

RESEARCH PROJECT
MAKING MIGRATION A DEVELOPMENT FACTOR:
THE CASE OF NORTH AND WEST AFRICA

A review of international migration policies

WORKING PAPER
by
Narada Luckanachai and
Matthias Rieger*

* Programme for the Study of Global Migration, Graduate Institute of International and Development Studies, Geneva

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I. Introduction

As flows of migrants from developing countries to developed countries grow over time, migration has become an important issue that warrant good management. This paper reviews migration policies that exist in various countries and, especially those that could be applicable to North and West African countries. The paper is divided into 6 main sections as follows:¹

Outward Migration This section examines policies on skilled and low-skilled outward migration. For skilled migration, the policy aim is to reduce brain drain in the healthcare sector through measures such as better compensation schemes, bonding, and private initiatives. For low skilled migration, the policy focus is on reducing migration costs through proper preparation and recruitment process as well as better social protection for migrants.

Inward Migration This section discusses four aspects of inward migration: labour market need, social protection, social cohesion, and development. Destination countries have implement measures that meet skill shortage without admitting excess migrant labour, provide migrants with accessible and portable social benefits, prevent discrimination against migrants, and promote development of origin countries to reduce inward migration.

Transit Migration This section explores externalization and regularization policies and types of social assistance available to transit migrants such as transit centres, housing, and healthcare.

Return This section reviews policies that encourage migrants to return to their home countries. These include diaspora networks, funding and assistance for academics and entrepreneurs, and return programs in destination countries.

Remittances This section investigates existing mechanisms that could be used to increase remittances and promote their investment, reduce transfer cost, and encourage formal channel of remittances. Securitization and regulation of remittances are also mentioned.

Rural-Urban Migration This section reviews policies on rural development that could potentially reduce migration from rural to urban areas, and policies on urban infrastructure development to support growing demand for infrastructure in the cities.

Whenever possible, the paper tries to identify best practices and provide assessments of the performance of migration policies. However, some policy evaluations are based on extremely incomplete data. Therefore, readers are advised to use their judgements when reading through segments on policy assessments.

II. Outward migration

The outflow of skilled labour, or brain drain, is a widespread phenomenon in which students, graduates, and skilled workers leave their origin countries to work or study abroad and do not return. High demand for skilled labour in developed countries has encouraged emigration of skilled labour from developing countries. Emigrants include entrepreneurs, professors, nurses, and doctors. Brain drain is particularly severe in poor countries with rich neighbours. For example, skilled North Africans often migrate to work in Europe. Botswana, Lesotho and Malawi have also traditionally supplied skilled workers to South Africa, and Burkina Faso to Cote d'Ivoire (Hogendorn 1992).

¹ The authors would like to thank Jean-Louis Arcand, Emily McGirr, and Steven Tobin for their helpful suggestions in improving the paper.

Brain drain is normally considered detrimental to economic development. Developing countries invest in education and training that generates return in other countries instead. Brain drain could also lead to skill shortages. However, limited emigration of skilled labour could benefit origin countries in the medium term as migrants send back remittances. Skilled labour may also acquire more skills abroad, which increases human capital at home when they return.

This section reviews theory and evidence concerning brain drain, and examines international best practices to counter brain drains. In particular, this section provides assessment of policies that aim to turn brain drains into brain gains such as the promotion of diaspora networks.

A. Theory

Theoretically, outward migration generates both welfare gains and losses. Gains include remittance flows and lower domestic unemployment (Grubel and Scott 2006, p. 270), while losses include public investments in education and training and possible shortages of labor (Commander et. al 2003). Losses are smaller if there is a surplus of labour to replace those who leave. Although skilled migrants tend to remit more than unskilled migrants, skilled migration is found to generate more welfare losses than gains (Puri and Ritzema 2000).

Several policies have been proposed to reduce skilled migration. For example, skilled migrants could be taxed in destination countries where they work, and the revenues transferred back to their origin countries through the United Nations (Hogendorn 1992). However, this tax was rarely used in reality as sovereign states do not wish to burden their tax systems to others' benefits (Commander et. al 2003). Moreover, it is difficult to distinguish between migrants who leave their origin countries voluntarily and those who are compelled to do so. The solution could be to channel the tax revenue into a fund, which could be used to finance return of skilled workers to their origin countries or refunded to returnees to encourage return.

Skilled workers could also be made to pay for their own education so that public investments in education would not be wasted once they leave the country (Commander et. al 2003). However, private education may not be possible since many professions such as teachers and medical personnel are tightly regulated and require training in public institutions. However, fees could be imposed on public education and training as well as on future income or remittances.

Although policies have concentrated on stopping skilled migration, brain gains from skilled migration may have dominated brain drains (Stark 2005). The mere prospect of migration can increase the number of skilled workers in origin countries (Mountford 1997, Stark 1996, Vidal 1998, and Beine et. al 2001a). For example, assume that there are two orchestras. One is good, while the other is excellent. The excellent orchestra pays a higher wage to its musicians. Hence, good players in the good orchestra have incentive to move to the excellent one. The manager of the good orchestra could enforce a contract that forbids departure. However, if some of the finest players in the good orchestra could still move to the excellent orchestra each year, the prospect of higher earnings will motivate all players in the good orchestra to practice and become better. Therefore, skill accumulation can occur as higher returns on skills abroad raise incentive to acquire skills at home.

Unfortunately, empirical studies on the positive effects of brain drain are scarce. Skilled migration may increase education, growth, and welfare, while barriers to emigration may lower human capital in the long run (Beine et. al 2001 and 2006). Obviously, the brain gain effect is stronger with spillover effects, that is, when some migrants return home and transmit

human capital acquired abroad to the next generations (Mountford 1997 and Vidal 1998).² Note there may be substantial variation across countries and within countries. Rural areas may suffer from brain drain, while urban areas do not, and the net effect is positive.

Another brain gain effect comes through ethnic networks, which help overcome information problems. Migrant entrepreneurs abroad leverage on their knowledge of markets in origin and destination countries by importing goods from the former and selling them in the latter. On the other hand, origin countries benefit from new business opportunities abroad and enhanced reputation from these entrepreneurs (Kapur 2001). The most successful networks are that of China and India. The network of Chinese diaspora has significantly boosted trade with China (Rauch and Trindade 2002), while that of Indian diaspora have created advantages in information technology industry.

The loss of skilled workers or brain drain can slow economic growth (Lucas 1988). However, brain drains can be turned into brain gains through return of skilled migrants return with higher human capital or through networks of skilled migrants with those at home. Therefore, countries should restrict the flows of workers to some extent in order to induce gains from skill creation and slow brain drain. Private education and better incentive may also lower losses due to public investments in education and encourage skilled workers to stay (Docquier et. al 2007).

B. Skilled migration

The discussion below focuses mainly on brain drain in the healthcare sector.

1. Wages and incentives

The incentive scheme must be attractive enough to retain skilled workers. For example, health professionals usually leave Zimbabwe to seek better economic and career prospects in South Africa, Botswana, Namibia, the UK, Australia and New Zealand (Chimbari et al. 2008). The main reasons for migration are economic instability, low wages, and poor working conditions. Workers, especially those in rural areas, also complain about lack of recognition of their work and lack of further training, and unclear career objectives. In 2003, the country only had about half of the 1,500 doctors that it needed to run health institutions effectively (Meldrum 2003). 74 percent of health professionals in private health institutions and over 50 percent of those in urban areas have the intention to migrate.

In 2005, the Health Service Board launched an incentive program to motivate health professionals to remain in Zimbabwe (Chimbari et al. 2008). Salaries were raised, notably by 10 percent in rural areas. Some private consulting was allowed during work time. Workers were offered bursaries and loans with low interest rate to pay for further studies and training. Salaries were reviewed more frequently to reward staff with good performance. Other incentives included state-provided transportation, housing, child-care services, family healthcare, subsidized staff canteens, and improved security equipment. Bureaucratic structures were streamlined to give key staff more autonomy and increase cost efficiency. Management training was also offered on a regular basis. Simplified bureaucracy and financial aid for training were well-received, while loans for cars proved to be ineffective and were subsequently removed.

The impact of this program has been mixed (Chimbari et al. 2008). Although the number of general staff has increased, the outflow of experienced staff remains high. The survey result indicated that the general retention package was still not attractive enough. The main problems were hyperinflation that eroded the salary increase, and budget constraint that

² Return policies will be discussed in details in Section 5.

limited the financial support for housing, canteens, transport, and other incentives (BBC 2009). Fuel shortages rendered the transport of staff to rural areas costly.³

Although poor data collection hinders a comprehensive evaluation of the program, the case of Zimbabwe provides some lessons for origin countries. First, competitive compensation schemes that reward high performers should be adopted to persuade health workers to stay. Second, non-financial incentives could be enhanced when limited fiscal budgets provide inadequate financial incentives. For instance, simplified hierarchies and better career development could boost motivation and increase efficiency. Finally, origin countries may coordinate with destination countries in promoting temporary stay and return, which would help origin countries retain workers and improve competency of their health professionals.

Kenya has also implemented a similar program to stem the loss of its health workers (Ndetei et. al 2008). In general, Kenyan workers demanded better working conditions, better training, and better living conditions in order to remain in the country. Therefore, financial incentives were enhanced. These included paid leave, overtime pay, housing support, car loans, transport allowances, life insurances, shortened working hours, and better healthcare coverage. However, unlike a full-fledged program in Zimbabwe, Kenya introduced new measures at local health facilities. These programs have not been effective as rural areas still suffer from staff shortages and poor facilities.

Similar initiatives were launched in other African countries that suffer from outflows of health workers (Ndetei et. al 2008). In Zambia, more training opportunities have led to higher retention rates (Mathauer and Imhoff 2006). In Ethiopia, more qualification opportunities, housing support, and better career structures have worked well. Member countries of the East, Central, and Southern Africa (ECSA) Health Community also cooperate to learn from each other's experiences.⁴ Regular conferences and working paper review best practices at the regional level.

2. Bonding

Some countries have used bonding scheme to counter brain drain. In 1998, South Africa established a community service program (Reid 2002). Doctors, pharmacists, dentists, and other healthcare professionals such as radiographers are required to work for one year in underserved areas in order to acquire certification. The first cohort in 1998 included 26 doctors. The survey conducted among participants indicated that the majority felt that the program had been worthwhile although they disliked being located in rural areas. In 1999, 1,088 doctors or 92 percent of the total number of eligible interns were distributed among public health facilities across the country. However, since interns have five choices for desired placement areas, some rural areas remain under-served. Between 1999 and 2001, the percentage of doctors who intend to leave the country increased from 34 to 43 percent. Overall, the program could not stop but could only at best delay migration of medical personnel. Since education in developing countries is often free, bonding may be difficult to enforce.

In February 2009, New Zealand introduces a program that aims to reduce shortages of health workers in rural areas. Eligible graduates receive extra pay for up to 5 years if they work in underserved areas: NZD 10,000 for doctors, NZD 3,500 for midwives, and NZD 2,833 for nurses. Student loans can be deducted from income, while graduates without student loans receive cash payments instead. Participants must participate for at least three years to receive the first lump-sum payment. Thereafter, they would receive payments on an annual basis. The

³ Unfortunately, Chimbari et. al (2008) did not provide any information on the cost of the program or the number of participants.

⁴ ECSA Health Community: <http://www.ecsa.or.tz>.

program is entirely voluntary, and participants can quit any time. The cost of the program is expected to be NZD 3 million in the first year, NZD 6 million in the second year, and NZD 9 million in the third year. In the first round, the number of applications exceeded available funds. 893 doctors, midwives and nurses applied, but only 350 are funded.⁵ The government plans to add NZD 7.5 million in funding to the program.

Lesotho, Ghana, Zimbabwe and South Africa have introduced systems in which students receive loans from the government to pay for their medical training after graduation (Padarath et. al 2003). India has been considering the imposition of an “exit tax” on students who leave the country.⁶ The exit tax was first used by the Soviet Union, but evidence on its performance is scarce (Hogendorn 1992). Eritrea previously required graduates who wished to migrate to South Africa to pay a deposit of USD 15,000 in order to be able to return to Eritrea (Shinn 2008). Students objected that the sum was exaggerated, and the measure was ultimately withdrawn.

3. Private initiatives

In South Africa, the African Leadership Academy brings together students aged between 16 and 19 years old from within Africa and around the world for a two-year program designed to promote networking and leadership. The program is funded by American companies such as Cisco system. Applications are actively encouraged across African high schools. Headmasters are asked to nominate top students who are in their last two years of high school. In 2008, 1,700 applications were received for 104 available spots. Upon graduation, students are placed in top universities overseas. 80 percent of the students pay for their studies with loans that do not have to be repaid if students work for at least 10 years in Africa after turning 25. Although this scheme provides an incentive to return to Africa, there are a few problems. First, the program allows students to work abroad, so students have incentive to stay abroad and earn higher wages to repay loans instead of returning to Africa. Second, loan repayment may be difficult to enforce if students decide not to work up to 10 years in Africa.

4. Encouraging migration

The Philippines represent an exceptional case whereby the government promotes migration in order to increase and sustain the inflow of remittances. In 2002, remittances amounted to 9 percent of the country’s gross domestic product (Burgess and Haksar 2005). Despite short-term fluctuations, remittances have proved to be a stable source of income. Given the rapid growth of remittances over the last decade (Abella 2007), skilled emigration is considered a key driver of growth in the 2001-2010 Medium Term Philippines Development Plan.⁷

Initially, the Philippines followed the example of Korea and set up an Overseas Employment and Development Board (OEDB) in the same spirit as The Korean Overseas Development Corporation (KODCO). Established in 1965, KODCO was a state-owned recruitment company that acted as a travel agency and provided loan schemes for emigration, return and reintegration to Korean and foreign workers. However, the OEDB was quickly abandoned due to inefficiencies. Instead, the Philippines promoted private recruitment agencies at home and abroad (Abella 2007). A good example is the Philippine Job Network, an online platform for job matching.⁸ The website provides information about job openings for job seekers. The Philippines also promotes English courses and training that are geared toward meeting legal requirements in foreign job markets. For example, medical personnel are trained and encouraged to leave the country. The estimated 85 percent of Filipino nurses work abroad

⁵ New Zealand Parliament: http://www.parliament.nz/en-NZ/PB/Business/QOA/f/0/7/49HansQ_20090618_00000007-7-Health-Workforce-Voluntary-Bonding-Scheme.htm.

⁶ Urbanomics blog: <http://www.gulzar05.blogspot.com/2007/09/exit-tax-on-iit-and-iim-graduates.html>.

⁷ National Economic and Development Authority: <http://www.neda.gov.ph/ads/mtpdp/MTPDP2004-2010/MTPDP%202004-2010%20NEDA%20v11-12.pdf>.

⁸ Phil-Job Net: <http://www.phil-job.net>.

