

Development Implications of Labour Migration: Case of Sri Lanka



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- Migration issue in general and its present situation
- Sri Lanka: overseas migration for jobs in historical perspective. Trends and patterns. Remittances.
- Developmental implications in a holistic perception of development. Micro family level. National level.
- Development policy issues pertaining to migration and what ought to be done to get the best developmental results from migration

Presentation Content

- The Context around December 18, the International Migrants Day.
 - An estimated 232 million international migrants around the world.
 - Ever more people crossing borders in search of employment and security. Caused by: globalization, demographic shifts, conflicts, income inequalities and climate change factors.
- Migrant workers contribute to growth and development in their countries of destination. Countries of origin greatly benefit from their remittances and the skills acquired during migration.
- Migration process implies complex challenges in terms of governance, migrant workers' protection, migration and development linkages, and international cooperation.

ILO on Labour Migration

- IOM in a document posted on 12/22/15: “.... over a million irregular migrants and refugees arrived in Europe in 2015, mostly from Syria, Africa and South Asia”. The tally of fatalities also continues to rise. Total of migrant/refugee deaths in 2015 at 3,700.
- Issue of international migration and development continues to be relevant but other issues of international migration are taking the centre stage in migration discourse now.

Changing Issues & Concerns

- Migration of skilled people and from better off families for permanent residence in developed countries during colonial and post-colonial times. “Brain drain”. Migration after 1956 in reaction to nationalistic policies.
- Wave of migrations after 1973, following the oil shocks. Liberal policies after 1977/78 facilitated.
 - People involved: not highly skilled. Intermediate level and unskilled
 - Destination countries: new rich oil-exporters and other newly industrialising developing countries.
 - Short term temporary migration leaving behind their families. For higher earning possibilities.
- Migrations after mid-1980s in reaction to violent civil conflict. Often in refugee pretext.

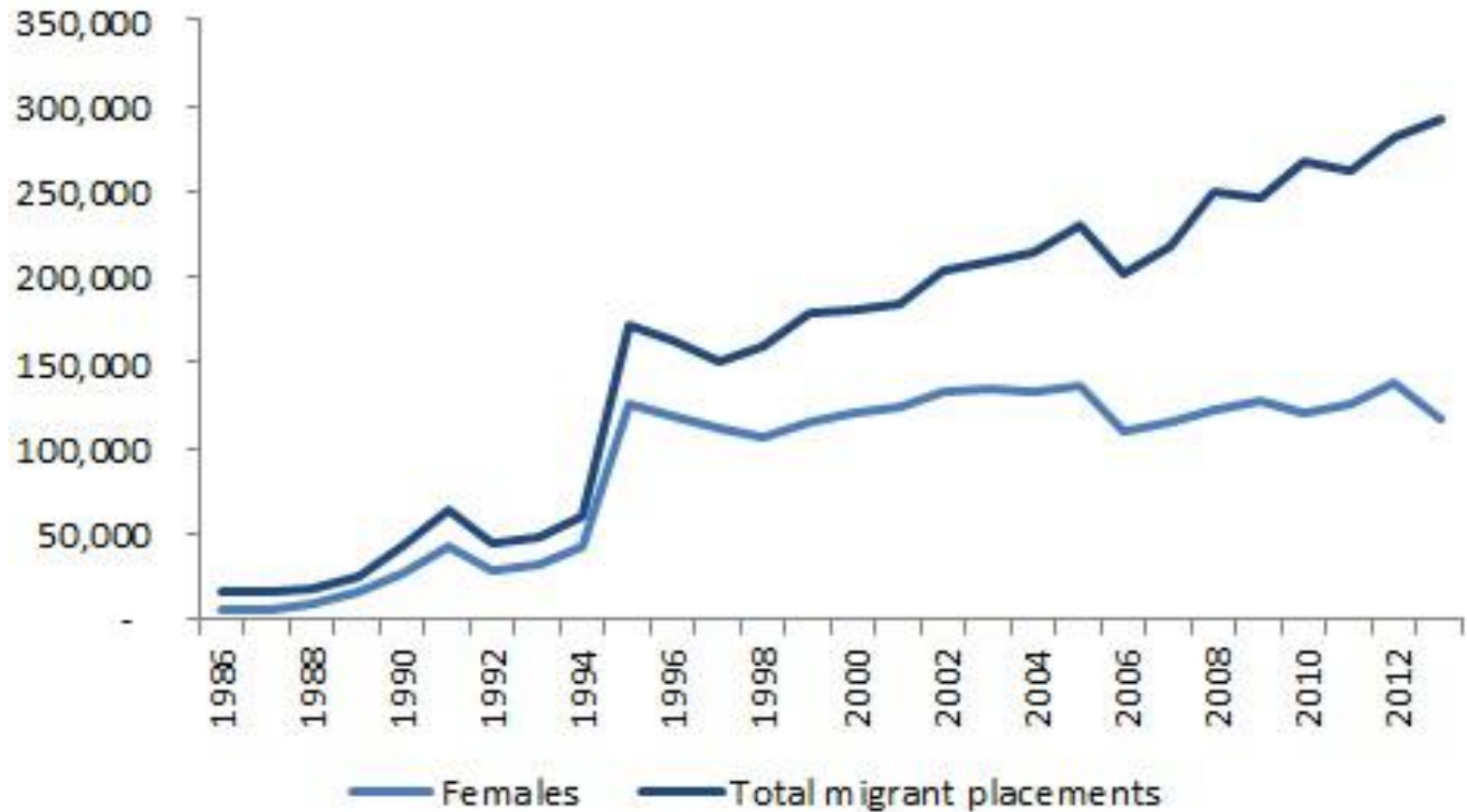
Different historical patterns of migration in modern Sri Lanka

