

DEBT, REINTEGRATION AND SOCIOECONOMIC SUSTAINABILITY OF MIGRANTS' HOUSEHOLDS



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FOREWORD

Bangladesh, like many other South Asian countries, benefits from the considerable inflow of remittances sent home by its citizens who migrate to improve their living standards. In 2017 more than a million Bangladeshis left the country to take up foreign employment, and in 2019 remittances reached an all-time high of USD 16.4 billion, equivalent to 6 per cent of the GDP, which was 8.7 times more than the official development assistance and 4.5 times more than the foreign direct investment received in 2018.

This report shows that although migration has improved the living standards of many Bangladeshis, the migration process itself still suffers from inefficiencies, making Bangladesh migration costs among the highest in South Asia. The report has found a causal nexus between the gaps in the recruitment process in Bangladesh and the excessive migration costs, migrants' high indebtedness and migrants' household insolvency.

The study findings suggest that the number of migrants who are adversely impacted by the inefficiencies in the migration system are underestimated. To support these migrants, the Government will need to enhance monitoring of the recruitment processes and improve migrants' access to informal and formal redress mechanisms.

The study is intended to support stakeholders to better understand how excessive recruitment and borrowing costs combined with weak redress mechanisms affect the socioeconomic sustainability of the migrants' households.



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ACRONYMS AND ABBREVIATIONS

ADR	alternative dispute resolution
BDT	Bangladesh taka
BMET	Bureau of Manpower, Employment and Training
BOESL	Bangladesh Overseas Employment and Services Limited
BOMSA	Bangladeshi Ovhibashi Mohila Sramik Association
BRAC	Bangladesh Rural Advance Committee
CSO	civil society organization
DEMO	District Employment Manpower Office
DESA	United Nations Department of Economic and Social Affairs
DLAC	District Legal Aid Committee
EPS	employment permit system (Republic of Korea)
FGD	focus group discussion
GCC	Gulf Cooperation Council
G2G	government to government
HSC	Higher Secondary School Certificate
IHRB	Institute for Human Rights and Business
ILO	International Labour Organization
INGO	international non-governmental organization
IMF	International Monetary Fund
JSC	Junior School Certificate
KII	key informant interview
LASP	Legal Aid Service Policy, 2014
LASA 2000	Legal Aid Services Act, 2000
MFI	microfinance institution
MoEWOE	Ministry of Expatriates' Welfare and Overseas Employment
NGO	non-governmental organization
NLASO	National Legal Aid Services Organization
OKUP	Ovibashi Karmi Unnayan Programme
PKB	Probashi Kallyan Bank
PSC	Primary School Certificate
RMMRU	Refugee and Migratory Movements Research Unit
SDG	Sustainable Development Goal
SSC	Secondary School Certificate
WARBE	Welfare Association for the Rights of Bangladeshi Emigrants



EXECUTIVE SUMMARY

The Bangladeshi labour migration cycle begins and ends at home. Migrant workers are often victims of a range of abuses during their recruitment in Bangladesh, which makes them more vulnerable to exploitation abroad and insolvent at home, burdened by accumulating debts.

Introduction

The MoEWOE and its executive arms have established a regulatory framework for the migration process in order to ensure safe regular and affordable migration. Despite the efforts of the MoEWOE, the cost of migration for Bangladeshis is among the highest in South Asia. Existing structural failures affecting the migration process drain the resources of migrants who spend most of their remittances to repay the loans incurred to finance the excessive recruitment costs instead of productively investing their money in the local economy.

Literature review and survey findings

For the purpose of this report, an extensive literature review and a survey of 300 migrants were carried out, of which the key findings were summarized hereafter. The survey was conducted in two major migrant-sending districts, namely Cumilla and Munshiganj. The survey participants were randomly selected from a list of migrants provided by the BMET and the sample was designed to include at least 30 per cent of female respondents.

The literature review has revealed four main market inefficiencies affecting the migration process for Bangladeshis and thus contribute to migrants' insolvency and unsuccessful (failed) migration. These are information asymmetry, the private formal and informal recruitment sector's monopoly of power, the lack of formal migration-centric financial services and weak compensation mechanisms coupled with a limited access to justice.¹ These market inefficiencies were confirmed by the survey results.

Information asymmetry at the pre-departure stage

The existing literature review indicates that currently the information provided by government migration departments is not sufficiently accessible to migrants who are therefore unaware of the safe migration practices and their rights as migrants. Existing sources of information are dominated by informal agents, family members and friends. The information provided is inaccurate at best or intentionally misleading and compromises the success of Bangladeshis' migration. The overdependence of aspiring migrants on informal intermediaries and relatives in procuring information is reported, for instance, in the 2009 Bangladesh Household Remittance Survey. According to the survey results, a total of 55.5 per cent of respondents indicated that the main

¹ Unsuccessful migration happens when migrants are in a worse situation than before migrating and when migration results in new unsustainable burdens (financial and others) for themselves and their households.



source of information was their relatives, 45 per cent mentioned intermediaries and 9.7 per cent indicated recruitment agencies. None of the respondents mentioned State institutions, namely the BMET or the DEMO, both responsible for the dissemination of information related to migration. Similar percentages and conclusions were present in the 2018 IOM report that mapped the services available to Bangladeshi migrant workers (Rashid and Ashraf, 2018).

Survey findings

The survey participants stated that their sources of information were the informal recruitment agents, known in the country as dalals (61.8%), family members (30.7%), friends (11.8%) and recruitment agencies (2.7%).² None of the respondents reported that their sources of information were the State institutions responsible for the dissemination of information related to migration.

Private formal and informal recruitment sector's monopoly of power

Literature review

The private sector is the main foreign employment provider and migrants' recruiter. A network of more than a thousand recruitment agencies registered in Bangladesh and regulated by the BMET provides foreign employment to aspiring Bangladeshi migrants. The recruitment agencies themselves rely on an unregulated network of dalals, who were estimated to be around 10,000 in 2010 (Tasneem, 2010:15). The literature review has found that together they are directly responsible for the deployment of approximately 66 per cent of the migrants and control the gateway to foreign employment. The remaining migrants who receive their visas from relatives and friends nevertheless use the informal agents in Bangladesh to overcome administrative hurdles and to expedite the migration process.

The sheer number of registered recruitment agencies should generate a high level of competition among them and, in an efficient market, bring the recruitment fees down while improving the quality of the services provided to the migrants. This does not seem to be the case. The literature review has found situations where recruitment agencies have acted as a syndicate³ and in one instance have allegedly misappropriated a sum of BDT 50 billion (USD 590 million) from migrants leaving to Malaysia (*The Financial Express*, 2018). The literature review has also found that only 100–200 agencies appear to be actively conducting the recruitment business properly (IOM, 2018a:29).

The monopolistic position held by recruitment agencies and informal agents allows them to arbitrarily set the recruitment costs and elude the BMET regulations meant to limit the cost of migration. Their predominant role in the migration field is the major reason Bangladeshi migrants pay three times more than Indians or Sri Lankans do to migrate to the same countries of destination. For instance, Bangladeshi migrants who wish to migrate to Qatar pay on average USD 3,720, whereas Indian and Nepalese migrants with similar skills pay respectively USD 1,156 and USD 1,088. Those migrating to Kuwait are in a similar situation – Indians pay USD 1,248, Sri Lankans spend USD 352, yet Bangladeshi migrants pay USD 3,136 (Abella and Martin, 2014).

² The question asked was a multiple-response type; therefore, the percentages when added exceed 100 per cent.

³ The Bangladesh High Court has ordered an interministerial committee to report on 10 recruitment agencies organized as a manpower recruitment syndicate, allegedly monopolizing the recruitment of Bangladeshi migrants to Malaysia after the Government of Malaysia suspended the recruitment of Bangladeshi workers on allegations of malpractices of the syndicate (Rahman, 2019).



Survey findings

Out of the 300 migrants surveyed, 68 per cent used the services of unregulated intermediaries (dalals) to migrate; 21 per cent migrated on their own initiative; 6 per cent used the services of recruitment agencies and only 0.3 per cent used the services of the BOESL, the publicly run labour agency; the remaining 4.7 per cent used other channels. Dalals and recruitment agencies together recruited 74 per cent of the survey respondents. The average recruitment fees paid by male and female migrants were BDT 385,451 (USD 4,551) and BDT 104,619 (USD 1,235), respectively.

Lack of access to the formal financial sector and migrants' excessive indebtedness

Literature review

Migrant workers have restricted access to financial services, specifically affordable loans to cover migration costs. The formal financial sector is risk-averse and does not consider migrants an eligible category of borrowers. The publicly funded PKB was founded in 2010 by the Government of Bangladesh, with the mission to provide collateral-free, low-cost loans to migrants,⁴ fails to reach out to migrants in a significant way. In the fiscal year 2018–2019, PKB granted a total of 7,107 loans to migrant workers, and this accounted for a mere 1.2 per cent of the total migrants in 2018. The existing literature reveals that the majority of the migrants who need loans to pay the recruitment fees have no other choice than to borrow from moneylenders who charge extremely high interest rates. The monthly interest rates range from 5 per cent to 10 per cent (Tasneem, 2010:10), which roughly equates to a yearly interest rate of 60–120 per cent, whereas some sources mention an annual interest rate of 100 per cent (Barkat et al., 2014:33).

When taken into account the interests paid on the loans, as reported in the existing literature (Tasneem, 2010), the total migration cost increases proportionally: for instance, a recruitment fee of USD 3,428 funded through a loan at an annual interest rate of 60 per cent will incur an average debt of USD 5,485 after a year.⁵ Migrants need the equivalent of almost 22 months' wage to repay the cost of migration,⁶ which is the average duration of a work contract when including the loan's interest rates. As a result, migrants tend to overstay their work visas and end up in an irregular situation at risk of deportation or/and arrest. Deportation, work accidents, illnesses and death leave the migrants' households with no income, and they are thus unable to repay the debt owed to moneylenders.

Survey findings

A total of 62.6 per cent of the respondents took loans from moneylenders to cover the recruitment fees. The average annual interest rate paid on a loan was 41 per cent. The average amount borrowed was BDT 267,780, while the average wage earned abroad was BDT 21,338 (USD 252). The total cost of migration was BDT 377,569 (USD 4,457). The total cost of migration (recruitment fee plus the interest rate on the loan) represents, on average, 18 months of wages earned abroad.

⁴ The bank provides migration loans up to BDT 200,000 at a yearly interest rate of 9 per cent and rehabilitation loans at 11 per cent.

⁵ $(\text{USD } 3,720 + \text{USD } 3,136)/2 = \text{average debt of USD } 3,428$ plus 60 per cent of interest $(3,428 * 0.6 = 2,057)$ equals a total debt of USD 5,485 $(\text{USD } 3,428 + \text{USD } 2,057 = \text{USD } 5,485)$.

⁶ To get the recruitment cost borne by the employee as a proportion of the monthly income once debt is factored in, divide the total debt incurred to finance the migration costs by the average wage earned monthly. Thus: $\text{USD } 5,485 / \text{USD } 252 = 21.76$ months' salary.



Weak compensation mechanism and limited access to justice

Literature review

The literature suggests that the number of complaints (formal and informal) presented by migrants is extremely low when compared to the number of migrants who declared that they were deceived during the recruitment process. There is little evidence to support the complaints, as a significant part of the recruitment business happens in the informal sector where all the transactions are settled in cash and agreements are reached verbally. The lack of documented evidence weakens migrants' case for monetary compensation when they are the victims of fraud.

In 2018, the BMET redress mechanism handled only 890 direct complaints, while in the same year civil society organizations active in providing legal assistance collectively helped 529 migrants and their families; these numbers are surprisingly low in comparison to the 650,000 migrants leaving Bangladesh every year (Siddiqui et al., 2019) and the results of a 2017 survey covering 5,407 aspiring, current and returnee migrant households. The survey found that 51 per cent (2,757) of the respondents experienced some form of fraudulence (RMMRU, 2017).

Survey findings

A total of 74 per cent of the survey participants declared that they were victims of fraud⁷ during their recruitment and deployment. Only 24.5 per cent of the victims lodged formal complaints and sought remedies via the village courts (35.2%), the police (14.8%) and the BMET (9.3%). A total of 89.6 per cent of the respondents did not ask for legal support. Those who did not lodge a formal complaint said that they did not know how to do it (60.2%), did not know they had the right to do it (31.3%) or were afraid of possible violent retaliations from the dalals or creditors (14.8%).

Conclusions

The four major system inefficiencies revealed by the literature review and confirmed by the survey findings are interrelated and feed into each other, amplifying their respective negative impact on the well-being of migrants' households by reducing the chances for a successful migration and generating unsustainable debts.⁸ The absence of reliable sources of information exposes migrants to fraud and irregular migration and the unchecked monopolistic position held by the private (formal and informal) sector excessively increases the cost of migration. The lack of a formal financial sector providing migration loans at market rates forces migrants to borrow from the informal financial market at interest rates that increase the overall cost of migration by the same percentage. Fraud, excessive costs and a weak redress mechanism are the reasons many migrants fail to reach their migration objectives and become insolvent.

The number of migrants suffering from a high level of indebtedness, as a consequence of the structural failures of the migration process, may be largely underestimated. The same can be said about the number of migrants who were victims of fraud during the migration process and could neither claim nor receive compensation due to the lack of capacity of the existing legal (formal and informal) redress mechanism.

⁷ The types of fraud include lower-than-agreed wages, a different employer, a different location, wage retention and exploitation. Please refer to the survey findings for a detailed analysis.

⁸ A debt is to be considered sustainable when revenues are sufficient to cover the household basic needs and pay the debt obligations, or, in other words, a debt is sustainable when the household's or migrant's discretionary income is sufficient to pay off the debt.



The survey findings show that 75.7 per cent of the respondents blamed the excessive recruitment fees for their current excessive indebtedness. Of the interviewed households, 69.9 per cent were unable to repay their debts, 44.3 per cent cannot buy enough food, 64.4 per cent cannot afford to pay the medical bills and 83.9 per cent cannot save money. Without savings and the burden of the debt absorbing all the household's resources, migrants are unable to consider investment strategies that would improve the quality of their lives.

The 300 migrants who were interviewed for the purpose of this study⁹ highlighted the urgent need for targeted reintegration strategies for returnees to support sustainable reintegration. The fact that all respondents in this sample indicated that this was an urgent need suggests that there is significant need at the national level for the development of migrant-centred, migration-responsive policies and responses.

Recommendations

1. Policy

- a. Consider amending the Overseas Employment and Migrants Act 2103, to reduce fraudulent practices such as the payment of recruitment fees exceeding the ceilings recommended by the BMET, and regulate the dalals' recruitment activity. Specifically, the Act could recognize the dalals for what they are – unregulated subagents recruiting for registered workforce agencies. As such, recruitment agencies using dalals should register the dalals as official agents operating for them. This would create a legal accountability between the dalals, recruitment agencies and the provisions of the Act, and create the necessary legal context that would allow migrants to ask for compensations from recruitment agencies because of irregularities committed by their agents.
- b. Consider the implementation of a debt relief plan for insolvent migrant households through debt restructuring and mediation wherein the Government of Bangladesh may play a significant coordination and funding role.

2. Migration process management

- a. The BMET may consider lowering the ceiling of its recommended recruitment fees (which are presently equivalent to five to eight months of income earned abroad by unskilled migrants) and align them with the fees charged by the BOESL.
- b. Create a migration digital database on the BMET website, accessible to migrants, the DEMOs and other migration stakeholders via mobile applications.¹⁰ The database should list the overseas jobs available, the recruitment agencies advertising the jobs, details about the employers', the salaries, the qualifications required, the countries of destination and the cost details, such as who pays for the airfare and the visa.
- c. Broaden the BOESL recruitment scope and increase its placement capacity.
- d. Increase the capacity of the DEMOs in disseminating factual information regarding the regular migration process and provide technical training to DEMO staff to assist aspiring migrants in making informed decisions based on sound cost and benefit considerations. The MoEWOE may consider increasing the budget dedicated to the dissemination of factual information through the DEMOs. INGOs and other stakeholders may contribute to the drafting of training modules that will help the DEMO staff to gain skills needed to fulfil the new tasks.

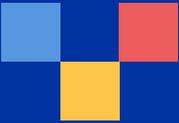
⁹ The sample included returnee migrants (Nepalese returning to their country of citizenship after having been international migrants and who intend to stay in Nepal for at least a year), those still in migration (a significant household member participated in the survey on behalf of the migrant), and successful and unsuccessful migration cases (unsuccessful migration happens when migrants are in a worse situation than before migrating and when migration results in new unsustainable burdens (financial and others) for themselves and their households).

¹⁰ In 2017, Bangladesh was the fifth largest mobile market in Asia/Pacific with 85 million unique subscribers to a mobile service provider (Rogers, 2018).



