International Migration and Development

International Migration: Implication for Growth and Welfare

International migration has enormous implications for growth and welfare in both origin and destination countries. Although some research exists on the impact of migration in receiving countries (such as on labor markets), little empirical research has been done on the impact in sending countries. This research project sought to fill that gap by identifying migration policies, regulations, and institutional reforms by industrial and developing countries that would lead to better development outcomes.

Analyses of the development impact of remittances and the determinants of migration drew on household-level data already available or being developed through surveys under the project. The analysis used household data to empirically assess the effects of remittances on poverty and inequality in sending countries as well as their effects on spending on health, housing, education, and entrepreneurship.

The project analyzed financial sector development on the role of host country characteristics (such as growth, poverty, GDP per capita, education levels, migration, and crisis episodes) and world economic conditions in explaining remittance flows, using balance of payments data on remittance flows to more than 100 countries in 1980–2002. The project also studied whether remittances intermediated by the formal financial sector in the host countries helped to develop this sector by increasing aggregate deposits or the credit intermediated by the local banking sector.

Research on social protection included an overview of bilateral social security agreements and their implementation, and assessed the situation of migrant workers in the absence of such agreements. The project studied gaps in the social protection of migrant workers originating in a lack of portability of social security benefits, and proposed new approaches to enhance portability. Country case studies in Mexico, Morocco, the Philippines, and Turkey highlighted the workings and practicability of the administrative processes for implementing portability.

Responsibility: Development Research Group, Trade Team—Maurice Schiff (mschiff@worldbank.org), Çağlar Özden, Vlad Manole, and Richard H. Adams Jr., Office of the Director—L. Alan Winters, and Finance Team—Maria Soledad Martinez Peria; and Development Economics, Office of the Senior Vice President and Chief Economist—Coralie Gevers. With Dean Yang, Claudia Martinez, and Hwa Jung Choi, University of Michigan; Dominique Gross, University of Geneva; Frederic Docquier, University of Lille 2; J. Edward Taylor, University of California at Davis; David McKenzie, Stanford University; and Riccardo Faini, Ministry of Economy, Italy.

Project Code: P088066.
 Completion date: June 2007.

Publications

Regional Integration and Migration with Agglomeration

This research project studied the impact of the medical brain drain on health and the overall economy of the host country in the context of temporary movement of service providers, the impact of migration on employment and wages, and the link between trade in financial services, and capital movements. Past research examined the impact on health care services but not the added impact on the effective supply of labor
(because of changes in health) and its economic implications. This project provided a different approach to help resolve the issue as to whether migration lowers natives' wages. This issue had not been examined under the assumption of scale economies and economic externalities, plausible assumption for developed partners of regional integration agreements. The analysis was based on trade theory and simulations using a computable general equilibrium model.

There were four main project findings. First, actual gains from entry of health service providers were larger than previously estimated. Second, migrants did not reduce native wages or raise unemployment. Third, under scale economies and economic externalities, migration and capital movements were complements under plausible assumptions, potentially exacerbating core-periphery tendencies in regional integration agreements. This was a crucial issue for the less developed members of such agreements. Furthermore, migration benefited native labor rather than the opposite. And fourth, openness of trade in financial services could benefit from increased in capital movements, implying that policymakers should consider both simultaneously.

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**Project Code:** P094422.

**Completion date:** June 2006.

**Publication**

**Remittances and Migration**

The World Bank’s Migration and Remittances Team’s work program involves efforts to monitor and forecast remittance and migration flows, analysis of the here-and-now topics involving migration and remittances, and provision of information and policy advice.

This ongoing research project has carried out several studies. The project has explored the gains and losses from international migration and policies to improve the developmental impact of migration, with particular attention to remittances. This study evaluated the costs and benefits of migration, through model-based simulations and a review of the economic literature. The findings showed that international migration generates significant economic gains for migrants, their countries of origin, and their countries of destination. Further, the benefits to the countries of origin are especially large in the case of migration of low-skilled workers.

The project’s study of South-South migration and remittances found that nearly half of the migrants from developing countries reside in other developing countries. One of the findings was that the costs of South-South remittances are even higher than the costs of North-South remittances.

The project will develop a comprehensive bilateral database of migrant stocks and estimates of bilateral remittance flows for 212 countries. (The data sets on bilateral migration stocks and bilateral remittance flows worldwide are posted at www.worldbank.org/prospects/migrationandremittances). The project includes studies of leveraging remittances for improving capital market access; mobilizing Diaspora resources for development; and analyzing migration, remittances, and development in Africa. The project has developed databases on remittance inflows and outflows in 1970-2006, South-South migration and remittances flows for 212 countries, and the Web-based Migration and Remittances Factbook.

