A Good Industry and an Industry for Good

Why We Need a Quality Mobility Industry to Scale Labor Mobility

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LaMP

Labor Mobility Partnerships (LaMP) aims to increase rights-respecting labor mobility, ensuring workers can access employment opportunities abroad. Its overarching goal is to create the systems change required to dramatically increase temporary labor mobility globally, unlocking trillions in income gains. It focuses on connecting governments, employers and sectors, the mobility industry, and researchers and advocates to bridge gaps in international labor markets, and creating and curating a repository of knowledge and resources to design and implement mobility partnerships which benefit all involved. LaMP's functions include brokering relationships between potential partners, providing technical support from design to implementation of partnerships, and research and advocacy around the impacts of successful partnerships.

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Executive Summary

Populations in high-income countries are rapidly aging while, at the same time, low-income countries are facing a sharp increase in their working-age populations. These demographic trends are an "unstoppable force" toward increased labor mobility, pushing against the "unmovable object" of political resistance from citizens in high-income countries to increasing immigrant populations. Temporary mobility programs (TMPs) may be a politically viable solution, as they increase the number of workers without the same political implications as permanent migration.

However, TMPs themselves are also politically unpopular, in large part because they have been plagued by bad outcomes for workers. Many of these bad outcomes have been related to the low quality of the existing mobility industry, resulting in migrant indebtedness, fraud regarding job terms and quality, worker abuse, and irregularity within temporary mobility programs. These bad outcomes in turn are driven by perverse incentives built into the design of mobility systems, information asymmetries, and poorly constructed migration controls. The primary point to take away from this analysis is that the mobility industry is not inherently unethical, but rather that it is badly designed.

In this report, we argue that the emergence of a quality mobility industry could improve outcomes in temporary labor mobility by reducing migration costs per worker through greater economies of scale (allowing a broader range of employers to benefit from labor mobility), increasing the accessibility of labor mobility for employers, decreasing the burden on migrant workers, and building trust and capability among actors within labor mobility systems. By improving outcomes and faith in temporary mobility programs, we posit that a quality mobility industry could lessen political resistance and allow for temporary mobility programs to be built at scale as a solution to the rapidly approaching demographic cliff in high-income countries. We then conclude by proposing the next steps toward facilitating the emergence of a mobility industry that is "a good industry and an industry for good."

Introduction

With the ongoing demographic changes, receiving as well as sending countries will face unprecedented challenges in the next few decades. While fertility rates in high-income counties have been declining and populations aging, the low-income countries face the completely opposite problem—increasing young populations and the inability to create enough *good* job opportunities for the new workers. While politically difficult, labor mobility is the most feasible solution to address these demographic challenges in both low- and high-income countries. Besides addressing the broader economic and demographic issues of the countries involved, labor mobility has been helping workers and their families escape poverty and accumulate skills, thus adding to the overall development of the sending nations.

However, despite the obvious trends toward a more mobile workforce, labor mobility levels have been relatively stable at much lower levels than needed due to political resistance driven by concerns around the social, cultural, and political impacts of admitting migrants. Although they may be a viable solution to the nations' challenges, there are currently no temporary mobility programs (TMPs) that are both operating at scale and sufficiently rights-respecting. In this report, we argue that the emergence of a quality mobility industry could improve outcomes of temporary labor mobility by reducing migration costs per worker through greater economies of scale, increasing the accessibility of labor mobility for employers, decreasing the burden on migrant workers, and building trust and capability among actors within labor mobility systems.

The report begins with an overview of the demographic challenges faced by high-income as well as low-income countries. Then, we discuss the positive impacts of labor mobility on all the involved countries' economies as well as on the foreign workers and their families. In the next section, we argue that temporary mobility may be the most feasible solution to the political impasse on migration. Lastly, we describe features of a quality mobility industry and how to facilitate the emergence of such an industry.

The Need for a Globally Mobile Workforce

The Irresistibility of Labor Mobility

Changing Demographics

The world is facing historically unprecedented demographic challenges. The combination of longer life expectancy and declining fertility rates in many high-income countries indicate that, over the next decades, the older populations will grow significantly while the labor-force-aged populations will shrink. Countries like Germany, Japan, Italy, and Spain all have fertility rates well below the 2.1 level necessary for a population to replace itself,[a] and fewer and fewer children are born each year.[b]

According to the "Zero Migration" scenario in the United Nations (UN) population forecasts, the elderly population (over 65 years old) of the countries in the Organization for Economic Co-operation and Development (OECD) will grow by more than 100 million people (figure 1), which implies an increase in the working population to support them. But the working-age populations of the OECD countries in the Zero Migration scenario are not expected to increase; rather, they will *decline* by more than 92 million from their current levels.[1]

a. The fertility rate in Italy and Spain is 1.3.

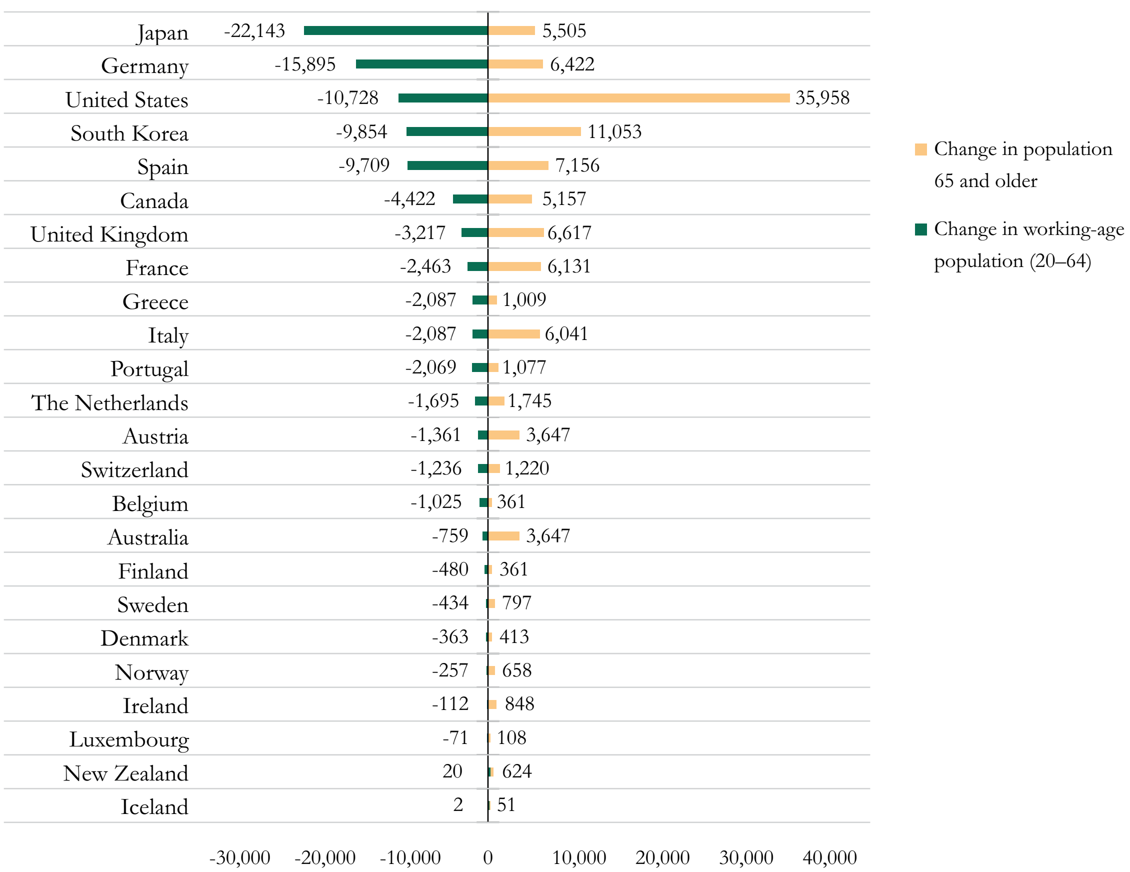
b. In 2019, there were only about 864,000 births, down from over 2 million in 1975 and 1 million even in 2010, and this meant there were 500,000 fewer births than deaths.

These demographic changes challenge the fundamental social contract of most rich industrial countries. Pension and social security systems—whether public or private—depend heavily on contributions from working-age populations to support retirees. Health care systems also rely on contributions from younger generations, whose health-care costs are typically much lower, to cover the higher per-person costs of the elderly.[2] Overall, models show that if rich countries want to maintain their current (historically low) ratio of *working-age* to *65-and-older* populations through 2050, they will need a total of 400 million additional workers over the next 30 years—a net increase of more than 15 million workers per year (figure 2).

This demographic arithmetic is inexorable. The high-income countries have only a very few ways to address the challenge; each of them is politically difficult to the extent where even discussing them is an untouchable "third rail" in politics. Countries could try and encourage increased childbearing, but this has shown limited success; fertility rates are very far below replacement levels, and many demographers argue that the low fertility rates were not a "transition" but that the "second demographic transition" is here to stay.[3] Countries could try to offset the demographic gap in the social contract with higher taxes, but taxes in OECD countries are already high and hard to increase (tax rates have not increased in Europe since the 1980s).[iv] Countries can reduce benefits for their elderly populations by raising retirement ages or reducing the

FIGURE 1. While the working-age population in most OECD countries is declining, these countries are gaining elderly citizens

Projected change in total working-age population in selected OECD countries between 2015 and 2050



Source: Smith, R. and Hani, F. "Labor Mobility Partnerships: Expanding Opportunity with a Globally Mobile Workforce." Center for Global Development. Report of Connecting International Labor Markets Working Group. June 2020.

