Lessons from the Pacific Islands

Migration: Experience, Best Practices and Lessons Learned from Sending Countries
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World Bank

Jobs, Labor & Migration Course
Smallness and remoteness set the Pacific Island Countries Apart
Kiribati covers roughly the geographic area of the US, with a population of 116,000
Economic growth in the Pacific has been low for a sustained period.
The growth success of East Asia has clearly not transpired in the Pacific
There is a large variance in per capita income across PICs

<table>
<thead>
<tr>
<th>High income (＞$12,235)</th>
<th>Upper middle income ($3,956 - $12,235)</th>
<th>Lower middle income ($1,006 - $3,955)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Caledonia - $38,896*</td>
<td>Nauru - $10,750</td>
<td>FSM - $3,550</td>
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<tr>
<td>Cook Islands - $14,331*</td>
<td>Tuvalu - $5,090</td>
<td>Vanuatu - $3,170 (2014)</td>
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<tr>
<td>Palau - $12,330</td>
<td>Fiji - $4,780</td>
<td>PNG - $2,680</td>
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<tr>
<td>RMI - $4,630</td>
<td>Solomon Islands - $1,880</td>
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<tr>
<td>Samoa - $4,120</td>
<td>Kiribati - $1,140</td>
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<td>Tonga - $4,060</td>
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Vast and widening income gaps exist with neighboring countries, in particular ANZ
Why Labor Mobility for the Pacific region?

- Given the unique development challenges imposed on the Pacific Island countries by their economic geography, there is now broad consensus that expanding labor mobility is vital for the future of the Pacific.

- Where countries are unable to bring jobs to the people, it is critical to bring the people to jobs

- Labor mobility has the potential to provide a ‘triple win’ for workers, the countries they are from and the countries they work in
The ‘Triple Win’

Migrants

• Labor mobility can provide critical employment opportunities for those who need them most

• For migrants, the opportunity to work abroad can result in significant income gains and a higher standard of living

• This has positive flow-on effects, such as loosening credit constraints and allowing them to insure against negative shocks.
The ‘Triple Win’

Labor-sending countries

• Remittances have a **direct impact on income, poverty and inequality** for Pacific sending countries

• Beneficial impact on **human capital development**
  Both through direct household investments in education/ health and knowledge transfer

• **Relieves demographic pressures** (the “youth bulge”) in the face of stagnant growth

• Remittance flows help finance trade deficits and Bolster financial reserves at the macroeconomic level
The ‘Triple Win’

Receiving countries

• Migrants **plug shortages in important sectors** that struggle to attract native workers

• Improved migrant access **can improve relations**, which can have strategic/ geopolitical benefits

• Allows receiving countries to **broaden their cultural, social and economic linkages with their regional partners**, which builds confidence and trust
Pacific labor mobility

- The **total stock of Pacific-born migrants resident in OECD countries is currently 428,000**.

- The **ability to access external labor markets varies significantly** across the Pacific – some PICs have open access agreements, whilst others have amongst the lowest rates of outward mobility in the world.

- The countries with the highest rates of poverty and inequality are generally those with the most limited opportunities to emigrate.
If the current stock of Pacific migrants were 100 people…
Four country groupings emerge across the Pacific when examining labor mobility/migration.

<table>
<thead>
<tr>
<th>Open Access</th>
<th>High Mobility</th>
<th>Low Mobility</th>
<th>Atoll countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSM, RMI, Palau</td>
<td>Fiji, Tonga, Samoa</td>
<td>PNG, SI, Vanuatu</td>
<td>Kiribati, Tuvalu</td>
</tr>
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These groupings have pursued different strategies to maximize migration opportunities

- **Open Access** – Despite having open access to the US labor market, focus has been on the concerns around de-population/ incentives to remain at home.

- **Low mobility** – Focus on gaining preferential access, particularly for low or semi-skilled pathways (skilled migrants can already migrate through competitive pathways).

- **High mobility** – Given the large numbers migrating from these PICs, a greater focus has been placed on the quality of opportunities/ maximizing remittances from the diaspora.

