



## People on the Move

Advancing the Discourse on Migration & Jobs

October 2018





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# JustJobs

NETWORK

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# FOREWORD

*As I spent hours, days, weeks taking care of children for low pay, I often wondered, what other undocumented women were dreaming of.*



I arrived in the United States at the age of four. I arrived as an undocumented immigrant long before a job was something that concerned me. Over the years I have come to understand that my ability to work, to earn a living and to be a contributing member of this economy will always be defined by my migration from Mexico to the United States.

From youthful aspirations of working in a movie theatre in my teen years to becoming an architect when I grew up, my dreams matured with me. But I was an ‘undocumented immigrant’ and my options were limited. I didn’t have a social security number to prove my eligibility to work in America. Babysitting or cleaning homes were the two paths offered to women like me. My ability to speak English led me to babysitting. As I spent hours, days, weeks taking care of children for low pay, I often wondered what other undocumented women were dreaming of. Well educated, motivated and capable women limited from realizing their dreams.

After decades of being undocumented, in 2013, I finally held a work permit in my hands. In 2012, President Obama announced Deferred Action for Childhood Arrivals (DACA), a program that allowed young people like me the opportunity to gain a work permit. Along with the work permit came nine digits – a social security number, that I believed would finally wipe away the undocumented immigrant label. But on that day, I realized that neither the permit, nor those numbers, defined me. Endless nights of studying for a degree I was barred from using, cleaning yards with my father, and continued persistence, drive and hard work in the face of it all were the experiences and traits that defined me.

And now, in the absence of legislation to address the plight of those like me, the DACA program was recently ended by the Trump administration, meaning my work permit will only be renewed for two years for the last time. I don't know what will happen after those two years. I don't know where my desire to work and to be a contributing member of the economy will take me, but I do know who I am, and what I am capable of.

Today, there is more animosity against immigrants than I ever experienced in my life. It is rare to go a week without seeing someone berating another on a viral video for speaking a language other than English, or for simply looking "non-American," defined only by their own limited perceptions. Assumptions about what migrants will extract from their destinations are plentiful. But the fact is, from their capabilities and hard work to their food, migrants add to the richness of the societies and economies they inhabit.

Myths about migration abound, but my experience and that of many like me refutes much of what is in the public discourse. This is why the JustJobs Network's signature volume exploring the many facets of migration is such an important contribution. It pulls together case studies from around the world to shed light on the challenges and opportunities of international and internal migration.

This volume comes on the eve of the United Nations adoption of the Global Compact for Safe, Orderly and Regular Migration. As the world gathers in Marrakesh, research such as this can help ground the discourse in facts rather than presumptions. It can help guide future implementation of this pact between nations. The dreams of migrants depend on these efforts, though migrants aren't the only ones compelled to do whatever it takes to provide a better life for their children.



**Astrid Silva**

Executive Director, DREAM Big Nevada





# INTRODUCTION

Sabina Dewan, JustJobs Network





# INTRODUCTION

**Sabina Dewan**, JustJobs Network

The world, in recent decades, has become smaller. Economies have become closely integrated through complex supply chains, cross-border movements of capital and investments, technology-enabled communication, transportation and information flows. Though migration is an age-old phenomenon, more people are on the move today than ever before.<sup>1</sup> But this shrinking world has grown beyond what is familiar; this is disconcerting for many.

So, when it comes to migration, deeply emotional responses obscure facts.<sup>2</sup> The discourse is fraught with myths. Based on case studies from around the world, this volume by the JustJobs Network sketches the complex and evolving nature of international and internal migration in an effort to replace inaccurate narratives about migration with some real case studies.



## **Myth #1: Migration fits a single narrative**

The media is littered with images of asylum seekers, refugees and economic migrants fleeing conflict and destitution, desperate to rebuild

their lives. In the common imagination, the lines between the three are blurred. But there are differences between these three categories. The migration story has many faces and cannot be collapsed into a single narrative.

In Chapter 8, Torre and Figge discuss how the migration experience of women, for instance, differs from that of men. In the Association of Southeast Asian Nations (ASEAN), half of the estimated 9.5 million international migrants<sup>3</sup> are women. Most of them are concentrated in temporary labor migration arrangements, employed in the informal economy, and work in women-dominated occupations, such as domestic work, that are usually uncovered by labor and social protection frameworks. As a result, many female migrant workers face considerable challenges related to protection in host countries, as well as social stigma upon their return to their communities of origin.

Migration can be a choice or one that is driven by economic duress. It can be formal, or informal. Migrants possess a range of skills and capacities, low to high. There are government-

to-government migration programs. There is temporary migration, and circular migration where a worker goes abroad and comes back only to leave again.<sup>4</sup> Each of these phenomena has different social and economic causes and impacts that warrant careful study and action.



### **Myth # 2: Migrants pose competition for scarce resources and strain public coffers in host countries**

A great deal of literature supports the fact that the quantifiable net economic impact of international migration on native populations in host countries is negligible.<sup>5</sup> But this may change in the future as some nations in Africa and Asia experience a demographic bulge, where those of working age constitute a growing share of the total population and the dependent population is correspondingly lower.<sup>6</sup> Other countries in Europe, East Asia and the United States have ageing populations with unsustainably high dependency ratios.<sup>7</sup> Developing countries with large and growing youth populations have a difficult time creating enough jobs for them at the same time that Europe, East Asia and the United States need young workers to help support their ageing populations.

Yet, this obvious match is mired by heightened apprehensions about the dilution of national identities, competition for scarce resources, and a strain on public coffers. Against this backdrop, politicians seize control over what is perhaps easier to regulate than capital, goods, or data – their borders. While countries ranging from the

United States to Hungary have tightened their borders, Sweden and Germany let in more than 980,000 and 1.7 million migrants respectively between 2010 and 2017.<sup>8</sup>

Where migrants are allowed to enter, harnessing their economic potential depends on their integration into the country's labor market and education and training systems. In Chapter 3, Philip Anderson evaluates classes established from 2011-12 across Bavaria to enable asylum seekers and recognized refugees to attain a secondary school qualification as the basis for access to the vocational training system, and subsequent integration into the German labor market.

Similarly, in Chapter 6, Joel Hellstrand notes that a key challenge for Sweden is to integrate a record number of workers with varied skill and experience levels into an economy with a growing demand for skilled workers. But this situation is common to several nations around the world, particularly against the backdrop of skill biased technical change. The chapter reviews the Swedish government's policies and programs aimed at promoting the employability of refugees and migrants, especially women with non-formal skills and limited labor market experience.



### **Myth # 3: Departing migrants lose ties to their communities of origin**

It is estimated that migrants will remit over 490 billion USD this year to developing countries. This is three times greater than what developing countries will receive in official development

assistance and about half of what countries receive in foreign direct investment.<sup>9</sup> This scale of remittances illustrates that most migrants not only maintain ties with their communities of origin, but for many countries, remittances are an important source of development capital. For instance, remittance capital constitutes 29 percent of Nepal's Gross Domestic Product, and 19 percent of Honduras' GDP.<sup>10</sup> The importance of remittance capital has also prompted the African Union to adopt a directive for their members states to encourage diaspora engagement. Chapter 4 discusses the steps that African nations, including Zambia, are undertaking to encourage political and economic participation of their diaspora communities in their home countries.

But to what end this remittance capital spurs development depends on its application. A cross-country study of 71 developing countries by Adams and Page found that on average, a 10 percent increase in per capita official international remittances yields a 3.5 percent reduction in the share of people living in poverty.<sup>11</sup> Of course, the impact of remittances on poverty reduction is not the same as building livelihood pathways that enable sustainable economic mobility.

The potential for remittances to serve as start-up capital for job-creating enterprises is still unrealized. Policies to protect the rights of migrant workers must be complemented by skills training, financial literacy, capital and technical support and other interventions that support the creation of just jobs in communities of origin.<sup>12</sup> And migrant workers must start to think of themselves as micro-entrepreneurs and develop

their own agency, as well as the agency of their communities to this end.<sup>13</sup> The case study of East Nusa Tenggara in this volume examines trends in migration to identify stages in a migrant's life where such capacity building programs could help cultivate skills that lead to productive livelihoods and create jobs in communities of origin.



#### **Myth # 4: Migration is a South to North phenomenon**

As of 2017, 258 million people lived outside their country of origin, up from 248 million in 2015.<sup>14</sup> In the public imagination, migration is predominantly poor people in the Global South leaving for better opportunities in the North. The reality is that it is neither the poorest that migrate internationally,<sup>15</sup> nor is the incidence of South-to-North migration the highest. In fact, about 82.3 million international migrants who were born in the South were residing in the South as of 2013. This number was slightly higher than the number of international migrants born in the South and living in the North, 81.9 million.<sup>16</sup>



#### **Myth # 5: Most migrants move internationally**

Then there's the fact that a majority of the world's migrants are internal migrants – workers that move within a country. The last available estimate in 2005 put the number of internal migrants at about 763 million – more than 3 times higher than the number of international migrants.<sup>17</sup> Within

countries, governments struggle to reconcile the need, and individual desire, to move people to jobs, while dealing with overcrowding in big cities and rapid urbanization.

The case study of South Africa explores this spatial mismatch – the mismatch between residential location and economic opportunities – as an important factor in determining workers' economic participation and unemployment rates in most metropolitan areas.<sup>18</sup> South Africa has a long history of migrant labor having unequal access to economic centers. Race-based restrictions on economic access were central to apartheid policy, which fueled a legacy of spatial segregation of black<sup>i</sup> labor from economic hubs. Economically excluded populations tend to live on the outskirts of cities without affordable, accessible public transport into the centers. High transport costs thus become a barrier to job search and sustained employment for low-income groups. The results of this study point to a high transport cost – up to 20 percent of wages in some cases – hampering entrance into the formal labor market.

The distance between where one resides and where economic activity occurs plays an important role in determining economic participation. Christiaensen, Weerdt, Ingelaere and Kanbur collect in-depth life history accounts of 75 rural-urban migrants from rural Kagera, in Tanzania. Based on these, they introduce the concept of 'action space' as a range of possible

destinations that a migrant worker could move to at a given point in time, and therefore the possible livelihood options that s/he might have at destination. This case study explores the role of secondary towns that occupy a unique middle ground between semi-subsistence agriculture and the capitalistic city; between what is close-by and familiar and what is much further away and unknown. Secondary towns allow a broader base of the poor population to become physically, economically and socially mobile by expanding the horizons for poorer rural populations and by facilitating navigation of the non-farm economy.

Yet, whether migrants move to secondary cities or to big metropolitans, the provision of services and protections for migrant workers have not kept pace with the scale and speed of human mobility within countries, constraining productivity and well-being. In Chapter 1, Mukhopadhyay and Naik examine the effectiveness of India's social protection architecture in covering migrant workers, and in enabling access to basic services such as housing, education and nutrition in urban areas, especially for rural migrants with low levels of education. They note that while India is gradually moving towards increased universalization and portability of benefits, there is a need to involve and motivate local bureaucracy and civil society in more than just the design of programs in principle; they must be involved in practical implementation of the social protection schemes.

<sup>i</sup>We use the term 'black' to denote the African, mixed-race and Asian race groups. Note, however, that apartheid policies did not disadvantage these groups equally. African people were consistently the most severely targeted and continue to be worst affected.

## The way forward

The world looks to the adoption of the United Nation's Global Compact on Migration in December 2018, but what is arguably more important than its adoption is how the Compact will be implemented across the globe in years to come. Income is the major driver of migration – as long as income gaps remain, migration will continue.<sup>19</sup> Central to managing it, is helping migrants build pathways to successful livelihoods at source and destination.

To this end, it is important to combat and expel the myths about migration from both public discourse and policy making, which are reflexively linked.

Public discourse and policy must be based on facts that bust these myths, but must equally be based on the recognition that facts alone will be insufficient to address the elemental emotions and deepest issues of identity that lie at heart of the response to migration.

Improved and enlightened public discourse will feed into effective policy making, which need not wait for such discourse to gather momentum. Public policy must quietly recognize not only the inevitability of migration, but the fact that migration will increasingly be a critical economic resource, especially in countries with aging populations. Effective policy making will have to be informed by a nuanced and fine-grained understanding of the phenomenology

and dynamics of migration, eschewing easy reductionism and popular myths.

Such an effort will have to account for the following:

- Migration, international and internal, is a defining phenomenon in our time. Regardless of what one thinks of it, as long as income gaps persist, people will move to seek out better opportunities. As long as conflict and climate change persist, people will move in search of safe harbor and subsistence. Host destinations must have specific institutional structures and mechanisms to ensure basic dignity, security and stability for migrant communities as a pre-requisite for productive integration into the economy.
- Beyond these pre-requisites, there must be effective programs that develop relevant capacities, skills and networks to successfully integrate migrant workers into the world of work. These include active policies that promote counselling, bridge classes, language skills and vocational training, for example. Equally important is that migrant families have a means of supporting themselves during this period. Governments must explore appropriate incentives for employers and employers' organizations to provide internships, on-the-job training or other active programs for workers, including migrant workers, to increase

- the availability of skilled labor for sectors that are deficient.
- 'Place' – that is the distance between where one resides and where the economic opportunities are located – is an important determinant of economic participation. This calls for a closer look at the provision of affordable housing, transportation, protections and communications infrastructure to ensure that workers can access jobs and labor market information. It also calls for a closer examination of secondary cities as the potential points for intervention to help the poor become physically, economically and socially mobile.
  - The varying experiences of men and women and their specific needs must be accounted for in integration policies in host destinations, as well as for return migrants.
  - There is a need to harness the potential multiplier effect of remittance capital, both financial and social, for example by serving as start-up capital for small businesses, or

self-employment. More must be done to help migrants apply this capital toward cultivating micro-entrepreneurship rather than just consumption.

Policy making must look at 25 years from now. If it looks that far, there may be a scramble to develop the best 'migrant integrating economic systems,' because it seems inevitable that for much of the developed world, migrants will have to become a core part of their economic engine. Demographically speaking, this will be true of developing nations in some time. But in the meantime, for both developed and developing countries, the need to reshuffle skilled and unskilled labor to meet labor market demand that is dispersed across varying geographies inevitably calls for a mobile labor force. Beyond international migration, a mobile labor force that is capable of moving to where the jobs are within countries, that is productive, trained and protected has tremendous potential to help build strong and sustainable economies and societies.



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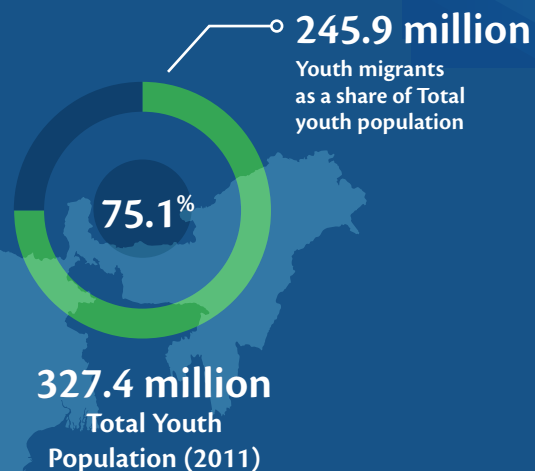
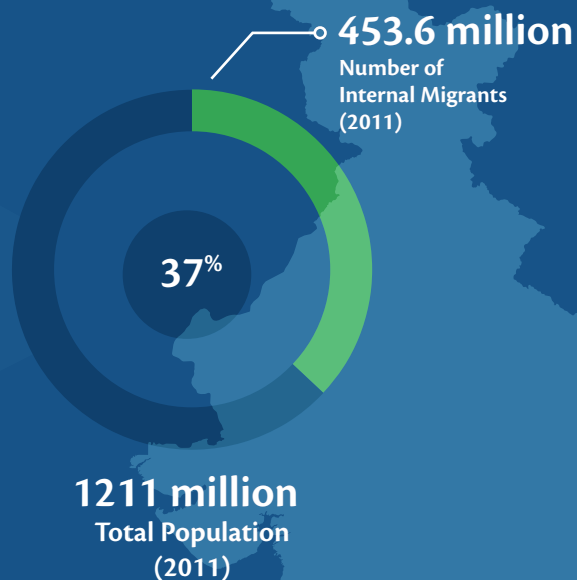
# MOVING FROM PRINCIPLE TO PRACTICE

*Provision of social welfare to internal migrants in India  
to enhance work opportunities*

Partha Mukhopadhyay & Mukta Naik, Centre for Policy Research

The Centre for Policy Research (CPR) has been one of India's leading public policy think tanks since 1973. The Centre is a nonprofit, independent institution dedicated to conducting research that contributes to a more robust public discourse about the structures and processes that shape life in India. CPR's community of distinguished academics and practitioners represents views from many disciplines and across the political spectrum. It is one of the 27 national social science research institutes recognised by the Indian Council of Social Science Research (ICSSR), Government of India. CPR works across five focus areas: economic policy; environment, law and governance; international relations and security; law, regulation and the state; and urbanisation.

# INDIA



## DISTRIBUTION OF MIGRANTS BY EDUCATION



54.8%  
Primary not completed

25.1%  
Primary completed & Secondary not completed

20.1%  
Secondary above

# MOVING FROM PRINCIPLE TO PRACTICE

## *Provision of social welfare to internal migrants in India to enhance work opportunities*

**Partha Mukhopadhyay & Mukta Naik**<sup>i</sup>, Centre for Policy Research

The participation of migrants in India's labor market is robust. Nevertheless, attention to migrants' basic services, housing, education and nutrition – all of which are related to work productivity – is required, especially for poorly educated rural migrants, if they are to fully benefit from work opportunities in urban areas. In this chapter, we examine India's social protection architecture from the perspective of the inclusion of migrant workers, focusing on the example of building and other construction workers. While we appreciate that the architecture of social protection is gradually moving towards increased universalization and portability of benefits, our analysis leads us to underscore the need for involving and motivating local bureaucracy and civil society for implementation in practice, as compared to design of schemes in principle.

It is widely acknowledged that China's spectacular economic growth is fueled by the migration of rural labor to urban areas of industrial production.

However, data tell a different story of the sort of labor mobility behind India's services-led growth. Urbanization levels in India, as officially measured, are low, at 31.2 percent (2011) compared with China's 49.7 percent (2010)<sup>ii</sup> and the urbanization process is driven by 'morphing places', the *in situ* densification and economic transformation of villages, rather than 'moving people'<sup>1</sup>, with rural-urban migration accounting for only 22 percent of urban population growth, as per the 2011 census. By contrast, field studies estimate large flows of short-term migrant labor (an estimated 40-100 million) participating in urban labor markets.<sup>2</sup> In short, people are working in cities, but not moving permanently.

In this chapter, we investigate this phenomenon of work-related migration and find that while *expected* wage differentials between the rural and urban can be an incentive for movement, this potential migration is hindered by the loss of social protection, the architecture of which is often tied

<sup>i</sup> The authors are grateful to Shamindra Nath Roy for his help with analysis of data.

<sup>ii</sup> The definitions of urbanisation in China and India are not comparable.

to location and not portable. While wages are a challenging area for governments to intervene, greater attention to social protection could offer a supportive mechanism for rural-urban migrants and improve their access to urban work. Such access to social protection could reduce migration costs and affect pro-work migration choices – for

example, favoring longer-term migration over short-term and seasonal movements. Further, we argue that there are particular opportunities in the current architecture of social protection that can be tapped with relative ease – for example, in reaching out to the large body of migrant construction workers.

## Migrants in India's labor market

As per the Census of India, the number of migrants has doubled in the period 1991-2011, the current number being 454 million migrants, which comprises about 37 percent of the country's population. This migration is a complex phenomenon, comprising different streams, across different distances and durations of time. However, the census is better at capturing longer-term movements, compared to the shorter-term movements referred to above. To begin with, it is useful to look at longer-term migration.

### Longer-term migration

Even though it does not account for a large share of urban population growth, the census data on migration indicates considerable spatial mobility in India. First, migrants move across all four streams: rural-rural, rural-urban, urban-rural and urban-urban, though rural-rural movements form the bulk, fueled by 'marriage migration' of women. This kind of migration also tends to be

predominantly short-distance, occurring within districts.<sup>iii</sup>

However, data from the 2011 census indicate that the share of rural-rural migration decreased from 56.3 percent of total movements in 2001 to 47.4 percent in 2011, with an accompanying increase in all three other streams and a striking increase in urban-urban movements – from 15.2 percent to 22.6 percent of all migration. While complete data from the census of 2011 are yet to be released, in 2001, of the 18 percent of urban residents who migrated from rural areas, 37 percent came from the same district, 33 percent from another district of the same state and 30 percent were inter-state rural-urban migrants. There are significant differences by gender. Men constituted the majority of inter-state rural-urban migrants – 8.9 million in number. However, much of the migration, especially by women, remains family-related, as seen in **Figure 1**, though non-family reasons account for 61.1 percent of male

<sup>iii</sup> In the 2011 census, there were 640 districts. These districts in India vary in size and population. On average, the districts are about 4,000 to 5,000 sq. km. with a population of around 1.5 to 2 million. However, a few are very large, over 15,000 sq. km. while others are quite small, less than 100 sq. km. Population too can vary from less than 100,000 to over 10 million.



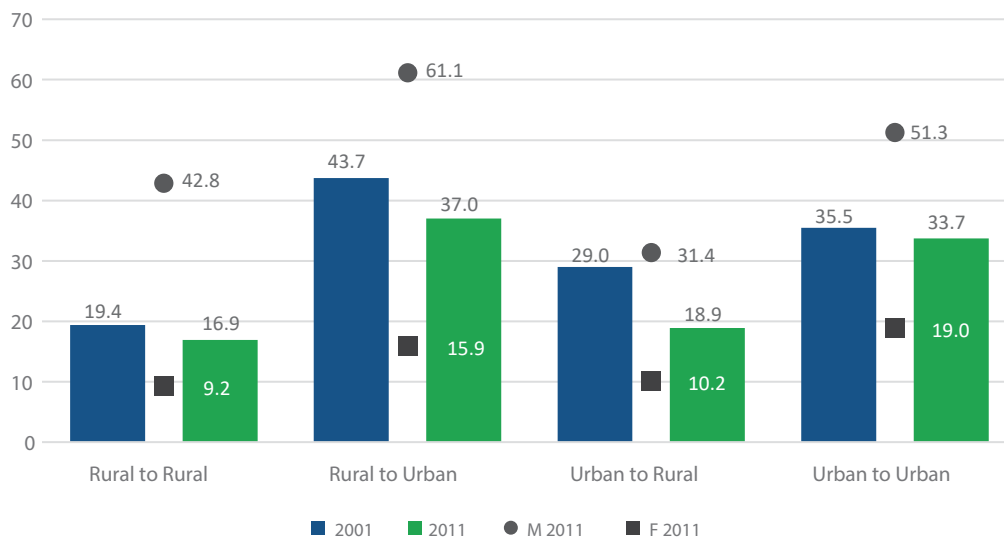
rural-urban migration. It ought to be noted that women often work after migration, even if their primary reason for moving was family-related.<sup>3</sup>

Migrants are also well represented across sectors in the urban workforce in India. In industry, public services and modern services, migrants comprise 38 percent, 40 percent and 40 percent, respectively, among all male workers, as seen in **Table 1**. While the latest census data on migrant workers are still awaited, in 2001, migrants comprised over a third (35.5 percent) of the workforce, making them important contributors to the economy.

Unlike China, there is no legal barrier to migration in India. The Constitution of India guarantees freedom of movement to all citizens. This right is enshrined in clauses 19(1)(d) and 19(1)(e) of the Constitution; in addition, Article 15 prohibits discrimination on the basis of place of birth, among other criteria, and Article 16 guarantees equality of opportunity for all citizens in matters of public employment and prohibits the denial of access to public employment on the grounds of place of birth or residence. Thus, there are no apparent major demand-side barriers to migrant workers. This is not to say that there are no localized tensions in certain places, but these are as yet not significant.

Figure 1

**Share of non-family migration to total migrations 2001 and 2011(%)**



**Source:** Census 2011 and 2001 and NSS 2007-08 \*Using the National Industrial Classification (NIC), 2004 codes, Primary includes agriculture, hunting, forestry, fishing, mining & quarrying (NIC 01-14), Manufacturing is NIC 15-37, Public Services are NIC 40-41, Transport via Railways (NIC 6010), National Postal activities (NIC 64110), and Public Administration (NIC 751, 752 and 753), Construction is NIC 45, Traditional services include wholesale and retail trade, hotels and restaurants, transport, storage and communications (NIC 50-52, 55, 60-64, except 6010 and 64110), and modern services includes real estate, renting and business, financial intermediation education, health, social work, and other community, social and personal services (NIC 65-74, 80, 85, 90-99, excluding 751, 752, 753).

Table 1

### Share of migrant workers among total workers by major sectors and location

Sector	Rural		Urban	
	Male	Female	Male	Female
Agriculture	4%	75%	20%	65%
Manufacturing	13%	59%	38%	51%
Public Services	16%	69%	40%	56%
Construction	8%	73%	32%	67%
Traditional Services	10%	65%	29%	55%
Modern Services	16%	66%	40%	52%
Total	6%	73%	33%	56%

**Source:** Census 2011 and 2001 and NSS 2007-08 \*Using the National Industrial Classification (NIC), 2004 codes, Primary includes agriculture, hunting, forestry, fishing, mining & quarrying (NIC 01-14), Manufacturing is NIC 15-37, Public Services are NIC 40-41, Transport via Railways (NIC 6010), National Postal activities (NIC 64110), and Public Administration (NIC 751, 752 and 753), Construction is NIC 45, Traditional services include wholesale and retail trade, hotels and restaurants, transport, storage and communications (NIC 50-52, 55, 60-64, except 6010 and 64110), and modern services includes real estate, renting and business, financial intermediation education, health, social work, and other community, social and personal services (NIC 65-74, 80, 85, 90-99, excluding 751, 752, 753).

### Short-term migration and commuting

In addition to these migration streams, there is also the related phenomenon of short-distance and short-term migration, largely for work, which data collection systems in India are not designed to capture. As a result, estimates vary wildly. The NSS in 2007-08 estimated short-term migration to be about 13.6 million, while Srivastava (2011: 422) estimates that “[c]onservatively, 40 million labourers could be seasonal migrants.” The Economic Survey 2016-17 notes that using changes in same-age cohorts “yields an annual inter-state migration of about 5-6.5 million between 2001 and 2011 [while] railway passenger data analysis suggests an annual inter-state migration flow of close to 9 million” over 2011-

16.<sup>4</sup> Other studies have suggested even higher numbers, up to 100 million.<sup>5</sup>

Households use migration as a risk-distribution strategy, whereby some members of the household migrate to cities or other rural areas while others remain in the place of origin. Additionally, the improved transportation infrastructure, including the Pradhan Mantri Gram Sadak Yojana (PMGSY) or Prime Minister’s Rural Roads Program, which has constructed over 600,000 km of roads since 2000, has facilitated commuting, which accounts for over 10 percent of India’s urban workforce <sup>6</sup> and enables workers to engage in urban labor markets without moving residence.

