from re-engaging with investments, as well as development aid, in 1971. Barre’s regime of the first half of the 1970s introduced the first official Somali script, launched massive literacy campaigns, and embarked on an ambitious programme of self-help schemes and social development projects. But Soviet aid was characterized by major development projects entirely dependent on external aid. This period was also characterized by nationalizations and the emergence of many new parastatals. Only the nomadic pastoral sector, comprising 50 per cent of the indigenous economy, escaped state encroachment, as that would have antagonized the clans severely. Agriculture came under cooperative development plans. Expenditure in this sector rose from 10 per cent to 29.1 per cent in 1974 (Marchal, 1996: 22), but the state farms eventually collapsed in the 1980s. During this period there was positive economic growth in Gross Domestic Product (GDP) – 2.5 per cent annually until 1975. But this growth did not result from a new internally generated economic dynamic. Rather it was explained by the influx of development aid and external loans, later reflected in gradual degeneration of the industrial projects as most of the plants produced below 30 per cent of capacity (Marchal, 1996: 23). Growth in the 1970s could also be explained by the significant increase in migrant workers to the Gulf states (see Table 1), which occurred after the oil crisis in 1973 (see sections on migration and remittances below).

By the end of the 1970s, high military expenses, corruption, an increasing debt burden, and the collapse of the small industrial sector signalled the looming crisis of the 1980s. The inability to manage the increasing debt burden meant that Somalia could no longer attract foreign investment except development aid and remittances (Table 1), and GDP began to decrease an average of 3 per cent annually (Marchal, 1996: 23). Somalia was not the only country in Africa that was marked by financial and economic crisis during the 1980s. As elsewhere on the continent, if it wanted the flow of external credit and aid to be kept up, it had to submit itself to IMF structural adjustment programmes.

Some improvements were achieved with the IMF policies: inflation was tamed and the Somali shilling was devalued, leading to a brief increase in agricultural output from 1983 to 1985. But, these effects did not sufficiently compensate for the losses from the Saudi Arabian livestock ban in 1982, reducing annual export earnings by US\$79 million from 1982 to 1984.<sup>2</sup> Furthermore, manufacturing output declined, exports decreased, GDP per capita fell, and the Gross National Product (GNP) per capita between 1980 and 1989 declined by 1.7 per cent per year – officially (Marchal, 1996: 24). Economic liberalization proceeded very slowly, and the regime resisted IMF conditions (especially its demand to reduce the security budget), as its clientelist system needed to maintain control over exchange rates and banking.

A significant influx of resources came when the US took over Somalia as a client state after the Ogaden war, and began to pour into Somalia large amounts of military, development, and, as a result of the Ogaden refugee situation along the border with Ethiopia in the 1980s, emergency relief aid. Thus, aid to Somalia during the 1980s averaged US\$400 million annually (Marchal, 1996: 25). Massive amounts of foreign aid were diverted by the regime, whose cronies partly used it to illegally appropriate land in the fertile riverine and inter-riverine lands in southern Somalia (Menkhaus and Craven, 1996). The Somali authorities managed to manipulate the number of refugees, thus inflating the need and increasing the amount of humanitarian aid significantly (Waldron and Hasci, 1995: 26). Almost all the assistance to the north ended up with the Ogaden refugees whose allegiance was important to the ruling clique. Business elites and others who were not loyal to the President or did not belong to his clan affiliations were discriminated against in terms of employment and business opportunities.

Thus, repressive economic practices turned into a downward spiral as they undermined the Somali economy, which became increasingly dependent on external transfers: development and humanitarian aid grants to the government, and migrant workers' remittances to the people. Corruption penetrated Somali society, all the way from the external donors and business people to the ordinary civil servant (Marchal, 1996: 25). Systems of extortion were developed, leading to a rapid growth of the second or informal economy. Despite the crisis in the formal economy, the informal economy thrived, keeping at least 80 per cent of the population above the poverty threshold (Marchal, 1996). This informal economy carried on after the formal economy collapsed together with the Somali state.

As Table 1 shows, Somalia has always ranked very low in terms of development. Before the civil war, GNP per capita was in fact declining despite increases in foreign aid. The figures for FDI were even negative during the 1980s indicating an unfavourable economic climate. As an indicator for the trend in foreign trade, income from goods and services declined significantly. However incomplete and unreliable, the table does suggest an increase in private transfers, especially workers' remittances, which reflects alternative survival strategies by Somalis.

#### **Current social, economic, and human development indicators**

Somalia does not appear in the usual rankings and statistics of the two leading publications on development statistics, which furthermore do not agree on the

TABLE 1  
DEVELOPMENT INDICATORS FOR SOMALIA

	GNP per capita (US\$)	Foreign direct investment (US\$ million)	Grants, technical cooperation (US\$ million)	Private transfers, including remittances (US\$ million)	Workers remittances (US\$ million)	Imports, goods and services (US\$ million)	Exports, goods and services (US\$ million)
1970	80	4.5	8.6	3.7	-	61.9	43.3
1975	140	6.7	95.5	2.7	-	271.5	115.2
1980	110	-0.8	274.0	57.3*	57.3	540.6	204.5
1985	120	-14.9	113.2	38.2*	21.7 (1983)	454.1	127.6
1988	130	-43.0	276.1	6.4	-	NA	58.4
1989	130	-41.0	255.4	NA	-	NA	67.7
1990	120	6.0	323.4	NA	-	NA	91.2
1997	176**	NA	NA	350**	-	NA	NA

Note: \*The leap in remittances in 1980 is partly because official figures were not recorded before, and partly a reflection of the increase in migrant labour to the Gulf States. Subsequent fluctuations in figures are attributable to unreliable statistics, to avoidance of official transfer channels such as banks, and to the fact that migrant labourers in the Gulf States increasingly came under pressure as more competitive workers from South-East Asia began to arrive. \*\*This figure is from the *Human Development Report: Somalia 1998*, the GNP figure is in real terms estimated to be 60 per cent of the pre-war level (UNDP Somalia, 1998).

Source: World Bank Data CD-Rom 1995.



TABLE 2  
HUMAN DEVELOPMENT REPORT INDEX;  
FIGURES FOR SOMALIA

Population (millions)	6.4-8.4
Fertility rate (per woman)	7.3
Life expectancy (years)	47.0
Infant mortality (per 1,000 births)	132
Under 5 mortality (per 1,000 births)	224
Total school enrolment ratio (%)	13.6
Undernourished (% of total population)	75

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Sources: UNDP, 2001; UNDP Somalia, 2001.

few data that they do provide. Thus, the *World Development Report 2000/2001* published by the World Bank estimates the population of Somalia to be 9.4 million, while the *Human Development Report* published by the United Nations suggests only 8.4 million. The most recent estimates, allowing for international migration, projects the population at 6.38 million in 2001 (UNDP Somalia, 2001). Neither of the two reports have any suggestions for the size of GDP per capita. According to the 1998 UNDP Somalia *Human Development Report* (UNDP Somalia, 1998), average life expectancy is 41-43 years;<sup>3</sup> the mortality rate for children under five exceeds 25 per cent; adult literacy rates are 14-17 per cent; and parts of southern Somalia are periodically prone to severe food shortages. Table 2 shows all the available data on Somalia from the *Human Development Report 2001*, which differs slightly from the estimates of the *Somalia Human Development Report 1998*.

## POVERTY, CONFLICT, AND MIGRATION

### The dispersal of the Somalis

Migration is at the heart of Somalia nomadic culture, which is characterized by a subsistence economy, trade to procure necessities not domestically produced, and transhumance to adapt to cycles of climate in search of “green pastures”. “Diya” paying groups act as social glue,<sup>4</sup> and the political structure is segmented, horizontal, and very loosely connected (Marchal 1996: 11).

Somalis in both Somalia and Somaliland are usually described as an ethnically homogenous group. While this notion perhaps does apply for Somaliland in the

north, it does not apply to southern Somalia where analysts often ignore the very large “minority” groups (Olesen, et al., 2000: 7). Most distinct of these are the so-called “Bantu” descendants of slaves who were imported from what is now Tanzania (Pérouse de Montclos, 1997: 12). Other distinct groups are the Bajuni and Baravani people who live along the eastern coasts of Somalia (Pérouse de Montclos, 1997: 9). In fact, even the large Rahanwein agropastoralist group constitute a heterogeneous community whose history and language differs significantly from the nomadic Somali clans (Pérouse de Montclos, 1997: 19). It is difficult to assess their number versus the dominant Somali clans, but in southern Somalia these groups were the prime victims of the conflict and the famine in 1992. The nomadic Somalis were dispersed by colonization into five areas: British, Italian, and French Somaliland respectively, as well as the Northern Frontier District of the British Kenyan Crown Colony, and the Ogaden region of the Ethiopian Empire. In 1960 the independent Somali Republic was formed as British and Italian Somaliland decided to merge as a first step toward uniting all the Somalia peoples. The Northern Frontier District, however, remained in independent Kenya and the Ogaden region remained part of Ethiopia. French Somaliland eventually gained independence in 1977 as the Republic of Djibouti.

TABLE 3  
OFFICIAL FIGURES ON THE SIZE OF THE  
SOMALI DIASPORA, 2000

Country	Population
Netherlands	25,000
United Kingdom	20,000
Denmark	14,000
Sweden	12, 000
United States	25,000
Canada	30,000
Norway	4,000
Finland	5,300
Switzerland	5,400
Germany	8,400
Italy	20,000
Australia	2,000
Saudi Arabia	20,000
United Arab Emirates	25,000

Note: All figures include refugees.

Source: Pérouse de Montclos, forthcoming.

During the period of British colonialism, an early Somali diaspora emerged as seamen from British Somaliland who worked in the Merchant Navy settled in ports such as Cardiff and London. Today, the Somali diaspora (including UK citizens) in the UK is estimated at between 70,000 (Pérouse de Montclos, forthcoming: 2) and 100,000 (Ahmed, 2000), while the official number (which excludes pre-conflict Somalis in the UK) is 20,000, as Table 3 shows.

After independence, disgruntled by unmet promises, many disappointed supporters of the ruling Somali Youth League, especially from the north-western Isaaq clan, migrated abroad during the 1960s as they had lost their assets and were denied access to new resources. Later, from 1973, Somalia became a major labour exporter to the Arabic oil producing countries. Perhaps between 150,000 and 200,000 migrated in this way, about half of them coming from the Isaaq clans (Ahmed, 2000). By the end of the 1980s the number of migrant workers going to the Gulf states had approximately reached 200,000; by 1987, the number of "Gulf migrants" was estimated at 375,000 (Ahmed, 2000). These migrants were often relatively well-educated people looking for better employment than they could find in Somalia (Marchal, 1996: 23).

The next major migration was related to the Ogaden war, as the humanitarian crisis it brought about provoked the first massive refugee movement, sending thousands of ethnic Somalis into Somalia from the Ethiopian Ogaden region (Waldron and Hasci, 1995: 4). By 1981 these refugees constituted about 20-40 per cent of the population of Somalia (Simons, 1995), although the number of refugees in this group was, in all probability, grossly exaggerated (Waldron and Hasci, 1995: 26). Most of them came from the Ogaden clan, creating considerable tension in regions where they were considered non-residents. From 1984 to 1991, this group of refugees was accompanied by more Ogaden refugees as well as fleeing Ethiopian Oromos (Waldron and Hasci, 1995: 17). Thus, before the civil war, Somalia hosted one of the largest refugee populations in Africa. In 1987, one in six persons in Somalia were registered as a refugee.

The eruption of the civil war in 1988 reversed this situation, and generated the third major movement – this time from Somalia into the Ethiopian Ogaden Region. More than 600,000 people fled to Ethiopia. This flow was first caused by the conflict between SNM and the Siad Barre regime, and was prompted by the bombing of Hargeysa in 1988. The escalation of the conflict in 1991, when the USC, with the support of SPM and SNM, ousted Siad Barre, produced further refugee flows. Thus, the largest mass flight of Somalis took place from early 1991 when more than 1 million are estimated to have fled fighting in southern Somalia to countries in the region and outside Africa. The better-off refugees went further abroad to Western countries such as Canada, US, UK, Italy, Holland, Sweden, Denmark, Norway, Finland, and Australia (see Table 4). But, most of the refugees, and significantly the poorest, fled to the neighbouring countries, Kenya and Ethiopia, or elsewhere within Somalia as internally

displaced persons (IDPs). Altogether, these flows were estimated to be between 1 and 2 million Somalis (see Table 5).

The largest war-related internal displacements from central and southern Somalia took place between 1991 and 1993. Prior to May 1992 the main cause of displacement was fighting and drought, while after May 1992 it was mainly food scarcity. In September 1992 there were estimated to be between 556,000 and 636,000 “visible” displaced people in camps, of which 50 per cent were in Mogadishu (UNDP Somalia, 2001). The real number of IDPs in Somalia was, and is, obscured by the fact that many of them went to their kin within their traditional clan territories. Since 1992 there have been smaller displacements caused by fighting. In late 1997 and early 1998, extensive flooding displaced people from central and southern Somalia. In 2001, fighting in the Gedo region temporarily displaced people into Kenya.

While the refugee flows are closely linked to the effects of armed conflict, migration to the Gulf states was related to the opportunities offered by rapid development in the oil producing countries, and was thus not directly poverty related. This migration was also related to the lack of job opportunities in Somalia. But in both cases it were those with capacities to migrate who did so. Thus, the refugees who were able to seek asylum in the West were in social status similar to those who migrated to the Gulf states in search of labour. Existing networks of the limited number of Somalis who had migrated to Italy, UK and other places in Western Europe, and the US before the conflict were important in shaping who, how, and where the later and much larger numbers of refugees went. Table 6 summarizes the main migration flows out of Somalia.

TABLE 4  
SOMALI REFUGEE POPULATION BY  
AFRICAN COUNTRY OF ASYLUM, 1999

Country	Population
Ethiopia	180,900
Kenya	141,100
Yemen	55,200
Djibouti	21,600
South Africa	4,700
Tanzania	3,300
Libya	2,900
Egypt	2,600

Source: UNHCR, 2000.

TABLE 5  
SOMALI REFUGEE POPULATION BY  
WESTERN COUNTRY OF ASYLUM, 1999

Country	Population
Netherlands	18,500
United Kingdom	18,100
Denmark	9,600
Sweden	7,700
United States	5,200
Canada	4,000
Norway	3,600
Finland	2,400
Switzerland	2,400

Source: UNHCR, 2000.

TABLE 6  
MAJOR SOMALI MIGRATION FLOWS

Time period	Migration flow
Colonial period	Somalis settle in the UK; less so in Italy; few in numbers.
1970s-1980s	Migrant workers to the Gulf states.
1978-1991	After the Ogaden war defeat in 1978, many refugees arrive in Somalia. First political refugees seek asylum abroad, but in small numbers.
1988-today	Hargeysa 1988, first refugee movement into Ethiopia; Mogadishu 1991, second refugee movement into Kenya, Ethiopia, North America, Europe, and Australia.

## CURRENT INTERNAL DISPLACEMENTS, REFUGEES, AND MIGRATION PATTERNS

### Current refugee movements

People continued to leave southern Somalia in large numbers until 1995. Since then there has been a decline in refugee flows from Somalia and a gradual process of repatriation and reintegration. Yet, a quarter of a million (256,000) Somali refugees remain in camps in Kenya, Ethiopia, Djibouti, Yemen, and other

neighbouring countries (as Table 4 shows); many more reside in these countries illegally and hence elude documentation. In addition, hundreds of thousands of Somali refugees are scattered across the globe, from North America and Europe to the Middle East and Australia. According to UNHCR (see Table 7), the number of registered refugees from Somalia is around half a million people (UNHCR, 2000).

As Table 8 shows, the number of Somalis seeking asylum in Western Europe has in fact been increasing since 1996. Yet, it is difficult to assess whether this is due to continued or new instability or hardship in Somalia, or due to “unsuccessful” asylum seekers “trekking” to other countries (Pérouse de Montclos, forthcoming: 3). While some Somalis still seek to leave the country, they do so mainly as migrant workers or as part of family reunification programmes.

TABLE 7  
TOTAL NUMBER OF SOMALI REFUGEES, 1987-1999

Year	Number (thousands)
1987	60.0
1988	350.7
1989	325.6
1990	455.2
1991	720.8
1992	788.2
1993	516.6
1994	535.9
1995	579.3
1996	573.0
1997	525.4
1998	480.8
1999	451.5

Source: UNHCR, 2000.

### **Current IDPs and other internal migration movements**

The overall trend since 1993 has been one of diminishing internal displacement, as the war subsided and people either returned to their homes or “resettled” in different regions of Somalia. Furthermore, there has been a clear pattern of people from northern clans moving to the northern regions from the south, which has radically altered the demography of those regions.

TABLE 8  
SOMALI ASYLUM SEEKERS IN WESTERN EUROPE,  
1990-1999

Year	Number of asylum seekers
1990	12,200
1991	11,100
1992	14,600
1993	13,300
1994	12,400
1995	11,800
1996	7,500
1997	8,500
1998	11,900
1999	14,000
Total	117,300

Source: UNHCR, 2000.

Since 1995, Mogadishu and other major towns have gradually become more accessible to former residents. But there still remain many internally displaced. As violent conflict has declined and food deliveries have been reduced, camps for the displaced have also diminished. The vagaries of climate and economic hardship are now the main causes of population movement.

In 2000, there were estimated to be 300,000 internally displaced, including 40,000-50,000 newly displaced in 1999. These figures should be treated with some caution, as there has been no comprehensive study of IDPs since UNOSOM withdrew from Somalia. According to UNDP Somalia (2001), IDPs today constitute more than 60 per cent of those Somalis considered to be “food insecure”. The majority is from the poorest rural families or minority groups, and live on the peripheries of the urban centres.

### **Urban migration**

Although the population of Somalia is predominantly rural, there are strong patterns of rural-urban migration (UNDP Somalia, 2001). For a time during the war this process was reversed as people fled the main towns and moved to areas that their clans came from. Consequently, the population of previously small regional towns such as Belet Weyne, Galkaiyo, Baidoa, and Bossasso rose dramatically as people fled fighting in Mogadishu, the Lower Juba, and the inter-riverine areas. Rapid urban migration has become a particular issue in

Hargeysa, where the majority of returning Somali refugees from Ethiopia have chosen to settle (UNDP Somalia, 2001). The concentration of businesses and aid programmes in the administrative capitals attracts the rural population, Somalis returning from the diaspora, and economic migrants from Bay and Bakool regions. The Somali diaspora is also mainly an urban community, primarily formed on a family and clan basis (Pérouse de Montclos, forthcoming).

### RESOURCE TRANSFERS: REMITTANCES AND OTHER DIASPORA ACTIVITIES

Financial remittances from Somalis living outside the country are perhaps the outstanding feature of the Somali economy, for remittances have long been crucial to the economy. Today, the new diaspora in the West has assumed a very important role as a source of remittances to family members in Somalia or in refugee camps.

The first migrant workers who went to the Gulf states during the 1970s began to send back remittances, using the so-called *franco-valuta* system. People from the Isaaq clan in particular utilized this system, in which foreign exchange was transferred to traders who would import commodities for the Somali markets, and then give the cash to the families of the migrants. This system worked only because the traders had strong linkages to their clan lineages inside Somalia. This, together with the practice of migrants settling close to fellow clans-people, contributed to a strengthening of clan identity. The system was crucial for the provision of foreign exchange, and enabled families in Somalia to import consumer goods. Rough estimates suggest that around US\$300 million was remitted annually from the late 1970s and during the 1980s, equivalent to about 40 per cent of GNP (Marchal, 1996: 35).

The *franco-valuta* system was officially banned in 1982 because it increased the misuse of much needed foreign exchange, but also because it potentially undermined the power of the regime's own patron-client mechanisms (Marchal, 1996: 25). Yet, the ban had little effect as it only led to a new system. Thus, the Hawilad system evolved, which did not involve a trader, but still provided hard currency. The significance of these remittances grew as part of the emerging parallel economy in the 1980s, when they were estimated to be worth US\$370 million annually, of which 75 per cent came from workers in the Gulf countries (UNDP Somalia, 2001). The Hawilad system evolved during the 1980s and into the 1990s, where remittances were transferred to the armed guerrillas who eventually overthrew the Siyad Barre regime. Thus, to increase the efficiency of the Hawilad, the Dahab Shiil Company in the Ethiopian town of Dire Dawa found that mobile radio systems used by the SNM, combined with satellite telecommunication facilities, were very useful. This would later lead to the spread of efficient telecommunication companies in post-collapse Somalia.



