



The Labor Markets Thematic Group

Migration of Youth in Middle East and North Africa: Opportunity or Cost?

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Introduction

- Migration out of MENA is bound to increase
- (Youth) migration is an opportunity for MENA, but it also creates risks
- Policies can enhance the opportunities and mitigate the risks of youth migration

The demographic trend translates into a drastic decline of the labor force in aging regions, especially in Europe from 2010 onwards

Potential per-period demand for migrant labor by region: projected change in total labor force (millions)

	2005-2010	2010-2020	2020-2030	2030-2040	2040-2050	Total Chang
China	27,0	13,3	-36,6	-37,4	-51,1	-84,8
High-income East Asia and Pacific	0,1	-4,7	-8,9	-9,7	-9,1	-32,3
Eastern Europe and Central Asia	6,2	-1,9	-4,3	-8,9	-13,8	-22,7
European Union and other Europe	-2,3	-14,2	-19,7	-16,8	-13,4	-66,3
North America	3,5	-0,7	-3,5	-3,3	-4,8	-8,8
Total	34,5	-8,2	-73,0	-76,2	-92,2	-215,0

Similarly, the demographic trend translates into a drastic increase in the 15 to 39 labor force of most developing regions, including MENA

Potential per-period supply of migrant labor by region: projected change in 15 to 39 labor force (millions)

	2005-2010	2010-2020	2020-2030	2030-2040	2040-2050	Total Change
Low-income East Asia and Pacific	11,1	13,2	0,1	-4,7	-7,5	12,3
India	26,0	43,6	17,8	-2,3	-17,4	67,7
Latin America and Caribbean	12,3	15,0	5,7	0,3	-4,5	28,8
Middle East and North Africa	13,7	12,8	5,8	9,2	2,5	44,0
Other South Asia	16,7	28,0	19,0	14,9	10,1	88,7
Sub-Saharan Africa	31,1	72,0	77,7	78,8	68,7	328,4
Total	110,8	184,5	126,2	96,3	52,1	569,9

Bottom line

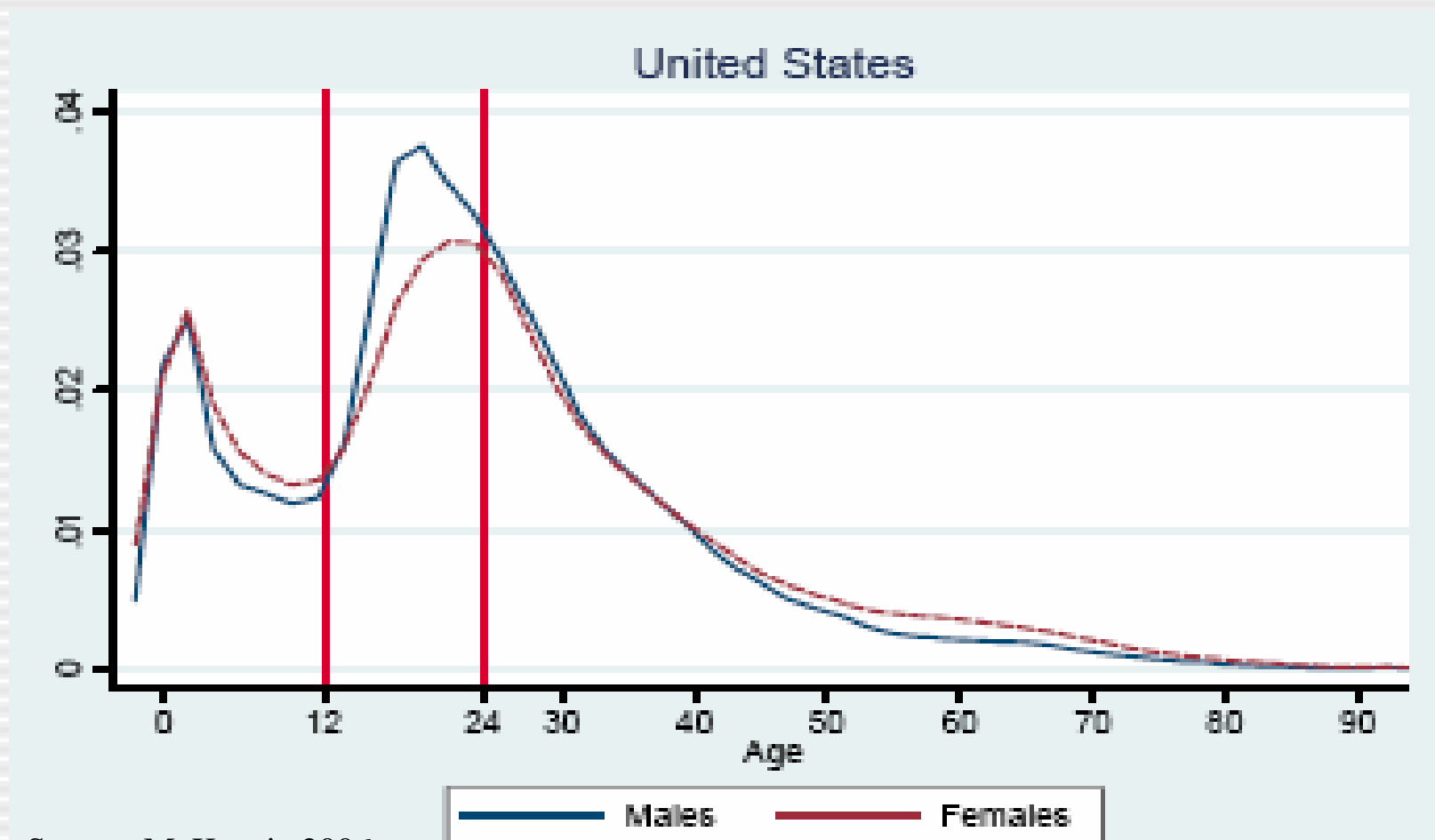
- Global demographic trend will increase migration out of MENA
 - Youth bulges have traditionally created emigration (Hatton and Williamson 1998)
 - Supply side: large cohorts of youth increase pressure on labor markets in sending countries (“push”)
 - Demand side: aging and decreasing labor force in receiving countries (“pull”)
- Roadmap:
 - Who migrates and why?
 - What are the opportunities of youth migration?
 - What are the risks of youth migration?
 - Which policies enhance the opportunities and mitigate the risks of youth migration?

Who migrates and why?

