



**Organization for Security and Co-operation in Europe
Secretariat**

EEF.IO/11/09
18 May 2009

ENGLISH only

Conference Services

**Seventeenth OSCE Economic and Environmental Forum - Part 2:
“Migration management and its linkages with economic, social and environmental
policies to the benefit of stability and security in the OSCE region”
Athens, Lagonissi Grand Resort, 18 - 20 May 2009**

**Session 4
Enhancing the development impact of migration**

Please find attached the presentation by Mr. Andrew Dabalen, Senior Economist, Poverty Reduction and Economic Management, Europe and Central Asia, The World Bank

Enhancing Contribution of Migration to Development

Andrew Dabalen
World Bank

Motivation

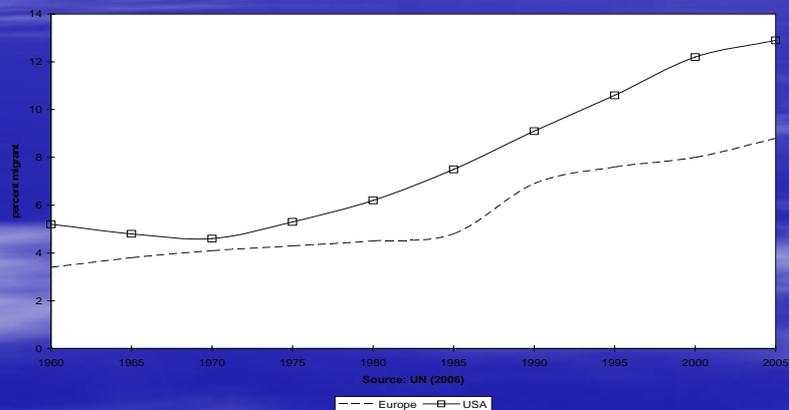
- Disagreements on the benefits of migration
 - Brain drain vs. brain circulation, dependency, etc.
- Disagreements on the role of immigrants
 - “Welfarist” view – migrants are drawn to generous welfare state benefits and contribute little to host countries
 - “efficient market” view – migrants lead to better allocation of resources and therefore more efficient economies
- Question: How does migration enhance development remains relevant?
 - Especially relevant to EU in light of enlargement debate

Outline of the presentation

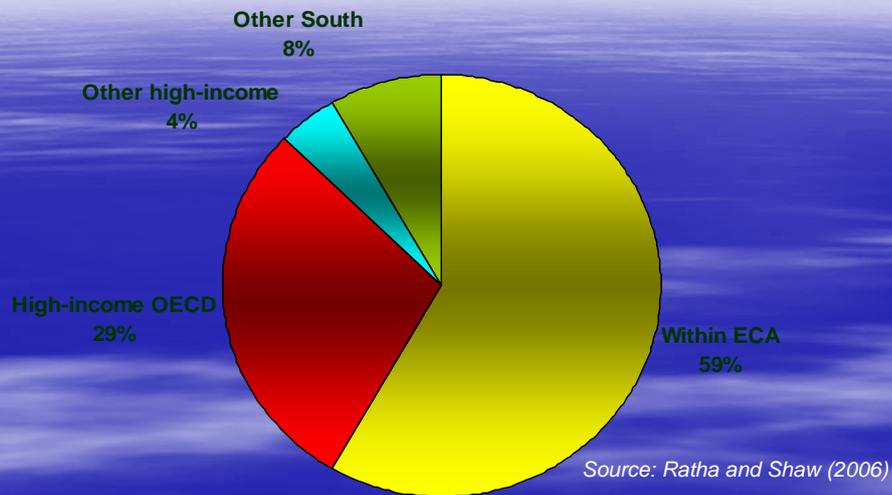
- A quick snapshot of migration in ECA
- How and through which channels is migration important for development?
- How is the current crisis likely to affect migrants and countries?
- What can be done in the short run, without losing track of the medium term?

Percentage migrants in population – U.S. and Europe attract a large portion of migrants . . .

