Chapter 11

Leveraging Migration and Remittances towards Graduation of the LDCs

Mustafizur Rahman and Md. Zafar Sadique[1]

11.1 Introduction

In view of rising migration from the least developed countries (LDCs) in recent years (UNDESA 2012), remittance flows have emerged as a major source of foreign exchange earnings for a number of the LDCs. In appreciation of this, many LDCs have started to reorientate their development strategies by taking into cognisance the potential benefits of both outmigration and the resultant inward remittance flows. This growing role in the economies of the LDCs and the underlying development potentials of migration and remittances were recognised in the Istanbul Programme of Action (IPoA) for the LDCs (UN 2011) and were also reflected in the United Nations Conference on Trade and Development (UNCTAD)'s LDC Report 2012, which stressed the need to harness remittances and diaspora knowledge to build productive capacities in the LDCs (UNCTAD 2012).

This emphasis is a significant departure from the 1990s. Not surprisingly, migration, the role of diaspora or potential benefits of remittance flows to the LDCs did not figure prominently in the Brussels Programme of Action (BPoA) for 2001–10. Remittances were mentioned merely as a source of private external flow directed to households in countries of origin of migrants. In contrast, whilst formulating the IPoA, it was felt that from the perspective of both labour market dynamics and access to financial resources, migration and remittances ought to be given due recognition because of the positive role they could potentially play in the economies of the LDCs. However, IPoA clearly states that remittance flows should not be seen as a substitute for foreign direct investment (FDI), official development assistance (ODA) or other public sources of finance for development. This is important to keep in mind, also because those living in poverty hardly have an opportunity to migrate.

The resilient nature of remittance flows relative to other resource flows (World Bank 2012a), within the backdrop of successive global economic and financial crises of recent times, has further strengthened the case of outmigration and remittances as important variables in the developmental equation. Indeed, inflow of remittances to LDCs had exceeded net FDI flow for the larger part of the last decade to emerge as the second largest source of resources flow after ODA. The LDC Report 2012 mentions that, during 2008–10, remittance flows to 9 of the 37 LDCs for which remittance data are available[2] exceeded both ODA and the FDI inflow (UNCTAD 2012).

Recognising the growing impact of migration and remittances, at both the micro (household) level and the macro (national) level, the IPoA document, under the section on 'Mobilisation of Financial Resources for Development and Capacity Building', has set out broad targets of lowering the transaction costs of remittances sent by migrant workers to countries of origin (through both banking and non-banking channels) and creating opportunities for the remittances sent by migrants to be deployed in investment-related activities in the countries of origin. In addition, the IPoA has identified two distinct sets of actions, each to be carried out by the LDCs and the development partners respectively. These actions and deliverables include a number of important areas: reduction of sending costs of remittances from host countries to countries of origin; better access to information by migrant workers; reduction of costs of migration; more effective use of skills and knowledge of returnee migrants; safeguarding of migrants' interests in host countries; initiatives towards the introduction of a system of temporary migration from the LDCs; and support to global initiatives in support of migration and remittances concerning the LDCs.

This chapter is divided into six sections. Following the introduction, Section 11.2 provides information relating to developments regarding migration from, and remittance inflows to, the LDCs over recent years. In Section 11.3, based on a review of relevant literature in the context of LDCs, cross-country evidence on the role of outmigration and remittances is presented with some critical comments as regards IPoA targets. Section 11.4 reviews the targets and deliverables of the IPoA and examines why actions by the LDCs and the development partners in this context are of interest and importance to the LDCs. Section 11.5 deals with the issue of monitoring the IPoA deliverables and makes an attempt to identify indicators for each of the deliverables, and the tools that could be deployed for the purposes of monitoring. Section 11.6 presents some concluding remarks.

11.2 Distinctive features of migration from, and remittance flows to, the LDCs

According to World Bank 2012 data, remittance flows to the LDCs rose about four-fold between 2000 and 2010, from USD 6.2 billion to USD 24.5 billion. Following the benchmark year of 2008 (for the purposes of the IPoA), remittances have increased by about USD 7 billion in four years to reach an estimated USD 30.2 billion in 2012. In contrast, remittances rose less than two-fold between 1990 and 2000, increasing from USD 3.4 billion to USD 6.2 billion. Indeed, Melde and Ionesco (2011) point out that the volume of remittance would be actually higher than the data often cited because 11 out of 49 LDCs did not have data on transfers and 13 had incomplete data. Only half of the LDCs had complete data sets on remittance flows. Indeed, the actual remittance flow would be significantly higher since a large part of remittances to LDCs is sent through informal channels (see Section 11.4.2 for more on this).

Whilst rise in remittances was true for all three sub-regions, remittance flow was relatively more important for the Asian LDCs. As Table 11.1 shows, Asian LDCs in particular have seen their share in total remittance inflow rise from 57.8 per cent to 70.5 per cent between 2000 and 2012. Bangladesh was by far the most important player with her share of 45.5 per cent of the total remittance flows to LDCs in 2012, increasing

Table 11.1 Share of groups of LDCs in total remittance flow

Migrant remittance inflows (%)	1990	2000	2006–08 average	2009	2010	2011	2012
Asian LDCs	65.9	57.8	58.5	64.4	66.6	66.7	70.5
of which Bangladesh	*22.4*	*31.7*	*38.1*	*44.8*	*44.3*	*44.3*	*45.5*
Pacific LDCs	1.6	0.6	0.4	0.6	0.6	0.6	0.5
African LDCs and Haiti	32.5	41.6	41.0	35.1	32.8	32.7	29.0
of which Sudan	*1.8*	*10.3*	*11.0*	*9.1*	*5.8*	*5.2*	*4.8*
Senegal	*4.1*	*3.8*	*6.5*	*5.8*	*6.0*	*5.4*	*4.6*
Haiti	*NA*	*9.3*	*6.7*	*5.9*	*6.0*	*5.7*	*5.4*
LDC total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LDCs as % of world	5.4	4.7	4.6	5.4	5.3	5.3	5.7
(World, USD billion)	(64.2)	(131.4)	(399.6)	(435.1)	(462.3)	(513.3)	(533.5)

Notes: Top 10 remittance recipient LDCs in 2012 (ranging from USD 535 million [Ethiopia] to USD 13.7 billion [Bangladesh]): Bangladesh, Nepal, Haiti, Yemen, Sudan, Senegal, Uganda, Lesotho, Myanmar, Ethiopia.

Data for 2012 are provisional estimates. Latest data (2012) for 13 LDCs are not available. The other nine LDCs have partial data.

Source: Computed from World Bank data, available at: http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/RemittancesData_Inflows_Nov12(Public.xlsx) from 31.7 per cent in 2000.[3] As Table 11.1 shows, following the decline in the LDC share in global remittance flows between 1990 and 2000 (from 5.4 per cent to 4.7 per cent), it started to rise in the next decade, reaching 5.7 per cent in 2012. It is interesting to note here that South–South remittance flows have contributed a sizeable share of the remittance flows to relatively larger LDC recipients such as Bangladesh. Seven of the top ten remittance corridors applicable to the LDCs relate to South–South corridors (UNCTAD 2012). However, what is also important to note is that remittance flows to the LDCs were only USD 30.2 billion in 2012 compared with the global remittance flows of USD 533.5 billion for the same year (representing about 5.7 per cent).[4]

Higher flows of remittance over the past decade were generated within the backdrop of an increasing flow of migrant workers from the LDCs, thanks to a high proportion of young people in many LDCs. About 60 per cent of population in the LDCs are under 25 years of age (UNDESA 2011). Consequently, the propensity for mobility tended to be high in these countries. As a World Bank (2008) study pointed out, in 2005 almost 22 million or 2.9 per cent of the population left an LDC for overseas. However, during and after the global economic and financial crises period, the flow of migrants to the USA, a major traditional destination, as well as to other developed countries, slowed down.[5] Whilst the destination of the overwhelming majority of emigrants from the Asian LDCs was found to be the developing countries, for small Pacific island LDCs the common feature was intra-regional migration. This was also true for African LDCs, where a significant number of migrant workers were destined for countries within the continent. In terms of quality, workers with higher education and professional skills tended to go more to the Organisation for Economic Co-operation and Development (OECD) countries (Docquier and Marfouk 2006; Docquier et al. 2009).

