Migration and rural employment
Proceedings of the

Round Table on Migration and Rural Employment

in Conjunction with the Thirtieth Session of IFAD’s Governing Council, February 2007
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I. Background

During the last several decades, there has been a significant increase in rural outmigration to urban areas and to other countries, with women joining the flow in ever-greater numbers.

Wide disparities in terms of job and income opportunities, and access to superior services in urban areas and in more developed countries are the obvious factors explaining the rapid increase in migration. And, migration in turn is having a significant impact on rural areas. Global remittances, for example, are growing quickly and steadily. In some locations, they have overtaken agriculture as the main source of income for rural households.

The effects of migration on rural employment are highly contextual. A wide range of variables interact and influence the cross-effects of workforce loss, financial transfers, investments, asset acquisitions and demographic changes. In densely populated regions, outmigration may be a way to alleviate underemployment in agriculture and protect the livelihoods of the farmers who remain behind. Seasonal migration allows for a better deployment of labour, since those who are underemployed during the agricultural lean season can find work in towns or in other areas, thereby increasing their incomes. On the other hand, more lasting outmigration can deprive rural areas of critical agricultural labour during farming seasons. To an extent, remittances can compensate for the negative impact of outmigration by allowing hired labour to replace the labour force lost. Outmigration can also cause the drain of skills and the loss of innovative community members from rural areas.

Outmigration is seen by most households as a survival strategy rather than an accumulation strategy. It is, however, important to recognize the potential and actual contribution of migrants and their networks to supporting agricultural activities and opening up new non-farm employment opportunities. Additional income from remittances enables households to invest in farm and off-farm activities and entrepreneurial endeavours. This may in turn create employment opportunities for other villagers.

Migrants also have other ways of contributing to the development of their place of origin – through collective donations of time, business networks, investments and the transfer of skills, culture, knowledge and experience. For instance, migrant networks (either transnational or rural-urban) can form a bridgehead for local products or for enterprises seeking to market goods and services. These networks can also facilitate migrants’ investments in their communities of origin. Through hometown associations, for instance, migrants often provide collective financial support, skills and knowledge to local development projects. Migrant groups have supported health clinics, built schools, repaired roads and more recently started investing in income- and employment-generating projects in their home communities.
The success of migrants in accumulating capital and skills does not necessarily lead to investing productively in their place of origin. Other factors come into play – the migrant’s educational level; the living conditions at destination; the migrant’s intention of returning; the characteristics of the migrant’s household and her or his access to local assets; and the social, economic and ecological contexts in the home area.

The significant increase in migration and the manifold impacts it has on the rural society have changed the rural landscape, both socially and demographically. The new rural space is characterized by the growth of small towns and medium-size cities with strong economic ties to the rural inhabitants who stay behind. In many countries, the economic activities generated by this new “rurality” provide the engine for the creation of rural non-agricultural employment, which has brought certain aspects of the urban quality of life closer to rural inhabitants.

However, this is not to suggest that migration and remittances automatically generate development. In some contexts, the strong household ties with other labour markets may create a greater dependency on remittances. Furthermore, migration may maintain or increase inequality between households that receive remittances and those that do not. Thus migration implies both a cost and an opportunity for rural societies. Given the widening rural landscape, the space for policy interventions has also expanded considerably. The development community needs to discuss issues in their specific contexts in order to suggest ways to minimize the costs of migration and maximize its benefits.

In an effort to gain a fuller understanding of migration and its implications on rural employment and livelihoods, the Round Table was organized in conjunction with the Thirtieth Session of IFAD’s Governing Council, whose overall theme was rural employment and livelihoods. The Round Table featured six panellists. A total of 160 people were present for the Round Table, including representatives of migrants and their organizations, governments, United Nations agencies, academic institutions and other stakeholders in rural development.
II. Round Table Panellists and Agenda

Panellists and migrant representatives

Panellists

Mr. Aziz Khan (Moderator)
Professor, School of International and Public Affairs, Columbia University

Ms. Rosemary Vargas-Lundius
Policy Coordinator, Policy Division, IFAD

Mr. Frédéric Sandron
Senior Researcher
Research for Development Institute (Institut de recherche pour le développement - IRD)

Ms. Cecilia Tacoli
Senior Researcher
International Institute for Environment and Development

Mr. Benjamin Davis
Economist
Agriculture and Development Economics Division
Food and Agriculture Organization of the United Nations (FAO)

Migrant Representatives

Mr. Thomas McCarthy (Ghana)
President and Director Manager of Ghanacoop, the Ghana Nationals Association in the Province of Modena

Ms. Belinda Comfort Damoah (Ghana)
Queen Mother of Suma and member of the Suma Agricultural Co-operative Society, currently engaged in an agricultural programme to support the rural development of her village together with the Suma Agricultural Co-operative Society

Ms. Odile Ngo-Mbilla (Cameroon)
Co-development Project Manager
African Women for the Sub-Saharan Association

Ms. Cecilia Monteiro (Cape Verde)
Secretary of Tabanka, a Western Africa NGO

Ms. Chiarito Basa (Philippines)
President of the Filipino Women’s Council, a migrant organisation in Rome that aims to reduce the difficulties faced by Filipino and other women working as domestic helpers
**Agenda**

- Welcome address and introduction of panellists
- Presentation of main issues raised in the Concept Note
- Presentation by Professor Khan
- Presentation by Mr. Frédéric Sandron
- Presentation by Ms. Cecilia Tacoli
- Presentation by Mr. Benjamin Davis
- Open discussion

**Indicative questions to guide the Round Table**

- Should differentiated strategies and instruments be used for addressing the lack of productive activities in rural areas and for reducing rural outmigration?
- What policies and interventions can enhance the potential positive effects of migration and support migrants and their organizations in rural development and job creation activities?
- How can the situation of women be effectively addressed given their growing participation in migration and in the labour force?
- What can IFAD’s specific focus and role be in addressing issues in rural areas related to migration?
III. Proceedings

Welcome address and introduction of panellists

The Round Table was opened by Mr. Atiqur Rahman, who welcomed everyone on behalf of IFAD’s President. He explained that this was one of the three Round Tables being held around the theme of IFAD’s Governing Council: rural employment and livelihoods. He emphasized the importance of the open discussion following the presentations, in which the issues and implications of migration could be explored and diverse experiences and perspectives shared.

