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Remittances and Brain Gain - Impacts of International Migration

Contents

Abbreviations

ADB	Asian Development Bank
ATM	Automatic Teller Machine
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HTA	Hometown Association
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IOM	International Organization for Migration
LDC	Less Developed Country
MTO	Money Transfer Operator
NGO	Non-governmental Organization
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
UNDP	United Nations Development Program

Abstract

Migration is a worldwide phenomenon. Although the international discussion usually focuses on problems and drawbacks, such as labour market and integration issues, there is no doubt that there are many positive effects for the destination countries. It has been only in the latter part of this decade that two aspects have been debated more intensely: the dramatic increase of remittances and the possible positive effects of returning migrants for the economy of the origin countries. This article summarizes major data of

international migration and remittance development that have been discussed in various publications of international organizations Major conclusions are explained and finally some proposals regarding a consistent migration policy for countries of origin are put forward.

Introduction

This desk study will provide an overview of developments and consequences of international migration and remittances by summarizing major findings of a number of studies that have been carried out in the past years. This paper focuses on general topics and developments concerning migration and remittances and particularly deals with *low-skilled migration*. Low-skilled migration refers to the common practice of destination countries of offering employment opportunities to migrants that require basic skills only, usually by disregarding the advanced educational and skills level of the applicants.

Labor migration - a career

Deo was born in the Philippines. At the age of 12 years, he left school to work in a small factory to enhance the income of his large family. Six years later, he followed his uncle to Canada and started there with significantly better paid casual work. After he was able to receive Canadian citizenship, he made himself independent as a retailer and importer. Now he even employs a number of Canadian employees.

In the early years, he used to send money home every three months. Then he married and needed his income for his own family in Canada. But he still supported his Hometown Association in Toronto by smaller amounts of money, basically used for small income generating projects for people still living in his home province of Central Luzon in the Philippines.

Every three or four years he returns home for several weeks and is regularly invited by the local Chamber of Commerce to give lectures for the business community. Only recently he decided to invest part of his savings in a small power plant near Baguio, the capital of his home province.

1 International Migration: Figures and Trends[1]

In 2008 the number of international migrants was estimated at **214 million**. Together with 740 million internal migrants, people working and living outside their home region but within the same country, and an estimated 30 million irregular[2] migrants[3], nearly 1 bn people live outside their home region. This article, however, will mainly focus on international migrants. Around 80% of all

[1] The greater part of this study is based on findings that were published by the World Bank in 2006: "World Bank Report on Global Economic Prospects: Economic Implications of Remittances and Migration" (World Bank 2006). Statements and observations taken from that report are not always indicated. References will be given for country examples or studies that are mentioned in the World Bank Report.

[2] very often also addressed as illegal

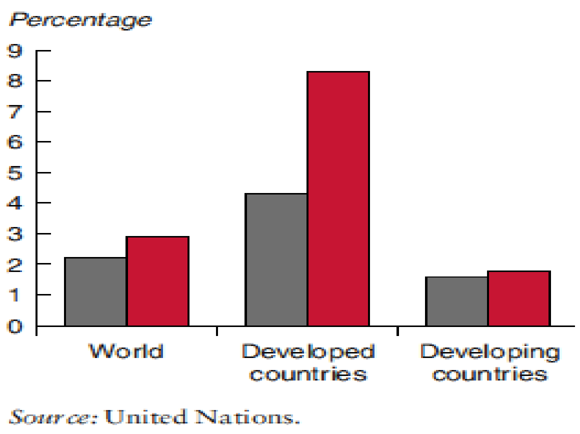
[3] around 15% of the officially registered migrants

international migrants are from developing countries (LDCs) and more than half of them migrated to other developing countries. As only 5 to 10% of all migrants are estimated to be refugees or asylum seekers,[4] the largest share of the migrants can be classified as labour migrants.

All migrants		955 mio
thereof:	Internal migration International migration	740 mio **215 mio** (3% of world population)
add:	*irregular international migration.*	*30 mio (est.)*
International Migration		215 mio
from:	Developing Countries "Developed" Countries	**175 mio** 40 mio
From Developing Countries		175 mio
to:	Developing Countries "Developed" Countries	**110 mio** 65 mio
Reasons:	Refugees / asylum seekers Labour migration	15 mio **160 mio**
Female migrants		90 - 100 mio

Table 1: Migration basic data 2008 [5]

The majority of migrants from developing countries prefer **neighbouring countries** (80%); they migrate from Malaysia to Singapore or from Bangladesh and Nepal to India. Only 20% of migrants from developed countries migrate to neighbouring countries.



