

# Foreign Assistance and Migration Choices: Disentangling the Channels

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# Foreign Aid as a recipe to address the Root Causes of Irregular Migration?

*Britain needs to spend more of its budget on helping stabilise countries so that it doesn't have to fish migrants out of Mediterranean (June 2015 the UK Defence secretary; The Guardian, 21st June 2015).*

*We must also continue our political and development action to improve the living conditions in the countries of origin, working with them there, so that people do not have to flee their homes (Jose Manuel Barroso 9th October 2013, EU Commission)*

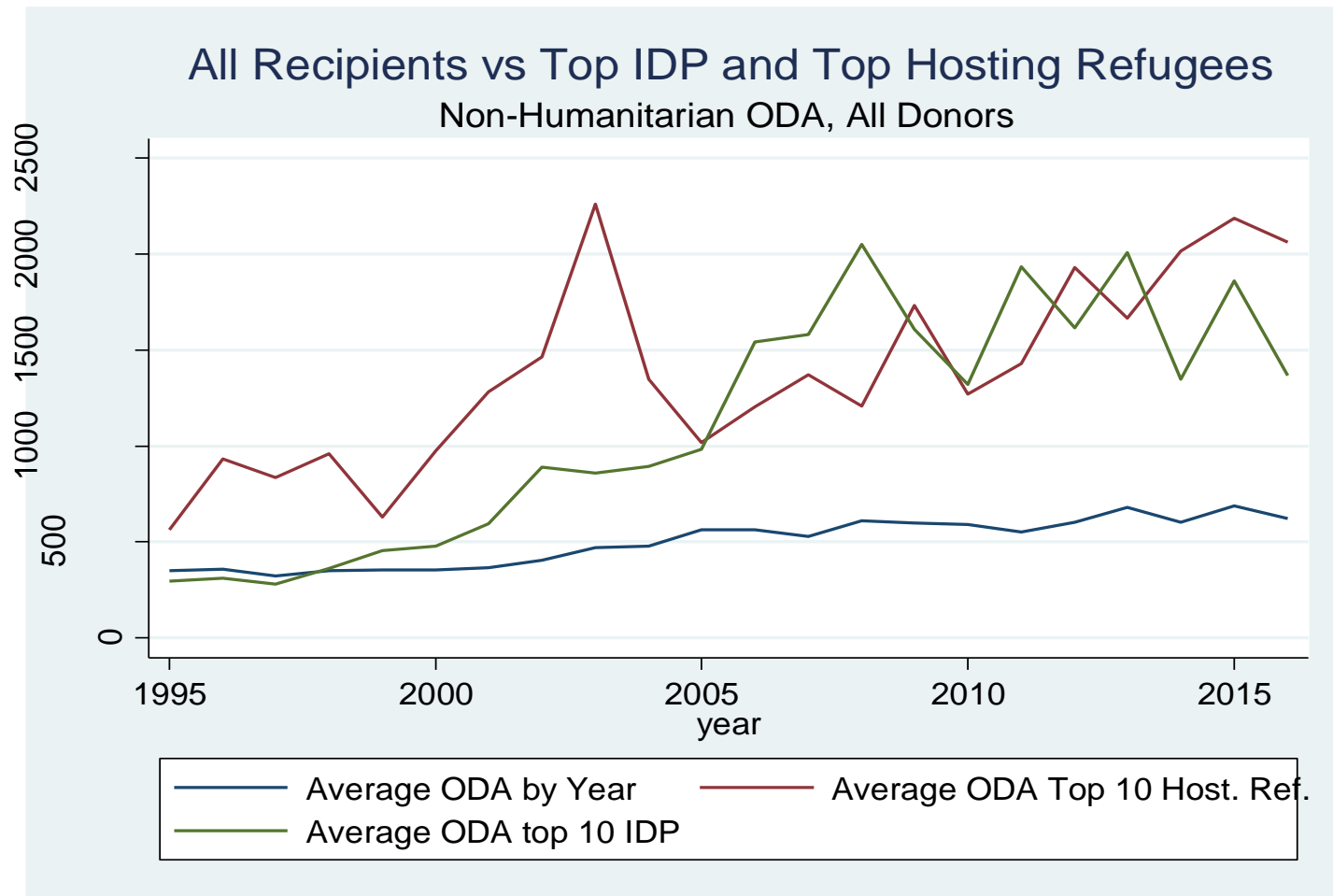
## 2 Related Research Questions

- (1) Has foreign aid become more responsive in light of the recent refugee crises?
- (2) If donors actually reoriented the aid flows, would this effectively reduce migration pressure?

