

Learning what works in migration policy

David McKenzie, *World Bank*

Background reference: McKenzie, David and Dean Yang: [Evidence on policies to increase the development impacts of international migration](#)

World Bank Research Observer, 30(2): 155-92, 2015.

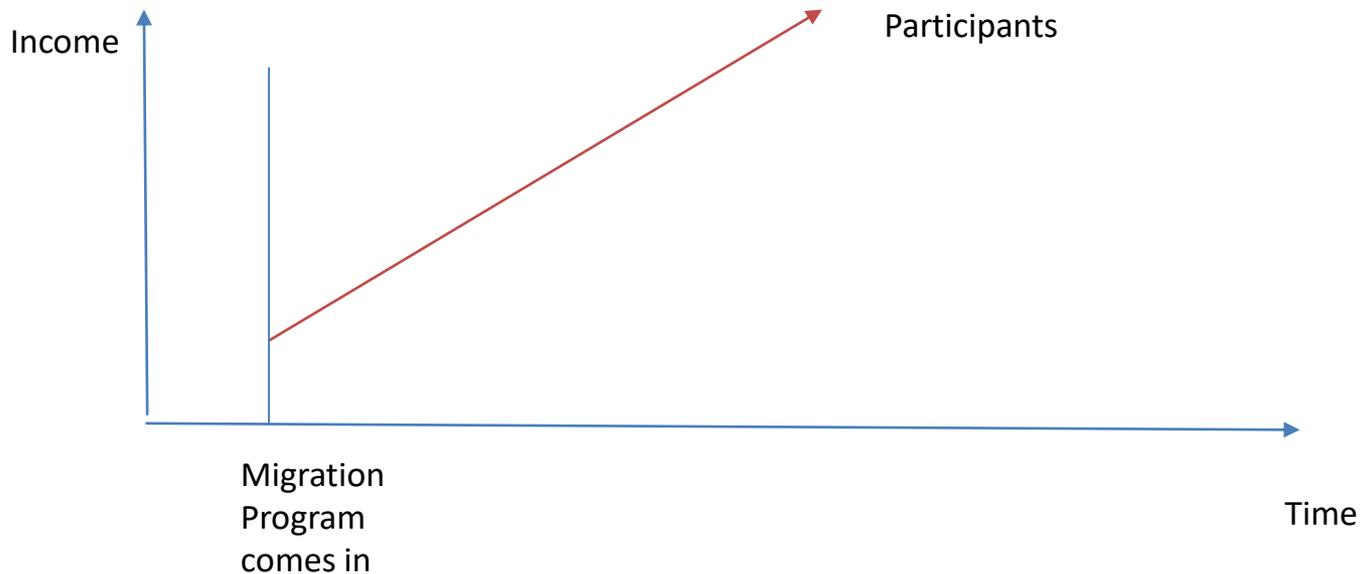
Migration and Development

- Loads of benefits
 - Massive income gains
 - Facilitation of trade, technology transfer, FDI
 - Transmission of democratic norms
- Also potential costs
 - concerns about human trafficking, and abuse of migrant rights
 - Concerns about abilities of households receiving sudden inflow of money to save appropriately
 - Concern that benefits of migration may not spread beyond immediate household
 - Concern that developing countries losing positive externalities of high-skilled workers

=> Increasing interest in policies to enhance these benefits and reduce these potential costs.

