



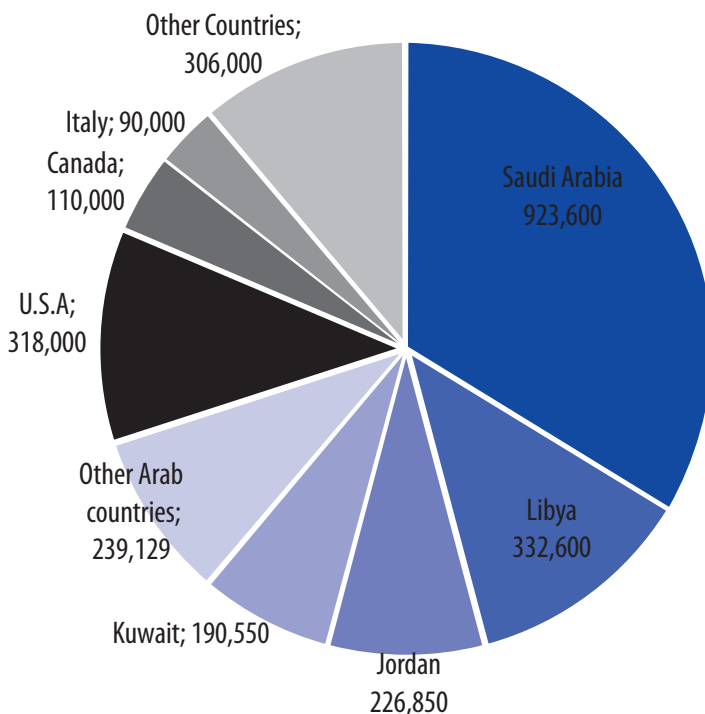
# MIGRATION AND DEVELOPMENT IN EGYPT

Migration is an important phenomenon for the development of Egypt. An estimated 2.7 million Egyptians abroad contribute actively to the development of their country through remittances (US\$ 7.8 in 2009), circulation of human and social capital, as well as investment.

## Egyptian Diaspora

According to the official estimates, the number of Egyptian migrants abroad is approximately 2.7 million. Approximately 70% of them are residing in Arab countries and the remaining 30% are living mostly in Europe and North America (IOM 2010a).

### Geographical distribution of Egyptians abroad



Source: CAPMAS in IOM (2010a). Data refer to 2000

Diaspora networks play an important role in linking migrants to their homeland and stimulating new migration streams. An IOM study (2010a) found that 69% of Egyptians abroad interviewed visit Egypt at least once a year; more than 80% of them are informed about the current affairs in Egypt and

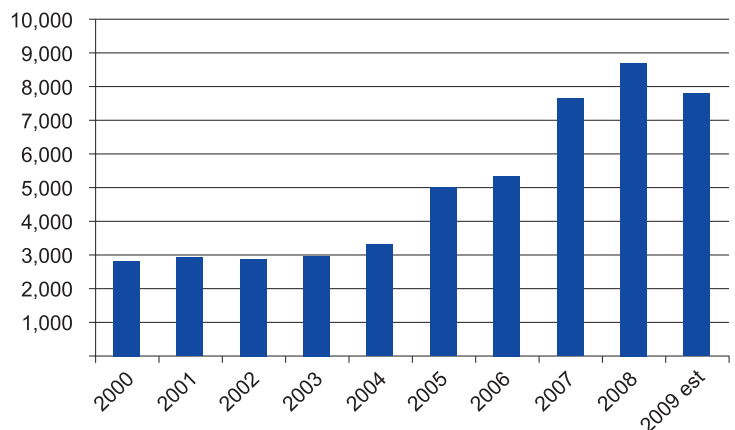
approximately a quarter participate in some sort of Egyptian, Arabic, Islamic or Coptic organizations.

The same study found that the major concerns of the Egyptian diaspora involved access to consular services for 51% of respondents, assimilation of second generation into the host country's culture (46%), need for more cultural cooperation with Egypt (24%), inability to vote abroad (20%) and military service obligations (6%).

## Remittances and investment

According to the World Bank, in 2009 Egypt was the biggest recipient of remittances in the Middle East; an estimated US\$ 7.8 bn was received in 2009, representing approximately 5% of national GDP, with a decline of 10% from 2008, due mostly to the effect of the financial crisis (IOM, 2010b).

