

## Impact case study (REF3b)

<b>Institution:</b> University of Southampton
<b>Unit of Assessment:</b> 18 Economics and Econometrics
<b>Title of case study:</b> 18-01 Benefits of Temporary Migration
<b>1. Summary of the impact</b> <p>Southampton based research has demonstrated to policymakers the benefits of temporary migration through overseas savings and skill acquisition which contribute to the economic development of the home country. The research has challenged traditional notions about the adverse effects of the 'brain drain' and directly contributed to the design of international migration policy in labour sending countries. It has also proactively influenced the policy recommendations of international organisations (e.g. ILO, World Bank) regarding return migrants and their enterprise creation. The World Bank used Southampton researcher, Wahba's research and expertise when assisting the Egyptian Government in the preparation for "Mode 4" in the General Agreement on Trade in Services (GATS) in 2010.</p>
<b>2. Underpinning research</b> <p>Policymakers in many developing countries have long considered migration of skilled workers to 'rich' countries a threat to their development because of the resulting 'brain drain' that leaves developing countries under-skilled and poorer.</p> <p>Research by Jackline Wahba, Professor of Economics, has challenged these presumptions. Her work reveals that temporary migration can have multiple positive effects on the country of origin. Migrants return with more skills, money to invest and are more likely to found businesses. Her findings highlight the positive impact temporary migrants have on home nations, countering the notion that high skilled emigration is a loss to developing countries who invest scarce resources in financing the education of their people who then emigrate. Wahba's empirical research has focused mostly on Egypt, where 10 percent of the 90 million populations are return migrants and money sent by migrants (remittances) amounted to US\$14 billion (5% of Egypt's Gross Domestic Product) in 2011, 20% of which is used for productive investment. The impacts of Wahba's work are wide-reaching to other developing countries as well, as demonstrated in Section 4, and by Wahba's on-going work on return migration in Morocco and China.</p> <p>Wahba's 2001 paper [3.1] was the first to provide empirical evidence that showed overseas savings and newly acquired skills increase the probability of becoming an entrepreneur upon return. Wahba focused on Egyptians migrating to rich oil Gulf states like Saudi Arabia. She demonstrated that uneducated returnees have a markedly positive impact on the economy. They return with savings, allowing them to set up their own businesses which would not have been possible without migration. Wahba found that skills are more important than savings for highly educated returnees, who use knowledge and experience gained abroad to set up enterprises back home. Wahba demonstrated that Egypt's return migrants increase investment in the country by 15%, underscoring the importance of return migration to home countries' economic development, and raising awareness among policymakers of the need to support would-be entrepreneurs.</p> <p>Wahba's 2003 research [3.2] found that return migrants largely invest their savings and skills in urban areas. Businesses set up by return migrants are better in the sense of employing more people and the jobs they provide are more likely to involve formal contracts, rather than informal working arrangements. There is greater emphasis on workers' rights, with return migrants more likely to run businesses that provide benefits like sick leave and holiday pay. This work highlighted how returnees, not only, are more likely to set up businesses, but indeed they create "better" businesses.</p> <p>Wahba's 2007 paper [3.3] examined how working overseas impacts on migrants' wages upon their return home. Focusing on return migrants and non-migrants in Egypt, her findings provided strong evidence that people who temporarily migrate to work abroad enjoy a wage premium when they return home. Return migrants earn 38% more than non-migrants. For every year they are abroad and up to five years, their wage premium increases with the length of time spent abroad. Wahba has extended this work in 2012-13 showing further that return migration benefits people's skill sets, as well as their earning potential. She found that migrants are likely to return with more skills and a</p>

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greater ability to apply those skills. Her research suggests this is particularly true for 'educated' migrants, as they are able to build on, and develop, their existing skill set.

In an expansion of this research on migration, Wahba in 2013 collaborated with Dr Christian Schluter, Reader in Econometrics at Southampton, and Dr Govert Bijwaard, Researcher at the Netherlands Interdisciplinary Demographic Institute in a study that examines the effects of unemployment on a migrant's decision to stay in the receiving country or return home. Focusing on unemployment among migrants in Holland, the team found that unemployment leads to return migration: almost half of recent labour immigrants leave if they experience unemployment [3.5].

