

MIGRATION – BENEFITS AND THE BANE

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Voices of the South on Globalization is a monthly newsletter intended to inspire a meaningful North-South Dialogue by raising awareness for global interdependences and by offering a forum for voices from the South in the globalization debate. Each edition will present short analyses or commentaries from a Southern perspective on one particular issue of the globalization process.

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REMITTANCES IN FOCUS

Realising the importance and impact of migration from the developing to the developed world, the UN General Assembly organised last September a High Level Dialogue on International Migration and Development.

Over 140 member states discussed the global implications of international migration and the mutually beneficial interaction between migration and development. The Dialogue made explicit the close relationship of development policies with migration policies, and reaffirmed how good migration governance can contribute to development and how development policies can impact on migration.

Participants acknowledged that remittances were the most tangible benefit of international migration for countries of origin. They noted that the volume of remittances had increased markedly in recent years.

While remittances benefited millions of families of migrants, participants believed that their development potential could be enhanced by appropriate measures. These encompassed increasing competition among money-transfer companies and banks to reduce transfer fees, improving the access to banking services, including credit, of migrants and their families and expanding financial literacy in countries of origin.

The flows of remittances -- both recorded and unrecorded -- have become more than twice as large as the official aid received by developing countries and the greatest source of external financing for many of them. Migrant persons are increasingly considered a driving force in the eradication of poverty and the promotion of sustainable household and community development. At the global level, the 191 million migrants sent a total of 232 billion dollars in remittances during 2005; 54 billion dollars were sent to Latin America and the Caribbean.

There was consensus during the UN General Assembly discussions that remittances were private flows and should not be considered a substitute for official development assistance, direct foreign investment or debt relief. Some participants warned about the potentially negative consequences of remittances, including the culture of dependency that they might foster at both the household and national levels.

Participants also agreed that migrant communities had significant potential to contribute to the development of their countries of origin. A number of countries had taken measures to strengthen ties with their nationals abroad and to encourage highly skilled workers in the direction of return and circular migration.

Several participants noted that, through co-development projects, migrant entrepreneurs had been agents of development in their countries of origin. The role of international migrants in transferring know-how, skills, technology, expertise and new ways of thinking to their countries of origin was also underscored.

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REMITTANCES IN FOCUS

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Participants remarked that labour migration was crucial for the world economy. In some countries, the labour market was highly dependent on foreign workers. In others, temporary labour migration allowed for the filling of specific labour needs. They noted that the relatively high participation of women in labour migration had prompted some countries to re-examine their labour migration regulations and procedures to ensure that they were gender sensitive and that they offered adequate protection for female migrants.

About half of all international migrants were female. Women, like men, migrated in order to improve their livelihoods. For many women migration was a means of empowerment. The entrepreneurial potential of female migrants deserved support, and the contribution of migrant women to development in both countries of origin and those of destination had to be recognized.

However, migration also entailed risks that were often more serious for women than for men, especially when women were relegated to undesirable low-paying jobs. It was important, therefore, to adopt policies that addressed the particular circumstances and experiences of female migrants and reduced their vulnerability to exploitation and abuse. Women and girls who were victims of trafficking were entitled to special protection.

Forum in Brussels

The discussions were carried forward to the Global Forum on International Migration and Development (GFMD) last July in Brussels. The July 9-11 Forum comprised two interrelated parts: a meeting of civil society actors on the first day, organized by the King Baudouin Foundation; and a discussion by government representatives on the second and third day.

Stressing the importance of the role of women, the director of United Nations International Research and Training Institute for the Advancement of Women (UN-INSTRAW) Carmen Moreno called on representatives from private sector, trade unions, academia and governments to optimize the benefits of remittances for development by listening more carefully to migrant women. "Women comprise half of the world's migrants and should not be left out of the international discussion," said Moreno.

"Money sent back home by migrants cannot be expected to help fight poverty in the developing world as long as women migrants who return to their home countries remain largely excluded from traditional banking systems, capacity-building opportunities and property ownership rights", stated Carmen Moreno.

"Persistent gender discrimination only brings development efforts down and generates more poverty for both men and women," she said.

"Who represents half of all remittance senders and the greater part of remittance recipients? Who is known to be wise financial managers? Who makes decisions about how money is spent and invested in the household? Women and again women!" emphasized Moreno. "Unless the entire migration process is examined from a gender perspective, projects that aim to maximize the pros and reduce the cons of remittances are doomed to fail," said the UN-INSTRAW director.