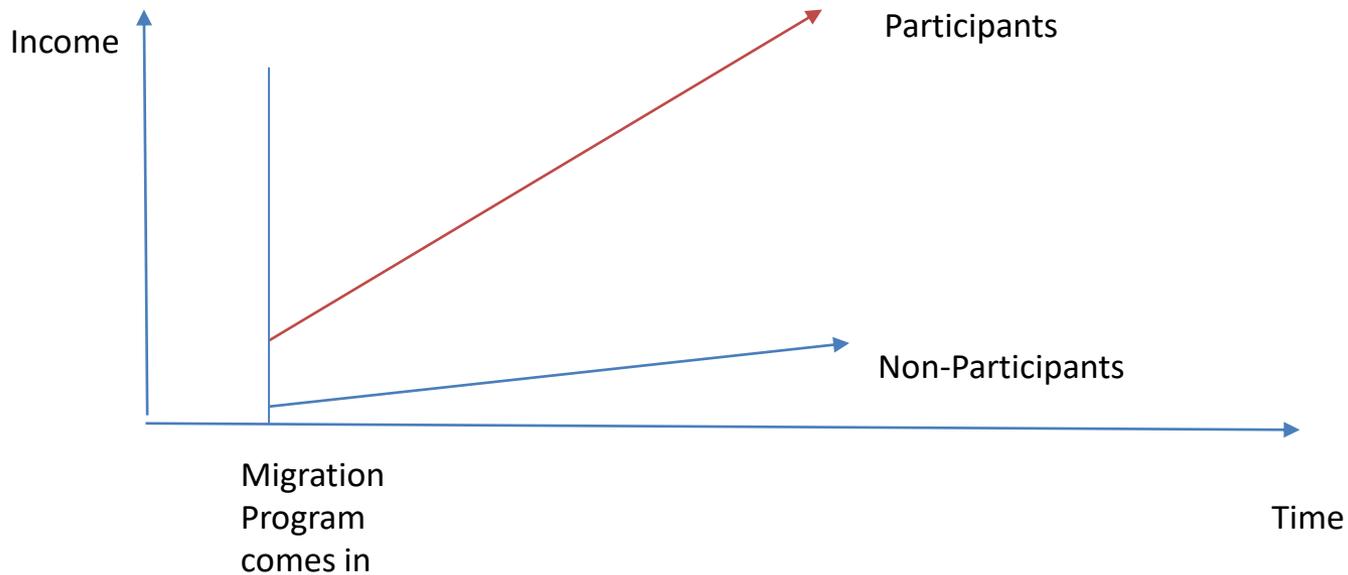
Learning what works

- Consider a policy that wants to help person migrate and earn higher income. Imagine we see:



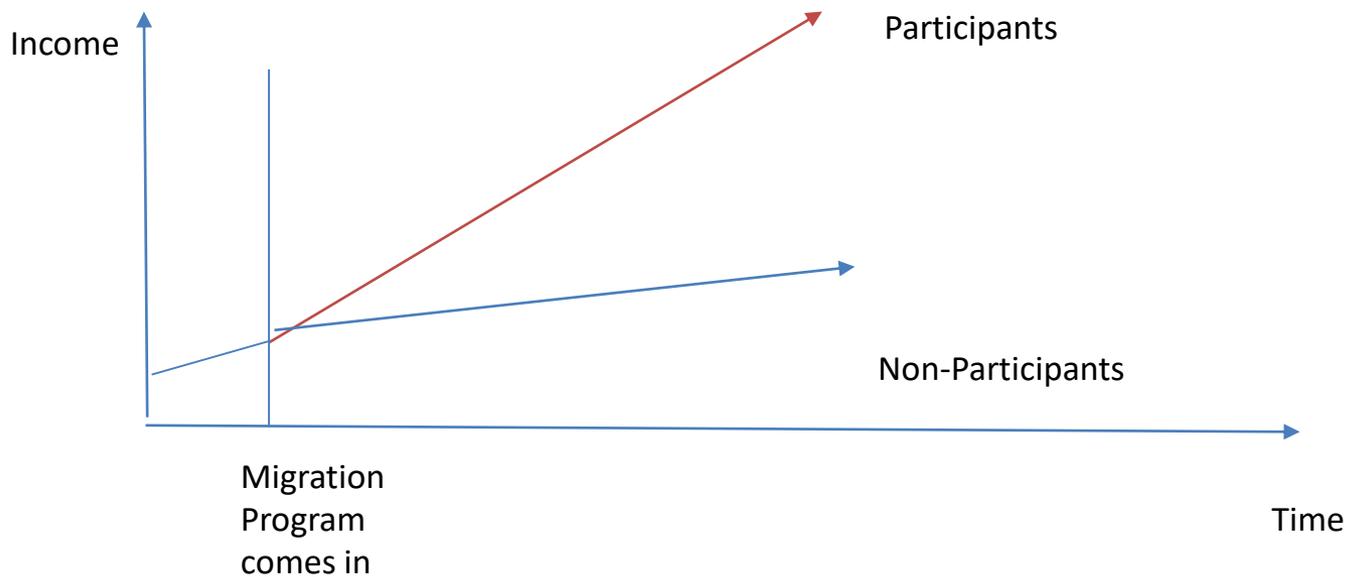
Is this program a success?

Need a counterfactual: what would have happened without program



How about now, did program succeed?

