

Leveraging Migration and Remittances for Development

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Outline

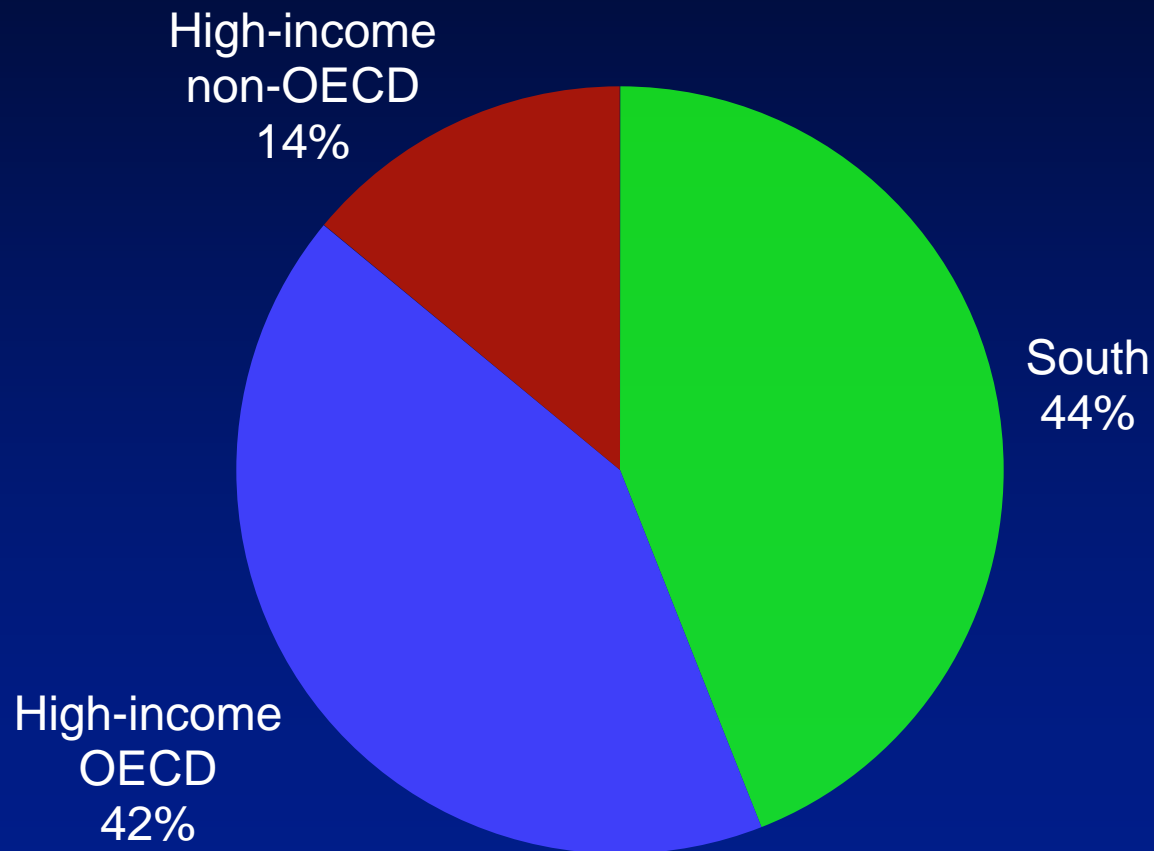
- A. Stylized facts on international migration
- B. Recent trends and outlook for remittances
- C. Policy implications

A. Stylized Facts on international migration

1. Only 3% of world population are international migrants; 97% are not.
2. Economic migrants account for 93% of global migrant stock. Economic migration is set to increase in future.
3. South-South migration is as high as South-North migration.

South-South migration is as large as South-North migration

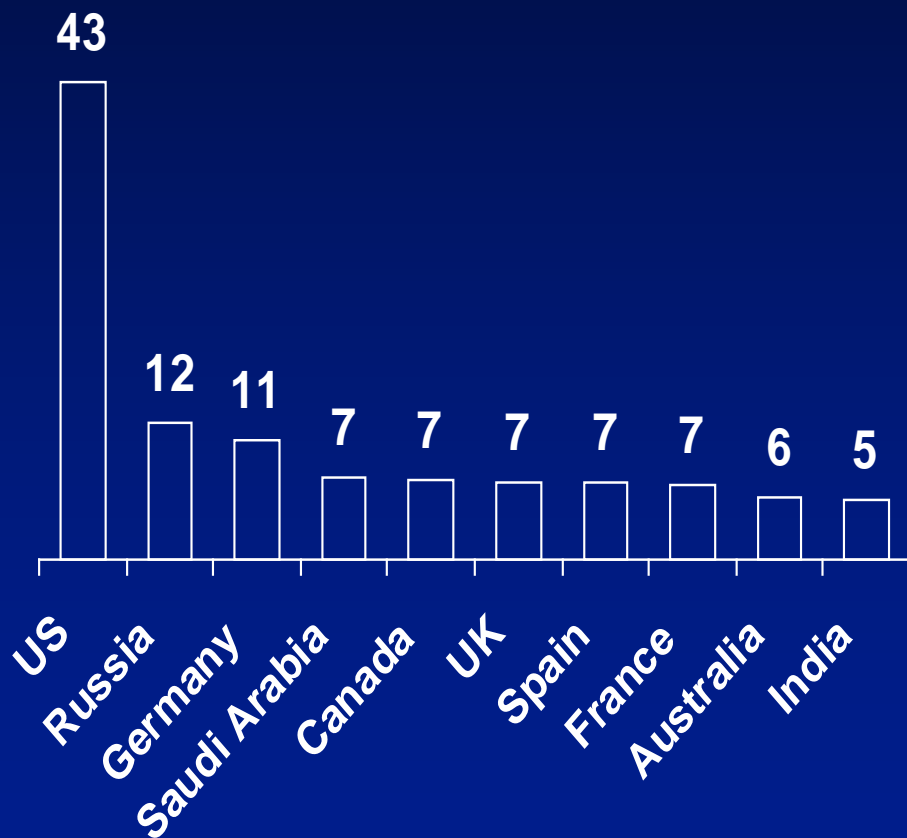
Destination of migrants from the South (developing countries)