The movement of the female workforce has also gained some momentum in recent times (Table 11.2). This is perhaps due to the emerging demand for domestic and healthcare-related services in many of the developed countries. However, many LDCs have not pursued this opportunity more actively because of various reasons including lack of safety and security (SAMP 2008). Another reason is that, in many low-income countries, women are often less educated and less skilled than their male

Table 11.2 Stock of migrant workers from the LDCs

Regions	Stock of total emigrants ('000)			Female ('000)		
	1990	2000	2010	1990	2000	2010
Asian LDCs	15,743	13,585	15,184	6,825	5,792	6,039
Bangladesh	*5,699*	*5,618*	*6,477*	*2,397*	*2,342*	*2,297*
Pacific LDCs	101	282	205	51	137	100
African LDCs and Haiti	14,009	15,185	16,965	6,395	7,047	7,840
LDC total	29,852	29,052	32,354	13,271	12,976	13,979
World	155,204	178,291	214,199	76,210	88,129	104,850

Note: Top 10 migrant stock LDCs in 2010: Bangladesh, Afghanistan, Burkina Faso, Sudan, Somalia, Myanmar, Haiti, Mozambique, Mali, Democratic Republic of the Congo.
Source: UNDESA (2012)

cohorts. Dedicated programmes need to be undertaken to address the attendant concerns, both at home and in host countries.

The majority of workers from LDCs are unskilled or have low levels of skills and hence their income is also relatively low. This is corroborated by the fact that LDCs account for 15 per cent of global migrant stock but their share in global remittances was only 5.7 per cent. An International Organization for Migration (IOM) survey (IOM 2010) found that annual remittance per migrant worker was only USD 1,672 for Bangladesh whilst the figures for India, China and Philippines were USD 4,843, USD 6,112 and USD 4,982 respectively. The 2010 IOM survey found high correlation between education level and remittances sent by Bangladeshi migrant workers.

Overall, for many LDCs, South–South migration is significantly more important than South–North migration. One in five migrants originating in LDCs went to another LDC, whilst almost half of all emigrants went to another developing country besides the LDC group. Only about one-quarter of LDC migrants went to OECD countries. However, it needs to be pointed out that a large part of South–South migration from LDCs continues to remain undocumented. As information in Table 11.2 shows, in 2010, out of the global stock of 214.2 million migrant workers, 32.4 million (15.1 per cent) were from the LDCs. The structure of the stock shows that about 52.4 per cent of total LDC stock was accounted for by the African LDCs (plus Haiti), whilst the share of Asian LDCs was 46.9 per cent. Reliable estimates of the number of workers who leave LDCs each year for temporary jobs, however, is hard to get and the data in Table 11.2 perhaps do not capture the whole picture.[6]

The importance of remittance for the economies of the LDCs may be appropriately appreciated when this is compared with estimates of gross domestic product (GDP). As Table 11.3 shows, in 2011 remittance flows to the LDCs were equivalent to 4.05 per cent of the GDP for all LDCs; indeed, this was almost double for the Asian LDCs (7.04 per cent; in the case of Bangladesh, this figure was 11.23 per cent).

Table 11.3 Remittance/GDP ratio for various groups of LDCs

LDC groups	Remittances as % equivalent of GDP				
	2000	2006–08 average	2009	2010	2011
Asian LDCs	4.62	7.25	7.86	7.19	7.04
of which Bangladesh	*4.33*	*10.04*	*11.81*	*10.88*	*11.23*
Island LDCs	4.24	3.51	5.20	4.62	4.64
African LDCs and Haiti	2.52	2.51	2.34	2.10	2.17
of which Sudan	*4.89*	*3.62*	*3.24*	*1.79*	*2.58*
Senegal	*4.99*	*10.59*	*10.59*	*11.51*	*10.24*
Haiti	*17.21*	*23.11*	*23.17*	*24.07*	*22.88*
LDC total	3.43	4.08	4.29	4.00	4.05
World	0.41	0.65	0.75	0.73	0.73

Note: GDP figures are taken from UNCTAD database. Data for Myanmar, Djibouti and Somalia (subject to all or different years) are not reported in World Bank database. Most of the 2011 GDP data are provisional estimates.

Source: Calculated from World Bank data

11.3 Remittances and the issue of resource mobilisation in the LDCs

11.3.1 Cross-country evidence

Available evidence indicates that migration and remittances play a crucially important role in the economies of the LDCs – at the macro (national) level and the micro (household) level. It was found that remittance-financed community projects contribute to development of infrastructure in a number of LDCs (Bakewell 2009). In addition, remittances were also found to promote development of the financial sector, one of the key drivers of economic growth (UN-OHRLLS 2010). At the national level, remittance flow replenishes foreign reserves, helps maintain stability of the foreign exchange value of domestic currencies and provides the purchasing power needed to import goods, services, capital machineries and other imports of developmental importance. On the other side, the local currency released against the remittance flows that accrue to the households of migrant workers helps meet their consumption and investment demands. Thus, remittances help stimulate domestic demand. Migration of workers enables LDCs to address the challenge of making available employment opportunities for the millions of young people who join the labour market each year. This is particularly important because domestic labour markets in most of the LDCs tend to be rather tight. In the absence of remittances, many LDCs would have been significantly more dependent on ODA, although, as the IPoA has rightly pointed out, remittance cannot be a substitute for FDI, ODA, debt relief or other public sources of finance for development. The General Assembly of the Economic and Social Council of the United Nations, at its IPoA progress review meeting held in July 2012, acknowledged that the size of remittances is of particular benefit to Asian LDCs, where it outpaced other sources of financing such as ODA and FDI (UN 2012).

A literature survey indicates that migration, as a source of human resource mobilisation, could be important from four perspectives: as a source of financial resource mobilisation; as a source of knowledge and financial capital when migrant workers return to their home country; skilled diaspora as a source of learning and transfer of knowledge through the diaspora knowledge networks (DKNs); and as a source of investible resources, by making use of instruments such as diaspora bonds. However, to realise the full potential of remittance flow, other supportive back-up measures including basic infrastructure are needed. In the absence of these, migrant workers are not able to contribute adequately to the economy of their countries of origin.

The size of emigrant stocks is arguably the most important determinant of remittances (Ratha and Shaw 2007; Freund and Spatafora 2008; Lueth and Ruiz-Arranz 2008; Singh et al. 2011). Freund and Spatafora (2008) reported that recorded remittances depend negatively on transfer costs and the parallel market premium. On the other hand, it is also interesting to note that highly skilled migrants tend to remit a relatively lower share of their income to their countries of origin (Niimi and Ozden 2006; Faini 2007; Adams 2009), although the amount itself was found to be higher. This was the case for countries such as Ghana which had sent relatively more high-skilled workers abroad (Gibson and McKenzie 2010).

The positive multiplier impacts of overseas employment opportunities and remittances sent to the home country have been well documented in the relevant literature. Studies show that migration and remittances have significant positive impacts on economic and social well-being, poverty reduction, nutritional intake, education and health outcomes in the recipient low-income countries (Hildebrandt and McKenzie 2005; World Bank 2006; Melde and Ionesco 2011). Evidence from Latin America, Africa, South Asia and other regions suggests remittances have an impact on reducing poverty and also stimulate economic activity. These gains are achieved through higher consumption, asset acquisition, better schooling of children, investment in productive areas, access to better technology and heightened ability to mitigate temporary shock (Adams 1991; Lachaud 1999; Adams 2006; Fajnzylber and López 2007; Gupta et al. 2007; Ajayi et al. 2009; Anyanwu and Erhijakpor 2010).

A number of studies (Ghosh 2006; Bakewell 2009; Luthria 2009) found that remittances contributed to poverty alleviation by supporting family welfare. Adams and Page (2005), in a study covering developing countries, found that a 10 per cent increase in per capita official international remittances leads to a 3.5 per cent decline in the share of people living in poverty. Ratha and Mohapatra (2007) found that the share of people living in poverty dropped by 11 per cent in Uganda and by 6 per cent in Bangladesh thanks to income complement through remittances.[7] ILO (2004) reported that, in the case of Bangladesh, remittances had a multiplier impact of 3.3 on gross national product (GNP), 2.8 on consumption and 0.4 on investment. A number of studies found a direct positive relationship between remittance flow and human capital formation. Remittances also contributed to achieving fundamental human rights and Millennium Development Goals (MDGs) by improving access to healthcare services and education. Factoring remittance inflows into a workable macroeconomic framework is also likely to improve the credit rating and external debt sustainability of the remittance-receiving country (Abdih et al. 2009; Avendano et al. 2009; IMF 2010; Ratha et al. 2010).

Some authors, on the other hand, have sounded a cautionary note. There are a number of studies which indicate that remittances could have adverse and undesirable impacts: remittance flows to low-income countries could lead to income inequality among people living in poverty (Chami et al. 2005; Capistrano and Sta-Maria 2007);[8] remittance income could have negative impacts on growth and productivity (Ahortor and Adenutsi 2009); and remittances could lead to aggregate economic slowdown because receiving households tend to reduce their labour supply and working hours (OECD 2007). Cross-country analyses in Africa (Anyanwu and Erhijakpor 2010) and in Latin America (Barham and Boucher 1998) indicate that remittance is related to greater income inequality.[9] It has been argued that when professionals and skilled workers migrate it creates important gaps in their country of origin, undermining the cause of structural change that the higher flow of remittances was expected to contribute to in the first place. This 'brain drain' argument is a powerful one, particularly for countries with an acute shortage of skilled and professional workers. The 'Dutch disease' effect originating from high remittance flows has also been noted as a concern (Fajnzylber and López 2007). A consequence of this effect is that it induces a real exchange rate appreciation in the country of origin, which undermines the interests of the exporting sectors in the economy (Acosta et al. 2009). As Rodrick (2008) argued for developing countries, episodes of undervaluation of local currency are strongly associated with higher economic growth of the country, and vice versa. Thus, enhanced remittance flows, whilst stimulating growth and domestic demand, could also contribute to reduced external competitiveness through appreciation of the local currency.

