Migration and Development

Migration and Development: Factoring Return into the Equation

By

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Abbreviations and Acronyms

BEPC	*Brevet d'étude du premier cycle*
CPP	Convention People's Party
DFID	Department for International Development
ENSEA	Ecole Nationale Supérieure de Statistique et d'Economie Appliquée
ESRC	Economic and Social Research Council
GDP	Gross Domestic Product
GNI	Gross National Income
GNP	Gross National Product
IDS	Institute of Development Studies
IMF	International Monetary Fund
IOM	International Organisation for Migration
ISSER	Institute for Statistical, Social and Economic Research
OECD	Organization for Economic Cooperation and Development
PDCI	*Parti Démocratique de Côte d'Ivoire*
PNDC	Provisional National Ruling Council
PNP	Peoples National Party
RDA	*Ressemblement Démocratique Africain*
SCMR	Sussex Centre for Migration Research
SNA	System of National Accounts
TOKTEN	Transfer of Knowledge through Expatriate Nationals
TRANSREDE	Transnational Migration, Return and Development in West Africa
UGCC	United Gold Coast Convention
UN	United Nations
UNDP	United Nations Development Program
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Economic, Social and Cultural Organisation
UNICEF	United Nations International Childrens' Emergency Fund
US	United States of America
US$	United States Dollars

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I personally have worked on the Transrede Project, which lasted from 2001 to 2003, as coordinator of the study regarding higly skilled migrants. The Transrede study was larger in scope than my own doctoral research project because it focused on migration and return of both highly skilled and less skilled migrants. The two projects' central aim was the same. They sought to explore the role of migration abroad and to assess the benefits of return in view of the dual contexts of poverty alleviation and of sustainable development in the sending countries. I personally have coordinated the research on highly-skilled return migrants within my own doctoral research and the Transrede Project.

My investigations of the topic of highly-skilled, élite return migration and the empirical research findings regarding the two West-African countries have resulted in a doctoral thesis and in several papers, but the encompassing evidence is contained in this book.

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This book is dedicated to my late father – Paolo Ammassari.

Chapter One

General Introduction

At the beginning of this century the World Bank (2000: 38) stressed that "cross-border migration, combined with the 'brain drain' from developing to industrial countries, will be one of the major forces shaping the landscape of the 21st century". In 2000, more than 176 million persons lived outside the countries of their birth or nationality, and this number grew to 191 million in 2005 which was more than the double recorded in 1980 (UN Population Division, 2009). Since then, international migration flows have further expanded, especially those involving highly-skilled migrants (IOM, 2008a; OECD, 2007). In the context of late capitalism and globalisation, human mobility is likely to assume even greater significance in the future. With increased transnational flows of goods, services and capital, people too will move across national boundaries with greater frequency than ever before in what has been called "the age of migration" (Castles and Miller, 1998). In particular, this will be the case with highly-skilled persons as there is a strong selectivity of migration in their favour (Jonkers, 2008; Solimano, 2006, 2008; UN Economic and Social Council, 2006).

The total volume of South to North migration has grown very fast in the past forty years because of the growing gap in living standards between developing countries and economically more advanced countries. The most important shares of this increase have been accounted for by Southern Asia, Western Asia and North Africa. But sub-Saharan Africa is also increasingly affected by emigration to wealthier countries in the North, due to the widening gap in the latters' economic, social and political situation and that of the migrants' countries of origin (Sander and Maimbo, 2005; Adepoju, 1991a, 1995a, 2003). Western Europe and North America are the preferred destinations, along with some oil-rich countries in the Persian Gulf. Overall, there is a clear trend showing that international migration flows originating in Africa are becoming more diversified (Bardouille et al., 2008; Bakewell and de Haas, 2007; Robin, 1996a, 1996b; Stalker, 2000).

Research Aims and Objectives

Within the population of migrants, people belonging to the élite generally have a greater propensity to move because they have more skills and education, technical means and financial resources, networks and connections, information and better chances to draw benefits from their migration experience. With improved and more accessible transportation and communications, highly-qualified migrants cross borders more freely, favouring the circulation of knowledge and technology. This has broad implications because the movement of highly skilled people from the developing world affects low-income countries and recipient countries alike" (World Bank, 2000: 39).