Moreno stressed that whereas much attention has been paid to the remittances as an instrument for development, the majority of studies do not take gender perspectives into account. With past and ongoing case studies in the Caribbean, Latin America, Europe, South-East Asia and Africa, UN-INSTRAW's pioneering research on the gender dimensions of remittances for development has demonstrated the significant potential of women's migration and economic empowerment for household and community well-being and economic growth.

U.S. Remittances to Mexico

According to UN estimates, migrants send 54 billion dollars to Latin America and the Caribbean. A new report by the Dallas Federal Reserve says that U.S. remittances to Mexico grew rapidly in a five-year period from 2000 to 2005 because the Mexican migrant population is embracing traditional banking channels.

"Real remittances grew 170 percent from 2000 to 2005, but in the U.S., the Mexican-born population grew only 20 percent," the Fed said in its latest issue of Southwest Economy.

The issue focuses on remittances to Mexico, free trade and cross-border banking. Lower money-transfer costs and better measurement techniques likely explain the post-2000 growth in remittances, according to Dallas Fed assistant economists Jesus Canas and Roberto Coronado and senior economist and policy adviser Pia Orrenius.

In "Explaining the Increase in Remittances to Mexico," the authors assert that the growth in the Mexican migrant population and their income alone can't account for the increase in remittances.

Instead, more migrants are turning to formal channels to send remittances due to reduced fees, the authors note. They also note that the Banco de Mexico has modernized procedures for collecting and recording remittance data.

"Spurred by declining costs for both senders and receivers, migrants increasingly have been transmitting remittances through formal channels rather than informal channels, such as carrying cash back home," according to the authors. - Ramesh Jaura ☑

DEVELOPMENT TO CENTRE-STAGE IN MIGRATION DEBATE

By Jaya Ramachandran

Migration is a global and growing phenomenon, whose effects are felt in the North as well as in the South, driven by increased globalization and demographic changes, according to experts gathered at the first Global Forum on Migration and Development (GFMD) last July in Brussels. More dynamic and linked up policy responses are therefore required to keep pace with this phenomenon and to enhance its benefits for all concerned.

Summing up the discussions, Ambassador Regine De Clercq, a senior diplomat of the Belgian Foreign Office described the three-day Forum "a landmark in the migration and development debate, with frank and interactive discussions, useful and interesting exchanges of experiences and many concrete suggestions for further actions".

The Forum agreed on a structural framework comprising of a global survey by which governments define their thematic priorities for the Forum; a global network of focal points that brings together different ministries and departments from various parts of governments; the Friends of the Forum that acts as a sounding board and consultative body; the team building of developed and developing countries and international expertise where available, around themes of mutual interest; and the operating modalities for the continuation of the Forum, including its link with the UN and the beginning of a support structure .

"Our discussions have helped us to start shifting the paradigm of the migration and development debate. We now understand better how migration policies can contribute to development and to achieving the Millennium Development Goals, and we all recognize migration as an opportunity, not a threat. We have also come to understand how development policies can harness best the potential benefits of migration," Ambassador De Clercq said in her final conclusions and recommendations as the chair.

No alternative to development strategies

Migration is still the least addressed part of globalization but it is also the most complex one, because it involves people. Policy making must pay attention to this human dimension, the ambassador said. The discussions had helped move development to centre-stage in the migration debate. This new approach opens more space for both development and migration policy objectives to be reached.

Governments agreed that migration should not become an alternative to national development strategies in the developing countries. Nor should it become a substitute for commitments to development by the donor countries. There may be scope for looking at the development challenges of regions with high out-migration pressures, to ensure that people are not driven to migrate out of necessity and despair.

The thematic roundtables -- on human capital development and labour mobility, on remittances and other diaspora resources, and on enhancing institutional and policy coherence and promoting partnerships -- generated several useful findings, outcomes, and suggestions for concrete action.

These recommendations are expected to lead to short, medium and longer term actions; many of them are in the realm of national policy and can be unilaterally implemented, others will require bilateral and/or multi-lateral action. Their implementation will involve governments at different levels as well as international organisations, the civil society including the academics and the private sector.

