

BACKGROUND NOTE

# Migration and Development

## Disclaimer

This Background Note was established to inform the intergovernmental consultations held in summer 2021. The consultations served the update of the Prague Process Action Plan and its six thematic areas. The fourth Ministerial Conference in October 2022 shall endorse a new Action Plan, which shall frame the Prague Process cooperation throughout 2023-2027.

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## Key Developments across the Prague Process region

At the time of adopting the Prague Process Action Plan in 2011, all Prague Process states acknowledged the significance of the **Migration and Development (M&D) nexus**. Since then, most states of the region scaled up their respective efforts substantially by designing and promoting 'Migration for Development' programs. The adoption of the **Sustainable Development Goals (SDGs)** for the period 2015–2030 genuinely anchored international migration into the global development agenda. At the same time, developmental indicators such as life expectancy, education level, the environmental dimension, human and sustainable development, or the aim to reduce inequalities have found stronger consideration in migration policies.

Addressing **diaspora issues** more comprehensively and an increased institutionalisation of diaspora engagement on behalf of migrant sending countries has represented one important policy development in the M&D area. The elaboration of specific diaspora strategies aimed at facilitating the contribution of expatriates to their countries of origin without necessarily returning there has featured prominently across the **Western Balkan (WB)** states with **North Macedonia and Montenegro** setting up dedicated Diaspora ministries and agencies. **Georgia and Azerbaijan** established financial tools and grant programmes supporting their Diasporas, the rights of own nationals in destination countries as well as development projects or scientific cooperation. **Moldova** factored diaspora relations into its policy in 2015. Its Government Activity Program of 2019 has aimed to assist Moldovans abroad. Meanwhile, **Kazakhstan and Russia** have focused on repatriation and resettlement programmes. Since the mid-2010s **Tajikistan, Kyrgyzstan and Uzbekistan** have equally started designing initiatives supporting their Diasporas, although mainly focusing on external labour migration and resulting remittances with the ultimate goal to foster investment as well as professional and educational contributions. Especially **Uzbekistan** has been strongly advocating for the rights, freedoms and interest of Uzbek nationals living abroad. Over the recent past, the country has proactively pursued an open and forward-looking agenda, successfully attracting highly qualified professionals of Uzbek origin to take up various positions in government bodies.

The development potential of **remittances**, which many countries of the region heavily rely upon, remains underutilised. The share of remittances invested in business or profit-generating activities remains very low, ranging from 2.9% in **Serbia** to 3.6% in **Bosnia and Herzegovina** and 4-8% in **Kosovo\***. Due to the persistent lack of affordable, trustworthy transfer systems, most remittances continue to occur through informal channels. The costs of remitting remain higher than the 7% level envisaged by the SDGs. Nevertheless, the key importance of remittances at the individual household level, as well as to reducing overall poverty, needs to be emphasised. In this context, **Tajikistan**, the second most remittance-dependent country worldwide, has represented an illustrative example of the striking impact of the COVID-19 pandemic. Following a 50% decline in the overall volume of remittances received (mostly from Russia), the country was forced to request financial support from the International Monetary Fund.

The past decade also saw a moderate number of attempts to implement **circular labour migration** across the Prague Process region. **Georgia** made significant steps towards setting up circular migration schemes with **France** and **Germany**, as well as establishing bilateral agreements on circular migration with some dozen EU Member States. Within the EU, **Germany** was particularly supportive of circular migration schemes, allowing migrant workers from the **WB countries** to access its labour market temporarily. Similarly, **Russia** concluded bilateral agreements supporting circularity with **Tajikistan** and **Uzbekistan**. Due

to structural reasons and the overarching trust in traditional kinship networks, a large share of **Central Asian labour migrants in Russia** nevertheless continue working and receiving their salaries informally. Naturally, this phenomenon somewhat undermines the fiscal benefit for the country of destination. For the time being, circular migration largely remains an unregulated process established and maintained by the migrants themselves.

The interrelated issues of **brain drain and brain waste** remain largely unaddressed across the Prague Process region. Southern EU Member States are losing talent to the Northern partners. **Spain and Italy**, for example, are estimated to have lost 80.000 and 130.000 highly qualified nationals respectively between 2007 and 2017. Migrants frequently work below their qualification, unable to certify their diplomas or due to discrimination. Concerns over the brain drain of qualified individuals moving from the EU periphery to its centre and from rural to metropolitan areas received more attention in the context of COVID-19 pandemic.