(Aiken et al. 2004). The government also establishes provident funds and enacts measures to protect Filipino workers overseas and reintegrate returnees back into the society.

The Filipino strategy has been criticized for causing sluggish economic growth in recent years due to the outflow of skills (Abella 2007). Nevertheless, other developing countries such as India and China are following the example of the Philippines in the export of nurses (Aiken et al. 2004).

5. International recruitment

In the UK, the National Health Service has stated in the code of practice that health personnel from developing countries should not be hired unless there is a bilateral agreement between the UK and those countries (ILO 2006). The agreement includes regulations on work permits, visas, and working conditions. The UK has signed such agreements with some Asian countries such as India, the Philippines and China.⁹ The goal is to recruit health workers only through accredited agencies.

There is no evidence on compliance with the above code of practice (Buchan and Dovlo 2004). Obviously, bilateral agreements favour medical personnel from signatory countries. New nurses recruited from South Africa and the Caribbean between 2000 and 2001 decreased in by 25 and 39 percent respectively, while about half of those recruited between 2002 and 2003 in the UK came from India and the Philippines. However, easy recruitment process and shortage of nurses suggests that the code of practice may have little effect. The recruitment of nurses from Nigeria, Ghana, and Zimbabwe still grows (Buchan 2002 and Aiken et al. 2004). New nurses are admitted on the basis of language proficiency without a formal examination, and are initially supervised and trained by their employers for a period of time (Aiken et al. 2004).

The UK has also signed a memorandum of understanding with South Africa to promote temporary stay of health workers in the UK for the purpose of acquiring new skills. Similarly, in the early 1990s, Ghana agreed with Jamaica to send nurses for a limited period of time to work (Dolvo 2004).

C. Low-skilled migration

Low-skilled migration generates two types of benefits for those who remain behind: lower unemployment and higher wages (Lucas 2005). In India, Indonesia, Sri Lanka, and Bangladesh, outward migration is small relative to the size of the labour force. Therefore, migration mainly reduces unemployment without significantly increasing wages or decreasing output. On the other hand, the Philippines experience a significant increase in wages as outward migration greatly reduces the supply of labour, especially in the manufacturing sector. Pakistan has also witnessed an increase in wages of construction workers due to outward migration to the Gulf countries. In Mexico, wages are estimated to increase by 4 percent as emigration reduces labour across all skill levels by 10 percent (Mishra 2007). The large impact is not surprising since 16 percent of the Mexican workforce worked in the U.S by 2000.

The main problem with low-skilled migration is that migrants often go into debt due to excessive fees charged by officials as well as recruitment and travel agencies. Migrants have to use their earnings in destination countries to repay their debts first before sending them back as remittances, which delays development. Therefore, the policy goal should be to lower migration costs (Hugo 2008).

⁹ National Health Service: <http://www.nhsemployers.org/RecruitmentAndRetention/InternationalRecruitment/Code-of-Practice/Nurse-recruitment-agreement-China/Pages/Nurse-recruitment-agreement-with-China.aspx>.

1. Preparation and recruitment

First, information centres should be established to inform future migrants of migration procedures and costs as well as effective ways to send remittances. Second, origin countries should streamline migration procedures to promote faster migration. Third, recruitment agencies should be monitored to reduce fraud. Fourth, the governments should encourage NGOs involvement in providing information to migrants. Fifth, special loans with appropriate monitoring mechanism should be arranged to finance migration. Here, microfinance institutions and NGOs could be engaged. Sixth, employers in destination countries should share some of the migration costs such as travel expenses. For example, farm owners in New Zealand pay for half of the travel expense for seasonal harvest workers.

Lastly, migrants should receive training prior to departure to increase their chance to succeed in destination countries (Hugo 2008). In particular, migrants should know the language, local customs, and rights of employees and employers in destination countries as well as how to respond in cases of cheating and exploitation. They should also have the contacts of local consulates, NGOs, and relevant authorities that could provide assistance. Origin and destination countries could cooperate in providing training. For example, Australia and New Zealand have been considering recognition of certificates awarded to potential harvest workers after they have completed training in origin countries.

In the Philippines, the Technical Education and Skills Development Authority (TESDA) offers training to future migrants before their departure.¹⁰ The United Nations High Commissioner for Refugees (UNHCR) has launched campaigns that target illegal migrants passing through Yemen. The International Organization for Migration (IOM) has established Migrant Information Centres in many countries to give advice on visas and opportunities for job and study. In Georgia, transit migrants from Russia receive information in their native language.

In 2005, the Mexican government published an information booklet, the “Guide for the Mexican Migrant”, which provides safety tips for illegal Mexican migrants. The booklet features comic strips that show how to avoid dehydration and cross dangerous rivers at the US-Mexican border. Although the booklet aims to reduce deaths and inform migrants of the high risk involved, it has been accused of encouraging illegal migration.

The US has launched media campaigns in Mexico to warn potential migrants of migration risks when crossing the border illegally (Kimball 2007). It is uncertain whether such initiatives were successful. Migrants might think that the US intentionally exaggerates the dangers and hides the rewards from migration, which must be large given high risks involved.

2. Overseas protection

Origin countries could provide protection to migrants in case that they encounter difficulties in accessing welfare programs destination countries. In the Philippines, the Overseas Workers Welfare Administration (OWWA) under the Department of Labour offers three core services: repatriation, insurance, and counselling. First, the OWWA helps with paper work, coordinates with embassies, and plans repatriation for dead, sick, and distressed workers, which include the cases of catastrophes, wars, and epidemics. Second, the OWWA offers life and accident insurance that covers up to USD 2,000 for natural death, USD 4,000 for accidental death, and USD 400 for burials. The OWWA also provides counselling, legal advice, and embassy support to distressed migrants. In addition, the OWWA has secondary services that cover pre-departure and return of migrants. The OWWA has 580 staff: 300 in regional offices and 180

¹⁰ Technical Education and Skills Development Authority: www.tesda.gov.ph.

in destination countries with large Filipino population. Foreign offices are directly affiliated with embassies.

The membership fee of the OWWA is USD 25 and is paid by migrants. Migrants are enrolled automatically if they take part in programs by the Overseas Employment Administration. The membership expires when overseas employment is terminated. Between 2003 and 2006, the OWWA has an average annual income of USD 38 million and an average annual cost of USD 17 million. Most income comes from membership fees, while the rest is financed by government and investors. Operational and administrative costs amount to about half of the total cost. In Pakistan, migrant welfare fund is run by the Overseas Pakistanis Foundation instead of the government.

In addition, Pakistan, Sri Lanka, Thailand, and Bangladesh have created migrant welfare funds to help protect temporary workers (Ruiz 2008). These funds offer services such as preparation courses, loans, repatriation in case of emergencies, health and life insurances, and reintegration help. Funds are usually financed by migrants, employers and government agencies. Welfare funds should have clear core programs and objectives and should be well integrated in the general migration and labour market policy. Funds should cooperate with the private sector to provide efficient services as well as with destination countries to improve protection of migrants. The interest of migrants could be better served if funds are owned by members instead of the governments.

III. Inward migration

This chapter focuses on four aspects of inward migration: labour market need, social protection, social cohesion, and development.

Labour Market Needs Developed countries are facing shortage of skilled workers, so inflows of skilled migrants are desirable (Papademetriou et. al 2009). Human capital embedded in skilled migrants could enhance productivity and long-term growth in destination countries. In contrast, inflows of unskilled migrants could serve to depress wages, which would hurt native workers.

Social Protection Migrants help contribute to the welfare systems in developed countries that are in need of funds to support aging population (Dustmann and Preston 2005). However, unemployed migrants have to rely on social benefits and therefore impose an extra burden on the welfare systems.

Social Cohesion Inward migration leads to greater diversity in the society of destination countries (Council of Europe 2008). Migrants often face discrimination and receive inferior social assistance, which has led to social unrest in some countries. However, social cohesion can be maintained if migrants are successfully integrated into the society, that is, they receive equal treatment in terms of social protection.

Development Migrants can return or send remittances home, which would increase human capital and income in origin countries (de Haas 2006). However, skilled migrants also represent a loss of human capital, which hinders economic development.

A. Labour market needs

Most destination countries aim to let in migrants whose occupations and skills are in shortage and keep out those whose occupations and skills are not in shortage. The rationale is that the former type of migrants would boost productivity as businesses find the labour they need, while the latter type would only contribute to excess labour supply and lower wages for natives workers in the same categories (Dustmann and Preston 2005).

1. Labour market information

Given the above objective, destination countries must first know their own labour needs and link this information to the immigration system (Wong 2007). In New Zealand, the Department of Labour collects labour market information, monitors job vacancies, and interviews employers regarding skill needs. Data are used to develop the Immediate Skill Shortage List (ISSL) and the Long Term Skill Shortage List (LTSSL). Applicants whose occupations are on the first list do not earn extra points for immigration, while those on the second list do.¹¹

Similarly, in Australia, the Department of Employment and Workplace Relations use labour market information to develop the Skilled Occupations List (SOL) and the Migration Occupations in Demand List (MODL). The SOL only defines the skilled occupations in Australia but does not necessarily reflect skill shortage, while the MODL does. Applicants under the General Skilled Migration program must specify occupations on the SOL but only earn extra points if their occupations are on the MODL. The MODL in Australia is therefore equivalent to the Long Term Skill Shortage List in New Zealand.

The problem with these lists is that they may not be updated fast enough to reflect new demand for workers (Abella 2006). For example, the UK surveys employers on skills that they need only once a year. The infrequent update is understandable as data collection and analyses take time. To increase responsiveness, the UK government establishes a number of sector-based panels to review labour shortages on an ongoing basis. These panels consist of representatives from industry bodies, key employers and other government departments.

2. Foreign credential recognition

This procedure involves verifying whether foreign education and experience of migrants in certain occupations meet the standards of destination countries (HRSDC 2007). The link between foreign credential recognition and migration process would reinforce selection of foreign works that truly suits the need of destination countries. The assessment is also beneficial for both migrants and employers in destination countries. Migrants are assured that their qualifications are recognized, which would enable them to work once they arrive, while employers are assured that they hire foreign workers with the right skills.

Therefore, best practice is to require migrants to have their qualifications assessed before they apply for migration. Assessment can be undertaken by designated professional bodies. After assessment, migrants can submit their certification along with their applications for migration. The immigration authorities can then determined the immigration status that applies to migrants based on their qualification assessments. For example, In Australia, the Trades Recognition Australia (TRA) conducts skills assessment for applicants with trades experience and/or qualifications, while National Office of Overseas Skills Recognition (NOOSR) assesses foreign post-secondary qualifications (Wong 2007).

Australia differs from most countries in that foreign credential recognition is done at the state level. For regulated professions such as medicine, Australian assessment bodies approve qualifications that meet Australian standards, and the states grant licenses to practice upon arrival. Other regulated trades may also require state licensing upon arrival in order to practice. At present, the Council of Australian Governments (COAG) is working to harmonize standards for registration and accreditation across regulated fields.

¹¹ Australia and New Zealand operate a points-based system of immigration. That is, migrants are given points based on certain desirable attributes, and those that have enough points are accepted. The system will be discussed in details below.

3. Labour market test

This procedure serves to protect jobs for nationals by requiring employers who would like to hire migrants to provide evidence that they could not find suitable native workers (Wong 2007). In case of the EU members, employers must demonstrate that they cannot find suitable candidates from nationals of member countries of the European Economic Area. Evidence may be in the form of job postings that have been posted over a certain period but found no qualified applicants.

Note that labour market test takes time and may cause inconveniences for businesses that need workers (Abella 2006). Given competition for skilled labour, employers may lose qualified candidates to others. To shorten the delay, the US adopted the “attestation” method to certify temporary foreign workers. Employers only have to provide assurances about wages and working conditions, and temporary visas would be granted. Compliance will be monitored after migrants have entered the US. Although this approach provides quick admission, it restricts mobility. That is, admitted foreign workers can only remain in the same occupation and geographic location.

4. Immigration system

After the above three pre-application requirements are fulfilled, migrants can proceed to submit their applications for immigration. There are generally two types of immigration: permanent and temporary.

Permanent migration is usually associated with skilled workers since they are in shortage and are expected to contribute to productivity and growth of destination countries. At present, the points-based system is deemed the most transparent system for selecting migrants for permanent settlement (Abella 2006). First, the system relies on objective criteria, which effectively removes subjective decisions from the selection process. Applicants gain points for meeting each criterion and are admitted if they meet a certain minimum score. Second, the system allows applicants to assess by themselves their chance of being admitted for immigration. The points-based system was first introduced in Canada and was later adopted by other countries such as the UK, Australia, New Zealand, and the Czech Republic.

In Canada, The Permanent Skilled Worker Program awards points based on criteria such as education, official language, age, work experience, arranged employment, and adaptability (Wong 2007). For example, higher points are given to applicants who are younger and more educated, speak English and/or French, or have arranged employment that is of Skill Type O (managerial) or Skill Level A or B (university or apprenticeship training) on National Occupations Classification. Applicants need to have at least 67 points to qualify for permanent migration. In Australia and New Zealand, different scales with different passing marks are used. Applicants who do not pass but score above certain thresholds remain in the pool for up to 2 years in case that the passing mark is lowered.

In the UK, the Point Score System differs from those in other countries in that it accommodates both permanent and temporary migration (UK Border Agency). The system is split into five tiers. Tiers 1 and 2 are for high-skilled migrants and can lead to permanent settlement. Tiers 3, 4 and 5 are for low-skilled migrants, students, and youth and temporary workers respectively. Migrants in tiers 1 and 2 are admitted if they score 75 points or more in five areas: education, work experience, past earnings, achievement in the chosen field, and priority applications. The main groups that dominate admissions are finance and business, information and communication technology, and medicine.

The points-based system has one important limitation: it aims at selecting skilled migrants and not at filling vacancies (Wong 2007). The system does not require employment arrangement prior to migration, so there is no guarantee that selected migrants would meet existing labour needs of employers. Therefore, some countries have set up a program that allows employers to initiate immigration since employers know their own labour needs best. This type of program also gives employers the confidence to recruit foreign workers since they are certain that qualified candidates would be admitted for immigration provided they meet the requirements. Examples are the Employer Nomination Scheme in Australia and the Provincial Nominee Program in Canada.

In order to participate in these programs, employers must first register with the authority, who runs a background check on employers and their job offers (Wong 2007). Eligible employers are those who operate an enterprise in the destination country and have a genuine need for skilled employees. Employers do not need to recruit any job candidate at this point. Eligible job offers are full-time skilled occupations that pay higher than minimum wages. Once the authority gives their approval, employers can start recruiting qualified candidates who may be inside or outside the destination countries and nominate selected candidates to the authority to approve permanent residence. On-shore migrants are eligible if they have been working in the occupation and for the employers for a certain period of time. Additionally, off-shore migrants must have their qualifications assessed by appropriate bodies.

