

ECONOMICS OF MIGRATION AND DEVELOPMENT

SUPPORTING EVIDENCE
FOR THEMATIC AREA I



NINTH GLOBAL FORUM ON MIGRATION AND DEVELOPMENT

Bangladesh 2016 GFMD Research and Policy Initiative
November 2016



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International Organization for Migration (IOM)
The UN Migration Agency



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Acknowledgements

This report is one of three publications prepared for the Ninth Global Forum on Migration and Development (GFMD, under the GFMD Research and Policy Initiative, a collaborative effort of the International Labour Organization (ILO), International Organization for Migration (IOM) and United Nations Development Programme (UNDP) in Bangladesh.

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Photo credit: IOM/Bashir Ahmed Sujan, 2007. Family reunited after migrant worker returns from Saudi Arabia at Dhaka International Airport, Bangladesh.

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Foreword

Migration and development are interdependent processes, driving change and stimulating new connections between individuals and societies in fields of economics, trade, technology, culture and religion. Human mobility is a means to diversify and strengthen livelihoods, as well as an avenue to escape persecution, conflict and disaster in times of adversity. With more than a billion people on the move in the world – internally and internationally – there is a need to ensure the protection of all migrants so that the full social and economic potential of migration can be realised in both countries of origin and destination.

In this spirit, the overarching theme of the Ninth Global Forum on Migration and Development (GFMD) is “Migration that works for sustainable development for all: Towards a transformative migration agenda.” The Ninth GFMD is the first event following the New York Declaration on Refugees and Migrants adopted by United Nations Member States in September 2016, which included a commitment to develop a “Global Compact on Safe, Orderly and Regular Migration”. It is also one of the first global summits since the adoption of the 2030 Agenda for Sustainable Development. As such, the Ninth GFMD is a major opportunity to build on these commitments and to promote a shared understanding of the important linkages between migration and development with the international community.

The IOM, ILO and UNDP have recognised the importance of enabling meaningful, informed debate on issues of migration and development, founded on a sound understanding of the types of initiatives and programmes already underway to support migrants and host communities around the world. Drawing together the collective knowledge of the three agencies, the GFMD Research and Policy Initiative has reviewed the evidence available in relation to the fields of Economics, Sociology and Governance – corresponding to the GFMD sub-themes. The reports gather insightful examples of policy initiatives and models of good, promising and emerging practices to stimulate ideas and inspiration, as well as messages of caution for participating Member States to consider in the formulation of their own responses to contemporary migration and development challenges.

Well-considered and conceptualized migration policy has never been more critical to assist migrants and host societies. The GFMD Research and Policy Initiative demonstrates the potential of collaboration and provides a significant contribution to the Ninth GFMD. As the Chair of the Ninth GFMD for 2016, I thank IOM, ILO and UNDP for their commitment to supporting the Government of Bangladesh and participating Member States of the GFMD.

Md. Shahidul Haque

Foreign Secretary, Government of Bangladesh
Chair Ninth GFMD 2016

Foreword

Human mobility – in its many forms – is a means of adaptation and a process which can expose people to heightened risks and vulnerabilities. With an estimated 244 international migrants in the world – including around 150 million migrant workers – migration is increasingly prominent in the political arena.

The GFMD was borne out of an appreciation that the relationship between migration and development is not well understood at global, regional and local levels. First conceived in 2007, the Forum is designed to enable United Nations State Members and Observers to promote international cooperation and share knowledge about issues of migration and development in a non-binding, consultative environment. The GFMD has gathered momentum over the past decade. As the Chair of the Ninth GFMD in 2016, the Government of Bangladesh is leading the debate at a formative time when the international context surrounding migrants is evolving rapidly.

To support the Chair, IOM, ILO and UNDP have jointly established the GFMD Research and Policy Initiative in an effort to champion the rights of all migrants and to promote informed, evidence-based discussion at the Ninth GFMD. The Initiative aims to complement the work of GFMD participants by providing materials, including good practices, promising and emerging initiatives and case studies relevant to the sub-themes and roundtables of the Ninth GFMD. The objective is to enable parties to share policy ideas and formulate initiatives based on a clearer understanding of the evidence available – and its limitations.

Migration and development intersect the work of IOM, ILO and UNDP in important, cross-cutting ways. IOM is the United Nations Migration Agency and principal intergovernmental organization in migration. Its mission is to promote humane and orderly migration by providing services and advice to governments and migrants in all contexts in which displacement, migration and resettlement occurs. ILO is the principal UN agency addressing the world of work and labour migration issues. ILO has established a body of international labour standards that apply to all workers, including migrant workers, and is an influential advocate and technical agency for improving labour migration governance and the conditions of migrant workers globally. UNDP's mission on sustainable human development is increasingly underpinned by the reality of mobility dimensions of poverty, governance, urbanisation and resilience, especially in fields of conflict, climate, disasters and environmental displacement.

The IOM, ILO and UNDP are very pleased to present a coordinated contribution to the Ninth GFMD, reflecting the complementary ways in which the three agencies are advancing different aspects of the migration and development agenda. Through working together, the agencies offer their combined knowledge and insight to support the formulation of better responses to migration and development challenges in Bangladesh and elsewhere.

The IOM, ILO and UNDP congratulate the Government of Bangladesh on their leadership in the field of migration and development at a time when the international landscape of migration is changing. We sincerely hope that the policies, ideas and knowledge captured by the GFMD Research and Policy Initiative promote innovative, equitable and sustainable migration policy. We look forward to seeing the work of all parties – State Members, UN Agencies and civil society - come to fruition during the Ninth GFMD Summit in Dhaka, Bangladesh 2016 and beyond.



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LIST OF ACRONYMS

CD4D	Connecting Diaspora for Development
CIGEM	Center for the Management of Migration
CONEVAL	National Council for the Evaluation of Social Development Policy
DDN	Digital Diaspora Network
DGME	General Delegation of Malians Abroad
ECX	Ethiopia Commodity Exchange
EIF	European Integration Fund
EPS	Employment Permit System
EU	European Union
G2G	Government to Government
GERD	Grand Ethiopian Renaissance Dam
GFMD	Global Forum for Migration and Development
HTAs	Hometown Associations
ICT	Information and Communications Technology
ILO	International Labour Organization
IOM	International Organization for Migration
IRIS	International Recruitment Integrity System
LBM	Lebanese Business Network
MDGs	Millennium Development Goals
MENA	Middle East and North Africa
MIDA	Migration and Development in Africa
MIPX	Migrant Integration Index
MOU	Memorandum of Understanding
NGO	Non-Governmental Organization
NISG	National Institute for Smart Government
OECD	Organization for Economic Cooperation and Development
PRA	Private Recruitment agencies
RPW	Remittances Prices Worldwide
SANSA	South African Network of Skills Abroad
SDGs	Sustainable Development Goals
TOKTEN	Transfer of Knowledge through Expatriates
TRQN	Temporary Return of Qualified Nationals Project
UNDP	United Nations Development program
UN	United Nations
UNODC	United Nations Office on Drugs and Crime
EURES	European Union a web-based recruitment system

EXECUTIVE SUMMARY: THE GFMD RESEARCH AND POLICY INITIATIVE

Background

Migration has emerged as a major contributor to human development globally. Through labour migration, migrant workers contribute to growth and development in their countries of origin both through the transfer of remittances and development of skills abroad. Vibrant diasporas strengthen their communities of origin through skills transfer, investment and development assistance. Migrants also support labour markets and skills gaps in destination countries, assisting these economies to flourish. Migrant domestic workers, contribute to greater participation of women in the economy. Modern communications and increased social and economic connectivity facilitate and hinder these migration pathways in numerous ways. Improved information flows and connectivity can also reduce migration costs, at the same time as increasing migration demand and pressures.

While migration cuts across different socio-demographic groups, in many places the migration phenomenon speaks volumes about the hard choices facing most of the world's poor. Migration is an attractive option for low income-earning workers who can multiply their productivity and earning potential by moving across borders. While economic motivations are not the only reasons why people migrate, in many cases, migrants undertake risky journeys because the benefits and financial returns of migration are higher than any other options they have at home. These opportunities lead many would-be migrants to invest large amounts of money in paying recruitment agencies, and taking significant social and personal risks in search of better livelihoods. Women and low skilled workers from more vulnerable populations may be at higher risk of falling victims to unscrupulous recruiters, thereby eliminating the benefits of migration.

To support the Ninth Global Forum on Migration and Development (GFMD), chaired by the Government of Bangladesh in 2016, IOM Bangladesh has established a joint IOM-ILO-UNDP GFMD Research and Policy Initiative aimed at complementing and providing additional empirical support to the roundtable discussions of the GFMD. As a collaborative effort of the ILO, IOM and UNDP in Bangladesh, the Initiative aims to identify good practices and promising policy initiatives relevant to the GFMD sub-themes. This paper focuses on the Economics of Migration and Development, sub-theme 1 of the Ninth GFMD.

The Ninth GFMD

The GFMD is a voluntary, non-binding initiative of the United Nations Member States to engage and cooperate on issues of migration and development. It provides a platform for Member States to share ideas and develop solutions to address the linkages between migration and development in innovative and creative ways. The Government of Bangladesh is the Chair of the Ninth GFMD, a process which began in early 2016 after the Chairmanship of the GFMD was handed over from the Government of Turkey to Bangladesh on 31 December 2015. The Summit of the Ninth GFMD will be held in Dhaka, Bangladesh between 10-12 December, 2016, preceded by civil society days held on 8-9 December.

The overarching theme of the Ninth GFMD is “Migration that works for sustainable development for all: Towards a transformative migration agenda.” As one of the first global summits since the adoption of the 2030 Agenda for Sustainable Development in 2015, the Ninth GFMD is an opportunity to build on the 2030 Agenda and to develop a common understanding of its migration and development targets and indicators with the international community. The Ninth GFMD has three sub-themes (Economics, Sociology and Governance) and six round tables. Each sub-theme covers two roundtables respectively.^[1]

1 For further detail, see the Concept Paper for the Ninth GFMD - Bangladesh 2016 “Migration that works for Sustainable Development for All: Towards a Transformative Migration Agenda”, available from: <https://www.gfmd.org/docs/bangladesh-2016>.

The GFMD Sub-themes and Roundtables of the 2016 GFMD

1. Economics of Migration and Development

- Roundtable 1.1. Lowering the costs of migration
- Roundtable 1.2. Connectivity and migration (people to people contact)

2. Sociology of Migration and Development

- Roundtable 2.1. Migration, diversity and harmonious societies
- Roundtable 2.2. Protection of the human rights of migrants in all situations

3. Governance of Migration and Development

- Roundtable 3.1. Migrants in situations of crises: conflict, climate change and disasters caused by natural hazards
- Roundtable 3.2. Principles, processes and institutions for orderly, safe, regular and responsible migration

The GFMD Research and Policy Initiative

The GFMD Research and Policy Initiative is a collaborative effort of the ILO, IOM and UNDP in Bangladesh, aimed at identifying good practices and promising policy initiatives relevant to the GFMD sub-themes. This evidence gathered is intended to promote a shared understanding of migration and development challenges among participants of the GFMD in relation to each of the six roundtable themes, and to enable participants to develop recommendations and policy initiatives drawing on a clearer understanding of the evidence base available. The reports also aim to assess the evidence available to identify any perceived impact on migrant and host populations.

Three separate reports have been prepared for the Ninth GFMD as part of the GFMD Research and Policy Initiative, one for each of the GFMD sub-themes (Economics, Sociology and Governance). Each report covers the two relevant roundtables under the respective GFMD sub-theme. To present the materials in an accessible format, a set of criteria was used to broadly categorize the examples and initiatives gathered. In each of the reports, examples of policy programmes and initiatives are grouped into “good practices”, “promising practices”, “emerging practices” and “case studies”, depending on the level of evidence available and the complexity of the particular initiative. The strengths, weaknesses and unintended impacts of initiatives, policies and practices are also outlined wherever possible in the reports to provide ideas, lessons and examples for participating governments and other interested parties.

Economics of Migration and Development

This paper focuses on sub-theme 1 of the GFMD, the Economics of Migration and Development, and is based on two roundtables:

- **Roundtable 1.1: Lowering the costs of migration; and**
- **Roundtable 1.2: Connectivity and migration (people to people contact)**

Roundtable 1.1 of the Ninth GFMD promotes a nuanced understanding of the costs of migration, particularly those incurred by migrants, their families, children and communities of origin. The report focuses specifically on reducing the costs of recruitment in a number of important migration corridors, in recognition of the significant expense borne by migrants who rely on intermediaries to connect them to suitable employment abroad. Restrictions on immigration, asymmetry of information available to workers on the one hand and to employers on the other, and the increased commercialization of recruitment is endemic in the international labour market. Workers pay a high financial cost for the

services of recruiters, for their transport, for their visas, for observing various regulations, and for transferring their earnings to their families.

Migrants also incur high “implicit costs” when they accept wages and terms of employment below standards in their countries of employment. This practice has emerged particularly in less developed countries where workers are seeking employment in countries where incomes are several times higher than available in their local economies. While there are national laws and international conventions ratified by many countries which require equal treatment of migrant workers and which prohibit their being charged recruitment fees, the acceptance of discriminatory practices and high fees continues to persist, depriving migrant workers of much of the potential benefits that they may derive from migration. High costs of migration may also lead to undocumented migration and informal channels of money transfers to unregulated, intermediaries. The report identifies ways to reduce these costs through sharing an analysis of policies and strategies used by policymakers elsewhere.

Roundtable 1.2 concentrates on connectivity and migration, particularly between origin and destination countries. Increased connectivity promotes the formation of diaspora communities, networks and provides pathways for financial transfers. This report explores studies relating to how migrants maintain important social and economic links to their countries of origin and how such connectivity has facilitated capital and trade flows, in addition to knowledge and skills transfers. The growth of information communication technology (ICT) companies and innovation has facilitated these processes, creating a multiplier effect. While the report identifies a clear gap in rigorous evidence about the effectiveness of various measures to increase connectivity, there are many promising and emerging initiatives in this field which provide inspiration and ideas, and promote increased understandings of the linkages between migration and connectivity. Low skilled women constitute a part of the migrant labour force from several countries of origin. Due to inherent inequalities women migrants do not have the same level of access and understanding of technological advances to make the most of progressive policy measures including use of technology for remittances, for enhancing connectivity. The special needs of women migrant workers must be taken into consideration by all stakeholders concerned.

Recommendations and Future Directions

While there is a paucity of high quality evidence about what works, there are a number of emerging good practices and principles that can guide the development of strategies in this field. The full report provides detailed case studies and examples, however certain key considerations and guiding principles are set out below. The policy and practice initiatives presented in this report should be read in conjunction with the other two reports published under the GFMD Research and Policy Initiative for the Governance and Sociology sub-themes respectively.

Reducing Information Asymmetry

Information asymmetry between migrant workers and employers is a weakness that may be addressed through innovative ways of sharing and updating information, as well as closer cooperation between origin and destination countries. Workers need to be supplied with reliable, easily accessible information about conditions of employment in major countries of destination and if possible provided with more specific details about job opportunities, alternatives and support services if their planned employment does not eventuate or if they experience difficulties during their employment term. Likewise, employers must be given easy access to information about educational and skills standards in origin countries. Low skilled women workers may be more vulnerable to falling prey to unscrupulous recruiters so efforts should be made to ensure that information dissemination is gender responsive and responsive to other specific needs. There are many initiatives underway in this respect, profiled in the report, however they are currently demonstrating variable success.

Remove Abusive Practices from the Industry

Regulations to curb abusive practices in recruitment are essential to the effectiveness of reducing costs, however some regulations aimed at protecting workers often lead to raising costs when they involve complicated procedures and unnecessary clearances. Thus, the unintended consequences of certain types of recruitment regulation need to be considered in nuanced, informed ways, drawing on empirical foundations, especially regular consultation with affected migrants to identify how the multi-dimensional impacts of new regulations are operating.

Certain practices have developed in some migration corridors such as selling work permits by employers or their agents (also known as “visa-trading”) which need to be suppressed, but this can only succeed if there is full commitment by authorities in destination countries. Employers and their associations in destination countries should be encouraged by their governments to adopt ethical codes of conduct and to take action against their own employees who may be involved in selling visas.

Adoption of “e-governance” methods in administering migration policies can go a long way to reducing costs. In a similar vein, it has been shown that job-skills matching can be efficiently done where web-based labour market information systems are available. Complementing regulations with incentives for recruiters so that it is in their best interests to comply with the laws has proven, in practice, to be the best approach to influencing transactions in a market that can easily elude regulations because of the very strong market forces at play. Violators of laws should be held accountable. Hence governments of countries of origin and destination should coordinate to address the issue of impunity of perpetrators.

Cooperation Between Origin and Destination Countries

There are examples of cooperation between origin and destination governments based on multilateral and bilateral agreements that have proven successful in reducing costs of migration. The “guest-worker” system developed in the Republic of Korea has greatly reduced the cost of migration for the workers by eliminating commercial recruiters and requiring employers to pay equal wages. It has also addressed the problem of illegal employment and “overstay” which plagued the “trainee system” that it supplanted. Countries in need of foreign labour need to seriously consider how such agreements can be applied to their situation since many of the problems and negative social consequences in the admission and employment of foreign labour can be avoided if workers are saved from incurring very high costs to obtain their jobs.

Enabling Innovative ICT to Support Migrants

Increasing connectivity between origin and destination countries has been an important dimension of the growth of migration and the formation of diaspora communities. The growth of ICT initiatives has been linked to the employment of thousands of Indian engineers in Silicon Valley. Young and ambitious Westerners with African roots have returned (or are working from abroad made possible by ICT) to their homeland and are now the backbone of the African startup scene – often with the aim of connecting foreign investors with local development efforts. On a more modest scale, migrants have contributed to the growth of tourism in their origin countries, while migrant home-town associations abroad have been noted to respond quickly and substantially to calamities suffered by their origin communities. However, as noted throughout the report, rigorous and independent assessments of these efforts are still largely missing.

Connectivity through Remittance Networks

Another dimension of increased connectivity is the significant reduction in the costs that migrants incur to send back money to their families at home. While the use of mobile communications still accounts for a small percentage of total remittance transfers it is growing very rapidly and would by now have a much larger share if not for the controls and restrictions on financial transfers imposed by many governments. Exempting

small transfers from many of these restrictions can go a long way in promoting competition among money transfer agencies that would bring down remittance charges.

Fostering Diaspora Networks

When conditions exist in origin countries that foster confidence that entrepreneurial efforts will be rewarded, property rights will be respected, and economic policies will be stable, migrants have been among the first to bring back capital and know-how, as well as to serve as the bridge for other foreign investors. The role played by overseas Chinese investment in the phenomenal growth of China's economy is an example.

Evidently the extent to which increased migration and connectivity will be able to support or foster faster economic development depends on many conditions being satisfied, but the creation of favourable conditions may themselves be aided by enhanced connectivity. This report has drawn attention to various programs tried in different countries to build continuing links with diaspora communities abroad.

Specialized agencies and state-supported foundations have been created to develop such links with various diaspora target groups such as potential investors, research scientists and academics, home-town communities, business companies importing so-called "nostalgia goods" much in demand among migrant communities.

A NOTE ON METHODOLOGY AND CHALLENGES

Approach

The objective of the GFMD Research and Policy Initiative is to identify and document a range of good practices and promising initiatives in support of the Ninth GFMD roundtable themes. The project has been coordinated by IOM Bangladesh over a four month period (August-November 2016), drawing on support from ILO and UNDP based on their respective areas of thematic, regional and strategic expertise. Focal points were assigned within each agency to facilitate coordination and enable the compilation of good practices, completed studies, and research activities commissioned by the respective agencies nationally, regionally and globally.

The methodology employed has also involved a review of the secondary literature available of such initiatives and supporting evidence, including evaluations and/or assessments of their success and/or potential. This has included gathering evidence on the thematic priorities of the GFMD through searches of peer-reviewed articles, grey literature (non-academic literature and research materials produced by organizations outside traditional academic publishing channels) to identify promising/emerging practices implemented by governments, United Nations agencies, development partners, civil society and communities around the globe.

The research team worked together across the three sub-themes (Economics, Sociology and Governance) to develop a common approach to the three reports. Given the vast range of interventions and policies in these areas, as well as the inconsistency in levels of evidence available of their outcomes, a set of criteria was developed to categorize the practices and policies according to the evidence available. Accordingly, the examples profiled in the reports have been organized in terms of good practices, promising practices, emerging practices and case studies. These categories, while often fluid and overlapping, were considered by the research team to have the following characteristics:

Category	Criteria for Selection
Good Practice	<ul style="list-style-type: none"> • The program has been evaluated, ideally by an independent source, and the evaluation has identified some positive impacts for migrants and/or host populations, or; • There is a research report or assessment that can be referred to establishing positive or negative impact on either migrants and/or host populations.
Promising Practice	<ul style="list-style-type: none"> • Only partial evidence is available, but the practice is well-framed/conceptualized and targeted at a clearly identified need and demonstrates promise, even though it may need some refinement; and/or • The initiative demonstrates innovation and creativity, potentially relating to technology, partnership, use of resources; and/or • The initiative demonstrates promising early results, but has not been independently evaluated (however internal evaluations/reporting may suggest positive impact).
Emerging Practice	<ul style="list-style-type: none"> • There is no evidence available to assess the initiative, however, it illustrates an untested new idea or innovative initiative that meets a clearly identified need; and/or • The initiative may be promising once implemented, however it is too early to tell how its impacts will be felt.
Case Study	<ul style="list-style-type: none"> • A complex story/multi-dimensional policy problem or challenge; and/or • The initiative may be appropriately labeled a “Case Study”, where there is a need to tell a story of the complexity of a certain policy issue/challenge, especially over time; and/or • The initiative is a well-intentioned policy or practice, which has encountered challenges in implementation, or has had both positive and negative impacts, but is not supported by any particular evidence of good practice.

During the research process, priority was given to examples which demonstrated innovation, positive impact, transferability (from one context to another), sustainability and appropriateness given the complexities of each societal and cultural context. Where possible, the unintended impacts of policies have been assessed in order to highlight challenges that may face policymakers in decision-making. Case studies have been developed based on the materials to convey the complexity of migration and development initiatives, designed to assist policy-makers to identify appropriate considerations and ideas in a rapidly changing international migration policy landscape.

Limitations

A key challenge encountered during the course of gathering the materials was the lack of or weak evidence available in relation to many of the initiatives and policies, in terms of robust and independent evaluations, especially new and emerging initiatives. The rapidly changing nature of the current international migration landscape often means that evaluation structures are not yet established and evidence relating to impact, or lack thereof, is not being captured. Without this form of evidential support, it has been difficult to assess whether these initiatives and policies are working and can be transferred, replicated or sustained.

Another limitation is that it has not been possible for the researchers of the GFMD Research and Policy Initiative to interview migrants who have been directly affected – either as beneficiaries or otherwise – by the initiatives profiled in the reports, in order to capture their assessments of how effective and inclusive the policies are in practice. Why many of the published assessments of initiatives and programmes. If the GFMD Research and Policy Initiative is sustained beyond the Ninth GFMD, it would be desirable to include a consultation stage once good and promising practices are identified, which more comprehensively captures the perspectives of migrants and implementers directly involved in the projects.

1 INTRODUCTION

The number of people migrating in many parts of the world, especially from less to more developed countries, has been on the rise over the past decades. These movements are often driven by differences in how much a person's productivity and earnings can multiply simply by moving across borders. For many poor families, no other investments are rewarded as handsomely as migration and in many countries of origin the impact of migration in lowering poverty has already been shown to be significant. Migration is now a key node in the growing connectivity between economies and societies, supporting flows of capital and trade, and enabling some of the world's least developed countries to reap some benefit from globalization.