Mr. Khan briefly outlined the organization of the Round Table and introduced the panellists. He strongly encouraged the participation of the migrant representatives during the open discussion.

Presentation of main issues raised in the Concept Note

Ms. Vargas-Lundius presented the main issues of the Concept Note, “Migration and Rural Employment”, that was prepared for the Round Table. The highlights of her presentation are presented in the box below. The Concept Note, in its entirety, is provided in Appendix 2.

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<th>Highlights of the Concept Paper</th>
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| In developing countries, agriculture provides employment and livelihood for the majority of the population, providing work to more than 75 per cent of the labour force. However, employment in the agricultural sector is decreasing. Many rural areas are undergoing a process of ‘de-agrarianization’, with younger workers seeking to move out of agriculture. In the late 1990s, rural non-farm activities accounted for 42 per cent of rural household income in Africa, 40 per cent in Latin America and 32 per cent in Asia.

The past 50 years have seen a significant increase in rural out-migration. Approximately 800 million people have moved from the countryside to the cities. Large numbers have also migrated across borders. In 1965 there were 75 million migrants in the world, a figure that increased to about 192 million in 2005, meaning that in today’s world one in 35 people is an international migrant. A high rate of rural out-migration is expected over the next 50 years, and many countries will continue witnessing an exodus of the youngest and most productive segment of the rural labour force. Moreover, an increasing number of women are migrating in search of remunerable work as the demand for female labour in services is increasing.

The global flow of remittances has been growing fast and steadily – from US$30 billion a year in the early 1990s to an estimated US$232 billion in 2005. The capacity of remittances to compensate the labour shortage depends on the amount of remittances received. But these are often too low to allow for hiring labour.

The significant outflows of workers and inflow of remittances, as well as the continuous exchange of goods, ideas and cultural values, have changed the rural landscape. The new rural space is characterized by the growth of small towns and medium-size cities with strong economic ties to the remaining ‘rural’ inhabitants. At the same time, the success of migrants in accumulating capital and skills is a
necessary but not sufficient condition for them to invest productively in their place or origin.

Presentation by Professor Khan

Following are the highlights of the presentation given by Professor Khan.

Link among economic development, decline in agriculture’s share in GDP and employment, and migration. At very low levels of development, agriculture’s share of employment far exceeds its share of GDP, which is a fundamental cause of the great divergence in productivity per worker and income per capita between the agricultural (rural) population and the population in the rest of the economy. Since poverty is concentrated in rural areas, this is particularly serious for poor rural people. A decline in agriculture’s share of employment at a faster rate than the inevitable decline in agriculture’s share of GDP is a necessary condition for the reduction of the rural/urban gap in living standards. In this context, migration out of agriculture is a necessary condition of healthy, poverty-alleviating development.

Unhealthy and healthy migration. Many developing countries have adopted discriminatory policies towards agriculture, making its profitability lower than what is warranted by its social comparative advantage. This causes an artificial reduction in earning for those employed in agriculture and induces a higher rate of migration than would be desirable. In many countries a policy contradiction occurs when policies discriminating against agriculture are combined with policies to restrict migration. The best kind of migration is the one that is induced by the ‘pull’ of demand for labour from non-agricultural activities: a rapid employment-intensive growth of industries and services, provided that agricultural profitability is kept as high as is warranted by its social comparative advantage. Inevitably such healthy migration will lead to changes in the organization of agriculture. The reversal of diminishing returns will enable investment in better technology, thus strengthening the growth in productivity: This could also imply a change in traditional ways of life in agriculture. However, this issue should not be of concern for the majority of developing countries.

Importance of managing remittances. Apart from reversing the diminishing returns, migration can make further contributions to agriculture, most importantly through the remittances that migrants make. However, there is a case for managing the use of remittance flows. Empirical evidence from a number of countries suggests that remittances are ‘disequalizing’: much of the remittances accrue to relatively well-off households that are better able to finance migration and whose members are likely to earn more as migrants. This by itself is not an overriding problem if a way can be found to direct a high proportion of remittances toward investment in employment-intensive activities. Once again, the best guarantee of that is keeping high incentive to invest in agriculture and the rural non-farm economy.

Women and migration. The consequences of migration for women can be worse than they are for men due to the increased feminization of the agricultural labour force. Industries in which migrant women constitute the bulk of the workers typically suffer from weaker regulation of safety and working conditions and lower wages than industries dominated by a male labour force. Women workers also have much less control than male workers over how the remittances are used. Women’s protection should take multiple forms: the prevention of inappropriate feminization of agriculture by preserving the sector’s profitability; careful balancing of the protection of migrant female workers in the urban labour market without ‘pricing them out’; and long-term reforms of institutions and policies to secure a better gender balance in property rights.
Presentation by Mr. Frédéric Sandron

Following are the highlights of the presentation given by Mr. Sandron.

Internal vs. international migration. About 34 million people in developing countries migrate from rural areas to urban areas each year. This compares with 5 million who migrate abroad. Therefore, migration has a much greater effect on the absorption capacities of developing countries, particularly in their urban centres. Under these conditions, the breadth of the rural exodus warrants an interrogation on its impact on the places of departure. Unfortunately, however, much more research has been conducted on the impacts on the places of arrival, particularly those of developed countries.

Internal migration and its impact on the local work force. In many cases, rural-to-urban migration does not destabilize the work force significantly, since often the ‘marché du travail’ is limited or nonexistent to begin with. In other words, there is no risk of destabilizing something that does not exist. This is particularly true when migration is a strategy of survival and not accumulation, which is generally the case. This means that the ‘push’ effects of migration (those that push migrants to leave a place) are stronger than the ‘pull’ effects (those that pull migrants toward a place).

