

“Recruitment, labour migration and diaspora. Improving labour market complementarities and economic development outcomes”

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Ministers, Ambassadors, distinguished participants, Ladies and Gentlemen:

It is an honour and a great pleasure for me to participate in the 2nd Global Forum on migration and Development 2013 thematic meeting on **“Recruitment, labour migration and diaspora. Improving labour market complementarities and economic development outcomes”**.

I would like to thank the Swedish authorities for their invitation and the opportunity to share my views on these important issues for our societies and economies.

There is no doubt: migration is an important element in the globalisation process. Migration has the potential to promote the economic benefits of globalisation and their distribution across countries and individuals. In my speech today, I would like to focus, in particular, on two main channels through which migration can contribute to globalisation: i) a better allocation of labour; and ii) its positive impact on trade.

Stressing these links is very important also because, let's face it, labour migration still raises clear opposition especially in some of the destination countries. And this opposition has even increased during the recent economic crisis because of its negative effects on the labour market conditions of the most vulnerable groups -- including migrants – in the destination countries. At the same time, there are also concerns expressed in the countries of origin about potential negative effects of migration, in particular with reference to brain drain in key sectors such as education and health.

For these reasons it is now more than ever important to highlight the positive impact of migration and discuss policies that can help reap the benefits. This is precisely the guiding line of our work at the OECD on migration in general, and on migration and development more specifically.

The Global Forum on Migration and Development (GFMD) and the High-level Dialogue on International Migration and Development held under the auspices of the United Nations, are excellent opportunities for us to learn from each other, exchange experiences, take stock of good practices and transform ideas into good policies.

Our meeting today could not be more timely. It provides an opportunity to review in a systematic way the linkages between migration and development and the key policy challenges so that these can be brought to the table in the discussions at the GFMD in May.

Let me focus on **three policy challenges to foster the links between migration, globalisation and development.**

1. How to **promote skill matching.**
2. How to **strengthen the role of Diaspora members** who are well established in their destination countries.
3. How to **enforce the synergies between labour migration, trade and Diasporas.**

How to promote skill matching

To improve the quality of matching between available skills and jobs, it is absolutely necessary to have **good and reliable information about these skills and job opportunities.** Unfortunately, this is often not the case.

Comparable and rich data are difficult to obtain. But we should recognise that **we have made major progress** on the availability and quality of the information we have on Diasporas and their characteristics, thanks to the efforts of many persons in this room and outside. The OECD has contributed to data collection on Diasporas with the

Database on Immigrants in OECD countries, a database that collects information on the numbers and characteristics of the Diasporas by country of origin. The most recent data will be presented, together with the new data of the United Nations, in a joint document at the High-level Dialogue on International Migration and Development, next month.

Let me give a snapshot of these data. It is estimated that there are **more than 200 million international migrants worldwide today**. About half of them are 15 years or older and live in an OECD country outside their country of birth. This represents a 36% increase from its 2000/01 level and a 9% increase in comparison with 2005/06. The recent global economic crisis has slowed down migration flows, but the number of migrants continues to increase. Nearly a third of recent immigrants to OECD countries in 2010 were university graduates. 15% of them have arrived in the past five years, a trend mainly driven by highly educated migrants from Asia. Many of the tertiary educated migrants completed their studies in OECD countries. Indeed, there are today nearly 3 million international students enrolled in OECD countries, and some of them are likely to stay after the completion of their studies and enter the labour market.

As a second element in the matching process, I'd like to stress **the timely access to up-to-date information about job opportunities**. OECD countries have a major role to play in this, by cooperating with countries of origin and exchanging information. But it is also important to stress that a number of countries in North Africa, Sub-Saharan Africa and Asia have joined forces with destination countries to develop tools for expanding and rationalising information about foreign job opportunities. The Philippines offer the most elaborated model that can document, validate and anticipate labour requirements abroad. However, the impact of many of these initiatives is often still limited, mainly because of the difficulties entailed in continuously updating the information available, contacting the target populations directly, mobilising employers in the destination countries and assessing precisely what skills are required.

