



IOM International Organization for Migration
OIM Organisation Internationale pour les Migrations
OIM Organización Internacional para las Migraciones

INTERNATIONAL DIALOGUE ON MIGRATION (IDM) INTERSESSIONAL WORKSHOP ON

MAKING GLOBAL LABOUR MOBILITY A CATALYST FOR DEVELOPMENT¹

BACKGROUND PAPER

There are few remaining aspects of the global economy that hold as great potential benefits for all stakeholders than increased labour mobility, yet few stimulate as much public debate at both national and international levels.² One reason for both the attention and the controversy is the fact that labour migration is primarily about people – people who move between countries and societies – with all the social, economic and political complexities that this may entail. Another reason is the scale of this phenomenon. Among the more than 190 million persons living outside their country today, about half are in the labour force, that is, 95 million are migrant workers.³ Regardless of their direction, migratory flows at all skill levels respond in large part to economic, demographic, human rights and environmental disparities. As many of these disparities will persist and grow, in particular the gap between the supply of and demand for labour and the wages it brings, international labour migration is set to rise.

As discussed at recent international events devoted to migration and development, including the *United Nations General Assembly High Level Dialogue on International Migration and Development* and the *Global Forum on Migration and Development*, human mobility and its management are intrinsically linked to human security, the welfare of individual migrants and the development of areas of origin and destination. In general terms, people move for better pay and for a better and more secure future. Opportunities abound for labour mobility to better serve human development needs at the

¹ In 2006, IOM's membership selected the IDM theme for 2007, namely the topic of managing labour mobility in the evolving global economy, which is also the theme of the *World Migration Report 2008* (WMR). IOM has been able to draw on the research and analysis undertaken in connection with the forthcoming WMR in its preparations for this year's IDM activities. In addition, this workshop draws on the results and Summary Report of the recently concluded Brussels meeting of the Global Forum on Migration and Development (GFMD), and aims to build on its positive outcomes in preparation for the Manila meeting in 2008. See <http://www.gfmd-fmmd.org/fr/node/211>.

² In a model developed by the World Bank, a 3 per cent increase in the labour force in high-income countries through migration would lead to global gains of 356 billion USD – a 0.6 per cent increase in global income – greater than gains forecast from further liberalization of trade in goods and other forms of services, with the aggregate gains being higher for developing than developed countries. World Bank, *Global Economic Prospects 2006*. Indeed, the greatest global welfare gains would result from greater mobility of persons in lower skilled jobs as this is where the greatest wage differentials exist between the developing and the developed regions of the world.

³ The estimates shown are for 2005. UN General Assembly, *International migration and development*. Report of the Secretary-General, 18 May 2006. A/60/871.

individual and family level. Promising practices are evident, for instance, to enable remittances, as private funds, to enhance consumption, savings and investment at the household level. The same is true for innovative efforts to limit social and financial strains that may accompany a transnational family existence. Labour migration is thus fundamentally a means of human development for individual migrants and their families.

Yet, labour mobility as a development tool is also so much more. Just as the world seeks to realize the benefits of international trade for development through increased availability of affordable, quality goods and services, so too many States are exploring the broader social and economic development potential of labour mobility. For countries of origin,⁴ foreign employment can alleviate unemployment and bolster wages, particularly among growing numbers of youth. The knowledge, skills, professional contacts and funds acquired abroad can assist a source country to develop existing or niche economic sectors, strengthen exports and encourage foreign direct investment. Returning migrants can make invaluable contributions to critical human resource sectors, such as education and health care, often bringing investments, stimulating job creation, and applying market perspectives to better meet the needs and interests of the poor.

For countries of destination with aging populations and negative demographic forecasts, migrant workers may meet critical labour shortages and enable the national economy to gain in efficiency, thereby lowering product costs for domestic consumers and enhancing the competitiveness of exports. Inward labour mobility may lessen recourse to outsourcing, which could reduce overall local job losses. Despite concerns to the contrary, evidence shows that migration has minimal negative effect on wages and employment in host countries⁵. Where properly managed, labour mobility can form part of strategies to ensure the dynamism, flexibility and competitiveness of economies of host countries.