Figure 2: Percent migrant in population - US and Europe



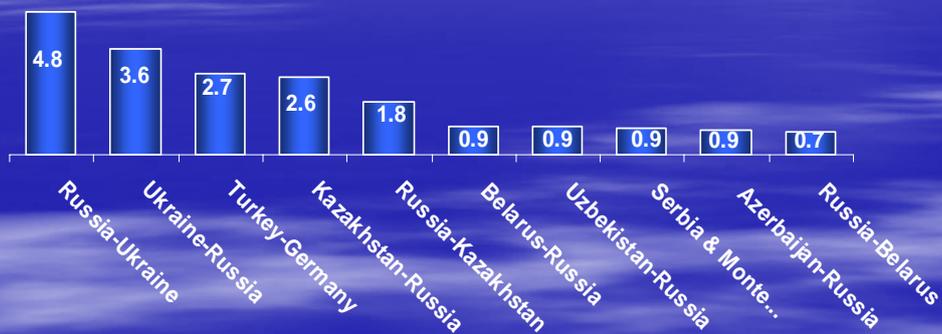
Destination of migrants from ECA



Stock of emigrants: 47.6 million or 10% of population

Europe and Central Asia top migration corridors

Millions



Source: Ratha and Shaw (2007)

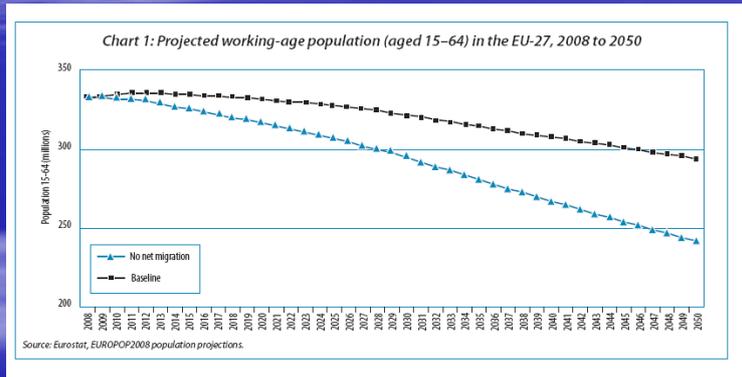
Development Channels of Migration: In Normal Times (sending countries)

- Economic growth through increased foreign exchange
- Income gains to migrants and reduction in household poverty
- Investment in human capital (better education and health for those left behind)

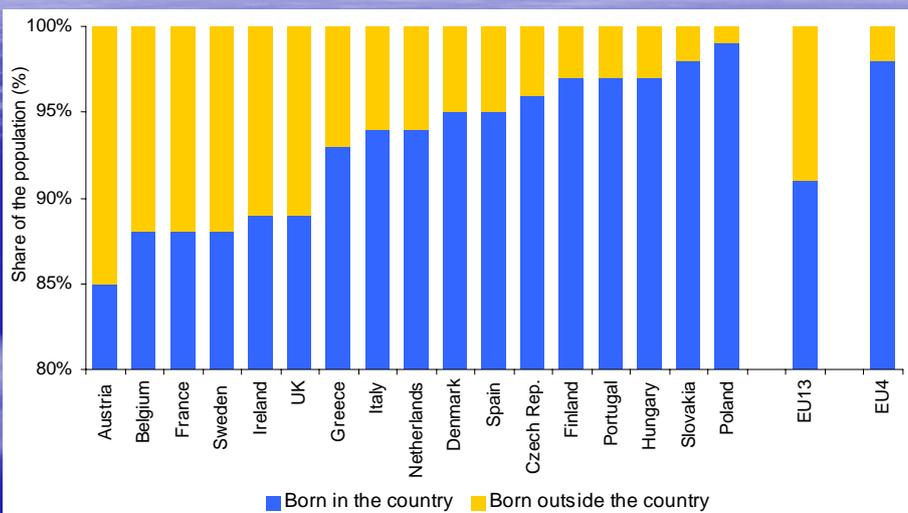
Economic Benefits of Migration Extend to receiving countries