However, there is much evidence from recent research that in today's global labour market much of the expected gains from migration do not go into the pockets of the migrants or to the families but rather to those who organize the movement. In many countries, migration has become a commercialized process, one that draws its *raison d'être* from increasing restrictiveness of migration policies and the complexity of regulatory systems that ordinary workers cannot easily navigate by themselves. Profit-motivated intermediaries, not employers, are their main source of information about job opportunities. Commercial recruitment has become a multi-billion dollar industry that has thrived with rising migration pressures as income gaps between less and more developed economies further widen.

This report brings together some of the recent findings from research that workers in some corridors incur as much as ten months of earnings abroad to pay for their migration costs. These costs are due to fees of licensed recruiters and informal brokers, price of work visas, transport costs, and various fees for securing approval to migrate for work. Surveys undertaken by independent researchers as well as by the World Bank, the ILO, IOM and UNODC all confirm the enormity of these costs and reveal their causes. Most studies are only able to document the pecuniary costs incurred since the other costs involved in migration are more "implicit" and hard to measure, such as lack of job security, long working hours, and dangerous and harsh working conditions. This report looks at how costs are related to how migrants acquired their information, their personal characteristics and how costs differ by migration corridor, and reviews the experience of countries in reducing them. Do prohibitions work? What regulatory tools fail to curb but only add to costs? What are some of the unintended consequences? What are good examples of cooperation between origin and destination governments which made for effective regulation of recruitment?

The report likewise reviews the findings from research on how migration increases connectivity between diaspora and origin communities, the ways in which such connectivity often leads to technology transfers, investments in origin countries, and more trade. Enhancing connectivity not only reduces migration costs; it also helps bring down the cost of money transfers which in effect is a heavy tax on migrants' earnings.

Migrants become active connectivity agents. This paper illustrates how simple forms of connectivity (resulting from migration) shape and are in turn affected by macro or micro economic conditions (in both the country of origin and country of destination). It cites empirical evidence on the link between migration and trade, diaspora investment, capital flows, exchange / transfer of know-how and skills/information and reviews promising practices in these areas. Are diaspora more likely to invest in home countries? Will they take more risks? Is their knowledge of home country conditions a + or a - for investment? Many ideas about migration and development policies exist together with the motivation of the national and global communities to connect the two but there is a lack of evidence on the efficacy of these policies. What is widely accepted is that migration can only promote development in the country of origin if the local conditions allow it. This includes

good governance, existence of law and order, stable macro policies, adequate investment infrastructure, certain technological standards, and so on. The connection between migration and development is complex, and a positive impact in one country may not be replicated in another where conditions may be different. This report brings together examples of promising practices which create incentives for the return of talents to their home countries, of programmes to reach out to diaspora communities abroad to promote tourism and their investments, and research that identifies the essential conditions required to support effective policy in this field.

2 LOWERING THE COSTS OF MIGRATION (ROUNDTABLE 1.1)

Roundtable 1.1 of the Ninth GFMD focuses on how migration costs can be reduced. In providing evidence to inform this roundtable, this section concentrates specifically on how to reduce recruitment costs, recognizing that the recruitment process is a major, prohibitive cost for would-be migrants and is one of the critical points in the migration cycle where financial exploitation occurs. This section analyzes the economic conditions that give rise or contribute to high costs, considers how efforts to reduce costs have succeeded in different countries, and what lessons might be learned from these efforts.

During the last decade of the 20th century, the global migrant stock grew at an average of around 2 million migrants per year. Between 2000 and 2010, this growth accelerated to about 4.6 million migrants annually.^[2] Even larger numbers are leaving their homes in search of opportunities to make a better living. Failure of the global economic system to create jobs where most people live, widening wage gaps between rich and poor countries, and increasing restrictiveness of immigration policies, have increased emigration pressures and given rise to a multi-billion dollar industry for moving people across borders. Commercial job brokers are organizing much of today's labour migration. There is growing evidence that for many workers, especially for those with few skills, migrating for work can cost anywhere from three to ten months of hard work to recoup.

In business parlance, recruitment costs generally refers to the costs incurred by companies to find workers qualified to fill job openings. These costs include the cost of advertising job openings, the time spent by executives to interview or test candidates, and the cost of preparing the selected candidate for the job. It may also include the fees paid for the services of recruitment agencies where it is more costly for the company to do its own recruitment. Some have argued that the cost should also include losses in productivity, since it can take time to fill a critical job.

In the literature on migration, the term recruitment cost has taken on a completely new meaning because of the widely observed phenomenon of workers paying intermediaries in order to find a job in a foreign country. The phenomenon is mainly observed in less developed countries where unemployment levels are high and many seek work in a foreign country where wages are several times higher than in their own. While unemployed Spanish youths generally do not incur much cost other than for travel to find work in the United Kingdom or in France, Nepali and Bangladeshi workers have been observed to pay intermediaries thousands of dollars to get a job in Dubai, and much more to find a job in Italy or Japan. Most recruitment agencies representing employers abroad are known to demand very high fees for their services in getting workers one or two year contracts for manual jobs in construction, transport, hotels and restaurants, and other non-professional occupations. The situation has become so alarming that many governments in Asian countries of origin have imposed a legal ceiling on recruitment fees and financial or criminal penalties for violations. The Philippines, Nepal and Sri Lanka set a ceiling on recruitment fee equivalent to one-month of the contract salary, while Bangladesh has a 3-month salary ceiling and India one and a half months.^[3]

These observed differences however are not all entirely due to differences in wage levels between less and more developed countries since, if true, it should apply to all occupations. There is much evidence that for those with skills in short supply recruitment costs are absorbed by employers and not the workers. Filipino nurses recruited to work in the United Kingdom or Indian Information Technology (IT) engineers recruited to work in Silicon Valley in the United States do not incur such costs. Supply and demand

2 OECD-UNDESA, World Migration in Figures, (2013). Available from: <https://www.oecd.org/els/mig/World-Migration-in-Figures.pdf>.

3 R. Jureidini, Migrant Labour Recruitment to Qatar: Report for Qatar Foundation Migrant Worker Welfare Initiative, Bloomsbury Qatar Foundation Journals, (2014).

conditions for specific skills, and not simply differences in level of development, appear to determine how much recruitment costs workers.

This section reviews the evidence available from a variety of sources on how the costs of recruitment are absorbed by migrant workers, in particular by those with low education and non-professional qualifications. The issue is by no means new since such costs seem to be a feature in the exploitation of migrant labour from the time the system of slave labour was replaced by bonded or indentured labour, to the contemporary practice of recruiters auctioning jobs to the highest bidders. The sources include various studies undertaken by independent researchers, the ILO, IOM, United Nations Office on Drugs and Crime (UNODC), development agencies and non-governmental organizations (NGOs). It highlights the findings of the most recent attempts to monitor and measure recruitment costs through surveys undertaken by research institutions in key migration corridors under the joint auspices of the World Bank's KNOMAD Program and the ILO. This novel data set distinguishes for the first time the various components of recruitment costs such as visa costs, recruiters' fees, medical exams, and airfares, to the extent that they are known and can be recalled by migrant respondents. The section then suggests what determines these costs by presenting an analysis of how costs differ by corridor, by mode of recruitment, legal status of the migrant, previous migration experience, and personal characteristics of the migrants. The section finally reviews some of the policies and regulations that have been adopted by countries of origin as well as destination, in order to limit or put a stop to the practice of passing such costs on to migrants.

2.1 The Costs of Recruitment – Review of Evidence

What Costs do Workers Incur to Get a Job Abroad?

Costs of job searching and recruitment

In reckoning the costs that workers pay to migrate, a distinction is often made between the costs involved in contracting for a job, and those incurred because of the conditions that the migrant suffers while on the job. The former can be measured in money (hence also referred to as financial costs) since most, although not all, involve payments of money - recruiters' charges for services, air fares, various fees and taxes to acquire travel documents and clearances from authorities, and other related expenses. Searching for a job, whether for employment at home or abroad, entails various costs which may be high or low depending on the availability of information and the complexity of regulations that surround employment contracting. Because workers are likely to know where to look for jobs at home and what wages are on offer, or have friends or relations who can provide such information, the costs involved in finding a job at home are usually small. Finding jobs abroad is however often much more complex because of dearth of information, the need to go through job agents representing foreign employers, and the many regulations put in place by governments to protect workers against fraud and malpractices.^[4]

We first define what costs are intrinsic to recruitment and exclude those costs often associated with migration but are not really inherent to the process of finding, selecting, and contracting migrant workers and bringing them to the worksite. This report draws on evidence coming from various surveys of migrant workers focusing on costs they themselves paid for, not those paid for by employers. How much did they pay recruiters? How much did it cost them to obtain passport, related travel documents and their visa, gain approval for their contracts by national authorities, undergo medical and trade tests, and make informal payments or bribes to facilitate official clearances? These processes often require job applicants to travel to the capital city and spend time securing necessary documents and obtaining approval, hence internal travel and accommodation costs need to be taken into account. Only a few sources of information on recruitment costs are able to provide such detail on worker-paid costs. The typical survey merely asks workers how much they paid

4 UNODC, *The Role of Recruitment Fees and Abusive and Fraudulent Practices of Recruitment Agencies in Trafficking of Persons*, (Vienna, 2015). Available from: https://www.unodc.org/documents/human-trafficking/2015/Recruitment_Fees_Report-Final-22_June_2015_AG_Final.pdf

recruiters without clarifying what costs were included. The novelty offered by the KNOMAD/ILO surveys is the extent to which the components of recruitment costs have been detailed.

According to a report on recruitment from the UNODC the United States Federal Acquisition Regulatory Council, responsible for developing implementing regulations for the United States President's Executive Order- Strengthening Protections against Trafficking in Persons in Federal Contracts has released the following draft definition of recruitment fees for public comment.

“Recruitment fees” are defined as fees, charges, or costs used “for soliciting, identifying, considering, interviewing, referring, retaining, transferring, selecting, or placing potential employees; for covering the cost, in whole or in part, of advertising; for certifying labor applications; for processing petitions; for visas and any fee that facilitates an employee obtaining a visa such as appointment and application fees; for government mandated costs such as border crossing fees; for procuring photographs and identity documentation, including any nongovernmental passport fees; fees charged as a condition of access to the job opportunity, including procuring medical examinations and immunizations and obtaining background, reference and security clearance checks and examinations; and for an employer's recruiters, agents or attorneys, or other notary or legal fees.^[5]

This proposed definition of recruitment fees already identifies the various activities that are part of recruitment. It is interesting to note that it is consistent with how the KNOMAD/ILO surveys defined and identified recruitment costs, excepting only that the latter also includes the cost of travel where it is paid for by the worker, regardless of whether it is paid in advance or paid through salary deductions upon employment.^[6]

The UNODC report is also cited the definition proposed by the International Labour Rights Working Group (ILRWG), a US-based coalition of organizations working on labour recruitment and trafficking issues, which obtained feedback from a number of prominent anti-trafficking organizations. The ILRWG recommended that the definition of recruitment fees also includes fees for:

labor broker services, both one- time and recurring; pre- departure or post-arrival skills testing, training, or orientation including, but not limited to, testing of competency or skill level in foreign languages, strength, or machinery use; ... exit clearances or certificates; work permits, residence certificates, and security clearances (including renewals); sending, transit and receiving country government-mandated fees, levies, and insurance; documentation services including notarization and translation; ... pre- employment medical examinations or vaccinations in the sending country; receiving country medical examinations; transportation and subsistence costs while in transit, including, but not limited to, airfare or costs of other modes of international transportation, terminal fees, and travel taxes associated with travel from sending country to receiving country and the return journey at the end of the contract; transportation and subsistence costs from the airport or disembarkation point to the work site; bribes, tips or tributes; security deposits and bonds; the inclusion of a collateral requirement, such as land deeds, in contracts; contract breach fees; an employer's recruiters, agents or attorneys, or other notary or legal fees; insurance; contributions to worker welfare funds or government provided benefits in sending countries required to be paid by supplier.^[7]

In the International Labour Organization (ILO) General Principles and Operational Guidelines for Fair

5 Ibid., p7.

6 In this respect it is consistent with the position of the US Council that “Any fee, charge, or cost may be a recruitment fee regardless of whether it is deducted from wages, paid back in wage or benefit concessions, paid back as a kickback, bribe or tribute, remitted in connection with recruitment, or collected by an employer or a third party, including but not limited to agents, recruiters, staffing firms (including private employment and placement firms), subsidiaries/affiliates of the employer and any agent or employee of such entities.”

7 International Labor Rights Working Group (ILRWG), Definition of Recruitment Fees, (2015). p1-2. Available from: http://www.acq.osd.mil/dpap/dars/public_comments/Recruitment%20Fees/ILRWG%20Final%20Recruitment%20Definition.pdf.

Recruitment the term “recruitment fees and related costs” refers to “any fees or costs incurred in the recruitment process for workers to secure employment or placement, regardless of the manner, timing or location of their imposition or collection.”^[8]

Data on recruitment costs are so far not captured in national surveys periodically conducted by national statistical authorities. What information exists come from one-off ad hoc studies including surveys undertaken under the auspices of international organizations like IOM and ILO, development aid agencies, and NGOs.

The investments required to find work in another country depends on the workers’ skill or qualifications. While these are often quite substantial for those without much skill or education, they may be close to zero for others. In the case of skills which are in high demand but are in short supply, such as nurses or aircraft mechanics, employers are likely to absorb all the costs of recruitment and offer high salaries; but for manual workers who are in large supply employers know that they can get the workers they need without having to absorb the costs. To avoid hiring costs many construction companies in destination countries simply subcontract other companies from other countries to undertake parts of large projects, or contract labour-supply companies to provide them with temporary workers. In these cases the workers themselves end up absorbing the costs of recruitment.

Cost of Visas

Although illegal, the practice of selling visas or “visa trading” is still prevalent in the Gulf Cooperation Council countries. Shah (2006) cites a source that states that in 2004 the number of foreign workers sponsored by the fictitious companies in the United Arab Emirates was 600,000 or 27 per cent of the total workforce. High-ranking Saudi government officials hold that 70 per cent of the visas issued by the government are sold on the black market while the Bahraini Minister of Labor and Social Affairs deplored similar practices on Bahrain’s job market. All three countries have undertaken steps to curb these practices.^[9] Recruitment agents are also known to offer bribes to the personnel managers of employing companies who are in charge of recruitment decisions. Jureidini (2014) estimates that bribes usually range between USD 300-USD 600 per worker in Qatar, but can reach USD 1,000 per worker. All of these costs are passed on to prospective workers.^[10]

The “Implicit Tax” on Migrants

The costs incurred due to the conditions which migrants may suffer do not easily lend themselves to measurement. Sometimes referred to as a kind of “implicit tax” on earnings from migration, these costs include having to settle for inferior terms of employment, such as longer working hours, lower wages, being tied to an employer, and exclusion from social benefits. Being deprived of certain basic rights, especially for those in an irregular migration situation, can also be considered an implicit tax but it is clearly one that defies quantification.

How Costs Vary in Different Migration Corridors?

The costs borne by the worker may differ from one corridor to another. While most migrants bear the costs of their own recruitment, a recent study revealed that fees paid by employers to private recruitment agencies (PRAs) in Lebanon for the recruitment of domestic workers vary from USD 1500 to USD 2000 to recruit from Bangladesh or Sri Lanka, to USD 2,500 to recruit from Kenya, and USD 4,500 to recruit from the Philippines. Unlike the other

8 ILO, General principles and operational guidelines for fair recruitment, Appendix, Fourth Supplementary Report: Outcome of the Meeting of Experts on Fair Recruitment, Geneva, (5-7 September 2016), GB.328/INS/17/4, Governing Body 328th Session, Geneva, 27 October–10 November 2016, ILO, Geneva, 12 October.

9 Shah N. M, 2006. ‘Restrictive Labor Immigration Policies in the Oil-rich Gulf: Effectiveness and Implications for Sending Countries’. Paper presented at the UN Expert Group Meeting on International Migration and Development in the Arab Region: Challenges and Opportunities, Beirut, Lebanon, May 15-17, 2006. Available from: http://www.un.org/esa/population/migration/turin/Symposium_Turin_files/P03_Shah.pdf

10 R. Jureidini, Migrant Labour Recruitment to Qatar: Report for Qatar Foundation Migrant Worker Welfare Initiative, Bloomsbury Qatar Foundation Journals, (2014).

countries, PRAs are barred in the Philippines from charging domestic helper any fees.^[11]

In one of the earliest studies of migration costs, Shah (1996) undertook a survey in Kuwait of 800 skilled and low-skilled workers from four South Asian countries (India, Pakistan, Bangladesh and Sri Lanka). She found that Bangladeshis paid about twice what the others paid. Because they received lower wages than the others, it took them on average 11.2 months to recover what they paid compared to only three months for Indians and two months for Pakistanis.^[12]

The most extensive efforts so far conducted to measure migration costs in one country were the surveys of some 10,000 households in Kerala (India) undertaken every 5 years since 1998 by the Center for Development Studies. Known as the Kerala Migration Surveys or KMS the rounds of 1998, 2007, 2008 and 2013 collected data on migration costs. Seshan (2016) drew on the rich data from these surveys to test a number of hypotheses on how migrant networks abroad impact on costs. From the 2013 survey he found that the median costs paid by households to send a member abroad was about USD 1,126, although costs varied by destination from USD 853 for jobs in Oman to USD 1,412 for jobs in Saudi Arabia. These were the equivalent of anywhere from 2.8 months of earnings abroad for those in the 10th percentile of the earnings distribution to 8 months of earnings for those in the 90th percentile.^[13]

In other regions, information on the subject has been largely anecdotal especially based on newspaper reports of people smuggling. A news magazine, for example, reported that brokers charged Guatemalan workers wishing to go to Canada fees ranging from Q 2,000 to 80,000 (USD 267 to USD 10,670), depending on the how unscrupulous the broker was and the desired job and sector, with some brokers promising workers access to permanent residency once in Canada for a premium fee.^[14] Many workers who have paid these fees never leave Guatemala. One worker from Guatemala City claimed that "...brokers are charging upwards of Q25,000 to 30,000 (about USD 3,334 to USD 4,000) just to put workers on a waiting list."^[15]

KNOMAD/ILO Surveys of Migration Costs

Since 2014, the World Bank Global Partnership for Migration and Development (KNOMAD) and the ILO have been collaborating to conduct surveys of low-skilled migrant workers in important migration corridors to estimate what costs they incurred during migration. These surveys went further than previous studies by obtaining information on the duration of the job search, the types of jobs migrants worked in at home and abroad, the amount of wages that were promised, whether deductions were made and how much were actually received, if there were delays in payment, how many hours they worked, whether the migrants suffered work-related illness and injuries, and if they were denied their basic rights, such as freedom of association.

Preliminary findings based only on recruitment costs incurred by the migrants (excluding income foregone while searching for jobs and non-monetary costs incurred while at work) are included in the background paper,^[16] which compares these recruitment costs with average monthly earnings abroad to show how many months it takes to recover such costs.

The study shows that the lowest costs were reported by workers who went to Spain. Some 171 migrant workers employed in Spanish agriculture were interviewed in January-February 2014, including 42 from Bulgaria, 33 from Ecuador, 44 from Morocco, 19 from Poland, and 30 from Romania. Most had low migration costs, primarily

11 IOM, Recruitment monitoring & migrant welfare assistance what works, (Dhaka, 2015). See also ILO Work in Freedom Recruitment Baseline (Forthcoming 2014 – 2015).

12 Shah N., The role of social networks in migration to Kuwait among South Asian males. Presented at IOM/UNFPA workshop on Emigration Dynamics in South Asia, (1996).

13 Seshan G., "Migrant Networks and the Financial Cost of Migration: Evidence from South India", Georgetown University School of Foreign Service in Qatar, (2016).

14 Muir, G., The Cost of Managed Migration. Briarpatch magazine, (2016). Available from: <https://briarpatchmagazine.com/articles/view/the-cost-of-managed-migration>.

15 Ibid.

16 Concept Paper for the Ninth GFMD – Bangladesh 2016, Migration that works for Sustainable Development for All: Towards a Transformative Migration Agenda, (2016). Available from: <https://www.gfmd.org/docs/bangladesh-2016>.

because many had zero costs for items that are common in other migration corridors, from visas to medical exams. All of the migrant workers interviewed had previous Spanish work experience, and the workers reported that regulations requiring employers to pay at least half of worker transportation costs were enforced. Worker-paid migration costs were generally less than half of a migrant's monthly earnings of USD 1,000 a month.^[17]

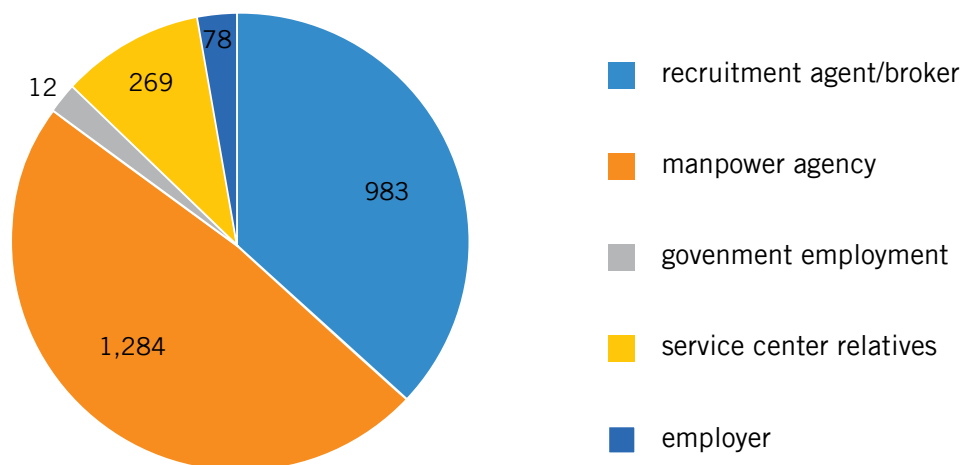
Little Cost to Migrate Under free Movement Regimes

Since the migrant farm workers interviewed had worked in Spain previously, and intra-EU migrants do not require visas or medical checks, fewer than half of the migrants reported any costs for passports and even fewer reported costs for visas and medical checks. Travel costs were also low, an average of less than USD 30 for internal travel costs in the home country and USD 300 for international travel costs, but with marked differences, Moroccans spent on average USD 100 for travel costs, East Europeans USD 350, and Ecuadorians, who can stay nine months in Spain, USD 1,100.^[18] Only a fourth of the migrants interviewed in Spain took out loans and these only averaged USD 350. Migrants harvesting fruits and vegetables in Spain were mostly unemployed or self-employed in agriculture at home, making it hard to calculate how much they gained in wages (wage wedge) by migrating. Less than a seventh of all migrants had wage-paying jobs before migrating to Spain. Of the 40 per cent who reported any income from wage work or self-employment before migrating to Spain, monthly earnings averaged USD 160 a month. If this average is true for all then working in Spain increased the migrants' earnings by six times.

How do Costs Differ by Mode of Recruitment?

The KNOMAD/ILO surveys revealed large differences in migration costs within corridors and these can largely be explained by how they applied for their jobs or the mode of recruitment they went through. Eight-five per cent of the respondents in all the KNOMAD/ILO surveys combined had applied for their jobs either through a licensed recruitment agency or through a broker, about 1 in 10 were assisted by friends or relatives, while only 3 per cent were recruited directly by their employers. Figure 1 below shows that it is much more costly to go through informal brokers (in red) to get a job abroad than to go through licensed agencies. Surprisingly, going through friends and relatives was not much cheaper. As explained below, this is largely due to the fact that in the migration corridors where most of the respondents belonged, the practice of visa trading is still prevalent.

