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RURAL DEVELOPMENT AND MIGRATION: ANALYSIS AND INSIGHTS FOR THE ARAB COUNTRIES¹

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¹ Disclaimer: The views expressed in this policy paper are those of the authors and do not necessarily reflect the views of the Arab Fund for Economic and Social Development (AFESD).

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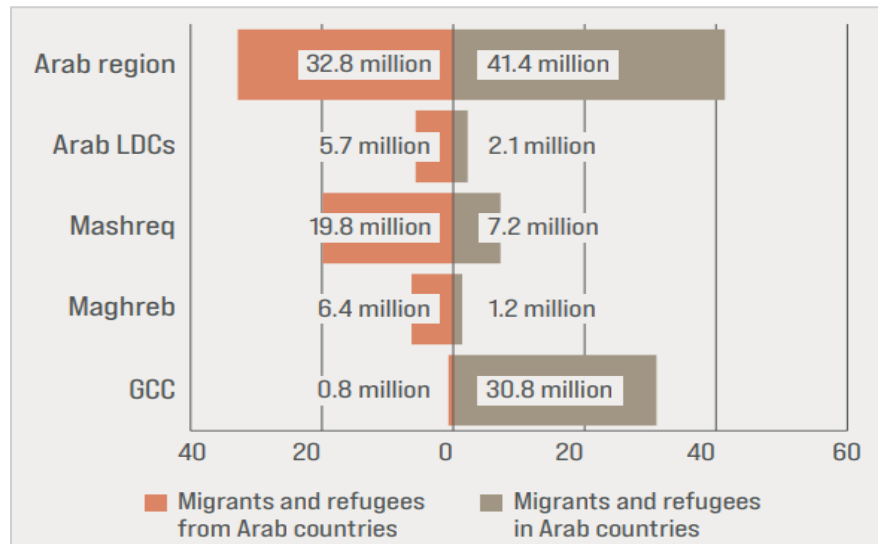
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I. Introduction

Over the past decade, Arab countries have increasingly become both origin and transit hubs for migrants, with nearly 15% of global migrants and refugees moving through this region³. Economic deprivation, poverty, high unemployment, and regional conflicts compel many individuals to seek opportunities elsewhere. Additionally, the COVID-19 pandemic has highlighted the need for measures that foster rural stability to reduce migration pressures. *Figure 1* shows migration dynamics in terms of inflows and outflows in the Arab region. This migration flow has contributed to losses of skilled workers, shortages in critical sectors, and “brain drain” from urban and rural areas. Moreover, illegal migration is a growing phenomenon impacting the Arab region, with significant social consequences for individuals and societies alike. It also contributes to regional instability and heightens tensions related to border security and migrant integration.

Figure 1: Number of migrants and refugees from and in Arab countries (millions) by subregion, 2020⁴



Source: ESCWA (2021)

Illegal migrants often face dangerous journeys across deserts, seas, and conflict zones, with many experiencing human trafficking and exploitation. Without legal protections, undocumented migrants are vulnerable to unsafe working conditions and abuse. Moreover, limited access to healthcare, poor living conditions, and social isolation in host countries place additional strain on migrants' well-being. On a societal level, illegal migration can have severe consequences,

³ ESCWA (2021).

⁴ Arab LDCs include Comoros, Djibouti, Mauritania, Somalia, Sudan, and Yemen. Mashreq countries include Egypt, Iraq, Jordan, Lebanon, Palestine and Syria. Maghreb countries include Morocco, Algeria, Tunisia, Libya, and Mauritania.



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especially for countries of origin. The loss of young, skilled workers, known as "brain drain," weakens the workforce and restricts economic growth in rural areas that already face development challenges.

The objective of this policy note is to i) analyze the drivers of migration, ii) explore the role that rural development can play in reducing the push factors that lead to migration in general and illegal migration in particular, and iii) suggest some recommendations for dampening illegal migration in Arab countries.

II. Understanding migration

1. Definition and types of migration

A **migrant** is officially defined by the International Organization for Migration (IOM) as “a person who moves away from his or her place of usual residence, whether within a country or across an international border, temporarily or permanently, and for a variety of reasons”⁵. Thus, migration takes different forms depending on the reasons for leaving the original residence, duration of migration, formality of the residential status, and location of the migration destination, each determined by governing factors that influence migrants’ movement patterns and decisions. Migrants may decide to leave their original residences due to personal choices or are compelled to do so forcefully due to local instabilities and conflicts. Furthermore, the duration of migration can be temporary or permanent, and the destination may be internal within the country of origin or international to another country. Migration patterns can also be *direct* if the migrants move directly from their origin to the desired destination, or can be *stepwise*, when especially low-capital migrants must go through a multistage process, often relocating to several countries before reaching their desired destination, often caused by high-cost barriers and immigration policy restrictions⁶. Other specific designations include “internally displaced people” (IDPs), defined by the UNHCR as migrants that have been forced to flee their homes by conflict, violence, persecution or disasters and relocate to another location within their own country of origin, “refugees” that are also forced to flee their homes but to relocate to another country, and “asylum seekers” that are forced to leave their country of origin and often cannot return due to threats to general safety and wellbeing and therefore seek asylum in another country⁷.

Illegal migration refers to “migrants who do not have the required legal documentation or authorization to enter and/or reside within a given territory”⁸ and is characterized by the various types of migration mentioned above, depending on governing “push and pull” factors.

⁵ <https://www.iom.int/who-migrant-0>

⁶ Paul (2011).

⁷ <https://www.unhcr.org/>

⁸ Sironi et. al. (2019).



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2. Causes and push factors for migration

Labor migration patterns were most notably analyzed by Lee (1966), in his “push and pull” theory of migration which modeled the factors that “push” individuals away from an area (supply-side factors) including conflicts, structural hindrances, poor economic development prospects, and environmental factors such as droughts, as well as factors that “pull” individual towards a new area including higher standards of living and more opportunities (demand-side factors). The model also incorporates intervening obstacles like distance and transportation or regulatory costs, and personal factors that may influence migration patterns.

The pioneering work of Sir Arthur Lewis also provides a foundational framework for understanding rural-to-urban labor mobility, particularly in the context of developing economies. His dual-sector model emphasizes the existence of an "unlimited supply of labor" in traditional rural sectors, where surplus labor contributes little to marginal productivity. According to Lewis, this surplus labor gradually migrates to the urban industrial sector, attracted by higher wages and better living conditions. This shift is driven by both economic push factors—such as underemployment and low agricultural returns in rural areas—and pull factors from urban centers, including the promise of industrial jobs and social mobility.

