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Toward an Objective-Driven System of Smart Labor Migration Management

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This policy note offers motivation and a game plan for achieving a coherent and mutually beneficial labor migration system.¹ It argues that migrant workers may make important contributions to economic growth and development in both sending and receiving countries if they find enabling conditions. To achieve a potential win-win-win situation requires (1) a sustainable migration management system that takes into account the interests of the various stakeholders involved; (2) a clear identification and articulation of objectives and interests in migration by key stakeholders, based on a common conceptual framework for migration and development; (3) regional and bilateral coordination mechanisms to balance these (potentially divergent) objectives and to reach compromise under labor agreements and policies; and (4) effective, evidence-based policies and public and private sector interventions to achieve the objectives that are known and applied at the levels of sending, receiving, returning, and circulating.

Rationale and Features of a Coherent and Mutually Beneficial Labor Migration System

Regular labor migration between developing and developed economies through a coherent and mutually beneficial labor migration system remains a common policy challenge for governments around the world. Labor mobility is not a panacea for development; but if well managed, it can significantly help close the development gap and improve the long-term socioeconomic prospects of developing countries while it increases productivity and economic growth in richer countries. The mobility of labor makes important contributions to economic growth and employment through multiple channels, such as human capital transfer and diffusion of innovation via migration across professions, countries, and regions; and through demographic arbitrage between young and aging societies. Migrant workers may contribute to both

capital accumulation and knowledge production and diffusion if they find the enabling conditions to develop their skills and implement their investment projects throughout the migration cycle. Therefore, if governments around the globe wish to leverage the potential of labor mobility to achieve higher growth and long-term convergence, it is in their interest to create the conditions for human capital formation, “brain circulation” (the converse of “brain drain”), and productive investments by migrant workers.

Creating these conditions calls for a sustainable migration management system that takes into account the interests of the various stakeholders involved: the sending country, the receiving country, and the mobile worker. To this end, (1) the key stakeholders’ objectives and interests in migration must be clearly articulated; (2) a mechanism to balance objectives that do not necessarily overlap must be established; and (3) effective policies and both public and private sector

interventions to achieve the objectives must be known and applied.

Because migration management requires the involvement of at least two countries, even the best articulation of policy objectives and interests in the (mostly richer and often aging) receiving countries would not lead to the best outcome unless the (mostly poorer and often younger) sending countries also articulate policy objectives and interests. Only a few receiving countries have an articulated migration strategy, although many are working to produce one (including the Council of the European Union, with its Stockholm Programme). But most sending countries (except perhaps the Philippines) have not thought about migration as a development tool and have not articulated their objectives and interests. And the interests of migrants are typically not well articulated and represented by either receiving or sending countries. Filling this gap requires analytical and empirical work to outline the benefits, costs, and policy implications for all the key stakeholders.

Bilateral or regional arrangements to balance the interests between sending and receiving countries are poorly understood and articulated. Although there are a few examples of such arrangements from which to draw and apply useful lessons, successful migration management may need to move beyond the current structure and content. A recent assessment of principal regional consultative processes on migration (IOM 2010) suggests that the current arrangement should act as facilitators, not generators. And, given the right size, leadership, internal arrangements, directions, and funding, they will fulfill that role well. The International Organization for Migration (IOM) report, however, also notes that an absence of trust and a lack of understanding the perspective of the other states is often the primary impediment to cooperation. This finding strengthens the point raised above and heightens the need for clearly articulated objectives on both sides.

Leveraging the potential of labor mobility to contribute to growth and long-term convergence requires several things: sound employment, education, and social protection policies; and well-designed and impact-evaluated public and private sector interventions throughout the phases of sending, receiving, returning, and circulating. These facets of the migration cycle are characterized by higher risks and uncertainty for migrants; and they provide windows of opportunity for better informing, facilitating, or shaping the migration process. Fostering employment and growth under each of these phases calls for, among other things, policy interventions in three core areas: employment, skills development and matching, and social protection (Holzmann and Pouget 2010). These interventions should apply to all labor market participants, but are of particular importance for a mobile labor force. As a first set of interventions, migrant training

schemes are tailored to the specificities and needs of migrant workers rather than of nonmigrant workers. The training programs focus on language, intercultural understanding, administrative and hiring procedures, expectation management, support of migrant entrepreneurs, and so forth. These measures aim to improve labor market insertion, long-term employability, and broader social integration of migrant workers and their families. The second set of interventions involves skills matching and development measures. These aim to maximize the allocation of labor in the global economy by reducing asymmetries of information between migrant workers and employers in the labor market and by facilitating the acquisition of relevant skills that are in demand for migrant workers in the economy. In short, these measures answer labor market needs through targeted human capital formation and information diffusion at all skill levels. The third set of interventions relates to labor regulation and social protection measures. These measures are intended to ensure that migrants and their families have adequate protection against the social risks and specific vulnerabilities they face throughout the migration cycle, while avoiding benefit arbitrage and establishing neutrality for mobility decisions. Not discouraging labor mobility across professions and borders requires, among other things, portability of acquired social rights.

