TOWARDS A FRAMEWORK FOR FAIR AND EFFECTIVE INTEGRATION OF MIGRANTS INTO THE LABOUR MARKET

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Executive summary

G20 countries host more than half of the world’s international migrants, and flows into many G20 countries have grown considerably in recent years. Although immigrants tend to face lower employment rates than the native-born, the situation varies significantly across the G20 countries depending on whether they have a long tradition of immigration and most importantly depending on the characteristics of the migrants themselves. This paper focuses on regular migrants, including labour, family, and refugees. All G20 countries face issues related to the challenge of ensuring effective protection, preventing exploitation and abuse and making the best use of migrants’ skills, and these are related to language barriers, skills mismatch and ensuring decent working conditions. At the same time, immigrants with different characteristics face different labour market integration issues, and notably temporary labour migrants generally receive little integration support. In contrast, persons under international protection experience particular obstacles in labour market integration everywhere.

Effective labour market integration is a key factor to enhance the benefits of migration – for both origin and destination countries, but also for the migrants themselves. Migrant workers are best protected where the fundamental principles and rights at work are effectively enforced and relevant international labour standards are applied. Skills of immigrants that are not used (or under-utilised) represent a waste that no G20 economy can afford; it weakens the economic benefits of migration and may also impact negatively on social cohesion.

This paper takes stock of the broad issues involved in the labour market integration of immigrants in G20 countries, as well as of the policies at hand to free their full potential. It builds on the respective long standing work of the International Organisations on migrants’ rights, integration and the analysis of the economic and social impact of migration.
Introduction

Labour market needs, demographic change, geopolitical conflicts, climate change and differences with regard to countries’ development and opportunity structures will shape international migration flows and will continue to do so in the coming years.

Making good use of migrants’ skills, while preventing the exploitation and abuse of migrant workers, is a key policy concern in G20 countries as it is a precondition to benefit from migration for both host countries and countries of origin – as well as for migrants themselves. This policy concern is also reflected in the Agenda 2030, more specifically under Sustainable Development Goal 8, target 8.8 on ‘protecting labour rights and promoting safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment’1 and Sustainable Development Goal 10, target10.7. on ‘facilitating orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies’. Integration outcomes and experiences differ strongly across G20 countries, depending on the size and characteristics of main migrant groups and their labour market participation as well as differences in the experience with managing migration flows and policies. Differences also exist between the migrants who are expected to settle in the host country on the one hand and temporary migrants on the other hand; integration tends to be more of an issue for the former. And all countries experience greater difficulties in integrating refugees than other groups of migrants (see Box 1).

Box 1. Scale and scope of this framework document

The terms “migrant” or “immigrant” are used here as a generic term for anyone moving to another country with the intention of staying for a certain period of time – not, in other words, business visitors or tourists. Within the broad group of migrants, one key distinction is between temporary and long-term migrants, and another one relates to migrant category. Migration categories might distinguish migrants within a free-mobility zone (such as the EU or the Mercosur), labour migrants, family migrants and refugees.

The terms “refugees” includes people under international protection more broadly – convention refugee, temporary protection or other status. It also includes refugees resettled through humanitarian programmes with the assistance of the UNHCR or through private sponsorship – which is often the case in Australia, Canada and the United States. In all countries, by the nature of their forced migration and status, refugees tend to face much more integration challenges than other migrant groups.

“Asylum seekers” are people who have formally applied for international protection, but whose claim is pending. They are thus candidates for refugee status. In practice, in many countries only a minority of asylum seekers are granted refugee or some other protection status, while the rest have to leave the country. If people remain after being denied international protection they become undocumented migrants. Most undocumented migrants in G20 countries, however, arrived through other channels than asylum, with undocumented labour migrants being by far the most important group. Undocumented migrants generally do not have the right to work. Undocumented migrants fall beyond the scope of this document.

Some G20 countries, such as Australia, Canada and the United States have a long tradition in accepting migrants for settlement, while in others – notably in the G20 countries in Asia -- this is rather rare, whereas in Latin America, particularly in the case of Argentina for migrants and Brazil for refugees, this is a relatively more recent phenomenon. In most European G20 countries, migrants tend to be initially admitted on a temporary basis but then gradually, as their integration progresses, are allowed to settle. In other G20 countries, migration is typically of temporary nature and key issues are more related to working conditions and quality of work rather than integration per se.

This joint background paper by the OECD, the ILO, the World Bank and the IMF provides contextual information on migration and labour market integration in G20 countries, highlighting the main issues at stake as well as the policy instruments in place.

1 https://sustainabledevelopment.un.org/sdg8
1. The context

1.1 G20 countries are at the centre of global migration

Hosting more than half of the world’s international migrants, the G20 countries are at the centre of global migration, and many of them have seen a significant recent rise in migration. In 2015, the five countries hosting the largest numbers of immigrants were all G20 countries – the United States, Germany, the Russian Federation, Saudi Arabia and the United Kingdom (UN DESA, 2016). In many G20 countries, the past 10-15 years have witnessed a significant rise in migration compared with the previous decades, and this has been coupled in most recent years by the large, unexpected rise in the number of asylum seekers and refugees. At the same time, net migration continues to be negative in a number of G20 countries (Figure 1).

![Figure 1. Net migration inflows in G20 countries, 2010-15](source: UN-DESA except for EU28 (Eurostat)).

