

On
Migration and Remittances
Eastern Europe and the Former Soviet Union (ECA)
World Bank 2007

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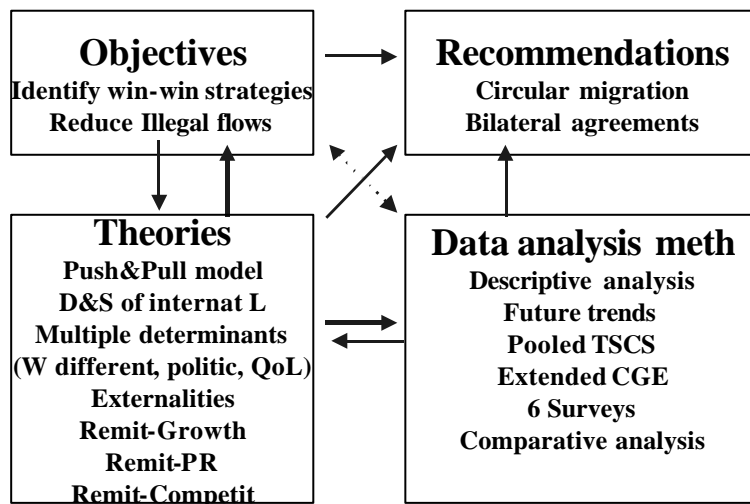
A lot of very good points

- ✍ Updated literature results applied to reality in not yet deeply explored area (ECA region)
- ✍ Combine research results on: migration flows, determinants, remittances and policies
- ✍ Courage to pool different methods (qualitative & quantitative) with many original data sources
- ✍ Pilot in addressing this challenging approach to the ECA region
- ✍ An important innovation: introduction of “Quality of Life” measure
- ✍ Open-mind towards conventional policies spreading in the Western Countries
- ✍ A very useful introduction on the regional context
- ✍ A crucial starting point to be developed with additional researches following the proposed paths (Surveys and case-studies)

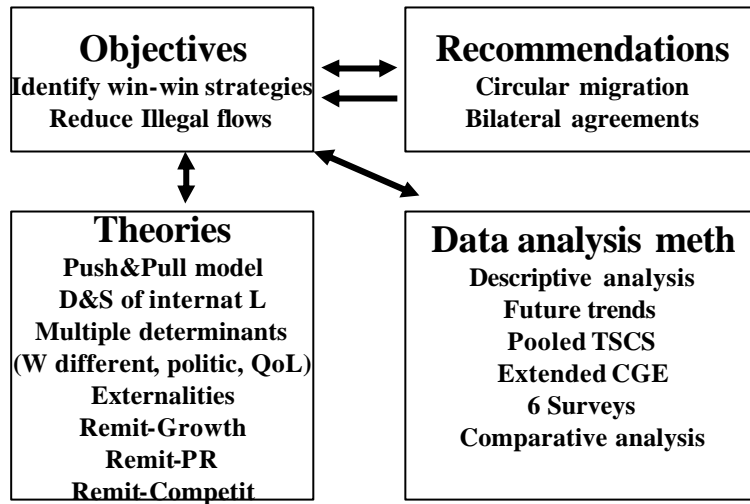
Three main areas of future development

- ✍ Theory
- ✍ Methodology
- ✍ Policy Recommendations

Expected Report Interrelationships



Perceived Report Interrelationships



1. Theory

Theoretical points

- ✍ Basically, a review of literature (Lucas...) and current state of the art
- ✍ This theory is not enough geographically tested
- ✍ Data analyses do not emanate from specific bodies of theories and models
- ✍ Data not used to test prevailing theoretical hypotheses and to derive new ones
- ✍ Remittances are less deeply investigated than migration