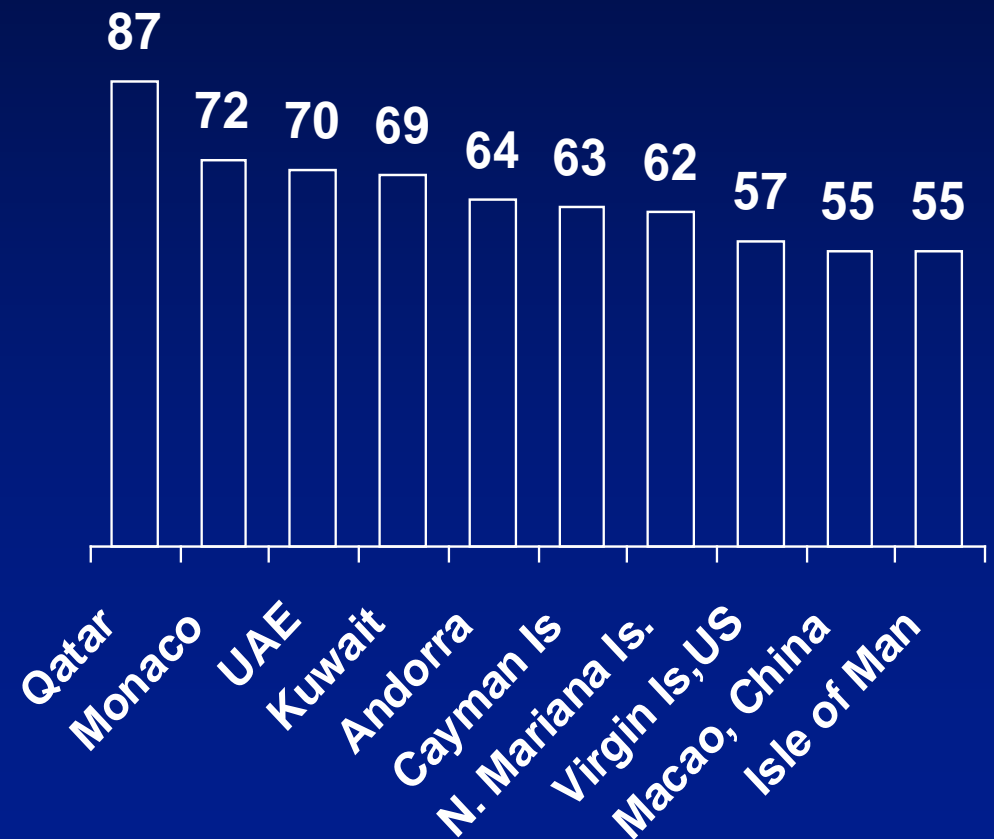
There were more than 215 million migrants worldwide in 2010.

