When the match is strong, the gains are large

When people bring skills and attributes that are in demand in their destination country, they fill gaps in that country’s labor market, with benefits for the destination economy, themselves, and their country of origin. These benefits materialize regardless of migrants’ motives for moving, skill levels, or legal status. There are costs as well, both social and economic, but typically they are much smaller than the gains. Both destination and origin countries can design and implement policies that further increase the gains and address the downsides.

This part is an overview of the evidence on the effects that economic migrants and refugees have on a destination economy when their skills and attributes match its labor needs. It also draws lessons from countries’ experiences that can inform policy making.

Chapter 4 looks at migration from migrants’ perspective. Migration has proved to be a powerful force in reducing poverty by means of enhanced opportunities, higher wages, and access to better services. When they return to their country of origin, many migrants fare better than comparable nonmigrants. But there are challenges as well, including those caused by family separation and, in some cases, social isolation. Some migrants find themselves in dire straits and in situations of exploitation. Policies by both origin and destination countries can help increase the benefits and mitigate the downsides.

Chapter 5 looks at the impact of migration on the countries of origin. A key finding of economic research is that when migrants succeed in their country of destination—when they have skills and attributes that are in demand in that country—their countries of origin gain as well. In a number of countries, emigration has contributed to poverty reduction and development, including through remittances and knowledge transfers. In some cases, however, especially in smaller and poorer economies, emigration of high-skilled individuals—often referred to as a “brain drain”—has had negative effects. Origin countries should therefore actively manage migration to maximize its development benefits.

Chapter 6 presents findings and lessons from destination countries. Migrants contribute to their destination economy’s efficiency and growth, especially over the long term, which yields substantial gains. Destination countries’ policies—in terms of both determining which migrants are allowed to enter and what status they receive—largely determine the size of these gains. Yet migrants are not just workers, and the question of their social integration has at times become a key part of the public debate. Here, too, success largely depends on destination countries’ policies.

Part 2 includes three spotlights featuring important issues that contribute to the overall effects of cross-border movements. Spotlight 4 highlights some of the gender dimensions of cross-border movements, including gender norms, economic participation, and exposure to gender violence. Spotlight 5 examines the challenges in estimating remittances and underlines the need to improve the existing data. Finally, spotlight 6 reviews the effects of racism and xenophobia on migration outcomes.

Overall, the potential benefits of migration—for migrants as well as origin and destination societies—are sizable when people bring skills and attributes that are in demand. The benefits can be further increased by deliberate policy making in both the countries of origin and destination. This is the key message of this part.
Key messages

- International migration has proved to be a powerful engine of poverty reduction for people in low- and middle-income countries.

- When migrants’ skills and attributes strongly match the needs of their destination society, they reap significant benefits (figure 4.1). Many migrants earn higher wages and enjoy access to better public services in the destination country than in their country of origin.

- Formal access to the labor market—documented status, the right to work and to change employers, recognition of professional licenses and qualifications—leads to better outcomes for migrants. Undocumented migrants fare significantly worse, and they are more vulnerable to exploitation.

- Migration is often not a one-way move; return migration is a significant phenomenon. Migrants who return voluntarily typically fare better than before they left—and better than nonmigrants.

Figure 4.1 When migrants’ skills and attributes match the needs of destination societies, the gains are large

Source: WDR 2023 team.

Note: Match refers to the degree to which a migrant’s skills and related attributes meet the demand in the destination country. Motive refers to the circumstances under which a person moves—whether in search of opportunity or because of a "well-founded fear" of persecution, armed conflict, or violence in their origin country.
Receiving higher wages

Migration leads to large wage increases for most people whose skills and attributes are a strong match with the needs of the destination society. These gains often exceed what could be achieved in the country of origin, even from internal migration to relatively better-off locations (figure 4.2). The gains are so large that at current rates of economic growth it would take decades for the average low-skilled person working in some countries of origin to earn the income they achieve by migrating to a high-income country (figure 4.3). These gains are then shared with families and communities in the countries of origin through remittances. For many migrants and their families, the income gains mean better living conditions and a greater ability to save and invest in businesses, housing, education, or health care.

Wage gaps between destination and origin countries are a key driver of economic migration. Even after adjusting for the differences in the cost of living, a truck driver in Canada earns over five times more than a truck driver in Mexico.\textsuperscript{1} Nurses in Germany earn nearly seven times more than nurses in the Philippines.\textsuperscript{2} A physician in Canada earns 20 times more than a physician in Zambia, around 10 times more than a physician in Côte d’Ivoire or Malawi, and about four times more than a physician in South Africa.\textsuperscript{3} The potential gains are highest for people who move from low- to high-income countries.