"replacement ratio" in benefits, but even proposing such modest changes brings the risk of political backlash, as illustrated by the strikes in France in 2019–20 against the proposed rise in the retirement age from 62 to just 64. These solutions are typically not only politically unfeasible but also insufficient to cover the entire demographic gap that the high-income countries are expected to see in the coming decades. Hence, despite the looming long-term implications, politicians have taken little action.[4] If countries cannot increase their native-born labor force, increase taxes from the existing labor force, or cut benefits to the older population, the only remaining (im)possibility is to have more non-native-born workers.

At the same time, many low-income countries face a demographic challenge precisely the opposite of the one faced by the high-income nations. In these countries, burgeoning youth populations outstrip growth in jobs and productive employment opportunities. The 2015 status quo scenario from the Population Division of UN DESA estimates that by 2050, the working-age population in all developing country regions will have increased by tens of millions, and in the cases of sub-Saharan Africa and South Asia, by hundreds of millions.[5] Figure 3 shows that the net absolute increase in the workforce-aged population between 2015 and 2050 will be well over a billion.

The growth in "good jobs" in developing countries is unlikely to absorb all of these new labor market entrants, particularly as manufacturing is no longer a strong strategy for job creation.[c, d]

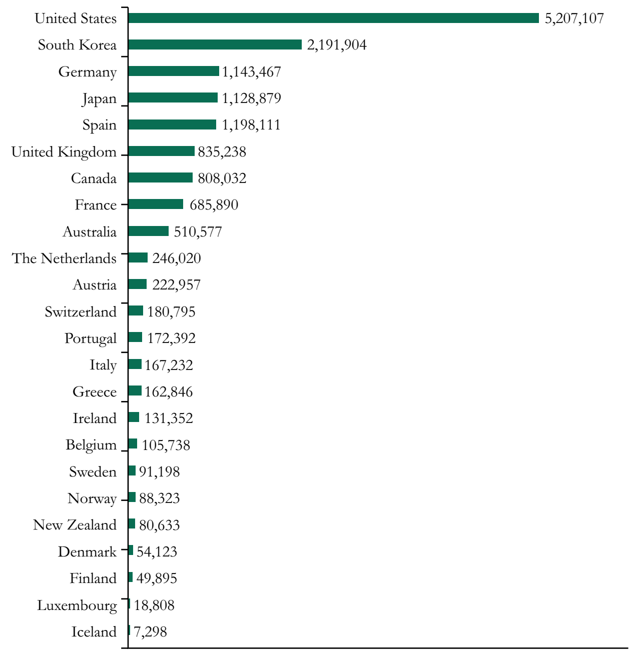
The jobs challenge for these youth-rich countries is compounded by trends of low-skilled labor in an era of technological innovation biased toward "laborsaving." In the past, Asian countries such as China and South Korea, with a comparative advantage in low-cost and labor-intensive activities, were able to industrialize, increasing their manufacturing output and exports. For current low-income countries, the introduction of widespread labor-saving technologies has made it difficult to create jobs by increasing manufacturing output. Moreover, the established position of the Asian exporters has made it difficult for current low-income countries to compete in manufacturing exports.

The demographic trends described above suggest that labor mobility, while politically challenging, may

c. It is important to note that job creation is very difficult to accurately project; as such, these figures should be taken only to make the broader point that there will be a large population of new working-age people needing employment solutions.

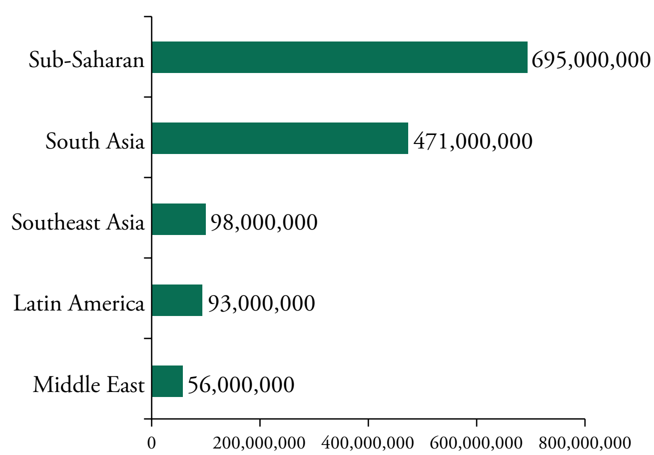
d. For example, the World Bank estimates that the working-age population of Africa will grow by approximately 450 million people between 2015 and 2035, only 100 million of whom can expect to find stable employment opportunities at current projections of job creation. This leaves a remaining 350 million young people in 20 years without attractive productive employment opportunities.

FIGURE 2. Massive labor scarcity in selected OECD countries: Millions of new workers will be needed each year to maintain the current economic structure



Source: Smith and Hani 2020.

FIGURE 3. Change in working-age population (20–64) between 2015 and 2050[6]



Source: UN DESA, Population Division (2015).

represent the most feasible solution for both low- and high-income countries. However, in order to maintain the high-income nations' ratio of working-age to elderly populations around 2.5, which is considered a sustainable threshold, rich countries will need about 400 million workers over the next 30 years.[7] Nevertheless, if foreign-source workers were to fill the gap, they would account for 40 percent of the entire working-age population in the high-income countries.[8] Since only about 119 million migrants from developing countries lived in high-income nations in 2017, the stock would have to triple over the next 30 years.[9] Therefore, labor mobility is unlikely to represent the sole answer to the demographic crisis; however, it is a realistic solution to at least partially closing the widening demographic gap.

Poverty Reduction and National Development

Many people around the world are trapped in poverty. Labor mobility provides foreign workers with an opportunity to send money back home to their families. These transfers, generally known as remittances, serve as a powerful tool, uplifting the well-being of families around the world, and especially in low-income countries. As of 2018, estimated global remittances stood at USD 689 billion, USD 529 billion of which went to low-income countries.[10] In many cases, remittances have been responsible for lifting the receiving families out of poverty. Specifically, a study conducted among 71 low-income nations revealed that a 10 percent gain in remittances reduces the number of people living in poverty by 3.5 percent.[11, e] Additionally, they flow directly into households which use them to bolster their consumption, education spending, and health spending.[12] Overall, despite capturing only a small portion of foreign workers' income gains, remittances have a hugely positive effect on reducing poverty.

e. In the Philippines, for instance, a 10 percent income gain from remittances lowered the poverty rate among receiving households by 2.8 percentage points.

Further, besides remittances, workers employed overseas accumulate connections and skills, which they bring back home when they return, capitalizing on them to secure more highly skilled jobs (with better salaries) than they would have if they had not migrated.[13] Some rotational schemes even have skill accumulation baked into their design; for example, India's agreement with Japan through the Technical Intern Training Program is considered a "win-win" because Indian workers are trained to Japanese standards and then return to India.[14] Such upskilling measures have a potential effect on the home country if returnees have new qualifications that the home country can and is willing to use.

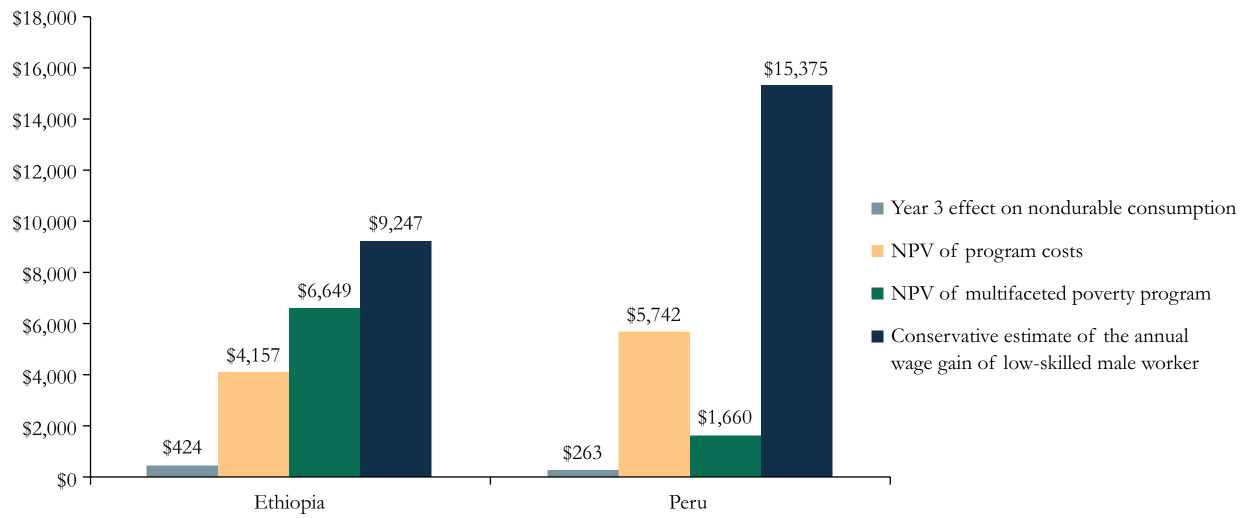
Lastly, more than half of the variability in income globally is explained by the individuals' country of birth, meaning that individual skills, effort, and luck explain only a part of the global distribution of income because a huge determinant of an individual's income is the productivity of the place where they live.[15, 16, f] Research shows that implementation of effective policies, allowing for a well-regulated mobile labor force, is far more effective than any other poverty reduction tool (figure 4[17, g]). Overall, since low-income countries face significant increases in their youth populations—the opposite demographic challenge faced by high-income

f. Specifically, when workers find employment abroad, estimates show they can increase their income by as much as 6 to 15 *times* their wage in their home country. Additionally, workers from low-income countries hold about 7 percent of jobs in high-income countries, and as Jason DeParle cited economist Lant Pritchett in his book *A Good Provider Is One Who Leaves*, "every increase of a percentage point would leave them more than $100 billion richer."

g. For instance, the Ultra-poor Graduation Program has been touted as a gold-standard poverty reduction program that has been adopted by several nongovernmental organizations and widely celebrated for its demonstrated impact based on a rigorous cross-national study. On average, across the countries studied, the program invests a net present value (NPV) of $4,545 over two years and generates on average $344 gain in nondurable consumption gains in the third year. Even on the most optimistic assumptions about the duration of the program gains, the lifetime gain from this program is much smaller than the additional wages from one year working in the United States.

