

Contributions of Migrants to Development: A Roadmap to a Global Compact

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MIGRATION AND
DEVELOPMENT

A Role for the
World Bank Group

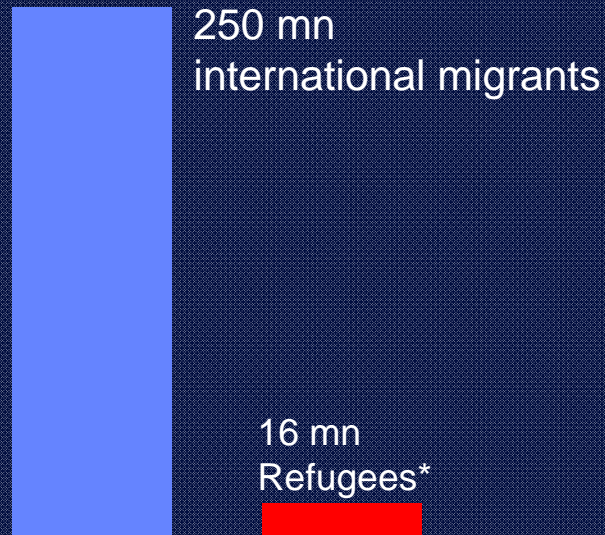
 WORLD BANK GROUP

SEPTEMBER 2016

Global Compact on Migration

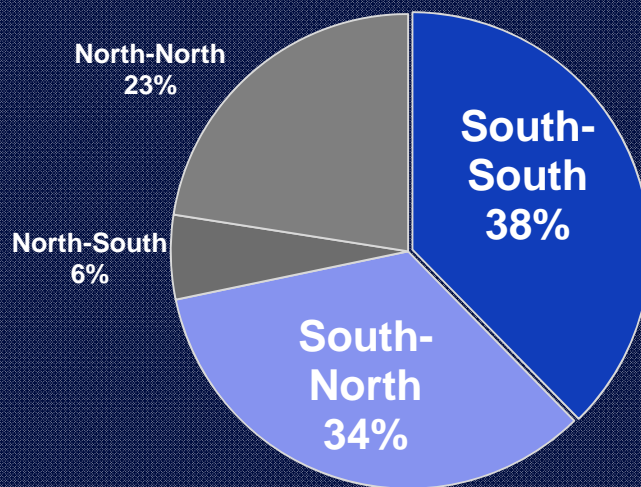
- Thematic elements
- Normative framework or guidelines for global governance
- Process leading to 2018 International Conference

Facts



* Refugee data excludes 5.2 mn Palestinian refugees reported by UNRWA
Source: World Bank, Migration and Remittances Factbook 2016

South-South migration is larger than South-North migration



Migration pressures will increase in future

	Change in working age population, 2015-2050 (million) (A)	Change in employment (assuming employment rates at 2015 level, million) (B)	"Migration pressure" (million) (A-B)
Developing countries	2,119	1,243	875
East Asia & Pacific	200	135	65
Europe & Central Asia	8	4	4
Latin America & Carib.	179	109	70
Middle East & N. Africa	204	84	120
South Asia	600	317	283
Sub-Saharan Africa	928	595	333
High income OECD	78	44	35

Source: International Labor Organization calculations based on ILO Trends Econometric Models and UN World Population Prospects (2015 Revision).

Facts

1. Over 92% of international migrants are "voluntary" migrants (not forced migrants)
2. South-South migration is larger than South-North migration
3. Migration pressures will increase in the future

Drivers of migration

- Income gaps
- Demographic changes
- Environmental Change
- [Fragility, Conflict, Violence]

Benefits and Challenges

Destination Countries

Benefits

- Increases incomes
- Increases labor supply
- Increases skills, entrepreneurship and innovation
- Alleviates aging problem
- Fiscal contributions often positive
- Diversity

Challenges

- Job competition for native workers
- Congestion and fiscal costs of social services
- Crime
- National security
- National identity
- Negative public perceptions

Public Perceptions: Myth vs Reality

Perception of share of migrants in population

	<u>Perception</u>	<u>Reality</u>
United States	32%	13%
France	28%	10%
Spain	24%	12%
United Kingdom	24%	13%

Source: German Marshall Fund 2015

Migrants

Benefits after migration

- Migrants' income increased by 15-fold
- School enrollment doubled
- Child mortality reduced by 16-fold
- Women are empowered
- Better access to health, education, other services

Challenges

- Trafficking, abusive employers and recruiters
- Underutilization of skills
- Exclusion, discrimination, xenophobic attacks
- Family left behind (children and old parents)