A common theme running through the roundtable sessions was the need for capacity building- for data collection on migration flows and development impact analyses; to identify diaspora partners; to device policy tools, and provide training for their implementation.

Capacity building

Many countries, in particular countries of origin, but also in many destination countries in the North as well as the South, simply do not have the knowledge or the tools to address migration and development issues. Such tools have to be crafted. The Forum discussed many good practices with respect to regulation as well as facilitation of remittances, recruitment, use of new technologies, transparency in financial and labour markets, protection of migrants, retention and return of skills, and circular migration.

The Forum looked at ways and means to allow migrants and their families to play a role as actors of development. For this to happen migrants have to be respected, empowered, informed and organized. Policies that are insensitive to individual motivations are likely to create distorted and often painful outcomes.

Policy coherence was central to the debate at the Forum. "It is an issue which will remain with us for a long time, and it was suggested that it be taken up further in Manila (next year)," Ambassador De Clercq said. It concerns all levels of governance and a broad range of policy areas. Focal points will have an important role to play and they should be invested with this mission. Respect for human rights and gender equality should be mainstreamed throughout the migration and development debate. .☑

ROBUST REMITTANCE GROWTH HELPS BANGLADESH

Bangladesh's overall balance of payments (BoP) situation continued to maintain a healthy trend in the last fiscal (July 2006 to June 2007), mainly due to improvements both in current and financial accounts.

The current account balance recorded a surplus in the fiscal 2006-07, thanks to robust growth of inward remittances, official sources were quoted by local newspaper The Financial Express as saying.

The country received 5.98 billion dollars worth of remittances during the last fiscal against 4.80 billion in fiscal 2005-06. The amount is 24.52 percent higher than that of the previous fiscal.

However, higher imports pushed the overall trade deficit to 3.458 billion dollars in the last fiscal compared to that of 2.889 billion in the previous fiscal. Despite large deficits in services and income, the current account balance recorded a surplus of 952 million dollars during the fiscal 2006-07 against the surplus of 824 million during the previous fiscal due to larger current transfers (including remittances by wage earners), according to the central bank Bangladesh Bank.

Central bank officials, however, said the export earnings and the flow of inward remittances need to remain stable in order to sustain the surplus position of the balance of payments in the current fiscal. - Ahmed Iftikar ☑

REMITTANCES TO GHANA SWELL TO 4.3 BILLION DOLLARS

That Ghanaians in the diaspora are contributing immensely to the development of the country is increasingly becoming a reality by the day. According to Stephen Asamoah Boateng, Minister of Tourism and Diasporan Relations, remittances from Ghanaians abroad increased from 400 million dollars in 2001 to 4.3 billion dollars in 2007. He attributed the increase to the good governance being witnessed under the Kufuor administration.

He was speaking at the launching of the Ghana Opportunity Network (GoNET), a website facility which provides information to Ghanaians in the diaspora, at the British Council in Accra on August 28. Asamoah-Boateng said information is the key to wealth creation and development, and therefore urged Ghanaians, particularly those in the Diaspora to make good use of GoNET.

He said GoNET has not only come to transform the way Ghanaians should relate to the country but also to reconnect every Ghanaian in all parts of the world. He further urged Ghanaians to have the "can do spirit" and congratulated Databank and Nubuke Foundation, the brain behind GoNET, on such a laudable initiative. Boateng advised initiators to give out analytical and inspirational information to consumers to make GoNET different from already

existing networks. He said his ministry has given its blessings to the foundation because of the positive prospects it holds in information delivery, wealth creation and development.

Explaining the GoNET, Dr. Kwabena Frimpong, Vice President, Databank Asset Management said the non-profit based foundation is to provide both non-resident and resident Ghanaians with reliable and convenient way to access information about Ghana through its website, (www.ghanaopportunity.com).

Prince Kofi Amoabeng, CEO of Unique Trust Financial Services said the GoNET has come at the appropriate time when Ghana is the gateway to trade in West Africa. He said information helps to develop or improve something. "Rich information gives you the faith in what you do," he added.

Amoabeng further said the foundation would open up the market for those in Diaspora. He also said it will serve as a medium for people outside to go more into investment rather than spending their monies on other things. "Ghanaians outside Ghana are still employable in Ghana since they have all information and sort of exchanges in Ghana and outside," he added. - Kofi Coomson ☑

MIGRATION COULD YIELD A 'TRIPLE WIN'

Migration can benefit both sending and receiving countries and reduce poverty among migrants if it is better coordinated between countries, according to a World Bank report.

