

Migration, Development and Poverty Reduction: The global trends

- international migration: Traditionally regarded as a function of the failure of development.
- There is compelling evidence worldwide to support that international migration can positively impact poverty and development in the country of origin.
- The UN Millennium Project report: 'Investing in Development' addresses migration in the context of MDGs and highlights remittance and its potential role in increasing household income and savings.
- 2005 IOM report 'The MDGs and Migration' : How migration can not only increase income but also reduce inequality and recommend mainstreaming migration into poverty reduction strategies.
- UN High Level Dialogue on Migration and Development: Workers remittances have been recognised as the most substantial benefit of temporary migration for the countries of origin and contributes to poverty alleviation in developing countries.
- The 2005 Global Commission on International Migration Report: The role of remittances in alleviating poverty in countries of origin.
- OECD Paper(2002): Countries of origin would enjoy a return of US\$160-200 billion if EU, Canada, UK, Japan and USA allowed migrants to make up 4% of their Labour Force.
- 2006 World Bank Study and 2002 Commonwealth Secretariat study: A 3% increase in workforce in the number of skilled and low skilled temporary migrant workers from low income countries would generate welfare of more than US\$ 150 billion a year.

Migration, Development and Poverty Reduction: Contribution of Remittances

- Benefits of migration: Larger for unskilled and low skilled labour mobility and competitive advantage for developing countries in the international migration market, unless otherwise distorted by a treaties and agreements such as EU accession Treaty compelling exclusion of non-EU migrants from the UK.
- Workers remittances to developing countries reached the same as ODA in 1995. In 2004 formal remittances were twice as much as ODA. Unofficial remittances are estimated to be 50% or more than formal remittance (GEP 2006).
- 2005 Study from South Asia: When both official and official remittances are considered, a 10% increase in total remittances would lead to 0.9% drop on levels of poverty in the region (Ghosh for IOM 2006).
- A 10% increase in remittances in the GDP of a country would result in q.6% decline in the share of people living on less than a dollar a day- and a 2% drop in the depth and severity of poverty in the developing world(Adams,R. H, London 2003).
- Another positive impact of migration in the counter cyclical nature of remittances: They tend to increase in times of economic hardship and show more resilience in the face of economic slowdown in host countries than private capital flows (Ghosh, 2006, for IOM).

Bangladesh's PRSP and Migration, development and poverty alleviation

Bangladesh: 144 million population, 6-8 million temporary migrants and Diaspora, among top 20 remittance recipient countries.

2003 : Coming back from UN Millennium Summit, Bangladesh promptly launches its Interim PRSP (I-PRSP 2003)

October 2005: Bangladesh adopts its PRSP: “ Unlocking the Potential” :A National Strategy for Accelerated Poverty Reduction in Bangladesh

MDGs get integrated into Bangladesh's PRSP; Migration and Development is recognised as an important strategy for poverty reduction

Both Internal and outbound Migration is recognised making positive contribution to urban, rural and macro-economic indicators.

Special focus on Women migrant employment, skill development and equal wages;

July 2007: Care Taker Government presents ‘Meeting the Challenge: A Mid-term Report on Achieving MDG-1 in Bangladesh’ at the first Annual Ministerial Review Meeting of the UN Economic and Social Council for a ‘Peer Review’.

Chapter 4 dedicated to Migration, Poverty Reduction and Development

December 2007 : Mid Term Review on MDGs ,The Medium Term Budgetary Framework (MTBF) and successive Annual Development Programmes (ADPs) have also been tuned with the MDGs.

Bangladesh has already initiated the preparation of a new PRSP covering 2008-2011.

Migration, poverty reduction and development will continue to receive special focus. The Mid Term Report will be of immense help in the preparation process of the new PRSP and would energize all the stakeholders to initiate corrective measures in areas where Bangladesh is lagging behind.

2005 PRSP: Chapter 5 B.7.5. Internal Migration in poverty reduction strategies

-“The pattern of migration too is not restricted to uni-directional flows to international or metropolitan centres; migration of varying duration to a variety of destinations both rural and urban as well as near and far is increasingly a critical part of the picture. Initial fears that migration was fuelling an export of poverty from rural to urban areas has now been dispelled by poverty trend statistics; in general urbanisation appears to have been a force for poverty reduction with urban poverty declining much faster than rural poverty. The rural-urban divide is increasingly giving way to a rural-urban continuum.”

