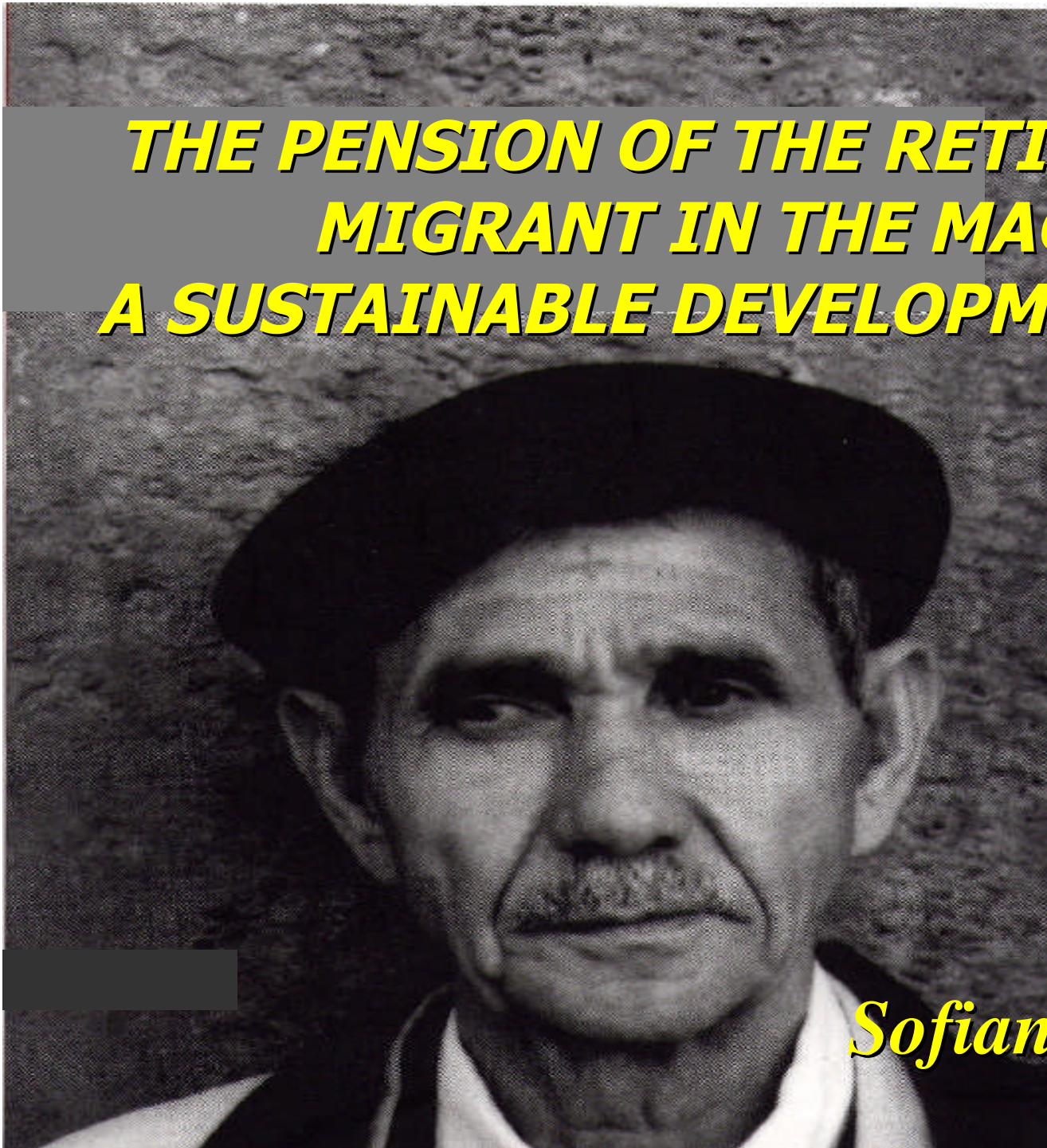


***THE PENSION OF THE RETIRED RETURN  
MIGRANT IN THE MAGHREB:  
A SUSTAINABLE DEVELOPMENT FACTOR?***



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***Migration from Maghreb to Europe started in the 60's, during the post-independence period***

