



Impact evaluation of a G2G migration program

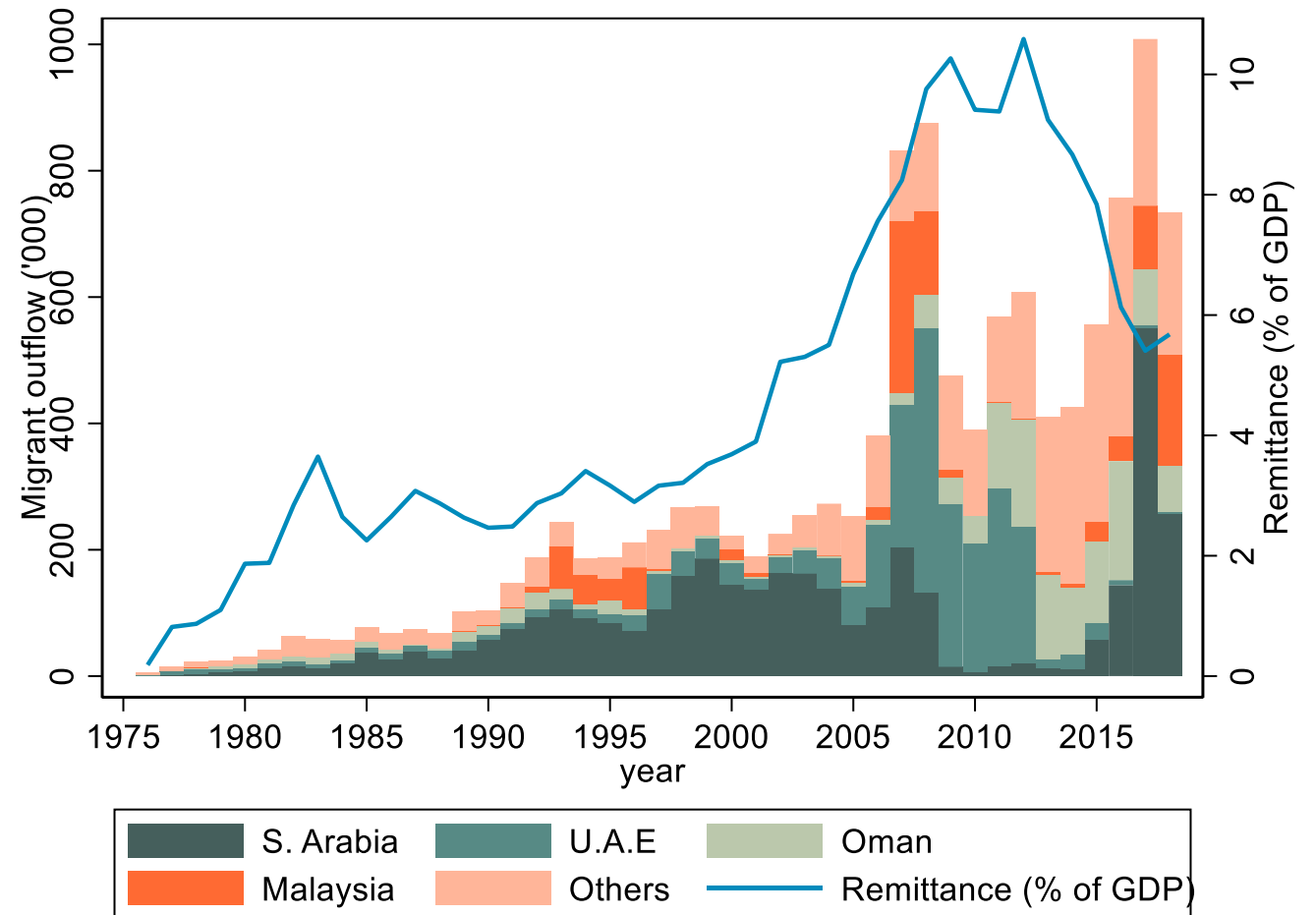
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[Jobs, Labor & Migration Course](#)

Context: Migration from Bangladesh

- One of the major sending countries with over 0.5 million migrating every year.
 - Mostly to Persian Gulf countries (S. Arabia, UAE, Oman, Qatar) and East Asia (Malaysia, Singapore)
 - About 10 percent of workforce
- Remittance income is a large share of the economy
 - Between 6 to 10 percent of GDP in recent years
 - Major driver of recent poverty reduction