South to North migration has been the focus of much controversial debate since the 1960s. One central question has been whether it has a positive or a negative impact on developing countries. Migration studies conducted in different parts of the world have produced quite contradictory results, making it difficult to draw any meaningful general conclusions. The problem is partly due to the fact that the theoretical base for understanding these forces remains weak and that migration studies often fail to incorporate the necessary variety of perspectives, levels and assumptions (Castles, 2008, 2007; De Haas, 2007).[1] The contradictory nature of empirical findings also results from the fact that only a few studies have distinguished between highly-skilled, élite migrants and unskilled, non-élite migrants. Yet, the nature of their mobility differs significantly and so do the development implications for both the emigration and immigration country.

It has been argued that emigration can alleviate some of the problems developing countries are facing (Beine et al., 2001).[2] Emigration may relieve labour market pressures and generate remittances which constitute an important source of foreign exchange at the national level and of income for migrant families. Financial and human capital transfers occurring through return migration can be hypothesised to have a positive impact in that they help in improving the quality of life back home and in promoting socio-economic development. On the other hand, it has been stressed that emigration can also hamper development of the

1 See also Brettell and Hollifield (2000), Bakewell (2008), Massey et al. (1993, 1998) and Portes (2008).

2 This perspective has already been adopted in the past by authors such as Grubel and Scott (1977).

sending country because the most dynamic and ambitious people have a greater propensity to go abroad (IOM 2008a; Boussaid, 1998; Johry, 1995; Korner, 1997).[3] The loss of skilled people – the so-called "brain drain" – may have detrimental effects as it weakens human capacity to harness modern agricultural and industrial technology. Also, migrant remittances do not necessarily have a positive developmental impact on the sending country as they may be used for consumption rather than investment purposes, or they may generate dependency, inequalities and a problem of inflation. This long-standing debate is yet to be settled (De Haas, 2007; Hernandez-Coss, 2006; Ellerman, 2003).

Intercontinental mobility of the élite – to which people having a higher status in terms of education, occupation, wealth and power belong by definition – without return, has been and remains a major concern for development policy makers (OECD, 2008; IOM, 2003). In fact, apart from concerns related to the permanent loss of individuals with technical knowledge and skills that are crucially needed for development, élite return migrants assume key significance in a dynamic developmental context as they can be seen not only as a source of global interconnection but also as agents of national and local development (Mayr and Peri, 2008). However, a more thorough knowledge of the linkages between migration, return and development is essential for properly informed policy decisions. Such knowledge can help in alleviating the costs of human capital transfers and can ensure that the benefits are both maximised and more fairly distributed

Hence, return is another aspect of the migration process that has to be studied in order to determine its consequences for the development of the emigration country. Attention focused on return migration has so far been limited, and again there is little agreement regarding its impact (Agunias, 2006; IOM, 2008b; King, 2000). Emphasis has been placed on the positive consequences of financial and human capital transferred back home by returning migrants. The first is brought back in the form of savings, whereas the second materialises through the training and work experience that migrants acquire in the host country. On the other hand, it has been argued that many migrants gain very little of the latter, because they mainly perform unskilled work which teaches them very little. It is, moreover, claimed that even if migrants were to acquire new skills abroad, it is unlikely that these can easily be used productively back home.

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3 See also Glaser (1978) and Mundende (1989).

The existing body of theoretical and empirical evidence shows that the impact of international migration and return on development varies considerably, depending, among other things, on the volume, type and timing of migration flows. The characteristics of migrants, degree and direction of selectivity, and situation of the countries involved in migration are critical factors which need to be taken into consideration. The consequences of migration also vary according to the level of analysis that is selected. There can be very different implications for individual migrants, their families, kinship or close social environments, and their home countries. The short-term effects of international migration may, moreover, differ significantly from its long-term effects.