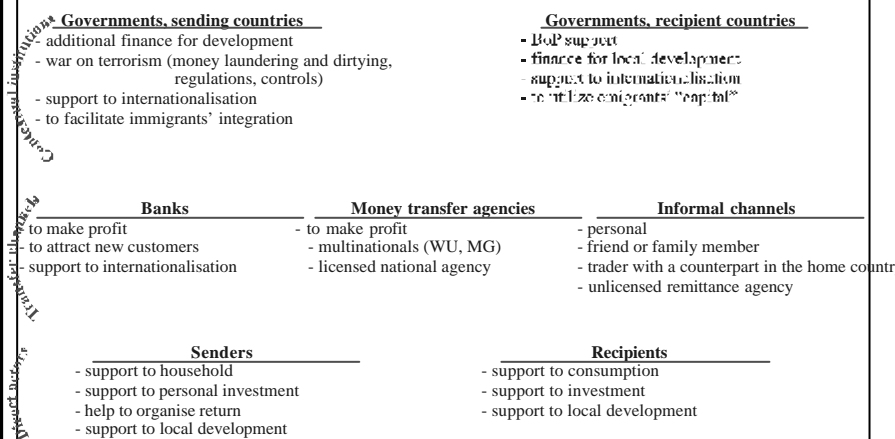
theory: to be developed

- ✍ Cross-sectional diversity of migrations (between and within countries): is change just in historical perspective?
- ✍ Cost and externalities: what about the cost of shifting informal into formal channels and types?
- ✍ Is circular migration a panacea for each and every type of job (or some need stable workers), people and situation?
- ✍ To improve the quality of institutions (is this in a very narrow sense – WB typical way to look at good governance?)
- ✍ To address ageing population: how to combine “replacement” migration with welfare policy reforms?

theory: points to be introduced

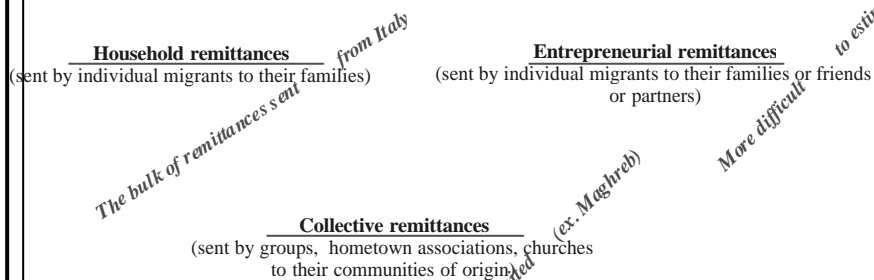
- ✍ How to maximize the impact of remittances (allocate them in the most “developmental” manner): the prior-savings approach, the Keynesian approach, the financial distress (institutions)
- ✍ What about mechanisms to promote I-oriented remittances (combining financial and institutional aspects). What about high skills?
- ✍ Can circular migration be supported by cheap transnational bank accounts, savings deposit?
- ✍ To improve the quality of institutions (is this in a very narrow sense – WB typical way to look at good governance?): how? What’s the priority in ECA?
- ✍ Inequality and remittances (does exacerbate polarization? Remittances for C, S, I: Where?

Potential for a development multiple-win, with mutual benefits?



- ⌘ Non convergent interests: **banks also oriented to the provision of broader financial & insurance packages for migrants**
- ⌘ inclusive *social banking* or specific products may reduce migrants' motivation to send money home (with limited resources and new financial service, there is an increased opportunity cost of remitting, even though not reflected in BoP as informal transfers) Social integration reduces the likelihood and the amount of remittances, yet trans-national ties increase the quality (**trade-off**)
- ⌘ **problems of in-betweenness** due to asymmetric information and conflictual expectations between
 - recipients (who perceive remittances as paying back money spent by the family enabling the migrant to leave, that is money that belongs to the family)
 - and the senders (who think that the family and friends have to be self-reliant and more responsible and tries to monitor the situation, to receive feedback and influence the decisions)