In the case of Arab region, many “push” factors mainly consist of political instabilities (often associated with forced displacement due to conflicts), insufficient development gains and lack of opportunities, poor governance, and climate change implications⁹. However, when examining migration patterns in rural communities, in addition to the push factors mentioned, other factors seemingly also play a crucial role in influencing labor movement. These factors exist at the micro-level (related to personal aspirations), at the meso-level (including cultural and socio-economic aspects), and at the macro-level (segmented labor markets, significant informality, low female participation rates, high unemployment especially amongst the youth, lack of social protection measures, low productivity and pay)¹⁰. Climate change factors such as droughts, flooding and

In the case of Arab region, many “push” factors mainly consist of political instabilities (often associated with forced displacement due to conflicts), insufficient development gains and lack of opportunities, poor governance, and climate change implications

other natural disasters, also serve as major “push” factors influencing migration away from rural communities, especially due to associated uncertainty and high risks.

⁹ UNDP (2015).

¹⁰ Castagnone and Termine (2018).



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Poverty, which is prominently noticed in rural communities and contributes to large disparities between rural and urban regions, constitutes also a major “push” factor in the rural Arab regions. According to ESCWA estimates¹¹, the gap between poverty rates in rural and urban areas is the highest in Mauritania at 47.5 percentage points, followed by Yemen at 44.5 percentage points, and Sudan at 37.7 percentage points. The gap in the severity of poverty in rural and urban areas is also highest in Mauritania at 33.3 percentage points, followed by Sudan at 30.3 percentage points and Yemen at 29.1 percentage points. Multidimensional child poverty is also prevalent mostly in rural areas in comparison to urban, whereby Morocco experiences the most significant gap in multidimensional child poverty rates between urban (9.2%) and rural (43.7%) areas, due to housing and water infrastructure, health and education deprivations. Furthermore, disaggregated poverty data by rural-urban areas illuminates striking inequalities within countries, with the largest disparities being in Djibouti, Comoros, and Sudan¹².

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When specifically analyzing “push” factors driving *illegal* migration, the main cause relates to the repercussions associated with restricted legal channels for migration, such as increased barriers to entry for migrants, complex and inflexible regulatory measures including visa issuances, and high costs associated with relocating¹³. To further illustrate the potential factors that can influence migration (legal or illegal) especially in influencing the choice of destination, the Gravity model analyzes migration patterns through economic, geographic, and other characteristics in the home and destination countries. This includes higher GDP per capita rates in destination countries, as well as common borders, common languages, historical links and short geographical proximity to the country of origin.

¹¹ ESCWA (2023).

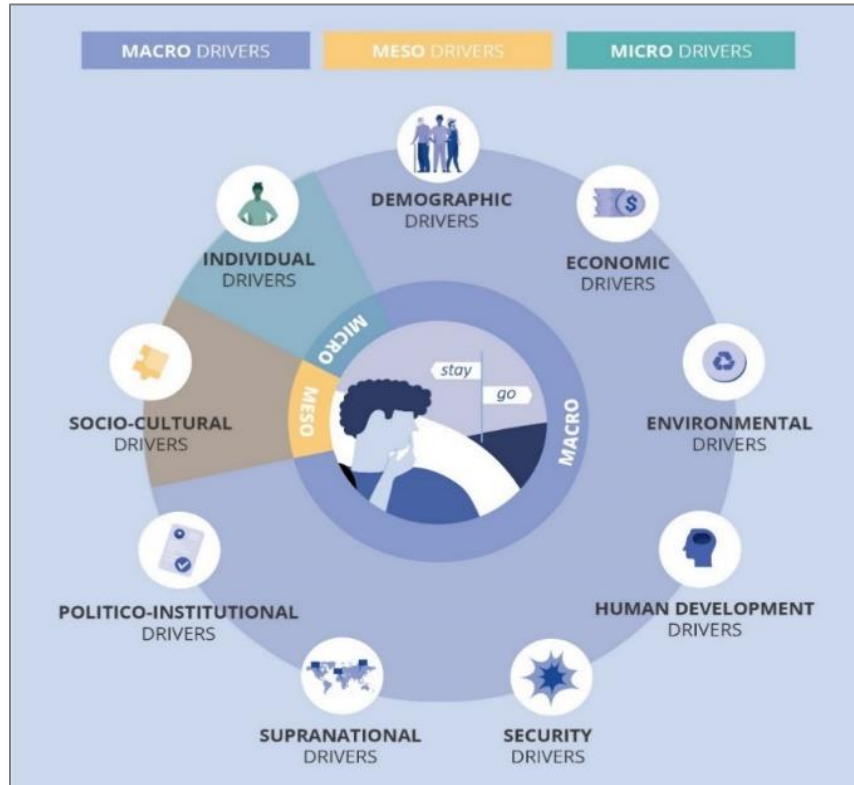
¹² Arab Monetary Fund & others (2024).

¹³ Guriev and Friebe (2006).



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Figure 2: Migration Drivers



Source: Czaika and Reinpreche (2020)¹⁴

According to Gubert and Nordman (2008), highly educated migrants are not influenced by the traditional gravity model implications, since they choose to migrate and select destinations based on better opportunities. Furthermore, when looking at specific Arab countries (Algeria, Morocco and Tunisia), higher GDP levels in destination countries cause a “push” effect for low-education workers, and lower GDP levels in the origin countries makes it more difficult for the “push” effect to take place because of poverty constraints¹⁵. These local constraints can also establish a foundation for migrants to opt for the illegal route, in order to reach their desired destinations.

Furthermore, historically, the introduction of Agrarian Reform Laws in many Arab agricultural economies—most notably in Egypt and Iraq—was intended to dismantle feudal landholding systems and redistribute land more equitably among peasants. However, one of the most damaging long-term consequences of these reforms has been the excessive segmentation of

¹⁴ Figure extracted from <https://www.migrationdataportal.org/> based on information provided by Czaika and Reinpreche (2020).

¹⁵ According to Gubert and Nordman (2008), a significant share of the working population in these countries is found in the agricultural sector, which further emphasizes the potential socioeconomic implications of migration especially on rural communities.



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agricultural land. This fragmentation reduced the efficiency and profitability of farming by creating small, economically unviable plots that hinder mechanization, irrigation, and investment in modern agricultural practices. As a result, rural areas suffered from stagnation and underdevelopment, pushing rural populations toward urban centers or even abroad in search of better opportunities. This rural-to-urban or international migration, often both legal and illegal, has placed further strain on cities and contributed to social and economic challenges. Consequently, the negative ramifications of these reform laws—particularly their role in undermining rural sustainability—merit serious attention and reevaluation.

