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The impacts of return migration on countries of origin

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As many as half of all migrants eventually return home, yet the potential contributions are often overlooked. Returnees bring back savings, skills, knowledge, and international network that can support entrepreneurship, innovation, trade, and even institutional and social change. However, these gains are not automatic. The developmental impact of return migration depends on whether origin countries enable effective reintegration. Supportive policies are needed to facilitate business creation, improve labour-market absorption, and strengthen data systems on return migration.

Return migration presents a unique opportunity for countries of origin to benefit from the skills, experiences, and resources that migrants acquire while abroad. Return migration – the movement of migrants back to their home country after a period of work or residence abroad – is more common than often assumed, as many migration episodes are temporary rather than permanent.

Evidence suggests that between 20% and 50% of migrants leave their host country within five years of arrival, either returning home or moving onward to a third country, OECD (2024). Among these, the majority return to their origin country.

While migration is often viewed as a permanent relocation, many individuals prefer to live and work where they were born, close to family and social network. While some returns are driven by migration policies (e.g. guest worker programmes in the Gulf States), many are voluntary and planned.

Migration is often temporary: up to 50% of migrants leave their host country within five years of arrival.

Estimating global return migration is difficult due to limited data, but evidence suggests that about one in four migration episodes results in return migration (Azose and Raftery, 2019). This highlights the significant scale and policy relevance of return migration for both economic development and social transformation in countries of origin.

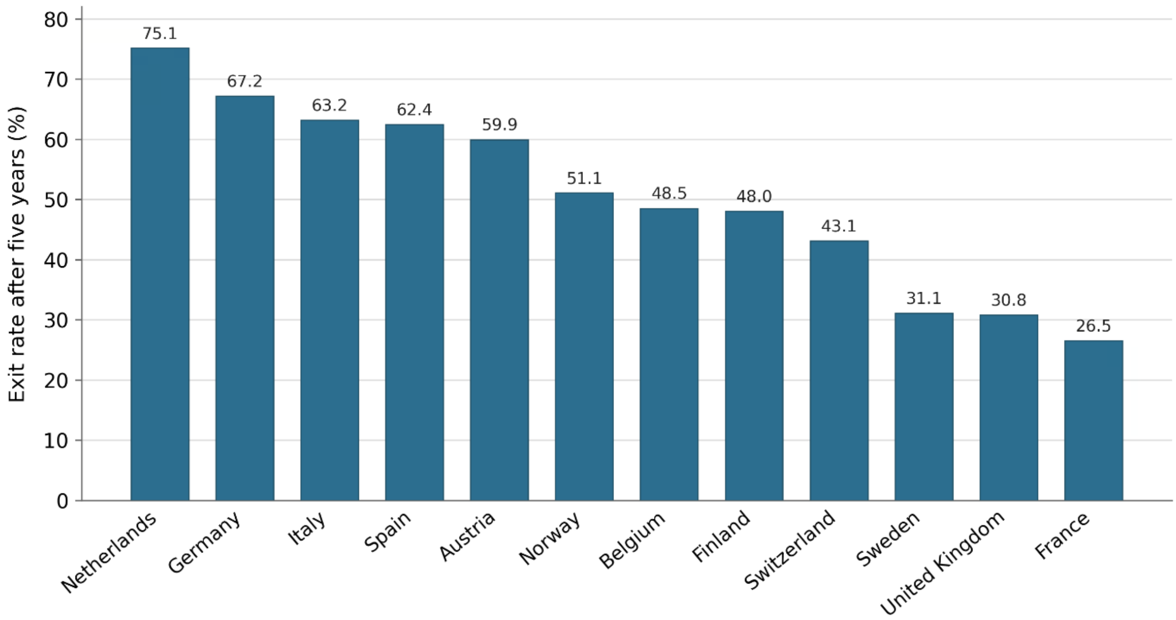
Main impacts of return migration

Returning migrants bring back savings, human capital, and norms acquired abroad, which can generate broad development effects.

1. Entrepreneurship and investment

A key channel through which return migration contributes to development is entrepreneurship. Migrants often accumulate savings while abroad, which can relax credit constraints upon return and enable them to start businesses. Evidence shows that many entrepreneurial ventures initiated by returnees are financed primarily through overseas savings. Compared to non-migrants, return migrants are also more likely to engage in entrepreneurial activities, and their businesses tend to have higher survival rates.

Figure 1 – Estimates of exit rates in selected European countries after five years of residence



Source: OECD (2024), Return, Reintegration and Re-migration: Understanding Return Dynamics and the Role of Family and Community, OECD Publishing, Paris, https://doi.org/10.1787/625fb5e6-en.

The drivers of entrepreneurship differ by skill level. For less educated returnees, access to savings is often the primary enabling factor, while for more educated returnees both financial capital and skills acquired abroad play an important role. Overall, migration experience strengthens entrepreneurial capacity by combining improved access to finance with exposure to new ideas and business practices, thereby contributing to micro-enterprise development and local economic activity.

