Special Issue on East Asia and Pacific

World Bank Research Digest

VOLUME 9 ✯ NUMBER 2 ✯ WINTER 2015

Facilitating Labor Migration from the Philippines

Labor migration brings big gains in income. Can source countries increase such migration through policies implemented unilaterally?

Moving from a developing to a developed country results in immediate large gains in income for the migrants—gains far exceeding those from any other development policy intervention. Yet very little development policy (or research) is devoted to trying to allow more people to take advantage of this opportunity. We swoon over interventions that raise poor people's incomes by the equivalent of a few cents a day, yet ignore the possibility that they would be far better off if they could move somewhere else.

The Philippines is well known for its bilateral efforts to facilitate migration through arrangements with different countries. These efforts, coupled with a well-regulated private recruiting industry, have resulted in an annual deployment of about 2 million Filipinos to countries around the world. Yet even in the Philippines—with a per capita income of only $2,600 ($4,400 in PPP terms)—more than 95 percent of the labor force is not working abroad.

How effective are *unilateral* efforts by source countries to facilitate more international migration? A recent paper by Beam, Yang, and McKenzie reports on a project that investigated this question through several years of experiments in the Philippines. The project tested several interventions designed to overcome different potential constraints to migration:

- *Information about how to apply*—providing details on typical overseas costs, steps needed to apply for work abroad, enrollment on an overseas job-finding website (designed as part of the project), and ways to avoid illegal recruitment.
- *Information about how to finance migration*—providing details on typical placement fees for work abroad and a list of Manila-based financial companies that offer loans for such fees.
- *Job-matching and website assistance*—helping people enroll on a jobs website, developed and set up in collaboration with several Manila-based recruitment agencies, where applicants could match with recruiters.
- *Passport assistance*—fully subsidizing the costs of obtaining a passport. (The project learned that recruitment agencies prioritize applicants with passports and that getting a passport is surprisingly time-consuming.)

The work was done in Sorsogon, a province that sends relatively few migrants overseas. The main sample consisted of 4,151 individuals selected through door-to-door surveying in randomly selected barangays. These individuals were randomly placed in treatment groups receiving different interventions, including combinations of interventions, with the group receiving all the interventions called the "full assistance" group.

The key results are these:

- *Demand for migration is much lower than income differences would suggest.* Only 34 percent of the sample said at baseline that they were interested in

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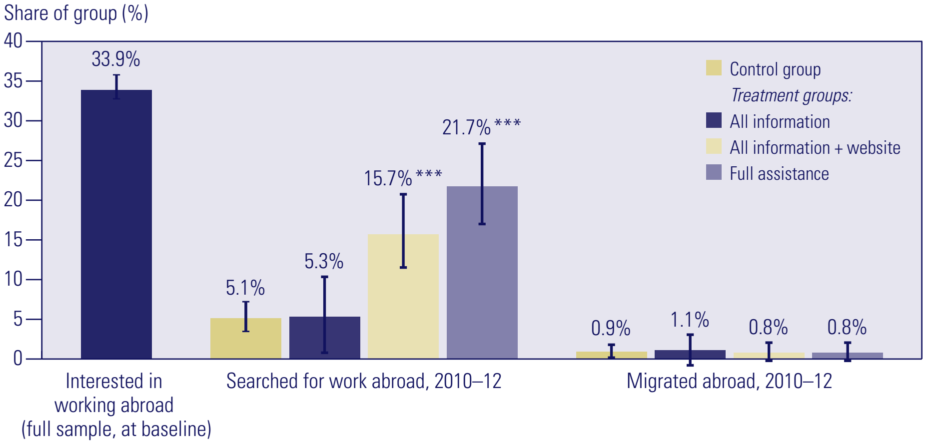
Figure 1. Reported Interest in Migration, Search Effort, and Migration by Treatment Status



Source: Based on data from baseline survey in early 2010 and endline survey in 2012.

Note: Searching for work abroad includes asking family or friends, applying with a recruitment agency, applying online, or searching another way. Sample includes all baseline respondents with completed endline surveys. Error bars indicate 95 percent confidence intervals. Asterisks indicate that difference from control group is statistically significant at 10 percent (*), 5 percent (**), or 1 percent (***) level.

working abroad, and only 5 percent of the control group searched for work abroad over a period of more than 2 years (figure 1).

- *While many individuals lack information about wages and costs of work abroad, giving this information has little impact.*
- *Alleviating frictions in matching and barriers to getting passports leads to more search effort, but no more migration.* Individuals who got all information and the website assistance were three times as likely to search for work abroad, but only 0.8 percent of them actually migrated. The full assistance package led to 21 percent searching for work abroad and also had positive impacts on receipt of job offers—but still led to no overall increase in migration.

Taken together, these results suggest that even in a context like the Philippines, where there is a lot of infrastructure in place to support migration, unilateral efforts to facilitate migration may have limited impacts. The challenge is thus how to spur demand for more migrants. Given the enormous development gains possible through international migration, investigating policies that attempt to do this appears to be an important area for research.

Emily Beam, Dean Yang, and David McKenzie. 2013. "Unilateral Facilitation Does Not Raise International Labor Migration from the Philippines." Policy Research Working Paper 6689, World Bank, Washington, DC.

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The Research Digest is financed by the Bank's Research Committee and managed by DECRS, the research support unit of the Development Economics Senior Vice Presidency (DEC). The Research Digest is not copyrighted and may be reproduced with appropriate source attribution.

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