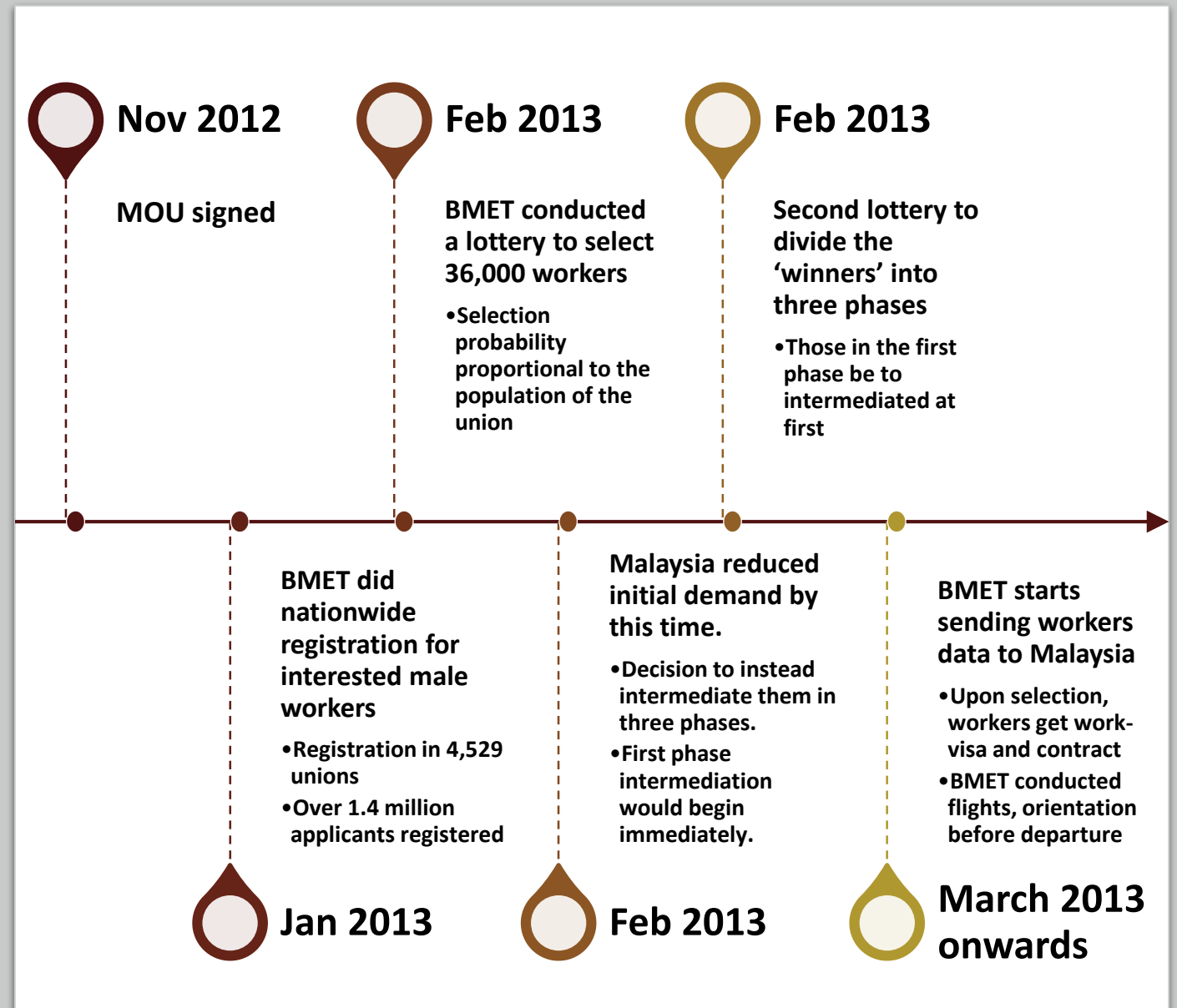
Context: G2G agreement with Malaysia



- Malaysia banned recruitment from Bangladesh in 2008.
 - Due to malpractices in the recruitment industry in Malaysia as well as Bangladesh
- MOU signed in 2012: To resume flow of workers
 - Solution: **governments to manage intermediation process in both sending and receiving countries**
- ‘Pilot’ to begin in early 2013 for 30,000 workers
 - For work in palm-oil sectors of Malaysia
 - Low-skilled manual work
 - With a two-year contract (possibility of extension)
 - Accommodation provided by employers
 - Food typically not provided