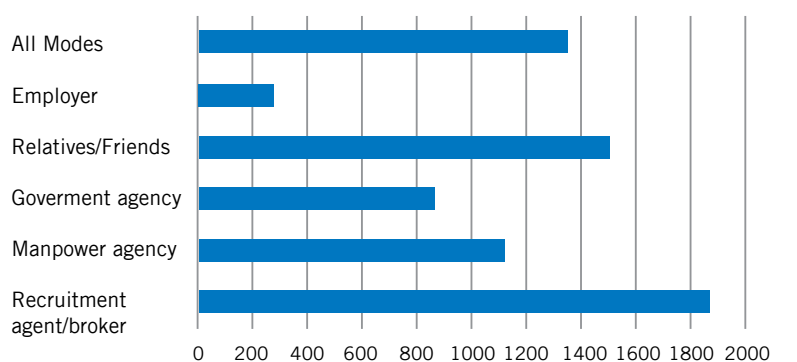
Figure 1: Distribution according to mode of recruitment



17 Earnings data were not collected. If workers earned the minimum wage of E39.5 or USD 54 for a 6.5 hour day, they earn USD 270 for a 5-day week or USD 324 for a six-day week and USD 1,080 to USD 1,300 a month.

18 Spanish employers must pay half of the transportation costs of the inbound workers they recruit. Most advance the entire cost of inbound transportation and then deduct the worker's share from earnings over the duration of their contract, typically at the rate of € 90 a month. With employers advancing transportation costs, there is less need for workers to borrow money to travel to Spain.

Figure 2: Comparative costs in USD by mode of recruitment^[19]



The research by KNOMAD/ILO found that the burden of the costs fell heaviest on Pakistanis, Vietnamese and Nepalese migrant workers, in part on account of how much they paid, and the other on how little they earned. For instance, Pakistani workers using a recruitment agent/broker need over 10 months while Honduran workers using the same mode of finding a job need less than a month to recover the costs. The differences by corridor are even more striking since the same conclusion holds even if different modes of recruitment are compared.

A startling finding is that in some corridors, a huge component of the costs comprised payment for work visas by migrants. As earlier noted, the practice of visa trading is prevalent in some countries. Table 1 shows the various costs that Pakistani migrant workers reported having paid. Each one paid an average USD 2,859 for a work visa, payments which accounted for almost four-fifths of what it costs all the Pakistani respondents to migrate. In the pilot survey in Kuwait, Bangladeshis also reported visas costs averaging USD 2,300, while Egyptians reported paying an average USD 2,500.

Table 1: Components of migration costs paid by Pakistani migrant workers.^[20]

	Total Cost	Share	Mean	Median	Number
Visa	1,746,882	77%	2,859	2,432	611
Agent/broker	177,800	8%	463	375	362
Int'l transport	160,691	7%	411	386	391
Inland transport	38,508	2%	73	55	526
Medical test	28,471	1%	59	55	486
Passport	28,061	1%	46	45	609
Contract	19,501	1%	74	73	265
Insurance	7,206	0%	32	30	223
Other	19,491	1%	44	30	441
Total	2,255,861	100%	3,558	3,040	634

Controlling for age, education, and number of years working abroad, the surveys show that workers who found their jobs through brokers and agents paid more than those who found ways to go abroad through relatives and friends. For example:

- Ethiopian migrants who worked in Saudi Arabia paid USD 375 more;
- Nepalese migrants who worked in Qatar paid USD 410 more;
- Indian migrants who worked in Qatar paid USD 526 more;

19 KNOMAD/ILO Surveys, 2015. Mean Cost in USD estimated from combined samples in seven survey countries

20 ILO/KNOMAD Survey of Pakistanis returning from Saudi Arabia and United Arab Emirates, 2015

- Vietnamese migrants working in Malaysia paid the same cost;
- Pakistani migrants who worked in Saudi Arabia paid the same cost.

The same study found that relative to those who were recruited directly by their employers, those who found their jobs through brokers and agents paid more. For example, Ethiopian migrants who worked in Saudi Arabia paid USD 755 more and Pakistani migrants who worked in Saudi Arabia paid USD 705 more than those who were recruited directly. The research also found that having an agent to assist with finding a job does not necessarily result in finding a “better job”, in terms of wages and earnings. Pakistanis who went without an agent earned more than those who did, and Filipinos earned substantially more (USD 481 compared to USD 375). For Nepalese migrants, the difference was insignificant, and almost all Indian migrants went through an agent.

Table 2: Do recruiters make a difference to migrants’ earnings?^[21]

	Filipino		Indian		Pakistani		Nepali	
	With Agent	w/o Agent	With Agent	w/o Agent	With Agent	w/o Agent	With Agent	w/o Agent
Number	65	56	400	1	513	120	319	32
Paid to agent mean	\$362	0	\$464	0	\$434	0	\$759	
median	\$325	0	\$477	0	\$355	0	\$824	
SD	\$284	0	\$113	0	\$347	0	\$276	
Total expenses mean	\$696	\$204	\$957	\$326	\$3,346	\$3,207	\$942	\$663
median	\$651	\$108	\$978		\$2,971	\$2,484	\$927	\$566
SD	\$434	\$282	\$160		\$1,690	\$1,720	\$308	\$372
Earnings/ month: mean	\$375	\$481	\$596	\$632	\$452	\$475	\$259	\$269
median	\$400	\$411	\$604		\$400	\$408	\$257	\$257
SD	\$114	\$314	\$100		\$205	\$207	\$49	\$97

How do Costs Differ by Legal Status or Channel of Entry?

The KNOMAD/ILO surveys enquired into how the worker entered their country of employment and their current immigration status. However, very few respondents from the survey countries indicated having entered without valid work visas, hence comparison of costs by channel of entry and by legal status could only be done for two groups - Ethiopians who worked in Saudi Arabia, and Central Americans who worked in Mexico.

Table 3 compares the average migration costs and average earnings abroad of those who entered through legal channels and those who entered clandestinely. The data reveal that Ethiopians who came in clandestinely incurred higher costs (close to 50 per cent more), than those who entered through the legal channels; while Central Americans (from Honduras, Guatemala and El Salvador) incurred more than double (almost 240 per cent more) than those who entered through legal channels, although on the whole their costs were much lower than those of the Ethiopians.^[22] The Ethiopians who entered legally earned enough in just over 2 months to pay for their costs but those who entered clandestinely needed to work over 11 months to get back what they paid. For the Central Americans who entered through legal channels the pay back was much quicker. They earned just about enough in a week to cover the costs they had paid. As the monthly earnings were much lower for Ethiopians who entered clandestinely, they needed to work for over 11 months to recoup

21 KNOMAD/ILO Surveys in Philippines, India, Nepal and Pakistan. Respondents were Filipino, Indian and Nepali workers returning from Qatar, and Pakistani workers returning from Saudi Arabia and UAE; SD=Standard Deviation.

22 Abella, M., P. Martin and S. Yi, Why Are Migration Costs High for Low-Skilled Workers? Evidence from Migrant Surveys, KNOMAD Working Paper, Unpublished (2016).

what they paid. On the other hand, the Central Americans who entered Mexico clandestinely did better than those who came in legally and were able to recoup what they paid in a number of weeks.

Do Personal Traits (Age, Sex, Experience Abroad, Social Networks) Matter?

In his study of Kerala migration cited earlier Seshan (2016) found that the effects of social networks on bringing down migration costs were important but it also depended on community demand for overseas jobs. Migration costs decline with network size where demand for foreign jobs is low, but where demand is stronger, denser networks are associated with rising costs.^[23] The KNOMAD/ILO surveys did not produce longitudinal data which would be comparable to the Kerala Migration Surveys so it is not possible to compare their findings. The KNOMAD/ILO surveys did show that workers with more education or ties to social networks, had previous experience working abroad, and women, paid less than first-time male migrants who were not linked to migration networks.^[24] Also, women who are mostly in domestic work incurred much lower costs to migrate than men, but they earned much less and incurred higher “implicit costs” in terms of long working hours and other deprivations.

No statistically significant difference was found in the visa costs paid by Pakistani first-timers and those who had worked abroad before. Those who have worked abroad before and went to Saudi Arabia paid USD 2,500 less for their visas, but the difference is not statistically significant. Similarly, those who have worked abroad before and went to UAE on average paid USD 3,880 less for their visa, but the difference is not statistically significant (author’s own calculations). The same was found among the Filipinos who worked in Qatar.

Table 3: Comparison of costs and earnings by channel of entry^[25]

	Ethiopian Migrant Workers		Migrant Workers in Mexico	
	Number of migrants	USD	Number of migrants	USD
Migrated through legal channels	289		67	
Total migration cost				
Mean		\$647		\$53
Median		\$524		\$19
SD		\$495		\$350
Monthly Earnings				
Mean		\$274		\$230
Median		\$187		\$180
SD		\$192		\$170
Migrated clandestinely	202		283	
Total migration cost				
Mean		\$950		\$127
Median		\$749		\$39
SD		\$585		\$317
Monthly Earnings				
Mean		\$84		\$250
Median		\$70		\$205
SD		\$70		\$59

23 Seshan G., “Migrant Networks and the Financial Cost of Migration: Evidence from South India”, Georgetown University School of Foreign Service in Qatar, (2016).

24 Abella, M. and P. Martin, Worker-Paid Migration Costs: A Technical Report for KNOMAD, Unpublished, (2016).

25 KNOMAD/ILO Survey of Ethiopian migrant returnees from Saudi Arabia. Migrant workers in Mexico come from Guatemala, Nicaragua, and Honduras.

2.2 Determinants of Worker-Paid Recruitment Costs

Labour Supply and Demand

The number of international migrants, defined as persons living outside their country of birth for at least a year, more than doubled between 1980 and 2013, from 103 million to 232 million. The stock of migrants could almost double to over 400 million by 2050. Around 60 per cent of migrants are located in the industrial countries and around half of them are in the labour force.^[26] Recent flows indicate that 34 per cent of migrants are moving from a developing to an industrial or more-developed country. According to the United Nations, between 1990 and 2013 the stock of migrants increased more than twice as fast in countries in more developed regions (by 53 million) than in countries in less developed regions (by 24 million).^[27] Those born in the so-called global South, residing in the global North, doubled from 40 million to 82 million. These trends must be seen in the light of rising income gaps among countries and regions over the past 50 years or more. The ratio of per capita GDP of Asian countries (excluding China) and Latin American and Caribbean countries to average GDP per capita in developed regions has widened instead of narrowed over the past half century. The gap widened even more for African countries.^[28]

Migration Enables People to Multiply their Productivity and Incomes

Based on ILO estimates of average labour productivity, an Egyptian multiplies his/her productivity 15 times if he or she can work in Italy, a Senegalese who can work in France by 32.5 times, and a Bangladeshi by 38 times if he or she can work in Singapore. Many of these migrants may not actually reap as much gains in earnings as these productivity differentials suggest, but the growing numbers of workers crossing borders clearly reflects the fact that many expect large potential benefits from migration.^[29] Large differences in labor productivity exist, not because workers put in less effort in less developed regions, but because they work with less of the other factors needed to be more productive – machinery and equipment, complementary inputs like fertilizers, dependable infrastructure and transport, law and order, and efficient governmental services. Migrants who gain admission to countries where these conditions are met almost immediately increase their productivity and earning capacity.

Build-up of Migration Pressures due to Many Factors

The interaction between economic conditions and demographic trends has often been seen as vital to understanding emigration pressures. Accelerated growth of population in countries with high levels of poverty and unemployment are conditions which seem common among major countries where emigration pressures have been observed to rise. However, these may not be enough to trigger actual movements since migration especially across borders requires not only opportunities but also resources. Development itself, as indicated by rising per capita incomes, must take place in order for the potential to be realized. Similarly, information about opportunities in destination must also be accessible and this is usually provided by those who managed to migrate in earlier periods.

Development economists who have cast their eyes at the migration phenomena identify the following as determinants of migration pressures: accelerated population growth resulting in a surge in younger cohorts of the population, rising per capita incomes as one must be able to afford the investments required to migrate,

26 P. Martin, The Global Challenge of Managing Migration, Population Bulletin, 68, No. 2, (2013). Available from: <http://www.prb.org/pdf13/global-migration.pdf>.

27 UNDESA, International Migration Policies: Government Views and Priorities, (2013). Available from: http://www.un.org/en/development/desa/population/publications/pdf/policy/InternationalMigrationPolicies2013/Report%20PDFs/g_Ch_1.pdf#zoom=100.

28 United Nations Development Programme (UNDP), Overcoming barriers: Human mobility and development, Human Development Report 2009, (New York, 2009), Fig.2.7 on p35.

29 Wage differentials are very large in Asian corridors. Based on average wages a Burmese can multiply his wage by almost 17 times by hopping over to Thailand to work, while a Vietnamese multiplies her income by almost 7 times if she finds work in Korea. Even allowing for the fact that foreign workers usually are not paid the same wage as natives the differentials are still very large that they serve as a powerful incentive for moving.

widening income gap between origin and destination countries, the cumulative effects of earlier migration leading to the growth of social networks which facilitate movement of new migrants, and the opening up of migration opportunities in destination countries.^[30] The studies of Hatton and Williamson (1994) on mass migration from Europe from the second half of the 19th century to the first quarter of the 20th century are among the first to show evidence of the link between migration and these various factors. They found as key determinants the accelerated population growth in the European countries of origin in the two decades before mass movements, the cumulative effects of earlier movements, and the structural movement of rural labour out of agriculture.^[31]

“The failure of the global economic system to generate jobs where people live has put the onus of adjustment on the family unit.” ILO Rights-based Approach

The migration phenomenon speaks volumes about the hard choices facing most of the world’s poor. Impoverished farmers have been observed to invest what for them are large amounts of money and take enormous risks in their search for a better livelihood. They evidently do so because the pay-off on migration is higher than any other options they have at home. This is true of rural people moving to the cities and more so for those who are able to go abroad. As several observers have concluded “...Workers who move from a poor country to a rich country can experience immediate, lasting, and very likely increases in earnings of hundreds of per cent”.^[32]

A UNDP study (Ortega (2009) as cited in UNDP 2009 Study) estimated that migrants from countries ranking low in human development gain the most by moving to an OECD country or by as much as USD 13,700 in annual income. As to be expected, those who moved from countries already rated high in human development (HDI) did not gain very much by moving, but the gain, on average, for those moving from a medium HDI country to an OECD country is about 4 times.^[33]

The Poor Have Few Options to Protect themselves Against Income Volatility

Migration, whether from rural to urban areas or to foreign countries, is viewed by many poor families as their main defense or insurance against many of the contingencies that often befall them, such as crop failure due to draught, loss of their means of livelihood due to natural calamities or falling export prices, or loss of a productive member due to illness. Clemens and Ogden (2014)^[34] offer insights into the very limited options available to the poor and why they invest in migration. In a recent paper they wrote:

The poor can manage volatile incomes in different ways. They can borrow from family and friends, but those people are often poor themselves. They can seek the steady pay of a formal wage job, but most of the poor cannot get one. They can start a business, but that revenue can also be volatile and most microenterprises earn small or negative profits (e.g. de Mel et al. 2009). They can invest in other assets, like livestock or bank accounts (Barrett et al. 2006), but these can be costly and difficult (e.g. Narayan et al. 2000, p. 48).

30 Lucas, Robert E.B, International Migration and Economic Development Lessons from Low-Income Countries EGDI, Edward Elgar, (Northampton, 2005).

31 Hatton, T. and Jeffrey Williamson, “What drove the Mass Migration from Europe in the Late Nineteenth Century?” Population and Development Review, (1994), p20(3).

32 Gibson, J., and D. McKenzie, The economic consequences of ‘brain drain’ of the best and brightest: Microeconomic evidence from five countries, The Economic Journal, 122(560), (2012), p339–375; Clemens, M., C. Montenegro and L. Pritchett, The Place Premium: Wage Differences for Identical Workers across the US Border, HKS Faculty Research Working Paper Series, No. RWPO9-004, (2008). Available from: <https://dash.harvard.edu/bitstream/handle/1/4412631/Clemens%20Place%20Premium.pdf?sequence=1>.

33 These comparisons will have to be interpreted with caution due to the fact that unobservable factors may be positively correlated with migration. Ortega (2009) (as cited in UNDP 2009) used an estimation procedure that sought to make the subject populations more comparable.

34 Clemens, M. and Ogden, T., Migration as a Strategy for Household Finance: A Research Agenda on Remittances, Payments, and Development, Working Paper No. 354, Center for Global Development, (2014). Available from: <http://www.cgdev.org/publication/migration-strategy-household-finance-research-agenda-remittances-payments-and>.

As noted earlier in this report the cost of migration falls heavily on the low-skilled migrants but not for those whose skills are in much demand especially in the more advanced societies with ageing populations, declining labour force, and more highly educated entrants to the labour force who shun the so-called “3-D jobs” (dirty, demeaning, and dangerous jobs). It is generally the case that employers absorb the cost of recruiting managers and other professionals whom they need but often have difficulty identifying and recruiting.

Impact of Barriers to Movement

All States exercise a variety of controls over immigration and entry into their labour markets which affect worker-paid migration costs. There are externally administered controls, such as through the requirement to obtain visas for entry, and there are controls at the border where authorities can stop people from entering. The effect of visa costs was already mentioned in an earlier section but as also explained this cost does not refer to the visa fees charged by destination states but more so to the “price” of the visa when it is put for sale in the labour market. Immigration quotas limiting the numbers admitted have the effect of raising costs when demand for admission rises. It is however conceptually difficult to separate the effect of say immigration quotas, from the effect of putting a visa for sale. The very fact of limiting numbers has the effect of raising the visa price. Putting a figure on how much such barriers to movement impact on migration costs is thus evidently problematic.

Estimates were made by a US-based NGO, VERITE, of how much recruiters charge to smuggle migrants across the US border. Charges varied enormously depending on the worker’s origin, anywhere from USD 3,000 to USD 5,000 for those being smuggled from Mexico, USD 5,000 to USD 6,000 for those from Central America, and between USD 17,000 and USD 27,000 for those from South East Asia. Recruiters typically required these payments up front in local currency or by direct deposit.

The KNOMAD/ILO surveys also offer some insight into how much less costs might be where borders are open such as for nationals of EU member states. The surveys showed that the cost of migration is almost insignificant compared to other migration corridors. In the survey of migrant workers in Spain who originated from Bulgaria, Romania and Poland the costs reported amounted only to the cost of travelling over land from their respective countries.^[35]

Barriers to movement, whether in the form of administrative controls like visas, or border controls, do matter in determining migration costs but only if the expected gains in earnings (sometimes referred to as the “wage wedge”) are large.

Migration Costs Arising from Inefficiency of Governance

Government policies and regulations are widely seen to raise the costs of recruitment where they lead to monopolistic practices among those granted licenses, where they restrict more direct forms of hiring by foreign employers, and where the procedures adopted to grant work permits or approve job contracts are cumbersome, time-consuming, and costly to follow. Most if not all of these regulations have been adopted for the purpose of protecting the migrants against people trafficking and fraudulent recruitment, against charging of exploitative fees by intermediaries, and to enable migrants to be compensated in the event that their employers violate their contracts. Unfortunately these often involve excessively complex procedures that ordinary workers seeking work abroad for the first time are often not informed of in advance. They also often involve time and costs to navigate, and thus create a market for fixers and brokers who know how to facilitate matters.

35 United Nations Office on Drugs and Crime (UNODC), *The Role of Recruitment Fees and Abusive and Fraudulent Practices of Recruitment Agencies in Trafficking of Persons*, (Vienna, 2015). Available from: www.unodc.org/documents/human-trafficking/2015/Recruitment_Fees_Report-Final-22_June_2015_AG_Final.pdf.

Differences in total costs to migrate from different origin countries to the same destination countries may offer some idea of how much more efficient some governments are compared to others, with some caution and qualification. The comparisons must, in principle, hold constant other determinants of costs other than efficiency of governance. These include similar level of services provided for their protection, conditions of employment, and contract duration. What comes closest to meeting these conditions is comparison of costs for those migrant workers going to Korea under its Employment Permit System. It offers a natural experiment since the workers, regardless of origin (Indonesia, Thailand and Vietnam), are going to the same country, recruited not by private intermediaries or job brokers but through public employment offices under a government-to-government arrangement, and are distributed for employment in roughly the same industries in Korea. These differences are very small - only 5 per cent between Vietnam and Indonesia, and only 8 per cent between Vietnam and Thailand.

Commercialization of Recruitment

Profit-seeking intermediaries increasingly organize the international movement of workers and have become significant players in the global labour market. The growing involvement of firms and individuals in labour recruitment is probably more responsible than any other factor for the increasing speed of outmigration and determining the direction of the resulting flows.^[36] They organize probably as much as 80 to 90 per cent of labour migration from Asia within the region and to other parts of the world. Ever since the demise of temporary guest worker programmes in Europe and North America in the mid 1970s, public employment agencies which used to do the selection of workers in origin countries and their placement in destination countries have been displaced by private, profit-motivated recruitment agencies which have served well the interest of quickly meeting the labour demand of industries. They have also replaced state agencies in former socialist states where the recruitment and placement of workers used to be a key state function in the central planning apparatus.

It is not difficult to understand why intermediaries have come to play a large role in organizing labour migration. A common condition in the labour market is asymmetric information – employers are not familiar with skills of foreign workers, while workers are not familiar with terms and conditions of employment abroad. The employer has an interest in making a lower wage offer to a worker whose skills are unknown, and in hiding unattractive conditions at the workplace, while the worker may exaggerate his or her skills in the hope of getting a better job offer. These conditions would lead to adverse selection unless the information asymmetry is somehow removed or reduced through a third party intervention. David Autor of MIT has been analyzing the role of intermediaries and wrote:

“Information about job vacancies and job seekers is largely a public good and hence likely to be under-supplied by the market. This creates a business opportunity, which many labour market intermediaries step in to fill.”

“Though heterogeneous, it is my contention that labour market intermediaries serve a common role. They address – and in some case exploit – a set of endemic departures of labour market operation from the first-best benchmark of full information, perfect competition, and decentralised price taking. Three labour market deficiencies, in particular, appear to ‘call forth’ the involvement of intermediaries: costly information, adverse selection, and (failures of) coordination or collective action.”^[37]

36 Abella, M, Role of Recruiters in Labor Migration, International Migration Prospects and Policies in a Global Market, D. Massey and J. E. Taylor (eds), Oxford University Press, (2004).

37 Autor, David H., Studies of Labor Market Intermediation: Introduction, University of Chicago Press, (Chicago, 2009). Available from: <http://www.nber.org/chapters/c3593.pdf>.

As earlier seen from Figure 1 some 85 per cent of all the respondents to the KNOMAD/ILO surveys got their jobs through intermediaries – brokers and recruitment agencies. The fees they paid for recruitment charges accounted for close to half of the total migration costs they incurred. Table 4 shows that agents accounted for 48 per cent of what it cost Indian migrant workers to migrate for work in Qatar.

Table 4: Distribution of Worker-Paid Migration Costs from Survey of Indians who worked in Qatar, in USD^[38]

	Total Cost	Share	Mean	Median	Number
Agent	219,420	48%	551	559	398
Int'l trans (1)	118,399	26%	296	297	399
Other	35,452	8%	97	93	364
Inland trans	28,105	6%	70	71	400
Medical test	20,757	5%	52	52	399
Passport	17,649	4%	46	45	387
Briefing	8,918	2%	24	25	365
Skills test	2,920	1%	11	11	264
Insurance	2,606	1%	7	6	397
Total	455,873	100%	1,140	1,156	400

(1) 17 workers had their international transportation costs reimbursed.