Empirical evidence concerning migration and return gathered so far is too fragmentary to allow us to draw clear conclusions and devise concrete policy measures aimed, in particular, at a maximisation of the benefits stemming from the mobility of the highly skilled, an objective that ranks high on the policy agenda of OECD countries (OECD, 2001, 2007). It is therefore crucial to examine, by means of the most appropriate methodological strategies, the implications of migration and return for the meeting of international development targets in specific country settings, possibly allowing for regional comparisons – as in this research on West Africa – to gain a clearer and more comprehensive picture. While empirical evidence from southern Europe, Asia and the Pacific, the Middle East and the Caribbean is accumulating, very little is known about the developmental impact of international migration and return in sub-Saharan Africa, despite the urgent need to alleviate poverty and foster sustainable development in this part of the world (Ammassari, 2008; Findlay and Stewart, 2002; Lowell, 2002b).

The present research is aimed at returning élite migrants who, compared to "average" migrants, seem to have far better chances to assume a critical role back home and to contribute to the socio-economic, cultural and political development of their country of origin (Lowell, 2002a). They are more prone to access positions allowing them to acquire additional human, financial and social capital whilst abroad, and with this "added value" they have greater capabilities and resources to effect change on their permanent or temporary return(s). The élite concurrently has better chances to be socially mobile, i.e. to gain key positions of responsibility and authority in public and private sectors on return, and therefore its members are in a more strategic position to influence the course of events in their country of origin. Beyond capital assets in the form of financial remittances and/or accumulated savings and accrued knowledge, work skills and experience which translate into human capital, migrants coming home can also transfer social capital in the form of productive human relationships (Faist, 1997). These manifold capital gains represent a major potential for the country of origin, provided of course that migrants do return home.

Beyond possible family reasons there are social, cultural and political factors determining migrants' decisions to return or not to return back home. Certainly economic prospects and employment opportunities play an important role, but so do traditionally-rooted and newly-acquired values and political allegiances. Age, level of education, professional expertise, occupational status and monetary resources represent important independent variables; as eventually also might religion and ethnicity. In association with the cultural matrix and the nature and shape of the migration experience, such variables are expected to influence occupational initiative, social status and lifestyle, gender relations and role definitions in family life, social mobility aspirations for offspring, social relationships and networks, and the propensity to stay permanently on return or to emigrate again.

Return migration does not always imply an easy reintegration into the original context; migrants who come back usually encounter difficulties in readapting and dealing with contradictory feelings concerning their place of origin and their chosen country(ies) of emigration. Return migrants can be seen as innovators in the context of traditional modes of social, economic and political organisation and of long-established value systems.

The following general working hypothesis guides this research. Although after return élite migrants face several challenges of readjustment and reintegration, it seems likely that they play an important role in the development of their home country. Such a role manifests itself in terms of the human, financial and social capital transfers they operate. The present research chooses a multi-level analytical perspective to assess the implications of return migration at different levels. This means that improvements which have occurred after return in the migrants' personal sphere are explored along with changes that they have engendered in their family environment and the workplace as well as transformations they have provoked in the wider socio-economic and political sphere. With the objective of contributing to a better understanding of these complex processes, this research critically delves into the following three key aspects and raises specific corresponding questions in interviews and questionnaires:

1) The élite migrants' experience abroad: where, when and why did they migrate? How often and for how long did they stay away? What were their educational achievements and professional activities before departure and then abroad? What did they experience and learn while away? What was their lifestyle and status abroad? Which linkages did they establish with the host country? Which ties did they keep with the home country? Whilst abroad, what was their attitude towards return?
2) The return and transfer of resources: when and why did highly-skilled migrants return? Who made the decision of their return? Who participated in the return move and what was the reaction of friends in the host country? How permanent or temporary did they consider their return? Which linkages did they maintain with the host country(ies)? What kinds of human, social and financial capital did they transfer, if any? How was this capital used or invested? To what extent were these processes pre-planned, or did they occur spontaneously?
3) The élite migrants' experience back home: how did highly-skilled migrants readjust and reintegrate? What obstacles did they encounter in utilising the newly-acquired capital in their home economies and societies? What resistance did they face in the workplace, family and social environments? What is the potential role and impact of human, financial and social capital transfers? What implications are there at the micro, meso and macro level?