Today, there are several Hawilad companies with branches wherever in the world Somalis live, and scattered all over Somalia. Through this network, a Somali can transfer money to a family member inside Somalia within 24 hours. It is the most efficient, and safest, way of transferring money in Somalia, and even the international NGOs use it extensively. The companies do work across clans, but also maintain a certain clan bias. The Hawilad system became a strategic asset in the civil war economy, and is still the most important social safety net for most Somalis, evidenced by the effects of the US shutdown of the Baraakaat Company in connection with the “war against terrorism”.

### **Who remits?**

The source of remittances changed during the war. In the 1980s, it was primarily migrant workers in the Gulf states and Saudi Arabia who dominated, with 60 per cent of the total estimated remittance transfers. Outside the Arab states, it was only in the UK and Italy that a Somali diaspora of any significance in terms of remittances could be found. After the outbreak of civil war, conflict-related refugee flows to Western Europe and Northern America changed the remittance pattern. Thus, a result of the civil war was the growth of the diaspora and the volume of remittances. One difference between the civil war related migrations and the previous labour migrants is that the former most often were families settling in host countries including women and children, while the migrant workers almost always were males seeking work who would usually return home (Ahmed, 2000). Somali exiles can seldom save more than \$100 a month per household (Pérouse de Montclos, forthcoming). They live mostly off welfare allowances that were intended to meet only their most basic needs.

Another difference is that with the civil conflict, the elite had fled the country, leaving the market to other social strata. A reflection of this change is that during the 1980s, two-thirds of the funds from the Somali communities abroad were used for trade, and the other third to assist families. Today these proportions are probably reversed (Pérouse de Montclos, forthcoming).

### **How much is remitted?**

According to surveys made by the International Labour Organization (ILO) in 1985, the 165,000 to 200,000 Somalis living in the Middle East earned \$700 million dollars a year, of which approximately 30 per cent – \$280 to \$370 million dollars, according to estimates – was sent back to their native country. Annual remittances to Somalia in 1987 were estimated to be between US\$478 to \$540 million (Green and Jamal, 1987).

Estimates of the size of remittances to Somaliland and Somalia today vary significantly from study to study, and depend on how the estimates are made. Thus, they may vary from US\$140 million to US\$800 million (UNDP Somalia,

2001). According to the estimates by Pérouse de Montclos, the diaspora sends about US\$140 million annually to Somalia (Pérouse de Montclos, forthcoming). Because this figure does not take into account money remitted for investment, US\$500 million would be a more realistic, if conservative, estimate for total annual remittances to Somalia (UNDP Somalia, 2001). In any case, the estimated remittances exceeds the value of exports as well as international aid, estimated at US\$115 million in 2000, and it probably reaches more people than international aid (UNDP Somalia, 2001). The difference in all these assessments reflects the difficulties of investigating the issue, when the transfers are not registered, are informal, and statistics are not available.

Remittances in 1990 to Somaliland were estimated at US\$200-\$250 million (Marchal 1996: 35). The Somaliland Ministry of Planning estimated in 1997 that US\$93 million was transferred via remittance companies, which was in stark contrast to the USAID report estimating remittances to Somaliland at US\$4 million in 1998. According to a survey conducted by Ismail Ahmed, a mean household receipt of remittances per annum in Somaliland was US\$4,170 and its share of household income was 64 per cent (Ahmed, 2000). If these estimates are correct, and there are about 120,000 recipient households throughout Somaliland, then the total value of the annual remittances is about US\$500 million, which would be about four times the value of livestock exports from Somaliland in a normal year. Remittances to southern Somalia are poorly documented. One study in the town of Belet Weyne, with a population of some 50,000, estimated that US\$200,000 was received in remittances monthly, averaging US\$4 per town resident (UNDP Somalia, 2001).

### **Remittances and development**

Historically, remittances have been used to finance consumption. But recent observations show a new trend where remittance money is invested in small businesses or real estate. Today, however, it is clear that remittances have become a dominant feature of the Somali economy, and are crucial for household livelihoods. Although remittances have become the critical source of hard currency for the country, the precise value of this economy is difficult to calculate for several reasons. First, there is no reliable data on the size of the Somali diaspora. Second, the remittance companies are reluctant to report the amounts transferred. Finally, remittances are transferred in different forms and through different channels, as cash or goods in kind, through remittance companies, through merchants, or through relatives.

The structural effects on development of the remittances are limited. Thus, remittances were primarily used for consumption; to invest in real estate and housing; for marriage; for trade; and to obtain arms for clan militias. UNDP Somalia estimates that most remittances to households fall in the range of

US\$50-\$200 per month, and find that the flow of remittances increase in times of economic stress, during droughts, or in response to inter-clan warfare. The positive aspect of increasing consumption through remittances in Somalia in the 1980s was that this did improve the real balance of payments and enabled imports of capital goods and raw materials for industrial production. The high level of consumption and imported goods, however, left only little surplus for capital-generating investments, while the demand on consumer goods increased inflation and pushed up wage levels. So, the immediate positive effects in terms of easing the effects of rising oil prices and increasing living standards turned into negative effects in the long run as they were spent on “non productive” investments, which increased dependency and eroded incentives for production. Some positive effects did come out of increases in trade, but these did not have the same long-term effects, such as investment in a productive sector. On the other hand, Ahmed suggests that remittances in Somaliland in recent years have been used less for consumption and unproductive investments, but instead contributed significantly to the growth of a vibrant private sector (Ahmed, 2000). This process, however, is associated with loss of educated and skilled labour, and increased income inequality. The booming sectors are also limited by the lack of credit schemes and saving facilities.

### **Social aspects of remittances**

The latter point of unequal development is important, and is not sufficiently reflected in most of the available studies (including the present study) because the prime focus is on the ethnic Somali migrants proper and only their practices in terms of development effects. Thus, the existing studies often only concern the nomadic Somalis, and far less the agropastoralists Rahanwein and Digil people, Gosha, Bantus, and other “minorities” such as the Barawani/Bajuni cultures along the coast. All of these groups do not seem to have been in a position to travel outside Africa. But, they did seek refuge in IDP camps, and did migrate to the neighbouring countries from where this study has not been able to gather any data on their remittance, trade, or other practices.

Nevertheless, remittances do play the role of a social safety net, preventing economic collapse in the face of setbacks such as drought and recurring Saudi Arabian livestock bans. Studies of remittances to Hargeysa, Burco, and Bossasso calculated that remittances constitute nearly 40 per cent of the income of urban households (UNDP Somalia, 2001). Preliminary data from a survey conducted by the UNDP indicates that on average, remittances constitute 22 per cent of per capita household income (UNDP Somalia, 2001). It should be noted that the volume of remittances received by households depends a lot on the quality of telecommunications, the organization and the welfare of the community, and the distance between Hawilad relays and the beneficiaries of the transaction (Pérouse de Montclos, forthcoming).

### **Qaat**

Another socio-economic factor that must be taken into consideration when development in Somalia is considered is the significant percentage of remittances used to finance the import of the mild drug *qaat*. No reliable figures exist how much is spend on *qaat*, but estimates put the annual amount at US\$50 million (UNDP Somalia, 2001).

### **Urban bias**

The study by Ahmed found an urban bias in the distribution of remittances, showing that while the majority of households in Hargeysa received remittances, only 5 per cent of rural households did (Ahmed, 2000); pastoral households receive even less. For agropastoralist households, remittances from migrant workers in urban areas are more important than international ones, thus suggesting an indirect flow of international remittances to rural households. Remittances both reflect and serve to increase the economic differentiation in society. According to UNDP Somalia, for historical, social, and political reasons, remittances are more common in urban rather than rural areas, and the main beneficiaries of remittances tend to be urban households with educated and skilled members in the diaspora (UNDP Somalia, 2001). Due to a history of better access to education, political privilege, or accident of geography, some social groups and clans have a higher percentage of their members in the diaspora than others. Migrant workers and refugees tend to come from better-off families who can afford to invest in sending a family member abroad. The rural poor and the internally displaced from groups who have fewer relatives abroad receive fewer remittances and are less well served by telecommunications. For example, in Hargeysa and Bossasso, there is clear evidence of significant differential access to remittances between urban residents and displaced populations and economic migrants from southern Somalia.

### **REPATRIATION**

Repatriation since 1990 involved the three main flows outlined above: the refugees who fled the Ogaden in 1978; the exodus from Hargeysa in 1988-1989; and the flight from Mogadishu of non-Hawiye clans, and those who fled to Kenya during and after 1991.

According to Waldron and Hasci, there is virtually no trace in the literature of the fate of the Ogaden and Oromo refugees that came from Ethiopia in 1978 and during the 1980s (Waldron and Hasci, 1995: 69). Thus, the planned repatriation of the first group after the pact was signed between President Mengistu of Ethiopia and Siad Barre, in 1988 was, so to speak, overtaken by the events of the

civil war. When the Hawiye clan-dominated USC faction pushed from the Ethiopian border toward Mogadishu, many of these refugees, who mostly belonged to the Ogaden clan, fled. Those who fled to Mogadishu probably had to flee again when Siad Barre was ousted and Mogadishu became effectively occupied by the Hawiye. The Ogaden and Marehan clans then fled to Kenya. Many of these refugees remain in Kenya, either in Nairobi or in the refugee camps along the border with Somalia.

The refugees from the second group have largely been repatriated thanks to relative stability in the unrecognized Republic of Somaliland. The number of Somali refugees in all the neighbouring countries has declined. Many have returned to Somalia, while others have obtained permanent resident rights in countries of asylum. The decline in Somali refugee numbers is (see Table 6), in part, due to improved security inside Somalia, the difficult and un-welcoming environments in refugee camps, and the tighter asylum policies in the West. But a small number still figure in the refugee camps on the Ethiopian side of the border. Efforts to assist Somali refugees to return home have been slowed by severe economic pressures inside the country and by sporadic security concerns generated by chronic political tensions.

Today the main groups of concern are the remaining large numbers of refugees in Kenya and Ethiopia from the third group, the IDPs – especially from the large “minorities” of southern Somalia, and the more distant diaspora abroad, which stem from all of the clans. Repatriation today is only possible to areas inhabited by the repatriates’ own clans (Olesen, 1996; Olesen, 1998; Olesen and Svan, 1999). Local authorities often emphasize that repatriation of refugees should be accompanied by development- or income-generating projects (Olesen, 1996; Olesen, 1998; Olesen and Svan, 1999).

Agencies such as the International Organization for Migration (IOM), the United Nations High Commissioner for Refugees (UNHCR), the United Nations Development Programme (UNDP), and the EU-Somalia Unit, however, have recommended that repatriates be equipped with a small amount of money, sufficient to start a new life (Olesen, 1996; Olesen, 1998; Olesen and Svan, 1999). The number of internally displaced populations has also declined. Few of the remaining IDPs seem to be returning to their original homes because there is little economic incentive to do so. For others who were originally residents of Mogadishu, a significant proportion does not feel it is safe or viable to return there. Furthermore, if large numbers of former Mogadishu residents began to return, reconciliation would be challenged because it inevitably would raise the issues of property and land that occurred during the war.

The level of security and the absorptive capacity of the recipient communities also determine the pace of repatriation. Repatriation to areas where instability continues will be slower and certain Somali citizens from politically weak

minority groups are unlikely to return in large numbers. The patterns of repatriation are also determined by the relationship between returning refugees and the host population. Unknown destiny, unclear asylum status, and unclear citizenship and residence in the country of asylum or residence make for a sense of uncertainty among the diaspora, which renders the prospect of repatriation unsettling. This may also inhibit long-term investments in Somalia's development because the uncertainty of a future territorial connection makes more fluid forms of investment attractive to a form of "transhumance" rather than "sowing seeds" in a fixed location.

## RECONSTRUCTION AND DEVELOPMENT

The Human Development Index indicates (Table 2) that Somalia faces huge social and developmental challenges. Returnees and the diaspora may potentially play a crucial role for how Somalia may be reconstructed and developed in the future.

The diaspora of perhaps more than 1 million constitutes a huge potential human resource (UNDP Somalia, 2001). Already, the diaspora is an extremely important force in the Somali economy and in Somali politics, just as it also played a significant role in the civil war. Thus, the diaspora may play a crucial role in reaching the kind of political stability and security that is a precondition for building the kind of economic environment that promotes local production, as happened in the emerging polity of Somaliland. Political security, stability, and legitimacy are crucial factors for development, as well as the prospects for return of the diaspora and how remittances are used.

The large diaspora means that the Somali "nation" is no longer confined within territorial borders, but has been globalized, and the diaspora links Somalia into global economic networks. Remittances from the diaspora are a key part of the economy and critical to people's livelihoods. The Hawilad remittance system is the structure that links the diaspora with families in Somalia. Somalis returning from the diaspora have brought new businesses, ideas, and technologies. Unfortunately, while many in the diaspora express a desire to return to Somalia, insecurity, poor social services, and employment opportunities dampen the incentives to do so. The huge number of Somalis returning to Somalia on vacation, going there to reconnoitre, is evidence of interest in return. Somalis maintain close links with their country of origin, a prospect that keeps alive the hope that this diaspora could play a structural role in the reconstruction of Somalia. But, it remains to be seen whether the second generation of Somali immigrants abroad will continue to remit money to relatives they do not know in a country they may never have visited (Pérouse de Montclos, forthcoming). The practice of remitting money also has important consequences on the diaspora, as they may represent 20 to 30 per cent of the households' income.

Elders may exert high pressure on their communities to send funds home. That is why some blame the remittance system for perpetuating a clan-based, segmented society. On the other hand, this development is mitigated by the tendency of Somali families in the West to change toward the Western nuclear type (Pérouse de Montclos, forthcoming).

Table 9 shows that remittances are more vital than trade and aid for the survival of Somalis in Somalia. If these remittances can be transformed into long-term productive capital investments, as Ahmed indicates is happening in Somaliland, then they will be far more valuable for economic development than development aid.

But just as important is the flow of “know how”. The opportunity for the diaspora to acquire education abroad is a potential asset if they return. Yet, the structure of pay levels and job opportunities work against this. This is perhaps an area where development aid could be used in the reconstruction of the future Somali politics, by providing salaries in a transitional period for well-educated Somalis who want to return.

TABLE 9  
AVAILABLE ESTIMATES ON ANNUAL AID, TRADE, AND REMITTANCE  
RELATED FLOWS TO SOMALIA, US\$ MILLIONS

Year	Aid	Livestock exports	Remittances
1970-1980	-	-	300
1985	113	-	280-370
1987	276***	-	478-540
1990	323	-	200-250*
1997	55	70	93*-350
1998	56	70	4**
1999	50	80	500*
2000	115	125	140-280

Notes: Livestock for 1998 and 1999 are figures from the Human Development Report 1998; \*The figures are estimates for Somaliland only. The high figure for 1999 includes an estimate for investments and not only transfers to households; \*\*This very low figure is recorded by an USAID study; \*\*\*Estimates vary, and some experts suggest that aid to Somalia during the 1980s was US\$400 million annually (Marchal, 1996: 25).

Sources: Combined figures from World Bank CD-rom, 1995; UNDP Somalia, 2001: Human Development Report Somalia, 1998; ILO; Bradbury and Coulton, 1998; and Pérouse de Montclos, forthcoming.

Another area where the international community could assist considerably is by facilitating Somali trade globally by removing structural trade barriers such as



quality standards. The Somali livestock trade is an example where veterinary health assistance, together with an effort to link Somali traders with global traders, could be a way of decreasing the Somali vulnerability to Saudi livestock bans by accessing the global market.

It is also important that aid is not linked too narrowly and rigidly with repatriation of the Somali diaspora to Somalia. If aid is used to push repatriation, before the diaspora is ready for it, then they may well decide against and choose the socially most secure option – to stay abroad. On the other hand, if they are seen as potential catalysts for development in Somalia, a door is kept open for them to stay in their host countries, and they are provided with education, skills, and working experience – perhaps in long-term programmes aimed at starting businesses or education in Somalia. Then, there is a prospect for a constructive relationship between aid, development, and diaspora.

## POLICY RELEVANT LESSONS AND CONCLUSIONS

This study has attempted to describe the linkages between aid- and migration-related resource transfers as found in the existing literature on Somalia. As the paper shows, the linkages can be multidimensional: development can lead to migration and vice versa, and can have both positive and negative effects on the other. The study is hampered by the lack of statistical data on Somalia. With these limitations in mind, the following tentative conclusions and recommendations can be drawn.

International migration in the context of Somali history has been driven by political factors, and thus is not only economic or poverty related. Poverty has only been an indirect factor. Rather, the main reason for migration has been the intertwining of political conflict and the search for economic opportunity.

Since independence, aid has mainly been used as an asset in the internal power struggles of Somalia, and has not produced the intended development. Remittances have been far more important for the survival of people than development and humanitarian aid put together.

Poverty- and refugee-related migration are less prone to have developmental effects in countries of origin, as women and children tend to settle in the country of destination for good, as opposed to single migrant labourers who also remit a larger amount of their income.

The patterns of refugee flight, asylum, and repatriation among Somalis illustrate very clearly the significance of familial ties and mutual cooperation in their clan-based society.



Remittance effects do increase consumption, and have limited investment effects as consumption is based on imports. On the other hand, under certain circumstances of political stability and trust in the political and economic environment, the Somali diaspora may invest in real estate, production, and trade. Thus, the effect of remittances on development correlates with political stability and the quality of enabling environment for productive investments.

Policies and studies should avoid socially imbalanced analysis, such as neglect of the minorities in southern Somalia.

More research is needed into issues such as: (a) the spending and potential accumulation patterns of remittances; (b) the potential significance of flows of values, such as norms, ideas, and know how from the diaspora to countries of origin; and (c) the resource flows between diasporas in the neighbouring countries and Somalia.

#### NOTES

1. Lineage identity is a central organizing force in Somali society, but not the only one. The Somali clan structure is not permanent. It has a fluid character that can, within certain limits, be socially reconstructed to fit current political realities. In the mythology, all clans stem from the Prophet Abu Ta'alib. The common ancestor of the nomadic clans is Samaale, who is father to the four main families of Dir, Hawiye, Isaaq, and Darod. These have further sub-divisions, such as the Ogaden and Marehan of the Darod, and the Habr Gedir and Abgal of the Hawiye. The agropastoralist Rahanwein, or Digil-Mirifle, groups became affiliated to this mythology in the course of history by linking their mythological forefather Saab to the prophet. Their structure is different than the "Samaale" group, and is divided by the "first generation", the so-called seven Digil clans, and the two second-generation Rahanwein groups of Mirifle Said (The eight) and Alemo Sagal (The nine). (UNDP Somalia, 1998; Pérouse de Montclos, 1997).
2. Saudi Arabia has regularly imposed livestock bans on Somalia. Most often health issues have been the reason given, but some sources say that in recent years the bans are related to Saudi commercial involvement in Australian and New Zealand sheep farms.
3. The World Bank projects life expectancy at birth at 48 years, while the UN says 46.9 years.
4. Diya means blood payment, which is the compensation that one clan pays to another for an offense committed by one of its members.