In this chapter, we focus on the nature of urban labor markets, comparing them to rural opportunities, in order to understand the incentives shaping households' decisions to remain only partially rooted in cities. Our findings suggest the important role of social-protection portability for migrants in urban areas.

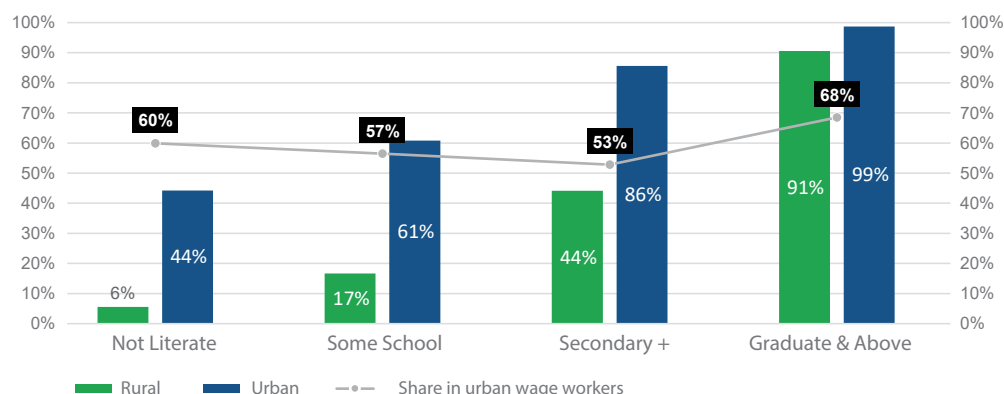
### The urban labor market

How attractive is the urban labor market? The trope of hordes of migrants moving from villages to the city reflects an assumption that the urban labor market is far more attractive than the rural. But, is it really so? Analysis of data from the National Sample Survey on Employment and Unemployment in 2011-12 indicates that the actual situation may be more nuanced. We focus on the age group 15-59 for all workers, both male and female.

One key difference between the urban and rural labor markets is the extent of casualization of labor for wage workers, as shown in **Figure 2**, which also shows the share of wage (both casual and regular salaried) workers as a share of urban workers. In rural areas, a high proportion of work is casual for those with low levels of education – specifically, those with eight or less years of education. In urban areas, this proportion is much lower, even for those with low levels of education. Further, as is clear in **Table 2**, a smaller share of the urban wage workforce has low educational levels. While 80 percent of rural wage workers have not completed secondary schooling and 37 percent are illiterate, these figures are only 48 percent and only 14 percent, respectively, in urban areas. Regular and casual work differ not only in terms of job security but also in terms of wages. Depending on the sector, the wage regular workers earn anywhere from 1.5 times to

Figure 2

### Regular salaried workers (15-59) as share of wage workers by education and location



**Source:** Author's calculations from NSS 68th round

**Note:** Some school includes those with eight years of schooling or less.

Table 2

### Share of workers (15-59) in total wage workers by education and location

	Not Literate	Some School (less than 9 years)	Completed Secondary and/or Higher Secondary (10 - 12 years)	Graduate & Above	Diploma
Rural	37%	43%	13%	5%	2%
Urban	14%	34%	22%	26%	4%

Source: Author's calculations from NSS 68<sup>th</sup> round

Note: Some school includes those with eight years of schooling or less.

four times as much as casual workers. This creates an incentive, especially for less educated workers in rural areas, to try to secure work in urban areas.

**Table 3** shows the ratio of *expected price-adjusted urban wage to rural wages* across broad sectors, by the education level of the workers. **The expected urban wage for a given sector is the average of the regular salaried wage and casual wage in that sector, weighted by the share of the workforce in regular salaried and casual work, respectively.** This expected urban wage for the sector is further price adjusted by the ratio of the urban poverty line to the rural poverty line in 2011-12.<sup>iv</sup>

For those with some schooling, **Table 3** shows the ratio of the expected price-adjusted urban wage in a given sector to the rural agricultural wage for casual labor, since 90 percent of the rural casual labor are in either agriculture (64 percent) or construction (26 percent). In the next column, it also gives the ratio of the price-adjusted urban casual wage in a given sector to the rural agricultural wage for casual labor. For those who

have completed secondary or higher secondary education, it shows the ratio of the expected price-adjusted urban wage in a given sector to the rural wage for casual labor in that sector. The assumption here is that casual workers in rural areas would have the greatest incentive to migrate.

Obviously, this is a national picture and the story may vary across states and cities, meaning the ratio of wages in a specific city to a particular district may be substantially higher than the average ratios presented here. Those specific differentials would drive migration flows.

However, **Table 3** shows that, on average, a rural worker has an *expected* wage premium in urban areas in all sectors but domestic service,<sup>v</sup> though the premium varies considerably by sector.

For workers with low levels of education, there is a reasonable *expected* wage premium across sectors. However, as seen in **Figure 2**, there is still a substantial share of less educated workers in urban areas who are engaged in casual work. In actuality, it is reasonable to expect that while

<sup>iv</sup>The poverty line is constructed to reflect access to a similar bundle of goods and services in urban and rural areas.

<sup>v</sup>Note that three-quarters of domestic service jobs are in urban areas, making the comparison with rural wages less meaningful.

Table 3

### Ratio of expected urban wage to rural wages by sector and education of worker

Sectors (NIC codes in parenthesis)	1-8 Years of Schooling		Share of Urban Wage Workers	Secondary or Higher Secondary		All
	Ratio to Rural Agricultural Wage (Casual)			Ratio to Rural Same Sector Wage (Casual)	Share of Urban Wage Workers	Share of Urban Workers in Total Wage Workers
	Expected Urban	Casual Urban				
Traditional Manufacturing (10-18)	1.37	0.89	17%	1.19	13%	54.00%
Manufacturing (19-33)	2.42	1	13%	1.79	14%	55.60%
Construction (41-43)	1.36	1.25	19%	1.22	11%	27.30%
Trade (45-47,55,56)	1.52	1.09	15%	1.15	19%	60.00%
Transport & storage etc. (49-53)	2.43	1.2	8%	1.6	11%	51.30%
Services (58-96)	3.42	0.98	13%	3.37	25%	64.00%
Domestic Service (97)	0.89	0.9	6%	0.66	2%	76.70%

Source: Author's calculations from NSS 68<sup>th</sup> round

the worker searches for regular salaried work, which is where the wage premium lies, s/he will be engaged in casual work. In this sense, the ratio of rural casual wage to urban casual wage is important.

Critically, for a casual worker in urban areas, the wage premium over casual agricultural rural work is non-existent, except for construction, transportation and transport and storage, where it is quite minimal. For example, in trade, which accounts for almost a tenth of the casual labor in urban areas, the price-adjusted urban wage for casual work in the trade sector is only 9 percent higher than the baseline agricultural rural casual wage. For construction, which accounts for 44 percent of the casual workers in urban areas and

has the highest premium, the wage is just 25 percent higher. Indeed, the adjusted urban wage in construction is less than the comparable casual wage in rural construction. *As a matter of fact, the price-adjusted urban casual wage is always less than the comparable casual wage in rural areas for the same sector.*

This likely leads to a situation where potential migrants are discouraged, since they are not sure about how they will manage until finding more secure regular salaried work, in which the wage premium is far more substantial. Alternatively, they likely explore the urban labor market intermittently, but this is not an effective strategy since limited social capital or networks are built in these short-term migration spells.

## The link between migration and social protection

It is apparent, from the above discussion, that if a worker is poorly educated, it is likely that s/he will be in precarious casual employment, at least to begin with, after migration to urban areas. If so, s/he is likely to be in construction (44 percent), trade, transport and storage (15 percent) or traditional manufacturing (14 percent).<sup>vi</sup> These workers face multi-dimensional precariousness: not only are their wage premiums minimal or non-existent, as compared to potential earnings in agriculture, their employers are unlikely to extend social security benefits, and they are also made vulnerable by the absence of written contracts and the presence of intermediaries in the labor contracting chain.

The accompanying living conditions that contribute to work productivity are similarly poor. Unskilled low-income migrants face substandard living conditions and disproportionately high costs at destination, especially for housing, food, basic services, education and healthcare. Worker housing on construction sites, for instance, is known to be of poor design and construction quality with inadequate sanitation facilities. Low-income migrants are also likely to rent in informal settlements, with accompanying problems of poor services and infrastructure, not to

mention the precariousness of tenancy itself. This is also seen in consumption outcomes, which vary systematically by sectors of work, as seen in **Table 4**. While construction workers are disproportionately from the bottom 20 percent, workers in information & communication and other services are disproportionately from the top 20 percent.

Given that migrants are central to the workforce in India, as seen earlier, a focus on reducing the costs of migration at destination and mitigating vulnerabilities is an important economic (as well as human rights) imperative. Efforts to improve the broader migration experience beyond work are an important part of improving economic outcomes for a significant part of the workforce, especially for those who are less educated.

Social protection is a key element of these efforts. Even though the labor market may not appear to discriminate against migrants—for instance, migrants may actually be preferred because of their willingness to work for lower wages—less privileged migrants are highly constrained when social protection is denied to them. Lack of social protection means higher costs of living, higher risks entailed in moving permanently to the city or in moving their families

*Efforts to improve the broader migration experience beyond work are an important part of improving economic outcomes for a significant part of the workforce.*

<sup>vi</sup> Roy, Manish, & Naik, 2017 find that short-term migrant workers in the city are often in the construction sector.

Table 4

### Distribution of urban workers by consumption quintile for different sectors

Consumption Quintile	Manufacturing	Construction	Basic Services	Information & Communication	Other Services
Bottom 20%	15.30%	28.40%	16.60%	2.00%	9.00%
Middle 20%	21.30%	20.60%	21.00%	8.90%	17.70%
Top 20%	21.60%	11.30%	20.40%	69.30%	36.20%
Share of workforce	18.90%	8.70%	29.80%	2.30%	22.30%

**Source:** Author's calculations from NSS 68<sup>th</sup> round

to the city, lower productivity, and possibly fewer women in the workforce.

Hence, the extent of access to social protection impacts migration decisions. For example, improved social protection can reduce living costs for those rural workers engaged in casual work in urban locations despite the low or negligible wage premium; this reduction in risk could buy them the time required to build networks to

enter regular employment, where meaningful wage premiums exist. In another scenario, the availability of good education for a child in the city would affect her parents' decision to migrate and her ability to be a productive member of a future workforce. We contend that addressing barriers that migrants might face in accessing social protection at destination can nudge rural-urban migration to optimal levels, commensurate with India's economic transformation.

## Improving social protection for migrant workers

It is not as if India's government has not thought about this. In the recent past, the government has established a growing architecture of social protection; however, migrants are not yet seamlessly integrated into it. Certain aspects of social protection, like education and health, are considered to be universal in coverage, while others, like the targeted public distribution system (TPDS), are designed to be household-specific and are tied to a specific place. The delivery

systems are further challenged when only some members of a household migrate. Portability of such schemes is essential to include migrants. We will briefly summarize the social protection architecture, before moving to the specific case of building and construction workers, who are among the most vulnerable, to illustrate opportunities for improving labor market access and outcomes via the social protection route.

Starting with the universal aspects of social protection, the Indian public health system is *in principle* accessible to all, but is heavily overburdened, especially in cities. It has been supplemented by the Rashtriya Swasthya Bima Yojana (RSBY), which provides insurance coverage for some key health conditions and incorporates portability via smart cards that can be used at enrolled hospitals across the country by households and individuals.<sup>vii</sup> The Integrated Child Development Services (ICDS), which focuses on maternal and child health, has no restrictions of domicile, and at least *in principle* is accessible to migrants. Exclusions do exist *in practice*, though, and ground-level workers require sensitization. Similarly, in education, the Right of Children to Free and Compulsory Education (RTE) Act (2009) reinforces the access to schooling for all children, and the Sarva Shiksha Abhiyan (SSA) or Education for All, again, *in principle* provides for flexible institutional arrangements that districts with high volumes of migrants can utilize to include migrant children. However, *in practice*, local action is weak in implementing most schemes.

Even a location-linked social benefit like the TPDS, the largest food security system in the world, is *in*

*principle* and in legal terms universally accessible as per the National Food Security Act (2013). However, since the identification of beneficiaries is still carried out by individual states and these beneficiaries are further attached to specific Fair Price Shops, attempts at portability have been sporadic and limited to intra-state migrants.

This results in much less inter-state migration than is optimal. For example, Kone, et. al. (2018)<sup>7</sup> find that state borders matter considerably, with significantly lower migration between neighboring districts in the same state compared to neighboring districts on different sides of a state border, even after linguistic differences have been taken into account. They argue that this may be related to state-specificity of public benefits. Similarly, benefits related to housing, skill development and employment that target persons from specific underprivileged groups are rendered inaccessible to many inter-state migrants because their special status is often specific to their state or even district of residence. Finally, as mentioned before, housing and linked basic services are a serious gap for migrant inclusion and require substantial changes in attitudes towards city planning and housing delivery mechanisms.<sup>viii</sup>

***Housing and linked basic services are a serious gap for migrant inclusion and require substantial changes in attitudes towards city planning and housing delivery mechanisms.***

<sup>vii</sup> A new insurance scheme, Ayushman Bharat, was announced in the budget this year, which provides substantially enhanced benefits. The details of its implementation are yet to be finalised.

<sup>viii</sup> Migrants are also unable to exercise their franchise if they are not physically present at the place of origin, and the Election Commission is looking into what kind of mechanisms e.g. postal ballots, could be put in place for political inclusion. For voting purposes, six months of residence is sufficient to seek voting rights at destination.



# Building and other construction workers: Low-hanging fruit

Construction is a migrant-intensive sector. It is also an important economic sector in India, contributing 7.7 percent of the country's GDP. As per the 2001 census, the latest for which we have detailed migration data, of the 14.6 million construction workers in the country, about 30.4 percent (3.9 million) of male construction workers and 60.4 percent (1 million) of female construction workers were migrants. About 66 percent of migrants who work in the construction sector head to urban destinations, with men tending to be city-bound and women working in rural construction. After retail, construction absorbs the highest proportion of migrant workers who are moving inter-state out of agriculture and into non-farm jobs, at 9.8 percent. So there is considerable long-distance migration for construction work and destinations tend to be in urbanized or urbanizing areas. Long-distance moves tend to be towards larger cities – over half (52 percent) of the inter-state migrant construction workers with urban destinations go to the top 8 metro cities (cities with populations over five million). In these cities, such inter-state migrants form over half (56 percent) of the migrant construction workforce. By contrast, in cities with less than 100,000 people, short-range

***About 66 percent of migrants who work in the construction sector head to urban destinations, with men tending to be city-bound and women working in rural construction.***

migrants from within the same district constitute a comparable proportion (47 percent) of migrant construction workers.<sup>8</sup>

Work is precarious in the construction sector, with over 82 percent of poorly educated construction workers in urban areas working as casual wage labor. Migrants in construction tend to move back and forth between construction and agricultural labor. In the NSS 2007-08 survey, the most recent one on migration, about 40 percent of all short-term migrants—5.5 million workers — were employed in construction and 43 percent of construction workers belonged to socially vulnerable groups.

The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act (1996) mandates that states constitute Construction Worker Welfare Boards (CWWBs) to register workers and administer schemes for their social welfare. Conceptualized as a tripartite body with representation from workers, employers and the government, the CWWB can offer a range of welfare benefits including medical assistance, accident coverage, pension, educational assistance for children, insurance and loans, among others. It also

provides an assured funding mechanism in the form of a fee on all construction projects, which is set at 1 percent of the cost of construction.

While this legal structure replaced existing laws in Kerala and Tamil Nadu, the majority of states in India had to start from scratch on this issue of social welfare for construction workers. By 2006, fewer than half the states had framed rules or set up CWWB; subsequently, they did so only after court orders and central government directives, a decade after the act came into effect. Recently released data from the Ministry of Labour and Employment shows that states have succeeded in registering only about 65 percent (up from about 50 percent in 2015) of construction workers. Field studies show lack of awareness among workers, especially among daily wage laborers and inter-state migrants. While tax collection is more or less proportionate to the construction activity across states, expenditure has been low. While some states, like Kerala, Odisha, Madhya Pradesh, Tamil Nadu, West Bengal and Chhattisgarh, have high worker registration and tax expenditure per capita, the majority of states perform poorly both in terms of registering workers and spending the money.<sup>9</sup>

In a recent judgment on a long-standing writ petition filed by the National Campaign Committee for Central Legislation on Construction Labour against the Government of India for non-implementation of the BOCW Act, the Supreme

Court observed that states had a multiplicity of “good looking” schemes “on paper.”<sup>10</sup> It directed the Ministry of Labour and Employment to create a “model scheme,” focusing on benefits related to education, health, social security, old age and disability pension. There is, therefore, an untapped opportunity here of using collected funds, potentially to the tune of INR 200 billion (US\$ 2.76 billion) annually,<sup>11</sup> for a variety of social benefits.

Beyond the “life of dignity” that the Supreme Court demands on behalf of construction workers, we contend that the BOCW scheme has

***Cities can be supported to create quality rental housing and extend basic services to settlements where migrant construction workers live.***

the potential to: (a) improve skill levels, enabling access to better paying jobs; (b) improve productivity through healthcare interventions and improvements in working and living conditions; and (c) invest in the future workforce

by improving nutrition, health and education of the children of construction workers – for example, by using the tax money to set up on-site day-care facilities and schools.

The construction sector provides a good example of where funds available under the BOCW Act are low-hanging fruit to improve conditions for migrant construction workers, who are a highly mobile and vulnerable population. Cities can be supported to create quality rental housing and extend basic services to settlements where migrant construction workers live. Extending the social protection net by improving portability of other benefits, especially PDS and quality

*anganwadi* and education facilities, will make the migration experience less precarious. It can also enable migrant women to join the workforce, making economic mobility easier for migrant households vis-à-vis individuals. Needless to say, these steps will also create a healthier, more educated workforce for the future.

Given the predominance of inter-state migrant construction workers in large metros, these may be a good starting point for vigorously implementing the BOCW Act. These cities are also better endowed with implementation capacity and migrants in these relatively more expensive cities would benefit more from well-implemented social protection schemes.

## Conclusion

Traditionally, migration has been treated as a 'supply side' issue with a policy focus on preventing out-migration from rural India. While it is true that people should not need to leave their homes out of distress, it is equally true that migrants cannot fully leverage work opportunities in urban India unless they have a robust social protection net to reduce risk and offer them a foothold in the city. Improved portability of social benefits can be a key strategy for more inclusive access to employment, as India moves to an urban future.

In making these suggestions, we are cognizant that the integration of migrants is a sensitive issue made challenging by low awareness of the

extent and nature of migration. In some states, anti-migrant politics obstruct inclusion through, for example, the introduction of domicile clauses.

Firms' preference for migrants, because they are willing to work for lower wages and are less likely to self-organize, fuels resentment among non-migrants competing in the same labor markets. Thus, while better implementation of social protection will require sensitizing and educating ground-level actors, and emphasizing the constitutional rights and economic, social and cultural contributions of migrants, the practical challenges to integration will remain. Here, focusing on local actors can help ensure that responses and demands are calibrated closely to changes in local situations.

***Improved portability of social benefits can be a key strategy for more inclusive access to employment, as India moves to an urban future.***

## Endnotes

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# MIGRATION, GROWTH AND SECONDARY TOWNS IN TANZANIA

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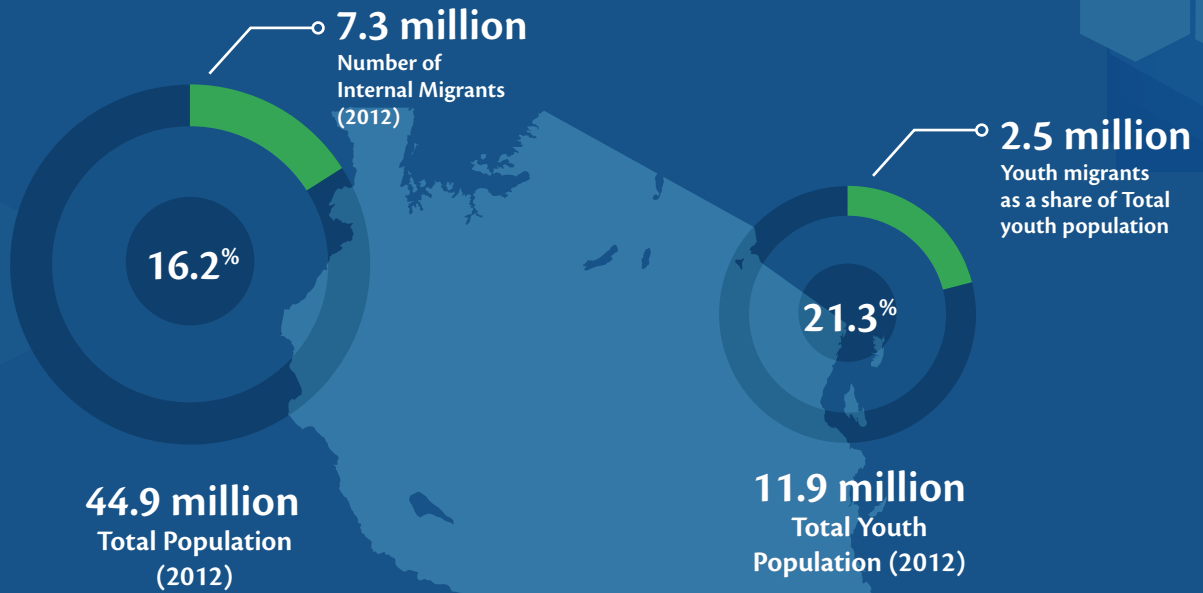
Joachim De Weerd, University of Antwerp and KULeuven, Belgium

Ravi Kanbur, Cornell University, USA

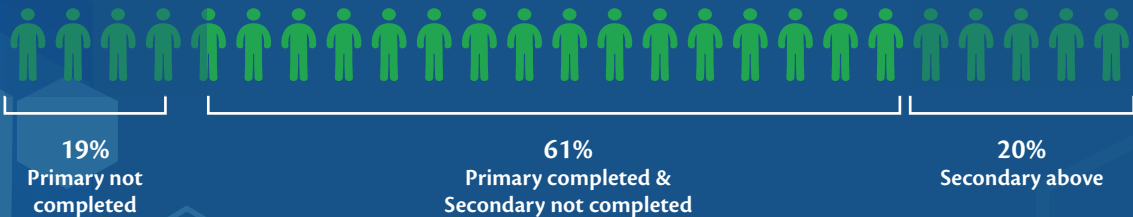
Bert Ingelaere, University of Antwerp, Belgium

The Jobs Group of the World Bank is a multi-sectoral team which supports developing countries in the design and implementation of integrated, multi-sector jobs strategies, and the mobilization of global knowledge. It works across 14 sectors, is active in 40 countries and partners with international players across the globe, such as Let's Work, Solutions for Youth Employment (S4YE), the Global Partnership on Migration and Development (KNOMAD), and the Partnership for Economic Inclusion (PEI). It manages the Jobs Umbrella Multi-Donor Trust Fund.

# TANZANIA



## DISTRIBUTION OF MIGRANTS BY EDUCATION



\* estimates are based on those who have migrated in the year 2006



# MIGRATION, GROWTH AND SECONDARY TOWNS IN TANZANIA

**Luc Christiaensen, Joachim De Weerd, Bert Ingelaere & Ravi Kanbur**, Guest Contributors

## The rise of the small town

It is widely known that Africa is urbanizing rapidly. The United Nations Population Division puts Africa's urbanization rate at 41 percent in 2015 and expects it to go up to 59 percent by 2050. In combination with a sharp increase in total population, the projection is that Africa's urban population will grow from around 491 million in 2015 to 1.5 billion in 2050.

This staggering increase in the relative and absolute levels of urbanization is frequently assumed to be the result of the growth of mega-cities – places like Lagos, Cairo or other cities on the African continent whose names echo from the speakers in departure lounges of international airports. But as more data are becoming available, more details of this urbanization process are arising. Some are surprising and give important new insights for policymaking.

This chapter is about the spectacular rise of small towns on the African continent. One noteworthy effort in this sense comes from the Organization of Economic Cooperation and Development (OECD), which for West Africa has combined satellite and aerial imagery with demographic sources to track urbanization from 1950 to 2010.<sup>1</sup> One of the striking findings is the spectacular increase in the number of urban agglomerations. Whereas the researchers identify only 152 urban areas in 1950, by 2010 they count 1,947. And 90 percent of those urban areas have a population under 100,000.

The OECD is now conducting a continent-wide exercise and if the results for West Africa are true for the rest of Africa, then the rise of the small or secondary town may be one of the most important demographic and urban trends of this century.

In Tanzania – a country we have been extensively studying over the past several years – a similar trend is visible. Some clue of the extent to which secondary towns are rising to prominence is already apparent from census data. Wenban-Smith has pieced together all censuses in Tanzania from 1958 till 2012<sup>2</sup>, allowing us to look at the evolution of the urban population during this period. **Figure 1** shows the steep increase in the urban population in absolute numbers (from less than 500,000 in 1957 to just under 13 million in 2012). Along with it has come an increasing share in the total population, from 4 percent urban in 1958 to 29 percent in 2012.

A more surprising picture emerges when we look at the composition of this (growing) urban population. The rise of Dar es Salaam is by all counts spectacular, nearly doubling in size between the 2002 and 2012 censuses. With around one-third of the rural population at the last census in 2012, Dar es Salaam's primacy is beyond doubt and its growth obvious to see for anyone who regularly visits. This is also what has dominated the policy dialogue.

