

MIGRATION AND DEVELOPMENT: THE ROLE OF THE WORLD BANK

The World Bank

Migration can have an enormous impact on poverty reduction, the core goal of the World Bank. Facilitating increased migration, in a way that contributes to development, should be a major concern of the international community. The Bank's role in improving the development impact of migration includes research, policy-oriented analysis, communications and lending operations. In the initial phase, the paucity of data and analysis pertaining to developing countries means that the emphasis will be on research and policy analysis, although in a number of subject areas, concrete policy objectives can already be identified. This note reviews some of the key issues concerning the development impact of migration and notes the Bank's likely activities on them.¹

Critical issues include how to react to the emigration of highly-skilled persons (the brain drain), the discussed here, however, since we focus on issues that more directly impact migration and its effects.

A. R

EMITTANCES

Remittances received by developing countries are estimated at \$93 billion in 2003, up 14 per cent from

A major analytical effort is underway to identify the impact of remittances on poverty and income distribution. The key challenge is to infer what the migrant would have done and earned had he/she remained behind at home. Among others are those of collecting coherent data on remittances and remitters, analyzing how remittances impact spending patterns and detecting whether remittance-receiving households are more entrepreneurial or sophisticated financially.

Improving the financial infrastructure underlying remittances is a major potential area for the Bank lending and policy advice on migration. The Financial Sector Network is pursuing a program to increase the Bank's experience and capacity on remittances, and enhance the quality and the flow of policy relevant information on migrant remittances among multilateral and bilateral organizations and market participants. The Bank is also supporting improvements in reporting and record keeping of informal money transfer networks. Registering informal dealers and establishing a paper trail for remittance transactions could strengthen countries' efforts to control money laundering and reduce fraud and abuse, as well as fostering financial development in recipient countries. The main theme of *Global Economic Prospects 2006* (which will be released late 2005) will be means of improving the development impact of remittances.

B. TEMPORARY MOVEMENT OF WORKERS AND THE GATS

The liberalization of the temporary movement of service workers is being negotiated as Mode 4 of the General Agreement on Trade in Services (GATS) on a most favored nation basis.² While these labor flows are not viewed as migration (which refers to more permanent settlement), they can lead to migration, and the arrangements governing temporary movement of workers are influenced by views, policies and procedures on migration. While liberalizing the rules governing the movement of temporary workers holds tremendous potential for developing countries (Winters and others, 2003), the commitments made so far have been modest, and refer almost exclusively to high level personnel, rather than the medium- and low-skilled workers that are in much greater supply in developing countries.³ There are several reasons for this lack of progress. Governments have been reluctant to undertake permanent commitments to accept temporary workers when employment demand varies with cyclical conditions, and when several industrial countries are facing difficulties in integrating existing immigrant communities into their societies. Also, the strong regional character of migration patterns creates domestic political support for programmes that favor neighboring countries, and bilateral labor agreements usually provide more flexibility to take into account changing economic conditions and trends in migration. By contrast, Mode 4 commitments are necessarily open to all countries on a most favored nation basis. Finally, concern that temporary workers will overstay their visas may reduce the attractiveness of Mode 4 arrangements, although administered schemes for temporary movement could help reduce the number of undocumented workers by making available legal, temporary foreign workers for seasonal activities. The Bank will continue its analysis and research on temporary movement and also its advocacy for steps to reap the development gain from Mode 4 as discussed, for example, in *Global Economic Prospects 2004*.

C. TIES TO THE DIASPORA

Maintaining ties to the diaspora can boost access to markets in receiving countries, help sending countries encourage return migration of skilled workers, and enhance the flow of finance and knowledge. The Bank's overall research and country analysis programmes include cooperation with developing country research groups, which can improve the relative attractiveness for highly-educated individuals of remaining in their home country. The task force on low-income countries under stress recommended that the Bank expand to other countries the diaspora initiative begun in the context of Afghanistan. Another issue to investigate concerns whether Bank-financed technical assistance could be used to encourage the return of nationals living abroad.