It must again be pointed out that these surveys focused on low-skilled workers. For the highly skilled, employers are often willing to invest more to ensure good “worker-to-job” fits because of potential costly consequences of poor matches. They often visit or interview potential new employees before hiring them. Recruiting lower-skilled workers, on the other hand, often involves larger numbers and several transitions, as from rural to urban jobs and from one country to another. The problems begin with information: most job offers arrive in major cities where recruiters and government agencies are located, while many low-skilled workers are in rural areas. There are subagents between urban recruiters and rural workers. They are usually paid directly by workers and/or by recruiters based on the number of workers they deliver who sign contracts to fill foreign jobs. Agents who receive payments from both workers and recruiters may not have incentives to respond to the best interests of foreign employers or local workers. Many subagents allegedly favour quantity over quality in job matches, sometimes convincing a worker to accept a foreign job that the worker is not qualified to fill.

Subagent incentives that favor recruiting more rather than better workers can lead to problems. For example, job offers that offer slightly higher wages in exchange for more skills may prompt recruiters and their subagents to charge higher recruitment fees to workers wanting a higher-wage job abroad. A worker with the requisite skills may shun a foreign job offer that (1) requires his skills but offers only a slightly higher wage than is paid to a low-skilled worker and (2) has significant recruitment fees. However, a low-skilled worker without the necessary skills may be willing to pay the high recruitment fee in exchange for the higher foreign wages. Once abroad, this worker may disappoint the employer, who may respond by reducing the wage (contract substitution) or terminating the worker. If the contract worker has incurred debt to pay recruitment fees, he may take a second job to offset the reduced wage or try to stay abroad illegally if fired, posing problems for himself as well as the governments of both countries.

2.3 Effectiveness of Measures to Reduce Recruitment Costs

In many countries of origin concern over fraud as well as interests of local recruiters to protect markets have reduced the scope for more direct hiring of workers by foreign employers even if it usually involves less cost for workers. Where commercial agents are allowed to engage in recruitment, governments often either ban or fix prices that can be charged for recruitment. However, success has been illusive. Workers

38 KNOMAD Survey of Returning Indian Workers from Qatar, 2015

eager to obtain jobs accept to pay higher fees to enhance their chances. Where violations are reported slow judicial processes in many countries work against the interest of workers who cannot afford to spend time out of work. There has been little success in getting foreign employers to recruit through public employment services which could have reduced the cost for workers.

The following offers a review findings of research on effectiveness of various measures taken by countries of origin to reduce costs to workers. Examples of promising and good practices have been identified and briefly described. Are regulations on maximum fees that may be charged workers effective? Does quality of governance make the difference in effectiveness? What features of migration infrastructure make for more effective intervention? Why do public job placement services fail to replace private recruiters even when they are subsidized by states? How successful have States been in curbing costs through cooperation between origin and destination country authorities? Which are possible models for successful systems to reduce costs? Why are they working better?

2.4 Regulating Commercial Recruitment

The main asset needed to engage in the business of recruitment is to have a foreign employer as a regular client. What investment is needed to win a foreign employer is highly variable but if one is to judge from the large number of entities that engage in recruitment in many countries one can assume that the needed investment need not be large. Much of the capital needed is for operating the business since there is little need for fixed assets other than phone, a computer and a desk, and the staff can be limited to family members. Entry into the industry is thus easy, especially if one operates in the shadow without a legal license. The transactions involved in recruitment are also not well defined, with highly informal activities not easily covered by commercial regulations. Many transactions are opaque, not covered by formal documents thus escaping the attention of regulatory bodies such as labour ministries or tax authorities. If policies are to be effective they need to recognize the limits to regulatory reach and to the fullest extent possible create incentives for compliance. Unfortunately, many policies and regulations on commercial recruitment only take the form of more controls in the hands of regulatory bodies. An example is the typical policy of granting licenses that have very short periods of validity even if renewal is possible. The rationale behind it is to be able to quickly terminate the license of recruiters found violating any of the standards or rules set by the state. This limitation on the life of the license understandably drives away many legitimate entities or enterprises from investing in the business and fosters the attitude of going for “quick profits”. It is also unnecessary since licensing laws already give the authorities powers to suspend or cancel licenses. A recent World Bank publication looks at how these issues reflect “market failure” and suggests a better approach to licensing and regulating recruitment agencies (see Box 1).

Box 1: Regulation of Recruitment Firms

(Excerpt from *International Migration and Development in East Asia and the Pacific*, World Bank)^[39]

Effective regulation of the recruitment industry starts with sound laws and policies that set high standards for obtaining a license or authorization, thereby promoting fair competition based on quality of services offered and rewarding responsible business practices and penalizing abuses. Most of the difficulties governments have faced in this sphere of economic and social policy can be traced to licensing policies that discourage the participation of investors with long-term horizons. Preoccupied with the need for control, many concerned authorities in the region have limited the life of licenses to no more than two years, or even to only the fulfillment of a particular job order. It is therefore not

39 Ahsan, A, M. Abella, A. Beath, Y. Huang, M. Luthria and V.N. Trang , *International Migration and Development in East Asia and Pacific*, World Bank Group, (Washington DC, 2014).

surprising to find that many recruiting firms aim to make quick profits in the shortest time. The policy is, in a way, self-fulfilling because only fly-by-night operators are motivated to enter a business in which license extension or renewal is questionable. This is a particularly valid concern in countries where business survival depends on politics. A sound policy is one that treats recruitment just like any other business, meriting indefinite license to operators as long as they pay taxes and do not commit fraud.

The requirement that recruitment firms have adequate capital helps to set standards. Encouraging companies to devote serious capital to developing their services and marketing them overseas has much merit. The recruitment industry does not require much physical capital but it does require the development of know-how, which is not cheap. Experience in the region amply demonstrates that the firms with the best track records are those that have developed wide marketing networks abroad, have kept themselves attuned to the latest market developments, and can turn down dubious job offers. Indeed, it makes sense to encourage a country's most successful firms to enter the industry because they have a reputation to protect. Large services exporters like international construction contractors or travel companies have an advantage over others for obvious reasons.

Firms with long-term horizons have much to gain from closely collaborating with the government in developing promising market destinations. Foreign employers needing skilled workers are generally careful in selecting agents in origin countries because it takes time and money to import foreign workers. This is especially true of employers of highly trained workers such as medical professionals or technicians for oil exploration. Much effort is required to understand the employers' needs, to communicate those needs, and to develop the skilled resources (manpower pool) that meet them, and thereby to build trust and confidence. Unfortunately, the consequences of misguided policies have rendered public-private partnerships ineffective in this arena.

Over the past four decades many measures to regulate recruitment and employment abroad have been adopted by origin countries in order to protect their nationals against fraud, trafficking, and people smuggling, and in order to facilitate their migration (See Box 2). Most of these measures have important implications on migration costs, some with the unintended consequence of raising costs for the migrants such as restrictions on direct hiring, others like "one stop" centers clearly helping reduce them.

Box 2: Typical Regulatory Measures that affect Recruitment Costs^[40]

A. Regulation of recruitment

- Restrictions on direct hiring by foreign employers;
- Licensing requirement to engage in recruitment, with conditions on nationality of ownership, capitalization, posting guarantees;
- Ceiling on fees and penalties for violations;
- Prior approval of job offers and their advertisement;
- Power of attorney to act on behalf of foreign employer;
- Inspections and reporting requirements for recruiters;
- Holding recruitment agency equally responsible for claims and damages as the foreign employer (the Philippines)

B. Regulation of employment

- Agreements negotiated with countries of employment/employers;
- Standards for employment contracts, wages, hours of work, overtime pay, rest periods, board and lodging, transport, etc.
- Confirmation of job offers by consular offices abroad;
- Screening and registration of foreign employers;
- Registration/prior approval of job contracts;
- Minimum age of workers especially female workers;
- Ban on deployment to certain countries (i.e., war-torn countries);
- Ban on accepting employment in certain occupations (i.e., sex work);
- Pre-departure briefing of workers;
- Sickness and health insurance;
- Ban on employment in specified occupations

C. Assistance to migrants

- “One-stop” migrant processing centres (contract approval, passport, police clearance, social security, banking, etc.);
- Guarantees for bank loans to finance migration;
- Consular support services (labour attachés);
- Community welfare centres abroad;
- E-cards ID with multiple functions.

There are now many examples of good laws enacted in many countries to empower governments to license and regulate the activities of private recruitment agencies. Among these might be cited the changes in Mexico’s laws on recruitment which clarify the specific responsibilities of the Ministry of Labour and Social Welfare and the Ministry of Interior for protecting the rights of Mexicans taking up employment in foreign countries. See Good Practice 1 below.

Good Practice 1: Mexico’s Law on Regulating Recruiters^[41]

The Employment Agency Regulations (RACT) of 2006, as amended in 2014, regulates private recruiters in Mexico. Before private recruiters may legally operate, they are required to obtain a licence. Licensed recruiters may charge fees to employers for their services, but they are prohibited from charging fees to workers and may not make agreements with employers to have their recruitment fees deducted from workers’ wages. In addition to setting out the conditions for private employment agencies that wish to provide recruitment services within Mexico, there are additional requirements if they seek to place Mexican workers in employment abroad. Specifically, the legislation requires recruiters to: verify the seriousness and reliability of the employer to safeguard the worker; ensure the working conditions match those offered to the applicants on housing, social security, and repatriation; verify the workers’ right to seek consular protection; and, guarantee to cover the repatriation costs of workers where there has been a breach of the contract terms. The new amendments to the RACT also require the Ministry of Labour and Social Welfare, to inform the Ministry of the Interior every

40 Andrees, B., A. Nasri, P. Swiniarski, Regulating labour recruitment to prevent human trafficking and to foster fair migration: Models, challenges and opportunities (2015). Available from: http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_377813.pdf

41 Andrees, B., A. Nasri, P. Swiniarski, Regulating labour recruitment to prevent human trafficking and to foster fair migration: Models, challenges and opportunities (2015). Available from: http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_377813.pdf

six months of all authorizations and registrations issued for private employment agencies that place Mexican workers abroad. In addition to regulations set out in the RACT for private recruiters, the Government of Mexico is also taking several steps to improve the labour mobility of Mexican migrant workers and reduce the impact of temporary migrant work on Mexican families through programmes providing free recruitment services and/or related social assistance.

The KNOMAD/ILO surveys revealed that visa costs accounted for a huge part of total migration costs incurred by migrants particularly in some corridors where the practice of visa trading continues despite its being outlawed. There is evidence that the practice of visa trading in fact starts from some employers themselves (or some of their staff) who have been granted authorization to employ foreign workers and use this privilege to make some money. Effective enforcement of prohibition of the practice would clearly benefit from information-sharing arrangements between authorities of origin and destination countries. Recruiters in origin countries can identify entities demanding kickbacks for allocating visas and share the information with destination country authorities.

IOM undertook a review of current practices in Asian countries in regulating international recruitment and recommended a number positive practices, both at national and at multilateral levels, to reduce migrant worker exploitation by private recruitment agencies (PRAs) and illegal recruiters (Jones, 2015). These list shown in Box 3 includes practical measures and policies for regulating recruitment, from recommending the criteria and conditions for granting licenses, to putting up office premises, monitoring recruitment processes, investigating complaints, grading recruiters, investigating complaints and prosecuting offenders. Most of these recommendations have been inspired by practices applied in some countries and which have been considered effective.

Box 3: Recommended Practices List of Positive Practices in Regulating Recruitment^[42]

1. The role of international organizations in working with national recruitment industry associations to develop Codes of Conduct which, to some degree, reflect international standards (e.g. in Viet Nam and in Lebanon)
2. The role of international organizations in disseminating information about good recruitment practice, better regulation, and about relevant human rights standards such as ILO's Private Employment Agency Convention, 1997 (No. 181), including activities conducted through the ILO Fair Recruitment Initiative, IOM IRIS project (International Recruitment Integrity System), and dialogue through the Colombo Process and Abu Dhabi Regional Consultative Processes.
3. Requiring 'foreign' PRAs which recruit workers into a destination country to also be licensed with the destination state authority (e.g. UK) with the aim of increasing bilateral oversight of international recruiters.
4. Requiring 'foreign principals' (PRAs or employers) to be accredited through the overseas mission (e.g. the Philippines) enabling checks to be conducted as to whether any complaints have previously been lodged against these businesses.
5. Specifying in the law which activities are legitimate recruitment activities (e.g. Viet Nam) and specifying in the law which recruitment activities are not legal (e.g. the Philippines does not allow PRAs to have interests in travel agencies) so that there is clarity in regulating a highly complex, multi-faceted industry.

42 Jones, K., Recruitment Monitoring and Migrant Welfare Assistance: What works?, IOM, (Dhaka, 2015).

6. Requiring PRA owners to have prior business experience before opening a PRA (e.g. the Philippines) as international recruitment is a hugely complex and risky business, even for ethical actors.
7. Requiring applicants for a PRA license to attend a panel interview with a specialized committee before a license is granted (e.g. the Philippines and India) because paperwork submitted for scrutiny can be easily faked.
8. Requiring PRAs to maintain office premises (e.g. Sri Lanka) and requiring PRAs to have a certain level of financial capacity before being granted a license (e.g. the Philippines) to try to prevent 'fly-by-night' operators from entering the market.
9. Banning PRAs from charging recruitment fees to migrants (e.g. the Philippines in relation to domestic workers) with the aim of preventing debt bondage.
10. Supporting the pivotal role of Labour Attachés in monitoring recruitment, through providing resource, training and guidance (e.g. Sri Lanka) because these officials are the only personnel with oversight of both ends of the international recruitment process and significant (potential) power to prevent exploitation.
11. Bilateral agreements which specify procedures for recruitment monitoring (e.g. the Philippines with Canadian provinces) to enhance bilateral, cross-governmental, recruitment monitoring.
12. Special investigation units and tribunals charged with monitoring and enforcing recruitment legal and policy frameworks (e.g. Nepal), but adequately resourced so that expertise in tackling recruitment abuses is created and nurtured.
13. Maintenance of a regularly updated hard copy list of PRA licensees for migrants who do not have access to the internet (e.g. the Philippines) and public registers which include "grading" according to sanctions applied or complaints made (e.g. Vietnam) or according to awards for good practice (e.g. the Philippines) in order to increase transparency and accountability as well as disincentives/incentives to good practice.
14. "Intelligence-led" enforcement based on information-sharing between all relevant regulatory bodies (e.g. the UK) so that all available resources are effectively maximized.
15. Destination state authorities appointing a liaison on recruitment to the CPMS overseas mission and developing protocols for working together (e.g. Bahrain and Jordan) to increase bilateral coordination and oversight of recruitment.
16. Joint and several liability requirements which enable CPMS migrants to sue their home recruiter for financial restitution even where the wrong has been committed by the destination state business.

A promising approach to stopping recruiters from charging workers recruitment fees from the migrant workers is through enactment of a law that bans such charges, puts them under the supervision of the a government regulatory body. Act No. 19 of 2006 in Bahrain (see Promising Practice 1 below) mandates the regulation of recruitment by the Labour Market Regulatory Authority, and specifies stiff financial penalties for violations. (No. 19 of 2006).^[43]

43 Kingdom of Bahrain, Act No. 19 With Regard to the Regulation of the Labour Market, Labour Market Regulatory Authority, Kingdom of Bahrain, (May 2006). Available from http://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---ilo_aids/documents/legaldocument/wcms_232971.pdf.

Promising Practice 1: Bahrain: Destination Country policies to penalize recruitment malpractices

Bahraini law includes extensive regulations on the actions of recruitment agencies, as well as stiff penalties for natural and legal persons that fail to comply with the law. Bahrain's Act No. 19 of 2006 on labour market regulation prohibits recruitment agencies or private persons from charging fees to migrants for their recruitment. The same law requires recruitment agencies and employment offices to register with the Labour Market Regulatory Authority (LMRA) to receive a permit to operate. Recruitment agencies seeking permits are also required to put down a deposit of BHD 10,000 (USD 26,526) with the LMRA. The LMRA may use such deposit to settle any fines or fees imposed on the recruitment agency for infringement of the law. Article 36 of the 2006 law provides penalties for operating without a license, including imprisonment of three months to one year and a fine of BHD 1,000 – BHD 2,000 (USD 2,652.59 – USD 5,305.19). Penalties may be increased for repeat offenders or aggravating factors. In addition, courts may order the cessation of business or the closure of premises for up to three years, or the cancellation of business registration in the case of repeat offenders. Article 23 of Act No. 19 prohibits any person from charging workers fees in order to secure them a job, and the Act includes penalties for charging recruitment fees. Bahraini law allows for joint liability for recruitment-related or trafficking offences where there is conspiracy or joint “involvement” in the commission of the offence, including offenses committed under the auspices of a corporation or a legal person. Legal persons can be subjected to fines of BHD 10,000– BHD 100,000 (USD 26,526 – USD 265,259.45) for involvement in trafficking in persons, in addition to the criminal responsibility of natural persons working for these legal persons.

Some of the causes of ineffective regulation of recruitment is the sheer volume of issues that policy administrators have to attend to on a daily basis. In some countries the centralization of processing job contracts for approval has meant that a few thousand contracts have to be seen, checked and acted on every single day by a small number of officers. Traditional ways of storing information are easily overwhelmed (as evidenced by stacks of dusty contracts found in many offices) so information on such matters as past job placements of certain recruiters can no longer be retrieved. Computerization is evidently going to help but the adoption of new systems often threaten some jobs or roles in decision-making, generating internal resistance to change. It is easy to see that effective regulation of recruitment also depends crucially on having up to date records of who have recruited whom, what the contracts provided for, whether the workers have filed complaints, whether similar complaints from other workers recruited by the same agency have been received, what actions have already been taken, and who are the officers tasked with resolving cases.

The Government of India introduced e-governance as a priority for the regulation of recruitment. Promising Practice 2 below provides some detail on the project.

Promising Practice 2: India “e-governance” to enhance efficiency of regulating recruitment^[44]

The Ministry of Overseas Indian Affairs has also made it a top priority to develop what it calls “e-governance on emigration”, with the support of the National Institute for Smart Government (NISG) in Hyderabad. According to the Ministry's website: The project is aimed at achieving greater user convenience and effective protection and welfare of the emigrant. The subsidiary benefits would include greater levels of efficiency, transparency and accountability in the emigration system, facilitation of legal emigration and prevention of illegal emigration. The scheme is expected to automate emigration

44 Abella, M. A. Gachter and J. Tschank, A Triple Win in Migration: Ensuring Migrant Workers Rights to Protect all Workers, Asia Europe Foundation, FES, (Singapore, 2014).

clearance, computerize registration of RAs [Recruiting Agents] and employers' permits, dispense with discretion, mitigate harassment of emigrants and remove corruption. It would also provide useful tools and data for policy analysis, information dissemination and speedy grievance redress.

- The scheme involves computerization of the functions of the Protector of Emigrant offices and interlinking with recruiting agents, employers, immigration counters, Indian foreign missions, insurance companies and state governments. Once in operation, the system should make enable:
- Real-time capture and update of data
- Quick access to reliable emigrant data
- Customized management information system to support decision making
- Computerized management of recruiting agent system
- Performance rating of recruiting agents and employers
- Effective monitoring of emigration offences
- Interlinking of stakeholders and online validation of information across stakeholders

The need for computerizing operations is self-evident. Between 1965 and 1985 the average annual flow of international migrants from India to all destinations was about 1.5 million, but over the next 20 years (1985 to 2005) the flow had trebled.^[45] Majority of these flows comprised contract labour going to the Gulf states, with rising yearly numbers from a flow of about 140,000 in 1990 to about 809,500 in 2007.

2.5 Providing Alternative Recruitment Modes

There have been many attempts by governments of origin countries to provide alternatives to commercial or “for-profit” recruiters. In India, Pakistan and Bangladesh state corporations offering overseas job placement services have been established and been in operation for many years. They have been notable however for not gaining anything more than an inconsequential share of total recruitment in all the countries. The Philippines, borrowing from Korea, also established in the early 1970s the Overseas Employment Development Board, an agency of government that was intended to eventually replace all for-profit recruitment agencies but it was abolished after a few years. Their experience deserves closer study but it is evident that foreign employers prefer to deal with for-profit commercial agents which may not charge them any service fees and may even offer them money for each job they offer since they can later recoup it from the workers. If these state agencies or corporations are to succeed in serving as a real alternative to commercial recruiters governments will need to consider how they can enhance the services they offer. Governments can subsidize campaigns to solicit more clientele overseas, provide services of state agencies engaged in skills training and testing, and enable them to link up with major foreign employers especially with the assistance of their diplomatic missions overseas. There must also be allowed to operate like their competitors, offering incentives and reward for performance of their personnel.

The KNOMAD/ILO surveys provide ample evidence to show that the least costly mode of migration is to be recruited directly by foreign employers. Many governments allow this mode of recruitment but it still accounts for a very small percentage of total recruitment. One of the reasons is because the right to recruit nationals is in many instances is restricted, reserved for locally licensed recruitment agencies. This is a “protectionist” policy which does not always protect the workers, only the recruiters. Just as job offers

45 Sasikumar, S. K. and Hussain, Z., *Managing international labour migration from India: Policies and perspectives*, ILO Asia-Pacific Working Paper Series, (New Delhi, 2008)

passing through private recruitment agencies are vetted first by the authorities before recruitment can start (at least in theory), the same vetting of foreign employers can be done to allow for more direct recruitment. A bigger reason is lack of information easily accessible to foreign employers about the skills, experience, education and other qualifications which interested job-seekers possess. In the European Union a web-based recruitment system (EURES) has been in operation for many years, serving the need of job seekers as well as employers for information that would allow for better skills-job matches. A short description of the EURES is provided in the box below.

Good Practice 2: EU Portal to Facilitate Recruitment among Member States^[46]

EURES, the European Employment Service, established in 1993, is a co-operation network between the European Commission and the Public Employment Services of the EU and EFTA member countries and other partner organizations. On the one hand, it acts like a job mobility portal with job-matching services for the benefit of workers and employers, as well as any citizen wishing to benefit from the principle of the free movement of persons in the participating states. On the other hand, EURES has a human network of more than 850 advisers that are in contact with jobseekers and employers across Europe. They provide information, and they help to solve all sorts of problems related to cross-border commuting that workers and employers may experience (EURES, n.d.). Partners in the network may include Public Employment Services (PES), Private employment services (PRES), trade unions, employers' organizations and other relevant actors in the labour market. Some 7,600 companies make use of the system which now has about 280,000 CVs of job seekers.

The main objectives of EURES are:

- to inform, guide and provide advice to potentially mobile workers on job opportunities as well as living and working conditions in the European Economic Area;
- to assist employers wishing to recruit workers from other countries; and
- to provide advice and guidance to workers and employers in cross-border regions.

2.6 Bilateral Labour Agreements

Countries of origin and destination have a mutual interest and stake in cooperating to manage orderly migration. Origin states can only influence, not control, how their nationals are employed and treated abroad if the destination country authorities accept to enforce the other's standards. Countries of destination, on the other hand, have little control over what workers pay prior to reaching their territories. If minimum standards of pay, or the ceiling on recruiters' fees, are to be honored then both sides must agree to these standards and must be willing to take the necessary action to insure that these are observed. In the case of policies to reduce recruitment costs origin country authorities have little control over charges collected though deductions from salaries. Similarly, countries of employment have no control over the charges paid by the migrants when still in their countries. The governance of migration is thus inherently a multilateral issue because at least two jurisdictions are involved. Indeed, there are fine examples of orderly migration programmes that were covered and implemented through bilateral agreements (viz. Germany's Gastarbeiter programme which ended in the mid 1970, Canada's Seasonal Agricultural Workers Program which started in the 1960s and continues to this day, and Employment Permit System of the Republic of Korea which started just a decade ago).