Need a **credible** counterfactual: what would have happened without program



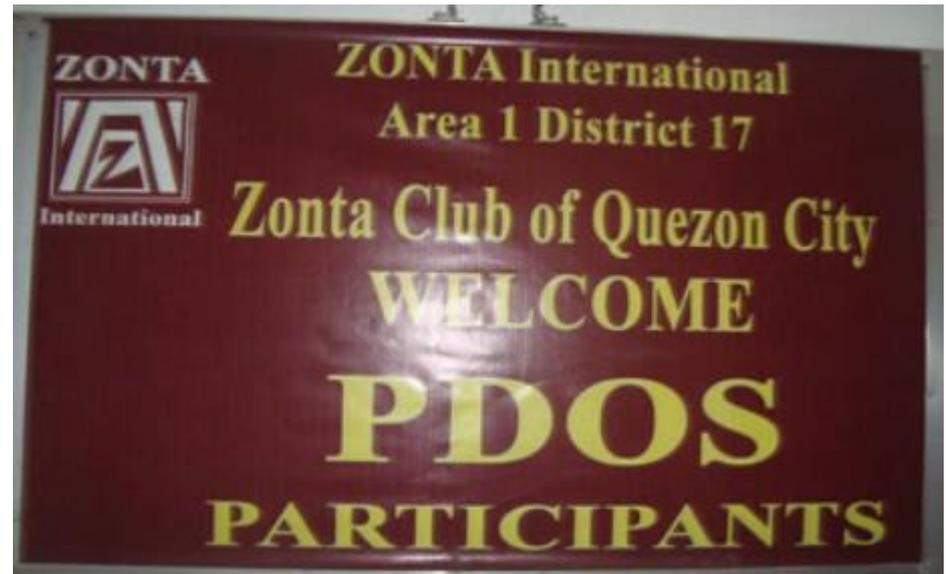
How about now, did program succeed?

Outline

- Examine policies at three stages of the migration process:
 - 1) Pre-departure
 - 2) During migration
 - 3) Directed towards possible return
- Look at evidence of types of policies on each, and how we know whether policies are working or not



Pre-departure



Pre-departure

- Main policy efforts are to:
 - 1) *Facilitate more migration*
 - Bilateral actions
 - Unilateral actions
 - 2) *Ensure people are well-informed about migration decisions they are making*
 - pre-departure orientation seminars
 - Financial literacy training programs

Facilitating more migration

- Bilateral actions:
 - Formal arrangements to allow migration of certain numbers and types of workers
 - E.g. Philippines has at least 49 arrangements
 - Little research to say causal impacts of such policies, or how much new migration they generate

Facilitating more migration

- Unilateral actions
 - Most evident in actions to *hinder* migration
 - E.g. restrictions on rights of women to migrate; requiring all citizens to get govt permission to travel abroad
 - countries with such restrictions have 5 to 6 percent less migrants per capita than countries with similar income, population, and governance levels which do not have these restrictions (McKenzie, 2007)
 - High passport fees and cumbersome processes
 - the cost of a passport exceeds 10 percent of per capita income in some countries, and higher passport costs are associated with less migration (McKenzie, 2007)