Top migrant-destination countries

Immigrant stock, millions, 2010

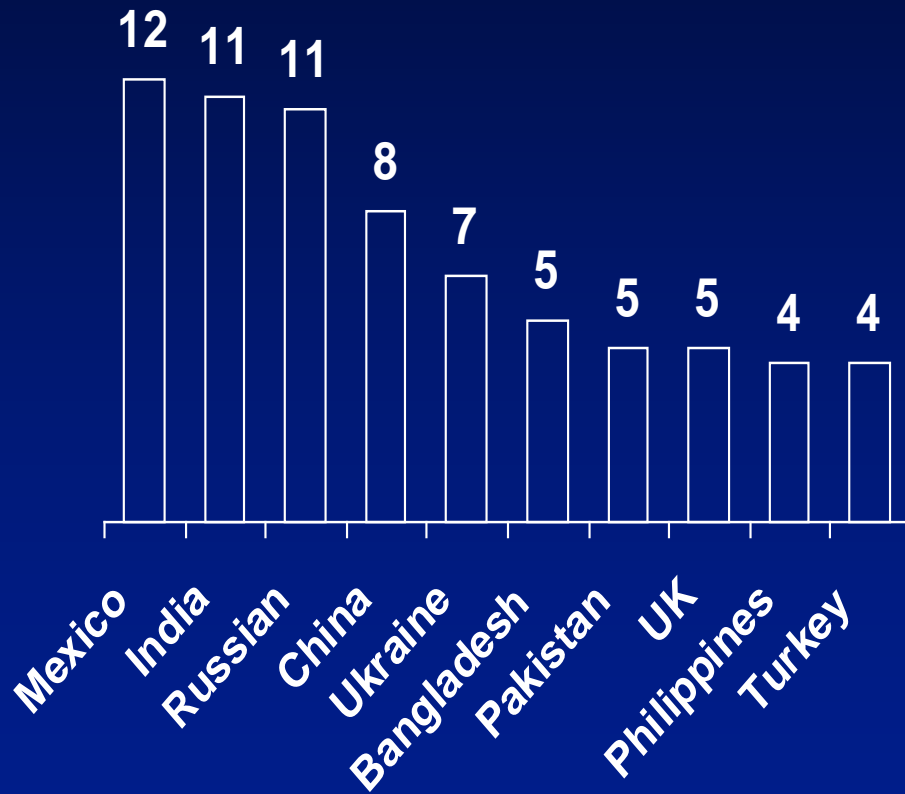


Immigrants as % of population, 2010

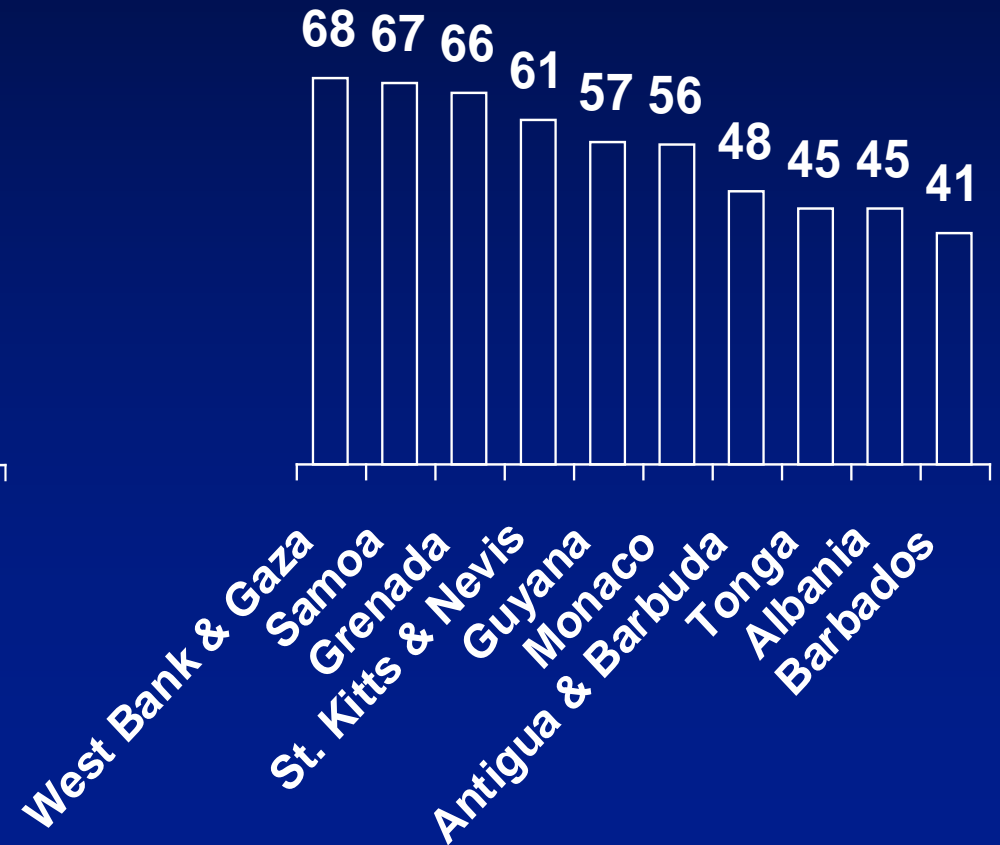


Top migrant-sending countries

*Emigrant stock
(millions), 2010*

