Our Approach to Migration

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Gains from Liberalization of Trade in Goods vs. Labor

Evolution in our thinking: Are we asking the right question? Does it matter?
OR
AND
AS
AID

REMITTANCES

ECONOMIC & HUMAN DEVELOPMENT
The problem with ‘or’

Relationship between GDP Per Capita and Migration Rates

Chart Reference: Clemens 2014
The problem with ‘and’
So what will propel migration ‘as’ development as the paradigm?
Economic pull and push factors

• Average per capita income in high-income countries is almost 30 times larger than the average per capita income in low-income countries

• Global Inequality is higher than inequality within countries
  • rich individual in poor country (Nigeria) = $4,062
  • poor individual in rich country (Norway) = $19,711

• Economic Geography literature

And demography

Source: Economist
With a transformational effect on poverty alleviation for individuals

- Potential gains compared to other interventions

<table>
<thead>
<tr>
<th>Intervention</th>
<th>Country</th>
<th>PV lifetime wage increment</th>
<th>Weeks of US work equal to lifetime NPV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microcredit</td>
<td>Bangladesh</td>
<td>700</td>
<td>4</td>
</tr>
<tr>
<td>Anti sweatshop activism</td>
<td>Indonesia</td>
<td>2,700</td>
<td>30</td>
</tr>
<tr>
<td>Additional year of schooling</td>
<td>Bolivia</td>
<td>2,250</td>
<td>11</td>
</tr>
<tr>
<td>Deworming</td>
<td>Kenya</td>
<td>71</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Table Reference: Pritchett, 2013
And global output

• The world’s 247 million cross-border migrants contributed 9.4 percent of global GDP, or roughly $6.7 trillion worldwide—some $3 trillion more than they would have produced in their origin countries.

• That’s almost as large as the size of the GDP of France, Germany and Switzerland combined.

Source: McKinsey Global Institute, 2016
So if it is so good why aren’t we in a more migrant-friendly world? Why does it deserve the attention of policy makers and practitioners?
Problems manifested & underlying market failures

- Access
- Vulnerability and exploitation
- Socio-economic impact
- Information Asymmetries
- Trust and Coordination deficit
- Principal agent problem
- Externalities
From which the following costs emerge

1. Financial costs
   • Migration costs, costs due to lack of portable benefits

2. Transaction cost
   • Information costs including time spent on searching for jobs/workers abroad

3. Socio-emotional costs
   • Strenuous circumstances, including for families left behind

4. Costs due to lack of integration outcomes faced abroad
   • Up to $1 trillion could be added to global output with better integration in host economies (McKinsey Global Institute, 2016)
Therefore, our focus is on **Designing Policies and Strengthening Institutions and Programs** in order to:

- **P – I – P**
- Increase Benefits & Reduce Costs
- Maximize the potential of pro-poor migration
Over these next two weeks, we will have a chance to discuss
Four areas where P-I-P are needed

1. Brokering Market Access
   • Design of legal pathways for mobility, Temporary Mobility of Persons (TMPs), BLAs

2. Facilitating Market Entry
   • Lowering cost of search, selection, readiness, and upskilling migrants

3. Building in Protection
   • In the course of moving and after

4. Promoting Integration
   • Lowering resistance and facilitating better outcomes in receiving countries
We will be

1. Sharing the latest research findings and data trends on internal and international mobility
2. Discussing sending and receiving country concerns and which P-I-P could address
3. Showcasing backward and forward linkages: from research to implementation partners, evaluations, experimentation
4. Facilitating peer learning amongst group