The labor demand at the destination also shapes outcomes.\textsuperscript{4} Gains depend on migrants’ skills, gender, age, and language ability. Although the absolute gains are larger for high-skilled workers than for low-skilled workers, low-skilled workers experience a multifold increase in their income as well (figure 4.4, panel a). For example, low-skilled

Figure 4.2 In Bangladesh, Ghana, and India, income gains from international migration are many times greater than those from internal migration

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure4.2.png}
\caption{Increase in income (%) for different countries and migration types.}
\end{figure}

Sources: WDR 2023 team calculations, based on Akram, Chowdhury, and Mobarak (2017); Dercon, Krishnan, and Krutikova (2013); Gaikwad, Hanson, and Tóth (2023); Gibson and McKenzie (2012); Lagakos et al. (2019); Mobarak, Sharif, and Shrestha (2021).

Note: The income gains from international migration are based on experimental evidence from low-skilled migration to Malaysia from Bangladesh and to Gulf Cooperation Council (GCC) countries from India, as well as a survey of high-skilled migrants from Ghana to various destinations.

Figure 4.3 Decades of economic growth are needed in the country of origin for non-migrants to achieve the economic gains of migrants who moved to high-income countries

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure4.3.png}
\caption{Number of years of economic growth in origin country needed to match economic gains of migrants in high-income countries.}
\end{figure}


Note: Number of years of growth is calculated by dividing the income gains from international migration by the average annual growth in gross domestic product (GDP) per capita (in constant international dollars) from 2002 to 2021.
Yemenis and Nigerians moving to the United States increase their earnings by about 15 times (figure 4.4, panel b). The gains achieved by low-skilled workers are higher when they move from a society with high socioeconomic inequalities to a country with fewer inequalities and where the difference in wages between low- and high-skilled workers is lower.

**Figure 4.4** For low-skilled migrants, incomes surge at the destination

*a. Income gains for low-skilled workers, by migration corridor*

<table>
<thead>
<tr>
<th>Country of origin</th>
<th>Increase in income (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh–Malaysia</td>
<td>210</td>
</tr>
<tr>
<td>India–GCC</td>
<td>118</td>
</tr>
<tr>
<td>India–United Arab Emirates</td>
<td>298</td>
</tr>
<tr>
<td>Philippines–Korea, Rep.</td>
<td>248</td>
</tr>
<tr>
<td>Tonga–New Zealand</td>
<td>263</td>
</tr>
</tbody>
</table>

*b. Income gains for low-skilled workers migrating to the United States, by origin country*


Note: In panel a, income gains are taken from experimental studies. Percentage increases in income reflect comparisons in local currency. Incomes are not typically adjusted for purchasing power parity (PPP) because most spending continues to occur in the origin country through remittances, and in some cases expenses in destinations are covered under contractual agreements. One such estimate for the India–UAE corridor suggests that 85 percent of the earnings of Indian migrant workers in the UAE are spent in India. In panel b, percentage increases are calculated as real income gains for observably equivalent low-skilled male workers and adjusted for potential differences in unobservable characteristics.
Financial costs

Income gains are at times partly offset by the financial costs of moving, especially for the low-skilled. Migrants incur a range of expenses before their departure, from the job information and job matching fees they pay to intermediary agents to the regulatory compliance or documentation fees (for a visa/sponsorship, medical tests, and security clearance), transportation costs, and predeparture training costs they must pay. For low-skilled migration, these costs tend to be borne by the workers, thereby contravening the principles of fair recruitment. These costs tend to increase with the duration of contracts, and they limit the ability of many low-skilled workers to benefit from migration opportunities. Credit-constrained young and low-skilled workers are especially affected. For example, in Bangladesh halving the migration cost increases the migration rate of these workers by 29 percent. In Pakistan, a 1 percent increase in recruitment costs resulted in a 0.15 percent reduction in remittances.

Migration costs are particularly high along some corridors, especially for low-skilled South Asian workers moving to some Gulf Cooperation Council (GCC) countries. These costs can reach as much as 10 months of expected earnings, although they are also highly variable across corridors (figure 4.5). Migrant households tend to finance these costs by selling their assets or by borrowing money from informal lenders at above-market interest rates, thereby significantly diminishing the economic gains of their migration for themselves and their families.

The high costs incurred by low-skilled migrants moving to some GCC countries reflect not only direct costs but also payments to intermediaries who link them up with employers. By contrast, the costs of migrating from Southeast Asia to the Republic of Korea are significantly lower—about one month of expected earnings for low-skilled workers, thanks to bilateral labor agreements and government-led

Figure 4.5  South Asian workers moving to Gulf Cooperation Council countries face some of the highest migration costs


Note: All surveyed Sri Lankan workers in Kuwait were females engaged in domestic help services. UAE = United Arab Emirates.
job matching services that reduce recruitment fees. Some countries of origin, such as the Philippines, mandate that migrants pay no recruitment costs out of pocket, but their ability to enforce such arrangements is limited, and some migrant workers are charged through deductions in their salaries.

