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**POLICY APPROACHES TO MIGRATION AND DEVELOPMENT**

## **POLICY APPROACHES TO MIGRATION AND DEVELOPMENT<sup>1</sup>**

1. Interest in the relationship between migration and development is keen. Both the migration and development communities are seeking to know whether migration fosters or impedes development, whether development itself can cause the volume of migration to either increase or decrease, and, perhaps most important, how to ensure that migration is a positive force for development. The macro-economic benefits of migration for the country of origin by reducing unemployment, easing labour market pressures, together with the positive impact of remittances on foreign reserves and the balance of payments, have invited increasing attention. Similarly, the positive economic impact of migration on the country of destination, including the contribution to GNP, the labour market, local consumption and human capital, can be substantial.
2. This document briefly outlines possible measures to minimize potential negative effects of migration and to harness the benefits of migration for development purposes, most notably with regard to financial and non-financial contributions of diasporas and migrants, and the circulation of skills. Most of the approaches introduced below are derived from experiences shared at the Workshop on Migration and Development,<sup>2</sup> held from 2-3 February 2005 within the framework of the IOM International Dialogue on Migration, as well as from other IOM migration and development activities. These approaches are presented as a non-exhaustive list of possible measures governments (from developed and developing countries) and organizations might consider when devising strategic approaches to migration and development.
3. Migration in itself is not a development strategy, nor is it an impediment to development. Rather, the impact of migration depends on the political, social, legal and economic environments, and related policy strategies, in which the migration process takes place, as well as on the characteristics, resources and behaviour of individual migrants. Nor should migration as such figure as a Millennium Development Goal or target, but be considered as one of many tools to be included in Poverty Reduction Strategy Papers and other national development strategies to achieve the MDGs.<sup>3</sup>

### **I. PURSUING POLICY COHERENCE ON MIGRATION AND DEVELOPMENT POLICY AGENDA**

4. National and international coherence of migration and development policies will assist policy makers to manage migration more effectively, and to harness the benefits of migration as a tool in the development strategies toolbox. Policy coherence must be approached at different

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<sup>1</sup> This paper is intended as a contribution to assist States and others in preparations for the UN High-Level Dialogue on International Migration and Development and as such needs to have sufficient detail and be self-explanatory. With this in mind, the IOM Administration has exceptionally approved this document which significantly exceeds the standard length of IOM Council papers.

<sup>2</sup> For a detailed discussion of the government policies and experiences from which the policy approaches presented in this document have been distilled, please refer to the final report of the IDM intersessional, available on the IOM website at <http://www.iom.int/en/know/idm/iswmd%5F200502.shtml>.

<sup>3</sup> It is important to bear in mind that the volume of south-south migration, i.e. migration flows among developing countries, and most often within a region, exceeds south-north migration. The developing world is also host to the majority of internal migrants, i.e. persons who move within their country of origin and whose number is much higher than that of international migrants.

levels and involve different stakeholders to avoid the direct and indirect negative effects of competing policy agendas.

(a) **Intragovernmental policy coherence**

5. As migration and development covers a broad range of issues that fall within the competence of different ministries and government bodies, it is necessary to ensure coherence between the activities of the government agencies involved in order to avoid that actions in one domain inadvertently prejudice priorities in another. More than simply avoiding inconsistency, coherence involves the active pursuit of synergies between migration and development policies and programmes, as well as with and among policies in related domains, to achieve an enhanced combined effect while at the same time furthering the objectives of each. Policy coherence within governments can be achieved through the mainstreaming of migration within national development policies and programmes.

**Policy approaches for the development of synergies between national migration and development policies:**

- ❖ **Establishing open information exchange, improved interministerial consultation, coordination and joint implementation of policies and programmes at the national level.** An example is a broad-based policy document entitled “Development and Migration”,<sup>4</sup> developed by the ministries for development cooperation, and immigration and integration in the Netherlands.
- ❖ **Creating a focal point for migration and development issues within government structures.**
- ❖ **Capacity building of relevant government agencies** to generate synergies between migration policy and development cooperation.

