

Briefing Note No. 2: Temporary Labor Migration Programs

Background and definition

Temporary labor migration programs are receiving increasing attention from policy makers and development practitioners worldwide as a means to contribute to the development of labor sending countries while satisfying the labor market needs of destination countries, and providing opportunities for legal work experience abroad for migrant workers. In a narrow perspective, temporary labor migrants can be defined as workers with fix-term labor contracts in destination countries and commitment to return to their country of origin after expiration of their work permit. This brief focuses on policy schemes and programs that allow residence and employment of migrant workers on a temporary basis but do not allow direct permanent settlement in the destination country. This does not exclude the possibility of repeated return for some temporary migrants and under certain circumstances to eventually obtain permanent residence in the host country at the term of the residence period.

Temporary migration and development objectives

Well designed and implemented temporary labor migration schemes have significant potential development benefits for all the stakeholders involved. They can:

- Fill specific labor shortages in a legal manner without degrading the wages and working conditions of native workers;
- Curb the costs of long term migrants' integration for host countries;
- Increase income levels, savings and potentially also human capital formation for migrant workers and their families;
- Alleviate unemployment pressures and enhance economic development through the productive use of remittances and skill transfers and through business creation by migrants upon their return;
- Increase the flow of foreign direct investment and technology transfers through the creation of transnational diaspora networks.

Even though it is ultimately the receiving country that decides on the conditions of access to its labor market— in this case short term permit with a commitment to return - there may be a process of discussion and negotiation for which both the sending country and the migrant have to define what objectives they want to achieve. Temporary migration schemes should therefore be explicitly aligned with sending countries' national development and employment policy strategies, among which human capital formation, poverty alleviation, the productive use of remittances and harnessing the intellectual and financial resources of diaspora members are important policy goals to which temporary migration can contribute.

Target populations and types of temporary schemes

Temporary labor migration schemes can target a broad range of labor migrants, including seasonal workers, contract workers, service providers, intra-company transferees, self-employed and business workers, working holiday makers, trainees, non-seasonal low-skilled workers, or skilled professionals and technicians. The three main types of temporary migrants are: (i) low-skilled seasonal migrants in the agricultural sector; (ii) low- to mid-skilled workers in non-seasonal occupations; (iii) skilled professionals and technicians. In this typology, the duration of work permit is often but not always linked to the skill level of migrants since for receiving countries the skill level of foreign workers is likely to be positively related to productivity gains (especially for high-skilled workers in knowledge-intensive industries) and inversely related to integration costs.

Incentive-compatible policy design and implementation

Careful design is particularly important for the successful implementation of temporary labor migration schemes. To reach their development potential while avoiding overstaying, temporary migration schemes have to be designed in an "incentive-compatible manner" (Luthria, 2011), meaning that the incentives of the key stakeholders are compatible with the intended outcomes. This implies the following design features: (i) identifying the costs of migration for the migrants, their employers and the governments involved and finding mutually beneficial cost-sharing mechanisms; (ii) setting a relevant duration for their stay and allowing for repeated stays; (iii) selecting workers with the relevant skill profile to fill the positions offered (avoid overqualification); (iv) setting the expectation of return and providing the right incentives and provisions to ensure return and reintegration, and (v) meeting the needs of the private sector.

Key provisions

Temporary migration schemes will eventually reach the mutually beneficial development outcomes expected by the stakeholders only if certain provisions are guaranteed for the workers involved. Such provisions include:

- Pre-departure training to prepare future migrants to their work experience abroad and manage expectations;
- Training provisions both in the country of origin before departure and in the country of destination to ensure adequate human capital formation across the migration cycle;
- Provisions for return and reintegration of the workers to support the professional reinsertion of return migrants or facilitate business creation for migrant entrepreneurs;
- Adequate saving mechanisms and remittance transfer devices;
- Social protection provisions including basic short term benefits and work-related benefits in the receiving country as well as portability of long term benefits; and
- Provisions for identifying and supporting the initiatives of diaspora members for the development of their home country.

Legal framework

Legal access to formal labor markets for migrant workers in countries of destination can occur under unilateral admission schemes in countries of destination, bilateral labor agreements between countries of origin and countries of destination (including less binding memoranda of understanding), or multilateral agreements such as regional free trade agreements. Bilateral labor agreements or memoranda of understanding between countries of origin and destination are the most common avenue to negotiate favorable employment and social protection conditions for the migrant workers involved. These can be government-to-government but also involve other support agencies from the private sector, NGOs, labor unions and employer associations. Within this legal framework, bilateral social security agreements and the regulation of recruitment agencies are essential for the protection of temporary migrant workers.

Institutional setup and management capacities

Multiple governmental and non-governmental agencies may participate in the implementation of temporary migration schemes, including ministries of labor, immigration and foreign affairs, national development agencies, and local governments on the receiving side, and ministries of labor, foreign affairs and public employment agencies on the sending side, but also community leaders, employers associations, labor unions, manpower agencies and private operators on the civil society side. Coordination failures may arise in presence of such a diversity of players in the implementation of temporary migration schemes. Building adequate management capacities are therefore essential in the implementation phase in order to obtain the intended outcomes. On the receiving side, common governance systems include: a single governmental agency in charge of processing applications, issuing work permits and enforcing the rules associated to temporary migration schemes, or an independent licensing authority that regulates private labor suppliers. Using employers' associations, private licensed operators or public-private partnerships can be cost-effective options to handle international intermediation and recruitment services, but it requires appropriate regulation and enforcement measures to protect foreign workers' rights. On the sending side, the identification and selection of potential temporary migrants can be under the responsibility of sending countries' ministries of labor or employment agencies, or involve community leaders or civil society organizations that have a closer access to the potential beneficiaries.

Learning the lessons from good practices: the role of Monitoring and Evaluation (M&E)

There are few examples of proven best practices of temporary migration schemes for development in the world as very few schemes have been evaluated. Rigorous evaluation of such schemes is therefore essential to learn the lessons for improving, replicating or potentially scaling up projects. If positive evidence on development outcomes is found, this is likely to help generate enhanced international support for new temporary migration programs. Good practices including an M&E component are found in the seasonal migration scheme between New Zealand and selected Pacific Islands, and the circular migration projects between Mauritius and Canada. In both cases, early M&E results indicate positive impacts on development and good degree of satisfaction on the employers' side. In the same vein, the Netherlands have just implemented a pilot temporary labor migration program for semi-skilled workers with Indonesia and South Africa with the explicit aim of identifying the advantages and disadvantages, constraints and risks, with the intention of eventually opening up opportunities for temporary migration. Learning the lessons from such pilot schemes and existing good practices is an essential step towards scaling up and replicating temporary migration initiatives for development around the World.