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Return Migration in South Mediterranean Countries: Determinants, Impact and Policy Implications

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Executive Summary

Over the last few recent decades, international migration from North Africa to Europe has been on the increase. Thus, many policymakers in the host countries are advocating circular or temporary migration as a panacea. Nevertheless little is known about temporary migration: Who returns? Why? What are the implications? Developing sound policies requires a good knowledge of return migration as well as a deeper understanding of its implications. Hence, this project focuses on South-Med countries (Morocco, Tunisia and Egypt) to answer a number of important questions on the determinants and the implications of return migration for the migrant and the home country. First, we focus on the migration decision. We build a better picture of current Moroccan and Egyptian migrants' characteristics. Then we examine who wants to migrate by examining the characteristics of those aspiring to migrate among Egyptians and Tunisians, before investigating the determinants of emigration by examining the migration intentions of younger people in Egypt. We find evidence that the more educated are more likely to aspire to migrate. Yet, also those who plan to migrate invest more in education. Secondly, we study the characteristics of Egyptian and Moroccan return migrants. We then investigate the determinants of return migration by examining return intentions among current Moroccan migrants. We find strong correlation between return intentions and realised and planned investment in the country of origin. Thirdly, we highlight the impact of return migration on human capital accumulation and entrepreneurship, and the role played by migration policies on return. Finally, we discuss the policy implications of our findings.

Chapter 1

Setting the Scene

Jackline Wahba¹

Labour migration has become an integral part of the world economy, and a key pillar for the South- Mediterranean region. The MENA region has witnessed huge inflows and outflows of labour migration during the last three decades. The region hosted around 18 million migrants, 5.3 per cent of the region's total population in 2010.² In particular, large-scale migration from the South- Med region (Morocco, Tunisia, Algeria and Egypt) has taken place in the last 5 decades. Migration from the Maghreb to Europe was initially in response to demand for labour in the 1960s. As a result of the oil crisis in 1973, recruitment in Europe stagnated meanwhile the Gulf States began their massive immigration of workers where Egyptian emigrants predominately headed. During the 1970s and 1980s, migration flows continued to Europe through family unification schemes. In the 1990s, an unexpected resumption of labour migration occurred from the Maghreb but also from Egypt to southern Europe. Spain and Italy have emerged as new major destination countries for North Africans (Fargues 2006). Although around 8 million North-African migrants were believed to live overseas in 2004, 4.7 million in Europe and 2.4 million in Arab countries³, recent estimates suggest around 12 million Moroccans (4.5 million) and Egyptians (8 million) were living abroad in 2013.

International migration has been on the increase recently due to the labour deficits from ageing populations and declining birth rates in the North and the rapid population growth that has outpaced job creation in the South. Although the recent financial crisis has slowed down immigration flows to Europe, this is expected to rise again once the European economies recover. Given the labour shortage and the aging population in Europe, there is a need for labour migrants for economic reasons yet the opposition to immigration by the public make politicians wary of the political and social implications of immigration. More recently due to the economic recession in Europe, many European countries have been restricting labour migration. For example, the worsening employment situation led the French government to

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² See the World Bank: <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1199807908806/MENA.pdf>

³ De Haas (2007).

set an objective of reduced immigration for employment, except for temporary and seasonal workers, the highly qualified and intra-corporate transfers. Hence, many policymakers are advocating circular or temporary migration as a panacea. However little is known about temporary migration. Thus, it is important to have a better understanding of temporary/return migration, in particular who returns and why and what are the implications of return migration.

Furthermore, labour migration creates a number of challenges for both receiving and sending countries. For the sending countries, there are concerns about the migration of the skilled and the resulting brain drain, whilst for receiving countries there has been increasing anti-immigration attitudes among public voters in particular during the recent financial crisis due to increasing unemployment rates experienced in Europe. As a result, many policymakers have been arguing in favour of circular and temporary migration, within Mode 4 of the GATS and the European Neighbourhood Policy framework, since this would fill the labour shortage in the North and reduce concern about brain drain in the South. At the same time, temporary/circular migration is perceived to have several potential benefits such as contributing to economic development (through circulation of human capital and ensuring flows of remittances) in the countries of origin, plugging labour shortages and mitigating illegal migration in the host countries.

In this report, we focus on migration from the South Med/North Africa, in particular Egypt and Morocco. We aim to study return migration: its determinants, impacts and policy implications. We attempt to answer the following questions:

1. Who migrates? and Why?

In order to understand who returns one needs to look at who migrates in order to characterise who returns. Thus we first examine the characteristics of current migrants using data on overseas migrants both from household surveys in the country of origin and census and immigrant surveys from hosting countries. This enables us to build a better picture of current migrants' characteristics.

We then examine the determinants of emigration. One important salient feature of the economies of the South Mediterranean is their youth bulge: large numbers of youth 15-29 years old. This youth bulge has put pressure on the labour market to absorb an increasing

number of new entrants at the same time those economies where undertaking major economic reforms entailing downsizing of the public sector and trade liberalisation all resulting in increasing unemployment. In particular this has resulted in very high youth unemployment rates. For many young people international migration is often seen as the solution to the domestic labour market woes. Thus many head to Europe in search of employment, higher wages and better standards of living. Having information on the migrant prior to migrating, one can investigate the determinants of migration and in particular the effects of labour market status prior to migrating on the migration decision.

We assess the potential for future migration by studying migration intentions of young people. We examine the push and pull factors for Egyptians and Tunisians potential migrants based on a survey conducted in 2006. We then conduct an in depth study of the determinants of migration intentions and the impact of migration aspirations on investment in human capital for Egyptian youth in 2010.

2) Who returns? and Why?

Secondly, we study who returns in Egypt and Morocco. We identify the main socio-economic characteristics (age, marital status, gender and education). We also examine the migration experience in terms of employment status, wages, sector, occupation, and migration duration in the host country. We then aim to understand the determinants of return migration: Why do some migrants settle permanently in the host country, while others choose to return to their country of origin? Is it planned or unplanned? Is the return decision part of a life cycle strategy where individuals decide to return because they have saved enough, or want to set – up a business at home, or would like to retire in their homeland? More importantly, we attempt to uncover whether the migration experience is responsible for the return decision, e.g. whether lack of jobs, lack of assimilation/integration, or underutilisation of skills push migrants to return. Alternatively, it could be pull factors attracting migrants to go back to their home countries e.g. family reasons, or setting –up a business. We use Moroccan survey data collected in 2005 on Moroccan residing abroad to study return migration intentions.

3) What are the impacts of return migration?

Before we examine the impact of return migration, we review return migration policies in the main host North-Med countries. We then highlight the impact of return migration on the

migrant and the home country. We focus on the impact of return migration on skills acquisition, human capital accumulation and entrepreneurship in Egypt and Morocco where we show how return migrants make important contributions to development of countries of origin. We conclude by highlighting the policies needed to better maximise the benefits of return migration.

The structure of the report is as follows. Chapter 2 we provide an overview of international migration from North Africa shedding light on the patterns and characteristics of North African migrants. We then delve into the selectivity of migrants by investigating migration intentions in Chapter 3 and the determinants and the impacts of migration plans, in particular on investment in education in Chapter 4. Afterwards we examine the evidence on who returns in Chapter 5. We then conduct a study of the determinants of return migration among current Moroccan migrants in order to understand what drives the return decision in Chapter 6. We then discuss the role played by migration policies in host European destination countries on return in Chapter 7. Following that we bring together the evidence on the impact of return migration in North Africa in Chapter 8 before discussing the policy implications of our findings in the Conclusion.

Chapter 2

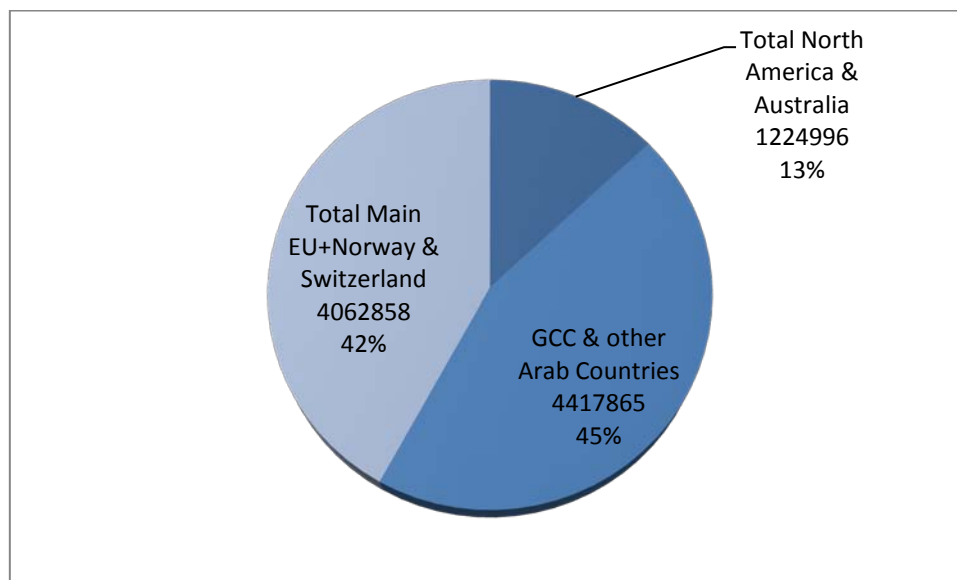
International Migration of North Africans

Jackline Wahba⁴

Introduction

The MENA region has been an active region in migration, both sending and receiving migrants. MENA migrants are mostly destined to either other countries in the region or to Europe. As seen in Figure 2.1, the GCC and other Arab countries are the largest destinations for MENA migrants, with 45 percent of total migration against 42 percent for European countries. Only 13 percent of MENA migrants are in traditional immigration countries like Australia and North America. However, there is a clear specialisation in destinations seen for example, when looking at the two largest labour sending countries: Egypt and Morocco who between them contribute over 12 million migrants in 2013. Egypt sends migrants mainly to the Gulf and other Arab countries, while the majority (85%) of the Moroccan community residing abroad (4.5 million representing 10 per cent of the Moroccan population) are in Europe. At the same time, Egypt also sends migrants to Europe which has been on the increase recently, and a small proportion of Moroccan migrants also go to the Gulf States.

Figure 2.1: Distribution of MENA Region Migrants by Destination Regions (2000–03)



Source: Corm (2006).

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Migrant flows from Maghreb countries- Algeria, Morocco, and Tunisia - and to lesser extent from Egypt to Europe as a group were particularly high (either in numbers or proportions of their population) with about 4.2 million migrants in Europe, representing 56 percent of their diaspora in 2000.⁵ In 2000, the emigration “rate” for North Africans was about 5.5 percent, almost double the world emigration rate. The Moroccan emigration rate was the highest, at more than 9 percent of the population, but all four countries have had higher than average rates of emigration as seen in Table 2.1.

Table 2.1: Emigration from North Africa in 2000

	Total migration		Country	Main destination	
	Stock	Emigration Rate %		Stock	Share
North Africa: 4	7,441,150	5.5			
Algeria	2,070,840	6.8	France	1,333,587	64.4
Egypt	2,173,711	3.2	Saudi Arabia	1,015,124	46.7
Morocco	2,589,108	9.3	France	759,011	29.3
Tunisia	607,491	6.4	France	364,498	60

Source: Parsons et al (2007) cited in World Bank (2010a).

The destination of migrants and the nature of migration differ for Maghreb countries and Egypt. The migrants from the Maghreb countries are often workers searching for job opportunities that allow them to settle permanently in Europe. All of the Maghreb migrants are concentrated in Europe, with France the main destination of emigrants from Algeria, Morocco and Tunisia. Almost 60 percent of Algerian and Tunisian migrants are located in France, but emigrants from Morocco are more geographically dispersed in Europe. In contrast, Egyptian migrants are more likely to be temporary migrants in other Arab countries. The primary destination of Egyptian migrants in 2000 was Saudi Arabia. Though Egypt also sends migrants to Western destinations (such as, Europe, the United States and Australia), but those tend to be permanent in nature. Although Egypt’s migration rate to the EU27 was low (Table 2.2), it was high in absolute terms, with about 200,000 migrants in the EU27 in 2000.

⁵ Marchiori and Docquier (2012).

Table 2.2: Destinations of North African Migrants in 2000

	OECD	EU15	North America	Australia/New Zealand	EU27	MENA	GCC
Algeria	81	79	1.8	0.1	79.1	9.2	0.9
Egypt	17.8	8.7	7.4	1.6	8.9	75.8	51.6
Morocco	74.9	71.9	2.8	0.1	71.9	16.5	1.7
Tunisia	77.7	75	2.3	0.1	75.1	12.8	2.6

Source: Parsons et al (2007) cited in World Bank (2010a).

Historical Background

Emigration from North Africa is not new. Maghreb countries (Algeria, Morocco, and Tunisia) have a long history of emigration to Europe connected with their colonial ties— in particular with France. Post-war reconstruction work in France resulted in high demand for foreign labour and consequently migration streams from the Maghreb for almost three decades (1945-1975). Migration to Europe surged in the 1960s and 1970s, as Western and Northern European countries actively recruited Maghreb workers for their expanding economies. As a result of the oil crisis in 1973, recruitment in Europe stagnated. By the mid-seventies economic recession in Europe led to a fall in demand for foreign labour and new restrictions on immigration were introduced whereby only family reunion migration was permitted. Over time, as formal job opportunities diminished, migration to Europe increasingly took the form of permanent migration for the purpose of family reunification. In the 1990s, an unexpected resumption of labour migration occurred from the Maghreb but also from Egypt to southern Europe. Spain and Italy emerged as new major destination countries for North Africans (Fargues (2006)). At the same time, undocumented migration increased.

In 1970, there were nearly 1.2 million Maghreb nationals resident in the following European countries: Germany, Belgium, France, Netherlands, Sweden, and Switzerland. By the beginning of the 1990s, Italy and Spain as well became popular destinations for North Africans. By 1990, there were nearly 2.1 million in eight European countries. These figures exclude undocumented migrants, but are not entirely the result of migration as they include natural population growth of the resident Maghreb population. The inflows of foreign population coming from Algeria, Morocco and Tunisia increased from 36.1 thousand migrants to 49.2 thousand migrants in Belgium, France, Netherlands and Norway between 1989 and 1998. The North African population in the old European destinations (France, Belgium and the Netherlands) fell as a percent of foreign population. However, Italy and

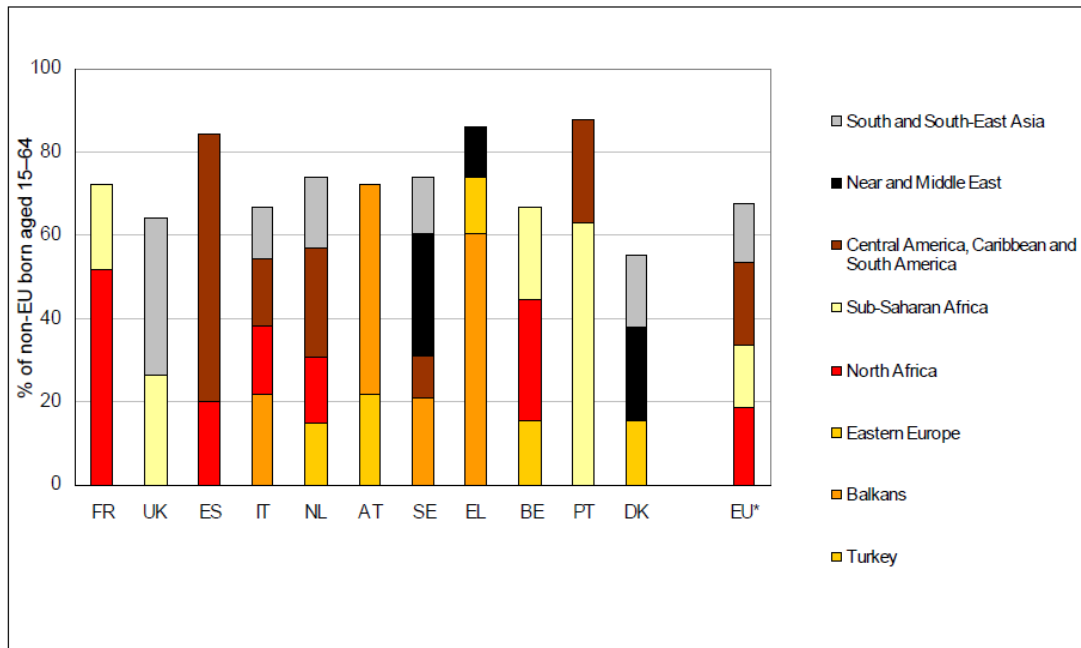
Spain have experienced a huge increase in the number of Northern African migrants they host since the early 2000s.

On the other hand, the increase in oil prices in 1970s, increased demand for labour by the Gulf States and Arab oil producing countries for skilled and low-skilled workers from neighbouring Arab countries. The oil exporting Gulf States- members of the Gulf Cooperation Council (GCC): Saudi Arabia, Kuwait, Bahrain, Qatar, United Arab Emirates and Oman- after the oil boom of 1973, found their development plans constrained by labour shortages, and embarked on importing large numbers of workers from neighbouring countries. The stock of migrant population in the GCC as a proportion of their population has been substantial since the 1970s. At the peak, the Gulf States were importing 90 percent of their labour force. During the 1970s and 1980s, Arab neighbouring countries were the main labour exporters to the GCC, especially Egypt, Yemen and WBG. By the end of the 1980s and in the 1990s, the demand for labour shifted from Arab workers to Asian nationals. Arab expatriates were mainly employed as teachers, judges, journalists, university professors, administrators and construction workers i.e. in jobs which they had comparative advantage in. Asian workers filled jobs which needed both high technical skills and fluency in English or low skill jobs in the services and household sectors. (See Girgis (2002)). By the end of the 1980s and in the 1990s, the demand for labour shifted from Arab workers to Asian nationals where the proportion of Arabs among expatriates has declined from around 70 percent in 1970s to less than 25 per cent by the end of the 2000s.

Current Patterns and Trends

According to more recent data, 19 percent of the foreign born in the European Union originated from North Africa (European Commission, 2010), thus making this group of migrants a sizable one. In 2008, the EU27 received nearly 1.8 non-EU citizens. Moroccans were the largest group exceeding 100,000 persons (157,000). Most Moroccans in 2008 went to Spain (94,000) or Italy (37,000). Furthermore, in 2008, 5.7% of EU27 total foreign population was Moroccan born. (OECD, 2012). Figure 2.2 shows the composition of non-EU born population by main region of origin in 2007. This reflects the importance of North Africans to the EU, and also for particular countries like France, Belgium, Netherlands, Italy and Spain.

Figure 2.2: Composition of Non-EU Born Population by Main Region of Origin in 2007



Source: European Commission (2008).

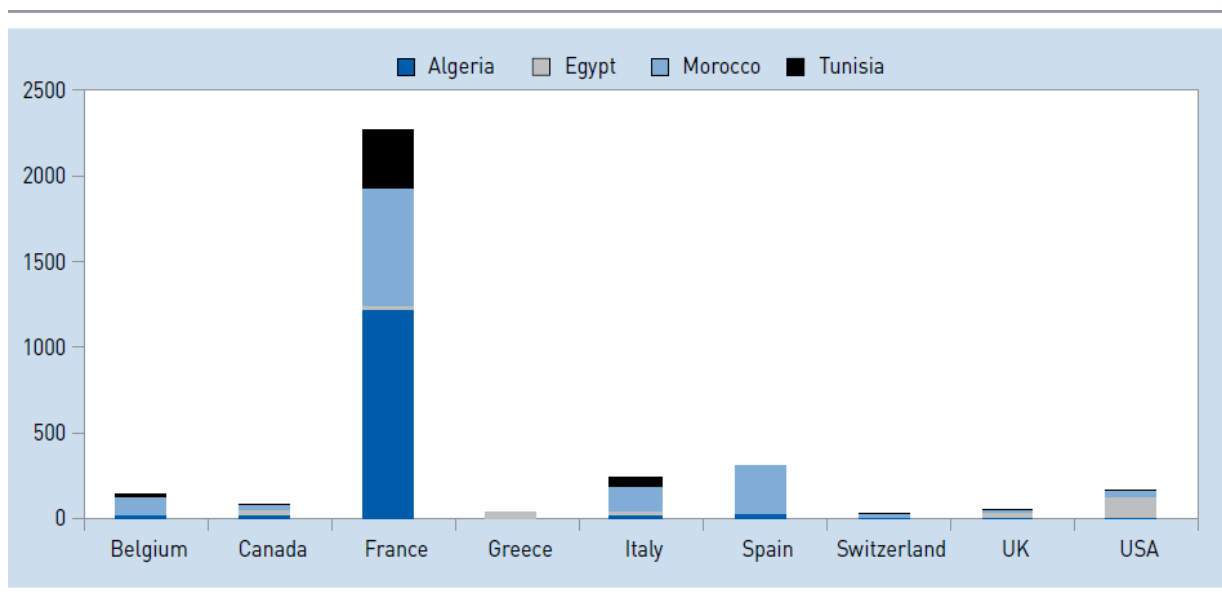
Table 2.3 displays the top five countries of destination of migrants from the Maghreb. There has been a shift in migration away from northern European countries, like France, to southern European countries. The total increase of migrants from Morocco to Europe has been greatest in Spain (+544 percent between 1993 and 2004) and Italy (+226 percent). Moroccan immigrants in France have grown less rapidly, by around 65 percent since 1993. Within the European Union, Italy has been the prime destination in relative terms, Tunisians there increased by more than 60 percent, while France’s Tunisian migrant stock has grown by less than the average (13 percent). Aside from the large proportion of North Africans representing large proportions of the non-EU-born population in France, Belgium, Italy and Spain, the proportion of North Africans in the Netherlands is also sizable. (World Bank, 2010a). Traditionally and until the early 2000, as shown in Figure 2.3, France was the main receiving country of North African first generation migrants followed by Spain and Italy (World Bank, 2010a). Of those residing in France, a majority came from Algeria, followed by Morocco and Tunisia. In the cases of Italy and Spain, the overwhelmingly majority of North African migrants came from Morocco.

Table 2.3: Top 5 Destination Countries for Immigrants from North Africa

Rank	Algeria	Morocco	Tunisia
1	France	France	France
2	Spain	Spain	Libya
3	Israel	Italy	Germany
4	Italy	Israel	Israel
5	Germany	Netherlands	Saudi Arabia

Source: World Bank (2010a).

Figure 2.3: Stock of North African Migrants in Selected OECD Countries



Source: World Bank (2010a).

The most recent OECD data on the stock of foreign born, also, reveal the importance of North Africans in Europe. For example, since 2008, the principal country of origin of the foreign-born in Belgium has been Morocco. In France, in 2010, most “long-stay visa constituting a residence permit” (*Visa de long séjour valant titre de séjour, VLS-TS*) went to citizens from Africa (62%) and especially North Africa (34%), principally Algeria and Morocco, mostly due to family reunification.

The deteriorating economic conditions in EU host countries have produced numerous employment and social challenges. Yet, overall remittances have proved resistant during the

downturn. Although Morocco was most affected given the concentration of its workers in Spain and Italy, recent figures show recovery and bouncing back of remittances inflows, which are important sources of household incomes and a tool for poverty alleviation for countries of origin (See Tables 2.4 and 2.5).

Table 2.4 Remittances Per Capita as a Share of GDP in 2007

Country/Region	Remittances (\$U.S. billions) 2007	As percent of GDP	Per Capita
North Africa	18.2	4.8	121
Algeria	2.1	1.6	63
Egypt	7.7	5.9	101
Morocco	6.7	9.0	218
Tunisia	1.7	4.9	168

Source: World Bank: World Development Indicators.

Table 2.5 Workers' Remittances, 2008-2011 (current \$U.S., billions)

Country/Region	2008	2009	2010	2011
Algeria	1.04	1.50	1.96	1.03
Egypt	8.7	7.2	12.5	14.3
Morocco	6.9	6.3	6.4	7.3
Tunisia	1.9	1.96	2.06	2.00

Source: World Bank: World Development Indicators.

Recent OECD figures show the impact of the economic crisis on inflows of immigration. As seen in Table 2.6, Moroccan inflows to Spain and Italy, in particular, have decreased in 2009 and 2010. However as Table 2.7 clearly shows, North Africa (in particular, Morocco) is still very important source of immigration countries to Europe.

Table 2.6: Inflow of Foreign Born Population by Country of Birth, Thousands

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
To Belgium											
Morocco	107.3	118.8	126.5	134.2	141.3	147.9	155.1	162.6	170.2	178.9	--
Total	1058.8	1112.2	1151.8	1185.5	1220.1	1268.9	1319.3	1380.3	1444.3	1504.3	
To France											
Morocco	17.4	19.1	21.8	22.6	22.2	20.0	19.2	17.9	19.2	15.5	18.0
Tunisia	5.6	6.6	7.8	9.4	8.9	8.0	8.2	7.8	7.9	7.5	9.5
Total	91.9	106.9	124.2	136.4	141.6	135.9	135.1	128.9	136.0	126.2	136
To Italy											

Morocco	20.1		15.3	40.8	34.8	26.1	21.8	23.5	37.3	33.1	30.0
Egypt	4.0		2.9	6.4	11.6	5.6	5.0	3.7	5.3	8.0	9.3
Total	192.6	172.8	161.9	424.9	394.8	282.8	254.6	515.2	496.5	46.7	424.5
To Spain											
Morocco	38.3	39.5	40.2	41.2	73.4	82.5	78.5	85.0	93.6	61.8	47.9
total	330.9	394.0	443.1	429.5	645.8	682.7	803.0	920.5	692.2	469.3	431.3

Source: OECD (2012) International Migration Outlook 2012.

Table 2.7: Stock of Foreign Born Population by Country of Birth, Thousands

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
To Belgium											
Morocco	5.7	7.1	8.5	8.4	8.0	7.1	7.5	7.8	8.2	9.1	--
Total	57.3	66.0	70.2	68.8	72.4	77.4	83.4	93.4	106.0	102.7	113.6
To Greece											
Egypt		32.7									
Total		1122.9									
To Italy											
Morocco		155.8							277.0	355.9	
Tunisia		59.8							85.2	83.2	
Egypt		34.7							68.8	81.5	
Total		2240.0							4375.2	4798.7	
To Netherlands											
Morocco	155.8	159.8	163.4	166.6	168.5	168.6	168.0	167.2	166.9	167.4	167.7
Total	1615.4	1674.6	1714.2	1731.8	1736.1	1734.7	1732.4	1751.0	1793.7	1832.5	1868.7
To Spain											
Morocco	299.9	380.7	438.2	474.5	557.2	606.0	6121.3	683.1	737.8	760.2	766.2
total	1969.3	2594.1	3302.4	3696.8	4391.5	4837.6	5250.0	6044.5	6466.3	6604.2	6659.9

Source: OECD (2012) International Migration Outlook 2012.

On the other hand, Egypt being the most populace country in MENA, with a significant migrant stock overseas, displays different patterns as Egyptian migrants were destined mostly to the Gulf Cooperation Council (GCC) countries beginning in the 1970s. Yet, numerous Egyptian migrants can be found in Europe (See Table 2.8) and increasing rates of emigration to southern Mediterranean countries, such as Italy and Greece, have been experienced. In fact, since 2006 Egypt has surpassed Morocco in the amount of preferential worker allocations offered. According to 2008 estimates, Egypt was allotted 8,000 preferential worker permits compared to Morocco's 4,500 with the same being said for the year 2007 (Sciortino, 2009). As Tables 2.4 and 2.5 show, Egyptians are also increasingly becoming an important source of immigrants to European destinations such as Greece and Italy. For

example, the stock of Egyptian born population is almost similar to that of Tunisians in Italy- Table 2.6.

Table 2.8: Egyptian Migrants in OECD Countries in 2000

Country of Destination	Thousands	Percent
Australia	70	8.5
Austria	14	1.7
Canada	110	13.35
France	36	4.37
Germany	25	3.03
Greece	60	7.28
Netherlands	40	4.85
Italy	90	10.92
Spain	12	1.46
Switzerland	14	1.7
United Kingdom	35	4.25
United States of America	318	38.59
Total	824	100

Source: Ministry of Manpower and Emigration, Contemporary Egyptian Migration 2003.

Country Focus

Morocco

There is evidence of a rising propensity to emigrate in Morocco. As seen in Table 2.9, Moroccans residing abroad more than doubled from 1993 (1.5 million) to 2007 (3.3 million) – with an average annual growth rate of 8.1% (compared with a 1.5% population growth rate in Morocco from 1994 to 2004). In 2007, 86.2% of Moroccans abroad lived in Europe, mainly in France (34.3%), Spain (16.6%) and Italy (11.5%). Since 1981, about 445,000 Moroccans have been regularised in four EU countries (France, Belgium, Italy and Spain) highlighting the phenomenon of irregular migration. Gender parity has been attained through family reunification in the traditional receiving countries - e.g. in France 52.8% of Moroccan migrants are male - while women are underrepresented in the new destinations: e.g. in Spain 61.7% of Moroccan migrants are male and 62.7% in Italy. See Di Bartolomeo et al (2009).

Table 2.9: Moroccans Residing Abroad by Continent of Residence (%)

Continent of residence	1993	2007
Europe	82.6	86.2
France	43.9	34.3
Spain	4.3	16.6
Italy	5.9	11.5
Arab Countries	12.7	8.6
Libya	6.6	3.6
Algeria	3.5	2.4
North America	4.5	4.9
USA	1.6	3
Canada	2.9	1.8
Others	0.2	0.4
TOTAL	1,545,036	3,292,599

Source: Di Bartolomeo et al (2009).

Tunisia

According to Di Bartolomeo et al (2010), Tunisian emigration was traditionally destined to Western European countries - especially France, Germany and Belgium - and to a lesser extent to Libya. After the limitations put in place by European countries in the 1970s and the mass expulsion of Tunisian nationals from Libya in 1985, Tunisia experienced a process of family settlement in Europe, a diversification in the choice of destination countries together with significant inflows of return migrants. More recently, new European destinations (i.e. Italy and Spain) are acquiring more and more relevance in attracting Tunisian migrants, especially their irregular component. In 2008, Tunisians recorded in Tunisian consulates abroad were 1.06 mil, or 10.2% of the Tunisian population. In the last decade, Consulate records showed a rise in the propensity to leave the country, in Table 2.10, from 2001 to 2008, the number of Tunisians abroad increased from 764 thousands to more than 1 million at an annual average growth rate of 5.5% compared to the Tunisian population growth rate equal to 1.0% in the same period.