Left column: 1970, right column: 2000
Figure 1: International migrants as share of destination countries population [6]

[4] UNDP 2009, p 26; World Bank 2006, p 62, Ratha/Shaw 2007, p 5
[5] UNDP 2009, figures rounded
[6] World Bank 2006, Figure 2.1 (without countries of former USSR), p 27

Between 1970 and 2000 the **share of immigrants** in all destination countries' populations increased from around 2 to 3%: it, grew only slightly in developing countries, but doubled in developed countries from around 4.5 to 9%.[7]

Low-skilled international migration originates from **middle and upper-middle income households**, very often from regions that are undergoing rapid change and development as a result of their incorporation into global trade, information, and production networks. So, the main reason for migration is not absolute poverty but a certain economic development level in combination with insufficient employment opportunities. Obviously, only this group has sufficient means to afford the costs of migration and the skills to obtain a job in the destination countries. Finally, only these people have access to social networks in the destination countries.

Only 8% of Ghanaian households receiving international remittances had estimated incomes (excluding remittances) that fell within the first to fourth deciles of households by per capita expenditures, but 55% belonged to the top three deciles.[8] Lucas quotes studies of Kerala (India), Pakistan, the Philippines, and Thailand that support this conclusion that most emigrants were not from the lowest income levels.[9]

On a global scale, the absolute number of **female migrants** is estimated to have increased from 35 million (1970) to 95 million in 2005 while the percentage of all international female migrants remained just below 50% of all international migrants (see figure 2). In some countries the increase in female migrants reflects changes in labour demands. The entry of women into the workforce in some middle-income countries, for example, has created a growing need for domestic workers.[10]

The importance of female domestic workers leads to increased danger of **exploitation**, sexual harassment and abuse.[11] This is due to confinement to private homes and poor language skills as well as poor knowledge about their rights and rules. Under some migration program regulations employers are even allowed to confiscate passports or otherwise control the migrants’ ability to stay in the country. Moreover, women have **unequal access to formal migration channels** - because they have less access to information and there are fewer established migration routes and networks to serve them. Thus they are more vulnerable to trafficking.[12]

[7] World Bank 2006, p 27
[8] World Bank 2006, p 66
[9] Lucas, R. 2004, p 66
[10] Asis 2005a
[11] Wickramasekera, P. 2002, p 63
[12] Theuermann 2005

According to *Haque* two-thirds of migrants from Sri Lanka in 1998 were women, *Battistella* noted that women accounted for 70% of newly hired Filipino overseas workers and *Lee* observed the rising share of women in contract migration in East Asia.[13]

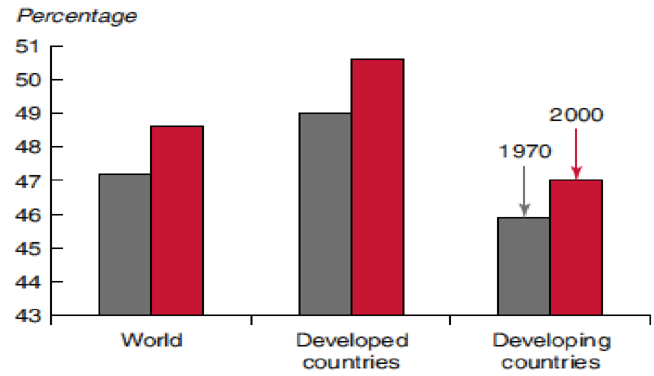


Figure 2:
Percentage of female migrants living in developed and developing countries[14]

The **emigration rate** of low-skilled workers varies from 0.3 to 3.7% of the total population, whereas the emigration rate of persons with a tertiary education varies between 5 and 15% of the total population. So, individuals with a higher education tend to seek labour and income opportunities abroad more often than others. This causes a **brain drain** in their home countries. However, if they decide to return home (even temporarily) or if they are involved in diaspora activities, they are directly or indirectly contributing to a reverse knowledge transfer, or **brain gain,** and could act as innovative investors, change agents or even serve as motors of innovation.

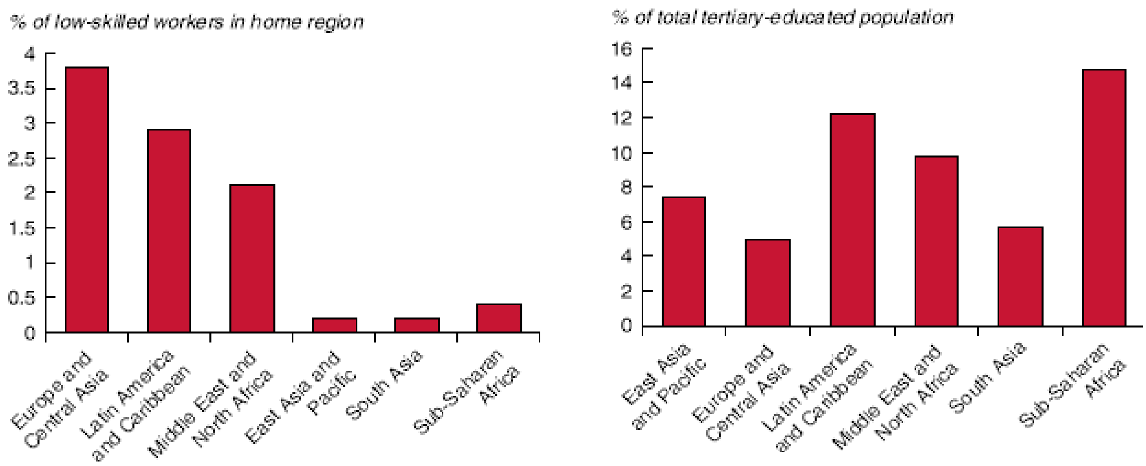


Figure 3:
Emigration rates of low-skilled workers and persons with tertiary education [15]