III. Understanding rural development

1. Defining rural development

Rural development refers to enhancing the economic and social status of the rural population through policies or initiatives that promote economic development, job creation and increased productivity, and strengthening infrastructure foundations especially for health, education and transportation, as well as achieving other positive externalities such as poverty reduction. Targeted policies promoting rural development aim to extend the benefits of development to the poor and vulnerable groups (that also includes small-scale farmers, tenants and the landless), and to mobilize *existing* capital to reduce poverty and improve the quality of life. These policies require “*fuller development of existing resources, construction of infrastructure, introduction of new production technology, and the creation of new types of institutions and organizations*”¹⁶. Looking at a specific dimension of rural development, Singbo and Lokossou (2024) analyzes the impact of public policies on employment in sub-Saharan Africa. This study shows that investments in rural communities and public policies that promote access to productive resources enhance productive employment.

2. Key components of rural development

To achieve rural development, there needs to be efforts to particularly develop the electricity, water and transport sectors. Developing these three sectors is crucial to seizing maximum impacts of rural growth potential. The electrification of rural communities, for example,

The electrification of rural communities, for example, strengthens economic growth prospects by enhancing the productivity of businesses. It also improves educational outcomes by enhancing the learning environment. It leads to better healthcare by enabling the use of more advanced equipment.

¹⁶ Based on the World Bank’s sector policy paper.



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strengthens economic growth prospects by enhancing the productivity of businesses. It also improves educational outcomes by enhancing the learning environment. It leads to better healthcare by enabling the use of more advanced equipment. It achieves environmental benefits by reducing reliance on traditional fuels and therefore reducing pollution and deforestation. Other benefits include reducing inequalities, empowering women, poverty reduction, and job creation. Bago et. al. (2023) analyzes the impact of the “Programme National d’Electrification Rurale (PRONER)” in the Ivory Coast which aims to electrify rural communities with more than 500 residents and finds that the program reduced the time allocated for household chores and therefore supported women’s empowerment through the reallocation of their time to full-paid jobs in both the agricultural and non-agriculture sectors, thus reducing gender inequalities. Additionally, advancing the transport sector promotes connectivity to socio-economic opportunities by proper roads and infrastructure that can be accessed at any time and are not inhibited by climate or weather vulnerabilities. Investing in safe and accessible roads is therefore essential for rural communities to achieve their optimal potential.

Rural development can also be accomplished through microfinance opportunities and developing rural financial markets, supporting and empowering individuals and small businesses directly. Suesse and Wolf (2019) concludes that credit cooperatives accelerate rural transformation by diversifying farm outputs. El-Nasharty (2022) analyzes 91 countries across six regions, covering the period from 2000 to 2018 and shows that selected microfinance instruments significantly reduced poverty especially when accompanied by targeted economic policies.

As mentioned at the beginning of this section, rural development is not only limited to agriculture development but rather explores *all* mechanisms and sectors to improve the overall status of rural communities. However, investing in the agricultural sector and improving agricultural productivity is typically key to eradicating rural poverty. In the Arab region, which is one of the most land- and water-constrained regions in the world, the potential for agriculture might be limited¹⁷. Thus, diversifying agriculture into *non-farm activities* in rural areas serves as an important pathway to reduce poverty, especially as the share of non-farm employment in rural areas in Arab countries is quite high. Moreover, household survey data indicates that better-educated individuals are more likely to engage in rural non-farm activities compared to farming,

Thus, diversifying agriculture into non-farm activities in rural areas serves as an important pathway to reduce poverty, especially as the share of non-farm employment in rural areas in Arab countries is quite high.

¹⁷ Atamanoy and Tandon (2019).



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highlighting the need for better education opportunities to fully optimize the positive spillover impacts of rural non-farm activities.

Furthermore, the adoption of cash crop policies, with a particular emphasis on cultivating wheat, has significantly influenced the dynamics of rural agricultural development in Arab countries. While wheat is a staple food and a strategic crop for ensuring national food security, its intensive labor requirements have placed considerable strain on rural labor forces. The prioritization of wheat production, often at the expense of more diversified or high-value crops, has limited the economic viability and sustainability of rural agriculture. This mono-cropping approach reduces soil fertility over time and increases dependency on state support and subsidies, making rural economies more vulnerable to price shocks and climatic variability. Furthermore, the escalating demand for labor during key agricultural seasons can intensify labor shortages or inflate rural wages, sometimes forcing reliance on seasonal or migrant labor. This dynamic underscores the need for a more balanced and diversified agricultural strategy that supports rural development while maintaining food security.

IV. Successful examples of rural development initiatives in Arab countries

Many initiatives and projects in the Arab region address the challenges faced in rural communities.

1. The United Nations ESCWA initiative “REGEND”

The United Nations ESCWA initiative, “REGEND” is a regional initiative aiming to promote small-scale renewable energy applications in rural areas of the Arab countries, specifically operating in Jordan, Lebanon and Tunisia. It aims to improve quality of life, economic opportunities, inclusivity and gender inequality in rural Arab communities, and addresses issues including energy poverty, water scarcity, climate change implications, and natural resource challenges. The initiative focuses on five main pillars including renewable energy technologies, human capacity, women’s empowerment and social inclusion, entrepreneurial development as well as policy and institutional framework. To carry out its objectives, REGEND focused on a customized approach at national and regional levels with local facilitating teams in each country coordinating with key local stakeholders.

Some of the initiative’s accomplishments include knowledge dissemination towards policymakers and local institutions on Arab rural communities with a greater understanding of which appropriate small-scale renewable technologies can be applied, the construction of an “operational toolkit” on these technologies, enhancing the capacities of public, private and financial institutions, supplying relevant equipment, conducting national policy case studies and policy toolkits for guide policymakers on how to integrate small-scale renewable energy in rural



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development, and carrying out capacity building workshops. Specifically, the initiative was able to achieve successes including creating a 222% increase in the quality of new olive trees planted in Tunisia, and a 40% drop in propane gas consumption for cooking in Jordan (ESCWA, 2022).

2. The International Fund for Agricultural Development (IFAD)'s rural development projects

The International Fund for Agricultural Development (IFAD) has been working in the Arab countries since its foundation in 1978, focusing on enabling the poor in rural communities to overcome poverty through consultations with governments, donors, NGOs, financial and development institutions, the private sector and directly with the poor beneficiaries. One of its projects, the Idleb Rural Development Project in Syria (2002-2014), co-financed by the Arab Fund, aimed to improving food security and income levels for farmers and rural women in 140 of Syria's poorest villages, and resulted in: reclaiming 20,000 ha of land by de-rocking, establishing about 12,000 ha of orchards, providing extension service and improving links between research and extension supporting water conservation measures by building 25 small earth dams, the rehabilitation of 14 wells and the protection and rehabilitation of springs for irrigation, expanding farmers' access to markets by helping them identify new market niches and establish linkages with potential buyers, supporting village development committees to encourage participation, financing the establishment of 'sanduqs', and promoting processing and marketing opportunities¹⁸.