- World migration pressure is high—and rising. Rise in human trafficking making things more acute.
- Rise in demand from receiving countries:
 - Middle East after oil price hike.
 - Ageing of populations in developed countries .
 - Foreign workers for certain jobs (e.g. three K jobs *kitanai*, *kiken*, *kitsui* - “**d**irty”, “**d**angerous”, “**d**emeaning” – in Japan).
- Other important determinants – supply side:
 - Wide wage gaps between labour exporting and host countries
 - Falling costs of migration for low income families
 - Existing migrant stocks in receiving countries (friends and relatives).

General Reasons for Rising Migration

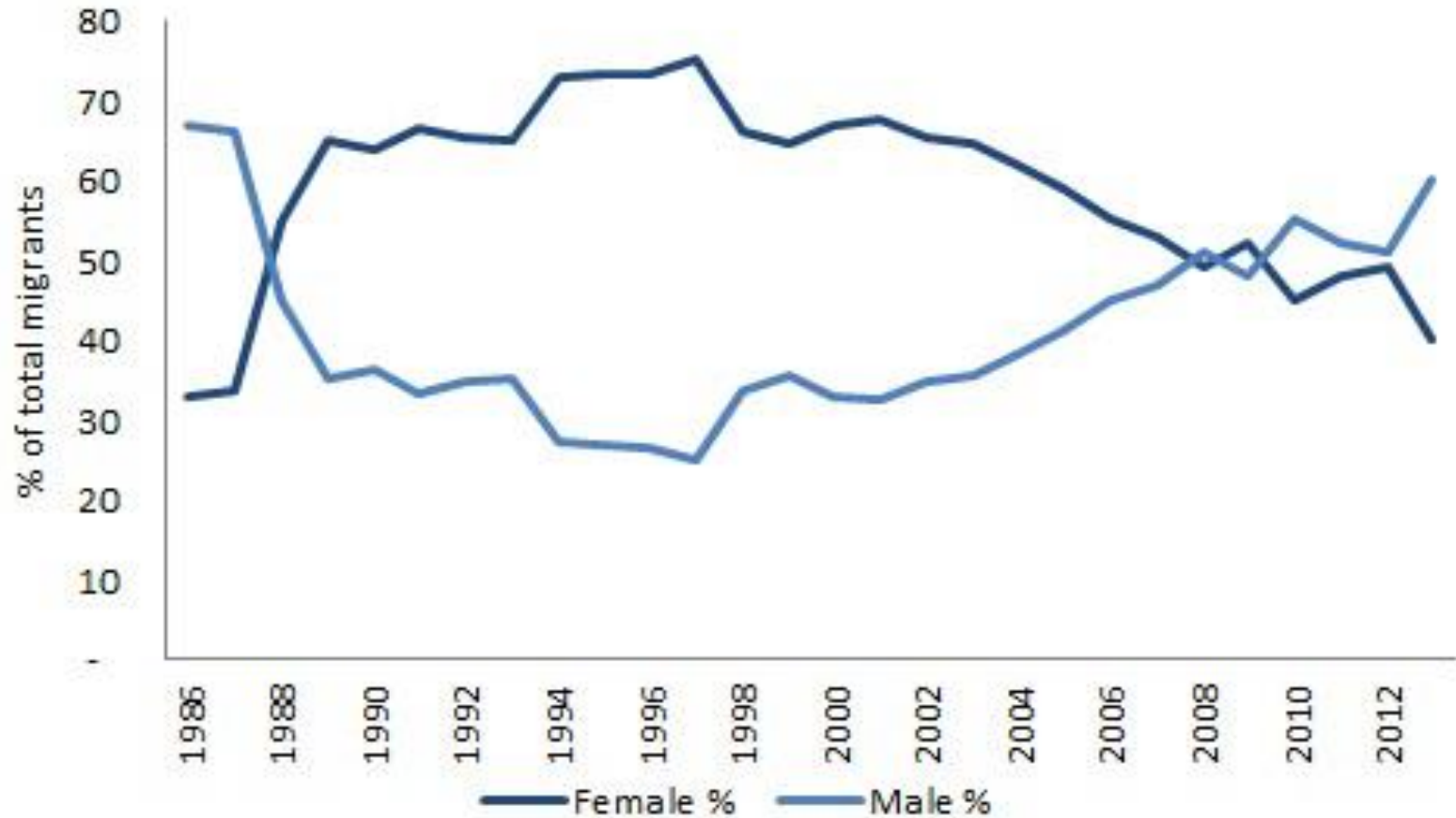