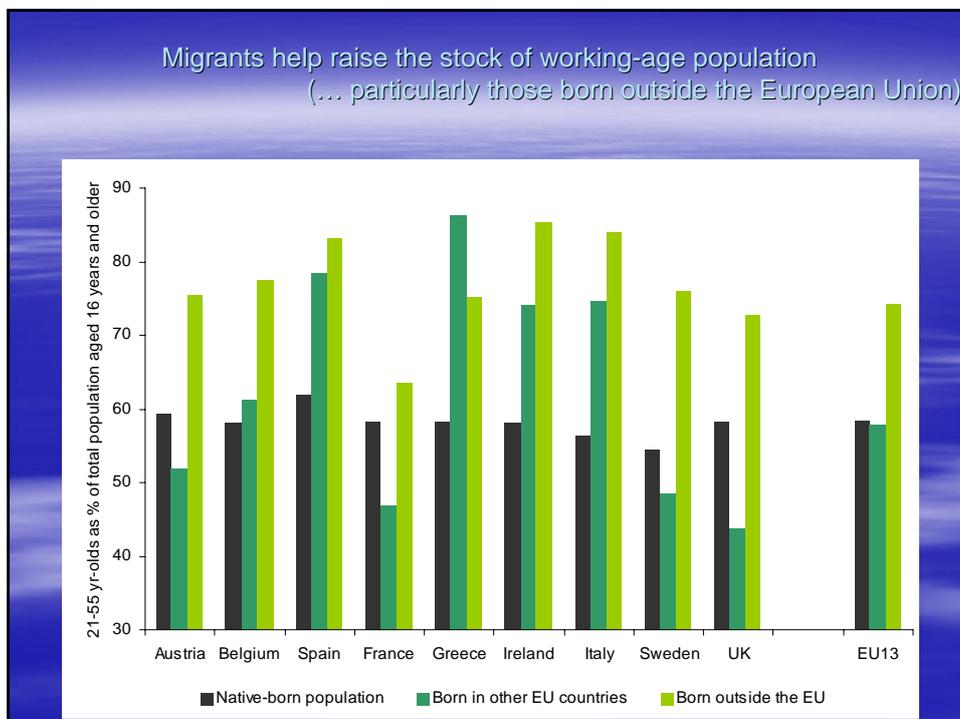
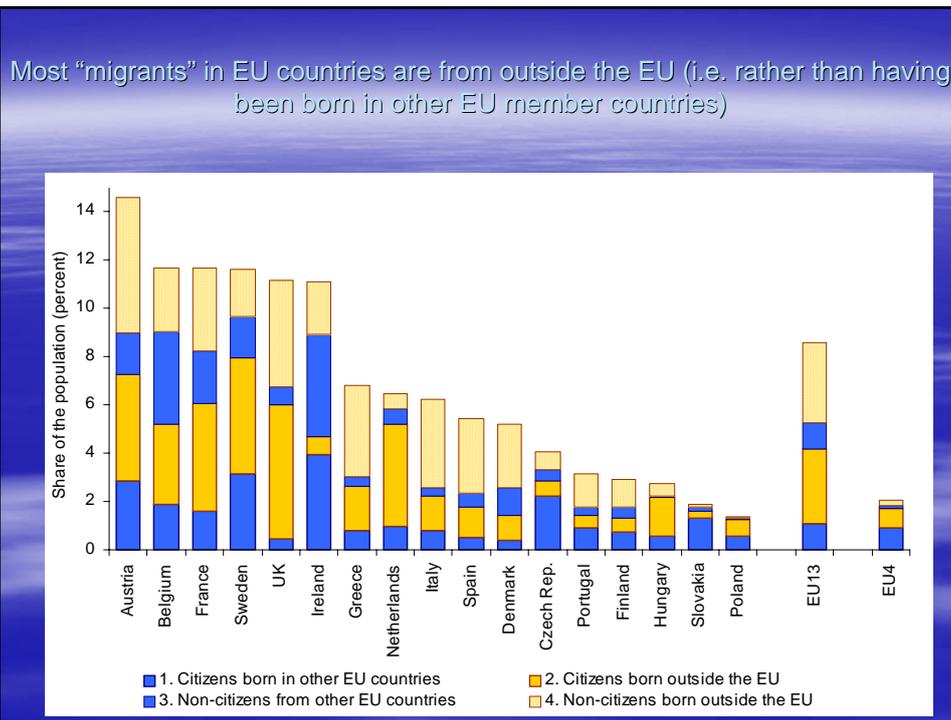
- Improved economic efficiency and growth
- Increased labor supply (as populations in developing countries decline)
- Contribute to tax and benefit system of host countries
- Job-creation through migrant entrepreneurship

Working-age populations in developed countries decline . . .

