Building policy coherence for labour migration

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Abstract

As in many public policy areas, ensuring policy coherence in the field of migration can be challenging because of the variety of objectives associated with migration policies and their overlap with other policy domains. Labour migration policy in particular aims at responding to short and/or long term labour market needs. It also contributes to other economic and non-economic objectives and often interacts with many other policy areas including education, labour market policies or trade.

When public opinion is highly sensitive to migration issues, as is currently the case in a number of OECD countries, policy choices need to be motivated by a sound understanding by all stakeholders of expected impacts and underlying policy trade-offs. Understanding and evaluating these policy trade-offs is also important for informing actions for implementing the internationally agreed Sustainable Development Goals (SDGs), which include several direct or indirect references to labour migration management.

This Policy Coherence for Development (CODE) report considers the complex policy landscape within which migration occurs and why it is necessary to have mechanisms to better deal with intra- and inter-policy linkages. It looks at tools and approaches for managing the complexity of labour migration policies and deals with the specific policy trade-offs that arise in the realm of migration policy development in destination countries. 1

1 This brief is partly based on a special chapter published in the International Migration Outlook 2014 entitled “Managing labour migration: smart policies to support economic growth” (OECD, 2014).
Many diverse factors drive increased migration

In 2013, international migrants comprised about 3.2% of the world population, compared to 2.9% in 1990. Globally, the migrant stock grew by around a third since 2000, adding on average 4.6 million migrants annually. In 2010/11, the number of migrants (15 years and older) in OECD countries reached 106 million with the greatest growth for African and Asian migrants at about 50% (Arslan et al., 2014).

Going forward, more and more individuals will seek work opportunities outside their home country and employers will look further afield to fill positions. Not all migration, however, is directly labour oriented.

When workers move, families often accompany or join them. Besides such managed migration, several events can precipitate the sudden and involuntary flows of large number of people within and across borders. Geopolitical, environmental and economic shocks can trigger flows that eventually add to the labour force of destination countries. The diversity of contexts under which migration takes place and of underlying motives for migration contribute to the complexity and scope of migration policies.

Migration is increasingly complex

The composition, scope and main channels for future migration flows will continue to evolve significantly, as will the conceptualisation of migration itself. It is essential to understand these shifts to maximise the expected benefits associated with migration as well as to improve the efficiency and internal coherence of labour migration policies.

The concept of migration traditionally distinguishes permanent from temporary migration, labour migration from other forms, discretionary from non-discretionary control, and highly skilled from low-skilled labour. These distinctions are useful as they underlie policy planning and determine migration visa categories, permit classes, and entitlements or benefits. Legislation can reflect them clearly, and regulations – e.g. duration of permits and education admission requirements – do in fact formalise them in concrete fashion.

However, a number of paradoxes in labour migration policy are increasingly visible:

- The focus of public opinion and policy makers is on discretionary labour migration, although this group accounts for only a small share of migrants going into employment.
- Policy makers emphasise selection from abroad and the global competition for talent. However, the bulk of employers recruit foreign-born workers from the domestic labour market.
- Policies focus on global, highly skilled talented workers, yet have a hard time accurately identifying them (in part because of wide discrepancies between skills and education levels). And employers more often report demand for medium-skilled occupations.
- Policy makers are most concerned with challenges around temporary and permanent residence. Yet changes in status have become steadily more frequent, and how to retain talented permanent migrants is a growing policy consideration.

Policy trade-offs abound in labour migration

The primary goal of labour migration is to contribute to an effective labour supply and so provide economic benefits. Yet labour migration policy has an array of goals, not all economic and many linked, contrasting or even in conflict. Balancing these goals involves trade-offs and tensions – both within labour migration policy and relative to other policy objectives.

Labour market objectives...

Even a core goal as straightforward as “meeting labour needs” requires specific objectives to be articulated and clarified. One option is to use labour migration to meet specific shortages as they arise. Alternatively, it can be used to increase overall labour supply with the objective to contribute to future growth, innovation, or productivity.

Whatever the specific objective may be, foreign workers are expected to complement local workers, rather than substituting or displacing them. A key policy challenge is thus to ensure a labour supply while limiting the risk of any adverse effects. This is the underlying motivation for tools such as labour market tests, occupational lists, minimum wage or education criteria and numerical limits. In practice, however, striking the right balance between facilitation of international recruitment and protection of domestic workers can be challenging.