- Women about half of migrants worldwide. In Asia, Europe, Latin America, North America and Oceania they form more than half.
- Annual migrant remittances exceed US \$150 billion annually – a larger sum than all overseas development assistance, and is second only (now?) to the value of global petroleum exports in international commodity trade.
- Developing countries lose 10% to 30% of skilled workers and professionals through “brain drain.”
- ILO studies found that more than one in every three qualified migrant applicants were unfairly excluded in employment selection procedures in several Western industrialized countries: a discrimination rate of 35%.

Some Facts about Migrant Workers



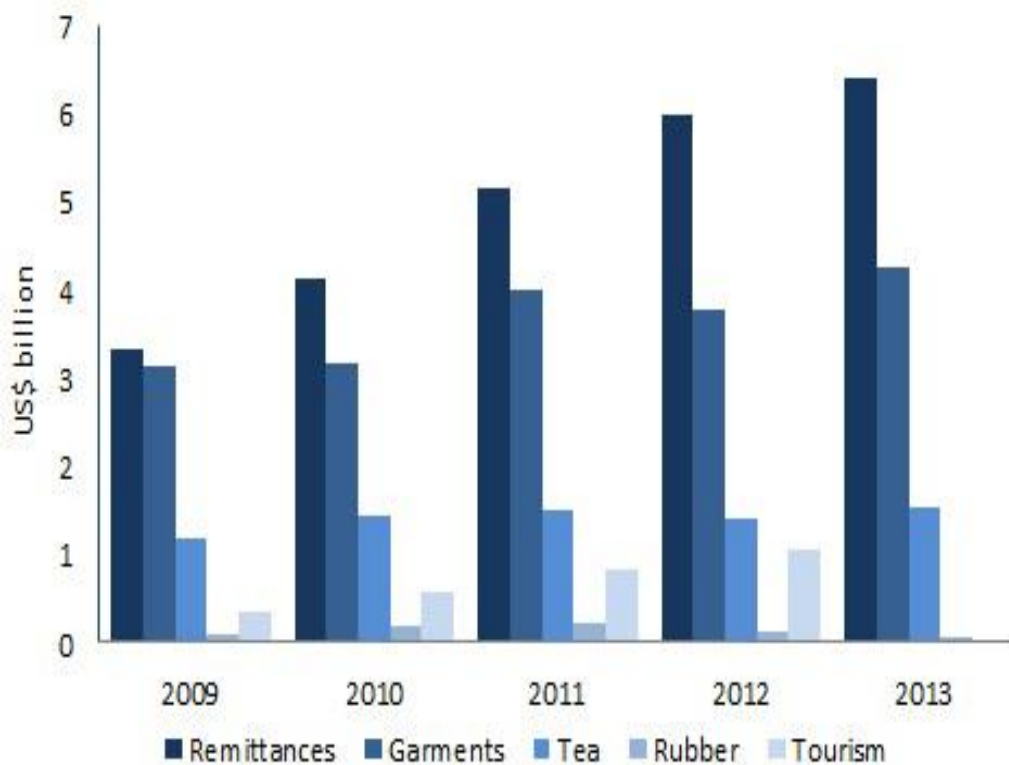
Sri Lanka - Trends in labour migration: 1986-2013