Remittances and local development. The impact of remittances is complex and varied. However, remittances are more often used for consumption than investment. Migration serves first to assure survival. In the best of cases, it helps to improve daily life, but rarely does it concern itself with development. With respect to international migration accompanied by well structured networks, remittances have the potential to significantly improve the conditions of villages of origin (e.g. building of schools, health centres, roads). However, it is rare that remittances result in genuinely productive investments that lead to effect rural development. Moreover, a local economy that relies entirely on migration runs a great risk if the conditions of migrants should deteriorate in their destination. The question arises as to whether there is some intermediary situation – between very insubstantial remittances and those that are high and used for consumption – in which remittances can be utilized in a positive way toward local development.

Policy implications. Under these conditions, policy has a critical role to play in channelling the efforts of migrants and creating an impact on the local economy. Proper institutional support needs to be in place. One example is the ‘3 x 1’ initiative in Mexico, in which each dollar provided by a migrant to his or her village is matched by a dollar from federal resources and two dollars from the state and municipal governments.

Presentation by Ms. Cecilia Tacoli

Following are the highlights of the presentation given by Ms. Tacoli.

Incentive for migration. Migration should be a choice and not the only available option. This requires that we look at the context of social and economic transformation of rural livelihoods, particularly income diversification, which is the way out of poverty and vulnerability. Studies at the micro level show that invariably the poorest and most vulnerable households rely uniquely on agriculture. In this context ‘circular’ migration is an essential part of income diversification.
Link between rural employment and urbanization. One cannot think about rural development without thinking about urban development, since the majority of migrants go to urban areas. Despite growth in urban areas, many governments are not in favour of such growth. A World Population Policy report in 1996 stated that 45 per cent of responding governments were not pleased with the shift in population from rural to more urban settings. Nevertheless, the trend continues.

The role of small towns in agricultural development. Urbanization is increasing, but it is taking the form of more small towns rather than large cities. Over 50 per cent of the urban populations in Latin America, Africa and Asia live in towns of fewer than 50,000 people. Smaller urban centres are the fastest growing centres. At the same time, they tend to be overlooked by development specialists, which is a shame, because they have other important roles beyond their demographic significance. For example, it could be generalized that small towns grow out of large villages, where there is often a prosperous agricultural region. The link is incredibly clear. Policies in the 1970s and 1980s directed toward creating small towns as a stimulus for rural development failed because very few policies carefully examined what was going on in the agricultural region. The connection was overlooked. In addition, the economic role of small urban centres is significant, as they connect agricultural produce to domestic markets, and from there to large ones, and then to exports. Local studies have demonstrated that domestic markets are what drive rural production. In the Mekong Delta, for example, high-value fruit is supposed to be for exports, but 90 per cent of it goes to domestic markets. Therefore, urban development stimulates rural development and smallholder production. Smallholders can often react quickly to demand, whereas larger farms can take more time to respond quickly.

Governance and decentralization. The issue of governance is often overlooked, although it is a good entry point for understanding why migrants often do not want to invest in their communities. It is also important to understand that in small urban centres, the administration and legal entities often also oversee what is happening in rural areas. Decentralization is not a panacea. It is a long process that requires genuine democratization. At the same time, rural governments cannot be expected to be accountable if their citizens are not trained about their rights and responsibilities.

Presentation by Mr. Benjamin Davis

Following are the highlights of the presentation given by Mr. Davis.

Motivations for migration. Migration is not just a survival strategy. For example, international migration is often a ‘middle range’ phenomenon in terms of education and income. There are myriad reasons why members of a rural household decide to migrate, and it is important to understand and distinguish them, particularly in terms of policy interventions. Certainly a lot of migration is the result of desperation, but this is more internal and seasonal migration. However, some migrants are looking for better returns for the skills they have, whether they are entrepreneurial or educational. Each factor has different implications. It must also be recognized that migration may transcend economic considerations. In many countries there is a culture of migration that is more than economic. It is a rite of passage, and a pervasive part of rural culture.

False distinction between remittance investment and consumption. Evidence shows that remittances lead to investment and increases in production and productivity in certain countries. However, the distinction between investment and consumption is false. Money is fungible. The mere fact of consuming more, if it is for
food, is a multiplier. One needs to be careful when talking about the impact of and motivations behind investment and consumption because they are very complex.

**Migration and its effects on household labour.** Migration is often a household decision, rather than an individual decision, and has a strong impact on how a household allocates labour in the absence of one or more of its members. In a study conducted at the household level in ten countries, agricultural labour decreased, the use of labour-saving inputs increased, and there was a shift from agriculture to livestock. It is clear that it is hard to replace family labour, and that households often try to diversify their activities, switching to less labour-intensive activities, which are often non-farm activities.

**Determinants of migration when planning programme activities.** The role of education, gender and the like needs to be taken into account when planning programme activities. For example, the particular constraints facing households that have dense migration networks may require activities with certain technologies and labour uses. With respect to remittances, families receiving substantial remittances may no longer be interested in farming except as a subsistence hobby. Furthermore, migration communities may have special advantages and opportunities. For example, there may be more cash available in these communities and they may have acquired different kind of know-how. However, there may also be social dislocations and psychological problems resulting from broken families or the emergence of new gender roles.

**Migration, food security and nutrition.** Migration can have positive and negative effects on food security and nutrition. One the one hand, migration is likely to generate a positive income effect on the sending households, raising the household’s ability to access important nutritional inputs like food and health- and hygiene-related services. In addition, remittances may indirectly effect nutritional outcomes by relaxing the household insurance and credit constraint for productive and human capital investment. Furthermore, through increased exposure to improved practices, migrants may enhance their family’s knowledge of health and nutrition, and production skills. Remittances can also smooth consumption in the face of shocks by providing a safety net. On the other hand, migration may have negative consequences. Long-term migration in particular reduces the labour endowment of the household, with potentially negative effects on food production and income generation. Furthermore, migration may reduce the time and quality of child care, either because of a migrating mother, or because the mother, often the primary care taker, must take on additional responsibilities as a result of a migrating spouse or other household member. There are also important psychological and social problems brought on by migration that can have potentially negative bearings on food security.