- e. Improve and expand the provision of affordable migration loans. The Government of Bangladesh could consider collaborating with commercial banks that would provide migration loans at market rate (the interest rate could be partially subsidized to make the loan affordable to migrants) and other financial services to migrants. A model that can be considered is the one implemented in Sri Lanka where four banks are actively providing loans to migrants with durations up to five years. The interest amount is shared between the migrant and Sri Lanka's Bureau of Foreign (SLBFE, n.d.). To reduce the migrants' default, various schemes are available to build guarantees for the lenders without having the migrants mortgage any property.
3. Complaint mechanism and awareness-raising about the rights of migrants
 - a. It is recommended that the BMET, in collaboration with the DLACs (under the NLSAO), create a common database that would register the complaints, for cases of fraud linked to labour migration. The database could be used as a tool to design targeted capacity-building policies to improve migrants' access to justice and reparation.
 - b. The BMET and the NLSAO should cooperate on the issuance of regulatory and legal prescriptions related to labour migration and develop common standard operating procedure and referral mechanism to better assist migrant victims of migration-related frauds. This initiative would render more access to justice and compensation.
 - c. The NLSAO could envisage the possibility of creating an entity within its organization specializing in labour migration issues to address the potential increase in the demand for redress and compensation that may arise if the previous measures were implemented.
 4. A debt relief plan for insolvent migrant households through mediated debt restructuring
 - a. This study proposes that the Government of Bangladesh increase the collection of data on the number of current insolvent returnee migrants and their plight to ascertain the dimensions of the issue at hand at the national level and envisage a large-scale financial intervention from the public authorities supporting the debt relief of the said migrants and foster their economic reintegration in the country.





1. INTRODUCTION



1.1. BACKGROUND OF THE STUDY

International migration has been recognized as one of the most significant effects of globalization (IMF staff, 2000). The DESA, in *International Migration 2019: Report* (DESA, Population Division, 2019), and IOM, in *World Migration Report 2020* (IOM, 2020b), estimate the current number of international migrants worldwide to be 272 million, up from 153 million in 1990. In 2018, international migrants sent home roughly USD 689 billion in remittances, up from USD 633 billion in 2017 (World Bank, 2019).

In 2017, 41 per cent (106 million) of the international migrants were born in Asia (DESA, Population Division, 2017). From 2000 to 2020, India was the largest migrant-sending country in Asia, with an estimated average of 478,000 migrants per annum, followed by Bangladesh with 445,000 migrants per annum. In 2019, remittances sent to Bangladesh reached an all-time high, at USD 16.4 billion, equivalent to 6 per cent of the GDP (World Bank, n.d.a). This was 4.8 times more than the official development assistance (World Bank, n.d.b) and 6.5 times more than the foreign direct investment received in 2018 (World Bank, n.d.c).

Though every year millions migrate voluntarily to find better job opportunities and improve their livelihoods abroad, too often migrants are victims of irregular recruitment processes that compromise their initial migration objectives and their lives. Labour migrants pay unjustified high recruitment fees to brokers and recruitment agencies, and since most of them cannot pay the recruitment fees upfront, migrants take loans from moneylenders who charge exorbitant annual interest rates that increase the total migration costs by at least 40 per cent. Burdened with unsustainable debts from the very beginning of the migration cycle, migrant workers are often compelled to overstay the duration of their work visas in order to repay their debts, therefore becoming irregular migrants. An inefficient labour migration recruitment process feeds into irregular migration, human trafficking, modern slavery and debt bondage situations.

Migrants, as reported in this document, are confronted with accumulated high debts that cannot be repaid by the expected migration incomes and, more often than acknowledged, become insolvent.

1.2. OBJECTIVE OF THE STUDY

IOM had conducted a preliminary study to better understand the origin of migration-related indebtedness and the impact on migrants' household resilience. The study was followed by a fact-finding survey that investigated the returnees' ability to reintegrate into Bangladesh's economy, the migrants' access to justice or their capacity to claim compensation when abused by the recruitment agencies, dalals or other migration actors during the migration process.

The findings and recommendations will be shared with migration stakeholders in Bangladesh, to name a few, the BMET, the NLASO, the WARBE, the BOMSA, the BRAC, the OKUP, the IMA Research Foundation, the Awaj Foundation and the RMMRU. The findings will assist the stakeholders to target interventions particularly on debt mediation, advocacy for policies implementing the



principle of zero recruitment fees for migrant workers, safe migration awareness-raising, financial literacy training, resilience programming, return and reintegration initiatives, and recovery and building social cohesion projects.

The findings will be used to support government and private sector stakeholders on:

1. Strengthening regulation and monitoring of recruitment processes and practices;
2. Lowering migration costs and making the process more affordable;
3. Reducing migrants' debts;
4. Improving access to migrant-responsive financial services (including gender-responsive and culturally sensitive loans for women migrant workers);
5. Encouraging behaviour change of stakeholders and fostering commitment towards safe, orderly and regular migration.

The study findings will also be shared with the public entities responsible for drafting migration policies and see how they can be translated into concrete actions aiming at resolving the migration process inefficiencies reported in this study.

1.3. METHODOLOGY AND DESIGN

This report drew on three main sources of data:

1. **Literature review:** A literature review on the link between the excessive/high cost of migration and the migrants and household unsustainable debt, migrants' access to justice and remediation within the Bangladeshi legal system, and the existing alternative dispute resolutions and mediation mechanisms outside the court of law.
2. **Surveys:** Data was collected during surveys of migrant workers and their households in 2019 and 2020. IOM surveyed 300 migrants' households in the districts of Munshiganj and Cumilla. The districts were selected as they were the major migrant-sending districts. Cumilla, in 2020, for instance (Bangladesh, BMET, 2020), sent the highest number of migrants abroad, while Munshiganj was in the top ten districts of origin out of a total of 64 districts. Migrants in the two districts were selected from the lists provided by the BMET; the selection of respondents followed the same survey method for the selection of households. In Cumilla, the sample was selected out of the 350,854 households with at least one migrant (currently abroad or who had returned). In Munshiganj; the study followed the same selection technique out of the 90,665 households.

The number of households to be interviewed per district was determined according to the district's respective share of the total migrant population of the two districts combined. Thereafter, a systematic sampling with intervals and with probability proportional to size was applied to select the survey units. It was requested that the sample of 300 units should contain at least 30 per cent female migrants despite the fact that at the national level female migration represents 7.2 per cent of the aggregate number of migrants recorded from 1976 to 2018 and 15 per cent in 2019.

3. **KIIs and FGDs:** Three KIIs and one FGD were conducted in 2019 and 2020 with public institutions involved in the migration process and with migrants and their communities. Three more KIIs and one FGD were planned but had to be postponed due the COVID-19 outbreak (Table 1).



Table 1. Completed and suspended key informant interviews and focus group discussions

Completed	
<i>Key informant interviews</i>	
Informant	Number of respondents
BMET	1
NLASO	1
BOESL	1
<i>Focus group discussions</i>	
District	Number of respondents
Cumilla	1
Postponed due to COVID-19	
<i>Key informant interviews</i>	
BAIRA	
CSO	
WARBE	
<i>Focus group discussions</i>	
Munshiganj	

Source: IOM Bangladesh migration surveys, 2019 and 2020.

1.4. DATA COLLECTION TOOLS

The main data collection tools used for this study were the interview questionnaires designed according to the specific objectives of the Debt Mediation for Returnee Migrants Survey. For the purpose of the survey, the enumerators received a two-day training session that covered the objectives of the study, an introduction to the tools and the best practice for moderating FGDs, and an orientation on migration issues relevant to the Bangladesh context.





2. LITERATURE REVIEW



To ascertain the existence of inefficiencies, the migration process for Bangladeshis has been compared to a set of rules, regulations and procedures that are considered to be the benchmark for ensuring safe and regular migration. For the purpose of this study, the literature review evaluated sources from the most important norm-setters in the field of migration, such as IOM, the ILO and the United Nations, through the relevant targets and goals of the SDGs¹¹ and the 23 objectives of the Global Compact for Safe, Orderly and Regular Migration.¹²

IOM, for instance, has developed the Migration Governance Framework,¹³ providing the elements for facilitating orderly, safe, regular and responsible migration through planned and well-managed migration policies. More specifically, with regard to the migrant's recruitment process, IOM has developed the International Recruitment Integrity System (IRIS),¹⁴ designed to serve as a practical tool and guidance for enabling labour recruiters and employers to integrate ethical recruitment principles in the conduct of their businesses.

The ILO has released the “General Principles and Operational Guidelines for Fair Recruitment and Definition of Recruitment Fees and Related Costs”.¹⁵

To analyse the existing redress mechanisms available to migrants, the study referred to the Bangladesh Overseas Employment and Migrants Act 2013 and the statistics and documents made available by the MoEWOE and its subagencies, namely the BMET and the BOESL. For the legal aspects related to access to justice (formal and informal), the study used Hossain's (2015) mapping of the legal aid sector in Bangladesh, and for the ADRs in the context of debt mediation in Bangladesh, the study used the work of Alam (2014). The findings of the literature review are summarized hereafter.

2.1. HOUSEHOLD WEALTH AND MIGRATION

In 2009, the average recruitment cost in Bangladesh was approximately BDT 300,000 (USD 3,540) (IOM, 2009:42). In 2020, migrants who migrated outside the BMET or other government channels paid, on average, BDT 384,495 (USD 4,528.8), while those who used the BMET or other government channels paid BDT 232,095 (USD 2,733.75) (IOM, 2020a). In both instances, average amounts are higher than the recruitment fee ceilings recommended by the BMET. Only Bangladeshi households that could afford to pay the high migration costs, either by securing a loan from their relatives or moneylenders or by selling assets, could consider migration as an opportunity to improve their living conditions. Extremely poor Bangladeshis are precluded from migration (BBS, 2015:29).

¹¹ See <https://migrationdataportal.org/sdgs?node=0>.

¹² See <https://migrationdataportal.org/global-compact-for-migration>.

¹³ For more information, see www.iom.int/sites/default/files/about-iom/migof_brochure_a4_en.pdf.

¹⁴ See <https://iris.iom.int/iris-standard> for more information.

¹⁵ The document can be accessed at www.ilo.org/global/topics/fair-recruitment/WCMS_536755/lang--en/index.htm.



In 2009, the annual total income per migrant household, accounting for all sources of income before remittances, was BDT 64,455 (USD 761) (IOM, 2009), equivalent to a monthly income of BDT 5,371 (USD 63.41). The previously mentioned average cost of migration is equivalent to almost 56 months' monthly income of a typical migrant household's.¹⁶

In 2020, the minimum wages for unskilled workers in Bangladesh's formal economy¹⁷ were only marginally higher than the 2019 household monthly income that ranged from BDT 3,937 (USD 46.50) to BDT 5,525 (USD 65.20) (WageIndicator, 2020). The ready-made garment sector, the leading economic sector, paid the highest minimum wage of BDT 8,000 (USD 94.50) per month when all the allowances were included (Moazzem, 2019).¹⁸ The ratio of the migration cost to income remained relatively unchanged, confirming that migration is still an expensive enterprise.

A household or an aspiring migrant with a typical monthly income equivalent to the minimum wage in Bangladesh could not possibly pay the migration costs and has to borrow money to do so (BBS, 2015). In 2009, 65.2 per cent of migrants who opted for foreign employment had a monthly income lower than BDT 4,167 (USD 49) before migrating (IOM, 2009) and 32 per cent earned less than BDT 30,000 a year or BDT 2,500 per month. A survey done by IOM in 2020 found that potential migrants either had no personal income (41%) or had insufficient income¹⁹ (49%), while 92 per cent of the respondents reported a monthly income of less than BDT 25,000 (USD 295) (IOM, 2020c). Some migrant households owned some assets to sell or mortgage (house or land) (BBS, 2015), but despite this more than half had to borrow money at high interest rates to fund their migration costs. The IOM 2020 rapid assessment study reported that 27 per cent of migrants who borrowed from moneylenders paid interest rates lower than 50 per cent, 36 per cent of the respondents paid interest rates ranging from 50 to 100 per cent, 26 per cent paid interest rates ranging from 100 to 150 per cent and 4 per cent of the respondents paid interest rates higher than 150 per cent (IOM, 2020a).

The difference between the domestic income and the average income one can earn in foreign employment explains why, on average, 635,000 Bangladeshi migrants migrate every year. The average income earned by migrants abroad is BDT 21,363 (USD 252) (IOM, 2009), up to 5.4 times the minimum wage of the lowest paid unskilled worker in Bangladesh (BDT 3,937) (WageIndicator, 2018) and 2.6 times more than the minimum wage paid in the readymade garment sector in 2020.

2.2. MIGRATION AND YOUTH UNEMPLOYMENT

Unemployment is one of the push factors motivating Bangladeshis to migrate. In 2016, according to the BBS, an estimated 2.68 million Bangladeshis aged 15 years or older were unemployed. In total, 79.9 per cent of the unemployed population consisted of youths aged between 15 and 29 years, followed by the 30–64 years old group (20.4%) (BBS, 2016).

¹⁶ To get the cost the migrant: BDT 300,000/BDT 5,371 = 55.85 months' salary.

¹⁷ Eighty per cent of the active population was engaged in informal employment (Rahman et al., 2018).

¹⁸ A basic wage of BDT 4,100 plus employer contribution to costs and allowances totals a gross wage of BDT 8,000 (Moazzem, 2019).

¹⁹ Insufficient personal income refers to an income that is not enough to meet the basic needs (food, shelter, health etc.).



2.3. MIGRATION SKILLS AND LITERACY LEVELS

The majority of Bangladeshi migrants lack the skills needed for better-paid jobs overseas. Therefore, they end up being employed as low-skilled or semi-skilled workers, performing dangerous and demanding jobs.

In 2015, 7.44 per cent of the Bangladeshi migrants were found to be illiterate (BBS, 2015) and in 2020, 58 per cent of irregular potential migrants (IOM, 2020c)²⁰ had not attained higher than primary school education.

Educational attainment and skills affect the type of work and remuneration migrants can access at both the domestic and international levels. The lower the level of education or skill, the lower the remuneration and the narrower the choice of employment. A low level of education also goes hand in hand with a low level of financial literacy (IOM, 2020d and 2020e) and this impacts the migrant's ability to assess the costs and benefits pertaining to the migration process (McHugh and Challinor, 2011).

2.4. ACCESS TO RELIABLE INFORMATION AND PRE-DECISION AWARENESS

Safe, orderly and regular migration can be achieved if aspiring migrants are able to make informed decisions based on reliable information about the migration process, the contractual aspects of foreign employment, and the rules and regulations in the country of destination.

Generally, aspirant migrants from Bangladesh have low levels of awareness and knowledge about the recruitment practices, the expected wages and benefits, the visa costs and other service charges, let alone the recruitment fee ceilings recommended by the BMET (World Bank, 2017; Rashid and Ashraf, 2018).²¹

In many cases, migrants lack an accurate estimate of their future earnings in the destination country (World Bank, 2018) and often there is a large difference between salary expectations (as promised by the dalals) and the actual salary earned by Bangladeshis abroad. This difference alters the migrants' initial cost–benefit analysis which was based on higher income expectations.

Despite the efforts of the MoEWOE, the BMET, the WEWB and the DEMOs in disseminating factual information related to safe migration practices,²² recruitment agencies and dalals, together with the migrants' relatives, parents and friends, remain the main sources of information for aspiring migrants (IOM, 2009:35). Often this information is inaccurate or deliberately false (Barkat et al., 2014; World Bank, 2018). There are very few places, physical or virtual, where migrants can compare and verify the accuracy of the information received such as the authenticity of the promised wage, and as a consequence, many aspiring migrants are victims of fraudulent practices resulting in paying inflated costs to migrate.

²⁰ An irregular potential migrant is defined in this study as "an individual who intends to move out of Bangladesh to an international destination and has already made various preparations for his or her migration" (IOM, 2020c) but who did not register his or her intention to migrate with the Government of Bangladesh and instead received assistance from a migration facilitator for his or her migration.

²¹ As indicated in the IOM mapping and scoping study of Bangladeshi migrant workers (2018b): "The survey findings indicate migrants' overdependence on relatives and informal intermediaries. Despite the government agencies' efforts to disseminate migration information, none of the participants in this study mentioned the role of State institutions in an awareness campaign."

²² Once a year, the MoEWOE circulates leaflets and organizes public rallies to create awareness among the citizens about migration. The BMET, through the DEMOs, provides pre-decision information, and the DEMOs, during their monthly meetings in collaboration with local NGOs and local government officials, share information on safe migration with all the districts.



2.5. MIGRATION COSTS AND RECRUITMENT CHANNELS

2.5.1. Recruitment channels

The private sector manages almost the entire migrant recruitment business through a network of more than a thousand recruitment agencies that rely on a network of informal agents and subagents, the number of which was estimated in 2011 at 10,000 (Tasneem, 2010:15). The value chain of the recruitment process is very long with every intervention in the chain charging commissions that are eventually passed on to migrants who end up paying inflated recruitment fees.

The BOESL,²³ the public manpower agency established by the Government of Bangladesh in 1984, since its inception and until 2018, has placed 85,469 Bangladeshi migrants in foreign employment, which equates to 1.25 per cent of the total permits recorded by the BMET for the same period. Recruitment agencies on average procure one third of the work contracts, whereas the remaining two thirds are procured by informal agents and migrants' friends and families (Rashid and Ashraf, 2018).

The BOESL maximum recruitment costs are set by the Government of Bangladesh and vary according to the skill levels of migrants, and special costs are reserved for female garment workers. For semi-skilled workers, costs range from BDT 27,410 (USD 324) when the migrant has to pay for the airfare himself/herself to BDT 34,310 (USD 405) if the airfare is paid by the employer (BOESL, n.d.a).