- Youth have highest likelihood to migrate
 - Higher lifetime returns
 - Lower opportunity costs for youth from countries with high youth unemployment and strict seniority rules
 - Especially high if migration decision is a household decision (risk diversification)

Data shows indeed that a large part of newly arrived migrants in major receiving countries are youth

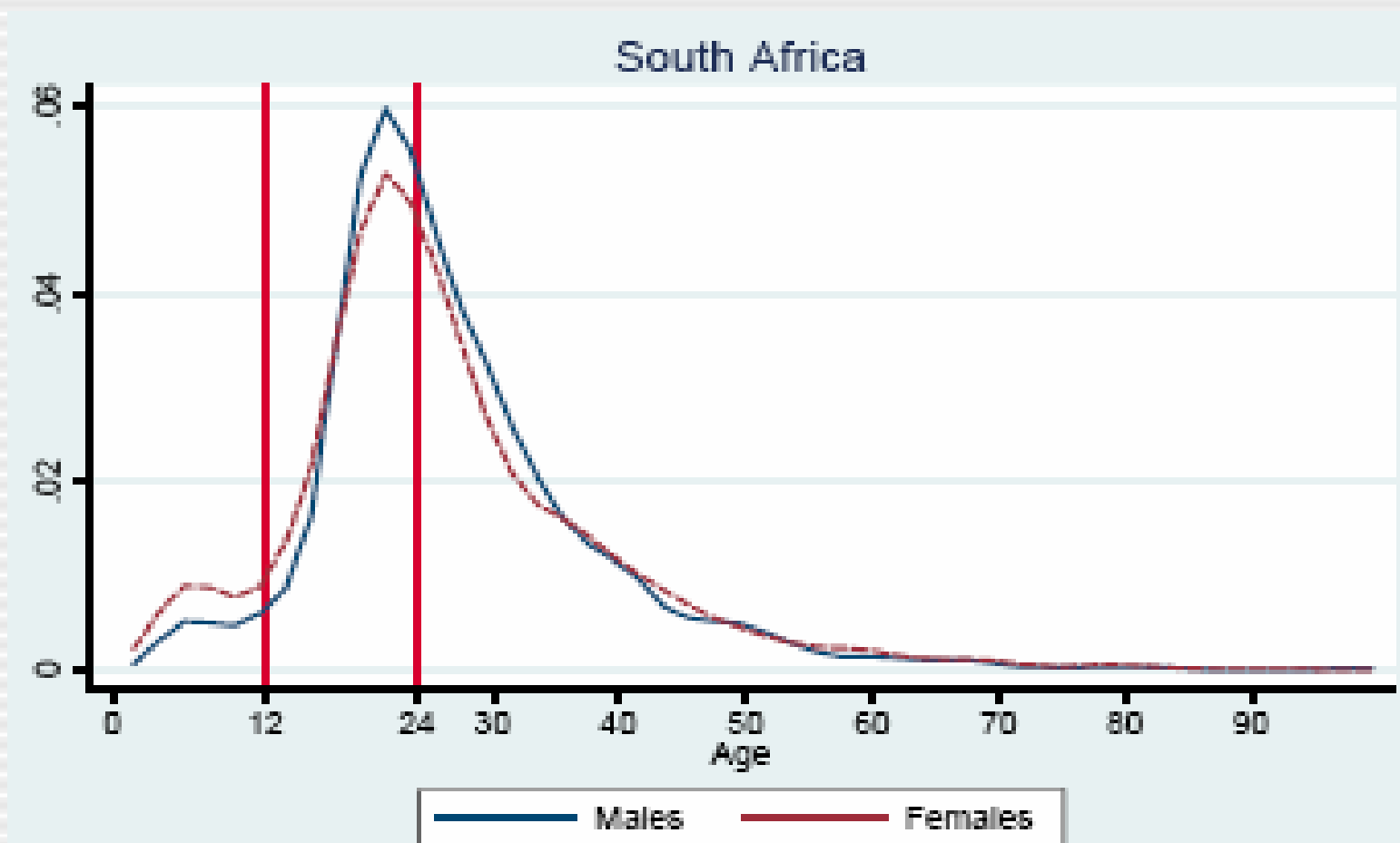
Percentage of migrant inflow into US by age



Source: McKenzie 2006

Especially in the South-South migration context

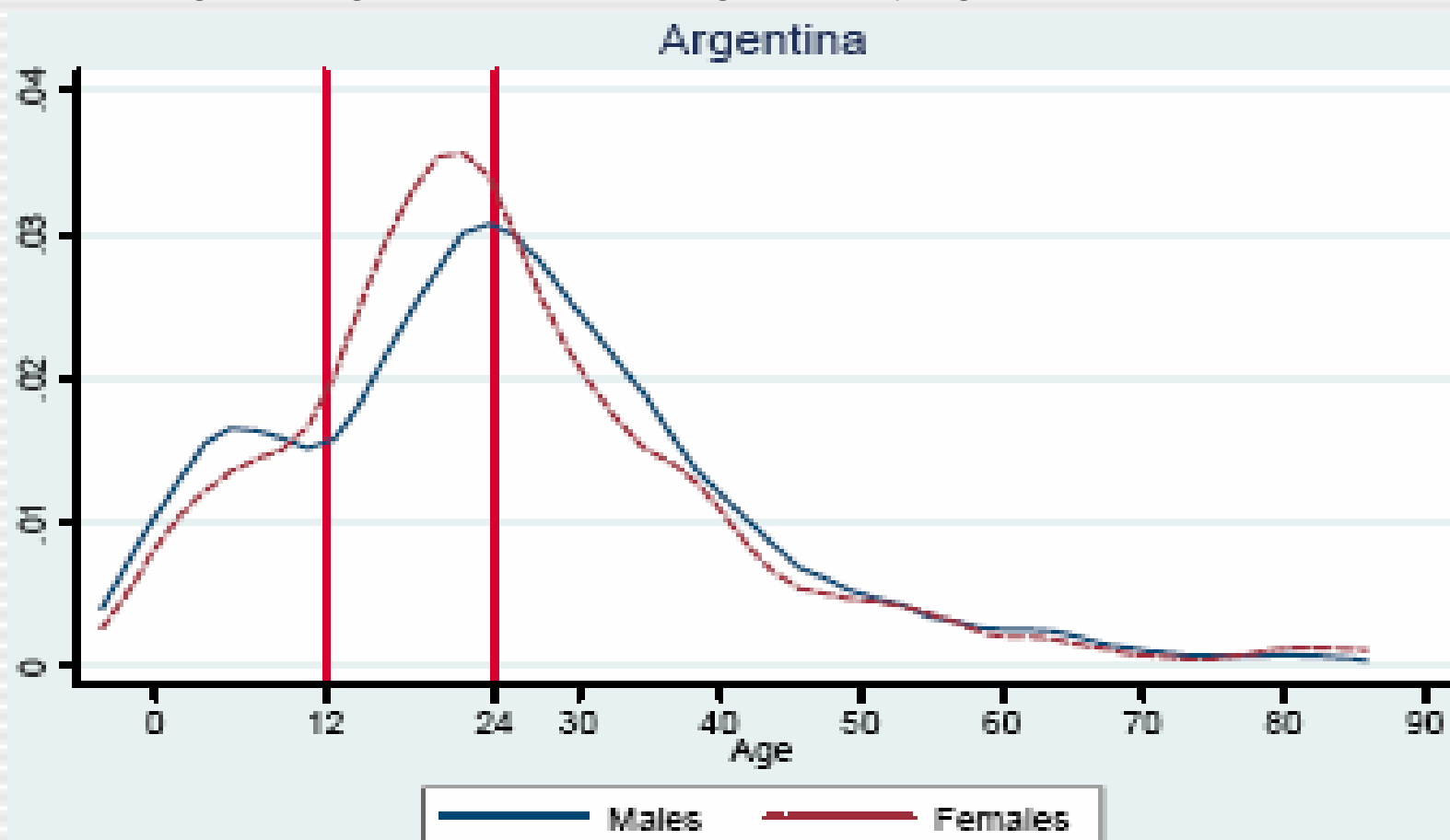
Percentage of migrant inflow into South Africa by age



Source: McKenzie 2006

Developing countries as destination countries attract more youth migrants...

