

# **Integrating Migration & Development Policies:**

## **Challenges for ACP-EU Cooperation**

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# Preface

The European Union's external action is in the process of becoming steadily more complex as the Member States agree, step by step, to tackle more of their relations with the wider world at the Union level. The Draft European Constitution currently in the process of ratification will further intensify this process. As a result, the EU development cooperation sector finds itself increasingly having to work in synergy with policies associated with trade, security, migration, development and external relations. Likewise with development cooperation, these other policy areas also require adjustment and rethinking of past practices and approaches by the stakeholders involved.

This Discussion Paper written by Adam Higazi, a former Research Assistant at ECDPM and now a PhD student at Queen Elizabeth House, University of Oxford, is intended as a contribution to this adjustment process. It looks at the areas of overlap between the two policy fields of migration and development and seeks to demonstrate how the two might work together. We hope that it will stimulate reflection, provide insights and help introduce development practitioners in both the ACP and the EU to a subject that they have often been reluctant to take on board because of its association with the restrictive image of '*Fortress Europe*'.

Migration is one of the oldest aspects of globalisation, often closely associated with international cooperation. Migration and the mobility of people are also key features of the construction of the European Union contributing hugely to the continent's economic dynamism and rich cultural heritage. It is thus high time that the positive aspects of migration are more fully recognised and supported in EU development cooperation and its relations with the wider world.

Recognising the changes taking place in the EU's international relations, the ECDPM has recently established a new programme on *Development Policy & EU External Action*. By coincidence this Discussion Paper comes out just as this new programme gets off the ground. We hope therefore that it will be quickly followed by other similar papers that explore further how and in what ways all the different aspects of EU external action will work in synergy in the future. We look forward to exchanging ideas and views with other stakeholders interested in this process of building the '*Europe as a Global Partner*' that the Commission proposes for the Union's next multi-annual financial framework.

James Mackie  
Programme Coordinator

## Abbreviations

|                |  |
|----------------|--|
| <b>ACP</b>     | Africa, Caribbean and Pacific                            |
| <b>BOP</b>     | Balance of Payments Yearbook (IMF)                       |
| <b>CARICOM</b> | Caribbean Community and Common Market                    |
| <b>CEA</b>     | State Sugar Council (Dominican Republic)                 |
| <b>CFSP</b>    | Common Foreign and Security Policy (EU)                  |
| <b>DFID</b>    | Department for International Development (UK)            |
| <b>DG</b>      | directorate general                                      |
| <b>EAC</b>     | East African Community                                   |
| <b>ECOWAS</b>  | Economic Community Of West African States                |
| <b>EDF</b>     | European Development Fund                                |
| <b>EU</b>      | European Union   |
| <b>GAERC</b>   | General Affairs and External Relations Group (EU)        |
| <b>GATS</b>    | General Agreement on Trade in Services                   |
| <b>GLSS</b>    | Ghana Living Standards Survey                            |
| <b>IDP</b>     | internally displaced person                              |
| <b>IGC</b>     | Intergovernmental Conference (European Council)          |
| <b>IMF</b>     | International Monetary Fund                              |
| <b>IOM</b>     | International Organisation for Migration                 |
| <b>MIDA</b>    | Migration for Development in Africa (an IOM programme)   |
| <b>OECD</b>    | Organization for Economic Cooperation and Development    |
| <b>RQAN</b>    | Return of Qualified African Nationals (an IOM programme) |
| <b>SADC</b>    | Southern African Development Community                   |
| <b>SAMP</b>    | Southern African Migration Project                       |
| <b>UNCTAD</b>  | United Nations Conference on Trade and Development       |
| <b>WTO</b>     | World Trade Organization                                 |

## Executive summary

This paper examines the role of migration in economic, social and political development in Africa, the Caribbean and Pacific (ACP). Following the inclusion of a migration clause (article 13) in the political dimensions chapter of the Cotonou Agreement, migration issues have come onto the EU's development agenda. However, there has been debate as to whether migration is a "development issue" and if it should be addressed through development cooperation. It is clear that migration became an issue in ACP-EU development cooperation as a result of pressures from EU member states wishing to reduce emigration from the main "sending" countries. It was proposed that aid could be used as a lever to ensure countries cooperate on readmitting irregular migrants or failed asylum seekers. From the domestic point of view, the prevailing theme is that migration is a "problem" and needs to be restricted.

This paper takes a different angle: the spotlight is shifted to analyse the dynamics and impacts of migration in the ACP. Migration has a major impact on development in many ACP states and needs to be addressed from an ACP as well as an EU standpoint. Furthermore, there is scope within the Cotonou Agreement to integrate migration issues more effectively into development cooperation. This is largely because existing policies already touch on social and economic issues that relate to migration. To address migration, development policies may need to be adapted or expanded but not rethought. The paper shows there are a wide range of measures that could be taken to address migration using development instruments, but there is a need for a change in emphasis, or at least scope, in the way the EU is incorporating migration issues into development.

Migration is a sensitive and politicised issue in EU domestic affairs. This has meant that the wider causes, effects and dynamics of migration in the main "sending" regions have not been adequately addressed in policy, which has retained a narrower focus on migration restriction. This paper attempts to widen the discussion, beginning with an introduction and overview that outlines: (i) global migration trends; (ii) managed migration in the EU; and (iii) migration dynamics and impacts in the ACP. The second chapter examines the basis of the existing EU policy framework on migration and the focus of current policies.

Migration spans the domestic and foreign policy agendas of the EU, but has been pushed onto the latter by domestic pressures. This is partly a product of the "comprehensive approach" to migration envisaged in the Amsterdam Treaty. The "comprehensive approach" aims to tackle the "root causes" of migration using development and other external relations instruments. A brief description of the legislative framework set out at Amsterdam is followed by an overview of the policies that followed. The Amsterdam Treaty - as well as the Cotonou Agreement - suggests that there is, at least, the *potential* for addressing migration issues in a broader context. However, the policy framework that emerged through European Council meetings and at the Council of Ministers emphasises restricting migration. Having assessed the emergence of current policies, the final part of the second chapter looks at how migration policies in the ACP are implemented. It highlights two principal sources of funding: the European Development Fund and the technical assistance fund for migration - budget line B7-667, or "ENEAS".

The third chapter assesses some of the links and overlaps between migration and broader development issues. It explores ways in which development instruments could be used to deal with the major social and economic effects of migration in ACP countries. It also looks at how to harness the positive aspects of migration, such as through skills and knowledge transfer from migrant diasporas in the EU. A broad contention is that the causes and effects of migration need to be addressed and harnessed through a wider range of policy instruments than the focus on restriction allows for. Key policy challenges are highlighted throughout the chapter, dealing with different dimensions of migration. Issues covered include the causes and effects of migration in ACP states; brain drain; return migration; labour mobility and GATS; lower skilled migration; regional migration flows (intra-ACP migration); forced migration and internal displacement; and trafficking. The role of policies in critical sectors such as health and education in addressing some of the major challenges posed by migration is raised, showing that migration issues affect other areas of development cooperation.

The fourth chapter focuses on remittances; the finan-

ces sent by migrants from one country to another which are a major source of revenue for many developing countries. In some ACP countries remittance volumes are far greater than aid as a percentage of GDP, while in a majority remittances are still a major source of revenue. Remittances are sent formally, through banks and transfer agencies, as well as informally through trust systems and unregistered transfer agencies. Remittances received by ACP states are difficult to estimate: remittances sent informally are not officially recorded, and those sent through formal channels are difficult to ascertain in many countries (in both the EU and ACP). Thus, while estimates on the volume of remittances received by different ACP states give us an idea of the main recipients, the figures are not necessarily accurate. However, research suggests that in many cases remittances sent informally may add up to as much or more than remittances sent formally. This tends to be the case when informal systems are cheaper to use and more efficient than formal systems. Measures to curtail informal remittance systems may therefore have a negative impact on migrant households. Key challenges for policy-makers are: (i) to ensure that migrants can

send remittances through reliable channels and are not prevented from doing so by high transaction costs and other impediments; and (ii) to facilitate investment opportunities and micro-credit schemes in ACP countries that might stimulate some improvement in social and economic conditions. The final sections of the chapter consider the growing interest that development agencies are showing in remittances and some of the "policy pitfalls" that could arise from policy interventions into remittance sending and investments.

Finally, the author acknowledges that this is a relatively long paper that covers a lot of ground. It reviews both the EU legislative and policy frameworks linking migration and development *and* the political and socio-economic aspects of migration. This is partly to allow for a comparison between the current policies of the EU and the issues that need to be tackled. While each chapter should complement the next or the one that preceded it, each is also fairly self-contained, so if they choose, readers can select sections or chapters of most relevance to them.



# 1. Introduction and overview

## 1.1 Aims and structure of this paper

Migration affects a large number of African, Caribbean and Pacific (ACP) states and has become a salient issue in EU foreign and development policies. In the EU the idea is gaining currency that effective integration of migration and development policies in ACP-EU cooperation could bring social and economic benefits for ACP states. Migration policies could be adapted to facilitate and promote development; and development policies could be used to offset some of the negative aspects of migration in both the ACP and the EU.

This paper is intended as a tool for development policymakers grappling with migration issues in ACP states. Overall it should help to clarify the basis of current EU policies and indicate the potential of the existing framework for a development-orientated approach to migration management in the ACP. It examines the implications of these policies, highlights policy challenges and pitfalls and makes policy recommendations based on the present migration and development nexus in the ACP.

In particular, the paper has three aims:

- to examine the content and implications for the ACP of EU policies linking migration with development and foreign relations;
- to assess the main impacts of migration on political and socio-economic development in ACP states;
- to highlight policy options for development planners in Brussels and the ACP for addressing the synergies between migration and development processes.

Chapter 1, the introduction and overview, describes the broad context of international migration. It also points to some of the different types of migration and looks at the scale of international migration and its links with globalisation. It considers the impetus for the externalisation of EU migration policies, and ends with an introduction to the dynamics and impacts of international migration in the ACP.

Chapter 2 assesses the processes by which migration entered the EU development policy agenda. It outlines the main provisions of the Amsterdam Treaty

and other major policy documents from the past five years. Finally, it considers the effects of current policies and the scope of the existing policy framework for linking migration and development.

Chapter 3 examines some of the impacts of migration on development in the ACP, highlighting policy options for development planners in the EU and the ACP. Migration trends are highly differentiated among ACP states, but the chapter points to some of its main archetypes and features: brain drain and highly skilled migration, lower skilled migration, return and circular migration, diaspora networks, regional migration and forced migration.

Chapter 4 is devoted to remittances, which is perhaps the major benefit accruing to the ACP from migration. The chapter defines remittances and outlines how remittances are transferred, where they are sent from and to, and how they compare in magnitude and volatility to other financial flows. It then asks why development agencies are increasingly interested in remittances and examines potential policy pitfalls.

The final chapter offers a short conclusion, reminding readers of the significance of migration in the ACP and the scope of existing policy instruments for addressing the challenges and opportunities migration presents for development.

## 1.2 A global view of international migration

International migration is a dominant feature of political and social relations in the contemporary world. The United Nations Population Division estimates that there are 175 million international migrants, defined as people living outside their country of birth. This is 3 per cent of the global population (UNPD 2002). Migration has steadily increased in absolute terms over the past 40 years, but as a proportion of the world population the number of international migrants has remained roughly constant. Around 60 per cent of migration is between developing countries, with the developed countries absorbing the remaining 40 per cent of international migrants from both developing and other developed countries. Most data are likely to underestimate the

scale of international migration because they do not include "irregular" migrants (those who are undocumented), whose numbers are thought to have increased sharply over the past decade (Castles and Miller 2003). Statistics are also compromised by constraints on official counting in many countries. Social and economic policymakers must therefore make independent assessments with regard to the impact of migration on particular states or economic sectors.

Migration has always been part of human existence, and international migration has existed as long as the nation-state. International migration is in fact an integral part of globalisation - the collective name for processes of global interaction and exchange. The recent upsurge in international migration has occurred in conjunction with the general increase in flows of trade, investment, finance and cultural products (Held et al. 1999). Migration is also part of a growing *transnationalism* - 'behaviour or institutions which simultaneously affect more than one state' (Castles and Miller 2003: p. 1).<sup>1</sup> International migration has transnational implications when migrants pursue livelihoods in "receiving" states and at the same time sustain links and activities in their countries of origin, thus affecting two states. The transnational dimensions of migration link "sending", "transit" and "receiving" countries and underscore the current relevance of migration in international politics. However, not all migrants retain transnational links after moving. The impact of migration in development processes may depend on facilitating such linkages.

Efforts have been growing to strengthen international cooperation on migration issues. A recent indication of this is the establishment of the UN Global Commission on International Migration, an initiative strongly supported by the UN Secretary General. It is based in Geneva and met for the first time in Stockholm in February 2004. The Global Commission's mandate is threefold:

to place international migration on the global agenda; analyse gaps in current policy approaches to migration and examine inter-linkages with other issue-areas; [and] present recommendations to the UN Secretary General and other Stakeholders.<sup>2</sup>

Migration has already become a foreign policy issue in the EU, but the focus has mainly been on reducing migration inflows. To this end the EU has conducted limited multilateral negotiations with third countries or regions.