Unfortunately, only a small number of migrants benefit from these cost-related rules and guidelines, as BOESL only procure 1 per cent of the work permits, whereas the recruitment agencies procure one third of the employment demand and the rest of the migration flow is managed by unregulated intermediaries and migrants' relatives (IOM, 2018a:24; IOM and Bangladesh, MoEWOE, 2017:17).²⁴

To limit the recruitment costs charged by the private sector, the BMET issued guidelines and set ceilings on recruitment fees by country of destination. Following the recommendations, recruitment agencies should charge between BDT 97,780 (USD 1,154) and BDT 166,680 (USD 1,967) depending on the country of destination (IOM and Bangladesh, MoEWOE, 2017:42). The recommended recruitment fee ceilings for work in Malaysia are BDT 160,000 (USD 1,889) for construction workers and BDT 140,000 (USD 1,652) for agricultural labourers; for employment in the United Arab Emirates, BDT 107,780 (USD 1,272); and for work in Qatar, BDT 100,780 (USD 1,190). There are no recommended ceilings for Saudi Arabia despite it being the major country of destination for Bangladeshi migrants.

2.6. RECRUITMENT OF FEMALE MIGRANTS

In Bangladesh, female migrants represent 7.2 per cent of the aggregate number of migrants recorded from 1976 to 2018 and 15 per cent in 2019. Statistical averages of the population sample, such as the average cost of migration, were lower since women pay one third of the male migration costs (Bangladesh, BMET, 2019). The majority of the Bangladeshi female migrants were hired as domestic workers in Saudi Arabia where they have been regular victims of sexual abuse, physical violence and exploitation (Miaze, 2020; Mahmud, 2019; Khan, 2019; Islam, n.d.,²⁵ ILO, 2014a). In 2018, about 800 female domestic workers returned to Bangladesh from Saudi Arabia. They all claimed to have suffered physical torture and sexual abuse (Siddiqui et al., 2019:5). Others stated that they were deported after being detained by the Saudi police, despite having valid documents (e.g. a visa and a work permit).

²³ See www.boesl.gov.bd/site/page/3a1854f8-d762-4c6a-a841-be5d70d25fe6/.

²⁴ "Approximately 35 per cent of labour migration visas are procured by Recruitment Agencies, more than 60 per cent are procured through a migrant's social networks, and about 2 per cent are procured by BOESL" (IOM and Bangladesh, MoEWOE, 2017).

²⁵ As stated in the paper (Islam, n.d.): "Many women who migrate find themselves at risk of gender-based violence and exploitation."



The MoEWOE investigated in August 2019 the case of 111 female returnees (Anik, 2019) – the majority of whom (84) were domestic workers in Saudi Arabia. The results of the investigation highlight gender-related issues: for instance, 35 per cent of the women returned after having suffered from sexual and physical abuse. Of the 84 women who migrated to Saudi Arabia, 11 stayed for less than 3 months, 23 stayed between 3 and 7 months, 16 between 7 and 12 months, 18 before the completion of their two-year contracts and only 16 returned after completing their two-year contracts. Sixty per cent of the interviewed left within a year.

When asked why they returned prematurely, 43.2 per cent said that they were not paid regularly as per the signed contract, 34.2 per cent cited physical and sexual abuse (in some cases, whipping and group rape), 20.7 per cent mentioned insufficient and inadequate food, and 6.31 per cent said that they were forced to work elsewhere (which puts them in an irregular situation punishable by deportation).

The Government of Bangladesh has taken various measures to protect female migrants in general and particularly those going to Saudi Arabia. In 1981, following a presidential order, unskilled and semi-skilled women could not go and work overseas without being accompanied by a male guardian. The suggested explanation for this ban was the guarantee and protection of women's dignity. In 1988, the Government of Bangladesh withdrew the total ban and replaced it with a partial ban, or restrictions. Unskilled and semi-skilled women would be allowed to migrate only in certain circumstance requiring a special permission. In November 1997, a complete ban was restored again with the exception of highly qualified women (doctors, professors, engineers) (MFA, 2010), but qualified women, such as nurses, secretaries, and garment or factory workers, in addition to the unskilled and semi-skilled, were forbidden to migrate. This ban was revised in December 1997 and was lifted for all job categories except for domestic workers (with a few exceptions, namely working for Bangladeshi expats and working as staff of the Embassy of Bangladesh abroad).

In 2003, the MoEWOE allowed unskilled and skilled female workers to migrate only if they had reached the age of 35. The Ministry also increased the security deposit for the recruitment agencies deploying female migrants to BDT 5,000,000. Finally, pre-departure skills enhancement and training were organized specifically for female migrants. Finally, in 2006, the minimum age for female migration was reduced to 25 years (not applicable for the cleaner job category) (MFA, 2010).

Of the approximate 1,211 licensed recruitment agencies in Bangladesh, 559 are authorized to recruit female workers for Saudi Arabia (Bangladesh, BMET, n.d.). Female migrants wanting to migrate to Saudi Arabia must be at least 25 years old, they have to pass an interview with the technical training centres and DEMO officials before their fingerprints are taken for the issuance of the smart card,²⁶ (Bangladesh, BMET, 2018:28) the minimum education level must be at least grade 3, and they must be able to read (and understand) the agreement and contract provided by the recruitment agency or by an individual sponsor. The recruitment agency bears the responsibility for the worker for the whole contract duration²⁷ (Siddiqui et al., 2019). Unfortunately, the majority of female migrants use the services of dalals to go to Saudi Arabia who help them circumvent these regulations often by falsifying their birth certificates and passports (Islam, 2019:16).

²⁶ As stated in the *BMET Annual Report 2018*: "Once a migrant worker gets his/her visa, he/she is required to get an emigration clearance, provided by BMET in the form of a smart card. The smart card features a chip consisting of all information already taken by BMET including fingerprint and picture. This card acts as a security mechanism at airports as migrants are required to show this card for identity verification."

²⁷ As indicated in the *Bangladesh Overseas Employment and Migrants Act 2013*, Chapter III point 15, two of the duties of the recruitment agent are as follows: (a) to protect the interest of migrant workers; (b) to employ the migrant worker in the job offered and provide wages and other benefits and to ensure a [sic] good workplace conditions in accordance with the terms and conditions of the employment contract, and to maintain communication with the employer for these purposes.



Recent reports show that Bangladeshi migrants were paying on average USD 3,428,²⁸ confirming that the cost of migration in Bangladesh is among the highest in South Asia. There is a considerable difference between the recruitment fees paid by male and female migrants. In 2020, potential irregular female migrants paid on average BDT 104,655 (USD 1,233), while potential irregular male migrants paid BDT 237,498 (USD 2,799) (IOM, 2020c). This difference is due to the aforementioned specific set of measures taken by the Government of Bangladesh, but the key reason for this cost difference lies in the recruitment differences existing between male and female migrants migrating to the Gulf.

Female Bangladeshi migrants working as domestic workers in the Gulf countries (80%) do not need to pay the costs of their recruitment upfront. The latter is advanced by the sponsor/employer who deducts the incurred costs from the worker's monthly salary. Men, on the other hand, must pay a fee for their recruitment prior to their departure (Rahman, 2011).

2.7. LOAN CONTRIBUTION TO THE MIGRATION COSTS AND DEBT

Migrant workers need access to financial services, specifically affordable loans to cover the migration costs, but the formal financial sector is risk-averse and does not consider migrants an eligible category of borrowers. The publicly funded PKB that was founded in 2010 by the Government of Bangladesh with the mission to provide collateral-free, low-cost loans to migrants²⁹ has not been effective in reaching out to migrants in a significant way. In fiscal year 2018–2019, a total of 7,107 loans were granted to migrant workers, and this accounted for a mere 1.2 per cent of the total migrants in 2018. Migrants' lack of awareness and the eligibility criteria set out by the PKB, combined with a lengthy and cumbersome administrative process for granting the loans, are the main reasons for this low loan provision.³⁰

Migrants have few alternatives to borrow money beside the informal sector at very high interest rates, typically from moneylenders. As mentioned before, the monthly rates charged by moneylenders range from 5 per cent to 10 per cent (Tasneem, 2010:10), which corresponds to flat yearly interest rates of 60 per cent and 120 per cent, respectively. Other sources mention an annual interest rate of 100 per cent (Barkat et al., 2014:33). When taken into account, the interest charged for the loan increases the total migration cost proportionally, resulting in an average debt of USD 5,485 at an interest rate of 60 per cent.³¹ It will take almost 22 months of migrants' wage, which is the average duration of a work contract, to repay the total cost of their migration.

2.8. TYPES OF FRAUD

Migrants are deceived in many ways and by various migration actors but mainly by the dalals and recruitment agencies. Examples of deception and fraudulent behaviour include not being able to leave Bangladesh despite having paid the recruitment fees and other costs to the informal intermediary or recruitment agencies, changing the proposed country of destination, not obtaining the promised job at the country of destination, having to pay higher costs than originally agreed upon, not getting the job agreed as per the contract, irregular salary payments, longer working hours than stipulated in the work contract, being sent abroad on a wrong visa or based on forged medical reports, passport confiscation and having to work for multiple employers (Siddiqui et al., 2019).

²⁸ Indian and Nepalese migrants pay respectively BDT 97,913 (USD 1,156) and BDT 92,153 (USD 1,088) to migrate to Qatar, whereas Bangladeshi migrants with similar skills pay BDT 315,084 (USD 3,720). Bangladeshi nationals are in a similar situation when migrating for work in Kuwait (i.e. migration cost is higher for Bangladeshis than for their non-Bangladeshi counterparts) – Indians pay BDT 105,705 (USD 1,248) and Sri Lankans spend BDT 29,814 (USD 352), while Bangladeshi migrants shell out BDT 265,619 (USD 3,136) (Abella and Martin, 2014).

²⁹ The bank provides migration loans up to BDT 200,000 at a yearly interest rate of 9 per cent and rehabilitation loans with 11 per cent interest rate.

³⁰ The requirement to submit 17 different documents (certifications, certificates, copy of the work contract, etc.), the administrative procedure, the support of guarantors and more red tape make it challenging for migrants to apply for loans.

³¹ Computation: $(\text{USD } 3,720 + \text{USD } 3,136) / 2 = \text{average debt of USD } 3,428$ plus 60 per cent interest $(3,428 * 0.6 = 2,057)$ equals a total debt of USD 5,485 $(\text{USD } 3,428 + 2,057 = \text{USD } 5,485)$.



Female migrants are often victims of physical torture and sexual abuse and are forced to flee their employers' residences and seek refuge in safe houses before being repatriated. In 2018, more than 800 female domestic workers had to be repatriated from Saudi Arabia. In all of these cases, due to the unexpected/premature return to Bangladesh, the victims of abuse suffered loss of income and were unable to repay the loans they had secured before their departure from Bangladesh.

2.9. ACCESS TO JUSTICE

Courts in Bangladesh are overwhelmed with a number of cases they have to handle. According to BRAC, there were 3 million cases pending in 2017 (BRAC, 2018:29). According to some sources (The Lawyers & Jurists, 2013), disposal of civil suits can sometimes take between 10 and 15 years. The lengthy process is discouraging for migrants who need timely support and compensation. For migrants with low levels of literacy and who come from remote areas, accessing justice is challenging. People living in relative poverty (like migrants) with no or little education have little awareness of their legal rights; lack of awareness or availability of reliable information is one of the most significant hindrances to accessing the justice system (Hossain, 2015).

2.9.1. Alternative dispute resolution

ADR refers to “[a]ny method of resolving disputes [other than by] litigation” (outside of the courtroom) (LII, n.d.). The main objective of the ADR is to avoid litigation in court by using dispute resolution processes and techniques that act as a means for disagreeing parties to come to an agreement. In Bangladesh, the two most common forms of ADR are arbitration and mediation (Alam, 2014). Though no data is available regarding mediation initiatives tried for migrants through ADR, some statistics indicate that the general number of cases is small – which is only about 290 (Hossain, 2015:33).

2.9.2. Bureau of Manpower, Employment and Training complaint mechanism

Bangladeshis who migrated through the BMET or other government channels can lodge their complaints with the BMET in two ways, either directly in person or via a formal online complaint mechanism and avoid therefore a visit to a DEMO or a BMET office (Bangladesh, BMET, 2017:34). Only prospective, current and returnee migrants who have used the BMET channel can use this portal to lodge their complaints. Once a complaint has been filed, its status can be checked online.

In 2018, the BMET received 890 direct complaints, of which 687 were lodged by female migrants. Of the 890 complaints, 660 (520 were filed by female migrants) were resolved and a total of BDT 25,705,000 was paid in compensation. From 2009 to 2018, a total of 821 complaints were lodged through the BMET online system and BDT 18,284,000 was paid out to the victims in 453 resolved cases (Siddiqui et al., 2019:10).

Half of the online complaints introduced in 2018 were from Saudi Arabia and 27 per cent were from Malaysia. This is not surprising since Saudi Arabia ranks first and Malaysia ranks fourth among the top 10 countries of destination for Bangladeshi migrants (Siddiqui et al., 2019:11) (Table 2).



Table 2. Complaints filed through the Bureau of Manpower, Employment and Training Online Platform by country/location of filing, 2018

Country/Location	Number of complaints	Percentage
Saudi Arabia	88	50
Malaysia	47	27
Qatar	11	6
Singapore	5	3
Iraq	4	2
From within Bangladesh	3	2
Oman	4	2
Kuwait	3	2
Algeria	3	2
Bahrain	2	1
United Kingdom	2	1
Afghanistan	1	1
Mauritius	1	1
Poland	1	1
Russian Federation	1	1
Republic of Korea	1	1
Total	177	100

Source: Reworked by the consultant based on data from Siddiqui et al. (2019).

The BMET reported that in 2017 it penalized 11 recruitment agencies under the Overseas Employment and Migrants Act 2013 and it paid out BDT 7,880,000 to the complaining migrants as compensation (Bangladesh, BMET, 2017:44).

The number of complaints received by the BMET seems to be very low when compared to the more than 600,000 Bangladeshis who migrate annually, particularly the 821 complaints lodged online over a period of nine years. The number of recruitment agencies penalized seems very low considering that there are more than a thousand active recruitment agencies in Bangladesh.

The case compensation of roughly BDT 40,000 (USD 472)³² is dismal when compared to the overall cost of migration, which is officially up to BDT 166,000 (USD 1,959) before interest, but in reality it amounts to BDT 300,000 (USD 3,541). The compensation would fall short in reinstating the migrants' pre-migration financial situation, leaving them indebted.

2.9.3. Civil society organizations and legal support

In 2018 altogether, the WARBE, the BOMSA, the BRAC, the OKUP, Awaj Foundation and the RMMRU collectively helped 529 migrants and victim families to receive approximately BDT 19,529,500 as compensation settlement (Siddiqui et al., 2019:14) or BDT 36,917 (USD 435) per solved case, which corresponds to a third of the average female migration cost and a sixth of the migration cost paid by male migrants.

³² 25,705,000 (total compensation payouts): 660 (number of cases compensated)=BDT 38,946 (average compensation amount). The author has rounded the amount up to BDT 40,000 (USD 472) for text clarity at the exchange rate of 1 USD=BDT 84.7.



2.10. LITERATURE REVIEW CONCLUSIONS

The literature review reveals four main market inefficiencies affecting the migration process for Bangladeshis that contribute to migrants' insolvency and unsuccessful (failed) migration: information asymmetry, monopoly of power, lack of formal migration-centric financial services and weak compensation mechanisms coupled with limited access to justice.³³

Migration information is provided by informal intermediaries, family members and relatives, and very often information is incorrect or misleading. Therefore, many aspiring migrants are unaware of the regular migration practices and their rights as migrants in Bangladesh and abroad, and are easily misled into migrating based on deceptive information.

Dalals, together with the recruitment agencies, are the sole providers of foreign employment, with the exception of the BOESL that represents only 1–2 per cent of the yearly migration volume. Both recruitment agencies and dalals charge migrants excessive fees that can be three times higher than the recruitment cost ceilings recommended by the BMET.

Bangladeshi migrants do not have access to affordable loans, and the PKB has been ineffective in fulfilling its mission of providing migration loans at subsidized interest rates to a significant number of migrants. To finance their migration, most of the migrants are obliged to borrow from moneylenders at annual interest rates that sometimes exceed 60 per cent.

Migrants' lack of awareness about the migration process, the monopolistic position of the recruitment agencies and dalals in providing foreign employment and their ability to set the migration costs unilaterally and arbitrarily are the reasons that make Bangladesh one of the countries of origin with the highest cost of migration in South Asia. These factors combined with the high interest rates charged by moneylenders all contribute to migrants' excessive indebtedness.

Migrants leave Bangladesh with a debt that will take almost 22 months of their expected salaries to be repaid once the cost of the migration loan is included. Fatal or disabling work accidents, or any other event interrupting the flow of income from migration, expose the migrant households to insolvency and compromise their socioeconomic sustainability.

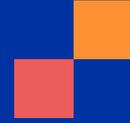
Lastly, courts in Bangladesh are overwhelmed by the number of cases they have to handle, and the BMET redress mechanism only handles the complaints it registers and accepts. Migrants' access to justice is limited and the number of migrants that were victims of fraud is probably underestimated. The existing redress mechanisms suffer from a lack of capacity in addressing migrants' need for justice.