In the European context, the EURES -- European Job Mobility Portal -- provides a good example of the potential value added of these instruments, but also shows their limitations as well. To build such initiatives with countries of origin outside the OECD area would entail direct and expanded co-operation amongst national employment agencies, but also vast improvements in the resources and operations of partner institutions in the countries of origin.

But reliable and up-to-date information on job opportunities in their countries of origin is equally important to facilitate the return of those settled abroad who are considering returning to their country of origin. This holds for expatriate workers with technical skills but also newly-graduated foreign students who are not aware of job opportunities in their countries of origin in their field of specialisation. Morocco has worked hard in this direction over the past few years with the objective to mobilise the skills of its Diaspora in the framework of bilateral cooperation with main countries of destination. The strategy is to better identify labour market needs and opportunities at home and promote the creation of professional networks among Diaspora members.

Promoting the return of talents requires not only detailed knowledge of the diaspora but also connect them with suitable, available jobs at home. This is unfortunately a major obstacle for many developing countries. Developing this information is therefore a necessary prerequisite if countries of origin really want to attract expatriate talent.

Crucial players in the skill matching process are the employers, but they often are insufficiently involved in the recruitment process. A recent survey of German employers undertaken in the context of the OECD review of labour migration in Germany, shows that many small and medium enterprises face labour shortages but do not look for labour abroad for various reasons. The objective of fostering the mobility of skills can be furthered by opening channels of communication with employers so they can express their needs and the constraints they face in harnessing expatriate talent.

The public sector must also take part in these discussions, especially in the realms of education and health.

Today, a number of countries have joined forces with employers to conduct recruiting campaigns in target countries to identify potential candidates and to give them the information they need to follow through on their migratory plans. Such **job fairs** are held regularly by some OECD member countries, and certain countries of origin have also developed similar initiatives in the main destination countries in order to allow their citizens, and more generally their Diasporas, to get in contact with potential employers in their countries of origin. This is the case, for example, in Romania, where in recent years the Ministry of Labour has held several meetings of this type in Spain and Italy. Such initiatives seem to be easier to set up and work better when they are organized at the bilateral rather than multilateral level.

Beyond improving the matching between migrants' skills and labour demand, we should also make sure we **make the most out of existing migration flows**. Today, there are indeed more and more tertiary educated immigrants in OECD and non-OECD countries but many of them bring with them skills that are not fully utilised in the labour market. It is indicative that one out of three migrants with tertiary education in OECD countries is over-qualified for his/her job. The phenomenon of **over-qualification** is more common among migrants than among native-born persons and has implications not only for their successful integration in the destination country, but also for the amount of transfers they send back home and the obsolescence of their qualifications and skills.

The **mechanisms for assessing and recognising qualifications acquired abroad are often insufficient**. Destination countries could invest more in language learning in order to facilitate mobility and skills transfers in both directions. Pre-departure training programmes in countries of origin should, moreover, be refocused on professional training in line with labour-market requirements at both ends of the migratory chain, rather than on general orientation.

Fostering the information about **job opportunities in the home country and tackling the mismatch between skills and jobs would also contribute to stimulate migration flows, both outward and return migration.** Poland offers a very interesting case of a country with major emigration waves over the past decade, coupled with rising return migration during the economic crisis. During the economic crisis, the Polish Government introduced a series of measures to facilitate return migration of Poles living in other European countries. They set-up services to assist migrants in areas such as vocational training, investment advice and business activities, while lifting certain obstacles to return: some taxes were abolished, qualifications obtained abroad were better recognised, the restoration of Polish citizenship became possible, and other facilities were made available with regard to the family and the schooling of children.

Other countries of origin are also taking a pro-active approach by adopting special policies to attract returning migrants, offering them tax exemptions, housing, social benefits, etc. However, such incentives cannot succeed unless economic and social conditions in the country are sufficiently attractive, as also shown in the case of Poland. In addition, they may have a perverse effect by encouraging people to emigrate in order to qualify for assisted-return measures. They can also constitute windfalls for migrants who had already planned to return anyway. Lastly, they may feed resentment amongst those who have remained in the country and thus complicate the process of re-integrating returning migrants.

