

LABOR MOBILITY PARTNERSHIPS

EXPANDING OPPORTUNITY WITH A GLOBALLY MOBILE WORKFORCE



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About the Connecting International Labor Markets Working Group

The Center for Global Development works to reduce global poverty and improve lives through innovative economic research that drives better policy and practice by the world's top decision makers. CGD uses working groups to bring together diverse actors from the private, public, and policy spheres to develop and promote novel, sellable, and scalable solutions to difficult problems.

CGD launched the Connecting International Labor Markets Working Group in October 2019 with the goal of ensuring that workers can access more and better opportunities abroad. The working group focused on identifying barriers and opportunities toward enhanced labor mobility, in order to inform the design of a new organization: Labor Mobility Partnerships (LaMP). LaMP aims to be the first organization dedicated to increasing rights-respecting temporary labor mobility, with a long-term goal of unlocking billions in income gains for people who fill needed jobs. LaMP incubated within CGD during the working group process that informed its design and launched as an independent entity in April 2020 at the conclusion of the working group.

The working group was chaired by Michael Clemens, director of migration, displacement, and humanitarian

policy at CGD, and Lant Pritchett, visiting research scholar at the Blavatnik School of Government (Oxford, UK). It included representatives from government ministries, international organizations, actors in what we refer to as the “mobility industry,” the private sector, and research institutions. Members were invited to participate in a strictly personal and volunteer capacity, not as representatives of their employers or organizations.

The Connecting International Labor Markets Working Group launched in Dubai in October 2019 and continued to consult virtually over the course of the year through April 2020, including partnering with LaMP on pilot engagements. Consultations were also held with the Australian Department of Foreign Affairs and Trade, the Global Development Incubator, the Global Forum on Migration and Development, the Global Priorities Institute, the Inter-American Development Bank, the International Centre on Migration Policy Development, the International Labor Organization, the International Organization of Employers, the International Organization on Migration, the National Immigration Forum, the OECD Development Center, the Overseas Development Institute, Seefar, Talent Beyond Boundaries, the United States Council for International Business, and the World Bank.

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Preface

The Center for Global Development has long been a champion of labor mobility, beginning with Lant Pritchett's exploration of the potential of and obstacles towards greater cross-border mobility of labor in *Let Their People Come: Breaking the Gridlock on Global Labor Mobility*. That important work was further built upon by seminal pieces from Michael Clemens, such as "Economics and Emigration: Trillion-Dollar Bills on the Sidewalk?" showing that economic gains from eliminating migration barriers would be substantial and far higher than those associated with almost any other intervention. Migration and labor mobility, as Clemens has shown, are central to economic opportunity for hundreds of millions of people living in poverty.

This report, and the proposal contained herein, is the natural continuation of that work. Having laid a solid foundation for why enhanced labor mobility is better for workers, better for employers, and better for countries, CGD convened the Connecting International Labor Markets Working Group to take on the daunting task of answering how to unlock the movement of labor. The working group's answer to this tricky question is a new third-party organization, aimed at building labor mobility systems at scale by brokering relationships; providing technical support; and conducting research and advocacy on the impacts of labor mobility for workers, employers, and countries. CGD has been proud to incubate this organization, Labor Mobility Partnerships (LaMP), over the last year.

Though this effort began prior to the COVID-19 pandemic, we believe that the context in which we currently find ourselves makes this report all the more timely. This moment represents a turning point in which the labor mobility cause could either suffer its greatest setback or take a large leap forward. On the one hand, everywhere we see borders closing, migrant workers being laid off and deported, and nationalism and xenophobia being fueled by fears of pandemic spread and severe economic recession. In one possible world, these dynamics and fears may be allowed to take root and turn into permanent restrictions on workers' ability to move. At the same time, we are seeing an unprecedented recognition of migrants as essential workers crucial to a functioning economic life, and innovations that allow workers to rapidly move to where they are needed in response to virus outbreaks. In another possible world, we can work to carry these realizations and innovations forward, and not only resume migration flows after the pandemic but take the lessons learned and build flexible, expanded labor mobility pathways.

We at CGD are confident that LaMP will move us towards the latter world, the world in which hope wins over fear, and in which employers, governments, and industry work together to build a globally mobile workforce. We look forward to continuing working with them and with all of our partners towards that end.



Masood Ahmed
President
Center for Global Development

Acknowledgments

This document is the final report of a study group on connecting international labor markets, run by the Center for Global Development between 2019 and 2020. We are grateful to the members of the working group, who devoted many hours of their valuable time to thinking through the key constraints to labor mobility and to shaping a proposed way forward. They offered a broad and valuable range of perspectives which enriched the content and proposal in this report.

In addition we are grateful to others who provided thoughtful comments, critiques, and suggestions, including Alan Gelb, Alex Silberman, Amanda Glassman, Amy Leach, Cindy Huang, Darin Kingston, Ellen Yost, Gayatri Kanth, Helen Dempster, Henry Sherrell, Jason Gagnon, Jason Wendle, Justin Gest, Marta Forresti, Masood Ahmed, Mauro Testaverde, Ronnie Goldberg, Ryan Edwards, Samik Adhikari, Thomas Ginn, the Global Priorities Institute, and William Savedoff.

Although the report reflects the discussions and views of the working group, it is not a consensus document.

The report was written by Rebekah Smith (Labor Mobility Partnerships) and Farah Hani (formerly Center for Global Development) with inputs and guidance provided by working group chairs Michael Clemens (Center for Global Development) and Lant Pritchett (Labor Mobility Partnerships). Further inputs were provided by Helen Dempster (Center for Global Development), Anita Vukovic (University of California, Los Angeles), and Zuzana Cepla (Labor Mobility Partnerships). Stephanie Brown helped with the design of the report and infographic. Emily Schabacker coordinated the production of the report.

The authors are grateful to the Open Philanthropy Project for its financial support of this project and working group. We apologize for any omissions, and all errors are our own.

Abbreviations and Acronyms

BLA	bilateral labor agreement	IOM	International Organization for Migration
GCC	Gulf Cooperation Council	LaMP	Labor Mobility Partnerships
GCM	Global Compact for Safe, Orderly and Regular Migration	MoU	memorandum of understanding
GDP	gross domestic product	N/S/W	northern, southern, and western (Europe)
GFMD	Global Forum on Migration and Development	NGO	nongovernmental organization
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German development agency)	NPV	net present value
IATA	International Air Transport Association	OECD	Organisation for Economic Co-operation and Development
ICMPD	International Centre for Migration Policy Development	PISA	Programme for International Student Assessment
ILO	International Labour Organization	PPP	purchasing power parity
		UN DESA	United Nations Department of Economic and Social Affairs

Executive Summary

By 2050, member countries of the Organisation for Economic Co-operation and Development (OECD) will need at least 400 million new workers to maintain their current pension and health schemes. By 2050, the prime working-age populations of OECD countries will have shrunk by more than 92 million people, while their populations over 65 years old will have grown by more than 100 million people. This means to maintain their current (and already historically low) ratio of prime working-age to 65+ people in the year 2050, OECD countries are currently facing a gap of more than 15 million workers per year, or a total of 400 million workers over 30 years. This gap has significant implications for pensions and health schemes, which were built on “pay-as-you-go” support based on large ratios of workers to retirees.

This situation should be viewed as an opportunity: estimates project that there will be close to 1.4 billion new working-age people in developing countries by 2050, of whom around 40 percent are unlikely to find meaningful employment in their home countries. These individuals can make up for the labor force shortages in OECD countries. Such an arrangement would be a powerful tool toward poverty alleviation: workers who find jobs in richer countries can expect to increase their income by 6 to 15 times. These income gains make mobility more powerful in fighting poverty than even gold-standard development interventions.

However, the question looms of how labor market needs of this scale can be met. There are currently 119 million people moving from developing to OECD countries—meaning current labor mobility systems would face a significant challenge in closing even a portion of the gap of 400 million workers or more. Currently the mobility space is highly fragmented, with little support for

migrants or integrated oversight. Fragmented support is a key driver of poor outcomes seen in current labor mobility systems (such as high costs of migration, poor quality of employment, and lack of vetting on labor standards, visa fraud, and overstay) and if not addressed would likely further exacerbate these issues. Actors (including governments, employers, and service providers in what we call the “mobility industry”) tend to operate exclusively in a national context, at best coordinating with partners on the other side of the corridor, but often acting unilaterally.

The failure to act on labor mobility is a classic example of a collective action problem—each stakeholder would benefit from a system through which actors cooperate to better facilitate labor mobility; however, they also face risks from and constraints on cooperation—resulting in a system where unilateral small-scale action is the prevalent practice. The costs of such a system manifest themselves as constraints and risks, and can be grouped into three key categories: operational, political and reputational, and financial.

Scaling labor mobility in response to the demographic need requires first mitigating these constraints, in order to shift the cost-benefit analysis of key stakeholders. In looking at existing institutions with a mandate relating to labor mobility, we see that this support is currently missing. This leaves critical unanswered demand for support in an era when labor mobility is increasing and desperately needed. This gap means missed opportunities for employers, workers, and origin and destination countries alike.

While there is significant attention on migration in the international community, existing support is not sufficient to shift the cost-benefit analysis of stakeholders

(and thereby change the dynamics of the system). We identify three functions that may meaningfully address the constraints noted above: brokering, technical support, and advocacy. *Brokering functions* seek to address the highly fragmented nature of the labor mobility space. *Technical support functions* target constraints around capacity and good practice. *Advocacy functions* target constraints relating to political and reputational risks. In the current system, these functions are either missing or provided only to a subset of the necessary actors.

We propose a new organization, Labor Mobility Partnerships (LaMP), which will offer these functions to governments, the private sector and employers, the mobility industry, financiers, and civil society. LaMP aims to be the first organization that actively works to increase rights-respecting labor mobility, ensuring that workers can access employment opportunities abroad. The long-term goal is to plug labor market gaps in OECD countries while unlocking billions in income gains for people who fill needed jobs.

Introduction

This working group report presents the findings of the Connecting International Labor Markets Working Group at the Center for Global Development (CGD). It begins by exploring the need for labor mobility, created by aging populations in member countries of the Organisation for Economic Co-operation and Development (OECD)¹ and growing young populations in developing countries. It further explores the

potential impact of labor mobility at the needed scale. The report then discusses the constraints that prevent labor mobility from being allowed at scale under current systems, and how these constraints might be meaningfully addressed. It concludes that there is a role for coordinated external support, and sets forward a design for a new organization to provide this support.



1. This report considers the following OECD countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, South Korea, Spain, Sweden, Switzerland, the United States, and the United Kingdom.

Chapter 1.

The Case for Increased Labor Mobility

An increase in labor mobility has the potential to generate massive gains to migrant workers, receiving countries, and sending countries. There are at least two significant global trends that make labor mobility imminent. On one hand, OECD countries are headed toward a phenomenon the world has never seen: a society in which the old are more numerous (in absolute terms) than the young. More specifically, by 2050, OECD countries will see more people retiring than people entering the workforce. This is a real crisis because this shift in the ratio of working-age population to retirees implies more society members who require a wide range of support—from social benefits to healthcare services—and fewer productive members who provide the resources to finance these benefits or the labor to care for the elderly. As a result, maintaining the balance between the two populations will prove indispensable.

At the same time, we see the trend in developing countries to be quite the opposite. Most developing-country populations are booming and young. In addition, many of their residents will, in their lifetimes, lack access to meaningful and productive economic opportunities in their home countries, whose growth challenges are as hard as the demographic crisis in the OECD. Labor mobility has always been a powerful tool for poverty alleviation—one that compels about 270 million individuals today to migrate. As such, labor mobility is also an opportunity—one that can save rich countries while contributing to the development of sending countries and the well-being of migrants themselves.

Demographic trends

Host countries

Historically, the primary policy concern for OECD countries with regard to the labor market has been to ensure adequate job creation to employ their growing working-age populations. Today, this dynamic no longer holds for most OECD countries, where the working-age population is shrinking—in absolute terms. “Narrow at the base” demographic pyramids have become a reality in Europe, for example, since the early 2000s. An estimate of the projected change in total working-age population in selected OECD countries between 2015 and 2050, using 2015 statistics from the United Nations Department of Economic and Social Affairs (UN DESA), Population Division,² shows a loss of more than 92 million workers (Figure 1). The urgency of this demographic shift is coupled with an increase in these countries’ elderly population (those age 65 and older). The same OECD countries are expected to gain, between 2015 and 2050, more than 100 million individuals 65 and older.

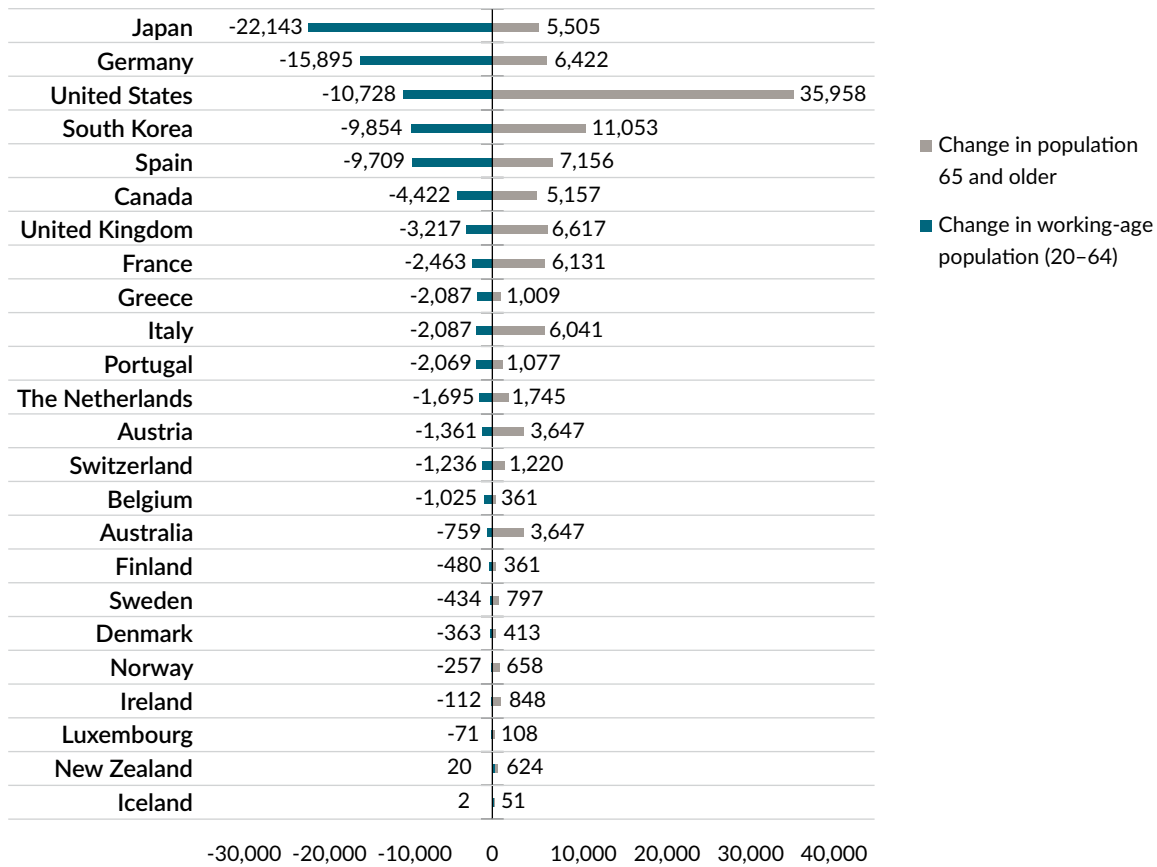
This trend constitutes a demographic crisis to many of the countries affected by it. The priority of these countries turns from “How do we provide jobs to our working-age population?” to “How do we get more workers?” Looking at the ratio of working-age population to 65+ population in the OECD countries under consideration, we find that the median in 2015 stood at 3.3.³ This suggests that for every individual 65 or

2. UN DESA, Population Division (2015).

3. We use the zero-migration variant of the UN DESA, Population Division (2015) data, which assumes net international migration for countries at the beginning of the period to be zero.

Figure 1. While the working-age population in most OECD countries declines, these countries are gaining elderly citizens.

A shrinking youth population and growing elderly population (in thousands)



Source: Authors' calculations based on UN DESA, Population Division (2015).

older at a given time in 2015, there were 3 working-age individuals. However, the demographic shift means that this balance will be eroded. By 2050, the median ratio of working-age population to those 65 and older is projected to be 1.8 in a zero-net-migration scenario, and 1.9 in a status quo scenario.⁴ Figure 2 shows the actual past ratios of working-age to 65+ population in selected OECD countries through 2015 and projected ratios to 2050.

