



## Migration Symposium 9 & 10 May 2019 on Curaçao

Migration and Socioeconomic Development

Policy challenges and options

### **Break Out Session 5: Informal and formal labor market approaches: towards win-win- approaches**

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Mismatches on the labor market (quantitatively and qualitatively) lead on the one hand to emigration (of higher educated and high productive persons) and on the other hand to immigration (of lower- educated persons in lower productive sectors, such as the hospitality sector). Simultaneously, informal labor markets seem to be expanding rapidly, providing labor to a growing number of irregular and regular migrants, and local workforce. Effects of irregular (labor) migrations: socioeconomic, fiscal, social security system. How to improve responses to influx of irregular migrants? For example: temporary special regularization to enable applications for short-term residence and work permits for those who have passed the screening (no criminal record, no communicable diseases)? What are advantages and disadvantages of such and other measures? What short-term policies do we need and what mid-term policies?

*Introductions by:*

*Kelly Bendelow (UNHCR Aruba-Curaçao): Livelihoods and self-reliance: Formal and informal inclusion for vulnerable populations*

For refugees and migrants, particularly in an urban context, livelihoods and self-reliance form the cornerstone of their resilience and the key to their future. Supporting the formal integration of refugees into the labor market and enhancing access to informal livelihoods activities have gained increasing attention and commitment. This presentation describes policy and practical



initiatives towards labor market inclusion of refugees and migrants, providing examples from around the region and globally.

*Prof. dr. Jan Rath (University of Amsterdam): Many faces of informality, many trajectories out of it*

Informality has many faces and many forms and there are, therefore, multiple trajectories out of it. In practice, however, we usually observe crackdowns, a response the authorities commonly use to address informal practices. An interesting question is how to address informality while maintaining the entrepreneurial drive and its positive effects.

*Prof. dr. Flora Goudappel (University of Curaçao): Legally managing a possible influx of temporary labor; regional comparison of options*

In the Caribbean, where the tradition is that you move to the next island when there is no work on the island you're on, attempts have been made to control the influx of temporary laborers while trying to avoid having to deal with a large group of illegal laborers.

## Notes Part 1:

- The practical problems of moving away from an informal labor market to a (semi) formal labor market have to do with legal issues. Most people that end up in the informal labor market are illegal for a reason. They have to meet all the requirements that are set in the law to become a legal resident or to become a legal worker. The question is “do we want this to change?”. Changes and amendments to the system can take many different forms. One of the forms is that for certain groups, we can let go of some of the requirements. For example, we want to see a diploma... Or if anyone fulfills certain criteria that we need, they can get a temporary permit for a maximum amount of time which is under the minimum amount of years that you have to be here (on Curaçao) to obtain the nationality. This way you can avoid having a complete self-sufficient informal economy which is linked to a formal economy, because this way they can do labor for the formal economy. This way there is no tax avoidance from the informal economy.
- When we talk about refugees we talk about durable solutions, which is the concept of what happens to people on the long term, and there is a legal term that comes out of it that is prevention. But the real question is what happens in the short term. And there is an emphasis on self-reliance as a pathway for verbal solutions, verbal solutions being going back, staying permanently or going somewhere else. What happens in the meantime, how do people survive, what food do they eat, where do they live, how do they cover their basic

needs. Until what point can you keep covering the refugees. There are some political developments towards formally giving refugees right to work or conversely this is another option people have been considering and that is what about right of self-employment. A lot of refugees and illegal migrants are working under the table and sometimes they are also creating successful business and how do we support that? One of the ways this has been approached, is by focusing on skills development and skills training, but the developments and skills have to be practical to the specific environment (region) in which the workers are staying or else it won't have a benefit. From a policy level as an organization we tend to still have a fairly short sight of view of these things because people have to eat today, because they have to do something in the short term, because of political solutions take a long time to be resolved we then focus on short term solutions which are often too shortsighted. One example of something that was successfully implemented in Ecuador the graduation level (model) which focused on the most vulnerable of society. It was a combination of a social work approach plus targeted humanitarian assistance as skills development and the idea is "why is this person in poverty to start with?" Is it something specific to the family, is it something specific to the circumstances (it can be health/mental health issues). In other words "how do we take a holistic view of this person and help them transition into self-sufficiency?" rather than just dropping something from the sky in hopes of that helping the person.