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## MIGRATION ET DEVELOPPEMENT : LE CAS DE LA SOMALIE

La catastrophe humanitaire de 1992 a fait connaître les Somalis à toute la planète. En Occident, les premières images diffusées alors montraient les terribles effets de la famine due à la guerre civile. Puis, est venue l'intervention internationale (UNOSOM), en décembre de la même année, à l'occasion de laquelle la chaîne de télévision CNN a diffusé en direct le débarquement des forces armées américaines. Ultérieurement, le monde a pu suivre la confrontation entre un seigneur de guerre, le général Aidee, et l'UNOSOM, confrontation qui s'est soldée par le retrait de celle-ci en 1995. Pendant ces événements, les Occidentaux ont pu aussi voir de plus près des Somaliens, dont des milliers, fuyant leur pays, avaient gagné l'Amérique du Nord et l'Europe. Cette prise de contact, qui n'a pas été sans problème, a suscité divers questionnements en rapport notamment avec l'intégration sociale de ces réfugiés ou le moment et les modalités de leur retour chez eux. À ce jour, les gouvernements occidentaux, forts des enseignements de cette expérience, s'orientent vers une nouvelle doctrine : l'aide doit être dirigée vers des régions voisines des zones en proie aux troubles ou affrontements, de manière que les réfugiés y demeurent. Pourtant, ce sont souvent des considérations relevant de croyances infondées qui inspirent une telle doctrine et privent du même coup les politiques d'une véritable substance. Cet article s'inscrit donc dans le cadre d'un projet visant à éclairer les mécanismes migratoires contemporains ainsi que d'éventuels rapports entre les diasporas et l'état de développement socioéconomique de leurs pays d'origine. Dans la présente étude de cas, il est question d'une part des grands flux migratoires qu'a connus la Somalie aux temps modernes, et d'autre part de la façon dont les membres de la nouvelle diaspora somalienne entretiennent des liens avec ceux de leur clan par le truchement de systèmes d'envoi d'argent inédits. Après avoir en outre examiné les effets potentiels des envois d'argent sur le développement local en Somalie, l'auteur conclut au caractère réflexif des rapports entre l'aide et les transferts de ressources découlant des migrations. Le développement peut inciter aux migrations, mais l'inverse est tout aussi vrai.

L'article relève parallèlement que les connaissances dans ce domaine font sérieusement défaut, ce dont témoignent les données insuffisantes dont a dû se satisfaire l'étude du cas. Celle-ci montre néanmoins que c'est avant tout le lacis des conflits politiques et des occasions économiques qui rend compte de l'histoire des migrations en Somalie, et non la seule pauvreté. De plus, les envois d'argent, par leurs effets très notables sur le développement socioéconomique, favorisent la stabilité politique et la mise en place d'un environnement propice aux placements productifs. Il est à noter que ces envois contribuent beaucoup plus à la survie et à la subsistance en Somalie que l'aide humanitaire et l'aide au développement réunies.

## EL NEXO ENTRE MIGRACIÓN Y DESARROLLO: ESTUDIO DEL CASO DE SOMALIA

El desastre humanitario de 1992 hizo que los somalíes llegaran a ser conocidos en el mundo entero. La primera imagen que apareció en la parte occidental del mundo fue la de la hambruna causada por la guerra civil. Después vino la intervención internacional que recibió el nombre de UNOSOM, cuando la CNN cubrió la llegada de las fuerzas de intervención americanas, en diciembre de 1992. La imagen siguiente fue la confrontación fatal entre UNOSOM y el señor de la guerra local, el General Aideed, lo que provocó la retirada de UNOSOM en 1995. Durante ese periodo, occidente pudo aprender más acerca de los somalíes al contemplar cómo miles de ellos huían y se dispersaban por América del Norte y Europa noroccidental. Este encuentro no dejó de plantear problemas, suscitando cuestiones como la de integrar a los somalíes en la sociedad y cómo y cuándo cabría esperar que pudieran regresar a Somalia. Esa experiencia ha favorecido la aparición de una nueva tendencia política entre los gobiernos occidentales, según la cual se trata de dirigir la ayuda a las zonas limítrofes al conflicto generador de refugiados de manera que éstos queden en su región. Pero por desgracia estos debates están con frecuencia plagados de mitos y tienden a proponer políticas con frecuencia desprovistas de una base sustancial. En consecuencia, este artículo forma parte de un proyecto con el que se trata de aclarar algo más los procesos migratorios contemporáneos y las posibles vinculaciones entre las diásporas y el desarrollo social y económico en el país de origen de éstas. El estudio del caso describen cuáles han sido los principales flujos de migración en la historia somalí moderna y cómo la diáspora somalí emergente mantiene vínculos con sus familiares mediante ingeniosos sistemas de remesas. En el artículo se examina el posible impacto de las remesas sobre el desarrollo local en Somalia y se llega a la conclusión de que los vínculos entre ayuda y transferencias de recursos relacionados con la migración son multidimensionales, y que el desarrollo puede conducir a la migración, y viceversa.

Llega asimismo a la conclusión de que es muy necesario conocer mejor este tema, ya que son muy escasos los datos hallados en relación con este caso concreto. Se muestra que la pobreza no es el único factor en la historia de las migraciones somalíes. La razón principal se encuentra más en los conflictos políticos intercurrentes que en la búsqueda de oportunidades económicas. Además, el importante efecto de las remesas sobre el desarrollo socioeconómico se correlaciona con la estabilidad política, creadora de un ambiente favorable a las inversiones productivas. Se observa asimismo que las remesas han sido mucho más importantes para el nivel de vida y la supervivencia en Somalia que el conjunto de la ayuda al desarrollo y humanitaria.

# The Migration-Development Nexus: Sri Lanka Case Study

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Dhananjayan Sriskandarajah

## ABSTRACT

This paper explores the relationship between migration and development in Sri Lanka, a country that has been the source of large numbers of migrants and the recipient of much development assistance. The case study seeks to answer a set of specific questions about the nature and extent of links between development assistance and migration flows. The paper surveys the socio-economic context in which both migration and development have taken place in Sri Lanka, describing the causes, scale, and features of migration flows from Sri Lanka in recent decades. Two main streams of migration flows are identified: labour migration and political migration. The flows are distinguished by ethnic characteristics (the former is mostly Sinhalese and the latter pre-dominantly Tamil) and destination (the former to the Middle East and the latter to the West). Both flows have intensified during a time of protracted conflict and in the context of war-affected economic development since the early 1980s.

The importance of remittances from migrants to the Sri Lankan economy and the extent to which diaspora activities impact Sri Lanka are also discussed. Despite the lack of statistics, especially on informal remittances from the Tamil diaspora, it is suggested that the remittances have been and will continue to be a sizeable component of foreign exchange receipts in Sri Lanka. The paper concludes that the complex interactions between migration, development assistance, remittances, and conflict are important for the prospects for peace and reconstruction in Sri Lanka. The challenge in Sri Lanka will be to move from a vicious cycle of conflict, underdevelopment and migration to a more virtuous one. In this process, it is suggested that the diaspora will be a key player in the shift towards peace and remittances will be an integral part of reconstruction.

## INTRODUCTION

### The development context

Sri Lanka is an island located off the southern tip of India with a population of around 20 million. Colonized in turn by the Portuguese, Dutch, and the British over the course of four centuries, the island was granted independence in 1948. Since then, Sri Lanka, formerly known as Ceylon, has emerged as a reasonably successful developing economy, achieving substantial gains in social and economic development. In recent years, however, the country has been more commonly associated with a protracted and violent armed conflict that left an estimated 70,000 people dead, compromised economic development, and produced large and sustained migrant flows.<sup>1</sup>

Current average per capita income is around US\$850, placing Sri Lanka at the lower end of middle-income countries.<sup>2</sup> Adjusted for purchasing power parity (PPP), this is an income of US\$3,279 per person. While Sri Lanka ranks 100 out of 174 countries surveyed by the United Nations Development Programme (UNDP) in terms of income, its ranking in the broader Human Development Index (HDI) is 19 places higher at 81. Sri Lanka's current HDI value (0.735) is considerably higher than the average for developing countries (0.642) and for South Asia (0.560). This relatively high HDI reflects the country's success in education (adult literacy currently stands at 91.4%, some 20 percentage points higher than the developing world average); health (life expectancy at birth stands at 72 years, around 7 years higher than the developing world average); and income levels. Table 1 shows consistent improvement in HDI and, except for a relatively slow period between 1985-1990, GDP per capita growth of around 4 per cent per annum.

TABLE 1  
TRENDS IN HUMAN DEVELOPMENT AND INCOME  
(selected years)

	1975	1980	1985	1990	1995	1999
GDP per capita (1995 US\$)	382	452	536	590	700	802
HDI score	0.614	0.648	0.674	0.695	0.717	0.735

### External finance

Much of Sri Lanka's success in welfare and GDP improvements has been financed by flows of overseas finance in the form of export earnings, private remittances from abroad, official development assistance (ODA), and foreign direct investment (FDI). Given the low rate of domestic saving and high govern-

ment expenditure (due, in part, to ballooning military spending), external sources of finance have played a critical part in the country's economic development.

Private capital flows, especially in the form of FDI, have increased substantially over the course of the 1990s (see Table 2). Net FDI flows have grown from 0.5 per cent of GDP in 1990 to 1.1 per cent in 1999. They remain low, however, even by developing country standards. Similarly, while debt levels and service ratios have fallen, Sri Lanka's external debt remains large in relative terms.

TABLE 2  
KEY EXTERNAL INDICATORS, 1990 AND 1998

	Year	FDI, US\$ million	Official development assistance			External debt	
			Total US\$ million	\$ per capita	As % of GNP	Total US\$ million	As % of GNP
Sri Lanka	1990	43	780	43	9.3	5,863	70.0
	1998	193	490				
Low-income countries	1998	-	-	7	1.3	-	42.5
Middle- income countries	1998	-	-	12	0.4	-	44.1

Source: World Bank (2000) World Development Report 2000/2001 (Washington, D.C.: World Bank & OUP)

While private financial inflows have increased recently, especially in the garment and light manufacturing sectors, they are still dwarfed by net ODA disbursements. While FDI has only recently topped 1 per cent of GDP, ODA has been ten times larger in peak years and has far exceeded the average for developing countries. With that said, as Table 2 shows, ODA flows have decreased significantly over the course of the last decade in absolute and relative terms. In 1999, the latest year for which statistics are available, net ODA disbursements fell further to US\$251 million or 1.6 per cent of GDP and just US\$13 per capita.

From 1995 to 1999, the ratio of loans to grants has been roughly 2:1. There was a similar ratio of 2:1 for multilateral and inter-governmental loans as compared to bilateral loans. During this period, 42 per cent of all grants came from governments and, of these, 93 per cent came from Japan (Kanes, 2001). Table 3 shows that Japan's average contribution to Sri Lanka from 1998-1999 was more than the combined disbursement of the two largest multilateral donors: the Asian Development Bank (ADB) and the World Bank/International Development Association (IDA). Sri Lanka has received less than 1 per cent of annual Danish bilateral ODA over the last two decades (OECD-DAC, 2002).

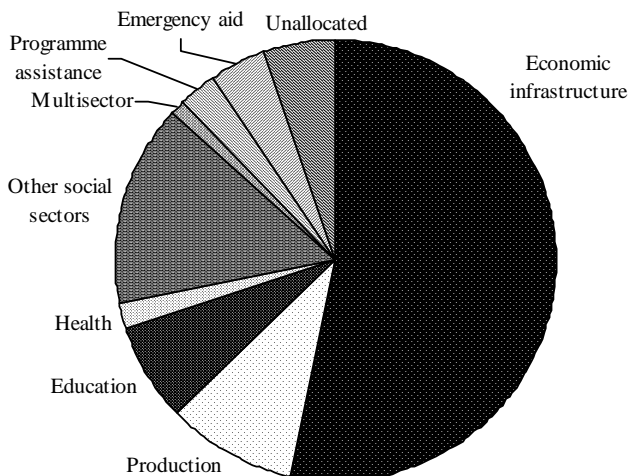
TABLE 3  
TOP TEN DONORS OF NET ODA

Donor	US\$ millions
Japan	167
Asian Development Bank	94
World Bank/IDA	59
Germany	15
Norway	14
Sweden	14
United Kingdom	11
Netherlands	8
European Community	6
Australia	6

Source: World Bank and OECD data for 1998-1999.

Figure 1 shows that, in recent years, economic infrastructure and production has attracted well over half of all bilateral ODA, with health, education, and other social sectors together accounting for about a quarter. Specifically, the traditional focus of EU-Sri Lanka cooperation has been on rural development, especially irrigation and farming development.

FIGURE 1  
BILATERAL ODA BY SECTOR



Source: OECD, *Aid at a Glance* (Paris: Development Assistance Committee, OECD).



Two further issues have undermined the impact of ODA in Sri Lanka. First, while aid remains important (accounting for nearly 40% of government capital expenditure in 1999), it has been severely underutilized in recent years. In 2000, it was reported that utilization rates for Japanese assistance stood at 11 per cent and at 9 per cent for one World Bank-led package.

Secondly, it would seem that there is reluctance by international donors to pledge further ODA until there is a resolution of the conflict, and government management procedures are improved. This was most clearly demonstrated at the last meeting of the international aid group in Paris, now dubbed the Sri Lanka Development Forum, in December 2000. It has also been argued that discussions at this meeting indicated that Sri Lanka, with indicators resembling a middle-income country, is no longer high on ODA priorities.<sup>3</sup>

### **Humanitarian relief**

One area of ODA to Sri Lanka that continues to be a priority for donors and agencies is humanitarian relief, in particular relief to the conflict zone in the north-east of the island. Here it is estimated that, due to war and displacement, absolute poverty levels may be more than 60 per cent, ten times higher than the national average.

The European Commission's Humanitarian Office (ECHO) has disbursed almost Euro12.5 million to support humanitarian relief for victims of conflict in Sri Lanka since 1993. In each of the last few years, ECHO's major contribution has been Euro700,000 allocated to the International Committee of the Red Cross (ICRC) to provide transport of humanitarian assistance by sea to the Jaffna peninsula. Other funds have been deployed to non-governmental (NGO) partners to rehabilitate water management systems and improve food security for internally displaced people (IDPs), implement malaria control measures, and aid the construction of shelters and sanitation facilities.

Other recent commitments include an ADB loan for US\$25 million agreed in late 2001 to provide housing and other basic services for those displaced by the conflict; improve health and education facilities; and re-establish agricultural and fishing activities as a means of livelihood for people currently dependent on welfare payments.

Other active agencies in the north-east are UNHCR (relief and rehabilitation, particularly targeted at IDPs, microprojects for returnees with an annual budget of around US\$6 million); UNDP (coordination of and capacity building for rehabilitation, resettlement, anti-poverty, and mine action programmes); UNICEF (health, education, nutrition, social rehabilitation, and mine awareness); and WFP and FAO (food security assistance). Some NGOs including OXFAM, MSF, FORUT, CARE, and Save the Children also have a presence.

## BACKGROUND TO MIGRATION FLOWS

### Two streams

Over the course of the last two decades, Sri Lanka has developed a reputation as a migrant-sending country. While figures and trends are discussed in the next section, it is worth noting here that the total net migration from Sri Lanka, estimated to be between 1.5-2 million over roughly 20 years, is not particularly large or intense by global standards. What is notable, however, is the scale of this migration relative to population size, its sustained nature, and the notoriety achieved by migration flows from Sri Lanka. An example of this notoriety was the requirement by the British Government, in the wake of the first waves of Tamil asylum seekers after 1983, for all Sri Lankan citizens to obtain visas before arrival in the UK, the first time citizens of any Commonwealth countries were required to do so (Steen, 1993).

The “Sri Lankan maid” and the “Sri Lankan refugee”, both relatively recent phenomena, are now renowned throughout many parts of the world and have contributed to Sri Lanka’s notoriety as a migrant-sending country. These two phenomena represent, but do not capture entirely, the two basic channels of migration flows from Sri Lanka: labour and political migration respectively.<sup>4</sup>

TABLE 4  
BASIC CHARACTERISTICS OF RECENT  
MIGRATION FLOWS FROM SRI LANKA

	Labour migration	Political migration
What?	Voluntary movements	Forced movements
Why?	Economic reasons	Conflict-driven
How long?	Temporary	Permanent (if allowed)
Who?	Single migrant	Household migration
Where?	Middle East	India and the West
Which group?	Sinhalese, Muslims	Tamils
How?	Formal channels	Informal channels

Depicted at their most simplified in Table 4, the two channels seem to be very distinct phenomena. Despite their differences, however, there are numerous common factors that have shaped both channels. The most important of these is the onset of armed conflict (civil war) between secessionist Tamil militants and government forces in 1983. Since then, except for brief respites, economic and human development in Sri Lanka has taken place under the backdrop of this conflict. The north-east of the island, traditionally home to the island’s Sri Lankan

Tamil population and the base of the largest Tamil militant group, the Liberation Tigers of Tamil Eelam (LTTE), has undergone widespread devastation. More generally, the conflict has had high direct and indirect costs island-wide in terms of lives, livelihoods, and slower economic growth. Not surprisingly, the largest increases in both migration flows have occurred since 1983. While the majority of political migrants have been Tamils directly affected by the conflict in the north-east, the conflict has also indirectly fuelled the increased flows of predominantly Sinhalese labour migration from the south-west.<sup>5</sup>

### **Pre-1983 migration**

Migration, especially by Tamils, has a long history, and recent flows should be seen in the context of this history. The foundations of large-scale migration flows were laid well before the onset of armed conflict. Sri Lanka's educated and professional elite have had a long history of temporary emigration for education, usually to Britain, and employment all over the Commonwealth and more recently the West more widely. By the late 1970s, thousands of students were in higher education overseas, sponsored by a number of scholarship schemes or taking advantage of relatively lax study/work rules. Many of these students were young Tamil men who had sought opportunities abroad when the Sri Lankan state had started imposing quotas limiting Tamil admissions to local universities in the early 1970s. This group can be added to the classic "brain drain" migrants, professionals who sought employment in the West and in places as far afield as Nigeria and Papua New Guinea. An important subset of these migrants was made up of Tamils who felt discriminated against by the Sri Lankan state's employment and language policies. More generally, several years of failed socialist economic policies had also left unemployment hovering around 20 per cent and the economy in shambles by the late 1970s.

It was in this context, following the election of a more neo-liberal outward-looking government in 1977, that another set of foundations was laid. In this case, the massive development work undertaken in petroleum-producing countries of the Middle East had created a great demand for construction and other unskilled labour. The new government saw the potential for easing some of its employment and foreign exchange shortfalls, and began to promote labour migration. Regulations on travel and foreign exchange convertibility were relaxed to facilitate overseas work and remittances. Further, the devaluation of the rupee made foreign earnings more valuable relative to local earnings. These factors provided the initial impetus for the labour migration flows to the Middle East that are now so crucial to Sri Lanka's development.

### **Post-1983 political migration**

The anti-Tamil pogrom of July 1983 had at least two impacts on migration from Sri Lanka. The events provided the stimulus for descent into war in the north-

east. While the intensity and extent of this conflict has varied since then, conventional military operations, widespread casualties, destruction, and displacement have characterized the post-1983 period. Coming after the riots of 1977 and 1981, the events of 1983 (which left up to 3,000 Tamils dead) seemed to confirm for many Tamils that their physical security was not guaranteed.

These two factors, one real and one perceived, had several implications. First, most Tamils already living overseas and reluctant to return had now more reason (and justification) for staying away permanently. Across Europe and North America, thousands of Tamil students and guest workers lodged asylum claims. Secondly, many professionals and middle-class Tamils with the skills and means to leave chose to leave Sri Lanka. Though some migrated to the West for employment and education, directly or via third countries, many in this group ended up claiming asylum. Thirdly, the events of 1983 mark the start of the widespread refugee flows from Sri Lanka to India and the rest of the world.

Thus, Tamil migration from Sri Lanka since 1983 has consisted of expatriates settling overseas permanently, skilled migrants, migrants arriving on family reunion programmes, and political refugees. We see here that the simplified characterization of Tamil political migration made earlier only describes one subset, primarily those who have left more recently and sought asylum on arrival in the West through informal routes. A more nuanced picture of Tamil migration, while acknowledging its overwhelmingly conflict-*related* nature, needs also to pay attention to the period of migration, destination choice, the basis of initial entry, and mode of flight. Of pertinence to the present study, many of these factors, in turn, depend on politico-economic factors.