(b) **Policy coherence among governments and other stakeholders**

6. Migration cannot effectively be dealt with unilaterally and requires cooperative approaches and the sharing of responsibility for its effective management. As each aspect of migration and development involves various stakeholders in addition to government, policy coherence also depends on the active engagement of relevant actors at local, national and international levels.

**Policy approaches for partnerships in migration and development:**

- ❖ **Identifying and involving all relevant stakeholders.** This includes local agencies dealing with aspects of migration and development, governments and municipal authorities of both home and host countries, civil society, local and international NGOs, intergovernmental organizations, business and the finance sector, and migrants themselves.
- ❖ **Exploring the roles and possible contributions of various stakeholders** on their own and through enhanced and concrete, collaborative and complementary efforts. Clearly defining the role of each partner acts to ensure ownership of the partnership.

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<sup>4</sup> [http://www.iom.int//DOCUMENTS/OFFICIALTXT/EN/iswmd\\_200502\\_policy\\_memorandum.pdf](http://www.iom.int//DOCUMENTS/OFFICIALTXT/EN/iswmd_200502_policy_memorandum.pdf)

- ❖ **Devising incentives for all relevant stakeholders to engage in cooperation for migration and development.** Effective cooperation can only be achieved if all partners are genuinely interested in working together towards common goals.
- ❖ **Strengthening cooperation and building mutual trust** through regular engagement in comprehensive, balanced and better-informed **dialogue** between relevant stakeholders on migration and development issues at all levels.
- ❖ **Structuring capacity building to include all relevant stakeholders.** Interstate cooperation may involve that some states provide assistance to others, in particular through technical cooperation; through mediating or capacity building, international organizations and NGOs can assist governments to reach out to diasporas. Governments, international organizations and NGOs can provide capacity building support to migrant organizations interested in engaging in development activities.

## II. CONTRIBUTIONS OF DIASPORAS TO DEVELOPMENT

7. One of the main developments in migration and development thinking in recent years has been a shift from the emphasis on the potentially negative impact of migration (i.e. brain drain) to the recognition of the positive effects of migration on the process of development and, in particular, on the development of countries of origin. This new perspective is directly related to mounting evidence of the scope of diasporas' involvement in the development process.

8. Diasporas<sup>5</sup> contribute to the development of home countries through a variety of channels - remittances, investment and entrepreneurial activities; the transfer of newly developed skills and knowledge, and through the fostering of democratization and the protection of human rights in their countries of origin. They can function as a bridge and a vehicle to develop understanding and strengthen cooperation between home and host countries. The extent to which diasporas can contribute to the development process depends largely on the policies, institutional frameworks and economic environments in home and host countries.

### (a) Encouraging the engagement of diasporas in development

9. While the benefits of migration, and in particular of migrant contributions depend on political and economic conditions as well as social stability, government policies directly targeting or indirectly affecting diasporas can significantly influence the development impact of migration.

10. Lack of trust between migrants and governments, the diversity of diasporas groups, differing interests between host and home countries as well as within migrant communities, and incoherent policies targeting diasporas are among the main obstacles to mobilizing diasporas for development. To overcome these obstacles, both host and home governments need to learn more about their diasporas and show an appreciation of migrants' contributions to the economic, intellectual, cultural and social fabric of both countries. As migrants' actions are largely based on individual motivations, it is necessary to be aware of such individual triggers and incentives that might be used most effectively to mobilize diasporic resources for development.

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<sup>5</sup> For the purposes for this paper, diasporas are broadly defined as individuals and members of networks, associations and communities who have left, but maintain links with their homelands. This concept covers more settled expatriate communities, labour migrants based abroad temporarily, expatriates with the citizenship of the host country, dual citizens, or second-/third-generation migrants.