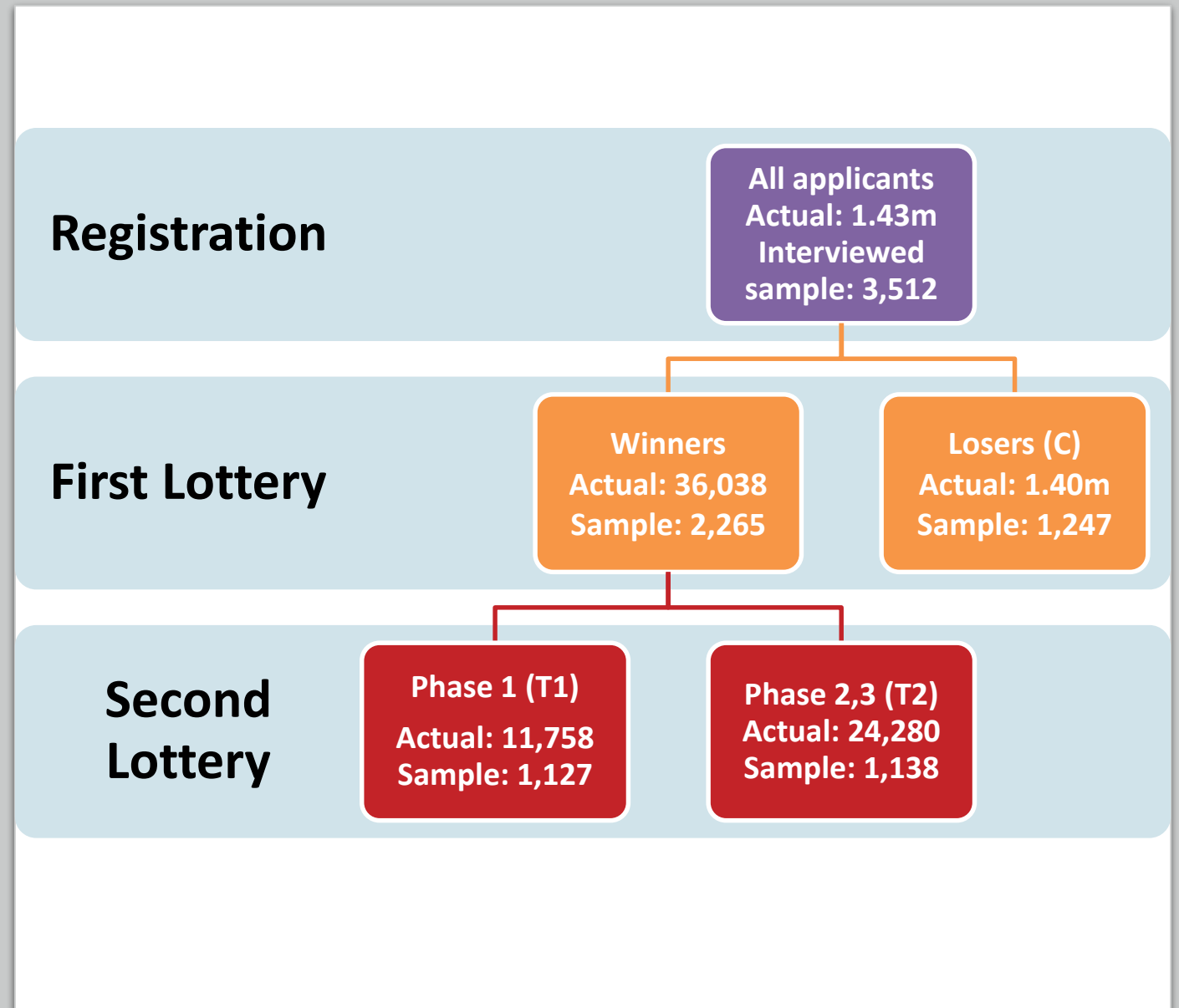
G2G lottery program

- The program fell out of favor soon.
 - Mostly due to criticism from the private intermediation sector.
- By June 2015, **only 7,617 lottery winners had migrated** to Malaysia.
 - Most of them were from Phase 1;
Some from Phase 2 & 3

