



Labour Migration in Asia

**Protection of Migrant Workers,
Support Services and Enhancing
Development Benefits**



IOM International Organization for Migration

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IOM International Organization for Migration

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International
Development



Authors' Note

Throughout this volume, “Hong Kong” refers to the Hong Kong Special Administrative Region of China, “Macao” refers to the Macao Special Administrative Region of China, and “Taiwan” refers to the Taiwan Province of China.

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INTRODUCTION

In recent years migration has been making its way steadily to the top of the international affairs agenda, and now calls insistently and urgently for the attention of all governments, whatever the nature of their involvement or interest in the management of migratory processes.*

The migration of workers from developing to industrialized countries has grown over the last few decades, although migrant workers still account for only a small proportion of the total workforce in industrialized countries. The International Labour Organization estimates that there are over 80 million workers worldwide, of whom 27 per cent are in Asia. Some two million Asian workers leave every year on contract to work in other countries within and outside the region. Two migration themes that continue to be of paramount importance to governments and other actors concerned in the region are:

- protection of migrant workers and support services;
- optimizing benefits of organized labour migration.

Institutional capacity building and interstate cooperation remain two indispensable factors for progress towards meeting these objectives.

PROTECTION OF MIGRANT WORKERS AND SUPPORT SERVICES

With the financial assistance from the United Kingdom Department for International Development, IOM commissioned three studies to assess and identify good practices in the protection of vulnerable migrant workers and provision of support services. They are reproduced in this, the second volume of Labour Migration in Asia. The first volume (2003) examined labour migration trends, challenges and policy responses in Asian countries of origin. Both volumes are a compilation of papers prepared for the Ministerial Consultations of Labour Migration in Asia, held in 2003 and 2004 in Colombo and Manila, respectively, and organized by IOM.

The first article prepared by two practitioners, Rashid Mughal (Pakistan) and Luzviminda Padilla (Philippines), looks at regulatory frameworks and allied measures to prevent abuses in recruitment and minimum standards in employment contracts. A priority concern of labour-sending governments is to ensure the well-being of migrant workers and to secure the payment of decent wages and basic provisions. While there are no perfect systems to regulate recruitment, Asian labour-sending countries have devised and implemented a range of policy strategies.

Asian countries have also been pioneering with regard to pre-departure orientation services (PDOS), particularly the Philippines and Sri Lanka. It is highly desirable for PDOS to be organ-

* Brunson McKinley, Director General, IOM. Message at the Second Labour Migration Ministerial Consultations for Countries of Origin in Asia, Manila, September 2004.

ized in labour-sending countries, and the activity could be funded either through the Migrant Welfare Funds (see below), or by receiving countries/employers to make it a financially sustainable activity. The second article by Masud Ali (Bangladesh) examines pre-departure orientation programmes in the Philippines, Sri Lanka and Bangladesh.

A third article, by Edita Tan (Philippines), looks at the establishment and operation of Migrant Welfare Funds. These are an innovative and financially sustainable means of providing support services to vulnerable migrants and those in distress. While the operation of these funds can be made more effective by better targeting and deepening some of the services provided, the Migrant Welfare Fund represents an important example of good practice that governments interested in labour migration can learn from.

OPTIMIZING BENEFITS OF ORGANIZED LABOUR MIGRATION

A second set of three articles commissioned by the Asian Development Bank for the Ministerial Consultations of Labour Migration in Asia in Manila in 2004, addresses the equally important theme of enhancing the development benefits of migration.

Training and skills development

The first article under the theme of optimizing the benefits of organized labour migration is by Edita Tan and looks at the subject of training and skills development.

Migrants could maximize their returns on migration if they are able to choose the best foreign employment option available. Information, education and training help migrants to achieve this. Improving quality is key to maximizing the individual and social returns on education and training, as this would increase the employability of the labour force both in domestic and foreign labour markets, and help to ensure optimal use of scarce resources.

Skilled migration, or “brain drain”, can have a cumulative negative effect on fragile economies. Clearly, when there is a skill shortage or when skills are difficult to replace, the cost is high for the sending country. This is the case in many sub-Saharan African countries, a region that may have lost one-third of its highly skilled individuals in recent decades. The article indicates that the problem has been less significant in Asia.

Remittances

Clearly, the foreign exchange that can be earned by nationals working abroad occupies an important place in the formulation of labour migration policy. Migrant remittances constitute an important source of foreign exchange and enable a country to acquire vital imports or pay off external debts. There is general agreement that remittances help to reduce poverty at the household level.

In 2003, officially recorded worker remittance receipts stood at over USD 93 billion (World Bank), exceeding official development assistance and representing the second largest source, after foreign direct investment, of external finance for developing countries. South and South-East Asia (and the Pacific) received over USD 24 billion, or 26 per cent, of these flows, and a number of countries in Asia are among the top 20 remittance receiving countries in the world (World Bank). Authors from two of these countries, Tasneem Siddiqui (Bangladesh) and Uday Kumar Varma and Sasi Kumar (India) examine remittance flows, use and policy responses to improve remittance services and enhance the development impact of remittances.

As the article by Uday Kumar Varma and Sasi Kumar indicates, the flow of remittances channelled through formal banking and financial institutions in recent decades in India has increased considerably, and a wide array of policy initiatives offer labour-sending countries viable options to maximize remittance flows through formal channels and improve remittances services.

Though remittances are foremost private and family funds, attracting the flow of remittances into productive investment assumes special significance and urgency in view of the fact that funds received in the country may, if well invested, contribute significantly to local economic development through their multiplier effects. This is an area where labour-sending countries could develop and articulate a policy framework.

Facilitating managed labour migration

The most direct link between migration and development is through remittances – the funds migrants send home. Remittances are a direct result of migration; therefore, initiatives to facilitate managed labour migration would generally contribute to the increase of remittance flows to countries of origin. Where relevant, labour migration policies should give adequate emphasis to the promotion and facilitation of managed labour flows, in addition to the regulating and protecting function of the state.

The article by Uday Varma and Sasi Kumar indicates some of the ways in which governments can engage in facilitating and promoting international labour migration.

It is hoped that this publication will be found to be informative and stimulate thinking on important aspects of labour migration in Asia and, as such, provide a valuable tool for policy makers, practitioners and researchers alike.

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REGULATORY FRAMEWORKS FOR RECRUITMENT OF MIGRANT WORKERS AND MINIMUM STANDARDS IN EMPLOYMENT CONTRACTS

A COMPARATIVE STUDY OF PAKISTAN, THE PHILIPPINES AND SRI LANKA

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REGULATORY FRAMEWORKS FOR RECRUITMENT OF MIGRANT WORKERS AND MINIMUM STANDARDS IN EMPLOYMENT CONTRACTS

A COMPARATIVE STUDY OF PAKISTAN, THE PHILIPPINES AND SRI LANKA

1. INTRODUCTION

Migration is a complex historical phenomenon. Over recent years, large migratory flows have emerged resulting, in part, from asymmetric economies and labour markets, political and social factors, natural disasters, environmental degradation, rapid population growth, barriers to trade and investment, and civil conflicts (Pueblo Regional Conference, March 1996).

At the beginning of the 21st century, one in 35 people was an international migrant, according to the International Organization for Migration. In 2000, it was estimated that there was a total of 175 million migrants, of whom 48% were women. Those who live and work in a country different from the country in which they were born or of which they are citizens – workers, refugees, asylum seekers, permanent immigrants and others – represent 2.9% of the world's population. Over the last 35 years, the number of migrant workers has doubled.

Issues relating to migrant workers have become extremely important in international relations and concerns about international population movements have increased in recent years. In particular, many developing countries are suffering from growing pressure created by emigration, due to increasing globalization and interdependence, rapid population growth, ecological deterioration, civil war, ethnic and religious conflicts, and worsening poverty (ILO Report, 1996).

Export of manpower occupies a central and important place for the economy of Pakistan, for example, and now ranks second in terms of foreign exchange earnings. For the year 2002-2003, exported manpower generated US\$4.28 billion in foreign exchange earnings, and the large scale of the phenomenon of increased foreign exchange remittances has not only improved the economic situation in the country, but has also opened up huge opportunities for the employment of unskilled and skilled workers (see Table 1.1).

The oil boom in the Gulf States created a new demand for labour migration and export of manpower in Asia during the 1970s. Before this, in the 1950s and 1960s, undocumented employment of Pakistanis already existed on a small scale, mostly in the UK and some Gulf countries, but gained momentum in the early 1970s, opening a new chapter in the development of the country's economy. The boom gave rise to a new era of massive construction and thousands of Pakistanis were able to find jobs overseas, mostly in the building industry. This resulted in increased foreign exchange flows to Pakistan, providing a valuable contribution to the overall development of the country.

TABLE 1.1
PAKISTAN
FOREIGN EXCHANGE EARNINGS
THROUGH REMITTANCES OF PAKISTANIS ABROAD,
1972-1973 TO 2003-2004

Year	(US\$m)	Year	(US\$m)
1972-73	123.77	1988-89	1,896.99
1973-74	138.46	1989-90	1,942.35
1974-75	212.23	1990-91	1,848.29
1975-76	334.16	1991-92	1,467.48
1976-77	577.74	1992-93	1,562.24
1977-78	1,156.33	1993-94	1,445.56
1978-79	1,397.41	1994-95	1,866.10
1979-80	1,747.60	1995-96	1,461.17
1980-81	2,095.40	1996-97	1,409.47
1981-82	2,224.07	1997-98	1,489.55
1982-83	2,885.50	1998-99	1,055.00
1983-84	2,737.43	1999-2000	983.73
1984-85	2,445.92	2000-01	1,086.57
1985-86	2,595.31	2001-02	2,389.05
1986-87	2,278.56	2002-03	4,236.85
1987-88	2,012.60	2003-04	1,784.49

Source: State Bank of Pakistan.

The history of labour migration in Sri Lanka was similarly triggered by the 1970s oil boom, which opened up new employment opportunities for Sri Lankans in professional, skilled and unskilled jobs.

The Philippines' experience in labour migration, on the other hand, dates back to the 1900s with the recruitment of a small number of farm workers for the USA. But large-scale recruitment and deployment took place only in the early 1970s. When the Middle East market opened up, the Philippines was one of the first countries to respond to the call for expatriate labour. The mass exodus of Filipino labourers and professionals has not abated since. At present, each year 860,000 workers on average leave the country to work abroad.

From the outset, the Philippine government has expressed its objectives with regard to employment as: "to protect every citizen desiring to work locally or overseas by securing for them the best possible terms and conditions of employment" and to "facilitate and regulate the movement of workers in conformity with the national interest" (Labour Code, 1974). The same policies and objectives are expressed in Pakistan's overseas employment programme.

The late Secretary Blas F. Ople, author of the Philippines' Labour Code and father of the Overseas Employment Programme, noted that, like many other labour-exporting countries, the Philippines used manpower export as a specific strategy for balancing labour supply and demand in the medium term, and for generating valuable foreign exchange in the long term (Ople, 1997). For him, this policy aided the Philippine governments' efforts to promote national development and, as an interim measure, eased internal pressures, particularly for jobs.

Legislation passed in 1995 laid down the government's priorities more emphatically, declaring that the State did not promote overseas employment as a means to sustain economic growth; and that the dignity, and fundamental human rights and freedoms of the Filipino citizen would not be compromised (Migrant Workers and Overseas Filipinos Act, 1995).

2. LEGAL AND STRUCTURAL FRAMEWORKS FOR REGULATING RECRUITMENT ACTIVITIES

The objective of every country involved in the export of its manpower will be to maximize that potential and to ensure the best terms and conditions of employment for their nationals. In this respect, the laws of Pakistan, the Philippines, and Sri Lanka provide facilities for the protection of the rights of their migrant workers. A comparison of the legislation, rules, structures, mechanisms and other tools put in place for the activities of recruitment agents, including the granting of licences, collection of fees, procedures for complaints, and remedies for redress in each country can be found in Appendix A.

2.1 Pakistan

In Pakistan, the legal framework which safeguards the rights of overseas workers and regulates the activities of overseas employment promoters or recruiting agents is contained in the Emigration Ordinance (1979) and the Emigration Rules (1979). Overseas employment is regulated under Section 8 of the Emigration Ordinance. It grants vast powers to the Director General of the Bureau of Emigration and Overseas Employment (BEOE), the Protector of Emigrants, and the Community Welfare Attaché/Labour Attaché, who, between them, deal with all matters pertaining to overseas employment of Pakistani workers. An organizational chart for the BEOE can be found in Appendix B.

The Emigration Ordinance (1979) regulates the activities of overseas employment promoters and agencies by establishing procedures for licensing, recruitment, and protection of workers against malpractices, and for the redress of workers' grievances.

The BEOE is the central organization for regulating the export of manpower from Pakistan. It was established in 1972 under a presidential order to regulate overseas employment on a planned and systematic basis and to safeguard the interests of migrant workers. It was given two basic goals: to reduce unemployment within the country, and to earn foreign exchange through salary remittances from workers abroad. The BEOE is also expected to assist friendly neighbouring countries complete priority development projects underway in the early 1970s, by providing them with unskilled, skilled and highly skilled manpower.

The Director General BEOE, the Protector of Emigrants, and the Community Welfare Attachés are the three pillars of the Emigration Ordinance. They play an important role in enforcing the Ordinance's provisions governing the recruitment of workers for employment abroad. They deal with issues such as the protection of workers' rights while working abroad and abuses by overseas employment promoters, agencies and employers.

The Director General is responsible for the operation and administration of policies in relation to overseas employment promotion and advises the Federal Government on emigration policies and procedures. He may initiate action against overseas promoters and agencies, including the imposition of fines and suspension or cancellation of licences.

The Protector of Emigrants directly supervises the activities of overseas employment promoters (OEPs), processes their requests for workers, inspects their offices and receives such reports as may be required by the Director General. He assists and advises emigrants and ensures that they fully understand the terms and conditions of their employment. He inquires into the treatment of emigrants upon their return and informs the Director General, BEOE on the results of these inquiries.

The Community Welfare Attaché, the equivalent of the Labour Attaché in other countries, is responsible for the promotion of overseas employment of Pakistani workers and for their welfare while abroad. He attends to all their complaints and negotiates with their employers for the settlement of disputes or complaints.

2.2 The Philippines

The primary legal systems regulating the activities of private employment agencies in the Philippines are the Labour Code (Presidential Decree No. 442), promulgated on 1 May 1974, the Migrant Workers and Overseas Filipino Act of 1995 and the Rules and Regulations Governing the Recruitment and Employment of Workers.

The Philippines' Labour Code introduced reforms and innovations in labour administration to enhance the protection and rights of Filipino workers. It sought to correct the inadequacy of existing laws on employment (Private Employment Agency Law (Act 2486) and National Employment Act) to meet requirements for the country's development.

It further sought to eliminate malpractice in the recruitment and placement of workers, which were prevalent under the old regulatory system, by placing the labour market under government control. This would be done through the gradual phasing out of private fee-charging employment agencies, and in their stead, the establishment of public employment offices. The Labour Code envisioned the complete transfer of overseas recruitment by government within four years of the law taking effect. It was believed that the best way to protect workers against malpractice was to eliminate the profit motive by sending people seeking overseas employment through a government-organized deployment system. At the same time, the Labour Code prohibited the direct hiring of Filipino workers by foreign employers.

Consistent with the intended reforms, the Labour Code created the Overseas Employment Development Board (OEDB) to handle the deployment of Filipino workers via a government-to-government arrangement; the National Seamen Board (NSB) to regulate the activities of private recruitment agencies and representatives of foreign ship owners, and the Bureau of Employment Service (BES) to establish public employment offices throughout the country. These agencies were given the task of creating a systematic programme for the overseas employment of Filipino workers and seafarers to ensure that only qualified workers were deployed overseas and that they obtained the best possible terms and conditions of employment.

The marked increase in Filipino workers leaving to work overseas in the years following the introduction of the Labour Code made it clear to the government that a small bureaucracy could not handle the massive movement of workers. The wisdom of harnessing and maximizing private sector resources in the development and implementation of a comprehensive employment programme was quickly recognized and this led to the abandonment of the phasing out of private recruitment agencies in 1977. Private employment agencies were allowed to continue their activities in the recruitment and deployment of workers, but were required to accept strict regulation, under the supervision of the BES.

The Labour Code and its subsequent amendments prescribed a stringent system for licensing and regulating private recruitment agencies. Only Filipino citizens or corporations that were at least 75% owned or controlled by Filipino citizens and that had substantial capital were qualified to receive licences to recruit and deploy workers. It was argued that this condition provided further protection to workers by ensuring that those permitted to export Filipino manpower were within the reach of Philippine courts and had sufficient means to carry on the business of manpower export. The Secretary of Labour was granted full powers to suspend or withdraw the licence of private recruitment agencies which violated the law.

The Labour Code established complementary mechanisms for regulating the activities of recruitment agencies. They included, among others, a ban on the direct hiring of workers by foreign employers, regulation of the collection of placement fees by recruitment agencies from workers, imposition of minimum standards for employment of workers, and requirement of a deposit of cash and surety bonds by recruitment agencies to guarantee compliance with the law and to ensure satisfaction of liabilities to workers. The bonds could only be released by order of the national government.

Illegal trafficking of workers and recruitment and deployment activities by unlicensed persons or entities were subject to criminal prosecution, and penalized by jail terms ranging from six years to life. Recruitment malpractices by licensed recruitment agencies were subject to penalties ranging from payment of fines to suspension or cancellation of licences.

In 1982, Executive Order 797 further streamlined overseas employment services and abolished the OEDB and NSB and replaced them by the Philippine Overseas Employment Administration (POEA). In addition to the responsibilities of these boards, the POEA assumed the overseas employment functions of the BES, including the licensing and supervision of private recruitment agencies.

In 1995, the Philippine Congress passed the Migrant Workers and Overseas Filipino Act of 1995 (Republic Act 8042), to improve the protection of migrant workers, by raising standards of protection and welfare not only for Filipino migrant workers and their families, but for overseas Filipinos in general.

The underlying policies promoted by RA 8042 were: dignity, human rights and freedoms of Filipino citizens; protection for female and young workers; provision of adequate and timely social, economic and legal assistance to migrants; participation of migrants in democratic decision-making processes; and representation of overseas Filipinos in relevant institutions.

In particular, the RA 8042 established the following powers:

- The State was given a mandate to allow the deployment of workers only to countries where their rights were protected. To meet this requirement, a host country was expected to have (1) enacted labour and social laws that protected migrant workers, (2) signed multilateral conventions relating to the protection of migrant workers, (3) established bilateral arrangements with the Philippines for the protection of workers' rights, and (4) taken positive, concrete steps to protect the rights of migrant workers.
- A mandate for the immediate repatriation of under-age workers by Philippine embassies.
- Licensed agencies which violated the rules on recruitment and deployment of workers were to be considered in the same light as non-licensees and were therefore subject to criminal prosecution with the possibility of imprisonment from six to 12 years and a fine, or life imprisonment and a fine, if the illegal recruitment activity constituted economic sabotage.
- Establishment of an Emergency Repatriation Fund under the administration of the Overseas Workers' Welfare Administration (OWWA), even though it was recognized that the repatriation of workers was the primary responsibility of recruitment agencies.
- Establishment of a monitoring centre for returning migrant workers, under the supervision of the Department of Labour and Employment, as a mechanism for their reintegration into Philippine society.
- Establishment of resource centres for migrant workers and other overseas Filipinos in Philippine embassies in countries with large concentrations of Filipino migrants.
- Creation of a financing scheme to be administered by OWWA for the grant of pre-departure and family assistance loans to workers seeking overseas employment.
- Creation of the position of legal assistant for migrant workers affairs in the Department of Foreign Affairs.
- Establishment of a legal assistance fund for migrant workers.
- Provision for progressive deregulation of recruitment activities subject to market trends, economic conditions in the country and emerging circumstances which might affect the welfare of migrant workers, in recognition of the role played by the private sector in the development of the overseas employment programme.
- Creation of the Congressional Migrant Workers' Scholarship Fund for the benefit of deserving migrant workers and their immediate descendants.

In the Philippines, the primary structure for regulating labour migration and the activities of private recruitment agencies is the POEA.

The POEA is the sole and exclusive authority for the formulation and implementation of policies and programmes for the systematic deployment of Filipino workers overseas, previously assumed by the OEDB, the NSB and the overseas employment sections of the BES.

The POEA is headed by an Administrator, assisted by three deputy administrators. Its Governing Board is chaired by the Secretary for Labour and its members are representatives of the various government agencies with functions relevant to overseas employment and the POEA Administrator. The Administrator is further assisted by two advisory boards for land- and sea-based services, both of which have members representing the private sector.

The operational functions of the POEA include market development and pre-employment services, welfare assistance, licensing and regulation of private recruitment agencies; and adjudica-

tion of disputes involving violations of regulations on recruitment and of workers' conditions of employment. Each of the major operational functions is headed by a Director.

The POEA has exclusive authority for regulating the activities of private recruitment agencies and for hearing cases filed against these agencies for violation of the legislation and regulations relating to recruitment and placement of workers.

Prior to the enactment of RA 8042 in 1995, the POEA was given exclusive authority for hearing claims for compensation or disputes involving implementation of overseas employment contracts and violation by agencies of the rules on recruitment and placement of workers. RA 8042 transferred the authority to adjudicate on compensation claims from the POEA to the National Labour Relations Commission (NLRC), in order to allow the POEA to focus its efforts and resources on the promotion of employment, the regulation of agencies, and the welfare of workers.

The National Labour Relations Commission (NLRC) is a quasi-judicial body attached to the Department of Labour. It has the authority to hear and resolve disputes involving employer and employee and to decide on claims for compensation for cases of violation of, or non-compliance with, overseas employment contracts. The NLRC is headed by a Chairman and has 14 commissioners. Labour arbiters are assigned throughout the country to hear and decide on cases. Appeals against decisions by the labour arbiter may be made to the NLRC proper, while the Court of Appeals hears appeals against decisions taken by the NLRC.

The overseas component of the protective and regulatory mechanism governing the recruitment of Filipino migrant workers is administered by the Philippine Overseas Labour Offices (POLOs). POLOs are field offices under the Department of Labour and Employment and are strategically located in countries recruiting Filipino overseas workers. Each POLO is staffed by the Labour Attaché and a number of assistant labour attachés and welfare officers, depending on requirements.

POLOs are required to promote the use of Filipino manpower in the host country and to provide welfare assistance to Filipino workers on site, including negotiation in the settlement of disputes with foreign employers. They also assist the POEA in the registration of foreign principals and employers through verification of workers' employment documents and of company documentation.

In line with the one-country-team approach instituted by RA 8042, POLOs come under the administrative supervision of the Philippine embassies in the countries where they are situated. Today, there are 33 POLOs worldwide with a staff of 47 labour attachés and assistant labour attachés and 34 welfare officers.

In host countries with a high concentration of Filipino workers, the Department of Labour and Employment has established Filipino Workers' Resource Centres (FWRC). The FWRCs are hubs for welfare assistance, counselling and legal services, registration of undocumented workers, and information and social interaction for Filipino migrants. They are located within Philippine embassies and are supervised by the Philippine labour attaché. There are currently 20 FWRCs in operation.

2.3 Sri Lanka

In Sri Lanka, the Department of Labour sought to establish an orderly mechanism for the regulation of private employment agencies under the provisions of the Fee Charging Employment Agencies Act, No. 37, 1956. This Act was passed when migrant worker outflows were negligible and its provisions were not sufficient to respond to the unprecedented growth of the migrant workforce in the 1980s. However, following public complaints of abuse and cheating and in response to the growing complexity of the process of migration, the government introduced the Sri Lanka Bureau of Foreign Employment Act, No. 21 1985.

The provisions of the Sri Lanka Bureau of Foreign Employment Act established the Sri Lanka Bureau of Foreign Employment (SLBFE) as the institutional mechanism for promoting the recruitment of workers from Sri Lanka and provided for the regulation of the recruitment of Sri Lankans for employment outside the country. The SLBFE's activities are both regulatory and promotional. As a self-financed public corporation, the SLBFE's main source of income is recruitment fees, facility fees, and monies from commissions generated by employment agents.

The SLBFE has the power to regulate private sector employment agencies and to offer maximum protection and welfare to overseas job seekers. An organizational chart of the SLBFE can be found in Appendix C.

The main objectives of the SLBFE are:

- to regulate foreign employment undertaken by the private sector through the issue of licences;
- to support and develop the private sector and assist in its growth;
- to settle public grievances and complaints;
- to provide welfare and protection for migrants and their families;
- to provide training for potential migrants; and,
- to undertake recruitment and develop opportunities for overseas employment.

The SLBFE undertakes the training of migrants and particularly of women seeking to work as housemaids. Employment agents are encouraged to offer training in using modern equipment, overcoming disorientation in relation to core values, and coping with emotional pressure, loneliness, culture shock, anxiety and psychological breakdown.

The Association of Licensed Foreign Employment Agencies (ALFEA) was established by the same law in order to act as advisors to the SLBFE. The ALFEA was given the following functions:

- to make recommendations to the SLBFE on the provision of employment outside Sri Lanka;
- to advise and assist in the promotion of employment opportunities for Sri Lankans outside Sri Lanka;
- to make representations to the SLBFE and the Ministry of Labour on matters relating to the recruitment of Sri Lankans;
- to formulate a code of good conduct for licensees and ensure its enforcement; and,
- to resolve disputes and disagreements between licensees.

However, the law does not include any binding provisions to empower the Ministry of Labour to issue written directives to employment agencies, which would compel them to provide the required protection and welfare to migrants. No penalties are imposed for non-compliance with the functions cited above.

The ALFEA has made several recommendations to the SLBFE with regard to the promotion of employment and from time to time advises and assists in the promotion of employment opportunities for Sri Lankans. It has made several representations to the SLBFE and the Ministry of Labour on matters relating to the recruitment of Sri Lankans. However, the success of the Association depends on the predisposition of Ministry of Labour officials, the SLBFE and the Minister of Labour.

The programme for regulating labour migration includes the installation of labour attachés in Sri Lanka missions abroad. The attachés intervene and arrange settlement for problems between employers and Sri Lankan employees, usually by appealing to the parties' good sense and religious principles to resolve difficulties.

Where disputes are related to contracts of employment, whether written or oral, the parties can apply to the Sharia Courts. However, Sri Lankan missions are not fully equipped to assist Sri Lankans in pursuing their case before these courts, due to the cost of hiring Arab lawyers. Labour attachés or labour welfare officers in Sri Lankan missions are not familiar with Arabic or Koranic Law. The SLBFE has no control over the selection or performance evaluation of the labour attachés and welfare officers, who are currently recruited by the Ministry of Labour. They are given a 14-day briefing by the Ministry of Foreign Affairs before being sent to the missions. Appointments are not made on merit or through open competitive examination. In fact, an ILO Mission has recommended that a merit-based service of labour attachés be established to obtain better results.

3. LICENSING AND SUPERVISION OF AGENCIES

3.1 Pakistan

The Government of Pakistan applies strict criteria for granting licences to private recruiting agents and overseas employment promoters. Before a licence is granted, a number of formalities must be completed by the applicant, including police clearance, verification of character and experience, and certificates on financial soundness. The applicant's past record is also checked for possible involvement in criminal activities. In addition to government fees and guarantees to be paid before a licence can be granted, applicants must provide the following documents:

1. Application on the prescribed form (one original and two photocopies duly attested);
2. Application fee of Rs.1000 (approx. US\$16) in the form of a Bank Challan payment made out to the Director General, BEOE, to be deposited in the Head of Account specified by the government (original and two photocopies duly attested);
3. Attested copies of the Article of Memorandum of Association or Certificate of Registration from the Registrar, Joint Stock Company/Partnership Deed in case of partnership (one original and two photocopies duly attested), if applicable;

4. Proof of nationality, i.e. attested copies of National Identity Card, for the applicant and all business partners (three copies);
5. Good conduct certificate from the District Coordination Officer for the proprietor, and each partner and director, on the prescribed form (one original and two photocopies);
6. Certificate of Registration with Income Tax Department showing National Tax Number;
7. Bio-data of the applicant and each partner and director, showing date and place of birth, occupation, educational qualifications, telephone number, permanent and present address;
8. Bio-data for father or husband for the applicant and partner;
9. Name and address of the applicant and/or the managing director who will sign the Foreign Service Agreement on behalf of the firm. Three specimen signatures duly attested for that person (three copies);
10. Name, address and telephone number of two respectable persons holding a responsible position and having known the applicant for five years;
11. Bank Certificate confirming the financial soundness of the applicant;
12. Five passport-sized photographs of the applicant and each partner duly attested.
13. Proposed name of the firm/recruiting agency (in triplicate); and
14. Bank accounts and transaction statements of the account in the name of applicant/each partner for the last three years.

After approval in principle for granting the licence from Federal Government, the applicant must deposit:

- a) security for the licence (refundable) of Rs.300,000 (approx. US\$5,000); and,
- b) a licence fee of Rs.30,000 (US\$500) for three years.

The purpose of fixing strict criteria for the granting of licences is to ensure that the applicant has a clean record and has not been involved in criminal or irregular financial activities. The security or guarantee from the individual or firm ensures that the duties and obligations are faithfully performed during the period of the licence. The security can be forfeited by the Director General, BEOE, in whole or in part, if an overseas employment promoter or agent is found to have been involved in malpractice, such as forgery, or to have violated the provisions of the legislation on emigration.

The activities of overseas employment promoters and agents are closely monitored and supervised by the Protector of Emigrants responsible for the area in which they operate. The Protector of Emigrants makes frequent visits to licensees to check that their offices are properly maintained. Guidance and advice are also given when needed. The visitors and people present in the offices of overseas employment promoters may be interviewed in order to see whether there are any complaints against the promoters or agents. In addition, the promoters and agents are regularly apprised of changes in the laws, procedures or rules in the host countries.

Overseas employment promoters and agents are also encouraged to boost the export of manpower from Pakistan through legal channels. They are rewarded annually with incentives, such as best performance awards and trophies.

3.2 The Philippines

In the Philippines, a licence to operate a private employment agency may be granted only to a Filipino citizen, or to a partnership or corporation created under Philippine law with 75% of its capital owned or controlled by Filipino citizens. This policy conforms to the original intention of the Labour Code to nationalize the recruitment industry and also ensures that the recruiter or recruitment agency owner is within reach of the government and its courts.

At present, operators of private employment agencies are required to have a minimum capital of P2 million (approx. US\$40,000), to provide a bond in the form of bank deposit under escrow account of P1 million (approx. US\$20,000); and a surety bond of P100,000 (approx. US\$2,000). These bonds must remain intact at all times, or the licence will be suspended. On filing a request for a licence, the applicant must pay the POEA a filing fee of P10,000 (approx. US\$200), plus a licence fee of P50,000 (approx. US\$1,000) on approval of the application. The licence is valid for four years and can be renewed.

An applicant for a licence to recruit workers should have a clean criminal and derogatory record. Any person who has been subject to a complaint, charged with or convicted of illegal recruitment is automatically disqualified from applying, as are persons or corporations operating travel or airline sales agencies. Persons having previously received a licence which has been cancelled for violation of the law and regulations on recruitment and placement are also disqualified.

Applicants for a licence are required to make a sworn statement that they will:

- abide by the provisions of labour and social legislation, and the rules and regulations governing recruitment and deployment of workers;
- ensure that foreign employers will comply with workers' contracts and be fully accountable for violation of those contracts;
- take full and complete responsibility for the action of their employees or representatives;
- repatriate the worker or his remains and belongings when necessary;
- select only technically and medically qualified workers; and,
- negotiate for the best employment terms and conditions for their recruits.

The requirements for issuance and the conditions for use of licence are the same for agencies dealing with land- and/or sea-based workers.

After the promulgation of the Philippines' Labour Code in 1974, 44 recruitment agencies and 58 local companies acting as representatives of foreign companies were licensed or authorized by the Department of Labour. In 1981, a Presidential Letter of Instruction halted the issue of new licences to private fee-charging employment agencies, in order to put an end to cut-throat competition among licence holders. At that time, there were about 1,000 licensed agencies, rising to 1,100 agencies when the POEA was created in 1982. The strict enforcement of requirements for licensing and the 1981 ban on the issue of new licences reduced the number of agencies to 1,023 in 1983 and to 894 in 1986. However, in 2003, the number of agencies had risen again to 1,327.

3.3 Sri Lanka

In Sri Lanka, recruitment of workers for overseas employment is handled by licensed recruitment agencies, including the Sri Lanka Foreign Employment Agency (Pvt) Ltd., which is under the Ministry of Labour.

A licence to operate a business of foreign employment may be granted only to a person of good repute who complies with the following requirements:

- entry into an agreement with the SLBFE to carry on business in a morally irreproachable manner and to take all possible steps to ensure that the terms and conditions of any contract of employment between a foreign employer and the person recruited by the applicant are observed and faithfully complied with by the said employer;
- provision of a bond to the SLBFE, with two sureties amounting to not less than Rs100,000, for the satisfaction of claims which might arise in connection with the business or with any contract of employment; and,
- provision of a bank guarantee for an amount not less than Rs100,000 to be enforced in 24 months.

Licences are valid for 12 months and are subject to the payment of a licence fee of RS10,000. Licensed agencies' premises are inspected regularly by SLBFE officers and breaches of the law are subject to prosecution.

TABLE 3.1
SRI LANKA
LICENSED AGENCIES, 1985-2002

Year	Number of Licences Issued	Stock at the End of Year
1985	10	139
1986	41	124
1987	27	115
1988	51	182
1989	30	192
1990	52	220
1991	64	237
1992	75	273
1993	47	250
1994	136	322
1995	183	477
1996	147	464
1997	109	520
1998	47	385
1999	70	434
2000	74	445
2001	99	528
2002	59	538

Source: Sri Lanka Bureau of Foreign Employment.

Approved Sri Lankan Recruitment Agencies are reliable and highly competent organizations, which maintain cordial relationships with their principals and conduct business at a high level of efficiency.

In 2001, 99 licences were issued to foreign employment agencies, bringing the number of agencies in good standing to 528. By 2002, the SLBFE's Licensing Division had issued a total of 538 licences (see Table 3.1) and this number increased to 544 in 2003.

4. MONITORING OF RECRUITMENT AGENCIES

4.1 The Philippines

The Philippines Overseas Employment Administration (POEA) closely supervises and monitors private recruitment agencies and their compliance with the conditions imposed under their licence and the undertakings made by the licence holder. A pre-licensing inspection and regular inspections of the office and of the agency's records are conducted as part of the monitoring and regulation measures.

A licence is considered a privilege granted to a person or a company on the basis of its qualifications. For this reason, it cannot be transferred to another person or company in order to circumvent the prohibition against certain individuals and entities from participating in the overseas employment programme. The recruitment activities of a licensee may be conducted only in the place indicated in the licence and only by the person or entity to which the licence was issued. If the licence holder needs to conduct special recruitment activities outside the office, prior approval must be obtained from the POEA.

A licensed recruitment agency may advertise its job openings to generate applicants without prior approval by the POEA. However, advertisements must conform to the form and layout prescribed by the POEA, in order to ensure that they are not false or misleading.

A recruitment agency may collect placement fees from persons recruited only after a contract of employment has been signed by the worker concerned. Receipts must be provided for such payments and indicate clearly the amount paid and the purpose of the payment. The amount of the placement fee is regulated by the POEA. At present, the authorized placement fee is equivalent to one month of the worker's salary. Seafarers are not required to pay placement fees.

Another exception is made for the category of performing artists and entertainers bound for Japan. In this situation, it is not the artist who pays the placement fee out of his own pocket, but the club owner who pays the promoter a gross compensation or booking fee of ¥200,000 (approx. US\$1,500). From this sum are deducted the cost of food, accommodation, income tax (set at 20% of the fee) and commissions for the talent manager and recruitment agency. POEA regulations have fixed the artists' net compensation at not less than ¥100,000 (approx. US\$750).

The POEA adopts the "carrot and stick" approach to the supervision of the activities of private recruitment agencies. An agency which violates the law is punished; when it conforms, it is

rewarded. Accordingly, the performance of licensed recruitment agencies is subject to annual evaluation for rating and ranking. Those who rank high on the basis of deployment, foreign exchange earned, compliance with the rules and regulations, provision of welfare assistance to workers and other relevant criteria are awarded the prestigious Performer Award. An Award of Excellence is given to those who are consistently included in the list of top performers, while Special Awards are given to those who excel in particular categories such as highest deployment, best welfare programme and other worthy achievements.

As an additional incentive, recipients of performance awards are allowed certain operational flexibilities, such as extension of their licences without submitting the usual documentation, or express processing of their documents. Another incentive is the ability to prepare clearance of recruits' documentation in-house. These agencies are provided with pre-approved overseas employment clearances, which they can give to their recruits. However, they are required to submit regular reports with the names and particulars of the workers deployed under the in-house documentation scheme. In addition, top performing agencies may receive referrals of clients by the POEA and are invited to join the POEA in marketing missions abroad.

4.2 Sri Lanka

In Sri Lanka, a SLBFE officer with a written authorization may enter and inspect the premises and records of a foreign employment agency and interrogate people at any reasonable hour.

The SLBFE's Enforcement Division was strengthened in 1993 with the recruitment of several police officers experienced in conducting investigations. However, technical aspects of enforcement, such as filing cases and appearing in court, soon took much of the divisional officers' time and as a result, they were no longer able to carry out surprise checks or raids on illegal operations, when the number of complaints received by the Bureau increased in 1994 and 1995.

Ideally, premises where job agents conduct business should be inspected annually and prior to the renewal of licences. However, the Division currently has only four legal officers and more are needed to meet this objective. In addition to the 524 licensed agents, nearly 10,000 illegal operators are reported to be operating, a situation which creates difficulties for the SLBFE. There is strong competition from unlicensed agencies, leading to licensees suggesting that the SLBFE should advise clients to recruit only from licensed agencies, in order to curb the activities of unlicensed operators.

5. PROCESSING AND DOCUMENTATION OF WORKERS

5.1 Pakistan

On receipt of a demand for workers from abroad, the overseas employment promoter (OEP) applies for permission to recruit from the Protector of Emigrants on a prescribed form to which must be attached the appropriate documents, such as power of attorney and a demand letter duly attested by one of the following bodies:

- 1) The Pakistani Mission in the host country.
- 2) The Ministry of Foreign Affairs of the host country.
- 3) The Mission of the host country in Pakistan.

The demand letter should specify categories of workers required, job descriptions, number of jobs in each category, terms and conditions of the service and qualifications or experience required for each post. A visa slip or labour approval, duly verified, must also be submitted along with the demand document. If the visa slip or labour approval is not available, the OEP must submit a guarantee that the jobs are available with the employer and that he will be liable for action against him under the emigration laws if it is proved otherwise.

The OEP may apply to the Protector of Emigrants for permission on any working day. The Protector of Emigrants acknowledges receipt of the application and processes it on the same day.

After permission has been granted under Rule 18 or Rule 19, the overseas employment promoter advertises the demand in newspapers. The advertisement must indicate all important information, such as the number of jobs in each category, salary offered, contract period, and fringe benefits. Press clippings of all such advertisements published by the OEP must be submitted to the Protector of Emigrants within two weeks of publication or on the date of registration of the foreign service agreement (FSA), whichever is earlier.

During the period of validity of permission to deploy workers, a foreign service agreement submitted by the OEP is registered at the Office of the Protector of Emigrants. Each FSA submitted in a calendar year is assigned a sequential registration number. Provided all documents are in order, registration is completed on the same day as it is submitted. The Protector of Emigrants ensures that the terms and conditions provided under the FSA are strictly in accordance with the terms and conditions contained in the permission letter and the demand letter from the employer. The Protector of Emigrants records the registration number on each copy of the FSA and on the passport of the emigrant concerned. The FSA is then signed and sealed and the entry on the passport embossed with an approved design.

The emigrant's copy of the FSA and insurance policy documents are handed to the Orientation and Briefing Officer who gives them to the emigrant after a proper briefing. The emigrant's passport along with two copies of the FSA is given to the OEP who keeps one copy and sends the other to the foreign employer. A fourth copy is kept by the Protector of Emigrants for the records.

Procedures for dealing with complaints from workers with regard to violation of FSAs by employers are covered by Rule 27 of the Emigration Rules. The rules clearly specify the mechanism for processing cases of this nature.

Before their departure, all workers recruited for employment abroad are required to appear at the Protector of Emigrant's Office for orientation and briefing along with the overseas employment promoter or his authorized representative. During this visit, they are briefed about the laws of the host country, the terms and conditions of their FSA, and their rights and obligations while they remain employed abroad.

Apart from recruitment through a promoter, as described above, it is possible to arrange employment abroad through relatives or friends. In this case, the emigrant completes the preregistration formalities. This includes payment of government fees, insurance, medical examination, and stamping of visa. The emigrant then registers with the Protector of Emigrants' Office and undergoes departure formalities.

According to Pakistani law, no one can leave Pakistan for overseas employment on an employment visa unless they are registered in the Office of Protector of Emigrants and have a certificate of registration stamped on their passport.

Flow charts which describe the system or mechanism for overseas employment in Pakistan as described in the preceding paragraphs are shown as Appendices D and E.

Before the workers are hired for employment abroad, it is important to ensure that their rights are fully safeguarded and that they are fully covered against possible abuse on the part of the overseas employment promoter or of the employer in the host country. To ensure this, the following points need to be taken into consideration:

- Has the worker been informed about salary and other fringe benefits?
- Has the worker been informed about the nature of the job?
- Is the worker fully insured?
- Has the worker been briefed/informed about particulars of the employer/sponsor?
- Has the worker been briefed about the possible effects of participating in trade or labour union activities when such activities are prohibited by the laws of the host country?
- Has the worker been informed about compensation in case of death while working abroad?
- Has the worker been informed about transportation of the corpse?
- Has the worker been warned not to indulge in any immoral and illegal activities? (e.g. carrying of narcotics)
- Has the worker been informed of health risks associated with sexual promiscuity and of measures to prevent contracting HIV/AIDS?
- Has the worker been advised to respect the laws of the host country?
- Has the worker been informed about respecting the cultural values of the host country?
- Has the worker been informed about the possibility of deportation in case of a breach of the Foreign Service Agreement and its violation?

Experience has shown that most of the problems and complaints of abuse by an employer or agent arise from ignorance about the terms and conditions of engagement contained in the Foreign Service Agreement. Once these are understood by the worker and agreed by the employer, the chances of violation and abuse are minimized. Problems still arise between parties, but the numbers are relatively small.

5.2 The Philippines

In the Philippines, before a licensed employment agency may recruit and deploy workers for overseas employment, it must first secure registration or accreditation, whichever is appropriate, of the foreign principal or employer from the POEA. To be registered, employers or principals

must submit documentation for verification by the Philippine Overseas Labour Office (POLO). Accreditation applies where the documents pertaining to the principal or employer were not verified in the host country, but are submitted to the POEA for hiring approval.

For both registration and accreditation, the main documents required are a special power of attorney whereby the employer appoints the agency as his representative in the Philippines, a master employment contract that complies with the minimum standards of contracts, and a manpower request indicating the number, positions and job descriptions for the workers required and the prescribed salary for each position.

In the case of accreditation where the POLO has not verified the existence of the project or the employer, the agency must also provide the POEA with proof of the valid existence of the business or project and documents showing the availability of visas for the workers to be deployed.

A private recruitment agency may not deploy a worker who is not covered by an employment contract in accordance with the master employment contract submitted to and approved by the POEA. Similarly, no deployment will be authorized unless the workers have first attended a pre-departure orientation seminar (PDOS), during which they are informed of their rights and duties and given information on worksite conditions, practical tips on health and safety, the location and telephone number of the Philippine embassy or consulate, and information on where and how to find help in distress.

The POEA has now introduced the E-link processing system, which creates a paperless transaction through electronic submission (E-submission) of the worker's employment and travel documents. With E-link, the agency representatives are only required to visit the POEA to pay the corresponding processing fee and to receive the electronically produced payment receipt (E-receipt). A worker whose deployment has been cleared by the POEA is also given an E-receipt which constitutes proof that travel has been duly approved. The receipt is checked at the Labour Assistance Centre (LAC) located at major international airports.

5.3 Similarities in the processing of workers in Pakistan and the Philippines

A review of labour migration procedures in Pakistan and the Philippines has revealed many similarities as far as documentation of workers and overseas jobs are concerned. They have common requirements for a power-of-attorney from the foreign employer and an overseas employment contract detailing the terms and conditions of employment, as well as mandatory pre-departure orientation briefings. In both countries, the procedures seek to ensure that the migrant worker is provided with all possible mechanisms against abuse and that the foreign employer or his intermediaries understand that they have responsibilities to protect the worker's welfare. As a result, workers are adequately prepared for a life outside their home country.

5.4 Sri Lanka

In Sri Lanka, licensees must obtain approval from the SLBFE before taking any action to recruit workers for foreign employment. This requires the submission of documents showing the nature,

terms and conditions of the employment, addresses of foreign employers and a copy of the contract to the SLBFE. Generally speaking, approvals will not be granted if:

- a) the terms and conditions of employment offered to them are not satisfactory; or
- b) workers would be exposed to serious risks to their lives because of civil war, civil commotion, or political disturbances in the country where they are to be employed.

Since job approvals must be obtained before any action can be taken, it has been the practice of agencies to obtain approvals in bloc even though they cannot guarantee placements for all persons recruited. As a result, recruitment through unlicensed agencies takes place unchecked, even though unauthorized recruitment is deemed an offence.

After approval is obtained from the SLBFE, candidates are contacted through different methods. Advertising vacancies in the newspapers is the most common method and is used by 60% of agencies. Contacting returnee migrants and using the register of applicants maintained by agencies rank respectively at 20% and 15%. The usual practice is for the agency to interview the applicants.

The agencies are given a specific period of time by principals to complete recruitment, usually ranging from one to 12 weeks. Agencies indicate that, for processing an application from the date the advertisement appears to the date on which the applicant is finally selected and informed, it can take between one week, for unskilled jobs, to 16 weeks, for professional and skilled jobs. The time required for each phase involved in the selection process varies from agency to agency. However, SLBFE approvals are obtained within one week for 80% of the agencies. Ninety per cent of agencies advertise vacancies within one week of obtaining Bureau approval. Interviews are completed within two weeks after the closing date of applications by 60% of the licensees.

Although Sri Lanka has refused to sign the ILO Conventions on Migrant Workers, it was one of the first countries to ratify the UN Convention on the Protection of the Rights of Migrant Workers and their Family Members. While this Convention is extremely comprehensive, its effectiveness depends on its ratification and implementation by the countries recruiting migrant workers, since the provisions relating to the protection of the rights of such workers must be implemented by those countries. Even after ratification, the convention cannot be enforced against such countries without the use of international political pressure.

6. BENCHMARKS FOR FIXING MINIMUM STANDARDS OF OVERSEAS EMPLOYMENT CONTRACTS

6.1 Pakistan

In Pakistan, the payment of reasonable wages to enable workers to live decently while abroad and to support their families back home is an important factor in the context of export of manpower. It is imperative that wages are fixed before workers are engaged to work abroad. It is also important that efforts are made and mechanisms put in place to enforce the legislation and

employers' obligations to comply with the agreed wages and facilities for the workers and to safeguard their interests.

In addition to the requirement to provide food and accommodation, the worker's contract is expected to include details on arrangements for reasonable health and recreational facilities and provisions relating to the settlement of disputes in the event that the employer fails to fulfil his obligations. The worker should be advised of all these details beforehand to avoid disputes with the employer on arrival. Provisions for the payment of overtime pay, leave pay, paid vacation, and air travel should also be clearly specified in the contract, so that both the employer and the employee know beforehand that the worker is entitled to these benefits.

There are instances where employers do not honour contracts signed between the worker and the agent or OEP who has signed the FSA using authority delegated by the employer. To reduce the risk of these problems, the Pakistani legislation requires that the promoter produce documents, such as power of attorney, letter of demand and visa authority from the employer, which have been attested and verified by:

- 1) the embassy or consulate of Pakistan in the host country;
- 2) the embassy or consulate of the host country in Pakistan; or,
- 3) the Ministry of Foreign Affairs of the host country.

This condition ensures the fulfilment of duties and obligations by the employer as specified in the contract under which the workers from Pakistan are engaged.

To ensure uniformity and minimum conditions of employment, a standard foreign service agreement is available in all offices of Pakistan's Protectors of Emigrants. This agreement draws on 30 years' experience in ensuring the safety and protection of rights of Pakistani workers going abroad for employment.

Until the mid-1980s, Pakistan had applied a minimum wage system for emigrant workers and wages were determined according to the cost of living in the country of employment. However, due to competition from other manpower-exporting countries, the minimum wage structure was dropped after overseas employment promoters and agents complained that manpower demands were being sent to other countries where workers of the same category were available for lower wages. The imposition of minimum wages resulted in a considerable decrease in the export of manpower from Pakistan between 1981 and 1986. As a result, the BEOE had no alternative but to scrap the minimum wage structure and to adopt a "free floating market wage rate" which took into consideration the prevailing situation in the labour market. This decision led to an increase in manpower export figures after 1986 (see Table 6.1).

Under the Pakistan system of free-floating wage rates, wages are determined by market forces, thus ensuring that manpower-exporting countries can exert little influence in this domain. If the wages of Pakistani skilled workers are high, the employer in Jeddah or Dubai will look elsewhere for workers who cost less. However, wages are taken into consideration at the time of the granting of permission by the Protector of Emigrants and an eye is kept on the prevailing market wage rates and the situation in the labour market in general, through periodical reports provided

TABLE 6.1
PAKISTAN
IMPACT OF MINIMUM WAGE POLICY ON EXPORT OF MANPOWER,
1981-1992

Under Minimum Wage System		Under Free Floating Market Wage Rate System	
1981	153,081	1987	66,186
1982	137,535	1988	81,545
1983	120,031	1989	95,863
1984	93,054	1990	113,781
1985	82,333	1991	142,818
1986	58,002	1992	191,506

by labour attachés and community welfare attachés and by Pakistani missions in the receiving countries.

A number of factors are taken into consideration in determining the wages of migrant workers. Labour and community welfare attachés working abroad in Pakistan missions send regular reports to the BEOE in this connection which provide information on:

- hourly wage rates in the host country;
- cost of living;
- inflation;
- rising cost of living for families of migrant workers back home;
- rising cost of medical facilities for families of migrant workers;
- improvement in quality of life and standard of living; and,
- levels of savings.

6.2 The Philippines

The equivalent of Pakistan's foreign service agreement is the overseas employment contract (OEC) in the Philippines, which is the basic document defining the terms and conditions of service of migrant workers during the period of their employment abroad.

In the Philippines, the government regulates the activities of private employment agencies through standard setting and by licensing agencies. The POEA has set minimum standards for the employment of Filipino migrant workers, determined after due consideration of market development and welfare objectives of the overseas employment programme. Prevailing market conditions are also taken into account.

The minimum provisions of an employment contract for migrant Filipino workers cover:

- guaranteed wages for regular working hours;
- free transportation to and from the worksite or provision of offsetting benefits;
- free food and accommodation or provision of offsetting benefits; and,
- fair or authorized causes for termination of employment.

Examination of standard OECs formulated by the POEA reveal that the following provisions are also included:

- repatriation of remains and belongings at the expense of the employer in case of the death of the worker;
- free emergency medical and dental services and facilities including medicine;
- one rest day per working week; and,
- procedures for settlement of disputes.

In determining fair or valid causes for termination of employment or service, the POEA takes into account customs, traditions, norms, mores, practices, company policies, and the labour and social laws in the host country. In addition, a close watch is maintained on relevant agreements, conventions, declarations or resolutions, bilateral and multilateral agreements or arrangements between the Philippines and the host country and prevailing conditions in the employment market.

In terms of wages, the Philippine authorities have established benchmarks for the salary of Filipino workers which may not be lower than the prevailing minimum rate for the same skills or occupation in the host country, or lower than minimum wage standards set under bilateral agreements or international conventions duly ratified by the host country and the Philippines, and in no case lower than the prevailing wage in the Philippines. While the POEA has not prescribed a strict minimum wage for Filipino overseas workers, it has adopted a guiding rate equivalent to US\$200 per month for unskilled, low-skilled and domestic workers.

The employer and the employee may stipulate other terms and conditions of employment or benefits, on condition that the whole compensation package is more beneficial than the minimum terms prescribed by the POEA and that the package is not contrary to law, public policy and morals. The recruitment agency is under an obligation to give the foreign employer full information on the minimum standards set by the POEA.

The POEA prescribes standard employment contracts for certain skills or specific countries of destination. Currently, there is a standard employment contract that covers all Filipino seafarers, formulated following consultations with stakeholders in the maritime industry and in conformity with accepted international standards and maritime practices. The contract is reviewed periodically and amended as necessary. It includes provisions for duration of contract, wages, hours of work, overtime and holiday pay, leave pay, disciplinary procedures and administrative penalties, grounds for termination, compensation benefits in the event of injury, illness or death, and duties of seafarers.

There are also prescribed standard contracts for Filipino domestic workers, entertainers bound for Japan and for all types of skilled labour. The POEA has adopted the Hong Kong employment contract for foreign domestic workers as the standard contract (see Appendix F) for all Filipino domestic workers bound for the Hong Kong Special Administrative Region.

The employment contract prescribed by the POEA for Japan-bound entertainers provides, among other things, for insurance coverage, for health, hospitalization and death worth ¥3 million (approx. US\$20,000) for each risk. The benefits from such insurance are payable to the family of the artist or entertainer. The standard contract sets the minimum gross compensation for the performing artist, deductions allowed for food and accommodation, income tax, and the minimum

net compensation after deduction. An example of the standard employment contract for Filipino entertainers migrating to Japan is shown in Appendix G.

6.3 Sri Lanka

As far as Sri Lanka is concerned, most agencies are not in a position to bargain with their principals. A survey has shown that 60% of agencies were unable to bargain since the wages offered were already at a comparatively high level and were being undercut by other local and foreign agencies, both licensed and unlicensed. This weakens their bargaining position because tender bids cannot be altered. The majority of agencies maintain that they cannot bargain with principals for better terms and conditions for their recruits because the terms offered were reasonable and the reputed firms and principals did not encourage bargaining. Furthermore, strong competition among job aspirants and agencies has made it almost impossible to strike bargains.

Sri Lanka has a further problem in that females are 65% of the total workers and almost 84% of its workers leaving for jobs abroad fall into the most vulnerable category of female domestic workers. Their experience has not been encouraging due to reports of abuse, torture and sexual exploitation in the Gulf countries where the majority of women work. Steps need to be taken at government level by both Sri Lanka and the receiving countries to alleviate the sufferings of female workers and develop a system whereby abuse is minimized and ultimately eliminated.

7. ROLE OF PRIVATE RECRUITMENT AGENCIES IN LABOUR MIGRATION

7.1 The Philippines

In the Philippines, private recruitment agencies play a major role in the labour migration process from the promotion of Filipino manpower with foreign employers to the repatriation of workers upon the termination of their employment or of the body in the unfortunate event of their death.

The importance of private recruitment agencies in the overseas employment programme cannot be overemphasized. Because they have the resources to develop the programme and the operational flexibility necessary for job market efficiency, they play a significant role in promoting the employment of Filipino manpower; in bridging the employment gap in the Philippines, and in providing a solution to the shortage of manpower in recipient countries. They figure prominently in matching available overseas jobs with qualified workers.

At its inception, the Labour Code of the Philippines sought to eliminate the profit motive in the recruitment and deployment of migrant workers by phasing out private fee-charging recruitment agencies. However, realizing that the overseas employment programme had the potential to fill the gaps in local employment opportunities and acknowledging that the private sector could make a contribution, the government opened the programme up to the private sector for the recruitment and deployment of workers. However, stiff conditions were imposed on their participation in the programme, in order to serve the twin, but conflicting, objectives of maximizing employment and guaranteeing protection against exploitation of workers.

Over the years, the Philippines has gained the reputation of being an excellent source of temporary labour. In 2003, the POEA reported a total deployment of some 867,969 workers to 194 destinations worldwide. Of these, 651,938 (75.97%) were land-based workers, of whom 279,565 were new hires, and 372,373 were re-hires. The number of sea-based workers deployed was 216,031, or 24.04% of the total deployment. While the total figures for 2003 represents a 2.68% decrease over deployment figures for 2002, the highest figure recorded for the Philippines, the level of migrant workers was higher than the average deployment over the last five years (861,224 workers), as can be seen in Table 7.1.

TABLE 7.1
PHILIPPINES
DEPLOYMENT OF FILIPINO WORKERS,
1999-2003

	1999	2000	2001	2002	2003
Total deployed	837,020	841,240	866,590	891,908	867,969
Land based	640,331	642,916	661,639	679,736	651,938
<i>a. New Hires</i>	237,714	253,030	271,085	286,098	279,565
1. Female		178,323		208,278	175,103
2. Male		74,707		77,820	66,408
<i>b. Re-hires</i>	402,617	389,886	390,554	393,638	372,373
Sea based	196,689	198,324	204,951	209,593	216,031
Remittances (US\$m)	6,794.6	6,050.5	6,031.3	7,170.7	7,600

Source: POEA Annual Reports, 2000-2003.

Female land-based workers dominated deployment figures for 2003 in the category of new hires, accounting for 73% of the total new hires, the same proportion as the previous year. Service workers represented the largest number of workers (84,021) sent abroad in 2003, followed by professional and technical workers (78,956) and production workers (61,352). These figures are compared with those for 2000 and 2002 in Table 7.2.

The Middle East was still the top destination for Filipino workers hired in 2003 with Saudi Arabia taking the most groups. On the other hand, Japan was the top destination country for newly hired workers with a total of 58,755 deployments.

More than 99% of workers hired in 2003 found work through the private sector. Only 3,788, or a mere 0.44% of total deployed workers, were hired through the Government Placement Branch of the POEA. In comparison, Pakistan's experience is similar with only 1,404 workers sent by the Overseas Employment Corporation (OEC) in 2003, 1,705 in 2002 and 2,112 in 2001. (These figures pertain to recorded or registered recruitment.)

Despite the slight decline in deployment in the year 2003 from the Philippines, foreign exchange payments remitted by overseas workers through banks was the highest ever at US\$7.6 billion, 6.3% higher than the previous year's remittances.

TABLE 7.2
PHILIPPINES
DEPLOYMENT OF NEW HIRES
BY SKILLS CATEGORY AND GENDER,
2000-2003

Skill Category	2000		2002		2003	
	Female	Male	Female	Male	Female	Male
Professional/Technical	67,454	11,231	84,839	14,849	67,336	11,620
Admin./Managerial	76	208	128	246	103	284
Clerical workers	1,000	1,367	2,511	1,501	2,204	1,761
Sales workers	949	1,134	1,452	1,591	1,394	1,096
Service workers	83,794	7,412	88,082	9,292	76,296	7,725
Agricultural workers	6	520	16	596	29	384
Production workers	16,428	41,379	20,323	49,190	18,766	42,586
For reclassification	8,616	11,456	10,927	585	8,975	952
Total	178,323 (70%)	74,707 (30%)	208,278 (73%)	77,820 (27%)	175,103 (73%)	66,408 (27%)

Source: POEA Annual Reports, 2000, 2003.

As the employer's representative, a private recruitment agency in the Philippines is responsible for selecting the workers to be deployed to the foreign employer. The law requires that the agency selects only qualified workers, since the government considered that the best protection for a worker is the possession of an appropriate skill. Technical fitness is determined by assessment of the worker by testing centres accredited by the Technological Education and Skills Development Authority (TESDA), a government agency in charge of skills development and enhancement of workers.

Workers are assessed not only on their technical skills for the job, but also on their level of physical, medical and psychological fitness. In this way, the agency is required to satisfy its principal and the government that the selected workers meet these criteria. Only medical clinics and facilities accredited by the Department of Health are authorized to carry out fitness tests on workers.

Failure to observe these obligations places the responsibility for repatriating the unfit employee on the agency and, if required by the foreign employer, the agency must replace the worker at its own expense.

Direct hiring of Filipino workers by foreign employers is prohibited by law. Foreign employers may hire Filipino workers only through licensed private employment agencies or through the facilities offered by the POEA, in the case of some foreign government employers. Filipino workers who receive offers of employment overseas by their own efforts or through family members or friends must have their employment and travel documents processed by the POEA before they can leave.

In hiring Filipino workers, private recruitment agencies act not only as representatives of foreign employers in the selection, documentation and transport of workers, but also take responsibility

for proper implementation of the employment contract. In this way, they are liable, jointly and severally, with the foreign employer for any violations of the contract. The government is thus able to control foreign employers through the private recruitment agencies, to ensure that workers obtain fair treatment and faithful compliance with employment conditions. One of the conditions for receiving a licence requires the private recruitment agency to become in effect a “co-employer”, with an undertaking to assume the responsibilities of the foreign employer in the enforcement of employment contract conditions. The POEA requires agencies to submit special powers of attorney as part of the process of obtaining employment and travel papers for recruited workers.

If the employer fails to comply with the employment contract or violates any of its provisions, the worker may apply for assistance from the recruitment agency. It is through the agency that the government can exercise pressure on the employer who is otherwise beyond the jurisdiction of the country’s justice system. This mechanism has been established for the benefit of workers who would otherwise be left without recourse for unfair treatment, as the recruitment agency is in a better position than the worker to oblige the employer to comply with the contract.

A private recruitment agency is responsible for protecting the workers it deploys and for ensuring their welfare, as part of the conditions for receiving its licence to recruit and deploy workers for overseas employment. This responsibility is specifically undertaken through the signature of an affidavit supplied to the POEA. This affidavit binds the agency which is thus responsible for all claims by, and liabilities to, its recruited workers arising from their recruitment and deployment or for the use of their licence in a manner that violates the law.

It is the principal responsibility of the recruitment agency to repatriate workers at the end of their employment or whenever it is necessary for them to return to their place of origin. If the agency is unable to bring workers home or if the return is delayed, the government will arrange their travel at the expense of the agency. The same rule applies to the repatriation of workers’ remains and belongings.

Private recruitment agencies have a duty to ensure that the workers they send abroad have the proper documentation. In practical terms, this means that the worker should have a duly executed contract, a valid passport, the correct visa or work permit, and a certificate of attendance at a pre-departure orientation seminar. The contract should have the same terms and conditions as the master employment contract signed by the employer and approved by the POEA through the process of registration or accreditation.

7.2 Sri Lanka

In Sri Lanka, 99% of overseas jobs, through the legal recruitment process, are supplied by the private sector through the licensed recruitment agencies, including the Sri Lanka Foreign Employment Agency (Pvt). Credentials of these agencies are carefully scrutinized, approved and processed by the SLBFE.

Licensed agents are required to undertake operations within the framework of the law. Though most licensed operators recruit only to destinations where migrants are welcome, the unlicensed operator undertakes to send job seekers to destinations where legal entry is prohibited. The

SLBFE is also empowered to undertake recruitment which may enable it to eliminate illegal operations.

Among other options for avoiding illegal operations is the encouragement of direct hiring by employers or recruitment through a government agency. The SLBFE recruited a few housemaids until 1996, having entered into agreements with agencies in Singapore and Saudi Arabia. In support of this type of recruitment, the SLBFE argued that a state agency offered housemaids better protection against exploitation and fixed standards for employment. It also has the advantage of levying the prescribed fee without extra charges.

8. REGULATIONS AND MECHANISMS FOR REGULATING RECRUITMENT OF VULNERABLE WORKERS

Domestic service is one of the most vulnerable occupations as it involves almost exclusively women. Their “invisibility” as workers offers employers ample opportunity to evade labour legislation and to demand long hours of work with poor working conditions and low pay. In the Middle East, domestic workers suffer from particularly arduous conditions. Their situation is all the more vulnerable because most countries/regions, with the exception of Hong Kong, Malaysia, Singapore, Lebanon and Cyprus, have no laws governing their employment.

However, according to a study by the ILO, Asian women constitute the fastest growing component of migrant labour. The study notes that, while migration provides productive labour and an economic lifeline for millions of Asian women, there is increasing concern about unprotected female migrant workers. While women should have equal opportunities in the international labour market, they are more vulnerable to abuse, discrimination and exploitation when they are migrants or non-nationals.

8.1 Pakistan

Pakistan has a standard contract for all Pakistanis engaged in employment abroad. Each overseas employment promoter or recruiting agent must provide complete information, as required in the standard contract of employment. The contract presently being signed by workers and employers (through the overseas employment promoter or agent in Pakistan) has 34 articles. So far it does not contain any special clauses for vulnerable migrant workers, such as female workers and housemaids, because the number of workers taking up these jobs is small. However, the contract is currently under review and suitable additions and amendments will be made in due time. The condition that documents be attested by the Ministry of Foreign Affairs of the host country or Embassy of the host country in Pakistan has been introduced in order to ensure that the employer is bona fide and to facilitate access to government authorities in case of disputes.

It is appropriate to mention at this stage that the number of artists, women and female workers, i.e. vulnerable groups of workers, going abroad for employment is not very high. Pakistan has a fixed minimum age limit of 35 years for recruitment of housemaids for overseas employment.

TABLE 8.1
PAKISTAN
DEPLOYMENT OF NEW HIRES BY PROFESSION,
2001-2004

S.No.	Categories	2001	2002	2003	2004	Total
1	Engineer	1,227	861	821	219	3,128
2	Doctor	616	506	402	109	1,633
3	Nurse	341	406	350	61	1,158
4	Teacher	206	254	255	49	764
5	Accountant	372	341	443	140	1,296
6	Manager	734	656	798	181	2,369
7	Welder	1,237	1,545	3,263	383	6,428
8	Secretary/Stenographer	50	68	91	24	233
9	Store Keeper	190	309	475	72	1,046
10	Agriculturist	5,988	5,096	9,536	1,671	22,291
11	Clerk/Typist	369	627	1,160	233	2,389
12	Foreman/Supervisor	884	1,147	1,964	394	4,389
13	Mason	11,083	11,312	16,415	3,281	42,091
14	Carpenter	7,304	9,954	13,355	2,950	33,563
15	Electrician	4,718	6,570	8,414	1,659	21,561
16	Cook	1,976	2,236	3,240	726	8,178
17	Plumber	2,412	3,517	4,760	815	11,504
18	Waiter/Bearer	792	1,000	1,361	239	3,392
19	Steel Fixer	4,674	6,273	8,760	1,702	21,409
20	Painter	3,032	3,146	4,995	1,486	12,659
21	Labourer	41,074	46,720	73,318	15,959	177,077
22	Technician	6,229	9,366	12,719	2,334	30,648
23	Mechanic	3,169	4,142	6,358	1,051	14,720
24	Cable Jointer	35	96	50	94	275
25	Driver	18,467	17,984	21,182	4,390	62,023
26	Operator	1,504	2,433	3,707	588	8,232
27	Tailor	3,141	3,860	4,334	807	12,142
28	Surveyor	163	183	237	77	660
29	Fitter	884	974	1,475	313	3,446
30	Denter	1,009	1,185	2,199	320	4,713
31	Computer/Programmer/Analyst	583	404	354	73	1,414
32	Designer	181	277	564	52	1,074
33	Goldsmith	398	240	408	93	1,139
34	Pharmacist	61	19	32	60	172
35	Rigger	277	74	97	97	545
36	Salesman	1,619	3,103	4,824	877	10,423
37	Draftsman	106	62	594	31	793
38	Blacksmith	307	63	114	47	531
39	Photographer	12	26	24	1	63
40	Artist	505	381	391	59	1,336
	Total	127,929	147,422	214,039	43,717	533,107

Source: Bureau of Emigration, Government of Pakistan.

There is, however, no age limit for other categories of female workers such as teachers, doctors, and nurses. For both groups, terms and conditions of services are prescribed in the standard Foreign Service Agreement and are the same as for other categories of workers.

Statistics on the number of Pakistanis taking employment abroad indicate that the number of female Pakistanis is negligible, compared to male migrants. Tables 8.1, 8.2 and 8.3 provide details on categories of work taken, on female migrant workers and on the major occupation groups involved.

TABLE 8.2
PAKISTAN
DEPLOYMENT OF FEMALE MIGRANT WORKERS,
2000-2004

Year	Female migrant workers
2000	283
2001	230
2002	894
2003	659
2004*	329
Total	2,395

* January-June 2004.

Note: The figures include female doctors, nurses, teachers, housemaids and beauticians.

Source: Bureau of Emigration, Government of Pakistan.

TABLE 8.3
PAKISTAN
EXPORT OF MANPOWER BY OCCUPATIONAL GROUP,
2000-2003

Occupational Group	2000		2001		2002		2003	
	No.	%	No.	%	No.	%	No.	%
Highly qualified	2,999	2.78	3,155	2.47	2,618	1.78	2,719	1.27
Highly skilled	10,292	9.55	10,846	8.48	14,778	10.02	22,152	10.35
Skilled	54,110	50.24	64,098	50.10	74,968	50.85	101,713	47.52
Semi-skilled	2,125	1.97	2,768	2.16	3,236	2.20	4,601	2.15
Unskilled	38,207	35.46	47,062	36.79	51,822	35.15	82,854	38.71
Total	107,733	100.00	127,929	100.00	147,422	100.00	214,039	100.00

Source: Bureau of Emigration, Government of Pakistan.

8.2 The Philippines

In the early 80s, the Philippines considered suspending the deployment of female household workers to the Middle East, because of the rising number of complaints of abuse and maltreatment, non-payment of wages, and other violations, but this proposal met with a number of problems, leading the Secretary of Labour to announce a worldwide ban on the deployment of female domestic workers in 1988. The ban was to be lifted only for countries with which the Philippines had signed a bilateral arrangement or which had instituted protective measures for migrant workers. However, the ban could not be implemented because it interfered with human and constitutional rights issues, such as the rights to travel, to work and to seek better opportunities.

More recently, new measures to protect domestic workers were introduced by the POEA, in addition to accreditation of principals and attendance at pre-departure orientation seminars, among which the ban on deployment to specific destinations is seen as an extreme measure. These additional procedures include imposition of a minimum age of 30, strict screening of prospective employers, and authentication of the employment contract by the Philippine foreign mission. The processing of domestic workers was also handed to the Household Workers' Centre, a special unit in the POEA set up specifically for this group of migrant workers. In addition, only accredited non-governmental organizations were authorized to conduct pre-departure orientation seminars for domestic workers.

When deployment of household workers to Kuwait and Saudi Arabia was resumed in 1997, the Secretary of Labour imposed conditions to ensure that the recruited worker possessed the required skills and training, and that adequate welfare mechanisms were put in place based on multilateral or bilateral agreements and arrangements with host countries. This move was inspired by provisions in the Migrant Workers and Overseas Filipinos Act requiring that Filipino overseas workers be deployed only in countries where the rights of workers are protected. In addition, the other requirements fixed minimum age limits for Kuwait (25 years for women and 18 for men) and for Saudi Arabia (30 years for women and 21 for men).

In 1999, the POEA issued comprehensive guidelines for the deployment of household workers, specifying that household workers could only be deployed in countries where the rights of Filipino migrant workers were protected. The minimum age was fixed at 21 years, unless the host country (or region) applied a higher minimum age or where a lower age was recognized, as was the case for Canada, Hong Kong, Italy, Japan, Spain, Sweden, Switzerland, and the USA. The following documents were required for processing contracts: a country-specific standard employment contract; pre-qualification certificate issued by the POLO of the Philippine embassy; accreditation of the foreign recruitment agency; and thorough screening of an individual employer.

A policy review on the deployment of Filipino domestic workers conducted in 2003 by the POEA reported the following findings:

- The top ten destinations between 1998 and 2002 based on the number of workers deployed were: Kingdom of Saudi Arabia, Hong Kong, Taiwan, United Arab Emirates, Singapore, Kuwait, Brunei, Qatar, Malaysia, and Bahrain.
- The top five destinations based on salaries were: Hong Kong, Taiwan, Brunei, Singapore, and Malaysia.

- The destinations with the largest number of reported welfare cases in proportion to deployment were: Hong Kong, Malaysia, Singapore, Taiwan, Brunei, Lebanon, Cyprus, Kuwait, Bahrain and Oman.
- Complaints received include excessive exaction of fees, non-issuance of receipts, misrepresentation, contract substitution and failure to deploy.
- Complaints filed with the NLRC include excessive placement fees and brokers' fees, non-payment of salaries, reduction of wages and benefits, and illegal pre-termination of employment contracts. The top countries or regions for complaints were Saudi Arabia, Taiwan and Hong Kong.
- In terms of welfare cases filed with the OWWA for the period 2000-2002, the top countries or regions were Saudi Arabia (5,208) Kuwait (4,498) UAE (2,505) Taiwan (2,373) and Hong Kong (1,897).

Female entertainers are perhaps the most vulnerable to abuse among migrant workers, not only because of the environment in which they work, but because they are young and attractive. The Philippine government recognizes their vulnerability by ensuring that procedures for their recruitment and deployment are subject to certain conditions specific to their work.

Agencies recruiting performing artists are subject to additional procedures for the protection of their welfare, including a specific authorization system prescribed by the POEA. Under this system, the agency is required to provide specialized facilities and staff to carry out effective selection and training of artists.

To ensure that only qualified performing artists are deployed, a system of government certification of academic and skills qualifications was instituted at the POEA. This has facilitated the issue of visas for artists going to Japan, but has also given rise to cases of fraud.

In order to streamline the process for deploying performing artists further, the POEA created a document called the Artist Record Book (ARB). This was a comprehensive identification document and a record of academic and skills training and experience. For entry into Japan, the ARB was required to satisfy minimum requirements for visa issuance, but because its issuance entailed too much bureaucratic red tape, it also led to fraud and corruption.

In 2001, the POEA Governing Board mandated the simplification and streamlining of procedures for testing and certification of entertainers. The responsibility for assessment and certification of performing artists was assigned to TESDA, the agency in charge of skills training, assessment and certification of workers. The ARB and a certificate of attendance in a comprehensive orientation programme for performing artists were required for the deployment of entertainers.

Judging from the number of complaints and accusations of corruption within the government agency concerned and the entertainment industry with regard to testing and issuance of the ARB, it became clear that the transfer of responsibility from the POEA to TESDA did not improve the status of the ARB. On the contrary, fraud and corruption in obtaining the ARB became more acute. The policy is under review once again and a plan to simplify the procedures for issuance of the ARB and the possibility of transferring this responsibility back to the POEA are now being considered. The ARB is now a required document for deployment of Filipino artists not only for Japan, but also for South Korea and Singapore.

As indicated above, Japan was the top destination country for newly hired workers going abroad in 2003, accounting for 58,755 of total new hire deployment. On the basis of this information, it may be assumed that this figure represents the number of female entertainers employed last year since the majority of workers allowed legal entry to Japan were entertainers or performing artists, and most of these were female.

8.3 Sri Lanka

Sri Lanka has been identified as one of the four main Asian countries that send women workers abroad. An airport survey has shown that 84% of migrant workers are women and that of these, 94% are domestic servants. According to this study, a high proportion of Sri Lankans migrate illegally and in fact workers finding work through official channels make up only about 40% of the total number of overseas workers from Sri Lanka.

A study by CENWOR estimated that the Sri Lankan migrant population exceeds 500,000 and that the trend is towards an increase in the number of women migrants seeking work in the garment industry and in the domestic sector (CENWOR, 2000). According to this report, women account for 83% of the total number of workers, while 81.5% are unskilled workers. This is consistent with the ILO report (1996) and demonstrates quite clearly that migrant workers leaving Sri Lanka are among the most vulnerable as they are mostly female and unskilled, and likely to obtain employment through illegal channels. The number has since declined with the offer of incentives for registration.

The question arises as to why women leave their homes and families to migrate to unfamiliar countries and enter the international labour market. The CENWOR study states that the increase in female immigrant labour as housemaids and as unskilled and semi-skilled factory workers is due to socio-economic factors, such as female unemployment, poverty, and escape from domestic problems, such as alcohol addiction among male family members. Other reasons given by housemaids for seeking employment abroad include:

- non-availability of jobs;
- financial difficulties;
- job dissatisfaction;
- preference for foreign jobs;
- debts;
- better educational facilities for children;
- financing construction of a house;
- self-improvement.

While economic hardship is obviously the primary motive driving Sri Lankan women to work abroad, remittances of their earnings have become a major source of foreign exchange for the country. According to a report by the Migrant Forum in Asia, such earnings amounted to Rs.41 billion, representing 20% of the gross export earnings, in 1995 alone. Remittances were equal to the country's annual education budget. The estimated 1 million Sri Lankan migrant workers support at least 2.5 million people, including their own families. According to other estimates, over Rs.70 billion are sent back to Sri Lanka by migrants each year (see Table 8.4).

Although these estimates include the earnings of professionals and skilled workers, in terms of the sheer number of those employed as unskilled or semi-skilled (of whom the greater part are women) a significant proportion can be attributed to them.

TABLE 8.4
SRI LANKA
PRIVATE REMITTANCES,
1991-2002

Year	Remittances (Rs M)
1991	18,311
1992	24,037
1993	30,592
1994	34,992
1995	40,482
1996	46,003
1997	54,445
1998	64,517
1999	74,342
2000	87,697
2001	100,427
2002	123,183

Source: Sri Lanka Bureau of Foreign
Employment.

As far as Sri Lanka is concerned, the most important factor in the dynamics of overseas employment is the large number of female workers who fall into the highly vulnerable category. In addition, although there are only a little over 500 licensed agents to assist Sri Lankan nationals in finding jobs abroad, the number of “sub-agents” who direct workers to agents, are estimated at 10,000.

9. MALPRACTICE BY PRIVATE RECRUITMENT AGENCIES

9.1 Pakistan

The Emigration Ordinance 1979 contains provisions for complaints by migrant workers within and outside Pakistan. If the worker wishes to make a complaint against the overseas employment promoter/recruiting agents while in Pakistan, he or she initially files the complaint at the Office of the Protector of Emigrants under Rule 28 of the Emigration Rules 1979. After making the necessary inquiries, the Protector of Emigrants takes appropriate action, i.e. both parties are called to a hearing. If the charges are proved, he recommends action against the promoter or agent and refers the matter to the Director General, BEOE for suspension or cancellation of the licence or for other action, as may be deemed appropriate. The Director General on receipt of recommendations from the Protector of Emigrants takes action under Section 12(3) of the Emi-

gration Ordinance and, after issuing a “show cause” notice to the overseas employment promoter, calls both parties for a hearing and decides the case on its merits. When the complaint is of a serious nature, the Director General can cancel the licence. The promoter then has the right of appeal before the Federal Government within a period of 30 days.

If a worker wishes to file a complaint outside Pakistan, he can approach the Pakistan Embassy in the host country or the Labour Attaché/Community Welfare Attaché. The Community Welfare Attaché will assist the complainant to resolve the grievance with the employer, under Rule 30 of Emigration Rules 1979 or, if the complaint cannot be settled, advise the worker to approach local labour courts or host government authorities to resolve the grievance.

In the case of a complaint by the employer against the overseas employment promoter, the Community Welfare Attaché/Labour Attaché will make enquiries and send a report to the Pakistan Federal Government, i.e. the Ministry for Labour, Manpower & Overseas Pakistanis, or to the Director General, BEOE with a recommendation for appropriate action. This may include suspension, cancellation of the licence, and forfeiture of security money.

Among the most common complaints from migrant workers against promoters are:

- a) charging large fees to send workers abroad;
- b) causing undue delay in sending workers abroad;
- c) not sending workers abroad at all;
- d) adopting delaying tactics by deliberately misplacing documents, e.g. passport, I.D. cards, certificate, etc.;
- e) misusing or forging documents of workers, e.g. changing photos, fake medical certificates, etc.;
- f) not providing proper accommodation, food, etc.;
- g) making workers sign another contract, with less favourable conditions, on arrival in host country with the connivance of the employer; and,
- h) disappearing after collecting money from the emigrant.

In the above cases, legislation provides the applicant migrant worker with the right to approach the Protector of Emigrants and Community Welfare Attaché/Labour Attaché for redress which will lead to action against the promoter. Procedures for resolving complaints in Pakistan are described in Appendices H, I and J.

9.2 The Philippines

In the Philippines, malpractice by agencies against workers is likewise subject to penalties, ranging from fines to the suspension or cancellation of licences. The offences for which a private recruitment agency may be charged include:

- collection of placement fees for non-existent jobs or before employment is obtained for the worker;
- overcharging, or charging placement fees where such fees are prohibited in the country of employment;

- failure to issue appropriate receipts for fees collected or received;
- misrepresentation or fraud in recruiting the worker or in preparing the documentation, or with regard to the application for licence;
- substituting or altering employment contracts;
- withholding workers' salary or documents without justifiable reason;
- failure to comply with orders, regulations or other undertakings;
- obstructing, or attempting to obstruct inspection;
- conducting recruitment outside of authorized offices without prior authorization;
- deploying workers whose documents have not been duly processed, or to employers who have not been registered or accredited;
- coercing workers to accept prejudicial arrangements; and,
- failure to deploy workers within the prescribed period without a valid reason.

Investigation of complaints concerning violations of the law on recruitment and placement of workers and concerning the use of a licence by a private recruitment agency falls under the exclusive authority of the POEA. The investigation by the POEA, through its Hearing Officer or Adjudicator, is usually carried out based on a complaint or information from the migrant worker. However, the POEA may also initiate investigations based on information received from any person. The investigation is usually summary and non-litigious. Technical rules of evidence and procedure in court do not apply, provided that all parties involved are assured of due process. On the basis of the report by the Hearing Officer or Adjudicator, the POEA Administrator will make a decision. If the charge is proven, the agency may see its licence suspended or cancelled. Appeals against the decision of the POEA Administrator may be made to the Secretary of Labour. Decisions made by the Secretary of Labour may be further appealed to the Court of Appeals.

The Labour Code and its rules of implementation relating to licensing and the standards for conduct and operations of private recruitment agencies have been in place for almost three decades and have been considerably strengthened over this period. However, records show that, despite this, violations are on the increase. Details on cases of violation of recruitment rules handled by the POEA can be found in Table 9.1.

TABLE 9.1
PHILIPPINES
COMPLAINTS OF VIOLATION OF RECRUITMENT RULES HANDLED BY POEA,
1992-1996

Year	1992	1993	1994	1995	1996
Cases Filed	862	1,390	1,820	1,835	1,970

Source: Banawis, *Deregulation of Overseas Labour Migration*, 1997: 53.

The trend in violation of the rules on recruitment of workers shows a consistent increase, both in terms of the number of cases and in the proportion to the volume of workers employed overseas (see Table 9.2). The volume of deployment of Filipino migrant workers for the years under review is as follows: 1992: 686,457; 1993: 696,630; 1994: 719,602; 1995: 653,574; 1996:

TABLE 9.2
PHILIPPINES
CASES OF VIOLATION OF RECRUITMENT RULES
BY NATURE OF CASE AND GENDER OF COMPLAINANTS,
2003-2004

Nature of Offence	2003		2004	
	Male	Female	Male	Female
Appointing agent/employee without POEA approval	20	12	75	75
Collection of excessive fees	61	81	370	338
Conduct of recruitment in unauthorized place	2	4	28	28
Contract substitution/alteration	18	6	94	24
Deploying undocumented workers	7	8	35	28
Deploying to unaccredited employer	11	14	19	13
Deploying workers with documents not approved by POEA	19	23	20	12
Failure to deploy workers	62	49	80	54
Failure to reimburse expenses incurred	39	38	232	183
Falsifying workers documents	17	14	37	21
Illegal exaction	195	340	68	54
Misrepresentation	399	437	731	607
Non-issuance of appropriate receipt	53	68	374	378
Premature collection of fees/non-issuance of OR	433	554	447	412
Unauthorized withholding of documents	51	70	185	186
Other offences	168	136	143	135
Nature of complaint not indicated	1,058	1,353	271	395
Total	2,613	3,207	3,209	2,943

Source: Stella Banawis, *Deregulation of Overseas Labour Migration*, 1995: 53.

660,122. The number of victims is normally higher than the number of cases because it is possible that there are several complainants or victims for each case.

In the history of the Philippine Overseas Employment Programme, the period from 1992 to 1996 is marked by changes in the POEA's rules and regulations and the enactment of the law RA 8042, which enhanced the protection for migrant workers by imposing stiffer penalties for malpractice. As may be observed, this has not reduced the level of abuse and malpractice by recruitment agencies.

In 1991, the POEA rules were amended to streamline further the operations of recruitment agencies. Penalties for violation of the rules were not changed, but the financial requirement for operating a private recruitment agency was increased by raising the capital requirement from P500,000 (approx. US\$10,000) to P1,000,000 (approx. US\$20,000). The cash bond was raised from P100,000 (approx. US\$2,000) to P300,000 (approx. US\$6,000), of which P200,000 (approx. US\$1,000) is deposited in an escrow account in favour of the POEA. Thus the financial risk for participating in the recruitment for overseas employment has increased, but it has not prevented violation of the rules.

In 2002, the POEA stiffened the penalties for violation of recruitment rules, but the effects are yet to be quantified.

The effectiveness of the laws and regulations may be determined by the absence or decrease in the incidence of violations. The number of adjudication cases shown earlier would indicate that current legislation and regulation is not having the desired effect. However, a closer examination is needed before a conclusion is drawn. It may be worth considering external factors which influence compliance or violation of the law. Among these factors is the reasonableness of the law, rule or procedure. When the rule or procedure is too cumbersome, it inadvertently encourages violation. Also where the implementing agent is incapable of detecting or penalizing violations, the risk involved in non-compliance may be low, compared to the benefits.

The new POEA Rules are a step towards cleaning up the recruitment industry through the elimination of gross violators of the law. Under the new rules, a single offence of overcharging of recruitment fees is sufficient cause to cancel the licence of a recruitment agency. However, their effectiveness may not be fairly assessed at this early stage.

10. MALPRACTICE BY EMPLOYERS

10.1 Pakistan

In Pakistan, the Community Welfare Attaché is expected to settle workers' grievances with employers by contacting the employer and involving local agencies, such as the Ministry of Foreign Affairs and the Department of Labour. When the parties are unable to reach a settlement, the Community Welfare Attaché assists workers in seeking redress from the labour courts. At the same time, he sends a report to the Director General, BEOE and suggests that the recruitment agent approach the employer for redress.

From 2001 to 2003, the bureau received 346 complaints from different sources about illegal extraction of money, non-provision of jobs by the promoters, breach of contractual obligations by the employers and other charges (see Table 10.1).

During the calendar year 2001, 303 persons lodged complaints, approx. 0.5% of the total number of persons who went abroad for employment. Similarly about 267 persons (less than 0.5% of migrant workers) lodged complaints during 2002. During 2003, 302 persons lodged complaints, representing 0.15% of the migrants going abroad for employment.

As a result, between 2000 and 2003, 72 licences were suspended and 37 were cancelled (see Table 10.2). Complaints of abuse against employers related principally to:

1. non-payment of salaries/wages;
2. denying facilities as provided in the contract, i.e. food, accommodation, medical, overtime, leave salary, etc., and requiring workers to work under inhuman or hazardous conditions;
3. harsh and insulting attitude;
4. disowning or deserting the workers; and,
5. closing the business for various reasons.

TABLE 10.1
PAKISTAN
COMPLAINTS BY MIGRANT WORKERS,
2001-2003

Year	Number of complaints received	Number of complainants	Number of OEPs involved
2001	106	303	77
2002	97	267	77
2003	143	302	130
Total	346	872	284

Source: POEA Planning Division.

TABLE 10.2
PAKISTAN
CANCELLATION AND SUSPENSION OF LICENCES ISSUED
TO OVERSEAS EMPLOYMENT PROMOTERS,
2000-2003

Year	Cancellation of overseas employment promoters' licences	Suspension of overseas employment promoters' licences
2000	3	22
2001	11	13
2002	19	25
2003	4	12

Source: Bureau of Emigration, Government of Pakistan.

10.2 The Philippines

In the Philippines, malpractice by foreign employers or principals is subject to disciplinary action. Prior to 1995, complaints or cases calling for disciplinary action against foreign employers or principals come under the jurisdiction of the POEA, while complaints or claims for compensation arising from violation of the overseas employment contract's terms and conditions fell under the jurisdiction of the NLRC. Table 10.3 shows the number of employment-related cases filed with the POEA from 1992 to 1996 and the number of overseas employment cases handled by the NLRC from 1998 to 2002. The decrease in the number of cases filed with the POEA in 1996 is due to the transfer of jurisdiction over employment-related claims for compensation to the NLRC, by virtue of RA 8042.

Recruitment agencies are jointly liable with foreign employers for monetary obligations offered to workers. However, their licences are not subject to suspension or cancellation as a result of malpractice or abuse by the foreign employer. For such offences, the employer or foreign principal may be suspended or disqualified from hiring Filipino workers again.

TABLE 10.3
PHILIPPINES
COMPLAINTS HANDLED BY POEA AND NLRC,
1992-1996 AND 1998-2002

A. Employment-related Cases Filed with the POEA, 1992-1996

	1992	1993	1994	1995	1996
Cases filed	3,727	6,140	8,173	8,476	664

Source: Banawis, 1997: 53.

B. Overseas Employment Cases Handled by the NLRC, 1998-2002

	1998	1999	2000	2001	2002
Cases handled	2,383	3,041	3,349	3,729	3,873

Source: DOLE Statistical Yearbook 2002, for NLRC.

Among the offences or grounds upon which foreign employers or principals may be held accountable for disciplinary action are:

- default on contractual obligations to the migrant worker;
- gross violation of laws, rules and regulations on overseas employment;
- gross negligence leading to serious injury, illness, or death of the worker;
- gross misconduct;
- conviction for an offence involving moral turpitude; and,
- other similar behaviour

10.3 Sri Lanka

In Sri Lanka, the SLBFE's Special Investigation Division has been assigned the following duties to check the performance of licensed recruiting agencies and illegal recruitment:

- conducting investigations and inquiries into complaints against licensed foreign employment agencies;
- collecting of information with regard to illegal foreign employment agencies, and conducting raids;
- conducting of annual inspections on licensed foreign employment agencies in order to assess fees paid, to check proper maintenance of books and registers, and making recommendations on renewal of licences;
- serving of summons and execution of warrants;
- prosecuting formal inquiries; and,
- conducting investigations into cheating and fraud pertaining to foreign employment, and assisting the police in further investigation.

