



# Migration Costs of Low-skilled labor migrants: Key Findings from Pilot Surveys in Korea, Kuwait and Spain

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[Quote with the authors' permission]

## Introduction

Worker-paid migration costs can be high, up to a third of what low-skilled workers will earn in two or three years abroad. Many workers borrow money at high rates from money-lenders to finance migration costs, encouraging them to work overtime or take a second job abroad to speed repayment. High cost also encourage some to overstay their visas, thereby becoming irregular migrants, rendering themselves vulnerable to exploitation, risking imprisonment, and generating social problems for the host governments. In an effort to curb adverse effects from high migration costs, many governments have banned or put a ceiling on recruitment fees, but worker-paid costs have remained stubbornly high in certain migration corridors.

In order to enhance understanding of what constitute migration costs and identify ways at national and at the global level to reduce migration costs, the KNOMAD implemented a project to measure migration costs of low-skilled workers. Three pilot surveys of low-skilled migrant workers were undertaken and completed - in Kuwait, Spain, and the Republic of Korea to obtain information on what workers paid to get jobs in these countries.

## Main findings

Four overall findings emerge from the surveys:

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<sup>1</sup> Part of the World Bank's KNOMAD program (Global Knowledge Partnership on Migration and Development), this work is jointly led by Manolo Abella and Philip Martin, in broad coordination with Manuela Tomei, ILO. This report synthesizes field survey findings, carried out by a KNOMAD survey team that consists of Young-bum Park (survey in Korea), Nasra Shah (Kuwait), and Piotr Plewa (Spain). The work benefited from guidance from Dilip Ratha and Soonhwa Yi, World Bank/KNOMAD Secretariat, comments and suggestions from KNOMAD/ILO workshop participants, and supports from ILO, including ILO Asia-Pacific (work spearheaded by Nilim Baruah). The team appreciates Harifera Raobelison for her administrative supports. The authors may be contacted at [manolo.abella@me.com](mailto:manolo.abella@me.com), [plmartin@ucdavis.edu](mailto:plmartin@ucdavis.edu). For data, contact the World Bank, [syi@worldbank.org](mailto:syi@worldbank.org).

1. Policies and enforcement of regulations in both sending and receiving countries make an important difference to worker-paid migration costs. Migrant workers from new member states of the European Union (EU) incurred the lowest costs in Spain. Romanian workers paid on average only \$163 and Poles \$350, compared to Ecuadorians who paid an average \$1,046. Workers in the Republic of Korea paid around \$1,500 or the equivalent of slightly over a month's wage. Migration costs were much higher for workers in Kuwait, but there were significant differences among the countries of origin. Costs were as high as \$3,136 for Bangladeshi workers (equivalent to 9 month average wages in Kuwait), but \$1,285 for Indian workers (equivalent to 2.5 months wages) and only \$352 or a month's wage for Sri Lankan domestic workers. See table 1 below.
2. Migration costs are hard to measure accurately. Survey results indicate that the total migration cost that a respondent reports does not always equal the sum of various migration cost components - e.g., documentation (passport, visa, medical exam report, security clearance), transportation (internal and international), and recruitment (job information) fees. Workers may be unaware of the specific breakdown of the fee they paid to recruiters, suggesting that recruitment agencies be required to inform prospective migrants what such fees cover.
3. The components of worker-paid migration costs varied, which suggests that sending country government policies matter. The highest cost corridors, from Bangladesh and Egypt to Kuwait, involved significant "visa-trading," with workers paying for work visas (Shah, 2014<sup>2</sup>). By contrast, workers going to the Republic of Korea learned the Korean language at their own expense, and many paid airfare. In the lowest cost corridor, the cost of travel was highest for Ecuadorian migrants in Spain.
4. There is a surprisingly large variation in many worker-paid costs, such as for passports, medical tests, and other prepare-to-depart costs that should be the same for all workers in a particular corridor. Most of these costs can be controlled by governments that set fees for passports, tests, and registration of contracts. This variation suggests that some workers pay more than government-set fees, and emphasizes the importance of enhancing the efficiency of responsible agencies, curbing corrupt practices, and increasing efforts at warning the public against being over-charged.