Other country-specific projects include the recently launched "Rural Development and Rural Tourism Business Incubators" by the Sustainable Agricultural Rural Development Program (Saudi Reef) which aims to strengthen the capabilities of small rural farmers and producers enhance the entrepreneurial ecosystem, particularly among small farmers and rural producers to improve productivity, as part of the Saudi Arabia's 2030 vision¹⁹, as well as the UNDP's "Egypt Network for Integrated Development (ENID)" (2012-2022) which aimed to contribute towards the socio-economic empowerment of disadvantaged women and youth in rural Upper Egypt through skills formation for employability and jobs creation with many resulting accomplishments such as 1,984 females from 39 villages joining literacy classes, 34 completed literacy courses, 29 vocational workshops completed, and piloting the Japanese inspired "One-Village-One-Product" (OVOP) best practice model in 27 villages in Qena, the establishment of the first Ready-Made Garments (RMG) factory in Qena employing 200 women, and the establishment of the first furniture factory in El Gamaleya village in Qena employing 100 women²⁰.

¹⁸ <https://www.ifad.org/en/w/projects/1100001233>

¹⁹ https://unctad.org/system/files/information-document/atfa_p07_Saudi_Arabia_Almansoor_en.pdf

²⁰ <https://www.undp.org/egypt/projects/egypt-network-integrated-development-enid>



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3. The Arab Fund for Economic and Social Development (AFESD)'s integrated development programs in Tunisia

The Integrated Development Project in Tunisia, financed by the Aab Fund, marks one of the most important projects addressing rural development in Arab countries. The project consists of three phases, whereby the first phase began in 1985, followed by the second phase in 2011 and the third in 2018. During the three phases, the AFESD contributed about 106 million Kuwaiti Dinars to finance the project, directed to finance small projects, the aim of which is to contribute to combat unemployment, alleviating poverty, and providing job opportunities and services.

The Integrated Development Project in Tunisia, financed by the Aab Fund, marks one of the most important projects addressing rural development in Arab countries.

The number of these sub-projects reached about 20,000 private and public projects, distributed over more than 200 delegations, starting with the poorest and most unemployed and the least developed, and including individual projects for small farmers, engineers, craftsmen, and holders of higher education and vocational training certificates, to provide them with job opportunities and income earnings. In the third phase, the number of sub-projects reached about 12,400 individual projects in 100 delegations. The second type of projects represents public service projects, amounting to about 1,200 sub-projects, including drinking water, sanitation, public lighting, roads, industrial areas, health, cultural and sports facilities. The AFESD can leverage on its "Integrated Rural Development Program (IRPD)" in Tunisia and replicates it in other Arab countries in cooperation with other development partners. In this context, it is particularly important to develop the collection of data at the subnational level in Arab countries to measure the level of rural development and determine the most priority areas where the IRPD should be developed in cooperation with the national authorities.

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V. The nexus between migration and rural development

1. The effects of rural development on migration²¹

The previous section explored some effects of migration on rural development. However, can rural development interventions slow down migration from rural areas? When it comes to rural development, OECD (2024) highlights the importance of interventions that increase productivity in the agricultural sector. This is supported by findings reported in Gamso and Yuldashev (2018) based on survey data from the Arab Barometer; responses of surveyed people indicate that rural development that results in improvements in the agricultural sector can result in reducing the number of people who want to migrate. This is because those who are employed in the agricultural sector are less likely to leave their areas unless they are forced to leave due to economic and/or other reasons. Empowering rural communities can shift migration from a forced necessity to a voluntary choice driven by aspirations rather than economic need.

Improvements in the agricultural sector can result in reducing the number of people who want to migrate somewhere else.

This study also differentiates between the effects of aid directed towards urban development and aid directed towards rural development and hypothesizes that the former encourages migration while the latter discourages migration. If true, this means that if donors' aim is to reduce the flow of migrants toward their countries, they must increase their support for rural development. Findings reported are based on data from more than 100 countries over a 15-year period support the hypothesis that aid directed towards rural development encourages rural residents to stay in their areas and discourages migration. The authors do not find a significant relationship between urban development aid and migration rates. This means that urban development aid may neither encourage nor discourage migration. This is important to note, given that urban development may have other benefits not directly related to migration.

The theoretical mechanisms suggested for the above hypotheses are two. First, the authors

If donors' aim is to reduce the flow of migrants toward their countries, they must increase their support for rural development.

mention that urban and rural residents may have different tastes towards migration. While urban

²¹ This section is based mostly on Gamso and Yuldashev (2018).



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residents may prefer to go abroad, rural residents don't. This is related to things like education, networks, exposure, and opportunities. Second, the authors highlight the labor market effects of development interventions. That is, aid directed towards urban development creates different types of jobs than aid directed towards rural development. The former may encourage rural-to-urban as well as international migration. In contrast, if the latter is successful in improving the agricultural sector and creating other jobs in rural areas, then it will discourage migration from these areas. Findings reported in the above-mentioned study support the second mechanism not the first mechanism. This is in line with the suggestion from the OECD's Development Co-operation Report 2024 mentioned earlier.

2. The effects of migration on rural development²²

Migration, by providing economic opportunities, contributes to rural development. For example, Lucas (2007) mentions that *"there is fairly uniform agreement that both internal and international migrations contribute to absolute poverty reduction"* (p. 116). Migration can have a positive impact towards rural communities in origin countries, through for example, remittances that can be used for alleviating poverty, and improving access to education and healthcare, and through fostering trade and economic development through the skills and contacts acquired abroad²³. Migrants usually send transfers to related rural residents, like family members. This provides direct channels (positive & negative) through which migration may affect rural development, as follows:

- Help alleviate poverty of rural residents receiving transfers by providing them with an extra source of income.
- Encourage risk-taking and investment by rural residents receiving transfers.
- Discourage the labor effort of rural residents receiving transfers.

Also, there are indirect channels through which migration may affect rural development, such as:

- "Replacement Migration": Migration from rural areas initially results in a decrease in labor supply in these areas since part of the labor force leaves. This may encourage rural-to-rural migration from other (probably poorer) rural areas to the rural areas that need to replace the labor effort lost because of the initial migration. This in turn provides economic opportunities to residents of rural areas and contributes to rural development.
- Investments in rural areas financed by migrants' transfers create jobs for residents of rural areas who are not receiving such transfers. This results in increased incomes for rural

²² This section is based on Lucas (2007).