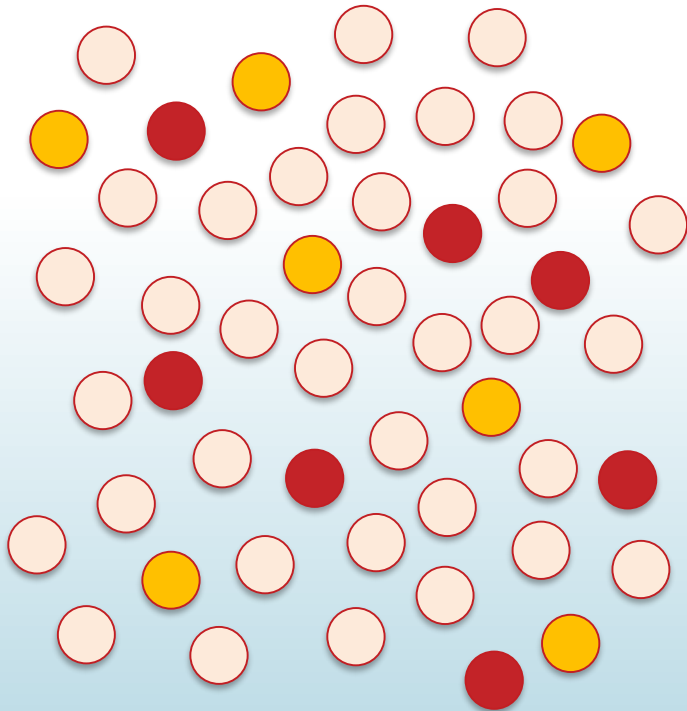


Study design

- The study followed up with a sample of lottery winners and losers in **2018**
 - Across **522 unions**
 - **3 divisions** (Dhaka, Mymensingh, Chittagong)
- Administrative data used to locate the households of the migrants
 - Through phone calls + field searches
- A total of **3,512 households** were found and interviewed
 - If migrated, knowledgeable family member interviewed



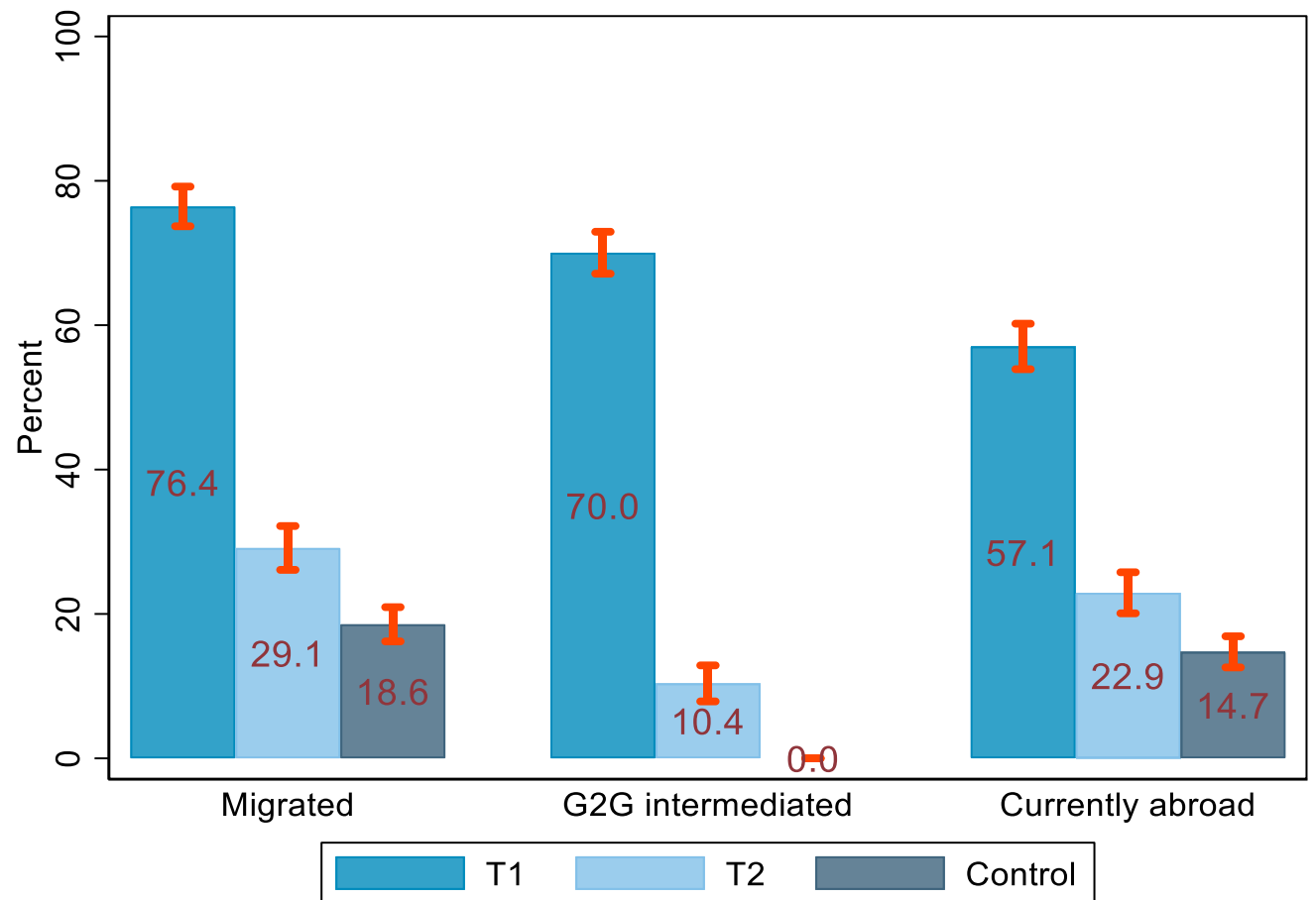
Methodology: Exploit the lottery design



- Lottery divided the applicants into three groups:
 - **Group T1**: Won the first lottery and placed in phase-1 in the second lottery
 - Most of them received intermediation support to migrate
 - **Group T2**: Won the first lottery and placed in phases 2& 3 in the second lottery
 - Some of them received intermediation support
 - **Group C**: Lost the first lottery
 - No intermediation support from the government
 - Control group
- Since the lottery **randomly** (and fairly) divided applicants across these three groups, the groups are comparable to each other
 - The outcomes of the control group serve as a good counterfactual to the outcomes of groups T1 and T2
- Use lottery assignment as an instrument for migration abroad.