G20 countries have been hosting growing numbers of persons seeking international protection, most notably Turkey, which currently hosts about 2.7 million Syrians under temporary protection, making it the country with the largest refugee population worldwide. Saudi Arabia as the other G20 country in close proximity to Syria has also been hosting substantial numbers of Syrian nationals. Other G20 countries, most notably Germany, have also been affected by large numbers of people arriving for international protection. Globally, with respect to asylum seeking, 2015 was a record year – with around 2 million requests worldwide – with Germany (ca. 442 000, and 890 000 pre-registrations), the United States (173 000) and Russia (153 000) receiving most applications among the G20 countries (UNHCR, 2016).

1.2 Migrant groups in the G20 countries

G20 countries differ largely not only in the size of their immigrant population, but also in their composition.

Figure 2 shows the composition of permanent migration flows for those G20 countries where information is currently available and illustrates how they differ with regards to the composition of new immigrant inflows. For instance, among those countries with available data, the share of labour migrants among total inflows is particularly large in some G20 countries (Russia and Japan), but much smaller in others (United States and Korea).² However, since the global economic crisis, both family and labour

² Large shares of free-mobility migrants from other EU countries come for the purpose of work.
migration have been declining, while mobility under free movement agreements (EU and Mercosur) has increased (OECD, 2015c).

Figure 2. Composition of permanent migration flows to selected G20 countries by category of entry, 2014 or most recent year available

![Composition of permanent migration flows to selected G20 countries by category of entry](image)

Source: OECD International Migration database; OECD 2016a.

Moreover, many G20 countries, for instance Saudi Arabia and the Russian Federation, are experiencing substantial temporary labour migration flows, i.e. labour migrants who are not expected to settle. Most of these temporary migrants are low-skilled workers, often engaged in agriculture, construction, or domestic services; but there are also considerable numbers of highly skilled temporary migrants, for instance intra-corporate transferees. In addition, cross-border migration between neighbouring countries is a frequent phenomenon among the G20 countries, particularly when countries have signed bilateral or multilateral agreements facilitating such movements, notably in the context of regional integration. This concerns in particular the Latin American G20 countries, but also the EU countries, the Russian Federation and to a lesser degree Asia and North America.

Intra-G20 mobility is high. At the time of the last census (2010/11), in 9 of the 16 G20 countries for which data are available, 50 percent or more of the immigrant population came from another G20 country. The shares range from less than 20% in the Russian Federation, Indonesia and South Africa to more than 60% in Germany, Brazil, Turkey and Mexico. Migration is therefore becoming and important factor for G20 integration.

1.3 Labour market outcomes of migrants and refugees in G20 countries

How migrants fare in the labour market differs considerably across G20 countries as well as across migrant groups. This section reviews how immigrants compare to the native-born population along three key labour market outcomes: employment rates, unemployment rates, and wages. Moreover, outcomes of some migrant groups that tend to experience particular difficulties in gaining a foothold in the labour market are discussed in more detail.

Employment rates of migrants are higher than among the native-born population in a number of countries, notably in Argentina, Brazil, Korea, and South Africa (Figure 3). In these countries, many migrants have come from neighbouring countries as labour migrants, and also have lower unemployment rates than the native-born (with the exception of Korea where the unemployment rate among migrants is slightly higher than among the native-born). In contrast, in a number of other G20 countries, gaps in employment rates are particularly large, for instance in India, France, Mexico and Germany. Furthermore, in a number of EU countries, such as France, Italy and Germany, unemployment rates among migrants are much larger than among the native-born.
Figure 3. Immigrant vs. native-born employment and unemployment rates in selected G20 countries, 2015 or most recent year available

a) Employment rates and differences in employment rates by place of birth

b) Unemployment rates and differences in unemployment rates by place of birth

Note: The reference population is the population aged 15-64. Data for Korea refer to foreign nationals.

Sources: OECD 2016a; OECD and European Union 2015; Database on Immigrants in OECD countries (DIOC) 2010/2011.

There are also significant wage gaps between migrant workers and native-born workers, which can only partly be explained by differences in experience, education, occupation and other characteristics. In Europe, the wage gap for some countries is higher than 30 per cent, with the average gap at 17.5 per cent between native-born and migrants, 11.3 per cent of which is not explained by observable factors (ILO 2015).

The way migrant workers are recruited have an impact on their integration prospects. Recruitment costs vary by migration corridor and can become very significant in which case it may hamper integration. Recent ILO research points out the importance of policies in both origin and destination countries in shaping recruitment costs paid by migrant workers.

Furthermore, in some countries, even native-born children of immigrants continue to face difficulties in integrating into the labour market. This is particularly pronounced in countries which had significant low-educated migration in the past, putting the offspring of these migrants at a disadvantage that extends across generations (OECD 2010). Figure 4 illustrates this by showing that
native-born children of immigrants have lower reading scores than students with native-born parents in the large majority of G20 countries for which data are available. Considering that 40 points are comparable to one year in schooling, these gaps in skills present a significant challenge. Increasing the skills and qualifications of native-born students with immigrant parents is likely to have a long-term impact that extends beyond educational achievement. For instance, low-educated young native-born with migrant parents have overall considerably higher NEET rates (Not in Education, Employment or Training) than their peers who obtained higher educational qualifications (OECD, 2015b).

Figure 4. Gaps in PISA reading scores between native-born 15-year-old students with foreign-born and native-born parents, 2012

Source: OECD Programme for International Student Assessment (PISA) 2012.

Moreover, employment rates of foreign-born women are much lower overall than among foreign-born men (Figure 5). Data on a number of G20 countries indicate that in many of the G20 countries migrant women face a double disadvantage; i.e. they have lower employment rates than foreign-born men, but also lower employment rates than native-born women (with the exception of Turkey).

