

Reassessing Recruitment Costs in a Changing World of Labor Migration

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Executive Summary

Migrant workers can end up paying a range of costs when they are recruited for jobs abroad and relocate to take up those positions. This is despite efforts by national governments, multilateral organizations, civil society, and private-sector-led organizations to reduce or eliminate these costs. High recruitment costs can result in migrant workers assuming a financial burden that can only be serviced through high-interest loans or debt bondage, placing them in a more vulnerable position and curtailing the income they can then save or send via remittances to family and friends in their country of origin.

The COVID-19 pandemic has exacerbated and added to the recruitment costs migrant workers face, especially in low- and middle-skilled sectors and more informal employment. New public-health measures (such as COVID-19 testing and quarantine requirements), border closures, and travel restrictions, which were common particularly in the pandemic's early stages, all added to the costs associated with recruitment and relocation. This can include direct fees paid to recruitment agencies and brokers, and related costs such as documentation (e.g., passport or visa fees), travel, medical expenses, language and other skills tests, orientation services, and forgone earnings and expenses during the recruitment process. While data on recruitment costs remain scarce, interviews and a literature review point to significant

additional costs for migrant workers during the pandemic that will continue to shape workers' future migration decisions and the conditions they accept as they seek to pay down their debts.

Yet focusing on the costs associated with the recruitment and relocation process alone misses the full range of debts that individuals may incur when seeking to take up work abroad, particularly in turbulent times. As job offers vanished in the early months of the pandemic, some migrant workers found themselves on the hook for upfront expenses yet with no means to pay down this debt. Those already working in destination countries had to contend with job losses or cuts to their hours or pay, or wage theft, which could eat into their savings as they covered basic expenses and result in mounting debts. Meanwhile, for migrants who continued to work during the pandemic, some had to pay for masks and other protective equipment, testing, or quarantine in the workplace.

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Even as governments roll back many of their COVID-19 public-health requirements, there are important lessons to learn for future efforts to reduce the costs migrant workers face. Most immediately, information about new or additional costs associated with the pandemic and how they were handled can help countries respond to future changes in the recruitment landscape as new variants of the coronavirus spread and other public-health emergencies arise. Addressing the limited transparency about recruitment costs and how they are shared among workers, employers, and governments should be a priority.

The wide-ranging impacts of the pandemic also suggest the need to revisit how these costs are defined and regulated. This review suggests that focusing on recruitment costs alone can overlook other debts that migrant workers can accrue during their employment or on return, which can be significant. Instead, policymakers and practitioners should consider taking a more holistic approach to reducing costs for workers, which could link up efforts to regulate recruitment costs with efforts to enforce labor standards and prevent wage theft in destination countries, as well as initiatives to help migrant workers access emergency funding.

1 Introduction

Promoting fair and ethical recruitment practices for migrant workers has catapulted to the top of the migration policy agenda, with states coming together in multiple forums to try to reduce the costs that fall on migrant workers during the recruitment process. However, progress to address these costs has been uneven to date, and the pandemic has been a major setback. The increasing costs associated with traveling abroad for work—including recruitment costs and related travel, medical, and administrative costs—have not only pushed travel out of reach for some but also increased the risks of exploita-

tion, especially for already vulnerable workers. New costs related to travel during the pandemic, such as COVID-19 tests and quarantine requirements, have primarily fallen to migrant workers too. And as this policy brief will outline, the pandemic has created new or additional expenses for migrant workers living in destination countries or seeking to return to their country of origin. While these expenses are not usually thought of as “recruitment” costs, they have nonetheless contributed to the debt burden migrant workers face and will thus be explored in this brief.

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Certain safeguards exist on paper to prevent migrant workers being charged for recruitment fees or related costs, but there can be a steep gap between legal frameworks and what migrant workers experience in practice. For instance, guidelines on recruitment practices developed by international organizations such as the International Organization for Migration (IOM) and the International Labor Organization (ILO) specify that no recruitment fees or related costs should be charged to workers or job seekers, including those crossing international borders. They also state that governments, employers, and labor recruiters all bear responsibility for enforcing these standards.¹ But in practice, recruitment costs often fall on migrant workers. This is the result of gaps in national legislation or policies (and low ratification rates of some international conventions on this topic) and limitations in the enforcement of existing protections. Even though progress has been made over the last decade to align national laws and regulations and private-sector recruitment practices with these guidelines, monitoring and enforcing these

rules remains a formidable challenge. And this challenge has grown during the pandemic, when some new costs associated with migrant workers' recruitment, travel, and time abroad have fallen through the cracks of existing regulations.