New Zealand further streamlines the process in its Employer Accreditation Program (Wong 2007). The Immigration Service grants accreditation to employers if they have sound financial position and human resource training as well as other good practices and if individual job vacancies match labour shortage. Employers are assessed only once and can hire any amount of labour without undertaking labour market test for each position once they receive accreditation. The accreditation is valid for one year and is renewable.

Temporary Migration is another channel through which countries can meet their labour needs. This channel has gained importance in recent years as the number of migrants admitted for temporary migration has exceeded that of migrants admitted for permanent migration (Ruhs 2005). Its popularity is probably due to less stringent requirements and quicker process. Destination countries often use temporary migration with unskilled workers that are not desirable for permanent settlement.

Most countries issue work permit to admit workers on a temporary basis. The procedures are similar to that of employer-nominated scheme, but only temporary work permits instead of permanent residence are approved. Temporary migration program usually requires foreign workers to obtain job offers from employers before applying for work permits (Wong 2007). For example, the seasonal agricultural worker program has been widely used in many developed countries to bring in labour during harvest season (Abella 2006). The program avoids settlement of unskilled workers through conditions for admissions such as quotas, age ceiling, countries of origin, and the obligation to leave after the agricultural season is over.

Canada has a well-managed seasonal worker program that requires participation of all stakeholders such as employers, employees, and the authorities in origin and destination countries (Wong 2007). First, Canadian employers must pass labour market test (Wong 2007). That is, Human Resources and Development Canada (HRDC) must certify that employers cannot find available Canadian workers. Employer communities are also required to establish a not-for-profit corporation, which is separate from existing agricultural organizations, to process all foreign worker requests authorized by HRDC. The corporation is meant to reduce delivery costs for the federal government and provided HRDC with data on program participants (both employers and employees).

Second, origin countries recruit workers for Canadian employers educate workers on their rights in Canada (Wong 2007). Workers sign contracts with employers, which guaranteed hours of work, housing, food, and wages higher than the minimum wage. HRDC arranges to have migrant workers admitted under Workers' Compensation programs, which provided health insurance coverage upon arrival.

Third, the Foreign Agricultural Resource Management Services (FARMS) arranges the transport to Canada for workers and deducted transport costs from their pay (Wong 2007). Once foreign workers arrive in Canada, they are on probation for two weeks. At the end of the harvest season, farmers provide workers with written evaluations that workers submit to the authority in their home countries in order to be qualified for the program again in the following year.

European countries such as the UK and Germany have admission programs that are specifically designed for young people seeking seasonal employment (Abella 2006). In the UK, the Seasonal Agricultural Workers Scheme (SAWS) encourages young Europeans to work in the UK during the harvest season. Priority is given to full-time agricultural students aged between 18 and 25, who attend agricultural colleges in their home countries, mainly in Eastern Europe. The scheme is run by approved "Operators" who are mostly farms that recruit labour for their own needs. The Code of Practice covers aspects such as recruitment, accommodation, minimum pay and co-operation with the Home Office. Students may only join the scheme once, but this rule may be relaxed in case of strong demand.

In 2005, Spain implemented a reform on immigration system (SOPEMI 2008). Employers may hire foreign workers whose occupations are listed on a regional shortage list, which is reviewed every three months. For jobs that are not listed, employers must submit a labour market test. Large companies may recruit through the foreign recruitment system in which the Ministry of Labour has defined regional and occupational quotas for foreign workers. Workers may change their employment, but they have to remain in the same sector and the same region for the first year. Note that there is no cap for seasonal workers. In 2006, about 827,000 work visas were issued, mostly to workers from Ecuador (158,000), Romania (123,000), and Morocco (113,000). Permits may be renewed with a job contract. After five years, immigrants can apply for permanent residence status. In 2007, 118,000 applied in the first half of 2007. In some cases, Spain also subsidizes training on vocational skills, language, and workplace safety.

Italy has a quota system for foreign labour, which can be divided along four dimensions: region, labour type, job category, and nationalities. To construct the quotas, the Ministry of Labour first meets with employers associations, trade unions, and social partners to estimate the demand for foreign workers. Once they agree on the total number of workers, the Ministry of Foreign Affairs provides the preference for specific nationalities, and the quotas would be announced (Chaloff 2004). Employers can make a nominative request for a specific worker, or a non-nominative request to draw workers from a list maintained by Italian consulates. The Ministry of Labour approves employers' requests if they are within the quota limits and the job offer has been listed nationally for 20 days. Italian consulates issue a Schengen work visa for the period of employment contract that is no longer than two years. Employers are required to provide adequate housing and post a bond to guarantee repatriation costs in the event that the foreign worker loses the right to remain in Italy (Chaloff 2004).

Some EU countries such as Spain and Italy have rewarded cooperation in fighting illegal migration with a legal passage for migration (Migration News 2007).

Spain and Senegal After Senegal agrees to take back Senegalese migrants who have entered Spain illegally, Spain provides renewable one-year work visas to a limited number of

Senegalese workers (Burnett 2007). If visas are renewed, workers could bring over their immediate family. The program plans to bring in thousands of migrants.

Many companies such as McDonald's, Carrefour, and Vips are hiring workers through this program. Spain will open a recruitment office in Senegal to directly contract with Senegalese who wish to work in Spain. As of September 2007, the Spanish convenience store chain Vips has hired about 500 Senegalese chain. However, current economic crisis may reduce the need for temporary workers, which would counter the initiative of job centres to facilitate migration from Senegal to Spain (IMI 2008).

Development assistance in Africa is also linked to the policy of reducing irregular migration to Spain (SOPEMI 2008). In 2006, Spain has committed to give Senegal up to EUR 15 million in aid each year for the next five years (BBC 2006). With the support of employers' confederation, the Spanish government also established five vocational training schools (*escuelas talleres*) in Senegal (Dolado 2007). Spain signed similar deals with Mali, Mauritania, Guinea, and Gambia. For example, Gambia will receive USD 1.3 million from Spain to train Gambians who could be recruited to work in Spain. Guinea and Gambia will also receive EUR 5 million in aid.

Italy and Tunisia Italy gave preferential quotas of foreign workers to Tunisia in return for cooperation in fighting illegal migration (Chaloff 2004). The two countries first signed a readmission agreement, which enabled Italy to accelerate identification and issue of documents necessary for sending undocumented Tunisia migrants back to Tunisia. Afterwards, the two signed several bilateral agreements that allow migration to Italy for seasonal work, and establish worker registry and support training program in Tunisia.

Under these bilateral agreements, Italy issues seasonal work permits Tunisian migrants, which enable them to work legally in Italy (Chaloff 2004). Also, Italy established the Digital Registry of Foreign Workers (AILE) to provide a list of foreign workers available for emigration to Italy under non-nominative requests from employers. The AILE combined basic information on training, skills, and objectives of foreign workers from Albania, Tunisia, and Morocco. The AILE was an ambitious yet unsuccessful project since most employers made nominative requests for foreign workers rather than asking for an unknown worker from the registry pool. In other cases, friendship and kinship networks are used to bring in workers. The AILE was later suspended and replaced with more limited and effective database for seasonal workers (SILES). The SILE registers eligible seasonal workers with past experiences or with authorized nationalities, and allows employers to draw on this pool for rapid recruitment.

Moreover, Workers who have undertaken training programs in Tunisia have priority for immigration to Italy (Chaloff 2004). For example, in 2001, the Ministry of Labour signed an agreement with the Association of Italian Construction Companies (ANCE) and the industrial association *Confindustria* for training and immigration of construction workers in Tunisia. The Ministry of Foreign Affairs also provides support to NGOs for training courses in Tunisia. Regional agreements also exist between regions in Italy such as Veneto and Tunisia to provide vocational training to migrants to fill in local labour shortage.

However, problems may arise if temporary migration is not well-managed. In the case of South Korea, the government used to let the Korean Federation of Small Business decide the admission of foreign workers (Abella 2006). Cheap foreign labour is equivalent to a subsidy to small and medium-sized manufacturing companies that could not compete with big enterprises in attracting native Korean workers. Foreign workers were in high demand since they worked for lower wages than Korean workers. However, illegal employment of foreign workers rose as foreign workers took up informal jobs after they became familiar with the

Korean labour market. This resulted in lower wages for Korean workers, which prompted Korean labour unions to force the government to establish the work permit system in 2004.

The work permit system in the oil states in Middle East such as Bahrain, Kuwait, and the United Arab Emirates is prone to abuse (Esim and Smith 2004). Employers who wish to hire foreign workers must obtain permission from the authority and also apply for entry visas, known as No Objection Certificates (NOCs), for their employees. Foreign workers are placed on probation for four weeks before residency permits are issued. However, employers are known to profit handsomely from selling NOCs to recruitment agents in origin countries, who in turn pass on the charges to migrant workers. In many of the Gulf States the system inevitably led to overcrowding of the market for unskilled labour, a severe decline in wages, and a growing population of unemployed foreign labour. The system has raised the cost of migration for migrant workers and thus motivated them to stay longer in countries of employment to achieve their target savings.

B. Social protection

The World Bank defines social protection in terms of three components: social services, labour market conditions, and social network (Avato et. al 2009). Social services include “health care benefits, long-term social security benefits like old-age and disability benefits, and short-term benefits like social assistance, maternity, and unemployment benefits, family allowances as well as public housing and education” (Avato et. al 2009). There are two main issues concerning social protection from social services: access and portability. Access is a more important issue if migrants are from developing countries where the social security system is not well-developed or non-existent. These migrants have no safety net in their home countries to fall back on, so they are vulnerable if they are not eligible for any assistance in destination countries. On the other hand, portability is a more important issue if migrants are from developed countries where the social security system is already well-developed. These migrants already have some kind of safety net, so the question is whether they will be protected once they leave their home countries.

This section will focus mainly on social services since labour market conditions are already discussed in the previous section. The discussion of social network will be postponed until the next section on social integration.

1. Access

Most developed countries provide social services for permanent migrants upon their arrivals. The range of services is usually broadened after a period of residence. For example, New Zealand provides migrants with immediate access to education, accident compensation, public health services, and under certain conditions, emergency benefits (Wong 2007). After two years of residence, migrants gain access to housing assistance, unemployment benefits, sickness benefits, and interest free student loans for tertiary education. The public pension benefits can be claimed by all residents aged above 65. Similar provisions exist in Canada, Scandinavian countries, and EU member countries.¹² In contrast, some countries such as Australia do not provide any social service to temporary migrants. Australia only refunds contributions to temporary migrants upon their departure.

Social services are much less inclusive in developing countries. The Gulf Cooperation Council (GCC) countries such as Bahrain, Lebanon, Oman, and Saudi Arabia do not grant immigrants any access to their social security systems (Avato et. al 2009). Employers are required to provide health insurance to migrants, but the effectiveness of these provisions is unclear. In most Southern African countries, social benefits are available only to migrants

¹² The EU requires five years of residence before migrants qualify for full benefits.

who qualify as “employees” in the formal sector as defined by national legislation (Olivier 2009). This restriction excludes a large population of migrant workers who work in the informal sector such as self-employed workers. The exceptions are Mauritius and Namibia where informal workers can join some types of social security systems.

2. Portability

Portability of social benefits means that migrants receive benefits based on their contributions in both origin and destination countries (Avato et. Al 2009). Portability differs from exportability. Exportability means that migrants receive benefits while living in destination countries based on their contributions in their origin countries only. When benefits are exportable but not portable, migrants would still receive social benefits but the amount is smaller since contributions to destination countries are excluded.

Bilateral and multilateral social security agreements constitute the best practice regarding portability of social benefits (Avato et. Al 2009). In particular, bilateral agreements enable totalization of contribution to pension schemes in both origin and destination countries. Totalization prevents three types of losses: vesting loss, final wage loss, and back-loading loss. Vesting loss occurs when migrants leave before completing the minimum years of contributions required in order to be eligible for benefits. Final wage loss occurs when pension benefits are based on the last salary. When migrants leave their origin countries, their salaries would be lower than those that they would have earned had they remained in their countries until their retirement age. This results in lower pensions for early leavers. Back-loading loss occurs when pensions are accrued at an increasing rate. Therefore, early leavers lose out since they would earn more benefits from a higher rate in later years. Therefore, bilateral agreements enable migrants to claim pensions in both countries although requirements may vary depending on national legislations.

On the downside, bilateral social security agreements pose an administrative challenge to both origin and destination countries because these agreements are very diverse (Avato et. Al 2009). Each contains different regulations and separate standards according to national social security laws of countries involved. This practice necessitates a very complex set of provisions on portability of social security benefits.

At present, the European Union (EU) has the most advanced and complex system of portable social benefits. The EU and other Western European countries have concluded 1,628 bilateral social security arrangements through bilateral or multilateral agreements. Most of these are intra-EU arrangements. After five years of residence, migrants can enjoy full access to social benefits as well as their portability within the EU and exportability of pensions to most countries in the world. Within the EU, all bilateral arrangements are based on a single legal source. This multilateral approach streamlines the administration by creating common standards. However, the coverage of health care outside the EU is much less developed.

Portability is not yet applicable to developing countries (Avato et. Al 2009). Given high administrative costs, social benefits are mostly not portable for migrants to developing countries. As aforementioned, social security systems in these countries are still underdeveloped to begin with. The few systems that are in place are funded through taxes, which make it difficult to determine the amount of benefits that migrants to foreign countries should receive.

Nevertheless, developing countries could focus on protection of migrants’ basic rights. For example, in 2003, Bahrain announced a national plan to assist abused workers in emergency cases (Esim and Smith 2004). The plan includes temporary shelters or "safe houses", a help hotline, and other measures to help domestic workers who suffer abuse from their employers. The plan also aims to disseminate more information to workers to inform them of their rights.

Jordan has authorized the Ministry of Labour to monitor recruitment agencies and to take serious actions if violations of workers' rights are found. The Ministry of Labour also endorses a "Special Working Contract for Non-Jordanian Domestic Workers," which guarantees life insurance, medical care, rest days, a minimum wage, and return to home countries at the end of employment contracts. Lebanon has created an electronic database to record information on migrants and their employers in order to track down employers in case of abuse. Employers are required to pay a deposit of USD 1,000 when they register to bring in foreign worker. The deposit is intended to cover costs in case of grievances presented by the workers. However, this last measure may encourage employers to hire illegal migrants, which could lead more cases of abuse.

C. Social cohesion

Social cohesion refers to "unity within diversity," where diversity is usually defined as differences in ethnicity or national ancestry (Fermin et. al 2005, Soroka et. al 2007). Social cohesion is also referred to by other names such as integration and assimilation. Social cohesion is fostered by equality of treatments, which mainly concern access to employment and social services. In the context of migration, equality is compared between migrants and nationals in destination countries. Without equal opportunities to earn income, migrants may feel that they are not a part of the society of destination countries. Economic isolation of migrants can potentially lead to social disruptions such as those in France and the Netherlands. Therefore, policies that foster social cohesion is very important in maintaining peace and economic prosperity.