2005 PRSP: Chapter 5 : Migration and remittances in poverty reduction strategies

Development of Services for Migrant Workers

At present most migrant workers from Bangladesh to the Middle East are unskilled or low skilled and come from the lower income group of the society. Temporary migration offers Employment and higher income to the worker with a positive impact on living standards of his/her family as well as on human resource development of his/her children. In order to reduce poverty through migration it is important that adequate services be provided to the prospective and current migrant workers. More specifically, the following services may be delivered:

- Projection plans of feasible labour demand in targeted markets will be identified. Training will be arranged to impart specific skills which are in demand in foreign labour markets.
- Supportive institutions will be built to improve migration management and to disseminate information on job prospects and skill requirements for migrant workers.
- Before embarking on short-term contract migration, it will be ensured that migrant workers receive pre-departure orientation training, including handouts on health services, HIV/AIDS and occupational safety and health conducted in Bangla.
- Migrants will be provided information about the importance of savings to ensure continuous employment and earning upon return.
- Returnee migrant associations, which are already active in Bangladesh, could be made more active to provide schemes for returnee migrants, such as skill development required at home.
- Since the large initial cost of migration prevents many prospective poor workers from even thinking of overseas employment, NGOs might find innovative ways to finance the initial cost.
- The recruitment industry will be regulated more effectively. The renewal of licenses of private recruiters can be made contingent on their performance.

2005 PRSP: Chapter 5 B.7.4. Enhancing Employment opportunities, skill development and better wages for women

Enhancing Good Quality Employment Opportunities for Women

- The labour market has become more open to women in certain sectors like RMG. However, women are more likely to be found in casual daily work, and in the informal sector. The forms of work they are engaged in are likely to be relatively more insecure. There is a significant wage differential between women and men; women's wages are 58.2 percent of those of men's. While the wage differential can be attributed to some extent to monopolistic elements in the labour market, it is largely determined by social attitudes to women's work as well as the education and skill differential between men and women. In this context it is necessary for the Government to actively intervene to open up more opportunities of employment for women, so as to help diversify women's employment in other more skilled areas. This is also essential to ensure equal opportunities and treatment in employment for women, especially given the rather low unemployment rate for better-educated women.
- Skill and educational gaps between women and men will be further reduced by removing the constraints that prevent or discourage girls and women from going to and completing secondary education and participating in technical skills training programmes. These measures include: educational and training facilities that are suitable for girls/women, given our cultural norms; numeracy and literacy classes to support technical skills training programmes; creating women role models in non-traditional and new technical areas; assessment of VET curricula and training delivery methods to identify gender-specific biases and constraints and design innovative ways to address them; actions at local level to mobilise community and family support.
- The legal and regulatory framework for self and wage employment among women will be reviewed to identify direct and indirect forms of discrimination that reinforce inequalities in employment opportunities and treatment, and needed reforms will be undertaken. Women will need to be provided with appropriate utility, infrastructure and social services so that they can make time to fully participate in the labour market. Working women should be provided with housing and childcare facilities.

Credit Facilities for poor

- Self-employment with higher productivity will require greater access to productive assets. Credit may act as an important input in this process. During the last two decades a large number of microfinance institutions are providing credit to the poor. MC can be more effective if this is accompanied by other inputs, including training and skill development, transport facilities and marketing facilities. In addition to micro-credit, larger loans should be provided for enterprises using hired labour. This will generate larger demand for hired labour, which in turn is expected to have a positive impact on the wage rate.

2007 Mid Term Review of PRSP for MDG1

- **Migration is** one of the four key factors alongside increased agricultural productivity, access to education and access to microfinance, that have played a critical role in a robust reduction of poverty [58.8%-40% (1990-2005)] during the last decade in Bangladesh.
- 3 key pro-poor and pre-development national policies have been effective in targeting the poor and reducing their impoverishment: '**The Overseas Employment Policy**' ranked high, alongside the National Food Policy and Primary Education Development Programme.
- For its income levels **Bangladesh has outperformed most low-income countries on a range of social indicators** including increased primary education enrolment, eliminating gender disparity in primary and secondary enrolment, sharp decline in infant mortality, per capita household sanitation etc.
- Stories behind social successes: Besides role of increased agricultural productivity, role of micro credit and of organised NGO sector, **temporary labour migration and remittances** contributed significantly to increasing household income and reducing poverty both directly and through consumption and investment multipliers.
- **Among the** key challenges to poverty reduction, along side pressures of population on land use and crop intensity and over dependability of the economy on textiles exports, lack of steady job growth in urban sector to absorb the **increasing inflow of migrating rural poor** was identified as a major challenge.