This policy brief explores how the COVID-19 pandemic has shaped costs for migrant workers at every stage of their migration journey, with a focus on new public-health measures and other additional expenses. It also reflects on what these developments mean for future efforts to promote fair and ethical recruitment.

2 Unpacking Recruitment Costs for Migrant Workers

Discussions of recruitment costs usually encompass several different types of expenses. Many employers rely on the services of recruitment agencies to connect them with workers abroad, and those agencies may work with other agencies or brokers to identify and vet candidates. Each agent in the chain is likely to charge a fee for their services. Additional related costs can include documentation (e.g., obtaining a passport and visa and copies of supporting documents); travel (e.g., return airfare and transportation within the origin and destination countries); medical expenses (e.g., examinations, tests, or vaccinations); language and other skills tests; predeparture or postarrival orientation services; and other administrative costs (e.g., government fees or security deposits). Thus, the ILO defines the costs of recruitment as including both the fees paid for recruitment services and relocation-related expenses.² Indirect costs associated with the recruitment process can include forgone earnings and living expenses while going through the hiring, selection, and immigration process.³

A. Quantifying Recruitment Costs

Quantifying recruitment costs and tracking how these costs evolve over time are extremely challenging. Government legislation or policies on recruitment fees and costs can cover different items, illustrating the challenge of finding consensus on what these costs involve.⁴ Recruiters rarely publicize the fees they charge, and migrant workers often do not receive a full breakdown of what services these fees cover.⁵ Some costs (such as visas or medical expenses) can vary from country to country, while other expenses (airfares, for example) can fluctuate. Estimating the indirect costs associated with recruitment, such as forgone earnings or covering living expenses while awaiting deployment, can be particularly tricky.

For now, data on recruitment costs come primarily from surveys with migrant workers, such as a series of surveys conducted along different corridors by the World Bank's Global Knowledge Partnership on Migration and Development (KNOMAD) and the ILO in 2014–16. These data suggest that recruitment costs can vary by migration corridor, linked to differences in both the recruitment fees charged and the additional expenses associated with relocating.⁶ Another factor that can determine costs is whether migrants used an irregular channel to reach their destination. Using irregular migration channels can allow workers to avoid some travel-related fees charged by recruitment agencies or brokers (as found in surveys of West African migrants moving to Italy and migrants moving from Cambodia, Laos, and Myanmar to Thailand, for example),⁷ although they may then have to pay additional sums to smugglers.⁸ Finally, costs can vary according to the profile of workers (including their occupation, professional experience, age, gender, and education level) and the profile of employers (e.g., their size and whether they found their employee through a recruiter or

social networks).⁹ Workers recruited for low-skilled, low-wage roles are especially vulnerable to high recruitment costs.

Survey data can thus provide a useful snapshot of recruitment costs along different corridors and the multitude of factors that influence these costs, but these data have limitations too. For example, surveys of migrant workers do not include insights from employers or recruiters about how these costs are broken down or shared among parties, and they may not fully capture indirect costs.¹⁰ Furthermore, these data can become outdated quickly; data collection takes time, and the context for recruitment is constantly in flux (including demand for workers and regulations in origin and destination countries).

Interpreting the costs of recruitment also requires assessing the financial burden that these costs present for migrant workers. This includes assessing recruitment costs relative to origin-country incomes (which could indicate how much money migrant workers may need to borrow to finance their journey, for example) and relative to their wages in the destination country (which could indicate how quickly any debts may be paid off). In fact, recruitment costs as a proportion of monthly income are one of the indicators for governments to measure their progress towards UN Sustainable Development Goal 10.7 (facilitating orderly, safe, regular, and responsible migration and mobility of people).¹¹ Another consideration is how migrant workers finance these journeys; while some may be able to cover any upfront costs themselves, others may need to borrow money from their social networks or access formal or informal loans. The latter scenario can entail high interest rates and fast-accruing debt, which can have ramifications for both workers' financial stability and their ability to send remittances.

B. *Who Should Pay?*

Debates continue about how to share the costs of recruitment fairly among the different stakeholders

involved, and specifically whether migrant workers should assume any of these costs. International guidelines such as those issued by the ILO state that workers or job seekers should not be responsible for any recruitment fees or related costs, while the Employer Pays Principle advanced by the IOM and others specifically calls for employers to assume the full costs of recruitment.¹² Likewise, the Global Compact for Safe, Orderly, and Regular Migration calls for “prohibit[ing] recruiters and employers from charging or shifting recruitment fees or related costs to migrant workers in order to prevent debt bondage, exploitation, and forced labor.”¹³

In practice, national governments take different positions on this issue. Some countries have introduced policies or laws that prohibit charging recruitment fees to migrant workers, whether generally or for specific categories of workers.¹⁴ Other countries have banned fees but permit some other costs, or they may cap certain fees or costs. A 2020 ILO study found that the former approach was more common in Africa, the Americas, the Arab states, and Europe, while the latter approach was more common in the Asia Pacific region.¹⁵ Other countries may use bilateral agreements between destination and sending countries to address the issue of recruitment costs and how to share them.¹⁶ Still, many countries lack *any* guidance on recruitment fees or costs, either because they have not ratified relevant international treaties or because the issue is not addressed in national legislation or cooperation agreements.

