International labour migration can reduce poverty for migrants themselves, their families, and their host and origin countries. It is therefore crucial to achieving Sustainable Development Goal (SDG) 1.

Yet, migration does not always achieve its poverty reduction potential. This is due to the high costs involved, poor conditions in host countries, and barriers to mobility.

To reap the benefits, states should increase and diversify safe, regular and orderly migration pathways in line with demand for migrant labour, and make these easier to access.

Remittances are a powerful poverty reduction instrument. They should be encouraged by origin countries and the private sector. Transfer costs should be lowered. States should also lower the costs and bureaucratic requirements for those wishing to migrate.

Evidence is needed on the mechanisms through which migration impacts on poverty. Better longitudinal data would help understand these pathways and target policies effectively.
1 Introduction

This briefing considers the extent to which international labour migration can reduce poverty, and the implications this has for the 2030 Agenda for Sustainable Development (2030 Agenda). Sustainable Development Goal (SDG) 1 calls for ‘ending poverty in all its forms everywhere’. Labour migration can help achieve this goal, having been described as ‘the most effective contribution we can make to improving the lives of the world’s working poor’ (Rodrik, 2007). In this briefing, we show that international labour migration is a powerful tool to reduce poverty, for migrants themselves, their families, and their host and origin countries.

In 2015, over 243 million people (3% of the global population) lived outside their country of origin. The growth of financial transfers made by these migrants (‘remittances’) has rapidly accelerated. Remittance flows to developing countries are now four times larger than official development assistance (ODA) (Global Knowledge Partnership on Migration and Development (KNOMAD), 2017) and are estimated to touch the lives of over one billion people. In certain settings, migration has been shown to be more effective at reducing poverty than other development programmes (Gibson and McKenzie, 2014).

Tackling the different facets of poverty is one of the key aims of the 2030 Agenda. Poverty is multidimensional; encompassing both monetary measures and other dimensions such as living standards, health, and education access and quality (Alkire and Santos, 2010). Labour migration can reduce poverty for migrants themselves, their families, and their host and origin countries.

In host countries, immigration can have positive economic effects through increased production and labour-market specialisation. In origin countries, migration can lead to higher economic growth through increased incomes and spending, investment by migrant households, and knowledge transfers. However, migration does not always achieve this potential, nor are the outcomes always beneficial, due to a number of barriers. These include the financial costs of migration itself, conditions in host countries, and barriers to mobility.

The beginning of this briefing presents evidence demonstrating the potential of migration to reduce poverty. Section 3 links this evidence to the 2030 Agenda, arguing that migration should be considered a means to meet the SDGs, especially Goals 1, 8 and 10, and their Targets, especially 1.1, 1.2, 1.4, 1.5, 1.a and 1.b. Section 4 considers why migration’s poverty reduction potential is not always met, and what to do about it. Section 5 concludes, and offers recommendations to boost this potential.

2 How can migration reduce poverty?

Migration can result in positive economic and social benefits, for migrants themselves, their families, and their host and origin countries. In particular, migration is a powerful poverty reduction tool, with the potential to substantially increase incomes for migrants and their families.2

2.1 Impacts on migrants and their families

Migration can reduce poverty of both migrants themselves and their families in countries of origin. It can do this through remittances, as well as other mechanisms, including knowledge and norm transfers, in-kind transfers

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1. This briefing focuses on international labour migrants (or ‘migrant workers’), defined as individuals who moved from one country to another for the purpose of employment (International Organization for Migration (IOM), 2011). Where the briefing refers to other types of migrants, for example internal migrants, this will be stated explicitly. Most of the evidence focuses on migration to the global North, although we do also include examples of South-South migration.

2. In this briefing we include studies considering the income and welfare gains from migration, which are an indicator of its potential to reduce poverty. However, it should be kept in mind that they may not always translate into a reduction of poverty at the national level.
Labour migration can have a direct, immediate and substantial effect on the poverty of migrants themselves due to increases in income. A typical worker from an average developing country would earn 2.5-3 times their income if they moved to the United States (US) (Clemens et al., 2009). Migration resulted in a 26.3% income gain for Tongans in New Zealand (McKenzie et al., 2010; Box 4); and 1,400% for Haitians migrating temporarily to the US (Clemens and Postel, 2017; Box 1). Migration within the global South can also result in income gains of up to 60% (Ratha and Shaw, 2007). The families of the migrant can also experience gains in income, mainly through remittance receipts.