The importance of human capital

Many migrants do not realize income gains immediately, even when their skills and attributes match the needs of the destination society. Those who move often differ from the average worker in the origin and destination labor markets in skills and personal characteristics such as risk tolerance, ambition, and entrepreneurship. However, they may lack the needed professional certifications, language skills, or social capital to enter the labor market at the destination at the average wage level. As a result, many migrants earn less than nationals with comparable education and professional characteristics, at least initially. In a range of high-income countries, migrants are overrepresented in the location-based gig economy, which is easy to enter on arrival, but the pay is low, and the prospects for advancement are limited.

Some migrants face occupational or professional downgrading—that is, they cannot work in occupations commensurate with the diplomas or credentials they received outside of the destination country. This inability typically weakens the match between their skills and attributes and the needs of the destination economy. The extent of such “brain waste” depends on the quality of the education migrants received and on the transferability of the credentials they obtained. Meanwhile, the longer migrants work in occupations below their skill level, the greater is the loss of skills and the more difficulty they face in catching up. Disruptions caused by migration and policies that restrict migrants’ access to the labor market can further erode their human capital.

Over time, however, migrants’ gains increase as they acquire human capital on and off the job, and the match between their skills and attributes and the needs of the destination economy strengthens. Migrants who are better prepared before departure reap these larger gains more quickly. In the United States, those who start from a relatively lower basis—notably, those from low-income countries—enjoy faster wage growth and improvements in occupational quality than nationals or migrants from higher-income origin countries. Through their engagement in the labor force, migrants acquire new skills and develop social networks that increase their income and open doors for professional advancement. Many migrants further invest in formal training while employed, especially if their credentials from their origin country are not fully recognized or are not relevant. These opportunities are additional incentives for the highly skilled to migrate to higher-income destinations.

Dedicated policies adapted to migrants’ specific needs can help accelerate their inclusion in the labor market. Recognition and certification of migrants’ skills and experience influence how quickly they find a job and the extent of skill downgrading they experience. Training has positive impacts in the longer term, especially if combined with clear job prospects and interventions targeting other obstacles. In high-income countries, counseling and wage subsidies have proved effective.

The importance of rights

When migrants have legal and socioeconomic rights, their wages, employment levels, and job quality increase faster and gradually converge with those of nationals. Migrants’ gains—and their ability to contribute—depend on labor market conditions and the strength of the match of their skills and attributes with the needs of the destination economy, but also on the rights they receive in terms of labor market access.
Secure prospects of stay, access to formal jobs, and complementary legal rights are critical to better labor market outcomes. To succeed, migrants often need to make certain investments specific to the destination country, such as learning a new language, establishing social and professional connections, or acquiring relevant skills. Secure prospects of stay and legal employment rights increase their incentives to do so.\textsuperscript{25} Naturalization goes hand in hand with further enhanced economic outcomes.\textsuperscript{26} It allows access to a wider set of jobs in the labor market (such as in civil service and regulated professions) and has positive signaling effects for employers. Moreover, those who are offered a chance to be naturalized are often among the most successful migrants. To best contribute to the destination economy, migrants also need access to a range of complementary rights such as to move across the country, to open a bank account and obtain credit, or to create a business. The faster migrants gain legal status and access to the labor market, the better are their labor market outcomes.\textsuperscript{27}

Undocumented migrants fare significantly worse than other migrants in the labor markets, even when their skills and other attributes are needed in the destination country (figure 4.6). They cannot access most formal jobs because either they fear being detected or they lack the required licenses and credentials. Relegation to the informal sector means lower wages and fewer opportunities for advancement. Because undocumented migrants cannot readily report abuses to the police or access court systems, they are more easily exploited and underpaid. When they return to their country of origin, undocumented migrants fare worse relative to documented migrants, especially if they have been deported.\textsuperscript{28}

\textbf{Figure 4.6} In the United States, migrants’ wages are close to those of nationals—when migrants have documented status

\textit{Age earnings profiles, by legal status}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{figure4.6}
\caption{In the United States, migrants’ wages are close to those of nationals—when migrants have documented status}
\end{figure}
Undocumented migrants may still earn an income higher than what they would have earned in their own country, but the increase is smaller than if they are documented. Regularization programs for undocumented migrants have shown positive impacts on wages—notably, for those with more education—in the United States and European countries.\textsuperscript{29} In Colombia, the 2018 regularization of Venezuelan nationals led to an average 35 percent increase in migrants’ income and an average 10 percent increase in formal employment.\textsuperscript{30}

A much-discussed aspect of migrants’ rights has been their ability to change employers. Some migrants’ work permits are tied to an employer whom they cannot change. An example is the sponsorship (\textit{kafala}) system in GCC countries. Such systems confer disproportionate power on these employers, which, in turn, reduces migrant wages\textsuperscript{31} and potentially leads to other abuses or exploitative work conditions.\textsuperscript{32}

Some GCC countries, such as Qatar in 2020 and Saudi Arabia in 2021, have begun to relax their sponsorship system, allowing migrant workers to seek other employers once their initial contract has expired and thereby increasing labor market flexibility and improving workers’ welfare.\textsuperscript{33} An earlier reform in the United Arab Emirates (2011) that allowed some workers to change employer revealed the impact of such changes. Prior to the reform, workers renewing their initial contract were forced to accept a 5 percent reduction in their wage. After the reform, they could renew their contract with the same or a slightly higher wage\textsuperscript{34} (figure 4.7). Additional reforms are under way, including the introduction of a minimum wage in Qatar in 2021 and of unemployment insurance for migrant workers in the United Arab Emirates in 2022,\textsuperscript{35} although much remains to be done to fully enforce these new regulations and to cover all sectors of the economies, including domestic workers.