Institutional obstacles to return are relatively easy to identify and tackle, even if responsibility for them is in many cases shared between the countries of origin and destination. Dual citizenship, authorised period of absence, multiple-entry residence permits, transferability of benefits and pensions are some institutional factors determining the intention to return. Other institutional obstacles to returning are to be found in the country of origin, such as property rights, access to housing, education and

health care for the family, etc. Government policy to promote the return of migrants or members of the diaspora should therefore tackle these barriers.

Strengthen the role of Diaspora members

Let me turn to the second main challenge I highlighted before: how to mobilise the skills of well-established Diaspora members. These are persons who have well-established professional and personal lives in the destination countries but have also ties with their countries of origin. They may not be interested to returning permanently to their home countries, but may be willing to contribute with physical, human and social capital. **One way to involve them in the economic life of their home country is through short stays and skills transfers.**

A prerequisite to this is to identify who these persons are. Over the past two decades, **an important number of professional and expert networks have been created, involving countries of origin in Asia, Africa and Latin America.** Initially, these networks had no formal or direct ties with specific government-sponsored programmes, but today, various governmental programmes have been instituted in Colombia, Venezuela, South Africa, the Philippines, Senegal, etc. In Morocco, thematic competency networks were developed by the ministry in charge of Moroccans residing abroad, aiming at addressing the need for more specialised scientific and technical networks.

Thanks to these programmes, new networks have been identified (and in some cases generated) and contacts have been established with Diasporas. The services offered by these networks vary, but they include exchanges of information amongst skilled experts in the diaspora and the home country, students and government officials and, in some instances, offers of training from the diaspora to local experts, support for investment projects in the country of origin and job-seeking assistance. However, maintaining such

programmes and making them viable in the long run is still a challenge, as well as ensuring on-going funding.

On a general level, **it is possible to take better advantage of new technologies in order to maintain ties with, and encourage contributions by, Diasporas through virtual or physical transfers of skills.** Migrants are increasingly connected, and new technologies give rise to highly promising prospects, not only to detecting skills and connecting networks, but also identifying the requirements of emigration countries in connection with their development projects. The e-Diaspora project, which has catalogued over 8 000 websites relating to some 30 diasporas throughout the world, clearly shows the abundant resources and vitality of this new universe, in which today's migrants are full participants.

A second crucial way Diaspora members can be involved is through trade. Limited access to information drives up the cost of trade, and this even more so in countries with weak institutions. Migrants have good knowledge of consumers' tastes and demand, business culture, markets, politics and language of their countries of origin as well as those of their destination countries. Because of these characteristics, they are in a rather privileged position to set up businesses back home but also act as intermediaries for investors in destination countries wishing to establish trade links with their countries of origin. Some home countries are making special outreach efforts abroad, by providing information to their Diasporas about investment and trade opportunities and by facilitating contacts between them and the relevant actors back home.

There is a wealth of evidence suggesting trade (as well as FDI) and migration are complements: a 10% increase in total migrant stock between two countries is associated on average with a 1.5% increase in their volume of trade, and this result, is fairly stable across studies and settings. The link is not linear. Trade increases substantially at relatively low levels of migration, but after a certain Diaspora size is reached, additional

increases in migrant stocks do not increase trade. This evidence is in line with the hypothesis that migrants act as carriers of information, when information is limited. When the size of the migrant community becomes big enough, information barriers are lower and hence the role migrants play is less important.

Strengthen the synergies between labour migration, trade and Diasporas

Let me conclude by touching upon the third point I mentioned earlier: how to strengthen the synergies between labour migration, trade and Diasporas. Although international cooperation can help strengthening these links, **I think it is at the regional level that this work can be most productive.** In collaboration with key partners such as UNFPA, the ILO and the Asian Development Bank Institute, the OECD has conducted a series of regional meetings in the MENA region, in Asia and in the Baltic countries to explore areas for collaboration both among countries in the region and their main partner-countries in the North. These meetings have shown that there is the willingness and the space for action at the regional level with promising results.

Ministers, Ambassadors, distinguished participants, let me conclude by thanking you all for your attention. Special thanks to the organisers for having given me the opportunity to discuss these critical issues. I look forward to a rich dialogue and exchange of ideas with you.