Even where national legislation or policies exist, governments can struggle to fully implement and enforce these provisions. Limited enforcement can mean that migrant workers end up shouldering costs that are not supposed to be their responsibility. For example, a 2021 study found that recruitment agencies charged fees to migrant workers in Ethiopia, Ghana, Kenya, and Uganda, despite laws prohibiting this practice.¹⁷ These fee-charging practices can be accompanied by other illegal practices,

for example recruiters failing to provide workers an employment contract or issuing fake ones.

This chasm between policy and practice can be attributed to gaps in legislation or policies¹⁸ and to the limited resources available for effective enforcement. For example, efforts to license recruitment agencies can be undercut if their unregulated peers can operate with impunity and with fewer expenses. Similarly, efforts to control or pause recruitment along certain corridors can backfire if recruiters and migrant workers can travel via neighboring countries or if destination-country employers recruit from other countries instead.¹⁹ Another set of challenges relates to access to justice. Migrant workers typically have limited remedies if their employers do not play by the rules, especially if they are on a short-term contract, on a visa and work permit linked to a specific employer (since filing a complaint may jeopardize their ability to stay and earn money), or if they lack legal status.²⁰ Voluntary initiatives such as IOM's International Recruitment Integrity System (IRIS) and employer- or recruiter-led codes of conduct (such as the International Confederation of Private Employment Agencies Code of Conduct) can help address some of these gaps by promoting a set of principles for recruiting foreign workers, although their success hinges on employer uptake and commitment to complying with these voluntary rules.

C. How Has the Pandemic Affected Recruitment Costs?

The COVID-19 pandemic has led to a sharp rise in overall recruitment costs, as some expenses have soared and some new costs have emerged. Rules around who should cover these additional costs have been fuzzy, however. For example, while employers might cover the costs of airfare or ground transportation to the destination country, migrant workers have often had to shoulder last-minute spikes in the cost of return travel after the period

of employment has ended. And when testing and quarantine became requirements for travel, efforts to regulate and assign these costs took time to catch up.

Impacts on Travel Costs

Border closures and travel restrictions introduced during the pandemic have affected both the demand for international travel and the associated costs for travelers. The number of scheduled flights fell dramatically during the early months of the pandemic as governments introduced new travel restrictions. The International Air Transport Association found that international passenger demand dropped by 75 percent in 2020, compared with 2019 levels, and this decline was even more pronounced in the Asia Pacific region, where restrictions were particularly acute.²¹ In 2022, demand picked up once more, although both demand and costs continue to fluctuate.

Changing demand for international travel has affected costs in several ways. Where commercial flights were unavailable in the first few months of the pandemic, some employers relied on chartered flights instead to ensure foreign workers could reach their destination, especially in “essential” roles. Reports emerged in Germany and the United Kingdom of agricultural producers paying for chartered flights for thousands of seasonal workers in the second quarter of 2020.²² By one estimate, these chartered flights could cost as much as double the price of a commercial flight on a low-cost airline.²³ Some employers in Germany and the United Kingdom covered the additional costs associated with using chartered flights, while others passed some or all these expenses on to their workers.²⁴ A 2021 survey of German asparagus and strawberry growers found that about one-quarter of employers covered the costs of a chartered flight, and nearly one-fifth assigned all costs to seasonal workers; the rest split the costs with the workers.²⁵

Other workers relying on commercial flights have had to navigate big shifts in the cost of flying. In some instances, a fall in demand can translate to lower costs if airlines cut ticket prices to attract travelers.²⁶ For example, industry estimates suggest that the price of international round-trip airfare from the United States fell significantly in 2020, then spiked upward after the United States lifted its travel ban in November 2021 and airlines passed on increases in fuel costs to passengers. Prices dropped again in December as the Omicron variant became dominant.²⁷ But ongoing uncertainty about travel linked to successive variants of the virus and the lifting and reintroduction of restrictions can often translate into higher travel expenses, for example, by deterring travelers from booking flights far in advance²⁸ or by requiring workers or their employers to seek out alternative forms of transportation.