These income gains can lead to poverty reduction. For example, international migration reduced the level of poverty among migrant households in Ecuador by between 17% and 21% (Bertioli and Marchetta, 2014). This is a substantial decrease, especially when compared to other development programmes – a rigorous review of cash transfers showed that impacts on poverty reduction range from four to nine percentage points (Bastagli et al., 2016). Remittances can also be seen as an informal insurance mechanism, helping households cope with economic shocks (Stark and Lucas, 1988; Yang, 2008) and preventing them from falling deeper into poverty. In addition, migrants and their families can become wealthier through the accumulation of assets and the ability to make more investments (Yang, 2008; de Brauw and Rozelle, 2008; Mansuri, 2007).

Migration can influence whether family members in origin countries work, and the type of work they do. The evidence is mixed and context-specific. In some cases, family members work less. This effect is often gendered; labour-force participation tends to fall more for women in households that receive remittances (as Amuedo-Dorantes and Pozo, 2006 show for Mexico). Whether this results in an increase or decrease in poverty depends on how far remittances compensate for work-related income loss. Crucially, migration and remittances can reduce child labour, especially among poorer and low-skilled households (de Paoli and Mendola, 2017), which has important implications for long-term poverty reduction.

Access to education and health are also aspects of multidimensional poverty; moreover, they are important determinants of long-term poverty. Migration leads to improved health, education access and outcomes, particularly for children. Migration can also result in ‘social remittances’ or norm transfers (Levitt, 1998) that can have positive effects on individual and family wellbeing. For instance, Mexican women whose partners migrated internationally had lower smoking rates and healthier pregnancies than average through norm transfers (Frank, 2005). Having household members working in urban areas and abroad was associated with improved knowledge of sexual health in rural Guatemalan women (Lindstrom and Muñoz-Franco, 2005). Again, this has important implications for long-term poverty and the 2030 Agenda more broadly, with migration enabling households to become healthier and better educated.

### 2.2 Impacts on origin countries

The previous section discussed how migration has the potential to reduce poverty for individuals and households. These effects ripple through national economies in origin countries: raising incomes, protecting against exogenous shocks, and enabling increased economic activity (see also Boxes 1 and 4 for effects on national-level gross domestic product (GDP)). In fact, most of the benefits to national economies accrue through the aggregate effect of migration on individual households. Increases in income through remittances can result in reductions of poverty at the macro-level if poorer households become relatively better off: in other words, by changing national inequality distributions. This is not a given, however. It depends on how income is originally distributed and where migrants fall on this spectrum (McKenzie and Rapoport, 2007).

Most macro-level analyses investigating cross-country national-level poverty rates find that migration (often proxied by remittances) does cause a reduction in poverty. However, the size of this effect varies considerably.

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3. The impacts of migration are difficult to measure as migrants are not randomly selected but self-select into migration. Therefore migrant-sending households can have underlying differences to non-migrant-sending households (e.g. they may be wealthier or more willing to take risks), which means comparing them may capture differences in these underlying differences instead of migration effects (Démurger, 2015). This section only cites studies that account for selection bias; where this is not the case this will be stated.

4. See also Jimenez-Soto and Brown, 2012 for Tonga.

5. See Adams, 2011 for a review of evidence on this in various countries; Grigorian and Melkonyan, 2011 for Armenia; and Abdulloev et al., 2014 for Tajikistan.

6. See also Acosta, 2011 for El Salvador; Yang, 2008 for the Philippines; and Mansuri, 2006 for Pakistan.

7. For more information, see two other briefings in ODI’s Migration and the 2030 Agenda series: on health (Tulloch et al., 2016) and education (Nicolai et al., 2017).

8. However, there is also some evidence that the migration of parents or caregivers can have negative impacts on education and health of children and the elderly (e.g. Giannelli and Mangiavacchi, 2010 for Albania).

9. For examples of positive effects of migration on investment in education and access for families in countries of origin, see Organisation for Economic Cooperation and Development (OECD), 2017 and Ambler et al., 2015.
by study and may be overstated in some cases due to methodological concerns. In one study of 10 Latin American countries, for every 10% increase in the ratio of remittances to GDP, poverty fell between 0.04% to 0.5% (Acosta et al., 2008). 10

Other studies sum the benefits accrued by individual households to estimate the effects on national-level poverty. 11 This approach reflects the logic explained above, that individual- and household-level poverty reduction from migration has national impacts in aggregate. For instance, a 10 percentage-point increase in international remittances in the Philippines caused a 2.8 percentage-point decline in the likelihood that a migrant household will be in poverty (Yang and Martinez, 2006). This benefit also spills over to non-migrant households in high-migration regions, where aggregate poverty rates fell by 0.7 percentage points. In Ecuador, one study found that migration reduced poverty incidence among migrant households by between 17.4% and 20.8% (Bertoli and Marchetta, 2014). Along similar lines, studies on internal migration in Vietnam and China have found a small yet significant effect on poverty rates (De Brauw and Harigaya, 2007 for Vietnam; Yang et al., 2005 for China).