There are two main policy approaches towards social cohesion: integrationism and multiculturalism. Integrationism promotes uniformity: it aims at assimilating migrants to the dominant culture in destination countries by requiring them to adopt language, norms, and culture (Reitz and Banerjee 2006). On the other hand, multiculturalism celebrates diversity: it encourages migrants to maintain their cultures.

Historically, the policy path has oscillated between these two poles. For example, the Netherlands follow multiculturalism in the 1980s. Policies are geared towards integrating ethnic minority groups while allowing them to maintain their own cultural identity (Fermin et. al 2005). Other examples of policies include teaching mother-tongue language to migrants, subsidizing minority associations, and consulting migrant organizations on relevant policy developments. In addition, the Dutch law permits migrants to institutionalize their religion and culture. Muslims established Islamic schools and Muslim broadcasting organizations with public support.

However, multiculturalism failed to increase integration. The Netherlands then shift towards integrationism since the 1990s (Reitz and Banerjee 2006). New migrants are required to adopt the Dutch language and basic values of the Dutch society. High unemployment among young migrants led to a program that combat and prevent crime committed by ethnic minorities. Policies to prevent radicalization among Muslim youth have also been developed. Nevertheless, integrationism also failed because economic, social and cultural divides between migrants and nationals remained substantial.

Regardless of the approach, policies on social cohesion are often criticized for being vague (Reitz and Banerjee 2006). That is, they do not provide specific actions to be undertaken, which renders evaluation of policy effectiveness impossible. In order to identify best practice, the Migration Integration Policy Index (MIPEX) has been developed. This index is developed for twenty-five EU member countries plus Canada, Norway, and Switzerland (Niessen 2007). MIPEX assess policies in six areas: labour market access, family reunion, long-term residence, political participation, access to nationality, and anti-discrimination. The benchmarks for best practice are those specified in Council of Europe Conventions or European Community

Directives. The advantage of using MIPEX is that it enables cross-country comparison since policies in different countries are evaluated against the same benchmarks. Higher value of the index indicates better policies. The overall ranking indicates that Sweden has the best policies, followed by Portugal, Belgium, the Netherlands, Finland, and Canada.

In Sweden, migrants with permits of duration of at least one year can work in most sectors or can be self-employed given a viable business plan (Niessen 2007). Migrants who find a job can change their permits, jobs, and industries after less than one year. Migrants can still remain in Sweden even if they lose their jobs. Migrants who have lived and worked in Sweden for at least two years have equal access to study grants as Swedish nationals. The Swedish also government provides unemployed migrants with language and vocational training. Anti-discrimination legislations provide protection for migrants against discrimination based on ethnicity, religion, and nationality. Specialized agencies provide legal advice to victims and may carry out judicial and administrative proceedings on their behalf.

In Portugal, new immigration and nationality laws have been proposed to simplify and facilitate access to family reunion, long-term residence, and nationality for permanent migrants and their children born in Portugal (Niessen 2007). Portugal also launched a series of measures to combat racism and discrimination (Taran 08). These include developing a network of immigrant assistance centers and a scheme to teach Portuguese to prevent school drop-out, improving immigrant welfare entitlements, increasing financial support for immigrant associations and for private mutual-welfare institutions, and raising public awareness through campaigns.

Note that the six criteria of MIPEX can be linked to the topics of labour market need and social protection, which have been discussed in previous sections. Therefore, better management and administration of immigration system and social protection could also improve social cohesion.

D. Development

This section focuses on the impact of trade and aid in curbing migration from origin to destination countries. The impact of brain drain, return, migrant network, and remittances will also be mentioned but only briefly since they will be discussed in details in following sections.

1. Return and remittances

Migration has different impact on origin and destination countries. In origin countries, migration of skilled labour or brain drain may inhibit development due to loss of human capital and increase inequality as unskilled labour is less likely to migrate due to lack of resources to pay for migration cost (SOPEMI 2009). However, returnees, remittances, and overseas migrant networks also bring in skills, income, and information that may promote development. Skilled migrants can enhance the productivity of their home economies when they return with more skills acquired while working abroad. Remittances increase income that can be used for more consumption or investment. Migrant networks enable new comers to find job and adapt more easily and provide information about markets in destination countries to exporters and investors in origin countries.

In destination countries, inflows of skilled migrants help make up for skill shortage and contribute to productivity and growth (Dayton and Preston 2005). They also help contribute to the social security systems that are in need of more funds to support ageing population. Temporary migrants also help meet specific needs of employers in a timely manner. However, inward migration also leads to greater diversity that may reduce social cohesion. An increase in the number of unskilled migrants can depress wages and threaten the welfare of nationals.

Unemployment of migrant workers can increase crimes as well as burdens on the welfare system.

2. Trade and aid

Despite their seemingly detachment, migration policies are connected to trade and aid policies. Migrants are attracted by higher wages and living standard in destination countries. Therefore, underdevelopment in origin countries is seen as an important cause of migration (de Haas 2006). To reduce inward migration, destination countries such as the EU have promoted trade liberalization in and aid donation to origin countries to increase the level of development, which would hopefully render migration for better jobs and wages unnecessary (Brady 2008). Note that closer economic integration through expanded trade and investment that aims to reduce migration in the long run may increase it in the short run. The short-term increase in migration may be larger given displacement of workers due to economic restructuring in origin countries, migrant networks in destination countries, and large income gaps between the two countries (Martin and Straubhaar 2002).

However, this policy approach can be criticized on several fronts. First, underdevelopment is not necessarily the cause of migration (de Haas 2006). Most migrants are found to be from the middle-to-upper-income class, which suggests that migration could be a self-selection process (Taylor 2006). Those who decide to migrate either possess skills that ensure their employment in destination countries, or resources that enable them to cover migration cost. Therefore, regardless of the degree of development of their home countries, this group of people will profit from migration and therefore choose to migrate to obtain better livelihood in destination countries. Therefore, development policies may not be ineffective in reducing inward migration.

Second, conflicting trade policies in destination countries may even inhibit development in origin countries (de Haas 2006). While developed countries pursue trade liberalization by reducing tariffs and quotas, which would enable developing countries to export more to them, developed countries also adopt protectionist measures such as subsidies and sanitary standards to protect sectors such as agriculture that compete with exports from developing countries. Also, there is a question whether export-led development could be sustained (Martin and Straubhaar 2002). An example of policy inconsistency is the cotton trade. Cotton is an important export of West African countries such as Benin, Burkina Faso, Chad, Mali, and Togo (Baffes 2005). However, they are small producers in the world cotton market. Major producers are the US, the EU, and China.¹³ These countries heavily subsidized their cotton industry, which lead to greater world supply and lower cotton price. This causes a large drop in income in West African countries that are highly dependent on cotton exports.

Third, development aids may not bring about development in developing countries. Aids should to be large and tied to economic reform in recipient countries to induce development (Martin and Straubhaar 2002). However, the duration of aid is often too short and its scope too narrow to have a significant impact (de Haas 2006). For example, the Co-development Program between France and Mali funds Malian migrants to establish development projects and enterprises in Mali (ILO 2009). The total funding amounted to 5.1 million euros from 2003 to 2008. This program created about 1,000 jobs in Mali. However, since project feasibility and monitoring was conducted only once, there is no record on whether established projects and enterprises and associated jobs still exist after funding is terminated in 2008. The program was also criticized for its high administrative cost.

¹³ The US Congress and The EU eliminated cotton subsidies in 2005 and 2006 respectively.

IV. Transit migration

Transit migration has usually been associated with illegal migration, human trafficking, crime and asylum. Transit migration is dangerous because migrants may receive no protection during their transit in transit countries (Kimball 2007). Popular transit countries are in the Mediterranean such as Morocco, Libya, Turkey and Tunisia, and in Eastern Europe such as Russia, Azerbaijan, Ukraine, Poland, Romania, and Hungary.

This section reviews important issues concerning transit migrants such as regularization, housing, and healthcare. These issues have often been neglected as policy makers concentrate mainly on policies to stop and control transit flows.

A. Theory

Transit countries face a dilemma in dealing with transit migrants. Countries may discourage transit migration by imposing strict measures. For example, in the early 1990s, Jordan had to cope with a wave of asylum seekers from Iraq as a result of the Gulf war (Chatelard 2002). Asylum seekers received temporary protection, but were not allowed to work or access public welfare such as health and education. Therefore, migrants were driven into informal employment. Jordan also imposed a fine for overstay, which most Iraqis were unable to pay. Although the UNHCR provided some assistance,¹⁴ most NGOs had difficulties in establishing refugee relief programs. In a survey among Iraqis in Jordan, more than 90 percent wanted to move on as soon as possible due to poor economic prospects and insecure legal status in Jordan.

Although Jordan seems to succeed in encourage migrants to move on, migrants could have able to move on faster had they been allowed to work to finance their onward journey. However, restrictive immigration regulations in destination countries may constrain migrants from moving on even if they have saved enough. Migrants often have to resort to illegal migration, which cause destination countries to blame transit countries for poor border protection (Düvell 2008). As destination countries tighten immigration policies to reduce illegal migration, the number of migrants that remain in transit countries is likely to increase. By providing assistance and work permits, transit countries may attract more migrants despite lower wages since entry is relatively easier. For example, there are more migrants in transit countries such as Egypt due to tighter EU immigration policies (Roman 2006).

B. Externalization policies

Externalization policies refer to those in which destination countries pressure transit countries into stopping transit migrants before they enter destination countries (Düvell 2008). In practice, destination countries provide financial incentive to transit countries in exchange for better enforcement of migration measures. By outsourcing migration policies to transit countries, externalization enables destination countries to avoid legal obligation to provide asylum and protection upon entry to migrants (Joppke 1998).

In the US, the Global Reach project sends American analysts and criminal investigators to transit countries to deter migrants (Barry 2005). These countries include Mexico, Peru, Ecuador, and other countries in Central America. Officials have been trained to spot false documents and visas. Migrants and suspicious travelers are intercepted on the way to the US. Transit migrants without visas are deemed criminal offenders in transit countries.

In the EU, member countries are urged to work together to counter illegal migration (Düvell 2008). Regional cooperation includes bilateral treaties that facilitate readmission of transit

¹⁴ Since 1991, the UNHCR was allowed to work in Jordan under the condition that refugees move on to a third country after six months following their recognition.

migrants back to their origin countries. For instance, Germany agreed to invest USD 80 million to improve border controls in Poland, while Poland promised to take back undocumented Polish migrants. The treaty triggered more agreements between Poland and Slovakia, Czech Republic and Bulgaria.

The EU also provides monetary incentives, technical equipments, and border control experts to North African countries to induce cooperation in training local officials (Kimball 2007). The EU has also signed agreements to combat illegal migration with Libya, Nigeria and Turkey. Italy has sent military equipments to Libya to combat illegal immigration (Albahari 2006). Italy and Germany also proposed to set up transit camps for potential asylum seekers in Libya. Nigeria has demanded quotas for legal migrants in return for cooperation, and few migrants have been sent back to Nigeria under bilateral agreements (de Haas 2006).

The drawback to externalization policies is that transit countries could not respond independently to transit migration with their own policies, which may differ from those of destination countries (Kimball 2007). Externalization policies are solely based on stopping flows in transit countries. Humanitarian issues like health and housing are rather neglected, and little is done to reduce the fundamental causes of migration.

C. Transit centres

Transit centres and temporary migrant camps have been built in many EU member countries. In Italy, the camp on Lampedusa houses migrants caught by the police on open seas before they are sent back home. Recently, Romania and UNHCR installed the Emergency Transit Centre to accommodate refugees for up to six months before they are resettled. In Lebanon, the Caritas Migrants Centre in Beirut helps fund return of migrants to their origin countries or their journey to a third country if they could enter legally.¹⁵ A prison aid program supports migrants arrested without documents until they are deported.

In the UK, there is a proposal to establish a new type of transit centres in transit countries (Veenkamp et. al 2003). These centers would register and process migrants en route to Europe, either by force or by financial incentives. The goal is to encourage migrants to return to their origin countries. By registering, migrants would have access to credit to finance return and entrepreneurial projects at home. Moreover, these centres would provide information about welfare systems and labor market conditions in Europe to reduce unrealistic hopes. However, migrants may not come forward to register because they have no incentive to return home since they have already invested in reaching transit countries. Moreover, by registering, they would reveal their status without clear consequences and no chance to move on. In Greece, although asylum procedures were eased, few transit migrants chose this option since they would not be able to migrate further to other countries (Hess 2008).¹⁶

D. Regularization policies

Transit migrants are unlikely to be registered in transit countries since they are on their way to destination countries. However, they might end up staying longer than intended to work in order to finance their onward journey. Without proper documents, transit migrants have to work in the informal sector, which may not provide adequate social protection.

One controversial solution is to register them with local authorities and legalize their status. This measure is termed regularization. Regularization gives illegal migrants the opportunity to gain permanent residence after having stayed in transit countries for a certain period. Countries may use regularization to better control illegal migration, to solve social problems for migrants, or to improve the transparency of labour markets (Levinson 2005).

¹⁵ Lebanese NGO Forum: <http://www.lnf.org.lb/migrationnetwork/ngo.html>

¹⁶ This proposal has been rejected by the European Parliament and national governments (Schuster 2005).

Regularization often requires a record of regular employment or a job offer in the formal sector (Papademetriou et. al 2004). Moreover, regularization is often restricted to migrants from certain countries or those that have entered transit countries before a certain date. These requirements are meant to discourage new migrants who are attracted by regularization programs (see Papademetriou et. al 2004). Regularization are launched irregularly and only for a short time.

In 2005, Spain conducted one of the largest regularization programs. The aim is to counter the exploitation of illegal workers and reduce the size of the informal economy in order to expand the tax base. The program targeted employed workers. That is, applicants must be employed workers who had resided in Spain for more than 6 months without any criminal record or potential work contract. Successful applicants received one-year work permits. 800,000 of the estimated 1.2 million irregular migrants in Spain were eligible for the scheme, and over 691,000 people actually applied. At the end of 2005, 573,000 migrants were regularized, while 115,000 were rejected (Ministry of Employment and Social Affairs of Spain 2005). At the same time, other migration policies were redesigned and better enforced. Workplaces were thoroughly inspected for illegal workers. In sectors with labor shortages, restrictions on migration were eased, and migrants also receive permits for temporary family reunion (Arango and Jachimowicz 2005, and Maas 2005).

Between the early 1970s and 2008, there have been 68 regularization programs in the EU-27 (Kraler 2009). Other EU countries like Greece, Italy and Portugal launched similar programs that are expected to reduce labor shortages and raise revenues for social security revenue. However, the effort is likely to weaken due to the current economic crisis that has increased unemployment (Maas 2005). Some developing countries such as Thailand or Costa Rica have also implemented such programs.