As far as Sri Lanka is concerned, the effects of foreign employment on workers themselves have been far less beneficial. Although press reports have mainly highlighted extreme cases of abuse

and harassment, the daily working conditions of female workers are severe. Some of the major problems faced are:

- delayed, irregular payment, or non-payment of wages, underpayment, illegal deductions, charges for damaged property, withholding of wages for airfare;
- long hours (around 18 hours per day), no rest or sleep during festive seasons, absence of regulations on working hours, no payment for extended hours of work;
- overwork and fatigue;
- assaults by members of the employer's family and by foreign agents (maids escaping from employers seek assistance from foreign agents, but may then suffer assault at the hands of agencies which accuse them of refusing to work and creating problems);
- inadequate health care, denial of care, medical bills deducted from salaries, denial of medical treatment;
- sexual harassment and/or rape;
- illegitimate children (housemaids may return with illegitimate children born out of a relationship formed abroad);
- adultery (many runaways are victims of forced sexual relations and are reluctant to face their families in Sri Lanka. Most women caught in the act of adultery are jailed for up to six months);
- overstaying (on completion of the contract, some maids are not allowed to leave because replacement costs are too expensive. Employers often make them work illegally);
- lack of contact with families (many employers refuse to allow maids to communicate with their families back home, thus inducing feelings of isolation. Common tactics include destroying incoming and outgoing letters); and,
- death and accidents (in the event of death, the remains cannot be brought home, particularly when there is no contract).

Details on the nature of complaints made by Sri Lankans and figures for the number of Sri Lankans taking overseas employment are provided in Tables 10.4 and 10.5.

TABLE 10.4
SRI LANKA
COMPLAINTS BY MIGRANT WORKERS, 2003

S. #	Nature of complaints	Domestic Sector	Non-Domestic Sector	Total
01	Harassment	1,206	203	1,409
02	Non-payment of agreed wages	1,240	444	1,684
03	Breach of contract	419	1,046	1,465
04	Lack of communication	1,917	238	2,155
05	Death	-	1	1
06	Stranded	16	-	16
07	Other	62	165	227
	Total	4,860	2,097	6,957

Source: SLBFE Annual Report, 2003.

TABLE 10.5
SRI LANKA
COMPLAINTS BY MIGRANT WORKERS, BY COUNTRY,
2000-2002

Country	2000	2001	2002
Saudi Arabia	2,993	3,019	3,373
UAE	832	1,005	840
Bahrain	209	140	114
Oman	190	169	111
Kuwait	1,328	1,389	1,283
Qatar	242	343	438
Jordan	536	625	667
Singapore	38	33	26
Lebanon	755	945	929
Cyprus	39	82	56
Malaysia	83	96	20
Maldives	77	53	54
Others	31	28	27
Total	7,353	7,927	7,938

Source: Sri Lanka Bureau of Foreign Employment.

11. ILLEGAL RECRUITMENT AND UNLAWFUL EMIGRATION

11.1 Pakistan

The provisions governing unlawful emigration in Pakistan are contained in Sections 17 and 18 of the Emigration Ordinance 1979. These sections prescribe penalties for offences committed under the Ordinance and the Emigration Rule, 1979, see Appendix J.

To prevent forgery in the stamping of visas in Pakistan, an arrangement exists with the Saudi Embassy or Consulate. Under this arrangement, the Pakistan Overseas Employment Promoters' Association (POEPA), a representative body, collects passports and letters for confirmation of visas from the overseas employment promoter/recruiting agents and deposits them at the Embassy/Consulate. The passports are then collected by the POEPA and returned to the concerned promoters. This system has been in place for more than five years and runs smoothly. It has limited the possibility of forgery in stamping visas.

11.2 The Philippines

Illegal migrant workers or workers without proper documentation are usually the most vulnerable to abuse. Illegally deployed Filipino workers are not entitled to the same package of benefits that the OWWA offers to lawfully deployed workers, because they do not contribute to the fund. They are, nonetheless, entitled to protection from the Philippine Embassy. These workers

are usually invisible to the government until they land in trouble or when their health, safety or well-being has been threatened.

Until 1987, the Philippine government's fight against illegal recruitment was mostly conducted on an ad hoc basis. Many task forces were created and then disbanded, but illegal recruitment continued to flourish. In 1987, the fight against illegal recruitment was placed under the responsibility of the POEA, with a regular budgetary allocation from the government. The POEA's anti-illegal recruitment campaign involves information and education campaigns, legal assistance, surveillance, and operations.

As can be seen from the analysis of cases handled by the POEA from 1999 to 2003 (Table 11.1), the number of illegal recruitment cases continues to rise, despite efforts made by the government.

TABLE 11.1
PHILIPPINES
ILLEGAL RECRUITMENT CASES HANDLED BY POEA,
1999-2003

	1999	2000	2001	2002	2003
Cases handled*	603	573	722	956	1,219
Cases received	481	436	595	751	866
Workers involved	1,404	1,327	1,934	1,902	1,625

*Includes any cases received and carried over from the previous year.

Source: POEA Annual Reports, 2000-2003.

Recently, President Gloria Macapagal Arroyo created a Presidential Task Force on Illegal Recruitment and appointed a powerful and experienced police officer as its head. It is too soon to assess the impact that the new task force will have but, during the first month of its operation, it had arrested 98 persons suspected of being illegal recruiters.

11.3 Sri Lanka

One notable phenomenon in overseas employment in Sri Lanka is the rise in the number of female workers (see Table 11.2). Studies have shown that 65% of workers going abroad for jobs are female and almost 90% of them are garment workers and housemaids/domestic servants. The former group is extremely vulnerable to abuse and exploitation particularly as many leave for overseas work illegally, without being registered with the SLBFE, despite the government's efforts to monitor legal and illegal operators and the incentives offered to licensed and authorized agents and workers, such as free insurance cover while working abroad.

The SLBFE has commissioned a study to look into the problem of unauthorized recruitment, to study ways of implementing compulsory registration prior to departure and of preventing such abuses as charging unauthorized fees, cheating and fraud by illegal operators.

TABLE 11.2
SRI LANKA
DEPARTURES FOR FOREIGN EMPLOYMENT,
1986-2002

Year	Male	Female	Total
1986	11,023	5,433	16,456
1987	10,647	5,480	16,127
1988	8,309	10,119	18,428
1989	8,680	16,044	24,724
1990	15,377	27,248	42,625
1991	21,423	43,560	64,983
1992	15,493	29,159	44,652
1993	17,153	31,600	48,753
1994	16,377	43,791	10,168
1995	46,021	126,468	172,489
1996	43,112	119,464	162,576
1997	37,552	112,731	150,283
1998	53,867	105,949	159,816
1999	63,720	116,015	179,735
2000	59,793	122,395	182,188
2001	59,807	124,200	184,007
2002	70,726	132,984	203,710

Source: Sri Lanka Bureau of Foreign Employment.

12. REDRESS FOR VIOLATION OF RIGHTS OF MIGRANT WORKERS

12.1 Pakistan

In Pakistan, the only valid and authenticated document for a migrant worker is the Foreign Service Agreement (FSA) which is signed by the emigrant and the promoter on behalf of the employer, as required by Rule 21 of the Emigration Rules 1979, and which is registered in the Office of the Protector of Emigrants. The FSA guarantees the worker's rights and also specifies his or her obligations, for as long as the agreement remains in force and as the worker continues to work in the country of employment. The FSA can only be terminated:

- by the employer when he can show valid reasons, such as non-fulfilment of obligations on the part of the worker (e.g. refusing to work, indulging in activities otherwise prohibited under the contract of employment), and when the termination takes place in accordance with the procedures defined in the FSA: or,
- by the worker, where the terms and conditions of employment have not been respected by the employer (e.g. non-payment of wages, denying facilities as provided in the contract of employment).

In both cases, if the agreement is terminated by mutual consent and neither party invokes the provision in the FSA for the procedure for termination, where such a provision exists, then the

matter is deemed closed. However, in the event of dispute, various options and remedies, as described below, are available for resolving the dispute to either party.

The Pakistani legal framework offers several options to the worker. Various officials, i.e. the Director General (BEOE), the Protector of Emigrants and the Labour Attaché/Community Welfare Attaché, are entrusted with authority to deal with the problems of overseas workers. They have statutory powers under the Emigration Ordinance 1979 and rules contained in that Ordinance to receive cases, such as breach of contract or of the FSA. Workers are briefed on their rights and on their conduct while working abroad, in particular, on refraining from indulging in immoral and unlawful activities and on obeying the laws of the land. Overseas employment promoters, who are responsible for the selection and recruitment of workers, are adequately informed of their duties and obligations and of statutory penalties if found to be involved in malpractice.

12.2 The Philippines

In the Philippines, workers who have complaints or grievances against their employers while on the worksite may seek the assistance of the POLO for the redress of their grievances. When they return to the Philippines, they have the right to file a complaint with the NLRC to seek redress for any violation by their employer of their rights under their contract of employment. The complaint is filed against both the employer and the recruitment agency. Under the joint and solidary liability principle, the agency may be held solely liable for the obligation of the foreign employer for enforcement of the employment contract.

13. EFFORTS AT ENFORCING MINIMUM STANDARDS IN EMPLOYMENT CONTRACT

13.1 The Philippines

To enforce a minimum standard contract for migrant workers, the Philippine government has introduced initiatives to facilitate the signing of bilateral agreements with the host government, through negotiations on the protection and rights of migrant workers, including high level missions to host countries. In addition, the government has imposed the concept of joint and solidary liability between the recruitment agency and the foreign employer.

Many labour-exporting countries have realized that securing a bilateral agreement with the host country is a challenging task. From the host country's perspective, if the government agrees to sign one agreement, it will be under pressure to negotiate similar agreements with other labour-exporting countries.

The Philippines have signed 12 bilateral agreements or memoranda of understanding (MoUs) with 11 labour-receiving countries/region and one (1) labour-sending country, namely the Commonwealth of Northern Mariana Islands (CMNI), Iraq, Jordan, Korea, Kuwait, Libya, Norway, Papua New Guinea, Qatar, Switzerland, Taiwan, and Indonesia. Of these, six bilateral agreements or MoUs are currently valid. The principle features of these arrangements are:

- Korea: fixing of terms and conditions and of protocols relating to the recruitment and employment of Filipino workers;
- Kuwait: exchange of visits and consultations to share knowledge and experience in job creation and generation;
- Libya: use of Filipino expertise in the implementation of Libya's objectives for development in sectors such as construction, communication, transportation, health care, vocational training and manpower development, agriculture, fisheries, and manufacturing;
- Switzerland: exchange of Swiss and Filipino professional and technical trainees for periods of 12 to 18 months;
- Indonesia: promotion of the protection of migrant workers' welfare and rights, training and certification, and the provision of legal aid to migrant workers; and,
- Qatar: recruitment of Filipino workers of different skills for public and private sectors, and enhancement of the welfare of Filipino workers according to the laws of Qatar.

The Philippine Embassy has proposed that the bilateral agreement with Jordan be reactivated. In the meantime, it has initiated joint working group meetings with Jordanian officials regarding the recruitment and deployment of Filipino workers.

The Philippines has also proposed a bilateral agreement with the Netherlands concerning the development of competencies of Filipino nurses to make them suitable for employment in the Netherlands. The proposed document is now being reviewed by the Departments of Labour, Health and Foreign Affairs. There are also ongoing discussions for a memorandum of understanding with the United Kingdom on the recruitment of nurses.

Other initiatives being undertaken by the Philippine government include high-level missions to host countries to engage the authorities in discussions on the welfare and protection of Filipino workers. In some countries, the Philippine embassies have initiated proposals for the creation of joint consultations with a view to formulating a memorandum of understanding on the matter of recruitment and deployment of Filipino workers.

In countries which are not ready to sign bilateral agreements or to hold joint consultations or discussions, the only feasible measures are the imposition of standard employment contracts and enforcement of joint and solidary liability on the recruitment agency and the foreign employer which already exist under the system established by the POEA. While this is an effective and feasible measure for ensuring that an entity or person is responsible for the well-being of a Filipino worker, recruitment agencies have complained that it is unfair as they are often left to assume that responsibility alone.

In certain countries, the host governments have engaged in the exchange of high level missions to discuss matters of mutual concern. For example, the Philippine Secretary of Labour led a mission last year to Saudi Arabia reciprocating an earlier visit by the Saudi Minister of Labour. These visits involved discussions on minimum salaries for unskilled and household workers, repatriation of workers upon expiry of contract, and provision of shelter for runaway domestic workers.

For its part, Jordan recently amended its labour laws to regulate the operations of recruitment agencies hiring foreign domestic workers. In line with this amendment, new regulations speci-

fied that the recruitment and employment of non-Jordanian domestic workers should only be carried out by licensed agents. As a requirement for the licensing of Jordanian agents, agents are now required to deposit a bank guarantee of JD50,000 with the Ministry of Labour to secure compliance with the conditions and commitments of the agent, including compensation resulting from such commitments.

A standard employment contract for non-Jordanian domestic workers is being enforced under the new regulation. The contract's basic provisions include suitable accommodation, meals, clothing and medical care, one rest day per week, and life and accident insurance. The standard contract obliges the employer to provide a two-way ticket for the worker, subject to completion of a two-year contract; and to secure work and residency permits for the worker.

Brunei, Cyprus, Hong Kong and Israel have specific legislation governing the protection of foreign domestic workers.

13.2 Sri Lanka

Sri Lanka is in the process of drafting a standard foreign service agreement. The lack of such an agreement is due to the fact that most of their overseas workforce are female and migrate to Gulf countries where the terms and conditions of employment differ from country to country. There have been so many cases of abuse and violation of contracts. Intensive negotiations were held by the Sri Lankan government with the governments of receiving countries regarding compliance with the terms and conditions of employment contract for female workers and action against abuse. The situation has improved but the ultimate goal of eliminating the problem of abuse remains distant.

Tables showing the departure for foreign employment by sex by country/region (1998-2002) and via direct and registered sources from Sri Lanka for 1996-2002, are included in Tables 13.1 and 13.2 respectively.

Central to Sri Lanka's efforts to protect its overseas workers are bilateral agreements between countries providing for terms and rules of settlement of employee grievances and the recognition of employment contracts. Recently the SLBFE introduced a model contract specifying the rights and duties of migrant workers. It related principally to housemaids and was the result of several years of deliberation with legal experts from Saudi Arabia and Kuwait and of consultation with Sri Lanka Missions abroad.

When it was first announced that this model contract would be introduced, agents objected and its implementation was postponed as a result of the protests. Agents argued that the procedures for registration of contracts were cumbersome and time consuming. It was also recognized that the legal channel could be seen as less attractive for workers seeking an informal and speedy departure. The employment contract required a compulsory registration procedure at the Bureau. A desk was also set up at the airport by the Bureau to register those leaving without registration.

TABLE 13.1
SRI LANKA
DEPARTURES FOR FOREIGN EMPLOYMENT BY COUNTRY,
1998-2002

Country/Region	1998	1999	2000	2001	2002
Saudi Arabia	59,397	63,585	61,359	66,885	71,495
UAE	21,883	30,159	32,815	28,291	32,879
Bahrain	7,116	5,660	6,477	3,738	4,525
Oman	4,294	10,470	4,964	3,669	3,577
Kuwait	28,834	33,684	33,633	35,100	41,832
Qatar	12,576	11,539	12,137	14,053	20,741
Jordan	3,832	6,996	7,354	8,076	6,533
Singapore	1,837	2,029	1,617	1,507	1,270
Lebanon	13,646	6,865	13,195	15,435	12,692
Greece	150	169	139	151	141
United States	46	27	41	30	7
Cyprus	1,607	1,985	2,339	3,090	3,092
Maldives	2,798	3,442	3,055	2,392	2,895
Mauritius	180	77	71	104	159
Libya	40	31	16	101	117
Italy	279	1,732	183	28	7
Malaysia	45	46	1,204	336	380
South Korea	441	510	855	353	522
Hong Kong	242	348	374	382	270
Seychelles	96	44	37	24	100
Pakistan	48	22	30	26	28
Syria	38	29	28	26	17
China	10	-	2	25	3
Kenya	1	17	5	26	32
Madagascar	-	4	-	21	2
Israel	4	16	9	24	59
Ireland	-	-	-	20	47
Spain	2	-	3	15	2
Yemen	21	-	5	16	10
United Kingdom	19	12	9	20	29
France	6	4	-	2	2
Canada	1	3	3	3	2
Japan	60	4	8	23	2
Thailand	4	2	1	1	4
Africa	-	7	12	45	27
Egypt	62	43	99	57	66
Others	201	174	109	112	144
Total	159,816	179,735	182,188	184,007	203,710

Source: Sri Lanka Bureau of Foreign Employment.

TABLE 13.2
SRI LANKA
DEPARTURE OF FOREIGN EMPLOYMENT THROUGH DIRECT AND REGISTERED SOURCES,
1996-2002

Year	Direct			Registered			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
1996	16,024	31,106	47,130	27,088	88,358	115,446	43,112	119,464	162,576
1997	10,048	25,185	35,233	27,504	87,546	115,050	37,552	112,731	150,283
1998	18,918	28,335	47,253	34,949	77,614	112,563	53,867	105,949	159,816
1999	29,123	29,985	59,108	34,597	86,030	120,627	63,720	116,015	179,735
2000	27,157	27,416	54,573	32,636	94,979	127,615	59,793	122,395	182,188
2001	26,620	24,920	51,540	35,187	99,280	132,467	59,807	124,200	184,007
2002	28,029	22,762	50,791	42,697	110,222	52,919	70,726	132,984	203,710

Source: Sri Lanka Bureau of Foreign Employment.

14. OTHER MECHANISMS TO CHECK ABUSES BY RECRUITMENT AGENCIES

14.1 Pakistan

Pakistan is undertaking the periodic weeding out of bad agents. Promoters' licences are now issued for a specified term, and renewed every year for one, two and three years depending on validity or expiry dates. Thus if a promoter is found abusing migrant workers, the licensee is given a warning and in cases where there are repeated or serious complaints, the licence is not renewed. This is an effective check and has yielded positive results. Every year, at the time of licence renewal, a number of licence holders are removed from the list. The fixing of strict criteria for the initial granting of a licence coupled with built-in performance checks has been proved effective in limiting malpractice.

To improve safeguards of migrant workers' rights and the performance of overseas employment promoters and recruitment agencies, it is suggested that existing financial guarantees imposed on overseas employment promoters be increased, and that they be subject to forfeiture in the case of malpractice.

It is also imperative that workers be adequately informed of the mechanism of overseas employment, so that illegal recruiters and unscrupulous licensed recruitment agents do not take advantage of their innocence. Electronic media and press can play a positive role by educating the public, and foreign employment seekers in particular, of the dangers. Experience based on interviews carried out by the Protector of Emigrants' Office show that 50-60% of complainants are ignorant about the activities of illegal recruiters and the malpractice of licensed or authorized agents.

14.2 The Philippines

The Philippines has recently increased the amount of cash and escrow deposits demanded from recruitment agencies, after a review of the policy on cash bond revealed that fees collected illegally by agencies from job applicants and recruited workers far exceeded the total amount of the cash bond deposited with the POEA. As a result, many victims of recruitment malpractice do not receive adequate compensation. The new requirement is now in operation, but as yet, no study has been carried out on its impact as a deterrent.

In the Philippines, the system of protection begins before the worker goes abroad. Education is a priority, through the use of the pre-employment orientation seminar. The job seeker is provided with the means to make informed decisions about whether or not he or she wishes to work abroad. The pre-employment orientation seminar is also used as a complementary programme to the POEA's anti-illegal recruitment campaign.

14.3 Sri Lanka

The Sri Lankan government requires that all migrant workers be registered with the SLBFE in order to prevent illegal recruitment and to provide them with necessary services, such as:

- Free insurance covering health, disability and repatriation;
- Training and awareness programmes: before leaving, workers are given training on health including reproductive health, socially transmitted diseases, HIV, fitness, and hygiene. Issues such as leaving family and children behind, loneliness, isolation, social and cultural problems and sexual harassment, are discussed. Practical information, such as working with electrical appliances, gas cookers, occupational safety, etc., is also given;
- Payment of embarkation tax;
- Provision of scholarships and school materials for workers' children, career guidance, and monitoring of progress in their education;
- Operation of counters at the airports on a 24-hour basis in both the arrival and departure lounges. There is also a safe house located close to the airport which can be used by the worker;
- Setting up runaway houses in Saudi Arabia and Kuwait to accommodate women who have been compelled to leave their places of employment; and,
- Providing Sri Lankan embassies in Middle Eastern host countries with Labour Welfare Officers to deal with the problems and issues of migrant workers.

In 1994, the SLBFE introduced a free insurance scheme for the benefit of migrant workers and their families. Migrant workers who are registered with the SLBFE prior to departure are eligible for the scheme, which covers death, illness, disability and repatriation. The next of kin of the insured also obtain benefits of medical assistance and compensation for family disasters.

15. GOOD PRACTICES AND LESSONS LEARNED ON REGULATION OF RECRUITMENT

A top priority of all labour-exporting governments is to ensure the well-being of migrant workers and the payment of decent wages. There are no perfect systems for regulating labour migration but exporting countries must continue efforts to improve the systems they have introduced. Problems should be seen as opportunities to improve. The lessons learned from the policies and programmes of the labour-sending countries examined in this report are as follows:

1. In Pakistan, the introduction of a mandatory insurance scheme for migrant workers giving them coverage for 2 years after payment of an initial premium of Rs.650 (US\$1,200) with a coverage amount of Rs.300,000(US\$5,000) is important. For the years 2001-2003, 239 claims were paid out on average each year by the State Life Insurance Corporation and an average of US\$1,038,395 per year was paid in death and disability benefits.
2. In the Philippines, workers contribute US\$25 to the fund and this has proven beneficial in many instances. As contributors to the fund, workers are entitled not only to compensation in the event of illness, disability or death, but can also be provided with loan facilities to start livelihood projects, pursue education for themselves and their families and obtain other assistance in times of need. Records from the OWWA show that, between 2000 and 2002, an average of 4,165 members per year benefited from the Insurance Coverage Program by way of death benefits, medical reimbursement, and disability and dismemberment benefits. An average of P49, 632,906 (US\$990,000) per year in insurance claims was paid out during the same period. Under the Livelihood Development Program, a total of US\$460,000 was released to 8,267 beneficiaries during the period 1988-2000.
3. Education of migrant workers before they seek overseas work is one of the most effective shields against abuse by recruitment agencies. They should be provided with timely, comprehensive, relevant, and accurate information about the realities of labour migration to enable them to make informed choices. Pre-employment orientation seminars should be increased especially in rural communities. The seminars can also be an effective method of providing prospective overseas job seekers with knowledge on how to recognize the modus operandi of illegal recruiters.
4. Labour migration can have a serious impact on human lives. For this reason, the recruitment activities of overseas employment promoters and agencies should be closely supervised and monitored by governments to minimize malpractice and abuse of those seeking jobs overseas.
5. The imposition of penalties, such as suspension or cancellation of licences and forfeiture of a security deposit, on promoters or agents who violate the law is an effective protection mechanism. While such penalties have not eliminated abuses, they have instilled some order.
6. It is important to build up the institutional capacity of the Protector of Emigrants and Community Welfare Attaché offices (or equivalent structures). Since these offices are in direct contact with the workers, their ability to respond in an appropriate and timely manner to the needs of the workers should be enhanced.

7. Government regulations should take into account the realities of overseas employment dynamics. If regulations and procedures intended to protect workers are too cumbersome, they provide incentives for irregular migration. There are persistent complaints from private recruitment agencies that some of the rules on licensing and on the operations of agencies are unrealistic in the global employment market. Rules and procedures should be simplified and, where possible, should recognize realities at home and in foreign countries in order to make compliance easier. Rules which are unreasonably rigid can breed corruption and abuse.
8. Legal and policy frameworks for the recruitment and deployment in vulnerable job categories, such as female domestic workers and entertainers, need to be strengthened. Minimum standards of employment should be developed and implemented, together with systems for monitoring and enforcement of working conditions and recruitment practices. The machinery for handling complaints by workers should also be strengthened. The possibility of eliminating the profit motive in the recruitment of these categories of workers should be seriously considered. If proven necessary and appropriate, it could be placed in the hands of government.
9. Governments should allocate more resources to information dissemination on the perils of illegal migration and trafficking, especially in rural communities where poverty is more pronounced and people are more vulnerable to illegal operators.
10. Workers should be encouraged to go through the legal migration procedures by providing incentives and ensuring that they are aware that workers using illegal migration procedures are almost always subject to abusive and exploitative practices.
11. Recruiters who severely violate the rules should be subject to criminal prosecution, in addition to cancellation of their licences.
12. The ultimate solution to exploitation in recruitment is to increase employment opportunities. Towards this end, the government must seek out new and better markets for overseas employment. In recognition of the valuable contribution that the private sector can make in the development of employment opportunities for migrant workers abroad, incentives should be provided for this purpose. Licensing of more private recruitment agencies should also be considered.
13. The deployment of overseas workers with more skills must be encouraged, since skilled workers are less susceptible to abuse. Governments should raise the quality of workers in order to improve their employment opportunities and lessen their vulnerability. They should also implement necessary technical education and training programmes for migrant workers, after taking stock of existing programmes. For example, the Philippines has developed special training programmes for seafarers and is in the process of developing similar programmes for domestic workers.
14. The policy of full disclosure of the terms and conditions of recruitment and employment is a helpful tool in minimizing contract violation and substitution.
15. Governments of labour-sending countries should form strategic alliances to redress abusive practices at home and abroad and continue to urge labour-receiving governments to police their own recruitment agencies.

16. A country-specific approach to problems should be adopted for greater efficiency. Where bilateral agreements with host countries are necessary, they should be pursued. Where restrictions or bans on the deployment of workers would be effective for a particular destination of workers, these should be put in place. A general policy on restricting deployment may not work at all times, especially where the “pull” factor is strong in certain destination countries.

CONCLUSION

Protection of the rights and well-being of migrant workers is a top priority for each manpower-exporting country. To achieve this end, countries must make every effort possible to ensure a mechanism that safeguards and protects labour migrants against unscrupulous and unlicensed agents who take advantage of their lack of information on rules, regulations and procedures governing overseas employment.

Sending countries must protect the rights of the workers in the country of their employment for as long as they remain abroad for work. To achieve this objective, the only authentic and legal document is the foreign service agreement (FSA) which is executed between the migrant worker and the overseas employment promoter or recruiting agent on behalf of employer. Though the reported cases of violation of contract and complaints from the workers are relatively small in number compared to total deployment, the existence of a mechanism and legal framework ensures protection of rights of migrant workers and fulfilment of contractual obligations by the employer and also by the employee to a large extent. It also acts as a deterrent and helps prevent unlawful activities of illegal agents.

In cases, however, where the employer’s attitude was found negative and they were unwilling to honour the terms and conditions of employment contract of the foreign worker or foreign service agreement signed in Pakistan, problems did arise and the matter had to be taken up in some cases at high levels of government for redress of disputes of a serious and urgent nature. The signing of bilateral agreements with governments to honour documents such as these FSAs would, however, have a positive and binding effect on employer and workers alike. Presently, few bilateral agreements exist between Pakistan and receiving countries. It is now essential that action towards that end be initiated as soon as possible for the protection of rights of migrant workers.

The foregoing discussion has unveiled the legal framework and mechanisms instituted by each sending country concerned. It has likewise highlighted the good practices, as well as the inadequacies, in those frameworks and mechanisms for ensuring the welfare and protection of migrant workers.

Problems concerning malpractice of agencies and abuses of employers do not only stem from gaps in legislation and its implementation. They persist and even increase in magnitude and severity, not because of any lack of will on the part of governments to put a stop to them, although clearly individual cases of corruption play their part. There are deeper root causes for the unfortunate situation that sometimes exists in the process of labour migration. Poverty, dire lack of viable choices in the home country, and the need to escape from their harsh effects push migrant

workers to take even the most unjust terms of recruitment and dangerous conditions of employment in exchange for a slim chance of a better future for themselves and their families. Extreme cultural differences also contribute to the problems.

As malpractice and abuse occur at both ends of the migration process, a collective effort on the part of both countries of origin and destination will help mitigate the problems. Managing labour migration requires collective efforts by the sending and the receiving countries, by employment agencies and by employers to be effective. Labour-sending countries gain from the foreign exchange brought home by overseas workers, but receiving countries benefit as well in terms of savings in the cost of education and training of workers, since foreign workers are often the best and the brightest available. However, receiving countries should also share in the responsibility for protecting their rights as workers and as human beings. Migrant workers have, in fact, become an integral part of the economies of industrialized nations. Therefore, destination countries should remunerate these workers by contributing to the protection of their interests and welfare. Overseas employment must be seen as a confluence of interests, an exchange of value for value.

Receiving governments have an obligation to migrant workers to ensure that the standards for employment set by sending countries for the protection of its workers are respected and given effect by employers and their intermediaries. No amount of standard-setting efforts can effectively ensure the safety, health and well-being of foreign workers without the sincere desire and efforts by the receiving government to ensure compliance.

It is appropriate that sending countries strengthen protective mechanisms for their workers, both at home and overseas. But it is also appropriate and just that receiving countries police their own citizens to ensure that they honour their commitments to foreign workers. These are strong reasons for labour-sending and receiving countries to work together and to exchange ideas and experience in the pursuit of better conditions for the migrant workers. International organizations such as IOM and ILO can do much in this regard.

According to the UN Convention on Protection of Migrant Workers and their families (Article 7), each member country undertakes that its employment services and other services connected with migration will cooperate in appropriate cases with the corresponding services of other members, and that the services rendered by its public employment service to migrants are offered free. Article 9 provides for the transfer of the earnings of the migrant as he or she may desire, subject to the laws of the country concerned. Article 10 is of significance as it provides that situations where the number of migrants going from the territory of one member to that of another is sufficiently large, the competent authorities of the territories concerned shall, whenever necessary or desirable, enter into agreements for the purpose of regulating matters of common concern arising in connection with the application of the provisions of this Convention.

Whether the worker is Pakistani, Filipino or Sri Lankan, the purpose for which he or she undertakes to work in a foreign country and a different environment, far from home, is to earn enough for their families to improve their life, for improving their children's access to education and health. Whether the worker is a labourer from Pakistan, a housemaid from Sri Lanka or a skilled worker from Philippines, their purpose in leaving their home and their loved ones is the same: to earn more for their families and country and improve their quality of life, while contributing enormously to the economy and societies of the country of destination.

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Appendix A: Comparative Study of Emigration Laws and Rules of Pakistan, the Philippines and Sri Lanka

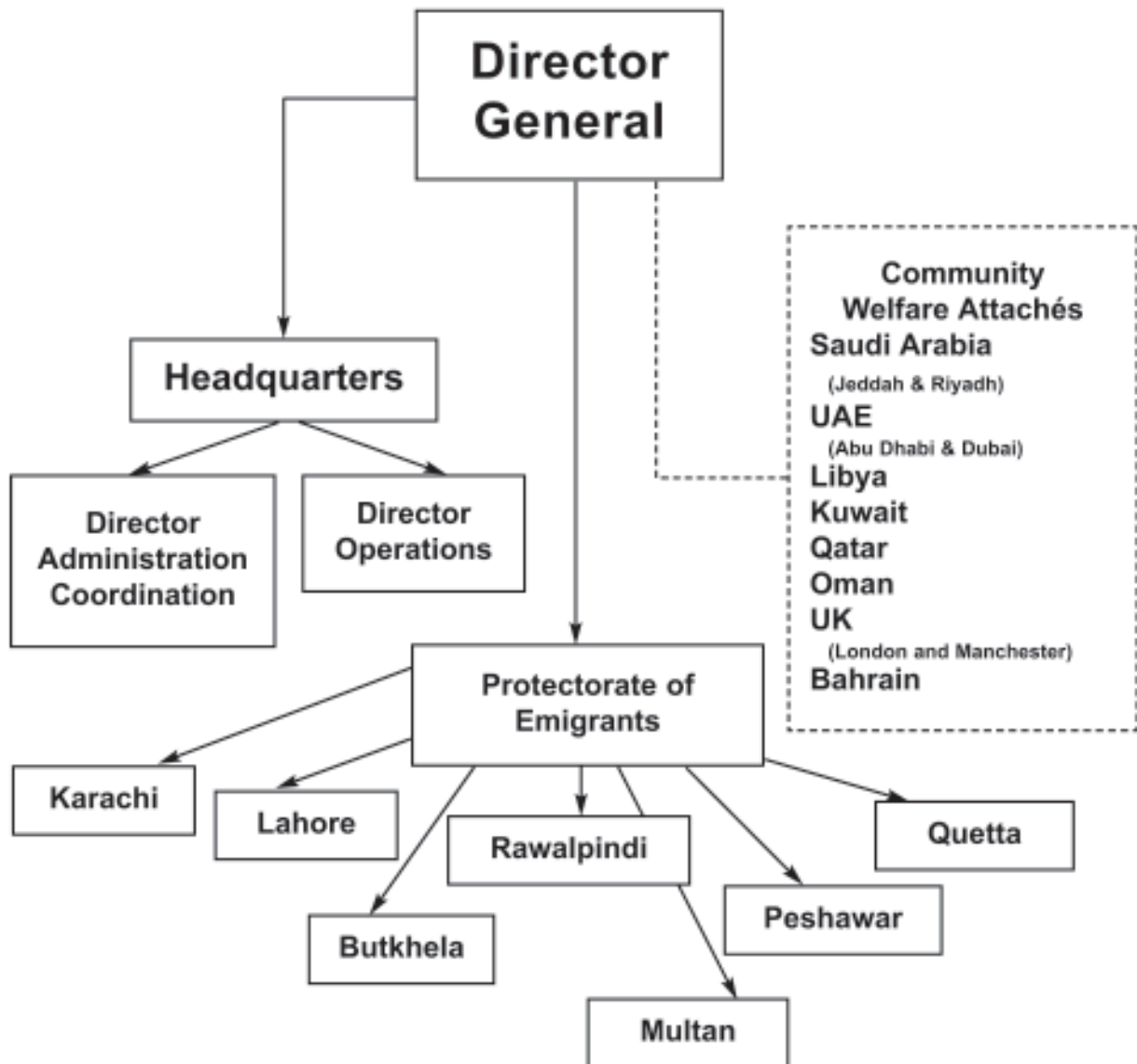
The objective of every country involved in the export of its manpower will be to maximize that potential and to ensure the best terms and conditions of employment for their nationals. In this respect, the laws of Pakistan, the Philippines, and Sri Lanka provide facilities for the protection of the rights of their migrant workers. The following table provides information on the legislation, rules, structures, mechanisms and other tools put in place for monitoring the activities of recruitment agents, including the granting of licences, collection of fees, procedures for complaints, and remedies for redress.

	Pakistan	Philippines	Sri Lanka
Laws and rules	Emigration Ordinance 1979 Emigration Rules 1979 Procedure for recruitment in public and private sector	Labour Code of the Philippines (PD442, as amended) Republic Act 8042 (Migrant Workers and Overseas Filipinos Act of 1995) POEA Rules and Regulations governing overseas employment	Emigration Act 1985 Sri Lanka Bureau of Foreign Employment Act No. 21 of 1985 amended in 1994
Organizations responsible for regulating emigration	Ministry of Labour, Manpower and Overseas Pakistanis Bureau of Emigration and Overseas Employment (BEOE) Overseas Employment Corporation (pvt.) Ltd (OEC)	Ministry of Labour and Employment Philippine Overseas Employment Administration (POEA)	Ministry of Labour Sri Lanka Bureau of Foreign Employment (SLBFE)
Field offices	Protector of Emigrants Community Welfare Attaché	POEA Regional Extension Units Philippine Overseas Labour Offices Filipino Workers' Resource Centre	Chairman, SLBFE Labour Attachés, Foreign Embassies
Mode of recruitment	Private overseas employment promoters Government agency (OEC) Direct/individual employment	Government Recruitment (POEA) Private employment agencies	Private recruiting agencies Direct individual orders
Procedure/Method for granting a licence	Citizen of good character Financial soundness Security of Rs300,000 (US\$5000) for new licences and Rs100,000 (US\$1500) for old licences Licence fee Rs10,000 (US\$150) per annum Validity: three years renewable	Citizen of good character Capitalization of P2,000,000 (US\$40,000) Travel agencies and representatives, or airlines and ex-licensee/partners whose licences were cancelled are not eligible Licence fee: P50,000 (US\$1,000) Surety Bond of P100,000 (US\$2,000) Escrow deposit of P1,000,000 (US\$20,000) Validity: 4 years renewable	Citizen of good character Surety bond of Rs100,000 Bank guarantee of Rs100,000 Licence fee of Rs10,000 + renewal fee of Rs10,000 Validity: 2 years and renewal annually

	Pakistan	Philippines	Sri Lanka
Procedure/Method/ Authority for grant of permission to deploy workers	Protector of Emigrants (for 1 year) Director General, BEOE (in cases of deficiency of documents) Federal Government (in case of non- OEP)	Secretary of Labor (delegated to the Administrator, POEA)	Chairman, SLBFE Secretary of Ministry or Minister (validity is open)
Procedure/Method for documentation of emigrants			Registration with the Bureau
Fees from intending migrants	Rs6150 out of which Rs4450 is paid to the licence holder. In the event of direct employment, Rs2500 to Federal Treasury. Rs1050 to Welfare Fund, and Rs650 to Emigrants Compulsory Group Insurance	Placement fee paid to agency equivalent to 1 month's salary P900,000 (US\$18) Medicare Contribution paid by the worker to PhilHealth POEA processing fee: P200 (US\$4) OWWA Membership: P1275 (US\$25) POEA and OWWA fees are paid by the employer or the agency	RS2500 out of which SLBFE pays Rs2000 to licence holder
Procedure/Mechanism for payment of compensation to migrant worker	No provision in Law, except cancellation, suspension of licence and forfeiture of security (in whole or in part) in favour of Government	In case of employment, contract-related compensation, the employer and/or the agency are mutually liable All costs of repatriation shall be borne by the employer and/or the agency which recruited the Filipino worker POEA orders refund of fees illegally charged and imposes fine in addition to suspensions and cancellation of licence	Inquiry is to be conducted by authorized officer who can impose a fine to compensate aggrieved person to his or her satisfaction and repatriation
Power to try offences	Special courts after sanction of prosecution by Ministry of Labour, Manpower and Overseas Pakistanis	POEA: for all violations of rules on recruitment of workers NLRC: for claims for money arising from violations of employment contracts	Any officer of the SLBFE and magistrate

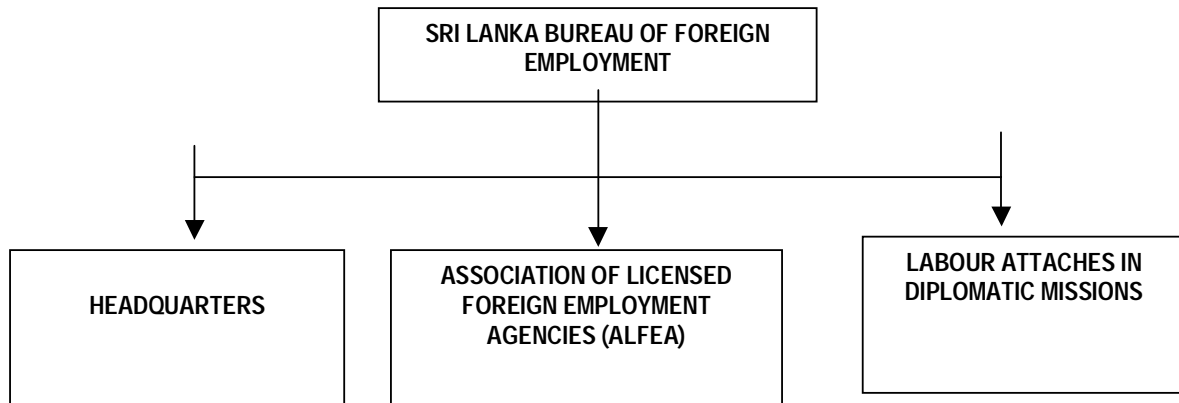
Appendix B

Organizational Chart of the Bureau of Emigration & Overseas Employment, Pakistan



Appendix C

Organizational Chart for the Sri Lanka Bureau of Foreign Employment (SLBFE)



Appendix D

Pakistan Procedures for Overseas Employment through Overseas Employment Promoters/Agents

A. GRANT OF PERMISSION FOR PROCESSING OF MANPOWER DEMAND

STEP I

Submission of demand documents in Protector of Emigrants' office by the overseas employment promoters for grant of permission.

STEP II

Scrutinizing of documents by concerned officer.

STEP III

Approval or otherwise by the Protector of Emigrants.

B. REGISTRATION OF EMIGRANTS THROUGH OVERSEAS EMPLOYMENT PROMOTERS/AGENTS

STEP I	Advertisement of jobs, trade test interviews, selection of workers against the permission granted by Protector of Emigrants, medical examination of selected workers.
STEP II	Stamping of visas on passports of selected workers, wherever required.
STEP III	Completion of pre-registration formalities such as depositing of Government fees, Welfare Fund and Insurance etc.
STEP IV	Submission of documents in Protector of Emigrants' office in respect of selected workers for registration of Foreign Service Agreement along with passports, receipts of fees deposited.
STEP V	Scrutinizing of documents by the dealing officer and Protector of Emigrants' approval.
STEP VI	Registration of Foreign Service Agreements.
STEP VII	Briefing of the emigrants by the Orientation and Briefing Officer.
STEP VIII	Pre-departure formalities such as reservation of seats, etc. by OEP.

Appendix E

Pakistan

Procedures for Registration of Foreign Service Agreements for Direct Employment

STEP I

Procurement of overseas jobs by the individual concerned through his own efforts/relative/friends.

STEP II

Completion of pre-registration formalities such as depositing Government fee, insurance, medical examination, stamping of visa etc.

STEP III

Registration in Protector of Emigrants' office.

STEP IV

Departure formalities.

Appendix F
Philippines
Model Employment Contract for Filipino Household Workers

This employment contract is executed and entered into by and between:

A. Employer _____
Address _____
P.O. Box No. _____ Tel. No. _____

Represented in the Philippines by:
Name of Agent/Company _____
Address _____

AND

B. Helper _____
Civil Status _____ Passport No. _____
Date & place of Issue _____
Address _____

Voluntarily binding themselves to the following terms and conditions:

1. Site of employment: Residence of employer with address at _____.
2. Contract Duration _____ years commencing from helper's departure from the point of origin to the site of employment.
3. Basic monthly salary _____.
4. Rest day: At least one (1) rest day per week, preferably Sunday.
5. Free transportation to the site of employment and to the point of origin upon expiration of contract when contract of employment is terminated through no fault of the helper and due force majeure.
6. The employer shall furnish the house helper free of charge, suitable and sanitary living quarters as well as adequate food or food allowance.
7. Free medical and dental services including facilities and medicine.
8. Vacation leave with full pay of not less than 15 calendar days for every year of service to be availed of upon completion of the contract. In case of contract renewal, free round-trip economy class air ticket shall be provided by the employer.

9. Personal life and accident insurance for the helper to be provided by the Employer or workmen's compensation benefits for work-connected illness or injuries or death in accordance with the pertinent laws of the host country.
10. In the event of death of the helper during the term of this contract, his/her remains and personal belongings shall be repatriated to the Philippines at the expense of the Employer. In case the repatriation of remains is not possible, the same may be disposed of upon prior approval of the Helper's next of kin or by the Philippine Embassy.
11. The Employer shall assist the Helper in remitting a percentage of his/her salary through proper banking channels.
12.
 - a. Termination by Employer: The Employer may terminate the helper's contract of employment for any of the following just causes: serious misconduct or wilful disobedience by the house helper of the lawful orders of the employer or immediate household members in connection with his/her work; gross habitual neglect by the house helper of her duties; violation of the laws of the host country. The Helper shall shoulder the repatriation expenses.
 - b. Termination by the Helper: 1) Termination without just cause: the Helper may terminate the contract without just cause by serving a written notice on the employer at least one month in advance. Without such notice, the Helper shall shoulder her/his return transportation. 2) Termination for a just cause: the Helper may also terminate the contract without serving any notice on the employer for any of the following just causes: when the helper is maltreated by the Employer or any member of his household; when the Employer violates the terms and conditions of this contract; when the Employer commits any of the following acts – deliberate non-payment of salary, physical molestation and physical assault. The Employer shall pay for the repatriation expenses.
 - c. Termination due to illness. Either party may terminate the contract on the grounds of illness, disease or injury suffered by the helper, where the latter's continued employment is prohibited by law or is prejudicial to his/her health as well as to the health of the employer and his household. The repatriation expenses shall be shouldered by the employer.
13. Settlement of Disputes. In case of dispute between the helper and the employer, the matter must be referred by either party to the Philippine Embassy which shall endeavour to settle the issue amicably to the best interest of both parties. If the dispute remains unresolved, the Embassy official shall refer the matter to the appropriate Labour authorities of the host country for adjudication without prejudice to whatever legal action the aggrieved party may take against the other.
14. Special Provisions:
 - a. The Employer shall treat the House helper in a just and humane manner. In no case shall physical violence be used upon the House helper.
 - b. The helper shall work solely for the employer and his immediate household. The Employer shall in no case require the helper to work in another residence or be assigned in any commercial or agricultural enterprise.
 - c. It shall be unlawful to deduct any amount from the regular salary of the helper other than compulsory contributions prescribed by law. For such deductions must be issued a corresponding receipt.

- d. The employer shall provide the helper with a copy of this Employment Contract duly verified/processed by POEA.
15. No provision of this contract shall be altered, amended or substituted without the written approval of the Philippine Embassy or POEA.
16. Other terms and conditions of employment shall be governed by the pertinent laws of the Philippines or the host country. Any applicable provisions on labour and employment of the host country are hereby incorporated as part of this contract.

In witness thereof, we hereby sign this contract this _____ day of _____, at Manila, Philippines.

Helper

Employer

Acknowledgement

Appendix G
Philippines
Standard Employment Contract for Overseas Performing Artists in Japan

This CONTRACT is entered into by and between:

A. The Japanese Promotions Company: _____
Address: _____

Hereinafter known as the EMPLOYER

AND

B. The Overseas Performing Artist: _____
Address: _____

Hereinafter known as the ARTIST;

The above parties in this contract hereby agree to the following terms and conditions on overseas entertainment performance:

1. DURATION & EFFECTIVITY OF CONTRACT:

Duration: _____ months commencing on _____ and ending on _____
subject to extension of another _____ months upon mutual agreement of both parties.

Effectivity: Upon artist's departure from the Philippines;

2. PERFORMANCE VENUE: _____

Owner: _____

Address: _____

3. COMPENSATION / AUTHORIZED DEDUCTIONS:

3.1 GROSS SALARY: _____

FOOD ALLOWANCE : _____ (To be paid weekly)

3.2 AUTHORIZED DEDUCTIONS:

ENTERTAINMENT TAX: _____

ACCOMMODATION : _____ (Note: should not be more than Y30,000/month)

3.3 NET SALARY: _____ (To be paid monthly)

No other deductions shall be made without the ARTIST's written consent.

4. PERFORMANCE / REST DAYS:

_____ performance per night. Additional performances shall be paid accordingly
Four (4) rest days a month. The ARTIST shall not be made to perform other duties and engage in other unauthorized activities such as hostessing and waiting on tables.

5. LIFE AND MEDICAL INSURANCE:

Health, Hospitalization and Life insurance shall be secured by the EMPLOYER for the ARTIST in the minimum amount of three million yen (Y3,000,000) for each of the risks insured from a duly authorized insurance entity in Japan. Life insurance shall have the ARTIST's immediate heir as beneficiary. The premium shall be the sole obligation of the EMPLOYER. It shall cover work and non-work related death and injury benefits.

6. REPATRIATION OF REMAINS:

In case of death of the ARTIST, the EMPLOYER shall bear all the expenses for the repatriation of his remains and personal properties to the Philippines. The proper disposition thereof shall be made upon previous arrangement with ARTIST's next of kin, or in the absence of the latter, the Labour Attaché or appropriate official of the Philippine Embassy/Consulate in Japan.

7. TRANSPORTATION:

Free transportation to and from the place of employment subject to the conditions of the provisions on termination.

8. TERMINATION:

Neither party may unilaterally terminate this contract except for the following just causes:

8.1 Termination by EMPLOYER for non-compliance with the provisions of this contract, ARTIST shall shoulder her cost of repatriation to the Philippines.

8.2 TERMINATION BY THE ARTIST

a. Inhuman and/or unbearable treatment accorded the ARTIST by the EMPLOYER;

b. Violation by the EMPLOYER of the terms and conditions of this Contract.

In both instances, the EMPLOYER shall shoulder all expenses relative to the ARTIST's repatriation to the Philippines.

8.3 This contract is entirely subject to the permission and approval of the government of Japan and the Philippines.

9. SETTLEMENT OF DISPUTES:

Parties shall exert all efforts to resolve any dispute arising out of violation of any of the provisions of this contract. If no settlement is reached, either party may submit the grievance to the Labour Attaché in Japan or appropriate Japanese government authority in Japan.

10. NON-ALTERATION OF CONTRACT:

No provision of this contract shall be altered, amended or substituted without the written approval of the Philippine Overseas Employment Administration (POEA) or the Philippine Embassy/Consulate in Japan.

Date: _____ day of _____ at _____ .

Name and Signature of Employer/Representative

Name and Signature of Worker

Name and Signature of Agency Owner/Representative

Appendix H

Pakistan

Procedures for Handling Complaints Submitted to the Protector of Emigrants' Office

STEP I

Complainant approaches Protector of Emigrants' office to lodge complaint.

STEP II

Both the Overseas Employment Promoter and the complainant are called for personal hearing in Protector of Emigrants' office.

STEP III

Protector of Emigrants tries to resolve the problem of the worker. In case of non-settlement, matter is referred to Director General along with Protector of Emigrants' report/suggestion/recommendation.

Appendix I

Pakistan

Procedures for Handling of Complaints by the Office of Community Welfare Attaché/Labour Attaché

STEP I

Complainant approaches Embassy/Community Welfare Attaché to lodge complaint.

STEP II

Community Welfare Attaché approaches the employer to find out the facts.

STEP III

If the employer does not solve the problem, matter is referred to host government authorities.

STEP IV

If the matter is not settled, Embassy/Community Welfare Attaché advises worker to approach local court whose decision is final and informs concerned host government authorities of attitude of employer and appropriate action against him.

STEP V

In case of involvement of Overseas Employment Promoter, Community Welfare Attaché refers the case to Director General for appropriate action against the Overseas Employment Promoter and black-listing of employer.

Appendix J

Pakistan

Action by Director General, Bureau of Emigration and Overseas Employment

STEP I

Receipt of complaint in the office of Director General.

STEP II

Both the parties, i.e. the promoter and the complainant, are called for personal hearing if complainant is in Pakistan. Otherwise only the promoter is called.

STEP III

If charges are proved against the promoter, licence is suspended or cancelled and security forfeited in part or in whole.

Appendix K

Pakistan Emigration Ordinance 1979 Sections 17 and 18 relating to unlawful emigration

1. Whoever, except in conformity with the provision of this Ordinance and rules, emigrates or departs or attempts to emigrate or depart shall be punishable with imprisonment for a term which may extend to five years or with a fine or with both.
2. Whoever, except in conformity with the provisions of this ordinance or the rules:-
 - a. makes, or attempts to make, any agreement with any person purporting to bind that person, or, any other person to emigrate or depart; or
 - b. causes or assists, or attempts to cause or assist, any person to emigrate or depart or to attempt to emigrate or depart or to leave any place for the purpose of emigrating or departing; or
 - c. causes any person engaged, assisted or recruited by him after grant of the licence referred to in Section 12, to depart without appearing before the Protector of Emigrants as required by Section 15; shall be punishable:
 - i) for a first offence, with imprisonment for a term which may extend to five years, or with a fine, or with both; and
 - ii) for a second or subsequent offence with imprisonment for a term which may extend to seven years, or with a fine, or with both.
3. When, in the course of any proceeding in connection with emigration in which an overseas employment promoter is concerned, a breach of the provisions of this Ordinance or of the rules is committed, such person shall be liable to the punishment provided by sub-section (2), unless he was not responsible for and could not have prevented the commission of the breach.
4. Whoever, in contravention of the provisions of Section 9, recruits a citizen of Pakistan or holds an interview or examination or issues an advertisement for such recruitment, and the editor, printer and publisher of a newspaper in which such advertisement is published, shall be liable to the punishment provided by Sub-Section (2)."

Fraudulently Inducing Emigration

Whoever;-

- a. forges any document required for, or relating to, the emigration of any person, or has in his possession or under his control any instrument or article which may be used for the purpose of such forgery, or
- b. by means of intoxication, coercion, fraud or wilful misrepresentation, causes or induces, or attempts to cause or induce, any person to emigrate, or enter into any agreement to emigrate, or leave any place with a view to emigrate, shall be punishable with imprisonment for a term, which may extend to fourteen years, or with fine, or with both.

**PRE-DEPARTURE ORIENTATION PROGRAMME:
STUDY OF GOOD PRACTICES IN ASIA**

**A COMPARATIVE STUDY OF BANGLADESH,
THE PHILIPPINES AND SRI LANKA**

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ABBREVIATIONS

ADB	Asian Development Bank
ALFEA	Association of Licensed Foreign Employment Agencies
AMOSUP	Associated Marine Officers and Seafarers Union of the Philippines
ARB	Artist Record Book
ASCOP	Association of Service Contractors in the Philippines
BAIRA	Bangladesh Association of International Recruiting Agencies
BMET	Bureau of Manpower, Employment and Training
BOESL	Bangladesh Overseas Employment & Services Limited
BOMSA	Bangladesh Women Migrant Workers Association
CARAM	Coordination of Action Research on AIDS and Mobility
CFO	Commission on Filipinos Overseas
CIC	Citizenship and Immigration Canada
COA	Canadian Orientation Abroad
COPE	Comprehensive Orientation Programme for Entertainers
COPPA	Comprehensive Orientation Programme for Performing Artists
CWA	Community Welfare Attachés
DECS	Department of Education, Culture and Sports
DEMO	District Employment and Manpower Office
DFA	Department of Foreign Affairs
DOLE	Department of Labour and Employment
ECOP	Primary Employers Association in the Philippines
FGD	Focus group discussion
IBP	Integrated Bar of the Philippines
ILO	International Labour Organization
IOM	International Organization for Migration
NGO	Non-governmental organization
OEP	Overseas employment promoter
OFW	Overseas Filipino Workers
OLAMWA	Legal Assistant for Migrant Workers Affairs
OPA	Overseas Performing Artist
OWWA	Overseas Workers Welfare Administration
PDOS	Pre-Departure Orientation Seminars
PEO	Pre-Employment Orientation
PEOS	Pre-Employment Orientation Seminar
PNA	Philippine Nurses Association
POEA	The Philippines Overseas Employment Authority
POLOs	Philippine Overseas Labour Offices
RAMMRU	Refugee and Migratory Movement Research Unit
SHISUK	Shikkha Shastha Unnayan Karjakram
SLBFE	Sri Lanka Bureau of Foreign Employment
TESDA	Technical and Skills Development Authority
TLRC	Technology Livelihood Resource Centre
TTC	Technical Training Centre
UAE	United Arab Emirates

UN	United Nations
UNAIDS	United Nations Programme on HIV/AIDS
WARBE	Welfare Association of Repatriated Bangladeshi Employees
WIEC	Workers Information and Education Centre

PRE-DEPARTURE ORIENTATION PROGRAMME: STUDY OF GOOD PRACTICES IN ASIA

A COMPARATIVE STUDY OF BANGLADESH, THE PHILIPPINES AND SRI LANKA

SUMMARY

This paper presents a comparative review of the effectiveness of pre-departure orientation programmes in protecting vulnerable migrants, with a view to highlighting good practices and lessons learned. The paper covers Bangladesh, the Philippines and Sri Lanka. In most cases, primary level data was collected in the capital cities of these three countries. The analysis provided in this paper depends heavily on a review of secondary sources.

The definition proposed in UNESCO's *International Migration Best Practices Project* has been applied: a practice must be adapted to the political, historic, cultural, social and economic context of the society in question. Moreover, best practices on pre-departure orientation seminars (PDOS) must have the following characteristics. First, they should be innovative: a best practice leads to the development of new and creative solutions to common problems. Second, they need to make a difference: by creating a positive and tangible impact on migrants' life and worlds. Third, they need to have a long-term effect: the results must be sustainable. Finally, they need to have the potential for replication: a best practice can serve as an inspiration to generate policies and initiatives elsewhere. The paper also adopts an operational definition by which a practice is identified as a good practice, even if one or more of the above mentioned four criteria are not met.

PDOS programmes can be further strengthened by other measures. For example, governments running PDOS programmes need to create decentralized offices around the country and to improve the popularity, flexibility and accessibility of their programmes.

Mechanisms for implementing governmental programmes need to be properly oriented with regard to the government's role and responsibilities vis-à-vis migrant workers (in both countries of origin and countries of destination). Information delivered through PDOS should reflect the activities of delivering authorities. The language of communication, both in the classroom and in printed and electronic materials, should be context- and client-specific.

The PDOS curricula should include a general discussion of migrants' and workers' rights, even though knowledge of their rights can only be effective if overseas workers are given information and support in having these rights respected. Although governments have a role to play, NGOs are often better placed to deal with these issues.

Similarly, in order to accommodate the varied needs and availability for different categories of migrant workers, consideration should be given to tailoring PDOS curricula in terms of programming, with regard to departure dates, and duration.

Existing trends in migration still maintain gender-specific roles and images of women. To date, PDOS programmes continue to function within this framework, despite progress in the legal recognition of equal opportunities for women and men. The challenge now lies in taking a comprehensive approach to the issue of gender in migration, to avoid perpetuating the concept that women should be trained to perform their roles according to the needs of men (in the global sphere), and to empower them to regard migration as a way to overcome these stereotypes.

Lastly, the paper underscores the importance of including discussion of reintegration of migrant workers in the curricula for PDOS.

1. INTRODUCTION AND METHODOLOGY

This chapter provides the background and rationale for the paper along with an overview of the methodology.

According to the United Nations, at the start of the 21st century, one out of every 35 persons worldwide is an international migrant: 2.9% of the world population are migrants (IOM, 2003). Over the last 15 years, this figure has increased steadily overall, while in Asia, international migration has grown rapidly over the last two decades. The most significant growth has been observed in the numbers of temporary labour migrants.

In Asia, the growth of labour migration occurred because more and more governments in sending countries, such as Bangladesh, the Philippines, and Sri Lanka, saw temporary labour migration as a means of reducing unemployment figures and of earning foreign exchange. Many governments set up special authorities and institutions to supervise the recruitment, remittance and training needs of labour migrants and, in most cases, these authorities have focused on ensuring regular migration, development of human resources, and encouraging the payment of remittances through official channels.

The flow of migrant workers has made a significant contribution to receiving countries and the arrival of these workers has led to socio-economic development in these countries.¹ Labour migrants are now recognized as champions in earning foreign exchange in their home countries. Thus migration of labour appears to provide a win-win situation for both sending and receiving countries. However, this picture needs to be re-examined, in light of migrants' experience at both ends of the journey.

Experience so far reveals that the majority of labour migrants are low- and middle-skilled workers who find jobs at the bottom of the market, or who provide labour for jobs which the local population is not interested in taking. Migration often involves exploitation, abuse and violation of workers' rights. At the same time, the cost of migration for the worker has increased over time, with no matching rise in wages. For illegal migrants, the situation is much worse, as

they, and in some cases regular migrants, fall victim to trafficking in persons. Moreover, while globalization contributes in liberalizing trade and investment for the global economy, the reverse is observed with respect to international labour migration.

At country level, wherever the private sector is involved in recruitment, an increase in fraudulent and unscrupulous practices has been observed: for example, aborted migration despite payment in advance, use of irregular methods for unsuspecting prospective migrants, false promises of work and, in the worst cases, trafficking. The manipulation of prospective female migrants by recruitment agents is facilitated by the fact that the majority are semi-literate rural women with little or no knowledge of the migratory process. Raising awareness of these problems is now considered an important strategy to overcome this vulnerability and to enhance the decision-making capabilities of female migrants (ILO, 2002b).

Given this situation, sending countries are becoming more and more conscious about the rights of migrant workers and are beginning to establish policy regimes aimed at better management of migration, development of human resources, efficient facilitation for emigration, enhanced protection in recruitment and in destination countries, assistance for families of migrant workers, better information for migrant workers on remitting income, and planning for reintegration. From the migrant workers' perspective, pre-departure training, education and counselling constitute an important empowering initiative offered by the state, the civil society and the private sector and make a significant contribution in all these areas of concerns.

This paper covers all aspects of pre-departure training, education and counselling for migrant workers and to identify good practices. The study undertaken by the author has two levels of objectives: at the regional level,

- to present a comparative review of the effectiveness of pre-departure orientation programmes in protecting vulnerable migrants, highlighting good practices and lessons learned, and

at the national level,

- to take stock of existing pre-departure syllabi and curricula;
- to assess the cost effectiveness of pre-departure orientation programmes;
- to review and assess the process, policy, programme components, and institutional arrangements for pre-departure orientation programmes;
- to present a profile of participants to assess the effectiveness of orientation programmes in targeting the most vulnerable migrants; and
- to assess and recommend good practices in terms of type of courses, syllabus design and topics, target group, methods, duration, costs and financing, training of trainers, learning materials, and management.

To identify, assess and propose good practices the paper follows the recommendation in UNESCO's *International Migration Best Practices Project*:

A "best" or "good" practice can be defined as a creative and sustainable practice that provides an effective response based on the idea of direct knowledge utilization, which can have potentials for replication as "inspirational guideline" and contribute to policy development.

Best practices are considered successful initiatives if they:

- have a demonstrable effect and tangible impact on improving people's quality of life;
- are the result of effective partnerships between the public, private, and civic sectors of society; and;
- are socially, culturally, economically and environmentally sustainable.

Any practice must be adapted to the political, historic, cultural, social and economic context of the society in question. Best practices on management of migration also have the following characteristics (i.e. they need to meet one or more of the mentioned criteria but they do not need to meet them all):

- they are innovative: they develop new and creative solutions to common problems;
- they make a difference: they create a positive and tangible impact on migrants' quality of life;
- they have a sustainable effect: they generate results over the long term; and
- they have the potential for replication: they serve as an inspiration to generate policies and initiative elsewhere.

However, for the present paper, a practice is identified as a good practice even if not all these four criteria are met. Although good practices are identified, emphasis is not restricted solely to "a demonstrable effect" or to "a tangible impact on improving people's quality of life", as the potential contribution to improving quality of life for migrants is also taken into consideration.

The paper primarily takes a qualitative approach to data collection and analysis. The major approaches to data collection involve:

- **Literature review:** conducted for identification of vulnerable groups, required topics and existing components in pre-departure orientation programmes (primarily relating to syllabi and curricula), and general studies on migration flow (sex, age, occupation, destination and profile of course participants). Secondary sources were also utilized to create a quantitative database;
- **In-depth interviews:** in a few instances, researchers collected in-depth information from returnees and government officials through unstructured interviews (personal experience of officials, participants and returnees, relating to destination, occupation, sex, etc.);
- **Short interviews:** short interviews and informal discussions with stakeholders (participants in briefing sessions, government officials responsible for training and orientation centres, NGO workers) generated a comprehensive view of the trends, causes, and impacts of migration in certain localities. Socialization with people from different walks of life helped to assess different perspectives on labour migration, as well as on exiting migration and emigration regimes.
- **Focus group discussions (FDG):** with participants and returnees, in separate sessions for men and women, whenever possible, covering a wide range of destinations and occupations;
- **Field visits and observation:** researchers in respective countries visited pre-departure orientation seminars (PDOS) centres and observed orientation sessions. Field visits also provided researchers with opportunities to interact directly with management, trainers and clients in these centres.

- **Case studies:** based on interviews and a review of literature on organizations and programmes indicating good practices.

Primary data was collected from the following sources:

- officials involved with pre-departure orientation programmes (ministries, institutes, NGOs, private sector actors/associations, community-based organizations);
- trainers of pre-departure courses;
- trainees of pre-departure courses (run by ministries, institutes, NGOs, private sector actors/associations, community-based organizations); and,
- returnees having attended pre-departure courses (run by ministries, institutes, NGOs, private sector actors/associations, community-based organizations).

As the study aimed to collect qualitative data through direct interactions, the research did not focus so much on the number of persons interviewed or involved in interactions, as on the categories of individuals and institutes.

The study covered Bangladesh, the Philippines and Sri Lanka. In most cases, the primary level data was collected in the capital cities of these three countries. In addition, some districts outside the capital were visited in Sri Lanka and Bangladesh.²

The study was given a short time frame in which to collect data at the national level. In view of this time constraint, the interview sample was small. However, researchers at country levels ensured that they talked with representatives of all major groups of land-based migrants, the target population of the programme. At the same time, efforts were made to include information on migrants relevant to all major destinations, occupations (both household workers and non-household workers), and experience (new hires and returnees). Sea-based workers were not included, however. Interviewees were selected on the basis of their availability, and workers migrating to different destinations and different categories of workers could not always be stratified.

Geographically, the primary material for the study came mainly from the capital cities, Dhaka, Manila and Colombo. Only a few of the training centres could be directly visited within the limited time frame for primary data collection and, as a result, the study applied methods such as focus group discussion, in-depth interviews, and a review of existing literature to ensure that country-level experience was comprehensively covered. Researchers at the country level could not always separate samples to analyse gender dimensions, as FGD participants had little time for further interviews after leaving the PDOS centres. As a result, the national consultants had to settle, in most cases, for mixed FGD sessions with women and men together. To overcome this constraint, the consultants conducted in-depth interviews to explore gender aspects through qualitative data analysis (Appendices I and II for details on respondents in Bangladesh and the Philippines).

The first chapter provides the background and rationale of the paper along with an overview of the methodology applied in developing the paper. The second chapter presents the context of migration within which the existing pre-departure orientation programmes were assessed and good practices identified. Chapter 3 presents an overview of the legal framework and institu-

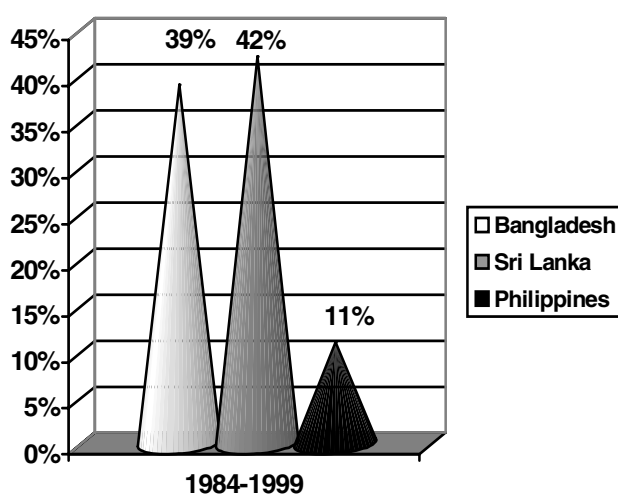
tional arrangements relating to pre-departure training and orientation programmes established in Bangladesh, the Philippines and Sri Lanka for citizens seeking overseas employment. The last chapter presents indicators of good practices in pre-departure training and orientation for prospective migrants in Bangladesh, Philippines and Sri Lanka. Based on this framework the chapter presents and analyses good practices and draws broad conclusions regarding the way forward.

2. OVERVIEW OF THE MIGRATION SITUATION AND ITS NEEDS

This chapter presents the context of migration in two South Asian countries and another in South-East Asia. With respect to the trends and needs of migrants in these regions, existing pre-departure orientation programmes have been assessed and good practices have been identified.

Although migration is not a recent phenomenon, some Asian countries have experienced a phenomenal growth in labour migration over the last two decades: the average annual number of migrants from Bangladesh rose by 39%, the number of Sri Lankan migrants by 42% and for Filipinos by 11%. This rate has slowed recently, but still the positive trends in growth continue.

FIGURE 2.1
AVERAGE ANNUAL RATE OF GROWTH IN NUMBERS OF MIGRANTS,
1984-1999



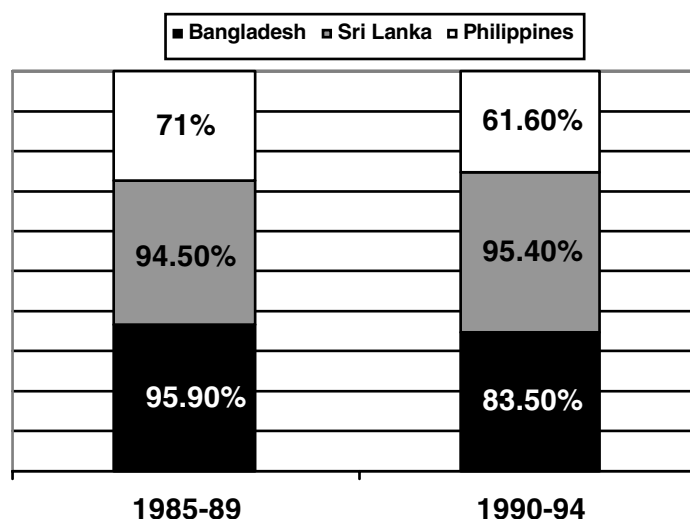
Source: Estimated from IOM, 2003b.

During the period 2000-2002 (January to October), the rate of growth for overseas Filipino workers was 3.1%. In Bangladesh, in 2002 (January-November), 21,801 new clearances were issued, while in Sri Lanka the average rate of growth in migrants hovered at less than 1% for the years 1999-2002.³

The Gulf States continue to remain the major destination for labour migrants although their share of total migrants declined slightly for all the countries within the period of 1980-84 to

1990-94. Apart from the Gulf region, the migrants from these countries also migrate to Japan, Korea, Malaysia, Thailand, Hong Kong, Taiwan, and other Asian destinations.

FIGURE 2.2
PERCENTAGE OF TOTAL MIGRANTS TO GULF REGION,
1985-89, 1990-94



Source: IOM, 2003b.

Countries outside Asia absorb less than 1% of migrants from Bangladesh. The situation in Sri Lanka is slightly different (1-2%). However, for the Philippines, a much greater proportion of its migrants moves to countries outside Asia (18%). For overseas Filipino workers (OFW), the average rate of increase in migration to Europe has been 10%, 13% for the Americas and 40% for African countries (January 2002 to October 2001). However, in January 2002, 72% of all OFWs outside Asia migrated to Europe, 18% to the Americas and 10% to Africa.⁴

Another aspect of migration requires attention. For all three countries, there appears to be a growing phenomenon of undocumented or illegal migration. Many studies also indicate that prospective migrants are also recruited by traffickers (ADB, 2003). Analysis of migration data for 1997 reveals that undocumented migration should not be ignored as a phenomenon of human mobility in Asian countries.

A comparative analysis of selected destinations in terms of legal and illegal migration shows that, by many accounts, legal migration to certain destinations from countries included in this study may be lower than the level of illegal migration (see Table 2.1). This has been confirmed by many studies as a feature of labour migration in Asia (IOM, 2003a).

This aspect indicates certain specific needs of migrants of these countries for securing safe migration. These needs therefore have to be addressed at policy, institutional and instrumental levels both in originating and destination countries.

TABLE 2.1
COMPARISON OF LEGAL AND ILLEGAL MIGRATION

Country of Origin	Selected Destinations in Asia (1997) ¹					
	Japan		Korea		Malaysia	
	Legal	Illegal	Legal	Illegal	Legal	Illegal
Bangladesh ¹	10,000	5,864	14,001	9,033	113,325	246,400
Philippines ¹	38,930	42,627	2,337	13,909	7,132	9,600

¹ Data on illegal migration from 2000 and on legal migration is of 2002 (official source) for Bangladesh, of 2001 (official source) and of 1998 (official source) for the Philippines.

Profiles of migrants

A migrant worker is a person “who is to be engaged, is engaged, or has been engaged in a remunerated activity in a State of which he or she is not a national.”⁵

The profile of migrant workers varies from country to country, with some common characteristics. Migrants are largely unskilled workers, and there are growing numbers of women seeking to migrate for work. However, official migration data in Bangladesh reveal that migrants are predominantly men, while the reverse is true for the Philippines and Sri Lanka, where women migrants outnumber men, both in numbers and in rates of growth.

A general analysis of the situation also reveals that push factors are mostly responsible for this situation, while pull factors tend to maintain the migratory process in these countries. In addition to the lack of employment opportunities, conditions such as displacement due to wars and natural disasters in combination with opportunities of work abroad with a promise of better wages have a considerable impact on the migration scenario. The level of education for labour migrants from these countries ranges from illiterate to highly qualified professionals, and a large number come from rural areas.

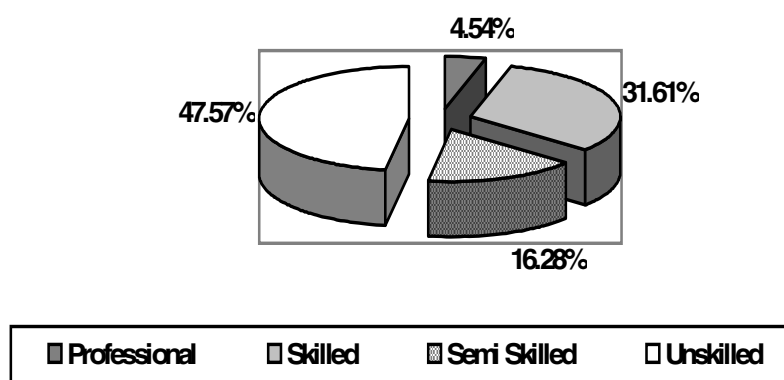
Total official figures for **Bangladesh** nationals migrating for employment are on the rise. A large number also go abroad as illegal migrants and therefore the actual number of people going abroad is much higher. To date, a total of nearly 3 million Bangladeshi workers have left for foreign employment. According to a rough estimate, 1.05 million Bangladeshis live abroad permanently, either as citizens or with other valid documents.

Most of those leaving for employment abroad are unskilled workers. From 1976 to 1981, professionals and skilled workers outnumbered semi-skilled and unskilled workers. However, data from BMET (2000) now indicate a consistent level of a comparatively high proportion of semi-skilled and unskilled migrant workers.⁶

In contrast to trends in migration to Western countries, migrants with short-term employment and specific job contracts usually travel to the Middle East and South-East Asia. International migration to the Middle East began after independence in 1971. The infrastructure development

boom, following the rise in oil prices in 1973, fuelled the demand of labour migrants, especially in the Gulf States. From 1976 to February 1999, a total of 2,679,171 people migrated from Bangladesh for overseas employment, of whom 1,126,539 (42%) went to Saudi Arabia. From the late 1980s, Malaysia became the second largest employer, while major destinations are now the United Arab Emirates (UAE), Kuwait, Qatar, Oman and Bahrain.

FIGURE 2.3
CATEGORY-WISE OVERSEAS EMPLOYMENT FROM 1976 TO JULY 2004,
BANGLADESH



Source: Estimated from BMET 2004; Internal Document IOM-Dhaka.

In the 1970s, there was a sudden upsurge in the number of temporary migrant flows in the **Philippines**. The Middle East is the biggest destination of overseas Filipino workers (OFWs), attracting mostly migrants in the professional, technical, and skilled categories, as well as semi-skilled workers in the construction and medical sectors. In 2003, the Philippines deployed 867,969 temporary workers, of whom 216,031 were sea-based workers.

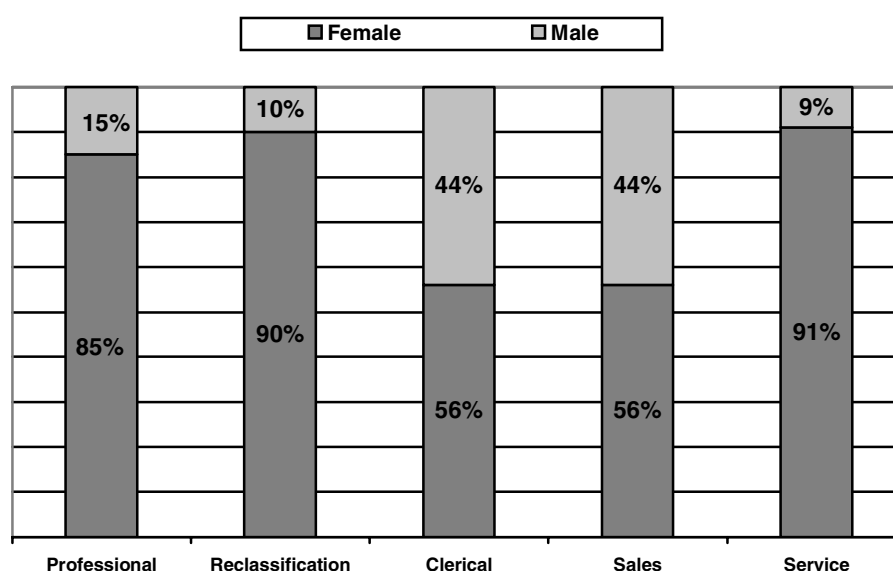
TABLE 2.2
OVERSEAS FILIPINO WORKERS ABROAD,
1999-2003

Year	Total	Land-based	New Hires	Rehires	Sea-based
1999	837,020	640,331	237,714	402,617	196,689
2000	841,628	643,304	253,418	389,886	198,324
2001	867,559	662,648	271,085	390,554	204,951
2002	891,908	682,315	288,677	393, 638	209,593
2003	867,969	651,938	279,565	372, 373	216,031

Source: 2003 Annual report, Philippine Overseas Administration.

While Middle East countries remain a major destination, Asia is now a popular destination of Filipino workers, in particular Hong Kong, Japan, Singapore, and Taiwan. Furthermore a shift in the profile of OFWs has become apparent, due to changing needs in host countries, and has resulted in more opportunities in various sectors of the job market. Although the service sector workforce was dominated by male workers in the early years of the overseas employment programme, it now offers more job opportunities for women workers (68% of total deployed workers), particularly for household workers, caregivers and entertainers. Not to be ignored, however, is the resurgence of employment opportunities for nurses and other health care assistants in Europe and Americas. Also noticeable is the growing market in Africa, which increased by 26% over that of 2002. As of the last estimate (2003), Filipinos are found in a total of 190 countries worldwide.

FIGURE 2.4
RECRUITMENT OF OVERSEAS FILIPINO WORKERS BY GENDER, 2003



Source: 2003 Annual report, Philippine Overseas Administration.

The profiles of the OFW are better understood with a sex and skill segregated database. Apart from the administrative/managerial, agriculture and production sectors, female OFWs outnumber male OFWs. In 2003, of 241,511 OFWs, 73% were women and 27% men. This feminization of overseas migration is a significant feature of labour migration in the Philippines.

The oil boom in the Middle East in the 1970s led to a rising demand for unskilled labour and new employment opportunities for workers from **Sri Lanka**. At the time, the number of Sri Lankans was small – a mere 529 in 1976 – and migrants were mainly male. However, the outflow gained momentum with the liberalization of the economy at the end of the 1970s. At the same time, a significant number of women joined the migratory labour force as domestic workers. While the number of male migrants increased from 11,023 in 1986 to 70,726 in 2002 (64%), female migrant workers increased exponentially from 5,433 to 132,984 or by 2,347% over the same period. Women, who represented 33% of total migrants in 1986, accounted for

75% in 1997. This figure dropped to 65% in 2002, even though the number of women migrants increased. There has been a definite feminization of overseas migration.

The dominance of domestic workers among female migrant workers was equally significant. In 1992, 92% of the overseas workforce were women, but this figure decreased to 82% in 2002, with the growth in the migration of skilled and unskilled workers. Among male migrants, the number of skilled workers increased from 19,387 in 1996 to 30,677 or 58%, close to the growth rate for unskilled workers (57%). The percentage of unskilled male workers declined from 43% in 1996 to 41% in 2002, and skilled male workers from 45% to 43% from 1996 to 2002, while the percentage of professional, middle level and clerical and related workers increased. A similar trend in female departures was seen over the same period, though the increase in the latter category was not significant.

In response to the feminization of overseas migration in Sri Lanka, recent literature on migration has focused almost exclusively on female migrant workers and particularly on domestic workers, due to their vulnerability in labour-importing countries and to social costs at home. Documentation on male migrant workers, their working conditions and the impact of their overseas work on the families left behind is limited.

A study carried out in 1988 (Marga Institute, 1988), showed that the majority of male migrant workers were in the age group 21-45 and were older than the majority of females who were aged between 18-35 years. It also showed that men had higher educational and skill levels. In general, over 60% were married with a dependency ratio of 1:2.1. According to another source, in 1994 around 80% of the female migrants and around 68% of the male migrants were married.⁷

Females migrate mainly as domestic workers, while an almost equal number of males leave for skilled and unskilled jobs. The percentage of Sri Lankans who migrate for higher qualified employment is low for both males and females, although marginally higher for males. It should be noted that the percentage of male unskilled workers has declined since 1999, with a corresponding increase in skilled, middle level and professional workers. Among the females the percentage declined from 92% to 82% in 2002, while the number of clerical, skilled and unskilled workers increased from 0.40% to 1.23%, from 4.07% to 11.19% and from 2.75% to 5.52% respectively from 1996 to 2002.⁸

Institutional arrangements and the migration process

Formal migration of Bangladeshi workers began under the direct supervision of the Employment & Training Bureau in 1976. After the independence in **Bangladesh**, immigration was regulated and controlled under the 1922 Immigration Act, which the country had inherited as a British legacy. With the sharp rise in the flow of temporary labour migrants to the Middle East, the inadequacy of the 1922 Act was soon felt and a radical shift in migration policy was envisaged. The then martial law regime promulgated a new legal instrument, the Emigration Ordinance of 1982. Since its promulgation, the Ordinance became the core framework for immigration in the country. It makes provision for the process of recruitment, licensing of recruiting agencies, emigration procedures, prevention of malpractice, minimum standard for wages, service conditions and so on. In 1976 a specialized agency, the Bureau of Manpower, Employ-

ment and Training (BMET), was created to render the entire process of migration easy, harassment-free and suited to the current situation. At present, BMET works under the Ministry of Expatriates' Welfare and Overseas Employment. In early 1981, a Presidential Order barred certain categories of women workers from migrating for overseas employment.

Alongside the private sector recruiting agencies, there is also a state-owned enterprise (Bangladesh Overseas Employment & Services Limited – BOESL) for recruiting and placing skilled personnel for overseas employment, established by the Government of Bangladesh in 1984. Although BOESL is government-owned, it is a fully autonomous organization and runs commercially to fulfil overseas requirements in skilled manpower. It is governed by a Board of Directors chaired by the Secretary of the Ministry of Expatriates' Welfare and Overseas Employment.

Unfortunately loopholes of the existing system have been thoroughly exploited by dishonest *dalals* (informal middlemen) and unscrupulous recruiting agents. Using forged and false documents, they circumvent governmental authority and continue to send Bangladeshi women abroad as domestic maids. In Bangladesh, 55% to 60% of migrant workers usually obtain overseas employment in this manner. Thus the unending tale of agony, abuse and exploitation continues unabated (CARAM Asia, 2004b).

In 2002, the Bangladesh government issued the Emigration Rules.⁹ They are expected to have a very positive impact on the immigration sector and will clarify certain ambiguities regarding the role and functions of all involved in labour migration: government employment agencies, foreign employers, and migrant workers. Section 4, for example, clearly defines the power and duties of the Registrar who “for the purpose of the 1982 Ordinance is also the Director-General of the Bureau of Manpower, Employment and Training”. The duties of the Registrar include rendering assistance to migrant workers and recruiting agents, making information available to people wishing to migrate, issuing visas, inspecting offices of recruiting agents, monitoring their activities and investigating allegations brought against them. Section 5 makes registration of applicants for migration mandatory and clearly lays out appropriate procedures. Another very important aspect is the appointment of Labour Attachés and the definition of their powers and duties. Under the provisions of Sections 6 and 7, Labour Attachés act as agents of the Government of Bangladesh abroad.

The **Philippines'** legal framework regarding emigration is contained in Republic Act No. 8042, (the Migrant Workers and Overseas Filipinos Act of 1995). The principal ministries and administrative bodies responsible for labour emigration include the Department of Foreign Affairs, Department of Labour and Employment (DOLE) and its Philippine Overseas Employment Administration (POEA), and Overseas Workers Welfare Administration (OWWA).

The POEA is an agency attached to the Department of Labour and Employment (DOLE), which is responsible for managing the country's overseas employment programme. POEA was created in 1982 by Presidential Decree No. 797 to promote and develop the overseas employment programme and to protect the rights of the migrant workers. In 1987, POEA was reorganized and its function was expanded to regulate private sector participation in recruitment and overseas placement, to maintain a registry of skills, and to secure the best terms of employment for Filipino contract workers.

POEA's methods include: tripartite decision-making; full disclosure of terms of employment; deregulation of regulatory functions; selective deployment to countries where workers' rights are amply protected; development of systems and information technology for labour market information; a one-country team approach to synergize services to Filipinos overseas; an expanded outreach education programme at grassroots level to enable potential OFWs to make informed decisions; and restructuring of the judicial system for the adjudication of cases relating to overseas employment.

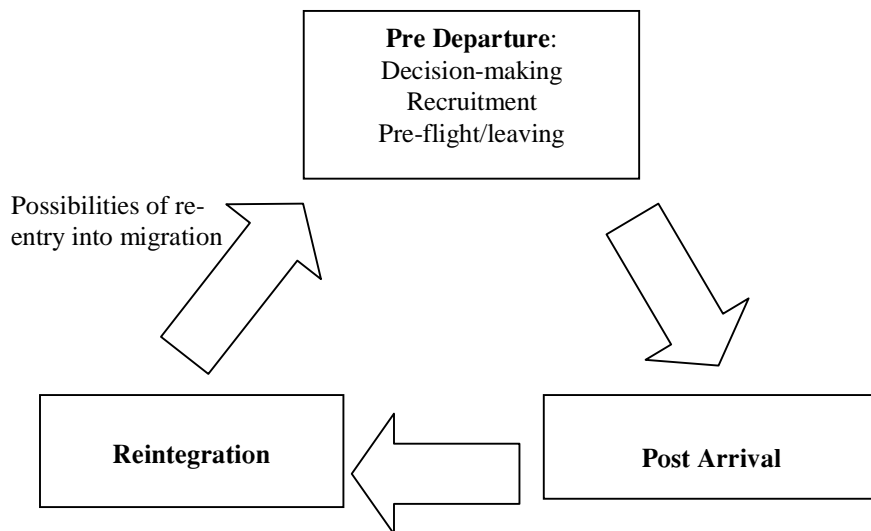
The Overseas Workers Welfare Administration (OWWA) offers to Filipino migrant workers and their family members all the assistance they may need in the enforcement of contractual obligations by agencies or entities and/or by their principals. However, it should be noted that OWWA is not a dispute resolution body. This is the role of the National Labour Relations Commission, while, in overseas situations, it is the Welfare Attaché who mediates job disputes.

In **Sri Lanka**, the Employment Agencies Act No. 37 of 1956 was enacted at a time when there was no large-scale migration of workers. Its provisions proved to be totally inadequate to prevent the many charges of irregularities alleged by private labour recruiting agencies. The enactment of the Foreign Employment Agencies Act No. 32 gave powers to the Commissioner of Labour to license all recruitment agencies and monitor their activities. But these measures were largely ineffective in checking illegal migration and the exploitation of workers. In 1985 the Sri Lanka Bureau of Foreign Employment (SLBFE) was established by an Act of Parliament as a self-financed public corporation to provide for the systematic regulation of the process of migration, and to protect workers and provide for their welfare and their families. A ministerial advisory committee provides policy guidelines to SLBFE. The Ministry of Foreign Affairs is also responsible for the welfare of the country's citizens and consequently migrant worker welfare is also a part of that responsibility. Diplomatic missions have been established in countries that import Sri Lankan labour in large numbers. A special category of officers – Labour Attachés from the Department of Labour – has been created for embassies in countries with more than 25,000 workers from Sri Lanka. From the passive and reactive stance of the pre-1985 era, the state had changed its attitude to protect workers and provide for their welfare.

Stages of migration and needs of the migrant workers

Migration does not occur in discrete steps, but is an ongoing process consisting of various stages (pre-departure, post arrival, reintegration) and each stage has its own vulnerabilities and strategies for intervention. "Pre-departure" refers to the period during which a migrant worker makes the decision to migrate, recruitment for work and pre-leaving. The "post-arrival" phase relates to the period when a migrant worker arrives in the host country and begins to adjust to the new environment and work in the host country. At the "reintegration" stage, a migrant worker returns to his or her own country (whether willingly, by deportment or at the end of the contract) and begins to readjust and re-assimilate into that country. Reintegration may in some cases be followed by "re-migration". As each stage is linked to the other, it is important to address all relevant issues at the different stages. Migration is often a cycle, starting in the community, going into the pre-departure stage, then the journey, post-arrival, life abroad, the return home and reintegration into the local community. It is also important to address issues related to those whom migrant workers leave behind: their families, spouses and children.

FIGURE 2.5
STAGES IN PROCESSING OF MIGRANTS



Source: CARAM Asia (2004b).

Migrants from Bangladesh, the Philippines and Sri Lanka face a number of problems in terms of employment and living conditions, and are often exploited by domestic recruitment agencies (IOM, 2003b: 142). It is important to provide them with appropriate information at each phase of their migration (see Table 2.3).

As early as the application period, those seeking overseas employment already face problems with excessive placement fees, if not illegal recruitment. For example, in the Philippines, there is insufficient information available on procedures and requirements in applying for an overseas job, especially in the provinces and rural areas where many applicants live. As a result, many applicants are duped by persuasive illegal recruiters into paying tens of thousands of pesos for non-existent jobs abroad. The same situation has also been reported in Bangladesh and Sri Lanka.

Filipino, Sri Lankan and Bangladeshi workers also suffer from ill treatment in the workplace, mostly attributed to lack of knowledge and understanding by both the worker and the employer of their respective socio-cultural beliefs, practices and traditions. This is particularly prevalent in the Gulf countries, where there are cultural restrictions on worship, mobility, entertainment, and social interaction with the opposite sex. While this is one of the concerns which mandatory pre-departure orientation aims to address, there are gaps in the programme's implementation allowing some agencies to issue the required certificate of attendance without requiring the worker to attend a PDOS.