**Importance of a gender differentiation.** Policy and programme development must take into consideration intrahousehold dynamics and gender differentiation in terms of roles, responsibilities and decision making with respect to migration.

**Open discussion**

Following are the main issues that emerged during the open discussion.

**Savings and investment of remittances.** In research conducted in Moldova – the most remittance-intensive country in the world – it was discovered that migrants save money on top of sending remittances. Savings are invested in real estate, or set aside in accounts in Russia, with the intention of investing them in their home country at a later stage. An important question, therefore, is how to bring this money into
economic development and productive assets of the home country. One solution would be to develop a mechanism that links rural communities to the migrant communities so that economic development is driven by the migrants themselves.

**Competition from external markets.** The first driver of economic growth in small towns is the domestic market, but there is enormous competition from very inexpensive imported staple foods coming from other countries, where extensive farming is much cheaper. An important question is whether there is a need, even temporary, for some protectionism to combat subsidized production of food in other parts of the world.

**Conditions of migrants in their destination.** While remittances are helping developing countries, it is also important to understand how much suffering the migrants undergo in order to earn these remittances, starting from the process of travelling to finding work abroad. Studies need to be conducted on the condition of migrants through the entire migration process. In this connection, it could also be useful to conduct a comparative study of countries hosting migrants now and in former times, when remittances took different forms such as gold and precious metals.

**Migration and loss of culture.** We owe it to our rural communities to maintain good conditions so that they can grow in their communities and preserve their culture, habits and history. A highly effective intervention involves NGOs training youth on farms in transfer of technology. This has resulted in higher levels of production, which encourages youth to remain in their communities.

> “Many of us who are working abroad as representatives of migrants are engaged in two activities. We are doing our own normal job and we are also still engaged in the activities of our country of origin. Anyone wanting to work on developing his community needs to devote himself 100 per cent to that.” – Mr. Thomas McCarthy, President and Director Manager of Ghanacoop, the Ghana Nationals Association in the Province of Modena

**Women, children and migration.** We need to focus on the shortage of food and civil wars, which are much more critical than US$1 billion coming in from remittances. The fact that in some locations up to 10 million people are starving and dying from a shortage of water and food is more critical. Moreover, the implications of women and children migrants need a great deal more attention. What is the positive side for them? They are not educated and cannot expect to find well-paying jobs. Moreover, many risk death by going outside their communities – especially abroad – to look for work. If we are here in an international setting and are committed to looking at the basis of the issue, we should not focus on remittance money, but on a better life for people in their home.

**Seasonal migration and youth.** Seasonal migration is very important, not only rural to urban, but rural to rural, which is quite common. One important social dimension that must be considered is the disruption in children’s education during seasonal migration.

**Key questions on ‘balanced development’ that emerged**

- How can small urban centres be helped to better receive and absorb migrants?
- How can the ‘disconnect’ between rural areas and small urban centres be addressed (e.g. improved infrastructure, ensuring that rural producers join the value chain)?
• Beyond the statistics on how many people migrate, what kinds of strategies can be developed for those who remain behind?
• What can be done to encourage people not to migrate (e.g. training in administration, marketing, etc., in particular geared to women)?

Migration and policy implications. There are those who migrate away from starvation, and those who migrate towards incentives. Policies should minimize the first and favour the second. The most important policy is to ensure that policies toward agriculture respond to the needs of those who work in agriculture. That is absolutely crucial.

"Migrant workers’ money is their money. Whatever decisions we want to make, we can be a part of it, but it is their money.” – Ms. Chiarito Basa, President of the Filipino Women’s Council

Encouraging migrants to return to their country of origin. Migrants need to improve their technical know-how and expertise and other professional skills in order to return to their country of origin and make a significant contribution to the development of their country. To achieve this, and to encourage them to return, bilateral agreements need to be established with European countries. Some agreements do exist with countries around the Mediterranean, but they need to be expanded beyond the region. In this regard, IFAD could advocate for such bilateral agreements.

"Billions of dollars are sent as remittances from the United States to poor countries in Central America. In this regard, IFAD can help migrants channel their money into projects that can be beneficial to their home communities. IFAD has done this in El Salvador, and it has been very helpful. Once the migrants have gotten beyond the stage of survival, remittances make it possible for such projects to take place and for villages to improve their infrastructure, schools, etc. This helps not just recipient-receiving families but the entire town. This type of assistance needs to be reinforced, but it also needs to be possible to identify viable areas for using these remittances as seed money." – Ms. Eulalia Jimenez, Representative of El Salvador

Implications for IFAD. It is also important to recall any initiative is likely to be more effective when it is locally grounded. For IFAD, this carries a number of implications in terms of its present and future involvement in migration issues: supporting the capacity, accountability and efficiency of local governments, since this is the level at which local needs and priorities can be understood and acted on; supporting civil society’s (including migrant associations and with special attention to gender and generation) capacity to be included in local governance systems; and focusing on small urban centres as the entry point for poverty reduction initiatives, since they are the seat of most local institutions and their economic and administrative functions affect the surrounding rural area.

"Remittances are not just money. They are skills, and the transfer of skills, which are fundamental for rural development.” – Lorena Martinez, Representative of Spain
APPENDIX 1: CONCEPT NOTE

Migration and Rural Employment

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February 2007

Paper prepared for the Round Table organized by the Policy Division during the Thirtieth Session of the Governing Council of IFAD, 14 February 2007
Migration and Rural Employment

Introduction

In developing countries, agriculture provides the basis for a major share of employment and constitutes the main source of livelihood for a large portion of the population. By the late 1990s, on average, more than 75 per cent of the labour force in the least developed and other low-income countries was engaged in the agricultural sector. The importance of agriculture also has implications for other sectors of the economy (UNECE 2005:10).

