



Migration: a Negative or a Positive Driver for Development?

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- ◆ The effects of migration on development depend on who leaves, where they go, and how home countries adjust to their leaving.
- ◆ Migration and development policies are complements, not substitutes.
- ◆ Smart visa policies coupled with capacity building at home can maximise the positive impact of migration.

Development and migration influence each other in multiple ways

- *Development* encourages people in low-income countries to stay employed at home, but it also gives them the financial means to seek better standards of living abroad. It creates opportunities and provides better conditions for return migrants as well.
- *Migration* is good for growth and poverty reduction because it can stimulate productive restructuring, productivity-enhancing investment and skill accumulation in sending countries, as well as increasing employment and income opportunities for migrants, or the flow of remittances. It can also, however, aggravate income inequality, cripple health or education systems (when teachers and nurses leave), create social tension and give rise to serious human-rights violations.

When does migration have a positive effect on development?

It depends on two things:

- i) *Patterns of migration*: Low-skilled migrants typically contribute more to poverty reduction in their countries of origin than higher-skilled professionals, because they tend to originate from lower-income families and communities and their departure opens opportunities for other low-skilled workers to replace them; they also remit more per person,

especially because they tend to come from poorer communities and often leave their families behind. High-skill migration could have a serious negative impact on the delivery of critical services such as health, education and administration; it can also stimulate development however, when high-skill professionals are not effectively utilised at home or if their migrating creates incentives for those left behind to invest in education and training. Significant gains can also be accrued to developing countries when migrants return and put their skills and savings at their country's service or when diaspora networks contribute to increased trade or technology transfers.

- ii) *The capacity of sending countries to adjust to the departure of migrants*: This is dependent on market conditions and institutions in place but also on policies.

Since both migration patterns and the capacity to adjust are important determinants of the migration-development nexus, *migration and development policies should be viewed as complements, not substitutes.*

OECD countries can combine the promotion of development in low-income countries with appropriate migration policies

Smart visa policies: well-designed, temporary but renewable employment schemes for both the low and the high-skilled. They should stipulate clear admission criteria, provide adequate supervision of recruitment

procedures and extend flexibility in working arrangements by not tying migrants to a single employer.

Partnership arrangements could effectively link recruitment with capacity building and replenishment in the countries of origin.

The countries that have integrated migration effectively into their growth and poverty reduction strategies, while taking fully into account the budgetary implications of labour movements, are in a better position to profit from migration. Facilitating workers' replacement can mitigate the negative effects of migration on labour markets (see box). Investing in infrastructure and promoting technological and productive restructuring can expand and spread the benefits considerably. Finally, effective trade-capacity building can accelerate employment creation and reduce the incentives for migration.

How to replenish capacity gaps left by migrants?

- √ deploy available personnel effectively
- √ encourage internal or regional labour mobility through infrastructure development
- √ introduce appropriate retraining and education programmes
- √ strengthen health and education delivery systems
- √ restructure methods of financing higher education
- √ encourage productive restructuring especially in agriculture

In rural Bangladesh, migrants have been easily replaced by nearby villagers; in sub-Saharan Africa, regional labour mobility has helped integrate labour markets and dampen the adjustment costs. Remittances have helped finance internal migration in Albania. Private financing of education in the Philippines has eased the fiscal burden from the brain drain.

ODA can help

Donors could assist high-migration, low-income countries to replenish their capacity gaps in order to retain labour, expand employment opportunities, diffuse the benefits of migration within the economy and facilitate the return of migrants. ODA should also be used strategically to reduce vulnerability and enhance human security, thus addressing one of the root causes of massive migration. Improving access to land and water assets, supporting agricultural extension programmes and irrigation infrastructure, promoting institutional capacity building, appropriate land titling and regulatory modernisation are only a few examples of policy priorities that could significantly enhance human security in the countries of origin and stem the desire for relocation.

In sum, smart visa policies and strategic capacity building in sending countries, supported by ODA and coherence across policies can turn migration into a positive driver for development.

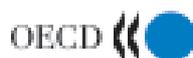
Further reading:

"Effects Of Migration on Sending Countries: What Do We Know?" by Louka T. Katseli, Robert E.B. Lucas and Theodora Xenogiani, *Working Paper* No. 250, OECD Development Centre, Paris.

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