FIGURE 4. Income gains from labor mobility dwarf the less than 10 percent average rate of return on the Ultra-poor Graduation Program—a gold-standard poverty reduction program

The "Gold-standard" program generates $344 in income for the ultra-poor after three years for $4,545 spent over two years



Source: Clemens, Pritchett, and Montenegro 2009;[18] Banerjee et al. 2015.[19]

countries—labor mobility offers both a jobs solution and a powerful development tool through remittances and the accumulation of skills.

Temporary Mobility: A Middle Solution to the Political Impasse on Migration

Despite these powerful forces pushing toward greater mobility (the "irresistible force"[20]), labor mobility remains relatively stable at much lower levels than needed. As discussed in the previous section, estimates show that the number of additional workers needed in high-income countries is triple the current population of migrants from low-income countries working in high-income countries.[21] Despite these enormous pressures for increased mobility, the share of international migrants in proportion to the world's population remained relatively stable between 1970 and 2019, at around 2.2 to 3.5 percent.[22] This is due in large part to the "immovable object" of political resistance from the citizens of high-income countries.[23]

A large portion of the political resistance to labor mobility is driven by concerns around the social, cultural, and political impacts of admitting migrants. While significant attention is paid to the political implications of the economic and distributional consequences of labor mobility,[24, 25] the economics of migration are not the politics of migration. However, as Jain et al. (2010) note, "such distributional effects are not unique to labor: they also occur with the increased movement of goods and capital"—and yet there has been massive liberalization in the movement of goods and capital.[26] Labor flows differ in an important way from flows of goods and capital. Card et al. (2009) note that "unlike trade, however, immigration can alter the composition of the local population,"[27] or what Jain et al. refer to as "the potential to affect a country's culture and identity." Alesina and La Ferrara (2005)[28] and Huntington (2004)[29] provide evidence that citizens of a country care not just about their income but also the degree of sociocultural heterogeneity in society.[30] Pritchett argues that "of all the ideas that limit migration, perhaps the most important is the idea that there is a national "culture" and that increased labor mobility threatens that culture."[31]

Temporary mobility may be a "just right" element of a solution for the political impasse on migration. The choice does not need to be between hosting foreign workers permanently and not having them fill jobs.[32] If set up properly, temporary mobility programs allow governments in receiving countries to address labor scarcity without increasing rates of permanent migration.[33] There are a number of channels through which permanent migration has larger (and less politically palatable) cultural implications than temporary migration. Permanent migrants generally acquire voting rights and thus may influence the allocation of scarce resources across public goods.[34] They are also more likely to bring family members, further increasing their cultural "burden." In fact, according to Jain et al., their model suggests that countries particularly averse to migrants may find it easier to sustain high levels of temporary migration because it would be very politically damaging for their governments to let temporary migrants stay past the agreed duration, thus assuring the native-born populations that the temporary program is in fact temporary.[35] Temporary migration programs allow receiving governments to appear "tough" on migration while satisfying the employing sectors' need for workers.[36] Temporary mobility programs are also viewed as contributing to greater flexibility in the labor market than permanent migration flows, as they can more easily be adapted to the changing needs of the labor market.[37]

At present, no temporary mobility programs are both operating at scale and sufficiently rights-respecting in a way that would be acceptable to OECD citizens. The Gulf Cooperation Council (GCC) countries operate large-scale temporary mobility flows (in the millions per year) that are very high proportions of the native-born population, but these flows are infamous for the mistreatment of workers. On the other hand, the quality TMPs mentioned above, such as those run in Australia, New Zealand, Canada, and South Korea, are all of high quality in terms of worker treatment (although, like all things in the real world, they are not without their problems) but operate at a small scale (10,000–20,000 per year). To generate the political will to create large-scale TMPs, we need to show that it is possible to build TMPs at scale that do not mistreat workers. To do so, we must first understand what drives bad outcomes—a topic to which we now turn.

Good examples of temporary mobility programs do exist, but they only operate with a small fraction of the existing global migrant population. While there is good reason to believe that temporary migration programs can be more politically viable than increasing permanent migration, temporary migration is also often viewed as politically unacceptable. This is due to the combined effects of the belief that "there is nothing so permanent as a temporary migrant" (the belief that the program will not work as intended and participating workers will overstay their visas and stay permanently);[38] the political difficulty of acknowledging that not everyone who is allowed into the country to work is automatically on a path to citizenship;[39] and concerns around the violation of worker rights, which have come to characterize many temporary migration programs. However, for the large part, these concerns can be addressed using already established good practice in specific design features of the program (more on this later).[40] Many prosperous countries—such as New Zealand, Singapore, and South Korea—operate large-scale formal programs for temporary workers.[41] Still,

BOX 1: Examples of Existing Temporary Mobility Programs

- **Australia and New Zealand are now placing over 25,000** agriculture and tourism workers per year from Pacific and Southeast Asia through seasonal (<1 years) workers programs.
- Building on success, Australia recently launched its **Pacific Labour Scheme, providing 1–3-year visas** for workers in target sectors.
- **Global Skills Partnerships** (currently operating in Morocco–Belgium, Kosovo–Germany, Pacific–Australia) engage sending and receiving employers to identify needed skills. Receiving countries finance the training of workers in sending countries, who then choose a "home" or "away" track that fills critical labor shortages abroad.
- **Korea's Employment Permit System** is a temporary migration program for low-skilled workers built on government-to-government memorandum of understandings between Korea and the sending countries. Migrants are afforded the same labor rights as domestic workers, and the program has reduced undocumented immigration **while placing 50,000 to 60,000 workers every year**.

these programs represent only a small portion of global migration opportunities. As of 2003, only six high- and three upper-middle-income countries operated seasonal agricultural worker programs; and seven high- and five upper-middle-income countries operated temporary migration schemes for workers in priority sectors of employment.[42] Professional and trainee schemes were somewhat more common.

Temporary mobility programs may have the added benefit of increasing the development potential of labor mobility. Due to their rotational nature, temporary migration programs increase the number of people who may have the opportunity to benefit from labor mobility. One objection to labor mobility from the "development" perspective historically has been that the number of movers will always be very small relative to the developing country's population, potentially increasing domestic inequality.[43] At the same level of migrant stock from a given country, temporary mobility programs, by their reputational nature, would offer many more people from that country the opportunity to migrate and thus spread the gains more evenly. Pritchett (2006) offers the following example: "suppose the host-country tolerance is 1 percent of the sending country's stock and that as each cohort enters the labor force it is allowed to work abroad. If the average duration were shortened from fifteen to three years, the fraction of workers who would have some work abroad would increase from 3 to 15 percent of the sending country's stock."[44] Beyond this, temporary mobility is also more development-friendly as workers accumulate skills abroad and bring them back to their home country when they return, as discussed above.[45]

Due to their rotational nature, temporary mobility programs are more administratively demanding than other forms of mobility. Temporary mobility programs require far more support than permanent migration. As noted above, the shorter duration of employment abroad as well as its rotational nature imply that the same migrant population size comprising temporary migrants would have much higher migrant flows than an equally sized population of permanent migrants. This, in turn, implies more job matches to perform, more visas to process, more health and security screenings, more flights to arrange, and so on. There is also the added element of reintegration into the sending country's society post migration, which good practice suggests has a bevy of support requirements. Further, because temporary migrants face a number of additional vulnerabilities due to their temporary status and limited integration, quality temporary migration programs require a more robust array of pastoral care services and support for workers while abroad. All of this suggests that an increase in temporary mobility (either absolute or even as a share of the existing migrant stock) would, in turn, create an increase in demand for quality mobility services. It is to this that we now turn our attention.

The Fundamentals of a Good Industry

Perceived Illegitimacy of Temporary Mobility Programs

Despite the overwhelming need for and the powerful potential of labor mobility, it is often viewed as illegitimate or an option of "last-resort" for addressing labor market needs. Indeed, employers have noted that acting on mobility is often automatically perceived as "second tier."[46] Politicians and government officials, both on the receiving and the sending sides, frequently make it clear that labor mobility (particularly temporary labor mobility) is to be used only when all other options fail. Even within the migration field, academic research is skewed toward other forms of mobility, leaving large gaps both in evidence and good practice around labor mobility.

This perceived illegitimacy is driven in large part by the prevalence of bad outcomes, driven in turn by bad systems and structures surrounding labor mobility. While potentially a powerful force for good, current labor mobility flows are sometimes characterized by fraud, extortionate costs, worker abuse, and illegality. These dynamics can easily be seen in the GCC countries, where labor mobility flows from poorer countries have lifted millions of families out of poverty[47] but are also characterized by frequent cases of worker exploitation and fraud. While the labor mobility to the GCC has many well-known examples of these dynamics, it is important to note that the same dynamics have been seen in every labor corridor. These bad outcomes work to create a powerful political coalition against labor mobility; irregularity fuels the anti-immigrant right wing while concerns about worker abuse build opposition from the left wing. However, these outcomes are not inherent to labor mobility but rather a result of poorly constructed systems and incentives. To make TMPs a politically viable solution to the demographic crises of OECD countries, we must demonstrate that it is possible to operate a quality, rights-respecting TMP on a large scale. In this section, we will explore these bad outcomes and what drives them.