However, in most developing countries, employment in the agricultural sector is decreasing. Many rural areas are undergoing a process of “de-agrarianization”, with younger workers seeking to move out of agriculture because of lack of jobs, low incomes and agro-climatic constraints. Increasing numbers of rural people are working in non-agricultural activities in or outside their place of origin in order to diversify their income and reduce risk. In the late 1990s, rural non-farm activities accounted for 42 per cent of rural households’ income in Africa1, 40 per cent in Latin America2 and 32 per cent in Asia (Reardon et al. 1998)3. One important reason for this is population growth and increased pressure on natural resources, exacerbated by economic reform and trade liberalization that has made it impossible to maintain employment in activities that cannot withstand competition (Tacoli 2002; Taylor and Yuñez 2002). In areas of intensive farming, increased mechanization of agriculture has also led to a fall in farm employment (for example in India, see Mukherjee 2002).

Occupational diversification in rural areas is often linked to migration, whether temporary or long term. Evidence suggests that remittances – the money that migrants earn in urban areas and abroad and send back to their places of origin – are gaining in importance and have in some locations overtaken agriculture as the main source of income for rural households.

There is no consensus on the effects of migration on rural employment and development. Generally speaking, it may be stated that there are two opposing views. The first one considers that the overall impact of rural out-migration on both departure and destination areas is negative. Supporters of this view cite a number of negative impacts in urban areas: the rising levels of urban unemployment; the expansion of the informal sector; and increasing persistent poverty. In rural areas, the negative impact is labour loss and its disruptive effect on the local economy. They recommend designing policies to promote rural employment and development in order to limit population movements from rural areas (Deshingkar and Grimm 2005).

A second view considers that migration can have a positive impact on development at national, regional and local levels. Supporters of this view are opposed to policies aimed at restricting migration, arguing that in the past such policies usually achieved

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1 Case studies reviewed by Reardon (1997), Ellis and Bryceson (quoted by Tacoli, 2002) in Africa demonstrated that non-farm income contributed on average between 20 and 90 per cent of total income depending on the distance between rural communities and major cities.

2 In the Latin America and Caribbean region, in the second half of the 1990, rural non-agricultural employment became dominant in the case of rural women’s employment. In 9 of the 11 countries included in a study by the United Nations Economic Commission for Latin America and the Caribbean, between 65 and 93 per cent of rural women participating in the labour market did so in non-agricultural activities.

3 In some countries, “rural workers” (i.e. workers receiving wages through their involvement in agricultural and non-agricultural activities, micro-producers who sell their labour to complement their income, and non-remunerated family workers) constitute the largest percentage of the economically active rural population. A study carried out by the Regional Unit for Technical Assistance in Central America demonstrated that the majority of poor rural people fall within that category. In a country such as Guatemala, “rural workers” constitute 85 per cent of the Economic Active Population (EAP), while the category of “agricultural producers” only constitutes 15 per cent of the EAP in rural areas. If this trend is true for other countries, then there are implications for agencies that tend to equate rural development with agricultural development and thus target their main products and services to reach “rural producers”.

The opinions expressed in this paper are those of the author and do not necessarily reflect official views or policies of the International Fund for Agricultural Development, except as explicitly stated.
the opposite. They consider migration to be a household strategy involving the maintenance of economic and social links between the migrant and his/her household. This view emphasizes the benefits arising from the transfer of resources to rural areas, such as financial or in-kind remittances, skills and innovative ideas. Individual and collective remittances contribute to the subsistence and well being of rural families and, in some cases, to social and infrastructure improvements. Investment of migrants’ income in farm and non-farm activities may also create employment opportunities. Supporters of this view recommend designing policies that increase social, economic and financial links between migrants and sending areas (Goldring 2003; Cotula and Toulmin 2004).

However, the reality is more complex. A wide range of variables – such as the local context, the type and extent of migration, the size of remittances – interact with and influence the effect of workforce loss in rural areas and the impact of financial transfers from migrants to their families and community of origin.

**Trends in rural out-migration and remittances**

The past 50 years have seen a significant increase in rural out-migration. According to the Role of Agriculture Report (FAO 2006), during this period, some 800 million people have moved from the countryside to the cities. Large numbers have also migrated across borders in the last decades. In 1965, there were 75 million migrants in the world, a figure that increased to about 192 million in 2005\(^4\), meaning that in today’s world one in 35 people is an international migrant (IOM 2005). However, the number of rural-urban and international migrants is many times higher than these numbers might suggest as a significant number of people migrate on a temporary basis (ibid.) or, in the case of international migration, illegally\(^5\). There are also significant flows within both the rural and the urban sectors (Skeldon 2003). A high rate of rural out-migration is expected over the next 50 years, and many countries will continue witnessing an exodus of the youngest and most productive segment of the rural labour force.

There is also some evidence that an increasing number of women migrate, not only as a result of family reunification but in search of remunerable work. A greater demand for female labour in certain services (for example, domestic work/healthcare) and industries,\(^6\) as well as a growing social acceptance of women’s economic independence and mobility, are the main factors behind this increase (Deshingkar and Grimm 2005). Today nearly half of the international migration flow is composed of women. The impact of migration on the status of women depends on the socio-economic, cultural and family contexts in which the migration takes place. But in general, many women enhance their status and position within their family and community as they gain access to employment and income.

The gender and the age of those who move and those who stay can have a significant impact on sending areas in terms of remittances. Migrant women tend to send higher remittances to source areas (Skeldon 2003): However, since in many rural communities women lack access to assets, they have limited control over how remittances are used. This was noted in several studies in Sub-Saharan Africa and in Asia (Tacoli 2002).

Rural out-migration is influenced by a combination of economic, political and socio-

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\(^4\) This figure includes displaced people and refugees but does not include irregular migration flows.

\(^5\) According to Papademetriou (2005), the flow of undocumented migrants represents roughly 15 to 20 per cent of the total (between 30 and 40 million immigrants) of the world's immigrants.