²³ <https://www.oecd.org/en/topics/economic-impact-of-migration.html>



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residents. In addition, such investments may improve the infrastructure and availability of goods in rural areas.

- Increased spending in rural areas because of transfers can have a “multiplier effect” on economic activity in these areas which contributes positively to rural development.

Migration’s effects (positive and negative) on rural development can also be through health and education effects. One channel through which migration affects the health outcomes of rural areas is through improving and spreading knowledge about health issues. This is particularly the case when migrants return to rural areas with improved health knowledge which reflects positively on themselves and their families’ health outcomes and can spread to other rural residents through knowledge sharing. Another channel is the effect of improved nutrition and/or improved ability to afford health services. When it comes to education, there are different channels, both positive and negative. On one hand, transfers from migrants help boost school enrollment through increased affordability. This is expected to have a positive effect on educational outcomes and therefore contribute positively to rural development. On another hand, the migration of a family member may reflect negatively on school enrollment if other family members at school are required to work to replace the lost labor effort of the migrant. It could also reflect negatively on educational outcomes in case the migrating family member is a parent, for example, which means that “less supervision” is available for kids in relation to schooling. Finally, if the migration of a family member opens the door for migration of other family members, then schooling may be viewed as inferior to migration to improve living conditions. As for the social impacts of illegal migration on rural communities, it include hindered family dynamics, as well as disruptions and fragmentation in social cohesion within communities. Therefore, the effect of migration on rural development through educational outcomes is uncertain.

Migration can have a positive impact towards rural communities in origin countries, through for example, remittances that can be used for alleviating poverty, and improving access to education and healthcare, and through fostering trade and economic development through the skills and contacts acquired abroad.

Given the effects discussed above, it is reasonable to ask whether all rural areas can use migration for rural development. One answer is that “distance discourages migration”. This means that rural areas that are closer to urban areas, for internal migration, and/or rural areas that are closer to countries with more economic opportunities, for international migration, are more likely to witness the effects of migration on their development, while remote rural areas are less likely. This is further enforced by “network effects”, since the presence of acquaintances in migrant



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destinations encourages migration. Given that it is more likely for residents in rural areas near migrant destinations to migrate there, this builds a network and creates positive feedback that increases migration. The same process further discourages migration from remote rural areas.

As Lucas (2007) mentions, *“it is often communities that are isolated from the migration process, perhaps as a result of geographic separation, that remain amongst the poorest”* (p.116). Moreover, internal migration has more consequences towards rural development potential as migrants are less likely to return to their rural origin areas and send less remittances back to their communities compared to international migrants. As a result, the development potential of the rural sectors from reaping the benefits of migration remains largely untapped. The agriculture sector is not able to fully benefit from remittances and direct investments, as constraints outpace them. Therefore, proper policies need to be set to maximize development potentials from migration towards rural communities.

Box 1 . The effects of workers' Remittances on poverty

Workers' remittances refer to the value of cash transfers sent by workers residing abroad for more than one year to their home countries. They play an important role in supporting sustainable development goals (SDG) and household spending levels, especially in the education and health sectors, by contributing to enhancing social development levels and alleviating poverty in many societies. In addition, worker's remittances are the second-largest source of foreign exchange in developing countries after FDI. Globally, workers' remittances amounted to approximately 767 billion US dollars in 2022, representing about 1% of global GDP. This figure accounts for transfers made through official channels, however, the actual value of money transfers is significantly higher, as many transfers are sent through unofficial channels.

The value of remittance flows to Arab countries increased by 8.2% over the period 2000 to 2022, reaching approximately 65.5 billion US dollars in 2022 compared to around 11.5 billion dollars in 2000. Arab oil-importing countries accounted for about 94.2% of the total remittances received by Arab countries in 2022, while Arab oil-exporting countries represented only 5.8% of the total. Egypt had the largest share of workers' remittances among Arab countries, accounting for approximately 43.3% of the total remittances received, and equivalent to 28.3 billion US dollars in 2022. Morocco ranked second, contributing about 17% of the total remittances, which amounted to approximately 11.2 billion US dollars in 2022. Regarding the receipts of workers' remittances from Arab countries, Egypt accounted for more than 86% of these remittances during the period (2019 – 2022)^[1]. Meanwhile, the share of workers' remittances from Arab countries to Jordan and Lebanon amounted to approximately 64.2% and 44.6%, respectively, over the same period. In contrast, the share of incoming remittances from Arab countries to Algeria, Tunisia, and Morocco was significantly lower, accounting for about

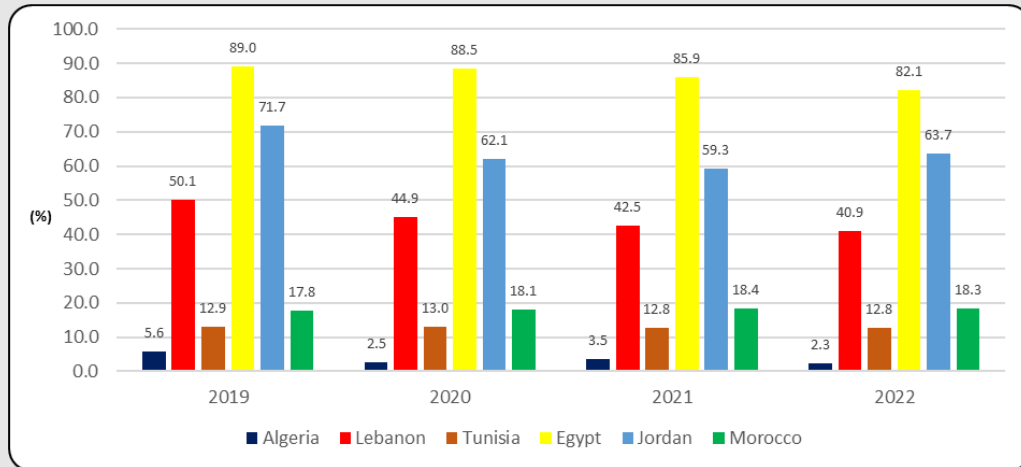


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3.5%, 12.9%, and 18.2% of the total remittances during the average period from 2019 to 2022, respectively^[2], as shown in figure 4.

The rise in workers' remittances in Egypt and Tunisia is correlated with a decrease in the poverty rate, measured at USD 2.15 per day. In Egypt, the percentage of people living below this threshold dropped from 3.0% to approximately 1.5% between 1995 and 2019. Similarly, in Tunisia, the poverty rate decreased from 9.5% to 0.2% over the same period, as shown in figure 4.