³³ Unsuccessful migration happens when migrants are worse off than before migrating and when migration results in new unsustainable burdens (e.g. financial and others) for themselves and their households.





3. SURVEY FINDINGS



3.1. DEMOGRAPHIC AND SOCIOECONOMIC PROFILE OF MIGRANTS

3.1.1. Age, gender and marital status

Bangladeshi migrants are young. The majority of respondents (55.7%) were younger than 33 years old and 31 per cent were younger than 28 years old. Female migrants are marginally older due to the minimum age regulations implemented by the BMET.³⁴ The proportion of female migrants increases significantly from the age group 23–27 onwards, peaking at 8.7 per cent in the age group 33–37. There were 68.7 per cent male respondents and 31.3 per cent female respondents.³⁵

The majority of migrants were married (72.2%), but in terms of gender there were some notable differences. Only 4.3 per cent of the female migrants were single versus 24.9 per cent of males, 8.6 per cent were widows versus 0.5 per cent for the male migrants and 19.4 per cent of the female migrants were divorced while none of the male respondents was. These differences are explained by the gender aspects of Bangladeshi society, which allow women mobility only within certain societal boundaries (widows or divorced women have more freedom of movement than single women).

3.1.2. Education

Education helps one gain essential skills and knowledge to carry out a certain occupation or profession. The lower the level of education attained by a migrant, the more limited his or her job choices are. A lower-skilled job means less earnings for the migrant. Low levels of education also lead to low or zero financial literacy, which is linked to the ability to assess the costs and benefits pertaining to migration and to manage debts and investments.

3.1.2.1. Literacy and educational level attainment^{36, 37}

For the purposes of the survey, an illiterate is as a person that has never attended school, a respondent that can read and write is a person that has not obtained formal education and the education level attained is determined by the highest diploma obtained.

The respondents' education level was generally low as can be seen in Table 3. Illiteracy stood at 13.7 per cent, while 10 per cent can read and write. Among those who obtained a diploma, 27.3 per cent earned the Primary School Certificate (PSC grade 5) and 23.7 per cent obtained the Junior School Certificate (JSC grade 8). Only 14.7 per cent got the Secondary School Certificate (SSC grade 10) and 8.7 per cent earned the Higher Secondary Certificate (HSC grade 12) (Table 3). In other words, the majority of those who attended school left it before or at the age of 13.

³⁴ In 2003 the MoEWOE allowed unskilled and skilled female workers to migrate only if they had reached the age of 35, and in 2006 the minimum age for female migration was reduced to 25 years (not applicable for the cleaner job category) (MFA, 2010).

³⁵ The high percentage of female migrants is the result of the sample design requesting that at least 30 per cent of respondents should be female.

³⁶ Educational attainment refers to the highest level of education that a person has successfully completed.

³⁷ As defined in the 2006 Non-Formal Education Policy of Bangladesh: "Literacy is the ability to read, understand, interpret, communicate and compute in verbal and written forms in varying contexts. It involves a continuum of learning that enables individuals to develop their potentials and knowledge base and to participate fully in community affairs and wider social and developmental context."

Male migrants generally attained a higher education level than females – 5 per cent more males obtained the PSC diploma, 11 per cent more got the JSC and 9.3 per cent more earned the SSC diploma. The difference between male and female migrants' education levels is related to the still high rate of child marriage in Bangladesh, where in 2018, 52.3 per cent of the girls were married before the age of 18 and 18.1 per cent before the age of 15. Child marriage is a hindrance to girls' educational attainment and therefore limit their economic opportunities when they reach adulthood (UNICEF, 2018b).

Table 3. Literacy and education levels achieved by migrants

Literacy and education level	Male (%)	Female (%)	Total (%)
<i>Literacy</i>			
Illiterate	7.7	6.0	13.7
Literate	5.3	4.7	10.0
<i>Education certificate obtained</i>			
PSC (grade 5)	16.0	11.3	27.3
JSC (grade 8)	17.3	6.3	23.7
SSC (grade 10)	12.0	2.7	14.7
HSC (grade 12)	8.3	0.3	8.7
Bachelor's degree	1.7	0.0	1.7
Master's degree	0.3	0.0	0.3
Total	68.7	31.3	100

Source: IOM Bangladesh migration surveys, 2019 and 2020.

Note: N=300.

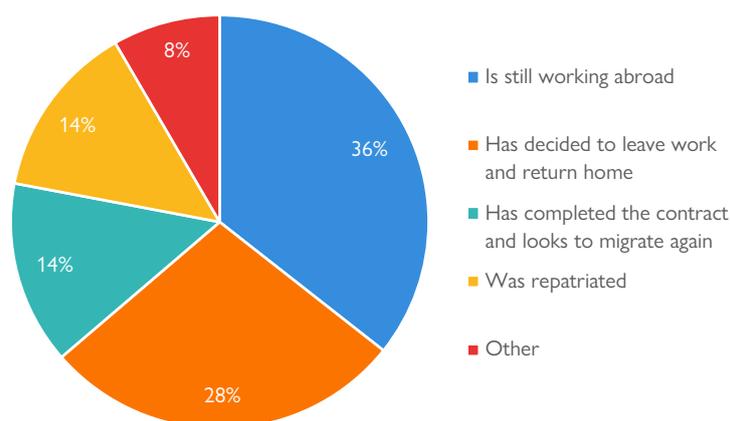
3.1.3. Employment status and income before migration

The lack of employment opportunities in Bangladesh is a push factor for migration. The level of unemployment among the respondents was high. Before migrating, 40 per cent of male and female respondents were unemployed. In terms of gender, women unemployment was higher (57.4%) versus men unemployment (32%), confirming the current limited employment opportunities for women in Bangladesh. The average income earned by the respondents employed in Bangladesh before migrating was BDT 6,769 (USD 79.91) in line with the literature review's findings.

3.1.4. Migration status of the respondents

During the survey, 36 per cent of the migrants were still in migration; therefore, their parents or siblings responded on their behalf. Twenty-eight per cent of the respondents had decided to quit their jobs abroad before the end of their contracts. The reasons given by those who decided to return prematurely were lower than expected or agreed income, wage retention and harsh working conditions. Fourteen per cent had returned and were waiting for an opportunity to migrate again, 14 per cent had been repatriated (or deported) for various reasons, and some were arrested by the police for overstaying their visas or for holding the wrong visa (Figure 1). Female migrants specifically mentioned physical violence and other forms of harassment as reasons for their return.



Figure 1. Migration status of respondents

Source: IOM Bangladesh migration surveys, 2019 and 2020.
 Note: N=300.

3.1.5. Employment status and income of returnees

Most returnee migrant workers interviewed upon return to Bangladesh were not regarded more employable than before they had left, and their work experience abroad did not assist with securing sustainable income on return. Forty-six per cent of the returnees were unemployed and those who had found a job were earning, on average, BDT 9,769, slightly more than the minimum wage paid to unskilled workers in the readymade garment sector.

3.1.6. Household composition and income

A migrant household had, on average, 6.13 members, larger than the national household size of 4.06 persons as measured by the Household Income and Expenditure Survey in 2016 (BBS, 2017b). The gender proportion of the household was evenly split between male (49.1%) and female (50.9%); 89.3 per cent of the household heads were male compared to 10.7 per cent of female heads. Thirty per cent of the household members fell in the working age category (15–64 years), of whom 84.1 per cent were male. Ninety-three per cent of the respondents owned their houses and 94 per cent of the owners were male (Table 4).

Table 4. Household demographic characteristics

Household demographic characteristics	Total	Male	Female
Household size and gender	6.13 persons*	49.1%	50.9%
Household head's gender	100%	89.3%	10.7%
Household members of working age	30.0%	84.1%	15.9%
House ownership	93.0%	94.0%	6.0%

Source: IOM Bangladesh migration surveys, 2019 and 2020.

Notes: 1. N=300.

2. *The average household comprised 6.13 persons.

The respondents' households owned various assets, including buildings, savings and jewellery, confirming the literature review findings. Bangladeshis can afford to migrate when they have some assets and savings that can be used to pay the costs of migration or to mortgage for the procurement of a loan for that purpose. Notably 15.3 per cent of the respondents had no assets at all; they secured a loan to pay the migration cost by pledging in-kind repayment, either by having a household member work for the lender, or by pledging a share of the crop when working on a sharecropping scheme, or both (Table 5).

Even households with assets included in-kind repayments for their migration loans. Of the respondents, 35.5 per cent worked for their creditors (either personally once returned from migration or a household member) and 6 per cent with a share of their crop.

Land ownership was a source of revenue either when directly farmed by the owner or subleased to landless workers. Households active in farming covered on average six months of the household overall consumption. The respondents who owned land (32.3%) were asked to provide an estimate of the land's cash value; according to their self-assessment, the average cash value of the land was BDT 1,175,438 (USD 13,878).

Table 5. Household asset ownership

Household asset category	Percentage
Houses, buildings	58.7
Land	32.3
Jewellery, cash and savings (more than BDT 20,000)	27.7
Cattle, poultry	19.3
No assets	15.3
Tractor, car, truck, motorcycle, bicycle	4.0

Source: IOM Bangladesh migration surveys, 2019 and 2020.

Notes: 1. N=300.

2. This is a multiple-response question. Total is higher than 100 per cent.

On average, every household had more than one source of income (1.4). They were a combination of 35.7 per cent coming from salaries/wages, 19 per cent from own businesses and 49.7 per cent from remittances. Of the 300 surveyed households, 149 (49.7%) were receiving remittances and 64 (21.3%) had remittances as the only regular income (Table 6).

Table 6. Household sources of income

Source of income	Percentage
Remittances	49.7
Salaries and wages	35.7
Farming activity	28.3
Own business/enterprise	19.0
No income	7.7
Other sources	6.7

Source: IOM Bangladesh migration surveys, 2019 and 2020.

Notes: 1. n/N=277/300.

2. This is a multiple-response question. Total is higher than 100 per cent.



3.1.7. Household income and remittances

Remittances increased the average household income in nominal value.³⁸ Income before migration ranged between BDT 5,000 (USD 59) and BDT 8,000 (USD 9.45). The average household monthly income, including remittances, was BDT 17,065 (USD 201). The average yearly remittance amount received was BDT 145,869³⁹ (USD 1,722), equivalent to a monthly amount of BDT 12,156 (USD 144).

When asked how migration had affected their household income, 61 per cent of households responded that their household income had declined despite the inflow of remittances, while 28 per cent said that their household income had increased and 11 per cent reported that their income had remained unchanged. This may seem contradictory particularly when the accepted general opinion is that remittances increase the household revenue. What is ignored is that all the migration costs are paid upfront and the benefits of the remittances take years before they can be felt.

Previous surveys mentioned in the literature review which were based on bigger samples also highlighted that for many Bangladeshi migrants, remittances did not increase the household income. This validates, to a certain extent, the finding of the surveys conducted. For instance, the Bangladeshi household remittance survey done in 2009 reveals that only 20 per cent of the migrant households receiving remittances stated that their household income had increased because of the flow of remittances.

The remaining 80 per cent for whom the household income had not increased, in a multiple-response question,⁴⁰ gave the following reasons: the amount of remittances “was not adequate” (65.9%), the family expenses were high (59.1%) and “they were not able to repay the migrant’s loan yet” (50.4%).

3.1.8. Household self-perception of its economic status

Interviewees were asked to rate their household economic status in comparison to the status of other households in their neighbourhoods (with or without migrants). The question was asked to determine the households’ subjective perception of their relative well-being. Of the respondents, 4.3 per cent said that they were much better off, 21 per cent answered that they were doing better, 21.3 per cent said that they were doing as well as the other households, 46.7 per cent said they were worse off and 6.7 percent said they were much worse off.

Migrant households have assets and incomes; some have more than others. They are indebted because of the high costs of migration and a decreased income attributed to the migration attempt. Many cannot regularly meet their basic needs, and their overall subjective perception of their economic status is that they are generally worse off than their peers.

³⁸ Nominal value is the value before subtracting the costs incurred to obtain the extra income, such as loan repayments.

³⁹ This amount is consistent with the findings of the 2009 Bangladesh Household Remittance Survey that reported an average yearly remittance amount of BDT 98,708 per household.

⁴⁰ The total for the multiple-response question does not add up to 100 per cent.

3.2. MIGRATION EXPERIENCES

Migration processing involves the provision of services including the releasing of passports, visas, work permits and other travel documents, as well as skills training and pre-departure briefing and orientation.

The choice of the migration channel is determined by the availability of the public administration services providing support and managing the migration process; proximity is of the essence. The DEMOs, though present in 42 districts, and the online registration facility are not the first migration channel choice of aspiring migrants.

3.2.1. Migration channels

A majority (68%) of the survey respondents used the services of the dalals⁴¹ rather than formal recruiters and State institutions to obtain the necessary documents to migrate. Twenty-one per cent migrated individually, the necessary visa was procured by parents or relatives already in migration. The recruitment agencies were only used by 6 per cent of the respondents, but this result may be misleading since recruitment agencies use dalals as subagents for the recruitment of workers. The BOESL, the publicly run manpower agency, was used as a migration channel by only 0.3 per cent of the migrants (Table 7).

Table 7. Most used migration channels

Channel	Percentage
Dalal	68.0
Individuals	21.0
RAS	6.0
Other	4.7
BOESL	0.3

Source: IOM Bangladesh migration surveys, 2019 and 2020.

Note: N=300.

Though 68 per cent of the survey respondents used dalals to fulfil most of the administration red tape needed to migrate, 42.3 per cent of them finalized their migration through recruitment agencies. These numbers point to the cooperation existing between dalals and recruitment agencies. Dalals gather the aspiring migrants and help them with the migration red tape but channel them towards recruitment agencies mainly based in Dhaka to finalize the recruitment process.

As shown in Table 8, 33.2 per cent of the respondents migrated with the support of relatives or parents already in the country of destination who procured the necessary visa and residency permit. On the other hand, 19.5 per cent migrated under the “free visa”⁴² category that gives migrants the flexibility to find a job themselves in the country of destination with only a nominal sponsor – a practice very common in Saudi Arabia. This manner of migration is one of the main causes of unsuccessful migration since migrants leave with no guarantee or security, are undocumented, and shoulder all the costs upfront (Human Rights Watch, 2004).

⁴¹ As a reminder, the activity of the latter is, to say the least, not regulated and currently illegal. Please refer to the Overseas Employment and Migrants Act 2013.

⁴² According to Human Rights Watch (2004): “Some migrant workers pay large sums of money to manpower agents in their home countries to secure what they believe are advantageous “free visas” that will allow them the flexibility to find their own jobs in the kingdom with only a nominal sponsor. These ostensibly legal documents are generated when Saudi citizens or companies apply for and are granted visas for foreign workers that they have no intention of employing.”



Table 8. Visa categories and means of obtaining a visa for migration

Visa category/Means of obtaining a visa	Percentage
Work permit (acquired through recruitment agencies)	42.3
Individuals	33.2
Free visa	19.5
Other	2.3
Student visa	1.0
Umrah	0.7
EPS (Republic of Korea)	0.3
Did not know	0.7

Source: IOM Bangladesh migration surveys, 2019 and 2020.

Note: n/N=298/300.

Bangladeshi aspiring migrants who were not able to obtain a regular work visa use other means of obtaining a visa to reach their destination and find a job. This was the case for 0.7 per cent of the respondents who participated in the Islamic pilgrimage to Mecca (Umrah) so that they can apply for a visa to enter Saudi Arabia. One per cent of the respondents applied for visas granted to students to migrate with the same final objective of finding a job abroad and sending money home to support their families.

The EPS, which was introduced by the Republic of Korea in 2004, is a G2G mechanism to select and hire foreign unskilled/low-skilled workers without the involvement of any private recruitment agents (Republic of Korea, HRDK, n.d.). Under the EPS, the Government of Bangladesh must make sure that the EPS rules are implemented correctly. The penalty for breaching the rules may be the reduction of the quota of workers that Bangladesh can send to the Republic of Korea or even a total ban. Since the EPS is a G2G mechanism, it falls under the responsibility of the BOESL. Though the recruitment costs under this system are low (about USD 1,000) compared to what Bangladeshi migrants usually have to pay, it is a tedious system tailored for migrants who have a relatively high level of education, who are willing to learn the basics of the Korean language (compulsory, followed by a language test). This is why both at the national level (0.31% from 2004 till 2018) and for this survey (0.3% or one respondent), the percentage of people migrating through the EPS mechanism is extremely low.

The majority of the respondents (72.3%) were migrating for the first time and 77 per cent of them chose the GCC countries as destination. The most popular GCC countries of destination were Saudi Arabia, with 29 per cent of Bangladeshi migrant workers; Oman, with 20.7 per cent Bangladeshis; the United Arab Emirates, with 8.8 per cent Bangladeshi migrant workers; and Qatar, with 8.8 per cent migrants.

For 67.3 per cent of the first-time migrants, the average contract duration was two years; for 15 per cent, it was three years. Ten per cent of the first-time migrants left without knowing the duration of their contracts; they explained that the intermediaries had said that the contract details would be finalized once they reached at the country of destination (Table 9).