Emigration can lead to increased wages for non-emigrants in origin countries, particularly in the short-term, which can affect national poverty levels. However, this is mainly experienced by those with similar skills to emigrants; non-emigrants with complementary skills can experience a wage decline (Elsner, 2015).

2.3 Impacts on host countries

Migration can also reduce poverty and increase growth in host countries; through increased productivity, new demand for and supply of goods and services, and more labour-intensive production. As described in Box 1, a programme of temporary agricultural work for Haitians added value to the US economy of around US$4,000 per worker-month. Under New Zealand’s Recognised Seasonal Employment programme, employers reported increased production through access to a more productive,
stable workforce. Immigrants also add value to host countries through their skills and innovation, fostered by diversity; for example, the number of patents applied for by immigrants in the US is far greater than their share in the population (Hunt and Gauthier-Loiselle, 2010). The literature agrees that immigration may encourage natives to take up more highly skilled jobs to take advantage of skills complementarity; native workers in Denmark originally displaced by new refugee arrivals eventually earned 3% more through increased specialisation in more complex tasks (Foged and Peri, 2015).

3 Why migration matters for the 2030 Agenda

As shown, international labour migration is a powerful poverty reduction tool, for migrants themselves, their families, and their host and origin countries. Therefore, migration can be a vital weapon in the arsenal to fight poverty, affecting the implementation of SDG 1, as well as several other Targets and Goals (see Table 1). These Targets cannot be met successfully unless their links to migration are considered.

**Targets 1.1 and 1.2** call for an end to poverty around the world. As we have seen, migration can be an effective instrument in reducing poverty. This is especially the case regarding income, where the potential gains are very large for migrants and their families, leading to wider positive spillover effects. However, labour migrants themselves can be highly vulnerable and may need specific support.

**Target 1.4** calls for greater access to economic resources, financial services and basic services. Labour migration can help families in origin countries invest in assets and access financial services. Migration can be a form of self-insurance; protecting migrant families experiencing shocks and stresses. This is relevant for **Target 1.5** which calls for greater resilience and insurance for individuals and families.

**Target 1a** calls for better and smarter mobilisation of resources for development. We have seen that remittances dwarf aid. Remittances, and other forms of diaspora financing and investment, can be mobilised to improve infrastructure, services and development more generally at a community level (see Gelb, forthcoming). Migration should be included as a poverty reduction strategy in non-migration policy frameworks, as called for in **Target 1b**.

Migration also affects multidimensional poverty (SDGs 1, 3 and 4), economic growth and employment (SDG 8), and innovation (SDG 9), which can have indirect effects on poverty. Finally, it can lead to increases or decreases in inequality, relevant to **SDG 10**.

### Table 1: Poverty, migration and the 2030 Agenda for Sustainable Development

<table>
<thead>
<tr>
<th>Relevant SDGs and Targets</th>
<th>Link to migration</th>
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</thead>
<tbody>
<tr>
<td><strong>Goal 1:</strong> End poverty in all its forms everywhere</td>
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<tr>
<td><strong>1.1:</strong> By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than $1.25 a day.</td>
<td>Migration is a powerful poverty reduction strategy for migrants themselves and their families in origin countries. The benefits of migration are greater for those travelling through regular migration channels, with costs and risks higher for those migrants with irregular status (see Section 4). Furthermore, the poorest are often unable to benefit from migration, owing to the high costs involved.</td>
</tr>
<tr>
<td><strong>1.2:</strong> By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.</td>
<td>Labour migrants in host countries may need specific support as they often face unique poverty challenges, for instance because of discrimination and poor working and living conditions (see Lucci et al., 2016). Migrants often send a high share of their disposable income as remittances which can make them impoverished.</td>
</tr>
<tr>
<td><strong>1.4:</strong> By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.</td>
<td>Increased immigration does not lead to higher poverty rates in host countries; in fact, migrants often add value to domestic economies.</td>
</tr>
<tr>
<td></td>
<td>Migration can help families in origin countries improve their wellbeing through increased income and consumption. Indirect effects include higher savings, investment and protection from shocks and stresses. Migration can lead to family members accessing and using financial services for the first time (Anzoategui et al., 2014). It can also improve their ability to invest in assets, including land ownership, and increase access to basic services like education and healthcare.</td>
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### Relevant SDGs and Targets