source: SLBFE 2012 & CBSL 2013



Feminization of labour migration: 1986-2013

source: SLBFE, 2012 & CBSL, 2013

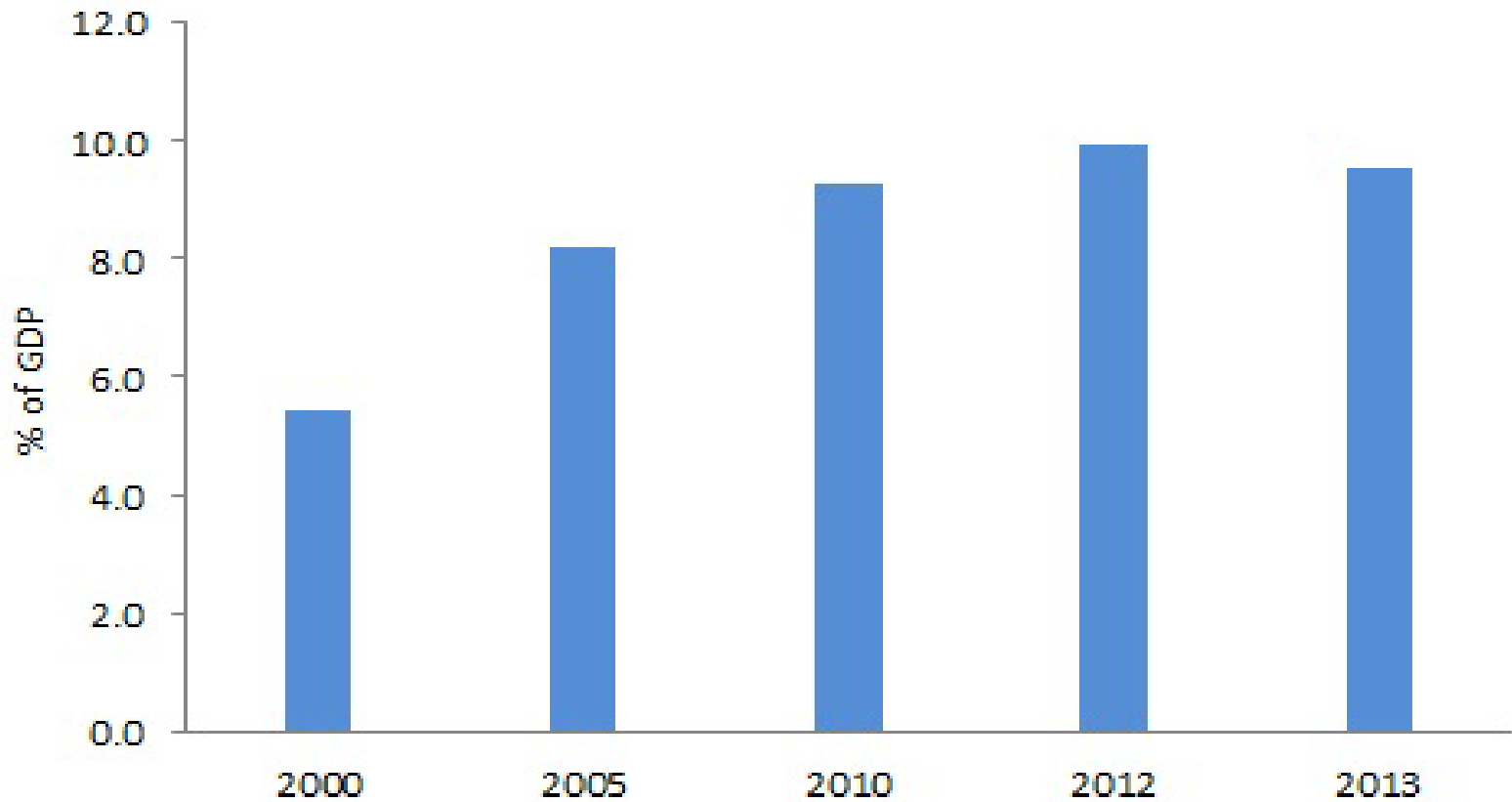


Remittances grew continuously but they have stagnated in 2015.

Relative Size of Remittances

source: CBSL, 2013

Note: tourism data not included for 2013.



Remittances as a share of GDP

source: CBSL, various

- Most remittances are sent by individuals.
- Group remittances (SLA's etc) are very limited.
- Unknown but significant % through informal channels.
- About 11% of households receive remittances.
- About 1 migrant per every 5 families.
- On average migrants stay at destination for 2 years.

Relative significance of Migrant Labour

- Social well-being of:
 - migrants
 - their family members
 - entire society
- First two requires a look at micro level, and the other a look at the macro level

Development Implications: Need
to view beyond income growth

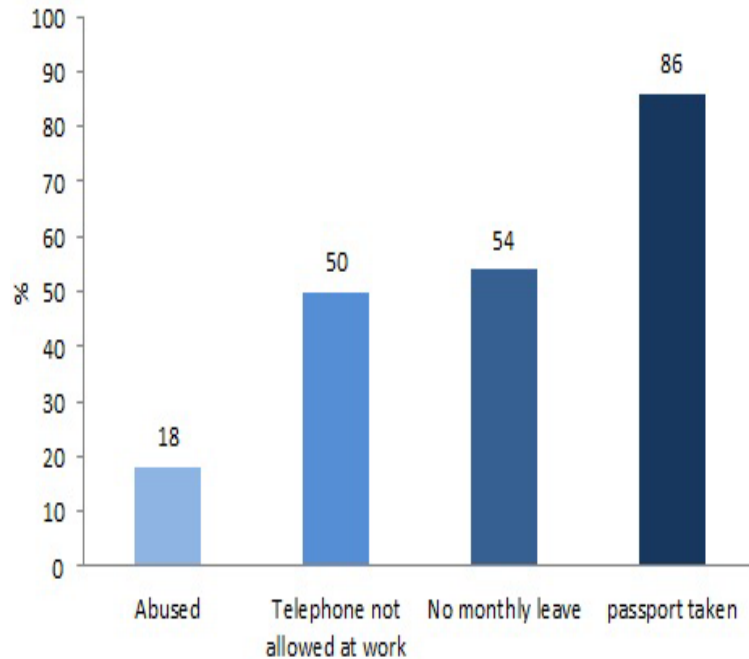
- Positive implications

- Well targeted increase in household income
- Increased spending on education.
- Increased spending on health/nutrition.
- Enhanced skills of migrants.
- Empowered females.

- Questions about the positives:

- Improvements in household incomes are not lasting.
- Mixed evidence on educational outcomes.
- Mixed evidence on health outcomes.
- Limited utility of enhanced skills.
- Vulnerability of migrants, especially females.
- Psycho-social impact on children & family left behind.
- Reintegration difficulties on return.

Micro Level Impact



- Majority had less than 5 hours of sleep a day.

- 8,529 complaints (2012) of which over 95% from female domestic workers.
- Emotional cost on migrants and their families – 23% had children of 1-3 years & 33% with children of 4-6 years; of children left behind – 25% under-weight.
- Financial cost on migrants, their families and government.

Based on a study by Ministry of Health and IOM, SL in 2011

Vulnerability

- Left behind children (compared to children from non-migrant families)
 - More psychological and behavioral issues
 - Lower school performance.
 - High drop out rates.
- Left behind spouses
 - Higher prevalence of depression.
 - Less than average quality of life (less than av. mental health, less than av. physical health).
- Caregivers are worse affected psychologically and physically.