### 1.3 The challenge of managed migration: A view from the EU

Migration spans both the domestic and foreign policy agendas of the EU. The current salience of migration issues in EU foreign and development policies is recognition that migration cannot be managed only at the EU's borders. The EU is therefore attempting to address what it describes as the "root causes" of migration in sending and transit countries. Its aim is ultimately to restrict the number of migrants entering the EU, especially undocumented migrants and asylum seekers. Thus, the impetus for linking migration and development comes from within Europe (rather than from the migrant-sending countries), and it is clearly intended to serve domestic EU political interests.

Besides the drive to restrict migration, there is legal immigration into the EU that member states regulate and acknowledge as economically beneficial. In spite of the restrictions, migrants are needed to fill skills gaps in the European labour market, such as in the health sector, information technology and construction. They are also seen as a potential means to offset the effects of ageing populations. Migration management is thus essentially two-pronged: (i) preventing illegal immigration and minimising the number of asylum seekers and refugees entering Europe, while (ii) encouraging some immigration to meet labour demands in certain economic sectors. The precise policies are worked out differently in the different member states, each of which has its individual visa requirements for non-EU nationals and different asylum procedures.

The scale of immigration and the origin and socio-economic background of migrants also varies between different countries and regions of the EU. Overall, immigration into the EU has increased and become more differentiated. Most EU states have several types of immigration occurring simultaneously: highly skilled, low skilled, refugees and asylum seekers, permanent and temporary migrants and family reunification. Women now constitute close to half of international migrants, producing an increased "feminisation" of migration (IOM 2003: pp. 7-8). At the international level, mobility has generally increased, and in some cases the distinction between sending and receiving countries is being eroded with strengthened transnational linkages.

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#### Notes

- 1 See also working papers from the Transnational Communities Programme at Oxford University, available at [www.transcomm.ox.ac.uk](http://www.transcomm.ox.ac.uk).
- 2 [http://www.gcim.org/a\\_mandate.htm](http://www.gcim.org/a_mandate.htm)

Migration is thus emerging as an issue in ACP-EU development cooperation, as exemplified by the inclusion of a clause on migration in the Cotonou Agreement - the development cooperation accord between the EU and the 78 ACP states. Nonetheless, there are doubts as to whether policies envisaged by the EU are sufficiently orientated towards development objectives in the ACP. As mentioned, the EU's main priority is to reduce immigration into its member states by tackling the "root causes" of migration in the main sending countries and by readmitting undocumented migrants in the EU back to their countries of origin. This focus on migration prevention raises some important questions: Can policies to reduce unwanted migration into the EU be reconciled with policies that will benefit developing countries? Is there scope within the Cotonou Agreement for genuine cooperation on migration, from which ACP states could also derive some benefit? These questions are addressed throughout this paper, but first we must consider the nature of migration in the ACP.

#### 1.4 Dynamics and impacts of migration: A view from the ACP

Migration affects large parts of the ACP, but its scale and form vary considerably. In some areas, migration has major political and socio-economic implications. In some 20 to 25 ACP states (one-third) migration can be considered a significant enough phenomenon to warrant inclusion in development policies.

Migration from ACP states to the EU is strongly linked to the colonial legacy. Diasporas with origins in Africa, the Caribbean and, to a lesser extent, the Pacific built up in Europe mainly as a result of post-war labour migrations. Migration patterns changed over the years. Greater restrictions applied following the 1973 oil crisis, but forced migration - mainly, though not exclusively, the result of violent conflict - from Africa increased in the post-Cold War era. Nonetheless, in the ACP, as in the EU, most migration takes place at the regional level. Regional proximity means that the majority of Caribbean migrants go to the United States or to other parts of the Caribbean, though some migration from the Caribbean to Europe continues, mainly due to linguistic ties and ongoing social and economic links. In the Pacific islands, the majority of international migrants go to and from Australia and New Zealand, with only a small minority travelling to the EU. Migration flows between sub-Saharan

Africa and Europe are more substantial, but still low compared to migration into Europe from North Africa and Asia. In Africa regional migration dynamics are dominant, combined with strong tendencies towards rural-urban migration. Regional migration is often temporary or seasonal in nature. The International Organisation for Migration (IOM) estimates regional labour mobility - distinct from forced migration - to be an essential livelihood strategy for 30 million Africans (IOM 2003: pp. 7-8).

Most forced migration also occurs at the regional level, as conflicts produce refugee crises in neighbouring states. The refugee burden in EU states pales in comparison to that in African states, both in terms of numbers of refugees and ability to accommodate them. There are nonetheless several thousand African refugees in the EU, the major groups being from Somalia, the Congo, Sudan and Côte d'Ivoire. Another large group of forced migrants in Africa are the internally displaced persons (IDPs). IDPs are not, of course, included in migration statistics, but they are still forced migrants, displaced within state borders by conflicts and large-scale development projects.<sup>3</sup> Africa has some 13.3 million IDPs, about half the worldwide total. These migrants fall within a "protection gap" because they do not qualify as refugees under the terms of the Geneva Convention.

Migration can have both positive and negative effects on countries of origin and destination. The relationship between migration and political and socio-economic development is complex and varies among countries and regions. Policies therefore need to be shaped according to the needs of particular countries and economic sectors within those countries. In part, the costs and benefits can be seen in terms of micro and macro socio-economic effects (see section 3.1.3 below). The task of policymakers in the ACP and EU is to assess how migration relates to socio-economic development in specific countries in the ACP and respond in ways that will bring social benefits and increase economic growth in those countries. This presents a challenge for the EU, which to remain consistent with the stated purpose of development cooperation (poverty reduction) needs to balance the interests of the ACP against its own agenda of migration management. Only a handful of ACP countries have large migration flows to the EU; and only a small percentage of immigrants in the EU are from ACP states. As a result, perhaps as few as four or five ACP states will be asked to implement restrictive

measures or sign readmission agreements.<sup>4</sup> Nonetheless, in these countries migration has far-reaching effects. They would benefit if some of the negative repercussions could be offset through development policies and if the positive aspects of migration could be capitalised on to enhance development. Measures focused solely on preventing migration are unlikely to benefit socio-economic development in the ACP.

Migration is still an issue in many of the ACP states that the EU does not consider to be significant "migrant-sending" countries. There are two main reasons for this. The first has to do with the small populations of many ACP states and their very small pool of skilled people in their workforce. Even a number of ACP immigrants considered low from the viewpoint of the EU may be relatively large for the ACP state concerned. This is particularly the case when most of the migrants are skilled workers. For example, medical professionals from small island states form just a tiny proportion of the workforce in the countries they migrate to, but they represent a substantial loss for the country of origin. The second reason why migration is still an issue in countries with little emigration to the EU is that regional flows dominate migration in the ACP. As stated earlier, flows between developing countries, often referred to as "south-south" migration, account for some 60 per cent of international migration. Regional migration is substantial in the ACP, but its effects on development are less well studied compared to south-north migration and are rarely considered in development planning.

## 2. Migration management and EU external relations

### 2.1 Policymaking forums and competing policy interests

Migration issues are discussed in a wide range of forums that have a bearing on the EU's relations with ACP states. The most substantial platform for the discussion of migration is the High Level Working Group on Asylum and Migration, created by the European Council in 1998 to bring officials from different directorates general (DGs) of the European Commission together with representatives from various ministries of the member states. The aim of the High Level Working Group has principally been to reduce migration flows into the EU, particularly of undocumented migrants and asylum seekers. The working group formulates "action plans" to guide policies towards specific countries of transit or origin that "send" what it deems to be significant numbers of migrants to the EU. The action plans normally involve initiatives to increase immigration controls in countries of transit and origin as well as the negotiation of "readmission agreements". These are the instruments by which the EU can forcibly deport undocumented migrants and rejected asylum seekers to their countries of origin or transit. Although the High Level Working Group does discuss migration from the ACP to the EU, to date no specific measures have been taken vis-à-vis any ACP state.

There are also platforms that address migration in conjunction with other issues. These include the Development Cooperation Group and the Africa Working Group, both of which relate directly to ACP-EU relations. The General Affairs and External Relations Council (GAERC) meets to formulate policies relating to the EU's external relations generally, including relations with the ACP and, since the abolition of the Development Council during the Spanish EU Presidency in 2002, also development policy.

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#### Notes

- 4 Readmission Agreements are negotiated by the European Commission with states deemed to have significant numbers of their nationals on EU territory without the necessary authorisation. The purpose of readmission agreements is to facilitate the deportation of so-called failed asylum seekers and undocumented immigrants - either to their last country of transit before entering the EU or to their country of origin.

These and other forums discuss, formulate and coordinate EU migration policies towards "third countries". Nonetheless, policy coherence between member states and the different instruments and DGs of the European Commission is at times lacking. This is particularly true on issues like migration, for which there are considerably contrasting policy agendas between justice and home affairs ministries and external relations and development ministries. In the context of the EU, agreement on the required policies is an issue between DG Development and DG External Relations on the one hand, and DG Justice and Home Affairs on the other. The crucial determiners of European migration policies, however, remain the member states. It is the member states that have provided the main impetus for the incorporation of migration policies into EU external relations. The following sections outline the current framework linking migration and development policies in ACP-EU relations.

## 2.2 The Amsterdam Treaty: Towards a 'comprehensive approach' to migration

The coming into force of the Amsterdam Treaty in May 1999 increased the powers of the EU institutions in areas of immigration and asylum policy. The treaty introduced new legislation and brought immigration and asylum under the jurisdiction of the Community as the "first pillar" of the EU. Previously immigration and asylum were addressed under the "third pillar" of the EU - Justice and Home Affairs - where member states have the main right of initiative. For the first five years of the Amsterdam Treaty the Commission shared the right to propose legislation on immigration and asylum with member states. Now the Commission has the sole right of initiative, with the member states, acting through the Council of Ministers and in consultation with the European Parliament, having to agree unanimously on Commission proposals before they can be passed into legislation. According to the Amsterdam Treaty, from May 2004 immigration and asylum policy are subject to co-decision between the Council, which has to agree through a qualified majority vote rather than unanimously, and Parliament.<sup>5</sup> The Commission therefore has gained more influence in formulating and implementing policies, while decision making has been widened to give the Parliament more weight than previously.

Although the Commission exercises influence through its right of initiative, the member states set the policy agenda within which the Commission works. The member states often issue direct instructions for the Commission to develop specific EU-wide policies. Such recommendations are often contained in the conclusions of the European Council (see below). The impact of member states also remains paramount in European policy making on migration, because the EU states have not harmonised their policies to the extent planned in the five-year agenda of the Amsterdam Proposals. There are important differences between member states' positions on how external relations instruments should be used to manage migration. Similar tensions are evident between EU institutions, such as the Council and the Commission, and within the Commission - broadly, as stated, between development and foreign ministries on the one hand and the justice and home affairs ministries on the other. The issue of policy and institutional coherence therefore remains key.

Progress has been made towards the "comprehensive" migration policy envisaged in the Amsterdam Treaty but it has favoured migration prevention. Though migration issues are increasingly being addressed using foreign relations instruments, the main priority has been to tackle the "push factors" that motivate people to migrate to the EU. DG Development is currently exploring ways in which migration policies could aid socio-economic development in the ACP. The issue was, for instance, included in the Mid Term Reviews of ACP Country Strategies in 2004, where the Commission considered in each case whether migration was a significant issue that needed to be addressed. The outcomes of these MTRs are not yet all public but it is expected that, as a result of this, only a limited number of the country strategies will be adapted to include specific policy provisions on migration. Overall, however, if the "comprehensive" migration policy envisaged in the Amsterdam Treaty is to be realised and migration issues are to be effectively addressed in development policy, migration needs to be managed in a more coherent way than the focus on prevention has so far allowed.

The Amsterdam Treaty also affects the foreign relations part of the equation by its extension of the Common Foreign and Security Policy (CFSP), the "second pillar" of the EU. The CFSP is an intergovernmental title in the Treaty on European Union. It is the CFSP that provides the basis for common external

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### Notes

- 5 The United Kingdom, Ireland and Denmark opted out of Title IV of the Treaty of Amsterdam. They are therefore not obliged to work through the Community on immigration and asylum. However, the United Kingdom and Ireland signed up to social security legislation and Ireland opted into the proposal on economic migration

actions, either by member states or at the supranational level through the Commission. Though the CFSP has increased cooperation in some areas of foreign policy, its impact has been limited because there is no means for enforcing common policies where disagreements arise between member states. Member states, acting through the Council, have overall authority on CFSP-related policy decisions, but the Commission shares the right of initiative. The CFSP has no direct impact on development cooperation, which remains under the first pillar, but it has a bearing on migration policies because they can be addressed through a variety of foreign policy instruments, including those under the CFSP remit. Some foreign policy areas, such as trade, were brought under the first pillar of the EU by the Amsterdam Treaty, extending the competence of the Commission, which for example, now negotiates on behalf of the member states at the World Trade Organization (WTO). The Amsterdam Treaty also empowered the Commission to negotiate readmission agreements with third countries. Readmission agreements would be signed and ratified by the European Commission as a "common strategy" on behalf of all EU member states.