In spite of the above, the positive developmental impacts of remittances emerge quite unequivocally from the literature. Whilst brain drain remains a concern, particularly for African LDCs, because of underlying economic causes, migration from the LDCs is likely to be difficult to stop. There is a growing recognition that, because of the structural weaknesses and absence of gainful employment, temporary low-skilled migration schemes could present an opportunity for a 'triple-win' situation for migrants, origin countries and destination countries (Melde and Ionesco 2011). There is a general consensus that, overall, the positive contribution of migration and remittances far outweighs the negative effects and that the overall developmental and welfare impacts are positive for the low-income countries.

An important question in the context of the above discourse is whether LDCs should ask that market access be promoted for only selected types of migrant workers. This question arises particularly in view of the argument of 'brain drain', and that migration of skilled workers would work against the cause of structural changes in the LDCs. One could argue, as was mentioned earlier, that high-skilled workers would tend to migrate anyway, on their own, and also because developed countries were keen to attract them. What LDCs should perhaps demand is greater market access for low- and semi-skilled workers, for whom the markets of developed countries have tended to remain highly restrictive until now (more on this in Section 11.4.6).

There is also a need to bring into the discourse the issue of streamlining South–South migration. As a recent study (IOM and ACP Observatory on Migration 2012) points out, because of climate change the propensity for South–South migration could rise in the future. The study notes that the majority of people moving out because of environmental reasons stay within their own country or within the same region. Thus, climate change impacts could add new dimensions to the migration discourse.

However, migration opportunities ought not to be seen as an alternative to pursuing the needed labour market reforms or addressing the labour market failures in the domestic economy.

11.3.2 IPoA, remittances and the gaps

Production of 'reliable' and 'sufficient' data remains problematic, particularly for the majority of the developing and low-income countries. It is only the developed 'high-income' countries that keep records on migration and remittance flows on a regular basis. Thanks to some of the relevant UN agencies, and also under the ambit of some global and regional initiatives, efforts are currently under way to produce at least a set of basic data and information. A common methodology for harmonising a global dataset, on different indicators, is yet to be designed. This is necessary for comparability and analysis. Knowledge sharing and enhanced capacity building for the LDCs in producing, maintaining and regularly generating relevant data should be given high priority in this regard. IPoA, however, has somewhat overlooked this issue. It is also widely thought that the IPoA targets related to migration and remittances have not put enough emphasis on gender perspectives. Without a good database, to be updated on a regular basis, it will be difficult to monitor any progress as regards IPoA indicators.

International migration should not be seen only as an opportunity to accumulate financial capital; rather, it opens up a space to make it work as a 'development agent'. However, many low-income countries have not been able to integrate migration and remittances into mainstream development policies.[10] As Kelegama (2011) points out, national development and poverty reduction strategies in developing countries have not been able to fully appreciate the potential of migration, and remittances have not been integrated into the mainstream development and planning process. Migration and remittances ought to be considered more than merely as a 'source of mobilisation of finance' but as an instrument of development. These are also avenues for knowledge transfer and generation of new and innovative ideas. Sobhan (2010), for example, has argued for 'collective action' to empower communities of migrants so that these are transformed from vulnerable individuals to a more empowered corporate entity. In a welcome note, the LDC Report 2012 proposed a knowledge-transfer scheme (DKN) with an aim to harness benefits from members of the diaspora for the home country.[11] IPoA provides a useful opportunity to make migration and remittances work for economic development of the LDCs.

11.4 IPoA targets: a critical review of the current situation

11.4.1 Issues related to IPoA targets

The issues of migration and remittances have been put in the IPoA under the section on 'Mobilisation of Financial Resources for Development and Capacity-building'. IPoA mentions two broad goals along with four deliverables by the LDCs and four others by the development partners. Indeed, the IPoA deliverables go beyond the limits of mobilisation of financial resources and involve a number of dimensions concerning regulatory regimes governing migration, rights of migrants in host countries and the responsibilities of both sending and host countries in safeguarding the interests of migrant workers.

The IPoA has set the following broad targets with regard to remittances and the deliverables expected from LDCs and development partners:

Broad targets

- Lower the transaction costs of remittances;
- Create opportunities for development-oriented investment.

Action by least developed countries

- Make efforts to improve access to financial and banking services for easy transaction of remittances;
- Simplify migration procedures to reduce the cost of outward migration;

- Take appropriate measures to better utilise knowledge, skills and earnings of the returning migrants;
- Provide necessary information, as available, to workers seeking foreign employment.

Action by development partners

- Resist unfair and discriminatory treatment of migrant workers and the imposition of unreasonable restrictions on labour migration in order to maximise the benefits of international migration, while complying with the relevant national legislation and applicable international instruments;
- Consider developing, where appropriate and in accordance with domestic laws, a system of short-term migration, including workers from LDCs;
- Remove unnecessary restrictions on outward remittances and support the lowering of transaction costs;
- Consider supporting the LDCs in establishing the International Migrants Remittance Observatory, on a voluntary basis.

11.4.2 Improved financial access and cost of sending remittances

As evidence suggests, the rate charged for sending remittances is almost 30 per cent higher for LDC corridors than remitting to other international corridors. Fees required for remitting money to the LDCs are as high as 12 per cent of the remitted sum, whereas the world average is less than 9 per cent (UNCTAD 2012). However, the amount charged for remitting money generally depends on the amount transferred, traffic density of the corridor, mode of the carrier, accessibility and technological know-how. It should be noted that Asian LDCs tend to enjoy relatively lower remitting costs than African or Pacific LDCs. Sending remittances within Africa costs almost double the amount required to send the same amount between Singapore and Bangladesh (UNCTAD 2012). However, even in Africa, new internet-based initiatives such as International Financial System (IFS), implemented by the Universal Postal Union (UPU), have been able to bring down the cost of remitting money through postal co-operation. Uganda, Tanzania and Kenya have benefited from such an initiative, which started in 2002 but was further strengthened in 2009. Nevertheless, to a large extent, post office staff still continue to serve as agents of the privately owned money transfer operators (MTOs), for which charges are much higher than for Postal Unions under IFS (Lunogelo 2009).

As is well known, official estimates of remittances do not capture payments made through informal or unrecorded channels. There are significant differences across countries as far as transfer channels are concerned. In Mali, Senegal and Uganda, countries that face extremely high transfer costs, the bulk of remittances enter through informal channels. In contrast, Latin America has a relatively small informal sector because the transfer costs are relatively low. One explanation is that MTO-related transaction costs of sending remittances to Latin America have come down sharply since 1995 (Orozco 2003).

It is most likely that the available figures on remittances are significantly underestimated due to unrecorded money sent through informal channels. For some LDCs it is estimated that as much as half of all remittances were sent outside the official banking channels owing to burdensome procedures that involved accessing formal financial instruments, high transfer costs and unfavourable exchange rates (Table 11.4). Gibson et al. (2007) found that remittances sent would rise by 0.22 per cent if costs fell by 1 per cent. Khatri (2008) estimates that South Asian economies could have tapped remittances in the range of USD 100 billion if the major share of incoming remittances could be channelled through a formal mechanism.

In a welcome move, the World Bank, from 2008, started to collect data on the cost of sending remittances. The data are collected for every other quarter (Q1 and Q3) by major host and destination countries, and from major intermediaries providing the services. As the data show, the cost of sending remittances still remains high for migrant workers coming from the LDCs (such as Bangladesh, Senegal and Haiti). There is also considerable volatility from one quarter to the next.

As Figure 11.1 shows, the cost of sending remittances to Bangladesh from some of the key host countries tends to vary significantly across countries. The cost is highest for Malaysia and lowest for Singapore. There are also significant variations across time. For example, the cost of sending remittances from France to Senegal has gone up from 9.3 per cent to 12.3 per cent between 2008 and 2012 (Figure 11.2). As Figure 11.3 indicates, there are also significant variations across time and across host countries when the cost of sending remittances to Haiti is considered.