Table 9. Average work contract duration

Contract duration	Percentage
2 years	67.3
3 years	15.0
Did not know	10.0
<1 year	3.7
5 years	3.0
4 years	0.7
Other	0.3

Source: IOM Bangladesh migration surveys, 2019 and 2020.

Note: N=300.

3.2.2. Occupation category and remuneration in the country of destination

The most common occupations held by the respondents and their corresponding wages are reported in Table 9. Around 80.9 per cent of the female migrants were employed as domestic workers, which is the second to last worst paid category. Female migrants with low levels of education and skillsets can only opt for the job categories that pay the least.

The average wage earned by female migrants was BDT 20,272 (USD 239). While female migrants were employed in 5 of the 12 occupation categories mainly as domestic workers, male migrants were more evenly distributed, with the construction and services categories each accounting for 21.8 per cent of the respondents, followed by the manufacturing and domestic work categories. Furthermore, 8.7 per cent of male migrants were employed as electricians, the second best paid category after security.

Only 2.9 per cent worked in the transport category (drivers) despite the relatively high salary offered in this sector. The driving licence needed for driving some heavy-loaded vehicles, such as the ones used in the construction sector, is costly to obtain. The average wage for male migrants was BDT 22,702 (USD 268) (Table 10).

Table 10. Most common job categories and wages earned by Bangladeshi migrants abroad

Job category	Monthly wage actually paid in BDT	Wage in USD	Female (%)	Male (%)
Security	35 000	413	1.1	1.5
Electrician	26 316	311	0.0	8.7
Carpentry	24 167	285	0.0	1.0
Transport	24 063	284	2.1	2.9
Services/Hotel	23 500	277	5.3	21.8
Construction	23 298	275	0.0	21.8
Manufacturing	22 955	271	0.0	10.7
Masonry	21 563	255	0.0	3.4
Garment	21 471	253	8.5	3.9
Other	19 821	234	1.1	7.3
Domestic work	19 667	232	80.9	10.2
Agriculture	18 667	220	1.1	6.8

Source: IOM migration surveys, 2019 and 2020.

Note: n/N=297/300.



The respondents falling under the “other” category mentioned that they had no contract and would accept “any work available”. Others mentioned that they were working as beauty parlour assistant, ship crew, tailor, chef and mechanic.

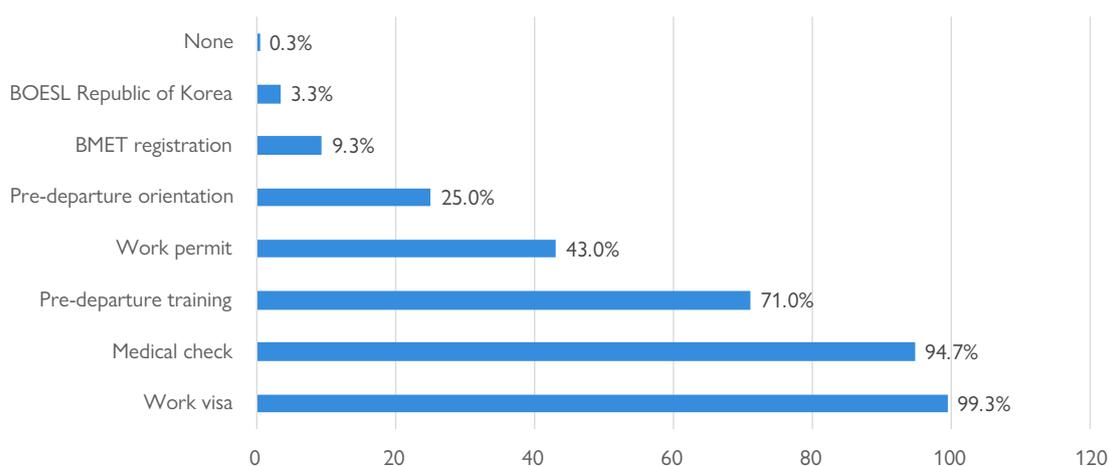
A majority (68.9%) of the respondents said that they were paid less than agreed. On average, the promised wage was BDT 35,613 (USD 420), but the wage that was eventually paid was BDT 21,338 (USD 252) or 40.1 per cent lower.

3.2.3. Awareness of the migration process

The survey respondents were only partially aware of the administrative steps to undertake in order to receive the migration clearance from the BMET – a sign that they were passive on this matter and, as explained in the previous session, relied completely on dalals, family members and friends already abroad to procure the necessary documents to migrate.

As one would expect, 99.3 per cent of the respondents knew that a work visa was needed to migrate, but only 94.7 per cent were aware that compulsory medical check and certification were required,⁴³ a very important step in the regular migration process since some destination countries require arriving migrants to undergo a second medical check, and failing it could lead to immediate deportation. Only 25 per cent of the respondents did know about the compulsory pre-departure orientation requested by the BMET to give the migration clearance, and only 43 per cent knew that one will need a work permit to be employed in a foreign country (Figure 2).

Figure 2. Migrant awareness about the migration administrative procedure



Source: IOM Bangladesh migration surveys, 2019 and 2020.

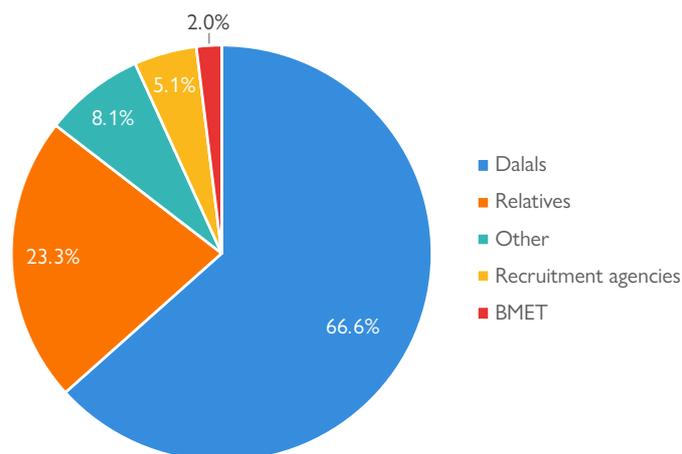
Notes: 1. n/N=296/300.

2. This is a multiple-response question. Total is higher than 100 per cent.

Dalals take care of many administrative hurdles for migrants, such as handling of visa applications, passport collection, travel documents preparation and the BMET clearance, in return for a high commission. Migrants very often do not know the purpose of the documents they receive from the dalals, and they do not care as long as they can migrate. There were 66.6 per cent respondents who used the services of dalals and 23.3 per cent received assistance from relatives, while only 5.1 per cent sought recruitment agencies (Figure 3).

⁴³ Dalals take care of many administrative hurdles for the migrants, such as handling visas, tickets and the BMET clearance, in return for a high commission. Migrants do not know the purpose of the documents they receive from the dalals.

Figure 3. Migration-related administrative service providers



Source: IOM Bangladesh migration surveys, 2019 and 2020.
Note: N=300.

3.2.4. Awareness of the contractual elements of migration

In normal circumstances, a work contract between a migrant and a foreign employer must be signed between the two parties before the migrant leaves his/her country of origin. The contract must specify all the aspects of the employer–worker relation and at least contain the following information: the wage (hourly or weekly or monthly), benefits such as food, accommodation, the number of working days, the location of the employment and the name of the employer. Other equally important details are related to the cost of migration – who pays for the travel costs and who is responsible for obtaining the work permit and visa. Ideally, the survey respondents should have scored close to 100 per cent for every question related to the work contract details.

The survey results reveal that before departure the crucial aspects of the contract were only orally communicated to the migrants by the dalals or relatives, the most recurrent elements mentioned were the wage they were supposedly going to earn (91.6%), the daily work hours (76.8%) and the job location (65.3%) (Table 11). According to the findings, most migrants leave Bangladesh with little to no knowledge of their working conditions in countries of destination and their rights as migrants. It is difficult for migrants to cross-check information provided by dalals since they are the source of the job offer and the employment. Only the registered recruitment agencies can advertise job vacancies and only with the special agreement from the BMET.

Table 11. Work contract-related information received by migrants before departure

Information received	Percentage
Monthly wage	91.6
Daily work hours	76.8
Job location in the country of destination	65.3
Other benefits	36.4
Employer's identity	34.3
None of the above	0.3

Source: IOM Bangladesh migration surveys, 2019 and 2020.

Notes: 1. n/N=278/300.

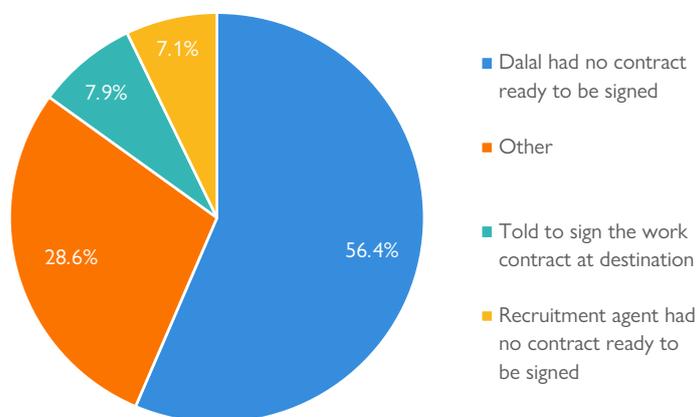
2. This is a multiple-response question. Total is higher than 100 per cent.



Dalals do not have direct contact with employers abroad and therefore have no work contracts available for migrants to sign before they leave Bangladesh. It is only when they reach the destination countries and meet their sponsors that migrants have the chance to sign a contract, but by then they find themselves in a foreign country totally depending on the goodwill of the brokers/sponsors for providing them with the regular residence permit, they already have a loan to reimburse, and are not in a strong position to negotiate the contractual aspects of their jobs and therefore can be subjected to abuse and exploitation by their sponsors/employers.

Notably, 56.4 per cent of the respondents did not sign a work contract before being deployed abroad as they were unaware of how essential the document is in protecting their rights as migrants in the country of destination and as evidence in litigation cases when claiming compensation. Others (28.6%) had migrated using a “free visa”, hoping to find a job once in the destination country. Furthermore, 7.9 per cent were told that they could sign the contract in the country of destination, while the remaining 7.1 per cent said that the recruitment agencies had no contract for them to sign before their departure (Figure 4).

Figure 4. Reasons for not signing a contract before departure



Source: IOM Bangladesh migration surveys, 2019 and 2020.
Note: n/N=140/167.

4. MIGRATION COSTS

The “employer pays” principle: No worker should pay for a job and the costs of recruitment should be borne not by the worker but by the employer.

(IHRB, 2019)

*Dhaka Principles for migration with dignity:
Principle 1: No fees are charged to migrant workers.*

(IHRB, 2012)

4.1. RECRUITMENT COSTS

Normally, an employer engages a manpower agency to recruit workers. In a regulated environment, to avail of the services of the recruitment agency, the employer pays for the costs related to this procurement and a fee. For the recruitment of foreign workers, the employer also shoulders the visa, residence permit, one-way airfare (paid by migrants upfront and reimbursed at the end of the contract) and other administrative costs related to the hiring.

According to the norm and following the “the employer pays” principle and the first of the Dhaka Principles for Migration with Dignity (IHRB, 2012), a Bangladeshi migrant (migrating to Qatar) should only pay USD 384 when excluding the subagent commissions paid in Bangladesh (Jureidini, 2017:3).

Table 12 shows the range of the migration costs that Bangladeshi migrants should be paying when using regulated channels or adopting the “employer pays” principle.

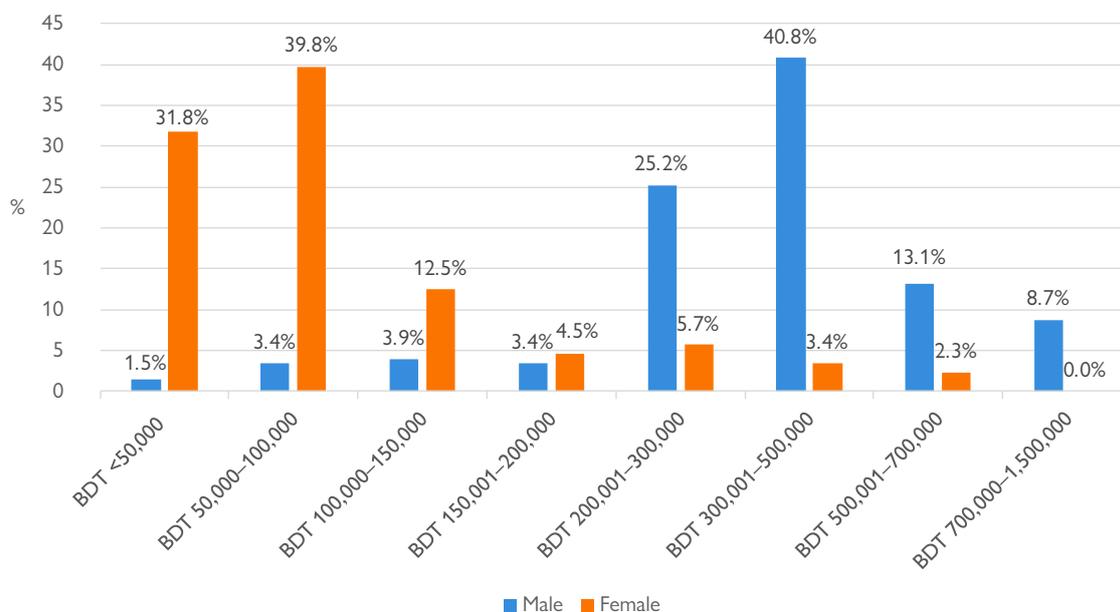
Table 12. Regular migration recruitment costs in Bangladesh by channel/cost model

Regular migration channel and fair cost model	Cost range (USD)
“Employer pays” principle	384–660
BOESL (as the reference cost)	405–616
Recruitment agencies following the BMET guidelines	1 154–1 968

Source: Reworked by the consultant based on data from IHRB (2012) and Jureidini (2017).

The survey findings confirm that that the majority of Bangladeshi migrants pay between BDT 300,001 and BDT 500,000 to migrate (Figure 5). The average migration cost for both male and female migrants was BDT 300,000 (USD 3,541), but while male migrants paid on average BDT 385,451 (USD 4,550), female migrants paid BDT 104,619 (USD 1,235). Male migrants paid 8.9 times more than the recruitment costs charged by BOESL and 3 times more than the recruitment cost ceilings recommended by the BMET.

Figure 5. Migration costs by gender



Source: IOM Bangladesh migration surveys, 2019 and 2020.

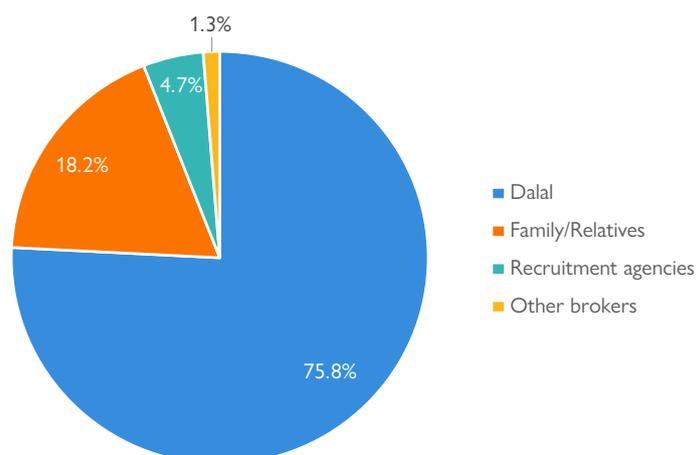
Note: n/N=294/300.

The difference between male and female recruitment costs is consistent with the literature review findings in which the reasons for this difference are detailed, but for the convenience of readers findings are summarized here: Female Bangladeshi migrants employed as domestic workers in the Gulf countries (80.9% of them) do not need to pay the costs of their recruitment upfront. The costs are paid in advance by the sponsor/employer who deducts the incurred costs from the worker's monthly salary. Men, on the other hand, must pay a fee for their recruitment prior to their departure (Rahman, 2011).

Almost 76 per cent of the respondents paid the migration fees to dalals, 18.2 per cent paid to family members or relatives who procured the visa, and only 4.7 per cent paid to recruitment agencies (Figure 6).



Figure 6. Recruitment fee recipients in Bangladesh



Source: IOM Bangladesh migration surveys, 2019 and 2020.

The average recruitment fee paid varies according to the identity of the receiving counterpart, but costs were all consistently higher than USD 3,000, with the exception of payments to recruitment agencies (Table 13).

Table 13. Recruitment fees by collector/recipient

Recruitment fee collector/recipient	Fee (BDT)	Fee (USD)
Recruitment agencies	243 531	2 875
Dalals	303 351	3 581
Other brokers	265 250	3 132
Family/Relatives	286 642	3 384

Source: IOM Bangladesh migration surveys, 2019 and 2020.
Note: N=300.

Among those who paid, 95.8 per cent of the respondents did not receive a receipt as proof of payment. Only 5.4 per cent asked for a proof of payment, while 94.6 per cent did not bother to ask and 57.1 per cent of those who had asked for a receipt did not receive any. When the respondents were asked to explain why they did not ask for any proof of payment, 20.9 per cent answered that they trusted the dalal and certainly more so their family members or relatives; 75.9 per cent said that they did not think that a proof of payment could be useful later; and 3.2 per cent admitted that they were afraid to ask.