Categories of remittances

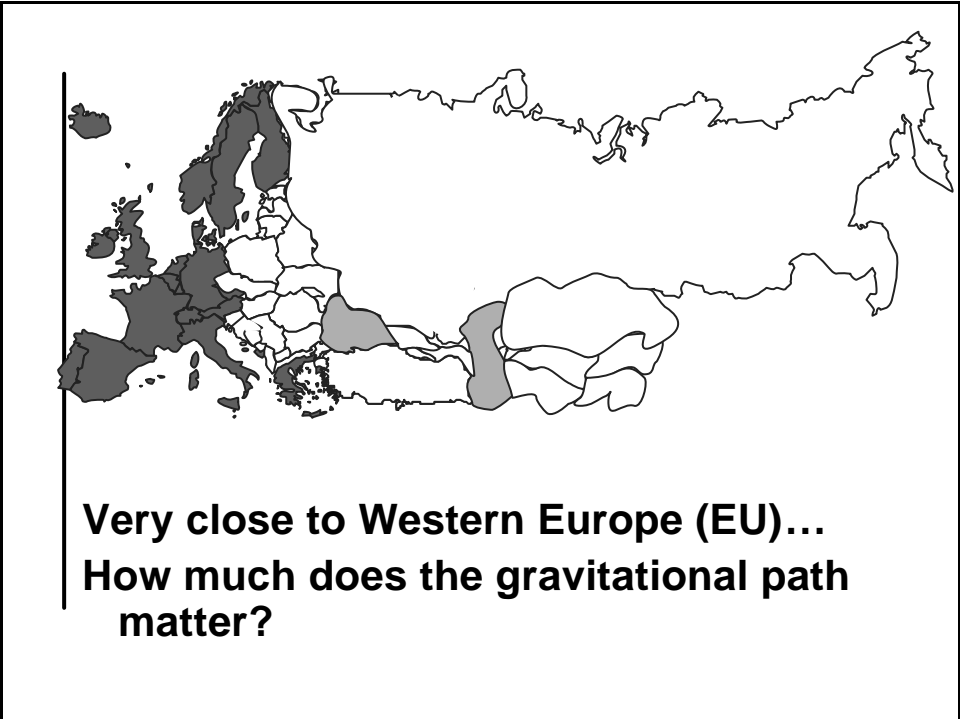


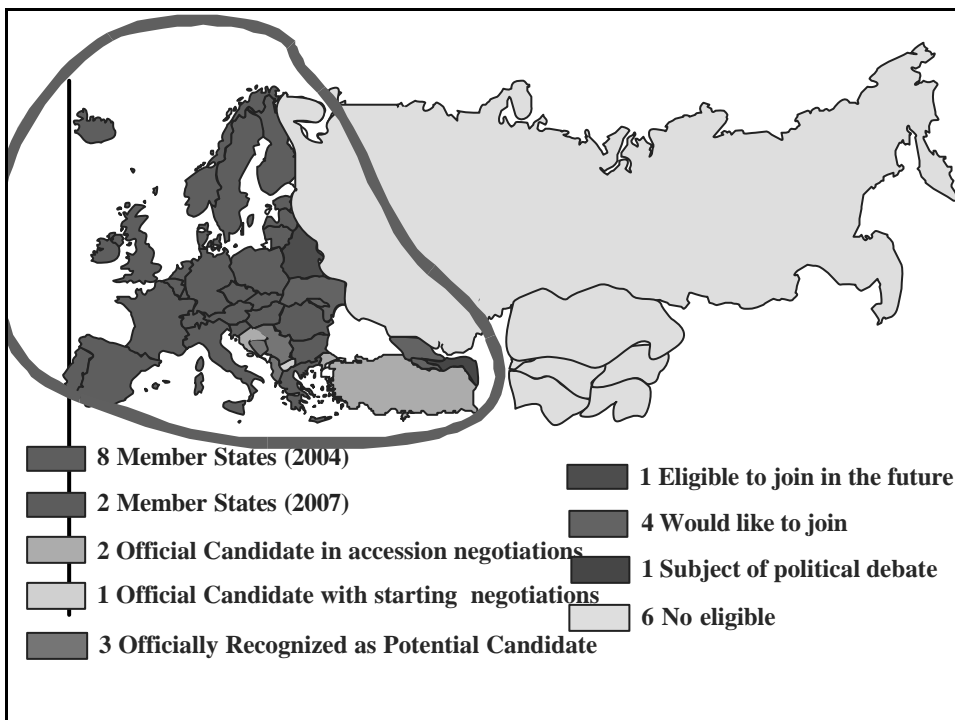
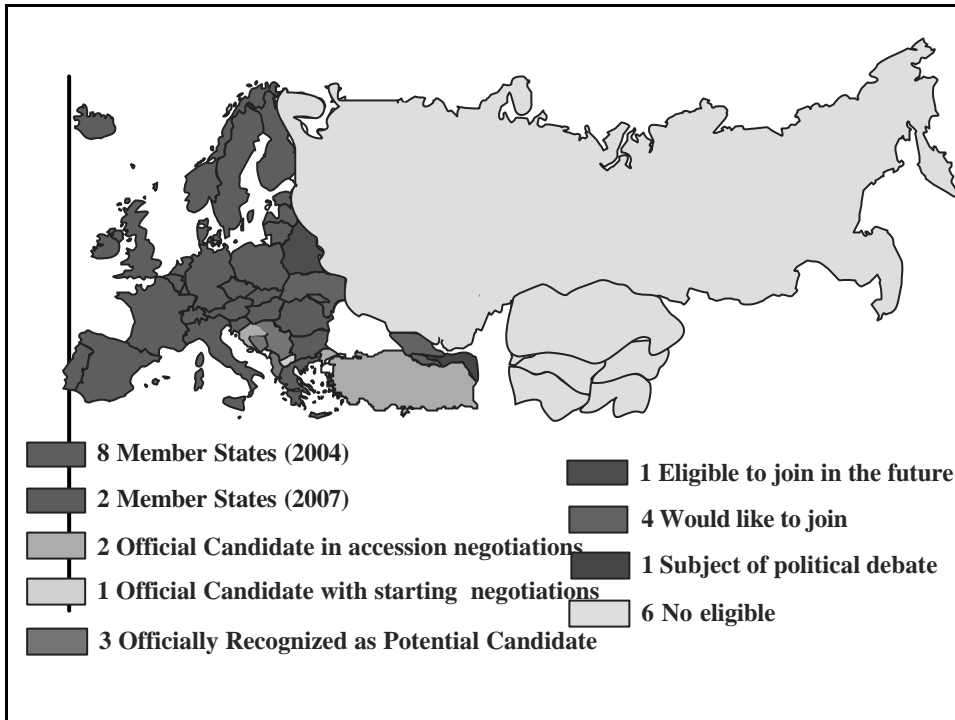
- ⌘ There is often **coexistence between the use** of remittances for C and for I: this simultaneity implies that the use of remittances is ambivalent

2. Methodology

How to manage problematic data

- ✗ Very useful graph on decomposition of demographic growth rate (but not exact comparison: see Albania)
- ✗ Data are missing (a lot of illegal flows), not reliable and not comparable
- ✗ Fragile index to address: quality of life
- ✗ Impressionistic rather than systematic and the sum of weak analyses' results does not produce significant results
- ✗ Lack of recent data: Italy (problem similar to the OECD report with permit emended corrections not included, but "statistical" migrants) and EU gravity
- ✗ ECA region is not homogenous
- ✗ Homogenous is the gravitational force represented by the EU enlargement process...



