Migration and Development

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Why is the World Bank interested in migration?

• If capital and good markets have liberalized why not labour?
• Skilled can move easily but unskilled remain trapped
• Rich country policies have a profound impact on citizens of poor countries
• Hence an international development issue
• Especially important for small states
Link between migration & development?

Migration *is* development

Brain drain or brain gain?
Brain-down-the-drain?
Brain circulation!
Link usually made through:

– Remittances $$$$$$$$$$

– Ideas
Remittances: Show me the money

- Now 3x ODA and growing globally
- For small remote countries with limited export prospects it is critical
- Remittances offer an economic lifeline for the country – often larger than forex from biggest export -- and social protection for individuals
Top 5 questions that come up:

1. Do person-to-person transfers really have a development impact?
2. Do transfers delay domestic reform effort?
3. Aren’t they like a resource-curse?
4. What if societies become dependent on transfers?
5. Isn’t the social cost of the migration too high?
Household surveys of Pacific showed (Fiji, Tonga)

- Remittances have lifted households out of poverty
- Spent mainly on food, housing, schooling
- Even HH w/o migrants receive transfers
- Also for investment and business development
- Vary by conditions in home and sending country: cyclical or counter cyclical?
- Do not decay over time
- Hence a stable source of development funds
Ideas: Diaspora as agents of change

• Business and investment links
• Tourism links
• Governance
• People-to-people contact
Addressing issues: Analogy with Trade

1. Tariff Reform
2. “Behind-the-Border” reforms
Main areas of focus

• Advocacy on behalf of small countries
• Analysis of development impact (M&E)

• Global good practices in design (Phl, SL, Jamaica)
• Regional public goods: sending country capacity
• Lowering remittance costs (highest for PNG)