### 2.3 European Councils: From legislation to policy

After the ratification of the Amsterdam Treaty, migration was discussed at the Tampere Council, in Finland, in October 1999. The Tampere Conclusions were aimed explicitly at implementing the immigration and asylum policies set out in the Amsterdam Proposals. A five-year action plan was prepared for implementation of the conclusions, proposing the creation of an area of 'freedom, security and justice' in the EU. The conference agreed that a comprehensive approach was needed to tackle the challenges of international migration. In particular, the root causes of migration needed to be addressed in migrants' countries of origin. A defining feature of the comprehensive policy would thus be to address migration issues in migrant-sending countries through external policy instruments, one of which is the development aid provided by the Commission. It is within this logic that migration issues were incorporated into the Cotonou Agreement between the EU and the ACP.

Part of the comprehensive policy set out at Tampere involved implementing readmission agreements with third countries. The Commission was mandated to identify countries that should be targeted for such

agreements, principally in view of the sources of migration pressure on the EU. But it was also stated that the EU should include readmission clauses in all association agreements signed with third states. This explains the inclusion of article 13 on readmission in the Cotonou Agreement (discussed further below).

The Seville European Council in June 2002 highlighted the need 'to speed up all aspects of the programme adopted in Tampere' and 'to develop a European Union common policy on the separate, but closely related, issues of asylum and immigration'.<sup>6</sup> The readmission issue became heated at the Seville Council in 2002, where the United Kingdom and Spain proposed cutting development aid to countries unwilling to accept back their undocumented migrants and rejected asylum seekers from EU territory. The Seville Conclusions state the EU is willing to provide necessary technical and financial assistance to third countries to implement readmission policies. Yet in cases where third countries show 'an unjustified lack of cooperation in joint management of migration flows' the possibility of applying some form of political or economic sanction remained.<sup>7</sup> The Seville Council thus expounded a "carrot and stick" approach, but the form that measures against non-cooperating states could take remained unclear and legally ambiguous.

The preventative focus of the Seville Conclusions arguably hampered development of the comprehensive strategy for migration management envisaged at Tampere. The aim at Seville was explicitly to incorporate EU *immigration* policies into relations with third countries and this was conceived in unilateral terms. The priority was clearly to reduce undocumented (illegal) migration into the EU, but in addressing this aspect of the Tampere agenda, the interests of developing countries were neglected. Similarly the *causes* of south-north migration were not addressed in any meaningful way.

The process was moved forward again at the Thessalonica European Council in June 2003, but remained principally focused on restrictive measures. On the basis of criteria defined by the Thessalonica Conclusions the Commission assessed with which countries to negotiate readmission agreements. It also decided to set up an "evaluation mechanism" to provide information on migration trends and policies in third countries. The Council approved more detailed guidelines for the functioning of this mechanism

in November 2003. While its main emphasis remained on mechanisms to stem illegal immigration from third countries to the EU, reference was also made to human rights norms, the 1952 Geneva Convention and the 1967 New York Protocol on Refugees. All EU member states are signatories to the Geneva Convention and New York Protocol, which represent the principal international legal protection for refugees. They define the obligations of receiving countries and state the principal of *non-refoulement* (i.e. non-return). Signatories are thus required not to repatriate refugees where there is a legitimate danger of their persecution or threat to life.

#### 2.4 Cotonou Agreement Article 13: Migration issues and ACP-EU relations

The Cotonou Agreement shifted the emphasis of ACP-EU development cooperation towards performance-based aid allocation. The formalisation of political dialogue and the inclusion of articles relating to "good governance" and democratisation are important aspects of this change. Migration issues are incorporated in article 13 of the political dimensions chapter, Title II of the Cotonou Agreement. Migration is essentially a new area of cooperation between the EU and the ACP. According to article 13, migration issues are to be 'the subject of in-depth dialogue in the framework of the ACP-EU partnership'.<sup>8</sup> This is highly significant due to the prominence and scope given to the article and because its focus is clearly connected to EU priorities on immigration and asylum, one of the most dominant and politicised issues in the domestic affairs of EU member states.

The inclusion of migration in the Cotonou Agreement was the result of pressure from some EU member states which sought to improve the effectiveness of their immigration policies through the use of external relations instruments. Article 13 of the Cotonou Agreement provides a basis for multilateral cooperation between the EU and ACP on migration and allows individual EU member states to negotiate bilateral agreements with ACP states. Article 13 was initially opposed by some in the ACP group and was met with scepticism by people in the EU working in development cooperation. Critics question the motivations for including migration on the development agenda, as well as the relevance of migration issues to development. A key question is the compatibility of migration policies implemented through the Cotonou Agreement with the overall aims

of the agreement. This is important to address but is not exclusive to migration policy. Questions of compatibility between EU interests and poverty reduction in the ACP can also be raised for areas such as trade. The degree of compatibility between migration policies and development objectives would depend on how migration issues are addressed and on what policy links are made between migration and development. It is unlikely that policies limited to preventing illegal migration from the ACP to the EU would benefit development. However, if attention is given to building the human and financial capital of migrants and to increasing the contribution of migrants to economic and social development, migration and development could be entirely compatible policy areas. The Cotonou Agreement allows scope for a range of policies; the question is which policies will be implemented.

The possibility that cooperation on migration could become an added conditionality in the programming of EU aid is still present, but the legal basis for this is contentious because the Cotonou Agreement makes no mention of penalties for non-cooperation. In any case, this idea runs counter to the logic of other programming criteria because there is no evident link between poverty reduction and the *preventative* migration policies that the EU is pursuing through readmission and technical assistance to strengthen border and visa controls. The justification for programmed aid is to increase the performance of ACP states in poverty reduction and ensure that aid is used effectively. This justification makes no sense for a policy issue that has no bearing on development. The ACP, therefore, has strong grounds to contest any attempt to include readmission negotiations and migration prevention in the programming criteria for aid allocation. However, based on the Cotonou Agreement, the EU does have the legal right to negotiate readmission agreements with ACP states. The main issues, if and when the EU requests to negotiate a readmission agreement with an ACP state, will be the level of assistance the EU offers to provide for implementation of the agreement and the budget line from which such support is drawn. Readmission of illegal immigrants does not fall within the logic of development cooperation; therefore the financial assistance to implement these particular policies should come from the budget line for financial and technical assistance on migration (B7-667) rather than from the EDF budget.

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#### Notes

<sup>8</sup> *The Cotonou Agreement*, Title II: The Political Dimension, Article 13 (1), 2000.

## 2.5 European Commission communication on migration and development

The European Commission published a communication on migration and development in December 2002 as a follow up to the conclusions of the Tampere and Seville European Councils (EC 2002). The first section of the communication considers the "push" and "pull" factors of migration and highlights both positive and negative aspects of migration.<sup>9</sup> Readmission is conceived as one element of a wider policy agenda. The communication also considers remittances, mobility of skilled labour, assistance to developing countries in migration management and policies to tackle forced migration. It concludes that poverty reduction should remain the principal focus of European development policy. The second section of the communication, on financial instruments for migration management, has a narrower focus, being concerned mainly with preventing migration from developing countries.<sup>10</sup> It does not evaluate mechanisms that could usefully harness migration to sharpen the effectiveness of aid policies in reducing poverty.

This financial section thus ignores many of the issues raised in the first section's analysis. The policy evaluation may have been limited by the remit set by the member states for the Commission and by pressure to identify policies that would reduce migration flows. Nonetheless, the communication brought a more thorough analysis of migration and development into the EU policy arena. In exploring the links between migration and development policies, the communication provides a useful basis for broader integration of these areas of policy.

## 2.6 The Council's response to the Commission communication

The Council of Ministers and the Committee on Development and Cooperation in the European Parliament reviewed and drew conclusions from the Commission's communication a half year after it was issued. The Parliament's report supported the integration of migration issues into EU cooperation with third countries and underlined that partnership agreements should also reflect migrants' rights and the needs of the countries of origin (European Parliament 2003). But Parliament has only a consultative role on migration; the real decision-making power is in the Council. The Council conclusions

emerged out of discussions at the General Affairs and External Relations Council, the Justice and Home Affairs Council and the High Level Working Group on Asylum and Migration. These conclusions were finalised in June 2003 and are now being implemented by the Commission.

The Council conclusions have three main aspects:

- an outline of key principles to be followed in the area of migration and development policy;
- specific policies and measures that the Commission should implement in its "migration-related assistance" to third countries;
- issues raised in the Commission's communication in need of further elaboration before the end of 2004.

The policy areas singled out as requiring immediate implementation focus almost exclusively on migration prevention and readmission. In its conclusions the Council reaffirms the possible need for readmission agreements with ACP states and indicates that cooperation on migration may be assessed as part of the performance-based system of aid allocation. It also states that '[I]nsufficient cooperation could hamper the establishment of closer relations with the EU.'

The Council further requested more detailed policy proposals from the Commission on the broader issue of migration management between the EU and developing countries. As it stands, the framework set out by the Council does not represent the comprehensive approach to migration management that the EU claims it aspires to. But this is a new area of concern and the process of policy formulation is ongoing. There is scope within the framework of the Cotonou Agreement, as well as in the conclusions drawn from the 2002 communication on migration and development, to address migration issues with more attention to the social and economic needs of developing countries. This means the impact of migration policies needs to be assessed in ACP states on a case-by-case basis to ensure that their interests, and not just those of the EU, are tackled through development cooperation. A balanced approach to migration would mean the adoption of policies that move beyond the confines of migration prevention (the main priority of the EU) to a more comprehensive framework that is also able to address migration as a development issue.

### Notes

<sup>9</sup> The title of section I was 'migration and development'

<sup>10</sup> The title of section II was 'report on the effectiveness of financial resources available at the community level for repatriation of immigrants and rejected asylum seekers, for management of external borders and for asylum and migration projects in third countries'.



## 2.7 Implementing migration policies in the ACP

The previous sections of this chapter looked at the evolution and content of policies linking migration to ACP-EU development cooperation. Legislation and communications need to be understood, as they form the basis for the policies adopted. Nonetheless, the implementation of policies perhaps counts even more, and this depends on the political climate in Brussels and in the member states and on the priorities of delegations and ACP ministries. The effectiveness of funding mechanisms available is another critical factor. In the EU there are two main funding sources for migration-related programmes in the ACP: the European Development Fund (EDF) and a European technical assistance fund, budget line B7-667, often referred to as "ENEAS".

### ***The European technical assistance fund: ENEAS***

*ENEAS*, also known by its official title of "budget line B7-667", is a European fund that currently stands at 250 million for the five-year period 2004-08. Its purpose is twofold: (i) to finance technical assistance in countries that have concluded readmission agreements with the EU and in the main countries of transit and origin of migrants entering the EU and (ii) to assist the return and reintegration of refugees in post-conflict scenarios. The 250 million is shared amongst all countries that have association agreements with the EU, so only a small amount is likely to go to ACP states. But *ENEAS* funds, not the EDF, would be appropriate for supporting programmes in the few ACP countries (not likely to exceed about five) with which the EU decides to negotiate over illegal immigration. However, *ENEAS* is not covered in the programming of external aid - it is therefore unclear how it relates to article 13 on readmission in the Cotonou Agreement. If the EU calls for the implementation of readmission agreements or other restrictive policies in the ACP, the ACP may have to make a case for the use of *ENEAS* funds. This could be justified on the basis that readmission and the technicalities of migration control are unrelated to poverty reduction and therefore should not be financed through the EDF.

The *EDF* provides the financial resources for ACP-EU development cooperation. Migration programmes funded through the EDF would have to relate directly to poverty-reduction goals. EDF funding would require an assessment of the synergies between migration and development to be included in the Country or Regional Strategy Papers and the identification of programmes compatible with other areas of development cooperation. Policies could be incorporated either through the mid-term review process or at the end of the four-year project cycle, at which time new Country and Regional Strategy Papers are drawn up.

As part of the 2004 mid-term reviews, *migration profiles* were produced for each ACP country, to establish on a case-by-case basis whether migration is an issue in relation to EU interests or to the development priorities of those countries. The profiles were drawn up by each of the delegations in a standard format that sought to ascertain statistical information on immigration and emigration trends. The profiles covered six main areas:

- the status of migrants (e.g. refugees, IDPs and permanent or seasonal labour migrants);
- the number of arrivals and departures from 1990 to 2000;
- percentage of migrants comprised of skilled labour;
- main countries of origin and destination;
- rate of return;
- volume of incoming and outgoing remittances.

There would seem to be scope for inclusion of a range of other issues that could be significant for policy. These include the labour market implications of migration in ACP states; the effects of brain drain; the impact of migrant remittances; the role of the diaspora; the degree of mobility; specific policies to promote migrant return; and the gender, age and skills profile of immigrants and emigrants.

Countries where the effects of migration to and from other ACP countries or to the EU are considered to impact on development will be able to consider the inclusion of migration issues in EDF programmes. There will likely be two ways of using the EDF to finance migration projects. The first is through the EDF national envelope allocated to the country concerned. In some instances there may be synergies between existing sectoral programmes and measures required to address migration, for example, the educa-

tion and health policies required to offset the impact of brain drain (this is discussed in more detail in Chapter 3). Yet migration programmes could also operate more independently, putting them in direct competition for human and financial resources with other policy areas covered in the national EDF budget.

There may be other sources of EDF money in addition to the national envelopes. For instance, both the regional indicative programmes and the 'all-ACP' allocation might potentially be used for migration programmes if these covered more than one country. It would be politically visible and therefore advantageous for the Commission, which needs to demonstrate to the member states that it is taking action on migration. It would also facilitate capacity building in ACP states for managing migration more effectively - either to reduce it, redress it or utilise its benefits in development programmes. Regional or all-ACP programmes could also encourage cooperation among ACP countries on migration issues, thus addressing the principal flows, which are within the ACP.