Migration within and from the transition economies of Europe and Central Asia has been large and will likely continue to increase as declining birth-rates across much of the region will lead to an increased demand for a young labour force, according to Migration and Remittances: Eastern Europe and the Former Soviet Union. It has been well publicized that migration to Western Europe has increased significantly over the past 15 years,

with Western Europe receiving 42 percent of migrants from Central and Eastern Europe, as well as growing numbers of migrants from the former Soviet Union. What is less known is that on a global level, Germany and France are the only Western European nations in the top ten migrant-receiving countries. Russia is number two, and Ukraine, Kazakhstan, and Poland are also in the top ten. Russia attracts migrants from the rest of the former Soviet Union, primarily from the Caucasus and Central Asia, and poorer Central Asian workers migrate to resource-rich Kazakhstan. Ukraine and Poland both serve as transit points for migrants on their way to Western Europe. - Raja Ram ☑

YOUNG FOREIGN WORKERS SHORE UP PENSION SYSTEMS IN EUROPE

Mario de Queiroz

The contributions of young immigrants from the developing South hold out a solution for pension systems in the European Union, where rapid population ageing is placing heavy pressure on social security.

Several studies have pointed to the imminent crisis in social security systems in the EU. But this could be avoided thanks to hundreds of thousands of immigrant workers from poor countries, whose labour contributes to the well-being of societies in the industrialised North, experts say.

Studies also show that migrants tend to be net contributors to fiscal revenue: what migrants, on the whole, pay in taxes is greater than what they cost the State in welfare payments, education and additional infrastructure." It added that "Because migrants tend to be of working age, they also relieve the fiscal burden of future generations in low-fertility countries," says a UN report.

Spain, for example

An illustrative case is that of Spain, a country of 42 million, where according to Professor Rosa Aparicio Gómez at the Pontifical University of Comillas in Madrid, the state registered an annual fiscal surplus of between 1.15 and 1.4 billion dollars in the 1996 to 1998 period, thanks to immigrants.

And a 2005 study by researcher André Corrêa d'Almeida with the Immigration Observatory in Portugal showed that in this country, with just a quarter of the population of neighbouring Spain, the state coffers took in 413.5 million dollars in contributions from immigrant workers in 2001.

A similar phenomenon is seen in other European countries like Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Switzerland and the Scandinavian countries -- the main European destinations of workers from the southern hemisphere.

Statistics like these undermine the arguments in favour of the increasingly restrictive immigration laws adopted by many EU countries, which have made it more and more difficult to obtain a visa or refugee status, and have even included the building of border fences.

But Jorge Gaspar, a researcher at the University of Lisbon's centre for geographic studies, said immigrants in urban regions play a crucial cultural role by "revitalising" city centres in decline.

Ensuring the long-term sustainability of social security systems in Europe will be a difficult joint task, because according to a study by Eurostat, the EU statistics office, three out of 10 of the bloc's citizens will be over 65 four decades from now.

Immigration thus appears as a source of relief for two or three generations of Europeans who otherwise would have no possibility of offering a dignified retirement to their parents and grandparents.

According to UN estimates, between 1960 and 2005 the number of international migrants in the world more than doubled, to 191 million today. And with respect to undocumented immigrants, between six and eight million are living in Europe. Some 11 million live in the United States, and between 30 and 40 million worldwide, said Demetrios Papademetriou, president of the Washington-based Migration Policy Institute.

For his part, Gaspar said that besides mushrooming in size, migration flows have undergone profound changes in the last quarter century. In the past, the phenomenon largely involved rural to urban migration, at both the national and international levels.

But today, "international migration flows are mainly between cities," said the Portuguese researcher, who added that the change brought "advantages with respect to integration."

Gaspar noted that in the Americas, Europe and Africa, "big cities are more and more similar, in their infrastructure, services and social relations," which means that "when they land on the old continent, immigrants recognise things like transportation or clothing brands -- all of the things that are familiar in today's globalised world."