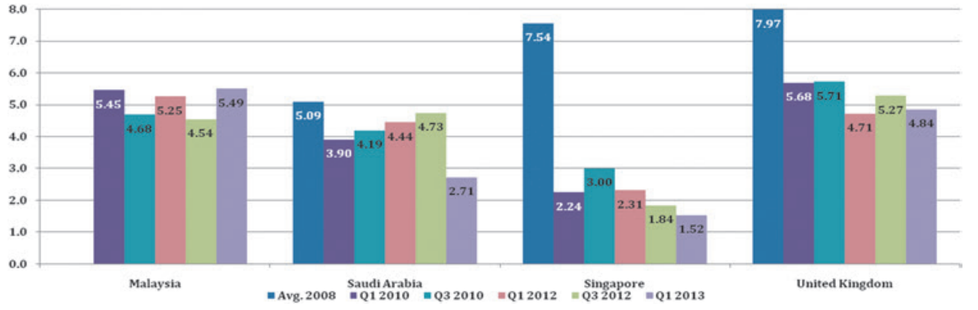
When the cost of sending remittances is analysed in more detail, it is found that variations in transfer charges are also true across the various agencies that are involved in providing the related services, although for the same agency the dispersion across quarterly charges tends not to be very significant. The cost of sending remittances includes two elements: the fees charged by the agents for sending the money and the

Table 11.4 Informal remittance inflows, selected countries

Country	Reporting year	Informal inflow (% of total)
LDCs		
Bangladesh	2003	54
Mali	2004	70
Senegal	2004	70
Uganda	–	80
Lesotho	2005–06	87
Other developing countries		
Armenia	2004	38
Dominican Republic	2000–02	15
El Salvador	1997	20
Guatemala	2004	5
Moldova	2004	47
Philippines	2000	41

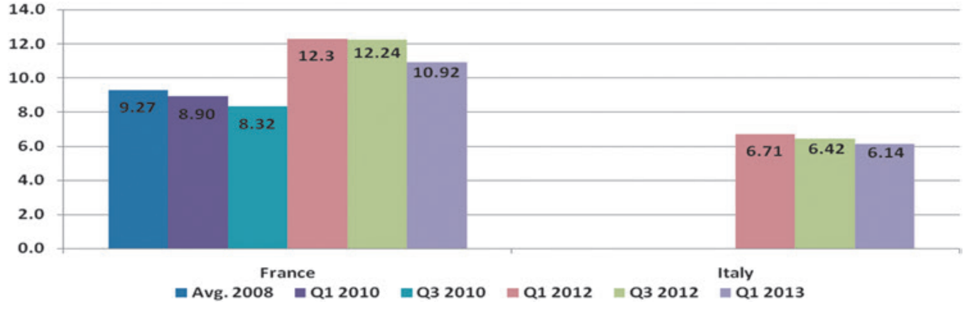
Sources: Freund and Spatafora (2008) and Nalane et al. (2012)

Figure 11.1 Cost of sending remittances to Bangladesh (in % of amount sent)



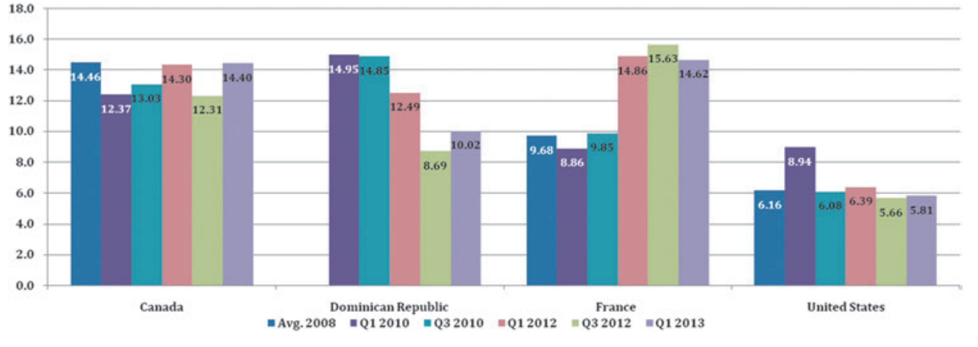
Source: Remittance price data, World Bank, available at: http://remittanceprices.worldbank.org/

Figure 11.2 Cost of sending remittances to Senegal (in % of amount sent)



Source: Remittance price data, World Bank, available at: http://remittanceprices.worldbank.org/

Figure 11.3 Cost of sending remittances to Haiti (in % of amount sent)



Source: Remittance price data, World Bank, available at: http://remittanceprices.worldbank.org/

exchange rate margin (per cent). The first element, i.e. the fee, appears to be relatively stable although, over the past few years since the data started to be generated, the fee charged has seen some increase for certain agents whilst it has come down for others. However, the exchange rate margins charged by the financial institutions tend to be rather high and also show significant fluctuation.[12] In the case of some LDCs, the remitters also face charges in their home countries when sending remittances.

Owing to the lack of a competitive environment, some LDCs are incurring a higher cost of sending remittances, while others suffer from remoteness and inaccessibility. Burdensome compliance and regulatory requirements impede access to financial services to remit money. Lack of technology-based support and remoteness raise the cost of sending remittances significantly for many LDCs. To facilitate migration, Kelegama (2011) particularly emphasises the need for reducing paperwork and argues for use of rapidly spreading mobile phone technology. For example, Kenya launched the innovative idea of M-PESA (meaning mobile cash) in 2007 with a view to remitting cash money using the mobile network. This has been found to be very effective.

11.4.3 Cost of outward migration

Simplification of migration procedures could significantly reduce the cost of outward migration from the LDCs. The 'Colombo process initiative', in its latest publication (as reported in IOM 2011b), found that the cost of outward migration remains significantly high in almost all sending countries despite efforts by some governments to regulate the operations of private recruiters. The report gave this as a 'key challenge'. Some of the authorised recruiters charged fees which went beyond the ceilings set by respective regulatory authorities (when they did so), while fraud and deceit were also common. Most of the LDC migrants are low- or semi-skilled workers coming from rural areas. These migrant workers often have to pay exorbitantly high charges to unscrupulous middlemen. Additionally, because of the cumbersome migration process, some aspiring migrants tend to take recourse to illegal means to travel to host countries in search of jobs. Middlemen take advantage of this and charge higher fees from the migrant workers. This also often raises the cost of migration.

Several studies have drawn attention to the high upfront costs borne by migrants and the significant share of informal sources of finance in this context. A survey (IOM 2010) found that the average upfront cost in the case of Bangladesh, at USD 3,171, was nearly three times higher than the official maximum charge, and that various intermediaries (and other helpers) accounted for about 76 per cent of the total costs incurred by the migrant workers (Table 11.5). Other studies on LDCs indicate a similar picture. For example, Vasuprasat (2008) shows that service charges paid to agencies and other related expenses (documentation, local broker fees, etc.)

Table 11.5 Breakdown of the costs of migration in Bangladesh

Items of costs	Mean expenses (USD)	Percentage
Government fee	25	0.8
Agency	326	10.3
Visa	296	9.3
Ticket fare	78	2.5
Intermediary	1,887	59.5
Other helpers	559	17.6
Mean expenses	3,171	100.0

Source: IOM 2010

accounted for 54.4 per cent of the total cost in Cambodia and 66.9 per cent in Lao People's Democratic Republic.

It is found that charges by private recruitment agents account for a significant part of the cost of migration, especially when low-skilled migrants are concerned (Lucas 2005). Low-skilled migrants, in general, pay more in terms of placement fees relative to their prospective income (IOM 2011c). In India, a joint study by the Public Accounts Foundation and Goa Migration found that low-skilled migrants pay an average of between INR 55,000 (USD 1,200) and INR 64,000 (USD 1,500). Female domestic workers, who typically earn between SGD 200 (USD 134) and SGD 250 (USD 167) a month, pay about SGD 600 (USD 403), or the equivalent of three months' salary, to the recruitment agents to get contracts in Singapore (Kaur 2009). Fees charged, however, also vary depending on the destination country and the recruiting agency. Table 11.6 lists different types of expenditure involved in the process of international labour migration.

In most LDCs, financial intermediation to provide loans to aspiring migrants to cover their pre-departure costs is absent. As a result, it is the informal sources with exorbitantly high interest rates that the workers have to resort to. This has often resulted in very poor households not being able to participate in the migration market. Consequently, in rural areas, as has been the case in Bangladesh, this has resulted in rising income inequality among households.

Institutionalisation of the migration process is a key first step to bring discipline. Regrettably, concerned institutions tend to be weak in LDCs; as a consequence, workers suffer. To tackle the overhead cost burden from the migrants, many countries are now taking various initiatives. Labour-sending and labour-receiving countries re

Table 11.6 Costs associated with outward migration at different stages

Pre-departure	At destination	Upon return
Documentation costs (passports, medical clearance, birth certificates, technical certifications, pre-departure training certificates, etc.) **Recruitment costs** (placement fees paid to recruiters and informal brokers, housing, transportation costs, high-interest loans, air fare, etc.)	**Wage-related costs** (salary deductions, contract substitution) **Cost of living** (accommodation, transportation, food, medical care, etc.) **Cost of keeping in contact with families left behind** (remittance fees, phone bills, etc.)	**Deployment cost** (money migrants pay back to recruiters/ employers should they renege on their contracts, which often includes air fare, unpaid visa fees, etc.) **Forgone benefits** (social security payments, medical benefits, including disability, etc.)