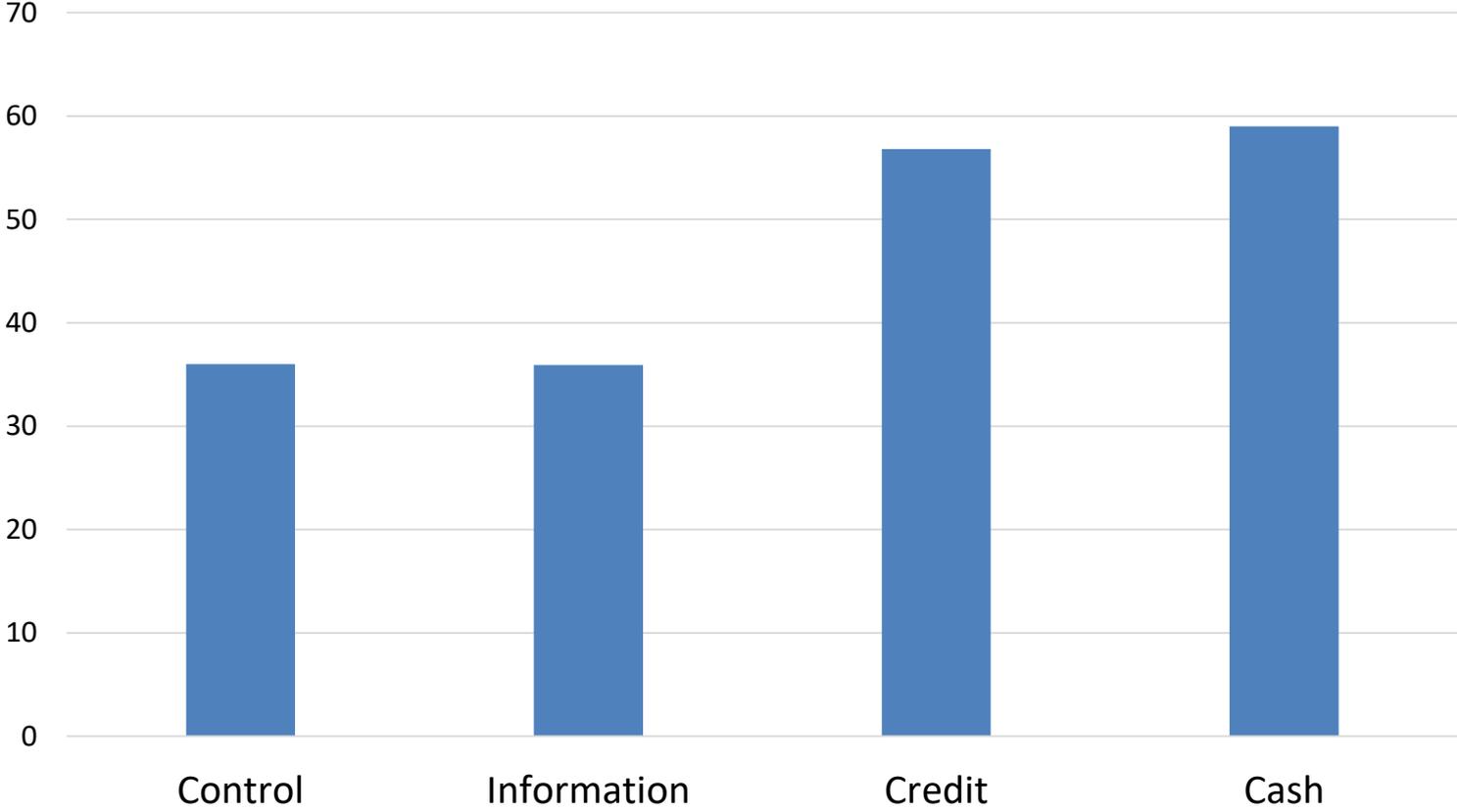
Facilitating more migration

- During the hungry season in Bangladesh there are few jobs in rural areas, yet not many people move to the cities to look for work?
- Why?
- What policies do you think would encourage more migration?

Potential policies

- Lack of information? -> give households information about job opportunities in city
- Can't afford cost of moving?
 - Provide with interest free loan
 - Give them a bus ticket (\$8.50)

Percent Migrating



What is No Lean Season?

No Lean Season aims to reduce the negative effects of seasonality on the poorest in rural agricultural areas by enabling labor mobility that increases incomes. It is a new program that we are testing in [Evidence Action Beta's portfolio](#).

We're testing and building No Lean Season to solve the global problem of seasonal poverty that affects 1.2 billion people around the world.

We give a travel subsidy of \$20 to very poor rural laborers so they can send someone to a nearby city to find a job during the period between planting and harvesting. This is the time in rural areas when there are no jobs, no income, and when families miss meals.

With a temporary job during this 'lean season,' households are able to put an additional meal on the table for every member of the family each and every day. That's 500 additional meals during the lean season.