This report notes a caveat that the sample per migration corridor it is working with is small, as the sample is obtained at the stage of vetting the survey questionnaire.

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<sup>2</sup> Shah, Nasra. 2014. "Assessing Recruitment Costs in Kuwait among Low-Skilled Expatriate Workers From Four Countries," prepared part of the KNOMAD project on measuring migration cost, draft, May.

Table 1. Worker-Paid Migration Costs by Migration Corridor and by Country of Origin

Destination	Specification	Country of origin									
		Vietnam		Thailand		Indonesia					
Korea		US\$	in month of wage	US\$	in month of wage	US\$	in month of wage				
	Average	1,582	1	1,466	1.3	1,506	1.2				
	Median	630		1,551		1,302					
	Mode	630		1,551		1,302					
	Min	320		620		130					
	Max	6,166		1,861		2,604					
	Standard deviation	1,793		346		468					
	No. of observations	45		31		36					
Kuwait		Bangladesh		India		Sri Lanka		Egypt			
		US\$	in month of wage	US\$	in month of wage	US\$	in month of wage	US\$	in month of wage		
	Average	3136	9	1248	2.5	352	1	2979	4.9		
	Median	2642	10.6	1161	2.5	253	0.8	2845	4.8		
	Mode	4768	22.4	1659	3.1	115	0.4	3556	6.7		
	Min	1675		199		38		287			
	Max	5154		3816		995		4800			
	Standard deviation	1224		823		302		1065			
No. of observations	20		31		19		30				
Spain		Morocco		Ecuador		Bulgaria		Poland		Romania	
		US\$	in month of wage	US\$	in month of wage	US\$	in month of wage	US\$	in month of wage	US\$	in month of wage
	Average	384	0.35	1046.4	0.95	201.2	0.18	349.7	0.31	162.7	0.14
	Median	376		951.5		179.5		317.2		117	
	Mode	376		1401.5		177		273		117	
	Min	50		853.5		72.8		273		100	
	Max	954.5		1409.5		590.2		473.2		325	
	Standard deviation	178		208.4		99.6		85.19		74.5	
No. of observations	43		33		42		19		30		

Source: Authors calculations based on small sample pilot survey data during January - March 2014 (preliminary).

## Migration Costs by Corridor

### Spain

Spain was a major magnet for migrant workers in the agriculture and construction sectors in the first decade of the 21<sup>st</sup> century, facilitated by various migration programs. The number of registered foreigners rose from 924,000 in 2000 to 5.7 million in 2010. During the economic boom in the decade, its variety of migration programs facilitated labour migration, including from Eastern European countries that joined the EU in 2004, such as Poland and the Baltics, and in 2007, Bulgaria and Romania. Many of these Eastern European workers found jobs in construction and services, while non-EU workers were predominately employed in the agriculture sector. The pattern shifted as

high unemployment persisted after 2008-09 recession. Some Eastern Europeans were pushed into seasonal farm jobs, where non-EU workers formed the majority, especially Moroccans and Ecuadorians.

High unemployment rates during the recession depressed new inflows of migrant workers as well as pushed its own people outside the country. Employment in Spain fell from 20.5 million at the end of 2007 to 16.5 million at the beginning of 2013. Spain's population fell to 46.7 million in 2012 as over 477,000 people left the country, including 417,000 foreigners. The number of Moroccans in Spain reached 783,000 in 2012 (from only 173,000 in 2000), but then began to fall as the unemployment rate topped 27 per cent in the first quarter of 2013.

This project interviewed some 171 migrant workers in person who are employed in the Spanish agriculture sector in January-February 2014, including 42 from Bulgaria, 33 from Ecuador, 44 from Morocco, 19 from Poland, and 30 from Romania.<sup>3</sup> Respondents were strawberry, citrus and vegetable pickers as well as packers in vegetable packing houses. Most surveys were conducted at job sites in Huelva and Almeria. The survey identified representative groups in collaboration with the Spanish government as well as the ILO Spain office.