*In Tanzania, just as in West Africa, much of the urban growth is occurring in small towns. They now make up 35 percent of the urban population, compared to only 8 percent in 1957. Whereas there were only a handful of other urban areas outside the original regional capitals half a century ago, by Tanzania's 2012 census Wenban-Smith counted 117 of them.*

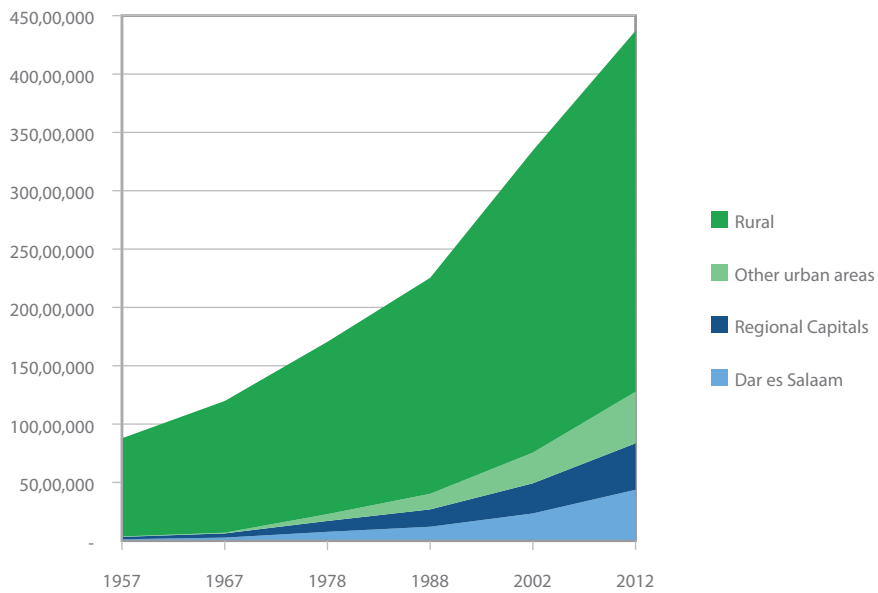
However, if we trace back the share of the urban population in Dar es Salaam through the different censuses, we see that it has remained stable, at one-third of the urban population, for over half a century. Dar es Salaam may be growing in absolute numbers, but as a share of the urban population it is not.

That must mean that other urban areas are keeping pace with Dar es Salaam, and that they are becoming even more important in absolute numbers. Wenban-Smith splits the data up into those towns which were regional capitals at independence and any other urban area with a population over 10,000 people. **Figure 2** plots the share of those three categories and makes clear that in Tanzania, just as in West Africa, much of

the urban growth is occurring in small towns. They now make up 35 percent of the urban population, compared to only 8 percent in 1957. Whereas there were only a handful of other urban areas outside the original regional capitals half a century ago, by Tanzania's 2012 census Wenban-Smith counted 117 of them. Much of this rise is due to the *in situ* development of new urban areas: rural areas transforming into urban areas.

Figure 1

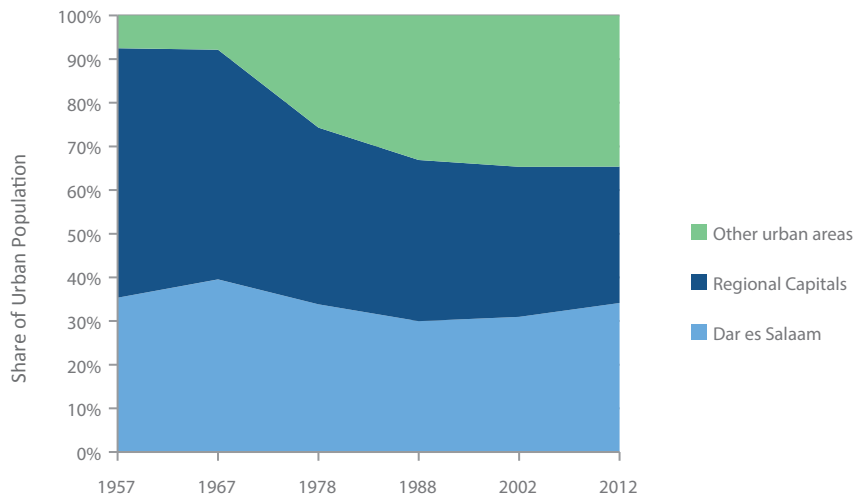
### Urban population in Tanzania 1957-2012



Source: Hugh Wenban-Smith (2014)

Figure 2

### Distribution of urban population in Tanzania 1957-2012



Source: Hugh Wenban-Smith (2014)

## What does it mean for poverty?

There are reasons to believe that this pattern of urbanization, characterized by the emergence of a great number of secondary towns, will have profound effects on the processes of growth, poverty reduction and inequality.

To think through these effects, it is useful to consider a stylized example of a country in which the urban population will increase by 10 million. Imagine a first scenario in which all these people will move to the same mega-city and a second scenario in which they will live in 100 towns of 100,000 people spread out all over the country. Which urbanization model would perform best when it comes to ensuring shared prosperity?

It is useful to consider three channels. A first channel is agglomeration effects. The 10 million living together in the same location will enjoy growth because of agglomeration economies: economists generally believe that large cities make people productive because they foster links and interactions between them. Firms are closer to their customers and scale facilitates specialization and learning. But with scale and density also comes the risk of congestion, especially so if, like in many African cities, infrastructure does not keep up with the growing population.

Agglomeration effects are about growth in urban areas. What about growth in rural areas? Here there are two channels. The first is that economic growth in urban areas will influence rural economic growth through consumption and production linkages. Urban consumers will create demand for the rural agricultural produce and urban areas can become trading hubs where the rural 'meets' the urban. Another channel is rural-urban migration, which is currently part-and-parcel of the development of the African continent and generally seen as going hand-in-hand with development. Our study shows that

***A more spread out model of urban development will create much more balanced growth, as four in five of Africa's poor live in rural areas, the larger share of them in the vicinity of secondary towns. This makes it easier for them to connect to economic development in towns.***

such linkages, be it through trade or migration, are key to unlocking the potential of rural areas. This gives us reason to believe that a more spread out model of urban development will create much more balanced growth, as four in five of Africa's poor live in rural areas, the larger share of them in the vicinity of secondary towns. This makes it easier for them to connect to economic development in towns. Recent studies by Frick

and Rodriguez-Pose further show that, unlike in high-income countries, economic growth in developing countries does not appear to grow with average city size or greater concentration of the urban population.<sup>3</sup>

## Insights from Kagera

In order to understand the empirical link between rural-urban migration and growth we need data that tracks migrants and compares how their economic situation changes compared to those who do not migrate. Preferably the data would cover migration over a long time period to make sure the effects we are capturing are permanent.

The Kagera Health and Development Survey (KHDS)<sup>4</sup> does exactly that. Kagera is a relatively remote and rural region in northwest Tanzania. The survey starts from a baseline of 6,353 people who were representative of the population in Kagera in the early 1990s. In 2010 we resurveyed these people, both those who had remained at baseline location and those who had moved out into other areas. Out of the 6,353 original respondents, 4,339 (68 percent) were located and interviewed again, 1,275 had died and 739 (12 percent) could not be traced.

Of the interviewed people, 2,073 had moved out of their baseline locations and of those movers we found 1,086 had moved to another rural area, 637 to a town and 350 to a city. To distinguish between towns and cities we use a population threshold of 500,000, which means that among our city migrants we find people who have

moved to Dar es Salaam, Mwanza and Kampala (in neighbouring Uganda, where we also tracked respondents).

For all these people we collected detailed information on all their expenditures, allowing us to measure the total monetary value of their consumption and compare it over time. Consumption is the leading welfare metric in developing countries. It is also the basis of the

***Previous research on this dataset had already established that migrants were the economic winners in this sample: over the same period, they grew much richer than those who had remained in their baseline villages.***

poverty numbers that the World Bank uses to track progress towards the first Sustainable Development Goal of eradicating poverty. Previous research on this dataset had already established that migrants were the economic winners in this sample: over the same period, they grew much richer than those who had remained in their baseline villages. To some extent this is related to differences between migrants and non-migrants, the former for example being more entrepreneurial or richer at the outset than the latter. But even after controlling for such differences, large differences remain unexplained by advantages at the outset, meaning they are attributable to migration.<sup>5</sup>

In our paper<sup>6</sup>, we went one step further and divided the migrant groups into those who moved

to the rural areas, those who moved to towns and those who moved to the city. We repeat the main table from that paper below (**Table 1**). It shows that those who move to the city do indeed enjoy large economic gains. Their consumption growth is 3.6 times higher than those who moved to other

rural areas and 1.6 times higher than those who moved to towns. But at the same time there are fewer people who are able to make the lucrative moves to the city. The last column in the table combines the size effect (the number of people who make a move to a particular destination)

Table 1

### Decomposing growth and poverty reduction by 2010 location

2010 Sector	N	Growth (yearly consumption per capita in 2010 TZS)			
		1991-94 Average	2010 Average	Change in Average	Share in total growth
<b>Panel A - Growth (yearly consumption per capita in 2010 TZS)</b>					
Rural	1,086	347,433	573,284	255,848	0.29
Town	637	387,955	883,446	495,491	0.38
City	350	404,445	1,210,922	806,477	0.34
<b>Total</b>	<b>2,073</b>	<b>369,617</b>	<b>776,247</b>	<b>406,630</b>	<b>1.00</b>
<b>Panel B - Poverty Headcount</b>					
		1991-94	2010	Change in headcount	Share in total net poverty reduction
Rural	1,086	0.56	0.35	-0.21	0.40
Town	637	0.46	0.14	-0.31	0.35
City	350	0.43	0.03	-0.41	0.25
<b>Total</b>	<b>2,073</b>	<b>0.50</b>	<b>0.23</b>	<b>-0.27</b>	<b>1.00</b>
<b>Panel C - Poverty Gap</b>					
		1991-94	2010	Change in poverty gap	Share in total net poverty gap reduction
Rural	1,086	0.17	0.10	-0.07	0.48
Town	637	0.11	0.04	-0.08	0.31
City	350	0.10	0.00	-0.10	0.21
<b>Total</b>	<b>2,073</b>	<b>0.14</b>	<b>0.06</b>	<b>-0.08</b>	<b>1.00</b>

Source: Christiaensen et al. (2018).

and the growth effect (the average growth these people realize) to calculate the total contribution a particular stream of migrants makes to total growth in the sample. People who move to secondary towns may experience more modest gains in their consumption, but because there are so many more of them, their total contribution to growth is larger.

The same methodology can be applied to studying the contribution to poverty reduction instead of growth. The logic is the same and the numbers are in Panel B of **Table 1**. Many people

who move from rural to urban areas also move out of poverty. In the group of migrants who have successfully settled in the city the poverty rate is only 3 percent (down from 43 percent poverty in this group at baseline), while 14 percent of those who moved to towns remain poor (down from 46 percent at baseline). Again, from that perspective, cities perform rather better. But once we consider the size of the migration stream a different picture emerges. Because so few people manage to make the move to the city, their share in total poverty reduction in the sample is 25 percent. It is 35 percent for those who move to towns.

## A migrant's perspective

This quantitative analysis of the KHDS data suggests that one of the keys to understanding how internal migration contributes to poverty reduction lies in understanding the process through which migrants choose their destination. If moves to cities are so lucrative, why does not everyone make them? Why do we see so many migrants end up in secondary towns and even more in other rural areas?

We set out to investigate that puzzle by revisiting 75 rural-urban migrants from the KHDS<sup>7</sup>. The migrants were sampled to ensure that we had enough variation of destinations, ranging from small rural towns to megacities. We also included return migrants: people who had moved to urban areas and then returned home. This time, we conducted life-history interviews. We guided the respondents through several topics important

to our inquiry and prompted them further on some of the key life events we were interested in (for example, we enumerated all the moves they made). These facts then gave a light structure around which we let respondents talk freely about their experiences, with some relatively open questions to guide that process. The idea was that we would get the migrant's perspective on why they chose one destination over another.

### What is an urban area?

A first interesting finding was how migrants themselves perceive the meaning of "urban." As researchers we had sliced urban areas up by their population size. For example, we put the cut-off between a city and town at a population of 500,000. But how do our respondents themselves see it? Three elements emerged.

First, people talked in terms of the vibrancy of urban areas. In Swahili the words used were *mzunguko was pesa*, which literally means ‘the circulation of money’ – the abundance of transactions between buyers and sellers. The more urban, the more circulation there was of people, goods, ideas and so forth. That vibrancy was then equated with the availability of opportunities for economic progress. Commenting on why the city of Mwanza was better than the small town he was currently living in, one respondent told us: “Honestly, Mwanza is also a good place, because on TV you can clearly see that everyone is busy working there.”

Second, our respondents stressed the monetary nature of all transactions. Our respondents all originated from rural areas and for them one of the challenges of switching to an urban location was that, much more so than in villages, everything is based on money. As one respondent told us, relating to his move to an urban area: “It was a difficult life. I was used to free cassava and fruits in the village but in town everything was for sale. At first, this kind of life was hard, but now I’m used to it and find it normal.”

Third, there is anonymity. Villages are small and everyone knows each other. That tightly knit social structure is talked about quite ambivalently. On the one hand it provides a strong safety net and

a sense of belonging. On the other hand, people also talked about the pettiness and stifling nature of the village. Our migrants felt that the anonymity

of urban environments gave them the freedom to do what they needed to, to make a living. Especially in Dar es Salaam there was little to hold you back. “You cannot hawk water in Bukoba, but you can in Dar es Salaam. There people do what they have to and do business without shame.” Or another respondent who told us “[if you set up a business in the village], people won’t buy

anything and there is so much hypocrisy in the village. But in town, everyone is on his own and no one cares about anyone else’s life.”

### The first move

As expected, we found that many young people wish to leave agriculture and leave the village to settle in urban areas. Agriculture is perceived to be a profession with lots of hard work but little benefits and no future. But to leave the village, there are a number of important hurdles to overcome. To make a successful move one needs information on the opportunities at destination, money to travel and a network of people who can, at least temporarily, act as hosts. To find an urban job one also needs skills. Finally, for someone who has spent their whole life living in a reciprocal village environment, there is a steep learning curve to climb to survive in the anonymous, cash-based and capitalistic environment of the city.



All of this provides a daunting “catch-22” for anyone wanting to move out of the village: many of the resources that you need to migrate, you can only obtain through migration. It is difficult to build up financial and human capital or urban networks when you live in the village.

For all these reasons, the first move is the most important and the most challenging. Because it is undertaken, typically, without all the necessary resources in place, it has a very bold character. This is often a step into the unknown and a move that is intended to shake things up and give the migrant the chance to build up resources that allow further moves.

### Action space

While many migrants dream of reaching the city, most only have a limited number of possible destinations they can realistically reach. This paper defines a migrant’s action space as the set of possible destinations to which he or she

can realistically move. This also includes the set of possible livelihoods that can be achieved at these destinations. Importantly, someone’s action space is not set in stone, but evolves continuously. Furthermore, people are aware that

***People are aware that they are actors in shaping their action space with migration - a dynamic and cumulative process driven by cumulative causation. Improving one’s action space by moving is, an important and often deliberate strategy. It creates possibilities for migrants to become physically, economically, and socially mobile.***

they are actors in shaping their action space with migration - a dynamic and cumulative process driven by cumulative causation. Improving one’s action space by moving is, for example, an important and often deliberate strategy. It creates possibilities for migrants to become physically, economically, and socially mobile.

Take human capital. The majority of migrants do not leave their villages with any specific professional skill. In fact, most migrants in this

study cite acquiring professional skills as one of the main motives for leaving. Skill building then becomes a prime goal at destination, often through on-the-job learning – for example, carrying bricks on a construction site in order to gradually learn how to become a mason.

## Conclusion: The role of small towns in poverty reduction

Given their intermediate position between the reciprocity-based, cash-poor, subsistence-oriented village economies and the anonymous, money-driven capitalist city, secondary towns are more likely to fall within the action space of aspiring rural migrants. They are also easier to return from, in case things fail, thereby further facilitating the first move. Because they are more accessible – physically and financially, but also culturally and socially – secondary towns allow rural dwellers to expand their action space. Once settled, many migrants ultimately settle in secondary towns. Together these forces explain why secondary towns emerge as attractive and powerful mediators of occupational and locational change for the poorer segments of the population.

What does this mean for policy? Clearly secondary towns are already emerging and growing all over Tanzania, as well as in other parts of Africa. That

means that some rural dwellers are seeing their locations taking on more urban characteristics. For others it means that they will now be closer to a secondary town. Policymakers can harness

***Given their intermediate position between the reciprocity-based, cash-poor, subsistence-oriented village economies and the anonymous, money-driven capitalist city, secondary towns are more likely to fall within the action space of aspiring rural migrants.***

this trend to turn secondary towns into vehicles of inclusive growth. Two elements are important here. The first is to explicitly consider improving the connections between rural and urban areas when planning infrastructure investments. The second is to promote, in secondary towns, the kind of activities that foster linkages with

rural areas, such as, for example, agro-processing firms<sup>8</sup>, banks catering to farmers, hospitals and institutions for advanced or vocational training. This requires, in turn, electrification, sanitation and the provision of decent social services to attract and keep a skilled workforce needed to manage these firms, banks and social service institutions.

## Endnotes

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- <sup>7</sup> Ingelaere, B., Christiaensen, L., De Weerd, J & Kanbur, R. 2018. Why Secondary Towns Can Be Important for Poverty Reduction – A Migrant Perspective. *World Development* 105:273-282.
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# CHANCES FOR YOUNG REFUGEES

*On access to vocational training and the dynamics  
of labor market integration in Germany*

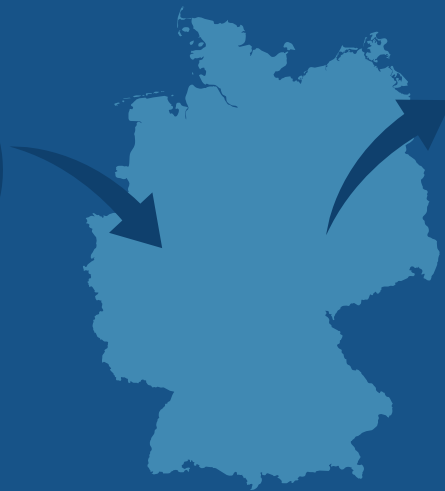
Philip Anderson, Guest Contributor

Philip Anderson is an Anglo-German migration researcher born in England in 1957. He has a Ph.D. in the Study of Modern History from the University of Munich. Since 1994, he has extensively worked on research projects focused on migration. He has also provided advisory support for professional practitioners in migration and refugee- social, health and educational integration fields. He is also a professor for Intercultural Social Work at Regensburg University of Applied Sciences, Germany since October 2007.

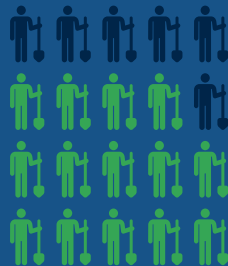
# GERMANY



**15.3%**  
In-Migration rate  
(2015)



**14.9%**  
Size of Diaspora  
(% of Population)  
2015



**72.7%**  
Foreign LFPR  
(2015)



**79.6%**  
Native LFPR  
(2015)



**TOTAL REMITTANCES RECEIVED ANNUALLY (USD) 2016 - \$16.68 BILLION**

Foreign LFPR - The foreign-born participation rate is calculated as the share of employed and unemployed foreign-born persons aged 15-64 in the total foreign-born population (active and inactive persons) of that same age.

Native LFPR - The native-born participation rate is calculated as the share of employed and unemployed native-born persons aged 15-64 in the total native-born population (active and inactive persons) of that same age.

Source: OECD (2018), UN (2017)

# CHANCES FOR YOUNG REFUGEES

*On access to vocational training and the dynamics  
of labor market integration in Germany*

**Philip Anderson**, Guest Contributor

## Background

Over one million asylum seekers and refugees entered Germany in 2015 and 2016 combined. Integrating them into the economy through vocational training and access to the labor market – through just jobs and appropriate forms of vocational training – is imperative both to their own survival and to the economic welfare of Germany.

This chapter is based on research conducted through a three-year project (2013-2016) commissioned by the city of Munich. Its main goal was to develop strategies and recommendations on how best to enable asylum seekers – those who are awaiting a decision on their asylum application – and recognized refugees to attain a secondary school qualification. This qualification forms the basis for access to the German

vocational training system and successful integration into the German labor market. The focus was on the evaluation of classes for refugees established from 2011 to 2012 across the German Federal State of Bavaria.<sup>1</sup>

At the beginning of the research, this project addressed the needs of a small and marginal group of a few hundred young people. With the huge rise in asylum seekers entering Germany in the period 2014-16, the importance of enabling labor-market integration of immigrants has increased enormously. It has become part of a national debate that focuses on the significance for mainstream absorption of large numbers of newly arrived asylum seekers into the vocational training system, and ultimately into the workforce.<sup>1</sup> Recommendations from this research

<sup>1</sup>The evaluation, concentrating on school classes for the target group in Munich, was carried out through a monitoring program of regular exchange with teaching and social work staff (interviews, discussions, workshops), participant observation in refugee classes and wide-ranging qualitative interviews with experts and students. The students were aged 16 to 21 years in a total of ten classes (size 18 students per class).



have already contributed to ongoing discussions by decision-makers in the field of vocational training in Bavaria and as part of the broader debate on educational integration of refugees in Germany.<sup>ii,2</sup>

Though the project did not examine the mass immigration of refugees into Germany in the past

three years, numbers indicate the magnitude of the challenge: Almost 200,000 of the refugees arriving in Germany in 2015 were between 16 and 29 years old<sup>3</sup> and in Bavaria alone, 22,000 refugees were enrolled in the school system in the 2016-17 academic year.<sup>4</sup>

## Introduction: Refugees and the “dual system” of vocational training

Germany’s traditional, large base of small and medium-sized enterprises (SMEs) with a whole range of cutting-edge scientific, technical, commercial, and service-providing products and activities is the basis for what is often regarded as the German economic power house at the heart of the European Union. SMEs represent 99 percent of all companies and employ two out of three workers in Germany.<sup>5</sup>

A key element driving commercial success, technological innovation and high-level skills outside of the university context is the *dual system* of vocational training. Under this system, apprentices complete three- to four-year courses to attain a qualification in the fields of handicraft, commercial, technical, or services by learning on the job in an enterprise and attending vocational school for theoretical input. Schooling, which makes up on average 30 percent of the training, is

structured either in learning blocks of two to three weeks spread over the school year, or on a basis of two days out of five per week in school. Around 90 percent of students in vocational training are integrated into this dual system of learning.<sup>6</sup>

In Bavaria, some 240,000 apprentices were learning trades within the dual system in 2015 – though no statistics are presently available on how many of these apprentices were refugees.<sup>7</sup> It should be noted that 82 percent of large companies offer training positions, as compared with 44 percent of small and 67 percent of medium-sized enterprises. Nonetheless, given the volume of SMEs, nine out of 10 apprenticeships are with SMEs.<sup>8</sup>

There are two interwoven factors that have led to the development of special classes for asylum seekers and refugees over the course of the last few years. After recovery from the economic crisis

<sup>ii</sup> The report on which this chapter is based presented a concept with a total of 38 practice-based recommendations relating to social, pedagogical, legal, and other aspects of support for the students concerned. The project report was approved by the Munich City Council in the summer of 2016.

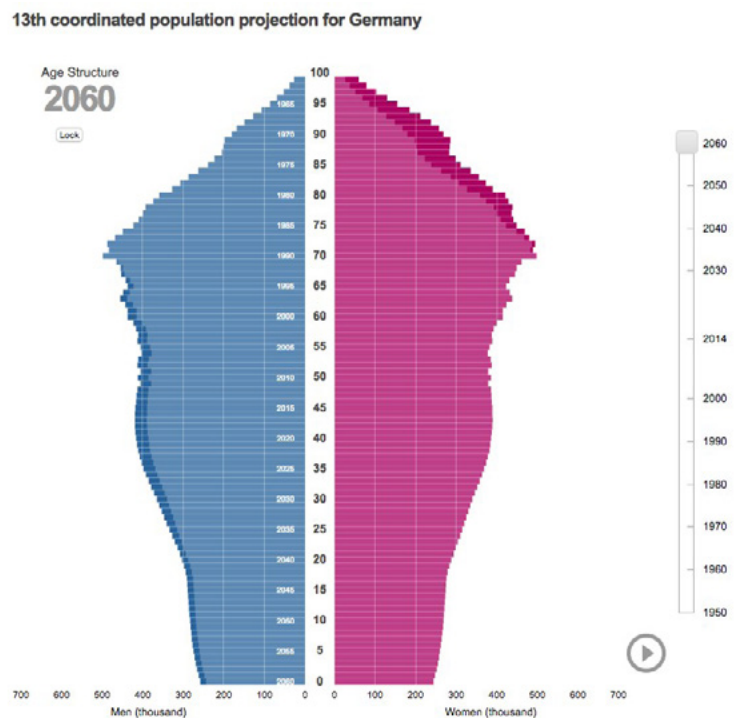


of 2008-2009, the southern region of Germany, in particular the state of Bavaria, has enjoyed an economic boom driven largely by a dynamic industrial sector with a large volume of exports.<sup>iii,9</sup> This has fuelled continuous demand in particular for skilled and highly qualified workers. Yet there is a discernible skills gap due to a lack of appropriately qualified workers.

In addition, Germany faces a demographic challenge. Because of its aging society, there are more people already in, or entering, retirement

and not enough that are in the labor market to perform the range of jobs society requires – without regard to rationalization effects of technological transformation or “Industry 4.0” – a term used in Germany for technologically advanced forms of production.<sup>10</sup> This dilemma is illustrated by the well-known inverted pyramid image in demographic charts: fewer and fewer people in employment supporting an increasing number of seniors through contributions to the pension system (**Figure 1**).

Figure 1  
German demographic projection for 2060



Source: 13th Coordinated Population Projection for Germany, DStatis, Statistisches Bundesamt

<sup>iii</sup> The export share of Bavarian industry is 48.8 percent

## Innovative approaches

Politicians in Bavaria's ruling Christian Social Union (CSU) party – sister party and coalition partner to Chancellor Angela Merkel's Christian Democratic Union in Berlin – have been made aware of the manpower shortage problems faced by many businesses, especially in rural regions of Bavaria. Whether butchers, bakers, or electronic valve makers, many small and medium-sized enterprises are experiencing the demographic shift as a loss of retirement-age personnel without adequate youthful replacements. For example, in 2017 there was a shortage of around 36,000 qualified engineers in the German labor market,<sup>11</sup> and Bavarian businesses expect a shortage of 230,000 skilled workers by the year 2020.<sup>12</sup> This effect is enhanced in rural regions by a discernible flight from the countryside. Parts of northern Bavaria have faced radical depopulation with the decline of traditional industries, such as porcelain manufacture, and socio-economic changes caused by German reunification. While Bavaria has benefited from internal migration from Eastern Federal States (*Länder*), this movement has mainly been to cities and not to rural areas.

It is against this background that the program of qualification for young asylum-seekers is to be viewed. It was originally conceived in the Bavarian

context not only as an answer to the skills gap but as a resources-oriented approach to integrating young refugees as skilled workers into the labor market, driven to a large extent by demands from employers' associations and SMEs in Bavaria.

Independent of their residential status, all asylum seekers and recognized refugees in Bavaria – i.e. both those awaiting a decision on their application and those with temporary permission to remain – are allowed to attend the two-year school certificate classes. After completing these classes successfully, refugees can begin vocational training, assuming they find an appropriate employer certified to train and offering a training position.