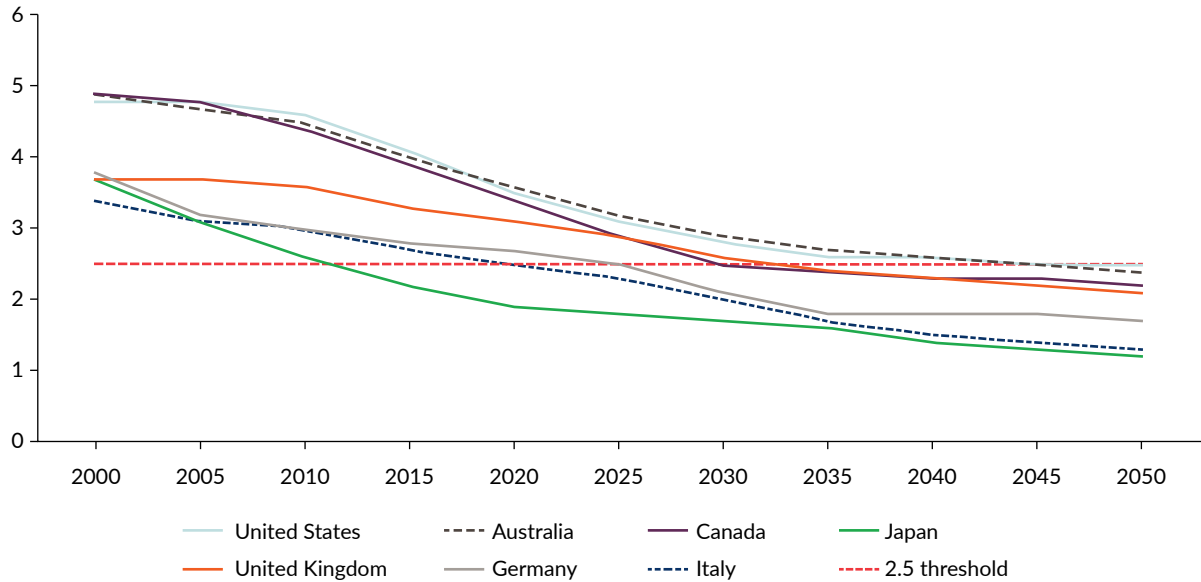
For the sake of this document and projecting where OECD countries will be in terms of demographic composition by 2050, we set as a threshold the lowest ratio

achieved in an OECD country at the beginning of the last decade (that is, in 2010). In 2010, Japan had the lowest ratio of working-age population to those 65 and older—roughly 2.5. We argue that dropping below 2.5 (as Japan has since 2015) is unsustainable. First, pension schemes for retirement or old age income in rich countries are “pay-as-you-go” (or “pay-go”) systems, which depend on transfers or contributions from the working youth. As such, their key factor is a large enough and growing base of workers to retirees. With fewer workers per retiree, it is unclear how governments can sustain such schemes. Possibilities include raising taxes or cutting benefits. However, these options are politically almost impossible. Second, as healthcare costs and needs in rich, aging countries

4. Projections of population change based on a probabilistic model of changes in fertility, and normal mortality and migration rates.

Figure 2. The declining ratio of working-age population to elderly population has been a persistent trend in OECD countries.

Ratio of working-age to 65-and-older population, selected OECD countries



Source: Authors' calculations based on UN DESA, Population Division (2015).

rise, new financial and human resources will be necessary to meet rising demand for healthcare services (a trend emerging in Europe today).

One may argue that Japan has been able to continue with a ratio of working-age population to retirees of less than 2.5. Japan's high savings and possibly its reliance on technology may have allowed it to combat labor shortages early in the last decade. However, by 2018, Japan had announced the launch of a pilot program to bring in more than 300,000 workers to Japan over five years to fight labor shortages. Japanese society is one of the most homogenous among OECD countries, with an insular and strong culture, yet it is giving in to the need for more workers. High savings and automation do not seem to have been sufficient to cushion the economy from the impact of labor shortages. Other OECD countries do not enjoy Japan's high savings to help finance the needs of an older population, and thus may not be able to hold on as long as Japan did before thinking about bringing in new workers from abroad.

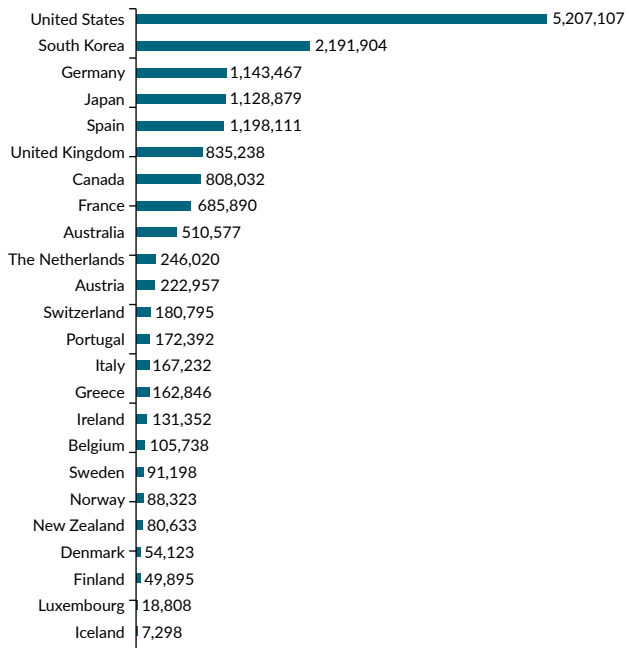
Preparing for the demographic reality in 2050 requires an additional 15 million workers annually between 2020 and 2050—a medium-term, not long-term, horizon—or 400+ million total over the same time frame, to balance the increase in the gap between working age and elderly population. Put another way, maintaining the 2015 ratios of working-age population to 65+ population (referred to hereafter as the “status quo” ratio) in 2050 requires more than 15 million new workers annually between 2020 and 2050 in the OECD countries under consideration (Figure 3, panel a).

The estimated 15 million new workers annually for our group of 24 OECD countries is a massive number. It is also very much a conservative estimate that understates labor needs for three reasons. First, these 15 million new workers are needed only to sustain these countries' current economic structures and exclude labor needed for economic growth.

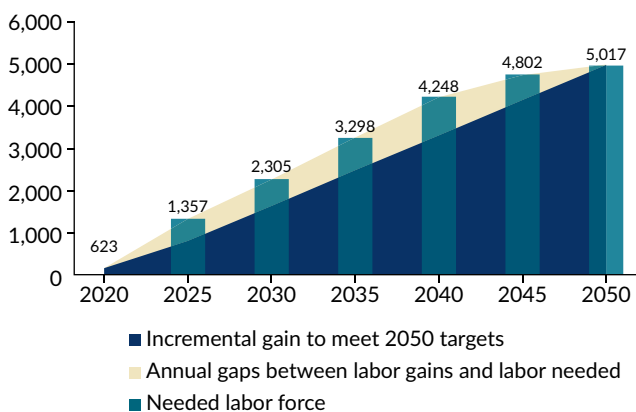
Second, the estimate of 15 million new workers needed annually assumes that maintaining a balance between

Figure 3. Massive labor shortages in selected OECD countries: Millions of new workers will be needed each year to maintain the current economic structure.

(a) Workers needed per year between 2020 and 2050 to maintain 2015 ratios of working-age population to 65+ population in 2050



(b) Italy: New labor needed between 2020 and 2050, versus incremental gains targeting 2050 status quo age ratio (in thousands)



Source: Authors' calculations based on UN DESA, Population Division (2015).

the workforce and retirees is sufficient to meet labor demand. However, several occupations, such as care work and construction work, normally require young workers. Therefore, with the working population in OECD countries being older rather than younger (that is, because these countries have an inverted population pyramid), discussing the total size of the workforce relative to the elderly population masks the nuances of shortages in specific sectors. Similarly, the discussion of labor shortages vastly understates the count of “new workers” needed unless these adjustments are made. In thinking about labor shortages, OECD countries need to consider the ratio of the population 65 and older to the working population younger than 30.

Third, the estimate of 15 million new workers assumes that an incremental gain in annual worker stocks to meet the status quo age ratio in 2050 is enough to address annual labor gaps between 2020 and 2050. For example, population projections in Italy reveal that the country will need an additional 5 million workers in 2050 to preserve the 2015 ratio of working-age to elderly people (Figure 3, panel b). This implies that Italy needs to gain 167,000 workers annually between 2020 and 2050. A similar calculation aggregating labor shortages across the OECD countries under consideration estimates a shortage of 15.4 million workers per year—on average.

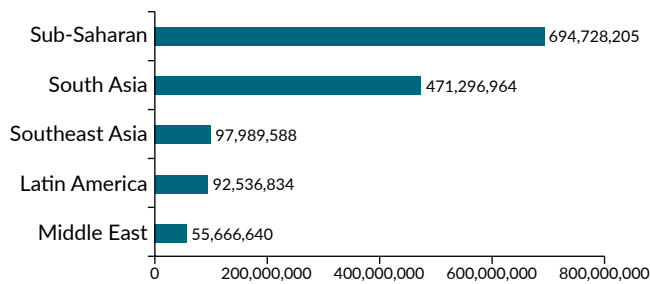
Sending countries

The situation in poorer (developing) countries is quite the opposite of that in OECD countries. Young populations fueling the rising young workforce are major drivers of out-migration. The total population in developing countries has been growing and is projected to continue growing over the coming decades—in a status quo scenario, with a rising and large working-age population. The 2015 statistics from the Population Division of UN DESA⁵ estimate that by 2050 the working-age population in these regions/countries will increase by millions, and in the cases of sub-Saharan Africa and

5. UN DESA, Population Division (2015).

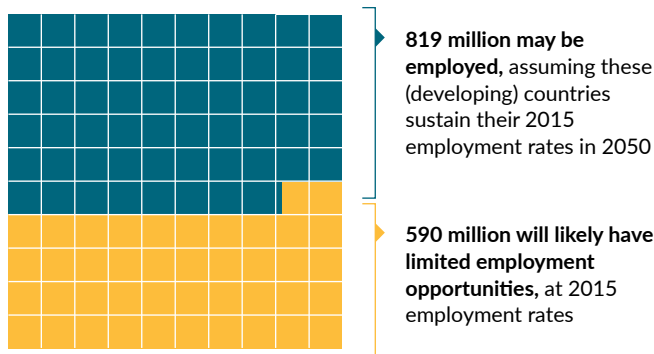
Figure 4. There will be more than one billion new working-age individuals in poorer (developing) countries in 2050 (compared with 2015).

(a) Change in working-age population (20–64) between 2015 and 2050



(b) Change in working-age population (20–64) between 2015 and 2050

Of the 1.4 billion new working age individuals by 2050 in the regions considered above ...



Sources: UN DESA, Population Division (2015); ILO (2019).

South Asia, hundreds of millions. These numbers represent the net absolute number of workers expected to join the workforce between 2015 and 2050. These new joiners are young (between 19 and 30 years old) and face a grim future in terms of employment. Developing countries’ economies will need to grow at a pace that generates jobs suitable for their young workers. At current employment levels, as many as half of these new joiners would be left unemployed. The size of the future labor force and its demographics will likely

generate large demand for a supply of migrants who will want to move and follow opportunity.

Another important fact for sending countries is that the growing young population is very low skilled, relative to people in richer countries. The schooling and education outcomes distributions in richer and poorer countries (proxied by test scores from the OECD’s Programme for International Student Assessment, or PISA) tell very different stories. While richer-country citizens fall predominantly within the “medium-skilled workers” category, the distribution shifts toward “low-skilled workers” among the poorer countries, showing that the majority of workers are low-skilled and that literacy levels, given low education outcomes, are significantly below those in OECD countries. Given these outcomes, the struggle for poorer countries will not only be employing a large base of young graduates but employing a large base of young graduates who are mostly low skilled. As discussed below (in the section “The Future of Jobs”), this will prove a tremendous challenge for poorer countries, for whom traditional growth and employment strategies entail embedding labor into production processes domestically to produce and export goods.

Conclusion 1

The demographic trends in host (richer) and sending (poorer) countries imply that there are potential large gains from labor mobility of working-age individuals: poorer countries are faced with the dilemma of productively employing a growing and thick youth population, whereas richer countries are heading, in the foreseeable future, toward a demographic crisis that will pose serious economic and political concerns. For richer countries, options for coping with the demographic change seem limited to scaling down on benefits or delaying them (through means such as increasing the retirement age), increasing taxes on working individuals, or increasing the base of working individuals. These options all seem politically infeasible—with the “least infeasible” being increasing the number of workers through foreign recruitment.

In fact, an obvious conclusion is that labor mobility can be one policy tool to respond to the looming demographic crisis. Labor shortages are not global: while a specific group of countries ages and struggles to fill vacancies, other countries struggle to offer productive economic activities to their citizens. Although recent political trends mirror anything but the feasibility of this option, many countries have innovated in this space. Canada and Australia both employ a points-based system to attract high-skilled talent, as well as temporary and seasonal schemes for low-skilled labor. With thoughtful designs, such labor mobility schemes can have positive outcomes for receiving countries, who are helped to address labor shortages; for sending countries, who through well-managed labor mobility are able to harness development-related benefits from citizens working abroad; and for migrants, who are able to improve their well-being and that of their families.

The future of jobs

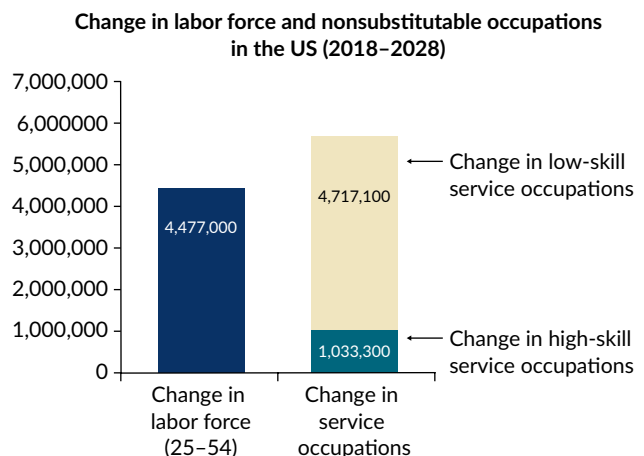
Like changing demographic trends, the future of employment growth in both host and sending countries offers a lot of insight into the future of labor mobility between countries.

Most of the future new jobs in richer countries will be in nonsubstitutable⁶ service occupations. The US Bureau of Labor Statistics provides projections of the change in the US civil labor force, as well as the change in employment by occupation. These projections predict that the US civil labor force at prime age (defined here as 25–54) will increase by about 4.5 million workers between 2018 and 2028 (US BLS 2018). For this same period, we start by looking at the employment growth by US occupation, focusing on nonsubstitutable service occupations (service jobs that cannot be automated nor offshored). We categorize these occupations into high- and low-skilled nonsubstitutable occupations in the United States between 2018 and 2028. High-skilled nonsubstitutable occupations include those of health-care practitioners (such as nurses), educators (such as

teachers and university professors), and police officers. The projected growth in these occupations is an increase of 1.3 million (US BLS 2018).

Low-skilled nonsubstitutable occupations include care work (such as that of health, personal, and home-care aides), construction work, building cleaning and maintenance occupations, food preparation and services occupations, farming occupations, and maintenance and repair occupations. The projected increase in the number of these jobs over the next decade is 4.7 million (US BLS 2018). As can be seen in Figure 5, the projected increase in this category of service jobs in the United States exceeds the increase in prime-age labor force (defined as ages 25–54)—before accounting for high-skilled jobs or other low-skilled service jobs such as those in retail. At this rate, employment in low-skilled service occupations alone (based on our definition) will outgrow the prime-age civil labor force by 2028 (Figure 5).

Figure 5. Between 2018 and 2028, the United States will need more workers than it is expected to have just to meet the increase in demand for low-skilled, nonsubstitutable service jobs.



Source: Dubina et al. (2019).

6. Nonsubstitutable jobs are jobs that cannot be offshored or automated.

For poorer (sending) countries, the jobs challenge is providing employment to very low-skilled labor in an era of globalization of everything but labor (i.e., of goods and capital), and a time of technology innovation biased toward “labor-saving.” The scarcity of low-skilled, low-cost labor in richer, more advanced economies has given rise to labor-saving technological progress that has substituted for labor in labor-intensive manufacturing jobs. With openness to trade, Asian countries such as China and South Korea, with a comparative advantage in low-cost, labor-intensive activities, were able to industrialize, increasing their manufacturing output and thus their exports. These exports in turn replaced products made by advanced economies with high labor costs. In this way, such Asian economies achieved new levels of growth. To low-income countries, the combination of widespread labor-saving technologies and the rise of Asian exporters has meant either industrializing in order to compete with the Asian exporters, or deindustrializing and shifting to a service economy—at a significantly lower income level than that enjoyed by advanced economies and Asian exporters.⁷ With their path to development altered by trade and technology, poorer countries will face the challenge of employing 1.4 billion workers with their path to traditional labor-intensive manufacturing industries virtually blocked.

Conclusion 2

The employment trends discussed can, so far, mean one of two things: The first is a shift toward “service” exports as we see in examples of call centers or other customer service operations—whereby richer countries with high-cost labor outsource “tasks” to poorer countries with low-cost, low-skilled labor. The second alternative is greater labor mobility, not only to address shortages in nonsubstitutable low-skilled jobs in richer countries (such as healthcare and other care or domestic service jobs), but also to cope with the repercussions of a declining working-age population in richer countries. With the persistence of massive wage gaps because of the “place premium”⁸ and the subsequent income gains to

movers from less productive to more productive places, discussed below, there will be significant willingness from citizens of poorer countries to move.