Source: IOM (2011c)

signing Memoranda of Understanding (MoUs), and these are serving as a basis for government to government (G2G) partnership. In a recent move, Bangladesh has signed an MoU with the government of Malaysia to send 35,000 workers in 2013 to that country under G2G arrangements. The Bangladesh government expects to send workers at the low per capita cost of BDT 40,000 only, which is several times lower than those of the informal channels.[13] If countries can negotiate, the travel costs of workers can be shifted to the employer concerned.[14]

11.4.4 Reintegration of returnee migrants

Although the Arab Spring in Middle East and North African countries brought to the fore front the issue of how to deal with returnee migrants and their integration in the domestic economy, this issue is one of a much broader range of developmental significance for LDCs. Migrant workers could return to their home countries in two ways: following a sudden crisis in the host country or as part of the normal process of return after following the expiry of the job contract.

The first relates to crisis management. Examples of forced repatriation are not uncommon, both in the North and in the South. In 2008 alone, the United States deported more than 350,000 immigrants, while the figure for South Africa was 300,000 (UNDP 2009). In 2011, IOM took charge and helped repatriate about 37,000 Bangladeshi nationals from Libya when the civil war broke out in early 2011. There should be institutional mechanisms to cater for any urgent situation, both in host countries and in countries of origin which have large migrant populations abroad. However, the issue of reintegration is much wider and ought to be addressed from a strategic developmental perspective.

For poor households, remittances have a significant impact on income, consumption and savings, which consequently have important implications for poverty alleviation. Migrants tend to save a significant part of their earnings – a World Bank Study (World Bank 2012b) indicates that on average migrants save about 62 per cent of their average income, which is three times the average saving rate in developing countries. This saving is a potential investible resource which could be tapped for various development-oriented activities in LDCs.

Since returnee migrants tend to come to the country of origin with certain acquired skills and also bring their accumulated savings, creating a conducive environment for their reintegration could bring a significant rich dividend to the economies of the LDCs. There is thus a need to take steps to support the returnee migrants through incentives, credit support and institutional and business advisory support. One example that could be cited here is the Probashi Kallyan Bank (PKB), which was set up by the Bangladesh government to facilitate migration, sending of remittances and reintegration of returnee migrants (Box 11.1). Returnee migrants could be an important conduit for technology transfer, transfer of technical know-how and good business practices. Whilst the IPoA doesn't have a quantitative target in this context, successful reintegration of migrant workers should be seen as an important area of policy support by the LDCs.

Box 11.1 Probashi Kallyan Bank: a specialised expatriates' welfare bank in Bangladesh

The Probashi Kallyan Bank (PKB), a specialised bank dedicated to migration affairs, was established in Bangladesh in April 2011 with the aim of facilitating remittance transfer, providing migration loans and expanding opportunities for the returnee workers. It started its journey with paid-up capital amounting to USD 12.5 million, taken from the Wage Earners' Welfare Fund of Bureau of Manpower Employment and Training (BMET). There is a provision to raise the amount to USD 50 million through offering stock shares among expatriate Bangladeshi citizens. The PKB has opened its branches in all divisional headquarters in Bangladesh and also a number of other important cities in the country. PKB provides collateral-free soft loans at 9 per cent interest rate to aspiring migrants; recovery rate until now has been more than 95 per cent. PKB also provides agriculture loans such as poultry loans to returnee migrants. It also helps to channel the remitted amount in a cost-effective manner.

Source: PKB website and interview with bank officials

11.4.5 Providing information help to the outgoing migrants

As the 'Colombo process', a regional consultative process (RCP), has rightly recognised, dissemination of appropriate knowledge and helping the aspirant migrant workers to undertake adequate preparation are crucial to safeguarding the interests of the job seekers in LDCs (read more about the Colombo process in Box 11.2). Because the large majority of the emigrants from LDCs are low- and semi-skilled workers going abroad for mostly lower-end jobs, it is important to address their evident knowledge gap. Since accurate and up-to-date information about the jobs offered in the destination countries is often lacking, conducting pre-departure orientation courses for migrant workers becomes highly important. Providing the aspirant migrant workers with the necessary information about the nature of the job (job matching), the conditionalities involved, the skills required (including linguistic skill), expected wages and salaries is thus crucially important.

Box 11.2 Colombo Process: a promising regional consultative process

Regional consultative processes (RCPs) seek to promote dialogues with multi-level stakeholders, governments, international agencies and non-state actors to achieve the common goals on managing migration-related issues. RCPs tend to be non-binding informal processes. Some of these RCPs are Migration Dialogue for Southern Africa (MIDSA), Inter-governmental Authority on Development – Regional Consultative Process on Migration (IGAD-RCP), Colombo Process

(*continued*)

(*continued*)

(CP), Inter-governmental Asia–Pacific Consultations on Refugees, Displaced Persons and Migrants (APC), Bali Process, Puebla Process, etc. A number of LDCs are involved with these RCPs. The CP, for example, was initiated in 2003 and involves 11 labour-sending countries from Asia. IOM has been providing technical support to the process since its inception.

The CP has come up with a number of recommendations: make agencies jointly liable with employers; develop a code of conduct among agencies; validate contracts at diplomatic posts and provincial and state offices; set up an integrated 'one-stop' services facility; register and accredit employers; use a standard labour contract; ensure skills accreditation or standardisation; create market research units (MRUs) in countries of origin; set up a vigilance task force; and introduce SMART cards for departing migrant workers. For returnee migrants, the CP recommended the provision of preferential access to start-up investments upon return; offering loans for new businesses; support private-sector efforts to provide job-matching services to returnees; and supporting reintegration supporting services that civil society actors could provide. In order to provide information help, the CP argued for the creation of migration information or resource centres; providing information in local languages; providing pre-departure orientation well before migrants make the decision to migrate; including family members in pre-departure orientations; providing financial literacy training; maintaining welfare desks at the departure and arrival lounges of international airports in the home country; monitoring the migrants' workplace; and training labour attachés in migration issues.

Source: IOM (2011b)

Although IPoA does not mention this specifically, it is also important that LDCs provide legal recourse, counselling and grievance redressal and other related services to migrant workers in distress in host countries. The labour wing of LDC diplomatic missions in host countries should also be adequately equipped to provide the necessary services to migrant workers from their respective countries.

11.4.6 Role of development partners

Although migrant workers make a significant contribution to the economies of their respective host countries, they often face harassment and discrimination in work places; often their rights are not safeguarded and sometimes their job contracts are not honoured. Lax regulations and their inadequate enforcement in host countries, and lack of appreciation of the problems faced by the migrant communities, are some of the reasons for this. The supply-side competitive environment also creates opportunities for discrimination.

The IPoA calls upon development partners to resist unfair discriminatory treatment of migrant workers. Through International Labour Organization (ILO) Convention

No. 181/ RecomNo.188, ILO has taken an initiative to regulate private employment agencies internationally, although many countries are yet to ratify it. Some of the other ILO conventions are mandated to provide protection to international workers' rights at work including freedom of association, right to collective bargaining, minimum wages and other means. Signing and ratification of these conventions by host countries will help safeguard the interests of migrant workers. A UN initiative, the 1990 UN International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (ICMW), is the most comprehensive instrument relating to migrant workers. It came into force in July 2003. Similar to the ILO instruments, it covers the entire migration process. However, only 46 states have ratified the convention until now; interestingly, none of these are major receiving countries (Table 11.7).

Host countries, particularly developing country partners hosting migrant workers, need to be persuaded to sign up to this convention and need to be encouraged to enforce the regulations stipulated under it. These developing-country partners are not directly addressed as 'development partners' in the IPoA. Being labour-scarce countries, they also have mutual interests and share benefits of the supply of labour from the LDCs. Accordingly, the responsibilities of destination countries in the South should be brought under the ambit of relevant migration-related policies. International agencies, civil society groups, online communities and other forums which are closely linked to agendas for migration and remittances, such as Global Commission on International Migration (GCIM), Global Forum of Migration and Development (GFMD) and Global Migration Group (GMG), could play a positive role in this context.

The IPoA calls upon development partners not to impose unreasonable restrictions on labour migration. The action plan urges development partners to consider developing a system of short-term migration, including for workers from the LDCs. Although the addition of the words 'where appropriate and in accordance with domestic laws' somewhat dilutes this call for action, this deliverable at least opens a window for adoption of regulations towards a more structured system of short-term migration. Many of the LDCs are interested in creating a global accord that would allow temporary migration from LDCs to developed countries on the basis of job contracts. Circular migration that allows immigrants to come, go and come back again, with reasonable flexibility, is something that many proponents of easier migration are proposing. Some are arguing in favour of the triple-win argument that promises gains for host countries, home countries and migrants themselves, by means of full circles of migration (Bieckmann and Muskens 2007). However, as it stands at present, the possibility of an accord in this direction is rather remote. Developed countries are likely to, at least for the time being, put emphasis on respective bilateral initiatives. LDCs should pursue active diplomacy to ensure their interests in this context. Aid for Trade (AfT) support, envisaged under the ambit of the World Trade Organization (WTO), needs to be geared towards supporting the IPoA targets in the coming years.