Some countries have attempted to regulate these expenses, whether through laws barring or capping travel expenses for migrant workers or through introducing cost-sharing arrangements.

Travel expenses—including return airfare and transportation within countries of origin and destination—are some of the most common recruitment costs paid by migrant workers, along with documentation requirements. Some countries have attempted to regulate these expenses, whether through laws barring or capping travel expenses for migrant workers or through introducing cost-sharing arrangements between employers and workers. Australia's Pacific Australia Labour Mobility scheme is an example of the latter. It requires approved employers to arrange and cover the full costs of their workers' travel up front but then allows employers to deduct some of these expenses over time from

their workers' wages.²⁹ Without these arrangements, migrant workers can end up covering these costs themselves, whether by arranging travel directly or relying on an intermediary such as a recruitment agency.

The example of chartered flights illustrates the importance of making contingency funds available to help migrant workers cover significant new travel expenses without falling back on predatory lenders. Some degree of fluctuation in travel costs over time is common (for example, related to changing oil prices), but the pandemic represents an unusual situation both in terms of spiking costs and sparking new travel-related expenses, and it illustrates the importance of factoring in shocks when regulating these costs.

New Recruitment Costs

The pandemic has brought about new public-health measures designed to curb the spread of the coronavirus, both prior to travelers' departure and on arrival. In the early months of the pandemic, governments introduced new testing and quarantine requirements as a means to reopen their borders and facilitate travel.³⁰ Subsequently, these requirements were phased out in favor of requiring proof of COVID-19 vaccination, and as of late 2022, many countries have lifted these measures altogether. However, as the reintroduction of some measures in response to the Omicron variant in late 2021 and early 2022 illustrates, this progress has not been linear.³¹

These new public-health measures all fall under the "medical expenses" category of recruitment costs, as defined at the start of Section 2, but their novelty has meant that many workers have borne these—sometimes significant—costs while regulations catch up. New public-health measures have also raised equity questions, relating both to the uneven

availability of testing and, later on, COVID-19 vaccines around the world.

Testing and Vaccination Requirements

The pandemic prompted the introduction of testing requirements for the new virus, both as a condition for travel and in some cases as part of broader public-health measures in the workplace. When crossing an international border at the height of the pandemic, travelers could be required to present negative COVID-19 test results at several stages of their journey: before departure, on arrival at the border, and postarrival, which could involve taking multiple tests over several days. These testing requirements differed by country and could change frequently, presenting a hurdle for travelers seeking to keep up with the latest requirements. In 2021, almost all countries had some form of testing requirement in place.³²

Testing costs have varied widely by country but could mount up quickly, especially when travelers were required to take several tests during their journey. Some governments capped the cost of COVID-19 tests or introduced schemes that provided residents with access to a certain number of tests for free. But travelers did not always benefit from these measures. For example, France issues free COVID-19 tests for fully vaccinated residents registered in their health-care system, but new arrivals and other people not registered in the health-care system (or not fully vaccinated) are required to pay between 25 and 45 euros for a test.³³ England provided free tests for its residents up until April 1, 2022,³⁴ but people traveling to the United Kingdom (including citizens) were responsible for paying for any COVID-19 tests required postarrival.

Migrant workers often found themselves responsible for covering the costs of predeparture and on-arrival testing, though they might be able to seek partial or full reimbursement from either their employer or

public authorities in some cases.³⁵ Thailand, for example, announced in November 2021 that employers seeking to recruit a foreign worker would have to cover the costs of predeparture and post-quarantine testing, quarantine expenses, costs associated with paperwork, and medical and social security coverage.³⁶ Thailand also announced in February 2022 that migrant workers nearing the end of their four-year work permits could extend their stay for six months and also stay in Thailand to renew their permits instead of returning home—both measures that could help reduce costs for workers and their employers.³⁷ Regarding countries of origin, the government of Bangladesh announced in December 2021 that its nationals traveling to Saudi Arabia for work could apply for a U.S. \$300 subsidy postarrival to help cover their travel expenses, including tests.³⁸

Another set of costs was associated with the outcome of these tests. In some cases, if migrant workers tested positive prior to departure and the employer subsequently rescinded their employment offer, this could leave workers on the hook for recruitment costs already accrued (such as travel, accommodation, testing, and lost wages while awaiting deployment).³⁹

Quarantine Requirements

In the early months of the pandemic, many governments introduced a quarantine requirement for all new arrivals, with travelers usually bearing the cost.⁴⁰ This applied to everyone, regardless of whether they were symptomatic or had tested positive. Government rules for quarantine varied, including whether the quarantine should take place in a government-designated facility or a private location (e.g., the traveler's home); the duration of the quarantine, which could range from 7 to 21 days; and how strictly it was enforced.⁴¹ Migrant workers could also face a quarantine period if they subsequently tested positive for COVID-19 (and in some cases, such as Singapore, were subject to prolonged lock-

downs linked to high case numbers among migrant workers).⁴² For those living in shared accommodations, quarantine rules raised questions about how they could isolate safely from their peers to avoid spreading or catching COVID-19.