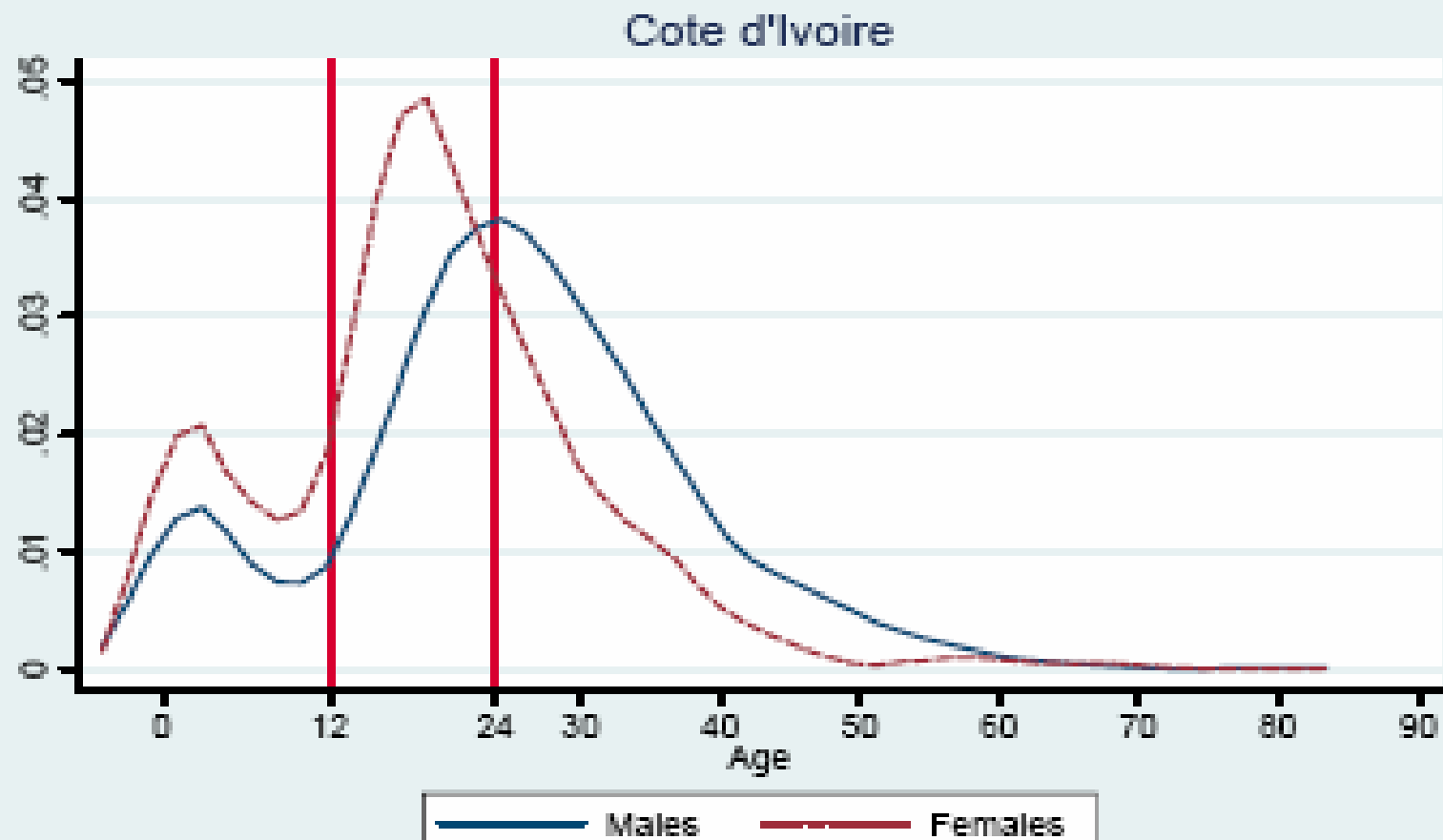
Percentage of migrant inflow into Argentina by age



Source: McKenzie 2006

Developing countries as destination countries attract more youth migrants...

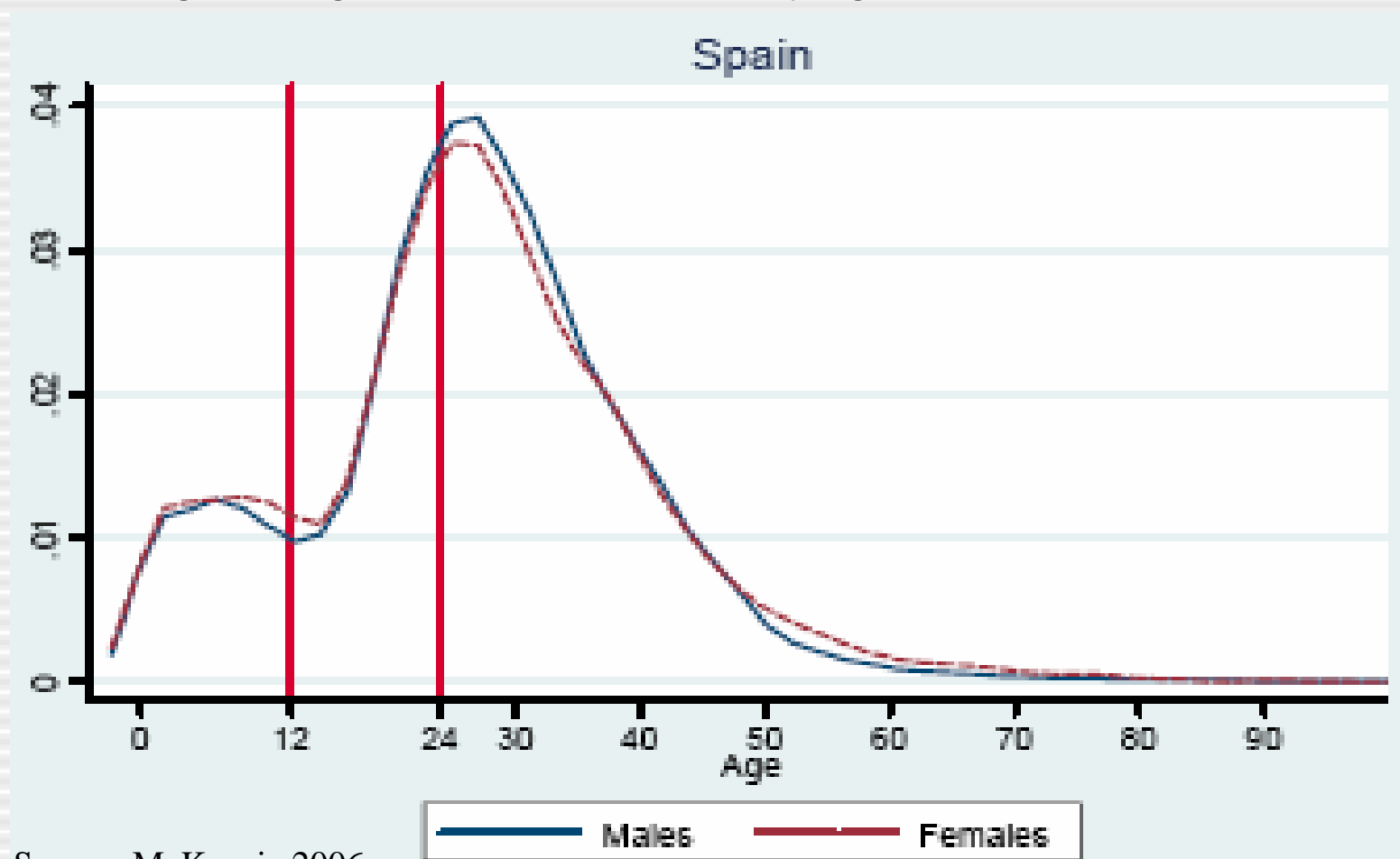
Percentage of migrant inflow into Côte d'Ivoire by age



