



PAPER TRAILS...

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ABOUT PAPER TRAILS

The International Labor Mobility (ILM) discussion note series, *Paper Trails*, provides an opportunity to highlight ongoing work, discuss emerging findings, and share ideas to build stronger migration systems. The series is intended to spur debate and discussion. To share your thoughts, please refer to contacts on the last page.

What does it take to make bilateral labor agreements work for the benefit of all? Lessons learned from prominent schemes across the globe

In the absence of any comprehensive multilateral instrument the governance of international labor mobility remains largely a unilateral or bilateral matter. This is especially so at the low to mid-skill levels where the perceived risks of allowing entry are higher and labor market access is consequently more restrictive and targeted. Bilateral labor arrangements (BLAs) are thus considered as the most economically realistic and politically palatable way to liberalize international labor mobility and reap the associated gains. In order to unlock the significant welfare gains that can come from international labor mobility, development experts, policy makers and practitioners are now looking for replicable policy schemes that can serve as models for designing successful bilateral arrangements. In practice, very few of these agreements have been effective in achieving their intended objectives. Where they have succeeded, both labor sending and receiving countries have demonstrated joint responsibility in managing migration flows. Where they have failed, capacity gaps in labor sending countries or the lack of effective coordination mechanisms with host countries have led to suboptimal outcomes. Based on the lessons learned in different corridors, this note highlights the key conditions of success to make bilateral agreements work for the benefits of the stakeholders involved. It then reviews the most common challenges to tackle collectively and makes the case for using pilot projects to create the conditions for such agreements to work successfully on a larger scale.

Identifying the key conditions for success

The conditions of success to jointly manage temporary labor migration through bilateral agreements can be derived at three levels (Luthria, 2011) - as summarized in the diagram on the following page: (i) at the design level where sending and receiving countries should strive to build a coherent set of measures, incentives and division of labor that serve their stated objectives; (ii) at the implementation level where strong multi-stakeholder coordination, information sharing and administrative efficiency is required along the migration cycle: from recruitment to return; and (iii) at the capacity level, where both sending and receiving countries should build adequate institutions to facilitate labor matching across borders and put in place mechanisms for monitoring progress, identifying bottlenecks and mobilizing resources jointly to address related capacity constraints.

1. Design

International experience shows that all successful bilateral arrangements are demand-driven: they focus primarily on opening labor market access to address

Identifying the key conditions for success, cont'd.



labor shortages and meet employers' demand in select sectors. Subsequent development benefits are dependent on the commercial viability of the scheme for target employers.

This demand-driven logic and primacy given to labor market access according to employers' needs provide a strong coherence to these schemes. Paradoxically, other schemes in which development aid and non-economic objectives feature more prominently in the agreement face poorer implementation outcomes and ultimately end up being less development-friendly. Moreover, in order to reach their development potential while meeting receiving countries' labor market access conditions, temporary migration schemes should be designed in an "incentive-compatible manner" (Luthria, 2011), meaning that the incentives of the key stakeholders are compatible with the intended outcomes.

This implies striving for relevant design features on the following aspects: identifying the costs of migration for the workers, their employers and the governments involved and finding mutually beneficial cost-sharing mechanisms between the different stakeholders to ensure fairness and avoid overstaying; targeting workers with relevant skill profiles to avoid over qualification; setting a

relevant duration for workers' stay and allowing for repeated stays for those who comply with the terms of their contract; setting the expectations early on, and providing the right incentives and provisions for return and professional reintegration in the country of origin.

2. Implementation

Implementation constraints can lead to poor outcomes in terms of labor market access, and even worse, erode the political support necessary to make bilateral agreements work. An effective job matching system is a necessary condition for any temporary labor mobility scheme to reach its intended employment outcomes. This implies close and regular consultations between employers and government agencies on both sides at all stages of the migration cycle. On the sending side, the efforts need to focus mainly on easing international recruitment in presence of asymmetries of information between the different stakeholders across borders. All successful schemes rely notably on thorough screening and preparation of job candidates in sending countries, especially at the lower skilled levels and with small-sized employers who lack the screening capacities of larger firms. On the receiving side, the key condition of success relates to streamlining hiring

and admission procedures in order to avoid adding to the costs of recruiting foreign workers for domestic firms. Efficient permit processing and delivery provide a positive incentive both to foreign workers and domestic employers to use the existing admission schemes instead of opting for unauthorized entry or employment. Overall, coordination mechanisms between the main stakeholders on both sides - including employers, diaspora members and workers' representatives - are essential to ensure an effective implementation.

3. Capacities

Building up or strengthening institutional capacities to manage labor outflows from the sending country perspective includes: adequate legal frameworks for international recruitment, funding to support migrants across the migration cycle, relevant counseling and training programs, inter-agency or inter-ministerial coordination mechanisms and oversight, a marketing strategy and communication tools to promote domestic workers abroad and reach out to foreign employers in selected sectors, data management, monitoring and evaluation, etc. Receiving countries should strive for developing methodologies and consultation mechanisms to identify those domestic labor market shortages that can be addressed

Identifying the key conditions for success, cont'd.

effectively through temporary migration schemes and make sure that such schemes remain demand-driven

and responsive to employers' needs. Joint steering based on regular monitoring of the program outcomes and

sustained political leadership is essential to establish priorities and mobilize resources accordingly.

Tackling common challenges at all three levels

Public and private stakeholders involved often have to tackle common challenges at the design, implementation and capacity levels to make BLAs work for the benefits of all. This summary aims to help practitioners anticipate and address some of these challenges.