Over the past decade, the EU made several M&D related commitments. The so-called **Agenda for Change** of 2011 pledged to enhance circular migration schemes, to support employment services in their labour matching efforts, and to facilitate the portability of social rights and entitlements of migrants. Notable initiatives included the setting up of the **EU Immigration Portal** and the EU-UN **Joint Initiative for Migration and Development**. Meanwhile, **Germany and Turkey** made significant efforts and investments to actively support the socioeconomic integration of refugees, trying to make best use of their individual skills. The unprecedented **mixed migration flows** experienced as of 2015 resulted in largely security-centred policy approaches, considerably reducing M&D related efforts across Europe. More recently, however, the focus on M&D re-emerged again as part of the policy debate on addressing the so-called '**root causes**' of (irregular) migration.

## The EU's New Pact on Migration and Asylum

The EU is the world's largest provider of development assistance. The engagement with partner countries shall be stepped up across all **areas of cooperation**, including on migration issues. Work to build stable and cohesive societies, to reduce poverty and inequality and promote human development, jobs and economic opportunity, to promote democracy, good governance, peace and security, and to address the challenges of climate change can all help people feel that their future lies at home.

Migration is systematically factored in as a priority in the **financial programming**. The Neighbourhood, Development and International Cooperation Instrument recognises the importance of M&D. The EU is determined to maintain its strong commitment to fostering sustainable development-oriented solutions. Assistance will be targeted as needed to those countries with a significant migration dimension.

The **root causes** of irregular migration and forced displacement, as well as the immediate factors leading people to migrate, remain overly complex. Addressing these root causes, helping refugees residing in third countries and supporting well-managed legal migration are valuable objectives to be pursued through comprehensive, balanced and tailor-made partnerships. The future approach shall deploy a wide range of **policy tools**, and have the flexibility to be both tailor-made and able to adjust over time. The include development cooperation, security, visa, trade, agriculture, investment and employment, energy, environment and climate change, and education shall be addressed in a joint manner.

Many other policies can be harnessed to help build **stability and prosperity** in partner countries. Trade and investment policies already contribute to addressing root causes by creating jobs and perspectives for millions of people worldwide. Boosting investment through

vehicles such as the External Investment Plan can make a significant contribution to economic development, growth and employment. Better exploiting the potential of remittances can also help economic development. Cooperation in education, skills and research, as well as in policies such as digital, energy or transport, also helps to deepen economic development. The EU will use these policies wherever relevant in the engagement with partner countries.

## Looking into the Future

The mere complexity of M&D leaves ample room for improvement. Over time, more attention has been directed to certain migration aspects and sub-groups, such as forced labour, mobile care workers, the challenges faced within migrant families, new notions of 'home' or the impact of ageing societies. Migration dialogues can contribute to reaching a **common understanding of the M&D nexus**. The Prague Process states could possibly widen or refine the set objectives and working methods in the M&D area, trying to better mainstream development-related issues into their migration policies (and vice versa). A closer alignment of development policies and migration policies could enhance their effectiveness and prevent potential contradictions and disagreement at inter-ministerial and international level.

With the global race for talent expected to intensify over time, the need to prevent **brain drain** and **brain waste**, while facilitating **brain circulation** and **brain gain** will become ever more important, requiring not only administrative and operational solutions, but also clear political vision and guidance. Skills partnerships between countries of origins and destination offer mutual benefits. Open systems characterised by right-based approaches, which safeguard the dignity of migrants and respect the interests of all parties, have better chances to succeed. The declining and ageing populations across most of the Prague Process countries calls for intensified cross-border cooperation and a stronger consideration of M&D related aspects.

**Circular migration** needs to be tailored to each specific setting, especially when it comes to smaller countries featuring higher rates of skilled emigration and fewer possibilities to replace skilled workers. The respective policies and schemes need to remain realistic but also open to innovative design features, offering incentives to migrant workers and employers alike. Receiving countries could develop solutions allowing migrants to return in subsequent years to work for the same employer or in the same industry. This could ensure relative consistency and predictability of circular migration. Strong bilateral partnerships allow for greater mutual benefits, both in terms of the development impact in countries of origin and addressing security concerns in countries of destination. Considering the importance of labour migrants' **remittances and savings**, countries attracting temporary labour could propose cheaper and more convenient transfer channels, as well as programmes that support migrants' financial inclusion and financial literacy. The increasing importance of digitalisation and online solutions such as 'block chain' has manifested itself throughout the COVID-19 pandemic and may offer innovative solutions in the years to come.

Good practice suggests that **M&D strategies** should be multi-sectoral, participatory, location-specific and embedded in multilateralism. A holistic design shall allow adapting to increased complexities and the ever-new challenges encountered. They should involve a broad range of actors, drawing on a variety of knowledge and viewpoints. National M&D strategies need to differentiate between rural and urban settings and various other regional particularities. The exchange of national experiences in multilateral settings such as the Prague Process could facilitate intergovernmental cooperation, knowledge sharing and the protection of global public goods. Mutual learning remains a key component for development, particularly as countries experiment with new strategies.

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