[13] Haque 2005; Battistella 2003; Lee 2005
[14] World Bank 2006, Figure 2.2

The Hsinchu Science Park, established 1980 in Taiwan, brought scientists and researchers living abroad back to Taiwan. The re-migrants established 116 out of 385 companies in the Park and have been introducing new technologies and management skills.[16]

However, returnees also include retirees or the less skilled cohort of emigrants. These people could have been disappointed by wages, costs of living, working conditions or they may have had more difficulties in finding or retaining jobs. When returning to their home countries, they may face problems in readapting to economic and social requirements and in some cases their original skills may have deteriorated while living abroad.[17]

To summarize some results: A large part of labour migrants from developing countries belongs to the middle class, is comparatively well educated and emigrates not because of absolute poverty. Despite the fact that they may only find low-skilled and low-paid work in the destination countries, when they return to their home country, these origin countries may benefit from their newly acquired insights and skills.

2 Development of remittances flows[18]

Remittances play an increasingly important role in the developing countries. International organizations, such as the *International Organization on Migration* (IOM), IFAD, the *International Fund for Agricultural Development*, UNDP, *United Nations Development Programme*, the *Inter-American Development Bank* (IDB), or the *Asian Development Bank* (ADB) and - of course - *World Bank* are closely observing the development of remittances and regularly report on remittance issues. *Figure 4* gives an overview on the distribution of remittances worldwide.

[15] Source: World Bank 2006, Figure 3.4 and 3.5 based on Docquier/Marfouk 2004
[16] Saxenian, A. 2002 Local and Global Networks of Immigrant Professionals in Silicon Valley. San Francisco Public Policy Institute of California, cited by World Bank 2006, p 71
[17] World Bank 2006, p 71
[18] World Bank 2006, p 85 ff

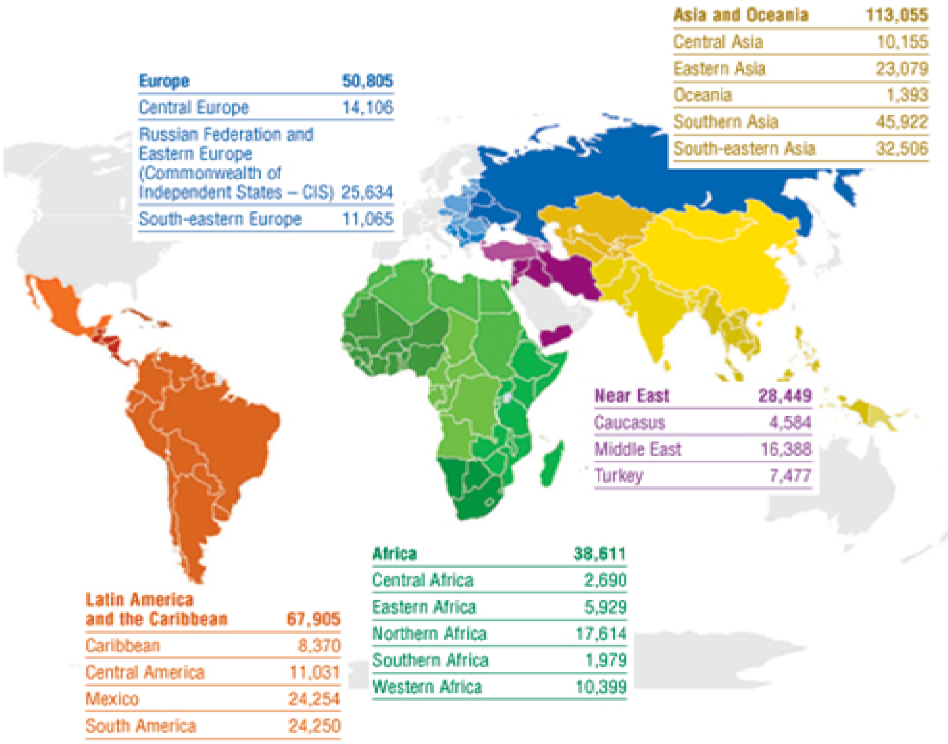


Figure 4: Distribution of remittances worldwide in 2006 (US$ 1,000)[19]

Although, there is no general agreement yet on how to measure international migrants' remittances to developing countries, a comprehensive World Bank estimation of **officially recorded flows** (workers' remittances, compensation of employees, migrants capital transfers up to US$ 3,000) produced roughly US$ 340 bn for 2008, four times as high as in 2000 (US$ 85 bn). If remittances to high-income countries are included, the 2008 figure would even reach more than US$ 440 bn.

