

WB Approach to Global Migration

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Community of practice on migration

Gains from Relative Liberalization

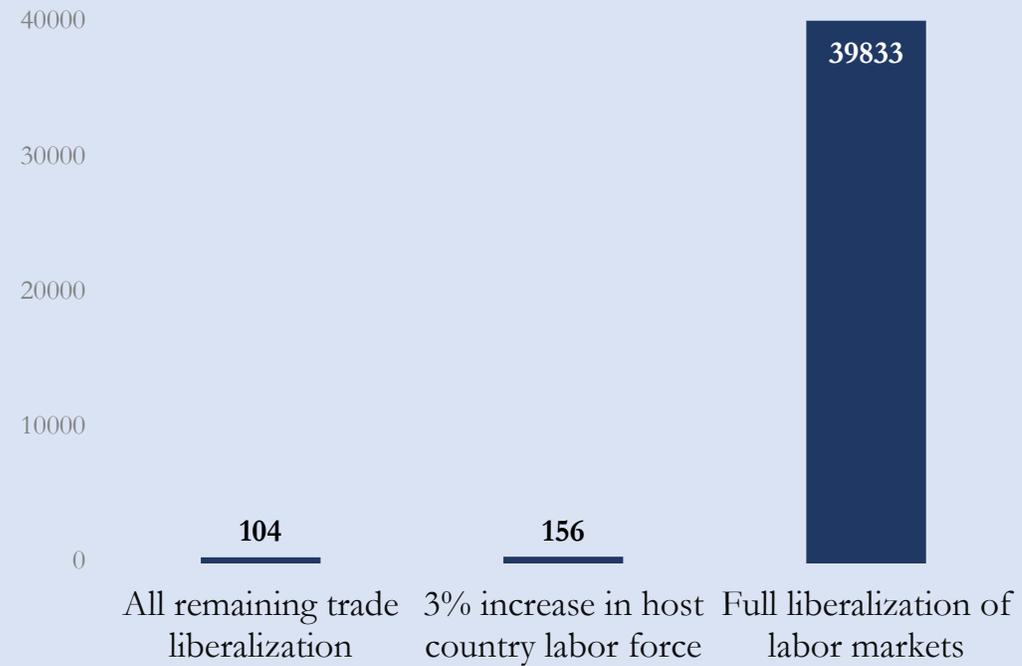


Chart Reference: Hamilton and Whalley 1984; Winters and others 2003.

Evolution in our thinking:
Are we asking the right question?

Does it matter?

OR

AND

AS

The problem with 'or'