As is known, Mode-4 (movement of natural persons) in the General Agreement in Trade and Services (GATS) of the WTO concerns temporary movement of natural

Table 11.7 International initiatives for protection of workers

International instruments	Date of entry into force	No. of countries ratified
Fundamental labour conventions		
Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	4 July 1950	152 ratifications
Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	18 July 1951	163 ratifications
Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	15 June 1960	172 ratifications
Related to migrant workers		
Migration for Employment Convention, 1939 (No. 66)	–	0 ratification
Migration for Employment Convention (Revised), 1949 (No. 97)	22 January 1952	49 ratifications
Collective Bargaining Convention, 1981 (No. 154)	11 August 1983	43 ratifications
Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143)	9 December 1978	23 ratifications
Private Employment Agencies Convention, 1997 (No. 181)	10 May 2000	25 ratifications
UN International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (ICMW), 1990	1 July 2003	46 ratifications

Source: ILO website and UN treaties website, accessed 22 January 2013

persons. However, progress in the GATS negotiations has been rather slow. IPoA, however, does not make direct reference to the ongoing services negotiations under GATS Mode-4. This is a major weakness. As is known, at the eighth Ministerial Conference of the WTO in Geneva, it was agreed that a waiver would be given to the LDCs under which services and service providers from LDCs will be accorded preferential treatment by developed and developing country members of the WTO. In order to operationalise this, LDCs will need to identify sectors and modes of their interest. Obviously, Mode-4 is an area of great interest to the LDCs in this context, with key interest being taken in the migration of semi- and low-skilled labour.

Although, as was noted, IPoA does not mention this particular issue, it should be seen as an important area of concern and interest in the context of implementation of the IPoA over the coming years. LDCs will be required to do the needed homework to identify their sectors of interest, take an active part in the negotiations and pursue appropriate follow-up actions to take advantage of the potential benefits.

In view of the high cost of sending remittances to countries of origin, IPoA urges the development partners to undertake steps to lower transaction costs, and also calls upon them to remove restrictions on outward remittances. It will be the responsibility of host countries to initiate the concrete steps needed in this regard. The IPoA calls upon the development partners to consider supporting the LDCs in establishing the International Migrants Remittances Observatory (IMRO). The IMRO was set up in 2006 in Benin as an outcome of the Ministerial Conference of the LDCs on 'Strengthening the Impact of Remittances on Development'. In 2010, USD 1.3 million was donated by Turkey, Benin and other LDCs in support of the IMRO. The mandate of IMRO is to contribute to dissemination of information on remittances of migrant workers from the LDCs and to reinforce their impact on development.

In 2010, the World Diaspora Fund (WDF) was established by the IMRO in Geneva to secure migrants' remittances for investment in countries of origin and to use these resources for investment in development-oriented activities. There are also examples of issuing diaspora bonds and using these as sources of finance for development. LDCs could design similar initiatives. The IMRO is expected to provide capacity-building support to the LDCs, including in such areas as improving collection of data related to migration and remittances, providing information help to migrants at home and in host countries and helping to build up migrants' awareness. Activities undertaken as part of these initiatives will need to be closely monitored in the context of IPoA deliverables.

11.5 Monitoring the IPoA goals and targets: tools and policies

As was noted earlier, the IPoA mentions one overarching goal and two sets of actions, each of which is to be delivered by the LDCs and the development partners. Only one goal or target of the IPoA has a quantifiable indicator: cost of sending remittance. Fortunately, this can now be monitored with the help of the World Bank database relating to the cost of sending remittances. To monitor the other deliverables by LDCs and development partners, a number of proxy, qualitative indicators will need to be deployed, which will have to be monitored on the basis of outputs of research, country-level studies, case studies, best practices and analysis of the relevant data and information. It is envisaged that the World Bank database on the cost of sending remittances, together with studies carried out by the IOM, ILO and the World Bank (particularly the wing which deals with the website and database on migration and remittance, along with relevant studies), and including the work of the IMRO and RCPs such as the 'Colombo process', will be major avenues for monitoring the IPoA deliverables.

Based on study of the relevant literature, and the outcome documents of various related initiatives, Table 11.8 comes up with a set of monitorable indicators and monitoring tools to assess progress in terms of achieving the IPoA targets. In the coming years, these tools could help assess, in both quantitative and qualitative terms, whether LDCs as well as development partners have been able to undertake the identified actions as envisaged in the IPoA.

Table 11.8 Monitorable indicators and monitoring tools for the IPoA targets

IPoA goals and targets	Monitorable indicators	Monitoring tools
Remittance and development-oriented investment	For remittance: cost of sending remittances	World Bank Data on remittance flow and cost of sending remittance: trend analysis; analysis of sending cost by host and receiving countries and by agencies, both for fees charged and exchange rate charges
	Investment of remitted funds in development-oriented activities	Global studies; country case studies to examine the pattern of investment of remitted funds; dedicated funds, bonds, etc., raised from the diaspora; analysis of impact of remittances on consumption, investment and development; regression exercise
Actions by LDCs		
Improve access to financial and banking services	Cost of migration; access to credit facilities and banking services by aspiring migration workers	Study of relevant country-level data and information relating to LDCs; case studies; country level studies
Simplify outward migration procedures	Indicators articulated in the Colombo Process, including the following: setting up of destination-wise ceiling on fees charged by recruiting agencies; use of standard employment contracts; development of code of conduct among agencies; setting up of integrated one-stop service for migrants to facilitate processing of required paperwork and documents; registration of employers	Analysis of country-level data and information on changes in rules, regulations, procedures relating to outmigration; information emanating from Colombo Process; country studies; case studies

(*continued*)

Table 11.8 Monitorable indicators and monitoring tools for the IPoA targets (continued)

IPoA goals and targets	Monitorable indicators	Monitoring tools
Utilise returning migrants' knowledge, skills and earnings	Registration of returnee migrants; access to credit for setting up business enterprises; matching funds support for returnee migrants	Analysis of relevant country-level data and information on integration of returnee migrants and support accorded to them; country-level studies; research outputs; case studies; GFMD, GCIM and IOM reports
Provide information available for foreign employment seekers	Monitor the indicators for this set out by the Colombo Process, including the following: creation of migration information or resource centres; establishment of 24/7 hotline; decentralisation of migration-related services; opportunities for availing pre-departure orientation and training; use of interest and text messaging system; maintaining departure desk at exit points	Analysis of relevant country-level data and information which is made available to migrant workers; Colombo process documentation; GCIM, ILO and IOM reports; country-level studies; case studies
Actions by development partners		
Resist unfair and discriminatory treatment and imposition of unreasonable restrictions on migrant workers	Ratification of ILO Convention No. 181/ Recom. No.188 with regard to protection of international workers' rights; imposition of new restrictions on migrant workers (if any); phasing out of old restrictions; discriminatory steps against migrant workers	Number of host countries ratifying ILO convention; country-level studies; ILO, IOM and Colombo process outputs
Introduce a system of temporary migration for LDCs	Introduction of rules/ regulations/policies in host countries in support of temporary migration from LDCs; bilateral, regional and global initiatives in support of temporary migration from LDCs	Study of developments in GATS negotiations relating to GATS Mode-4 (movement of natural persons); ILO, IOM and Colombo Process outputs; country-level studies

(*continued*)

Table 11.8 Monitorable indicators and monitoring tools for the IPoA targets (continued)

IPoA goals and targets	Monitorable indicators	Monitoring tools
Support lowering of the remittance transaction cost	Fees and exchange-margin charged by banks and MTOs	Analysis of trends in fees and exchange rate margin (to be carried out on the basis of World Bank database and other appropriate sources)
Consider supporting LDCs in establishing IMRO	Initiatives on the part of development partners in support of the IMRO in the form of technical support and financial assistance	Study of IMRO-related data and information

11.6 Concluding remarks

Mainstreaming migration in national development calls for a comprehensive medium- to long-run strategy that views migration as an important 'labour market' factor and remittances as an important 'domestic resource mobilisation' factor. Addressing these twin tasks requires a workable partnership between the home countries and the host countries. The IPoA has incorporated some of the needed actions in this context; however, other measures are also required that remain outside the ambit of the IPoA. A concerted effort will need to be put in place if migration and remittances are to play the desired role in helping the graduation process of the LDCs. The partnership of LDCs will need to go beyond developed countries, to embrace the developing countries; diaspora from LDCs will need to be more actively involved in the development of LDCs; returnee migrants will need to be effectively integrated in the domestic labour market and entrepreneurial activities in more meaningful ways; remittances will need to be deployed in a more productive manner; and international initiatives in support of migration and remittances will need to be strengthened further. Generation of reliable data will remain important; collating relevant information from diverse sources, and initiatives ought to be given due importance. For example, in some countries, the central bank does not demand disaggregated remittance data from the banks or bureaux de change, though this could be useful for identifying funds remitted by migrant workers overseas (as opposed to consultancy income, tourism income, fees, etc.). The analyses in this chapter have identified absence of quantifiable and time-bound indicators as major weaknesses in the action plan envisaged in the IPoA.