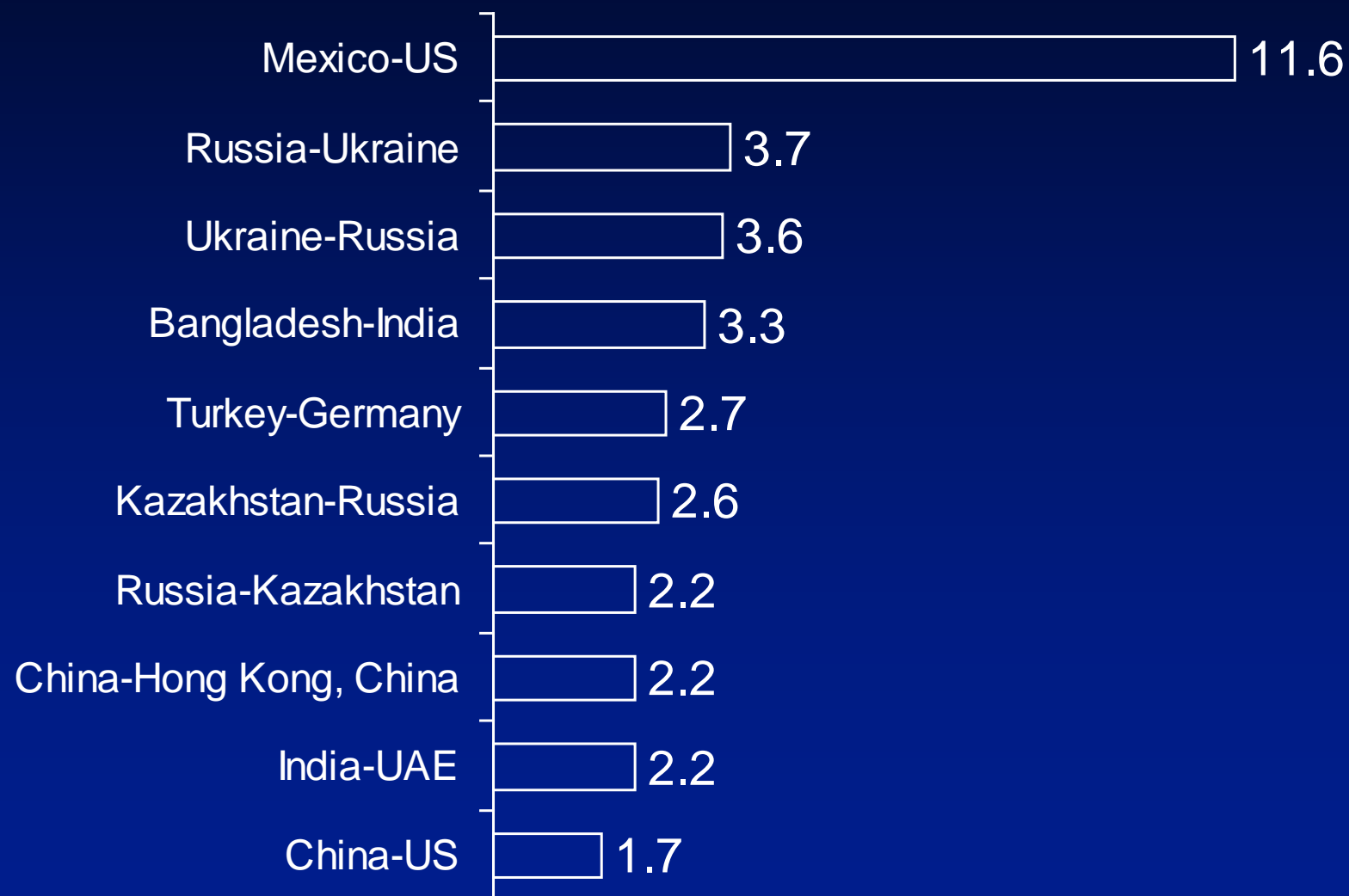


*Emigrants as % of
population, 2010*



Top migration corridors

Migrant stock (millions) in 2010



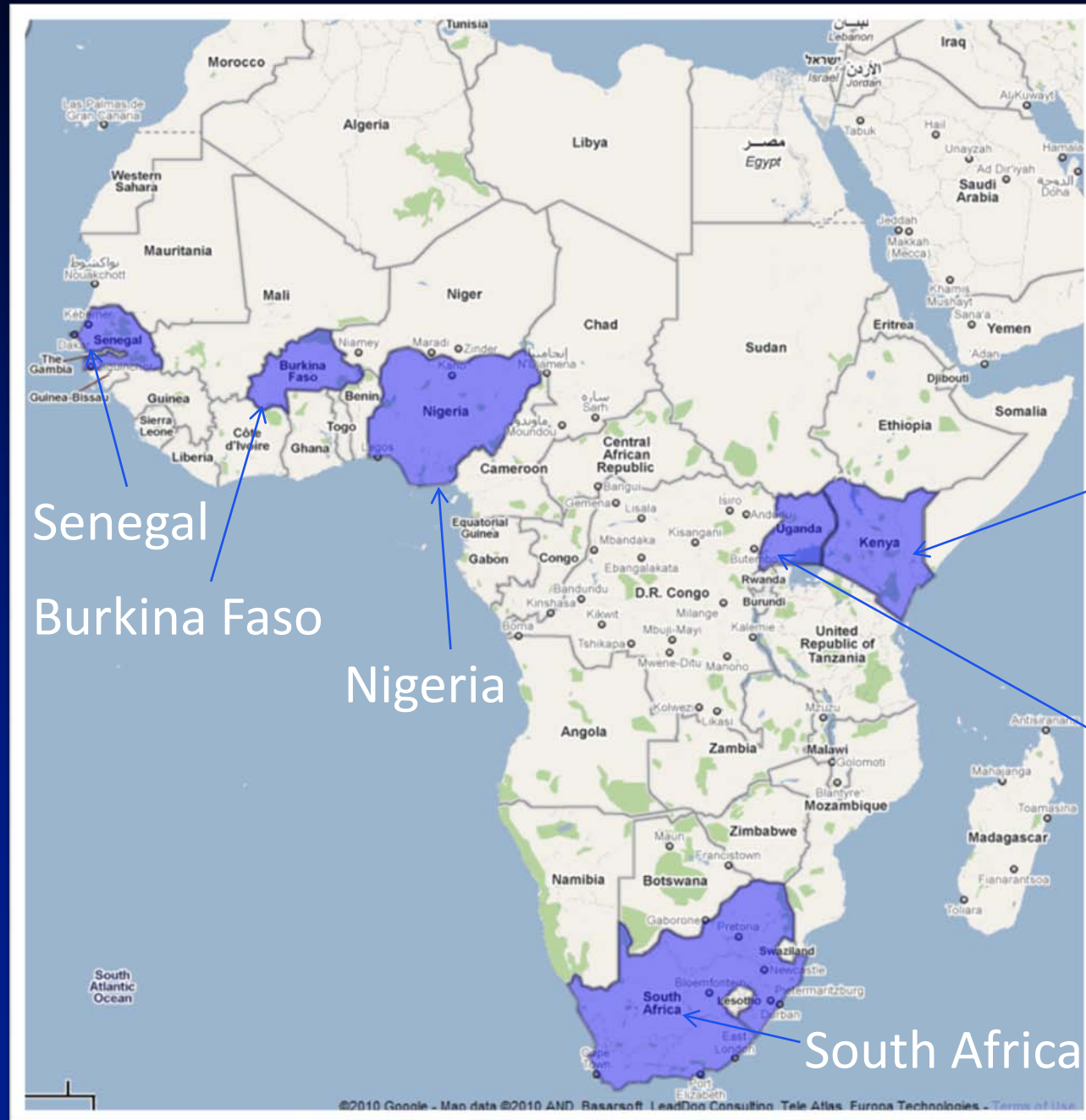
Migration pressures will grow in future because of demographic changes, and income gaps