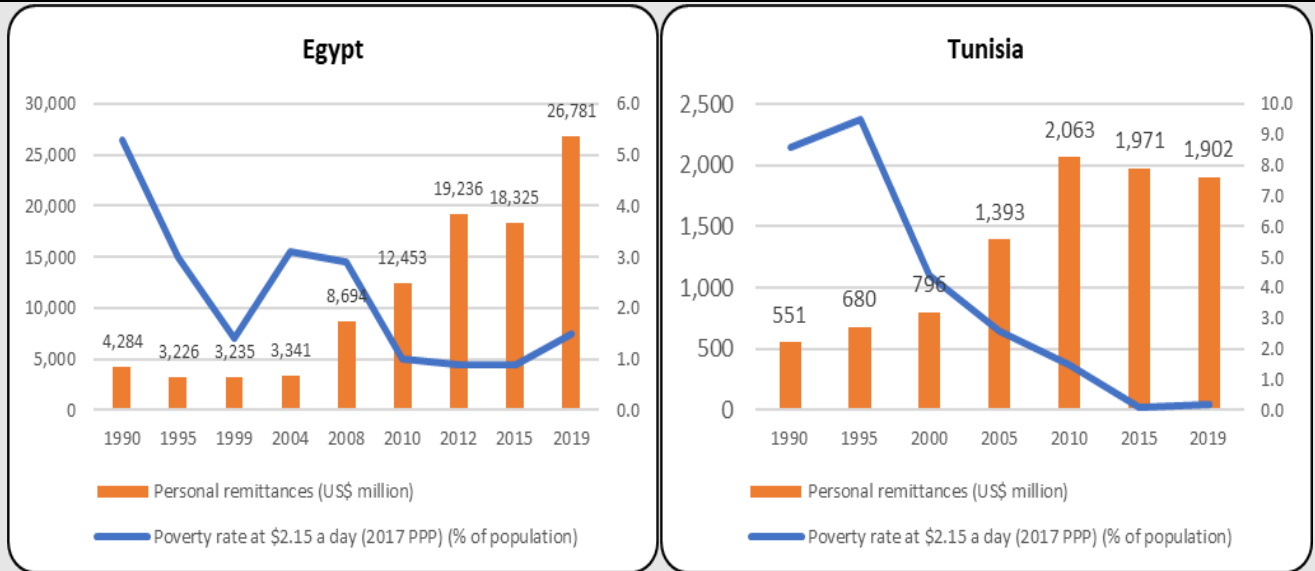
Figure (3). Share of Personal Remittances from Arab Countries in Total Remittances Received by Selected Arab Countries



Source: World Bank, Economic Development Indicators



**Figure (4): Relationship between personal remittances and the poverty rate at USD 2.15
In Egypt and Tunisia**



Source: World Bank, Economic Development Indicators

VI. Combating illegal migration

1. Tightened border control vs. the development “solution”

Gamso and Yuldashev (2018) mention that as opposed to rural development interventions, which were found to be effective in discouraging migration from rural areas, increased border security measures do not seem to help achieve this goal. This echoes the finding reported by Kanapathy (2008) on the Malaysian experience with immigration policies. Both papers point out the importance of addressing the “roots” and “underlying causes” of migration rather than dealing with it as a merely security issue. Based on that, tightened security measures may be viewed more as a political tool rather than an effective policy to discourage migration. Kanapathy (2008) highlights the importance of market pressures in destination countries. That is, demand for labor in destination countries plays a role in attracting migrants and can often bypass controls imposed by governments. Kanapathy (2008) also highlights the role that can be played by bilateral agreements between “supply” countries and destination countries in regulating the flow of migrants to meet market demand in destination countries while reducing unwanted migration. Hence, tackling illegal migration in the Arab region requires collaboration beyond national policies. Partnerships with NGOs, international organizations, and neighboring countries can enhance rural development schemes by providing additional resources and expertise. Policies



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that promote fair trade, equitable distribution of natural resources, and overseas investment in rural areas can amplify the impact of national development efforts.

2. The ongoing Rome Process

The "Rome Process", launched at an international conference on development and migration, in Rome (Italy), on July 23, 2023, aims to tackle irregular migration by addressing its root causes, particularly in Mediterranean and African countries. It focuses on several key areas: strengthening anti-trafficking measures, managing migration flows more effectively, and supporting sustainable development projects²⁴. During the inaugural conference the Arab Fund called for multidimensional solutions to tackle illegal migration originating or passing through the Arab region. To address the socioeconomic root causes that drive migrants away from their home countries, the Arab Fund mentioned, among others, the importance of:

- Fostering a more attractive economic environment within the Arab region to combat illegal migration.
- Developing legal migration paths, to meet the demand for labor while reducing reliance on illegal immigration.
- Ensuring fair and efficient asylum procedures for those in need of international protection.
- Raising public awareness about illegal migration to help combat misconceptions and enhance understanding of its roots and gain support for comprehensive and humane migration policies.
- Favoring regional and international cooperation to exchange best practices and develop joint initiative for broader impact.
- Rooting the population of the remote rural areas of the Arab region by creating appropriate economic opportunities.

Among the suggested initiatives by the Arab Fund:

- Developing Technical and Vocational Education and Training (TVET) programs in priority areas for the Arab and European countries. Such TVET programs are very important for the generation of jobs opportunities that the region needs for the millions of Arab Youth Not in Employment, Education or Training (NEET) who represent around 30% of Arab youth, much more than the world average of around 22%, according to the last statistics of the International Labor Organization.
- Developing temporary work visas and programs for skilled migrants who seek better economic opportunities not available in their home countries, and for migrants from conflict-affected areas. Such temporary work visas and programs could be assigned for immigrants to work in priority sectors within geographically limited and specially administered areas,

²⁴ <https://www.governo.it/en/media/international-conference-development-and-migration/23261>



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that can be developed in the form of Special Economic Zones (SEZ) across the borders in Arab region and Europe.

Among the projects currently in the pipeline of the Rome process, which are the most linked to rural development are the following:

- Strengthening the resilience capacities of Mauritanian agropastoral communities to cope with environmental risks and conflicts: the project aims to support the adaptation capacities of Mauritanian agropastoral communities by improving natural resource management through the adoption of healthy and sustainable production and consumption methods. The project was approved in 2023 and expected to start in September 2024, with a value of 3 million euros.
- Mobilization of the Tunisian diaspora and stabilization of disadvantaged communities in Tunisia - (Mobi-TRE) Phase II: the project aims to improve the living conditions of populations in regions with high migration potential through the direct contribution of the diaspora in Italy and by promoting entrepreneurial development. The scale-up targets 30 enterprises with training and capacity-building, networking sessions, and an online portal for diaspora activities and investments. Expected outcomes are 2 million euros in diaspora investments by 2028, creating over 300 jobs. The current project value is 2 million euros, and its duration is 48 months, with potential expansion to 6 million euros to increase the number of beneficiaries.
- Mobilizing remittances and diaspora investments for economic development and resilience of rural families in Senegal and Mali: the project aims to maximize remittances and investments from Senegalese and Malian migrants to promote economic development, financial inclusion, and climate resilience. The project targets 35,000 people directly, with indirect benefits to the broader communities in Senegal and Mali.