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<thead>
<tr>
<th>SDG</th>
<th>Target</th>
<th>Link to Migration</th>
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<tr>
<td>1.5</td>
<td>By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.</td>
<td>Migration strengthens households’ resilience. It helps families in times of crisis by strengthening their ability to cope with economic risks and shocks, through informal insurance strategies. Remittances have also been shown to increase at times of national shocks and stresses (for instance in the Philippines after natural disasters).</td>
</tr>
<tr>
<td>1.a</td>
<td>Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions.</td>
<td>Remittances and other forms of diaspora financing can be mobilised to improve infrastructure, services and development more generally at community level (see Gelb, forthcoming). These have been shown to lead to poverty reduction on a national level as well. At the same time, remittances, as private funding, do not replace aid. This is recognised in the Addis Ababa Action Agenda (June 2015), which states the ‘positive contribution of migrants for inclusive growth and sustainable development in countries of origin’ (United Nations (UN), 2015).</td>
</tr>
<tr>
<td>1.b</td>
<td>Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions.</td>
<td>Migration tends to be overlooked as a poverty reduction strategy in policy frameworks, with some policies in origin and host countries limiting mobility. Conditions in host countries can also reduce the poverty-reduction potential of migration. Sound policy frameworks should consider migration’s role in reducing poverty and strive for policy coherence across different sectors.</td>
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### Other Goals

<table>
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<tr>
<th>Goal</th>
<th>Description</th>
<th>Link to Migration</th>
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<tbody>
<tr>
<td>3</td>
<td>Ensure healthy lives and promote wellbeing for all at all ages.</td>
<td>Migration improves healthcare access and health outcomes for families in origin countries. However, migrants in host countries often lack access to health services (see Tulloch et al., 2016).</td>
</tr>
<tr>
<td>4</td>
<td>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</td>
<td>Migration helps improve education access and educational outcomes for families in origin countries. However, migrant children in host countries often suffer disadvantages in accessing quality education (see Nicolai et al., 2017).</td>
</tr>
<tr>
<td>8</td>
<td>Promote inclusive and sustainable economic growth, employment and decent work for all.</td>
<td>Migration, as proxied by remittances, can lead to economic growth in origin countries. It can also lead to a reduction in unemployment and higher wages in origin countries (Mishra, 2014). Labour migrants often face difficult working conditions (see Lucci et al., 2016), with stronger regulations and monitoring needed around working conditions and recruitment processes (see also Box 3) to achieve decent work for all migrants.</td>
</tr>
<tr>
<td>9</td>
<td>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</td>
<td>Migration leads to greater diversity in host countries and this can foster innovation. In origin countries, migration can also foster innovation through social remittances, skills transfers and return migration (Debnath, 2016). This has implications for long-term poverty reduction in these countries. In some contexts, outflows of the highly skilled could have negative impacts for origin countries in certain sectors (for example, shortages of healthcare workers, Mills et al., 2008). However, evidence that a so-called ‘brain drain’ harms development in origin countries is mixed once the net effects are considered. High-skilled migration often generates positive externalities such as increased investment in education, a more educated domestic workforce, and returnees bringing back skills acquired abroad (Adzei and Sakyi, 2014; Docquier and Rapoport, 2011).</td>
</tr>
<tr>
<td>10</td>
<td>Reduce inequality within and among countries.</td>
<td>With people migrating from low- to high-income countries and sending remittances back home, migration can reduce global inequalities among countries, and among people (Milanovic, 2016). Whether migration reduces inequality within origin countries depends on where migrants sit on the income distribution. In some contexts, migration can lead to higher inequality as the poorest are often unable to migrate. When the costs of migration are reduced, the potential to reduce inequality is also greater.</td>
</tr>
</tbody>
</table>
4 Why migration’s poverty reduction potential is not always met, and what to do about it

The financial costs associated with the migration process can reduce migration’s impact on poverty reduction. Further barriers include conditions in host countries, which can entrench poverty amongst migrants, and barriers to mobility, which often prevent those who would benefit the most from migrating from doing so.