The analyses presented in this chapter indicate that there are significant opportunities to reap rich dividends through targeted interventions in home countries, host countries and the interfaces that involve co-operation at both ends. Imparting the needed skills, keeping in view the emerging demands, reducing pre-departure costs, having better access to knowledge about the migrant market, ensuring security and rights of migrants in host countries, liberalisation of the global labour market, greater participation of women in the migrant labour market, reduction of costs of remitting money and targeting savings instruments for migrant workers all lead to welfare gains for the migrant workers and will induce development in the LDCs. The analyses have shown that knowledge and skills of returnee migrants and the savings generated from remittances could be important sources for capital accumulation in LDCs – both human and financial. These resources could play an important role in the developmental evolution of the LDCs. The IPoA, by identifying concrete doables on the part of both the LDCs and development partners, has redirected the attention of the global community to a much-neglected area which, however, has high potential in terms of facilitating many of the LDCs in undertaking their journey towards graduation.

Notes

1 The authors would like to register their sincere appreciation of the comments on an earlier draft by Dr Debapriya Bhattacharya, Chair, LDC IV Monitor and Distinguished Fellow, Centre for Policy Dialogue (CPD), and participants in the two Expert Group Meetings held in Dhaka and Dar es Salaam. The authors owe a particular debt of gratitude to Dr Mohammad A Razzaque, Adviser and Head, International Trade and Regional Cooperation, Commonwealth Secretariat, and Dr H Bohela Lunogelo, Executive Director, Economic and Social Research Foundation (ESRF), Tanzania, for their very helpful comments and suggestions on the revised draft. The authors would also like to mention their deep appreciation of the insightful comments on the revised draft by Susanne Melde, Research Officer, ACP Observatory on Migration; Dina Ionesco, Policy Officer, IOM; and Hyeshin Park, Junior Policy Analyst, OECD. Support of the Secretariat of the LDC IV Monitor, particularly Dr Anna Batyra, is specially acknowledged.
2 These nine countries are Bangladesh, Haiti, Lesotho, Nepal, Samoa, Senegal, Sudan, Togo and Yemen.
3 Amongst the Asian LDCs, Bangladesh's share was 64.5 per cent and 54.8 per cent respectively for the two points in time.
4 Evidence suggests that a sizeable proportion of remittances sent to developing countries and LDCs are transferred through informal channels. Accordingly, the actual share accrued to LDCs was perhaps higher.
5 Immigration of foreign citizens decreased in the USA by 88,193 persons; in Sweden, by 4,727 persons in 2010; in the UK, by 35,000 persons; and, in Spain, by 222,886 persons in 2009 (IOM 2011a).
6 Indeed, the UNCTAD data show an even lower number. The UNCTAD secretariat has updated the Ratha and Shaw (2007) data for emigrants to provide an estimate of LDC migrants. These data were used for 'The LDC Report 2012'. The number of emigrants from LDCs was reported to be 27.5 million in 2010. That is about 5 million less than (or an 18 per cent deviation from) the estimate of the UNDESA reported in Table 11.2.
7 However, the estimate for Uganda appears to be on the high side. Whilst remittance flow is equivalent to about 11 per cent of GDP for Bangladesh it is about 5.6 per cent for Uganda. The estimate for impact on poverty alleviation thus needs to be further analysed to explore the underlying factors.
8 This happens because the poor households who cannot send workers abroad have relatively less opportunity to augment their income at home.
9 Household income and expenditure surveys conducted in Bangladesh in 2005 and 2010 found that households sending workers abroad and receiving remittances back home were relatively better off than other low-income households that did not or could not send family members to work abroad.
10 It should be noted that the OECD Development Centre is currently working on a project entitled 'Interrelations between public policies, migration and development of partner countries'. The project aims to help developing countries (including LDCs) incorporate the migration dimension into the design and implementation of their development strategies.

11 The pivotal role played by the diaspora following the 2010 earthquake in Haiti highlighted the positive contribution that diaspora could make towards the good of their country of origin.

12 The exchange rate margin is defined by the cost resulting from the percentage difference between the current interbank exchange rate and the actual exchange rate applied to the remittance transfer.

13 The average sum involved in informal channels is BDT 150,000–200,000.

14 As was negotiated by the Bangladesh government with Bahrain.

References

Abdih, Y, R Chami, M Gapen and A Mati (2009), 'Fiscal sustainability in remittance-dependent economies', IMF Working Paper WP/09/190, International Monetary Fund (IMF), Washington, DC.

Acosta, PA, EK Lartey and FS Mandelman (2009), 'Remittances and the Dutch disease', *Journal of International Economics*, Vol. 79 No. 1, 102–116.

Adams, RH (1991), *The Effects of International Remittances on Poverty, Inequality, and Development in Rural Egypt*, Research Report 86, International Food Policy Research Institute (IFPRI), Washington, DC.

Adams, RH (2006), 'Remittances and poverty in Ghana', World Bank Policy Research Working Paper No. 3838, The World Bank, Washington, DC.

Adams, R (2009), 'The determinants of international remittances in developing countries', *World Development*, Vol. 37 No. 1, 93–103.

Adams, RH and J Page (2005), 'Do international migration and remittances reduce poverty in developing countries?', *World Development*, Vol. 33 No. 10, 1645–1669.

Ahortor, CRK and DE Adenutsi (2009), 'The impact of remittances on economic growth in small-open developing economies', *Journal of Applied Sciences*, Vol. 9, 3275–3286.

Ajayi, MA, MA Ijaiya, GT Ijaiya, RA Bello, MA Ijaiya and SL Adeyemi (2009), 'International remittances and well-being in sub-Saharan Africa', *Journal of Economics and International Finance*, Vol. 1 No. 3, 78–84.

Anyanwu, JC and EO Erhijakpor (2010), 'Do remittances affect poverty in Africa?', *African Development Review*, Vol. 22 No. 1, 51–91.

Avendano, R, N Gaillard and S Nieto-Parra (2009), 'Are workers' remittances relevant for credit rating agencies?', OECD Development Centre Working Papers 282, OECD Development Centre.

Bakewell, O (2009), 'South–South migration and human development: Reflections on African experiences', Human Development Research Paper 2009/07, United Nations Development Programme (UNDP), New York.

Barham, B and S Boucher (1998), 'Migration, remittances and inequality: Estimating the net effects of migration on income distribution', *Journal of Development Economics*, Vol. 55 No. 2, 307–331.

Bieckmann, F and R Muskens (2007), 'Circular migration, creating a virtuous circle', *The Broker*, No. 1, April 2007, available at: www.thebrokeronline.eu/en/articles/creating_a_virtuous_circle

Capistrano, LO and MLC Sta-Maria (2007), 'The impact of international labour migration and OFW remittances on poverty in the Philippines', Discussion Paper 2007–06, School of Economics, University of Philippines.

Chami, R, C Fullenkamp and S Jahjah (2005), 'Are immigrant remittance flows a source of capital for development?', IMF Staff Papers, Vol. 52, 55–81, International Monetary Fund (IMF), Washington, DC.

Docquier, F and A Marfouk (2006), 'International migration by education attainment, 1990–2000', in Ozden, Ç and M Schiff (eds), *International Migration, Remittances and the Brain Drain*, World Bank and Palgrave Macmillan, Washington, DC.

Docquier, F, BL Lowell and A Marfouk (2009), 'A gendered assessment of highly skilled emigration', *Population and Development Review*, Vol. 35, 297–321.

Faini, R (2007) 'Remittances and the brain drain: Do more skilled migrants remit more?', *World Bank Economic Review*, Vol. 21 No. 2, 1–15.

Fajnzylber, P and H López (2007), *Close to Home: The Development Impact of Remittances in Latin America*, The World Bank, Washington, DC.

Freund, C and N Spatafora (2008), 'Remittances, transaction costs, and informality', *Journal of Development Economics*, Vol. 86 No. 2, 356–366.

Ghosh, B (2006), *Migrants' Remittances and Development: Myths, Rhetoric and Realities*, International Organization for Migration (IOM), Geneva, and The Hague Process on Refugees and Migration, The Hague.