Table 2.10: Tunisians Residing Abroad by Continent of Residence (%)

Continent of residence	2001	2008
Europe	84.1	82.6
France	61.6	54.6
Italy	10.3	13.4
Germany	5.8	11.5
Arab Countries	13.4	14.5
Libya	6.3	7.9
North America	2.3	2.6
Others	0.2	0.3
TOTAL (numbers)	763,980	1,057,800

Source: Di Bartolomeo et al (2010).

Egypt

Egypt has been the largest labour exporter in the region. At the peak, Egypt was exporting 10 percent of its labour force to other MENA countries. Egypt exported mainly educated skilled workers to the GCC and uneducated workers to Iraq and Jordan. According to the estimates of the Central Agency of Public Mobilisation and Statistics (CAPMAS) in 2000 the total number of Egyptian temporary migrants in other Arab countries was just less than 2 million. Saudi Arabia hosted almost half of the Egyptian temporary migrants, where they comprise around 40 percent of the foreign labour. In 2006 according to the Census, there was 3.9 mil Egyptians abroad. In 2013, CAPMAS estimates the number of Egyptians abroad at around 8 million.

Around thirty percent of all Egyptian migrants were residing in OECD countries. According to CAPMAS, in 2000, 0.8 million Egyptians were in OECD countries. About 80 percent of Egyptian migrants to the West were concentrated in: US (39 percent), Canada (13 percent), Italy (10 percent), and Greece (7 percent). Italy became the main destination of Egyptian permanent migrants since the early 1980s. Since, 2001, the US is no longer the main destination of permanent Egyptian migrants but Western Europe, in particular Italy and Greece, has become more common destinations for recent Egyptian migrants.

To sum up, overall North Africa is a major source of migration to Europe both in absolute numbers and as a share of total foreign population. In the next chapter, we examine the characteristics of North African migration.

Chapter 3

Who Migrates? And Who Wants to Migrate?

Jackline Wahba⁶

1 Introduction

In order to understand who returns one needs to look at who migrates in order to characterise who returns. Data on the characteristics of current migration is difficult to find. Although country of destinations may collect data on their foreign born population, given the potential heterogeneity in the type of migrant from the same origin depending on destination, makes characterising migration by country of origin a difficult task. Also there are very few surveys that collect data on current migrants from remaining household members at origin and many of which are not nationally representative of migrants. With all those caveats, we highlight below two important characteristics -education and gender - of North African immigrants in Europe.

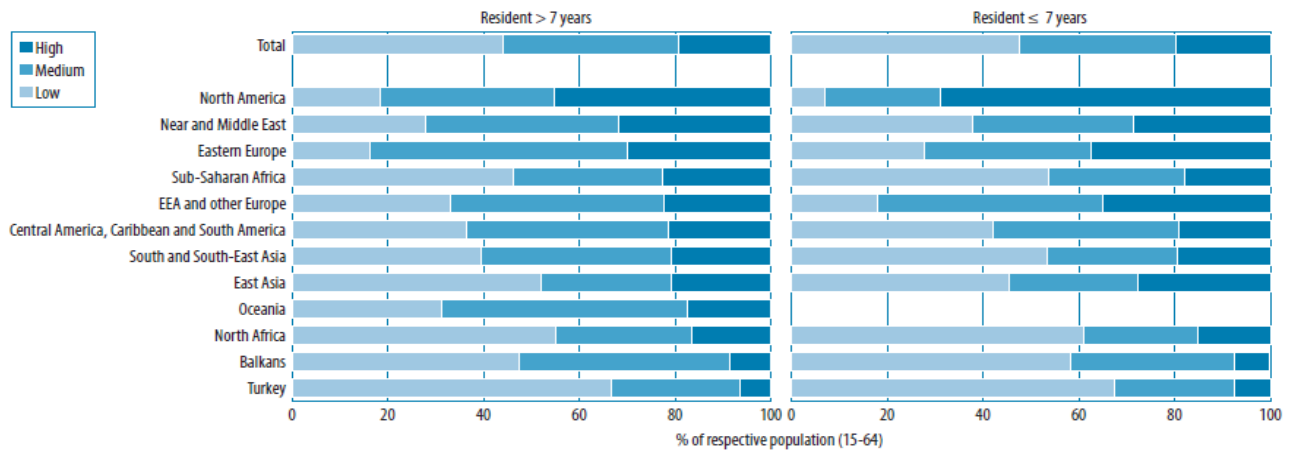
2 Characteristics of Current Migrants

Education and Skill

The skill composition of MENA migrants differs considerably not only by destination but also by country of origin. North African migrants are predominantly low-skilled as seen in Figure 3.1. However, the skill composition of North African migrants differs considerably for the Maghreb countries (Morocco, Tunisia, and Algeria) and for Egypt. According to the World Bank (2010), Maghreb migrants are predominantly low-skilled workers, with more than 70 percent of migrants having primary education or less. About 15 percent of migrants have completed secondary education, and only about 15 percent of migrants are high-skilled, with tertiary education or more. In contrast, while the majority of Egyptian migrants (55 percent) are also low-skilled, almost 30 percent have higher education (Figure 3.2).

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Figure 3.1: Skill Level of Non-EU Born Aged 15–64 by Region of Origin in the EU in 2007



Source: European Commission 2008.

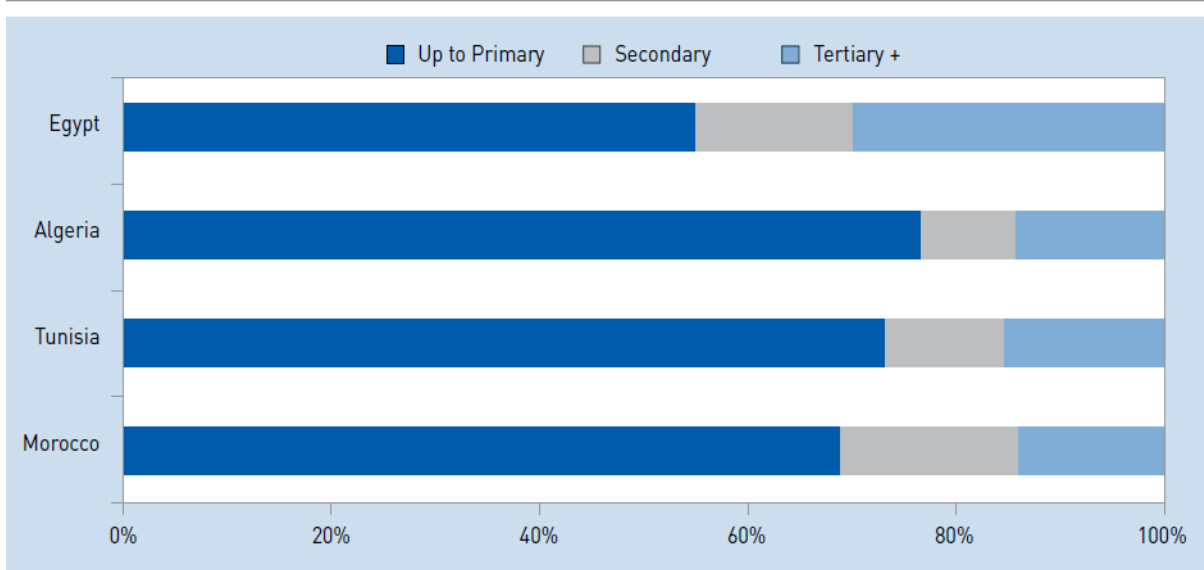
Also, the profile of Moroccan migrants differs by destination. Moroccan migrants are more likely to have a low level of education in Spain and Italy (78.1% in Spain, 76.6% in Italy) than in France (55.1%), and to be employed in low-skilled occupations (61.7% in Spain, 55.1% in Italy compared to 45.5% in France).⁷

Yet, in the meantime, as Table 3.1 shows all four North African countries have high skilled emigration rates; i.e. comparing the skilled migrant stocks to the domestic stocks of higher educated workers. In particular, Morocco has high high-skilled emigration rate with almost 20 percent of its skilled workforce living abroad compared to 9 percent average for the MENA region, 11 percent for the Latin American and Caribbean countries, and 12 percent for Sub-Saharan Africa.⁸ Thus, from the receiving country perspective, Maghreb countries, in particular Morocco, offer largely low/medium skills. Yet, from the home country perspective, emigration is causing a brain drain.

⁷ See Di Bartolomeo al. (2009).

⁸ The World Bank (2010a).

Figure 3.2: Skills Composition of North African Migrants in 2000



Source: The World Bank (2010a)

Table 3.1: Skilled emigration rates of North African countries in 2000, %

	Total	EU27	North America	GCC	OECD	EU27
Algeria	9.6	7.1	2.1	0.2	9.4	73.7
Egypt	8.3	0.9	3.5	3.8	4.5	11.3
Morocco	18.5	13.3	4.3	0.6	17.9	72
Tunisia	12.9	9.6	2.3	0.6	12.3	74.6

Source: World Bank 2010.

Gender

Another important characteristic of North African migrants is that they tend to be predominantly men. In particular, Egypt ranks among the top 10 countries with the highest percentage of emigrant men, or with strong gender imbalances in migration flows to the OECD, 2010. The share of women was 34% in total Egyptian migration flow to the OECD Countries. (OECD, 2012)

3. Country Focus: Moroccans in Spain

Table 3.2 below shows the characteristics of the Moroccan population residing in Spain in 2001 based on the Spanish Census. There were more men than women among the Moroccans residing in Spain in 2001. The average age of Moroccans was 38 years of age. The educational profile of Moroccans in Spain was tilted towards the lower end with over 50 % having only primary schooling or less. Only 55 % of Moroccans in Spain in 2001 were

working and among those the majority had temporary jobs. Agriculture and Construction employed over half of the Moroccan immigrants in Spain in 2001. Rodríguez-Planas and Vegas (2012) using the National Immigrant Survey 2007 (ENI) find similar patterns of Moroccan immigrants in Spain in 2007 in terms of gender composition, education and sector of employment.

Table 3.2: Moroccan Population in Spain, 2001

Characteristics	%
Gender	
Male	61.9
Female	38.1
Age	
Average age (in years)	38.0
People 30 years old or younger	35.2
People 65 years old or older	6.6
Education	
No schooling	30.8
Primary (5 yrs) completed	25.1
Lower secondary general completed	21.6
Secondary, general track completed	9.5
Secondary, technical track completed	4.3
Post-secondary technical education	3.8
University completed	4.3
Marital Status	
Single/never married	36.1
Married/in union	55.3
Separated/divorced/spouse absent	4.2
Widowed	3.8
Employment Status	
Employed, not specified	55.3
Unemployed, experienced worker	8.5
Unemployed, new worker	3.2
Housework	15.2
Unable to work/disabled	0.2
In school	6.6
Retirees/pensioners	4.1
Others	2.5
Inactive	2.8

Waged Status		
	Not working	42.2
	Employer	2.3
	Working on own account	3.8
	Member of cooperative	0.1
	Employee, with a permanent job	20.7
	Employee, with an occasional or temporary	30.7
	Unpaid Family worker	0.2
Sector of Employment		
	Agriculture, fishing, and forestry	26.87
	Mining	0.14
	Manufacturing	17.22
	Electricity, gas and water	0.57
	Construction	29.95
	Wholesale and retail trade	17.01
	Hotels and restaurants	11.30
	Transportation and communications	4.74
	Financial services and insurance	1.28
	Public administration	5.50
	Real estate and business services	6.11
	Education	3.39
	Health and social work	4.22
	Other services	2.27
	Private household services	6.40

Source: Author's calculation based on Spain Census 2001.

4. Country Focus: Egyptian Current Migrants

On the other hand, Egyptian migrants display different characteristics compared to Moroccans. The Egypt Labour Market Panel Survey 2006 (ELMPS 06)⁹ enables us to have a clear picture of the characteristics of Egyptian migrants overseas. Egyptian migrants are predominately males. Table 3.3 shows that Egypt sends both high and low educated workers overseas and the proportion of highly educated migrants is over 60% of current migrants regardless of destination. The occupations of Egyptian migrants overseas also reflect to a great extent, their varied educational background. Around 71 percent of current migration took place since 2000 with a noticeable drop in 2001 and on average current migrants have been overseas for 5.5 years. In addition, current migrants have originated predominately

⁹ See Assaad and Barsoum (2009) for description of the ELMPS2006.

(almost 70 percent) from rural areas. The main destinations of current migrants in ascending order are: Saudi Arabia, Jordan Libya, Kuwait and Emirates (amounting to 91% of current migrants)- Table 3.4. It is important to note though that the low proportion of current migrants in Europe might be the result of the survey not capturing permanent migrant/ entire migrant households.

Table 3.3: Characteristics of Current Egyptian Migrants, 2006

Variable	Current Migrant (%)
<i>Educational level (%)</i>	
None	21.48
Reads and writes	7.93
Elementary school	5.88
Middle school	2.56
Secondary School	39.90
University & Higher	22.25
Occupation Overseas	
1 Managers	1.02
2 Professionals	14.61
3 Technicians and associate professionals	3.67
4 Clerical support workers	1.71
5 Service and sales workers	12.44
6 Skilled agricultural, forestry and fishery workers	12.20
7 Craft and related trades workers	38.98
8 Plant and machine operators, and assemblers	5.07
9 Elementary occupations	2.73
Year of Migration (%)	
1970-79	0.51
1980-89	3.54
1990-99	23.48
2000-06	72.22
Migration History/ Characteristics	
Migration duration (years)	5.5

Source: Author's calculation based on ELMPS06.

Table 3.4 : Overseas Destinations of Current Egyptian Migrants 2006 (%)

Country	Percent
Saudi Arabia	37.43
Jordan	16.11
Libya	13.64
Kuwait	12.27
Emirates	11.56
Qatar	1.75
Other Arab Countries*	1.68
South Africa/Sudan	1.24
Western Europe	2.24
USA & Canada	1.89

* Iraq: 0.15% & Lebanon: 0.97%. Source: Author's calculation based on ELMPS06.

5. Who wants to Migrate? Migration Intentions of Tunisians and Egyptians

One important salient feature of the economies of the South Mediterranean is their youth bulge: large numbers of youth 15-29 years old. This youth bulge has put pressure on the labour market to absorb an increasing number of new entrants at the same time those economies where undertaking major economic reforms entailing downsizing of the public sector and trade liberalisation, all resulting in increasing unemployment. In particular this has resulted in very high youth unemployment rates. For many young people international migration is often seen as the solution to the domestic labour market woes. Thus many head to Europe in search of employment, higher wages and better standards of living. Having information on the migrant prior to migrating, one can investigate the determinants of migration and in particular the effects of labour market status prior to migrating on the migration decision.

On the other hand, an impressive growing number of young people (aged 15-29 years old) is wishing to emigrate. According to a longitudinal national survey carried out by the Ministry of the Youth in collaboration with the National Institute of Statistics, the proportion of young people in Tunisia who declared that they wish to migrate rose from less than a quarter (22.0%) in 1996 to more than three quarters (75.9%) in 2005, see Fourati (2008). Of course migration intentions do not always materialise in actual migration, but migration intentions are useful in informing us about the determinants of migration.

5.1 Data

We assess the potential for future migration by studying migration intentions of potential migrants in Egypt and Tunisia. The European Training Foundation (ETF) launched a pilot study in 2006 on the links between migration and the education and training systems in four ETF partner countries: Albania, Egypt, Moldova, and Tunisia. It conducted four surveys on potential in migrant sending countries, asking individuals directly if they intend to migrate, and if so when, how, and to where. The main objective of the ETF study was to explore the link between migration and human capital development. A potential migrant was defined as anyone aged 18–40 years who lived in the country at the moment of the interview. The survey on potential migration was intended to be broadly representative of the young adult population (18–40 years) in each country, in order to have a control sample of those in the same age group who were not actively seeking to migrate. A two-stage cluster sample was selected. First-stage clusters were a minimum of four to six regions chosen to represent the geographical diversity of the country, and second-stage clusters were villages, towns, or municipalities chosen to represent the geographical diversity of the selected regions. Potential migrants' households were selected by interviewers following random routes. The survey fieldwork was carried out during November and December 2006. We focus here only on potential migrants in Egypt and Tunisia. The sample size of potential migrants was 812 individuals in Egypt and 1019 in Tunisia.

Using the ETF data, we examine the characteristics of those aspiring to migrate. About 47 percent of 18-40 years surveyed in Egypt and 63 percent in Tunisia are found to aspire to migrate. Interestingly, migration aspirations increase with education in Egypt but not in Tunisia where there is no difference in migration aspiration by educational level – Figure 3.3. Yet, once one conditions on education, age and gender, we find that in both countries, the highly educated are more likely to aspire to migrate relative to the less educated, which is not surprising. When we examine the educational composition of the aspirers, we find that Egypt has more educated compared to Tunisia- Figure 3.4.

Figure 3.3: Migration Aspirations by Educational level in Egypt and Tunisia, 2006

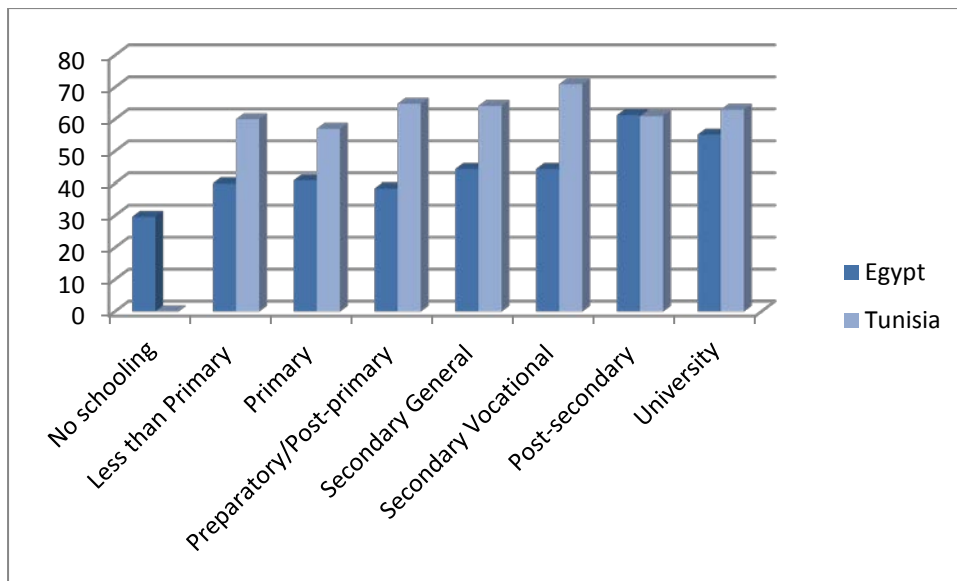
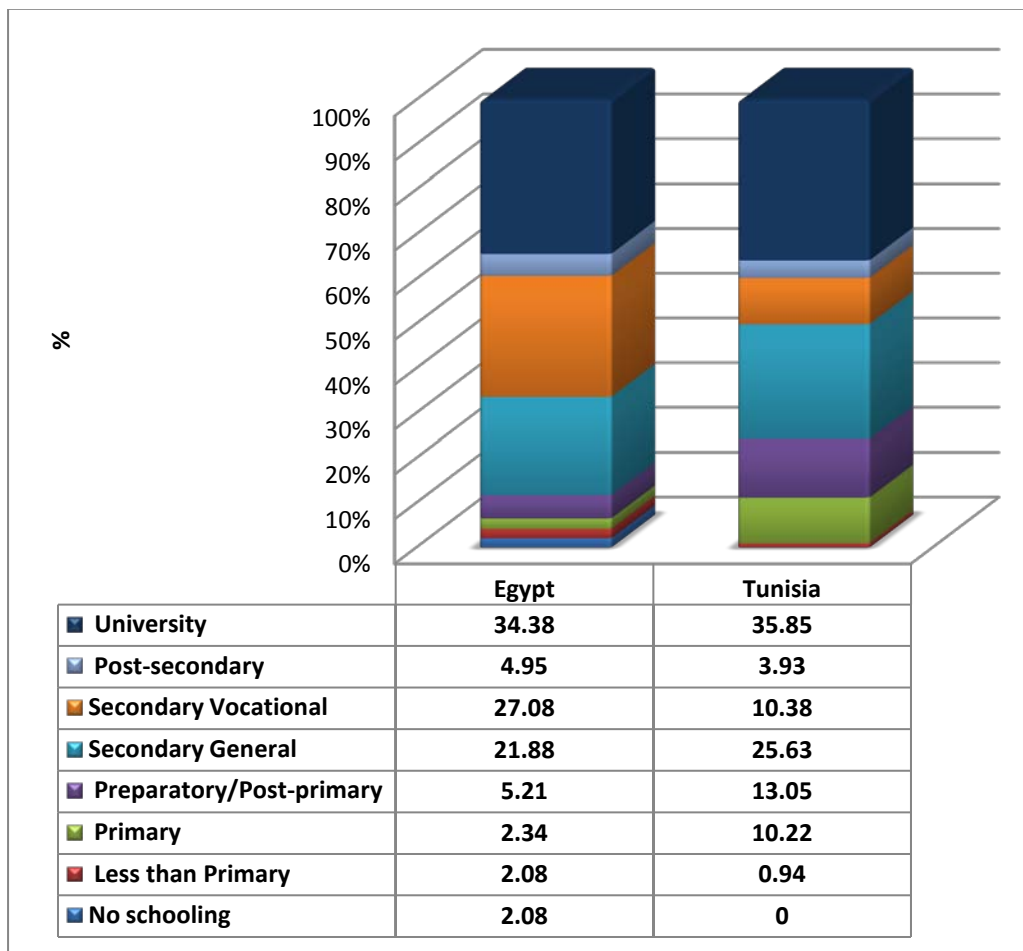


Figure 3.4: Educational Composition of those Aspiring to Migrate in Egypt and Tunisia, 2006



Although a substantial proportion of respondents in both countries said they were interested in migration (Table 3.5), 28 percent of the Tunisians respondents felt that this was likely to be during the following six months, compared to only 8 percent among the Egyptian respondents. However, this proportion increased to over one third among the Tunisian sample and fifty percent among the Egyptian sample, when asked about the likelihood of migration within the following 2 years.

Table 3.5: Migration Intentions of 18-40 Year Old in Egypt and Tunisia (%)

		EYGYPT	TUNUSIA
Plan to migrate	Yes	47.3	63.3
	No	52.7	36.8
Likelihood of migrating within 6 months	Very unlikely	28.91	19.24
	Quite unlikely	35.17	9.70
	Neither	28.12	43.16
	Quite likely	6.51	14.24
	Very likely	1.04	14.08
Likelihood of migrating within 2 years	Very unlikely	9.90	17.06
	Quite unlikely	9.11	7.83
	Neither	1.31	37.89
	Quite likely	44.79	23.01
	Very likely	5.73	14.55

As Table 3.6 shows, the main reasons for migrating were, not surprisingly economic: a desire to improve standards of living, and a response to unemployment in both countries. Only 5 percent in Tunisia mentioned further education as the main reason for migrating. Almost 96 percent of both samples believed migrating would improve their financial situation. Yet, Egyptians felt stronger about migration leading to better work opportunities and becoming better off on return compared to Tunisians.

It is interesting to note that the main likely destination of the potential migrants (Table 3.7). Unsurprising half of the Tunisians respondents mentioned France as the most likely destination, whilst the Gulf was the preferred destination of Egyptians. More than half of both samples thought that they can afford to finance their migration plans to their preferred destination.

Table 3.6: Reasons for Migration Intentions in Egypt and Tunisia, 2006 (%)

		EYGYPT	TUNUSIA
Does migration lead to better work opportunities on return?	Yes	66.40	23.51
	No	35.17	13.63
	Don't know	9.90	21.00
Are returnees better off than non-migrants?	Much better off	31.00	11.29
	Better off	66.93	22.11
	About the same	12.50	18.51
	Worse off	0.78	5.02
	Much worse off	0.44	1.10
First reason for wanting to migrate	Have no job / cannot find job	45.32	18.82
	Nature of work unsatisfactory	2.09	10.03
	To improve standard of living	22.65	40.78
	To get married / just married	5.73	2.03
	To accompany/follow spouse or parent	1.56	1.73
	To get education	0.78	4.86
	Adventure	0.78	4.86
	Do not like living in this country	0.78	4.56
	Want to go abroad	0.00	4.24
	No future here	9.90	2.83
	Higher salary	7.30	2.83
	Second reason for wanting to migrate	Have no job / cannot find job	6.77
Nature of work unsatisfactory		1.82	6.13
To improve standard of living		33.07	26.70
To get married / just married		18.76	4.33
To accompany/follow spouse or parent		0.53	1.08
To get education		1.04	0.54
Adventure		2.09	4.14
Do not like living in this country		0.25	9.75
Want to go abroad		1.56	7.76
No future here		2.85	6.49
Higher salary		7.55	5.95
Moving abroad improve financial situation?		Yes	95.58
	No	0.53	0.79
	Don't know	3.91	3.52

Table 3.7: Intended Migration Destination in Egypt and Tunisia, 2006 (%)

		EYGYPT	TUNUSIA
Most likely destination (MLD)	Italy	23.18	17.63
	Kuwait	15.88	0.00
	UAE	15.37	2.36
	Saudi Arabia	23.43	0.00
	US	3.13	0.00
	Qatar	2.60	0.00
	France	2.85	50.85
	Canada	0.78	8.51
	Other	12.77	20.64
Likelihood of migrating to MLD	Very unlikely	1.31	4.11
	Quite unlikely	18.76	8.70
	Neither	0.00	38.78
	Quite likely	66.93	27.86
	Very likely	13.03	20.25
Reasons for migrating to MLD	Job and/or income opportunities	45.06	51.27
	Had other friends/relatives there	23.70	13.97
	To save money	8.08	12.70
	Other	23.15	21.59
Are you able to finance your move abroad?	Yes	61.98	53.58
	No	34.11	23.09
	Don't know	3.91	23.41
Awareness of available programmes that help people to work abroad	Government programmes	3.13	9.78
	Private recruitment companies	17.19	7.41
	Both of the above	1.04	13.89
	No	78.64	68.79
Expected job in MLD	Public administration	24.74	4.84
	Hotel or restaurant	17.70	16.94
	Construction	17.19	8.56
	Commerce	9.37	15.16
	Other	31.00	50.16
Expected work type in MLD	Employer	2.35	2.22
	Self-employed	0.00	4.19
	Salaried worker	77.08	71.36
	Casual worker	19.79	8.71
	Other	0.78	9.36

Expected occupation in MLD	Professional	31.25	7.60
	High management	5.73	11.97
	Middle management	11.99	14.22
	Skilled worker	33.07	34.43
	Unskilled worker	17.70	15.52
	Other	0.25	11.32
	Don't know	0.00	0.81
Speak the official language of MLD	Fluent	11.71	34.73
	Fairly well	41.15	21.41
	Neither well nor badly	12.24	22.52
	Fairly badly	9.64	10.30
	Not at all	25.27	10.62

Interestingly and consistent with migration patterns observed in both countries, Table 3.8 shows that almost half of the potential Egyptian migrants intend to stay less than 5 years whilst 38 percent of the Tunisians see migration as a permanent move. Presumably correlated to return intentions, more Egyptian respondents mentioned that they would send back remittances.

Table 3.8: Migration Plans in Egypt and Tunisia, 2006 (%)

		EYGYPT	TUNUSIA
Planned length of stay in MLD	Less than 1 year	0.53	0.32
	1-2 years	8.59	2.21
	3-5 years	44.79	15.40
	5-10 years	29.44	24.21
	Over 10 years	8.33	19.95
	Forever	8.33	38.03
Come home or go to another country	Return home	85.68	56.27
	Move to another country	1.31	0.94
	Don't know	4.69	4.87
Send back money (Remittances)	Yes	85.41	60.09
	No	4.42	6.63
	Don't know	10.15	14.71
Why send remittances	Living expenses	55.47	45.24
	To buy property	21.61	9.75
	Savings	1.82	2.70

	Other	5.48	1.46
	Don't know	0.78	0.83
Experience abroad will help in finding better work opportunities upon return	Yes	81.24	71.71
	No	7.80	0.83
	Don't know	10.93	9.09
Will be better or worse off when returning compared to now	Much better off	64.58	58.70
	Better off	35.10	20.63
	About the same	0.25	2.27
	Worse off	0.00	0.00
	Much worse off	0.00	0.21

Examining the sources of information on migration, shows that almost half of both samples have already established networks that will facilitate their migration. Only a quarter of potential migrants plan to invest in further training before migrating, in particular language training seems to be the most sought after training- Table 3.9.

Table 3.9: Migration Information in Egypt and Tunisia, 2006 (%)

		EYGYPT	TUNUSIA
Have sufficient information about MLD	Yes	75.51	60.49
	No	24.49	39.33
Sources of information	Been there	4.17	5.25
	Family/friends there	54.68	35.82
	Family/friends in home town	4.42	5.73
	TV/Radio	5.73	7.79
	Other	6.51	5.10
Plan to get more information before going	Yes	16.92	62.09
	No	7.55	37.25
Any training	Yes	25.78	28.52
	No	55.99	44.14
	Don't know	18.23	27.27
Type of training	Language training	11.71	11.29
	Cultural orientation	0.25	1.11
	Vocational training	6.51	10.17
	University studies	3.91	4.60
	Other	3.13	0.16
	Don't know	75.51	60.49

Conclusion:

Although declaring an intention to migrate does not necessarily mean that leaving the country is a real possibility, migration aspirations are useful in understanding the determinants of migration.

The next chapter examines in a more robust manner the determinants of migration aspirations among the youth in Egypt using a nationally representative data that allow us to answer two important questions. First, are the highly educated more likely to aspire to migrate? Secondly, do migration aspirations affect educational attainment?

Chapter 4

Migration Intentions and Education

Asmaa Elbadway¹⁰, Mona Said¹¹ and Jackline Wahba¹²

1. Introduction

Two important questions arise from the previous Chapter on migration intentions. First, are the educated more likely to aspire to migrate controlling for individual characteristics? Secondly, do migration aspirations make individuals invest more in education controlling for individual characteristics?

One of the most pronounced labour market effects of the world financial downturn in countries around the globe, and in those affected by further economic slowdown associated with the Arab Spring, has been the rise in youth discouragement to work and an increase in their aspiration to migrate (ILO (2011), Said (2012), and Roushdy and ElBadawy (2010)). A less studied, and more enduring impact, is how aspirations for migration can affect education investment in countries of origin. As youth are more likely to migrate relative to other age-groups, their migration intentions are not only an indicator of future demand for migration, but can have more profound effects through their impact on human capital acquisition decisions.