Projected Change in Labor Force, 2005–50 (millions),
ages 15-64

Sub-Saharan Africa	699
Middle-East & N. Africa	187
Other sending regions	727
Western Europe	-88
North America	-12
Eastern Europe & Central Asia	-26

Source: Koettl (2010); Shaping the Future : A Long-Term Perspective of People and Job Mobility for the Middle East and North Africa (World Bank 2008)

Countries with household surveys in Africa Migration Project



Senegal

Burkina Faso

Nigeria

South Africa

Kenya

Uganda

People migrate mostly for economic reasons

(Reason to migrate)	Migrant-sending country					
	Burkina Faso	Kenya	Nigeria	Senegal	South Africa	Uganda
Education	8%	26%	29%	12%	13%	20%
Economic	78%	61%	48%	72%	67%	52%
Family	10%	9%	20%	13%	16%	26%
Other	4%	4%	4%	2%	4%	2%
Total	100%	100%	100%	100%	100%	100%

Note: includes internal and international migrants. Percentages may not add up due to rounding.

Source: Household surveys conducted for Africa Migration Project (<http://www.worldbank.org/migration>)

Most African migrants are young

(age group)	Migrant-sending country					
	Burkina Faso	Kenya	Nigeria	Senegal	South Africa	Uganda
0-14	3%	3%	8%	3%	1%	6%
15-29	49%	44%	47%	35%	42%	53%
30-44	34%	41%	37%	42%	40%	32%
45-64	12%	12%	7%	19%	16%	8%
65+	2%	1%	0%	1%	1%	1%
Total	100%	100%	100%	100%	100%	100%

This is likely to be true for other developing countries too.

Note: includes internal and international migrants

Source: Household surveys conducted for Africa Migration Project (<http://www.worldbank.org/migration>)

Most African migrants are male (percent)

Percent of total in each category

Gender of migrant in each migrant-sending country

(age group)	Burkina Faso		Kenya		Nigeria		Senegal		South Africa		Uganda	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
0-14	57	43	51	49	53	47	60	40	0	100	51	49
15-29	84	16	55	45	59	41	73	27	56	44	52	48
30-44	89	11	62	38	71	29	78	22	55	45	59	41
45-64	94	6	63	37	79	21	88	12	52	48	69	31
65+	97	3	70	30	46	54	88	12	0	100	40	60
Total	86	14	59	41	64	36	78	22	54	46	56	44

Note: includes internal and international migrants

Source: Household surveys conducted for Africa Migration Project (<http://www.worldbank.org/migration>)

Migration improves job prospects of individuals (percent)

	Burkina Faso		Senegal		Nigeria		Kenya	
	<i>Before</i>	<i>After</i>	<i>Before</i>	<i>After</i>	<i>Before</i>	<i>After</i>	<i>Before</i>	<i>After</i>
Self-employed	80	64	42	43	16	26	7	9
Student	10	5	21	8	43	23	31	16
Housewife	3	5	9	8	1	5	2	3
Full-time wage earner	3	9	9	24	14	34	21	53
Part-time wage earner	1	12	3	4	3	4	4	8
Unemployed	2	2	9	3	22	4	33	8
Other	1	3	7	10	2	4	1	3

Note: includes internal and international migrants

Source: Household surveys conducted for Africa Migration Project (<http://www.worldbank.org/migration>)