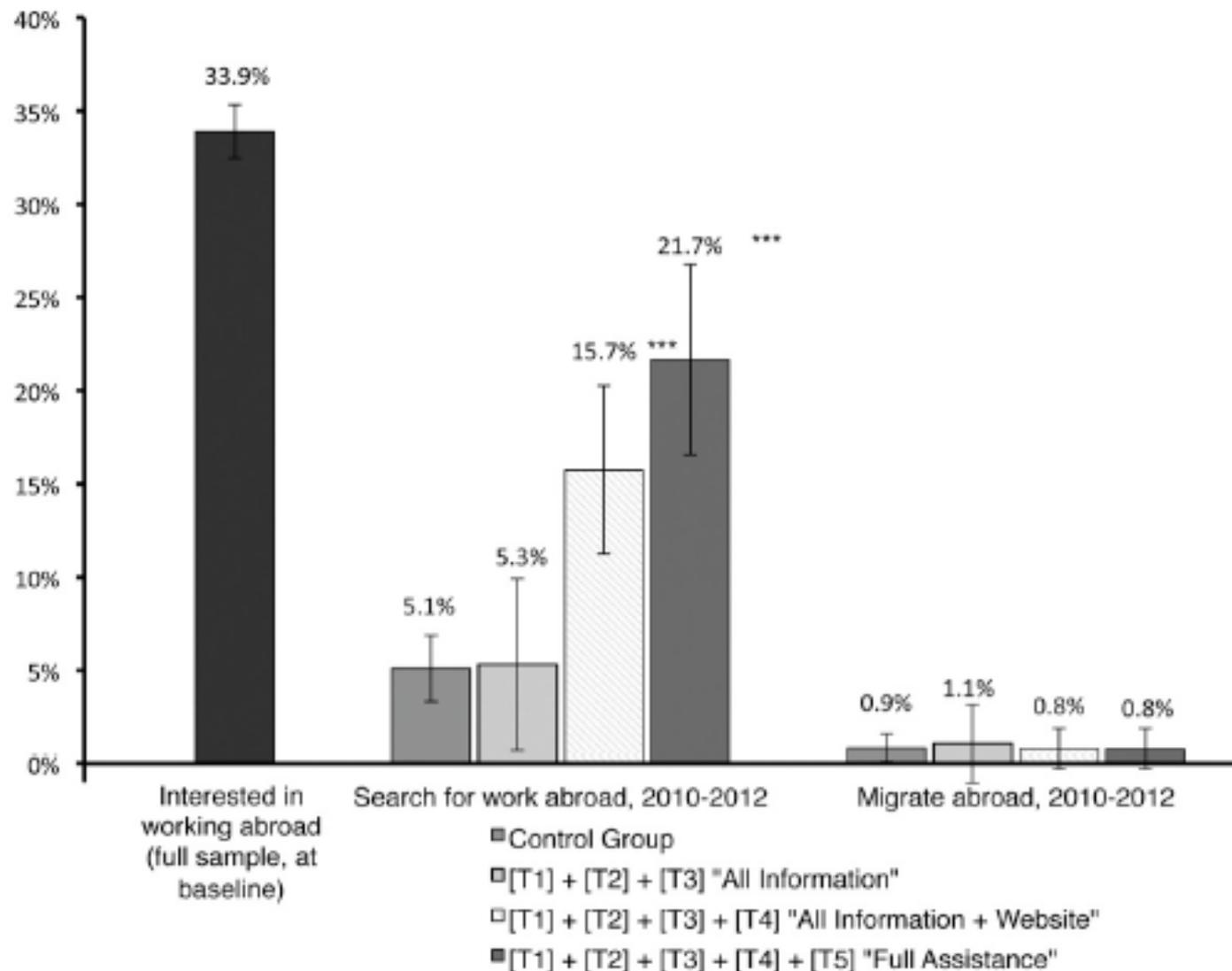


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Facilitating more migration

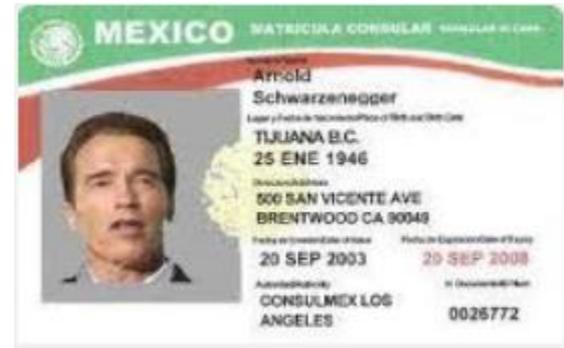
- Unilateral actions
 - Positive actions to help more people migrate – e.g. information, assistance finding jobs abroad, assistance with documentation
 - Why don't more people migrate?
 - Lack information?
 - Need help accessing recruitment website?
 - Documentation help?

Figure 2: Reported interest in overseas migration, compared to search effort and realized migration across selected treatment conditions.



Pre-departure orientation training

- programs aimed at easing the transition to life abroad, programs providing technical skills to enhance their productivity abroad & programs designed to prevent human trafficking and abuse
- E.g. Philippine government's Pre-Departure Orientation Seminar (PDOS), a one-day session which has been required since 1983
 - educate workers on laws, culture, and customs of destination countries. Additional topics covered include health and safety, financial literacy, and travel procedures and tips. Starting in 2009, the PDOS was expanded to include 4-6 days of training for migrant household service workers on job skills, first aid, language, culture, and stress management
 - No evaluations, but one underway
- E.g.2 IOM anti-trafficking programs
 - Only research compares knowledge of participants to non-participants afterwards – no measurement of impacts on behavior, nor credible counterfactual



Policies while migrants are abroad

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Sácale provecho a tus REMESAS



A map of Mexico is shown with four icons: a house, a tractor, a factory, and a forklift. The map is colored in shades of orange and yellow.