Wage differentials

If labor mobility is the future for host countries, it comes at a significant gain to workers themselves. Labor mobility can be a powerful tool for poverty alleviation given the massive income gains to workers performing a given job in a richer country rather than in a poorer one. These gains stem from large and persistent wage differentials between richer and poor countries—that is, the purchasing power parity (PPP)-adjusted wages of workers with similar productivity are much greater in richer countries than in poorer countries. For example, in 2011, an Ethiopian with very little to no schooling would, on average, earn PPP\$405 annually. Yet an individual with a similar level of schooling (or lack of it) could earn PPP\$24,000 in the Netherlands. We compare the wages of individuals with no schooling under the assumption that the observed wage gaps between such individuals are less likely to be due to traits that affect their income. Additionally, for an Ethiopian the return on investment in schooling (going from no schooling to postsecondary schooling) is dwarfed by the return on moving to a country like the Netherlands. This is because, on average and at the margin, whereas an Ethiopian can increase his or her income by a factor of 6 by pursuing postsecondary schooling in the home country, an individual with no schooling in the Netherlands still earns 10 times the Ethiopian’s wage (Figure 6).

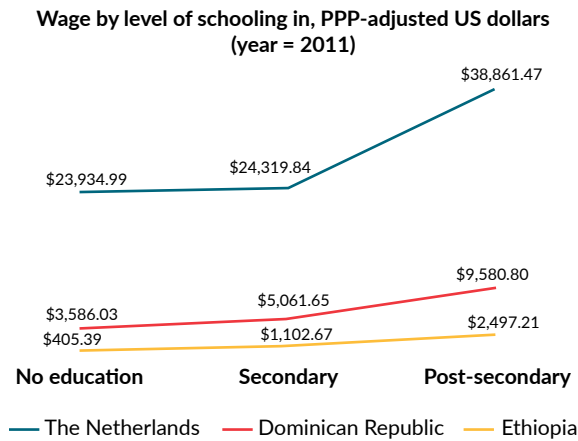
These wage gaps, and therefore the large gain from worker mobility, persist due to the lack of convergence of country (spatial) productivity. Clemens, Montenegro, and Pritchett calculated the observed wage ratios of workers with the exact same human capital (that is, with equal intrinsic productivity), working in different places.⁹ They showed that even after adjusting for observed factors possibly contributing to the massive wage differentials of workers in richer as opposed to poorer countries, wage gaps remained large. For

7. Rodrik (2016).

8. Clemens, Montenegro, and Pritchett (2019).

9. Clemens, Montenegro, and Pritchett (2019).

Figure 6. In many countries, the potential income gain from mobility exceeds the gain from investing in schooling.



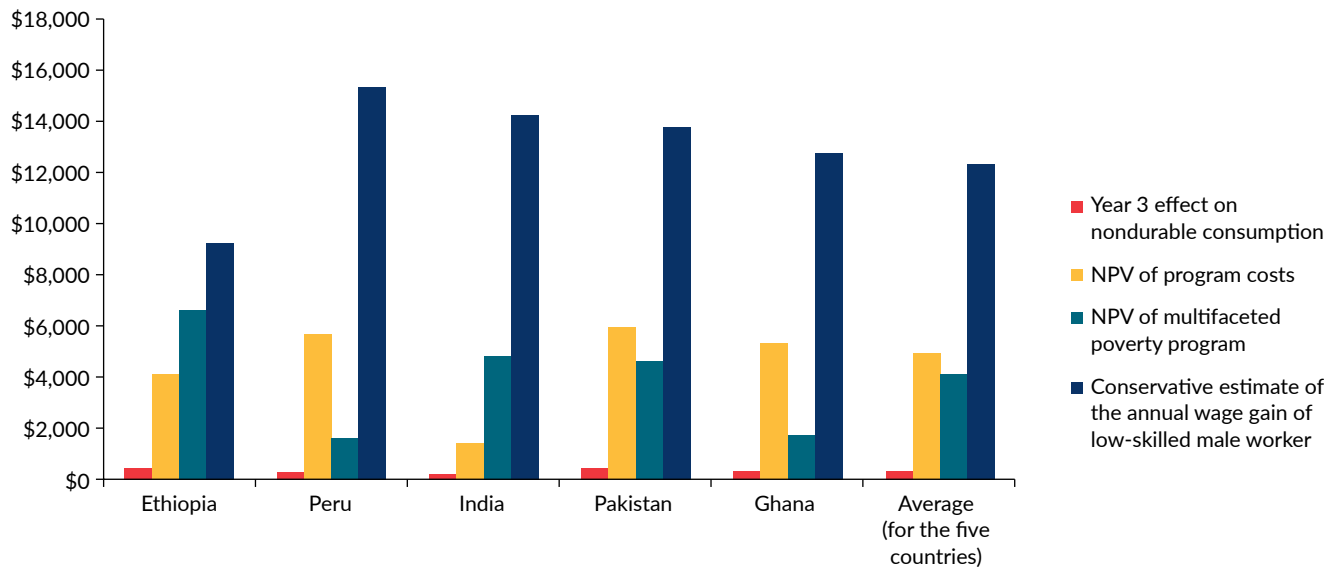
Source: Pritchett and Hani. (2020).

example, the ratios of PPP-adjusted wages of workers from Bangladesh, India, Indonesia, and Pakistan working in the United States to wages of workers from the same countries, with similar demographics and educational profiles, but working in the country of origin, stood at 5.5, 7.8, 7.0, and 7.4 respectively. This suggests a place premium on human capital in richer, more

productive countries—driven by the total factor productivity in richer countries.

The lack of convergence in total factor productivity implies that wage gaps between countries will remain massive for the foreseeable future, making labor mobility a powerful tool for poverty alleviation and the well-being of poor-country citizens. Empirical evidence from programmatic interventions to alleviate poverty through income-generating activities broadly shows that returns on such interventions are dwarfed by income gains from labor mobility. The Ultra-poor Graduation Program, for example, is a gold-standard poverty reduction program—adopted by several nongovernmental organizations (NGOs) and widely celebrated for its impact. The program, on average, invests a net present value (NPV) of US\$4,545 over two years (measured across the five countries where the program has the biggest impact) and generates on average US\$344 in nondurable income gain in the third year. Ethiopia, one of the countries where the impact of the program was the highest, showed a gain in income of US\$424 for a US\$4,157 investment (Figure 7). Even a conservative estimate of the annual gain of a low-skilled Ethiopian male worker from labor mobility is massively larger.

Figure 7. Income gains from labor mobility dwarf the less than 10 percent average rate of return on the Ultra-poor Graduation Program—a gold-standard poverty reduction program.



Source: Banerjee et al. (2015); Clemens, Montenegro, and Pritchett (2019).

Chapter 2.

The Need for Coordinated Action

Current state of migration

Currently, migrant stocks, though increasing over the years, are far from the numbers needed to mitigate a labor shortage crisis. First, out of the 258 million migrants globally in 2017,¹⁰ the International Labour Organization (ILO)¹¹ estimated that 164 million were workers—that is 63.5 percent. More specifically, North America hosted 23.0 percent and northern, southern, and western (N/S/W) Europe hosted 23.9 percent of these working migrants. That is equivalent to a total migrant stock of 37 million workers in North America, and 39 million workers in N/S/W Europe. In 2013, the total stock of migrant workers stood at 150 million, out of 232 million migrants. N/S/W Europe and North America also hosted the largest populations of working migrants—with 35.8 million in N/S/W Europe and 37 million in North America. It is worth noting that N/S/W Europe gained roughly 4 million workers between 2013 and 2017—that is 1 million workers per year. This is less than the annual number of worker migrants needed by Spain or Germany individually.

The actual increase in total migrant workers is modest compared with the needed as well as potential magnitudes. There is no doubt that the minimal increases in migrant stocks in OECD countries are a function of strict policies adopted by these countries to limit immigration. The United States, for example, enforces a quota system of approximately 65,000 visas

for high-skilled workers annually, whereas low-skilled workers—who are scarce resources—have virtually no pathway to enter and work. Thus, the need for workers and the policies that allow them to access jobs are misaligned. The potential for migration into more developed countries is significant, as evidenced by high levels of positive responses to Gallup’s routine polling questions on willingness to migrate. This evidence points to a potential labor supply of migrant workers, mainly to high-productivity countries—which likely possess a positive place premium—allowing workers in those environments to achieve a higher return on their human capital than if they remain in their origin country.

Future migration implications need not be similar to past consequences. It is fair to say that much of the resistance toward labor mobility comes from hesitation of richer-country citizens to allow citizens of other countries—mostly poorer countries—to settle permanently in richer countries. The origins of this hesitation may be traced back to previous failures in integrating migrant populations in postwar European countries or simply to the current fast-growing immigrant population in the United States. Additionally, given that labor mobility or immigration to OECD countries has largely taken the form of permanent migration, political resistance in many countries is increasing. There is no doubt that permanent immigration will need to be a critical policy tool for rich countries to sustain their economies and social systems. Countries such as Canada and Australia already use a points-based system to screen,

10. UN DESA, Population Division (2017).

11. ILO (2018).

authorize, and integrate high-skilled foreign-born workers. The United Kingdom, after having voted for Brexit partly due to anti-immigrant sentiment, plans to roll out a points-based immigration system by the end of 2020. These systems have largely been seen as politically salient solutions to handpick those allowed to settle within a country's borders.

Yet permanent migration need not be the only method to resolve the demographic crisis and allow citizens of poorer countries a better living. Rotational migration, most known for its implementation in Gulf Cooperation Council (GCC) countries but also in place in Australia, New Zealand, and South Korea, presents an attractive option for admitting low-skilled migrants to fill certain occupations on a temporary basis. It has become an increasingly popular policy option in recent years, as OECD countries seek to address their labor market needs without incurring significant political backlash by increasing the size of their permanent migrant population. Short-term migration has appeared to be an acceptable compromise even in governments with the strongest anti-immigration stances; for example, although the Trump administration in the United States has sought to decrease almost all forms of permanent migration, the number of H-2A visas admitting workers to the United States on a temporary basis has increased dramatically.

Mapping the actors

We have described the need for a substantial increase in labor mobility in coming years—the question that immediately follows is *how* this increase occurs. It is clear that the present system is not capable of facilitating sufficient labor mobility to answer the demographic need as outlined in Section 1. Labor mobility systems as they stand today are highly fragmented, with little support for migrants or integrated oversight. Actors (including governments, employers, and service providers in what we refer to as the “mobility

industry”) tend to operate exclusively in a national context, at best coordinating with partners on the other side of the corridor but often acting unilaterally. This means that there is little accountability or transparency between actors.

In such a system, worker and employer outcomes are not vetted, and there is no accountability when things go wrong. Fragmented support throughout the migration process is a key driver of the poor outcomes often realized in current labor mobility systems, such as high costs and migrant indebtedness,¹² contract fraud,¹³ and skills mismatch.¹⁴ These issues would likely be exacerbated were the labor mobility sector to be significantly scaled without addressing the fragmentation and lack of coordination, as increased scale would only make oversight more difficult.

Further, actors have little information regarding either good practices being developed or opportunities for partnership in other contexts outside their own. The lack of information makes coordinated, coherent action to build up and scale existing efforts in labor mobility difficult. The Global Development Incubator defines *fragmentation* as “a lack of collaboration among actors, a lack of complementary markets to serve different aspects of a market, or simply a paucity of actors in a market.”¹⁵ Each of these three characteristics aptly describes the current dynamics in the mobility space, as will be explored in Section 3. In order to achieve even a fraction of the scale needed, actors in the mobility space need to move from an isolated and ad hoc approach to a coordinated approach.

To move toward coordinated action on scaling labor mobility, we must first understand the actors making up a functional labor mobility system and their interests. For a worker to successfully move into employment abroad, the following essential elements

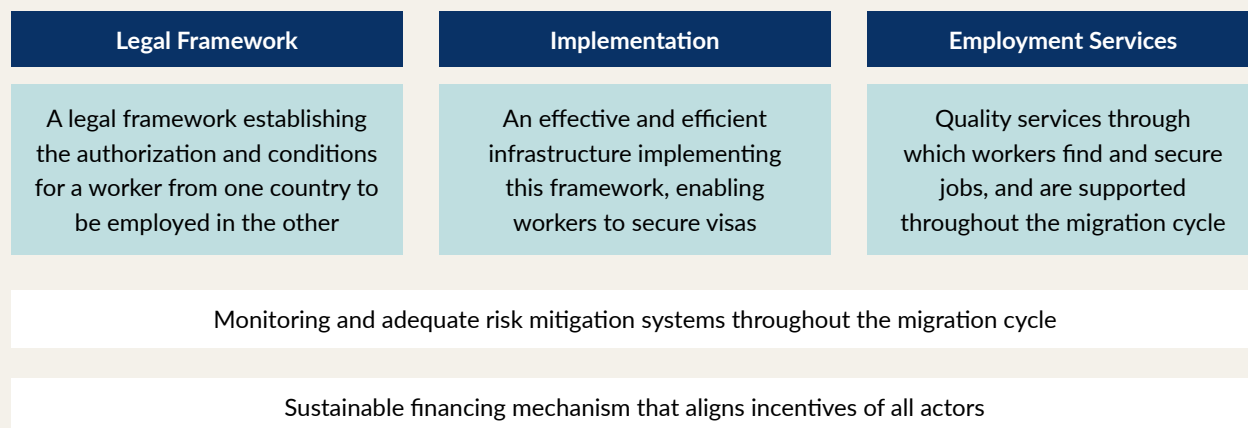
12. Martin (2017).

13. Naufal and Malit (2016).

14. Visintin, Tjens, and van Klaveren (2015).

15. Stern, Kingston, and Ke (2015), 13.

Box 1. Elements of a labor mobility system



The legal framework includes all documents and agreements that provide the legal structure governing the movement of workers between two countries. These frameworks govern terms of admission into the country, access to the labor market, access to safety nets, and rights and protections throughout the migrant's stay in the host country. The frameworks include bilateral labor agreements (BLAs) between source and host countries, national legislation regarding migration management in both countries, the institutional framework assigning ministries responsible for migration management, and the bureaucratic processes for regular exit (i.e., passport issuance, health and security screening, etc.).

BLAs may be formal treaties or, more commonly, less formal memoranda of understanding (MoUs). Chilton and Posner (2017) identified 107 formal treaties and 81 MoUs in their sample set, plus 216 agreements with unclear legal status. Labor agreements should set out key structural elements of labor flows between the partners, including the sectoral focus and circularity of migration patterns. Structural elements include costs of migration and

distribution of costs, processes for selecting workers and terms of employment, mechanisms for arbitration of disputes, and regulations for protecting workers. International experience shows that all successful BLAs are demand-driven: they focus primarily on opening labor market access to address labor shortages and meet employers' demand in selected sectors.

The implementing infrastructure establishes the processes through which a worker may legally move to employment in the receiving country, as dictated by the terms of the legal agreement. The most important elements are the procedures for obtaining a passport, a work visa, and necessary clearances to enter the receiving country. These processes must be efficient, affordable, and convenient for applicants. Excessive time and cost burdens of migration incentivize irregular migration and can undermine labor mobility if employers are not able to receive workers in a timely fashion when they are needed.

The employment services provide a system through which vacancies in the receiving country

(continued)

Box 1. Continued

are identified and matched with vetted workers from the sending country, in line with the legal framework. Finding information on potential international job matches is particularly difficult for both migrants and employers, who face wider information asymmetries than during domestic job matching. In light of this asymmetry, a functioning system must include systematic sourcing of eligible jobs and a mechanism for matching prospective migrants with employers abroad. The main functions include (1) prospecting and marketing to identify and secure demand for workers, (2) worker screening and selection, (3) negotiation of worker terms and conditions, (4) visa and travel arrangements, (5) worker preparation, (6) liaison services for workers during their time abroad, and

(7) worker return and reintegration. These functions may be delivered by one or multiple actors.

Underlying each of these elements is a foundational requirement for monitoring and adequate protections woven in throughout. These protections focus on transparency throughout the mobility cycle, mitigations for identified risks, minimum standards of service delivery quality at each stage, and monitoring to ensure that these standards are being met. Activities may include grievance redress and dispute resolution services, ongoing monitoring, information campaigns, and risk mitigations such as migration insurance or support for emergency repatriation.

must be in place: (1) a legal framework establishing the terms and conditions for a worker from one country to receive authorization to be employed in the other; (2) an infrastructure implementing this framework, enabling workers to secure visas; and (3) intermediation services through which workers are able to find and secure jobs. In addition to these essentials, it important to include (4) worker support and grievance redress mechanisms in order to enhance protection and compliance outcomes, and to mitigate worker vulnerability, which has been shown to have a direct impact on worker wages,¹⁶ worker productivity,¹⁷ and employer productivity and profit levels.¹⁸ For these elements to be in place, there must also be financing mechanisms that are simultaneously sustainable and rights-respecting.

Going through these elements enables us to begin to identify the actors making up the labor mobility field.

In identifying these actors, we can begin to understand the dynamics that either constrain or create openings for enhanced labor mobility, and how these dynamics might be shifted. A preliminary analysis identifies the core actors as including (1) sending and receiving governments, (2) sectors of employment, (3) the mobility industry, and (4) financiers.

Governments

Governments are primarily responsible for the legal framework in which the rest of the actors operate.