The impact of regularization on migration flows has not been formally evaluated. Causation can go both ways: regularization is initiated to reduce the number of undocumented immigrants, while more migrants are attracted by such programs.

E. Housing

Transit migrants need advice and assistance on finding temporary housing. The EU countries have established reception centres to help migrants find housing. In the Netherlands, these centres exist in most municipalities. They assist vulnerable migrants in finding housing, signing rental contracts, applying for loans and utilities, and registering with social security. In Amsterdam, reception centres have new housing units built for migrants to help them obtain accommodation more quickly. These programs often targeted specific groups such as the elderly. Similarly, in Vienna, the project “Wohndrehscheibe” provides information on issue related to housing for migrants (CLIP 2007). In the US, Design Corps is a not-for-profit organization that was founded in 1991 to develop, plan, and build ready-made houses for seasonal migrant workers in rural areas.¹⁷

Migrants are more likely to face discrimination in their search for housing. Landlords are less likely to accept transit migrants due to uncertainty of income, inadequate legal documents, short term stays, or fear of damage. Some initiatives try to counter the reluctance of owners to rent to migrants. For example, in Spain, Sociedad Municipal d’Habitage de Terrassa” (SOMUHATESA) is a public company in Terassa that mediates between landlords and migrants. Migrants sign contracts to assure proper treatment of apartments. In the case that damages occur, public authorities will repair them and make the tenants pay (CLIP 2007 and van Heelsum 2007).

¹⁷ Design Corps: www.designcorps.org.

A survey conducted in the EU countries finds that an increasing number of migrants are hosted by family members (Van Parys and Verbruggen 2004). For instance, African and Eastern European migrants in the Netherlands, especially undocumented migrants, rely extensively on relatives and diaspora networks for housing. Families often feel obliged to host migrants from the same origin countries although they may have to face difficulties. Recently, the Netherlands has created the “Netwerk Religieuzen voor Vluchtelingen” to support and provide counselling to host families.¹⁸

Across Europe, night shelters that have been installed for homeless people may also host migrants. However, space is usually limited, and conflicts between homeless nationals and migrants can arise easily. There are shelters that specifically targeted undocumented migrants. In Belgium, regional governments in East Flanders and Brussels fund these shelters under the condition that migrants agree to register or prepare return to their origin countries. In Italy, most homeless shelters are privately owned. Unlike public shelters, private shelters are allowed to host undocumented migrants. In Germany, shelters usually welcome migrants without documentation for one or two nights (Van Parys and Verbruggen 2004).

F. Healthcare

Access to healthcare of undocumented migrants is limited. In many EU countries, undocumented migrants have only limited access to health care support and benefits (PICUM 2007). They are eligible for emergency treatment but often at their own expense. Therefore, undocumented migrants are unlikely to seek treatment unless they are seriously ill. For example, Germany gives limited access to healthcare under the Asylum Seekers Benefits Law (PICUM 2007). However, public institutions have to notify the Foreigner Office about undocumented migrants. Fear of arrest and deportation may discourage migrants to seek treatment.

France has established “Aide Médicale de l’État” to provide free healthcare for undocumented migrants with some restrictions on types of treatments (PICUM 2007). Migrants must have resided in France for more than three months and possess an identification document. However, proofing residence and identity may be problematic for undocumented migrants.

Italy gives undocumented migrants urgent and essential healthcare free of charge (PICUM 2007). In Holland, if undocumented migrants cannot pay for their treatment, they may be eligible to receive financial aid from special public funds under certain conditions.

There are also other organizations that help migrants in transit countries such as Terre des Homes, Caritas, Medecin du Monde, and the UNHCR. For example, in Lebanon, the Caritas Migrants Centre uses mobile clinics to provide free medicines and insurance to vulnerable migrants.

V. Return

This section concentrates on policies that aim to bring back migrants who would contribute to the development of their home countries. Initiatives include diaspora networks and short-term visits, which are easier for migrants to participate than permanent returns.

A. Diaspora networks

Diaspora networks can be used to encourage return because they enable migrants to cooperate and mobilize their resources even when they do not return physically (Meyer 2007). Many networks communicate via online platforms. Since the 1990s, diaspora networks have grown rapidly due to the advent of the internet and the growing number of skilled workers abroad. In

¹⁸ <http://www.kapucijnen.com/vluchtelingen.html>.

2005, 173 networks were identified on the internet (Barre et al. 2003, and Meyer and Wattiaux 2006). However, diaspora networks often exist only for a short time. Of the 61 networks reviewed by Powell and Gerova (2004), 20 percent did not have a website, while 31 percent were inactive. 25 percent were sponsored by or related to governments, of which 27 percent failed.

Successful networks must have a strong common identity, effective communication, and financing (Brinkerhoff 2006 and Meyer 2007). For example, The IndUs Entrepreneur (TiE) is a network of overseas Indian IT entrepreneurs (Kapur 2001). It was founded in Silicon Valley in 1992. Since then, it has expanded across 12 countries with 53 chapters and 11,000 members. Network startups are funded by investors in the US and India. Each startup is accompanied by an experienced entrepreneur from the main network. The TiE has become a large pool of human capital that is linked to India, which helps boost the confidence of international investors in the country. This network is estimated to create 200,000 jobs and USD 200 billions in income. Therefore, part of the success of Indian IT industry can be attributed to migrant networks in which local governments, chambers of commerce and universities actively participate.

Examples of failed networks include the South African Network of Skills (SANSA) Abroad and the Armenia SME Investment Fund. The SANSA attempted to link its 2,500 members across 65 countries with their home country through websites, discussion boards, forums, and e-mails (Brown 2003). Initially, the network was considered a success and was commended as best practice by the ILO (ILO 2006). However, online platforms were not frequently used, and the website is no longer functioning at present (National Research Foundation 2005). The Armenia SME Investment Fund was designed to provide long-term capital for small and medium-sized enterprises in Armenia (Powell and Gerova 2004, and Johnson and Sedaca 2004). The World Bank sponsored the creation of the fund with USD 5 million, while the Armenian diaspora was expected to contribute USD 15 million. However, the fund failed two years later because it was unable to raise USD 15 million from the Armenian diaspora. There are a few reasons for such failure. First, the diaspora did not see any investment opportunities as post-communist elites are in control of the economy as well as the government in Armenia (Freinkman 2002). Second, the fund was not well-connected in the diaspora network. The initiative was not driven by the diaspora but by a subsidiary of the World Bank based on a study of Armenian entrepreneurs.

Recent initiatives of African diaspora networks include Afford, Angel-Africa, SLIIP, and Africa Recruit.¹⁹ Afford, one of the biggest African diaspora networks in the UK, has been commended as best practice by the ILO. Afford is a think tank and consultancy that seeks to mobilize African diaspora and businesses for African development. It runs a series of programs that support local entrepreneurs and informs the British business community about opportunities in Africa. Afford also seeks to combine efforts and spread best practices of diaspora networks across the UK. In addition, Afford helped create two umbrella organizations: Connections for Development and African Diaspora Voice. Afford organizes an annual African Diaspora and Development day that brings together several hundreds of participants. In 2004, the Opportunity Africa program was launched as a gateway for the young African diaspora in the UK to explore career in development and education in Africa. Another program, Supporting Entrepreneurs and Enterprise Development in Africa (SEEDA), helps African entrepreneurs expand their operations and create jobs by giving advice and providing capital. For example, Afford supports 600 businesses in Sierra Leone and Ghana by providing training in marketing, bookkeeping, and customer service.

Angel Africa aims at supporting entrepreneurship in Africa by matching business professionals in the diaspora with local entrepreneurs. The former can help the latter with

¹⁹ Angel Africa: <http://www.angelafrica.org>; AFFORD: <http://www.afford-uk.org>; SLIIP: <http://www.sliip.org>.

management, financing, and marketing. This consultancy is voluntary. The network also provides information about investment opportunities in Africa and acts as a platform for national investment agencies. Unfortunately, the website of Angel Africa provides no information about the performance and the extent of these initiatives.

SLIID is a website that provides investment information about Sierra Leone to investors from the diaspora community. SLIID is run by SLDN, a Sierra Leone Investment Forum based in London, which was founded in 2005 by expatriates from Sierra Leone. SLIID works together with researchers in Sierra Leone such as the Institute of Research and Policy Management to obtain up-to-date information on business and investment climate in the country. Projects and tenders are announced on the website. Furthermore, SLIID operates an online job database to help connect recruiters and job searchers.

Africa Recruit is a public-private partnership between the Commonwealth Secretariat, the Common Wealth Business Council and the New Partnership for Africa's Development.²⁰ It aims at mobilizing skilled workers in and outside Africa by connecting with and creating diaspora networks. Africa Recruit also provides information about job and investment opportunities in Africa through a job search engine on the website FindaJobinAfrica.²¹ As of July 14, 2009, there were about 200 high-skilled jobs posted across Africa.

Origin countries have also launched initiatives to attract diaspora volunteers. For example, the Armenian Volunteer Corps invites the Armenian diaspora who are older than 21 to work for a period in Armenia. The organization is responsible for placing volunteers and providing housing. Travel fellowships are available to cover round-trip plane tickets. Participants also receive language classes, lectures, weekend trips, and visa extensions.²²

Diaspora networks also include Hometown Associations, which are formed by migrants from the same origin city or state (Powell and Gerova 2004). These associations are more likely to include migrants with lower education than other types of networks. Their main activity consists of organizing social events in local communities, but they are also known for financing infrastructure and community projects. Mexico promotes these associations through its diplomatic missions in the US where there are now more than 2,000 Mexican association. 5 percent of Mexican migrants in the US are estimated to remit collectively via these associations, but the impact of these associations remains unclear.

B. Return of academics

Many countries have established programs that provide students and scholars with financial incentive to return and help them find employment at home. In China, universities actively contact expatriate scholars to return and provide financial support for visiting lectures (Cao 2008). Most scholars who receive funding have either studied, worked or still work abroad. Rapid economic growth has also helped attract people back to China despite the previous brain drain (Zweig et al. 2005).

In 1994, the Hundred Talents Program (*bairen jihua*) started recruiting young scientists from abroad. Over three years, the program funded USD 240,000 in research, which was complemented by subsidized housing and a moderate salary. As of September 2002, 839 academics had received funding. 95 percent of these had studied abroad, while 621 came back from abroad. In 1995, the Hundred, Thousand and Ten Thousand Talents Program (*baiqianwan gongcheng*) was set up by a group of public institutions. The program has provided funding for 10,000 academics so far, many of which are returnees. In 1996, the Ministry of Education set up the Chunhui program that focused on overseas academics. The

²⁰ Africa Recruit: <http://www.africarecruit.com>.

²¹ <http://www.findajobinafrica.com>.

²² Armenian Volunteer Corps: <http://www.armenianvolunteer.org/index.php>.

program has funded 12,000 academics so far across 200 disciplines to return for short-term visits (Wang 2009).

In 1998, the Changjiang Scholars Program (*changjiang xuezhe jihua*) was set up to recruit outstanding scientists from abroad to teach at Chinese universities. The initial endowment of USD 9.5 million came from the Ministry of Education and Li Ka-shing, a Hong Kong-based business tycoon. The program aims to attract academics of foreign descent with better working conditions. Scholars receive up to RMB 100,000 annually in research funding. So far, over 800 professorships have been created so far.

In 2002, the Ministry of Personnel introduced new policies to grant preferential treatment of returnees in regards to housing and work permits, increase funding for research institutes, and create job centres and associations to reintegrate returning students (Zweig 2005). The effort concentrates mainly on urban areas where more opportunities for returnees are available. Embassies and consulates have established education offices in key countries, organized conferences, and collected resumes of overseas graduates.

The National Science Fund for Distinguished Young Scholars (*guojia jiechu qinnian kexue jijin*) funds young scholars in seven scientific fields: mathematics and physics, chemistry, life sciences, earth sciences, engineering and materials sciences, information science and management science. Over USD 160,000 in research funding has been distributed to over 1,200 scholars, 80 percent of whom have been abroad.

The above programs are found to be successful in terms of quantity but less so in terms of quality since China still fails to attract world-class academics (Cao 2008). First, expatriate academics fear to lose contact with top researchers as local Chinese academics are less integrated in the international scientific community. Second, academic salaries in China are not competitive internationally. Since their spouses may encounter difficulties finding employment in China, academics may wish to remain overseas in order to be with families or to provide better educational opportunities for their children. Third, returnees who have worked abroad for a long time may lack the necessary connection to succeed in their academic career. Fourth, academics may not have complete autonomy to conduct research or express their opinions in some fields such as social sciences where there is still a considerable governmental censorship.

There are programs that try to connect researchers in universities across countries. For example, Hewlett Packard and UNESCO have provided six universities in Eastern Europe are provided with grid-enabled IT platforms, which enable students to remain their home countries instead of applying for fellowships abroad (Hewlett Packard 2009). This project raises awareness of the brain drain problem among the public and encouraged Albania to launch its own program to counter brain drain.

The Albanian government and the UNDP jointly launched the Brain Gain Program to encourage the return of students and academics on both permanent and temporary bases (Zeneli and Tafaj 2008).²³ The aim is to improve quality of universities and research by attracting academics and management staff from abroad with competitive incentive packages. Returnees with a master's or a doctorate degree are eligible to receive 3,000-7,000 Euros to cover costs of return and settlement in Albania as well as low-interest mortgages for housing. The strength of this program lies in tying funding to specific job openings that returnees would fill. The funding amounts to EUR 540,000 and could support at least 100 positions, including 30 department chairs, 40 lectureships, 10 visiting lectureships and 20 research leaders. In the first round of application in 2008, the program succeeded in filling in more

²³ Brain Gain Albania: <http://www.braingain.gov.al>.

than 70 positions, which ranged from lectureships to research positions in Albanian universities.

In Singapore, there is a proposal to give tax rebates on the cost of studying abroad to families whose children return to Singapore after their studies. The size of rebates would be comparable to current government subsidies to those studying at home (Ng 2008).

In Mali, the Malaria Research and Training Centre (MRTC) has established a scheme to attract African Scientists who are working on Malaria research. The program sends young and promising graduates in Mali to leading foreign universities that cooperate with the centre. Students can return during their studies for vacation and research. The aim is to integrate students with international and local academics and to provide a stimulating environment.²⁴ Since 1992, the centre has produced an impressive amount of research and developed malaria solutions. The success of the program derives from its international connections and comparative advantage of studying Malaria on the ground.

There are other important issues to be considered in the attempt to attract and retain academics in their origin countries (Shinn 2002). For example, freedom and basic rights must be respected so as to allow academics to fully express their findings and opinion. A database on brain drain according to professions should be created to provide information for policy makers in tailoring return programs. Information technology infrastructure must be improved to facilitate transfer and sharing of knowledge. Research funding must be increased with more emphasis on research that could strengthen industrial excellence.