\(^6\) In Asia (Guest 2003) and Latin America (i.e. Maquiladora or Maquila industry in Mexico and Central America), the export-oriented industrialization driven by foreign direct investment has created massive employment opportunities for young women in the textile and garments, electric appliances and electronics industries (Economic and Social Commission quoted by Forbes 2003).
cultural factors. However, many researchers agree that economic considerations prevail, among them wide disparities in job and income opportunities and in access to superior services, such as health and education. The expanding urban informal sector represents a significant pull factor for rural people who have a very low asset-base and skills, offering them economic opportunities and possibilities for upward mobility (Deshringkar and Grimm 2005). The push factors inducing rural out-migration in developing countries are related mostly to declining opportunities in agriculture due to factors like surplus labour arising from scarcity of cultivable land, inequitable land distribution, land degradation, low agricultural productivity, negative effects of macro-economic and pricing policies on farming and the lack of other productive work opportunities.

As a result of migration, the global flow of remittances has been growing fast and steadily. From approximately USD 30 billion a year in the early 1990s, the amount of global remittances rose to an estimated USD 232 billion in 2005, with more than 70 percent (USD 167 billion) going to lower mid-income and low-income developing countries (World Bank 2005). But these sums are even larger if unrecorded flows through informal channels are included. In many countries, remittances surpass the total inflow of official development assistance and foreign direct investment and may constitute up to 20 per cent of a country’s gross domestic product.

The analysis of remittance flows has tended to focus on flows between rich and poor countries, while internal remittances have received much less attention. Domestic flows of remittances are a source of income for a greater number of households than are overseas remittances. Though individual transaction values are lower, there are many more domestic migrants than international migrants, and thus their cumulative value is believed to be substantial (Vargas-Lundius and Lanly 2006). According to a report released by the Consultative Group to Assist the Poor (CGAP), the 95 million persons migrating primarily from rural to urban regions of China had sent home nearly USD 30 billion in 20057, which was more than the USD 22 billion that India – the largest recipient of international remittances - was expected to receive the same year (CGAP Press Coverage 13/12/2005). Similarly, in some West African countries, intraregional remittances (for example, remittances from Côte d’Ivoire to Burkina Faso) are also significant.

**Effects of migration on rural employment**

The length of migration and the composition of the flow are critical variables influencing the effects of out-migration on rural areas, especially on employment. Out-migration with frequent returns to the community of origin allows for a better deployment of labour, since those who are underemployed during the agricultural lean season can find work in town or in other areas. Migrants of this type tend to maintain their agricultural activities while taking advantage of opportunities available in other areas, thus increasing disposable income which can be invested in production or used for consumption (Skeldon 2003).

Conversely, longer-term migration to cities or abroad usually means that migrants are unable to return home and engage in agricultural activities and employment during the farming season. Their absence may generate labour shortages (Tacoli, 2002). Labour shortage may contribute to a destabilization of traditional farming systems at household and community levels. In many rural areas, out-migration of young men and women has led to significant ageing of the rural labour force, with a negative effect on farm production and farm income (FAO 1995). Another impact of migration on rural communities is the loss of innovative and better-educated community

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7 A study suggest that Chinese households that send out internal migrants are able to increase the per capita income of those left behind by between 14 and 30 per cent (de Brauw, Taylor and Rozelle 2003 quoted by Skeldon 2003:11).
members. According to Skeldon (2003), the loss of human capital can be compensated by the fact that the migrants may either return at a later stage or extend the resource base of their families through investments elsewhere. However, as noted by Mendola (2006:7), the effects of the “brain drain” on rural development still remain devoid of evidence.

In some cases, remittances can compensate the negative impact of out-migration by allowing hired labour to replace the agricultural labour force lost. For instance, migration from the Bakel Region of Senegal to France has fostered the influx of Malian migrants into Senegal (Cotula and Toulmin 2004). In Southern Morocco, de Haas (2003) found that migrants usually entrusted land cultivation to other household members (women in particular), to sharecroppers or to hired labourers. This has resulted in improved wage levels and sharecropping conditions. According to research carried out in areas of high out-migration in China, total grain output declined by less than 2 per cent, while household disposable income increased by 16 per cent as a result of migration (Yang quoted by Deshingkar and Grimm 2005). However, the capacity of remittances to compensate the labour shortage caused by predominantly male out-migration depends on the amount of remittances received. Several studies in Africa (Cleveland 1991; FAO 1995) and Asia (Deshingkar 2004) found that these were often too low to allow for hiring labour.

Even with the arrival of remittances to rural areas and the growth of the local economy, those who remain behind do not always benefit. Newly created jobs are often primarily for men, while women tend to be stuck in traditional forms of employment (Georges 1990, as quoted in Baver 1995:7). Often, women have to step in, doing more work and engaging themselves in traditionally male chores. For example, in some Central American and Caribbean countries certain agricultural activities have become female-dominated. In Haiti the number of females in the agricultural labour force increased from 30 per cent in 1980 to 37 per cent in 1990 (Migration Policy institute 2002). Although the “feminization” of agriculture in these countries could be seen as a positive trend, with an improvement in women’s status and autonomy, it is important to recognize that rural women are forced to continue to carry out household and family responsibilities in addition to the agricultural chores. As a result, their daily workload is increased. The same observation has been made in rural areas in Sub- Saharan Africa, where this situation rarely confers more power to women in the domestic sphere and in village decision making as women remain under the control of the lineage system during the migration of their husbands (FAO 1995).

In some rural communities, out-migration can be seen as a means to reducing pressure on household consumption and on the land (Lanly 1997). In regions of high population density, out-migration of part of the population may be a way to alleviate underemployment in agriculture and protect the livelihoods of those farmers who stay behind. The remaining rural population may thus obtain access to more land and other resources which can make their farms economically viable (Potts and Mutambirwa 1990).

**Remittances and rural employment in migrant-sending areas**

The increased financial inflows are opening up new possibilities for rural development. Short- and long-term migration (as well as remittances) is considered by most households to be a survival strategy, rather than an accumulation strategy, aimed at maintaining and diversifying household income in order to reduce risk in a context of economic constraints. Most research concludes that remittances are mainly used for consumption purposes, to cover health and education costs, to repay debts, and to build or repair houses. Only a small proportion is invested in production.