Relationship between GDP Per Capita and Migration Rates

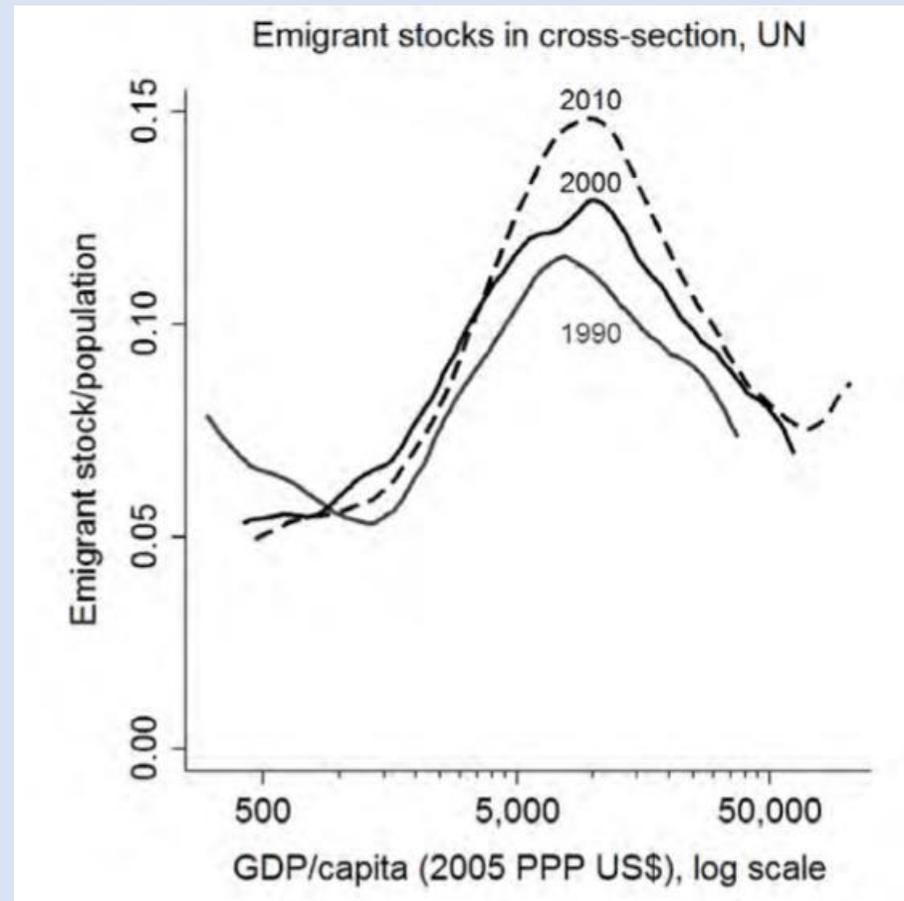
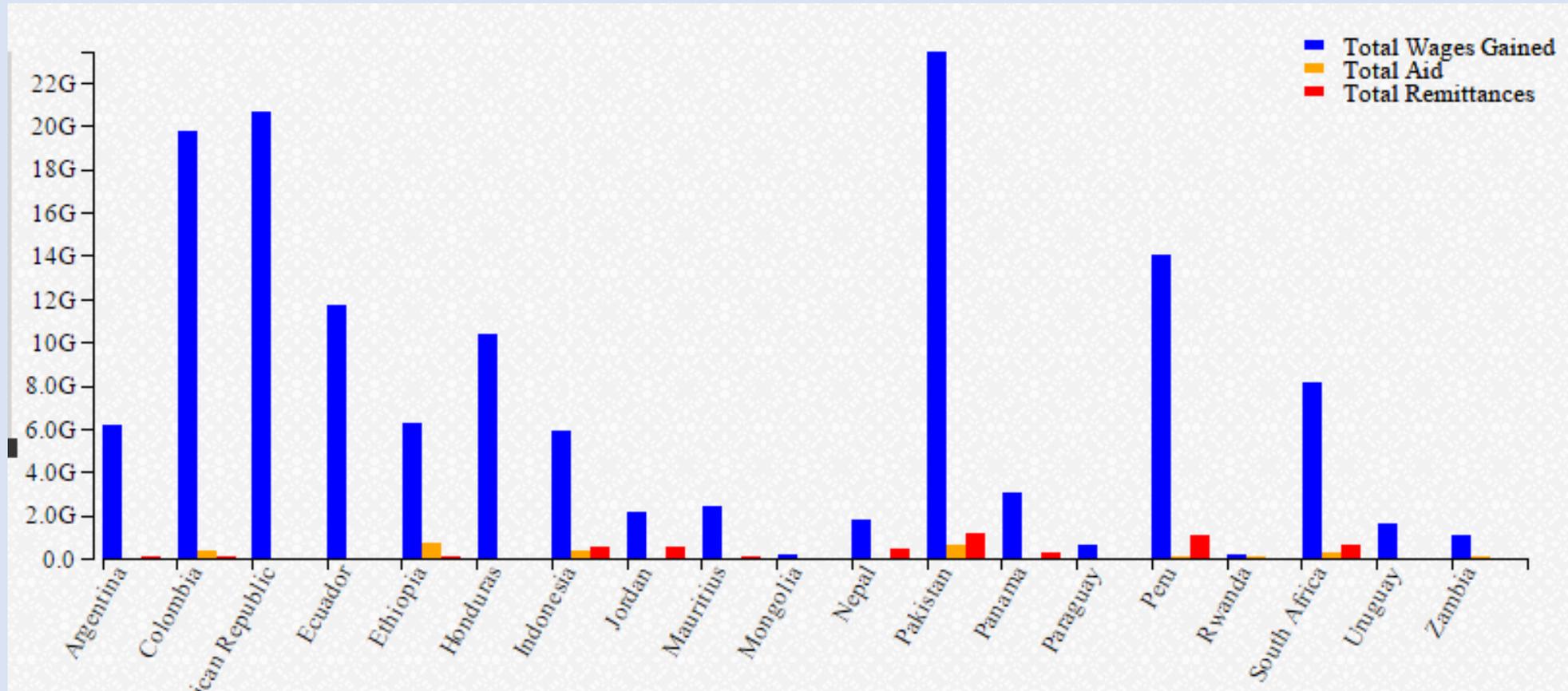