C. Return of entrepreneurs

Evidence has shown that migrants who return are more likely to be self-employed or entrepreneurs (Ilahi 1998, Castles 2000, McCormick and Wahba 2001, and Commander et. al 2003). Therefore, entrepreneurs constitute an important group of returnees that return policies should target.

In 1995, France launched the Programme Developpement Local Migration (PDLM) with the IOM and other NGOs in Mali, Senegal, and Mauritania (Musekamp 2008). The program provided up to EUR 7,000 for returnees who wished to start a business in their home countries. Business projects were selected based on job creation, innovation, and motivation. Between 1995 and 1998, the program financed 200 returnees in Mali, 30 in Senegal, and 5 in Mauritania. Since 2000, the program financed 450 projects in Mali, and 30 in Senegal (Buffet 2006). The survival rate of these projects was quite decent. 80 percent of businesses launched in Mali existed two years later (Martin et. al 2006). On average, each business created three jobs (Godfrain and Cazenave 2007). 80 percent of all businesses led to a successful reintegration. However, the question remains as to whether the administrative cost of the program was higher than the gains as each business requires extensive supervision and support. Also, the program had little influence on the overall economy and migration flows due to the small number of projects involved.

In 2007, the Inter-American Development Bank (IADB) launched the “Voluntary Return Migration Model Based on Entrepreneurship Development” to encourage migrants in Spain to start businesses in their home countries (IADB 2006). Migrants may return or remit funds to finance businesses. Participating countries include Ecuador, Colombia, Bolivia, and Uruguay, all of which have a large migrant population in Spain. The IADB strategy is based on a small and successful program that was launched by the Galician Regional Government and the Foundation (CREA) to support new businesses and investments in Spain (IADB 2006). The CREA strategy was to provide Galician returnees with basic training in Latin America prior

²⁴ Malaria Research and Training Centre: <http://obtoure.africa-web.org>.

to their departure for Spain. After their businesses were launched in Spain, there were follow-ups and business coaching to ensure success. The CREA program was a huge success. From 2002 to 2003, the success rate of sponsored business was 65 percent, while total investments in 120 projects were more than EUR 12 million.

The IADB project proceeds in five steps. First, a network of institutions is created to operate and market the project. In each country, four local institutions are selected, trained, and equipped with three specialists on the CREA strategy. Second, a business start up program is launched to apply the CREA strategy. Participants are selected and trained in business plans and adaptation to local conditions. Training covers company policy, marketing, finance, IT, human resources, taxation, commercial law, communication, and environment. Next, the business idea is studied and developed, and participants do field work to gather local market information. Third, participants obtain credits from local banks in Spain or use remittances to finance businesses in origin countries. Fourth, an online platform is set up to coordinate a business network between business start-up in origin countries and established companies in Spain. Fifth, a database and a monitoring system are set up to evaluate and improve businesses and to disseminate experiences. The five implementation phases cost USD 1,000,000; USD 3,675,785; USD 263,000; USD 205,540; and USD 233,300 respectively. The IADB project aims to create 525 businesses, 1,050 jobs and 4,200 indirect jobs. The network should include 150 businesses, with at least 70 using the platform to conduct business. However, the evaluation of the project is not yet available as the project is still being implemented.

In 2005, the IADB launched the “*Dekassegui* Entrepreneurs” project that targets Brazilians in Japan (known as *dekassegui* in Japanese) who have saved money and would like to open a business in Brazil (IADB 2005). The project is limited to three states in Brazil with large Brazilian-Japanese communities. Again, the project consists of five phases. First, the program is publicized (USD 353,500). Second, potential entrepreneurs are selected and trained in Japan (USD 582,400). Entrepreneurs are chosen based on self-assessment tests on their technical, management, and leadership skills. Entrepreneurs undergo three training blocks on basic business, know-how, and business planning. Training is complemented by an online guide on doing business in Brazil as well as regular networking sessions among participating entrepreneurs. After each training block, entrepreneurs are evaluated to see whether they are suitable to proceed. Of 10,000 eligible entrepreneurs, 5,000 will receive basic training. The top 10 percent will receive advanced training, and 150 will eventually develop a business plan in Japan. Third, entrepreneurs are trained in Brazil to help them reintegrate (USD 426,400). Former *dekassegui* who have not received training in Japan can also participate. Fourth, businesses are launched. New entrepreneurs receive legal advice from a network of *dekassegui* entrepreneurs. Fifth, experiences of entrepreneurs are systemized and disseminated (USD 75,000). The total cost of the project amounts to USD 3.1 million, half of which is financed by local institutions. The strength of this project lies in exposing potential entrepreneurs to training, even if they cannot participate in the project until the end. However, remittances are not explicitly included in financing businesses.

In the Philippines, the Unlad Kabayan Migrant Service Foundation has succeeded in linking community development with migration and entrepreneurship.²⁵ The Foundation helps returnees invest in businesses in poor communities and at the same time encourages local residents to work with or for returnees in those businesses. Most businesses are in food processing and food production such as rice seed trading and coco plantations. The core of Unlad Kabayan is the “Migrant Savings for Alternative Investment” (MSAI). In the 1990s, MSAI was created to channel migrant savings into microfinance institutions in the Philippines, which enabled both returnees and local entrepreneurs to tap these resources. For example, a loan of USD 89,000 from 55 expatriates in Korea and Taiwan financed a rice centre that

²⁵ Unlad Kabayan: <http://www.unladkabayan.org>.

supported 139 farm households and employed 23 regular workers. The Foundation also works with other migrant networks such as Migrant Forum in Asia and Migrant Rights International.

D. Return programs in destination countries

In order to reduce the burden on welfare systems, destination countries have launched programs that provide monetary incentive to encourage migrants to return home.

The ILO identifies the Voluntary Return Programme for non-EU migrant workers in Spain as an example of best practices (ILO 2009). The program targeted about 87,000 unemployed migrants from countries that have signed agreements with Spain. These migrants receive advance payments for their social benefits if they agree to return home for at least three years. The total amount is about EUR 9,000 per returnee, of which 40 percent are paid upfront and 60 percent in the returnee's home country. Spain also provides financial support for return trips. Temporary residents have to surrender their permits and later reapply after three years under special consideration. Although the program is highly publicized, its success has been marginal. Only 5,088 migrants applied, and only 3,977 applications were approved. Most applicants come from Latin America. Despite advance payments, most migrants prefer to remain in Spain and benefit from the welfare system since their economic prospects at home are uncertain. Unemployed migrants might also prefer to stay as they expect to find employment soon.

In response to the struggling economy, Japan has launched a similar program in April 2009 (Tabuchi 2009). The program targets Latin American migrants and pays USD 3,000 plus USD 2,000 for dependants. The offer was made to thousands of blue-collar migrants. Unlike Spain, Japan does not allow participating migrants to return to Japan for work, which renders the Japanese program less appealing.

In association with the IOM, the UK has launched the Voluntary Assisted Return and Reintegration (VARRP) to encourage return of asylum seekers.²⁶ The program offers advice and information, and assists returnees with travel expenses and other costs such as schooling fees, job placement and training. For example, the program provides GBP 500 in cash per family member and pays for temporary accommodation for up to three months to support relocation and smooth reintegration. The program also provides returnees-entrepreneurs with four-week training on how to start a business as well as a sum of GBP 1,500 for equipment. The Department for International Development (DFID) also funds diaspora volunteers from a wide range of professions to work in their origin countries.²⁷ In 2003, the DFID provided GBP 3 million over the next three years to assist volunteers with housing and living costs. The Volunteer Service Overseas of the DFID collaborates with 13 diaspora networks from Ghana, Sierra Leone, Nigeria, Cameroon, Tanzania, Burkina Faso, Malawi, Zimbabwe, Rwanda, Guyana, Ethiopia, India, Sri Lanka, Bangladesh and Nepal. This initiative also works closely with other diaspora networks in the UK such as Afford that send volunteers to help and train entrepreneurs in Africa.

VI. Remittances

Remittances are simply money that migrants send home. Larger remittance flows are welcomed by migrant-sending countries since they represent streams of income that can be used for consumption and investment (Gupta et. al 2007). Remittances may reduce investment by encouraging consumption in the short run but increase investments later on. Remittances are countercyclical and help smooth household consumption and welfare over time.

²⁶ IOM UK: <http://www.iomlondon.org/varrp.htm>.

²⁷ Department for International Development: <http://www.dfid.gov.uk/Working-with-DFID/Funding-Schemes/Funding-for-volunteers/DVS>.

However, the empirical evidence on the relationship between remittance and economic growth is mixed. Faini (2004) finds that remittances boost growth, Chami et. al (2005) finds that remittances depress growth, while Spatafora (2005) finds no significant impact of remittances on growth. Large inflows of remittances can also cause exchange rate appreciation by increasing demand for local currency although the evidence is scarce (Page and Plaza 2006).

This section focuses on best practices that would enable migrants' remittances to contribute more to the development of their home countries.

A. Increase and invest remittances

Countries have tried to direct these flows towards investment instead of consumption to build capital that would foster long-term economic growth. Policies that aim to increase remittances and direct them towards investments include mandatory remittance, special deposit accounts, matching funds, and investment schemes.

Mandatory remittance Some countries require that migrants remit a certain portion of their earnings to their home countries. In the 1980s, South Korea required citizens who work overseas to remit at least 80 percent of their earnings (Carling 2005). This measure is feasible because the majority of Korean migrants at that time were employed by Korean companies abroad. Similarly, Vietnam requires temporary migrants to invest 30 percent of their earnings in a government fund (Aguinas 2005). Mozambique and Lesotho require migrants to remit 60 percent and 30 percent of their earnings respectively (Sander and Maimbo 2003). Other countries that have implemented mandatory remittances requirements are Bangladesh, Egypt, Pakistan, the Philippines, and Thailand.

Special Deposit Accounts Bangladesh, India, and Tunisia, have introduced special deposit accounts at commercial banks where migrants can deposit their savings (Sander and Maimbo 2003). Holders of these special accounts are given preferential interest rates as well as the option to have accounts denominated in foreign currency. In Egypt, interest from such accounts is exempted from tax. In Sudan, recipients of remittance receive customs relief on imports of up to USD 14,000 if remittances are retained in special accounts over six months. Sudan also granted emigrants an "incentive exchange rate," which is slightly more attractive than the official rate, to encourage them to send money home.

Matching funds Under this scheme, governments match one or more for every dollar that overseas migrant organizations or Hometown Associations (HTAs) remit back to their communities (Aguinas 2005). The pooled funds are normally used to finance infrastructure and social projects such as the renovation of churches and schools. The emphasis on infrastructure projects appeal to migrants because they are tangible and reflect the preference of migrants. However, these programs may also wrongly prioritize the use of public funds since governments may shift their investments from communities with fewer migrants and smaller remittances towards communities where HTAs provide part of the funding.

One example is the Mexican *Inicia-tiva Ciudadana 3x1* under which every dollar remitted by Mexican HTAs is matched with three dollars, each from federal, state and municipal governments (Carling 2005). The average project has a budget of about USD 40,000 of which USD 10,000 is donated by HTAs. The majority of projects invest in infrastructure and utilities such as water, sewage, electricity, roads, pavements, small dams, water treatment, and community facilities.

Investment schemes The Philippines, Egypt, and Moldova have programs that allow migrants to buy land at preferential prices (Aguinas 2005). In Sudan, the Land for Emigrants

Program provides quick foreign exchange for building plots in the Khartoum area at preferential prices (Sander and Maimbo 2003). Pakistan offers a non-repatriable investment scheme and business set-up advisory services for migrants. Special bonds that finance public investments have been successfully issued to migrants in a number of countries such as Bangladesh, China, Egypt, Eritrea, India, Israel, Lebanon, Pakistan, and the Philippines.

B. Reduce transfer cost

Another way to increase remittances is to reduce transfer cost. This mainly involves financial institutions who are in the remittance transfer business such as banks and money transfer operators (MTOs). Market mechanisms that lower transfer cost include greater competition, better technology, and partnership.

Greater competition Rivals in the remittance transfer business compete for customers by undercutting one another. For example, in 1999, Western Union charged USD 22 for transferring up to USD 200 to Latin American countries from the US (Orozco 2003). At that time, 60 percent of the market share of remittance market to Latin America was held by only three companies. However, the fee dropped to USD 15 in 2001 and USD 10 in 2003. This reduction corresponds to a greater number of players in the market. In 2003, 60 percent of the market share was distributed among six companies: Western Union, Dolex, Vigo Corporation, Ria Envia, MoneyGram, and Mexico Express.

In countries where there are only a few companies in the remittance transfer business such as Jamaica, Nicaragua and Guyana, the transfer cost remains higher than in countries such as El Salvador and Guatemala where more competition is present. In El Salvador, four Salvadoran banks compete with Western Union and Gigante Express. In Guatemala, three Guatemalan banks compete with King Express and Western Union.

New technology In the Philippines, Smart Communications and Globe Telecom are two telecom companies that offer remittance transactions by mobile phone (Agunias 2005). Mobile phone users register themselves by entering personal information, including their mother's maiden name for ID purposes. Their relatives abroad can visit an authorized outlet in their neighborhood, fill in a form, and present identification, and money would be credited to their phone account. The fee per transaction is only 1 percent of the transfer amount. The money can also be transferred to another phone in the Philippines using the sender's PIN, a simple code, and the recipient's phone number.

In the US, Visa Giro is a debit card that is accepted in most places that accept Visa in Latin America (Agunias 2005). Migrants simply add value to cards at a money transfer operator, and an allied bank in Latin America would distribute cards containing the credited amount to recipients. This electronic transfer substantially reduces cost. Similarly, the Bank of America and Citibank issue debit cards to a designated person in Mexico once a person open an account in the US. The Bank of America charges USD 10 per transfer, while Citibank charges USD 7.95 plus USD 5 monthly maintenance fee.

Partnership The International Remittance Network (IRnet) is a transfer service supported by the World Council of Credit Unions (WOCCU) and Vigo Remittance Corporation. By joining IRnet, credit unions in 36 states in the US can offer their members inexpensive remittance transfers to over 40 countries in Latin America, Asia, Africa and Europe (Carling 2005). IRnet charges a flat rate of USD 10 per transaction for transfers up to USD 1,000 to Mexico and Central American countries, while Western Union would charge USD 29 for USD 400 sent to El Salvador.

Citizens Bank in Dorchester, Massachusetts, charges a flat fee of USD 10 for any amount remitted to one of its two partner banks in Cape Verde (Carling 05). Migrants must have an

account with Citizens Bank, while recipients must have an account with one of the partner banks. Similarly, the Fondasyon Kole Zepol (Fonkoze), a microfinance institution in Haiti, offers an international deposit service, which is based on its partnership with City National Bank of New Jersey (CNB). Migrants can deposit or transfer money to CNB accounts, and the corresponding amount would be credited to recipients' Fonkoze accounts for a flat fee of USD 10. King Express, a US money transfer operator, has partnered with Banco Industrial, a Guatemalan bank to enable recipients in Guatemala to receive remittances from migrants in the US immediately at any Banco branch (Orozco 2003).

