Reducing Recruitment Costs

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Key messages

- Recruitment costs are high, regressive and non-transparent.
- Recruitment costs can be reduced significantly via regulation and monitoring of recruitment practices, educating migrants about their rights, and cooperation between sending and receiving countries.
- Reducing recruitment costs will benefit the migrant, the employers and migrant’s families left behind; it will also encourage more regular migration.
Recruitment costs can be high

<table>
<thead>
<tr>
<th>Destination/Occupation</th>
<th>Sending country</th>
<th>Average migration cost</th>
<th>In months of wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic worker in Hong Kong</td>
<td>Indonesia</td>
<td>$2,708</td>
<td>5.4</td>
</tr>
<tr>
<td>Construction worker in Middle East</td>
<td>Nepal</td>
<td>$1,200</td>
<td>6.0</td>
</tr>
<tr>
<td></td>
<td>Bangladesh</td>
<td>$2,891</td>
<td>14.5</td>
</tr>
<tr>
<td></td>
<td>Philippines</td>
<td>$1,719</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Sources: ITUC, IMWU and HKCTU, June 2012; APL-HK and PLU, April 2013; Martin 2013, Human Rights Watch 2013, World Bank 2011 (Nepal report), Korea’s EPS. These data should be viewed as preliminary.
What constitutes migration cost?

- **Document cost**
  - National documents: Passport, visa, residency permits
  - Security-related: Medical check-up, security clearance
  - Skills/competency-related: Language test

- **Transportation cost**
  - Internal transportation cost to obtain required documents.
  - International transportation cost to cross borders.

- **Recruitment service fees paid to recruiters**
Key questions

- How to reduce the cost?
- By how much?
- Who will benefit?
Recruitment process

1st mile: Sending country

Migration process

Last mile: Destination country
Recruitment process

1st mile: Sending country

Migration process

Last mile: Destination country
How to reduce recruitment costs

1st mile: Sending country

Regulate recruitment agencies

Educate potential migrants about their rights as workers

Equip embassies abroad to provide services to migrant workers, especially open windows for consultations and complaints

Negotiate with destination countries about employment conditions of workers

Publish data on recruitment costs by job category
## How to reduce recruitment costs

### Last mile: Destination country

- **Regulate employers and recruitment practices**
  - (Korea: government-managed Employment Permit System, recruitment cost declined to $950 in 2012 from $3,509 in 2001)

- **Educate migrants about their rights and employment conditions**

- **Work with sending countries**

- **Publish data on recruitment costs**
How to reduce recruitment costs

2nd mile: Migration/Transportation

Examine visa policies

Streamline passport issuance

Post information on employment opportunities to facilitate job-matching

Provide loans for migration costs? Perhaps not.
How much reduction in recruitment costs is feasible?

• Compare with the cost of recruiting high-skilled migrant workers (e.g., nurses)

• Develop bilateral matrices of recruitment costs for agricultural workers, construction workers and domestic workers
Who would benefit from lower migration costs?

- Migrants' incomes, savings, remittances would increase; loan burden would decrease.
- Employers would also benefit.
- Sending countries would earn foreign exchange via remittances and investments by migrants.
- Irregular migration is likely to decrease.
- Need for a good analytical study on benefits of reducing recruitment costs.
KNOMAD work program on reducing migration costs

- Attempt to build bilateral matrices of migration costs comparable across top migration corridors, through field surveys


- Phase II (2014/5): Pilot survey in US, Mexico, Russia, and South Africa.

- Phase III (2015/6): Survey part of national labor force survey in selected countries. Publish questionnaire as a global knowledge product. Benchmark/index a recruitment cost to achieve as part of global development agenda.

- Collaboration with ILO, with Manuela, Michele, Manolo, Nilim and Phil
Thank you

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