4.1 The financial cost of migration can be high

Migration can incur high costs, even prior to departure. This includes the costs of procuring passports, a visa, work permit and/or the recruitment process more generally. Migrants may secure the services of a travel agent, migrant broker or smuggler, and the costs of the journey itself can be high, especially if protracted and/or irregular. These costs can be excessive – low-skilled migrants often pay more than a year’s worth of future income (International Labour Organization (ILO), 2017; KNOMAD, 2017), reducing their ability to send remittances. Migration costs tend to be higher for the low-skilled (ILO, 2017; KNOMAD, 2017) and are more likely to prevent the poor from migrating. Migration costs also tend to be higher for migrants from more remote areas, who are also more likely to be poorer (Gibson and McKenzie, 2011). This relationship holds at the national level as well: countries with low GDP per capita have lower emigration rates (OECD, 2016), to some extent due to aspiring migrants being unable to finance migration.

Loans can facilitate the payment of pre-departure and recruitment costs. However, with imperfect credit markets in poorer areas, this can result in aspiring migrants borrowing high sums of money from informal lenders, often at exorbitant interest rates. This places poor households in a risky situation, and raises the stakes for the migrant: an ‘unsuccessful’ migration, which produces no potential is not always met, and what to do about it. Further barriers include conditions in host countries, which can entrench poverty amongst migrants, and barriers to mobility, which often prevent those who would benefit the most from migrating from doing so.

4 Why migration’s poverty reduction potential is not always met, and what to do about it

The financial costs associated with the migration process can reduce migration’s impact on poverty reduction. Further barriers include conditions in host countries, which can entrench poverty amongst migrants, and barriers to mobility, which often prevent those who would benefit the most from migrating from doing so.

4.4 Poor conditions in host countries can undercut expected benefits from migration

Migration doesn’t always offer the rewards anticipated. Conditions in host countries can entrench poverty of migrants, including poor living conditions and limited access to services, low wages, and poor working conditions.

Sometimes, wages paid by employers are lower than promised, or not paid at all (see Donini et al., 2013; Hagen-Zanker et al., 2014; Maher, 2009). Wages can be irregular, particularly for those in the informal economy, making it difficult for migrants to sustain themselves in the host community and send remittances back home. Female migrant workers are especially over-represented in lower-paid, irregular work (ILO, 2017; O’Neil et al., 2016). Furthermore, migrants may not be able to make full use of the financial potential of their migration.
of their education and skills as access to skills-recognition processes tend to be lacking, especially for low- and medium-skilled workers (ILO, 2017). This can lead to deskilling or ‘brain waste’ and migrant workers earning less than anticipated. Compared to natives, migrants face wage gaps that cannot be explained fully by differences in education, work experience and language skills (ILO, 2015).

Second, migrants often experience poor working conditions, which can lead to lower earnings and adverse health outcomes. Migrant workers are more likely to hold jobs that are ‘dirty, dangerous and difficult’ (ILO, 2017). Migrant workers are much less likely to have ‘decent-work benefits’ such as a contract, occupational health and safety, and fundamental labour rights (Aleksynska et al., 2017).17 Migrant workers are at greater risk of being victims of forced labour (ILO, 2017). They are also more likely to experience work-related accidents and diseases (Belin et al., 2011; ILO, 2017). This is especially relevant for those who are undocumented and/or working in the informal economy, who are also less likely to be protected through social-insurance schemes.18 As such, migrants may lose extended periods of time to illness, can end up with disabilities that limit future earning potential or, in extreme cases, lose their lives. Box 3 gives examples of emerging best practices on how to combat poor working conditions using fair recruitment.

4.3 Barriers to mobility
So far, we have focused on the factors that limit the poverty reduction potential for those who are already on the move. What about those who would like to move, but are unable to do so? This ‘involuntary immobility’ (as coined by Carling, 2002) characterises many poor areas and origin countries. In a global survey, 14% of the world’s adults said they would like to move to another country.19 Of those surveyed, 33% were in sub-Saharan Africa, 21% in the Middle East and North Africa, and 20% in Latin America (Esipova et al., 2011). However less than half of these respondents had already started making preparations (ibid.). The evidence suggests that those who would benefit the most from migration are often unable to do so. Part of this can be explained by the debilitating costs of migration discussed above. However, there are also policy barriers that prevent people from migrating legally, which diminish the potential of migration to reduce poverty.

Barriers set by origin countries
Some of these barriers are set, perhaps surprisingly, by origin countries. Some have extensive bureaucratic requirements, including procuring documents and participation in pre-migration trainings and health checks, that act as indirect barriers to exit.20 Poorer and less-educated individuals can find it challenging to navigate the complex bureaucratic requirements. This in turn reduces their ability to migrate and increases their dependency on brokers, which drives up the cost of migration.

