

IZA Policy Paper No. 20

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November 2010

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## **ABSTRACT**

### **Towards an Objective-Driven System of Smart Labor Migration Management<sup>\*</sup>**

This policy note offers motivation as well as game plan how to achieve a coherent and mutually beneficial labor migration system. It argues that migrant workers may importantly contribute to economic growth and development both in sending and receiving countries if they find the enabling conditions. To achieve a potential win-win-win situation requires (i) a sustainable migration management system that takes into account the interests of the various stakeholders involved; (ii) a clear identification and articulation of objectives and interests in migration by the key stakeholders based on a common conceptual framework on migration and development; (iii) regional and bilateral coordination mechanisms to balance these not necessarily converging objectives and reach comprise under labor agreements and policies; and (iv) evidence-based effective policies and public and private sector interventions to achieve the objectives that are known and applied at the level of sending, receiving, returning and circulation.

JEL Classification: F22, J1, 019

Keywords: migration management, economic development, monitoring and evaluation

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<sup>\*</sup> This policy note reflects the thinking of the authors and does not necessarily represent the opinion of the World Bank or other institutions they are involved with.

## **1. 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 closing the development gap and improve the long term socio-economic prospects of developing countries while increasing productivity and economic growth in richer countries. The mobility of labor contributes importantly 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 importantly contribute to both capital accumulation and knowledge production and diffusion if they find the enabling conditions to develop their skills and realize their investment projects across the migration cycle. It is therefore in the interest of governments around the globe to create the conditions for human capital formation, brain circulation and productive investments by migrant workers if they wish to leverage the potential of labor mobility to achieve higher growth and long term convergence. This calls for a sustainable migration management system that takes into account the interests of the various stakeholders involved for the benefits of all: the sending country, the receiving country and the mobile worker. To this end (i) the objectives and interests in migration by the key stakeholders need to be clearly articulated; (ii) a mechanism to balance the not necessarily overlapping objectives needs to be established; and (iii) effective policies and public and private sector interventions to achieve the objectives need to be known and applied:

(i) As migration management requires at least two countries to tango, 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 do so likewise. Only a few migrant receiving countries have an articulated migration strategy, albeit many are working on it (including the EU with the Stockholm program). But most migrant sending countries (except, perhaps, the Philippines) have not thought about migration as a development tool and articulated their objectives and interests. And the interests of migrants are typically not well articulated and represented by both. Filling this gap requires analytical and empirical work to outline the benefits, costs and policy implications for all the key stakeholders.

(ii) Bi-lateral or regional arrangements to balance the interests between sending and receiving countries are little understood and articulated. While there are a few examples of such arrangements 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, 2009) suggests that the current arrangement act as facilitators, not generators. However given the right size, leadership, internal arrangements, directions and funding, they will fulfill this role well. The report, however, also notes that often an absence of trust and lack of understanding of the perspective of the other states are the primary impediment to cooperation. This strengthens the point raised above and the need for clearly articulated objectives on both sides.

(iii) Leveraging the potential of labor mobility for growth and long term convergence requires sound employment, education, and social protection policies and well designed and impact-evaluated public and private sector interventions across the phases of sending, receiving, returning and circulation. These moments of the migration cycle are characterized by higher risks and uncertainty for migrants, and provide windows of opportunity for better informing, facilitating or shaping the migration process. Fostering employment and growth under each of these phases calls, inter alia, for policy interventions in three core areas: employment, skills development & matching, and social protection (Holzmann and Pouget, 2010). They 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 as opposed to non-migrant workers. They include language training, inter-cultural training, training on administrative and hiring procedures, expectation management, support of migrant entrepreneurs, etc. 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 refers to skills matching and development measures which aim to maximize the allocation of labor in the global economy by reducing asymmetries of information between migrant workers and employers on the labor market and facilitating the acquisition of relevant skills in demand in the economy for migrant workers. 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 which aim to ensure adequate protection for migrants and their families against the social risks

and specific vulnerabilities they face across the migration cycle while avoiding benefit arbitrage and establishing neutrality for mobility decisions. Not discouraging labor mobility across professions and borders requires, inter alia, portability of acquired social rights.

## **2. Examples of smart labor migration management across the World**

Beyond the conceptual dimension presented above, some concrete examples in various regions of the world show that, when well thought and implemented, smart labor migration management can bring significant benefits for all. In what follows, we describe relevant examples of migration management schemes across the four phases of the migration cycle: sending, receiving, returning and circulating. Those 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 a sending country perspective is best exemplified by the case of the Philippines (Ruiz, 2008). The Filipino government has built institutional and financial mechanisms to support its migrants upon departure in three main areas: (1) regulating overseas recruitment through the issuance of licences for private recruitment agencies and the disclosure of relevant information on 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 the 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 Filipino government charge fees to migrants, their employers and recruitment agencies, while building partnerships with the private sector and relevant NGOs. Such supportive measures for migrants are highly beneficial for a country where nationals abroad represent around 25% of the total workforce and the remittances they send about 13% 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 Filipino experience (Ruiz and Agunias, 2008) and of the Sri Lankan case (Del Rosario, 2008), no rigorous Monitoring and Evaluation (M&E) of such policy schemes have been performed yet. This 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 it is the case in two large receiving world cities: Toronto and London, where migrant workers represent high proportions of the total population (OECD, 2006). The Toronto Region Immigration Employment Council (TRIEC) comprising government representatives, professional associations and local NGOs, runs programs to link local employers with immigrant workers. This includes an internship program for skilled immigrants, a mentoring program involving local firms and a web platform for local human resources professionals. In London, a city wide partnership involving the London Development Agency and five Learning and Skills Councils deals with the assessment of qualifications of immigrants and brokers relevant ongoing training. In addition to the recognition of migrants' qualification, local stakeholders in London and in Canada work to bridge their qualifications with the requirements of local employers, notably through shortened retraining programs. These initiatives at the city level to match migrants' skill supply with demand by local firms can be highly beneficial for all the stakeholders involved, starting with migrant workers and their potential employers, but there are not yet available results from rigorous evaluation to assess their effectiveness.