Source: McKenzie 2006

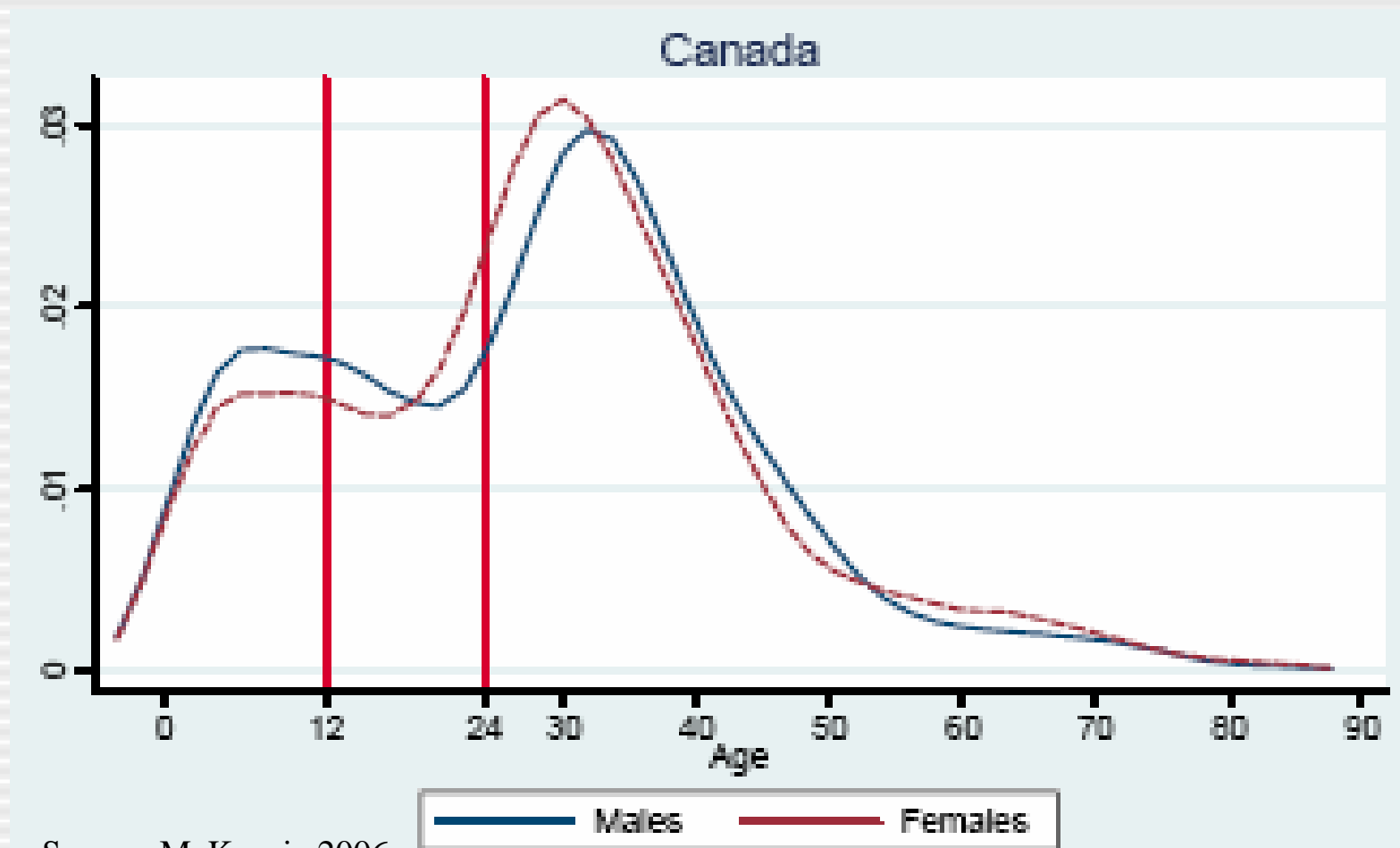
...while developed countries as destination countries tend to attract less youth migrants...

Percentage of migrant inflow into Spain by age

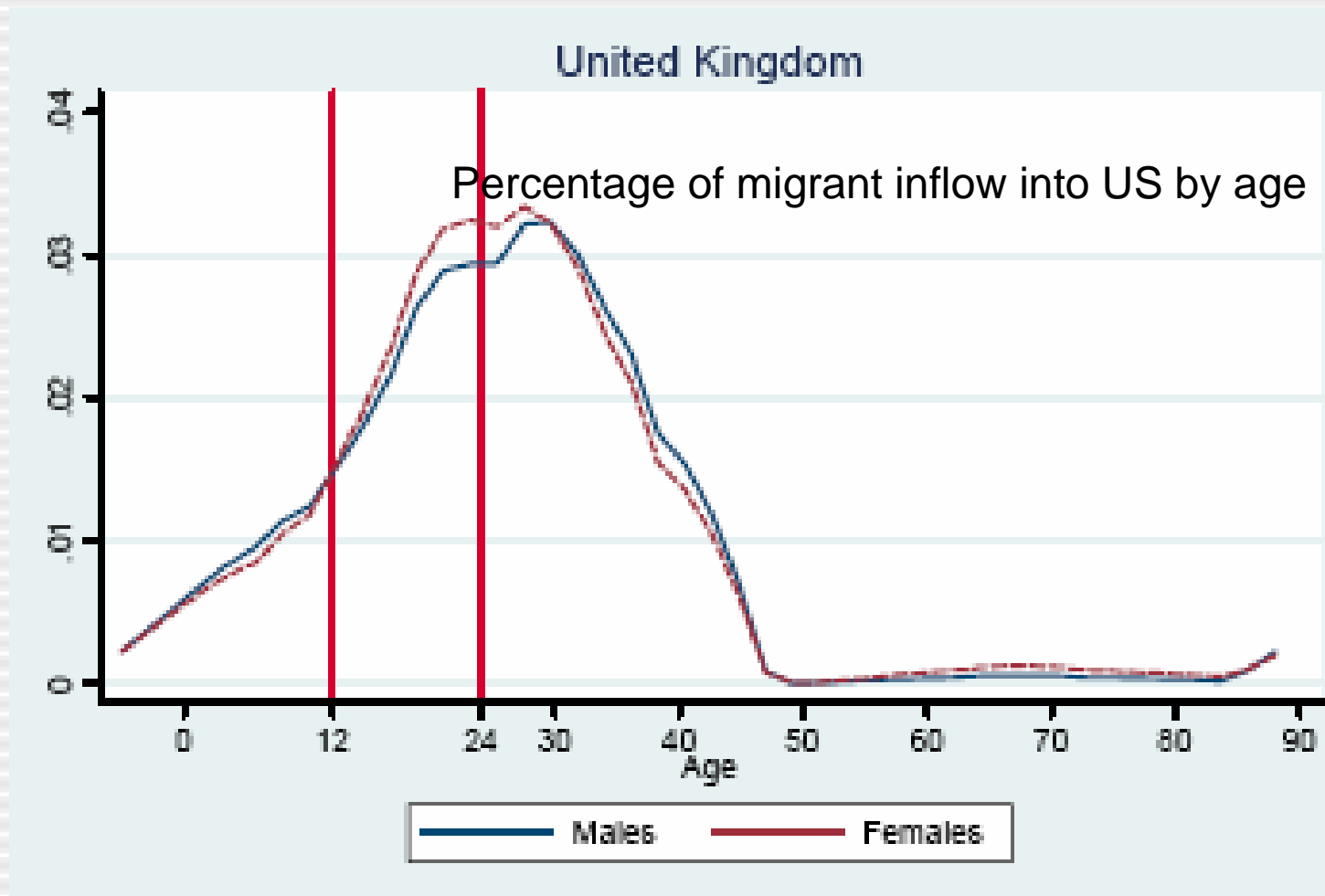


...especially if their immigration policy is geared towards attracting skills, like in Canada...