They establish the legal terms (unilaterally, bilaterally, or multilaterally through labor agreements and memoranda of understanding) on which an employer from one country may hire a worker from another, and develop the infrastructure to implement this framework. Governments also develop the framework that

16. Apgar (2015).

17. Vázquez Alvarez (2010).

18. Soto and Vázquez (2011).

regulates the delivery of employment services and protection mechanisms. In some cases (such as that of the Korean Employment Permit System¹⁹), the government may also directly deliver the employment services and protection mechanisms.

Sending and receiving countries both have an interest in enhancing labor mobility. Sending-country governments invest in enhanced labor mobility in order to (1) promote employment and alleviate domestic un- and underemployment, (2) mitigate risks to their workers abroad, (3) reduce reliance on a few key markets by diversifying migrant worker destinations, and (4) maximize the development impacts of labor mobility.²⁰ Receiving-country governments invest in enhanced labor mobility in order to (1) fill labor market gaps and address skill shortages; (2) minimize reputational risks by strengthening protections; and (3) increase security and oversight of flows, and decrease irregularity and overstay.

Receiving-country governments obviously have the largest share of influence in determining labor mobility flows.²¹ Thus, it is worth exploring the factors influencing different types of receiving-country governments to act on mobility. Studies on migration policymaking have largely focused on “Western liberal democracies”;²² however, many of the largest receiving countries in the world (such as the GCC Gulf countries and Malaysia) do not match this description. Ruhs (2018) noted that the labor immigration policies of high-income countries are characterized by significant variations across political regimes (i.e. across democracies and autocracies) and ‘varieties of capitalism’ (i.e. across liberal market economies with liberal welfare states and coordinated market economies with other types of welfare states).²³

Ruhs went on to suggest that autocracies may indeed be more open to migrants, but also come with a trade-off of restrictions on rights, noting that “compared to policies in democracies, labor immigration programs in autocracies are characterized by fewer restrictions on the conditions of employment of migrants, greater openness to labor immigration, more restrictions of migrants’ rights, and stronger trade-offs between openness and rights.”²⁴ Indeed, Natter (2018) suggested an “illiberal paradox” in which illiberal regimes are more likely to adopt liberal migration policies, as a result of (1) the reduced pressure of popular demands on decision makers and (2) the increased role of “client politics,” the ability of civil society organizations and employers to influence policy more directly.²⁵ Weyl (2018) similarly identified an “openness-equality” trade-off, in which illiberal regimes that offer fewer rights admit migrants on a vastly larger scale than liberal democracies, thereby contributing significantly more to reducing global inequality.²⁶

However, even the liberal-illiberal distinction is an oversimplification of the interests and potential needs of receiving-country governments. “Illiberal regimes” have in recent years experienced significant international backlash regarding the treatment of migrant workers in their countries, without receiving any acknowledgment of the poverty alleviation and reduction in global inequality that has been associated with these migrant flows.²⁷ As a result, many of these regimes in recent years have announced intentions to improve protections and standards for foreign workers. Notably, Qatar announced in 2019 that it would abolish the *kafala* (employer sponsorship) system by 2022,²⁸ and Saudi Arabia is recently signaling that it will reform the *kafala* system.²⁹

19. Cho et al. (2018).

20. ILO (2010).

21. Adamson and Tsourapas (2019).

22. Natter (2018).

23. Ruhs (2019).

24. Ibid., 1.

25. Natter (2018).

26. Weyl (2018).

27. Ibid.

28. Ghani (2019).

29. Middle East Monitor (2020).

While these countries have adequate labor mobility flows to meet their labor market needs, they are now focusing on enhancing the quality of these flows (both in terms of rights and protections, and in terms of quality of labor). These reforms are driven in part by pressure from the international community, but also by bans from established sending countries (such as the Philippines) on sending workers in key sectors until protections are strengthened. They may also be driven by GCC countries' efforts to increase the skill base and productivity of their foreign workforce³⁰ and to reduce the hiring cost gap between foreign workers and native workers in order to incentivize employment of natives.

Meanwhile, the “liberal democracies” struggle with both quality and quantity of labor mobility flows.

As laid out at the beginning of this piece and in more depth later, the core OECD “liberal democracies” face aging populations and declining workforces. This leaves them with critical labor market gaps; however, they are constrained from addressing these gaps due to perceived political resistance from their constituents. Further, these countries also face challenges with the quality of their flows—for example, Canada,³¹ Japan,³² Australia,³³ the United States,³⁴ and many others have all had notable examples of employment fraud or abuse of migrant workers. These countries require support to scale their mobility systems while simultaneously improving them to result in better outcomes for employers and workers.

Sectors of employment

Sectors of employment operate within and influence the framework established by government, in terms of which and how many foreign workers they can employ, and under what terms and conditions. They

supply the vacancies, which are fed into employment services and ultimately are the fundamental driver of labor mobility. In this role, sectors of employment (such as agriculture, horticulture, fisheries, domestic work, etc., often as represented by industry and employer associations) are critical actors in a labor mobility system.

The main challenge affecting private-sector actors' ability to achieve their goals is a mismatch between migration policy and real labor market needs, resulting from either (1) insufficient visas offering regular labor market access or (2) a poorly designed corridor, which does not respond to the needs of employers.³⁵ In some cases, sectors have been vocal about their needs around labor mobility; for example, AusVeg, Australia's primary industry body for vegetable and potato growers, has for some time openly called for new and expanded visa solutions to meet growers' “major labour shortages,” decrying the fact that despite long-time advocacy around these needs, the group has gained little traction with Australian policymakers.³⁶ However, in many other cases, employers have been absent from policy discussions on mobility.³⁷

The involvement of the private sector in the design and implementation of labor mobility programs (such as in the cases of Canada and New Zealand) has proven critical to these programs' success in addressing labor market needs.³⁸ Without sufficient stakeholder participation, there exists significant risk that the temporary mobility program design will not answer real sector-based needs or take organizational needs into account during implementation. In the case of Japan, for example, a recent survey showed that only one in four of the employers surveyed were planning to hire foreign workers under the new Specified Skills visa program. Employers cited the costs associated

30. Soto and Vásquez (2011).

31. Faraday (2014).

32. Kuhn and Kobayashi (2019).

33. Tian and Doherty (2019).

34. Moyce and Schenker (2018).

35. IOE (2018).

36. AusVeg (2019).

37. Business Advisory Group on Migration (2019).

38. Curtain et al. (2018).

with language learning, training, culture shock, skill mismatches, and housing support as key barriers.³⁹

The mobility industry

The implementation of the legal framework, employment services, and monitoring and protection mechanisms all require the delivery of specific services. Employment services are an essential—but far from the only—such service; also needed are service providers who can administer tertiary services to workers across the entirety of the migration lifecycle, from predeparture (e.g., passport or visa application preparation and processing, health and security screenings, CV or résumé preparation, language training, skill training) to transit and employment (e.g., travel and accommodation arrangements, healthcare, banking and remittance transfer, life insurance, grievance redress, and so on) to return (e.g., reintegration and program evaluation). Sometimes a range of these services are delivered directly by the governments, but in many cases some if not all are delivered by private and public actors. We

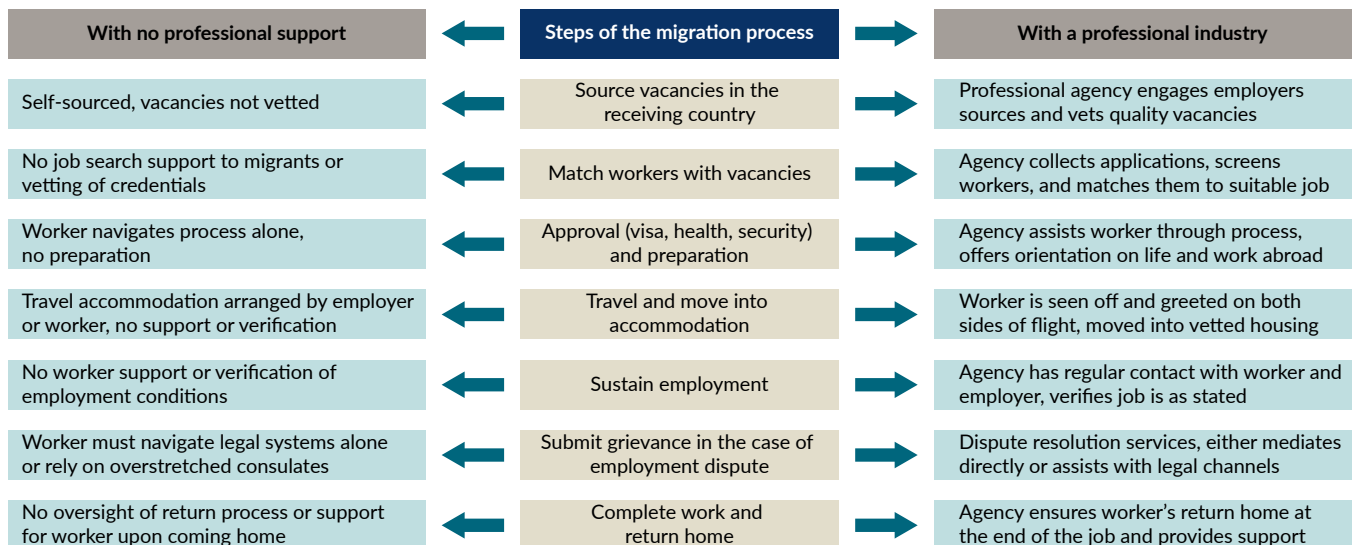
refer to the body of actors delivering services required for mobility as the “mobility industry.” Figure 8 compares the migration process with and without the support of a professional mobility industry.

In the process shown in Figure 8, mobility is aided by auxiliary services that (1) facilitate job matching between employers and prospective migrants, (2) insert vetting and quality control into each step of the process, and (3) build in risk mitigations and redress options at each step. It should be noted that none of the interventions in the right-hand column of Figure 8 are new—there are organizations providing these services in many different local contexts. However, they are not integrated—a migrant and employer pairing would rarely benefit from all of these forms of support, and the support they receive would not be coordinated in any way.

Achieving labor mobility at the needed scale will require introducing new actors into this mobility industry. Further, although many of these actors exist

39. Kajimoto (2019).

Figure 8. The migration process with and without professional support



currently (such as existing intermediaries, travel agencies, visa application services, etc.), in order to reach the required scale and quality of labor mobility, it is also likely that new actors will need to be brought into the mobility industry in addition to strengthening the capacity and quality of existing services. For example, existing large-scale providers currently delivering in-country employment service programs could also be brought into the mobility industry if they expanded their offerings to include international employment services. Similarly, development contractors and NGOs that currently do not deliver mobility programs could also be convinced to expand their offerings as the need and industry grows. For example, Palladium International, an international advisory and management firm, was recently awarded an AU\$16 million contract to manage and run the Pacific Labour Facility under Australia's new Pacific Labour Scheme.⁴⁰

Financers

Both creating the structures and frameworks to enable labor mobility, and carrying out the process of labor mobility itself have associated costs. These costs in turn require financing. Currently, the costs of migration are often covered by governments (sending

and receiving), employers, or migrants. The costs in many cases are split across these parties, and the split differs depending on the regulations and service models in place. Recently, other financers have become interested in contributing to mobility programs. A few receiving countries have recently begun to include mobility financing through their development and aid budgets. For example, in June 2019, the government of Australia pledged AU\$3 million in loans to workers from the Solomon Islands who wished to come to Australia temporarily for work. Development banks such as the World Bank and Inter-American Development Bank are expanding their work on mobility from pure technical assistance to include operations; the EU has a dedicated fund for mobility in its Mobility Partnership Facility; the UN Multi-Partner Trust Fund Office runs a “start-up fund” for projects implementing the Global Compact for Safe, Orderly and Regular Migration (GCM); and bilateral donors such as Germany's GIZ are also funding corridor-specific mobility pilots. Impact investors and investment groups (such as the Global Innovation Fund, CDC Group, Bridges Fund Management, and Social Finance) have demonstrated interest in financing labor mobility solutions if given an opportunity to invest in a quality program.

40. Martin (2018).

Box 2. Financing options for mobility

As will be discussed further below, one of the barriers to creating labor mobility partnerships is the cost of migration pathways. These costs include training costs, visa fees, initial set-up costs and living expenses, capacity building of relevant institutions, and additional support for return and reintegration if necessary. While these costs are visible and accrued immediately, the benefits are less

visible and accrue in the future. Finding support for expanding pathways on this basis is therefore difficult. Existing pathways are usually financed in one of five different ways (or a combination thereof), and all have pros and cons (see Table 1). It is therefore up to those negotiating a pathway to explore different funding arrangements and choose the one that best meets the needs of the parties involved.

Table 1. Options for financing labor mobility partnerships

Party	Pros	Cons	Implementation	Examples
Governments	They have a vested interest in new pathways, and will benefit. They also have more disposable income than other parties.	Funding is subject to political priorities, which could shift on short notice. They also may not be as flexible or respond as fast as other sources.	Bilateral country-to-country agreements are formed, often between countries with existing migration or foreign policy ties.	Canada's Temporary Foreign Worker Program, Australia's Pacific Labour Scheme and Australia Pacific Training Coalition, Germany's Kosovo project, New Zealand's Recognised Seasonal Employer program
Donors/NGOs	They have funding available, and good standing with relevant governments. They have a vested interest in promoting migration and development.	Funding is unlikely to be sustainable or scalable unless a large impact can be proven. Again, may not be flexible or fast.	Either a passive budget transfer is made or the party actively engages in implementation.	EU's Mobility Partnerships Facility
Impact investors	They are convinced by the evidence on returns, and see it as a good investment. More likely to be scalable, and flexible, if returns are proven.	Evidence on returns may not exist or may not be enough to encourage investment.	They could provide the up-front costs and charge employers a proportion of the worker's salary until the investment is repaid.	Global Innovation Fund
Private sector	Employers will directly benefit from a new influx of workers.	They may be willing to invest only if they are able to sponsor visas. Their investment may not be scalable, especially if that scale necessitates other investments (e.g., for capacity building) that are not being provided by others.	Private firms could provide the cost of employer-led training and take that money out of their employee's salary in a bonded arrangement. There would need to be safeguards in place so that if the employee wanted to switch employers, that burden would be transferred.	Philippines' Mapua-PTC College of Maritime Education and Training, Kiribati's Kiribati Marine Training Center, Singapore's Virsagi Management, Mexico's Nurses Now International, Japan's Japan-Philippines Economic Partnership Agreement
Migrants themselves	They have the promise of future earnings, a lack of opportunities in their country of origin, and a desire to increase their skill level and earning potential.	They may not have the up-front capital to invest in the pathway, which could increase inequality.	They could either fund their whole participation (through a "student loan" equivalent) or cost-share (e.g., pay the airfare).	New Zealand's Recognised Seasonal Employer program

Chapter 3.

Constraints to Coordinated Action

All of these actors, despite their roles and vested interests in scaling labor mobility, face barriers and constraints to building partnerships to do so. These barriers, if left unaddressed, could easily impede achieving labor mobility at the needed scale. Thus, any attempt to address labor market imbalances must incorporate answers to these constraints. This section seeks to understand and define the barriers constraining labor mobility, in order to inform the design of activities to address them. We group the constraints into three buckets: operational, political and reputational, and financial.

Operational constraints

Operational constraints relate to factors within an actor's internal or external operating environment that limit its ability to successfully achieve and implement partnerships. These may relate to an actor's internal awareness of its own needs, its awareness of or ability to reach partners who might address these needs, or its technical capacity.

Lack of awareness of need or tools to answer need

Despite a long human history of migration, labor mobility is an emerging issue area, and many actors may not have reliable information on the role and potential of labor mobility in their context. While there is some awareness around demographic imbalances between OECD and developing countries, the policy dialogue has not caught up to the scale of the need. This is likely due at least in part to the fact that

data on labor mobility are remarkably poor in many countries,⁴¹ and many receiving countries and even the private sector have difficulties estimating their own labor market needs.⁴²

This is likely compounded by the significant amount of poor information or misinformation on the impacts of mobility and mobility policies that exists in the mobility policy space.⁴³ Freeman (1995) argued that “there are serious barriers to the acquisition of information about immigration and . . . there is a highly constrained process by which immigration issues are debated that distorts the information that is available.”⁴⁴ Trachtman (2009) cited the example of the debate between George Borjas and Andrew Card on the effects of immigration on wages to demonstrate that “consensus-based information simply is not necessarily available.”⁴⁵ Misinformation is proven to impact public perceptions,⁴⁶ while the lack of consensus on the evidence base visibly impacts political debate among policymakers.⁴⁷

Even when actors are aware of their needs for enhanced labor mobility, they are often not aware of the tools available to answer these needs. Because

41. A review by the Global Forum on Migration and Development (GFMD) Business Mechanism of skills-related migration policies in five key Latin American receiving countries found that “(i) the countries analyzed don't seem to have the accurate national statistical capacity required to analyze skill shortages, (ii) national policies, thereby, have a reduced capacity of diagnosis and public policy formulation on the subject, and (iii) national skill policies are scant, have reduced industry coverage, and suffer from the lack of up-to-date data” (Business Advisory Group on Migration 2019, 26). See also ILO and GIZ (2015); Nilim Baruah and Cholewinski (2007).