The most remarkable finding from the survey is the low migration costs of most farm workers, primarily because many EU workers had zero costs for items that are common in other migration corridors, from visas to medical exams, benefiting from the EU regulations. The overall average worker-paid migration costs to fill seasonal farm jobs in Spain was \$530 or about half of typical monthly earnings of some \$1,300 a month for seasonal farm workers who stayed in Spain from four to nine months. This means that worker-paid migration costs amounted to about 5 to 10 percent of expected earnings during their stay.

While the sample is very limited, a salient feature is that the entry of an unauthorized worker appears to be associated with higher migration costs. A few Moroccans who are with the irregular status, reported that they borrowed money, mainly from their family members (husbands). Nonetheless, the amount was rather small. Only two of the 171 workers, both Moroccans, reported total migration costs that approached or exceeded one month's Spanish earnings, \$650 and \$3,250, and the latter is an unauthorized worker.

Bilateral labor agreements and effective enforcement of Spanish regulations appear to help lower the migration costs and subsequently lower financing burdens on migrant workers and their families. Under bilateral labor agreements between Spain and sending countries, for instance, when workers arrived from afar (e.g., Ecuador),

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<sup>3</sup> The survey was conducted by Piotr Plewa of University of Delaware.

employers are legally responsible for arranging their international transportation and fully paying the cost of inbound transportation. They deduct it from earnings at the rate of euro 90 a month. Given that transportation cost takes the lion's share in migration costs to Spain, this significantly reduces financial burden on migrant workers. Moreover, it was found that in general, employers offer a small salary advance to aid workers' travel to their job sites. Thus, not surprisingly, the survey found that few Ecuadorian workers borrowed money to finance their migration.

Good governance helps reduce migration costs. Some migrants reported that, they had to obtain medical examination certifications from a specific local clinic that was designated by the Spanish government. This was to ensure the authenticity of the documentation. Yet, migrants reported that such medical certification cost higher than that from a family doctor and thus, constituted a disproportionately large part of their migration costs.

## **Republic of Korea**

Korea admits low-skilled foreign workers under the Employment Permit System (EPS), introduced in 2003 and since 2007 the only way most Korean employers can hire low-skilled guest workers. Regular EPS workers from 15 Asian countries (as per the Memorandum of Understandings signed between Korea and sending governments) get three-year E-9 non-professional employment visas (the maximum stay of up to 4 years and 10 months), while Special EPS workers (mostly ethnic Koreans from China) receive five-year H-2 working visit visas. At the end of 2012, there were 238,800 E-9 visa holders and 230,200 H-2 visa holders in Korea. E-9 visas are typically limited to the manufacturing, agriculture/fishery and construction sectors, while H-2 visa holders are allowed to engage in the services sector.

This EPS system was introduced in an effort to lower migration costs (through improved transparency) and to ensure equal treatment, while meeting the foreign labor demand from firms. The Korean government opened up its labor market in 1993 (Industrial Trainee Scheme), under which employers were allowed to hire foreign trainees. The scheme went unsuccessful. Many employers paid trainees less than the Korean minimum wage while they worked and learned in Korea. Moreover, in practice, it was more work than training, and many "ran away" from the employers to whom they were assigned because they could earn more as unauthorized workers. It was also found that trainees paid a hefty amount to come to Korea, and some suggested the positive relationship between the high migration cost and the number of unauthorized workers. The estimated number of unauthorized foreigners in 2002, almost 290,000, included 76,000 who arrived as trainees and abandoned their employers.

The EPS incurs cost to learn Korean language for those who wish to enter the country with E-9 visas. Foreigners who want to work in Korea must pass a test of Korean to be placed on the employee candidate list from which employers select workers, often after Skype interviews. Those selected enter Korea with three-year E-9 visas that can be renewed for another 22 months. After four years and 10 months, E-9 foreigners must leave Korea for at least three months, but those who depart as required can return to their previous Korean workplace without retaking the Korean language test.