**Policy approaches to encourage the engagement of diasporas and migrants in development:**

- ❖ **Fostering consultative arrangements, partnerships and cooperation between states and diasporas.** Building cooperation requires that migrants be treated not as a resource, but as partners whose interests and concerns are taken seriously. Therefore, establishing trust between states and diasporas is a key requirement. Governments should lead the process of confidence building by demonstrating a clear political will to cooperate, by creating the relevant institutional space for dialogue with diasporas, increasing the transparency of government development strategies and goals, and supporting the establishment of migrant networks, while respecting their autonomy. Diaspora associations should be offered opportunities to engage in development programmes, including project identification, implementation and monitoring.
- ❖ **Developing coherence in policies targeting migrant communities.** Establishing a government focal point to work with diasporas, and enabling different government units to engage effectively with diasporas on local, state and federal levels can enhance coherence.
- ❖ **Recognizing the diversity of migrants and devising policies and practices to promote alternative ways to engage diasporas according to their particular profiles** will help to properly target the potential as well as the needs and interests of distinct groups.
- ❖ **Identifying diaspora partners.** Recognizing that diasporas are not homogeneous, initiatives aimed at mobilizing diasporas require entering into dialogue with migrant communities to identify common ground and structures within diasporas that can serve as partners for project planning and/or implementation. Measures to collect and organize information on diasporas include the registration of diasporas as well as the development of appropriate templates to profile and map diasporas. Further research into the impact of the contributions by diasporas to economic development is also needed.
- ❖ **Improving outreach to diasporas in countries of destination** to develop and maintain close and positive relationships. Diplomatic missions are an important avenue for the interaction with migrants. Good and effective consular services are among the best ways to foster ties between the diasporas and their home countries. Media, the internet and other new technologies can help in reaching out to diasporas.
- ❖ **Fostering a sense of belonging among members of diasporas** through such approaches as the recognition of dual citizenship, and by giving members of diasporas the opportunity to participate in the political process of their country. Identity and a sense of belonging form the basis of the link between diasporas and home countries and lie at the heart of migrants' motivation to contribute to their development.

**(b) Mobilizing financial resources of diasporas**

11. The financial flows associated with migrants and diasporas are very diverse and include remittance transfers, foreign direct investments (FDI), trade exchanges as well as donations.

12. The share of diasporas contributions in FDI and trade is not well established, but where it is known, the figures are impressive. For example, it is estimated that 50 to 70 per cent of FDI in China originates with Chinese diasporas and overseas Chinese investors. Diasporas' financial capital in terms of remittances through formal transfers is much better documented, despite

measurement difficulties.<sup>6</sup> According to the World Bank, international remittances remain the second-largest financial flow to developing countries after foreign direct investment, and are more than twice the size of net official development assistance.

13. Less well researched, but potentially very significant is the impact of internal remittances, i.e. the funds sent or brought home by migrants who moved from rural to urban areas. Given the fact that the number of internal migrants worldwide is much higher than that of international migrants,<sup>7</sup> the returns on their remittances in relation to poverty reduction are substantial, even though domestic wage differentials are not as significant as they are internationally.

14. It is important to remember that remittances and other financial contributions by migrants are private funds and that they should, therefore, not be construed as substitutes for national development budgets or international development assistance. In order to enhance the impacts of financial flows associated with migration, efforts should be made to elaborate appropriate incentives to motivate migrants to invest their funds in development-related activities. This should be done as part of a broader approach, such as supporting the development of a facilitating environment, good governance and stable economic structures in those countries to which such funds are transferred.

15. A favourable economic climate characterized by low inflation, economic stability, openness for entrepreneurial activities, sound institutions and good governance is critical to all of the approaches listed below. It is also important not to focus exclusively on the financial resources of migrants when working to maximize diaspora contribution to development and to complement these measures with a sound economic development policy.