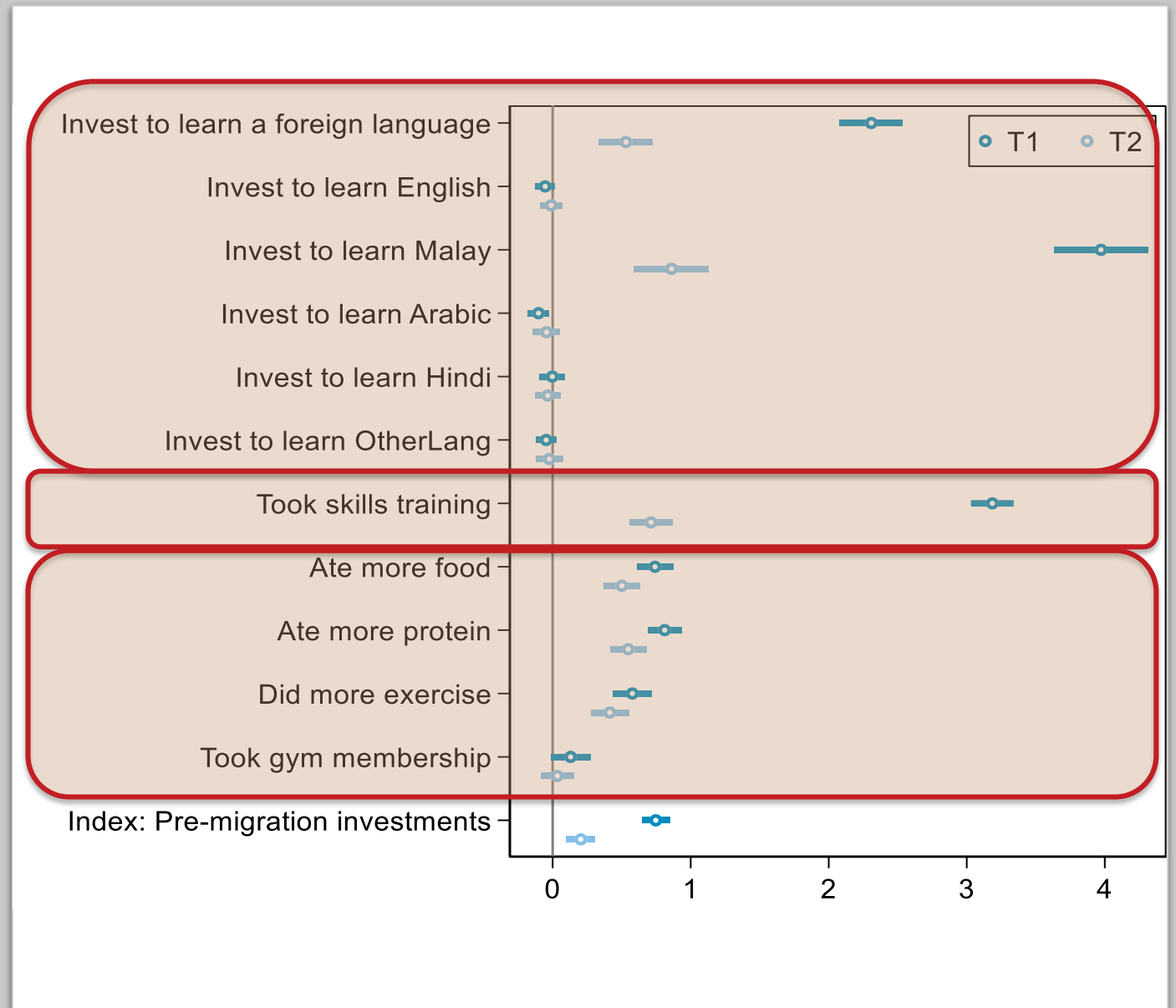
Impact on actual migration

- Winning the lottery increases migration – particularly for group T1 – as expected.
 - 76 percent of T1 had migrated – mostly through G2G
 - 29 percent of T2 had migrated – many through G2G
 - 19 percent of the control group also migrated
- Most migrants were still abroad at the time of the survey