Figure 5. Employment rates among native and foreign-born aged 15-64, by gender, 2015 unless stated otherwise

Sources: OECD 2016a; OECD and European Union (2015); Database on Immigrants in OECD countries (DIOC) 2010/2011.

Lastly, there is evidence that refugees need considerably more time to find employment than other migrant groups, notably labour migrants. Family migrants and refugees do not arrive with a direct link to the labour market and often lack access to networks – by which many vacancies are filled – and knowledge about labour market functioning. For instance, employment rates among refugees in the EU are particularly low in the years after arrival. For those refugees with 15-20 years of
residence, native-born levels (around 65%) are reached (OECD/EC, 2016). Family migrants tend to exhibit a similar pattern.

Summing up, labour market outcomes of migrants and refugees differ considerably across the G20 countries, and this mainly relates to differences in the composition of migrant groups and to the different policy approaches adopted. This suggests the need for active integration measures, tailored to migrants’ individual skills and needs, in order to be effective. Given the G20 countries’ wealth of experiences with different migrant groups, the G20 is well positioned to review common challenges as well as sharing good practices that can help facilitate the labour market integration of immigrants. Strengthening international co-operation and mutual learning in this field is crucial to ensure that migration has positive economic and fiscal impacts on origin countries, host countries and ultimately also benefits the migrants themselves.

2. Economic and social aspects of labour market integration

2.1 Economic aspects

Integration of immigrants can boost the labour force and have a positive impact on income levels and public finances in recipient countries over the long term, especially in countries with aging populations (OECD 2014a). If migrants are properly integrated into the labour market, migration can boost the income per capita of recipient economies by increasing the employment-to-population ratio and labour productivity (IMF 2016a). Labour productivity can be enhanced through increasing the diversity of skills -- skill complementarity and specialisation -- and fostering the upskilling of natives by providing new opportunities. Although migration cannot fully address challenges from population aging, if migrants are well-integrated into the labour market they can also contribute to reduce fiscal pressure related to population aging in host countries. This takes place by slowing the increase in the old-age dependency ratio and associated health care and pension spending relative to GDP (IMF 2016b). This provides time to phase in entitlement and other reforms.

However, there are concerns about the displacement of native workers and short-term fiscal costs, especially in the case of refugees. Migrants could in some instances displace certain groups of native workers in the labour market or exert some downward pressure on their wages, especially among low-skilled workers. However, when the universal values of equal treatment and non-discrimination are effectively upheld, and migrant workers enjoy equal pay for work of equal value and are able to exercise their fundamental rights, including trade union rights, the race-to-the-bottom in wage could be avoided. Most studies find only a limited effect of migration on the average wages and employment of native workers. The impact of migration on fiscal accounts depends on migrants’ income and their labour market integration, but also on the functioning of the social security system in host economies. Regarding refugees, higher short-term costs of caring for these could, however, add fiscal pressure in recipient economies as refugees receive housing, subsistence, and integration support on arrival. Available estimates by the IMF and the OECD (Aiyar et al. 2015; OECD 2015) for the European Union suggest that average budgetary expenditures on refugees could reach 0.1 to 0.2 percent of GDP in 2016.

Fast labour market integration of migrants and refugees is essential for harnessing the benefits of immigration and generate positive contributions to the public finances. As already mentioned, particularly in the case of refugees, the earnings and employment gaps are pronounced in the initial years and fall as migrants gain language proficiency and obtain more relevant job experience.

Past experiences from OECD countries suggest that the net fiscal impact of migrants is mostly driven by their success in the labour market (OECD 2013a). The fiscal impact of immigration on the public purse depends on the type of migrants. Working age immigrants tend to contribute positively to public finances, provided they are integrated in the labour market. This is largely due to their relative young age and thus years of expected contributions and limited need to draw from education and health services. Refugees’ fiscal contribution tends to be less favourable than that of
economic immigrants. The net fiscal contribution of the current refugee wave is difficult to predict, and will depend on how fast and successfully they will integrate into the labour market.

2.2 Social aspects

Labour market integration increases interactions between natives and migrants at the workplace. Successful labour market integration of migrants is a long term process and a key prerequisite for broader social integration. If migrants find a job, they have contacts with fellow workers, which facilitates their social integration and, where this is an issue, learning of the host-country language. Such interactions at the workplace also facilitate mutual understanding and help to tackle prejudices.

Labour market integration has a positive impact on integration in other areas. Surveys have revealed that labour market integration is perceived by migrants themselves to be the most important element in feeling part of the host-country society. If migrants have a decent job, they become economically independent, which enables them to function as autonomous residents in the host-country and to improve their living conditions, in particular to afford better housing.

In contrast, unemployment decreases well-being. There is growing evidence that unemployment impacts negatively on individual well-being, both pecuniary and non-pecuniary. It reduces life satisfaction and tends to have a negative effect on health as well. For refugees, surveys suggest that their motivation to integrate is very high initially and then declines along with lasting unemployment.