- Informality has various meanings and it has to be cleared up. So for instance you're a business person you have a vacancy, you can place an advertisement on the newspaper, set up a committee and give forward the procedures...this is very formal. But you could just as well call your cousin and then you have recruited someone in a very informal way. There is nothing wrong with it, it is legal and it happens a lot. But we are not talking about that here, we are talking about a more institutional form of informality. There are certain rules that should be applied, but these rules seem to be forgotten. There are some informal practices for example ignoring opening hours, avoid taxes, avoid health and safety regulation. etc. These practices are not legal, but they still exist (they exist everywhere). There are a mutual interest in people that are involved in the informal economy. The informal economy is omnipresent, and it is not correct to assume that all the informal economy is bad. You can say that informal practices grease economic cooperation, at the same time it allows for unfair competition, it allows for violation of all sorts of rights (labor rights in particular), health and safety regulations, it undermines the tax system etc.
- So if you want to crackdown informal practices what can you do? There is a tendency to send police, inspectors and many will crackdown on illegal activities. But this is only one way of dealing with the problems that arise from the informal economy. In the Netherlands, during the 80's and onwards, there was the idea that the Government allowed/ignored a significant amount of the informal economy because they thought that it is best not to

intervene because the government couldn't provide jobs for those informal workers themselves.

- There is also an idea that we need to wait, that immigrants get used to a system, that things will become more formal with the course of time. But in practice it never does work like that.
- Another option is to rethink the rules and regulations because it is the rules and regulations that determine the informal practices, and thus you can change it.
- The right people to come to the job, that is something the governments can help with.

### **First Statement:**

**It should not be discussed if informal markets should be eliminated because it is omnipresent, and it is more useful to be discussed (or to see) how you can regulate it. And if regulation is what we strive for, do we have the desire to regulate it or do we have a standpoint of 'it will regulate itself'.**

- You can't crackdown the informal economy. It will forever exist, because there is a mutual benefit factor. But it should still be regulated in a way that it does not become burdensome on one party and that the balance becomes uneven.
- There are benefits from informal economy (mutual benefits of it), but there is a clear disadvantage for the country, and that is the avoidance of taxes and other welfare attributions that you are missing out on.
- The life planning for mid to long term of the people that are working in the informal economy is not that great. It should be made possible for the people that work in the informal market to be able to plan their life better.
- Suggestion-> we have to think about a shift towards a temporary change in the way we give access to illegal migrants to benefit from social (health) system. There are a lot of skills from illegal immigrants, but they are not working to their potential or to their skills, because they do not have their papers to work in the area of their expertise. And if they could, they would work to their potential to benefit the social system and pay their taxes.
- People that come to the country with their high skills, are losing these skills because they are not practicing it... there was a real extreme example of a surgeon that is mopping floors.

- Mixing illegal worker, and informal economy...It does not have to be only about immigrants (illegal worker).

## **Second statement:**

**To talk about the informal economy related to migration. Thus talking about the undocumented persons in society, that they have to find a way to sustain themselves... so how can you regulate that?**

- How to manage the problem of a trap (Pull factors) that the islands create for undocumented people. How to create opportunities for the immigrants, but prevent more illegal immigrants to come to the island. Quotas are a solution. How can we create opportunities or make use of opportunities of migrants here on the island? Because we also have 20% unemployment on the island.
- Bounded to BIG certification. There are some obstacles that are being put by the Dutch kingdom that is not helping us, to help these people to get a job.
- Not mutually beneficial for all stakeholders, because if there is not a balanced playing field, it will hurt the sustainability of the country. We have to pinpoint the problem, regulate it to fix the issue. We need to find out why certain informal markets are informal.
- Irregular migration is explosive. Can you ever level out the playing field?
- In Ecuador, according to the constitution the migrants have a right to work, so theoretically they do, but practically because of administrative barriers they couldn't legally have a contract...So speaking in the sense of refugees and asylum seekers who were completely legally in a country with the legal right to work, were prevented in a practical level to work by these regulations. Thus when we talk about regulations, we shouldn't just talk about who comes in or out, a lot of the regulations that make the most impact on a person are the ones that they face already inside of the country. "What documents are required for me to get a legal contract?" "what if I'm being asked to present a passport that I do not have" or "what if I need a resident permit that I don't have". So you might fall into a labor category, but facing an administrative barrier. The impact that this often has is that people get paid under the table, and sometimes for a substantially lower amount. And this is attractive to the employer. We are putting a lot of the burden on the migrant, but what about the companies that are benefiting of paying an illegal (thus there is another side as well to the problem).