Psycho-social implications

- Proper reintegration needs productive use of savings, acquired skills and networks of returning migrants. Difficulties in achieving this would include:
 - Inability to find suitable work upon return.
 - Lack of an enabling business environment and necessary financial assistance to commence any self-employment venture.
 - Difficulties in reintegrating with family and society.

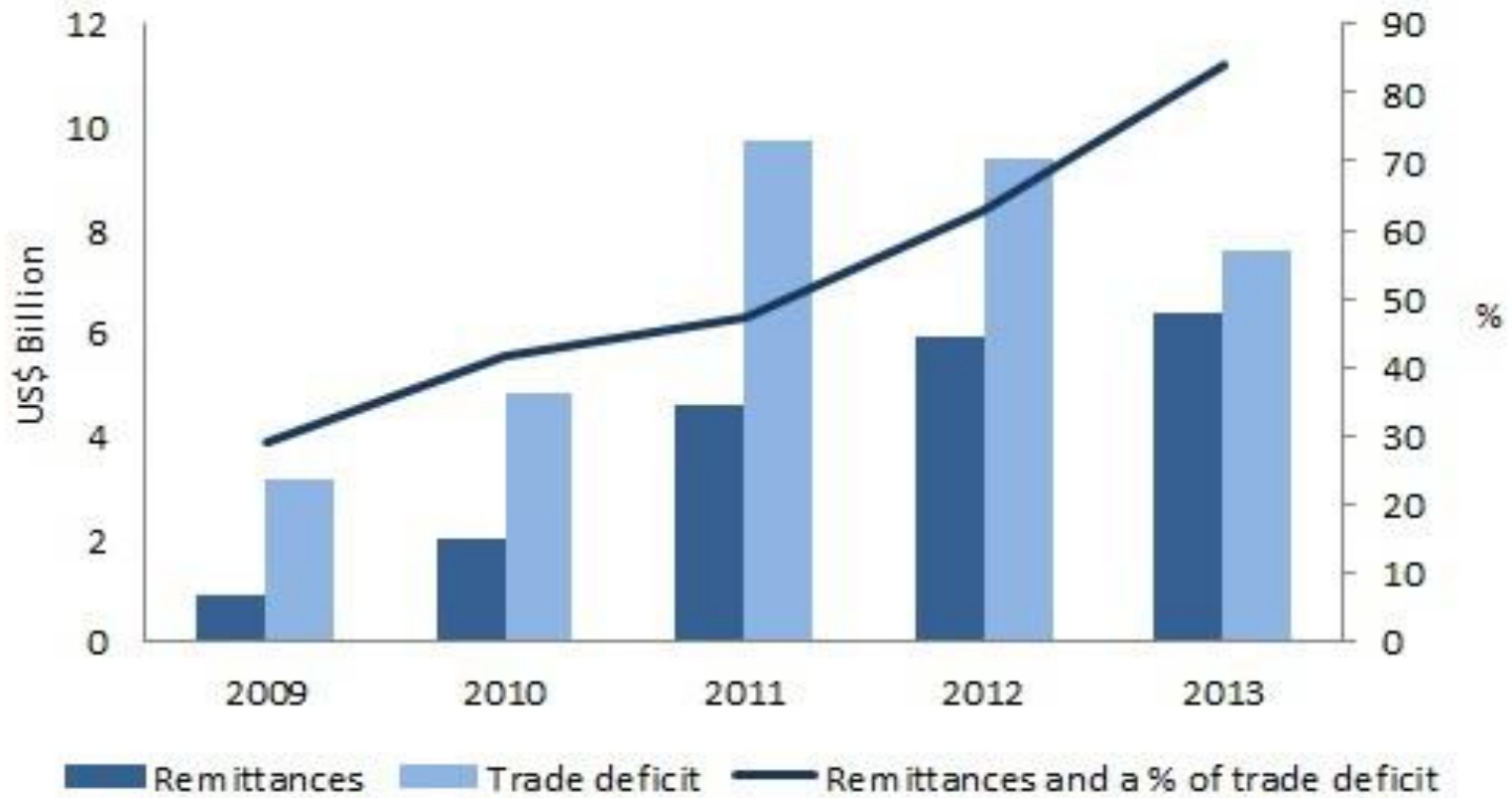
Reintegration Difficulties

- Counter-cyclical stabilizing flow.
 - Lower unemployment
 - Increased LFP for females
 - Brain gain, brain circulation, brain drain
 - Poverty reduction
- Effects
- Questions
 - Is consumption expenditure on edu., health, food, medicines, housing etc. 'non-developmental'?
 - Do positive human capital development effects on children offset the negative psycho-social impact of having a migrant parent?
 - What is the net effect on brain drain, gain, and circulation?