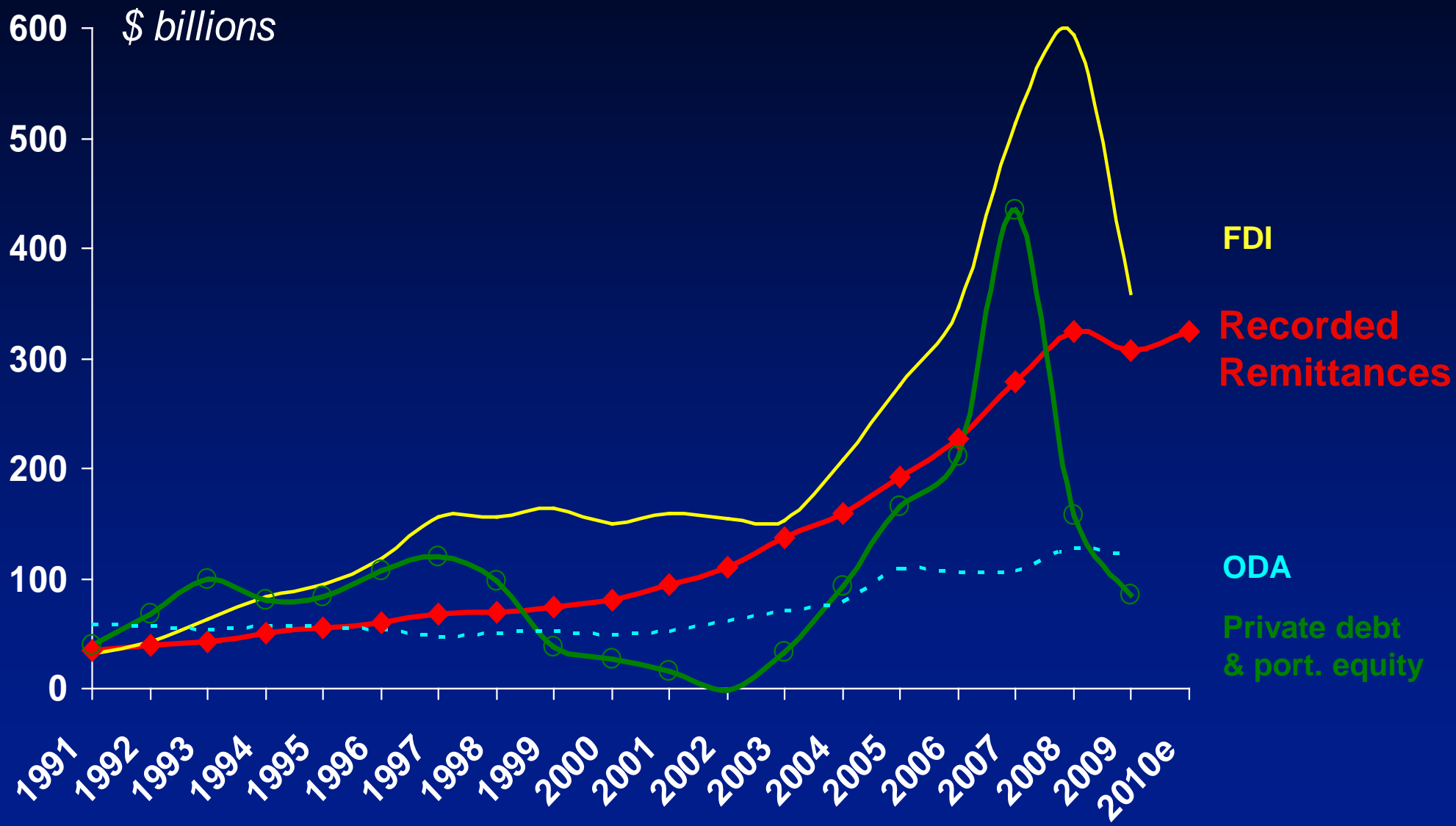
Main findings from household surveys

- Migrants are young people
- Mean reason for migration is economic
- Main use of remittances: consumption, health, education and housing
- New technologies are penetrating in rural areas in East Africa
- Return migration is high for seasonal/circular migration. Very little for others.

Outline

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Remittance flows to developing countries remained resilient during the crisis