While not taking the language test, H-2 visa holders, on the other hand, tend to pay to find their jobs in Korea. H-2 workers have more rights in Korea, including flexibility to change Korean employers. Unlike E-9 visa holder, H-2 visa holders are allowed to enter Korea without prior job arrangements, and find jobs once they are in Korea. In this process, many use labour brokers, some of whom charge high fees. Nonetheless, like E-9 workers, H-2 workers must depart from Korea after four years and 10 months employment for at least three months before returning to Korea, an effort to ensure that they retain ties to their country of citizenship.

This project interviewed a sample of 119 migrant workers (32 Thais, 39 Indonesians, and 48 Vietnamese) in the manufacturing, construction, and agriculture/fishery sectors in March 2013.<sup>4</sup> The sample was drawn up to reflect their share in the total low-skilled migrant workers in Korea. Most were interviewed at post-arrival training centres in order to ensure that respondents' stay in Korea is less than one year; and thus, over 89 percent of the workers interviewed have been in Korea for less than three months. Some construction workers interviewed at job sites.

Most respondents were young men, had completed secondary school or higher, and slightly over half were married. Almost 4 out of every 5 workers were employed in manufacturing. More than half of respondents in Korea worked without pay in their home countries.<sup>5</sup> Some 61 percent were in Korea for the first time although many had previous experience working outside their own countries, somewhat supporting the anecdotal evidence that migrant workers go to Middle East first to gain experience and subsequently get qualified for a job in Korea.

The survey revealed that worker-paid migration costs averaged \$1,525 or from 1 to 1.5 months of typical earnings in Korea. Thais and Indonesians incurred roughly the same average costs of about \$1,500 compared to the Vietnamese who incurred slightly more, an average cost of \$1,582. For many workers, in general, migration costs were lower, often less than \$1,000 or one month's Korean earnings. Most of the workers interviewed had 36-month contracts, so they could expect to earn \$36,000 at \$1,000 a month or

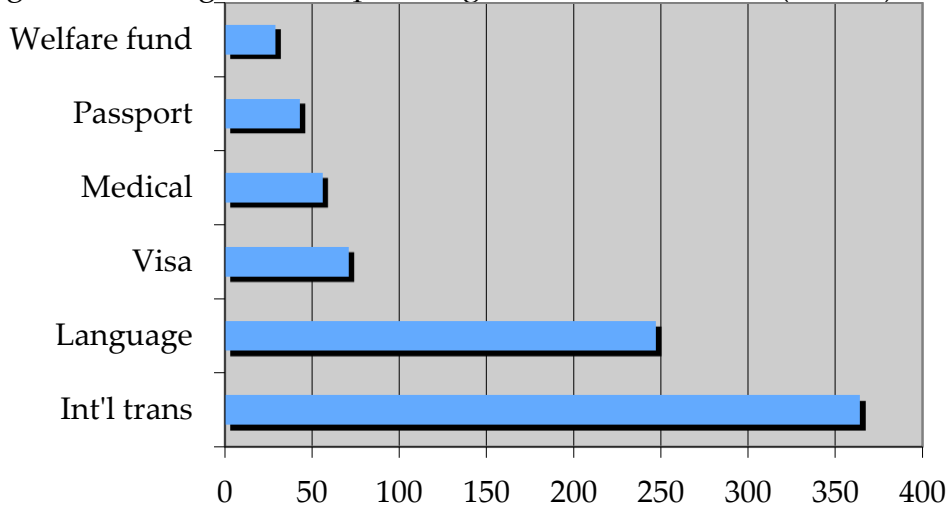
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<sup>4</sup> The survey in Korea was undertaken by Young-bum Park of Hansung University.

<sup>5</sup> Park, Young-bum. 2014. "To measure migration cost of low-skilled labor migrants residing in Korea," prepared part of the KNOMAD project on measuring migration cost, draft, April.