On the worksite, employment problems range from substitution of contracts and violation of contract conditions, such as non-payment, under-payment or delayed payment of wages. Corol-

TABLE 2.3
NEEDS OF MIGRANTS AT DIFFERENT STAGES OF MIGRATION

Pre-Departure	<p>Knowledge of costs, benefits, risks associated with migration.</p> <p>Information on job availability, conditions of contract and placement, financial resources to meet migration expenses, assistance in making domestic arrangements during their absence and preparing for work overseas, including psychological preparedness for safe migration.</p> <p>Standards and certification of required skills.</p> <p>Knowledge on culture, expected attitudes and behaviour at destination.</p>
Post-Arrival	<p>Information on access to decent working conditions and humane treatment and support (psychosocial, legal), in the event of problems in destination countries.</p> <p>Information and support in remitting income and maintaining communications with their families at home.</p>
Reintegration	<p>Development of financial stability through proper investment of their earnings.</p> <p>Access to investments that would generate maximum income, and access to credit, technical services, marketing and other facilities for migrant workers wishing to create self-employment activities.</p> <p>Counselling in dealing with intra-family difficulties and with reintegration into the community.</p>

lary to this is the non-payment of other entitlements, such as overtime pay and other allowances and bonuses, as provided for the contract.

For migrant workers, even the post-employment stage is not easy, especially for workers who have lived overseas for at least five years. On return to their country of origin, many ex-migrants find themselves financially insecure with no source of livelihood. Savings erode fast, since most are not familiar with investment schemes or accustomed to running productive undertakings. Further, they are unable to find employment in the domestic job market.

Social and family reintegration is another issue which migrants face upon retirement from overseas employment. Long absence from their families, their community, and their country alienates them and results in psychological and emotional stress.

The impact of migration and mobility of the population is not only felt at the level of the individual. It also affects migrants' families, their communities and the entire society. Migration and massive movements of populations change the fabric of societies, and often this change is irreversible.

Migrant workers also need to be protected from abuse and exploitation, including protection from trafficking. Although sexual exploitation and trafficking are increasingly reported, recorded and highlighted for female migrants, men are also subject to these difficulties. Indeed, economic exploitation is common for both sexes.

While the problems of migrant workers do receive attention, the hardships faced by their spouses and families are often ignored. In recent times, however, research and interventions with spouses,

children and extended families in Bangladesh, the Philippines, and Sri Lanka have identified the following problems in migrants' families (CARAM Asia, 2004a):

- coping with problems with in-laws relating to management of resources and money – often the spouse has no control over the migrant's remittances, which, especially in Bangladesh, are controlled by the father-in-law or brother-in-law. This creates considerable tension for the spouse in trying to meet her needs and those of her children;
- raising the children and looking after the family as a single parent with limited decision-making capacity and resources;
- dealing with one's own emotional, psychological and sexual needs;
- taking care of health problems, including their vulnerability to STDs/HIV, and access to health services;
- avoiding sexual violence and rape, often by male family members who consider these women as their property in the absence of their husbands; and
- facing abandonment by their husbands who take other spouses and/or partners in the receiving country or home country.

The problems faced by children of migrant workers include:

- discrimination at school and in the community;
- incest which impacts their vulnerability as well as their mental well-being; and
- delinquency.

Thus the migration process and needs of migrants should not solely be seen in relation to the migrants alone, as it also has an impact on spouses and families, particularly children.

3. OVERVIEW AND ASSESSMENT OF PRE-DEPARTURE ORIENTATION PROGRAMMES

Pre-departure programmes are a part of the whole cycle of migration and are designed to reduce the vulnerability of migrant workers and to enable them to maximize benefits from overseas employment. As stated earlier, the migration cycle begins with making the decision to migrate, followed by leaving the country, arriving in the foreign country, settling in the workplace and integrating into the new environment, living and working overseas, and ends when the migrant finally returns home to readjust and reintegrate in society. Pre-departure orientation programmes should help workers to become informed and empowered in each phase in the overseas contract employment cycle.

This chapter presents an overview of pre-departure training and orientation programmes in Bangladesh, the Philippines and Sri Lanka. All three countries (as well other countries in Asia) have developed a legal framework and institutional arrangements to deal with the issues concerning pre-departure orientation and training of their citizens seeking overseas employment.

Under the Ministry of Expatriates' Welfare and Overseas Employment, the BMET in **Bangladesh** currently operates at district level through 21 District Employment and Manpower Offices

(DEMOs). The development budget has planned for a further 21 DEMOs and four divisional DEMOs, but this has been wound up, due to non-renewal of funding after completion of project tenure.

BMET is engaged in human resources development in line with Recommendations nos. 88, 96 and 97 of International Labour Organization (ILO) Conventions. It was established in 1976 with the specific purpose of meeting the country's manpower requirements and for export of manpower and of:

- providing institution-based special vocational and technical training courses (both formal and informal) for different employable trades; and
- planning and implementing development programmes for conducting training programmes.

BMET operates 13 Technical Training Centre (TTCs) and an Institute of Marine Technology (BIMT) to cater for particular training needs of employers in basic trades. The TTCs are located in a number of districts and are equipped with adequate facilities for skill development programmes for about 15,000 trainees per year (regular and special courses). The Bangladesh Technical Education Board is responsible for conducting National Skill standards tests for Grade III and Grade II and for the issuance of certificates.

To expand the institutional training facilities further, 24 new TTCs are being established, of which six are reserved for women. Another project will establish 64 Technical Training Institutes at Upazila level.¹⁰

Bangladeshi skilled workers receive comprehensive professional training which equips them adequately for overseas placement. However, these professionals do poorly in overseas job interviews as they fail to communicate well with prospective employers in English. Thus, inadequate knowledge of English appears as the primary stumbling block for their obtaining overseas employment.¹¹ In 2002, BMET established an English Language Laboratory at their Dhaka training centre in order to offer language training for two categories of overseas job seekers: nurses and hotel workers. It was later decided to review and upgrade the materials and training for the language courses in line with migrants' needs for language as a life-skill, i.e. language for work, for socialization, personal safety, well-being and justice. The courses were also assessed for their usefulness for migrant workers and their employers. Most visual aids were not very relevant for Bangladeshi migrants and better access to more appropriate visual narratives was thought to be helpful for the trainees. Instructors were also in need of refresher courses.

All aspirant migrants must be registered in BMET's official database and attend the pre-departure briefing in the BMET briefing centre before their departure. Due to constraints on government departments' resources, their capacity for improving coverage is limited but the government is committed to strengthening the pre-departure programme. A study conducted in the BMET pre-departure briefing centre assessed the suitability of the present briefing structure and seven people were interviewed after the briefing was completed.

The Bangladesh Overseas Employment & Services Limited (BOESL) is the only public limited company created by the Government in 1984 with the objective of creating healthy competition with private recruiting agencies. BOESL's motto is to serve the nation, instead of making a

profit and its main objective is to provide efficient and prompt services to valued foreign employers at a minimum cost and within the scheduled time.

For the prospective skilled migrants, BOESL:

- arranges direct communications and an interview for scrutinized candidates with the recruiting delegation, according to the delegation's requirements; and
- selects workers on behalf of the employer by engaging a board of experts in the respective field in order to offer appropriate candidates.

BOESL has created and maintained a substantial manpower database covering a wide range of skills since its inception. If the database does not cover the employer's requirements immediately, BMET makes arrangements to collect CVs from suitable candidates. The introduction of BMET's computerized database makes it more convenient for BOESL to identify the right job seeker. This is because it has now become mandatory for all the prospective migrants to be registered with the BMET.

Workers finding employment through BOESL only pay for the actual expenses of migration, in addition to the BOESL's nominal service charge. If the employer pays a service charge to BOESL, the worker does not have to pay the charge. BOESL has to compete with the private recruitment agencies in securing employment for the potential migrants. Often BOESL faces difficulties when it has to purchase visas to send workers of a certain category to some specific countries. The General Manager of BOESL mentioned that sometimes BOESL has to pay 3000-4000 Riyal¹² (approximately US\$ 800-1000) to buy a visa. BOESL then has to charge those workers the cost of their visa. Usually workers departing with these visas earn about 93-106 US dollars (approximately 350-400 Riyal) per month.

For the skilled migrants (such as the doctors, nurses, etc.), in addition to the BMET's pre-departure orientation seminar, BOESL organizes its own pre-flight briefing. The briefing schedule is for two hours and is held three to four days prior to departure. The programme includes lectures on the rules, regulations and traditional background of the country of employment, local customs and guidelines for personal conduct, and workers' obligations under the destination country's local labour laws.

It is observed that most participants coming to BMET's briefing centre have collected visas from their relatives. Most of them wanted to go to the Middle East, especially Saudi Arabia. The content of the briefing has been modified on a number of occasions. The briefing is conducted twice a day on every working day and includes two video presentations: one with information regarding overseas employment (13 minutes), and the other on BMET's Vocational Training programmes (15 minutes).

The first video screened at BMET's pre-departure orientation programme describes the development in Singapore and the bank guarantees deposited by the employer to obtain approval for recruiting foreign workers. It also mentions the required medical tests, though without explanation. Other issues shown include: cost of deportation, conditions of work permits, workplace safety, compensation, employment agreements, personal safety, modes of communication, food, entertainment, and remittance transfer.

This study's national consultant in Bangladesh met with participants at BMET's pre-departure briefing sessions. The findings include:¹³

- all respondents replied that they came to the centre to collect a certificate, the recruiting agents having informed them to collect it themselves as their visas had come from relatives. Usually the recruiting agents collect this certificate from BMET on behalf of those who go through the calling visa ("calling visa" is a specific form of visa which enables foreign professional staff to go to the embassy or high commission of the destination country in their respective country of origin to get approval.)¹⁴
- all respondents said they had only understood the videos, as they were attractive and very easy to understand;
- the majority (five out of seven respondents) said they could not understand what the man had read from the screen. Those who could read understood a little from reading the booklet provided by the centre.

There was no evaluation, discussion, questions and answers, or any other information provided during the video and lecture sessions. During the preparation of this study, an assessment conducted by BMET with the assistance of IOM Dhaka produced results which confirmed these findings.

Recently BMET and IOM implemented the project "Enhancing Official Pre-departure Health Orientation" with the support of UNAIDS, in order to assess the existing pre-departure programme and develop a "training the trainer" manual to enhance the capacity of the pre-departure programme's trainers, together with a video documentary and a booklet. This booklet is a guide for future activities and reference to be distributed to participants in the pre-departure orientation seminar. These steps have immensely contributed in enhancing the quality of the programme.

Thus the Bangladesh experience reflects that the PDOS programme has the flexibility of incorporating lessons learned to improve quality.

A number of Bangladeshi NGOs have adopted community-based awareness raising and pre-departure orientation programmes, including SHISUK (a national NGO), the Bangladesh Women Migrant Workers Association (BOMSA) and the Welfare Association of Repatriated Bangladeshi Employees (WARBE), and an association of Bangladeshi returnee women migrant workers. SHISUK organizes Peer Educators Training (PET) with selected migrant workers and also works through live media to raise awareness on issues concerning migration. It delivers information to facilitate decisions regarding migration and to ensure that individuals do not fall victim to fraudulent recruiting agents and traffickers. SHISUK focuses on HIV/AIDS issues in all phases: pre-departure, overseas employment and reintegration. Live theatre, which involves folk approach and community members, is one of SHISUK's most effective means of message delivery and orientation. Thus NGOs also play a crucial and innovative role in delivering pre-departure orientations to prospective migrants in Bangladesh.

In the **Philippines**, POEA Memorandum Circular No. 3, Series of 1983 established the legal and policy basis for the pre-departure orientation programme. It provided guidelines for the conduct of a compulsory PDOS for "all first-time or re-contracted workers, and every agency is respon-

sible in providing each worker a thorough PDOS". The guidelines also permitted industry associations and other business entities not in the overseas employment business to offer PDOS on condition that they conform to POEA requirements.

Since pre-departure orientation is mandatory for all new hires and implementation is part of the documentation system for OFWs, the programme is institutionalized, giving government easy access to target workers and facilitating supervision of the programme's implementation.

In 1990, Memorandum Circular No. 18, Series of 1993 provided for a special PDOS for household workers who are deemed to be vulnerable. This circular enabled NGOs involved in migrant worker concerns with exclusive authority to provide PDOS for departing household workers.

In 2002, pursuant to POEA-OWWA Joint Circular No. 04, management of the PDOS programme was transferred to OWWA, including monitoring of PDOS provided by all service providers. The POEA however continues to act as a service provider for name hire¹⁵ and government hires through its government placement facility.

Memorandum of Instructions No. 010, Series of 2002 was thus subsequently issued by OWWA to provide for the creation of an ad-hoc Workers Information and Education Centre (WIEC) under the supervision of OWWA's Plans and Programmes Office. The WIEC have three functional units: Office of the Programme Coordinator, the Programme Development Group, and the Projects and Services Group.

Under OWWA's new system, the Programme Coordinator implements policies through the PDOS Trainers Council composed of OWWA officials, representatives of the private recruitment industry, and non-governmental organizations participating in the programme.

In DOLE Department Order No. 48-03 dated 23 June 2003, for the implementation of the Comprehensive Orientation Programme for Performing Artists (COPPA), a special and comprehensive orientation programme for entertainers was likewise placed under the management and supervision of OWWA and integrated into the regular Pre-Departure Orientation Seminar.

With the transfer of the PDOS Programme from POEA to OWWA, this programme has changed radically. It is no longer a mandatory information and education programme as a prerequisite for the issuance of OFW's exit clearance, but a welfare and assistance programme for members of the OWWA Welfare Fund and their families. The PDOS programme relies on multi-sectoral cooperation among all sectors involved in the interests and welfare of OFWs, and as a result, it enjoys wide support. Partners include government, workers' groups, recruitment agencies and associations, and NGOs.

The PDOS programme implements a registration system for its service providers upon compliance with certain requirements (venue, facilities, inclusion of an approved PDOS module and curriculum). Trainers must undergo the necessary training before content and skills can be accredited and are thus able to handle modules, in accordance with their expertise. Trainers from NGOs can also act as resource persons on topics within their domain, such as workers' rights, gender sensitivity, and HIV/AIDS.

All PDOS providers are required to use the government-prescribed standard syllabus and specific modules for each topic have been approved to ensure that accurate and up-to-date information is given to OFWs uniformly. They receive updates and advisory notices on policies or relevant developments in host countries through a mailing list. Similarly OWWA has required that educational aids, such as an activity book for household workers and video CDs on health, workers' rights and protection and workers' reintegration, be included as part of the modules. Although these initiatives were presented by the government, they are in fact the result of extensive consultations and cooperation among all stakeholders, who contributed their knowledge and expertise to the development and production of these materials.

As mentioned earlier, the PDOS certificate of attendance is one of the documentary requirements for processing travel/employment documents presented to POEA for the issuance of an exit clearance. Thus POEA can check that all workers leaving for the first time for a particular country or region have attended a PDOS. Agencies deploying these workers are sanctioned if they are found to have violated this requirement.

While all PDOS providers are required to provide a general PDOS module, there are different types of PDOS curricula which can be used according to the vulnerability and information requirements of a particular group of workers. Specific modules have been created for household workers, performing artists and entertainers, nurses and seafarers (skill-based modules) or for workers migrating to certain countries/regions with special information requirements, such as Hong Kong, Libya, the Middle East, South Korea, and Taiwan (destination-specific modules).

A recent study on the Philippines reveals two critical findings (ILO, 2002a). First, there is a lack of effective communication and comprehension. Although all OFWs are required to attend PDOS, most domestic workers or overseas performing artists (OPAs) had only a rudimentary knowledge of, and even less experience with, government programmes to protect them against illegal recruiters and traffickers. This ignorance was especially serious for migrant workers from outside the National Capital Region (NCR). In addition, most literature on migration is in English or Tagalog and is not widely disseminated in the regions. Non-Tagalog speakers who responded to the survey said that they only learned about these programmes after they had experienced problems and had been directed to the appropriate government agencies. Not one respondent had heard of, much less participated in, a pre-employment orientation seminar (PEOS).

Second, while the best informed migrant workers said that government policies and programmes were generally good and clearly intended to protect migrants against abuse, their experiences and encounters with the personnel of POEA, OWWA and DFA had a strong influence on their opinions and perceptions. For example, overseas domestic workers felt that embassy personnel discriminated against them. They reported that, while arbitrating employer-employee disputes, Filipino embassy personnel listened more to the employers than to the domestic workers and that runaway workers were encouraged to return to their employers. This lack of support pushed many overseas Filipino domestic workers to seek help from churches, NGOs and friends. Respondents also made a distinction between embassy personnel and OWWA officers, saying that the latter were more sympathetic.

This IOM study also showed that, for domestic workers, the PDOS was an important and effective means to prepare them for overseas work and to prevent abuse. The topics they find most

TABLE 3.1
STRENGTHS AND WEAKNESSES OF THE PDOS PROGRAMME,
THE PHILIPPINES

Strengths	Weaknesses
1. It is institutionalized and legally mandated, and thus sustainable.	1. Inadequate resources, especially financial resources, have an impact on the efficient and effective implementation of any programme. Efforts to upgrade training materials and facilities thus do not materialize.*
2. It is part of the OFW documentation system, thus government has access to target workers and attendance can be easily monitored.	2. Since the transfer of management from OWWA to POEA last year, only four of the 10 staff assigned to the Workers Information and Education Centre are actually working for the Centre. As a result, actual supervision and monitoring of PDOS are not carried out on a regular basis.
3. It accepts and encourages participation of private and public sectors and thus enjoys wide support.	
4. It engages the services of qualified trainers who are experts in their field through an accreditation system.	3. The PDOS is mandatory in the last phase of the pre-departure process, i.e. after selection and during the documentation process immediately prior to deployment. The timing is not conducive to real learning and absorption by OFWs, as they are more preoccupied with obtaining documents required for their job and with making last-minute arrangements of their personal affairs.
5. It solicits the participation of private entities which have an interest in helping migrant workers in order to augment meagre government resources.	
6. The inclusion of critical input relating to welfare problems and issues handled by OWWA, whether on-site or in the destination country, in the syllabus increases their effectiveness and ensures relevant intervention for the welfare of OFWs and their families.	4. OWWA lacks legal jurisdiction over recruitment agencies/entities. It is therefore difficult for the agency to impose sanctions on PDOS providers that do not comply with the set standards. Only POEA has this power.

* UNDP Southeast Asia HIV and Development Project, *Good Practices Documentation & Sharing Project*, Dili, Timor Leste May 2004.

Source: Developed through interactions with different stakeholders.

useful are the “dos and don’ts” and cultural practices in the host country. Most admitted that they themselves were not in the proper frame of mind when they took the PDOS, usually attended one or two days before departure when the migrants are inattentive due to excitement and worries about the impending departure. Moreover, they considered that sessions of four to six hours were not enough to discuss all the topics thoroughly. Discussions with bank personnel on remittances and management, for example, took up at least two hours of the PDOS.

Migrant workers also observed that PDOS lecturers focused on their particular priorities and points of view and these were not always complementary. The POEA and private agencies emphasize their services and the benefits of overseas work, while NGOs stress the inadequacies of laws, contract provisions, and the rights of migrant workers, as well as the consequences of migration. This emphasis seems designed to discourage women from leaving. About one-third of study respondents in Davao did not undergo any PDOS, having migrated on tourist visas and/or illegally through the “backdoor” in Mindanao.

Women OPAs agreed that the new academic and skills training programme was more rigorous and provided them with better preparation for coping with the work environment. The supplemental pre-departure tips provided by their agencies and talent managers were considered most useful in helping them to cope with their work in clubs. Many OPAs found that some training courses (e.g. ballet lessons) were superfluous and irrelevant and that the academic courses were superficial and hurriedly conducted. Most still found it difficult to understand their contracts and the provisions for exercising their rights. OPA workers who attended PDOS alongside domestic helpers and other workers found the experience utterly useless, being more concerned with pleasing their employers and talent managers to ensure that they would be recommended for the next booking (ILO, 2002a).

In addition, IOM organizes PDOS for migrants going to work in Canada through its Canadian Orientation Abroad (COA) Programme. This programme offers training for independent immigrants and skilled workers, family class immigrants and refugees who are also in need of pre-departure orientation. The sessions are offered to immigrants who will eventually take up Permanent Residence status in Canada (see Appendix IV).

In **Sri Lanka**, most pre-departure programmes offered to prospective migrant workers involve training and orientation. Section 15(o) of the Act of Parliament gave SLBFE responsibility for offering training and orientation to Sri Lankan recruits for employment in collaboration with licensed agencies. SLBFE began training courses for migrant workers, but the number of participants in its programmes was not high and, until 1996, the vast majority of workers left Sri Lanka without any training or preparation for overseas work. Experience of Sri Lanka reveals that women who leave the country as overseas domestic workers without any PDOS and with virtually no knowledge of the language of the country, without any work specific skills and training, face difficulties in performing tasks in affluent homes equipped with modern household labour saving devices. Consequently a large number of these workers are often subjected to maltreatment, physical assault and non payment of wages by employers. A consequence of the harassment was the running away of many of these domestic workers to largely unsympathetic embassies.

Since 1994, the policy has changed to meet the government's goal of economic liberalization "with a human face". The protection and welfare of migrant workers was given high priority in national policy and two presidential task forces were established. As an outcome of their recommendations, registration and training were made compulsory for women going into domestic service overseas.

Dormant provisions of the Sri Lanka Bureau of Foreign Employment Act of 1985 and the 1994 amendments were implemented over the next few years, resulting in a stronger regulatory framework for migration of workers. Priority was given to vulnerable groups of domestic workers, providing information and training to help them to cope better in their new work environment. In addition, new strategies to reduce the social cost of migration of women for employment were put in place.

The Annual Report of the Bureau for 1996 states that "with a view to upgrading the level of domestic sector females workers, pre-departure training was made compulsory w.e.f. 10 April 1996 and this policy change has paved the way towards improving the foreign employment trade

in domestic sector in a very big way.” In that year, SLBFE managed 14 district training centres. Expenditure on training recorded a 60% increase from Rs1.5m (US\$15,236.16) in 1995 to Rs5.2m (US\$52,818.69) in 1996.¹⁶ A new and more comprehensive training syllabus was developed. Training days were extended from five days residential¹⁷ and seven days non-residential¹⁸ to 12 days for Middle Eastern countries and from 20 to 21 days for non-Middle Eastern countries.

The training function is the responsibility of a Deputy General Manager reporting directly to the Chairman. The incumbent of this position is responsible for policy matters relating to training and overall management with the assistance of a training manager and three administrative officers. The training centres come under the direct purview of the Training Manager and each centre is run by a SBFLE official. The Bureau has engaged 120 instructors and at present all the training centres have the required cadre. Trainers are attached to centres run by SLBFE and to centres operated by licensed agencies.

Currently the Bureau operates 22 training centres in all provinces except Sabaragamuwa and the Northern provinces. As provided by law, training has also been entrusted to the private sector, with nine centres at the end of 2003, making a total of 31 centres. Twelve information technology training centres and an industrial sewing training centre have been established. The largest number of centres is located in the Colombo and Kurunegala districts, which are high outflow areas.

The Bureau’s training centres in Colombo offer the best facilities in terms of premises, equipment and accommodation. The regional centre in Kurunegala and the training centre at Dambulla were reported to be satisfactory. However, the facilities available at the centre in Kalutara could be improved. The Bureau has recognized the need to upgrade its training facilities and has planned to set up (construct/purchase) its own premises.

The Bureau provides licensed agencies with instructors to ensure that the training is conducted to a common standard. The agency is expected to maintain the training centre and equip it in conformity with the requirements for practical training. It was found that the facilities available at a training centre in Colombo that was visited for the purposes of this study were not satisfactory. This however cannot be generalized, though it may be indicative of the situation of private training centres, especially in the districts.

TABLE 3.2
DISTRIBUTION OF TRAINING CENTRES BY PROVINCE,
SRI LANKA

Province	Bureau Centres	Private Centres	Total
Central	2		
Eastern	1		
North Central	2		
North Western	2		
Southern	4		
Uva	3		
Western	8		
Total	22	9	31

In 2000, 50% of domestic workers who left for overseas work had participated in a training programme. However, this data should be used with caution as the number of departures does not include re-hires and it is assumed that trainees migrate during the year in which they were trained. There appears to be a discrepancy in the number trained and the number of departures.

The importance of training cannot be disputed and all the trainees interviewed acknowledged its usefulness and found language training particularly useful. However, a significant omission in the course structure is the absence of modules on stress management, sexual harassment and abuse, worker rights and redressal mechanisms available to workers on-site.

A study carried out in Sri Lanka presented an assessment by migrant workers of private sector initiatives relating to PDOS (ILO, 2002b). It revealed that the strategies used for dissemination of information by NGOs and grassroots migrant associations had been ineffective in reaching the most vulnerable groups of poor women in remote rural areas who have no access to information on account of their illiteracy or isolation from mainstream activities. Many do not appear to be interested in knowing about living and working conditions in the host country, as knowledge of these conditions would lead to further psychological stress. It is apparent that these women have innate survival skills, especially the capacity to tolerate harsh working conditions and to stifle emotions.

According to this study, male and female prospective migrants, and especially those for one Middle Eastern destination, were ignorant of any privately initiated activities to protect and assist them. For prospective migrants, the key informant was a returnee who generally failed to mention difficulties encountered at the scene of employment. The men were sceptical about NGOs' ability to intervene on their behalf in a labour-receiving country, believing that, at the slightest conflict between employer and employee, they would find their work visa cancelled and be taken forcibly to the airport for repatriation. They cited a recent case of contract substitution where 30 men sent to Saudi Arabia as drivers by a sub-agent in their district found themselves working as street sweepers. A protest campaign by the workers resulted in their immediate repatriation. No one had intervened on their behalf and these men had to raise funds on-site to go home.

The study reported a possible course of action for NGOs suggested by migrant workers. Migrants workers appreciated action taken by NGOs for the welfare of families left behind, in particular in organizing pre-school and day-care for young children and vocational training for adolescents. The migrants believed that community-based organizations fail to target their families in assistance channelled through them. They believed that, at times, such organizations even impede relief measures, citing in particular entitlements under the "Samurdhi" scheme, run by the Government to alleviate poverty. They are critical of the attitude of village-level government officials. Since most NGO initiatives are organized with the assistance of these officials, the migrants stressed the need to make these officials sensitive to family needs, without reference to whether the "mother was earning abroad".

Lastly the study indicated that existing NGO initiatives focus on women, particularly housemaids and demands by the major lobby groups have centred on responding to their problems. However, it needs to be borne in mind that Sri Lankan male migrants find themselves increasingly in exploitative situations, unable to escape from harsh work conditions or other malpractices.

The same study presented views of migrant workers on government initiatives on pre-departure, on-site and returnee programmes. Many migrant workers were unenthusiastic about payment of the required registration fee, due to lack of finance at the pre-departure stage, but felt that registration was a good and necessary measure to ensure their safety. Workers were also aware of and appreciated the benefits that they saw as going beyond the guarantee of State responsibility, such as insurance schemes, payment of the embarkation tax of Rs.1000 (US\$10.16) and assistance for families in the form of scholarships. Even repeat migrants who avoided registration with the SLBFE by obtaining jobs in host countries through personal contacts opted for insurance under the Jathika Suraksha Overseas Employment Insurance Scheme.

However, in spite of government initiatives on model contracts which ensure minimum wages and procedures to regulate recruitment agencies, workers seemed to show little interest in these issues. Ironically, the greatest concern among migrant workers interviewed was the preparatory training provided by the Government for migrant workers. Most prospective migrants viewed the training programme conducted by the SLBFE as useful and regretted that some workers did not appreciate the efforts made by trainers. When questioned on which component seemed most useful to them, they unanimously referred to the module on the expected role at the scene of the employment. The “tips” on protecting themselves not only from “electric shocks” from household appliances, but also from the sexual demands of their employers and other men were appreciated. They remembered their instructor’s anecdotes and many had kept copious notes and were seen carrying their exercise books at the airport.

The study also presented the views of returnee female migrants, mainly housemaids, from the Middle East. These women had mixed feelings about the value of the SLBFE training programme, as many had departed for their first migration experience prior to the introduction of the compulsory programme. They were envious of the protective measures that prospective migrants enjoyed in terms of training, contracts and financial security. They recalled the first week of their stay abroad with irony, showing how they communicated with their employers in sign language. None felt that the lack of training had been a handicap as the causes of conflict were disputes over money and men.

The women reported that their work routines were no different from the hard labour they were used to in their home country. They had no problems winning over young children with love and affection, nor in picking up Arabic within six to eight weeks. For returnees from Singapore and Hong Kong, however, the lack of skills in handling household equipment and a poor knowledge of English had created problems on the job. They had acquired some skills in time. However, no government officials had protected them or negotiated disputes on their behalf. They felt that the Government should select honest officers who could empathize with them and manage welfare matters in all destinations, for men and women so that everyone could secure their rights in a hostile setting (ILO, 2002b).

Cost of PDOS programmes

It was not possible to gather exact unit costs of PDOS programmes for any of the three countries studied. Government, private and NGO sources have however provided partial data on costs.

In the case of **Bangladesh**, the per-unit costs of government-run PDOS programmes at BMET could not be provided. However, estimations of NGO-run PDOS programmes show that, for a four-day residential peer-training (for 20 participants), the per-unit cost was Tk.4,000 (US\$64.52),¹⁹ while a non-residential one-day PDOS (for 20 participants) costs Tk.300 per person (see Table 3.3).

TABLE 3.3
ESTIMATION OF UNIT COSTS OF PDOS CONDUCTED BY NGOS,
BANGLADESH

Item	Cost (Tk.)
Venue	1,000
Food	2,000
Equipment-support	500
Resource person	1,000
Stationery	500
Coordination	1,000
Total cost for 20 participants	6,000
Per unit cost (total cost/20)	300 (US\$4.84) *

* US\$1= Tk. 62.0.

Source: SHISUK.

Through discussions with NGO representatives and government officials, it was found that, if the DEMOs conduct a one-day PDOS, the total cost may be half the costs incurred by an NGO, as DEMOs use their own infrastructures and resource persons. Thus, for a one-day PDOS at one of the 22 DEMOs, the unit cost was estimated at Tk.150 (US\$2.42). The relatively lower costs of PDOS at government installations reveals that, if effectively used, governmental human resources and logistic infrastructure can provide a cost-effective base for decentralized PDOS activities.

In the **Philippines**, the cost of courses provided by NGOs and the recruiting agencies were very low and did not reflect the real cost of providing the seminar. As a result, by calculating the cost of courses taking the budget for POEA's PDOS Unit on the basis of the number of OFWs attending the courses, the per-unit cost appeared to be approximately US\$0.88 (see Table 3.4).

Once again, we must note that this figure must be taken as an underestimation, as the estimated costs do not take into account overall management and logistics costs for the programme. This also reveals that government agencies are able to carry out the PDOS programme in the short term, without heavy management and infrastructural investments, as in Bangladesh.

The paper shows that the costs of the programme to a great extent are also borne by the participants of the PDOS. In Philippines, the fees are P100.00 per worker (about US\$1.81),²⁰ charged to the deploying agency. However, there are other costs which are implicit by nature: time of the participants, communication costs, refreshment and in some cases lodgings.

TABLE 3.4
ESTIMATION OF UNIT COSTS OF PDOS CONDUCTED BY NGOS,
THE PHILIPPINES

Item	Cost (P)
Honoraria (P200 x 6 hrs x 22 days/month)	26,400
Supplies and materials (P4.00 x 80 pax x 22 days/month)	7,040
Capital outlay (rent, facilities) (P220,000/year x 12 months)	18,333
Consultancy services (P120,000/year x 12 months)	10,000
Salary PDOS facilitators/staff (1 PDOS trainer P16,000/month; 1 Clerk P8,000/month)	24,000
Total cost/month	85,773
Total OFWs/month	1,760
Per unit cost	48.73 (US\$.88) *

*US\$1= P 55.1.

Source: OWWA.

In **Sri Lanka**, estimations of the cost of government-run PDOS were comparatively straightforward, since all the training courses are funded from the Welfare Fund (Table 3.5).

As a percentage of expenditure from the Welfare Fund, the amount expended on training has declined from 5.1% and 6.1% in 1998 and 1999 to 4.8% in 2003. At the same time, the unit cost, which was Rs. 257.71 (US\$2.67)²¹ in 1998, increased to Rs. 584.40 (US\$5.94) in 2003.

TABLE 3.5
UNIT COSTS OF PDOS,
SRI LANKA

Year	Total number of migrants trained	Expenditure* (Rs.)	Unit Cost		Total of % of Welfare Fund Budget %
			(Rs.)**	(US\$)***	
1998	48,642	12,535,799	257.71	2.62	5.7
1999	37,583	14,065,994	374.26	3.80	6.1
2001	-	26,219,856	-	-	5.4
2002	55,314	26,075,813	471.41	4.97	4.5
2003	49,744	29,070,612	584.40	5.94	4.8

* Excluding emoluments of SLBFE training staff.

** Total expenditure divided by the number of trainees.

*** (US\$ 1 = Rs. 98.45).

Source: Estimated from the data of Welfare Fund.

4. GOOD PRACTICES AND THE WAY FORWARD

A “best” or “good” practice can be defined as a creative and sustainable practice that provides an effective response based on the utilization of direct knowledge, which has potential for replication as an “inspirational guideline”, and can contribute to policy development. They must also be adapted to the political, historic, cultural, social and economic context of the society in question. Best practices are defined as successful initiatives when they:

- have a demonstrable effect and tangible impact on improving people’s quality of life;
- are the result of effective partnership between the public, private, and civic sectors of society; and
- are socially, culturally, economically and environmentally sustainable.

For the management of migration, best practices should also have the following characteristics:

- be innovative: a best practice has developed new and creative solutions to common problems;
- make a difference: a best practice should create a positive and tangible impact on migrants’ lives;
- have a sustainable effect: a best practice should be capable of providing long-term results and benefits; and
- have potential for replication: a best practice can serve as an inspiration for generating policies and initiatives elsewhere.

For the present paper, a practice is identified as a good practice even if these four criteria are not all fulfilled. When identifying good practices, emphasis is not restricted to “a demonstrable effect and tangible impact on improving people’s quality of life”, but is also given to seeing the “potential effect and impact on improving people’s quality of life”.

Enabling pre-departure registration and orientation

From the perspective of would-be migrants in low-skill occupations, the concept of pre-migration registration is well accepted, as the process serves them with certain benefits and is not seen as merely imposing control:

- cost-effective pre-departure training, orientation and registration process;
- pre-departure training, as a pre-condition for registration;
- registration as access to government protection (e.g. insurance, subsidized loans, child care, travel aid).

One of the common features of foreign employment regimes in Bangladesh, the Philippines and Sri Lanka is the mandatory requirement of pre-migration registration and orientation. These two policy and legal requirements have both manifested and potential merits.

For example, in the **Philippines**, POEA Memorandum Circular No. 3, Series of 1983 provides the legal and policy basis for the pre-departure orientation programme. This Circular laid down guidelines on the conduct of a compulsory PDOS for “all first-time or re-contracted workers and

every agency is responsible in providing each worker a thorough PDOS”. The guidelines also allowed industry associations and other business entities not involved in the overseas employment market to offer PDOS, on condition that they conform to POEA’s requirements.

In 1994, the Sri Lanka Bureau of Foreign Employment Act was amended to introduce compulsory registration with the SLBFE, irrespective of the source of recruitment. This provision came into effect in April 1995. As a result, in **Sri Lanka**, registration provides migrants with free insurance cover for several risks associated with overseas employment. It also covers payment of embarkation tax, and offers welfare benefits, such as access to loans from state banks at subsidized interest rates, and scholarships for children. Training was made mandatory for migrant domestic workers in 1997 and the training certificate issued by the SLBFE is a prerequisite for registration as a potential migrant. Training programmes are conducted free of charge to prospective migrant workers and are financed from the SLBFE’s Welfare Fund.

Involvement of private sector, international organizations and NGOs

The private sector has a direct interest in migration. In Asian countries of origin, the private sector mainly covers private recruiting agencies. However, NGOs are now taking an interest in migration, but not from a business perspective, as they focus on the rights of migrant workers. An effective pre-departure training and orientation programme can therefore call on the support and engagement of both of these actors with the subsequent advantages in terms of:

- decentralization and expansion across national territory;
- access to a greater number of migrants;
- a coordinated policy in partnership with the private sector and NGOs, ensuring the inclusion of business and human rights issues relating to labour migration.

By December 2003, the SLBFE itself operated 22 training centres in all **Sri Lankan** provinces, except Sabaragamuwa and Northern provinces, while nine other centres provide training offered by the private sector, as provided by law, making a total of 31 centres.

In the **Philippines**, NGOs are considered “partners” in the promotion and protection of migrant workers’ rights, under the provisions of the Act, and thus play a proactive role in the coordination of pre-departure training. PDOS are conducted by POEA at its main office and also in its Regional Extension Units (REUs). In addition, 520 agencies or associations are accredited to provide PDOS, either through their own programmes or through links with other programmes, according to POEA. Four associations of accredited private agencies provide PDOS through over 703 member agencies: the Philippine Association of Service Exporters, Inc. (PASEI); Overseas Placement Association of Philippines (OPAP); Association of Service Contractors in the Philippines (ASCOP); and Associated Marine Officers and Seafarers Union of the Philippines (AMOSUP). In addition, the Philippine Nurses Association (PNA) offers PDOS for nurses (Migrants Forum Asia, 2001).

While accredited NGOs are authorized to run PDOS for migrant workers, most refrain from doing so as these seminars are thought to promote migration. Although these seminars are required to follow a curriculum approved by the POEA, NGOs may include other topics in line with their area

of interest, such as trade union issues, labour rights, HIV/AIDS awareness, and women's rights. About six NGOs involved in women's and migrant workers issues are engaged in PDOS.

In any given year, up to 142,000 newly hired land-based contract workers, or 50% of newly deployed workers attend PDOS. The other 50% receive training from other agencies. An independent private study noted that "although PDOS is mandatory for all overseas contract workers, the common view among respondents is that many do not receive PDOS to the standards required by POEA" (ILO, 2002a).

A survey of migrant workers' education and organizing programmes reveals that over 100 migrant workers and support organizations have been established to help OFWs and their families in various areas. The list includes migrant worker and families associations, migrant worker and community cooperatives, trade unions, professional organizations and the academic community. Several organizations also belong to national and international networks of people's organizations, "cause-oriented groups" and NGOs addressing migrant workers' rights. Business groups, including banks, remittance centres, insurance companies and even the primary employers association in the Philippines (ECOP), also provide services to migrant workers and their families. In addition, the Integrated Bar of the Philippines (IBP) and other legal aid groups, provide legal assistance to OFWs. The academic community conducts studies on migrant worker situations.

PDOS now invariably involve resource persons from NGOs and other civil society members (returned migrants, representatives of overseas NGOs working with migrant workers) with expertise on the various topics of the curriculum. Their first-hand experience provides prospective migrants with awareness of conditions of life and work in foreign countries. A few commercial banks and remittance centres promote savings and finance management through migrant investment in pre-need products such as scholarship and education funds, insurance, housing and health plans, retirement plans and even "life plans" designed to assist migrant workers to insure themselves from cradle to grave. Remittance centres and banks produce education materials and literature designed to make migrant workers aware of their rights and provide information so that they are better able to cope with their problems on-site.

In addition, the POEA and five accredited NGOs conduct the Pre-Employment Orientation Seminar (PEOS). NGOs have greater independence in conducting PEOS and include thorough discussions on the advantages and disadvantages of working overseas, tracing the causes of migration to unemployment and structural problems in the Philippine economy. Some education programmes include courses on entrepreneurship, business and finance management and enterprise development (ILO, 2002a).

Trade unions in **Sri Lanka** play a significant role not only in providing PDOS, but also at all the three stages of migration. In 1994, the National Workers Congress (NWC) established a Migrant Services Centre, with a programme for solving specific problems by offering legal services to woman migrant workers. The Migrant Service Centre MSC) is affiliated with the All Ceylon Federation of Free Trade Unions (ACFFTU) and aims to expand membership in unions at the grassroots level and to strive towards reintegration of migrants into the labour movement.

The MSC provides information to prospective migrant workers to prepare them for migration and to raise their awareness of illegal practices and other hardships they may face. It also pro-

vides information on health status, age requirements and medical certification needs, preparation of forms and documents for passports, passport-renewal, visas, tickets and registration with the SLBFE, including the benefits of registration. The Centre offers information on pre-departure training, insurance and instructs workers on personal information which they should provide to the SLBFE or the Sri Lankan Embassy in the host country. Information is also available on remitting money, together with a daily counselling service in its main office for children's social and behavioural problems, nutritional deficiencies and medical requirements, educational difficulties, abuse by adults, and arrangements for leaving the home in responsible hands. The Centre conducts training for self-employment projects and encourages self-employment in Sri Lanka as an alternative to seeking employment overseas (ILO, 2002b).

Several non-governmental organizations in Sri Lanka work with migrant women workers in different areas. These organizations do not deal specifically with migrant women workers, but include them among the disadvantaged people to whom they provide services. In 2000, these organizations formed the Migrant Workers Action Network (MWAN) with other concerned individuals and representatives of State agencies. MWAN's objective is to work together with representatives of NGOs, the SLBFE and other relevant ministries and State agencies. The aims of MWAN are to collect and disseminate information, monitor implementation of State policy, lobby and advocate policy and policy reform, offer counselling and outreach programmes to migrant workers, conduct research and offer legal assistance.

In **Bangladesh** although there are no clearly defined policy or institutional arrangements to involve the private sector and NGOs in pre-departure training and monitoring, several self-initiatives warrant attention. In order to create a transparent and congenial environment for migration, BMET established a database computer network in March 2004. It is now compulsory to enter the names, occupation, and skills of those seeking overseas jobs, before obtaining BMET's clearance. The prospective migrants are to personally fill in the data forms. However, on many occasions the forms are filled in by the recruiting agents (specially when the prospective migrants are illiterate). The server is located in the BMET's office with connections to offices of the Ministry, District Manpower Employment Offices (DEMOs), the airport and Bangladesh Association of International Recruiting Agencies (BAIRA).

There are a certain number of privately-run pre-employment training institutes, including those organized by the private recruiting agencies. There is now an emerging trend of private sector-NGO collaboration. NGOs are not invited to talk on migrant workers' rights by the private sector but are acknowledged as a resource for HIV/AIDS awareness. The private sector basically focuses on job-related training. During a FGD for this study, all ten participants said that they had not received any pre-departure orientation, apart from training on operating garment and sewing machines. None had received information on the risks and opportunities of migration, on the job contract and how it would be finalized, nor any other information that they might need before migrating. However, the trainees gave a good impression about HIV/AIDS orientation.

Canadian Orientation Abroad (COA) Manila establishes an effective model of a tripartite pre-departure orientation programme among Filipino Immigration, the International Organization for Migration (IOM) and the Government of Canada (see Appendix IV).

The COA Manila website receives support from the Canadian Embassy, in particular from Citizenship and Immigration Canada (CIC) Project Managers and their staff. COA Manila has produced flyers introducing the COA project and urging people to register for its weekly sessions. These info-sheets are distributed, by hand or by mail, by immigration staff. Everyone who registers for COA must have one in order to attend a session.

It is common to hear from people attending COA sessions that they were urged by an immigration officer to contact COA and to make sure that they attend long before their departure date. This type of linkage and coordination with the immigration officials has resulted in COA Manila training 2,044 more people than projected for 2004.

The Live-in Caregivers to Canada programme successfully continues to deliver orientation sessions on a weekly basis. Once caregivers have completed their two-year employment assignments, and are looking for a job and an apartment, they normally also begin sponsoring their families in the Philippines. As future Permanent Residents, they are all very grateful to the Government of Canada for making this orientation available to them. If it was not for the COA session, they would not have access to any pre-departure session.

Two of the significant components of the COA project are:

- Conducting orientation sessions and ongoing training of facilitators according to the COA modules.
- Identifying and implementing mechanisms for obtaining feedback from COA participants after their arrival in Canada.

The module-based approach ensures standardized orientation, while the feedback mechanism provides assessment of the training and generates input for improving the quality of PDOS.²²

The Power to Choose: Health and Migration video programme developed by IOM is another example of coordination between government and international agencies. In the wake of many cases of abuse committed against women migrant workers the Government of the Republic of the Philippines (GRP), through the Department of Labor and Employment (DOLE)/Overseas Workers Welfare Administration (OWWA), requested IOM to produce the first video on self-defense specifically targeted for women migrant workers. IOM Manila implements the *Power to Choose* video series to help sustain the efforts of the Government of the Republic of the Philippines to manage labour migration flows through increased awareness of Filipino migrant workers about legal migration channels and procedures in main destination countries. The video programme is accompanied by a *Power to Choose* Trainer and User Guide. The guide explains how to more effectively use the video in training or organized discussion venues.

With help of the guide, the video programme discusses Pre-Departure Preparation before the actual labour migration begins. It explains why an OFW must already be planning for their health even before they start their journey abroad. The stories used in the video programme offer personal testimonies as well as expert opinions. Their health experiences progress gradually from common issues to more complex and serious conditions such as HIV/AIDS. With the help of the trainer and user guide, the video programme used in the PDOS programme can ensure that the viewers' learning process continues and that they better internalize the new knowledge they have gained.

In **Bangladesh** international organizations have also contributed in developing curricula as well as assistance in organizing grassroots level training. In this regard, IOM, ILO and UNAIDS have been the pioneers. Manuals have been developed on HIV/AIDS and Migration (SHISUK, IOM, ILO and UNAIDS) and on Training of the Local Government Representatives (RMMRU and IOM). IOM also assists the NGOs (such as WARBEE) to conduct grassroots level PDOS and training on safe migration.

Innovative curricula for pre-departure programmes

Trends in migration are part of a dynamic global phenomenon. Pre-departure training and orientation programmes must therefore be flexible and sufficiently innovative to accommodate changes in context and regime and in the consequences of migration. A major debate with regard to innovative approaches to training has centred on efficiency versus rights.

A wide range of migrants' needs have to be met by pre-departure training and orientation. The courses must be adapted to both first-time migrants and re-hires, to specific occupations, and to specific destinations. This need was recognized by the SLBFE, for example, and the revisions made to its programme were expected to take into account the importance of "[suited] the current and future demands of the markets".²³ However, migrant workers must not be considered as commodities to be exported to lucrative markets: hence moves towards the adoption of a rights-based approach in future training programmes.

Notwithstanding these limitations, significant progress has been made in both South and South-East Asia, as can be seen from good practices identified below:

- introduction of new skills training to ensure access to new labour markets;
- participation in the process of syllabus development, through consultation with different stakeholders (this approach considers syllabus development as a continuous learning process, rather than as a one-time event);
- development of curricula for specific occupations, experience and destinations;
- optimal allocation of time; and
- empowerment through the acquisition of knowledge and skills.

Recently, in **Bangladesh**, IOM and BMET implemented the project "Enhancing official pre-departure health orientation project" with the support of UNAIDS. The project carried out an assessment of the existing pre-departure programme and developed a Training of the Trainers (TOT) manual to enhance the delivery of the pre-departure seminars. The TOT module is accompanied by a booklet to be distributed to participants in the PDOS, as a handout for future reference, and a video documentary to facilitate the pre-departure orientation (for more details, see Appendix V).

In the **Philippines**, the PDOS syllabus has evolved over the years to the current curriculum through various consultative and developmental processes, including workshops/writeshops, FGDs, and periodic meetings and discussions with all sectors, to ensure that it addresses the changing needs of migrant workers. A general PDOS syllabus is used for skilled and semi-skilled workers, with different syllabi for skill- and country-specific training for workers who

are considered vulnerable, such as household workers and entertainers. PDOS providers are required to follow a three-module syllabus to conduct the seminars (see Appendix VI).

In **Sri Lanka**, SLBFE has introduced innovations in its pre-departure training in order to bring greater diversity into its training programmes and to meet emerging needs. Among these innovations are special language training courses and training in the use of information technology for both women and men, while the industrial training programme for recruits to Korea and bartending, plumbing and electrical training courses are available only for men.

Training is based on a common curriculum, designed for domestic workers in the Middle East and non-Middle Eastern countries, with an additional nine days of English language classes. The course emphasizes improving worker efficiency and effectiveness in the workplace, as it is thought that inefficiency may lead to maltreatment. Counselling sessions focus on preparing the worker for leaving home and facing the realities of overseas employment, including adaptation to a new culture and to cultural conflicts that may arise. There is also training in food preparation and handling of appliances, which takes up 35% of the total training hours. Language learning represents 13% of training hours for migrants to the Middle East and 43% for those going to non-Middle East training courses. See Appendix VI for more details on the course structure.

The importance of the training cannot be disputed and all trainees interviewed acknowledged its usefulness. They found the language training particularly helpful. However a significant omission is the absence of modules on stress management, sexual harassment and abuse, worker rights and redressal mechanisms that are available to workers on site.

SLBFE also conducts a one-day crash seminar for migrants who have migrated previously without attending the training course or who do not have passports to prove that they are not first-time migrants. This seminar basically aims at providing these migrants with the opportunity to obtain the appropriate documentation and facilitate the registration process for employment overseas.

The time allocated for Sri Lankan training programmes was increased from seven days to twelve days (120 hours) for workers going to the Middle East and from 20 to 21 days (210 hours) for workers to other countries in 1996. The general opinion is that the courses are still not sufficiently long and that the training period should be extended. This will have implications for the recruitment process, as most migrants attend the training course after the date for departure has been set. Anecdotal evidence suggests that most first-timers are brought for training from their homes in distant villages by the job agents, kept in boarding houses in Colombo, taken to training and, after they complete the required training period, are taken to the airport. This may be an extreme case but it does illustrate how the recruitment process has an impact on training.

There are differences of opinion on the optimal length of pre-departure orientation and training. While the experts, activists and implementers recommend more hours for the programme, prospective migrants are not necessarily in favour of such a blanket increase in the PDOS length.

The pre-departure training and orientation programme aims to deliver a vast volume of information to trainees who may not have been in a learning environment for a considerable period of time.

They are also in the midst of preparing to leave the country and many who come for training are mentally depressed at the thought of leaving their families and especially their children. On the other hand, prospective migrants are usually adults with either some vocational skills or working experience. Therefore, groups of learners are not very keen on the classroom environment, and are comparatively more at ease with an interactive learning approach and job-oriented activities.

Participants in the English language course run by BMET in **Bangladesh** made several general suggestions on upgrading the course which can also be applied to PDOS in general (IOM, 2004a). Based on these suggestions, the essential components of good practice in innovative learning are:

- adequate room for interaction and practice;
- pictorial handouts;
- adequate audio-visual exposure;
- situation-focused skills;
- follow-up after training;
- communicative language as a medium of learning; and,
- using ex-migrants as a resource.

Meanwhile, in a survey of trainers interviewed in the Philippines, it was found that 76% of trainers used lectures followed by open forum sessions, while a mere 21% proposed other methodologies. Most PDOS participants interviewed, however, prefer the use of videos and experiential sharing (89%).

At present, no single country intends to move away completely from the classroom-based lecture approach in PDOS. However, some progress has been made in that PDOS programmes in certain countries are designed using a logistical and conceptual framework conducive to a more innovative approach.

In the Philippines, new approaches and methodologies have been introduced to generate maximum learning for PDOS attendees, including the use of case studies, games, videos and films. These methods generate more interesting reactions and discussions, thus a more participative and lively session. PDOS programmes also invite ex-migrants or returnees to share their experiences as OFWs to the new hires. This arrangement is not only of benefit to the OFW, but also has a productive impact and financial benefits on returnees. This is seen as more credible by the participants, who also appreciate the inclusion of sessions on HIV/AIDS and other health concerns presented by doctors and HIV-positive resource speakers and by people with AIDS (PWAs). Brochures, manuals and activity books are likewise used to reinforce the presentation of the PDOS trainer. However, the lecture remains the most popular methodology, using “Taglish” (a mixture of English and Tagalog) as the medium of instruction.

Content of pre-departure orientation seminars

The pre-departure orientation should address the strategic objective of empowering migrants in their process of migration and employment in destination countries. From that perspective, in the Philippines the contents of the pre-departure orientation have been found to include:

- information on migrants' rights and responsibilities;
- information on travel documents and procedures;
- advice on how to cope with the difficulties of living and working overseas;
- counselling on to prevent occurrence of welfare problems and facilitate their smooth adjustment in the worksite;
- a last-minute reminder on travel and documentation requirements;
- information on personal well-being, including health, sexuality, HIV/AIDS and laws of the host countries;
- information and caution on deportation costs, work permit conditions, workplace safety, compensation, employment agreements, personal safety, mode of communication, food, entertainment, remittance transfers, etc.;
- practical tips on communication and management of finance and banking;
- practical tips on cultural differences and means of dealing with them;
- social relations and family welfare (e.g. dealing with isolation); and,
- foreign language training with a handbook on specific vocabulary for selected destinations.

The PDO programmes can also include handbooks and videos. In the Philippines, for example, OFWs have access to several booklets on support centres and services in destination countries. PDO programmes typically offer information on government benefits available to migrants (such as loans, housing, insurance) and on advantages of registration with the authorities.

In identifying good practices, it has been found that no single country's PDO programme covers all the topics listed above. Moreover, the specific needs of women migrants are seldom covered (especially in personal matters) apart from job-related issues where women are particularly vulnerable.

Nevertheless, coverage of contents in the Philippines and Sri Lanka is much better than in Bangladesh. In terms of information made available, there is general concern that the entire programme of pre-departure orientation and training should include information on workers' rights. However, such a move requires that migrants, while abroad, should have the means and option of asserting their rights, without the threat of losing their jobs. At present, the content of PEOS/PDOS does not deal comprehensively with issues relating to reintegration. There is information on remittance and investment processes leading towards economic integration, but a comprehensive development process also involves long-term career counselling, social and cultural integration in countries of origin or destination.

In the **Philippines**, the PDOS programme covers reintegration of returnees under the provisions of the Act (RA 8042). Under Section 17, the state's pro-active programme is required to provide returning migrant workers with a mechanism for reintegrating into Filipino society. POEA and OWWA are also required to encourage migrant workers to plan for their eventual return home and to train them for that eventuality. The state designates TESDA and the Technology Livelihood Resource Centre (TLRC) as providers of training for migrant workers on livelihood development and entrepreneurship. The Government is moving towards full implementation of the law. However, lack of funds and personnel, together with bureaucratic procedures, has prevented these provisions from being introduced with maximum effectiveness. The sheer size of the migrant population overseas and the complexity of their problems require much more than the law can provide (ILO, 2002a).

In this regard, the NGOs in Bangladesh, Philippines and Sri Lanka are much further advanced than the government agencies, and their PDOS programme curricula usually include the issue of reintegration.²⁴

Pre-employment orientation seminars

There is a need to provide prospective migrants with adequate information and support, so that they can take an informed decision regarding whether they would explore the option of migration or not. The pre-employment seminar (PEO) is one such practice which contributes towards that empowerment and informed decision-making.

In the **Philippines**, PEO programmes precede the PDOS and offer pre-employment orientation and counselling seminars. This information and education strategy targets potential overseas workers with the object of informing applicant workers during the decision-making process and thus helping them to make rational, value-based decisions on whether or not to become a migrant worker. The most important issues relate to the realities of working abroad, both positive and negative, and the PEO can therefore prepare the worker before beginning the actual application process. The PEO programme is implemented by POEA, in cooperation with local government units, NGOs, universities, media organizations as well as socio-civic organizations.

The Pre-Employment Orientation Seminar (PEOS) and travel advisory course were created in response to the widely recognized inadequacy of PDOS. It is mandated in Memorandum Circular No. 6 of 1997. POEA Rules state that applicants for overseas employment shall be provided with PEOS, which give an overview of the overseas employment programme, the benefits and pitfalls of an overseas job, application procedures, government services available and illegal recruitment (Battistella and Paganoni, 1992: 12). More recently, information on labour and employment conditions and on migration realities was added to the PEOS curriculum, together with details of international standards for human rights adhered to by destination countries.

Topics in the PEOS include: an overview of migration, a socio-economic impact analysis of migration, gender sensitivity, provisions of RA 8042, provisions of the UN Convention on the Protection of the Rights of Migrant Workers and their Families, services provided by POEA, OWWA and NGOs and a discussion on savings and reintegration programmes. NGOs can include thorough discussions on the advantages and disadvantages of working overseas, tracing the causes of migration to unemployment and structural problems in the Philippine economy. NGOs also encourage migrant workers to plan their work overseas with a view to returning to their families and communities at the soonest possible time and using their savings earned abroad to create jobs and to invest in local livelihood projects and micro-enterprises. Some education programmes include courses on entrepreneurship, business and finance management and enterprise development (ILO, 2002a).

Typically, the PEOS takes four hours and covers the following topics:

- illegal recruitment, list of licensed recruitment agencies, illegal agencies;
- procedures for application, departure, on-site employment and return;
- job-site information, including culture of the country of destination; and,

- remittances, financial management and livelihood projects, as protection against the insecurity of overseas employment insurance coverage for workers and their families.

Since July 1997, POEA has conducted PEOS in almost all regions. Six POEA regional offices confirmed that they had conducted PEOS activities in their own areas (ILO, 2002a). Schools have been one of the popular venues for PEOS and are usually provided for graduating students or integrated in “career day” programmes in schools or colleges. Another target audience is the local community, where POEA coordinates with Public Employment Service Office (PESO) managers for the running of PEOS in local communities.

Standardization and certification

Pre-departure training and orientation programmes can have an impact on individuals in a variety of ways, even when they share the same broad objective of ensuring safe migration. This is particularly evident when one examines the context in which these training and orientations are conducted. In most of the countries under study, there are many agencies carrying out the pre-departure training and orientation programmes and they may or may not use the same curricula. They may also vary in their focus, capacities and approaches. On the other hand, prospective migrants also come from different walks of life with different levels of income and education, from different ethnic groups and with a variety of work experiences. Given these constraints, some bold attempts have been made across the region to achieve a standardized system in pre-departure training and orientation. The components of good practices are identified as:

- common syllabi and curriculum;
- training of the trainers and recruitment of experienced trainers along with multi-disciplinary part-time resource persons;
- participation of returnees to provide first-hand experience and knowledge;
- trainer support from government to private and NGO sector;
- quality monitoring; and
- a national certification programme, providing the migrant with a quality label and recognition, but without imposing an additional hurdle on the prospective migrant.

The **Philippines** has introduced a comprehensive monitoring and feedback system for measuring quality and for identifying areas of its pre-departure orientation services which need to be upgraded. Among new hires participating in PDOS, the module on Banking Institutions and Remittance Services was the most remembered (78%), followed by Travel Tips and Procedures (64%). For returnees, the topic on Migration Realities (81%) and Code of Discipline (59%) were most remembered. The majority, or 68%, of the total sample considered the discussion on the employment contract as the most important and personal health care as the least important topic (14%).

The data obtained through this system is expected to identify strengths and weaknesses of the programme’s various components: syllabus, trainer skills and capabilities, duration of sessions, methodologies used, and physical facilities. POEA also receives information on the weaknesses and challenges of the programme from its POLOs and Labour Attachés and Welfare Officers in destination countries.

The PDOS programme uses a registration system for its service providers which can show compliance with certain requirements, including suitable venues and facilities, and an approved PDOS module-based curriculum. On the other hand, trainers are accredited following the necessary training in both content and skills. Trainers are thus required to handle modules in their area of expertise: for example, NGO trainers and resource persons on topics concerning their specific area of experience, such as worker's rights, gender sensitivity, HIV/AIDS, etc.

All PDOS providers are required to use the government-prescribed standard syllabus which contains specific and approved modules for each subject in order to ensure that accurate and updated information is given to OFWs by all PDOS providers. PDOS providers are thus on the mailing list of updates and further information on certain host country policies or on relevant developments. Similarly, OWWA provides certain educational aids, such as an activity book for household workers and video CDs on health, workers' rights and protection, and workers' re-integration, for the modules on migrants' welfare. Although the development and production of the syllabus are government initiatives, the modules and materials are in fact the product of extensive consultation and cooperation involving all stakeholders and drawing on their knowledge and expertise.

However, experimentation with standardization has not lead to easy results. The experience in the Philippines reveals that, while the government imposes a standard module for all PDOS providers, one of the perceived weaknesses of the programme is its lack of capability to monitor closely and supervise the actual conduct and implementation of PDOS sessions. As a result, there may be bias in the treatment and importance given to each topic depending on the advocacy and interests of the service provider. For example, the recruitment industry blames NGOs for placing too much emphasis on workers' rights, which results in more volatile relations with employers. On the other hand, NGOs think that there is a conflict of interest when the recruitment agencies are also PDOS providers since, in some instances; they are not transparent in telling workers about actual employment conditions and realities.

A training programme for PDOS trainers is conducted periodically to build up their skills and capabilities and to ensure that relevant and up-to-date information on host countries, methodologies and training aids and materials are introduced. Two kinds of training programmes are being implemented. The first programme is for new trainers as a requirement for accreditation and aims to equip applicant trainers with both content and skills. The second programme is a refresher for accredited trainers, with emphasis on retooling, updating and enhancement of skills. Each programme is conducted twice a year for trainers of both land-based and sea-based seminars for three days, with a maximum of 25-30 participants per session.

In **Sri Lanka**, the SLBFE has 120 instructors recruited on a non-permanent basis and paid at an hourly rate. The instructors are migrant domestic workers who are required to have a minimum work experience of five years in the relevant country and GCE O Level qualifications. It has recruited English language instructors for non-Middle East training programmes. The SLBFE draws on the expertise of other institutions and consequently can provide resource persons from the two state banks, the Family Planning Association of Sri Lanka and a private company which lectures on banking, health and electricity. Instructors are provided with training prior to their deployment and in-service training is also available. Still, it must be recognized that these persons are not professional trainers and that their skills need to be upgraded continuously.

Sri Lanka has introduced a skills development and national certification programme with training agencies, including ICTAD, NAITA, the Vocational Training Authority and the Tertiary Vocational Education Centre, to upgrade skills to meet overseas job requirements and to provide a common national certificate to those with the required skills. Certificates are awarded on satisfactory completion of the course and not on the basis of an examination or an assessment.

Special needs of skilled migrants

Skilled migrants also have special needs. In **Bangladesh**, it has been observed that skilled migrants face two major constraints in ensuring overseas employment. The first relates to having access to information on job openings and to assistance in processing job contracts and visas. The second is the language barrier (lack of skills in English and other languages in destination countries) which prevents them from expressing their qualifications in job interviews and also creates difficulties for them in overseas job locations. The same situation is not found in Sri Lanka and the Philippines.

Two initiatives have been introduced in Bangladesh focusing specifically on prospective skilled and professional migrants, such as doctors, nurses, and hotel workers. First, the government has created an institutional base to extend support to prospective skilled workers and BOESL organizes pre-flight briefing for its recruits. However, in this area, the approach used in the Philippines is much better organized in terms of curricula and methodology.

Second, BMET established an English language laboratory in its Dhaka training centre in 2002, with the support of IOM and the Wage Earners' Welfare Fund. It can now offer Language Training for two categories of potential migrants, nurses and hotel workers. The course runs for six weeks (108 hours), with places for 52 people in separate groups for each skill category. At the end of the first phase, 225 nurses and 192 hotel workers completed the course. Although the minimum qualification for admission was Secondary School Certificate (SSC), a large number of participants had passed the Higher Secondary Certificate (HSC).

Similar arrangements can be found in the **Philippines** and **Sri Lanka** with minor variations.

Media campaigns for awareness and accountability

The media is also a strong way to disseminate information and raise awareness among the prospective migrants at the pre-departure stage. The full potential of the media has yet to be explored in depth, but at the country level, significant progress has been made. Good practices with regard to the media include engaging electronic, live and print media in:

- popularizing pre-departure training, orientation and registration programmes;
- disseminating knowledge on fraudulent practices of unscrupulous recruiting agents;
- raising awareness about trafficking in persons;
- providing information on licensed and "black-listed" recruiting agencies;
- raising health awareness (including HIV/AIDS);
- providing information on the official process for remittance and on government's special savings proposals, investment, insurance, credit, child care, and investment schemes;

- using an Internet database as a means of linking prospective migrants with prospective foreign employers and helping migrants to have greater choice in terms of destination and types of work.

In **Sri Lanka**, the names of foreign agencies whose licences are cancelled by SLBFE are published in the newspapers, while the names of foreign recruitment agencies not permitted to recruit Sri Lankans are available on-line.²⁵

In the **Philippines**, NGOs and other private organizations publish helpful documentation, including Tips on Working Overseas, How to Use Provisions of RA 8042, and Migrant Worker Advisories in Hong Kong, Saudi Arabia and other countries/regions. Other organizations, such as Scalabrini Migration Centre, conduct and publish various studies on migration as well as evaluations of PDOS, PEOS and other government programmes. Moreover, travel advice and related information are, by law, required to be published in a widely circulated newspaper three times every quarter.

Apart from structured education programmes prepared by survey groups, some television and radio stations have daily talk show programmes that deal with the problems of migrant workers. These are nationally broadcast programmes which provide travel advice and discuss the processes of migration, legal rights and remedies for victims of illegal recruiters, as well as information on RA 8042, POEA and OWWA policies, livelihood programmes, individual experiences of migrant workers, and conditions in specific host countries. More recently, a migrant worker website²⁶ has been opened and now disseminates information on migrant worker issues, problems and remedies more widely. It can also serve as a means of communication between migrant workers and members of their families.

SHISUK, an NGO in **Bangladesh**, uses live media to raise awareness on issues concerning migration. It delivers information to facilitate the decision to migrate and to ensure that individuals do not fall victim to fraudulent recruiting agents and traffickers. SHISUK also focuses on HIV/AIDS as an issue of concern during each of the three phases: pre-departure, overseas employment, and reintegration. Live theatre, involving a folk approach and community members, is one of SHISUK's most effective means for message delivery and orientation.

Peer and community involvement

The PDO programme has also a peer and community level involvement. The advantages of this involvement include:

- peer-based awareness building programmes;
- community-based pre-departure orientation and assistance;
- family orientation and counselling.

The best practice can be found in the **Philippines**, where migrants are represented in government bodies. This ensures that practical and experiential knowledge provided by migrants is taken into account in drafting policy instruments. Indeed, the PDOS programme officially acknowledges participation of migrants as a resource. This recognition is further strengthened and

institutionalized by the government through the legal status of NGOs as “partners”. This opens up the potential for scopes of returnee migrants to be linked systematically with government programmes through NGOs.

Among the NGOs in **Bangladesh**, good practices are seen as being community-based and community-focused. SHISUK organizes a peer-educators training scheme (PET) with selected migrant workers who thus take part in pre-departure orientation. Peer leaders work with designated migrants while they wait for the completion of formalities. They primarily disseminate information on safe migration.

In 34 villages of four Unions in the Sirajganj district, a “Migrant Workers Welfare Forum” has been established to focus on the welfare of its members and their families. A total of 550 potential and returned migrant workers of six villages under two Unions have been contacted in this regard. Fifty-three peers, including 18 women, have been trained as peer leaders and have contacted returnee migrant workers in their own community. The forum, facilitated by SHISUK organizes PET on “Migration and HIV/AIDS” and language training courses with specially developed modules, at the union committee level. For the empowerment of migrant workers’ spouses and pre- and post-departure counselling of spouses, SHISUK has also organized 18 women groups, consisting of 180 members including 50 spouses of migrant workers, in these Unions.

Bangladesh Women Migrant Workers Association (BOMSA), an association of returnee women migrants, takes a community-based approach. BOMSA operates at two levels during the pre-departure stage. First, it works together with prospective migrants to facilitate an informed decision regarding migration. Second, it works with those who have taken their decision to ensure safe migration. As BOMSA is formed by community members, community people have direct access to the organization and the organization is itself well informed and remains connected with local communities.

BOMSA bases its programme on key questions with which it helps individuals, specifically women, to understand the cost and benefits of migration. The organization depends on informal groups or one-to-one discussion sessions. Once a person decides to migrate, the organization helps him or her to assess the authenticity of the recruiting agents, to obtain a visa and other travel documents, and provides information and skills required in the destination country. According to BOMSA, once prospective migrants have made their decision, they do not have adequate time for pre-departure orientation and training effective while attending the government programme. Moreover, the government programme is very brief. For this reason, prospective female migrants require a personalized accompaniment process, beginning before the decision to migrate and continuing after their return.²⁷

Another NGO, the Welfare Association of Repatriated Bangladeshi Employees (WARBE), works at both the micro and the macro level but is close to its primary constituency at the community level. The organization draws on the knowledge and experience of its returnee members. In the community, WARBE helps migrants to assess the authenticity of travel documents, visas and job contracts, to identify fraudulent recruiting agents which isolate them from the community, to involve migrants’ families at all phases from pre-departure to reintegration, to raise community-level awareness, and to offer counselling. At the national level, WARBE works through trade

union organizations to raise awareness on migration-related issues among female workers in the garments industry. The organization also takes an active role in presenting the views of migrant workers at policy forums and involves its members in the planning and implementation of all its activities, including PDOS.

The Refugee and Migratory Movement Research Unit (RAMMRU), a research and policy level organization in Bangladesh, has developed a manual to be used by local government authorities to raise public awareness about issues concerning safe migration. RAMMRU's approach concentrates on institutionalizing migration knowledge with the governance system at the grass-roots level.

Enabling networking for support and redress

In a number of sending countries over recent years, there has been concern about protection from abuse at every stage of the migratory process and this has led governments to introduce safeguards prior to departure, at the scene of employment, and on return. These actions include making documentation available at:

- embassies in destination countries, on their role in supporting nationals;
- human rights organizations in destination countries;
- migrants' associations and trade unions in destination countries;

This documentation includes:

- information on private and NGO sources of support, in the event of violations of rights; and,
- handbooks and resource materials

In **Sri Lanka**, a number of Government agencies have been mobilized for this task: SLBFE, Ministry of Foreign Affairs, Ministry of Health, Ministry of Women's Affairs, Airport and Aviation Authority, and Department of Immigration and Emigration. Within SLBFE's regulatory framework, there are schemes to ensure that migrant workers are not deceived by recruitment agents, as well as schemes covering compulsory registration, insurance and training, and facilities for settling disputes between migrants and their employers. The types of complaints received by the SLBFE are shown in Table 4.1.

Responsibility for the protection and welfare of Sri Lankan migrant workers is shared between the Ministry of Foreign Affairs and the Ministry of Labour with the SLBFE. Embassies provide a range of services to migrant workers, including shelter (Kuwait and Dubai) and medical services for runaway workers, repatriation of workers and issuing new passports when passports have been lost or retained by employers or agents. Missions also institute legal action, in accordance with the laws applicable in the countries involved, to obtain payment of wages and compensation.

The PDOS programme informs prospective migrant workers of these provisions. Nevertheless, the experience of Sri Lankan migrant workers reveals that, although missions have a mandate to serve the interests of workers, they display a lack of interest, sensitivity and authority in dealing with disputes between employees and employers and/or agents and with employees' grievances,

TABLE 4.1
COMPLAINTS RECEIVED BY NATURE AND SEX, 2000
SRI LANKA

Nature of Complaints	Female	%	Male	%	Total
Harassment	1,337	18.1	70	1.0	1,407
Salary	1,437	19.5	342	4.15	1,779
Breach of contract	469	6.4	772	10.5	1,241
Lack of communication (with home country)	1,596	21.7	124	1.9	1,720
Deaths	49	0.8	59	0.7	108
Stranded	33	0.4	03	-	36
Others	880	12.0	182	2.5	1,062
Total	5,811	78.9	1,552	21.1	7,353

Source: Conciliation Division SLBFE, Information Technology Division – SLBFE.

particularly in instances where Sri Lankan workers have to go before the courts of law in those countries. In an attempt to bridge the widening gap between Sri Lankan foreign missions and Sri Lankan workers and to recognize the importance of meeting workers' urgent needs, the Government has appointed Labour Attachés in several foreign missions and plans to appoint welfare officers in certain countries.²⁸

In the **Philippines**, PDOS also include orientation on resource centres and embassies. Migrant workers are provided with handbooks containing information on support services offered by the government and NGOs. This approach has proved effective, as the Act requires the establishment of resource centres in host countries. Resource centres offer various services to migrants: counselling and legal services, welfare assistance, social activities, reintegration programmes and so on. The Act also provides for pooling of resources from various government agencies to establish a central information centre which provides data for policy-making and for monitoring and evaluation of migrant worker-related programmes. The Offices for Legal Assistant for Migrant Workers Affairs (OLAMWA), located in the Philippines and in host countries are mandated to provide legal assistance for every needful migrant worker and funds have been allocated for this purpose under the Act. Philippine embassies are expected to take a country-team approach to protect migrant workers' rights. This approach ensures that government agencies, including the Departments of Foreign Affairs and of Labour and Employment, together with POEA and other agencies, work together (and not against each other) to address the problems of migrant workers. These provisions concretize the state's responsibility in ensuring the welfare of migrant workers in host countries (ILO, 2002a).

Gender-sensitive policy

Several studies have identified Asian female migrants as being extremely vulnerable to trafficking, contract replacement, irregular payments, sexual exploitation, and a general lack of protection in working and living conditions (Zavari, 2002). Taking this into consideration, good practices in reducing vulnerability include special protection to women by:

- giving priority to the training and orientation of vulnerable groups;
- educating and aiding vulnerable workers with knowledge of risks in the workplace, and information on means of redressal; and,
- addressing sex-specific needs, which are treated separately.

No special protection in PDOS to the vulnerable groups (such as female domestic workers) exists in **Bangladesh**, but women below the age of 35 are legally prohibited from accepting overseas employment in domestic work.

As a response to the vulnerability of migrant workers from **Sri Lanka**, some of the dormant provisions of the Sri Lanka Bureau of Foreign Employment Act of 1985 and amendments to the Act in 1994 were implemented gradually over several years. As a result of these changes, there is now a stronger regulatory framework for labour migration. Vulnerable groups of domestic workers are given priority and women in these groups are provided with information and training to equip them for coping better in their new work environment and to offer strategies to reduce the social cost of labour migration for women.

In the **Philippines**, as in Sri Lanka, there are special provisions for vulnerable groups. While standard PDOS modules have been imposed, there are different types of PDOS which can be conducted to provide specific information to vulnerable groups, such as household workers, overseas performing artists and entertainers, nurses, and seafarers (skill-based). There are also modules for certain destinations, including Taiwan, South Korea, Libya, the Middle East and Hong Kong. In 1990, Memorandum Circular No. 18 (Series of 1993) provided for a special PDOS for household workers who are deemed to be particularly vulnerable. This enabled the participation of NGOs promoting migrant worker welfare and gave them the exclusive right to provide PDOS to departing household workers.

The PDOS programme incorporates gender sensitivity through reforms in institutional structures and policy. At present, there is a legal provision to ensure that at least one woman migrant worker sits on the Boards of both POEA and OWWA. RA 8042 recognizes equal rights of male and female migrants, together with the special vulnerability of female migrant workers. On the other hand, the omnibus Rules and Regulations implementing RA 8042 proclaims “cognizance of the inequalities and inequities prevalent in society between women and men and a commitment to address issues with concern for the respective interest of the sexes”.

Both PDOS and PEOS are designed to be gender-sensitive (ILO, 2002a). There are special courses for women in vulnerable jobs, through which special attention is given by POEA to domestic workers and entertainers. These are job categories occupied mainly by women and are considered highly vulnerable to abuse and trafficking. An average of 150,000 women domestic workers are deployed annually from the Philippines to various destinations. As the nature of domestic work tends to accentuate vulnerability, migrant workers must be made aware of the situations they may have to face.

Entertainers are especially vulnerable. While they comprise only 22% of all OFWs deployed for the period January-September 2000, they represent an extremely vulnerable sector. Two steps have been taken. First, to grant them a more respectable status, the state has recently upgraded “entertainers” to the “professional, technical and related workers” category, and they are now

TABLE 4.2
CLASSIFICATION OF OVERSEAS PERFORMING ARTISTS AS AT SEPTEMBER 2000,
THE PHILIPPINES

Classification	Female	Male	Total
Choreographers and dancers	24,788	668	25,456
Composers, musicians and singers	15,607	627	16,234
Performing artists	106	19	125
Total	40,501	1,314	41,815
	96.8%	3.14%	
Total OFWs deployed	129,031	54,826	183,857
	68.17%	28.96%	

Source: POEA, January-September 2000.

usually termed “overseas performing artists” (OPAs). Second, the state has made efforts to improve the protection of entertainers through a new system of training, testing and certification, whereby OPAs are issued with an artist record book (ARB). Under the new system, OPAs are required to undergo mandatory training and testing in academic subjects and in work skills, which are then recorded in the ARB as proof of their competence and proficiency. The ARB also records employment details which are helpful in monitoring the deployment of individual OPAs.

Following a study carried out by the POEA, an academic training course has been designed specifically to help dancers in their early twenties, who perform on stage in a club or hotel from evening till dawn, to manage their unique and hazardous work environment. This training course includes sessions on positive and appropriate values, behaviour and attitudes development, communication and language skills, good grooming and social graces, spirituality, and human relations. The young women are taught to “entertain” a male audience without providing sexual services. Topics in the standard PDOS are also included, but there are also modules on sexually transmitted diseases (STD) and HIV-AIDS. The course also discusses ways to prevent drug and alcohol use and abuse among OPAs. Private deployment agencies and talent agents and promoters are encouraged to provide additional orientation courses specific to the type of work engagement OPAs will receive.

The Comprehensive Orientation Programme for Entertainers (COPE) is presently being prepared as a further improvement. The syllabus is being developed by TESDA and various modules for COPE will be tested with OPAs when ready.

The Government has introduced an information campaign on migration in public schools. In 2003, POEA, the Commission on Filipinos Overseas (CFO) and the Department of Education, Culture and Sports (DECS) jointly conducted pilot courses to integrate migration issues in elementary and secondary school subjects such as *Araling Panlipunan*, *Sibika* and Values. The courses deliver the core messages of employment options, push factors, hazards and costs of migration, and gender-sensitivity.

However, women continue to be deployed and encouraged to take jobs as domestic workers or entertainers. As a result, the traditional sex-based roles of women as housekeepers and sex-objects are reinforced, together with the idea that they are “cheap labour” not just in the destination countries, but also in their country of origin.

Sustainability

The present study looks at the sustainability of the pre-departure orientation and training programmes from the perspective of financial, organizational and programme issues. In this regard, some of the key features of emerging good practices include:

- development of a “migrant welfare fund” as a means of sponsoring the PDOS;
- establishment of user-friendly policy and institutional structures to facilitate continuation and expansion of the PDOS;
- institutionalization; and,
- encouragement, promotion and reinforcement of private sector, NGO, and community engagement in PDOS.

From this perspective, the recent structural adjustment of PDOS in the **Philippines** can be identified as a good practice. With the transfer of the PDO Programme from POEA to OWWA, PDOS are now considered mainly as a course which provides OFWs and their families with information on welfare and strategies for their future.

To institutionalize welfare concerns in the PDOS programme, OWWA has allocated part of its budget to financing improvements in the delivery of PDOS. This budget is allocated to enhancing the training, capability building, retooling, and updating of accredited trainers and to developing new materials for PDOS providers such as audio/video and print materials. With the existing institutional structure and with OWWA at the helm, more financial resources will probably be made available from the workers welfare fund. For the year 2004, OWWA allocated a total of P6.0 million (approx. US\$108,892)²⁹ for the PDOS programme alone, three times the budget that POEA had allocated to the programme. On the negative side, however, the agency’s lack of regulatory powers over recruitment agencies limits its ability to maintain required standards for PDOS providers.

Along with the government, the private recruiting sector in **Bangladesh**, through the Bangladesh Association of International Recruiting Agencies (BAIRA), is planning to take up private initiative to set up pre-departure training institutes. The Migrant Welfare Fund also has the possibility of financing PDOS and the fund has in fact been utilized in recent years to finance English training for skilled migrants for BMET.

In all the three countries, the pre-departure orientation is institutionalized through legal mandate and therefore has the potential for a long-term future. Moreover, their financial sustainability is assured through access to migrant welfare funds, fees charged to employers, and participation of the private sector. The involvement of international organizations such as IOM in cost sharing and support from destination countries (such as Canada in the COA programme) gives further encouragement for the material sustainability of the PDOS programmes. Unit cost analyses indicate that effective utilization of governmental human resources and logistics also contributes to further lowering the costs of PDOS programmes.

Way forward

The PDOS programmes can be further strengthened in each of the three countries under study, based on the indicators of good practices presented in the paper. The set of indicators can be further modified, but the lessons drawn from the experience of the existing PDOS programmes, embodied in these indicators, may prove handy for future programme review and assessment. The paper can also present some broad areas and approaches for the future:

- The government-run PDOS programmes need to be further decentralized, both geographically and programmatically, so that their popularity, flexibility and accessibility can be enhanced.
- Although the PDOS is able to deliver information on migrants' rights and the different government services available in both countries of origin and destination, the challenge lies in making the government mechanisms operational by changing the knowledge and attitude of the relevant government officials.
- The language of communication both in a classroom environment and in the form of printed/electronic materials should be tailored to the context and to the migrant workers attending the seminar.
- The issue of migrants' rights and workers' rights in general should be integrated into the PDOS curricula. However, knowledge of their rights will not suffice, if overseas workers are not also provided with information and support permitting them to defend and demand respect for those rights. In this regard, the example of legal actions taken by Filipino overseas Missions against abuse of overseas Filipino workers can be taken as a good practice.
- The NGOs are better suited to help migrants on rights issues. They can also focus more on male migrants, while respecting the priority needs of female migrants. Moreover, they can be more engaged in preparing and accompanying family members of migrant workers throughout the migration process.
- The timing of PDOS will always be an issue for debate. However, there can be different curricula of varying lengths, which take into account the diverse needs and time availability of groups of migrant workers.
- Gender-specific roles and images of women continue within existing trends in migration. PDOS programmes still function within that given framework, although much progress has been made in terms of legal recognition of equity for women and men. In the future, the challenge lies in addressing the issue of gender in migration comprehensively, so that women are not just made better at performing their roles according to the needs of men (in the global sphere), but are empowered to use migration to break away from gender-based stereotyped images.
- The issue of reintegration of migrant workers has to be included within the curricula of PDOS.

ENDNOTES

1. ILO/ATCRAV, Wickramasekera, 2002.
2. In the case of Bangladesh, the country level researcher used field notes of visits to certain districts made one month prior to the present study.
3. Estimated from IOM (2003).
4. Estimated from the data of the Philippines Overseas Employment Administration.
5. Convention on the Protection of the Rights of All Migrant Workers and Members of their Families.
6. Please see Appendix VII.
7. Source: Sri Lanka Foreign Employment Bureau.
8. Source: Sri Lanka Bureau of Foreign Employment, *Statistical Handbook on Migration 2003*, Colombo, 2004.
9. S.R.O. 370 Law/2002 dated 21 December 2002.
10. I.e., the second last tier of local government.
11. During the interviews and discussions, the BOESL officials explained that the language problem is beyond the scope of PDOS, and should be dealt with preferably through a reform in the education system which currently pays inadequate attention to the English language skills of would-be professionals and skilled labour.
12. Currency of the Kingdom of Saudi Arabia.
13. Interviews conducted by Sakiul Millat Morshed, National Consultant, Bangladesh.
14. This type of visa is obtained by many Bangladeshis for Malaysia. Currently, in the case of Malaysia, once Bangladeshis (or any other foreigners) have entered Malaysia under a calling visa, their passports have to be taken again to the government authority to be stamped.
15. "Name hire" is the process of accessing an exit clearance from the POEA for skilled and professional workers. The prospective migrant presents such documents as the original contract with the employer, copy of visa, etc. to the POEA and undergoes a two-phase clearance process (phase-I for two hours and phase-II for one hour).
16. US\$1= R98.45.
17. In the case of residential training, the trainees stay overnight at the training venue during the training period.
18. In the case of non-residential training, the trainees do not stay overnight at the training venue during the training period.
19. US\$1= Tk. 62.0.
20. US\$1= P.55.1.
21. US\$1= Rs.98.45.
22. Canadian Orientation Abroad, Final Report, Project year 2003-2004, Submitted to Citizenship & Immigration Canada, IOM 2004.
23. Internal communication.
24. See the curricula of SHSHUK, Bangladesh as an example.
25. <http://www.slbfe.lk>.
26. Please visit <http://www.poea.gov.ph/default.htm> for more information.
27. Focus group discussion conducted by Sakiul Millat Morshed, National Consultant, Bangladesh.
28. Specifically in United Arab Emirates, Saudi Arabia, Kuwait, Oman, Qatar, Lebanon, Jordan and Singapore (ILO, 2002b).
29. US\$1= P.55.1.

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APPENDICES

Appendix I

Interview Sample, Bangladesh

A. List of Returnees Participating in FGDs in Shirajgonj

Sl. no	Destination Country	Present occupation
1.	Brunei	Unemployed
2.	Malaysia	Service
3.	Saudi Arabia	Business
4.	Saudi Arabia	Business
5.	Saudi Arabia	Business
6.	Saudi Arabia	Business
7.	Malaysia	Service
8.	Malaysia	Weaving
9.	Malaysia	Weaving
10.	Malaysia	Unemployed
11.	Malaysia	Teacher
12.	Malaysia	Business

B. List of Respondents Interviewed at the Vocational Training Centre

Sl no.	Destination Country	Age	Sex	Present Occupation	Educational Qualification
1.	Dubai	22	Male	Unemployed	SSC
2.	Jordan	19	Male	Unemployed	SSC
3.	Jordan	24	Male	Shopkeeper	Class IX
4.	Jordan	20	Male	Unemployed	SSC
5.	Jordan	22	Male	Unemployed	Class XII
6.	Brunei	24	Male	Farming	Class XII
7.	Jordan	18	Male	Unemployed	Class X
8.	Dubai	20	Male	Unemployed	Class VIII
9.	Jordan	20	Male	Unemployed	SSC
10.	Jordan	23	Male	Unemployed	SSC

Appendix II

Interview Sample, The Philippines

Officials of Implementing Government Agency

1. Program Coordinator
Overseas Worker Information and Education Center
Plans and Programs Office
Overseas Workers Welfare Administration
2. Executive Assistant
OWIEC, OWWA

Trainers (Government)

1. Labor and Employment Officer III
Workers Education Division
WEO-POEA
2. Supervising Labor and Employment Officer
Workers Education Division

Trainers (Non Government Organizations)

1. PDOS Project Manager/Trainer
National Greening Movement Foundation

Trainers (Private Sector)

1. PDOS Trainer/Resource Speaker
Overseas Placement Association of the Philippines
2. President/PDOS Trainer
Peridot International Manpower Agency
Makati City

Overseas Filipino Workers (OFWs)

Returnees

- | | | |
|----|--|---|
| 1. | Female, 40 years old
Domestic Helper/Hong Kong | Male, 30 years old
Kitchen Steward/Qatar |
| 2. | Female, 39 years old
Domestic Helper/Hong Kong | Male, 28 years old
Draughtsman/Qatar |
| 3. | Female, 39 years old
Domestic Helper/Saudi Arabia | Female, 25 years old
Caretaker/Taiwan |

New Hires

- | | | |
|----|---|--|
| 1. | Female, 19 years old
Dancer/Japan | Female, 39 years old
Senior Carer/United Kingdom |
| 2. | Female, 19 years old
Singer/Japan | Male, 30 years old
General Electrician/Singapore |
| 3. | Male, 24 years old
Food checker/United Arab Emirates
Brunei | Male, 40 years old
Human Resource Manager |
| 4. | Male, 28 years old
Saleslady/Kuwait | Male, 24 years old
Car Painter/United Arab Emirates |
| 5. | Male, 31 years old
Senior Health Carer/United Kingdom | Female, 26 years old
Tailor/Kuwait |
| 6. | Male, 33 years old
MachineOperator/Taiwan | Female, 37 years old
Domestic Helper/Italy |
| 7. | Female, 37 years old
House Helper/Italy | Female, 46 years old
Domestic Helper/Saudi Arabia |
| 8. | Female, 36 years old
Domestic Helper/Saudi Arabia | Female
Domestic Helper/Saudi Arabia |

Appendix III

Definition of Migrant Labour Categories

Unskilled Labour: Workers with no special training and few specific skills. As our society has become increasingly technological, members of this group have developed more and more skills. A mechanic, for example, used to be considered unskilled labour. Today that is no longer the case. Mechanics require a great deal of skill and training to work with modern engines. Examples of unskilled labourers are construction workers, sanitation and custodial workers, painters, factory assembly line workers, etc. These are blue collar workers.

Semi-skilled Labour: Semi-skilled labourers work under supervision, performing heavy and light manual labour work which requires less than journey-level skills, and use a variety of routine and common tools and equipment to carry out related work as required. Being a semi-skilled labourer permits entry to jobs classified as public works service and maintenance areas, such as streets and sidewalks, water and sewage systems, traffic signs and signals, municipal buildings and other facilities. In contrast to groundskeepers, incumbents do not perform work on the upkeep and maintenance of landscaped areas, city parks and their facilities. Supervision is provided by higher level maintenance personnel.

Skilled Labour: Workers who have received specialized training for their jobs are considered to be skilled labour. They have developed and honed a special skill and may or may not be licensed or certified by the state. Examples of skilled labour are: carpenters, plumbers, electricians, business executives and managers, artisans, accountants, police, mechanics, etc. These may be blue or white collar workers.

Professionals: Arguably the elite of the labour grades, these are workers who need an advanced degree to do their jobs. The three primary groups of professional are doctors, lawyers and teachers. These are white collar workers.

(Source: www.socialstudieshelp.com/Economics_Class_Page.htm and [JobSpec.htm](http://www.jobspec.htm)).

Appendix IV

Canadian Orientation Abroad Programme in the Philippines

Although the study focuses on temporary labour migration, independent immigrants/skilled workers, family class immigrants and refugees who are seeking permanent residence status are also in need of pre-departure orientation. In this regard IOM conducts country-specific pre-departure orientation for all categories of migrants seeking permanent residence in Canada under its “Canadian Orientation Abroad” (COA) programme, with a priority for refugees in all countries where there is a COA site.

In the Philippines, COA Manila successfully completed its first full year of implementation in 2004. During this year, this site demonstrated the benefits of giving migrants and their families language skills and knowledge of cultural compatibility with Canada during a COA pre-departure session. A total of 4,044 participants were trained in 2004, compared to 2,000 participants initially projected a year previously. In March 2004 alone, 427 people received a one-day pre-departure orientation and in the fourth quarter, the numbers rose spectacularly (IOM, 2004b).