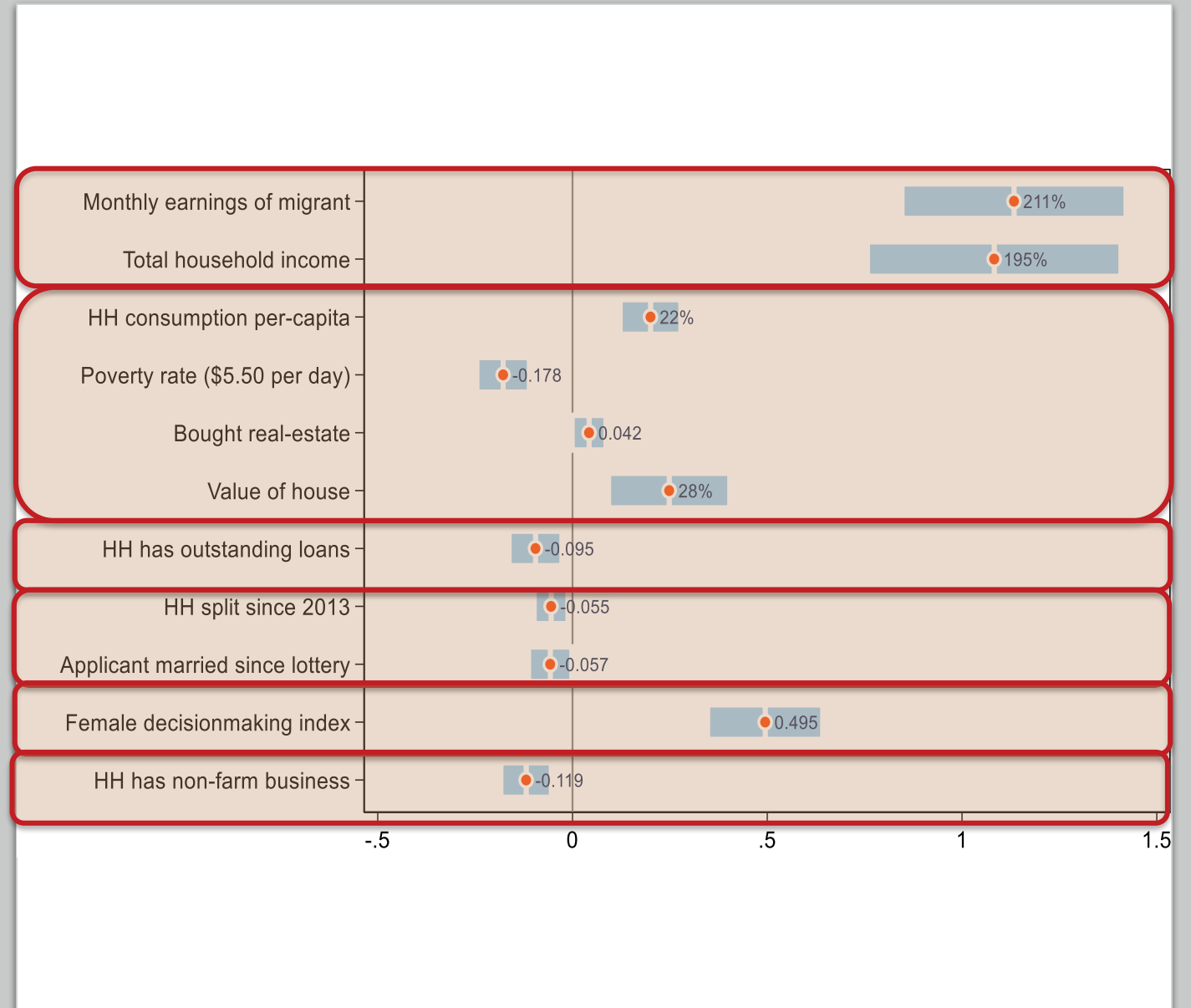
Impacts on pre-migration characteristics

- Increased investments in learning Malay language
- Increased investments in skills (through skills orientation/ training)
- Increased investment in physical health (ate better food, joined gym, etc)