Preventing risks of child labour is a particular challenge. There are millions of children under the age of 18 who migrate internationally, with or without their parents. There is a great concern about increases in child labour, which might be associated with these movements. In many cases, they move in search of a better life, and for some escaping immediate threats such as forced marriage, conflict and natural disasters. Child migrants can be particularly vulnerable in the migration process, affecting negatively their personal development. These impacts can be particularly severe for refugee children. These challenges are especially serious in countries where legal protection is absent and where children are prevented from accessing basic services such as education and health care. ILO evidence suggests that amongst child labourers it is migrant children who receive less pay, work longer hours, less often attend school, and face higher death rates at work in comparison to local children (IPEC, 2011; van de Glind and Kou, 2013). A particular concern relates to refugee children, who run the risk of child labour to support their families. There is an urgent need to promote integration into the education system of the destination countries. The provision of career counselling should also be considered for relevant age cohorts in order to facilitate their future labour market integration. In the context of refugee child labour, access of their parents to decent work opportunities in host countries is critical to overcome the food and income insecurity which is a main driver of the phenomenon.

2.3 Benefits to sending countries

Many developing countries currently do not have job growth rates adequate to meet their population growth rates and stand to benefit substantially from international migration. According to the ILO, 1.2 billion additional jobs need to be created in developing countries by 2050 to keep the formal employment rates at the 2015 level. This means that it would require additional 875 million jobs than what is currently projected in developing countries. Labour mobility offers workers access to overseas labour markets. This is one of the most important benefits for sending countries. It also amounts to significant “migration pressures” due to lack of employment options at home. For an observationally identical worker, differentials between wages in traditional sending countries and the United States range from 6 to 15 times (with a median gap of USD PPP 15,400 per year for a male, unskilled, 35 year old urban formal sector worker). Therefore, wage gains to a one-off period of working in the U.S. for several weeks overwhelms the present-value lifetime wage gains from some of the most effective antipoverty interventions in the world.
Effective integration increases migrants’ capabilities to contribute to the development of their country of origin through remittances and capacity transfer, which, over time, in turn reduces international wage gaps and migration pressures. In 2015, worldwide remittance flows are estimated to have exceeded $601 billion, $441 billion of which going to developing countries, nearly three times the amount of official development assistance. This reduces poverty (a 10 percent increase in per capita official international remittances being associated with a 3.5 percent decline in the share of people living in poverty (Adams and Page, 2005), it increases investment in health and education at home and has positive spillover effects on the migrant’s receiving communities (Hildebrandt and McKenzie, 2005; Mansuri, 2007). Diaspora networks of emigrants also convey knowledge and expertise back to the source country. By combining their skills, diaspora networks of emigrants help strengthen the home-country business environment, raise productivity and efficiency, advise governments and help to improve the quality of public institutions (IMF 2016c).

In conflict countries, skills acquired by migrants in host countries can be a valuable asset at the time of the reconstruction in the case of return. Finally, a number of country-level studies, in Mexico, Honduras and Canada, have demonstrated that emigration also increased wages in source countries by tightening the labor markers (Aydemir and Borjas 2007; Hanson 2008). In Bangladesh, for example, out migration from lagging areas tightened the agricultural labour markets, increasing wages and reducing poverty for workers who remained behind (Bangladesh Seventh Five Year Plan 2016). This helps reduce poverty in sending countries and regions even for families not benefiting directly through increased wages or remittances. 3. Policy challenges for fair and effective labour market integration of migrants and refugees

3.1 Enhancing and using migrants’ skills

a) Ensuring that migrants’ occupational skills match with the demand in the host country

The first step in integration is to take stock of the qualifications and skills that migrants possess. This is also crucial for ensuring that migrants’ occupational skills match with the demand in the host country. The share of tertiary educated among migrants is growing in most G20 countries. At the same time, evidence from the EU shows about two thirds of immigrants have acquired their qualifications abroad, often in labour markets and education systems which are quite different from those in their host-countries (OECD and EU 2015). Foreign qualifications tend to be largely discounted in the host-country labour market, even after accounting for factors such as literacy skills, age, gender and field of study. Indeed, the origin of a diploma is a stronger determinant of outcomes than the origin of a migrant him- or herself (OECD and EU 2014). Much of this is likely related to the fact that employers have difficulties in judging the value of foreign degrees and work experience, suggesting that migrants may need additional support in translating their skills and education so that they can be interpreted by local employers. The issue of foreign credential recognition is particularly relevant with respect to the trades, especially when these are regulated professions. In such cases, formal recognition may be needed to exercise the profession. It is also a particular issue for refugees, who often do not have the possibility to provide their formal certificates.

Evidence suggests that immigrants who have their foreign credentials formally recognised, i.e. “translated” into a domestic degree, are more often employed and work in better jobs than those who did not obtain or did not apply for recognition. At the same time, still only a minority of immigrants with foreign credentials seek recognition, as the process is often complex and cumbersome, with many different stakeholders involved. This issue has received considerable attention in recent years, and a number of G20 countries, including Australia, Canada, Germany, and the United States, have taken active steps to tackle this by facilitating the process and enhancing transparency. This is also an area where international co-operation can be particularly fruitful.

Many G20 countries face the challenge of integrating immigrants who lack basic skills into labour markets that have other skills needs. On the other end of the qualification spectrum, there is the challenge of integrating the many immigrants who lack basic skills. This has been a challenge
particularly for advanced economies receiving many recent refugees, but also in G20 countries which have experienced significant labour migration to fill low-skilled jobs – at least in case such migrants settle. Ensuring the employability is a key challenge in this respect.

**Intensive second-chance and remedial education programmes can address the basic skills deficits that prevent immigrants from entering the local labour market.** Such support is indisputably costly, but what matters is that migrants acquire, at the very least, the knowledge and skills which are generally considered to be essential for long-term employability in the host country. Clearly, investment in education does not always yield immediate returns. However, in addition to the positive impact on the outcomes of participants themselves, it pays dividends across generations as the integration difficulties experienced by the children of immigrants tend to be more manifest among those whose parents were low-skilled.