Quarantine requirements proved very expensive, especially if governments required new arrivals to quarantine in a government-designated facility. Along with the cost of room and board, other costs for these facilities included staff time and preventive measures such as regular cleaning and disinfection operations.⁴³ These costs added up quickly. For example, the introduction of a two-week hotel quarantine policy in Ethiopia in effect tripled the cost of return journeys for migrant workers returning from Lebanon in May 2020.⁴⁴ Forgone earnings during the quarantine period were another important cost, since migrants generally could not work unless they could do so remotely or if there were special arrangements in place. For example, the United Kingdom introduced rules allowing newly arrived seasonal agricultural workers to work in isolation from other workers if they continued to be asymptomatic and tested negative for COVID-19.⁴⁵

As a new public-health measure, there was little consensus about whether employers, workers, or governments should cover the costs of quarantine. In some cases, governments would absorb the costs of quarantine on arrival, particularly for migrant workers in roles deemed essential in the early months of the pandemic (such as seasonal agriculture). For example, under the rules of the Pacific Australia Labour Mobility scheme, Australian local or state governments could either subsidize or lift quarantine requirements for participating workers.⁴⁶ More commonly, countries took steps to compel employers to cover the costs of quarantine instead. Taiwan, for example, threatened employers and recruitment agencies with large fines and disqualification from international recruitment if they passed these costs on to migrant workers, while also providing compensation

to help cover lost wages during this 14-day period.⁴⁷ By contrast, Canada used a more incentive-based approach by introducing the Mandatory Isolation Support for Temporary Foreign Workers Program, which provided grants to help subsidize the costs of quarantine for employers in the agriculture, fish harvesting, and food production and processing sectors.⁴⁸

By early 2022, governments had generally phased out quarantine measures as a requirement for international travel in favor of using a combination of vaccination and testing requirements, which were themselves subsequently lifted in most places. As of late 2022, many pandemic-era travel measures have been rolled back, although the emergence of new variants may yet lead some countries to reintroduce certain restrictions.

3 The Case for a More Encompassing View on Costs

The pandemic has had major ramifications for recruitment costs, but migrant workers have also faced a variety of other costs that fall outside this category and yet have direct relevance for efforts to regulate recruitment. These include costs associated with domestic public-health measures in many countries, and widely reported instances of job loss and wage theft. These additional costs may not relate directly to the recruitment process itself, yet they still contribute to migrant workers' debts and can shape workers' future migration decisions and the conditions they accept as they seek to pay down their debts.

Looking beyond recruitment costs alone can shed light on the wider range of costs that migrant workers can accrue throughout the migration journey, including before and during their time abroad and

when seeking to return home. This work will require bringing together perspectives from recruitment, immigration, and labor standards and enforcement, and working out how these standards compare across contexts and where the weak spots for oversight lie.

A. *Public-Health Measures in Destination Countries*

Testing and quarantine requirements were not just a condition of entry to destination countries, but also a common feature of governments' policies to curb local transmission of COVID-19 and a condition of return to countries of origin. Thus, migrant workers could find themselves facing testing and quarantine requirements at several points in their journey: pre-departure/on arrival in the destination country (as discussed above); during their employment in the destination country; and predeparture/on arrival to their country of origin.

Responsibility for covering the costs of COVID-19 tests for migrant workers has tended to vary according to the stage of a worker's journey, along with other considerations such as legal status and type of employment. For example, employers might cover on-the-job testing (although this might not fully cover related costs, such as time spent obtaining the test), or destination-country governments might subsidize the cost.⁴⁹ By contrast, migrant workers might end up covering the costs of tests and other health measures required for the return journey to their country of origin. These provisions also reveal broader gaps in benefits and protection for migrant workers.