46 EURES (European Employment Services). (n.d.). The European Job Mobility Portal, homepage. <https://ec.eu-ropa.eu/eures/home.jsp?lang=en>.

Good Practice 3: Korea's Employment Permit System for Temporary Guest Workers

In 2004 to correct the growing problems with illegal employment that resulted from the “trainee system”, the Republic of Korea created a temporary guest worker programme known as Employment Permit System (EPS). The new programme was intended to replace the trainee scheme but had the same objective of opening up doors for the temporary employment of low-skilled foreign workers. It differed from the trainee scheme in that workers could now be brought in and treated as regular workers, and not as trainees on allowances. The EPS has the following features that may be held up as good practice in the region:

- Yearly quotas are set by the Korean Government after assessing the dimensions of labour shortage in agriculture, fishery, construction and manufacturing (enterprises with 300 or less workers); Employers must register with the Human Resources Development Service of Korea (HRD Korea) and can only choose from workers in HRD Korea's registry of workers who passed the Korean language proficiency test and are deemed qualified by an origin country authority;
- Migrant workers are to receive equal treatment in wages and other conditions of employment as Korean workers except that they cannot bring their families and can only change employers after approval by HRD Korea;
- The probationary period is limited to a maximum of three months;
- Migrant workers are to be covered by social insurance, including membership in the National Pension Plan for workers from countries giving reciprocal rights to Koreans;
- Recruitment is only conducted through designated government agencies in origin countries and HRD Korea, completely excluding private job brokers; and
- Workers selected by the employers will be informed through the designated government agency in the origin country and will be issued a visa and work permit valid for three years, which is renewable for another three years on the condition that the employer applies for extension prior to the end of the first contract and the worker returns home in-between contracts. HRD Korea and origin country authorities have been in frequent dialogue on how to improve the EPS, including introducing greater transparency in the decision-making process since applicants are not informed if they are already shortlisted by Korean employers. However, the system has been configured precisely to keep the process away from public view in order to prevent unscrupulous individuals from intervening.

Case study 1 below offers a summary of a case study of New Zealand's Recognized Seasonal Employers' Scheme which, aside from meeting the need of New Zealand's farmers for labour, has been designed to also help with development of the countries of origin.^[47] Specific protections that will be important to include in bilateral agreements are illustrated in the agreement between Guatemala and Mexico (see Promising Practice 3 below). The agreement between the Philippine Government and Canadian Provinces shown in Good Practice 4 below provides a good example of how destination and origin country authorities should coordinate in order to more effectively regulate recruitment. The agreement between Germany and the Philippines regarding health professionals shown in Good Practice 5 below illustrates how an agreement makes clear which party is responsible for selection of qualified candidates, what recruitment charges should be paid by employers, what fees may be levied by agencies, and how the labour and other rights of the hired health professionals are to be protected.

47 Gibson, J. and D. McKenzie, The Development Impact of a Best Practice Seasonal Worker Policy, Review of Economics and Statistics, 96(2):229– 43, (2014).

Case Study 1

New Zealand's Recognized Seasonal Employers' Scheme^[48]

New Zealand's horticultural industry has of NZD 2.23 billion of exports in 2011, making it the sixth largest export industry, while its wine industry has export sales of almost NZD 1.2 billion in 2012. These industries were estimated to need at least 50,000 workers a year at peak times to pick and pack fruit, prune, and prepare orchards and vines for the next season. It was estimated that due to shortage and poor quality of labor the horticulture industry lost NZD 180-300 million in potential output annually and NZD 140-230 million in lost value added. In response the Government of New Zealand launched in 2007 the Recognized Seasonal Employers' Scheme. In order to mitigate displacement of New Zealand workers, and encourage employers using the program to recruit from the Pacific, a multi-tier approach to recruitment was developed. A "New Zealanders first" principle requires that employers first lodge their vacancies with the Ministry of Social Development before attempting to recruit offshore. Bilateral interagency understandings were negotiated with five Pacific states: Kiribati, Samoa, Tonga, Tuvalu and Vanuatu - which also received help from NZAID and other agencies. These interagency agreements covered how workers were to be recruited, the provision of pre- departure orientation material, visa processing, and compliance with regulations.

Employers wishing to recruit workers under the RSE first have to register and get approved as a recognized seasonal employer. This requires demonstrating that they are financially viable, can pay workers adequately, that they can provide accommodation and pastoral care to workers, that they have a dispute resolution process for workers, and that they have in the past met all relevant immigration and employment laws. They then need to apply for an Agreement to Recruit (ATR) from the Ministry of Labour which specifies the number of workers required, the types of positions, the length of time the positions are open, the employment agreement that workers will be offered, and the countries the employer intends to recruit workers from. Employers are required to pay half the return airfare for the workers, and ensure that return tickets are purchased when the workers are recruited. If they pay the full cost of the airfare, they are able to recover up to half from deductions from worker wages. Under the "pastoral care" requirement in the RSE, employers are required to provide arrangements to help workers arrive, settle in, and have access to adequate facilities while in New Zealand. This includes arranging transport to and from the port of arrival and departure, providing access to suitable accommodation (which workers pay for), arranging transportation to and from the worksite, providing safety equipment when needed, providing access to banking facilities and opportunities for recreation and religious observance, etc.

The provision of pastoral care and the adherence to other general labour market conditions is monitored by labour inspectors who are employed by the same government agency that handles all immigration matters. The Pacific Island governments were interested in ensuring the benefits of participating in the program were spread throughout their countries, and that the workers they sent developed a good reputation for the country as a source of seasonal workers. The interagency agreements therefore spelled out how workers could be recruited in each country. The first method of recruitment was for employers to recruit from a "work-ready pool" of workers who were pre- screened and selected by the labour ministry in the kick-start state. The second method of recruitment is for RSEs to recruit through an agent, with the agent responsible for screening and selecting the workers. This process has been used most extensively in Vanuatu (and subsequently in the Solomon Islands), where the government licenses agents for this purpose, and requires that they are only allowed to charge the employers, not the workers, for this service (McKenzie et al., 2008). The third method of recruitment is direct recruitment by employers.

48 Gibson, J. and D. McKenzie, Development through Seasonal Worker Programs: The Case of New Zealand's RSE Program, World Bank Development Research Group, (Washington DC, 2014). Available from: <http://documents.worldbank.org/curated/en/502981468059040351/pdf/WPS6762.pdf>.

Some employers may only need workers for a peak harvest time, and not for long enough to meet the requirements of the program or needs of the workers. Several possibilities exist. First, it is possible for employers to join together to submit joint applications to recruit, so that, for example, a worker may then be employed by one farmer to pick apples for two months, then a second employer may hire them for three months to work on their kiwifruit orchard. Second, in several cases, grower cooperatives such as Seasonal Solutions have registered as an RSE, and the workers can then be placed by the cooperative in several farms over the recruitment period.

Two of the biggest policy concerns raised about temporary worker programs are the risk that workers overstay, and the risk that workers are exploited or abused. Several features of the RSE are designed to reduce the risk of workers overstaying, through changing the incentives of both employers and workers for overstaying. Perhaps the most important is that workers are limited in the time they can stay in any given year, but are free to return again in subsequent years. Since the work itself is seasonal, this induces a natural return in the off-season, with employers then able to request the same workers back the subsequent year if they wish (and workers are also able to apply to other employers in subsequent years). Second, by having employers cover half the airfare and guarantee at least a minimum remuneration, workers are able to recoup quickly the costs of travel and do not need to overstay in order to repay debt incurred to participate. Third, employers are required to pay the costs associated with removal of workers from New Zealand if they do overstay (up to a maximum of NZ\$3,000), giving them incentives to select workers that they do not think will overstay and not to be complicit in any overstaying.

An additional interesting feature in reducing the role of overstay is the role of reputation and competition for places in the program. This occurs both at the source country level, and at the village level within countries. Since employers have a range of potential countries to recruit from, the Pacific states are acutely aware of the need to build a reputation for reliable, dependable workers. There is social pressure not to jeopardize the future possibilities for others by overstaying and thereby creating a negative reputation for one's community. The result has been very low overstay rates. Overstay rates have averaged under 1 per cent for the first six seasons. NZDoL (2010) attributes the overstaying in the first two years largely to a couple of isolated cases in which workers had disputes with employers about insufficient work being available.

A common concern in temporary worker programs in which a worker's employment status is tied to a particular employer is that this leads to a disparity of power between the employer and the worker, with the possibility that workers are then exploited or sent home by the employer if they complain too much. The RSE tries to mitigate this risk in several ways. It mandates that employers provide "pastoral care" to workers, including accommodation, transportation, recreational and religious opportunities, etc. RSE workers are subject to the same employment and workplace legislation as native workers, including minimum wage laws and work safety laws, and are eligible to join unions. Labour inspectors investigate complaints and issues raised by workers. In addition, Samoa and Tonga have liaison officers drawn from their diaspora in New Zealand who can address issues around migrant worker welfare.

In total, 39,079 worker arrivals have been recorded over the first six years, with 28,849 coming from the five kick-start countries (73.8 per cent), and further 1,887 coming from the Solomon Islands – a Pacific Forum state that was not one of the initial five kick-start states, but entered into an Inter-Agency Understanding in 2010. The main three remaining countries for recruiting are Indonesia, Malaysia, and Thailand, based largely on prior linkages some employers had to these regions.

Promising Practice 3: Example of components included in Bilateral Agreement between Guatemala and Mexico

The governments of Guatemala and Mexico signed a bilateral cooperation agreement on migrant workers in August 2014, to ensure better regulation of the conditions on which migrant workers are recruited and employed. The initiative, which was subsequently extended to Honduras and El Salvador, seeks to promote a fair labour migration process. Mexico and Guatemala agreed to increase cooperation and information sharing, create an observatory to monitor recruitment and employment conditions and migration flows, and co-design policies to protect migrant labourers from exploitative recruitment and conditions of work. They also agreed to implement an inspections program, as well as a transnational registry of labour brokers to ensure that recruitment is legal, just, and transparent.

Good Practice 4: Agreements between the Philippines and the Canadian Provinces of Alberta, British Colombia, Manitoba, and Saskatchewan to implement Canada's Temporary Foreign Worker Program^[49]

The agreements established a clearly defined recruitment process which must be followed by all parties, including by private recruitment agencies (PRAs). They specify that the Canadian employers should first inform their domestic Employment and Immigration Departments about the availability of jobs and seek permission to recruit. If the permission is granted the Departments then relays the information to the Philippines Department of Labour and Employment which in turn alerts licensed PRAs in the Philippines to the recruitment opportunities. In order to maintain tight control over the recruiters involved, enhance transparency and accountability the Canadian authorities are supplied with the list of licensed PRAs authorized to recruit under the program. The agreements also provide that the costs for hiring Filipino workers must be borne entirely by the employers in Canada. According to the 2008 Memorandum of Understanding signed by the Philippine Government with three Canadian provinces employers and agencies “must not request, charge or receive, directly or indirectly, any payment from a person seeking employment”.

Good Practice 5: Agreement between the Philippines and Germany regarding Health Professionals^[50]

In March 2013, the Philippines and Germany entered into an open-ended agreement on the employment of Filipino health professionals in Germany, more specifically between the Philippine Overseas Employment Administration (POEA) and the German Federal Employment Agency. It covers mutual responsibilities, working conditions, social security and accommodation, essentially stipulating the equality of Filipino health professionals to German ones. The agreement also includes the possibility to exclude employers that violate the terms, as well as cooperation on improving practices over time and jointly studying labour issues. Health professionals for employment in Germany are to be selected exclusively by POEA based on a detailed job description. Job interviews by the German partner and preparation for the recognition of the nursing certificate by the German authorities are to take place before departure. If through no fault of the Filipino health professional the employment contract

49 Jones, K., Recruitment Monitoring and Migrant Welfare Assistance: What works? International Organization for Migration, (Dhaka, 2015).

50 Nicolas, I., Promoting and Protecting the Rights and Welfare of Overseas Filipino Workers: The Philippine Experience, Enhancing the Socio Economic Welfare of Labour Migrants: Good Practices from Asia and Europe, 26th Session of the Human Rights Council, (Geneva, 2014).

is prematurely terminated, the German authorities are obliged to try and find a new position for them. The agreement explicitly states that administrative costs are to be borne by the organizations making the agreement, not by workers. However, a processing fee of USD 155 is due to POEA, and German employers pay €3,700 to the German Federal Employment Agency and USD 50 to POEA. A “standard bilingual labour employment contract” is to be issued to each worker. In addition, the two organizations “will explore projects to sustain and promote HRD [human resource development] in the Philippines” (Department of Labour and Employment, 2013). A joint committee led by senior officials from either side will be formed to oversee the programme.

2.7 Reduction of Migration Costs: Conclusions

This section aimed to provide an understanding of why workers, particularly the low-skilled, are incurring very high costs to find jobs in countries where they can be more productive. Workers pay a high financial cost for the services of recruiters, for their transport, for their visas, for observing various regulations, and for transferring their earnings to their families. They also incur high “implicit costs” when they accept wages and terms of employment below standards in their countries of employment. Although there are national laws which prohibit the charging of recruitment fees from the workers, and some sectors and migration corridors have been successful in implementing this, the practice continues to persist, robbing migrant workers much of the potential benefits that they can derive from migration. The report reviewed the evidence from recent research on the costs incurred by workers in a number of important migration corridors and analyzed the policies and strategies that states are using to curb or reduce such costs. It addresses the fundamental question of whether governments succeed in setting the terms and conditions of employment contracting in markets characterized by excess supplies of labour.

It is clear that market failure characterize much of employment contracting across borders. Information asymmetry is largely responsible for this failure but it is a weakness that can be remedied through closer cooperation between origin and destination countries. Employers must be given easy access to information about educational and skills standards in origin countries, and must not be barred from recruiting workers directly as long as they meet conditions specified by regulatory authorities. Workers must be supplied with reliable information about conditions of employment in major countries of destination and if possible provided with more specific information about job opportunities. Certain practices have developed in some migration corridors such as selling work permits by employers or their agents (also known as “visa-trading”) need to be suppressed but this can only succeed if there is full commitment by authorities in destination countries.

Regulations to curb abusive practices in recruitment are essential to effectiveness in reducing costs but some regulations aimed at protecting workers often lead to raising costs that they incur. Complementing regulations with incentives where recruiters will find it in their best interest to comply with the laws has proven in practice to be the best approach to influencing transactions in a market that can easily elude regulations because of very strong market forces at play.

Finally, there are examples of multilateral and bilateral agreements that have proven successful in reducing costs of migration. Countries in need of foreign labour need to seriously consider how such agreements can be applied to their situation since many of the problems and negative social consequences in the admission and employment of foreign labour can be avoided if workers are saved from incurring very high costs to obtain their jobs.

3 CONNECTIVITY AND MIGRATION (PEOPLE TO PEOPLE CONTACT) (ROUNDTABLE 1.2)

This section aims to illustrate how simple forms of connectivity (resulting from migration) shape and are in turn affected by macro or micro economic conditions (in both the country of origin and country of destination). To achieve this goal empirical evidence on the link between migration and trade, diaspora investment, capital flows, exchange/transfer of know-how and skills and information will be outlined together with promising practices in these areas. Many ideas about migration and development policies exist together with the motivation of the national and global communities to connect the two but there is a lack of evidence on the efficacy of these policies.^[51] What is widely accepted is that migration can only promote development in the country of origin if the local conditions allow it. This includes good governance,^[52] existence of law and order, stable macro policies, adequate investment infrastructure, certain technological standards, and so on.^[53] Aside from that, proper collection of data (characteristics of (return) migrant workers and their families) is needed.^[54] The connection between migration and development is without doubt complex, and that a positive impact in one country may not be replicated in another where conditions may be different. However, because of its potential role in spurring development international organizations such as World Bank, major government-funded development agencies such as the German GIZ and the British DfID have recently turned to migration and development as a priority area for rigorous research.^[55]

“Diaspora Economics” has become a new field of academic inquiry and opens “a new strand of political economy”.^[56] Academic literature in the last decades has, for instance, promoted the idea that the (transnational) networks established by migrants facilitate economic transactions as migrants remove the informational and cultural barriers between the countries of origin and destination. Migrants, in particular those working a professional setting, are now often seen as development partners as they transfer skills, knowledge and information, aside from financial resources and business contacts^[57] Income gains experienced by migrant-sending families have, for instance, led to an increase in financial literacy campaigns aimed at teaching families and migrant workers (optimal) financial decision-making.^[58]

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- 51 McKenzie, D. and D. Yang, Evidence on Policies to Increase the Development Impacts of International Migration, Discussion Paper Series, CPD 38/14, (2014).
 - 52 Cheng Li of Brookings predicts that returning Chinese professionals will make up 15-17 per cent of the Chinese government's Central Committee next year, up from 6 per cent in 2002 (Economist, 2011). These new leaders do call for more democracy in their homeland which will in turn allow for a better investment environment.
 - 53 Cruz, F. A., J. C. Tan and Y. Y. Yonaha, Assisting the Reintegration of Philippine Return Migrants through Mobile Technology. A Submission to the Geneva Challenge, (2015). Available from: http://graduateinstitute.ch/files/live/sites/iheid/files/sites/public_relations/genevachallenge/2015_SemiFinalists/Paper43_AssistingReintegrationPhilippineReturn.pdf.
 - 54 IOM responded to this call for improved data on international migration by establishing the Global Migration Data Analysis Centre (GMDAC) in Berlin in 2015. Its key goals are: knowledge management, capacity building and data analysis.
 - 55 How challenging the proper design and implementation of interventions and policies concerning remittances and financial inclusion of (migrant) workers is has been outlined by Innovation for Poverty Action on their homepage.
 - 56 Constant, A.F. and K.F. Zimmermann, Diaspora economics: New perspectives, UNU-MERIT Working Paper No. 2016-042, (2016). p1. Available from: www.merit.unu.edu/publications/working-papers/abstract/?id=6084,
 - 57 Agunias, D. R. and K. Newland, Developing a road map for engaging diasporas in development. A handbook for policymakers and practitioners in home and host countries, International Organization for Migration and Migration Policy Institute, (Washington DC, 2012); Tejada, G. and J.C. Bolay, Scientific Diasporas As Development Partners. Skilled Migrants From Colombia, India And South Africa In Switzerland: Empirical Evidence And Policy Responses, Peter Lang AG, (Bern, 2010).
 - 58 However, rigorous evaluations of the majority of these programs are still missing. For one positive result, see Seshan and Yang (2014). The researchers randomly assigned male migrant workers in Qatar invitations for a financial literacy workshop. Wives of migrant workers that attended the workshop reportedly changed their financial practices.

As the Economist (2011) concludes about diasporas “No other social networks offer the same global reach-or commercial opportunity.”^[59] These diaspora networks have three lucrative virtues: facilitating information flow, fostering trust and creating connections that allow collaboration, with each other, both within and across ethnicities”.^[60] Diaspora ties facilitate fruitful collaboration in the sciences and business. Aided by fast and cheap information technology, new modes for financial transfers and lower cost of travel a “new type of hyperconnectivity” has emerged: “Migrants are now connected instantaneously, continuously, dynamically and intimately to their communities of origin.”^[61]

Diversity, which comes with an increase in mobility and further interconnectedness, has also recently been heralded as an advantage in the global quest for growth and innovation.^[62] In fact, empirical studies have highlighted that “diversity in inputs by author ethnicity, location, and references leads to greater contributions to science as measured by impact factors and citations.”^[63]

Aside from financial remittances, which will be discussed, social remittances impact development as well; both positively and negatively. The transfer of ideas, norms, beliefs and habits is occurring every time a migrant is in contact with family and friends in the home community.^[64] Social remittances “encompass a wide spectrum of tangibles and intangibles” and can be equally hard to measure.^[65]

In sum, the paper shows that connectivity presents considerable potential in terms of attaining the Sustainable Development Goal 10.7 to “facilitate orderly, safe, regular, and responsible migration and mobility of people” as well as Sustainable Development Goal 10.7 Sustainable Development Goal 17 “Revitalize the global partnership for sustainable development.” This paper presents ideas on how connectivity can be harnessed to optimize the impact of well-managed migration and development.

3.1 Migration and Trade/Productivity

There is plenty of empirical evidence establishing the link between migrant stock and bilateral trade with members of the diaspora acting as “savvy diplomatic intermediar[ies] between the host and home countries”^[66] influencing economic and political relations that include return migration^[67] as well conflict resolution and peacebuilding efforts,^[68] which in turn can have positive effects on return migration and

59 The Economist, Weaving the World Together, Migration and business, (2011). Available from: <http://www.economist.com/node/21538700>

60 Dade, 2004 in Ibid.

61 Dade, 2004 in Ibid.

62 Page, S., The Difference: How the power of diversity creates better groups, firms, schools and societies, Princeton University Press, (USA, 2007).

63 Freeman, R. B. and W. Huang, Collaborating with People Like Me: Ethnic Coauthorship within the United States, *Journal of Labor Economics*, 33(1), (2015). p289-318.

64 Constant, A.F. and K.F. Zimmermann, Diaspora economics: New perspectives, UNU-MERIT Working Paper No. 2016-042, (2016). Available from: www.merit.unu.edu/publications/working-papers/abstract?id=6084.; Levitt, P., The transnational villagers, University of California Press, (Berkeley, 2001).

65 Ibid, p13.

66 Gould, D., Immigrant Links to the Home Country: Empirical Implications for U.S. Bilateral Trade Flows, *The Review of Economics and Statistics*, 76(2), (1994). p302-316.; Rauch, J. and V. Trindale, Ethnic Chinese Networks in International Trade, *The Review of Economics and Statistics*, 84(1), (2002). p. 116-130.; Head, K. and J. Ries, Immigration and Trade Creation: Econometric Evidence from Canada, *Canadian Journal of Economics*, 31, (1998). p. 47-62.; Iranzo, S. and G. Peri, Migration and trade: theory with an application to the Eastern-Western European Integration, *Journal of International Economics*, 79(1), (2009). p.1-19.; Kugler, M. and H. Rappoport, Migration, FDI and the Margins of Trade, (2011). Available from: www.hks.harvard.edu/content/download/69207/1249638/version/1/file/222.pdf; Peri, G. and F. Requena, The Trade Creation Effect of Immigrants: Evidence from the Remarkable Case of Spain, *Canadian Journal of Economics*, 49, (2010). p. 1433-1459.; Herander, M. and L. Saavedra, Exports and the Structure of Immigrant-Based Networks: the Role of Geographic Proximity, *The Review of Economics and Statistics*, 87(2), (2005).

67 Constant, A.F. and K.F. Zimmermann, Diaspora economics: New perspectives, UNU-MERIT Working Paper No. 2016-042, (2016). Available from: www.merit.unu.edu/publications/working-papers/abstract?id=6084.; Levitt, P., The transnational villagers, University of California Press, (Berkeley, 2001), p2.

68 Beyene, H.G., Are African diasporas development partners, peace-makers or spoilers? The case of Ethiopia, Kenya and Nigeria, *Diaspora Studies*, 8(2), (2015). P. 145-161.

economic development. Yet, while this positive connection has been extensively documented, causality has yet to be conclusively established^[69] with the exception of few studies which, for instance, make use of natural experiments for the random allocation of Vietnamese refugees (and the resulting migrant networks) in the United States; a similar approach was used for Sweden by Edin et al., (2003).^[70] Careful estimation of the causal relationship between migration and trade may allow for deduction of a positive long-term economic benefit of the inflow of workers, namely export creation, hence highlighting “a strong channel through which networks may foster development”.^[71] Using a natural experiment - the inflow of Vietnamese Boat People to the US - Parsons and Ve zina (2014) provide proof that between 1995 and 2010, United States’ exports to Viet Nam were more substantial and more diversified in states with a larger Vietnamese population resulting from refugee inflows during the previous two decades.