4.2. BORROWING COSTS AND THE LIMITED ACCESS TO THE FORMAL FINANCIAL SYSTEM

Most of the migrants do not have the necessary means to pay the migration costs and therefore have to borrow money. On average, 80 per cent took loans to cover the costs of migration.

As mentioned before, the formal financial sector is risk-averse and does not consider migrants an eligible category of borrowers. Banks will lend only to those migrants with enough collateral or revenue, a category which was not frequent in the survey results. Cooperatives and MFIs do lend to migrants at interest rates lower than the rates from moneylenders but not the entirety of the very high amount needed to migrate. Therefore, the Government of Bangladesh has tried to provide low-interest migration loans through the publicly funded PKB, which charges 9 per cent annually for migration loans. The survey found that almost 100 per cent of the respondents ignored the existence of PKB and the services it could provide.

The respondents used a combination of sources of funds to gather the needed amount to migrate. The main sources were moneylenders as mentioned by 64 per cent of the respondents, followed by family members, according to 48.1 per cent of the migrants interviewed. These sources were selected because they provided the needed funds quickly (67.9%) and they did not request collateral (70.1%).⁴⁴ The formal financial sector was used by 12.6 per cent who borrowed from cooperatives, 11.3 per cent from banks and 9.2 per cent from MFIs. The annual interest rates charged by the respective institutions vary significantly as can be seen in Table 14. The most expensive were the rates from moneylenders, at 40.8 per cent. Only one respondent borrowed money from a dalal and had to pay an annual interest rate of 120 per cent.

Table 14. Funding sources and interest rate levels

Funding source	Percentage	Annual interest rate (%)
Moneylenders	64.0	40.8
Family members	48.1	29.4
Cooperatives	12.6	25.4
Banks	11.3	29.0
MFIs	9.2	18.0
Other	3.8	6.9
Dalals	1.7	120.0

Source: IOM Bangladesh migration surveys, 2019 and 2020.

Notes: 1. n/N=239/300.

2. This is a multiple-response question. Total is higher than 100 per cent.

As mentioned in the household composition and income section of the survey findings, 15.3 per cent of the respondents had no assets at all; they secured a loan to pay the migration costs by pledging in-kind repayment, either by having a household member work for the lender while the migrant was abroad or by pledging a share of the crop when working on a sharecropping scheme, or both.

There were 35.5 per cent respondents who worked for their creditors⁴⁵ (either in person once returned from migration or had a household member work for the creditors while the migrants were still working abroad) and 6 per cent with a share of their crop. Only 13 per cent mortgaged property (63% mortgaged land; 33% mortgaged houses).

⁴⁴ This is a multiple-response question. Total is greater than 100 per cent.

⁴⁵ Jobs include working in the fields, shops, or factories owned by the moneylenders or working for family members and relatives.



4.3. LOANS AND THEIR CONTRIBUTION TO THE TOTAL MIGRATION COSTS

Most migrants make the choice to migrate without having fully assessed the financial implications of the move. The calculations shown in Table 15, which are strictly based on the survey findings, explain how loans contribute to the overall level of indebtedness of migrants and why most of the migrants will need more than one migration round to repay their debts. In summary, the majority of the survey respondents, and any migrants who would migrate under the same circumstances, would be obliged to migrate several times to repay the migration costs.

To calculate the recruitment cost indicator, a cost-to-income ratio that estimates the number of monthly wages earned abroad that are needed so that migrants can repay the recruitment costs, the SDG definition was used.⁴⁶

For the generic case, the average results obtained from the surveys among female and male migrants were used, and to simplify the calculations, the average interest rate paid to moneylenders was rounded off to 41 per cent from the actual result of 40.8 per cent.

Table 15. Borrowing cost contribution to the cost of migration

Cost and benefit analysis: generic case	Result	Result explained
Work contract average duration	24 months	
Monthly wage	USD 252	
Total expected gross income	USD 6 048	USD 252*24 months
Average loan amount	USD 3 546	
Loan duration	12 months	
Yearly interest rate	41%	
One-year interest	USD 1 454	41%*USD 3 546
Debt after one year (principal plus interest)	USD 5 000	USD 3 546 + 1 454
Debt as a percentage of the expected revenue	82.7%	USD 5 000/6 048
Debt repayment duration (RCI)	19.84 months	USD 5 000/252

Source: Reworked by the consultant based on the results of the IOM Bangladesh migration surveys (2019 and 2020).

4.3.1. Cost and benefit considerations

The survey respondents earned on average USD 252 a month for the 24-month duration of the work contract and a total expected income USD 6,048. With this revenue, the migrant had to repay the loan he/she had taken at an annual interest rate of 41 per cent, that after a year had reached the value of USD 5,000 (amount borrowed plus interests).

The debt amount corresponded to 82.7 per cent of the gross expected income and it will take 19.84 months' (20 months when rounded up) wage equivalent to repay it. This very high recruitment cost indicator (RCI) shows that most of the migrant earnings will be used to pay the recruiter and the moneylender instead of being spent for the benefit of the migrant's family.

⁴⁶ Calculation was based on the SDG indicator 10.7.1, which is the "recruitment cost borne by employee as a proportion of monthly income earned in country of destination". This indicator refers to the ratio between a cost measure and an income measure. In their presentation delivered during the eighth meeting of the Inter-agency and Expert Group on Sustainable Development Goal Indicators, Rafael Diez de Medina and Umar Serajuddin (ILO and World Bank, 2018) state that: "If a worker pays \$5,000 to the recruiter and the worker earns \$150 a month or \$1800 a year it will take 3 years to pay back the costs. All her/his earnings go to pay the illegal recruiter instead of her/his family."

During the recruitment process, many respondents (31 per cent) were promised a monthly revenue of BDT 35,613 (USD 420) but were only paid BDT 21,338 (USD 252) or 40 per cent less. The respondents were deceived and decided to migrate on false expectation. Had they been provided the accurate information from the very beginning with this simple cost and benefit analysis, they might have decided differently.

The survey found that 70 per cent of the respondents could not repay their loans. A migrant who decides to migrate under these conditions starts his/her journey burdened by a considerable debt that needs to be repaid. Any event that would interrupt the flow of remittances like a debilitating work accident, death or deportation would make the migrant household insolvent and worse off than it was before the migration attempt.

In the case of male migrants, the cost and benefit analysis results would discourage even more any prospective migrant. The first two years of migration would be entirely sacrificed to the repayment of the debt (Table 16).

Table 16. Cost and benefit analysis: Borrowing cost contribution to the cost of migration for male migrants

	Result
Work contract average duration	24 months
Monthly wage	USD 268
Total expected gross income	USD 6 433
Average loan amount	USD 4 551
Loan duration	12 months
Yearly interest rate	41%
One-year interest	USD 1 866
Debt after one year (principal plus interests)	USD 6 417
Debt as a percentage of the expected revenue	99.7%
Debt repayment duration (RCI)	23.94 months
RCI as a percentage of the work contract duration	100%

Source: Reworked by the consultant based on the results of the IOM Bangladesh migration surveys (2019 and 2020).

The cost and benefit analysis for female migrants offers better results. Though the survey has found that female migrants earn 17.1 per cent less than their male counterparts, the cost of migration for them is one third of the cost of migration for male migrants. The total debt is only 31.3 per cent of the total gross expected revenue and can be repaid in 7.5 months. In normal circumstances, when the employment terms are fully respected, female migration would be totally justified by the cost and benefit considerations (Table 17).



Table 17. Cost and benefit analysis: Borrowing cost contribution to the cost of migration for female migrants

	Result
Work contract average duration	24 months
Monthly wage	USD 232
Total expected gross income	USD 5 573
Average loan amount	USD 1 235
Loan duration	12 months
Yearly interest rate	41%
One-year interest	USD 506
Debt after one year (principal plus interest)	USD 1 742
Debt as a percentage of the expected revenue	31.3%
Debt repayment duration (RCI)	7.50 months
RCI as a percentage of the work contract duration	31%

Source: Reworked by the consultant based on the results of the IOM Bangladesh migration surveys (2019 and 2020).

Figure 7 presents the cost and benefit analysis for the two genders, highlighting how the combination of high recruitment fees and borrowing costs render male migration not worthy for a work contract of two years. A migrant still wishing to migrate at these conditions will have to migrate several times to repay the loan and eventually start earning for himself/herself.

Figure 7. Cost and benefit analysis by gender



Source: Reworked by the consultant based on the IOM Bangladesh migration surveys (2019 and 2020).

The survey findings used for these calculations hint at how the migration process inefficiencies could trap migrant workers into cycles of debt with often intergenerational⁴⁷ impacts.

⁴⁷ The new generation inherits the onus of the debt accumulated by the previous generation.

4.4. IMPACT OF THE RECRUITMENT FEES AND BORROWING COSTS ON THE HOUSEHOLD INCOME

The migration cost contributes the most to the household debt.

Bangladeshis migrate in the hope of improving the quality of their lives and secure a better future for themselves and their families. As previously mentioned, the survey findings show that around 61.1 per cent of households reported a decline in household revenue, while 72 per cent of households did not see a marked improvement in the quality of their lives or an improvement in their resilience.

4.4.1. Household debt and migration

Survey results show that 79.7 per cent of the respondents declared that they had borrowed money to pay the migration costs. Meanwhile, 73 per cent stated that their households were indebted, with the average debt amounting to BDT 285,320 (USD 3,369). Households with male migrants had an average debt of BDT 300,766 (USD 3,551) and households with female migrants had a substantially lower debt of BDT 153,922 (USD 1,817). The reason for this difference is explained in section 2.6 (“Recruitment of female migrants”). The average monthly payment to reimburse the loan was BDT 16,554 (USD 195) – equivalent to almost the whole income of the household of BDT 17,454 (USD 206).

To better understand the level of financial resiliency of the households, several questions were asked pertaining to their ability to cover some essential expenses and repay their debt. As can be seen in Table 18, the majority of the respondents (68.9%) declared not to be able to repay the debt sustained to finance the migration costs; the debt repayment almost drained the household income, reducing the ability of the household to cover its basic needs. Some 44.3 per cent said they could not buy enough food and 64.4 per cent could not afford to pay the medical bills. Finally, 83.9 per cent said they could not save money.

Table 18. Household financial resilience

Allocation of the household disposable income	Yes (%)	No (%)	n	N
Can repay debt with household income	31.1	68.9	219	300
Can buy enough food	55.7	44.3	291	300
Can pay for the medical bills	35.6	64.4	292	300
Can pay for the school bills	67.3	32.7	269	300
Can save money	16.1	83.9	286	300

Source: Reworked by the consultant based on the results of the IOM Bangladesh migration surveys (2019 and 2020).



When respondents were asked to give the reasons for such a high debt level, 61.9 per cent blamed the dalal's commission being too high, 59.2 per cent complained that remittances were too low and 58.3 per cent said that the interest rates on loans were too high (Table 19).

Table 19. Reasons for the household's level of indebtedness

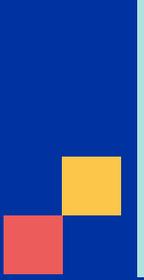
Reason for the household indebtedness	Percentage
Dalals' commissions were too high	61.9
Remittances were too low to pay for the loan	59.2
The interest rates were too high	58.3
Administrative fees were too high	8.7
Other reasons	11.5

Source: IOM Bangladesh migration survey results, 2019 and 2020.

Notes: 1. n/N=218/300.

2. This is a multiple-response question. Total is higher than 100 per cent.

Finally, when asked what contributed the most to their current household indebtedness, 75.7 per cent said it was the total cost of migration and 24.3 per cent said it was the high interest rates paid for the loans.



5. MIGRANTS' ACCESS TO JUSTICE AND REDRESS MECHANISMS



“They knew that if they were to ask for compensation, they wouldn’t get any.”

– Migrant respondent from Cumilla

“Recruiters point to the relatively few complaints, less than 400 in 2008, to conclude that most migrants are satisfied.”

(Asia-Pacific RCM Thematic Working Group on International Migration including Human Trafficking, 2011)

“In court litigation or arbitration, the outcome of a case is determined by the facts of the dispute and the applicable law.”

(The Lawyers & Jurists, n.d.)

The survey results highlight how the lack of reliable information and general awareness about the recruitment process made the respondents dependent on dalals and, to a minor extent, the recruitment agencies for the information needed to migrate. The veracity of the information received about the contractual aspects, such as wage, work hours and accommodations, are agreed mostly orally and no written contracts are provided before deployment in the country of destination. All transactions are paid in cash and leave no evidence. In these circumstances, it is difficult for migrants to have access to judicial remedies despite the various frauds they were victims of during the migration process. In the literature review, the various redress mechanisms available to migrants and their limited capacity to deliver justice are described.

5.1. FRAUD ENDURED BY MIGRANTS

The respondents reported many deceptions they were victims of and pointed the dalals and recruitment agencies as the perpetrators.

Seventy-four per cent of the respondents stated that they were deceived (cheated) during their migration journey. The types of deceptions were a combination of many sorts as can be seen in Table 20. The most common fraud was paying of lower-than-agreed wages (84.2%); migrants also got an occupation different from what had been agreed (43.7%), were hired by a different employer than initially agreed (33.3%) and were sent to a different location than initially agreed (30.2%).



Table 20. Types of fraud endured by migrants

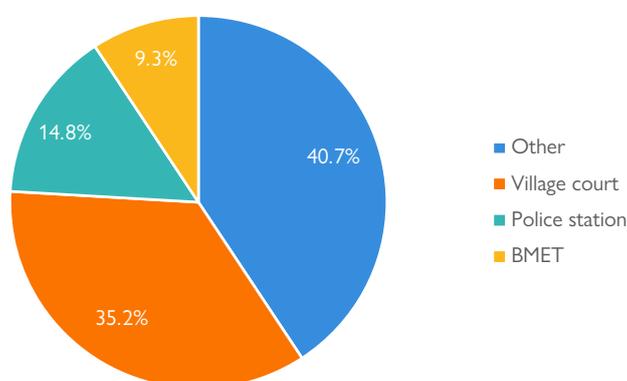
Type of fraud	Percentage
Lower wage than agreed	84.2
Different job than agreed	43.7
Different employer than agreed	33.3
Different location than agreed	30.2
Had to pay for the visa	12.6
Had to pay more money than agreed	7.7
Other	4.05
Dalal took my money and never sent me abroad	4.05

Source: IOM Bangladesh migration surveys, 2019 and 2020.

Notes: 1. n/N=222/300.

2. This is a multiple-response question. Total is higher than 100 per cent.

Despite the high percentage of victimized migrants, only 24.5 per cent of the respondents complained through different venues, such as the village court (35.2%), the police station (14.8%) and the BMET (9.3%) redress mechanism; however, 40.7 per cent stated that they complained through other means, such as complaining personally and directly to the dalals or to parents or relatives when the dalals were not accessible (Figure 8). Most of the time, the dalals refused to reimburse the money claimed and reacted aggressively towards the migrants with verbal abuses and threats of physical violence. In other cases, the dalals had run away with the money and were not reachable.

Figure 8. Complaint venues

Source: IOM Bangladesh migration surveys, 2019 and 2020.

Note: n/N=54/54.

The respondents gave several reasons for not lodging an official complaint: did not know how (60.2%), were not aware that they could (31.3%) and fear of retaliation from dalals and creditors (14.8%) (Table 21). The first and second reasons given by the respondents are yet again indicators of the existing information asymmetry on access to relevant trustworthy information that could increase migrants' awareness about their rights and how to exercise them. Because migrants are poor and dalals command more social influence and power, many migrants are discouraged to publicly and legally challenge them, and, therefore, respondents expressed their fear of retaliation as one reason for not taking action against the dalals or other perpetrators.



Table 21. Reasons for not lodging a complaint

Reason	Percentage
Didn't know how to do it	60.2
Didn't know I had the right to do it	31.3
Other	18.8
Was afraid of possible violent retaliation from creditors	14.8

Source: IOM Bangladesh migration surveys, 2019 and 2020.

Notes: 1. n/N=128/160.

2. This is a multiple-response question. Total is higher than 100 per cent.

Of the 24.5 per cent of migrants who did lodge complaints, only 37 per cent received some compensation. The average amount of compensation received by the respondents was BDT 331,824 (USD 3,917). Of the total requests for compensation, 79.5 per cent were made to dalals, 3.8 per cent to recruitment agencies and 16.7 per cent to relatives and friends.

Very few respondents decided to try their cases through the justice system, whether formally or informally. Of the plaintiffs, 5.6 per cent sought justice through the DLACs, which are monitored by the NLASO, and an equal percentage of the respondents used the *shalish* system and went to village courts for financial settlement and redress. The “other legal routes” category, accounting for 79.6 per cent, includes instances in which the respondents tried to obtain compensation under their own initiative or by confronting the dalals personally (Table 22). The high percentage recorded for the “other legal routes” category may be explained by the lack of specialization in migration-related matters of the other providers of legal counselling.

Table 22. Formal and informal legal routes chosen by complainants

Legal route	Percentage
Other legal routes	79.6
DLAC (under the NLASO)	5.6
Shalish	5.6
Village court	5.6
A private lawyer	3.7

Source: IOM Bangladesh migration surveys, 2019 and 2020.