Education is a key determinant of economic growth, yet has recently ironically been associated with negative labour outcomes in developing countries like Egypt due to mismatch between skills and domestic job opportunities. In fact, the highest rates of unemployment have for decades, in Egypt, been amongst new entrants to the labour market and the highest rising unemployment rates are primarily amongst university and technical degree holders. In relation to migration, it is the skill composition, and not so much the size of the labour force itself, that matters, particularly when the quality of the labour force is uncompetitive with both domestic and international labour needs. This poses a serious problem for the graduates

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and a rather large predicament for policy makers to manage migration flows with care. It also implies that education and migration decisions are likely to be strongly related for youths and their interaction needs to be studied in more depth.

The educational choices, including the level of attainment and the study field of potential migrants are expected to be also highly related to desired destination of migration. While Europe and Western destinations only absorb a small proportion of Egyptian labour migrants, as opposed to the majority of Egyptian migrants who tend to go to Gulf countries, younger migrants are increasingly turning to Europe with the presumption that one year in Europe is better than several years in the Gulf, the traditional destination for migrants from labour exporting countries like Egypt. This is also driven by a growing recognition that opportunities in oil-rich Arab countries are declining in view of their nationalisation policies. In Europe, however, structural change in the form of the shift from agriculture to services has resulted in an increase of jobs. A declining population growth rate and an aging population open up opportunities for migration. It is expected that as a result of these two factors approximately 4.9 million temporary migrants will be needed to fill the job gap within the European Union in 2015 and 11.8 million in 2020 (Said and O'Neill, 2011).

This chapter aims to investigate the key drivers of youth individual decisions of whether or not to emigrate in Egypt, and what is the role of education acquisition in this decision. Based on analysis of a recently collected micro data set especially targeted to youths, we examine the determinants of intentions to emigrate, distinguishing between the main destinations (Western and Arab countries), and whether those intentions affect investment in education. We control for the endogeneity of education through instrumental variable approach. We use different measures of education to establish the effect not only on years of schooling but also on planned education, secondary school exam scores, and the field of study. We also examine the other side of this relationship by assessing the effect of intention to migrate on educational attainment.

The rest of this Chapter is organised as follows. Section 2 presents an overview of conceptual issues and previous empirical findings on the relationship between migration and education. Section 3 introduces the Egyptian case by presenting a review of recent literature on intention to migrate and the impact of migration on relevant labour outcomes. Section 4 then introduces the micro data set used in the empirical analysis, the Survey of Young People in

Egypt 2009 and discusses some of its important descriptive statistics. Section 5 presents and estimates an econometric model that explores the determinants of migration aspiration and tests whether the more educated are more likely to aspire to migrate. Section 6 tests the opposite question, namely whether migration intentions affect education attainment and then undertakes some robustness checks. Finally, Section 7 concludes.

2. Conceptual Framework and Overview of Migration and Education Studies

Interestingly, the previous literature on the relationship between migration and education is mixed. On one hand, some studies show brain gain from emigration. They argue that future migration increases the incentives to invest in further education. For example, Mountford (1997) shows that if the return to education is higher in a potential destination country, and if there is a positive probability of a future migration, then this will lead to a higher incentive to invest in human capital. This will be beneficial for the country of origin as long as the probability of an actual future emigration is smaller than 1; i.e. not everyone emigrates.

Beine et al. (2001, 2008, and 2011) find support for this beneficial brain drain using both cross-sectional and panel data for a large set of developing countries. Their findings provide some evidence that higher emigration rates may indeed have a positive effect on average human capital levels of the left behind. In a way this is in support of findings which show that remittances are used to invest in schooling- e.g. Yang (2006), Cox Edwards and Ureta (2003) and Acosta (2006).

On the other hand, a few studies find that the emigration of the skilled workers has a negative net effect on the average educational attainment of those remaining in the country of origin- e.g. Schiff (2005) and Checchi et al. (2007). This effect might be driven by the possibility of a future migration creating a disincentive to invest further in education, if the gains from migration are as high for low occupations as for high occupations, or emigration is seen as an alternative to the acquisition of human capital. For example, McKenzie and Rapoport (2011), using data from the National Survey of Demographic Dynamics in Mexico, find a significant negative effect of emigration on school attendance and attainment of 12 to 18 year-old boys and 16 to 18 year-old girls. Most of the negative effect of migration on educational attainment is due to young males migrating themselves, rather than attending school, and young females dropping out of school to work at home.

In their recent comprehensive review of the topic, Dustmann and Glitz (2011) provide conceptual framework on the relation between migration and education. They argue that migration can affect the skill composition of the origin country directly depending on who migrates. Migration prospects can also affect the skill composition of the origin country indirectly through generating incentives to invest further into education.

First, with regards to the direct effect, the evidence from previous papers is mixed. Some papers (for example, Borjas 1987) find evidence that is compatible with the predictions of the simple one-dimensional skill model, namely that selection is positive from country O to country D, if skill prices are higher in country D, and that selection is negative if skill prices are lower in country D. For example, Ramos (1992) finds that, consistent with negative selection, non-migrants in Puerto Rico are more educated than individuals migrating from Puerto Rico to the United States and that those individuals migrating back from the United States to Puerto Rico are more educated than those who remain in the United States. Others (for example, Orrenius and Zavodny (2005), McKenzie and Rapoport (2011), Belot and Hatton (2008)) find limited, or no, evidence that is compatible with this simple model.

As for the indirect effects, Dustman and Glitz (2011) discuss four main channels through which migration affect non-migrants and their skill accumulation. First, remittances sent home by migrants may be used for educational investments that would otherwise not have been possible due to a lack of available funds and credit constraints. Secondly, the possibility of a future migration may increase the incentives to invest in further education. This point has first been made by Mountford (1997). If the return to education is higher in a potential destination country, and if there is a positive probability of a future migration, then this will lead to a higher incentive to invest in human capital. While higher returns to education in the host country have a negative direct effect on the home country's skill base by inducing skilled emigration, it encourages human-capital formation in the longer run as not everyone who emigrates. Thirdly, selective emigration, may affect skill acquisition in the origin country by changing the existing skill composition, which in turn affects the return to education. Fourth, as discussed in Dustmann and Glitz (2011), emigration and return migration may lead to an increase in the productive human capital stock in the sending country if a sufficiently large fraction of migration is temporary and the returning migrants accumulate human capital while being abroad.

While each of those four channels may individually lead to a positive effect of migration on educational attainment in the origin country, there may also be counteracting factors, depending on the specificities of the considered migration situation, that tend to reduce educational attainment. For example, while the positive income effect through remittances may well alleviate credit constraints and lead to higher investments in education, the absence of a parent, and in particular of a mother, is likely to negatively affect overall parental inputs into the children's development. It may also force children to undertake additional household chores or other work to help maintaining the household- Cortes (2010).

Also, the possibility of a future migration may create opposite incentive effect if the return to education in occupations potential emigrants consider as attainable is lower in the destination country than in the origin country (this could be due to a high return to manual skills and low returns to academic skills), or if migration is seen as an alternative to the acquisition of education. Due to these counteracting factors, the overall effect of migration on human capital acquisition in the home country is a priori ambiguous. Thus, determining the interaction between migration, or the potential to migrate, with educational outcomes remains a largely empirical task and priority area for research to inform policy makers in countries that experience large migration like Egypt.

3. Impact of Migration and Migration Intention

3.1 Impact of Migration in Egypt

Egyptian labour migration and remittances have been a powerful source of foreign exchange and income for families for multiple decades. The stock of Egyptian migrants worldwide is estimated to be around 8 million by CAPMAS. Recently, remittance flows amounted to over 9 billion USD, constituting more than 8 percent of Egypt's GDP in 2009 (Elbadawy 2010). According to recent estimates, Egypt is among the largest ten remittance receiving countries in the world (Wahba 2009). Aside from the positive foreign exchange effects, migration has been instrumental in poverty alleviation. Roushdy et al (2009) show that remittances reduced by 8% the incidence of household poverty. However, Elbadawy and Assaad (2009) find mixed effects of remittances on child schooling and work. Assaad and Binzel (2009) and Elbadawy and Roushdy (2009) found insignificant gains to women empowerment.

Nassar (2005) using Population Census data from 1996 finds that poverty incidence is far lower for households, who receive remittances than households, who do not receive remittances. These findings are echoed by Adams and Page (2003) who find that in MENA, a 10 percentage point increase in remittances' share of GDP is associated with a 5.7 percent decline in the population living in poverty. Egyptian migration is overwhelmingly temporary in nature. Zohry (2006) finds at least amongst males aspiring to migrate to Europe they plan to return after certain financial goals have been met. Moreover, more recent findings indicate that close to 90 percent of Egyptian youths that intend to migrate would like to stay aboard only temporarily (SYPE, 2009). Consequently, what returnees turn to for a livelihood upon their return is essential to future development and growth goals.

As first highlighted by Schumpeter in 1911, entrepreneurship plays an important role in economic growth, innovation, and competitiveness (Wahba and Zenou, 2012) and may also play a role in poverty alleviation. Entrepreneurial activity amongst returnees has emerged as a preferred occupational choice (Wahba (2013)). Dustmann and Kirchcamp (2002) found savings earned aboard to be important source of start-up funds among 50 percent of return migrants to Turkey from Germany and that most of these returning migrants opt for entrepreneurial activities. Arif and Irfan (1997) find that among Pakistani return migrants from the Middle East that there was a great incentive for those working in low status occupations before to move out of these occupations after return. The study displays that the economic resources gained from overseas employment gave migrants the strength to seek independent employment, and there was a clear move out of the production-service occupations into business and agriculture occupations. Furthermore, this movement was strongly related to migrants' length of stay aboard. In another study on Pakistani return migrants, Ilahi (1999) finds that return migrants exhibit a higher tendency for self-employment over waged employment.

The literature on return migration pertaining to Egypt is rather limited but offers a great deal of insight into the experiences faced by return migrants and entrepreneurial activities. McCormick and Wahba (2001) using 1988 Egyptian Labour Market Survey (ELMS) data find that the probability of becoming an entrepreneur on return is dependent on the duration of the migration experience and the amount of foreign savings earned abroad and display a positive effect on enterprise development. Marchetta (2012) examines the survival of micro

and small enterprises (SMEs) in Egypt focusing on the success among return migrants and finds that the chance of survival of a firm significantly increases when the entrepreneur has migration experience. This effect remains when controlling for possible endogeneity of the migration decision. Wahba and Zenou (2012) find that the percentage of entrepreneurs among non-migrants is significantly lower than the percentage of entrepreneurs among the returnee migrants. They find that the opportunity for financial and human capital abroad may lead to a loss of social capital at home as in their absence social networks at home change and deteriorate. However, when controlling for the endogeneity of the temporary migration decision, an overseas returnee is more likely to become an entrepreneur than a non-migrant. Their results suggest a trade off between migration and entrepreneurship because social networks increase the probability of entrepreneurship for non-migrants, but not for returnees. While on the other hand, human capital and savings affect the likelihood of returnees of becoming entrepreneurs.

Presented from a slightly different angle, Nassar (2005) mentions that social capital is lower among household that receive remittances because they are better off financially then their non remittance receiving counterparts they are less involved in the community. Yet as Nassar (2005) argues social networks facilitate the movement of migrants from origin to destination country and help with improving employment opportunities in host countries. As a result, migration may strengthen social ties with people in the home country. Likewise, if immigrants become entrepreneurs in their host countries and transfer some of their activities back to their country of origin then migration can lead to social capital accumulation in the country of origin.

3.2 Migration Intentions

The literature on the push-pull factors for the intention to migrate is well-developed (see ILO (2009) and World Bank (2010)). Additionally, there is a growing consensus over the factors determining the intention to migrate. For example, Stinner and Van Loon (1992) address from a psychosocial perspective the role satisfaction about one's community has in forming migration intentions within the United States. Community satisfaction was found to shape the intention to migrate while community size preference (in terms of population size) affected whether the intended move is short term or long term. Community satisfaction was captured using perception of: local government responsiveness, social solidarity (e.g., availability of

friendships and help in time of need), urbanity, perceived economic opportunities (in terms of steady employment, career advancement and higher income), public services (such as schools and health service providers), and the physical environment (such as air and water quality). Satisfaction with local economic opportunities and public services were found to negatively affect formation of migration intentions. Also, van Dalen and Henkens (2008) show migration intentions are good predictors of future emigration. The factors that trigger emigration are the same that make people actually emigrate.

With the publication of the Survey of Young People in Egypt (SYPE) (2009) there has been a number of papers on potential migration among Egyptian youth. Abdel Fattah (2012) in a study on job satisfaction and potential among Egyptian youth finds that migrant networks and the belief that seeking a job abroad will be the main solution to their problems (especially marriage) are the main variables used to model aspiration to migrate. Another strong variable that significantly affects the probability of being a potential migrant is the need to continue in a job as well as being satisfied in the current job. Similarly, Elbadawy (2010) finds that one's social network is a key factor in the development of one's migration aspirations; additionally, being a discouraged unemployed person has a positive effect. Although, an aspiration to migrate may be present that does not necessarily translate to actual migration as legal hurdles and financial constraints will reduce the chance and ability of potential migrants to realise their aspirations.

In Egypt, social capital plays an important role in disseminating information and facilitating the migration among aspiring migrants. Zohry (2006) in a survey of 1,552 males aged 18 to 40 provides a qualitative study about actual migration and aspirations for migration to Europe. He focuses on Cairo, Alexandria and localities known for having established migration streams. It found that close to 90% of youth aspired to migrate to Europe (most to Italy or France), but they mostly intend to return to Egypt after a temporary stay, after achieving specific financial gains and cite low wages and salaries and the lack of job opportunities in Egypt as the many reasons for their intent to migrate. This was particularly pronounced among recent graduates. The role of networks: was also identified as providing motivation for migration, information about migration, and the process of migration itself.

Studies focusing on determinants of youth aspirations to migrate are rather. Our present study contributes to the above literature by focusing on how intentions affect investment in

education an issue which has not been studied before. We control for the endogeneity of education and use different measures to establish the effect not only on years of schooling but also on the level, scores, and the field of education.

3.3 The Youths Bulge in Egypt and Potential Impact of migration

Often seen as a solution to the unemployment situation in Egypt, labour migration has been widely utilised by the Egyptian youth in an effort to combat the trials of the youth bulge—a significant change in the age structure of the population where the proportion of the youth increases significantly compared to other age groups.

The realities surrounding the youth bulge in Egypt highlight why the aspirations to migrate are expected to be seen as a panacea for this age group. According to Egypt's Central Agency for Public Mobilisation and Statistics (CAPMAS), in 2006 the total population of Egypt reached 72.5 million people, which represents a 22.4 percent increase from the 1996 census. Even more staggering are the census figures that indicate that since 1976, approximately 80 percent of the population has been under the age of 45. In 2006, 48.2 percent of the population was between the ages of 15 and 45. Of those unemployed in Egypt, 80 percent are youth.

The above mentioned statistics paint a precarious situation for Egypt's labour market. Quality education is a major contributor to gainful employment. Egypt suffers from over-crowding of public schools, poor quality of education, which often results in the necessity of private lessons in order for students to pass the exams. In addition, the over-crowding of the public sector and the queuing for jobs only exacerbates the unemployment rates within the domestic labour market. Below we provide an in depth investigation of the determinants of migration aspirations among youth and examine the role played by education.

4. Data and Descriptive Statistics

4.1 Data

The 2009 Survey of Young People in Egypt (SYPE) was fielded by the Cairo Office of the Population Council on a nationally representative sample of 15,000 young people aged 10–29

years. Data was collected from all governorates including the border governorates. SYPE employed a stratified, cluster, multi-stage sampling design. The sample included 455 primary sample units (PSUs), 239 of which were rural and 216 of which were urban. The survey was designed to include adequate representation of slum areas. The urban PSUs were divided into 44 PSUs in slum areas and 172 in non-slum areas. In order to reach 15,000 young people, the sample included 11,372 randomly selected households. Within these households, 20,200 eligible young people were identified and 16,061 were selected to be interviewed.

The survey has a migration module with information on young people's intention to migrate abroad in addition to their actual migration experience. Information on youth migration aspirations include desired destination, reasons behind intentions to migrate and attitudes regarding irregular migration. Information on youth migration experiences include country of destination, reasons behind migration, main sources of information/assistance with migration, cost of migration, legality of status while living abroad (e.g., visa availability, contract, work permit) as well as remittance-sending behaviour. The full set of migration questions apply to youth 18-29. For youth 15-17, however, the only information available was whether they aspire to migrate and their desired country of destination.

In addition to information on migration, SYPE collected data on the five key areas of education, work, family formation, health, and civic and political participation. Furthermore, SYPE data includes a rich set of questions on current and initial job market outcomes, family formation (marriage and fertility), networks and mobility constraints, skills acquisition and its relevance for the job market, decision making and attitudes towards various aspects of work and education, and constraints faced in starting one's own business.

4.2 Descriptive Statistics on Migration Aspirations

Background Characteristics

Table 4.1 presents information on all youth 15-29 years old, based on the SYPE 2009 data. 18.4% of youth said they hoped to migrate in the future. Of those, 14.3% of all youth aspired to migrate to an Arab country, compared to 3.9% who aspired to migrate to a Western country. Overall, Egyptian male youth are overwhelmingly more likely to consider leaving Egypt than female youth: 29.7% of male youth had intentions to migrate, compared to 6.7%

of female youth. Migration aspirations also decrease as age increases with 21.8% of youth aged 15-17 planning to migrate, compared to 18.8% of youth aged 18-24 and 14.7% of those aged 25-29. Younger youth are more likely to aspire to go to a Western countries than older ones; the incidence of migration intentions to the West decreased from 5.8% among youth aged 15-17 to 2.2% among youth aged 25-29. These differences in age groups may be explained by older youth awareness of the logistical challenges and legal requirements of migrating to Western countries. Along the same lines, single youth are more likely to want to migrate (22.5%) than married youth (7.8%). However, descriptive statistics alone cannot be used to determine the direction of causality.

Table 4.1 Migration Intentions of Youth 15-29 in Egypt, 2009 (%)

	Arab Countries	Western Countries	Any Destination
<i>Gender</i>			
Male	23.8	5.8	29.7
Female	4.6	2	6.7
<i>Age Group</i>			
15 - 17	15.9	5.8	21.8
18 - 24	14.7	4	18.8
25 - 29	12.4	2.2	14.7
<i>Region</i>			
Urban Governorates	12.3	5.1	17.6
Urban Lower Egypt	13	5.9	19.2
Rural Lower Egypt	15.1	3	18.2
Urban Upper Egypt	13.4	7.9	21.6
Rural Upper Egypt	15.9	2.5	18.5
Frontier Governorates	7.8	2.2	10.1
<i>Education</i>			
Illiterate	4.9	0.6	5.5
Read & Write	5.8	0	5.8
Primary	12.9	2.9	15.9
Preparatory	14.9	4.5	19.5
General Secondary	14.5	7.6	22.4
Vocational Secondary	16.8	2.8	19.6
Post-Secondary Inst.	13.9	5.8	19.7
University & Above	16.4	6	22.7
<i>Student Status</i>			
Non-Student	17.2	2.6	16.7

Student	7	7.1	22.4
<i>Marital Status</i>			
Never Married	17.2	5.2	22.5
Ever Married	7	0.8	7.8
<i>Wealth Quintile</i>			
Lowest	15	2	17.1
Second	13.5	2.5	16
Third	15.7	3.3	19.1
Fourth	14.8	5.4	20.5
Highest	12.2	7.2	19.7
<i>Employment Status</i>			
Employed	22.1	3.8	26.1
Unemployed	22	7.9	29.9
Econ. Inactive	6.7	1.3	8
Student	14.4	6.9	21.5
Out of Manpower	0	1.2	1.2
Total	14.3	3.9	18.4
N	10,861	10,861	10,861

Male youth from rural areas are slightly more likely to aspire to migrate (30.7%) compared to those in urban areas (26.6%). However, male youth residing in informal urban housing are the most likely to aspire to migrate (33.4%). The opposite is true for female youth: those residing in rural areas are the least likely to want to migrate. It was also found that youth in the urban governorates are slightly less likely to aspire to migrate compared to youth in other regions.

Figure 4.1 presents a breakdown of migration aspirations among youth according to current education level at the time of the survey. Generally, as educational attainment rises among youth, the tendency to aspire to migrate increases. Among males, 32.9% of university graduates reported a desire to migrate, in comparison to 31.9% of vocational secondary graduates and 21.3% of male illiterate youth. Focusing on males aspiring to migrate to Arab countries, male youth with vocational degrees are the most likely to aspire to migrate (27.2%). However, male university graduates are the most likely group to want to migrate to Western countries (8.9%), in comparison with male vocational secondary graduates (4.7%) and illiterate youth (2.8%).

Unemployment and lack of job opportunities in Egypt are significant push-factors for migration. Focusing on males, the desire to migrate is highest among the group of unemployed youth (38.9% of male youth). Males who are unpaid family workers are the second most likely to want to migrate (34.5%). The least group to aspire to migrate are males who are self-employed/employers (21.5%) and those who are waged employees (28.4%). Even for youth with relatively good jobs, still a considerable percentage is aspiring to leave the country.

There is only a small difference in aspiration likelihood between youth from different wealth quintiles. However, when the group of youth interested in migration to the West is isolated, the percentage of aspiring migrants jumps from 2% among the lowest quintile wealth group to 7.2% in the wealthiest quintile, indicating that wealthier youth are more likely to want to migrate to the West. In contrast, among youth interested exclusively in Arab countries, the opposite is true: 15% of youth in the poorest group hope to migrate to Arab countries, compared to only 12.2% of the wealthiest youth.

The percentage of migration aspiring youth interested in permanent migration shows that an overwhelming 89% of youth who aspire to migrate plan to stay abroad temporarily. This is consistent with the literature which indicates that Egyptian migrants tend to be temporary migrants. There is some variation in the preference for temporary migration by destination region and by education. Youth aspiring to migrate to Arab countries are more likely to want to stay abroad temporarily (91%) compared to those aspiring to migrate to Western countries (82%). This is not surprising given that migration to Arab countries is mainly labour migration. Low-educated youth are generally more likely to want to migrate temporarily. University-educated youth aspiring to migrate to the West are the least likely to want to migrate temporarily (78%).

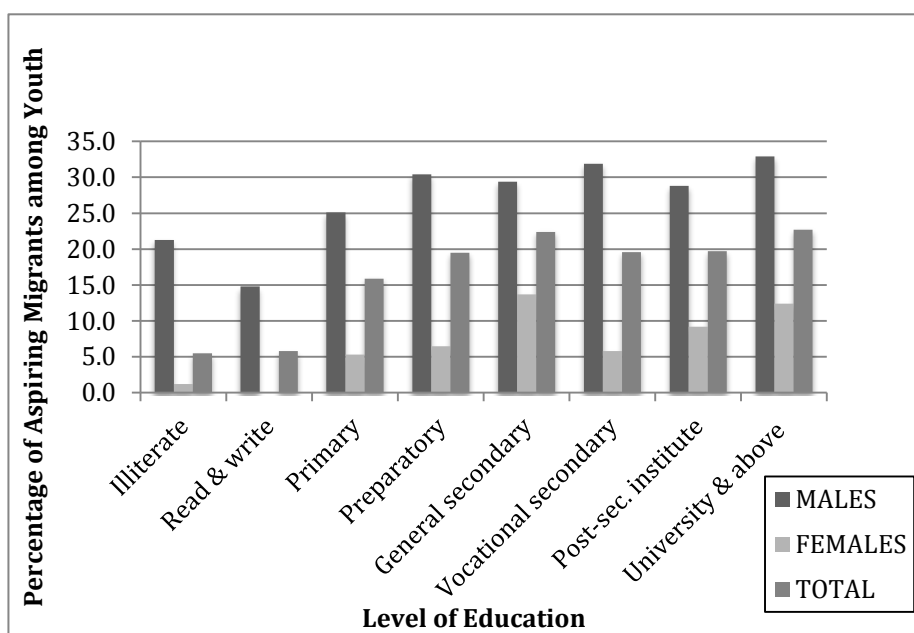


Figure 4.1: Aspiring Migrants Aged 15-29 by Educational Level (%)

Destination and Reasons of Migration Intentions

Figures 4.2 and 4.3 present the intended destination and cited reason for migration. 14.3% of all youth would prefer to migrate to an Arab country while only 3.9% chose a Western country. Among aspiring migrants, 68.4% of the respondents wanted to migrate to an Arab Gulf country, compared to 21.4% who chose a Western destination, and 9.6% interested in other Arab countries. Younger youth 15-17 are more likely to aspire to migrate to Western countries (26%) whereas older youth 25-29 were more likely to want to migrate to Gulf countries (76%).

While Arab countries represent the top destination for urban youth, urban youth are more likely to want to migrate to Western countries than their rural counterparts. Thirty-one percent of migration aspiring urban youth preferred a Western country, compared to 21% of migration aspiring youth overall.

Figure 4.2: Distribution of Intended Migration Destination (%)

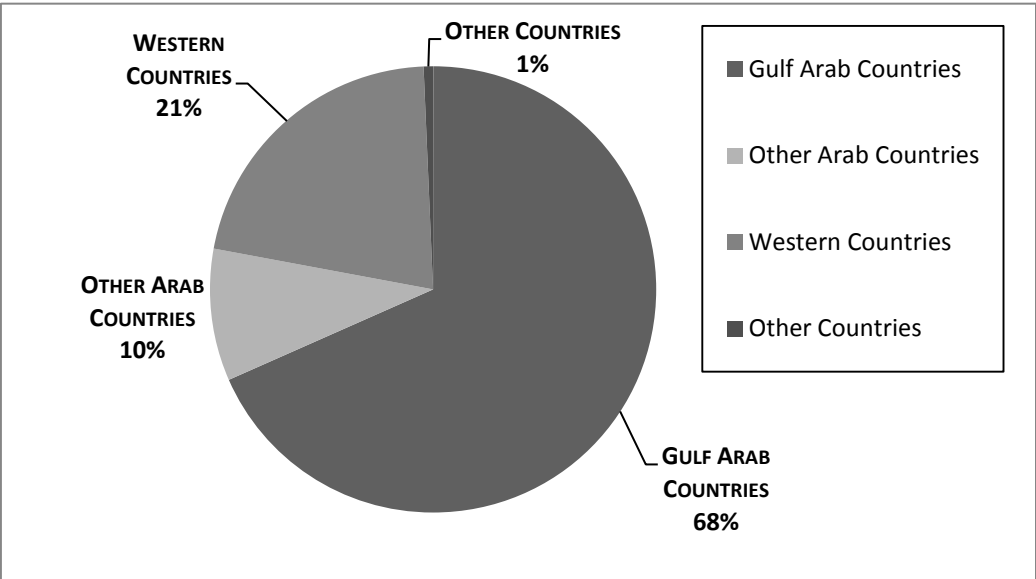
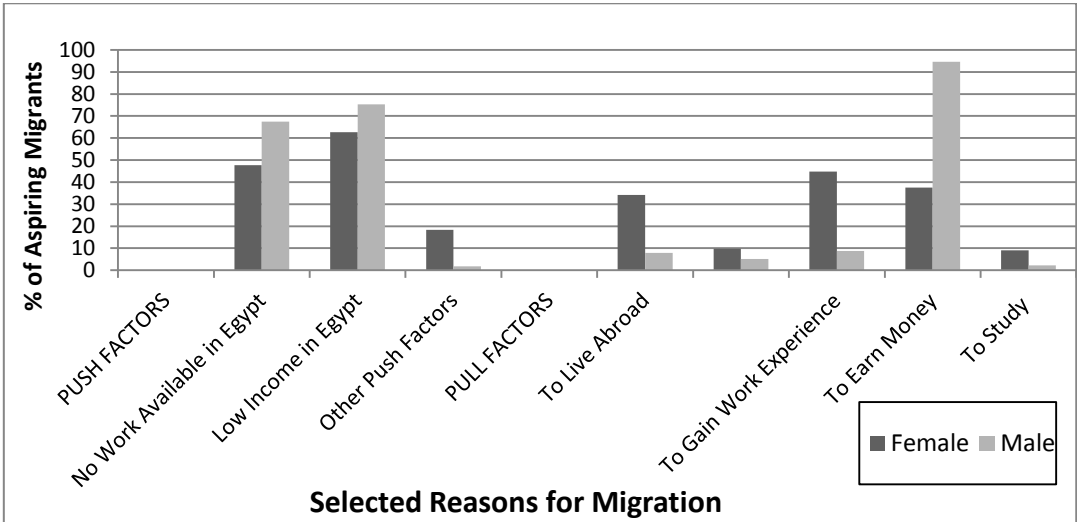


Figure 4.3 reports findings on reasons for migration. Low income and lack of work are the two main reasons for wanting to leave Egypt. Among the different pull factors to destination countries, an overwhelming 94.6% of males cited interest in earning money abroad. This is consistent with the finding above that youth with unfavourable labour market outcomes such as those unemployed and those in unpaid family jobs are more likely to want to migrate.

Figure 4.3: Reasons for Intended Migration by Gender (%)



Youth with migration intentions were asked about their willingness to accept a job abroad that does not match their educational qualifications and/or occupational specialisation. A

remarkable 79.4% of migration aspiring youth reported that they would accept an unsuitable job abroad. Moreover, male youth are more willing to accept unsuitable jobs with 84.6% of males, compared to 53.9% of females stating that they would accept a job they do not think was good enough for them. Overall, youth who come from settings with limited opportunities are more willing to accept an unsuitable job in comparison to youth with more resources. This trend is seen irrespective of educational level, residence, household wealth, and employment status.

Further analysis shows that youth with existing social networks are significantly less likely to want to leave Egypt (13.1%) compared to those with fewer friends and less established social connections (24.9%). In addition, 19.2% of youth who reported positive self-worth indicated plans to go abroad while only 8.5% of youth who reported feeling worthless showed a desire to leave Egypt.

General uncertainty about one's future seems to have a U-shaped effect on youth. Among individuals who indicated great uncertainty about their future, 28.9% reported a desire to migrate. This percentage dropped to 14.3% amongst youth with moderate levels of uncertainty, but rose again to 25.5% amongst youth who expressed marked certainty about their future. The U-shaped effect could result from the desire of the least successful youth, who are uncertain about their future in Egypt, to look for opportunities abroad, while the most successful aspire to migrate as they are confident about their ability to find opportunities in foreign labour markets.