\$54,000 at \$1,500 a month (these contracts can be extended an additional 22 months), suggesting that migration costs of \$1,525 may even be only 3 to 4 percent of expected earnings in Korea.

Figure 1. Average worker-paid migration cost for Korea (\$, 2014)



Source: Park (2014) based on Korea survey data (March 2014).

While under the EPS, workers should not make any unspecified payments or recruitment fee payments, the survey found that unspecified payments (formal and informal) can be high (average cost of \$1,219, with the maximum of \$2,481 and the minimum of \$9.5). It should be noted, however, that only 27 out of 119 respondents reported such payments, but they pulled up the average migration cost. Only one reported any cost for obtaining job information, but six reported recruitment fee payments that are not allowed under the EPS, ranging from \$900 to as much as \$2,200. For most workers, the largest cost items involved learning the Korean language and the airfare (See Figure 1).

The government-managed EPS seems to be achieving its objectives. In 2011, the EPS was bestowed the first place prize of UN Public Service Awards in the category of 'Preventing and Combating Corruption in the Public Service'. It helps address foreign labor demand from some 7000 SMEs. More importantly, this survey found that the average migration cost, some \$1,500/worker, is far lower than the recruitment cost of \$3,509/worker in 2001 (according to the Ministry of Employment and Labor).

## Kuwait

Non-Kuwaitis make up some 81.6 per cent of the country's total work force. Although there are 40 nationalities living in Kuwait, about 64 percent come originated from South



Asia, principally India, Bangladesh and Pakistan. In 2013, the Kuwait authorities reported that there were 741,000 Asian and another 471,000 Arab migrant workers. The labour market is highly segmented, with Kuwaiti workers heavily concentrated in the public sector, while foreign workers are in the private sector - some 63 percent in trade and services, another 11 per cent in construction, and 10 per cent in manufacturing. Foreign workers are admitted with a sponsor (*kafil*) and issued residence visas for the number of years stipulated in their work contracts, usually for 2 years but renewable.

This project interviewed some 105 migrant workers from India (26 men and 5 women), Bangladesh (20 men), Sri Lanka (16 women and 7 men), and Egypt (31 all males) in March 2014. Many worked in construction and retail trade, especially the Indian and Egyptian workers, while Bangladeshis worked as day labourers in retail and services and Sri Lankans as domestic helpers and drivers. Three fourths were less than 40 years old, 37 percent completed secondary school but only 10 percent obtained a diploma or a university degree. Most arrived in Kuwait within the past five years except for the Bangladeshis, who arrived before a ban was declared on their recruitment in 2007.

The survey found significant differences in what workers paid for migration and in the key components of costs. Visas were the most expensive cost item for Bangladeshi migrant workers who reported paying between \$1,675 to \$5,154 (or an average of \$2,324); as well as for the Egyptian workers, some of whom paid as much as \$4,800. The air ticket added another \$505 on average for the Bangladeshis but only (\$204) for the Egyptians, an understandable difference given the relative distance of their origin countries from Kuwait. The total cost of passport, local transportation, and getting medical tests amounted to an average of less than \$100 for all workers, except for the Egyptians who reported a much higher expenditure for medical tests (\$334) compared to only \$43 for Bangladeshis, \$61 for Indians and only \$23 for Sri Lankans.<sup>6</sup>

Indian workers paid much smaller amounts for their visas to Kuwait but the few who paid a lot pulled up the average to \$344. The reported costs of obtaining passports and undergoing medical tests only averaged \$46 and \$61, respectively. Costs to the migrant were the lowest in Sri Lanka where the average cost for obtaining the visa was only \$87 and the other costs such as for obtaining the passport, medical tests, and local transportation were also the low.