Despite such under-tapped development potential that labour migration can bring, in most cases the institutional structures at national, bilateral, regional and global levels have yet to evolve at the pace required to effectively manage temporary, circular and permanent labour mobility to meet the needs of individual migrants and their societies of origin and destination. Lack of effective management of labour migration does not stop the movement of people; but it does seriously limit the ability of societies and the global community to reap its benefits and it does expose them to significant potential negative effects. Inadequate management of labour mobility can fuel irregular migration, the exploitation of migrant workers and “brain drain and waste.” It may also result in lost opportunities for the improvement of individual livelihoods, social cohesion and economic growth as well as for partnerships in human resource development. In a time of increased mobility, enhancing the gains from labour migration and facilitating their more equitable distribution, requires comprehensive and coherent governmental policies, profound capacity building, inter-state and multi-stakeholder cooperation and sustained confidence building.

⁴ Many countries are increasingly becoming, simultaneously, a source, transit and destination for migrants.

⁵ IOM, *World Migration 2005: Costs and Benefits of International Migration*; World Bank, *Global Economic Prospects 2006*.

Data and Research for Effective Labour Migration Management

A natural starting point is the need for both more and more compatible data on labour market and labour mobility trends. To this end, countries of destination and origin each need to identify, respectively, current and projected labour supply shortages and surpluses by economic sector, occupation, region and province, and require the capacity to do so. Differentiating between labour shortages that are structural and those that are seasonal or otherwise temporary is important for designing and implementing effective labour migration policies. Better knowledge of existing and projected human resources and human resource needs at national, regional and global levels can inform not only migration policies but also the complementary human resource development policies in both countries of origin and destination, according to social and economic priorities.

What are the most effective tools for such purposes? How do they relate to other governmental and private sector policies to address demographic and skills gaps, such as offshoring? And how do policy-makers integrate statistics into flexible, inclusive, and therefore sustainable decision-making processes to govern the admission, employment and residence status of migrant workers? For countries that aim to source such labour, what means are available to integrate local and foreign labour market data into the design of programmes to educate, train and prepare workers for foreign employment in the context of national development planning? Similar assessment challenges arise with remittances. What can we learn from those governments that are working to mainstream questions of migration and remittances into national census data and complement this with migrant household surveys to better inform policy making?

Designing Comprehensive Labour Migration Policies

Matching international labour supply and demand requires policy measures to facilitate and regulate mobility at all stages of the migration process – from recruitment to employment, integration and in some cases return – at all points along major “migration corridors,” or clusters of countries among which migratory flows circulate, at a range of skills levels, and for temporary and permanent stays. Doing so while ensuring the protection of the human and labour rights of migrants and their families is essential to orderly and dignified migration. While often referred to as “ancillary policies,” measures to facilitate the recognition of qualifications, to adjust education and training systems, and to allow social security and pension portability could make or break efforts to forge effective labour mobility strategies.

Approaches to holistic labour mobility management and to ensuring coherence with development and other policy areas will vary necessarily from country to country. At the national level, programmes exist that seek unilaterally to determine the number and type of migrant workers admitted amongst the broader composition of incoming population movements for foreign study, tourism, business travel, family unification and asylum. How can such schemes be tailored to meet labour migration needs and to address the potentially competing factors of economic efficiency and equity, social cohesion, and the development impact on countries of origin?

Various forms of inter-state cooperation, including bilateral labour agreements, can generate more predictable labour mobility flows and commitments of multi-stakeholder cooperation. Such cooperation can result in more efficient and effective recruitment and employment procedures, while enabling the monitoring required to limit migrant exploitation. Some States and regions are also exploring the use of inter-state labour mobility partnerships to achieve broader migration management goals. Where high levels of irregular migration exist, a commitment to confer preferential access to legal opportunities and/or to regularize the status of undocumented migrants for States that cooperate to stem irregular flows might be considered. How can such partnerships be crafted and what are the main challenges in their implementation?

At the regional level, as discussed at IOM's last IDM workshop on "Free Movement of Persons in Regional Integration Processes,"⁶ some regions have achieved greater mobility of persons through regional integration or trade regimes than has been achieved to date under Mode 4 of the WTO's General Agreement on Trade in Services (GATS), which remains limited in scope and number of commitments to a select category of highly-skilled workers. While regional integration processes may serve as useful building blocks in efforts to facilitate and better regulate labour mobility, challenges persist with respect to policy design and implementation. With this in mind, regional consultative processes on migration (RCPs) offer informal and non-binding settings in which to exchange promising practices and to cultivate the confidence and information sharing required for greater regional and inter-regional cooperation in this field. For example, the Colombo Process⁷ has made headway in consolidating the efforts of recruitment agencies in Asia to better liaise with employers and governments looking to tap into the pool of Asian workers in safe and secure ways that ensure their protection.