***Independent of their residential status, all asylum seekers and recognized refugees in Bavaria are allowed to attend the two-year school certificate classes. After completing these classes successfully, refugees can begin vocational training, assuming they find an appropriate employer certified to train and offering a training position.***

This is a much more innovative approach as compared to most states in Germany, where formal recognition as a refugee is a prerequisite for this kind of course. The second important feature is that Bavaria has raised the age for optional vocational training to 21 years (in exceptional cases 25 years). Before, young people were only allowed into the vocational training system until the age of 18. This has given young refugees – and potential employers – the requisite time frame for apprenticeships. Previously, potential trainers were deterred from giving asylum seekers a chance by the lack of a statutory right to attend vocational school beyond the age of 18.

## Classes: Concepts and challenges

With the development of the new program in Bavaria, asylum seekers and refugees attend classes in which the first year is mainly focused on learning the language, acclimatizing socially and culturally, and getting an idea of the more than 320 potential trades/apprenticeships young people can undertake in the German system.<sup>13</sup>

The second-year concentrates on familiarizing them with the specialist subjects they will be taught at vocational schools. They also receive support by doing internships to get to know potential trades and establish contacts with possible trainers while preparing for their school certificate exams. The aim is for students to complete a school certificate at the end of the two-year course, which under the German system enables them to begin a course of vocational training (apprenticeship), made up of learning on the job in a company combined with theoretical background provided at a vocational school.

The ethnic background of students broadly reflects the countries from which most refugees have entered Europe in the last few years: Syria, Afghanistan, and Iraq, followed by Somalia and Eritrea.<sup>14</sup> The young students are provided a broader range of support services, given their difficult circumstances and migration journeys. Learning outcomes depend on addressing more than just the training itself. This means that teachers work closely with school social workers and psychologists to help cope with the trauma that they may have experienced before or during the migration process, as well as the ongoing challenges of displacement and integration.<sup>15</sup>

Local networking is an essential element in the pedagogical concept. There has to be regular liaison with lawyers guiding students through the asylum procedure, with youth office and Foreigners' Residence Office employees, with social workers in projects for unaccompanied minors, and with therapists and activists in NGOs campaigning for the social, educational, and human rights of asylum seekers at the local level. Regular workshops enable professionals to network with the many volunteers who have become involved in supporting refugees since the huge increase in levels of forced migration.<sup>16</sup>

Despite these support mechanisms, the challenges are considerable. Young refugees are often frustrated that the German system requires them to complete an apprenticeship before taking up a job as a skilled worker. For example, having already worked as a sales person in a family shop in their country of origin, a young person may not see the need to do three years of training as a retail sales assistant before being able to work in this capacity in Germany.

This frustration at not being able to work straight away in jobs that refugees or asylum seekers sometimes think do not require training – jobs for which they feel qualified through their previous work experience – is all the greater if their relatives (with whom they may well be in regular touch via social media) reinforce this feeling: Why should our nephew train for years as a car mechanic when he was helping with repairs in the family business from early childhood?

Another major issue in the classes is their heterogeneous composition, on account of the

enormous variety of refugees' ethnic, cultural, religious, and social/educational backgrounds, all of which can be sources of conflict in their own right. They also come to the classes with different levels of prior experience in educational and professional settings, and this is in pedagogic terms the most significant challenge because experience is the most potent factor in setting the agenda for academic attainment of the students in school certificate classes and thereafter. In other words, it is the students' diverse biographical backgrounds and experiences which determine how well they can adjust to the demands of the school and training system in Germany.

To give an example: A youth from a middle-class family from Homs in Syria with nine years of schooling, his school certificates saved on his *iPhone*, and good knowledge of English – quite apart from the soft skills accruing from awareness of the latest Hollywood films and an opinion on Jay-Z – will be in a very different position from the young Afghani who is illiterate, has no experience of modern educational systems, sees himself confronted with totally different gender roles, and is profoundly influenced by a forced migration process which may have taken years.

## Paradoxes of immigration policy and collaboration at the local level

The two-year school certificate program has developed over the last few years by taking account of these and other specific challenges. It is essential that the students do short-term internships in small and medium-sized enterprises, so that they become acquainted with areas of vocational qualification that might suit them. The potential trainers at workplaces also benefit from these internships, as they get to know the target group – in many cases a first-time intercultural encounter for the craftsmen concerned. Potential apprentice supervisors in these businesses often come to realize that while young refugees have substantial language issues – especially as regards technical terminology – they can compensate for this with a high level of

engagement and willingness to learn. This can tip the scales in deciding to offer a young applicant an apprenticeship.<sup>17</sup>

There are other issues. Particularly in Bavaria – a traditionally agrarian state – many smaller towns, villages, and rural communities have over the last couple of years for the first time come to terms with substantial groups of asylum seekers in their midst. While this has meant that SMEs have – against the background of the skills shortage – shown interest in training young asylum seekers, there are significant differences in attitude. Some businesses are prepared to adapt to the specific needs of this target group regarding language issues, intercultural factors (differing notions

of punctuality, religious distinctions, gender aspects), the insecurities of asylum procedures (recognition as a refugee, including uncertainty over long-term residence and the right to work), and all the attendant paperwork. Others may be inclined to treat this group as a “flexible reserve”: cheap, willing, and exploitable labor which can be used on a casual basis – and then laid off.<sup>iv</sup>

An important aspect of local networking has been the preparedness of local chambers of commerce, trade organizations of various branches of handicraft and commerce, and the labor agencies to cooperate to: a) increase awareness of resources and needs of young refugees in SMEs; b) provide advice and training support to enable a good transition from school classes to apprenticeships; c) enable good transitions into further training courses (on asylum law, refugee traumatization and related issues); and d) social work support for both trainers at the workplace and teaching staff in vocational training schools. These institutions are in turn engaged in regular exchange with other administrative, social, therapeutic and educational professionals working closely with young asylum seekers.

This said, there is a clear paradox evident in federal government, and especially Bavarian

State, policies regarding asylum seekers. On the one hand, we see the mobilization of resources as described above – a “joined-up thinking” or resources-orientated approach that has been the main characteristic of policy over the last five years. On the other hand, however, the political line taken by policymakers has become increasingly restrictive. At the national level, the declaration of more nations as “countries of safe origin,” increasing levels of deportation, more restrictive family reunion policies for recognized refugees, and an increasingly aggressive anti-refugee governmental rhetoric are all indicators of this.<sup>v</sup>

This restrictive policy has become more pronounced in 2017 with deportations of rejected asylum seekers from Afghanistan on the premise that – in the view of the Bavarian Ministry of the Interior – parts of Afghanistan may be designated “safe” to return to. This policy has been met with vigorous civil society protest, not least from many of the professional groups working with asylum seekers mentioned above as well as substantial sections of the business community who have invested time and money to incorporate asylum seekers into vocational training and the workforce.<sup>vi</sup>

<sup>iv</sup> There is no reliable data on how many businesses exploit refugee labor. German labor law does not provide specific safeguards against this either.

<sup>v</sup> The denigrating term “economic refugees” has been a particular favorite on the part of the Bavarian state CSU government.

<sup>vi</sup> One particularly controversial instance of heavy-handed police intervention in June 2017 made waves across the Federal Republic. The attempt by officers in Nuremberg to remove a vocational school student from his class during school time for direct deportation led to mass protests and skirmishes forcing the police to abandon the action – and highly evocative images for prime-time TV. The Federal government subsequently cancelled deportations to Afghanistan pending a review of the security situation in Afghanistan as a purported “country of safe origin” by the Federal Office for Migration and Refugees (BAMF).

## Future perspectives and policy recommendations

One of the longer-term effects of the increased flows of refugee migration to Europe – and increased absorption and integration into educational and vocational training structures – has been a perceptible shift in perspectives in the debate over asylum seekers. Up until a few

years ago this group was structurally marginalized and economically excluded. Yet now, more resources are being made available by the (local) government and businesses, enabling asylum seekers and refugees to access

education, training, and the labor market. A survey of the Association of German Chambers of Commerce and Industry (DIHK) from April 2017 shows that 11 percent of businesses employ refugees and 10 percent plan to hire refugees in the next two years. In four out of 10 of these businesses, refugees are or will be in dual vocational training positions.<sup>18</sup>

The “numbers game” has also shifted. Even advocates of a more restrictive policy acknowledge that higher numbers of asylum seekers must be admitted and – an essential change – given language, educational, and vocational training support to enable qualified access to the labor market as soon as possible, provided there is a likelihood of their being

allowed to stay in Germany. Policymakers thus see a clearly defined distinction between the “good” migrant (welcome, “genuinely” persecuted, highly or potentially skilled) and the “bad” migrant (“economic migrant”, from a supposedly “safe” country of origin, unskilled) as the basis

for integration policy. Civil society grassroots groups and many professionals rigorously oppose this division.

To enhance the social and educational integration of asylum seekers and refugees in the vocational training

system, decision-makers must (in addition to other steps which have already been touched upon) take the following steps.<sup>19</sup>

First and foremost, asylum seekers require secure stay and the prospect of being able to remain in Germany to complete their training and start a new life. There has been much controversial debate on the mixed signals being sent by the Bavarian State, leading to great uncertainty. Many businesses and employers’ associations have demanded clarity, and the German federal government adopted a new Integration Law in 2016. One of its main reforms is the so-called “3+2” rule: refugees and their employers have the guarantee that apprentices can stay at least for the duration of three years of training plus

at least two subsequent years on the job.<sup>20</sup> The Bavarian government has committed to this, and even added a provision that gives refugees an employment permit up to six months prior to a confirmed apprenticeship.<sup>21</sup>

Then there is the issue of psychotherapy for the traumatized. Much has been achieved over the last couple of years as child and adolescent psychiatrists and psychiatric hospitals have addressed the issues around flight-induced trauma – often a specialty of which therapists have learned little or nothing during their training. Existing institutions, such as the pioneer organization *Refugio* in Munich, are overstretched, meaning that demand for treatment far exceeds supply. This field, as well as the challenge of working with interpreters in the therapeutic setting, are areas of innovation requiring more resources.

In the school context, it is important that culturally sensitive teaching skills become a core competence in teacher training and that holistic support of students in and out of school – and the interdisciplinary role of school social workers in ensuring this – are part of the strategy.

Mentoring, coordinated with the active involvement of volunteers, is a key element in keeping students motivated when the

linguistic, social, and emotional challenges of an apprenticeship may seem too much and they are in danger of giving up.

Continual support in learning the language is an essential ingredient as well as extra courses to help many students “learn how to learn” (scanning specialist texts, summaries, writing skills). Finally, liaison with and further training for SMEs is essential so that supervisors feel capable of dealing with the challenges that may arise – residential law, asylum procedure, effects of trauma being just a few of the relevant issues.

Ultimately, the litmus test will not be short-term success but longer-term social and labor market integration. This is also an important avenue for further research as we know little about outcomes – for example, how many students from the classes received an apprenticeship position and went on to complete dual vocational training successfully. These young people are candidates for the long haul – if they are given the chance, the appropriate motto being “*If at first you don’t succeed, then try, try again!*” Support systems of the type described in this article are a good starting point: not only for the individuals but also for the broader benefits to Germany’s economy and society.

***The litmus test will not be short-term success but longer-term social and labor market integration.***

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# MIGRANTS, NOT OUTCASTS

*Harnessing the Zambian diaspora*

Tamara Billima & Felix Mwenge, Zambia Institute of Policy Analysis and Research

The Zambia Institute for Policy Analysis and Research (ZIPAR) is a semi-autonomous think-tank that conducts research and analysis primarily, but not exclusively, for policy formulation, implementation and monitoring. Established by the Government of the Republic of Zambia (G.R.Z) with the support of the African Capacity Building Foundation (ACBF) in 2009, the Institute supports the government, the private sector, the civil society and other stakeholders in Zambia on evidence-based policy through their primary and secondary research.

# ZAMBIA



TOTAL REMITTANCES RECEIVED ANNUALLY (USD) 2016 - **\$3.84 MILLION**

Foreign LFPR - The foreign-born participation rate is calculated as the share of employed and unemployed foreign-born persons aged 15-64 in the total foreign-born population (active and inactive persons) of that same age.

Native LFPR - The native-born participation rate is calculated as the share of employed and unemployed native-born persons aged 15-64 in the total native-born population (active and inactive persons) of that same age.

Source: UN (2017)

# MIGRANTS, NOT OUTCASTS

## *Harnessing the Zambian diaspora*

**Tamara Billima & Felix Mwenge**, Zambia Institute of Policy Analysis and Research

## Introduction

The Government of the Republic of Zambia has been paying greater attention to labor migration in recent years. In particular, there has been a shift from seeing emigrants as agents of “brain-drain” to seeing them as potentially critical players in the development of the country. As with many countries around the globe, migrant remittances in Zambia constitute a significant share of the Zambian economy though this has been declining since the early 2000s.<sup>1</sup> Nonetheless, beyond remittances, the Zambian diaspora offers the potential to promote investment, skills transfer and political engagement in the country.

Harnessing the potential of the diaspora, defined by the African Union<sup>1</sup> (AU) as peoples of African

origin living outside the continent, to play a more focused role in economic and social development has become a common subject across the African continent. This has prompted many countries in the region to begin to explore specific initiatives aimed at engaging with this community. The

African Union (AU) has been at the forefront of these efforts.

Against this backdrop, as a member of the AU, Zambia has also initiated a number of initiatives to strengthen its ties with its diaspora across the globe. This paper reviews

Zambia’s current relationship with its diaspora: existing initiatives to strengthen ties, as well as barriers to progress. It examines the approaches that other African countries are adopting in an effort to inform Zambian initiatives.

*There has been a shift from seeing emigrants as agents of “brain-drain” to seeing them as potentially critical players in the development of the country.*

<sup>1</sup>The African Union (AU) is a [continental union](#) consisting of all 55 [countries](#) on the [African](#) continent. It was established on 26 May 2001 in [Addis Ababa, Ethiopia](#), and launched on 9 July 2002 in [South Africa](#) with the aim of replacing the [Organization of African Unity](#) (OAU).

# Diaspora engagement and remittances in Africa:

## An overview

The African Union's Agenda 2063<sup>ii</sup> urges its member states to establish a Diaspora Office to explore strategies for engaging this community. At the national level, diaspora engagement varies across countries in the region. The Ministry of Foreign Affairs tends to be where the office of diaspora affairs is housed, with some exceptions. In Tunisia for instance, the Secretary of State for Migration and Tunisians abroad (SEMTE) under the Ministry for Social Affairs is responsible for coordinating and supervising diaspora issues.<sup>2</sup> Other bodies such as the Advisory Council of Tunisians Abroad and the Agency for Migration and Development work with this body. The goal of such offices is to become a one-stop resource linking the diaspora to different businesses and opportunities, ministries, departments and agencies in the country as a means of promoting their involvement. The government's intent and method for engaging with the community can be enshrined in a specific policy, as with the 2015 National Diaspora Policy in Kenya for instance.<sup>3</sup>

The AU's spotlight on connecting with the diaspora has prompted various initiatives at the regional and member-state level. Three types of initiatives stand out. These are, (i) engaging the diaspora to help build human capital; (ii)

representing diaspora interests in political affairs and expanding engagement by fostering political participation; and (iii) formalizing and securitizing remittances. We shall consider each of these in turn.

### Engaging the diaspora to build human capital

This can take various forms, from promoting education exchanges to hiring professionals that have international experience to return to their country of origin to work with governments.

In West Africa for example, the Economic Community of West African States (ECOWAS)<sup>iii</sup> established the ECOWAS Academic Mobility Program designed to boost access to education in areas of strategic importance to the region, including by providing scholarships at Masters and PhD levels.<sup>4</sup> Essentially, the idea is to create an environment that encourages educated individuals to pursue studies in fields specific to the interests of West Africa. Only ECOWAS Member State nationals are eligible to pursue higher education through this scheme.

In Sierra Leone, it is the Office of Diaspora Affairs under the Office of the Presidency that runs all diaspora-related matters. One of its key priorities

<sup>ii</sup> In 2015, African leaders adopted Agenda 2063 as the continent's new long-term vision for the next 50 years aimed at leveraging Africa's significant resources for the benefit of the continent's people.

<sup>iii</sup> ECOWAS is the Economic Community of West African States which was established on May 28, 1975 via the treaty of Lagos. It is a 15-member regional group with a mandate of promoting economic integration in all fields of activity of the constituting countries. Member countries making up ECOWAS are Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Sierra Leone, Senegal and Togo.

is to work with the government to address critical capacity gaps in the public sector by bringing in professionals and experts from the diaspora.<sup>5</sup>

### Representing diaspora interests in political affairs and expanding engagement by fostering political participation

Working with the diaspora is a two-way street. The community must feel like their interests are represented which in turn fosters their involvement. Recognizing this, some countries have included diaspora residents in their legislatures. For instance, Algeria has eight seats reserved in the parliament for diaspora representatives. In Nigeria, diaspora issues are administered through the Nigerian Assembly, which has a Diaspora Committee in the House of Representatives and the Senate.<sup>6</sup>

Encouraging the diaspora to partake in elections is an important means of promoting engagement. In the election after the revolution,<sup>iv</sup> the Tunisian diaspora was able to elect their representatives in the National Constituent Assembly (NCA) from abroad. The Sierra Leonean Office of Diaspora Affairs is also responsible for crafting the Migration Policy to equip the diaspora with the right to vote in the national election.<sup>7</sup>

Cape Verde has three diaspora districts<sup>v</sup> – one district for voters residing in Africa, another for those residing in the Americas, and another for those living in Europe and the rest of the world.<sup>8</sup> Mozambicans living in other countries in Africa make up the electoral district for Africa, while those living in European countries make up another district for which representatives are elected.<sup>9</sup> This gives respective nationals not only space to participate in economic development but also in decision making at the political level.

### Remittances

Remittances remain a significant source of finance for Africa. According to the AU, Africans living outside their homes sent a total of US\$ 65 billion in 2017, supporting at least 120 million family members living in countries of origin.<sup>10</sup>

***Remittances remain a significant source of finance for Africa. According to the AU, Africans living outside their homes sent a total of US\$ 65 billion in 2017, supporting at least 120 million family members living in countries of origin.***

This amount is actually understated due to, among others, the general use of informal or unregulated remittance channels, and the relatively weak data collection capacity of many countries in Africa. The true size of remittances is thus yet to be known. Moreover, Africa remains the costliest

region in terms of remittance transfers. For example, the cost of sending money to Africa in the first quarter of 2018 was 1.53 percentage points more expensive than the global average

<sup>iv</sup> The Tunisian Revolution, also called the Jasmine Revolution, was an intense campaign of civil resistance which led to the ousting of the Tunisian President, Zine El Abidine Ben Ali and his regime.

<sup>v</sup> The Cape Verde constitution, adopted in 1992, made provision for the creation of diaspora districts for voters residing in Africa, America and Europe and the rest of the world to allow the diaspora to elect two representatives each to the National Assembly.

cost for the same period. Furthermore, an assessment of most expensive transfer corridors found that the top ten most expensive transfer corridors were all in Africa.<sup>11</sup>

To address these challenges and other remittances-related issues in Africa, the African Institute for Remittances (AIR) was established as a Specialized Technical Office of the African Union (AU) following the decision by the AU Heads of State and Government in July 2012.<sup>12</sup> AIR's mission statement is to become "a center of excellence on African remittances driving the process of enhancement of market competition to make remittance transfers to and within Africa cheaper, safer, faster and legally-compliant so as to maximize their impact on the economic and social development of African countries.

The main objective of AIR is to improve the statistical measurement, compilation and reporting capabilities of member states on remittances data and appropriate changes to the legal and regulatory frameworks on remittances aimed at reducing costs of remittance transfers to and within Africa.

The United Nations 2030 Agenda for Sustainable Development notes the important role that diasporas play in development. Remittances are a key instrument through which this happens. The Agenda emphasizes the need to study how reducing remittance costs and mobilizing diaspora savings can help leverage them to better finance development.<sup>13</sup>

The African Development Bank estimates that since 1980 the amount of remittances in Africa grew at an average annual rate of 7 percent. In

2013 alone, remittances exceeded US\$60 billion, while Official Development Aid (ODA) for all donors amounted to US\$56 billion in the same year, including US\$45 billion for sub-Saharan Africa.<sup>14</sup>

The African Development Bank<sup>15</sup> highlights a number of challenges related to harnessing remittances for development.

1. Lack of data on diaspora communities: Most African countries lack comprehensive information about the whereabouts and activities of citizens outside their home country and this makes it difficult to assess the potential for remittance capital. This also limits engagement, making it difficult to design policies that can effectively reach all those living and working outside the home country.
2. The excessive cost of transfers in formal circuits: The high cost of transferring remittance money affects the flow and volumes of transfers. Higher costs of transfer can be ascribed to a number of challenges including limited platforms or providers in the recipient countries. In most cases service providers are located in urban areas, making it difficult for rural recipients to access services.
3. The use of informal channels for sending money: Higher costs for transmitting remittances through formal channels drives many toward using informal channels. But these are often unreliable and they make it difficult for authorities to trace transfers. This further fuels the fragmentation and unpredictability of remittances, making it difficult to leverage them for larger investments in development.



# Understanding the Zambian diaspora & remittance flows

Like many other African countries, Zambia has a high number of skilled emigrants. But until recently, little attention had been given to how the country could tap into the diaspora's potential. Now there is a renewed effort to formulate an effective engagement framework that both responds to the needs of Zambians abroad and also ensures that those living and working abroad can invest back in Zambia through land acquisition, setting up businesses, and remittance capital.

In 2008, the Zambian government held consultative meetings with the diaspora to understand their needs. This led to the establishment of the Diaspora Liaison Office in 2009.<sup>16</sup> Finally, the government put in place a mechanism by which to collect regular information on the diaspora and collate a central data base. To this end, the Zambian Government in cooperation with the International Organization for Migration (IOM) undertook the first ever Zambian Diaspora Survey in 2011.<sup>17</sup> The survey covered a total of 725 people and was conducted online. The fact that the survey only reached those

with an internet connection notwithstanding, the survey yielded some much-needed insights into the Zambian diaspora.

According to the survey, just under three out of every four Zambians living abroad were between the ages of 30 to 49 years; 36 percent were in the age group 30-39 years and 35 percent between 40 to 49 years of age. Those below 30, including children, only accounted for one percent. The rest were above the age of 49.

The survey results suggest that most Zambians migrate abroad seeking education, employment or business opportunities. Only one percent of those surveyed sought political asylum. The United Kingdom, United States of America and South Africa are the most common destinations for Zambian migrants.

Most Zambians, despite having moved abroad, maintain ties back

home. 83 percent indicated that they had visited family and friends, and 25 percent had visited for business.<sup>vi</sup> Approximately 71 percent of people indicated they would want to return to Zambia permanently, while 24 percent were unsure

***Now there is a renewed effort to formulate an effective engagement framework that both responds to the needs of Zambians abroad and also ensures that those living and working abroad can invest back in Zambia through land acquisition, setting up businesses, and remittance capital.***

<sup>vi</sup> More than 70 percent of the respondents left Zambia over five years ago from the survey date, while at least two out of five respondents had left Zambia more than 10 years ago.

whether they would want to. Some barriers to their return included financial constraints, lack of dual nationality and lack of supportive integration policies. Introducing dual citizenship in the Constitution of Zambia would help rectify some of these challenges.

The World Bank Fact Book of 2011<sup>18</sup> suggests that 17 percent of the Zambian population with tertiary education had migrated to other countries. This is corroborated by the results of the Zambian Diaspora Survey that shows that most of those leaving the country have higher levels of education. 37 percent of those surveyed said they had a master's degree; 27 percent had a bachelor's degree; and only 9 percent had post-high-school and secondary-level education. Health care, followed by accounting, banking, and finance, were the most prevalent professions among this group. Those with skills in information technology and engineering represented 10 percent of survey respondents. The diaspora is also active in investment and business activities. Approximately 31 percent of respondents said they had some form of private investment in Zambia, while 60 percent owned property or assets. 84 percent of the respondents expressed an interest in helping transfer skills that they had acquired abroad, to their home country.

Like other African countries, the Zambian diaspora sends money to support family,

friends and personal investments. 93 percent of the remittances transmitted back home were so to support parents, extended family, or dependents. Most of the money transmitted was used for household consumption rather than for investment. The major channel of cash transfers was Western Union/MoneyGram, which was used by 83 percent of respondents. About 36 percent

used banks to transfer money, while 27 percent used informal channels such as sending cash through friends.

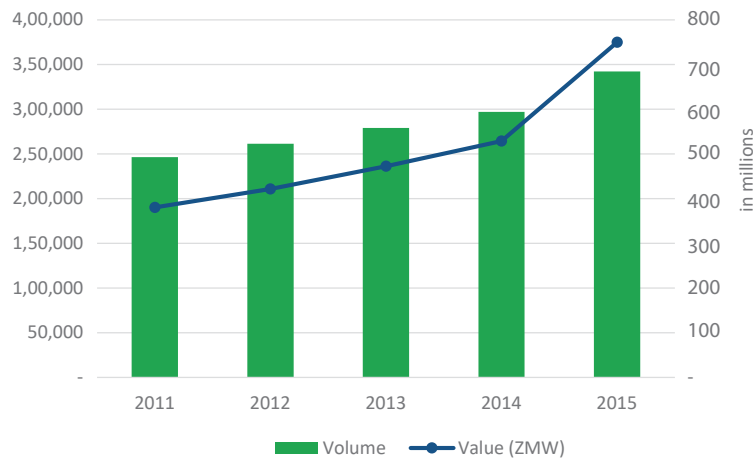
The Central Bank of Zambia notes that in addition to the growing volume of remittances, the value of international remittances doubled from US\$37 million in 2011 to US\$74 million in 2015 (**Figure 1**). This was equivalent to the 2015

budget allocation for school infrastructure.<sup>19</sup> If one includes remittances transmitted through informal channels, the figure would be even higher. The World Bank estimates that in 2007 Zambia's total flow of remittances per annum from both informal and formal channels totaled approximately US\$ 200 million.<sup>20</sup> This amount is US\$80 million more than what was allocated to Social Protection in the 2015 Zambian national budget. The main sources of remittances are from the diaspora residing in the United Kingdom, United States of America, Democratic Republic of Congo and Australia.<sup>21</sup> These trends illustrate the significant financial contributions that the diaspora can make if harnessed appropriately.