TABLE A.1
CASELOAD OF COA MANILA, 2003-2004

2004	No. of persons trained
First quarter	1,093
Second quarter	847
Third quarter	879
Fourth quarter	1,225
Total	4,044

Source: IOM, 2004b.

Since December 2004, COA Manila began opening a larger number of sessions to meet demand from visa-ready immigrants. Individual sessions are now offered to people who cannot wait to attend a full-day group session. The breakdown of people trained is given below:

TABLE A.2
MIGRANTS TRAINED UNDER THE COA MANILA PROGRAMME

Category of participants	No of persons trained	%
Skilled workers	1,286	32
Family class	1,387	34
Live-in caregivers	1,371	34
Total	4,044	100

Source: IOM, 2004b.

In the twelve-month period covering 2003-2004, 90 sessions were offered. Former participants retain a friendly impression of the COA centre as a place for counselling or personal advice on Canada.

The COA concept is based on the rationale that any immigrant to a new country has a better chance of integrating successfully if he/she acquires information concerning the new culture and society before arrival. It is recognized that successful resettlement depends on establishing realistic goals and time frames for their achievement based on accurate information about settlement and integration. Furthermore, unrealistically high expectations coupled with anxiety over parting from familiar surroundings and entering an unknown environment intensifies adjustment problems (IOM, 2004b).

Appendix V

Training of the Trainer Course Manual for Community Volunteers, Migrant Peer Educators and Community Workers, Bangladesh

The manual was developed with the support of UNAIDS, IOM and ILO. It contains four chapters and was field tested by Daudkandi Upzilla (third last tier of local government) in Comilla District.

Contents of the Manual

Chapter I

- Basic facts of AIDS/ STD
- Transmission & Prevention of AIDS & STD
- Human Rights of PLWHA

Chapter II

- Migration & Present Scenario
- Problems of Migrant Workers
- Migrant Workers and their Community
- Human Rights of Migrant Workers

Chapter III

- Sexual Health
- Gender
- Sexuality

Chapter IV

- Community Mobilization on HIV/ AIDS & Migration
- Peer Education

Appendix VI

Basic Modules for PDOS run by Private Agencies, The Philippines

Module A - Realities and Coping

- i) Rights based on the employment contract
- ii) Obligations based on the Code of Discipline of OFWs
- iii) Grounds and penalties for breach of discipline
- iv) Country profile
- v) Do's and Don'ts in dealing with the employer
- vi) Coping mechanisms
- vii) Duties and responsibilities of a household worker
- viii) Values clarification

Module B - GO/NGO Services and Benefits to OFWs and their kin

- i) Governmental organizations' services (including the new medicare programme for OFWs)
- ii) NGO services
- iii) Banking services and remittance requirements and procedures

Module C - Other relevant topics

- i) Airport procedures and handling of travel documents
- ii) Travel tips
- iii) HIV-AIDS awareness
- iv) Reintegration programme
- v) Significance of the "New Hero" Role.

Apart from the official modules, some NGOs have issue-specific manuals for PDOS.

Appendix VII

Example of PDOS Course Structure, Sri Lanka

Duration: The Middle East: 120 hours or 12 days of residential training
Other countries: 210 hours or 22 days of residential training

COURSE CONTENT AND TIME LOGS

Subject Area	Topic	Time (hours)	Total (hours)
1. Counselling and Guidance	Analysis of needs	3	
	Suitable state to undertake overseas employment	2	
	Mental preparation	2	
	Family responsibilities	2	
	Social ethics	1	
	Differential cultures	2	
	Success and failure	2	
	Locally available occupation and business opportunities	1	
	Proper avenues to foreign employment	3	
	Realities of foreign employment	2	
		Sub total	20
2. Vocational Training	Preparation of food	8	
	Serving food and drink at meals	4	
	Cleaning up services	8	
	Laundrying	8	
	Home décor	5	
	Gardening	2	
	Precautions against accident at home	2	
	Child care	4	
	Looking after the sick and aged	2	
	First aid	2	
		Sub total	45
3. Travel documents and procedures	Obtaining a passport	2	
	Obtaining visa	1	
	Medical reports	1	
	Air tickets	3	
	Employment contracts	1	
	Registration at SLBFE	1	
	Airport and its vicinity	1	
		Sub total	10
4. Personal Development	Need for health and well-being	2	
	Health and body energy	2	
	Personal development and sexuality	2	
	STD	2	
	Personal characteristic development	2	
	Laws of host country	2	
		Sub total	12

COURSE CONTENT AND TIME LOGS (cont.)

Subject Area	Topic	Time (hours)	Total (hours)
5. Management of finances and banking	Training before leaving Activities in foreign land Facilities available after return Financial management Bank services for migrant workers	2 2 2 1 1	
	Sub total		8
6. Cultural problems and solving them	Values linked with everyday life and elements of indigenous culture Foreign cultural features Conflicts likely to emerge Reorientation of one's local lifestyle after return Eating and drinking patterns	2 1 2 2 1	
	Sub total		8
7. Social relations and family welfare	Family unit; temporary separation Providing shelter and protection to family Dangers likely to result from not making arrangements	2 2 1	
	Sub total		5
8. Foreign language training [options: 8.1 Arabic; 8.2 English]	Communicating in the language chosen in the following situations: Formal presentation Face to face with somebody Household activities Kitchen work Culinary work Shopping/marketing Travel Sickness Asking for directions Banks, post offices Times, dates, periods Using numerals		
	Sub total		15
Grand Total			90

Appendix VIII

Overseas Employment of Bangladeshis by Broad Categories*

Year	Worker's Category				Total
	Professional	Skilled	Semi-skilled	Un-skilled	
1976	568	1775	543	3201	6087
1977	1766	6447	490	7022	15725
1978	3455	8190	1050	10114	22809
1979	3494	7005	1685	12311	24495
1980	1983	12209	2343	13538	30073
1981	3892	22432	2449	27014	55787
1982	3898	20611	3272	34981	62762
1983	1822	18939	5098	33361	59220
1984	2642	17183	5484	31405	56714
1985	2568	28225	7823	39078	77694
1986	2210	26294	9265	30889	68658
1987	2223	23839	9619	38336	74017
1988	2670	25286	10809	29356	68121
1989	5325	38820	17659	39920	101724
1990	6004	35613	20792	41405	103814
1991	9024	46887	32605	58615	147131
1992	11375	50689	30977	95083	188124
1993	11112	71662	66168	95566	244508
1994	8390	61040	46519	70377	186326
1995	6352	59907	32055	89229	187543
1996	3188	64301	34689	109536	211714
1997	3797	65211	43558	118511	231077
1998	9574	74718	51590	131785	267667
1999	8045	98449	44947	116741	268182
2000	10669	99606	26461	85950	222686
2001	5940	42742	30702	109581	188965
2002	14450	56265	36025	118516	225256
2003	15862	74530	29236	134562	254190
2004	12202	110177	28327	122252	272958
Total	174500	1269052	632240	1848235	3924027

*BMET: www.bmet.org.bd

WELFARE FUNDS FOR MIGRANT WORKERS

A COMPARATIVE STUDY OF PAKISTAN, THE PHILIPPINES AND SRI LANKA

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WELFARE FUNDS FOR MIGRANT WORKERS

A COMPARATIVE STUDY OF PAKISTAN, THE PHILIPPINES AND SRI LANKA

INTRODUCTION

The study describes institutional arrangements for the welfare funds in three countries and assesses the impact and effectiveness of their operation in promoting the interests of migrant workers and protecting them from the risks commonly encountered at their job sites. The three welfare funds have similar objectives and are funded mainly from the contributions of the migrant workers. A fund's effectiveness may depend on its institutional structure, including financial management, breadth or ambition of its objectives, modes for providing a service and monitoring the clientele. For each welfare fund, this report will review its ability to provide the efficient delivery of a service and its outreach. This assessment will identify "good practices" and elements which contribute to the effective performance of a fund in protecting migrant workers especially at their place of work.

Migrant workers face a number of risks when they decide to seek employment in foreign lands. The list of complaints reported by migrant workers has provided indications of the nature of those risks: work hazards, physical assault including rape, dishonoured terms of contracts (such as non-payment and delayed payment of salaries), and fraudulent recruitment practices. The degree of risk involved in each case, for example physical assault, depends on destination and on occupation. Labour-importing countries differ in the way that their labour and criminal laws are extended to cover their foreign labourers. Less educated domestic helpers who work in scattered households tend to be more exposed to physical abuse and are also more easily victimized by placement agents. Demand for welfare fund services, therefore, depends on the distribution of the migrant population by destination and occupation. If all migrant workers were located in the US or UK where wage rates are high and labour laws provide equal protection as native workers, then the need for protection from the welfare fund would be minimal. It is, therefore, important to place a country's welfare fund in the context of the distribution of its migrant workers by destination and occupation.

Migrant workers from the three countries reviewed in this report have complained about the same problems and risks cited above. Their welfare funds have therefore developed a similar set of programmes to protect or assist them when they encounter these problems. They all provide death and disability insurance and assist in forced repatriation in the event of illness, violence at work, contract violation, or non-existing jobs. The funds also provide financial assistance to the migrants' families for education and training, business and other activities. The welfare funds, however, differ in the mode of delivering these services. Some modes are more effective in responding to the workers' needs and more cost-efficient in delivery than others.

The paper is organized as follows: Section 1 compares the major features of the three funds and the effectiveness of their main programmes. It also identifies the features or elements that contribute to the relative effectiveness of the programmes. Sections 2 to 4 describe important features of each fund beginning with Pakistan, followed by Sri Lanka and finally the Philippines. Details of the institutional framework, programmes, modes of service delivery, and financial management are provided. The main findings are summarized in tabular format for use in the comparative discussion given in Section 1. A concluding section is given also in this part of the paper.

1. COMPARATIVE INSTITUTIONAL SETTING, CLIENTELE AND PERFORMANCE OF THE THREE COUNTRIES' WELFARE FUND

This section describes the main features of the organization and mode of delivery used by the welfare funds and how they affect performance in serving the needs of their overseas workers (OWs). The next section defines the clientele to be served, i.e. the OWs and their distribution by occupation and destination. It also presents the needs of OWs as reflected in the complaints they file with their respective welfare fund. The mode of delivery is seen as important in the effectiveness of the welfare funds' response to OW complaints and claims. Also presented are indicators of performance in terms of services provided, number of beneficiaries of each major service and its monetary value. The third section discusses the funds' financial management and the considerable differences in the way that they allocate resources to services and to administrative and operating expenses and that they make savings and add to their fund. The last section attempts to identify good practices in the modes of delivering services and in the allocation of resources. In conclusion, we compare the quality of data produced and made available by the funds.

1.1 Organization and objectives

Each of the three welfare funds was created by the law of the respective country. The earliest established was the Philippine Overseas Workers Welfare Administration, OWWA, by Presidential Letter of Instruction in 1977. It was originally named Welfare and Training Fund for Overseas Workers and was an office under the Department of Labour. The Fund's legal status was strengthened by the 1980 Presidential Decree (law) that created OWWA in its current form, as an attached agency to the Department of Labour and Employment. An agency "attached" to a department operates with more autonomy than a regular unit of the department. It is governed by a board of trustees or directors and administered by a separate office or secretariat. The OWWA board is chaired by the Secretary of Labour and Employment and its members represent related departments (such as Foreign Affairs and Finance), the Philippine Overseas Employment Administration (an attached sister agency), and major groups of OWs (seafarers, land-based OWs and women). The OWWA remains a government agency and is subject to civil service law and government auditing standards.

Pakistan's 1979 Emigration Ordinance created the Bureau of Emigration and Overseas Employment (BEOE) which has the power and responsibility "to control and regulate emigration" and "to look after the interest and welfare of emigrants". The Ordinance created the Office of the Protector of Emigrants, a field office of the Bureau, and the welfare fund under the control of the

Overseas Pakistani Foundation (OPF). It is a non-stock corporation managed by a board of governors. The board is chaired by the Minister of Labour, Manpower and Overseas Pakistanis, and its members include the managing directors of the Bureau and of OPF, and one representative each from academe, hospitals and the private sector. According to the relevant by-laws, the OPF has many more responsibilities than the Philippine OWWA or Sri Lanka's Welfare Fund, including providing social services to the community at large. OPF may also engage in real estate enterprises and establish schools and hospitals. The BEOE provides insurance against accidental death and disability and assists OWs who need to be repatriated. However, the airfare for repatriation is provided free or at a large discount by Pakistan Airlines.

The Sri Lanka Bureau of Foreign Employment Act No. 21 of 1985 created the Sri Lanka Bureau of Foreign Employment (SLBFE) as a semi-corporate body. It also established the Overseas Workers' Welfare Fund (OWWF) as a unit of the Bureau. The Bureau is administered by an 11-member board of directors, all appointed by the Prime Minister including three members appointed upon consultation with the Ministers of Finance, Foreign Affairs and a female by Women Affairs. Of the remaining eight, four represent licensed foreign employment agencies. It remains a government agency and is subject to government audit standards. While the SLBFE manages the Welfare Fund as one of several administrative units, the Fund's financial transactions are handled separately and reported from the Bureau's accounts.

All three welfare funds derive their main income from OWs' membership or registration fees, which was originally set at the uniform level of US\$ 25. The Philippines and Pakistan charge domestic currency equivalents which are not automatically adjusted to the exchange rate. The Philippine Overseas Employment Administration (POEA) collects a fee of P1,275 (US\$ 22.80) from each outgoing OW whose employment contract it has processed for approval and registration (see Table 1.1 for currency exchange rates used). The fee covers OWs' insurance against death and disability and pays for all other OWWA services. OWs at the jobsite may volunteer to become members of the OWWA and some do so.

TABLE 1.1
NOMINAL EXCHANGE RATE, CURRENCY/US\$,
1996-2004

Year	Sri Lanka	Pakistan	Philippines
1996	55.3	35.9	26.2
1997	59.0	40.9	29.5
1998	64.4	44.9	40.8
1999	70.6	49.1	39.1
2000	77.0	53.6	44.2
2001	89.4	61.9	51.0
2002	95.7	59.7	51.6
2003*	96.5	57.8	54.2
2004**	-	-	56.11

Notes: *ExchangeRate.com. Exchange rate as of 30 June 2003.

**Asian Wall Street Journal as of 30 August 2004.

Source: International Financial Statistics, 2003.

The OWs who wish to be insured against ill health may pay P900 (US\$ 16). This is voluntary for those OWs who are already insured through other insurance schemes. In Pakistan, the OPF collects a membership fee of US\$ 18.20. In Sri Lanka, all registered OWs are automatically insured against death, disability, medical and repatriation. OWs become registered members upon payment of a registration fee of US\$ 25 to the SLBFE. Of this amount, 70% is paid to the placement agents for their services, 10% goes to the Welfare Fund for services at job site and the rest is retained for local welfare and other services. In addition, the Welfare Fund receives the fees collected from foreign employers set at US\$ 25 per OW hired. The Bureau is also reimbursed for embarkation fees paid by OWs on their departure.

The three funds receive income from OW fees and other charges, on a per capita basis: US\$ 31.20 in Pakistan, US\$ 49.50 in Sri Lanka and US\$ 21.81 in the Philippines. This source of income comprises the bulk of the welfare funds' revenues and pays for most of their services and administrative and operating costs. The fees collected seem to be adequate for financing the more critical on-site needs of OWs, especially repatriation and the operation of welfare offices abroad. The death insurance benefits are, however, paltry and do not cover lifetime income loss. Death insurance benefits averaged US\$ 4,953 in Pakistan, US\$ 3,690 for accidental death and half the value for natural death in the Philippines and only US\$ 1,048 in Sri Lanka. The benefits in Sri Lanka were raised substantially in 2003 and are comparable to those in the other two countries. These benefits would be equivalent to approximately two years income abroad for the lowest paid Filipino housemaid, who receives US\$ 200 per month.

The three funds differ in mode of delivery for some services. Sri Lanka makes extensive use of existing specialized institutions for providing such services as death and disability insurance, health insurance, education and credit. All its insurance is channelled through the existing state insurance system. It grants scholarships for enrolment in the school system starting at the end of primary education and going on to university or college. Its loan programme for pre-departure costs, housing and self-employment is implemented through three state banks. The Sri Lanka Welfare Fund gives merely subsidized interest to OW borrowers. The Fund, however, provides skills training directly to would-be OWs and offers pre-departure orientation, mainly for housemaids. In the Philippines, the insurance for death, disability and ill health is carried out by OWWA. Health benefits are at rates similar to those used by the national health insurance system. The OWWA does not run schools, but sends OWs for skills training at accredited institutes and works with accredited non-government groups in providing pre-departure orientation. However, the OWWA directly provides training for upgrading the skills of seafarers. As in Sri Lanka, the Overseas Pakistani Foundation (OPF) channels its insurance through state insurance companies. The OPF differs from the other two funds in that it can itself engage in real estate enterprises, and establish and operate hospitals and schools. The OPF has already created 21 lower level schools, 14 vocational-technical schools (called poly-trade schools) and three colleges. It organizes medical camps or visits to poor communities and even conducts children's educational tours, albeit on a relatively modest scale.

1.2 Performance of the welfare funds

The performance of these funds needs to be seen in the context of the population they serve and the nature of the services they render. We may consider the target population to be the total stock

of citizens abroad, or more narrowly emigrating OWs (see Table 1.2). The funds could focus even more narrowly on the most vulnerable overseas workers. Some statistics show this group to be the least educated female domestic workers in difficult locations, such as the Middle East. Table 1.2 gives the statistics of these populations in 2001. Of these three countries, the Philip-

TABLE 1.2
STOCK AND OUTFLOW OF OVERSEAS WORKERS, AND THEIR OCCUPATION
IN PAKISTAN, SRI LANKA AND PHILIPPINES, 2001

Pakistan		Philippines		Sri Lanka	
Stock of overseas Pakistanis (As of 2001)	3,746,379	Stock of overseas Filipinos (As of 2001)	7,402,894	Stock of overseas Sri Lankans (As of 2001)	970,000
Destination	%	Destination	%	Destination	%
Africa	0.6	Africa	0.6	Africa	0.1
America	22.7	America	46.3	Asia (Far East)	3.7
Asia (Far East)	1.6	Asia (Far East)	17.0	Middle East	87.7
Middle East	45.4	Middle East	18.3	Europe	7.8
Oceania	0.5	Oceania	3.9	Others	0.6
Europe	29.2	Europe	10.5		
		Sea-based	3.4		
Outflow (2002)	147,422	Outflow (2002)	891,908	Outflow (2002)	203,710
Destination	%	Destination	%	Destination	%
Africa	0.6	Africa	0.8	Asia (Far East)	1.2
America	0.2	America	2.0	Middle East	95.5
Asia (Far East)	0.5	Asia (Far East)	32.3	Europe, US, Canada, and Australia	1.7
				Others	1.6
Middle East	97.6	Middle East	34.4		
Oceania	0	Oceania	0.2		
Europe	0.8	Europe	5.1		
Other	0.3	Sea-based	23.5		
		Unspecified	1.2		
Occupation	%	Occupation	%	Occupation	%
Professional	5.8	Professional	8.4	Professional	0.1
Other white collar	3.0	Other white collar	14.5	Other white collar	4.1
Blue collar (skilled)	59.5	Blue collar	28.5	Blue collar	41.3
Labourer (unskilled)	31.7	Domestic helpers	22.0	Domestic helpers	54.5
		Entertainers	26.5		

Source: Pakistan's Ministry of Labor, Manpower and Overseas Pakistanis.
Pakistan's Bureau of Emigration and Overseas Employment.
Philippines' Commission on Overseas Filipinos.
Philippines' Overseas Workers Welfare Administration.
Sri Lanka's Bureau of Foreign Employment.

piners has the largest number of its citizens abroad, estimated in 2001 at 7.4 million, of whom 2.7 million are permanent settlers, mainly in North America, and 3.7 million are OWs. The study considers irregular and temporary settlers as migrant workers. The outflow of OWs in the same year was 867,969, of which only 279,565 were new hires. It is perhaps reasonable to assume that rehires or people returning to their previous or even current jobs do so because they have found their foreign employment satisfactory. They have probably built good relations with their employers. New hires face more uncertainty and risk in their new jobs. New hires of housemaids accounted for 46,507 of the total, and this group can be considered as the most vulnerable among OWs. They migrate to many destinations, including Europe and South-East Asia. This vulnerable group forms a fraction of the total outflow.

In 2001, Pakistan also had a relatively large stock of citizens abroad: 3.75 million, of which 22.8% were located in North America and 29.3% in Europe. Its colonial links with the UK may have encouraged permanent migration to the West. Nevertheless, as many as 45.6% were located in the Middle East and only 1.6% of the stock moved to neighbouring Asian countries. Outgoing OWs numbered only 127,929 in 2001; of these 76% were bound for the Middle East and 33% were unskilled workers, including housemaids. Unfortunately, separate figures are not available for new hires and rehires for outgoing OWs, so we cannot calculate the number of people falling into the “most vulnerable” category.

Sri Lanka had a stock of 970,000 OWs and 184,000 outgoing OWs in 2001. As many as 95.5% of the outgoing OWs were bound for the Middle East, with a very small minority going to Western countries, Asia and other places. Outgoing OWs were mostly female (67.5%), and almost 90% of these were housemaids or unskilled workers. There were few professional female OWs. Skilled and unskilled occupations account for 85% of male OWs, roughly half in each category. The great majority of Sri Lankan OWs appear to belong to the vulnerable group of female low-skilled workers bound for the Middle East.

1.3 Services provided

The services offered by the welfare funds fall into two categories: those which protect OWs from the risks they face on the job site; and those rendered at home prior to departure and for their families. The principal services required by OWs on their job site are: insurance against death, disability and ill health, legal and other forms of assistance in settling employer-employee disputes and frauds, repatriation in cases of physical violence, other forms of maltreatment, and resolution of contract violations. These form the core services provided by the welfare funds. Other services, such as vocational training, scholarships for university education, loans for self-employment and other purposes are of secondary and less immediate importance to the needs of the OW population and are therefore provided on a very limited scale. There are other institutions, public as well as private, which specialize in these services. The funds' resources may be adequate to address job site risks which affect a small proportion of OWs, but not the more extensive demands for education and training, housing, and credit by all OWs. The welfare funds resources could extend these services to relatively few OWs and their families.

Table 1.3 gives the number of beneficiaries and the value of the benefits received from major services provided by the three funds. Relatively small numbers of death insurance claims are

TABLE 1.3
PROGRAMMES AND SERVICES OF OVERSEAS WELFARE FUNDS,
2002, 2003

Pakistan			Sri Lanka			Philippines		
A. Outflow (Migrant Workers)								
2002	147,222		2002	203,710		2002	891,908	
2003	214,309					2003	867,969	
B. Pro-grammes	No. of benefi- ciaries	Per capita benefits US\$		No. of benefi- ciaries	Per capita benefits US\$		No. of benefi- ciaries	Per capita benefits US\$
<i>1. Insurance</i>								
Death (2003)	225	\$4,953	Death (2002)	338	\$1,048	Death, acciden- tal (2003)	178	\$3,690
Disability (2003)	51	\$1,785	Medical (2002)	6,990	68	Death, natural (2002)	559	\$1,845
						Disability (2003)	104	\$335
						Medical (2003)	36,303	67
<i>2. Training and education</i>								
No. of tech-voc graduates (1980-2001)	30,913		No. of scholarships to migrants' children (2002)	1,594		No. of Congressional College Scholarships to migrants children (2000- 2003)	648	
Annual average	1,472		No. of skills upgrading migrants workers (2002)	54,890		Annual average	216	
No. of OPFs students in OPF public schools	828					No. of tech-voc graduates (2002)	1,895	
<i>3. Housing</i>			<i>3. Loan programme</i>			<i>3. Loan programme</i>		
OPF completed 6 major housing schemes. A total of 11,690 plots were available			Housing (2002)	261		Livelihood (2003)	101	
			Pre-departure (2002)	1,451				
			Self- employment (2002)	343				
<i>4. Other services</i>						No. repatriated (2003)	667	
						No. given legal assistance (2003)	11,315	

TABLE 1.3 (cont.)
PROGRAMMES AND SERVICES OF OVERSEAS WELFARE FUNDS,
2002, 2003

C. Ratio: Outflow of Workers to Number of Beneficiaries					
1. Insurance					
Death (2003)	952.2	Death (2002)	602.7	Death, acci- dental (2003)	4,876.2
Disability 2003)	4,202.1	Medical (2002)	29.1	Natural (2003)	1,552.7
				Disability 2003)	8,345.9
				Medical (2003)	23.9
2. Training and education					
Scholarship	3,896.5	Scholarship	127.8	Scholarship (2000-2003)	1,339.5
Tech-voc graduates (1980-2001)	4.8	Skills upgrading	3.7	Annual average (2003)	4,018.5
Annual average	100.0			Voc-Teach Training	109.8
3. Loans programme					
		Housing (2002)	780.5	Livelihood (2003)	8,593.1
		Pre-departure (2002)	140.4		
		Self- employment (2002)	593.9		
4. Other services					
				Repatriated (2003)	1,301.3
				Legal assistance	76.7

Source: Tables 1.2, 2.6, 2.7A, 2.7B, 2.8, 3.6, 3.7, 3.8, 3.9, 3.11, 4.6, 4.7, 4.9, 4.10.
Table 1.3. Programs and Services of Overseas Workers Welfare Funds, 2002, 2003.

paid by the welfare funds: 225 claims in Pakistan in 2003, 178 for accidental death and 559 for natural death in the Philippines in the same year and 338 in Sri Lanka in 2002. A much larger number of OWs claimed medical insurance: in the Philippines, 36,303 claims were made and in Sri Lanka about 6,690. As a proportion to the number of outgoing OWs, relatively few obtained benefits. More received training, but too few were granted scholarship. In the Philippines the number of OWs receiving legal assistance and repatriation funding was quite high, compared to the number of OWs. In 2001, the OWWA spent US\$ 42,000 on legal fees, compared to Sri Lanka where about RS1.0 million (US\$ 10,361) was allocated to legal fees in 2003. There is no information on this service for Pakistan.

1.4 Financial accounts

Finally we take a look at the funds' financial accounts and compare three ratios: the ratio of administrative and operating expenditures to total expenditure, the surplus of income over expenditure, and the ratio of current assets to current liabilities. Each of these ratios differed for the three funds. Both Pakistan and Sri Lanka spent more modestly on administration and operation costs: 32.8% of total expenditures in 2002-2003. The remaining 67.2% was allocated to welfare services. The Philippines spent twice this amount on administration costs (66.4%). Sri Lanka tended to spend most of its income and kept little surplus. The ratio of its surplus to total income was only 7.8% as compared to 29.5% for Pakistan and 57.8% for the Philippines. This ratio may be interpreted positively or negatively. The low ratio in Sri Lanka reflects a decision by its authorities to maximize the services rendered to current members of the fund, so that little is available for future services to future members. In fact, the Sri Lanka fund maintains a relatively weak equity base, as the ratio of its current liabilities to current assets stands at a high level of 85%.

The Philippines' OWWA behaves quite differently. It spends heavily on administration, but keeps a large surplus. In other words, it under-invests in services, but fund resources cumulate over time. The ratio of its current liabilities to current assets is very low at 3.3%. Pakistan's OPF has comparatively moderate ratios of administrative and operating expenses with a total of 32.8%, and a ratio of surplus to total income of 29.5%.

1.5 Good practices and bad

The mode of delivery matters. The Sri Lankan practice of funnelling services to existing specialized institutions is more efficient than having the welfare fund establish and run the services itself. Sri Lanka has channelled its insurance, education and loan programmes through existing institutions, such as insurance companies, schools, and banks. The below par performance of Pakistan's OPF housing projects illustrates the problems of having a welfare fund involved in the complex housing business. The schools and hospitals it has established and operates cater to the community at large and only fractionally to the OW families. In addition, resources have not been well used, as can be seen from the inefficiencies observed in the housing projects and vocational-technical institutes.

The Philippine and Pakistani welfare funds depend on OW fees of around US\$ 25 as their main source of income. Sri Lanka's welfare fund also charges US\$ 25 registration fee but keeps only 30% of the proceeds as the rest is paid to agents for their placement services for registered OWs. Sri Lanka's welfare fund receives the US\$ 25 job order fee from foreign employers and the embarkation fee paid by OWs on departure but reimbursed to the fund. It receives the highest per capita income from OWs. For all three funds, revenues appear to be adequate for meeting OWs' needs for protection against job site risks, but not for insurance and the many home-based services they attempt to provide. The fees paid by OWs cannot possibly finance all these services on any meaningful scale. Consequently, only a small number of OWs and their families benefit from these funds.

The Philippine and the Pakistani welfare funds pay death and disability insurance, while the Sri Lankan fund only pays death insurance. However, benefits do not cover loss of lifetime income and appear to have been set arbitrarily. There is a strong case for making insurance actuarially based on probability of death or accident and expected earnings loss. The risk faced by OWs varies according to occupation and destination, and this must be taken into account. Insurance should cover differential risks. It could be made voluntary and flexible, allowing the OW to choose between alternative terms and several insurance companies including private companies. In the Philippines, for example, the Insular Life Insurance Company offers an attractive death insurance package for OWs. For groups of at least 200 persons, the premium for accidental death is only P1.00 per P1,000 benefit. An OW who wants to be insured for P1 million would pay premiums of only P1,000 (US\$ 17,90). Those going to more risky destinations may opt to take more insurance than that offered by the OWWA or the OWWA may use private companies for its insurance needs. It can definitely afford to spend more on insurance premium from its large surplus.

The overseas welfare centres established and supported by the funds have rendered valuable legal and intermediary assistance to OWs at the job site. However, they do not appear to monitor the OWs working conditions effectively, as the most frequently filed complaints relate to contract violations. In principle, Pakistan's BEOE tracks the movement of OWs from the placement agent to their registration with the bureau and finally through Pakistan's embassies abroad. Placement agents must submit a list of clients they have placed to the Bureau, together with information on their employers and their new address. Embassies are supplied with the addresses of OWs abroad and details on the employer. Sri Lanka and the Philippines are supposed to screen job orders of foreign employers. An effective system of tracking the addresses and employers of OWs at the job site will help prevent contract violations and physical abuse experienced by OWs. Certain destinations are well known for the risks to OWs and ought to be closely monitored.

The Sri Lankan practice of providing subsidized interest rates for OW loans for pre-departure, housing and self-employment is definitely superior to the credit programme administered by the OWWA and Pakistan's OPF housing projects. By definition, interest subsidies represent a small fraction of the value of a loan.¹ A welfare fund can help more OWs by giving subsidized interest rates, than by extending outright loans. Besides, the risk of default and transaction costs is borne by the leading bank, not the fund. Much of the OWWA's resources are still tied up in non-performing loans, which it was unable to monitor and make viable.

The Sri Lanka Fund's and OWWA's scholarship programmes have very modest outreach – 1,594 in the latter in 2002 and 648 in the Philippines in 2003 compared to the total number of OWs. The funds also undertake socially appealing activities, such as the Pakistan OPF's medical camps and the Philippines' reintegration programmes for generating employment or developing business enterprises for returning OWs. The cost of implementing such programmes for a significant number of OWs is beyond the resources of any of the welfare funds. Consequently the funds are only able to undertake such social programmes at a token level, a few hundred here and there out of hundreds of thousands, if not millions, of OWs abroad and at home.

The Sri Lanka Fund spends most of its annual income on services for current members. In the Philippines, the OWWA accumulates resources by spending less than half its annual income.

Yet there is no decision on who will benefit from the cumulating fund. This is also true for Pakistan's OPF. The funds could be reorganized with two components: a compulsory insurance against risks on the job site, and a voluntary insurance pension scheme. There have been talks in the Philippines on offering attractive saving packages to OWs, and in Pakistan the OPF has introduced a dollar pension and saving scheme. This is an important service which deserves closer study for adoption by all funds.

Sri Lanka provides its own vocational-technical training to OWs, and, in 2002 and 2003, more than 50,000 workers were enrolled in these courses. The OWWA supports trainees enrolled in accredited training institutes. It also provides skills upgrading to experienced seafarers. However, these programmes have not been evaluated in terms of their ability to meet foreign demand and it is therefore not possible to identify good practices in this activity so far. The closure of 11 of Pakistan's OPF's 14 vocational-technical ("poly-trade") schools implies inefficiency in the programme.

With regard to information systems, the Philippines and Sri Lanka collect good information on important aspects of overseas employment. Sri Lanka, however, publishes more information with meaningful cross tabulations than the Philippines' OWWA and POEA. Sri Lanka presents good cross tabulations of the outgoing OWs and their complaints by occupation, destination, and gender. Its financial reports contain significant information, including comments by auditors. Statistical reporting by OWWA and POEA is sparse, while the statistical system used by Pakistan's OPF is the least complete.

2. THE WELFARE FUND OF PAKISTAN

The Pakistani Emigration Ordinance of 1979 contains general rules for the control, regulation and protection of migrant labour. It created the Bureau of Emigration and Overseas Employment (BEOE) and, under the BEOE, an Office of the Protector of Emigrants. The BEOE was given broad responsibilities for labour emigration, while the Protector of Emigrants has the more specific task of supervising the licensing and operation of private placement agents or promoters and monitoring the terms of foreign employment contracts and treatment of migrant workers. The Ordinance also provided for the appointment of Labour Attachés to protect the migrants on the job site. The Ordinance was accompanied by Emigration Rules written by the Ministry of Labour, Manpower and Overseas Pakistanis. These gave detailed operational rules focusing on recruitment practices of private placement agents or promoters. The Rules contain 25 articles covering 25 pages. Article 26 of the Emigration Rules created the Welfare Fund and specified the following sources for revenue:

- i) "One thousand and fifty rupees paid by each emigrant and credited to the Welfare Fund;"
- ii) "Interest accrued on the amount of security deposited by the Overseas Employment Promoters;"
- iii) "Contributions and donations that may be made by the public, corporate bodies, welfare associations, societies and banks;"
- iv) "Any other source."

The Welfare Fund is to be vested in the Overseas Pakistanis Foundation which shall control the said Fund and invest money and incur expenditure for the following:

- a) “the social welfare of the emigrants and their families in Pakistan and abroad by identifying their problems and contributing to their solution;”
- b) “the establishment and maintenance of, or giving assistance to, vocational training institutions, providing training in such trades as are in demand abroad;”
- c) “the establishment of housing societies, colonies and townships for the emigrants and their families in Pakistan;”
- d) “the giving of scholarships, stipends or grants to the children of the emigrants;”
- e) “the establishment, management and giving of grants to educational or religious institutions in Pakistan and abroad in which the children of emigrants study;”
- f) “the giving of grants to emigrant’s societies and associations for the establishment of community centres, libraries and mosques and for organizing seminars and conferences in connection with events of national importance;”
- g) “The opening of offices and branches of OPF in any part of Pakistan and abroad for the convenience of emigrants;”
- h) “The establishment and management of, or investment in commercial, industrial or service enterprises;”
- i) “The purchasing or taking on hire of any such land, building or other property as may be necessary for the purposes of the Welfare Fund;”
- j) “The management, improvement and development of the property of the OPF;”
- k) “The collection and editing of material for, and undertaking the work of, printing and publishing of pamphlets, reports, journals, periodicals, dailies or other such works which may be necessary in the interest of emigrants; and”
- l) “Such other investments, including investments in any commercial, industrial or other enterprises as may from time to time be determined by the OPF.”

The OPF is a corporate body with a board of governors of 19 members chaired by the Minister of Labour, Manpower and Overseas Pakistanis. The board is dominated by senior government officials representing key ministries, such as Labour, Finance, Foreign Affairs, Defence and Interior. The Director General (BEOE) and the OPF’s Managing Director are also members. The private sector is allotted three seats on the board. The Federal Government appoints the OPF Managing Director and other administrative officers. OPF is currently staffed with 282 people, in addition to the personnel working in its hospital, schools, and housing projects.

The objectives of the OPF, as defined by the Rules, indicate that the OPF was established to serve not just overseas workers (OWs) and their families, but also the community at large. Its activities and budget allocation very much reflect the OPF’s rather extensive target clientele. We provide both qualitative and quantitative information on how the OPF’s resources have been used to serve the country’s OWs.

Table 2.1 gives the dimensions and characteristics of the main target clientele for Pakistan’s OPF. In 2001, there were more than 3.7 million Pakistanis living abroad, of which more than 50% were located in North America and Europe and it is possible that these are mostly permanent settlers. In other countries, a large proportion of OWs have been able to renew their employment contracts one or more times. It should be noted the number of OWs leaving each year

represent only a small fraction of the large stock in 2001. The accumulation of long-staying OWs and permanent immigration must account for the large stock-flow differential. Since 1999, the number of annual departures has increased. In that year, 76,234 workers left Pakistan, and in 2003, 214,039 left for work abroad.

The most vulnerable workers tend to be housemaids and unskilled workers in the Middle East. This region absorbed 45.4% of the 2001 stock, with 29.2% going to Europe, and 22.7% to North

TABLE 2.1
STOCK OF OVERSEAS PAKISTANIS
AS OF DECEMBER 2001

Region	No. of Overseas Pakistanis	Percentage
1. Africa	21,720	0.6
Libya	13,000	
South Africa	2,500	
Kenya	1,862	
2. Asia (Far East)	60,728	1.6
Hong Kong	20,000	
Japan	10,000	
South Korea	7,000	
Iran	6,344	
Malaysia	3,750	
Thailand	3,500	
3. Asia (Middle East)	1,701,804	45.4
Saudi Arabia	950,000	
UAE	470,000	
Kuwait	101,499	
Qatar	55,000	
Bahrain	45,000	
4. Americas	850,554	22.7
USA	650,000	
Canada	200,000	
5. Europe	1,093,573	29.3
UK	850,000	
France	45,000	
Netherlands	40,000	
Germany	37,016	
Greece	32,500	
Norway	23,581	
6. Australia and New Zealand	18,000	0.5
Australia	15,000	
New Zealand	3,000	
TOTAL	3,746,379	100.0

Source: Pakistan Ministry of Labor, Manpower and Overseas Pakistanis.

America. Relatively few have settled in Asia and Africa. The distribution of departing OWs differs greatly from that of the stock (see Panel A of Table 2.2). Approximately 96% of those who left in 2001-2003 were destined for the Middle East. The unskilled workers classification includes domestic workers and accounted for 32.9% of the stock. Skilled blue-collar workers in construction, equipment and industrial operatives, machinery technicians comprise a large majority of 64%. The white-collar group (teachers, nurses, engineers, clerks, draftsmen and artists) formed only 3.1% of departing OWs. The group that appears to be most at risk and in need of the protection and services of OPF are unskilled workers, especially female domestic helpers. In 2003, total outflow for this group was 73,318 OWs. The number of those needing help may be smaller since the total deployment probably includes rehires, less at risk than new hires. Pakistan prohibits foreign employment of young women (i.e. under 35 years) who are perhaps less able to protect themselves and more prone to harassment. Another group at risk is irregular migrants or those who left on tourist and other non-working visas. They have no guaranteed job abroad.

TABLE 2.2
OUTFLOW OF PAKISTANIS OVERSEAS WORKERS
BY DESTINATION AND OCCUPATION, 1997-2003

	1997	1998	1999	2000	2001	2002	2003
A.							
TOTAL	149,029	100,705	76,234	107,733	127,929	147,422	214,039
Saudi Arabia	78,327	47,285	27,235	67,425	97,262	104,783	126,397
UAE	56,540	42,594	35,649	26,551	18,421	34,113	61,329
Kuwait	4,941	3,771	6,272	122	440	3,204	12,087
Oman	4,587	2,503	2,904	4,380	3,802	95	911
Qatar	2,299	1,925	2,446	3,227	1,633	480	367
Bahrain	1,141	2,121	1,648	901	1,173	1,022	809
B.	1997	1998	1999	2000	2001	2002	2003
TOTAL	149,029	100,706	76,234	107,733	127,929	147,422	214,039
Professional	5,903	5,552	5,390	8,050	10,128	8,543	13,071
Other white collar	6,099	4,228	702	1,958	2,733	4,488	6,941
Blue collar	83,109	55,734	43,747	63,878	73,724	87,665	120,789
Labourer (unskilled)	53,918	35,180	26,365	33,847	41,074	46,726	73,318

Source: Bureau of Emigration and Overseas Employment.

Table 2.3 gives the cases filed by OWs in 2000. There were relatively few serious cases at the job site. There was only one case requiring repatriation, but 15 cases of people in jail and 13 workers were involved in employment-related cases. A large number of overseas Pakistanis or 2,578, made complaints of “various nature” against the Pakistani Missions (Khan, 2004). However, the number of cases settled represents only a small fraction of the total number filed: 94 out of 179 of police cases, and 312 out of 2,578 cases involving Pakistani missions.

TABLE 2.3
NATURE OF CASES REFERRED TO OVERSEAS PAKISTANIS FOUNDATION,
2000

Nature of Problems	Number of Cases Received	Settlement
1. Police cases	179	94
2. Repatriation from abroad	1	1
3. Jail cases abroad	15	8
4. Employment-related cases	13	0
5. Immigration authorities	25	13
6. Pakistani mission/host authorities employers abroad*	2,578	312

* These are complaints of various nature filed by OW with overseas missions (Khan).

Source: Overseas Pakistanis Foundation.

We lack statistical information on specific services provided by OPF, and we must therefore infer the nature of those services from OPF's expenditure accounts. The Fund keeps very detailed statements of income and expenditure, including lists of services provided. Income comes from three sources: (a) contribution of OWs from the registration or membership fee of R1,050 (US\$ 18.20), plus a facilitation fee of R200 (US\$ 3.33); (b) income from interest on security deposits of placement agents upon obtaining a license to recruit and from the fund accumulated by OPF; (c) income from services and from enterprises. An insurance premium of R650 (US\$ 11.25) is collected separately. The principal enterprises are schools, housing projects and hospitals. Current expenditures for running the programmes and capital or investment expenditures are also reported (Table 2.4).

In 2002-2003, 52.8% of OPF's income came from OW contributions, 24.5% from interest income in accumulated funds and 20.5% from programmes and services. Welfare & Services and Training, which directly concern OWs, were allocated a relatively small proportion of total spending, 16.0%. Capital and operating costs for the schools under the Education budget absorbed 32.8%. Administrative expenses, including the administration of hospitals, took the largest share (45.4%). Note the budget for education financed public schools, colleges and vocational-technical institutes that catered to the community at large, not exclusively to migrants' children. The accounts for Welfare & Services and Training programmes include the cost of insurance, forced repatriation of OWs experiencing contract violations, physical assault or non-existent jobs, transport for medical assistance or of bodies, legal services and related expenses, such as communications. The budget for this programme also covered operational costs for welfare centres at major job sites and a facilitation desk at airports.

Table 2.5 gives the breakdown of expenses for welfare and services in 2002-2003. Minimal amounts were spent for transport of dead bodies and legal consultancy fees, R250,000 (US\$ 4,329) and R75,000 (US\$ 1,300). Financial aid for disabled OWs amounted to R7,500 (US\$ 130), the facilitation desk at airports R800,000 (US\$ 13,851) and emergency relief to OW families at R250,000 (US\$ 4,329). The largest expense under Welfare & Services was the issuance of remittance cards which give OWs duty-free shopping privileges. Small sums were spent for maintaining OW centres handling arrivals and departures, and for free issuance and renewal of

TABLE 2.4

OPF INCOME AND EXPENDITURES, 2002-2003 IN PAKISTANI R (000) AND US\$ (000)

	Amount		Ratio	% of Total
	Pakistani Rupee	US Dollars		
A. Capital receipts				
Contribution of emigrants	215,968	3,740.5		52.8
Interest on promoters security	9,215	160.6		2.3
Interest on welfare fund	100,000	1,732.5		24.5
Total capital receipts	325,183	5,631.6		79.5
B. Receipts from activities				
Welfare and services	1,623	28.1		0.4
Training	1,056	18.3		0.3
Education	73,150	1,267.6		17.9
Publicity and marketing cell	240	4.2		
Rental of head office building	7,707	133.4		1.9
Leasing fee from JV partners				
Total receipts from activities	83,776	1,451.6		20.5
C. Total income (A + B)	408,979	7,082.5		
D. Capital expenditures				
Fixed assets	3,306	57.2		1.1
OPF banking and hospital	38,449	665.7		13.3
Advances and deposits	4,430	76.7		1.5
Other				
Total	46,185	799.7		
Capital expenditures/Total expenditures (D/G)			16.0	16.0
E. Expenditures on activities				
Welfare and services	36,238	627.5		12.6
Training	9,778	169.3		3.46
Education	94,587	1,637.8		32.8
Publicity and marketing	4,266	73.9		1.5
Revolving Fund of OPPT	2,500	43.3		0-9
Kaghan Bricks Works Ltd.	250	4.3		
Total	147,619	2,556.0		
Expenditures on services/Total (E/G)			51.2	51.2
F. Administrative expenses	94,526	1,636.7		
Administrative expenses/Total (F/G)			32.8	32.8
G. Total expenditures	288,330	4,992.5		100.0
H. Surplus from operation	120,649	2,089.1		
Surplus/Total income (H/C)			29.5	29.5
I. Housing				
Receipts	-4,877	- 84.4		
Expenditures	-62,281	-1,078.4		
Total	-67,158	-1,162.8		
J. UNCC for Kuwait victims				
Receipts	13,000	225.1		
Service charges	7,300	126.4		
Total	20,300	351.5		

TABLE 2.4 (cont.)

OPF INCOME AND EXPENDITURES, 2002-2003 IN PAKISTANI R (000) AND US\$ (000)

	Amount		Ratio	% of Total
	Pakistani Rupee	US Dollars		
Expenditures	-3,535	- 61.2		
Surplus	16,765	290.3		
K. Hospital income and expenses	-34,615	- 599.4		
L. Net Surplus = (A+B) – (C+D+E) + (I +J+K)	35,641	10.7		

Source: Overseas Pakistanis Foundation.

passport. All these services amounted to only R14.98 million (US\$ 259 million), compared to administrative expenses of R113.17 million (US\$ 2.96 million) and the budget for education, which totals R94.59 million (US\$ 638 million). Expenses for Welfare & Services accounted for only 6% of total income, compared to 45.4% for administration and 37.9% for schools.

OPF offers pension funds which require a lump sum contribution of R125,000, (US\$ 2,165) and dollar bonds with maturity of three, five and seven years. OWs are also allowed to make dollar deposits. Apparently, dollar bonds attracted OW savings amounting to US\$ 5.1 billion and were

TABLE 2.5

EXPENDITURES ON WELFARE AND SERVICES, 2002-2003

Item	Amount	
	Pak R (000)	US\$ (000)
Transport of dead bodies	250	4.3
Legal consultation fees	75	1.3
Communications	235	4.1
Financial aid for disabled, other	7,500	129.9
Emergency relief grant	250	4.3
Foreign exchange remittance card	3,500	60.6
Equipment for CWA centres	510	8.8
Eye camps	1,500	26.0
Facilitation of workers at airport	800	13.9
Information and dissemination	360	6.2
TOTAL	14,980	259.4
Administration	18,641	322.8
OPF hospitals	2,461	42.6
Capital expenditures	156	2.7
TOTAL	36,238	627.5

Source: Overseas Pakistanis Foundation.

reportedly converted to rupees in 1999, while US\$ 5.1 million in foreign currency deposits were accumulated by the middle of 1999 (Khan, 2004). There is as yet no report on the pension fund.

The BEOE takes out insurance against accidental death and disability with the Pakistan Life Insurance Company for all registered OWs who pay a premium of R650 (US\$ 11.25). The insurance is valid for two years and provides death benefits of R300,000 (US\$ 5,195). This is much higher than death benefits offered by the Philippine and Sri Lanka welfare funds. Death by natural causes is not covered by insurance. There are no reports on the number of OWs claiming death and disability benefits. Table 2.6 give details on payments for death and disability claims. Some OWs are covered by other insurance policies, but it is reported that claims made in the Middle East take a long time to settle. The Overseas Pakistani Pension Trust has recently made arrangements with State Life Insurance to ensure immediate payment of pension in the event of a serious disability or death caused by accident.

The OPF has established and runs 21 public schools offering primary and secondary education in various parts of Pakistan and Azad Kashmir, three colleges in Rawalpindi and Islamabad, and 14 vocational-technical, or poly-trade, schools. OW children are given preference in enrolling for these schools, which are also open to other children (Table 2.7). The OPF's hospitals are likewise open to all patients, but OW families receive a 10% discount on regular charges. OPF has initiated 13 housing schemes, but only six have been completed so far. Furthermore, OPF bought 26 plots of land for real estate development, but 16 of these purchases are under investigation. Fourteen vocational-technical institutes have been established, but only three remain open. The training courses offered are shown in Table 2.8.

The beneficiaries of some OPF services include:

- 1) 9,257 needy OW children were given grants of R1,154 (US\$ 20) per scholar, at a total cost of R10.68 million;
- 2) Merit scholarships, worth R1,785 per scholar, were granted to 554 OW children in 1992-2003, costing R98,900, averaging 55 merit scholarships per year;
- 3) Training for 57,596 students in 14 poly-institutes over the period 1980-1985;
- 4) Only 11% of students in OPF schools are target students or OW children;
- 5) 345 places per year are reserved for OW children in nine colleges and institutes with fees subject to a discount of 10-20%;
- 6) R71.5 million has been allotted to 2,860 destitute families. In 1999-2003, 1,280 families were granted help for the total amount of R1.91 million (US\$ 33,000) or US\$ 25 per capita;
- 7) 126 disabled people have been rehabilitated since 1992, at a cost of R11.6 million;
- 8) During the Yemen crisis, 336 OWs were brought home at cost of R38,182;
- 9) OPF supports the community welfare attaches in 11 major destination cities;
- 10) Interest-free loans amounting to Rs.11.6 million were given to 23 disabled OWs;
- 11) 24 bodies were transported at a cost of R408 million.

Pakistan's welfare fund is characterized by its broad-based clientele. While it provides protective services and other forms of assistance to OWs, its larger concern appears to lie in establishing and operating schools and hospitals for the community. Its housing projects are intended for OWs, but there are no reports on how OWs have benefited from them. It should be noted that

TABLE 2.6
INSURANCE CLAIMS PAID BY STATE LIFE INSURANCE CORPORATION OF PAKISTAN, 2001-2003

Claims	2001 No. of Claims	Amount Paid		2002 No. of Claims	Amount Paid		2003 No. of Claims	Amount Paid	
		Pak R	US \$		Pak R	US \$		Pak R	US \$
Death	131	25,253,371	407,793	234	57,736,078	966,715	225	64,369,457	1,114,565
Disability	36	2,306,300	37,242	40	3,141,300	52,597	51	5,259,611	91,071
TOTAL	167	27,559,671	445,035	274	60,887,378	1,019,479	276	69,629,068	1,205,636

Source: Pakistan Bureau of Emigration and Overseas Employment.

TABLE 2.7
OVERSEAS PAKISTANIS FOUNDATION PUBLIC SCHOOLS

Name of School/College	No. of Students	No. of OW Students	No. of Teaching Staff
1. Mirpur	814	192	35
2. Sialkot	486	82	21
3. Badin	162	0	7
4. Dadu	347	12	19
5. Larkana	385	5	21
6. Sanghar	247	17	18
7. Hangir	270	70	14
8. DI Khan	379	7	20
9. Muzaffarabad	272	12	14
10. Mansehra	121	25	14
12. Chakdara	299	47	13
13. Kotli	327	58	18
14. Bhalwal	407	56	21
15. Mubtan	308	35	16
16. Sheikpura	428	24	19
17. Quetta	406	14	19
18. Pakpatan	207	17	16
19. Kallar Syeddan	392	103	24
20. Turbat	604	9	22
21. Gujrat	179	11	11
22. Depalpur	252	5	11
23. Rawalpindi	179	27	14
TOTAL	7,471	828	387
Ratio of OW students to total	11.1%		

Source: Overseas Pakistanis Foundation.

TABLE 2.7 (cont.)
NUMBER OF PARTICIPANTS
IN THE TECHNICAL-VOCATIONAL COURSES,
1980-2000

Trade	Total of Vocational/ Technical Participants
Mason	2,154
Carpenter	2,227
Steel fixer	526
Electrician	9,618
Plumber	4,171
RAC mechanic	5,311
Welder	3,291
Autoelectrician	675
Civil draftsmen	736
Turner	88
Quantity surveyor	59
Civil surveyor	255
Tracer	395
Radio mechanic	482
Tower erector	85
Computer	119
Total	30,192
Matric technical	721
GRAND TOTAL	30,913

Source: Overseas Pakistanis Foundation.

TABLE 2.8
OVERSEAS PAKISTANIS FOUNDATION HOUSING SCHEMES AS OF 30 JUNE 2001

Housing Schemes	Total Plots	Costs		Sales of Plots	
		Pak R	US \$	Pak R	US \$
1. Chattar Pari Mirpur	3,087	109,685,451	1,771,206	177,928,709	2,873,201
2. Raiwind Road	2,478	340,455,308	5,497,688	168,933,058	2,727,939
3. Larkana	478	21,616,603	349,066	18,198,877	293,876
4. Gujrat	342	30,292,074	489,158	26,690,830	431,005
5. Rawat	NA	19,873,041	320,911	1,374,400	22,194
5. Dadu	454	13,976,911	225,700	3,179,764	51,347
6. Faisalabad	951	73,656,847	1,189,414	27,409,111	442,604
7. Peshawar	718	102,766,637	1,659,480	105,063,053	1,696,563
8. Turbat	360	16,352,463	264,060	11,640,555	187,972
9. Islamabad	2,822	318,016,451	5,135,344	418,981,997	6,765,740
GRAND TOTAL	11,690	1,046,691,786	16,902,026	959,400,354	15,492,440

Source: Overseas Pakistanis Foundation.

OWs come from varied locations and may not want to buy their home from the few areas where OPF houses have been built.

It is evident that community-oriented services have crowded out services for OWs. The portion of the fees which funded these services is a tax on OWs. It is not efficient to assign the task of establishing and running schools and hospitals to an institution like OPF which has little expertise in these activities. There are existing educational and healthcare institutions that can possibly offer the same services more efficiently. The OPF's education and healthcare activities fall outside the planning and decision-making of the relevant ministries and may result in less than optimal allocation of national resources for these social services.

3. SRI LANKA WORKERS' WELFARE FUND

3.1 Organization of Sri Lanka's Welfare Fund

The Sri Lanka Bureau of Foreign Employment (SLBFE) was established by law under Act No. 21 in 1985. It repealed the Foreign Employment Agency Act No. 32 of 1980. The Bureau has a semi-corporate structure and is administered by a board of 11 directors who are all appointed by the Minister of Labour. Of these, three are appointed following consultations with key ministries (one each for Finance and Foreign Affairs and the third, a woman, for Women's Affairs) and four represent licensed foreign employment agencies. The SLBFE is managed by a committee of five: the Additional Secretary of the Ministry of Labour, the Director General of the Ministry of Foreign Affairs Consular Division, the Bureau's own Deputy General Manager (Foreign Relations) and the Deputy General Manager (Finance). The management structure is as follows:

Chairman and Board of Directors

Director

General Manager

Additional Managers

Deputy General Managers for Development and Training; Welfare; Legal; Finance; Administration and HR; and Foreign Relations.

The law lays down 19 objectives for the SLBFE relating to promotion of foreign employment, skills development, standards for recruitment practices, and establishment of an information collection and dissemination system. Among these objectives is the requirement that the Bureau "establish a Workers Welfare Fund", to be fully governed by the SLBFE. However, the Fund's revenues, expenditures and asset management are subject to a separate accounting and reporting system from that of the Bureau's transactions and activities.

The Fund's objectives were not explicitly stated, but they may be inferred from the expenditure items which the SLBFE charges to the Fund. These include: expenditure for rehabilitation programmes, training and pre-departure orientation, guidance and information to their families, and "all expenses in providing assistance" to overseas workers. The lack of explicit objectives and rules regarding the Fund has resulted in the SLBFE being delegated broad powers over the Fund's programmes and finances. The SLBFE has since developed important programmes

catering to overseas workers' needs at the job site and at home, for themselves and their families. Because the needs of OWs are similar to those of overseas workers in other countries, they have developed similar assistance programmes, including insurance and skills training.

In this section, we review these programmes, their outreach and monetary value. Also reviewed are the financial accounts of the Fund, the allocation of expenditure to the various programmes, the cost of their administration and the status of the Fund itself.

It should be noted that the SLBFE has established a good information system on the outflow of OWs to various destinations and their occupations, problems encountered, services provided, and the Fund's financial accounts.

3.2 Outflow of Sri Lankan overseas workers and target clientele

The country's labour export is much smaller than that of the Philippines even during the boom years of construction in the Middle East. The Philippines was already sending more than 300,000 in the mid-1980s, whereas Sri Lanka's departures in 1986 numbered only 16,456 persons. The outflow is gradually rising and in 2002, 203,710 persons left Sri Lanka to work abroad. There was a definite feminization of overseas workers. In 1986, 67% of the outflow was male, but this has changed gradually with men now representing only 34.7% of the total number in 2002. There is a persistent concentration of Sri Lankan workers in the Middle East, 95.5% in 1998, and 95.6% in 2002. Of the remainder, Asia absorbed only 1.2%, North America and Europe 1.7% in 2002 (see Table 3.1). The great majority were unskilled workers and housemaids, 17.9% and 53.2% respectively in 2002, compared to 13.7% and 66.2% in 1997. Professional, middle-level and clerical workers comprised 6.5% in 2002, increasing from 3.9% in 1997 (see Table 3.2). In 2002, the total stock of workers amounted to approximately 970,000 people of whom 290,000 were male and 680,000 female. As in the two other countries, the large difference between stock and annual flow is taken to reflect renewal of employment contract and permanent emigration. Unfortunately, the statistics do not provide a breakdown of new hires compared to rehires. It is not possible, therefore, to separate newly hired housemaids and unskilled workers, who are considered to be the most vulnerable among OWs, from those returning to renewed jobs.

Table 3.3 shows the distribution of complaints filed by all overseas workers according to sex in 2002. A total of 7,938 complaints were filed with the SLBFE. Women suffer proportionately more than men, accounting for 82.5% of these complaints (6,545), even though women workers make up only 65.3% of the total outflow in 2002. The most frequently cited complaint was violation of employment contracts, 45.7% of the total. Almost all harassment cases involve women, and the majority of these are possibly sexual in nature. However, of the 233 deaths reported, only 48.9 were women. Note that the number of death insurance paid in 2002 far exceeded the number of complaints, 338 vs. 233. There were complaints of poor communications with family and other relations.

Apparently the Welfare Fund has been able to respond to complaints, as shown by the fact that the number of people assisted is almost the same as the number of complaints received. In cases involving women, as many as 375 related to sexually harassment, while 977 women became ill

TABLE 3.1

SRI LANKA DEPARTURES FOR FOREIGN EMPLOYMENT BY REGION, 1998-2002

	1998		1999		2000		2001		2002*	
	No.	%	No.	%	No.	%	No.	%	No.	%
Middle East	151,739	94.9	169,061	94.1	172,082	94.5	175,247	95.2	194,484	95.5
Europe, US, Greece Canada, Australia	2,114	1.3	3,948	2.2	2,726	1.5	3,393	1.9	3,388	1.7
Asia	2,687	1.7	2,961	1.6	4,091	2.2	2,653	1.4	2,479	1.2
Others	3,276	2.0	3,765	2.1	3,289	1.8	2,724	1.5	3,359	1.6
TOTAL	159,816	100.0	179,735	100.0	182,188	100.0	184,007	100.0	203,710	100.0

* Provisional.

Source: Information Technology Division – Sri Lanka Bureau of Foreign Employment.

TABLE 3.2

PERCENTAGE DISTRIBUTION OF DEPARTURES FOR FOREIGN EMPLOYMENT
BY OCCUPATION LEVELS AND BY SEX, 1996-2002

Year	Prof. Level		Middle Level		Clerical and Related		Skilled		Unskilled		Housemaids	Total	Total
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Female	Male	Female
1996	1.29	0.04	3.79	0.26	6.71	0.40	44.97	4.07	43.24	2.75	92.48	43,112	119,464
1997	1.42	0.03	3.69	0.22	8.01	0.50	42.16	7.70	44.72	3.35	88.20	37,552	112,731
1998	1.22	0.04	4.66	0.29	7.53	0.80	41.01	9.11	45.58	9.20	80.56	53,867	105,949
1999	1.84	0.07	4.31	0.37	8.27	0.81	38.44	11.15	47.14	11.69	75.91	63,720	116,015
2000	1.50	0.03	5.62	0.36	8.08	0.81	40.79	10.00	44.01	7.58	81.22	59,793	122,395
2001	1.88	0.07	5.37	0.47	7.75	1.12	42.26	9.29	42.74	6.24	82.81	59,807	124,200
2002*	2.00	0.13	5.69	0.49	7.95	1.22	43.38	11.15	40.98	5.41	81.60	70,726	132,984

*Provisional.

Source: Sri Lanka Bureau of Foreign Employment Handbook, 2003, Research Division.

TABLE 3.3
COMPLAINTS FILED BY SRI LANKAN OVERSEAS WORKERS BY SEX, 2002

A. Distribution of Complaints by Cause, 2002	Female	% of Total	Total	% of Total	% of Female
Violation of contract	2,552	39.0	3,631	45.7	70.3
Harassment	1,411	21.6	1,458	18.4	96.8
Death	114	1.7	233	2.9	48.9
Lack of communication	1,756	26.8	1,826	23.0	96.2
Stranded; lack of reception on arrival and stranded without employment	5	-	7	-	-
Other	707	10.8	783	9.9	-
Total complaints	6,545	100.0	7,938	100.0	-
B. OCW Given Assistance by Complaints	Female	% of Total	Total	% of Total	% of Female
Harassment and non-payment of wages	1,877	28.8	2,281	26.3	82.3
Harassment	1,606	24.7	1,722	19.9	93.3
Sexual harassment	375	5.8	375	4.3	100.0
Non-payment of salary	1,200	18.4	2,779	32.1	43.2
Insane	161	2.5	161	1.9	100.0
Disabled	121	1.9	127	1.5	95.3
Sick	977	15.0	100	11.6	97.3
Pregnancy	60	0.9	60	0.7	100.0
With babies	31	0.5	31	0.4	100.0
Other problems	104	1.6	125	1.4	83.2
Total	6,512	100.0	8,665	100.0	-

Source: Sri Lanka Bureau of Foreign Employment Handbook, 2003, Research Division.

and 342 suffered from mental disorders, were pregnant or had had a baby. In each category of violation, cases involving women were proportionately more frequent than those involving men.

Table 3.4 shows the distribution of complaints filed by sex and by occupation. In 2002 complaints filed by unskilled and domestic female OWs accounted for 75.8% of the total. Unskilled male OWs filed 6.7% of total complaints. The last two columns of the table show percentages of OWs filing complaints by occupation. As could be expected, the category filing the least number of complaints was white collar workers: clerical workers, 0.6% for men and 1.8% for women; for professionals, 1.5 for men and 1.2 for women. The highest percentage was filed by female housemaids at 5.2%. Further details on complaints can be found in Table 3.5. The ratio of complaints to OWs in each location exceeds 1.0 in Saudi Arabia, Qatar, Jordan, Lebanon and Malaysia, but was lowest at 0.21 in Singapore.

TABLE 3.4
COMPLAINTS RECEIVED BY OCCUPATION AND SEX AS
A PERCENTAGE OF DEPARTURES, 2000-2002

	D		C		%	
	M	F	M	F	M	F
	2000					
Professional	897	38	5	2	0.5	5.3
Middle level	3,354	427	73	2	2.2	0.5
Clerical and related	4,828	997	59	2	1.2	0.2
Skilled	24,344	12,131	803	379	3.3	3.1
Unskilled	26,370	9,389	602	310	2.3	3.3
Housemaid	-	99,413	-	5,116	-	5.2
Total	59,793	122,395	1,542	5,811	2.6	4.8
	2001					
Professional	1,125	93	7	1	0.6	1.1
Middle level	3,205	571	92	10	2.9	1.7
Clerical and related	4,631	1,384	62	19	1.3	1.4
Skilled	25,262	11,501	822	580	3.2	5.0
Unskilled	25,584	7,801	455	462	1.8	5.9
Housemaid	-	102,850	-	5,417	-	5.3
Total	59,807	124,200	1,438	6,489	2.4	5.2
	2002*					
Professional	1,293	166	19	2	1.5	1.2
Middle level	3,932	632	39	23	1.0	3.4
Clerical and Related	5,622	1,617	35	29	0.6	1.8
Skilled	30,677	14,791	762	478	2.5	3.2
Unskilled	29,202	7,273	538	339	1.8	4.7
Housemaid	-	108,514	-	5,674	-	5.2
Total	70,726	132,984	1,393	6,545	2.0	4.9

* Provisional.

C – No. of complaints.

D – No. of departures.

Source: Conciliation Division – Sri Lanka Bureau of Foreign Employment.

Information Technology Division – Sri Lanka Bureau of Foreign Employment.

TABLE 3.5
PERCENTAGE DISTRIBUTION OF
OVERSEAS CONTRACT WORKERS AND COMPLAINTS, 2002*

Country	OCW	Complaints	% Complaints % of Total OCW
KSA	33.5	42.5	126.9
UAE	14.2	10.5	73.9
Bahrain	2.8	1.4	50.0
Oman	3.7	1.4	37.8
Kuwait	17.0	16.2	95.3
Qatar	4.1	5.5	134.1
Jordan	4.1	8.4	204.9
Singapore	1.4	0.3	21.4
Lebanon	8.2	11.7	142.7
Cyprus	1.5	0.7	46.7
Malaysia	0.2	0.3	150.0
Maldives	1.4	0.7	50.0
Others	7.9	0.3	3.8
TOTAL	100.0	100.0	

* Provisional.

Source: Conciliation Division – Sri Lanka Bureau of Foreign Employment.
Information Technology Division – Sri Lanka Bureau of Foreign Employment.

3.3 Services offered by the Welfare Fund

The Bureau reports only three programmes undertaken by the Fund: insurance, scholarship, and loans. The Fund's financial report includes a number of other services, and the number is increasing over the years.

1) The **Insurance Scheme** was launched on 15 October 1994. All registered overseas workers and their families are insured for death, disability, and health care. Repatriation expenses are considered as part of the insurance benefits. Note that insurance is channelled through the Sri Lanka Insurance Corporation and National Insurance Corporation. Workers who are registered with the Bureau and have paid their registration fee are automatically insured. They pay R2500 (US\$ 25) registration fee, plus R200 (US\$ 2) facilitation fee. Table 3.6 shows the number of claimants for medical, repatriation and death insurance, at an average of 13,670 per year over the 2000-2003 period; the average number of persons granted benefits was 7,489 for health and 340 for death. The ratio of beneficiaries to claimants averaged 57.3%. The per capita value of benefits for medical was relatively small, averaging R7,211 (US\$ 75).

Death benefits were higher at US\$ 583 on average for the same years. Moreover, the value of death benefits increased substantially reaching US\$ 1,012 on average in 2002. The Sri Lanka Insurance Corporation in fact paid out, on average, death benefits of R283,457 (US\$ 2,937) in 2002, higher than the other company. It is not clear why these differential benefits exist.

TABLE 3.6
INSURANCE CLAIMS, 2002-2003

A.										
Year	Total No. of Claims		No. Medical, Other Benefits** Paid		No. Death Benefits Paid		Claims Paid			Total
	Suraksa*	Shana*	Suraksa	Shana	Suraksa	Shana	Medical, Other	Death	US\$	
2000	11,312	-	8,942	-	229	-	8,942	229	191.4	9,171
2001	10,558	1,413	6,028	508	451	2	6,536	453	217.2	6,989
2002	10,092	7,637	1,860	5,130	279	59	6,990	338	168.9	7,336
2003	-	-	457	-	39	-	-	-	34.2	-

Year	Value of Benefits Medical, Other			Death Benefits (1,000)		
	Sri Lankan Rupee	US\$	Shana	Sri Lankan Rupee	US\$	Shana
2000	70,444	-	-	18,472	-	-
2001	40,100	5,690	59	20,965	678	7.0
2002	11,530	34,256	355	16,302	16,724	173.3
2003	4,047	-	-	3,298	-	-

* Suraksa is Sri Lanka Insurance Corporation and Shana is National Insurance Corporation.

** Medical and other benefits include funeral expenses and repatriation.

TABLE 3.6 (cont.)
INSURANCE CLAIMS, 2002-2003

B. Selected Ratios and Value per Capita										
Year	Total Benefits Paid (%) Total Claims		Medical Benefits per Capita				Death Benefits per Capita			
	Suraksa	Shana	Rupees		US\$		Rupees		US\$	
			Suraksa	Shana	Suraksa	Shana	Suraksa	Shana	Suraksa	Shana
2000	81.1	-	7,878	-	81.6	-	80,663	-	835.7	-
2001	61.4	36.1	6,652	11,201	68.9	116.0	46,486	33,900	481.6	351.2
2002	70.9	67.9	6,199	6,678	64.2	69.2	58,430	283,457	605.4	2,936.8
2003	-	-	8,856	-	91.8	-	84,564	-	876.1	-

Source: Sri Lanka Bureau of Foreign Employment.

2) **Scholarship Scheme:** Scholarships for migrant children were first given to students who have passed the Grade 5 examination, the General Certificate of Education Ordinary or O level, GCE advanced level and to university and college students. The scholarship scheme began in 1996, with a selection of only 157 scholars of Grade 5 level. GCE-O level scholars were selected from this group and from new applicants. Subsequently they were screened for university and college. It was only in 1999 that scholarships for university and college were first granted. It is assumed that the best students from migrant families were selected at every stage of the schooling process. The amount of grant per student depends on the level of studies, the lowest level is R15,000 (US\$ 155) for Grade 5, rising to R20,000 (US\$ 207) for GCE level and R25,000 (US\$ 259) for university and college level per year.

By 2003, there were 497 scholars at Grade 5 level, 956 studying for GCE-O examinations and 218 students at university and college (see Table 3.7). Additional scholarships were given to children of migrants affected by the 1991 Gulf War, together with an extra stipend. It is noted that, despite an upward trend in the awards, the number of students benefiting from this programme has remained small, relative to the size of the migrant worker population.

TABLE 3.7

SRI LANKA SCHOLARSHIP FOR CHILDREN OF MIGRANTS WORKERS, 1996-2003

	Grade 5	GCOL*	GCE	University	Total
1996	157	-	-	-	-
1997	185	-	-	-	-
1998	152	156	-		308
1999	338	557**	-	119**	1,369
2000	381**	488**	355	111**	980
2001	601	1184	-	330	2,150
2002	483	924	-	187	1,594
2003	497	956	-	217	1,670
Grant per scholar 2003	R 15,000 (US\$ 155.41)	R20,000 (US\$207.21)	-	R25,000 (US\$259)	-

* GCOL = General Certificate Education, Ordinary level.

GC Advanced level exam qualifies for University.

** Includes 10 GCOL of workers in Kuwait who get R15,000 (US\$ 155.41) per person.

Source: Sri Lanka Bureau of Foreign Employment.

3) **Loan Schemes** were launched in 2002 to finance pre-departure costs, self-employment, and housing. The SLBFE recommends OW borrowers to three banks: the Peoples Bank, Bank of Ceylon and National Saving Bank. The welfare fund subsidizes the interest rate on the loans. The subsidized rate varies depending on the bank and the purpose of the loan and ranges from 6.5% to 8% differential from the full interest rate (see Table 3.8). Also shown are the values according to loan type which were relatively large, compared to the number of loans granted under the Philippine Welfare Fund.

In 2002 and 2003, a total of 2,985 OWs took out loans for pre-departure purposes, 541 borrowed in order to set up self-employment enterprises and 409 took housing loans (see Table 3.9). The

TABLE 3.8
INTEREST SUBSIDY

A. “Videsika” Loan (People’s Bank)						
Scheme	Purpose for which Loans were Granted	Maximum Amount Granted	Total Interest	Interest Paid by the Bureau	No. of Loans Granted	Total Amount
1. Housing loan	To buy land, build a house, renovate an existing property	R 250,000 (US\$ 2,590)	14%	7%	148	R 29,537,000 (US\$ 306,019)
2. Self employment	* To start a self employment project * To further develop an existing project	R 250,000 (US\$ 2,590)	16%	7%	63	R 12,027,000 (US\$ 124,606)
3. Pre-departure	To meet the pre-departure expenses of the migrant worker	R 50,000 (US\$ 518)	16%	7%	341	R 8,787,613 (US\$ 91,044)
Total					552	R 50,351,613 (US\$ 521,670)
B. “Ransaviya” Loan (Bank of Ceylon)						
1. Self employment	*To start a self employment project *To further develop an existing project	R 300,000 (US\$ 3,108)	16%	8%	135	R 35,528,960 (US\$ 368,099)
2. Basic amenities	To improve basic amenity requirements such as wells, toilets, providing electricity and pipe-borne water	R 50,000 (US\$ 518)	16%	8%	4	R 200,000 (US\$ 2,072)
3. Pre-departure	To meet the pre-departure expenses of the migrant worker	R 50,000 (US\$ 518)	16%	7%	475	R 17,461,534 (US\$ 180,911)
Total					614	R 53,190,494 (US\$ 551,083)
C. “Rata Ituru” Loan (National Saving Bank)						
Pre-departure	To meet the pre-departure expenses of the migrant worker	R 50,000 (US\$ 518)	15%	6.5%	718	R 27,121,921 (US\$ 280,998)
Total					718	R 27,121,921 (US\$ 280,998)

Source: Sri Lanka Bureau of Foreign Employment.

TABLE 3.9
SRI LANKA LOAN SCHEMES, 2002-2003

Year	Number of Beneficiaries		Value in Rupee		Loan Value per Borrower (Rupee)		Basic Amenities (R)
	Pre-departure Loans	Self-employment	Housing	Self - employment	Pre-departure Loans	Self-employment	
2002	1,451	343	261	9,840	9,062	9,746	-
2003	1,534	198	148	47,556	53,371	26,537	50,000

Year	Value in US \$		Loan Value Per Borrower (US \$)		Basic Amenities (\$)
	Pre-departure Loans	Self - employment	Pre-departure Loans	Self - employment	
2002	94	102	34	297	-
2003	553	493	360	2,488	518

Lenders: People Bank, Bank of Ceylon and National Saving Bank. The latter gave pre-departure loans in 2003.

Source: Sri Lanka Bureau of Foreign Employment.

loan values for each purpose rose to fairly large amounts in the second year of the loan programme. The average loan value for pre-departure purposes rose from R3,245 (US\$ 34) to R34,792 (US\$ 360), for self employment from R28,688 (US\$ 297) to R240,182 (US\$ 2,488) and for housing from R37,341 (US\$ 387) to R179,304 (US\$ 1,858).

3.4 Financial management

Expenditure accounts for the Overseas Workers' Welfare Fund (Table 3.10) reveal the kinds of services and programmes it undertook in 2003, in addition to the three programmes described above and provide details on spending for specific items such as distribution of schoolbooks, welfare centres, conciliation and other welfare services abroad, and socio-economic development for migrants' families. In addition, the Fund provided help in cases of natural calamities, such as floods. Table 3.10 also shows that the number of services doubled, from nine services in 1997 to 18 in 2003. Previously, the cost of repatriation was borne by the Fund but, since 2001, the insurance scheme covers repatriation. Embarkation tax paid by OWs is subsequently reimbursed to the Fund and these funds pay for repatriation insurance. In 2002-2003, a total of 106,781 overseas workers benefited from training schemes. Of these, 93,844 OWs took language training courses for the Middle East, and 4,000 took literacy lessons and Korean language training. However, only a relatively small number of overseas workers (8,937) were offered skills training: 8,937 (Table 3.11).

TABLE 3.10
PERCENTAGE DISTRIBUTION INCOME AND EXPENDITURE
OF THE BUREAU OF FOREIGN EMPLOYMENT (R AND US\$), 1996, 2000-2003

Description	1996	2000	2001	2002	2003
A. Income					
Recruitment fees, Agency	35.2	29.7	24.8	25.7	27.6
Bureau and individual	31.1	24.9	19.4	17.9	21.5
Facilities fees	6.6	5.2	4.2	4.2	4.5
Licence fees	1.1	0.8	0.7	0.6	0.5
Cess	0.6	0.1	0.5	0.7	0.9
Training fees	-	0.5	0.1	-	-
Investment income	19.7	23.5	22.2	22.9	13.8
Contract registration fees	-	13.7	14.5	16.9	23.4
Treasury grant on Embarkation Tax	-	-	11.1	10.4	7.1
Sundry income	5.8	1.6	2.5	0.7	0.7
Total (in R 000)	500,032	718,906	900,992	966,220	935,290
(in US\$ 000)	9,047	9,336	10,080	10,100	9,690
B. Expenditure					
Expenditures (in R 000)	190,477	484,482	727,768	842,313	908,970
(in US\$ 000)	3,446	6,292	8,142	8,805	9,417
Administrative/Operation (%)	47.9	49.4	33.8	31.3	34.2
Welfare services	52.1	50.6	66.2	68.7	65.8
Surplus (in R 000)	288,538	234,424	173,223	123,907	26,319
(in US\$ 000)	5,220	3,044	1,938	1,295	273
Surplus/Total income (%)	60.4	32.6	19.2	12.8	2.8

TABLE 3.10 (cont.)
PERCENTAGE DISTRIBUTION INCOME AND EXPENDITURE OF THE BUREAU
OF FOREIGN EMPLOYMENT (R AND US\$), 1996, 2000-2003

Description	1997		2003	
	(R 000)	(US\$ 000)	(R 000)	(US\$ 000)
C. Worker's Welfare Fund				
Training activities	8,506	144	29,071	493
Expenses on overseas workers welfare fund	-	-	218,325	3,701
Cost of insurance of migrant workers	75,398	1,278	110,637	1,875
Scholarships to children of migrant employment	2,246	38	33,443	567
Distribution of school books	-	-	11,992	203
Interest subsidy on bank loans	-	-	7,723	131
Welfare Centre-Seeduwa	353	6	5,337	90
Interest on migrant workers' contributions	296	5	176	3
Conciliation and other welfare work abroad	1,070	18	622	11
UNICEF and UNAIDS project expense	-	-	989	17
ILO project expenses	-	-	484	8
Social welfare programme for migrant workers	-	-	11,735	199
Welfare facilities to the migrant workers	-	-	5958	101
Socio-economics developments of migrants workers family members	-	-	2928	50
Special award scheme of funeral expenditure	-	-	1,460	25
Repatriation cost	904	15	-	-
Migrant workers uniforms and travelling bags	-	-	9,131	155
Flood relief expenses	-	-	14,002	237
Embarkation tax	-	-	134,362	2,278
Kuwait compensation scheme	4,359	74	-	-
Other	519	9	-	-
Total	93,653	1,587	598,375	10,143

TABLE 3.10 (cont.)
PERCENTAGE DISTRIBUTION INCOME AND EXPENDITURE OF THE BUREAU
OF FOREIGN EMPLOYMENT (R AND US\$), 1996, 2000-2003

	1997		2003	
	R	US\$	R	US\$
Current assets	3,761,711	63,763	3,542,946	36,707
Short-term investments	2,505,111	42,463	2,781,886	28,822
Sundry deposits and bank balance	307,782	5,217	70,625	732
Total	2,812,893	47,680	2,852,511	29,554
Sundry debtors	118,789	2,014	629,833	6,525
Long-term investment	5,000	85		
Fixed assets	29,978	508	1,362,718	14,119
Total	3,796,689	64,356	4,905,664	50,825
Current liabilities	2,985,412	50,604	3,148,000	32,615
Current assets minus current liabilities	776,299	13,159	394,946	4,092
Net worth	811,277	13,752	1,757,664	18,210
Accumulated funds	638,372	10,821	1,693,023	17,541
Add year's surplus	142,979	2,424	-	-
Donations (foreign aid)	7,404	126	7,414	77
Reserves				
Self employment fund	5,000	85	5,000	52
Migrant workers compensation fund	5,000	85	5,000	52
Migrant workers children's fund	5,422	92	7,652	79
Provision for gratuity	3,065	52	22,079	229
Foreign currency exchange gain	4,034	68	17,496	181
Total	22,521	382	57,227	593

Source: Sri Lanka Bureau of Foreign Employment.

TABLE 3.11
SRI LANKA TOTAL NUMBER TRAINED IN 2002 AND 2003

Description	2002	2003
Middle East training		
Sinhala medium (M/E)	31,758	26,966
Tamil medium (T/M)	7,961	7,220
One-day training	9,717	10,222
Other training programmes		
Non Middle East training	4,548	4,163
Juki Machine training	102	124
Korean training	804	2,716
Literacy training	—	480
TOTAL	54,890	51,891

Source: Sri Lanka Bureau of Foreign Employment, Research Division.

The Bureau and the Fund derive income mainly from registration fees paid by migrant workers and from migration-related activities. The SLBFE charges each OW a registration fee of US\$ 25. Of this amount, 70% is paid to placement agents for their service. Agents are prohibited from charging any other fee. The Bureau also receives the reimbursement of embarkation fees paid by OWs. The Fund pays for its various programmes and services and is later reimbursed by the Bureau. Some of the Bureau's administrative expenses are charged to the Fund. These are all accounting mechanisms, which do not appear to influence decisions on the allocation of resources. Nevertheless, the accounting results appear reasonable, as will be seen below. There are no palpable extraneous expenses, and administrative costs represent a smaller proportion of expenditure than welfare services. The Bureau's financial accounts appear to be strictly audited, as seen in audit commentaries in the statements of income and expenditures. The audit has possibly minimized waste.

Looking first at the combined accounts of the Bureau (Table 3.12), we can see the allocation of funds to major expense items, particularly welfare services over the 1996 to 2003 period. In nominal terms, income increased at approximately 10% per year from 1996 to 2003, but expenditure increased more quickly and resulted in reduced surplus. The surplus in 1996 was recorded at R288.5 million (US\$ 5.2 million); but by 2003, this figure had been reduced to only

TABLE 3.12
DISTRIBUTION OF INCOME AND EXPENDITURE –
SRI LANKA BUREAU OF FOREIGN EMPLOYMENT,
1996, 2000-2003

Description		1996	2000	2001	2002	2003
A. Income						
Recruitment fees, Agency	%	35.2	29.7	24.8	25.7	27.6
Bureau and individual	%	31.1	24.9	19.4	17.9	21.5
Facilities fees	%	6.6	5.2	4.2	4.2	4.5
License fees	%	1.1	0.8	0.7	0.6	0.5
Cess	%	0.6	0.1	0.5	0.7	0.9
Training fees	%	-	0.5	0.1	-	-
Investment income	%	19.6	23.5	22.2	22.9	13.8
Contract registration fees	%	-	13.7	14.5	16.9	23.4
Treasury grant on Embarkation Tax	%	-	-	11.1	10.4	7.1
Sundry income	%	5.8	1.6	2.5	0.7	0.7
Total	R000	500,032	718,906	900,992	966,220	935,290
	US\$000	9,047	9,336	10,080	10,100	9,690
B. Expenditure						
Expenditure	R000	190,477	484,482	727,768	842,313	908,970
	US\$000	3,446	6,292	8,142	8,805	9,417
Administration and operations	%	47.9	49.4	33.8	31.3	34.2
Welfare services	%	52.1	50.6	66.2	68.7	65.8
Surplus	R000	288,538	234,424	173,223	123,907	26,319
	US\$000	5,220	3,044	1,938	1,295	273
C. Surplus/Total income	%	60.4	32.6	19.2	12.8	2.8

R26.3 million (US\$ 272,000). Administrative and operational expenditures absorbed close to 50% of total income in 1996, but this share fell gradually to 34.2% by 2003. The share of administrative costs attributed to the Fund was even smaller than that for the Bureau as a whole: 17.3% in 1997 and 13.2% in 2003. The declining trend in the surplus is due to the rise in the cost of welfare services, rather than in administration and operation expenditure.

A declining surplus implies a decrease in net worth. Net worth is the reserve fund to meet unexpected expenditures or losses and to cover any fluctuation in revenues. Without net worth, current spending will be limited to the Fund's income unless it takes loans. Moreover, the quality of the Bureau's balance sheet worsened between 1997 and 2003. The nominal value of total assets increased from R3,796 million to R4,905 million and net worth from R811 million to R1,757 million. In dollar terms, all these values decreased. A closer examination of the asset composition shows a poorer picture. Current assets decreased from R3,762 million to R3,543 million, due in part to relatively large receivables from sundry debtors. There was a big increase in the value of fixed assets, including office building and long-term investments. The net current asset position fell from R776 million to R395 million. Current assets and liabilities consist largely of the Kuwaiti compensation fund and its payables. In 1997, deposits in the Kuwaiti fund, amounting to R2,505 million, accounted for 75% of current assets. This special fund is no longer included in the accounts, but it may remain among the Bureau's current assets. Apart from the Kuwaiti fund, the Fund's net current assets are meagre. In dollar values, the Bureau's 2003 net assets were valued at only US\$ 4.1 million.

4. THE PHILIPPINE OVERSEAS WORKERS WELFARE FUND

The Philippine Overseas Workers Welfare Administration, OWWA, originally a unit of the Ministry of Labour, was created by Presidential Letter of Instruction No. 537 on 1 May 1977. The unit was given the responsibility, among others, of providing "social and welfare services to Filipino overseas workers including insurance coverage, social work assistance, legal assistance, placement assistance, cultural services, remittance service and the like" and "skills and career development services to Filipino overseas workers and their replacements in order to insure adequate supply of manpower for national economy as well as for export."

The first organization to be charged with welfare of overseas workers was the Welfare and Training Fund for Overseas Workers, a unit of the Ministry of Labour created by Presidential Letter of Instruction No. 537 on 1 May 1977.² The need to provide protection for a growing number of overseas Filipino workers (OFWs) warranted the creation of a more powerful and larger agency. The Presidential Decree No. 1694, passed in May 1980, created the Welfare Fund for Overseas Workers (WFOW), as an attached agency of the Ministry of Labour. In 1987, WFOW was renamed as Overseas Workers Welfare Administration (OWWA).

As an attached agency, OWWA enjoys greater autonomy from the department. It is governed by its own board of trustees, a tripartite body with 12 members representing government, management and labour. The Secretary of Labour and Employment chairs the board, but does not exercise full control over it. The other board members have a say in its policies and programmes. The present board is broadly represented by other government agencies, including the Departments of Foreign Affairs, Finance, and Budget, representatives from labour and management, and the

three broad sectors of OFWs: sea-based, land-based and women. The 1980 Decree also made OWWA a permanent government agency. Changes to its operations can only be made by legislation. The Philippine Overseas Employment Administration (POEA) and other agencies have a similar “attached” organizational structure.

The 1977 Letter of Instruction states the broad objectives of OWWA as follows:

- a) “to provide social and welfare services to Filipino overseas workers including insurance coverage, social work assistance, legal assistance, placement assistance, cultural services, remittances services and the like;”
- b) “to provide skills and career development services to Filipino overseas workers and their replacements in order to insure adequate supply of manpower for national economy as well as exports;”
- c) “to undertake studies and researches for enhancement of their social, economic and cultural well-being; and”
- d) “to develop, support, and finance specific projects for the benefit of Filipino overseas workers.”

The 1980 Decree was amended by the Migrant Workers and Overseas Filipinos Act (Republic Act No. 8042) in 1995. It governs all agencies dealing with overseas workers and provides detailed rules for protecting them. It states the basic principles of the state’s responsibility with regard to foreign employment. The following statements are particularly noteworthy:

- a) “...the State does not promote overseas employment as a means to sustain economic growth and achieve national development. ... Overseas employment programme rests only on the assurance that the dignity and fundamental human rights and freedoms of the Filipino citizens shall not, at any time, be compromised and violated.”
- b) “The State recognizes that the ultimate protection of all migrant workers is the possession of skills. Pursuant to this and as soon as practicable, the government shall deploy and/or allow the deployment only of skilled Filipino workers.”

The amendments to the OWWA Law elaborated on the objectives and their implementation. With regard to these objectives, OWWA now provides the following services to OFWs at their workplace, at home to their families, and upon their return (as mentioned in the 2003 OWWA Omnibus Policies under Board Resolution No. 038).

- 1) Insurance and health-care benefits: life, disability, burial and medicare;
- 2) Loan guarantee fund pre-departure and family assistance;
- 3) Technical-vocational training, scholarship for tertiary education, seafarer’s upgrading programme;
- 4) Social services and family welfare assistance: repatriation and reintegration, including livelihood loans to current and former member OFWs;
- 5) Workers assistance and on-site services: maintenance of OFW centres in major destinations, development of materials for Pre-departure Orientation Seminars (PDOS), provision of medical and legal assistance, conduct of psychosocial counselling, and outreach missions. OWWA also provides appropriate representation with employers, agents, and host government authorities for better terms of employment and legal protection.

A country team approach involving embassy staff, Labour Attaché and OWWA welfare centres is to be used in settling employment disputes. A Labour Attaché coordinates the operation of each OWWA overseas centre. The Law further provides for the establishment of a shared government information system for migration, involving various departments through an inter-agency committee. It should include master lists of departing and arriving Filipinos, basic data on legal systems, immigration policies, marriage laws, civil and criminal codes in receiving countries, particularly those with large numbers of Filipinos, and a list of labour and other human rights instruments of which receiving countries are signatories. Most of this information is being collected but has not yet been reported and publicized.

Most of these services are provided exclusively to OWWA members. All OFWs with contracts processed and approved by POEA are considered members and others can make a voluntary application at the job site. A membership fee of P1,275³ is collected by the POEA or by the OWWA representative at the job site.⁴ Members are automatically covered by insurance, which provides benefits of P100,000 (US\$ 1,786) for natural death and P200,000 (US\$ 3,571) for accidental death, and burial assistance of P20,000 for the duration of the member's employment contract. Disability insurance benefits as high as P100,000 are available for total disability. An additional P900 (US\$ 16.70) per annum is charged for health insurance, which provides the member with basically the same health care benefits as those given under the Philippine Health Insurance Corporation (PHIC) system. However, OWWA Medicare members receive double the benefits of PHIC members in the event of catastrophic cases (e.g. dialysis, cancer).