VII. Conclusions & Policy Implications

This note showed that the relationship between migration and rural development is multifaceted. On the one hand, migration can increase income and improve the health outcomes of rural residents but have uncertain effects on educational outcomes. On the other hand, rural development can be seen as a tool to discourage migration from rural regions. This is especially true for rural development interventions that result in improving the agricultural sector.

In addition, the note emphasized that dealing with illegal migration as a security issue does not seem to reduce migration. The best practices clearly show that prioritizing rural development in the Arab context can alleviate migration pressures and improves the quality of life for rural populations. As rural regions become centers of growth and stability, migration will become a



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voluntary choice rather than a necessity driven by economic hardship. Investments in infrastructure, such as roads, electricity, and communication networks, healthcare centres, and water and sanitation can make rural areas more attractive for industry and business, thereby increasing local employment opportunities. Agricultural development is particularly beneficial to Arab economies, as it can reduce the dependence on urban or overseas employment.

The note also shed light on a few interesting initiatives which improved the economic opportunities in many rural regions through different dimensions including drinking water, groundwater wells, irrigation and sanitation, municipal roads and rural tracks, health, social and cultural facilities, industrial zones, craft and agricultural centers, public and household lighting.

The note discussed the nexus between rural development and migration from an economic perspective with a special attention to the socioeconomic implications of illegal migration in the Arab region, especially in relation with rural development. Other considerations (like culture, politics, instability, and violent conflicts) that are additional important drivers of migration are not analyzed here.

Sustainable rural development and well-managed migration are mutually reinforcing. When rural areas provide decent livelihoods and opportunities, migration becomes a choice—not a necessity. Arab countries must recognize the centrality of rural revitalization to long-term social stability, economic inclusion, and migration governance. Future policies must therefore be integrated, inclusive, and grounded in the realities of rural communities. Based on this analysis, the following policy recommendations are proposed:

1. Expanding Integrated Rural Development Programs

Drawing inspiration from successful models like IFAD and AFESD, Arab governments should adopt **place-based rural development strategies** that integrate economic, social, and environmental dimensions. These programs should include renewable energy, climate-resilient agriculture, women's empowerment, youth training, and digital inclusion to holistically improve rural livelihoods.

2. Aligning Migration Policy with Development Goals

Migration policies should not focus solely on restriction and control. Instead, they should be aligned with national development strategies. This includes **formalizing seasonal labor mobility agreements, facilitating remittance investment into rural areas**, and leveraging the skills and resources of returning migrants to support local entrepreneurship.

3. Strengthening Rural Labor Markets

To reduce the need for migration as an economic survival strategy, governments must improve rural labor conditions. This includes investing in **vocational training, agricultural cooperatives, non-farm rural employment opportunities**, and **social protection systems** targeting rural workers.



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4. Promoting Public-Private Partnerships (PPPs) in Rural Development

Encouraging private sector participation through PPPs can boost investment in rural infrastructure, agribusiness, and small and medium enterprises (SMEs). Clear incentives, risk-sharing mechanisms, and regulatory reforms are essential to attract private capital to underdeveloped rural regions.

5. Leveraging Renewable Energy for Rural Transformation

Programs like ESCWA's REGEND highlight the transformative role of renewable energy in rural areas. Scaling up decentralized clean energy solutions can **reduce energy poverty** and **create new jobs**, particularly for youth and women.

6. Enhancing Regional Coordination on Migration (e.g., Rome Process)

Efforts like the Rome Process should be deepened to move beyond border enforcement and toward **co-development partnerships** between origin, transit, and destination countries. Joint funding for rural development and returnee reintegration programs could reduce irregular migration incentives and foster shared prosperity.



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Appendix

Table (1): Personal Remittances Received by Selected Arab Countries (in Million US Dollars)

Countries	2000	2010	2019	2020	2021	2022
Algeria	790	197	1,786	1,700	1,792	1,760
Comoros	..	87	169	227	288	260
Djibouti	12	33	79	64	79	55
Egypt	2,852	12,453	26,781	29,603	31,487	28,333
Iraq	..	177	859	644	840	624
Jordan	1,845	3,623	4,653	4,881	5,162	5,000
Kuwait	..	5	26	23	807	22
Lebanon	..	6,914	7,371	6,593	6,354	6,449
Mauritania	..	..	64	169	13	50
Morocco	2,161	6,423	6,963	7,414	10,906	11,168
Oman	39	39	39	39	39	39
Qatar	..	..	577	652	859	1,032
Saudi Arabia	..	236	334	302	295	287
Somalia	..	..	1,577	1,735	1,735	1,735
Sudan	641	1,456	522	495	1,119	1,499
Syria	180	1,623	..	..	..	..
Tunisia	796	2,063	2,050	2,367	3,084	3,092
Palestine	864	927	3,153	2,560	3,760	4,049
Yemen	1,288	1,526	3,771	..	..	..
Arab countries	11,477	37,781	60,773	59,468	68,619	65,454

Source: World Bank, Economic Development Indicators

Box (1): The Relationship Between Workers' Remittances and the Poverty Rate

Countries are implementing strategies to combat poverty, with studies demonstrating that an increase in remittances from individuals working abroad is associated with a reduction in poverty levels (measured at USD 2.15 per day, adjusted to 2017 purchasing power prices). Workers abroad send remittances to their families through both official and unofficial channels, enabling them to purchase essential items such as food, clothing, medicine, and shelter. These remittances have played a crucial role in lifting many families out of poverty by providing financial support and increasing household consumption levels. To measure the relationship between worker remittances and poverty rates, the (Pearson correlation coefficient) can be employed. This statistical measure assesses the strength and direction of the relationship between variables, providing insights into how closely they are related. The Pearson correlation coefficient is calculated using the following formula:



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$$R = \frac{\sum_{i=1}^n (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum_{i=1}^n (x_i - \bar{x})^2 \sum_{i=1}^n (y_i - \bar{y})^2}}$$

The variables (Xi) and (Yi) represent the values of the variables, while (Xbar) and (Ybar) represent the averages of these values. The correlation coefficient (R) ranges between -1 and 1, indicating the strength and direction of the relationship between the variables. A value closer to 1 or -1 signifies a stronger relationship. The study revealed a significant inverse correlation between workers' remittances and the poverty rate, an increase in workers' remittances leads to a decrease in the poverty rate at 2.15 USD for the blocks mentioned in Table 2.