Examples of Smart Labor Migration Management around the World

Beyond the conceptual dimension presented above, some concrete examples in various regions of the world show that, when well designed and implemented, smart labor migration management can bring significant benefits for all stakeholders. In what follows, we describe relevant examples of migration management plans across the four phases of the migration cycle: sending, receiving, returning, and circulating. These examples stand as references in the field, but we still lack consistent impact evaluations to gauge their success against clear outcome indicators.

Managing migration from the perspective of a sending country is best exemplified by the case of the Philippines (Ruiz 2008). The Philippine government has built institutional and financial mechanisms in three main areas to support its migrants on their departure: (1) regulating overseas recruitment through the issuance of licenses for private recruitment agencies and the disclosure of relevant information concerning recruitment abroad for future migrants; (2) informing future migrants of available resources abroad through a mandatory deployment process composed of pre-departure training seminars and issuance of overseas identification cards; and (3) providing protection and representation through a migrant welfare fund with mandatory

membership, legal assistance services abroad, and recording mechanisms to monitor migrants' needs and concerns for improved migrant services. To finance such a system, the Philippine government charges fees to migrants, their employers, and recruitment agencies; and it builds partnerships with the private sector and relevant nongovernmental organizations. Such supportive measures for migrants are highly beneficial for a country where nationals abroad represented approximately 25 percent of the total workforce and the remittances they sent totaled roughly 13 percent of GDP in 2007. Other South Asian countries, such as Bangladesh or Sri Lanka, have built similar systems of emigration management. Besides qualitative assessments of the Philippine experience (Agunias and Ruiz 2007) and of the Sri Lankan case (Del Rosario 2008), no rigorous monitoring and evaluation (M&E) of such policy schemes has been performed. Such M&E is an important step to be taken if other sending countries around the world want to draw the right lessons to replicate, adjust, and improve the South Asian model of migrant welfare funds.

At the receiving level, the labor market insertion of immigrants and their children can be handled by local governments through practical arrangements with key local stakeholders, as is the case in two large receiving world cities: Toronto (Canada) and London (England), where migrant workers represent high proportions of the total population (OECD 2006). The Toronto Region Immigration Employment Council—comprising government representatives, professional associations, and local nongovernmental organizations—runs programs to link local employers with immigrant workers. Efforts include an internship program for skilled immigrants, a mentoring program involving local firms, and a Web-based platform for local human resources professionals. In London, a citywide partnership involving the London Development Agency and five learning and skills councils assesses the qualifications of immigrants and evaluates brokers' relevant ongoing training. In addition to the recognition of migrants' qualifications, local stakeholders in London and in Toronto work to bridge their qualifications and the requirements of local employers, notably through shortened retraining programs. These city-level initiatives to match migrants' skills supply with the demands of local firms can be highly beneficial for all the stakeholders involved, starting with migrant workers and their potential employers. But results from rigorous evaluations to assess the effectiveness of these efforts are not yet available.

Regarding circular migration, New Zealand's Recognized Seasonal Employers Scheme (RSE)—introduced in 2006 with five Pacific Island countries (namely Kiribati, Samoa, Tonga, Tuvalu, and Vanuatu)—provides an interesting example of how governments can integrate an M&E component in a migration policy scheme to improve its design and im-

plementation. The RSE program aims to create a mutually beneficial circular migration scheme that benefits employers and workers: employers in the New Zealand horticulture and viticulture industries can have access to a secure labor supply to circumvent local labor shortages and remain competitive in world markets, and selected Pacific Island workers can secure access to the New Zealand labor market and contribute to economic development in their home countries through employment experience abroad and remittances. The government of New Zealand is collaborating with the World Bank to monitor and evaluate the outcomes of this recent policy scheme. World Bank findings are to be released soon, but New Zealand's Department of Labor has already published a report that provides a description and assessment of the first two seasons of the RSE program. This M&E component has made it possible to revise and significantly improve the design and implementation of certain aspects of the policy scheme, including enhanced predeparture training sessions and new pooled savings and remittance transfer mechanisms.

The Way Forward: Helping Developing Countries Articulate Objectives in Migration and Assess Outcomes of Migration Management Interventions

There is an increasing understanding that temporary or permanent migration can be a powerful instrument for growth and development around the globe. But experience with migration management processes between countries also suggests that to be successful they need to be based on objectives clearly articulated by both sending and receiving countries. The richer, migrant receiving countries have started to do this and need no external help; but, with few exceptions, the poorer, migrant sending countries have not yet thought about migration as a development tool and so have not articulated their interests. Without external help, they may not be able to do so quickly and well. In the absence of such an articulation, the joint objectives likely will not be achieved because the policies and programs cannot be appropriately chosen and interest-balancing processes between countries are bound to fail.