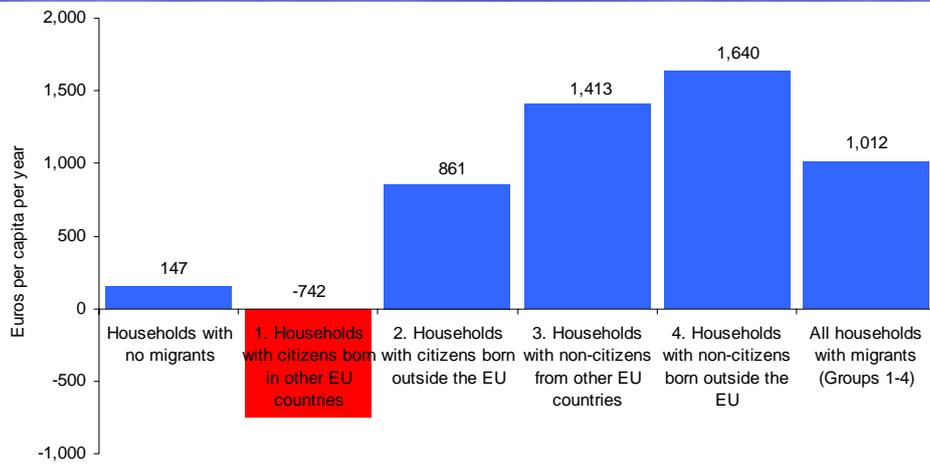


About 8 percent of residents of EU13 countries were born outside the country where they currently live

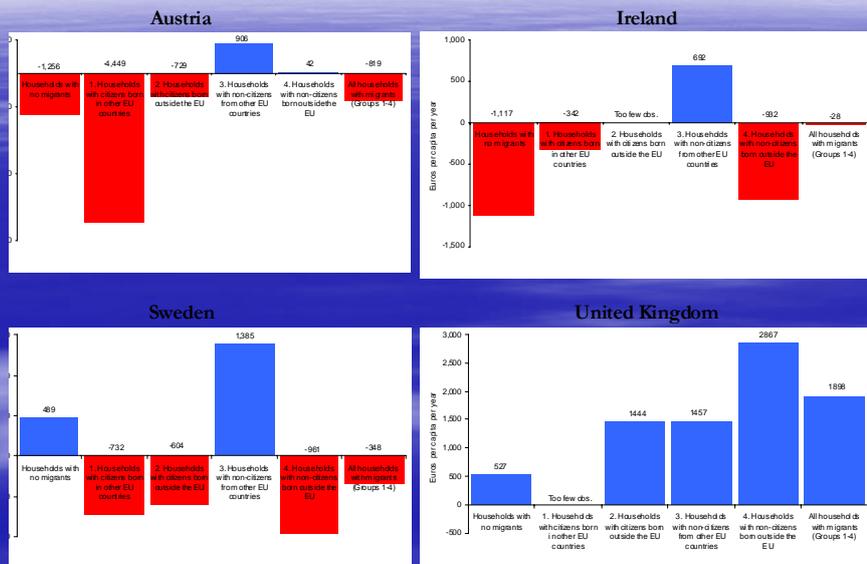




In EU13 countries migrant households contribute much higher “net taxes” compared to households with no migrants