Gibson, J and D McKenzie (2010), 'The economic consequences of "brain drain" of the best and brightest: Microeconomic evidence from five countries', Policy Research Working Paper Series No. 5394, Development Research Group, The World Bank, Washington, DC.

Gibson, J, G Boe-Gibson, H Rohorua and D McKenzie (2007), 'Efficient remittance services for development in the Pacific', *Asia–Pacific Development Journal*, Vol. 14 No. 2, 55–74.

Gupta, S, C Pattillo and S Wagh (2007), 'Impact of remittances on poverty and financial development in sub-Saharan Africa', IMF Working Paper, WP-07-38, International Monetary Fund (IMF), Washington, DC.

Hildebrandt, N and D McKenzie (2005), 'The effects of migration on child health in Mexico', World Bank Policy Working Paper No. 3573, The World Bank, Washington, DC.

ILO (2004), *Towards a fair deal for migrant workers in the global economy*, International Labor Conference Report, No. VI, 92 Session, International Labour Organization (ILO), Geneva.

IMF (2010), *Implementation of the Joint Management Action Plan on Bank–Fund Collaboration*, International Monetary Fund (IMF), Washington, DC and The World Bank, Washington, DC, available at: www.imf.org/external/np/pp/eng/2010/030310.pdf

IOM (2010), *The Bangladesh Household Remittance Survey 2009*, Mitra and Associates, Dhaka.

IOM (2011a), *Communicating effectively about migration*, World Migration Report 2011, International Organization for Migration (IOM), Geneva.

IOM (2011b), *Labour Migration from Colombo Process Countries: Good Practices, Challenges and Way Forward*, International Organization for Migration (IOM), Geneva, available at: http://publications.iom.int/bookstore/index.php?main_page=redirect&action=url&goto=publications.iom.int%2Fbookstore%2Ffree%

2FColomboProcessStudy_final.pdf&zenid=d1802a037b907b3208a6d1d5730b83e7

IOM (2011c), 'Understanding the monetary cost of migration', background note prepared for a GFMD thematic meeting on lowering the cost of migration and developing a model bilateral framework with receiving countries, organised by Ministry of Expatriates' Welfare and Overseas Employment, Government of Bangladesh, 3–4 Oct 2011, Dhaka, Bangladesh.

IOM and ACP Observatory on Migration (2012), 'Addressing South–South migration and development policies', Background Paper prepared for Roundtable 2 – Factoring Migration into Development Planning of the GFMD Summit Meeting, Mauritus, 22 November 2012, available at: www.gfmd.org/documents/mauritius/gfmd12_mauritius12_rt_2-2-background_paper_en.pdf

Kaur, A (2009), 'Managing the border: Regulation of international labour migration and state policy responses to global governance in Southeast Asia', paper presented at the 16th Biennial Conference of the Asian Studies Association of Australia, Wollongong, 26–29 June 2006, Wollongong, Australia.

Khatri, SK (2008), 'Labour migration, employment and poverty alleviation in South Asia', Proceedings of 1st South Asia Economic Summit, BMICH, 28–30 August 2008, Colombo, Sri Lanka.

Kelegama, S (2011), 'Introduction', in Kelegama, S (ed.), *Migration, Remittances and Development in South Asia*, Sage, New Delhi.

Lachaud, JP (1999), 'Pauvreté, ménages et genre en Afrique subsaharienne', Serie de recherche 03, Centre d'Economie du Developpement de l'Université Montesquieu Bordeaux IV.

Lucas, REB (2005), *International Migration and Economic Development, Lessons from Low-Income Countries*, The Expert Group on Development Issues (EGDI), Edward Elgar Publishing Limited, Massachusetts.

Lueth, E and M Ruiz-Arranz (2008), 'Determinants of bilateral remittance flows', *The B.E. Journal of Macroeconomics*, Vol. 8 No. 1, ISSN (online) 1935-1690, DOI: 10.2202/1935-1690.1568.

Luthria, M (2009), 'The importance of migration to small fragile economies', Human Development Research Paper 2009/55, United Nations Development Programme (UNDP), New York.

Lunogelo, HB (2009), *Supporting an Affordable Electronic Remittance Transfer System between Tanzania and Uganda*, IOM-UPU-PAPU Pilot Project Report, International Organization for Migration (IOM), Geneva.

Melde, S and D Ionesco (2011), 'Integrating migration, development and remittances into the programme of action of the Fourth United Nations Conference on the Least Developed Countries (UNLDC-IV) 2011', Background Paper of the Migration and Development Series seminar 'Migration, Development and Remittances in the LDCs Context – An LDC-IV Preparatory Event', New York, 17 June 2010, International Organization for Migration (IOM), Geneva, available at: http://publications.iom.int/bookstore/free/ldc_english.pdf

Nalane, LJ, A Chikanda and J Crush (2012), 'The remittances framework in Lesotho: Assessment of policies and programmes promoting the multiplier effect', ACPOBS/2012/PUB03, International Organization for Migration (IOM) and ACP Observatory on Migration.

Niimi, Y and C Ozden (2006), 'Migration and remittances: Causes and linkages', World Bank Policy Research Working Paper No. 4087, available at: http://ssrn.com/abstract=951134

OECD (2007), *Policy Coherence for Development: Migration and Developing Countries*, OECD Development Centre, Paris.

Orozco, M (2003), 'Worker remittances: an international comparison', Working Paper commissioned by the Multilateral Investment Fund of the Inter-American Development Bank, Washington, DC.

Ratha, D and S Mohapatra (2007), *Increasing the Macroeconomic Impact of Remittances on Development*, Development Prospects Group, The World Bank, Washington, DC.

Ratha, D and W Shaw (2007), 'South–South migration and remittances', World Bank Working Paper No. 102, Washington, DC.

Ratha, D, S Mohapatra and A Silwal (2010), *Outlook for Remittance Flows 2010–11, Migration and Development Brief No. 12*, April, The World Bank, Washington, DC.

Rodrik, D (2008), 'The real exchange rate and economic growth', *Brookings Papers on Economic Activity*, Vol. 39 No. 2, 365–439.

SAMP (2008), 'Executive summary', in Crush, J (ed.), *Gender, Migration and Remittances in Southern Africa*, Southern African Migration Project (SAMP), Southern African Research Centre, Queen's University and Idasa, Cape Town.

Singh, R, M Haacker, KW Lee and ML Goff (2011), 'Determinants and macroeconomic impact of remittances in Sub-Saharan Africa', *Journal of African Economies*, Vol. 20 No. 2, 312–340.

Sobhan, R (2010), *Challenging the Injustice of Poverty: Agendas for Inclusive Development in South Asia*, Sage, New Delhi.

UN (2011), *Programme of Action for the Least Developed Countries for the Decade 2011–20*, Report No. A/CONF. 2019/3, Fourth United Nations Conference on the Least Developed Countries, 9–13 May 2011, Istanbul, United Nations, New York.

UN (2012), *Implementation of the Programme of Action for the Least Developed Countries for the Decade 2011 to 2020*, Report of the Secretary-General No. A/67/88-E/2012/75, General Assembly of the Economic and Social Council, United Nations, New York.

UNCTAD (2012), *Harnessing Remittances and Diaspora Knowledge to Build Productive Capacities*, The Least Developed Countries Report 2012, UNCTAD, UN, New York and Geneva.

UNDESA (2011), 'World Population Prospects: The 2010 Revision', CD-ROM Edition (POP/DB/WPP/Rev.2010/03/F01), United Nations, Department of Economic and Social Affairs, Population Division.

UNDESA (2012), *Trends in International Migrant Stock: Migrants by Destination and Origin* (United Nations database, POP/DB/MIG/Stock/Rev.2012), United Nations Department of Economic and Social Affairs (UNDESA), New York.

UNDP (2009), *Overcoming Barriers: Human Mobility and Development*, United Nations Development Program (UNDP), New York.

UN-OHRLLS (2010), *Report on the ministerial meeting: enhancing the mobilization of financial resources for least developed countries development*, Pre-Conference Event for the Fourth United Nations Conference on the Least Developed Countries, UN-OHRLLS, Lisbon.

Vasuprasat, P (2008), 'Interstate cooperation on labour migration: Lessons learned from MOUs between Thailand and neighboring countries', ILO Asian Regional Programme on Governance of Labour Migration, Working Paper No. 16, International Labour Organization (ILO), Geneva.

World Bank (2006), *Economic Implications of Remittances and Migration. Global Economic Prospects*, The World Bank, Washington, DC.

World Bank (2008), *Migration and Remittances Fact Book 2008*, The World Bank, Washington, DC.

World Bank (2012a), *Remittance flows in 2011 – an update,* Migration and Development Brief 18, 23 April, Migration and Remittances Unit, The World Bank, Washington, DC.

World Bank (2012b), *Bangladesh: Towards Accelerated, Inclusive and Sustainable Growth – Opportunities and Challenges, Volume II, Main Report*, Report No. 67991, The World Bank, Washington, DC.