However, a clear distinction between investment and consumption may be difficult to
establish. It has been argued that remittances spent on consumption can generate both direct and indirect benefits, with multiplier effects on local and regional development. In some isolated rural areas, most non-farm activities depend largely on migrant remittances. For example, in southeast Nigeria, migrants’ investment in housing for retirement has given rise to a building boom, with construction work becoming more important than farming as a source of employment (Okali et al., 2001). Various case studies note the positive effects generated by house building on the local economy, as bricklayers and other workers use their wages for consumption or investment. Similar observations by Guest (2003) in rural Northeast Thailand indicate that the use of remittances from internal migration have had important multiplier effects on the local economy, since local purchasing power increases. Taylor (1995) showed that in some migrant-sending areas in Mexico the multiplier effects of remittances can be substantial for the local economy, particularly for the businesses that supply the products bought with remittances.

Although remittances are generally used for consumption, in some cases the additional income enables families to invest in local development and entrepreneurial endeavours. Higher income levels, greater income stability and future security ensured by remittances, as well as the migrants’ skills acquired in urban areas or abroad, may stimulate households to invest in land and livestock, or in off-farm activities. In Thailand, the analysis by Guest (2003) demonstrated that a high proportion of households with urban migrants used remittances for inputs, such as buying fertilizer and paying wages. In rural Nepal, a study noted that one major impact of the increase in the remittance flow has been the creation of new wage labour and land-renting opportunities (Adhikari 2001). Wage labour opportunities increased for landless and marginal farm households, while new land-renting possibilities provided scope to increase the scale of operation for those committed to farming.

The increasing financial capacity and entrepreneurial inclination of many migrants may gradually change the nature of peasant agriculture, moving from subsistence to more commercial farming. This may in turn create employment opportunities for other villagers. Cotula and Toulmin (2004) noted that Senegalese immigrants in France who have invested part of their savings in irrigated land in Senegal were employing hired labour and selling their produce, though on a very small scale. However, investing in agriculture is only one of the many possible uses of remittances.

There is also evidence of the use of remittances for investments in off-farm activities. Some authors (Southall, 1988; Heyde and Armah, 1994; Okali et al, 2001) relate that in sub-Saharan Africa an increasing number of migrants are investing in food processing and breweries, taxis and transport trucks, service stations and garages. This type of investment generally occurs when migrants have been successfully integrated in their place of migration, which in turn depends largely on their educational level and the income they can secure while they are away (Tacoli, 2002).

**Migrant networks**

In addition to remittances in cash or in-kind, migrants have other ways of contributing to the development of their place of origin – through collective contributions of time and money, business networks, investments, and the transfer of skills, culture, knowledge and experience. For instance, migrant networks, either transnational or rural-urban, can form a bridgehead for local products or enterprises looking to market goods and services (for example, ethnic or “nostalgic” trade, rural tourism) or facilitate migrants’ investment in their community of origin.
Through hometown associations (HTAs), migrants often provide collective financial support, skills and knowledge to development projects in their community of origin. Migrant groups as dissimilar as urban immigrants in Nigeria (Okali et al. 2001) and Mexicans in the United States (Lanly and Valenzuela 2004) have supported health clinics, built schools, repaired roads and, more rarely, invested in small business enterprises in their home communities. However, in some cases, thanks to initiatives co-financed by governmental institutions (for example “3x1” matching funds programme in Mexico8 or Co-développement and Cooperation Décenrtalisée policies in France9), some HTAs are becoming more involved in employment- and income-generating projects. Generally, these projects are managed by the community members and supervised by members of the HTAs and local non-governmental organizations.

The significant outflows of workers and inflow of remittances, as well as the continuous exchange of goods, ideas and cultural values, have changed the rural landscape economically, socially and demographically. The new rural space is characterized by the growth of small towns and medium-size cities with strong economic ties to the remaining “rural” inhabitants. In many countries, the economic activities generated by this new “rurality” provide the engine for the creation of rural non-agricultural employment, especially in trade, transport and a wide variety of services that have brought certain aspects of the urban quality of life closer to rural inhabitants. In rural Mexico, Taylor and Yuñez (2002) noted that village household income is diversified away from agriculture, largely as a result of families participating in labour markets outside the village through wage work in nearby towns, distant cities or migration abroad. The same study found that a large share of rural household demand for inputs, consumption and investment goods is supplied by towns which have proliferated in the last decade and which now account for most of the country’s urban growth. Similar observations were made in South-East Nigeria by Okali et al. (2001), who noted that commuting into urban centres (Aba and Port Harcourt) from nearby rural areas is made possible by a well-functioning and relatively cheap transport system. This has led to considerable occupational diversification for rural households and communities. However, this development has also brought negative effects as some traditional non-farm activities (for example, women’s cloth-weaving) have suffered from increasing competition from imported goods.

Some researchers use the term “social remittances” to describe the diffusion of new and different social practices and transformations in migrant-sending areas: Positive examples include organizing social clubs, rebuilding schools and churches and beautifying common areas. Negative examples include criminality and the formation of street gangs. Nichols (2002 quoted by Goldring 2003) emphasizes the importance of agricultural innovations brought “back” by returning Mexican migrants from the United States. However, the potential of the skills and knowledge acquired by these migrants has not been yet properly explored and analysed.

Remittances do not automatically generate development

Remittances can alleviate household poverty and can sometimes have wider positive

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8 Collective remittances can be combined with matching funds provided by public sources or by development agencies. In 1999, Mexican federal, state and municipal governments started the “3x1” programme which provides three dollars for every one remittances dollar sent back from some Mexican HTAS in the United States.

9 France signed co-development conventions with Senegal and Mali in 2000. Discussions with Morocco and the Comoros have begun on the possibility of such convention. The Co-development policy aims to support various local development projects designed to make the sending regions more attractive and reduce migration flows. The originality of co-development, compared with the classical development aid approach, lies in the mobilisation of specific instruments linked to the capacities of expatriates from Mali and Senegal settled in France: funds to facilitate exchange between the two geographical areas, aid for assistance schemes for enterprises set up by migrants or that support them, project co-financing complementary to funding mobilised by expatriates, mobilisation of experts from the expatriate community, grants for persons involved in co-development operations and voluntary service.  