Table (2): Relationship between personal remittances received and the poverty rate at 2.15 USD

The relationship between the poverty rate and worker remittances	The poverty rate at 2.15 dollars per day (purchasing power parity for 2017) (%of the population)			
	East Asia and the Pacific	Sub-Saharan Africa	Latin America and the Caribbean	Low-income countries
Worker remittances	-0.96	-0.99	-0.92	-0.88

Source: calculated from World Bank data

Table (3): Growth Rate of Remittances Received and Poverty Rate at \$2.15 USD

	% of the poor at USD 2.15 (to the total population)			The growth rate of personal transfers (1995-2019)
	1995	2019	Difference (%)	
East Asia and the Pacific	50.0	1.2	48.8	8.6
Sub-Saharan Africa	58.6	35.4	23.2	12.3
Latin America and the Caribbean	14.4	4.3	10.1	8.8
Low-income countries	64.8	45.3	19.5	8.4

Source: World Bank, Economic Development Indicators

Box (2): Challenges in Preparing Workers' Remittance Statistics in Arab Countries

One of the main challenges faced by some Arab countries is collecting accurate and comprehensive statistics on workers' remittances received from abroad. Ensuring the quality and completeness of these statistics is particularly difficult, as a significant portion of remittances are transferred through informal channels. Additionally, these countries have limited alternative data sources beyond the International Transactions Reporting System (ITRS), which primarily captures individual balance of payments cash transactions processed through domestic banks, foreign bank accounts of enterprises, and non-cash transactions and stock positions. Delays in



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receiving data from primary sources further compound the issue. Moreover, the lack of a precise and consistent definition of "residence" presents challenges in accurately defining and capturing the comprehensiveness of workers' remittance statistics. Addressing these issues is critical to improving the reliability and usability of remittance data.

Efforts by Arab Countries to Improve Workers' Remittance Statistics

Arab countries have undertaken significant initiatives to enhance the accuracy and comprehensiveness of workers' remittance statistics, these efforts include:

- Collecting and ensuring the quality of remittance data.
- Implementing policies to encourage the use of official transfer channels.
- Adopting international methodologies and expanding data collection processes.

Specific measures include disaggregating remittance data based on the purposes of transfers and utilizing the ITRS electronically. Data is disseminated at the national level through primary sources to maintain reliability.

At the methodological level, some Arab countries have aligned their practices with the instructions outlined in the IMF's *Balance of Payments and International Investment Position Manual (2009)*, so many are transitioning from the fifth to the sixth edition of this manual (BOP) to ensure consistency and adherence to international standards. Moreover, efforts have been made to enhance the preparation and publication of remittance statistics by adhering to specific deadlines for data collection and publication. These countries coordinate with data sources to ensure the timely dissemination of data within the framework of balance of payments items. Regular updates, reviews, and audits of remittance statistics are conducted, maintaining close communication with data sources such as banks and exchange companies to address discrepancies and inconsistencies. To further support these efforts, the IMF has provided technical assistance to improve data quality, Table (4) highlights the specific actions taken by some Arab countries to enhance the accuracy and reliability of workers' remittance statistics.

Table (4): Efforts to enhance workers' remittance statistics in Arab countries

Areas	Countries	Procedures
Data collection	Saudi Arabia	Aim to increase data coverage levels to enhance the comprehensiveness of remittance data.
	Sudan	Organize training workshops for data sources, focusing on follow-up activities and efforts to collect data on transfers made through informal channels.
	Iraq	Implement the electronic International Transactions Reporting System (ITRS) to streamline data collection
	Palestine	Collect data from primary sources such as banks and exchange companies to ensure accurate remittance statistics.
	Kuwait	Continuously develop and refine the data collection form, ensuring data is collected at specified intervals.



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	Lebanon	Include additional details on the data received from the Public Security Department and ensure the effective dissemination of the International Transactions Reporting System (ITRS).
Consistency and comprehensiveness of statistics	Iraq	Ensure the inclusion of all banks in the data collection process to provide a comprehensive overview of remittance flows
	Oman	Enhance the data collection method to be more comprehensive, covering a wider range of individuals, the countries to which transfers are made, and the currencies transferred. This improvement is part of efforts to combat money laundering and terrorist financing.
	Kuwait	Define personal transfers clearly, specifying what should be included or excluded from the data. Additionally, collect statistics at the level of each receiving country to ensure more granular and accurate reporting.
Adoption of relevant international methodologies	Saudi Arabia	Ensure alignment with the International Monetary Fund's Balance of Payments and International Investment Manual (Sixth Edition) for consistency in data collection.
	Sudan	Organize training workshops for data sources and implement follow-up activities to improve data collection practices.
	Iraq	Adopt the methodology outlined in the Iraqi Balance of Payments Manual (Sixth Edition) to standardize remittance reporting.
	Oman	Transition to the latest international methodologies, as the current collection and classification processes are still based on the Fifth Edition of the Balance of Payments Manual.
	Palestine	Implement the most recent international methodologies issued by the International Monetary Fund for data consistency and accuracy.
	Kuwait	Prepare a data collection form in accordance with the International Monetary Fund's Balance of Payments and International Investment Manual (Sixth Edition).
Preparation and dissemination of statistics	Saudi Arabia	Publish statistics on workers' remittances within the secondary account in the balance of payments data.
	Oman	Adopt international methodologies for preparing and publishing statistics on workers' remittances. Currently, statistics on expatriate workers are published under current transfers in the balance of payments.
	Kuwait	Commit to specific timelines for collecting and publishing data in coordination with data sources, with the aim of publishing it within the secondary income section of the balance of payments.
Auditing and enhancing the quality of statistics	Saudi Arabia	Conduct data auditing by supervisory departments and the statistical team to ensure data accuracy and reliability.
	Sudan	Perform data auditing and follow-up to maintain data quality.
	Iraq	Collaborate with IMF missions to improve data quality and ensure alignment with international standards.
	Oman	Define the minimum requirements within the data collection process related to combating money laundering and terrorist financing.
	Palestine	Implement automatic data auditing processes and regularly update time series data to enhance accuracy
	Kuwait	Continuously review and audit data, maintaining regular communication with data sources such as banks and exchange companies to address any discrepancies and identify their causes.
	Lebanon	Compare national statistics with data from other countries to ensure consistency and accuracy.

Source: Heba Abdel Moneim and Karim Zaidi (2022), Study of Statistics of Remittances of Workers Abroad in Arab countries, Arab Monetary Fund

Additionally, Some Arab countries have adopted the International Transactions Reporting System (ITRS) electronically and disseminating it across all regions to facilitate data collection from primary sources.