Helping developing countries articulate their interest in migration as a development tool will require a major analytical and empirical effort to outline the benefits, costs, and policy implications if a process similar to that taken during the trade opening in the 1980s and 1990s (led and supported by the World Bank) is used as a reference. Although the growing academic interest in migration is producing a wealth of information, few studies exist on the impact of migration on development (except perhaps on the role of remittances). The effect of migration on the labor market of

the sending (and returning) countries remains largely unexplored; and only patchy information exists on the effects of brain circulation and return capital on firm creation, entrepreneurship, and productivity.² Most important, no consistent conceptual framework has been established to outline the potential key avenues by which migration may help accelerate the development process. Such a framework would make better use of existing research and would provide guidance for future empirical studies on migration. Work in this direction is under consideration at the World Bank (to be led by the Poverty Reduction and Economic Management Network); and with success in finding the financing, such a framework should be available soon.

There is also broad recognition that the current outcome of migration has room for improvement to generate larger gains for sending countries, receiving countries, and the migrants themselves. Creating a potential win-win-win situation requires a much better understanding of the effectiveness of the current migration management interventions in sending and receiving countries. Such an evidence base is crucial to redesigning or dropping programs, or to scaling up the successful ones. There is an increasing number of areas of human development where rigorous evaluation is shaping policy dynamics, design, and evaluation culture. Conditional cash transfers may be the most rigorously evaluated program worldwide. (Essentially all programs have rigorous M&E as part of their benefit design and implementation, with broad international lesson sharing.) And they may be the most effective social protection program implemented thus far in almost 40 economies (including New York City). Similar patterns are emerging in active labor market policies, education interventions, and the like. Much less attention has been paid to measuring the effectiveness of migration management interventions. Despite an increasing number of calls for evidence-based policies (from the Global Forum on Migration and Development [GFMD 2010]; the Stockholm Programme at the European Union level [Council of the European Union 2009]; and the Marseille Center for Mediterranean Integration [Holzmann and Pouget 2010]) and a substantial investment in migration capacity-building programs in recent years, the impact and costs of migration policy measures are often unknown and performance indicators are rudimentary. Current evaluations focus on the output of policy interventions—that is, the project deliverables within the control of the implementing agency. Modern impact evaluation techniques move a step farther, looking at the use of outputs by project beneficiaries and stakeholders outside the control of the implementing agency (on the demand side). Shifting focus from outputs to outcomes measurement would allow for a more precise understanding of the actual effects of policy interventions in the real world. In addition to filling this gap, a cross-national database or clearinghouse that brings to-

gether the results of migration policy evaluations would provide a tool for policy makers to draw lessons from the experiences of other countries. Building on the recognized expertise of key players in this area,³ an emerging joint work program should be able to play a crucial and facilitating role in operationalizing M&Es in the area of labor market and migration policies.

Conclusions

The key conclusions offered by this policy note for establishing a coherent and mutually beneficial labor migration system between developing and developed economies are these:

1. Migrant workers may make important contributions to economic growth and development in both sending and receiving countries if they find the enabling conditions to develop their skills and realize their investment projects throughout the migration cycle.
2. Creating these conditions requires a sustainable migration management system that considers the interests of the various stakeholders involved.
3. Key stakeholders' objectives and interests in migration need to be clearly identified and articulated within a common conceptual framework for migration and development.
4. Regional and bilateral coordination mechanisms must be established to balance stakeholder objectives that may not converge and to reach some form of compromise under labor agreements and policies.
5. Effective policies and both public and private sector interventions to achieve the objectives need to be known and applied at the sending, receiving, returning, and circulating levels of the migration cycle.
6. Rigorous M&E needs to be performed and the results must be shared internationally to identify effective interventions and to scale up those that are successful.

Notes

1. This policy note reflects the thinking of the authors and does not necessarily represent the opinion of the World Bank or other institutions with which they are involved.

2. A research program supported by a multidonor trust fund (comprising Austria, Germany, Norway, and the Republic of Korea) is investigating these issues. Preliminary results were presented at the May 2010 research conference convened in Cape Town, South Africa, by the Institute for the Study of Labor (IZA) and the World Bank. See <http://www.iza.org> for information.

3. This expertise includes, for example, the IOM's extensive operational and policy experience in implementing migration programs; IZA's leading role in knowledge manage-

ment and in facilitating contacts among researchers and policy makers; and the World Bank's leadership in conducting rigorous impact evaluations of policy interventions in education, skills, and labor markets.

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