The question of migrants’ rights cannot be addressed separately from broader migration objectives. Migration policies and the rights granted to migrants determine the outcomes of existing migrants, but they also largely determine who migrates, where to, and for how long.\textsuperscript{36} For example, the policies of some destination countries directly or indirectly incentivize the migration of higher-skilled people who come with the intention to stay and integrate.\textsuperscript{37} Other policies encourage temporary migration by lower-skilled workers. Still others \textit{de facto} create perverse incentives for workers to enter the country through irregular channels if, for example, there is a demand for their labor but no legal route. Broader social norms can play a role as well (box 4.1).

The challenge for a destination country is to look at migration policies not only as a way to regulate the status of those who are already in the country, but also as a means of incentivizing movements that strongly match its needs.

\begin{figure}
\centering
\includegraphics[width=\textwidth]{figure4.7.png}
\caption{In the United Arab Emirates, workers received higher benefits upon contract renewal after a reform allowing them to change employers}
\end{figure}

\textit{Note:} The vertical line indicates the announcement date of the reform. Contract benefits include both earnings and benefits as defined in the contract. M1 = month 1.
**Box 4.1 Migrating to seek more inclusive gender norms: The case of highly educated women**

A growing number of women with a tertiary education are migrating on their own to work or pursue further education. They tend to favor destinations with smaller gender gaps and less gender discrimination.\(^a\) Migration allows these women to circumvent labor market obstacles in their origin countries.

The propensity of highly educated women to migrate is highest when they come from countries that are in the midrange of gender discrimination—that is, from countries where they have both the possibility and the incentives to move (figure B4.1.1). By contrast, lower-educated women migrate less frequently on their own, regardless of the level of gender discrimination in their origin countries.

**Figure B4.1.1 Emigration rates of high-skilled women are highest in countries in the midrange of gender-based discrimination**

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**Note:** The World Bank’s *Women, Business and the Law* index measures the legal differences between the access of men and women to economic opportunities across phases of a woman’s career. Scores (1–100) are based on a set of binary questions on eight indicators: Mobility, Workplace, Pay, Marriage, Parenthood, Entrepreneurship, Assets, and Pension. The size of the bubbles is proportional to the total combined number of high-skilled female emigrants in countries with the same index scores. The shaded area represents the 95 percent confidence interval. The dashed line represents a 0 percent emigration rate for tertiary-educated women.

\(^a\) Ferrant and Tuccio (2015); Ruyssen and Salomone (2018).
Accessing better services

**Education**

Worldwide, there are more than 6 million international students. The top destinations are the United States, the United Kingdom, and Australia, but France, South Africa, and the United Arab Emirates, among other countries, are important destinations as well for students from specific regions (figure 4.8). By migrating to study, people can acquire more human capital than they would have in their country of origin.

Student migration can be beneficial to both migrants and their destination countries in several ways. Some students stay after finishing their studies, as many countries provide easier access to work visas and give graduates time to find a job after graduation. Because employers in migrants’ destination countries are familiar with the tertiary degrees offered there, migrants who have received such degrees can earn wages similar to those of nationals with the same qualifications. When they return to their country of origin, foreign students may receive a wage premium as well as facilitate economic or other relations between their country and the one in which they studied.

Many migrants move to provide a better future for their families, including better opportunities for education and health care. Indeed, children may benefit more from a move than their parents. In European member countries of the Organisation for Economic Co-operation and Development (OECD), children with parents born abroad obtain, on average, 1.3 more years of schooling than their parents. In the United States, the children of lower-income immigrants are more likely to be wealthier than the children of US-born parents at similar income levels. In the European Union (EU), the upward economic mobility of children with parents born in other EU countries is similarly higher than for nationals, although it is lower for those with parents born outside the EU.

Education policies matter. Outcomes are better if school systems promote intergenerational economic and social mobility, accommodate children from other cultural and linguistic backgrounds, and

**Figure 4.8 Destination countries attract international students from distinct parts of the world**

*Share of international students in select destinations, by region of origin*

provide them with additional support. Migrants’ children should also have access to schools of the same quality as those attended by the children of nationals. The age of children on arrival and their ability to adapt to a new environment also play an important role. The younger migrant children are on arrival and the closer the destination environment is to the country of origin, the easier it is for them to adapt.

Children of undocumented migrants face specific challenges. Some of these children do not have access to education, or they are able to access only education of lower quality. When enforcement of immigration laws increases in the United States, the number of children of undocumented migrants repeating a grade or dropping out of school increases. These children are less likely to attend preschool where they could develop their English language skills because of their parents’ fear of being detected. However, once their parents legalize their status, the children of undocumented parents are able to improve their educational outcomes.