- **Atoll countries** – Traditionally focused on seafaring, but with a downturn in the industry have diversified, also pushing for greater representation in the existing low and semi-skilled preferential schemes in Australia and New Zealand.
There have been notable successes over the past decade…

2007 – Introduction of the Recognized Seasonal Employer Scheme in New Zealand;
2008 – Introduction of Australia’s Pacific Seasonal Worker Pilot Scheme (PSWPS)
2012 – Formalization of the PSWPS into the Seasonal Worker Programme with an expanded cap;
2015 – Uncapping of the Seasonal Worker Programme
2016 – Rollout of the Northern Australia Worker Pilot Program
2018 – Australia’s Pacific Labour Scheme commences
This has translated into a fairly rapid expansion in the numbers of temporary migrants
Establishment of opportunities for PIC workers in A/NZ has been achieved through a combination of factors:

• Pressure from PIC govts for the establishment and expansion of such opportunities (originating from the PACER Plus free trade agreement negotiations)

• In Australia, anxiety about its strategic position in the region

• In NZ, pressure from the farmer lobby and support among rural communities

• Analytical work demonstrating the benefits of temporary migration (RSE/ SWP) to both workers and employers
Underpinning the success has been careful management of both schemes

- RSE/ SWP/ PLS are well-regulated schemes, which have featured far fewer cases of abuse than less-regulated alternatives such as the Working Holiday Maker visa in Australia. This has helped ensure support for the schemes in A/NZ (i.e., it has given them a ‘social license’)

- PIC governments and sending communities have also been involved in the schemes, such as through recruitment and expectations setting. While there is room for improvement, this has been a positive overall.
The role of the World Bank in supporting Pacific migration – Advisory Services

Assisting to develop pilot programs
➢ The precursor to the Recognized Seasonal Employment Scheme in New Zealand was facilitated by the Bank.

Knowledge sharing and regional cooperation
➢ From 2011 – 2016, the Bank organized the Pacific Islands Labor Sending Countries Forums

Developing policy frameworks on labor migration
➢ Technical assistance was provided to prepare a series of labor migration policy frameworks with inputs obtained from all relevant stakeholders.

Strengthening institutional capacity through direct hands-on support
➢ This included developing management information systems for managing the outflow/inflow of workers, creating guidelines around recruitment standards, and building a work ready pool of migrants.
The role of the World Bank in supporting Pacific migration - Operations

• **First IDA operation covering labor mobility in the pipeline** – Skills and Employment for Tongans Project (P161541).

• **Significant financing available for a small population** - $20.9 million over 5 years (FY19 – FY23)

• **Links with investments in skills** – CCT for secondary enrolment and attendance/ Strengthening the provision of TVET.

• **Support covered under the labor mobility component**
  - Pre-departure training for seasonal workers and longer-term migrants;
  - Institutional Strengthening for the Employment Division;
  - Building up a Work Ready Pool of migrants for ANZ
Still many areas where Pacific Island labor-sending countries are requesting support

- Pre-departure costs/ financing migration
- Supply-side readiness for skilled migration
- High cost of remittances
- Social impacts of migration
- Portability of superannuation
- Scope for accessing new labor markets
Next steps – Potential Pacific labor mobility strategy moving forward into the 21st century

<table>
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<tr>
<th>Expand seasonal access (&lt;12 months)</th>
<th>Expand medium-term access (1-5 years)</th>
<th>Expand long-term access (&gt;5 years)</th>
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<tr>
<td>Remove second-year visa extensions for backpackers to work in horticulture or place a quota on number of extensions</td>
<td>Open up the Working Holiday Maker schemes to the Pacific Island countries</td>
<td>Reduce the barriers to entry (visa application fees, skills certification costs etc) for skilled migration programmes offering permanent residence</td>
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<tr>
<td>Adjust the cost-sharing arrangements for Approved Employers/ Recognised Seasonal Employers</td>
<td>Gain access to Korea’s Employment Permit System (EPS)</td>
<td>Reduce the barriers to entry (visa application fees, skills certification costs etc) for skilled migration programmes offering permanent residence</td>
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<td>Adjust the cost-sharing arrangements for Approved Employers/ Recognised Seasonal Employers</td>
<td>Improve labor mobility outcomes for Australia Pacific Technical College (APTC) graduates</td>
<td>Provide open access to countries with particular vulnerabilities (see ANZ-Atoll Access Agreement)</td>
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<td>Increase maximum duration of stay under the SWP/ RSE to one year for sectors where work is less seasonal - opportunities for APTC graduates</td>
<td>Further concentrate on improving numbers in growth sectors (aged care, child care)</td>
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What could these types of reforms mean for the Pacific?

‘GNI+’ per capita growth through to 2040 (2013=1)