

The International Organization for Migration (IOM)

The Sixth Workshop for National Focal Points for the Programme of Action for the Least Developed Countries

Implication of the current Global Financial and Economic Crisis on Migration and Remittances in LDCs

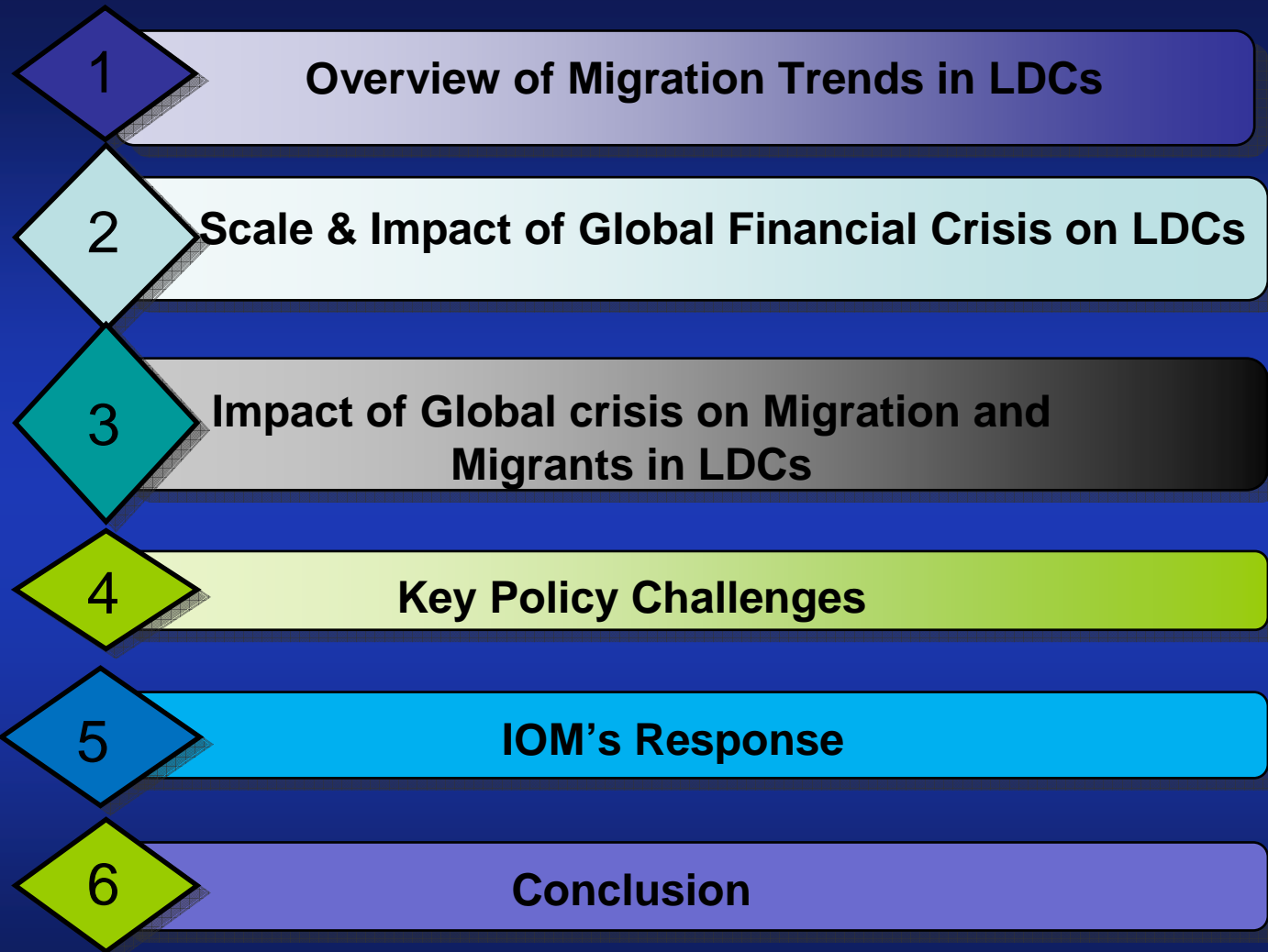


Meera Sethi
Senior Regional Adviser
External Relations Department
IOM Geneva



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Presentation Overview

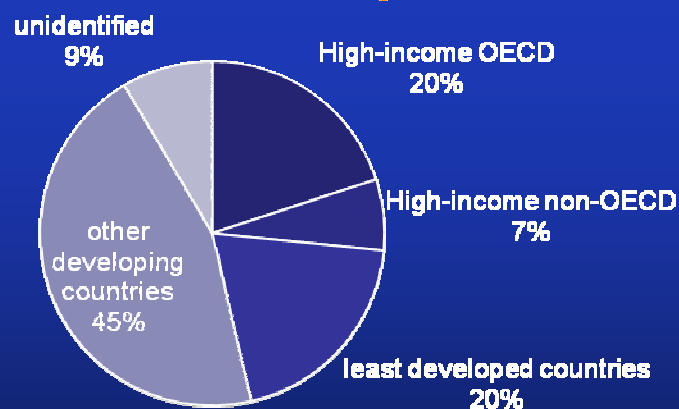


I. Overview of Migration Trends in LDCs

LDCs are active participants in international migration

- Stock of emigrants : 21.8 million, 2.9% of population in LDCs, 11.4% of world's migrants (WB, 2005)
(Absence of data on internal & intra & inter –LDCs migration)
- Female percentage of all international migrants in LDCs: 46.6% (UN population division, 2005)