## 3. The dynamics and effects of migration in the ACP

This chapter highlights some issues arising from migration that could be addressed through ACP-EU development cooperation. It looks at the main features of migration between the ACP and EU and of migration within the ACP. Throughout, policy challenges and options are considered for addressing migration within the ACP while enhancing progress towards development goals. Effective migration policies first require an understanding of who migrants are, why they choose to emigrate, and the major impacts of their migration.

### 3.1 Definitions and Parameters

#### 3.1.1 Categories of migrant

People migrate between countries for a wide variety of reasons and for different lengths of time. A first step in analytical and policy discussions should therefore be to disaggregate the category "migrant". Policymakers often dichotomise migrants as voluntary/forced and skilled/unskilled. While these distinctions can be useful, the context within which migration takes place is also critical to consider. When decontextualised, these categories become too broad to capture the complex realities of migration and to support policy decisions.

Forced and voluntary migrations can best be seen as two opposite ends of a spectrum that includes different *degrees of compulsion*. At one extreme, forced migration is *reactive*, involving little choice and few options. At the other extreme, voluntary migration is *proactive* with migrants having choice and more options (Van Hear 1998: p. 42). Most migration from developing countries involves a combination of reactive and proactive decision making.

Skilled and unskilled relate to the levels of formal education that migrants have. The *highly skilled* are defined as tertiary educated; *semi-skilled* have secondary school; and *unskilled* have little or no formal education. The highly skilled 'have a fair ability to

influence the course of events in different spheres of society', while the unskilled are 'usually from the lower strata of society, but may become socially mobile through migration' (Black 2001: p. 4). Because the strategies and motivations underlying migration by these different groups often vary, the effects of their migration on countries of origin and destination are also different.

### 3.1.2 *Some causes of migration*

Migration has many forms and causes. Though economic benefits for individuals and households are critical, economic strategies and motivations cannot be viewed simplistically. In broad terms the economic rationale for highly skilled people to migrate from poor to rich countries is obvious: highly skilled personnel are in demand in many sectors of developed economies and skilled professionals gain wider experience and earn better pay abroad than they could at home. The economic explanation for low skilled migration is that developing economies usually have a surplus of unskilled labour, a high proportion of which tends to be engaged in the informal sector. The lack of opportunities at home combined with the scarcity of menial labour in many developed countries gives the unskilled a strong incentive to migrate, even if by irregular means.

The economic underpinnings of migration are demonstrated by the fact that the strongest economies tend to have positive net levels of temporary and permanent migration. Political factors influence the dynamics of migration as well and can either block or facilitate economic migrants. Social networks, linguistic ties and cultural and psychological factors are other aspects that account for people's propensity to migrate and help explain the livelihood strategies that migrants adopt.

### 3.1.3 *Assessing the effects of migration*

Migration has multiple effects, both positive and negative. The depletion of skilled labour is large enough in many ACP states to constitute a "brain drain", which has negative social and economic repercussions. Research in the Caribbean has shown that brain drain worsens poverty and inequalities. Rural areas and poor people are disproportionately affected by stresses in social services. Where there are skills shortages, 'public sector facilities in poor communities compete unfavourably for the best trained and

experienced staff' (Thomas-Hope 2002: p. 19). The loss of large proportions of the highly skilled population thus increases social exclusion and inequalities as well as hampering economic growth. On the positive side, remittances - the money migrants send home for families or for investment - have positive effects on many developing countries' balance of payments and can be a key source of income for the households that receive them. Migration is thus a viable livelihood strategy for many people and may offer a route out of poverty. To balance these positive and negative effects, monitoring of the effects of highly skilled migration is called for, possibly in connection with assessments of institutional capacities, in order to respond more effectively to the challenges that migration poses, in particular for the poor.

Migration has costs and benefits at macro- and micro-levels (Castles, 2000). Furthermore, the micro- and macro-level effects of migration are sometimes contradictory. For example, emigration of the highly skilled may be good for individual migrants, but if levels are too high there may be negative socio-economic repercussions in the country they are leaving. But it is rarely possible for states to forcibly prevent emigration. Preventive strategies in developing countries are better focused on tackling the causes of migration than on physically stopping the movement of people. Migration can bring benefits, although, as we have seen, the effects of migration vary among countries depending on such factors as economic conditions, employment levels, distribution of skills in the workforce and the educational levels of migrants and the population as a whole. Migration policies themselves are one of the mediating factors that shape the developmental effects of migration.

Most of the discussion on migration in relation to ACP countries is on the effects of *emigration to Europe*, but people also move between ACP states. ACP states thus *both send and receive* migrants. For the ACP, regional labour mobility and non-discrimination of migrants involved in cross-border trade or employment are therefore important policy issues. This may be particularly so in the current context of attempts at regional cooperation, such as through the establishment of regional economic communities like ECOWAS, SADC and CARICOM.

Because of its multiple causes and contextual differences, the effects of migration are best assessed on a case-by-case basis, where the cases in question may

be countries, regions or even households. The migration profiles for ACP states initiated by the European Commission are a good step in this direction, as long as they allow enough flexibility to address the effects of migration in the sending countries and not just in the EU. Main migration-related issues discussed in the remainder of this chapter relate to brain drain and the migration of skilled labour, strategies to manage or reverse brain drain, migration of unskilled labour, and forced migration producing refugees and IDPs.

### 3.2 Brain Drain and Migration of Highly Skilled Labour

#### 3.2.1 How severe is brain drain?

Concerns voiced by ACP states over migration typically involve the issue of "brain drain" - depletion of their most skilled and educated people as a result of emigration. The IOM has called brain drain one of Africa's 'most serious migration issues' since it has development implications (IOM 2003: p. 215). Some practitioners, however, advocate dropping the term "brain drain" altogether. They argue that increased mobility in the form of temporary and return migration makes it more accurate to speak of "brain circulation" and "professional transience" (cited in Lowell and Findlay 2002: p. 8; for examples see Cervantes and Guellec 2002). This may apply for some countries, such as India, where economic growth in high-tech sectors has encouraged investments by highly skilled elements of the diaspora. But the proposition that brain drain no longer exists is refuted by a series of studies concluded in 2002 by the International Labour Office (ILO).<sup>11</sup> The ILO concludes:

*[T]he long-term detrimental effects [of highly skilled migration] are unique to particular countries where the situation compounds the fundamental problems that led to skilled emigration in the first place (Lowell and Findlay 2002: pp. 30-31).*

Certainly the loss of highly skilled labour is large and permanent enough in many developing countries (including the ACP) to constitute a "brain drain".

Though some highly skilled migration occurs between developing countries, most highly skilled migrants from the ACP go to developed regions such as the EU and North America. The movement of the highly skilled from developing to developed countries

increased during the 1990s, a trend that is likely to continue as developed countries' demand for skilled labour is sustained and globalisation intensifies (Lowell 2002: p. 3). Migration of highly skilled persons can have particularly negative implications for developing countries. Citizens with tertiary education constitute a much smaller percentage of the population there than in, for example, the EU, so their skills and services are much more difficult to replace once they leave. Jean-Baptiste Meyer writes:

*[A]t least one third of researchers and engineers from developing countries nowadays work in OECD countries. Moreover their average productivity is five times greater than that of their counterparts who remained "at home". In other words the majority of scientific and technical results attributable to citizens of developing countries are achieved and turned into account in the North (Meyer 2001: p. 46).*

#### 3.2.2 Sectoral and regional dimensions of brain drain

Though the loss of skilled professionals is widespread in the ACP, the scale and nature of the problem varies considerably amongst countries. Some sectors are more sensitive to brain drain than others. Health and education are often worst hit, but losses are also significant in areas such as engineering and applied sciences.

Small island states in the Caribbean and Pacific rely on relatively low numbers of highly skilled people to carry out essential services and economic functions. This makes them particularly vulnerable to the effects of out-migration. Guyana and Jamaica, two of the largest states in the Caribbean cluster of the ACP, suffered long-term adverse effects in their managerial and professional sectors due to out-migration in the 1960s and 1970s, respectively (Thomas-Hope 2002: p. 18). In fact, Jamaica has fewer nurses now than it did in 1970, though numbers have been built up since the 1980s (*ibid.*). Jamaica has probably experienced the largest *cumulative losses* due to migration, defined as the proportion of highly skilled persons from a given country who are abroad. An estimated 77 per cent of highly skilled Jamaicans are abroad, followed in the Caribbean by Trinidad and Tobago with close to 60 per cent and by Honduras and the Dominican Republic with around 15 per cent. In the Pacific, Fiji stands out, with more than 25 per cent of its tertiary educated overseas (all figures from Lowell 2002: p. 9).

#### Notes

<sup>11</sup> This was a DFID-funded project *Skilled Labour Migration (the 'Brain Drain') from Developing Countries: Analysis of Impact and Policy Issues*. Geneva: International Migration Branch, ILO, 2002.

Africa continues to experience high levels of brain drain as well, with West Africa the most severely affected over the past 30 years (IOM 2003: p. 216). By 1990, the cumulative losses of highly skilled people from Ghana and Sierra Leone were about 30 per cent. East African states are also badly affected, with Uganda and Kenya having cumulative losses of between 10 and 20 per cent. Multiple, often linked factors contribute to brain drain (and emigration generally) from Africa: low levels of economic growth; graft and corruption; the debt burden and poor terms of trade; the failure of structural adjustment programmes; and damage caused by structural adjustment through cuts to core services (such as health and education) and hasty and unregulated privatisation of key amenities such as water, electricity and telecommunications (which tend to become unreliable and far more expensive).<sup>12</sup> Political repression and violent conflicts, such as those in the Congo and around the Great Lakes and in Sudan, Somalia, Liberia and Côte d'Ivoire, also result in the flight of highly skilled elites. Health sectors have been particularly hit in African countries with high emigration. Ghana reportedly lost 60 per cent of its doctors trained in the 1980s (Mutume 2003), and it continues to lose even higher percentages of its nurses through emigration. Many go to the United States and some go to the EU, mainly to Britain.<sup>13</sup> At one point, Kenya retained only some 10 per cent of its doctors and nurses, though the figure has now risen to about 25 per cent.<sup>14</sup> This adds up to a major, sustained loss of human resources for hospitals and clinics and means the loss of years of expensive educational investment, much of it state-funded, to developed countries.

*Educational selectivity*, which reflects the likelihood of a migrant being a professional person and indicates the skill level of the diaspora, is high for ACP migrants. Africa is remarkable with an estimated 75 per cent of its emigrants being highly skilled. The Caribbean countries average around the 30 per cent mark (IOM 2003: p. 11). The World Bank estimates some 80,000 highly qualified Africans leave the continent annually to work overseas (ibid.: p. 218), although this figure also includes North Africans, who are more likely to migrate overseas than Sub-Saharan Africans. It is difficult to gauge how many of these are temporary migrants and how many are permanent. Many return, possibly with new skills and experience. But estimated cumulative losses are non-

etheless high and may even be underestimated in official statistics, which do not include irregular migration or students at European and American universities who gain residency after graduation. At the same time, around 100,000 skilled expatriates work in Africa, many of them performing jobs that could be filled by their skilled African counterparts and earning wages unattainable for African professionals seeking work on the continent.

### 3.3 Strategies to manage and reverse brain drain

Brain drain, as described, entails the permanent or long-term loss of highly skilled people. While facilitating the mobility of highly skilled professionals is beneficial, and a key feature of advanced economies, it is problematic when migration becomes long-term. To reduce brain drain the macro-level causes discussed above need to be addressed through economic and trade reform (the EU having a key responsibility) and by initiating or deepening democratisation processes. In addition, there are a number of measures that can be taken to help alleviate the problems and derive more benefit from skilled emigrants abroad. Four are discussed in this section:

- regulating recruitment in the EU;
- managing brain drain through development aid;
- promoting return migration;
- facilitating mobility between the EU and the ACP.

#### 3.3.1 Regulating recruitment in the EU

Action could be taken in the EU, in cooperation with ACP countries, to regulate the *active* recruitment of professionals from sectors and countries whose human resources are being lost due to out-migration. As Elizabeth Thomas-Hope observes in reference to the Caribbean, '[t]he overall effect of recruitment drives has always been to bring a steady out-flow of migrants to a virtual flood' (Thomas-Hope 2002: p. 16). A similar process has been observed in many African countries, including South Africa, which led Nelson Mandela to complain of the United Kingdom's 'poaching' South African professionals. Subsequently the British government put measures in place for its National Health Service and Department for Education and Skills to more closely regulate the recruitment of medical professionals and teachers from developing countries. The guidelines have had limited impact, however, because less than a third of

#### Notes

12 On unfair trade and the failures of structural adjustment programmes in developing countries, see Stiglitz (2002).

13 Brain drain was the major migration issue of concern at the Ghanaian embassy in Brussels. Diplomats highlighted stresses in social services, universities and key economic sectors as a result of out-migration.