### **The political economy of migration**

The most obvious reasons for the rapid growth in labour migration – that paralleled the growth in political migration since 1983 – were the micro-economic benefits for workers and the macro-economic objectives of the state. Labour force growth rates in Sri Lanka have outstripped population growth rates in every decade since independence and, as the economy has struggled to create enough jobs for the new entrants, unemployment has remained high (Gunatilleke, 1995: 673). This has been the case despite large-scale out-migration.<sup>6</sup> As a result, growth in real wages was marginal and uneven across sectors during the 1980s. For the unskilled worker, temporary migration to the Middle East could bring in earnings that were eight times greater than what could be expected at home – a significant contrast to the risk of unemployment at home (Farrag, 1997). Thus, the underdevelopment of Sri Lanka's domestic resource base created the conditions for large-scale labour migration.

This migration was also facilitated by government initiatives. In 1985, the Sri Lankan Bureau of Foreign Employment (SLBFE) was established to promote

the country's "main resource", namely "its highly industrial and literate people". Since then, the body has overseen a very large expansion in labour migration. In macro-economic terms, the outflow of labour eased unemployment problems, and the remittances from overseas workers contributed to the national income and eased foreign exchange needs at a time when military expenditures and government borrowing were increasing.

The economic conditions that promoted labour migration from the south-west were compounded in Tamil areas of the island. The north-east was relatively underdeveloped in terms of economic infrastructure, and youth unemployment rates were among the highest in the country in the early 1980s. Education levels, however, were higher than most parts of the country. This combination of factors contributed, in part, to growing discontent amongst young Tamils and provided a fertile recruitment ground for Tamil militant groups. Yet, importantly for the present study, as physical security came under threat, especially for young Tamil men, this relative underdevelopment also provided greater impetus for migration. Notably, the distinction between economic and political out-migration became blurred.

Another important politico-economic factor impacting migration trends is the socio-economic profile of potential migrants. Given the strength of family and clan ties in Sri Lanka, migration should be seen as a household process. Migration is less akin to a strategy for individual gain than it is to a rational investment strategy for socio-economic advancement of all concerned through the direct and indirect benefits of migration. This seems to be equally true of labour and political migration from Sri Lanka. As one analyst has argued, labour migration from Sri Lanka is neither "survival migration" (i.e., migration as a last resort) nor, as in some other countries, a continuation of mass rural to urban migration. The large majority of labour migrants come from households above the poverty line (Gunatilleke, 1995). Similarly, it has been pointed out that most Tamil migrants are from the economic middle class (Fuglerud, 1999: 141). This does not seem surprising given the need to mobilize initial resources to facilitate international migration, either through official labour agencies or through informal/illegal traffickers. It is also unsurprising given the prevalence of collective family finance systems and the history, especially among Tamil households, of pooling money and resources to support education/emigration, usually of young men.

## MIGRATION PATTERNS AND TRENDS

### **Net and relative displacement**

What is perhaps most notable about displacement within and from Sri Lanka is the proportion of the population affected. An older estimate of *net migration* from Sri Lanka's Registrar General places the figure at 900,000 for the years

1977-1993 (Gunatilleke, 1995: 670). More recent estimates of the stock of labour migrants range from 750,000 to 1.2 million workers (Scalabrini Migration Center, 2000) and the latest estimates of the stock of overseas Tamils is 800,000. Thus, somewhere between 1.5 million and 2 million people of Sri Lankan origin live overseas, either as temporary or permanent migrants. More than 700,000 IDPs can be added to this figure, most of whom are Tamil, in Sri Lanka. About half a million of these reside within the north-east, with just under a quarter of them in government-run “welfare centres” (UNHCR, 2000: 308). The other 300,000 live in other parts of the island, usually on the fringes of the north-east or in Colombo.

Two statistics stand out. First, for the last 15 years, Sri Lanka has had more than 5 per cent of its entire labour force based overseas at any one time. Secondly, 6.5 per cent of the population is displaced according to one estimate. This is not the highest rate in the world but certainly amongst the highest (COTA, 2000). Moreover, when we look at the impact of displacement on the Tamil community, the rates are even starker. It is likely that nearly one in every four Sri Lankan Tamils now lives outside Sri Lanka. When IDPs are included, it may be that one in every two Tamils has been displaced one way or another. The relative scale of labour and political migration, as we shall see, has important implications for peace and development in Sri Lanka.

### **Features of labour migration**

There is a dearth of comprehensive statistics on the stocks and flows of labour migration. Given the largely official nature of the flows and credible survey data, however, it is possible to discern certain patterns. Table 5 highlights the absolute increases in annual departures between 1980 and 2000, and shows the predominance of domestic and unskilled workers amongst each cohort.

Several other observations can also be made about Sri Lankan labour migration: the growth in the numbers employed in domestic services has been accompanied by a feminization of the migrant workforce. By the late 1980s, it is estimated that two-thirds of all departures were female, the reverse of the early 1980s, when male skilled and construction labourers were in the majority; more than three-quarters of migrant workers reside in the Gulf region, with Saudi Arabia alone thought to be home to around 40 per cent; a 1993-1994 survey conducted by a migrant support group in Sri Lanka showed that the average age of migrants was 25-29 for males and 30-34 for females (Asian Migrant Center, 1998); even though many labour migrants engaged in unskilled or domestic labour, an estimated three-quarters had attended secondary school, while almost all of the remainder had completed primary education (Gunatilleke, 1991: 294); evidence suggests that Tamils do not participate in labour migration to the Middle East to the same degree as other ethnic groups (Gunatilleke, 1991: 292). Muslims are over-represented while Sinhalese proportions match the wider population;

and the share of employment through agents licensed by the SLBFE stood at 76 per cent in 2000 (Central Bank of Sri Lanka, 2000).

TABLE 5  
LABOUR MIGRANTS DEPARTING SRI LANKA BY OCCUPATIONAL GROUP  
(selected years)

Occupational group	1980	%	1992	%	1995	%	2000	%
High-level	2,517	6	1,245	1	887	<1	983	
Middle-level	4,116	10	6,225	5	7,070	4	10,203	
Skilled	11,964	28	22,409	18	26,806	16	36,028	
Unskilled	17,681	41	9,960	8	23,469	14	35,087	
Housemaids	6,467*	15*	84,655	68	114,208	66	98,636	
Total	42,745	100	124,494	100	172,467	100	181,370	1

Note: \*No category seems to exist for housemaids in 1980; the figure listed is for other.

Sources: 1980 figures from Gunatilleke (1995); 1992 & 1995 figures from Scalabrini Migration Center (2000); and 2000 figures from Sri Lanka Bureau of Foreign Employment statistics

### Features of political migration

In June 2001, the UNHCR estimated the stock of internationally displaced Tamils to be 817,000, most of whom are/were refugees or asylum seekers. Canada topped the list, hosting an estimated 400,000 Tamils, followed by Europe, (200,000), India (67,000), the United States (40,000), Australia (30,000), and another 80,000 living in a dozen other countries (Ganguly, 2001). This total shows an increase on previous estimates that were around 500,000 (Fuglerud, 1999: 1).

Sri Lanka continues to produce relatively large numbers of asylum seekers, almost all of whom are Tamil. According to UNHCR, Sri Lanka ranked in the top ten of asylum seeker sending countries in 2000 (UNHCR, 2001a). Where decisions were made, nearly half of all applicants were permitted to remain under some form of protection. This represented some 8 per cent of the world total and indicates the small but sustained nature of political migrant flows from Sri Lanka over the last two decades. In 2000, some 17,700 Sri Lankan nationals applied for asylum in 60 countries, virtually the same number reported during 1999 (17,600). In the European Union (EU), the number of asylum applications by Sri Lankans increased from 10,710 in 1999 to 11,760 in 2000. This represented only around 3 per cent of all applications in the EU that year (UNHCR, 2001a).

Only 1 per cent of Sri Lankans applying for asylum in Europe in 2000 lodged their claims in Denmark (UNHCR, 2001b: 39). In total, between 1984 and 2000, 7,103



asylum seekers of Sri Lankan origin lodged applications in Denmark. Apart from 1986, when there were 2,752 applications, every other year during this period saw a steady flow of several hundred applications. Over the last decade (1991-2000), Sri Lankans accounted for some 2.6 per cent of the 78,159 asylum applications lodged in Denmark (Steen, 1993; Danish Immigration Service, 2000; British Refugee Council, 1999). In 1997, there were an estimated 5,400 Sri Lankan nationals living in Denmark, and nearly 3,000 who had acquired Danish nationality (OECD, 1999).

Apart from anecdotal evidence of the complex and sophisticated ways in which Sri Lankan asylum seekers arrive at the destinations, there are a few observations to be made about this population. We do know that most political migrants are young males. For example, of the 60,000 Sri Lankan Tamils officially registered as living in Germany in 1997, two-thirds were male, and the overall population was relatively young (Baumann, 2001). The migration of spouses (usually brides) and family reunions are important for correcting this demographic imbalance. Indeed, many recent trends in Tamil political migration are centred around family networks. According to one analyst, the “most important explanation for the relative success of Tamils in securing emigration and protection as refugees in Western countries has been the previous existence of family members outside Sri Lanka” (Fuglerud, 1998: 7).

The permanence of the Tamil settlement seems inadequately researched. Much will presumably hinge on developments in Sri Lanka but there are signs that settlement is permanent. Repatriation is usually only an issue for rejected asylum seekers and, even here, there has been considerable controversy surrounding the return of Tamils to Sri Lanka (The Refugee Council, 2001).

## REMITTANCES AND DIASPORA ACTIVITIES

### **Remittance levels**

Private remittances have played an important role in the Sri Lankan economy over the last two decades. With the dramatic increase in migration from Sri Lanka, not only have remittance flows increased in absolute terms (as shown in Table 6), they have assumed even greater relative importance in terms of external finance. Topping the US\$1 billion mark in recent years, this injection is of paramount importance to an economy that has a total annual GDP of less than US\$20 billion.

In recent years, private remittances to Sri Lanka have:

- exceeded FDI inflows by 3 to 4 times (Gunatilleke, 1995: 672);
- exceeded net receipts of foreign assistance by two to three times;



- been worth around 15-20 per cent of all export earnings (one of the highest in the world), second only to the garment industry and ahead of tea, the island's traditional export (Scalabrini Migration Center, 2000);
- been worth more than double the gross receipts from tourism, one of the country's most important industries;
- been worth 1.5 times gross foreign loans and grants; and
- accounted for around 5 per cent of Gross National Product (GNP).

TABLE 6  
TOTAL PRIVATE REMITTANCES  
(selected years)

Year	1975	1980	1985	1990	1995	1999
US\$ million	9	152	292	401	790	1,050

Source: IMF (various years) Balance of Payments Statistics Yearbook (Washington, D.C.: IMF)

There is, of course, every likelihood that official figures under-report the true magnitude of remittance flows. This is primarily due to the use of informal channels to transfer money (usually through intermediary financial operators in the informal foreign exchange market), but also because official records often fail to take into account remittances in kind and personal cash savings brought home by returning workers. That said, unrecorded remittances from Sri Lanka have been estimated to be relatively low – 13 per cent of the total according to one study – compared to up to 50 per cent in countries such as the Philippines (Puri and Ritzema, 1999). One survey indicates that some 90 per cent of labour migrants reported sending remittances on a regular basis, usually once a month, to families or guardians back home. Of this group, 84 per cent reported using formal remittance channels (mail transfers and bank drafts) to remit money (Gunatilleke, 1991: 319). Again, this has been largely due to government policy to provide incentives for formal transfers – including the liberalization of exchange control restrictions for Sri Lankan citizens living abroad and reduced tax on remittances.

It must be noted, however, that this estimate (i.e., 13%) is for the early 1980s when informal remittances from the Tamil diaspora would not have been nearly as large or sophisticated as they are now. In 1999 private remittances from the Middle East were estimated to have made up 62 per cent of total private remittances inflows to Sri Lanka (Munasinghe, 2001), having fallen from a peak of more than 85 per cent in the mid-1980s (Rodrigo and Jayatissa, 1989: 265). This fall is due to the diversification of labour migrant destinations in recent years but also due to increases in formal transfers by political migrants. Yet, the true impact of the Tamil diaspora's contribution to Sri Lanka's foreign exchange

reserves is hard to estimate because it is widely understood that most money is remitted through informal channels. Again, this is usually done through informal direct transfer to households or guardians. Some reasons for this informalization of Tamil remittances include the lack of international banking facilities in the north-east, the lack of mobility of many IDPs (who would be the recipients), the better speed and efficiency of informal transfers, and, possibly, the smaller commissions charged in the informal sector.

There is also anecdotal evidence to suggest considerable financial capital circulation between Tamils in Sri Lanka and elsewhere. Due to widespread displacement and loss of livelihood, many households in the north-east only survive through remittance income. Similarly, it has been suggested that financial support for large outlays in the north-east, particularly for overseas education and payment of costs for further migrant flows, comes from the diaspora. Given that the cost of political migration can be in the range of US\$10-12,000 per person and that this is beyond the reach of most households in Sri Lanka, particularly among the displaced, it would seem that much of this is funded through overseas assistance and unofficial credit institutions (Fuglerud, 1999: 98). Further, there is evidence to suggest that migrants work extra hard in order to be able to send money home, bring people overseas, pay for familial obligations (e.g., dowry), or show immigration authorities that they have enough money to sponsor spouses and relatives. Anecdotal evidence from early Tamil refugees in Denmark during the late 1980s indicate that each refugee would remit around DKK 10,000 each year to families in Sri Lanka (Steen, 1993: 97).

### **Impact of remittances**

If statistics on remittance levels are sparse, exact details of the impact of those remittances on domestic development are even sketchier and, in any case, following Taylor, may be impossible to discern exactly (Taylor, 1999). With that said, it is possible to discern that remittances are deployed in two main ways, roughly according to who is sending them.

First, migrant workers' remittances serve as consumption and capital injections into a regular economy. According to one study, on average each female migrant worker overseas supports five people at home. This study assumes that there are 500,000 female migrant workers overseas at any one time and concludes that around 2.5 million Sri Lankans, approximately 15 per cent of the total population, are in some way reliant on worker remittances (Migrant Forum in Asia, 1998). Of course, the flow-on effects of this financial injection will impact the wider economy. Importantly though, migrant workers – largely from low-income (but not very poor) Sinhalese families – send remittances to supplement household income and capital in a relatively stable economy. Thus, migrant workers tend to see their absence as an attempt to improve their family's socio-economic

situation at home, through consumption spending, investment in human capital and, where possible, minor capital investments (Gunatilleke, 1991: 348). In this sense, the impact of remittances from migrant workers is likely to be much the same as those in other Asian migrant-sending communities.

Secondly, in contrast, the impact of remittances from the Tamil diaspora is likely to be different in nature. While it is evident that remittances have long been important to the community's prosperity (Fuglerud, 1999), the current impact of remittances can be assumed to be on a hitherto unseen scale. Today, the destruction of much of the rural, industrial, and commercial infrastructure of the north-east by nearly 20 years of conflict has left few opportunities for income generation. As a result, many families in the north-east are left dependent on humanitarian assistance (provided by local and international NGOs, and through the state) or remittances from overseas. Given the relative scale of international displacement, we can assume that the latter source is more important and may well be the most important financial injection into the north-eastern economy.

Yet, despite the role remittances may play in promoting money circulation, the links between remittances and local development are more tenuous. The potential positive effects of migration that might be seen in a stable and well-functioning economy are typically productive investment, human development, reduced unemployment, and improving living standards. The achievement and security of many of these benefits, however, are undermined by conflict, displacement, and physical insecurity. Thus, for many in the north-east, especially the displaced, much of the money may be used to fund living costs (which, in areas bordering the conflict zone and in Colombo, can be exorbitant) and, where possible, to fund supplementary private education.

Therefore, in contrast to the positive linkages created by remittances from migrant workers, the north-east is caught in a more vicious cycle. Instead of strengthening the local economy (and thus mitigating migration push factors), remittances are likely to lead to capital accumulation elsewhere. For example, absentee landlords, traders, and producers of imported goods and services, while benefiting from the increased consumption funded by remittances, may all invest their capital in more stable areas elsewhere. Two further leakages, in the form of payments to migration "agents" to fund further emigration and complex multinational dowry transactions, may lead to capital flight or may mean that remittances are never actually spent locally. The ability of informal agents to transfer money into and out of the north-east with ease indicates that the flows of money are probably strong in both directions. Seen in this light, part of the "remittances" from the Tamil diaspora may be better described as transnational flows within households, with money and capital circulating between "home" and several sites within the diaspora. In contrast, remittances from migrant workers seem more uni-directional, arriving from overseas and then circulating within the local economy.

### **Tamil diaspora activities**

The complexities of these transfers into and out of the north-east are also indicative of the close links between the diaspora and the home community. Despite widespread dispersal, family networks amongst the Tamil diaspora seem strong and this has facilitated the maintenance of reciprocal obligations, for example, between migrant and family in Sri Lanka. These close networks have not only ensured that remittances continue to flow but have also allowed migrants to remain active in “local” community life. In this way, diaspora communities across several continents and the home community are linked together in one virtual community. Financial flows are just one of several important interactions.

Indeed, Tamil diaspora organizations have been actively engaged in shaping Tamil politics, and, generally, in legitimizing Tamil nationalism. As the conflict has drawn on, the diaspora has emerged as an important player in terms of ideology, finance, humanitarian assistance, and political lobbying. In recent years, the diaspora has come under close scrutiny in North America and Europe for its role in financing the LTTE. The diaspora is also often cast, especially by former Sri Lankan governments, as meddlesome and recalcitrant in its call for a separate Tamil state. On the other hand, it is worth noting that the few ethnographic studies that exist highlight the diversity in the level of engagement and support of militant secessionism by members of the Tamil diaspora (Fuglerud, 1999; Daniel, 1997).

### **PEACE, RECONSTRUCTION, AND DEVELOPMENT**

An examination of the links between migration and development in Sri Lanka cannot ignore the impact of the armed conflict on the north-east and on the island in general. Even conservative estimates show that the true costs of the conflict for the whole economy run into billions of US dollars and may be equivalent in value to the total combined value of two recent years’ worth of national GDP (Arunatilake, Jayasuriya and Kelegama, 2001). This has meant that almost all economic development in Sri Lanka in recent years has taken place in sub-optimal conditions. Specifically, much of the ODA that has flowed into the country has been directed to stimulating the economy and strengthening markets, or rehabilitation and reconstruction.

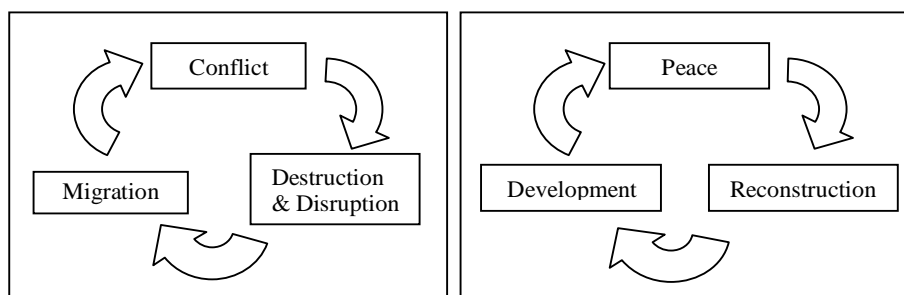
In the north-east, the conflict has adversely impacted on development in the following ways:

- widespread destruction of infrastructure;
- low levels of investment (public and private) in war affected areas;
- collapse of agriculture (irrigation systems) and restrictions on fishing have limited economic opportunities (TamilNet, 2002);<sup>7</sup>

- restrictions on these activities have limited positive forward and backward linkages within the economy, and caused shortages of critical goods and inputs;
- critical markets for goods and services, including insurance and capital markets, have been absent or severely disrupted;
- depopulation of war-torn areas has de-stabilized markets, while overcrowding led to increased resource competition, especially between displaced and local residents (Shanmugaratnam, 2001);
- damage to ecosystems; and
- disruption of education.

These factors have, in turn, contributed to further economic insecurity that has, in the context of the apparent physical insecurity in the war zones, served as a push factor for migration. The lack of economic opportunity has also made recruitment into militant groups more attractive. To a lesser degree, this is also true for recruitment to the Sri Lankan armed forces, which is seen as a lucrative and secure source of employment for many rural poor youth from the south-west.<sup>8</sup> In this context, it could be argued that Sri Lanka has become caught in a vicious cycle of conflict, destruction, disruption, and migration, depicted diagrammatically by the flows on the left of Figure 2.