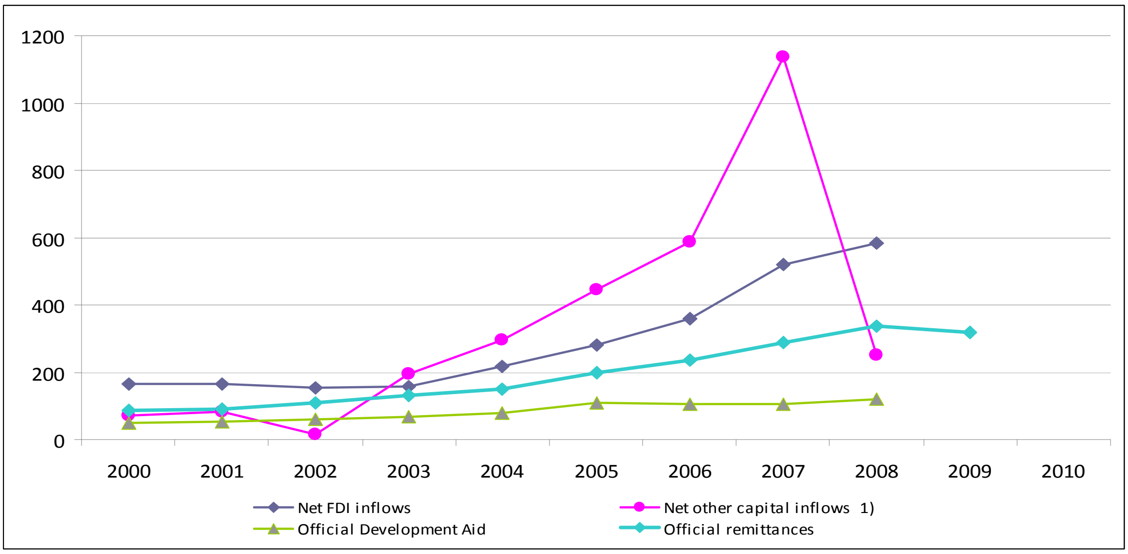
Total remittances (2008)		**444 bn**
thereof:	to "developed" countries to developing countries	106 bn **338 bn**
Comparison	2000 2009	85 bn 317 bn (estim - 6% compared to 2008)
Informal Remittances		50% (estim.)
Average remittances per migrant (estim.)		17% of labour income US$ 2,000 per migrant p.a.

Table 2: Remittances basic data 2008[20]

Figures in *Table 2* are based on official data only. Informal remittances are estimated as an additional 50% of the official figures. Given measurement

[19] IFAD 2007
[20] UNDP 2009; World Bank Remittances Data November 2009

uncertainties and the unknown extent of **unrecorded flows,** particularly through **informal channels**, the true size of remittance flows can be estimated much higher - approx. 50% or more.[21] This adds up to capital inflows to developing countries of roughly US$ 500 bn p.a.



1) net private and official debt flow; net portfolio equity flow

Figure 5: Capital inflows to developing countries [22]

Compared to other sources of **capital inflow,** it is surprising how fast remittances gained a prominent role. The present volume is now at least three times higher than the Official Development Assistance (ODA) and much more stable than the private capital inflow, which reacts very sensitively in case of economic and financial crises. Only the inflow of Foreign Direct Investment capital (FDI) has grown faster in the past.

The **surge in remittance flows** has been driven by several **causes**,[23] such as

- improvement in **data recording** and collection by central banks, due to a greater awareness of the development potential of remittances, and, as a consequence, improvement in data quality,
- reduction in remittance costs, due to government policies to improve **banking access** and the technology of money transfers,

[21] Formal channels are provided by formal finance institutions or banks, while informal channels are all non-bank channels.
[22] ODA: OECD (stats.oecd.org/index.aspx); FDI / Other capital inflow: Worldbank, Global Development Finance 2008 und 2009; Remittances: Ratha, D. / Mohapatra, S. et al. 2007; UNDP (HDR 2009)
[23] World Bank 2006, p 92 ff

- the sizeable **depreciation** of the **US-Dollar** against most other major currencies since 2002, which has increased the dollar value of non-dollar remittances, and
- the **growing number of migrants**, caused by better employment opportunities in the host countries, particularly for temporary workers, who are believed to remit a larger share of their income, and for low-skilled workers, who also tend to remit a higher proportion of their income.

In spite of the estimated decrease of remittances in 2009 by 6% - less decrease than expected at the beginning of the financial crisis - with both the supply and demand for migrants growing, remittance flows are likely to grow again in 2011. Rising income levels in destination countries and declining costs of remittance transfers would also lead to larger remittances, especially through formal channels. In the long run, however, due to the decreasing shift in flows from informal to formal channels, it is expected that the growth rate in remittance flows will decline.