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The opinions expressed in this paper are those of the author and do not necessarily reflect official views or policies of the International Fund for Agricultural Development, except as explicitly stated.
effects on communities through consumption, investments and savings. At the same time, they do not automatically generate development.

In certain contexts, strong ties with other labour markets may enhance a household’s confidence in the continuation and stability of the income of migrants and thus reinforce dependency on remittances. However, remittance-dependent households and communities are vulnerable to the fluctuations of labour demand and economic crises in the migrant-receiving areas. This exposes remittance-recipient areas to unexpected economic disruptions (NEF 2006:16). In other cases, remittance payments create a strong disincentive for domestic savings, leading to a depletion of the domestic resource base for investment.

Sharp contrasts between the standard of living of remittance-recipient households and non-recipient households may create new sub-class divisions and social tension (FAO, 1995; Van Hear, 2003). Inequalities are also exacerbated by the fact that it is not the poorest of the poor who migrate abroad, but rather the “relatively poor.” In his study of rural communities in Pakistan, Adams (1996) shows that households receiving remittances belong to the wealthier classes, something which increases both income inequalities and land accumulation by the rich. Several researchers (Cotula and Toulmin 2004; Deshingkar 2004, Mendola 2006) have stressed that the distributive effects of remittances depend on the distribution of income, wealth and land before migration.

The success of migrants in accumulating capital and skills is a necessary but not sufficient condition for them to invest productively in their place of origin. Other important factors come into play, including: the migrant’s educational level; the living conditions at the destination; the intention of return; the characteristics of the migrant’s household and her/his access to local assets; and the social, economic and ecological contexts in the home area.

Despite the positive experiences of many migrants, a large proportion of them continue to suffer abuse and exploitation at their destination – especially the most vulnerable groups of workers (women, undocumented migrants, trafficked persons). They may face forced labour, low wages, poor working conditions, absence of social protection and other forms of exploitation, which have negative consequences on the level of remittances they may send (ILO 2004).

The use of migrants’ resources in productive investment and employment generation also depends largely on the infrastructure and opportunities offered by their communities of origin. For example, in areas that lack communication infrastructure and access to financial institutions, the investment options for receiving families are very limited. Conversely, areas with good road and transport networks, with favourable conditions for agriculture, and that offer local non-farm employment opportunities are much more conducive to attract investment and employment generation. (Tacoli 2002). The same conclusion is drawn by Cotula and Toulmin (2004), who note the increase in rural investment by the migrants’ households or returnees in areas with irrigated land and good opportunities to invest in commercial farming. In places with unfavourable agricultural conditions and difficult access to urban markets, migrants largely prefer to invest in residential properties (Cotula and Toulmin, 2004; Van der Geest, 2005; Black et al., 2004).

Conclusions

Rural out-migration has become an important income and employment diversification strategy among rural households. The impact of migration on rural employment can
be considered as negative in the sense that it may generate a labour shortage and deprive rural areas of the youngest and best educated people. At the same time, it is important to recognize the potential and actual (and direct and indirect) contribution of migrants and their networks in supporting agricultural activities and rural employment. The impacts, whether positive or negative, vary greatly and depend on a number of factors and variables, which policy makers and development practitioners need to address.

Policies should focus on promoting initiatives that both reduce the constraints which provoke out-migration in rural areas and support investments of migrants in their places of origin. This implies a number of interventions, and in various sectors – for example, improving communication and infrastructures, promoting decentralization, establishing adequate agricultural pricing and marketing policies, providing access to financial markets – in order to create an environment that encourages and assists migrants in investing in productive and employment-generating activities.

Current IFAD initiatives

IFAD’s interest in migration issues derives from the fact that migration is intimately related to rural poverty. Migration has changed the composition of families in many poor rural communities where IFAD operates. Primary income earners of families participating in IFAD supported projects may be working in another city in the country, or in a different country or continent. Communities are thus extended beyond strict geographic boundaries, and their members abroad are playing an active role in the well-being of the rural communities they left behind.

Working with rural poor people, governments, donors, non-governmental organizations and other partners, IFAD focuses on country-specific solutions to increase rural poor peoples' access to financial services, markets, technology, land and other natural resources. In this context and by recognizing the increasing impact of rural migration, IFAD is broadening its rural development perspective to a transnational level by: (i) recognizing the existence of large migrant populations with strong ties to their community of origin; and (ii) identifying and strengthening groups among the migrant communities, particularly in the United States and the European Union, who are interested in supporting development in their communities of origin.

In countries of high rural out-migration, IFAD strives to enable rural poor people to offset the negative impacts of migration by:

- supporting initiatives that aim to reduce the cost of sending remittances and that promote the diversification of financial services in rural areas;
- encouraging families receiving remittances to participate in projects that generate productive employment and sustainable income; and
- promoting the active participation of migrants and their organizations in the design and implementation of IFAD projects and programmes.

In 2004, IFAD and the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB) launched a joint programme in Latin America to help senders and recipients of remittances increase their access to financial services and invest in employment- and income-generating projects. In particular, this programme supports bi-national rural development projects in remittance-receiving communities and fosters alliances between migrant associations, savings and credit institutions and immigrant communities of origin.

The programme supports projects that help migrant and community-based organizations to manage, promote and carry out rural development projects in their home countries, particularly through capacity building of migrant organizations and by
supporting their integration as full partners in strategies for transnational development. The programme also works with eligible financial institutions, such as microfinance institutions, credit cooperatives and credit unions, to strengthen services to rural populations that have not been covered by commercial financial institutions, thus paving the way for their access to the formal financial sector.

With support from the European Union, this programme is currently being upscaled and replicated in other regions. To this end, IFAD launched the initiative *Promoting innovative migrant remittances* to: (i) create a financing facility based in Europe to select and fund innovative remittance proposals in out-migration countries; and (ii) support the IFAD-IDB/MIF joint programme in Latin America by leveraging additional funds from the IDB for the second phase of the programme while creating strong coordination mechanisms, synergies and cross-learning between the two facilities.
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