FIGURE 2  
VICIOUS AND VIRTUOUS CYCLES



The least clear of the relationships depicted in the vicious cycle is that between migration and conflict. Again, while it is difficult to make conclusive statements, we can see at least two ways in which migration may be fuelling conflict in Sri Lanka. First, as we have seen, mass migration from the north-east has depleted economic resources and disrupted the functioning society. With fewer opportunities for stable incomes and less incentive to invest productively, the economic breakdown in the north-east leaves many with one of two options: fight or flight. In either case there is little to lose. Secondly, it could be argued that contributions from migrants have fuelled the conflict. This would include direct contributions, such as financial support of militants by the Tamil diaspora and

indirect contributions, such as the state recycling foreign exchange earnings from migrant worker remittances into military purchases. Moreover, it could be argued that all remittances allow for an amelioration of economic woes through the dampening of the costs of war at both macro and micro levels.

The challenge, it would seem, for Sri Lanka and the international community is to shift from the cycle on the left to the cycle on the right of Figure 2. The advent of peace will undoubtedly have numerous positive impacts on migration and development. Peace will presumably remove the *prima facie* reason for political migration and, indeed, remove the primary grounds upon which asylum could be sought. The “peace dividend” is likely to be very large in economic terms. In the north-east, stability will permit reconstruction and growth in investments in fixed capital and productive enterprises. Much of this will undoubtedly be funded by the Tamil diaspora. Island-wide, peace should bring renewed confidence in the economy and attract higher FDI flows. It is also likely that stronger economic growth will reduce unemployment and raise real wage levels, thereby dampening the pressures and incentives for labour migration.

In short, in the same way that (under)development may have contributed to migration flows, renewed development will contribute to mitigating the factors causing migration. It would seem that the first step in this process, and the key to breaking the vicious cycle, is ending the armed conflict.

## CONCLUSION

This brief survey of the relationship between migration and development in Sri Lanka has revealed that the links are manifold and important to understanding the dynamics of change and conflict in that country. It also points to the important ways in which the international community, both state and non-state actors, has affected and is affected by this relationship. The following points, though far from being conclusive, are worth bearing in mind.

### *The importance of migration, remittances, and diaspora to Sri Lanka*

The scale of migration and remittances, though perhaps not large by absolute international standards, are very important in relative terms to Sri Lanka. The impact of migration on development has been substantial in terms of the usual macro-economic measures and in terms of the dependence of some households and regions on remittance income. The maintenance of intimate links between home and diaspora populations, particularly between the north-east and the Tamil diaspora, also have important implications. The transnational practices of the Sri Lankan diaspora are also not limited to the economic sphere. Most importantly, the Tamil diaspora has emerged as an important player in the resolution of the Sri Lankan conflict.

*International aspects are likely to remain important*

Labour migration seems unlikely to slow as long as demand continues and the relative financial gains remain high. As such, remittances from this source will continue to play an important part in household development and local economies in labour-sending regions. While political migration is likely to slow with the cessation of conflict, it is unlikely that any large-scale repatriation will take place, except possibly from India. The large Tamil communities in cities like Toronto and London are likely to remain important population centres of the transnational Tamil community, exerting considerable political and economic influence.

*Development as a cause of migration*

Development can be implicated as a cause in most migration flows from Sri Lanka. Certainly the lack of development and economic opportunities domestically has been a root cause of large-scale labour migration and contributed in part to political migration. Also, Sri Lanka's early success in literacy and education created a cohort of professional and middle class migrants who were able to take advantage of opportunities to leave. This "brain drain" can be clearly seen in the pre-1983 migration flows in Sri Lanka to the West, Middle East, and other developing countries. During the period of armed conflict, Sri Lanka has continued to grow but unemployment remains high, wages remain relatively low, many key markets are underdeveloped or disrupted, and economic growth has been sub-optimal. This slight imbalance between relatively high human development, and low and uneven economic development (partly due to the conflict) has created unmet expectations locally and contributed to both types of outflows.

*Peace as a prerequisite for development*

One of the most urgent policy imperatives in Sri Lanka is the need to end the armed conflict. For the devastated north-east, this is more than a humanitarian priority. Peace will be a prerequisite for the reconstruction of the war-affected parts of the island. In particular, the rebuilding of economic infrastructure in the north-east is a priority, especially to promote the return of internally displaced people. This return will increase domestic stability, and hopefully, free up aid and remittance funds for other longer-term purposes. Post-war reconstruction and development is also necessary to dampen the push factors of migration.

*Development assistance will be needed*

Sri Lanka's heavy reliance on overseas assistance in the form of ODA and private remittances has again emerged in part because of the conflict. Foreign investment levels have not met expectations and have been slow in comparison to emerging economies in a similar position to Sri Lanka. As a result, there is a short-term need for other flows to make up for the slow FDI growth and to fund



economic development programmes. It is likely that ODA and remittances will continue to be important for some time, especially in the immediate post-war reconstruction period. These external injections are likely to be crucial in financing much-needed employment creation and training initiatives, especially for large numbers of military personnel on both sides who may be demobilized in this period. It remains to be seen how much of a “peace dividend” will be seen in ODA levels. On the one hand, if falling ODA levels in recent years are simply due to the frustration of donors with ongoing conflict, we can expect ODA to revive substantially. On the other hand, if indeed Sri Lanka is no longer an aid priority amongst donors, remittances and other private flows may be increasingly important in Sri Lanka’s post-war development.

*Diasporas need to play a part*

As ODA levels have fallen and FDI have grown only slowly, the absolute and relative importance of private remittances has increased tremendously. There is little doubt that, in the coming years, much of Sri Lanka’s development spending will continue to be financed directly or indirectly by these remittance flows. Thus, as successive Sri Lankan governments have recognized for more than a decade, the Sri Lankan diaspora, particularly in the Middle East, is an important contributor to economic prosperity in Sri Lanka. However, the role of the Tamil diaspora is less clear. Certainly, the monetary importance of remittance flows to the north-east cannot be underestimated. Yet, this has often been compromised by the belief that the diaspora’s other activities have undermined peace in Sri Lanka. Moreover, there have been few incentives to promote or formalize these remittance flows by the Sri Lankan Government or other governments. This has meant that little is known about the exact size or nature of these flows and almost nothing has been done to promote Tamil remittances. On the contrary, in the context of recent international concern about private transnational financial flows generally and the activities of the LTTE and other Tamil groups more specifically, Tamil remittances seem to be distrusted and actively discouraged.

Presumably, if ODA levels continue to fall and remittances continue to grow, more will need to be done to coordinate flows. Here, donor governments and agencies need to work more closely with the Tamil diaspora to secure it as a strategic partner in the search for both peace and development in Sri Lanka. As prospects for peace look positive in Sri Lanka, there are already emerging signs of the potential for the diaspora to play an important role in development. For example, Tamil youth in France have recently established a small development fund to sponsor special evening classes for secondary school students in their home village (*Uthayan*, 2002). In a sense, this would be closing the circle of the underdevelopment-migration-development process.



# NOTES

1. As this report was being prepared, there were positive signs emerging from Sri Lanka that the main protagonists in the conflict were willing to enter negotiations toward an interim political solution. While there is much hope that a lasting peace will be achieved, this paper assumes that many of issues and processes explored will remain valid for some time yet.
2. Unless otherwise stated, all data refer to 1999 and are taken from UNDP, *Human Development Report*, UNDP and Oxford University Press, New York, various years.
3. Sri Lanka's then Deputy Minister for Finance, GL Pieris, has pointed out that donors at the Paris meeting no longer regarded Sri Lanka as a poor country and therefore did not offer the same access to cheap concessional aid and other benefits offered to low-income countries.
4. It is worth noting that there have been several previous and other migratory flows that are not captured by this characterization. First, thousands of Tamils migrated to what was then Malaya around the turn of the last century, primarily to occupy clerical positions in the British administration of the territory. Secondly, there has been a constant flow of large numbers of Sri Lankans of mixed European descent and members of elite families to Western countries in the early years of independence, especially in the aftermath of the infamous 1956 *Sinhala Only* legislation. As a result, a sizeable non-Tamil Sri Lankan diaspora exists in the West. This diaspora, however, does not seem to be as large as the Tamil diaspora, especially in relative terms, and its interests in Sri Lankan affairs are less clear. Thirdly, as discussed later, internal displacement as a result of the armed conflict has been almost as important as international migration.
5. While there has been little research on the links between the conflict and *labour* migration, some of the island-wide economic consequences of the conflict that may have fuelled labour migration are explored in N. Arunatilake, S. Jayasuriya, and S. Kelegama, 2001.
6. In fact, the situation could be worse than official statistics portray because many female labour migrants are not counted as looking for employment (and as part of the labour force) before migration or after their return.
7. A recent ADB funded survey reported that "the ban on fishing and mined agricultural lands within security zones in the North-East Province have made it impossible for farmers and fishermen to pursue their occupations with a consequent deterioration in living conditions including vulnerability to hunger and disease".
8. Indeed, salaries paid by the armed forces, which have rapidly expanded since 1983, are important sources of income, rivalling the overseas remittance income for some households in the south-west.

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## POSTSCRIPT

Much has happened in Sri Lanka since this case study was last revised in early February 2002. Within a matter of days of the revision, the Government of Sri Lanka and the Liberation Tigers of Tamil Eelam (LTTE) signed an indefinite ceasefire agreement. Since then, with the help of international monitoring and facilitation, the ceasefire has held and senior representatives of the two sides have participated in numerous sessions of direct negotiations towards achieving a permanent political settlement. As a result, 2002 was the most stable and promising period in Sri Lanka's troubled recent history.

Importantly for the concerns of the case study, peace has indeed helped to shift Sri Lanka, at least for the time being, out of the vicious cycle of conflict-destruction-migration to a more virtuous one peace-reconstruction-development. Much of this progress has been the result of what I have termed elsewhere as the "Killinochchi consensus" (Sriskandarajah, 2003) – an agreement between the two sides, with the active support of international donors and the business sector, that reconstructing war-affected areas and promoting island-wide economic development is the first priority in conflict resolution. This theme of rebuilding the north-east and regaining the lost momentum of economic growth has underpinned negotiations to date, resulted in cooperation between the two sides, bolstered public support for the peace process, reengaged the international community, and, it is hoped, will pave the way for a permanent political settlement.

The short-term impact has been reasonably positive. After shrinking by some 1.4 per cent in 2001, Sri Lankan GDP bounced back to resumed growth of over 3 per cent in 2002. GDP growth in 2003 is expected to be near 5 per cent. The resettlement of IDPs has been identified as an immediate priority. Some 236,000 are thought to have returned over the course 2002 but further resettlement is needed for at twice as many (Global IDP Project, 2003). Voluntary repatriation from Southern Indian camps has begun but only a handful of the estimated 65,000 refugees living in has returned (Kumar, 2003). The UNHCR has been actively involved in this process and several donors have supported resettlement.

It is hard to ascertain at this early stage what impact the ceasefire, peace and economic growth have had on migration flows from Sri Lanka. Labour migration has certainly continued and remittances from foreign workers remain the highest single net foreign exchange earner. Preliminary estimates show a 4 per cent increase in departures for the first six months of 2002 (*Daily News*, 2002) and a 10 per cent increase in private foreign remittances for the calendar year 2002 (Manatunga, 2003).

It is also too early to tell whether domestic economic growth has expanded opportunities in labour-sending communities. A survey carried out of returned

domestic workers in July 2002 indicates that 88 per cent of them were unemployed (Migrant Services Centre, 2002), perhaps indicating that conditions are improving only slowly.

Political migration from Sri Lanka continues but has fallen sharply. The UNHCR estimates that a total of 10,158 Sri Lankans applied for asylum during 2002 in the industrialized countries it surveyed (UNHCR, 2003: Table 7). This figure represents a decrease of 30 per cent over 2001 and a drop of 38 per cent from 2000. More importantly, disaggregated figures from the UK show a steady and consistent fall in applications over every quarter of 2002 (Jan-Mar: 1,240 applications, Apr-Jun: 900, Jul-Sep: 615, Oct-Dec: 425) (UK Home Office, 2003).

There has been a significant international involvement in the Sri Lankan peace process to date. Apart from diplomatic involvement to facilitate and support the negotiators, not just by Norway but also by other Scandinavian countries, Japan, Germany, Switzerland, Canada, the UK and the US, there has been renewed donor interest in funding reconstruction and development efforts – and thereby bolstering peace efforts in the process. What's more, donors have been prepared to become involved before there has been final settlement. While actual commitments made during 2002 remained fairly small, large pledges are expected in the lead up to a donor conference in June 2003. In April, the IMF, which had already released the remaining tranches of a Standby Agreement during 2002, announced the release of US\$560 million more – a huge figure by Sri Lankan standards.

The Tamil diaspora has also been actively involved in attempts to restore the war-torn north-east though, again, it is difficult to quantify this involvement. Anecdotal evidence suggests that during 2002 many members of the Tamil diaspora have returned to Sri Lanka, and the north-east in particular, but few have stayed permanently. It is expected that these visitors alone will have injected significant funds into the local economy. The advent of the ceasefire has probably led to the creation of positive economic linkages as remittances and diaspora funds have been used to invest in local infrastructure – something that the case study notes was lacking during the conflict.

If we turn briefly to the conclusions raised in the case study, it is clear that, despite the change in domestic context, the main aspects of the migration-development nexus remain relevant. In particular, (labour) migration and remittances will remain critical features of Sri Lanka's political economy for some time to come. While there has been renewed economic growth, many of the structural causes of migration (unemployment and low wages) remain in place. Sri Lanka's best hope of addressing these issues in the long term is for the current twin strategy of peace building and development to continue. Indeed, while the case study identified peace as a prerequisite for development, it would seem that the

relationship between the two has been mutually reinforcing – at least over the course of 2002. In this process, international involvement, particularly by donors, will continue to be vital. Finally, the Sri Lankan diaspora will need to continue to play a part in Sri Lanka's development.

However, despite the progress to date, much remains to be done to transform this period of non-war into a sustainable peace – particularly as some of the most contested and potentially disruptive political and military issues have yet to be addressed, let alone resolved.

Dhananjayan Sriskandarajah  
April 2003

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## MIGRATION ET DEVELOPPEMENT : LE CAS DE SRI LANKA

Cet article étudie les rapports existant entre les migrations et le développement à Sri Lanka, à la fois pays de provenance de très nombreux migrants et bénéficiaire d'une importante aide au développement. Commandée dans le cadre d'une recherche plus large dirigée par le Centre danois de recherche sur le développement, l'étude cas tente de répondre à un ensemble de questions spécifiques sur la nature et l'étendue des liens unissant l'aide au développement et les flux migratoires. Le contexte socioéconomique commun des migrations et du développement à Sri Lanka y est examiné, cependant que sont décrites, telles que valant depuis quelques décennies, les causes, l'ampleur et les caractéristiques de l'émigration srilankaise. Celle-ci est formée de deux grands courants, la migration de travail et la migration due à des motifs politiques, auxquels correspondent une distinction ethnique (le premier est surtout le fait des Cingalais, le second, des Tamouls) et des destinations différentes (les migrants du travail vont au Moyen-Orient, les autres, en Occident). Les deux courants ont gagné en intensité à mesure que la guerre à laquelle l'île est en proie depuis le début des années 80 se prolongeait, avec les conséquences qu'on sait sur le développement économique.

Y sont également examinés les effets des activités de la diaspora sur le pays et l'importance des envois d'argent des migrants pour l'économie srilankaise. Par delà l'insuffisance des données statistiques, notamment pour ce qui est des envois d'argent marginaux de la diaspora tamoule, l'auteur suggère que les envois d'argent continuent de représenter une fraction notable des rentrées de devises étrangères de Sri Lanka. Il conclut que les perspectives de paix et de reconstruction du pays dépendent pour beaucoup des interactions complexes entre les migrations, l'aide au développement, les envois d'argent et le conflit. Le défi, pour Sri Lanka, est de rompre le cercle vicieux des affrontements, du sous-développement et de l'émigration. Il est laissé entendre à ce propos que la diaspora tiendra un rôle de premier plan dans la pacification, tout comme les envois d'argent à l'égard de la reconstruction.

## EL NEXO ENTRE MIGRACIÓN Y DESARROLLO: ESTUDIO DEL CASO DE SRI LANKA

Este artículo explora las relaciones existentes entre migración y desarrollo en Sri Lanka, país del que han partido gran número de migrantes y que ha recibido importante asistencia al desarrollo. Encargado dentro de un estudio más amplio realizado por el Centro de Investigaciones sobre el Desarrollo, Dinamarca, con este estudio de caso se trata de hallar respuesta a una serie de cuestiones específicas relativas a la naturaleza y extensión de los vínculos existentes entre

la asistencia para el desarrollo y los flujos migratorios. El artículo examina el contexto socioeconómico de las migraciones y del desarrollo en Sri Lanka, describiendo las causas, escala y características de los flujos migratorios experimentados por Sri Lanka en los último decenios. Se identificaron dos corrientes migratorias principales: migración laboral y migración política. Los flujos se distinguen por las características étnicas (el primero corresponde sobre todo a los cingaleses y el segundo es predominantemente tamil) y por los destinos (los primeros al oriente medio y los segundos a occidente). Varios flujos se han ido intensificando a lo largo del persistente conflicto y en el contexto de un desarrollo afectado por la guerra desde los años ochenta.

También se estudia la importancia que tiene las remesas de fondos de los migrantes para la economía de Sri Lanka y la medida en la que las actividades de la diáspora influyen sobre el país. Pese a la falta de estadísticas, con respecto sobre todo a las remesas oficiosas de la diáspora tamil, se sugiere que las remesas han sido y siguen siendo un componente considerable de los ingresos de divisas en Sri Lanka. El artículo concluye que las complejas interacciones entre migración, asistencia al desarrollo, remesas y conflicto son importantes para las perspectivas de paz y reconstrucción en Sri Lanka. Ahora se le plantea al país el problema de cómo salir del círculo vicioso de conflicto, subdesarrollo y migración para entrar en un círculo más favorable. En este proceso se considera que la diáspora habrá de desempeñar una función fundamental en el acercamiento a la paz y que las remesas formarán parte integrante de la reconstrucción.



# The Migration-Development Nexus: Evidence and Policy Options

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Ninna Nyberg Sørensen, Nicholas Van Hear and Poul Engberg-Pedersen

## ABSTRACT

Migration and development are linked in many ways – through the livelihood and survival strategies of individuals, households and communities; through large and often well-targeted remittances; through investments and advocacy by diasporas and transnational communities; and through international mobility associated with global integration, inequality and insecurity.

Until recently, migration and development have constituted separate policy fields which have been marked by different policy approaches that hinder national coordination and international cooperation. The policy communities have been different and have often had conflicting objectives. For migration authorities, the control of migration flows to European Union and other OECD countries remains a high priority issue, as does the integration of migrants into the labour market and wider society. On the other hand, development agencies may fear that the objectives of development policy are jeopardized if migration is taken into consideration. Can long-term goals of global poverty reduction be achieved if short-term migration policy interests are to be met? Can partnership with developing countries be real if preventing further migration is the principal European migration policy goal?

While there may be good reasons to keep some policies separate, conflicting policies are costly and counter-productive. More importantly, there is unused potential in mutually supportive policies, that is in the constructive use of activities and interventions that are common to the migration and development fields and may have positive effects on poverty reduction, development, prevention of violent conflicts, and international mobility.

This chapter of policy analysis explores *positive* dimensions and possibilities in the migration-development nexus. It examines the links between migration, development and conflict from the premise that to align policies on migration and development, migrant and refugee diasporas must be acknowledged as a development resource.

