Leveraging Economic Migration for Development

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CMI Flagship Report Forced Displacement, Migration, and Human Capital Mobility: High-Level Brainstorming Session
November 5, 2019
### Typology

<table>
<thead>
<tr>
<th>Migration (economic or voluntary)</th>
<th>Internal</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forced</td>
<td>740-763 million*</td>
<td>Migrants 240 million</td>
</tr>
<tr>
<td>Climate-driven IDPs 20 million</td>
<td>Climate-driven migrants</td>
<td></td>
</tr>
<tr>
<td>FCV-driven IDPs 41 million</td>
<td>Refugees 26 million*</td>
<td></td>
</tr>
</tbody>
</table>

Source: UNDP Human Development Report 2009, UN DESA, UNHCR
Key messages

• Migration is set to increase, driven by income gaps, demographic imbalances and climate change.

• Migration is not a substitute for development at home. It can generate substantial welfare gains for sending and receiving countries. But it also brings challenges.

• World Bank can support global efforts to encourage safe and regular migration and maximize benefits for sending and receiving countries.
International migrants and refugees: 266 million or 3.5% of world population in 2018

Source: UN DESA, UNHCR, and World Bank staff estimates.

Irregular migration
Detected undocumented:
- 6 million in EU-28
- 3.4 million in the US
- Argentina, India, Malaysia, Pakistan, Thailand, South Africa, Saudi Arabia – unconfirmed numbers
South-South migration is larger than South-North migration

- **South-South**: 34%
- **South-North**: 32%
- **North-North**: 16%
- **North-South**: 4%
- **South-High-Income Non-OECD**: 14%

Note: South = Low- and middle-income countries, North = high-income OECD countries
Source: UNDESA, World Bank-KNOMAD staff estimates
International migrants and refugees for MENA region: 27 million in 2018

Refugees, 7 mn (27%)

Economic migrants, 20 mn (73%)

Source: UN DESA, UNHCR, and World Bank staff estimates.
South-South migration in MENA: 42%
South-North: 38% (2018)

Source: UNDESA, World Bank-KNOMAD staff estimates
Top migration countries for MENA in 2018

**Top emigration countries, million**

- Syria: 7.8
- Egypt: 3.9
- Morocco: 3.4
- Iraq: 3.0
- Algeria: 1.9
- Iran: 1.8
- Yemen: 1.2

**Top immigration countries, million**

- Jordan: 3.2
- Lebanon: 2.0
- Syria: 0.8
- Libya: 0.5
- Egypt: 0.4
- Iraq: 0.3
- Algeria: 0.1
- Iran: 0.1

Source: World Bank-KNOMAD staff estimates
GCC countries not shown
Migration to High-Income Countries has increased

<table>
<thead>
<tr>
<th>Classification</th>
<th>2000</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>LICs</td>
<td>2.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Lower MICs</td>
<td>2.7</td>
<td>2.8</td>
</tr>
<tr>
<td>Upper MICs</td>
<td>6.3</td>
<td>8.7</td>
</tr>
<tr>
<td>HICs OECD</td>
<td>10.2</td>
<td>13.9</td>
</tr>
<tr>
<td>HICs Non-OECD</td>
<td>29.9</td>
<td>38.2</td>
</tr>
</tbody>
</table>

Share of population (%)
Drivers of Migration

• Income gaps
• Demographic changes
• Environmental Change
• [Fragility, Conflict, Violence]
Drivers of migration: Income gaps (per capita income in high-income countries is 54 times larger than in low-income countries)

* 2013-2017 Average of GDP per capita
### Drivers of Migration: Demographic Divergence