42. Business Advisory Group on Migration (2019).

43. Banulescu-Bogdan (2018); Carlson, Jakli, and Linos (2018).

44. Freeman (1995), 883.

45. Trachtman (2009), 118.

46. Dempster and Hargrave (2017).

47. Trachtman (2009).

little attention has been paid to labor mobility as a policy space (beyond the question of “more” or “less”), there is a very limited evidence base on “how.” Even on the most basic tools, such as agreements regularizing labor mobility, little information is available. Until recently, there was no database of existing bilateral labor agreements (BLAs),⁴⁸ and even the newly created database does not contain the text of agreements for potential partners to use as a reference. In a 2015 survey, the ILO was able to identify 358 BLAs but was able to find copies of only 144 of those agreements.⁴⁹ Practitioners report feeling constrained by the absence of good practice on related policy and program questions,⁵⁰ and these constraints become even more binding when they look to apply good practice to specific contexts, given both the importance of and the lack of evidence around contextual factors on policy impact.⁵¹

Lack of awareness of partners or absence of partners

Once a need is identified, actors often have difficulty finding information about which other actors may be potential partners in labor mobility. Negotiations around labor mobility are historically conducted behind closed doors, with little information made public.⁵² Further, there is evidence that the personal networks of officials involved are a key driver of agreements. This makes it difficult for officials without these established networks or looking to expand into new markets to identify or approach potential partners. A sending-country official, whose mandate is to open new foreign labor markets for the country’s workers, reported the primary constraint to be knowing which countries to approach and, within those countries, which official to approach and how.⁵³ The International Organization for Migration (IOM) recommends the approach used by the government of the Philippines, which conducts regular market research via “desk

officers” who are assigned to particular markets on a regional and skills-segment basis.⁵⁴ However, many actors interested in finding partners in labor mobility do not currently have the resources or capacity to perform such ongoing research.

Even more binding than lack of awareness of potential partners is the actual absence of partners. This constraint tends to be most binding for partners looking to work with quality service providers or, as we refer to them, members of the mobility industry. Because the industry itself is fragmented and in early stages of development, in some contexts there may not be any adequate service delivery partners to implement a labor mobility partnership even when all required stakeholders are interested in one. The existing base of service providers (particularly intermediaries) is often of low quality—operating outside of regulatory frameworks and resulting in migrant indebtedness, contract or wage fraud, and other ills to which migrants are vulnerable. International partners such as the ILO or UN looking to partner with service providers meeting some minimum standards find a dearth of suitable partners, and as a result often repeatedly partner with the same intermediation agencies, which, though they offer quality, operate at small scale. Similarly, larger service providers operating internationally may have difficulty finding quality service delivery partners on the ground in specific contexts. As will be discussed below, this is also true of financing partners. This absence of partners means that even when the hard work of demonstrating need, designing a solution, and getting the buy-in of stakeholders has been done, a partnership could fail to materialize if there is no viable market of service providers of sufficiently quality.

Lack of capacity to implement or coordinate

Finally, even when agreement is reached and the partnership is approved, one or more of the partners may not have sufficient capacity to implement it. The ILO reports that in many partner countries,

48. Chilton and Posner (2017).

49. Wickramasekara (2015).

50. Author consultation with stakeholder.

51. Ibid.

52. Ibid.

53. Ibid.

54. Nilim Baruah and Cholewinski (2007).

there are significant issues around the ability of the government to implement and coordinate around labor mobility functions.⁵⁵ These issues may be gaps in internal coordination, gaps between government ministries and departments, or gaps in external coordination between partners.⁵⁶ While this is a particularly binding constraint in developing countries,⁵⁷ it also applies to richer receiving countries. For example, the World Bank has noted that difficulties with internal coordination undermine policy coherence around labor mobility in Malaysia.⁵⁸ Further, concerns around

capacity constraints in developing sending countries are reported to prevent developed receiving countries from making agreements on labor mobility with them, as they do not trust that the sending country will have the capacity to oversee and enforce the terms of the agreement in practice. Box 3 gives an example of a common operational constraint, skill certification, which frequently prevents partnerships or prevents workers from being employed in the job for which they are trained.

55. ILO (2010).

56. Nilim Baruah and Cholewinski (2007).

57. ILO (2010).

58. Munoz Moreno et al. (2015).

Box 3. Operational constraints: The issue of skill certification

A frequently raised example of an operational constraint is the challenge of creating systems capable of transferring skills and experience between countries. There is ample evidence that foreign workers face significant barriers to putting their skills to productive use because their qualifications, experience, and knowledge are not readily recognized in their destination country's labor market (Sumption 2013). There are multiple barriers, including lack of awareness on the part of employers as to the nature and content of foreign qualifications, lack of information on the part of workers as to how their domestic qualifications might be deployed abroad, and more formal barriers such as domestic regulations restricting entry into professional occupations without a domestic certification (Sumption 2013). Some countries and industries are beginning to work on cross-border certification of skills, on a bilateral or sometimes regional basis.

However, there are multiple challenges to reaching and then implementing these agreements.

Reaching agreement requires deep collaboration not only across borders but also across multiple entities on each side of the border. Failure to achieve buy-in from the private sector effectively renders the process meaningless, as the certifications are meaningful in practice only if they are trusted and recognized by employers. All of this creates not only a technical challenge to designing a sound recognition and certification scheme and implementing it, but also a political challenge in getting the buy-in and agreement of all relevant stakeholders.

However, some organizations are finding creative ways to speed up the recognition process; for example, the Federal Institute for Vocational Education and Training (BIBB) in Germany has launched a program called Networks for Skills Analysis (NetQA), which employs experts in a particular field to interview and test incoming candidates. This is intended to build up a more diffuse regional expertise and network structure for skills analysis.

Political and reputational constraints

Political and reputational constraints relate to the authorizing environment of actors potentially interested in forming a partnership on labor mobility. Political constraints refer to constraints within a governing environment that limit the ability of government partners to authorize a policy or program relating to labor mobility. These constraints may emerge either internally, between an actor and its authorizers or constituents, or between potential partners.

Reputational risk refers to the potential for negative publicity or public perceptions, which have an adverse impact on an actor's reputation, thereby weakening its relationship or credibility with its respective constituents. These risks are likely to manifest differently for the different actors in labor mobility; however, reputational risks are a relevant and binding constraint to building partnerships for all of them. There is significant evidence indicating that political and reputational risks are the most binding constraints for actors who may otherwise be interested in forming labor mobility partnerships.

Public sentiment

Public sentiment is certainly the most visible constraint to scaling and enhancing labor mobility. Famously, a spike in refugee arrivals from Syria into Europe in 2015 and 2016 resulted in waves of political backlash that lasted longer than the heightened arrivals. This led to commentary from migration practitioners that Europe was experiencing a political crisis rather than a refugee crisis.⁵⁹ The same dynamic has played out over and over again in numerous contexts, with populist anti-immigrant waves dominating the political narrative in the second half of the 2010s.⁶⁰ The United States, Poland, Hungary, Austria, Italy, and Turkey have all seen the rise of populist leaders elected on a platform of anti-immigrant rhetoric.

59. Roth (2015).

60. Tabellini (2019).

This backlash has had real consequences for political leaders who attempted to maintain even a moderately positive stance on migration. The Belgian government lost its majority⁶¹ over disagreements about whether to sign the GCM (a nonbinding and moderate document), resulting in the resignation of then Prime Minister Charles Michel, who attended the signing in a personal capacity.⁶² Angela Merkel, arguably the most visible leader confronting the populist backlash, announced intentions not to seek reelection as leader of her party, following party defeats in regional elections.⁶³ Her support for welcoming refugees into Germany brought the coalition government to the brink of collapse.⁶⁴

How binding this constraint is may differ across contexts. A Gallup analysis of 2012–2014 data from 140 countries found that Europeans have the most negative views of migration, with the majority (52 percent) saying migration levels should be decreased.⁶⁵ More recent evidence suggests these views are becoming even more negative⁶⁶ and that they are strong in their intensity, as in 2016 immigration was viewed as the number one public issue in Europe, ahead of terrorism and the economy.⁶⁷ In every other major world region the greatest proportion of people wanted immigration to stay at current levels or increase. However, this is small comfort for those working on labor mobility, as a significant portion of the countries identified as needing significant influx of workers in Section 1 are in Europe.

Negative public opinion may also be more binding for labor mobility than for refugee movements—a 2018 Pew Research Center survey of public opinion data across 18 countries revealed that rich-country citizens are more likely to support admitting refugees (median 71 percent of respondents) than to

61. Schreuer (2018).

62. Smyth (2018).

63. Witte (2018).

64. Chazan and Buck (2019).

65. IOM (2015).

66. Ipsos MORI (2016).

67. European Commission (2016).

support maintaining or increasing the number of labor migrants (median 50 percent of respondents).⁶⁸ There are real political risks related to the public perception of migration for political leaders in sending countries as well—particularly with regard (as mentioned above) to migrant abuse and safety.

It is important to note that it is not fully clear how direct the link is between public opinion on migration and migration policy. Historically, researchers have pointed to a disconnect between public opinion and immigration policy in liberal democracies.⁶⁹ They have identified a trend they call “expansionary bias,” in which governments admitted significantly more immigrants than the majority of citizens would prefer.⁷⁰ However, Levy, Wright, and Citrin suggested that this analysis (at least in the American context) fails to understand the nuances of public opinion and the support for the key avenues through which migrants are admitted to the United States.⁷¹ Facchini and Mayda have shown that countries where a median voter tends to be against immigration tend to implement more restrictive migration policies.⁷² There is little evidence on any causal link between opinion and policy, and to the extent there is, it is nonconclusive.⁷³ This leaves us little information to understand precisely how binding a constraint public sentiment is on efforts to enhance labor mobility, and calls for further research, though in the near term it is reasonable to conclude that, regardless, it is a factor that must be accounted for.

Migrant abuses and rights concerns

The greatest reputational risk for all actors involved is the risk that the rights of migrants might be violated as a result of their participation in mobility programs. This has concretely manifested as a constraint to unlocking labor mobility for each type of

actor. In sending countries, cases of worker abuse have had strong repercussions for sending-government officials. Many times, cases of worker abuse have resulted in a complete ban from the sending country on recruitment of workers to a particular receiving country. For example, in 2018 Philippine President Rodrigo Duterte permanently banned Filipinos from working in Kuwait following the emergence of several cases of murder and abuse.⁷⁴ Similarly, from 2013 to 2018, Ethiopia banned its workers from seeking employment in the Middle East, and it has only recently begun exploring options to enhance labor mobility rather than shut it down.⁷⁵ India,⁷⁶ Nepal,⁷⁷ and Bangladesh⁷⁸ have all instituted similar bans in the past.

Violations of workers’ rights are similarly a significant reputational risk for receiving countries and private-sector actors. A well-known example is the infrastructure work leading up to the 2022 FIFA World Cup in Qatar, which has long been criticized and experienced backlash for its treatment of migrant workers. Reports of migrant deaths and nonpayment of wages have resulted in censure of the Qatari government from Amnesty International,⁷⁹ Human Rights Watch,⁸⁰ and the International Labour Organization,⁸¹ and have even led to calls to cancel the entire event.⁸² These risks are of significant concern for private-sector and mobility industry actors. As a direct result of these reputational risks, both donors and service providers report having declined opportunities to partner on labor mobility.⁸³

68. Rasmussen and Poushter (2019).
69. Schuck (2007).
70. Freeman (1995).
71. Levy, Wright, and Citrin (2015).
72. Facchini and Mayda (2008).
73. Dempster and Hargrave (2017).

74. Turak (2018).
75. Agence France-Presse (2018).
76. Whiteman (2015).
77. Pyakurel (2018).
78. Shamim (2006).
79. Amnesty International (2017).
80. Human Rights Watch (2017).
81. ILO (2017).
82. Foer (2019).
83. Author consultations with stakeholders.

Box 4. Reputational risks: Lack of agreement on standards

The constraint posed by reputational concerns around migrant protection is particularly challenging, as there is no consensus on what constitutes an adequate standard of protection for migrants in these programs. The most broadly agreed-upon standards are ILO Conventions 97, Migration for Employment Convention; 143, Migrant Workers (Supplementary Provisions) Convention; and 181, Private Employment Agencies Convention. However, while these conventions are intended to establish agreement on standards, they have not been broadly ratified and are rarely enforced in practice. Only 50 countries have ratified Co. 97, 25 have ratified Co. 143, and 34 have ratified Co. 181 (many of whom withheld ratification of the more stringent provisions). Further, few of the countries that have ratified these conventions are significant players in terms of labor sending and receiving, with the important exceptions of the Philippines and a few EU countries.

Indeed, the ILO itself noted the low ratification numbers during the 1999 International Labor Conference, admitting that “the context in which these instruments had been adopted was vastly different from that in which migration flows currently occurred” (ILO 1999) and with many members (particularly employers) calling for updated standards. This suggests that the standards of the conventions may not be aligned with the realities in labor-sending and -receiving countries. It is important to note that (via either correlation or causation) workers in countries that have ratified Co. 181 do experience greater protections. However, the lack of broad agreement on operationally viable standards for protection heightens reputational risks, as there is

no way to determine whether an actor has met its obligations to mitigate risks for workers.

Scholars have proposed technical approaches to solving this lack of agreement. Ruhs noted the low ratification of the conventions by high-income labor-receiving countries, and pinpointed the problem: “the [UN Committee on Migrant Workers] is based on the principle of equal treatment of migrants and nationals rather than on a ‘minimum standards’ approach, which characterizes many other international legal instruments” (2017, 2). He proposed complementing the ILO conventions with a set of “core rights” that would act as minimum standards, and he argued that this would allow for greater consideration of institutional variations across countries. While of course what constitutes core rights is up for debate, Ruhs set forward as an initial proposal “that the list of core rights for migrant workers should protect basic civil, political, and labor rights, such as the right to keep your own identity documents, the right to equal access to the protections of the courts, and the right to equal employment conditions.”

We take this proposal a step further. Gest and Wong (2018) have piloted a Migrant Rights Database, which contains 17 categories of rights with a total of 65 indicators. These are currently coded from national legislation but could also be applied to the rights set forward in specific agreements or programs. One could theoretically apply the database to a “core rights” approach, using certain indicators to set a minimum standard or floor, but also quantifying the degree to which the legislation, agreement, or program exceeds minimum standards.

Trust

While concerns around migrant abuse and violation of rights are the most salient and broadly shared reputational risk, the same dynamic of mistrust is at play in other elements of labor mobility. The concern that the program will not work as it is intended or was promised effectively boils down to issues of trust. These issues of trust exist both between partners, and between partners and their constituencies. Between partners, it plays out in concerns that the other partner(s) will not implement the program as they said they would. Labor mobility partnerships exist within an even more complex diplomatic ecosystem than many other types of cooperative programs; disagreements between potential country partners on other issue areas, even if entirely unrelated to labor mobility, may

undermine prospects to partner on labor mobility.⁸⁴ Sykes (2013) called this phenomenon “issue linkage” but noted that it is tenuous and difficult to secure “because the number of interest groups and bureaucratic players is larger, and the agreement must be more complex.”⁸⁵ Because labor mobility is impacted by such a broad array of other factors, which also change frequently, there is significant instability in the diplomatic relationships determining opportunities for such mobility. This makes it difficult to build trust between partners. This problem is compounded by the power imbalance between sending countries and receiving countries in approaching a potential partnership.⁸⁶

84. Sykes 2013.

85. *Ibid.*, p.328.

86. Østergaard-Nielsen (2016).

Box 5. Trust constraints: The issue of return

A key issue that demonstrates the constraints related to trust (between partners and between a partner and its public) in labor mobility partnerships is that of return and overstay. This issue is evidenced by the widespread belief among many publics that “there is nothing more permanent than a temporary migrant”; that is, publics believe that migrants admitted temporarily will not return to their country of origin at the end of their visa duration. However, Clemens and others noted that “a number of temporary migration programs have successfully kept visa overstay to a minimum while also bringing in migrants to fill labor shortages” (2018, 7). Indeed, the New Zealand Recognised Seasonal Employer Scheme (a gold standard among temporary mobility programs) had overstay rates of less than 1 percent for its first six years.

While many temporary mobility programs are indeed plagued by high overstay rates, this is directly attributable to poor designs creating perverse incentives. For example, the UK’s Seasonal Workers Agricultural Scheme had overstay rates as high as 10 percent; however, the requirement in the program for the workers to cover their own cost of return travel is believed to have significantly contributed (Clemens et al. 2018). Overcoming this constraint would require, first, support in helping partners design a technically sound program that builds in good practice about disincentivizing overstay and providing adequate support for return, and second, advocacy to build trust with the public and between partners that the program would work as intended and temporary workers would not become permanent against the receiving country’s intention.