Macro Level Impacts

- Labour migration has become an essential structural element in many national economies.
- Impact of international migration often examined in terms of 3Ts: i) **t**ransfer of people; ii) **t**ransfer of know-how and knowledge; and, iii) **t**ransfer of financial assets (remittances).
- Three subject areas normally examined in the migration–development discourse:
 - Migrant remittances;
 - Return migration and related return of skills and knowhow;
 - Diaspora engagement for home country development.

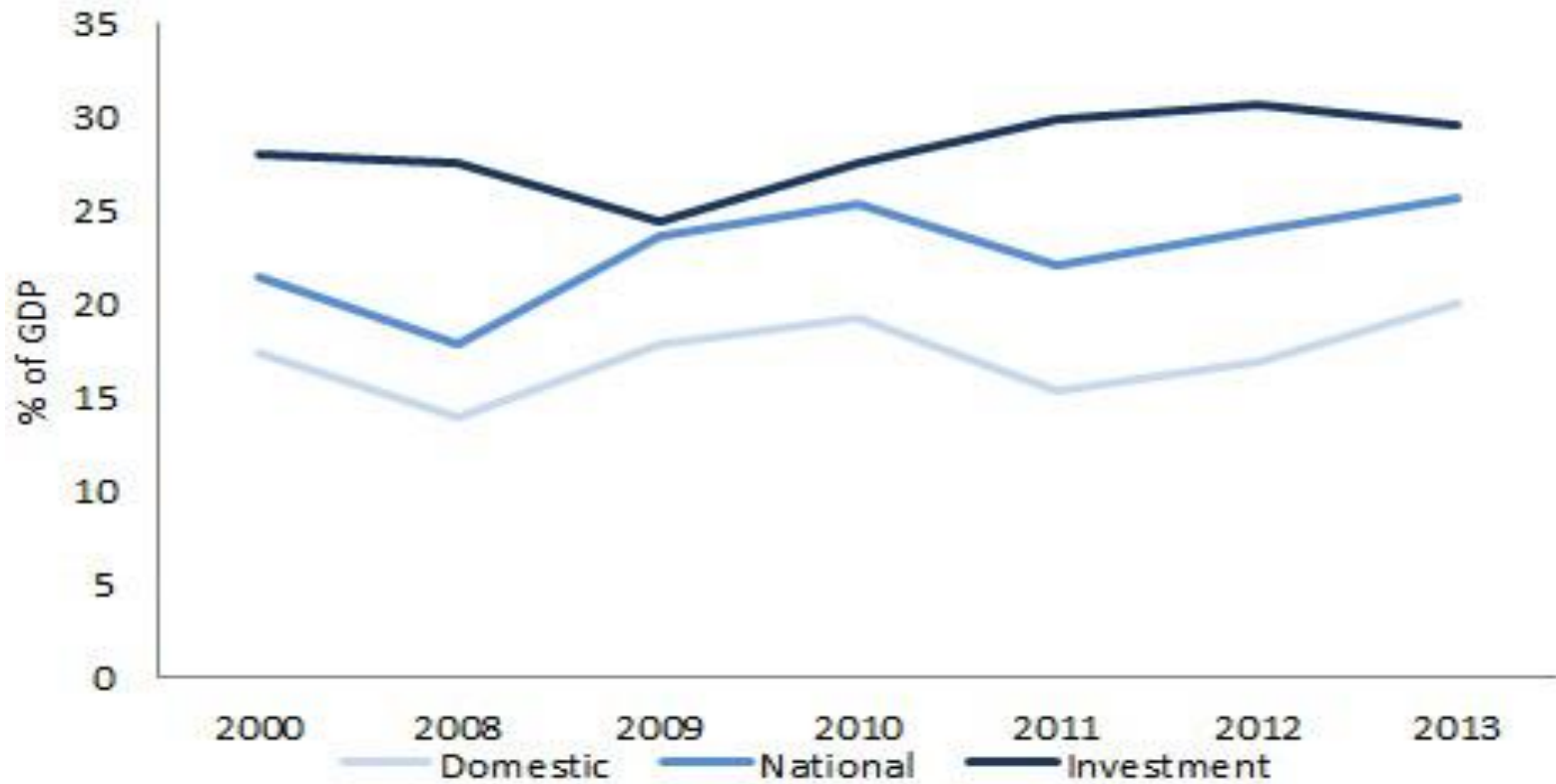
Macro Impacts



Remittances and Trade Deficit

source: CBSL, 2013

Domestic savings national savings



- The above is too simple to understand complex interactions between human mobility and development.
- Development needs to be understood in its holistic sense, to correctly understand the complex migration-development relation.
- Migrants' role in promoting holistic development, including employment creation and poverty reduction in countries of origin.
- They also contribute towards the prosperity of destination countries.

Migration–Development Link

- Migrants not another resource to be deployed at the will of the government. These are individuals with rights that must be respected and protected.
- The need to make international migration an integral part of national, regional and global strategies for economic development, in both the developing and developed world, is now highlighted by international bodies.

Migration-Development Link

- No consensus about the net effect of migration on development in Sri Lanka. Analysts taking different positions depending on their ideological biases.
- To maximize net positive effects – *mainstreaming migration into development*.
- National Labour Migration Policy (NLMP) (2008) recognizes:
 - The importance of mainstreaming.
 - For positive development impact, the following is necessary:
 - Psycho-social well-being of migrants and their families
 - Return and circular migration
 - Engagement of transnational communities (diaspora)
 - Productive use of Remittances

Net Effect on Development

- Many developing countries promote temporary overseas migration of their nationals for employment because:
 - A valuable means of labour absorption (helping to relieve domestic unemployment and under-employment problems)
 - Remittances become an important source of valuable foreign exchange, including for balance of payments purposes.
 - Benefits on their return – skills, investment etc.

Development Policy Issues