1. At the design level

i. Determining the sectoral focus and ensuring the commercial viability of a scheme:

The first difficulty in the design phase is to choose the sector carefully, figuring out whether the labor needs are temporary or permanent, if the skills requested are available in sending countries or require additional training before and upon arrival, etc. Depending on the sector choice, the next challenge is to find relevant cost-sharing arrangements, visa duration and circularity to allow for cost recovery and commercial viability of the scheme. Focus groups and other participatory monitoring methods can help clarify and accelerate the process.

ii. Building a clear results framework and accountability system:

In the presence of multiple players with different objectives and potentially complex arrangements between stakeholders, it is a first challenge to build explicit guidelines early on for all the implementing partners on the basis of specific policy objectives as

well as establishing an accountability system based on measurable results and a coherent division of labor between all the agencies involved.

2. At the implementation level

i. Involving employers and other non-state actors throughout the process:

The first difficulty in the implementation phase is to start organizing and moderating regular collaboration spaces between all the key stakeholders for in-depth and operational discussions aiming at a progressive improvement in the functioning of the agreement. Employers, workers, private recruiters and diaspora members should all participate in such discussions. Involving local and sectorial federations of employers on a regular basis also allows for better identifying their needs, prospect job offers and organize recruitment in an effective way.

ii. Improving the screening, pre-selection and preparation of job candidates:

Improving these processes in close coordination with employers is an important challenge to address given the training gaps encountered in most cases and the asymmetries of information between the different stakeholders across borders. All successful schemes rely on thorough screening and preparation of job candidates in sending countries, especially at the lower skilled levels and with small-sized employers who lack the

screening capacities of larger firms. This requires coordinated efforts between the sending and receiving countries' agencies involved.

3. At the capacity level

i. Strengthening sending countries' capacities to become proactive in marketing workers abroad and ensuring development spillovers at home:

Sending countries governments often lack the commercial capacities to build sustainable relationships with employers in receiving countries and adjust the marketing and training strategy according to their labor needs and training standards. Reconciling the employment and development concerns of sending countries and commercial needs of employers in receiving countries is a further challenge.

ii. Devising a qualitative and quantitative M&E system that allows for progressive adjustments in the design and implementation features of the scheme:

In order to establish causality and draw relevant policy conclusions, the evaluation framework should be built in initially and baseline data collection start before candidates migrate. It also requires building a control group out of non-participants with similar characteristics to allow for relevant comparisons.

Testing first through pilot projects

In face of the difficulties of liberalizing international labor mobility despite the push and pull factors and potential gains on all sides, piloting concrete initiatives in select corridors and sectors where acute labor shortages are recorded at the receiving end and supply side synergies can be found on the labor sending side can help determine the conditions necessary for bilateral labor arrangements to work as expected. Here are 5 reasons to use such pilot projects to facilitate labor mobility at the bilateral level:

1. Mitigating the risks and addressing the respective concerns of sending and receiving countries:

The small scale of a pilot project allows for close supervision to mitigate and manage the risks related to temporary labor mobility. For receiving countries, the concerns typically relate to overstay, the fiscal burden of migrants, displacement of native workers, downward pressure on wages and failed integration of newcomers into their host society. For sending countries, the concerns focus primarily on the potential brain drain, workers' rights protection throughout the recruitment process and the portability of acquired social security rights. Many such concerns can be realistically addressed at the pilot level. Showcasing best practices can

then help convince voters and interests groups that such arrangements can work.

2. Building trust between all the parties involved:

Reaching a good level of trust between public agencies on both sides and employers at the receiving end is essential to the success of any BLA. Collaborating on the ground to ensure job matching and eventually achieving concrete results at the pilot level can help create the conditions of trust to scale it up later.

3. Demonstrating the commercial viability of a scheme:

Identifying and addressing demand-side constraints and facilitating market entry to lower the cost-benefit ratio in the beginning can help create a demand for the scheme and sensitize employers to the value added of hiring foreign workers. It may also be important to initially select the best candidates from sending countries to create a positive reputation for foreign workers in the selected sectors.

4. Testing and strengthening labor intermediation and training systems:

Observing first-hand some of the difficulties of international recruitment (such as skill recognition or the

“Piloting concrete initiatives in select corridors and sectors can help reveal the conditions necessary for bilateral labor arrangements to work.”

quality of candidates screening) can allow for working in real time to help adjust the systems as needed. Identifying training gaps sectorally can inform the design of training arrangements involving receiving countries' employers and relevant sending countries' agencies.

5. A laboratory for broader labor migration reforms:

Pilot projects provide opportunities to test policy settings without preempting policy announcements or raising expectations among potential beneficiaries, sometimes using underutilized schemes or trying out new ones at relatively low cost. Source and host countries can therefore use these pilots as a laboratory for policy reforms, with the aim of creating sustainable systems for labor mobility. This includes testing out specific admission schemes but also new public services involving coordination between different government players such as employment services on both sides, development agencies and immigration agencies.

More Information

Contacts:

For more information on this topic or the International Labor Mobility Program, please visit our website (cmimarseille.org/migration) or email us at ilmprogram@worldbank.org.

Reference:

Luthria. 2011. Labor Mobility for the Poor: Is it Really Possible? *Economic Premise No. 45*, January. Washington, DC: World Bank.

Additional Reading:

Pouget. 2013. *Reviewing the functioning of bilateral labor agreements: Insights from the French-Tunisian agreements and other prominent schemes*. Marseille: CMI.