*Like other African countries, the Zambian diaspora sends money to support family, friends and personal investments. 93 percent of the remittances transmitted back home were so to support parents, extended family, or dependents.*

Figure 1

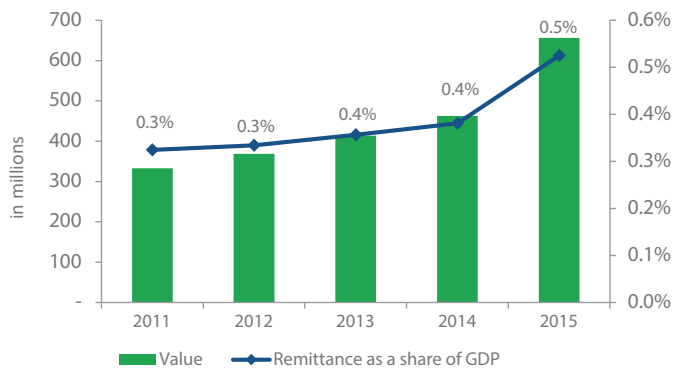
**Volume and Value of Remittances in Zambia (2011-2015)**



Source: Bank of Zambia National Payment System 2015

Figure 2

**Value and Remittances as share of GDP**



Source: BOZ National Payment System 2015

As a share of GDP, remittances have increased from 0.3 percent in 2011 to 0.5 percent in 2015 (**Figure 2**).

## Improving Zambia's current framework for diaspora engagement

The Zambian government has come under some criticism over a lack of a proper policy framework to promote diaspora engagement.<sup>22</sup> Policies for diaspora engagement must be developed further to properly harness the capacities of this community in service of the nation's development.<sup>23</sup> Recent government efforts aim to address some of the critiques by developing a diaspora policy that will include dual citizenship, investment targeted at the diaspora, land-allocation facilities, an improved mechanism for the transmission of remittances, and consular assistance and facilitation.<sup>24</sup> But to achieve these aims, the following recommendations are key.

First, these recent initiatives are spread across various government institutions such as the Zambia Development Agency, Ministry of Lands, Natural Resources and Environmental Protection, The Bank of Zambia and the Ministry of Foreign Affairs among others. The efforts must be coordinated across these different government agencies to avoid confusion and overlap.

Second, the government currently lacks sufficient data on Zambians living abroad. The Zambian Diaspora Survey is a promising step in this regard

and should be repeated at regular intervals. Collecting regular data and establishing a central registry that is updated frequently will be crucial to understanding the characteristics of the diaspora – from demographics, to how their expertise can be leveraged.

***Recent government efforts aim to develop a diaspora policy that will include dual citizenship, investment targeted at the diaspora, land-allocation facilities, an improved mechanism for the transmission of remittances, and consular assistance and facilitation.***

Third, the government lacks proper institutional infrastructure, such as online services and an internet platform, that make it easier for people residing outside Zambia to connect with processes in Zambia, for instance to make financial

transactions, acquire land and complete business registration procedures. Part of this infrastructure entails setting up a one-stop shop that members of the diaspora can go to, to understand what investments the country needs and more importantly, how to make them.

Fourth, the government must work to make it easier and cheaper to transmit remittances. The average cost of sending remittances in Zambia is said to be higher than the global average, and higher than other countries in Africa.<sup>25</sup> The average cost is also higher than the recommended cost as per the Sustainable Development Goal 10.7c. The target under this goal notes that the cost should not exceed three percent in general

and not more than five percent for the most expensive corridor.<sup>26</sup> The main costs associated with remitting money include agent fees, bank charges, compliance costs, processing costs and administrative and per-transaction profits.

Fifth, Zambia must treat its diaspora more like its regular citizens. This entails enabling dual citizenship and the ability to vote remotely, providing them with the same benefits and rights as the domestic entrepreneurs and investors, and allocating parliament seats for members of the diaspora.

In conclusion, there is sufficient evidence that the diaspora, through remittances can contribute to the growth of African economies. Zambia must therefore make deliberate policies that aim to incorporate a mutually beneficial, efficient, and effective framework. To begin with, the government must invest in robust information systems that take stock of the Zambians living outside and a system of tracking remittances. Furthermore, policies that simplify processes for the diaspora to invest back in Zambia through various schemes such as land ownership should all be part of the priorities of the Government.

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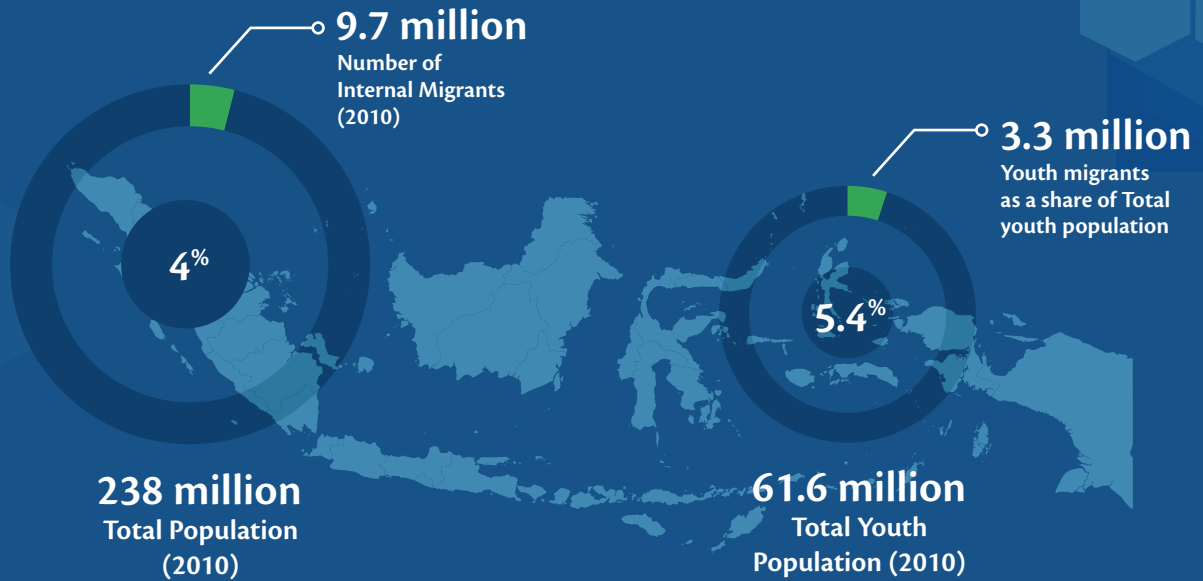
# INTERNAL MIGRATION AMONG THE YOUTH IN EAST NUSA TENGGARA

*It's not just about the money*

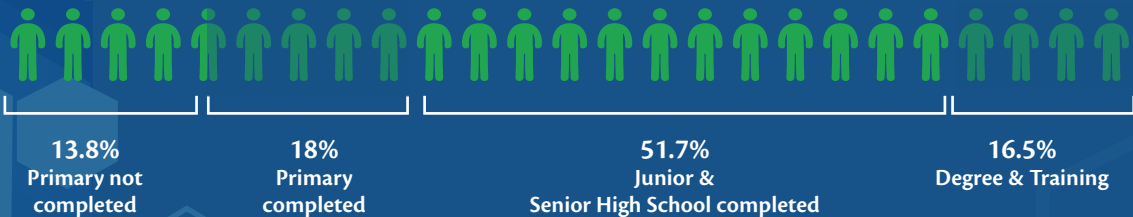
Viesda Pithaloka, Fellow, AKATIGA; Lecturer in Urban and Regional City Planning, National Institute of Technology, Indonesia

AKATIGA is a non-profit research institute that was founded in 1991, by a group of social science researchers at Institut Teknologi Bandung and Bogor Agricultural University. Through various activities, AKATIGA helps the marginalized in expanding their access to resources and policy-making processes, especially in areas such as labor, small business, agriculture, community development, budgetary policy, and public services. AKATIGA provides input and recommendations based on the results of research to drive policy change. The process is done through advocacy and strengthening networks of marginalized groups, civil society, government, the media, and international institutions. This chapter was completed with support from Knowledge Sector Initiative, BAPPENAS, Australian Aid and the Australian Government Department of Foreign Affairs and Trade.

# INDONESIA



## DISTRIBUTION OF MIGRANTS BY EDUCATION



\* estimates are based on those who have migrated within 5 years between 2005-2010

# INTERNAL MIGRATION AMONG THE YOUTH IN EAST NUSA TENGGARA

*It's not just about the money*

**Viesda Pithaloka**, Fellow, AKATIGA; Lecturer in Urban and Regional City Planning, National Institute of Technology, Indonesia

## Setting the context: East Nusa Tenggara

Inequality between regions in Indonesia is persistent, as development continues to be centered in western Indonesia, and particularly in Java. Java hosts approximately 60 percent of the country's population as well as nearly 60 percent of its economic output. In much of eastern Indonesia, local economies are driven by natural resource sectors, which may create wealth but relatively few jobs.<sup>1</sup> Nevertheless, President Joko "Jokowi" Widodo's commitment to "develop Indonesia from the peripheries" has come with large-scale state investment in eastern Indonesia, with the hope of spurring more opportunity in some of the country's least developed provinces.<sup>2</sup>

One of those provinces is East Nusa Tenggara (Nusa Tenggara Timur, or NTT), an archipelago



province of more than 500 islands in the southeastern corner of Indonesia. Throughout much of Indonesia's colonial and post-colonial era, the central government invested little in NTT's human capital, viewing the province primarily as a site for extractive resource sectors. In the last two years, NTT's economic growth has been higher than Indonesia's overall economic growth, facilitated by state-led infrastructural development.<sup>3</sup> However, prior to this, economic growth was around 3-4 percent per year and was even negative from 2011-2012.<sup>4</sup> NTT remains the third poorest province in Indonesia, with the third-lowest human development index.<sup>5,6</sup>

NTT is a region with a predominantly rural economy. Agriculture employs 63 percent of the

Table 1

**Comparison between NTT and Indonesia**



	NTT	Indonesia
 <b>Population (2016)</b>	5.2 million	261.1 million
 <b>Youth Percentage (2015)</b>	25.05%	17.1%
 <b>Economic Growth (2011-2014)</b>	1.19%	5.9%
 <b>Economic Growth (2016)</b>	5.18%	5.02%
 <b>Labor Force Participation Rate (2015)</b>	69.25%	65.76%
 <b>Poverty level (2017)</b>	23%	10.64%

Source: BPS, 2016

labor force in the province.<sup>7</sup> Unlike other regions of Indonesia, agricultural output is low due to poor land conditions—steep land contours and dryness.<sup>8</sup> The growth of other job-creating sectors has been of minimal significance due to NTT’s geographical location—far from Indonesia’s main population centers—and inadequate supporting infrastructure. However, tourism has been growing recently, and state-sponsored

infrastructure projects have also begun creating jobs in construction. These sectors account for some of the gradual shift to non-agricultural employment. But this is not sufficient. Within the next few years, it is predicted that one-third of the population in NTT will enter the working age population, meaning rapid growth in the demand for productive jobs.<sup>9</sup>

## Migration as a stage of life

Out-migration from NTT in search of employment opportunities and higher incomes is a long-standing pattern, due to the province's chronic underdevelopment. While NTT is widely known for sending high volumes of international migrants—with men frequently working as palm-oil plantation laborers in Malaysia and women as domestic workers through Southeast Asia and the Middle East—internal migration, within the province as well as to other parts of Indonesia, is also significant. As of 2015, of all the migrants, 39 percent move internally within the country, of which 96 percent migrate within the province.<sup>10</sup> As the central government invests more in the infrastructure of the province, migration to the province's urban centers, such as Kupang and Ende, is also on the rise. For example, between 2010 and 2015, net in-migration increased Kupang's population of youth – defined as those between the ages of 15 and 29 years – by 11.3 percent.<sup>11</sup> Nearly all of these migrants come from within NTT.

As a study conducted by the International Labour Organization showed, while migration generates remittances, it also has the potential to deplete the local human resource base.<sup>12</sup> Moreover, a JustJobs Network study in the neighboring province of Indonesia demonstrated that remittance capital

does not necessarily deliver long-term economic dynamism in origin communities.<sup>13</sup> Internal migration of youth in NTT for education and employment raises similar concerns. While many government and donor programs in the region aim to stem migration by creating opportunities in origin communities,<sup>1</sup> the number of migrants, especially among youth, remains high.

In Indonesia, based on SUPAS from 1971 to 2010, people between 20-24 years old are among the highest migrating age-group. Youth (between 15 to 29 years old) in NTT are 25 percent of the total population of the province but comprise 56 percent of the migrant population.<sup>14</sup> Some of the self-reported reasons for migration include education, work and social freedom—i.e. a desire

***While many government and donor programs in the region aim to stem migration by creating opportunities in origin communities, the number of migrants, especially among youth, remains high.***

to live in a different social and cultural environment, away from familial obligations.<sup>15</sup> A deeper understanding of internal migration patterns among youth in NTT could help identify appropriate policy measures toward supporting just job

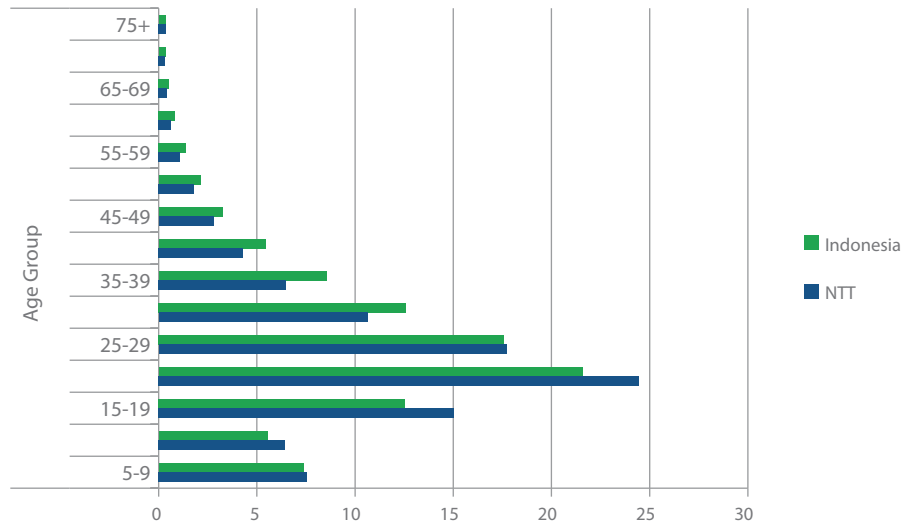
creation for this population.

AKATIGA conducted qualitative research in 2016 in six villages on the islands of Timor, Sumba and

<sup>1</sup> One of donor programs provided by PLAN International is called Youth Economic Empowerment. The program aims to enable youth to start independent businesses in agriculture and horticulture. However, many of the targeted young people still choose to migrate even after receiving the training.

Figure 1

### Percentage of people living outside NTT as migrants, by age, 2010



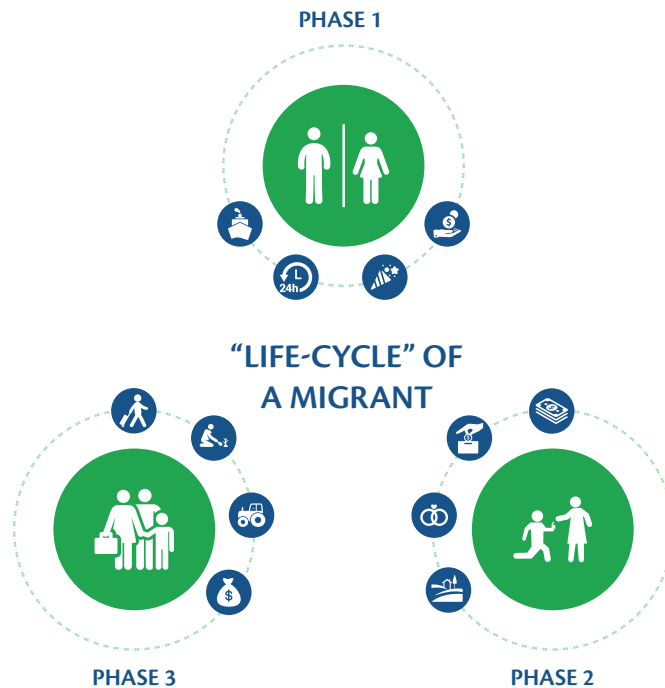
Source: Census 2010. Central Bureau Statistic Indonesia

Flores, all within East Nusa Tenggara. Researchers employed participant observation, in-depth interviews and focus group discussions with several stakeholder groups: youth, the elderly, the village and district government, vocational schools and a local NGO. Data collection focused on understanding the patterns of youth migration, including social and economic motivations and migration pathways.

Among other insights, qualitative research showed that youth in NTT tend to imagine migration as a key part of their current stage of life. The “life-cycle” of a migrant can be divided into three phases.

In the first phase, youth place high value on new experiences, opportunities and exposure. It is

during this phase that many young people—regardless of whether they have a specific plan or job lined up—migrate to small urban centers within NTT. In urban labor markets like Kupang and Ende, they confront a largely informal labor market that involves different levels and forms of vulnerability. Research by the JustJobs Network and Perkumpulan Pikul, a Kupang-based civil society organization, shows that young male migrants often work in jobs that offer little income security but high levels of flexibility—such as daily wage work at the Kupang port. In contrast, many young female migrants wind up in retail jobs where their employer provides food and accommodation but also places restrictions on their movement and expects them to work long hours.<sup>16</sup>



In the second phase, youth begin considering marriage. Both men and women begin considering job opportunities not simply from the perspective of gaining new experiences of earning cash in an urban economy, but also from the perspective of saving for marriage, family life, or even land purchase. It is during this transitional period where many young people who have migrated begin considering the option of returning to their origin communities.

Marriage defines the third phase, and this is the point at which many young people move back to their hometowns. The rate of return depends on where young people have migrated, and likely depends on whether the labor market in that destination has provided stable opportunities. In Kupang, for example, the population of young people aged 15 to 29 swelled by 22 percent due

to in-migration in the 2010-2015 period, and contracted by 10.7 percent due to out-migration (a net in-migration rate of 11.3 percent); this suggests that about half of the young people who come to Kupang decide to leave by the end of their 20s, most of which destined for their origin communities. In Ende, by contrast, both in- and out-migration rates stood at about 11 percent in the 2010-2015 period, suggesting that most of the young people coming to Ende decide to return at some point in their later youth.<sup>17</sup>

For many, the return coincides with marriage. Moreover, young men usually inherit agricultural land from their parents when they get married, and this land becomes their source of livelihood. Women do not inherit land from their parents, though they have the right to manage land owned by their husbands.

## A targeted approach to skill development?

In summary, the evidence suggests that young people in NTT often migrate as part of a coming-of-age process, seeking out social, cultural and economic opportunity and exposure, but that many will eventually return to their origin communities to pursue traditional occupations, especially given the low quality of jobs available in NTT's urban centers.

This migration pattern may present an opportunity for policymakers and civil society organizations that seek to empower youth with productive skills to prosper in rural locations, in either agricultural or non-farm work. Urban centers like Kupang and Ende host large numbers of young people who will eventually return to rural communities. While government and donor-funded programs are trying to retain youth in villages through economic empowerment programs, it may be that providing skills training in urban locations would do more to accomplish these aims.

For young people who envision their future in the village but who have come to the city for a new experience, to earn more money, or to follow friends, skill development programs could offer training for higher-value-added agricultural activities and better financial management to use savings more productively. Return migrants would carry back valuable skills, therefore, that can help to promote more sustainable economic activity in NTT's rural regions. Meanwhile, for youth who have come to cities and who would

rather retain an urban lifestyle, skill development centers could offer occupational training in sectors with increasing labor demand in NTT, such as construction, real estate and tourism.

Not only would this approach harness the volumes of youth in NTT's urban centers—reaching more youth than ad hoc programs implemented in a few villages here and there—it would also grant young people more agency to choose the skills they want to develop, based on the way they imagine their future. Using limited government and non-profit funding efficiently, the same physical infrastructure could be used to train young people in both rural and urban occupations.

A final benefit to this approach would be its greater gender sensitivity. According to Perkumpulan Pikul, some female migrants are motivated to migrate by their lack of land inheritance—meaning they do not see a future for themselves in agriculture.<sup>18</sup> If women are presented with a variety of skill development opportunities in urban locations where they have migrated, they have greater agency to choose between agricultural and non-farm occupations, whether their intention is to remain in their destination or return home. The size and scope of village-based programs rarely offer the chance for this kind of gender sensitivity.

In order to achieve sustainable and equitable economic growth, it is important to understand



not only economic but also the demographic dynamics of the region. Patterns and trends in migration, factors that motivate youth to move out of their villages and then come back, and their

aspirations, skills and experiences will provide insights to guide focused policy design and intervention for holistic and long-term impact.

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# NEW ARRIVALS, NEW OPPORTUNITIES

*Tailoring labor market policies to new challenges in Sweden*

Joel Hellstrand, Guest Contributor

Joel Hellstrand is a coordinator of the unit for introduction and integration of the Swedish Public Employment Service. With degrees in Political Science and Sociology, he has specialized in the field of active labor market policies focusing on newly arrived immigrants. He has been affiliated to Swedish fast tracks created to make it easier for immigrants with skills that are in demand to establish themselves in the Swedish labor market. He has a particular interest in studying how countries can create efficient systems for the recognition of professional qualifications.

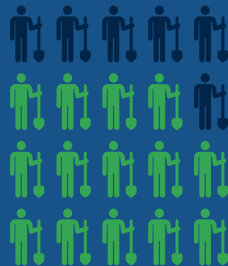
# SWEDEN



In-Migration rate  
(2015)



Size of Diaspora  
(% of Population)  
2015



72.7%  
Foreign LFPR  
(2015)



79.6%  
Native LFPR  
(2015)



TOTAL REMITTANCES RECEIVED ANNUALLY (USD) 2016 - **\$16.68 BILLION**

Foreign LFPR - The foreign-born participation rate is calculated as the share of employed and unemployed foreign-born persons aged 15-64 in the total foreign-born population (active and inactive persons) of that same age.

Native LFPR - The native-born participation rate is calculated as the share of employed and unemployed native-born persons aged 15-64 in the total native-born population (active and inactive persons) of that same age.

Source: OECD (2018), UN (2017)

# NEW ARRIVALS, NEW OPPORTUNITIES

## *Tailoring labor market policies to new challenges in Sweden*

**Joel Hellstrand**, Guest Contributor

One pillar of Sweden's economic model is active labor market policies that aim to upgrade the skills of unemployed workers, enhancing their labor market prospects while also enhancing the possibilities for productive companies to recruit. Beyond the social benefits to workers and the supply of skilled labor to firms, these policies facilitate a continuous process of structural transformation in the economy: when low-productivity companies fail, their former employees are up-skilled and end up in higher-productivity companies. This is one of the reasons why Sweden has not only had some of the world's highest living standards, but also one of the world's most productive workforces. At \$56.39 per hour worked, Sweden's labor productivity as of 2016 was about 18 percent higher than the OECD average.<sup>1</sup>

Today, the Swedish model faces a test: Employers in many sectors are finding it increasingly difficult to recruit skilled labor, while at the same time persons from outside the European Union struggle to integrate into the labor market. In 2014 and 2015, Sweden witnessed the arrival of

almost 244,000 asylum seekers, and as of 2017 almost 144,000 had been granted refugee status and the right to stay in Sweden.<sup>2</sup> Another 50,000 residence permits have been granted to family members of refugees.<sup>3</sup> The number of people in the workforce has risen considerably in recent years, with people born abroad responsible for the bulk of workforce expansion. The Swedish government has been striving to adapt the training, education and labor market schemes that are central to the country's economic model to cater to the needs of the newly arrived refugee population. While the imperative of integrating migrants into Sweden's workforce is not new – the country has historically depended on migration to provide employers with skilled labor – the skills required by the labor market now are different and fast-changing, and the pace, scale and character of migration is different from the past.

This chapter will describe the influx of refugees over the past few years, the labor market implications of Sweden's changing workforce composition, and what is being done to improve employability among newly arrived refugees.

## The arrival of refugees: 2015-2017

In 2015, some 163,000 asylum seekers arrived in Sweden – the highest per-capita influx of asylum seekers ever registered in a single year in any OECD country.<sup>4</sup> Alarmed by the volume, the government and the parliament changed migration policy so that asylum seekers would only be granted temporary rather than permanent residence.

The government also introduced border controls to limit the flow of refugees into Sweden, and in 2016 the number of arriving asylum seekers fell to 29,000.<sup>5</sup>

In 2015, almost 52,000 people were granted refugee status and the right to stay in Sweden or were granted a right to stay on the basis of their relative being granted refugee status. The corresponding numbers for 2016 were 87,000 and for 2017 were 56,000.<sup>6</sup> In other words, Sweden's population of lawful residents swelled by nearly 200,000 in just three years – significant in a country of less than 10 million people.

Once given refugee status and a residence permit in Sweden, the vast majority of new working-age arrivals are enrolled in the Swedish Public Employment Service (PES). Since 2010, the PES has provided a special program to support refugees during the two years following their

receipt of a residence permit. Between January 2014 and January 2017, the number of persons participating in the establishment program more than doubled – increasing from about 30,000 to 70,000 persons.<sup>7,8</sup>

Some regions and municipalities in Sweden were more affected by the influx of refugees than others in 2015 and 2016. In extreme cases, the number of asylum seekers grew so quickly that new arrivals constituted nearly 10 percent of the municipal population.<sup>9</sup> In general, towns in the countryside with more available housing came to host considerably higher shares of asylum seekers. Sweden's persistent housing shortage has exacerbated the challenge of refugee integration,

because those areas where labor demand is strong are also those where the housing shortage is most severe. To tackle this problem and to ensure that responsibility for integrating refugees is more even, the Parliament enacted a new rule: starting in March 2016, every municipality is obliged to receive newly arrived refugees independent of its housing situation. The number of refugees a municipality must accept is determined by the municipality's population, its labor market situation, and the number of refugees it has already received. The new policy has had the intended effect – municipalities are now receiving new arrivals more evenly.

*The number of asylum seekers grew so quickly that new arrivals constituted nearly 10 percent of the municipal population.*



## Sweden's labor market: High demand, high expectations

Among OECD countries, Sweden's employment rate is one of the highest and the gender gap in employment is one of the lowest. High employment rates for women and older workers keep the overall employment rate very high. Moreover, the high employment rate is a precondition for the Swedish welfare state, which relies on tax revenue from personal income. In contrast, many refugees come from countries where the employment rate is much lower and where a far smaller share of women are employed. Whereas Sweden's overall employment-to-population ratio (ages 15+) was 60 percent in 2017, the ratio was 35 percent and 43 percent in Syria and Somalia, respectively. These lower rates of workforce participation are structural rather than purely a consequence of recent conflict. For example, in 2010, before the outbreak of the Syrian civil war, the employment-to-population ratio in Syria was 39 percent.<sup>10</sup> These low rates of workforce participation are largely attributable to a massive gap in men's and women's rates of participation. Only 7 percent of Syrian women, 17 percent of Somali women, and 17 percent of Iraqi women are employed.<sup>11</sup>

Put simply, one of the first hurdles that newly arriving refugees must confront, both men and

women, is the mere *expectation* from Swedish society that more members of the household – and specifically more female members – will engage in paid work. This expectation is embedded in the social contract that enables the country's strong social welfare system. Levels of workforce participation in origin countries speak little to a refugee's willingness to work – this is not the question. The challenge, more specifically, is

***Levels of workforce participation in origin countries speak little to a refugee's willingness to work. The challenge, is how to integrate workers, who may have little labor market experience.***

how to integrate workers, primarily women, who may have little labor market experience.