During their employment in destination countries, migrant workers like local workers had to navigate new rules on personal protective equipment, testing, self-isolation, and quarantine to minimize the virus's local transmission. In periods when COVID-19

cases were high, workers could face repeat exposures and infections that, following these new rules, necessitated time off work to isolate and recover. But even though many governments expanded sick leave policies to cover workers who contracted COVID-19 (including quarantining workers and the self-employed), these benefits' residence requirements meant that temporary migrants were generally excluded, along with other groups of workers such as those in the gig economy or the informal economy.⁵⁰ Some migrant workers faced multiple barriers: for example, the concentration of migrant women in domestic and care work, where much of this employment occurs informally and/or is excluded from social protection and labor laws, left them at particular risk of lacking any social protections, including access to sick leave that could help offset costs.⁵¹ Reports emerged in Hong Kong of some live-in domestic workers (most of whom came from Indonesia or the Philippines) being fired when they caught COVID-19 and losing their medical insurance or being denied entry to the residence to isolate at home and subsequently becoming homeless.⁵² Some governments (such as Ireland, Portugal, and New Zealand) expanded sick leave benefits to include migrant workers at least temporarily, but for countries with a large informal economy or less robust social protection system, there was little recourse for migrant workers.⁵³

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Migrant workers also faced additional costs linked to their return journey. For example, stranded migrants during the early months of the pandemic could

find themselves responsible for the costs of expensive government-organized repatriation flights.⁵⁴ More commonly, migrant workers had to meet local health rules when traveling home, which could include testing or quarantine requirements on arrival, or even predeparture quarantine or isolation if they tested positive for COVID-19 when taking a predeparture test. Interviews with migrant worker rights organizations indicated that migrant workers in Southeast Asia often covered these costs themselves because they had finished their employment, and their contracts included provisions about the cost of return flights and immigration processes but not the cost of quarantine.⁵⁵ Some progress has been made to address these gaps, although the costs still typically fall to workers. For example, a December 2021 memorandum of understanding between Bangladesh and Malaysia included the cost of quarantine in the expenses that employers were to cover, but it also specified that workers were to cover the costs of recruitment incurred in Bangladesh, which could include post-return expenses such as tests and quarantine.⁵⁶

B. Job Losses and Wage Theft

During the pandemic, migrant workers also became more vulnerable to job losses and wage theft. And though not recruitment costs, they have contributed to migrant workers' debt burdens and once again illustrated the gaps in protections migrant workers face in destination countries. Migrant workers were among the groups most likely to experience job losses or cuts to their hours or pay during the pandemic, reflecting their overrepresentation in hard-hit sectors (such as accommodation and food services, construction, manufacturing, personal services, and retail) and factors associated with greater uncertainty in the labor market (such as lower levels of education and irregular legal status).⁵⁷ Wage theft has also been a common experience for migrant workers during this period. ILO surveys found widespread examples of this among migrant workers in

different regions, including Southeast Asia, sub-Saharan Africa, Latin America, and the Middle East and North Africa.⁵⁸ Some workers (for example, in the Gulf states) reported that their employers withheld pay or terminated their contracts without paying all wages owed.⁵⁹ Others reported de facto wage theft when their employers cut their hours or placed them on unpaid leave without consultation. Even when migrant workers had contracts in place, there was limited recourse for them to challenge their termination or cuts to hours or pay, or to pursue unpaid wages.

Migrant workers have had to navigate any loss of income while still covering their living expenses, servicing their debts, and when possible, sending remittances back to their communities. Some countries introduced programs to support affected workers, but migrants were not always eligible for these programs. For example, migrants working in Thailand were ineligible for the government's cash payments.⁶⁰ With limited access to cash assistance, the result has been rising destitution among some migrant populations. Many of those who lost their jobs had to navigate the potential loss of their work authorizations and permission to stay. Some countries introduced policies to allow migrant workers to extend their visas automatically or on application, while others introduced amnesty programs for migrant workers. For example, Malaysia introduced an amnesty program with two streams: one in which irregular migrants could apply to return home (on payment of a small fine) and the other in which palm oil plantations and employers in agriculture, construction, and manufacturing could apply for a work permit for them.⁶¹ However, applications for the latter stream reportedly took up to three months to process, during which time migrants were not authorized to work, and included a fine for workers and employers.⁶² For other migrants, the only recourse was to return home, yet return journeys could prove expensive and were feasible only if borders were open and if migrant workers had access to

their passports. Otherwise, migrant workers found themselves trapped in limbo: unable to find work and earn income yet unable to return home, while accumulating debt rapidly.

When examining the pandemic's impacts on migrant workers, it is important to consider these emerging vulnerabilities and challenges. The mounting debts facing some migrant workers have significant implications for recruitment and migration patterns. Migration is likely to continue to be the primary means for servicing these debts, and without legal means to move for work, some may use irregular routes or the services of unlicensed recruitment agencies and brokers, with ramifications for efforts to manage recruitment responsibly.