***As a result, this beginning millennium witnessed the return of thousands of migrants, who have now reached the retirement age, to Morocco, Algeria and Tunisia***

***This study examines how the pensions of the retired return migrants are used. 2 main possibilities exist:***

- ❑ used for consumption purposes (inc. purchasing of houses)***
- ❑ reinvested partly in the local economies***

***If we consider that there exists a consistent wage and pension differentials between home and host employment markets, then we can assume that the pension of the retired returnee can constitute a factor of sustainable development in the region***



*DATA*

***Data used stem from a field survey carried out in 2006 in the framework of the MIREM project (Collective Action to Support the Reintegration of Return Migrants in their Country of Origin)***

***<http://www.mirem.eu>***

***based at the Robert Schuman Centre for Advanced Studies, with financial support of both European Union and European University Institute***

***Sampling frame for this survey was stratified into 3 countries of Maghreb, with a total sample of 992 migrants dispatched as follows:***

- 330 Morocco***
- 332 Algeria***
- 330 Tunisia***

***Only data concerning those return migrants who have freely decided to come back home were considered in this study, excluding those expelled***



***THE FIRST GENERATION  
OF MIGRANTS***

***Process of economic transition that followed the independences during the 60's in the Maghreb led to a global migration of young men, mainly to France (former colonial country) and Italy (nearest country with employment opportunities)***

***Since that period, Maghrebian governments considered emigration as a mean of exporting unemployment and poverty, and way of importing wealth, through remittances***

***Today, migration is still a paramount issue in Maghreb, and migrants are considered as key persons contributing to the local economic development***

***Morocco: remittances represent + 8% of GDP and permit to the government to cover 50% of the balance of payment deficit***

***Little attention has been paid to the changes occurred since the departure of the first generation of migrants, the perspective of their return, and its possible effects on investment and sustainable development***

***Today, expatriated Maghrebian community includes 2<sup>nd</sup>, even 3<sup>rd</sup> generation, but the most important is that the 1<sup>st</sup> generation is composed of individuals who have just reached the retirement age***

***Many returned home, or are seriously thinking about coming back and enjoying an old age in the home land***

***Spending the last days of life in motherland, and buried near the father is common in the Muslim culture***

***Buried in a non-Muslim cemetery is a great fear among Muslim expatriated in Europe or US***

# ***SOME FIGURES***





***Retiring is the first motivation for returning back home, familial problems in home country being the second reason, with respectively 14.4% and 8.9% of the responses***

***Seniors = 18% of the Maghrebian return migrants, while 21.9 % are officially retirees***

***During the last 10 years for instance, more than 90 000 Algerian left France to benefit their pension in Algeria, at a rhythm of 9 100 migrants per year***

***Number of Moroccan retirees leaving France varies around 1 400 departures per year***

***As a result, savings and pensions of the retired returnee became suddenly an economic factor of major importance***

# ***METHODOLOGICAL APPROACHES***

***2 opposite approaches for the analysis of the pension of the retired returnee, depending on the vision of his economic capital***

## ***ENDOGENOUS MIGRATION MODEL***

***migrant's behaviour based on altruism and the satisfaction of persons relying on him, and in particular the family at home***

***retired migrant affects his pension for consumption purposes, either for himself or his family***

***Immediate welfare is paramount to any idea of rates of return of the pension, as the utility of the migrant is directly linked to the utility of the family in the home country***

***This model does not consider the migrants transfers, savings and pensions as an engine of local employment and economic growth***

# ***PORTFOLIO MODEL***

***remitting aims at guaranteeing a reward when coming back to the home country***

***this "selfish model" considers that at least a part of the pension is invested in businesses.***

***projects are of micro dimension, and the pension is often used to reimburse a bank loan than invested directly in a project***

***consider remittances, savings and pensions as a major source of capital for sustainable development in home land, as they create productive assets and reduce unemployment***

# ***OPTIMAL DURATION OF MIGRATION***

***close relationship between the period of time spent abroad and the returnee's willingness to invest in the home market:***

***duration too short: migrant will not have the time to acquire necessary experience to create and manage a project in home country***