Project findings have been presented at the UN High-Level Dialogue roundtable on South-South Migration, New York (September 2006); PREM Week, World Bank, Washington, D.C. (April 2006); the Second International Conference on Remittances, London (November 2006); and the Migration and Development Conference, World Bank, Washington, D.C. (May 2007).

**Responsibility:** Development Prospects Group, Migration and Remittances Team—Dilip Ratha (Dratha@worldbank.org). With Binod Khadria, Jawaharlal Nehru University; Suhas L. Ketkar, Vanderbilt University; Tasneem Siddiqui, University of Dhaka; and Sanket Mohapatra, William Shaw, and Zhimei Xu, World Bank.

**Project Code:** P088048.

**Completion date:** Ongoing.

**Publications**
Ratha, Dilip, Prabal De, and Sanket Mohapatra. 2007. “Shad-
Household Surveys on International Migration and Remittances in Ghana

The objective of the project was to collect original, household-level data on migration and remittances in Ghana. The project used the data to analyze the impact of internal and international migration and remittances on poverty and income inequality in Ghana. It also analyzed how internal and international migrant households spent and invested remittance income, and how this contributed to overall economic development. And the project examined how the internal and international migration of workers from Ghana has affected wage rates and labor markets in that country.

The project was conducted by inserting a module of 45 questions on migration and remittances into the nationally-representative 2005/06 Ghana Living Standards Survey. The survey was conducted by the Ghana Statistical Service in Accra.

The data have not yet been analyzed because the project only recently received the data on migration and remittances from the 2005/06 Ghana Living Standards Survey. The data are being cleaned and organized for the analysis. Access to the data will be made available later.

This was one of the first completed national representative household surveys including comprehensive information on remittances and migration in Africa. The data should contribute to the understanding of the nexus between migration and economic development and to enhanced policy-making in this area.

Responsibility: Development Research Group, Trade Team—Maurice Schiff (mschiff@worldbank.org) and Çağlar Özden. With Richard Adams.

Project Codes: P096150 and P092160.
Completion date: December 2007.

Household Surveys of International Migration and Remittances in Pakistan

This research project collected original, household-level data on migration and remittances in Pakistan by inserting a module on migration and remittances into the nationally-representative household survey for 2001-02. The project analyzed the impact of migration and remittances on health and education outcomes, how entrepreneurship and investment were affected by migration and returning migrants, and how international migration affected labor market activity and child labor.

Econometric analysis showed that migration had a positive impact on all measures of educational attainment. Children from migrant households were more likely to attend school, stayed in school during the age range of peak dropout rates, had higher completed grades, and progressed through school at a significantly better rate than children in non-migrant households.

The results for health showed that young girls in migrant households were taller than girls of the same age in non-migrant households. Boys had a better weight-for-age score than girls in non-migrant households, but the differential impact of migration more than compensated for this loss, so that the score for girls was higher than that for boys in migrant households.

The study considered three types of capital investment in rural Pakistan—establishment of a non-farm enterprise, purchase of major farm implements (tractors and tube-wells), and purchase of agricultural land—and distinguished between ongoing and completed migration episodes. The results showed that migration had a significant negative impact on household non-farm business investment that was entirely reversed once the migrant had returned. Thus, migrant households to which the migrant had returned were as likely to have a non-farm business as non-migrant households. Moreover, migrant households were as likely to invest in farm assets as non-migrant households, and return migration had no impact on the result. Finally, migration also had a large positive impact on land purchase.

The project findings were presented at the Global Forum for Migration and Development in Brussels, London, Cairo, and Paris.
Responsibility: Development Research Group, Trade Team—Maurice Schiff (mschiff@worldbank.org), Ghazala Mansuri, and Çağlar Özden. With Pablo Acosta, Corporacion Andina de Fomento.

Project Code: P096157.

Completion date: July 2006.

Publications

International Migration and Development — The case Study of the Brazil Nikkei Households

This research project carried out research and analytical work within the framework of the Research Program on International Migration and Development. In particular, it set out to improve household survey instruments.

The Brazil Nikkei Household Survey was undertaken to answer two key questions. First, what were the key determinants, constraints, and socio-economic and welfare impacts of international migration by Japanese-Brazilians to, settlement in, and return from Japan? And second, which survey sampling methodologies could be used to collect representative data through household survey questionnaires for applied micro-economic analysis of migration and remittance corridors?