Developing Countries	**Remittances: Inflow in bn US$ 2008**
India	52
China	49
Mexico	26
Philippines	19
Nigeria	10
Bangladesh, Egypt	9
Indonesia, Lebanon, Morocco, Vietnam	7

A total of 71 countries received more than US$ 1 bn each

Table 3: Top remittance receiving countries 2008 [24]

Table 3 shows the **top remittance receivers,** those 11 countries which received around 60% of all remittances that reached developing countries in 2008. On the other hand, it is noteworthy that more than 70 countries received at least US$ 1 bn each. These figures do not reveal much about the relevance of remittances compared to other aggregated economic data. So, *figure 6* shows the remittance inflow as percentage of the GDP. This reveals that there is a number of countries that obviously depends on remittances not only as source of foreign exchange but also of consumption and investment capital.

[24] World Bank 2009

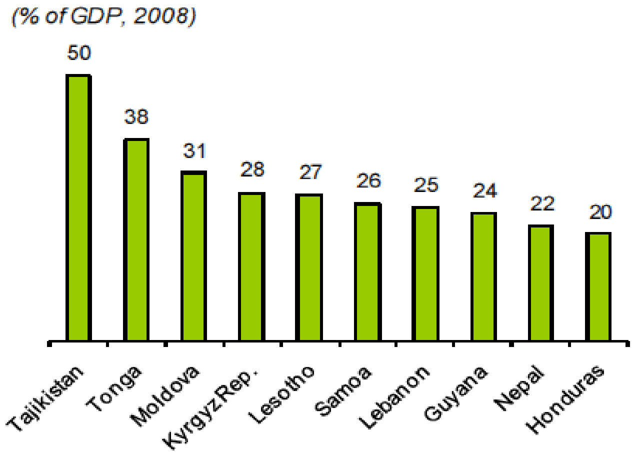


Figure 6: Top recipients of migrant remittances among developing countries [25]

Remittances are usually sent by **temporary migrants** only and only during the first years of living and working abroad. After two to five years, the willingness to send remittances decreases, and after five years, it has more or less vanished. This has been found in studies carried out in Southeast Asia. However, there are no indicators that attitude and situation in other migration countries would be much different.

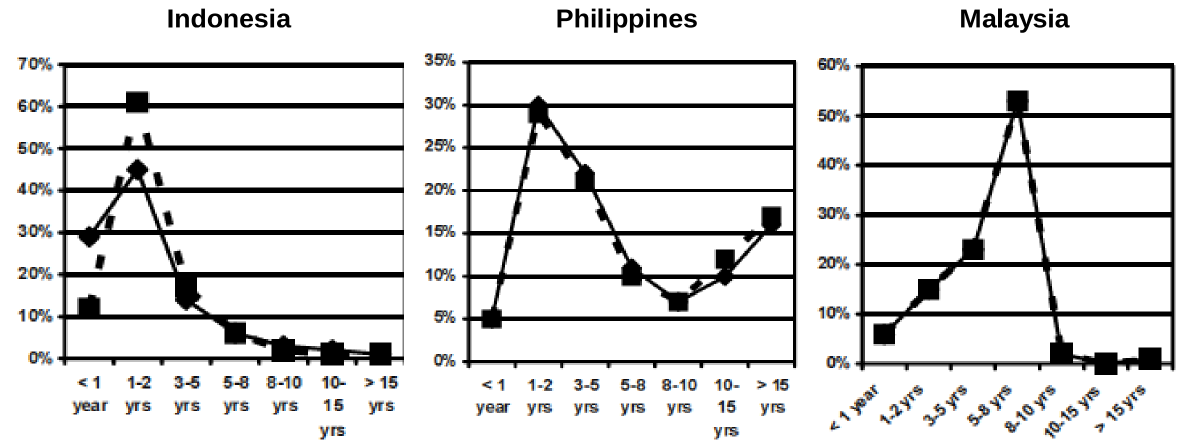


Figure 7: Length of time receiving remittances relative to living abroad [26]

The decision how to send or receive money is usually based on a mutual agreement between the sender and the recipient. However, volume and frequency of sending money and also the way remittances are utilized are very much related to the kind of remittance channels preferred by the migrants.[27] Usually, informal channels tend to have **lower transaction costs**. Higher transaction costs in the formal sector can be caused by endogenous reasons,

[25] World Bank 2009 b

[26] ADB 2006, Survey of remittance recipients, Regional Technical Assistance No. 6212: Southeast Asia Workers' Remittance Study

[27] for the following chapters pls. refer to ADB 2006, p 54 ff

such as operating costs, data transmission and processing, regulation requirements or negotiated commissions with partner institutions. Exogenous reasons can be related to the transfer infrastructure in either or both sending and receiving country, lower than expected transfer volumes or regulatory frameworks that may affect number and/or kinds of players.

The results of various studies have revealed that the extent of regulatory controls in the finance corridors between origin and destination countries, the extent of informality in these corridors, and the money volumes sent are correlated to pricing. More regulations, greater informality, and lower money volumes imply higher costs. This requires the reviewing of the prevailing regulatory environment, as well as of the causes of selecting informal channels, such as ineffective distribution networks, poor technological infrastructures, and controlled markets.