**In many G20 countries, there is a renewed interest in migrant entrepreneurship, not least because of the growing numbers involved and its potential impact on economic development in both origin and destination countries.** OECD-wide, there were 7.2 million immigrant entrepreneurs in 2012/13, an increase of 20% compared with five years earlier. They make a large contribution to employment creation. In Europe alone, among the immigrant entrepreneurs, more than 115 000 have more than 10 employees. Entrepreneurship, referring to formal business activities, can be a particularly effective pathway into the labour market for migrants who experience difficulties in finding regular employment. In particular for harder to reach groups, such as female family migrants, entrepreneurship also provides the possibility to engage in a gainful activity that is potentially more flexible and easier to combine with childcare, cultural barriers or other commitments than regular employment. Moreover, migrant entrepreneurs can be an important role model and a potential employer for other immigrants. While one observes that immigrants are more likely to establish a business, their enterprises also fail more often (OECD 2010a). Part of this is due to lack of financing (including financial literacy), but administrative burden and red tape, as well as lack of knowledge about the host country market, may also play a role. Recent efforts to promote migrant entrepreneurship include providing information about opportunities to access finance and support services, developing business acumen and enhancing business management and marketing skills in general.

**b) Enhancing language skills**

**Speaking the host-country language is arguably the single most important skill needed to succeed in the host country’s labour market.** It is also a prerequisite for broader social integration. The share of migrants who lack knowledge of the host-country language varies widely across the G20 countries. Of course, those countries whose language is widespread in key origin countries will have a natural advantage. It is also less of an issue in G20 countries where the majority of migrants are temporary labour migrants who work in low-skilled sectors. However, in the EU, more than one in five immigrants report that language difficulties are a considerable obstacle to finding a suitable job. Of that proportion, those with low levels of education are over-represented. Immigrants who cite language as a major difficulty are predominantly those with foreign qualifications. Refugees are the group that is most likely to report language difficulties, followed by family and labour migrants.

**To build up the necessary language skills, many countries provide language training for migrants.** The argument in favour of public policies in this respect is that speaking the host-country language is a prerequisite not only for labour market integration, but also for broader social integration. Indeed, expenditure for language training tends to be the single most important expenditure item that is directly related to immigrants’ integration. Evidence from a number of G20 countries suggests that language training is most effective when provided directly on-the-job, but this is rarely the case (OECD 2016b, 2012, 2008). Good practices also take into account the different needs of different migrant groups (women with small children; illiterate; high-educated), and this is becoming increasingly common.
Not only adult migrants, but also children of immigrants are often in need of language support. Evidence from the 2012 OECD’s Programme for International Student Assessment (PISA), which covers 16 of the G20 countries, suggests that children of immigrants whose parents do not speak the host-country language in which the students are tested face more problems in school. The share of those children among all children of immigrants varies from below 20 percent in the Russian Federation, Turkey and the G20 countries in Latin America to more than 50 percent in the United States and Italy. Ensuring equal opportunities for children of immigrants in terms of schooling is also an important dimension for facilitating their school-to-work transition and thus of avoiding marginalisation in adulthood.

3.2 Ensuring fair conditions by addressing marginalisation

a) Addressing negative public opinion

Concerns regarding negative economic impact of migrant presence and of immigrants’ willingness to integrate into the host society should be addressed. The challenge with respect to public opinion is not to obtain a consensus on integration issues, but rather to limit false preconceptions and to differentiate between past and present. For example, while the economic impact of migration is generally positive or neutral in the host countries, public opinion is often concerned that the opposite is the case (OECD 2013; OECD and EU 2016). What is more, unfavourable integration outcomes of migrants who have arrived previously are often taken as a marker for success or failure of current integration policies.

The focus in the public debate on integration issues often tends to neglect positive outcomes, for example that immigrants take up many jobs that cannot be readily filled with the native-born, either because the latter do not want them or because the necessary skills for these jobs are not available in the domestic labour market. Likewise, recent migrants tend to be more educated than settled migrants in many G20 countries, which is associated with a better integration outlook, particularly for their children (OECD and EU 2016).

Factual evidence on the nature of migration, on integration outcomes and on the costs and benefits of migration is important. For example, there is a strong connection between a person’s views on the fiscal impact of migration and the willingness to accept additional immigration flows (OECD 2013a). In all countries for which this information is available, persons who think that immigrants are net contributors are more willing to accept additional immigration flows than those who think the reverse.

Common misconceptions may crucially impact on the integration of already resident immigrants, as well as their children. Ambivalent messages with regard to immigrants and their integration risk encouraging discriminatory attitudes. These may in turn affect the behaviour of immigrants themselves and may lead to disaffection with host countries, rendering anxieties about immigration and integration into self-fulfilling prophecies.

Effective labour market integration can be one step to address negative public opinion about migrants. In contrast, labour market integration will be difficult and social marginalisation more likely if the benefits that come along with successful integration are not communicated clearly.

b) Ensuring fundamental principles and rights at work and decent working conditions

Decent working conditions require ensuring adequate salaries and decent working time arrangements, a safe work environment, fair treatment and fair access to social security schemes, as well as respect for fundamental principles and rights at work and relevant international labour
standards. \(^3\) In general, these standards also apply to migrant workers, unless otherwise stated (see Box 2).