***□ period spent outside too long: migrant will lose contact with the home society, and will be so disconnected that he will no more have the sufficient knowledge about behaviours, markets and economic mechanisms to be able to create a profitable project***

***□ if the returnee is too aged, his health will no more permit him to manage efficiently his business***

***There exist a theoretical, optimal period of time spent abroad that influences the possibility of investing back home***

***We will verify this hypothesis later, in the specific case of Maghreb***



***TYPOLGY OF THE  
MAGHREBIAN RETIRED RETURNEE***

***Was 25 years old when he left Algeria in 1960***

***Travelled by boat to Southern France (95%)***

***Holds regular documents (99%), and in particular a working permit (63%)***

***Is 65 years and decided to return home after having spent in average 40 years abroad***

***Poorly educated (95%), was living in a rural area (59%) before settling abroad***

***Although was employed before migrating (62%), his financial situation was precarious (87%) and did not benefit help from the family (66%)***

***Left Algeria single (70%) and had no close family in France (96%)***

***Once in France, did not benefit help from family or friends (75%), but found a job before three months (82%), and did not find difficulties in integrating the local society***

***Although did not improve his educational level (95%) and had no access to professional training (90%), improved his financial situation during his career (97%)***

***Kept links with Algeria and used to send once a year 1000€ to Algeria (80%) to help the family (school expenses), build a house and contribute to social projects, (mosques)***

***Used to bring to Algeria facilities, as refrigerators or cars (88%)***

***Had regular contacts with the consular representations***

***When coming back to Algeria, owner of his house (98%) and lives in an urban area (73%)***

***Although thinks about staying definitely in Algeria (75%), kept his documents in order to have the possibility to return to France (84%)***

***Felt poorly assisted by the Algerian government when coming back, and despite problems of reintegration of the Algerian society, thinks that life in Algeria is better than in France (68%)***

***Now transfers monthly 500€ to his bank account in Algeria (55%), using it for family expenses and to build a house***

**BOUCHERIE MUSULMANE**

بوتيرة اسلامية

BOUCHERIE AMM  
**Rôtisserie**  
Poulet 10  
Côte de Boeuf 6  
Poulet 30  
Avec  
Poulet 2

***ENTREPRENEURIAL BEHAVIOUR OF THE  
MAGHREBIAN RETIRED RETURNEE***





***Does not seem keen on investing back home  
(90%)***

***Invested in small and medium projects:***

- ❑ employing less than 10 employees***
- ❑ tourism and commercial sectors***
- ❑ amounts varying from 3 000€ to 90 000€***

***Has the capacity to invest amounts that are  
considered relatively high regarding to the local  
economy and level of development***

***Main source of financing was the pension and  
savings, with no assistance from local bank***



***RETURN VS NON RETURN:  
THE SOCIAL PROTECTION AS A KEY FACTOR***

***When the migrant reaches 65 years, he must take  
a major decision concerning the last stage of his  
migration cycle:***

***Stay there or come back home?***

# ***STAY IN THE HOST COUNTRY?***

## ***RANGE OF MEDICAL SERVICES***

***Retired migrant is by nature over 65, and has specific needs for keeping health***

***Maghrebian health system does not offer a high standard quality of medical services***

***Maghrebian health system still does not provide specific services such as geriatrics or psychological assistance for the elderly (but Tunisia)***

***Return migrant knows that if he decides to come back home, he will be obliged to travel regularly to benefit good medical services in the previous country of immigration***

## **REIMBURSEMENT**

***Migrant used to benefit a social protection system that reimburses a consistent part of the medical expenses, especially if he was expatriated in Europe or in the Gulf region, where high standard social systems are available***

***Migrant knows that in his origin country, the social protection system is still poor, and he will have to spend consistent amounts of money to cover by himself his health expenses, with no hope of reimbursement***

## **TWO-SPEED MAGHREBIAN HEALTH SYSTEM**

***Medical services offered by the public sector are bad: disorganised reception, lack of hygiene, delays in treatments, overcrowded rooms***

***On the other side, private sector provides a better quality of health services, but at a very high cost***

***Tunisia: private clinics exports their services (British patients have surgical operations because cheaper comparing to the UK, and no waiting lists)***