## (1) Donors' Reaction to Forced Migration Flows

- *Previous research:* only humanitarian aid allocation was responsive to the presence of refugees in countries of first asylum (Czaika Mayer 2011)
- We test if the responsiveness of long-term development aid has improved more recently, especially in light of the recent Syrian Crises

# Trends in ODA Allocation Over Time



## (2) Does Foreign Aid Does Actually Reduce Migration Flows ?

Channels

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graph TD; Channels[Channels] --> Income[Through Income]; Channels --> Public[Through Public Services]; Income --> Budgetary[Budgetary Constraint Channel (+)]; Income --> IncomeChannel[Income Channel (-)]; Public --> PublicServices[Public Services Channel (-)];
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Through Income

Budgetary Constraint Channel (+)  
Income Channel (-)

Through Public Services

Public Services Channel (-)

- Net effect is not clear cut as it is subject to contrasting forces
- It's an empirical question
- Previous literature: *Positive* Relationship

# Inverted U Shape

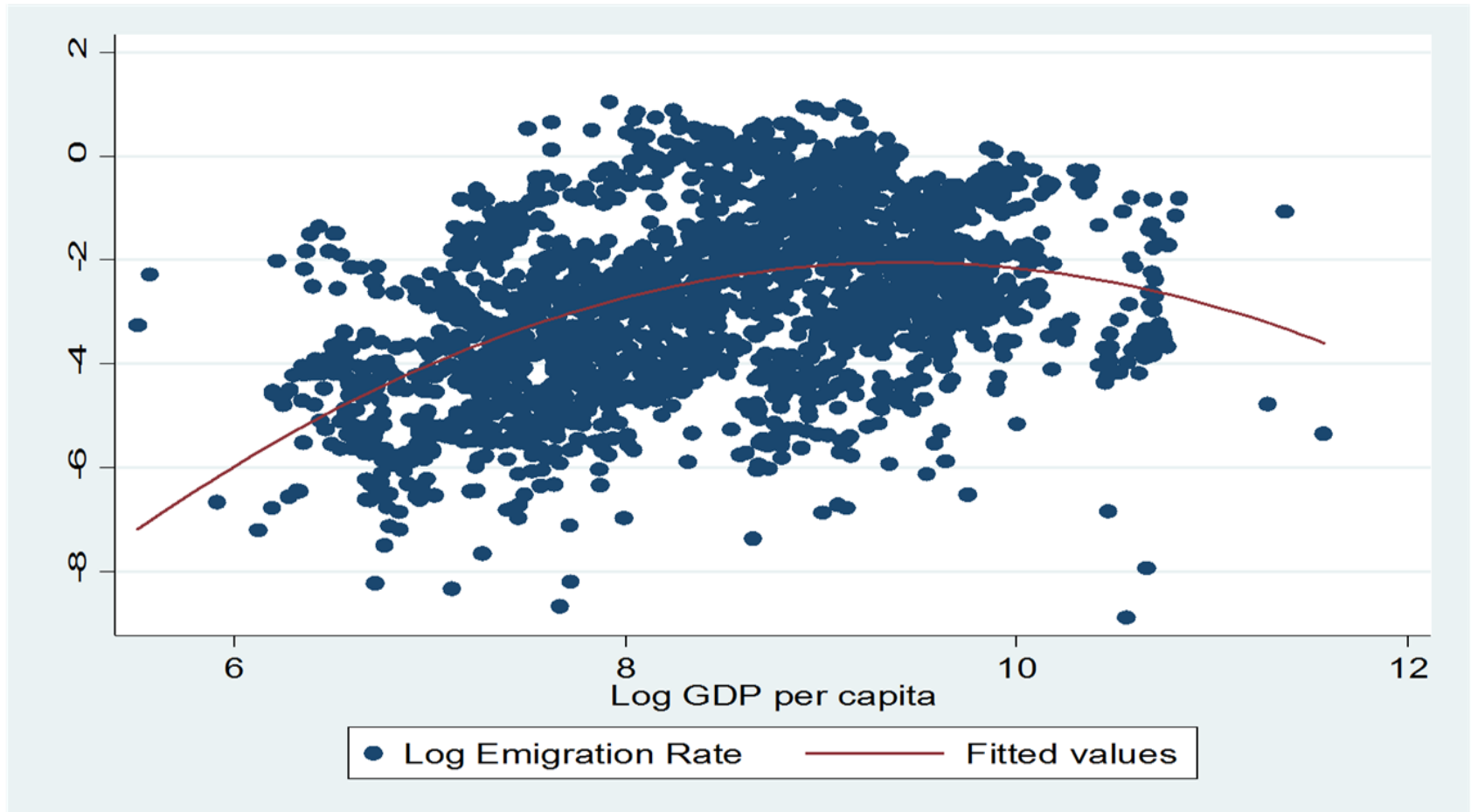


Figure from Lanati Thiele (2018)