Debt/Fraud in Recruitment

Labor mobility flows are frequently characterized by extortionately high costs, amounting to as much as nine months' to more than a year's salary abroad. A report by Verité, a US-based nongovernmental organization, found that workers from Latin America and Asia paid intermediaries between USD 3,000 and 27,000 to secure visas to the US,[48] while the World Bank reports that South Asian workers regularly pay USD 3,000 to 4,000 for jobs in GCC countries.[49] Low-income migrants to Canada reportedly pay USD 4,000–10,000 in recruitment fees, which can represent between six months and two years of earnings in the workers' home countries.[50, 51] These costs are primarily paid toward recruitment agency fees; in Bangladesh, intermediary fees account for more than 75 percent of the overall migration costs, with "kickbacks" to intermediaries alone reported to be USD 1,500–1,800[52] (a

2019 GFEMS survey found male migrants reporting overall costs of migration ranging from USD 2,160 to 3,600).[53] Such high costs undermine the development potential of labor mobility and are a direct result of a lack of transparency and competition within existing recruitment markets.

These payments are made up-front before migrant workers have begun to earn their increased salary abroad. As a result, workers are often forced to sell off assets or take on debt to finance their migration. Debt may take two forms: migration debt financed through wage deductions and migration financed through loans.[54] As noted above, debts taken on may amount to a year's salary abroad or more; debts from Kenya and Nepal to the GCC and Malaysia, for example, often amount to around USD 2,000, whereas average salaries are USD 300 per month, meaning (at best) the debt would take seven months to pay off with no other living costs.[55] The debt often comes with high interest rates,[56] sometimes so high that migrants are required to continue working abroad way beyond their visa period simply to pay them off. These debts undermine the positive impacts of mobility: in Bangladesh, 28 percent of migration attempts result in a median loss of USD 250 (or approximately 24 percent of annual earnings for an average Bangladeshi household and 2.5 times the median annual earnings of USD 109 for poor rural households).[57]

Worse still, workers pay into this system without any assurance that they are getting what they are paying for. Migrants often arrive in the receiving country to find that the job is not as expected, or the pay not what they were promised. Verité reported that 43 percent of the Nepali migrants they interviewed signed a different contract upon arrival in the receiving country with different terms to those they agreed to before migrating,[58] and 36 percent never signed any contract. The 2019 GFEMS study, mentioned above, found that 61 percent of Bangladeshi male migrants surveyed never saw a contract, 44 percent reported deception by middlemen, and 24 percent reported deception by employers.[59] Similarly, returned domestic workers in Kenya reported that they frequently discovered that the job description had changed (name of employer, house size, salary level, or level/grade of the job) from what they had been told prior to migration. One worker reported receiving USD 180 per month rather than the USD 220 she had been promised.[60] In the worst cases, migrant workers arrive to find there is no job.[61] In a famous example in Canada, *The Globe and Mail* identified 45 immigration consultants, recruiters, and employment agents accused of defrauding at least 2,300 foreign students and workers in recent years by charging significant fees and misleading them about their chances of employment or permanent residency in Canada.[62] This fraud is crucial in that it changes the calculations prospective migrants would have made when taking on debt. Often, such fraud also jeopardizes the worker's immigration status, with many finding that they did not have a valid employment visa to begin with.[63]

Fraud in recruitment systems is particularly damaging in the COVID-19 era. While labor mobility is still much-needed post-COVID-19, it comes with the new challenge of ensuring that workers arrive free of COVID-19. Historically, responsibility for facilitating the health screening of workers prior to departure often fell to recruitment agencies, and there are frequent reports that these screenings are fraudulent. In the COVID-19 era, the stakes of such fraud are much higher: migrant workers bringing a renewed outbreak of COVID-19 could lead to another wave of border shutdowns and retaliation against migrants. Bangladeshis in Italy are already being stigmatized because thousands of Bangladeshi workers migrated to Europe based on fake negative COVID-19 test results (often without any test being conducted) and later tested positive.[64]

Worker Abuse

Worker abuse is well-documented within existing labor mobility systems. Wage withholding, withholding passports, forced overtime, workplace health and safety violations, and a range of other forms of abuse are all well known to occur with some frequency in existing migration systems. This is often discussed within the context of the GCC countries, where the *kafala* system[h] restricts workers from entering the country, changing jobs, or leaving the country for any reason without obtaining permission from their *kafeel*.[i] Perhaps the most famous examples of this abuse are those associated with the 2022 Doha World Cup, with repeatedly reported cases of migrants going for months without pay,[65] being forced to work overtime, living in substandard conditions, and even dying.[66] Nepal is recently seeing an alarming trend of kidney disease in its young population, primarily among migrant workers who engage in long hours of physical labor in the desert, become dehydrated, and take large quantities of painkillers, all of which combine to make them vulnerable to renal failure.[67] Women migrants, who often work in the domestic sphere, where there is little or no oversight, are uniquely vulnerable, resulting in excessive working hours,[68] physical and sexual abuse,[69] and—again in the most severe cases—death.[70]

While the GCC countries are widely critiqued for this, it is important to recognize that these same dynamics exist (albeit to differing degrees) in all migration corridors. A database of the complaints of migrant workers in Australia shows that underpayment, unfair dismissal, and forced overtime were among the most common.[71] Canada has had famous cases of temporary foreign workers being subjected to unsanitary housing, wage withholding, and recruitment fraud.[72] The COVID-19 era has shone a light on worker vulnerabilities in many countries; for example, 88 percent of Singapore's COVID-19 cases were among low-skilled foreign workers, resulting from their overcrowded and unsafe dormitory accommodations.[73]

The recruitment fraud and indebtedness detailed above feed into deeper problems of worker abuse. These debts put migrant workers in very precarious situations as they must maintain employment to be able to pay their debts. In cases where the debt is repaid through salary deductions, the worker is prohibited from changing jobs or leaving their employer until the debt is repaid, and their documents are often withheld.[74] Debt is also linked to forced overtime work,[75] which (as noted above) is connected to severe health problems.

Problems of abuse (and indebtedness) are further exacerbated when the worker's immigration status is tied to their employer. In many migration systems (particularly temporary migration systems), work visas are tied to a specific employer, meaning that the worker cannot leave that employer without invalidating their visa status. This is shown to increase worker vulnerability; in the United States, employer-tied visas have been directly linked to the potential for worker abuse, with migrants on employer-restricted H-2A and H-2B visas accounting for the majority of federal claims brought against employers (for example, workers on employer-restricted visas registered more than 100 complaints about wage and hour deception as opposed to 8 from workers on unrestricted visas).[76] Indebtedness further exacerbates the workers' dependence on their employers in employer-specific visa schemes, as they are dependent on the higher wages earned abroad to pay off their debts back home.[77] For instance, in Singapore, which has employer-tied visas, Baey and Yeoh (2015) note that indebted workers "sometimes choose to endure harsh and/or unsafe working conditions rather than risk the [premature] repatriation" resulting from raising concerns with their employers.[78]

h. The *kafala* system is a legal framework defining the relationship between migrant workers and their employers in Gulf Cooperation Council (GCC) countries, which gives sponsors almost total control over migrant workers' employment and immigration status.

i. A *kafeel* is a sponsoring employer in the *kafala* system.

Irregularity

Irregularity is another key driver of resistance to temporary mobility. While, as noted above, several countries run well-managed temporary mobility systems with very little irregularity and overstay, the perception of many citizens in high-income countries is that temporary programs are characterized by irregularity. The conventional wisdom is that "nothing is as permanent as a temporary migrant." This so-called wisdom, which grew out of experience with Turkish "guest workers" brought into Germany in the 1960s, is belied by current programs such as those mentioned above.[79] The perception that temporary mobility inherently breeds irregularity is also fed by vast populations of irregular low-skill workers in countries like Malaysia and the United States, which has what has been described as "by far the world's largest—and wackiest—guest-worker scheme," noting that "the United States has far more low-skill foreign workers than Singapore or Kuwait but forces its employers to rely on the black market."[80]

Concerns around irregularity boil down to concerns over losing control of who is in the country at a given time, and on what terms. Put another way, it is a lack of trust that a labor mobility scheme will operate on the terms initially set out. Former President of the Migration Policy Institute Demetrios Papademetriou wrote that "the persistent belief that government is unequal to the task of managing immigration well—that the system is "broken"—is the greatest threat to public confidence in the migration arena."[81] This issue of trust has a real impact: Halapuu, Paas, and Tammaru found that trust in institutions has strong explanatory power when analyzing predictors of people's attitudes toward migrants (though this relationship was strongest in attitudes amongst ethnic majorities within the host country).[82]

It is difficult to disentangle the issue of irregularity from the issues of recruitment fraud, indebtedness, and abuse explored above. Workers who take on significant debt prior to departure and arrive to find there is either no job or their salary is not as promised are much more likely to overstay their visas or fall into irregularity.[83] As noted above, recruitment fraud is also often connected to visa fraud, in which the workers arrive to find that their recruitment agent did not arrange a valid visa. This implies that the quality of the recruitment agents and the mobility industry has a real impact on the extent to which states are able to maintain control over mobility systems.

Drivers of Bad Outcomes

These bad outcomes are often attributed to unscrupulous behavior on the part of recruitment agencies and employers involved in placing and hiring migrant workers. The prevailing belief that the mobility industry attracts fundamentally bad actors ties neatly into the perceived illegitimacy of labor mobility in a self-fulfilling prophecy. As the International Labor Organization (ILO) rightfully notes, "unethical behaviour is common throughout [these] industries; exploitative behaviour is the norm rather than the exception." In other words, exploitation and rights violations go beyond a few "bad apples" to something far more systemic."[84] In order to change the bad outcomes (and thereby legitimize labor mobility), we need to understand the ways in which the current system drives them.