Employers in Sweden, moreover, are in need of the additional workforce. Almost all sectors of the Swedish economy are currently reporting problems with recruiting labor. This applies

both in the private and the public sector. One consequence of the shortage is that employers are starting to lower the skill requirements for vacant positions or trying to make the current workforce more productive by redistributing less qualified tasks to the newly employed who possess less formal education. Moreover, because the unemployment rate among Sweden-born workers is only about 4 percent, employers are increasingly turning to new arrivals to plug gaps in the labor supply.<sup>12</sup>

As in most economies, a worker's education level is the key factor shaping his/her labor market prospects in Sweden. Sweden's labor market is among the most demanding in the world when it comes to education: Only about 5 percent of jobs require less than an upper secondary education.<sup>13</sup>

While educational backgrounds of newly arrived refugees vary, about half of those enrolled in the PES establishment program have not completed upper secondary school – i.e. 12 years of schooling. Another quarter have at least an upper secondary education. The final quarter have more than 2 years of higher education – usually college graduates.<sup>14</sup>

In summary, the constellation of labor market realities in Sweden presents a particular challenge

and opportunity to the training and vocational education system in the country: integrating a record number of workers of extremely varied skill and experience levels into an economy with increasingly large demand for skilled workers.

The results from the two-year establishment program show cause for both optimism and concern. Data recorded between January and September 2018 showed that about 44 percent of people who left the two-year program were in employment or education 90 days after program completion. The figure was 53 percent for men and 29 percent for women. Intuitively, the figures are lower for those with less formal education, but the gender gap is larger. Having little formal education appears to be a much greater labor-market barrier for female refugees than male.

## Entering the labor market in Sweden as a migrant

While labor market access and employability are determined by a whole range of factors, including informal networks, this section focuses on the key factors that are formally recognized in the labor market: language skills, work experience and the level and quality of education.

### Language skills

Sweden's 290 municipalities are responsible for providing free Swedish language classes for immigrant adults. The classes are provided in different steps so that students with a higher

level of education are grouped together and those who need more support start with more basic classes. In a few regions, municipalities cooperate to provide profession-specific language training. For example, the Stockholm region provides language training for medical personnel, engineers, software developers, teachers, and truck drivers, to name a few. Over the past few years, municipalities have struggled to provide the quantity and quality of Swedish classes required for the major influx of refugees, facing teacher shortages. Confronting this situation, municipalities and the PES had to offer

alternatives, such as internships<sup>1</sup> to encourage language training in a working environment or activities provided by civil society. In some cases, such measures proved more efficient than the traditional classroom environment, given that language acquisition depends on social interaction. However, acquiring language skills through an internship requires a tutor and a learning plan; for small or under-resourced companies, this additional burden can be an issue.

Beyond the municipality-provided language classes, the Swedish PES also provides profession-specific language training that can be combined with subsidized employment, internships or vocational education. Some of the universities in Sweden are also providing language courses geared toward making immigrants eligible for higher education.

### Work experience and education

Given that immigrants come from a different education system and labor market, employers struggle to assess the content and level of their qualifications, making it especially difficult for them to find employment. There are a few measures in Sweden aimed at tackling this problem:

- The Swedish Council for Higher Education evaluates foreign qualifications in order to

***Given that immigrants come from a different education system and labor market, employers struggle to assess the content and level of their qualifications, making it especially difficult for them to find employment.***

provide support for people looking for work in Sweden. The council determines equivalencies of different foreign degrees in the Swedish education system, enabling employers to assess the level and content of an applicant's education. The council evaluates foreign higher education, post-secondary vocational education and upper secondary education. In 2017, the council received about 29,000 applications

for evaluation of foreign qualifications and about 12,000 of those concerned college degrees. The number of applications has increased considerably over the last several years; in 2013 the council had received only about 14,000 applications.<sup>15</sup>

- For skills not obtained in formal educational institutions, the Swedish PES uses a program called on-the-job assessment (*yrkeskompetensbedömning*). An employer in a sector relevant to the qualifications of the newly arrived person carries out the assessment. After a three-week period of on-the-job assessment, the employer gives a written report of the individual's skills and a recommendation for further development, which could be program-specific language training, a bridging program (see below) or an internship. This written assessment can also be used when the person seeks employment.

<sup>1</sup> An "internship" is of no costs to the employer. The intern receives a benefit from the state.

Not only does this system provide scope for recognition of prior skills, including non-certified skills, it can also help the individual build a professional network in the sector. Such an assessment is particularly important in cases where the new arrival developed his or her skills through informal means – for example, a car mechanic who learned on the job but never took formal classes.

- Another way to assess non-formal qualifications in Sweden is to validate skills according to an agreed standard for a specific sector. In some sectors, trade unions and employers' organizations have created national validation schemes. Immigrants who seek to validate unrecognized skills can do so through a test, in which both theoretical and practical skills are assessed.

### Fast tracks for new arrivals

In order to shorten the time in unemployment for newly arrived immigrants with qualifications that are in demand in the Swedish labor market, the government initiated a fast-track scheme in 2015, bringing together trade unions, employers' organizations, the Swedish PES and other authorities. The imperative for addressing the trade unions and the employers organizations was that they have the knowledge of what constitutes the thresholds to enter the labor market but more importantly they possess some of the tools to reduce the thresholds. A series of tripartite agreements for different sectors emerged from these discussions, which focused

on bridging the gaps in immigrants' pathways toward obtaining a high-skilled job. Employers' organizations committed to encourage employers to offer internships and to recruit new arrivals with the right skills. The Swedish PES committed to offer validation schemes, bridging courses and profession-specific language courses. The agreements contain a chain of activities that assess, test and bridge the skills of new arrivals. In some sectors, employers have stepped up considerably to offer internships. About 7,000 newly arrived persons have participated in a fast-track program since its start in 2016.<sup>16</sup>

### Bridging programs at the universities

The PES has also initiated partnerships with universities in order to offer bridging programs in some academic professions. These programs aim to help new arrivals with foreign qualifications to enter a high-skilled job in Sweden. Legislation, standards and practice for a given profession or sector differs across countries, so bridging courses are necessary for many professions. Currently, there are such programs for architecture, biomedical science, business administration, dentistry, economics, engineering, medicine, midwifery, nursing, pharmacy, psychology, physiotherapy, social work, law, systems analysis and education. The competition to enter a bridging program is stiff – especially for dentists, doctors and pharmacists – but the outcomes from the program are positive. For the regulated professions the student will receive a license to practice if she or he passes the training which is a precondition for entering the profession.

## Closing the employment gap: Making space for newly arrived women with non-formal skills

Facilitating labor market access for new arrivals with non-formal skills and little to no formal education is one of the key challenges of refugee integration in Sweden, as described above. Many of those who fall into this group are women, and many female refugees are likely to have never worked in the formal economy.

The Swedish government has recently initiated a set of programs and policies aimed at promoting the employability of this population. From the beginning of 2018, new arrivals with fewer than twelve years of formal education who are unlikely to get a job within the two-year establishment program must seek out and attend adult education in order to continue receiving the establishment benefit – a welfare payment to new refugees. However, to make this policy viable, adult education must be expanded as well as adapted to meet the unique educational needs of new arrivals. Adult education programs, provided by municipalities for the last 50 years, have historically been designed for those who dropped out of Swedish schools or who need a second chance. The large share of new arrivals who lack an upper secondary education need adult education to access the labor market – and now to receive state financial support – but the number of seats is limited and in some municipalities the

curriculum is yet to be adapted to accommodate students with limited proficiency in Swedish. As with the language courses, municipalities face shortages of qualified teachers, too.<sup>ii</sup>

While adult education may provide an entry point for many new arrivals with a low level of formal education, not all those in this population can or should take part. Many already possess non-certified but employable skills. For this group, the most viable option may be subsidized employment where the employer receives a wage subsidy from the state when he/she hires a worker who has been long-term unemployed or newly arrived. Subsidized employment has been an important part of Sweden's active labor market policies since the early 1980s. The program lowers the risk for employers to hire and gives a worker the chance to demonstrate his or her skills in the workplace. Subsidized employment generally requires a compliance officer who ensures that only those who need the subsidy are receiving it – given that the subsidy is expensive for the state. The “special employment” (*extra tjänst*) program is one kind of subsidized employment that has already proven important for facilitating labor market entry among newly arrived women. The program is for workers in the welfare, cultural or non-profit sector.

<sup>ii</sup>National Agency for Education “Redovisning av uppdrag om hinder för individer med bristande kunskaper i svenska språket att delta i utbildning inom kommunal vuxenutbildning”

Labor market information and career guidance are critical to enhancing labor market access for refugee populations with short formal education. In many cases, new arrivals may not be aware of the kinds of jobs that are available to them. For example, a few months of adult education provided by PES may be adequate for becoming a bus driver, excavator driver or a real estate manager. Women from societies where the labor market is highly male-dominated are unlikely to know about social services available in Sweden that help women to work – namely child care services

***Labor market information and career guidance are critical to enhancing labor market access for refugee populations with short formal education.***

and the right to work part-time when one has small kids. This is of course important information

to women and men coming from countries where such structures are non-existing so that the pressure on women to take care of the kids within the family decreases. In this regard, creating career guidance

programs for both men and women is critical and is an area of improvement.

For many who lack experience from the formal labor market, it is crucial to also work on the self-esteem related to labor market entry. Study visits to employers is one way of achieving this.

## Employer engagement in long-term competence provision

Increased cooperation between the PES, employers and employers' organizations can also improve the ability of Sweden's labor market to integrate workers with little formal education or work experience. While Sweden's school system and active labor market policies have long provided employers a steady supply of qualified workers, the new labor market reality – an abundance of immigrant workers amidst skilled labor shortages – creates an incentive for the private sector to participate more actively in training and up-skilling the workforce. Some employers are already engaged in such activities,

providing tutoring opportunities for unemployed persons and students. These training and tutoring programs can function as both corporate social responsibility initiatives as well as recruitment opportunities. Some employers even see them as a way of identifying good leadership skills within their own teams – since a good tutor usually has the interpersonal skills necessary for leadership.

The PES and the actors who provide adult education need to build their cooperation with sector organizations and employers around concrete opportunities for students and the

unemployed to get on-the-job training. This could mean, for example, placing adult education students in internships with local firms, making it easier for the employer to identify and hire new staff. A few initiatives have been undertaken over the last few years to enhance support for students or interns who have weak knowledge of Swedish. One sector that has been a positive example offering internships and guidance

for newly arrived refugees is the pharmacy sector. The employers' organization has made a commitment to tutor newly arrived pharmacists in the Swedish language, sub-field vocabularies, and how pharmacies are run in Sweden. This commitment has made it much easier for immigrant pharmacists to enter the labor market in the sector that can best utilize their skills.<sup>iii</sup>

## Conclusions and next steps

Sweden's workforce has expanded considerably in recent years due to the influx of migrants. While the pace of future growth may not match the record-setting numbers of 2015, migration to Sweden is a trend that is here to stay. Not only is there enormous demand from migrants across the world for the chance to live and work in Sweden, employers in Sweden will rely more and more on foreign-born workers in the future. According to a prognosis from the PES, about seven out of ten new jobs in Sweden in 2018 and 2019 will go to foreign-born workers.<sup>17</sup>

The initiatives underway in Sweden to support labor market integration of new arrivals offer cause for optimism. Even migrants with little formal education are finding avenues for employment in Sweden. Nevertheless, considerable challenges remain, especially in addressing the considerable gender gap in employment. The following concrete steps ought

to be taken by the municipalities, the PES and the new government to handle these gaps.

- Greater incentives and assistance to municipalities to expand and adapt adult education to newly arrived migrants who have poor formal education.
- Improved coaching and career guidance programs directed towards unemployed who lack formal education and experience of paid work. Local projects have developed methodologies that could be used more systematically.
- Increased involvement from employers and employers' organizations to provide internships, on-the-job training or other activities with the goal of increasing the provision of skilled labor in the sector. A stronger cooperation is needed between the PES, providers of adult/vocational education and employers.

<sup>iii</sup> See for example Hälsingsborgs dagblad *Kronans apotek fångar upp nyanlända* <https://www.hd.se/2017-02-22/kronans-apotek-fangar-upp-nyanlanda>

Sweden is familiar with the challenges and opportunities that arise through immigration. In the 1960s and 70s, labor migrants arrived from countries such as Italy, Greece and Finland to work in the fast-growing industrial sector. Over the last years, conflicts in the Middle East and North Africa have brought a new population to Sweden in search of a better life. In the future,

climate change may spur new waves of migrants looking to live and work in Sweden. If Sweden continues to build and strengthen its model for labor-market integration, it can serve as a positive example for other prosperous Western countries, demonstrating the positive social and economic potential inherent in immigration.



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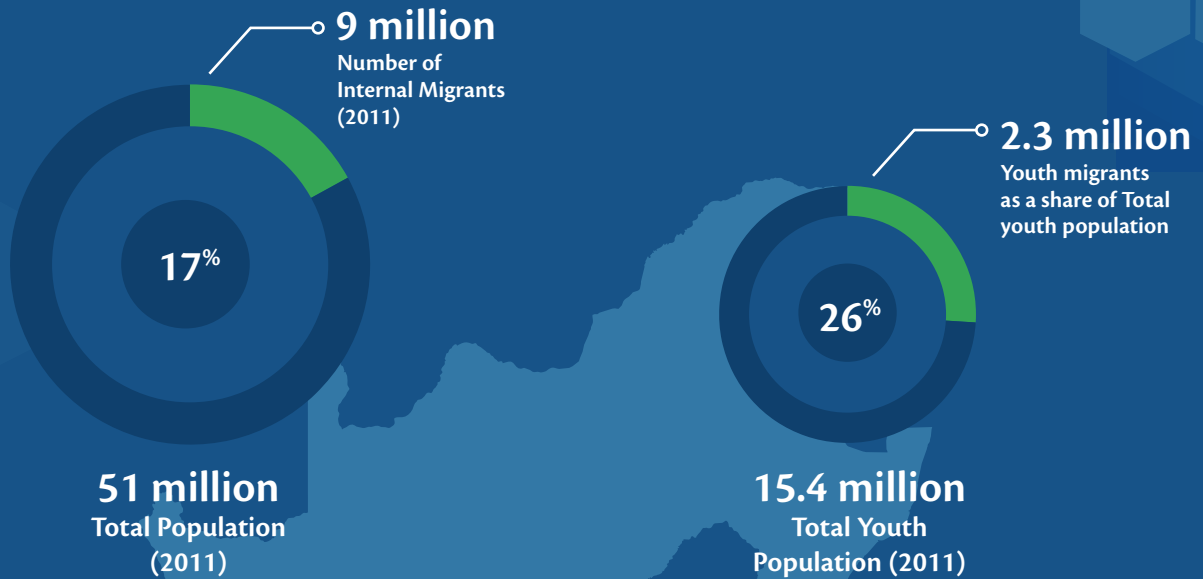
# POLICY IMPLICATIONS FOR A MOBILE WORKFORCE

*Transport costs as a barrier to employment*

Shaista Amod, Julia Taylor & Rob Urquhart, Harambee

Harambee Youth Employment Accelerator (“Harambee”) is a not-for-profit social enterprise that works through public-private partnerships to build solutions that address the “mismatch of demand and supply” in the youth labour market. Harambee works with 450+ employers – from large corporates to small businesses to microenterprises – across all economic sectors from retail, hospitality, tourism, banking, insurance, business services, information technology, manufacturing and mining to social community services. We partner with businesses to match their entry-level job requirements to a network of high-potential work-seekers who have been locked out of the formal economy, typically because they have no social networks and come from poor households. We have scaled significantly over seven years to support over 450,000 young people in their search for employment and linked over 55,000 of these young people to employment with 450 of South Africa’s top companies spanning the retail, hospitality, tourism, financial services, insurance, business-process outsourcing, professional business services, manufacturing, technical and industrial sectors.

# SOUTH AFRICA



## DISTRIBUTION OF MIGRANTS BY EDUCATION\*



\* based on the data of those who have migrated between 2006-2011

# POLICY IMPLICATIONS FOR A MOBILE WORKFORCE

## *Transport costs as a barrier to employment*

**Shaista Amod, Julia Taylor & Rob Urquhart**, Harambee

### Introduction

South Africa has an exceptionally high unemployment rate. By the narrowest measure, national unemployment averaged 25 percent between 2008 and 2016, and unemployment for youth (aged 15 to 24) averaged 50 percent.<sup>1</sup> Since 2011, economic growth has been declining and unemployment has risen, increasing competition and desperation for jobs. High unemployment in South Africa is a complex issue influenced by many factors, including a mismatch between a large supply of low-skilled workers and demand for scarcer high-skilled labor; poor quality education; an unusually small informal sector; and labor laws that, some argue, constrict employment growth.<sup>2</sup> Spatial mismatch – the mismatch between residential location and economic opportunities – is another factor that influences unemployment

rates in most metropolitan areas.<sup>3</sup> Spatial mismatch is entrenched by the country's long history of migrant labour and unequal access to economic centers. Race-based restrictions on economic access were central to apartheid policy, which has contributed to a legacy of spatial segregation of black<sup>4</sup> labor from economic hubs. Economically excluded populations live on the outskirts of cities without affordable, accessible public transport into the centers. High transport costs thus become a barrier for low-income groups in searching for jobs and sustaining employment. As part of its broader effort to address supply-demand mismatch in the South African labor market, Harambee has tested several interventions with employers that aim to assist youth workers in managing transport costs.

<sup>1</sup> We use the term 'black' to denote the African, mixed-race and Asian race groups. Note, however, that apartheid policies did not disadvantage these groups equally. African people were consistently the most severely targeted and continue to be worst affected.

This chapter begins with a brief discussion of the issues and research surrounding transport costs as a socio-economic barrier, before moving on to an analysis of Harambee data on transport costs incurred by youth in their job search and work commutes. These data are focused specifically on young people marginalized within the formal labour market, rather than representative of unemployed and employed groups in general. As transport policy, prices and access varies

across provinces, we will focus on Gauteng – where the majority of our sample reside – as a case study. Gauteng is an appropriate choice as it is the commercial hub of South Africa, hosting Johannesburg and Pretoria, as well as the most populous province, largely because of in-migration to seek work.<sup>4</sup> We will conclude with policy implications for national and local government as well as for the private sector.

## Transport costs as a barrier

### Employment barriers differ across race, location and income levels

Apartheid policies deliberately targeted groups on the basis of race, and race remains a determinant of access to services and employment in South Africa. However, race is not the only barrier. Budlender and Royston's work, which controlled for race, confirms that residential location has a significant impact on probability of unemployment nearly everywhere in South Africa, except in Nelson Mandela Bay (Eastern Cape) and Cape Town.<sup>ii</sup> Furthermore, given the poor quality of the South African education system, employers have prioritized work experience as a proxy for entry-level skills. Lack of work experience thus restricts employment opportunities.

Income and location will determine the extent to which transport costs act as a barrier to employment. Research has highlighted transport

costs as an aspect of job search costs that prevent youth from looking for work if they do not have access to finance or income.<sup>5</sup> Compared to the OECD average, commuting times are significantly higher in South Africa, and highly differentiated by race; black commuters, who tend to live further from jobs, have average commute times of 88 minutes per day compared to white South Africans whose average commute time was 54 minutes per day.<sup>6</sup> The National Household Travel Survey (NHTS) also shows a positive relationship between commuting times and transport costs – meaning those who spend longer commuting also pay more to travel to work.<sup>7</sup> Economic exclusion due to spatial inequality is compounded because employees with higher incomes are able to recoup transport costs, as they pay only a small portion of their income for transport, which gives them flexibility to spend higher if required, whereas those with lower incomes cannot do so.<sup>8</sup>

<sup>ii</sup> The authors note that their methodology was not well-suited to Cape Town's natural geography, so their findings do not imply absence of spatial mismatch.

In addition, the NHTS illustrates that the costs and modes of transport differ across provinces, with transport prices consistently highest in Gauteng. In six years of operating in the entry-level labour market, specifically with lower-income groups, the feedback from candidates who come to Harambee also highlights transport costs as a major barrier to finding a job.

### A brief overview of public transport policy

Under apartheid, outlying areas with majority black populations were not well linked by public transport to economic centers. This was a deliberate component of the ‘separate development’ policy, which mandated that different racial groups would be responsible for their own development – while reserving the most lucrative and highly developed areas for white people. Legislation entrenched white ownership of facilities and forced removals of black people from areas in proximity to economic centers. In 1986, due in part to chronic under-provision of public transport, the private minibus taxi industry was legalized.<sup>9</sup> Although a largely unregulated and unsubsidized industry, such taxis “remain the dominant public transport mode used across all provinces,” with these rides comprising approximately 70 percent of public transport work commutes today.<sup>10</sup>

Following the end of apartheid, transport policy was debated with an understanding of the socio-

economic impact of improved access. However, policy at the national level lacked integration with housing policy (determined separately at the national level) or urban planning (occurring primarily at the provincial and local levels). The emphasis in housing policy was on providing home ownership to low-income individuals, which required building more houses in cheaper outlying areas, rather than easing spatial mismatch.<sup>11</sup> Housing policy thus reproduced the same spatial segregation that had occurred under apartheid. At the same time, implementation of public transport policies was very slow and insufficiently funded. Public transport modes, planning and funding structures remain highly fragmented even today.<sup>12</sup> More problematically,

***Transport policy has focused on motorized transport and has neglected a lower-income minority that use non-motorized transport, such as walking or cycling, which can be a cheaper alternative.***

public transport subsidies are overwhelmingly bus-oriented, thus failing to benefit the taxi-using majority.<sup>13</sup> National policy aims for people to spend no more than 10 percent of their disposable income on public transport, but Ngarachu *et al* suggest that lower-income workers are spending up to 24 percent. This is higher than other country’s averages (household expenditure on transport is 11.4% of disposable income in the UK).<sup>14</sup> In addition, because transport policy has focused on motorized transport and has neglected a lower-income minority that use non-motorized transport, such as walking or cycling, which can be a cheaper alternative. These transport methods are dangerous as the transport infrastructure



is not holistic and thus does not accommodate pedestrians and cyclists.

### Gauteng in focus

As transport prices and patterns differ across provinces, we will focus on Gauteng specifically. In many ways, Gauteng illustrates the policies discussed above. For example, rapid in-migration and post-apartheid focus on housing delivery exacerbated existing spatial segregation in Gauteng. The province suffers from extremely high inequality, with unemployment and average household income varying dramatically across sub-regions. The Gini coefficient<sup>iii</sup> for Gauteng is 0.7, which is higher than the national average of 0.68 and also higher than other major cities in Africa, such as Nairobi, whose Gini coefficient is 0.59.<sup>15</sup> Transport is expensive in Gauteng, and public transport access has historically been poor, although the Bus Rapid Transit system is gradually increasing access. On average, walking remains the predominant travel form, largely because public transport is difficult to access.<sup>16</sup>

Gauteng is also an example of complications with the proposed devolution of transport functions to the municipal level, as the province contains

three of South Africa's largest metropolitan municipalities – Johannesburg, Tshwane and Ekurhuleni – in close proximity to one another. Flows of people, goods and services have been increasing across these metropolitan areas. However, the 2007 Bus Rapid Transport System, with municipalities implementing and managing their own bus rapid transport infrastructure, is not integrated across the province. There is an increasing need for transport policy to be

***There is an increasing need for transport policy to be integrated across the different urban areas. For those people living outside of the main metros travel to other municipalities comprises 20 to 50 percent of their most recent trips... Low mobility is "a major impediment to efficient functioning of the labor market and contributes to the high unemployment and search costs."***

integrated across the different urban areas. For those people living outside of the main metros (Johannesburg and Tshwane) travel to other municipalities comprises 20 to 50 percent of their most recent trips.<sup>17</sup> In their spatial mismatch analysis, Budlender and Royston concluded that access to economic opportunity could be misrepresented for some areas if the municipalities were analysed in isolation. Although Gauteng is the most productive and innovative province in the country, the unemployment rate is one

of the highest in the country at 29.7 percent.<sup>18</sup> Low mobility is "a major impediment to efficient functioning of the labor market and contributes to the high unemployment and search costs."<sup>19</sup>

<sup>iii</sup> The Gini coefficient measures income inequality. The metric is a scale from 0 – perfect equality to 1 – perfect inequality.



# Empirical analysis of transport costs

## Data description and characteristics

The analysis in this section is based on Harambee’s Employment Journey (EJ) survey, which is used to track employment outcomes of Harambee candidates over time. While we have chosen to focus on Gauteng, the survey covers a wider geography. Completion is voluntary. The EJ is sent six times to every person who has participated and been assessed in Harambee’s workseeker support programme — every four months after assessment over two years. This sample includes

a total of 8,542 responses from February to July 2017. Of these respondents, 6,795 (80 percent) report transport costs relating to job search, previous employment or current employment.<sup>iv</sup> The other 20 percent did not report on transport costs (this is not to say that there were no transport costs to report). **Table 1** presents the demographic characteristics of the sample. Note that Harambee candidates tend to live in informal settlements far from economic centres, as illustrated by **Figure 3**. The majority of our sample is unemployed, and most (54 percent) of

Table 1

### Characteristics of Harambee Employment Journey survey sample (EJ)

Age	Mode	24 (14%)
	Distribution	21-28 (81%)
Sex	Male	36%
	Female	64%
Location	Gauteng	62%
	Kwa-Zulu Natal	14%
	Other	23%
	NA	1%
Employment status	Employed	
	Unemployed	
	Unemployed, searching	
	Unemployed, not searching	
Total sample size (N)		8542

**Source:** Based on Harambee’s Employment Journey (EJ) survey

<sup>iv</sup> If we include implicit zeroes (the 608 respondents who are unemployed but not searching for work), this becomes 87% of the sample.

the employed respondents have been employed for less than 12 months.<sup>v</sup>

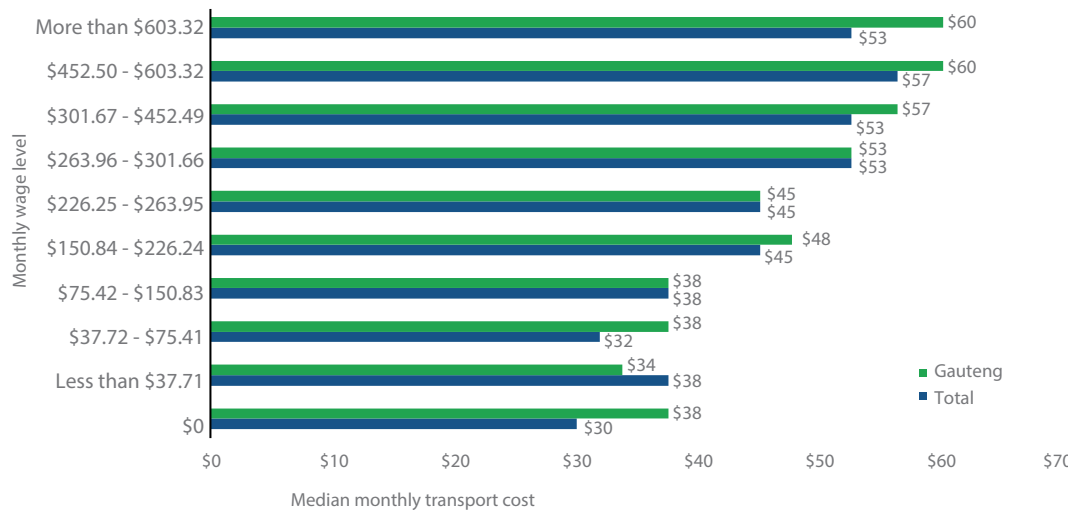
Generally in South Africa, employment rates vary sharply depending on factors including race, education and age. This is not the case in our sample, where these factors are similar across employment status, largely because the entire sample is comprised of disadvantaged youth.<sup>vi</sup> As a whole, our sample is representative of youth struggling to enter the formal labour market in metropolitan areas, rather than representative of the entire South Africa labor force.