Health care

Migrants’ health outcomes depend on their working and living conditions and access to health care services. Economic migrants tend to arrive in their country of destination in relatively good health. But if they have poor living conditions or little access to health care services, or if they have jobs in which the likelihood of occupational injuries is high, their health and well-being tend to deteriorate over time. In Europe, for example, many migrants live in low-quality housing and in areas underserved by public services. More than one in three migrants in Italy and Greece report living in overcrowded housing. Living conditions are also a challenge for temporary migrants. Many workers in GCC countries live in crowded compounds far from where nationals live.

The COVID-19 pandemic underscored the importance of access to health care systems. The health of some migrants was compromised because of their living conditions—overcrowded spaces, limited availability of waste disposal facilities, and poor hygienic conditions—which drew public attention. In other cases, migrants’ health was compromised because they worked in essential jobs that required face-to-face contact. At times, migrants with COVID-19 symptoms did not seek medical care because of financial constraints or lack of access.

For migrants who move with their families, the ability to access better health care services, especially for young children, is an important part of their gains. The younger a child is at the time of immigration and the safer and quicker the immigration journey, the higher are the potential health gains. Among Ethiopian Jews who were airlifted to Israel in 1991, mothers benefited at the destination from earlier access to prenatal care, which was not available in their country of origin, and their children had better educational and labor market outcomes later in life.

Because access to health care depends on migrants’ legal status and destination countries’ regulations, undocumented migrants are at a severe disadvantage. In fact, they are less likely to have access to health care services than education services. Fearing detection, they are also less likely to use health services for their children even when the children are covered by public health insurance. Health outcomes for children in migrant families improve when their legal status is secure. For example, an amnesty for undocumented migrants in Italy reduced the incidence of low birthweight among their children.

Dealing with social costs

One of the many challenges migrants face in a foreign social environment and far away from families and social networks is isolation. Women who move to join their spouse are often affected if they have no access to a job where they can meet people or to social networks of co-nationals.
Discriminatory policies and attitudes can heighten these difficulties. In some countries, darker skin color and foreign-sounding names affect migrants’ ability to enter the labor market and to access housing, education, health care, and social services with significant negative effects on their well-being. Discrimination can lower the performance of migrant workers, as well as their acquisition of human capital.

Undocumented migrants face particular challenges because of the constant fear of deportation and separation from loved ones. They cannot report abuses, which increases their likelihood of being victimized. These restrictions impair their physical and mental health and that of their children.

Family separation, even when expected or planned, is often difficult. The policies of destination countries—such as whether they allow migrants to bring their families with them or to visit them regularly—largely determine the costs in well-being. Undocumented migrants are especially affected because they cannot easily reenter the destination country if they visit their families in their origin country. By contrast, policies that allow migrants to move with their families, to reunite with them at a later stage, or at least to be able to visit them regularly have proved important for the well-being of migrants.

Social inclusion and social support programs help reduce the risks of social isolation. The formation of social networks in the destination society—not only with co-nationals but also with citizens—helps migrants develop a feeling of belonging, while facilitating labor market and social integration. Destination countries can encourage the creation of such networks by adopting policies that incentivize and enable migrants to learn the local language and culture and to choose where to settle.

Family members left in the country of origin also suffer from the absence of parents, spouses, or children, especially when the separation is prolonged. Migrants’ absence can have negative effects, even if family members benefit from the financial remittances sent by them. For example, the absence of migrant parents is associated with a range of issues affecting the children left behind—such as lower school attendance in Albania, poor psychological well-being in both Albania and Ecuador, conduct problems in Thailand, and adverse emotional symptoms in Indonesia.

Creating formal and informal social support systems for migrant families in the countries of origin is critical. Networks of migrant households can provide informal social services. Examples are the seafarer migrant household networks in the Philippines, the village-level Desmigratif support program in Indonesia, and the migrant support networks in Mozambique. Risks to the well-being of the migrant family can also be reduced when other relatives step in as caregivers and when remittances allow families to seek paid care services.

Returning

Worldwide, an estimated 40 percent of all migrants eventually return to their country of origin. There are, however, large variations across destination countries. Nearly all migrants to GCC countries return eventually to their country of origin because all migration to those countries is temporary by design. In OECD countries, between 20 and 50 percent of immigrants leave their destination within five to 10 years after their arrival to return to their origin country or to move on to a third country. However, there are significant differences between, for example, the United States and Western Europe (figures 4.9 and 4.10).