14 Halting Africa's Brain Drain' *BBC News: World Edition*. 19 May 2003.

private recruitment firms in the United Kingdom have committed to adhering to them (Batty 2003). Similar challenges face Caribbean countries, where highly skilled workers have been selectively recruited by US and EU agencies:

The Internet now provides a mechanism for the advertising and recruiting of skilled labour on a scale and at a speed that is unprecedented in the history of labour migration. The implications of international migration of a selective nature are therefore vast. Because this aspect of globalisation is so recent, its impact has not yet been fully realised, but the prospects for the migration of skilled human resources from the Caribbean must be taken into account in development planning and policy (Thomas-Hope 2002: p. 1).

Thus, it is not migration per se that should be restricted, but the specific targeting of highly skilled personnel through advertising and financial incentives.

### 3.3.2 *Managing brain drain through development Aid*

It would be problematic to block migration in order to prevent developing countries from losing skilled personnel. But there are ways that emigration can be strategically managed and factored into development planning. There are perhaps two main development aid strategies that could be simultaneously adopted to offset some of the negative impacts of brain drain. The first is by *improving conditions in the sectors most affected* by out-migration. For example, if migration is worsening the shortage of doctors, nurses and pharmacists, more development aid could be channelled into the health sector, the rationale being that if conditions in the sector improve more professionals will stay. However, one of the effects of economic structural adjustment is to *reduce* health and social service expenditures. The government of Ghana has said it is trying to entice medical professionals to stay by providing vehicles to doctors and improving their employment contracts.<sup>15</sup> Apparently the improvement of employment benefits has had a positive impact in Zambia<sup>16</sup> - yet the impact of such policies on stemming emigration warrants wider investigation given the wage differentials between medical staff in ACP states and the EU. The second development aid strategy is *training more people*. Though the precise modalities would need to be agreed between the "sending" and "receiving" countries, such a strategy would have two main dimensions:

- increasing the number of people being trained to compensate for those who will eventually emigrate;
- covering more of the educational expenses for those who emigrate to the EU.

Use of development aid to raise university funding and to generally improve education could help compensate for the lack of return on education investments for migrants who have left a country. Equally important, a well-resourced education system could increase the pool of skilled citizens and thus reduce the impact of migration.<sup>17</sup> Such investments could be targeted at education in the sectors losing the most people through out-migration.

These strategies would bring mutual benefits to the EU and ACP. The EU would be in a better position to strike formal agreements on the recruitment of highly skilled graduates trained with EU aid (at a relatively low cost by EU standards). ACP countries would see recompense for the human resources they are already losing and would benefit from a better regulated migration system.

### 3.3.3 *Promoting return migration*

A mantra occasionally heard in discussions on migration is to "reverse" the brain drain, turning it into "brain gain".<sup>18</sup> The idea here is to encourage highly skilled migrants to return to their country of origin bringing with them new skills and experience. Nonetheless, compared to other aspects of migration, return is a relatively neglected issue among policy-makers, although, as described below, some initiatives in this vein have been sponsored by governments and international agencies.

Returning migrants can form a substantial component of in-migration to ACP countries, as the case of Ghana demonstrates. The 1991/92 Ghana Living Standards Survey (GLSS) counted 80,000 returnees from outside the region, of whom 11 percent had returned in the previous year and 20 percent in the previous two years. The 1998/99 survey recorded a fall, with 50,000 returnees to Ghana from beyond the region, 2 percent of whom returned in the previous year and 7 percent in the previous two years (cited in Black et al. 2003: p. 7). Most of the returnees are likely to have come from Europe.

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#### Notes

15 Interview at the Ghanaian Embassy, Brussels.

16 Thanks to Heather Baser for providing this information.

17 Increased educational investments in the ACP could also benefit the EU, which has a growing demand for skilled labour. This demand is concentrated in certain sectors, such as information technology, medicine, and education. But demand may increase in other sectors due to demographic trends, which signal an ageing population in most EU states.

18 See for example the New Partnership for Africa's Development (NEPAD): 'Human Resource Development Initiative Including Reversing the Brain Drain', in its sectoral priorities.

Though there are many different reasons for return, four factors can be said to underlie much return migration:

- *Political and economic conditions in the country of origin.* In countries suffering from brain drain, significant levels of return migration are unlikely if the conditions that originally induced emigration do not change. Thus, the causes of migration need to be tackled as an integral part of any initiative to promote return migration of the highly skilled. It is worthwhile to remember, however, that brain drain itself worsens conditions in countries of origin, making the problems more difficult to redress.
- *Household economic strategy.* As with the initial decision to migrate, the decision on whether to return may be informed by the economic needs of the household in the country of origin. Though return migration may be the end result of the migration process, increasingly it is viewed as part of a "migration cycle" in which the return of one household member leads to the migration of another or which may involve the continued mobility of the returnee between the countries of origin and destination. For such *transnational households*, returning may constitute an economic strategy shaped by social and family ties.
- *Immigration status in the EU.* Migrants may return to their country of origin as long as this does not mean "burning bridges" with a host state, in the EU or elsewhere. Counter-intuitively perhaps, voluntary return is more likely when the migrant has a secure financial and legal status in the "host" (EU) state. This is because it leaves open the possibility for re-emigration in the future and for the continuation of social and economic networks (Ammassari and Black 2001).
- *Discrimination in the EU.* Racial discrimination, when it occurs, reduces opportunities for migrants working in Europe. The likelihood of discrimination against *legal* immigrants leading to their emigration from Europe is open to question, but it may be a factor. In such cases, cultural affinities and family links in countries of origin may reinforce the desire to return.

Return migration can bolster financial, human and social capital for returnees and their countries of origin. *Financial capital* refers to migrants' transferring savings from abroad to establish businesses or support consumption needs when they return. Large

numbers (perhaps up to half) of mainly poorer and less skilled returnees to Ghana during the 1990s established small enterprises with their savings from abroad (Black et al. 2003). Migration and return can thus be a way of acquiring the capital needed for "bottom-up" development. A similar argument can be made for remittances (discussed in Chapter 4). Most of the small businesses in the Ghanaian study were officially registered and thus part of the formal economy.

The return of highly skilled people enhances the *human capital* of the receiving country as well. Time abroad often adds to the educational and employment experience of returnees, which can benefit their home countries when they return. Clearly, however, the human capital benefits of return migration depend on the type of returnee and on the opportunities available for migrants to utilise their skills and experience at home.

Finally, migration can expand *social capital*. Return migrants who set up businesses may maintain links with contacts made during the period of migration, particularly if their business has a trade or international dimension. The social network made up of relatives or associates of migrants in their countries of origin is another important aspect, especially before the migrant returns. Social networks are often relied upon to receive remittances and start business projects before return migration takes place.<sup>19</sup>

#### *Initiatives to Encourage Return Migration*

Though return migration can offset some of the negative effects of permanent migration, in the ACP it is rarely on such a scale as to cancel it out. Among the several initiatives to promote "brain gain" was the IOM's *Return of Qualified African Nationals (RQAN)* programme, a voluntary scheme that African nationals in Europe and the United States could benefit from if they wanted to return to the continent. This has now been replaced by *Migration for Development in Africa (MIDA)*, a partnership of the African Union, the African Development Bank and several sub-regional bodies such as ECOWAS, SADC and EAC.<sup>20</sup> MIDA aims to bring the skills of African émigrés in Europe and North America to bear in development projects in Africa. It is a mobility-based approach rather than one premised on permanent return, as the previous RQAN programme was. A company called *Africa's Brain Gain* maintains online computer databases for African nationals overseas to sign

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#### Notes

<sup>19</sup> Although not a representative sample, two-thirds of Ghanaian interviewees in the Sussex study had remitted money to households back home to start businesses before the migrant returned with extra financial capital to expand the business. See Black et al. (2003: p. 10).

<sup>20</sup> <http://www.iom.int/MIDA>

up as candidates for recruitment by government, development organisations or multinational companies operating in Africa.<sup>21</sup>

Highly skilled people are needed in both the public and private sectors in developing countries. But 'as the public sector employs much of the stock of higher educated 'domestic' workers in developing countries, the competitiveness of public sector jobs is an important factor in retaining highly skilled workers' (Lowell 2002: p. 15). To encourage return migration, the public sector may need to improve earnings and its actual payment of wages. This is not always feasible, however, due to public sector retrenchment as a result of structural adjustment. Improving working conditions as well as increasing resources in key sectors could help encourage return migration. Yet for migrants to return, sectoral policies have to be accompanied by specific initiatives aimed explicitly at directing diaspora nationals into jobs where their expertise is needed. This requires active government support and enthusiasm.

#### *Political Motives for Return Policies*

The aims and intentions of return policies need to be carefully assessed given the EU's restrictive migration agenda. Policies to promote return migration have often been 'motivated primarily by exclusion from the north, rather than a commitment to development in the south' (Ammassari and Black 2001: p. 26). The IOM's *Voluntary Assisted Return* schemes to facilitate the return of asylum seekers and refugees to their home countries are a good example. Such schemes tend to be strongly supported by EU governments, which gain political capital by reducing numbers of asylum seekers. Though the IOM assists in the reintegration of returnees, these schemes are not principally orientated towards replenishing the skills base in developing countries adversely affected by brain drain.

In relation to the highly skilled, return programmes premised on *permanent* return have fared less well than those providing for the continued mobility of migrants. The IOM's RQAN had limited success because it did not offer the possibility of re-emigration to the EU. MIDA seems to be a more balanced and flexible approach and is therefore likely to attract larger numbers of people. The migrant is better able to sustain economic and social ties with the EU and has the option to move back and forth. Return can thus be temporary or permanent. Such a mobility-based

approach tends to be more attractive for migrants but holds less political capital for governments trying to lower migration levels.

#### *Replacement of Expatriates with Qualified Nationals*

No discussion of the return of highly skilled emigrants would be complete without mention of the large expatriate staff employed by international agencies in developing countries. Indeed, one of the shortcomings of participatory development is that policies and implementation continue to be driven by developed countries and expatriate staff. The European Commission acknowledges that the estimated 100,000 "non-African economic migrants" who live and work in sub-Saharan Africa, mostly in relation to development assistance and humanitarian aid, 'occupy positions that are usually not open to qualified Africans under the same favourable conditions':

The Community could offer jobs currently taken by expatriate staff - notably in the development cooperation sector - to local people under financial conditions that are sufficiently attractive to provide an alternative for emigration. To facilitate this mechanism modalities of technical assistance to developing countries shall be reformed, in coordination with UNDP (EC 2002: pp. 24-25).

There should be incentives to encourage local talent and know-how and to strengthen the involvement of local firms in development initiatives. Employing more qualified locals would increase national "ownership" of programmes and help redress the delays and poor implementation of some development projects in the ACP due to understaffing in the Commission's delegations.<sup>22</sup>

The OECD and IMF have produced reports assessing the advantages and disadvantages of recruiting more nationals of the countries where they are operating into the mainstream of their development efforts. The IMF posed the question as follows:

Should aid to a skill-poor economy be given in the form of skilled labour from the donor country, or in the form of repatriation of talent that might have migrated in the past from the skill-poor country... to the donor country, with wages in either case being determined with respect to those prevailing in the donor country? (Ul Haque and Ali Khan 1997: p. 4)

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#### Notes

21 [www.africasbraingain.org](http://www.africasbraingain.org)

22 For reference to the understaffing problem see the Commission's own work programme and the *Opinion of the Committee on Development and Cooperation for the Committee on Budgets on the Communication from the Commission to the European Parliament and Council on Annual Policy Strategy for 2005*. European Parliament, 16 March 2004.



The OECD and IMF reports conclude that technical assistance programmes should actively encourage the utilisation of talent from the diaspora, which is likely to be more cost-effective and of higher quality (for the jobs concerned) than sending technically qualified expatriates. The International Labour Office also highlighted some of the economic benefits of hiring resident (or returnee) nationals from the country concerned:

Some economists argue that return migration may be a more effective way in boosting development and wages than foreign assistance, at least when core economy experts run development programs at the expense of the employment of local workers... Highly paid emigrant workers in source countries distort the wage structure and create incentives for emigration of local skilled workers....employing developing country nationals (or returnees) at a higher wage would induce return migration, increase the *permanent* skill level of the source country, and increase source country growth (Lowell 2002: p. 19).

But while the Cotonou Agreement introduced scope for the input of non-state actors,<sup>23</sup> the large pool of highly skilled ACP nationals in the EU have not been effectively considered in ACP-EU development strategies. Professionals in the diaspora could provide input within the non-state actor framework, or take a leading role in designing and implementing development projects.

#### *Capitalising on Linkages with Diasporas*

The large numbers of highly skilled ACP migrants in the EU and other developed countries represent substantial human and economic resources that could be better utilised by their countries of origin. Many diaspora networks have been established to promote continued links among migrants and with their communities or countries of origin. Diasporas sustain links with "home" in a wide variety of ways and can have important economic and political influence. The simultaneous engagement of diasporas in both their country of origin (e.g. the ACP) and destination (e.g. the EU) places their integration and adaptation in the EU into a framework of continued interests and obligations in the ACP (Nyberg

Sørensen et al. 2002: p. 11). These "backward linkages" to home countries offer numerous development benefits, including the transfer of knowledge and financial investments (Lowell and Findlay 2002: pp. 23-24).