Percentage of migrant inflow into US by age



...and the UK



Source: McKenzie 2006

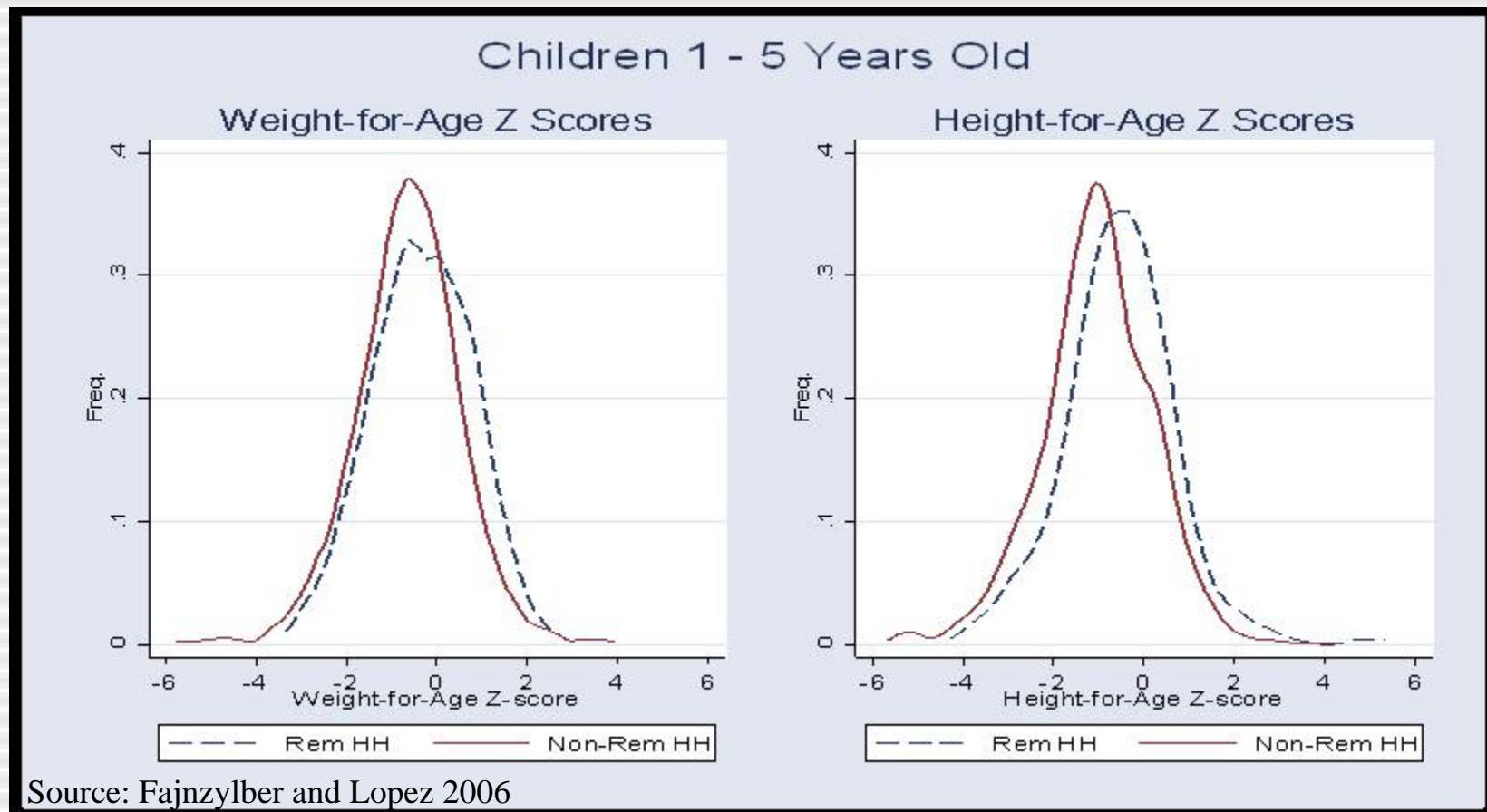
What are the opportunities?

- Opportunities for youth are widened through migration
 - 3 percent increase in global stock of migrants by 2025 would increase global income by US\$356 billion (World Bank *Global Economic Prospects* 2006)
 - Most of this income gain would go to young migrants
- Remittances
 - US\$190 billion a year
 - Significant, yet modest, improvement on poverty and inequality (Fajnzylber and Lopez 2006)

What are the opportunities?

- Labor Markets
 - Decreases supply shock of the youth bulge in sending countries
 - Should increase wages and decrease unemployment and underemployment in sending countries
- Health
 - Knowledge transfer

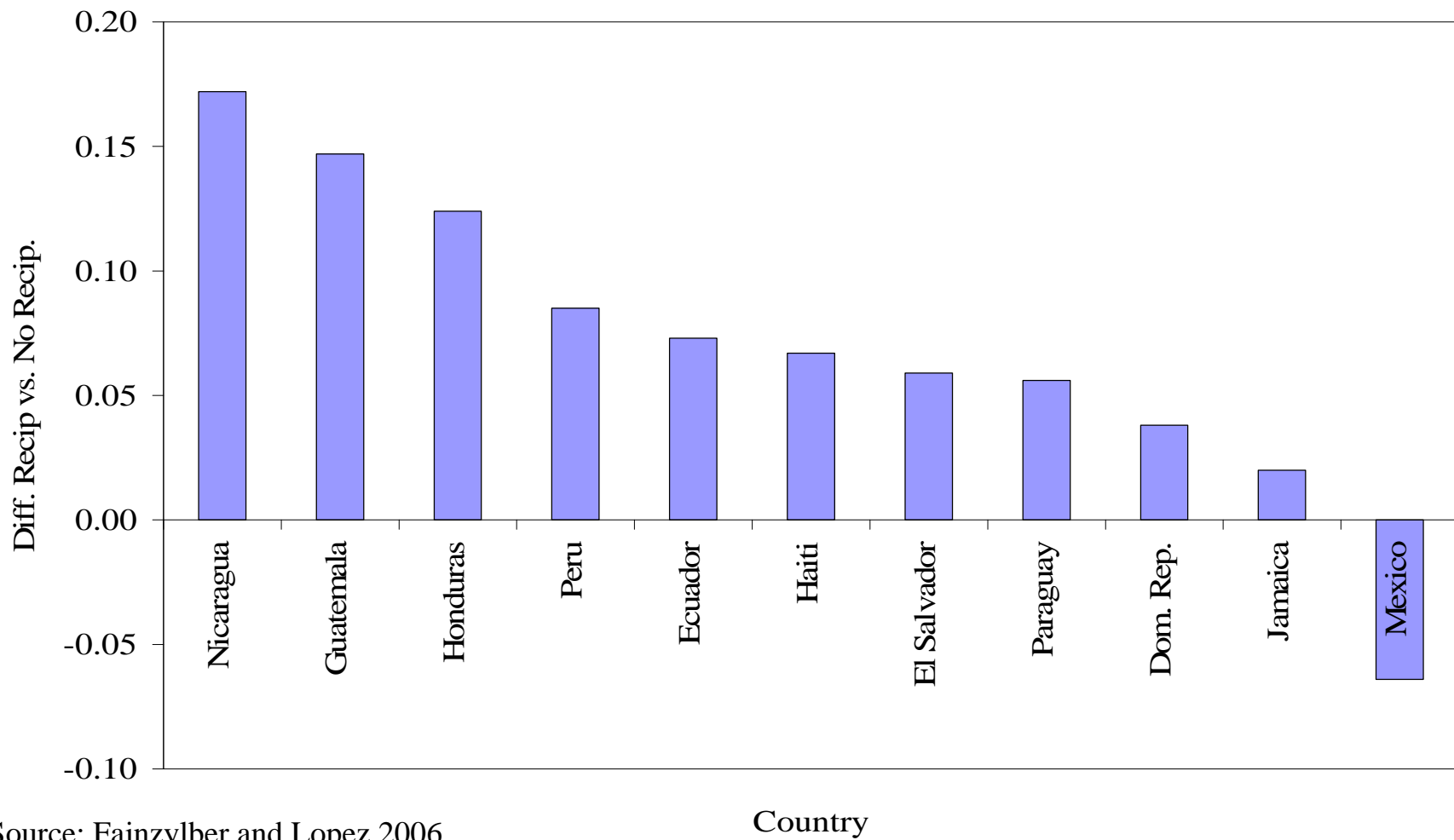
Health indicators in Nicaragua: weight and height of children in remittance-receiving vs. non-remittance receiving households