Censuses show that immigrants in Europe are concentrated in the biggest cities. In Paris, they make up 14.5 percent of the population, compared to 5.6 percent nationwide; in Amsterdam they represent 48 percent of the population, compared to 17 percent in the Netherlands as a whole; and in Frankfurt they account for 27.8 percent of the population, compared to 8.9 percent in all of Germany.

The reasons for that, said Gaspar, are simple: cities provide more opportunities for employment and social mobility, as well as greater chances of finding other people from the immigrant's country of origin. The researcher advocated the need to "give places soul" and character, which means immigrant communities should be encouraged to develop their own businesses. "Small businesses play a very important role," as well as recreational and sports centres, activities that "bring people together globally."

"Immigrants from Angola or Brazil who come to Lisbon today, for example, first lived in cities in their countries of origin, like Luanda or Belo Horizonte," added Gaspar, who pointed out that "the situation was very different in the 1960s, when the Portuguese left their villages to go to Paris, which for them was like another planet."☑

GLOBAL FLOWS OF INTERNATIONAL MIGRANT REMITTANCES

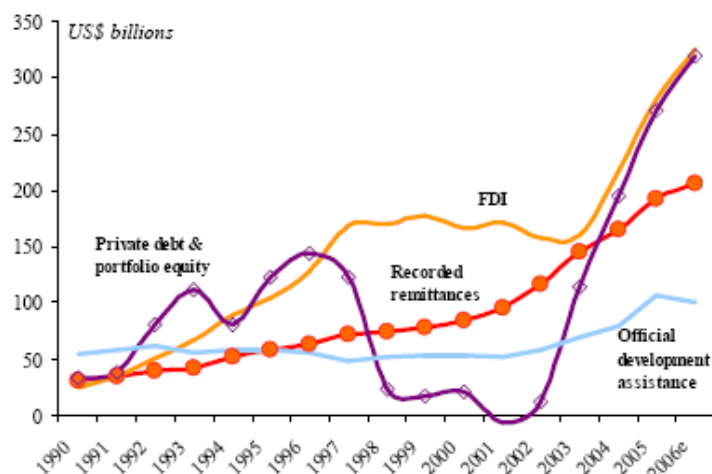
Remittances have progressively attracted increasing interest in economic and development research and policy during the last decade, even though precise data are lacking- notably due to the existence of large informal transfers. Migrants originating from developing countries transfer money worldwide, both North-South as well as South-South. Due to their very nature, these transfers, are private flows, which cannot be appropriated by governments, but whose development impact can be leveraged by providing senders and recipients with options, incentives and tools designed and implemented by governments in partnership with other stakeholders.

[in U.S. Billion Dollar]

	2000	2001	2002	2003	2004	2005	2006 (esti- mated)	Change 2005-06	Change 2001-06
INFLOWS									
All developing countries	85	96	117	145	165	193	206	7%	115%
Low-income countries	22	26	32	40	42	48	55	15%	112%
Middle-income	63	70	85	105	123	145	152	5%	117%
Lower MICs	43	48	61	75	86	98	102	4%	113%
Upper MICs	20	22	24	30	37	47	50	6%	127%
East Asia and the Pacific	17	20	29	35	39	45	47	4%	135%
Europe and Central Asia	13	13	14	17	23	31	32	3%	146%
Latin America and the Caribbean	20	24	28	35	41	48	53	10%	121%
Middle-East and North Africa	13	15	16	20	23	24	25	4%	67%
South Asia	17	19	24	31	31	36	41	14%	116%
Sub-Saharan Africa	5	5	5	6	8	9	9	0%	80%
High income OECD	46	50	52	59	66	68	68	0%	36%
World	132	147	170	205	233	262	276	5%	88%
OUTFLOWS									
All developing countries	12	14	21	25	32	38		19%	171%
High income OECD	76	83	88	98	111	119		7%	43%
High income non-OECD	22	22	22	21	20	22		10%	0%
World	110	118	131	144	163	179		10%	52%

Source: World Bank staff calculations based on IMF Balance of Payments Statistics Yearbook 2007. Remittances are defined as the sum of workers' remittances, compensation of employees, and migrant transfers. The complete dataset including country specific information is available at www.worldbank.org/prospects/migrationandremittances.

Remittances and capital flows to developing countries



Sources: Dilip Ratha's calculation based on Global Development Finance 2007 and IMF Balance of Payments Statistics Yearbook 2006.