Outlook for remittance flows to developing countries in 2011-13

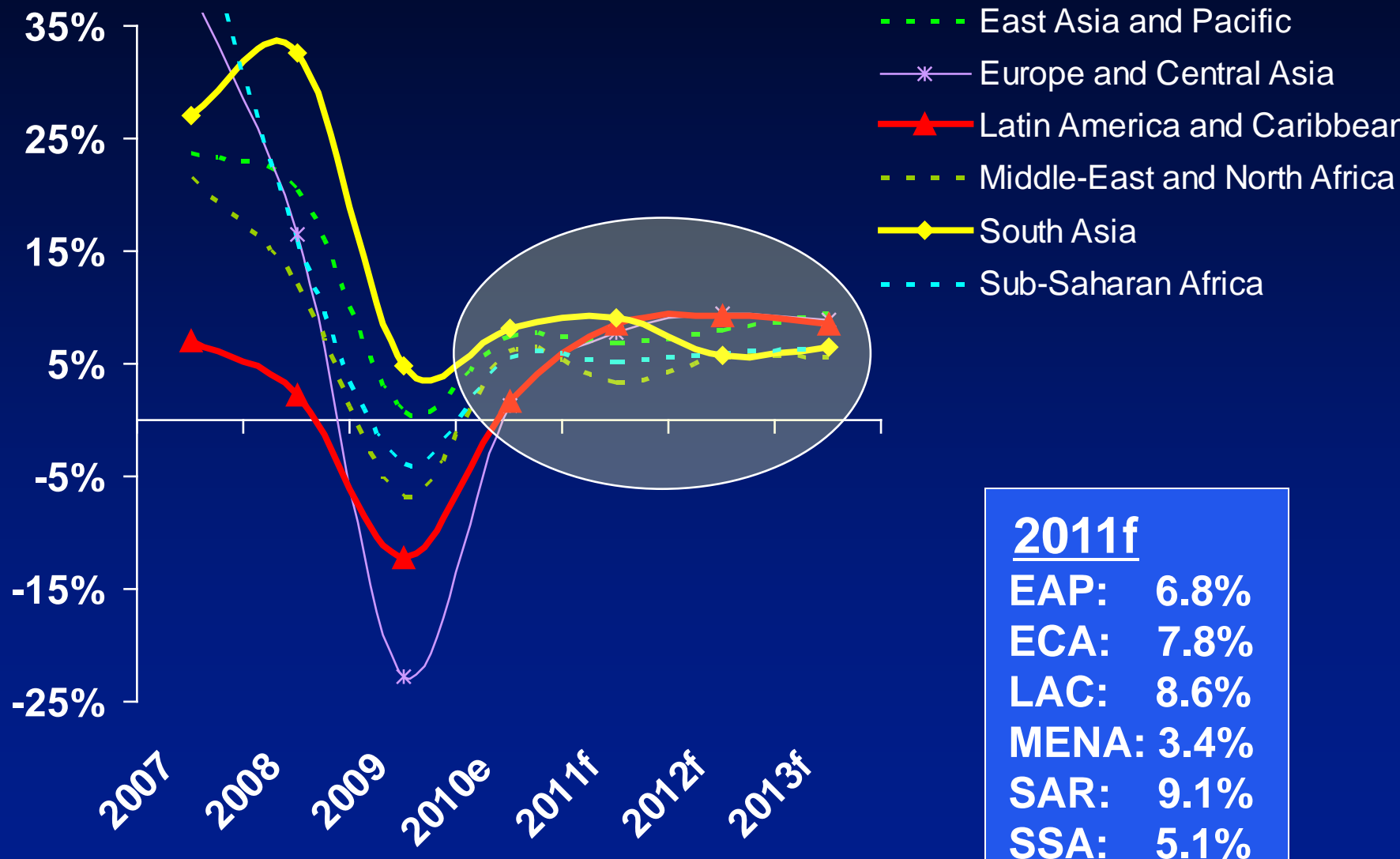
- Flows estimated to have recovered by 5.6% in 2010 back to pre-crisis level of \$325 billion
- Expected to increase by 7.3% in 2011, 7.4% in 2012, and 7.9% in 2013 with a recovering global economy
- Several sources of risk to the outlook for remittances

Remittance flows to developing regions 2009-2013

<i>\$ billion</i>	2009	2010	2011 <i>f</i>	2012 <i>f</i>	2013 <i>f</i>
Developing countries	308	325	349	375	404
East Asia and Pacific	86	93	99	107	117
Europe and Central Asia	35	36	39	42	46
Latin America and Caribbean	57	58	63	68	74
Middle-East and North Africa	34	36	37	39	41
South Asia	75	81	89	94	100
Sub-Saharan Africa	21	22	23	24	26
<u>Growth rate (%)</u>					
Developing countries	-5.4%	5.6%	7.3%	7.4%	7.9%
East Asia and Pacific	0.8%	7.4%	6.8%	8.0%	9.5%
Europe and Central Asia	-22.7%	1.3%	7.8%	9.4%	8.8%
Latin America and Caribbean	-12.3%	1.7%	8.6%	9.3%	8.6%
Middle-East and North Africa	-6.8%	6.2%	3.4%	5.5%	5.6%
South Asia	4.8%	8.2%	9.1%	5.8%	6.5%
Sub-Saharan Africa	-3.8%	5.5%	5.1%	5.9%	6.5%

Source: *Migration and Development Brief 16*, by Ratha et. al (2011)

Growth of remittance flows to all regions approaching sustainable rates



Source: *Migration and Development Brief 16*, by Ratha et. al (2011)