<table>
<thead>
<tr>
<th>Country</th>
<th>Ratio of 65+ persons to 15-24 year olds, 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>3:1</td>
</tr>
<tr>
<td>Germany</td>
<td>3:1</td>
</tr>
<tr>
<td>Italy</td>
<td>3:1</td>
</tr>
<tr>
<td>Korea, Rep.</td>
<td>3:1</td>
</tr>
<tr>
<td>Poland</td>
<td>2:1</td>
</tr>
<tr>
<td>China</td>
<td>1:1</td>
</tr>
<tr>
<td>Lebanon</td>
<td>1:1</td>
</tr>
<tr>
<td>Mexico</td>
<td>1:2</td>
</tr>
<tr>
<td>India</td>
<td>1:2</td>
</tr>
<tr>
<td>Pakistan</td>
<td>1:3</td>
</tr>
<tr>
<td>Egypt</td>
<td>1:3</td>
</tr>
<tr>
<td>Kenya</td>
<td>1:6</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>1:5</td>
</tr>
<tr>
<td>Nigeria</td>
<td>1:7</td>
</tr>
<tr>
<td>Uganda</td>
<td>1:9</td>
</tr>
</tbody>
</table>

*Working age defined as 15-64.*

*Source: International Labour Organization calculations based on ILO Trends Econometric Models and UN World Population Prospects (2017 Revision).*
### Change in working age population 2018-2030 (million)

<table>
<thead>
<tr>
<th>Region</th>
<th>Change (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing countries</td>
<td>552</td>
</tr>
<tr>
<td>East Asia &amp; Pacific</td>
<td>15</td>
</tr>
<tr>
<td>Europe &amp; Central Asia</td>
<td>-3</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>40</td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
<td>56</td>
</tr>
<tr>
<td>South Asia</td>
<td>194</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>251</td>
</tr>
<tr>
<td>High-income OECD</td>
<td>-17</td>
</tr>
</tbody>
</table>

*Working age defined as 15-64.*

*Source: International Labour Organization calculations based on ILO Trends Econometric Models and UN World Population Prospects (2017 Revision).*
Climate change may induce 143 million people to migrate

Due to:

• Decreasing crop productivity
• Shortage of water
• Rising sea level
• Melting glaciers
Key messages

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Impacts of Migration: Benefits

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

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

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

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

Potential gains from increased migration exceed those from full trade liberalization (GEP 2006, World Bank).
Remittance flows to LMICs to reach $551 billion in 2019, $597 billion by 2021

Source: World Bank-KNOMAD staff estimates, World Development Indicator, and IMF’s BOP statistics
Remittance flows to MENA region to reach $59 billion in 2019, $63 billion by 2021

Source: World Bank-KNOMAD staff estimates, World Development Indicator, and IMF’s BOP statistics
Top recipients of remittances for MENA in 2019

($ billion, 2019e)

- Egypt: 26
- Lebanon: 18
- Morocco: 13
- Jordan: 13
- Yemen & Gaza: 10
- Tunisia: 9
- Algeria: 6
- Syria: 5
- Iraq: 3
- Iran: 1

(% of GDP, 2019e)

- Egypt: 7
- Lebanon: 13
- Morocco: 13
- Jordan: 10
- Yemen: 9
- Tunisia: 6
- Djibouti: 5
- Algeria: 3
- Iraq: 1

Source: World Bank-KNOMAD staff estimates
Impacts of Migration: Challenges

Migrants

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

Origin countries

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

Destination countries

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

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

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

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

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

4. Lending (7)

Viewing SCDs and CPFs through a migration lens in countries where migration and remittances are important
Recruitment costs are highly variable and are disproportionately higher for lower-income workers. Some lower-income workers worked more than 2 years to pay off recruitment costs, with some paying as much as $9,000.
Average remittance costs remain higher than the SDG target (SDG indicator 10.c.1)

Source: Remittance Prices Worldwide, World Bank.
All WBG programs affect the drivers of migration

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

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

2. Reducing recruitment costs (SDG 10.7.1)
   - Regulation of recruitment agencies, bilateral labor agreements, access to information and finance

3. Managing climate-driven migration
   - Provision of services to displaced people and host populations, support resilience and adaptation plans

4. Supporting integration of migrants in host countries
   - Demand driven
The Way Forward

5. Reducing remittance costs and increasing volume of remittances (SDG 10.c.1, 17.3.2)
   - Monitor flows and costs, support reform of retail payment systems, financial inclusion

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

7. Generating knowledge
   - Data, capacity building, program evaluation, Annual Migration and Development Report

8. Supporting global partnerships

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