**Box 2: International labour standards and the integration of immigrants**

The ILO Constitution promotes principles of social justice and protects persons in their working environment including those “employed in a country other than their own”. In formulating national laws and policies concerning the protection of migrant workers, governments should be guided by the underlying principles of the Migration for Employment Convention No. 97, the Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143), and their accompanying Recommendations Nos. 86 and 151. These instruments provide for a framework for equality of treatment of migrant workers with nationals, and have been ratified by a number of G20 countries. The ILO has also developed a Multilateral Framework on Labour Migration containing guidance and good practices that can help realise “Social Integration and Inclusion” (ILO, 2006).

Migrant workers, as members of society, are covered by the human right to social security (Universal Declaration of Human Rights (1948), art. 22, and the International Covenant on Economic, Social and Cultural Rights (ICESCR), art. 9). \(^4\) Yet, various restrictions in the scope of national legislation as well as the absence of coordination mechanisms between national legislations often either curtail the full enjoyment of this right or do not allow it to be exercised altogether. The relevant International Labour Standards, \(^5\) provide a reference framework for the protection of migrant workers’ social security rights and lay down key principles such as the equality of treatment, the maintenance of acquired rights principle and provision of benefits abroad, also referred to as “portability” of benefits or the maintenance of rights in the course of acquisition principle, which provides for the accumulation of qualifying periods under different national social security schemes (Hirose et al., 2011). When these principles are further enshrined in bilateral and multilateral social security agreements, they provide for the coordination of social security schemes and the provision of social protection benefits for workers employed in countries other than their own.

A key challenge for G20 countries is how to ensure that low-skilled workers who migrate under temporary migration schemes are not unfairly disadvantaged by such arrangements, particularly in terms of social protection and freedom of association rights. A migrant worker who enjoys permanent resident status can claim the right to equal treatment at work in the same manner as a worker who is a citizen of the destination country. A temporary low-skilled migrant worker subject to a specific regime is likely, by definition, to be working within specific parameters which can cause difficulties in the application of the equal treatment principle. The challenge is that temporary schemes

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\(^4\) See also art 25 of the UDHR and art 10, 11 and 12 of the ICESCR on an adequate standards of living, health and maternity.

may be used to fill labour market needs that are not temporary in nature, hence restricting rights and maintaining workers in precarious employment.

Where particular sectors or occupations are largely “migrant” sectors or occupations, there is no national comparator: domestic work, agriculture and construction sectors in some countries are becoming dominated by migrant workers. There could then be a need to design schemes for migrant workers which embody the idea of equivalent protection or benefits with nationals, or apply measures such as a national minimum wage. A good example here is the ILO Domestic Workers Convention, 2011 (No. 189), which stipulates that “Each Member shall take measures to ensure that domestic workers, like workers generally, enjoy fair terms of employment as well as decent working conditions …” (Article 6). Migrant workers also tend to be over-represented among non-standard forms of employment, such as temporary employment and temporary agency employment. (ILO, 2016a)

Reducing informality and avoidance of policies that result in dual labour markets in G20 countries is also important. To this end, cooperation at all levels (bilateral, regional and multilateral) between governments, social partners and other stakeholders is an essential pillar for ensuring decent working conditions and for protection of migrant workers.

c) Tackling discrimination in the labour market

Studies have revealed that labour market discrimination against immigrants is an issue virtually everywhere, and of significant scale. With increasing numbers of migrants, the absence of effective anti-discrimination measures may result in social tensions. Equality of opportunity and treatment are of prime importance to successful migrant integration in G20 countries, and are also safeguards against practices that drive down wages and working conditions. Consequently, a comprehensive action agenda is needed to improve workers’ protections through appropriate legislation, practical initiatives, and monitoring of compliance. Available tests in a number of countries, using a ‘practice or situation testing methodology’ points to significant discrimination against migrant workers, as well as nationals of immigrant origin in access to employment (Simeone et al., 2007, OECD 2013b). The studies have found that candidates for jobs who are of immigrant background usually have to make three to five times more applications as “native profile” candidates to be invited for an interview. In relation to the native-born children of immigrants, the possession of the destination country’s nationality per se will not alone prevent such discrimination from occurring, although evidence suggests that it is taken as a sign of integration (OECD 2013b). In most sectors, by and large, migrants face lower wages, less favourable working conditions, and less upward mobility than native workers, with the possible exception of the highly skilled migrants, although it is not clear to which extent this is actually due to discrimination or other obstacles. Migrant women, as well as member of specific minorities, might face additional grounds of discrimination (Taran et al., 2004; Benton et al., 2014; Kuptsch, 2015; ILO, 2016b).

Discrimination is not only harmful to the individuals involved; barring migrants from contributing to the economy and unlocking their professional skills also reduces the overall economic benefits of migration. There is a strong business case for fostering equitable treatment, inclusion and diversity. Migrant workers may offer privileged insight into new markets and could assist in opening up new business opportunities. The employer of a diverse workforce is more likely to attract talented human resources and investors. Diverse workforces can make businesses more vital through increased creativity and better problem solving capacities (Taran and Gächter, 2010; ILO, 2016b).
4. Challenges for the governance framework and implementation

4.1 Strengthening the policy framework

a) Designing an effective legal framework for labour market integration

The earlier migrants are integrated in the labour market, the better are their overall integration prospects. A precondition for this to take place is legal access to the labour market. Where legal barriers are in their way, migrants remain outside the labour force or risk resorting to informal work. However, in most countries this is only the case for a relatively small group of migrants, i.e. people under temporary protection or asylum seekers as well as some groups of temporary migrants. That notwithstanding, the exact rules are not always evident to employers, and providing transparent information on these rules should be an important element in the integration effort. More generally, providing immigrants with relevant labour market information (e.g., job openings, labour market regulations) and employers, especially small- and medium-sized enterprises, with clear guidance on administrative procedures and the legal framework for employing migrants can help smooth integration.