# Our Contribution

- Migrant flows rather than stocks in the dependent variable.
- We run separate regressions for poorer and richer recipient countries
- Disaggregated Analysis for different types of Foreign Aid : (i) Social Infrastructure/Services, (ii), Economic Infrastructure & Services and (iii) Production Sectors
- Derives the econometric specification from a gravity model of international migration
- Pooling time-series and cross-section data.
- Controlling for time-varying, origin-specific determinants of migration decisions, such as environmental factors and the presence of conflicts.



# Disaggregated Analysis

	(1) ln(EMrate <sub>in,t</sub> ) Total	(2) ln(EMrate <sub>in,t</sub> ) Social Inf.	(3) ln(EMrate <sub>in,t</sub> ) Economic	(4) ln(EMrate <sub>in,t</sub> ) Production	(5) ln(EMrate <sub>in,t</sub> ) Program Aid	(6) ln(EMrate <sub>in,t</sub> ) Project Aid
ln(BilAid <sub>ni,t-1</sub> )	0.081*** (13.63)	0.079*** (13.53)	0.079*** (13.47)	0.079*** (13.33)	0.077*** (12.99)	0.080*** (13.56)
ln(AggAid <sub>n,t-1</sub> )	-0.096*** (-4.07)	-0.119*** (-3.49)	-0.046*** (-4.22)	-0.065*** (-3.99)	-0.010 (-1.95)	-0.116*** (-3.98)
ln(GDP <sub>i,t-1</sub> /GDP <sub>n,t-1</sub> )	-0.054 (-0.47)	-0.110 (-0.94)	-0.057 (-0.48)	-0.093 (-0.80)	-0.020 (-0.18)	-0.099 (-0.85)
ln(MigStock <sub>in,t-1</sub> )	0.618*** (37.67)	0.618*** (37.62)	0.620*** (37.66)	0.618*** (37.61)	0.659*** (40.50)	0.618*** (37.62)
ln(dist <sub>ni</sub> )	-0.324*** (-11.36)	-0.327*** (-11.45)	-0.325*** (-11.37)	-0.328*** (-11.49)	-0.244*** (-7.75)	-0.327*** (-11.44)
Colony <sub>ni</sub>	0.457*** (8.40)	0.460*** (8.41)	0.455*** (8.34)	0.463*** (8.46)	0.333*** (6.10)	0.461*** (8.42)
LangProx <sub>ni</sub>	0.391*** (8.76)	0.394*** (8.80)	0.396*** (8.83)	0.397*** (8.88)	0.387*** (8.54)	0.395*** (8.83)
Dependency <sub>n,t-1</sub>	-0.015*** (-3.56)	-0.015*** (-3.54)	-0.014** (-3.27)	-0.013** (-3.24)	-0.012** (-2.71)	-0.015*** (-3.48)
PolStability <sub>n,t-1</sub>	0.009 (0.28)	0.007 (0.22)	0.012 (0.39)	0.015 (0.47)	-0.014 (-0.46)	0.005 (0.15)
Conflict <sub>n,t-1</sub>	-0.057 (-0.67)	-0.001 (-0.01)	-0.016 (-0.19)	-0.005 (-0.06)	0.087 (0.80)	-0.052 (-0.60)
AggAid <sub>n,t-1</sub> Conflict <sub>n,t-1</sub>	0.019 (0.78)	0.005 (0.23)	0.010 (0.41)	0.006 (0.22)	-0.014 (-0.44)	0.019 (0.74)
NatDis <sub>n,t-1</sub>	-0.001 (-0.47)	-0.001 (-0.52)	-0.001 (-0.27)	-0.002 (-0.54)	0.001 (0.07)	-0.001 (-0.46)
N	10,482	10,482	10,465	10,482	9424	10,482
a <sub>n</sub>	X	X	X	X	X	X
a <sub>i,t</sub>	X	X	X	X	X	X
R <sub>sq</sub>	0.91	0.90	0.90	0.90	0.91	0.90

# Summing up Our Results

- Robust negative relationship between aggregate aid received and emigration rates.
- This result is mostly driven by foreign assistance to public services (school, health sectors)

Our finding is in line with :

- The Millennium Development Goals
- Dustmann and Okatenko (2014)

# Conclusions

- By focusing on support for the social sector, EU agreements may indeed be effective in reducing migrant flows.

## Further Research :

- Impact of ODA on Different Types of Migrants
- The case of foreign aid spent within donor borders