A Brief Outline of the Book's Structure

The book is structured into eleven chapters. After this general introduction, in Chapter Two, the linkage between migration, return and development is considered in detail. The aim is to summarise past and present debates around this issue and to review previous empirical research findings on this subject. The chapter argues that, although less or low skilled return migrants have rarely been found to be agents of change, highly-skilled return migrants have more chances to assume such a meaningful role in their home country. This particular group of migrants is in a better position to acquire capital abroad and effect changes back home. A distinction is made between financial, human and social capital that returning migrants transfer from abroad and each contributes to boost their development potential after return. However, the review also raises some major conceptual issues. The chapter therefore considers the need to distinguish between different types of migrants and addresses the problem of definition and measurement of return migration. It also evokes some of the most important assumptions forwarded in the literature to illuminate the migration-development nexus. The chapter concludes with a discussion of the contemporary trends in migration in West Africa, a region where return migration of the highly skilled and its implications have so far been disregarded.

Chapter Three describes the comparative multi-method research approach that was adopted in this study. It places special emphasis on the need to link the more conventional micro and macro perspectives used in the research on return migration through a greater focus on the meso level of analysis. This is a useful approach which makes it possible to conduct an inquiry into the impact of return migrants in the workplace and family environment. Using both qualitative and quantitative methodologies seemed a suitable way to assess not only if returnees introduce any change, but also to detect the kinds of change they provoke in different spheres. This chapter moreover explains that no strictly reliable sampling frame could be established and describes the strategies that were chosen to overcome this problem.

In Chapter Four, background information on Ghana and Côte d'Ivoire is provided. It shows that there are some major commonalities in their demographic and social characteristics. But there also are fundamental dissimilarities in their colonial backgrounds, recent history and contemporary politics as well as in their economic profile and key development indicators. For a long time Côte d'Ivoire has provided potential migrants and return migrants with a politically more stable and economically more advanced environment than Ghana. Only at the end of the 1990s has Côte d'Ivoire started to experience a period of political and social turmoil and plunged into a civil war following coups d'état in 1999 and in 2001.

The first results of the research are presented in Chapter Five, which offers background information on the samples of migrants who were interviewed in the different study sites. After furnishing a brief profile of the participants in in-depth interviews, the socio-demographic characteristics of the two country samples of returned migrants are presented. It emerges that Ivorian participants in the study are somewhat more highly educated and work mostly as employees in the public sector, while Ghanaians tend to be less educated and are more frequently self-employed with or without employees. The chapter acknowledges that this difference may be due to the snowball sampling procedure that was adopted to identify respondents. But these differences can in part be explained when the profile of the two countries is considered and the migration experiences of their populations are taken into account.

The findings presented in Chapter Six confirm that Ivorian and Ghanaian highly-skilled return migrants who were surveyed in this study have acquired and transferred home relevant human, financial and social capital. These migrants return home with considerable savings, skills, knowledge and ideas, as well as with personal and professional contacts. All this equips them with the necessary means to operate meaningful changes after return. A key distinction is, however, drawn between the ideology of return among the older and the younger generation, and this has an impact on the type of capital transfers that are made.

Chapter Seven enquires further into the conditions under which migrants can become agents of change. It focuses on the experience of Ivorian and Ghanaian highly skilled in Europe and North America and concludes that the migrants' experience abroad is particularly determinant for their acquisition of different types of capital. Most significant in this respect is their duration of absence and length of work abroad. The experiences abroad of Ghanaian and Ivorian highly-skilled migrants are described in some detail to foster a better understanding of the conditions that enable them to acquire a special development potential.

The eighth chapter is devoted to the dynamics of return migration to Côte d'Ivoire and Ghana. It investigates how the decision to go back home was made, who had a say in the process and who participated in the return move. It is argued that, as far as the migrants' change potential is concerned, this process and its determinants are of somewhat less importance in framing migrants' return decision-making. Yet, it shows how return was planned and organised in the light of specific expectations. The chapter also looks at the benefits that migrants derived from return incentive programmes and policies, which however in this context of investigation were found to be rather limited.

The challenges of readjustment and reintegration that migrants encounter back home are the subject of Chapter Nine. In terms of professional opportunities, returning migrants found what they were expecting but they also faced problems in adjusting to local working conditions. Similarly their living conditions after return and general readaptation proved more problematic than they had foreseen. For some, these problems remained sufficiently large so that they opted to remain abroad or re-emigrate. The extent to which such problems influenced the willingness of migrants to effect change was also explored.