Perverse Incentives

The key driver of systemic fraud and abuse across the current mobility industry is the perverse incentives baked into the design of mobility systems. As noted above, recruiters are paid up-front, regardless of job quality and indeed regardless of whether the promised job materializes or not. Recruiters have significantly more bargaining power, as they control jobseekers' opportunities for overseas employment; in many cases, recruiters require their fee to be paid before they release a migrant worker's visa and employment contract that allows them to get on the plane.[85] It is reportedly common for intermediaries to ask for a deposit (equal to one-quarter or one-half of the total amount) at the beginning of their discussions, before even knowing whether a job opportunity exists.[86] If there is no job opportunity, they may, reportedly, send the prospective migrant to an interview with too many other applicants or for a job for which they are not qualified or, in the worst cases, provide a fake work permit. Some recruiters reportedly prolong recruitment to make a profit with the cash paid up-front by the prospective migrant worker.[87] Migrants are willing to pay the up-front costs without assurance of quality employment because, even with this risk, the income gains for them are so significant and because they have no other way of accessing the potential opportunity.

The primary driver of profitability under current intermediation models is the volume of jobseekers placed, which further disincentivizes quality service provision. Recruitment firm revenues are tied to the number of people recruited and placed in overseas employment; several studies have noted that this means they have a financial incentive to increase volumes of jobseekers placed (regardless of the quality of these placements).[88] As the ILO notes, "this means that regardless of the source of the income, recruitment firms are reliant on: maintaining a steady turnover of new recruits; and generating sufficient overseas contracts with clients so that they can place their recruits in employment."[89] With regard to the number of overseas contracts, competition is steep as many recruitment firms are competing for the same job orders; as a result, it is not uncommon for recruitment firms to pay bribes to their clients (employers and placement firms in destination countries) to win contracts.[90] The cost of these bribes is then passed on to the migrant workers. Because there are no incentives tied to job quality but only to the volume of jobs, there is no incentive to turn down contracts for jobs that do not meet some minimum standards of quality (or even to vet job openings for standards of quality).

Under these conditions, there is little incentive for recruiters to invest in quality service provision. Recruiters receive payment regardless of the job quality (or indeed regardless of whether the job terms are the same as promised or even if there is a job at all). Sourcing and vetting quality vacancies require greater effort (and expenditure) on their part and would decrease their volume-driven profitability by limiting themselves only to jobs that meet certain standards. As the ILO notes, "with volume driving the business, recruiters lack an incentive to invest in ethical recruitment practices which would make the rights of migrant workers central to their business."[91] Those who do invest in better practices must charge higher prices to employers to cover these costs, meaning that their viability is dependent on employers willing to pay these additional costs.[92]

Limited enforcement capacity means that regulations are not an effective deterrent to balance these perverse incentives. Recruitment is by definition a cross-border activity, making enforcement of one country's regulations over activities that happen in another a significant challenge—sending country officials have little to no influence over the activities of destination country placement agencies or employers and vice versa.[93] A lack of capacity in sending country labor agencies serves to further undermine enforcement. Recruitment agencies interviewed in Kenya note that no prosecutions of recruiters for noncompliance have ever taken place, citing a lack of capacity within the National Employment Bureau.[94] Capacity in Nepal and Bangladesh is similarly limited and further undermined by a lack of political will toward enforcement as there are deep ties between politicians and the recruitment industry.[95]

Information Asymmetries

Information asymmetries are a frequently cited cause of fraud, indebtedness, and abuse in labor mobility systems. Labor mobility systems are inherently cross-border, with different actors and regulations on each side and no single entity responsible for ensuring the quality of the process from start to finish. An action (for example, charging workers for placement) may be illegal in the receiving country but occur in the sending country (or vice versa), where they have no jurisdiction or oversight. Information asymmetries exist among all actors: governments on one side of the border have little insight into the activities of recruiters or employers on the other side; workers have little information regarding the activities of recruiters and employers, and employers have little knowledge of the screening and recruitment of workers on the sending side.

Information asymmetries are most severe between the migrant and the recruitment agent. The recruitment agent holds critical information around the migration process, the employment prospects and associated terms and conditions, the true costs of migration, and their own trustworthiness. Each of these pieces of information is critical to the prospective migrant worker's decision making, but their only direct link to this information is through the recruitment agency. Fraudulent agents take advantage of the information asymmetries, appearing to particularly target poor and ill-informed potential clients in rural areas.[96] Key information asymmetries include the following:

1. *Costs:* All fees are usually paid directly to the intermediary in direct contract with the prospective migrant worker, and the prospective migrants themselves do not know how much they are paying in different fees and to whom, leaving open the distinct possibility of overcharging.[97]

2. *Accountability:* Often, the migrants (and recruitment firms) do not know who the recruitment agents are—in Nepal, there are 800 licensed recruitment firms and a further (estimated) 50,000 unlicensed brokers working with these recruitment firms.[98] As a result, the recruitment firm in Kathmandu may not know who is recruiting candidates on their behalf, what the candidate has been told about the job, or what fees they may have paid; and the prospective migrant does not know who is responsible, how their paperwork is being processed, or what their fees are paying for.[99]

3. *Conditions of employment:* Employment contracts are often only signed the day before departure, or even at Kathmandu airport. This gives migrants little time to review and understand their employment terms and conditions, let alone to negotiate them. The passport and entry visa for the destination country are usually handed to the migrant at the same time. The rationale of handing over the documents at such a late point, according to one key informant interviewed for the study, is to prevent migrants from changing their minds about leaving or from taking up another job with a different recruitment firm.[100] This is tied to the perverse incentives explored above.

Migration Controls

Migration policies are also often drivers of the bad outcomes that de-legitimize labor mobility. While not the primary focus of this report, it is worth noting that many of the negative traits of the recruitment industry mentioned above share the characteristics of many prohibited industries (such as the alcohol industry during the Prohibition era in the United States) and are directly related to legal frameworks that create legal barriers to otherwise legitimate activities, such as job matching across borders. Where these controls are loosened, the recruitment industry does not have the same influence over migration outcomes. For example, Paraguayans looking to work in Brazil do not need to apply for a work permit in advance; as a result, it is very rare to use recruitment agents, and the costs of migration are significantly lower.[101] Because there are vastly more workers seeking employment abroad than there are overseas employment opportunities, under current migration policies, employers and recruiters have significantly more power in dictating the terms.

Specific design features within migration policies can also drive bad outcomes. For example, a major driver of worker abuse is employer-tied visas, where migrants forfeit their migration status if they leave the employer who sponsored their visa. This has been shown to increase workers' vulnerability to abuse and maintain worse employment and wage outcomes than for workers who are able to change jobs on their visa.[102] This was another key difference between Paraguayans interviewed in Brazil versus Nepali and Kenyan workers in the GCC: when Paraguayans are unhappy with working conditions in Brazil, they leave to find another job, whereas Nepali and Kenyan workers are unable to leave jobs with poor working conditions due to migration policies that prevent them from doing so without permission (in addition to recruitment debts).[103] As a result, "Paraguayan nationals in the state rarely find themselves 'slaves' to their employers. Their hours may be long and the work, grueling, but folks come and go as they please."[104]

Much irregular migration can also be attributed to poorly designed migration systems, for example, the commonly held belief that "there is nothing more permanent than a temporary migrant;" that is, the public believe that migrants admitted on temporary visas will not return to their country of origin when their visas expire. However, Clemens and others noted that "a number of temporary migration programs have successfully kept visa overstay to a minimum while also bringing in migrants to fill labor shortages."[105] Indeed, New Zealand's Recognised Seasonal Employer Scheme (a gold standard among temporary mobility programs) had overstay rates of less than 1 percent for its first six years. While many temporary mobility programs are indeed plagued by high overstay rates, this is directly attributable to poor designs creating perverse incentives. For example, the United Kingdom's Seasonal Workers Agricultural Scheme had overstay rates as high as 10 percent; however, the requirement in the program for the workers to cover their own cost of return travel is believed to have significantly contributed to this.[106]

Features of a Quality Mobility Industry

The primary point to take away from the previous section is that the mobility industry is not inherently unethical but rather that it is badly designed. Much of the migration literature treats recruitment and intermediation as a fundamentally unethical and exploitative industry; this approach misses the positive logic for a mobility industry and preempts serious exploration of how a good mobility industry could be built. The rest of this report seeks to explore the role for a good mobility industry, and how it could be designed to change the incentive structure for improving outcomes from mobility, thereby legitimizing labor mobility and reducing political barriers to its expansion.

Only recently has effort gone into defining the mobility industry and the role it plays. The mobility industry has been defined as "the ensemble of entrepreneurs who, motivated by the pursuit of financial gain, provide a variety of services facilitating human mobility across international borders."[107] This includes but is not limited to recruiters and intermediaries, money lenders, remittance providers, transportation providers, travel agents, and migration lawyers, among many others.[108] Because the line is often blurred between legal and quasi-legal or irregular activities, this analysis has sometimes included smugglers and coyotes.[109] However, their involvement is overstated; McCollum (2016) notes that "in practice the migration industry is much more engaged in legal migration flows, yet this dimension of the industry remains somewhat neglected."[110] These efforts have also begun articulating the role of the mobility industry: one notes that given "segmented western labour markets have an inherent structural demand for migrant labour… [there is a] role of labour providers in 'oiling the wheels' of these processes."[111]

FIGURE 5: The Migration Process with and without Quality Industry Support

Steps of the migration process

	Source vacancies in the receiving country	Match workers with vacancies	Approval (visa, health, security) and preparation	Travel and move into accommodations	Sustain employment	Submit grievance in the case of employment dispute	Complete work and return home
Without any professional support	Self-sourced, vacancies are not vetted	No job search support to migrants or vetting of credentials	Worker navigates process alone, no preparation	Travel/ accommodations arranged by employer or worker, no support or verification	No worker support or verification of employment conditions	Worker must navigate legal systems alone or rely on overstretched consulates	No oversight of return process or support for worker upon coming home
With a professional industry	Professional agency engages employers, sources and vets quality vacancies	Agency collections applications, screens workers, and matches them to suitable job	Agency assists worker through process, offers orientation on life and work abroad	Worker is seen off and greeted on both sides of flight, moved into vetted housing	Agency has regular contact with worker and employer, verifies job is as stated	Dispute resolution services, either mediates directly or assists with legal channels	Agency ensures worker's return home at the end of the job and provides support

Source: Smith and Hani 2020.