Note: n/N=67/222.

In Bangladesh, legal aid provision is regulated by the LASA 2000 (Singha, n.d.; Sajal, 2015) under the supervision of the NLASO. The eligibility criteria for obtaining legal aid have been set subsequently under the LASP. Under the LASA 2000 and the LASP, legal aid is provided to: (1) any insolvent person whose yearly income is less than BDT 150,000 (USD 1,950) for cases defended in the Supreme Court, (2) any insolvent person whose yearly income is less than BDT 100,000 (USD 1,300) for cases in other courts, (3) a freedom fighter whose yearly income is less than BDT 150,000 (USD 1,950) and (4) a labourer whose yearly income is less than BDT 100,000 (USD 1,300) (ibid.).



In Bangladesh the majority of disputes (about land, family and criminal matters) are still resolved through traditional methods such as the shalish, an informal adjudication of disputes by local notables known as *shalishkars* (adjudicators). It is only when this method fails that disputes are brought to the formal legal system.

The village court (*gram adalat*) is an ADR facility constituted under the Village Courts Act 2006 and operates under the local district government. The village court, similar to the shalish, is a quasi-formal mechanism for resolution of simple disputes within the community. The village court is led by the local union chairman, but it differs from the shalish mechanism in that the court follows a set procedure for hearing and resolving disputes and, like in the shalish system, where necessary, also refers cases to the formal legal system.⁴⁸

The findings presented in this section point to the possibility that the real number of migrant victims of fraud is underestimated; if all the victims were to lodge complaints, the number of cases per year could be thousands instead of a few hundreds. The reasons are manifold: migrants lack of awareness of their legal rights, only 9.3 per cent of the respondents complained through the BMET redress mechanism and also the BMET mechanism covers only the cases of Bangladeshis who migrated through the regulated channels. The BMET mechanism ignores the migrants who used the services of unregulated agents. Though dalals are the main service providers for migrants, as the survey results have confirmed, their activity is totally unregulated and undocumented, making it difficult to build a case in justice (formal or informal). In addition to lodging their claims for compensation through the BMET, migrants can use Bangladesh's legal system, from the village courts to the higher ruling courts. Unfortunately, their claims will feed into the backlog of pending cases and therefore suffer from delayed justice. As the survey has shown, many migrants prefer to seek compensations or redress through their own means and initiative with little success, and their predicaments go unrecorded in the national statistics.

5.2. REINTEGRATION OF MIGRANTS AND SOCIOECONOMIC SUSTAINABILITY OF MIGRANTS' HOUSEHOLDS

A number of challenges may prevent the socioeconomic reintegration of Bangladeshi migrants. They can be structural, related to the capacity of the country to facilitate the reintegration process, its ability to provide employment to the returnees and an opportunity to make the most of their newly acquired skills abroad.

As mentioned before, 46 per cent of the returnees were unemployed and those who had found a job were earning on average BDT 9,769, slightly more than the minimum wage paid to unskilled workers in the ready-made garment sector.

Challenges preventing the socioeconomic reintegration of returnees can be inherent to the migration experience. A successful migrant will have achieved his/her objective to improve the household standard of living, thanks to the extra income earned abroad. A successful migrant would surely have saved money and have the necessary capital to invest in an existing or a new business.

A failed migration attempt, on the other hand, would leave a migrant in a worse-off situation. As the survey has found, because of the initial high recruitment fees and borrowing costs, many migrants are unable to meet their basic needs and repay their debts. To be efficient, income-generating opportunities for the socioeconomic reintegration of this category of migrants should generate enough income for migrants to repay debts while guaranteeing a decent standard of living.

⁴⁸ Ibid.



As explained in the next paragraphs, the income should be in excess of BDT 25,000 a month. The implication is that the socioeconomic reintegration of returnee migrants who are financially insolvent, to be successful, has to be preceded by debt relief or debt restructuring before any income-generating programme can reach its objectives.

The survey found that 69 per cent of the households could not repay their debts and were insolvent. The average monthly debt repayment was BDT 16,554 (USD 195.4), while their income was BDT 17,454 (USD 206). Even if the whole household income was used to repay the debt, which is not possible, it would take 16.3 months to repay the average unrepaid debt of BDT 285,320 (USD 3,368) burdening the surveyed households. The creditors can take possession of whatever asset was mortgaged or pledged, which aggravates the socioeconomic sustainability of the migrant's household and condemns the migrant at dedicating all the household's resources to repay the creditors.

To allow migrants to repay their debts while being able to satisfy the household basic needs would require debt restructuring with the consent of the creditors. Achieving debt relief⁴⁹ through debt restructuring could be attained through mediation using ADR methods.

To better understand the challenges that would be faced in attempting to mediate debt restructuring and to provide a base for discussion between the Government of Bangladesh, the creditors, the migrants, the INGOs/NGOs, the CSOs and the international stakeholders, some simulations based on the survey findings are provided in the example presented in the next section.

5.3. DEBT RESTRUCTURING AND RELIEF THROUGH MEDIATION

The purpose of debt restructuring is to make a migrant's existing debt more manageable while allowing him/her to be able to meet at least his/her basic needs. Debt restructuring requires changing the existing loan repayment terms and amounts – for instance, it involves reducing the interest rate on the existing loan, extending the duration of the loan or both, and eventually borrowers will still be required to pay some amount of their debts back. Debt restructuring can be profitable for both creditors and borrowers – in the case presented in this study, moneylenders and migrants – because it prevents migrant bankruptcy and secures that moneylenders recover some of the value, if not all, of the initial loans.

The outcome of debt restructuring should aim to leave the migrant's household with a monthly disposable income higher than BDT 4,483.7 (USD 53), corresponding to Bangladesh's national poverty line (two adults, one earner) (Fair Labor Association, 2016), or, as in the example, the minimum wage paid at the entry level of the ready-made garment sector, which is BDT 8,000 per month.

For the following calculations, the data used was taken from the survey findings and it was assumed that the moneylenders were the sole creditors. Following the survey, therefore, a typical insolvent household has the following characteristics: an average income of BDT 17,454 (USD 206), an existing debt of BDT 300,000 (USD 3,541) (rounded), a debt duration of one year carrying a yearly interest rate of 41 per cent.

The objective of debt restructuring is to leave the insolvent household with a disposable income of at least BDT 8,000 (USD 94.5) after the repayment of the monthly debt installment.

⁴⁹ Debt relief is the restructuring of debt to provide the indebted party with a measure of respite. Debt relief can be achieved in many ways: reducing the outstanding principal amount (partially or fully), lowering the interest rate on the loan due or extending the term of the loan.



With reference to Table 23, as shown in the column “Original debt terms”, a debt of BDT 300,000 at an annual interest rate of 41 per cent will generate an interest amount of BDT 123,000 (USD 3,541) after one year,⁵⁰ which, when added to the principal loan, will accrue a total amount of BDT 423,000 (USD 4,994) due to the creditor. To repay a loan of BDT 300,000 (USD 3,541), at an annual interest rate of 41 per cent a year, it will require the household to make 12 equal monthly payments of BDT 35,250 (USD 416), but since the household income is BDT 17,454 (USD 206), even if the whole amount is used to repay the debt installments, the household will still be short of BDT 17,796 (USD 210) and will become insolvent.

A mediator could propose to the moneylender to lower the interest rate of the debt and extend the duration of the loan. The column “Restructured debt (a)” in Table 23 presents how the terms of the debt change when the mediator proposes a reduction of the initial interest rate from 41 per cent to 9 per cent (the rate PKB charges for its migration loans) and extension of the duration of the loan to 3.5 years. If accepted, this mediation will allow the household to repay 93.3 per cent of the original debt⁵¹ in 42 monthly equal installments of BDT 9,393 (USD 111) and still have a remaining monthly income of BDT 8,061 (USD 95.1). The moneylender will incur a moderate loss of BDT 28,500 (USD 336)⁵² on its loan and extend his/her counterparty risk by 2.5 years.⁵³

In the column “Restructured debt (b)”, the mediator may suggest reducing the interest rate to 15 per cent from the initial 41 per cent (the interest rate charged by some cooperatives and MFIs) but extend the debt duration to 5 years. If accepted, the household will repay the full amount of the debt in 60 monthly equal installments of BDT 8,750 (USD 103). In this case, the debt cost will increase for the migrant by BDT 102,000 (USD 1,204), but, as a result, the debt may be more manageable.

Of these two possible debt restructuring examples, the more advantageous to the migrant household is the example (a) since the total borrowing cost will drop from the original BDT 423,000 (USD 4,994) to BDT 394,500 (USD 4,657). Example (b) is more favourable to the creditor, who will receive BDT 525,000 (USD 6,198) instead of the original BDT 423,000 (USD 4,994) by trusting that the household will be in a better position to repay him/her in full.

⁵⁰ To get the interest: $300,000 \times 0.41 = \text{BDT } 123,000$.

⁵¹ $(394,500 \text{ (new debt amount)} / 423,000 \text{ (original debt)}) \times 100 = 93.26$ per cent. The restructured debt amount is 93.26 per cent of the original debt.

⁵² To find out the moneylender’s loss: $423,000 - 394,500 = 28,500$.

⁵³ Counterparty risk is the likelihood or probability that one of those involved in a transaction might default on its contractual obligation.



Table 23. Debt restructuring using flat interest rates

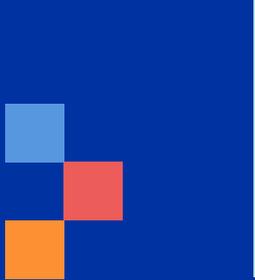
	Income and original debt terms	Restructuring options: Interest reduction and duration extension	
		Restructured debt (a)	Restructured debt (b)
Loan amount	BDT 300 000	BDT 300 000	BDT 300 000
Annual interest rate (41%)	0.41	0.09	0.15
Loan duration in years	1	3.5	5
Loan duration in months	12	42	60
Total monthly instalment	BDT 35 250	BDT 9 393	BDT 8 750
Total interest to be payed	BDT 123 000	BDT 94 500	BDT 225 000
Monthly principal payment	BDT 25 000	BDT 7 143	BDT 5 000
Monthly interest payment	BDT 10 250	BDT 2 250	BDT 3 750
Total cost	BDT 423 000	BDT 394 500	BDT 525 000
Average household income	BDT 17 454	BDT 17 454	BDT 17 454
Remaining income after the monthly debt repayment	BDT (17 796)	BDT 8 061	BDT 8 704

Source: Reworked by the consultant based on the results of the IOM Bangladesh migration surveys (2019 and 2020).

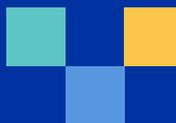
5.3.1. Large-scale debt relief intervention for insolvent migrants

The survey and literature findings both suggest that the number of migrant households requiring debt relief through mediation may be significant. If this is confirmed by subsequent national surveys, one could envisage a solution where the Government of Bangladesh could play a greater role in waiving or reducing migrants' existing debts. An example of a government-led, large-scale debt relief programme is the Debt Waiver and Debt Relief Scheme for Small and Marginal Farmers implemented by the Government of India in 2008. The programme waived the equivalent of USD 14.4 billion of agricultural debt issued by commercial and cooperative banks (Kanz, 2012), and though households' investment and productivity did not increase, it had a persistent positive effect on the level of the household debt. Waiving the existing debt (totally or partially) not only lowered oppressively high debt burdens but also operated like a personal bankruptcy settlement. The Government of Bangladesh, together with international donors, INGOs/NGOs and CSOs, could envisage a coordinated approach towards a large-scale relief mechanism in favour of the insolvent migrant households.





6. CONCLUSIONS



The survey results confirm the existence of gaps still negatively affecting the migration process in Bangladesh despite all the regulatory steps taken by the MoEWOE and its executive branches. Migrants do not have access to factual information over the migration process and specifically over the recruitment aspects of migration.

Migration information is provided by informal intermediaries, family members and relatives who offer incomplete information at best, if not voluntarily misleading. As a consequence, many aspiring migrants are unaware of the regular migration practices, do not know their rights as migrants in Bangladesh and abroad, and are easily misled into migrating basing their choice on incorrect inputs.

Dalals, together with the recruitment agencies, are the main providers of foreign employment (holding de facto a monopoly), with the exception of the BOESL that represents only 1–2 per cent of the yearly migration volume. Recruitment agencies and dalals charge migrants excessive fees that are three times higher than the recruitment cost ceilings recommended by the BMET and implemented by the BOESL.

Bangladeshi migrants do not have access to affordable migration loans and the PKB has been ineffective in fulfilling its mission of providing migration loans at subsidized interest rates. To finance their migration, most of the migrants are obliged to borrow from moneylenders at annual interest rates exceeding 40 per cent, thereby increasing the migration costs by the same percentage.

The lack of awareness about the migration process, the monopolistic position of the recruitment agencies and dalals in providing foreign employment, and these providers' ability to set the migration costs unilaterally and arbitrarily make that migration costs in Bangladesh among the highest in South Asia. The combination of these factors along with the high interest rates charged by moneylenders all contribute to migrants' household excessive indebtedness.

Migrants leave Bangladesh with a debt that will take almost two years of their expected salaries to be repaid once the cost of the migration loan is included. Fatal or disabling work accidents, wage retentions, deportation or any other events interrupting the flow of income from migration expose households to insolvency and compromise their socioeconomic sustainability.

Finally, the number of migrant victims of fraud due to the existing gaps in the migration process and its management is underestimated. The existing redress mechanisms do not have the capacity to address migrants' need for justice and their requests for monetary compensation, and would probably be overwhelmed should more migrants come forward and register their complaints.

The magnitude of migrants' widespread indebtedness, if confirmed, may require a major overhaul of the elements of the migration process that contribute to the high levels of debt and a proper implementation of the existing policy and laws specifically targeting the returnee migrant population.

If the causes of migrants' excessive indebtedness are not resolved, the shortcomings of the migration process in Bangladesh will continue to lead to migrants being insolvent and the country's precious resources could be misplaced in that instead of investing them in development, they enrich the dalals and unscrupulous recruitment agencies.

7. RECOMMENDATIONS

1. Policy recommendations

The survey found that of the more than a thousand recruitment agencies operating in Bangladesh, only 42 per cent were active in placing migrants abroad while many others only acted as intermediaries for a commission. Though dalals have provided a wide range of services to more than 68 per cent of the survey participants, their activity is illegal under the Overseas Employment and Migrants Act 2013. Dalals also elude the BMET regulation, particularly the ones aiming at limiting the amount of recruitment fees. As a result, the cost of migration for Bangladeshis is one of the highest in South Asia, and aspirant migrants are often exposed to fraud and deception about the employment terms and working conditions as well as to exploitation, coercive hiring, and physical violence. Several initiatives could be taken to address these problems:

- a. Create a legal framework to regulate the dalals' activity and set up a licensing mechanism similar to the one regulating the recruitment agencies operating in Bangladesh. Dalals could register as recruitment agencies or as agents working for registered recruitment agencies that would eventually be legally accountable for them.
- b. Consider reissuing/renewing licences for recruitment agencies conditional to a minimum average number of migrants placed in the previous years. The floor⁵⁴ could be discussed and decided in cooperation with the Bangladesh Association of International Recruiting Agencies and related stakeholders. The Philippines and Nepal have implemented this successfully to reduce the number of unscrupulous recruitment agencies and support the ones with more ethical/fair recruitment models (*Nepali Sansar*, 2020; POEA, 2019).⁵⁵
- c. Consider lowering the ceiling of the recruitment fees recommended by the BMET (which are presently equivalent to five to eight months of income earned abroad by unskilled migrants) and align them with the fees charged by the BOESL. This measure would reduce the unfair advantage given to the private sector in which it can legally charge almost three times more than the publicly run BOESL and would help lower the recruitment cost more effectively.
- d. Consider amending Chapter IV subsection 3 of the Overseas Employment and Migrants Act 2103 and allow recruitment agencies to recruit workers through open advertisements in newspapers or their websites from the very beginning of the recruitment phase but only after receiving the BMET authorization. If implemented, this measure would reduce the time needed to find the appropriate candidate with the skillset matching the qualifications required for the job on offer.
- e. Envisage to extend legal aid specifically for migrant workers to allow representation in arbitration or court cases with the support and cooperation of the CSOs, the INGOs/NGOs and pro bono legal professionals already active in this field.

⁵⁴ "Floor" refers to the minimum number of migrants that a recruitment agency must place per year if it wants to keep its licence.

⁵⁵ "As per the provision of the Foreign Employment Act, 2007, the recruitment agencies must send at least 100 migrant workers to a foreign country for two consecutive fiscal years to renew their operating licenses" (*Nepali Sansar*, 2020).



- f. Consider taking initiatives to ensure that the compensation received by migrants are fair and proportionate. The evidence in this report shows that the compensation awarded to migrants represented only a fraction of the financial amounts they lost.
- g. Increase the Bangladeshi aspiring migrants' awareness of the Overseas Employment and Migrants Act 2013 by allocating more funds for this purpose.