### 3. References to the research

- 3.1 McCormick, B. and Wahba, J. 2001, Overseas Work Experience, Savings and Entrepreneurship amongst Return Migrants to LDCs. *The Scottish Journal of Political Economy*, Special Issue, vol.48, no2, 164-178. (Refereed Journal)
- 3.2 McCormick, B. and Wahba, J. 2003, Return International Migration and Geographical Inequality: The Case of Egypt. *Journal of African Economies*, December 2003, vol.12, no.4, 500-532. (Refereed Journal)
- 3.3 Wahba, J. 2007, Returns to Overseas Work Experience: The Case of Egypt in *International Migration, Economic Development & Policy*, Ozdon, C. and Schiff, M. (eds.) Washington DC, The World Bank. (Book chapter- refereed by 2 external referees).
- 3.4 Wahba, J. 2008, 'Education and Migration' chapter 5 in MENA Development Report: Education reform in the Middle East, Washington DC, The World Bank. (Reviewed by the report's principal author at the World Bank and another reviewer).
- 3.5 Wahba, J. 2013, 'The Impact of Labour Market Dynamics on the Return-Migration of Immigrants', *Review of Economics and Statistics*, forthcoming. (Co-authored with G. Bijwaard and C. Schluter). (Refereed Journal)

### Key Research Awards:

- In 2009 Wahba (Principal Investigator), Schluter and Calvo-Pardo at the University of Southampton were awarded € 850,000 funding by the *New Opportunities for Research Funding Agency Co-operation in Europe* (NORFACE) on a project titled 'Understanding migration choices'. The team worked with three European partners: Professor Yves Zenou at the University of Stockholm, Professor Mark Trede at the University of Münster and Dr Govert Bijwaard at the Netherlands Interdisciplinary Demographic Institute.
- In 2011, Wahba was the Principal Investigator on a research project funded £326,361 from the ESRC/DFID under the Poverty Alleviation Scheme. The ongoing study is titled 'Temporary Migration and Economic Development: the Triple-Win Policy Vision applied to North Africa'.
- Wahba was also awarded €80,000 by the *Forum Euroméditerranéen des Instituts de Sciences Economiques* (FEMISE) to study "Return Migration in South Mediterranean Countries: Determinants, Impact and Policy Implications."

### 4. Details of the impact

Research by Wahba into temporary migration has challenged the conventional threat of the 'brain drain' associated with the emigration of skilled workers, and contributed to a reassessment of migration policies on a national and international level.

The World Bank used Wahba's research to support the Egyptian Government in its 2010 negotiations with the EU on temporary labour migration, specifically the cross-border movement of people to supply services, known as 'Mode 4' in the WTO's General Agreement on Trade in Services (GATS). Egypt made a commitment to further liberalising and integrating its service markets more closely with those of EU member states, as part of the European Neighbourhood Policy (ENP) action plan, which seeks to align EU neighbours more closely with the EU economy. The World Bank used Wahba's findings to advise Egypt on the benefits of equipping its people with education and skills that could be employed in Europe. This is corroborated in the evidence provided by Dr Ozden at the World Bank where he says that "... her work on return migration (in

the context of Egypt) is considered to be the first rigorous analysis of this extremely important issue.....These results have further shaped our thinking on overall effects of migration and helped us in our policy advisory work with governments. For example, in our report to the Egyptian government for their Euro-Med partnership negotiations, we advised them on the benefits of temporary migration programs based on these findings.” In 2010, in a report on the effects of international migration on Egypt, the International Labour Organisation (ILO, 2010, pp. 4, 7, 8, 25, 26 & 30.) gave policy recommendations to the Egyptian government based on Wahba’s research. They included recommendations on setting up online services for return migrants and offering tax breaks. The conclusions of the World Bank report on Education Reform in the Middle East and North Africa are also based on Wahba (2008) [3.4]; Drawing on her research the report concluded, “the overall benefits from migration seem to outweigh the output loss and the cost of migrants’ education.”

Jean-Christophe Dumont, Head of International Migration Division at the OECD, says that, ‘Wahba made valuable inputs on ‘return migration and entrepreneurship’ for a conference that the OECD organised in 2008 with the Italian ministry of foreign affairs. More recently, she has drafted a piece on ‘migrants’ skills and development’ which we have used extensively for a policy brief to be published by the OECD and the French ministry of foreign affairs. This document will be tabled at the next meeting of the Global Forum of Migration and Development in Mauritius’ (November 2012).