4.1 OWWA target population

Of the three labour-exporting countries under study, the Philippines has the largest stock of people abroad and the largest outflow per year (see Table 1.2). In 2001, there were about 7.4 million Filipinos abroad, of which 2.7 million were permanent settlers mainly in America and other advanced economies. Temporary and irregular immigrants numbered 4.7 million in 2001 and are here considered to be migrant workers. It should be noted that the majority of irregular workers without a valid visa were located in North America and in neighbouring Sabah, Malaysia. Apparently it is not difficult to overstay on tourist and other visas and to join the millions of other irregular migrants in the US or for people living in Mindanao to sail across to Sabah. While the majority of OFWs are living in the Middle East, large numbers are also to be found in neighbouring East Asia. Table 4.2 gives the main occupations of migrants in major destination countries, showing that, to a certain extent, imported skills are destination-specific. A small number of OFWs has found employment in a variety of destinations on every continent.

Over the past decade, the total outflow has grown steadily from 446,095 in 1990 to 867,969 in 2003 (see Table 4.3). This rise is sustained with the arrival of new markets and new occupations, as can be seen by the changes in distribution by occupation and by destination of outgoing workers. In 1980, virtually all outgoing OFWs were construction workers bound for the Middle East. Over the years, more and more female workers have found employment abroad and today, a significant proportion of domestic helpers, mainly female, are working in Western Europe. Professional and other white collar workers account for a relatively small number of migrants. A large proportion of OFWs who left on short employment contracts of one to two years has been able to renew them and stay longer. The large stock of OFWs abroad as compared to the annual

TABLE 4.1
ESTIMATED STOCKS OF FILIPINOS ABROAD, AS OF DECEMBER 2001

A. Country/Region	Permanent	Temporary	Irregular	Total
World Total	2,736,528	3,099,940	1,566,426	7,402,894
Africa	271	31,530	10,103	41,904
Egypt	53	1,018	1,400	2,471
Libya	75	4,350	485	4,910
Nigeria	18	10,500	1,500	12,018
Others	125	15,662	6,718	22,505
Asia (East and South)	70,349	826,782	360,527	1,257,658
Brunei	26	20,240	1,500	21,766
Hong Kong	404	171,485	2,000	173,889
Japan	65,647	138,522	36,379	240,548
Korea	1,510	12,018	13,000	26,528
Malaysia	310	58,233	167,936	226,479
Singapore	152	56,377	71,917	128,446
Taiwan	1,901	116,480	4,300	122,681
Others	399	253,427	63,495	317,321
Asia (Middle East)	1,546	1,233,325	123,332	1,358,203
Bahrain	61	26,356	5,000	31,417
Israel	41	9,058	21,136	30,235
Kuwait	92	53,067	10,000	63,159
Lebanon	19	19,825	5,500	25,344
Oman	18	18,551	1,500	20,069
Qatar	13	37,626	1,000	38,639
Saudi Arabia	239	897,000	18,000	915,239
UAE	373	128,604	38,000	166,977
Others	690	43,238	23,196	67,124
Europe	152,851	420,232	203,249	776,332
Austria	3,205	1,191	2,000	6,396
France	925	4,804	26,121	31,850
Germany	41,321	7,005	4,392	52,718
Greece	84	7,514	17,500	25,098
Italy	2,431	69,998	78,000	150,429
Netherlands	7,632	2,351	700	10,683
Spain	33,643	5,687	4,000	43,330
Switzerland	605	5,953	9,300	15,858
United Kingdom	45,889	15,767	8,344	70,000
Others	17,116	299,962	52,892	369,970
Americas/Trust Territories	2,291,311	286,793	848,879	3,426,983
Canada	338,561	21,146	4,000	363,707
United States	1,910,844	60,373	532,200	2,503,417
CNMI	80	16,205	3,705	19,990
Guam	41,541	434	2,025	44,000
Others	285	188,635	306,949	495,869

TABLE 4.1 (cont.)
ESTIMATED STOCKS OF FILIPINOS ABROAD, AS OF DECEMBER 2001

A. Country/Region	Permanent	Temporary	Irregular	Total
Oceania	220,200	46,009	20,336	286,545
Australia	204,075	687	2,041	206,803
New Zealand	16,045	236	100	16,381
Papua New Guinea	63	1,661	7,339	9,063
Others	17	43,425	10,856	54,298
Sea-based Total	-	255,269	-	255,269

Source: Commission on Overseas Filipinos, Department of Foreign Affairs.

TABLE 4.1 (cont.)
ESTIMATED STOCKS OF FILIPINOS ABROAD, AS OF DECEMBER 2001

B. Country(Region)	Occupation
Asia (East and South)	
Hong Kong	Domestic workers (~85%), electrical and electronics workers
Japan	Entertainers, production workers
Korea	Industrial trainees, production workers, entertainers
Malaysia*	Domestic workers (~80%), professionals, hotel and restaurant staff
Singapore	Domestic workers, entertainers, supervisory construction workers
Taiwan	Domestic workers, construction and production workers
Thailand	Professionals, hotel staff, entertainers, domestic workers
Asia (Middle East)	
Kuwait	Engineers, nurses, domestic workers, production and construction workers
Saudi Arabia	Professionals, domestic workers, and other service workers
UAE	Engineers, domestic workers, nurses, construction and production workers

* Author's own estimates by 31 December 1997.

Source: Commission on Overseas Filipinos in "The impact of the Asian crisis on Filipino employment prospects abroad", in W.R. Bohning, South East Asia and the Pacific Multidisciplinary Advisory Team SEAPAT, Working Paper 1, International Labour Office, Manila, 1998.

TABLE 4.2
NEW HIRED OFWs BY MAJOR OCCUPATIONAL GROUP, 1997-2002

	1997	1998	1999	2000	2001	2002
Professional	20,281	20,064	18,537	19,110	27,198	25,276
Other white collar	35,379	38,997	35,543	27,386	27,517	41,681
Blue collar	86,375	77,288	85,493	78,405	61,476	82,079
Domestic helpers	47,534	47,059	53,391	68,270	71,378	63,434
Entertainers	31,672	35,777	44,296	59,859	70,635	75,685
TOTAL	221,241	219,185	237,260	253,030	258,204	288,155

TABLE 4.3
TOTAL OFW DEPLOYMENT IN TERMS OF NEW HIRES AND
REHIRES AND DOMESTIC HELPERS, 1999-2002

Year	Grand Total	Total Sea-based	Total Land-based	% of Land-based to New Hires	% of Domestic Help to Total New Hires
1990	446,095	111,212	334,883	65.1	-
1991	602,452	125,759	476,693	61.5	-
1992	654,438	136,806	517,632	53.0	-
1993	655,411	145,758	509,653	49.8	-
1994	672,038	154,376	517,662	47.5	-
1995	602,285	165,401	436,884	44.8	-
1996	599,728	175,469	425,259	42.7	-
1997	747,696	188,469	559,227	39.7	-
1998	831,643	193,300	638,343	35.0	-
1999	837,020	196,689	640,331	37.1	22.5
2000	841,628	198,324	643,304	39.4	26.9
2001	867,599	204,951	662,648	41.0	26.3
2002	891,908	209,593	682,315	42.3	22.0
2003	867,969	216,031	651,938	-	16.6

Source: Philippine Overseas Employment Administration.

outflow supports this analysis. In fact, of the 891,908 departing OFWs in 2001, only 42.3% were new hires, and 57.7% were re hires (Table 4.3).

As stated in the Introduction, the risks faced by OFWs depend in part on their occupation and destination. Those working in North America face the lowest risks and enjoy the most privileges: the right to compete in the labour market for wages and guaranteed human rights in a green spacious environment. Those who have renewed their contracts might have done so because they have found their foreign employment agreeable, or perhaps the OFWs and their employers have formed a mutually satisfactory relationship with good conditions of employment. OFWs' income also varies widely: those in North America earning the highest wages, professionals earn more than manual workers, and tenured workers more than new hires. Those earning well do not require much financial assistance from OWWA (Tan, 2004).

For the Philippines, newly hired domestic workers are definitely the most vulnerable group. Unfortunately, the majority are employed in the more hazardous Middle East destinations. Entertainers and performing artists bound for Japan are also vulnerable to sexual harassment and violence, and irregular workers are more likely to experience contract violations. Table 4.4 gives details on complaints filed by OFWs for major destinations. The highest frequency of complaints is repatriation due to contract violations, physical assault, fraudulent jobs and other serious problems. Contract violations mostly relate to non-payment or delayed payment of salaries, below contract wages and other benefits. Physical abuse is less frequent, but nonetheless significant in number. Domestic helpers in the Middle East suffer proportionately more from these problems. There have been occasional reports of physical violence in the media in Singapore

TABLE 4.4
COMPLAINTS FILED BY LAND-BASED OFWs, 1997-1999

	Total			Middle East			Saudi Arabia		
	1997	1998	1999	1997	1998	1999	1997	1998	1999
Incidents									
Death	56	51	58	22	34	42	21	32	38
Maltreatment	67	41	31	55	29	25	24	18	15
Contract violation									
Non-payment of salary	94	109	46	74	91	21	56	69	-
Delayed payment, short payment, etc.	56	57	128	42	46	90	32	43	64
Sexual assault	16	1	-	7	1	-	3	-	-
Repatriation	167	374	709	138	310	631	85	257	556
Stranded	71	38	33	67	28	23	56	25	16
Jailed	83	-	-	40	-	-	29	-	-
Lost contacts	194	149	97	156	113	77	96	80	53
TOTAL	960	926	1,164	717	722	954	495	579	

	North-East Asia			Taiwan			Malaysia, Indonesia Brunei, Sabah		
	1997	1998	1999	1997	1998	1999	1997	1998	1999
Incidents									
Death	13	10	12	6	8	8	15	1	1
Maltreatment	3	8	3	1	3	2	4	2	2
Contract violation									
Non-payment of salary	5	12	5	3	7	3	7	3	7
Delayed payment, short payment, etc.	1	5	9	1	5	6	-	2	24
Sexual assault	9	-	-	5	-	-	-	-	-
Repatriation	15	29	36	4	18	23	16	10	11
Stranded	-	8	2	-	3	1	2	-	-
Jailed	17	-	-	3	-	-	16	-	-
Lost contacts	12	19	9	3	5	6	18	8	7
TOTAL	89	93	92	45	55	61	97	31	53

Source: Philippine Overseas Employment Administration, unpublished.

and Hong Kong, but they are relatively infrequent and the offenders are promptly punished. Table 4.5 gives information on cases reported to OWWA. In 2002, contract violations numbered 2,360 (40.3%) and abuse and maltreatment 2,728 (46.6%). More deaths were reported than were given insurance benefits.

TABLE 4.5
OWWA WELFARE CASES REPORTED, 1999-2002

Case Type	1999	% Total	2000	% Total	2001	% Total	2002	% Total	Total per Case	% Total
1. Contract violation	1,860	47.0	1,761	39.9	2,589	45.2	2,360	40.3	8,570	42.9
2. Abuse and maltreatment	1,685	42.6	2,122	48.0	2,511	43.8	2,728	46.6	9,046	45.3
3. Human remains	409	10.3	534	12.1	627	10.9	771	13.2	2,341	11.7
TOTAL	3,954	-	4,417	-	5,727	-	5,859	-	19,957	-

Source: Overseas Workers Welfare Administration.

4.2 Services rendered by OWWA

OWWA provides services mainly, but not exclusively, to its members. These services include: (1) insurance for death, disability, and health care; (2) education and training; (3) loan programme for pre-departure expenses and livelihood enterprise for returning OFWs and their families. The reintegration programme for returning OFWs incorporates community organizing and capacity-building. Livelihood loans are offered to ex-OFWs through existing special lending agencies. Job site assistance includes providing medical and legal help as well as psychosocial counselling and is available from the overseas workers' centres maintained by the OWWA.

The number of insurance claims filed by OFWs for death, disability and health care are shown in Table 4.6. The OWWA provides basically the same health benefits as the Philippine Health Insurance System (PhilHealth), except in the event of catastrophe where an OFW can receive twice as much in benefits. The number covered by health insurance is less than the total membership since OFWs who are Social Security Security (SSS) members are already eligible for the PhilHealth (national) insurance (Table 4.7).

The number of OFWs claiming and obtaining insurance benefits is small in relation to the total membership and much less relative to the total stock of OFW. Close to 3,000 OFWs or an annual average of 588 persons received death and disability benefits during the 1999-2003 period. A large proportion of the claims were for natural death totalling 1,891. Claims for accidental death were relatively few, though they rose from 106 in 1999 to 178 in 2003. More died from natural causes with the number rising from 164 in 1999 to 559 in 2003. The large increase in the death claims and even in disability claims was possibly partly a statistical phenomenon, explained by the lower membership and the much lower death benefit provided in early years. Prior to 2001, death benefits were fixed at only P50,000 (US\$ 990) for land-based, and P25, 000 for seamen, irrespective of cause. Disability benefits were also much lower at P2,500 to P50,000 for land-based and P1,250 to P25,000 for seamen. The rationale for the difference in benefits for land-based and sea-based worker was questioned in an earlier paper (Tan, 2002). Under the new rules introduced in 2001, seamen and land-based workers receive the same benefits. The number claiming medical benefits was very much larger than for death or disability and ran to several

TABLE 4.6
INSURANCE CLAIMS BY OWWA MEMBERS, 1998-2004
A. DEATH AND DISABILITY

Year	Accidental Death						Natural Death					
	Land-based			Sea-based			Land-based			Sea-based		
	No.	PhP (000)	Amount US\$ (000)	No.	PhP (000)	Amount US\$ (000)	No.	PhP (000)	Amount US\$ (000)	No.	PhP (000)	Amount US\$ (000)
July-Dec 1998	1	120	3	8	560	14	1	70	2	5	225	6
1999	34	4,080	104	72	5,040	129	87	6,090	156	77	3,465	89
2000	65	7,260	164	101	6,025	136	174	12,180	276	131	5,940	134
2001	67	8,040	158	96	6,720	132	244	17,010	334	165	7,415	145
2002	75	8,780	170	88	6,160	119	277	18,812	365	177	8,168	158
2003	93	13,260	245	85	8,270	153	422	33,310	615	137	8,355	154
Jan-Mar 2004	30	6,280	112	38	7,760	138	126	14,380	256	34	3,885	69

Year	Medical Reimbursement						Disability/Dismemberment					
	Land-based			Sea-based			Land-based			Sea-based		
	No.	PhP (000)	Amount US\$ (000)	No.	PhP (000)	Amount US\$ (000)	No.	PhP (000)	Amount US\$ (000)	No.	PhP (000)	Amount US\$ (000)
July-Dec 1998	39	186.5	5	142	360	9	0	0	0	1	3.8	0.1
1999	429	1,724	44	2,090	5,465	140	7	225	6	12	108.8	3
2000	659	2,602	59	2,996	8,107.5	183	16	382.8	9	30	331.3	7
2001	757	3,089.5	61	2,751	7,746.5	152	24	668	13	19	256.5	5
2002	931	4,197.5	81	2,592	7,923	154	24	640	12	38	443.8	9
2003	1,413	6,774	125	2,686	8,631	159	49	1,315.5	24	55	600.8	11
Jan-Mar 2004	91	423	8	115	393	7	18	297.5	5	14	289.5	5

Source: Overseas Workers Welfare Administration.

TABLE 4.7
OWWA MEDICARE PROGRAMME, 1997-2003
B. HEALTH CARE

	1997	1998	1999	2000	2001	2002	2003	Total
Memberships	391,984	390,788	402,618	397,780	471,521	495,856	509,917	3,770,808
No. of in-patient claims paid	9,139	11,958	14,170	18,428	26,225	32,885	36,303	157,084
No. of out-patient claims paid	NA	NA	NA	NA	NA	NA	NA	NA
Value of in-patient claims (PhP '000)	36,947	56,709	74,253	133,217	184,638	243,093	265,144	1,020,611
Paid (US \$ '000)	1,253.7	1,386.8	1,899.6	3,014.5	3,620.8	4,710.7	4,891.5	23,094.9
Value of out-patient claims (PhP '000)	0	0	833	12,082	14,217	11,552	9,187	47,873
Paid (US \$ '000)	0	0	21.3	273.4	278.8	223.9	169.5	1,083.3
Total claims/ Availments (P '000)	36,947	56,709	75,087	145,299	198,856	254,645	274,332	1,068,483
(US \$ '000)	1253.7	1386.8	1920.9	3287.9	3899.7	4934.6	5061.0	24,178.2
Per capita benefits, in-patient (PhP '000)	4,043	4,742	5,240	7,229	7,041	7,392	7,304	6,497
(US \$ '000)	137.2	116.0	134.1	163.6	138.1	143.2	134.7	147.0
Per capita benefits, outpatient	NA	NA	NA	NA	NA	NA	NA	NA

Source: Overseas Workers Welfare Administration.

thousands per year. The number of beneficiaries rose quite rapidly from 9,139 in 1997 to 36,303 in 2003 (Table 4.7).

Table 4.8 reports the number of workers who benefited from repatriation, legal assistance and emergency assistance to families. OWWA assists and pays for repatriation arising from terminated contracts caused by unsettled contract violations, physical violence, and other serious problems. All OFWs, including non-members, qualify for this benefit. Several thousands of workers have been assisted though the numbers fluctuate from year to year ranging from 126 in 2003 to 2,038 in 1997. The trend is encouragingly downward. More than 18,000 were repatriated in 1997, but only 3,955 in 1999. Legal assistance is likewise available to all OFWs and thousands have taken advantage of this service but here again the numbers fluctuate widely. In 1997, 3,057 were provided legal assistance, rising to 11,315 in 2002, 3,600 in 2003. Much fewer OFWs were granted loans averaging 571 per year over 1997-2001.

The conduct of pre-departure orientation seminars (PDOS) is another important service that the OWWA is mandated to render. Before January 2003, the POEA handled the seminars but since then the responsibility for PDOS has been transferred to the OWWA. It assigns PDOS to placement agents and non-government organizations but it prepares the materials for PDOS and sets standard qualifications and conducts training for trainers. The new PDOS curriculum encourages group discussion and participation together with greater use of visual aids. In June 2004, the OWWA collaborated with International Organization for Migration (IOM) in preparing instructional video material.

The benefits which OFWs receive at the job site are distributed through the OWWA workers centres in major destination cities and the country's foreign missions. The OWWA supports the operations of 28 such centres (see Table 4.9 for locations of these centres). It also operates OFW desks at the country's international airports. It appears that these on-site services have been efficiently and adequately provided, since the list of complaints filed by OFWs does not include dissatisfaction with any of these services.

TABLE 4.8
REPATRIATION, LEGAL ASSISTANCE, OTHER ASSISTANCE, 1997-2003

	1997	1998	1999	2000	2001	2002	2003
A. Repatriation Programme							
Repatriation	2,038	1,373	868	817	1,246	667	126
Airport assistance	766	758	3,019	5,518	3,953	3,924	4,410
B. Legal Assistance							
No. of OFWs assisted	3,057	3,467	8,206	3,637	5,253	11,315	3,600
C. Family Assistance Loan							
No. of beneficiaries	669	439	537	727	484	NA	NA
Amount released	P 2,459,640 (\$ 83,460)	P 2,029,970 (\$ 49,641)	P 3,867,040 (\$ 98,929)	P 1,822,780 (\$ 41,247)	P 2,172,396 (\$ 42,602)	NA	NA

Source: Overseas Workers Welfare Administration.

TABLE 4.9
OWWA'S WORKERS' CENTRES AND STAFF

Post	No. of Welfare Officers (WELOFs)	No. of Administrative Assistants	No. of Interpreters	Total Staff
Asia				34
1. Hong Kong	2	6	0	8
2. Singapore	2	1	0	3
3. Tokyo, Japan	1	1	1	3
4. Osaka, Japan	1	0	1	2
5. Brunei	1	2	0	3
6. Korea	1	1	1	3
7. Malaysia	1	1	0	2
8. Taipei, Taiwan	1	2	1	4
9. Kaohsiung, Taiwan	1	1	0	2
10. Taichung, Taiwan	1	2	1	4
Europe/America				9
11. Rome, Italy	1	1	0	2
12. Milan, Italy	1	1	0	2
13. Athens, Greece	1	1	0	2
14. Madrid, Spain	1	0	0	1
15. Saipan, CNMI	1	1	0	2
Middle East/ Africa				59
16. Riyadh, KSA	1	5	4	10
17. Onaizah, Riyadh, KSA	1	2	0	3
18. Jeddah, KSA	1	5	2	8
19. Al-Khobar, KSA	1	3	3	7
20. Doha, Qatar	1	1	2	4
21. Kuwait	1	4	2	7
22. Tel-aviv, Israel	1	0	0	1
23. Abu Dhabi, UAE	1	2	2	5
24. Dubai, UAE	0	2	3	5
25. Bahrain	1	1	0	2
26. Oman	1	2	1	4
27. Tripoli, Libya	0	1	0	1
28. Beirut, Lebanon	1	1	0	2
TOTAL	28	50	24	102

Source: Overseas Workers Welfare Administration.

4.3 Scholarship programmes

The OWWA has created three educational and training programme scholarships and a skills upgrading programme for sea-based workers:

TABLE 4.10

EDUCATIONAL PROGRAMME OF OWWA, 1993-2003

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	TOTAL
School												
1. Interface Computer College	435	467	544	669	532	645	1,195	1,182	1,466	969	1,089	9,193
2. EARN	524	422	664	702	738	430	473	355	270	401	539	5,518
3. TESDA	134	160	232	352	471	83	-	-	-	-	-	1,432
4. Meralco Foundation	107	93	124	228	296	203	543	1,378	1,368	1,247	1,499	7,086
5. Don Bosco	10	15	15	5	5	28	16	18	29	47	134	322
6. De La Salle, Cavite	15	12	10	-	-	-	-	-	-	-	-	37
7. DPSI	-	-	-	-	-	-	22	181	102	112	64	481
8. 1st Web Academy	-	-	-	-	-	-	-	-	1	57	67	125
9. Nova Computer College	-	-	-	-	-	-	-	546	-	-	-	546
TOTAL	1,225	1,169	1,589	1,956	2,042	1,389	2,249	3,660	3,236	2,833	3,392	24,740
Training Centre												
1. Welding Industries of the Phil.	724	955	618	966	837	609	534	577	505	514	800	7,639
2. Don Bosco Youth Center	269	251	263	266	227	257	224	250	259	210	312	2,788
3. Maya Kitchen	314	378	419	444	411	390	550	530	489	312	395	4,632
4. MARITAS- INMARSAT/GMDSS	-	-	2,766	1,870	1,341	957	714	475	495	728	737	10,083
MARPOL I and II	-	-	-	-	-	-	-	-	125	240	932	1,297
MEFA	-	-	-	-	-	-	-	-	166	199	180	545
REOC	-	-	-	-	-	-	25	27	86	221	36	395
5. FAME	-	62	236	220	542	668	650	257	-	68	157	2,860
6. PNIT	-	-	-	-	-	-	-	-	15	118	351	484
7. MTCP	-	-	-	-	-	-	-	-	229	18	-	247
8. NMP	1,423	1,102	625	496	841	744	550	491	286	203	603	7,364
9. Consolidated Marine Res. Found.	-	281	286	-	-	-	-	-	-	-	-	567
10. Unitor/NTC	50	95	63	-	-	-	-	-	-	-	-	208
TOTAL	2,780	3,124	5,276	4,262	4,199	3,625	3,247	2,607	2,655	2,831	4,503	39,109

Source: Overseas Workers Welfare Administration.

1) **The Skills-for-Employment Scholarship Programme (SESP)** consists of a six- or 12-month technical programme and is implemented in coordination with the Technical Education and Skills Development Authority (TESDA), an attached agency of the Department of Labour and Employment (DOLE). To benefit from this programme, an OFW, dependent or beneficiary must pass the TESDA qualifying examination. The grantee may enrol in any TESDA-registered programme upon receipt of the scholarship voucher. After completing the course, the grantee undergoes competency assessment and certification by TESDA or an accredited testing centre. The registered programmes are offered by the better quality vocational-technical schools.

2) **The Education for Development Scholarship Programme (EDSP)** is a new scholarship programme for university and college education. It is expected that 100 new scholars will be selected each year through a national competitive examination jointly conducted by the OWWA and the Department of Science and Technology (DOST). The scholarship provides a grant of P30,000 (US\$ 536) for tuition fees per semester, paid directly to the school. The grantee may choose any field of study and enrol in any Commission at any Higher Education (CHED) or accredited college or university (see Table 4.10).

3) **The Congressional Migrant Workers Scholarship Programme (CMWSF)** was established by the Congress using funds raised by the Philippine Charity Sweepstakes Office. In the first four years (2000-2003), 648 scholarships have been granted. Scholars are required to enrol in science and technology courses in schools accredited by the Commission on Higher Education. Applicants are screened by the Department of Science and Technology under the same procedures as for other DST science and technology scholarships.

4) **The Seafarers' Upgrading Programme (SUP)** provides for upgrading in skills of evident demand in the international maritime market. The SUP is conducted in coordination with training centres recognized by the Maritime Training Council (MTC). Beneficiaries must be OWWA members. The training course usually lasts one to two weeks.

4.4 Livelihood programmes

The OWWA provides livelihood programmes as part of its reintegration programme for OFWs. Its pilot livelihood programme was implemented in 1987 with the Technology and Livelihood Resource Centre (TLRC) (see Table 4.11). OWWA evaluated loan applications while TLRC arranged for funding and credit assistance. In 1988, OWWA's credit lending programme was renamed the Re-entry Programme for OCWs thru Entrepreneurship Mediation (REPROEM). Under REPROEM, returning OFWs are provided with technical assistance, education and skills training, and credit facility. The programme has since been renamed the Expanded Livelihood Programme (ELP).

The ELP may be used to finance four types of projects:

- 1) **Trading projects:** sari-sari stores, food vending, fruit and vegetable sales, garments trade, rice/grains retailing;
- 2) **Agribusiness:** mushroom culture, prawn or bangus production, cut flower and orchids, goat herds, cattle raising, poultry and piggery;

TABLE 4.11
LIVELIHOOD PROGRAMME OF OWWA, 1997- 2003

	1997	1998	1999	2000	2001	2002	2003
1. Expanded Livelihood Programme							
No. of projects approved	521	639	99	644	566	538	123
No. of loans released	239	129	627	644	535	NA	NA
Amount released (P '000)	16,201	21,286	18,238	22,275	38,061	26,493	10,773
Amount released (US\$ '000)	549.7	520.5	466.6	504.1	746.4	513.4	198.7
Per capita loan value	67,787	165,008	29,088	34,589	71,142	NA	NA
No. of beneficiaries	2,300.1	4,035.1	744.1	782.7	1,395.1	-	-
Employment generated	649	646	771	812	941	409	101
	745	1,065	1,232	1,135	976	918	331
2. Family Assistance Loan							
No. of beneficiaries	669	439	537	727	484	NA	NA
Amount released (P '000)	2,460	2,030	3,867	1,823	2,172	NA	NA
Amount released (US\$ '000)	83.5	49.6	98.9	41.3	42.6	-	-
Per capita loan value	3,677	4,624	7,201	2,508	4,488	NA	NA
	124.8	113.1	184.2	56.8	88.0		

Source: Overseas Workers Welfare Administration.

- 3) **Manufacturing:** leathercrafts, soap, fish sauce production, noodles factory, food preservation; and,
- 4) **Services:** vulcanizing and welding shops, passenger tricycle, pedicabs, taxi, bus, jeep operations; beauty parlour, barber shop.

According to a study of the loan programme commissioned by the OWWA, 5,466 projects had been funded between 1989 and 1994, benefiting 6,609 individuals and generating 12,000 jobs. Most projects were in the service (42%) and trading sectors (38%). Most credits were granted to people living in the National Capital Region (NCR) and the nearby regions of Southern Tagalog, Ilocos, and Central Luzon. Of 149 projects surveyed, only 94 (63%) were still ongoing, 40 (27%) had been terminated and 15 (10%) had stopped for various reasons. Major causes of project failure or termination were: (1) utilization of working capital for other needs or emergency needs such as hospitalization and funeral expenses; (2) lack of managerial expertise; (3) insufficient income from projects for household needs.

The survival rate were highest for projects related to service sectors (75%), while the highest mortality rate was on the manufacturing sector (55%) and agribusiness (52%). For manufacturing projects, the main difficulty was inadequacy of working capital. By nature, agribusiness is relatively risky compared to others and requires a longer gestation period. It is prone to a host of problems, such as calamities and fluctuations in the cost of raw materials and in market prices for products.

For the most part, repayments rates are below the pass mark of 70%. In only five out of 14 regions were beneficiaries able to repay their loans on time. There was also a very low rate of access to ELP loans in the country's 21 poorest provinces. Micro-enterprise projects had a repayment rate of 45%, small-enterprises 26%, and group projects 0%. This is disturbing since the amount of loans available for group projects is more substantial than for the other four groups.

Monitoring of projects was reported to be either irregular or non-existent. Loan collection was not actively carried out by the OWWA, usually through notices or on-the-spot visits. Moreover, of 10 borrowers, six did not receive project-related assistance for training and project management.

In 2003, the OWWA started to outsource the Livelihood Development Programme for Overseas Filipino Workers (LDPO) to the National Livelihood Support Fund (NLSF). The LDPO replaces ELDP and provides funding for OFWs through the NLSF's network. Individuals can obtain a maximum amount of P200,000 (US\$ 3,571), while groups can apply for a maximum amount of P1 million (US\$ 17,857). Loans must be fully secured by collateral and the OFW-borrower is required to hold at least 15% of the project's equity. Reloan opportunities are available to individual applicants with satisfactory payment records. NLSF provides loans through non-government organizations (NGOs) for self-help livelihood projects in poor and depressed communities. The NGOs are required to keep their interest rates below the maximum of 9%. The OWWA provides NLSF with P100 million (US\$ 1.8 million) as a counterpart lending fund. It charges 3% for its exposure to NLSF. As programme manager, NLSF is entitled to a management fee equivalent to 50% of collected interest earnings and penalty fees, and the income from investment of unutilized funds.

TABLE 4.12
PHILIPPINE OVERSEAS WORKERS WELFARE FUND, BALANCE SHEET IN PESOS, END OF 1998-2003

	1998	1999	2000	2001	2002	2003
Current assets						
Cash	519,066,403	507,330,179	452,294,781	574,310,548	593,421,376	566,016,354
Short term investments	1,168,203,636	1,304,911,685	1,597,314,966	1,636,071,713	2,121,440,120	2,377,371,112
Receivables	270,226,182	418,583,758	332,277,756	383,113,275	589,761,964	666,901,783
Inventories	4,352,524	6,255,114	5,464,020	7,759,680	8,475,180	12,254,705
Total current asset	2,057,519,851	2,237,080,737	2,387,351,524	2,601,255,216	3,526,685,893	3,878,543,471
Non-current assets						
Other assets	6,394,245	4,816,586	8,076,681	5,586,948	1,396,890	1,454,180
Contingent assets	11,569,856	11,583,128	11,611,078	50,804,081	39,951,917	39,988,090
Fixed assets	275,723,991	273,768,247	282,822,155	287,153,869	283,859,049	282,303,060
Total non-current assets	293,688,092	290,167,961	302,509,914	343,544,898	290,167,961	290,167,961
Total asset	2,351,207,943	2,527,248,698	2,689,861,438	2,944,800,115	3,638,306,498	4,202,288,802
Ratios:						
Fund balance/Current assets	107.8	108.4	106.1	103.9	97.9	103.3
Current liabilities/Current assets	5.5	3.4	5.2	6.6	3.3	3.3

TABLE 4.12 (cont.)
PHILIPPINE OVERSEAS WORKERS WELFARE FUND, BALANCE SHEET IN PESOS, END OF 1998-2003

	1998	1999	2000	2001	2002	2003
Current liabilities						
Account payable-Home office	-	-	-	114,321,825	-	-
Account payable	8,328,373	20,451,918	31,898,688	23,410,350	30,069,958	31,061,163
Obligations incurred	0	0	0		58,375,865	74,980,949
Trust liabilities	105,802,946	56,064,679	94,118,951	34,505,446	27,006,087	21,784,169
Total current liabilities	114,131,319	76,516,597	126,017,639	172,237,621	115,451,909	127,826,281
Other liabilities	6,242,063	4,207,804	3,987,998	3,873,571	4,022,811	4,261,161
Total liabilities	120,373,383	80,724,401	130,005,637	176,111,192	119,474,720	132,087,442
Fund balance/Capital						
Contingent capital	3,550,729	3,494,353	3,346,053	42,572,507	39,690,573	39,781,559
Fund balance	2,203,368,355	2,419,229,967	2,532,075,518	2,701,760,186	3,454,248,988	4,006,063,573
Appraised capital	23,799,976	23,799,976	23,911,202	23,911,202	23,911,202	23,911,202
Donated capital	115,500	0	523,027	445,027	981,014	445,027
Total fund balance/Capital	2,230,834,561	2,446,524,297	2,559,855,800	2,768,688,922	3,518,831,778	4,070,201,361
Total liabilities and fund balance	2,351,207,943	2,527,248,698	2,689,861,438	2,944,800,114	3,638,308,498	4,202,288,802

Source: Overseas Workers Welfare Administration.

TABLE 4.12 (cont.)
PHILIPPINE OVERSEAS WORKERS WELFARE FUND, BALANCE SHEET IN PESOS, END OF 1998-2003
IN US\$

	1998	1999	2000	2001	2002	2003
Current assets						
Cash	12,693,283	12,978,848	10,234,766	11,262,537	11,499,523	10,442,143
Short-term investments	28,567,325	33,383,092	36,144,890	32,084,241	41,109,994	43,858,890
Receivables	6,608,128	10,708,480	7,518,957	7,513,056	11,428,609	12,303,326
Inventories	106,437	160,022	123,643	152,171	164,235	226,081
Total current asset	50,314,720	57,230,442	54,022,256	51,012,006	68,341,328	71,553,242
Non-current assets						
Other assets	156,365	123,221	182,763	109,563	27,069	26,827
Contingent assets	282,930	296,327	262,742	996,295	774,202	737,720
Fixed assets	6,742,572	7,003,716	6,399,850	5,631,241	5,500,718	5,208,063
Total non-current assets	7,181,867	7,423,264	6,845,355	6,737,099	5,622,974	5,353,159
Total asset	57,496,587	64,653,706	60,867,610	57,749,105	70,504,350	77,525,852
Ratios:						
Fund balance/Current assets	107.8	108.4	106.1	103.9	97.9	103.3
Current liabilities/Current assets	5.5	3.4	5.2	6.6	3.3	3.3

TABLE 4.12 (cont.)
 PHILIPPINE OVERSEAS WORKERS WELFARE FUND, BALANCE SHEET IN PESOS, END OF 1998-2003
 IN US\$

	1998	1999	2000	2001	2002	2003
Current liabilities						
Account payable-Home office	-	-	-	2,241,912	-	-
Account payable	203,663	523,214	721,820	459,089	582,706	573,031
Obligations incurred	0	0	0	-	1,131,228	1,383,285
Trust liabilities	2,587,312	1,434,283	2,129,774	676,670	523,333	401,885
Total current liabilities	2,790,974	1,957,497	2,851,594	3,377,672	2,237,267	2,358,201
Other liabilities	152,644	107,647	90,243	75,963	77,955	78,612
Total liabilities	2,943,618	2,065,144	2,941,836	3,453,635	2,315,222	2,436,813
Fund balance/Capital						
Contingent capital	86,830	89,395	75,716	834,870	769,138	733,909
Fund balance	53,881,309	61,890,301	57,297,147	52,982,962	66,937,621	73,905,794
Appraised capital	582,006	608,866	541,075	468,911	463,359	441,125
Donated capital	2,824	0	11,835	8,727	19,010	8,210
Total fund balance/ Capital	54,552,969	62,588,562	57,925,774	54,295,470	68,189,128	75,089,039
Total liabilities and fund balance	57,496,587	64,653,706	60,867,610	57,749,105	70,504,389	77,525,852

Source: Overseas Workers Welfare Administration.

TABLE 4.13
PHILIPPINE OVERSEAS WORKERS WELFARE FUND
STATEMENT OF INCOME AND EXPENDITURES IN PESOS, 1998-2003

	1998	% of Total	1999	% of Total	2000	% of Total
Income						
Fee collections	483,582,354	67.7	501,195,208	71.3	550,378,847	74.2
Interest income	158,145,117	22.1	145,755,369	20.7	153,225,302	20.7
Income from investment						
Other income	76,725,039	10.7	55,707,371	8.0	37,509,602	5.1
Total income	718,452,510	100	702,657,948	100	741,113,752	100
Expenses						
Operating expenses	238,969,317	73.1	292,097,978	76.2	339,513,689	71.7
Projects and programmes	85,004,359	26.0	88,637,716	23.1	130,452,717	27.5
Other expenses	3,419,055	1.0	2,686,513	0.7	3,777,204	0.8
Furniture, fixtures, equipment						
Total expenses	327,392,731	100	383,422,207	100	473,743,610	100
Excess of income over expenses	391,059,779		319,235,741		267,370,141	
Net Income or surplus/ Total income (%)	-	54.4	-	45.4	-	36.1
Fund balance	2,203,368,355	-	2,419,229,967	-	2,532,075,518	-

TABLE 4.13 (cont.)
 PHILIPPINE OVERSEAS WORKERS WELFARE FUND
 STATEMENT OF INCOME AND EXPENDITURES IN PESOS, 1998-2003

	2001	% of Total	2002	% of Total	2003	% of Total
Income						
Fee collections	690,197,530	85.0	1,003,817,695	71.8	992,143,990	84.7
Interest income	115,742,950	14.3	9,708,366	0.7	7,115,164	0.6
Income from investment			138,182,052	9.9	163,613,539	14.0
Other income	6,028,351	0.7	246,983,812	17.7	9,067,229	0.8
Total income	811,968,831	100	1,398,691,926	100	1,171,939,922	100
Expenses						
Operating expenses	415,443,525	72.7	395,608,743	67.1	399,011,607	65.7
Projects and programmes	153,877,862	13.5	189,841,104	32.2	209,249,058	34.4
Other expenses	2,295,242	0.2	2,881,472	0.5	985,786	0.2
Furniture, fixtures, equipment	-	-	902,872	0.2	-	-
Total expenses	571,616,629	100	589,234,192	100	607,274,879	100
Excess of income over expenses	240,352,201		809,457,735		564,665,044	
Net income or surplus/ Total income (%)	-	29.6	-	57.8	-	48.2
Fund balance	2,701,760,186	-	3,454,248,988	-	4,006,063,573	-

Source: Overseas Workers Welfare Administration.

TABLE 4.13 (cont.)

PHILIPPINE OVERSEAS WORKERS WELFARE FUND
STATEMENT OF INCOME AND EXPENDITURES IN PESOS, 1998-2003
IN US\$

	1998	% of Total	1999	% of Total	2000	% of Total
Income						
Fee collections	11,825,553	67.7	12,821,899	71.3	12,454,264	74.2
Interest income	3,867,291	22.1	3,728,808	20.7	3,467,263	20.7
Income from investment						
Other income	1,876,239	10.7	1,425,142	8.0	848,787	5.1
Total income	17,569,083	100	17,975,849	100	16,770,315	100
Expenses						
Operating expenses	5,843,771	73.1	7,472,639	76.2	7,682,696	71.7
Projects and programmes	2,078,702	26.0	2,267,587	23.1	2,951,953	27.5
Other expenses	83,610	1.0	68,728	0.7	85,473	0.8
Furniture, fixtures, equipment	-	-	-	-	-	-
Total expenses	8,006,082	100	9,808,954	100	10,720,122	100
Excess of income over expenses	9,563,000	-	8,166,895	-	6,050,193	-
Net Income or surplus/ Total income (%)	-	54.4	-	45.4	-	36.1
Fund balance	53,881,309	-	61,890,301	-	57,297,147	-

TABLE 4.13 (cont.)
 PHILIPPINE OVERSEAS WORKERS WELFARE FUND
 STATEMENT OF INCOME AND EXPENDITURES IN PESOS, 1998-2003
 IN US\$

	2001	% of Total	2002	% of Total	2003	% of Total
Income						
Fee collections	13,535,143	85.0	19,452,323	71.8	18,303,551	84.7
Interest income	2,269,781	14.3	188,132	0.7	131,264	0.6
Income from investment	-	-	2,677,739	9.9	3,018,422	14.0
Other income	118,219	0.7	4,786,137	17.7	167,277	0.8
Total income	15,923,143	100	27,104,332	100	21,620,513	100
Expenses						
Operating expenses	8,147,070	72.7	7,666,242	67.1	7,361,159	65.7
Projects and programmes	3,017,627	13.5	3,678,806	32.2	3,860,328	34.4
Other expenses	45,011	0.2	55,838	0.5	18,186	0.2
Furniture, fixtures, equipment	-	-	17,496	0.2	-	-
Total expenses	11,209,708	100	11,418,382	100	11,203,300	100
Excess of income over expenses	4,713,435	-	15,685,949	-	10,417,213	-
Net Income or surplus/ Total income (%)	-	29.6	-	57.8	-	48.2
Fund balance	52,982,962	-	66,937,621	-	73,905,794	-

Source: Overseas Workers Welfare Administration.

The OWWA assists in identifying, initial screening of prospective OFW or OFW family-borrowers, and providing training and counselling services. The NLSF acts, manages and implements the programme through its accredited conduits. The NLSF conduits implement their own project evaluation and implementation monitoring system. This lending scheme is still relatively new.

4.5 Financial accounts

The statement of income and expenditure for 1998 to 2003 reveals the way in which the OWWA has managed its resources and served OFWs (see Table 4.13). The following observations can be made:

- 1) Collection of fees from the outgoing OFWs and those abroad increased quite rapidly over the period, from 3.6% in 1998-1999 to 45.4% in 2001-2002. For 2002-2003, the rate remained stable. As the outflow increased at less than 5% during these years, this indicates an increase in the rate of membership.
- 2) Income vastly exceeded expenditure throughout this period with the ratio of surplus to total income averaging 45.3%. In 2002, the ratio rose to 57.8% and, in 2003, at 48.2%. The surplus is added to the OWWA's equity.
- 3) Much of the expenditure is allocated to administrative and operating costs. Over the 1998-2003 period, these items absorbed more than 70% of total expenditure, though this figure declined in the last two years. The OWWA's new chairperson may have introduced cuts in administrative and operating costs. The 2003 OWWA Omnibus Policies introduced a cap on these costs at 50% of total expenditure.
- 4) The cost of programmes and services averaged only 25.5% in 1998-2000, but has gradually increased since then, reaching 34.4% in 2003, less than the amount spent on administrative and operating costs.
- 5) Expenditure on programmes is broken down into services. The payments for death insurance benefits plus related burial expenses absorbed 28.3% and 22.4%, respectively, or a total of 50.7% in 2002. Relatively more were spent for these services in 2001, totalling 57.2%. Education and training also absorbed a substantial share of expenditure: in 2001, this item accounted for 20.6% and in 2003, 16.9% of expenditure. Repatriation costs were relatively low at only 2.6% in 2000 and 5.8% in 2003.

The OWWA has been accumulating surplus (income – expenditure). Its balance sheet shows a high fund balance to total asset ratio of close to 100% over the 1998-2003 period. Its current liabilities compared to total assets ratio was 3.3% in 2002 and 2003, higher than in previous years but still low, and averaging 5.2% in 1998-2001 period.

The OWWA has been conservative in its spending on services and has accumulated large surpluses. It was not frugal in spending on administration and operations. These costs were higher than expenditure on programmes and services. The OWWA can consider expanding some of its services without incurring additional administrative and operating costs: for example, on its educational programme and information campaign. It could pay higher insurance benefits, especially for death, as the maximum death benefit of P200,000 (US\$ 3,571) represents only a few years' income for the victim. It could also economize on these insurance policies by channelling

its death, disability and health insurance through existing public and private institutions which specialize in these services.

ENDNOTES

1. For example, the interest subsidy of 8% of a loan value of say R200,000 is only R16,000 per year.
2. Under Martial Law of President Marcos, 1972-1985, the Congress was dissolved and laws were made by personal decree. During that period, laws were referred to as Decrees. Letters of instructions are not laws and may be changed any time.
3. Now only worth US\$ 22.80 because of currency depreciation.
4. Under the Rules and Regulations of the 1980 Decree, the insurance premium of US\$ 25 was to be paid by the employers. Apparently collecting from employers proved impractical and as a result, no mechanism has been put in place to ensure collection of fees from employers.

**POLICIES AND INSTITUTIONS
FOR TRAINING AND SKILLS DEVELOPMENT
OF MIGRANT LABOUR**

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ABBREVIATIONS

CHED	Commission on Higher Education
DepEd	Department of Education
ET	Education/Training
ET-L	Education/Training-Labour
ETEEAP	Expanded Tertiary Education Equivalency and Accreditation Program
GDP	Gross domestic product
HEI	Higher educational institution
ICT	Information and communications technology
LDCs	Least developed countries
LGUs	Local government units
MLSD	Middle level skills development
MTC	Maritime Training Council
MTDP	Medium Term Development Plan
NMYC	National Manpower Youth Council
OECD	Organisation for Economic Co-operation and Development
OJT	On-the-job training
POEA	Philippine Overseas Employment Administration
PRC	Professional Regulation Commission
R&D	Research and Development
S&T	Science and Technology
STCW	Standard of Training, Certification and Watch-keeping
TESDA	Technical Education and Skills Development Authority
TVET	Technical vocational education training
UK	United Kingdom
UKCC	United Kingdom Central Council for Nursing, Midwifery and Health Visiting
US	United States

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POLICIES AND INSTITUTIONS FOR TRAINING AND SKILLS DEVELOPMENT OF MIGRANT LABOUR

1. INTRODUCTION

Hundreds of thousands of workers from India, Indonesia, Pakistan, Sri Lanka, Thailand and the Philippines have ventured into foreign labour markets seeking work and higher wages. The large-scale flow of migrant labour that began in the mid-1970s, initially to the Middle East, has continued to this day. Migrants offering a wide range of skills have found employment in a variety of destinations. The more advanced economies of Asia now employ factory workers, healthcare workers, and housemaids. The US has always allowed entry of highly skilled and talented persons, while other OECD countries have recently relaxed their migration laws to permit entry by highly skilled workers. These countries have drawn disproportionately large numbers of highly skilled labour from the least developed countries (LDCs), an issue that has again begun to attract attention.

Foreign wage and conditions of employment for the same skills differ greatly from destination to destination. Theoretically, labour from any country has the same motivation of maximizing benefits from migration and thus will choose the destination that promises the best employment terms. Thus, choosing a destination may mean choosing to invest in the skill that it demands. However, it is not certain that migrants from Asian labour-exporting countries have been able to choose the best skills and destinations. They have apparently not responded in an optimal manner to the foreign employment opportunities which have emerged over the last three decades.

Exporting countries offer different types of labour: India, for example, is noted for having supplied large numbers of ICT and other highly skilled workers (with professional qualifications or higher degrees) to the US and UK. Philippines' seafarers comprise more than 20% of international shipping crews. Thailand's migrant workers are mostly skilled blue-collar workers. But low-skilled workers, including housemaids who earn the lowest wage rates and face relatively high risks in destinations where they are concentrated, have remained the largest group of migrant labour from Asia.

The best obvious choices are highly skilled work in the US, Canada, Australia and the UK. Yet why have not the Philippines and Sri Lanka, with their relatively large tertiary educational system, been able to send more highly skilled labour, especially ICT experts and nurses who are in short supply in OECD countries? The shortage in ICT experts is expected to worsen in the next few years (Kadria, 2001). The paper tries to explain this phenomenon through labour market analysis, focusing on how imperfect market conditions impede efficient decisions.

Many in the labour force fail to pursue the type of education and training that will qualify them for obtaining an employment visa to the US and other attractive OECD economies. Poor information about skills in demand in the domestic and global markets and about the financial con-

straints on investment in skills has tended to result in an inefficient distribution of skilled labour, with shortages in some skill categories and surpluses in others.

The essential role of governments in this area is to adopt policies and establish institutions that will mitigate imperfections in the education and training-labour (ET-L) market. They could encourage education and training (ET) institutions to offer ET programmes tailored to the content and quality that domestic and foreign labour markets demand. There is a dire need for governments to collect and disseminate good information on demand for each major skills category and, in low-income economies where the majority of the youth cannot afford expensive ET, governments need to develop effective schemes, particularly scholarship programmes, to break the financial barrier.

The issue of the “brain drain” from less developed to advanced economies is again under discussion. Carrington and Detriagache (1998) have demonstrated the exodus of tertiary educated labour from LDCs to OECD countries. They were implicitly concerned about the likely impact of this development on growth, since the departure of highly skilled labour dampens technological progress and reduces the positive externalities in production. However, the exodus could have a positive impact. Indeed, the rise in the expected rate of return to investment in the high skills demanded abroad may elicit compensating increases in their supply. The familial, cultural and professional links of migrants with their native land may result in technological and capital transfers. There is now evidence of a return of highly skilled migrants to Taiwan Province of China, China mainland and India, either to work for sunrise high-tech industries or to establish new ones in their home country (Lowell 2001, Kadria 2001). It is noted that these positive effects of migration by highly skilled workers take place during periods of high growth in these economies. A major driving force for growth is technological progress which entails the utilization of highly skilled labour for innovation and entrepreneurship. A stagnant economy would have little to offer its highly skilled labour. If students and the ET system were able to increase the supply of highly skilled labour, there would be no need for a brain drain.

The IOM report on labour migration in Asia (2001) shows that most governments in sending countries have focused their programmes principally on protection of migrants. They have made bilateral agreements for the application of humane and fair terms for their workers and enacted laws establishing institutions to protect migrant workers from risks on the job site and from placement agents. The bureaus in charge of foreign employment in Pakistan, Philippines and Sri Lanka provide some training, but this is offered only to a small number of migrants. ET policies have not been geared to prepare the youth for an open labour market. Even in India, Kadria (2001) finds there is no clear state policy for the education of the country’s famous ICT graduates, even though many students have enrolled in India’s famous technical institutes in response to the higher returns on ICT investment.

Support from IOM and the Asian Development Bank (ADB) for this research is a very welcome encouragement for a new policy on migration. This paper focuses on the interface between the ET system and the labour market and is organized as follows. Section 2 gives an overview of trends in the structure of migration from Asia and analyses emerging differences in changes in structure across countries. The next section (3) discusses the basic notions of an open ET-labour market. The succeeding sections examine in greater depth the Philippine government’s policies and institutions directed at developing migrant labour resources. Section 4 outlines the Philip-

pine labour market and gives indicators for adjustments of supply to demand. Section 5 presents the national plan for ET while Section 6 covers the performance of three ET institutions in assisting migrant workers in their ET and job placement, the Maritime Training Council (MTC), the Technical Education and Skills Development Administration (TESDA) and the Association of Nursing Profession. The paper concludes in Section 7 with an identification of good and bad practices, neglected policy areas and recommendations for reforms.

2. THE INTERNATIONAL PERSPECTIVE OF MIGRATION AND THE STRUCTURE OF MIGRANT LABOUR IN ASIA

We live in a world which is marked by great inequality of income and wealth, and of social and political development. There are the few rich nations, members of the OECD which constitute a very small minority, and the rest of the world with varying levels of affluence and economic development. The OECD countries have a combined population of approximately 901 million people, the middle income countries 4.0 billion people while the poorest countries are home to 818 million people, respectively 15.8%, 69.9% and 14.3% of the world total population. In theory, many people in the poorer countries would like to move to the rich economies. Even a moderate fraction from the 85% of the world population which desire to migrate to the OECD economies would present a daunting political challenge. It is not to the interests of rich economies to accept all would-be migrants from poorer economies. As a result, they have set up immigration barriers to limit entry to desirable numbers and to skilled labour. The poorest individuals from the low and middle income economies are also barred from migrating, as they are unable to acquire the necessary skills due to lack of resources to pay for migration. They also tend to be isolated physically and unable to access information on the opportunities for skill acquisition and migration. In any event, the number of people wishing to migrate to rich countries is overwhelmingly larger than the number that the few OECD economies and the next more affluent economies can or wish to absorb.

Table 2.1 (overleaf) shows the great disparity in GDP per employed person between the economies of destination and Asian labour supply countries. In OECD economies, GDP per employed person ranged from \$40,299 in Spain to \$58,874 in the US (at 1990 rates). Canada, Australia and the UK, which are destinations favoured by highly skilled workers from Asia, achieved rates of GDP per employed person of \$46,807, \$45,734 and \$42,578, respectively. The advanced East Asian economies reached comparable levels to those of Western OECD countries, with the rate for Hong Kong at \$47,659, Singapore at \$44,055 and Japan at \$41,441. In comparison, Asian labour source economies range from \$2,592 for Bangladesh, \$4,933 for India, \$6,848 for the Philippines, \$7,510 for Pakistan, \$7,587 for Indonesia. Sri Lanka and Thailand had higher rates at more than \$11,000 each, while China reached a rate of \$6,336. Expected monetary gains from migration from Asia to OECD countries are very high. Rates for domestic wages in OECD countries differ depending on skills: earnings differentials are higher for ICT experts than for nurses, for example.

The distribution of immigrants in the US¹ aged 24 and older by level of education in 1990 can be seen in Table 2.2. The Philippines has the largest immigrant population in the US, with 728,454 nationals. China is a poor second with 404,579 and then India with 304,030. Unlike the Philip-

TABLE 2.1
GDP PER CAPITA AND LABOUR PRODUCTIVITY
IN DESTINATION AND SOURCE ASIAN COUNTRIES/REGIONS,
1990

Country/ region	GDP per Person Employed – 1990 (US\$)	GDP Per Hour Worked (US\$)
US	58,874	31.33
Canada	46,807	25.64
Australia	45,734	25.46
UK	42,578	25.76
Germany	41,845	28.24
France	52,145	34.09
Spain	40,299	22.22
Italy	46,755	28.84
Japan	41,441	23.28
Taiwan	39,347	17.24
Hong Kong	47,659	20.84
Singapore	44,055	na
Korea	32,039	12.88
Malaysia	19,036	na
Bangladesh	2,592	na
India	4,933	na
Indonesia	7,587	na
Pakistan	7,510	na
Philippines	6,848	na
Sri Lanka	11,078	na
Thailand	11,969	na
China mainland	6,336	na

na = not available

Source: ILO Key Indicators of Labour Market, 2002.

piners, India's and China's immigrant population is a very small fraction of their overall populations of more than a billion each. Panel B of this table shows that more than two-thirds of the immigrants had received tertiary education in all countries; with the exception of Thailand (55.9%) and China (40.9%). The migration of tertiary education graduates does not appear to have resulted in a significant brain drain. The migration rate, calculated as a ratio of immigrants with tertiary education to the overall population with the same level of studies was relatively small: less than 2% for India, Pakistan, Indonesia, Thailand and China. The highest rates are found in the Philippines (6.6-7.1%), Pakistan (2.4-2.5%) and Sri Lanka (3.7-3.9%). There were 12.7 million educated unemployed in India, compared to 990,000 in the Philippines, and 500,000 in Sri Lanka. For most countries, unemployed labour with tertiary level education rose significantly between 1990 and 2000 (Table 2.3). The immigration rate of tertiary educated was serious for a few countries, such as Uganda, Guyana, Iran, Gambia and many Central American republics (Carrington and Detriagrache, 1998) though, in these countries, the large-scale exodus may have been motivated more by political than by economic reasons.

TABLE 2.2
EDUCATION LEVELS OF IMMIGRANTS AND MIGRATION RATES TO THE US, 1990

Panel A	Number of Immigrants in the US				Migration Rates to the US (%)		
	Primary	Secondary	Tertiary	Total	Primary	Secondary	Tertiary
Bangladesh	180	3,860	8,345	12,385	—	—	0.6
India	6,960	68,800	228,270	304,030	—	0.1	1.1
Pakistan	1,680	14,940	36,097	52,717	—	0.2	2.4-2.5
Sri Lanka	20	2,280	6,451	8,751	—	0.1	3.7-3.9
Indonesia	220	8,800	23,152	32,172	—	0.1	1.4
Philippines	10,680	224,700	493,074	728,454	0.1	4.4-4.6	6.6-7.1
Thailand	2,120	21,300	29,698	53,113	—	1.5-1.6	1.2-1.3
China	48,420	190,560	165,599	404,579	—	0.1	1.4
Panel B	Percentage Distribution						
	Primary	Secondary	Tertiary	Total			
Bangladesh	1.5	31.2	67.4	100.0			
India	2.3	22.6	75.1	100.0			
Pakistan	3.2	28.3	68.5	100.0			
Sri Lanka	0.2	26.1	73.7	100.0			
Indonesia	0.7	27.4	72.0	100.0			
Philippines	1.5	30.8	67.6	100.0			
Thailand	4.0	40.1	55.9	100.0			
China	12.0	47.1	40.9	100.0			

Source: Carrington and Detragiache, 1998.

TABLE 2.3
UNEMPLOYMENT RATES AND EDUCATION LEVELS IN ASIAN LABOUR EXPORTING COUNTRIES,
1990, 2000

	Number Unemployed (000)		Unemployment Rate (%)		Number Unemployed by Education Level (000)					
					Primary		Secondary		Tertiary	
	1990	2000	1990	2000	1990	2000	1990	2000	1990	2000
Bangladesh	997	1,750	1.9	3.3	-	950	-	397	-	147
India	34,632	41,344	-	-	13,541	11,990	12,329	16,662	8,762	12,693
Indonesia	1,952	5,872	4.0 ¹	6.1	650	2613	1,048	2,572	253	463
Pakistan	963	3,351	3.1	7.8	-	-	-	-	-	-
Philippines	1,993	3,133	8.1	10.1	610	743	903	1302	691	989
Sri Lanka	1,005	497	14.4	7.4	-	499	-	-	-	502
Thailand	710	813	2.2	2.4	551	574	68	59	55	74

¹ 1996 data.

Source: ILO Key Indicators of the Labour Market, 2002.

Table 2.4 compares the skill composition of migrant labour from Pakistan, Philippines, Sri Lanka and Thailand and the percentage bound for the Middle East. In 1996, Sri Lanka sent abroad mainly unskilled labour and housemaids, 81.5% of total outflow. This share declined after this date, but remained high at 71.0% in 2002. Its professional group was minimal, at less than 2% of the total, but combined with other white collar workers, the proportion of qualified migrants becomes more significant and shows an upward trend from 3.6% in 1996 to 6.7% in 2002. Pakistan restricts the labour migration of housemaids to women aged 35 and over and includes them in the category of unskilled labour. The policy of age restrictions for housemaids probably accounts for the reduction in numbers, as well as in percentage, for the unskilled category, which remained relatively stable at about one-third of total outflow over the period 1997-2003. The professional group's share was relatively high at 6.1% in 2003 as compared with 4.0% in 1997. Other white-collar workers accounted for 3.2% of total migrants in 2003. More than 50% of migrants were skilled blue-collar workers. Data for Thailand is only available for 2001, but it appears that the trend has moved away from entertainers to skilled blue-collar workers. The Philippines has become the largest exporter of labour in the region, thanks to the sheer number of Filipina maids, now ubiquitous in the international labour market. However, they only account for approximately one-fourth of the total outflow of new hires during the period 1997-2002. The white collar group, consisting of professional, managerial and clerical workers, was the largest group in 2003 (26.7%). However, the share of skilled blue-collar workers fell from 39.0% in 1997 to 29.7% in 2003. The country has established a niche in international shipping: 25% of departures were seafarers under various flags.

The skills demanded abroad tend to be destination-specific. Filipino factory and healthcare workers are allowed entry into Taiwan, while housemaids travel mainly to Hong Kong, Malaysia, Spain, and Italy. Japan is virtually the sole employer of entertainers and performing artists, though it also imports factory workers. The Middle East remains the Philippines' main foreign employer, employing a variety of skills, including clerks and salesmen. Because of its historical links with the UK, Pakistan has sent a large proportion of its people to this country. Similar links ensure that the Philippines sends the largest number of its immigrants to the US.

The decision to return to foreign employment is determined by the migrant's occupation and destination. Based on a recent survey of Philippine migrant workers, foreign wages vary significantly across skills categories and for each skill depending on the destination (Table 2.5). The highest paid migrants are ICT workers in the US. Nurses earn more than \$3,000 in monthly wages in the US compared to \$500 in Saudi Arabia. Housemaids earn \$200-\$250 per month in the Middle East, but double that figure in Hong Kong and Taiwan. Not included in this table are monthly wage rates for housemaids in Italy (\$1,000) and Spain (approx. \$500). Sri Lanka's tendency to export mainly unskilled labour bound for the Middle East implies relatively small average gains from migration.

The annual outflows reported by most source countries are monitored by their overseas employment bureaus. A fairly well-organized system of registering overseas workers is in place in Pakistan, Sri Lanka, the Philippines and Thailand. However, highly skilled workers, who have better access to foreign jobs advertised through the Internet and other sources, may not be fully monitored by government agencies. India, for example, has reported an average outflow of only 297,225 in the period 1990-1994, of which 96.0% were bound for the Middle East. Not reported

TABLE 2.4
DISTRIBUTION OF MIGRANT WORKERS BY OCCUPATION
AND DESTINATION FOR SELECTED SOURCE COUNTRIES, 1996-2002

A. Sri Lanka

Year	Professional (%)	Middle Level & Clerical (%)	Skilled (%)	Unskilled (%)	House- maids (%)	Total (%)	Total Number of Departures
1996	0.6	3.0	14.9	13.5	68.0	100.0	162,576
1997	0.6	3.0	16.3	13.7	66.2	100.0	150,283
1998	0.7	4.5	19.9	21.5	53.4	100.0	159,816
1999	1.1	5.7	20.0	24.2	49.0	100.0	179,735
2000	0.7	4.2	20.0	19.5	54.6	100.0	182,188
2001	1.1	4.9	20.0	18.1	55.9	100.0	184,007
2002	1.5	5.2	22.3	17.7	53.3	100.0	203,710

B. Pakistan

Year	Professional (%)	Other White Collar (%)	Blue Collar (%)	Unskilled (%)	Total (%)	Total Number of Departures
1997	4.0	4.1	55.8	36.2	100.0	149,029
1998	5.5	4.2	55.3	34.9	100.0	100,706
1999	7.1	0.9	57.4	34.6	100.0	76,234
2000	7.5	1.8	59.3	31.3	100.0	107,733
2001	7.9	2.1	57.6	32.1	100.0	127,929
2002	5.8	3.0	59.5	31.7	100.0	147,422
2003	6.1	3.2	56.4	34.3	100.0	214,039

C. Philippines

Year	Professional Managerial (%)	Other White Collar (%)	Blue Collar (%)	House- maids (%)	Total (%)	Total New Hires (%)	Total Departures	Land-based Total New Hires	Total Depart- ures
1997	23.5	16.0	39.0	21.5	100.0	221,447	675,096	45.5	72.1
1998	25.5	17.7	35.3	21.5	100.0	219,724	831,643	34.4	76.8
1999	26.5	15.0	36.0	22.5	100.0	237,414	837,020	37.1	76.5
2000	31.3	10.7	31.0	27.0	100.0	253,030	841,628	39.3	76.4
2001	37.9	10.7	23.8	27.6	100.0	269,751	866,590	40.8	76.3
2002	35.0	14.4	28.6	22.0	100.0	286,128	891,898	41.9	76.5
2003	32.9	22.2	25.6	19.3	100.0	241,511	867,969	37.0	75.1

D. Thailand

Year	Professional (%)	Clerical (%)	Services (%)	Production (%)	Total (%)
2001	2.4	1.4	8.6	77.5	100.0

E. Migrants deployed in the Middle East

Country	1980-84 (%)	1985-89 (%)	1990-94 (%)	1995-99 (%)
Bangladesh	92.0	95.9	83.5	-
India	92.4	95.8	96.0	-
Pakistan	97.2	99.9	99.6	100.0
Sri Lanka	-	94.5	95.4	94.0
Indonesia	64.9	78.0	40.6	38.5
Philippines	84.8	71.8	61.6	42.2
Thailand	81.7	72.4	24.4	8.9

Source: International Organization for Migration, *Labour Migration in Asia: Trends, Challenges, and Policy Responses in Countries of Origin*, IOM Geneva.

TABLE 2.5
MONTHLY WAGES FOR NEW HIRES OF FILIPINO MIGRANTS BY DESTINATION (US\$),
2004

	Destination							
	Japan	Hong Kong	Singapore	Taiwan	Saudi Arabia	Middle East	US	UK
Professional	-	-	812	458	532	760	984	-
Clerical	-	-	-	-	436	333	-	-
Production	-	-	1,158	-	327	414	-	-
Service Workers	-	-	290	477	274	278	-	2,023
Housemaids	-	471	201	458	204	200	-	-
Entertainers	1,733	-	-	-	-	-	-	-
Nurses	-	-	-	-	506	959	3,359	2,052

Source: Tan, 2004.

are some 100,000 ICT professionals who leave each year for the US, nor migrants bound for destinations such as Singapore and the UK (Iredale, 2001). The Philippines' semiconductor and electronics industry has complained of their ICT professionals being "pirated" by East Asian and North American companies. "Pirated workers" are defined as having been directly hired and therefore not required to go through the overseas employment bureau for processing their immigration papers.

The Philippines has about half a million undocumented migrants in the US who are likely to be employed in professional and other jobs. Irregular workers may have been excluded from the census count. In fact the largest source of remittances for the Philippines is the US, despite the fact that less than 2% of reported outflow emigrated there. Official statistics on migrants show that the majority of registered migrants in Bangladesh, Pakistan and Sri Lanka have low skills and are bound for the Middle East. Here again, highly-skilled migrants who found their foreign job on their own do not need to register with the bureaus and are possibly not recorded.

OECD economies now compete for highly skilled ICT labour, which is currently in short supply. Their demand for nurses has increased and is expected to continue to rise, given ageing populations in these countries. Yet the labour-exporting economies have not fully taken advantage of this demand. The paper will examine more closely the response of the Philippines to demand for nurses, seafarers and computers engineers and scientists to foreign demand. It will look into the effectiveness of government policies and institutions in facilitating supply and in promoting foreign demand.

3. BASIC NOTIONS OF EDUCATION AND TRAINING LABOUR MARKET

There is a whole range of skills that are employed in an economy and in the world at large. Skills are defined as the general knowledge and abilities of a person and their work-specific abilities. As for industrial sectors, there are international classifications of occupational skills. There are white-collar and blue-collar occupational skills groups and, in each group, there are two and three-digit classifications. The labour force has also been classified by level of educational attainment including fields of specialization.

Skills are acquired through formal and non-formal sources. Formal sources include organized educational and training (ET) programmes provided in schools and institutes, while non-formal sources involve on-the-job training (OJT) and other work and learning experiences. Some firms conduct organized training for their employees. Blue-collar skills may be acquired through vocational-technological (voc-tech) schools and institutes or through non-formal sources, especially OJT. A blue-collar worker may possess any level of basic education as a general preparation for life and the world of work. A higher level of general education is desired, since this will promote a better understanding of the work environment and will facilitate OJT and other forms of training. Professional skills, however, have more defined formal schooling, such as the completion of a degree in a particular field of specialization, e.g., medicine, electrical engineering, or nursing. The passing of professional licence examinations is required for some occupations, such as medicine, nursing, accountancy and law.

All workers, whether in the white- or blue-collar category, improve their skill through experience and other non-formal activities. The relative importance of non-formal training, especially OJT, appears to be much greater for blue-collar jobs than for professional work. Many blue-collar workers obtain much of their occupational expertise from experience. Nevertheless, voc-tech schools and institutes exist as alternatives to purely non-formal training sources. Schools may have a comparative advantage in providing training in certain industrial skills, such as instrumentation, electrical, chemical, metal and communications skills. Construction and factory skills may be obtained mainly from OJT, though schools could probably provide basic principles on the nature of materials, measurements and other techniques more effectively than through OJT.

Foreign employment increases job opportunities for domestic workers on the whole and for those whose skills are demanded abroad. It also increases the relative rate of return to investment in these skills. Those already in the labour force can directly respond to foreign demand but the youth who are at the stage of choosing an ET investment may have to wait a few years until they have completed their courses before migrating.

Three factors interact in adjustments to supply in response to foreign demand: (1) the existing labour force and the youth preparing to enter the labour force; (2) demand from domestic firms and employers, foreign firms and employers and placement agents (recruiters); and, (3) educational/training (ET) institutions. Government policies and institutions may influence the decisions of all three factors.

Let us start with the youth who are assessing which alternative skills they will acquire. They possess inherent abilities and traits which qualify them for different skills. The most able and disciplined are qualified for very advanced skills requiring a graduate or post-graduate degree from universities. The great majority have middle-level abilities and qualify for a large array of skills requiring secondary to formal schooling to first degree level. Another large group have lower level abilities and can pursue skilled blue collar occupations. Those deciding to obtain blue-collar skills must decide on the level of general education which will enhance their employability, adaptability and trainability. For professional skills, there are several degree levels and fields of specialization from which to choose.

Consider that the probability of foreign employment is P_f and that of domestic employment P_d and the expected wage rates over a foreseeable future are W_{ft} and W_{dt} respectively. There is a fixed cost of migration \bar{C} for placement fees, transport, immigration and the value of the psychic cost of leaving one's family and country. There is also the cost of job searching, C_{js} which we take as negatively dependent on the probability of foreign employment: $C_{js} = s(1-P_f)$. D^t is the discount factor $= 1/(1+r)^t$, t is for time and T is the duration of foreign employment. Returns to migration, R_i , of skill i , may be expressed as follows:

$$R_i = \sum_0^T P_f^i D_t W_{ft}^i - \left[\sum_0^T P_d^i D_t W_{dt}^i + \bar{C} + s(1-P_f) \right]$$

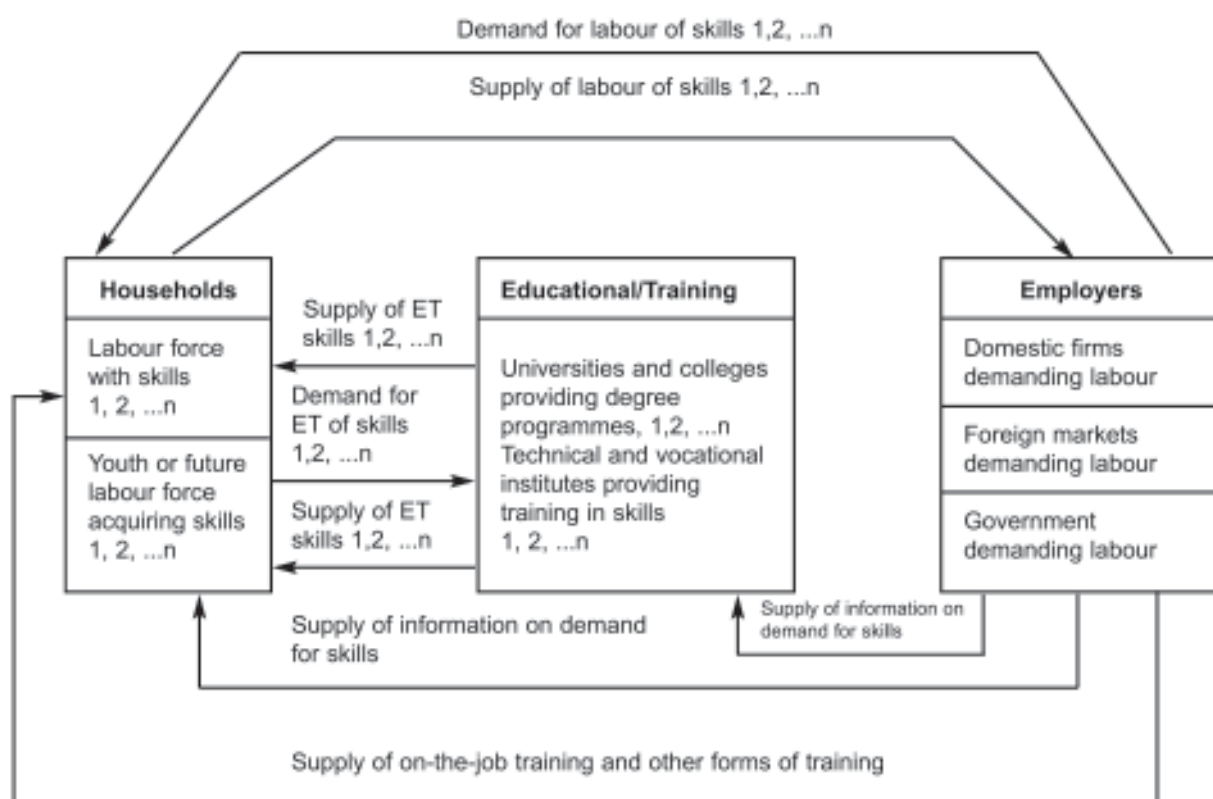
Returns are in absolute terms, since we assume that migrants will maximize the absolute level of benefits or returns, and not the rate of return. The smaller the probability of foreign employment, which may be indicated by the number of job openings divided by the labour force for a skill, the higher the cost of job search. Returns on migration increase in line with wage differentials and the probability of foreign employment. We imagine a ranking of skills according to their returns. Those who possess the skill demanded abroad can migrate directly. Those with other skills may decide to acquire the skill through additional schooling and/or non-formal training. The cost of such training must be included in the estimation of returns to migration. If foreign demand for certain skills is expected to remain steady in the future, some of those who are in the process of acquiring their skills capital may decide to acquire those skills in anticipation of later migration.

Foreign labour markets have imported varying numbers of workers for selected skill categories of labour. The foreign-domestic wage differential differs not just across skills, but also for each skill across destinations. The above formula for estimating the returns on migration of skills will have to be more finely tuned through disaggregating the employment probability and foreign wage rate by destination. For instance, Middle Eastern countries pay nurses only a fraction of the salaries that they can earn in the US and the UK, but there is a larger number of job offers and these countries tend to be less stringent about qualifications. Lower wages there are partially compensated by their higher employability, or larger P_f .

The paradigm shown in Figure 3.1 indicates how a well-functioning open ET-labour market works. The boxes on the left side represent youth and the labour force which supply labour of varying skills. The three boxes on the right cover employers for all categories of skilled labour: domestic firms, foreign firms and government bureaucracy. Together these three groups comprise total demand for each category of labour. ET institutions are positioned between these two groups. Youth, the labour force and ET institutions are interested in information on demand

from employers. Labour demand is relayed to the labour force, youth and ET institutions via personal contact, advertisements, placement agencies, official documents and other sources. Information flows from the right-hand boxes to the two boxes on the left are indicated by arrows. The labour force acquires some of their skills from OJT and other forms of training provided by firms. Note that the skills produced may find employment in the domestic economy or abroad, and that most ET institutions and non-formal training cannot be distinguished by where their output will be employed.

FIGURE 3.1
THE EDUCATION/TRAINING LABOUR MARKET



Let us recall that there are many skill categories and each skill may be further differentiated by quality and other personal characteristics that particular employers and/or particular jobs require. The US, for instance, requires that foreign nurses have completed a nursing degree, passed the source country's nursing professional/licensure examinations and the US Commission on Graduates of Foreign Nursing Schools (CGFNS) examination, while Saudi Arabia requires only the first two qualifications, together with some hospital experience. The international Standards of Training, Certification and Watchkeeping (STCW) contain detailed curricular and technical training qualifications for all key skills for jobs in shipping. ICT firms demand high quality engineers and computer scientists, especially graduates from S&T institutions with a well established reputation, such as the India Institute of Technology.

For the ET-L market to function efficiently, good information about demand for skills must be made available to the youth and ET institutions. At the same time, the youth must be able to pay for the cost of acquiring skills with good job prospects. ET institutions also need to be well informed and well financed in order to be able to meet demand for their courses. The government has the role of providing this information. In low-income economies where most youth have limited resources to finance their investment in skills, the government also has the critical role of developing a subsidy or loan scheme to give students the capacity to choose costly training in skills. Without adequate information for all and financial support for those who are too poor to pursue ET for skills in demand, many young people will be unable to make appropriate choices on skills. Their decisions will be based on personally collected information that is likely to be inadequate and will encourage them to invest only in the skills training that they can afford. Market imperfections may lead to shortages in certain skills and excess supply in others. The shortages observed for ICT and nursing skills in OECD countries, which many migrants from the poorer countries might want to fill, is a symptom of ET-labour market failure. The continuous concentration of Asian migrants in low-skill employment in the Middle East is a logical result of market imperfections. Analysis of the way the Philippine ET-labour market functions will provide more solid evidence of market failure. It will also demonstrate the inadequacy of government policies and institutions in substantially reducing the problems of market failure.

4. THE PHILIPPINE EDUCATION AND TRAINING LABOUR MARKET

The Philippines' ET-L market is fairly large and contains a reasonably well educated labour force. There is a large educational system producing an equally large annual flow of secondary and tertiary graduates. The population now stands at about 85 million and is growing at about 2.4% per year. Of the population of working age (15 and older) calculated at 52.3 million persons, 35.1 million are in the labour force; the labour force participation rate stands at 67.1%. Unemployment is relatively high, with 10.2% of the labour force seeking jobs. The rate of unemployment has persisted at around 9.0% since the 1980s, averaging 8.4% during the period between 1991 and 1997, and 9.9% in the post-crisis period (1998-2003). Better educated workers suffered even higher unemployment rates, averaging 11.5% for persons with a high school education and 13.1% for tertiary educated, compared to 6.2% for those with an elementary education in 1998-2003. There has been a substantial increase in the labour force's educational level. In 1991, the proportion of Filipinos with high school and tertiary education was 31.6% and 10.5%, respectively; the corresponding figures for 2002 were 36.7% and 25.7% (Table 4.1).

This trend is due to a continuous expansion in enrolment rates and in the number of schools at each level of education. The 40,000 primary schools, 7,500 high schools and more than 1,300 colleges and universities are spread across the many islands of the Philippines. There are also 1,797 voc-tech institutes. The participation rate, defined as enrolment of relevant school age compared to the population of relevant school age, stands at 97.1% for elementary schools and 73.4% for high schools. The gross enrolment rate for colleges is approximately 27%. Simple literacy rate is close to 95%. Those enrolled in college are concentrated in accounting and business management (26.0%), teacher training (17.8%) and engineering (15.3%) for the school year 2001-2002, while medical sciences, including nursing, recruited 6.7% of tertiary students.

TABLE 4.1
PHILIPPINES LABOUR FORCE DATA, 1991-2003

A. Manpower, Labour Force (000)													
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Population 15 years old and over	39,114	40,265	41,453	42,670	42,770	45,034	46,214	45,425	46,749	48,076	49,424	50,841	52,305
Labour force	25,246	26,180	26,822	27,483	28,040	29,637	30,265	29,901	30,693	30,908	33,354	33,674	35,120
Employed	22,979	23,917	24,443	25,166	25,698	27,442	27,888	26,968	27,762	27,775	30,085	30,251	31,553
Unemployed	2,267	2,263	2,379	2,317	2,342	2,195	2,377	2,933	2,931	3,133	3,269	3,423	3,567
Underemployed	5,077	4,748	5,232	5,254	5,083	5,326	5,805	6,347	6,088	5,528	5,000	4,627	4,989
B. Labour Force Participation Rates (%)													
Manpower growth rate		2.9	3.0	2.9	0.2	5.3	2.6	-1.7	2.9	2.8	2.8	2.9	2.9
Labour force growth rate		3.7	2.5	2.5	2.0	5.7	2.1	-1.2	2.6	0.7	7.9	1.0	4.3
Participation rate	64.5	65.0	64.7	64.4	65.6	65.8	65.5	65.8	65.7	64.3	67.5	66.2	67.1
Unemployment rate	9.0	8.6	8.9	8.4	8.4	7.4	7.9	9.8	9.5	10.1	9.8	10.2	10.2
Underemployed to employed (%)	22.1	19.8	21.4	20.9	19.8	19.4	20.8	23.5	21.9	19.9	16.6	15.3	15.8

TABLE 4.1 (cont.)
PHILIPPINES LABOUR FORCE DATA, 1991-2003

C. Employed Persons by Highest Educational Attainment, 1991-2003 (000)													
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
TOTAL	22,979	23,917	24,443	25,166	25,698	27,442	27,888	28,262	27,762	27,775	30,085	30,251	31,553
No grade	926	914	842	855	826	844	870	844	778	756	730	694	695
Elementary	10,478	10,493	10,860	11,046	10,867	11,304	11,399	11,219	10,750	10,666	11,093	11,213	11,135
High School	7,051	7,596	7,816	8,186	8,495	8,976	9,349	9,641	9,580	9,715	10,982	10,890	11,667
College	4,478	4,878	4,889	5,045	5,465	6,229	6,190	6,472	6,554	6,528	7,281	7,454	8,056
Not reported	46	38	36	35	44	50	79	85	100	110	0	0	0
D. Unemployed Persons by Highest Educational Attainment, 1991-2003 (000)													
TOTAL	2,267	2,263	2,379	2,317	2,342	2,195	2,377	3,016	2,931	3,133	3,269	3,423	3,567
No grade	53	47	53	54	51	57	53	74	60	63	64	52	86
Elementary	610	571	596	575	611	586	610	753	682	743	719	712	718
High School	903	902	983	961	939	865	971	1,243	1,225	1,302	1,394	1,460	1,501
College	691	733	733	721	728	673	723	916	937	989	1,091	1,199	1,261
Not reported	9	10	14	6	14	16	20	30	28	38	0	0	0
E. Unemployment Rate by Education, 1991-2003 (%)													
TOTAL	9.0	8.6	8.9	8.4	8.4	7.4	7.9	9.6	9.5	10.1	9.8	10.2	10.2
No grade	5.4	4.9	5.9	5.9	5.8	6.3	5.7	8.1	6.8	7.7	8.1	7.0	4.0
Elementary	5.5	5.2	5.2	4.9	5.3	4.9	5.1	6.3	6.0	6.5	6.1	6.0	6.1
High School	11.4	10.0	11.1	10.5	10.0	8.8	9.4	11.4	11.3	11.8	11.3	11.8	11.4
College	13.4	13.1	13.0	12.5	11.8	9.8	10.5	12.4	12.5	13.2	13.0	13.9	13.5
Not reported	16.4	20.8	28.0	14.6	24.1	26.7	20.2	26.1	21.9	25.7	-	-	-

Source: Yearbook of Labour Statistics, various years.

The enrolment rate for mathematics and computer science in 2001-2002 was 10.6%, doubling its share of 5.2% in 1994-1995 (see Table 4.2).

Students tend to pursue fields that have greater prospects of employment. Teacher training was the most popular field in the 1950s and 1960s, when the government was building elementary schools and employing large numbers of new teachers. The accounting and business management field has always attracted the largest number of students since the 1960s, as this skill opens up a wide range of employment opportunities: business, finance and government. It can be concluded that the country is in a strong position to send a greater number of workers abroad, considering the large number of unemployed workers with a secondary and tertiary education. But as we will see later, the poor quality of education, especially at the college level, disqualifies many would-be migrants from foreign employment.

The national government operates and supports all public ET institutions: public primary and secondary schools, state universities and colleges, and public voc-tech institutes. The public elementary and secondary schools enrol 90% and 70%, respectively, while approximately 25% attend the state colleges and universities. Students in government ET institutions are almost totally subsidized by the state, while students in state universities and college pay less than 10% of operating costs. There is no fee for attending primary and secondary schools. Private institutions are generally financed fully by student fees. About 50% are run by religious groups, the other half are organized as business enterprises, though some are registered as foundation schools.

Market forces, expressed through purchase of schooling in private ET institutions or through parliamentary approval for establishing state schools, have led to the creation of a high number of schools. The government has a fairly liberal policy with regard to the opening of new schools. Individuals and corporations can establish a school as a business or for other reasons. Private schools dependent on student fees must offer academic and other programmes for which students are prepared to pay. Politicians are also keen to establish schools, particularly colleges and universities, in order to cultivate a broad constituency.

Considering the low per capita income of most families and budget constraints on government expenditures, only relatively inexpensive ET programmes can be provided on a large scale. As a consequence, quality has been sacrificed for quantity, in both the public and the private ET sectors. There is strong evidence of the generally poor quality of Philippine education. The Philippines' performance in the Third International Mathematics and Science examination (TIMS) was third from last, out of 49 participating countries. The best three universities, University of the Philippines, Ateneo University and De La Salle University, ranked in the lower half of the Asia Week ratings of Asia-Pacific higher education institutions. This problem is always raised during policy debates in government and in the private sector, but few efforts have been made to solve the problem. Power politics do not permit braver measures, as will be seen in the review of educational plans.

The poor quality of professional education is also indicated in the low pass rate (number passing compared to number of examinees) for graduates in professional and licence examinations (Table 4.3). In 2002, the pass rate for all fields averaged only 38.1% for 91,666 examinees, excluding law. In the same year, 4,659 took the legal professional examinations, but only 19.7% passed. Table 4.3 gives figures for students passing the professional examinations in fields

TABLE 4.2

ENROLMENT AND GRADUATES BY DISCIPLINE GROUP, 1994-2002

A. Enrolment	
Discipline Group	1994-19951995-19961996-19971997-19981998-19991999-20002000-20012001-2002
Agricultural, Forestry, Fisheries, Vet Med.	59,40068,76071,22864,76075,47585,26687,49294,900
Architectural and Town Planning	21,66523,06622,26823,90123,34622,39423,45925,205
Business Administration and related	545,982593,402615,817620,681635,398632,760645,970640,315
Education and Teacher Training	236,464278,443301,148316,293407,966447,183469,019439,549
Engineering and Technology	287,821295,172305,843299,226344,039359,313369,175377,409
Fine and Applied Arts	8,2669,16810,9229,3949,7789,80910,1388,967
General	113,286110,175107,351108,94155,63055,89068,22343,627
Home Economics	2,5775,1064,8265,5627,1677,51310,0606,460
Humanities	6,1058,48414,0149,22721,61721,34321,67129,665
Law and Jurisprudence	14,95014,24815,89216,48118,62920,09920,09719,646
Mass Communication and Documentation	10,61414,60212,00412,44524,20645,42121,62230,638
Mathematics and Computer Science	97,853130,859153,505166,329221,660220,860239,931262,134
Medical and Allied	274,941240,075200,122164,784155,868150,634141,771164,000
Natural Science	18,47524,40023,03121,91425,93228,85629,21530,451
Religion and Theology	7,7138,3928,3977,07910,53810,8569,5077,828
Service Trades	7,1346,8838,1697,66612,53213,36914,48615,421
Social and Behavioural Science	27,15835,04441,87334,73563,18462,11362,86080,077
Trade, Craft and Industrial	1953992732,5199826409884,651
Other disciplines	131,048151,294144,617176,028165,367179,167185,158185,113
Grand Total	1,871,6472,017,9722,061,3002,067,9652,279,3142,373,4862,430,8422,466,056

Note: 1994-1995 to 1997-1998, General Discipline groups included all levels, regardless of major field of study. For the 1998-1999 to 2001-2002 academic years, majors were allocated to corresponding fields of study, such as Humanities, Mass Communication, Math and Computer Science and Social and Behavioural Sciences.

TABLE 4.2 (cont.)

ENROLMENT AND GRADUATES BY DISCIPLINE GROUP, 1994-2002

B. Graduates by Discipline Group											
Discipline Group		1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002		
Agricultural, Forestry, Fisheries, Vet Med.		12,178	15,633	11,861	11,853	9,933	10,619	12,203	13,172		
Architectural and Town Planning		1,947	1,599	1,811	1,810	2,040	2,013	2,235	2,541		
Business Administration and related		85,781	96,665	90,942	90,880	93,612	101,649	104,555	106,559		
Education and Teacher Training		43,674	45,545	42,197	42,168	43,959	51,826	60,415	71,349		
Engineering and Technology		46,090	38,919	40,639	40,611	40,501	42,064	44,558	45,041		
Fine and Applied Arts		655	717	2,482	2,480	967	1,357	1,560	1,323		
General		13,370	16,905	17,163	17,151	4,258	7,973	5,970	5,238		
Home Economics		362	977	2,396	2,394	722	867	820	957		
Humanities		507	1,198	2,809	2,807	3,516	3,590	3,953	4,236		
Law and Jurisprudence		2,111	2,206	3,219	3,217	1,619	1,789	2,134	2,214		
Mass Communication and Documentation		937	1,818	4,148	4,145	3,598	3,898	4,747	5,140		
Mathematics and Computer Science		21,338	19,494	25,055	25,038	25,999	30,018	34,015	33,059		
Medical and Allied		49,802	47,483	36,206	36,181	34,325	34,218	30,053	27,296		
Natural Science		2,134	3,791	5,835	5,831	4,105	3,978	4,283	4,770		
Religion and Theology		1,088	1,266	2,707	2,705	1,061	958	1,435	1,052		
Service Trades		626	761	1,906	1,905	2,054	2,372	2,369	2,342		
Social and Behavioural Science		2,703	5,392	7,603	7,598	9,595	10,454	12,266	13,395		
Trade, Craft and Industrial		14	71	3,817	3,814	309	110	391	712		
Other disciplines		27,350	27,680	32,464	32,442	24,854	24,811	22,845	23,244		
Grand Total		312,667	328,120	335,260	333,030	307,027	334,564	350,807	363,640		

Source: Commission on Higher Education.

where there is potential foreign demand for migrants, such as computer science and marine engineering.