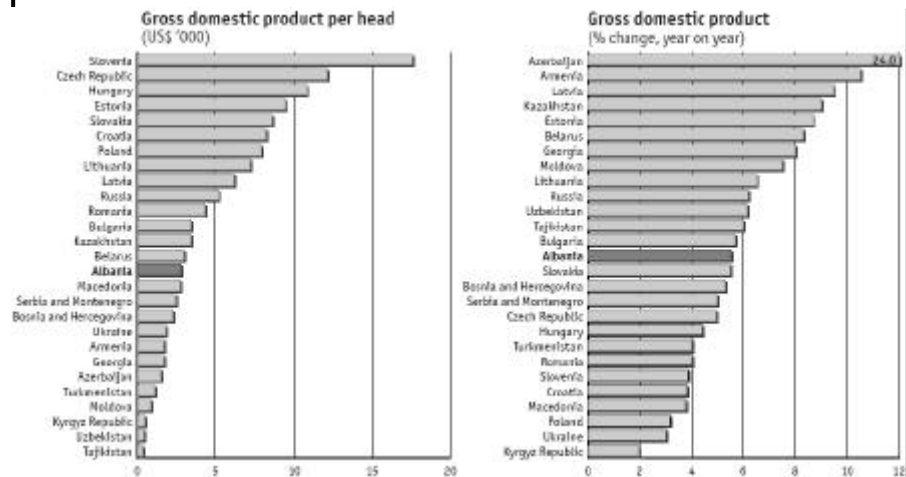


Member (2004)	Member (2007)	official candidate in accession negotiations	official candidate with negotiations to start	officially recognised as potential candidate	eligible to join in the future	would like to join	subject of political debate	No eligibility
Czech Rep.	Bulgaria	Croatia	Macedonia, FYR	Albania	Belarus	Armenia	Azerbaijan	Kazakhstan
Estonia	Romania	Turkey		Bosnia & Herzegovina		Georgia		Kyrgyz Rep.
Hungary				Serbia & Montenegro		Moldova		Russian Fed.
Latvia						Ukraine		Tajikistan
Lithuania								Turkmenistan
Poland								Uzbekistan
Slovak Rep.								
Slovenia								

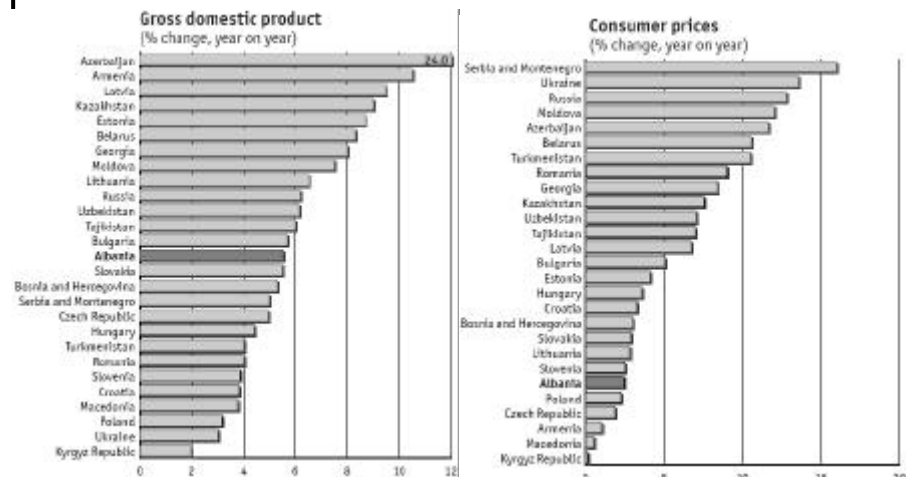
Does the gravitational force (linked to geographical distance and historical distance from membership and to economic/demographic mass) affect the migration future trends?

In the future scenario context, political process should be more under human control

Big economic differences (2005 comparison)



Big economic differences (2005 comparison)



The Albanian case

- ✗ Despite the economic indicators, the position on the Report graph on decomposition of demographic growth is similar to those of LDCs. But the Report graph is not the absolute value composition, in fact....

Resident population (as of Jan 1st, '000)

	2003	2004	2005
Male	1,546.7	1,554.7	1,562.0
Female	1,556.1	1,564.8	1,573.0
Total	3,102.8	3,119.5	3,135.0
Urban	1,342.2	1,369.0	1,396.0
Rural	1,760.6	1,750.6	1,739.0

Source: Instat, *Social Indicators Yearbook*, 2004).