Between the partners and their constituencies, the concern is essentially the same as the details of a program but exists at a higher level of abstraction. Former President of the Migration Policy Institute Demetrios Papademetriou wrote that “the persistent belief that government is unequal to the task of managing immigration well—that the system is ‘broken’—is the greatest threat to public confidence in the migration arena.”⁸⁷ Similarly, polls in the United States and Europe show that significant portions of the public in these countries are worried about the security implications of accepting refugees, despite the multiple layers of security screening and little substantive evidence linking refugees to terror attacks.⁸⁸ This issue of trust has real impact: Halapuu, Paas, and Tammaru found that trust in institutions has a strong explanatory power when analyzing predictors of people’s attitudes toward migrants (though this relationship was strongest in attitudes amongst ethnic majorities within the host country).⁸⁹

Jeannet and others took it a step farther: based on responses from 12,000 European citizens, they found that not only does an individual’s trust in the political institutions of the European Union have a central role in the formation of that person’s asylum and refugee policy preferences, but also individuals with low levels of trust in political institutions may still support policies that admit refugees if there are sufficient limits and controls in place.⁹⁰ This suggests that in addition to building trust, it is key to demonstrate controls in policy design. Andreas discussed an “escalating performance spiral” as a challenge to trust between government officials and the public on labor mobility;⁹¹ that is, governments may adopt restrictive policies on immigration believing they are in line with the public’s wishes. However, if the targets in the policies are unrealistically aggressive and the government is not able to meet them, public fear that migration is “out of control” further increases. As Dempster and Hargrave

(2017) described it, in an adverse spiral, the government is “worried about appearing lax on immigration, while stoking the very fears that lead voters to doubt their government’s ability to manage it.”⁹²

Financial constraints

As discussed previously, labor mobility requires financing, both for the up-front setup and institutional development of mobility systems, and for the ongoing costs of mobility itself. Up-front setup and institutional development is often financed through public coffers of the relevant governments. This does not tend to pose a problem on the receiving side as receiving countries are for the most part wealthier countries with adequate public financing to fund the development of the receiving system. However, it does in many cases pose a challenge for sending governments, which tend to be lower-income countries. For these countries, financing for mobility systems competes with public funding for other necessary public programs. In other development spaces, where governments are not able to fund systems or programs deemed important for development, development financing institutions or other donors step in to support the government.

As of now, traditional development donors have not offered significant funding to support labor mobility systems or programs. For example, over the last 18 years, the World Bank has spent only US\$100 million in lending operations on international migration, while it has spent US\$650 million on internal migration. More to the point, this US\$100 million funded lending operations focusing on predeparture support and return and reintegration activities for existing migrants, but none of it went to fund operations actually facilitating labor mobility.⁹³ Though there is no official reason for this gap, stakeholder consultations suggest that there are three factors restricting development financing for labor mobility programs: (1) labor mobility has not traditionally been viewed as a form of development,

87. Papademetriou (2016), 1.

88. Telhami (2016); Wike, Stokes, and Simmons (2016).

89. Halapuu, Paas, and Tammaru (2014).

90. Jeannet et al. (2020).

91. Andreas (2009).

92. Dempster and Hargrave (2017, 16).

93. World Bank Group (2016).

as metrics of development (increased GDP per capita, decreased poverty incidence, etc.) are tied to recipient countries rather than individuals; (2) concerns that country donors' funding of labor mobility programs would encourage migration to the respective country form a political constraint; and (3) donor concerns around risks to migrant workers on projects they have funded create binding reputational constraints. The resulting lack of financing constrains both the scale and the quality of sending systems, ruling out otherwise viable partnerships and creating a variety of risks by developing inefficient and ineffective processes. While development financing is beginning to take an interest in funding mobility systems, it is not yet adequate to the need.

The second type of costs are the ongoing costs of mobility. These include the costs of airfares, vacancy sourcing and job matching, visa processing, health and security screening, and so on. These are the costs that are associated with services provided by the mobility industry, and as a result the form of financing has a particular impact on this industry's assessment of the constraints and risks. Currently these costs are covered either by employers, by the migrants themselves, or (in the case of public services) through public funding. While the de jure rule in many contexts

is that employers cover these costs, evidence on the de facto costs of migration show that it is incredibly common for them to fall on the migrant. This risks migrant indebtedness, which in turn creates risks for the integrity of the program. Indebtedness is significantly correlated with risks of abuse, as workers stay in bad employment situations to pay off their debts, and overstay, as workers need to continue working abroad beyond their visa duration in order to pay off debts.⁹⁴

Service providers working in the “ethical recruitment” industry report a shift toward increased willingness from employers to cover these costs; however, the service providers themselves struggle with cash flow constraints and up-front financing. This is particularly true for service providers who are newly entering the market, which will be an important constraint when considering the need to grow the base of quality service providers in order to bring labor mobility to scale. Financing in this case is likely to look slightly different, as the emphasis would be on ensuring sufficient cash reserves and risk mitigation during the market entrance stage. Once the firm is fully operating in the labor mobility market, financial support should no longer be required.

94. Martin (2017).

Chapter 4.

Labor Mobility Partnerships: A New Organization Promoting Mobility by Targeting Constraints

Changing dynamics by addressing constraints

The constraints act as “costs,” which influence stakeholders’ cost-benefit analysis when considering interventions to scale labor mobility. The failure to act on labor mobility is a classic example of a collective action problem—each of the actors identified in Section 2 would benefit from a coordinated system that better facilitates labor mobility, but there are associated costs (described above as “risks” and “constraints”) that deter single actors from taking action at scale.⁹⁵

These constraints can be classified as “authorization barriers” and “capability barriers.” Authorization barriers are political or reputational constraints that prevent otherwise willing partners from being allowed to partner on labor mobility, resulting primarily from the little to no acceptance of labor mobility as a policy in many countries. Capability barriers are constraints on the ability to design, implement, and enforce policy. In order to facilitate coordinated action toward labor mobility at the needed scale identified in Section 1, we must offer a solution that includes answers for overcoming these constraints; otherwise it is bound to fail in meeting its objective. However, these constraints are complex and interact both with each other and across stakeholders. Therefore, there is not one solution that

a single actor or handful of actors can implement to solve the problem.

The foregoing means that achieving meaningful progress on the issue of labor mobility must start with plurilateral collaboration to influence the dynamics surrounding the topic. Given that the constraints are complex and dynamic, addressing them in order to solve the collective action problem requires cooperation across a diverse set of stakeholders involved in and affected by the issue, to come forward and devise strategies to address pain points. National governments acting alone or even bilaterally will not be able to scale labor mobility, but rather, solutions will require cooperation across the private sector, the mobility industry, civil society, financiers, and even academics and researchers.

The need beyond existing institutions

While there are many institutions with a mandate related to mobility, no organization currently exists with the mandate to facilitate labor mobility at the scale required by emerging demographics, nor does any operate across all required stakeholders. Existing institutions serve to improve current mobility systems at the margin, but do not have the mandate to fundamentally change the dynamics of the system. Therefore, it is unclear whether they would be able to provide the needed support to arrive at an adequate level of cooperation to achieve labor mobility at the needed scale. For example, the International Organization for Migration

95. Stern, Kingston, and Ke (2015).

(IOM), the principal intergovernmental organization on migration, is primarily concerned with facilitating and regulating migration by organizing migrant and refugee transfers and voluntary returns, promoting international laws and guiding the efforts on migrant protection, and more. The IOM's mandate has been critical; however, the IOM's model is such that it is more responsive to the priorities of donor countries, and therefore a big part of its resources are spent on supporting governments in achieving their objectives rather than influencing those objectives.

Similarly, the International Labour Organization (ILO) is a standard-setting body characterized by its unique tripartite structure incorporating representatives of labor union confederations, employers' associations, and governments.⁹⁶ As such, on labor migration, the ILO sets and supervises international standards in the form of conventions and recommendations, which are then ratified (or not) by member states. The ILO also provides technical support to countries on implementing and complying with conventions. However, setting standards, while a critical contribution, is not sufficient to fundamentally shift the cost-benefit analysis preventing stakeholders from building labor mobility pathways. These activities face further challenges as there is not widespread agreement on the current standards and many stakeholders view them as not operationally viable.

In recent years, significantly more attention has been paid to all forms of labor mobility, and as a result more support has emerged, in the form of either increased attention from existing institutions or establishment of new institutions. The Global Forum on Migration and Development (GFMD) was established in 2007 to be an informal, nonbinding, voluntary forum, composed of mechanisms primarily for the purpose of networking, sharing experiences, and forging partnerships. The mechanisms are centered around governments, civil society, businesses, and most recently, mayors. The forum is seen to have been

effective in allowing stakeholders to interact and build understanding of sensitive topics.⁹⁷

The GFMD has been an important forum for discussion and consultation across a wide variety of stakeholders, which is widely agreed among stakeholders to have had meaningful impact, particularly leading up to the signing of the Global Compact for Safe, Orderly, and Regular Migration (GCM). However, with the signing of the GCM, the focus has shifted from developing a policy framework to actually implementing the framework. Because the GFMD acts as a convener for dialogue but does not provide any direct services, it is not well equipped for this, and many participants have commented that it has not managed to achieve its fourth objective of establishing implementable partnerships.⁹⁸ The existing support provided by current institutions is explored in more depth in the appendix to this report.

The persistence of constraints preventing collective action on labor mobility suggests that a gap remains in the international community's support. This gap is growing increasingly urgent because (as explored in Section 1) the demographic crisis has already begun to hit. Actors' increasing awareness of the potential impact of inaction on labor mobility creates a propitious moment to introduce new forms of support that would address the constraints identified in Section 3. In the remainder of this report, we set forward a proposal for functions that would meaningfully address those constraints (or costs), thus shifting the cost-benefit analysis for stakeholders. We then propose how these functions could be delivered through a new organization.

Functions toward addressing constraints

A third-party coordination effort can include three main activities or functions that may be useful in addressing the identified constraints. *Brokering functions* target capability and political constraints around access to potential partners and coordination. *Technical*

96. Newland (2005).

97. GFMD (2018).

98. Author conversations with stakeholders.

Table 2. Three key functions a third party could fill in addressing constraints to labor mobility

Constraint	Brokering	Technical Support	Advocacy
Operational Constraints			
Lack of Awareness on Need or Tools to Answer Need			
Lack of Awareness on Partners or Absence of Partners			
Lack of Capacity to Implement or Coordinate			
Political and Reputational Constraints			
Public Sentiment			
Migrant Abuses and Rights Concerns			
Trust			
Financial Constraints			
Financial Risks			

functions target constraints around capacity and good practice. Advocacy functions target constraints relating to authorization and acceptance. In this section, we further explore how each of these functions targets the above constraints. We then go on to explore existing provision of these services within the mobility policy space in order to identify remaining gaps in service provision. As noted in Table 2, multiple functions may work together toward addressing a given constraint.

Brokering

Brokering functions seek to address the highly fragmented nature of the labor mobility space. As noted above, a key constraint for actors interested in enhancing labor mobility is the lack of awareness or complete absence of partners. These partners may be receiving or sending countries, employers, mobility industry actors, donors, civil society organizations—any and all actors needed to form a viable labor mobility pathway in a given context. Brokering activities could stretch from helping actors identify promising partners, to supporting actors in finding the right counterparts and approaching them, to facilitating new partners in reaching an agreement. Part of this process (and intertwined with the advocacy function) may be to persuade actors identified as promising partners to enter the mobility space. For example, if a country is interested

in working with an international employment service in delivering a labor mobility program, brokering may additionally require convincing the employment service that there is good business in labor mobility.

Brokering functions rely heavily on the broker’s ability to build trust and credibility across a wide variety of actors. In order to provide these functions, a broker must have extensive knowledge of potential partners, and established relationships and credibility across a wide spectrum to be able to make introductions and recommend partnerships. These needs create a very high bar, especially for a new organization considering providing this function. These requirements become even higher if the broker moves beyond making introductions to brokering the design and implementation of the partnership.

These functions are currently carried out very informally. As noted previously, current labor mobility partnerships and their implementation are often based on informal networks of public officials⁹⁹ and, notably, unpredictable preferences of receiving countries.¹⁰⁰ For example, the ILO reports that “employers, government workers, recruiters and the general population in the various GCC countries have fairly established perceptions of Asian migrant workers, by nationality.

99. Malit (2018).
100. ILO and GIZ (2015).

Box 6. The precedent of impact investment brokers

The role for a more formal broker can be seen in the impact investing industry. Impact investment brokers (such as Social Finance) support partners by first identifying promising issue areas for impact investment and then, within issue areas, finding promising partners such as governments, service providers, and impact investors (including providing due diligence to assess interventions' and providers' strengths and weaknesses prior to introducing potential partners). Once partners have been identified, the broker acts as a coordinator and project manager for government, service providers, and impact investors, driving the

design, negotiation, and financial structure of the project. Such projects are often based on complex legal and financial agreements, so the broker has a critical role in navigating the negotiations and bringing potential partners to agreement, in addition to providing technical advice on the design of the agreement. The broker also stays involved after agreement is reached, to provide ongoing investor relations and performance management services. In many ways, this multistakeholder process around complex legal issues mimics what is needed for a successful labor mobility partnership.

And these perceptions have strong influence. Employers are likely to make hiring decisions based on perceptions; if they fear that workers from a certain country are likely to strike if disgruntled, for example, they likely will avoid hiring workers of that nationality.¹⁰¹ In the near term, this system is likely to persist, though a broker would still be able even in the near future to insert itself into these networks and expand access for a range of actors. It is also possible that actors prefer this informal approach; more research needs to be done to understand this dynamic.

However, in the long term, one could imagine a more formal broker role. Such a system would routinely prospect the needs of potential partners and maintain a database with this information and contact points; if allowed, it would provide this information to other actors in the mobility space. Brokering services would be based on technical analysis regarding the needs and context of potential partners. For example, in identifying promising corridors, brokering services would be based on ongoing market prospecting built on analysis across a wide variety of sending and receiving

countries, including (1) labor market and demographic trends, (2) emergence or decline of competition, (3) political forces and dynamics at play, and (4) preferences in the host country.¹⁰² This analysis would be used to identify and prioritize which potential partners to approach, as well as an engagement strategy to open conversations between identified partners.

Brokering may also require facilitated mediation in supporting partners to come to agreement. There are three distinct stages in the life of an international deal, such as an international labor agreement. These stages include *deal making*, *deal managing*, and *deal mending*.¹⁰³ There is significant evidence from other fields of a beneficial role for independent third parties in the deal making stage of international partnerships. As noted above, negotiations of labor mobility partnerships largely happen informally and rely significantly on personal networks of officials in both countries. This constrains the ability of potentially interested partners to either identify areas for cooperation or develop a technically sound agreement. In a metadata analysis

101. Ibid.

102. Smith (2018).

103. Salacuse (2002).

Box 7. The role of third-party support in achieving partnerships

The deal-making process can further be broken into four phases: *diagnosis and preparation*, *formula*, *detail*, and *ratification*. The role of the third party can vary somewhat between these phases.

In the diagnosis and preparation phase, parties are often uncertain how the potential partner would respond to a request for formal talks. Indeed, they may have little to no relationship with the potential partner at all. This creates a role for a third party, so long as the third party has sufficient credibility with both actors. In this case, the third party begins by building a relationship between the two parties before a contract is even signed and long before negotiations are agreed to or begin. This approach is often used when the parties are contemplating a long-term relationship, and therefore is of relevance for labor mobility partnerships. The third party develops and guides a program of relationship building, which may include joint workshops, get-acquainted sessions, and retreats, all of which take place before the parties actually sit down to negotiate the terms of their contract. The broker will facilitate and perhaps chair these meetings, conduct discussions of the negotiating process, help the parties recognize potential pitfalls, and discuss with them ways to avoid possible problems. Once negotiations start, the consultant (broker) may continue to observe the process and be ready to intervene when the deal-making process encounters difficulties. Third parties who assist at this stage may be chosen for their reputation and prestige, or for their technical expertise and specialized knowledge.

The diagnosis and preparation phase also involves mapping the zone of potential agreement. Parties will be hesitant to enter into a negotiation where no positive zone of agreement is apparent, so this phase also creates a role for a third party in taking steps to influence the parties' perceptions in a way that opens a positive subjective bargaining range. Such steps are sometimes termed "making the situation ripe" for a negotiation to begin. In past negotiations (such as in the case of sea talks), the role of the third party has also involved providing better technical information to inform the possible zone of agreement, in addition to more credible evaluation of information in a manner that most participants consider unbiased. Finally, this role may involve support for one or more parties in the event that they lack sufficient institutional capacity to participate meaningfully in the negotiation process.

In the negotiation of formulas and then details (the third and fourth phases of deal making), a third party can first assist to establish the framework of the negotiation (including an agenda of issues to be negotiated, elements of the final agreement, and as needed, deadlines for negotiation) and later provide guidance on specific points of negotiation. In both cases, the technical credibility of the third party is key, again particularly in the absence of widely understood good practice, as in the case of international labor agreements. Third parties can also help to address deadlocks due to problems of information, commitment credibility, conflicting preferences, distrust, and internal divisions, as outlined in Table 3.