The use of formal channels and the kind of utilization of remittances also depend on the access to full **financial intermediation**. In Asia many migrant workers do not use the full range of financial services, or they are sending remittances through banks although they do not own a bank account. This is particularly relevant as migrants tend to live longer in the host country than expected (5 years vs. 1 year). More financial intermediation would be useful to increase access to saving and credit and to other financial services such as insurance. This could enhance the ability of re-migrants to start investments or to build assets at home in order to ensure that families can stay out of poverty even when the migrant himself decides not to return to his country of origin.

3 Effects of remittances and migration on home country economies[28]

3.1 Migration and Brain Gain

Migration's **impact on economy and policy** in the home countries depends on a number of circumstances, among them are

- the skills and former employment of migrants, the sectors affected and the patterns of trade and production,
- the history of migration (the existence and location of a large diaspora) and the numbers of emigrants relative to the domestic labour force,
- the political and social acceptance of migration and the political will to initiate and support relevant strategies,
- the institutional setting in the home country, such as the role of worker unions and the existence of minimum wage laws,
- the investment climate, and
- the size and geographical location of the country.

[28] World Bank 2006, p 31 ff

The impact of migration on working conditions in the countries of origin is often overestimated. Only large-scale emigration may reduce **pressure on unemployment rates** of low-skilled workers. This again could contribute to reducing unrest and extremism as a common result of high unemployment rates. But at the same time it can **delay policy efforts** to increase employment over the long term, and thus reduce pressure for appropriate related policy reforms.[29]

Surveys in Pakistan's construction sector and the Philippines' manufacturing sector showed only a very marginal effect on wages.[30] However, for the rural sector in Bangladesh, it was found that - at least in the case of internal migration - more rural land is now available for tenancy.[31]

Skilled migrants would cause a **brain drain**. The share of skilled persons leaving their home country for work migration purposes is high in some countries in Asia. In small countries it may exceed 50% - a brain drain that can hardly be compensated.[32] On the other hand, if skilled migrants decide to re-migrate or if they participate in diaspora activities, they will be instrumental to the transfer of new knowledge back home (**brain gain**) and could find themselves in the position of change agents, particularly for rural areas.

Diaspora initiatives can play an important role for the economic development in the home countries. Hometown associations (HTAs) deploy non-profit activities and **invest** in the local economy in their home region. Well-off migrants may (re)discover their attachment to their home countries or provinces or may discover attractive **investment** opportunities. Furthermore, migrants contribute to the **expansion of trade** between countries of origin and countries of destination.

3.2 Remittances

Remittances

- will increase **foreign exchange earning** so that current account deficits can be reduced and external credit constraints can be compensated,

[29] World Bank 2006, p xiv
[30] Majid, N. 2000 Pakistan: Employment, Output and Productivity. Issues in Development Discussion Paper 33. ILO, Geneva. Gazdar, H. 2003 A Review of Migration Issues in Pakistan. Paper presented at the Regional Conference on Migration, Development and Pro-Poor Choices in Asia, June 22–24, Dhaka, cited by World Bank 2006, p 64
[31] Afsar, R. 2003 Internal Migration and the Development Nexus: The Case of Bangladesh. Bangladesh Institute of Development Studies, Dhaka, cited by World Bank 2006, p 65
[32] World Bank: Migration and Remittances Factbook 2008, Table 16

- contribute significantly to **poverty reduction** at household level[33] and provide some sort of insurance against negative household shocks (e.g. natural disasters and sicknesses) through savings and improved access to formal credit due to higher regular household income,
- create **multiplier effects**, due to the fact that spending of remittance income will generate further income for other local households,
- are often used for private investments in **education and health**, resulting in longer school attendance rates, reduced child labour and better health from increased access to health-related knowledge as well as from a general increased household wealth.

Among other aspects, Yang / Martinez[34] studied the impact of remittances on poverty in the recipient regions. Using a dataset from an Overseas Filipino Survey, they found that an increase in remittance flows contributed to the reduction in poverty not only in the migrant families but also in non-migrant families.
Wodon et al.[35] conclude that in two southern Mexican States with significant international emigration and remittance inflows, the share of the population living in poverty has been lowered by 2% due to remittance income. They argue that this effect on poverty is similar in magnitude to that of many government programs in terms of poverty reduction, education, health, and nutrition.
Taylor et al.,[36] using data from a 2003 survey, find that international remittances account for 15% of per capita household income in rural Mexico; they conclude that an increase in international remittances would reduce both the poverty headcount and the poverty gap.
Remittances are estimated to have replaced 60% of income loss due to weather-related shocks in a sample of Filipino households.[37]
Migrants responded to the cost of hurricane damage borne by Jamaican households, with each additional dollar of hurricane damage leading to US$ 0.25 in additional remittances. [38]
The dramatic depreciation of the Philippine exchange rate during the Asian Crisis at the end of the nineties increased remittances (in Philippine currency), leading to greater child