Destinations of international Migrants from LDCs



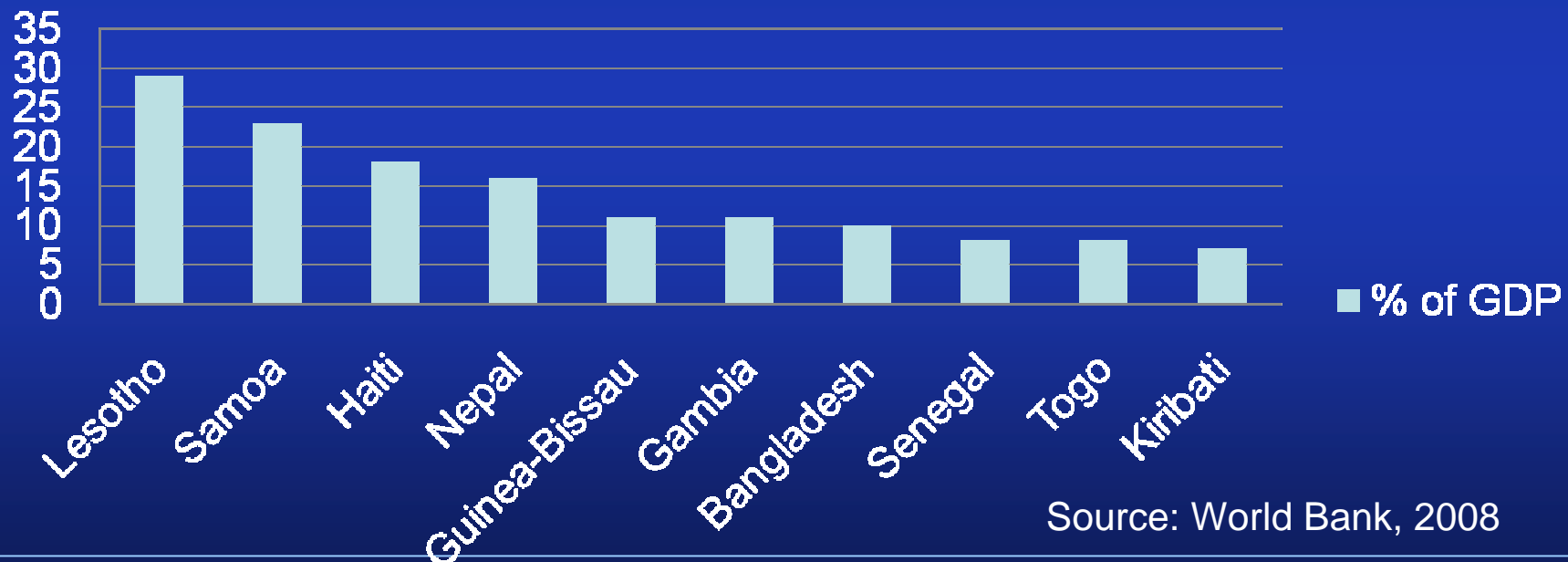
Source: World Bank, 2008



I. Overview of Migration Trends in LDCs

- **Remittance** flows to LDCs: 15.6 billion (WB, 2008)
- **Remittances constitute a significant share of GDPs**

Ratio to GDP, 2007



Source: World Bank, 2008



I. Overview of Migration Trends in LDCs

• **Brain Drain:**

- The absolute number of skilled emigrants is relatively small among all LDCs-- <5% of all skilled migrants (UNCTAD, 2007)
- **BUT** the emigration rate among the educated in LDCs is generally high (Ibid, 2007)
- African LDCs: suffer the most (Ibid, 2007)



II. Scale & Impact of Global Crisis on LDCs

Worst economic crisis since the 1930s and LDCs are the hardest hit?

Why?

- 75% of the population in LDCs remain at subsistence level of less than \$2 a day (UNCTAD, 2008)
- LDCs depend heavily on external finance
- ODA accounts for more than 10% of GNI over 2000-2007 period in 21 out of 33 African countries, e.g Liberia, 45% (OECD, 2007)



II. Scale & Impact of Global Crisis on LDCs

And in the context of the global financial crisis:

- **ODA and FDI are expected to decline significantly (UN-OHRLLS, 2009; World Bank, 2009; ECA, 2009)**
- **The drying up of foreign funds has forced governments to cut off investment in areas like education and health**
- **Without proper policy response financial crisis can be transformed into a social and political crisis**
- **MOREOVER, financial crisis is not the only challenge facing LDCs, they are also most vulnerable to climate change and food crises**



III. Impact of Global Crisis on Migration & Migrants in LDCs

From the perspective of migration:

Migrants are often the worst hit during crises

Why?

- **less secure contractual arrangements**
- **More temporary jobs**
- **Over-represented in less skilled sectors (e.g construction), which are particularly hard hit by the economic crisis**