4 Recommendations for a New Approach to Regulating Recruitment

Even as the COVID-19 pandemic recedes, its effects will continue to be felt in efforts to regulate recruitment. Destination- and origin-country policymakers will need to work closely with employers and civil society to close the gaps the pandemic revealed in how costs are regulated, including by developing protocols for dealing with new or additional costs linked to public-health measures. Addressing these gaps will be essential to the success of efforts to curb recruitment costs for migrant workers not only now but in future public-health emergencies as well. The pandemic has also underscored the case for thinking more broadly about all the costs that migrant workers can face during their migration journey—looking beyond recruitment costs, as traditionally defined—and working more holistically to reduce these costs where possible and to ensure that migrant workers can access support when needed.

Addressing these gaps will be essential to the success of efforts to curb recruitment costs for migrant workers not only now but in future public-health emergencies as well.

Migrant workers' experiences vary widely according to the country in which they are working, the sector or occupation, whether their employment is formal or informal, their qualifications, and their demographic characteristics. The example of major banks subsidizing the quarantine of their employees when they returned to Hong Kong to visit family and friends stands in sharp contrast to reports that emerged in Singapore and Taiwan of migrant workers being confined to their dormitories and factories during their scheduled leave.⁶³ The pandemic has also highlighted certain stages of the journey (for example, just prior to departure for the destination country or return to the country of origin) when migrants are most at risk of bearing significant costs but there is limited oversight or recourse to cover unexpected expenses.

A. Improving Information on Recruitment Costs

Fully capturing the pandemic's impact on recruitment costs requires taking stock of the costs of new public-health measures as well as the indirect costs associated with the pandemic's economic fallout, such as forgone wages. But data limitations make it difficult to enumerate recruitment costs, track how they have evolved during the pandemic, or scrutinize how new or additional costs have been shared among workers, employers, recruiters, and governments.

Investing in better data collection and encouraging greater transparency around recruitment costs should thus be a top priority. Currently, there is a

lack of reliable, timely, and publicly available data on recruitment costs across sectors and countries, or information on how these costs are shared in practice. Different stakeholders (e.g., recruiters, governments, or civil-society organizations) may have some relevant data for specific contexts or corridors, but these data often remain unpublished because of data sensitivity or proprietary considerations.⁶⁴ Limited public data make it difficult to track and verify recruitment costs and understand how they are affected by variables such as regulation, enforcement capacity, supply of available workers, and changing economic or public-health contexts. While data collected via surveys with migrant workers can help shed light on recruitment costs, they can omit inputs from employers or recruiters, and the snapshots they provide can become outdated quickly. More work is needed to improve the quality and availability of data, especially for more indirect costs. This could include building data collection capacity among government agencies, mining different data sources (e.g., payment systems), and exploring avenues for different stakeholders to share more privately held data anonymously.

Developing a more 360-degree view of costs for workers throughout their migration journey—one that includes their selection and recruitment in the country of origin, their travel to and stay in the destination country, and their return journey—will depend on greater transparency and international coordination. Despite international guidelines, national approaches to regulating recruitment costs can still vary widely, reflecting factors such as different perspectives on how to share recruitment costs fairly among stakeholders, political will to regulate recruitment costs, and capacity to enforce rules. Greater coordination could be achieved by improving the data available on costs and by building closer relationships among national counterparts working on these issues.

B. Addressing Gaps in Protections for Migrant Workers

As new pandemic-related costs emerged (such as the expenses linked to testing, obtaining personal protective equipment, and quarantine), there was a lack of clarity about who should cover these costs. Often, migrant workers had to cover these additional costs in total or until regulations eventually caught up. It is also clear that migrant workers are especially vulnerable to shouldering unexpected costs at particular stages of their journey, such as just prior to departure (including when migrant workers' contracts are suddenly canceled or their departure is pushed back, yet they have already accumulated recruitment-related expenses) or just prior to or upon return (if they are required to quarantine, for example). Even as these pandemic-related costs become less common, policymakers should address these gaps in regulation and enforcement to ensure that migrant workers are not left to bear this responsibility in a future public-health emergency. They may also wish to make the public-health case for ensuring that migrant workers can access health care and paid leave as part of broader containment and treatment strategies.