In the US, some credit unions are able to charge very low transfer fees by arranging the money transfer transaction through existing money transfer operators or participating in the IRnet system to transfer money from credit union to credit union (Orozco 2003). Some credit unions charge less than USD 7 but no more than USD 10. For example, Comunidades in Los Angeles transfers remittances to El Salvador and Guatemala at USD 6.50 and targets mostly low-income migrants. The Latino Community Credit Union (LCCU) in North Carolina transfers remittances up to USD 5,000 to Mexico and Central America for USD 10 through Vigo International, a money transfer operator. LCCU keeps USD 8 to its overhead costs and support community development programs, while Vigo retains USD 2 and the exchange rate markup.

C. Encourage formal channel of remittances

Remittances can be transferred through two main channels: banks and money transfer operators (Aguinas 2005). The mainstream view is that remittances can contribute more to development if they are transferred via the banking channel. First, remittances would be in the form of deposits, which can be multiplied to create loans for investments. This increases the amount of credits available to entrepreneurs and lessens their reliance on relatives (Carling 2005). Second, remittances would increase available funds in the financial system to finance economic activities, which would aid financial development. Third, transfer of remittances can be monitored if they are used for criminal activities.²⁸ Measures that encourage migrants to use the formal channel to transfer remittances include provision of identification and financial literacy.

Identification Banks usually request identification documents for account opening, which may have discouraged some migrants from using banking services (Aguinas 2006). Mexico has issued an official identity card, known as *matricula consular*, to Mexican citizens living in the US legally or illegally. This card is accepted as a valid identification document by several banks in the US and enables Mexican migrants to open bank accounts. This program is successful, which prompts other Central American governments to consider issuing such cards.

Financial literacy Some migrants do not use banking services because they do not know how. The US Treasury Department has developed the *First Accounts* program that aims at promoting financial services to low- and middle-income individuals (Carling 2005). The program funds financial institutions and non-profit organizations to provide financial education to low-income households. It also subsidizes low-cost banking services, expands access to automatic teller machines (ATMs), and funds research on the need of low-income individuals and the development of suitable financial products.

D. Other issues

Securitization Future remittance flows can be used as underlying assets in the securitization process. Securitization allows issued securities to be rated investment-grade, which is better

²⁸ The issues of financial development and regulation will be further discussed below.

than the sovereign credit rating (Ratha and Mohapatra 2007). This allows banks in developing countries to raise external financing lower interest cost and longer maturity, so securitization is used to attract a wider range of investors. For example, in 2001, Banco do Brasil issued USD 300 million worth of remittance-backed bonds, which are rated BBB+ by Standard and Poors. The rating is several levels higher than Brazil's sovereign foreign currency rating BB-. Banks in El Salvador and Turkey have also securitized a portion of their remittance transactions.

Securitization "remains an unexploited source of additional financing for developing countries" (Aguinas 2005). In 2003, the World Bank surveyed 40 central banks and found that only 4 have securitized their future remittances flows. In response to lack of financial technology, the European Investment Bank helped Lebanon securitize future remittance flows and purchased part of the bond issue rating (Ratha and Mohapatra 2007). After a similar initiative by the US State Department, the UNDP also helped several African countries obtain sovereign ratings in partnership with Standard and Poors to stimulate private sector financing.

Regulations After September 11 terrorist attack, the G-8 Countries created the Financial Action Task Force (FATF) to curtail international terrorists' funding (Aguinas 2005). The FATF introduced the Know-Your-Customer (KYC) requirement, which urges countries to tighten licensing qualifications by using the same standards as banks when granting license to money transfer operators (MTOs). The KYC requirement also encourages MTOs to adopt more stringent requirements in identifying clients, verifying information, and keeping records.

Regulations can have side effects on both banks and MTOs (Aguinas 2005). First, small MTOs may find compliance difficult as their costs are already high due to low volume. Strict regulations may push MTOs underground and make it harder to control and regulate. Second, banks may be less inclined to open accounts for MTOs in order to fully comply with the KYC rule. Third, migrants may choose to transfer remittances through MTOs instead of banks due to insufficient supporting identification. Fourth, regulations may limit competition in the remittance transfer business, which could lead to higher transfer fees.

The implementation of the KYC requirement varies across Europe (Pieke, Van Hear, and Lindley 2005). Norway prohibits non-bank money transfers. Germany maintains a strict licensing system of MTOs in terms of high fees and qualifications. For example, an MTO must be run by two managers that are qualified with professional managerial experience. In 2003, the UK mandated the registration of MTOs check compliance with the Money Laundering Regulations of 1993. However, the UK has not set up a licensing system. MTOs are required to pay a modest one-time registration fee and are expected to abide by the anti-money laundering legislation with due diligence.

The licensing for MTOs also varies across remittance-receiving countries. In general, central banks usually grant commercial banks the permission to operate as MTOs' agents (Sander and Maimbo 2003). For instance, South Africa prefers banks to deal with money transfers since MTOs may not be able to comply with foreign exchange control regulations. In India, MTOs must be incorporated as a legal entity even if all operations are already carried out through an agent. In the Philippines, the mobile remittance services are part of electronic money transfer services, which are regulated by Bangko Sentral ng Pilipinas, the central bank (Cirasino and Hollanders 2006).

Foreign Exchange In countries with controlled foreign exchange trade, remittances are used to reduce the demand on limited foreign exchange (Sander and Maimbo 2003). For example, Egypt encourages migrants to use remittances to finance imports by granting import permits to those who can provide the necessary foreign exchange from their own sources. Goods financed by remittances under this Own Exchange Import System represent more than two-thirds of total recorded savings sent home by migrants. Similarly, Ghana allows migrants who

have been outside the country for at least one year to bring back items such as clothing, appliances, and household goods for personal use without paying any tax. This policy encourages migrants to bring goods into the country and later sell them for money, which has resulted in a wide range of imports available in Ghana.

VII. Rural urban migration

Rural-urban migration refers to the movement of people from rural to urban areas. The main cause of rural-urban migration is the rural-urban wage gap (Zhang and Song 2003). That is, rural population migrates to find employment in the cities because urban wage is higher than agricultural income in the countryside. In developing countries, economic prosperity is usually concentrated in big cities, so rapid economic growth leads to an increase in rural-urban wage gap and rural-urban migration. Larger urban population leads to higher urban unemployment, excess demand for infrastructure and social services, and more crime.

This section discusses policies on rural development and urban infrastructure development that would contribute to the management of rural-urban migration. Rural development aims at increasing rural income to narrow the rural-urban wage gap, while urban infrastructure development aims at increasing the stock infrastructure to satisfy the need of larger urban population.

A. Rural Development

The International Bank for Reconstruction and Development has worked on a rural development strategy for Africa (IBRD 2002). The strategy encourages community participation, voluntary producer organizations, market mechanism, better provision of public services, and transparency and accountability in the use of public funds. The main goal is to improve agricultural productivity, which would lead to higher income and reduce poverty in rural areas.

The EU has launched the Leader+ initiative to promote sustainable development in rural communities (European Commission 2007). Best practices are identified as those that encourage rural population to leverage on existing potentials of their areas such as natural endowment and cultural heritage as well as new technology and partnership to strengthen local industries and create jobs. For example, in Austria, Almenland is a pasture region where farming is the primary source of income. Farmers are often isolated and have to work their farms as well as producing and selling their meat. Under the Leader+ Initiative, local farmers and businesses in Almenland began to cooperate in producing, processing, and marketing their 'Almo' meat. Almenland first developed a market position as the origin of high-quality meat products. Local farmers and Schirnhofner, a food producer, collaborate to establish channels to sell and promote its meat. Farmers guarantee a steady flow of good quality meat that Schirnhofner feeds into two main marketing channels: local restaurants and an Austrian supermarket chain Zielpunkt. Later, Almenland beef producers established Almenland Marketing in close cooperation with Schirnhofner to take charge of production and marketing chain of Almo meat. The market increased the value of Almenland's local products and created more jobs in the area in a sustainable manner.

1. Community-Driven Development (CDD)

CDD projects grant communities direct control in managing and investing development funds to create new infrastructure and improve welfare (Mansuri and Rao 2004). This decentralized approach is believed to improve effectiveness and sustainability of development projects because communities know their needs best and have incentive to achieve a better standard of living. However, the performance of CDD projects has been mixed. Most CDD projects reach poor communities but not necessarily poor households in those communities. Local contexts

such as politics and inequality, and project design such as incentive and monitoring, determine whether the project actually reaches poor households.

Local leadership is an important factor in determining the outcome of CDD projects. Elites are likely to dominate local leadership given that they are richer and more educated (Mansuri and Rao 2004). They could manipulate CDD projects to benefit mostly themselves through corruption, and the leftover trickles down to the poor. In India, when presidents of local government are reserved for lower caste citizens, this group is more likely to benefit from CDD projects. In Pakistan, education and presence of NGOs and influential individuals determine whether local population makes proposals for projects.

In Ecuador, communities with higher degree of inequality are less likely to select projects that benefit the poor, although the result is sensitive to how inequality is measured (Mansuri and Rao 2004). However, inequality does not always deter benefits of CDD project as the poor in elite-controlled communities are still found to benefit from these projects. Other projects also perform very well despite high inequality in communities.

Few studies compare the performance of CDD projects with that of more centralized projects. Therefore, best practice cannot be clearly identified. For example, it is unclear whether local participation helps improve projects' performance since causality can go both ways. That is, participation could enhance the impact of CDD projects, or CDD projects could encourage more participation. In Indonesia, top-down monitoring was found to help reduce corruption (Mansuri and Rao 2004).

Lack of political commitment from higher levels of government and lack of accountability from local leadership prevent CDD projects from achieving sustainability (Mansuri and Rao 2004). In China, a credit program to the rural poor is completely ineffective as households do not repay loans and save them as income without making investments to improve productivity. Consumption is found to increase after the project ends. Participation in infrastructure projects does improve targeting and performance.

Since the effectiveness of CDD projects highly depends on the local context, the decentralized approach may not always constitute "best practice." The implementation of CDD projects should involve continuous learning and modifications to suit local needs as well as commitment from all levels of governments involved.

2. Extension services

Extension services provide farmers with technology and management know-how to improve agricultural productivity and income (Anderson and Feder 2003). For example, farmer field school programs educate farmers in multiple hands-on sessions. With the support of governments, some farmers are chosen as trainers who are responsible for training of other farmers. In Peru, farmers who participate in a farmer field school know more about integrated pest management than those who do not participate (Gotland et. al 2003).

To improve accountability, extension services are decentralized or made the responsibility of local government (Anderson and Feder 2003). In West Africa, farmers' association are made in control of extension services. Since local government has incentive to provide good services in order to be reelected, decentralization is more financially sustainable as members pay membership fees that are used to fund extension services that they receive. Strict visit schedule, identifiable contact farmer, and hierarchical supervision are established to ensure adequate monitoring of service quality and accountability to farmers.

For private extension services, farmers pay for information that they want, which solves the problems of accountability and sustainability (Dinar and Keynan 1998). For example, farmers

in Nicaragua are willing to pay for extension services that would improve efficiency and boost income. However, poor farmers may lack access as they cannot afford to pay. Therefore, OECD and Latin American countries encouraged private extension services for commercial farmers but also provide public extension services to poor farmers (Anderson and Feder 2003).

The impact of extension services on farm performance is mostly disappointing. In India, Pakistan, and Kenya, these services are found to have no long-term impact (Anderson et. al 2006). In India and Pakistan, training and visit extension services have only small or negligible impact on rice and wheat production. Low efficiency and equity of service provision are also reported. In Kenya, training and visit extension services have no significant impact on farmer efficiency or crop productivity. The program significantly improves productivity of potato production in the former group. In Indonesia, farmer field schools do not improve yields or reduce pesticide use for graduates relative to others (Feder et. al 2003). Moreover, there is no significant diffusion of knowledge to other farmers who reside in the same villages as the trained farmers (Feder et. al 2004). In the Philippines, farmers learn from farmer field school, but there is little diffusion to other farmers in the community (Rola et. al 2002).

Training and visit extension also proved financially unsustainable and was eventually abandoned (Anderson et. al 2006). High coverage comes with higher staff cost as each extension worker deals with only a small group of farmers. Frequent visit schedule cannot be maintained because there is nothing to update. The selection of contact farmers within farmer groups is subject to bias and limits diffusion of knowledge. Since the intensive training involves higher cost per head, farmer field school programs are worth investing in only if there is sufficient knowledge diffusion from trained farmers to non-trained farmers (Feder et. al 2004).

3. Microfinance

Microfinance refers to small amounts of credit and savings, which target the poor and small businesses (Khanker 2003). Microfinance programs help increase consumption and asset holdings of the poor, which increases the likelihood that they could lift themselves out of poverty. Microfinance also fosters local income growth by creating jobs and promoting investment in human capital. Microfinance also empowers women who are more likely to be excluded from formal employment and decision-making within households (Pitt et al. 2003). Access to financial resources enables women to take more part in household decisions such as family planning and parenting, expand their social networks, and have greater freedom of mobility. Health and nutrition of children also improves with female borrowers.

In Bangladesh, the poor is the main group of participants in microfinance programs that use group-based lending and savings to monitor fund use and minimize defaults. Since small transactions increase administrative cost, microfinance programs have to rely on donations to sustain operations. NGOs and Grameen Bank, a specialized bank, account for most microfinance lending in Bangladesh. Most clients of Grameen Bank are women.

Nevertheless, the impact of microfinance program on poverty may be small as few borrowers are able to lift themselves out of poverty. Despite the largest microfinance operation world, rural poverty in Bangladesh remains high. This raises doubt on the effectiveness of microfinance in alleviating rural poverty.

4. Irrigation Water

Irrigation water pricing is a sensitive policy issue since subsistence farmers in developing countries greatly rely on water for basic needs (Tsur et. al 2004). Population growth and rising standards of living have led to a rapid increase in the demand for water, which could

potentially cause a severe water shortage in the future (Tsur et. al 2004). In order to ensure a sufficient supply of irrigation water, water pricing is a necessary policy tool. Methods for pricing irrigation water include volumetric and non-volumetric schemes.

Volumetric pricing mechanisms charge for irrigation water based on the quantities of water consumed (Johansson et. al 2002). A special case of volumetric pricing is marginal cost pricing where the price of water is set at the level when the marginal benefit of water equal its marginal cost. However, efficiency requires that all benefits and costs are taken into account to determine marginal costs and benefits, which may prove difficult. Also, marginal cost pricing ignores equity concerns. A decrease in water supply may raise the marginal cost of providing water and the price of water, and poor farmers may be adversely affected (Johansson et. al 2002). Nevertheless, case studies in South Africa, Turkey and Morocco find that water pricing have a small effect on income distribution within the farming sector. Therefore, water pricing should aim for efficiency and let other policy tools address equity considerations.