They have also "partially replaced traditional agents of civil society in stimulating mobility and easing adaptation," thereby reducing the burden of mobility on states.[112]

We define the mobility industry as the body of private sector actors delivering services required for mobility. These include actors providing services across the entirety of the migration lifecycle, from predeparture (e.g., passport or visa application preparation and processing, health and security screenings, CV or resume preparation, language training, and skills training) to transit and employment (e.g., travel and accommodations arrangements, healthcare, banking, remittance transfer, life insurance, and grievance redress) to return (e.g., reintegration and benefits portability). Further, we define a *good* mobility industry as one in which: (1) the "core rights"[j] of workers are established as minimum standards; (2) systems ensure that these minimum standards and the terms agreed to before migration (on job terms and salary, rights, and costs of migration) are clearly understood and adhered to by all parties; and (3) there is access to effective grievance redress when agreed terms are broken. We see a good

j. In *The Price of Rights: Regulating International Labor Migration,* Martin Ruhs advocates for a universal but limited set of "core rights" for migrant workers as an alternative to the comprehensive set of rights demanded by the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (ICRMW).

mobility industry as having four key roles: (1) reduce migration costs per worker through greater economies of scale; (2) decrease the burden on migrant workers; (3) build trust among actors; and (4) turn good practice into good policy.

Reduced migration costs per worker through greater economies of scale

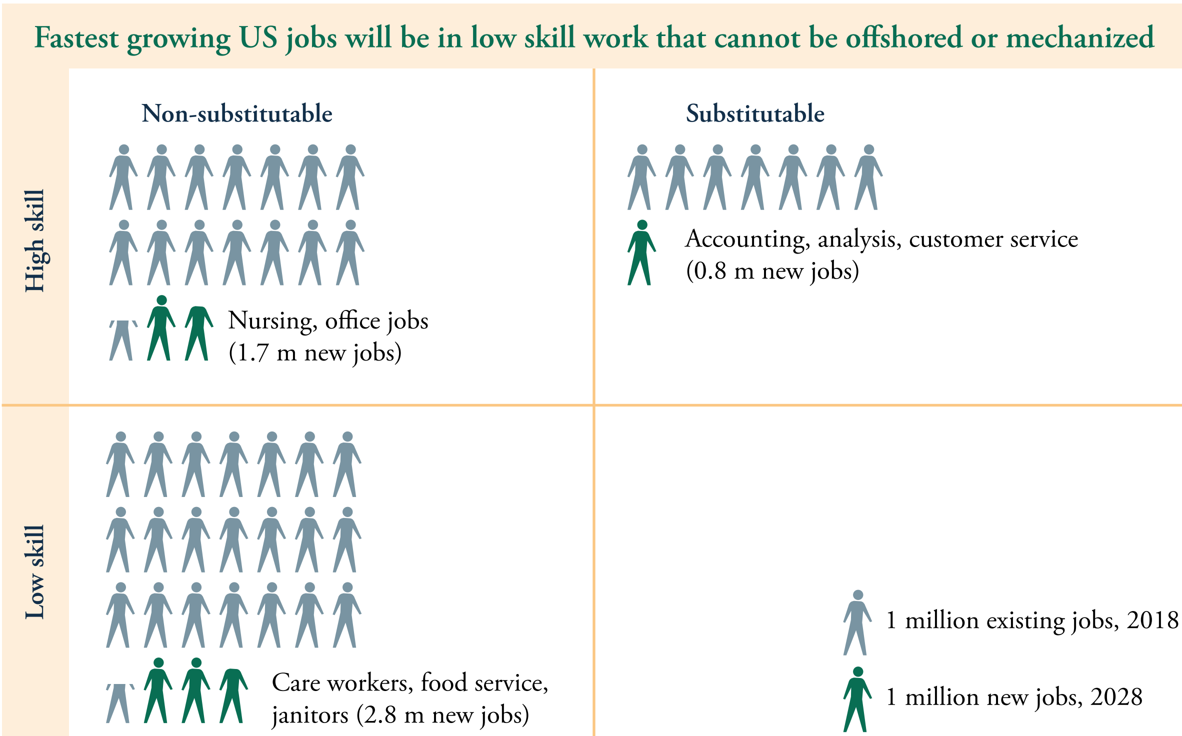
A quality mobility industry could reduce migration costs per worker through greater economies of scale, increasing the accessibility of labor mobility for employers. Employing sectors are faced with a severe scarcity of labor, meaning that moving forward, labor mobility is likely to be a key part of their human resources (HR) strategies.[113] However, employers face significant barriers to hiring workers from abroad; they have limited means to screen foreign workers or deal with complexities posed by distance and language barriers,[114] and they lack specialized knowledge on the migration processes[115] required to maintain compliance when hiring foreign workers (particularly in the face of frequently changing systems[116] where immigration is treated as a "political football").[117] In the United States, the Littler's 2018 Employer Survey found that immigration policy changes were the most or second-most concerning workplace issue for 28 percent of those surveyed;[118] anecdotally, when asked "What part of your job keeps you up at night?" one of the most common responses an HR firm received was "my company's immigration matters."[119]

This is particularly true for smaller enterprises. Large (particularly multinational) firms frequently have in-house migration services as part of their HR departments, whereas smaller firms lack the economies of scale to support this function themselves. The Federation of Egyptian Industries reported that out of the 60,000 mostly small- and mid-size businesses, more than 95 percent have insufficient human resources structures to hire experts that would assist them with explanations of rules and policies related to hiring foreign workers.[120] In testimony before the U.S. Congress, one HR consultant estimated that the "average error rate on I-9 forms [a standard US immigration form] by small-business employers exceeds 75 percent," with significant penalties associated with these errors.[121]

This is a crucial point, as employers most in need of mobile workers in the future are likely to be small and medium-sized enterprises (SMEs). Sectors where labor scarcity will be most impactful in the future are those which are "nontradable" and "nonsubstitutable"; that is, the job must be performed in a specific geographic location (and thus cannot be "traded" or outsourced to workers residing in another country), and the job cannot substitute a worker for automation. Classic examples of these jobs include care workers, food industry workers, and janitors; these are projected to be some of the largest growth sectors in many OECD countries in coming years[122] (as seen in figure 6 below for the United States). Firms offering "nonsubstitutable," "nontradable" services are frequently SMEs, implying that a successful mobility system will be one that levels the playing field for SMEs to hire foreign workers.

A quality mobility industry can lower the barriers to entry of foreign workers to small firms, while also offering large firms economies of scale. Cranston (2018) argues that mobility industry actors should be considered part of the knowledge economy, in that they produce and circulate knowledge of migration opportunities and processes.[123] Their specialized knowledge on how to find and screen workers and how to manage migration processes is valuable to employers, allowing them to source quality workers and to manage the migration processes and requirements to hire them legally.[124] Even in small-scale government-run mobility systems, like the Korean Employment Permit System, experience has shown value in mobility industry actors playing specialized roles that utilize their industry-specific knowledge.[125] For example, while they have a limited role in job matching (which has been left to government agencies), the government still relies on private agencies to deliver postarrival training.

FIGURE 6: Future job growth in jobs that must be performed in a specific geographic location



Source: Bureau of Labor Statistics 2018.

COVID-19 offers a clear example of how a good mobility industry lowers the barriers to entry for employers. While COVID-19 has not reduced the need for a mobile workforce, it has introduced the additional barrier of needing to ensure workers show up free of the virus. Given the overburdened public health systems in the sending and receiving countries, in the absence of a mobility industry, the burden of this requirement falls on employers, requiring them to either quarantine workers on arrival (which is very costly) or provide testing for workers (which is both costly and something that most of them are ill-equipped to do).[126] As part of the recruitment and compliance functions they take on as a matter of course, a quality mobility industry could take on the additional responsibility of ensuring that workers who are allowed to arrive in the receiving countries are COVID-19 free.

Intermediaries also allow employers to maintain a more flexible labor force. A mobility industry lowers the barriers for employers to hire and manage foreign workers, enabling them to make use of flexible migrant labor.[127] In sourcing, vetting, and preparing workers quickly, a quality mobility industry offers employers the ability to adapt and meet their labor needs. This is especially attractive in instances where employers are faced with frequent fluctuations in demand for their goods and services and thus in their demand for labor.[128] In this role, recruiters "oil the wheels" of segmented labor markets by cultivating labor supply and demand across segments and bridging them.[129]

Decrease the burden on migrant workers

In the same way that there are significant barriers to hiring foreign workers for employers, there are significant barriers to overseas employment for prospective migrant workers. Migrating legally requires the processing of several official documents both at home and in the destination country. As immigration processes in receiving countries become more complex, "the assistance of an intermediary who can help migrants negotiate processes which are time-consuming, costly and often prone to corruption, has become increasingly essential."[130] As the ILO notes, "Achieving this alone without the services of a recruitment firm is well beyond what most migrants can cope with."[131] For migrants as well as employers, frequent policy changes only further increase the value of an intermediary with specialized knowledge to manage the migration process.[132] Processing centers are generally clustered in the capital city, requiring (in the absence of an intermediary) the prospective migrant worker to travel (likely repeatedly) to the capital, a costly process in terms of both money and time.