Longer term issues/trends

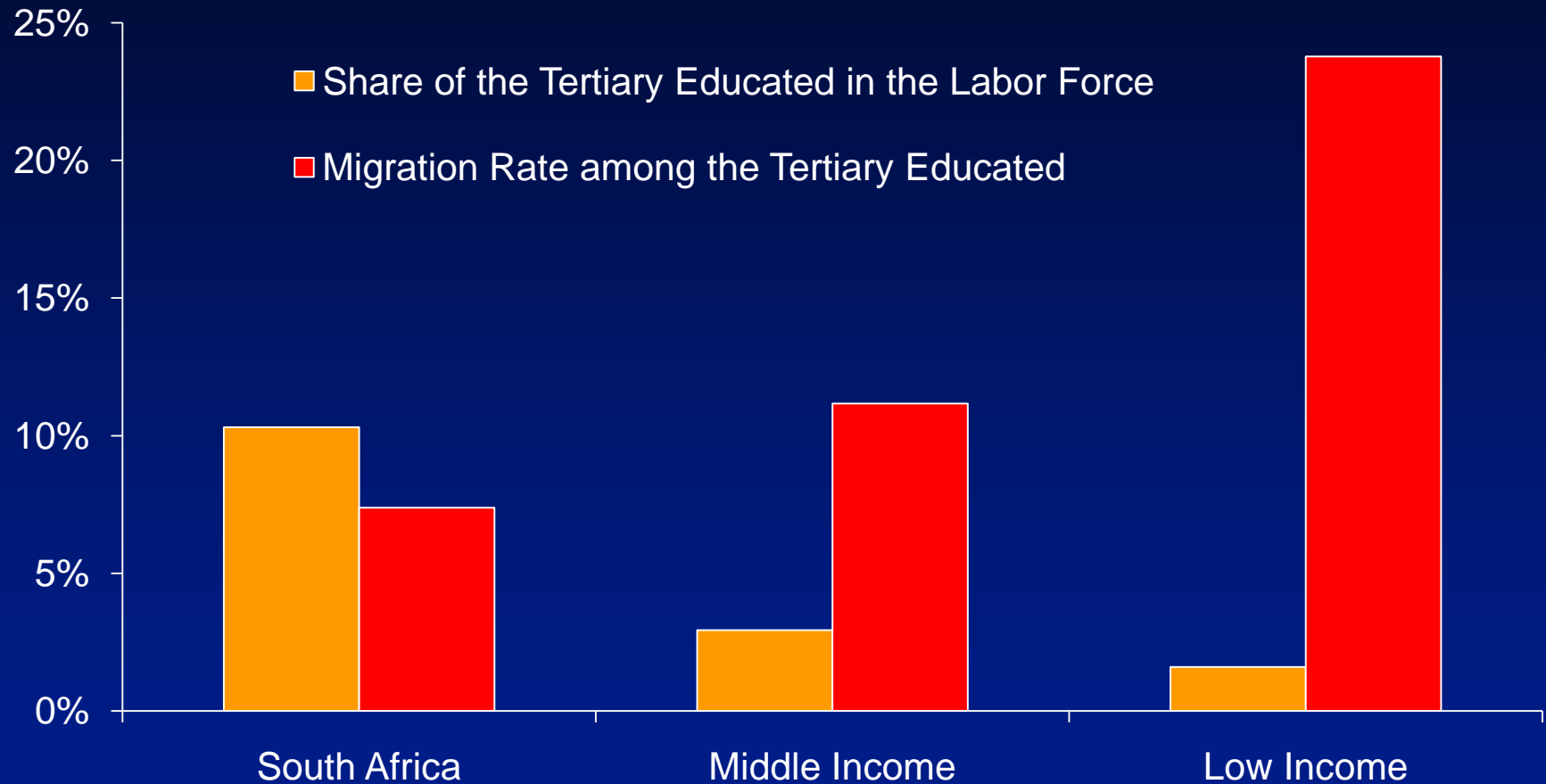
- Rising restrictions on new immigration
- Application of mobile phone technology remains limited to domestic remittances
- More awareness of potential for leveraging remittances and mobilizing diaspora wealth

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Migration presents huge untapped potential

High-skilled migration is larger in poor countries which already suffer from low skill levels



But migration can augment skill levels in Africa through brain gain, skill and technology transfers, and return migration

1. Monitoring,
analysis, projection

3. Financial
access for
households

International
Remittances
Agenda

4. Capital
market access
for institutions

2. Retail payment
systems

Diaspora bonds

Rationale for issuers

- Patriotic discount - a 5% interest rate may attract diaspora investments even in high-risk countries
- Diaspora members more loyal investors than average institutional investor in times of distress
- SEC registration poses a challenge
- Mitigation of political risks and design of attractive projects is key to the success of d-bonds

Potential for diaspora bonds

	Diaspora size (millions)	Estimated diaspora savings (\$ billions, 2009)
<u>Developing countries</u>	<u>161.5</u>	<u>397.5</u>
East Asia & Pacific	21.7	83.9
Europe & Central Asia	43.0	72.9
Latin America & Caribbean	30.2	116.0
Middle East	9.3	18.9
North Africa	8.7	22.3
Sub-Saharan Africa	21.8	30.4
South Asia	26.7	53.2

***Potential for d-bonds: \$5-10 bn annually for Africa;
Selected countries: Bangladesh, Colombia, El Salvador, Ghana, India,
Jamaica, Kenya, Mexico, Moldova, Morocco, Nepal, Nigeria, Pakistan,
Philippines, Poland, Romania, Senegal, Serbia, Sri Lanka, Uganda,
Zambia, and Zimbabwe***

Remittance-backed bonds

Rationale

- Poor countries can use future remittance inflows as collateral for accessing capital markets, lowering borrowing costs, and lengthening maturity of debt
- Remittance-bonds “leverage” remittances for development financing without affecting the beneficiaries
- These bonds are investment –grade rated; flawless track record
- With the demise of monolines, IFC and international financial institutions needed for credit enhancement
- “Negative pledge” remains an issue

Summary

- Migration is a key component of developing countries' regional and global integration
- The benefits of migration are already being observed in the form of remittances
- Migration presents significant untapped potential for development
- Migration can be leveraged for skill and technology transfers and diaspora investment

Website:

<http://www.worldbank.org/migration>

Blog:

<http://peoplemove.worldbank.org>

Thank you!