



Reducing the costs of labour migration

Financing for development

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* Search for decent work is a core driver of international migration:

- Approx. 50 per cent of the 232 international migrants in the world today are economically active.
- Family members joining migrant workers may seek employment.
- Even those fleeing persecution, conflict, violence and environmental disasters may seek to enter the labour market.



Decent work, migration and
sustainable development



“Persistent unemployment, **ever-rising inequality, unmanaged migration flows** and ideological polarization are among the factors stretching societies dangerously close to the breaking point.”

2015 WEF Global Risks Report



* High economic and social **costs of labour migration** are impediments to sustainable development **and widen inequality**.

* Labour migration costs must be seen in the broader context of **employment and labour markets**-- not merely through the lens of remittance transactions.

* **High costs borne by migrants** are exploitive:

- discrimination in wages and working conditions;
- jobs/skills mismatch and contract substitution; and
- high recruitment fees and trafficking in labour.

Reducing labour migration costs



Migrants face multiple forms of economic exploitation

Gap between wages promised and real wages.

Republic of Moldova: 45.64 % of returned migrants reported working for little or no pay; 24.85 % received late payments.

Armenia and Georgia: Between 19.76-20.22% reported working for no little or no pay.

- * Nepalese workers: wage gap is USD 704 for security guards, USD354 for factory workers, USD454 for janitors, USD304 restaurant workers.
- * Migrants in Europe receive 17.5% less than nationals for the same job. ILO Global Wage Report





Lack of **coherence** between employment and migration policies

*Skills' mismatch:

- **25-45 per cent of workers in Europe** are either over- or under-qualified for their job. Among those most affected are foreign-born workers.
- mismatch between the declining labour force growth rates in developed economies and the growing labour force, esp young workers in developing countries.
- increased labour market segmentation with low-skilled jobs becoming the exclusive domain of immigrants.

Reducing labour migration costs



Restrictions on mobility:

- * Hinder labour market competition
 - * Affect migrant workers' earnings
 - * Prevent protection of rights
- Studies show greater mobility for migrants within the destination country - changing jobs/employers/better skills matching -may **increase workers' real earnings by 10 per cent**

Reducing labour migration costs



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running the numbers

* For migrants paying **recruitment fees** savings can be

* **5 to 10 billion dollars more back into development**

Reducing labour migration costs



Migrants could save 4 to 8 times more than reducing remittance fees

Reducing remittance transaction costs

- * Halving remittance transaction costs from 10% - 5%:

Saves USD 250 for a low-skilled worker in a three-year \$200 a month contract who will remit USD 5,000 of his/her USD 7,200 in earnings.

e.g., transaction costs reduced from USD 500 to USD 250.

Reducing recruitment costs

- * Halving recruitment costs from USD 1000 or USD 500
- * Saves the migrant USD 500 or **twice the savings** compared to remittance costs.
- * Where recruitment fees are USD 2000, for some migrants leaving Asia or Africa: Savings are **USD 1000 or 4 x the amount**
- ❖ If recruitment fees are eliminated for migrants, **as per ILO standards, the savings could be 8 times.**



Growing insecurities and absence of regular channels for migration:

- * Migrants pay between USD 1,000 - 10,000 depending on the route and amenities during the journey.
 - 20-meter fishing boats reportedly earn smugglers USD 1.5 million a trip (500 migrants/3,000 USD each) - est. smugglers have grossed more than USD 1 billion in 2014 alone.
- * Countries spend millions in sea rescue and border control:
 - Under the *Mare Nostrum* programme, Italy spent equivalent USD 13 million a month in search-and-rescue operations.
 - Spain has spent EUR 289 million between 2007 and 2013 on strengthening border controls for Ceuta and Melilla and Morocco.

Reducing labour migration costs

5. Indicator on reducing costs relating to recruitment

- Number of migrant workers in respect of whom recruitment costs are eliminated or are subject to reduced recruitment costs

- ILO-KNOMAD research and surveys

- ILO-KNOMAD Thematic Working Group on Low-Skilled Labour Migration

*** Indicators for measuring costs**



SETTING AN ILO AGENDA FOR FAIR MIGRATION

- Making migration a choice and not a necessity, by creating decent work in countries of origin.
- Respecting the human rights, including labour rights, of all migrants.
- Ensuring fair recruitment and equal treatment of migrant workers to prevent exploitation and level the playing field with nationals.
- Forging stronger linkages between employment and labour migration policies.
- Having Ministries of Labour, trade unions and employers' organisations involved in policy making on migration.
- Fostering genuine cooperation between countries and within regions.

Thank you
for your
attention!