- **Subject to discrimination in hiring, wage reduction and layoffs**
- **The irregular status of many migrants make them even more vulnerable during economic downturns**



III. Impact of Global Crisis on Migration & Migrants in LDCs

The Evidence So Far:

A. Job losses and return to countries of origin

In key destination countries of LDCs migrants..

- **The labor market has shrunk**
 - **Spain- unemployment rate (Oct-Dec 2008) : immigrants 20.3% natives at 12.5% (OECD, 2009)**
 - **US-the unemployment rate of immigrants more than doubled the rate recorded in the same period of 2007(Ibid, 2009)**
- **Changes in immigration policies**
 - **Italy: more restrictive entry policies and introduction of forced return measures (IOM survey, 2009)**
 - **UK: introduction of a points-based system—favors high skilled migrants over unskilled migrants (WB, 2009)**



III. Impact of Global Crisis on Migration & Migrants in LDCs

A. Job losses and return to country of origin (cont.)

In LDCs...

- **Bangladesh: 8,022 migrant workers left the Gulf region and came back home on strict enforcement of immigration rules and layoffs or long vacation, i.e United Arab Emirates and Saudi Arabia (IOM Survey, 2009)**
- **For women, return could mean losing the economic independence gained through migration**
- **Unemployment will have negative impact on the quality of life and health of migrants and families left behind**



III. Impact of Global Crisis on Migration & Migrants in LDCs

B. Remittances:

Evidence suggests that...

- Remittances to developing countries are expected to fall by 7-10% in 2009 (WB, 2009)
 - 12 out of 49 LDCs have no data on remittances at all (WB, 2008)
 - 31 of them only have complete data for 2006 and estimated data for 2007 (Ibid, 2008)
 - Migration and remittance related policies are often neglected in long term development strategies, despite their contribution to development.