Beyond the migration process itself, mobility industry actors possess valuable information that helps prospective migrant workers secure a job abroad in the first place. Workers often do not have sufficient information about potential overseas employment opportunities to take advantage of wage differentials, or they may not be aware of how to signal to prospective employers what their strengths and potential contributions would be.[133] Intermediaries serve a critical role in informing prospective migrants' decisions about where to migrate, using their specialized knowledge to offer guidance on which markets have promising job prospects as well as manageable immigration requirements.[134] These services are especially valuable to jobseekers who have less access to information about overseas job opportunities, particularly those who are poor, have less education, or live in rural areas.[135,136] One Nepali recruitment agent noted that the brokers' role was critical in getting information about job opportunities to illiterate rural jobseekers in Nepal—they found that only 5 percent of recruits contacted them through job advertisements whereas the remaining 95 percent relied on the services of a broker to refer them to the recruiter.[137]

Even once the worker is in the destination country, mobility industry actors continue to play an important role. Intermediaries can also play vital roles post migration in facilitating the integration of migrants: offering accommodation, advice on navigating life in their new country, help with accessing healthcare and medical tests, or even loans and remittance services.[138, 139, 140] Garapich (2008) notes that the mobility industry has been especially responsive to the needs of migrants for information and access to institutions in the receiving country and contends that in this way they are partially replacing traditional agents of civil society.[141] This can also be seen in the way that intermediaries in the sending country are often the first line of defense for migrant workers from Asian and African sending countries when they are experiencing problems with their employer.

A good mobility industry would address the system of up-front payments that does not incentivize quality service provision. High up-front payment costs have been frequently cited as a driver of worker vulnerability and indebtedness and thus a critical barrier to the expansion of good labor mobility opportunities. A number of solutions have been proposed. For example, over 170 of the world's largest corporations have committed that "no employer or agency recruitment fees should be paid by workers" in their supply chains. We have proposed another potential approach—an Outcomes-Based Model (see box 2). But in any model to address the up-front financial burden on workers, a good labor mobility industry will be critical to redesigning and maintaining the system to cover the real costs of labor mobility, whether by organizing to meet the demand of employers for "employer-pays recruitment" or through other ways to link service provider incentives to placement into quality jobs.

BOX 2: An Outcomes-Based Model Toward Quality Industry Support

In this report, we identify dynamics in the structure of existing industry support that lead to bad outcomes: (1) the system of up-front payments creates no incentive for service providers to find quality employment for migrants; and (2) there is a lack of transparency and accountability throughout the migration process.

The solution often offered (indeed required by International Labour Organization Convention 181) is to make these services free to migrants. To date, zero-fee recruitment exists on a small scale, with "ethical recruitment" firms placing small numbers of migrants relative to the rest of the recruitment industry. In places where total bans on recruitment fees have been implemented, services have often been pushed into the black market.

Zero-fee recruitment often does not solve the problem for three reasons: (1) it ignores migrants' incentives and willingness to pay—they stand to make vast gains and view the fees as an investment; (2) it ignores the fact that there are real costs associated with the services and (as is common in many contexts) if there is no other payer, it is impossible for a reputable organization to build a viable business model; and (3) it relies solely on the ability of governments to regulate and enforce transactions over which, in practice, they can exert little control.

We propose an alternative model of eliminating up-front payments as an example of how quality mobility industry support could be structured—one that focuses on realigning incentives such that service providers are rewarded for supporting and sustaining migrants in quality employment, with controls and quality assurance throughout the migration process. Such a system should be preferred if it: (1) results in better outcomes for the migrants; and (2) is financially sustainable.

Under this model, a rotating fund would be established to cover the costs of job finding, migrant preparation and training, job/workplace audits and worker protection, settling in, and in-work support, as well as the necessary government institutions for protections and oversight.

The initial investment for the rotating fund and for its administration will be made by social investors. The services to migrants will be delivered by service providers contracted by the fund administration. Crucially, these providers will have outcomes-based contracts—with payments tied to the quantity and quality of jobs they help migrant workers secure.

Migrants who successfully find and sustain quality employment through these service providers will contribute a percentage of their salary while abroad back into the fund. This contribution will repay the investors, cover the cost of ongoing in-work support, and fund the service providers to support the migration of future workers.

(continued)

BOX 2: Continued

Such a system would offer several advantages over existing models. It would:

- *Align the incentives of service providers with those of migrants:* In this model, both service providers and migrants succeed when the migrant sustains quality employment abroad, thus aligning incentives rather than relying on regulations and enforcement, which work against the incentive structure.
- *Improve quality and demand-orientation of services:* When providers are incentivized by outcomes, they are encouraged to take an individualized, localized approach to the needs of workers and employers and to innovate in the quality of their services.
- *Improve development outcomes for migrants:* This model eliminates the issue of migrant indebtedness as workers no longer pay up-front and never pay more than a pre-agreed percent of salary.
- *Build in transparency:* By building in a long-term relationship between the migrant, the service providers, and the fund, we create the opportunity for feedback on the quality of support and employment, which is absent in existing systems.
- *Incentive innovation:* Outcomes-based contracts incentivize service providers to constantly experiment with improving the quality of their services. This would feed into the virtuous cycle of "good practice leading to good policy" as described earlier in this report.

We have spent significant time in this report discussing how the existing mobility industry worsens outcomes for migrant workers; however, a good mobility industry would play a critical role in improving the migration experience. Mobility industry actors have a significant role to play in connecting jobseekers to jobs, navigating them through the migration process, and supporting them in the receiving country. A world without a mobility industry would be a world that is far worse for workers—a fact that should be evident from the massive demand for the services of even current low-quality industry actors. The goal then should not be to develop a mobility system that cuts out the role of a mobility industry, but rather to build one that aligns incentives and includes transparency and quality assurance throughout, in order to offer workers quality industry support.

Build trust and capacity

Trust is a key concern within labor mobility systems. The concern that a temporary mobility pathway will not work as it is intended or was promised effectively boils down to issues of trust between employers and governments, governments on both sides, and governments and their constituencies.[142] In terms of inter-government and government-employer relations, this plays out in the concerns that the other partner(s) will not implement the program as they said they would. For governments, this may play out as concerns around overstay, irregularity, and screening; and for employers it may appear as concerns that the workers they are getting do not have the skills promised or are not properly prepared. A key driver of these trust concerns is capacity constraints: both government partners and employers harbor concerns that their partners lack the capacity to implement a given program as agreed and to oversee and enforce the terms of their agreement in practice.[143] Both sending and receiving countries face capacity constraints, particularly in areas touching labor mobility, resulting from underinvestment in these systems as well as their complex nature that requires significant specialized knowledge.

A quality mobility industry could build trust by reducing concerns around capacity. The qualifier "quality" is particularly important here as we have already demonstrated how the mobility industry in its current form serves to undermine trust between all partners. However, we have also noted that in many of its roles, the mobility industry is augmenting the capacity of the state by easing the migration process on both sides of the border, vetting workers and employers, smoothing workers' integration, and addressing grievances as they arise. In many other sectors, it has become common for public services to be even more formally handed to the private sector through contracting out; for example, this has become common in domestic employment programs.[144] Leveraging the capacity of the private sector can improve the performance and quality of mobility systems[145] while ensuring that proper oversight and quality assurance can mitigate the risks of the poor outcomes currently seen.

Turn good practice into good policy

Through experience, a quality mobility industry could develop good practices within the field, and these good practices could, in turn, inform policies. There is relatively little experience in the collective global body of running labor mobility programs; this is a direct result of the perceived illegitimacy of labor mobility, meaning that few programs have been run. Each element of labor mobility systems contains myriad technical questions, while the knowledge base on good practice in response to these technical questions is both limited and fragmented. As a result, as noted earlier in this report, many labor mobility policies are designed in a way that inadvertently encourages bad outcomes by incentivizing overstays, increasing abusive employment by not allowing workers change jobs, and failing to adjust to labor market needs. A quality mobility industry could work to develop viable standards and inform policies based on practical experiences of mobility. Mobility industry actors would then develop a body of good practices based on practical experience to facilitate quality labor mobility at scale.

This knowledge of good practices would be, in turn, an invaluable resource for informing good policy. Through their tangible experience, industry actors would first build a body of evidence on the impacts of labor mobility and knowledge on how to achieve good outcomes and avoid bad ones for employers and workers. Related to this, they would develop knowledge of how certain policies facilitated either good or bad outcomes. This knowledge could be curated and conveyed to policymakers and government officials. Industries frequently communicate their views and interests collectively to policymakers and relevant organizations and attempt to influence policies that affect their work, while policymakers approach associations with their proposals, asking them for an evaluation in order to understand the possible impact on their industry. By communicating with policymakers, a quality mobility industry could push for better labor mobility policies, in turn allowing them to achieve better practice in a virtuous cycle that would not only improve outcomes for workers and employers but also improve the perceived legitimacy of labor mobility.

Facilitating the emergence of a quality mobility industry is a unique challenge. Industries traditionally emerge because there is a gap in service provision or actors in some niche; in this case, a quality mobility industry would emerge to replace existing low-quality actors and service provision. This creates unique challenges. Emerging quality industry actors will need to be able to convince employing sectors to work with them rather than continue their long-established relationships with low-quality actors. They will also need to convince prospective migrant workers to work with them rather than with existing actors, as trust has been so eroded that new quality actors report finding that prospective migrant workers often do not believe their quality offerings are real.