On 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 in order to improve its design and implementation. The RSE aims to create a mutually beneficial circular migration scheme where employers in the New Zealand horticulture and viticulture industries can have access to a secure labor supply in order to circumvent local labor shortages and remain competitive on world markets, while 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. While World Bank findings are to be released soon, New Zealand's Department of Labor has already published a report which provides a description and assessment of the first two seasons of the RSE. This M&E component has allowed revising and improving significantly the design and implementation of certain aspects of this policy scheme, including enhanced pre-departure training sessions and new pooled saving and remittance transfer mechanisms.

### **3. The way forward: Helping developing countries articulating their objectives in migration and assessing the outcomes of migration management interventions**

There is an increasing understanding that temporary or permanent migration can be a powerful instrument for growth and development across the globe. But the experience with migration management processes between countries also suggests that in order to be successful they need to be based on clearly articulated objectives by both sending and receiving countries. While the richer migrant receiving countries have started to do so and need no external help, the poorer and migrant sending countries have with few exceptions not yet thought about migration as a development tool and hence articulated their interest. And without external help they may not be able to do so quickly and well. Without such an articulation, however, the joint objectives are likely not to be achieved as the policies and programs cannot be appropriately chosen and interest balancing processes between countries bound to fail. To help developing countries articulate their interest in migration as a developing tool will require a major effort on analytical and empirical work to outline the benefits, costs and policy implications if a similar process around the trade opening in the 1980s and 1990s (led and supported by the World Bank) is taken as a reference. While the growing academic interest in migration is producing a wealth of information, to date few studies exist on the impact of migration on development (except, perhaps, on the role of remittances). The role of migration on the labor market of the sending (and return) countries remains largely unexplored and only patchy information exists on the effects of brain circulation and return capital on firm creation, entrepreneurship and productivity<sup>1</sup>. Most importantly, no consistent conceptual framework has yet been established to outline the potential key avenues how migration may help accelerate the development process. Such framework would make better use of existing research and provide guidance for future empirical studies on migration. Work in this direction is under consideration at the World Bank 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. To create 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 redesign or drop

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<sup>1</sup> A research program supported by a multi-donor trust fund (Germany, Austria, Norway, and Korea) is investigating these issues and preliminary results have been presented at the IZA-World Bank research conference in Cape Town in May 2010. See [www.iza.org](http://www.iza.org)



programmes, or to scale-up the successful ones. There are an increasing number of areas of Human Development where rigorous evaluation is shaping policy dynamics, design, and evaluation culture. Conditional Cash Transfers have become, perhaps, the most rigorously evaluated program worldwide (essentially all programs have rigorous M&E as part of benefit design and implementation with broad international lesson sharing) and the most effective social protection implemented by now in almost 40 countries (including New York City); and similar patterns are emerging in Active Labor Market Policies, Education Interventions, etc. Much less attention has been paid to measuring the effectiveness of migration management interventions. Despite growing calls for evidence-based policies (GFMD ad-hoc Working Group on Policy Coherence, Data and Research; Stockholm Program at the EU level; Guidance Workshop on Migration Management at the Marseille Center for Mediterranean Integration (CMI) in March 2010) and a substantial investment in migration capacity-building programmes in recent years, the impact and costs of migration policy measures are often unknown, and performance indicators rudimentary. Current evaluations focus on the output of policy interventions, i.e. the project deliverables within the control of the implementing agency. Modern impact evaluation techniques move a step further, looking at the use of outputs by project beneficiaries and stakeholders outside the control of the implementing agency (demand side). Shifting focus from outputs to outcomes measurement would allow for a more precise understanding of the actual impacts of policy interventions in the real world. In addition to filling this gap, a cross-national database or clearing house bringing together the results of migration policy evaluations would provide a tool for policymakers to draw lessons from the experiences of other countries. Building on the recognized expertise of key players in this area (e.g. World Bank's leadership in rigorous impact evaluation methods of policy interventions such as in education, skills and labor market, IOM's extensive operational and policy experience in implementing migration programs, IZA's leading role in knowledge management and facilitation of contacts across researchers and policy makers) 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 as follows:

- (i) Migrant workers may importantly contribute to economic growth and development both in sending and receiving countries if they find the enabling conditions to develop their skills and realize their investment projects across the migration cycle.
- (ii) Creating these conditions requires a sustainable migration management system that takes into account the interests of the various stakeholders involved for the benefits of all.
- (iii) The objectives and interests in migration by the key stakeholders need to be clearly identified and articulated based on a common conceptual framework on migration and development.
- (iv) Regional and bilateral coordination mechanisms need to be established in order to balance these not necessarily converging objectives and reach comprise under labor agreements and policies.
- (v) Effective policies and public and private sector interventions to achieve the objectives need to be known and applied at the sending, receiving, returning and circulating levels.
- (vi) Rigorous Monitoring and Evaluation need to be performed and results shared internationally to identify effective interventions and scale-up the successful ones.

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