[33] International remittances account for 60% of income for households in the lowest income decile, so they have impact on reducing poverty, particularly the depth of poverty
[34] Yang, D. / Martinez, C. 2005 Remittances and Poverty in Migrants' Home Areas: Evidence from the Philippines. In Ozden, C / Schiff, M. (ed) International Migration, Remittances, and the Brain Drain; World Bank, Washington, DC, cited by World Bank 2006, p 121
[35] Wodon, Q. et al. 2002 Migration and Poverty in Mexico's Southern States. Regional Studies Program, Office of the Chief Economist for Latin America and the Caribbean; World Bank, Washington, DC, cited by World Bank 2006, p 121
[36] Taylor, J. E. et al. 2005 Remittances, Inequality, and Poverty: Evidence from Rural Mexico. Research Program on International Migration and Development. Mimeo. World Bank, Washington, DC, cited by World Bank 2006, p 121
[37] Yang, D. / Choi, H. 2005 Are Remittances Insurance? Evidence from Rainfall Shocks in the Philippines. Research Program on International Migration and Development. DECRG. Mimeo. World Bank, Washington, DC, cited by World Bank 2006, p. 123
[38] Clarke, G. / Wallsten, S. 2004 Do Remittances Protect Households in Developing Countries Against Shocks? Evidence From a Natural Disaster in Jamaica. Unpublished paper. World Bank, Washington, DC , cited by World Bank 2006, p 123

schooling, reduction of child labour, and increased educational expenditure in remittance receiving households.[39]
In El Salvador, remittances are estimated to reduce the probability of children leaving school prematurely by 10 times the effect of other sources of income in urban areas and by 2.6 times in rural areas.[40]
Mexican children in households with migrants completed an additional 0.89 years of schooling.[41]

One of the most important development-related impacts is the fact that remittances can **trigger investments** by private households, depending on four major causes:

- the individual ability and willingness to invest,
- the existence of sufficient investment opportunities,
- the access to savings and credit and
- the overall investment climate in the country or province.[42]

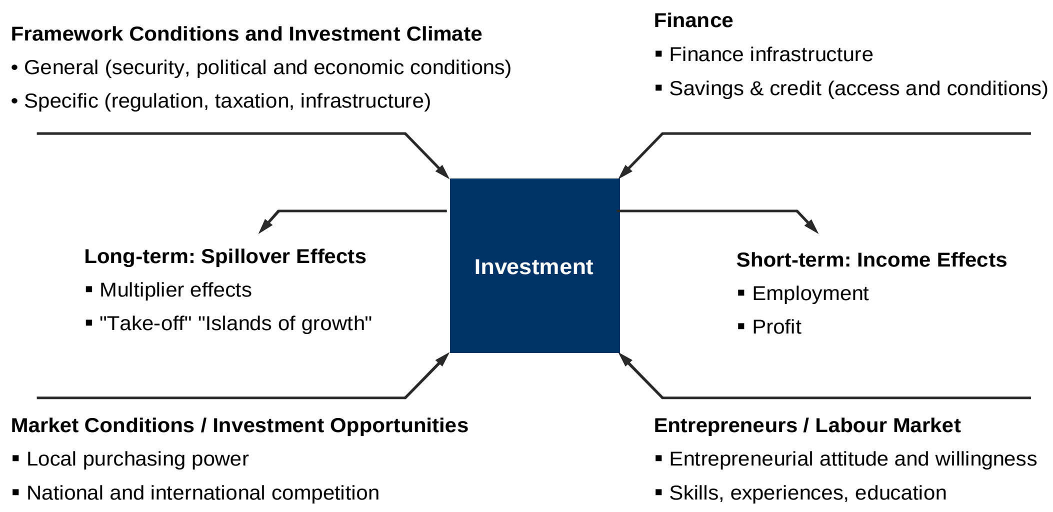


Figure 8: Investments: conditions and effects

Figure 8 gives an overview of short- and long-term effects of investments on one hand and the basic conditions for successful investment initiatives on the other. Particularly favourable conditions are general and specific framework

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[39] Yang, D. 2004 International Migration, Human Capital, and Entrepreneurship: Evidence from Philippine Migrants' Exchange Rate Shocks. Research Program on International Migration and Development. Policy Research Working Paper 3578. World Bank, Washington, DC, cited by World Bank 2006, p 126
[40] Cox E. / Ureta, M. 2003 International Migration, Remittances, Schooling: Evidence from El Salvador. Journal Development Economics 72(2), pp 429 - 61, cited by World Bank 2006, p 126
[41] Hanson, G. / Woodruff, C. 2003 Emigration and Educational Attainment in Mexico. Working Paper. University of California, San Diego, cited by World Bank 2006, p 126
[42] World Bank 2006, p 125ff

conditions, a suitable finance infrastructure, a functioning labour market, sufficient entrepreneurial skills, and favourable market conditions.

If a number of additional conditions are met, remittances are able to contribute to a permanent increase of the per capita household income through additional investments, particularly if [43]

- remittance flows are viewed by the household as **transitory** rather than permanent income,
- remittances are **not targeted to extremely low-income households,**
- they are targeted to **female** rather than to male **household** members,
- remittances are able to compensate lacking **access to financing facilities**, which is particularly true for low- to middle-income households, or when
- they are able to ease household **credit constraints**, because a stable stream of remittance income can make households more creditworthy, thus facilitating access to additional affordable financial sources for entrepreneurial activities.