- ✗ A 2004 report by the UN Children's Fund (UNICEF) put the infant mortality rate at 28 per 1,000 live births, twice as high as the official rate at the time, and a UN common assessment report for 2004 reported that the infant mortality rate in 2003 was 16 per 1,000 live births

Heterogeneity: differences to be measured

- ✗ Different economic indicators
- ✗ What about economic structure differences?
- ✗ Based on Albania, do we know homogeneity in terms of:
- ✗ Financial sector performance and stability? Banking sector development?
- ✗ Is the insurance sector still small and fragile?
- ✗ And regional differences?
- ✗ And foreign direct investment still modest?
- ✗ What's the role of "Oil" gravitational effect?
- ✗ How much is trade reoriented from Comecon to the EU?
- ✗ Has the structure of trade changed during transition?
- ✗ What about regional integration (the Central European Initiative – CEI – with 17 members, the Organisation of the Black Sea Economic Co-operation – BSEC – with 7 ECA members...)?

Pooled TSCS: New techniques for old approaches

- ⌘ Update usage: the *querelle* between Arellano-Bond vs Anderson-Hsiao)...but
- ⌘ Need to consider the interaction among different FfD flows (or conventional idea of substitution of factors?)
- ⌘ The importance of difference (different type of remittances)
- ⌘ The importance of stability of flows in the long-run (due to the long-run relationship)
- ⌘ Difficulty to manage the non-linearity of relations (it is quadratic, why? And why not complete quadratic?)
- ⌘ Endogeneity (and feedback of & on remittances)
- ⌘ What about non-economic factors (institutional, social, equity, gender...)?
- ⌘ What about threshold effect (changing in different countries)? Are results robust?

Survey: an important opportunity

- ⌘ Survey is very useful (and the most adequate) but:
- ⌘ Why not stratified and statistically representative samples? Why just snowball (with such a big sized sample?)
- ⌘ Circular migration by assumption? Is the returned group really a non-biased group? Stigma (Gambia)?
- ⌘ Sixty to 75 percent of the migrants from Bosnia/Herzegovina, Romania, Georgia, Bulgaria, the Kyrgyz Republic and Tajikistan would prefer to leave their home country only temporarily and return home fairly soon: what about 2nd and 3rd generations? What about those who live in the EU?

CGE

- ⌘ Risk of strong assumptions (lack of data and standard model based on perfect competition)

3. Policy Recommendations

Circular migration

- ✗ Why just a narrow sense of circular migration?
- ✗ It risks to be interpreted as a way to encourage EU to open their frontiers and consider people just as labor force resources
- ✗ Recipient countries tend to search for incentives for people to enter this type of migration, and to return back home when old (pension in the country of origin) or unemployed (subsidies in the country of origin)
- ✗ Or is this measure proposed as a troy horse for liberalizing flows (reducing fear of migration)?
- ✗ What about general welfare Q and quality of services (in Italy INPS pays for maternal, health, disabled... not only pension; in general welfare and social security based on taxes: where do they earn what they pay)?
- ✗ Are other alternatives possible?