4.3 Exploring Interactions between Migration Aspirations and Education

As seen in Table 4.1 as educational attainment rises among youth, the tendency to aspire to migrate also increases. The percentage of youth interested in Arab countries rose from 4.9% among illiterate individuals to 16.4% among university graduates. While there was little difference between the percentage of vocational secondary graduates and university graduates that wanted to move to Arab countries (16.8% and 16.4%, respectively), university graduates were the group most likely to want to migrate to Western countries (6.0%), in comparison with vocational secondary graduates (2.8%) and illiterate youth (0.6%).

Tables 4.2-4.4 focus on the male sub-population and presents statistics on the relationship between migration aspiration, student status/education level, specialisation of study and exam scores. As can be seen from Table 4.2, individuals with student-status are overall more likely to want to migrate than non-students. Again, this finding may be linked to the effect age has on migration aspirations. As only 1% of youth aged 25-29 were still in school, compared to 23% of those 18-24 and 77% of youth ages 15-17, we focus here on educational attainment among the oldest group which has largely completed its education. Aspiration tendencies between students and non-students vary according to destination. While the percentage of individuals who aspire to migrate to Western countries decreased from 7.1% of students to 2.6% of non-students, interest in moving to an Arab country rose from 7% of non-students to 17.2% of non-students. Non-students may be more interested in Arab countries than students as Arab countries are relatively popular for low-educated youth who are more likely to be non-students.

Table 4.2 Student Status & Educational Level among Male Youth, 18-29 years old

	Not Aspiring to Migrate	Aspiring to Migrate	Not Aspiring to Migrate to Arab Countries	Aspiring to Migrate to Arab Countries	Not Aspiring to Migrate to Western Countries	Aspiring to Migrate to Western Countries	All Sample
Never been to school	4.8	3.5	4.6	3.8	4.6	2.3	4.5
Less than Prep	20.1	14.6	19.3	16.0	19.1	8.7	18.5
Prep Grad	3.1	2.9	2.9	3.3	3.1	1.2	3.0
Current secondary	4.9	3.8	4.8	4.0	4.7	3.1	4.6
Secondary Dropouts	2.3	1.9	2.3	1.8	2.2	2.3	2.2
Secondary grad	35.9	42.1	35.8	44.2	37.9	33.8	37.7
Current above interm	1.2	1.2	1.3	1.0	1.2	1.9	1.2
Above interm grad	2.8	3.1	2.8	3.0	2.8	3.4	2.8
University student	12.9	12.5	13.6	10.0	12.2	22.9	12.8
University dropout	0.5	0.5	0.5	0.3	0.4	1.3	0.5
University grad	11.3	13.7	11.9	12.3	11.6	18.2	12.0
Above univ grad	0.1	0.4	0.2	0.3	0.2	0.8	0.2
Total	100	100	100	100	100	100	100

Table 4.3 shows that students' university specialisation field helps to shape their interest, or lack thereof, to work and live outside of Egypt. Table 4.3 shows the percentage of students in each specialisation track that aspire to migrate. Among all university graduates, an average

22.9% reported a desire to migrate. In comparison, 29.2% of education graduates and 28.5% of agriculture and veterinary school graduates hoped to move abroad. The higher percentage of aspiring migrants from these categories may be explained by the job characteristics specific to their specialisations. For example, some education specialists may intend to pursue teaching jobs in the Gulf countries and agriculture students may perceive their corresponding job opportunities to be limited in Egypt. In contrast, the small percentage of graduates from computer studies who intended to pursue jobs abroad (7%) may be explained by available job opportunities in Egypt in their field.

Similarly, migration aspirations vary by specialisation among students in vocational secondary schools. While on average 25.1% of all vocational secondary school students indicated plans to migrate, 30% of students from the industrial sub-track and 34.7% of tourism/hospitality students expressed intention to move abroad. In turn, only 20.7% of agriculture students, 18.5% of commercial students and 8.1% of nursing students planned to live or work abroad. This may be because the majority of students in these specialisations are females and, concurrently, females have lower migration aspirations, as discussed previously in this section.

Table 4.3 University Specialisation among Male Youth, 18-29 years old

	Not Aspiring to Migrate	Aspiring to Migrate	Not Aspiring to Migrate to Arab Countries	Aspiring to Migrate to Arab Countries	Not Aspiring to Migrate to Western Countries	Aspiring to Migrate to Western Countries	All
Religion/Law	28	24	28	24	27	23	27
Arts/Education	25	35	26	36	28	35	28
Commerce	25	21	24	24	25	13	24
Med/Dent/Pharm/Health	22	20	23	16	20	30	21
Total	100	100	100	100	100	100	100

Table 4.4 shows the relationship between scores on the Secondary school exams and migration aspirations. Note that the table applies only to a sub-sample of individuals that are general secondary graduates, university graduates or university students. The table compares

the average scores of on secondary school of youth who aspire to migrate with the scores of all youth in the sub-group in order to determine whether or not the most academically successful students are considering migration.

Table 4.4 Exam Scores of Male Youth

	All		Not Aspiring to Migrate		Aspiring to Migrate		Aspiring to Migrate to Arab Countries		Aspiring to Migrate to Western Countries	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
Student	0.19	0.39	0.19	0.39	0.17	0.38	0.15	0.36	0.28	0.45
General secondary track*	0.38	0.49	0.39	0.49	0.38	0.48	0.34	0.47	0.53	0.50
Preparatory score**	73.06	12.64	73.02	12.64	73.15	12.64	72.30	12.30	75.61	13.38
Preparatory score missing**	0.38	0.49	0.40	0.49	0.34	0.47	0.37	0.48	0.24	0.43
General secondary score***	78.57	11.41	78.91	11.20	77.79	11.86	77.40	11.52	78.53	12.62
General secondary score missing	0.06	0.24	0.07	0.25	0.05	0.22	0.04	0.21	0.06	0.24
Top university fields****	0.21	0.41	0.22	0.41	0.20	0.40	0.16	0.37	0.30	0.46
Planned years of schooling	11.29	4.49	11.11	4.62	11.73	4.11	11.40	4.15	13.07	3.65

* sample of those who progressed beyond prep level whether or not they are currently student, and whether or not they progressed beyond secondary level. ** sample of those whose attainment is prep degree. *** sample of those who joined and completed general secondary track. **** sample of those who ever-been to university (university student, dropouts and graduates).

Table 4.4 also compares the scores of youth who aim to move to a Western country with the scores of aspiring migrants to Arab countries. Youth with intentions to move to a Western country had a slightly higher average score on the exam (76.1%), compared to both youth who aspire to move to an Arab country (72.5%) and the total average of the subsample (74.3%). However, this difference was small. Therefore, while university graduates are the group most likely to want to migrate, there is no strong evidence that it is the top students within universities that want to migrate.

5. Determinants of Migration Aspiration

5.1 Econometric Model

In what follows, we examine more formally the determinants of intentions to emigrate distinguishing between main destinations, and whether education affects those intentions. We also control for the potential endogeneity of education.

Consider a binary choice model of the intention to migrate:

$$M_i = I(X'\beta + E'\delta + \varepsilon \geq 0)$$

$$E = Y'\alpha + Z'\gamma + \mu$$

where M is an observed dummy variable that equals one if the individual aspires to migrate and zero otherwise, and i is any overseas destination. I is the indicator function that equals one if its argument is true and zero otherwise.

We treat the variable E , years of schooling, as potentially endogenous. We assume that error terms are normally distributed with constant variances and means equal to zero. The variables in the vectors X and Y are assumed exogenous. Z is the "instrument" which is excluded from our E equation. We use month of birth to instrument for education.

X is a vector of regressors. We use four sets of regressors: (1) Individual/ household characteristics which are strictly exogenous: such as age of the individual, father's and mother's years of schooling, and in which region the youth resides. (2) Attitudes variables to capture the individual's well-being and quality of life in Egypt. These are: number of friends, whether he/she feels unhappy, feeling about other people being trustworthy (most people are trustworthy); perceived level of corruption in public institutions (scale of 1 to 10); perceived main problems in Egypt (e.g. economic problems, political freedom problems, etc..). A variable reflecting the perceived level of worry about the future on a scale of 1 to 10 is also used. Those variables are important to capture an individual's perception of his/her future prospects and economic opportunities in the home country. (3) network: access to migration networks whether the youth has a friend/relative/neighbour who is a current international migrant. (4) individual (choice) variables: marital status of the individual, a group of dummies reflecting to which wealth quintile the household belongs, and current employment status. Since there is a concern those choice characteristics might be correlated with the

aspirations to migrate they are added in only one specification. Finally Y in the second equation is a vector of individual characteristics, parents' education and regional variables.

We then distinguish between the two main destinations : Arab countries and Western countries. We consider a multivariate choice model of the intention to migrate:

$$M_j = I(X'\beta + E'\delta + \varepsilon \geq 0), \quad j = 0, 1, 2$$

$$E = Y'\alpha + Z'\gamma + \mu$$

Where $j = 0$, is no aspiration to migrate, $j=1$ for Arab destination and $j=2$ for Western destination.

The model has a structure similar to that of a seemingly unrelated regression (SUR) model, except that the dependent variables are binary indicators. As for the SUR case, the equations need not include exactly the same set of explanatory variables. As before, we treat E as potentially endogenous and instrument it.

Sample

Our analysis is based on a sample of youth aged 18-29 years of age and excludes past migrant youth. Table 4.5 presents descriptive statistics of our sample. This results in a sample of 3610 observations, of which 954 male youths aspire to migrate. As Table 4.5, shows years of schooling are higher amongst those intending to migrate (11.33 years) in comparison to those who are not (10.62 years). Those aspiring to migrate to Western countries are more highly educated (12.44 years) compared to those aspiring to migrate to Arab countries (11.06 years), and invest in education more by resorting to supplementary books and are also more dissatisfied by the educational system.

Those aspiring to migrate in general tend to be excluded from the labour market and those intending to go to Western countries are more likely to be unemployed and out of the labour force as students than those intending to migrate to Arab countries. About 90% of aspiring migrant youth (18-29) plan to stay out of Egypt only temporarily. Those aspiring to migrate to the West are less likely to plan to migrate temporarily (82%). University graduate youth are less likely to want to migrate temporarily (78%).

Table 4.5 Descriptive Statistics of Male Youth 18-29

	All Sample		Not Aspiring to Migrate		Aspiring to Migrate		Aspiring to Migrate to Arab Countries		Aspiring to Migrate to Western Countries	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
<i>Individual Characteristics</i>										
Years of schooling	10.82	4.18	10.62	4.28	11.33	3.86	11.06	3.92	12.44	3.37
Age	22.71	3.34	22.77	3.36	22.54	3.30	22.59	3.32	22.31	3.19
Father years of schooling*	5.72	5.74	5.68	5.79	5.82	5.62	5.59	5.51	6.50	5.90
Father education missing	0.31	0.46	0.32	0.47	0.26	0.44	0.28	0.45	0.20	0.40
Mother years of schooling*	3.57	5.10	3.50	5.13	3.74	5.01	3.50	4.77	4.54	5.71
Mother education missing	0.19	0.39	0.20	0.40	0.14	0.35	0.16	0.36	0.08	0.27
Ever-married	0.18	0.38	0.20	0.40	0.12	0.33	0.14	0.34	0.06	0.23
<i>Residency and Region</i>										
Urban	0.33	0.47	0.35	0.48	0.29	0.45	0.26	0.44	0.38	0.49
Rural	0.57	0.49	0.56	0.50	0.59	0.49	0.64	0.48	0.41	0.49
Informal urban settlement	0.10	0.30	0.09	0.29	0.12	0.33	0.10	0.30	0.20	0.40
Metropolitan governorates	0.23	0.42	0.24	0.43	0.19	0.39	0.19	0.39	0.21	0.41
Lower Egypt	0.43	0.50	0.43	0.49	0.46	0.50	0.44	0.50	0.52	0.50
Upper Egypt	0.32	0.47	0.31	0.46	0.34	0.47	0.36	0.48	0.26	0.44
Frontier governorates	0.02	0.13	0.02	0.14	0.01	0.09	0.01	0.09	0.01	0.09
Having migrant in network	0.25	0.43	0.13	0.34	0.54	0.50	0.52	0.50	0.66	0.47
<i>Employment</i>										
Waged employee	0.56	0.50	0.57	0.50	0.54	0.50	0.56	0.50	0.42	0.50
Employer/self-employed	0.02	0.15	0.03	0.16	0.02	0.13	0.02	0.14	0.00	0.06
Unpaid family worker	0.05	0.22	0.05	0.22	0.06	0.24	0.06	0.25	0.05	0.22
Unemployed	0.09	0.29	0.08	0.27	0.12	0.33	0.11	0.31	0.18	0.38
Out of labour force & student	0.17	0.37	0.17	0.38	0.15	0.36	0.13	0.34	0.24	0.43
Out of labour force	0.11	0.31	0.10	0.30	0.11	0.32	0.11	0.32	0.11	0.31
Discouraged unemployed	0.03	0.16	0.02	0.15	0.04	0.19	0.04	0.19	0.03	0.17

<i>Wealth quintiles</i>										
Lowest	0.14	0.35	0.14	0.34	0.15	0.36	0.16	0.37	0.10	0.30
Second	0.16	0.37	0.17	0.37	0.15	0.35	0.16	0.36	0.10	0.30
Third	0.19	0.39	0.17	0.38	0.22	0.41	0.23	0.42	0.16	0.37
Fourth	0.17	0.38	0.16	0.36	0.21	0.40	0.19	0.39	0.26	0.44
Fifth	0.14	0.35	0.15	0.35	0.13	0.34	0.10	0.30	0.25	0.44
Missing	0.20	0.40	0.22	0.41	0.15	0.36	0.16	0.36	0.12	0.33
N	3610		2656		954		766		183	

5.3 Estimation Results

We first estimate a simple probit model of the probability of aspiring to migrate ignoring the endogeneity of education. Table 4.6 presents the estimates for all destinations and Table 4.7 presents such results distinguishing between migration intentions by destinations. The estimates show positive significant effects of years of schooling on migration aspirations though once we distinguish between destinations the effect is not always significant suggesting the potential endogeneity between education and migration intentions.

Table 4.6: Determinants of the Probability of Migration Aspirations, All Destinations

	All Destinations			
	(1)	(2)	(3)	(4)
Years of schooling	0.021*** (0.006)	0.020*** (0.006)	0.014** (0.007)	0.012* (0.007)
Age	0.001 (0.008)	0.001 (0.008)	-0.007 (0.008)	-0.010 (0.010)
Father's years of schooling	0.003 (0.006)	0.005 (0.007)	0.005 (0.007)	0.008 (0.007)
Father education missing	-0.048 (0.067)	-0.034 (0.068)	-0.060 (0.072)	0.073 (0.081)
Mother's years of schooling	-0.002 (0.007)	-0.003 (0.007)	-0.003 (0.007)	0.005 (0.008)
Mother education missing	-0.251*** (0.072)	-0.258*** (0.074)	-0.219*** (0.079)	0.017 (0.100)
Rural	0.075	0.074	0.037	0.079

	(0.070)	(0.072)	(0.077)	(0.080)
Informal urban settlement	0.191**	0.191**	0.154	0.168*
	(0.091)	(0.093)	(0.100)	(0.100)
Lower Egypt	0.136*	0.124	0.129	0.089
	(0.079)	(0.081)	(0.087)	(0.089)
Upper Egypt	0.144*	0.043	0.014	0.004
	(0.080)	(0.084)	(0.089)	(0.091)
Frontier governorates	-0.304***	-0.394***	-0.364***	-0.372***
	(0.106)	(0.110)	(0.116)	(0.118)
Networks				
Having migrant in network			1.231***	1.244***
			(0.054)	(0.055)
Individual				
Ever-married				-0.175*
				(0.102)
Employer/self-employed				-0.223
				(0.162)
Unpaid family worker				0.038
				(0.121)
Unemployed				0.065
				(0.089)
Out of labour force & student				-0.294***
				(0.084)
Out of labour force				-0.143
				(0.099)
Discouraged unemployed				0.412**
				(0.168)
Attitudes variables		yes	yes	yes
Wealth quintiles				yes
Constant	-0.967***	-1.979***	-2.206***	-2.099***
	(0.184)	(0.449)	(0.477)	(0.495)
Observation	3,607	3,607	3,607	3,607

Standard errors in parentheses*** p<0.01, ** p<0.05, * p<0.1

Table 4.7: Determinants of the Probability of Migration Aspirations, By Destination

	Arab Countries				Western Countries			
	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
Years of schooling	0.009	0.009	0.002	0.005	0.057***	0.054***	0.050***	0.036***
	(0.006)	(0.006)	(0.007)	(0.007)	(0.012)	(0.012)	(0.013)	(0.013)
Having migrant in network			1.020***	1.038***			0.808***	0.816***
			(0.055)	(0.056)			(0.081)	(0.082)
Rural	0.229***	0.218***	0.204**	0.218***	-	-	-	-
	(0.075)	(0.076)	(0.081)	(0.084)	(0.107)	(0.110)	(0.118)	(0.123)
Attitudes variables		yes	yes	yes		yes	yes	yes
Wealth quintiles				yes				yes
Constant	-	-	-	-	-	-	-	-
	1.030***	2.056***	2.199***	2.005***	2.166***	2.855***	2.995***	3.226***
	(0.192)	(0.470)	(0.491)	(0.509)	(0.301)	(0.801)	(0.832)	(0.877)
Observation	3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607

Standard errors in parentheses*** p<0.01, ** p<0.05, * p<0.1

Table 4.8 then present estimates of the intention to migrate taking into account the endogeneity of education. We use month of birth as to instrument for education. First, we find that the month of birth is significant, and that the correlation between the error terms is also negative and significance indicating that education is endogenous. Our estimates show that the predicted years of schooling have positive significant impact on migration intentions. Finally Table 4.9 presents the estimates for a multivariate probit model where we distinguish between migration destinations. We find that more education is correlated with higher intentions of migration to both Arab and West countries.

Table 4.8 : Determinants of Migration Aspirations & Education (IVProbit), Any Destination

	1		2		3		4	
	1a	1b	2a	2b	3a	3b	4a	4b
Years of schooling	0.225***		0.238***		0.235***		0.248***	
	(0.032)		(0.027)		(0.030)		(0.032)	
attitude			yes		yes		yes	
network					yes		yes	

choice							yes	
Birth month		0.044**		0.038**		0.037**		0.032*
		(0.019)		(0.018)		(0.018)		(0.018)
Constant	-2.099***	7.075***	-1.947***	4.243***	-2.049***	4.210***	-1.099*	0.443
	(0.158)	(0.521)	(0.456)	(1.196)	(0.510)	(1.193)	(0.613)	(1.183)
rho	-0.835		-0.879		-0.878		-0.89	
	0.1431		0.12		0.128		0.126	
Wald chi 2(1)	6.48		6.77		6.03		5.47	
Prob > chi2	0.0109		0.0093		0.0141		0.019	
Observations	3,567	3,567	3,567	3,567	3,567	3,567	3,567	3,567

Standard errors in parentheses*** p<0.01, ** p<0.05, * p<0.1

Table 4.9: Multivariate Probit of Migration Aspirations by Destinations

	1a	1b	2a	2b	3a	3b	4a	4b
	Arab	West	Arab	West	Arab	West	Arab	West
Predicted Years of Schooling	0.108**	0.248***	0.123**	0.249***	0.081	0.222***	0.610**	0.329
	(0.051)	(0.080)	(0.052)	(0.081)	(0.055)	(0.084)	(0.242)	(0.352)

Standard errors in parentheses*** p<0.01, ** p<0.05, * p<0.1

6. Do Migration Intentions affect Education Attainment?

6.1 Determinants of Education Attainment

In this section we examine whether migration intentions affect educational attainment. So, now we consider the following model,

$$S = Y' \alpha + M' \psi + v$$

$$M = B' \eta + N' \sigma + \epsilon$$

where S is years of schooling, M is migration aspirations which is potentially endogenous. We assume that the error terms are normally distributed with constant variances and means equal to zero. Y is a vector of individual characteristics, parent education and regional variables. B is a vector of individual characteristics. The variables in the vectors B and Y are

assumed exogenous. The vector N is the "instrument" (exclusion restrictions) for migration we use migration networks and attitudes of the individual described above.

6.2 Estimation Results and Robustness checks

Table 4.10 estimates the determinants of school attainment measured by years of schooling as a function of migration aspirations. We instrument for migration intentions using the whether individual has a migrant among his network as well as his attitudes. In column 1 we do not distinguish by migration destination and in columns 2 and 3 we differentiate between destinations.

Table 4.10 Determinants of Years of Schooling

	1	2	3
Aspire to migrate	1.470***		
	(0.361)		
Aspire to migrate to Arab countries		1.421***	
		(0.438)	
Aspire to migrate to Western countries			6.527***
			(1.377)
Age	0.128***	0.129***	0.126***
	(0.022)	(0.022)	(0.023)
Secondary	1.730***	1.720***	1.795***
	(0.237)	(0.237)	(0.247)
University	1.689***	1.680***	1.718***
	(0.349)	(0.349)	(0.363)
Father education missing	0.174	0.151	0.274
	(0.196)	(0.197)	(0.205)
Secondary	0.715***	0.747***	0.689**
	(0.270)	(0.270)	(0.281)
University	1.163***	1.150***	1.170***
	(0.413)	(0.414)	(0.430)
Mother education missing	-0.305	-0.342	-0.173
	(0.236)	(0.236)	(0.249)
Rural	0.053	0.015	0.287
	(0.200)	(0.202)	(0.212)
Informal urban settlement	0.046	0.100	-0.066
	(0.259)	(0.259)	(0.272)
Lower Egypt	0.387*	0.449**	0.166
	(0.222)	(0.223)	(0.238)
Upper Egypt	0.610***	0.668***	0.416*
	(0.230)	(0.230)	(0.245)

Frontier governorates	-0.240	-0.238	-0.412
	(0.277)	(0.278)	(0.286)
Second	0.996***	0.977***	1.002***
	(0.257)	(0.257)	(0.267)
Third	1.775***	1.788***	1.774***
	(0.248)	(0.249)	(0.258)
Fourth	2.767***	2.809***	2.678***
	(0.259)	(0.259)	(0.271)
Fifth	4.037***	4.125***	3.636***
	(0.309)	(0.311)	(0.332)
Missing	0.992***	1.009***	0.800**
	(0.320)	(0.321)	(0.332)
Constant	4.791***	4.814***	4.944***
	(0.546)	(0.548)	(0.566)
Observations	3,567	3,567	3,567
R-squared	0.191	0.187	0.123

Standard errors in parentheses*** p<0.01, ** p<0.05, * p<0.1

We find that migration aspirations have a positive significant impact on educational attainment. The effect is larger for those aspiring to migrate to the West. Those aspiring to migrate to an Arab country acquire 1.5 more years of migration relative to those not aspiring to migrate while those aspiring to migrate to the West acquire on average 6 more years of schooling.

To check for the robustness of our results, Table 4.11 presents several alternative formulations. Instead of years of schooling we use several measures for education as follow: potential years of schooling, field of study, and secondary school scores. We find evidence that aspiration for migration also increases the potential/planned years of schooling. However we do not find an impact on high school scores though we find a positive effect for those planning to migrate to the West on their choice of more technical university specialisation.

Table 4.11: Robustness Checks: Different Measures of Education

	Potential Years of Schooling	High School Scores	Field
Aspire to migrate	1.566***	0.116	0.073
	(0.379)	(0.085)	(0.303)
Aspire to migrate to Arab countries	1.481***	0.037	0.075
	(0.459)	(0.106)	(0.437)
Aspire to migrate to Western countries	6.896***	0.544**	1.002
	(1.444)	(0.225)	(0.783)

Note: Each of those estimates is a different regressions. Dependent variable is education measure and migration aspiration is instrumented.

6. Conclusion

This analysis shows evidence of positive externality of migration in Egypt in the form of increasing investment in education. Our results confirm that migration aspirations affect education attainment and that educational level affects migration aspirations in Egypt. In particular, migration intentions increase actual years of schooling for all destinations (Arab and Western destinations). We obtain similar results for planned years of schooling, and top field of study.

Other important results include that destination of migration matters: those planning to go the West invest more in education. Having a migrant in one's social network is also one of the key factors in developing migration aspirations. Wealthiest youth are more likely to want to migrate to the West. Worrying about future prospects generally is a push-factor. This latter effect is likely to have increased substantially in the country in the aftermath of the revolution.

To conclude, while labour migration provides a temporary solution to the youth bulge and unemployment rates within Egypt, it is only a temporary solution. Greater attention needs to be paid to the deficiencies within the domestic labour market as destination markets are unlikely to absorb the entirety of the surplus labour originating in Egypt. As indicated above, more cooperation between businesses (local and abroad), education and training authorities, and the youth unemployed themselves need to take place to tackle the chronic skill mismatch

problem underlying the whole phenomena of unregulated migration. However the findings also suggest the need to improve on the quality of education so that this potential of brain gain materialises.

Chapter 5

Who returns?

Bachir Hamdouch¹³ and Jackline Wahba¹⁴

1. Introduction

In the rest of this report, we focus on return migration. First we examine who returns and the characteristics of Moroccan and Egyptian returnees.

2. Moroccan Return Migration

2.1 Census

We first examine the case of Morocco. Return migration is not as important in Morocco as in other countries in the MENA region. However, during the last few years, the onset of the current world economic crisis, affecting European destination countries where Moroccan immigration is important, in particular Spain (the second Moroccan community abroad) and to a lesser extent Italy (third Moroccan Diaspora), more returns of migrants have taken place though it can not be determined if they are temporary or final returns.

The only *national* data on return migration in Morocco available are those of the population census¹⁵. The last population census in 2004 shows that there were 165,416 returnees during the 5 years which preceded the 2004 census, i.e. 33,100 a year on average, less than 1 percent of the Moroccan abroad. The number of returnees is stable; it was 30,200 a year on average a decade before, during the five years preceding the 1994 census. The 2004 census also gives the number of emigrants who left Morocco during the year before the census at around 38,000 suggesting that emigrants are still more than returnees. However, the census probably underestimates both flows¹⁶.

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¹⁵ Haut commissariat au plan (2004A) and (1994).

¹⁶ Khachani and Mghari (2009).

The 2004 population census gives some demographic and economic characteristics of returnees¹⁷. There is much more men than women among returnees, 63.4 percent and 36.6 percent respectively. This imbalance in the gender of migrants has been growing for the last 20 years. This is because male emigration is older, even if currently the Moroccan immigrant population is balanced between women and men. The returnees reside much more in urban areas than the average Moroccan, nearly 89 percent against 55 percent respectively in 2004.

Return migrants are older than the Moroccan population and have fewer children (1-14 years), 12.6 percent versus 31.3 percent; tend to be more active (15-59 years old) 65.1 percent versus 60.7 percent and more elderly (60 years and more), 22.3 percent versus 8 percent.

The level of education of return migrants is also higher than that of the population of Morocco: fewer illiterates (21.7 percent versus 43 percent) and fewer with primary schooling (21.2 percent versus 26.8 percent), but more with secondary level (35.2 percent versus 22.7 percent) and much more with higher education (38 percent versus 5 percent). This is due to the fact that emigration is highly selective along education: emigrants are in general more educated than the average of the population and their levels of education improve in the country of emigration¹⁸.

The activity rate of return migrants is definitely higher than the average of the Moroccan population: 46.8 percent against 35.9 percent. The difference is due to higher activity rates among return migrants for both women, 28 percent compared to 17.6 percent among non-migrants, and for men, returnees have 57.7 percent participation rate relative to 54.7 percent amongst non-migrants.

The employment status of returnees shows a significant proportion of entrepreneurs, 45.5 percent (12 percent employers and 23.5 percent self-employed) but they account for only 31.9 percent (1.8 percent employers and 31.9 percent self-employed) on average among non-migrants. Thus the 2004 Census indicates that there are more employers and fewer self employed among returnees relative to non-migrants.

¹⁷ Haut commissariat au plan (2004A).

¹⁸ Haut commissariat au plan (2004), Hamdouch B. (2000) and (2008).

2.2 The reinsertion of return migrants in Morocco Data

A more detailed description of return migrants is possible based on a survey data collected by the Centre for Studies and Demographic Research (CERED), High Commission of Planning (HCP) in 2003-04 on return migrants, “The reinsertion of return migrants in Morocco”¹⁹. The survey comprises of 1467 Moroccans returnees in two main regions of Morocco, the Great Casablanca and the Souss-Massa-Draa (Agadir region mainly) in the south²⁰. These two regions were chosen because the preceding census of 1994 shows that they attract 34 percent of households with at least one return migrant: 21 percent for the Great Casablanca which is the most important region of return migration and 13 percent for Souss-Massa-Draa which at the same time attracts 35 percent of the return migrants who resided in rural areas. Moreover those two regions capture ‘old migration’ in Morocco, thus they are useful in understanding migration from traditional regions.

Return migrant is defined as a Moroccan having lived and worked abroad and who returned to reside - or with the intention to reside - definitively in Morocco and is there at the time of the survey. There are two observational units: the households which have at least one return migrant and all the return migrants within these households. The sample envisaged at the beginning was of 1500 households having at least a return migrant. The final sample (1467) was distributed between the two regions and within these regions between the provinces and the communes according to their respective weight in terms of households with return migrants. The sampling comprises three levels:

- Selection of the communes of the sample in the provinces according to the number of households which have return migrants.
- Enumeration of all the households having at least a return migrant in the selected communes and preparation of the list of these households which all will be interviewed.
- All the return migrants of the listed households are surveyed.

The data collected have rich information on the experience before, during and after migration and focuses on reinsertion in the labour market of returnees.

¹⁹ HCP,CERED (2006).

²⁰ Ibid.

First, before examining the characteristics of return migrants, we look at country of destination of migrants in our sample. Figure 5.1 shows that around 88 percent of the returnees were migrants in Europe with the majority being in France (72 percent). Another 3.5 percent went to North America and less than 10 percent migrated to other Arab countries (mainly Libya and Saudi Arabia). Interestingly the average duration of migration was about 22 years. Thus, it is not surprising that at the time of migration the mean age of migrants was 28 years of age and at the time of survey was 64 years of age. This sample is representative of the old migration which was directed mainly towards France, Belgium, Netherlands and Germany.