TABLE 4.3
EXAMINEES PASSING PROFESSIONAL EXAMINATIONS IN SELECTED FIELDS
1985, 1991-2002

Profession Selected fields	1985	1991	1992	1993	1994	1995	1996	1997	1998	1999
Accountancy	4,485	1,611	1,379	1,495	1,371	1,083	1,427	1,715	2,201	2,591
Chemical Engineering	911	377	482	451	293	444	363	394	404	526
Chemistry	205	63	61	78	121	127	134	187	184	170
Civil Engineering	5,575	3,337	2,563	1,996	2,362	3,159	3,171	2,482	2,388	3,009
Electrical Engineering	2,818	2,837	2,413	2,448	2,762	2,553	1,929	1,728	1,531	3,950
Electronics & Communication Engineering	403	1,135	720	925	1,237	1,935	1,693	1,810	2,097	2,297
Master Plumber	71	23	26	28	27	35	53	59	109	215
Mechanical Engineering	2,100	793	448	593	1,530	1,716	1,602	1,452	1,691	2,146
Medicine	1,895	2,240	2,550	2,302	2,481	2,106	2,225	1,864	1,814	2,275
Medical Technology	1,017	1,745	1,325	1,311	1,639	2,350	1,032	1,445	1,670	1,703
Naval Architecture	23	2	6	3	14	5	5	7	7	13
Nursing	3,094	16,334	24,654	24,880	25,477	22,532	13,658	9,776	9,541	6,559
Total examinees*	31,120	43,362	49,136	49,137	57,033	54,746	42,059	36,458	36,840	39,963

Profession Selected fields	2000			2002		
	No. of Examinees	No. of Passers	Pass rate (%)	No. of Examinees	No. of Passers	Pass rate (%)
Accountancy	14,073	2,648	18.8	13,956	2,616	18.7
Chemical Engineering	1,218	536	44.0	1,038	418	40.3
Chemistry	530	234	44.2	473	239	50.5
Civil Engineering	9,298	2,800	30.1	8,574	2,868	33.4
Electrical Engineering	4,201	1,667	39.7	-	-	-
Electronics & Communication Engineering	5,304	2,337	44.1	7,243	2,939	40.6
Master Plumber	900	375	41.7	-	-	-
Mechanical Engineering	4,069	1,923	47.3	3,779	1,567	41.5
Medical Technology	3,608	1,890	52.4	3,279	1,611	49.1
Medicine	3,366	2,189	65.0	3,666	2,316	63.2
Naval Architecture	28	18	64.3	29	13	44.8
Nursing	9,271	4,602	49.6	9,447	4,227	44.7
Total examinees*	113,124	40,824	36.1	91,666	34,929	38.1

* Some 40 professional areas administer examinations for licensure. These totals do not include candidates for teacher training and law examinations.

Source: Philippine Yearbook of Labour Statistics, various years.

The population has responded strongly to employment opportunities in both domestic and foreign labour markets. There tends to be an over-supply in the numbers demanded for professional occupations and for migrants in ICT, nursing and maritime skills. Table 4.4 gives figures for changes in employment of college graduates compared to the cumulative number of college graduates in the last four decades. Between 1996 and 2000, employment of professional and managerial workers increased by 172,000 and that of all college graduates by 299,000. The cumulative number graduating from college during the 1996-2000 period is calculated at 1.99 million. The ratio of change in employment of professionals to the number graduating was 11.6, and the ratio of change of employment of all college graduates to the number graduating was 6.66. These ratios have increased significantly since the 1960s, when they were 1.35 and 1.1, respectively. During the period 1991-1995, the ratios were 5.86 and 3.43. The figures show an increasing excess supply of college educated workers. Apparently, increasing numbers of college graduates are employed in non-professional and managerial occupations, as the ratio of changes in employment of college graduates to number of college graduates was always lower than in the professional and managerial category. These figures are consistent with the high unemployment of college graduates.

TABLE 4.4
GROWTH OF EMPLOYMENT AND CUMULATIVE NUMBERS OF COLLEGE GRADUATES,
1961-65 TO 1996-2000

Year	Change in Employment of Prof'l Admin. & Executive	Change in Employment – College Graduates	Number Graduated	Graduates/ Δ Employment in the Prof/Adm. & Exec. (%)	Graduates/ Δ Employment of College Graduates (%)
1961-65	158	194	214	1.35	1.10
1976-81	197	411	500	2.53	1.21
1981-86	63	330	619	9.83	1.87
1986-91	295	437	1,138	3.86	2.60
1991-95	228	377	1,294	5.68	3.43
1996-2000	172	299	1,990	11.6	6.66

Source: Department of Labour and Employment, Yearbook of Labour Statistics.

Turning to the outflow of migrant labour compared to the labour force, we can see that there are two categories of deployed workers: rehires (i.e. those returning to their current jobs abroad) and new hires. Data on new hires and rehires are available for land-based workers only. Table 4.5 gives the ratio of new hires to the total employed by occupation.² New hires are a very small fraction of the employed labour force for all occupations. In 2000, the ratio was 4.85% for the professionals, 0.18% for clerical staff, 05% for sales personnel, 3.05% for service workers, 0.88% for production workers, and 0.91% for the total. There have been no significant changes in these ratios over the past 8 years. The categories of service and production workers comprised 73.4% of total new hires. New hires are also compared to rates of underemployed Filipinos. In the same year, the ratio was 39.3% for the professional group, 1.49% for clerical staff, 0.31% for sales personnel, 21.16% for services, 4.19% for production workers and 4.58% for the total.

TABLE 4.5
RATIO OF NEW HIRES OF OVERSEAS FILIPINO WORKERS TO EMPLOYED
AND TO UNDEREMPLOYED IN SELECTED OCCUPATIONS, 1992-2000

A. Ratio of new hires OFWs to employed persons in the Philippines, 1992-2000

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Professional	5.19	4.64	5.40	3.06	2.20	3.11	3.27	3.66	4.85
Administrative	0.10	0.10	0.09	0.08	0.07	0.11	0.07	0.05	0.04
Clerical	0.56	0.40	0.37	0.31	0.26	0.30	0.23	0.20	0.18
Sales	0.08	0.08	0.06	0.06	0.05	0.07	0.06	0.05	0.05
Service	3.73	4.21	3.90	3.51	3.27	2.72	2.68	2.75	3.05
Agricultural	0.02	0.02	0.01	0.01	0.01	0.00	0.00	0.00	0.01
Production	1.88	1.82	1.58	1.48	1.21	1.32	1.18	1.24	0.88
Total	1.09	1.05	1.03	0.83	0.75	0.79	0.78	0.98	0.91

B. Ratio of new hires OFWs to underemployed persons in the Philippines, 1992-2000

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Professional	44.3	36.4	41.2	24.5	19.3	22.1	20.6	24.7	39.3
Administrative	1.03	0.64	0.59	0.50	0.48	0.76	0.39	0.32	0.33
Clerical	5.23	3.64	2.91	2.39	2.19	2.47	1.32	1.32	1.49
Sales	0.54	0.47	0.39	0.32	0.33	0.42	0.32	0.30	0.31
Service	27.94	28.08	26.23	24.34	25.07	17.26	14.28	16.63	21.16
Agricultural	0.07	0.06	0.04	0.04	0.03	0.02	0.01	0.02	0.02
Production	10.17	9.11	7.71	7.67	6.01	6.19	4.60	5.15	4.19
Total	5.49	4.90	4.93	4.21	3.86	3.81	3.27	3.90	4.58

Source: Philippine Overseas Employment Administration, Philippine Yearbook of Labour Statistics, various years, Tables B4, B5, B6.

On the whole, concern about a possible brain drain appears unwarranted. Table 4.6 shows that the number of departing highly skilled labour (first and higher degree holders) is only a small fraction of graduates each year for selected professional occupations. The ratio of deployed engineers to the number of engineers graduating over the period 1996 to 1999 was 8.7%. The ratio for medical personnel was highest at 19.9%, with 4.2% for the ICT group, and 0.3% for teachers. In 2000-2002, the ratio for medical personnel rose dramatically to 40.9% but ratios for engineers and ICT specialists fell to 5.6% and 1.4%, respectively. Relatively speaking, more teachers left the country, but the numbers remain quite small with the ratio rising from 0.3% to 0.6%. For the maritime occupations, an average of 40 engineers, ship-deck officers and pilots left each year between 1996 and 1999. This number dropped further to 17 in the period 2000-2002.

It would seem logical and realistic to expect that the best professionals were seeking foreign employment. However, there is little data to support this hypothesis. All countries hiring Filipino nurses require at least the completion of a nursing degree and successful results for the licensure examination. In the period 2000-2002, the average number of examinees passing the

TABLE 4.6
RATIO OF DEPLOYED WORKERS TO COLLEGE GRADUATES
BY PROFESSIONAL OCCUPATIONS,
1996-1999, 2000-2002

Occupation	1996-1999	2000-2002
Engineers	8.7	5.6
Medical	16.9	40.9
Nurses	13.1*	-
ICT	4.2	1.4
Teachers	0.3	0.6

* 1996 data.

Source: Philippine Overseas Employment Administration (POEA).
Philippine Statistical Yearbook, various years.

nursing examination was 47.2% (Table 4.7). Those applying for an H-1 visa for the US must also pass the US nursing examination, and apparently there is a high failure rate. The Philippines is able to fill up only half the job orders for nurses from the US, presumably because many applicants do not pass the examination (Table 4.8). There is a very high demand for recruitment of nurses. US hospitals are reported to pay from \$10,000 to \$12,000 per placement, but agents face shortages of qualified workers. Anecdotal evidence tells that placement agents encounter such a serious shortage of qualified nurses that they are forced to offer additional training to applicants.

TABLE 4.7
SCHOOLS AND ENROLMENT PERFORMANCE IN PROFESSIONAL EXAMINATION OF NURSES,
1992-2001

Year	No. of Schools	Enrolment	No. of Examinees	No. of Passes	Deployed	Job Orders	Pass Rate (%)	Deployed No. of Passes (%)	Deployed Job Orders (%)
1992	152	145,746	40,415	24,654	5,747	-	61.0	23.3	-
1993	157	130,848	39,267	24,880	6,744	-	63.4	27.1	-
1994	168	115,096	41,459	25,477	6,699	10,220	61.6	26.3	65.5
1995	160	85,506	38,689	22,532	7,584	9,988	58.2	33.7	75.9
1996	172	67,906	25,206	13,658	4,734	6,321	54.2	34.7	74.9
1997	171	47,238	19,546	9,776	4,242	5,990	50.0	43.4	70.8
1998	189	41,468	17,101	9,541	4,591	6,979	55.8	48.1	65.8
1999	175	27,437	13,152	6,559	5,413	9,063	49.9	82.5	59.7
2000	183	25,951	9,271	4,602	7,683	17,499	49.6	166.9	43.9
2001	212	27,833	9,447	4,227	13,536	23,492	53.6	305.6	57.6

Source: Commission on Higher Education on Schools and Enrolment.
Professional Regulation Commission for number of passes.
Philippine Overseas Employment Administration for number of deployed and job orders.
Alcantara and Valdez, 2002.

TABLE 4.8
JOB ORDERS AND RATIO OF DEPLOYED TO JOB ORDERS OF NURSES
TO JOB ORDERS IN MAJOR IMPORTING COUNTRIES,
1994-2001

Year	Saudi Arabia		UAE		Singapore		United States		United Kingdom	
	Number	%	Number	%	Number	%	Number	%	Number	%
1994	4,620	65.6	188	67.6	629	13.5	3,400	81.4	-	-
1995	3,774	80.0	49	93.9	462	17.1	4,017	91.2	-	-
1996	3,503	77.4	68	73.5	798	33.1	202	132.7	-	-
1997	4,417	71.8	341	55.4	579	39.4	13	846	65	-
1998	4,345	79.9	947	28.3	487	46.0	70	7.1	80	78.8
1999	4,765	74.9	762	48.2	765	20.1	304	17.4	1,863	50.1
2000	4,867	80.0	413	71.4	726	40.2	599	14.9	7,661	34.1
2001	6,318	79.9	1,702	14.3	526	78.5	2,180	13.9	8,466	66.6
2002	4,902	67.4	-	-	838	51.5	979*	16.8	3,355*	33.7

* up to August 2002.

Source: Philippine Overseas Employment Administration for number of deployed and job orders.
Alcantara and Valdez, 2002.

With regard to ICT specialists, the ratio of deployed to graduates has been very low, despite the large shortage of this skill in the world market and also in the domestic economy. Computer schools have proliferated, but apparently the quality and curricular content of their programmes do not meet international standards. It is reported that many of these “computer schools” are mainly computerized secretarial voc-tech schools, teaching only word processing. Unfortunately, no study on ICT education has been undertaken, indicating a lack of planning for this important educational programme.

5. PLANNING EDUCATION/TRAINING AND EMPLOYMENT

National plans for the ET-L market and for science and technology (S&T) development are briefly reviewed here. The National Economic Development Authority (NEDA), the national planning agency, produces the Medium Term Development Plan (MTDP), which is prepared each time there is a change in administration (President) or more frequently, when the need for revision arises. The MTDP brings together the sectoral plans developed by line agencies, such as the Department of Education (DepEd). The ET sectoral plan is developed by the DepEd, the Commission on Higher Education (CHED) and the Technical Education and Skills Development Authority (TESDA), while the S&T sectoral plan is proposed by the Department of Science and Technology (DOST) and the employment and industrialization sectoral plan by the Department of Labour and Employment (DOLE) and the Department of Trade and Industry (DTI). Prior to 1994, the Department of Education, Culture, and Sports (DECS) was the sole education authority. The DECS was then reorganized into specialized agencies with DepEd in charge of primary and secondary education, TESDA responsible for vocational/technical training for non-degree skills and CHED was charged with supervising higher level and degree programmes.

Earlier plans were similar in structure to the current plan presented here (1999-2004), though they differ in detail. MTDPs for the ET-L market since 1986 and until the introduction of the 1999-2004 MTDP focused on the same concerns and policy objectives: inequality of access, poor quality of education and relevance to market demand. Relevance of the ET system required output that met labour market demand for skills. The concern for competitiveness in the global market was expressed in all MTDPs, the key elements of which are reproduced below. The list of objectives and strategies, reproduced directly from the MTDP, gives an indication of the nature of planning and enumerates all the desirable targets for ET.

B. Basic education

1. Policies

- i) Closing the access and quality gap between private and public schools, urban and rural areas, and focusing on the needs of disadvantaged groups;
- ii) Focusing on teacher development in both pre-service and in-service stages;
- iii) Hastening decentralization of educational management;
- iv) Making the curriculum learner-centred and relevant to the globalization thrust;
- v) Establishing a selective modernization programme for the physical, structural, managerial and instructional dimensions of educational provision; and,
- vi) Making the basic education structure and programme adequate and responsive to the requirements of the labour market and higher levels of learning.

2. Strategies

- i) Expanding resources for basic education;
- ii) Improving teachers' competence and promoting an effective incentive system, especially a system to support the career path of teachers;
- iii) Strengthening the assessment system as a mechanism for a more comprehensive measurement of system performance and for assisting curriculum development and instructional delivery;
- iv) Supporting improvement of the teaching process and learning environment;
- v) Promoting the gradual expansion of the application of information technology, with assistance from the private sector;
- vi) Prioritizing capacity building on school-based management;
- vii) Devolving responsibilities of providing all levels of basic education services to local government units (LGUs) and communities;
- viii) Enhancing the relevance of the curriculum through the use of appropriate language of instruction, development of gender-sensitive and indigenized curriculum and preparation of locally-adapted learning materials;
- ix) Aligning the content and pedagogical approaches of science and mathematics education with the national and regional thrusts of globalization; and,
- x) Strengthening career consciousness and guidance counselling programmes in basic education for an early appreciation of the merits of occupational choices in both middle level and higher education.

3. Specific activities

- i) Prioritize services and outreach to underserved and marginalized groups or areas including Madaris and Indigenous Cultural Communities;
- ii) Explore and utilize viable alternative delivery schemes;
- iii) Undertake school/community-based planning;
- iv) Adopt effective fund mobilization schemes with various stakeholders;
- v) Optimize use of school/training facilities;
- vi) Broaden stakeholder participation and strengthen advocacy and social mobilization;
- vii) Promote learner-centred development;
- viii) Measure educational outcomes more comprehensively and more frequently using socially sensitive and more varied types of assessment instruments;
- ix) Accelerate the improvement of teacher competence by upgrading and expanding pre-service training and in-service training;
- x) Provide training for literacy facilitators;
- xi) Promote decentralized, demand-driven, and research-based INSET for teachers and administrators;
- xii) Promote effective incentives system, especially for those who are willing to serve in remote and hazardous areas;
- xiii) Provide information-based decision/policy-making;
- xiv) Enhance the accountability of the school to parents and the community;
- xv) Use more appropriate language of teaching to improve learning efficiency;
- xvi) Enrich teacher education with strengthened career consciousness and guidance and counselling students;
- xvii) Accelerate special interventions in the upgrading of teaching in science and math;
- xviii) Formulate a Science and Technology Education Agenda for Development;
- xix) Realign the roles and functions of the different levels of the bureaucracy to support decentralization;
- xx) Modernize operations to enhance the delivery of educational services;
- xxi) Strengthen partnerships with other stakeholders (i.e., relevant government agencies, LGUs, NGOs, businesses, parents, and community groups);
- xxii) Expand the school- and community-based planning and management scheme;
- xxiii) Utilize schools, training centres, and media channels as venues for service convergence and community consensus;
- xxiv) Establish partnerships with relevant government agencies, LGUs, NGOs, and the private sector in the delivery of early childhood education;
- xxv) Expand training of day care workers and pre-school teachers; and
- xxvi) Strengthen monitoring and evaluation involving other stakeholders.

B. Middle-level skills development

1. Policies

- i) Developing an appropriate equivalency and accreditation system in all middle-level skills areas within the framework of the Expanded Tertiary Education Equivalency and Accreditation Program (ETEEAP). Establishing equivalency in this level of education will not

only improve access but also promote the upward mobility of workers in their career and education paths;

- ii) Aggressively promoting middle-level skills development (MLSD) as a viable option for human resource development, especially among the youth;
- iii) Addressing constraints on the expansion and improvement of private technical vocational education training (TVET), such as the lack of access to credit markets and unfair competition by heavily subsidized public training providers;
- iv) Focusing enterprise-based training, revising the Apprenticeship Law and adopting more flexible dual-system models;
- v) Increasing the participation of the private sector in the management, delivery and financing of MLSD; and,
- vi) Accelerating the devolution of the management and implementation of community-based skills development programmes to local government units, civil society and industry, whenever feasible.

2. Specific activities

- i) Implement the Unified TVET Program Registration and Accreditation System (UTPRAS);
- ii) Gradually implement the direct channelling of funding assistance to deserving students to raise their purchasing power in choosing programmes and schools;
- iii) Identify and establish centres of excellence;
- iv) Upgrade physical facilities, equipment and instructional materials;
- v) Intensify training in technology development, trainers' training and pre-service technician;
- vi) Adopt competency-based technical education and skills development system in all TVET institutions;
- vii) Establish and implement TVET Quality Awards;
- viii) Adopt and institutionalize technology benchmarking;
- ix) Develop alternative learning/delivery modes for community-based training;
- x) Integrate entrepreneurship development in TVET programmes;
- xi) Develop appropriate modules of community-based programmes for the development of para-professionals;
- xii) Institutionalize and expand programme areas for the TESDA Occupation Qualification and Certification System (TOQCS);
- xiii) Formulate occupational standards and training regulations;
- xiv) Develop curriculum and competency assessment instruments;
- xv) Establish equivalency system within MLSD;
- xvi) Implement and expand the dual training system;
- xvii) Develop alternative and flexible dual training system models;
- xviii) Develop the capability of the private sector to manage and deliver MLSD programmes;
- xix) Provide appropriate incentives and other forms of assistance to the private sector in the management and delivery of TVET;
- xx) Implement education and training programmes for critical middle-level skills requirements of priority sectors in identified growth areas;
- xxi) Implement the Agri-Fishery Development Program;
- xxii) Establish Virtual TVET centres;
- xxiii) Develop alternative distance learning modalities;
- xxiv) Implement and expand Government Assistance to Students and Teachers in Private Education (GASTPE);

- xxv) Provide adequate scholarship or assistance for poor but deserving students;
- xxvi) Formulate and integrate relevant technical education and skills development policies, plans and programmes;
- xxvii) Establish mechanisms for efficient resource allocation based on the delineation across levels set by the tri-focalization of the education sector;
- xxviii) Operationalize and expand a national manpower information system;
- xxix) Institutionalize monitoring and evaluation systems; and,
- xxx) Develop staff and institutional capability in policy, planning, research and implementation.

C. Higher education

1. Policies

- i) Accelerating the delivery and implementation of flexible, market-oriented, and user-driven tertiary education and training system and programmes;
- ii) Hastening the modernization and streamlining of publicly-funded tertiary institutions to make them cost-effective;
- iii) Rationalizing the allocation of funding for tertiary education institutions across programmes, functional areas (based on the three fundamental functions of HEIs, i.e. instruction, research and extension), as well as geographic areas; and,
- iv) Increasing support for priority disciplines and programmes in both middle-level skills development and higher education, as identified in the tertiary manpower development plans.

2. Strategies

- i) Establishing a system of direct channelling and managing funding assistance to deserving students and linking it to the policy of mandatory national service for recipients of state-funded tertiary level programmes;
- ii) Undertaking a comprehensive review of enabling laws of public tertiary institutions to bring about institutional responsiveness, academic freedom, fiscal autonomy, programme relevance, and greater accountability and efficiency;
- iii) Broadening the scope and institutionalizing a system of recognition, accreditation and equivalency of work experience and prior learning;
- iv) Promoting the increased participation of the private sector in the financing, management and delivery of middle-level manpower development and higher education; and,
- v) Imposing a moratorium on the conversion of schools into technical-vocational schools and state colleges and universities pending the adoption of appropriate guidelines.

3. Specific activities

- i) Further strengthen Centres of Excellence (COEs) and Centres of Development (CODs) in nine clusters of disciplines;
- ii) Operationalize the National Higher Education Research Agenda (NHRA);
- iii) Strengthen research and extension functions of HEIs;

- iv) Implement the Mindanao Advanced Education Project (MAEP);
- v) Establish the Quality Assurance System in Higher Education;
- vi) Strengthen science education in teacher education institutions;
- vii) Upgrade the capability of HEIs' faculty and staff.
- viii) Implement the National Agriculture and Fisheries Education System (NAFES) as provided for in RA 8435 otherwise known as the Agriculture and Fisheries Modernization Act (AFMA) of 1998;
- ix) Formulate the Medium-Term HRD Master Plan for Higher Education 1999-2004;
- x) Improve the quality of higher education to international standards through:
 - a) development of institutional linkages and networking programmes between and among local and international institutions of higher learning;
 - b) establishment of the Philippines as an education hub in the Asia-Pacific region; and,
 - c) improvement of maritime education curricula to meet international standards, particularly the STCW 95, with the creation of a world-class maritime institution.
- xi) Develop innovative programmes in higher education and modes of delivery of educational services;
- xii) Operationalize the ETEEAP in other priority professional areas;
- xiii) Expand access to educational opportunities in higher education through the implementation of various scholarship programmes;
- xiv) Rationalize the public higher education system; and,
- xv) Operationalize the higher education management information system networking.

D. Science and Technology

The MTDP contains a much abbreviated plan statement for S&T development and employment creation, which is summarized here.

Several programmes were implemented to support the development of S&T in the Philippines. These include the global scan for advanced technologies critical to Philippine development, formulation of a strategic research and development (R&D) programme, intensification of industry-oriented training, establishment of world-class S&T facilities, improvement of the research management system, organization of cross disciplinary teams for R&D, upgrading of centres of excellence, and development of S&T human resources. In addition, core or vanguard R&D projects were implemented in the following sectors: metalworking, coconut, water resources, biotechnology, information technology, new materials, and marine science.

Despite these accomplishments, the state of S&T in the country leaves much to be desired. R&D expenditure in 1994, estimated at 0.2% of GNP, is still way below the United Nations Educational, Scientific, and Cultural Organization's (UNESCO) recommended norm for developing countries of 1% of GNP. The number of personnel involved in S&T activities in the country, at 157 per million inhabitants, also falls short of the recommended norm of 380 per million inhabitants (MTDP, 1999-2004).

CHED has limited budget and staff resources for implementing all its stated objectives. It has focused on improving quality of higher education and strengthened the accreditation of higher education programmes. Accreditation is accorded on the basis of degree programmes, and not

to institutions. As a result, most accredited programmes cover teacher training and accountancy. CHED has assessed the institutions in order to give due recognition to high quality programmes. These have been granted “centre of excellence” status and awarded a small incentive of P3.0 million a year for further improvement of quality. Programmes with good prospects of achieving centre of excellence status are also recognized and granted the “centre of development” label. Less than 20 centres in various fields have acquired this label, a meagre number, given the hundreds of colleges and universities that offer numerous programmes. Nevertheless the scheme has a good signalling effect.

There have also been some attempts to close down schools of obvious dubious quality, based on very poor performances in professional examinations. The main hurdle that the CHED has to overcome lies in countering the politicization of education, and it is often quite helpless in redirecting government subsidies towards improving quality. Higher education subsidies go mainly into the operation of all state universities and colleges, irrespective of the type or quality of programmes they offer. While the NEDA plan places a priority on making Philippine education relevant to both domestic and international market needs, virtually nothing is being done to achieve this objective.

6. CERTIFICATION AND WORK EXPERIENCE

The **Technical Skills Development Authority (TESDA)** is mandated to undertake the following tasks:

- i) Integrate, coordinate, and monitor skills development programmes that are being provided by schools, training centres and firms;
- ii) Develop and implement skills standards and tests;
- iii) Develop an accreditation system for institutions involved in voc-tech training;
- iv) Fund programmes and projects for technical education and skills development; and,
- v) Assist trainers’ training programmes.

TESDA inherited a voc-tech system from another agency, the National Manpower Youth Council (NMYC) which focused on the operation of regional training centres. TESDA has now begun reorganizing and changing its strategies. It plans to devolve its training functions to local government and to obtain greater involvement of industry and employers in skills training, particularly in setting standards for critical skills. These objectives are still in the conceptual state.

TESDA’s most important task remains the certification of skills according to standards set up by users. The programme for certification of industrial skills, initiated by the NMYC, continues to exist and has been extended by TESDA to include skills with good prospects for foreign markets, such as ICT, seafarer ratings (non-officer skills), caregiving and performing arts. In May 2004, it launched the National ICT Certification Programme, aimed at ensuring that ICT workers will graduate with globally recognized standards. The programme has been developed in close consultation with potential users and certification providers, including IT associations in the Philippines, Sun Microsystems, Microsoft Philippines, Oracle, Cisco Systems, Japanese IT Standard Examination Philippines Foundation and SAP Philippines. Accreditation if properly

carried out will assist students wishing to enrol in better quality schools. As yet, there are no plans for accreditation of ICT schools. A study on skills for overseas employment in 1999 concluded that many ICT schools offer poor quality training. It was shown earlier that there are many graduates from ICT degree programmes, but only a very small fraction obtains employment abroad.

TESDA has taken over responsibilities on the certification for seafarer ratings from the Maritime Training Council. The international Standards for Training, Certification and Watchkeeping (STCW) for priority skills required for positions as boatswains, fitters, electronic technicians, equipment maintenance and reefermen, are used in assessing skills for certification purposes. TESDA also monitors training institutions for seafarers, which now number 112 schools and 25 training centres, and plans to establish an accreditation system based on international standards.

TESDA provides certification of caregiving skills based on course modules that include basic first aid and life support, CPR, home and client safety management, nutrition and food preparation, child care and orientation on destination country's culture and environment. The country cited is Canada, a favoured destination. Taiwan is now the largest employer of Filipino caregivers.

The fourth skill group seeking work in foreign countries covers entertainers and performing artists. The main markets are Japan, which employs both entertainers and musicians, and Singapore, hiring musicians mainly. Migrants must obtain a certification of competency from TESDA, in the form of an artist record book, before they could leave the country. An underlying motive behind the certification is to prevent young girls from becoming trapped into prostitution.

Table 6.1 provides information on TESDA's certification programme. More than 500,000 workers were assessed over the 2000-2003 period, but only 57.8% met the certification criteria. Certification rates fell from 79.8% in 2000 to 35.1% in 2003. Those wishing to certify maritime skills achieved the highest rate averaging 93.5%, while the lowest rate in the broad groupings was the ICT skills category, with only 18.3%. The low performance of ICT workers in TESDA examinations is consistent with the rather low deployment rate. In the performing artists category 72.9% met the certification standards, for service workers the rate was 33.7%, and in tourism skills 50.2% of applicants were certified.

Certification serves an important signalling function for both training institutions and students. Students can choose the training institutions that have met the appropriate standards, thereby putting pressure on institutions to adopt those standards, and thus have a direct impact on curriculum development. The convention on international standards for seafarers has forced the National Maritime Polytechnic and other institutions to cooperate on the institutionalization of professional development programmes and thus ensure competitiveness of Filipino ship officers and crew. Courses for "officers upgrading, engine officers upgrading, various specializations, such as tanker operations, maritime satellite communications, etc., and safety first at sea" (Socioeconomic Research Inc., 1999) are also given due consideration.

Seafarers are the oldest regular group of migrant workers, after the farmers who migrated to the US in the 1920s and 1930s, which was often sporadic and of short duration. Seafarers, on the other hand, have found regular and fairly stable employment abroad and formed the largest group of migrants, even before the exodus of construction workers to the Middle East in the

TABLE 6.1
RESULTS OF THE NATIONAL TRADE AND TESTING CERTIFICATION PROGRAMME,
2001-2003

Type	2001			2002			2003		
	Assessed	Certified	Certification rate (%)	Assessed	Certified	Certification rate (%)	Assessed	Certified	Certification rate (%)
Automotive	10,784	4,044	37.5	21,694	7,030	32.4	20,685	6,940	33.6
Construction	13,112	5,429	41.4	28,019	9,082	32.4	23,237	8,953	38.5
Utilities	434	284	65.4	479	278	58.0	413	232	56.2
Electronics	5,700	2,015	35.4	9,426	2,861	30.4	7,290	2,142	29.4
Metals	914	416	45.5	1,651	629	38.1	814	346	42.5
Heating Ventilation Air-conditioning	1,816	1,133	62.4	3,057	1,574	51.5	2,163	1,044	48.3
Tourism	2,866	1,942	67.8	9,419	4,487	47.6	10,827	5,171	47.8
Service Worker	802	482	60.1	5,188	1,174	22.6	6,322	2,498	39.5
Information Technology	13,919	3,798	27.3	37,233	6,419	17.2	28,684	4,371	15.2
Garments	2,123	1,239	58.4	3,990	3,990	100.0	3,017	1,310	43.4
Maritime	102,338	93,599	91.5	36,143	36,143	100.0	5,569	4,985	89.5
Overseas Performing Artist (OPA)	48,767	48,284	99.0	61,372	32,049	52.2	-	-	-
Others	500	285	57.0	2,006	1,188	59.2	1,245	707	56.8
Total	204,075	162,950	79.8	219,677	106,904	48.7	110,266	38,699	35.1

Source: Philippine Statistical Yearbook, 2003.

mid-1970s. At that time there were about 30,000 seafarers deployed in international shipping. Their employment rate has grown continuously but more slowly, now stabilizing at less than 200,000 during the last five years. Deployment of seafarers is the most organized among the various groups of overseas workers.

The **Maritime Training Council** (MTC) has implemented the International Maritime Organization's Standards of Training, Certification and Watchkeeping for Seafarers (STCW), drawn up by the International Convention on Seafarers in Paris in 1978 and has undertaken bilateral negotiations with 30 countries to set fair wages and terms of employment, including insurance. The Council and its members, such as CHED, TESDA and the Professional Regulation Commission (PRC), have promoted the implementation of STCW and accredited training institutes. CHED supervises, monitors and regulates degree programmes in marine engineering and marine transportation while the Professional Regulation Board administers professional examinations for these programmes. Candidates for officer positions must have a college degree and pass the marine engineering and transport board examination. TESDA is responsible for sub-professional skills and as such assesses and certifies the skills of ratings (non-officer seafarers) through tests and examinations. Certification by PRC, TESDA and the National Training Centre is essential for foreign employment and this provides MTC and the certifying agencies with arguments for enforcing standards (see Figure 6.1 for MTC's organizational chart).

Originally drafted in 1978 (amended in 1995), the STCW were adopted by the government in May 1984 and have provided clear guidelines to MTC and its clients, candidates for seafaring work and training institutions. MTC disseminates the STCW, which cover all major skills for officers and ratings, and monitors compliance by training institutions. Students can assess how specific training institutions have complied with the standards for the skills they wish to acquire. STCW thus put pressure on training institutions to develop standard curricula and laboratory facilities in line with market requirements. Using the STCW as the criterion and with the MTC's support, CHED has accredited 47 colleges and institutes in 2002, and a further 80 institutions have been listed as having complied with the standards.

Table 6.2 shows the number of registered seafarers and their deployment between 1998 and 2000. Close to half a million registered seafarers have been certified by TESDA, PRC and MTC's National Maritime Centre in both officer and ratings classes. In 1998, the deployment rate for all classes was 43.9%, falling to 38.5% in 2000, implying that more than 60% of registered seafarers had taken employment in domestic shipping or were unemployed. MTC considers 50% to be a satisfactory deployment rate, and that a higher rate would indicate a shortage of seafarers, a position which presumably takes into account domestic demand.

Deployment rate differs significantly for officers and ratings. In 1998, the deployment rate of deck officers was 68.9% and for engine officers, 64.8%. Supply adjustment appears to have reduced these rates to 59.2% and 56.1%, respectively, in 2000. Catering officers had even higher deployment rates of 93.2% in 1998 and 87.5% in 2000 but in overall numbers, they are less numerous than the other officer classes. There appears to be an excess supply of ratings, since deployment rates for these categories ranged from 29.3% to 39.2% in 1998 and fell further in 2000. But ratings in the special category, though smaller in number, were in very short supply with deployment rates exceeding 100%: 125% in 1998 and 124.3% in 2000. A mitigating factor in deployment rates for officers may be the need to take a degree and pass the professional board

FIGURE 6.1
MARITIME TRAINING COUNCIL ORGANIZATIONAL CHART

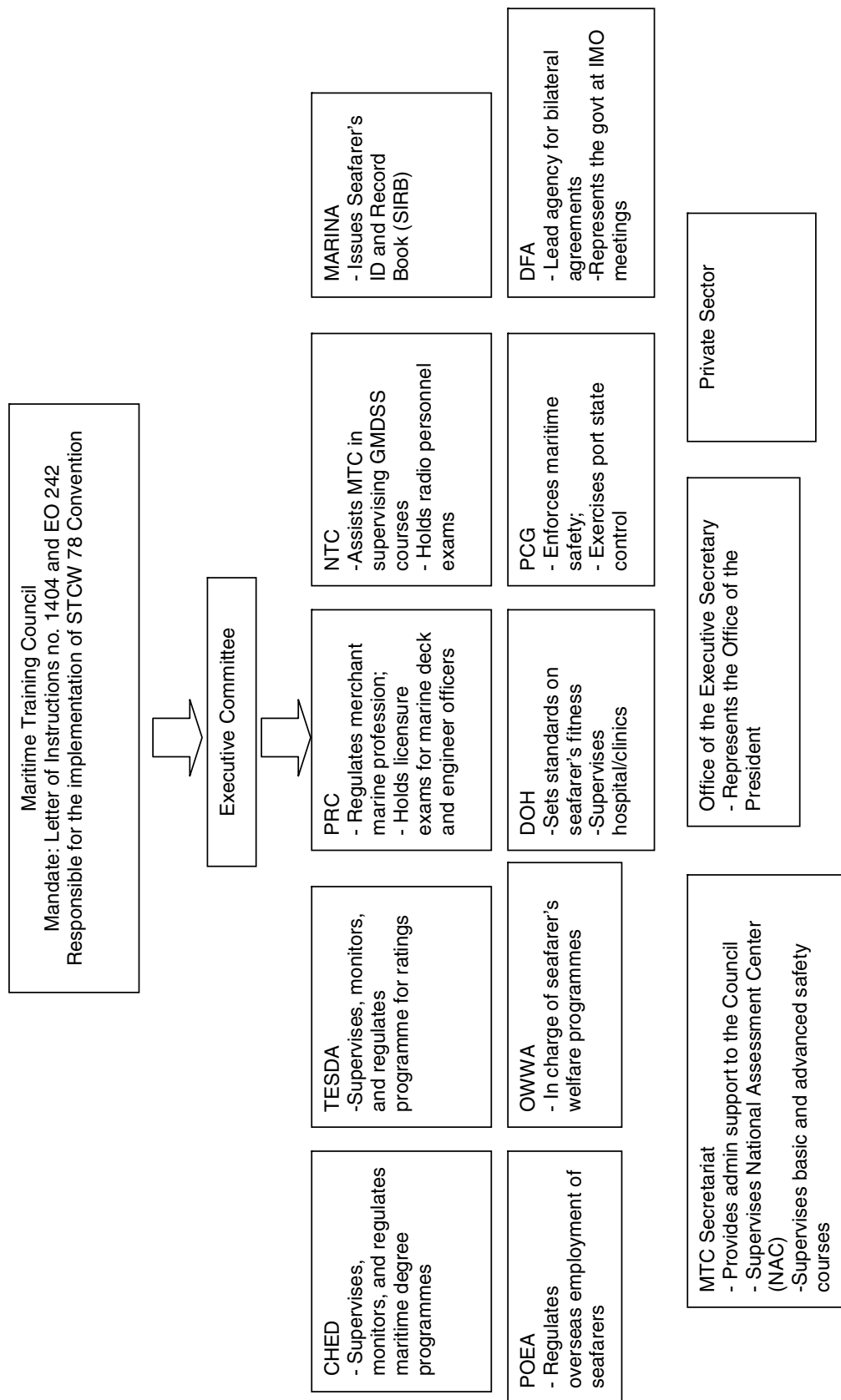


TABLE 6.2
REGISTERED AND DEPLOYED SEAFARERS,
1998-2000

Position	Number Registered			Number Deployed			Deployed/Registered (%)		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
1. Deck officers	34,729	36,130	39,003	23,930	22,364	23,092	68.9	61.9	59.2
2. Engine officers	36,415	38,273	41,238	23,607	23,182	23,135	64.8	60.6	56.1
3. Catering officers	7,150	7,439	7,767	6,661	6,679	6,798	93.2	89.8	87.5
4. Deck ratings	163,696	174,585	191,175	57,944	56,633	59,359	35.4	32.4	31.0
5. Engine ratings	127,275	130,164	137,013	37,248	36,369	36,759	29.3	27.9	26.8
5. Steward ratings	58,041	64,968	72,304	22,731	23,844	16,582	39.2	36.7	22.9
6. Special category	19,035	20,666	26,080	23,796	25,345	32,401	125.0	122.6	124.3
Total	446,341	472,225	514,580	195,917	194,416	198,134	43.9	41.2	38.5

Total number of graduates for the period 1998-2000: 785,666.

Total training institutions which have fully complied with STWCW 95, 2003: 80.

Number of accredited training institutions in 2002: 47, compared to 31 in 1994,

Source: Professional Regulation Commission (PRC),
Philippine Overseas Employment Administration (POEA),
Maritime Training Council (MTC).

examination, a costly option for many young people seeking maritime work. The number of registered seafarers was smaller than the number of graduates from various marine programmes over the period, an average of 477,715 compared to 785,666. This difference could perhaps indicate a high failure rate in the certification process and that many may have sought work in other occupations. As in other skills, the maritime ET system has failed to produce sufficient high-skilled labour, but has created an excess supply of the less skilled workers. Despite the setting of standards, a significant proportion (39.2%) of graduates did not obtain certification.

There has been a rapid growth of demand for **nurses** in certain OECD countries in recent years and demand is expected to increase; given the ageing population in most advanced economies and the fact that the nursing profession has become increasingly unattractive to college-bound youth (Alcantara and Valdes, 2001). Unlike the maritime ET system, there is no government agency dealing with the needs of the nursing profession and no recognized educational standards. As a consequence, the numerous nursing schools are of varied quality. While the number of nursing schools rose from 152 in 1992 to 212 in 2001, their pass rates vary considerably (see Table 4.7 above).

Enrolments in nursing schools declined, however, from 145,746 to 27,833 over the same period. The number of students taking the professional examination has also declined rapidly from 40,415 to 9,447. As a result, the supply of new nurses for domestic and foreign markets may not suffice to meet increasing demand, which can be illustrated by statistics on pass rates and deployment. The ratio of deployed to the number of students passing the board examination rose continuously during the period 1992-2000 from 23.3% to 305.6%. At the same time, the ratio of deployment to the number of job orders declined from 65.5% in 1994, 75.9% in 1995, 43.9% in 1999 and 57.6% in 2001. The inability to fill job orders is partly explained by falling enrolments

and low pass rates which all importing countries require. Relatively fewer job orders are filled in the most attractive destinations, such as the US and UK (see Table 4.8 above). In 2002, the deployment to job order ratio for these destinations was 16.8% and 33.7%, respectively. The UK and the US have stricter quality requirements and apparently fewer applicants qualify for their jobs. Saudi Arabia, despite offering the lowest wages, have more lenient requirements and, as a result, have a much higher deployment to job order ratio of 67.4% (see Table 4.8 above). Table 2.5 (above) provides figures for foreign wages for major destinations in 1994 and 2002. US wages in 2002 were 25.7 times higher than those in the Philippines and 7.1 times higher than Saudi Arabia.

CHED has sought to raise the quality of higher education in general and has threatened to close down schools whose graduates perform very poorly in professional examinations. For nursing, 105 out of 212 nursing schools had pass rates of less than 50%, and 15 schools managed to achieve pass rates of 0% (see Table 6.3). Poor quality nursing education, together with lack of financial support for nursing students, prevents the Philippines from taking advantage of foreign demand for nurses in countries offering attractive wages and terms of employment. The nursing profession tends to attract less affluent students, since it is not a prestigious occupation and the work involved is servile in nature. This should give the government even greater motivation to assist students to pursue a nursing career. There is no doubt that women willing to work as housemaids would prefer to work as nurses, if they had the means to invest in a nursing degree. The situation in the nursing market calls for strong measures.

TABLE 6.3
NURSING SCHOOLS AND PASS RATES
IN NURSING BOARD EXAMINATIONS,
2001

Pass Rate	No. of Schools
90-100	23
80-89	19
60-79	31
50-59	19
Below 50	105
0	15
Total	212

Source: Philippine Professional Regulation Commission (PRC).

A few interviews were conducted with recruitment agencies in order to obtain insights into the placement process and to learn about the qualifications required by employers. A list of advertised jobs was also collected.

To be considered for foreign employment, a prospective OFW must submit a resumé providing information on education and training and on detailed **work experience**. Education and training must be validated with a diploma or certificate from a school or training institution. A Profes-

sional Regulatory Commission (PRC) ID is required for professionals. Working experience is validated by a certificate of employment from previous employers. After passing a preliminary interview, an applicant undergoes a series of further interviews. In one recruitment agency, an applicant would be interviewed three times: by a recruitment officer, the vice-president for operations, and the principal employer.

Hiring is based on the individual's credentials, in particular, on the length, relevance and quality of prior work experience. For operators of heavy equipment, three to five years' work experience is required, whereas, for wood workers, a minimum of five years of experience is demanded and one to two years for sales workers. Demand for electronic technicians may require familiarity with certain brands of equipment (e.g., Lebanese, Italian or French brands of bakery equipment). For certain occupations (such as electricians, mechanics, technicians, plumbers, and masons), prior experience as an OFW in the Middle East is an advantage. If the recruitment agency is not fully convinced that the applicant has the skills required, he or she will be sent to a trade testing centre for assessment and receive a certificate if the tests are successful.

For architects and design engineers, knowledge of latest design tools and visualization software and work experience with major national or international projects is an advantage. For IT professionals bound for the United Arab Emirates (UAE), employers usually require applicants to be graduates with a B.Sc. in Computer Science or Computer Engineering with 10 years' work experience, or a Master's degree in the same fields and five years' experience. It is interesting to note that, for some professions (e.g. civil or electrical engineers), full details of job experience must be provided.

For information and type of qualifications demanded for foreign jobs, a selection of job opportunities advertised in the *Manila Bulletin*, the country's business paper where most commercial advertisements appear (8 August 2004), are offered here:

- i) Electrical Engineers: extensive experience in power utility company or with consultants performing work with major emphasis on design of various HV/EHV (9110kV up to 380kV), outdoor or indoor conventional and indoor SF gas insulated substation and transmission line (O/H & U/G) projects.
- ii) Electrical Engineers-GIS: experience mainly with electrical systems specializing in GIS and outdoor substation equipment applications.
- iii) Electrical Engineers-Transformers: experience mainly in the design of HV/EHV electrical systems with specialization in transformers in substation applications.
- iv) Electrical Engineers-Cables: experience mainly in the design of electrical systems with specialization in HV/EHV cable design applications.
- v) Civil Engineers-Substation: extensive experience performing work in engineering of civil and structural portions of substation works.
- vi) Civil engineers-Transmission lines: extensive experience in a power utility company or with consultants performing work with major emphasis in the engineering of civil and electrical portion of HV/EHV substations and transmission.

For production workers, qualifications will include quality and length of working experience as shown below:

- i) Furniture designer: candidates must have minimum five years' experience in designing furniture. Experience in both design and manufacturing is a definite advantage.
- ii) Carpenters: candidates must have minimum five years' experience in general carpentry work, preferably in finishing and furniture.
- iii) Pipefitters: eight to 15 years' experience in a large fertilizer, petrochemical or power plant.

For nurses, different qualifications and training are required in different countries, as shown in Figure 6.2.

FIGURE 6.2

NURSING QUALIFICATIONS AND TRAINING REQUIRED FOR SELECTED COUNTRIES

Country	Qualifications and Training
UK	<p>Bachelor's Degree in Nursing and has achieved a minimum 77% in board rating</p> <p>Minimum 2 years' experience in acute care hospital nursing in the relevant specialist area</p> <p>In paid employment at the time of application (not private duty nursing or voluntary)</p> <p>Employed in a tertiary hospital of a minimum of 100 bed size</p> <p>Holder of a current Philippine nursing licence</p> <p>Position of adaptation nurse during the adaptation period (3-6 months)</p> <p>Position of registered nurse upon UKCC registration</p> <p>Not required more than 6 months supervised practice in an acute hospital setting before the UKCC will consider for UKCC nurse registration</p> <p>Have effective English communication skills</p>
USA (Guam)	<p>Bachelor's degree in Nursing/General Nursing from a recognized college or university</p> <p>2 years' post-licence experience in hospital nursing work for graduates of BSN from a recognized college or university</p> <p>3 years post-licence experience in hospital nursing work for graduates of General Nursing/ Associate in Nursing from a recognized college or university</p> <p>Post-graduate studies or special courses or trainings relevant to nursing profession</p> <p>Board licence</p> <p>Pass in CGFNS and TOEFL exams. TSE and NCLEX certificate</p>
Norway	<p>Bachelor's Degree in Nursing (BSN)</p> <p>Certificate of proficiency/professional licence/certificate of apprenticeship related to the main educational qualification</p> <p>Must undertake 10 weeks of geriatric and 3 weeks of actual nursing in addition to completion of a 3-month Norwegian language training course</p>
Ireland	<p>Bachelor Science of Nursing</p> <p>Minimum of 10 months' work experience in hospital of at least 30 bed size</p> <p>Presently employed</p> <p>Position of adaptation nurse during the adaptation period (3-6 months)</p> <p>Registered nurse after An Bord Altranais (ABA) Registration</p> <p>Police clearance</p> <p>Under 45 years of age</p>
Kingdom of Saudi Arabia	<p>Bachelor's Degree in Nursing</p> <p>Board licence</p> <p>2 years' experience in acute care/Western hospital or relevant nursing experience</p> <p>With experience in large and reputable hospital, such as St. Luke's Medical Centre, Manila Doctor's Hospital, Philippine General Hospital, Chinese General Hospital</p> <p>1 year's experience as a staff nurse in the assigned specialization</p>

Source: Philippine Overseas Employment Agency.

Certain employers' placement agents are given detailed lists of terms and conditions of work. The UK National Health Service website which can be accessed from the POEA website describes the additional benefits granted to nurses, including paid holidays, training and living quarters. Experience of three or more years in specific tasks is required for all advertised positions.

7. KEY FINDINGS AND CONCLUSIONS

This paper has reviewed the role of government in promoting labour migration within the framework of an open education and training-labour (ET-L) market. Foreign employment for employees from less developed economies has developed in the richer countries, though this does not ignore the existence of intra-OECD migration, since there are often closer matches of skills and social preferences for their citizens in jobs abroad. Canada has been particularly concerned about the departure of many of its highly skilled workers to the US, and significant numbers of Australians moving to and from the UK. Our focus here is on the large-scale labour migration from less developed economies in Asia to different parts of the world.

The paper sees migration as a decision made by the labour force and the youth who wish to invest in skills in preparation for their entry into the labour market. Foreign employment offers higher wages than domestic wages and, in some destinations, a better social, political and physical environment, particularly in the US. The benefits or returns from migration depend on the foreign-wage differential, net of costs related to migration, such as the cost of placement, transport and immigration, and job search fees. Returns increase as the wage differential widens and the probability of foreign employment improves. Migrants maximize returns to migration when they are able to choose the best foreign employment option. But imperfect conditions – poor information and lack of financial resources and credit – make it difficult for would-be migrants to acquire the appropriate skills and choose a destination with the highest return.

The role of government is identified as collecting and disseminating good information on domestic and foreign labour markets and on ET institutions to the labour force and the youth. The government also needs to develop financial support schemes to help the youth increase the range of skills in which they can invest, rather than opt for low-cost skills training. The Philippine government has not intervened much in the ET-labour market, thus leaving the labour force and youth to fend for themselves in making investment and migration choices. It has done little to collect and disseminate information and to help the youth in financing their studies. There are evident consequences of government neglect and these have led to market failure, which affects both domestic workers and migrant labour. If the ET system does not provide migrants with appropriate or standard skills, they will not qualify for foreign employment.

The paper described government policies and institutions governing ET and migration. Some of the findings are as follows:

- i) Education and training and migration decisions have been left mainly to market forces. Intervention in the ET-L market has generally been weak. Government plans are indicative in nature, i.e., they state desirable goals and broad strategies but these are not supported by

programmes for implementation and financing. Government agencies created to address various components of ET are poorly staffed and financed, so that they are forced to focus their resources on selected projects or programmes, without addressing all the objectives outlined in the national plan. CHED focuses on improving quality of tertiary education and TESDA on certification of voc-tech skills.

- ii) The Maritime Training Council stands out as an effective agency. It was created to enforce the international Standards for Qualification of Training, Certification and Watch-keeping (STCW) for seafarers and to create an effective organization for the employment of seafarers. Enforcement of standards is achieved by a certification system acceptable to international shipping. A TESDA certificate of skills for ratings, the Professional Regulation Commission certification for marine engineers (officers) and its own National Training Centre are now an entry requirement for foreign jobs. Through CHED, MTC accredits maritime training institutions. The STCW are valuable to maritime students in deciding which school to choose for obtaining selected skills and help them acquire the specific component skills identified in the standard.
- iii) There is a significant shortage in ICT and nursing skills and this situation is expected to worsen in the near future. The country produces an excess supply of ICT graduates, but the quality of their education is dubious. There is a large unmet demand for nurses abroad, especially in higher-paying destinations, such as the US, UK and Ireland. Despite high demand, enrolments in nursing are falling and only half of those graduating pass the professional board examinations. Yet the government has not developed a strategy for improving the quality of nursing schools and for providing incentives, through dissemination of information and financial support for youth from poor families.
- iv) The government has promoted foreign employment through bilateral negotiations for numbers and terms of employment for particular skills. It has not undertaken market research on skills reported to have current and future demand in such fields as ICT and nursing. There have been studies published abroad on the shortage of ICT skilled workers and nurses, but neither CHED, nor the Philippine Nursing Association nor the Semi-conductor and Electronics Industry of the Philippines has looked into the reasons for the Philippines' failure to produce more qualified employees for both the domestic and the foreign labour markets. Poor quality has long been recognized as the main problem in each of these skills. But neither CHED nor the Department of Science and Technology has developed a credible programme for assisting selected colleges and universities to raise the quality and capacity of their ICT and nursing programmes. There exists a number of good quality colleges and universities whose standards could be readily raised to world levels with adequate support from the government. CHED's grant of P3.0 million per year per programme to centres of excellence is inadequate and, though welcomed by the schools, will not go far in improving ICT or any science programme. There is a very urgent need to reallocate governmental support for higher education towards programmes and institutions that could contribute more to national development and migration.
- v) ET resources are wasted when graduates fail to pass professional examinations and forego high paying foreign and domestic employment. The pass rate in professional board examinations has averaged less than 50% and many programmes in many schools have pass rates

even lower than this. Some students who fail at the first attempt may decide to retake the examination and invest in additional classes and examination fees, but those who are discouraged after the first or subsequent attempts have wasted their investment in their studies.

We have few recommendations to make. Improving quality is the key to maximizing personal and social returns on investment in ET and will reduce wastage, while increasing employability for the labour force in domestic and foreign markets. Improving quality would require a drastic reallocation of the higher education budget. The ADB-WB education sector study (1999) and the author's research (Tan, 2002) recommend the reallocation of subsidies from discounts for tuition fees to scholarships. Currently more than 90% of government subsidy to higher education goes to finance the operating cost of state colleges and universities and CHED supported tertiary schools. Students in these institutions are subsidized indiscriminately through tuition fee discounts amounting to more than 90%, irrespective of ability, performance and programme of study. Few state colleges and universities offer good quality science and technical programmes and most offer programmes which are already in excess of needs in teacher training and business, for example. Any reform will have to rely on budget reallocation, since no large budget increases can be expected in the intermediate future, given the precarious fiscal state of the national government. But even if the budget for higher education were increased at the same rate as growth in GDP, the absolute increments in the budget would not suffice to improve quality. It is possible that any increases in budget would merely be spent on financing higher levels of enrolment.

ENDNOTES

1. US Census defines "immigrants" as people born abroad.
2. It would be more accurate to use total labour force for the denominator, but this data is not available.

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APPENDICES

APPENDIX TABLE A.1

STOCK ESTIMATE OF OVERSEAS FILIPINOS AS AT DECEMBER 2003

Region /Country	Permanent	Temporary	Irregular	Total
WORLD TOTAL	2,865,412	3,385,001	1,512,765	7,763,178
Africa	318	53,706	16,955	70,979
Egypt	54	2,383	1,280	3,717
Equatorial Guinea	0	1,471	150	1,621
Libya	75	5,982	485	6,542
Nigeria	18	10,939	586	11,543
Others/Unspecified	171	32,931	14,454	47,556
Asia, East and South	85,570	944,129	503,173	1,532,872
Brunei	26	21,043	1,500	22,569
Hong Kong	404	185,500	2,500	188,404
Japan	77,310	197,268	30,100	304,678
Korea (South)	4,561	28,540	9,015	42,116
Macao	56	16,000	1,000	17,056
Malaysia	311	59,599	363,000	422,910
Singapore	152	58,194	71,917	130,263
Taiwan	1,992	151,824	4,300	158,116
Others/Unspecified	758	226,161	19,841	246,760
Asia, West	2,290	1,361,409	108,150	1,471,849
Bahrain	63	28,238	5,000	33,301
Israel	104	9,186	23,000	32,290
Jordan	108	5,235	7,000	12,343
Kuwait	93	69,217	10,000	79,310
Lebanon	19	21,521	5,500	27,040
Oman	18	18,632	1,500	20,150
Qatar	13	44,279	1,000	45,292
Saudi Arabia	243	948,329	18,000	966,572
UAE	389	172,755	20,000	193,144
Others/Unspecified	1,240	44,017	17,150	62,407
Europe	165,030	459,042	143,810	767,882
Austria	21,854	1,203	2,000	25,057
Belgium	3,473	2,524	4,933	10,930
France	1,082	4,808	26,121	32,011
Germany	42,489	7,015	4,392	53,896
Greece	88	15,527	7,500	23,115
Italy	4,075	70,113	50,000	124,188
Netherlands	10,250	2,368	1,000	13,618
Spain	15,753	6,071	4,000	25,824
Switzerland	842	5,971	6,199	13,012
United Kingdom	46,234	38,256	7,125	91,615
Others/Unspecified	18,890	305,186	30,540	354,616

APPENDIX TABLE A.1 (cont.)
STOCK ESTIMATE OF OVERSEAS FILIPINOS AS AT DECEMBER 2003

Region /Country	Permanent	Temporary	Irregular	Total
Americas/Trust Territories	2,386,036	286,103	709,676	3,381,815
Canada	359,118	30,027	2,975	392,120
United States	1,979,408	99,815	510,000	2,589,223
CNMI	1,288	15,399	1201	17,888
Guam	44,917	1,628	500	47,045
Others/Unspecified	1,305	139,234	195,000	335,539
Oceania	226,168	55,814	31,001	312,983
Australia	209,017	716	2,923	212,656
New Zealand	17,051	260	120	17,431
Palau	5	3,266	400	3,671
Papua New Guinea	64	4,140	7,339	11,543
Others/Unspecified	31	47,432	20,219	67,682
Region unspecified		8,767		8,767
Sea-based workers		216,031		216,031

Permanent – Immigrants or legal permanent residents abroad whose stay does not depend on work contracts.

Temporary – Persons whose stay overseas is employment-related, and who are expected to return at the end of their work contracts.

Irregular – Persons without proper documents or valid residence/work permits, or who are have overstayed in a foreign country.

Prepared by the Commission on Filipinos Overseas from CFO, DFA, POEA and other sources covering 192 countries/territories.

APPENDIX TABLE A.2
 PROCESSED AND DEPLOYED OVERSEAS FILIPINO WORKERS (OFWs)
 (LAND-BASED AND SEA-BASED),
 1975-2003

Year	Total Land-based	Annual Growth Rate	Land-based (%)	Total Sea-based	Annual Growth Rate	Sea-based (%)	Total Deployed OFWs	Annual Growth Rate
1975	12,501	-	34.7	23,534	-	65.3	36,035	-
1976	19,112	52.9	40.0	28,614	21.6	60.0	47,726	32.4
1977	36,676	91.9	52.1	33,699	17.8	47.9	70,375	47.5
1978	50,961	38.9	57.8	37,280	10.6	42.2	88,241	25.4
1979	92,519	81.5	67.4	44,818	20.2	32.6	137,337	55.6
1980	157,394	70.1	73.3	57,196	27.6	26.7	214,590	56.3
1981	210,936	34.0	79.2	55,307	-3.3	20.8	266,243	24.1
1982	250,115	18.6	81.9	55,307	0.0	18.1	305,422	14.7
1983	380,263	52.0	87.6	53,944	-2.5	12.4	434,207	42.2
1984	371,065	-2.4	87.3	54,016	0.1	12.7	425,081	-2.1
1985	320,494	-13.6	86.0	52,290	-3.2	14.0	372,784	-12.3
1986	323,517	0.9	85.5	54,987	5.2	14.5	378,504	1.5
1987	382,229	18.1	85.1	67,042	21.9	14.9	449,271	18.7
1988	285,117	-25.4	76.8	85,913	28.1	23.2	371,030	-17.4
1989	355,346	24.6	77.5	103,280	20.2	22.5	458,626	23.6
1990	334,883	-5.8	75.1	111,212	7.7	24.9	446,095	-2.7
1991	476,693	42.3	79.1	125,759	13.1	20.9	602,452	35.1
1992	517,632	8.6	79.1	136,806	8.8	20.9	654,438	8.6
1993	509,653	-1.5	77.8	145,758	6.5	22.2	655,411	0.1
1994	517,662	1.6	77.0	154,376	5.9	23.0	672,038	2.5
1995	436,884	-15.6	72.5	165,401	7.1	27.5	602,285	-10.4
1996	424,259	-2.9	70.7	175,469	6.1	29.3	599,728	-0.4
1997	559,227	31.8	74.8	188,469	7.4	25.2	747,696	24.7
1998	638,343	14.1	76.8	193,300	2.6	23.2	831,643	11.2
1999	640,331	0.3	76.5	196,689	1.8	23.5	837,020	0.6
2000	643,304	0.5	76.4	198,324	0.8	23.6	841,628	0.6
2001	662,648	3.0	76.5	203,951	2.8	23.5	866,599	3.0
2002	682,315	3.0	76.5	209,593	2.8	23.5	891,908	2.9
2003	651,938	-4.5	75.1	216,031	3.1	24.9	867,969	-2.7

Source: Philippine Overseas Employment Administration.

APPENDIX TABLE A.3

NEW HIRES OF OVERSEAS FILIPINO WORKERS BY SEX AND SKILLS CATEGORY,
1993-2002

Year	Female OFWs (%)	Professional		Entertainers		Administrative		Clerical		Sales	
		OFW (%)	Female (%)	OFW (%)	Female (%)	OFW (%)	Female (%)	OFW (%)	Female (%)	OFW (%)	Female (%)
1993	54	8.9	40	16.41	95	0.13	18	1.65	30	0.99	37
1994	59	7.89	41	20.58	95	0.13	21	1.46	32	0.85	36
1995	58	9.43	45	10.95	93	0.16	23	1.60	37	0.93	41
1996	54	5.51	39	9.01	93	0.15	21	1.54	39	0.94	37
1997	56	8.94	36	14.30	95	0.25	20	1.64	42	1.19	44
1998	61	9.02	36	16.28	96	0.17	21	1.32	45	1.15	45
1999	64	7.68	42	18.65	97	0.14	18	1.08	49	0.95	35
2000	70	7.43	51	23.66	97	0.11	27	0.94	42	0.82	46
2001	72	11.56	57	26.19	96	0.15	27	1.30	59	1.23	57
2002	69	8.46	61	26.45	93	0.13	34	1.40	63	1.07	48

Year	Service		Agricultural		Production		For reclassification	
	OFW (%)	Female (%)	OFW (%)	Female (%)	OFW (%)	Female (%)	OFW (%)	Female (%)
1993	34.85	86	0.68	2	36.36	12	0.03	28
1994	35.04	88	0.49	2	33.51	16	0.05	4
1995	37.84	91	0.46	1	38.54	22	0.09	13
1996	44.18	91	0.4	2	36.78	11	1.49	9
1997	34.64	89	0.25	7	38.79	17	0.00	0
1998	36.80	91	0.18	3	34.25	21	0.83	20
1999	35.46	91	0.19	2	33.58	26	2.27	27
2000	36.05	92	0.21	1	22.85	28	7.93	43
2001	35.77	91	0.21	7	21.97	24	1.62	31
2002	34.01	90	0.21	3	24.25	29	4.02	5

Source: Philippine Overseas Employment Administration.

APPENDIX B.1

EMPLOYED PERSONS BY MAJOR OCCUPATIONAL GROUP (000),
1991-2003

Occupational Group	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Professional	1,344	1,392	1,398	1,366	1,428	1,640	1,654	1,697	1,709	1,623
Administrative	277	284	326	358	421	456	531	570	651	645
Clerical	944	979	1,052	1,033	1,115	1,223	1,205	1,271	1,262	1,291
Sales	3,109	3,195	3,277	3,446	3,592	3,923	3,979	4,152	4,245	4,315
Service	2,099	2,210	2,119	2,329	2,309	2,590	2,815	3,005	3,062	2,990
Agricultural	10,274	10,745	11,106	11,112	11,224	11,333	11,151	11,163	10,405	10,287
Production	4,903	5,067	5,128	5,493	5,571	6,259	6,506	6,366	6,400	6,589
Unclassified	28	44	38	29	38	19	46	38	28	32
TOTAL	22,979	23,917	24,443	25,166	25,698	27,442	27,888	28,262	24,228	27,775

Occupational Group	2001	2002	2003
Officials of government and special interests organizations, corporate executives, managers, managing proprietors and supervisors	3,090	3,372	3,646
Professionals	1,390	1,391	1,350
Technicians and associate professionals	754	802	884
Clerks	1,326	1,306	1,318
Service workers and shop and market sales workers	2,720	2,621	2,882
Farmers, forestry workers and fishermen	6,345	6,284	6,088
Trade and related workers	3,045	2,964	2,889
Plant and machine operators and assemblers	2,278	2,181	2,369
Labourers and unskilled workers	9,003	9,213	10,004
Special occupations	133	118	122
TOTAL	30,085	30,251	31,553

Source: Philippine Yearbook of Labour Statistics, various years.
Current Labour Statistics, fourth quarter 2003.

APPENDIX B.2

UNDEREMPLOYED PERSONS BY MAJOR OCCUPATIONAL GROUP (000), 1991-2003

Occupational Group	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Professional	178	163	178	179	178	187	233	269	253	200
Administrative	43	28	51	57	69	63	75	99	104	87
Clerical	110	104	116	130	144	145	147	219	194	159
Sales	513	500	539	566	626	587	632	775	744	663
Service	324	295	318	346	333	338	444	565	506	431
Agricultural	2,863	2,712	3,002	2,846	2,650	2,745	2,890	3,140	2,741	2,609
Production	1,040	938	1,023	1,126	1,076	1,259	1,386	1,633	1,547	1,378
Unclassified	6	7	6	4	8	2	0	0	0	0
TOTAL	5,077	4,748	5,232	5,254	5,083	5,326	5,805	6,701	6,088	5,528

Occupational Group	2001	2002	2003
Officials of government and special interests organizations, corporate executives, managers, managing proprietors and supervisors	288	321	361
Professionals	107	81	85
Technicians and associate professionals	115	103	130
Clerks	108	110	118
Service workers and shop and market sales workers	345	284	337
Farmers, forestry workers and fishermen	1,208	1,093	1,157
Trade and related workers	638	558	506
Plant and machine operators and assemblers	355	280	319
Labourers and unskilled workers	1,819	1,784	1,969
Special occupations	17	13	8
TOTAL	5,000	4,627	4,989

Source: Philippine Yearbook of Labour Statistics, various years.
Current Labour Statistics, fourth quarter 2003.

APPENDIX B.3
NEW HIRES OF OFWS BY MAJOR OCCUPATIONAL GROUP, 1992-2003

Occupational Group	1992	1993	1994	1995	1996	1997
Professional and technical workers	72,230	64,830	73,705	43,629	36,055	51,381
Administrative and managerial workers	289	326	335	346	305	572
Clerical workers	5,442	4,226	3,785	3,435	3,169	3,632
Sales workers	2,701	2,539	2,203	1,986	1,938	2,637
Service workers	82,426	89,296	90,755	81,043	84,745	76,644
Agricultural workers	2,020	1,753	1,268	981	822	546
Production workers	95,415	93,149	86,798	82,537	75,683	85,829
For reclassification	71	78	137	200	3,074	0
TOTAL	260,594	256,197	258,986	214,157	205,791	221,241
	1998	1999	2000	2001	2002	2003
Professional and technical workers	55,456	62,500	78,685	97,448	100,585	78,956
Administrative and managerial workers	385	333	284	385	376	387
Clerical workers	2,897	2,552	2,367	3,356	4,039	3,965
Sales workers	2,514	2,244	2,083	3,188	3,069	2,490
Service workers	80,675	84,138	91,206	92,351	98,007	84,021
Agricultural workers	388	452	526	550	617	413
Production workers	75,078	79,662	57,807	56,740	69,883	61,352
For reclassification	1,822	5,379	20,072	4,186	11,579	9,927
TOTAL	219,215	237,260	253,030	258,204	288,155	241,511

Source: Philippine Overseas Employment Administration.

APPENDIX B.4

DEPLOYMENT PER SKILL OF SELECTED PROFESSIONALS AND TECHNICAL WORKERS
(NEW HIRES), 1996-2002

Occupation	1996	1997	1998	1999	2000	2001	2002
Engineers	2,819	3,653	2,986	2,248	2,098	2,834	2,688
Chemical	26	21	26	17	14	29	21
Civil	571	786	575	361	267	377	455
Electrical and electronics	667	754	645	548	509	626	570
Industrial	124	238	138	97	104	135	144
Mechanical	494	618	544	416	336	384	362
Geodetic/Surveyors	225	280	208	158	106	188	235
Others	712	956	850	651	762	1,095	901
Medical	5,515	5,305	5,454	6,031	8,368	13,882	12,419
Doctor	38	60	55	59	27	61	129
Nurses	4,734	4,242	4,591	5,413	7,683	13,536	11,867
Nursing personnel	743	1,003	808	559	658	285	423
Information and Communications (ICT)	704	955	1,073	808	470	581	340
Computer programmer	702	944	1,066	805	469	539	324
Systems analyst	2	11	7	3	1	42	16
Teachers	114	166	140	128	241	390	623

Source: Philippine Overseas Employment Administration.

**MIGRANT WORKERS' REMITTANCES – FLOWS,
UTILIZATION, POLICIES AND PROSPECTS**

THE CASE OF BANGLADESH

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ABBREVIATIONS

ADB	–	Asian Development Bank
BB	–	Bangladesh Bank
BMET	–	Bureau of Manpower Employment and Training
BOI	–	Board of Investment
DFID	–	Department for International Development
EWOE	–	Expatriates' Welfare and Overseas Employment
FIU	–	Financial Intelligence Unit
ILO	–	International Labour Organization
IOM	–	International Organization for Migration
IRD	–	Internal Resources Division
MELA	–	Micro Enterprise Lending, and Assistance Programme
MFIs	–	Micro-finance institutions
MoC	–	Ministry of Commerce
MoEWOE	–	Ministry of Expatriates' Welfare and Overseas Employment
MoF	–	Ministry of Finance
MoFA	–	Ministry of Foreign Affairs
NCBs	–	Nationalized Commercial Banks
NFCD	–	Non-resident Foreign Currency Deposit
NGO	–	Non-government organization
NITA	–	Non-resident investor's taka account
PC	–	Privatization Commission
PCBs	–	Private commercial banks
RMG	–	Ready-made garment
RMMRU	–	Refugee and Migratory Movements Research Unit
Tk.	–	Taka
UAE	–	United Arab Emirates
UK	–	United Kingdom
UNDP	–	United Nations Development Programme
US	–	United States

The views expressed in this paper are those of the author and do not engage either the Organizations or the national authorities concerned.

MIGRANT WORKERS' REMITTANCES – FLOWS, UTILIZATION, POLICIES AND PROSPECTS

THE CASE OF BANGLADESH

1. INTRODUCTION

During the eighteenth and nineteenth centuries, development impact of migration was mostly recorded in the context of receiving states, whereas since World War II migration experience underscores positive economic and social benefits for both receiving and sending countries. Remittances are a substantive yardstick for macro-level benefits in sending countries. Various figures indicate that the flow of migrant remittances from sending to receiving countries is continuously growing. Global figures show that official remittances have increased from less than US\$ 2 billion in 1970 to US\$ 80 billion in 2000 (ILO, 2002) and these figures do not include informal transfers. Micro-studies in countries such as Pakistan and Bangladesh have shown that only around half of the remittances are transferred through official channels, with the rest sent through different unofficial methods. Consequently the actual value of remittances is likely to be at least double the officially recorded figures.¹

Sixty per cent of global remittances flows into developing countries (Sorensen, 2004). This figure is higher than global official development assistance (ODA) and capital market flows (Gammeltoft, 2002) into those countries. When compared with foreign direct investment (FDI) in developing countries, the value of remittances is more than 50% of the total flow. Moreover, remittances as a source of financial flows are found to be more stable than private capital flows and to be less sensitive to volatile economic cycles (Ratha, 2003). International organizations, such as ILO, IOM, IMF, World Bank and ADB, are increasingly emphasizing migrants' remittances as a tool to promote development.

Bangladesh is a country with a huge labour surplus. Hence it belongs on the supply side of the global labour market. On average, 2,500,000 people migrate annually (1995-2003) to take up overseas employment. The flow of migrant workers is associated with the growing flow of remittances to Bangladesh. In 2002, remittances accounted for 2% of global remittance transfers and 12% of official remittances to South Asia (Table 1.1). Since the late 1990s, successive governments in Bangladesh have realized the importance of remittances to the national economy and have undertaken several macroeconomic reforms to encourage the flow of remittances through official channels. The seventh parliamentary government established a new Ministry of Expatriates' Welfare and Overseas Employment (EWOE) to ensure efficient management of the migration sector in Bangladesh. This paper aims to understand the results of recent government policies and actions with respect to remittance management. The objective of the study is also to understand the current use of remittances and its potential for further productive investment to promote development.

TABLE 1.1
REMITTANCE FLOW TO MAJOR REMITTANCE RECEIVING COUNTRIES,
2002

Country	Regional Share (%)	Worldwide Share (%)
Bangladesh	12	2
Dominican Republic	9	2
Egypt	35	5
El Salvador	9	2
Greece	10	2
India	73	15
Jordan	17	2
Mexico	34	8
Morocco	20	3
Nigeria	65	2
Philippines	43	8
Portugal	19	4
Spain	20	4
Turkey	27	6
Yemen	12	2
Total	-	75*

*The remaining 25% of remittances are received by other countries.

Source: Orozco (2003), using data of central bank of each country and World Bank (2002).

International remittances are defined as that portion of migrant workers' earnings which is sent from the country of employment to the country of origin (ILO, 2000). Remittances can also be sent in kind, but transfers in kind are quite difficult to measure. Rivera Batiz (1986) showed that in Pakistan its share of total remittances could be between 9-17%, while in Yemen it was between 8-10%. Levitt (1996) identified ideas, practices, identities and social capital that flow from receiving to sending countries as social remittance. One may however argue that social capital, identities and ideas taken by migrants from their countries of origin to the countries of destination should also be seen as social remittance. In this case, it flows from origin to destination.

Remittances can be paid by individuals and also by groups. When individuals send remittances to their household or kith and kin, this can be termed "individual remittances". When a group of migrants, their associations or professional bodies mobilize resources together and send remittances for collective or community programmes, this can be termed "collective remittances". Individual remittances are mostly geared towards the family, whereas collective remittances are generally used for community development.

This paper is mostly based on recently completed studies. Over the last few years, a few important studies have concentrated on migrants' remittances, including Siddiqui and Abrar (2003) and Murshed (2000). Along with these studies, publications and reports by central, public and private banks and bank websites constituted secondary information. Primary information gathering was also part of the methodology. Interviews with Bangladesh Bank officials, private and

public bank officials, functionaries of the Ministry of EWOE and leaders of micro-finance institutions (MFIs) constitute primary sources of data.

This paper is divided into eight sections including the introduction and the conclusion. Section 2 gives a brief description of different types of migration flow from Bangladesh, their extent, countries of destination, gender distribution and skill composition. Section 3 provides information on the volume of remittances and its importance in the macroeconomy. It explains both informal and formal remittance transfer processes and also compares costs in the two channels and the reasons behind migrants' choice. Section 4 identifies major public and private sector actors in remittance transfers. Section 5 presents recent steps undertaken by different ministries and agencies to increase the efficiency of migrants' remittances. Various regulatory instruments are also discussed. Section 6 looks into the uses made of remittances and their link with development. The last section draws conclusions in each of these areas and offers recommendations that may help the development of strategies for further efficient management of remittances.

2. BANGLADESHI MIGRANTS

Currently there are two types of voluntary international migration from Bangladesh: one type involves mostly migration to the industrialized west, while the other takes migrants to Middle Eastern and South-East Asian countries. Voluntary migration to the industrialized west includes permanent residents, work permit holders, and professionals. They are usually perceived as long-term or permanent migrants. Migration to the Middle East and South-East Asia is usually for short-term jobs and migrants usually return home after finishing their contract. Although long-term migration is a longer history than short-term migration, information on the types, extent and composition of this migration pattern is not held by the government. Information on short-term labour migrants who officially go overseas for employment is available with the Bureau of Manpower Employment and Training (BMET).²

BMET data show that, from 1976 to 2003, the total number of Bangladeshis working abroad as short-term migrants stands at more than 3 million (Table 2.1). This data indicates a yearly average flow for the period 1991-2002 of around 214,098 persons. There was a slight decline in migration in 1991, perhaps because of the Gulf War in that year, but a dramatic increase was recorded in the following two years. This might have been the reward for Bangladesh's participation in the anti-Iraq alliance through deployment of troops in protecting the holy land of Makkah and Medina in Saudi Arabia during the 1991 Gulf War. These workers were involved in post-war reconstruction. It also shows that the highest number of people migrating from Bangladesh was in 1999 (268,182 migrants). In addition, a large number of Bangladeshis is also believed to have gone to the Middle East through irregular process.

Currently, the major destinations are Saudi Arabia, UAE, Kuwait, Qatar, Oman, Iraq, Libya, Bahrain, Iran, Malaysia, South Korea, Singapore, Hong Kong, and Brunei. Saudi Arabia alone accounts for nearly one half of the total number of workers who have migrated from Bangladesh. The labour market for Bangladeshi workers is not static. During the 1970s, Saudi Arabia, Iraq, Iran and Libya were among the major destination countries. While Saudi Arabia remains the most important destination country, Malaysia and UAE have become important receivers. In the mid-1990s, Malaysia became the second largest employer of Bangladeshi workers. How-

TABLE 2.1
DISTRIBUTION OF BANGLADESHI MIGRANTS BY DESTINATION,
1976-SEPTEMBER 2003

Year	Saudi Arabia	Kuwait	UAE	Qatar	Iraq	Libya	Bahrain	Oman	Malaysia	Korea	Singapore	Others	Total
1976	3.56	10.56	32.68	20.06	9.64	2.84	5.50	1.86	0	0	0	13.29	6,087
1977	8.77	8.36	37.00	14.38	7.87	4.57	5.53	9.49	0	0	0	4.02	15,725
1978	14.08	9.16	32.93	5.71	6.37	10.5	3.34	12.61	0.1	0	0	4.51	22,809
1997	26.44	9.38	20.69	5.65	9.65	8.04	3.38	15.42	0	0	0.45	0.91	24,495
1980	28.91	12.26	16.12	4.84	6.41	9.90	4.49	15.78	0.01	0	1.28	0.01	30,073
1981	23.99	9.79	11.50	4.07	23.58	7.46	2.5	13.18	0	0	1.94	1.99	55,787
1982	25.96	11.54	10.93	9.96	20.55	3.3	3.25	13.14	0	0	0.53	0.83	62,762
1983	21.83	17.36	11.17	12.76	8.33	3.73	4.18	18.76	0.04	0	0.30	1.54	59,220
1984	35.97	9.92	9.14	4.81	8.29	5.97	4.06	18.42	0	0	1.27	2.16	56,714
1985	47.79	9.5	10.73	6.12	6.50	1.95	3.82	11.86	0	0	1.02	0.71	77,694
1986	39.67	14.98	12.80	7.06	6.89	4.53	3.78	9.11	0.77	0	0.04	0.37	68,658
1987	53.09	12.91	13.45	7.96	5.20	3.07	2.78	0.59	0	0	0	0.96	74,017
1988	40.55	9.58	19.73	10.85	6.15	4.05	4.80	3.26	0	0	0	1.04	68,121
1989	39.27	12.19	14.93	8.32	2.53	1.58	4.75	15.17	0.39	0	0.23	0.64	101,724
1990	55.37	5.74	8.00	7.39	2.60	0.45	4.40	13.47	1.33	0	0.75	0.50	103,814
1991	51.36	19.4	5.83	2.56	0	0.76	2.36	15.67	1.11	0	0.44	0.40	147,131
1992	49.51	18.27	6.90	1.73	0	0.86	3.09	13.73	5.60	0	0.17	0.16	188,124
1993	43.51	10.8	6.47	1.00	0	0.74	2.21	6.49	27.79	0	0.71	0.30	244,508
1994	49.05	8	8.08	0.33	0	1.00	2.27	3.47	25.67	0.84	0.21	1.08	186,326
1995	44.79	9.33	7.83	0.04	0	0.59	1.60	11.17	18.76	1.77	2.01	2.12	187,543
1996	34.35	9.94	11.25	0.05	0	0.93	1.78	4.11	31.47	1.30	2.51	2.32	211,714
1997	46.10	9.14	23.68	0.81	0	0.84	2.17	2.59	1.23	0.38	11.86	1.20	231,077
1998	59.3	9.51	14.49	2.54	0	0.47	2.62	1.79	0.21	0.22	8.12	0.75	267,667
1999	69.26	8.35	12.06	2.09	0	0.65	1.73	1.51	0	0.56	3.58	0.21	268,182
2000	64.94	0.27	15.28	0.64	0	0.45	2.08	2.36	7.74	0.44	4.98	0.80	222,686
2001	72.63	2.83	8.60	0.12	0	0.24	2.31	2.41	2.60	0.83	5.09	2.34	188,965
2002	72.47	7	11.29	0.25	0	0.70	2.38	1.74	0.04	0.01	3.05	1.06	225,256
2003*	66.85	7.88	15.55	0.04	0	1.28	2.76	1.60	0	0.09	2.19	1.75	185,523
Total	51.78	9.46	12.16	2.58	1.85	1.44	2.64	6.42	7.19	0.37	2.99	1.10	3,582,402

*Jan- Sept.

Source: Prepared from BMET data 2003.

ever, since the financial crisis in 1997, the number of Bangladeshis migrating to Malaysia dropped drastically and UAE has now taken second place.

BMET has classified short-term migrants to Middle East and South-East Asia into four categories: professional, skilled, semi-skilled, and unskilled. Doctors, engineers, teachers and nurses are considered as professional workers. Manufacturing or garment workers, drivers, computer operators and electricians are considered as skilled, while tailors and masons as semi-skilled. Housemaids, agri-labourer, hotel boy and menial labourers, (i.e. cleaners, cart loaders, carton pickers) are considered as unskilled workers. Table 2.2 shows the percentage share of migrants' different skill categories from 1976 to 2003. Over this period, only a small proportion of migrants are professionals (4.40%), with 31% in the skilled category, 16% semi-skilled and 47% are unskilled workers.

TABLE 2.2
DISTRIBUTION OF BANGLADESHI MIGRANTS BY SKILLS CATEGORIES,
1976-SEPTEMBER 2003

Year	Professional	Skilled	Semi-skilled	Unskilled	Total
1976	9.33	29.16	8.92	52.59	6,087
1977	11.23	41.00	3.12	44.66	15,725
1978	15.15	35.91	4.60	44.34	22,809
1979	14.26	28.60	6.88	50.26	24,495
1980	6.59	40.60	7.79	45.02	30,073
1981	6.98	40.21	4.39	48.42	55,787
1982	6.21	32.84	5.21	55.74	62,762
1983	3.08	31.98	8.61	56.33	59,220
1984	4.66	30.30	9.67	55.37	56,714
1985	3.31	36.33	10.07	50.30	77,694
1986	3.22	38.30	13.49	44.99	68,658
1987	3.00	32.21	13.00	51.79	74,017
1988	3.92	37.12	15.99	43.09	68,121
1989	5.23	38.16	17.36	39.24	101,724
1990	5.78	34.30	20.03	39.88	103,814
1991	6.13	31.87	22.16	39.84	147,131
1992	6.05	26.94	16.47	50.54	188,124
1993	4.54	29.31	27.06	39.09	244,508
1994	4.50	32.76	24.97	37.77	186,326
1995	3.39	31.94	17.09	47.58	187,543
1996	1.51	30.37	16.38	51.74	211,714
1997	1.64	28.22	18.85	51.29	231,077
1998	3.58	27.91	19.27	49.23	267,667
1999	3.00	36.71	16.76	43.53	268,182
2000	4.79	44.73	11.88	38.60	222,686
2001	3.14	22.62	16.25	57.99	188,965
2002	6.41	24.98	15.99	52.61	225,256
2003 (Jan-Sep)	6.09	29.53	11.93	52.45	185,523
Total	4.40	31.80	16.66	47.14	3,582,402

Note: 150,000 Bangladeshi workers were legalized in Malaysia during 1997.

Source: BMET, 2003.

BMET data also shows that Bangladeshi workers are predominantly men. From 1991 to 2003, 2,754,693 persons in all migrated overseas for employment. Among these, only 17,512 were women (Table 2.3). During the period 1991 to 2003, women constituted less than 1% of total migrants from Bangladesh. Between 1991 and 1995, this figure was constant at 0.98% of the total migrant flow. In 1997, it dropped to 0.76% but the dramatic drop in 1999 to 0.14% suggests the stemming of the flow of female migration from Bangladesh. However, the figures have improved since then and by 2003 had increased to 0.67%. IOM INSTRAW (2000) and Siddiqui (2001) estimated that the number of female migrants might be 10 to 50 times higher than the above official figures.³ Since there are government restrictions on migration of unskilled and semi-skilled women, women in these categories migrate through unofficial channels and their numbers are therefore not included in any statistics.

TABLE 2.3
WOMEN MIGRANTS, 1991-2003

Year	Women Migrants		Total Migrants
	Number	% of Total	
1991-1995	9,308	0.98	953,632
1996	1,567	0.74	211,714
1997	1,762	0.76	231,077
1998	939	0.35	267,667
1999	366	0.14	268,182
2000	454	0.20	222,686
2001	659	0.35	188,965
2002	1,217	0.54	225,256
2003 (Jan-Sep)	1,240	0.67	185,523
Total	17,512	0.64	2,754,702

Source: Prepared from manually consolidated figures provided by BMET (2003).

The BMET's database does not contain information on age and educational levels. Various micro-studies conducted in areas with high migrant patterns have shown that most migrants were young (between 15 and 30 years of age) when they first migrated (Siddiqui and Abrar, 2000; Afsar, 2000; Murshed, 2000) and that a substantial majority were either illiterate or had attended schools from class one to SSC.

3. REMITTANCE DYNAMICS

The Bangladesh Bank⁴ documents remittance flows to Bangladesh from all over the world, including remittances from both long-term and short-term migrants. Bank data shows that the remittances sent by the migrants have increased over time from a paltry figure of US\$ 23.71 million in 1976, to more than US\$ 3 billion in the 2002-03 fiscal year (Table 3.1). Nonetheless, the annual growth rate for remittances is much lower than the growth rate for the total number of migrant workers.⁵ Over the last 25 years, remittance flows broadly indicate an annual increase of around 10%, on average. The most important reason behind the gap between migrant numbers

and remittance flows could lie in higher demand for Bangladeshi unskilled and semi-skilled migrants in recent years. Their wages tend to be low, compared to those of skilled and professional migrants. In general, however, wage rates have fallen drastically over the past decade (Siddiqui and Abrar, 2003).

TABLE 3.1
NUMBER OF MIGRANTS AND REMITTANCE FLOWS, 1976-2002

Year	Number of Migrants	Increase/Decrease %	Remittance (US\$ m)	Increase/Decrease %
1976	6,087	-	23.71	-
1977	15,725	158.33	82.79	249.18
1978	22,809	45.04	106.90	29.12
1979	24,495	7.39	172.06	60.95
1980	30,073	22.77	301.33	75.13
1981	55,787	85.51	304.88	1.18
1982	62,762	12.5	490.77	60.97
1983	59,220	5.64	627.51	27.86
1984	56,714	-4.23	500.00	20.32
1985	77,694	36.99	500.00	0
1986	68,658	-11.63	576.20	15.24
1987	74,017	7.8	747.60	29.74
1988	68,121	-7.97	763.90	2.18
1989	101,724	49.33	757.84	-0.79
1990	103,814	2.05	781.54	3.12
1991	147,131	41.72	769.30	-1.56
1992	188,124	27.86	901.97	17.24
1993	244,508	29.97	1,009.09	11.87
1994	186,326	-23.79	1,153.54	14.31
1995	187,543	0.65	1,201.52	4.16
1996	211,714	12.89	1,355.34	12.79
1997	231,077	9.14	1,525.03	12.52
1998	267,667	29.76	1,599.24	4.86
1999	268,182	0.19	1,806.63	12.96
2000	222,686	-16.96	1,954.95	8.21
2001	188,965	-15.14	2,071.03	5.94
2002	225,256	19.20	2,847.79	37.50
Total	2,909,972	-	18,058.74	-

Source: BMET, 2003.

Table 3.2 also shows annual quantities of remittances per sending country. Half of total remittances came from a single country, Saudi Arabia. Over the years, the US has become the second largest remittance sending country, Kuwait and the UAE taking third and fourth place. Migrants use different methods in sending remittance involving both official and unofficial channels.

The goods that migrants bring with them when visiting or returning to Bangladesh, or send with acquaintances, can be termed as remittance in kind. Siddiqui and Abrar (2003) have calculated

TABLE 3.2
COUNTRY-WISE AND YEAR-WISE REMITTANCES EARNED THROUGH W.E.S. (IN CRORE TK.)

Country/ Region	Year													Total
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	
Saudi Arabia	1,068.27	1,324.27	1,734.82	1,851.01	1,956.99	2,220.83	2,285.63	2,941.32	3,919.96	4,869.70	5,489.91	7,203.66	7,637.78	44,504.15
UAE	275.50	305.31	345.40	342.20	314.15	392.36	404.74	546.28	608.66	746.34	1,046.17	1,600.53	2,032.03	8,959.67
Qatar	201.90	182.96	221.13	240.96	276.14	242.80	252.99	283.05	315.26	319.41	429.09	598.30	641.18	4,205.18
Oman	174.51	269.73	241.89	303.22	332.22	390.15	229.51	417.37	460.80	454.36	507.05	641.49	664.86	5,087.15
Bahrain	65.70	87.27	92.59	123.77	132.34	126.31	12.39	156.07	200.54	223.15	275.58	333.30	372.42	2,201.43
Kuwait	104.22	381.09	560.01	744.55	665.33	852.54	916.97	1,029.90	1,187.45	1,286.57	1,425.73	1,866.11	1,968.91	12,989.37
Libya	7.06	0.61	8.34	7.33	1.06	0.83	833.08	1.17	0.19	0.52	0.00	0.58	0.70	861.47
Iran	9.46	4.76	6.93	1.25	0.60	0.89	139.60	1.83	1.95		0.00	0.29	1.86	169.42
USA	194.44	254.50	277.97	392.62	420.12	575.63	915.62	1,019.89	1,122.72	1,294.05	1,482.81	2,451.27	2,734.70	13,136.34
UK	198.18	232.23	184.13	200.97	160.33	187.64	262.05	295.74	268.56	358.79	357.79	988.39	1,365.89	5,060.69
Germany	28.32	52.42	59.57	39.94	25.38	16.23	26.94	19.03	23.81	20.63	27.03	45.73	50.78	435.81
Japan	299.83	193.46	121.11	131.26	111.48	103.56	4.32	140.85	220.11	83.60	64.92	87.58	109.25	1,671.33
Malaysia			19.01	106.18	288.34	304.21	99.08	334.87	279.76	236.84	178.25	284.45	194.94	2,325.93
Singapore	6.62	139.37	10.43	9.38	15.22	21.44	293.01	57.13	55.11	54.73	45.61	146.22	168.24	1,022.50
Australia		0.69										10.42	7.10	18.21
Italy												28.25	34.50	62.74
South Korea												7.29	5.88	13.17
Hong Kong		1.07										13.37	7.62	22.06
Others	184.64	83.52	103.64	134.99	138.61	249.88	33.22	268.73	217.86	250.43	260.86	177.30	486.50	2,590.18
Total	2,818.65	3,513.26	3,986.97	4,629.63	4,838.31	5,685.30	6,709.15	7,513.23	8,882.74	10,199.12	11,590.79	16,484.53	18,485.12	105,336.80

Note: Exchange rates of some currencies against US dollar (4 September 2004)

Bangladeshi taka	Indian rupee	Pak rupee	Lankan rupee	Nepali rupee
59.95	46.285	58.855	103	-

Source: BMET, 2004 (<http://www.bmet.org.bd>).