Meeting short term labour needs through migration also means responding to rapidly changing labour market
conditions. Labour migration may be an easy tap to loosen when the employment market is tight, and to tighten when conditions change, but workers who have been allowed into a host country do not disappear when their jobs do. The employment crisis in many OECD countries in the late 2000s saw policymakers struggle to balance the temporary, conditional nature of some labour migration schemes while not hurting migrant workers. The solutions developed – extended job-search periods, assisted return programmes – reflected those balancing acts.

Some countries may also use labour migration to increase the overall labour supply rather than fill immediate job vacancies. In that case migration responds to an overall demographic objective and aims at supporting overall workforce and economic development. It usually takes place in the context of selective migration policies with a focus on specific skills rather than on the entire skills spectrum. Implicitly the objective is to limit the pressure at the lower end of the wage distribution with a view to limit potential negative social impacts, while easing access to high skilled labour and containing cost of labour at the higher end of the skills distribution where positive externalities are expected.

In recent years, OECD countries have widely leveraged labour migration as a means to increase numbers of highly qualified workers, especially in the health sector, science and technology, and mathematics. This may be based on a perception or finding that there are too few local graduates in those disciplines or the expected externalities associated with human capital. A possible trade-off here is between migration and incentives for locals to choose these fields of training. Drawing too heavily on international immigrant labour may lessen opportunities for local training and its value, and affect efforts to upskill and encourage local youth into certain industries. Here again, striking the balance between potentially conflicting objectives can be a challenge.

... and broader economic objectives motivate migration...

Broader economic objectives sit alongside labour migration goals, and not always easily. As migration and trade become increasingly entwined, certain kinds of immigration may be seen as factors for competitiveness and innovation. Fostering the competitiveness of an economy by opening it up to highly skilled migration exposes local firms and workers to new ideas, which in turn spawns the development of new goods, services, and processes.

Attracting financial capital is another economic goal that can be linked to migration policies. OECD countries are increasingly embarking on programmes that combine investment and labour migration. Most offer investor visas, with a recent trend towards using them to support the real estate market – whether residential, as in Portugal, Spain or Greece, or commercial, as in Korea. The suite of investor policies reflects the desire to attract financial capital that has knock-on effects from investors’ human and social capital, such as business linkages, new business processes, or entrepreneurship skills. However, investment and migration are very different animals and the limited evidence to date of the impact of programmes

Box 1. Are migrants a curse or a boon for the public purse?

OECD research highlights that the fiscal impact of migration cannot be pinned down to a single number. In contrast, it depends on the approach that is chosen for calculation, the assumptions that feed into it, and the degree to which specific costs and benefits are attributed to the migrant population. That being said, a number of overall facts seem to hold true for virtually all OECD countries:

1. The fiscal impact of immigrants, albeit varying, rarely exceeds 0.5 % of GDP and is about 0% on average in OECD countries in any given year.

2. In most OECD countries, immigrants pay more in tax and benefits than they receive in individual benefits.

3. Immigrants’ age profile is an important factor in shaping the fiscal impact: The younger the migrant population, the larger its net fiscal contributions. Thus, age at arrival is a deciding factor for the net present value of the immigrants’ discounted future contributions. Young adults generate a positive pay-off to the public purse when taking into account their entire life span. The value of this contribution declines with increasing age and generally turns negative between 40 and 45, depending on the country.

4. Employment remains the single most influential factor determining migrants’ fiscal contributions, in particular for countries with generous welfare states. Thus, labour market integration of immigrants and their children could generate substantial fiscal gains, and improving the labour market participation of the resident immigrant population, especially for women and well-educated immigrants, could reap significant benefits.

highlights how combining them may distort market decisions and yield fewer benefits than hoped for.

Another common goal is to support the education export industry. It is particularly important where fee-paying international students make a significant contribution to the economy, whether enrolled in public or private institutions. The objective of attracting international students has a direct impact on labour migration policy in that students may often work during studies or stay on after graduation. In countries where university enrolment is declining as numbers of young people dwindle, the objective may simply be to maintain current student levels, either in order to support the education sector or sustain the supply of university graduates.

Increasing perceptions about immigrants availing themselves of the welfare system have also raised questions about the fiscal burden of migration. However, OECD evidence on this issue contradicts this perception even if it influences the policy design of migration policies.

...as do a raft of non-economic objectives

Policy must reconcile labour migration with a number of non-economic objectives such as commitment to the development of countries of origin, since the competition for global talent may contradict the goal of mitigating their skills deficits. Migration policy makers often state that positive development in countries of origin is a goal, albeit one that is difficult to operationalise. Sweden is one of the rare countries to have taken concrete measures, such as facilitating relocations to countries of origin without forfeiting permanent residence.