Policy relevance: facilitating access to finance and reducing administrative barriers can significantly enhance the ability of returnees to translate savings and experience into productive investment.

2. Human capital and skill transfer

Return migrants often gain skills and knowledge abroad that enhance their productivity upon return. Evidence shows that returnees earn a wage premium compared to non-migrants (Wahba, 2015) and frequently experience upward occupational mobility after returning home. These benefits depend on education level, the relevance of acquired skills to the home labour market, and duration abroad.

However, skill transfer is not automatic. When migration is unplanned or work abroad is highly destination-specific, skills may not fully translate into improved outcomes at home. In some cases, particularly among undocumented migrants, overseas work can lead to skill depreciation and wage penalties upon return (Elmallakh and Wahba, 2022). Nevertheless, return migrants often retain important soft skills – such as adaptability, problem-solving, and familiarity with different workplace norms – that can still provide a competitive advantage over non-migrants (Coniglio and Brzozowski, 2018).

Policy relevance: labour-market matching, skills recognition, and reintegration programmes are essential to prevent skill waste and maximise productivity gains from return migration.

3. Knowledge transfer and innovation

Return migrants play an important role in transferring knowledge, ideas, and technologies across borders. By bringing back experience from foreign firms and institutions, they act as channels for international knowledge diffusion and contribute to productivity growth in their home countries.

Evidence shows that returnees are particularly influential in sectors where they previously worked abroad, introducing new production methods, managerial practices, and technologies. Highly skilled return migrants can also stimulate innovation through increased patenting and knowledge creation, while facilitating learning among local workers and firms. In this way, return migrants function as 'bridges' between global knowledge networks and domestic economies.

Policy relevance: strengthening links between returnees and domestic firms, particularly in innovation-intensive sectors, can enhance technology transfer and productivity growth.

Return migration presents a unique opportunity for countries of origin to benefit from the skills, experiences, and resources that migrants accumulate while abroad

4. Social and political norms transfer

Return migration also influences social attitudes and political behaviour in countries of origin. Exposure to different institutional environments, cultural norms, and governance systems abroad can shape returnees' preferences and actions upon return.

Evidence shows that migrants who have lived in countries with stronger democratic institutions are more likely to demand accountability and participate in political life after returning home (Spilimbergo, 2009; Batista and Vicente, 2011). Returnees can therefore contribute to improved governance by increasing civic engagement and raising expectations of institutional quality.

However, norm transfer is context-dependent. In some cases, return migration may reinforce more traditional or conservative norms, particularly in relation to gender roles, fertility behaviour, and household decision-making (Tuccio and Wahba, 2018). In other contexts, especially where migrants return from more liberal democracies, returnees can act as drivers of social and political change (Tuccio et al., 2019).

Policy relevance: supporting civic participation and community engagement of returnees can help channel their experience abroad into constructive institutional and social development.

5. Trade, foreign direct investment, and global networks

Return migrants maintain economic and social ties with their host countries, creating transnational networks that facilitate trade, investment, and international collaboration. These networks reduce information and transaction costs and help domestic firms access new markets and business opportunities.

Evidence shows that migration and return migration are associated with higher foreign direct investment inflows and stronger export performance in sectors linked to migrants' overseas experience. By connecting domestic economies to global production and knowledge systems, return migrants contribute to international integration and productivity growth.

Policy relevance: policies that facilitate diaspora engagement and cross-border business networks can amplify the trade and investment benefits of return migration.

Challenges

Despite the potential benefits, return migrants might face challenges in reintegrating into their home countries. Bureaucratic red tape, institutional barriers, and mismatches between acquired skills and domestic labour market needs can impede their ability to contribute effectively after return. Despite returnees bringing savings and remittances, these funds may not be effectively channelled into productive investments due to limited access to investment opportunities, or unfavourable economic conditions. High costs associated with starting businesses or limited credit availability can further discourage returnees from investing in local ventures.

Many countries lack reliable data on return migration, making it difficult to design targeted interventions that maximise the benefits of return migration. Without insights into the skills, needs, and challenges of returnees, governments risk implementing ineffective or misaligned strategies that fail to capitalise on the potential of return migration.

Policy recommendations

Return migration presents a unique opportunity for countries of origin to benefit from the skills, experiences, and resources that migrants acquire while abroad. When effectively harnessed, return migration can drive economic development. However, to fully realise these benefits, governments must implement policies that address the specific challenges returnees face, such as economic reintegration, social inclusion, and effective utilisation of their financial and human capital. The following policy recommendations outline key strategies to facilitate the contribution of returnees to economic development.

