

How Aid Impacts Migration Flows Once Again*

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Abstract

To assess the impact of aid on bilateral migration, we build a RUM model of migration from which we derive a gravity model. We estimate this model using an IV-2SLS strategy and the DEMIG-C2C and AidData datasets from 1973 to 2010. We find that aid from a donor country to a recipient country has a positive impact on the reverse migration rate. Introducing multilateral aid in the model, we find strong evidence that an information channel is at play and larger for the poorest countries. Finally, we only find weak evidence that a development channel is at play.

Key words - Aid, Gravity, Migration, RUM model

JEL classification - F14, F22, J61, O15

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