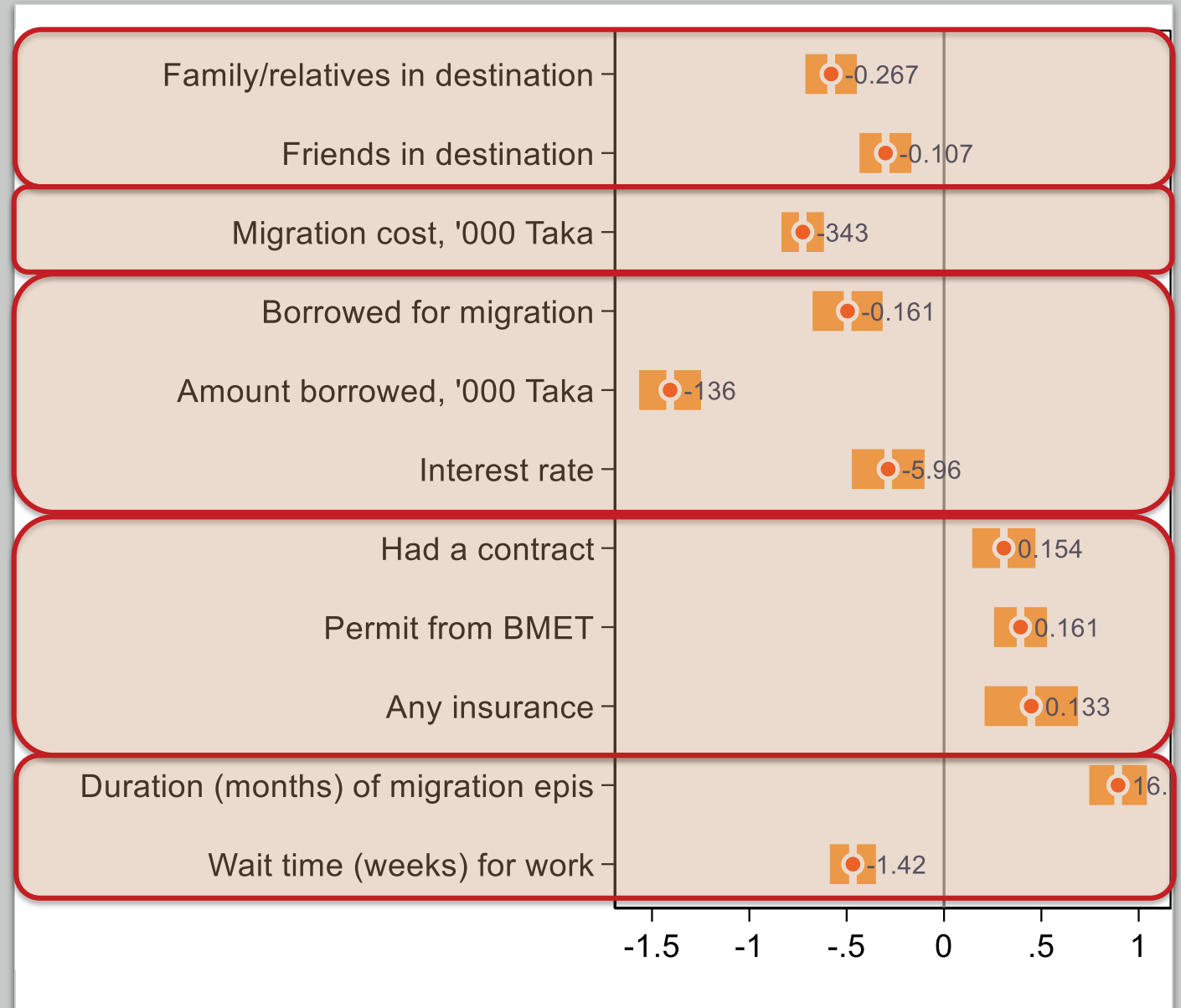
Migration leads to large welfare improvements

- Increases income of the migrant and their families
- Increases consumption and reduces poverty
- Reduces indebtedness and improves financial security
- Leads to changes in HH composition
- Empowers women
- Lowers HH entrepreneurial activity (through absence of the migrant)



G2G vs private channel intermediation

- Provides access to those without social network contacts abroad
- Reduces the cost of migration
- Lowers debt burden of migrants
- Improves pre-departure characteristics
- Reduces delay in starting work