Policies while migrants are abroad

- 1) Rights policies for migrants
- 2) Financial access for migrants and their families
- 3) Policies to lower remittance costs and induce migrants to remit more
- 4) Policies to direct remittances towards uses with broader development impacts
- 5) Policies to encourage communal remitting and home-town associations
- 6) Integration policies for migrants

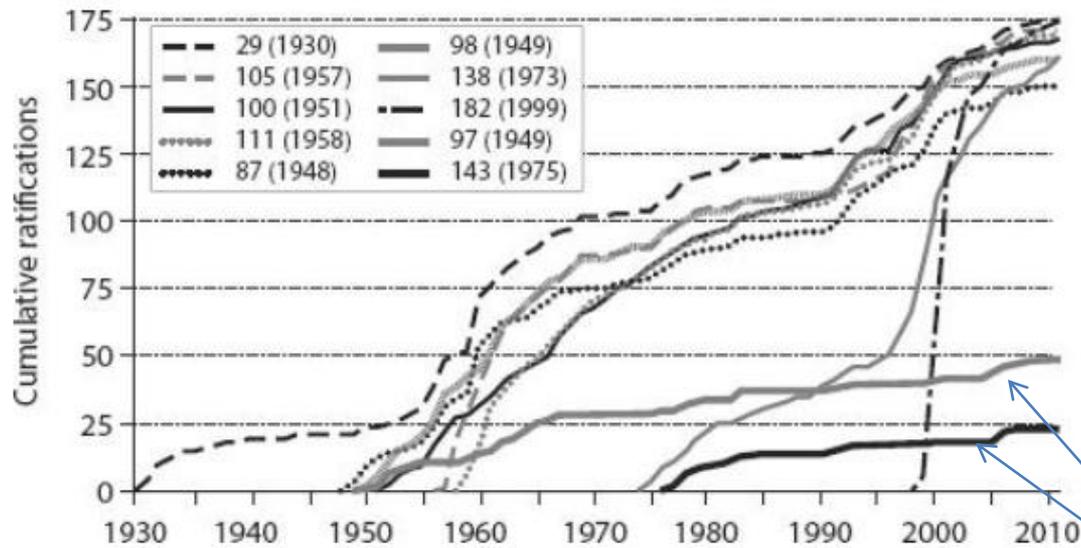


FIGURE 2.2. Ratifications of the ILO’s Fundamental Conventions and Migrant Workers Conventions, 1930–2011

Migrant rights

Notes: Freedom of association and collective bargaining: conventions 87 and 98; elimination of forced and compulsory labor: conventions 29 and 105; elimination of discrimination in employment and occupation: conventions 100 and 111; abolition of child labor: conventions 138 and 182; protection of migrant workers: conventions 97 and 143.

Source: Ruhs (2013)

Impacts of rights policies

- In many cases these impose costs on host country government or employer – so may expect to see lower wages or few migrants
 - Ruhs (2013) some evidence of this across countries for rights like access to public education, retirement benefits, etc.
 - McKenzie et al. (2013) – doubling minimum wage for Filipino domestic workers resulted in higher wages for the workers who did migrate, but also resulted in a 55 to 57 percent reduction in the number of workers
 - Naidu et al. (2014), who examine a reform in the United Arab Emirates which gave migrant workers the right to change employers after their contract ends without having to receive a letter of no objection from their previous employer – find this increases wages for workers – but not clear what happens to migrant opportunities.
- Trade-offs less likely for “basic rights” like being free of abuse, being paid amount contracted, being able to leave country when want, retain passport, etc. -> needed for revealed preference to work.