While recognizing that migration and development policies do have different purposes and justifications, there is great scope for policy-makers to act on a view of *migrants as a development resource*. With the objective of enhanced policy coherence and overall priority to poverty reduction, the analysis points to options for improved policies in three fields: (1) support for neighbouring countries that receive and host migrants and refugees; (2) building on the development potential of migrants; (3) making aid and migration regimes work for rather than against one another. These three fields for intervention are consistent with two overarching principles: that the primary objective of development cooperation is poverty reduction; and that migration policies towards countries of origin should work towards creating the conditions that allow people to remain in their countries of origin, rather than towards preventing outflows.

## INTRODUCTION: THE EMERGING POLICY AGENDA

The migration-development nexus is a highly politicized area marked by differing policy approaches that hinder national coordination and international cooperation. Development authorities fear that the overriding goals of development policies are jeopardized if migration is taken into consideration: Can long-term goals of global poverty reduction be achieved if short-term migration policy interests are to be met? Can partnership with developing countries be real if tackling illegal migration is the principal European policy goal?

For migration authorities, the control of migration flows to European Union and other OECD countries remains a high priority issue, as does the integration of migrants into the labour market and wider society together with the extension of cooperation with migrant producing developing countries. The international mobility of highly skilled workers is currently an important policy issue and steps are taken to formulate appropriate migration policies aimed at facilitating the mobility of skilled workers in ways that are beneficial to both receiving and sending countries. Co-development, selective migration and temporary migration are among the policy instruments discussed.

While the proportion of people living in countries other than those in which they were born has stayed more or less constant over the last three decades, the character of violent conflict has changed globally, with great implications for developing countries that have to handle growing numbers of refugees, and problems connected to the protracted nature of conflicts and refugee situations.

The effects of development in generating migration are multifaceted, as are the effects of migration in enhancing or hindering local development. Because the migration-development nexus transcends national boundaries by its very nature, it demands cross-national analysis, cooperation between states, and at times cooperation between migrants groups and local governments. Considerations of existing and potential migration-development links involve posing fundamental questions about the migrants, the nature of their movement, and the effects of migration on the socio-economic and political structures of source areas and destinations.

Drawing on the foregoing contributions in this volume, the analysis that follows explores conflicts of interest in the migration-development nexus, and considers if and how these can be reconciled. This, it is argued, constitutes the key to avoiding conflicting interests as well as conflicting effects between development cooperation and migration.

The next section traces the relationships between poverty, conflict and migration, highlighting causes and effects as well as conventional assumptions about them; the section concludes with a discussion of mobility as an integral part of the livelihood strategies of people in developing countries. The third section explores positive dimensions and possibilities in the migration-development nexus and gives an overview of potentials in migrant diasporas' transnational practices. Turning more explicitly to the intersection between migration and development policy, the fourth section identifies three types of "migration-development regimes" in the current discourse on migration and development. The fifth section explores dilemmas in the allocation of both development aid and humanitarian assistance among developing countries and points to new policy fields. These are taken up in the conclusion which suggests some inter-related interventions in the migration and development fields that are consistent with poverty reduction and with enhancing the development potential of migrants.

## POVERTY, CONFLICT AND MIGRATION

The popular conception that the poor are migrating from the South to the North is unfounded. Most migration is among developing countries, rather than from the developing to the developed world: this is the case for migration that is both primarily economic and induced by conflict. The poorest of the poor, that is the 1.2 billion people living on less than US\$1 a day, do not have the connections and resources needed to engage in inter-continental migration. Even the nearly three billion people who live on less than US\$2 a day, and who constitute half of the world's population, are unlikely to provide the bulk of international migrants and asylum seekers. If migrants originate from poor households, it is most often the most resourceful member of the household who is encouraged to migrate to the

North. Despite these caveats, however, there are important and complex links between poverty, conflict and migration.

### Causes of migration

Massive inequality between richer and poorer countries persists. The ratio of real income per head in the richest countries to the poorest rose from 10:1 in 1900 to 60:1 by year 2000. These disparities between countries in living standards and the lack of development options in developing countries are at the root of much migration. Such factors also contribute to the violent conflict and human rights abuse associated with poor governance that have become among the key factors impelling refugee movement; it is no coincidence that conflict-ridden countries are often those with severe economic difficulties.

Poverty underlies much current migration but is not the direct cause of it. The poorest of the poor lack the resources and network connections needed for migration. International migrants usually do not come from poor, isolated places that are disconnected from global relations, but rather from countries or regions within countries that are undergoing rapid change as a consequence of their incorporation into global trade, information and production networks. Rather than containing migration pressure, development can stimulate migration in the short term by raising people's expectations and by enhancing the resources that are needed to move. In this way, migration does not only stem from a lack of economic development but also from development itself (see Widgren and Martin). Poor communities and poor countries in conflict may be the source of outflows of refugees, but these forced migrants often also need resources to migrate.

### Effects of migration

Migration may have both positive and negative effects on development in areas of origin. Depending on the income-earning opportunities available to migrants in countries of destination, migrants' contributions to development in the sending countries can be significant. At the *family level*, migration may improve household earnings, giving people better food, health, housing and educational standards. Positive effects may spread to the wider community and society, preventing the decline of rural communities or the collapse of national economies. At the *community level*, migrants' home-town associations (HTAs) may serve as platforms for significant development, such as improvements in local health, education, sanitation, and infrastructure conditions, benefiting migrant- and non-migrant households alike. On the other hand, migration may have a negative effect on a sending community if the labour force is depleted by the departure of the most productive members abroad. The infusion of money from

migrants may have an inflationary influence on the local economy, especially on land and real estate prices.

Forced displacement also has development implications. As with “economic” migration, refugee flight involves the loss of labour, skilled workers and capital for the country of origin. Yet, while refugee flight deprives their homelands of labour and skills, it also opens the possibility of remittances from refugees who manage to find employment allowing surpluses to be sent home. Refugees hosted in developing countries will likely have less in the way of earning and therefore less remittance power than those in more prosperous asylum countries.

Mass arrivals of refugees – usually in countries neighbouring those from which refugees have fled – may have short term damaging effects, particularly in terms of strains on the resources hosts must provide. However, in the longer term the impacts of such mass arrivals may be more beneficial, particularly in terms of the economic, human and social capital newcomers bring with them (see Jacobsen).

Some of the positive and negative effects the presence of migrants and refugees can have include: changes in local markets for food, housing, land, transport, and other goods, services and resources; changes in local labour markets; changes in the local economy and society brought by the introduction of humanitarian assistance; demands on health care, education and other services; demographic changes, and related influences on health, mortality and morbidity; influences on infrastructure; and ecological and environmental changes. These influences are felt on the communities migrants and refugees leave, on the communities that receive them, and on the communities to which they return.

### **Remittances and return**

Migrants influence the development of their home countries by the resources and assets they send or bring back with them. These resources are not evenly distributed, however, and there is a tension between the remittances migrants and refugees send and the return or repatriation of migrants and refugees. Remittances are an important resource for many households in developing countries, and because they move directly from person to person, they may have a more direct impact than other resource flows. But the benefits of remittances are selective. Though not exclusively, they tend to go to the better-off households within the better-off communities in the better-off countries of the developing world, since these households, communities and countries tend to be the source of migrants.

In societies in conflict or emerging from conflict the picture is more complex. Remittances from abroad help families to survive during conflict and to sustain

communities in crisis – both in countries of origin and in neighbouring countries of first asylum. After conflict, remittances are potentially a powerful resource for rehabilitation and reconstruction. But again there is selectivity: these transfers reach relatively few households. At the same time, remittances and other transfers, as well as international lobbying by diasporas, may help perpetuate the conflicts or crises that beset such families and communities, by providing support for armed conflict.

Return of migrants and refugees can also be a substantial force for development and reconstruction of the home country, not least in terms of the financial, human and social capital migrants and refugees may bring home with them. There is the dilemma however that return of migrants will reduce the flow of remittances to the home country. Similarly, if the resolution of conflict or crisis is accompanied by large-scale refugee repatriation, the source of remittances will obviously diminish, raising potential perhaps for instability and further conflict. There may even be an argument against repatriation on these grounds.

### **Mobility and livelihood strategies**

The search for a better and more secure livelihood drives most migratory movements. When survival is at stake, a common strategy is to move elsewhere. The notion of “livelihoods” encompasses the means and strategies used to maintain and sustain life. “Means” refers to assets and resources in cash and kind people can access. “Strategies” are connected to social institutions, such as kin, family, village and other social networks facilitating and sustaining diversified livelihoods. Pursuing mobile livelihoods can thus be seen as a poverty reducing strategy, which involves refashioning resources dispersed in space into family livelihoods.

People living in conflict environments pursue livelihoods in different ways from those living in more stable and peaceful conditions. Refugees and internally displaced persons in conflict areas are subject to risks that hinder the pursuit of livelihoods. Immediate goals of displaced people include: physical safety from violence, threat of violence, or intimidation; reducing economic vulnerability and food insecurity; finding a place to settle; and locating lost family members (see Jacobsen).

If mobile populations have proven to be beneficial to local development in times of conflict as well as in times of deteriorating economic conditions, restrictive migration policies may hinder such gains. Development policies targeting sedentary populations or policies that have containment as their goal may also thwart such advances. That mobility is an important part of people’s livelihood diversification strategies needs to be much more firmly acknowledged.

## MIGRANTS AS A DEVELOPMENT RESOURCE

In the nineteenth and early twentieth century, migrants were generally viewed as a resource contributing to the development of both sending and receiving countries. In the last quarter of the twentieth century, migrants from developing to developed countries were increasingly seen by the latter as a problem in need of regulation, the dominant mode of which has been stricter immigration controls. Liberalization has been deep and global with respect to capital, goods and services, but not to labour (see Stalker). International political-economic institutions and regimes provide little space for initiatives on labour mobility and the flow of remittances (see Olesen, and Widgren and Martin).

Recognition of a number of factors has prompted reassessment of the developmental role of migrants. First, the remittances by migrants and refugees are likely to be double the size of aid and may be at least as well targeted at the poor in both conflict-ridden and stable developing countries. Second, migrant diasporas are engaged in a variety of transnational practices (such as relief, investments, cultural exchange, and political advocacy) with direct effects on international development cooperation. Third, both private and public sectors in developed countries recognize their immediate and long-term dependence on immigrant labour with an ever more complex skills mixture. Fourth, an increasing number of migrant-sending states recognize that migrant diasporas can advance national development from abroad and endow their migrants with special rights, protections and recognitions. Viewing migrant diasporas as a development resource and seeking links between aid and migrants' transnational practices could address and integrate some of these trends and concerns.

### **Migrant diasporas and transnational practices**

Broadly, diasporas are defined as being constituted by people dispersed among diverse destinations outside their home country, and transnational activities as practices carried out by such populations. Several factors determine whether migrants integrate in their country of destination or return to their country of origin. Evidence suggests that integration and return are not mutually exclusive but rather two kinds of transnational practices. Integration may often lead to a higher degree of involvement in home countries, as may the attitudes and policies towards expatriates of the governments of home countries.

Various policies, controls and sanctions may mediate the flows of transnational investments, political participation, and in other ways shape transnational activities. Attention must therefore be focused on interventions involving: diasporas themselves and their organizations; the governments of countries hosting diasporas; the governments of diasporas' countries of origin; and bilateral and multilateral agencies.



Differences in wealth, power, class, gender and generation *within* diasporas are important in shaping the form and scope of transnational activities and their influence. Migrant groups are heterogeneous and in terms of “belonging” they do not come from “countries” but rather from specific localities. Many of their practices are therefore “trans-local”, connecting migrant groups or home-town associations with specific rural or urban areas in their countries of origin.

Some international financial institutions, such as the World Bank and the Inter-American Bank, along with governments in migrant-sending developing countries, are showing growing interest in the impact of diasporas, and in particular the contribution of remittances to development and/or post conflict reconstruction. The challenge for the development community is to consider which transnational activities might be susceptible to policy interventions, and what the entry points for such interventions may be. In addition, such considerations must take account of the social embeddedness of transnational activities – for example the fact that remittances are not simply transfers of money, but carry with them social, cultural and other dimensions. Finally, since addressing poverty and issues of equity are prominent policy concerns, so is the exploration of ways in which the benefits of transnational activities may be equitably distributed.

### **Remittances and other transfers**

For many individuals, households and communities in developing countries, remittances from abroad constitute a fundamental source of income, insurance, and eventual capital accumulation. Some developing countries rely, at least in part, on remittances to help finance domestic development. Other poor countries encourage emigration, hoping that remittances will raise livelihood conditions of non-migrant residents. Annual remittances to developing countries have more than doubled between 1988 and 1999 and were officially estimated at around US\$ 60 billion in 2000. Accumulated over the past decade, remittances to developing countries have been approximately 20 per cent higher than official development assistance. Overall, remittances seem to be a more constant source of income than other private flows and foreign direct investment (FDI). Apart from benefiting migrant families, remittances also benefit unrelated non-migrants by fostering trade and services between emigrants and non-migrants. The effects on income distribution depend on factors such as the degree to which migration opportunities are diffused across households, communities and regions, the magnitude of remittances compared with income from other sources, and the distribution of potentially remittance-enhancing skills and education.

Remittances to developing countries go first and foremost to lower-middle income countries and low-income countries. Lower middle-income countries receive the largest amounts, but remittances constitute a much higher share of total international flows to low-income countries. Refugees also remit a share of their income, although refugee-producing countries are not the main beneficiar-



ies of remittances. Still, remittances constitute a powerful resource for reconstruction once conflict abates. That migrants' and refugees' remittances are unevenly spread can be seen by the fact that remittances to Sub-Saharan Africa and South Asia have declined, whereas Eastern Europe, Central Asia, South and Central America and the Caribbean have increased their global share. This suggests that remittances cannot "replace" foreign aid, which increasingly is going to the poorest countries in Sub-Saharan Africa and South Asia. It is rather a question of aid and remittances supplementing each other in different regions (see Gammeltoft).

As well as having a positive effect on diverse types of countries, remittance flows have taken on significant new features. New actors and practices have emerged and it is now clear that senders, recipients, home-town associations, businesses, migrant sending governments, and international organizations all have influence on remittance patterns and their developmental effects. Migrants send money to their families to sustain livelihoods and social relations. Remittance recipients allocate the funds for various social and economic purposes. Recipients become agents of development when the money received creates new markets or improves the welfare of the household through education and welfare. The transfer of remittances attracts new businesses such as money transmission companies. The competition in remittance transfer markets has resulted in decreased transaction costs and the channelling of more remittances through formal institutional mechanisms, eventually leading to more money available for migrant-sending communities, and, correspondingly increasing the multiplier effects of remittances on the migrant-sending economy.

Sending governments are increasingly developing new practices for leveraging remittances. These practices include: setting aside a portion of each remittance into development funds; creating formal financial instruments to capture a share of individual remittances; capitalizing on migrant remittances or investments and enterprise of return migrants through investment breaks or training; and establishing joint ventures with migrant and HTAs geared toward community development.

The formation of migrant diasporas and the development of formal HTAs have importance beyond the stimulation of collective remittances. Along with their growing numbers has come greater institutional outreach. HTA members are often involved in socio-cultural, political and economic/entrepreneurial activities in both sending and receiving countries, using their institutional base to effect domestic change. Thereby they constitute an important partner for co-development in the broader meaning of the concept.

The concept of co-development was launched by France in the late 1990s (though it has antecedents elsewhere) and in 2002 was promoted by the Spanish Presidency of the Council of the European Union as a means to enhance the links

between migration and development. Co-development is usually conceived in connection with programmes of voluntary assisted return. In this respect the strategy of co-development focuses on migrants' return or the "return potential" as a development factor (see the section on return, below). In a broader sense, co-development could refer to all the possible ways whereby migration potentially reinforces development cooperation policies. So far, the broader sense of the concept is not on the European Union's policy agenda. Current tensions between actors and policy-makers concerned with development and migration respectively may have determined the narrow definition of co-development.

### **Transnational investments and entrepreneurship**

A second set of practices of concern to policy-makers includes migrants' investments and entrepreneurship. Migrants undertake a vast array of transnational economic activities. For example, three important sub-sectors of the Colombian economy are strongly connected to transnational migration, namely, housing, small and micro-enterprises, and family subsistence. An important line of transnational activity is the promotion and sale of housing to migrants living abroad. In a contracted local market, migrants' relatively high purchasing power has become a significant market for developers in these cities. A more common transnational activity is the creation, maintenance, and expansion of small commercial and service ventures (grocery stores, restaurants, repair services, light manufacturing) by migrants who have either returned or are sending remittances to support their businesses from abroad. These numerous enterprises dot the areas where migrants and their families live, providing services and economic activities that did not exist before mass migration took off. Another example can be drawn from the Dominican Republic where hundreds of small and medium enterprises are founded and operated by former and current immigrants to the United States. What makes these enterprises transnational is not only that their origin is linked to migration, but also that their successful functioning depends on continuing ties to the US. On their way back to the island, many informal exporters fill their empty suitcases with inputs needed for business such as garment designs, fabrics, and parts. Although on a minor scale, the suitcases of migrant entrepreneurs' wives and independently travelling women may be filled with fashion clothes, cosmetics, and household appliances that form the basis of informal "backdoor" businesses. Income earned through these activities may be invested in formalizing the businesses and/or the migration of other family members. Lack of access to such transnational resources may be decisive for the migration options at hand: the migration of Dominican domestic workers to Europe is largely determined by their lack of access to New York-bound transnational networks.

While these examples show a positive effect of transnational migration on local development, a note of caution is appropriate. Transnational entrepreneurship is not necessarily open to everyone since it depends on individual skills (human

capital), access to economic resources (financial capital), and the size, reach and access to social networks (social capital). Evidence suggests that transnational entrepreneurship generally reproduces social asymmetries along class, gender, and racial/ethnic lines. A central migration-development policy challenge is therefore to determine which development structures and sectors transnational entrepreneurship affect, how this in turn affects migration pressures, and what potential this kind of economic endeavour entails.

### **Return/repatriation as a prerequisite for developmental impact?**

Return or repatriation is generally seen as a prerequisite for a positive relationship between migration and development, for migrants' continued engagement with local development, and for home countries to benefit from migrants' acquired skills and resources (see Olesen). Evidence suggests that return after a relatively short period abroad, especially among low-skilled migrants, is unlikely to contribute substantially to development. Return following a longer stay abroad when the migrant has saved money to meet specific development purposes back home – such as building a house or investing in business related activities – has better developmental prospects. Whether return benefits local development is determined by two main factors: the aptitude and preparation of the return migrant him- or herself; and whether or not the country of origin provides a propitious social, economic and institutional environment for the migrant to use their economic, human and social capital.

In the case of countries emerging from conflict, for repatriation of refugees to be successful, a political climate facilitating former adversaries to begin to work together is needed. Recent evidence suggests an unintended but valuable consequence of hiring local professional people to take part in relief operations. Such people can be critical elements for post war reconstruction. Yet they are usually the first to leave, not only because of their mobility but also because the risks they face. Employment of professionals can help create a critical mass that retains the highly skilled within their own country. Recent evidence also suggests that some states with a history of violent conflict are becoming more eager to mobilize the resources of refugees abroad than to encourage their return and participation in the post-conflict, nation-state-building process. A balance needs to be struck between those who can contribute best by returning and those who might contribute better by staying abroad.

This latter observation underlines the point that return not necessarily is the end product of the migration cycle and is *not a prerequisite* for continued engagement with local development. Governments of migrant sending countries have increasingly moved to intensify their contacts with their diasporas and involve them in national life. Concrete actions include the granting of dual citizenship rights, rights to vote in national elections, representation in national legislatures, cultural and religious programmes abroad targeting emigrants, and even in some

cases providing services abroad for undocumented migrants who wish to legalize their undocumented status. These new extra-territorial ambitions may be attributed to the aggregate volume of remittances, migrants' actual or potential investment in the home economy, and their political influence in terms of both contributions to parties and candidates in national elections and advocacy and political lobbying for home country interests abroad.

### **Advocacy and political lobbying**

Transnational political networks, advocacy and lobbying practices may not be a new phenomenon, but such practices are certainly growing and slowly receiving attention within policy-making circles. Among the reasons for this are sending countries' particular politico-economic incentives to mobilize citizens (and former citizens) abroad, the development of competitive (democratic) party politics in sending countries, the rise in intra-state conflicts in sending countries, and the increased focus on principles of human rights, democratization and "good governance" in the foreign policy and donor agendas of major western states.