Migrants who expect to return behave differently than those who intend to stay permanently. The latter have stronger incentives to invest in human and social capital specific to the destination, including learning the language. By contrast, those planning to return tend to be less willing to make such medium-term investments, even if it means working for lower wages. Migrants who plan to return have higher rates of savings and of sending remittances.
The intent to stay or return may change over time. Return decisions depend on socioeconomic conditions in both the origin and destination societies. The return of Turkish migrants from Germany to Türkiye has been influenced by the extent of their engagement while abroad with their community back at home, as well as the economic difficulties or xenophobia faced in Germany. Similarly, for Moroccan migrants, having investment opportunities and social ties in Morocco has played a key role in their
decision to return. Knowing that if they leave the destination country they may not be able to come back lessens migrants’ incentives to return to their origin country. Conversely, when migrants have the option to return, and especially if they have citizenship, they engage more frequently in circular migration between their countries of origin and destination, especially those who have relatively lower levels of education.

Many migrants return to their origin countries voluntarily; they are legally able to stay but choose to return because, for example, they have saved the intended resources. In the Netherlands, migrants who have met their savings target are more likely to return to their origin country, and it is both the highest- and lowest-skilled migrants who are the most likely to return voluntarily to their origin country. In Bangladesh and the Philippines, migrants who have been able to accumulate sufficient assets tend to return to the domestic labor market after several episodes of temporary migration.

At times, sudden economic shocks, family pressure, or other social factors precipitate a decision to return, even when migrants have the legal right to stay longer. During the COVID-19 pandemic, many migrant workers, especially those on temporary contracts, were forced to return to their origin country either because they lost their jobs or because the destination countries deported them.

Temporary migrants who return voluntarily after a successful stay abroad often end up better off than before they left. They usually benefit from a wage premium on return, especially if they are higher-skilled. This premium depends on whether the work experience and human capital gained at the destination are in demand in the origin country, on the development level of migrants’ destination country, and on how long they stayed abroad. Successful migrants also have more access to capital than before they left, and they are more likely than nonmigrants to invest in housing and other assets and to become entrepreneurs. Higher savings and a longer stay are positively associated with entrepreneurship after return.

Legally, however, some migrants are not able to stay even if they would like to do so. Their visas may have expired; their asylum application may have been rejected; or they never had the legal right to stay. They return by themselves; they are assisted in their return; or they are deported. The number of forced returns (assisted returns or deportations) is much lower than the number of voluntary, spontaneous returns. On average, less than 2 percent of migrants are forced to return from the United States, Canada, European Union, Japan, and Korea every year.

Those forced to return, however, have worse socioeconomic outcomes after their return. They are less likely to have prepared for their return, and they often have not stayed long enough to accumulate sufficient savings and social and human capital. Undocumented migrants are similarly less likely to be able to accumulate the financial, human, and social capital needed for a successful return. As a result, after their return, undocumented migrants face a wage penalty, compared with both documented migrants and those who never migrated, as has been documented in the case of the Arab Republic of Egypt.

For destination countries, the policy challenge is twofold. First, they can support those who return voluntarily—for example, by means of labor market policies that enable migrants to accumulate savings or by enabling them to move back and forth between the countries of origin and destination, especially if they have skills and attributes that match the needs of the destination economy. Second, they must treat humanely those who are deported, and in some cases they can assist some in their reintegration in the country of origin.

Failing, sometimes

For some migrants, migration does not work out as expected—even if their skills and attributes were a strong match for the needs of the destination society—because of conditions faced either during transit or at their destination.
Transit can be dangerous—and sometimes deadly—even for migrants whose skills and attributes are a strong match for the needs of the destination country, and especially the undocumented. In Italy, 45 percent of undocumented migrants reported experiencing physical violence in transit through African countries. During their transit, they had to work without pay and were detained by authorities or criminal networks. Many undocumented migrants on their way from Central America to the United States, as well as those who attempted to reach Saudi Arabia via the Gulf of Aden and the Republic of Yemen, have been kidnapped and confronted with extortion and other forms of violence by criminal gangs and other actors. Those who cannot pay for the whole trip in advance are at particular risk. Women and adolescent girls face sexual violence and exploitation.

Once at their destination, some migrants face exploitative labor conditions. Even if they are documented, migrants do not always benefit from the labor protections given citizens or permanent residents. They are not always included in minimum wage legislation or allowed to join trade unions and participate in collective bargaining. Migrant workers also often lack adequate information about their rights and may not have the social networks or language skills needed to claim them. Lack of documentation, unethical recruitment practices, and lack of protection or enforcement of migrant rights heighten the risks.

Long working hours and higher incidences of work-related injuries are more common among migrants. This situation can arise when work and residency permits are tied to a specific employer, leaving a migrant with limited options for changing jobs. The employer’s dominant position not only reduces a migrant’s wages, but also may lead to the illegal extraction of forced labor. For low-skilled migrants to GCC countries, the aggregate losses resulting from wage shortfalls, excessive hours, and occupational safety and health issues amount, on average, to an estimated 27 percent of total actual wages. Some migrants face pressure to accept poor working conditions because they lack other options and need to repay the cost of migration and send the expected remittances to their origin country. Others are victims of deception and end up in forced labor with little or no recourse.