Taking as evidence the understanding and assessment of their own experiences, Chapter Ten assesses migrants' and returnees' impact at different levels. The findings show that, at the micro level, many migrants had achieved their objectives, improving relative income levels, expressing satisfaction with their working conditions and, more generally, appreciating a higher quality of life back home. At the meso level migrants provided support to their family and kin in line with traditionally prevailing expectations and pressures. They also introduced many kinds of new knowledge, skills and ideas in the workplace. At the macro level, return migrants can also be seen to have promoted major socio-economic and political transformations. This included the creation of new businesses and the promotion of various community development initiatives.

Chapter Eleven deals with the policy implications of this study. It concludes that the developmental impact of highly-skilled return migrants is more important when these have acquired not only educational qualifications, but also relevant work experience abroad. However, there seems to be an optimal duration of absence of about five years, after which the acquisition of capital becomes constant. Also, from a certain point onwards, the likelihood increases that migrants may not return home or might lose the willingness to implement change after return. This important finding supports arguments and ideas favouring the circulation of highly-skilled migrants. Some recommendations are formulated in this respect, and with regards to the need to facilitate the reintegration of migrants back home. In conclusion, the chapter dwells once more on the strengths and weaknesses of this study before it provides some directions for further research aimed at harnessing the development potential of highly-skilled migrants in developing countries.

Chapter Two

Revisiting the Linkage between Migration and Development

The purpose of this chapter is to provide an overview of the relationship between migration, return and development. Regardless of its importance for the understanding of the migration-development linkage, return migration has always been somewhat disregarded in the migration literature (Cassarino, 2004; King, 2000). Even a superficial review of this literature shows that relatively few articles and books deal with this critical issue. While empirical studies on return migration have started to accumulate, theoretical approaches and models to study development implications of return migration and more precisely of highly-skilled migrants, are still lacking.

In the following sections, first the consequences that international migration can have on domestic labour markets, the effects of migrant remittances and the "brain drain" phenomenon are discussed. The return of migrants is addressed in a separate section because this part of the migration process deserves special attention if a better understanding of the migration-development linkage is sought. Then the developmental impacts of potential capital transfers occurring with return, and particularly the transfer of financial, human, and social capital, are examined. The chapter concludes by looking at the contemporary migration trends in West Africa.

Consequences of International Migration

Studies regarding the interrelations between international migration and development (Castles, 2008; De Haas, 2008; Nyberg-Sørensen et al. 2002a, 2002b) suggest that migration effects can be examined at three main levels: the individual level; the family, household, kin group or local community level; and the wider regional, district or national level. The nature of the eventual effects may be contradictory. For example, emigration of the highly skilled may have direct positive returns for individual migrants and their families (e.g. remittances and better standards of living), but may concurrently cause adverse effects for the national economy (e.g. loss of skilled human capital).

The consequences of migration may vary considerably according to the time perspective that is chosen. Certain consequences that appear positive in the short run may turn out to be negative in the medium or long run. Most important, however, is that the consequences of migration differ depending on its volume and type. The macro level consequences are obviously quite different when only a few people migrate, or in the case of mass migration. But migration effects also vary considerably according to different types of migration such as internal and international migration, temporary and permanent migration, regular and illegal migration.[1] The characteristics of migrants and the degree and direction of selectivity are also important determinants of variations in migration impacts. Variations in the consequences of migration do not only depend on the socio-economic situation in the areas or countries involved in the migration but also on the political and cultural situation. This broad range of factors influencing the nature of migration impacts is rarely taken into due consideration.

A review of the literature shows that the consequences of migration for the sending countries have generally been assessed at three levels: the effects of the departure of workers on labour markets; the impact of remittances on the national economy and on the living standards of migrants' family members; and the implications of the loss of highly-skilled migrants on the availability of human capacity necessary to harness development. Diverging views and contradictory findings concerning these issues will be discussed in the following sections.

Labour Market Effects

There has always been a heated debate regarding the effects of emigration on labour markets in sending countries. This issue is obviously of particular importance in the West African context which is characterised by rapid population growth and increasing unemployment. Some demographic forecasts suggest that the regional labour force in the year 2025 (477 million) will nearly match the region's population in 1990 (483 million) (Adepoju, 1998: 302).