Transnational political practices may include:

- Immigrant politics: political activities undertaken by migrants and refugees to better their situation in receiving countries. Such politics become transnational when the sending states become involved in supporting their citizens abroad in their struggle to improve their legal and socio-economic status.
- Homeland politics: political activities directed towards the domestic or foreign policy of the country of origin. Such activities can be both supportive and oppositional.
- Home town politics: initiatives from abroad to participate in the politics and development of the local community of origin – or initiatives from homeland municipal or county politicians to capture migrant resources. Such policies are trans-local.
- Diaspora politics: political practices of groups barred from direct participation in the homelands' political system, or among stateless people who do not have a homeland regime to support/oppose. Sensitive political issues such as national sovereignty and security are often at stake.
- Transnational politics: political activities of international human and indigenous rights organizations. For example, when state authorities come to be identified as abusive by agencies such as UNHCR or the International Working Group for Indigenous Affairs (IWGIA), the relationship between the state and the citizen becomes transnationalized. This is often the case with IDPs and indigenous people.

While the advocacy and political lobbying activities of diasporas may constitute an important development resource, they may also help perpetuate local conflicts

or crises, for example by providing economic support for armed conflict. Diasporas may be crucial in the flow of money and resources on which conflicting parties depend. Transnational political practices may therefore also be a powerful risk factor, predisposing a country to civil war. The policy challenge is to find how interventions can encourage the deployment of transnational political activities in a positive direction, such as towards development, conflict resolution or post-conflict reconstruction.

### **Migrant women as a development resource**

Women play an important role in international migration both as family members and as economic migrants in their own right. A growing proportion of migrant women have high standards of education and skills, and take part in transnational economic practices and entrepreneurship. Women also make up a growing share of refugees and asylum seekers, especially in less developed areas devastated by warfare. In general, remittances are an important aspect of women's roles within social networks, as is female participation in migrant associations, both as organizers and fundraisers. Evidence suggests that high levels of female participation in voluntary associations are most noticeable when the organizations combine the social welfare concerns of both home and host communities.

Nevertheless, migration and development policies often ignore migrants' gendered identities and practices. When women are targeted as a special group, their transnational engagements in both sending and receiving societies are often overlooked. It is important that policies are designed according to the opportunities and constraints specific to different groups, as well as according to specific groups' transnational spheres of action. Migrants not only contribute remittances while abroad. They also contribute new skills and life views whether they return or not. Their abilities to do so depend on whether they have equitable access to services and training. International agencies should therefore approach migrants' gender specific concerns and make sure to follow up effectively on gender awareness campaigns and programmes when women return. Unless properly assisted, women may lose newly gained gender rights to men, who seem to regain their traditional gender privileges upon return.

## **POLICY REGIMES IN THE MIGRATION-DEVELOPMENT DISCOURSE**

The previous sections have reviewed prevailing assumptions about the relationship between poverty, conflict, development and migration, and highlighted ways in which migrants constitute a development resource. The study now turns to the intersection of the migration and development policy fields by setting out the different strains of thinking that are currently emerging in the debate on migration and development (see Chimni).

Three “policy logics” and the “migration-development regimes” that would result from them can be identified in the current discourse on migration and development. By “policy logic” is meant the assumptions underlying sets of interrelated interventions by migrant-sending countries, migrant-receiving countries and international organizations, which in aggregate may be designated a “migration-development regime”. The three migration-development regimes and related policy logics are: (1) *closure and containment*, aimed at control of migrants and refugees; (2) *selectivity* towards immigration and development support; and (3) *liberalization and transnationalism* in the fields of labour mobility, diaspora activities, and refugee protection.

The characteristics of the three emerging logics and regimes are presented below.

### **Closure and containment**

Under this logic, control of migration takes precedence and development policy is seen as an adjunct towards that end. Developed countries are as far as possible closed to new immigration, and, where possible, migration pressures deriving both from economic motivation and from conflict are contained within the developing world. The closure-containment regime comprises an array of measures within migrant-receiving states and regions, and is directed towards transit and migrant-sending countries: aid policies are subsidiary to migration management, and international dialogue between North and South is minimal. Such a regime includes the following elements:

#### *In migrant-receiving countries and transit countries*

The regime of immigration closure involves interdiction and interception of migrants en route; the imposition and extension of visas on nationals from migrant-producing states; the imposition of carrier sanctions to devolve migration policing to transport companies; the nomination of “safe third countries”, usually on the periphery of core developed regions, as a buffer to absorb unwanted asylum seekers; and similar measures developed at both the national and regional level within migrant receiving regions. Associated measures within developed countries to deter would-be migrants include the detention of asylum seekers, restrictions on working, and withdrawal or reduction of social security, education, health, housing and other entitlements for new entrants. Other measures include readmission agreements to pass back unwanted arrivals to intermediate or transit countries (who in turn may push back would-be migrants to prior transit countries, until they are effectively repatriated); stringent border controls to check smuggling and trafficking; strict and discretionary procedures for permanent residence, naturalization and citizenship; and a temporary protection regime to deal with mass influx should crises arise, involving short-term admission until such crises are resolved.

*In developing, migrant-sending countries and regions*

Aid to developing countries is made conditional on those countries taking back rejected asylum seekers and other unwanted migrants. Humanitarian intervention is carried out in countries and regions of migrant origin, including the establishment of safe havens, peace enforcement through military intervention, and related measures to contain refugees in regions of origin. Minimal humanitarian assistance and aid is allocated to first asylum developing countries, likewise to contain migrants and refugees in regions of origin. Policies seek involuntary return of refugees to the countries of origin. Repatriation is favoured above the other two conventional “durable solutions”: local settlement and third country resettlement; in particular the latter dwindles. There is some bilateral and multilateral aid for conflict resolution, reconciliation and reconstruction of post-conflict societies to ensure return.

The *strengths* of such a regime are that it has appeal among populations of receiving countries, and that it brings some short-term financial savings, by passing responsibility for migration control to others. The *weaknesses* are that it encourages unwelcome xenophobic trends among host country populations and does not attempt to deal with root causes of migration and refugee flows. Indeed, it exacerbates migration pressure in migration-sending countries, both in terms of failing to tackle poverty and inequality, and the causes of conflict. It thus increases premiums in the migration smuggling and trafficking industry, necessitating further expensive migration policing measures in a self-perpetuating spiral. Migration problems are displaced rather than resolved. Strife-torn regions are seen as intractable trouble spots that are only amenable to reactive intervention. The fact that most migration is between developing countries, rather than from developing to developed countries, is ignored.

**Selectivity**

A more liberal version of the closure-containment logic takes greater account of the principle of international responsibility-sharing for refugees, and recognizes the need for a more balanced strategy that combines migration control measures with meeting the human rights concerns of asylum seekers and other migrants. Greater account is taken of global inequalities as the sources of both poverty-related and conflict-related migration pressure, and of the security threats that these pose. Both development and humanitarian aid are seen as instruments that can help to alleviate migration pressure, while some migration is seen as beneficial to countries both sending and receiving migrants. To these ends, this logic involves *selectivity* in both the application of aid and in the incorporation of migrants.



*In migrant-receiving countries*

More opportunities are introduced for legal migration, including openings for skilled workers and for unskilled labour in specific labour-short sectors. Citizenship or secure residence is granted on the basis of qualifications and assets. A more generous asylum regime is introduced, partly to encourage countries within refugee-producing regions to reciprocate by continuing to accept new arrivals from countries in crisis. This is coupled with larger resettlement quotas, to the same end. Integration measures in education and training are instituted for those migrants who are accepted. Education and training are geared for return of those who are not wanted.

*In developing, migrant-sending countries and regions*

Greater emphasis is placed on the plight of the internally displaced and on the merits of the "internal flight alternative" over seeking asylum abroad. Aid to developing countries is made conditional on those countries taking back rejected asylum seekers and other unwanted migrants, but this is negotiated rather than imposed. Humanitarian assistance is allocated through UNHCR and NGOs to the trouble spots, while development assistance is allocated through multilateral and bilateral channels to the good performers and strategically important countries as well as to migration-prone populations within developing countries. Humanitarian intervention is carried out when there is gross violation of human rights. Greater relief and development aid is allocated to first asylum developing countries to encourage local settlement/integration, and thereby absorb migration pressure. Reconstruction aid is targeted towards post-conflict societies to encourage return. There is a greater role for regional organizations in encouraging development, and in preventing and containing conflicts.

*At the international level*

Cooperation is pursued in preventative measures to reduce irregular migration. International measures are taken against human traffickers and smugglers, with some protection for victims. Support and funding are boosted for multilateral institutions, such as UNHCR, and for non-governmental organizations to provide assistance in strife-torn countries and regions.

The *strengths* of such a regime are that it has appeal among host country populations, while ameliorating concern among those publics about global inequalities. The regime also has some appeal among some developing and migrant-sending countries (allowing some access for migrants and some increase in assistance). The *weaknesses* of such a regime are that it remains essentially palliative and does not address the root causes of migration pressure. It is essentially determined unilaterally by developed countries and shaped by their self-interest. It places unwarranted faith in existing institutions: there are only minor concessions to the notion of partnership with developing countries.



The benefits to people in developing countries are uneven, given the selective nature of interventions. The fact that most migration is between developing countries, rather than from developing to developed countries, remains largely ignored. The regime alleviates some of the restrictive features of the closure-containment regime, without challenging its underlying premises.

### **Liberalization and transnationalism**

A third policy logic would involve opening up labour flows in conjunction with the liberalization of trade, in line with recognition of the inherent inequalities in the global order. This logic recognizes and seeks to mobilize the potential of migrants and diasporas in respect of development, conflict resolution and post-conflict reconstruction in their homelands. It would seek to balance the aspiration for freedom of mobility – that people should be able to move by choice and not of necessity – with the need for people to live in communities that are economically, politically, socially, culturally and ecologically sustainable – among other things, this means that communities should be able to determine to a reasonable extent who to admit, in line with their resources and the nature of their society.

The logic of an approach embracing liberalization and transnationalism would incorporate some of the more liberal constituents of the selectivity logic, recognizing that the roots of betterment- and conflict-induced migration lie in global inequalities, and addressing them through measures designed to mitigate migration pressure and to encourage domestic development. This includes increasing development and humanitarian aid and applying them consistently; encouraging sustainable livelihoods, including those that involve mobility; instituting debt relief to obviate the diversion of valuable development resources; and allowing greater market access for developing country products. In addition, this policy logic includes the following elements:

#### *In the developed migrant-receiving countries*

The regime involves a gradual relaxation of immigration closure and deterrence measures, and a concomitant gradual liberalization of the global labour market, such as issuing temporary work permits. Other elements include increased resettlement quotas for refugees currently hosted in developing countries, and the provision of dual citizenship and other forms of flexible secure residence to encourage positive intervention in the homeland by migrants and diasporas. In the case particularly of countries reconstructing after conflict, policies would recognize that some refugees will wish to return on a long term basis, some will wish to come and go between the homeland and country of refuge, and others will not want to return, but may be willing to contribute to reconstruction in other ways, such as by sending money, investing and lobbying. There is therefore a need to facilitate the flow of remittances and other transfers to developing countries and to encourage diasporas to contribute to

collective and community development and reconstruction projects in home countries by matching fund schemes and through home town associations. Finally, measures could be taken to tailor education, training and integration towards portable human capital development that can be utilized if migrants decide to return.

*In developing, migrant-sending countries*

Policies would address the connections between refugees, relief and development, and make development and humanitarian assistance consistent, by minimizing “selectivity” among the targets of aid on grounds of performance and economic or strategic importance. Policies would encourage mobile livelihood strategies among refugees in neighbouring countries and among internally displaced people, should return be possible and desired. Other elements include facilitating the inflow of remittances while making sure that a reasonable proportion of such flows benefit poor communities within such countries: for example by encouraging “matching fund” schemes where home governments match development-related remittances with public funds (in coordination with similar schemes in receiving countries). In particular, remittance inflows would be facilitated for the purposes of post-conflict reconstruction, ensuring that inflows of resources and people do not antagonize those who have stayed behind. The “securitization” of remittance “futures” could be investigated as a way for developing countries to raise money on capital markets for development and reconstruction on a national basis.

*At the international level*

The policy regime would institutionalize better dialogue and partnership between North and South over migration and development and, more generally, recognize and build upon migrants and diasporas as development resources through integrated approaches to conflict prevention, to poverty reduction, and to democratization and human rights, involving a combination of judicious aid and encouragement of investment in the homeland by migrants and diasporas. This might take the form of “Marshall plans” for conflict-torn regions, involving not only conventional aid from the rich countries, but also finance from diasporas, including cross-fertilization of these and other resources.

Among the *strengths* of such a regime are that it takes a long-term view of migration and development trends and potential. However, herein lies one of the *weaknesses* of such a regime, because the benefits of investing in both migration and development are unlikely to become apparent in the four or five-year lifetime of a government, which will therefore be reluctant to attempt to sell this regime to its electorate if shorter-term outcomes are unpopular. However, since such a regime should be arrived at through dialogue and consensus between North and South, it is more likely than unilateral action by Northern countries

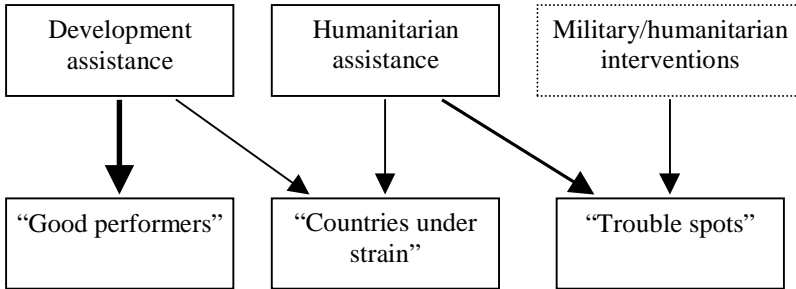
individually or in concert to offer the prospect of durable benefits in terms of reduced migration pressure, poverty reduction and better human security in both the developing and developed worlds.

These three emerging policy regimes challenge the current separation of policies and lack of policy coherence in the migration-development nexus. Currently policy-makers recognize that migration and development are linked, but maintain the separation between migration policy and development policy. There is recognition that aid policies and migration policies are directed towards different ends and towards different constituencies. Development policies are directed towards poverty reduction among the poorest people and towards the poorest countries, which are generally not the source of migrants, though some such communities and countries may be the source of refugees. Under this logic, aid is and should be directed only to the explicit objectives of poverty reduction, democratization, sustainable development and gender equality. Interventions towards these goals take no account of the impacts on migration, whether positive or negative. At the same time, migration policy takes minimal account of the development needs of migrant-sending countries, though there might be some recognition of the impact of brain drain and needs related to repatriation, for example. Current interaction between development and migration policy is therefore limited to where the interventions associated with them overlap, as in the case of highly skilled migration and refugee outflows from poor countries in conflict.

### AID POLICIES AND THE MIGRATION-DEVELOPMENT NEXUS

Underlying international thinking on aid and migration has been the question of the effectiveness of aid in reducing migration and refugee flows, by enhancing local development; preventing and resolving local conflicts; and retaining refugees in neighbouring areas/first countries of asylum. These overlapping aid objectives affect the allocation of aid among developing countries, which is currently shaped by the “selectivity” thinking outlined in the previous section. Figure 1 shows the major donors’ current aid allocation strategies. It distinguishes between developing countries in three different situations: (1) poor developing countries with stable economic policies and political institutions, i.e. the “good performers”; (2) poor developing countries facing occasional economic setbacks and political turmoil, that is “countries under strain”, which is the everyday reality for the largest number of developing countries; and (3) developing countries in chronic economic, political and social crises – the “trouble spots”. It should be emphasized that countries are seldom fixed in one of the groups; whether overnight or from one decade to the next (which is a short time-span in terms of development) countries move between groups.

FIGURE 1:  
TRENDS IN AID ALLOCATION TO DEVELOPING COUNTRIES  
IN DIFFERENT SITUATIONS



### Dilemmas in aid allocation

Figure 1 suggests three dilemmas for aid policies in relation to the migration-development nexus. First, development assistance increasingly goes to the relatively well-performing countries that – other things being equal – need it the least. Second, aid is reduced to the vast majority of developing countries that need international support to minimize the risk of setbacks turning into crises, that is to reduce the risk of turning a strained situation into a trouble spot. Third, only humanitarian assistance (often coupled with military and humanitarian interventions) goes to the actual and potential trouble spots that may be breeding ground for violent conflict, displacement, and even terrorism. The dilemma is that humanitarian assistance is after the fact, and therefore cannot help *to prevent* such crises.

The official arguments behind this aid allocation strategy are that good performance (sound policies and good governance) is a prerequisite for effective poverty reduction; that performance improvements should be rewarded as an incentive for ill-performing countries; and that partnership-based aid forms (such as budget support) are only feasible when recipients perform well. In addition, this aid allocation strategy fits well in an international system where the US and other large donor countries use aid to support and reward allies and “friends”, such as in the war on terrorism.

Performance-based aid allocation presents, however, significant challenges to international action around the migration-development nexus. Three challenges are discussed below:

- 1) Can aid prevent violent conflicts and reduce the number of international asylum seekers?
- 2) Can – and should – aid prevent migration by promoting local development?
- 3) Can migrants be mobilized to complement aid for the purposes of development and conflict prevention/reduction?

*Aid for conflict prevention and reconciliation?*

Since the end of the Cold War and the surge in internal conflicts in the developing world, bilateral and multilateral donors have attempted to use aid to prevent and/or reconcile violent conflicts. For example, the European Community, when preparing “Country Strategy Papers” for the countries to which it gives aid, now assesses the potential for conflicts – looking at such issues as the balance of political and economic power, the nature of the security forces, the ethnic composition of the government, the representation of women, and the extent of environmental degradation.

At the same time, donors have found themselves drawn into conflicts and their aid being used by warring parties. In response, donors have tried to circumvent the state and manage the conflict by relying either on civil society (often involving NGOs in both donor and recipient countries) or on peace-making with the involvement of military and police forces. The experience with the former has been mixed – positive contributions, but too limited in scope to make a real difference on the development of conflicts. The experience with the latter has also been mixed, reflecting the extremely high economic and political costs of making and keeping peace.

A major problem for the international community is that *development* assistance should have greater potential than humanitarian assistance in terms of preventing violent conflict and the creation of refugees and other migration generated by conflict. The difference is that development cooperation implies long-term presence (by the donor and/or international NGOs) in the developing country, which allows insight into the causes and risks of conflict. If only humanitarian assistance is used in crisis countries, aid has a very limited role in conflict prevention, because humanitarian assistance tends to be delivered after it might have had a conflict-preventing role.

Development assistance has always been space-bound and state-centred, based on the assumption that the poor develop within particular territories and that development means growth in national economies and democratization of national institutions. This makes traditional development aid less useful as a flexible and powerful instrument in crisis situations. Conversely, humanitarian

assistance has been used to address breakdowns (requiring relief and protection) in the underlying model of growth/state-building/nation-building. Recognizing that humanitarian relief cannot address the vulnerability of disaster victims and the root causes of conflicts, donors have attempted to link relief and development assistance through integrated interventions in the “grey zone” between emergencies and development. These attempts have, however, been very costly and complex in institutional terms because of overlapping agency mandates and inadequate capacity to promote development in crisis contexts.

As a consequence, there is much doubt in the international community about the use of aid to prevent conflicts turning violent and hence to reduce the generation of refugees. Coupled with the political preference for selective aid allocation to good performers, conflict prevention in crisis-affected countries is increasingly left to humanitarian agencies, international NGOs, or security-oriented interventions. Despite the recent increase in aid commitments by the EU and the USA, it is evident that the response of the Western world to the events of September 11 has been one of hard security politics, not one of soft development politics. This represents a critical under-utilization of the potential of development cooperation to create space and incentives for peaceful conflict resolution. However, in what are very complex situations, it will always be difficult to prove whether such interventions really do have a significant impact on conflicts and the production of refugees.