Aside from the traditional approach which stressed economic push and pull factors and employed a “human capital investment” theoretical framework, empirical research in the past decade has been focusing on the importance of noneconomic determinants in migration-related decisions including distance and cultural links,^[72] ability to speak the language^[73], geographical, cultural, and demographic forces, migration policies and network effects^[74], confidence in the home country’s institutions,^[75] satisfaction with local amenities, public services and security^[76] and violence in the country.^[77]

Andersen and Dalgaard (2011), for instance, find positive effects of travel intensity on total factor productivity.^[78] The researchers established that knowledge diffusion is associated with the intensity of temporary cross-border flows of people. Aleksynska and Peri (2014) prove that individuals employed directly in business network occupations produce a large and significant additional effect on trade, and especially on exports from their home countries^[79]. The authors recommend that those immigrant workers “should be the ones directly involved in the diffusion and transmission of information relevant for companies trading with other countries.” The Chinese diaspora, as one example, has contributed 70 per cent to China’s FDI from 1985 to 2000.^[80] Armenia and Israel are the largest per capita recipients of United States foreign aid thanks to their powerful and resourceful diaspora groups in the United States.^[81]

Furthermore, diasporas also purchase the products of their homeland and thus introduce the goods to the market of their new country of residence. This introduction can either happen through import (hence strengthening the export economy of the homeland) or through entrepreneurial immigrants that start their

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- 69 Felbermayr, G., V. Grossmann and W. Kohler, Migration, International Trade and Capital Formation: Cause or Effect? IZA Discussion Paper No. 6975, (2012). Available from: <http://anon-ftp.iza.org/dp6975.pdf>.; Newland, K. and S. Plaza, What we know about Diaspora and Economic Development, Migration Policy Brief No 5, (2013).
- 70 Parsons, C. and P.-L. Vezina, Migrant Networks And Trade: The Vietnamese Boat People As A Natural Experiment, University Of Oxford, Department Of Economics Discussion Paper Series, (2014).
- 71 Ibid, p. 20.
- 72 Belot, M. and T. Hatton, Immigrant selection in the OECD. CEPR Working Paper No. 6675, (2008).
- 73 Adsera, A. and M. Pytlikova, The role of language in shaping international migration, IZA Discussion Paper No. 6333, (2012). Available from: www.iza.org/en/webcontent/publications/papers/viewAbstract?dp_id=6333.
- 74 Mayda, A. M., International Migration: a Panel Data Analysis of the Determinants of Bilateral Flows, *Journal of Population Economics*, 23, (2010). 1249–74.
- 75 Lam, K.-C., Interaction between economic and political factors in the migration decision, *Journal of Comparative Economics*, 30(3), (2002). p. 488-504.
- 76 Dustmann, C. and A. Okatenko, Out-migration, wealth constraints, and the quality of local amenities, *Journal of Development Economics* 110, (2014). p. 52–63.
- 77 Friebel, G., J. M. Gallego, M. Mendola, Xenophobic attacks, migration intentions and networks: evidence from the south of Africa, IZA Discussion Paper No. 5920, (2011). Available from: www.iza.org/conference_files/LeIIIi2010/friebel_g1341.pdf.
- 78 Andersen, T. B. and C.-J. Dalgaard, Flows of people, flows of ideas, and the inequality of nations, *Journal of Economic Growth*, 16(1), (2011). p. 1–32.
- 79 Aleksynska, M. and G. Peri, Isolating the network effect of immigrants on trade, *The World Economy*, 37(3), (2014). p434-455.
- 80 Kuznetsov, Y. (ed.), *Diaspora Networks and the International Migration of Skills: How Countries Can Draw on Their Talent Abroad*, World Bank Institute, World Bank, (Washington, DC, 2006).
- 81 Shain, Y., Role of Diasporas in Conflict Perpetuation or Resolution, *SAIS Review*, 22(2), (2002). p. 115-144.

own business and potentially hire other immigrants from their country of origin who are familiar with the product or service. In the case of El Salvador, a major country of origin of low-skilled immigrants in the United States, Orozco (2013) stressed that the diaspora's demand for traditional goods accounted for as much as 10 per cent of El Salvador's total global exports.

Diasporic tourism is a key example of trade in services and the diasporic economy.^[82] While a promising sector, research on it is still in its infancy (Nurse and Kirton list the examples). Yet, there are several distinct benefits: "Diaspora populations can play a unique and important role in opening markets for new tourism destinations as well as markets for goods produced in and associated with the cultures of their countries of origin. Tourists from the diaspora are more likely than other international travelers to have or make connections with the local economy".^[83]

Diaspora tourism can boost foreign exchange earnings while creating jobs for locals that cater to tourism. International tourists primarily choose international resorts and often choose not to leave the compound (or cruise ship), especially if they do not master the local language and are unfamiliar with the local culture. Diaspora, on the other hand, may stay in hotels operated by locals, eat in local restaurants and shop for indigenous services and goods to bring back home, "thus pouring money directly to [sic] the local economy".^[84] This is especially beneficial for small and medium-sized enterprises as well as marginalized groups "which often find themselves on the periphery of the formal tourism sector and on the wrong side of the digital divide."^[85] Countries with long-established and well-to-do diaspora communities have the potential to gain from such tourism. As many Caribbean countries, such as Guyana, Suriname and Jamaica, as well as some African countries denote a high emigration rate of tertiary-educated citizens, making vacation in the (ancestral) homeland and potentially even retirement appears to be a strategy worth pursuing – however, the latter may depend on the portability of benefits accrued abroad.

Other studies provide evidence of the positive link between the presence of immigrants and trade with their countries of origin: Investigating one major country of immigrant settlement, Canada, Head and Ries (1998) showed (using augmented gravity equation) that a 10 per cent increase in the number of immigrants is associated with a 1 per cent increase in Canadian exports to the respective immigrant group's home country and a 3 per cent increase in imports.^[86] Researching the same question looking at Iranians, a major global diaspora, Haidar and Mirjalili (2016) showed that destinations with more Iranian emigrants attract more Iranian exporters and allow them to survive longer and grow faster.^[87] Other research has pointed out the positive relationship between the (foreign) country of education of African leaders and FDI to the country.^[88]

3.2 Migration and Diaspora Investments

Many of governments today are acknowledging the contributions their overseas workers can make to the country of origin^[89] They now recognize that removing bureaucratic and legal barriers such ban on

82 Nurse, K. and C. Kirton, Caribbean Diasporic Entrepreneurship. Analytical Report (2014). Available from: http://competecaribbean.org/wpcontent/uploads/2015/05/RGCC1056_Caribbean_Diaspora_Entrepreneurs_Analytical_Report_Final.pdf.

83 Agunias, D. R. and K. Newland, Developing a road map for engaging diasporas in development: A handbook for policymakers and practitioners in home and host countries, International Organization for Migration and Migration Policy Institute, (Washington DC, 2012), p. 215.

84 Constant, A.F. and K.F. Zimmermann, Diaspora economics: New perspectives. UNU-MERIT Working Paper No. 2016-042, (2016). p.12.

85 Nurse, K. and C. Kirton, Caribbean Diasporic Entrepreneurship. Analytical Report (2014). Available from: http://competecaribbean.org/wpcontent/uploads/2015/05/RGCC1056_Caribbean_Diaspora_Entrepreneurs_Analytical_Report_Final.pdf. p. 20.

86 Head, K. and J. Ries, Immigration and Trade Creation: Econometric Evidence from Canada, Canadian Journal of Economics, 31, (1998). p. 7-62.

87 Haidar, J. I. and S. H. Mirjalili, Bridging Iranian Exporters with Foreign Markets: Does Diaspora Matter?, Journal of Economic Integration, 31(3), (2016). p609-630.

88 Constant, A.F. and B.N. Tien, African Leaders: Their Education Abroad and FDI Flows, IZA DP No. 5353, (2010). Available from: <http://ftp.iza.org/dp5353.pdf>.

89 Constant, A.F. and K.F. Zimmermann, Diaspora economics: New perspectives, UNU-MERIT Working Paper No. 2016-042, (2016). p. 12.

dual citizenship or enabling the portability of (pension) benefits will make it less costly and difficult for (permanent) migrants to return and contribute to their country of origin (for evidence for Germany and Spain, see Leblang, 2011). Realizing the potential contribution of diasporas to development several countries have set up government institutions specifically mandated to link up with diasporas^[90] but they have so far had only modest success.^[91]

Two of the main source countries of (skilled) migrants, India and China, have established programs for linking with their diasporas. The Indian government created the Ministry of Overseas Indian Affairs (MOIA) in 2004,^[92] while continuing a national scheme created in 2002 to encourage the return of talents (such as the Returnee Service Center) and serve as a single window to assist returnees with settlement. In China first- and second-tier cities have their own local-government led policies and initiatives such as low-interest loans and housing subsidies. Guangzhou, for example, greets their returnees with a “golden hello” (jianmainli) worth RMB100,000 (USD 14,000) should they decide to return for work.^[93]

Similar programs to link with diasporas are also found in other countries. South Africa created SANSA (South African Network of Skills Abroad) in 2001; Columbia established the Caldas Network which deals with expatriate scientists and professionals and ponders ways to link them to the local scientific community. Those two countries were the first to introduce the idea of the scientific diaspora.^[94] Mali serves as an example of a smaller country that has created a variety of government entities and initiatives charged with dealing with their diaspora: General Delegation of Malians Abroad (DGME), the Information Center for the Management of Migration (CIGEM), the Co-Development programme (CODev).

Ethiopia tapped its diaspora for a major hydroelectric power-generating project, the Grand Ethiopian Renaissance Dam (GERD), by giving out government bonds. This mega project is considered as empowering the country.^[95] It is estimated that USD 173 million was contributed by the global Ethiopian diaspora through bonds just in 2006.^[96] By 2014, USD 435 million has been sent^[97] and half of the Dam was declared completed in September 2016.^[98] Beyene (2015) estimates that the annual diaspora markets that can be tapped by issuing bonds for Ethiopia is USD 4 billion; for Nigeria is USD 6 billion and for Kenya is USD 3 billion. He concludes that African diasporas are “vested with enormous unexploited resources”.^[99]

Aside from the Dam project, the Ethiopian diaspora works on other development and infrastructure issues: for instance, the Tigray Development Association, a community-based development organization, founded by the diaspora in Washington DC, has 800,000 members all over the world. Its intervention areas are education, health, unemployment reduction, women empowerment, sports, culture and art, and the promotion of

90 Gamlen, A., The rise of diaspora institutions. In: *Diasporas Reimagined, Spaces, Practices and Belonging* (N. Sigona, A. Gamlen, G. Liberatore and H. Neveu Kringelbach), (2015). Available from: www.migration.ox.ac.uk/odp/Diasporas%20Reimagined%20full%20book%20low%20res.pdf; and Taylor et al., (2015).

91 Newland, K. and S. Plaza, What we know about Diaspora and Economic Development, Migration Policy Institute, Policy Brief No 5, (Washington DC, 2013). Available from: <http://www.migrationpolicy.org/research/what-we-know-about-diasporas-and-economic-development>.

92 However, MOIA was later abolished and since the beginning of 2016 has become a division within the Ministry of External Affairs.

93 Biao, X., Emigration trends and policies in China: Movement of the wealthy and highly skilled, Migration Policy Institute, (Washington DC, 2016).

94 Tejada, G. and J.C. Bolay, Scientific Diasporas As Development Partners. *Skilled Migrants From Colombia, India And South Africa In Switzerland: Empirical Evidence And Policy Responses*, Peter Lang AG, (Bern, 2010).

95 Abbink J., Dam controversies: contested governance and developmental discourse on the Ethiopian Omo River dam, *Social Anthropology*, 20(2), (2012). p125–44.

96 March 2008 World Bank info cited by Beyene, H.G., Are African diasporas development partners, peace-makers or spoilers? The case of Ethiopia, Kenya and Nigeria, *Diaspora Studies*, 8(2), (2015).

97 Kebede, 2014 cited in Beyene, H.G., Are African diasporas development partners, peace-makers or spoilers? The case of Ethiopia, Kenya and Nigeria, *Diaspora Studies*, 8(2), (2015).

98 The Ethiopian Herald, East Africa: A Project That Link Up East African, African Society, (2016). Available from: <http://allafrica.com/stories/201609191291.html>

99 Beyene, H.G., Are African diasporas development partners, peace-makers or spoilers? The case of Ethiopia, Kenya and Nigeria, *Diaspora Studies*, 8(2), (2015). p156.

tourism. Beyene reports that 549 primary schools and 15 secondary schools have been built in Tigray region, and 16 war-affected primary schools have been rehabilitated.^[100]

The Ethiopian diaspora is a major player: spread out over a variety of countries, the majority of them have settled in the United States. Slightly over 749,000 emigrants (2013 data, World Bank 2016b; not counting in the stock of refugees) sent home 624 million in 2012 (2012 data, World Bank 2016b), 180.9 million came from 180,000 US-Ethiopians alone. In addition, the percentage of tertiary-educated Ethiopians among the emigrants is quite high with 23.7 per cent (2013 data, World Bank 2016b).^[101]

Ethiopians in the United States have established many well-funded organizations throughout the United States (45 organizations were analyzed by the Rockefeller Foundation-Aspen Institute Diaspora Program (RAD) that are taking care of social services, integration and needs of newly-resettled Ethiopians (and members of other refugees populations). Aside from that the Ethiopian diaspora organizations are collecting money for development in the homeland, for instance for the GERD project.

In the summer of 2016, after witnessing the very public political protest of long distance runner Feyisa Lilesa during the Olympics, the diaspora started setting up various Gofundme accounts - an online crowdsourcing platform - to collect money to support the political agenda of the athlete as well as provide for his personal safety. As of October 2016, USD 163,346 has been collected.

Case Study 2

Ethiopia Commodity Exchange (ECX): An Example of Diaspora Institutional Entrepreneurism

Ethiopia was the first country on the African continent to establish a commodity exchange market in April 2008. To this day, it is the only functioning commodity exchange among the Least Developed Countries and, after South Africa, the only sustainable one in Africa.^[102] Over the years, ECX has garnered ample praise for its efforts by African media but also the BBC and PBS (the latter dedicated a documentary to ECX). The primary purpose was to trade Ethiopian agricultural products — among them coffee, the country's highest-valued exported product with 27 per cent of all exports. In this new marketplace buyers and sellers “can come together to trade and be assured of quality, delivery and payment”.^[103] Aside from the trading floor in Addis Ababa, six warehouse delivery locations (using Warehouse Receipts Systems), and 20 electronic price tickers in major market towns were created, thus establishing a functioning system for handling, grading, and storing crops. ECX, described as “a public-private partnership with strong policy supports”^[104] was officially launched by then-Prime Minister Meles Zenawi at a ceremony on April 4. According to IFPRI, the Prime Minister expected that the commodity exchange market will “revolutionize the country's backward and inefficient marketing system.” Agricultural markets in the East African country have been struggling for a long time with high transaction costs and excessive risk. “With only one third of output reaching the market, commodity buyers and sellers tend to trade only with those they know, to avoid the possibility

100 Beyene, H.G., Are African diasporas development partners, peace-makers or spoilers? The case of Ethiopia, Kenya and Nigeria *Diaspora Studies*, 8(2), (2015). p147.

101 World Bank, *Migration and Remittances Factbook*, (2016b). Available from: <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:21352016~pagePK:64165401~piPK:64165026~theSitePK:476883,00.htm>.

102 Hernandez, M.A., S. Rashid, S. Lemma, T. Kuma, *Institutions and Market Integration: The Case of Coffee in the Ethiopian Commodity Exchange*, IFPRI Discussion Paper 01464, (2015).1f. Available from: <http://ebrary.ifpri.org/utills/getfile/collection/p15738coll2/id/129604/filename/129815.pdf>.

103 International Food Policy Research Institute (IFPRI), *Ethiopia's Commodity Exchange opens its doors*, Press Release, (2008). Available from: www.ifpri.org/news-release/ethiopias-commodity-exchange-opens-its-doors.

104 Hernandez, M.A., S. Rashid, S. Lemma, T. Kuma, *Institutions and Market Integration: The Case of Coffee in the Ethiopian Commodity Exchange*, IFPRI Discussion Paper 01464, (2015). p1. Available from: <http://ebrary.ifpri.org/utills/getfile/collection/p15738coll2/id/129604/filename/129815.pdf>.

of being cheated or default”.^[105] Small-scale farmers, responsible for 95 per cent of Ethiopia’s output, enter the market with little information about prices and often find themselves unable to negotiate better prices with the local merchants. ECX aimed to correct these market failures: inadequate infrastructure, information asymmetry, and missing institutions, and so forth.^[106]

Commodity traders are now matching offers and bids for transactions, with a risk-free electronic payment and goods delivery system to settle transactions. The exchange created a transparent trading environment through:

- aggressive market data dissemination to all market actors,
- clearly defined rules of trading, warehousing, payments, delivery and business conduct, and
- an internal dispute settlement mechanism (IFPRI 2008).

In short, traders now have access to credit, market information, transport, contract enforcement and other vital resources.

The Ethiopia Commodity Exchange (ECX) is framed as the brainchild of Ethiopian economist Eleni Gabre-Madhin.^[107] Raised and trained in the US, Gabre-Madhin returned to her country of birth to establish ECX which utilizes the internet to connect the trading floor in Addis Ababa with warehouses and production sites in the country.^[108] Described as an “Institutional Entrepreneur” by Brinkerhoff, 2015, Gabre-Madhin did “not merely respond to enabling conditions”. Instead she initiated “action, including networking with other reformers, to create them”.^[109] While she did not have the financial resources and authority to change the trading system in Ethiopia, she (together with the Prime Minister’s Chief Economic Advisor) had “discursive power” and used her standing as an foreign-educated expert and person with “moral power ... appealing to others based on her love of country and compatriots” to convince through “private persuasion” those with the necessary authority and structural/compulsory power, in this case the Prime Minister and his designated officials, as well as those with financial resources (donors). Gabre-Madhin suggested to proceed in a similar fashion as during earlier projects “where innovation was initiated through outside management contracts with term limits and an Ethiopianization strategy”.^[110] Aside from getting outside council, Gabre-Madhin alerted to two new advantages: the vast talent pool in the diaspora and the local talent pool. Being able to recruit those professionals would enable a faster Ethiopianization of ECX. Funds provided by USAID and UNDP were enough to support nine expatriate professionals for the initial phase.

ECX harnessed innovation and technology to create a reliable market that allows farmers to sell their products (for instance, advanced telecommunications is used to make price information available to farmers and small traders). This ensures that farmers in regions with high-yielding harvest can sell their products in parts of Ethiopia that were not as fertile that year. Human and economic development is boosted when farmers can get fair prices and the country as a whole is less at risk of a food crisis.

105 International Food Policy Research Institute (IFPRI), Ethiopia’s Commodity Exchange opens its doors, Press Release, (2008). Available from: www.ifpri.org/news-release/ethiopias-commodity-exchange-opens-its-doors.

106 Hernandez, M.A., S. Rashid, S. Lemma, T. Kuma, Institutions and Market Integration: The Case of Coffee in the Ethiopian Commodity Exchange, IFPRI Discussion Paper 01464, (2015). Available from: <http://ebrary.ifpri.org/utils/getfile/collection/p15738coll2/id/129604/file/129815.pdf>.

107 Gagliardone, I. and F. Golooba-Mutebi, The Evolution of the Internet in Ethiopia and Rwanda: Towards a “Developmental” Model?, In Stability: International Journal of Security & Development, 5(1):8, (2016). p1–24; . Brinkerhoff, J. M., Institutional Reform and Diaspora Entrepreneurs: The In-Between Advantage, Oxford University Press, (2016).

108 Gagliardone, I. and F. Golooba-Mutebi, The Evolution of the Internet in Ethiopia and Rwanda: Towards a “Developmental” Model?, In Stability: International Journal of Security & Development, 5(1):8, (2016).

109 Brinkerhoff, J. M., Agency In Institutional Reform: Creating The Ethiopia Commodities Exchange, Public Administration and Development, (35), (2015). p305.

110 Ibid., p306.

After 1000 days of operation products worth USD 1 billion of traded commodity value were traded, 450 members and 6000 clients, “and essentially an error-free system: no system down days, trading order errors, payment delays, or payment defaults”.^[111] Gabre-Madhin exclaimed the ECX traders demonstrate the ‘New Ethiopia’ (Brinkerhoff, 2016).^[112] July 2012, the fiscal year Gabre-Madhin and the other USAID/ UNDP sponsored expatriate professionals transferred their posts to local staff “ECX traded 608 000 tons of commodities valued at over USD1.5 billion; the market information system was receiving 1.1 million phone inquiries per month; and the trading system linked 2.4 million farmers”.^[113] Gabre-Madhin and the international team introduced not only new information and skills but also ideas and value such as punctuality and allowing oneself to fail (and learn from it) (social remittances).

After the handover to the local team, the government continues to provide legal support, and enforces the ECX as the commodities trade institution of Ethiopia. Furthermore, the organizational structures which were set up by the international professionals - including the requisite technology— were adopted by the new Ethiopian-led management.^[114] ECX prescribes itself to the principles of good governance: transparency, predictability, and responsiveness).

The International Food Policy Research Institute (IFPRI) which trained Gabre-Madhin and which supported the establishment of ECX during Phase 1 of IFPRI's Ethiopia Strategy Support Program (ESSP) empirically assessed ECX. The research team did this looking closely at how ECX has influenced the international-domestic price relationships of coffee—the largest traded commodity on its floor—and came to the conclusion that ECX had only limited impact on improvement of coffee price relationships (Hernandez et al 2015). “These stories,” the researchers maintain, “represented the promise that, if designed properly, the commodity exchanges might have the potential to address some of the most intricate development challenges of our times...^[115] Hence, the research team reason that despite the early news of success, further assessment and close monitoring and evaluation of the impact is necessary.

It is essential to keep in mind that this assessment only looked at coffee price relationships. The principal target of ECX - food security - has not yet been achieved^[116] (in fact, Eleni Gabre-Madhin's desire to establish ECX stemmed from witnessing the 1984 and 2002 famines in her country of birth on TV).

Another example is the Mi Comunidad (My community) project which was established by the Mexican state of Guanajuato – a major source of migrant labour – in 1996. Investigations into the success of Mi Comunidad are highly inconsistent (Torres and Kuznetsov, 2006,^[117] called it promising while Iskander, 2005^[118] pointed it its failures). Other initiatives that rely on diaspora contributions are run by international organizations such as UNDP's Live Lebanon which focuses on four areas of development: Young Lebanon, Green Lebanon, Prosperous Lebanon, and Healthy Lebanon.

111 Gabre-Madhin, (2011a) in *Ibid.*, p311.

112 Brinkerhoff, J. M., *Institutional Reform and Diaspora Entrepreneurs: The In-Between Advantage*, Oxford University Press, (2016).