Leveraging Labour Migration for Development

The most well documented economic benefit that migrant workers bring to their home countries and the one on which international attention tends to focus is remittances. The sheer flow of migrant financial transfers, or remittances, has risen substantially of late.⁸ For many developing countries these inflows are larger than the combined value of Foreign Direct Investment (FDI) and Official Development Assistance (ODA). Especially in times of crisis, remittances tend to be stable or even rise whereas FDI and ODA may decrease. At the household level, remittances contribute to better standards of living among their recipients, supplement their income and provide them with funds that

⁶ Geneva, June 2007. To access seminar materials see <http://www.iom.int/jahia/Jahia/pid/1805>

⁷ The Colombo Process, focusing on the Management of Overseas Employment and Contractual Labour for Countries of Origin in Asia, is the first to focus specifically on labour mobility, and now brings in as observers destination countries from the Gulf, Europe, and other key regions. The United Arab Emirates (UAE) will host the next Ministerial meeting. See <http://www.colomboprocess.org>.

⁸ According to the World Bank, recorded remittance flows to developing countries in 2006 are estimated at USD 204 billion. The actual size including unrecorded transfers through formal and informal channels is believed to be significantly larger. World Bank (2007) *News&Broadcast* "Migration and Remittances", see <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20648762~menuPK:34480~pagePK:64257043~piPK:437376~theSitePK:4607,00.html>

can be used for consumption, savings, or investment including in the health and education of their children. Remittances may also fund risk diversification, as migrants invest in assets and relationships to enable sustainable return should the migrant wish to return or find him or herself unemployed in the host society.

How can the private and public sector enable remittances to better serve migrants and their communities, while respectful of the private nature of such funds? Efforts are underway to increase the availability of affordable transfer services in remote migrant sending and receiving areas by making the remittance market more competitive. Other initiatives include efforts to “bank the unbanked,” including migrants and to tailor transnational insurance and mortgage services to their profiles. As migrants may have limited funds to divert from household consumption and to devote to community development, several governments and international partners are seeking to help by offering to match migrant funds channelled collectively towards development projects.

Beyond remittances, labour migration offers a host of additional benefits for the development of countries of origin. Although the non-financial potential of migrant workers is harder to measure, qualitatively, it may have a more significant developmental effect. Migrants may return either temporarily or permanently to apply newly acquired skills and knowledge, bring productive investments, stimulate job creation and develop innovative products and international networks for trade, research and development. However, traditional responses to an outflow of human capital through migration have centred mostly on preventing the exodus of talent and encouraging permanent returns.

Temporary and Circular Labour Migration Schemes

In contrast, much is now being made of the potential for temporary and circular migration to offer “triple wins” – for migrants, communities of origin and destination -- and the largest development benefits. *Temporary migration* schemes, in which migrants stay in the destination country for a pre-defined period, learn from the shortcomings of previous guestworker programmes and can be a more politically palatable policy option to permanent migration. Such programmes could also allow more migrants to benefit from limited numbers of foreign employment opportunities. This being said, temporary mobility may be best suited to meet labour needs that are not structural in nature, as the latter merit more sustainable solutions, potentially in part through permanent migration.

Circular migration,⁹ for its part, includes various forms of movement that stimulate circulation among countries of origin and destination, while affording migrants at all skill

⁹ There is no agreed definition of “circular migration.” The European Commission broadly defined circular migration as “...a form of migration that is managed in a way allowing some degree of legal mobility back and forth between two countries,” while expressing an intention to arrive at a more precise and operational definition. See the *EC Communication* “Circular migration and mobility partnerships between the European Union and third countries.” EC, May 2007. The following definition was used in preparations for the first meeting of the GFMD: “Circular Migration is the fluid movement of people between countries, including temporary or more permanent movement which, when it occurs voluntarily and is linked to the labor needs of countries of origin and destination, can be beneficial to all involved”. GFMD, *Background Paper*

levels an opportunity to form a more long-term livelihood strategy. Circular migration thus refers to workers benefiting from recurrent stays of limited duration in the country of destination. At the same time, migrants with long-term residence status in host countries also engage in circular migration by repeated returns to their country of origin.