TABLE 3.2 (cont.)
COUNTRY-WISE AND YEAR-WISE REMITTANCES EARNED THROUGH W.E.S. (IN MILLION US\$)

Country/ Region	Year													Total
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	
KSA	293.10	340.10	440.80	462.43	485.91	530.76	521.71	626.08	791.93	932.98	980.92	1,244.47	1,312.95	8,964.14
UAE	75.10	76.94	86.99	85.10	77.99	93.80	91.79	116.28	124.53	143.15	186.93	276.50	349.31	1,784.41
Qatar	55.30	48.06	55.33	59.93	68.61	58.00	57.52	60.25	64.5	61.24	76.67	103.36	110.22	878.99
Oman	47.60	69.34	61.65	75.44	82.51	93.20	52.05	88.84	94.1	87.13	90.60	110.82	114.29	1,067.57
Bahrain	17.90	22.43	23.25	30.79	32.87	30.20	2.81	33.22	41.08	42.79	49.24	57.58	64.02	448.18
Kuwait	27.30	97.66	143.05	185.19	165.24	203.70	207.96	219.22	242.45	246.47	254.75	322.38	338.46	2,653.83
Libya	1.80	0.15	1.79	1.82	0.26	0.20	188.93	0.25	0.04	0.10		0.10	0.12	195.56
Iran	2.50	0.12	1.74	0.31	0.15	0.20	31.66	0.39	0.39			0.05	0.32	37.83
USA	53.00	65.76	69.75	97.64	104.39	137.6	207.65	217.09	229.64	248.21	264.95	423.47	470.10	2,589.25
UK	54.30	58.45	46.29	49.93	39.82	44.80	59.43	62.95	54.85	68.87	63.93	170.75	234.80	1,009.17
Germany	7.80	13.47	14.86	9.94	6.31	3.90	6.11	4.05	4.84	3.94	4.83	7.90	8.73	96.68
Japan	81.90	49.73	30.41	32.76	27.69	24.7	0.98	29.98	45.16	16.09	11.60	15.13	18.78	384.91
Malaysia														
Singapore	1.90	37.83	2.42	2.32	3.78	5.10	22.47	71.28	57.22	45.56	31.85	49.14	33.51	487.52
Australia														
Italy		0.18												
S. Korea														
Hong Kong														
Others	49.80	21.47	25.98	32.49	34.43	56.48	7.51	57.2	44.62	47.89	46.61	30.63	83.63	538.74
Total	769.30	901.97	1,009.09	1,153.54	1,201.52	1,355.34	1,525.03	1,599.24	1,806.63	1,954.95	2,071.03	2,847.79	3,177.63	21,373.06

Source: BMET, 2004 (<http://www.bmet.org.bd>).

the value of remittances received in kind by 100 families in two regions of Bangladesh (see Table 3.3).⁶ When added to the total sum sent in taka, this value increased the total remittance of these families by another 9.21%.

TABLE 3.3
REMITTANCE IN KIND

Item	Mirersharai		Kalihati		Total No. of Items	Total (Tk.)
	No. of Items	Approximate Market Value (Tk.)	No. of Items	Approximate Market Value (Tk.)		
Cassette	28	228,500	14	118,500	42	347,000
VCP/VCR	2	17,000	5	54,000	7	71,000
VCD player	1	30,000	1	30,000	2	60,000
Computer	9	175,000	1	70,000	10	245,000
Television	8	42,000	14	265,000	22	307,000
Camera	1	25,000	10	39,000	11	64,000
Video camera	3	6,200	1	25,000	4	31,200
Clothes/Shoes	36	160,000	18	80,000	54	240,000
Blanket	32	52,800	22	38,800	54	91,600
Home appliances	5	9,500	3	6,000	8	15,500
Gold	22	340,000	18	300,000	40	640,000
Briefcase	14	21,000	8	15,000	22	36,000
Radio	1	600	2	600	3	1,200
Watches	32	30,400	19	20,400	51	50,800
Others	11	7,100	14	8,000	25	15,100
Total	205	1,145,100	150	1,070,300	355	2,215,400

Source: Siddiqui and Abrar, 2003.

Labour migration plays a vital role in the economy of Bangladesh as the country has a very narrow export base. Five groups of items (ready-made garments (RMG), frozen fish, jute, leather and tea) account for four-fifths of its export earnings. Currently, garments manufacturing is considered the highest foreign exchange earning sector of the country (US\$ 4.583 billion in 2003). However, if this figure is adjusted to take into account the cost of imported raw material, net earnings from migrant workers' remittances is higher than net earnings from the garments sector. In 2003, net export earnings from RMG were calculated at US\$ 2.29-2.52 billion, whereas net earnings from remittance were US\$ 3.063 billion. Since the 1980s, contrary to the popular belief, remittances sent by migrants played a much greater role in sustaining the economy of Bangladesh than the garments sector.⁷

For the last two decades, remittances account for approximately 35% of export earnings and are therefore the single largest source of foreign currency for the country. These funds have been used to finance the import of capital goods and raw materials for industrial development. In the year 1998-99, 22% of imports, according to official figures, was financed by remittances (Afsar, 2000; Murshed, 2000; and Khan, 2003). The steady flow of remittances has resolved the foreign exchange constraints, improved the balance of payments, and helped increase the level of national savings (Quibria, 1986). Remittances also constituted a very important source of the country's

development budget. In certain years during the 1990s, the contribution of remittances rose to more than 50% of the country's development budget. The Government of Bangladesh treats foreign aid (concessional loans and grants) as an important resource base of the country. However, the value of remittances received by Bangladesh last year was twice that of foreign aid and this has played a major role in reducing the level of the country's dependence on foreign aid.

The contribution of remittances to GDP grew from a meagre 1%, in 1977-1978, to 5.2% in 1982-83. During the 1990s, the ratio hovered around 4%. However, if the unofficial flow of remittances were included, their contribution to GDP would certainly be much higher. Murshed (2000) finds that an increase in remittance of one taka would result in an increase in national income of Tk.3.33.

Following the expiry of the multi-fibre agreement (MFA), Bangladesh will face steep competition for their exports of RMG. The country will no longer benefit from special quotas. It is expected that Bangladesh's RMG exports will decline sharply and this will result in the loss of jobs for many workers and a shortfall in foreign exchange earnings. The potential for retaining employment and export earnings through exports of frozen fish, jute, leather and tea seems rather bleak. In this context, labour migration has become a key sector for earning foreign exchange and creating opportunities for employment. Therefore, the contribution of migrant remittances to the economy of Bangladesh can hardly be overemphasized.

Migrants use various methods for sending remittances, involving both official and unofficial channels. Officially, transfer of remittances takes place via: demand drafts issued by a bank or an exchange house; travellers' checks; telegraphic transfer; postal order; account-to-account transfer; automatic teller machine (ATM) facilities; electronic transfer and in kind. When remittances are transferred directly from the foreign account of the migrant worker to a personal account at home, this is known as direct transfer. Remittances are frequently sent via demand draft in taka issued by a bank or an exchange house in favour of a nominee of the migrant. Usually the draft is sent by post or in an emergency by courier service. Remittances can also be sent through the postal authorities, in which case the remitted money is handed over to the receiver by the local post office. Travellers' cheques are also used as a means to send remittances. However these are treated as official transactions when they are cashed through banks. When coming from abroad, a traveller can bring in foreign currency. If the amount is more than US\$ 5,000, the money must be declared at customs by filling up the FMJ form. Migrants can also send remittances to non-resident taka and non-resident foreign currency accounts.⁸

Hundi, or money courier, is the most common method among unofficial channels of transfer. *Hundi* refers to the illegal transfer of resources outside the international or national legal foreign currency transfer framework. Organized groups based in diverse cities, such as London, New York, Dubai, Kuala Lumpur and Singapore, conduct *hundi* operations through their partners in Bangladesh or elsewhere in the region. In addition, other unofficial methods include: sending remittances through departing friends and relatives; personally carried by senders themselves without declaration, and in the form of visa or work permit for sale or family use.

Based on their study carried out in two *thanas* of Chittagong and Tangail, Siddiqui and Abrar (2003) found that 46% of the total volume of remittances to these households had been channelled through official sources. Approximately 40% came through *hundi* transactions, 4.6% was

TABLE 3.4
TOTAL REMITTANCE RECEIVED BY THE FAMILIES (TAKA),
1998-2000

Method used	Mirsarhai			Total	Kalihati			Total	Grand Total
	2000	1999	1998		2000	1999	1998		
Official	1,246,000	1,412,000	1,406,000	4,064,000 39.04%	2,176,500	2,275,000	1,592,000	6,043,500 52.88%	10,107,500 46.28%
Hundi	1,284,000	1,591,000	1,056,140	3,931,140 37.76%	1,069,000	2,072,000	1,543,040	4,684,040 40.98%	8,615,180 39.45%
Returning friends	308,000	219,000	70,000	597,000 5.73%	81,000	210,000	120,000	411,000 3.60%	1,008,000 4.62%
Carried by migrant worker	290,000	1,190,000	181,000	1,661,000 15.95%	-	80,000	-	80,000 0.70%	1,741,000 7.97%
Other	56,000	51,000	51,000	158,000 1.52%	210,000	-	-	210,000 1.84%	368,000 1.68%
Total	3,184,000	4,463,000	2,764,140	10,411,140 100%	3,536,500	4,637,000	3,255,040	11,428,540 100%	21,839,680 100%

Source: Siddiqui and Abrar, 2003.

moved by friends and relatives and about 8% was hand-carried by migrant workers during visits to home (Table 3.4). The above data do not reflect the situation today, since the fieldwork for this study was conducted in 2001. It is understood that remittance transfers through official channels has increased significantly over the last two or three years.

The above study (Siddiqui and Abrar, 2003) also identified some macro- and micro-level reasons behind *hundi* operations in Bangladesh. The macro-level reasons were:

- i) Demand for foreign exchange from racketeers who wish to finance smuggling of various items including gold;
- ii) Demand from importers for foreign exchange from other sources in order to benefit from the existing tax regime by under-invoicing imports;
- iii) An unholy alliance among officials of financial institutions, business and *hundi* operators;
- iv) Financing recruitment charges of the recruiters;
- v) Difference between official and unofficial exchange rates; and,
- vi) Quality and speed of service, and ability to reach clients both in destination countries and in source countries.

From the individual's perspective, the *hundi* system provides the quickest method for sending money at low fees. *Hundi* operations use migrants' social network and provide a door-to-door service. Bank transactions require paperwork and officials are not always customer-friendly. Given that most migrants have a low level of education, many opt for the *hundi* channel. Besides, an important social reason for choosing *hundi* is the need to maintain confidentiality. Migrants often wish to send money to two or more persons secretly without creating tension among the receivers, usually the sender's wife and father.

Micro-level research is not readily available on methods used in sending remittances by Bangladeshi immigrants located in industrialized countries. However, macro-data from the Bangladesh Bank on remittance flows from all over the world highlights an interesting feature. In 2002, an abnormally high growth of remittance flow using formal channels was seen from the UK and the US. Over the past seven years, the growth of remittances remained between 4-6% with regard to

TABLE 3.5
ANNUAL GROWTH OF REMITTANCE FLOWS FROM THE US AND THE UK,
1997-2002

Year	United States		United Kingdom	
	Amount (US\$ m)	Increase (%)	Amount (US\$ m)	Increase (%)
1997	207.65	-	59.43	-
1998	217.09	4.57	62.95	5.92
1999	229.64	5.78	54.85	-12.86
2000	248.21	8.08	68.87	25.56
2001	264.95	6.74	63.93	-7.17
2002 (Nov.)	392.12	47.99	151.43	136.86
1997-2002	1,559.66	14.63	461.46	29.66

Source: Siddiqui, 2004.

the US. In 2001, remittances from that country grew by 47.99%. During the same period, remittance flows from the UK were erratic. In some years, it registered growth, and in others, it declined. Surprisingly, in 2001, from January up to November, remittances grew 136% (Table 3.5). Such unusual growths are attributed to increased surveillance of governments of concerned countries and improved services of the banking sector since 2001.⁹ One may infer that the additional amount (the excess compared to average rates of increase) used to flow through unofficial channels in the past.

In their study on remittances and micro-finance, Siddiqui and Abrar (2003) calculated the cost of remittance transfers through official and *hundi* channels from both the sending and receiving ends. At the receiving end, official channel costs included service charge, speed money, conveyance and other costs, amounting on average to Tk.236.50 per transaction. For *hundi*, costs included phone charges, conveyance, and remittances lost. For the hundred households covered by the study, such costs averaged Tk.75.53.

At the sending end, cost of remittance transfer using official channels included service charges, postal charges and conveyance, totalling Tk.166.64. For *hundi*, costs covered fax, phone, postal charges and money lost and averaged Tk.52 per transaction. Adding together the average costs of sending and receiving money through official and *hundi* methods, these would amount to Tk.403.14 and Tk.127.53 respectively. As can be seen, the common perception that sending money through *hundi* does not involve cost is not valid. However, cost may only be a minor factor in the decision to use *hundi* methods; speedy transaction; less paperwork and confidentiality are more important considerations.

Time, in particular, was an important factor in determining the method for sending remittances. The study calculated that, on average, sending money through official channels took 12 days and through *hundi* it took only three days. Since publication of this study, the government has introduced new measures, which have resulted in substantial reductions in lead times for remittance transfers. As a result, the number of days required for transfer through official channels should now be lower. Each household receives remittances around four times a year on average.

4. PUBLIC AND PRIVATE ACTORS IN REMITTANCE TRANSFERS

There are several actors involved in the area of remittance transfer. Among them, the Ministry of Finance (MoF) and Bangladesh Bank (BB) are the two most important institutions. In the public sector, the Ministries of EWOE (MoEWOE), Foreign Affairs (MoFA), Commerce (MoC), the Bureau of Manpower, Employment and Training (BMET), the National Savings Bureau (NSB), the Privatization Commission (PC) and the Board of Investment (BoI) also take an interest in remittance transfers. Nationalized commercial banks (NCBs), private commercial banks (PCBs), and exchange houses having drawing arrangements with public and private banks operating in Bangladesh are the other public and private actors. A new bank established by a micro-finance institution (MFI) and the University of Dhaka's Refugee and Migratory Movements Research Unit (RMMRU) are two non-traditional players which have recently begun to participate in the area of remittance.

The **Ministry of Finance** (MoF) is the prime policy-making body in matters of banking and remittances and is responsible for regulating macroeconomic policies affecting exchange rates, monetary and fiscal mechanisms, and foreign exchange reserves. The MoF's Internal Resources Division (IRD) floats savings instruments on the market, draws up rules and identifies purchase procedures.

The **Bangladesh Bank** (BB) is the central bank of Bangladesh. Among other powers and functions, BB regulates scheduled bank activities, acts as a clearing-house, maintains foreign exchange reserves and monitors floating exchange rate mechanism in the current accounts. The Bangladesh Bank encourages nationalized and private banks to link up with foreign banks and exchange houses in destination countries. It has a separate department for regulating and monitoring remittances, the Foreign Exchange Policy Department (FEPD). It also generates analyses, and interprets and distributes data on inflow of remittance.

The **nationalized commercial banks** (NCBs) in Bangladesh make direct banking facilities available to Bangladeshi emigrants, especially in those countries where a large number of Bangladeshis are employed. Five NCBs are heavily involved in remittance transfers: Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank and Bangladesh Krishi Bank (BKB). Among the NCBs, BKB alone concentrates on agricultural development in rural areas. Within Bangladesh, these five NCBs have 2,945 branches, through which they can disburse remittances, even in remote areas. Besides their own branches, NCBs have opened exchange houses in joint collaboration with different banks and financial institutions in various countries around the world.

The **private commercial banks** (PCBs) are also involved in remittance transfer. Of these, the Islami Bank of Bangladesh has been found to be the most proactive in the area of migrants' remittances. National Bank, International Finance and Investment Corporation (IFIC), Prime Bank and Uttara Bank are other private banks involved in remittance transfers. Most of their activities are in the Middle East. Saudi Arabia is the major working area of Islami Bank, along with Qatar, Bahrain and UAE, whereas National Bank operates in Oman, Kuwait, UAE, Qatar, Bahrain and Saudi Arabia. IFIC has carved out a major niche with the Bangladeshi community located in Oman and has its largest share with 41% of that market. It also has branches and exchange offices in Nepal and some other Middle Eastern countries. Uttara Bank runs an exchange house in Qatar in collaboration with a local financial institution.

In almost all countries of the world, both NCBs and PCBs have corresponding relationships with banks through which Bangladeshi migrants may easily send their money to their beneficiaries' accounts with any branch of any bank in Bangladesh.

The government, in responding to the demand of the expatriate Bangladeshis and the migrant workers, created a new ministry entitled the **Ministry of Expatriates' Welfare and Overseas Employment (MoEWOE)** in December 2001, with its prime function being the creation, promotion and regulation of employment overseas. An important consideration for promoting employment is to ensure steady flow of remittance (GoB, 2003a). This ministry has appointed labour attaches in 13 foreign missions to protect the rights of migrants and to disseminate information on living conditions in receiving countries, including information on official remittance transfer mechanisms.

The Bangladesh missions established in various migrant receiving countries by the **Ministry of Foreign Affairs** (MoFA) also play a role in the remittance transfer process. Among other things, the labour wing in foreign missions assesses the feasibility of opening new branches of Bangladeshi banks in the country concerned and the efficacy of foreign banks and exchange houses proposed by Bangladeshi financial institutions for developing correspondent relationships.

The **Bureau of Manpower, Employment and Training** (BMET) is the executing agency of the MoEWOE for regulating migration. BMET's major functions include the development and implementation of training programmes, collection and analysis of market information on labour, and control and regulation of recruitment agencies. The government believed that, through these activities, BMET will be able to ensure maximum outflow of labour and inflow of remittance. An important objective for BMET is to take measures for increasing the flow of skilled labour, so that the remittance flow is enhanced.

In addition to the above two ministries, the Ministry of Commerce (MoC), the Privatization Commission (PC) and the Board of Investment (BoI) are indirect players in remittance transfer.

Micro-finance institutions (MFIs) have emerged as non-traditional players in remittance transfers. MFIs have been offering various banking facilities in rural Bangladesh for over two decades. The largest MFI in Bangladesh is the BRAC, which has already established the BRAC Bank and has developed corresponding relationships with different international banks. It also participates in transferring remittances and operates 1,200 BRAC branch offices¹⁰ for quick transfer of remittances. Grameen Bank, the global pioneer of micro-finance, had sought permission from BB to take part in remittance transfers and utilization. Although BB was favourably disposed to this idea, the Grameen Bank is ineligible, since it was established under, and is governed by, the Social Act Ordinance, 1983, which prohibits dealing in foreign exchange. This ordinance will have to be amended by parliament, a cumbersome process, to allow Grameen Bank to participate in remittance transfers.

The **Refugee and Migratory Movements Research Unit** (RMMRU) of the University of Dhaka is the only research, training and advocacy institution specializing in migration. Its researchers have carried out major studies into different areas of migration: streamlining the labour recruitment process, female migration, returnee reintegration, migrants' working conditions, the impact of labour migration on the national economy and on households, and the Bangladeshi diaspora. The pioneering study on migrant remittances to Bangladesh covering remittance-receiving families and remitters, methods of remittance transfers, comparative costs, and involvement of micro-finance institutions in remittance transfers and utilization was conducted by RMMRU. The immediate past Governor of Bangladesh Bank officially recognized the contribution of this research by instituting policy reforms for increasing the official flow of remittances.¹¹

RMMRU runs two training programmes on migration geared towards capacity building of actors involved with migration. One programme, focussing on "Social Science Research and Migration", is designed for young academics and professionals. The other has been specifically designed to channel information to potential migrants. Local government representatives, along with bank officials and NGO workers in the field are given training on the "Labour Migration Process", a one-week residential training programme. Among other topics, the training provides information on the relative merits and demerits of remittance transfers through formal and infor-

mal channels, investment instruments available for migrants in the public and the private sector, practical demonstration of remittance transfer procedures, and so on. This training module was developed by RMMRU with the help of government functionaries, bank officials, members of returnee migrants' associations, academics, lawyers, and MFI executives.¹² In addition to RMMRU, BMET and the Welfare Association of Returnee Bangladeshi Employees (WARBE) also use this module in their pre-departure briefings and orientation training of migrants. Various ministries, public and private banks, and government agencies call upon RMMRU's expertise in the area of migration, including remittance transfers.

5. REFORMS AND ACTIONS IN HARNESSING REMITTANCE

Since the return to civilian rule in 1991, successive governments have launched various proactive measures for encouraging the flow of remittances through official channels. During the tenure of the seventh parliamentary government, the country's foreign exchange reserves were as low as US\$ 100 million. The government first attempted to increase these reserves through accessing foreign credit. Due to unacceptable conditions set by international creditors, the government turned instead to remittances as a potential source for increasing foreign exchange reserves. Since then, successive governments have introduced concrete reforms designed to increase the inflow of remittances through official channels. These reforms can be divided into five broad categories: macroeconomic reforms, streamlining the transfer process, development of lucrative investment instruments, framing legislation for curbing money laundering; and encouraging the entry of non-traditional players into the remittance transfer market.

In 2000, BB relaxed restrictions on dealing in foreign currencies, allowing authorized dealers to transact dollars with Bangladeshi Bank. Earlier, the banks were obliged to transact at certain fixed rates. In 2002, MoF introduced further reforms in its exchange rate policy. Allowing foreign exchange rates for current accounts to float freely has, according to bank officials, curbed *hundi* business significantly. Interestingly, there are days when the US\$ market rate was lower than the bank rate.

The relative delays involved in making transactions was identified as one of the major reasons for choosing unofficial channels for delivering remittances. As a result, MoF issued a circular in 2001 instructing all NCBs to ensure that remittances reach clients within three days of receipt of the draft. They were informed that stern actions would be taken against bank functionaries, if remittances remain unprocessed after the stipulated three days. This circular led to improvements and few NCB functionaries were penalized, though some were required to show cause for delays and others were transferred or given temporary suspensions for their lapses.

Both NCBs and PCBs have been encouraged by BB to switch over to the electronic fund transfer (EFT) system. This has reduced time and simplified bureaucratic procedures for remittance transfers. One of the major problems faced by less-educated migrants was filling in the documents for the draft accurately and posting the drafts also created problems. The introduction of EFT on a greater scale has helped overcome these difficulties.

In the past, delays in delivery were caused by the holding of remittances in NCBs' international "nostro account" for periods ranging from one to two weeks, a practice which allowed them to

acquire undue interest on remittances. The BB instructed all NCBs to undertake daily reconciliation on remittances received and it is now mandatory to recover remittances on a daily basis. Following these instructions and thanks to close monitoring, it was found that one NCB branch received US\$ 25 million from Saudi Arabia in one month. Once delays in nostro accounts were overcome, lead times in remittance transfer were substantially reduced.

BB has recently permitted the opening of new exchange houses in locations with large concentrations of Bangladeshi migrants. It has also minimized the time involved in scrutinizing applications for developing correspondent relationships between foreign banks and exchange houses and Bangladeshi NCBs and PCBs. Currently, there are 267 drawing arrangements in operation with 96 exchange houses in different parts of the world. In addition, PCBs have also received permission to open branches in new areas (Sonali Bank et al., 2002).

BB has been collecting data on remittance transfers since 1972. Recently it introduced a method for collecting data on a weekly (provisionally) basis for understanding trends in remittance transfers. Datasheets are prepared by each bank and in all areas of the country and are then analysed and interpreted by BB in order to identify trends in the flow of remittances. Reports comparing the performance of NCBs are then distributed to MoF, MoEWOE, banks, and other important agencies. Weekly and monthly monitoring of remittances is seen by bank officials as an important way for identifying problems and introducing appropriate actions to keep remittance flows steady. BB is now actively considering extending this monitoring system to exchange houses. According to bank officials, this would lead to competition between NCBs and their exchange houses. BB has also set annual minimum targets for the exchange houses and will expect NCBs to ensure that their exchange houses meet those targets. Each exchange house situated in the US will be expected to transfer a minimum of US\$ 3 million. For UK exchange houses, the target is GBP 2 million and for Canada, US\$ 2.5 million (BB, 2004).

BB has set up a website (www.bangladeshbank.org), which provides potential remitters with information on available transfer institutions in their localities, together with necessary information of NCBs' exchange houses and drawing arrangements, including names, contact phone and fax numbers, and postal and email addresses.

A system of lodging complaint to higher authorities has been established for clients having problems with the transfer of remittances or feeling harassed. Remitters may contact directly the Secretary, Finance Division, MoF or the Managing Director or Executives of the NCB in question to express their opinions or lodge complaints. Telephone and fax numbers and email addresses of relevant persons are provided in BB's website, and also in the directory published by the five NCBs (Sonali, Janata, Agrani, Rupali and BKB) engaged in remittance transfers.¹³

Investment instruments are another effective mechanism for encouraging remittance through official channel. BB, NCBs and PCBs have developed different packages in this respect. From the government side, there were few packages before 2001. Nonetheless, two new investment instruments were launched at the end of 2002.

Migrants can have a **Non-resident Foreign Currency Deposit (NFCD)** account in any branch of Bangladeshi and foreign banks which have an authorized dealership licence. The account can be opened for periods of one month, three months, six months or one year in US dollars, pounds

sterling (PS), Canadian dollars (CD), German marks (DM), Japanese yen (Y) or Euro-currency (euro). The minimum required balance is US\$ 1,000 or PS500 or their equivalent in other currencies. Accounts are renewable and can be maintained for an indefinite period, even after the return of the migrant worker. The migrant is also eligible to open an NFCD account with his or her savings within six months of returning to Bangladesh. Interest is calculated on the value in euros and is tax-free. The capital and interest of NFCD accounts can also be transferred into Bangladeshi taka at the current exchange rate. There is also provision for withdrawal of the capital before the expiry of the specified period, but in that case the account holder does not receive the interest. The BB also allows investment of NFCD funds in remunerative business projects to provide competitive interest rates to account holders.

NFCD forms are available from Bangladeshi missions abroad. In order to make the schemes popular among migrants, BB has gradually simplified the formalities for these accounts by requesting only a photocopy of the migrant's passport, a signature, or a certification from a public notary to open such an account. The Bangladesh Bank maintains regular contacts with foreign missions to promote the use of these procedures.

Remittances from Bangladeshi migrants abroad can be invested in Bangladeshi currency in five-year **Wage Earners' Development Bonds**. These bonds are available in different denominations: Tk.1,000, Tk.5,000, Tk.10,000, Tk.25,000 and Tk.50,000. They are issued for specific periods and accrue an annual interest of 12% (as of 28 November 2000). The profits can be invested in Bangladesh. If a bondholder wants to cash the bonds before expiry of the term, the migrant is entitled to interest at a reduced rate. The capital of the investment is freely transferable abroad in foreign currency and the interest is tax free. These bonds are available from National Savings Bureau offices, branches of Bangladeshi banks abroad and Bangladesh missions abroad.

A migrant can open a **Non-resident Investor's Taka Account (NITA)** using money remitted from abroad for investment in shares and securities on the Bangladesh capital market. Such an account may be opened in any dealer branch of an authorized bank. The current balance of NITA can be transferred in foreign currency to any country at any time. The balance of the NITA can be used to buy share and securities through the stock exchange, and money earned as dividend and from the sale of shares and securities may be saved in a NITA. Capital and profits are exempt of tax and the bank directing the account can act as nominee.

The MoF's IRD introduced the **US Dollar Investment Bond 2002** on 16 October 2002 as an investment instrument in foreign currency for Bangladeshi emigrants (GoB, 2002) under the following conditions:

- **Eligibility for the bond:** US dollar bonds issued in the name of a holder of a non-resident account against remittances from abroad to the account.
- **Maturity, denomination, etc.:** US Dollar Investment Bond(s) mature for payment after three years from date of issue. The bondholder is entitled to draw interest half-yearly at a fixed rate of 6.5% per annum in US dollars. However, the bondholder may surrender bonds before maturity and be reimbursed in cash at the paying office, with interest as follows:

- i) No interest during the first year of issue;
- ii) 5.5% interest between one year and two years;
- iii) 6% interest between two and three years; and
- iv) 6.5% interest after three years.

Bonds are issued in the denominations of US\$ 500, \$1,000, \$5,000, \$10,000 and \$50,000, and in such other denominations as the government may decide. Principal and interest is payable in US dollars to the holder or a nominee. Money invested in bonds is exempt from tax payable under the Income Tax Act, 1922.

- **Nominee after death:** On the death of the bondholder, the nominee can draw the principal and interest in US dollars; if non-resident. For a resident nominee, the principal and interest are payable in Bangladesh currency.
- **Method of payment for the bond:** Payment for purchasing bonds can be made either by cheque or by draft in foreign currency against inward foreign exchange remittance, or by funds held in the non-resident foreign currency account of the applicant.
- **Additional benefit for substantial investments:** If a purchaser buys bonds totalling US\$ 1 million or more, he or she is considered a commercially important person (CIP) and is entitled to all the appropriate facilities. CIP facilities cease if the purchaser's investment falls below US\$ 1 million, due to subsequent encashment and on failure to retain the limit of US\$ 1 million through further investment in the bond within three months of encashment.

The **US Dollar Premium Bond 2002** is the most recent foreign currency investment instrument introduced for Bangladeshi emigrants by the MoF's IRD. Announced in October 2002, it was available from November 2002 (GoB, 2002).

- **Maturity, denomination, etc.:** US Dollar Premium Bonds mature three years from the date of issue. The bondholder is entitled to draw interest half-yearly at a fixed rate of 7.5% per annum in Bangladesh currency at the current USD/BDT rate. However, the bondholder may surrender the bonds before maturity for cash at the paying office with interest as follows:
 - i) No interest during the first year of issue;
 - ii) 6.5% interest between one year and two years;
 - iii) 7% interest between two and three years; and,
 - iv) 7.5% interest after completion of three years.

Bonds are issued in denominations of US\$ 500, \$1,000, \$5,000, \$10,000 and \$50,000, and in such other denominations as the government may decide. The principal amount is paid in US dollars to the holder or a non-resident nominee, where applicable. The principal due to the holder or nominee may be paid in Bangladesh currency, if desired, but interest is only paid in Bangladesh currency.

- **Eligibility:** Bonds are issued to a "non-resident account holder", i.e. a Bangladeshi national with a foreign currency account residing abroad or a person of Bangladeshi origin (PBO) who has assumed foreign nationality and resides abroad.

- **Issuing authority:** The bond's "issuing authority" is the BB, its branches or authorized dealers in Bangladesh and authorized offices abroad and any other authority determined by the government. A foreign correspondent of an authorized dealer bank may also act as an issuing office.

In July 2002, as an outcome of series of inter-ministerial meetings,¹⁴ the **National Board of Revenue** (NBR) approved revised incentives for exemption of tax on remittances. It ensured full tax exemption on monies remitted through official channels. Under the new arrangements, emigrants will no longer be required to furnish a tax identification number (TIN) certificate to purchase immovable properties in Bangladesh. From 1 July 2002 to 20 June 2006, emigrants can invest any amount of money in commerce and industry without enquiries into the sources of funds from the Government (Siddiqui, 2004). Further incentives were introduced to encourage emigrants interested to setting up agro-based industries in Bangladesh:

- i) Interest earned from foreign currency is tax free.
- ii) All bonds targeted towards emigrants is tax free.
- iii) The emigrant and family members holding foreign passports are not required to produced a certificate of payment of income tax on departure from Bangladesh.

The **MoEWOE** has reserved a quota of 1,000 plots for emigrant Bangladeshis (EBs) in government housing projects. EBs can also take advantages of opportunities for low cost housing and have preference if they purchase in dollars. Special incentives are also available for emigrants interested in the communication and transport sectors.

The **Privatization Commission** (PC) offers cheaper rates for EBs for investments in denationalized industries and incentives such as:

- i) 40% reduction for emigrants if they pay 100% of the price within 30 days;
- ii) 20% reduction if 75% of the total price is paid within 30 days; and,
- iii) an additional 5% reduction if the payment is made in foreign currency.

The government has also decided to honour Important Non-Resident Bangladeshis (INRB) investing in the country. Under the chairmanship of the Minister for EWOE, a committee has been formed to frame a policy for this initiative. Emigrants who invest the equivalent of US\$ 500,000 in foreign currency and who remit the equivalent of US\$ 750,000 will be honoured as INRBs.

Among **private sector banks**, National Bank and Islami Bank offer special facilities to migrants abroad. The government-owned, but privately-run, BASIC Bank has also launched innovative programmes that may be linked to remittances.

The National Bank has a General Savings Insurance Scheme open to wage earners, a mix of savings and insurance facilities. There are four categories of savings account which vary according to the amount of money invested. The funds can be withdrawn before expiry of the policy, but each investor or account holder will receive after death double the amount deposited, if the funds remain until the expiry date. In the event of accidental death, the beneficiary will receive triple the investment. These are non-cheque accounts and the depositor loses interest if the capital is withdrawn during the policy period. The account is automatically renewed at term, unless stipulated otherwise. The scheme includes a life insurance component.

The Islami Bank Bangladesh Ltd. (IBBL) has a number of saving and investment schemes for all customers and are available to wage earners. Mudaraba Savings Bonds are instruments in denominations of Tk.5,000, Tk.10,000, Tk.25,000, Tk.50,000, Tk.100,000 and Tk.500,000 to be held for five or eight years. The bondholder receives a share of the profits on capital raised through the bond according to Islamic *Sharia*. The bond owner will also receive a part of investment in a Mudaraba account every year. The weightage is 1.25 for an eight-year scheme and 1.10 for a five-year scheme. The Bank also offers a special pension scheme under which individuals deposit money at agreed rates and in return earn profit in the same way as Mudaraba bonds. As IBBL includes social goals among its prime motivations, it has programmes for rural development and agriculture, housing, and business. Its other investment schemes, such as transport and health care, may also attract migrant workers, especially those who want to invest money and receive profit according to Islami *Sharia*.

IBBL has expanded its operations into areas with high numbers of migrant workers and, in order to provide effective services, branches have been opened in strategic locations to ensure that beneficiaries of migrant workers' remittances and the migrant workers themselves on their return can access these accounts with relative ease.

Among **MFIs**, the Bangladesh Rural Advancement Committee (BRAC) has initiated a micro-enterprise lending, and assistance programme (MELA) catering for small entrepreneurs through credit and non-financial business development services. This was introduced through ten branches of the Rural Development Project (RDP) in 1997 and by the end of 1998 had established 34 branches. Currently loans have been made to entrepreneurs in six sectors: textile, cottage, transport, food processing, agro-based farming, and other enterprises. BRAC allocated Tk.100 million in RDP Phase IV (1996-2000) for the MELA Programme, which has specific characteristics compared to more traditional small-scale credit programmes. MELA provides loans to individuals for both working capital and capital investment (though not to small groups, as for normal MFI credits).¹⁵ As the MELA Programme accepts applications from non-BRAC members living within 15 km of the project, migrant workers and members of their families have access to its resources by submitting viable enterprise projects. Such projects shows government and interested micro-finance institutions that schemes can be made available to those whose needs cannot be met by existing institutions.

The Grameen Bank has several product items for remittance receivers or senders. Under one of its savings schemes, the amount saved doubles in seven years. Another scheme offers clients a dividend of Tk.5,000 for every Tk.100,000 deposited. In addition, under the Grameen Mutual Fund, a person depositing Tk.1,000 per month will receive more than double the amount invested after ten years. Grameen's Venture Capital Fund provides opportunities for relatively solvent families or individuals. It is a joint investment opportunity with Grameen Bank and the investor receives a share of loss and profit. As Grameen is established as a bank, it can mobilize savings of non-borrowers.

From the above discussion on investment instruments offered by public and private banks and NGOs, it appears that the majority of bank instruments are for large savers or investors. NGO programmes are for micro-savers. However; the majority of migrants are small investors and few of these instruments are available to them.

A survey of remittance-receiving families (Siddiqui and Abrar, 2003) demonstrates that remittances are sent to more than one person in a family. More than half of the migrants sending remittances are married, yet parents constitute the highest number of remittance recipients. Fifty per cent of remittance receivers are older than 45 years of age and almost 48% belong in the 21-44 age group. Forty-six per cent of remittance receivers are illiterate and another 15% studied only up to Class V, while 29% are women.

With regard to age, two types of investment opportunities are necessary. People older than 45 years of age need savings instruments in which they can invest and receive interest. Those in the 25-44 age group can be considered risk takers and may be able to run a business venture. For this group, information on safe business avenues, credit facilities, and training assistance are required. Almost half of remittance receivers are illiterate, making loans procedures and training offered by formal institutions problematic for them.

Average short-term migrants require investment portfolios ranging between Tk.100,000 and 500,000. An evaluation of investment instruments mentioned above has revealed that almost all are aimed at investors with larger capital. Therefore none of the existing government investments suit the needs of migrants. MFIs on the other hand offer credit starting from Tk.5,000-20,000 at best, but these are also not suitable for migrants. Only BRAC's MELA programme provides real opportunities for investment by migrant families.

Profitable savings instruments offered by the government in the past have now been withdrawn from the market. MFIs can only mobilize savings from their borrowers and are legally barred from making financial transactions with non-members. Nor can they offer general savings services to non-creditors. Therefore, remittance receivers aged 50 years or more do not have many openings for investment. Grameen's investment instruments, mentioned earlier, can be of some use to the migrants.

Two regulatory instruments apply to remittances: Foreign Exchange Regulation Act, 1947 and Money Laundering Prevention Act, 2002.

The **Foreign Exchange Regulation Act, 1947** (as amended to 1966) is the primary regulatory instrument of Bangladesh for all types of foreign exchange, including transfers of foreign currency such as remittances. The Act came into force on 11 March 1947, but has been modified several times up to 30 June 1996 (BB, 1998). Its provisions include:

- **Authorized foreign exchange dealers:** the Act restricts foreign exchange dealings, such as buying, borrowing, selling, lending, conversion, by persons other than authorized dealers. Authorized dealers must comply with general and specific directions and instructions issued by Bangladesh Bank. Authorized dealers must obtain a declaration that transactions do not involve a violation of the Act, before undertaking any transaction in foreign exchange.
- **Penalty, prosecution and tribunal:** violations of the Act are punishable by jail sentences of up to two years and/or a fine determined by the court. For violations perpetrated by an organization, every official of the organization knowingly a party to the offence is guilty of the same offence and liable to the same punishment. Session courts are charged with hearing such cases.

- **Power to call for information:** the government or the BB can ask for any information with regard to any matter of foreign exchange by any person.
- **Power of inspection:** the government and the BB are authorized to inspect account books and other documents of any person, firm or business organization involved in foreign exchange.
- **Export of foreign currency:** Notification No. FE 1/94-BB (12 November 1994) permits any person, at the time of departure, to take Tk.500.
- **Import of foreign currency:** Notification No. FE 2/94-BB (12 November 1994) permits persons entering Bangladesh, to bring US\$ 5,000 or equivalent in foreign exchange and/or Tk.500 without declaration. For higher sums, a written declaration must be made to the Customs Authority on arrival, using the form prescribed by BB.
- **Implementing agency:** Bangladesh Bank is the implementing agency for the Act. Its Foreign Exchange Policy Department supervises all foreign exchange matters, including foreign remittances.
- **Evaluation:** The Foreign Exchange Regulation Act, 1947 is an all-encompassing law covering all types of foreign exchange transfer, but does have specific provisions for migrant remittance. The Foreign Exchange Policy Department has produced guidelines for the management of remittance movements. Currently 16 cases of violation are being investigated under this Act, none of which involve migrant remittances.

The **Money Laundering Prevention Act**, 2002 became law on 5 April 2002 and was amended in 2003 (BB, 2003). The Act defines “money laundering” as earning or gaining illegal resources directly or indirectly, and as perpetrating or assisting in illegal transfer, conversion or concealing the position of legal or illegal resources earned or gained directly or indirectly.

- **BB’s responsibilities and powers of prevention:** The BB is responsible for suppressing and preventing money laundering crimes through implementation of the Act’s provisions. The BB’s Anti-Money Laundering Department has the following responsibilities:
 - i) Investigation of money laundering crimes;
 - ii) Supervision and observation of activities by banks, financial institutions and other bodies involved in financial activities;
 - iii) Call for reports on money laundering from banks, financial institutions and other bodies involved in financial activities;
 - iv) Review of these reports, and action as appropriate;
 - v) Training of officers and staff of banks, financial institutions and other bodies involved in financial activities; and,
 - vi) Other activities required for fulfilling the act’s objectives.
- **Power of investigation:** BB or persons empowered by BB can investigate money laundering crimes. All money laundering investigations are initiated by BB. If a case involves a bank official, BB will conduct the whole investigation, but for other alleged perpetrators, it

can transfer the investigation to the police, CID, Bureau of Anti-Corruption or another department. If the police or a law enforcement agency uncovers a case of money laundering, they may request authority from BB to investigate.

- **Reasons of launching money laundering investigations:** Money laundering investigations can be launched for reasons such as: absence of source or destination of money in a bank transaction; discrepancies between a transaction and known earnings of an account holder; suspicious TT; *hundi*; money recovered in public places (road, rail station, port or airport); complaints from banks, other financial institutions or law enforcement agencies.
- **Prosecution of money laundering:** Money laundering cases are heard by session courts, identified as a money laundering court during the trial of a money laundering case, and by a money laundering judge.
- **Punishment for money laundering:** Jail sentences of between six months and seven years, with a fine worth twice the amount involved in the case.
- **International agreements:** The act includes provisions for entering into agreements with foreign governments to fulfil its objectives. Since 2002, Bangladesh was approached by Thailand for negotiation of an agreement to prevent inter-state money laundering. However, that agreement stipulates the creation of a Financial Intelligence Unit (FIU) which does not yet exist in Bangladesh but which is being actively considered by the government.
- **Evaluation:** Bangladesh is the first South Asian nation to have enacted a specific law against money laundering and creating a money laundering court. Pakistan and Sri Lanka have yet to establish such specialized laws and courts to deal with money laundering, while India drafted a money laundering law in 2003.

Since the introduction of the Money Laundering Act, BB received approximately 300 complaints of money laundering. After investigation, 17 cases involved criminal offences, all of which are currently under trial. However, the prosecution process in Bangladesh is extremely slow and in many instances cases remain unresolved for decades. For more effective implementation, the prosecution process must be streamlined, while respecting due process.

6. REMITTANCE AND DEVELOPMENT

The impact of remittances on the economy of labour-sending countries depends to a large extent on the way they are used. Over the years, there has been concern about the limited productive use made of remittances. Authors have different perceptions about what constitutes “productive use”. However, they generally agree that the bulk of remittance money is spent on daily food and clothing, while a substantial proportion goes into house improvements.

In recent years, Bangladesh has initiated major policies and actions to ensure a greater flow of remittances through official channels, but measures to encourage effective utilization of remittance funds are still inadequate. Here too, the common perception of government functionaries and NGO activists is that migrants spend a large portion of their remittances in conspicuous

consumption. However, a number of studies conducted over the last five years demonstrate that, in the 1980s, a certain number of migrants may have spent the remittance unproductively (Siddiqui, 2001; Murshed, 2000; Siddiqui and Abrar, 2001; Siddiqui and Abrar, 2003). Since the 1990s, the picture has changed significantly. Siddiqui and Abrar (2003) have demonstrated the use of remittances in terms of value by 100 interviewee families, as shown in Table 6.1.

TABLE 6.1
UTILIZATION OF REMITTANCES BY 100 HOUSEHOLDS

Use	In taka	%
Food and clothes	4,466,280	20.45
Medical treatment	703,800	3.22
Child education	600,940	2.75
Agricultural land purchase	2,455,400	11.24
Homestead land purchase	210,000	0.96
Home constriction/repair	3,280,000	15.02
Release of mortgaged land	490,000	2.24
Taking mortgage of land	435,000	1.99
Repayment of loan (for migration)	2,304,600	10.55
Repayment of loan (other purpose)	757,500	3.47
Investment in business	1,039,200	4.76
Savings/fixed deposit	670,000	3.07
Insurance	72,140	0.33
Social ceremonies	1,980,000	9.07
Gift/donation to relatives	205,000	0.94
Send relative for pilgrimage	200,000	0.92
Community development activities	20,520	0.09
Sending family member abroad	1,571,000	7.19
Furniture	151,300	0.69
Others	227,000	1.04
Total	21,839,680	100.00

Source: Siddiqui and Abrar, 2003.

The 100 families interviewed spent 20.45% of remittances on food and clothing. Their spending on food was not found to be conspicuous, but ensured a better diet to meet their calorie needs, particularly for younger members. This can be seen as an investment in future human resource development. Medical treatment and children's education consumed another 5.97%.

Purchases of agricultural lands and homestead land, release of mortgaged lands, taking of mortgages for land altogether accounted for 16.43% of remittances. Table 6.2 shows that changes in landholding patterns have occurred for migrant remittance-receiving households. In one of the two areas under study, there has been a reduction in ownership of arable land, while there has been an increase in homestead land. In the other area, ownership of arable land increased, while that of homestead land decreased.

Home construction and repairs also consumed a large proportion of remittances (15.02%). Investment in homes is reflected on the type of homestead of these families (Table 6.3). These

TABLE 6.2
AVERAGE LAND SIZE BEFORE AND AFTER MIGRATION
100 HOUSEHOLDS
(in decimals)

Land	Arable		Homestead	
	Before	After	Before	After
Mirersharai	264.00	228.47	28.72	33.48
Kalihati	175.87	203.44	18.02	17.69
Total	217.00	216.35	23.20	25.51

Source: Siddiqui and Abrar, 2003.

families owned five types of houses: *pucca* (brick houses with concrete floor and roof), semi-*pucca* (brick house with tin roof and concrete floor), tin (tin structure with concrete floor), semi-*kutcha* (earth floor, walls with tin and tin or thatched roof) and *kutcha* (mud floor, mud or bamboo walls, tin or thatched roof). The table shows upward mobility of the households regarding type of homestead structure.

TABLE 6.3
NATURE OF HOUSING BEFORE MIGRATION
AND AT PRESENT

Type	Before	At Present
Pucca	6	7
Semi-Pucca	4	5
Tin	2	9
Semi-Kutcha	61	58
Kutcha	27	21
Total	100	100

Source: Siddiqui and Abrar, 2003.

TABLE 6.4
REPAYMENT OF LOAN INCURRED FOR MIGRATION

Area	Loan Repaid			Not Applicable	Total
	Yes	No	Partially		
Mirersharai	13	9	16	12	50
Kalihati	17	5	20	8	50
Total	30	14	36	20	100

Source: Siddiqui and Abrar, 2003.

International migration involves huge costs and, as was seen earlier, a significant proportion of these costs is covered by taking out loans. Over the last three years, 10.55% of remittances received by these families went into repayment of loans. Another 3.47% went into settling debts incurred by families for reasons other than migration. Table 6.4 shows that 30% of respondents

had paid back the entire loan related to migration, 36% had partially repaid these loans and only 14% could not repay their loans at all. Other 20% had not taken a loan in the first place.

Of the total amount of remittances received by these families, only 4.75% had been invested in business and involved 20 persons. Remittances had been used to run shops, construct a market place, or open businesses such as a phone and fax store, tailor's workshop, stationery store, pottery, saw mill, transport business and handloom factory. Some had been invested in services related to farming, such as irrigation schemes, and trading in agricultural items. Interviewees were dependent on agriculture for living, where there are few investment opportunities.

A substantial portion of remittances had financed migration by other family members, representing 7.19% of total remittances received. For families interviewed, this was considered a very important investment for further enhancing the family's income.

Remittances were also used (9.7%) for social ceremonies such as weddings, child naming, Eid and burials. Among these, the highest portion was spent on weddings for the remittance sender's relatives. In a few examples, migrants spent a substantial amount on their own weddings. In addition, dowry was paid for sisters.

In both areas covered by the study, the amount of remittances put aside for savings was comparatively low (3.40%). In general, savings were deposited in banks, though little use was made of fixed-term deposits and less of insurance policies.

A small amount of remittances was contributed to road construction and to the construction and maintenance of mosques and madrasas. Another study (Siddiqui, 2004) on Bangladeshis in UK and USA has shown that almost all migrants interviewed had sent a sizeable amount of money to Bangladesh as *zakaat* (an annual mandatory religious contribution) (Table 6.5). This amount is used mostly for community development and helping of poor relatives and the destitute. Remittances are also used for speed money, court settlements, misappropriation, purchase of home appliances, and installing tube-wells and sanitary latrines.

TABLE 6.5
REASONS FOR SENDING REMITTANCES*

Reason	UK	US	Total
For maintaining won/extended family home	6	14	20
For occasional support to extended family	35	28	61
For community development	29	17	48
Purchase/construction of Land/ House	14	17	31
Business investment	4	5	9
Charity	12	7	19
Natural disaster	8	9	17
Election	4	1	5
<i>Zakat</i>	33	28	61
Others	2	4	6

* Each row represents the response of 88 respondents.

Source: Siddiqui, 2004.

Certain questions emerge from this discussion. Remittances are generally treated as a source of income for households, yet these households do not spend a large share of the remittance in consumption. Some consider that investing remittances in housing or land purchase is unproductive, since it does not add to the country's productive capacity and causes inflation.¹⁶

However, given the lack of viable opportunities for investment, the prevailing situation in terms of law and order, and concomitant pressure from extortionists, land still constitutes, from the migrants' point of view, the safest utilization for remittances. Arable land provides an immediate economic return through crop production, while the value of both arable and homestead land increases over time. Use of remittances for releasing mortgaged land is also quite important in the rural community, as it re-establishes the right of the person to cultivate in the land and increases the family's social position. In some earlier studies, construction of houses was also considered an unproductive venture, as it was seen as a way of improving economic status, rather than as an economic activity. However, home construction can be regarded as a durable asset, which does have exchange value and which can also be useful for migrant workers as collateral for investment loans from banks or MFIs.

In contrast to previous studies, investment in savings by these households was found to be relatively low. In general, there is insufficient information about savings schemes. Thus, using remittances for sending family members abroad is seen as an investment by migrants' families, rather than as consumption. The amount of remittances invested in land, financing migration of family members, construction of homesteads, and businesses, when taken together, tends to indicate that families place a high priority on income maximization within a limited range of options. On the basis of this information, it may be concluded that remittances play a significant role in the economic and social development of migrants' families.

7. CIVIL SOCIETY AND INTERNATIONAL BODIES

Though Bangladesh is a major labour-sending country, civil society institutions have not been involved in any major way in providing services or protecting the rights of migrant workers. Over the last few years, certain human rights organizations and research bodies have initiated a limited number of activities relating to labour migration. But remittances remain outside the parameters of civil society organizations (CSO). In addition, few civil society research bodies have undertaken studies on migrant remittance. Some returnee migrants have now developed their own organizations, with three associations having been launched in the last few years. The Welfare Association of the Bangladeshi Returnee Employees (WARBE) began organizing returnee migrants in 1997 and acts as a pressure group for promoting and protecting the rights of migrant workers. The Bangladesh Migrant Centre (BMC) focuses its activities on returnees from Korea, while the Bangladeshi Women Migrants Association (BWMA) is engaged in a campaign for lifting the ban on women migrants (Siddiqui, 2003).

Researchers from the Bangladesh Institute of Development Studies (BIDS) have studied various aspects of labour migration (Mahmood, 1994, 1996, 1998; Afsar et al., 2000; Murshed, 2000). Bangladesh Unnoyon Parishad (BUP) has undertaken a review of the utilization of remittances in the district of Sylhet (Ahmad and Zohora, 1997). Meanwhile, the Refugee and Migratory

Movements Research Unit (RMMRU) of the University of Dhaka is a specialized research, training and advocacy body on migration, as discussed in Section 4 above.

Until recently, migration by Bangladeshis has not been the focus of international agency programmes. Among the UN bodies and affiliates, International Labour Organization (ILO) and International Organization for Migration (IOM) are the main organizations with mandates for migration. Over the years, ILO has commissioned four important studies in Bangladesh regarding migration: *International Labour Migration from Bangladesh and the Trade Unions* (1999), *Migrant Workers Remittances and Micro-Finance in Bangladesh* (2003), *Out Migration from Bangladesh* (2003) and *Decent Work and International Migration* (2004). Following the establishment of a regional office in Dhaka in 1999, IOM has launched several initiatives on migration questions. IOM's head office in Geneva and INSTRAW jointly commissioned a study on temporary labour migration of women from Bangladesh and, in collaboration with UNDP, IOM commissioned five studies on labour migration out of which one was on remittances (inflows and utilization). In addition IOM has done a study on the Bangladeshi diaspora in the UK and USA and recently published a study on the *Dynamics of Remittance Utilization in Bangladesh*.

The UK Department for International Development's (DfID) Policy Division has recently taken interest in migration and has commissioned five country studies in Asia, including Bangladesh. Following a regional conference organized by DfID and RMMRU in Dhaka in June 2003, the South Asian Migration Resource Network (SAMReN) was established, with RMMRU providing the network's secretariat. Five South Asian countries have provided two representatives to form the core group which manages SAMReN. An interactive website on migration, fellowships for young South Asian academics, and training on labour migration are three major activities that the network is implementing. DfID has provided financial assistance for the network, while the Asian Development Bank (ADB) and DfID jointly supported IOM in organizing an inter-governmental meeting on labour migration held in Manila in September 2004 for which ADB has commissioned this study.

8. CONCLUSIONS AND RECOMMENDATIONS

This review of Bangladesh's experience of migrants' remittance management underscores the extremely important role that remittances play in sustaining the national economy. It is the country's highest foreign exchange earning sector, while macroeconomic growth in sectors ranging from agriculture to service has a direct correlation to migrants' remittances. Remittances thus constitute a very important source for the country's development budget and contribute more funds than foreign aid to Bangladesh.

The paper shows that both long-term and short-term patterns in migration are common in Bangladesh. However, while data is available on various aspects of short-term migration, there is no information on long-term migration. Figures indicate that the number of short-term migrants has increased rapidly over the years and that the market for Bangladeshi labour is changing all the time. Migration to certain countries has reduced, whereas new countries of destination have emerged. In the early years of short-term migration, skilled workers and professionals used to migrate more, but now Bangladesh has created a niche in the unskilled and semi-skilled labour market.

Over the years, remittances have increased in absolute terms, although per capita remittances have declined. Both official and unofficial channels are used by migrants for sending remittances but, in recent years, various shortcomings of official channels have been addressed by different policy measures and may have resulted in an increased flow of remittances through official channels.

The Ministry of Finance and the Bangladesh Bank are the two most important institutions involved in framing public policy concerning remittances. Besides MoEWOE, MoFA, MoC, NSB, PC, BoI, NCBs and PCBs are other important actors, while the BRAC Bank and RMMRU are the two major non-traditional players in this area.

There are two major regulatory instruments governing remittances: the Foreign Exchange Regulation Act, 1947 (as amended in 1996) and the Money Laundering Prevention Act 2002 (as amended in 2003). There are no specific provisions on migrants' remittances in the 1947 Act, but BB has produced guidelines on migrants' remittances, based on principles laid down in that act. The Money Laundering Prevention Act was promulgated after the events of 11 September 2001 with the dual purpose of ensuring surveillance of money laundering activities and encouraging a greater flow of remittances through official channels.

Since the return to a civilian regime in 1991, successive governments have undertaken various proactive measures to enhance the flow of remittances through official channels. In order to address the problem of differences between official and unofficial exchange rates, foreign exchange rates for current accounts are now free-floating. Lead times for transfers have been substantially reduced by limiting the time required for transfers, encouraging greater use of electronic transfer, ensuring accountability of nostro accounts, facilitating the expansion of exchange houses and correspondent banks, introducing weekly and monthly evaluation and monitoring systems, providing information about NCBs, exchange houses and correspondent banks on the Internet, and establishing formal systems for complaints.

In addition to previous investment instruments, the US dollar Investment Bond and the US dollar Premium Bond were floated in late 2002. For the first time, this has created an opportunity for migrants to invest in dollars. Incentive packages are also offered by PC, MoC and Ministry of Communication to encourage migrants' foreign direct investment. National Bank and Islami Bank now offer savings instruments which are useful for migrants.

It has been observed that most of the available government investment opportunities target big investors and may thus attract long-term migrants with substantial capital resources. However, the investment needs of short-term migrants cannot be met through those instruments, while lowering interest rates on investment instruments in local market has provided few opportunities for families receiving remittances, particularly the elderly. For those wanting to invest in small enterprises, the BRAC's MELA programme seems to be well suited. Nonetheless, it was found that information on the various packages on offer was not easily accessible to migrants.

The report reveals that the general perception about unproductive use of remittance by the migrants may not be reflecting the empirical reality. Such observations were perhaps valid in the late 1970s or the early 1980s. But studies show that, in the 1990s, migrants have invested in food

for their families, health, education, land purchase, financing migration of other family members, construction of homesteads, and in business. The report concluded that migrant families tried their best to utilize remittances efficiently, given the limited options available to them. Such endeavours did result, however, in the economic and social development of many migrant families.

A review of civil society organizations shows that large NGOs and MFIs did not have any substantive programmes on labour migration, though migrant workers' associations in Bangladesh were found to be extremely active and committed to the cause. Important studies have been conducted in Bangladesh covering various aspects of migration including remittances.

Recommendations

Public policy reforms

The government needs to commit adequate resources to the migration sector. The MoEWOE should propose allocation of resources equivalent to 5% of remittances in order to organize services for migrant workers.

A large segment of *hundi* money is channelled into finance smuggling. This necessitates a re-evaluation of taxation policy and of tariff and duty structures. It is also necessary to undertake a review of under-invoicing of imports, another factor contributing to *hundi*. The authorities concerned must assess whether revenue earned under existing tax, tariff and duty regimes is higher than the loss of foreign exchange, due to smuggling and under-invoicing.

The Bangladesh Bank's policy of not allowing private banks to open branches in foreign cities where NCBs have branches needs to be reconsidered. Such protectionism runs against the principles of liberalization and private sector development. If banks prepare themselves adequately for harnessing migrants' remittances, the opening of branches by private banks would lead to a healthy competition and probably contribute to an increased flow of remittances.

Government could give migrant workers the right to import goods that can be considered as remittances in kind, which could be exempted from custom duties.

The government's concern about the high risks involved in allowing MFIs to mobilize non-members' savings is appreciated. However, considering the need for special savings schemes for migrant families and the absence of services in all areas of the country, the government could give special permission to a few tested MFIs to engage in managing non-members' savings.

Government could undertake a high profile project, similar to the "Jamuna Bridge" project, dedicated to migrants and thus mobilize funds from migrants for implementing the project.

Banks

The report amply demonstrates that the banks are making strong efforts to match the level of services provided by *hundi* operators. The following measures could also be undertaken to improve their quality of services further.

A large percentage of migrants and their families are less educated. In most cases, they are not familiar in dealing with formal institutions and are not aware of the reasons for having a bank account. People intending to go overseas should therefore be encouraged to open accounts before their departure. Before issuing the migrant's clearance certificate, BMET can check whether the migrant has opened a bank account.

A segment of Bangladeshi migrant population does not have valid documentation and therefore tends to send remittances through informal channels. Along with efforts towards encouraging the flow of regular migration, procedures must be simplified to allow irregular migrants to send remittances through regular channels. In this regard, following the Filipino example, Bangladeshi banks overseas could be instructed to facilitate the opening of accounts by accepting documents other than passports.

Bangladeshi banks overseas should periodically launch campaigns to encourage the Bangladeshi migrant population overseas to open bank accounts. Branches of each bank should set specific targets for opening new migrant accounts and establish a concrete plan of action for attaining these targets.

Bank officials should be trained, regularly informed and motivated about the importance of migrant remittances. Training modules developed by RMMRU can be utilized for this purpose.

The BB should consider allowing banks to appoint brokers or agents, through payment of commission, to help mobilize individual remittances. This appears to be an effective tool for mobilizing remittances from Bangladeshi migrants.

Framing of the Money Laundering Prevention Act and the subsequent creation of the Anti-Money Laundering Department in the BB are great steps towards curbing *hundi*. However, prosecution under the law should be ensured. A Financial Intelligence Unit (FIU) could be established under the auspices of BB.

The Bangladesh Bank website contains information on investment opportunities and available transfer institutions and the websites of MoEWOE, MoC and PC provide information on investment incentives for migrants. These addresses should be advertised in local ethnic media run by migrants in receiving countries. Missions could organize regular meetings with community associations and distribute brochures and leaflets among community leaders.

Ministries and agencies

There is much room for improvement in the functioning of Bangladeshi missions abroad with respect to remittances. Missions need to act promptly on queries about opening new branches and corresponding relationships, and procedural delays should be minimized by fixing specific time frames.

Data on long-term migrants from Bangladesh is non-existent. In order to design its targeted interventions, BB requires information on the number of migrants, their professional background and areas of concentration in receiving countries. Recently, the Government of India has obtained global data on migrants of Indian origin through its foreign missions. MoFA could also generate estimated figures through its missions abroad.

There is a general decline in the supply of skilled and professional categories of migrants from Bangladesh. This has given rise to a situation where increases in the number of people migrating have not been matched by commensurate increases in remittance inflows. Under such conditions, several measures need to be taken by BMET. Many labour-receiving countries have projection plans of development work and concomitant labour needs. Following the example of the Philippines, these projection plans need to be collected and analysed on a routine basis. Accordingly, Bangladesh's human resources should be trained and marketed. Initiatives must be taken for the proper certification of skills possessed by a large number of migrant workers: for example, for electricians, masons, bricklayers, plumbers, fitters, and turners. In this respect, special incentives could encourage private recruiting agencies to export skilled manpower.

Vocational training should be incorporated in mainstream primary and secondary level curricula. Chapters on migration should be incorporated in textbooks. To increase communication skills, English should be introduced as a second language from the first grade.

Micro-finance institutions and civil society bodies

Tested MFIs should come forward to play a role in managing migration. They can take up the issue of migrant workers as a matter of social responsibility. BRAC has already emerged as a non-traditional actor in remittance transfers. The BRAC Bank's experience in remittance transfer should be thoroughly studied in order to encourage replication of its methods. Grameen Bank could consider proposing an amendment to its ordinance extending its activities to include migrants.

MFIs could open their membership to migrants before departure, develop credit schemes to facilitate their migration, form partnerships for remittance transfer, provide packages for repayment of loans and for migrants' savings, assist remittance receivers by setting up micro-enterprises, and help reintegration of returnee migrants through investment assistance.

Potential migrants should be provided with information on official remittance procedures. The training programmes designed by RMMRU can be replicated at a large scale by the private sector and MFIs. Returnee migrants' associations should be used as resource organizations in delivering these trainings.

International agencies

International organizations can jointly establish migrant workers resource centres (MWRCs) in major receiving countries. These MWRCs can provide a wide variety of services, including remittance information to migrants from different labour-sending countries.

Coordination

It is well recognized that migration is a complex process with many stakeholders. It involves various ministries of the government, private and nationalized commercial banks, MFIs, migrant workers and members of migrants' families. Effective coordination of these stakeholders is essential for enhancing the efficiency of migrant workers' remittance inflows. The inter-ministerial coordination committee headed by the Minister for EWOE should incorporate all the actors, whether government, private sector or civil society.

ENDNOTES

1. It is understood that after 11 September, 2001 surveillance on money transfers may have reduced the share of remittances transferred via unofficial channels.
2. BMET is the executing agency of the Ministry of EWOE and one of its responsibilities is the maintenance of records on migrants.
3. This information is based on interviews of recruiting agents who process undocumented migration.
4. The Bangladesh Bank is the central bank in Bangladesh.
5. In 1991, the flow of migrants increased by 41.72%, whereas remittances grew only 1.56% compared to the previous year. Similarly, in 1994, the number of people who migrated overseas grew at a rate of 23.79%, whereas remittances increased by only 14.31%. In 1997, the number of migrants increased by 79% compared to 1996 and remittance flow increased by 12.52% and in 1998, growth in migrant numbers was recorded at 29% with an increase in remittances of 4.86%.
6. Whether brought in by migrants returning on holidays or by friends, consumer durables (apart from clothes and blankets), have the potential of being used as capital, as they have liquidity value.
7. Quoted in Siddiqui (2002), p. 53. Speech delivered by Professor Wahiduddin Mahmud, former Advisor to the Interim Government, at a conference on "Streamlining Labour Recruitment Process in Bangladesh for Employment Abroad", 24 September 2001.
8. From some countries, remittances are sent by money-gram, which can only be collected from a local agent on production of a satisfactory identity document.
9. Interview with Mr. Sudarshan Banik, BMET, 2 February 2003, and Mr. Abdul Mannan, Senior Vice President of Islami Bank Bangladesh Ltd., 4 March 2003.
10. In order to provide door-to-door micro-credit service, BRAC has established its network of 1,200 branch offices across the country over the last 25 years.
11. Statement made by Dr Mohammad Farashuddin, then Governor of the Bangladesh Bank, at the National Workshop on Streamlining Labour Recruitment Process in Bangladesh jointly organized by the Ministry of Labour and Employment, RMMRU and Bangladesh Association of International Recruiting Agencies (BAIRA), held on 24 September 2001.
12. The module is equipped with 15 texts, 20 visual aides and 37 transparencies.
13. "List of correspondent banks working with Bangladeshi banks: a guide for remittance to Bangladesh", published and circulated jointly by 5 NCBs in June 2002.
14. Attended by representatives of the Ministry of EWOE, MoF, Ministry of Commerce, MoFA, Ministry of Home Affairs, Ministry of Civil Aviation and Tourism, Ministry of Communication, BMET, Bangladesh Privatisation Commission and BB.
15. The applicant must provide with one or two guarantors, as well as legal covenants, to qualify. The minimum and maximum loan amounts are Tk.20,000 and Tk.200,000 respectively, with a flat interest rate of 15% and equal monthly loan repayments. Loans are available for 12, 18 or 24 months. A Tk.100 application fee and 1% of the loan amount are charged as loan appraisal fees, after approval of the loan. New borrowers and borrowers of loans greater than Tk.50,000 are required to provide collateral, as are all non-members, irrespective of the value of the loan. The maximum loan equity ratio is 80:20. The authority may cancel a loan if three consecutive instalments are missed. In keeping with BRAC's mission, MELA gives preference for women, local artisans and new entrepreneurs with sound proposals.
All loans are appraised by the MELA Project Programme Organizer, and scrutinized and approved by the respective MELA District Managers before referral to the MELA Senior Regional Manager for final approval. Loans for more than Tk.100,000 require the approval of the MELA Manager. Loans are disbursed by cheque and loan repayments are made in the branch offices by the borrowers. The whole project is monitored in two ways. District Managers directly oversee the PO's (MELA) operations and the Monitoring Department periodically reviews documents and checks that loans are used by borrowers in accordance with the loan application.
16. Discussed in Arnold (1992).

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APPENDIX 1

List of interviewees

- A.T.M Nasir Uddin, General Manager, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka
- Md. Atiqur Rahman, Deputy General Manager, Anti-Money Laundering Department, Bangladesh Bank, Head Office, Dhaka
- S.M. Abul Quasem, General Manager, Anti-Money Laundering Department, Bangladesh Bank, Head Office, Dhaka
- Abul Kalam Azad, Joint Director, Foreign Exchange Policy Department, Bangladesh Bank, Head Office, Dhaka
- Abdul Mannan, Senior Vice President, Islami Bank Bangladesh Ltd. Head Office, Dhaka
- Abdus Sobhan Sikder, Deputy Secretary, MoEWOE
- Dr Nurul Islam, Director, Research and Evaluation, BMET, Dhaka

**EXTERNAL MIGRATION AND REMITTANCES:
TRENDS, POLICIES, IMPACT
AND DEVELOPMENT POTENTIAL**

THE CASE OF INDIA

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ABBREVIATIONS

ECR	Emigration check required
FCNR	Foreign currency non-resident scheme
FDI	Foreign direct investment
IMF	International Monetary Fund
LIBOR	London inter-bank offer rate
NRI	Non-resident Indian
OECD	Organisation for Economic Co-operation and Development
PGE	Protector General of Emigrants
PIO	People of Indian origin
RBI	Reserve Bank of India
SBI	State Bank of India

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EXTERNAL MIGRATION AND REMITTANCES: TRENDS, POLICIES, IMPACT AND DEVELOPMENT POTENTIAL

THE CASE OF INDIA

1. INTRODUCTION

Labour flows from developing countries and the counter-flow of remittances have increased significantly over the last two decades, coinciding with the era of globalization. In some ways, they have now come to occupy the centre stage of development discourse – both as important drivers of the globalization process and as one of its more important consequences. Annual flow of international migrants trebled from 1.5 million during 1965-1985 to 5 million for the period 1985 to 2000, the bulk of these originating from developing countries (Martin, 2003). During the same period, workers' remittances to developing countries have increased considerably, totalling US\$93 billion in 2003, compared to US\$20 billion in 1990 (World Bank, 2004). This trend must be contrasted with the secular decline of net foreign direct investment (FDI) and official finance flows to developing countries, especially since the mid-1990s. Today workers' remittances are the second largest component of external finance constituting nearly 66% of total FDI flows and two and a half times net official finance flows to the developing countries (World Bank, 2004).

India now is the largest recipient of workers' remittances amounting to US\$15 billion in 2003 (Reserve Bank of India, 2004a). For India, workers' remittances have acquired special importance since they are consistently higher than net FDI and official financial flows and covered 74% of the trade deficit of the country in 2003. This has been enabled by the presence of an estimated 20 million strong Indian Diaspora spread throughout the world (Indian Council of World Affairs, 2001). Historical and contemporary links have contributed to the increase in labour flows from India and today Indian migrant workers constitute a significant proportion of the immigrant population in major labour-receiving countries (Ministry of Labour, 2003a).

The links between labour flows and remittance counter-flows are self-evident, yet these phenomena do not appear to be understood in Indian political and research circles. Labour migration has been widely studied and is seen primarily within a regulatory framework which emphasizes the protection and welfare of migrants, while remittances have been studied and are understood largely as part of the management of external finances. This may be one of the reasons why there have been certain lacunae in policy and research on the promotion of both migration and remittances. It will be our contention that, in the absence of an integrated approach, there has been a crucial lack of perspective regarding the migrant, his or her behaviour and of the determinants of his or her choices regarding the volume and channels of remittance transfers.

The trend towards increasing labour mobility is due to increasing demographic dependence ratios in large parts of the developed world, the impact of multilateral negotiations on trade (Mode 4 of General Agreement on Trade in Services (GATS)), and increasing inequalities of the globalization process itself. It is thus imperative that a holistic policy and research framework be adopted to maximize the development benefits of migration and remittances.

Our approach in assessing remittance flows, the channels used for transfers and their impact on development will concentrate on situating these issues in an integrated framework which emphasizes the inextricable linkage of migration and remittances. This linkage will be evident in our explanation for changing patterns in composition of remittances, sources and origin, modes of remittance transfers, end-use, and destination of remittances. As regards policy framework, while our focus will be largely on regulation of remittances, we hope to provide arguments for the need to synchronize institutional and policy structures governing both migration and remittances. Finally, we shall argue for taking a more nuanced perspective to understanding these phenomena within a flexible and evolving policy framework.

Given this larger framework, the paper specifically aims to:

- Review the trends in flows and cost of remittances to India;
- Analyse the temporal shifts in the composition of remittance and sources;
- Examine the regulatory framework governing remittance flows;
- Study existing channels of transfer and the agencies and institutions associated with them; and
- Suggest the best means for maximizing the development potential and efficiency of remittances.

The study is based largely on an analysis of published data at the macro level, supplemented wherever possible by integrating existing micro level research findings. In addition, information obtained through interviews and focused discussions with a range of agencies (both national and local), migrants and migrant households, migrant associations, financial intermediaries (both formal and informal), government officials, and researchers and academics, have been utilized to fill the large gaps in the information and data available in existing studies.

The paper is structured as follows. Section 2 brings together all the available information on the magnitude and the composition of labour flows from India. In particular, this analysis will focus on the two major migratory streams from India: migration to the industrialized world and migration to the Gulf countries. In Section 3, we have collated and analysed information relating to financial flows associated with migration. Such flows are examined in relation to remittance flows (current account transactions) and also in relation to capital flows in terms of repatriable deposits. Section 4 describes the policy regime governing financial flows and examines the regulatory framework. Section 5 describes the operation of the two main forms (formal and informal) of remittance transfers, especially in terms of key institutions and players, cost of fund transfers, new products and incentives, and migrants' choices and preferences. Section 6 discusses the developmental effects of remittances at the macro and micro levels. It also outlines some of the major existing policy initiatives for enhancing the developmental benefits of remittances. Section 7 examines the policy implications in relation to leveraging remittances for development and productive investments, mainly in relation to increasing the volume and for-

mal remittances and role that the different institutions and agencies could perform in realizing the desired objectives and results. The policy contours are analysed at three levels: (i) facilitating larger international labour mobility as a means for encouraging remittance flows; (ii) enhancing accessibility, expanding infrastructure capabilities and widening outreach of the formal institutions so that remittance transfers through formal channels are further augmented and those using informal systems are discouraged; and (iii) maximizing the developmental potential of remittances both from the perspective of the nation, and from the perspective of migrants and households.

2. MAGNITUDE AND COMPOSITION OF LABOUR OUTFLOWS

Currently, nearly 175 million people are estimated to be international migrants. This figure, though a mere 2.9% of the global population, is substantially higher than the number in 1985 when 105 million people were estimated to be living outside their country of origin (Table 2.1). Alongside the increase in the stock of migrants, it is important to account for the increase in the flow of migrants. Between 1965 and 1985, the average annual flow of international migrants was 1.5 million people, which more than trebled over the next 15 years (1985-2000) to nearly 5 million per year. While the annual growth in the migrant population was estimated at 2.3% at the end of 1980s, the early 1990s saw an average yearly increase of 2.6% and we are now seeing an annual growth of 3% (ILO, 2002).

It is important that we consider two more critical elements when analysing the magnitude and rise in the number of international migrants. First, available figures include people who have settled in a foreign country and fail to take into account workers and people who, at any given moment, are on the move. Second, a growing number of migrants remain invisible, since they are not included in official statistics. To understand the significance of this phenomenon, we can look to the European Union, where the flow of undocumented migrant workers is estimated to be about 500,000 people a year, compared to the total non-EU migrant labour force of almost 13 million. Abella (2002) notes that if the above figures represent the average ratio of undocumented migration for all regions, we would have to estimate a worldwide total of 35 million irregular migrants.

TABLE 2.1
GLOBAL MIGRANTS, 1965-2000

Year	Migrants (m)	World Population (m)	Migrants – % of World Population
1965	75	3,300	2.3%
1975	85	4,100	2.1%
1985	105	4,800	2.2%
1990	154	5,300	2.9%
1995	164	5,700	2.9%
2000	175	6,100	2.9%

Source: Martin, 2003.

The evolution of Indian migration needs to be understood in the context of global trends of migration, as outlined above. Labour migration from India has taken two different routes since Independence:¹

- i) People with technical skills and professional expertise migrate to countries such as USA, Canada, UK and Australia as permanent migrants, beginning in the early 1950s.
- ii) Unskilled and semi-skilled workers migrate to oil-exporting countries in the Middle East on temporary contracts, especially after the dramatic oil booms in 1973-74 and 1979. Similar labour migration flows to certain south-east Asian countries have considerably increased in recent decades.

Although labour flows to industrialized countries have continued unabated for a long time, detailed information is scanty. Analyses carried out to date on the composition of these flows are based on immigration statistics from countries of destination. According to existing studies, it is possible to identify certain specific trends in the magnitude and occupational distribution of migration to industrialized countries.

Migration from India to industrialized countries, though modest, registered steady growth during the second half of the 20th century. Nearly 1.25 million Indians have migrated to the principal destinations such as the US, Canada, the UK and Australia between 1950 and 2000. The flow was especially impressive during the 1990s, a period that incidentally witnessed tightening of immigration policies in many industrialized countries. Average inflows of Indian immigrants to these principal destinations have in fact increased from around 10,300 persons per annum in the 1950s to around 60,000 persons per annum during the 1990s (Tables 2.2 and 2.3). As a consequence, the percentage of Indians to the total immigrant population increased considerably during the 1990s.

TABLE 2.2
TRENDS IN IMMIGRATION FROM INDIA TO SELECT INDUSTRIALIZED COUNTRIES,
1951-1990

Immigration to	1951-60	1961-70	1971-80	1981-90
United States				
From India	2,120	31,214	172,080	261,841
From all countries	2,515,000	3,322,000	4,493,000	7,338,000
India's share (%)	(0.1)	(0.9)	(3.8)	(3.6)
Canada				
From India	2,802	25,722	72,903	79,304
From all countries	1,574,841	1,409,677	1,440,338	1,336,767
India's share (%)	(0.2)	(1.8)	(5.1)	(5.9)
United Kingdom				
From India	n.a.	125,600	83,040	51,480
From all countries	n.a.	635,000	732,900	516,870
India's share (%)	n.a.	(19.8)	(11.3)	(10.0)

Source: Nayyar, 1994.

TABLE 2.3
TRENDS IN IMMIGRATION FROM INDIA TO SELECT INDUSTRIALIZED COUNTRIES,
1991-2000

Year	United States		Canada		United Kingdom		Australia	
	No.	(%)	No.	(%)	No.	(%)	No.	(%)
1991	45,064	2.5	12,850	5.6	5,680	10.5	5,608	5.2
1992	36,755	3.8	12,675	5.1	5,500	10.5	3,553	4.7
1993	40,121	4.4	20,445	7.9	4,890	8.8	2,643	3.8
1994	34,921	4.3	16,637	7.7	4,780	8.7	3,908	4.5
1995	34,748	4.8	16,254	7.7	4,860	8.8	3,700	3.7
1996	44,859	4.9	21,166	9.4	4,620	7.5	2,681	3.1
1997	38,071	4.8	19,616	9.1	4,645	7.9	2,786	3.6
1998	36,482	5.6	15,327	8.8	5,430	7.8	2,557	3.0
1999	30,237	4.7	17,415	9.2	6,295	6.5	4,631	5.0
2000	42,046	5.0	26,064	11.5	8,045	6.4	6,336	5.9

Note: Percentage figures indicate the ratio of Indian immigration flows to total immigration flows.

Source: Immigration departments and centres in the different countries.

As regards skill composition, a significant proportion of migrants going to the United Kingdom and, to some extent, to Canada during the 1950s and 1960s were unskilled or semi-skilled workers. During the 1970s and 1980s, however, many emigrants, particularly to the United States but also to Canada and the United Kingdom, were people with professional expertise or technical qualifications for managerial positions and educated white-collar workers. This trend continued to dominate migration flows during the 1990s. It would appear that labour migrants to industrialized countries until the 1990s almost always settled permanently, since the proportion of emigrants returning to India, after a certain period of time, was almost negligible. However, over the last decade there has been an increase in the number of persons, especially information and technology (IT) professionals, who migrate to industrialized countries and return after a finite period. This could be attributed mainly to high turnover rates in labour prevalent in the IT industry and to demographic changes in industrialized countries (such as an ageing host population). For example; the phenomenal increase in the number of Indians living in the US, including both people of Indian origin (PIO) and non-resident Indians (NRI) would seem to support this. This Indian-American population recorded a growth of 105% between 1990 and 2000, increasing from 815,447 to 1,678,765 (Indian Council of World Affairs, 2001). In Silicon Valley alone, the number of Indians working in technology firms is currently estimated at 300,000 and accounts for more than 15% of high-tech start-up companies. The Report of the High Level Committee on Indian Diaspora (2001) considers that this trend of rising Indian migration is common to all major receiving countries in the industrialized west (US, Canada, UK and Australia).

Turning to the second stream of migrant flows from India, the oil booms in 1973-74 and 1979 led to enormous growth in the demand for foreign labour in oil-exporting countries of the Arabian Gulf.² In response to this demand, labourers from India began to migrate in large numbers and the flow continues still. The scale of labour movements to the Gulf was closely linked to the escalation in oil revenues, unprecedented rates of investment in domestic industry and infrastructure in the oil states, and the shortage of domestic workers.

Although Indian labour flows to the Middle East have attained substantial proportions over the last three decades, lack of data has often bedevilled systematic appraisals. By piecing together the available information, it is possible to identify certain broad trends and orders of magnitude.

Trends in annual outflows of migrant labour from India to the Middle East for the period 1976 to 2002 have been calculated on the basis of emigration clearances,³ although this may lead to an underestimation of the phenomenon (see Table 2.4).

TABLE 2.4
ANNUAL LABOUR OUTFLOWS FROM INDIA
BASED ON "EMIGRATION CLEARANCE
GRANTED" FIGURES, 1976-2002

Year	Number
1976	4,200
1977	22,900
1978	69,000
1979	171,800
1980	268,200
1981	272,000
1982	224,257
1983	217,971
1984	198,520
1985	160,396
1986	109,234
1987	121,812
1988	165,924
1989	125,786
1990	143,565
1991	197,889
1992	416,784
1993	438,338
1994	425,385
1995	415,334
1996	414,214
1997	416,424
1998	355,164
1999	199,552
2000	243,182
2001	278,664
2002	367,663

Source: Ministry of Labour, Government of India.

The data clearly shows that emigration from India was cyclically linked to demand from the Middle East, peaking in 1979-1982 when nearly 234,064 Indians per annum took jobs in the Middle East. This was followed by a decline during the period 1983-1990, when the average annual outflows declined to 155,401. Labour migration to the Middle East picked up substantial

momentum since the initial hiatus in the early 1990s. During 1992-2001, nearly 360,000 persons per annum migrated from India to the Gulf countries. This is significantly higher than the level of labour outflows from India attained even during the “Gulf boom” of the late 1970s and early 1980s. However, we should note that labour flows between 1998 and 2002 were significantly lower than during the period 1992-1997, indicating the effect of cyclical demand in Middle Eastern countries. An important caveat needs to be placed here since, although the last five years have seen diminutions in documented migration to the Gulf, there has been a substantial increase in the number of “suspensions”⁴ granted for Emigration Check Required (ECR) category. (Table 2.5). Though a bulk of these are granted to short-term and non-labour migrants, many researchers believe that suspensions are often used as a means of bypassing the procedures required under the emigration clearance system (Sasikumar, 1995).

TABLE 2.5
NUMBER OF SUSPENSIONS GRANTED ON EMIGRATION
CLEARANCE PROCEDURES,
1997-2002

Year	No. of Suspensions Granted (<i>lakhs</i>)
1997	1.56
1998	2.81
1999	2.87
2000	3.63
2001	3.98
2002	4.37

Source: Ministry of Labour, Government of India.

These broad trends apart, we can also identify two significant changes in the composition of groups of Indian migrants to the Gulf: skill composition and regional origins. These have, as we will argue later, significant implications for the character of remittance transfers.

Analysing the mix of skills offered by Indian migrant workers employed in the Middle East is difficult due to the paucity of data. Individual researchers have made rough estimates based on sample surveys, while government agencies have published some data pertaining to certain periods. However, it can be clearly gauged from the estimates available that the majority of those who migrated during late 1970s and early 1980s belonged to the unskilled and semi-skilled categories. One study reports that two-thirds of migrant workers were semi-skilled or unskilled and only about 14% were employed in professional, technical and managerial occupations (Eevit and Zacharia, 1978). From the mid-1980s, the outflow of workers engaged in construction activities, both skilled and unskilled, declined not only in absolute terms, but also as a proportion of the total number of emigrants (Nayyar, 1994). This can be attributed to the completion of major construction projects begun during the boom period and also to cuts in expenditure on construction in many Gulf States. The 1990s witnessed a further structural shift in the market for expatriate labour in most Middle East economies. There was a marked change in demand for skilled labour, decreasing in construction and increasing in operations and maintenance, services, and transport and communications. In general, there has been a tendency to hire more professionals and skilled manpower than unskilled and semi-skilled workers. Coun-

TABLE 2.6
DISTRIBUTION OF ANNUAL LABOUR OUTFLOWS OF INDIAN WORKERS
FOR OVERSEAS TEMPORARY/CONTRACT EMPLOYMENT BY STATE OF ORIGIN, 1993-2002

State	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Andhra Pradesh	35,578	34,508	30,284	29,995	38,278	30,599	18,983	29,999	37,331	38,417
Bihar	7,518	6,785	5,867	5,816	6,369	14,569	5,866	6,726	9,711	19,333
Gujarat	13,742	12,802	12,182	11,991	12,792	8,528	3,956	5,722	10,294	11,925
Goa	1,702	157	969	962	1,024	945	543	1,331	2,255	3,545
Haryana	833	745	794	892	929	1,692	288	52	154	424
Karnataka	34,380	32,266	33,496	33,761	40,396	11,535	5,287	10,927	10,095	14,061
Kerala	155,208	154,407	65,629	167,325	156,102	91,720	60,445	69,630	61,548	81,950
M.P.	6,542	5,815	4,248	4,141	3,897	6,429	904	1,706	5,035	7,411
Maharashtra	35,248	32,178	26,312	25,214	25,146	24,657	9,871	13,346	22,713	25,477
Orissa	3,528	3,612	3,685	3,441	3,511	2,079	549	576	3,014	1,742
Punjab	14,212	12,445	11,852	11,751	12,414	26,876	15,167	10,025	12,422	19,638
Rajasthan	25,243	27,418	28,374	18,221	28,242	19,824	9,809	10,170	14,993	23,254
Tamil Nadu	70,313	70,525	65,737	64,991	63,672	69,793	47,402	63,878	61,649	79,165
UP	25,115	22,815	18,932	18,962	17,754	33,728	11,789	9,157	13,912	19,288
West Bengal	2,821	2,020	2,278	2,377	2,254	3,765	1,559	1,940	4,830	8,338
Delhi	4,342	3,816	3,281	2,892	2,494	5,535	3,569	3,165	3,183	4,018
Others	2,013	3,071	101,414	11,482	1,150	2,890	3,565	4832	5,525	9,677
Total	438,338	425,385	415,334	414,214	416,424	355,164	199,552	243,182	278,664	367,663

Source: Ministry of Labour, Government of India.

tries such as the United Arab Emirates (UAE) have in fact imposed strict restrictions on the entry of unskilled workers. There is no doubt that the skills composition of Indian labour outflows has changed character as a result. The occupational distribution of emigrants, as reflected in a recent field survey conducted among Indian emigrants in UAE, shows that more than 40% of migrants to the Middle East fall into the categories of skilled and professional workers (Zachariah et al., 2004).

As regards the regional composition of migration to the Middle East, it is the State of Kerala which has always held a dominant position, accounting for more than half the number of migrants. However, the shift in skill composition noted for All-India emigration figures has also affected Kerala, due to an increasing demand for skilled, professional and service personnel in the Gulf. There has been a simultaneous shift in the originating regions of unskilled labour migration to the Gulf. According to figures relating to emigration clearances, it is clear that the number of Kerala emigrants declined during the 1990s and now accounts for only 22% of ECRs, while Tamil Nadu, Andhra Pradesh, Uttar Pradesh, Bihar and Rajasthan are now the major sources of unskilled labour flows to the Middle East (Table 2.6).

From a policy perspective, it is important to make a number of observations regarding the regulatory framework for labour migration and the institutions and agencies that channel the flow of migration.⁵ These observations pertain to destinations in industrialized countries and the Middle East, and to unskilled and skilled migration.

As far as migration policy is concerned, the only statutory provision governing migration for employment purposes is the *Emigration Act of 1983*. This Act is concerned solely with certain categories of migrants who require emigration clearances and, as a result, the overwhelming majority of skilled and professional labour migrants falls outside the purview of any regulatory framework. The main aim of the Act is to regulate recruitment agencies, to set minimum employment standards and to provide for the issue of emigration clearances. By its very nature, the Act has very little impact on the promotion of labour migration. As regards agency structures involved in the documented flows of labour migration, there is a distinct difference between migration to industrialized countries and migration to the Middle East and other developing countries (Sasikumar, 2001). These differences can also be seen with regard to skilled and unskilled labour flows. Direct hiring is predominant for skilled and professional jobs, especially for industrialized countries, while personal and informal networks and recruiting agencies dominate the unskilled labour and Middle East markets. These features must be borne in mind when developing an appropriate integrated policy framework, especially for managing remittance transfers.

3. FINANCIAL FLOWS ASSOCIATED WITH MIGRATION

One of the most significant and immediate outcomes of migration is the counter-flow of remittances. Significant increases in the amount of remittances sent home by migrant workers in recent years, and the accelerated pace at which it is growing, have infused renewed interest in understanding remittance flows and their related dimensions.

Documented remittance flows to developing countries from overseas resident and non-resident workers amounted to US\$88 billion in 2002, accounting for nearly 5% of developing country imports and 8% of domestic investments (Table 3.1).

TABLE 3.1
REMITTANCES FOR DEVELOPING COUNTRIES, 2002

	All Developing Countries	Low-income Countries	Lower-middle income Countries	Upper-middle Income Countries	High-income Countries
	(US\$ bn)	(US\$ bn)	(US\$ bn)	(US\$ bn)	(US\$ bn)
Total remittance receipts	88.1	25.7	44.5	17.9	44.4
As % of GDP	1.5%	2.9%	1.3%	1.0%	0.2%
As % of imports	5.1%	12.1%	4.9%	3.2%	1.2%
As % of domestic investment	8.0%	14.6%	5.9%	14.0%	35.7%
As % of FDI inflows	66.2%	388.9%	49.2%	51.3%	8.4%
As % of net official finance	250.0%	-	-	-	-
Other current transfers	38.0	9.0	22.0	7.0	83.0
Remittance receipts and other current transfers	126.1	40.2	66.6	24.6	127.4
Total remittance payments	28.0	1.5	3.1	23.4	77.2
Total payments excluding Saudi Arabia	12.1	1.5	3.1	7.5	77.2

Source: World Bank, 2004: 169.

It is important to note that remittance flows to developing countries have more than doubled over the past decade. An annual increase of 10% was recorded during the initial years of the 21st century, illustrating how growth in remittances has accelerated. Remittance remains the second largest financial flow to developing countries after foreign direct investment, more than double the amount of official development assistance. The above figure clearly highlights the increasing importance of migrant workers' remittances as a source of external financing in developing countries.