113 ECX, (2012) in Brinkerhoff, J. M., *Agency In Institutional Reform: Creating The Ethiopia Commodities Exchange*, Public Administration and Development, (35), (2015). p311

114 Brinkerhoff, J. M., *Agency In Institutional Reform: Creating The Ethiopia Commodities Exchange*, Public Administration and Development, (35), (2015). p311

115 Hernandez, M.A., S. Rashid, S. Lemma, T. Kuma, *Institutions and Market Integration: The Case of Coffee in the Ethiopian Commodity Exchange*, IFPRI Discussion Paper 01464, (2015).1f. Available from: [http:// ebrary.ifpri.org/utills/getfile/collection/p15738coll2/id/129604/filename/129815.pdf](http://ebrary.ifpri.org/utills/getfile/collection/p15738coll2/id/129604/filename/129815.pdf)

116 Brinkerhoff, J. M., *Institutional Reform and Diaspora Entrepreneurs: The In-Between Advantage*, Oxford University Press, (2016).

117 Torres, F. and Y. Kuznetsov, *Mexico: Leveraging Migrants' Capital to Develop Hometown Communities*, p99-128 in Y. Kuznetsov (ed.), *Diaspora Networks and the International Migration of Skills*. World Bank Institute, (Washington DC, 2006).

118 Iskander, N., *Social learning as a productive project: The Tres por Uno (three for one) experience at Zacatecas, Mexico*, Migration, Remittances, and Development, OECD, (Paris, 2005).

This section likewise discusses the role of hometown associations (HTA) as nodes of transnational networks and how they - propelled by national loyalties and the feeling of nostalgia, but also entrepreneurial flair - facilitate development in the form of communal public goods in the sending community.^[119] These HTA efforts are nevertheless susceptible to criticism. This criticism is mostly directed at questions of sustainability of efforts when no money is allocated for maintenance, unfair distribution to already wealthier sending communities (in particular when contributions are matched with public money making the efforts regressive), focus on vanity projects (such as beautification of public spaces) instead of much-needed sanitation improvement, crowding out of public funding, cutback in remittances to migrant-sending households, and so forth. Aside from that, even long-standing and big-budget HTA projects such as the Mexican tres por uno (3x1) program which goes back to the 1970s and had a budget of USD1.7 billion in 2010^[120] are rarely subject to rigorous evaluations^[121] with the exception of Duquette-Rury (2014) on Mexico's program.^[122] Further promising empirical evidence was found for the cases of HTAs formed by diaspora members from Burkina Faso and Mali in France (increase in public good provision).^[123]

Well-to-do professionals often have a sense of obligation to the academic institutions that educated them before their successful migration overseas, thus such alumni may support philanthropic activities by sending money, through transferring critical information and technology, and the like^[124] This so-called professional transnationalism has the potential to change the scientific expertise and technological know-know in the countries of origin. The Ministry of Education, Science, Technology and Innovation of Barbados, a major source country of tertiary-educated professionals in the US, Canada and the UK, has set up the National Development Scholarship Scheme. Bajan high-school or college graduates that have gained admission at a university in the US, Canada or the UK can apply for scholarships in twenty-three selected academic fields ranging from medical services, energy and media. The scholarship covers tuition, plane ticket and living allowance. Successful applicants are obliged to enter a bond with sureties to return and work in Barbados on completion of the course. Each year of awarded scholarship equals one year of work in the country of origin (Government of Barbados, Ministry of Education, Science, Technology and Innovation).

3.3 Migration and Capital Flows

Academia has found that migrant networks, by providing a channel of knowledge diffusion, and (informal) enforcement mechanisms, reduce the information, communication, transaction and set-up costs between locations^[125] This information and exposure to networks help boost the confidence of non-diaspora member

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- 119 Portes, A. and P. Fernández-Kelly, *The State and the Grassroots: Immigrant Transnational Organizations in Four Continents*, Berghahn Books, (New York and Oxford, 2016); Orozco, M. and E. Garcia-Zanella, *Hometown Associations: Transnationalism, Philanthropy, and Development*, *Brown Journal of World Affairs*, (2009), xv(ii).
- 120 Duquette-Rury, L., *Collective remittances and transnational coproduction: the 3x1 program for migrants and household access to public goods in Mexico*, *Studies in Comparative International Development*, (2014), 49:112-39
- 121 McKenzie, D. and D. Yang, *Evidence on Policies to Increase the Development Impacts of International Migration*, Discussion Paper Series, CPD 38/14, (2014).
- 122 Mexico's National Council for the Evaluation of Social Development Policy (CONEVAL) comes to a negative result stating that 3x1 "has performed poorly in terms of design and impact, and its funds have not increased in real terms in the last 3 years" (González 2011). In addition, one of main points of criticism is that "the program mainly promotes investment in non productive projects, such as sport courts, churches, plazas and similar infrastructure" (Fox and Bada, 2011 as quoted in Agunias, D. R. and K. Newland, *Developing a road map for engaging diasporas in development. A handbook for policymakers and practitioners in home and host countries*. International Organization for Migration and Migration Policy Institute, (Washington DC, 2012), p64).
- 123 Chauvet, L., F. Gubert, M. Mercier and S. Mesplé-Somps, *Migrants' home town associations and local development in Mali*, (2013). Available from www.iza.org/en/papers/9624_09012014.pdf; Beauchemin, C. and B. Schoumaker, *Are migrant associations actors in local development? A national event-history analysis in rural Burkina Faso*, *World Development*, (2009), 37(12):1897-1913.
- 124 Vertovec, S., *Migrant Transnationalism and Modes of Transformation*. *International Migration Review*, (2004), 38(3); Guarnizo, L. E., *The Economics of Transnational Living*. *International Migration Review*, 37(3):666-699, (2003). Saxenian, A. *Silicon Valley's New Immigrant Entrepreneurs*, 1999. Available from www.ppic.org/content/pubs/report/R_699ASR.pdf
- 125 Rauch, J. and V. Trindale, *Ethnic Chinese Networks in International Trade*. *The Review of Economics and Statistics*, (2002), 84(1):116-130.

investors in the emerging and underdeveloped markets (that lack the infrastructure and ideal environment of advanced economies) while at the same time including the new market to the global supply chain.

A 2011 study by Kerr and Foley provided evidence that US firms that count a large number of Chinese Americans among their employees find it much easier to set up operations in China thus forgoing the necessity to establish a joint venture with a local firm. This study builds on older investigation of entrepreneurship and small business investment in a variety of countries by Massey and Parrado (1998), McCormick and Wahba (2001), Dustmann and Kirchkamp (2002), Woodruff and Zenteno (2007). Within the United States, cities and regions have started policy initiatives that focus on specific issues that have been found to be obstacles for immigrant entrepreneurs who wish to set up or grow their businesses (e.g., language barriers, difficulty navigating the local bureaucracy, or lack of capital to pilot projects) (such as Thrive competition in New York City, the Office of New Americans in Chicago, and the White House Startup America initiative).^[126] Diasporas are also playing a significant role in the revitalization of urban (re-) generation. Moroccan diasporas invested in urban real estate and businesses in their region of origin. This also led to more internal migration to these (re-) vitalized urban centers.^[127]

Another positive example of forging ties between diasporas and their cities in the homeland is teaming two cities – one in the country of origin and one in the destination.^[128] A cooperation process to partner Dakar and Venice is currently being discussed. The local government in Dakar connects with the Senegalese Confederation for the Promotion of Small and Medium Enterprises and Entrepreneurship among Migrants. Behind these efforts is the idea is to provide support for Senegalese diaspora businesspeople with business investment opportunities in Dakar.^[129]

A similar idea stands behind the online marketplace operated by the Lebanese Business Network (LBN, 2013). Its aim is to match businesses, provide industry information, identify opportunities; and create links between Lebanese entrepreneurs, business diaspora, and international businesses. Diasporas are also playing a significant role in the revitalization of urban (re-)generation. Moroccan diasporas invested in urban real estate and businesses in their region of origin. This also led to more internal migration to these (re-) vitalized urban centers.^[130]

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Receiving countries may also tap into their immigrant communities for revitalization purposes. One such example is outlined in Promising Practice 4 below.

126 Pekkala Kerr, S. and W.R. Kerr, Immigrant Entrepreneurship. Working Paper 17-011, (2016). Available from: www.hbs.edu/faculty/Publication%20Files/17-011_da2c1cf4-a999-4159-ab95-457c783e3fff.pdf

127 International Organization for Migration (IOM), World Migration Report, Migrants and Cities: New Partnerships to Manage Mobility, (Geneva, 2015).

128 Constant, A.F. and K.F. Zimmermann, Diaspora economics: New perspectives, UNU-MERIT Working Paper No. 2016-042, (2016). Available from: www.merit.unu.edu/publications/working-papers/abstract?id=6084.

129 International Organization for Migration (IOM), World Migration Report, Migrants and Cities: New Partnerships to Manage Mobility, (Geneva, 2015).

130 Ibid.

131 Constant, A.F. and K.F. Zimmermann, Diaspora economics: New perspectives, UNU-MERIT Working Paper No. 2016-042, (2016). Available from: www.merit.unu.edu/publications/working-papers/abstract?id=6084.

132 International Organization for Migration (IOM), World Migration Report, Migrants and Cities: New Partnerships to Manage Mobility, (Geneva, 2015).

Promising Practice 4: Revitalization in US Cities through Diaspora Connectivity

Not only countries of origin are seeking out the assistance of their diaspora for the (re-) vitalization of urban centers and rural regions. Some cities in the Midwest of the United States have turned to their immigrant communities to repopulate their de-industrialized former centers. Dayton, Ohio, for instance, strives to lure immigrants from the Philippines, Latin America and Turkey to the city.

Plagued by decades of population decline and high unemployment rates, Dayton's Human Relations Council commissioned a study on Immigrant Communities and Housing Issues in 2009. City officials realized that new waves of immigrants, especially of Turkish decent, were beginning to move into the city (some from other parts in the United States, so-called secondary migration, few from abroad) and have established themselves on the fringes of the city whose racial makeup was 52 per cent Caucasian and 43 per cent African-American (2010 Census). Among the new residents were 10,000 Muslims from all backgrounds, many of them with Turkish roots who came to the United States as refugees who fled persecution in Russia and other former Soviet bloc countries, but also other war-torn African countries. In 2006, a small handful of Ashika Turks, a stateless ethnic minority, were resettled in Dayton.

Yet, in 2010, the city of 141,000 people still had 14,000 empty dwellings. As city officials took further stock of the situation they learned that many municipal and private institutions were already trying to attract immigrant populations. After hosting town hall meetings and getting the residents on board asking "What is possible if Dayton became a city that intentionally welcomed immigrants?", the City Commission voted unanimously for the Welcome Dayton - Immigrant Friendly City Plan in October 2011.^[133] In February 2012, the United States Department of Housing and Urban Development awards a grant to the City to fund Welcome Dayton efforts. Collaborating with local organizations and immigrant representatives, the city found interpreters for public offices, added foreign-language books in libraries and arranged for English classes. Even teachers went back to school to learn the languages of the newcomers. Furthermore, the Dayton Area Chamber of Commerce launched a Minority Business Partnership (MBP). Its aim is to support and encourage business development by immigrants and other minority groups Dayton and surroundings. The four areas of action are health and social services, education, improvement of city services, and business and economic development.

Once everything was set up, local political and business leaders turned their attention to recruitment of highly-skilled and low-wage immigrants. A Turkish community leader approached the newly elected mayor about inviting immigrants from Turkey to settle in Dayton, thus sparking "Immigration as momentum of change".^[134] Turkish community leaders told friends that neighbours were tolerant of their Muslim faith.^[135] In 2012, following the requests of the diaspora leader, the Mayor of Dayton travelled to Turkey with his "expeditionary team" - a group of local business leaders - to strengthen the city's reputation as a hub for Turkish Immigrants, thus, "seeking to capitalize on the city's newfound role as a center of Turkish immigration and business activity".^[136] The city "is actively looking to exploit the new cultural ties [the new immigrants] have created between their new and old homes".^[137] In addition, representatives from the Dayton Area Chamber have also become active, for instance, meeting with Turkish officials and setting up new connections during a visit to Washington, D.C.

133 Altman, A., Put out the welcome mat, One Ohio city's growth strategy?, Immigrants, Time Magazine, (2014). p.16.

134 Preston, J., Ailing Midwestern Cities Extend a Welcoming Hand to Immigrants, New York Times, (2013). Available from: www.nytimes.com/2013/10/07/us/ailing-cities-extend-hand-to-immigrants.html?_r=0.

135 Altman, A., Put out the welcome mat, One Ohio city's growth strategy? Immigrants, Time Magazine, (2014).

136 Free Enterprise, Dayton Attracts Immigrants to Increase Economic Vitality, (2013). Available from: <http://archive.freeenterprise.com/entrepreneur/dayton-attracts-immigrants-increase-economic-vitality>.

137 Bornstein, D., Immigrants Welcome Here, New York Times, (2013). Available from: <http://opinionator.blogs.nytimes.com/2014/02/19/immigrants-welcome-here/>; Free Enterprise, Dayton Attracts Immigrants to Increase Economic Vitality, (2013). Available from: <http://archive.freeenterprise.com/entrepreneur/dayton-attracts-immigrants-increase-economic-vitality>

Despite the relatively high crime and unemployment rate (pre-recession), Dayton is interesting for new settlers because of its safe environment, low cost of living and nearby universities and military bases (which later became costumers of immigrant trucking business). Ultimately, the welcoming nature and general goodwill of the local residents and the efforts by the local immigrant community was cited as a factor behind the decision to move.

Turkish community leaders estimated that the newcomers had invested USD 30 million so far (including real estate, materials purchases and the value of their labour).^[138] Given their income, it is estimated that Dayton's foreign-born population also contributed more than USD 15 million in state and local taxes (this includes property, income, and sales taxes levied by the State of Ohio or by the municipal government). While the share of Dayton's population that was foreign-born stood at 2.7 per cent in 2009, by 2013 it had increased to 4.6 per cent and now stands at 6,532.^[139] Aside from the inflow of immigrants from other parts in the US and overseas, Dayton has welcomed 530 Ashika Turk refugee families. City officials estimate that today 10 per cent of Ahiska Turks in the United States have found a home in north Dayton (in addition to those that immigrated directly from overseas) - primarily due to the strong networks among the oppressed minority (Altman 2014 reports 3,000 Turkish refugees in north Dayton). The newly established Ahiska Turkish American Community Center assist with services for refugees. Aside from helping with the active recruitment of overseas Diaspora members to Dayton, Turkish community leaders have become Dayton's "best boosters, working to court foreign investment and pumping their own cash into the local economy through new trucking, logistics and real estate businesses."^[140]

The City of Dayton was honoured by the United States Chamber of Commerce as one of seven enterprising cities in 2013^[141] and in 2015, the White House Task Force on New Americans cited Dayton as a Best Practice for their efforts in the Strategic Action Plan for Immigrant and Refugee Integration (Welcome Dayton; The White House)

The unemployment rate in the city went down from 14.3 per cent in January 2010 to 9.1 per cent in August 2013 and, finally, 4.4 per cent in August 2016.^[142]

The latest Dayton Region Economic Outlook (2016) notes the labour shortage: while there are plenty of job openings, in particular in the manufacturing sector, employers have issues finding skilled and qualified workers. Talent is being drawn away by attractive offers from other states and cities. This unmet demand would allow the city's Welcome Dayton initiative to expand its efforts.

In sum, the city came up with policies aimed inclusion of immigrants and entrepreneurship to help them contribute to the local economy by setting up small businesses, renovate vacant houses and establish themselves, capturing the "entrepreneurial spirit that immigrants bring". Furthermore, they offered legal and visa advice and operated with local universities to find ways for doctors and engineers with foreign degrees and work experience to tackle bureaucracy and gain certifications so they could practice in the United States. Importantly, with all these efforts city officials made sure to consult and include the immigrant community envisaging the initiative as a grassroots effort, instead of a top-down, bureaucratic solution. In addition, as a trust-building exercise the police made no

138 Preston, J., Ailing Midwestern Cities Extend a Welcoming Hand to Immigrants, New York Times, (2013). Available from: www.nytimes.com/2013/10/07/us/ailing-cities-extend-hand-to-immigrants.html?_r=0.

139 Partnership for a New American Economy, Welcome to Dayton, (2015). Available from: www.renewoureconomy.org/wp-content/uploads/2015/07/Dayton-Research-Brief-FINAL-July-7-12pm.pdf.

140 Altman, A., Put out the welcome mat, One Ohio city's growth strategy? Immigrants, Time Magazine, (2014). p. 16.

141 Ibid.

142 United States Department of Labor. Bureau of Labor Statistics, Economy at a Glance, (2016). Available from: www.bls.gov/eag/eag.oh_dayton_msa.htm.

effort to pursue residents without legal status as long as they are law-abiding. Welcome Dayton^[143] was selected to participate in the Welcoming Communities Transatlantic Exchange (WCTE), a reciprocal exchange program which took place in the fall of 2016 in Germany. Integration practitioners from Germany and the United States had the opportunity to exchange best practices on welcoming and integrating refugees into their respective communities.

Promising Practice 5: Caribbean Idea Marketplace (CIM)^[144]

The Caribbean Idea Marketplace (CIM) was a business plan competition that encouraged local and diaspora entrepreneurs to forge partnerships around innovative projects that generate employment and economic opportunities in fifteen Caribbean countries (CARIFORUM region). The CIM model is based on (International diaspora Engagement Alliance) IdEA's Idea Marketplace which was successfully carried out in Africa. The call for proposals was sent out in March 2012. By the July 2012 deadline, more than 160 proposals were received. The twelve finalists received technical support to develop business plans which they presented to an independent panel of experts. CIM awarded a total of USD 100,000 in matching grants to the four winning projects. Funding came from multiple development agencies, initiatives and banks in the United Kingdom, United States and Canada as well as the Inter-American Development Bank.

The aim of this dynamic funding initiative was to:

- 1) Connect Caribbean entrepreneurs with Caribbean diaspora and other entrepreneurs in the U.S., Canada and the United Kingdom to encourage the development of new and innovative business ideas;
- 2) Promote entrepreneurship and business development in emerging industries;
- 3) Create learning networks with and among diaspora communities to share best practices, tips and resources.

The grant winning business ventures are situated in promising sectors: tank container cleaning (cargo shipping); produce and export high-margin vegetables; connect farming with online business; animation. However, Clemens (2015) argues that “almost none of the diaspora engagement programs has a clear strategy to compare outcomes under the program with what would have happened without it.”^[145]

3.4 Migration and Know-How Transfer

Policies that target “well-to-do” overseas workers generate externalities for others in the developing countries of origin. There are plenty of ideas about migration policies and motivation to implement them successfully but the lack of evidence on the efficacy of potential initiatives/policies can be a roadblock. For instance, the spillover effect from highly skilled workers coming back or circulating is hard to measure empirically.

The United Nations has established the “Digital Diaspora Network”. Its vision is to mobilize diaspora entrepreneurs and tap into their intellectual and financial resources.^[146] Scientific diaspora is defined as “the self-organized and self-mobilized scientific collaboration between diaspora researchers, scientists and medical doctors and their peers in the homeland”.^[147]

Many programs that target a specific/preferred group of people such as highly-skilled (return) migrants can be costly (at least initially) (Malaysia's Returning Expert Programme; China's Thousand Talents Programme).

143 Welcome Dayton. Available from: www.welcomedayton.org.

144 Nurse, K., C. Kirton, Caribbean Diasporic Entrepreneurship Analytical Report, (2014).

145 Clemens, M., Smart policy toward high-skill emigrants, IZA World of Labor, (2015). Available from <http://wol.iza.org/articles/smart-policy-toward-high-skill-emigrants/long>.

146 Constant, A.F. and K.F. Zimmermann, Diaspora economics: New perspectives. UNU-MERIT Working Paper No. 2016-042, (2016).

147 Ibid, p. 13

Furthermore, these initiatives may ultimately only subsidize the return of individuals who were likely to return anyway. In the case of programs that are directed at the voluntary return and reintegration of unemployed migrants or refugees, empirical evidence is primarily negative (see McKenzie and Yang 2014 for a short summary of the evidence).

Hence, a sophisticated evaluation of these programs is needed to assess not just output but also outcome and potential flaws in the design. Among the main challenges to effective design of policies to encourage “brain circulation” is a complete lack of evidence on the efficacy of potential policies.^[148]

More comprehensive efforts that aim at harnessing the diaspora for know-how transfer were envisioned by the IOM Netherland’s Temporary Return of Qualified Nationals Project (which ended in March 2016) and its continuation project: Connecting Diaspora for Development (CD4D). The latter seeks to encourage diaspora professionals to use their knowledge and expertise for the reconstruction and development of their country of origin.

Promising Practice 6: IOM Netherland’s Temporary Return of Qualified Nationals Project (TRQN)^[149]

The goal of temporary return programs targeted at qualified migrants such as TOKTEN and TRQN is to connect these migrants to their home countries for limited periods of time for consulting and knowledge-sharing. The potential impact on development is supposed to occur through the transfer of knowledge, innovation, skills, ideas and technology learned abroad with spillover effects on individuals, businesses, educational institutions and government in the home country.

The third phase of the TRQN Project (TRQN III) officially ran from December 2012 to November 2015, and ended eventually on 31 March 2016. It focused on migrants from Afghanistan, Armenia, Cape Verde, Georgia, Ghana, Iraq, Morocco, Somalia and (South) Sudan.^[150] The follow-up project, likewise funded by the Dutch Ministry of Foreign Affairs, is called CD4D (Connecting Diaspora for Development). As of April 2015, a total of 212 experts (80 per cent of those are located in the Netherlands) have taken part in the project, and 349 assignments had been completed, were underway or were about to begin.^[151] Host institutions submit Terms of Reference with details on the expertise needed. Project management then matches the skills available in the respective immigrant communities with the specific skills and expertise demanded by governmental and non-governmental institutions in the nine countries. Ultimate selection of the candidate is up to the host institution. Participation is voluntary and the experts only receive an allowance up to EUR 1,600.

One successful example cited was the mission by a team of three young medical students of Afghan origin going to Afghanistan to provide training to medical students and interns at Medical University in Kabul using updated curricula the Dutch students brought with them.^[152] During the 2.5 months long mission, over 250 Afghanis were trained. Aside from the curricula, the Dutch students brought equipment and training material with them. Post-assignment the trainers and trainees set up a Facebook group which allows them to stay in contact and spread the word about the opportunity to participate in such endeavors. The Medical Committee Afghanistan-Netherlands (MCAN)’s motto is “Connecting Kabul Medical University with updated and evidence-based medical knowledge”. In September 2016, IOM was hosted by MCAN in Utrecht to provide its members and other interested parties with an update on CD4D. Like TRQN and CD4D MCAN’s efforts are demand-driven and responsive to the specific needs of their respective colleagues in Afghanistan. Aside from collecting brand new medical

148 McKenzie, D. and D. Yang, Evidence on Policies to Increase the Development Impacts of International Migration, Discussion Paper Series, CPD 38/14, (2014).

149 IOM Netherlands, n.d., New CD4D project Connects Diaspora Expertise with Countries of Origin. Available at: <http://www.iom-nederland.nl/en/migratie-en-ontwikkeling/connecting-diaspora-for-development>.

150 Leith, J.r and A.-M. Rivas, Evaluation of the Temporary Return of Qualified Nationals Project (TRQN) III, (2015).

151 Ibid.

152 Ibid.

books for the Afghan medical students, MCAN has also started the UpToDate and E-learning Surgery projects. Furthermore, 1200 used eyeglasses and three measuring devices were collected and hand-delivered to AEDS (Afghanistan Eye Doctors Society) in Afghanistan in June 2016. The evaluators assessed the impact and relevance of TRQN III and made eleven recommendations for CD4D. Looking at the outputs (for instance number of assignments, number of experts taking another assignment) measured against the output as well as the stakeholders' feedback, the researchers concluded that TRQN III was a success.^[153] Among the main recommendations were: need for more a comprehensive monitoring and evaluation framework and baseline data against which to measure impact of the overall project (as opposed to the individual assignment).^[154] However, overall it was concluded that "individuals can make a difference through diaspora return".^[155] Those that returned under the project were committed to their (ancestral) homeland and more than 40 per cent extended their initial stay (the reason behind this was that especially in fragile countries, experts felt that the initial period was not enough to carry out the assignment; average stay was three months).