(continued)

Box 7. Continued

Table 3. Barriers to negotiated agreements and successful responses

Barrier to Negotiated Agreement	Successful Third-Party Response
Conflicting preferences on an issue	<ol style="list-style-type: none"> 1. During confidential diagnostic phase, explore potential parties 2. Postpone details, agree first on formula of negotiation 3. Link issues with opposite distributional effects 4. Reframe the issue space itself 5. Provide best-practice examples from past agreements related to the issue to better inform preferences
Shared uncertainty	<ol style="list-style-type: none"> 1. Study the problem jointly or commission the neutral third party to conduct a study on the potential parties' behalf 2. Create specialized negotiating bodies 3. Have third party share information to reduce uncertainty
Unknown private information on preferences	<ol style="list-style-type: none"> 1. Employ tacit "tit for tat" 2. Support parties to reveal and request private information
Commitments that lack credibility	<ol style="list-style-type: none"> 1. Establish compliance mechanisms 2. Conduct post-agreement compliance bargaining
Partisan or national biases that narrow the perceived zone of agreement	<ol style="list-style-type: none"> 1. Employ "tit for tat" to reward other parties for cooperative moves and undermine hostility due to biases 2. Act as a mediator

Source: Odell and Tingley (2013).

of two-party negotiation, researchers found that parties negotiating on their own behalf failed to identify true instances of compatible interests 46 percent of the time¹⁰⁴ on average. This is particularly true when the parties in question are states with partisan interests,¹⁰⁵ and states looking for partnerships on labor mobility face the further obstacle that little information on good practice or potential partners is broadly available.

This atmosphere creates a role for a third-party broker. In other industries, third parties have successfully helped potential partnerships reach agreement by undertaking a program of relationship building,¹⁰⁶ defining and expanding the zone of possible

agreement,¹⁰⁷ and providing technical information on good practice.¹⁰⁸ For example, in international water negotiations, using experts in international negotiations allowed potential partners a forum that was focused on developing opportunities for mutual gain rather than merely agreeing to and enforcing legal responsibilities.¹⁰⁹ Areas of cooperation included avoiding significant harm, sharing in a reasonable and equitable manner, and providing timely notification of changes and developments. This process, focused on opportunities for mutual gain, shifted the focus away from mere sovereignty and toward maximizing benefits.¹¹⁰

104. Thompson and Hrebec (1996).

105. Lax and Sebenius (1986); Bazerman, Magliozzi, and Neale (1985).

106. Buhring-Uhle, Kirchoff, and Scherer (2006).

107. Odell and Tingley (2013).

108. Ibid.

109. Grzybowski, McCaffrey, and Paisley (2010).

110. Ibid.

Technical

Technical functions aim at addressing the knowledge and capacity constraints laid out in the previous section. Technical support can be used to target many of the constraints identified above, by assisting partners to further understand the constraint or to design creative solutions to the constraint. Technical support can begin with a diagnostic assessment of a given actor's labor mobility needs and good-practice solutions to the needs (target constraints involving lack of awareness around needs, partners, and tools). Technical solutions can be offered to strengthen capacity for implementation, design creative financing solutions, and mitigate the risk of worker abuse; communications and political strategies can help to limit political constraints and bolster public sentiment around a potential partnership.

Technical functions would need to be able to support all stages of the agreement process and all elements and functions of a labor mobility system. As noted at the beginning of this report, labor mobility systems require (1) a legal framework; (2) infrastructure to implement the framework; (3) intermediation and auxiliary services; (4) risk mitigations, including worker support, grievance redress mechanisms, and monitoring; and (5) adequate financing. Each of these elements contains a myriad of technical questions, while the knowledge base on good practice in response to these technical questions is both limited and fragmented. To the extent that good-practice knowledge does exist in some contexts, other stakeholders are not aware of it, or when they are aware of it, they often do not have the information or capacity to apply it to their own context.

A first function in response to these constraints would be to build a repository of existing knowledge and resources on technical questions of design and implementation. For example, in response to the lack of good-practice knowledge on the contents of legal agreements establishing labor mobility partnerships, one technical function would be to build a database of existing agreements, so that stakeholders looking to

partner could reference the structure and contents of past agreements. Technical functions would also support partners in applying and adapting existing good practice to their context, and successfully implementing it.

In addition to targeting operational constraints around lack of awareness or information, technical functions can also target political constraints around reputational risks and trust. The heart of concerns around trust (either between partners or between a stakeholder and its authorizers or public) is concern that labor mobility programs will not work as advertised (e.g., the sentiment that “there’s nothing more permanent than a temporary migrant”). In a CGD paper titled “Migration Is What You Make It,” Clemens and colleagues demonstrated that the outcomes of mobility policies and programs are very much dependent on their design and implementation, and therefore achieving the outcomes that were promised is very much a policy choice.¹¹¹

Similarly, there are technical options for responding to reputational risks around worker rights and protections. Risks to worker protections can be reduced by improving the quality of services provided to workers. Technical solutions toward this end include designing new models of service that realign incentives,¹¹² as well as setting standards and providing ongoing monitoring and certification of standards in service provision. Standard setting and certification is used in many industries to ensure quality of services, often through a professional association of industry members. For example, a 2011 study conducted a review of 26 impact evaluations looking at the impact of accreditation in healthcare, and found that the majority of studies in both general and subspecialty accreditations found that the accreditation processes improved the process of care provision by improving the structure and organization of healthcare facilities.¹¹³ Several studies have also shown that both general and subspecialty accreditation programs significantly improve clinical

111. Clemens et al. (2018).

112. Johnson and Smith (2020).

113. Alkhenizana and Shawb (2011).

outcomes for patients.¹¹⁴ The challenge in the mobility industry will be agreeing on a commercially viable and rights-respecting set of standards.

Because providing technical support across all of these areas would require a vast range of expertise, it is unlikely one actor or organization could provide all of them. However, significant portions of this expertise already exist within or adjacent to the labor mobility professional community. A convening body would have the ability to build a network of experts and organizations able to provide this broad range of technical support, and connect them to relevant partners (tying into the brokering function). Particularly in the short term, this model offers a number of advantages, as it builds off the credibility of existing actors and would allow greater flexibility in responding to demand.

Advocacy

Advocacy refers to both broad outreach targeting general public audiences, and narrower outreach aimed at a specific actor. The public advocacy activities of a third-party coordination effort would target negative public perceptions that underlie political constraints. In order to minimize reputational risks for potential partners, such activities would aim to build trust between the public and mobility actors that mobility will be both orderly and rights-respecting. While the functions previously discussed have focused on the operational constraints around access to partners and awareness of and capacity for technical solutions, the most binding constraints are political constraints blocking authorization for stakeholders to act. As a result, unless these constraints are addressed, the other functions will not be sufficient to result in opportunities for labor mobility. The final set of functions take on these authorization constraints, aiming to change public sentiment, build trust, and mitigate reputational risks. Thus, the final set of activities will be

aimed at documenting the outcomes of labor mobility partnerships and turning this evidence into advocacy.

Evidence gathering would focus on understanding the benefits of mobility (for workers, employers, and societies) and on specific policy options for unlocking positive impact. These aims will require evidence gathering on the performance of labor mobility partnerships' temporary mobility programs and the outcomes of labor mobility facilitated through them. Evidence gathered would be used to conduct impact evaluations both of the labor mobility itself and of specific design features of policies and partnerships. These impact evaluations would be broadly disseminated to researchers and policymakers, with the intention of creating a policy environment favorable to pursuing further enhanced labor mobility.

Narrative shaping would use this evidence to craft messages that would effectively shift public opinion. Evidence has shown that “myth-busting” activities (i.e., simply disseminating evidence to the public to counter misinformation)¹¹⁵ is not effective. It is often assumed that negative attitudes are based mainly on poor levels of information about immigration flows, their consequences, and corresponding government policies.¹¹⁶ While there is certainly evidence that people are ill-informed and therefore maintain incorrect beliefs around migration,¹¹⁷ evidence suggests that misinformation is not the only driver behind attitudes, nor is providing accurate information the only (or best) answer.¹¹⁸ Rather, sharing narratives that encourage contact between natives and migrants, creating platforms for migrants to share their own narrative, and building into the messaging a deep understanding of public attitudes are likely to be far more effective than simply disseminating evidence.¹¹⁹

More targeted advocacy aims at raising awareness and interest among specific actors. Such activities focus on outreach to specific actors (governments, employers,

114. Ibid.

115. Katwala, Ballinger, and Rhodes (2014).

116. Dempster and Hargrave (2017).

117. IOM (2011).

118. Dempster and Hargrave (2017).

119. Ibid.

Box 8. An outcomes-based migrant welfare fund: The three functions in action

The Labor Mobility Partnerships (LaMP) team recently set out a proposal for an outcomes-based migrant welfare fund, which would aim to lead to more and better labor mobility by rewarding service providers for supporting and sustaining migrants in quality employment. The model targets negative incentives in existing migration flows that result in high indebtedness and other poor outcomes for migrants. In this model, a rotating fund would be established, covering the cost of job finding, migrant preparation/training, job/workplace audits and worker protection, settling in, and in-work support, as well as the necessary government institutions for protections and oversight. The initial investment for the rotating fund and for its administration would be made by social investors. The services to migrants would be delivered by service providers contracted by the fund administration. Crucially, these providers would have outcomes-based contracts—with payments tied to the quantity and quality of jobs they help migrant workers to secure. Migrants who successfully find and sustain quality employment through these service providers would contribute a percentage of their salary while abroad back into the fund.

The requirements to set up an outcomes-based migrant welfare fund offer a framework for us to imagine in action the functions, as outlined above, of LaMP, our proposed new organization to promote labor mobility. LaMP would first be responsible for identifying a group of promising partners. This group must include (as a minimum) a sending-country government, a receiving-country government, social investors, and service providers. It may also include industry or employer representatives if the program is targeted to a specific industry corridor (such as aged care or domestic workers). Identifying these partners would require undertaking diagnostic activities to prospect potential markets and actors. It may also require targeted advocacy in the event that one of the required partners is missing—for example, to convince a receiving-country government to admit workers from the sending country, or to convince impact investors of the economic and financial soundness of the model. All of these activities demonstrate the brokering function proposed above, in addition to targeted advocacy functions.

(continued)

the mobility industry, donors) first to make them aware of the potential of labor mobility to answer their needs or otherwise create positive outcomes for them, and second to inform them about tools and potential partners that can help them unlock this positive impact. These efforts aim to bring more actors into the mobility space (addressing the constraints around absence of partners for actors already in the space) and support actors already interested in working on mobility to get authorization from their deciders. Examples of such activities

may include producing specific briefs and workshops for country governments or employers on their labor mobility needs and policy options, persuading reputable service providers (such as employment service providers, government contractors, or international NGOs) that there is a business case for building or expanding their services into labor mobility, or convincing donors and actors in the rapidly growing impact investing market that mobility programs have a high social return and are a good investment.

Box 8. Continued

Once LaMP has successfully identified a group of promising partners, the next steps would require a combination of brokering and technical activities. Brokering activities at this stage would be negotiation support and facilitation to bring all partners to agreement, while technical activities would be offering technical inputs (based on best practice and past projects) to feed into the design of the agreement. This stage would look similar to the activities, referenced above, of impact investment brokers, who assist partners in coming to agreement on complex and technically sound legal and financial agreements. This may require an MoU between the country governments in order to assure visa issuance and the legal authorization to work within the corridor, in addition to financial agreements among investors and service agreements between investors and service providers.

In the implementation stage, LaMP would continue to provide technical support as demanded by the partners. This could include performance management and quality assurance of the agreements, mediation and dispute resolution between partners on the agreements, or grievance redress for workers going abroad through the program.

Finally, throughout the process, LaMP would collect evidence on the performance and impact of the program. This would be used both to conduct impact evaluations in order to bolster evidence on the impacts of labor mobility, and to build the knowledge base on what works in the design of labor mobility programs. This evidence would be used to conduct external advocacy around the benefits of labor mobility, in an effort to change the broad narrative and influence the political constraints around labor mobility.

It is important to note that none of these functions, on its own, is likely to solve the constraints limiting efforts toward enhanced labor mobility. As has been noted above, all of these functions interact to address the constraints identified. Creating the conditions for labor mobility partnerships to emerge at scale will require institutions capable of providing or facilitating the provision of multiple such functions simultaneously within a prospective group of partners. In the following section, we move to fleshing out a proposal for what such institutions would look like.

Introducing LaMP

We propose a new institution: Labor Mobility Partnerships (LaMP). LaMP's goal would be to support partners in building systems to facilitate needed labor mobility, unlocking trillions in income gains: for the

worker, who gains employment and dramatically improved income; for the receiving country, which receives needed workers; and for the sending country, which receives remittances and needed employment opportunities. Key to achieving these benefits is addressing constraints that currently prevent them from happening. To accomplish this aim, LaMP must address gaps in existing provision of the needed functions identified in the previous section. The appendix to this report presents a mapping of existing multilateral institutions and international forums providing support on mobility. It concludes that no existing institution currently provides support on labor mobility across the needed functions and across core stakeholders. LaMP would perform brokering, technical support, and advocacy functions across governments, the private sector, the mobility industry, financiers, and civil society. To the extent that there is overlap with

existing institutions, LaMP would propose to work in partnership with existing institutions.

However, the question remains of how these functions will be delivered. Below we set forward two models, each with unique advantages and disadvantages: a “service provider” model, in which services are provided as demanded by stakeholders, and a “network” model, which builds off existing efforts by connecting providers and stakeholders to each other. Joining these two models together offers a full model that is both strategic and adaptive; therefore we propose a model with one element operating as a service provider and another element operating as a network.

The “service provider” model

The service provider element will house LaMP’s proposed activities and help channel resources to support testing and establishing them. A service provider is a payer-driven organization that houses an array of expertise to deliver projects or initiatives. It offers this expertise to beneficiaries as a fee-based service to help them address the gaps within the labor mobility space. This function will be carried out by a core internal LaMP team delivering services directly to partners upon their request. These services are likely to include technical support and responses to more specific requests for pieces of research and advocacy. The advantage of this model is that it allows the organization to build a core comparative advantage in its particular services and strengthen the expertise needed to offer these services. Consequently, the organization will have the capacity to deliver services at the scale required to respond to demand and need. Additionally, through incubating and developing the services in-house, LaMP would be able to capture the necessary information to monitor and evaluate their effectiveness as well as refine their content and delivery.

Such a model allows LaMP to maintain some level of organizational independence, as payers contribute for one-off services rather than having a say in the overarching strategy and activities of the

organization. Under the fee-for-service model, the services will constitute a second revenue stream (after that of impact investors), which will offer independence from donor priorities. This independence is important for LaMP to be able to undertake efforts to meaningfully shift dynamics within the labor mobility space, without being constrained by the interests of payers themselves. However, this approach also carries the risk that LaMP could become a project-driven organization (similar to concerns around the “projectization” of the IOM, discussed in the appendix), which may come at the expense of an overarching strategy and theory of change. The approach may in fact serve to reinforce existing dynamics rather than influence them, as payers would commission services that align with their existing agenda and priorities.

The “solutions network”

The network element of LaMP will seek to partner and connect actors working to fill gaps. Influencing the dynamics surrounding labor mobility as a topic entails collaboration among the relevant stakeholders, or put another way, a collective action solution to a collective action problem. While delivering on the functions identified in this section, LaMP will seek to create a “solution network”—that is, an alliance that includes policy practitioners, service providers, and advocacy and research groups to engage with and support governments, the private sector, the mobility industry, and financiers in achieving and implementing labor mobility partnerships. The network will connect stakeholders on labor mobility and facilitate opportunities for them to work in partnership. The “public good” functions of brokering and advocacy, whose benefits are widespread across the labor mobility space rather than accruing to specific actors, will be at the heart of the network.

The main purpose of such a network is to address the fragmentation that currently characterizes the labor mobility space and keeps actors from knowing about or building on each other’s efforts. It also serves to ensure that LaMP is not duplicating existing efforts.

LaMP would in this capacity identify relevant members to bring into the network, and facilitate them to connect with other members and forge opportunities to work with each other. Each partner in the network would in turn bring the resources it is willing to allocate to support other members as well as policy actors working on labor mobility.

For example, an organization administering labor mobility agreements would be able to provide advice on process and operations to others, whereas a research organization could contribute intellectually by consolidating evidence or knowledge on a certain issue. In this scenario, LaMP would bring its own functions to the network, as well as helping build the needed relationship between the different actors to engage with each other. Being a public good, the network aspect of LaMP is likely to be funded through philanthropic monies in the near future (though this may be revisited at a later date).

LaMP as a joint model

By combining the models, LaMP will be able to leverage the advantages of both while mitigating the disadvantages. The service provider model encourages LaMP to build demand-responsive capacity aimed at the needs of its partners, and preserves independence. However, it risks building a project-driven rather than strategic approach, in which case it would not succeed in shifting the dynamics to allow partners to scale labor mobility. The network model builds off existing efforts to directly target the fragmentation of the labor mobility space, allowing for a higher-level and potentially more strategic approach.

However, either model on its own cannot address the identified existing gaps in provision of the needed functions, as they only build off existing efforts and capacity. That is to say, either of the two models in isolation cannot fully address the need. By combining them, LaMP will (through the network) be able to provide public goods in such a way as to work toward strategic shifts in the current dynamics, while (through

the service provider) building capacity for direct service provision that addresses existing gaps.

Feasibility

We have reason to believe that the model as laid out above would meaningfully address constraints for LaMP's stakeholders; however, there are important questions around the feasibility of the model. The first requirement toward feasibility is that LaMP be able to engage a sufficiently wide set of stakeholders. Not only must LaMP be able to access a wide variety of stakeholders from governments, the private sector, the mobility industry, financiers, and so on, but it must do so across regions. This will be a particular challenge at the beginning, as a new actor in a space with several established organizations. Further (and critically), it must also have sufficient trust to be able to engage with these stakeholders on potential partners, technical design, and the risks and constraints they face. This is particularly important for LaMP's ability to influence political constraints, which pose the greatest risks for most stakeholders, making engagement require a high level of trust.