Table 5.1: Destination of Moroccan Returnees (%)

	Country of Destination
France	71.8
Italy	7
Spain	0.4
Belgium	3.7
The Netherlands	4
Germany	1.2
Other Western Countries	3.5
Saudi Arabia	2.2
Libya	3.8
Other Arab countries	1.1
Other Countries	0.3

Our sample of returnees is primarily men (98 percent); this proportion is even higher among the return migrants of Souss-Massa-Draa (99.6 percent). That is due to the fact that the old migration was almost exclusively male dominated. The educational levels are relatively low compared to the whole of the diaspora. Thus those without educational level are around 61 percent compared to 12 percent, 11 percent and 4 percent for the education levels of primary, secondary and higher studies respectively – Figure 5.1. Also, 94 percent emigrated for work purpose, 3 percent for marriage and 2 percent for study and 1 percent for other reasons.

Figure 5.1: Educational Level of Moroccan Returnees (%)

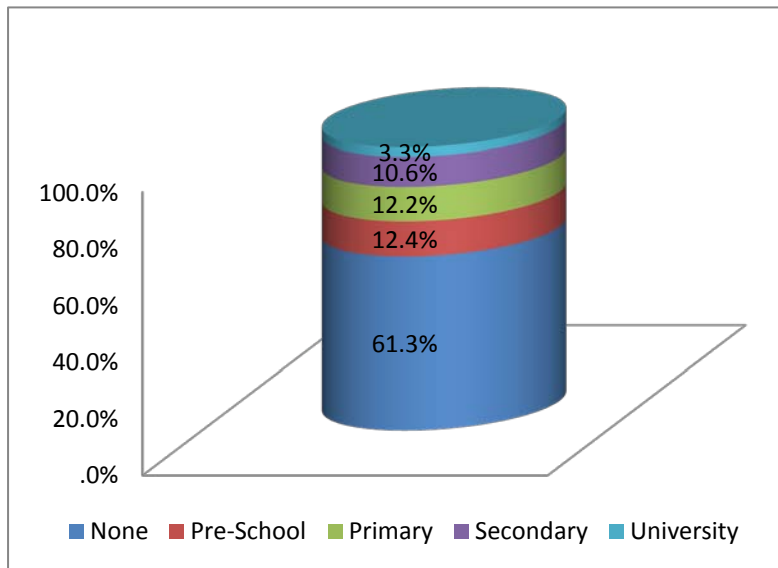


Table 5.2 provides the characteristics of returnees before emigration and after return at the time of the survey. Examining the employment status of returnees we find that 82 percent were employed before emigrating which is consistent with evidence of earlier emigration patterns where most of those who emigrated had an employment before their departure but were looking for better employment and higher wages to improve their standards of living (Hamdouch, 2000). Yet, 66 percent of returnees were retired at the time of the survey. Also, we find strong evidence of an increase in the share of returnees who became employers 26 percent compared to 2 percent before migration and 40 percent were self-employed compared to 19 percent prior to emigration. Hence suggesting that returnees tend to become employers and self employed upon their return. Results of HCP surveys (HCP 2004A and 2004B) suggest that there are much more entrepreneurs among return migrants than non migrants. Moreover, more noticeable changes occurred in our migrants' industry of occupation. Although 39 percent were engaged in agriculture before emigration only 7 percent of those employed at the time of survey were engaged in agriculture. On the other hand, the share of those employed returnees in commerce and trade trebled. Also, compared to pre-migration there is evidence of a shift from rural to urban areas: only 56 percent of returnees were residents in urban areas before migration, but 75 percent of returnees resided in urban areas upon return.

About one third of return migrants were active in the labour market: 23 percent worked at the time of the survey and 6 percent were unemployed. 13.4 percent have had the same activity since the return and 16.1 percent had different activity reflecting high mobility. However, almost 67 percent do not work and are either retired or are landowners or business owners. Unfortunately we cannot distinguish between the retired and the proprietor.²¹ It is interesting to notice that among those 60 years old and more, 11 percent are active compared to 22 percent for the whole population of Morocco²² which might be reflecting a lower need for work amongst returnees relative to non-migrants. Yet, 28 percent of returnees were entrepreneurs who invested in a productive project excluding real estate.

Table 5.2: Characteristics of Returnees (%)

	Before migration	After return
<i>Age (years)</i>	28.37	63.8
<i>Employment Status</i>		
Employed	82	22.68
Unemployed	10.33	6.42
Student	5.79	0.14
Housewife	0.63	0.41
Child	0.84	0
Proprietor/ Retired	0	66.94
Other	0.42	0.89
<i>Economic Activity</i>		
Agriculture	38.9	7.09
Mining	1.92	1.01
Manufacturing	15.61	15.95
Utilities	0.67	1.01
Construction	19.53	5.57
Commerce	11.69	32.66
Transport & Communication	1.5	7.09
Services	7.26	24.81
Administration, Education, & Health	2.92	4.81
<i>Waged Status</i>		
Employer	2.49	26.05
Self-employed	18.79	39.78
Waged	57.19	29.13

²¹ Note that we know the business investors but cannot distinguish landowners from retired..

²² Haut commissariat au plan (2004).

Family worker	19.37	1.96
Apprentice	1.33	2.24
Other	0.83	0.84
<i>Occupations</i>		
Unskilled	76.41	64.63
Semi-skilled	10.14	12.72
Skilled	6.52	10.06
Technician	1.85	1.83
Other	4.7	10.97
<i>Residence</i>		
Urban	55.54	75.12

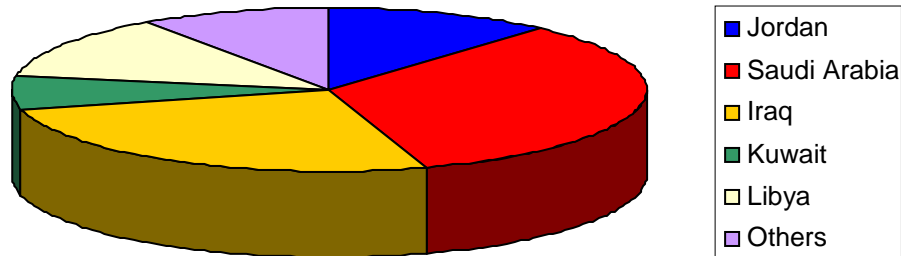
3. Egyptian Return Migrants

Turning to the case of Egypt, we use Egypt Labour Market Panel Survey 2006²³ (ELMPS 06) to examine the characteristics of return migrants in Egypt. The Egypt Labour Market Panel Survey (ELMPS 06) is the second round of the Egypt Labour Market Survey which was carried out from January to March 2006 by the Economic Research Forum (ERF) in cooperation with the Egyptian Central Agency for Public Mobilisation and Statistics (CAPMAS) – the main statistical agency of the Egyptian government. The ELMPS 06 is a periodic longitudinal survey that tracks the labour market and demographic characteristics of the households and individuals interviewed in 1998. The ELMPS 06 final sample was 8,349 households and the field work was carried out from.

In ELMPS06, return migrants are those who worked overseas for at least 6 months and then returned to Egypt. Around 2.5 percent of the population in 2006 (15 - 65 years old) have worked overseas previously i.e. are overseas returnees. Moreover, 7.1 percent of households have had a return overseas worker. Figure 5.2 shows the main destinations of return migrants in 2006. Saudi Arabia attracted around one-third of all overseas migrants. Saudi Arabia, Iraq, Jordan, Libya and Kuwait were the main destinations hosting almost 90 percent of Egyptian temporary overseas migrants.

²³ See Assaad and Barsoum (2009) for description of the ELMPS2006.

Figure 5.2: Previous Destinations of Egyptian Returnees in 2006



Source: Wahba (2009).

In 2006 only around 9.6 percent of return migrants (those who worked overseas) were women. Thus, international temporary migration from Egypt is predominately male dominated. The average age of returnees was 44 years of age. It is important to note that overall, returnees tend to return to their region of residence (See Wahba (2004)). Around 43 percent of returnees were urban dwellers and Greater Cairo was not the main urban region where returnees originate and return. This may suggest that the potential benefits of international migration are not concentrated in urban areas but are also experienced in rural ones.

Comparing return migrants to non-migrants, who have ever worked before, it is clear that non-migrants are still predominantly men although only 73% are rather than 90% as among returnees. Non-migrants are on average younger and less likely to be heads of households. Moreover return migrants are on average more educated than non-migrants- Table 5.3.

Table 5.3: Characteristics of Return Overseas Migrants and Non-Migrants in 2006

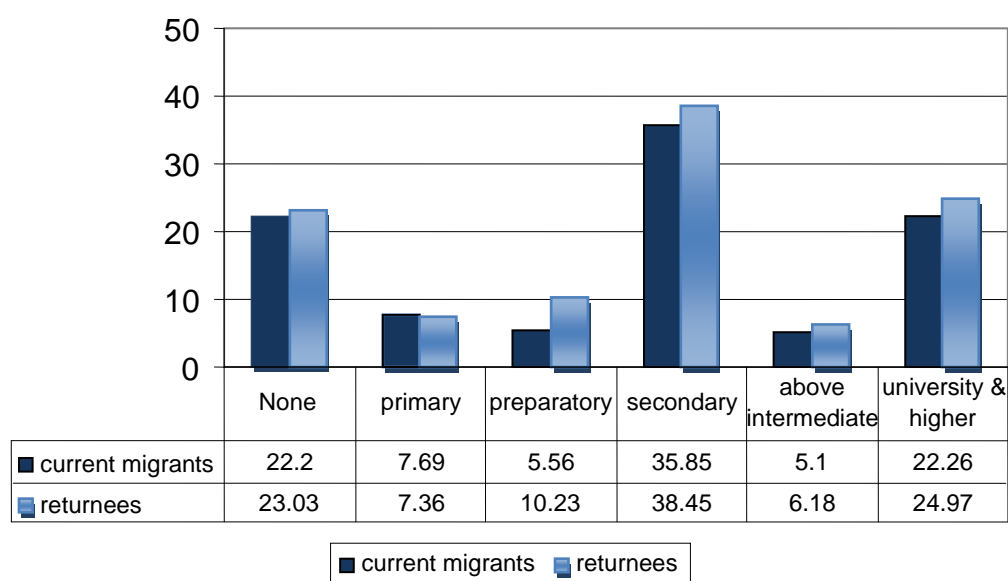
	Return Migrants	Non-migrants
Male	90.48	73.10
Mean Age (in years)	44.32	36.26
Heads of Households	83.56	48.55
<i>Education</i>		
Illiterate	15.35	26.21
Read & write	7.68	6.67
Less than Intermediate	10.23	15.94
Intermediate	36.64	30.05
Higher than Intermediate	5.41	4.42
University	24.60	16.70
<i>Region of Residence</i>		
Greater Cairo	12.07	13.62
Alexandria & Canal Cities	7.02	8.48
Lower Urban	12.37	9.69
Upper Urban	11.49	12.41
Lower Rural	39.03	28.88
Upper Rural	18.03	26.92
Urban	42.95	44.20
Rural	57.05	55.80

Notes: These characteristics refer to those at the time of survey in 2006. Both return migrants and non-migrants refer to those have ever worked.

International return migrants were drawn from a wide spectrum of formal educational backgrounds. A quarter of returnees were university graduates- Table 5.3. Wahba (2009) also notes that examining the educational levels of current, return and non-migrants suggests a number of very interesting issues. First, return migrants are more educated than non-migrants supporting the selectivity of migration. However, return migrants are definitely on average not less educated than current migrants, Figure 5.3. This is an important issue since in many countries, returnees are believed to be negatively selected i.e. although emigrants are usually among the high end of the skill distribution in the home country, returnees are the ones who have not performed as well whilst overseas and therefore returned home. There is no evidence that this is the case in Egypt which is not surprising given the temporary nature of

migration in Egypt. However, it is important to remember that this figure is an underestimate since it does not include migrant *households* who are currently overseas; i.e. does not include migrants with their whole families currently overseas.

Figure 5.3: Education of Current and Return Migrants in 2006, %



To enable us to compare returnees to non-migrants in the labour market in 2006, Table 5.4 presents the characteristics of workers who have been overseas with those who have not migrated (see also Wahba (2009)). First, examining the current main occupations of both groups suggest that more returnees (around 49 percent) are involved in technical, scientific, and management occupations compared to almost 26 percent of non-migrants. In fact, returnees on average seem to be more skilled than non-migrants. In terms of economic activity, the services sector employs almost 40 percent of returnees. In addition, almost 10 percentage more of returnees, compared to non-migrants, work in the services sector.

Interestingly, the share of returnees (36 percent) working in the government sector is higher than among non-migrants (26 percent). This is partly due to public sector employees being able to go and work overseas for 2 years or so without losing their jobs in the government

sector. In addition, due to the recent slowdown of hiring in the public sector in the last few years as result of economic reforms the share of employment in the government sector has declined.

The shares of returnees and non-migrants employed as waged workers are very similar. Yet, the proportion of employers among returnees is much higher than among non-migrants. Indeed, Wahba (2004) shows that one of the important aspects of international migration has been its impact on occupational choice upon return and its tendency to increase the share of employers and entrepreneurship in Egypt. The evidence here supports that finding.

Table 5.4: Characteristics of Return Overseas Migrants and Non Migrants in 2006

	Non-Migrants	Returnees
<i>Occupation (%)</i>		
Technical & Scientific	20.72	32.20
Management	5.21	16.38
Clerical	6.36	7.29
Sales	8.80	3.17
Services	8.55	3.30
Agriculture	23.97	17.44
Production	26.40	20.21
<i>Industry (%)</i>		
Agriculture	24.61	19.03
Manufacturing & Mining	14.58	11.48
Electricity	0.91	1.06
Construction	7.55	6.20
Trade	14.65	15.66
Transport	6.64	6.57
Finance	1.48	0.80
Services	29.58	39.20
<i>Sector (%)</i>		
Government	26.97	36.21
Public Enterprise	5.57	3.71
Private	66.28	58.03
Other	1.17	2.04

<i>Employment Status (%)</i>		
Waged	65.93	64.12
Employer	12.11	21.15
Self-employed	9.59	13.17
Unpaid family worker	12.37	1.56

Source: Wahba (2009).

4. Why return?

In the case of Moroccans, “The reinsertion of return migrants in Morocco” 2003-04 survey on return migrants, provides the main reasons for return in that sample, Table 5.5, Col 2. Retirement seems to be the dominant reason followed by family and health. As for Moroccan Residents Abroad, the survey, on “the socio-economic integration of Moroccans residing abroad”²⁴ in 2005, reveals that family ranks first among those planning to return to Morocco- Table 5.5, Col 4. Interestingly, 6 % of returnees returned because they wanted to set-up a project in Morocco and among MRAs, 27% wanted to return for the same reason.

Table 5.5: Reasons for Actual Return and Return Intentions of Moroccan Migrants

Main Reason for Returning	%	Main Reason for Intending to Return	%
Instability of employment	7.8	Family in Morocco	41.2
Family issues	16.5	Not satisfied living in abroad	14.7
Health problems	9.3	Project in Morocco	26.9
Retirement	46	Other reasons	17.2
Unfavourable social environment	5.5		
Poor Living conditions	0.2		
Project(s) in Morocco	6.3		
Other	8.4		

In the next chapter we investigate the determinants of return by studying return intention among Moroccan residents abroad.

²⁴ See Chapter 6 for a description of the data set.

Chapter 6

Return Intentions and Investment Decisions of Moroccan Emigrants

Bachir Hamdouch^{25*} and Jackline Wahba^{26*}

1. Introduction

International migration is an important phenomenon in Morocco. Morocco has become one of the prime migrant sending countries to Europe. Moroccans are the largest non-EU immigrant population living in Europe after the Turks and Morocco is expected to overtake Turkey as the main source of non-EU immigrants in the coming decade²⁷. Moroccan diaspora is about 4.5 millions in 2013²⁸, which is approximately 13 percent of the population of Morocco. This suggests that more than half of the Moroccan households have one of their members abroad and are directly affected by international migration. Also, the importance of migration is reflected in the volume of international remittances. In 2007, remittances were US\$ 7.15 billions or 9 percent of GDP, but have fallen in the last five years due to the economic crisis in Europe which has affected the immigrant population. Remittances were around 7 percent of GDP between 2008 and 2012.

Overall, return migration has been low among Moroccans compared to other immigrant groups in Europe. Paradoxically, increasing immigration restrictions in Europe in the 1970s did little to stop migration. The recruitment freeze by France, Germany, Belgium and the Netherlands stimulated permanent settlement. Large-scale family reunification made circular migration more permanent in the 1980s. Family formation gained significance as a major source of new migration from Morocco over the 1990s. Meanwhile, the increase in demand for cheap labour in agriculture, construction and the service sector during the high economic

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*The authors are grateful to the High Commission for Planning in Morocco for allowing us to use the data.

²⁷ OECD (2012)

²⁸ Prime Minister declaration in the Parliament; cf. L'Economiste, May 9, 2013.

growth in the 90s, attracted undocumented migrants. This went along with a diversification of migration destinations and the rise of Spain and Italy as main destinations for new Moroccan labour migrants. However, the recent economic crisis in Europe and in particular in Spain where the second Moroccan community abroad reside, have brought return migration to the top of the political agenda.

This paper examines the return intentions of Moroccan residents abroad and investigates the determinants and the impact of return intentions on migrants' behaviour. This is an issue that is understudied. Although a number of studies has investigated entrepreneurship among returnees (e.g. McCormick and Wahba 2001, Gubert and Nordmann 2011, and more recently for Morocco, Hamdouch and Wahba (2012), little is known on whether migrants decide on investment before or after return. More importantly, how are return plans affected and might affect investment plans in the country of origin as well as in the host country of residence. Are those decisions correlated? Are migrants planning on returning more likely to invest in the country of origin? Understanding investment and return migration in the country of origin is important for economic development.

The rest of the paper is organised as follow. Section 2 provides an overview of Moroccan migration, whilst Section 3 focuses on return migration. Section 4 examines the determinants of return intentions. Section 5 studies the relationship between entrepreneurship and return migration distinguishing between home and host investment. The conclusion summarises the findings and policy implications.

2. Moroccan Migration: A Quick Review

2.1 Historical, context of migration and migration pattern

International emigration of Moroccans to Sub-Saharan Africa, Arab countries and to a lesser extent to Europe is old and goes to back to several centuries. However the recent emigration, particularly labour migration started in the beginning of last century and became extensive from 1960, mainly towards Western Europe where now some 85 percent of Moroccan residents abroad (MRA) live. Europe needed labour force for its reconstruction and for its long period of growth which followed World War II, "The Thirty Glorious". This was mainly

an emigration of workers, regular migration organised within the framework of bilateral agreements between Morocco and the main industrial countries of Western Europe since the beginning of the sixties (Germany, France, Netherlands, Belgium).

Moroccan migration towards Europe was temporary and circular. The MRA remained on average seven to ten years in Europe and returned to Morocco. Some did re-migrate again to Europe.²⁹ But since the closing of European borders to labour migration coming from the South in the middle of the 1970s, Moroccan migration pattern to Europe changed: it has become more permanent. Since migrants could not return any more to Europe if they went back to Morocco, they settled and their family joined them thanks to family reunification³⁰.

The Moroccan community abroad has since emerged in other European countries (e.g. Italy and Spain) and non-European (e.g. Canada). Indeed MRA are dispersed in many countries but with varying importance.

Until the beginning of the seventies, two main rural regions of Morocco were the principal origins for international migration: the South, particularly South-West (Souss), and the North-East (Eastern Rif). Moreover, the migrants originating in these two areas had distinct destinations of emigration. People of Souss went mainly towards France and French-speaking Belgium (Wallonia) where they worked especially in the mines and car manufactures. Those of Eastern Rif moved towards Germany, the Netherlands and the Flanders.

The pattern of migration in Morocco has also changed from rural to urban migration, involving not just the disadvantaged groups and young men to the whole population, older people, women and children. At present migrants are no longer concentrated but come from almost the whole of Morocco. In addition, with the increase in rural-urban migration, the majority of the population lives now in the cities (55% in 2004), with many rural migrants moving to the cities first then overseas.

2.2. Current status of Moroccan Migration

International migration has become a national important phenomenon. Figure 6.1 shows the distribution of Moroccan migrants abroad in 2004. The arrival of MRA visit to Morocco, especially during the summer, some two million, is always an event: "Transit" Operation -

²⁹ Hamdouch B. and Al.(1981)

³⁰ Hamdouch B. and Al. (2000).

because most of MRA in Europe pass by car or bus from Spain – it is officially organised every year and is the subject of an annual agreement with Spain. Economic activity is affected, particularly at the national level and in some areas, regions of origin and tourist areas. Prices, those of consumer goods or those of property tend to increase more than in the rest of the year. The importance of remittances, the first source of foreign currency until 2003, and second, after tourism has lasting influence throughout the year: bank deposits (approximately 25%), investment, particularly in real estate is by far the largest sector of investment by MRA (86% of investment), and household consumption, particularly migrant households.

The importance of the Moroccan community abroad, particularly the increasing proportion within its qualified and highly skilled migrants and the growth of the 2nd and 3rd generation in countries of immigration on the one hand and on the other hand, the strong growth of almost continuous volume of income transfers, before the global economic crisis, raise a number of substantive issues in Morocco.

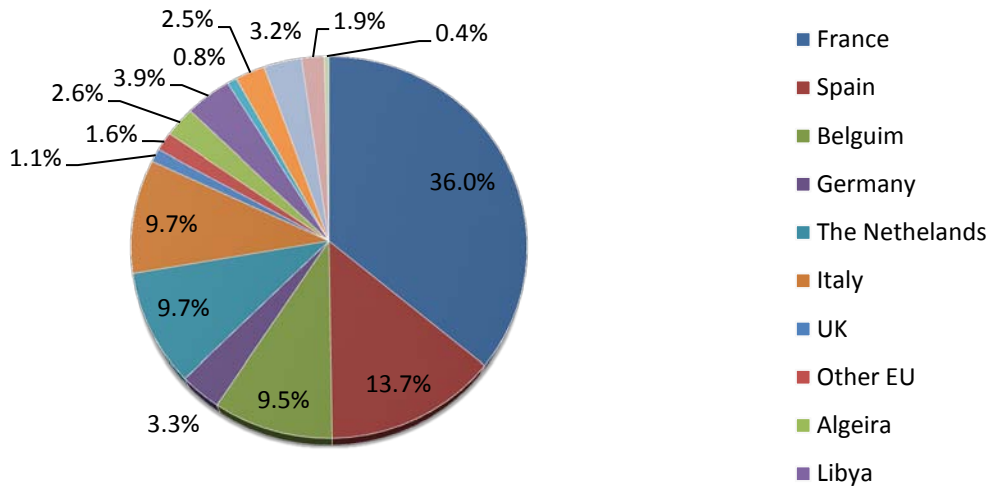
The Moroccan community abroad is expected to continue to grow with new arrivals of immigrants and its own population growth. However over successive generations and the increasing level of education of migrants (there is a reverse correlation between the level education and remittances³¹) whether remittances continue or not at the same level will depend on policies maintaining cultural ties (knowledge and teaching of language and Moroccan culture), political (institutions and modes of representation) and economic conditions (reception, counseling, protection and investment facilities). Migration policies have increasingly been selective in host countries: seasonal workers in certain sectors (agriculture, tourism, personal services, construction ...) and highly skilled workers who are offered employment contracts and long stays if not permanent.

Morocco has a policy on temporary migration overseen by a national agency, ANAPEC (National Agency for the promotion of jobs and skills). One of the possible effects of the current global economic crisis is to encourage graduates and Moroccan skills to return to his country of origin because of fewer job opportunities in Europe. Hence even if the question of the sustainability of remittances does not arise in the short term, their best use for the

³¹ Hamdouch B.(2008) and Hamdouch B.and Al.(2000).

development of Morocco is timely to create jobs and use in projects that promote the development overseas.

Figure 6.1: Distribution of Moroccans Living Abroad in 2004



Source: Moroccan Consular Services

2.3. Migration policy of Morocco

Since the early 60s, Morocco has developed a pro-emigration policy as a part of its development policy. Emigration was integrated in Development Plans with two main objectives: to reduce unemployment and a source of foreign currency. Morocco has developed many programs and policies. The main labour agreements were signed in the 60s with Germany, France, Belgium, and the Netherlands. New agreements have been signed in recent years with France in 2001, Italy in 2005 and Spain in 2006 based on two key principles: 1) The promotion of legal migration on the basis of "win-win-win" policy where all the protagonist of migration are expected to find their interest in the system put in place: the host country, the country residence and migrant. 2) The fight against illegal migration.

Since the early 90s, Morocco has created many structures and institutions, such as Foundation Hassan II for Moroccan Abroad, Ministry of Moroccan Abroad Council of Moroccan Community Abroad, to help migrants, protect their rights, keep links with origin country, stimulate remittances and manage migration.

3. Return Intentions

3.1 Data

The data used in this paper is based on the “Survey on the socio-economic integration of Moroccans residing abroad” collected by CERED in August-September 2005. The survey is based on a sample of 2,832 Moroccans residing abroad (MRA) in Europe and was conducted whilst the MRA were visiting Morocco.

The objective of the survey was to study the integration of Moroccans residing abroad and to identify the various factors and determinants that play a role in this process. More specifically, the survey's main objectives were:

- To identify the demographic characteristics of households and families of Moroccans living abroad;
- To trace the careers of migrants and their insertion in the host's labour market;
- To describe the geographical mobility and living conditions of migrants;
- To understand the degree of integration of migrants and their children with respect to education and training, language practice and acquisition, social and cultural practices and political participation;
- To identify the economic and social ties with the host country.

The questionnaire was administered to the target population and is divided into three modules. The first is related to household characteristics and housing, the second module covers demographic characteristics of the household head, spouse and children and finally, the third module on economic activity and investment.

Also information on the country of destination and duration of residence abroad was collected among other characteristics about the migrant's experience in the host country. The survey also has data on investment in Morocco and in the host country. It has to be noted that the survey covered only Moroccans living in Europe³² and those migrants might be likely to have stronger ties with Morocco as they were visiting Morocco at the time of the survey.

³² However, it should be noted that, given the low representation of respondents residing in the UK that the respondents are not representative of Moroccans in this country.

The observation unit is the household and the questionnaire was administered to the head of the household. The sampled households were drawn randomly according to quotas depending on the host country and region of origin of the migrant.

The survey was conducted during the period of annual visit from overseas by migrants generally July and August. Generally migrants arrive in July or August and depart in August or September. Thus, the survey was conducted during the months of August and September 2005. Migrant visitors were surveyed at four ports: Tangier, Ceuta, Nador and Al Hoceima. Investigators were assigned to each port and the interviews took place either on arrival or more often before boarding (return).

Sample: Our sample is comprised of 2832 households. 94% of the respondents were males, 86% were married and the average household size was 3.9 members. Moreover the average duration of migration was 19 years. The average age of the household heads was 42 years, though the average age at the time of first migration was 23 years of age. About 72% of our sample lived in urban areas prior to migration. Interestingly, 89 percent of household heads have migrated to a single country overseas, whilst 8 percent have lived in two overseas counties and only around 2 percent have lived in three or more overseas destinations. The average number of visits to Morocco was 2.7 visits in the previous three years.

Looking at country of residency abroad of migrants in our sample, 43 percent of the migrants lived in France followed by 23 percent in Spain. Interestingly the average duration of migration differs by country of destination reflecting the history of Moroccan migration. Based on that information it is clear that our sample is representative of Moroccan migration having, both old destinations, France, Belgium, Netherlands and Germany, and new ones, mainly Italy and Spain.

Table 6.1: Country of Residence & Duration of Stay

	Country of Residence (%)	Mean duration (years)	Return Intention (%)
France	43.37	24.67	52.97
Italy	14.70	13.04	61.78
Spain	23.05	10.91	61.96
Belgium	8.18	22.07	53.48

The Netherlands	7.18	23.60	60.10
Germany	1.98	21.83	64.29
UK	1.06	22.10	60.10
Other Countries	0.53	16.40	53.33
Total	100	19.21	57.19

Source: Authors' calculation based on HCP 2005.

3.2 Characteristics of Return Intenders

Another interesting issue is that 57% of our sample had intentions to return to reside in Morocco. As seen in Table 6.1, those intentions differ by country of residence. Return intentions are much more common among Moroccans residing in Germany (64 %) followed by Italy and Spain with 62 % of Moroccan residents in those countries in our sample intending to return. The intensity of the intention to return in France and Belgium is less than the average, though is still half of the sampled Moroccans in those two countries.

Table 6.2 provides the characteristics of our sample by return intention. Males are over represented with 94% of the sample. The average age of the sample is 42 years of age and 23 years at the time of migration. On average those planning to return are not the most skilled or highly educated. Young and single migrants are less likely to be intending on return. Those planning to return are likely to have originated in rural Morocco or to be born overseas. Although both groups have had regular visits to Morocco, those intending on returning have made more frequent visits over the last 3 years.

Table 6.2: Characteristics of Moroccan Migrants by Return Intention (%)

	Intend to move back to Morocco	Intend to remain abroad	All
<i>Gender</i>			
<i>Male</i>	95.0	92.9	94.1
<i>Age (mean)</i>	43	41	42
<i>Age group</i>			
<i>15-29</i>	12	12	12
<i>30-44</i>	44.9	52.5	48.2
<i>45-59</i>	33.4	28.5	31.3
<i>60+</i>	9.7	7	8.5
<i>Mean age at time of first migration</i>	24	22	23

Degree of qualification			
<i>No qualification</i>	38.5	34.7	36.9
<i>Specialised worker</i>	17.2	16.3	16.8
<i>Skilled</i>	29	28.5	28.8
<i>Technician</i>	6.1	7.7	6.8
<i>Highly Skilled</i>	6.7	10.8	8.5
<i>Other</i>	2.5	2.0	2.3
Education level			
<i>No degree</i>	17.7	17.6	17.7
<i>Less than Primary</i>	7.3	3.1	5.5
<i>Primary</i>	20.3	16.1	18.5
<i>Secondary</i>	37.4	41.7	39.2
<i>Higher/University</i>	17.1	21.4	18.9
<i>Other degree</i>	0.2	0.1	0.2
Marital status			
<i>Single</i>	9.9	13.4	11.4
<i>Married</i>	87.4	83.2	85.6
<i>Divorced</i>	2.0	2.5	2.23
<i>Widowed</i>	0.7	0.9	0.8
Place/Country of birth			
<i>Urban Morocco</i>	68.3	71.0	69.4
<i>Rural Morocco</i>	29.0	22.7	26.3
<i>France</i>	1.7	3.4	2.4
<i>Overseas</i>	1.0	2.9	1.9
Nationality			
<i>Moroccan</i>	66.2	61.2	63.8
<i>Spanish</i>	2.9	2.7	2.8
<i>French</i>	16.8	22.0	19.0
<i>German</i>	1.3	0.5	1.0
<i>Italian</i>	1.1	1.7	1.4
<i>Belgian</i>	4.9	6.0	5.4
<i>Dutch</i>	5.4	4.6	5.1
<i>English</i>	1.1	0.8	1.0
<i>Other</i>	0.3	0.5	0.4
Frequency of visiting Morocco for the last 3 years			
<i>Never</i>	0.1	0.2	0.1
<i>1 time</i>	9.9	11.2	10.4
<i>2 times</i>	16.7	19.2	17.8
<i>3 times</i>	58.8	60.8	60.0
<i>4 times and more</i>	14.5	8.6	11.9

Source : Authors' calculations based on HCP 2005.