Convincing employing sectors requires a targeted approach. Based on their conversations, existing actors report three types of employing sector responses to a quality mobility industry: (1) firms who are concerned about their public image and therefore are interested in the quality of their labor supply chains from a corporate social responsibility viewpoint; (2) firms that may be interested in transitioning to quality support if it is demonstrated to increase productivity and/or stabilize their labor supply; and (3) firms that under no circumstances will be interested in transitioning from their existing systems due to entrenched organizational culture and path dependency. Firms in the third category are not worth targeting at this time as it would not be effective to do so.

Capturing the supply chains of the first two categories of firms would significantly shift the dynamics in mobility industry markets. The first category consists mainly of large international corporations. Many of these have already made commitments to some form of ethical recruitment. For example, member companies of the Responsible Labor Initiative (RLI) agreed to a set of ethical recruitment principles to ensure respect and promotion of the rights of workers who are vulnerable to forced labor. These include nondiscriminatory and human treatment of workers, commitment to not require workers to pay recruitment fees, and the provision of lawful wages and working hours.[146] RLI currently has more than 130 members from a variety of sectors, including international corporations such as Apple, Cisco, Facebook, Ford, IBM, Nike, Walmart, and others.[147] Still, because there is a very small market of existing ethical recruitment firms, companies are struggling to meet their labor demand in line with this commitment. For them, facilitating the emergence of a quality mobility industry is compelling and would allow them to meet their labor demand while honoring their commitments, thereby reducing their reputational risk.

Firms in the second category (which, while not evidenced, are believed to make up a good number of employers) will require more effort to convince. For them, transitioning to quality recruitment will require evidence of a net positive return. The first step toward this would be demonstrating that workers sourced through quality mobility industry actors are more productive than workers sourced through low-quality actors; such evidence is already beginning to emerge. The second step toward making the business case is the reduction of migration costs per worker through greater economies of scale, as set out previously. Current "ethical" recruitment firms are significantly more expensive than low-quality firms, making it difficult for firms less interested in corporate social responsibility to justify using them. As more quality actors enter and costs go down, it will become easier for firms in the second category to justify transitioning to quality industry suppliers.

Quality Mobility Industry on the Horizon

Populations in high-income countries are rapidly aging while, at the same time, low-income countries are facing a sharp increase in their working-age populations. Temporary labor mobility has the potential to bridge these labor markets, benefiting both and offering a powerful tool toward poverty alleviation. However, the question looms as to how labor market needs of this scale can be met. The current mobility space is highly fragmented, providing little support for migrants or integrated oversight, and thus spurring poor outcomes, including high costs of migration, poor quality of employment, lack of vetting on labor standards, visa fraud, and overstay. These poor outcomes in turn drive political opposition to temporary labor mobility, and if not addressed, are likely to be further exacerbated as migration pressures increase in the future.[148]

In this report, we have made the case that, while the existing low-quality mobility industry drives many of these bad outcomes, a good mobility industry could improve outcomes for temporary labor mobility by reducing migration costs per worker through greater economies of scale, increasing the accessibility of labor mobility for employers, decreasing the burden on migrant workers, and building trust and capability among actors within labor mobility systems. We posit that by changing the dynamics of temporary labor mobility to avoid the bad outcomes of the current system, such a quality mobility industry would also shift the political viability of increased temporary mobility.

Even half of the projected need for workers through temporary mobility would create a vast and viable market for a quality mobility industry. If half of the projected need over the next 30 years were to be filled by temporary migrant workers, this would represent 200 million temporary migrant workers. Using the conservative assumption that the average wage gain per worker is USD 15,000,[149] the annual aggregate wage gains accumulated to mobile workers would be USD 3 trillion. As a reference point, the GDP of India is USD 2.7 trillion.[150] The first takeaway from this figure is the enormous positive potential of labor mobility to create an economy the size of India's simply by letting workers move to fill needed jobs. The second takeaway is that these aggregate gains create a strong business case for a quality mobility industry to provide the services mentioned above. If only 1 percent of the aggregate wage gains were spent on mobility industry services, this would imply a USD 30 billion per year industry. So it is clear that there is an economic case for a quality mobility industry to emerge.

The question then becomes how to facilitate the emergence of such an industry. There are many barriers to this: there are very few existing high-quality actors competing with a large number of low-quality actors in a fragmented field characterized by a variety of operational, political, reputational, and financial constraints and risks. Mitigating these concerns is the crucial first step toward facilitating the emergence of a quality mobility industry.[151] Many of the mitigants to these constraints take the form of public goods, the creation of which may require multistakeholder coalition(s) of industry actors.

Key objectives in facilitating a quality mobility industry (all of which require public goods provision) include:

- **Demonstrate and evaluate a viable business case.** There are already a few demonstration points toward this end; for example, Palladium (a private contracting firm) runs the Pacific Labor Facility, a gold standard seasonal mobility program, which is funded by the Government of Australia's Department of Foreign Affairs and Trade. However, while delivered by quality mobility industry actors, this and other similar temporary mobility programs are government funded, and therefore their ability to demonstrate a business case without public funding is limited. The Ethical Recruitment Agency (TERA), which launched through Seefar, recently published a report to demonstrate the financial viability of quality mobility industry support. Such efforts are a good starting point; however, to get momentum toward a quality mobility industry, concrete, large-scale pilots of industry-run temporary mobility programs are needed to provide additional compelling evidence.

- **Overcome fragmentation and help new entrants into the industry to build their networks.** The current quality mobility industry is fragmented and in the early stages of development to the point that, at present, even when governments and employers are looking to implement a mobility partnership, they have found that there were not adequate mobility industry partners of sufficient quality to deliver their programs.[152] This suggests that many more quality industry actors would be needed than currently exist to facilitate labor mobility at the scale required. New market entrants will need support to understand the market and identify opportunities to grow their businesses, as well as to learn from and potentially partner with more established members of the "good mobility" industry. This would also be important in helping quality industry members compete with the existing, very well-established (and often politically connected) networks of bad actors operating in the same industry. Bad actors in the mobility industry already have very established networks with employers to secure vacancies, with other mobility industry actors, and with government officials. It would be very difficult for quality mobility industry actors to compete with this established network on their own.

- **Systematically build out an analysis on promising market opportunities.** Currently, estimates of labor supply and demand exist only at very abstract levels. Available information is frequently limited to broad overviews of labor market entrants and worker shortages with, in some cases, more detailed information on sector or skill specific shortages. Actors of all types within the migration space have frequently cited the dearth of information on labor market needs as a key constraint to their ability to develop labor mobility partnerships. In the first pilot of a Global Skills Partnership[153] between Morocco and Belgium, one key reported challenge was identifying the labor market needs for both countries.[154] In this case, detailed information on worker shortages by country and sector as well as worker supply by country and skill set would be incredibly valuable to identify opportunities for a quality mobility industry that could build partnerships.

- **Set realistic and achievable minimum industry standards in a way that helps all actors involved.** These could cover criteria for hiring foreign workers, such as defining a "good job" and rules for payments, as well as worker protection standards. A coalition of key quality mobility industry players with agreed industry standards could also provide technical assistance to the involved actors, help

> with diagnostics and capacity building as well as the design and implementation of specific programs, and establish a quality control mechanism. Moreover, an industry coordination mechanism could provide space for information sharing and for the development of additional opportunities for even greater cooperation among employing sectors, governments, and workers' organizations as well as other actors, such as those engaged in lobbying, advocacy, and consulting. The primary aim of all of these efforts is to establish good practice policies that would facilitate labor mobility. In other words, employing sectors could be provided an opportunity to hire good mobility industry actors, developing good practice and thus informing good policy.

Within other industries, these public goods are commonly provided by an industry association. In the case of labor mobility, such associations could serve as a platform where knowledge of practices, risks, and needs are shared, and thereby used to create and enforce common standards, ensuring that labor mobility systems are designed to respond to the needs of workers and employers in both sending and receiving countries. This is key to building and sustaining an effective, safe, and professional global industry. To begin with, such associations could consist of a group of global actors that can and want to influence the global public good, who benefit from labor mobility, and who have an interest in ensuring that labor mobility happens in a rights-respecting, development-friendly way.[155]

The right next step toward a quality mobility industry is "proof point" partnerships. Discrete temporary mobility partnerships among employing sectors, quality industry actors, and governments in a specific corridor and sector for a given number of workers would help establish the business case for and impacts of a quality mobility industry. Outreach for potential partnerships would further help identify actors interested in engaging, which could form a "coalition of the willing" to advocate for and work toward the establishment of a quality mobility industry. This coalition could be something of a "proto-association" until the industry is of sufficient size to sustain an association. Labor Mobility Partnerships (LaMP) is currently pursuing proof point partnerships as the first step down this path.

Overall, a "good industry" within labor mobility would also be "an industry for good." Opening opportunities for labor mobility would unlock enormous benefits for workers, for employers, and for sending and receiving countries. A quality mobility industry that eliminates the bad outcomes currently seen in temporary labor pathways would not only make workers and employers better off but, in doing so, may also reduce political resistance to temporary mobility. We have proposed a series of steps to facilitate the emergence of a quality mobility industry and suggest that there may need to be an association that connects actors working on labor mobility. An association such as this could play a meaningful role, harness cooperation, and ensure minimum standards, and thus create a race to the top.

We all live in a world where we take for granted the effort that was required to build the industries we rely on every day. From the "invention" of electricity to it becoming an essential part of our modern lives required the building a good industry—including robust regulation. From the invention of the automobile to the world in which we take safe motor vehicle transport (by car, bus, or truck) for granted required the creation of a good industry—including robust regulation. From the Wright brothers at Kitty Hawk to over 4 billion airline passengers a year required the creation of a good industry—including robust regulation. The industry of moving people to opportunities to provide needed services in high-productivity countries at much higher wages can be a win-win-win and a massive industry for good for receiving countries, movers, and sending countries—but only with the creation of a good industry.

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