Transparency is also important with respect to the distribution of responsibilities. A multitude of different stakeholders, both governmental and non-governmental, are involved at different levels of government. Providing good coordination mechanisms is essential for the cost-efficient implementation of integration policy. Integration primarily takes place at the local level in communities, in neighbourhoods and on the workplace. This means that integration services should be available where migrants are throughout the territory. This has some implications in terms of public support – including on the financial side - to local authorities to ensure quality access to education, language training, skills development, and the like.

The governance framework should also be clear about a number of key principles for integration, such as the importance of early intervention, and the involvement of the whole society (UNHCR and OECD 2016). One example is the recently agreed ILO "Guiding principles on the access of refugees and other forcibly displaced persons to the labour market". It is also important to be clear about what is expected from migrants themselves, since integration is a two-way process. Some countries, such as Germany, have chosen to state the governance framework in specific integration laws to signal the importance of the issue. Most G20 countries also have specific legislation against discrimination, often with explicit mentioning of immigrants as one target group.

Finally, good overall labour market institutions are of crucial importance for immigrants’ labour market integration, not least because their employment tends to be much more cyclical than that of the native-born. The effective design and functioning of labour market institutions take into due account different levels of vulnerabilities among migrant workers.

b) Assessing integration outcomes

Providing policy makers and the public at large with solid evidence to avoid prejudice on migrants and their integration outcomes is an important building-block for achieving lasting integration. Measuring integration is key to pose and address the right questions, to identify the key policy challenges and to find the appropriate solutions. Although significant progress has been made in the past few years, integration outcomes of migrants and the effectiveness of integration programmes are still often not thoroughly monitored and evaluated.

More quantitative evidence on migrant integration outcomes is needed, using as much available sources as possible. But having descriptive data on integration outcomes is not enough. Measuring integration calls for a benchmark against which outcomes can be assessed. There are several

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possible ways to measure integration. The most common way is to look at differences with the native-born and how these evolve over time. For better understanding of the nature of observed differences, differences in the socio-demographic structure between the two groups (e.g. sex, age, education, skills) have to be taken into account. For international benchmarking, there is also the need to consider the differences in the national context in which migration takes place, and notably the differences in the composition by migrant category in terms of refugee, family, and labour migration.

At the same time, there is a need for host-country authorities to better assess whether their policies have actually improved integration or not. Ideally, an evaluation is factored in from the outset and part of the budget is set aside for that purpose. All too often, however, evaluations are designed as an afterthought, once policy implementation is already underway. Rigorous evaluation relies on the ability to identify an appropriate counterfactual group that does not have access to a programme – i.e. a group of individuals who are similar ex ante to those who undergo the policy intervention, in terms of age, gender, education and other key criteria that may influence outcomes. Comparing ex post the outcomes of the people who attend the programme with the counterfactual group yields an evaluation of the impact of the policy intervention. In practice, such rigorous evaluations are seldom undertaken. In the first place, they are costly and require long-term cost-benefit calculations. Secondly, smaller-scale projects may not involve sufficient numbers of participants to enable an evaluation. Last, identifying an appropriate counterfactual group often requires randomisation, or a policy roll-out that is random in the timing with which attendees have access to the programme.

4.2 Ensuring coherent implementation and increasing co-operation between stakeholders

The labour market integration of immigrants involves many different stakeholders. More specifically, integration implies strong co-operation between different government agencies working on migration and integration, such as Ministries of Interior or Justice, Employment and Education. Furthermore, it requires close co-operation between local and central governance levels, and with key actors from the world of work, namely employers’ and workers’ organizations. Seeing that municipalities are often at the forefront of implementing integration measures and providing services, working together across government levels is crucial – not only for countries with federal structures.

Non-governmental stakeholders also play an important role. Many G20 countries have long-standing experiences in involving social partners as well as civil society. Of particular importance is the co-operation with employers, as their willingness to hire and train migrants is a precondition for successful integration. Moreover, employers are often in a better position than public authorities to judge to which degree the qualifications and work experience obtained abroad in specific occupations are useful in the host country (OECD 2016b). Employers’ and workers’ organizations cooperate in the framework of sector committees to identify and update occupational profiles (Mansfield and Downey, 2013). Therefore, co-operation with employers can render policies more cost-effective and attuned to the needs on the ground. In addition, unions and civil society organisations often support the integration process, for instance by providing language training and skills assessment, offering mentorship programmes or supporting migrants in finding employment. Furthermore, co-operating with civil society initiatives has the potential of increasing public acceptance of immigration.

As policy makers cannot foresee all potential obstacles to implementation, co-operation with social partners and civil society is crucial to understand the full complexity of the issues at hand and to ensure that policies mirror experiences on the ground. To facilitate such co-operation, policy frameworks can, for instance, stipulate or encourage consultation and regular exchange. Furthermore, fruitful co-operation provides an opportunity to build up institutional knowledge, reduce administrative costs and increase overall policy coherence. Therefore, information exchange and sharing of good practices, also in an international context, can provide valuable input on how to improve co-operation among stakeholders.
4.3 Ensuring that migration also benefits the development of emerging countries

In the countries of origin, the departure of the young and the educated people for better economic opportunities can take a toll on long term-growth (Atoyan et al. 2016). The loss of human capital translates into lower productivity, a worsening of skill composition, and dampened tax revenue. Some of these losses can be mitigated through use of remittances and the use of diaspora networks—but eventually they should tackle the trigger that set their population in motion.