***Retired returnee aware that, if settling in his home country, he must affect a consistent part of his pension to health care, while he can benefit from it freely in the previous immigration country***

***For all these reasons, all related to social protection, the retired migrant is reluctant to come back home definitely***

***Most retired returnees keep updated the official documents they were handling when living in host countries***

***They travel every 6 months to the previous immigration country to prove that they are still alive and keep their social protection cards***

# ***RETURN TO HOME COUNTRY?***

***Paradoxically, the main factor pushing the retired Maghrebian migrant to return to his home country is also related to the social system***

***Huge difference in salary levels between host and home employment markets***

***As calculations are based on the last salary, pensions are higher in the host country***

***pension of a retired Tunisian operator returning from Germany = salary of a General Manager in the private sector in Tunisia***

***In addition to the differentials in gross salary levels, the exchange rates between the Maghrebian currencies and the Euro/Dollar are favourable to the return migrant***

***Fluctuation in exchange rates pushes regularly the pensions up, compensating the inflation rates in home country***

***Possible economic effect of the migrant pension is multiplied and afford to him to live in very good conditions in his home country***

***"live like a Bey in my home country"***

# ***Dilemma:***

***Should he come back home to enjoy his pension, benefiting from its multiplied value?***

***Or should he stay in the host country, benefiting a high standard social protection?***

***In both cases,  
social protection mechanism appears  
as a key element in taking the decision***

# ***RETIRED RETURNEES AND ENTREPRENEURSHIP***

***Only little share of pensions is used in productive investments, mainly small and medium businesses***

***Despite of this, millions of Euros are invested in the local economies, and this contributes certainly to the sustainable development of the Maghreb.***

***The returnee entrepreneur hardly ever contracts a bank loan when investing***

***Savings accumulated in host country constitute the great source of financing projects when coming back home:***

- ☐ 76% of return Maghrebian migrants finance their project with their own saving and pension***
- ☐ 13.9% of them contract bank loans (15.3% in Morocco and Tunisia, 9.5% in Algeria)***



# ***Reasons explaining the autonomy-behaviour***

***1. Migrant has saved sufficiently during his career to finance a complete project by himself, all the more so since these are small and medium businesses***