Table 6.3 provides the main reasons for return. For MRA considering return, the desire to live with or near the family left behind in the country of origin is the first reason (41.2%) for the return intentions. The second reason is setting up a project in Morocco (27%). Dissatisfaction with the life in the host country explains also a significant fraction on average 14.7%, but is higher for those residing in Spain (18.8%) and the Netherlands (18.4%), and less so for MRA in France (10.7%). Interestingly, those planning on living abroad, and not returning to Morocco, mentioned secure future prospects in the host country as a main reason 34%, followed equally by living near children and better standard of living abroad.

Also, MRA who intend to return tend to live in mostly immigrant neighbourhood though there is no difference in terms of house ownership between both groups. One striking difference between those intending to return and those who do not is that 8% of those planning to return are retired compared to less than 1 percent among those who do not intend to return. Those planning to stay in the host are on average very satisfied with their jobs.

Table 6.3: Migration Experience of Moroccan Migrants by Return Intention (%)

	Intend to move back to Morocco	Intend to remain abroad
<i>Migration duration (years)</i>	19.35	19.25
<i>Current Country of Residence</i>		
<i>France</i>	40.2	47.7
<i>Spain</i>	25	20.4
<i>Italy</i>	15.9	13.1
<i>Belgium</i>	7.6	8.8
<i>Netherlands</i>	7.5	6.7
<i>Germany</i>	2.2	1.7
<i>England</i>	1.1	1
<i>Other countries</i>	0.5	0.6
<i>Main reason for planning to move back to Morocco</i>		-
<i>Family in Morocco</i>	41.2	-
<i>Not satisfied living in abroad</i>	14.7	-
<i>Project in Morocco</i>	26.9	-
<i>Other reasons</i>	17.2	-
<i>Main reason for not moving back to Morocco</i>		

<i>Because of the children</i>	-	24.2
<i>Secure future in the host country</i>	-	34.3
<i>Better standard of living</i>	-	23.4
<i>More benefits</i>	-	8.4
<i>Project in the host country</i>	-	2
<i>Other reasons</i>	-	7.7
<i>Homeownership status in Host</i>		
<i>Owner</i>	30.4	30.5
<i>Renter</i>	67.3	66.7
<i>Free accommodation</i>	2.3	2.8
<i>Year of purchasing house</i>		
<i>Before 1990</i>	11.4	9.8
<i>1990-1999</i>	33.3	37
<i>2000 and later</i>	55.3	53.2
<i>Live in neighbourhood with immigrant</i>		
<i>Yes, a lot</i>	48.1	43.7
<i>Yes, moderately</i>	25	31.1
<i>A few or none</i>	26.9	25.2
EMPLOYMENT		
<i>Type of activity</i>		
<i>Employed</i>	83.3	85.2
<i>Unemployed</i>	0.3	0.6
<i>Housewife</i>	4.4	3.6
<i>Student</i>	1.2	0.9
<i>Retired</i>	7.7	0.1
<i>Sick/Disabled</i>	3	7.3
<i>Other</i>	0.1	2.2
<i>Regularity in the work</i>		
<i>Full-time</i>	96.2	95.7
<i>Part-time</i>	2.4	2.9
<i>Seasonal</i>	1.1	0.7
<i>Unemployed</i>	0.3	0.7
<i>Currently looking for a job</i>		
	21.1	18.4
<i>Ever worked?</i>		
	89.6	89.2
<i>Job satisfaction</i>		
<i>Very satisfied</i>	73.9	78.8
<i>Satisfied</i>	21.9	18.9
<i>Not satisfied</i>	4.2	2.3

Source : Authors' calculations based on HCP 2005

It is clear that the reasons for planning to return to Morocco or staying in the host generally reflect the impact of migration policies in the country of origin and country of residence. These reasons may disguise the impact other factors including life cycle, the ability to socially and economically reintegrate, family and cultural attachment. For example, de Haas and Fokkema (2011) drawing on a data set of four African immigrant groups in Spain and Italy, examine the effects of integration and transnational ties on return migration intentions. The results of their analysis suggest that socio-cultural integration has a negative effect on return migration intentions, while economic integration and transnational ties have more ambiguous and sometimes positive effects. Indeed Table 6.4 provides better insight into the integration of MRA. Not surprising 81 % of those who intend to return have a stronger sense of belonging to Morocco compared to 70% among those planning on staying overseas. Similarly, 70% of those intending to remain abroad feel integrated in the host country compared to 56% among those planning to return. Surprisingly, those who have Moroccan friends in the host country are more integrated in the host country and are less likely to plan to return.

Table 6.4 : Integration and Return Intention of Moroccans Abroad (%)

	Intend to move back to Morocco	Intend to remain abroad	All
Sense of Belonging			
Morocco	81.14	70.38	76.53
Host	2.16	6.11	3.85
Both	16.33	23.02	19.19
Do you feel in host country			
Integrated	57.73	70.17	63.06
Excluded	9.81	5.97	8.16
In between	32.46	23.86	28.78
Country of your Boss			
Host country	89.6	91.74	90.53
Morocco	3.83	3.38	3.63
Other country	5.85	4.79	5.39
Never Been last year to			
Theatre	77.82	71.88	75.27
Cinema	73.25	65.76	70.04

Friends from Morocco in Host	65.43	75.06	69.56

Source: Authors' calculations based on HCP 2005

4. Determinants of Return Intentions

First, we examine the determinants of return intentions. We construct a simple econometric model of the probability that a migrant plans to return to Morocco for good. We assume that the pay-off from that decision is an unobserved variable R^* , and that

$$R^* = \beta_o X + \mu$$

where X is a vector of individual and demographic characteristics of the migrant, and μ is normally distributed error term with mean zero and variance one. Since we do not observe R^* only whether or not a migrant plan to return or not

$$R = 1 \text{ if } R^* > 0,$$

$$R = 0 \text{ if } R^* \leq 0$$

The vector X includes a number of explanatory variables. First we include a number of individual characteristics: current educational level, age, foreign nationality and gender. To control for the overseas experience we include a dummy for France. We also include a dummy for whether the individual obtained any training overseas (training dummy), whether the individual was active in associations whilst overseas (active association dummy) and whether the individual could not speak the language of the host country (no language). We also include a dummy if the individual's occupation overseas was unskilled. Finally we control for whether the migrant is integrated in the host country using several measures: first whether the migrant feels excluded (excluded), whether the migrant has Moroccan friends in the host (friends), and whether the migrant's neighbourhood is predominately immigrants (immigrant neighbourhood) and finally whether the migrant or a member of their family experienced racism.

Table 6.5 presents the marginal effects of the determinants of the return intentions of MRA. As found in the descriptive statistics, older individuals are more likely to be planning on resettling back in Morocco. There is no relationship between education and return intentions:

those with primary education are the most likely group to be planning on returning. There is evidence that the migration experience affect return: those who have experienced racism are more likely to be intending on return. Surprising those who have more Moroccan friends in the host or live among more immigrants are less likely to be planning on returning.

Table 6.5: Probability of Intentions to Return

	Marginal effects
age	0.005*** (0.001)
male	0.053 (0.041)
France	-0.078*** (0.021)
Length of stay	-0.002 (0.001)
primary	0.090*** (0.029)
secondary	0.015 (0.031)
university	0.004 (0.037)
training	0.047** (0.022)
Active associations	0.011 (0.023)
Unskilled	0.004 (0.022)
Urban	-0.026 (0.022)
Excluded	0.067* (0.035)
Friends	-0.082*** (0.021)
Foreign nationality	-0.023 (0.022)
employed	-0.001 (0.030)
racism	0.073*** (0.021)
Immigrants in neighbourhood	-0.043** (0.022)
Observations	2,812
Log-likelihood	-1878
Chi-squared	95.14

Robust standard errors in parentheses*** p<0.01, ** p<0.05, * p<0.1

5. Investment and Return Migration Intentions

5.1. MRAs Investment in Morocco and Abroad

The aim of our paper is to investigate the relationship between investment in the country of origin and the return intention decision. Are migrants who have invested in Morocco more likely to return relative to those who have not invested? Does actual or planned investment matter for the return? Do migrants invest even if they do not plan to return? The investment-return issue is important given the potential role which can play in the development of the country of origin.

Table 6.6 shows the investment of MRA by return intention. We distinguish between investment in Morocco and in the host country. 15% of MRA have invested in Morocco and in the host country. About 44% of MRA have invested in Morocco and not surprising among those planning on returning 47% have invested compared to 40% among those planning on settling abroad. Yet it is important to note that still 40% of those not planning to return have invested in the home country. The majority of investment though is in real estate by both groups.

Moreover, 72% of those intending to return are planning to invest in projects in Morocco compared to 45% among those not intending on return. About 46% of the planned investment by those planning to return is in trade. Twice as many of those intending to return have invested in Morocco and plan to invest further compared to those not planning to return. Almost 46% of those planning to invest in Morocco mentioned that they would benefit from fewer administrative requirements.

Interestingly, also around 27% of MRA have invested in the host country of residence with little difference between the two groups with real estate attracting almost 80% of investment. Again almost 1 in 5 MRA plan to invest in the host. About 7% of MRAs have invested in the host but plan to invest further with little difference between the two groups. Half of those who invested in the host country have benefitted from investment facilities in particular credit.

Table 6.6 : Return Intention and Investment in Host Country & Morocco (%)

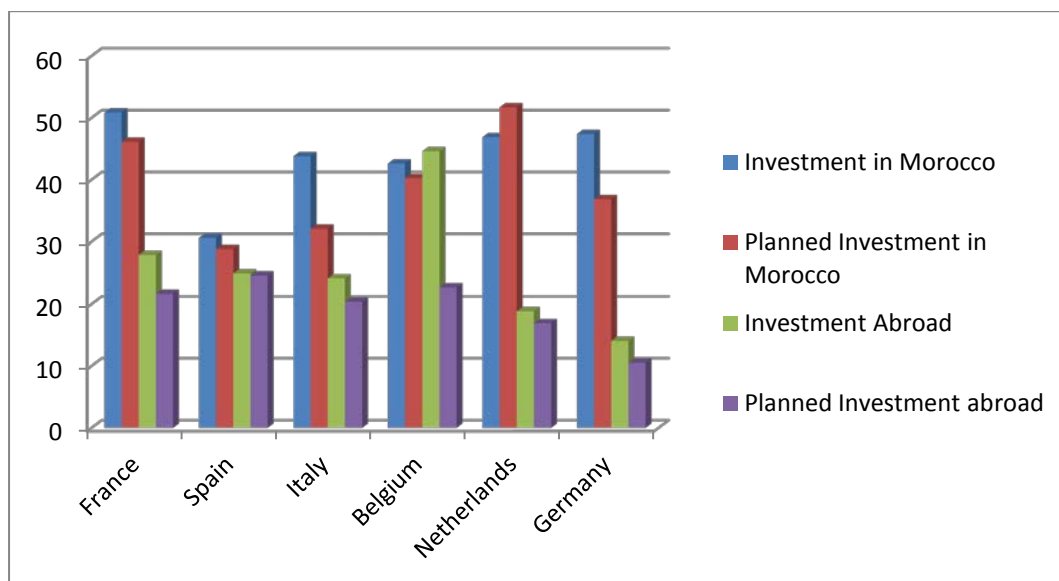
	Intend to move back to Morocco	Intend to remain abroad	ALL
<i>Investment in the host country</i>	26.9	27.9	27.36
Real Investment	79.1	80.8	79.84
Industry	1.9	2.4	2.11
Trade	15.7	14.8	15.3
Tourism	3	1.5	2.37
Other	12.6	11.3	12.02
<i>Planned project in host country</i>	20.3	23.5	21.69
Real Investment	44.3	42.4	43.4
Industry	3.4	6.7	4.96
Trade	36.4	40.1	38.12
Tourism	6.8	4.3	5.62
Other	21.7	17	19.54
<i>Investment in Morocco</i>	47.3	39.8	44.1
Real Investment	96.1	95.2	95.75
Industry	1.1	1	1.04
Trade	6	5.2	5.69
Tourism	0.8	1	0.88
Agriculture	5	3.9	4.57
Other	2.4	2.1	2.32
<i>Planned project in Morocco</i>	71.69	45.09	60.28
Real Investment	40.38	52.29	44.2
Industry	7.59	5.12	6.8
Trade	46.33	34.73	42.61
Tourism	8.2	4.57	7.03
Agriculture	11.3	10.05	10.9
Other	15.48	11.49	14.19
<i>Investment and planned project in Host</i>	6.89	5.94	6.84
<i>Investment and planned project in Morocco</i>	30.67	14.42	23.7
<i>Investment in Host & Morocco</i>	21.25	14.45	15.06
<i>Planned projects in Host and Morocco</i>	16.37	11.47	14.26

Source: Authors' calculations based on HCP 2005.

Figure 6.2 shows that MRA who reside in traditional destinations are more likely to have invested in Morocco. This might be because they have been longer abroad and thus have more facilities to invest in the country of origin. However the pattern of investment abroad does not reflect the same pattern as investment in Morocco. New destinations (Spain and Italy) are as likely as traditional host countries in terms of investment. Yet, MRA in Belgium have the highest likelihood of overseas investment and those in Germany the lowest. Figure 3 shows that on average MRA who invested in Morocco are less educated. Those who invested in the host country are on average more educated.

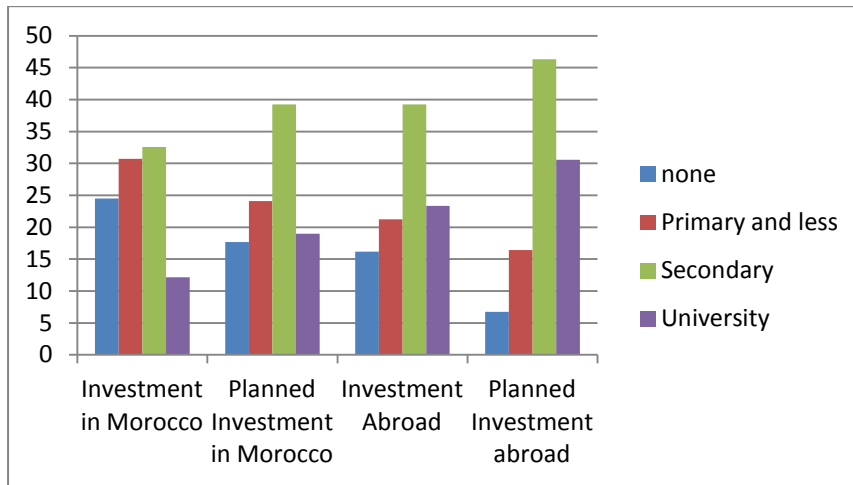
To sum up, MRA are certainly potential investors both in their country of origin as well as in the host country. More importantly, migrants invest in their country of origin whether they plan to return or not.

Figure 6.2: Investment of MRA by country of residence (%)



Source : Authors' calculations based on HCP 2005

Figure 6.3: Investment of MRA by Educational Level (%)



Source: Authors' calculations based on HCP 2005

5.2 The Determinants of Investment

Our interest here is to understand the determinants of investment (both actual and planned) in Morocco. We construct a simple econometric model of the determinants of a MRA's investment. We assume that the pay-off from that decision is an unobserved variable I^* , and that

$$I^* = a_o Y + u$$

where Y is a vector of individual and demographic characteristics of the migrant, and u is normally distributed error term with mean zero and variance one. Since we do not observe I^* , only whether or not a migrant plan to return or not

$$I = 1 \text{ if } I^* > 0,$$

$$I = 0 \text{ if } I^* \leq 0$$

We distinguish between (i) actual investment in Morocco and (ii) planned investment in Morocco. The vector Y includes a number of explanatory variables. First we include a number of individual characteristics: current educational level, age, foreign nationality, originated in urban Morocco and gender. To control for the overseas experience we include a dummy for France. We also include a dummy for whether the individual obtained any training overseas (training dummy), whether the individual was active in associations whilst

overseas (active association dummy). We also include a dummy if the individual's occupation overseas was unskilled.

Table 6.7 presents the marginal effects. Column 1 shows the determinants of actual investment in Morocco. Column 2 is planned investment and column 3 is planned investment but excluding real estate in Morocco. Interestingly the older the MRA the more likely he has invested and the less likely he is planning to invest. Interestingly those with university education are the least likely to have invested in Morocco though they are not the least likely when it comes to planned investment. First generation Moroccans are more likely to have invested or to be planning to invest compared to the second or third generations. Those who have acquired training overseas and are employed are more likely to be planning to invest in the country of origin. Whether the MRA originated in urban or rural Morocco are as likely to be investors. Overall, 44 % of our sample are predicted to have invested and 61 % are planning to invest in Morocco.

Table 6.7: Probability of Actual and Planned Investment in Morocco (Marginal Effects)

	1	2	3
	Actual Investment	Planned Investment	Planned projects Excl Real Estate
Age	0.023*** (0.001)	-0.00572*** (0.00107)	-0.00345*** (0.00126)
Male	-0.027 (0.044)	0.00744 (0.0408)	0.00661 (0.0495)
Primary	0.033 (0.033)	0.0967*** (0.0305)	0.102*** (0.0369)
Secondary	-0.050 (0.033)	0.0536* (0.0303)	0.0385 (0.0358)
University	-0.114 (0.037)***	0.024 (0.036)	0.00685 (0.0427)
Moroccan born	0.078*** (0.029)	0.0657*** (0.0212)	0.0842*** (0.0245)
France	0.015 (0.024)	-0.0521** (0.0204)	-0.0808*** (0.024)
Training overseas	-0.019 (0.024)	0.0405* (0.022)	0.0490* (0.0265)
Active association	0.047* (0.025)	0.0274 (0.023)	0.0308 (0.0277)
Unskilled	-0.057**	-0.0272	-0.034

	(0.023)	(0.0221)	(0.0262)
Urban	-0.042*	0.00189	-0.0241
	(0.023)	(0.022)	(0.0256)
Employed	0.025	0.177***	0.151***
	(0.032)	(0.0299)	(0.0318)
Observations	2819	2,819	2,069
Log-likelihood	-1584.79	-1794	-1368
Chi-squared	556.23	191.2	115.2

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

5.3 Determinants of Return Intentions and Investment in Morocco

Since our interest is in the relation between return intention and past and future investment in Morocco, we examine the determinants of those decisions and treat them as two interdependent choices. Hence a bivariate probit model is used since it allows for the existence of possible correlated disturbances between decisions. Let the latent variable R^* represent the decision of returning and I^* the decision of investment. The general specification of a two-equation model is

$$R^* = \beta' x + \varepsilon_1, \quad R \text{ if } R^* > 0, R = 0 \text{ otherwise}$$

$$I_2^* = a' y + \varepsilon_2, \quad I = 1 \text{ if } I^* > 0, I = 0 \text{ otherwise}$$

$$E[\varepsilon_{i1}] = E[\varepsilon_{i2}] = 0$$

$$\text{Var}[\varepsilon_{i1}] = \text{Var}[\varepsilon_{i2}] = 1$$

$$\text{Cov}[\varepsilon_{i1}, \varepsilon_{i2}] = \rho$$

where ρ is the coefficient of correlation between the two equations. The first dependent variable is defined 1 if the MRA is planning to return to Morocco. The second dependent variable is defined 1 if the MRA has invested in Morocco and 0 otherwise. x and y are the two sets of explanatory variables explaining the probability returning and the probability of investment as above. We exclude the measure for the prevalence of immigrants in

neighbourhood, whether the migrant has faced racism, has Moroccan friends in the host, and feel excluded from the investment equation.

Table 6.8 shows that there is positive and significant correlation between the return decision and the investment decision. We also find as before that older migrants are more likely to be planning on returning but there is no difference in terms of the educational levels of migrants and return intentions: all the different educational groups are as likely to have return intentions. The migration experience and integration also matter for return intention.

Table 6.8: Bivariate –Return Intentions and Investment in Morocco

	(1a)	(1b)	(2a)	(2b)	(3a)	(3b)
VARIABLES	Plan to Return	Actual investment	Plan to Return	All investment	Plan to Return	Planned Investment
age	0.015*** (0.004)	0.056*** (0.003)	0.015*** (0.004)	0.023*** (0.003)	0.013*** (0.004)	-0.014*** (0.003)
male	0.137 (0.102)	-0.067 (0.112)	0.141 (0.103)	0.094 (0.112)	0.142 (0.102)	0.026 (0.105)
Moroccan born	0.066 (0.057)	0.050 (0.058)	0.072 (0.057)	0.172*** (0.062)	0.085 (0.057)	0.169*** (0.055)
Educated in host	0.085 (0.079)		0.092 (0.077)		0.081 (0.076)	
France	-0.195*** (0.054)	-0.022 (0.057)	-0.198*** (0.054)	-0.089 (0.061)	-0.212*** (0.054)	-0.133** (0.053)
Length of stay	-0.007* (0.004)		-0.007* (0.004)		-0.004 (0.004)	
primary	0.232*** (0.077)	0.084 (0.082)	0.232*** (0.077)	0.268*** (0.091)	0.228*** (0.077)	0.296*** (0.078)
secondary	0.033 (0.079)	-0.134 (0.083)	0.033 (0.079)	0.108 (0.091)	0.030 (0.079)	0.156* (0.080)
university	-0.024 (0.098)	-0.303*** (0.099)	-0.026 (0.098)	-0.067 (0.106)	-0.019 (0.097)	0.072 (0.094)
Training overseas	0.116** (0.057)	-0.041 (0.061)	0.113** (0.057)	0.026 (0.065)	0.109* (0.057)	0.095* (0.058)
Active association	0.020 (0.060)	0.142** (0.063)	0.016 (0.060)	0.153** (0.069)	0.020 (0.060)	0.075 (0.061)
unskilled	0.015 (0.056)	-0.178*** (0.060)	0.017 (0.056)	-0.147** (0.063)	0.021 (0.056)	-0.071 (0.057)
urban	-0.064 (0.058)	-0.079 (0.059)	-0.061 (0.057)	-0.037 (0.063)	-0.054 (0.057)	-0.001 (0.056)
excluded	0.190** (0.094)		0.222** (0.092)		0.164* (0.090)	
friends			-0.187***		-0.214***	

	(0.055)		(0.054)		(0.053)	
employed	-0.001	0.087	0.001	0.334***	0.007	0.447***
	(0.076)	(0.082)	(0.075)	(0.086)	(0.075)	(0.075)
racism	0.190***		0.205***		0.200***	
	(0.054)		(0.053)		(0.052)	
Immigrants in neighbourhood	-0.108*		-0.115**		-0.108**	
	(0.056)		(0.054)		(0.053)	
homeowner		0.155***		0.064		-0.062
		(0.057)		(0.062)		(0.052)
Constant	-0.323	-2.435***	-0.355*	-0.580***	-0.326	0.277
	(0.210)	(0.213)	(0.209)	(0.222)	(0.209)	(0.198)
rho	0.078**		0.402***		0.488***	
	(0.033)		(0.037)		(0.033)	
	2,812	2,812	2,813	2,813	2,813	2,813
Observations	0.015***	0.056***	0.015***	0.023***	0.013***	-0.014***
Log-likelihood	-3438.51		-3131.84		-3545.92	
Chi-squared	5.51		119.33		213.33	
Wald test (Chi2)	689.13		202.56		333.40	
Prob(Chi2)	0.0189		0.00		0.00	

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1.

5.4 Determinants of Return Intention and Investment Abroad

As seen above, many MRA invest in the host country. We examine here the relation between the return intention and investment in the host. We estimate here two decisions, return migration and investment in the host and treat those as two interdependent decisions. A bivariate probit model is used as above to allow for the existence of possible correlated disturbances between those two decisions.

Table 6.9 shows the results for return intentions and investment in the host. It is interesting to note that there is no correlation between the return intentions and investment abroad in the host country of residence. The estimates show that more educated MRA are more likely to invest in the host. Also, those employed and are active in association are more likely to be investors in the host country.

Table 6.9: Bivariate –Return Intentions and Investment Abroad

VARIABLES	(1a)	(1b)	(2a)	(2b)
	Plan to Return	Actual investment host	Plan to Return	Planned Investment host
Age	0.015*** (0.004)	0.010*** (0.003)	0.015*** (0.004)	-0.026*** (0.003)
Male	0.136 (0.102)	-0.064 (0.123)	0.136 (0.102)	-0.022 (0.115)
Moroccan born	0.069 (0.057)	-0.186*** (0.057)	0.069 (0.057)	-0.186*** (0.057)
Educ in host	0.078 (0.079)		0.078 (0.079)	
France	-0.197*** (0.054)	0.029 (0.054)	-0.197*** (0.054)	0.029 (0.054)
Length of stay	-0.007* (0.004)		-0.007* (0.004)	
Primary	0.231*** (0.077)	0.106 (0.081)	0.231*** (0.077)	0.106 (0.081)
Secondary	0.032 (0.079)	0.267*** (0.080)	0.032 (0.079)	0.267*** (0.080)
University	-0.021 (0.098)	0.536*** (0.093)	-0.021 (0.098)	0.536*** (0.093)
Training	0.115** (0.057)	0.173*** (0.061)	0.115** (0.057)	0.173*** (0.061)
Active association	0.021 (0.060)	0.156** (0.064)	0.021 (0.060)	0.156** (0.064)
Unskilled	0.016 (0.056)	0.084 (0.059)	0.016 (0.056)	0.084 (0.059)
Urban	-0.064 (0.058)	0.055 (0.060)	-0.064 (0.058)	0.055 (0.060)
Excluded	0.171* (0.094)		0.171* (0.094)	
Friends	-0.208*** (0.055)		-0.208*** (0.055)	
Employed	-0.001 (0.076)	0.292*** (0.078)	-0.001 (0.076)	0.292*** (0.078)
Racism	0.189*** (0.054)		0.189*** (0.054)	
Immigrants in neighbourhood	-0.110* (0.056)		-0.110* (0.056)	
Homeowner		1.255*** (0.058)		1.255*** (0.058)
Constant	-0.312 (0.211)	-1.116*** (0.107)	-0.312 (0.211)	-1.116*** (0.107)

rho	-0.023 (0.033)		-0.023 (0.033)	
Observations	2,813	2,813	2,813	2,813
Log-likelihood	-2957.21		-3185.85	
Chi-squared	0.008		0.452	
Wald test (Chi2)	1071.64		333.16	
Prob(Chi2)	0.93		0.50	

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1.

Since we do not find correlation between the intention to return and actual or planned investment abroad, we examine whether there is a correlation between investment in Morocco and investment abroad. We estimate a bivariate probit model where the first decision is investment in Morocco and the second is investment in the host country. Table 6.10 shows the estimates and unsurprisingly there is a positive correlation between those two decisions.

Table 6.10: Bivariate – Investment in Morocco and Investment Abroad

VARIABLES	(1a)	(1b)
	Actual Investment in Morocco	Actual Investment Abroad
age	0.056*** (0.003)	0.011*** (0.003)
male	-0.065 (0.111)	-0.065 (0.123)
Moroccan born	0.051 (0.058)	-0.269*** (0.066)
France	-0.025 (0.056)	-0.080 (0.066)
primary	0.084 (0.082)	-0.001 (0.096)
secondary	-0.129 (0.084)	0.004 (0.098)
university	-0.308*** (0.100)	0.206* (0.116)
training	-0.046 (0.061)	0.123* (0.070)
Active association	0.140** (0.063)	0.027 (0.075)
unskilled	-0.183*** (0.060)	0.043 (0.070)
urban	-0.081	0.044

	(0.059)	(0.071)
homeowner	0.161***	1.795***
	(0.057)	(0.062)
employed	0.086	0.259***
	(0.082)	(0.097)
excluded		-0.244*
		(0.132)
Constant	-2.444***	-1.856***
	(0.213)	(0.254)
rho12	0.219***	
	(0.042)	
Observations	2,822	2,822
Log-likelihood	-2657.08	
Chi-squared	27.6871	
Wald test (Chi2)	1486.84	
Prob(Chi2)	0.000	

5.5. Determinants of Return Intentions and Investment in Morocco and Abroad

Finally, we study three decisions: return intention, investment in Morocco and investment in the host country. We consider a M-equation multivariate probit model:

$$y_{im}^* = \delta_m' Z + \varepsilon_{im}, \quad m = 1, \dots, M$$

$$y_{im}^* = 1 \text{ if } y_{im}^* > 0 \text{ and } 0 \text{ otherwise}$$

The y_{im} represents outcomes for 3 different choices at the same point in time: whether the migrant intends to return, has invested in Morocco and has invested abroad. ε_{im} , $m = 1, \dots, M$ are error terms distributed as multivariate normal, each with a mean of zero, and variance–covariance matrix V , where V has values of 1 on the leading diagonal and correlations $\rho_{jk} = \rho_{kj}$ as off-diagonal elements. The model has a structure similar to that of a seemingly unrelated regression (SUR) model, except that the dependent variables are binary indicators. As for the SUR case, the equations need not include exactly the same set of explanatory variables.

Table 6.11 presents the results for all investment (actual plus planned) in Morocco or in the host country and Table 6.12 for planned investment in Morocco and abroad. Older MRAs are more likely to plan on returning and invest in Morocco and less likely to invest in the host. Education matters: those with primary education or less are the most likely to intend to return

and to invest in Morocco, but those with secondary or high are the most likely to have invested in the host country. The first generation is more likely to plan on returning and investing in Morocco but less likely to invest abroad. Those employed are more likely to invest in Morocco and abroad.