- Migrant workers not merely 'cash cows' bringing in foreign exchange. Valuable assets lost to the country. The cost side of overseas migration from a developmental point of view.
 - Migrant workers are a valuable human resource, even the unskilled.
 - Migrants are most likely to be the very dynamic and vigorous members of a country's labour force, willing to take the risk of venturing into the unknown world outside looking for opportunities.
 - The resulting loss of labour would further strengthen the developmental failures of the economies concerned.

Development Policy Issues

- Best practice in labour migration aims at:
 - workers are protected,
 - their effects on development at home are maximized.
- Temporary labour migration often does not attain its potential beneficial impact on development in origin areas because of poor governance. (Excessive rent taking, siphoning off a large share of earnings of migrant workers for wasteful expenditure).
- There is no single best practice suited to all or even most origin and/or destination countries. Much depends on the particular country context.

Best Practices

Cooperation between origin and destination countries for:

- Protection of fundamental rights of migrant workers.
- Flexibility in determining periods of stay.
 - Allow for change of employers within limits.
 - More 'development friendly migration policies.'
 - Strict enforcement of the law for all parties – the migrants, recruitment agents, employers etc.
- Both sending and receiving countries must develop *capacity* to manage such programmes – committed, properly remunerated staff and the access to and training in modern migration management.

- Need to prioritise migration in economic development efforts at all levels. Action needed to reinforce its developmental impact:
 - Recognize migrants' role in promoting development and poverty reduction in countries of origin, and their contribution towards prosperity of destination countries.
 - International migration made an integral part of national, regional and global strategies for economic growth, in both the developing and developed world particularly in areas of employment, economic growth, and alleviation of poverty should.

Migration in Development Strategies

Concluding Comment

- Sri Lanka recognizes importance of migration in the long term development and in the short-term economic management.

- But it is cautious that –

- Remittances are private household transfers and should not be considered as a substitute for other sustainable foreign inflows like FDI.
- Foreign employment cannot be a major strategy to sustain economic growth and achieve national development in the long run.