The Internet is fast becoming the most effective medium of communication for diasporas and for the construction of social networks within diaspora groups. This use of the Internet was explored with examples of African diaspora groupings in a special edition of *The Electronic Journal of Governance and Innovation* of the South African Institute of International Affairs.<sup>24</sup> There are numerous expatriate websites and databases for Africans abroad that promote social networking and provide information on sending remittances or investing back home.<sup>25</sup> Embassies too are increasingly registering skilled professionals in the diaspora. The Jamaican Overseas Department does this to help identify expatriate professionals to fill knowledge or skills gaps in Jamaica.<sup>26</sup> Another benefit of strengthening links with diaspora groups is that they can facilitate (and themselves consume) exports of regional goods and culture (Thomas-Hope 2002: p. 27).

An online project launched recently at Northwestern University in the United States is mapping the African diaspora globally and assessing its influence from the beginning of the twentieth century.<sup>27</sup> It shows that the diaspora was instrumental in the anti-colonial struggle and has achieved cohesion as a supranational, territorially demarcated community. This diaspora continues to be a key source of new political ideas and also has some influence on the contemporary cultural landscape of African literature and the arts. The engagement of diaspora networks on specific social issues is demonstrated by ABANTU for Development, a participatory network that aims to empower African women and redress gender disparities at the grassroots and in public policy. ABANTU links organisations and individuals throughout Africa and Europe through its offices in Kenya, Tanzania, Nigeria, Ghana and the United Kingdom.<sup>28</sup> Some of these link to source country agencies in education, science and technology (Lowell 2002: pp. 12-15).

Finally, technology transfer is integral in diaspora activities, and often takes the form of formal programmes for transfer of university R&D to private industry or rural settings (ibid.: pp. 14-15). Diasporas are often equipped to identify and extend technologies of particular interest and suitability, since they are well versed in conditions and norms in both their countries of residence and origin.

#### Notes

23 See ECDPM's *The Cotonou Agreement: A User's Guide For Non-State Actors*, published by the ACP Secretariat, Brussels, 2003.

24 This was a special feature on the African diaspora in Volume 1, September 2003.

25 As examples, see Nigeriaweb (<http://odili.net/community.html>); the South African official information website ([www.saafrica.info](http://www.saafrica.info)); the South African Network of Skills Abroad (SANSAs); the Association of Kenyans Abroad; the Ghana Cyber Group and the Ghana Association of Distance Learning and Computer Literacy.

26 <http://www.mfaft.gov.jm/jod/>

27 *Global Mappings: A Political Atlas of the African Diaspora*, <http://diaspora.northwestern.edu/>

28 For specific programme information see <http://www.abantu.org/>

### Key policy challenges on Return Migration

- Ensure that re-migration to the original (EU) destination country is not blocked, since this may deter migrants from returning to their country of origin in the first instance, especially if the "return" strategy is based on mobility or temporary return rather than permanent resettlement.
- Widen opportunities for highly skilled migrants in the EU to lead or participate in development projects in their countries of origin, even if on a temporary basis.
- Facilitate political and economic conditions in which the financial and human capital and creative energies of returnees can be used productively at home.
- Implement a systematic dialogue with diaspora groups and networks in the ACP-EU cooperation framework.

### 3.3.4 Facilitating mobility between the EU and ACP

The final measure discussed here to help manage the problem of brain drain and derive more benefit from skilled emigrants abroad is, paradoxically, facilitating mobility between the EU and ACP. "Mobility" is the ease with which people can move between different countries or regions. Impediments to mobility include restrictive state immigration policies, administrative barriers such as visa regulations and residency rules and personal constraints associated with the financial, social and political status of the migrant. As mentioned, migrant mobility can be of great benefit to developing countries, because it opens possibilities for the transfer of financial, human and social capital. Mobile labour can help reduce brain drain by allowing for temporary residence as an alternative to permanent emigration. Increased mobility amongst the highly skilled may even help create what some theorists describe as "optimal brain drain" (Lowell and Findlay 2002: p. 7). This occurs when more people get educated in order to migrate. Such a trend is evident in the Philippines, where government has created strong incentives for women to train as nurses so they can gain temporary employment overseas.

Macro-benefits, however, depend on the mobility of the migrants who leave. Migration flows must be two-way; otherwise the cumulative losses from emigration build up and cause skills shortages. The IOM makes the following recommendation:

Governments in countries of origin and destination ought to invest in partnerships that allow migration to be managed comprehensibly and sustainably as positive consequences of labour-related migration can be factored into development policies (IOM 2003: p. 215).

#### *Labour Mobility and GATS*

Currently most potential for multilateral agreements on labour mobility rests with the WTO, specifically, "Mode 4" of the General Agreement on Trade in Services (GATS). GATS Mode 4 is intended to increase the mobility of service employees, thus recognising that restrictions on labour mobility impede economic liberalisation in a similar way to other trade barriers. The aim of GATS more generally is to establish multilateral rules that will open up the global trade in services. GATS Mode 4 principally addresses *labour mobility of service employees* between branches of multinational companies. But it should be stressed that the mobility envisaged among service providers in GATS is *not* international migration - principally because mobility inherently means short-term rather than long-term stays abroad, often between numerous places:

It has none of the cultural, social or political dimensions that are associated with international migration because it explicitly does not entail shifts in residence (Winters 2002: p. 6).

In GATS, the "temporary movement of natural persons" as service providers is distinguished from other forms of international migration by the *discreteness of the transaction*, defined as specific employment for a definite period of time (Md. Shahidul Haque 2001). Brain drain is not an issue in the mobility-based approach of GATS Mode 4, and it may benefit ACP countries if it covered a wider scope of service sector jobs. In the current framework, however, the benefits of GATS Mode 4 to ACP states is negligible. A recent EU GATS offer makes concessions on Mode 4 that would enable some developing countries to send highly skilled professionals to work in specified EU service sectors.<sup>29</sup> It also gives some attention to overseas companies that have no commercial presence in the EU but could be contracted by an EU client to provide a service in the EU. The offer further proposes that skilled self-employed service providers could be

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<sup>29</sup> *WTO Services: Concrete Examples of Draft Offer to Improve Third Countries Access to the EU Services Market*. Brussels, 5 February 2003. See [http://europa.eu.int/comm/trade/services/pro50203b\\_en.htm](http://europa.eu.int/comm/trade/services/pro50203b_en.htm)

contracted for up to six months by an EU company, and that companies outside the EU affiliated with an EU company could send over "managers of the future" for up to a year of training and work experience. But the proposal is mainly limited to services where the EU has an interest in sending its service providers to developing countries, thus it is likely to have a reduced impact on the mobility of highly skilled ACP nationals.

The thrust of the EU's proposal is on facilitating the mobility of intra-corporate transferees which benefits EU multinational companies with a commercial presence in different countries. Construction, higher education and research and development are omitted, and the focus is exclusively on the mobility of the highly skilled. Critics claim the EU's Mode 4 offer is part of a strategy to sell to developing countries a wider GATS agreement that will, on balance, be detrimental to them.<sup>30</sup> Regardless, the GATS Mode 4 negotiations would need to be more comprehensive to increase "brain circulation", which is still hampered by immigration restrictions in the EU. The proposed "economic needs tests", in particular, have been criticised by the United Nations Conference on Trade and Development (UNCTAD) as a major trade barrier under Mode 4. UNCTAD notes that GATS has no legal provisions for challenging rejections on the basis of an economic needs test. UNCTAD recommends reducing the scope for arbitrary and discriminatory practices and providing greater transparency with more neutral economic criteria.<sup>31</sup> Despite these shortcomings, however, GATS Mode 4 is currently the main multilateral route for liberalising the mobility of service personnel. It is not, however, a vehicle for the management of international migration, although it may provide a model from which negotiations on a right-based approach to migration could begin (Niessen 2003). As such, it merits an evaluation by ACP countries, which need to assess whether it serves their interests and needs in the service sector.

#### Key policy challenges on Mobility of Labour

- Facilitate temporary residence in the EU and ACP and promote short- and medium-term employment opportunities for migrants.
- Strengthen cooperation between the EU and the ACP to reduce bureaucratic and immigration hurdles that impede mobility for temporary migrants.

### 3.4 Lower skilled migration

Most documented ACP nationals in the EU are highly skilled. There are two main reasons for this:

- Migration from ACP states to the EU is expensive and the highly skilled tend to be the ones who have the money to make the journey.
- EU immigration policies are even more restrictive towards lower skilled labour, therefore legal entry is difficult for unskilled migrants to obtain.

Nonetheless, lower skilled migrants from the ACP carry out important economic functions in the EU. Many migrants from ACP countries came in the post-war period, in the 1950s and 1960s, to form communities that were subsequently boosted in numbers through family reunifications. Many do jobs that Europeans are reluctant to take and for which some of the migrants themselves may be overqualified. With the tightening of immigration controls in the 1990s, "low skilled" migrants tended more to be accepted as asylum seekers or refugees (though it should be stressed that asylum seekers include people from a whole range of professions and skill levels) or they were irregular migrants who took up work in the EU illegally. The United Kingdom and Germany have eased immigration restrictions somewhat, to allow in more people through official channels. But these two countries also receive the highest number of asylum applications in the EU. In any case, the majority of illegal immigrants in the EU are not from ACP states, though the EU has taken measures in North African countries such as Morocco, Libya and Tunisia to stop migrants from sub-Saharan Africa from arriving in the EU.

#### 3.4.1 Potential gains from liberalising the mobility of the lower skilled

In a liberalised global economy, developing countries' surplus of lower skilled workers should be one of their main competitive advantages over advanced economies. It is this surplus of cheap and relatively unregulated low skilled labour that explains the propensity of multinational companies to manufacture their products in developing countries. With the spread of globalisation, some service sector jobs have also begun to shift from developed to developing countries, although mainly to countries with large pools of skilled labour. But it is currently difficult for

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<sup>30</sup> For a critical view see GATSwatch:

<http://www.gatswatch.org/offer-react.html>

<sup>31</sup> UNCTAD, Lists of Economic Needs in the GATS schedules of specific commitments, UNCTAD/ITCD/TSB/8, 6 September 1999.

industries based in the EU (especially those for which relocation is not an option) to benefit from developing countries' labour surpluses. This key potential value added by ACP countries could be utilised more by EU sectors such as hospitality, construction and agriculture, which often suffer a deficit of low skilled labour. A better managed immigration system would allow them to recruit through regulated channels rather than relying on illegal workers.

Current trends indicate growing liberalisation for all factors of production except labour mobility. However, if more service sector workers in developing countries were allowed to work on a temporary basis in developed countries there could be large mutual benefits:

An increase in developed countries' quotas on inward movements of both skilled and unskilled temporary workers equivalent to 3 percent of their workforces would generate an estimated increase in world welfare of over US\$ 150 billion per annum (Winters 2002: p. 1).

GATS Mode 4 deals with the mobility of the highly skilled - and even then on a narrow remit, focussed on the commercial sector to the exclusion of other sectors or public services. It is unlikely to address the mobility of less skilled service providers. Although barriers remain, immigration controls are already more amenable to the highly skilled. Real benefits for developing countries lie in greater market access for lower skilled labour. Though political hurdles in EU states make even temporary labour migration difficult to consider, an easing of restrictions on the temporary movement of less skilled labour would bring economic benefits to both the EU and ACP countries concerned.<sup>32</sup>

### 3.4.2 Regional migration flows

While the mobility of less skilled labour between ACP states and the EU is relatively limited, regional migration of unskilled workers between ACP countries is an important phenomenon. Regional migration flows broadly occur according to patterns of relative economic advantage and political stability, as the following examples of Haitians in the Dominican Republic and of sub-Saharan Africa show.

#### *Haitians in the Dominican Republic*

With a population of some 16.5 million Hispaniola is the most populated island in the Caribbean, constituting almost half the total population of the Caribbean region in 2002. The island is divided roughly equally between two historically antagonistic states: the more

economically developed Dominican Republic in the east and Haiti in the west. There are large migration flows from Haiti to the Dominican Republic and the treatment of Haitian migrants and their impact on Dominican society is a major issue:

One of the most notorious migrations in the Caribbean sub-region is the employment of Haitian *braceros* (strong armed ones) in the Dominican Republic's sugarcane harvest (Castles and Miller 2003: p. 150).

It's a lucrative business: though only 12 per cent of cultivated land in the 1980s consisted of sugar plantations, the sugar crop made up half of all Dominican exports and one-fifth of government revenue. Some 40,000 workers are needed annually, between November and May, to harvest the crop (*ibid.*). The majority of workers are Haitians: the State Sugar Council (CEA) contracts some of them, but many work illegally. Many Haitians also work in other agricultural jobs, such as on coffee, rice and vegetable plantations, and in construction and services (IOM 2003: p. 174). Poor working conditions and abusive practices towards the *braceros* by the CEA and Dominican military have been condemned in reports by the ILO and the United Nations Committee on Economic, Social and Cultural Rights. But the seasonal *braceros* are a small minority of the 500,000 to 700,000 Haitians (of whom only about 5 per cent have identification documents), estimated to reside in the Dominican Republic. Included in these figures are "Dominicans of Haitian descent", who are not accorded Dominican nationality or legal rights. The Dominican government has made several mass expulsions of Haitians (including those born in the Dominican Republic) since the first democratic elections in Haiti in 1991. The Dominican National Guard reported 45,000 such deportations between August 2000 and January 2001 (Castles and Miller 2003: p. 151).