Cost-benefit: G2G vs private channel intermediation

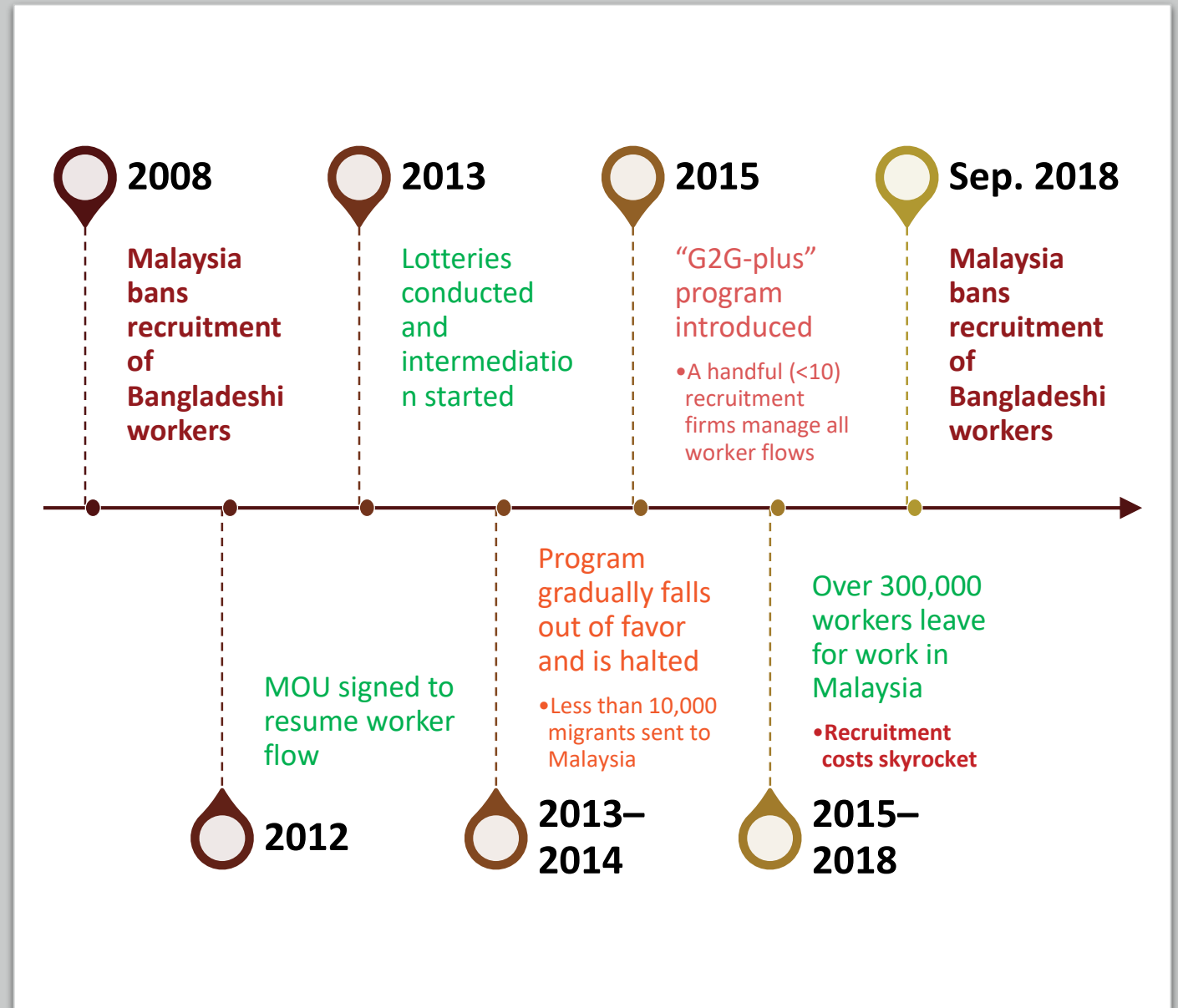
- Earnings and job-characteristics are similar for G2G and private-channel migrants.
- Costs are very different
 - G2G: BDT 45,000
 - Private: BDT 390,000
- Leads to very different financing schemes
 - G2G: less borrowing; and borrowing from cheaper sources
- Net earnings from a 2-year private channel migration is less than that in Bangladesh!

Net earnings from migration

Duration of migration	G2G-migrants ('000 BDT)	Private-sector migrants ('000 BDT)	Percentage increase from G2G-migration
2 years	613	206	197%
3 years	942	503	87%
4 years	1,271	801	59%
5 years	1,600	1,098	46%
6 years	1,929	1,395	38%
7 years	2,258	1,693	33%

The fate of the G2G program

- Main reasons for the ban:
 - Malpractices in sending and receiving countries
 - (Potential) presence of undocumented workers**(similar to the ban of 2008)**
- Currently, the governments of Bangladesh and Malaysia are trying to negotiate an arrangement to resume the flow.
 - Possibility of introducing some form of government involvement in intermediation



Conclusions



- Low-skill temporary international migration is beneficial to the migrants as well as their families.
 - Welfare improves along a host of welfare measures
- But the cost of migration is very high
 - prevents the poor from getting access to such opportunities
 - reduces the net gain from migration
- Government involvement in intermediation can lower migration costs
 - The true cost of migration is probably somewhere between the G2G costs and the private-channel costs
- Complete exclusion of the private sector may not work either
 - Capacity and efficiency issues
 - Political economy issues
- Other options?

Thank you!!

- For the full report please visit:

<https://hubs.worldbank.org/docs/ImageBank/Pages/DocProfile.aspx?nodeid=31239627>

- For the policy brief on the impact evaluation, please visit:

<https://hubs.worldbank.org/docs/ImageBank/Pages/DocProfile.aspx?nodeid=31239633>