In some extreme situations, migrants are exposed to crime, violence, and exploitation by abusive employers, traffickers, and recruitment agents. Migrants’ passports may be confiscated; they may be threatened with being reported to the police; or they may be held in debt bondage and forced to repay their loans. As a result, migrants are three times more likely than citizens to experience forced labor—which has been called a form of modern slavery—especially in the construction and domestic work sectors. Domestic workers are at special risk because they are often isolated and less protected by labor laws. The prosecution of human traffickers is hampered when victims are not protected and not allowed to stay in the destination country after reporting their traffickers.

Outbreaks of violence against foreigners threaten migrants across the globe. Many have been insulted and threatened because of their status, their skin color, their religion, among other things. In some instances, migrants’ shops, houses, and group accommodations have been attacked by mobs, and they have been physically harmed or killed. In Germany, foreigners experienced more than 5,000 politically motivated crimes at the height of the influx of refugees in 2015 and 2016 and more than 2,000 such crimes in 2021. In South Africa, riots against foreign nationals (mostly from other African countries), as well as attacks on them and their businesses, have occurred in several waves since 2008. In the United States, there was a strong rise in anti-Muslim sentiments and hate crimes after the terrorist attacks of September 11, 2001.

Destination countries can reduce some of these negative impacts by ensuring that migrants have access to fair recruitment and decent work in line with international standards. They are also responsible for enforcing their laws and regulations, including to prevent forced labor and exploitation. Strong antidiscrimination initiatives are needed in some countries, as well as efforts to ensure migrants’ security and safety. Overall, migrants—even when they fail—must be treated humanely.
Notes