- Lost opportunity of high skilled workers (the benefit for the Island), but also lost opportunity to low skilled workers, because the high skilled workers are working the low skilled jobs.
- Asylum policy in the French side on Sint Maarten because of the symbolic border. In Sint. Maarten; they go to the Dutch side to work. Refugee issue (asylum seekers), small number of people that are genuine, but there are a lot of undocumented people that say that they are also asylum seekers to be able to stay on the country/island (the majority are lying).
- To regulate 100% is impossible, we have to understand what the country wants/needs to be able to regulate. But immigrants will keep trying to come, thus there is need for work/projects to be able to create time to find a way to overcome the issues. Criminality can become a big issue. National security can become an issue.
- People go to the island and they cannot overcome the problems, and they cannot afford leaving the island either.
- Informal economy, is more than just refugees.
- Register people that come to the country: the majority agree, but it is argued that it should be a non-government entity, but other argue that it should be. Police are not in search of illegals that are not actively breaking the law. Registering immigrants are a government burden, but this might spark up a problem for the immigrants, they might prefer NGO's. The high number of immigrants urges to implement proper plans.
- Curaçao should come up with the ideas, and other entities can aid (assist) in the decisions made by Curaçao.
- It should be focused on migrants... how to deal with the kingdom regulations for it to work in the islands favor. Health problems, the rights of the person/migrants should be taking into consideration, employers should be taken into consideration for “employers compliancy”, but the compliance should be properly defined for it not to be too strict to the immigrants, but the employer should pay some sanctions.
- It's argued that there is need for a country to be able to compare with. Research what country has similar issues, but that it can be comparative to the islands.
- Need to put priority in the need to know what we are dealing with. Population policy. Where do we want to go, who do we need for that, how much, and how we will move forward. A masterplan, and in the plan there should be the population policy.



- It was also suggested to look for outside funding (for example from United Nations)
- Need to regulate other stuff, before approaching the informal market, because they are all interconnected with each other
- There should be plans as a response to registered amount of a migrants (plans for studies as well). For example what would be the impact on the health sector, what is the impact on the education sector.

## Notes Part 2:

1. Kingdom regulations
  2. Population Policy (who do we want, when, how many)
  3. Rights for migrants/some sort of regulation of the informal market/ “level the playing field”: Work permits, health care, taxes, avoid exploitation
  4. Data collection: registration of migrants
  5. (loss of skills) highly skilled migrant workers: training
  6. National security
  7. Curb pull factors
  8. Executing regulations for employers
  9. Public Perception/communication plan
  10. Investing in the current workers formal + informal?
  11. National economic development?
- What are the top three: if we are talking about a win-win situation:
  - Someone suggested that there should be project for migrant workers to work in gentrification (win-win), but for the position of the government this becomes difficult.
  - Use a framework (Aruba is using a framework focusing on SDG’s in a strategic plan) to develop a plan for the national economic development. A short-medium- and long term plan. National strategic plan -> from the perspective of the strategic plan see where to loosen the regulations. The use of participative process in which all the stakeholders are invited to form part of the planning of the strategic plan.
  - Look at the heart of the problem, using fundamental regulations/laws (for example we don’t want children to work, you need to pay tax), to achieve a solvable problem...because if we





keep looking at regulations we will not solve the problems because they might be old fashioned rules. Maybe there is need of restructuring the regulations, instead of just adding new ones.

- Suggestion: make sure everyone is registered, and you can demount from employers if a registered migrant can be vouched for.
- People want stability, feel safe, being accepted, and if there were transparent rules, it might have a positive impact for the islands.
- Even if there are rules and regulations, the unusual situation of Venezuela causes that rules and regulations don't seem to apply.
- You can and should protect domestic workers, are you actually doing that?
- Administrative barriers, create new solutions to problems for example like the problem of not knowing the code of conduct, maybe there is a way in which to solve this problem (the code of conduct should not be outdated).
- Lower barriers cause a large pool of people, and it will be difficult to follow/control them in a way to know their code of conduct, but if you have a high barrier, the pool of people becomes smaller, thus following/controlling them can be made easier.
- Mapping the data/ Using data from various institutions to create a registry.
- The 20% unlabored workers have to be taken into consideration when looking at the informal labor, not only look at immigrants/illegal immigrants doing informal labor.
- If immigrants are staying it means that they are surviving (getting work), they are getting employed by employers. Employers employing immigrants...
- There has to be a line between the formal and informal economy. What is acceptable for the economy?
- What do we want (what we can achieve with the means/regulations/tools we have) national strategic development.
- Rules and regulations: assess effectiveness for both regular and irregular workers; creativity in looking at docs in specific case of Venezuela; assess the restriction.