#### **Policy approaches to maximize the development impact of diasporas' financial resources:**

- ❖ **Improving baseline data collection** on international and internal remittances and the volume of investments from diasporas to create a knowledge base to inform policy development.
- ❖ **Conducting further studies of decision-making mechanisms with regard to the transfer and spending of remittances**, as well as their macro-economic impact.
- ❖ **Promoting the transfer of remittances through official channels** by introducing transparent regulatory frameworks for the remittance market, increasing competition and reducing transfer costs, informing migrants through initiatives appropriate for the country and/or region about available formal fund transfers, favourable exchange rates and giving expatriates access to repatriable foreign currency accounts in the country of origin at attractive interest rates.
- ❖ **Reducing the cost and enhancing the accessibility of remittance services for migrants**, by, i.a.
  - **facilitating improved access to financial services** in cooperation with financial intermediaries, local communities, public and private sectors (e.g. banks and post

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<sup>6</sup> For further discussions on remittances, see *Global Economic Prospects: Trade Regionalism and Development*, The International Bank for Reconstruction and Development / The World Bank (2005) Washington.

<sup>7</sup> There are no reliable global statistics on the number of internal migrants but national figures can be illuminating. For instance, in 2003, India estimated its internal migrant population at 232 million; China at 121 million while the *World Migration Report* of the same year estimated global international migrant stocks at 175 million.

- office networks, credit unions, microfinance institutions and other rural service providers);
- **facilitating access to banking for migrants in countries of destination and their families in countries of origin.** As irregular migrants, too, can have a positive developmental impact on their home country, it is important to assist undocumented migrants to gain access to financial services by, for example, providing them with appropriate identification tools which can be used to open a bank account;
  - **streamlining and optimizing the process of remittance transfer,** including the promotion of the better use of modern technology to reduce transfer costs.
- ❖ **Promoting savings** which could be used to increase the liquidity of micro-credit institutions as a buffer against economic shocks. To gain the trust of migrants in the banking system is of particular importance.
  - ❖ **Creation of investment schemes and vehicles into which remittances can be channelled,** such as industry, education, infrastructure development, and the establishment of small and medium-sized enterprises.
  - ❖ **Creating incentives to channel remittances into development schemes** by, for instance, offering special tax reductions to expatriates, issuing saving schemes or bonds with favourable return rates. Creating incentive strategies and investment opportunities for remitters in commercial, entrepreneurial, and other productive ventures can be more effectively initiated in collaboration with relevant civil society stakeholders, the donor community and financial sector. Incentives should be tailored to the needs and interests of different migrant groups.
  - ❖ **Encouraging migrants to establish small and medium-sized enterprises** to ensure migrants' self-reliance in the long run, while ensuring that their funds contribute to local economic growth. Important measures include cooperating with banks to create a link between remittances and micro-credit financing for entrepreneurial activities, as well as providing business advice and support to migrants. Information campaigns on the incentives and support available to migrants wishing to engage in entrepreneurial activity are necessary.

(c) **Mobilizing non-financial diaspora resources**<sup>8</sup>

16. The developmental impact of diasporas is not limited to their financial contributions. The non-financial potential of migrants includes market development opportunities, diaspora-related trade opportunities, transfer of technology and of scientific, technical and economic expertise as well as political, social and cultural exchanges. Diasporas can contribute to fostering innovation and to trigger learning processes. Migrants can be a vital link in “marketing” products or services of countries of origin in countries of destination, thus contributing to the development of new markets and creating trade links between home and host countries. Diasporas can also play a role in countries of destination, for example through participating in the elaboration of development agendas and sectoral strategies representing migrants' interests, or facilitating contacts and relations with the country of origin.

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<sup>8</sup> For a more in-depth analysis on diasporas' contribution to development, see *Engaging diasporas as development partners for home and destination countries: Challenges for policy makers* (forthcoming 2006) IOM, Geneva.

17. Engaging non-financial resources of migrants is closely linked to efforts to replace brain drain<sup>9</sup> with brain circulation, to allow both origin and destination countries to benefit from migration through knowledge and skills transfer, and is therefore key to addressing the main challenges of migration for development and maximizing positive impacts.

18. Investment and business security, such as related to property rights, financial and economic stability as well as the respect for fundamental human rights in both the countries of origin and of destination are crucial to the success of effectively engaging non-financial resources of migrants.