4. Åslund and Rooth (2007); Azlor, Damm, and Schultz-Nielsen (2020); Barth, Bratsberg, and Raua (2004); Braun and Dwenger (2020); Fasani, Frattini, and Minale (2021); Godøy (2017).
5. In the studies cited in figure 4.4, panel a, migrants are randomly selected among applicants.
7. Ahmed and Bossavie (2022); KNOMAD and ILO (2021a, 2021b).
9. The wage differentials by occupation are not the same as the potential income gains through migration because those who move are not the same as those who stay in the origin country (selection effects), and migrants may earn less than nationals, at least in the short term. Figure 4.4, which compares the income gains of migrants at the destination with the wages of those who stay behind, presents more exact estimates. It only compares the migrants and those who stayed behind who have similar observable and unobservable characteristics—for example, where migrants were selected through a lottery—or they compare individuals with similar observable characteristics and adjust for potential differences in unobservable characteristics (Clemens, Montenegro, and Pritchett 2019).
10. Amo-Agyei (2020).
11. Jeon, Liu, and Ostrovsky (2021); Madariaga et al. (2019); McDonald et al. (2020); Urzi Brancati, Pesole, and Fernández-Macias (2020); WDR 2023 team, based on Current Population Survey, May 2017: Contingent Worker Supplement (dashboard), Bureau of the Census and Bureau of Labor Statistics, US Department of Labor, Washington, DC, ICPSR 37191, Inter-university Consortium for Political and Social Research, 2021-04-29, https://doi.org/10.3886/ICPSR37191.v2. The part of the gig economy in which gigs are mediated through digital platforms but the work is carried out in a specific location has disproportionately attracted migrant workers. Migrants can sign up easily; there is less discrimination against newcomers; little social or financial capital is required; language is less of a hindrance; and migration regulations that restrict formal employment possibilities are not applied in the same way (van Doorn, Ferrari, and Graham 2022). Some countries have recently begun to collect quantitative data on the size of (employment in) the gig economy (OECD 2019). But, given the growth of the gig economy, data collection efforts should be stepped up and further unified.
12. Astor et al. (2005); Luboga et al. (2011).
13. See literature reviews by Butschek and Walter (2014); Schuettler and Caron (2020).
14. Battisti, Giesing, and Laurentsyeva (2019); Butschek and Walter (2014); Card, Kluve, and Weber (2018); Clausen et al. (2009); Foged et al. (2022); Lochmann, Rapoport, and Speciale (2019).
15. Because of poor data availability, evidence is based on high-income countries. For refugees, see Dustmann et al. (2017); Fasani, Frattini, and Minale (2021).
16. For European Union destination countries, see the following: Belgium: Dries, Ive, and Vujic (2019); Canada: Aydemir (2011); Finland: Sarvimäki (2017); Italy: Ortesi and Ambrosetti (2022); the Netherlands: Bakker, Dagevos, and Engbersen (2017); Sweden: Åslund, Forslund, and Liljeborg (2017); Baum, Löof, and Stephan (2018); Baum et al. (2020); Switzerland: Spadarotto et al. (2014). For the United Kingdom, see Ruiz and Vargas-Silva (2018). For East Asian Africans in the United Kingdom, see Anders, Burgess, and Portes (2018). For the United States, see Connor (2010); Cortes (2004); Evans and Fitzgerald (2017). For migrants, see the literature review by Duleep (2015) covering high-income destination countries, including Australia, European countries, Israel, New Zealand, and the United States. For migrants in the United Arab Emirates, see Joseph, Nyarko, and Wang (2018).
20. Aksoy, Poutvaara, and Schikora (2020); Azlor, Damm, and Schultz-Nielsen (2020); Bansak et al. (2018); Bertoli, Özden, and Packard (2021); Fasani, Frattini, and Minale (2021); Ginn et al. (2022); Hainmueller, Hangartner, and Lawrence (2016); Marbach, Hainmueller, and Hangartner (2018); Marten, Hainmueller, and Hangartner (2019); Müller, Pannatier, and Viarengo (2022); Zetter and Ruudal (2016).
31. Examples include the impacts of H1B visas in the United States (Kim and Pei 2022) and work permits in the United Arab Emirates (Naidu, Nyarko, and Wang 2016).
32. ILO (2017).
35. ILO (2021); UAE (2023).
36. Abramitzky and Boustan (2017); Aksoy and Poutvaara (2021); Lazear (2021).
37. Abramitzky and Boustan (2017); Czaika and Parsons (2017); Lazear (2021).
40. The impacts on children left behind in the country of origin are discussed in chapter 5.
42. OECD (2017).
43. Abramitzky and Boustan (2022); Abramitzky et al. (2021).
44. OECD (2017).
48. Arenas-Arroyo and Schmidpeter (2022); Santillano, Potochnick, and Jenkins (2020).
49. Felfe, Rainer, and Saurer (2020); Orrenius and Zavodny (2014).
50. While economic migrants tend to be healthier at arrival than the population at destination, refugees tend to have poorer health outcomes. The difference between refugees and other migrants stems from selection and the impact of conflict and displacement, as well as explicit policies (Chin and Cortes 2015; Giuntella and Mazzonna 2015; Giuntella et al. 2018; McDonald and Kennedy 2004).
51. Garcés, Scarinci, and Harrison (2006); Giuntella and Mazzonna (2015); Grove and Zwi (2006); Hacker et al. (2015); Hasager and Jørgensen (2021); Nwadiuko et al. (2021); Orrenius and Zavodny (2009); Pega, Govindaraj, and Tran (2021).
52. Baptista and Marlier (2019); Fonseca, McGarrigle, and Esteves (2010).
53. Asi (2020).
56. WHO (2022).
57. Alacevich and Tarozzi (2017); van den Berg et al. (2014).
59. WDR 2023 team calculations based on data of MIPEX (Migration Integration Policy Index 2020) (dashboard), Migration Policy Group and Barcelona Centre for International Affairs, Barcelona, https://www.mipex.eu/. MIPEX measures policies to integrate migrants in 56 countries, including all EU Member States; other European countries (Albania, Iceland, Moldova, North Macedonia, Norway, Serbia, Switzerland, the Russian Federation, Türkiye, Ukraine, the United Kingdom); Asian countries (China, India, Indonesia, Israel, Japan, Jordan, Korea, Saudi Arabia, United Arab Emirates); North American countries (Canada, Mexico, the United States); South American countries (Argentina, Brazil, Chile); South Africa; and Australia and New Zealand in Oceania.
60. Hacker et al. (2015); Watson (2014); WHO (2022).
62. Abel (2017); Adida, Laitin, and Valfort (2010); Carlsson (2010); Dávila, Mora, and Stockly (2011); Duguet et al. (2010); Hersch (2008); Oreopoulos (2011); Quillian and Midtbøen (2021); Quillian et al. (2019); Weichselbaumer (2020).
63. Auspurg, Schneck, and Hinz (2019); Baldini and Federici (2011); Bosch, Carnero, and Farré (2010).
64. de Coulon, Radu, and Steinhardt (2016); Gould and Klor (2016); Pascoe and Richman (2009); Steinhardt (2018); Suleman, Garber, and Rutkow (2018); Weichselbaumer (2020); WHO (2022).
66. Juárez et al. (2019); Martinez et al. (2015); Wang and Kaushal (2019).
67. Giuntella and Lonsky (2020); Giuntella et al. (2021); Hainmueller et al. (2017); Ibáñez et al. (2022); Venkataramani et al. (2017).
68. Bailey et al. (2022).
70. Ilevs, Nikolova, and Graham (2019).
73. Graham and Jordan (2011).
74. Chen et al. (2022).
75. Bossvie and Özden (2022).
76. Bossvie and Özden (2022); Dustmann and Görlach (2016); OECD (2008).
77. Adda, Dustmann, and Görlach (2022); Dustmann and Görlach (2016); Dustmann and Mestres (2010); Merkle and Zimmermann (1992).
80. Czaika and de Haas (2017); Flahaux (2017).
84. Testaverde and Pavilon (2022).
85. Beauchemin et al. (2022); David (2017); Gubert and Nordman (2008); Mezger Kveder and Flahaux (2013).
88. Bossvie et al. (2021).
90. David (2017); Gubert and Nordman (2008); Mezger Kveder and Flahaux (2013).
References