More important is the role of migration in international relations. For example, labour migration can become the subject of bargaining between countries, especially when countries of origin seek to increase their export of labour and skills. Ethnic migration, priority given to certain countries for bilateral labour migration agreements or visa free regimes, inclusion of migration components in specific trade agreements are all examples of migration policy used to support/complement other policy objectives, in which case it becomes secondary.

Youth mobility is another non-economic goal. The Working Holiday Maker programmes in a number of OECD countries aim to increase youth mobility (including opportunities for nationals to travel abroad), raise a country’s profile internationally, and create goodwill. Such programmes can make substantial contributions to the labour market – as they do in Australia, Canada, New Zealand, and the United States – even though that is not their main purpose and they are not contingent on their contribution to the labour supply.

Diasporas face important challenges

Well-integrated migrant populations in the destination countries increase the potential role of diasporas in economic and social development in origin countries through assets and savings, as well as job-specific skills acquired abroad. However, the skills of highly educated migrants are not always harnessed for development.²

While there may be a greater number of low-educated immigrants – 35 million persons in 2010/11 – still, about 31 million immigrants holding a university degree were living in the OECD area at that time (OECD, 2015a). Since 2000, the number of tertiary-educated migrants in the OECD area has increased significantly. Among the largest emigrant populations, the growth rate of the highly educated represents over 70% for the Indian (123%), Polish (114%), Romanian (108%), Mexican (86%), Chinese (86%), Ukrainian (77%) and Philippine (74%) migrant communities. For about 10 rather diverse countries (e.g. Nepal, Saudi Arabia, United Arab Emirates, Paraguay, Afghanistan and Lithuania), the number of highly educated emigrants even tripled between 2000 and 2010/11.

Although educational attainment levels increased in most origin countries, the emigration rates of the highly educated also increased. This indicates a faster outflow of university graduates than the increase in their number in the origin country. The emigration rate of the highly educated decreased in only one region: the Middle East and North Africa where it is still as high as 6.1%. It increased markedly in Sub-Saharan Africa, from 10.8% to 12.7% and in Latin America and the Caribbean, from 6.9% to 8.3%.

The human capital of diasporas is sometimes perceived as an important source of economic development in the origin country. A number of governmental programmes have been instituted to harness this potential: Red Caldas de Colciencias (Colombia), Talven (Talentos para Venezuela), SANSA (South African Network of Skills Abroad), Philippines Brain Gain Network, and, more recently, Senegal's Senexpert programme, etc. The services offered by these networks are varied and include: exchanges of information amongst skilled experts in the diaspora and the home country, students and government officials and, in some instances, offers of training from the diaspora to local experts, support for investment projects in the country of origin and job-seeking assistance.

² French ministry of foreign Affairs & OECD (2012) Harnessing the skills of migrants and diasporas to foster development: policy options.
Maintaining these programmes and making them viable in the long run is still a challenge. Ongoing funding is often an issue, as is the appropriation by the diaspora of networks built under the auspices of authorities in the country of origin. Given the efforts and resources deployed, the results have been modest in terms of the number of people mobilised, and the uncertainty regarding the long-term effects.

A number of international programmes have sought to enlist the skills of diasporas for short-term missions. The Transfer of Knowledge Through Expatriate Nationals (TOKTEN) programme instituted by UNDP in 1977 is one such example. It enables expatriates to contribute to projects in their country of origin by returning for a period of less than three months. Over its first 20 years of operation, some 5000 people have taken part in projects in roughly 50 developing countries. Similarly, the IOM has developed a programme targeting Africa (Migration for Development in Africa – MIDA; formerly the Return of Qualified African Nationals programme – RQAN). Between 1983 and 1999, over 2000 highly qualified Africans have taken part in the programme. Other initiatives have aimed at fragile states in which needs are massive but the obstacles to return also greater.

Box 2. International mobility of health workers: what does the evidence tell us?

Foreign-born doctors and nurses account for a significant share of the healthcare professionals working in the OECD area. Doctors’ share grew in most countries between 2000/01 and 2010/11 from an average (across 23 countries) of 19.5% to more than 22%, while that of nurses rose from 11% to 14.5% (across 22 countries). In total, the number of migrant doctors and nurses working in OECD countries has increased by 60% over the past ten years. The trend mirrors the general increase in immigration to OECD countries – particularly that of skilled workers.