That high disposition to save and to invest results from households treating remittance receipts as temporary income flows is largely confirmed in a study of Pakistani households.[44]
Only 12% of net increments to expenditure by rural Egyptian households were allocated to consumption; the major part was invested in the construction and repair of houses and in agricultural or building land.[45]
In 13 Caribbean countries a 1% increase in remittance inflows leads to additional private investment of 0.6% (measured relative to GDP).[46] Contrary to these areas, households in Latin America have a higher disposition to consume remittance income. The percentages of remittances spent on household expenditures are 78% in Mexico, 77% in Central America, and 61% percent in Ecuador.[47]
A survey of 6,000 small firms in 44 urban areas in Mexico shows that remittances are responsible for almost 20% of the total capital in urban micro-enterprises.[48]

Although the inflow of remittances may contribute to some negative macroeconomic effects too, such as stimulation of inflation and increased exchange rate of the local currency, the overall impact of migration on economy and policy tends to be positive. However, it would depend on circumstances, among them are

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[43] World Bank 2006, p 125
[44] Adams, R. 1998 Remittances, Investment, and Rural Asset Accumulation in Pakistan. Economic Development and Cultural Change 41(1), pp 155 - 73, cited by World Bank 2006, p. 127
[45] Adams, R. 1991 The Economic Uses and Impact of International Remittances in Rural Egypt. Economic Development and Cultural Change 39(4), pp 695 - 722, cited by World Bank 2006, p. 127
[46] World Bank 2006, p 124
[47] World Bank 2006, p 127
[48] Woodruff, C. / Zenteno, R. 2001 Remittances and Microenterprises in Mexico. Unpublished paper. Graduate School of International Relations and Pacific Studies, University of California, San Diego, cited by World Bank 2006, p 121

- skills and former employment of migrants,
- the existence and location of a diaspora,
- sectors affected by migration and the existence of migrant investors, and very important -
- framework conditions, such as size and geographical location of the country, political system, infrastructure, investment climate and the like.

4 Perspective: New Migration Policy

A suitable migration policy should consider **positive and negative effects** for both emigration and immigration countries in the light of globalization and international distribution of work. Negative or contra-productive effects mainly consist of various intercultural problems and xenophobia in the immigration countries, brain drain, social problems and possible adverse effects on the labour market in the emigration countries. Positive effects will be even more recognized and welcomed if both countries are successful in overcoming constraints and negative effects. This requires a *comprehensive integrated migration policy for both countries* which, ideally, should look upon international migration as a joint venture between both countries based on bilateral agreements.

How could a "new" migration policy[49] for origin countries look like?

Present migration-oriented policies in origin countries very often focus on reducing unemployment and earning foreign exchange. The reduced pressure for more employment and policy reforms together with the impact of brain drain involves the risk that experiences of re-migrants and their remittances are not appropriately used for productive and development purposes and that - finally - temporary migration will become permanent migration. Future "new" migration policy should focus on creating multiple benefits for the social and economic development of the migrant families and for their home country at the same time. They should facilitate systematic adjustments of departing workers' skills enhance opportunities to utilizing re-migrants' skills in a more systematic way and increase benefits from higher and controlled remittance flows.

Accordingly, the new migration policy should encompass **pre-migration activities**, such as provision of and information on migration programs that should include skills and language training as well as financial and legal services. A consistent **labour and social policy** should focus on creating job opportunities for non-migrants, particularly in areas with high migration potential, and provision of social security for migrants and their families. Cross-border and bilateral policies may contain cooperation with **diaspora**

[49] see also World Bank 2006, p 70 f

organizations in target countries[50] as well as multilateral or **bilateral agreements**[51] on issues such as migrant quotas, granting of temporary visas and work permits, social security aspects, transfer channels for remittances as well as exchange of experiences on migration issues.[52] Finally, **post-migration programs** can facilitate and support re-integration, and systematically utilize externally acquired experiences and know-how of re-migrants, and stimulate remittance flows by influencing transaction costs and increasing access to formal finance channels, as well as promoting the use of remittance for productive purposes. These aspects will be specified in a second article, focussing on the example of Uzbekistan.[53]

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[50] Diaspora organizations could become complementary development partners for governments and the private sector in identifying and supporting investment chances. So, the local government can supplement or match collective remittances made by emigrant groups for local infrastructure and social projects, such as schools, churches, or medical clinics and/or engage migrants in the development of home communities.

[51] World Bank 2006, p 72 ff

[52] They may also contain development cooperation initiatives under which destination countries may fund the training - according to their standards - of a given number of workers to capturing efficiency gains from labour migration for both countries. There are several hundred of such agreements worldwide, including more than 160 signed in the last 50 years in Latin America alone

[53] Koch, E. 2010/2

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