Chart Reference: Clemens 2014

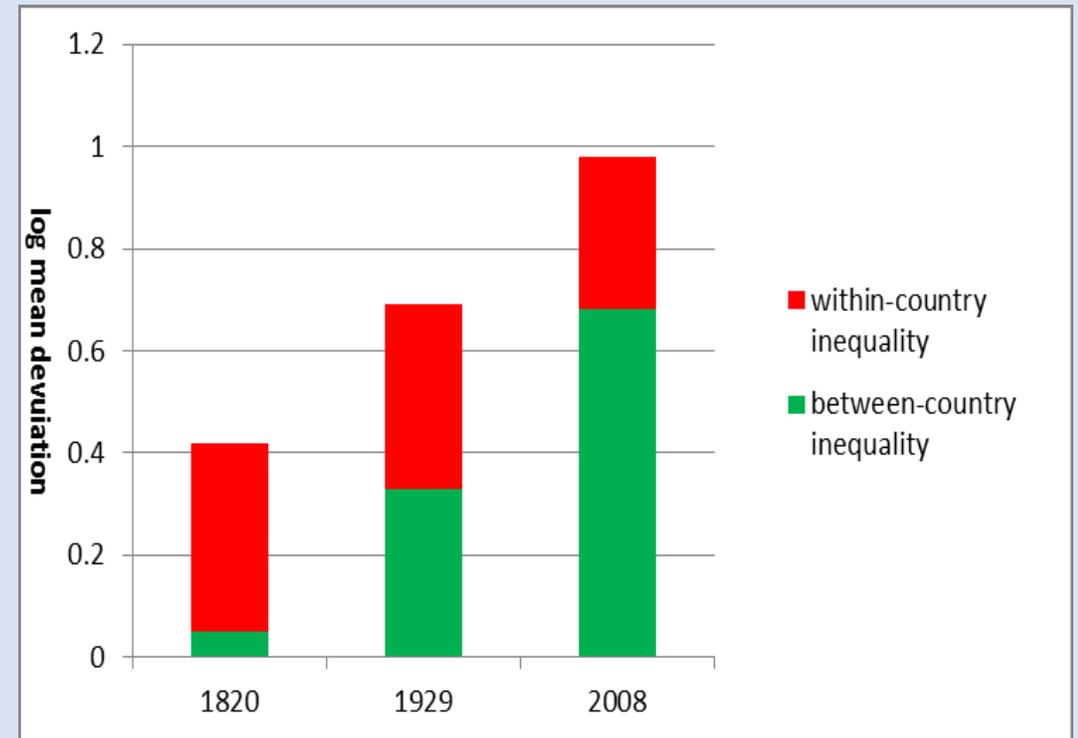
The problem with 'and'



So what will propel migration 'as'
development as the paradigm?