When paid, cost for obtaining job information from recruitment agencies is high and not transparent. It is as high as some \$2,000 and as little as \$70. Some respondents reported the job-information cost was equal to the total migration cost, while reporting other cost related to documentation and transportation. This suggests that some respondents may

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<sup>6</sup> According to Nasra Shah who conducted the survey, it is possible that the respondent in the latter three countries paid only part of the medical test costs out-of-pocket while others may have been covered by the lump sum payment given to the agent who arranged the employment and/or procedures for migration.

not have fully understood what constitute 'migration cost'. Some reported that they paid a lump sum amount to a recruitment agency and did not know what it covers.

### ***Why are recruitment costs high in some corridors?***

International borders complicate recruitment, as differences in language, culture, and immigration policies can make it hard to match workers and jobs. Recruitment agents can facilitate the process, making it possible for employers to recruit workers from foreign sources more cheaply and more expeditiously than if they were to undertake recruitment themselves. However, national laws in countries of employment as well as origin often put restrictions on direct recruitment and on cross-border operation of recruitment companies<sup>7</sup>, thereby creating a situation where at least two if not more layers of intermediation are involved in job matching and placement. Only a few multinational recruitment agencies operate at both ends of the migration link, accepting job orders from client-employers at one end, and looking for the workers with the appropriate qualifications on the other end. Most recruiters operate with partner agencies at the other end, and both charge fees for their services.

Workers are not supposed to pay for the cost of recruitment according to ILO Conventions and countries are encouraged to operate free public employment services for workers and employers. However, use of public employment services for job-matching has declined in most countries to less than ten percent of all recruitment across borders because they have not managed to secure foreign employer clients. For-profit agencies dominate the markets and they charge for their services. Employers generally pay some or all the costs of recruitment of highly skilled workers, including managers, healthcare professionals, and engineers, because there are relatively few such workers and the consequences of a poor match can be costly for the business. However, there are usually many more low-skilled workers than available jobs in occupations such as domestic service and construction labour, and many are willing to pay recruiters to put them at the front of the queue.

The phenomenon of "visa trading" that has developed in some migration also contributes to high migration costs. The survey in Kuwait showed that large amounts were paid by workers for their visas, with the money going to Kuwaiti citizens who have permission to recruit foreign workers, not the Kuwaiti government. Kuwaiti citizens sell permissions to recruiters in migrant-sending countries, and they in turn pass the cost on to workers.

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<sup>7</sup> Some countries require that recruitment can only be undertaken by companies owned and controlled by their citizens on the grounds that the latter can be held accountable for violations. The policy may also be explained by pressures from local recruiters to keep foreign competitors out.

## Financing migration

The surveys enquired into the borrowings of the migrant workers to finance their migration. The majority of respondents in Kuwait stated that they financed their migration cost and the key sources of financing aside from relatives were money lenders and pawn shops. Three-fourths of the respondents in the Kuwait survey borrowed money to find work and move to Kuwait. As many as 87 percent of the Egyptian workers borrowed amounts averaging \$3,146 mainly from friends and relations to finance their migration while 74 percent of Indians, 65 percent of the Bangladeshis, and 52 percent of the Sri Lankans also borrowed smaller amounts from various sources notably money lenders and pawnshops. Table 2 shows the borrowings of migrant workers in the Kuwait corridor where the migration costs were reported to be the highest among the three corridors surveyed.

Table 2. Borrowing money to finance migration to Kuwait

	Bangladesh		Egypt		India		Sri Lanka		Total
	No.	%	No.	%	No.	%	No.	%	No.
<b>Borrowed money?</b>									
<i>Yes</i>	13	(65)	27	(87)	23	(74)	12	(52)	75
<i>No</i>	7	(35)	4	(13)	8	(25)	11	(48)	30
<b>Loan/debt amount (\$)</b>	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.	
<i>Borrowed</i>	1556	(660)	3159	(853)	1078	(660)	540	(712)	-
<i>Repaid</i>	1439	(673)	1956	(901)	1057	(506)	230	1 person	-
<i>Outstanding</i>	445	(260)	1716	(1216)	1077	(1059)	659	(526)	-
<b>Borrowed from</b>	No.	%	No.	%	No.	%	No.	%	No.
<i>Relative/friend</i>	3	(23)	25	(63)	6	(26)	6	(50)	40
<i>Money lender</i>	3	(23)	0	0	12	(52)	4	(33)	19
<i>Pawnshop</i>	4	(31)	0	0	3	(13)	1	(8)	8
<i>Other</i>	3	(23)	0	0	2	(9)	1	(8)	6

Source: Shah (2014) based on Kuwait survey data (March 2014).