What are the opportunities?

- Education
 - School enrollment rates
 - Fear of loss of positive externalities for sending countries if the best and the brightest leave (brain drain)
 - Brain drain: ambiguous effect?
 - Incentives for investments in human capital before migration if migration opportunities depend on skill level (India)
 - Investments in human capital while abroad (includes migration for education)
 - Skill transfers through return migration (brain circulation)

Ambiguous impact of remittances on school enrollment rates



Source: Fajnzylber and Lopez 2006

Return migration

- Overall development effect of migration might crucially depend on return rate and age of return
 - How many years of a migrant's productive life is spent in the home country?
 - When and at what age migrants return to the home country determines what skills and savings they repatriate to the home country
 - Migrants returning for retirement: high savings, but low incentives to transfer skills, innovation, management knowledge etc.
 - Younger migrants: lower savings, but high incentives to engage productively in the home country's economy
- Is migration a one-way avenue, or do migrants return?

Data on official migrant flows give mixed results

Ratio of Official Outflows over Inflows of Moroccan Nationals for Selected Host Countries (%)

Host Country	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Accumulated
Belgium	15,2%	17,6%	12,5%	25,0%	20,0%	17,9%	18,6%	16,3%	10,5%	2,8%	14,4%
Germany				71,1%	58,1%	58,5%	62,2%	54,0%	50,0%	43,3%	55,6%
Netherlands	13,9%	18,6%	37,5%	35,5%	23,3%	17,8%	11,3%	11,4%	9,5%		18,3%
Total	14,3%	18,3%	22,5%	44,8%	34,1%	31,2%	29,8%	28,0%	24,5%	21,4%	27,2%

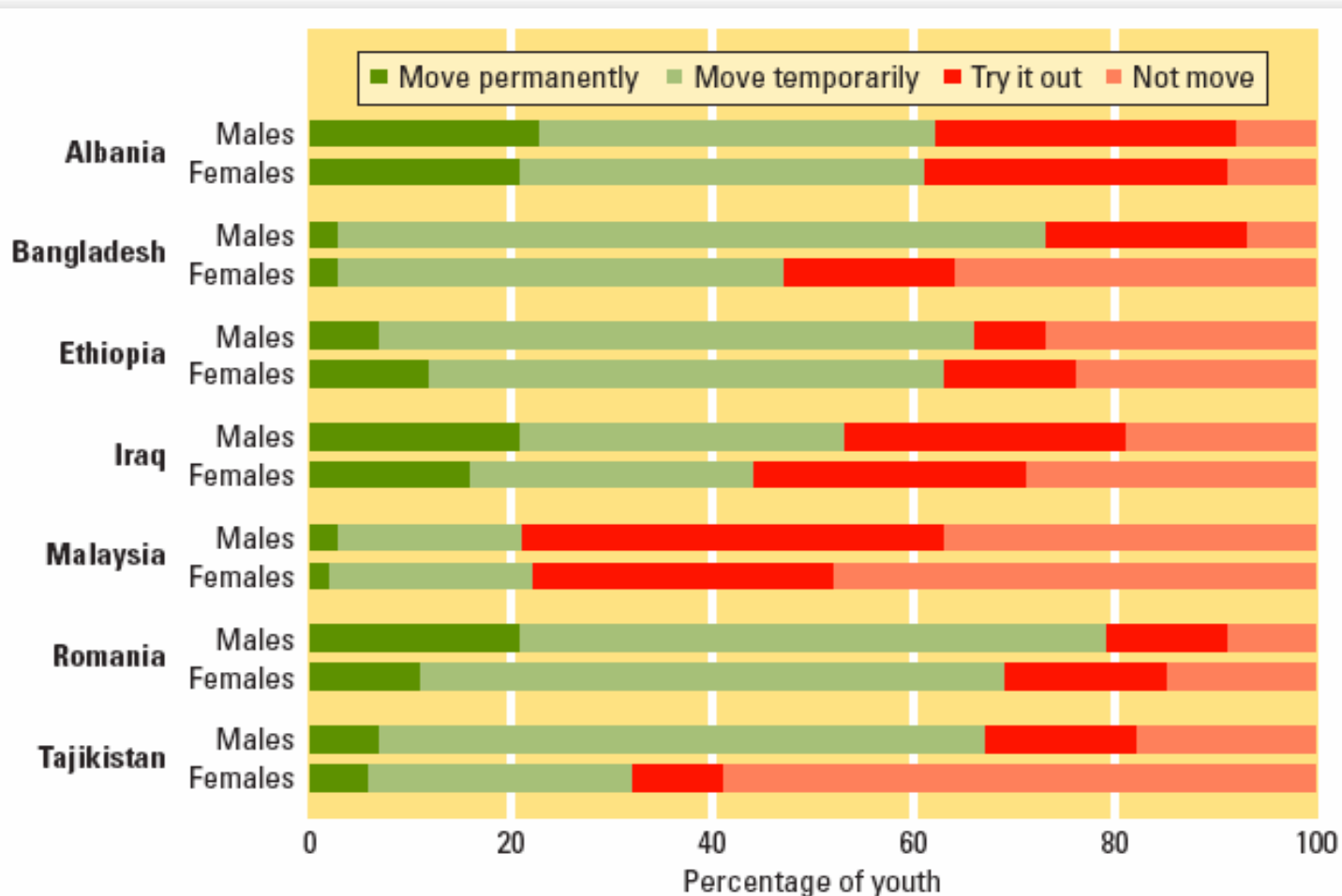
Source: OECD 2003, Migration Policy Institute 2005

Ratio of Official Outflows over Inflows of Turkish Nationals for Selected Host Countries (%)