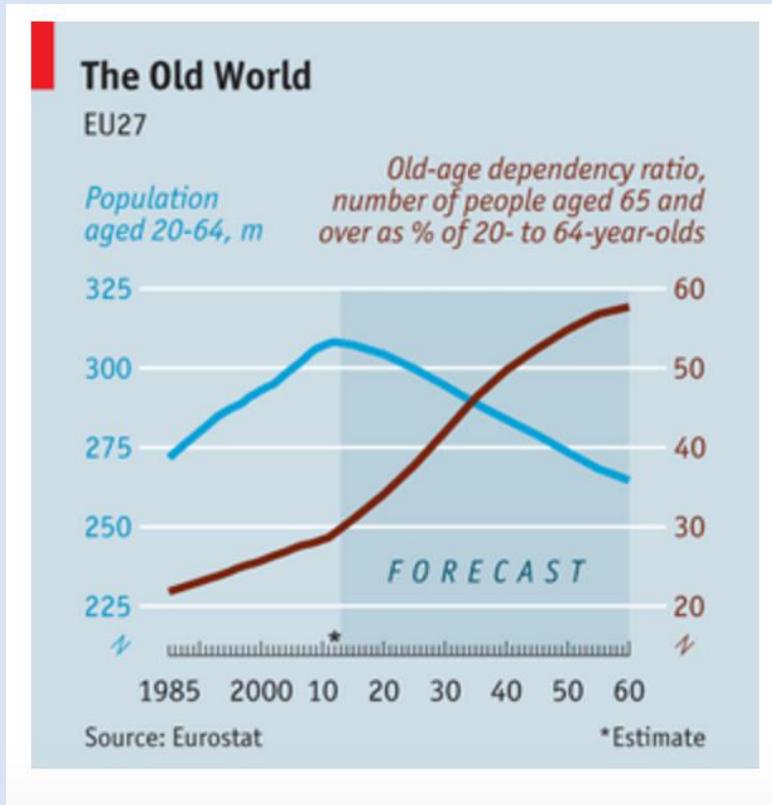
Economic pull and push factors

- 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**

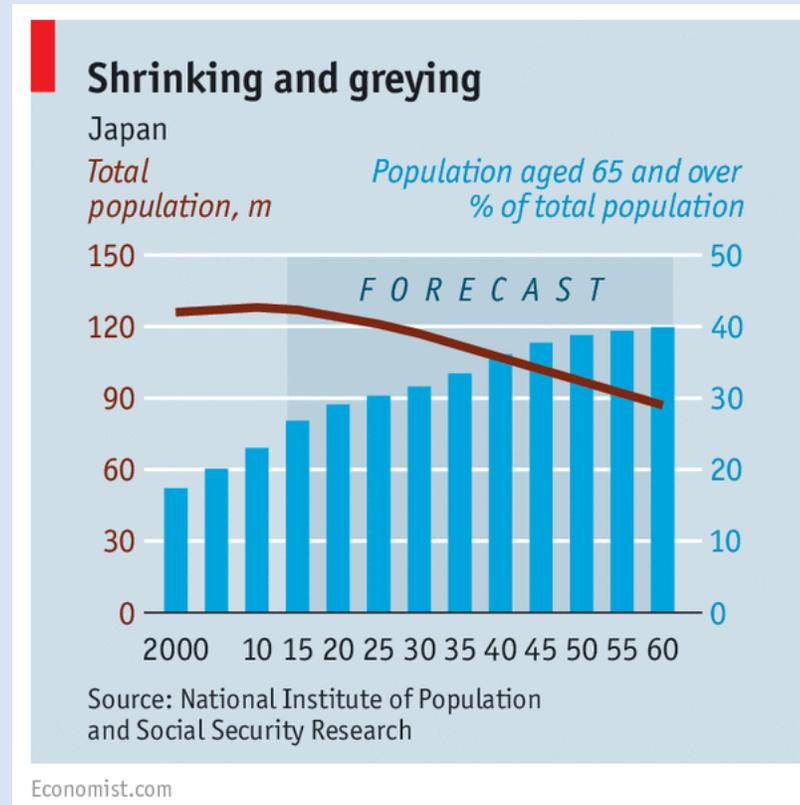


Source: Bourguignon and Morrison (2002) updated using data from Milanovic (2013)

And demography



Source: Economist



With a transformational effect on poverty alleviation for individuals

- Potential gains compared to other interventions

Intervention	Country	PV lifetime wage increment	Weeks of US work equal to lifetime NPV
Microcredit	Bangladesh	700	4
Anti sweatshop activism	Indonesia	2,700	30
Additional year of schooling	Bolivia	2,250	11
Deworming	Kenya	71	0.3

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.

3.4%

Migrants as a share of the world's population

9.4%

Share of global GDP contributed by migrants

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

Manifestations

- Access
- Vulnerability and exploitation
- Socio-economic impact

Tied to Market Failures

- 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



Four areas where our work on P-I-P is growing where research and experimentation is 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

New Challenges posed by Forced Displacement

- GPG arguments - require innovative financing mechanisms
- Service delivery – targeting criteria, PMT, cash transfers?
- Labor market insertion – poverty, unemployment among natives

Two Big Questions:

1. Parallel systems of integrated systems to bridge development and humanitarian assistance
2. Political economy of managing costs on host communities