Facilitate business startups and investment: return migrants often bring back significant financial resources, which can be strategically redirected into productive sectors. Governments can play a crucial role in creating a conducive environment for returnee entrepreneurship. By reducing bureaucratic hurdles, offering tax breaks, and providing financial support like low-interest loans or grants, they can empower returnees to channel their savings into productive ventures. Clear and simplified procedures for business registration and investment would further encourage entrepreneurship. This not only helps returnees integrate economically but also boosts local economies by fostering innovation, creating jobs, and diversifying industries.

Support labour market reintegration: to fully harness the skills and experiences of returnees, governments should facilitate the reintegration of returnees in the labour market. Additionally, platforms for knowledge exchange between returnees and local workers can foster mutual learning, driving innovation and skill upgrades across sectors.

Promote social and political inclusion: the social and political reintegration of returnees is crucial for fully harnessing their potential. By drawing on their exposure to different cultural and institutional practices, returnees can advocate for improved governance, accountability, and social reforms. Creating community networks or returnee associations can facilitate their integration and amplify their voices in shaping policies that impact their communities.

Improve data collection on return migration: collecting regular systematic data on return migration is fundamental for designing effective policies. Governments should invest in monitoring migrant outflows, return patterns, and reintegration outcomes. National statistics agencies could collaborate with international organisations and local institutions to collect and analyse data on the skills, needs, and contributions of returnees. This data can inform targeted interventions, ensuring resources are allocated efficiently. Moreover, periodic surveys can provide additional insights into the challenges and opportunities associated with return migration, for evidence-based policymaking.

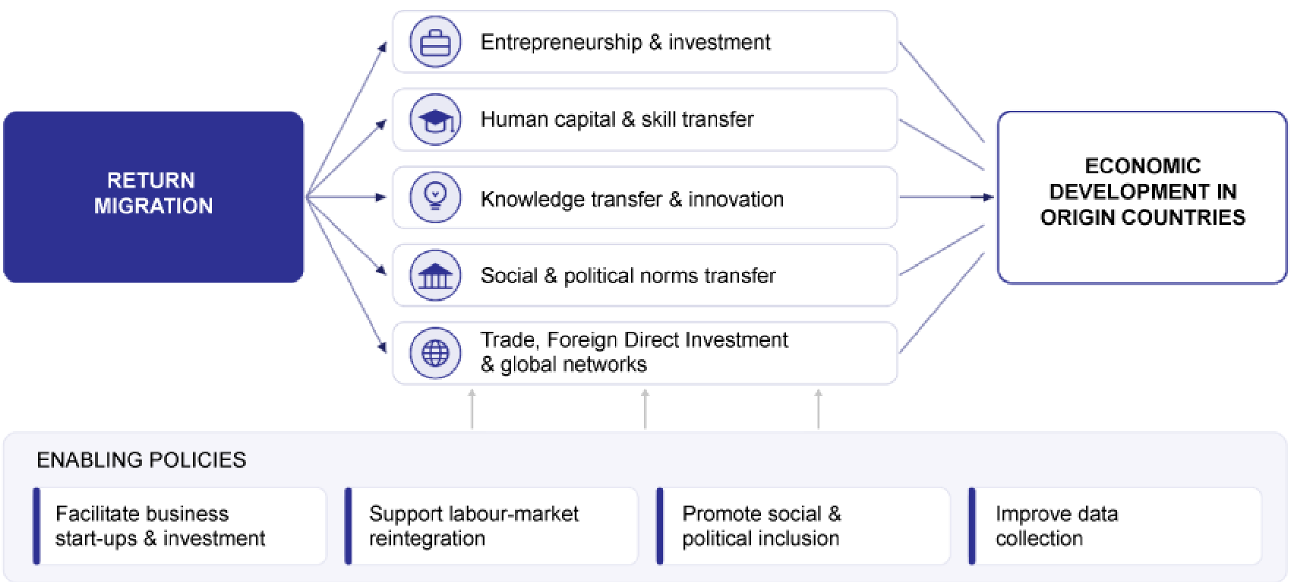
By implementing these recommendations, countries can transform return migration into a driver of economic development, leveraging the human, social, and financial capital of returnees for sustained economic growth.

Return migration can boost development, but only if countries help returnees reintegrate, invest, and use their skills productively.

Conclusion

The benefits of return migration for the home country, especially in low- and middle-income countries, depend on various factors. In principle, return migration can be beneficial if migrants accumulate savings while abroad and use them for consumption or investment upon returning home. Similarly, if migrants acquire new skills and knowledge overseas, enabling them to be more productive and earn higher wages upon their return, this can contribute to economic growth. However, the extent to which the home country can effectively leverage the skills and savings of returnees plays a crucial role in realising these potential benefits. With policies that support investment, improve labour market integration, and encourage civic engagement, countries of origin can harness the full potential of return migration to drive sustainable development.

Figure 2 – Channels of influence of return migration and enabling policies



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