Host Country	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Accumulated
Austria							64,4%	51,4%	51,4%	45,5%	52,5%
Belgium	22,2%	24,0%	22,2%	24,0%	20,0%	35,7%	25,0%	27,3%	14,3%	10,0%	21,5%
Denmark	18,2%	28,6%	33,3%	25,0%	8,3%	20,0%	16,7%	18,2%	22,2%	22,2%	20,0%
Germany	50,0%	67,1%	72,6%	58,7%	59,4%	82,1%	94,0%	86,8%	79,4%	65,8%	69,4%
Netherlands	19,8%	21,8%	37,2%	33,3%	23,4%	16,9%	17,6%	16,7%	13,3%		21,8%
Switzerland	54,7%	62,5%	78,9%	71,1%	73,5%	79,3%	88,5%	50,0%	46,4%	35,5%	63,7%
Total	46,4%	61,0%	68,2%	56,5%	55,5%	73,9%	81,1%	73,5%	67,2%	59,2%	63,0%

Source: OECD 2003

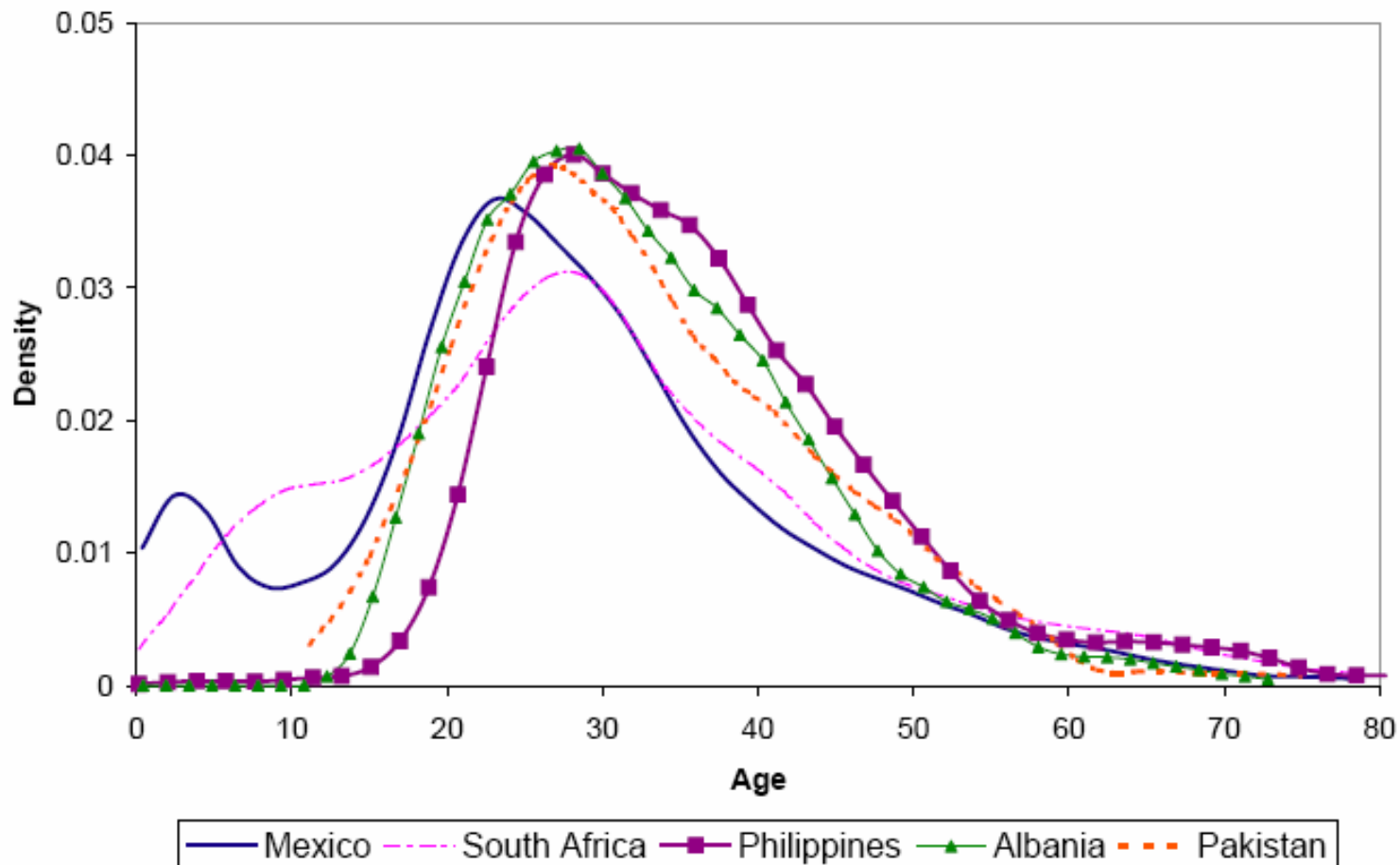
60 to 90 percent of youth in developing countries have a strong desire to migrate temporarily, if the legal opportunities were there, but only 23 percent would move permanently



Source: WDR 2007 InterMedia surveys. In the survey, youth ages 15–24 were asked “If it were possible for you legally to move to another country to work, would you?”

Return rates of youth migrants are high; average Mexican youth migrant returns at age 24, after 3 years abroad; (Albania: 25 after 7 months)