Historically, conversations around sending country impacts of migration have focused on “brain drain”, but more recently “brain waste” has become a serious policy concern as well. Outflow of high skilled migrants is believed to cause high fiscal costs and shortages of critical skills in low-income source countries. However, reality much more nuanced. For example, in Africa, research (Ozden and Philips 2015) shows that almost half of African born doctors were trained outside their country of birth, thus not posing an immediate fiscal loss. Many also migrated at a later age, after contributing at home. Moreover, roughly 15 per cent of all doctors trained in Africa were born outside the continent, offsetting some of the fiscal loss of training those who have left. Further, skilled migration can also lead to “brain gain” – either via increased returns to skills, interactions with return skilled migrants, or direct skill gains from return migrants, though the latter prove small compared with the increased returns to skills associated with the opportunity to migrate. Clemens and Chand (2008) find that high rates of emigration by tertiary-educated Fiji Islanders not only raised investment in tertiary education in Fiji, they raised the stock of tertiary educated people in Fiji even net of departures. Ultimately the greater concern with skilled migration proves to be “brain waste,” or the movement of skilled workers into unskilled jobs as a result of the mismatches in skill certification and training.

High labour migration costs, including high recruitment costs, diminish migrants’ capacity to contribute to development of their country of origin. Migrant workers who are forced to pay high labour migration costs7 could be more often exposed to skills mismatch and violation of their rights due to the recruitment channels they have gone through, thus affecting their labour market integration, both at the destination country and upon return to their home country. Reducing migration costs would raise significantly the disposable incomes of migrants and their families. The ILO and the World Bank have been conducting surveys to examine recruitment and other labour migration costs. For example, in certain migration corridors, recruitment costs can total a year’s worth of earnings averaged over a 5 year period (ILO, 2016c).

Better preparation of workers and systems for mobility can enhance the benefits of migration. Preparation can come in the form of providing improved pre-departure orientation for migrants as well as training potential workers in sectors and skills that are likely to benefit them most when they work in destination countries. Timely and thorough processing of documentation is critical to protecting the worker and maintaining the sending country’s reputation abroad. In order to achieve these outcomes, better coordination is required within sectors responsible for managing labor migration as well as between actors in the public and private spheres of the migration management system.

A key challenge of labour migration governance remains the oversight of the large and growing private recruitment industry, where reports of abuses are rampant. The recently adopted ILO General Principles and Operational Guidelines for Fair Recruitment8 provide good practices to all participants in the recruitment process (governments, employers, labour recruiters, enterprises and public employment services) about their respective responsibilities. They are aimed at contributing to closing the existing regulatory and enforcement gaps, improving mechanisms of complaints and remedy, facilitating social dialogue, increasing recruitment options, progressively eliminating

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7 Labour migration costs include high fees for recruitment, which can amount to a year’s wages, as well as foregone wages due to underpayment, late payment or non-payment of wages, lack of compensation for work-related sickness or injuries.

recruitment costs for workers, and ultimately ensuring the implementation of recruitment practices based on international standards.

In order to better leverage remittances, policies to enhance the entrepreneurship environment, including by reducing the costs of starting a new business, would help attract return migrants and better leverage investment potential of remittances. Also, tax legislation should be reviewed with a view to reducing tax disincentives to financial intermediation of remittances (Atoyan et al. 2016, Aiyar et al. 2016).

Stronger dialogue between countries of origin and destination is needed, with inputs from workers and employers. A recent ILO review of the content of 144 bilateral migration arrangements on low-skilled workers, covering Africa, Asia, Europe and the Americas, indicated the need to ensure compliance with international norms on human and labour rights of migrant workers. It pointed out to the necessity to include all stakeholders in consultative processes in the development, implementation and monitoring of bilateral agreements (Wickramasekara, 2015).

Return migration can yield significant benefits by bringing back skills and contributing to the diffusion of organizational and technical knowledge acquired by emigrants abroad. Policies should focus on removing barriers to reintegration of return migrants into the workforce, including, by recognizing foreign credentials and experience. Moreover, immigration could help replenish some of the lost workforce (Atoyan et al. 2016).

5. Conclusion: Labour market integration as an economic development strategy

Unleashing the large unused potential of immigrants already residing in G20 countries could provide multiple benefits: to migrants themselves, to host countries, and to the countries of origin. Skills of immigrants that are not used represent a waste at a time when economies are increasingly less able to afford such waste, and may also impact negatively on social cohesion.

Improving labour market integration should thus be seen as an essential element in economic and social development strategies. There is now growing evidence on what works and what does not on the integration of migrants. Broadly speaking, a four-fold approach seems particularly promising: first, to take stock of the skills that immigrants already possess, covering through better procedures the recognition of foreign qualifications, including non-formal and informal learning. Second, on that basis, some migrants will need to build additional skills, notably language. Particular challenges arise for those who lack the basic literacy skills to be employable in the host country – here integration is a long-term objective and must be seen as an investment, including for the better integration of their children. Third, it is essential to ensure that migrants’ skills are well-used and activated, which implies better matching with local labour market needs but also combatting discrimination. Fourth, adherence to international labour standards can play a strong role in avoiding labour market issues such as downward pressures on wages and working conditions, as well as creating the social conditions conducive to full integration.
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