### Unemployed sub-sample

Nearly 6,000, or 70 percent, of our sample is currently unemployed. Approximately 95 percent of the unemployed respondents looking for jobs reported transport costs related to job search, with a median of 350 ZAR (US\$ 26.40)<sup>vii</sup> per month. This is a significant monthly outlay, considering that Harambee candidates tend to use social grants as an income to look for work. South Africa has a well-established social welfare system which pays 17 million social grants monthly. There are seven different types of grants which broadly provide support for childcare, disability, and pensioners. Note though that South Africa does not have

Figure 1

### Median transport costs of employed Harambee candidates by wage level



Source: Based on Harambee's Employment Journey (EJ) survey

<sup>v</sup> We did not have a strong prior expectation of monthly transport costs, thus we were conservative in excluding outliers (our cutoff was \$603/month, as only 3% of our sample have a monthly wage above \$603). Therefore, we used the median for graphs, but report both mean and median as the NHTS reports mean values only.

<sup>vi</sup> However, there is some variation by gender. Women are statistically underrepresented in the employed group, comprising just 58% although they are 64% of the total sample.

<sup>vii</sup> Rand amount converted using the ZAR/USD exchange rate of R13.26/\$1 as at 1 August 2017.

any grant for unemployed youth, so these grants are part of household income generally. This median amount, US\$ 26.40, is 22 percent of a pensioner's or disability grant and 92 percent of a child support grant. Only 23 respondents (0.6 percent of the unemployed actively looking for work) say that they do not spend anything on transport costs relating to job search. The median for transport costs incurred by unemployed respondents is strikingly similar to that incurred by employed but unpaid respondents (usually in unpaid internships or volunteering), who spend approximately US\$ 30 per month (Figure 1). This implies a floor for transport expenses if entering the formal labour market in South Africa.

There is a large difference between the aggregated medians for unemployed and for employed groups (Table 2). This seems reasonable as employed respondents would have less flexibility

in their transport times, modes and routes. More importantly, unemployed respondents would not be able to afford commuting as frequently as employed respondents. Only 13 percent of employed respondents work fewer than five days per week, yet 56 percent of the searching unemployed looked for work at that same frequency. Our monthly measures do not control for differences in job search frequency within the unemployed group. For example, spending \$26.40 monthly may cover transport for job search twice a month from an outlying township like Orange Farm or daily in Johannesburg (Figure 3). When we convert the monthly transport cost into a comparable daily cost, we find that candidates spend a median \$2.15 per day to look for work, or a median \$43.10 per month if searching for work five days a week.<sup>viii</sup> This rescaled monthly median is much closer to the median for employed

Table 2

### Monthly transport costs (USD)

	Employed		Unemployed		Employed (NHTS*)		Unemployed (Siyakha)	
	Total	Gauteng	Total	Gauteng	Total	Gauteng	Total	Gauteng
Mean	50.92	54.40	32.40	32.22	41.13	50.00	42.08	-
Median	45.25	45.25	26.40	26.40	-	-	26.40	-
Mode	37.71	37.71	22.62	22.62	-	-	-	-
N	2089	1367	3563	2306	-	-	1533	-
Proportion of sample	24.46	16.00	41.71	27.00	-	-	76.92	-

\* The NHTS was conducted around March 2013, thus we have inflated the monthly figures (for taxi costs) using the private transport consumer price indices from Statistics South Africa.

Source: Based on Harambee's Employment Journey (EJ) survey

<sup>viii</sup> We convert the monthly transport cost into a daily cost by assuming four weeks in a month and seven days in a week, e.g. if transport costs \$20 monthly and the respondent looks for work three days per week then the daily cost is  $\$20/(4 \times 3) = \$1.67$ .

candidates, implying that the median trip cost is similar across unemployed and employed groups.

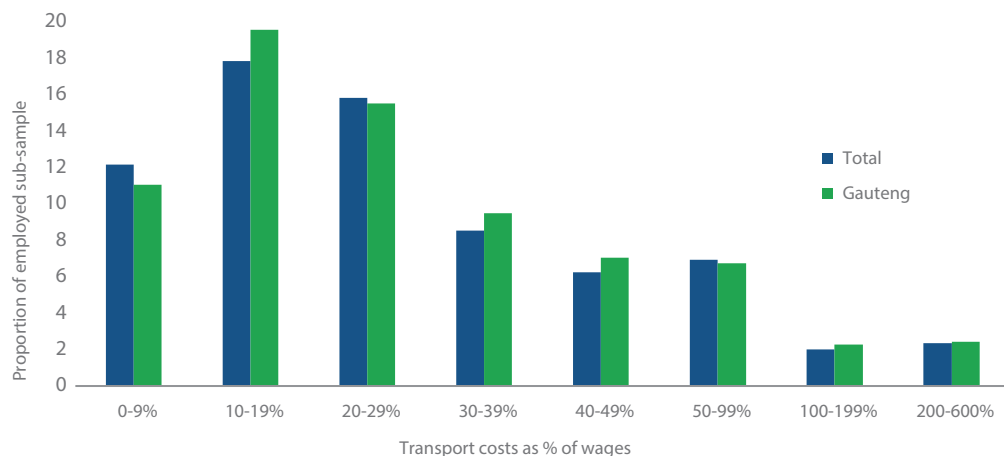
### Employed sub-sample

A majority of our employed respondents earn \$263.95 or less per month. **Figure 1** shows that the median transport cost tends to increase as wages increase, although not proportionately, meaning those who earn less also tend to spend a greater share of their income on commuting. **Figure 2** shows the distribution of transport costs as a proportion of wages, taking the mid-point of wage categories as a proxy for wages.

It is unlikely that youth competing for entry-level or low-wage jobs in South Africa would be able to negotiate their wages in response to transport costs, given the extremely high rate of youth unemployment. Instead, **Figure 1** shows

a correlation between income (wage level) and transport costs, illustrating that higher earning employees are willing and able to spend more on transport as their wages increase. For example, they may choose more expensive and efficient forms of transport. As their wages or term of employment increases, some respondents are also likely to move closer to their jobs and so substitute higher housing costs for transport costs. Increased spending on housing instead may be why the highest earning group does not have the highest median transport costs. Kerr found that commute times are low for those in the lower income quintiles, are longer in the medium income quintiles and are low for those in upper quintiles. This is due to use of different modes of transport, with the lower quintiles walking, the middle quintiles using public transport and the higher quintiles using private cars.<sup>20</sup>

**Figure 2**  
**Distribution of transport costs (% wage)**



**Source:** Based on Harambee's Employment Journey (EJ) survey

The sample groups illustrated in **Figure 2** spent a median 21.33% of wages on transport. In general, respondents spending more than 40 percent of wages on transport say that they are struggling with their transport costs, while those spending less than 20 percent report coping with transport costs. Taken together, these numbers imply that approximately half of the employed group are spending unsustainable proportions of their wages on transport, according to the national policy which identifies 10 percent as a sustainable proportion. The middle group (20-39 percent) is neutral on the issue of transport costs, which is perhaps an indication that their transport spending is manageable in the short term but not sustainable.<sup>ix</sup>

### Comparison with other sources

Our results for the unemployed sub-sample are in line with other research (**Table 2**). However, the transport costs for our employed sub-sample look high compared to sources such as NHTS, Ngarachu *et al* and the Income and Expenditure Survey.<sup>21</sup> Note though that we must distinguish between transport costs as a proportion of wages and as a proportion of income, as our respondents are likely to have other sources of income in addition to wages, such as social grants, especially at the lower end of the wage distribution. Social grants can add between R410 (US\$30.92) per month (Child Support Grant) and R1,710 (US\$ 128.96) per month (Old Age Pension).

Nonetheless, we think relatively higher transport costs in our sample are also plausible. One of the mechanisms by which spatial mismatch operates is that workers refuse a job that is too costly because of commuting time and costs.<sup>22</sup> In this case, we think the opposite may be true for some respondents. They are working in jobs that impose transport costs in excess of what they can afford, in line with Graham *et al* suggesting that unemployed youth find any job preferable to no job, regardless of their reservation wages.<sup>23</sup> They may view this as a temporary hardship with the (potentially unrealistic) expectation of higher wages in the near future. In other words, these transport costs may look unsustainable because they are unsustainable. Thus, average transport costs for a group that has been employed over a longer period may look quite different as some respondents leave jobs that impose unsustainable transport costs. Some candidates may feel that they have to manage the cost so they can acquire the work experience needed for future labour market prospects as work experience is another barrier to first-time workseekers.<sup>24</sup>

### Gauteng results

We focus on Gauteng transport costs for the unemployed sub-sample as there is less existing research for this group. Note that transport costs are very similar for Gauteng and for the total sample, likely because of the demographic homogeneity of the group and because the sample is based entirely in metro regions.<sup>x</sup>

<sup>ix</sup> Note also that median transport costs jump from \$11 for the lowest-spending group to \$43 for the second group. Thus, respondents in the group spending the lowest proportion of their wages on transport are generally in that category because their transport costs are low, rather than because their wages are high.

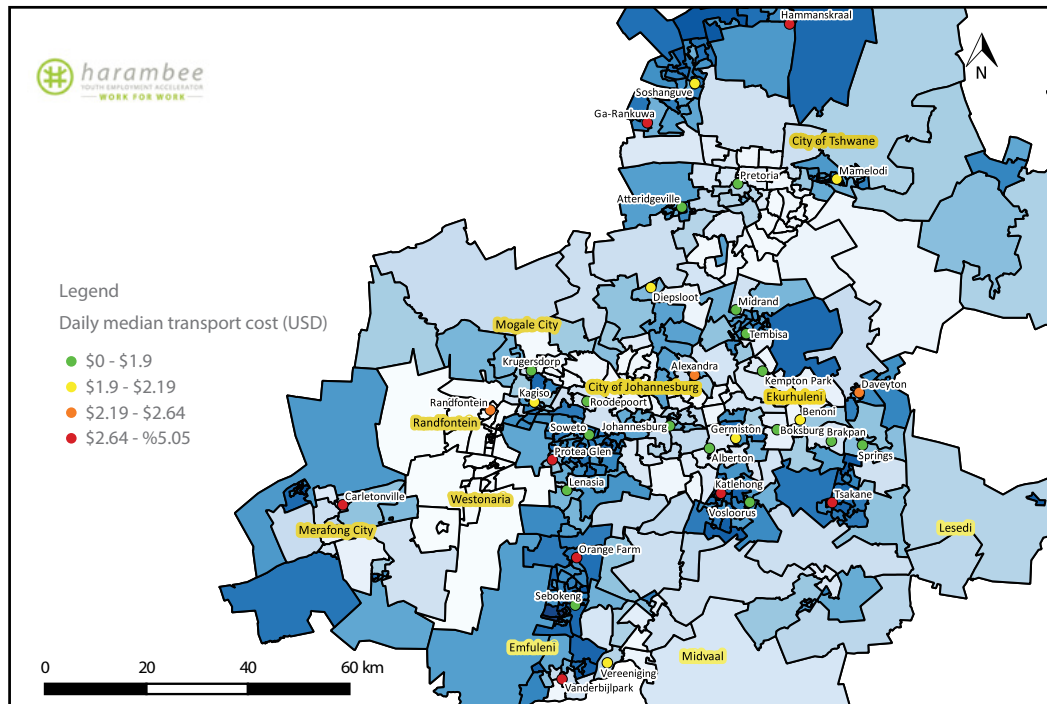
<sup>x</sup> Graham *et al* find large differences in the transport component of job search costs between metro and non-metro regions.

**Figure 3** shows transport costs for the searching unemployed by location within Gauteng. We have used the rescaled daily median transport cost to ensure comparability across location (this is equivalent to calculating a return trip cost rather than a monthly spend). Most of these residential locations are informal settlements. Mapping distance to economic centres in the province is complicated by the existence of three metropolitan areas and thus by multiple economic hubs. The background to the map shows unemployment by ward while the coloured dots show transport costs within our

sample. Unemployment rates from the 2011 Census ranged from 4 percent to 51 percent.<sup>xi</sup>

The map shows significant variability in trip cost by area. As we would expect, areas that are further away from job centers – such as Hammanskraal or Tsakane – experience higher transport costs. This is where a large proportion of low-income workers, who travel into the city center reside. On the other hand, areas with more economic activity and local jobs incur much lower trip costs (e.g. Pretoria or Boksburg) but housing costs in these areas are much higher. Ekurhuleni

**Figure 3**  
**Daily median transport costs for unemployed Harambee candidates in Gauteng**



Source: Based on Harambee’s Employment Journey (EJ) survey

<sup>xi</sup> Unemployment rates were not available for Randfontein or Westonaria wards.

appears an especially advantageous area for our respondents, as there are local jobs as well as access to Johannesburg and Tshwane. Moving

south and west of Johannesburg, on the other hand, there are relatively fewer places where low housing costs coincide with accessibility to jobs.

## Policy implications

### National government

There is increasing awareness at the national and local levels of the need to integrate transport systems, coordinate funding and planning strategies, and reduce the time and cost involved in traveling within South African cities. National government has acknowledged that its role should be limited, as transport policy is more appropriately set and implemented at the local level. The Single Economic Transport Regulator<sup>xii</sup>, when implemented, should increase national coordination around transport policy and regulation. Furthermore, innovative pilot projects at the local level could potentially motivate national government to provide transport or job search subsidies tied to social grants in the future.

Yet there are other national-level policies that may alleviate the barrier of transport costs. Government could recalibrate housing policy as a tool to decrease spatial mismatch through such measures as boosting affordable rental

*The results underline the high cost of searching for a job in South Africa and the need for a cheaper, better digital infrastructure to support young people's job search.*

options in well-connected locations.<sup>25</sup> Even more urgently, perhaps, the results underline the high cost of searching for a job in South Africa and the need for a cheaper, better digital infrastructure to support young people's job search. National government could look at options to make the job search process cheaper and more remotely accessible, e.g. by implementing established policies that may lower the cost of mobile data and internet access.<sup>26</sup> Improved digital infrastructure for job search could increase access to the formal economy for job-seekers and entrepreneurs. There is also an urgent need to support economic activity in areas with high unemployment, especially by removing barriers to entrepreneurship.<sup>27</sup>

### Provincial/local government

Despite capacity limitations, there are promising projects occurring at the municipal level, such as Johannesburg's Corridors of Freedom initiative which uses a transit-orientated development

<sup>xii</sup> The Single Transport Economic Regulator is being established by the Department of Transport to oversee all aspects of the industry to ensure that there is regulatory certainty that will reduce the cost of doing business in South Africa. There are currently various bodies which regulate transport.

approach concentrating urban development around stations to support public transport use and developing systems to connect existing and planned developments, and bus rapid transit systems in Johannesburg, Pretoria and Cape Town.<sup>28</sup> This research suggests the positive potential of transport subsidies for unemployed young people, around \$26 per month, to support job search efforts. The Abdul Latif Jameel Poverty Action Lab (J-PAL) will be piloting just this type of transport subsidy program among young job-seekers in Johannesburg starting in 2019.<sup>29</sup>

#### Private sector<sup>xiii</sup>

Our results illustrate high costs to entering the job market, which may reduce the efficacy of unpaid work opportunities such as learnerships<sup>xiv</sup> as an entry point into formal employment. Employers are often unaware that transport costs are a barrier to entry for young employees who may reside more than one taxi-bus ride away from their place of work. Informing employers can encourage them to advertise vacancies more widely in

general (especially online) and engage remotely with applicants where possible. Harambee plays a role here by connecting job-seekers and employers without requiring job-seekers to travel to employers for every interaction. Simple adjustments, such as paying the first month's wage upfront instead of at the end of the month, can allay financial problems relating to transport

***Employers are often unaware that transport costs are a barrier to entry for young employees who may reside more than one taxi-bus ride away from their place of work. Informing employers can encourage them to advertise vacancies more widely in general and engage remotely with applicants where possible.***

costs. Employers working with Harambee in the financial and retail sectors have arranged for transport stipends in the first month of work, and some employers have agreed to subsidize transport costs in order to increase retention rates. One employer in the business process services sector fully subsidized

late-night transport and partially subsidized daily transport, with a resulting increase in retention rates well above industry norms. These employers have expressed satisfaction and surprise at the results of these interventions. While we see a slow increase in uptake of the practice of providing transport, it is yet to be an industry norm in South Africa.

<sup>xiii</sup> This sub-section is based primarily on Harambee's experiences with job-seekers and employers.

<sup>xiv</sup> A learnership is a form of apprenticeship which involves vocational training and a certification after a 12-month programme.



## Conclusion

Although there is evidence that transport costs act as a barrier to job search and employment, this topic has not been sufficiently explored because of a lack of data. Our research allows us to compare the impact of transport costs across employed and unemployed groups with similar characteristics, and also to disaggregate transport costs by area. Troublingly, employed respondents at the lower end of the income distribution are likely to be spending more than 20 percent of their wages on transport, and unemployed respondents have similar trip costs. Transport costs vary widely across different areas, even when controlling for travel reason and frequency. Overall, our results imply a high transport cost 'floor' hampering entrance into the formal labor market.

Our results are not representative of the negative impact of transport costs on job search and

sustained employment at the aggregate level. Instead, they represent a group that is among the most marginalized by South Africa's dysfunctional labor market. For this group, high transport costs exacerbate exclusion from the formal labor market. All of this underlines the urgent need for better transport systems, more affordable housing options in well-connected neighborhoods, cheaper job search infrastructure, and increased economic activity in areas with a high share of unemployed job-seekers. For the employed, firms ought to consider transport stipends, which have the potential to reduce turnover. Our research suggests there are numerous small and productive interventions that can be made by both the private and the public sectors to help mitigate the impact of high transport costs on young people seeking to enter the formal labor market.

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A woman with dark hair tied back, wearing a white short-sleeved shirt, is seated at a desk. She is looking down at a document or laptop in front of her. The entire image is overlaid with a semi-transparent green filter. The background is slightly blurred, showing what appears to be an office or classroom setting with other people in the distance.

# WOMEN, MIGRATION AND DOMESTIC WORK IN ASEAN

*Serving "The Success Story"*

Andreea R. Torre & Natalia Figge, Friedrich Ebert Stiftung

Friedrich-Ebert-Stiftung (FES) is the oldest non-profit German political foundation. Its mission is to promote and strengthen democracy through political education, dialogue, and international cooperation. FES stands for social democratic values and supports the labor movement. As the largest global center-left "think and do tank" with more than 100 offices worldwide, the work of FES intersects with politics, the economy, the trade union movement, civil society, and science. By providing more than 2,700 scholarships annually to students from socially and economically disadvantaged families, FES makes an important contribution to promoting equal opportunities in facilitating access to education.

# ASEAN



**1.7%**  
In-Migration rate  
(2015)



**3.1%**  
Size of Diaspora  
(% of Population)  
2015



Country /  
Region



Size of Diaspora  
(% of population)



Total Remittances  
received annually  
(million USD) 2016



Native  
LFPR



Foreign  
LFPR

Brunei Darussalam	24.28	-	60.44%	86.73%
Cambodia	0.47	370.6	79.76%	80.64%
Malaysia	8.29	1,584.9	64.73%	83.41%
Myanmar	0.14	681.8	63.57%	98.34%
Phillipines	0.21	31,144.6		
Singapore	45.39	-		
Lao PDR	0.33	116.0		
Indonesia	0.13	8,891.3		
Thailand	5.76	6,270.0		
VietNam	0.08	11,880.0		

United Nations Population  
Division, Trends in Total  
Migrant Stock: 2008  
Revision. Diaspora proxied  
by migrant stock.

Migration and development  
brief 29, KNOMAD  
(World Bank Group)

The International  
Labour Migration  
Statistics (ILMS)  
Database in ASEAN,  
ILO

The International  
Labour Migration  
Statistics (ILMS)  
Database in ASEAN,  
ILO



**TOTAL REMITTANCES RECEIVED ANNUALLY (USD) 2016 - \$3.84 MILLION\***

\* excluding Singapore and Brunei Darussalam

Foreign LFPR - The foreign-born participation rate is calculated as the share of employed and unemployed foreign-born persons aged 15-64 in the total foreign-born population (active and inactive persons) of that same age. \*

Native LFPR - The native-born participation rate is calculated as the share of employed and unemployed native-born persons aged 15-64 in the total native-born population (active and inactive persons) of that same age. \*

\*For the most recent year, data are available

Source: UN (2017)

# WOMEN, MIGRATION AND DOMESTIC WORK IN ASEAN

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## Introduction

In the last 15 years, the number of international migrants has grown rapidly, a trend that will most likely accelerate in years to come.<sup>i,1</sup> This trend has fueled a surge of interest in the development impacts of international migration for work.<sup>2</sup>

A growing body of research has shed new light on the nature of the migration-development nexus, with emerging evidence showing a positive effect of migration on poverty reduction in migrant-sending countries.<sup>3</sup> Yet migrant workers are more than “remittances heroes.”<sup>4</sup> Remittances help families invest in health, education and entrepreneurial activities in origin countries. But migrant workers also contribute to new skills, change cultural norms and patterns of behavior, and convey new values and ideas to their families and communities.<sup>5</sup>

More recently, a closer look at the demographic composition of contemporary global migrant populations has also revealed the highly gendered dimension of mobility processes. In many Asian countries, women migrate not only for economic reasons but also to escape physical or psychological violence and abuse. This “feminization of migration” is especially pronounced in the domestic and care sectors of destination labor markets where many female migrant workers find employment.<sup>6</sup>

Within the domestic and care sectors, however, the often unregulated nature of reproductive labor,<sup>ii,7</sup> which includes paid domestic work such as care giving and household tasks (i.e. cleaning, cooking, washing, etc.), places migrant women at risk of exploitation in the form of low wages,

<sup>i</sup> 244 million international migrants are living abroad worldwide.

<sup>ii</sup> Reproductive Labour refers to “childbearing/rearing responsibilities, and domestic tasks done by women, required to guarantee the maintenance and reproduction of the labour force. It includes not only biological reproduction but also the care and maintenance of the work force (male partner and working children) and the future work force (infants and school-going children)”. The gender-based division of labor ascribes reproductive work mainly to women.

poor working conditions, and even physical and/or sexual abuse.

This chapter provides an analysis of these quality of work issues with a specific focus on women's migration for domestic work in the ASEAN region (Association of Southeast Asian Nations).<sup>iii</sup> It examines disadvantages inherent in the domestic work sector and the insecurities women migrant workers face at various stages of the migration journey.

The first section provides a panoramic view of the flows and trends of women's migration for work in the ASEAN region. Next, the chapter investigates challenges and vulnerabilities that migrant domestic workers face. Finally, the last section

discusses how to reduce domestic workers' vulnerabilities in countries of origin as well as in host nations so that women migrant workers can achieve their full potential as agents of equitable and sustainable development.

Conceptually, our analysis of the migration-development nexus moves beyond the pure economic logic that dominates the migration and development narrative to provide a notion of development that encompasses not only the economic welfare but also the socio-cultural and rights-based well-being of migrants. As such, it also addresses the often disregarded or undervalued human and social capital transfers of migration.<sup>8</sup>

## Flows and trends of female migration in ASEAN

Paid household work is increasingly common in many parts of the world, including in economically successful ASEAN countries. According to ILO estimates of *Domestic workers across the world, 2013*,<sup>9</sup> the global number of domestic workers rose from approximately 33.2 million to 52.6 million between 1995 and 2010. There are several reasons for this. As more women enter the labour market, there is a growing need for domestic help to assist with household work that was once performed by women not formally employed. Rising incomes have also generated more demand for household help. Moreover, aging populations in many developed nations ranging

from Germany to Japan are also increasing the demand for care workers. These trends must be understood in the context of "expanding neo-liberalism and an economic philosophy that supports private enterprise and reduces [welfare] state spending"<sup>10</sup> – meaning that a broader *commodification of care* has taken place. The need for domestic workers has grown so much in some countries that the demand cannot be met by the native workforce alone. Countries where demand for domestic workers is outstripping the supply are increasingly turning to migrant workers as the solution.<sup>11</sup>

<sup>iii</sup> The 10 ASEAN Member States are: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam



Migrant women from low-income communities, often informally employed, provide a cheap and flexible form of domestic work.<sup>12</sup> In doing so, women migrant domestic workers enable women in host countries to participate in the economy and contribute to economic growth.<sup>13</sup> Migrant domestic workers, the “quintessential service workers of globalisation,”<sup>14</sup> have therefore contributed to the success of Asian tiger economies and continue to do so.<sup>15,16</sup>

There are an estimated 9.5 million international migrants<sup>17</sup> in the ASEAN alone, 6.9 million of whom come from within the region. Countries in the region are also preferred destinations, especially for female migration, due to geographical and cultural proximity.<sup>18</sup> Women make up almost half (47.8 percent) of the intra-ASEAN migrant population. Intra-regional flows have especially intensified since the 2000s, when Myanmar became the largest exporter of migrant labor to other regions and Indonesia, Lao PDR and Cambodia emerged as the other major countries of origin.<sup>19</sup>

In numerical terms, Malaysia, Thailand and Singapore constitute the most significant destination countries in ASEAN. In Singapore, there were 1.4 million registered foreign workers in 2017, making up 37 percent of the total workforce.<sup>20</sup> In Malaysia, the foreign workforce is estimated at 2.1 million (2015).<sup>21</sup> Recent reliable data for Thailand are not available due to the high

prevalence of informal employment, though 1.8 million foreign workers were recorded at the last census (2010), almost half of whom were women.<sup>22</sup> The fact these countries are also Southeast Asia’s economic success stories points to the important supportive role of domestic migrant workers in their economies. This is also why this section focuses on these destination countries.