Financial literacy programs

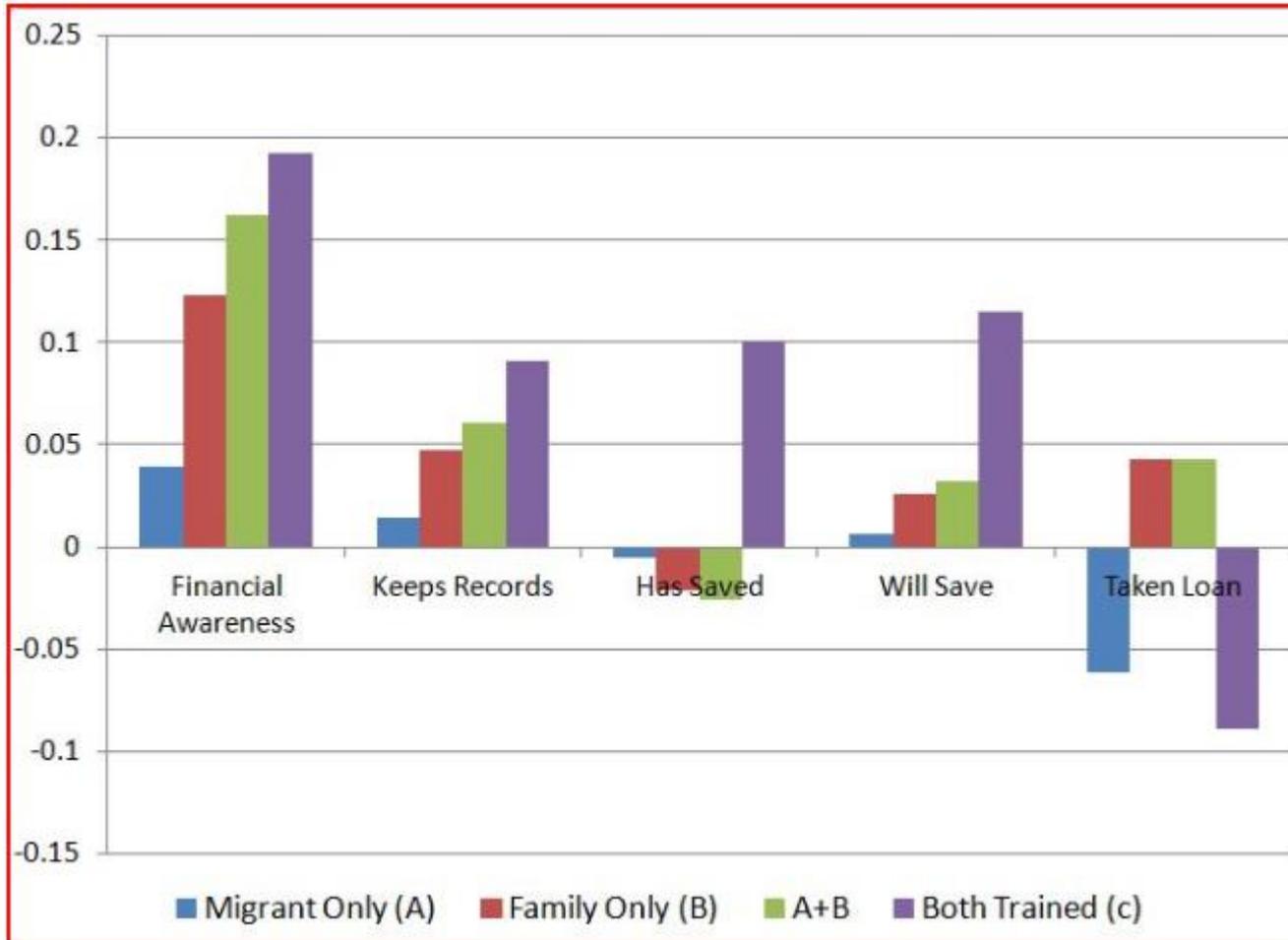
- concerns among policy-makers and non-government organizations that financial decision-making in migrant households may be suboptimal, particularly in households whose members migrated relatively recently

But then who should you train?

- The migrant?
- The family member left behind?
- Both?

Evidence on financial literacy

- Doi et al. in Indonesia



Financial access

- Ashraf et al. (forthcoming) – give Salvadorean migrants accounts with more control – if can monitor savings back home
- Chin et al. (2011) – give assistance in obtaining a matricula consular – allows migrants to open a US bank account – find they save more

Lowering remittance costs and inducing migrants to remit

- Efforts to reduce the cost of remitting – costs have fallen a lot, but difficult to ascertain how much is policy effort vs competition and technology improvement
- Websites to allow migrants to compare remittance fees across providers
 - Gibson et al. (2014) – not much impact on remitting behavior
- But lowering fees does appear to lead to relatively large increases in remitting
 - Aycinena et al. (2010) \$1 reduction in fee led to \$25 more remittances
 - Ambler et al. (2014) – increase in number and amount of transactions
 - Why is the increase so big? Behavioral theory?

Policies to channel remittances towards purposes with broader development impacts

- E.g. efforts to get migrants to remit for investments in local enterprise, or for education.
- Relatively limited evidence:
 - Some demand for remitting for educational purposes (De Arcangelis et al, 2014), although Ambler et al. (2014) finds this only works with a match

Policies to encourage communal remitting

- home-town association (HTA) consists of a group of migrants coming from the same community in the migrant-origin
 - => Can policy encourage this type of remitting?