1 Migration types can be distinguished using spatial, temporal, administrative, and legal criteria. See for example Boyle et al. (1998) and Lewis (1982).

Neoclassical economic theory expects out-migration to bring about a positive impact on labour markets under such pressure, by diminishing un- and underemployment (Solimano, 2001).[2] In these countries labour is generally abundant and capital is relatively scarce. Wages are lower here than in the more advanced industrial countries. Higher wages in the industrial countries attract labour migrants from the developing world. International migration, deriving from these imbalances, results in increased labour supply in immigration countries and decreased labour demand in emigration countries. As a result, wage levels rise in the emigration country and drop in the immigration country until an equilibrium is reached. At that point, one might expect return migration to be initiated. This model has been criticised because the decision to migrate is not influenced by economic factors alone. It is also determined by social, political, and even cultural factors. It also has been stressed that its underlying assumptions, such as the homogeneity of labour as a production factor and the conviction that markets normally reach a stable equilibrium, are too rigid (Fischer et al., 1997).

More specifically, some studies have shown that emigration can itself produce labour shortages in certain sectors of the economy. Adepoju (1991b) reports that in sub-Saharan Africa this has occurred mainly in agriculture and stresses that development may be obstructed as the young and enterprising adult males migrate while the older and more conservative members of the population stay home. Others, though, have demonstrated that labour shortages resulting from emigration can induce technological change encompassing a more rational use of resources. For example, Findley and Sow's (1998) longitudinal study on rural emigration in Mali shows that labour shortages have produced favourable changes in farming practices. Households with migrants in France had to take on outside labour to replace absent labour. This strategy has had positive effects because it has allowed them to extend their cultivation by using part of the production to pay the labourers in kind.

Migrant Remittances

It is often emphasised that while emigration countries lose manpower – and particularly the "best and brightest", in the words of Papademetriou

2 See for example Ranis and Fei (1961), Harris and Todaro (1970), Todaro (1976).

and Martin (1991) – they also get something in return. Migrants who work abroad usually send part of their income to their family, relatives or friends in the home country. The economic impact of these remittances has been considered beneficial at both the micro and macro levels at least in the short term.[3] Remittances represent an important source of income for families and households and the importance of the total volume of remittances is undeniable (World Bank, 2008).

In 2008 migrant remittances received by developing countries through formal channels were estimated at US$ 283 billion, up from US$265 billion in 2007 and US$72 in 2001 (Ratha, 2008).[4] Unrecorded remittances which are transferred through informal channels such as the migrants themselves or other people, for example, are estimated at about half the total volume of officially recorded remittances (World Bank, 2006). They are presumed to be particularly high in sub-Saharan Africa where they could correspond to 75 per cent of officially recorded remittances (Freund and Spatafora, 2005), or even to as much as 2.5 times the recorded flows (Sander and Maimbo, 2005).

Remittance data are today much more comprehensive and reliable, revealing that the aggregate value of migrant remittances has grown strongly over several years (World Bank, 2008).[5] Already, back in 2001, Gammeltoft (2002) had compiled data showing that these flows doubled between 1989 and 1999 and can significantly exceed that of other external financial flows. Globally, migrant remittances have surpassed official development assistance since the mid-1990s and presently represent the largest source of external finance to developing countries after foreign direct investment (World Bank, 2008). But in certain countries remittances can even significantly exceed foreign direct investment flows and also

3 See also Adams (2007, 2005), Adams and Page (2003), De Haas (2007), Özden and Schiff (2006), and Bardouille et al. (2008) and Adams and Page (2008) and Quartey (2006) with a focus on Africa and on Ghana respectively.

4 Officially recorded remittances are calculated as the sum of workers' remittances, compensation of employees and migrant transfers. See www.worldbank.org/prospects/migrationandremittances for remittance data definitions and datasets.