Furthermore, some origin countries place legal restrictions on their citizens that prevent them from leaving. Some countries enact exit-visa schemes, others prohibit citizens from leaving if their intention is to migrate. Some countries place travel restrictions on women or on citizens of national-service age (see Figure 121), and others temporarily ban migrant workers from travelling to

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17. See also a review of working conditions for internal migrants in Lucci et al., 2016.
18. See Hagen-Zanker et al., 2017 for a review of social-protection coverage of migrants.
19. In total this represented approximately 630 million people who would like to migrate internationally, dwarfing the current estimated international-migrant stock of 244 million (United Nations Department of Economic and Social Affairs (UN DESA), 2015).
20. For example, limited administrative capacity in the Congo means not enough passports are produced year on year to meet demand (Gibson and McKenzie, 2011).
21. This figure lists legal restrictions; other countries also restrict mobility for certain ethnic or political sub-groups due to political reasons.
certain countries, allegedly for safety reasons or to protect
their rights.\footnote{Ethiopia bans unskilled workers travelling to the Middle East, and the Philippines restricts or bans labour migration to more than 10 Middle Eastern and sub-Saharan countries. Travel bans for migrant domestic workers are common; for example, Indonesia, Myanmar, Nepal, the Philippines and Sri Lanka have had temporary bans on domestic workers migrating to several Middle Eastern countries.}

Preventing individuals from migrating can deny them
the potential for poverty reduction and negatively affect
their households. For example, a study in Indonesia
showed that banning female domestic workers from
emigrating to Saudi Arabia led to an increase in poverty
of between 2% and 3% in households in migration origin
communities, as well as a decline in female employment
and labour-force participation (Makovec et al., 2016).

Barriers set by host countries

Then there are barriers set by host countries limiting legal
pathways for migration. Host countries employ different
legislative and policy instruments to manage the overall
number of immigrants and nature of migration. Many of
these instruments prevent and restrict migration, which
means that the demand far outstrips places available,
particularly in the most desirable host countries. For
instance, the US temporary visa for skilled migrants has
a cap of 65,000 annually, which was reached within the
first week in each of the past five years (Trautwein, 2017).
Likewise, only about 0.5% of applicants for a diversity
visa received it (State Department, 2017). In the UK, skilled
Tier 2 visas are capped at 20,700 per year; in 2015 the
monthly cap of 1,650 was reached within 11 days (West
and Ali, 2015).

The nature of migration policies has changed too,
becoming increasingly selective based on skills, with fewer
opportunities for poor and less-skilled aspiring migrants
(Gibson and McKenzie, 2011). Selective immigration

Box 3: Policy measures on fair recruitment

International labour standards apply to the recruitment of migrant workers. Effective implementation of fair
recruitment measures involves extensive policy coordination amongst governments, labour recruiters and
employers alike. The following are some emerging practices:

1. Some host countries state costs are to be paid by the employer, while origin countries may cap recruiter fees
(ILO, 2017). Nepalese practice combines this; the ‘free visa, free ticket’ policy ensures migrants pay no more
than NPR20,000 (US$184) to private employment agencies, and the employer pays for tickets and visas (von
Rohland and Crozet, 2017).

2. To ensure workers are given clear, transparent contracts, standardised employment contracts can be attached to
labour agreements between countries, as in the 2008 Sri Lanka-Qatar agreement (Wickramasekara, 2015), and
registered with authorities in the host country, as in some Gulf countries (ILO, 2017).

3. Some countries such as Bangladesh and Ethiopia have joint liability provisions to ensure recruiters and
employers can be held liable for workers’ rights violations during recruitment (ILO, 2017).

4. Private-sector initiatives play a growing role. The Consumer Goods Forum (CGF) recently introduced its
Three Priority Industry Principles and guidance to tackle forced labour and abusive recruitment. More global
companies are joining the Leadership Group, launched in 2016 under the Institute for Human Rights and
Business (IHRB), to promote responsible recruitment and ethical supply chains (CGF, 2017; IHRB, 2016).

5. More companies are following due-diligence procedures in supply chains, for example, US government agencies
(United States Office of the Federal Register, 2012) and Colgate-Palmolive and Marks & Spencer’s (CGF, 2017).

6. Once migrants are abroad, some cities have taken the initiative to protect their employment rights. Barcelona’s
authorities help migrants with employment through its immigrant reception service, SAIER (Saier Servicio de
Atención a Inmigrantes, Extranjeros y Refugiados), which supports migrants with job-seeking, training and
education, and offers legal advice (Ajuntament de Barcelona, 2017). In the US, ‘sanctuary cities’ can help protect
irregular labour migrants (Ridgley, 2008).
policies facilitate the entry of skilled workers, but are also used to justify the discrimination and/or denial of rights to low-skilled workers (de Haas et al., 2016). This has direct implications for the potential of migration to reduce poverty as it prevents the low-skilled who are more likely to be poor from accessing regular migration pathways. It also potentially causes ‘brain waste’ amongst those who are slightly better off and can afford to finance migration and who can access regular migration pathways, but then often end up working in low-skilled jobs in host countries (ibid.).