For instance, a radio programme exclusively dedicated to foreign employment issues could be created. The programme would be transmitted at a time slot that could reach a wider audience. People could call in and share their migration experiences, good or bad. Representatives of the BMET and the BOESL could participate in the programme to explain in simple language that anyone can understand the positive aspects of regular migration and the dangers linked to an irregular one.

The national television broadcaster could follow the same strategy and air videos where actors playing the role of aspiring/current and returnee migrants would share solutions to overcome administrative and other hurdles faced by Bangladeshi migrants.

In the villages, the same could be done through touring theatres presenting plays that cover migration issues.

- h. Consider implementing a debt relief plan on a national scale for those migrants who became insolvent because of the inefficiencies still affecting the emigrants' recruitment process. The Government of Bangladesh could take over insolvent migrants' repayment obligations towards their creditors and become the sole new creditor of the migrants' existing debt. Through debt relief and restructuring techniques migrants would repay the Government instead of the moneylenders at new loan conditions, allowing for a decent living while still repaying their debt.

2. Migration process management recommendations

- a. Broaden the BOESL recruitment scope and increase its placement capacity

The BOESL, when recruiting, follows a strict fair recruitment model where all the participants in the process are vetted and the recruitment steps are done in a transparent manner and documented, ensuring that a safe regular migration opportunity is provided to aspiring migrants. The recruitment costs set by the BOESL are strictly defined by the MoEWOE and are therefore affordable to migrants. Unfortunately, the BOESL has a very limited placing capacity.

The placing capacity of the BOESL could be strengthened so that it can increase its visibility with foreign employers and increase overseas job placements. For this purpose, a stronger cooperation with labour attachés residing in Bangladesh's foreign missions should be encouraged. The BOESL could significantly increase its visibility in the countries of destination with advertising campaigns directly targeting foreign employers. A special training programme built on the usage of promotional techniques could be designed for the labour attachés to support them in promoting the services of the BOESL abroad.

The BOESL could explore the possibility to be associated with the Fair Labour Alliance,⁵⁶ which provides a practical platform to help companies to ethically recruit and manage workforces from countries where the risk of exploitation is high. If implemented, these measures would increase the number of migrants using the BOESL fair recruitment mechanism, increase the competition in the migrant recruitment business in Bangladesh and lower the overall migration costs.

⁵⁶ See www.fairlabouralliance.com/.



b. Emphasize the distribution of migration-related factual information.

Migration information is mainly provided by family members, relatives and informal intermediaries who deliver incomplete or deceptive information. Migrants lack awareness of the recruitment and migration processes and are easily misled into migrating on false or incomplete promises. Many migrants leave their country without having signed a work contract. As stated by a BMET representative during a KII, “the lack of access to factual information is one of the major reasons for migrants to be victim of dalals and unscrupulous recruitment agencies”. To address these questions, the following initiatives could be taken:

- i. Create a migration database on the BMET website that would list the foreign employment jobs available, the recruitment agencies advertising the jobs, the employers’ identities, the salaries, the qualifications required, the countries of destination and the cost details, such as who pays for the airfare and visa expenses. The database should be accessible to migrants, DEMOs and other migration stakeholders. A mobile application version of the database could be developed. The database could be built following the “demand letter” model that recruitment agencies need to have attested when recruiting migrants via the BOESL mechanism. The database would receive its contents from the recruitment agencies and the BOESL, and the management of the database and the accuracy of information shared would be supervised by the BMET. Access to this information would empower migrants to make informed decisions and check the veracity of the information received from other sources such as the dalals.
- ii. Increase the capacity of the DEMOs to disseminate factual information regarding the regular migration process and provide technical training to DEMO staff to assist aspiring migrants in making informed decisions based on sound cost and benefit considerations.

c. Improve and expand the provision of affordable migration loans.

The formal finance sector is reluctant to lend money to aspiring migrants. The PKB, the only State-run financial institution that provides migration loans at subsidized rates, has delivered so far a negligible number of loans. Almost all of the survey participants reported that they were unaware of the existence of the PKB and the services it provided and had to borrow from other sources, mainly from moneylenders, at much higher rates. Also, during the FGDs, migrants complained that the PKB demands that for granting loans, the migrant’s guarantor must be a government official (civil servant) and that in some cases the migrants reported that they did not receive appropriate support from the PKB staff members. To address these gaps and concerns, the PKB could envisage to:

- i. Simplify the administrative steps required for migrants to secure loans.
- ii. Conduct a sustained awareness campaign about the services it provides in the districts with a high density of migrants.
- iii. Partner with stakeholders working on financial literacy projects to inform aspirant migrants on interest rates calculations, savings and investments, and debt management.
- iv. Train its staff in how to deal with potential clients that are not financially literate.
- v. Review and update its anti-bribery and anti-corruption policies. The purpose of this initiative is to strengthen the bank’s business integrity by reminding the staff of the bank’s core values and objectives. The other objective of such a review would be to remind the staff of the bank’s policy towards accepting bribes. The end result should be the provision of a smoother and better service to migrants.



If implemented, these measures could increase the number of migrants applying for migration loans from the PKB and significantly reduce the borrowing costs that increase the total migration costs by at least 40 per cent. Lowering the total migration costs (recruitment fees and loans) will increase the rate of successful migration, reduce the number of insolvent migrants' households and increase the resources available for the development of Bangladesh.

3. Redress mechanism and compensation

a. Strengthen the complaint mechanisms and improve migrants' own rights awareness

The current redress mechanism of the BMET was used by a small number of migrants. The majority of the survey respondents and participants in the FGDs stated that they ignored the existence of such or other mechanisms and therefore did not complain. Other migrants simply stated that they ignored they had the right to complain and others ignored the steps to follow to do so. Others said that they could lodge a legal complaint because of the lack of written evidence or proper documentation that the dalals never provided. The NLASO does not have the necessary experience to cover legal cases specifically related to labour migration issues and only recently (October 2019) has started collecting statistics about migration legal cases that fall under the trafficking in persons category. The CSOs and the INGOs/NGOs do provide legal assistance to migrants but have a limited capacity. The consequence of all these is that too many migrants do not lodge a formal complaint and try to seek compensation on their own initiative with little success. The statistics collected by the BMET on the number of complaints placed through its system fails to record all the other less conventional cases and underestimates the real need for legal assistance and compensation. The following initiatives could help solve these issues:

- i. The BMET could initiate a survey in the districts with a high concentration of labour migrants and record all migrants who have been victims of fraud and whether they lodged a complaint or not through its system. This initiative would provide a more accurate estimate of the real number of frauds negatively affecting the migration process.
- ii. The BMET, working with the DLACs (which are under the NLASO), could create a common database that would register the complaints, both with and without evidence, for cases strictly related to fraud linked to labour migration. The information collected would give a more precise assessment of the unresolved number of cases of fraud and the resultant potential need for legal assistance and compensation. The database could be used as a tool to design targeted capacity-building policies to improve migrants' access to justice and reparation.
- iii. The BMET and the NLASO could cooperate on the issuance of regulatory and legal prescriptions related to labour migration and develop common standard operating procedures and referral mechanism to better assist victims of migration-related frauds. This initiative could make the rendering of justice and compensation more inclusive.
- iv. The NLASO could encourage its staff to become more acquainted with the Overseas Employment and Migrants Act 2013 and the BMET redress mechanism to streamline the provision of legal assistance to migrants. This could be achieved through targeted training sessions provided by the Judicial Administration Training Institute. For capacity-building purposes and to provide training to a large number of people quickly, training-of-trainers sessions should be envisaged. The original training course must be designed in such a way that would allow those who attended the original session to provide the same training to their direct colleagues in their respective departments (cascade training).



- v. Within the NLASO, it could envisage the creation of an entity specialized in labour migration issues to address the potential increase in the demand for redress and compensation that may arise if the previous measures were implemented.

The NLASO, together with the BMET, may consider financing an information campaign targeting migrants (aspiring or returnees) to increase their awareness about their rights. The aware-raising campaign should be centred on the legal aspects of migrants' rights in cooperation with local migrant associations already active at the grassroots level, such as BOMSA, the Bangladesh Legal Aide and Service Trust, the Madaripur Legal Aid Association, the WARBE and BRAC. Since the majority of aspiring migrants are young, awareness-raising presentations on migrants' rights should also be conducted in schools in districts with the highest concentration of migrants. Activities could include radio talks involving NLASO and BMET representatives who could briefly explain the rights linked to and advantages of regular migration and the redress mechanism. The talks could also give information to deceived migrants about the steps they can take to lodge complaints and seek compensation. The radio talks would be followed by Q&A sessions allowing community members to call in and ask questions concerning the processes of redress, legal assistance and safe migration. Videos covering the legal aspect of migration could be filmed with the participation of returnee migrants who would share their experiences. The videos could then be showed in villages as a starting point for ensuing discussions over migration and migrants' rights.

4. Debt relief

- a. Establish a debt relief mechanism for migrants through mediated debt restructuring.

The purpose of debt restructuring is to make migrants' existing debts more manageable while allowing them to be able to at least meet their basic needs and afford a dignified life. There are many stakeholders who provide legal assistance and ADR methods through mediation with migrants' communities, but debt relief for insolvent migrants through mediated restructuring is not yet commonly implemented.

- i. The INGOs/NGOs, together with the CSOs, may consider increasing their cooperation and developing a common approach to addressing insolvent returnee migrants' specific debt relief needs.
- ii. Migration stakeholders may suggest a more substantial financial contribution and role from the Government of Bangladesh, and in cooperation with PKB, a more active involvement in supporting the debt restructuring of the insolvent migrant households.
- iii. Stakeholders may advocate that the Government of Bangladesh increase awareness about the number of current insolvent returnee migrants and their plight and envisage a large-scale financial intervention.

If implemented, these measures may reduce the number of insolvent migrants and, with other reintegration initiatives, may increase and facilitate returnee migrants' socioeconomic reintegration.



GLOSSARY

Loan principal amount	In the context of borrowing, principal is the initial size of a loan. It can also be the amount still owed on a loan. ⁵⁷
Loan term or duration	A loan term is the duration of the loan until it is paid off. It is measured in time units such as days, months or years. ⁵⁸
Simple interest	Simple interest is calculated by multiplying the interest rate by the principal and the loan term (principal*rate*loan term = interest). ⁵⁹ For example, to find the interest on a loan of BDT 100 borrowed at 5 per cent for a year: BDT 100*0.05*1=BDT 5.
Flat interest rate	The flat interest rate of a loan is the interest paid by a borrower based on the amount of money borrowed. ⁶⁰ If repayment is scheduled to occur at regular intervals throughout the term, the average amount to which the borrower has access is lower and so the effective or true rate of interest is higher.
Insolvency	Insolvency is a term for when individuals or companies can no longer meet their financial obligations to lenders, as debts become due (i.e. cannot repay the debt). ⁶¹
Unsustainable debt	This is an economic situation where the cost of debt maintenance (debt repayments) is so great that incoming revenues are not sufficient to continue servicing the debt and sustain the essential costs of living. ⁶²
Information asymmetry (asymmetric information or information failure)	Information asymmetry is an imbalance between two negotiating parties in their knowledge of relevant factors and details. Typically, that imbalance means that the side with more information enjoys a competitive advantage over the other party. ⁶³ In this study, the recruitment agencies and informal recruiters who withhold the information make up one party and the migrants who do not have access to factual information about migration are on the other party.
Debt relief/Debt restructuring	Debt relief is the reorganization of debt in any shape or form so as to provide the indebted party with a measure of respite, either fully or partially. Debt relief can take a number of forms: reducing the outstanding principal amount (either partially or fully), lowering the interest rate on loans due or extending the term of the loan, among others. ⁶⁴

⁵⁷ See www.bankrate.com/glossary/p/principal/, www.investopedia.com/terms/p/principal.asp and www.ucop.edu/loan-programs/resources/loan-terminology-glossary.html#P.

⁵⁸ See www.bankrate.com/glossary/t/term/.

⁵⁹ See www.bankrate.com/glossary/s/simple-interest/.

⁶⁰ See <https://dictionary.cambridge.org/dictionary/english/flat-rate>.

⁶¹ See <https://dictionary.cambridge.org/dictionary/english/insolvency>.

⁶² See www.imf.org/external/pubs/ft/fandd/2020/09/what-is-debt-sustainability-basics.htm.

⁶³ See <https://whatis.techtarget.com/definition/information-asymmetry>.

⁶⁴ See www.investopedia.com/terms/d/debt-relief.asp.



IMPACT OF REMITTANCES ON HOUSEHOLD INCOME

Some of the survey findings particularly those related to the impact of remittances on the overall migrant household income may go against the accepted opinion that remittances increase the household income. Though this may be the case for successful migration or circular migration, finding overseas jobs is a risky and very expensive enterprise where unsuccessful migration⁶⁵ can disrupt the lives of the migrants' households.

The literature review findings show that when the borrowing cost is included in the recruitment fees, the total cost of migration may reach BDT 464,579 (USD 5,485), equivalent to almost 22 months⁶⁶ of a typical Bangladeshi migrant's monthly earning of BDT 21,344 (USD 252) abroad. The time needed to repay the total migration costs exceeds the average two-year work contract and requires that migrants go for at least another round of migration to repay the loan and achieve their migration objectives.

It is also worth mentioning that previous surveys mentioned in the literature review based on bigger samples also highlighted that for many Bangladeshi migrants, remittances did not increase the household income. This validates, to a certain extent, the finding of this survey.

For instance, the Bangladeshi household remittance survey done in 2009 reported that only 20 per cent of the migrant households receiving remittances stated that their household income had increased because of the flow of remittances.

The remaining 80 per cent for whom the household income had not increased, in a multiple-response question,⁶⁷ gave the following reasons: the amount of remittances "was not adequate" (65.9%), family expenses were high (59.1%) and "they were not able to repay the migrant's loan yet" (50.4%). The third reason supports the previously managed literature finding that the total cost of migration, which includes the borrowing costs, requires more than one migration round to be repaid.

Initially, the household income may remain unchanged or diminish because of the reimbursement of the loan taken for paying the cost of migration⁶⁸ (IOM, 2009:101, 103).

When comparing the total expected gross earnings obtainable over a period of 24 months working for a monthly salary of USD 252 to the cost of borrowing at USD 3,428 (average recruitment cost) at an annual interest rate of 60 per cent, after a year, one can see that the incurred debt, including the accrued interest rate amount, equates to 90.7 per cent of the expected gross earnings.⁶⁹

⁶⁵ Unsuccessful migration happens when migrants are worst off than before migrating and when migration results in new unsustainable burdens (financials and others) for themselves and their household.

⁶⁶ The average duration of a work contract in foreign employment for Bangladeshis is 24 months.

⁶⁷ The responses for the multiple-response question do not add up to 100 per cent.

⁶⁸ An instalment is a sum of money due as one or several equal payments for the repayment of a loan or other types of debt.

⁶⁹ To get the total debt: (USD 3,720+USD 3,136)/2=average debt of USD 3,428 plus 60 per cent interest (3,428*0.6=2,057) equals a total debt USD 5,485 (USD 3,428+USD 2,057). The total expected gross revenue is: USD 252*24 months=USD 6,048.

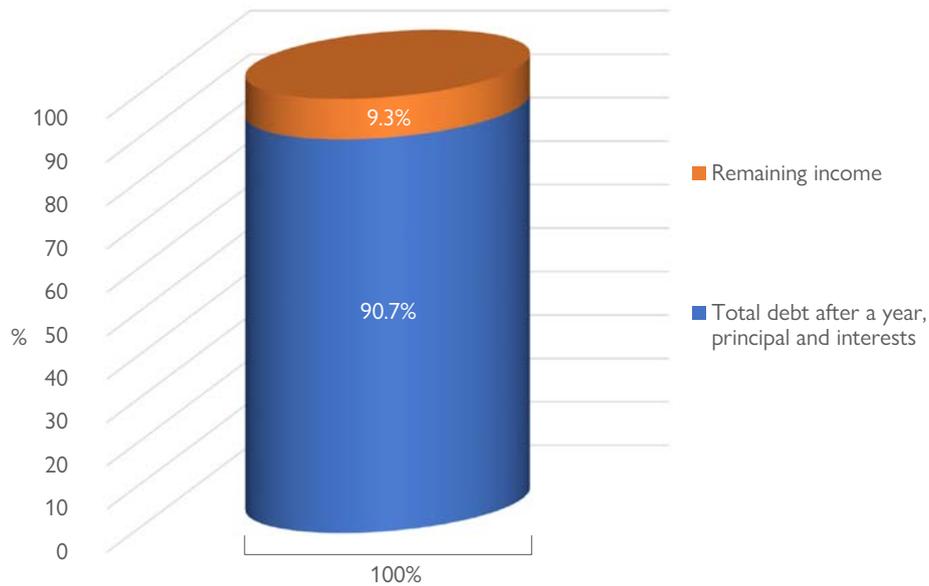


Table 24. Debt share of the expected average 24-month income earned abroad

Category	Currency	Percentage
Expected gross income for a 24-month work contract	USD 6 048	100.0
Total debt after a year, principal and interests	USD 5 485	90.7
Remaining income	USD 563	9.3
Work contract duration in months	24	
Average monthly salary	USD 252	
Annual interest rate paid to moneylenders		60.0

Source: Literature review reworked by the author.

Figure 9. Debt share of the expected average 24-month income earned abroad



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DEBT, REINTEGRATION
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