The second requirement toward feasibility is that LaMP be able to attract and build the right expertise and human capacity to deliver the proposed functions. This is relevant to the previous point around trust—high-quality human capital is the cornerstone for building trust with a wide variety of stakeholders. Maintaining that trust requires successful delivery of the proposed functions, which further requires quality human capital. Thus, talent will play a vital role in building stakeholder trust while devising strategies to grow the organization and navigate a difficult political landscape.

The third requirement toward feasibility is a viable financial model. In the previous section, we discussed a possible financial model, with service fees financing the “service provider” activities and philanthropic funding financing the “network” activities. However, further exploration is required to see

whether appropriate philanthropic funding is available, and whether stakeholders are willing to pay fees for the proposed services. Cash flow management is critical in this model, as the service fees may subsidize “public goods” activities such as advocacy and can jeopardize the financial sustainability of the organization if systems and processes are not set up adequately.

The fourth requirement toward feasibility is that LaMP be able to build a sufficient understanding of stakeholders’ agendas and priorities. Attracting actors either to deliver services or to join the network will require understanding their interests in labor mobility, and the risks and constraints they face in acting. Understanding these factors is necessary to gain their interest in working with LaMP, and to generate consensus on areas of work interest for LaMP. Miscalculating the level of interest at any point will undermine the impact LaMP seeks to unlock and will pose a significant reputational risk to LaMP itself, undermining its ability to generate trust. LaMP will need to begin by building upon available political support from stakeholders who are willing to engage on labor mobility.

Next steps

In the initial stage, LaMP will pilot its services in specific corridors before looking to scale up. The pilots will be based on expressed interest in support from potential targets, and will look to test each function across a broad array of actors and different regional contexts (as the impact and form of each type of constraint varies across regional contexts). Box 9 demonstrates initial piloting of services that the team has undertaken during the design period. In the next stage, the team will seek to work with partners to pilot specific labor mobility partnerships. The pilots will be used to test how well the proposed functions target the identified constraints in practice, and to adapt the design according to these findings. Should these pilots disprove the theory of change, more analysis will be undertaken into the constraints limiting cooperation on labor mobility and whether external efforts can meaningfully address them.

In addition to undertaking its partnerships, in the initial stage, LaMP will begin to build out its “public goods” functions through advocacy and construction of the network. LaMP will begin its advocacy efforts by producing materials on the case for labor mobility, beginning with the demographic need as set forth in this report, and engaging with policy actors and the public to raise awareness that the demographic crisis has hit. These efforts will also focus on the transformational impact on workers and employers of development-friendly, rights-respecting labor mobility. These activities will focus on building positive narratives of labor mobility, and will begin with written blogs and reports that will be disseminated both broadly and to specific targeted audiences. At the same time, these activities will work to bring relevant stakeholders “into the fold” of the LaMP network as willing allies to connect with other relevant actors. This work of attracting relevant stakeholders will begin by connecting existing actors to opportunities or potential partners, and then expand into advocacy to bring new actors into the labor mobility space.

Rigorous monitoring and evaluation of the pilot activities will be critical at early stages. Providing evidence on the performance of the pilots will be crucial to answering questions around feasibility. This is particularly true for questions around trust and financial viability. Demonstrating quality service delivery leading to positive impacts will go a long way toward building a reputation of trustworthiness with stakeholders, and will enable LaMP to expand its network. Similarly, rigorous evaluation to draw a clear picture of return on activities and to evidence stakeholders’ satisfaction with delivery will generate demand, which in turn will generate cash flow. Thus, a key focus of the initial piloting stage will be demonstrating quality performance and impact.

At the same time, LaMP will undertake deeper analysis on the constraints limiting labor mobility and the external supports that could address them. This analysis, conducted through both research and engagement with partners, will be used to refine

Box 9. Ongoing pilots of LaMP's functions

The Migration Lab at the 2020 Global Forum on Migration and Development

A core objective of the 2020 Global Forum on Migration and Development (GFMD) is to establish partnerships and cooperation between countries and other stakeholders. Toward this end, LaMP is responsible for designing and running the forum's Migration Lab, aimed at understanding how partnerships are formed and supporting their emergence by (1) working with GFMD leadership and attendees to identify entrance points to promising partnerships, and (2) supporting potential partners to flesh out the rationale and critical elements for partnership. The lab will guide participants through the process of identifying their labor mobility needs and potential partners, defining the goals of the partnership, identifying barriers to reaching agreement, finding solutions for overcoming these barriers, and in the end working toward final agreement to move forward with the partnership. This process will better inform the GFMD's and LaMP's understanding of factors that facilitate agreement or prevent it from being reached. It is also a prototype test of LaMP's proposed brokering functions.

Labor mobility diagnostic for World Bank Ethiopia

The government of Ethiopia has recently lifted a ban on outward labor mobility and undertaken steps to actively facilitate overseas employment for Ethiopian job seekers. The LaMP team, at the request of World Bank Ethiopia, undertook a diagnostic to provide the government of Ethiopia with insights

into the opportunities and risks of managed migration, an understanding of the gaps in the existing migration management system, and recommendations for how to address them and scale labor mobility. The diagnostic analyzed existing mobility from Ethiopia, assessed potential mobility from Ethiopia (including labor supply in Ethiopia and labor demand in promising destination markets), assessed the existing labor-sending system in Ethiopia, and recommended measures to unlock the benefits of labor mobility and mitigate the risks for Ethiopian job seekers. Toward this end, the LaMP team undertook extensive on-the-ground consultations and is supporting both the government of Ethiopia and the World Bank to explore tangible next steps based on the findings of the diagnostic.

Good practice note for Pacific Labour Facility

The LaMP team produced a good practice note for the Pacific Labour Facility to inform its reintegration and returning worker strategy, which was under development at the time. The purpose of the exercise was to provide the facility with an international perspective on reintegration, including international best practices and learnings. The note provided a review of literature and case studies of return migration, and applied the findings to the unique context of circular migration. It then proposed a framework to prioritize reintegration policies, based on determinants of successful reintegration and factors hindering better reintegration outcomes. Finally, it provided examples in line with the framework of reintegration policies and programs currently offered internationally.

LaMP's model and long-term theory of change. In this stage, LaMP will consider how to scale from singular engagements to a broader structure capable of influencing the dynamics around labor mobility at a global level, in order to facilitate the creation of systems capable of facilitating the needed level of labor mobility. We expect that this analysis may lead to a significant adaptation of the LaMP model, or even the creation of

a fully separate but parallel entity. Ultimately, LaMP's long-term mission is to facilitate a fundamental shift in the labor mobility sector. It will undertake continuous self-examination to ensure that its activities are targeted toward that end and, as needed and relevant, revise its approach (or even dissolve itself) toward what is needed to achieve this mission.

Box 10. Toward an association

If labor mobility is scaled to meet the demographic needs identified, it will be a massive industry for good in the next 30 years. At the beginning of this report, we identified serious demographic imbalances and labor shortages in OECD countries, and predicted that these dynamics will mean a massive, unprecedented increase in migration flows over the coming decades. With this increase in migrants comes significant gain in global income, due to vast productivity and wage differences between sending and host countries, which imply large income gains for those who move.

Yet the labor mobility industry can and should scale only as long as it proves to be an attractive and good industry. When labor shortages in Gulf Cooperation Council (GCC) countries created a need for large inflows of temporary migrants, the massive supply of workers willing to move from various sending countries created a race to the bottom. With no initial mechanisms in place to ensure protection of workers, and with most low- and semi-skilled workers perceived to be easily substitutable, receiving countries came to hold most of the bargaining power, and sending countries have not been able to build systems capable of enforcing minimum standards. This has put workers at risk and negatively influenced diplomatic relations between sending

and receiving countries. These norms perpetuated an unattractive dynamic around low-skilled labor mobility and undermined the powerful development potential of labor mobility. If labor mobility were to happen at a larger scale in response to the identified need, actors within the labor mobility system would need support to ensure that practical minimum standards are met.

An industry association on labor mobility can play a meaningful role, harnessing cooperation and ensuring minimum standards, thus creating a race to the top. Industry associations are the institutions that normally lead on defining and ensuring adherence to industry standards and codes. As one of these organizations, an industry association on labor mobility could create the space for standards to emerge to help maximize positive outcomes from labor mobility (development impact on sending countries, needs of host countries, worker well-being) and minimize risks (exploitation, overstaying).

Industry associations also play an important role in ensuring adherence to standards. An example of this is the international air transport industry, an industry that has the confidence of virtually everyone around the world. It is led by an industry

(continued)

Box 10. Continued

association, the International Air Transport Association (IATA), with the mandate of outlining training requirements for staff, setting aviation standards, and ensuring coordination and cooperation (from the most to the least capable nation-states), thus driving the positive dynamics and outcomes of the industry. The IATA is the platform through which the risks, challenges, and priorities of the air transport industry are defined, solutions are discussed, and collaboration is forged.

If labor mobility is to be a “good” (positive) industry, it will need an association that connects actors working on labor mobility. These “people who move people” should commit to formulating policies and standards that respond to the priorities, risks, and needs of a labor mobility industry that serves a good purpose. The association can serve as a platform where knowledge of practices, risks, and needs are shared, and thus used to create and enforce common standards, ensuring that labor mobility systems are designed to respond to host-country needs. This is key to building and

sustaining an effective, safe, and professional global industry. Such an association would consist of a group of global actors that can and want to influence the global public good, who benefit from labor mobility, and who have an interest in ensuring that labor mobility happens in a rights-respecting, development-friendly way.

In the next phase of its activities, LaMP will work toward the establishment of this association. To do so, LaMP will seek to engage potential members, leadership, and funding for the association. Potential initial members will be identified by the volume and quality of their labor mobility flows, and will include balanced representation from each of the groups of actors identified earlier in the report (receiving countries, sending countries, employment sectors, the mobility industry). Engagement will include consulting with these potential members to understand their needs and priorities around labor mobility, and attempting to build consensus across them about the activities of the association and the standards to be met.

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Appendix.

The Current Landscape

International Organization for Migration

Established in 1951, the International Organization for Migration (IOM) is the principal intergovernmental organization in the field of migration and consists of 173 member and 8 observer states. IOM's stated mission is to promote humane and orderly migration by providing services and advice to governments and migrants.¹²⁰

120. IOM (2019).

In the early 2000s, IOM expanded its mandate to include migration management. IOM works in the four broad areas of migration management: migration and development, facilitating migration, regulating migration, and addressing forced migration. Cross-cutting activities include the promotion of international migration law, policy debate and guidance, protection of migrants' rights, migration health, and the gender dimension of migration.¹²¹ IOM joined the UN system in September 2016, and since then has been the official UN agency with regard to migration.

121. Ibid.

Box A1. Initial purpose and functions of IOM

The initial purposes and functions of IOM were laid out in its 1953 constitution, as amended in 1989:

- Make arrangements for the organized transfer of migrants to countries offering opportunities for orderly migration;
- Concern itself with the organized transfer of refugees, displaced persons and other individuals in need of international migration services for whom arrangements may be made between the Organization and the States concerned, including those states undertaking to receive them;
- To provide, at the request of and in agreement with the states concerned migration services, such as recruitment, selection, medical screening, orientation, and so forth;
- To provide similar service for voluntary return migration;
- To provide a forum to states as well as international and other organizations for the exchange of views and experiences, and the promotion of cooperation and coordination of efforts on international migration issues, including studies on such issues in order to develop practical solutions. (IOM 2020, Chapter I, Article 1)

However, while IOM's mandate has expanded, its financing model has kept it from expanding its work to match the mandate. The broad mandate and lack of core funding¹²² have resulted in budgeting constraints that require the work to be largely “projectized” and dependent on member states to fund activities.¹²³ This has opened it up to the accusation that its choice of projects, such as participation in voluntary return of migrants from European countries or in offshore asylum-processing centers on Nauru, is driven by the priorities of donor countries rather than its mandate and mission.¹²⁴ Further, because the membership of IOM comprises states, gaps remain with regard to support for employment sectors, the mobility industry, and civil society.

International Labour Organization

The International Labour Organization (ILO) is a standard-setting body characterized by its unique tripartite structure incorporating representatives of labor union confederations, employers' associations, and governments.¹²⁵ The ILO sets and supervises international labor standards in the form of conventions and recommendations, which are drawn up by the annual International Labor Conference through negotiations among these actors and are then ratified (or not) by member states.

The primary tool through which the ILO engages on labor mobility is its Conventions 97, 143, and 181, as mentioned above (Box 4). Since the early 2000s, the ILO has become more actively engaged on the subject of labor mobility, primarily through technical assistance aimed at implementing these conventions. However, as noted previously, the conventions have not been widely ratified. Indeed, ILO records from the 87th session of the International Labor Conference contain quotes from the International Organization of Employers noting that there was a preference for

122. Siegfried (2016).
123. Newland (2005).
124. Siegfried (2016).
125. Newland (2005).

bilateral agreements over the conventions, as the former were felt to be more adept at “[taking] into account present-day realities, and could be adapted to the particularities of specific groups of migrants.”¹²⁶ Bilateral agreements were also preferred as they allow for flexible burden sharing on implementation and monitoring between receiving countries and sending countries in a corridor, whereas the conventions do not. So while the ILO is unique among the actors listed here in that it does engage heavily with the private sector, gaps remain in terms of providing flexible support to allow private-sector actors to meet their labor market needs.

Global Forum on Migration and Development

The Global Forum on Migration and Development (GFMD) is an informal, nonbinding, voluntary, and state-led process that held its first summit meeting in 2007. It is unique in that it is a “state-led but not state-only”¹²⁷ forum—the main state-led body has formal links to civil society, business, and most recently, mayoral mechanisms. These mechanisms allow a wide variety of stakeholders to consult with governments on mobility policies. The stated objectives of the GFMD are to (1) provide policymakers and high-level policy practitioners a venue to informally discuss relevant policies, practical challenges, and opportunities of mobility, and to engage with other stakeholders; (2) exchange good practices and experiences; (3) identify information, policy, and institutional gaps; (4) establish partnerships and cooperation between countries, and between countries and other stakeholders, on migration and development; (5) structure the international priorities and agenda on migration and development.¹²⁸

The GFMD has been an important forum for discussion and consultation across a wide variety of stakeholders. This has had meaningful impact; indeed

126. ILO (1999).
127. GFMD (2019).
128. Ibid.

participants credit the GFMD with the achievement of the Global Compact for Safe, Orderly and Regular Migration (GCM). However, with the signing of the GCM, the focus has shifted from developing a policy framework to actually implementing the framework. Because the GFMD acts as a convener for dialogue but does not provide any direct services, it is not well equipped for implementation, and many participants have commented that it has not managed to achieve its fourth objective, of establishing implementable partnerships.¹²⁹ Exploring ways to address this is a key element of the vision held by the 2020 chair (the United Arab Emirates). It is possible that the functions identified above could be merged into the GFMD given these ongoing conversations, but they are not part of the GFMD as it currently stands.

International Centre for Migration Policy Development

The International Centre for Migration Policy Development (ICMPD) is an international organization that has 17 European member states and is active in 90 countries worldwide. Its emphasis is on the development of sound migration policy, building on a three-pillar approach linking (1) research, (2) migration dialogue, and (3) capacity building. However, these activities do not extend to active brokering of partnerships, and are aimed exclusively at government partners.

The Agreement on the Establishment and Functioning of ICMPD mentions as a priority goal of its member states the development and implementation of long-term strategies to cope with the migration phenomenon. These strategies include facilitating early warning; combating root causes of migration; harmonizing entry control measures; and coordinating alien, asylum, and refugee policies.¹³⁰ This mandate does not extend to facilitating labor mobility in response to demographic and labor market needs. Further, research is targeted toward flows solely into European receiving countries

and focuses on developing measures for “improved recognition and control of migratory movements.”¹³¹

United Nations Network on Migration

The United Nations Network on Migration was established in 2018 following the adoption of the GCM.¹³² Its mandate is to “ensure effective, timely, coordinated UN system-wide support to Member States in their implementation, follow-up and review of the GCM.”¹³³ The IOM serves as the coordinator and secretariat of the network, and the membership of the network consists of members of the UN system whose mandates are relevant to migration. The network also coordinates the capacity-building mechanism called for in the GCM, which consists of “(a) a connection hub that facilitates demand-driven, tailor-made and integrated solutions, (b) a global knowledge platform as an online open data source, and (c) a start-up fund for initial financing to realize project-oriented solutions.”¹³⁴ The network manages the connection hub and global knowledge platform, while the start-up fund (the Migration Multi-Partner Trust Fund) is administered by the UN Multi-Partner Trust Fund Office.

There are some similarities between the functions proposed in Section 4 of this report and the activities of the UN Network on Migration—particularly on brokering (both of relationships between potential partners and of financing) and on technical support. However, because membership and activities are limited to UN members and states, it is constrained in its ability to contribute to enhanced labor mobility. As discussed throughout this report, enhancing labor mobility adequately to respond to the need will require active involvement of employment sectors, the mobility industry, external financiers, and civil society, in addition to states and international organizations.

131. Ibid.

132. UN Network on Migration (2018).

133. Ibid.

134. Ibid.

129. Author conversations with GFMD stakeholders.

130. ICMPD (2019).