



Decentring the Study of Migrant  
Returns and Return Policies

Concept note

# Unlocking the Economic Contribution of Returning Refugees to Their Home Countries

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**Abstract**

The economic perspective on the return of asylum seekers, refugees, and other migrants is an important aspect to consider in the overall debate. Returnees may contribute to the economic progress of their countries of origin through various avenues (Wahba 2022), such as in the reconstruction and development efforts of their home countries, nurturing entrepreneurship, accumulating human capital, facilitating the dissemination of knowledge, promoting aid and remittances, and transferring cultural norms back to the homeland. Returnees can bring back financial resources, whether through savings accumulated abroad or through remittances sent to their families during their stay in host countries (Beaman et al. 2022).

**Introduction**

The economic perspective on the return of asylum seekers, refugees, and other migrants is an important aspect to consider in the overall debate. According to Wahba (2022) between 2010 and 2015, return migration accounted for a substantial 26 per cent to 31 per cent of all global migration movements, bringing to light its profound significance. Returnees may contribute to the economic progress of their countries of origin through various avenues (ibid.), such as in the reconstruction and development efforts of their home countries, nurturing entrepreneurship, accumulating human capital, facilitating the dissemination of knowledge, promoting aid and remittances, and transferring cultural norms back to the homeland. Returnees can bring back financial resources, whether through savings accumulated abroad or through remittances sent to their families during their stay in host countries (Beaman et al. 2022). These financial inflows can provide a boost to local economies, stimulate investment, and support small businesses and entrepreneurial activities. While the impact may be modest, it can still be significant in certain circumstances. The return of refugees may also alleviate the burden on host countries' economies and resources, which often face challenges in providing adequate support and services to large returnee populations. By going back to their country of origin, returnees can reduce the strain on public infrastructure, social services, and job markets in host countries, allowing these resources to be redirected towards the development and well-being of their own communities. Below, I elaborate on some of the impact mechanisms.

**Human Capital and Brain Gain**

According to Mottaghi (2018), when migrants – including refugees – decide to return to their home countries, they bring with them a wealth of education, skills, knowledge, experience, social capital, and networks. These valuable assets can be regarded as a form of human capital, capable of driving the social and economic development of their nations. Moreover, the social capital and networks they have cultivated within their host communities and among fellow migrants can foster collaboration, resource-sharing, and collective efforts towards rebuilding and contributing to the progress of their home countries. Effectively recognising this human capital is vital in order to maximise the potential impact of returning refugees on the overall development of their nations. By capitalising on their diverse expertise and networks, returnees can play a pivotal role in driving positive change, revitalising key sectors, and fostering sustainable development in their home countries (Dadush 2017).

Hagan and Wassink (2022) highlight discernible patterns in developing human capital and resource utilisation among international migrants. They note that upon their return,

migrants harness the resources they have acquired abroad, including human and financial capital, to pursue economic advancement. These efforts are tailored to address the specific social, economic, and geographic characteristics of their communities of origin. As stated by Wahba (2022), migration offers another significant advantage: the acquisition of new skills and human capital. In the context of return migration studies, there is a particular focus on examining how overseas migration affects the wages of returning migrants and making efforts to measure the economic benefits they gain from their experience working abroad.

Stark and Simon (2007) expand upon both the ‘harmful brain drain’ and ‘beneficial brain gain’ discussions. They delve into the notion that the expenses associated with ‘educated unemployment’ and overeducation can result in substantial setbacks for the affected individuals. These individuals often make up a significant portion of the educated workforce.

### **Remittances and Investment in Relation to the Local Market Dynamics**

Olesen (2002) highlights that returning refugees/migrants have the potential to contribute to their home countries by remittances sent to their home countries while they were living abroad. These financial transfers can provide much needed support to families and communities, contributing to local economies and helping to alleviate poverty and improve living conditions. Additionally, returning refugees often play a role in complementing precarious work in the informal sector and humanitarian assistance. Their economic agency can extend beyond their immediate families and encompass assisting loved ones in both the places of origin and refuge in the Global South (Zuntz, 2021). This assistance can take various forms, including financial support, investment in small businesses, and knowledge-sharing.

As indicated by Kunuroglu et al. (2016), remittances play a significant role in influencing the decision to return to one's home country. In addition, the repercussions of migration on poverty, inequality, and societal consequences become evident upon individuals' return to their home countries. This is because the degree of inequality tends to either rise or decline due to migration, and the effects of remittances seem to fluctuate when examining different countries in case studies (Lucas 2005). In Zuntz (2021), remittances sent by returning refugees/migrants in present times serve as a vital emergency lifeline and are frequently used to meet immediate needs such as food and medical treatment. These remittances play a crucial role in providing essential support to refugees and their families, particularly in challenging circumstances where access to basic necessities is limited. By directing these funds towards essential goods and services, returning refugees contribute to improving their own well-being and that of their loved ones in both the country of origin and the host country.

Bahar (2023) highlights the significant potential of returning migration/refugees in transferring ideas and technology to their home countries thereby making valuable contributions to post-conflict reconstruction and the development of specific sectors. The process of knowledge and technology transfer can have a profound impact on the economic growth and progress and even a small number of returning refugees can generate substantial economic gains. Rapoport (2023), in his study, further highlights the potential for a notable increase in consumption and investment with the restoration of stability and the return of refugees. As people regain trust in the future of their country, they become more inclined to

engage in economic activities, leading to a boost in overall economic growth. This renewed confidence can also attract foreign investors who recognise the potential opportunities in various sectors of the economy, including infrastructure development, manufacturing, services, tourism, and exports. The influx of foreign investment can further stimulate economic development, create employment opportunities, and contribute to the overall recovery and prosperity of the country. Returnees repatriate savings earned overseas that they often utilise to establish businesses. Furthermore, returnees bring back fresh ideas and innovative perspectives (Wahba 2022). There is a valid correlation between return migration and entrepreneurial initiatives.