Origin Countries: Links between migration and development



Origin Countries

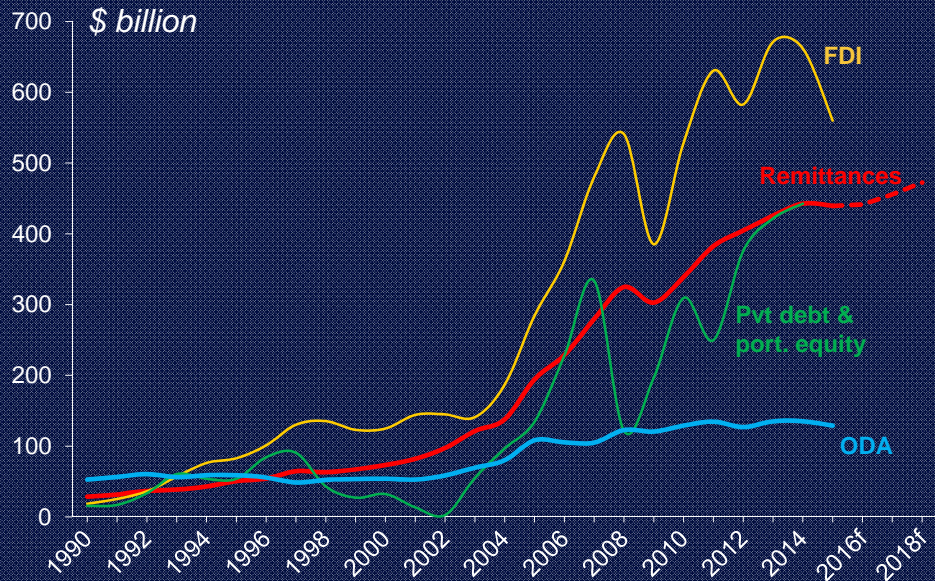
Benefits

- Reduced unemployment, reduced poverty
- Remittances and diaspora investments
- Trade and FDI
- Skill and technology transfer

Challenges

- Family left behind
- Loss of skills
- Dutch disease

Remittance flows to developing countries to reach \$442 billion in 2016



Exorbitant costs



8%
Global
average



12%
Africa



20%
Within
Africa



90%
Venezuela

Global remittances agenda

1. Monitoring, analysis, projection

- Size, corridors, channels
- Counter-cyclicality
- Effects on poverty, education, health, investment
- Policy (costs, competition, exchange controls)

2. Retail payment system

- Payment platforms/instruments
- Clearing/settlement, capital adequacy, disclosure, cross-border arbitration
- De-risking, anti-money laundering (AML/CFT)

3. Financial access for households, SMEs

- Deposit and saving products
- Mortgage, consumer loans, microfinance
- Credit history for MFI clients
- Insurance products

4. Capital market access for countries, companies

- Sovereign credit rating
- Bonds backed by future remittances as collateral
- Diaspora bonds

Possible Thematic Elements of the Global Compact on Migration

A Long List of Elements for the Global Compact

1. Income and job creation in poor countries
2. National identity; Integration of migrants in host community
3. Job competition for native workers in host countries
4. Trafficking, abusive employers and recruiters, skill recognition
5. Migrant rights; Exclusion, discrimination, xenophobic attacks on migrants
6. Mobilization of remittances and diaspora resources
7. Family left behind
8. Retaining critical skills in origin countries
9. Congestion and fiscal costs of social services

**Migration-related SDGs are
subsumed under the proposed
Global Compact**

Normative Framework, Or Guidelines for Global Governance of Migration

- Founded on the above thematic elements
- Mandate a few institutions; develop focused mission statements
- Build on existing conventions, but bold new agreements are needed

Role of International Financial Institutions

1. Financing development projects
2. Addressing fundamental drivers
3. Maximizing benefits in line with the SDGS
 - Reducing recruitment costs
 - Reducing remittance costs
 - Improve data by migratory status
4. Knowledge for policy making and countering negative public perceptions

Roadmap for States

- Leverage Global Forum on Migration and Development, and Regional Communities and Processes
- Different, Coordinated, and Accelerated approach
- Game-changing ideas needed

\$100 billion idea – leveraging diaspora resources

- Diaspora savings via diaspora bonds (\$50 bn)
- Reducing remittance costs (\$20 bn)
- Reducing recruitment fees paid by low-skilled migrant workers (\$20 bn)
- Diaspora philanthropy (\$10 bn)
- Using future-flows as collateral (\$4-\$25 bn for Africa)

The wealth of the diaspora can be mobilized through diaspora bonds

	Diaspora size (millions)	Estimated savings (\$ billions)
<u>Developing countries</u>	<u>182</u>	<u>497</u>
East Asia & Pacific	31	116
Europe & Cen. Asia	32	80
Lat. Am. & Carib.	34	129
Mid. East & N. Africa	24	55
Sub-Saharan Africa	23	36
South Asia	38	80

Source: World Bank 2015.

Challenges

- Cost of marketing to retail diaspora investors
- Understanding of diaspora profile
- Appropriate use of bond proceeds – need for credibility and oversight
- Debt management

Time is short!