Another important dimension to be noted in relation to remittance flows to developing countries relates to the stability of these revenue movements. Whilst FDI, portfolio investment and other capital flows to developing countries rise and fall cyclically, remittances show remarkable stability over time, and even increase in response to economic crises (Ratha, 2003). Another critical dimension of remittance flows pertains to informal transfers and formal but unrecorded transfers. We can only speculate about the size of unrecorded remittances. Although it is extremely difficult to make reliable estimates of the total amount of such undocumented transfers, officials in major fund transfer agencies argue that, based on the volume of funds flowing through

their system, unrecorded remittances may be larger than recorded remittances (World Bank, 2004: 170). A recent research study notes that, if the amount of undocumented remittances were added to documented flows, the level of total remittances could be as much as \$200 billion, far more than foreign direct investment (Sander and Maimbo, 2003).

Apparently efforts have been made to curb money-laundering in the aftermath of the terrorist attacks of September 11, 2001 and have diverted remittances from alternative channels to more formal channels. However, it could be argued that increases in the level of undocumented migration, due to tightening of border controls in industrial countries, may have led to increases in the amount of remittances sent through informal channels.

As regards India, there are two types of documented financial flows associated with international labour migration. First, there are inflows of remittances representing unrequited transfers by migrants to support their families, whether for consumption or for investment. Second, there are capital inflows in the form of various non-resident deposit accounts. In most analyses of workers' remittances, only current account transfers are considered a true index of transfers by migrants. However, we would argue that, from a migrant perspective, current account transfers as well as non-resident deposits should both be included in a comprehensive analysis of financial flows associated with labour migration. After all, a strict definition of current account transfers would include withdrawals from non-resident deposit accounts. In addition, for many migrants, these deposits have been, and continue to be, the preferred mode of transfer for their savings.

Workers' remittances to India are recorded as current transfers in the accounts for balance of payments. They include all unilateral remittances by non-resident Indians (NRI) and foreign nationals of Indian origin for the purpose of family maintenance, whether as transfers of savings, or gold and silver brought or offered as gifts by non-residents. There is no *quid pro quo* for these transactions. Private transfers do not include credits to various non-resident deposits accounts. Only local withdrawals from such accounts are included in the category of private transfers. Thus private unrequited transfers relate only to inward remittances eligible to be recorded in the current account of the balance of payments and thus have an impact on the country's disposable income (Jadhav, 2003).

Currently India is the country with the highest level of remittance receipts in the world. It is estimated that documented remittance flows to India in 2002-2003 amounted to US\$15.2 billion. It may be important to note that, due to certain definitional problems, the Reserve Bank of India (RBI) and the International Monetary Fund (IMF) differ in their estimates of remittance flows. For instance, according to IMF statistics, workers' remittances to India were estimated at US\$9 billion in 2000, accounting for more than 14% of global flows. However, as noted by Debarata and Kapur (2003), the IMF classifies remittances routed through local withdrawals from non-resident deposit accounts as "other current transfers" and thus considerably underestimates remittance flows to India.

Correcting for this misclassification yields a significantly higher global share for India at 21% (US\$12.5 billion). Debabrata and Kapur (2003) argue that underestimation of the contribution of international earnings from labour to balance of payments (BOP) statistics could have adverse implications, especially when several countries are actively engaged in creating a financial environment for attracting remittance flows and using them to meet developmental goals. There

is a strong case for arguing that the “current transfers” category should be re-defined to include all gifts, donations and other transfers that are strictly of an unrequited nature.

Trends in workers’ remittance flows for the period 1970-1971 to 2002-2003 are graphically presented in Table 3.2. It is evident that remittance flows have recorded spectacular growth over the last three decades. We can broadly discern three phases in this trend. Between 1970 and 1980, there was a strong trend of growth in private remittances with an almost twenty-fold increase from US\$116 million to US\$2,692 million. During the 1980s, levels of remittances remained stagnant. Then, in the 1990s, began a new period of growth with a particularly sharp increase (500%) recorded between 1990 and 1997, followed by a relatively slower period of growth (150%) between 1997 and 2003. These patterns need to be seen in the light of trends in migration and of destination countries from which remittances are sent.

TABLE 3.2
WORKERS’ REMITTANCES TO INDIA,
FINANCIAL YEARS 1970-71 TO 2002-03

Year	(US\$m)
1970-71	116
1980-81	2,692
1990-91	2,083
1997-98	11,875
1998-99	10,341
1999-00	12,290
2000-01	12,073
2001-02	12,192
2002-03	15,174

Source: Reserve Bank of India.

An analysis of remittance flows in terms of originating regions would provide insights on the way in which remittance flows are affected by changing patterns in labour flows. However, it is important to note that such an analysis cannot be undertaken, as there is no published data on remittance transfers at such a disaggregate level. It is possible to attempt an analysis in terms of currency regions as such information is available for the period 1970-71 to 1996-97: the sterling area, the dollar area, the Organisation for Economic Co-operation and Development (OECD) area, and the rest of the non-sterling area.⁶ However, since 1997-98, regional statistics on workers’ remittances have been published on a continental basis, replacing analysis by currency area.

Regional data on remittance flows based on the two classifications are presented in Tables 3.3 and 3.4. For the purpose of our analysis of the pre-1997 period, the dollar and OECD areas represent remittances from the industrialized world, while the sterling area and the rest of the non-sterling areas stand for remittances from the Middle East. For the period after 1997, Asia represents the Middle East, and America and Europe, industrialized countries.

TABLE 3.3
SOURCE REGIONS OF WORKERS' REMITTANCES TO INDIA,
FINANCIAL YEARS 1970-71 TO 1996-97

Year	Sterling Area (%)	Dollar Area (%)	OECD (%)	Rest of Non- Sterling Area (%)
1970-71	45.1	37.7	13.4	3.8
1980-81	63.4	12.0	11.1	13.5
1985-86	53.4	17.7	9.5	19.4
1990-91	46.6	24.4	13.9	15.1
1996-97	34.6	51.3	7.1	7.0

Source: Reserve Bank of India.

TABLE 3.4
SOURCE REGIONS OF WORKERS' REMITTANCES TO INDIA

Year	Africa (%)	America (%)	Asia (%)	Europe (%)	International Institutions (%)	Total (US \$ Million) (US\$)
1997-98	2.3	37.1	31.3	26.0	3.3	11,875
1998-99	1.7	36.7	37.1	23.6	0.9	10,341
1999-00	1.0	45.5	31.9	20.6	1.0	12,290
2000-01	1.3	44.9	34.3	19.0	0.5	12,873
2001-02	4.5	48.2	23.0	23.2	1.1	12,192
2002-03	0.6	51.1	22.0	25.8	0.5	15,174

Source: Reserve Bank of India.

We can discern certain significant trends based on remittance flows from different regions.

- i) The main driver for the increase in remittances between 1970 and 1980 was massive labour flows to the Middle East.
- ii) From the 1980s onwards, the share of total remittances from the Middle East declined from 77% (1980-81) to around 61% in 1990-91, and to 22% by 2003. One possible explanation for this decline could lie in the geographical origins of migrants. As more unskilled labour now originates from relatively backward regions of India, which also have a lower level of development in terms of banking infrastructure, there is a tendency for remittances to be transferred through informal channels.⁷
- iii) During the 1990s, there was a consistent increase in remittances from the industrialized countries, especially from the United States. This trend became more pronounced from the mid-1990s. The American share in total remittances increased from 37% to 51% between 1997 and 2003.

A fuller understanding of trends in transfer of workers' savings requires, as we have argued earlier, an examination of trends in non-resident Indian deposits. NRI Deposits have been one of the main methods for attracting Indian migrants' savings. Various NRI deposit schemes have been in place since 1970. They can be broadly categorized as: (a) rupee denominated accounts; and (b) foreign currency denominated accounts. Currently, operational NRI deposits include: the Non-Resident (External) Rupee Account (NR(E)RA) Scheme, also known as NRE Scheme, the Foreign Currency Non-Resident (FCNR(B)) Scheme and the Non-Resident Ordinary (NRO) Rupee Account.⁸

Regulation of these NRI deposit schemes, in contrast to regulation of workers' remittances, has been driven, from time to time, by changes in monetary policy and management of external finance requirements. This need not detain us here, as we wish to present the broad trends in NRI deposits over time. Unfortunately, data regarding countries of origin for these NRI deposits is not available and it is only possible to make informed estimates on this question.

This information is available in terms of cumulative deposits and of net inflows of deposits. The aggregate figures of the different types of NRI deposits are presented in Table 3.5.

It is very evident that NRI Deposits have registered considerable growth during the last three decades. However, from an analytical perspective, it is important to understand the growth of net NRI deposits in conjunction with workers' remittances. Table 3.6 presents trends in growth related to net inflow, NRI deposits and net private transfers (which is almost equivalent to workers' remittances).

It is interesting to note that, throughout the 1980s, net inflows of deposits grew rapidly, fuelled by government efforts to attract deposits through incentives (interest rate differential and exchange rate guarantee). Between 1987 and 1996, these flows fluctuated quite sharply but have risen over the last six years (1998-2004). Fluctuations in net inflows up to 1997 were largely determined by external financial management policies, but since that year, in spite of the stated policy of aligning interest on these deposits with domestic and international rates, there has been a steady rise in the net inflow of NRI deposits.

If we look at fluctuations of workers' remittances with those of the net inflows of NRI deposits, we find some interesting correlations.

- i) First, as to the trends, net NRI deposits until the 1990s were at comparable levels to those of workers' remittances, in fact in 1990 these were of the same level of magnitude. However, after the 1990s, there has been a startling growth in workers' remittances, compared to only moderate growth in NRI deposits.
- ii) Fluctuations in these two categories moved in opposite directions until 1995-96 and then moved, in line with the trend, in the same direction.
- iii) While it is possible that these opposing movements up to the mid-1990s reflected different choices by migrants for transferring their savings, after 1996 they made complementary choices reflecting two distinct combinations in migrant remittance transfer behaviour.

TABLE 3.5
NON-RESIDENT DEPOSITS – OUTSTANDING
(US\$ million)

End-March	NRE (US\$m)	FCNR(A) (US\$m)	FCNR(B) (US\$m)	NR(NR)RD (US\$m)	FC(B&O)D (US\$m)	FC(O)N (US\$m)	TOTAL (US\$m)
1975	40	-	-	-	-	-	40
1976	71	9	-	-	-	-	80
1977	216	65	-	-	-	-	281
1978	386	168	-	-	-	-	554
1979	604	192	-	-	-	-	796
1980	856	188	-	-	-	-	1,044
1981	1,145	185	-	-	-	-	1,330
1982	1,347	157	-	-	-	-	1,504
1983	1,684	252	-	-	-	-	1,936
1984	2,105	570	-	-	-	-	2,675
1985	2,304	770	-	-	-	-	3,074
1986	2,817	1,770	-	-	-	-	4,587
1987	3,354	2,719	-	-	-	-	6,073
1988	3,942	3,828	-	-	-	-	7,770
1989	3,774	6,708	-	-	-	-	10,482
1990	3,777	8,638	-	-	-	-	12,415
1991	3,618	10,103	-	-	265	-	13,968
1992	3,025	9,792	-	-	732	-	13,549
1993	2,740	10,617	-	621	1,037	-	15,015
1994	3,523	9,300	1,108	1,754	533	12	16,230
1995	4,556	7,051	3,063	2,486	-	10	17,166
1996	3,916	4,255	5,720	3,542	-	13	17,446
1997	4,983	2,306	7,496	5,604	-	4	20,393
1998	5,637	1	8,467	6,262	-	2	20,369
1999	6,045	-	7,835	6,618	-	-	20,498
2000	6,758	-	8,172	6,754	-	-	21,684
2001	7,147	-	9,076	6,849	-	-	23,072
2002	8,449	-	9,673	7,052	-	-	25,174
2003	14,923	-	10,199	3,407	-	-	28,529
2004	21,136	-	11,192	1,937	-	-	34,265

Source: Reserve Bank of India Bulletin, various issues.

These changes in the pattern of savings transfers (both NRI deposits and direct remittances) must be explained. From the perspective of the migrant and the migrant household, remittances are used for three purposes: family maintenance (immediate consumption), future security, and investment (short-term, speculative and long-term). Family maintenance is, relatively speaking, the most stable element of the three, while short-term investments and speculation tend to fluctuate the most. Investments in future security would again appear to be relatively more stable. The relative weights of these three components vary according to the migrant's position in terms of skill and occupational categories (skilled vs unskilled), while destination (Gulf vs the US) also reflects different cultural influences in terms of the migrant's entrepreneurial and invest-

TABLE 3.6
NET PRIVATE TRANSFERS AND NET INFLOW OF NRI
DEPOSITS IN INDIA, FINANCIAL YEARS 1980-81 TO 2002-03
(US\$ million)

Year	Net Private Transfers	Net Inflow of NRI Deposits
1980-81	2,693	226
1981-82	2,314	231
1982-83	2,510	398
1983-84	2,558	688
1984-85	2,496	740
1985-86	2,207	1,444
1986-87	2,327	1,290
1987-88	2,698	1,419
1988-89	2,652	2,510
1989-90	2,281	2,403
1990-91	2,068	1,536
1991-92	3,783	290
1992-93	3,852	2,001
1993-94	5,265	1,205
1994-95	8,093	172
1995-96	8,506	1,103
1996-97	12,367	3,350
1997-98	11,830	1,125
1998-99	10,280	960
1999-00	12,256	1,540
2000-01	12,798	2,317
2001-02	12,125	2,754
2002-03	14,807	2,976

Source: Reserve Bank of India.

ment choices (Keralites vs Gujaratis). These combinations of migrant behaviour and migrant choices are reflected in the different modes of transfer used for workers' savings, whether in the form of workers' remittances or of NRI deposits, and can explain these changes over time.

On the basis of our detailed field level discussions with bankers, migrant associations and migrant households, we can discern certain tendencies in migrant choices and preferences.

- i) For unskilled labourers, family maintenance is the most important concern. Hence workers' remittances are the preferred mode of transfer and constitute the stable element in remittance patterns over time. Macro-level analysis shows that the coefficient of variation in workers' remittances remains the lowest, compared to NRI deposits and FDI flows (Jadhav, 2003).

- ii) Skilled and service workers, especially to the Gulf countries, continue to prefer the NRI deposit route, since future security is their main concern. This can be explained by the fact that they are generally contract workers and expect to return after a finite period of time. This is strongly corroborated by evidence from Kerala State, by far the State with the largest level of labour emigration in the country and especially to the Middle East. Net NRI deposits to Kerala constitute, on average, one-third of total net NRI deposits to India and showed consistent growth in proportion during the 1990s. In Kerala, net inflows of NRI deposits increased more than ten-fold during the 1990s from Rs.384 crores in 1990-91 to Rs.4,161 crores in 2002-2003 (Table 3.7), constituting on average 35% of the total estimated remittances to the State (Kannan and Hari, 2002). This must be contrasted to All-India figures, where net NRI deposits represent only 16% of the total transfer of workers' savings during the late 1990s. The strong preference of Kerala migrants (consisting largely of skilled and service professionals) for using NRI deposits for transfers of savings during the 1990s has been one of the major factors in the upswing of net NRI deposits in India since that period.

TABLE 3.7
GROSS AND NET NRI DEPOSITS IN KERALA, 1990-2003

Year	Gross NRI Deposits (in Rs Crore)	Net NRI Deposits (in Rs Crore)
1990	1,932.92	-
1991	2,316.60	383.68
1992	3116.00	799.40
1993	4,599.39	1,483.39
1994	6,152.36	1,552.97
1995	7,043.71	891.35
1996	8,256.33	1,212.62
1997	10,178.09	1,921.76
1998	12,734.98	2,556.89
1999	13,328.53	593.55
2000	18,723.61	5,395.08
2001	21,430.83	2,707.22
2002	24,533.71	3,102.88
2003	2,869.57	4,161.86

Source: *Economic Review*, 2004, Kerala State Planning Board.

- iii) The spectacular rise of workers' remittances in the 1990s coincided with liberalization of the exchange rate regime (details in the next section) and was also fuelled by the large increase in Indian professional migration to the US. Professional migrants seem to have opted massively for remittances, rather than NRI deposits. In contrast, NRI deposits during the 1980s (because of interest rate differentials and exchange rate guarantees) were the preferred mode for professional migrants, especially for long-term residents in the US. With the gradual withdrawal of incentives for NRI deposits, there has been a strong shift to remit-

tances. The speculative nature of these deposits was reflected in the massive fluctuations in net NRI deposits during the early 1990s. Our discussions with bankers, especially in Ahmedabad, one of the largest centres for professional and business migration to the US and other industrialized countries, revealed that a significant percentage of workers' remittances, as well as withdrawals from NRI deposits, are now invested in the expanding equity market in India. Thus, workers' remittances (including withdrawals from NRI deposits) have paradoxically become a preferred mode of transfer for short-term and speculative investments.

Based on the above analysis of patterns in transfer of Indian migrants' savings, we can conclude the following:

- i) The magnitude of total transferred savings is strongly determined by migration flows, stock of migrants, and skill and occupational composition of the migrants.
- ii) The composition of total remittances (in the form of NRI deposits and remittances) and changes in patterns are determined by policies of external finance management and strongly influenced by migrant behaviour and choices. The latter in turn reflects skill and occupational composition, and the investment culture of migrants.
- iii) The choice and preferences of migrants and migrant households as regards the end use of transferred savings (future security vs immediate consumption and investment) has a strong bearing on the preferred mode of transfer (remittances vs NRI deposits, formal vs informal channels) and may partly explain structural shifts in the composition of remittances.

Our analysis has only identified trends in documented remittances transferred through formal channels. There is the whole area of informal transfer mechanisms, analysis of which needs to be integrated in order to draw meaningful policy options. However, it must be noted that the drivers of the formal transfer systems have a bearing on the way that the informal system operates, due to two crucial factors. First, at the base of both formal and informal systems, there lies migrant behaviour and choices. Second, regulatory policies, which we have identified as a strong driver for the formal transfer system, also play a role in the shaping of the informal system. This warrants an examination of the policy regime relating to the transfer of workers' savings and identification of the key actors and institutions involved with both formal and informal transfer systems in the next section.

4. POLICY REGIME AND REGULATORY FRAMEWORK GOVERNING FINANCIAL FLOWS

The policy regime governing financial flows associated with labour migration needs to be analysed separately in relation to remittance flows and the flow of repatriable deposits. As far as workers' remittances are concerned, there were virtually no policy measures to sustain or increase the inflow of remittances till the 1990s. However, the market-determined exchange rate regime and current account convertibility, instituted in the early 1990s as a part of an overall shift towards an open economy macro-framework, have had considerable influence on remittance flows.

It may be useful in this context to provide a brief historical perspective for the management of exchange rates in India.⁹ The period after Independence was followed by a fixed exchange rate regime where the Indian rupee was pegged to the pound sterling. However, in 1975, the rupee was de-linked from the pound sterling, in order to overcome weaknesses inherent in pegging to a single currency. Even after this, the exchange rate remained muted, given the widespread rationing of foreign exchange to the system of licensing, quantitative restrictions, and exchange controls. During the period 1975-1992, the exchange rate for the rupee was officially determined by the RBI within a nominal band of $\pm 5\%$ of the weighted basket of currencies of India's major trading partners. The adverse balance of payments situation in the early 1990s necessitated significant liberalization of the exchange rate management system. First, a dual exchange rate management system was instituted in 1992, in conjunction with other liberalization measures related especially to trade and foreign investment. Under this system, 40% of exchange earnings have to be surrendered at an official rate determined by the Reserve Bank and the balance of exchange earnings (60%) was to be converted at market rates. The process of liberalization continued and convergence of the dual rates was achieved in 1993. Unification of the exchange rates was an important step towards current account convertibility, which was finally achieved in August 1994.

There is no doubt that the liberalized exchange rate regime has had a significant impact on the volume of workers' remittances transferred through formal channels. The significant increases in the flow of workers' remittances during the 1990s can be largely attributed to these policy initiatives. It is argued that these initiatives have significantly reduced, and even nullified, the premium commanded by unofficial exchange rate and thus acted as a major factor in channelling remittances through formal routes (Debabrata and Kapur, 2003).

The policy relating to repatriable deposits before 1990 was extremely proactive. A series of incentives allowed non-resident Indians to operate different NRI accounts. These incentives included: higher interest rates for foreign currency deposits than those operating in international markets; higher interest rates on rupee deposits than rates for domestic deposits of comparable maturity; exchange rate guarantees for foreign currency accounts; facilities for repatriation of deposits, including interest earned; exemption of wealth and income tax for the deposit and its interest; absence of any ceiling on the amounts that could be deposited. These incentives were provided mainly with a view to augmenting the country's foreign exchange reserves, especially in the context of the difficulties India was experiencing with external finance. As noted earlier, these policy initiatives seem to have had a considerable impact on NRI deposits, as the late 1980s witnessed a significant spurt in the growth of these deposits.

However, since the 1990s there has been a complete reversal in respect of these policy initiatives. NRI deposits are now seen as an important component of external debt and hence it has been thought necessary to reduce the country's dependence on them.¹⁰ It is also contended that NRI deposits could pose problems for monetary and external policy makers in times of crisis, as they display a high degree of volatility, irrespective of maturity considerations (RBI, 2004b). Some of the major policy developments initiated with regard to these considerations include: withdrawal of exchange guarantee schemes by winding up the FCNR(A) scheme; aligning the interest rate of FCNR(B) deposits scheme with those prevailing in the international rate of relevant currencies to prevent arbitrage; aligning the interest rate on rupee NRI deposits with domestic interest rates; lowering the interest rate ceiling on NRI deposits;¹¹ raising the minimum

maturity of foreign deposits from six months to one year; giving the banks full freedom to determine interest rates on various NRI deposits schemes. The latest policy initiative, which treats NRI deposits on a par with domestic deposits, was contained in Union Budget 2004-05 proposals for taxing income from interest on NRI deposits.¹²

As discussed, the impact of these policy initiatives on the preferences of migrants in transferring their savings seems to have been mixed. While these policies seem to have influenced the transfer of savings in relation to short-term speculative investment, the effect on migrants' preference for NRI deposits as a means of future security is very minimal.

Having broadly examined the policy regime pertaining to the financial flows, let us now proceed with a review of the regulatory framework for financial flows. This will enable us to identify the key institutions and agencies associated with the transfer of savings by Indian migrants. The Foreign Exchange Management Act (FEMA), 1999, which came into force on 1 June 2000, repeals the earlier Foreign Exchange Regulation Act, 1973 and regulates, inter alia, financial flows associated with capital account transactions involving NRI deposits and the current account transactions involving remittance transfers.

The Act empowers the Reserve Bank of India to licence any person to be known as an "authorized person" to deal in foreign exchange or foreign currencies. Thus, unless authorized by the Reserve Bank of India, no person in India can be involved with the transfer of capital account or current account transactions or for that matter with any foreign exchange transactions.

The Reserve Bank of India, thus, provides the necessary approvals for institutions and agencies involved in the transfer of remittances through formal channels. The major actors in formal channels include: banks and other financial institutions, referred to as "authorized dealers", moneychangers, and money transfer companies.

With the institution of market-determined exchange rates, the Reserve Bank of India has introduced several measures to widen and deepen foreign exchange markets. At present, there are 91 banks and financial institutions authorized to deal in foreign exchange. These authorized dealers include 21 nationalized banks, 27 private Indian banks, three cooperative banks, 33 foreign banks, and one other financial institution.¹³ The Reserve Bank of India also issues licences (under FEMA section 10) to authorized moneychangers to provide facilities for encashment of foreign currency. These authorized moneychangers fall into two categories: (i) full-fledged moneychangers permitted to undertake both purchase and sale transactions; and (ii) restricted moneychangers allowed to accept foreign currency only for conversion into rupees and not authorized to sell foreign currency and coins.

As a part of its measures for promoting the expansion of operations of formal institutions dealing with foreign exchange in the current account convertibility regime, the RBI has recently introduced two new schemes. Under the first scheme, the RBI permits authorized dealers and full-fledged money changers to enter into agency or franchising agreements with entities for the purpose of carrying on restricted money-changing business, i.e. conversion of foreign currency or traveller's cheques into rupees. A franchise can be any entity with a place of business and bona fides acceptable to authorized dealers or full-fledged moneychangers. The basic objective

of this scheme is to widen the geographical coverage of formal institutions dealing in foreign exchange, in order to reach a larger proportion of the population.

The money transfer service scheme (MTSS) has been introduced to make the transfer of remittances a quicker and easier process. MTSS envisages an arrangement between reputed money transfer companies abroad and agents in India, which would disburse funds to beneficiaries at ongoing exchange rates. Indian agents, who must be authorized dealers, full-fledged money-changers or registered non-banking financial companies (NBFC), or IATA approved travel agents (with a minimum net worth of Rs.25 lakhs), must receive RBI approval before entering into such arrangements. However, a cap of US\$2,500 was placed on individual transactions under the scheme and a single individual can receive only 12 remittances in any one year.

Another important regulatory framework, relating to financial flows, covers the area of money-laundering. It increasingly recognized throughout the world that money-laundering poses a serious threat, not only to national financial systems, but also to national integrity and sovereignty. A number of initiatives have been taken by the international community to obviate such threats. In view of the urgent need for addressing this critical concern, India has introduced a comprehensive Act, the Prevention of Money Laundering Act, 2002, “to prevent money laundering and to provide for confiscation of property derived from, or involved in, money laundering and for matters connected therewith or incidental thereto”. It requires, inter alia, all banking companies and financial institutions to maintain detailed records of financial transactions and also to verify and maintain records on the identity of all their clients. The Act also prescribes stringent penalties for the offence of money laundering which include, “rigorous imprisonment for a term which shall not be less than three years, but may be extended to seven years and shall also be liable to fine which may extend to 5 lakh rupees”.

It is very evident from the above discussion of the policy regime and regulatory framework that India has developed a very comprehensive policy for the regulation and promotion of financial flows. The regulatory framework clearly prescribes that funds can be transferred from different countries to India only through formal channels. However, it is well known that a significant amount of financial flows are still transferred through informal systems. In this context, it is important that we undertake a detailed analysis of the workings of informal transfer systems, in order to identify the critical policy options for augmenting the formal channels for fund transfers and for discouraging informal transfer systems.

5. FORMAL AND INFORMAL REMITTANCE TRANSFER SYSTEMS

5.1 Formal transfer systems

The major formal institutions and agencies involved in the transfer of migrant savings need to be examined, both in relation to the recipient country (India) and originating countries (mainly the Gulf countries and the USA). As noted above, the major players in India are authorized dealers (banks and financial institutions), money transfer companies and moneychangers. They operate through their network of branches in different parts of the country, as well as through their own branches and those of correspondent banks and agencies in sending countries. Many leading

banks in India have set up specialized NRI branches in important migrant-sending states and commercial centres which cater exclusively to the needs of migrants and their households. For instance, the State Bank of India (SBI), the primary bank dealing with remittances and NRI deposits, operates 13 NRI branches in different parts of India and is present in 28 countries around the world.

The major banks provide facilities both for sending remittances and for operating the various NRI deposits. Details relating to the concentration of non-resident deposits for the last three years reveal that more than half of Non-Resident deposits with banks are concentrated with six banks (Table 5.1). However, examination of these percentages in terms of foreign currency deposits compared to rupee deposits show a higher concentration (61.4%) in foreign currency deposits. It is important to note that the share of first three banks in rupee deposits declined from 39% in March 2002 to 36.7% in March 2004, whereas their share in foreign currency deposits increased over the same period. This implies that smaller banks are receiving an increasingly higher share of the faster growing rupee deposits. We do not have similar information to analyse the changing role of workers' remittances. However, on the basis of the statistics on NRI deposits and also on the basis of our field level discussions, it seems that the smaller banks' share in handling remittances has increased significantly in recent years. The government policy on liberalization of foreign exchange management has definitively contributed to this shift.

TABLE 5.1
CONCENTRATION OF NON-RESIDENT DEPOSITS ACROSS MAJOR BANKS

Concentration	Non-Resident Deposits			FCNR (B) Deposits			NRE Deposits		
	Mar-04	Mar-03	Mar-02	Mar-04	Mar-03	Mar-02	Mar-04	Mar-03	Mar-02
Share of first three banks (C3)	39.8	40.2	40.4	45.6	42.7	43.3	36.7	38.6	39.3
Share of first six banks (C6)	53.9	54.5	55.5	61.4	60.0	59.6	50.2	51.4	55.3
Share of first 10 banks (C10)	67.8	68.4	67.6	72.3	72.0	70.6	65.9	67.2	67.1
Share of first 20 banks (C20)	86.2	86.3	85.2	88.3	88.8	86.7	85.4	85.5	85.2
Share of first 40 banks (C40)	96.6	96.4	95.5	96.3	96.3	94.9	96.8	96.5	95.9
All scheduled commercial banks (excluding regional rural banks)-96	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Reserve Bank of India Bulletin, July 2004.

The increasing presence of a larger number of players involved in the transfer of workers' remittances is also evident from the rapid extension of major money transfer companies' networks across India. For instance, Western Union, a leading money transfer company, started its operations only in major cities but has since spread its coverage to more than 650 cities with a network of nearly 10,000 agent locations.

Financial institutions and agencies in other countries play a significant role in the transfer of workers' remittances. As noted above, some of the major Indian players have established branches in the major sending countries. However, as the operational costs involved are usually very high, the banks enter into a reciprocal relationship or an agency relationship with correspondent banks and agencies. For instance, SBI, which does not have any branches in the UAE, one of the major countries for sending remittances to India, has established relationships with 13 banks and financial institutions there.¹⁴ Major money transfer companies, on the other hand, operate either through their own corresponding offices in the sending countries or through appointed authorized agents.

Migrants living in sending countries transfer their remittances to India mainly through demand drafts (DD) in rupees or telegraphic and wire transfers. DDs in rupees can be obtained by migrants from the banks' branches or from correspondent banks and exchange companies that have rupee-drawing arrangements with the commercial banks. Telegraphic and wire transfers, which are a faster means for transferring remittances, are available only in branches of commercial banks with SWIFT/TT drawing arrangements.

As regards migrant workers' access to the various formal institutions, those in the skilled and professional categories have very little difficulty in contacting these institutions and transferring their savings back home. Their knowledge of banking operations is also broad and sound, thus enabling them to have direct links to banks and exchange companies. However, this is not the case with the majority of unskilled workers, especially those working in Middle East countries. Being often illiterate and less educated, their understanding of the workings of formal institutions is minimal. The majority of workers in these categories work and live far from the offices of major financial institutions and always resort to using agents. Our discussions with relatives through the return migrant associations in India revealed that agents charge poor migrants exorbitant rates and offer them exchange rates lower than prevailing market rates. This is indeed one of the main factors dissuading them from using more formal systems of transfer. In fact, there is no policy in India for giving unskilled migrant workers the necessary and relevant information about remittance transfer mechanisms during the period prior to their departure.

It is well documented that migrants' preference in selecting among the various channels for remittances are often determined by the cost for transfer. The costs incurred depend on rates charged by the various financial institutions and agencies, either for transferring funds directly or for preparing the negotiable instruments, and on rates for converting negotiable instruments into cash in India. These rates vary from one financial institution or agency to another and from one country to another. For instance, the transfer of US\$500-550 from the United States to India using one of the three main financial intermediaries can vary: banks charge 6.5-7%; exchange houses charge 8-8.5%; and major money transfer companies 11.5-12%. However, sending remittances from the Gulf to India (for instance, transferring 15,000 dirhams from UAE) will cost around 8-9% if transferred by a bank or 13-14% if transferred by an exchange house or money transfer agency.¹⁵

There is evidence that these costs have decreased over recent years, due to increasing competition (Orozco, 2002, 2003; World Bank, 2004; Sander and Maimbo, 2003). However, cost remains high for migrants wishing to transfer their hard-earned money home through formal channels. In our interviews with migrant households of unskilled labourers from different parts

of the country, we learnt that these high costs act as a strong deterrent. Given the rapid rate of technological progress in recent decades, especially in the use of information and communication technologies in India, there is no reason why these costs cannot be reduced further. Reports indicate that innovative linking of information technology and financial intermediation can considerably reduce the cost of transfer for remittances through formal routes. The Global Development Finance Report (World Bank, 2004) notes that, if funds were channelled through Fedwire, an electronic transfer system developed and maintained by the US Federal Reserve System, the cost per transaction would drop significantly. The Report also notes that operationalization of automated clearing houses, along lines similar to the FedACH mechanism agreed by the United States and Mexico, could also result in cost reductions in remittance transfers.

Speed and ease in transferring remittances are other critical determinants in migrants' choice of channel. Among the formal institutions, money transfer companies offer the fastest transfers. Our enquiries reveal that these companies in sending countries can transfer remittances within 24 hours to most places in India and this is precisely the main factor, in spite of the high cost involved, why migrants resort to this method, especially for those in USA. In contrast, the time involved in money transfers varies considerably among banking institutions. An Indian migrant can arrange for transfer through the branches of a single bank, for instance, through the SBI branch at Los Angeles to any SBI branch in India, in a relatively short time. However, as noted earlier, the majority of banks do not operate directly in most sending countries. Use of reciprocal banks and agencies can increase transfer times to three, or even seven, days. The process can take longer again, if the migrant does not have direct access to the correspondent bank in the destination country and therefore has to resort to using the services of an agency to obtain the relevant negotiable instruments. Our interviews with representatives of return migrant associations in India also revealed that such delays are one of the major problems encountered by Indian migrants in the Gulf, especially unskilled and semi-skilled workers.

Due to increased competition, commercial banks and financial institutions now offer new deposit products and additional incentives to attract the savings of non-resident Indians. Although there is little substantial difference in the rates of interest offered by banks for the different forms of deposits, several banks offer better loan facilities for migrants and their dependents. Many of these loan services, such as providing assistance in setting up clinics to medical practitioners, financing for tractors, auto loans, and personal loans, are being offered at attractive rates using NRI deposits as collateral security. Incentives for taking up these loan facilities include: uniform concessionary rate of interest for a specified package, and waiver of processing fees or of pre-payment charges. A large number of banks also provide housing loans for non-resident Indians at concessional rates against the security of NRI deposits. Some exchange companies in the Gulf have introduced single-use identification cards for their customers which give them the possibility of transferring sums without detailed declaration and application forms for subsequent transfers. Such a system has made procedures much less cumbersome, especially for unskilled and semi-skilled workers. Some financial institutions, such as Thomas Cook, are also offering life insurance coverage to migrant workers who regularly use their services to transfer funds. With the introduction of modern information and communication technologies, the majority of financial institutions now offer Internet banking facilities in many of their branches. Formal banking institutions are increasingly exploring the possibilities of networking with local institutions to extend their outreach to under-served areas. One of the most striking examples can be seen in the network arrangement between Western Union and India Post. Recipients can

thus receive remittances transferred by Western Union through India's local post offices. Networking between formal financial and local agencies can provide significant benefits to both migrants and migrant households.

5.2 Informal transfer systems

It is now almost universally recognized that official data on transmitted remittances, as reflected in balance of payments accounts and national accounts, does not reflect the real value of remittances. Two factors are responsible for this situation: a certain amount of migrants' savings is transferred through legal channels, but is not included in official statistics (e.g. personal belongings, duty-free allowances and cash carried by returnees or via migrants' personal networks) and, more importantly, there are illegal and informal transfer systems which circumvent official and formal channels.

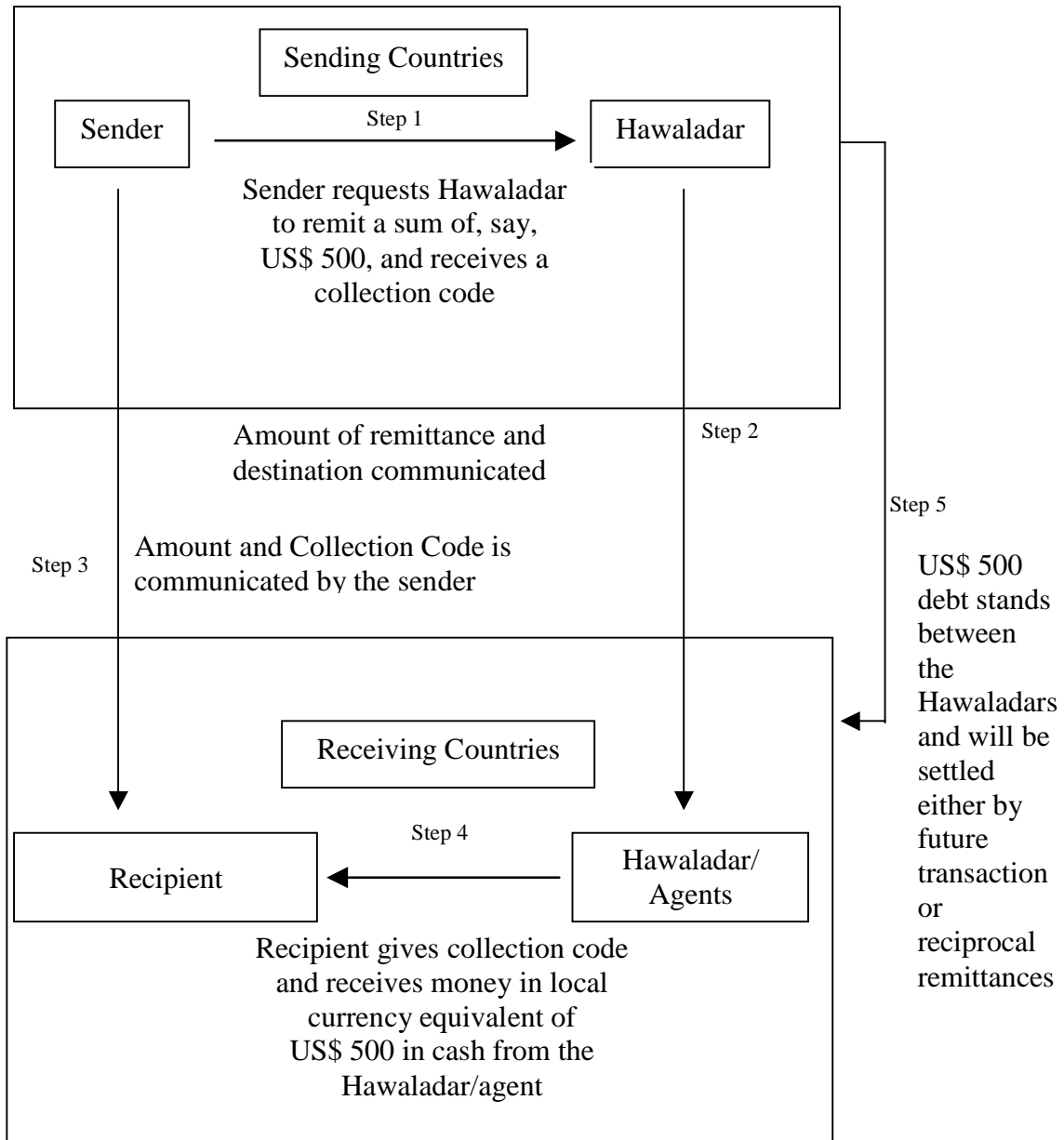
The most important and most extensive form of illegal transfers used in India is called the Hawala¹⁶ or Hundi system. Hawala refers to informal channels for transferring funds using service providers known as Hawaladar, regardless of the nature of the transaction and of the countries involved (El-Qurochi, 2002). Hawala arranges for a worker to transfer a sum in foreign currency to an agent overseas. That agent's counterpart in India then forwards the local currency equivalent to the migrant's family. Under these arrangements, the agency offers the worker an agreed exchange rate which is higher than the official rate.

The key to how Hawala works lies in the fact that the money transferred does not actually move. The system has existed for a long time and is linked to historic trading networks in the Middle East, South Asia and East Asia. It has received new stimulus from the massive migration of workers in the 1970s and 1980s. Based on trust, it is used for remittances of legally earned incomes, but also for transferring funds generated or financed through illegal and criminal activities and is now associated with money-laundering activities. A graphical representation of the system is described in Figure 5.1, which shows the different steps involved in a typical Hawala operation.

There are essentially five steps involved in the process: Customer in Country I (CI) hands local currency to an Hawala operator in Country I (HI). The Hawala operator (HI) provides CI with a code or identification mechanism and notifies his counterpart in Country II (HII) by phone or fax of the transaction and orders him to pay Customer in Country II (CII). CI then contacts CII and provides the relevant remittance code. CII receives the specified amount after providing the code to HII.

Despite rapid developments in formal banking channels and the introduction of new technologies for fund transfers through formal banking institutions, informal money transfer systems continue to be used by many migrants. Our field level discussions in important migrant centres reveal that these systems are more popular among unskilled and semi-skilled migrants than among skilled and professional migrants. In order to obtain deeper understanding of factors contributing to the continued existence and maintenance of informal transfers system, we undertook in-depth field surveys in Azamgarh and Jaunpur in Eastern Uttar Pradesh. A large number of people migrate from these two districts as unskilled and semi-skilled workers to various

FIGURE 5.1
OPERATION OF HAWALA SYSTEM



countries in the Middle East. In fact, in many villages in these districts, one in two houses has at least one migrant either working in the Gulf or recently returned from there.

Drawing exclusively on our in-depth discussions and interviews with migrant households, return migrants, officials from formal banking institutions, and agents in the informal system network, we can describe the way the Hawala system works. Our main objective was to identify the principal reasons for the popularity of informal transfer systems. Though we have not attempted to estimate the volume of remittances transferred through informal systems, our interviews revealed that 50-60% of remittances to these two districts are channelled through informal or Hawala systems. In addition to our field level observations, we refer also to the conclusions of

major studies on informal transfers systems, both in India and abroad, for meaningful conclusions and comparisons.¹⁷

Migrants and their households, especially in lower income groups, find the cost of using formal systems exorbitant. Informal money transfers are a much less expensive option for sending savings home. The cost for transferring funds through informal systems is usually 1-2%, as opposed to 8-12% using formal systems. Another major factor is the speed with which recipients can have access to the transferred funds: usually it takes 24 hours to transfer funds through informal channels, compared to 10 to 20 days required through banks or agencies, especially from areas in the sending countries with limited banking facilities.

Another factor is the limited number of commercial banks and other financial institutions, compared to the number of inhabitants working abroad, in these two districts. The majority of existing financial institutions are located in towns and, in rural areas where a significant proportion of population has migrated, there is limited access to their offices. As a result, informal means are the only possible means of receiving remittances for a significant number of households.

Absence of formalities is another major factor for the use of informal systems. The majority of migrants and their households are illiterate and often find the procedures used by financial institutions extremely cumbersome. This becomes all the more significant when there is clearly little effort made to improve basic awareness of the services of formal institutions for transferral of remittances by migrants and intending migrants or their households. On the other hand, agents working in informal networks are actively involved in providing information about the operation and advantages of Hawala, especially to intending emigrants. Thus, those planning to emigrate are better informed about informal, than about formal, systems of money transfers.

Another critical factor is that Hawala transactions use few documents, offering both secrecy and anonymity to sending and receiving parties. As a result, funds transferred remain beyond the reach of surveillance by government taxation bodies. In addition, migrants and their family appear to place great trust in the Hawaladars. In our discussions with returned migrants who had only used informal systems during their stay in the Gulf, we discovered that the Hawala system had never failed to transfer funds on time to their families. Migrants consider the "trust factor" a central element in the informal system of transfers, since most remittances are sent to meet certain emergencies or deadlines for social obligations.

The informal system of transfers also offers migrant workers the ability to arrange for advanced payments to their households facilitated by the Hawaladars. In some instances, these advances can be paid up to 30 days ahead of the money transfer from migrants in the sending region via the Hawala chain. We also observed that, in some instances, agents in the informal system offer advances to intending emigrants to cover the costs of migration on the condition that all future remittances are made through them. It is well known that the cost of migration is substantial and migrants often have to resort to pledging or selling landed properties or family valuables to meet these charges. Some intending emigrants with whom we had discussions maintained that obtaining advances from these agents are much cheaper and easier than resorting to disposing of landed properties and jewellery (see Box 5.1).

BOX 5.1

USING INFORMAL SYSTEMS FOR TRANSFERRING REMITTANCES: A MIGRANT'S PERSPECTIVE

Ahmad migrated to Al Khobar, Saudi Arabia almost a decade ago. He went through a recruiting agent and had to spend close to R50,000 to receive a job offer and the necessary clearances. He works as a garden assistant and lives with several other Indian workers.

He sends roughly R8-10,000 every month to his family in the Azamgarh district of Uttar Pradesh. Like several of his colleagues, he transfers his savings not through a bank, but through Hawala. Every month an agent visits and collects his savings in rials and facilitates the transfer of its rupee equivalent to Ahmad's household. Ten years ago, he paid the agent a commission of 350 rials per 1000 rials transferred. The cost has now been reduced to about 95 rials per thousand, due perhaps to reductions in bank charges for sending remittances. The service includes delivery of cash in rupees to his house and takes usually 48 hours. Over the last ten years, the Hawaladar has never defaulted, nor has the money ever been lost in transit.

What makes Ahmad and many thousands of migrant workers choose the Hawala route even when the official bank rates are almost equal to the Hawala rates? It obviates complicated paperwork, saves the trouble of visiting a bank, which usually involves the loss of one full day's earnings, and is totally reliable. Back home, their kin, in particular their illiterate wives, who rarely come out of the house without a "burqa" or veil, find the arrangement ideal and most convenient.

Based on interview.

Several studies highlight the impact that the overall macroeconomic environment and government policies and regulations, relating to foreign exchange management, has had on the continued existence of an informal money transfer system. It is reported that the difference between the official exchange rate and the market rate acts as one of the most important factors determining the choice of transfer channels. Indeed, our field enquiries confirmed that the significant differences between official rates and market exchange rates in the pre-1991 period were an important incentive for using informal channels. However, with the liberalization of exchange rates and full convertibility in the 1990s, the premium on foreign currency ceased to exist and was no longer a major factor influencing migrants' choice of transfer channels. Our field research also corroborated the findings of two major research studies on remittance transfers to the State of Kerala. ESCAP (1987) reported that nearly 40% of total remittances to Kerala was transferred through informal means in the 1980s. A recent study on income from remittances in the Kerala economy (Kannan and Hari, 2002) notes that the incentives for using informal channels to Kerala have almost disappeared with liberalization of exchange rates and, as a result, the entire volume of remittances is now channelled through formal banking and financial institutions.

Our discussions also revealed that migrants and their households who resort to transferring funds through informal systems do not consider Hawala to be illegal, as they are not aware of the end use of foreign currency involved in such transactions. However, there are increasingly reports on the links between Hawala transactions and money laundering and involvement in criminal activities. We could not substantiate this argument as agents of the informal transfer network in India are usually not involved in the foreign currency transactions. Determining the involvement of informal systems in illegal activities is a complex and difficult task but is important for proposing appropriate policies to regulate such activities.

To obtain a broad understanding of the operation of informal transfer systems, we also met with officials of financial institutions and government emigration officers in the State of Tamil Nadu, which currently sends the highest number of unskilled and semi-skilled workers to other parts of the world. These discussions clearly indicate that informal transfers account for a significant proportion of remittances received in the State. The reasons given for this choice were almost the same as those reported during our field survey in Uttar Pradesh. However, although estimating the proportion of remittances transferred through informal systems is extremely complex and time consuming, there are several locations in Tamil Nadu where large foreign exchange transactions take place daily. This would suggest that informal transfer systems are very active in the State (see Box 5.2).

BOX 5.2

CHENNAI'S BURMA BAZAAR

No one in Chennai, capital of Tamil Nadu, can claim not to know of Burmah Bazaar and what goes on there. It is an area teeming with small shops, most of them not larger than 100 sq. ft. They are bursting with imported goods, electronics, cell phones, perfumes, toys, confectionery, writing instruments, calculators, and so on. But while trade in imported goods is open and quite extensive, there is another activity taking place here incessantly. Burma Bazaar is the biggest informal unofficial conversion centre for foreign exchange in South India. The process is surprisingly simple and quite open. All that you have to do is to show interest and strike the deal quickly. Conversions into Indian rupees and from Indian rupees into US dollars, euros, dirhams and other currencies of the Gulf countries are on offer. If the requirement is small, say, converting a hundred US dollars to Indian rupees, the transaction takes place on the spot. For larger amounts, you may have to wait for a few hours, or may be overnight. But commitments are always kept and honoured.

It is difficult to estimate the volume of money that changes hands here. Knowledgeable people calculate that it is at least on a par with the volume of currency exchanges carried out by banking institutions. Some people involved in the trade claim that virtually all foreign currency conversions take place here and very little through government banks.

Exchange rates are marginally better than official rates. A US dollar may fetch one rupee more than the official rate, but the process is hassle free and there are no time constraints.

6. DEVELOPMENTAL EFFECTS OF REMITTANCES

Remittances make a significant contribution for development, both at the macro level (impact on the national economy) and at the micro level (impact on the recipient region and migrant households), though these depend on such factors as the value of remittances and their utilization, through subsequent productivity, by the receiving economy and households.

At the macro level, India is, as noted earlier, the largest recipient of worker remittance flows in the world today. Remittances have provided significant support to the Indian balance of payments over the last three decades. The role of remittances in overcoming the difficulties of its external finance situation in the late 1970s and early 1990s is well documented. In recent years, workers' remittances have played a critical role in lifting the current account out of its cycle of deficits and producing modest surpluses. Workers' remittances are now second only to merchan-

dise exports in terms of contribution to current receipts and finance more than 15% of current payments since 2001 (Debarata and Kapur, 2003). Studies show that remittances can contribute to faster growth in source countries, particularly if the political environment does not discriminate against productive investment (Faini, 2001). However, there are few macro-analyses of the impact of remittances on growth in India. Jadhav (2003) notes that private transfers to India increased consistently during the 1990s and on average have stabilized at about 14% of household savings. This study also reports that private transfers, as a ratio to personal disposable income, also rose during the 1990s, stabilizing at about 3%.

Remittances have had a considerable impact on regional economies within India, and particularly in the State of Kerala. According to a recent study (Kannan and Hari, 2002), remittances to the Kerala economy contributed 21% to state income, on average, in the 1990s. This study also reports that increased per capita income, due to remittances, has contributed to higher consumer spending in Kerala. Although the average per capita consumption in Kerala was below the national average until 1978-79, by 1999-2000 consumer expenditure in Kerala exceeded the national average by around 41%.

In recent years, there has been little empirical research on the impact and use of remittances at the household or micro level. A review of major micro and field level studies conducted during the 1970s and 1980s, which coincided with the massive increase in labour flows to the Gulf, reveals a hierarchy in remittance spending patterns (Mathew and Nair, 1978; Nair, 1989; Oberai and Singh, 1980; Prakash, 1978).

The first claim on remittances is repayment of loans taken out by the worker to finance the cost of migration. Next come basic subsistence needs for the migrant's family, such as food, clothing and health care, followed by consumer durables (stereos, televisions, washing machines, refrigerators, cell phones). Improvements to or acquisition of houses, purchases of land or livestock come next. The remainder is usually placed in banks using safe savings instruments, such as savings accounts or fixed deposits. In very few cases, a very small percentage of remittances is placed in productive investments. This pattern of consumption and investment behaviour is in consonance with the findings of research studies conducted in other labour-sending countries.

A recent study on the economic consequences of migration in Kerala notes that the major end use of remittances is household consumption; 86% of households gave living expenses as the main expenditure item met out of remittances (Zachariah et al., 2002). Other important uses include education (36%), repayment of debt (27%), construction and maintenance of buildings (11%), and bank deposits (8%). The high proportion of remittances devoted to consumption reflects the role which migration plays in allowing migrants and their families to escape from poverty. According to Zachariah et al. (2002), migration had a very significant impact on the proportion of population below the poverty line in Kerala during the 1990s. It also notes that this proportion has declined by 3 percentage points as a result of remittances received by Kerala households from abroad. It is important to note that the population group benefiting most from remittances is the relatively economically disadvantaged Muslim community, with a reduction of more than 6 percentage points.

In India, there is also a regional dimension to consumer behaviour, particularly in terms of funds remaining after meeting consumption needs, including consumer durables. In Kerala, where the

migrant economy has been most studied, there was a clear preference during 1970s and 1980s for building houses, even though construction is often quite expensive and far in excess of requirements. Houses have become a visible status symbol, indicating newly acquired affluence, thanks to remittances received in the family. In the neighbouring State of Tamil Nadu also, there is a strong preference for building huge palatial houses (see Box 6.1).

BOX 6.1

PRIORITIES IN SPENDING FOR MIGRANT HOUSEHOLDS

20 years ago, Lebdaikudi Kadu was a typical village located in the interior of the State of Tamil Nadu. Today, however, it boasts the highest concentration of *pucca* houses, most of them big and palatial, in the State. The cause of this transformation can be found in remittances sent by overseas workers from this village. Three out of four families have someone working in the Gulf countries.

What is interesting is that most families have built houses that are far more opulent and spacious than they need. Presumably a big terraced house is perceived as a symbol of newly acquired affluence and an indication that the family has a member working in the Gulf.

Of late, the futility of investment in palatial houses has dawned on the families and they are now investing in real estate in the neighbouring town of Trichy, buying commercial properties and acquiring land for building shopping complexes.

In the Western State of Gujarat, where comparatively wealthier people migrate mostly to the USA and Canada, levels of remittances are higher in terms of volume and of value. Informal discussions with some migrant families revealed that there is a strong preference for investing remitted funds into shares and other financial market instruments.

One of the least studied regions in India, in terms of migration and migration-related issues, is the area covering two districts in Eastern Uttar Pradesh, where almost one household in two has a family member working in the Gulf countries. In our field study in Azamgarh and Jaunpur, remittances are used mostly for building *pucca* houses, purchasing land and, to a lesser extent, setting up small groceries and clothing and furniture stores. Of course, these investments are made only after debts already incurred have been settled. Only in rare cases do migrant families or returnee migrants invest in ventures such as private hospitals or cold storage warehouses. A very recent trend indicates that some migrants, and especially wealthy migrants, set up businesses such as hotels or textile factories (looms) in the larger cities of Lucknow, Delhi, Kolkata and even Mumbai. Some are also investing in real estate in large towns.

During our field visits to important migrant-sending states, we also observed that a substantial amount of remittances and NRI deposits is being invested in human resource development for migrants' family members at home. This is very clearly visible in Kerala and also in other states such as Tamil Nadu and Gujarat, where there has been a rapid increase in the number of self-financing institutions, as a result of government policy of liberalizing professional education. These institutions are generally privately run, though government recognized, and offer courses which are self-financing, in that students must meet the full cost of their professional training. Many have established quotas for the wards of non-resident Indians and access is available by paying 20 to 30% more than the regular fees.

Another important area for NRI investment is the health sector. NRI investment in building health centres, especially in Kerala and Gujarat, is quite substantial, although accurate figures are not available. Given an expanding market in private health facilities, it is quite likely that such investments will continue to increase for a long time. Remittances have also permitted migrant-dependent families to make greater use of health facilities in private health institutions, thus boosting both supply and demand in health services, which in turn produces phenomenal growth in health infrastructure in these two states.

For many years, there has been a number of policy initiatives created to attract migrants' savings for investment and also to channel remittances received into productive investments. Such initiatives, whether national or state, have increased considerably recently, due to growing recognition of the significant contribution which the Indian Diaspora can make to economic development.

It has also been recognized that many schemes created for NRIs were expected to maximize the developmental impact of remittances and were formulated on an ad-hoc basis, without consideration of long-term perspectives. For instance, various departments in the State Government of Kerala, such as the Kerala State Financial Corporation and the Kerala State Industrial Development Corporation, launched several reabsorption and reintegration schemes for returnee migrants in the mid-1980s and early 1990s, when a high number of migrants were returning home. Most of these schemes focused on helping returning migrants to set up productive enterprises. However, reviews of these schemes (Sasikumar, 1995) clearly reveal that many did not last long after their creation. A variety of factors were identified: inadequate number of takers, absence of adequate skills and entrepreneurship among potential entrepreneurs, and failure to establish long-term sustainability for such schemes. One of the basic reasons for the ending of many schemes was the lack of adequate knowledge about the acquired skills, financial situation, investment capability, and investment plans of returning migrants. Incidentally, the absence of such vital information continues to be a major factor hindering the creation of new schemes for appropriate reintegration and reabsorption of migrant workers and for channelling remittances into productive investments.

Until 1994, non-resident Indians were offered the opportunity to import capital goods, raw materials, components, and similar products under open general licence and without an import licence to encourage them to invest in India. However, in view of the recent liberalization in imports, these facilities for NRIs have now been withdrawn, since import businesses no longer require an import licence.¹⁸ Several trade promotion exhibitions organized by the Central and some State governments have also encouraged NRIs to make investments, especially foreign direct investments, in India. However, the results have not been satisfactory. The High Level Committee on Indian Diaspora notes that, since 1991, approved foreign direct investments by the Indian Diaspora accounted for 3.78% of total cumulative FDI, compared to 9.15% of actual inflow. Delays and bureaucratic procedures are considered to be major factors in this failure to attract available FDI funds.

Other investments using repatriated funds on offer to NRIs and PIOs include: government date securities and treasury bills, units of domestic mutual funds, bonds issued by a public sector undertaking (PSU) in India, shares in public sector enterprises being divested by the Government of India (provided purchase of shares meets the offer's terms and conditions), shares and

convertible debentures of Indian companies included in FDI schemes (including automatic route and Foreign Investment Promotion Board), shares and convertible debentures of Indian companies bought through the Stock Exchange under the Portfolio Investment Scheme, deposits with Indian companies, non-banking finance companies registered with RBI, housing finance companies, and other financial institutions.

In recent years, floating specialized bonds has emerged as one of the most important initiatives for attracting the savings of Indian migrants. The flotation of Resurgent India Bonds (RIB) and Indian Millennium Deposits (IMD), in 1998 and 2000 respectively, resulted in the mobilization of about US\$4.2 billion and US\$5.51 billion respectively. The success of these initiatives clearly provides the national government and state governments, and especially those with high numbers of migrant workers (e.g. Kerala, Gujarat, and Punjab), with an excellent way of raising adequate financial resources for developmental activities.

The creation of the High Level Committee on the Indian Diaspora in August 2000 was another significant initiative. This Committee seeks to understand and highlight the significant role that the Indian Diaspora can play in the economic, social and technological development of India. The Committee's 2002 Report provided a detailed analysis, country by country, of the Indian Diaspora and suggested a number of measures for utilizing their expertise and resources for the overall development of the country. In response to the Committee's recommendation, the Government of India has now set up a separate Department for Non-Resident Indians. It has also introduced a "Persons of Indian Origin Card Scheme (PIOCS)" and has implemented dual citizenship provisions, mainly to allow Indians settling abroad to contribute actively in the process of India's development (see Box 6.2). Furthermore, by organizing annual meetings (*Pravasi Bharatiya Divas*) of NRIs and PIOs and by instituting awards for outstanding emigrant Indians (*Pravasi Bharatiya Samman*), overseas Indians and their significant contribution to the development process in India are now recognized and encouraged.

BOX 6.2

PEOPLE OF INDIAN ORIGIN CARD SCHEME

The People of Indian Origin Card Scheme (PIOCS) was introduced in March 1999 and designed to meet, in part, a long-standing demand for dual citizenship by Indians who have settled abroad and acquired citizenship of their country of residence. Their demand argued that dual citizenship would let them maintain cultural, religious and educational links with India and promote the free flow of capital, investments and human resources, thus encouraging their contribution to the economic development of India.

Under this scheme, a PIO was defined as a foreign citizen if he or she had at any time held an Indian Passport; or the person, their parents, grandparents or great-grandparents were born in and permanently resident in India; or he or she was the spouse of an Indian citizen or a person of Indian origin. Citizens of Pakistan and Bangladesh, and of any other country specified in the legislation, were not included in the PIOCS.

Facilities enjoyed by a PIO card holder include: a visa-free visit to India, exemption from the requirement of registration for stays of less than 180 days, and parity with NRIs in respect of all facilities available to the latter in economic, financial and educational fields, with the exception of matters relating to the acquisition of agricultural or plantation properties.

Dual citizenship has since been granted to PIOs of 16 nationalities.

The State of Kerala recently established a Specialized NRI Department (see Box 6.3). In Gujarat, a NRI division has been created within the State Government's General Administration Department. The Punjab Government has adopted an innovative approach to deal with NRIs. The Chief Minister of Punjab is the patron of a non-political, non-governmental (democratically elected) and highly professional organization called NRI Sabha. These specialized institutions and departments focus mainly on the welfare of migrants and their dependants and have the potential to act as the main drivers for channelling remittances into productive and development-orientated activities.

BOX 6.3

NORKA

Nearly 25,000,000 Keralites have emigrated to various countries in search of career opportunities. They contribute their expertise and innovative skills to their countries of domicile and contribute additional income to the motherland.

It is to ensure the welfare of these non-resident Keralites (NRKs) and to redress their grievances and safeguard their rights that the Non-Resident Keralites Affairs Department (NORKA), was set up by the State Government in 1996.

MAJOR OBJECTIVES

- 1) To plan and implement programmes and schemes for the welfare and benefit of NRKs and to address and devise solutions to their problems.
- 2) To evolve strategies for the resettlement and reintegration of NRKs returning to Kerala and other Indian States.
- 3) To give a thrust to the industrial development of the State by channelling NRKs' resources and expertise and helping NRKs to set up projects, ventures and enterprises in Kerala.
- 4) To facilitate the creation of a pool of high calibre human resources and to assist and monitor the export of human resources through transparent and lawful methods.
- 5) To undertake the establishment, management and monitoring of a worldwide network of organizations and groups of NRKs.

MAJOR ACHIEVEMENTS

- 1) NORKA is the first Department of its kind in India.
- 2) In association with the Government of India, it has provided assistance to approximately 5,000 NRKs who had overstayed in the UAE and had been expelled under new laws.
- 3) It conducted a survey on the socio-economic status of returnees in collaboration with the State Planning Board.
- 4) Special counters were opened to facilitate the smooth return of NRKs evicted from the UAE by providing them with air tickets from AIR INDIA at reduced rates.
- 5) It assisted approximately 2000 NRKs repatriated from Saudi Arabia by setting up an assistance counter at Mumbai Airport, in collaboration with the Malayalee Associations in Mumbai, and assisted them in reaching home through its association with Indian Railways.
- 6) NORKA launched *Pravasi Suraksha*, an insurance scheme for NRIs living abroad, the first scheme of its kind in India.
- 7) An Infrastructure Initiative Fund has been set up to facilitate NRK investment in infrastructure development projects.
- 8) NORKA has formed two department level committees: a committee to check illegal recruitment and a State Level Awareness Committee to counter illegal recruitment.
- 9) It constituted a high-level committee to suggest amendments to the Emigration Act, 1983.

7. POLICY IMPLICATIONS

The above analysis clearly highlights the inextricable linkages between migration and remittances and emphasizes that such linkages can make a visible contribution to the process of development. It also demonstrates that the creation of an integrated policy framework that recognizes these linkages is central to enhancing the developmental benefits of both migration and remittances. We can identify three broad policy proposals in this regard.

1. Facilitating greater mobility of international labour as a means for increasing the flow of remittances.
2. Enhancing accessibility, expanding infrastructural capabilities and widening outreach of formal financial institutions in order to increase the level of remittance transfers through formal systems and to discourage the use of informal systems of such transfers.
3. Maximizing the developmental potential of remittances both from the perspective of the nation as well as from the perspective of a migrant household.

7.1 Facilitating greater mobility of international labour

Remittances are a direct function of migration and therefore facilitation of increased labour migration from India would naturally contribute to an increased inflow of remittances. The Report (Ministry of Labour, 2003a) of a recently appointed Committee to review the implementation of legislation on emigration comprehensively addressed various aspects of India's policy on international labour migration. It concluded that the existing policy regime is predominantly regulatory in nature and that there is a strong need to evolve a framework for a proactive policy on exporting human resources. The broad lines of such a policy must, in the Committee's opinion, give increasing emphasis to the promotion and facilitation of external labour flows from India, rather than concentrate on regulating and protecting the role of the State.

A number of the specific methods by which the state could facilitate and promote labour migration by Indian citizens include:

- establishing an authority for monitoring the labour market and responsible for making projections of manpower requirements in major labour-receiving countries;
- collecting information on labour markets relating to overseas employment opportunities and evolving a system for disseminating this information to potential emigrants;
- identifying the evolution of skill requirements in external labour markets and encouraging the supply of matching skills; and,
- entering into bilateral agreements with major labour-sending countries.

Though pressures for world migration have risen, the impact of globalization on the movement of human resources is far less evident than for movements in goods and capital. Multilateral negotiations tend to concentrate on trade issues, rather than on labour flows. This could have an adverse effect on future migration prospects for developing countries such as India. In this context, it is important that India takes a leading role in highlighting the urgency for developing a

comprehensive multilateral framework on the international movement of people.¹⁹ It is vital that strategies for initiating dialogue between countries of origin and destination are formulated at multilateral levels. Such a dialogue should endeavour to exchange information on surpluses and shortages of labour, develop coordination of policy among labour-exporting countries, and encourage harmonized policies among labour-importing countries.

One positive step towards a multilateral negotiations framework can be found in the Mode 4 proposal under the General Agreement on Trade in Services (GATS). Although very limited progress has been made since the GATS was first negotiated in Uruguay Round, it is important that countries such as India highlight their concerns about cross-sectoral leverages (advantages to be offered in return), strategies and approaches for increasing access under Mode 4, about timeframes for the granting of visas, and flexibility for visas for specific service categories, during the different stages of negotiations.

7.2 Enhancing accessibility, expanding infrastructural capabilities and widening outreach of formal financial institutions

Our analysis clearly reveals that there has been a considerable increase in the volume of remittances channelled through formal banking and financial institutions in recent decades. A comprehensive and clear regulatory framework for foreign exchange management, liberalization in the exchange rate regime, introduction of full convertibility, measures to deepen and widen the foreign exchange market in India, specialized banking services for Non-Resident Indians, involvement of a larger number of banking and other financial institutions in the transfer of remittances and strengthening relations with the Indian Diaspora in various countries are some of the major policy initiatives that have contributed to the increased absorption of remittances and savings of Indian migrants located in different countries through formal channels. Such a vast range of policy initiatives offers other developing countries viable options for maximizing remittances through formal channels.

However, it is very evident that substantial portions of remittance flows into India are still channelled through informal systems. Migrants, especially in the unskilled and semi-skilled categories, resort to the informal system, because of certain clear advantages of informal channels over formal institutions. Informal systems are speedier, less costly, more reliable, more accessible, more flexible, less bureaucratic, more secretive and more responsive. While all the advantages of the informal sector will neither be desirable nor possible in the case of formal transfer systems, many of these advantages need to be integrated to make formal transfers more attractive and acceptable for migrants and their households.

Innovative linking of information technology and financial intermediation can considerably reduce the cost of transferring remittances through formal routes. It is important that some of the best international practices and experiences be evaluated and considered for replication. The *Global Development Finance Report* (2004) notes that, if funds were channelled through Fedwire,²⁰ the cost per transaction would drop significantly. The Report also notes that operationalization of the automated clearing house mechanism, similar to the FedACH mechanism established by the United States and Mexico, could also result in cost reductions for remittance transfers. Such systems can also considerably reduce the delays involved in making transfers

through formal channels. Similarly, the US Treasury Department and the Philippines Ministry of Finance have created an initiative for reducing the cost of overseas remittance services (through greater competition and efficiency), enhancing access to formal remittance systems, and ensuring compliance with AML/CFT standards.

Increased access to banking services in both source and recipient countries is known to reduce costs and increase efficiency in many ways. In India, an improved banking infrastructure has contributed considerably to the formal transfer of remittances. Kerala, which enjoys one of the best banking networks, also has the highest rate of transfer of remittances through formal channels. Conversely, Uttar Pradesh, which has one of the least developed banking networks, receives remittances mostly through informal Hawala channels. Increased access gives senders a wider choice of transfer agents, and thus allows them to choose the most economic system. It also allows them the option of bundling their remittances and spreading the fixed costs. Additionally, use of the banking system for sending remittances encourages greater use of other banking services. Enhancing the infrastructural and technical capabilities of banking institutions, especially in backward and important migrant-sending areas, is another critical requirement for effective mobilization of remittance transfers through formal channels.

Pre-departure orientation programmes for emigrants are recognized as one of the most effective ways of addressing problems encountered by migrant workers in destination countries and also of helping migrants, inter alia, to channel remittances through formal banking systems. These orientation programmes constitute an integral component of foreign employment policy in a number of major labour-sending countries, especially in Asia, but they have generally been neglected in India. They should focus, inter alia, on providing migrants with relevant information on formal remittance transfers and also about the risks of, and the legal penalties for, using informal transfer systems. Orientation programmes should target both people seeking to emigrate from India and migrants already working abroad. It is desirable that such pre-departure orientations are organized in areas with high levels of labour migration.

These initiatives would also provide opportunities for collaboration and networking between financial institutions and agencies involved in migrant welfare and support (both state and non-governmental bodies). Banks, post offices, local level financial institutions and return migrants associations could take a lead role in providing relevant information on financial matters. Such collaboration would strengthen networking between formal financial institutions and the local migrant community. It would also help overcome one of the important limitations of existing rapports between the migrant community and financial institutions, namely the preference of local formal financial institutions for those who transfer funds using formal transfer systems and their total ignorance of those resorting to informal systems. Similarly, orientation programmes should be organized in the major labour-importing countries. Indian financial institutions or their correspondent banks could collaborate with Indian community organizations abroad in organizing such events.

The Office of the Protector General of Emigrants, at the Ministry of Labour, is the only institution involved directly in sending unskilled and semi-skilled labourers to overseas employment. As noted above, the Office of the PGE and the subordinate Protectors of Emigrants' (POE) offices are responsible for granting emigration clearances for the Emigration Check Required category of migrants. This institution must be involved in designing and implementing policies

for transferring remittances through formal channels, in collaboration with the Reserve Bank of India, major financial institutions and the Ministry of Finance. A brochure published by the Office of the PGE, *Emigration and You*, which provides information for emigrants on safe migration, is totally silent on remittance transfers, and must incorporate relevant and basic information on formal systems of remittance transfers.

It would also be worth establishing a government system of offering low interest loans to less well-off emigrants to finance their migration plans. This would have the added benefit of ensuring that emigrants taking up low interest loans will use formal banking channels to transfer their remittances home.

7.3 Maximizing the developmental potential of remittances

The *Report of the High Level Committee on India Diaspora* (2001) has clearly highlighted the valuable contribution that the Indian Diaspora can make to the process of national development. The Report notes that “reserves of goodwill amongst its Diaspora are deeply entrenched and waiting to be tapped if the right policy framework and initiatives are taken by India”. In many countries, migrant workers mainly constitute the Indian Diaspora. We have already highlighted the significant contribution that remittances from these workers have made to augmenting foreign exchange reserves for the country. It now needs to be recognized that remittance inflows are not simply foreign exchange receipts, which can be used to finance balance of trade deficits or the current account deficit, but can actually provide a counterpart in terms of domestic resources. Remittances within the control of the Government should be utilized to finance higher levels of investment, rather than consumption, if the objective is to maximize development benefits.

Government policies for mobilizing and attracting migrant remittances and for redirecting them through official banking channels have largely paid dividends and yielded encouraging results. However, the outcome of government efforts to ensure that surplus resources reach the country has not met with much success.

Directing remittances towards more productive investments assumes special significance and urgency, since funds received in the country may, if properly invested, make a remarkable contribution to India's economic growth. Surprisingly, as mentioned earlier, this is one area where most labour-exporting countries have yet to develop a policy framework. India is by no means an exception.

Initiatives for channelling direct remittances into productive activities could be situated at three broad levels:

- there is a need to establish policies which will attract, encourage, facilitate and sustain investment activities, such as setting up enterprises directly by migrants or via intermediate mechanisms.
- fiscal and monetary incentives catering to the specific needs of migrant investors could be introduced. For example, they could be given preferential treatment in importing investment goods, raw materials and so on.

- the attitude and mindset of returning migrants also need to be addressed. They should not feel inhibited by an inherent diffidence and shyness, or lack of confidence or of skills from undertaking entrepreneurial activities.

In the context of India, preferential treatment for migrants, particularly in relation to concessions for imports, has been ineffective in view of the import liberalization policy initiated as part of an overall policy of openness and integration with the world economy. However, certain types of fiscal incentives, such as removing restrictions on repatriation of profits and eliminating need-less licensing requirements, are still appropriate for attracting investment. Similarly, there is scope for offering certain incentives, such as preferential allocation of land, easy and quick availability of credit and expeditious clearance for projects.

We have noted that NRI deposits continue to play an important role in transferring savings of Indian migrants. Several incentives for maintaining NRI deposits, however, were withdrawn in the 1990s, as a part of an overall strategy for external debt management. The most recent policy in this regard relates to the proposal to levy taxes on interest from NRI deposits. Though we have not assessed in detail the implications of such a proposal, our interviews with migrant workers and officials of the Kerala State Government would indicate that this could have an adverse impact on the inflow of NRI deposits. This in turn would reduce the potential for using such deposits for investment purposes. It would seem appropriate to reconsider the incentives structure on NRI deposits.

It is also important to note that there have been few attempts to guide the use of domestic resources provided by remittances through incentives or prizes (Nayyar, 1994). The development of a database on remittance flows by country of origin could overcome these limitations. Thus it would be possible to monitor trends on a disaggregate basis and experiment with higher rates of returns on remittance receipts placed in specified assets in the domestic capital market, which would then act as an incentive for households to save a part of remittances they receive.

There are no policies or programmes currently in place for training and counselling. One major initiative, post-arrival orientation seminars, could be introduced without difficulty. Orientation programmes could cover such aspects as information on investment opportunities, information on agencies for facilitating the creation of enterprises, information on concessions available to migrant workers, and so on. As mentioned in discussing pre-departure orientation seminars, such post-departure sessions would also provide scope for establishing relevant linkages between institutions and agencies involved with investment, on the one hand, and the migrant community and institutions involved with migrant workers, on the other. There is also a need to recognize that entrepreneurial activities are as much a function of attitude and mindset, as they are of capital and skills. Therefore, in addition to initiating programmes for imparting skills to potential investors, it is also important to encourage them to develop their potential as entrepreneurs.

Another important policy option for maximizing the developmental benefits of remittances is to channel remittances to small and micro-enterprises through financial intermediaries as deposits, rather than to expect migrants to participate directly in entrepreneurial activities. This will imply a change in focus for such policies by inducing micro-finance institutions to attract remittances, which would then be used for productive enterprises rather than for migrant-centred investment

programmes. This initiative would allow migrants' funds to be transferred to entrepreneurs through these financial institutions. Savings, credit schemes and investment instruments specifically designed to suit migrant workers' risk profiles could provide interesting options.

It is vital to create a comprehensive information base covering such critical aspects as occupational profile, skills acquired, resource position, investment capabilities and investment plans of the return migrants. It would provide essential information for the formulation of appropriate reintegration plans which also aim to maximize the development benefits of remittance transfers. The responsibility of creating such an information database could be vested in specialized NRI departments in the various States (similar to NORKA). Returnee migration associations in India and Indian community associations in major receiving countries could become important partners in this exercise. The information thus collected could also be channelled to the appropriate departments and to agencies involved in promoting productive investments.

We have noted that the Government of India's scheme for issuing specialized bonds met with considerable success and increased the financial resources sent by Indians working abroad, which in turn became an important resource for investment purposes. State Governments with large numbers of people migrating to foreign countries (such as in Kerala, Gujarat, and Punjab) could explore the possibility of floating similar bonds for mobilizing alternative resources. It is essential that interest rates on such bonds should be remunerative. The resources raised in this way must be earmarked for developmental activities, especially for building appropriate infrastructural facilities in the States concerned and should by no means be diverted to meeting State spending, even in times of financial difficulty. Visible and productive output from these resources can act as a catalyst in channelling funds from migrants into other developmental activities.

Our analysis has emphasized the deep linkage between remittance flows and migration flows. This linkage exists also in the realm of policies, in their developmental impact and also in academic research. Our analysis has also sought to place the viewpoints of migrants at the centre of policy and academic discourse on migration and remittances. It also argues that this viewpoint must receive due consideration and ought to be taken into account for future policy formulation. A closer integration of migration analysis with remittance transfer management would have a very positive impact in terms of maximizing their development potential. Our objective here is to take a small step in the direction of an integrated and migrant-centric perspective on remittance management.

ENDNOTES

1. For a detailed discussion on the trends in international labour migration from India, see, Ministry of Labour (2003); SasiKumar (2001); and Srivastava and Sasikumar (2004).
2. For details pertaining to labour migration during this period, see Birks and Sinclair (1980).
3. Section 22 of the Emigration Act, 1983, provides that no citizen of India shall emigrate unless he/she obtains emigration clearance from the Office of the Protector General of Emigrants and the subordinate Protector of Emigrants' Offices. Such categories of persons are referred to as Emigration Check Required category (ECR). However, the Act exempts some categories of people for whom the Emigration Check is Not Required (ECNR). The list of persons/categories of workers in whose case emigration check is not required is provided in Appendix I.

4. Those persons whose passports have been endorsed under the category emigrant check required (ECR) have to obtain “suspension” from the requirement of obtaining emigration clearances if they intend to travel abroad for non-employment purposes.
5. The Ministry of Labour (2003) provides a detailed account of the regulatory framework governing overseas employment from India.
6. The dollar area comprises the USA, Canada, Central American countries and a few countries in Latin America. The countries of western Europe, excluding the UK, constitute the OECD area. The sterling area comprises Commonwealth countries and certain Gulf States (Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates). The non-sterling area comprises the remaining countries of the world, including the socialist countries of eastern Europe, most of Latin America, a very large part of Africa, and Asian countries outside the sterling area.
7. This will be further explored in Section 5 below.
8. Details of NRI deposit schemes are provided in Appendix II.
9. For a detailed review on management of exchange rate, see RBI (2004a).
10. The proportion of non-resident and other foreign currency deposits in India’s external debt has been rising significantly in recent years, increasing from 13.8% in March 2000 to 17.4% by March 2002, and to 25.8% by December 2003.
11. Traditionally, interest rates on FCNR(B) deposits are linked to LIBOR rates since October 1997 with the spread kept at 25 basis points. Since July 2003, interest rates on new NR(E)RA deposits for one to three years have also been linked to LIBOR/SWAP US\$ rates. The spread on these deposits was reduced from 250 basis points (16 July 2003) to 100 basis points (19 September 2003), again to 25 basis points (30 October 2003), and were finally brought on a par with LIBOR/SWAP US\$ rates of corresponding maturity with effect from 17 April 2004. Moreover, the interest rate on NRE savings deposits have been fixed to remain below LIBOR/SWAP rates for six months maturity on US\$ deposits and are to be fixed quarterly on the basis of LIBOR/SWAP US\$ rates on the last working day of the preceding quarter.
12. Making the announcement during the Budget speech, the Finance Minister noted, “I propose to withdraw a few exemptions which have outlived their utility. Interest earned from a Non-Resident (External) Account and interest paid by banks to a non-resident or to a not-ordinarily resident on deposits in foreign currency will not be exempt from tax.... These exemptions will cease prospectively from September 1, 2004”.
13. A list of these banks and Institutions is given in Appendix III.
14. A list of correspondent banks/agency of SBI in UAE is provided in Appendix IV.
15. These cost estimates were calculated on the basis of interviews with migrants, migrant households and officials of different financial intermediaries. It is important to note that they have been corroborated by the findings of recent research studies aimed at estimating remittance costs (Orozco, 2003).
16. The word “Hawala” comes from the Arabic root h-w-j meaning “change” and “transfer”. It is defined as a bill of exchange or a promissory note and is also used in the expression “hawala safar”, traveller’s cheque. The words “hawala” and “hundi” are used interchangeably to describe the same system of transfer. “Hundi” comes from the Sanskrit root meaning “collect” and is commonly used in India for collection boxes in Hindu temples. “Hundi” can also refer to a bill of exchange, and a banker or foreign exchange dealer can be called a “hundiwala”. When “hawala” began to be used in Hindi and Urdu, it retained these meanings, as well as “trust” and “references”, which reflect the way the system operates. In recent times, the word has become linked to any sort of financial crime and in particular money-laundering.
17. For detailed information, see Buencamino and Gorbunov (2002); Corroll, L.C. (2002); and Puri and Ritzema (1999).
18. Licences are still required, however, for a certain number of specified products.
19. Major international level reports (for example, ILO, 2004) and renowned scholars (such as Bhagwati, 2003) argue strongly for the development of a multilateral regime for international labour migration, so that potential benefits of migration can be reaped fully.
20. An electronic transfer system developed and maintained by the US Federal Reserve System.

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APPENDICES

Appendix I

List of persons/categories of workers for whom an Emigration Check is Not Required (ECNR)

1. Persons going in managerial capacity in Hotels, Restaurants, Tea Houses or other places of public resort, etc., possessing specialized degrees in these fields.
2. All gazetted government servants.
3. All Income-tax payers (including Agricultural Income-tax payers). Their individual assessment of Income tax and actual payment of Income tax for last three years is to be insisted upon, and not merely payment of advance tax.
4. All professional degree holders, such as Doctors holding M.B.B.S. degrees or Degrees in Ayurved or Homoeopathy; Accredited Journalists; Engineers; Chartered Accountants; Lecturers; Teachers; Scientists; Advocates, etc.
5. Spouses and dependent children of category of persons, listed from (2) to (4).
6. All persons who have been staying abroad for more than three years (the period of three years could be either in one stretch or broken) and spouses, and children of such persons.
7. All Indian Seafarers who hold Indian or Foreign CDCs and are in possession of an offer of employment from shipping companies in India or abroad and Sea-Cadets.
8. All holders of Diplomatic/Official Passports.
9. Dependent children of parents whose passports are classified as ECNR. In the case of such children, ECNR classification to be restricted till they attain 24 years of age.
10. Persons holding permanent immigration visas, such as in UK, USA and Australia.
11. Persons holding diplomas or higher Degrees.
12. Persons holding diplomas from recognized Institutions like Polytechnics.
13. Nurses possessing qualifications from recognized Institutions like Polytechnics.
14. All persons above the age of 60 years.
15. All visitors to Pakistan and Bangladesh.
16. All persons going to any country in Europe (excluding CIS countries) North America, Australia, New Zealand or Japan.
17. Persons possessing certificates of vocational training from Government/Government recognized institutions.

List of categories of persons who can obtain ECNR if they possess a valid employment visa

1. Supervisors (all professions);
2. Skilled workers (all professions);
3. Semi-skilled workers (all professions);
4. Light/Medium/Heavy Vehicle Drivers;
5. Clerical workers of all categories including Stenographers, Store-Keepers, Time-keepers, Typists, etc.; and
6. Cooks excluding those who see employment in household duties as cooks

Source: Ministry of Labour, Govt. of India.

Appendix II

Present Non-Resident Deposit Schemes in India

Following are the Non-resident deposit schemes presently available in India:

- a) **NRE Rupee Account:** The Non-Resident (External) Rupee Account NR(E)RA scheme also known as the NRE scheme was introduced in 1970. Any NRI can open an NRE account with funds remitted to India through a bank abroad. This is a repatriable account and transfer from another NRE account or FCNR(B) account is also permitted. A NRE rupee account may be opened as current, savings or term deposit. Local payments can be freely made from NRE accounts. Since this account is maintained in Rupees, the depositor is exposed to the exchange risk. NRIs/PIOs have the option to credit the current income to their Non-Resident (External) Rupee accounts, provided the authorized dealer is satisfied that the credit represents current income of the non-resident account holders and income-tax thereon has been deducted/provided for.
- b) **FCNR(B) account:** The Foreign currency Non-Resident (FCNR(B)) scheme was introduced in 1994 to replace the prevailing FCNR(A) scheme which was introduced in 1975, where the foreign exchange risk was borne by RBI and subsequently by the Govt. of India. The FCNR(A) scheme was withdrawn from August 1994 in view of its implications for the central bank's balance sheet and quasi-fiscal costs to the Government. FCNR(B) accounts can be opened as term deposits in any of the designated currencies, which are US Dollar, Pound Sterling, Japanese Yen and Euro. There is no exchange risk to the depositor since the account is opened in foreign currencies. The interest received is fully exempt from tax. This is also a repatriable account and can be used to make local payments as well as remittances abroad. Interest rates for different maturities and different currencies are fixed by the bank based on the prevailing rate in the international market. Loans and overdrafts to NRIs in India and abroad can be granted against security of NRE/FCNR(B) deposits without any limits. Repayment of such loans or overdrafts can be made from the proceeds of forex remittances or NRE/FCNR(B) deposits.
- c) **The Non-Resident Ordinary (NRO) Rupee account:** At a point of time when a resident becomes an NRI, his existing rupee account(s) is designated as Non-resident Rupee (NRO) account(s). Such accounts are maintained in the nature of current, saving, recurring or term deposits. NRIs can also open NRO accounts for collecting their funds from local bona fide transactions or NRNR account proceeds on redemption if the NRNR account holder so desires. Interest earned on NRO account is not exempt from tax. These accounts can be opened in the name of non-resident individuals/entities who have left India for a foreign country (other than Nepal and Bhutan) for taking up employment or business or vocations for an extended period of time or permanently. Funds in this account are not repatriable and cannot be remitted abroad or transferred to NRE accounts without prior permission of the RBI. However, NRIs/PIO/Foreign Nationals (including retired employees or non-resident widows of Indian citizens) can remit, through the AD, up to US\$1 million per calendar year, out of the balances held by them in NRO account/sale proceeds of assets, for all bona fide purposes.

- d) **Non-Resident Non Repatriable (NRNR) Rupee Deposit account:** This scheme was introduced in June 1992. These accounts can be opened in Rupees out of funds remitted from abroad or transferred from non-resident external accounts. Principal amount of this deposit cannot be repatriated. However, interest is repatriable as a result of current account convertibility. Rupee loans can be granted to deposit holder (for purposes other than investments). This scheme has been discontinued w.e.f. April 01, 2002 and the maturity proceeds can be transferred to NRE/NRO accounts.

Appendix III

List of banks and other institutions to whom licences have been issued to deal in foreign exchange

Public Sector Banks

Allahabad Bank
Andhra Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Central Bank of India
Corporation Bank
Dena Bank
Indian Bank
Indian Overseas Bank
Oriental Bank of Commerce
Punjab National Bank
Punjab & Sind Bank
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Indore
State Bank of Mysore
State Bank of Patiala
State Bank of Saurashtra
State Bank of Travancore
Syndicate Bank
UCO Bank
Union Bank of India
United Bank of India
Vijaya Bank

Foreign Banks

ABN Amro Bank N V
Abu-Dhabi Commercial Bank Limited
American Express Bank Limited
Antwerp Diamond Bank N V
Arab Bangladesh Bank Limited
Bank Internasional Indonesia
Bank of America N A
Bank of Bahrain & Kuwait B.S.C.
Bank of Ceylon
Bank of Nova Scotia
Bank of Tokyo-Mitsubishi Limited
Barclays Bank p.l.c.
BNP Paribas
Chinatrust Commercial Bank
Cho Hung Bank
Citibank N A
Credit Agricole Indosuez
Deutsche Bank AG
Development Bank of Singapore Limited
Hongkong and Shanghai Banking Corporation Limited

ING Bank N V
JP Morgan Chase Bank
Krung Thai Bank Public Company Limited
Mashreq Bank psc
Mizuho Corporate Bank Limited
Oman International Bank S.A.O.G.
Societe Generale
Sonali Bank
Standard Chartered Bank
State Bank of Mauritius Limited
Sumitomo Mitsui Banking Corporation
Toronto Dominion Bank
UFJ Bank Limited

Private Sector Banks

Bank of Punjab Limited
Bank of Rajasthan Limited
Bharat Overseas Bank Limited
Catholic Syrian Bank Limited
Centurion Bank Limited
City Union Bank Limited
Development Credit Bank Limited
Dhanalakshmi Bank Limited
Federal Bank Limited
Global Trust Bank Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
IndusInd Bank Limited
ING Vysya Bank Limited
The Jammu & Kashmir Bank Limited
Karnataka Bank Limited
Karur Vysya Bank Limited
Kotak Mahindra Bank Limited
Lakshmi Vilas Bank Limited
Lord Krishna Bank Limited
Sangli Bank Limited
SBI Commercial & International Bank Limited
South Indian Bank Limited
Tamilnad Mercantile Bank Limited
UTI Bank Limited
United Western Bank Limited

Co-operative Banks

Bombay Mercantile Co-operative Bank Limited
The Maharashtra State Co-operative Bank Limited
The Saraswat Co-operative Bank Limited

Others

Thomas Cook (India) Limited

Appendix IV

Correspondent banks/exchange houses of SBI in UAE

Sl.No	Bank/Foreign Institution	Relationship
1.	Abu Dhabi Commercial Bank	Reciprocal
2.	Alahli Bank of Kuwait KSC	Agency
3.	Arab Bank for Investment and Foreign Trade	Reciprocal
4.	Bank of Sharjah	Agency
5.	City Exchange LLC	Agency
6.	Commercial Bank of Dubai PJSC	Reciprocal
7.	Emirates Bank International PSC	Agency
8.	Emirates India International Exchange	Agency
9.	HSBC Bank Middle East (formerly British Bank of the Middle East	Reciprocal
10.	Mashreqbank PSC	Agency
11.	National Bank of Abu Dhabi	Reciprocal
12.	National Bank of Dubai Public Joint Stock Co.	Agency
13.	Union National Bank PJSC	Agency



Labour Migration in Asia

Protection of Migrant Workers, Support Services and Enhancing Development Benefits

This is the second volume of Labour Migration in Asia. The first volume (2003) looked at trends, challenges and policy responses in countries of origin. This volume describes and makes an assessment of specific initiatives in selected countries of origin to protect migrant workers (through the regulation of recruitment and setting of minimum standards in employment contracts), provide support services to migrant workers (through pre-departure orientation and a welfare fund) and enhance the development benefits of labour migration (through training, skills development and remittances). A main purpose of the articles is to highlight effective practices.

The articles are written by labour migration specialists and practitioners from the countries concerned and were commissioned by IOM, the Department for International Development (UK) and the Asian Development Bank.