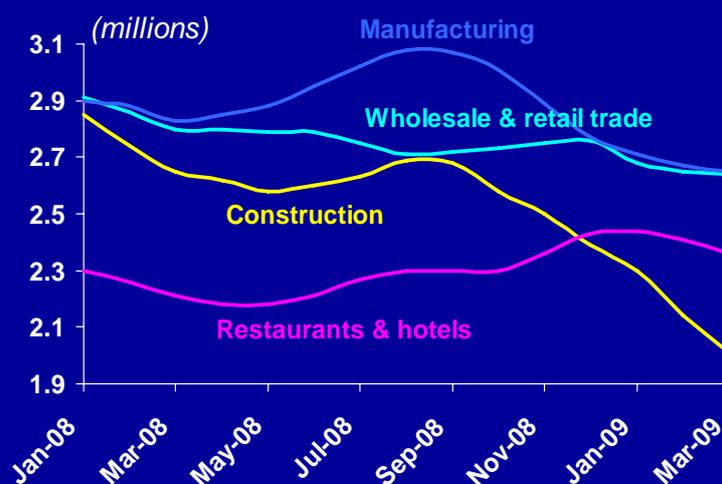
... this is true in most EU countries (... but Sweden is a notable exception)



The New Environment: The Financial Crisis – what is different?

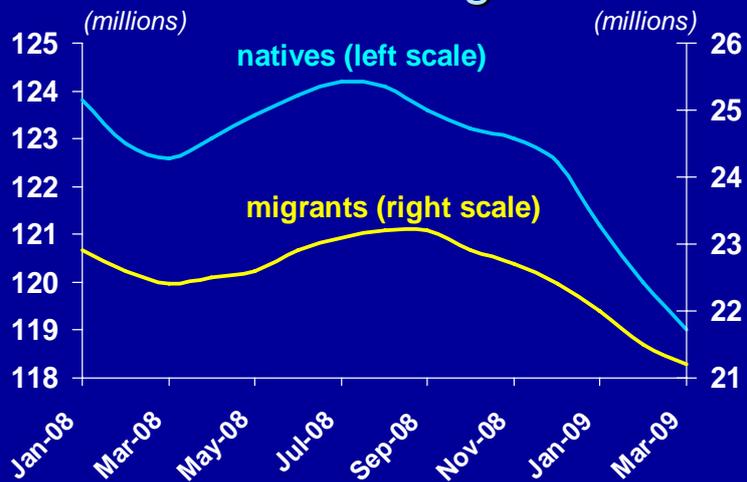
- Unfolding financial and economic crisis have dramatically altered the terms of the debate
 - First time in decades that decline is global and simultaneous.
 - Unprecedented recession in industries with highest concentration of migrant workers (particularly construction)
 - Strong push to return (migrants fired first)
 - Loss of purchasing power of currencies v-a-v the US\$

US migrant employment: decline in construction and manufacturing only



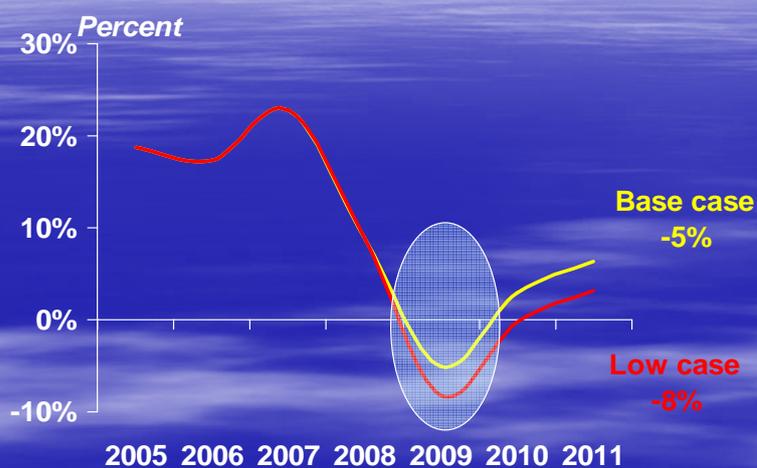
3-month moving average
Source: Current population survey.