Restrictive policy regimes reduce the opportunities for regular migration in the first place, but they can also deflect migrants towards irregular migration channels. For instance, a study looking at Eritrean migrants in Ethiopia showed that as people lose hope in the formal processes and channels, the risks involved in irregular transit become tolerable (Mallett et al., 2017). Likewise, a study in 29 European countries showed that more restrictive temporary visa schemes push migrants towards irregularity: a 10% increase in short-stay visa rejections leads to a 5% increase in irregular migration (Czaika and Hobolth, 2014). As irregular migration is more costly and risky, it has a lower potential to reduce poverty, and makes the original point of barriers moot.

Restrictive migration policies are likely to remain on the policy agenda of many desirable host countries, but there are policy entry points. Circular and seasonal migration schemes have been put forward as a ‘realistic’ policy solution (Foresti, 2017), opening up more opportunities for regular and safe migration, particularly for those with lower skills levels (see Boxes 1 and 4).

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23. See also Medam (2017) for more examples.
Conclusions and policy recommendations

The potential benefits of international labour migration have been described as the equivalent to ‘finding trillion-dollar bills on the side-walk’ (Clemens, 2011). The very essence of labour migration lies in the huge income-differentials that exist globally: a worker from a low-income country can earn significantly more in a high-income country, thus being able to improve standards of living for their families, with multiplier effects in both host and origin countries. In other words, migration is a hugely powerful poverty-reduction instrument and is key to meeting SDG 1 and other Goals.

Keeping in mind the 2030 Agenda principle of ‘leaving no-one behind’, the evidence makes a powerful argument for creating opportunities for mobility for citizens of poor countries, particularly the poorest, who often cannot afford the high costs of migration. Schemes that foster labour mobility should be seen as complementary to other development programmes and considered an important item in the toolbox for reducing poverty.

Yet the role that mobility can play is mostly absent from the discussions on poverty reduction. This is because migration is a ‘difficult’ policy instrument. The effects of migration are not always immediate and public attitudes to migration are often negative (Dempster and Hargrave, 2017), which makes it tough for policy-makers to propose new policy instruments within short-term political cycles. Migration often fails to achieve its full poverty reduction potential due to the high costs of migration, poor conditions in host countries, and barriers to mobility. Furthermore, when regular migration channels are not in place, aspiring migrants make use of irregular ones, with lower benefits for both host countries and migrants themselves.

Conclusion 1: Migration is one of the most successful ways to reduce poverty, and is therefore crucial to achieving SDG 1 and other Goals.

Recommendation: Allow poor families and households to benefit from migration.

- The benefits of migration are greater for migrants and host countries when it takes place through safe, regular and orderly pathways: expand and diversify them (see Conclusion 3). Origin countries should provide information about regular migration pathways, and run pre-departure training to facilitate migration and maximise its benefits.
- Safeguard the rights of migrant workers, including those working informally, particularly when they are not protected by national labour laws. Work proactively to eliminate abusive recruitment, and encourage greater scrutiny of global supply chains (see Box 3). These efforts should take a multi-stakeholder approach and involve governments of origin and host countries, as well as other actors including the private sector and local authorities.

Box 4: New Zealand’s Recognised Seasonal Employer programme

The Recognised Seasonal Employer (RSE) programme began in 2007, aiming to ease labour shortages in New Zealand’s horticulture and viticulture industries by admitting up to 5,000 seasonal workers (in the first instance), giving preference to those from Pacific countries. Promoting development in the Pacific Islands is an explicit goal of RSE. It is considered a success; a rigorous multi-year evaluation showed it had a significant and multidimensional impact on poverty reduction for participating migrants and their households in Tonga and Vanuatu.

In both countries, per-capita income of households with an RSE migrant rose by over 30% relative to non-migrant households, and in Tonga, households doubled their savings (Gibson and McKenzie, 2014). Over two years, households in Vanuatu who reported having a bank account rose from 55% to 74% (ibid.), which is thought to reflect more formal savings practices. Subjective economic welfare increased significantly for households in both countries. Participating households in both countries purchased more durable assets, and in Tonga they were almost twice as likely as non-RSE households to make a home improvement. Moreover, school-attendance rates increased by 20% for 16- to 18-year-olds in Tonga.
Female migrant workers also contribute to sustainable development, but owing to gender-based barriers they are less likely than men to make the most of the economic and social opportunities of mobility. Policy measures should focus on regulating and improving working conditions for all female migrant workers (O’Neil et al., 2016).