**Policy approaches to engage and maximize the development effect of non-financial resources of diasporas:**

- ❖ **Facilitating temporary labour migration** to harness the advantages related to the regional and international mobility of workers. Cooperation between home and host countries based on the mutual benefit to be gained from temporary labour migration is necessary. The relevant legal framework for temporary labour migration can contribute to ensure the return of migrants, and is essential for the integrity of temporary labour migration programmes. GATS Mode 4 may be a useful opportunity to regulate and enhance temporary migration of this kind.
- ❖ **Promoting and facilitating returns** – virtual or actual, temporary or permanent – on a voluntary basis of qualified migrants to transfer knowledge, skills and technology.
  - **Facilitating and providing incentives for temporary returns of qualified migrants** is particularly important for the rebuilding of the health infrastructure and skilled human resources in developing countries.
  - **Addressing the “non-portability” of migrants’ benefits** (pensions, social security).
  - **Disseminating information on job opportunities and support programmes for expatriates wishing to return to their country of origin.** The internet is being increasingly used for disseminating this type of information.
  - **Maintaining the ties between migrants and their home countries.** Promoting the connection with the home country of not only the first but also second and third-generation migrants is important in turning diaspora contacts into a long-term factor in the development of countries of origin.
  - **Offering flexibility.** Migrants often prefer flexibility in contributing to the development of their home country, which does not require them to return permanently, or give up their acquired legal and social status in the host country. Therefore, it is important to offer a variety of possibilities regarding the length of the return, while ensuring the possibility to re-enter the host country and of continued access to certain host country benefits.
- ❖ **Facilitating the movement of diaspora members between home and host countries.** Dual citizenship introduced by some countries, such as the Dominican Republic, Mexico, Rwanda and Egypt, is one such approach. Some governments make special arrangements for migrants to encourage returns or visits to their home country. In Ethiopia, special travel documents allowing visa-free entry are issued to foreign citizens of Ethiopian origin and

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<sup>9</sup> The issue is addressed more specifically in section 3.b: “Retention and utilization of skilled resources.”



their spouses. Iran grants young Iranians born abroad and visiting the country up to three months exemption from military service.

- ❖ **Providing reintegration assistance and elaborating special programmes for returning migrants** to ensure that they are able to find employment and use their skills and experience acquired abroad for the benefit of their country. Programmes which facilitate integration may include vocational training, micro-enterprise development and other forms of targeted assistance. Such measures might include:
  - **developing tailored reintegration** measures in accordance with the particular situation and needs of the returning migrant;
  - **promoting full and equal participation of returning migrants in community life**, such as offering equal access to public services;
  - **preparing the local community in the country of origin to accept and facilitate the reintegration of returning migrants;**
  - **maximizing the benefits of the experience, knowledge and skills of returning migrants** by offering returning migrants the opportunity to be accredited as trainers or consultants in schools, government agencies or the private sector, and by promoting local entrepreneurship and the use of the experience and expertise of returning migrants for the benefit of national/local economic development. Returning migrants are often unable to obtain loans to establish a business, and additional support would be required in this area.

### III. MANAGING POPULATION DYNAMICS AND SKILLED RESOURCES

19. Lack of economic opportunity is a primary reason for migration and the reluctance to return home, underscoring the close relationship between migration and development. Activities that are conducive to remedying the root causes of economically induced migration are important elements in a comprehensive approach to migration management and the effective linking of migration and development strategies.

#### (a) **Economic and community development in areas of high migration pressure**

20. Improving economic and social conditions in areas of high migration pressure is an important element in population stabilization. Addressing these conditions in a direct and practical manner, and linking such actions to other areas of migration management, offers a wider area for partnership and cooperation between more and less developed countries in respect of shared migration management goals, as well as common goals in the area of development.