Bangladesh: 2007 Mid Term Review of PRSP for MDG1

‘Temporary Migration: A Route out of Poverty ’

Impact of Temporary Migration and Diaspora Remittance on Bangladesh Economy

- The 2007 mid term review : dedicated a substantive Chapter on Migration, Poverty Reduction and Development. Categorically recognised Temporary Labour Migration as an exit Route out of poverty trap.
- Between 1976 and 2007 nearly 6 million Bangladeshis went abroad as temporary migrants, mostly low and semiskilled. A High TFR was the main push factor for a large number of young people trapped in poverty finding a viable employment opportunity in temporary migration. Apart from this Bangladesh’s global Diaspora size is about 1.5 million.
- In 2007 Bangladesh’s total remittances from migrant labours and Diaspora totalled to USD 6.2 billion and were about 12% of Bangladesh’s GDP. In Bangladesh Remittance income has an estimated multiplier effect of 3.3 on GNP, 2.8 on consumption and 0.4 on investment. (Ghosh 2006 for IOM).
- Remittances accounted for nearly 40% of country’s export earnings and were the single largest source of foreign currency. Remittances rose by 15% in 2005 and 30% in 2006. Bangladesh is the only two LDCs in top 20 remittance recipient countries.
- Remittance transfers in 2006 and 2007 were 4 times higher than the foreign aid flow or ODA to Bangladesh and more than 9 times larger than total Foreign Direct Investment (FDI) received during those years.

2007 Mid Term Review of PRSP for MDG1: Chapter 4 on 'Migration, Poverty Reduction and Development'

Impact of remittance on a Route our of Poverty : Attaining MDG 1 and also others

- Although remittances are largely used to meeting basic needs such as food and clothing, a significant proportion is spent on land purchase/home construction/repair, education, and health and sanitation contributing directly or indirectly in attaining MDG 1 and those on education and health.
- The contribution of remittances to household incomes in Bangladesh rose from 3.7% in 1987-88 to 25 % in 2006.
- More than half of all household income of recipients came from remittances, and such income increased by 55% compared to pre-remittance levels. To understand the impact of remittances on poverty it is important to explore household and community level impacts of remittances. (2003 Siddiqui T and Abrar CR).
- Remittances at household and community level immediately improve the quality of life and provide capitals| to invest in healthcare, education, housing and sanitation, all related to MDG 1 and other MDG related to poverty.
- The PRSP takes into recognition that Remittances are not a substitute for FDI, ODA and other flows of resources for poverty alleviation, but are complementary . The PRSP emphasises the importance of encouraging a greater flow of remittance through formal channels for maximising benefits for poverty alleviation.

2007 Mid Term Review of PRSP for MDG1: Chapter 4 on 'Migration, Poverty Reduction and Development'

Government's continued policy improvement for internal and overseas migration and return and reintegration

- Remaining conscious of impact of international migration on development, the GOB has adopted a wide range of policies and measure aimed at maximising benefits for migrant workers and contribution of remittances including overseas employment policies, financial regulations to encourage more remittances through formal channels and measure to enhance remittance.
- The Bangladesh Government's Overseas Employment Policy introduced in November 2006 is a pro-development policy based on the recognition that remittances are an investment in themselves a major economic sector and highlights the government's efforts to expand overseas employment as enunciated in the PRSP.
- The policy also seeks to expand overseas employment opportunities for a fast-growing young population
- It aspires to protect the rights of the migrant workers at home and abroad. It seeks to:
 - Regulate remittance flow through formal channel and investment through Bangladesh Bank and Anti-money laundering act 2002
 - economic and social reintegration of returnees
 - Skill and language Training of migrant workers
 - regulate recruitment process and exploitation by recruiting agents
 - provide welfare and fiscal incentives to expatriates including relaxing foreign currency regulation,, providing access to banking facilities, tax benefits, encouraging investment incentives for Bangladeshi migrants and expatriates.
 - sustaining existing labour markets and exploring new ones

‘Migration, Poverty Reduction and Development’ :Regional and international cooperation

- The PRSP also takes into account the negative impacts of migration such as excess outflow of professionals or brain drain. It recognises that unplanned migration can cause migrant –source communities to confront the negative impact of migration on productivity.
- It also recognises temporary migration presents considerable risk and uncertainty , when migrants face extreme abuse or exploitation of fall within the trap of becoming undocumented and are returned unilaterally.
- The Government of Bangladesh believes that the source and recipient countries should work to promote temporary labour migration and to protect the interests of the migrant workers.
- Temporary labour migration and remittance will continue to play an important role to reduce poverty in the foreseeable future. However, any adverse shock – global political and economic instability - to the migration flow and remittance will seriously undermine the gains in poverty reduction.
- UN High level dialogue on Migration and Development agreed that international migration could be a positive force for development in both countries of origin and countries of destination, provided that it was supported by the rights set of policies.
- International and regional consultative process and a successful negotiation on mode 4 at the WTO recognising the impact of migration in reducing poverty would be essential to maximise benefits of migration and development.

Migration, development and Poverty Alleviation

Regional and international cooperation