Establish supportive institutions that can help families who stay behind adapt to the loss of an economically active member or caregiver through migration. Interventions should be tailored to the length and type of migration in question; options could include putting in place safety nets to improve health and education outcomes for children in the community, including those of migrant children, and introducing accessible banking, credit, investment and insurance systems (Démurger, 2015).

Foster and encourage remittances and other forms of diaspora finance. Remittances can be a key resource for poverty reduction, while diaspora investment can contribute to broader economic growth in origin countries (see Gelb, forthcoming). Bilateral and multilateral organisations have a role to play too, for instance in matchmaking investors/lenders in the diaspora with borrowers in the home country (including the government, businesses or individual households) as well as leveraging and complementing diaspora investment.

Policy-makers in donor countries should view development aid and migration as complementary. It is possible to achieve aid objectives (such as poverty reduction) through mobility, while at the same time benefitting host countries (Clemens and Postel, 2017). At a more granular level, aid can be used to facilitate skills-training programmes specifically linked to mobility opportunities (see Clemens, 2014), provide information to aspiring migrants (e.g. on regular migration pathways), improve conditions for migrants in so-called transit countries, and more.

The relationship between migration and poverty reduction is complex: while the evidence shows that migration tends to reduce poverty, the mechanisms are often difficult to disentangle (Antman, 2012). Therefore, more rigorous research is needed to isolate these mechanisms, so that policies can be targeted more effectively. Better longitudinal data could also help to clarify the range of impacts migration has on migrants and their families, at different stages of the process.

Relevant SDG targets

1.1: By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than $1.25 a day.

1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

1.5: By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.

8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.

8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
Conclusion 2: The high cost of migration makes it harder for the poorest to migrate.

Recommendation: Reduce the pre-departure, recruitment and travel cost of migration, improve access to loans, and lower the transaction costs of migrant remittances.

- Origin countries should take action to reduce the pre-departure costs of migration, as they burden the poorest the most. For instance, passports should be made available more easily and at a lower cost. Pre-departure loans, at reasonable interest rates from a regulated provider, can help, alongside information about the migration process. Such loans must be fully transparent and legal, and the migrant must have sufficient financial knowledge to assess adequately the implications of taking a loan.
- Governments should better regulate and monitor recruitment agencies, encouraging professionalisation and transparency in the industry, for example holding agencies accountable by publishing their performance and ratings. Additional efforts could include cooperation and agreements with large employers dependent on migrant labour, and bilateral coordination between origin and host countries on enacting the principles of ‘fair recruitment’.
- Lowering the transaction costs of remittances has been on the policy agenda for years. The focus now has to move from rhetoric to action, ensuring more partnerships between MTOs, policy-makers, regulators and other stakeholders, and to set up enforceable agreements, such as the African Postal Financial Services Initiative (APFSI, 2016).

Conclusion 3: There are insufficient safe, regular and orderly migration pathways diminishing the potential of migration to reduce poverty.

Recommendation: Increase and diversify safe, regular and orderly migration pathways to achieve greater poverty reduction benefits for migrants themselves, their families, and their host and origin countries.

- Origin countries must remove barriers to migration. They should support their citizens who want to migrate by providing information on the migration process and consular support to those in host countries. They should also help those who return, for instance by providing attractive investment opportunities.
- Temporary/seasonal migration has a high poverty reduction potential and can have more political traction in host countries than permanent schemes. These schemes should be expanded, learning lessons from existing pilots (for instance between Haiti and the US, and Tonga and New Zealand).
- Many high-income countries have a strong demand for labour at different levels of skill. To ensure a reliable supply of appropriately trained individuals, host countries could set up training institutions in origin countries. Initiatives such as a Global Skills Partnership could combine skills and job training with embedded mobility schemes (Clemens, 2014). They would also help to maximise the benefits of migration for migrants and origin countries.
- Citizens from the poorest countries have the most to gain from migration, yet are often less able to access regular migration pathways. Countries with a points-based immigration system could give extra points for migrants from low-income countries, to increase their likelihood of obtaining a visa. Additional measures could focus on skills matching and skills recognition.

Relevant SDG targets

1.a: Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions.

10.c: Reduce transaction costs of migrant remittances.

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