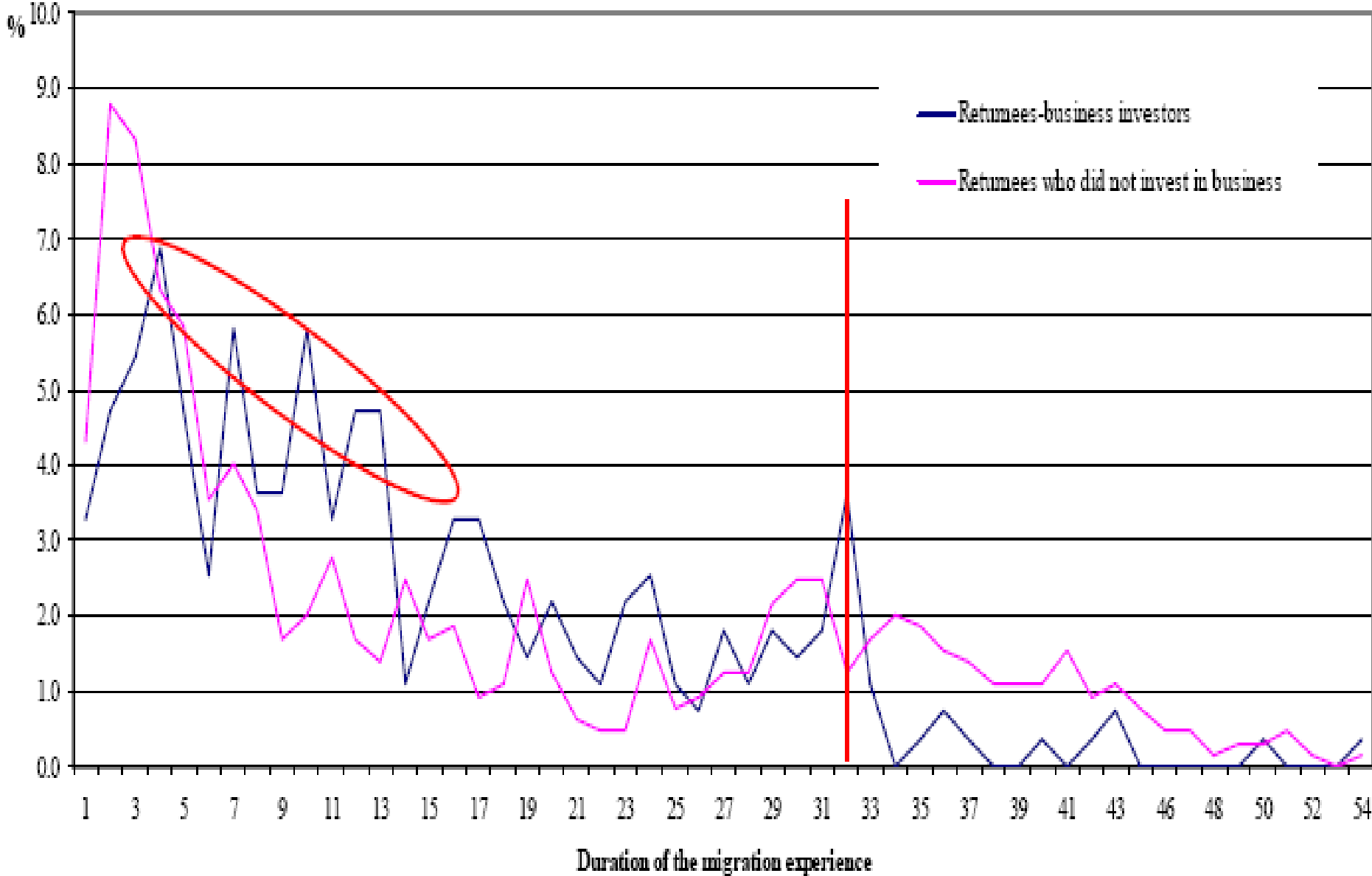
***2. Mistrust between the migrant and the local banks:***

- ❑ Migrant has a very bad vision of the local banking system***
- ❑ But this lack of confidence is also expressed by the other side, as the local banks consider the retired returnee's projects as low-return and risky investments:***
  - return migrant, after having spent mid-life outside the country, has a poor, wrong knowledge of the local market***
  - has then great difficulties in managing the human and financial assets in the home country***
  - advanced age: banks use to give loans more likely to young entrepreneurs than to retirees***

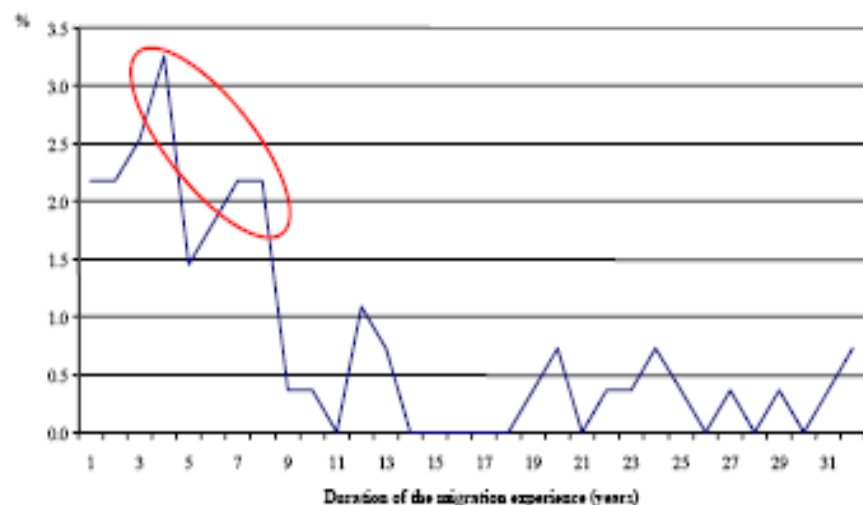
***The question of age is also related to the theory of optimal period of time spent abroad***