Stakeholders working on regulating recruitment should consider ways to work with their counterparts holding labor and migration portfolios to develop a more holistic approach to setting and enforcing fair and ethical recruitment and working conditions for migrant workers. Budget constraints have limited the capacity of government agencies to enforce labor standards,⁶⁵ but greater use of digital technology could help provide greater oversight while allowing agencies to focus their enforcement activities. For example, digital platforms such as the International Trade Union Confederation's Recruitment Advisor platform, which collates information

and reviews on recruitment agencies operating in countries in Africa, the Middle East, and the Asia Pacific region, can improve transparency. Digital technology could also help remedy longstanding issues of wage theft and exploitation, for example through the use of digital payment systems to track employers' payments through financial institutions, or by building on pandemic-era use of remote dispute resolution and reporting mechanisms to make it easier for migrant workers to pursue a complaint against their employer even after returning to their country of origin.⁶⁶

C. *Expanding Access to Contingency Funds*

Reducing recruitment costs for migrant workers is crucial, but the pandemic has illustrated why policymakers and other stakeholders also need to consider what happens when new costs suddenly emerge or expense rise sharply. Migrant workers are often excluded from social protection systems that can extend emergency support in times of crisis, placing added importance on financial inclusion measures that can help migrant workers cover unexpected expenses. Migrant workers may not qualify for loans from formal financial institutions for a variety of reasons, such as their temporary status (or lack of legal status, in some cases), their lack of credit history in the destination country, and their low income or limited assets to support loan repayments.⁶⁷ Instead, when borrowing money to finance their journey or cover unexpected costs, migrant workers may look to their social networks, their employer, or more informal moneylenders that are notorious for charging high interest rates. For example, Filipino workers who borrow money from moneylending companies in Hong Kong reported an average interest rate of 25 percent per year, and an ILO survey of migrant workers from Cambodia, Laos, and Myanmar documented average interest rates of 15.5 percent for loans sourced from moneylenders.⁶⁸ These unfavorable

terms can create a debt trap for migrant workers.⁶⁹ Borrowing money from employers can come with its own risks, for example, if it leads employer to retain their workers' documents to prevent them from leaving without repaying their debt.⁷⁰

Policymakers could explore a few options to expand migrant workers' access to contingency funds. One option is to provide greater access to affordable loans or grants so they do not need to rely on predatory lenders charging high interest rates, drawing inspiration from the welfare funds operated by some countries of origin. For example, the Philippines introduced a special cash assistance program that provided 10,000 Philippine pesos (equivalent to about U.S. \$200) for Filipino workers who lost their jobs abroad because of the pandemic, with payments issued to 540,876 overseas workers by late December 2021.⁷¹ This one-off payment was funded through the Philippines' Overseas Workers Welfare Fund (financed through a mandatory fee paid by workers before they are deployed) and provides a range of services to overseas workers. Some destination-country initiatives, such as Ireland's pandemic unemployment payment or Italy's Cure Italy initiative, provided cash assistance to all residents, including temporary migrants.⁷² The drawback is that reserves can become depleted quickly during an emergency, and so a low-cost loan rather than a grant may be more sustainable. Some origin-country governments already provide transnational loans or facilitate low-interest loans via microfinance programs, which could serve as a model for other countries.⁷³ For example, the Philippine government offers short-term loans through its Pag-IBIG Fund, which overseas nationals can access.⁷⁴

Another option to reduce the burden that can fall on migrant workers is to revisit how upfront costs are financed. Temporary migrants are often excluded from unemployment insurance programs that are available to citizens and permanent residents, as are those without legal status.⁷⁵ Some countries

of origin such as the Philippines and Sri Lanka have stepped in to bridge this gap by providing some limited insurance to their overseas nationals, drawing on contributions to their overseas welfare funds.⁷⁶ Policymakers could consider creating a fund that lends to recruitment agencies to cover upfront recruitment costs that can then be repaid by workers directly only when they are in the specified job and receive their first paycheck. If a migrant worker's deployment is delayed or unexpected costs emerge, the fund would bear this expense, not the worker. In addition, policymakers should consider options to provide coverage to irregular migrant workers or those working in the informal economy, who often find themselves excluded from assistance.

D. A Look Ahead

As governments reopen borders and ease COVID-19-related travel rules, it is tempting to assume that their implications for recruitment costs

are in the rearview mirror. But future public-health emergencies may pose similar challenges, and addressing these proactively could help cushion migrant workers from some of their negative impacts. Furthermore, the COVID-19 pandemic's impacts will continue to play out even as mobility ramps back up to pre-pandemic levels. The mounting debts that some migrant workers have accumulated during the pandemic will shape their future migration decisions, and for some, migration will be one of the only realistic means to pay these debts down. Policymakers, donors, and other stakeholders should view the pandemic as a chance to revisit the fundamentals of how costs to migrant workers are defined and regulated. In turn, by pursuing a more holistic approach to reducing costs and exploring options to protect worker rights and expand social protections, governments and other stakeholders can connect efforts to better regulate recruitment with the pursuit of regular, safe, and orderly migration and decent working conditions for all workers, including migrants.

The COVID-19 pandemic's impacts will continue to play out even as mobility ramps back up to pre-pandemic levels.

Endnotes

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