US employment: Job losses sharper for natives than for migrant workers

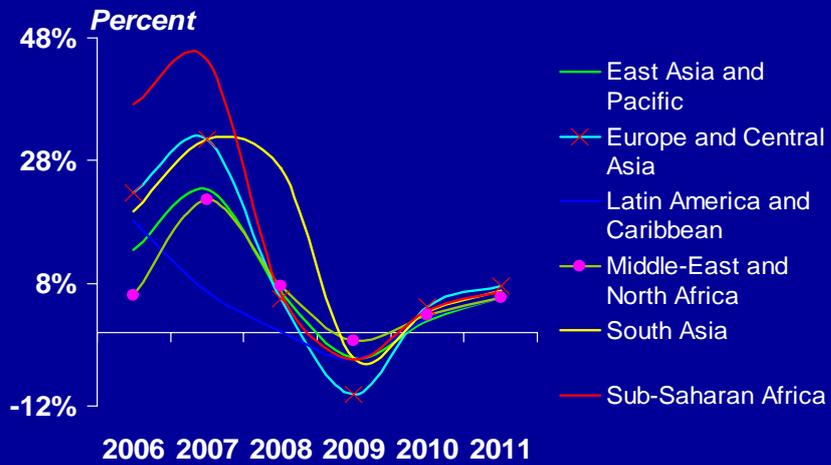


3-month moving average
Source: Current population survey.

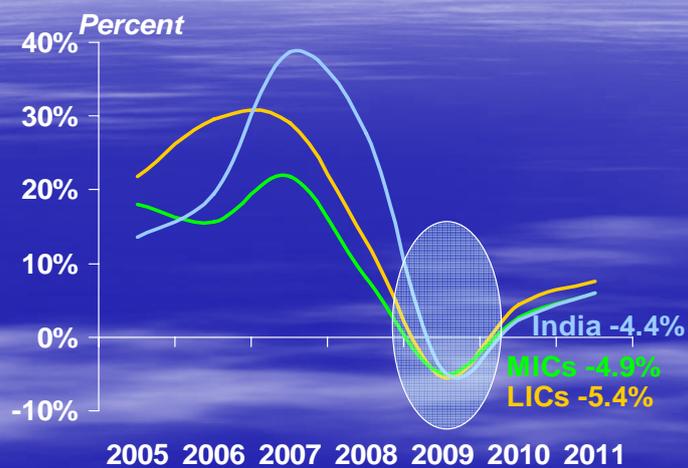
Growth of remittance flows to developing countries will moderate significantly in 2009



Growth of remittance flows to regions



Slowdown sharper in low-income countries



Risks to the outlook

- Crisis may be deeper and last longer, causing hardships to the poor and macroeconomic challenges to sending countries
- Slowdown in migration flows will exacerbate the need for more jobs at home, leading to potential social unrest in sending countries
- Exchange rate movements highly unpredictable
- Political reaction to the crisis, especially relating to immigration quotas – hard to judge

How to Respond in the Short Term?

- Seriousness of present crisis calls for joint action to prevent even greater fall-outs
- Safeguard the present, plan/think about the future
- Protecting the most vulnerable:
 - Focus on social protection, at home and abroad (scope of Stimulus Packages)
 - Prevent migrant-specific discrimination in host countries, provide resources if re-entry is necessary (Spain)
 - Use cooperative arrangements to prepare for re-insertion of returning immigrants (IOM, IFIs, bi-lateral and multilateral institutions)
- Avoid making long run policy on account of short term challenges – wrong time to tighten immigration

Looking Beyond the Crisis: Migration will Return to the Agenda

- Increasing globalization → greater awareness of gaps in living conditions → clearer incentives for migration;
- Improved access to transportation and communications → facilitates mobility of individuals
- Enhanced information flows → reduce uncertainty over migration prospects;
- With a large share of population under 30, developing country workers are more responsive to migration incentives;
- Consolidation of diasporas in higher income countries → facilitates information and social networks required to migrate.

Long run: Possible migration strategies

- Focus on the role of the sending country as an exporter of people, by:
 - Specializing in the exporting labor and remaining competitive in the market for migrant work
 - Financing its external accounts through remittances
 - Training workers to match demand from abroad
- OR -
- Focus on making the sending country more attractive to its citizens, by
 - Implementing policy and institutional reforms to make the economy more competitive.
 - Improving the domestic business environment
 - Strengthening basic and higher skills training

Thank You