Table 6.11: Trivariate –Return Intentions, Investment in Morocco and Investment Abroad

	1a	1b	1c
	Plan to Return	All Investment in Morocco	All Investment Abroad
male	0.114 (0.103)	0.070 (0.113)	-0.119 (0.114)
age	0.009*** (0.003)	0.021*** (0.003)	-0.012*** (0.003)
married	0.165** (0.075)	0.125 (0.081)	0.122 (0.080)
Moroccan born	0.110** (0.054)	0.168*** (0.062)	-0.197*** (0.057)
France	-0.234*** (0.052)	-0.107* (0.060)	0.074 (0.056)
Primary	0.239*** (0.076)	0.275*** (0.092)	0.093 (0.082)
secondary	0.019 (0.078)	0.101 (0.091)	0.172** (0.083)
university	-0.006 (0.093)	-0.055 (0.106)	0.416*** (0.098)
Training	0.101* (0.057)	0.054 (0.065)	0.173*** (0.061)
Active association	-0.019 (0.057)		0.149** (0.063)
Unskilled	0.045 (0.056)	-0.150** (0.063)	0.066 (0.060)
Urban	-0.062 (0.055)	-0.024 (0.063)	0.066 (0.060)
Homeowner	-0.025 (0.054)	0.074 (0.063)	1.281*** (0.059)
Employed	-0.037 (0.075)	0.316*** (0.086)	0.186** (0.084)
Racism	0.233*** (0.052)		
Immigrants in neighbourhood	-0.117** (0.054)		
Constant	-0.417** (0.198)	-0.549** (0.220)	-0.455** (0.209)
rho12	0.380*** (0.036)		
rho13	-0.052*		

rho23	(0.030)		
	0.082**		
	(0.032)		
Observations	2,823	2,823	2,823

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0..

1

Table 6.12: Trivariate –Return Intentions, Planned Investment in Morocco and Planned Investment in Host

	1a	1b	1c
	Plan to Return	Planned Investment in Morocco	Planned Investment Abroad
male	0.118 (0.104)	0.006 (0.106)	-0.101 (0.122)
age	0.009*** (0.003)	-0.015*** (0.003)	0.008** (0.003)
married	0.160** (0.074)	0.088 (0.077)	0.272*** (0.091)
Moroccan born	0.105* (0.054)	0.171*** (0.055)	-0.250*** (0.064)
France	-0.239*** (0.052)	-0.137*** (0.053)	-0.101 (0.064)
primary	0.232*** (0.077)	0.304*** (0.078)	-0.003 (0.095)
secondary	0.020 (0.078)	0.147* (0.080)	0.048 (0.095)
university	-0.011 (0.093)	0.080 (0.094)	0.210* (0.114)
training	0.107* (0.056)	0.104* (0.057)	0.122* (0.066)
Active association	-0.008 (0.056)		0.019 (0.071)
Unskilled	0.054 (0.056)	-0.074 (0.057)	0.059 (0.067)
Urban	-0.062 (0.055)	0.001 (0.056)	0.046 (0.069)
Homeowner	-0.028 (0.054)	-0.060 (0.055)	1.757*** (0.060)
Employed	-0.045 (0.075)	0.446*** (0.076)	0.205** (0.095)
Racism	0.225*** (0.051)		
Immigrants in neighbourhood	-0.117** (0.053)		
Excluded			-0.324** (0.135)
Constant	-0.401** (0.198)	0.270 (0.197)	-1.871*** (0.248)
rho 12	0.464***		

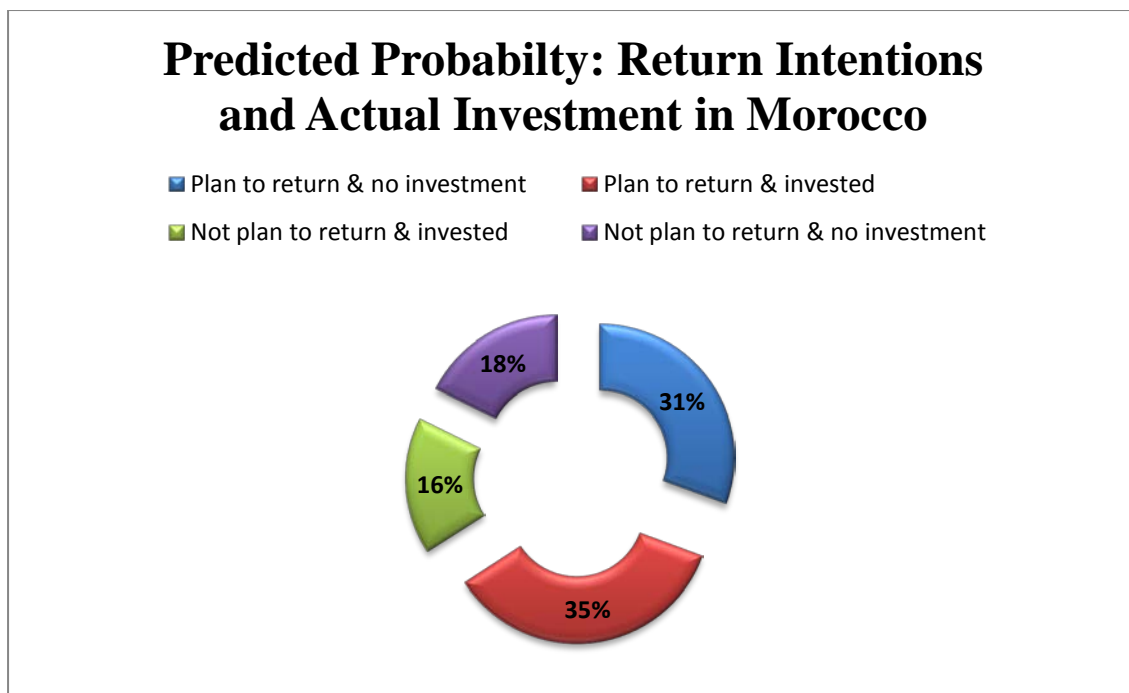
rho 13	(0.033)		
	-0.046		
Rho 23	-0.036		
	-0.015		
	(0.033)		
Observations	2,823	2,823	2,823

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

5.6 Discussion

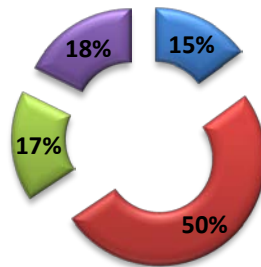
The predicted probabilities suggest that 35% of those planning to return have already invested in Morocco but 31% haven't invested but are planning to return. Interestingly, half of those planning to return also plan to invest in Morocco. This is consistent with earlier studies finding that a large share of returnees become entrepreneurs and set-up businesses upon return. Also, 16 % do not plan to return but have invested already in Morocco. Finally 14% of our migrants abroad sample have invested in the host country but are planning to return to Morocco. To sum up, those findings suggest that migrants are a potential important source of investment whether they are staying abroad and even more if they are planning to return.

Figure 6.4: Predicted Probabilities



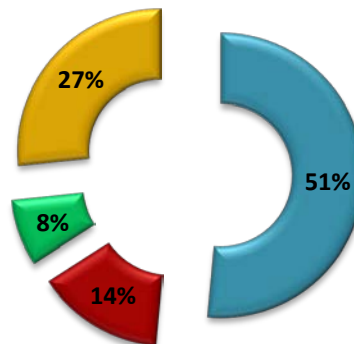
Predicted Probability: Return Intentions and Planned Investment in Morocco

- Plan to return & no planned investment
- Plan to return & plan to invest
- Not plan to return & plan to invest
- Not plan to return & no planned investment



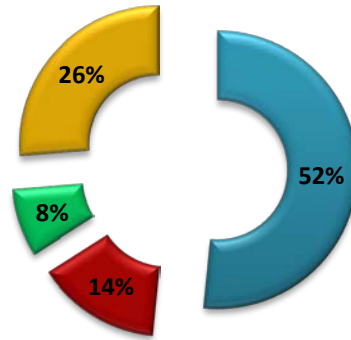
Predicted Probability: Return Intentions and Actual Investment Abroad

- Plan to return & no investment
- Plan to return & invested
- Not plan to return & invested
- Not plan to return & no investment



Predicted Probability: Return Intentions and Planned Investment Abroad

- Plan to return & no planned investment
- Plan to return & plan to invest
- Not plan to return & plan to invest
- Not plan to return & no planned investment



6. Conclusion and Policy implications

This paper investigates the return intentions of a sample of Moroccans residing abroad. It studies the relationship between return intentions and, both realised and planned, investment in Morocco. We use a sample of migrants in 2005 collected by the High Commission of Planning to explore the determinants of return migration. Our study is based on a random sample of MRA who were surveyed during their visit to Morocco. Thus they're not representative of all Moroccans abroad, but are likely to have a stronger attachment to their country of origin.

We investigate how investment in Morocco both, actual and planned, affects the return intentions of Moroccans. We also examine the role played by investment in the host country of residence. Although our sample is based on Moroccans who were interviewed whilst visiting Morocco and thus is comprised of migrants with strong ties to Morocco, it is still useful in informing us about the relationship between return intentions and investment of migrants residing abroad.

The findings show that over half of the sample plan to return to settle for good in Morocco. Moreover, a large share of migrants has invested in Morocco, and that is the case for those planning to return and those intending to settle overseas indefinitely. Also, three quarters of those planning to return plan to invest in Morocco. The results also show that a quarter of our Moroccan migrant sample has invested in the host country. Yet, the results also highlight that more educated MRA, invest more in host country and have lower intention to return to the country of origin compared to the less educated. But, it is still the case, that migrants residing abroad tend to invest more in their country of origin compared to in the host and more importantly do so whether they are planning to return or not.

Overall, there is strong evidence on the potential importance of migrant as investors. This highlights the economic contribution of migrants and supports the view that migration can play a useful role in the development process through investment and mobilising the savings and skills of migrants.

However, policies are needed to attract migrants' investment. Cutting bureaucracy and red tape is a key initial step. Moreover, creating the right economic and political environment that protects property rights and enforcements of contracts for investors whether for migrants abroad or natives is essential.

Chapter 7

Return Migration Policies

Jackline Wahba

1. Introduction

This paper reviews historical and current return migration policies in the main European countries. Migrants are not only affected by migration policies in host countries which determines who migrates, but also by integration policies. In fact migrants are also impacted by many policies outside of direct migration policy, including those relating to labour markets, social welfare, and financial sector among others. Combined, these policies have huge bearing on the types of migration flows, the ability for migrants to participate and integrate, the contribution migrants are able to make to their country of origin and their return decisions.

The focus of the review below is on return policies of legal migrants rather than undocumented migrants. Every year, national authorities in the EU apprehend more than 500,000 irregular migrants (570,000 in 2009). About 40 % of them are sent back to their home country or to the country from which they travelled to the EU. At the end of 2010, the common standards on return (the "Return Directive") agreed by EU States in 2008, entered into force. This provides common rules for the return and removal of unauthorised/undocumented persons. This is seen by the EU as a necessary part of a comprehensive migration policy and not as a contradiction of a more open migration policy.

2. Return Policies

European countries took four main different approaches to encourage voluntary return of foreign nationals in the post 1973/4 period: (1) policies aimed to stimulate the development of migrants' countries of origin; (2) individual returnees training (e.g. the Dutch unemployment benefits and pension transfer program of 1985); (3) regulations concerning social security and pensions benefits; (4) return premiums (e.g. the French 1977 program). The effectiveness of these policies varied greatly.

France:

France was the first country to introduce voluntary return programmes (VRPs) and by 2010 has developed a complex set of such policies. The 1977 scheme offered 10 000 French Francs to any non-EC foreigner who would renounce the claims to French social security and leave the country. The program did not attract much take-up among immigrants. Since 1980 the French authorities have attempted to support the origin countries' capability to reintegrate returning migrants. By 2009 both documented and undocumented migrants were entitled to some form of VRP consisting of a free return ticket, departure bonuses of up to €2000 per adult and €1000 per each child, €7000 in labour market reinsertion grant and consultative services. See Plewa (2010).

France began to redefine its voluntary return policy to closer reflect the interests of the countries of origin by the early 2000 after facing limited success to its VRPs. Its current VRP encourages legal migrants to invest in their countries of origin while maintaining legal status in France, with the so-called "circulatory visa" (*visa de circulation*), so that they could come back to France whenever they wished, or, if they found it more beneficial, run a business in the country of origin from France. Regardless of legal status, French migrants were given up to €7000 in investment startup funds and the holders of permanent residence permits could apply for an additional €1067 to €1220 to research the feasibility of aid (*aide au montage d'un projet de création d'activité économique-étude de faisabilité*). According to Plewa (2010) having attempted to make the program more bilateral, the French program seems to have been more popular among migrants, their countries of origin and French society than the unilateral Spanish program discussed below.

Germany:

The German Federal Government introduced a VRP in 1975, which became effective in 1983 authorising immediate repayments of social security and return aid for the non-EU migrants. The amounts paid to the beneficiaries of the social security reimbursement program depended on the contributions made by each migrant. Also, migrants were able to withdraw their government-subsidised savings before maturation and without penalty, as well as receive severance pay. However, migrants had to leave and could not return back. Yet, family members did not have to accompany departing migrants. The return aid was limited to those migrants who had become unemployed or forced to work short hours. Migrants were eligible to DM 10,500 per adult and DM 1,500 per child and consultative services. The beneficiaries

of the return aid had to leave Germany with their spouses and dependent children and were not permitted to return to work. Around 306,000 immigrants were reported to have left Germany during the Repatriation Assistance Act period from November 1983 to September 1984, mostly to Turkey. The Federal Government did not renew the two programs claiming that it was the job creation in the countries of origin that should form the base of a return policy. See Plewa (2010).

The Netherlands:

In 1974, the Dutch considered paying migrants up to 5,000 Guilders for return, but only 10 percent of the voluntary return funds were allotted for the purpose of voluntary repatriation. Since 1976, based on REMPLOD and later NCB-IMOS program, migrants willing to benefit from these funds could apply to launch a project at home as long as they could demonstrate financial and logistical capability. Even though most of the returnees the program supported were successful, the Dutch government terminated the program in 1984 because of its high costs and the new emphasis was then placed on integration policy. But, in 1985, the Dutch government introduced two new return programs that prohibited remigration to the Netherlands, which were not well received by migrants and their countries of origin. The first program provided migrants with free return tickets and subsistence costs for the first three months in the home country. The second program enabled migrants over 55 years old (since October 1987 lowered to 50 years old) to return home without losing their unemployment benefits. Returnees under this program received unemployment benefits corresponding to the costs of living in their homelands until they turned 65 and thus became eligible to receive pensions. Neither of these programs influenced the return migration figures greatly, particularly among migrants who had reunified with their families in the Netherlands. See Plewa (2010).

Belgium:

In 1984, Belgium introduced a modest return assistance program for humanitarian reasons which offered a small amount of cash, and moving and travel costs in which mostly asylum seekers participated. In 1985 a new created program was available to those non-EU nationals who had been unemployed for at least a year. It paid the equivalent of 312 days unemployment compensation, plus 50,000 and 15,000 Belgian Francs to spouses and children respectively. In exchange for return assistance, migrants had to return with their families, renounce their social and economic rights and privileges in Belgium, and not return to work

in Belgium in the future. Only 594 persons, mostly Turks, decided to benefit from the program until it was terminated in July 1989. See Plewa (2010).

Spain:

In 2003, the Spanish government decided to follow the French post 1992 *aide au retour humanitaire* example and authorised socio-economic deprivation-based VRP. The socio-economic deprivation-based VRP started with the PREVIE program in 2003. In 2006, Madrid and Cataluña, and in 2007 Valencia regional governments financed their own programs but due to financial difficulties, in 2008 some of these programmes were suspended. In the meantime, the global economic crisis created a need for a VRP that target unemployed migrants to leave Spain. Thus in 2008 the Spanish government introduced an unemployment-based program - APRE. In 2010, the Spanish government introduced an investment-based program to aid with employment at home after return. Thus, by 2010, Spain had three voluntary return programs: (1) socio-economic deprivation-based program; (2) unemployment-based program and; (3) an investment-based program.

The unemployment-based program targeted migrants who are eligible for unemployment benefits, but the amount of departure incentives decreased the more unemployment benefits they had already collected. Thus this program excluded undocumented migrants or those who had already used up their unemployment benefits. The programme entitles migrants who committed to voluntary return to receive one way ticket, €50 per person for travel to the port of departure as well as 40 per cent of the unclaimed unemployment benefits available to them. In exchange, they had to leave Spain within 30 days after receiving the 40 per cent payment. Once in the country of origin, the returnees must personally report to the Spanish embassy or consulate to surrender any documents linking them to Spain (work and residence permits, national identity number card, social security card, health care card etc.) to Spanish diplomatic mission abroad. The Spanish Employment Service (ES) had then to pay the remaining 60 per cent of migrants' unemployment benefits within 30 to 90 days following the migrant's return. The returnees (were prohibited from re-entry to Spain for three years following departure. (See Plewa (2009)).

Around 36,000 Moroccan workers in Spain were eligible for the VRP. However, this programme has fallen far short of the targeted numbers. This situation can be explained by a

number of factors. Migrant workers often choose to remain despite deteriorating labour market conditions since they might still be better off in Spain than in their country of origin because of access to services such as free health care, free education for children, and re-qualification programs. Furthermore, some migrants may view the recession as temporary and would be reluctant to leave and not be able to come back to Spain. The adverse economic and employment situation in the origin country can also discourage migrants from returning.

According to a preliminary survey conducted by ATIME among 360 Moroccans residing in Spain in November 2008, only 10% regarded the program attractive while 83% did not; 78% of respondents said that they would not want to give up the right to enter Spain within three years for what was being offered, while only 8% would; 11% considered the voluntary return bonus as a last resort, if their situation in Spain deteriorated; 44% thought Spain should provide additional economic incentives to voluntary return; 43% did not think it was necessary. (see Plewa (2010)).

The returnees were prohibited from re-entry to Spain for three years following departure. See Plewa (2010) for a detailed description of the benefits and regulations associated with each of those schemes. The uptake of the return programmes has been fairly limited in particular among North Africans.

The Spanish return program targeted unemployed migrant workers, with a focus on North Africans among others, aiming that at least 87,000 migrants would return home, however only around 6,000 participated in the program with the majority of from Latin American backgrounds. Assisted voluntary return programs (AVRs) currently operate out of 18 countries in Europe and have been designed to increase return for irregular migrants, but as with the Spanish case the success of these programs is doubtful (World Bank, 2010). In light of the data on return migration the OECD (2008) concludes, return programs will only be a viable option when the political, economic and social situations in home countries are improved.

The European Return Fund

The main fund facilitating return migration is the European Return Fund (RF) as part of the European Council's "Global Approach to Migration" adopted in 2005. The RF specifically aims to: promote the development of a strategic approach to return management by Member

States; promote cooperation between Member States in return management; promote tools (inter) national innovative specially designed to return management; and promote standards and best practices in community management of returns. The majority of actions are concentrated on promoting the development of a strategic approach to return management utilizing willing volunteers. The RF covers all transactions of voluntary and forced return and the tools that support these operations.

To sum up:

Overall, there is no evidence to what extent VRPs stimulate returns and to what extent they subsidise the returns of those who were going to return anyway. The numbers of migrants who benefitted from these schemes were often smaller than expected by the receiving countries, and larger than considered sustainable by the sending countries, Plewa (2010).

The recent global financial crisis has led to the development of policy addressing return migration. The recent global financial crisis has impacted foreigner workers in European countries through rising unemployment. In response to changing economic conditions return programs by some European destination countries have been enacted, like in Spain, but they have not yielded their desired results nor have any large-scale returns been witnessed (ILO, 2009). Other countries, like France attempted to reduce labour migration and target temporary/seasonal migration.

3. Bilateral Agreements for Temporary and Seasonal Migration

There is a number of European-Mediterranean agreements between the EU and North African. For instance, the Barcelona Declaration in 1995 founded the European Mediterranean Partnership (EMP) (Holzmann et al, 2005). As part of this process, Tunisia in 1998, Morocco in 2000 and Egypt in 2004, as well as a number of other MENA countries all signed association agreements. The Barcelona Process and the Association Agreements address three areas of cooperation: legal migration; migration and development; and irregular migration (First Euro-Mediterranean Ministerial Meeting on Migration, 2007). We summarise below a few of the European-Mediterranean bilateral agreements.

Italy: Law 40/1998 introduced a system of quotas for non-EU labour migration. These quotas are issued on an annual basis and issues according to region, type of work, job category and nationality. Most of the quota jobs relate to low and medium skilled work. Among a number of criteria, citizens of countries which have which have signed or are going to sign cooperation agreements dealing with migration issues (i.e. Tunisia, Morocco and Egypt) or citizens who already received a seasonal residence permit in the years 2004, 2005 or 2006 (IOM, 2007). Even though Italy has appeared to adopt an active labour immigration policy functional to economic policy considerations they still face a number of structural difficulties including a sizable number of irregular workers already in the country, a great deal of administrative paperwork under budgetary constraints, workers slots based on ex-ante demand and gaps and lax enforcement of laws preventing employers from hiring undocumented workers (Sciortino, 2009).

Spain: The Spanish government establishes fixed quotas after consultations with stakeholders including regional authorities and social partners regarding shortage sectors in the labour market. Originally, the policy was aimed at regularising workers in informal situations, but is now only available to workers outside the country and increased dramatically in 2007 to meet higher demand (IOM, 2007).

With regards to circular labour migration in Spain, in 1999 a number of farmers' unions, like the *Unión de Pagesos*, coordinated over seasonal labour market needs in the agricultural sector. Now the *Unión de Pagesos* manages quotas with the Ministry of Labour in the recruitment of workers and administrative logistics. Other organisations offer training and information courses on a number of topics including, labour laws, healthcare, remittances, language and other social resources. Organisations also offer hospitalisation support and a number of other requests. One program, "Agricultores Solidarios," promotes seasonal workers who wish to assist with the development of their communities of origin through collective initiatives (IOM, 2007).

France: France's agreements with Tunisia and Morocco address the temporary migration of nationals of both countries and their visa requirements, coordination on combating irregular migration, and formation of partnerships for "co-development". Bilateral agreements between

France and Morocco have also been concluded to address the temporary migration of young professionals for a period of 3-12 months to gain work experience as well as augment their language skills.

Greece: The first comprehensive migration law was signed in 2001 and had two main aims mid-term management (including border control, the issuance and renewal of stay and work permits, and matters related to the naturalisation of foreign residents) and the implementation of a new regularisation program. In 2007, migration law was amended to simplify procedures and address important shortcomings related to the overall processing of applications for new entries and for the renewal of expiring permits. (Idea, 2009) Egyptian migrants have more recently been the sole representatives from North Africa. Although their numbers are small, a 1.8 percent increase (7,448 in 2001 to 10,040 in 2008) was experienced. Greece's migration system is the most complex consisting of an invitation system which is impossible to meet demand because of the long procedure lasting 12 to 18 months. Furthermore, migrants face many difficulties in securing a contract and welfare payments. Migrants in general find themselves in a trap due to administrative procedures with permits and welfare contributions being linked to them. The short duration of stay permits only acts to compound the problem (Idea, 2009).

Although bilateral agreements have provided a framework for managing labour migration flows, EU policies on labour migration, as well as the bilateral agreements between EU member states and MENA countries have experienced little success. They provide very limited migration for employment opportunities which does not adequately respond to actual flows or demand (EUI, 2009).

3. Reintegration Programs

There are a few policies and programs addressing return migration and reintegration. Table 7.1 and table 7.2 summarise the legislative framework of reintegration assistance and the programs currently providing reintegration assistance among selected EU host countries relevant to migration flows from North Africa.

Table 7.1. Legislative Framework of Reintegration Assistance

Country	Legal Basis
Belgium	At present there is no legal basis for reintegration policies. Some of the amendments of the alien laws have come into force with the 1 May and 1 July 2011 amendments. Some provisions entered into force on 1 December 2011.
Germany	Return assistance is governed by the Return Assistance Act of 1983. Programmes in the Federal States are mostly regulated by ordinances, ministerial decrees or administrative directives.
Greece	There is no special legal basis related to the reintegration policy.
Spain	The legal framework for assisted voluntary return builds on 8 provisions of the current Alien Law which imparts financing for voluntary return programmes that endorse reintegration elements. Furthermore, the 2008 and 2011 Royal Legislative Decrees address reintegration.
France	The Labour Act states that the OFII (French Office for Integration and Immigration) participates in all actions related to the return and reintegration of third country nationals to their home country.
Italy	In harmony with EU asylum and immigration policy, Italy implemented several Directives following the implementation of an European Return Policy. Directive 2008/115/EC was fully implemented in June 2011. Voluntary return was encouraged in spite of forced return even before the full implementation of the cited directive. With this development rejected person will also have the right to leave by voluntary return and thus also make use of reintegration assistance.
The Netherlands	A number of instruments form the legal basis for reintegration namely: the Return Memorandum of 21 November 2003 and Illegal Aliens Memorandum of 24 April 2004; the '2008 International migration and development

	Memorandum. Finally, the Remigration Act defines which third country nationals with an asylum residence permit, which relatives and which lawfully residing third country nationals qualify for reintegration assistance.
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Source: Matrix Insight/ICMPD/ECRE Research.

Table 7.2: Overview of Reintegration Programmes/ Projects across Member States

Country	Total Number of Programmes	Programmes
Belgium	3	REAB, RP and ARS
Germany	5	URA, Heimatgarten Programmes, REAG/GARP, Solwodi Programmes and Returning Specialists Programme.
Greece	0	
France	5	Pre-departure voluntary programme, post-arrival reintegration programme, IOM departure counselling Pas de Calais and IOM vulnerable migrants' departure assistance.
Italy	7	PARTIR, Odisseo, REMPLOY, RIVAN, PARIVUL, RVA and REMIDA
The Netherlands	3	REAN, HRT, UAM, CRRS, and programmes targeted to Afghanistan

Source: Matrix Insight/ICMPD/ECRE Research.

4. Portability of Migrants' Benefits

Another important determinant of return decision is the portability of migrants' benefits. Social protection for North African migrants in Europe is largely covered by Euro-MED

agreements. The Euro-MED agreements govern the social protection framework for migrant workers from Algeria, Tunisia and Morocco. In addition to the Euro-Med agreements, Maghreb countries enjoy more advantages through bilateral labour migration and social security agreements with several European countries. As a result of these agreements, according to the World Bank (2010a) North African migrants compare favourably within the global pool of migrants. Migrants from Maghreb, especially, enjoy quite high levels of social protection compared to migrants from the rest of the world and indeed compared to MENA migrants whose main destination is not Europe.

However, there are still problems in the social protection systems faced by North Africans in Europe. For example, pensions exportability require a ten-year minimum participation in the social security system, and in some cases (for example, Germany), pensions are reduced when transferred abroad. Clearly, such provisions discourage return migration. Another issue is the inconsistency between national provisions for social protection and immigration laws. Most European countries grant full social protection coverage to long-term migrants or permanent residents although the interaction between social and foreign law complicates the de facto access. For example, temporary migrants have limited access to health care and unemployment insurance, and no access to social assistance or public housing. Yet, European countries require up to ten years of residence before granting permanency, and in the southern European countries permanent status has only very recently become possible. (World Bank, 2010a).

5. Obstacles to Labour Mobility

Since the 1970s, some European countries (Germany since 1972, the Netherlands since 1975, France since 1977, and Spain since 2008) have encouraged return migration by providing money to immigrants and financing projects to employ returnees. But, few migrants have participated, and most repatriation projects have not been successful. Recent return programmes introduced by some European destination countries have not yielded the desired results.

There are several reasons behind the very low return rate by North Africans residing in Europe. The main reason has to do with the concern about not being able to come back to Europe. Allowing migrants to move backward and forward would reduce this concern. In

addition, the issue of social security portability and whether migrants can draw pensions if they return to their country of origin is another obstacle. Finally, for many North African migrants in Europe, returning to their countries of origin at present is not attractive given the recent political instability in those countries.

6. Reintegration programmes in Origin Countries

A number of origin countries have introduced measures to encourage return by skilled migrants. For example, Tunisia has bilateral social security agreements with at least nine countries to facilitate the flow of social welfare benefits and pensions. Although some origin countries like Morocco and Egypt have introduced initiatives to help re-insertion of returnees back in the labour market and to encourage returnees to invest, none of those initiatives were large scale or successful in matching return migrants skills to employment opportunities, either in the public sector or for entrepreneurship.

A number of host European countries have introduced reintegration assistance. For example, in 2011 an Italian project run by Virtus Italia Onlus – Odisseo I & II focused on a small number of returnees with long term reintegration assistance. Since 2008 a total of approximately 40 returnees have been reintegrated and more than €200,000 has been spent on reintegration assistance. Italy provides a good example of tailored reintegration to specific nationalities and more general reintegration. The lead organisations implementing reintegration projects collaborate with the countries of return mainly through their offices abroad. The REMIDA project managed by CEFA, focuses on Moroccan migrants living in the Emilia Romagna region and provides several pre-departure services (information, cultural mediation, psychological counselling, personalised vocational training and, travel arrangements). According to CEFA, every single migrant (or family) leaves Italy with a clear idea of their reintegration plan and with adequate information about opportunities in the country of return. The project relies on CEFA staff in Morocco, where CEFA has been working since 1997. Returnees receive assistance as soon as they are returned and are helped in finding a qualified job, creating micro-enterprises. Children and women also receive assistance in social reintegration. However, the number of beneficiaries is limited compared to the actual request for reintegration. (Matrix (2012)).

The IOM as well has developed a wide range of projects and reintegration assistance. For example, the IOM has implemented small projects focusing on Tunisian nationals who had arrived in Italy after the revolution in 2011 and were ready to return. Through the PARTIR projects, more than 400 returnees have been reintegrated and approximately €2,600,000 has been spent on returning. (Matrix (2012)).

Although various programs and agreements exist, it is far from clear that such programs are effective. According to the ETF survey³³, although almost a quarter of Tunisian returnees had heard the government programs only half of those participated in a government scheme- Table 7.3. Knowledge and use of private recruitment is low in both Egypt and Tunisia though is slightly higher in Egypt.

Overall, there is little evidence of effective programs that systematically place/insert returnees successfully in the labour market.

Table 7.3: Awareness and Use of Government Migration Programs and Recruitment Companies, 2006-07 (%)

	Egypt	Tunisia
<i>Return Migrants</i>		
Aware of government migration schemes	8.5	22.9
Participated in government scheme	6.2	13.3
Aware of private recruitment companies	14.2	6.1
Used private recruitment companies	5.3	2.0
<i>Potential Migrants</i>		
Aware of government migration schemes	4.1	23.7
Likely to Participate in government scheme	3.1	15.8
Aware of private recruitment companies	18.2	21.1
Likely to use private recruitment companies	5.7	15.2

Source: ETF Survey, based on 1000 Egyptian return migrants and 986 Tunisian return migrant and 384 Egyptian potential migrants 633 Tunisian potential migrants.