The project implemented three alternative sampling methodologies to collect data from Japanese-Brazilian families of potential migrants to Japan. Households were selected randomly from a door-to-door listing using the Brazilian Census to select census blocks. A snowball survey used Nikkei community groups to select the seeds. And an intercept survey was collected at Nikkei community gatherings, ethnic grocery stores, sports clubs, and other locations where family members of migrants were likely to congregate.

The project findings should provide researchers and policy-makers with useful guidance on the use of snowball and intercept surveys for collecting data on migrants when it is not feasible to conduct the more expensive census-based method.

Responsibility: Development Research Group, Trade Team—Maurice Schiff (mschiff@worldbank.org). With Yoko Niimi.

Project Code: P097353.

Completion date: July 2006.

Publication

Medical Brain Drain and Labor Markets

This research project was the first effort to collect a global database on the international migration of physicians. The project produced two studies. The first was a descriptive paper of the main findings of the data. The second analyzed the macro-economic data by developing a conceptual framework for modeling the interrelationships among HIV prevalence, migration of healthcare staff, and economic activity in developing countries. The analysis estimated a triangular system of equations using five time observations for medical brain drain rates, the number of AIDS deaths, life expectancy, and GDP growth rates, taking into account the interdependence between these variables.

The data revealed that average medical brain drain decreased with country size. The rate observed in small countries was seven times as large as the rate observed in large countries. Low-income countries were much more affected by medical brain drain than middle and high-income ones. And average medical brain drain was particularly severe in the Middle East and North Africa, South Asia, and Sub-Saharan Africa.

The analysis revealed that higher HIV prevalence increased the emigration of physicians. Although medical brain drain did not significantly predict lower GDP growth rates, it was likely to affect life expectancy and hence economic growth in the long run.

Responsibility: Development Research Group, Trade Team—Maurice Schiff (mschiff@worldbank.org). With Frederic Docquier, IRES, Université Catholique de Louvain, Department of Economics.

Project Code: P094424.

Completion date: November 2006.

Publications
Bhargava, A., and F. Docquier. 2006a. “Panel Data on Migra-
Immigration to Switzerland

Many receiving countries have begun the process of modifying their migration policies. But there has been little empirical evidence on the consequences of different migration policies. The purpose of this research project was to analyze the impact of different immigration policies on immigration in Switzerland.

The analysis provided evidence that the overall dynamic of the Swiss migration system has led to an ever-increasing share of newcomers not covered by the quotas. The outflow of migrants has not responded to economic incentives as the government expected. Hence, at the beginning of the 21st century, the link between the instruments of immigration policy and its goals had become weak and the level of foreign population was at an all-time high.

The project also showed that the share of residents from the former Republic of Yugoslavia in the total foreign population in Switzerland rose to almost 25 percent in 2000, to become one of the largest foreign communities. This increase coincided with a new policy, which from 1995 gave priority to workers from the European Union for new permits and severely restricted work permits for migrants from the rest of the world.

The empirical analysis showed that when there was no discriminatory treatment by immigration policy, immigrant workers from the former Yugoslavia responded to financial and cultural incentives in the same way as their unskilled counterparts from Southern European countries. The restriction on permit availability in the mid-1990s appeared to have weakened the financial and cultural attractiveness of Switzerland for immigrants from the former Yugoslavia. This result may have been a signal of the change in the characteristics of migrants from the region toward higher skill levels.

The project findings were presented at the Global Forum for Migration and Development, Brussels, and in Paris, Cairo, and London.

Responsibility: Development Research Group, Trade Team—Maurice Schiff (mschiff@worldbank.org) and Çağlar Özden. With Dominique Gross, Graduate Public Policy Program Simon Fraser University Harbour Centre.

Project Codes: P088066 and P094995.
Completion date: June 2005.

Publications


Migration, Poverty, and Income Strategies in Albania

Sustainable economic growth, poverty reduction, and the management of migration flows are among the most pressing items on the policy agenda in Albania. Yet there is little systematic analysis of the income generating strategies of Albanian households in the emerging market economy, and how this relates to income dynamics, people’s mobility, and poverty.

The results of this research project showed that agricultural, migration, and human capital assets have had a differential impact across livelihood choices, and that this impact has varied by gender and age. Two areas of policy concern derive from this analysis. First, migration is clearly crucial for the economic future of Albania, both in terms of financing economic development, serving as an informal safety net, and in reducing excess labor supply and poverty. However, the potential disincentive effect on labor effort and participation would have implications in terms of missed opportunities for development. Second, agriculture appears to be more of a survival strategy than part of a poverty exit strategy.


Project Code: P088182.
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