***MIREM survey showed the following:***

**Graph 2: Duration of the migration experience of the returnees who invested back home (N=296) compared with those who did not (N=696)**

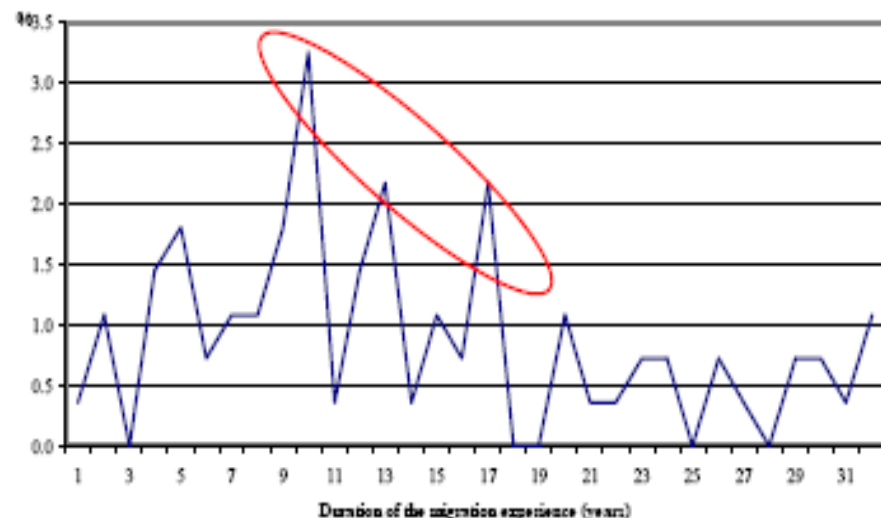


**Graph 3: Algerian entrepreneur returnees, N=74**



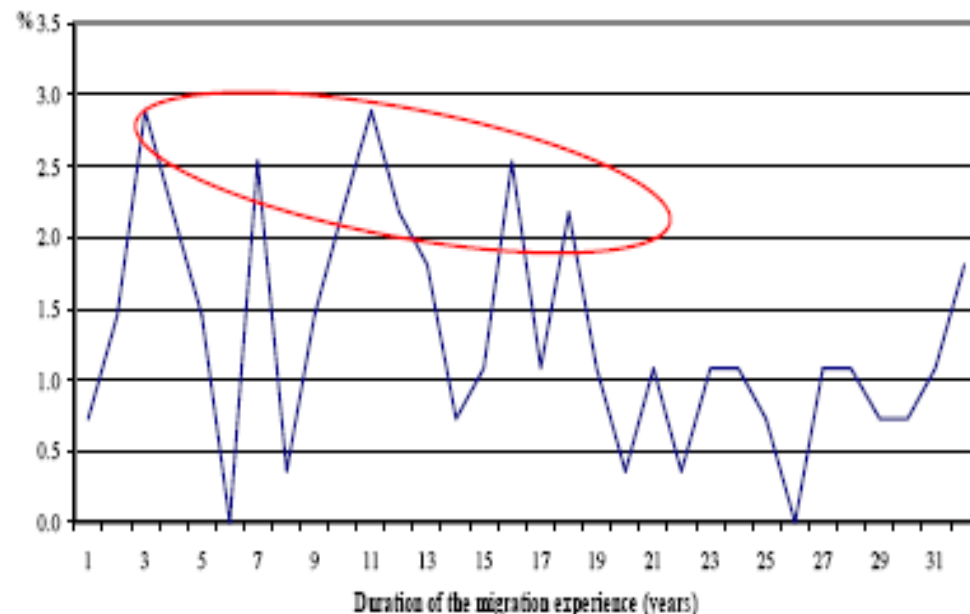
Source: MIREM, © EUI

**Graph 4: Moroccan entrepreneur returnees, N=98**



Source: MIREM, © EUI

**Graph 5: Tunisian entrepreneur returnees, N=124**





***RECOMMENDATIONS***

# ***CONSTITUTE A DATABASE***

***Decision makers suffer lack of data concerning the behaviour of the return migrants***

***Particularly true concerning the retired returnee, as the phenomenon is relatively new***

***Need to widen the knowledge base on the motivations of the retired return migrants, their projects, their needs and the potential they can offer to the home country***