³³ See Chapter 3 Section 3.5.1 for details on the ETF survey.

Chapter 8

Impact of Return Migration in North Africa

Jackline Wahba³⁴

1. Introduction

Temporary overseas migration has potentially many benefits. Through overseas employment, migrants increase their income, acquire new skills and accumulate savings and assets. When migrants return to their country of origin they represent an inflow of both financial capital through accumulated overseas savings and human capital through their new acquired skills and knowledge from working overseas to the country of origin. This paper aims to shed light on the potential impact of return international migration on skills and investment by highlighting the contribution of returnees in North Africa.

MENA countries have increasingly contributed to the migration flows to Western Europe. The MENA region had about 15 million emigrants abroad, including 5.1 million in Europe in 2000. There are several patterns of migration in the region reflecting the diversity of the region's countries as discussed earlier. Those migration flows represent the mobility of skills between countries where in many cases those movements are not permanent.

This chapter looks at the impact of return migration in North Africa in particular. Section 2 provides an overall conceptual framework for the theoretical models dealing with return migration. Section 3 reviews the previous literature. Section 4 examines the role of return migration on human capital accumulation and circulation. The effect of return on entrepreneurship is shown in section 5. Section 6 discusses the role of return migration on local development. The Conclusion summarises the main findings.

2. Conceptual Framework

There is a small theoretical literature on return migration which provides several explanations for the determinants of return migration. One of those theoretical explanations for planned return is that return migration is part of optimal decision-making. Migration is a strategy for individuals (or households) to maximise total utility over the whole life-cycle. As such return migration is related to savings behaviour of migrants i.e. migrants are target savers, their

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investment in human capital acquisition whilst overseas and the relative wage differential between the host and home country. In other words, individuals migrate temporarily for a period of time where wages are higher, they can acquire skills and accumulate savings. Thus one motive for return, developed by Dustmann (1997), is the relatively high return to overseas human capital investments in the host country. Basically, individuals migrate temporarily to acquire skills that are highly rewarded in their home country. Another reason for return migration is that the marginal utility of consumption is higher in the home country than in the host country- Galor and Stark (1991) i.e. when individuals value more consumption in their own country relative to that in the host country.

On the other hand, return migration can be unplanned and the result of failure either due to imperfect information about the host country in terms of labour market prospects or the cost of living or the inability to fulfil the migration plans in terms of target savings etc. This kind of return migration is expected to take place relatively soon after immigration, when information is at hand. Borjas and Bratsberg (1996) model return migration in a framework based on the selection model of Roy (1951), in which the composition of migratory flows depends on the relative distribution of incomes between the home and host countries, and average returns on human capital. Within this framework, return migration is explained primarily by an error in evaluating the shape of the income distribution in the host country. They show that return migration selection is the reverse of the initial selection process. In other words, if the host country attracts relatively unskilled workers, it will be the better skilled among them who are most likely to return.

3. Literature Review

There is a growing empirical literature on temporary migration and return migration. First, a small but growing literature has focused on the determinants' of return migration. Kirdar (2009) studying Turkish immigrants in Germany finds evidence in support of the savings accumulation conjecture, in which return is motivated by higher purchasing power of accumulated savings in the home country, but not for the human capital accumulation conjecture. In terms of labour market outcomes, he finds that both retirement and unemployment emerge as important determinants of return migration choices. Bijwaard (2009) as well finds that many immigrants in the Netherlands leave after a period of no-income and that employment characteristics and the country of origin play an important role in explaining return migration. On the other hand, Gibson and McKenzie (2012) using a

unique survey which tracks worldwide the best and brightest academic performers from three Pacific countries find that the emigration decision to be most strongly associated with preference variables such as risk aversion, patience, and choice of subjects in secondary school, and not strongly linked to either liquidity constraints or the gain in income to be had from migrating. Likewise, the decision to return is strongly linked to family and lifestyle reasons, rather than to the income opportunities in different countries. Yang (2004) on the other hand, exploits a unique quasi-experiment to distinguish between the potential explanations for return migration of Philippine migrants and finds evidence in favour of the life-cycle explanation but his findings are at odds with a model with relaxed constraints on borrowing for household investment.

The literature suggests that return migration can affect the economic prospects of the origin countries through at least two main channels. First, emigrants may accumulate savings while overseas, that given the capital market distortions prevailing in many LDCs, might not have been possible without migrating. Secondly, overseas work may enable emigrants to acquire new skills and/or enhance human capital accumulation. The first impact of return migration on the home country has attracted some attention. Few studies have focused on the occupational choice of returnees and in particular on entrepreneurship and self employment amongst returnees- for example Gubert and Nordman (2008), Hamdouch (2006), Mesnard (2004), McCormick and Wahba (2003), Dustmann and Kirchkamp (2002), and McCormick and Wahba (2001). Overall, all those studies examine how temporary migration, through savings, provide access to credit which enable returnees to become self-employed and entrepreneurs. Secondly, the impact of return migration on human capital accumulation has also attracted attention. There is only a handful of studies which look at the returns to returning migrants by examining the wage premium for return migrants compared to non-migrants such as de Coulon and Piracha (2003), Co, Gang and Yun (1998) and Wahba (2007) (2013) for Egypt. A few authors have also examined the impact of remittances on human capital investment and found evidence to support the use of remittances in increasing child schooling e.g. Elbadway & Roushdy (2009) for Egypt.

4. Human Capital Accumulation & Return Migration

4.1 Return Migration and Education

A substantial proportion of migration in MENA is temporary in nature. However the scale of return migration varies to a large extent by country of origin and destination. Furthermore, data on return migration is scarce and scattered. Available data on return migration is usually based on Census data or household surveys. An important impact of migration is on human capital accumulation of migrants, in particular if those migrants return to their home countries. Return migration can affect the economic prospects of the origin countries through the potential impact of temporary migration on human capital accumulation. Overseas work may enable emigrants to acquire new skills and/or enhance human capital accumulation. Whether migrants acquire human capital whilst overseas or not is an important question for the economic development of the home country since earlier studies on emigration emphasized the resulting brain drain.

Existing evidence highlights one important aspect of return migration. On average return migrants are more educated than non-migrants. Of course, to a large extent who migrates and who returns affect the educational and occupational composition of return migrants. For example, the last Moroccan Population Census in 2004 shows that there were 165,416 return Moroccans during the 5 years which preceded the Census, i.e. 33,100 a year which is, on average, less than 1 percent of the Moroccan abroad. The level of education of return migrants was higher than that of the population of Morocco reflecting the high selective nature of emigration along education: emigrants are in general more educated than the average of the population and their levels of education improve in the country of emigration.

The Database on Return Migrants to the Maghreb (DReMM) survey is based on a sample of 1000 returnees from the Maghreb, with around 330 returnees from Morocco, Tunisia and Algeria.³⁵ In each country, the sampling procedure was based on a geographic stratification process. A few specific regions were selected using official statistics on return flows, so the survey data should not be viewed as reflecting national trends. For example, in the case of Morocco it captures migrants from new regions who migrated to mainly Southern Europe as opposed to the old migration which headed towards France, Belgium, Germany, and the

³⁵ Although this survey is not nationally representative of migrants nor returnees, it is still useful in indicating overall characteristics of returnees.

Netherlands. Since, the surveys have information on returnees' education pre-migration and after return, it is useful in highlighting first that the migrants returning to Maghreb countries were drawn from a wide spectrum of educational backgrounds, Table 8.1. Secondly, and more importantly, a significant proportion of migrants upgraded their educational level whilst overseas: in all three countries, the percentage of university graduates increased.

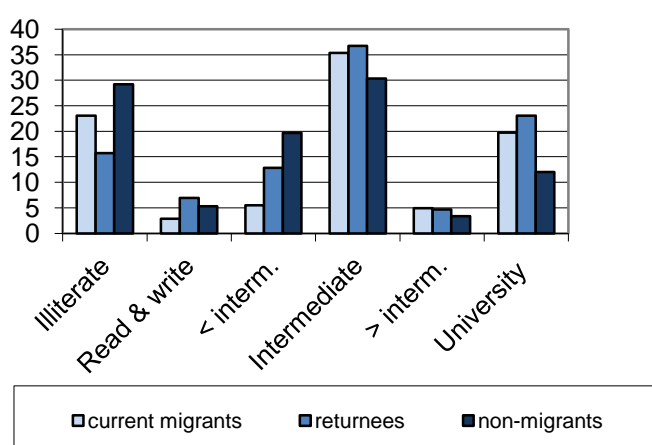
Table 8.1: Educational Level of Returnees, Before and After Migration, 2006-2007(%)

	Algeria		Morocco		Tunisia	
	Before	After	Before	After	Before	After
None	23.2	22	11.5	10.1	9.4	9.8
Preschool	3.9	4.2	5.8	4.1	3	3.1
Primary	10.8	10.8	17.6	15.5	20.9	19.9
Secondary 1	10.5	11.1	13.3	10.4	5.8	4.9
Secondary 2	16.6	13.9	25.2	17.7	39.4	30.4
Higher I (DEUG and Matrise)	22.3	15.7	20	16.8	19.4	19.3
Higher II (3rd cycle)	11.7	16.3	2.7	13.9	1.8	7.1

Source: Based on the Database on Return Migrants to the Maghreb (DReMM).

Similarly data on Egypt based on the Egypt Labour Market Panel 2006 (ELMPS06) also show return migrants are on average more educated than non-migrants- Figure 8.1. Examining the educational levels, of current migrants and return migrants, show that migrants were more educated than non-migrants in 2006.

Figure 8.1: Educational Distribution of Current Migrants, Returnees and Non-Migrants in 2006 in Egypt (%)

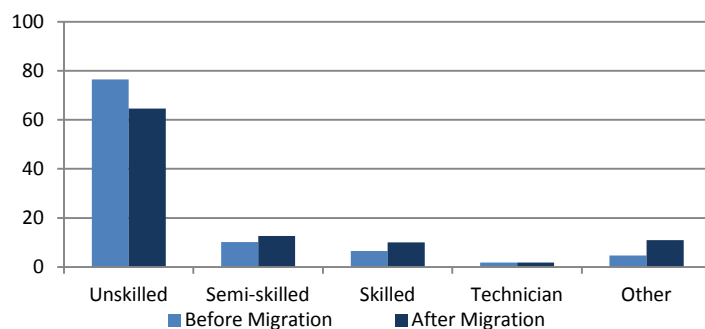


Source: Wahba (2009) based on ELMPS 2006.

4.2 Return Migration and Skills

There is also evidence of skill enhancement amongst Moroccan returnees whilst overseas based on the survey data collected by the Centre for Studies and Demographic Research (CERED), High Commission of Planning (HCP) in 2003-04 on return migrants, “The reinsertion of return migrants in Morocco.”³⁶ This survey is comprised of 1467 Moroccans returnees in two main regions of Morocco, the Great Casablanca and the Souss-Massa-Draa (Agadir region mainly) in the south capturing ‘old migration’ in Morocco.³⁷ Figure 8.2 shows that Moroccan returnees have experienced an upward mobility in their skills whilst overseas.

Figure 8.2: Skill Composition of Moroccan Returnees, 2003-04, before and after migration (%)



Source: Hamdouch and Wahba (2012) based on HCP (2004), “The reinsertion of return migrants in Morocco”

Similarly, return migrants in Egypt also benefit from their overseas work experience. Indeed the proportion of migrants who were engaged in high skilled occupation upon return was greater than before migration. Furthermore the proportion of returnees engaged in high skilled occupation was higher than amongst non-migrants as seen in Table 8.2. McCormick and Wahba (2001) find that almost 53% of the educated returnees have found the skills they acquired abroad to be beneficial to their current job upon return, compared to 33% of the less educated and 22% of the illiterates. Hence, overseas work experience provides an opportunity for human capital enhancement especially for the educated migrant.

³⁶ HCP, CERED (2006).

³⁷ The 1994 Census show that those two regions had 34 percent of households with at least one return migrant: 21 percent for the Great Casablanca which is the most important region of return migration and 13 percent for Souss-Massa-Draa which at the same time had 35 percent of the return migrants who resided in rural areas.

Table 8.2: Occupations of Return and Non-Migrants in Egypt 2006 (%)

Current Job Occupation	Returnees	Stayers
Legal, Senior & Managerial	17.32	11.29
Professionals	15.36	14.68
Technical assoc. professional	14.8	9.16
Clerks	8.94	3.77
Services & shop/market	6.98	14.45
Skilled agric.	15.36	16.84
Craft & related trade	11.73	17.85
Plant & machine operations & assembly	7.82	8.8
Elementary occupations	1.68	3.15

Source: Author's calculation based on ELMPS 2006.

4.3 Return Migration and Human Capital Accumulation: Wage Premiums

Another concrete effect of labour mobility and skill circulation is seen in the human capital accumulation of returnees reflected in the wages of returnees. Wahba (2013) shows that Egyptian return migrants have a positive wage premium compared to stayers because they have acquired new skills overseas that enhance their human capital. Based on the Egypt Labour Market Panel Survey (ELMPS06), Wahba (2013) finds that overseas temporary migration leads to a wage premium upon return. In 2006, on average, return male migrants earned around 14 percent more than non-migrants controlling for various selections. Destinations matter: returnees from Western countries earn on average 16 percent more than those returnees from Arab countries. Also the wage premium differs by educational level: less educated returnees earned 8 percent more than non-migrants whilst university graduate returnees earn 20 percent more compared to non-migrants. This emphasises the significance of temporary and return migration.

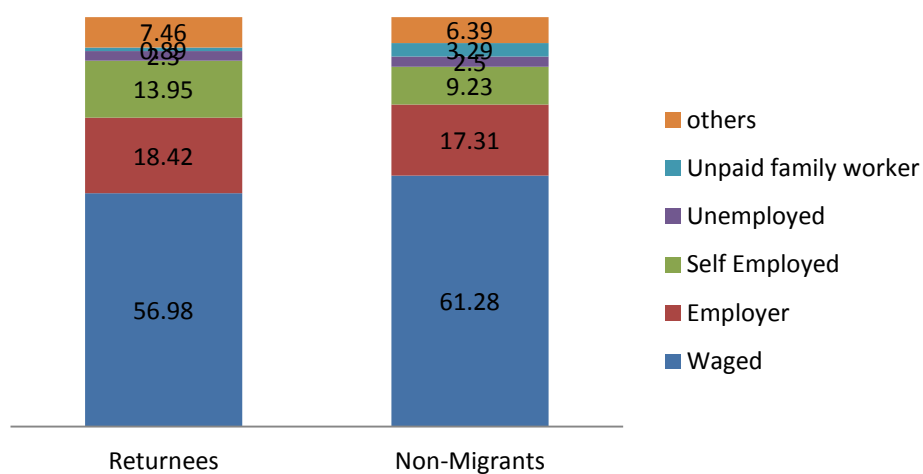
5. Return Migration and Entrepreneurship

Another important impact of return migration is on savings accumulation while overseas, that given the capital market distortions prevailing in many LDCs, might not have been possible without migrating. Return migrants are potentially carriers of capital, technology and entrepreneurship, i.e. of factors that can contribute to the economic development of the home country. As McCormick and Wahba (2001) show evidence from Egypt suggests that overseas employment opportunities have had significant effects on the probability of those returning

migrants becoming entrepreneurs in the origin country. Overseas savings play a crucial role in access to entrepreneurship. Also, time spent overseas have positive and highly significant effects on being an entrepreneur upon return. Wahba (2004) finds that overseas migration, for even comparatively short spells, facilitates the accumulation of financial capital on a scale not otherwise possible, and the accumulation of new useful skills, that increase enterprise investment on return to Egypt. In fact, return migrants are responsible for 15% of the capital invested in small enterprises and 15% of the associated employment generation. In addition, the paper explores the impact of overseas work experience by comparing the characteristics of the businesses of return migrants and non-migrants. The empirical results suggest that return migration has a positive significant influence on the value of capital invested. In addition, return migrants are more likely than non-migrants to create good jobs. They are as likely to establish formal businesses. In addition, there is no evidence to suggest that businesses of return migrants generate less employment than businesses of non-migrants.

Data from the ELMPS06 shows that returnees are more likely to be entrepreneurs compared to non-migrants. Figure 8.3 shows that 32.4 percent of returnees were employers or self-employed, compared to 26.5 percent of non-migrants in 2006.

Figure 8.3: Employment Status of Returnees and Non-Migrants in 2006 in Egypt (%)



Source: ELMPS 2006

Evidence from other countries also corroborates the higher probability of returnees setting-up businesses and becoming employers. For example, for Morocco the 2004 Census also shows that the activity rate of return migrants was higher than the average Moroccan. The employment status of returnees shows a significant proportion of entrepreneurs, 46 percent but account for only 32 percent on average among non-migrants. Similar patterns are observed in the DReMM data by Gubert and Nordmann (2008). There is a noticeable difference between the employment status of returnees in the Maghreb before and after migration. In particular, the proportion of employers rose from 1 percent to 15 percent for the whole sample between the pre-migration and post-return periods. This change in employment status is particularly pronounced in the case of Tunisia, where the percentage of employers rose from 1 percent before migration to 23 percent post return (Table 8.3). Interestingly though as Gubert and Nordmann (2008) argue that trained migrants are clearly overrepresented among those migrants who became entrepreneurs after migration, especially among those who became employers.

Table 8.3: Occupations of Returnees in Maghreb, 2006-07, (%)

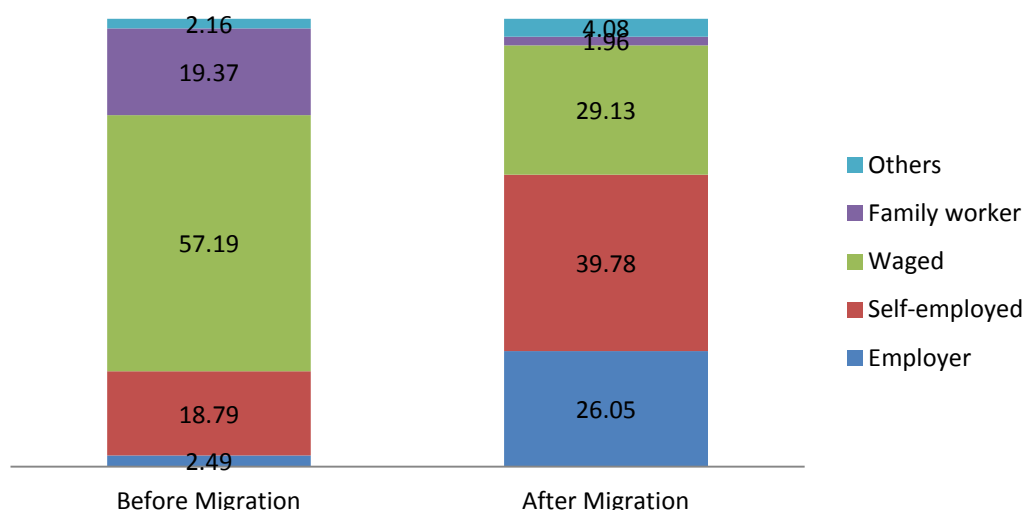
	Algeria		Morocco		Tunisia	
	Before	After	Before	After	Before	After
Waged	37.5	25.3	19	21.3	36.6	25.8
Employer	1.8	9.3	0.7	11.9	1.2	23.4
Self-Employed	15.1	14.2	15.1	16.6	14.6	12
Retired	0.3	31.3	0.3	5.3	0	15.4

Source: Gubert and Nordmann (2008) based on DReMM.

Hamdouch and Wahba (2012) using the 2003-04, “The reinsertion of return migrants in Morocco” survey on Moroccans returnees also find an increase in the share of returnees who became employers 26 percent compared to 2 percent before migration and 40 percent were self-employed compared to 19 percent prior to emigration (Figure 8.4) suggesting that a substantial proportion of returnees tend to become employers and self-employed upon their return. Although the sampled returnees are older in age around 63 years of age and as Table 8.4 shows only 22 percent are employed, 28 percent of returnees were entrepreneurs (invested in a project) upon return. In terms of sector, there was a prevalence of investment in the tertiary sector which monopolised 70 percent of the investment projects (40 percent in trade and 27 percent in services), followed by industry 10 percent and primary sector

(agriculture) 14 percent. Indeed, almost 24 percent of Moroccan return entrepreneurs have acquired training whilst overseas compared to only 13 percent among non-entrepreneurs suggesting that acquired overseas skills might be correlated with becoming an investor. Also almost 19 percent of entrepreneurs have invested overseas compared to 3 percent of non-entrepreneurs. This suggests that the two investment decisions are correlated and that migrants learn new trades/skills or build up business ties which they use to set up businesses upon return. The empirical results show that overseas migration experience plays an important role in determining the likelihood of entrepreneurship/investment. More interestingly, overseas training seem to have a positive correlation with the probability of the returnee investing in the origin country upon return suggesting that the migration experience may enhance migrants' skills or knowledge which enable them to become entrepreneurs. Skilled returnees were more likely than unskilled returnees to invest and become entrepreneurs on return. There is also a positive significant relationship between investing whilst overseas and the probability of returnees investing at home after return. Thus, overall, individual characteristics, conditions before migration and the overseas migration experience play a significant role beyond the role played by savings and captured by migration duration.

Figure 8.4: Employment Status of Returnees in 2003-04 in Morocco before and after migration (%)



Source: Hamdouch and Wahba (2012) based on HCP (2004), "The reinsertion of return migrants in Morocco"

Table 8.4: Employment Status of Moroccan Returnees in 2003-04 in Morocco before and after migration (%)

	Before migration	After return
Employed	82	22.68
Unemployed	10.33	6.42
Student	5.79	0.14
Proprietor/ Retired	0	66.94
Others	1.88	3.82

Source: Hamdouch and Wahba (2012) Based on HCP (2004), “The reinsertion of return migrants in Morocco”

Table 8.5: Characteristics of Moroccan Returnees' Projects, in 2003-04 (%)

Characteristics of Projects	Percent
<i>Economic Activity</i>	
Agriculture	13.52
Manufacturing	9.69
Utilities	0.26
Construction	4.59
Commerce	40.31
Transport & communication	3.06
Services	27.04
Administration, Education, & Health	1.53
<i>Finance</i>	
Self finance	86.84
Bank credit	7.34
Borrowed from others	3.29
Other	2.53
<i>Ownership</i>	
Sole	78.84
Family	14.86
Joint	6.30
<i>Average Number of employees</i>	5.36
<i>Amount of Investment (in Thousand Dirham in 2004 Prices)</i>	
Returnees from West Countries	627.11
Returnees from Arab Countries	352.7
<i>Reasons for Investment</i>	
Make use of skills	17.41
Utilise savings	47.51

Source: Hamdouch and Wahba (2012) Based on HCP (2004), “The reinsertion of return migrants in Morocco”

In many cases entrepreneurship by return migrants is planned all along before returning. For example, based on the “2005 survey on the socio-economic integration in the host country of Moroccans residing abroad” collected by CERED in August-September 2005, of 2,832 Moroccans residing abroad (MRA) in Europe and conducted whilst the MRA were visiting Morocco, show that 27 percent of the interviewed sample who planned to return to Morocco gave setting up a project as the main reason for their planned return.

Furthermore, current migrants also invested their skills and savings in their home countries even though they might be living overseas. Almost 44 percent of the MRA sample had invested in Morocco and although those planning to return back to Morocco had a higher investment rate 47%. Yet, 40% of those not intending to return had also invested in the home country. Both groups had plans to invest more in Morocco with real estate attracting 50% of investment and trade almost another one third of planned projects. These figures might be high since it includes real estate investment and also the sample is made up of Moroccans who were visiting home in the summer and thus have stronger ties with the origin country- see Hamdouch and Wahba (2013). However, those findings underscore the importance of entrepreneurship and investment by returning migrants.

Obstacles to Investment

The results highlight the economic contribution of return migrants and support the view that return migration can play a useful role in the development process through investment and mobilising the savings and skills of migrants. Although returnees show a high ability to create small or medium businesses and to generate jobs, there are still many hurdles that return migrants face when setting up their businesses. Half of the returnees in the DReMM Survey cite administrative and institutional constraints. The percentage of investors who suffered from administrative constraints is, however, much higher in the Algerian sample (77 percent) than in the Moroccan (55 percent) or Tunisian (34 percent) samples. Similarly almost half of the CERED 2005 of MRA mentioned reducing the administrative requirements as a main facilitator for investment in Morocco.

In many MENA non-oil countries, setting up a business is not easy. Table 8.6 shows the ranking for selected countries out of 174 economies in 2010. As evident, it is not particularly easy to do business in most of those countries. Although Tunisia fares relatively well on all measures, Morocco and Egypt lag behind. Given that return migrants tend to be willing and

more likely to embark on setting up projects/businesses, there is a room for encouraging and directing their investment.

Table 8.6: Doing Business Ranks in 2010, Selected Countries

	Ease of Doing Business	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Investors	Enforcing Contracts	Resolving Insolvency
Egypt	108	18	155	99	94	75	74	144	136
Morocco	115	82	76	102	143	96	153	87	63
Tunisia	40	46	85	46	60	96	44	78	37

Source: World Bank, Doing Business 2011.

6. Other Impacts of Return Migration

Return migration also contribute to the economic development of the home countries. For example, based on HCP 2003-4 survey, “The reinsertion of return migrants in Morocco,” Moroccan returnees have contributed to a number of public goods/services such as building wells, irrigations, roads, electricity supply and mosques – Table 8.7. Those who were emigrants in Western countries seem to be more likely to contribute to the provision of public goods such as roads and mosques upon return compared to Moroccan returnees who went to Arab countries (Hamdouch and Wahba 2012).

Table 8.7: Contribution by Moroccan Returnees to Public Goods in 2003-04 (%)

	Arab Countries	Western Countries	Total
Well		7.34	25.77
Road		3.67	27.47
Irrigation		3.67	13.4
Mosque		19.27	48.38
Electricity Supply		1.83	12.89
Others		1.83	3.46

Notes: More than one answer is allowed. Source: Hamdouch and Wahba (2012) based on HCP (2004), “The reinsertion of return migrants in Morocco”

7. Conclusion

The evidence shows that return migrants play an important role in their origin economies and contribute to the skill circulation and financial investment. Migrants acquire skills overseas which increase their probability of becoming entrepreneurs and their wages upon return as

well as accumulate savings which enable them to become investors. To fully maximise the benefits of return migration next section will focus on policies.

Chapter 8

Conclusion and Policy Recommendations

Jackline Wahba³⁸

Summary of Main Findings

With the greater interest in temporary migration by policymakers, the need to better understand the determinants and implications of temporary and return migration is paramount. The South-Med region has been a major player in migration, sending a growing number of migrants to Europe in particular. Given the expected increase in those immigration flows, which might have slowed down because of the economic crisis in Europe, there is a growing awareness that mismanaged migration can be costly to both sending and receiving countries across a multitude of policy areas, including education, integration, and social protection.

In this report we have studied who migrates and who returns as well as the impact of return migration. Our main findings are as follow:

1. Emigration Selectivity: We find that the more educated are more likely to be aspiring to migrate. Yet, migration and aspiration of migration are not exclusive to the highly educated.
2. Emigration and Education: We find evidence that migration leads to brain gains among the youth in Egypt. Those aspiring to migrate invest more in education. Migration aspirations have a positive significant impact on educational attainment. The effect is larger for those aspiring to migrate to the West. Those aspiring to migrate to an Arab country acquire 1.5 more years of migration relative to those not aspiring to migrate while those aspiring to migrate to the West acquire on average 6 more years of schooling.
3. Return migration and investment: A large share of migrants has invested in Morocco, and that is the case for those planning to return and those intending on settling overseas indefinitely. Also, three quarters of those planning to return plan to invest in

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Morocco. The results also show that a quarter of our Moroccan migrant sample has invested in the host country.

4. **Return Migration Policies:** There is little evidence that voluntary return programmes have been effective in encouraging return among North African immigrant population in Europe. There are several reasons behind their very low return rate. The main reason has to do with the concern about not being able to come back to Europe. Moreover, for many, returning to their countries of origin at present is not attractive given the recent political instability in those countries.
5. **Impact of Return:** The evidence shows that return migrants play an important role in their origin economies and contribute to the skill circulation and financial investment. Migrants acquire skills overseas which increase their probability of becoming entrepreneurs and their wages upon return as well as accumulate savings which enable them to become investors.

Main recommendations

The main recommendations in order to facilitate international mobility of skills for the economic development of origin countries are as follow:

Educational Policies:

It is thus vital for labour sending countries in MENA to invest in human capital by improving the quality of education to be able to produce skilled labour that can compete in the global world.

There should also be coordination between education authorities in the home and host countries, for example between the EU and North African countries, on curriculum to facilitate approval or accreditation of degrees. This would increase the returns to education overseas which is particularly low for North African degree holders. This would also be needed when training workers for overseas employment.

To address the brain drain for Morocco and Tunisia, ways to address this through bilateral coordination would be best. For example, European labour receiving countries can help directly in education by establishing universities and higher education institutes in labour exporting countries.

Circular migration

Facilitating circular migration where migrants are allowed to move back and forth between their host and home countries without losing their rights should be encouraged by European countries. Allowing migrants to move backward and forward would make return migration more attractive to migrants. In addition, the issue of social security portability and whether migrants can draw pensions if they return to their country of origin is another obstacle to return that needs tackling to enable return migration.

The benefits of return migration and Investment:

An important policy recommendation is facilitating investment by reducing the red tape, and providing information on investment possibilities which could be promoted to the Diasporas as well. Given that return migrants tend to be willing and more likely to embark on setting up projects/businesses, there is a room for encouraging and directing their investment. Hence, reducing the red tape and the bureaucracy in the number of permits required are important. However, investors also need reassurances about their rights and the enforcement of contracts. Moreover, there is a need to provide information on areas of investment to encourage migrants' investment. Finally, migrants can play an important role in job creation in their home countries through their investment if they are enticed using the right financial incentives such as tax holidays to set up business and create jobs.

Migration Management and Development

Migration can not be managed in isolation. Migration needs to be managed by both the receiving and sending countries and for migration from North Africa at present, migration can not be considered in a vacuum without taking into account the current lack of political stability and the resulting economic instability. Stability is vital for reaping the benefits of migration.

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