Figure 2: Distribution of Age of Return Migration

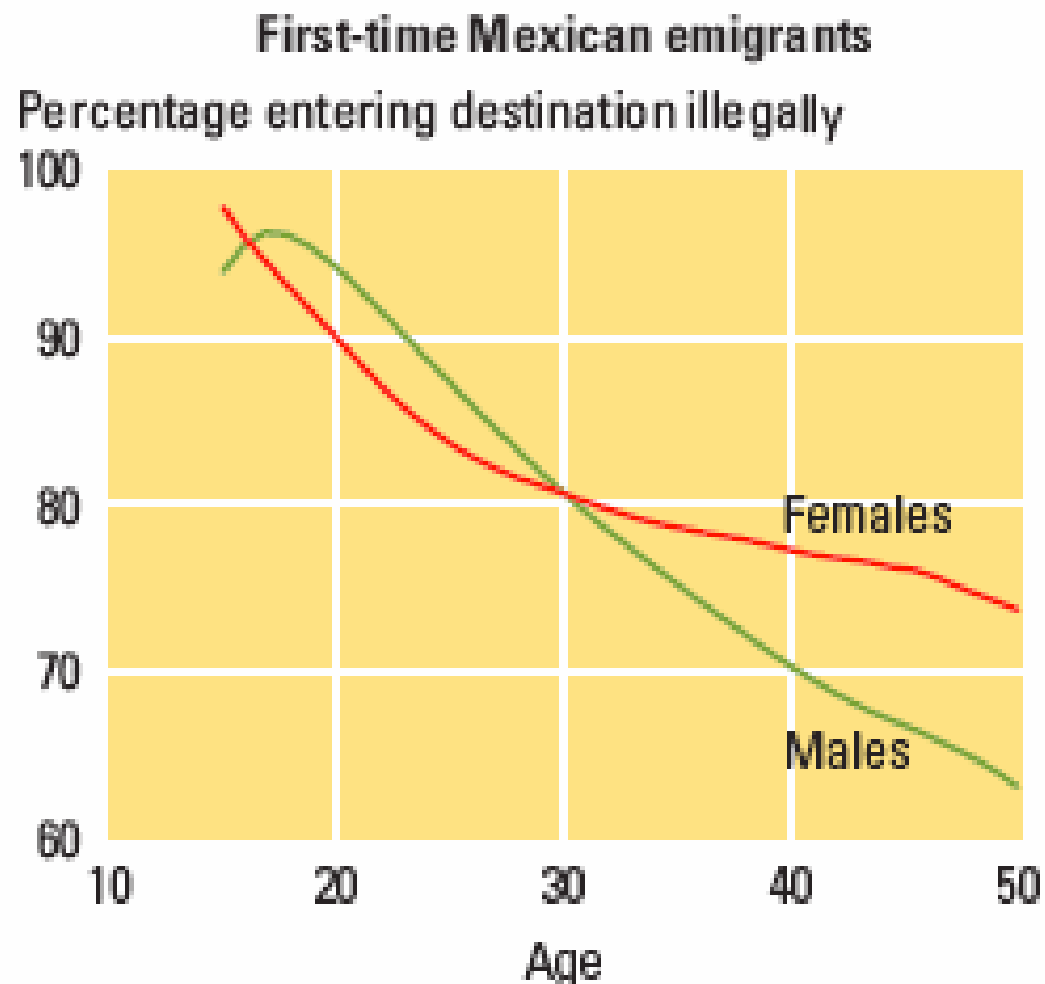


Source: McKenzie 2006

What are the risks (costs) of youth migration?

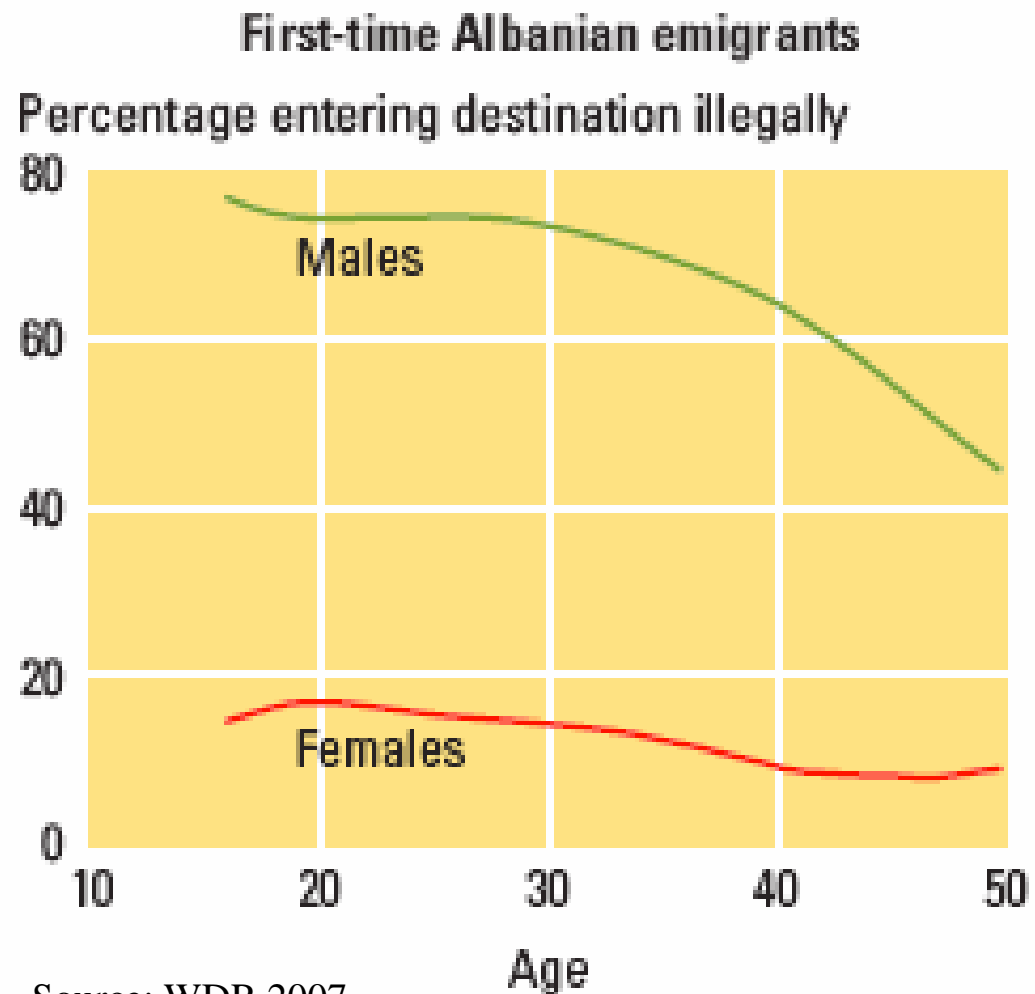
- Illegal migration, human trafficking, and people smuggling
 - High risk, high return--especially attractive for youth migrants
 - Danger of travel: In 2005, 460 people died crossing the Mexican border, at least 160 of them aged 12 to 24
 - IOM reports that 71 percent of victims of trafficking it assisted between 2001 and 2005 were aged 14 to 24, the vast majority girls
 - Limited rights in destination countries
 - Limited access to social services like health, education, social benefits etc.

Lack of legal opportunities for youth to migrate results in illegal migration of youth, like, for example, from Mexico...



Source: WDR 2007

...and Albania



What are the risks?

- Youth migrants are vulnerable to HIV/AIDS
 - Higher incidence rate among migrants in general, and trafficking victims in particular
 - Youth migrants live separated from family and spouse, engage in riskier sexual behavior
 - Risk also for the family left behind after return
 - Migrants make less use of information and prevention services because of cultural and language barriers
 - Undocumented migrants make less use of health services in general because of fear of being detected

What are the risks?

- Labor markets
 - Lack of labor market integration
 - Brain waste because education and experience are not recognized in host country
 - Concentration in few occupations limits career advancement
- Civic engagement
 - Migration can disrupt process of becoming active citizen
 - Lack of opportunities for civic engagement in home and host country
 - Overall, migrants found less likely to be engaged in criminal activities than natives, but risk of importing gang activities to sending countries through deported youth (El Salvador)

Policies to enhance the opportunities of youth migration

- Open legal migration channels for youth
 - Temporary or seasonal low-skill migrant worker programs
 - Holidaymaker work programs (Australia, UK)
 - Migration for education
 - Managed migration programs:
 - Ensure orderly departure and return
 - *Mutual* recognition of education and experience
 - Access to social services and portability of social security entitlements

Policies to enhance the opportunities of youth migration

- Facilitate departure
 - Decrease passport costs
 - Pre-deployment training (Philippines)
 - Financial education to reduce remittance costs
 - Global language training to facilitate integration

Policies to enhance the opportunities of youth migration

- Enhance return migration
 - Improve investment climate, in particular access to credit; many migrants save up a specific amount to start a business
 - Ensure recognition of degrees earned abroad
 - Portability of social security
 - Engage diaspora in home community
 - Absentee voting and dual citizenship

Policies to mitigate the risks of youth migration

- Inform youth about the risks of:
 - Illegal migration
 - Human trafficking
 - People smuggling
 - HIV/AIDS (and inform home communities about the risks of HIV/AIDS)
- Offer second chances for victims of trafficking and smuggling

Conclusions

- Migration is bound to increase
- Embrace migration as an opportunity for youth and development
- Enhance the opportunities and address the risks of youth migration
 - Create legal migration channels for youth
 - Engage migrants in the home community to enhance return migration
 - Inform youth about the risks of migration, in particular about illegal migration and trafficking