trans-national territorial partnerships

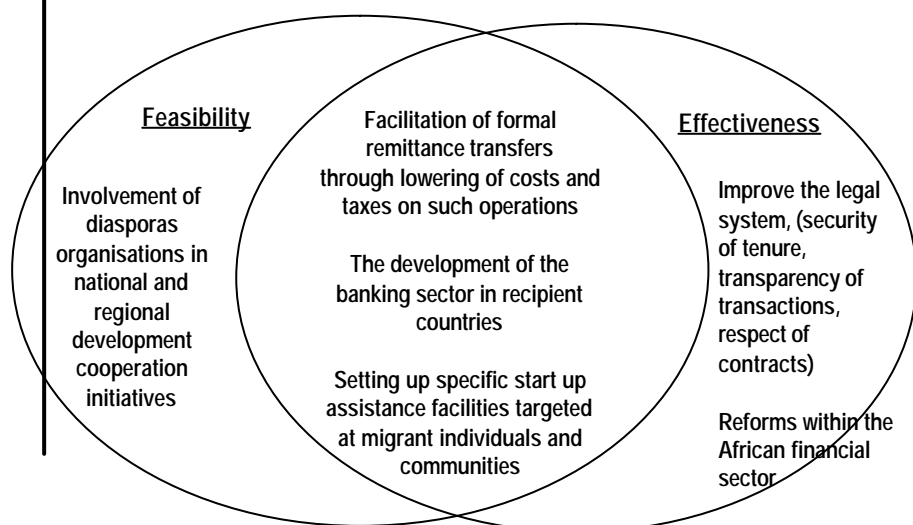
- ⌘ In the context of **welfare States dismantling**, remittances provide us a way **to think welfare provision as a trans-national challenge** (combining State and market provisions)
- ⌘ Main problems are “**cross-border**”: a **right-based approach** based on the recognition of economic citizenship is needed to close the gap between domestic and foreign products and services (whereas banks’ products are country-oriented)
- ⌘ Need for **innovative approaches** (traditional ones didn’t work: existence of *black market for foreign exchanges* implies that reducing cost is inadequate for attracting migrants)
- ⌘ A trans-national perspective is a way to think remittances in the context of **trans-national territorial partnerships** (with **mobility** as the core orientation)
- ⌘ **Multi-level governance**: Is there room for a convergence between migrants interests and local/national and regional (?) governments search for a shared strategy? What about subnational governments?

- ⌘ Important to overcome the **jurisdiccional gap** (national perspective in policies and instruments vs. transnational phenomenon and interests).
- ⌘ To bring together migrants and **four significant actors**: public administrators on a local level, social organisations; a network of financial operators, bankers and non-bankers; and micro-entrepreneurs (Italian experience)
- ⌘ **Concrete proposals**: Co-development projects, involving inter-banks agreement, microfinance institutions, ad hoc products and service, guarantee funds, local authorities, immigrants association, NGOs...

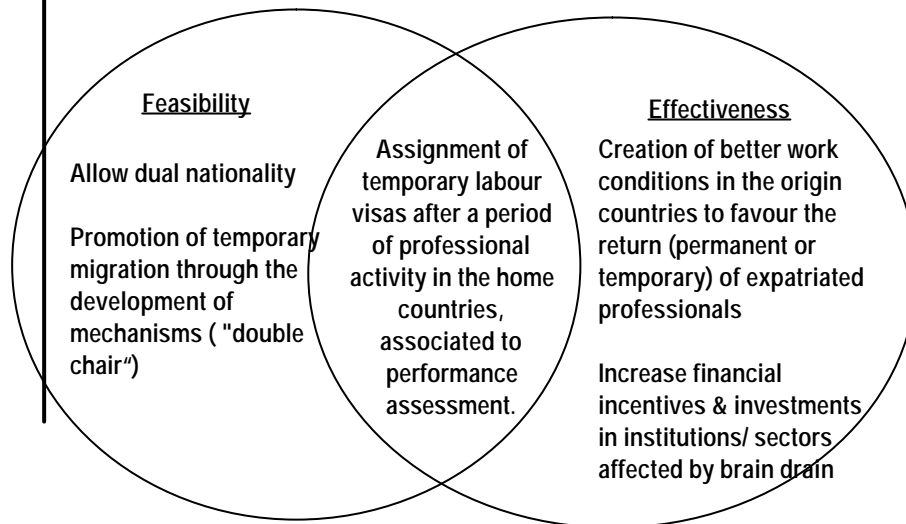
Incentives for migration: lessons from a recent Delphi consultation focussed on Africa (CeSPI-SID, 2006)

- ≈ Similar focus on future migration trends
- ≈ Analysis of policies on brain drain
- ≈ Confirmation of biaxial pattern (within region, based on some poles, and towards external poles)

Remittances: Source for development?



Human Capital Transfer Risks & Opportunities



Conditions created for more orderly flows of migrants