#### *Aid in place of migration?*

It is equally difficult to judge the impact on emigration of aid given to reduce poverty. This issue was raised at several international conferences in the early 1990s, and still remains largely unresolved. As previously discussed, even when development aid reduces poverty it is questionable whether this will immediately stem emigration. Generally it is not the poorest people from the poorest countries who emigrate. Rather it is those who are slightly better off with the information and the means to travel who are most likely to make a move.

Do European countries in practice try to direct aid so as to reduce migration pressures? One indication would be if European aid flows were concentrated on migrant-sending countries. The data are scarce, but if there is a correlation, this is because both immigration and aid flows reflect colonial ties. For the UK, for example, India is the leading destination of aid primarily because of a long historical association rather than from an attempt to dampen emigration. The lack of any clear connection between aid policies and migration is also implied from the published policies of donors. For example, the DAC guidelines on poverty reduction mention migration, but only in the broader context of the ways in which development assistance could contribute to poverty reduction with the implication that this in turn might reduce emigration pressures (see Stalker). In sum, there is little evidence that an “aid in place of migration” strategy works.

*Mobilizing migrants to complement aid?*

In contrast to the previous two challenges, this is a new policy field. Given the magnitude of remittances relative to aid, making these two flows complement each other seems an attractive proposition. However there is very little evidence of the relations between aid and remittances which could help in the development of this new policy field. Even so, four situations may be distinguished:

- *Aid and remittances to relatively peaceful, low-income countries (LICs).* Remittances provide income, foreign exchange and ideas for human and economic development. Aid donors could facilitate the involvement of diasporas in community and private sector development at all levels of society and in support of “poor people on the move”, including local and international migrants.
- *Aid and remittances to relatively peaceful middle-income countries (MICs).* Remittances provide livelihood support, but they are also likely to be part of overall foreign direct investments to MICs. If aid is increasingly allocated to the poorest countries, where it is most effective in reducing poverty, migrant transfers will increase in importance, perhaps more for the innovations migrants bring in terms of entrepreneurship and technology than in terms of financial resources.
- *Aid and remittances to present and potential trouble spots, including conflict-affected countries and failed states.* This is where the greatest new challenges lie. Bilateral and multilateral aid agencies could seek ways to combine their different aid types with the activities of transnational communities, aimed at ensuring that remittances, advocacy and other activities provide resources, security and political space to the poor and other conflict victims, rather than fuelling violent conflicts. This calls for a case-specific approach, where donors – possibly under UN leadership – invite international NGOs and diaspora organizations for dialogue on the overall resource flows to the country.
- *Aid and remittances to “post-conflict” countries and regions.* While in some ways a sub-set of the previous case, the possibilities and techniques are somewhat different in post-conflict states and regions attempting the three “re-s”: repatriation, reintegration and reconstruction. Here the focus should be on mobilizing diaspora resources for reconstruction as part of wider international peace-building, reconciliation and reconstruction efforts, with special emphasis on avoiding the generation of new tensions that might lead to new rounds of conflict and displacement.

Developing international collaboration to cast aid and migration in complementary roles and aid in support of mobile livelihoods requires greater interaction



between diasporas and development agencies. The international community could follow the lead of some developing country governments, which have reached out to their diasporas. For example, diaspora participation in international fora, such as donors' conferences and the formulation of consolidated appeals overseen by the UN or the EU, could be encouraged. This would allow resource flows from donors and from diasporas to be openly discussed, and coherently planned and coordinated for both development and reconstruction purposes. Similarly, diasporas should have space and voice in wider peace-building and reconciliation efforts. NGOs could act as interlocutors in promoting such diaspora participation, since they have become increasingly involved in both advocacy and in the delivery of aid, and often have direct lines of communication with diaspora groups (for a contrasting argument, see Chimni).

### CONCLUSIONS: TOWARDS COHERENCE IN MIGRATION AND DEVELOPMENT POLICY

The challenges to international action on the migration-development nexus call for initiatives by donors such as EU that have the resources, the instruments, the government and non-government partners, and the presence to make coherent interventions in developing countries facing all types of poverty, conflict and migration-related problems. From an EU perspective, the following responses to the challenges posed in the previous section could help to operationalize practices:

- *Can aid prevent violent conflicts and reduce the number of international asylum seekers?* An affirmative answer requires use of the presence, instruments and resources of development cooperation in the actual and potential trouble spots and in the developing countries facing adverse economic conditions and political turmoil. Aid strategies need to be regional in order to incorporate support to neighbouring countries that carry the bulk of the burden of local conflicts, displacement and migration. Aid to neighbouring countries may reduce the risk of spreading conflicts, but it is unlikely in itself to reduce the number of inter-regional asylum seekers. Hence, there is no effective alternative to comprehensive development cooperation aimed at both poverty reduction and conflict prevention and resolution.
- *Can – and should – aid prevent migration by promoting local development?* The short answer is *No*. The scope and intensity of the developmental impact of aid vary considerably, but evidence suggests that production of more migration is the most likely short-term outcome. Instead, EU policies on international development cooperation should recognize migration of labour and human capital as a constructive force



of economic integration on a par with international commodity trade and capital flows within the liberalization and transnationalism policy regime (see previous section).

- *Can migrants be mobilized to complement aid for the purposes of development and conflict prevention/reduction?* Accumulated over the 1990s, remittances were some 20 per cent higher than aid to developing countries. For these, remittances are a more constant source of income than other private flows and foreign direct investments. Remittances benefit migrant families as well as unrelated non-migrants by fostering trade and services. However, to maximize the contributions of remittances towards poverty reduction, the EU should recognize that the distribution of remittances is skewed, related not least to where the migrants originate from; allocate more aid to the poorest countries that do not benefit from remittances; and engage in dialogue with diasporas to encourage investments in human development and labour-intensive, equitable growth, and facilitate the transfer of skills and technology. More broadly, with poverty reduction as the overriding objective, donors such as both EU and bilateral agencies can and should update their development strategies to incorporate mobile livelihoods, and similarly expand their partnerships to include representatives of diaspora communities that are part of international civil society. This includes providing space and voice to diasporas in country-specific peace-building and reconciliation efforts and in international, standard-setting conferences.

This policy study has highlighted the potential of migrants as a development resource, and has drawn attention to the challenges and dilemmas thrown up by current development and migration policy regimes. The overall challenge is to balance a focus on poverty reduction with mitigating the conditions that produce refugees and other forced migrants, while at the same time engaging more constructively with migrant diasporas and their transnational practices. Achieving such a balance requires addressing conditions in three areas: migrants' regions of origin in poor countries and communities; migrants' transnational activities; and the migration and development policy regimes currently shaped largely by developed countries. These conclusions and the overall analysis in this policy study point to three fields in which there is scope for specific interventions by the EU:

- 1) support for neighbouring countries that receive and host migrants and refugees;
- 2) building on the development potential of migrants;
- 3) making aid and migration regimes work for rather than against one another.

*Support for neighbouring countries that receive migrants and refugees*

While much attention has been paid to refugee outflows and to refugee repatriation, countries that have hosted refugees, particularly for protracted periods, are often neglected. Conditions for refugees in such countries have tended to be poor, encouraging instability and movement further afield. Neglect has continued after refugees have repatriated: little attention is paid to the countries and communities that have hosted refugees after they return home. Yet these countries and communities are often poor, unstable, or vulnerable to instability from the spillover effects of conflict in their neighbours' territory. With some justification, and pointing to the neglect of the principle of responsibility-sharing, developing countries hosting refugees have responded by becoming less willing to accommodate new inflows. Directing aid to such countries would recognize the contribution such refugee-hosting countries make, and encourage them to maintain a liberal policy towards receiving refugees. More broadly, directing aid to these countries makes sense from the point of view of assisting refugees:

- helping them to contribute to the host society;
- targeting poverty generally in host societies;
- helping to prevent or contain potential conflict in those countries.

Policies of responsibility-sharing should not only be pursued bilaterally, but should be coordinated among all countries hosting refugees in a given conflict-torn region.

Aid should be allocated on the basis of need in such neighbouring countries, not with the purpose of containing international flows of migrants and refugees – which such intervention is unlikely to achieve. Taking account of recent research on such interventions, in particular on tensions between refugees and hosts, a new approach to support for neighbouring countries should be designed to benefit both refugees and the communities that they are hosted by. Support for neighbouring countries should complement, not substitute, overall poverty-reducing efforts.

*Building on the development potential of migrants*

Through the livelihood strategies migrants pursue, the money and other resources they send home, and the lobbying in which they engage, migrants and their organizations have substantial influence in developing countries that are relatively stable as well as those that are in conflict or emerging from it. Remittances are a more substantial, a more constant and a more direct source of income than other flows into developing countries. Remittances benefit migrant families as well as non-migrants by fostering trade and services. Migrants also influence development in other ways, such as by extending the markets for products from their home countries to new areas.

Many governments of migrant-sending countries have recognized the potential of their citizens abroad in recent years, and international development agencies are beginning to do likewise. Migrants' incentives to participate in home country development or reconstruction depend on the extent to which they are or feel incorporated in their home nation-states as well as in the countries that host them. In partnership with developing countries and diasporas, development agencies could work towards:

- securing the rights of migrants;
- cutting the cost of money transfers;
- encouraging migrants to invest in community development initiatives in their home countries.

Beyond seeing migrants as a source of resources for development and reconstruction, steps could be taken to give diasporas a more active voice. These could include involving diasporas in international fora, such as donors' conferences, aimed at transparency and coordination of resource flows from donors and from diasporas for development and reconstruction.

Diasporas could be allowed greater influence in peace-building and reconciliation efforts. Since non-governmental organizations have become increasingly involved both in advocacy and in the delivery of aid, and often have direct lines of communication with diaspora groups, they are well placed to act as interlocutors promoting diaspora participation. Integration into the host community and return to the country of origin are not mutually exclusive: a balance needs to be struck between helping migrants who wish to return to do so, and accommodating those who can contribute more to their home societies by remaining abroad.

#### *Encouraging mutually supportive aid policy and migration policy regimes*

The current tendency for aid to go to the "good performers" among developing countries is counter-productive, if the aim is to prevent conflicts from turning violent and producing refugees. Broad-based, long-term development aid is needed, if the international community wishes to engage in dialogue and partnership aimed at poverty reduction, conflict prevention and democratization in poor and/or unstable developing countries.

Likewise, the tendency to allocate only humanitarian assistance to the trouble spots is short-sighted. Humanitarian assistance cannot generate the trust and long-term partnerships needed to address the roots of conflict, fundamentalism and poverty which produce instability and displacement. To address the long-term vulnerabilities that underlie regional insecurities and threats of terrorism, the international community needs to move beyond attempts at "linking relief and development" towards *coexistence* of humanitarian and development agencies in actual and potential trouble spots.

Aid policies should take greater account of the impact of migrants' remittances, so as to foster complementary roles for the two kinds of flow to developing countries. Remittances are great potential resources for development and reconstruction, but the distribution and benefits of remittances are skewed, related not least to where the migrants originate from: remittances and other resources tend to be transferred from locality to locality rather than on a national basis like much aid. Donors should therefore allocate more aid to the poorest countries and communities that do not benefit from sizeable remittances. Remittance transfer agencies could also be regarded as sources of development funds.

The international migration and asylum regime could be made more supportive of these ends. This would involve:

- maintaining flexible asylum and resettlement policies that relieve pressure on poor first asylum countries hosting refugees;
- allocating temporary work permits to workers from poor countries both to meet labour shortages in developed countries and to enhance remittances to their homelands;
- ensuring sensitive recruitment of highly skilled workers to avoid depleting developing countries of human capital;
- introducing dual or flexible citizenship to allow migrants to return to home countries without prejudicing their right to stay in host countries.

These steps should be taken in consultation with migrant-sending states rather than unilaterally.

The selection of these three fields for intervention is consistent with two overarching principles: that the primary objective of development cooperation is poverty reduction; and that migration policies towards countries of origin should work towards creating the conditions that allow people to remain in their countries of origin, rather than towards preventing outflows. The study has argued that regions of migrant origin need *both* development and humanitarian aid to mitigate the conditions that impel people to migrate: neighbouring countries that host refugees, particularly over long periods, have tended to be neglected in this connection. The underused development and conflict-reduction potential of migrants, the second field, has been amply demonstrated. Similarly, there is unused potential in the third field, encouraging mutually supportive aid and migration policy regimes. Progress here would be greatly enhanced if steps were taken to "multilateralize" the discussion on migration, so as to develop an international migration regime that is comparable to the multilateral arrangements on trade and investment. The sphere of international migration might then have a better-defined constituency with the possibility of developing greater consensus than is currently the case.

## MIGRATIONS ET DEVELOPPEMENT : ELEMENTS PROBANTS ET OPTIONS POLITIQUES

Les rapports entre migration et développement s'expriment de nombreuses façons : par les stratégies de subsistance et de survie des individus, des ménages et des communautés ; par des envois d'argent importants et souvent bien ciblés ; par les investissements et l'action de sensibilisation des diasporas et des communautés transnationales ; par une mobilité internationale allant de pair avec l'intégration mondiale, l'inégalité et l'insécurité.

Jusqu'à récemment, migration et développement ont fait l'objet de champs politiques distincts, marqués par des approches différentes entravant la coordination à l'échelon national et la coopération internationale. Les milieux actifs dans l'un et l'autre de ces champs politiques étaient différents et avaient souvent des objectifs antagonistes. Pour les organismes compétents, la maîtrise des flux migratoires à destination de l'Europe et d'autres pays de l'OCDE reste hautement prioritaire, tout comme le sont l'insertion des migrants dans le marché du travail et, plus généralement, leur intégration sociale. Par ailleurs, les organismes de développement peuvent redouter que l'élaboration des objectifs d'une politique de développement soit remise en cause au cas où l'on tiendrait compte des migrations. Peut-on atteindre l'objectif lointain d'atténuation de la pauvreté à l'échelle mondiale si l'on entend répondre aux besoins immédiats en termes de politique migratoire ? Est-on vraiment fondé à parler de partenariats avec les pays en développement dès lors que les politiques migratoires européennes tendent surtout à mettre un terme à l'afflux de migrants ?

En admettant que le cloisonnement de certaines politiques soit justifiable, les politiques contradictoires sont en tout cas coûteuses et improductives. Et il est encore plus vrai que l'on se prive ainsi du bénéfice de politiques se renforçant réciproquement, au travers, par exemple, d'une utilisation constructive des activités et interventions communes susceptibles d'avoir des effets bienfaisants aux plans de l'atténuation de la pauvreté, du développement, de la prévention des conflits et de la mobilité internationale.

Ce chapitre d'analyse politique explore les aspects positifs des rapports entre migration et développement, ainsi que les possibilités correspondantes. Il examine les liens unissant migrations, développement et conflits, en prenant pour prémisses que l'alignement des politiques migratoires et des politiques de développement exige de comprendre que les diasporas de migrants et de réfugiés contribuent bel et bien au développement.

Même si l'on admet que les politiques de migration et de développement poursuivent des buts différents et ont des justifications différentes, les décideurs auraient beaucoup à gagner en faisant en sorte que les migrants soient perçus comme un levier du développement. Attachés à l'objectif d'une cohérence poli-

tique accrue et avant tout soucieux de donner la priorité absolue à l'atténuation de la pauvreté, les auteurs soulignent dans leur analyse les options permettant d'envisager une amélioration dans trois domaines : (1) Un soutien aux pays voisins qui accueillent et hébergent des migrants et des réfugiés ; (2) L'exploitation du potentiel de développement qu'offrent les migrants ; (3) Une action visant à faire en sorte que le système de l'aide et les régimes migratoires s'accordent mutuellement au lieu de se contrecarrer.

Ces trois domaines d'intervention sont compatibles avec deux principes qui priment sur tout le reste, à savoir que l'objectif premier de la coopération au développement est l'atténuation de la pauvreté, et que les politiques migratoires en faveur des pays d'origine de migrants doivent viser à créer les conditions permettant aux populations de rester sur leur territoire plutôt que de tenter de prévenir l'immigration.

#### EL NEXO ENTRE MIGRACIÓN Y DESARROLLO: INFORMACIÓN DISPONIBLE Y OPCIONES POLÍTICAS

Migración y desarrollo se vinculan de diversas maneras: a través de las estrategias de vida y supervivencia de los individuos, las familias y las comunidades; mediante las importantes y, con frecuencia, bien dirigidas remesas de fondos; en virtud de las inversiones y de actividades en favor de diásporas y comunidades transnacionales, y mediante la movilidad internacional que se asocia a la integración global, a las desigualdades y a la inseguridad.

Hasta hace poco, la migración y el desarrollo fueron considerados como sectores políticos independientes, marcados por unos criterios políticos diferentes que obstaculizan la coordinación nacional y la cooperación internacional. Las comunidades políticas diferían unas de otras y, a menudo, tenían objetivos divergentes. Para las autoridades migratorias el control de los flujos hacia la Unión Europea y otros países de la OCDE sigue siendo prioritario, al igual que la integración de los migrantes en el mercado laboral y en la sociedad en general. Por otra parte, los organismos de desarrollo temen que al tener en cuenta el problema de las migraciones se ponga en peligro las políticas de desarrollo. ¿Podrán alcanzarse las metas de reducción de la pobreza si se quiere dar satisfacción a los intereses a corto plazo de la política migratoria? ¿Podrá existir una verdadera asociación con los países en desarrollo si en Europa se adopta como principal meta política la prevención de nuevas migraciones?

Aunque pueden existir razones legítimas para mantener separadas ciertas políticas, las divergencias entre ellas son costosas y contraproducentes. Y, lo que es más importante, queda inutilizado un potencial de políticas de apoyo mutuo, es decir, de aprovechar constructivamente actividades e intervenciones comunes

a la migración y al desarrollo que podrían tener efectos positivos en la reducción de la pobreza, el desarrollo, la prevención de conflictos violentos y la movilidad internacional.

Este capítulo se centra en el análisis de las dimensiones y posibilidades positivas que ofrece el nexo entre migración y desarrollo. Pone de relieve los vínculos existentes entre migración, desarrollo y conflictos partiendo de la premisa de que para coordinar las políticas en materia de migración y desarrollo, las diásporas de migrantes y refugiados deben considerarse como una fuente para el desarrollo.

Si bien es cierto que las políticas de migración y desarrollo tienen propósitos y justificativos distintos, hay mucho campo para que los formuladores de políticas consideren a los migrantes como una fuente de desarrollo. Con miras a fomentar la coherencia política y a conceder prioridad a la reducción de la pobreza, el análisis enumera las opciones para mejorar las políticas en tres campos: (1) apoyo a los países limítrofes que acogen a migrantes y refugiados; (2) consolidación del potencial de desarrollo de los migrantes; (3) estímulo del funcionamiento de los regímenes de ayuda y migración en lugar de enfrentarlos. Estos tres campos de intervención son consecuentes con dos principios amplios, a saber: que el objetivo primordial de la cooperación para el desarrollo es la reducción de la pobreza; y que las políticas migratorias de los países de origen deben aspirar a instaurar condiciones que permitan a las personas permanecer en sus países de origen, en lugar de consagrarse a impedir las corrientes de emigrantes.

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Throughout history migration has been intimately related to economic, social, political and cultural development. However, the perception and assessment of the positive and negative impacts of migration on development have varied over time. This book looks at the arguments advanced and points to the myriad of transnational relationships, exchanges and mobility across the South-North divide.

International contributors offer various explanations of the migration-development nexus for relatively peaceful as well as conflict-ridden societies. Apart from a state-of-the-art overview of current thinking and available evidence, individual contributions focus on migration trends and policy, migration management instruments, the role of return migration, remittances and other financial flows to developing countries, livelihoods in conflict situations and the influence of aid and relief on migration patterns. Three country case studies look at the relationship between migration and development in Afghanistan, Somalia and Sri Lanka. A final policy analysis focuses on positive dimensions and possibilities of the migration-development nexus.

Throughout the book the links between migration, development and conflict are highlighted as proceeding from the premise that to align policies on migration and development, migrant and refugee diasporas have to be acknowledged as a development resource.

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