Shared language and culture was cited as critical to both the (hosting) institutions and experts. At the same time, governments' awareness of the positive contribution diasporas can play in the development was boosted. Technology transfer assignments were found to be more successful than broad management and policy capacity building assignments.^[156]

These initiatives and efforts would not have taken place without IOM's TRQN acting as a kickstarter. In addition, ICT allows MCAN members to stay in touch with their Afghani counterparts, respond to their requests and advertise their events and vision to the public. More importantly, ICT allows Dutch-Afghani doctors to provide online training to their colleagues to teach them the newest techniques and further developed their medical skills and expertise.

Like TRQN CD4D is demand-driven. This means that all assignments respond to the capacity-building needs identified in the selected priority institutions in the (now) six target countries. In particular, the project focuses on capacity building in the following sectors and key institutions:

Country	Priority sectors
Afghanistan	Healthcare, Rural and Urban Development
Ethiopia	Agriculture, Education and Healthcare
Ghana	Agriculture and Healthcare/ICT
Morocco	Innovations, Migration and Public Governance
Sierra Leone	Agriculture, Education and Healthcare
Federal Republic of Somalia	Agriculture and Infrastructure

In sum, empirical evidence on the impact of these projects is limited. As McKenzie and Yang (2014) point out qualitative evidence reveals some mixed effects.^[157] Quantitative analyses using econometric methods are not available. Aside from that scale of programs typically too low for large effects.

153 Ibid.

154 Ibid.

155 Ibid., IV.

156 Ibid., III.

157 McKenzie, D. and D. Yang, Evidence on Policies to Increase the Development Impacts of International Migration, Discussion Paper Series, CPD 38/14, (2014).

3.5. Migration and ICT

A growing literature on the use of Information and Communications Technology (ICT) in the field of migration and economic development has made note of the “empowering and uniting effects of these technological advances, both for migrants and their stay-at-home family and friends”^[158]

The ability to travel and communicate are critical to job search. As De Brauw et al noted about African countries “...there are good reasons why migrant networks may be weak: road networks are poor, implying that travel is often costly, particularly relative to rural household income”.^[159] Recent decades have seen a substantial increase in modern technology. In regards to labour market information accessibility, timeliness and accuracy are key.^[160] Cell phones and internet access may help overcome asymmetric information concerning employment and wages which are essential for migration-related decision-making while at the same time making up for sub-par and costly transportation. ICT has the potential to alleviate some of these market failures in countries with a lack of proper infrastructure (Muto, 2009 for Uganda). Aker et al (2011) provide evidence that access to information is particularly important for internal seasonal migration. The results from the experiment by Aker et al (2011) suggest that access to cell phones increases both the probability and intensity of rural-urban migration in three separate regions of Niger, increasing overall migration by over 18 per cent. Still, the researchers also found that this technology seems to benefit wealthier households more suggesting that members of these households are more cell phones as means to search for job market information and reduce insurance market failure. It can thus be posited that simple and cheap ICT can be used to initiate labour migration in particular in context without substantial legal barriers, such as rural-urban or South-South migration. A similar observation was made by Liu and Xie (2012) concerning the introduction of landline telephone in China in the late-twentieth century. Aside from overcoming the information barrier relating to employment opportunities in Chinese cities, telecommunication has the potential to lessen the psychological costs (translational and translocal) migrant families have to deal with. This connectivity is especially important in situations of non-seasonal, long-distance and irregular migration (as often practiced in China), which leaves many young children and elderly to care for themselves and/or each other.

On the other hand, being able to communicate with family left behind can also create additional negative pressure to perform well in the employment market of the country of destination and provide financially – which is not always possible.^[161] In addition to helping with the employment search, workers may use their mobile phones for simple financial transactions (either as remittances or directly into the savings account in the country of origin, as well as receiving salaries and government subsidies that leave a paper trail) which do not require a bank account. This is not only cheaper and faster but also leaves an audit trail (detailing to whom and when the money was sent) and prevents “leakage” and corruption. In fact, mobile money is the catchword today as even workers and their family members with little financial knowledge and no formal banking identity (The Unbanked) may use it. Even those with limited to no access to credit (beyond informal lenders) may be able to obtain funds to finance. Competition and transparency are vital to lowering remittance cost as they help migrants to make well informed decisions which service to use.

Aside from cost, using services aided by ICT will increase the percentage of money remitted using formal channels as well as making it more secure.^[162] One easy way to implement this idea are websites that allow migrant workers, refugees and families to compare prices, for instance, using the World Bank’s Remittances Prices Worldwide

158 Hunter, 2015, Hunter, A., Empowering or impeding return migration? ICT, mobile phones, and older migrants’ communications with home, *Global Networks*, (2015), p486; Levitt, P., *The transnational villagers*, University of California Press, (Berkeley, 2001).

159 De Brauw, A., V. Mueller and H. L. Lee, *The Role of Rural–Urban Migration in the Structural Transformation of Sub-Saharan Africa*, *World Development* (2014), p39.

160 Lu, Y. and H. Xie, *Landline and Migrant Workers: Evidence from China*, (2012). Available from www.fas.nus.edu.sg/ecs/scape/doc/25Jan13/B1-3.pdf.

161 96 A recent New York Times article by Jodi Kantor and Catrin Einhorn describes the drawbacks (aside from many advantages) cheap instant messaging can have for transnational families. Kantor, J. and C. Einhorn, *They Took in One Refugee Family, But Families don’t have borders*, *New York Times*, (2016). Available from <http://www.nytimes.com/interactive/2016/10/22/world/americas/canada-refugees-syria.html>

162 World Bank, *Migration and Remittances, Recent Developments and Outlook*, Migration and Development Brief No. 25, (2015b). Available from <http://pubdocs.worldbank.org/en/102761445353157305/MigrationandDevelopmentBrief25.pdf>

(RPW) database. According to RPW, the global average cost of remitting USD 200 was 7.4 per cent of the amount transferred.^[163] The highest average cost - 9.5 per cent – was documented in Sub-Saharan Africa (data for fourth quarter of 2015). Another website is Monito which currently compares and reviews 463 money transfer companies.^[164] Other companies, such as WorldRemit which was founded in 2010, are primarily focused on online-transfers – a development aided by the global expansion of internet connectivity. However, the use of mobile money technologies in cross-border transactions is still limited: less than 2 per cent (USD 10 billion) of global remittance flows (USD 542 billion) in 2013.^[165] The main obstacles identified are the international interoperability of mobile systems and anti-money-laundering and the countering of financing terror (AML/CFT) regulations. It is recommended that – aside from fostering competition – first, the AML/CFT regulations for low-risk and low-value transfers should be simplified, and, second, exclusive partnerships between telecom companies and international money transfer operators should be prohibited.^[166]

The prime example here is the longest-running microfinancing / mobile money scheme: M-PESA which 70 per cent of Kenyan adults are using this digital money system which has only been in existence since 2006. Around 80 per cent of all adults in emerging economies had a mobile phone in 2014 – yet, only 55 per cent had financial accounts.^[167] Replicating the digital money system/M-PESA in other countries in Africa, South Asia, Romania and Albania is still in its early stages and or has run into challenges that need to be tackled.^[168]

Emerging Practice 1: (Hyper) Connectedness through ICT

Information and communication technologies for development ICT4D^[169]

Addis Ideas is a mobile app that crowd sources African development ideas and solely relies on African innovation. The initiative was born out of frustration by young professionals with Western education but African roots with international development aid that often struggles with a lack of knowledge of local conditions (such as infrastructure) and political and economic issues. A bottom-up as opposed to a top-down approach is suggested to spark sustainable change.

Its strategy is making use all available modern technology (such as app technology), communication and social media: Ideas (often dealing with improving a local problem) are submitted by posting a description of the issue together with a proposed solution to a live feed featuring other popular ideas in the area. Users may “like” an idea but also collaborate with each other upon request. Collaboration chat rooms allow the owner of the idea and approved users to work together and build upon project ideas. Verified sponsors (representatives of NGOs, universities, government institutions and relevant private sector businesses) with an interest in a particular region/country and/or issue may use the search feature to locate innovative and scalable projects in an up-to-date database of (vetted) best solutions with have a local entrepreneur in the community. The Addis Ideas App was launched in April 2016. Currently in the soft launch phase, the application is being tested with African diaspora communities in the D.C., Maryland and Virginia region which boasts a high numbers of Ethiopian-Americans.

163 World Bank, Migration and Remittances. Recent Developments and Outlook. Migration and Development Brief No. 26, (2016a). Available from: <http://pubdocs.worldbank.org/en/661301460400427908/MigrationandDevelopmentBrief26.pdf>

164 Monito. Available from: <https://www.monito.com>.

165 World Bank, Migration and Remittances. Recent Developments and Outlook. Special Topic: Financing for Development. Migration and Development Brief No. 24, (2015a). Available from <http://pubdocs.worldbank.org/en/773611444756855376/MigrationandDevelopmentBrief24.pdf>

166 Ibid.

167 McKinsey Global Institute, (2016). The McKinsey report also outlines the potential economic benefits this would have for the global economy in terms of job creation and GDP boost. Three essential building blocks are highlighted: widespread digital infrastructure, dynamic financial services market, products people prefer to existing alternatives.

168 According to Maloumy-Baka and Kingombe (2015) M-PESA inspired other African countries to set up similar services and infrastructures.

169 Alais, O., Addis Ideas: Where African ideas matter, (2015). Available from <http://ict4dev.org/addis-ideas-african-ideas-matter/>.

This is an auspicious idea given that recent years have witnessed an explosion in mobile data, with usage growing 20 times between 2013 and 2019, twice the anticipated global expansion. Important for Addis Ideas is the prediction that by late-2019 three in four of the 930 million mobile subscriptions in Sub-Saharan Africa will be internet inclusive (Smith, 2014).^[170]

Promising Practice 7: The Better Connections Program

The Better Connections Program (BCP) is a national initiative launched in May 2014 by the Qatari Ministry of Information and Communications Technology (ictQATAR) together with the Ministry of Labor.^[171] BCP dovetails with the country's Digital Integration Strategy. Currently in its second phase, its aim is to help contractors and employers, such as Qatar Rail and Msheireb Properties, provide migrant workers with access to ICT tools and related training in their dorms. The ultimate purpose is to "enable migrant workers to stay in touch with friends and family at home, learn useful skills and knowledge for their life in Qatar, and overall improves their conditions" (ROTA n.d.). These efforts come at no cost to the worker. The Ministry collaborates with strategic partners to ascertain the sustainability and continuation of the program. Hardware is donated by a variety of ministries and local organizations and is refurbished by RAF Foundation. Licenses are donated by Microsoft in Qatar.

Qatari companies who employ migrant workers can enroll in the program. Volunteers are recruited and receive training support from BCP's partners at Reach Out To Asia (ROTA). Aside from basic ICT skills, one major criteria for the selection of volunteers is the ability to speak - aside from English - one or more of the principal languages of the 1.5 million migrant workers in Qatar: Hindi, Nepali, Bengali, Sinhala, Tamil, Urdu, Tagalog. Program volunteers and contractors identify the ICT needs of the migrant workers staying in the respective company's accommodation. One aspect of the training relies on the digital literacy training toolkits. These are conceptualized by the Ministry and are particularly tailored to meet the needs of migrant workers. Monitoring and evaluation is an on-going process that involves all project stakeholders. Volunteers promote this effort by providing reporting and visibility on project happenings on site.

Lack of computer-equipped facilities and unfamiliarity with the Internet are the critical obstacles many migrant workers are facing, as noted by MOTC (n.d.).^[172] The survey showed that 84 per cent of polled migrant workers are interested in participation in training that will equip them with the necessary skills (MOTC n.d.).^[173] Installing ICT centers have the purpose (as reported by ILO 2016:19), "to access key work-related rights and other information in different languages, and to familiarize themselves with the use of ATMs and money transfer options with a view to ensuring the safe withdrawal and handling of wages."^[174] A high-level tripartite delegation led by ILO paid a visit to workers' accommodation in the Al-Wakra area (which houses 1,500 foreign workers) in March 2016. According to information provided by government officials, 100 such centers are now operational in the country.^[175] Labour

170 Smith, D., Internet use on mobile phones in Africa predicted to increase 20-fold, The Guardian, (2014). Available from: www.theguardian.com/world/2014/jun/05/internet-use-mobile-phones-africa-predicted-increase-20-fold.

171 The Gulf Times, Qatar: Migrant workers' accommodations to get ICT facilities, (2015). Available from: www.gulf-times.com/story/443310/More-workers-accommodations-to-get-ICT-facilities.

172 Ministry of Transport and Communications (MOTC), n.d., ICT Skills for Migrant Workers. Available from www.motc.gov.qa/en/ditoolkit/migrant-workers; Reach Out to Asia (ROTA), n.d., Better Connections Program. Available from www.reachouttoasia.org/en/better-connections-program.

173 Ibid.

174 International Labour Office (ILO), 2016, Eighth item on the agenda, Complaint concerning non-observance by Qatar of the Forced Labour Convention, 1930 (No. 29), and the Labour Inspection Convention, 1947 (No. 81), made by delegates to the 103rd Session (2014) of the International Labour Conference under article 26 of the ILO Constitution GB.326/INS/8(Rev.), Governing Body 326th Session, (Geneva, 2016). Available from www.ilo.org/wcmsp5/groups/public/---ed_norm/-relconf/documents/meetingdocument/wcms_459148.pdf

175 Ibid.

City at Mseimir which is designed to house 100,000 migrant workers is likewise equipped with computer rooms. Those that are already familiar with ICT and possess a mobile phone, may use them in the accommodation to stay in touch with the country of origin. This is supported by the National Broadband Plan (MOTC n.d.). The iPark initiative was introduced in March 2007 by the Government of Qatar. It aims to provide free wireless in selected public parks to its citizens, and to ultimately encourage them to make use of e-government. Since the movement of migrant workers is restricted to designated areas, it remains questionable if they can avail themselves of that option.

Information about the Program is available in the comprehensive two-part packet:

- Introduction to the Program
- Step-by- Step Guide to implement the Better Connections Program

Emerging Practice 2: Public-Private Partnerships to improve connectivity in rural/remote areas to lessen migration pressure: Moheshkhali GiGA “Digital Island” project in Cox’s Bazar

In February 2016, Korea Telecom (KT) Corporation, one of the largest telecommunication service providers in the Republic of Korea, signed a tripartite memorandum of understanding with the Government of Bangladesh and IOM, to start a pilot project enhancing government services in hard to reach areas through enhanced online connectivity. Reflecting the renewed emphasis on private public partnerships and the importance of technology in development the parties have come together to pilot a service provision model utilizing a high-speed internet connection in Moheshkhali Island, a remote part of Bangladesh’s Cox’s Bazaar region in the Southeast, one of the poorest areas in the country with limited and low quality access to services. The initiative is aligned with the Digital Bangladesh national development strategy (which is part of the government’s “Vision 2021” initiative). In addition to its remoteness, the region with its 321,218 people (2011 Census) suffers from low literacy rates: at 30 per cent it is 20 per cent below the national average.

According to IOM this “pioneering initiative” will improve access to health care services, advance education and improve access to markets for remote Bangladeshi communities. The project also endeavors to bridge the socio-economic gap between rural and urban regions and prevent forced migration. In practice the project will deliver social services, such as education and healthcare, relying on e-tools, such as online content and remote teaching, m-health tools for diagnostics and e-consultations with specialists. Rural Bangladeshis may, as a result, feel less of a need to travel several hours to visit a doctor and children may receive school lessons at home or at community centers. In addition through facilitating access to market through e-commerce platforms, rural Bangladeshis may also feel more confident about their sources of income and feel less pressure to migrate for better earnings.

This ICT initiative also aims to help reduce farmers’ vulnerabilities to climate change by providing up-to-date information on soil and weather conditions. Research has shown that access to reliable information on the internet and being able to communicate with networks and potential employers.

One of the aims of the initiative is to slow down the expansion of cities as they do not have sufficient infrastructure to cater to the ever growing urban population. The increase in the garment industry in the early 1980s in Chittagong and Dhaka and its outskirts triggered internal migration. The garment industry grew from 384 factories and 0.12 million workers in 1984-85 to 4328 factories and 4 million workers in 2015-16 (BGMEA). Census 2011 data showed that ten per cent of the population

has moved to an administrative district other than the one they were born in.^[176] Dhaka is already considered one of the megacities of South Asia (those with populations of at least 10 million) and, according to UNDESA (2014), by 2040 a higher proportion of Bangladeshis will live in cities than in rural parts of the country. By 2020, close to 21 million people are projected to live in Dhaka.^[177] This will be 12 per cent of the entire Bangladeshi population and one third of the total Bangladeshi urban population.

Bangladesh was chosen by IOM and KT as the pilot country to build a digital island due to the country's limited capacity to provide access to essential services for its 160 million population, the country's vulnerability to the effects of climate change as well as the government's commitment to improve its citizen's lives through access to digital services.^[178]

The IOM-KT-Government of Bangladesh partnership is a good example of public and private cooperation, leveraging each organization's expertise to address critical development challenges" (Ambassador Thompson as cited in IOM 2016)^[179] "We hope that the Moheshkhalī GiGA Island Project will serve as a model that KT and IOM can expand into other vulnerable countries."

176 Bangladesh Garment Manufacturers and Exporters Association (BGMEA), n.d., Trade information. Available from <http://www.bgmea.com.bd/home/pages/TradeInformation#.Uo2-l-Ly-no>.

177 United Nations, Department of Economic and Social Affairs (UNDESA), Population Division, World Urbanization Prospects: The 2014 Revision, (2014). Available from <https://esa.un.org/unpd/wup/>.

178 International Organization for Migration (IOM), Bangladesh, KT Corporation, IOM Aim to Improve Connectivity in Remote Region, Press release, (2016). Available from www.iom.int/news/bangladesh-kt-corporation-iom-aim-improve-connectivity-remote-region.

179 Ibid.

4 CONCLUSION AND POLICY RECOMMENDATIONS

This report has two major aims: one is to provide an understanding of the conditions in the global market for labour which explain why low-skilled workers incur very high costs to find jobs in countries where they can be more productive; and the other is to identify the important consequences for development of increased connectivity between origin and destination countries due to migration. Because of restrictions on immigration, asymmetry of information available to workers on the one hand and to employers on the other, and the increased commercialization of recruitment, market failure is endemic in the international market for labour.

Roundtable 1.1 Reducing Migration Costs

Workers pay a high financial cost for the services of recruiters, for their transport, for their visas, for observing various regulations, and for transferring their earnings to their families. They also incur high “implicit costs” when they accept wages and terms of employment below standards in their countries of employment. In effect, workers who migrate for employment are accepting terms and conditions which are inferior to those accepted by native workers. Although there are national laws and international conventions which require equal treatment of migrant workers and which prohibit their being charged recruitment fees, the acceptance of discriminatory practices and high fees continue to persist in a number of migration corridors and economic sectors, robbing migrant workers much of the potential benefits that they can derive from migration. The report reviewed the evidence from recent research on the costs incurred by workers in a number of important migration corridors and analyzed the policies and strategies that states are using to curb or reduce such costs. It addresses the fundamental question of whether governments succeed in regulating conditions of employment in markets characterized by information failure and excess supplies of labour.

Recommendations

Reducing information asymmetry: Information asymmetry is a weakness that can be remedied through closer cooperation between origin and destination countries. Employers must be given easy access to information about educational and skills standards in origin countries, and must not be barred from recruiting workers directly as long as they meet conditions specified by regulatory authorities. Workers must be supplied with reliable information about conditions of employment in major countries of destination and if possible provided with more specific information about job opportunities.

Remove abusive practices from the industry: Regulations to curb abusive practices in recruitment are essential to effectiveness in reducing costs but some regulations aimed at protecting workers often lead to raising costs when these involve complicated procedures and unnecessary clearances.

Certain practices have developed in some migration corridors such as selling work permits by employers or their agents (also known as “visa-trading”) which need to be suppressed but this can only succeed if there is full commitment by authorities in destination countries. Employers and their associations in destination countries should be encouraged by their governments to adopt ethical codes of conduct and to take action against their own employees who may be involved in selling visas.

Adoption of “e-governance” methods in administering migration policies can go a long way to reducing costs. In a similar vein, it has been shown that job-skills matching can be efficiently done where web-based labour market information systems like EURES are available.

Complementing regulations with incentives where recruiters will find it in their best interests to comply with the laws has proven in practice to be the best approach to influencing transactions in a market that can easily elude regulations because of very strong market forces at play.

Cooperation between origin and destination countries: There are examples of cooperation between origin and destination governments based on multilateral and bilateral agreements that have proven successful in reducing costs of migration. The “guest-worker” system (EPS) developed in the Republic of Korea has greatly reduced the cost of migration for the workers by eliminating commercial recruiters and requiring employers to pay equal wages. It has also addressed the problem of illegal employment and “overstay” which plagued the “trainee system” that it supplanted. Countries in need of foreign labour need to seriously consider how such agreements can be applied to their situation since many of the problems and negative social consequences in the admission and employment of foreign labour can be avoided if workers are saved from incurring very high costs to obtain their jobs.

Roundtable 1.2 Connectivity and Migration

This report has drawn attention to the findings of numerous research studies on how most migrants maintain important social and economic links to their countries of origin and how such connectivity has facilitated capital and trade flows, in addition to knowledge and skills transfers that take place when migrants return to their home countries.

Recommendations

Enabling innovative ICT to support migrants: Increasing connectivity between origin and destination countries has been an important dimension of the growth of migration and the formation of diaspora communities. The growth of IT companies in India has been linked to the employment of thousands of Indian engineers in Silicon Valley. Young and ambitious Westerners with African roots have returned (or are working from abroad made possible by ICT) to their homeland and are now the backbone of the African startup scene – often with the aim of connecting foreign investors with local development efforts. On a more modest scale, migrants have contributed to the growth of tourism in their origin countries, while migrant home-town associations abroad have been noted to respond quickly and substantially to calamities suffered by their origin communities. However, as noted throughout the report, rigorous and independent assessments of these efforts are still largely missing.

Connectivity through remittance networks: Another dimension of increased connectivity is the significant reduction in the costs that migrants incur to send back money to their families at home. While the use of mobile communications still accounts for a small percentage of total remittance transfers it is growing very rapidly and would by now have a much larger share if not for the controls and restrictions on financial transfers imposed by many governments concerned with terrorism. Exempting small transfers from many of these restrictions can go a long way in promoting competition among money transfer agencies that would bring down remittance charges.

Fostering diaspora networks: Conditions should be created in origin countries that give confidence that efforts will be rewarded, property rights will be respected, and economic policies will be stable, in order for migrants to bring back capital and know-how, as well as to serve as the bridge for other foreign investors. The role played by overseas Chinese in the phenomenal growth of China’s economy has been cited.

Evidently the extent to which increased migration and connectivity will be able to support or foster faster economic development depends on many conditions being satisfied, but the creation of favorable conditions may themselves be aided by enhanced connectivity. This report has drawn attention to various programs tried out in different countries to build continuing links with diaspora communities abroad. Specialized agencies and state-supported foundations have been created to develop such links with various diaspora target groups such as potential investors, research scientists and academics, home-town communities, business companies importing so-called “nostalgia goods” much in demand in migrant communities, artists, and others.

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