

## FOCUS

# International Migration and Development

**Migration is growing at an accelerating pace, bringing important development benefits to source countries**

Growth in international migration has accelerated in recent years, and more so for female than male migrants. As a result, migration has become an increasingly important part of globalization, with large benefits for developing source countries—including lower poverty in migrants' home country, better education and health outcomes, and better prospects for return migrants. These are some conclusions of two recent World Bank publications on international migration and development.

In a volume coedited by Özden and Schiff an important finding is that gains in education outcomes are larger for girls in migrant households than for boys. Empirical analysis based on data from the Pakistan Rural Household Survey, and correcting for the potential endogeneity of the migration decision, shows that migration increases girls' school enrollment by as much as 54 percent (from 0.35 to 0.54) compared with just 7 percent (from 0.73 to 0.78) for boys. Similarly, in El Salvador migration and remittances have positive effects (of comparable size) for boys and girls until the end of primary education but only for girls after age 14. Similar differences are found in health. A more general conclusion is that development outcomes for girls tend to be a luxury—increasing at higher incomes—while those for boys tend to be more fully satisfied at lower incomes.

The volume also shows that migrants do better upon returning home than similar individuals who did not migrate. Analysis based on labor market data for the Arab Republic of Egypt, after controlling for potential selectivity bias associated with migration and wage employment participation decisions, shows that return

migrants earn as much as 40 percent more than similar nonmigrants and that the gains for uneducated workers (40 percent) are more than twice those for highly educated workers (19 percent). These findings underscore the positive effects of temporary migration on human capital in the home country. They suggest that temporary migration could provide a win-win-win outcome in which host countries benefit from access to needed labor, and migrants and home countries benefit from greater human capital and labor productivity upon migrants' return.

A fascinating issue is the impact of migration on fertility rates in migrants' home countries associated with the transmission, by the migrants, of information on customs and behaviors in host countries. In Morocco and Turkey emigration was mostly to low-fertility countries of Western Europe and resulted in a decline in fertility from 1960 on. In Egypt, by contrast, emigration was mostly to the more conservative Gulf States and led to a slower process of fertility decline.

A volume coedited by Morrison, Schiff, and Sjöblom sheds light on the characteristics of the 95 million women migrants, the determinants of their decision to migrate, and the impact on households back home. It reports that the share of women among international migrants increased from 46.7 percent to 49.6 percent between 1960 and 2005. Compared with men's share, it is now larger in the former Soviet Union (58 percent and rising); about equal and rising in Europe, Oceania, and Latin America and the Caribbean; equal and steady in North America; and smaller in Africa (47 percent and rising) and Asia (43 percent and falling).

The share of women migrating for employment rather than family reasons has increased, though labor market participation and performance in host countries vary significantly by country of origin. Analysis based on the 2000 U.S. census, after correcting for sample selection bias and control-

ling for personal characteristics, shows that labor force participation rates are higher for women migrants in the United States who hail from the Caribbean, East Asia, Europe, and Sub-Saharan Africa than for those from South Asia, the Middle East, and North Africa. Among women educated in their home country, those from Ireland, Australia, and the United Kingdom earn the most. Among women from developing countries, those from South Africa, Jamaica, and India have the highest salaries—and those from Colombia, the Dominican Republic, and Cuba the lowest—highlighting the importance of language skills for labor market performance. The study also shows that U.S.-educated women migrants earn more than those educated at home.

These findings have important implications for source countries' education policy, because substantial resources seem to be spent on education of little use in the host country. A better sense of what is awaiting migrants in host countries should help individuals and governments in source countries improve their allocation of education resources.

Another key finding is that greater border expenditures in the United States significantly deter migration from Mexico by women but not by men, probably because illegal migration has greater costs for women, who are more vulnerable to abuse. Thus a seemingly gender-neutral migration policy can have a substantially different impact on male and female migrants.

Several measures could increase the development benefits of women's migration:

- Developing mechanisms to increase women's ability to influence the allocation of household expenditures. This is especially important for migrant women sending remittances, since they are likely to want to allocate more resources for children.