Through its Network on Poverty Reduction, the Organisation for Economic Co-operation and Development (OECD) cited Wahba’s research in its Development Assistance Committee’s 2009 Policy Guidance Note. The policy note drew on Wahba’s findings on the entrepreneurship of return migrants as a key reason to encourage temporary migration. Wahba has acted as an OECD consultant, advising them on how countries can best maximise the benefits of their return migrants and the investment and entrepreneurship they bring with them. The relevance of her research on entrepreneurship and return migration is not confined to one region, but extends to all labour sending developing countries, as shown in her research being cited, for example, in the OECD’s International Migration Outlook report in 2008 (pp. 197 & 200) and in the OECD’s 2010 Latin American Economic Outlook (p. 107)

The International Organisation for Migration (IOM 2009, p. 34) used Wahba’s 2008 research to inform their 2009 recommendations on the formulation of bilateral and regional agreements on migration and return migration of workers within the Arab region.

Wahba’s work was used to inform the UN Institute for Training and Research’s Global Migration Group at the UN Practitioners Symposium in 2010 (p. 3) and the World Bank’s Migration and Development Briefings (Feb. 2008, p. 3), intended for the World Bank staff interested in migration and development.

Wahba was invited to give a talk on return migration at the UNFPA/OECD conference on "Migrants Skills for Development in the MENA region" in Tunis, in May 2013, which aimed at identifying strategies by public and private sectors in origin and destination countries that could enable the, utilisation and mobilisation of migrants’ skills. She was also invited to talk about entrepreneurship and investment by return migration, and to co-draft the recommendations of the OECD Conference on ‘Migration, Return and Development’ in Milan, in 2008. She was also a panellist on the Future International Migration Research Agenda in March 2011 and was invited to speak at a conference on migration in the Arab region in Lebanon in November 2011. Her speech received widespread coverage across the Egyptian national press and online media, raising the issue’s profile among the public. Wahba’s research featured in several editions of the ESRC’s magazine Society Now (2012, 2013 and 2014) and her findings on how joblessness increases return migration were featured on the University of Oxford’s Migration Observatory, an online resource designed to inform public policy. In 2012, Wahba was invited to the World Bank by the Chief Economist of the MENA Region to present her latest work. More recently, Wahba was invited to speak about return migration in North Africa, at the Public Policy Day organised by the World Bank and the Ministry of Moroccans Residing Abroad, in Rabat, May 2013.

Another example of the impact of Wahba’s research is evident in her appointment by the Home Office to the UK Migration Advisory Committee for three years from December 2012. Wahba is one of five economists advising the UK Government on migration issues.

## **5. Sources to corroborate the impact**

### **Official Reports:**

- 5.1** The World Bank, 2010, *Arab Republic of Egypt: Prospects of Deeper Integration with the European Union through the Movement of Natural Persons*, Report No. 53733-EG (pp.1 and 53)
- 5.2** IOM, 2009, *Intra-regional Labour Mobility in the Arab World*. (p.34).
- 5.3** ILO, 2010, International Migration Papers No. 106, International Migration Programme, *Labour migration for decent work, economic growth and development in Egypt*, (pp.4, 7, 8, 25, 26 & 30).
- 5.4** OECD, 2008, *International Migration Outlook 2008*, SOEMPI, OECD, (pp.197 and 200)
- 5.5** The World Bank, 2008, Development Prospects Group, Migration and Remittances Team, *Migration and Development Brief 4*, "International Migration and Technological Progress" The World Bank, (p.3).
- 5.6** Ratha, D. et al., 2011, *Leveraging Migration for Africa: Remittances, Skills, and Investments*. The World Bank. (pp.65, 111 & 155).

### **Background papers by International Organisations:**

- 5.7** UNITAR, 2010, Background Paper, Towards shared prosperity: shaping the future of migration to promote education, employment and human development, Global Migration Group (GMG), Practitioners Symposium, Geneva.

### **Media Coverage:**

- 5.8** A better life for all, Alahram weekly, 24-30 Nov 2011 & experts urge more engagement with MENA migrants, the daily news Egypt.com, 23 Nov 2011.

### **Users' details:**

- 5.9** Corroborating statement by the Senior Economist, Development Research Group, The World Bank. (available upon request)
- 5.10** Corroborating email by the Head of International Migration Division, Directorate for Employment, Labour and Social Affairs, OECD. (available upon request)