Dadush (2017) argues that when considering the contribution of a returning refugee or asylum seeker to their country of origin, particularly those who have not had sufficient time to build capital or acquire skills and who return under insecure conditions, there is limited evidence to suggest that their impact will be significantly better. This highlights the challenges faced by returning refugees as they may encounter difficulties in reintegrating into their home countries and making meaningful economic and social contributions.

The return of refugees to their home countries can have multifaceted effects on local labour markets, encompassing both positive and negative aspects. On the positive side, their return can address labour shortages by providing a new pool of workers to fill vacant positions, contributing to increased productivity and economic growth. This influx of skilled and motivated individuals can bring diverse perspectives, expertise, and entrepreneurial initiatives, thus fostering innovation and development in various sectors.

Although the current body of literature addressing the effects of return migration on upward mobility is notably limited (Wahba 2022), there are some hypotheses about the potential negative implications of return migration on labour market dynamics. The return of migrants can create heightened competition in the job market, leading to increased pressure on employment opportunities. This increased competition may result in downward pressure on wages, as employers may have more options to choose from, potentially impacting the earning potential of both returning refugees and native workers.

### **Transfer of Social, Institutional, and Political Norms**

As individuals emigrate, they encounter diverse cultures, norms, and political ideologies that they may assimilate and subsequently bring back to their home country. In fact, in numerous instances, diaspora members and returning migrants act as conduits for transmitting these fresh ideas and norms to their country of origin. The transfer of ideas and technology from returning migrants can have a transformative effect on sectors such as agriculture, manufacturing, healthcare, infrastructure, and entrepreneurship. By introducing new methods, techniques, and approaches, migrants can help enhance productivity, streamline operations, and improve the quality of products and services. Notably, even a relatively small number of returning migrants can have a significant impact due to their unique expertise and the multiplier effect of knowledge diffusion. Their contributions extend beyond direct involvement and can inspire and benefit local communities, businesses, and institutions. By leveraging their acquired knowledge, returnees become agents of change, promoting progress and driving economic advancement within their home countries.

While the economic literature has extensively explored the effects of international migration on international trade and foreign direct investment (FDI), it is worth noting that

many of these critical dimensions also experience growth due to return migration. Returnees, having established connections in their destination countries, play a significant role in promoting trade, foreign direct investment, and innovation upon their return. The available evidence strongly indicates that return migration acts as a catalyst for the global diffusion of knowledge and substantially contributes to enhanced productivity (Wahba 2022).

## **Conclusion**

The existing literature on the utilisation of the experiences of returning migrants and refugees yields mixed findings. It is essential to recognise the need for a distinct and comprehensive body of literature that focuses on the economic ramifications of returning refugees for their home countries. By delving specifically into the economic aspect, this dedicated literature can provide valuable insights into the potential contributions, challenges, and dynamics that arise when individuals re-enter their home countries after a period of migration or displacement. This specialised focus can offer a more nuanced understanding of how returning refugees impact their home economies. It can further serve as a valuable resource for policymakers, researchers, and practitioners seeking to address the complex issues surrounding refugee return and economic development.

The economic development potential of returnees relies on their skills being put to productive use. However, there are challenges and opportunities in addressing the legal and administrative barriers that returning refugees and migrants may encounter, including issues related to property rights, documentation, and access to public services. A crucial aspect to consider is skills-matching and recognition, which emphasises the significance of acknowledging and leveraging the skills and qualifications of returning refugees. It is essential to facilitate the effective matching of their skills with suitable employment opportunities and to ensure their seamless integration into the labour market. By removing barriers and creating an enabling environment that recognises and utilises the talents of returning migrants, their full potential can be unlocked and foster their positive contribution to economic growth and development.

When focusing solely on economic perspectives, the impacts of returns or non-returns to the economy of the country of origin are multifaceted. The return of migrants can infuse the origin country's economy with various benefits, including increased labour force participation, the potential for entrepreneurial activities, and the transfer of financial remittances. These contributions can stimulate economic growth and development. Conversely, non-returns may lead to labour shortages in certain sectors, affecting productivity and economic stability. At the household level, returnees often bring with them savings and enhanced skills, positively impacting their families' economic well-being. Communities left behind may also experience economic benefits through remittances sent by migrants that can boost local consumption and investment. Additionally, the concept of economic and social remittances emphasises the transfer not only of money but also of knowledge, practices, and ideas that can have a transformative effect on both individual households and broader societal structures within the country of origin. Therefore, examining returns or non-returns from an economic perspective sheds light on a complex web of influences that shape the economic fortunes of origin countries, households, and communities.

The inflow of remittances and the economic agency of returning refugees can have positive effects on the local economies of their home countries. These financial resources can contribute to job creation, entrepreneurship, and the overall development of key sectors such as healthcare, education, and infrastructure. It is important to recognise the significance of these contributions and to create an enabling environment that supports and facilitates the potential of returning refugees. This includes policies and programmes that facilitate the reintegration of returning refugees, promote entrepreneurship and economic opportunities, and strengthen social and economic networks.

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