Policies to encourage communal remitting

- *Tres por uno* program in Mexico
 - money is used to finance local development projects such as electrification, water, road paving and maintenance, education and health projects, and town beautification
 - since very poor municipalities have little migration the result is that the program can be somewhat regressive, directing state and federal funding towards somewhat wealthier communities
 - Duquette-Rury (2014) - significant and positive effect on household access to sanitation, water and drainage in participating rural villages. However, she also finds that households receive less family remittances as collective remittances to their municipalities increase
 - *Concerns about sustainability, crowding out, optimal size of match.*
- *Mi Comunidad* program – use migrant funding to start maquilas – seems to have been big failure.

Integration policies for migrants

- language training, assistance finding jobs, and also information on the culture and norms of the country.
- improve development outcomes to the extent they allow migrants to access better jobs, earn higher incomes, and/or have better mental health and subjective well-being through easier assimilation.
- Sarvimäki and Hämäläinen (2012) – Finnish program - integration plan increased employment and annual earnings threefold, and halved social benefits. They suggest that one of the main impacts of the reform was to provide more resources for language training, and to allow immigrants to retain unemployment benefits while taking a language course.
- Joonas and Nekby (2012) use a randomized experiment in Sweden to examine whether more intensive counselling and coaching by public employment caseworkers improves the employment of immigrants
 - results in a six percent higher probability of being employed, but based on this, calculate that the costs of the program exceed the benefits

Why try to get migrants to return?

- migrants are choosing whether to return or stay abroad, and presumably making what they feel is the best choice for them
 - Maybe our policies make it harder than it needs to be
 - May want to change incentives to return because of externalities
 - May want to try to make them more productive and reintegrate better when they return

Policies directed towards returning migrants

- 1) Policies to remove the regulatory, bureaucratic, and informational barriers that inhibit return migration
- 2) Policies intended to change the financial and other incentives to return
- 3) Policies intended to make return migrants more productive and reintegration easier

Policies to remove the regulatory, bureaucratic, and informational barriers that inhibit return migration

- Dual citizenship/residency:
 - number of countries which allow for dual citizenship has grown dramatically, from only 26 in the mid-1970s to 84 countries in 2006 (Le Blang, 2011).
 - Association that migrants from countries which offer dual citizenship send more remittances and express higher intents to return
- Making it easier for foreign spouse/children to come
 - Malaysia gives permanent residence status to foreign spouses and children as part of its efforts to facilitate return migration

Policies to remove the regulatory, bureaucratic, and informational barriers that inhibit return migration

- Pension portability – 2 issues:
 - migrants who work in multiple countries may not accrue enough years of work to become fully vested in the pension systems of either their home or their destination countries
 - whether they retain eligibility to receive pension payments if they return to their home countries
 - No literature quantifies effects of this

Policies to remove the regulatory, bureaucratic, and informational barriers that inhibit return migration

- Information barriers
 - Information about job opportunities in home country may be hard for migrant to get – several countries aim to ease search frictions. E.g. Jamaica has databank of migrants abroad for employers, Bulgaria and Moldova have job fairs in main destinations
 - No evidence as to effectiveness
 - Refugees may not know what conditions are like and whether ok to return -> “go and see” visits of IOM and UNHCR to overcome constraint
 - No evidence as to effectiveness

Policies intended to change the financial and other incentives to return

- Aimed at two very distinct groups
 - Asylum seekers – refugees – incentives offered by destination countries to get them to leave
 - High-skilled migrants – incentives offered by home countries to get them to return

Policies intended to change the financial and other incentives to return

- Asylum seekers/refugees:
 - Assisted voluntary return (AVR) programs offer rejected asylum seekers assistance in returning to their country of origin. The typical program involves paid transportation and logistics facilitation to enable travel to the home country, with some programs also offering grants to set up small businesses or access to training programs
 - Programs typically not very popular
 - Not clear how much “pay to go” programs merely subsidize those who would return anyway.

Policies intended to change the financial and other incentives to return

- Permanent return
 - features such as tax exceptions, interest-free or low interest loans, temporary salary supplements to facilitate career entry, assistance with housing, with schooling for their children, and with employment for their spouse
 - E.g. Malaysia's Returning Expert Program, which provides a flat tax of 15 percent on employment income for 5 years, the ability to import 2 cars tax-free, and which gives permanent residence status to a foreign spouse and children within 6 months.
- => You will hear more about this program in another session -> significant impacts found

Conclusions

- Not all the policies you try will work
- Many of the policies being implemented do not have any evidence as to whether they are effective or not
- Important to **pilot** programs in rigorous way and **experiment/test** so you can see what works best before scaling up.
- WB has experts happy to help in doing this.