***Conduct surveys and make studies in the field of migration of the seniors***

***As Maghrebian countries have not the capacity to finance such complex studies, they should think about partnerships with European and US academic institutions, and NGOs and IO (IOM)***

## ***RESTORE FAITH IN HOME COUNTRY ADMINISTRATION***

***Migrant afraid of losing an entire life of ghorba and savings in a bad business***

***Fear reinforced by the lack of knowledge of the origin society and culture***

***Fear of corruption, bureaucracy and misunderstanding***

***Diplomatic representations in Europe must do further efforts in communication in order to offer a more positive vision of the return back home and the investment in productive projects in the origin country***

***Message must be convincing, because the idyllic image presented by the embassy's officers may contrast with what the migrant hears about his country, through official media (European TV and papers, Internet,...) and non official channels (family, friends,...)***

***Fear reinforced when he has already experienced problems with the local administration (customs, border police,...)***

# ***SUPPORT THE RETURN MIGRANT***

***Create ministerial agencies to help the retired expatriate who wants to invest back home***

***Provide migrant with accurate information concerning investment procedures***

***Most of them ignore the last banking reforms (hold current accounts in convertible local currencies)***

***Incentives to invest: tax exemptions and off shore areas, where investors can install exporting project***

***Help the retired migrants in conducting marketing studies, and play a mediation role to help the migrant obtaining a local bank loan, or negotiating with the local administrations***

# ***IMPROVE THE INSTITUTIONAL ENVIRONMENT***

***Poor infrastructure: roads, electricity network, industrial estates zones, web and telephone network, public equipment***

***Small markets: Morocco 30 mh, Algeria 30, Tunisia 10, small demand of goods and services, severe competition***

***Offer to the retired migrants specific incentives to create projects when returning home***

***MIREM's survey: 88.8% of the Maghrebian return migrants had not benefited any assistance from the local administration during the coming back process, nor the investment procedures***

***Data show marked differences between the three countries, as 80.8% of the Tunisian returnees said they have not been assisted by their own government, while this proportion is 90.9% among Moroccan and 95.1% in Algeria***

***Lack of custom and tax incentives, low education level of the local human capital and reluctance of the local banks to give loans***



***Key factor that influences the behaviour of the retired migrant:  
social mechanism in home country***

## ***IMPROVE SOCIAL PROTECTION IN HOST COUNTRY***

***Help retired returnees in regulating their situation regarding to their social rights, as the pension and the health coverage, with the host countries administrations***

***Keep updated documents, as residence permit***

***Statute of retired migrant may be changed by the recent decisions taken in many European countries that are closing the doors of immigration***

***Create specific taskforces in charge of following the new legislations in the host countries, and interfere if necessary in order to make it easier for the returnee to benefit his social rights***

# ***IN HOME COUNTRY***

***Improve the quality of the medical services offered to the return migrants***

***Private clinics should offer special rates to retired returnees, who can in return pay in hard currency***

***Tunisia: off shore clinics have been already created to admit non resident patients, and return migrants should have access to them***

***If retired migrant knows that he can have access to an acceptable level of health services in his home country, that will certainly encourage him to settle back home and then to invest locally***

***Specific assistance to return migrants to make them benefit the social protection in their origin country***

***Assistance to widows and orphans who returned home and wish to benefit their social rights, as perceiving the pension of the spouse in the home country***

***Legal assistance to surpass the juridical problems with the social security administration***

***CONCLUSION***



***Social mechanism is a key issue in the migration process in the Maghreb***

***Reliance on the pension and savings of retired returnee may be one engine of sustainable development among others for countries as Morocco, Algeria and in particular Tunisia***

***Clear necessity for the Maghrebian governments to settle strategies to attract these pensions and inject them in the local economies, in the framework of micro projects***

***Need to conduct deeper research to understand the social and anthropological factors that are behind the economic behaviour of the retired returnee***

***Knowledge of the motivations behind the return of retired return migrant and the utilization of his pension is without contest the key to positive migration policies***