Which incentives and disincentives are being explored by countries of origin and destination to facilitate temporary and circular mobility arrangements for lower and middle-skilled migrants? Some have sought to encourage returns upon contract expiration by enabling migrants to more quickly recover their front-end and back-end migration costs, while facilitating the multiple entry of certain groups of migrants such as seasonal workers. Similarly, in cases of private sector competition for limited temporary work permits, preferential treatment may be afforded to employers and private recruitment agencies with a demonstrable track record in reducing recruitment fees for migrants, in facilitating their return and in protecting the human and labour rights of all employees.

Circular migration can also serve to combat “brain drain.” Countries of origin and destination may form multi-stakeholder partnerships to encourage qualified migrants to return home on a voluntary basis – either temporarily, permanently or virtually – to provide short-term assistance and expertise in various fields and to transfer knowledge, skills and technology. Some States have also promoted the use of ethical international recruitment codes for personnel from sectors under stress.

Ensuring broader complementarities between such labour migration policies and human resource development will be essential, especially in those sectors where the demand is projected to increase, such as for care workers and educators. As labour markets become more and more global, the development of human capital is further becoming an international issue. New partnerships, such as twinning programs, will be needed among countries of origin and destination, bringing in the private sector, to ensure the preparation and availability of adequate human resources. Yet, as the scarcity of professionals in many States is also attributable to causes other than international migration, human resource development efforts need also to explore more sustainable forms of recruitment and deployment that keep professionals within the system.

The Role of Private and Other Non-Governmental Stakeholders

The private sector, diaspora associations, workers’ organizations and other non-governmental stakeholders have an essential role to play in both managing labour migration for the benefit of all and in supporting human resource development. Through consulting these stakeholders, governments can design labour migration policies that respond to sudden changes in local labour markets and identify new markets and innovative practices. For instance, temporary staffing agencies are at the forefront of efforts to ensure the international labour mobility required to facilitate foreign direct

Roundtable 1 “Human capital development and labor mobility: Maximizing opportunities and minimizing risks”, Belgium 2007.

investment in transitional economies and developing States. In countries of origin, similar multi-stakeholder cooperation can result in labour migration schemes that support national economic and labour force restructuring, where relevant. Where migrants opt to return, the private sector is essential to facilitating their productive reintegration.

Non-State actors are also key to a regulated recruitment industry that serves to reduce “brain drain,” migrant worker exploitation and human trafficking and smuggling. Securing the support of private employment agencies, for instance, can make for more effective international recruitment codes. Trade unions, for their part, can work to ensure that the interests of migrant workers are taken into account in their activities to support local workers. Thus, where employers and unions are fully engaged, labour inspectors can better ensure adequate wages, working and living conditions for migrant workers.

Migrants themselves are promoting home country development through forming Hometown Associations in some countries of destination and other forms of diaspora associations. Identifying and supporting the most promising of these is of growing interest to international financial institutions and organizations that seek to magnify the multiplier effects of remittances and other diaspora contributions to social capital and job market growth. Towards this end, diaspora dialogues can serve as fora at which to better engage migrants in managing the development potential of labour mobility.

International and non-governmental organizations, along with other private actors, can help to mobilize public support for improved labour migration management. They can also assist with information campaigns to encourage employers and migrants to avail of legal migration channels and to comply with associated regulations and safeguards.

The Way Forward

As is evident, humane and orderly management of labour migration for the benefit of all in a rapidly evolving global economy is more than ever a policy challenge of substantial importance. This workshop therefore seeks to enable governments to build on the excellent work of the Brussels meeting of the GFMD to progress in meeting this challenge. It will explore how to tackle issues raised in developing and implementing comprehensive strategies for labour mobility management and human resource development. Equally important, countries of origin and destination will be encouraged to highlight their capacity building needs for such purposes and innovative practices employed to date.

In recognition of the many benefits to be gained from greater engagement of the private sector and other non-governmental stakeholders, this workshop will also continue the dialogue on how best to leverage their contributions. With ever greater mobility, joint investment to meet the human resource needs of countries of origin and destination is one area for particular attention in this regard. When working in concert, the needed public confidence can be generated for labour mobility to be managed and to better contribute to personal development for migrants and their families and to the development of host and home communities.