It appears that the borrowers are paying very high rates of interest. The cost of borrowing has to be inferred from the information provided about the amounts borrowed, amounts repaid, and debts outstanding. In the case of the Egyptians, the amount repaid averaged about 62 percent of what was borrowed, but the outstanding loans still amounted to over 50 percent, suggesting very high rates of interest. Similarly, the Bangladeshis reported having repaid over 92 percent of their loans but still had a balance equal to 29 percent. Sri Lankan respondents said that their outstanding debt amount is equal to the loan amount, except one person who reported repayments equivalent to 30 percent of the loan amount and outstanding debt in the amount of 150 percent of the loan amount. This one outlier pulled up the average debt outstanding.

Table 3 shows a tabulation of responses obtained from the Indonesian, Vietnamese and Thai workers in the Korea migration corridor. Some 47 workers or about 40 percent of the sample, reported taking out loans to work in Korea. These loans averaged almost \$2,000, but ranged widely, from \$19 to \$8,000. When interviewed, workers claimed they had repaid an average \$1,200 or 60 percent of their loans, and still owed an average of almost \$900, again suggesting very high rates of interest.

Table 3. Borrowing money to finance migration to Korea (\$)

	Loan amount	Amount repaid	Amount outstanding
Average	1,973	1,237	886
Median	1,551	868	337
Mode	1,551	0	0
Min	19	0	0
Max	8,000	7,589	4,850
Standard deviation	1,732	1,522	1,248
<i>No. of observations</i>	<i>47</i>	<i>47</i>	<i>46</i>

Source: Authors calculations based on survey data.

## Policy Implications

Lowering recruitment costs and improving worker-job matches should result in satisfied workers and employers and labour migration outcomes that satisfy governments in both countries of origin and employment. On the other hand, poor matches can lead to premature termination of contracts which can be very costly for the workers as well as the employers. For workers who have invested heavily in finding their job returning home is seldom an option because they have to repay their recruitment debts. These workers are especially vulnerable to exploitation since they will be reluctant to report unfair working conditions for fear of being dismissed and sent home.

Aside from motivating labour migration, wage differences between countries help to explain why recruitment costs can be much higher than what governments consider to be fair. The surveys show that in some migration corridors workers pay much more than the equivalent of one month's foreign wage in order to get onto jobs where expected earnings are 5 to 8 times as large as what they earn at home. Even where the difference is not as large, many hope that they can work long enough to do much better than staying at home. How to divide this 'wage wedge' is a major unresolved issue in migration and development.

Governments try to protect the workers' interest by setting a ceiling on recruitment fees that may be charged from the workers, but where there are more workers who want to depart than there are foreign jobs, workers may willingly pay higher fees (or give up a larger portion of the wage-wedge) for the opportunity to earn higher wages abroad. The size of the fees may even be settled through some kind of arbitrage as when work visas are sold or traded by employers to workers or recruiters in sending countries.

International conventions call on governments to ban the practice of charging workers for their recruitment. Some governments specify that employers cannot charge migrants recruitment fees, as in the US programmes for low-skilled farm and nonfarm workers (H2A and H2B, respectively). Other governments specify maximum fees that may be charged from the workers, as for example that provided for in the Canada-Mexico Seasonal Agricultural Worker Program. However, unless there are complaints, it is often hard to detect the payment of (excessive) worker-paid fees.