In 2010/11, foreign-born doctors and nurses practicing in OECD countries made up about 5% of all healthcare professionals worldwide. India – already the world’s top supplier of emigrant doctors in 2000/01 – further confirmed that position in 2010/11. A similar pattern was to be seen in the Philippines, the single largest country of origin of internationally mobile nurses. Other Asian countries, too, like China, Pakistan, and Viet Nam also saw their outflows of health workers increase. There was significant mobility between OECD countries, too, chiefly because of growing intra-EEA flows.

In its 2006 report, WHO put at 2.4 million the number of workers needed in the 57 countries it considered to be suffering from critical shortages of health practitioners. (Countries with critical shortages were those with less than 22.8 health professionals [doctors, nurses and midwives] per 10 000 people and where less than 80% of childbirths were delivered by skilled birth attendants.) And the global shortfall was as high as 4.2 million if the estimated shortages in other countries were also taken into account. In 2010/11, WHO estimated that 54 countries were still facing critical shortages of 2.0 million health workers. Most of the countries – 31 in all – were in Africa. Strides made in India to close the gap between health worker supply and demand accounted for much of the reduced shortage observed in 2010/11. In Africa and the Americas, however, the gap widened. Indeed, the WHO estimates that it would take 7.2 million healthcare practitioners to achieve universal health coverage.

According to the data, emigration of health workers accounted for 20% of estimated critical shortages in 2010/11 against 9% in 2000/01. In the decade preceding the adoption of the Global Code of Practice on the International Recruitment of Health Personnel, the number of doctors and nurses originating from countries with severe shortages who emigrated to OECD countries grew by nearly 84%, while the total number of migrant health workers increased by 60%. The number of health professionals born in African countries with critical shortages but working in OECD countries doubled between 2000/01 and 2010/11. At the same time the critical shortages in their countries of origin grew, albeit at a slower rate. So, over that period, migration’s share of the estimated shortage climbed from 7% in 2000/01 to 13% in 2010/11.

However, the picture varies from one country to another. Ethiopia had the most critical shortage of all African countries. In recent years, a number of OECD countries – e.g. Germany, Ireland, Finland and Japan – have ventured into international co-operation agreements that include training and recruiting healthcare professionals. They have targeted with increasing care the countries with which they have initiated co-operation deals in consideration of their strategies for training healthcare workers and anxious not to rob them of the human resources required by their health systems. Although they have led to relatively low numbers of health workers being recruited, international co-operation schemes that include a medical staff recruitment component could well spread in years to come.

What has been done? What needs to be done?

**Political and institutional context help (or not) shape coherence**

Achieving policy coherence crucially involves the interplay of politics, institutions and evidence (OECD, 2008). In line with this, a key to achieving policy coherence is a nuanced understanding of the context within which inter-connected policy making occurs.

The seat of immigration policy – itself a result of political choice – affects the priorities and decisions made in policy administration, which is the job of different ministries, depending on the country. In some OECD members, responsibility is split between ministries, while in others the portfolio may change over time.

Institutional configurations reflect domestic contexts and the approaches and backgrounds of the officials responsible for implementing policy. There is no single one-size-fits-all solution. However, the location of responsibility for migration management has a bearing on priorities. A labour ministry will have a more employment-slanted perspective, a department of justice will stress issues of law and order, a ministry of interior may be more focused on border management while an independent migration ministry may take a more comprehensive approach but have to face coordination challenges with other ministries. The importance of migration policy is also reflected in hierarchy: a migration minister may be cabinet-ranked in some administrations, or junior minister or undersecretary in others. And there might be no single ministry tasked with migration when it is assigned to a department or division within another ministry.

Canada, Spain and New Zealand offer interesting examples of institutional arrangements. Canada considers “nation building” as tied to immigration and citizenship, which it starts promoting as soon as migrants with permanent residence arrive. The emergence of a ministry that manages immigration, integration, the naturalisation process, and citizens’ civic duties and rights mirrors the nation-building project (van Selm, 2005). In Spain, migration issues have been handled by the employment ministry since the mid-2000s as in New Zealand, where immigration was long the duty of the Department of Labour until the Ministry of Business, Innovation and Employment took charge. Spain and New Zealand are examples of the approach that puts immigration planning in a labour- and economy-related perspective.

Besides national authorities, there are several important state and non-state actors that are also involved in the migration management process. This would include inter alia, regional and sometimes local authorities, intermediaries such as recruitment agencies or law firms, migrants themselves as well as NGOs and social partners, such as trade unions and business organisations. All of them may have specific interests and objectives that are sometimes, but not always aligned.

**How to make policy coherence work?**

There is growing recognition of the need for vertical coherence at institutional level, i.e. at various levels of government, both in terms of coordination and horizontal coherence among departments and harmony in strategies. In practice, this is achieved in different ways as the following two country examples illustrate.