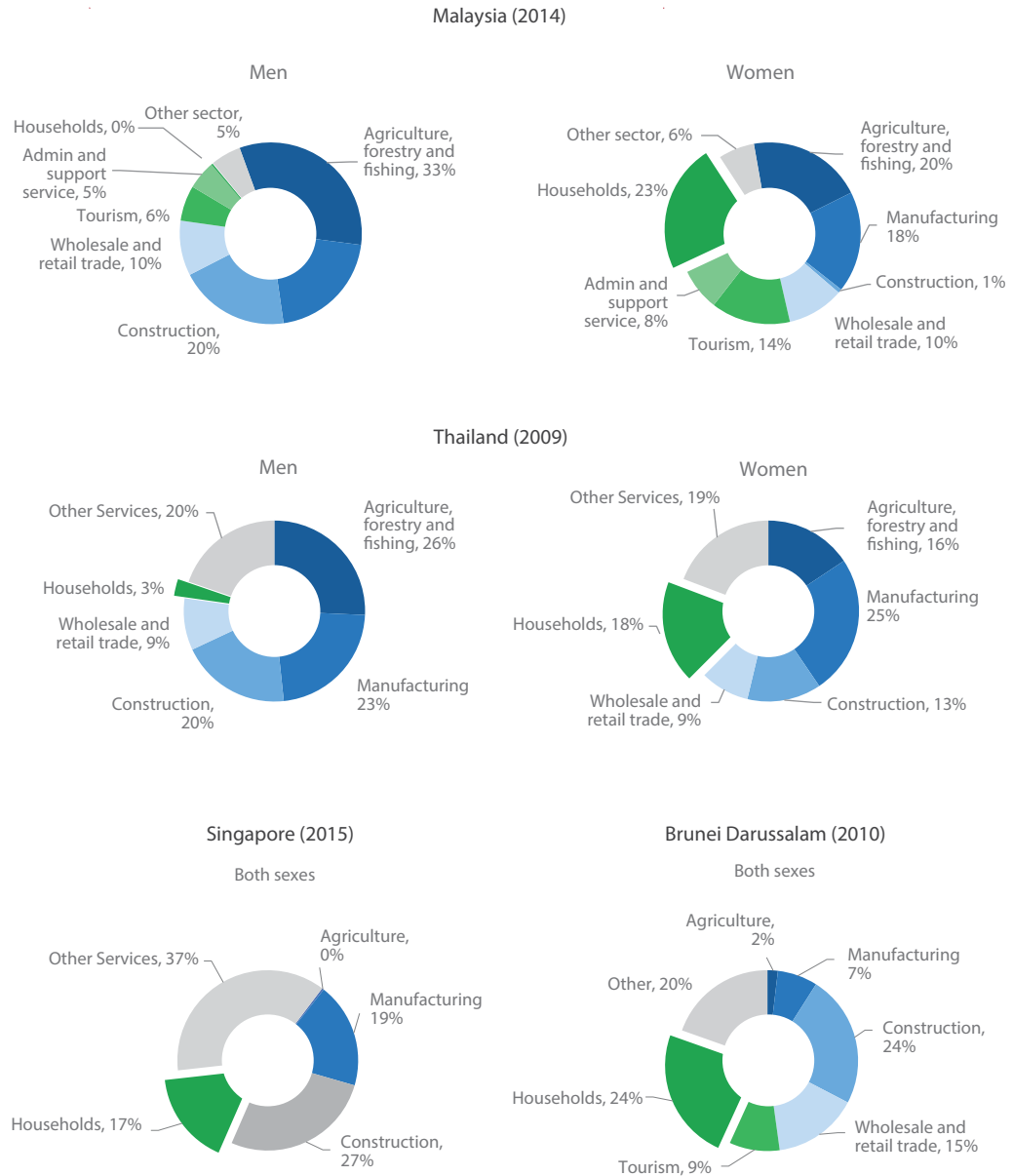
Most women migrating to these countries are concentrated in temporary labor migration and employed in the informal economy.

*The fact these countries are also Southeast Asia’s economic success stories points to the important supportive role of domestic migrant workers in their economies.*

**Figure 1** shows the sectoral distribution of the migrant workforce. In Malaysia and Thailand, about one-fifth of women migrant workers are employed by local households (23 percent and 18 percent, respectively). Agriculture and manufacturing are the other major sectors of

employment in both countries. In these countries, the household sector is almost entirely female – only 3 percent or less of male migrant workers are employed by households. Sex-disaggregated data are not publicly available for Singapore and Brunei Darussalam, hence the sectoral distribution of migrant workers is presented for both sexes combined. The relevance of households as employers in the overall distribution (at 17 percent in Singapore and 24 percent in Brunei Darussalam), coupled with the high female concentration generally found in the sector, suggests that an even larger proportion of migrant women are employed as domestic workers as compared to Thailand and Malaysia.<sup>23</sup>

**Figure 1**  
**Distribution of migrant workforce by sector of employment**



**Source:** Malaysia: Labour Force Survey; Thailand: IOM Thailand Migration Report 2011 (Tab. 1.4); Singapore: Ministry of Manpower; Brunei Darussalam: Population Census.

## Vulnerabilities of domestic workers

Workers in the domestic sector tend to be outright excluded or enjoy only partial coverage under labor and social protection regulations. This contributes to unequal power relations, discrimination as well as limited opportunities and rights to organize. Several other factors directly related to the nature of domestic work act as additional barriers to successful labor market and social integration.

Women domestic workers not only face considerable challenges related to protection and integration in host countries, they also frequently struggle with insecurity and experiences of “dislocation” in their countries of origin prior to migration. The next section examines some of these vulnerabilities – first in destination countries and then in countries of origin.

### Vulnerability in destination countries

As an occupational group, domestic workers face specific problems such as the isolation that comes with working in people’s homes and the intimate character of the work itself. Both result in a personalized relationship with the employer that often leaves women domestic workers vulnerable to abuse, including sexual harassment and rape. The employer’s ability to control aspects of the worker’s personal life can result in violations of the female migrant’s rights as a human, a woman, and a worker.

### Legal framework to protect domestic workers

In destination countries, such as Singapore, Malaysia and Thailand, migrant domestic workers are either legally excluded from national labor laws or, when laws do exist, implementation is weak – especially given that domestic work is concealed behind the closed doors of an employer’s home.

### Wages

ILO Convention No. 189 ‘Decent Work for Domestic Workers’ recognizes that “each member [country] shall take measures to ensure that domestic workers enjoy minimum wage coverage, where such coverage exists, and that remuneration is established without discrimination based on sex” (Article 11).<sup>24</sup> Aside from the Philippines, no ASEAN member states have ratified the convention.

Domestic work is frequently excluded from national minimum wage protection,<sup>25</sup> meaning many women must accept positions earning far less than the minimum wage. Wages are often determined by national stereotypes reflecting discrimination based on the woman worker’s national origin, and sometimes religion, rather than individual qualifications and skills.<sup>26</sup>

In addition to the widespread exclusion of migrant domestic workers from minimum wage provisions, wage deductions are also common. Wages are often used to pay off debts incurred in relation to

the worker's job placement and departure. This practice affects the well-being of newly arrived domestic workers, who find themselves forced to cut back on food, accommodation and health expenses, in addition to saving remittances to be sent home. The long chain of middlemen, including agents, brokers, and sub-contractors, who charge fees for administrative services related to visas and job placements, raises the cost of migration. Migrant workers, faced with the high cost of regular migration with official documentation and the prospect of 'debt bondage,' sometimes choose to migrate through unofficial channels.<sup>27</sup> Whether migrating through regular or irregular channels, migrant workers, and especially women, become vulnerable to extortion.

#### **Protecting domestic workers through labor regulation**

As of December 2015, there were 231,500 domestic workers in Singapore.<sup>28</sup> Even though migrant workers in other occupations, such as construction workers, are covered under the national Employment Act, it does not cover domestic workers. The Employment Act in Singapore sets out the basic terms and conditions of employment as well as the rights, duties and responsibilities of both employers and employees. Domestic workers in Singapore are

instead governed by the Employment of Foreign Manpower Act and the Employment Agencies Act, which do not provide the same level of rights and protections.<sup>iv</sup>

The work permits required for migrant domestic workers in Singapore binds them to their employers. They do not have the right to quit their job. If they want to return home or work for another employer, the current employer must release them by signing an issuance declaration,<sup>29</sup> which essentially functions like a release form. This leads to an imbalance of power, leaving domestic workers highly vulnerable to exploitation by the employer.

However, steps to provide protection for domestic workers have escalated in recent years. In 2012,

the compulsory "Settling-In Programme" was introduced for new migrant domestic workers to inform them about safety precautions and living in Singapore.<sup>30</sup> In 2013, a mandatory weekly rest day was introduced<sup>31</sup> and in 2014, the National University of Singapore launched a series of workshops aimed at empowering migrant domestic workers with a better understanding of their legal rights.<sup>32</sup> While these are encouraging signs, Singapore should demand a more ethical model for recruitment and training and prohibit

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<sup>iv</sup> Regulations on specific aspects of domestic work, such as limits of hours of work, work on public holidays and sick leave are left to the employers to decide which creates room for exploitation and abuse.

domestic businesses from working with overseas recruiters who charge exorbitant training and recruitment fees. Ultimately, in order to give domestic workers the same rights as workers in other sectors, they should be covered under the Employment Act.

In Malaysia, there are some 300,000 documented domestic workers.<sup>33</sup> While it recognizes domestic workers as one type of employee, the Employment Act of 1955 explicitly denies them the same rights as other workers. The specific labor protections concerning leave and entitlements do not apply to domestic workers, according to the legislation. The employment conditions of domestic workers are instead regulated through immigration procedures and through MoUs brokered between the sending country and Malaysia. A worker's residence permit binds her to an employer and requires her to live in the employer's home.<sup>34</sup> This creates a significant power imbalance between the worker and employer. In May 2012, Malaysia introduced a minimum wage of MYR900 (US \$214) per month, but once again excluded domestic workers from this regulation.<sup>35</sup>

Thailand receives migrant workers from its neighbors Myanmar, Cambodia, and the People's Democratic Republic of Lao. With the assistance of the ILO, MoUs have been signed with the governments of these three countries, "under which migrant workers will receive

wages and benefits at the same rate as national workers in accordance with the principles of non-discrimination and equality with respect to gender, ethnicity and religious identity."<sup>36</sup> The key piece of general labor legislation in Thailand is the 1998 Labour Protection Act (LPA), which was amended in 2008. However, ministerial regulation specifically excludes the application of labor protections to domestic workers, or at least those working for households, with respect to working conditions and the provision of basic welfare services. In 2012, the Thai Government introduced the Ministerial Regulation on the Protection of Domestic Workers that amended the regulation of 1998.<sup>37</sup> Under this regulation, all domestic workers were granted the right to a weekly rest day, traditional public holidays, up to 30 working days of sick leave a year, and payment for unused leave. These rights mandated by law were to be recognized even without a written contract.

#### **Access to social protection and healthcare**

Comparing the three destination countries – Thailand, Singapore and Malaysia – Thailand offers the most comprehensive social protection to migrant workers. Health care is also provided by law and covers all workers. Additionally, documented women migrant workers are entitled to maternity leave, benefits and child support. However, social security schemes are only available through employers<sup>38</sup> and in practice, implementation suffers from legal and

***A worker's residence permit binds her to an employer and requires her to live in the employer's home. This creates a significant power imbalance between the worker and employer.***

administrative hurdles. As a study by Friedrich-Ebert-Stiftung highlights, “although a migrant worker may be entitled to pay into and access social protection mechanisms of a home or host state, administrative practices may limit their access to such protection in practice, in particular relating to: specificities in officially certifying documents to satisfy requirements; means by which money can be transferred; language difficulties; methods of payment of money overseas from a country where the benefit has been realized; and difficulties in satisfying documentary requirements in terms of passing on benefits to relatives or spouses when a migrant is deceased.”<sup>39</sup>

Migrant workers in Malaysia have access to medical care, old-age allowance, and work injury and invalidity compensation. Yet family and maternity benefits that are applicable to women of the local workforce are not available to migrants.

In Singapore, migrant workers cannot contribute to their retirement provision unless they are permanent residents. However, medical care, sick-pay and work injury compensation are provided in Singapore.<sup>40</sup>

In all three receiving countries, migrant workers are dependent on employers for registration with authorities, insurance schemes, and health

providers. Without proper monitoring and enforcement, employers can simply reduce costs by under-insuring workers or, for undocumented migrants, by not insuring them at all.

### **Right to representation**

Fair representation is essential for the promotion and protection of workers’ rights – both to protect individual workers from exploitation and to promote collective standards. Unions represent worker interest and provide an important voice in policy and legislative debates as well as in international forums.

In Singapore, a group of seven or more workers can form a union. However, regulations stipulate that the governing bodies of associations/unions must have Singaporean citizens as a majority – a major obstacle in forming domestic worker unions.

In Malaysia, migrant workers are prohibited from applying to register their own trade union. Even an association for migrant workers that has been set up by the Malaysian Trade Union Confederation (MTUC) has been refused registration by the Director General of Trade Unions, who has discretion in such matters.<sup>41</sup> Regardless of

the restrictions on joining trade unions, the MTUC has two full-time staff members who try to help domestic workers. It is also working with trade unions in origin countries – specifically Indonesia

*In all three receiving countries, migrant workers are dependent on employers for registration with authorities, insurance schemes, and health providers. Without proper monitoring and enforcement, employers can simply reduce costs by under-insuring workers or, for undocumented migrants, by not insuring them at all.*

and Sri Lanka – to inform and further advance the rights of migrant domestic workers in Malaysia.

In Thailand, the Labour Relations Act of 1975 denies domestic workers the right to organize, as they are not recognized as employees. It also requires that workers be of Thai nationality to form or to lead a union (Sections 88 and 100). Most Thai trade unions are unwilling to become involved in matters related to migrant workers because of language barriers, a lack of resources and a lack of access to migrant workers. Despite restrictions on their ability to form registered trade unions, some migrant workers nonetheless organize informally and unilaterally within workplaces. However, migrant and local domestic workers are reluctant to participate or join associations due to the threat of being fired by their employers and the fear of local officials and police.<sup>42</sup>

### In countries of origin

Women domestic workers do not only face challenges in destination countries; they also struggle with experiences of ‘dislocation’<sup>43</sup> in their countries of origin. This section looks in more detail at what those experiences are at different stages of the migration journey.

#### Before migration

Many migrant workers, especially women from disadvantaged economic and social backgrounds, remain unaware of their rights at home or in

destination countries.<sup>44</sup> As such, they are less likely to access information, receive pre-departure training or support services before migrating abroad.<sup>45</sup> Pre-departure training for instance can provide migrants with a better understanding of safe migration and available legal aid services. It also supports them in having their interests and concerns heard through the inclusion of migrant voices in stakeholder discussions on migrants’ rights or absentee voting systems.<sup>v</sup>

#### While away

While away, women migrants need to juggle different professional and family roles across borders. One of the biggest concerns is the wellbeing of children that are left behind. Children living without their parents in Cambodia, for instance, sometimes leave school to look after family members or to contribute to family income, and they are therefore more likely to drop out of school.<sup>46</sup>

Greater public support for families of migrant workers could alleviate some of the burdens that adolescents face and help them remain in school.

Characteristics of employment in the domestic sector such as isolation, lack of privacy, long hours and physical and/or psychological abuse may also impact a worker’s mental stability and social relationships. Fear of being misjudged or stigmatized by members of their own families and communities sometimes prevent women

*Women domestic workers do not only face challenges in destination countries; they also struggle with experiences of ‘dislocation’ in their countries of origin.*

<sup>v</sup> The overseas absentee voting is a recognition that citizens abroad have the same rights as all other nationals, and that their voices and contributions do matter.

from sharing their economic, physical and psychological struggles with those back home.

### Upon return

The successful reintegration of returning migrants is a complex, multilayered process.<sup>47</sup> For instance, policies regarding citizenship rights impact Myanmar returnees' experiences. Such rights determine the returnee's access to property restitution, freedom to travel within the country, voting, employment and welfare benefits as well as education. Research by the Mekong Migration Network claims that countries such as Myanmar also lack systems of skills verification and recognition of educational credentials received abroad.<sup>vi</sup> Consequently, similarly to the situation in other countries that send migrants abroad, "many migrant returnees are excluded from the possibility of continuing their studies or applying for employment in accordance with their education."<sup>48</sup>

***Societal expectations and inherited customs that reinforce gender stereotypes and local attitudes towards returnees constrain women's ability to access employment and entrepreneurship opportunities after returning home. They often have to pursue economic activities that offer less career mobility.***

Gender norms may further impact this condition and result in migrants' loss of skills acquired while abroad (i.e. language, financial literacy, caregiving trainings) as women returnees may be expected to revert to their household and care duties within the family once back home. Societal expectations and inherited customs that

reinforce gender stereotypes and local attitudes towards returnees constrain women's ability to access employment and entrepreneurship opportunities after returning home. They often have to pursue economic activities that offer less career mobility. The low value placed on domestic and care work in society at large also impacts the degree to which returnee women

can become successful entrepreneurs or small-scale investors in their communities.<sup>49</sup> Returning domestic workers tend to opt out from pursuing an independent business upon return. This constitutes a challenge especially for women from poor and remote areas where conservative gender norms are coupled with scarce capital.

<sup>vi</sup> Research with domestic worker shows that there are significant cases of domestic workers undertaking further education/vocational training while abroad. Many of them do not intend to be domestic workers back home but rather open their own business for instance.



## Concluding remarks: Mitigating migrant workers' vulnerabilities for equitable and sustainable development

While international and regional frameworks for the promotion and recognition of migrants' work and their rights do exist,<sup>50</sup> there is still no legally binding instrument

or treaty to implement the commitment. Destination and origin countries must develop gender-responsive initiatives that enhance women's capabilities and reduce their vulnerabilities. In this context, special attention

should be given to public policies, the practices of the migration industry and intermediaries, and the accountability of employers. The guiding principles for tackling migration issues should be employee-employer dialogue, the promotion of human rights, a commitment to narrowing gaps in inequality, and the sharing of responsibility between origin and destination countries, as well as employers, recruiters, and migrant workers themselves.

The ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers was formalized in 2007. A decade later, in November 2017, the ASEAN Consensus on the Protection and Promotion of Rights of Migrant Workers was signed by all member states during the 31st ASEAN Summit in Manila.<sup>51</sup>

***Destination and origin countries must develop gender-responsive initiatives that enhance women's capabilities and reduce their vulnerabilities.***

The signing parties committed to ensuring migrant workers' access to healthcare, legal rights, fair pay and decent living conditions, as

well as protecting them against discrimination based on gender and origin. The inclusion of undocumented workers in the consensus was an unexpected accomplishment, with receiving states being obliged to "resolve the cases"

of workers "who became undocumented through no fault of their own." However, given that this agreement is non-binding, the extent to which member states are able to implement it, especially given the legal, administrative, economic, social and cultural hurdles mentioned above, remains to be seen.

The consensus calls for member states to "establish a framework for cooperation on migrant workers in the region and contribute to the ASEAN Community-building process." This provides a strong mandate for the ASEAN Committee on Migrant Workers to begin work on developing an action plan that includes specific policy instruments. The action plan should include the creation of common or uniform labor and working condition standards for all ASEAN

countries. The challenge is for the regional bloc to urgently create and implement such an action plan.

### Recommendations for destination countries

Destination countries should ratify the International Convention on the Protection of the Rights All Migrant Workers and Members of Their Families (No.181) as well as the ILO Convention No. 189 concerning decent work for domestic workers.<sup>52,53</sup> While such resolutions lack an enforcement mechanism, they are still significant in signaling a genuine commitment to migrant workers' rights. Destination countries should also clamp down on abusive employers, unscrupulous recruiters and human traffickers operating within their borders. They can work with origin countries to set up recruitment centers that are jointly monitored by both nations. Critically, migrant

domestic workers should be allowed to switch to other recruitment agencies and/or employers. Direct hiring opportunities would eliminate many of the risks of exploitation and abuse. Destination countries should also engage in information dissemination by educating migrant workers about legal aid services and organizations to approach in case of trouble.

Portability of social protection and security is another key concern for migrant workers in ASEAN countries as their movement is usually temporary and they do not meet the requirements for long-term benefits such as retirement payments. In instances where access to social security is available to women migrant workers, access to these benefits is often complicated or applies only to the formal sector. Negotiating agreements with origin countries around portability of benefits is another important step for destination countries to improve the welfare of migrant workers.

#### Box 1

### Best practices in promoting the rights of migrant domestic workers

#### **1. Coverage under labor laws:**

Several countries have implemented labor laws that include domestic workers, including South Africa, Bolivia and France. In South Africa, the sector Determination 7, under the Basics Conditions of Employment Act, 1997 was introduced in 2002. The act lays out comprehensive standards and protections for domestic workers, governing working conditions such as minimum wage, hours of work, overtime pay, salary increments and leave entitlements.

## **2. Tripartite consultation and collective bargaining:**

France, Germany and Uruguay have established mechanisms for collective bargaining for domestic workers. These are in the form of a union representing domestic workers or an institutional monitoring framework for bargaining facilitated by government.

Uruguay has a domestic worker collective bargaining agreement in place. This agreement was arrived at through a tripartite consultation process bringing together the Domestic Workers Union, the Uruguayan League of Homeworkers, consumers representing employers of domestic workers, and the Ministries of Employment and Social Security. The first agreement came into effect in August 2008 and included provisions for minimum wages, incremental pay raises, severance pay, and overtime and early termination payments. It also banned sexual harassment. A revision of the agreement in 2010 renewed these provisions and increased minimum wages.

## **3. Dialogue and consultative platforms on domestic work:**

Set up in 2006, Lebanon has a National Steering Committee on women migrant domestic workers comprised of government, civil society and international organizations. The objective of the committee is to evaluate and propose measures for better protection of these workers. 'Asraab' – meaning migrating flocks in Arabic – is a participatory newsletter used to share information on the subject among committee members and other stakeholders.

## **4. Cooperation at bilateral, multilateral and global levels:**

The Philippines has an overseas employment program that aims to provide comprehensive assistance and protection to migrant domestic workers in multiple ways, including regulating employment agencies and labor offices in destination countries.

## **5. Policy advocacy, mobilizing, frontline service delivery and access to justice:**

Kalayaan is a United Kingdom-based non-governmental organization created in 1987 by domestic workers who had become 'undocumented' after fleeing abusive employers. Its clients are mainly women from 30 Asian and African countries. When Kalayaan partnered with other organizations to advocate for the adoption of the Domestic Workers' Convention and revisions to the UK visa system for domestic workers, the campaign was successful in winning new protections for domestic workers. These include coverage in minimum wage legislations, maternity leave, and state-funded safe houses for victims of trafficking. The organization partners with lawyers to offer clients free employment and immigration advice and helps the domestic workers to reclaim their passports.

**Source:** Challenges in promoting and protecting the human rights of migrant domestic workers, regardless of their migration status, UN Economic Commission Africa, OHCHR Protecting the rights of migrant domestic workers: Good practices and lessons learned from the Arab Region, ILO.

## At home

Civil society organizations have a role to play in the process of reintegration of migrants in their communities of origin. Yet their work must be supported by governments' institutional arrangements.<sup>vii,54</sup> Those should include "establishing pre-departure training, welfare funds, rehabilitation centers and employment offices for returnees."<sup>55</sup> In some ASEAN countries, such as Cambodia, Indonesia and Lao PDR, migrant worker resource centers and community-based organizations provide pre-departure trainings in the areas of financial literacy and management.<sup>56</sup> Those trainings specifically target female migrant workers. This can help enhance women's confidence in their financial skills and therefore in their ability to plan, manage and productively invest remittances upon return.<sup>57,58</sup>

These efforts should be coupled with "the creation of financial products including gender-responsive remittance savings and investment schemes controlled by women migrant workers."<sup>59</sup> Furthermore, regional model competency standards (RMCS) that acknowledge skills and work experience and their potential application

upon return can help to minimize the "deskilling"<sup>60</sup> of returning migrant workers. RMCS would also help build a skilled and qualified workforce by capitalizing on new learning and abilities brought back by migrant workers.<sup>viii,61</sup>

A dignified and safe return of migrant workers and their efficient reintegration into a secure and responsive family and community context need to be ensured. The same applies to the physical and psychological wellbeing of migrant women and their family members, especially children, at all stages of the migration cycle.

This chapter has highlighted the importance of safe conditions for migration, work and return for women migrant workers to achieve their full potential as agents of sustainable and inclusive development in ASEAN. We have also emphasized the importance of recognizing and valuing the work of women migrant workers, especially domestic workers, at national and regional levels. Migration is far more likely to empower migrant women workers and their communities if they can make informed choices, access legal protection and services, and most of all engage in decent and valued work.

***Migration is far more likely to empower migrant women workers and their communities if they can make informed choices, access legal protection and services, and most of all engage in decent and valued work.***

<sup>vii</sup> Nepal's Foreign Employment Policy 2012, for instance, proposes social and economic reintegration packages via the development of entrepreneurship, capital formation and investment, use of returnees as trainers for pre-departure and skills training, provision of psycho-social counselling and creation of rehabilitation centres.

<sup>viii</sup> The ILO has drafted guidelines for skills recognition of returning migrants.

Box 2

### ILO's Regional Model Competency Standards

The issue of skills recognition, and the development of national skills standards is relevant globally as well as at a regional level. Increased labor mobility triggers the need for recognition of skill development and training systems across borders. In response, the ILO developed **The Regional Model Competency Standards (RMCS)** – reference standards at the regional level in Asia that can be used to underpin efficient and effective skill development. The standards have the potential to protect migrant workers and their rights and to ensure a more successful reintegration benefiting both migrants and their families as well as their home countries. The ILO Regional Office for Asia and the Pacific has also developed the RMCS for Domestic Work, which covers key tasks of domestic workers (i.e. housekeeping, cooking, caring for infants, children and the elderly etc.) as well as core competencies of communications skills, organizing and work management. The standards “constitute a set of benchmarks that define the skills, knowledge and attributes required for domestic work. They are designed to be used as a basis for developing national standards and as a regional reference point.”

**Source:** Guidelines for Development of Regional Model Competency Standards (RMCS), ILO, Regional Skills and Employability Programme (SKILLS-AP) Regional Model Competency Standards: Domestic work, ILO

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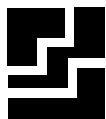
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