Non-volumetric methods charge for irrigation water based on output, input, area, or land values (Johansson et. al 2002). This method is easy to implement and administer, which explains its prevalence. Area pricing may be more efficient than volumetric pricing due to the high costs of implementing a meter system. Quota is also used to deal with equity issues as with the irrigation rotation (warabandi) system in India and Pakistan, or with resource management issues such as water quality and conservation.

The common trend in water policy is towards decentralization and integrated water resource management (Saleth and Dinar 2000). In the farm sector, decentralization is achieved through irrigation management transfer (IMT), which transfers the managerial responsibilities including cost recovery and system maintenance from the state to water user associations. The IMT is quite extensive in Mexico, Sri Lanka, Turkey, and the Philippines, and is picking up in India, Morocco, Indonesia, and Pakistan.

For integrated water resource management, Brazil, Mexico, Spain, and Morocco have moved water management from the agriculture or energy ministries to the environment or natural resources ministries due to environmental concerns (Saleth and Dinar 2000). National water plan are already in place in Australia, Israel, Mexico, and Spain, but are still in a development stage in China, Brazil, Morocco, South Africa, India, and Sri Lanka. These plans provide a technical framework needed for promoting an integrated perspective on water sector issues. China, South Africa, and Sri Lanka have also incorporated watershed and catchment management considerations within basin management plans.

A formal market for markets could be established given well-defined, tradable water rights and the appropriate infrastructure and institutions for distributing water (Johansson et. al 2002). A case study in Morocco suggests that the creation of a water user-rights market increases rural famr income. The market enables farmers to buy or sell water user rights from and to other farmers, which enhances the productivity of water and agricultural output (Diao et. al 2005).

5. Land

For the rural poor, land is an important asset and factor of production that requires secure property rights (Deininger and Binswanger 1999). First, secure property rights prevent wasteful investments in protective measures to defend property rights. Second, secure property rights enable land to be used as collateral, which increase the supply of credits available from formal sources. Third, secure property rights improve productivity and efficiency by enabling transfers of land from less productive to more productive individuals. Evidence from Burkina Faso, China, Ghana, and Niger suggests that secure property rights

direct investments towards farm improvements. In contrast, inability to enforce rules governing the use of communal land and the inefficiency of collective forms of production leads to environmental degradation in Mexico. Secure property rights increases the volume of rental transactions in Vietnam, while insecure property rights restrict the market only to those within existing social networks in the Dominican Republic and Nicaragua (Deininger 2003).

In an effort to secure property rights, many developing countries have undertaken land reforms. The results differ between “landlord estates,” which had been cultivated by tenants, and “haciendas,” which tenants received a small plot of their own in return for working on the landlord’s farm (Deininger and Binswanger 1999). Landlord estates in Bolivia, large areas of China, Ethiopia, eastern India, Iran, Japan, the Republic of Korea, and Taiwan, China, have been successfully transferred to tenants. In contrast, land reform under hacienda systems in Latin America was not successful tenants lack resources and technical assistance to farm land on their own. Restricted access to credit and insecure property rights led beneficiaries of land reform in the Philippines to sell off their new holdings.

In Nicaragua, the government undertook land reform in the 1990s to undo previous land concentrations (Deininger et. al 2003). The program was not successful because redistributed land was not made the state property prior to redistribution. Therefore, farmers could not use redistributed land as collateral, and even had to sell it off due to conflicting claims. Between 1995 and 2001, the government awarded 30,000 formal titles to land occupants. However, high transaction cost, unclear procedures, and severe understaffing prevents the poor from securing land tenure. The lesson is that liberalization of land markets must be accompanied by measures to prevent land speculation, reduce titling cost, and provide credits and legal assistance.

In Zimbabwe, the return of land reform in the early 1980s is positive but small, which is due to omitted benefits such as lower pressure on communal land and high opportunity cost of land given higher land price (Deininger et. al 2004).

In India, land reforms increase tenure security by registering tenants and imposing restrictions on the amount of rent they had to pay, and by expropriating excess land held by owners and transferring it to poor farmers or landless agricultural workers (Deininger et. al 2007b). Land reforms are found to significantly increase capital accumulation and economic growth. However, reforms also lead to a large-scale tenant eviction that would prevent them from gaining more rights. For example, the imposed rent ceilings leads to eviction of more than 100 million tenants and drives tenancy underground, which reduce land access and bargaining power of tenants (Deininger 2003).

In Uganda, the 1998 Land Act is found to have a large positive economic benefit if it were fully implemented because the Act enhances tenure security and transferability. The Act formally recognizes customary ownership and informal occupancy through certificates, which help increase tenure security and transferability. Unfortunately, the economic benefit is not realized because no certificate has been awarded, despite considerable demand. This is due to lack of available financing and a low-cost system of land administration that can be sustained from user fees (Deininger et. al 2006).

In Ethiopia, land registration process is quick and cost-effective and increased investment in land. In 1997, a federal law assigned responsibility for land policy to the regions (Deininger et. al 2007a). Each village chose a Land Use and Administration Committee to register plots in a public process with neighbours present in the field, which increased transparency and reduced errors. Once registration was completed, households received preliminary registration certificates that identified their holdings. Information was recorded in an official registry book with holders’ pictures and maps. Decentralized implementation allowed the program to make

rapid progress without being biased against the poor. Requirements were adhered to reasonably well, and recipients were satisfied with their certificates.

B. Urban infrastructure development

Investments in infrastructure usually require large sunk costs, which exceed the income of local governments (de Mello 2006). This section discusses financing of urban infrastructure, a key factor that determines the supply of infrastructure, as well as other related issues.

1. Financing

There are three main methods of financing for urban infrastructure development: inter-governmental transfer, municipal bonds, and public-private partnerships.

Inter-Governmental Transfer National and provincial governments are the main sources of income of local governments who are responsible for providing urban infrastructure. In China, the problem with inter-governmental transfer is that provincial governments tend to hold onto their revenues instead of passing them on to local governments (Zhang and Song 2003). In addition, China has not clearly allocated the responsibilities of infrastructure provision and financing among different levels of government. The ambiguity allows upper-tier governments to offload responsibilities to local governments. Given the delay in receiving funds and several other spending priorities, local governments have to curtail their investments in infrastructure.

The situation is similar in Brazil. Municipalities are required to spend certain minimums of transfers on education and healthcare (de Mello 2006). At the same time, municipalities also have to shoulder personnel expenses such as pensions, and debt service in compliance with the debt restructuring arrangements with the National Treasury. Consequently, investments in water and sanitation have to be cut back over the years without an offsetting increase in private investment.

Municipal Bonds In India, urban infrastructure is traditionally financed through inter-governmental transfers (Vaidya and Vaidya 2008). Other sources of financing come from financial institutions such as the Housing and Urban Development Corporation and from small investments by the ULBs themselves. However, the total funds from all these sources still fall short of required investments, which prompt ULBs to look for alternative sources of financing such as bond issuance.

Most bond issuance has been used to fund infrastructure on water supply, sewer, and road.²⁹ Since 1994, the Indo-US Financial Institution Reform and Expansion (FIRE-D) project have been working with national, state, and local governments in India to develop a bond market. The national government also exempts municipal bonds from tax to boost the municipal bond market. However, most municipal bonds are not guaranteed by the government. In order to obtain an investment grade credit rating, ULBs must demonstrate creditworthiness by improving cost recovery, financial management, and service delivery. Most small and medium ULBs are not able to issue bonds by themselves due to lack of credibility and high transaction cost. Therefore, several ULBs jointly raise funds. For example, in 2003, fourteen ULBs jointly issued bonds through the Tamil Nadu Urban Development Fund to finance water and sewerage infrastructure projects.

In China, the central government has also issued infrastructure bonds (Zhang and Song 2003). The proceeds are transferred to provincial and local governments in poor regions, especially

²⁹ In most countries, the law prohibits national governments to guarantee loans for local governments to prevent excessive fiscal deficits (van Ryneveld 2006).

those in the Western development area. The funds are geared towards environmental protection projects that could not recover costs through service charges or attract investment financing from the market.

Partnership Infrastructure is a public good. Therefore, investments in infrastructure by one community may benefit other communities even though the latter do not pay for the investments (de Mello 2006). Certain types of infrastructure must be done on a large scale to achieve cost efficiency. To internalize positive externalities and achieve economies of scale, municipalities can jointly invest in infrastructure development projects to benefit from economies of scale and internalize positive externalities. Alternatively, municipalities can partner with the private sector in providing services (de Mello 2006). In France, contiguous municipalities create regional associations to manage services such as waste disposal, and small communes in France outsource water services to private regional water companies. Similarly, municipalities in Norway frequently cooperate in providing services such as waste disposal, water supply and energy. In Brazil, inter-municipal water and sanitation companies also serve in large metropolitan areas. However, greater private sector involvement was hindered by regulatory uncertainty and pricing constraints.

2. Other related issues

Water There is a relationship between the size and the density of population, and types of infrastructure provided. For water and wastewater systems, areas with sparse population can be supported wells and septic systems support. However, as densities increase, large water supply and wastewater treatment plant systems with extensive distribution systems are required (Zimmerman 1998).

In the urban sector, decentralization has taken the form of privatization (Saleth and Dinar 2000). Australia and Chile have a highly privatized water sector, while China and India are now exploring ways to engage the private sector in water development and management. Although there is also privatization in the irrigation sector in England, Australia, and New Zealand, privatization is mainly concentrated in profitable segments of water sector such as urban water supply, sanitation, and desalinization. Water activities of public value such as flood control continue to rely on the support of the public sector.

In Delhi, India, unreliability of water supply imposes an additional cost on households. Since demand for water will increase in the future due to demographic and economic growth, the municipality should consider increasing the price with a more progressive tariff structure according to water consumption in order to better regulate the demand. The price increase should be accompanied by an improvement in service reliability. However, the price hike is politically difficult (Zérah 1998).

Land Due to recent global food and energy crises, there has been large-scale land acquisition in developing countries to secure food and energy supplies (Songwe and Deininger 2009). These investments could benefit the poor if investors have long-term commitment, property rights are recognized, social and environmental impact are taken into account, and contractual arrangements are fair by international standards. The best practice is to assess economic viability, ensure availability of information on land rights, facilitate negotiation between communities and investors, impose tax on idle land, and ensure appropriate lease payments.

Housing Reducing minimum lot sizes is believed to increase formal housing supply and reduce slum formation. However, the impact of relaxing such regulation depends on how much new formal housing supply is able to absorb new demand from both existing slum residents and new migrants who are attracted by better housing prospect. In Brazil, smaller minimum lot size could not reduce slum formation (Lall et. al 2007).

Environment Urban infrastructure development should integrate social, economic, and environmental concerns, and take into account construction of new structures as well as maintenance of existing ones (Zimmerman 1998). This approach has attracted financial and material support from multilateral organizations, and is also a financially sustainable (Ogu 2000). In Nigeria, Sustainable City Programme (SCP) aims to provide municipal authorities and citizens with an enhanced capacity for environmental planning and management. This partnership channels resources from various sectors of the urban community towards the improvement of urban infrastructure. For example, a working group on waste management promotes garbage disposal in designated bins, arranges the collection of inorganic waste materials for a fee, and converts waste materials to fertilizers. To establish the compost plant, the local government donated land. Engineers from the University of Ibadan modify plant equipment and trained local personnel to operate the machinery. UNICEF provides financial support. Community members provide their labour. The compost plant for conversion of waste to organic manure now produces on average 80 bags per day at a cost of N250 per bag, and is expected to be self-sustaining (Ogu 2000).

Equity In the US, there are two main schemes of financing urban infrastructure: cost-sharing or impact fee. Under cost sharing, new infrastructure is financed by all residents, old and new. Existing residents pay even they do no benefit, while new residents bear less burden. Under impact fee, only new residents pay for new infrastructure. Historically, US cities relied mainly on the cost-sharing approach. They raise funds through the sale of bonds, so all taxpayers share the burden of interest payments. However, most cities have switched towards impact fee by the mid 1980s. The fee is levied on real estate developers in the forms of infrastructure provision or cash payments. That is, developers build infrastructure such as streets, water mains, sewers, and parks within their housing projects, or they may pay a fee in exchange for the right to undertake the projects. Impact fee helps slow urban growth by raising the cost of development projects and limits traffic congestion, pollution, and crime. Also, impact fee is more equitable as it makes new residents pay for the infrastructure that would benefit them (Brueckner 1997).

VIII. Conclusion

The paper provides a comprehensive review of migration management practices with an emphasis on experiences that could be applied to North and West African countries. The paper focuses on examples of policies that have been implemented, and identifies best practices whenever possible. The paper covers six main topics: outward migration, inward migration, transit migration, return, remittances, and rural-urban migration.

Outward migration of skilled workers or brain drain threatens future economic growth in developing countries, while outward migration of low-skilled workers is subject to fraud and extortion. Policies that counter brain drain include those that improve compensation packages and encourage bonding and migration. Policies to prevent fraud warrant greater public involvement in the preparation and recruitment process and in the protection of migrants abroad.

Inward migration raises concerns over labour market need, social protection and cohesion, and development. Labour market information, foreign credential recognition, and labour market test have been used to support the immigration system in selecting migrants for permanent and temporary migration. Policies that promote social protection and cohesion include portability of social benefits and equal access to social services.

Transit migration has been associated with illegal migration with which destination countries try to curb using externalization and regularization policies. In some countries, governments and NGOs have also taken initiatives to assist transit migrants through transit centres and the provision of housing and healthcare.

Return of migrants can potentially contribute to the development of their origin countries through financial and human capital that returnees bring back with them. Countries have used diaspora networks and provided financial incentives and technical assistance to encourage return of skilled workers such as scholars and entrepreneurs.

Remittances represent an important source of income that can also contribute to the development of origin countries. Policies that aim to increase remittances include mandatory remittances, special deposit accounts, matching funds, investment schemes, and reduction of transfer cost. The banking system and securitization can also be tapped to channel remittances towards more productive investments.

Rural-urban migration has increased with economic prosperity that is concentrated mostly in urban areas. Rural development policies such as CDD projects, land reforms, microfinance, and water pricing have been used to reduce rural-urban wage gap and migration. To meet greater demand for infrastructure, urban infrastructure development requires innovative methods of financing such as bond issuance and public-private partnerships.

Note that policy options may be constrained by the level of development since lack of resources and organizational capacity in less developed countries may prevent them from implementing some of best practices found in more developed nations. Also, best practices in certain areas cannot be identified because policy measures are not well-documented. Future research has yet to be conducted to confirm the policy impact.

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