### Remittance inflows to Egypt from 1999 to 2009 (USD Millions)



Source: World Bank in IOM (2010b).

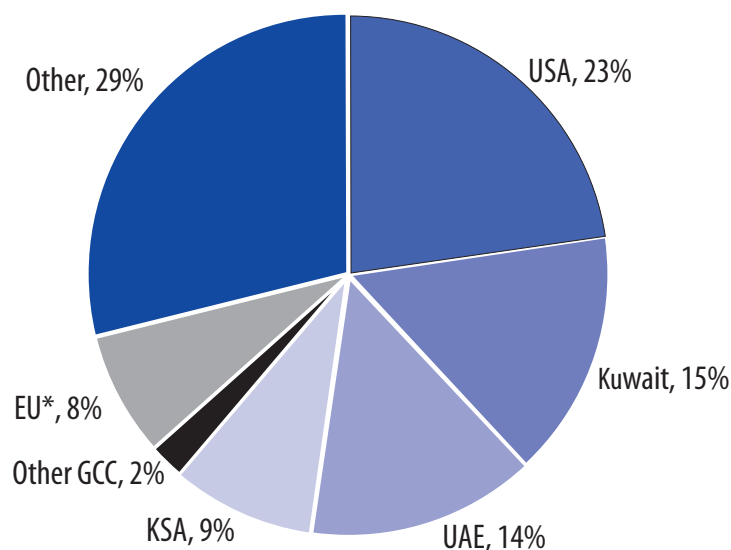
While around 20% of the remittance-receiving households interviewed in four governorates by IOM (2010b) channelled the remittances towards various forms of investment, the large majority (80%) was more concerned about utilizing remittances for meeting the daily needs of their families including spending on health care and education. Among the 20% of households that decided to invest, 39% invested in real

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estate, 22 % invested in small businesses employing fewer than five people and the smallest proportions of investors (6%) invested in medium private business employing no more than 20 people. According to Egypt's Human Development Report (2008), despite representing approximately 5 % of GDP, remittances provided the initial capital for only 1.4% of newly established small and medium enterprises in Egypt in 2003-2004.

Limited or no access to formal credit was the most common explanation offered by migrant-sending households that did not engage in investment. One-fifth of the interviewees stated that the investment climate in Egypt was "too risky" for investment and another 10% of respondents reported that they lacked information on the different investment opportunities and were not sure as to how and when to start the process.

*Remittances sent by Egyptian migrants, according to country of destination*



*Source: Central Bank of Egypt in IOM (2010b). Data refers to 2008. \* Data for the EU includes only those for the following countries: France, Germany, Italy, the Netherlands, the United Kingdom, Greece and Spain.*

A recent IOM study on Egyptian entrepreneurs (2010c) finds that between 2003 and 2008, the number Egyptian companies rose by 32% in Italy and the total number of Egyptian company owners, partners, directors, or other executives, an increased

from 16,415 units (in 2005) to 21,350 (in 2009). Thus it may be estimated that about one Egyptian out of three is an entrepreneur, or a self-employed worker. While understanding the impact of the financial crisis on Egyptians abroad is difficult, it seems that the more limited impact of the crisis on Egypt might have prompted some Egyptian entrepreneurs to consider returning to Egypt and establishing investments in their areas of origin.

## Migration and gender

The IOM study (2010b) found that two thirds of migrant household interviewed were headed by a woman in the absence of the male migrant (husband/father). For these households, remittances represented an important source of income, accounting for 43% of their total income. 52% of wives of the migrants independently decided how to spend the money received. In the remaining cases, the head of the household enjoyed a fair deal of autonomy as the decision on how to use the remittance money was reached through mutual consultation between the migrant and the head of the household and only in a few cases (11 %) did the migrant decide alone.

Literature review from a forthcoming study (IOM, 2010d) suggests that migration has a positive effect on women's ability to make autonomous decisions about household matters and on their mobility during a migrant's absence. However these changes might be due mostly to the absence of the male head of households rather than empowerment per se, as this phenomenon seems to reverse upon return of the migrant.

## References

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