21. The establishment or expansion of this area of migration and development programming can also be instrumental in creating new opportunities for partnerships between governments, international organizations, NGOs and local communities. While many governments have been promoting direct development programming to benefit various regions and countries of origin, few donor countries have given concrete expression to this approach in their overall migration and development strategies.

**Policy approaches with regard to economic and community development in areas of high migration pressure:**

- ❖ **Developing and implementing specific livelihood enhancement programmes**, including for microenterprise development and skills improvement, community development initiatives to improve local living conditions, key infrastructure and social services. Realistic options at home are necessary if the pull factor of the perceived or actual better prospects in destination countries is to be offset, and as viable alternatives to the often dangerous conditions facing irregular migrants.
- ❖ **Taking direct action and expanding partnerships towards economic and community development in areas of origin.** The Danish “Regions of Origin Initiative” is a useful example of an articulated strategy recognizing that short-term relief is insufficient to create conditions conducive to return and supportive of stable reintegration into regions or communities of origin. Although this particular programme is aimed at the areas of origin of refugee populations, similar approaches could be adopted for regions of high migration pressure.

**(b) Retention and utilization of skilled resources**

22. The aspect of population stabilization of primary concern for many developing countries, especially for the least developed among them, is the retention and utilization of skilled workers. Because of limited infrastructure and scarce resources available for education, their pool of skilled people is small. As a result, they experience a disproportionate outflow of skilled people and the resulting shortages in such sectors as rural development, healthcare and education are of particular concern.

23. The challenge is to develop mechanisms in order to counteract as far as possible the loss of skilled workers, whose departure undermines the development potential of their home countries, and to promote brain circulation by encouraging the return of qualified nationals and their contribution to the development of their country of origin.<sup>10</sup> It is widely acknowledged that based on their education and training, and the acquisition of useful skills while abroad, returning nationals can play an important and beneficial part in the transfer and infusion of necessary skills and new technologies in their countries of origin.

**Policy approaches regarding the retention and utilization of skilled resources:**

- ❖ **Consultations and cooperation between countries of origin and destination** to limit the outflow of skilled workers needed by home economies, consistent with the right of every person to leave any country, including his or her own.
- ❖ **Regulating recruitment and promoting international cooperation regarding ethical recruitment practices.** Ethical recruitment codes limit the source countries to be targeted by employers, and/or length of stay abroad. Many recruiting countries are developing bilateral and multilateral recruitment agreements with source countries, some of which have an explicit “ethical” dimension, or aim to achieve a “win-win” situation that will allow the source country to benefit also. One such initiative is the practice of “twinning”, based on staff exchanges and support between universities, hospitals and other entities in

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<sup>10</sup> The issue of brain circulation and brain gain is addressed in section 2.c: “Non-financial resources of migrants and diasporas.”

countries of origin and destination. Prosperous countries might also consider investing more resources into the training of their own nationals, as relying on the active recruitment of skilled persons from developing countries can be problematic.

- ❖ **Offering educational support to countries of origin.** The host country may provide educators, educational resources and/or funding to organizations suffering from staff shortages as a result of brain drain. This is particularly relevant to the health sector and can be done through bilateral agreements, or co-investment programmes.
- ❖ **Application of the policy of “bonding”-** at the beginning of an education/training course, a beneficiary is required to agree to work in the home country for a fixed period of time after completing the course.
- ❖ **Addressing push factors.** Among the main reasons for the emigration of professionals are difficult working conditions, low salaries, stress and overly high workloads, lack of career prospects or opportunities for further training, weak social infrastructures, difficulties in finding adequate accommodation, as well as the rising labour demands in receiving countries. Addressing the push factors stretches over many areas of public policy, and is intrinsically linked with larger development concerns, such as poor economic performance, high levels of debt, HIV/AIDS, rural poverty, inefficiency of public administration, to name only some. Possible initiatives in this area would involve the creation of such incentives as, for instance, salary supplements, accommodation, tuition allowances for children, transportation, or affordable loans to professionals in sectors that are essential for national development, such as health and education, and improving working conditions for professionals, especially in rural areas.