5 Despite measurement of migrant remittances has improved there remain problems to comprehensively record these financial flows because remittances are transferred through both formal and informal channels. There also remain challenges related to the definition of remittances and to ensure remittance data quality and availability (IOM, 2008a).

national export earnings. It also has long been stressed that remittances have a positive impact on the balance of payments of sending countries as they help to narrow the trade gap, control external debt, facilitate debt servicing and produce much-needed foreign exchange (Appleyard, 1989a, 1992, 1995).

The drawback of such conspicuous monetary transfers is that developing countries may become dependent on earnings that are nonetheless uncertain and remain vulnerable due to changes in migration policies and to economic or political crises (Hernandez-Coss, 2005; Appleyard, 1989a; Ghosh, 1992). For example, remittance flows dropped significantly following the political and economic crisis in 1999 in Côte d'Ivoire, which hosts migrants from many West African countries (Bardouille et al., 2008). This had also occurred during the first Gulf War (1990–1991) because it produced sudden returns of migrants to their home countries (Skeldon, 1997; Van Hear, 2002).

Yet Ratha (2008) established that remittances are a more stable source of external development finance when compared to some other sources and has stressed their counter-cyclical nature. In fact, it is especially in times of crisis in their country of origin that migrants start sending home more remittances to help their families, friends and communities. In addition, this author's remittance data analyses found that poor countries receive relatively larger remittances and these are more evenly distributed among countries than are flows of private capital (Ratha, 2007).

Migrant remittance flows to sub-Saharan Africa have steadily increased since the mid-1990s. They grew from US$ 3.2 billion in 1995 to US$ 9.3 billion in 2005 and to US$ 10.3 billion in 2006 (Ratha, 2008b). Although their growth has lagged behind that recorded in other regions of the world and increases in these flows have overall decelerated in the past two years, migrant remittances remain a very important source of foreign revenue. They exceed official development assistance in Côte d'Ivoire (Ratha et al., 2008b) as well as in Ghana, where they also significantly surpass direct foreign investment (Quartey, 2006).

The amounts that migrants remit vary depending, among other things, on their income, propensity to save and to some extent on the length of stay abroad. Institutional arrangements for money transfers, exchange rates and risk factors, as well as the strength of social ties, also influence the amount of remittances (Sanders and Maimbo, 2004; Barro et al., 2003; Maimbo, 2008). King (1986) showed that remittances increase proportionally with the income of migrants, while they decrease with the length of stay abroad. He also found that remittance money is likely to be more important when migrants plan to return than if they intend to settle for good in the host country. The amounts remitted tend to increase with the distance and the costs of migration. This seems to confirm that migrant families expect a monetary return on the investment in migration of one or more family members who have been sent abroad. Studies conducted in West Africa show that remittances are part of an “implicit contractual arrangement” between emigrants and their families (Black et al., 2003a). De Haan and Rogaly (2002) found that remittances increase in periods of crisis as they are an integral component of risk diversification strategies pursued by families to ensure support in moments of need. Russell et al. (1990) also detected in this region a positive correlation between amounts remitted and per capita household income from other sources.

The impact of remittances has been the focus of considerable debate (De Haas, 2007). Some scholars have argued that remittances fail to enhance development because they are not spent on investment goods but rather on basic consumer goods. Hermele (1997: 136) describes how this argument goes: “Remittances are not put to productive use, but mostly spent for unproductive purposes – housing, land purchase, transport, repayment of debt – or, to a smaller degree, wasted on conspicuous consumption, or simply saved as insurance and old-age pension funds”. This argument is contradicted by the findings of Adams and Page (2008), who used a nationally representative household survey in Ghana to demonstrate that households use remittances in the same way as any other source of income.

The debate hinges on the definition of “productive” and “unproductive” uses of remittances. Expenditures on food (particularly in conditions of undernourishment), shelter, land and especially education may have a positive development effect and mainly, but certainly not exclusively, in the long run. For example, Taylor (1999) points out that building a house has an impact on family health and village infrastructural construction activities, whilst Lowell and Findlay (2001) note that the “induced effect” of emigration on increasing demand for education, and on the growth of private funds to support it, do have a highly beneficial developmental effect. Quartey (2006) found that remittances in Ghana improve household welfare and help households to minimise the effects of economic shocks.