#### *Sub-Saharan African Migration*

Many believe Africa's population to be the world's most mobile:

[But comparative data] could not at present be used to verify or disprove this contention, in part because credible statistics are so deficient, particularly concerning population movements between African states. However, in 1990 there were estimated to be 30 million voluntary international migrants in sub-Saharan Africa, about 3.5 percent of the total population (Castles and Miller 2003: p. 139).

A dominant trend in intra-African migration is the movement from interior to coastal areas. This is often synonymous with rural-urban migration and the huge

growth of Africa's cities. Labour is attracted to the comparatively more developed regions of the continent, usually on a regional and informal basis. But as elsewhere, illegal migration 'is often tolerated in periods of good relations and economic prosperity, only to be repressed during economic downturns or periods of international tensions' (ibid.: p. 141). This was forcefully demonstrated by the mass expulsion of migrants from Nigeria in 1983 and 1985, estimated at 2 million people, mostly Ghanaians. More recently, civil war and violence against Burkinabes in Côte d'Ivoire following the 2000 election have forced hundreds of thousands of immigrants from countries to the north - especially Burkina Faso - to leave what was previously West Africa's main labour-importing country.

The overall trend towards democratisation in Africa, the seven regional economic groupings and the African Union may offer possibilities for increased management of international migration within Africa. This will be challenging given the continued disparities between states and the overall dire socio-economic situation on the continent. Initiatives are underway at the NGO level, however, a good example being the Southern African Migration Project (SAMP). SAMP is a network of organisations concerned with cross-border migration dynamics in the SADC region. Funded by the Canadian International Development Agency (CIDA) and Britain's Department for International Development (DFID), its work combines 'applied migration research, policy advice and monitoring, migration training and public education'.<sup>33</sup> The work of SAMP is particularly useful given that people migrate to South Africa from throughout the continent to work in agriculture, the mines and the informal sector, as well as to fill professional positions.

#### Key policy challenges on intra-ACP migration

- Address migration-related issues within the ACP Secretariat and in forums such as the African Union and regional groupings like CARICOM and ECOWAS, since migration is not just an ACP-EU issue but an intra-ACP one as well.
- Legislate against discrimination of migrants resident in ACP countries, specifically with ACP implementation of human rights norms and committal to international agreements under the auspices of the ILO and the UN.

### 3.5 Forced migration and internal displacement

#### 3.5.1 Forced migration

Migration issues in the ACP cannot realistically be discussed without consideration of forced migration. Forced migration is the involuntary movement of people due to such factors as violent conflict, environmental degradation and trafficking. About half of the world's forced migrants are in Africa. There are large numbers in the Great Lakes region as a result of continued instability in the Congo and Burundi; in West Africa due to the conflict in Côte d'Ivoire and the fragile peace in Liberia and Sierra Leone; and in Sudan and neighbouring countries of Chad and Kenya due to the current crisis in Darfur and decades of conflicts throughout southern Sudan.

Serious population displacements have also occurred in the South Pacific as a result of conflicts in Papua New Guinea and the Solomon Islands. Bougainville is a remote island province of Papua New Guinea located 1,000 kilometres east of the capital Port Moresby in the vicinity of the Solomon Islands. The secessionist conflict there began as a result of local disenfranchisement from the mining operation at Panguna. The operation brought large revenues for government, which had a 20 per cent share in the mine. However, the mining caused large-scale environmental damage on the island with few local benefits in return.<sup>34</sup> The Bougainville Revolutionary Army fought to rectify this injustice against the Papua New Guinea defence force and police and later against other interest groups on Bougainville. Though the mine was closed in 1989, the conflict continued, with some 10,000 lives lost before the signing of the Lincoln Peace Agreement in January 1998. Since that time a fragile peace has held. Large numbers of people were displaced during the decade-long conflict, many internally but some also fled to the neighbouring Solomon Islands, particularly Western Province (due to geographical proximity) and Guadalcanal Province (due to socio-cultural affinity). The Solomon Islands were also afflicted by internal displacement from 1998 to 2000 due to a conflict in Guadalcanal. The 1999 census reported more than 35,000 people displaced from Guadalcanal and the capital, Honiara (UNDP 2002: p. 10).

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<sup>33</sup> <http://www.queensu.ca/samp/>

<sup>34</sup> *Democracy and Deep-Rooted Conflict Case Study: Bougainville*. International Institute for Democracy and Electoral Assistance (IDEA), [http://www.idea.int/publications/democracy\\_and\\_deep\\_rooted\\_conflict/ebook\\_cs\\_bougainville.htm](http://www.idea.int/publications/democracy_and_deep_rooted_conflict/ebook_cs_bougainville.htm)

### 3.5.2 Internal displacements

Internal displacement is a widespread problem in the ACP, affecting all geographic regions. Though IDPs are not normally included in migration statistics they are still forced migrants, displaced mainly by violence within state borders.<sup>35</sup> Africa has over 13 million IDPs, about half the world's total. At the end of 2004 there was an estimated 6 million IDPs in Sudan, 2.3 million in the Democratic Republic of Congo and up to 2 million in Uganda. In 2004 there were an estimated 1 million newly displaced people in Sudan - which already had the highest number of IDPs in the world - mostly in Darfur. In what the UN described as the 'world's worst humanitarian crisis' the international community largely failed to respond effectively when the violence erupted in spring 2004, let alone prevent the emergency. The violence in Darfur has now claimed as many as 300,000 lives and uprooted close to 2 million people, some 1.7 million of them as IDPs.<sup>36</sup>

IDPs fall into a "protection gap" in that they do not qualify as refugees under the terms of the Geneva Convention. It is widely agreed that IDPs 'would have been considered worthy of international protection, under existing interpretations of international law and of the mandate of the UNHCR [United Nations High Commissioner for Refugees], if their move had taken them across an international border' (Turton 2003). The excellent website of the Geneva-based Global IDP Project - which is based at the Norwegian Refugee Council and funded by a wide range of bilateral donors - describes IDPs as 'arguably the largest at-risk population in the world.' There is growing concern within the UN with improving the international response to internal displacement. An IDP unit (since 2004: Division) was set up in 2002 under the UN Office for the Coordination of Humanitarian Affairs (OCHA). In 2004 Walter Kälin was appointed as Representative on the Human Rights of Internally Displaced People. The "Collaborative Response" strategy developed by the UN to address the needs of IDPs was also revised in 2004. This is supposed to coordinate the work of all agencies, but it has previously failed to deliver the support that IDPs need. Thus far, responses from both bilateral and multilateral agencies have been inadequate considering the scale of the problem: it is thought that around a third of IDPs are partly or fully excluded from UN assistance and monitoring.

A further dimension of internal displacement is that caused by development projects, also referred to as "forced resettlement" (Turton 2003). Land use and owners-

hip are major issues to consider in the planning of projects and should be addressed through clear processes of local consultation. Ethnic minorities and indigenous peoples are often particularly vulnerable to development-induced displacement, as was seen in Bougainville, because they are more likely to face discrimination by state authorities. Indigenous representatives at a 2002 conference in Brussels called for greater inclusion and participation in development programmes that affect customary land and requested equitable dialogue and cooperation with the EU.<sup>37</sup>

### 3.5.3 Trafficking

Trafficking in human beings involves serious exploitation and human rights abuses. It is thought to be on the increase and has assumed an increasingly global character. The main legislation in force to combat trafficking is the UN Convention against Transnational Organised Crime and its Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children. The protocol provides the following definition:

Trafficking in persons shall mean the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs.

#### Key policy challenges on forced migration and trafficking

- Address the causes of forced migration as an integral part of the EU's efforts to reduce the number of refugees and asylum seekers entering its territory.
- Strengthen conflict prevention, resolution and rehabilitation policies and funding.
- Increase aid to IDPs and reinforce UN efforts to support them.
- Ensure aid projects are conducted with full consultation of local inhabitants, including indigenous groups and that they do not cause forced migration.
- Ratify the UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children and address trafficking through ACP-EU cooperation.

#### Notes

35 See the Global IDP Project at [www.idpproject.org](http://www.idpproject.org)

36 Details are available at [www.idpproject.org](http://www.idpproject.org)

37 See [http://www.international-alliance.org/speaking\\_out.htm](http://www.international-alliance.org/speaking_out.htm) and <http://www.rainforestfoundationuk.org>

The Swedish International Development Agency produced a report in 2003 setting out strategies to combat trafficking through development cooperation (SIDA 2003). It is thorough and identifies a wide range of causes of exploitation, examining the vulnerability of those exploited and preventive measures that can be taken through development assistance to reduce trafficking.

Development cooperation is just starting to address some of the economic and political underpinnings of trafficking and to help rehabilitate victims. Reducing the vulnerability of women and children is the main role of development instruments in the anti-trafficking campaign, as the victims of traffickers tend to be vulnerable poor people who are trying to migrate for their own or their family's benefit. While development cooperation can help the poor to provide for their basic needs and raise awareness about trafficking, to be effective it needs to be part of a wider strategy that includes cracking down on the traffickers themselves and better legislative measures to ensure that traffickers are prosecuted. Ratification of the UN protocol by all EU and ACP states would be a good step in this direction.

## 4. Remittance flows to the ACP

### 4.1 What are remittances?

Remittances are financial resources sent by migrants from one country to another. According to official statistics, migrant remittances to developing countries were some US \$80 billion in 2002, equivalent to about 60 per cent of global remittance flows (Ratha 2003). Remittances are thereby the second largest source of external funding for developing countries after foreign direct investment (FDI) (*ibid.*). Overall, remittances are a much larger source of income for developing countries than official development assistance (ODA); and while remittance flows have more than doubled over the past decade ODA has been falling (Gammeltoft 2002).

The IMF and World Bank define remittances as the sum of three components:

- *Workers' remittances* are recorded under the heading "current transfers" in the current account of the balance of payments. These are transfers to households in the country of origin, usually to family members.
- *Compensation of employees* includes wages, salaries and other benefits paid to border, seasonal and other non-resident workers (such as staff at embassies) and which are unrecorded under the "income" sub-category of the current account.
- *Migrants' transfers* are reported under "capital transfers" in the capital account of the IMF's Balance of Payments Yearbook. These are financial transfers made by migrants as they move from one country to another and stay for more than one year (see Ratha 2003: p. 171).<sup>38</sup>

The main official sources of remittance data are the IMF's annual Balance of Payments Yearbook (BOP) and the World Bank's World Development Indicators, which extrapolate from the BOP data. The existing data clearly show substantial remittance flows to developing countries, but the figures are imprecise compared to statistics on international financial flows more generally (Kapur 2004). It is widely acknowledged that official statistics underestimate actual remittance transfers for two main reasons:

- poor accounting in the receiving countries;
- the large volumes of remittances transferred

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#### Notes

<sup>38</sup> See also Migration Information Source: Remittance Data, June 2003, available at [www.migrationinformation.org](http://www.migrationinformation.org)

"informally", outside official institutional channels, and which therefore go unrecorded (Gammeltoft 2002: p. 13).

Estimates suggest that including informal flows, remittances to developing countries are likely to total between US \$100 and \$200 billion per year (Sander 2003a).

#### 4.2 How are remittances transferred?

Remittance transfers are made through formal channels such as banks and credit companies, the largest of which is Western Union, and through informal channels, most prominent being the Hawala networks that serve the Middle East and much of Africa and the Hundi networks used mainly by South Asian migrants. The informal channels work primarily based on trust.<sup>39</sup> Transfers through formal channels are recorded by the companies or governments concerned and published in the IMF's BOP statistics. Official transfer services vary between regions and countries, but transfer costs tend to be high, with fees between 13 and 20 per cent being standard. Informal transfer systems tend to be much cheaper and in some instances are also quicker and have a wider geographical reach.

Informal flows are particularly significant in countries with weak banking systems or political instability. Thus the bulk of the substantial remittance transfers to "crisis states" such as Somalia, Sudan, Liberia and Haiti are made informally. To sub-Saharan Africa in general, large volumes of remittances are sent informally and therefore go unrecorded in official statistics; their impacts are thus difficult to assess. The European Commission is currently examining the role, as well as the advantages and disadvantages, of informal remittance transfer systems in relation to formal transfer options. It may, however, be advantageous to support both formal and informal systems and link remittances to wider economic priorities, such as improving access to credit (especially in rural areas) through micro-credit schemes. Nonetheless, current research trends suggest remittances may begin to feature more in development policy.

#### 4.3 Remittances compared to other financial flows

Remittances are one of the largest sources of external funding for developing countries, and they are also one of the least volatile sources of foreign exchange earnings.<sup>40</sup> As stated in the World Bank's Global Development Finance 2003:

While capital flows tend to rise during favourable economic cycles and fall in bad times, remittances appear to react less violently and show remarkable stability over time. For example, remittances to developing countries continued to rise steadily in 1998-2001 when private capital flows declined in the wake of the Asian financial crisis. Even the more stable components of capital flows - FDI and official flows - declined in 2000-01, while remittances have continued to rise (Ratha 2003: p. 160).

Remittance flows have often been known to rise in difficult economic periods, in contrast to the capital flight which marks economic crises. Remittances sustained Somalia's trade deficit, for example, during the Saudi ban on Somali livestock in 2001, mitigating the adverse impacts on Somalia's mainly pastoral economy (Lindley 2004). Remittances can therefore be viewed as a form of social insurance to ensure that households in migrants' countries of origin are able to meet their basic needs. West African migrants remit as part of an 'implicit contractual arrangement' with their families who most likely helped to fund their move abroad (Ammassari and Black 2001: p. 9). In contrast to other financial flows, remittances are received directly by households and thus have great impact on household consumption and investment.