The example of the Korean migration corridor shows that worker-paid migration costs can be reduced by policies in sending and receiving countries. Under the Korean Employment Permit System, every effort has been taken to put the task of skill-to-job matching fully in the hands of accountable, publicly-funded state agencies. Job offers are received by HRDKorea and the information is not shared with any one, while job seekers cannot influence their chances of being hired except by going through the formality of passing an officially administered Korean language test, and registering their personal data with the Ministry of Labour in their own countries.

While countries of origin cannot completely prevent "visa trading" without policy changes in destination countries, the surveys revealed that some countries appear to have been more successful than others in reducing visa costs paid by the workers. One promising approach is to hold the principal recruiter (the agency that signs the employment contract on behalf of the employer) fully responsible and accountable for actions of all others involved in the recruitment (i.e., partner agencies, sub-agents, etc.). This measure needs to be complemented by constant monitoring of what workers actually pay and to whom, even prior to their departure.

The surveys revealed considerable differences in amounts paid for standard items like passports as well as for unspecified items (including informal payments such as bribes) suggesting that much work still lies even in origin countries with long experience with labour migration. Public information campaigns are unfortunately seldom adequately funded. Regular monitoring and evaluation of a bilateral labor agreement/ MOU would help identify non-compliance areas. Keeping regulatory requirements to the absolute minimum, using incentives to encourage good practice among recruiters, and linking/sharing job databases of responsible agencies using modern information technology are among the other strategies suggested by the surveys.

Finally, borrowing to finance migration appears to impose heavy costs on many workers. There is clearly much scope for expanding and improving programs for extending loans to workers through regular banking and financing institutions, instead of leaving them to the informal money market. An example of government efforts to reduce borrowing costs is the Sri Lankan government serving as guarantor for worker loans from some commercial banks.

### *Box 1. Measuring migration costs*

The specific cost items have been identified as those commonly incurred by migrant workers in the migration corridors under study but they also differ from one country to another. For example, workers recruited in Asia who emigrate through regular channels are required to go through registration procedures established by their governments but the same is not necessary in other regions. Many Asian governments require them to register their contracts, get a life insurance, contribute to a “welfare fund”, and undergo a pre-departure briefing before being issued a “clearance” to leave. Workers migrating from Eastern Europe to Spain are not required to go through similar registration procedures. Some costs are specific to certain destination countries. For instance, the Republic of Korea, unlike other countries of employment, requires migrant workers to pass a test in Korean language to be considered for employment.

To obtain information on these costs the three surveys asked the following questions:

How much did it cost you to:

- obtain information about the job or apply for it with a local agent?
- learn the language in country of employment (e.g. requirement in Korea)?
- learn skills necessary to apply for the job?
- obtain passport ?
- take the medical exams?
- take any skills tests required by the recruiter/employer?
- obtain this police/security clearance?
- obtain approval of employment contract /exit clearance by national authorities?
- take a required pre-departure training ?
- acquire necessary health/life insurance?
- obtain the work visa?
- become member of welfare fund for migrant workers (required in some origin countries)?
- other costs including informal payments (e.g. bribes)?
- pay for local transportation and accommodation while applying for job?

- pay for international transportation, including all taxes (e.g. departure tax)?
- to pay for recruitment fees if not included in other fees paid?

The responses to the above questions are limited to the pecuniary or monetary costs of looking for and landing in a job in selected countries of employment from the standpoint of the individual migrant. In order to estimate “opportunity costs” such as income foregone when the workers have to leave work to go through recruitment processes the survey also sought information on the average earnings of the migrants prior to leaving their countries. The survey also enquired if the workers had incurred expenses for job searches in the past which ended in failure.

#### Return

Want to return but no better alternatives home; lack of opportunities home;

Do not want to return; After 5 seasons the worker is entitled to a year-long work permit but employer must offer him a year-round contract. Since he cannot find the year-round contract he continues to come as seasonal worker for 9 months.

Skill development: He is not aware of floriculture work opportunities in Spain, but if he would have received more training in the farm (he is picking lettuce and broccoli each season and does not learn anything new), he would have found a better job.