Other scholars have emphasised other aspects. For example, Looney (1990) has shown how remittances can cause inflation because they create a demand without concomitant production capacity, whilst Böhning (1984) emphasised that remittances increase the demand for imported goods, producing a negative effect on the balance of payments. Thomas-Hope's (1999) findings from Jamaica confirm this view, showing that migrants were charged higher prices for houses and services. Some scholars laid emphasis on the "remittance multiplier effect" arguing that expenditures of remittance-receiving households may create a positive demonstration effect on households that do not receive any (Appleyard, 1989b).

Increasing social inequalities have been seen as another negative effect of remittances. Lipton (1980, 1982), for instance, has argued that remittances sharpen income inequality because the better-off parts of communities are more likely to send migrants abroad and thus are also more likely to draw greater benefits from migration.[6] A study by Rodriguez (1998) in the Philippines and research done by Adams (1991) in rural Egypt confirm this negative impact of remittances on income distribution.

On the contrary, through analysis of data covering 71 developing countries, Adams and Page (2005) confirmed that remittances can significantly reduce poverty and empirical evidence from different African countries also contradicts pessimistic views regarding the use of remittances. For instance, Gustafsson and Makounen (1994) have found for Lesotho that migrant remittances actually decrease inequality. From their study on sub-Saharan Africa, Russell et al. (1990) concluded that "once subsistence needs are met, migrants do use remittances for investment purposes including education, livestock, farming, and small scale enterprise".[7] Findley and Sow (1998) report from Mali that remittances not only covered basic food and cash needs but also allowed recipients to pay for irrigation in agriculture. Remittances have also been a significant source of financing for agricultural inputs in Zambia (Chilivumbu, 1985). Research in Somaliland has highlighted investment of remittances in productive ventures even in highly unfavourable economic and political conditions (Ahmed, 2000; Gundel, 2002; Maimbo, 2008).

Caldwell (1969), in a much earlier study on internal migration in Ghana, had already found that migrants spent remittances to pay for schooling and wages of farm labourers and to develop small businesses. In other instances remittances have been used to finance social and economic development projects in the home country. In their study on Senegal, Diatta and Mbow (1999) found that remittances were a substantial source of revenue for migrant families and were also used to

6 See also Ammassari (1994).

7 It should be noticed that some differences were found in the use of remittances by sex (Russell et al., 1990) and by educational status (Athukorala, 1990).

promote development in migrants' home communities. Similarly, a quite extensive literature in French reports that Sahelian migrants in France financed community development initiatives, such as the construction of schools, health centres and post offices or the provision of clean water. Other initiatives comprised the development of trade and handicraft, improvements in public transportation and the organisation of adult literacy and vocational training courses.[8] Even the salaries of teachers or health workers are sometimes financed by migrant remittances.

The Brain Drain

Migration of the educated and skilled from African countries to industrial countries in the North has reached significant proportions, and there is little evidence that these flows will decrease in the near future (ECA, 2006a, 2006b). This trend is the result of changes in government policies and in the nature of global labour demand and supply. About one in ten highly-skilled people born in the developing world are today estimated to live in either North America or Europe (IOM, 2008a).[9] It also has been suggested that as much as 30 to 50 per cent of those originating from developing countries and who were trained in science and technology have settled in developed countries (Lowell and Gerova, 2004). These figures raise the issue of "brain drain" which constitutes a major challenge to the development of their countries of origin.

Docquier and Marfouk (2004, 2006) have, for the first time, thoroughly documented international migration by educational attainment. They produced valuable statistics on the volume and increases in highly-skilled migration from African to OECD countries in the 1990s. Emigration rates were calculated by dividing the number of emigrants at each level of education by the number of people with the same level of education at home, including the emigrants themselves. This has helped to demonstrate that not only did migration from African to OECD countries increase

8 See for example Cissé (1993), Condé et al. (1986), Daum (1993, 1994, 1997), Dembele (1993), Diombéra (1993), Fadé (1993), Kane (2001), Lavigne Delville (1991), Nédélec (1998), Panos (1998) and Quiminal (1991, 1993).

9 The definition of highly skilled is not always clear. Typically, a combination of both education and occupation is used to select the highly skilled. But often the group that is referred to as "the highly skilled" comprises only adult people with tertiary education (IOM, 2008a).