#### 4.4 Where remittances are sent from and to

Most of the remittances received in ACP states are sent by migrants in high income parts of the world, principally the United States, the EU and parts of the Middle East. Regional migration also impacts patterns of remittance sending. For example, within Africa significant remittance transfers take place from South Africa, Angola, Botswana and, before the war, Côte d'Ivoire (especially to Burkina Faso) (Sander 2003b). Other prominent source-destination dyads include the United Kingdom to Ghana, the Netherlands to Suriname and the Dominican Republic to Haiti (Kapur 2004: p. 15).

Many of the island states in the ACP receive substantial inflows of remittances and top the list of recipients when the volume of remittances is calculated

<sup>39</sup> For details see El-Qorchi, M. (2002).

<sup>40</sup> See for example Ratha, D. (2003); Kapur, D. (2004); Gammeltoft (2002); Sander (2003).



on a per capita basis. Remittance inflows to the Caribbean are sent mostly by migrants in the United States. The two largest receivers are the Dominican Republic and Jamaica, while Antigua and Barbuda had the largest inflow in per capita terms: US \$3,997 per capita (Gammeltoft 2002: p. 10). Remittances also have a major impact in the Pacific, where flows to Tonga and Western Samoa are reportedly three times more than export earnings, 'making labour the most important export' (Ahlburg 1991: p. 6 cited in Addy et al. 2003). Remittances to sub-Saharan Africa vary in importance between countries and therefore need to be assessed on a case-by-case basis. Overall, remittance flows to Africa are a significant and under-emphasised external revenue source, although the diversity of African political and economic conditions and diaspora groupings means remittances serve very different functions across the continent.

World Bank statistics provide an indication of the relative importance of remittances to different ACP states. These ranked the top 20 developing-country recipients of workers' remittances in 2001 according to volume received in billions of dollars and as a percentage of GDP. The Dominican Republic recorded US \$2 billion in remittances in 2001, more than any other ACP country, placing it in the World Bank's top 10 for gross amount of remittances received by a develo-

ping country. No other ACP state came in the top 20 ranking in terms of volume received. However, when remittance receipts were ranked as a proportion of GDP, seven ACP states appeared in the top 20: Tonga and Lesotho ranked first and second with remittances constituting 37 and 27 per cent of GDP, respectively. The list also included Cape Verde, Jamaica, the Dominican Republic, Vanuatu and Uganda, where remittance volumes ranged from 8 to 14 per cent of GDP. We can thus conclude that in some ACP states

*Table 1. ACP states in the top 20 ranking of developing-country recipients of remittances (remittances calculated as a percentage of GDP)*

| ACP country        | Remittances as % of GDP |
|--------------------|-------------------------|
| Tonga              | 37.3                    |
| Lesotho            | 26.5                    |
| Cape Verde         | 13.6                    |
| Jamaica            | 13.5                    |
| Dominican Republic | 9.3                     |
| Vanuatu            | 8.9                     |
| Honduras           | 8.5                     |
| Uganda             | 8.5                     |

Source: IMF BOP statistics (2001)

*Table 2. Remittances and other financial inflows by ACP region, 1994-99 average (US\$ billions and percentage)*

|                             | Remittances | Aid  | FDI  | Other private flows | Total | Number of countries | Missing |
|-----------------------------|-------------|------|------|---------------------|-------|---------------------|---------|
| Eastern and Southern Africa | 1.1         | 5.2  | 3.2  | 2.3                 | 11.8  | 14                  | 11      |
|                             | 9 %         | 44 % | 27 % | 19 %                | 100 % |                     |         |
| West Africa                 | 1.9         | 5.3  | 2.0  | -0.3                | 8.9   | 15                  | 8       |
|                             | 21 %        | 59 % | 23 % | -3 %                | 100 % |                     |         |
| East Asia and Pacific       | 10.2        | 6.6  | 54.9 | 30.8                | 102.5 | 13                  | 10      |
|                             | 10 %        | 6 %  | 54 % | 30 %                | 100 % |                     |         |
| Central America             | 7.5         | 1.8  | 12.7 | 11.7                | 33.7  | 8                   | 0       |
|                             | 22 %        | 5 %  | 38 % | 35 %                | 100 % |                     |         |
| Caribbean                   | 2.0         | 0.3  | 1.6  | 0.1                 | 4.0   | 9                   | 4       |
|                             | 51 %        | 7 %  | 40 % | 2 %                 | 100 % |                     |         |

Source: Gammeltoft (2002: p. 20).<sup>41</sup>

#### Notes

<sup>41</sup> Gammeltoft states his sources as follows. Remittances: IMF Balance of Payments Statistics Yearbook; Aid: "Official development assistance and official aid" from World Bank "World Development Indicators" (Web edition for 1996-99 & 1998, CD-ROM for previous years); FDI and "other private flows": World Bank "Global Development Finance 2001" ("Country Tables" volume).

remittances constitute a major source of revenue and foreign exchange.

Remittances make up the greatest percentage of revenue in the lowest income countries (those categorised by the World Bank as least-developed countries or "LDCs") (Ratha 2003: p. 158). However, as a proportion of total remittances flowing to developing countries, about half go to lower middle income countries, while low income and upper middle income countries receive about a quarter each. The overall share of global remittances received by LDCs is therefore quite low, but their impact is amplified due to the lack of revenue accrued from other sources such as trade and FDI. Official statistics also indicate regional variations in remittance flows. Remittances into sub-Saharan Africa reportedly constituted 1.3 per cent of the region's GDP in 2002 - the same as that for developing countries as a whole and similar to the 1.5 per cent of GDP made up by remittances in Latin America and the Caribbean. However, this is substantially less than the 2.5 per cent of GDP made up by remittances in South Asia (ibid.: p. 160). As a percentage of total international resource flows, remittances were estimated at 31 per cent for low income countries and 21 per cent for lower middle income countries, compared to 34 and 11 per cent provided by aid and 20 and 47 per cent for FDI, respectively (Gammeltoft 2002: p. 22, from IMF BOP data).

With reported remittances to sub-Saharan Africa showing few signs of growth, Kapur concluded this to be 'a sobering indication that this source of finance is unlikely to contribute significantly in ameliorating the external financing problems of the region' (Kapur 2004: p. 8). Most African states are more dependent on aid than on remittances, although there are some exceptions, including the most populous African state, Nigeria, where remittances outweigh aid by 7:1, and one of the smallest, Lesotho (which relies on remittances from its migrants in South Africa), where the ratio is 4:1 (Gammeltoft 2002: p. 3). But clearly neither aid nor remittances will in themselves resolve the balance of payments crises in Africa. This will require more substantial global economic reforms combined with improved economic management in many African states themselves. As argued elsewhere, the benefits of remittances are as a supplement rather than a substitute for foreign aid in the poorest countries (ibid.). But the significance of remittance flows into sub-Saharan Africa should not be underestimated. Lack of reliable data is particularly acute in Africa, a problem explicit in the World Bank's Global

Development Finance 2003, in which data on remittances was missing for more than two-thirds of sub-Saharan African states (Sander 2003b: p. 15). Volumes of remittance flows into Africa are likely to be substantially higher than the incomplete data sets indicate.

#### 4.5 Development agencies and growing interest in remittances

Remittances are currently receiving more attention than ever before from development policymakers and aid agencies. The substantial section on remittances in the World Bank's 2003 Global Development Finance Report is indicative of this trend, which has also seen a burgeoning literature on remittance flows, much of it commissioned by international development agencies. Whereas remittance issues were previously the domain of migration experts, one of the consequences of the terrorist attacks of 11 September 2001 was to highlight cross-border financial transfers (not remittances *per se*) as a major security issue in need of greater scrutiny to prevent the financing of terrorists. This attention has made remittances a mainstream policy issue at the nexus of migration, security and development. Any policy formulated to impact on one of these domains (e.g. security) is likely to affect another domain (e.g. development).

Work by DFID and research recently commissioned by the European Commission into informal remittance sending may be first steps to enhancing, or possibly regularising, some of these flows.<sup>42</sup> Regularisation (channelling them through formal institutions) has potential benefits, particularly if transaction costs are lowered and credit agencies become more widespread in developing countries. For development purposes, this may help sustain or increase remittance flows. For this to happen, however, the regular channels would have to be improved so they become more attractive *vis-à-vis* informal channels and networks. But this is *not* to suggest that informal systems should be constrained. As noted previously, they often work very efficiently and in many countries have a wider geographical reach than formal systems. It is often assumed that remittances are sent informally due to the inefficiency of formal transfer methods, and that this, as Sander and Maimbo (2003: 5) put it, "limits the potential of remittances to contribute to development." This is difficult to prove in the

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#### Notes

<sup>42</sup> The reports come under the title of *Informal Remittance Systems in Africa, Caribbean and Pacific (ACP) countries* and are now available as individual country reports and as a synthesis report at the following website: <http://www.compas.ox.ac.uk/publications/Informal%20Remittances%20report.shtml>

absence of research on the effects of remittances sent formally compared to those sent informally. Policies orientated towards the easing of restrictions on informal remittance flows could also be beneficial. Furthermore, there are sometimes overlaps between formal and informal remittance systems: part of the transfer process may take place informally but use may also be made of formal services. Thus, reducing the cost of remitting through formal channels may also reduce the cost of remitting informally.

The US experience may provide some lessons for the formal sector, as banks are now recognising the lucrative profits they can make by boosting migrant services. Similarly the practices of Portuguese banks in the 1980s are instructive: free transfer services for Portuguese migrant communities and a network of local delivery agents in Portugal expanded deposits by migrants, who by the late 1990s held around 20 per cent of the total deposits in Portugal (Kapur 2004: p. 12).

Perhaps the most profound influence EU policies can have on remittance transfers is through the regulation of migration itself. Remittance flows from the EU are conditional on the presence of migrant diasporas in the EU. Increased labour mobility from the ACP to the EU should increase remittances. The temporary movement of people maximises remittance-sending, as remitting tends to decrease with length of stay. Increased temporary migration could also offset the impact of brain drain caused by permanent resettlement.

#### 4.6 Potential policy pitfalls

It is often argued that development agencies should strive to facilitate the "productive use" of remittances. Usually this means financial investment: in banks, a business, land or housing. Consumption is sometimes dismissed as "unproductive". Yet remittances used to finance schooling for children or for household consumption are not unnecessary expenditures and, certainly in the case of education, may constitute long-term investments.

A point less frequently made is that remittances give developed countries added policy leverage over developing countries, since policies in the former can affect the volume of flows to the latter. This is crucial: reduction of transaction costs, for example, is likely to increase remittance flows through formal channels

#### Key policy challenges on remittances

- Reduce transaction costs and other impediments to formal channels for sending remittances.
- Facilitate investment opportunities in receiving countries to maximise benefits from remittances. This may include aiding micro-finance initiatives, especially in rural areas, and encouraging investment in small and medium-sized enterprises.
- Safeguard against the manipulation of remittance policy to restrict migration.
- Legislate for the mobility of migrants to maximise remittances.
- Consult with diaspora groups to assess their problems and needs in sending remittances.

and thus benefit developing countries. However, official remittance flows could be used to justify falling levels of aid, though this notion is normally dismissed by development agencies, which stress that remittances are private funds and cannot substitute for development assistance. The policy leverage of developed countries could also be used to restrict remittance flows in order to discourage migration to the EU or other developed regions. This would assume that the need to send remittances is a main cause of migration and that the incentive to migrate would be reduced if remittance channels were closed. An obvious argument against this clamping down on remittance flows is that further restrictions would induce even more money to be remitted through informal channels, while migration flows would continue as before.

The above examples suggest the need for caution in policy initiatives. Remittances have attracted the attention of a wide range of policy actors, for different reasons. While development policies could usefully be used to enhance the volume and effects of remittances, policies need to be implemented with appropriate safeguards to advance objectives that will benefit migrants, their families and their places of origin.

## 5. Conclusions

Debates on migration in the EU have thus far been skewed towards restricting and controlling immigration. The causes and impacts of migration in source countries have received much less attention. Increasingly, however, the EU's external relations instruments (including development assistance policies) are being used to tackle the causes of migration in countries of origin. The main purpose of current policies, however, remains to prevent illegal migration to Europe and reduce the number of asylum applications in the EU. Migration thus still tends to be seen as a problem to be prevented.

This paper has shown that migration is an important aspect of economic and social development. This means it needs to be addressed as a development issue and not viewed solely through the lens of domestic EU concerns. Migration issues affect countries throughout the ACP and therefore warrant consideration as part of the development cooperation agenda.

This paper has further shown that "brain drain" is a major problem in many ACP countries. Paradoxically, however, the solution is principally to encourage *increased* mobility for those who are leaving rather than imposing restrictive measures in either the EU or the ACP. A serious question for the European Commission is whether it can be non-partisan in its efforts to link migration and development policies when the driving force behind such policy initiatives is a desire to encourage the source countries of EU immigrants to acquiesce in migration control. Linking migration issues to development cooperation concerns in a wide-ranging and comprehensive way may serve to reduce the dangers of a narrow preventive agenda.

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