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# Schooling in Developing Countries

● Peter F. Orazem and Elizabeth M. King

## The expanding frontier of research on education in developing countries offers many lessons for policy

Higher incomes, demand for more skilled labor, and more activist governments are driving a global convergence in education levels as measured by years of schooling. Successive generations of parents in developing countries investing in their children's education has narrowed the differences in schooling across and within cohorts of children, across and within countries, and between and within genders.

A review of the research literature over the past 20 years by Orazem and King suggests that years of schooling are increasing and that male-female and urban-rural schooling gaps are decreasing. For example, since 1960 the ratio of adult men's years of schooling in developed countries to those in developing ones fell from 5.8 to 2.4. And women's average schooling level in developing countries as a ratio to men's increased from 0.5 to 0.7.

Schooling gaps are best understood by looking at household decisions about how much to invest in children's education and at the way families perceive the tradeoffs between present schooling costs and the expected gain in future earning capacity. Why do urban populations fare better in the education marketplace? Schooling levels in rural areas lag behind those in urban areas because the returns to education in nonfarm work are generally higher in urban markets. In a more prospective light, rural-to-urban migration could mitigate this difference in returns, but that would depend on the extent to which rural households anticipate, not fear, their children's greater mobility.

Different economic models are used to predict where policies or projects are most likely to succeed or fail at increasing supply and demand for

education. These models shed light on why schooling gaps may occur, why they may persist or diminish over time, how they may respond to policies or to economic shocks, and how they can be transmitted from parent to child.

The most common rationale for government intervention in schooling is that the expected public return to schooling is above and beyond the private return captured by households. It is also true that liquidity constraints can prevent households from borrowing against future earnings and may reduce households' demand for schooling relative to the social optimum. While the most common government intervention is through the direct provision of public schools, countries have tried to increase demand for education by giving poor households vouchers to pay all or part of the tuition at a private school or by transferring income directly to schools through capitation grants.

A range of policy options are explored using stylized models and factors that influence the likely success of interventions on both the supply and the demand side—and the empirical evidence on the impact of those options is reviewed. The same policy often can have different effects depending on the magnitudes of behavioral parameters—and can either raise or lower the cost of schooling. For example, a voucher program is more successful when school supply responds more elastically to price. School supply is almost surely more elastic in urban than in rural areas. But it will be particularly elastic in areas with excess school capacity, since the cost of adding a space for an additional student is low. Schooling demand is more income elastic in rural than in urban areas—and generally more income elastic in developing than in developed countries. And where girls receive less schooling than boys, the elasticities of schooling with respect to income and prices are higher for girls than for boys.

Research over the past two decades

has made advances in measuring educational outcomes. The greater availability of household survey data has made it possible to measure and distinguish among different aspects of enrollment, including attendance, age at entry, grades repeated, and grades completed. A survey question asking about a child's current grade will overestimate years of schooling attained if the child drops out in the middle of the school year, but will underestimate completed years of schooling if the child continues on to the next grade.

But years of schooling completed (enrollment) and cognitive achievement (learning) are quite different dimensions of education. The measurement frontier lies in expanding the availability of data on learning achievement in developing countries, because it is the acquisition of knowledge and skills that is at the heart of the schooling process and the true measure of the success of education systems.

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Peter F. Orazem and Elizabeth M. King. 2008. "Schooling in Developing Countries: The Roles of Supply, Demand and Government Policy." In *Handbook of Development Economics*, vol. 4, ed. T. P. Schultz and John Strauss. Amsterdam: North-Holland.

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- Expanding women's opportunities for temporary migration through Mode IV (of the General Agreement on Trade in Services), guest worker, and other mechanisms.

- Allocating significant resources to collecting and analyzing new sex-disaggregated migration statistics, which will inform next-generation migration policy.

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Andrew R. Morrison, Maurice Schiff, and Mirja Sjöblom, eds. 2007. *The International Migration of Women*. Washington, DC: World Bank. Çağlar Özden and Maurice Schiff, eds. 2007. *International Migration, Economic Development & Policy*. Washington, DC: World Bank.