Sweden’s interest in migration and development issues dates back to the early 2000s when the government elaborated its Policy for Global Development (ICMPD and ECDPM, 2013). In 2008, migration was upgraded to one of the six global challenges that were considered crucial for Sweden’s ability to contribute to development through coherent policies. The Swedish approach to migration and development is dominated by two issues: advocacy for the circular migration model, considered a specific pattern of mobility, and concerted efforts towards greater policy coherence. Hence, contrary to other countries that focus primarily on diasporas or remittances, Sweden has adopted a perspective focusing on a global approach that includes measures within different fields such as labour regulations, human rights, and trade policies.

Australia achieves its economic and social well-being goals with managed migration an essential component of such planning. Today, demography and meeting skill needs and ensuring economic growth are captured through the Inter-generational Report. The report deals with the three long-run drivers of economic growth – population, participation and productivity. The Australian Government has adopted an aspirational goal of 69

3 The report produced every 5 years since 2002 is a social compact between the generations – children, grandchildren, parents, grandparents and each other (IGR Overview 2015). Successive intergenerational reports have been important in focusing public attention on some of Australia’s longer term challenges and spurring some significant policy adjustments even as other long-term challenges have developed.
per cent labour force participation, by 2025 to meet the projected demand for labour, a long-term target of average 1.5% productivity growth noting that this will be supported by raising skill levels within the workforce and community and sustaining net migration at an average of between 187,000 and 235,000 per annum. The national Skills Strategy complements the Inter-generational report by estimating skills supply and demand in the medium term. The immigration department tasked with managing the planned migration takes into consideration the fiscal and economic impact of such migration.

While these two examples consider migration and its coherence with other policy domains, they are by no means comprehensive.

Policy makers can struggle to make explicit all the goals and trade-offs cited earlier. Yet, a wider and better understanding of what is at stake in migration policy helps define appropriate mechanisms, bring in stakeholders, and guide change when conditions evolve. That it is difficult to set goals is evident from the sheer scarcity of explicitly stated goals in legislation. Policy intent is not always clear. Nor is it any clearer how policy mechanisms are meant to work in practice.

Achieving consensus on the objectives of labour migration policy can be more difficult than negotiating the measures to achieve those objectives. In some countries, like Sweden and Norway, parliamentary commissions or white papers explicitly state goals. In Korea or Japan, the government has multiyear Basic Plans wherein it articulates legislative and regulatory goals. Italy, like some other OECD countries, clarifies its goals in extensive preambles to its legislation. Others do not. The different practices reflect the political culture in individual countries, so there is no general guide to policy development that applies to all.

Where do we go from here?

**Lessons for building coherence in labour migration management**

In summary, setting labour migration goals is an exercise fraught with difficulty but essential to designing and implementing good policy. Unlike other policy areas which have clear benchmarks and goals – like health and employment policy – labour migration is about more than cost, quantity and quality. The core goal of labour migration policy is still to meet immediate labour needs that cannot be satisfied domestically or to support long term workforce development while ensuring that the domestic workforce is not adversely affected. That goal, however, must compete with other policy goals.

Considering the complexity of migration per se and the multiplicity of approaches used, some of the key principles for managing policy coherence include:

- Set clear goals and attach indicators to these goals.
- Include the voices and perspectives of institutional and non-institutional actors and stakeholders, including diaspora, at multiple levels.
- Take into account the specific political and institutional context in tailoring policy choices.
- Address public opinion by making trade-offs explicit and relying on robust evidence.
- Achieve policy coordination through context-appropriate formal and informal mechanisms.
- Monitor and evaluate whether policies have achieved their goals.
Migration is included in the 2030 Agenda for Sustainable Development. This represents a marked shift from the Millennium Development Goals (MDGs) and a timely recognition of the diverse interlinkages between migration and sustainable development.

Among other things, the new agenda underlines the need to consider the impact of humanitarian crises and forced displacement of people on development progress, and calls for the empowerment of vulnerable groups and access by all to life-long learning opportunities. With the adoption of the 2030 Agenda, governments have also committed to eradicating forced labour and human trafficking and to end child labour.

The SDGs are universal and aim to promote sustainable development in a more comprehensive and global manner. As such, only by working together as sending, transit and receiving countries on a universal scale can migration be truly harnessed for development.

Source: The 2030 Agenda for sustainable Development; www.iom.org; and www.migration4development.org.
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The Coherence for Sustainable Development series is available on the OECD's Internet site: www.oecd.org/development/pcd/

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