Particular impact on remittance-reliant economies

(i.e., Lesotho, Samoa, Haiti and Nepal)

- Return of migrants
- Increase in unemployment and informal sector work
- Increased poverty and inequality level, including gender inequality
- Instability in fragile states

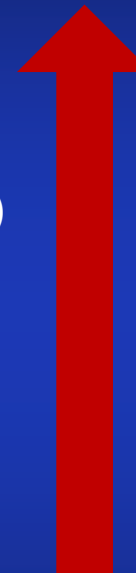


III. Impact of Global Crisis on Migration & Migrants in LDCs

B. Remittances (cont.)

But in some LDCs, remittances flow actually increased in 2009

- **Ethiopia—received \$ 389 million (08/2008-02/2009)
a 19% increase compared to the same
period of the previous year (USAID, 2009)**
- **Bangladesh: \$ 9,681.78 million in fiscal 2008-09
\$7,914.78 million in fiscal 2007-08
(The Daily star, Dhaka, June 2009)**



III. Impact of Global Crisis on Migration & Migrants in LDCs

B. Remittances (cont.):

Why?

- Migrants tend to remit a larger part of their income as the situation at home gets worse
 - Esp, women, who tend to send a higher proportion of their income in a more regular and stable manner
- Return migrants are likely to bring back accumulated savings
- Stimulus packages may increase the demand of migrants
- Remittances as investment (South Asia and East Asia) (WB, 2009)



IV. Key Policy Challenges

A. What can we do to enhance our understanding of migration in LDCs?

- **International Migrant Remittances Observatory for LDCs**
- **Key activities:**
 - Document remittances flows, as well as other related factors (e.g , transfer cost, usage pattern and impact) and share knowledge and lessons
 - Provide (comparative) analysis of LDC remittances flows and changing trends/patterns
 - Track and identify existing and emerging global best practices
 - Assist LDC governments on building regulatory framework
 - Provide capacity building and training programs to LDC governments and their institutional partners



IV. Key Policy Challenges

B. What can we do to manage the flow of migrants and protect the rights of migrants in the context of the global financial crisis?

- Labor migration is not a tap that can be turned on and off at will and migrants are essential for economic recovery

Therefore, need to...

- keep regular migration channels open
- utilize the skills of the Diaspora
- Protect migrants against possible discrimination
 - Generate awareness about migrants' economic and social contributions to host countries
 - Avoid placing returning migrants in gender-stereotypical occupations and address the stigmatization of returning migrants, esp women



IV. Key Policy Challenges

C. What can we do to maximize the positive impact of migration on development in LDCs?

Adopt measures to facilitate remittances flows,

- Regulation of the informal transfer sector
- Lower transaction costs, taking into account men and women's patterns of sending remittances
- Information dissemination on remittances services via pre-departure orientation

Adopt measures to encourage productive use of remittances to counter potential decline and to protect the families of migrants

- Promotion of sound macro-economic policies, including private initiatives
- Introduction of sound and innovative financial instruments (e.g. Diaspora bonds)



V. IOM's Response

Three-point strategy:

1. Analysis, monitoring and research:

- Regular policy briefs
- Quarterly survey of concerned IOM field missions
- On-going regional studies and analysis of past crises

2. Foster Policy dialogue and partnerships:

- Organizing a regional event as an input for the Fourth United Nations Conference on LDCs in 2011
- Advocating for migration in national and regional LDC consultations

3. Adapting programmatic responses:

- **IOM-UPU pilot project : supporting an affordable electronic remittances transfer system between Tanzania and Uganda**
- Assisted voluntary return and reintegration



VI. Conclusion

- **Migrants: part of the solution, not part of the problem**
- **Migrants and Migration are essential component of today's globalized world**
- **The question confronting us is how to manage the migration process in the best interest of all concerned parties**
- **Collective response and multilateral coordination is crucial**



The International Organization for Migration (IOM)



Thank you very much!!