Chapter 2
Reducing Migration Costs and Maximizing Human Development

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The Labor Recruitment Process

Labor recruitment aims to match workers with jobs. Job matching is a difficult and often costly challenge within borders (Barron et al. 1985) and is complicated by national borders that involve differences in laws and often language and culture between employers and workers.

The key ingredient for successful job matching is information. Information in the labor market is asymmetric. Employers know more about the requirements of the job they are offering than potential employees, and workers know more about their abilities than potential employers. Employers screen applicants to determine who is best qualified to fill a vacant job, and workers signal their abilities to employers by obtain degrees and certificates attesting to their knowledge and skills (Stiglitz 1975; Spence 1973).

There are three major ways in which information is transmitted between employers and workers—directly by employers advertising for workers and workers seeking jobs, via public employment services that post employer ads and advise job seekers, and via private recruiters that receive employer job vacancies and recruit workers to fill them. Within countries, most employers fill most jobs directly,

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meaning they advertise for workers online or in newspapers, hold or participate in job fairs that attract workers seeking jobs, and post job openings in the workplace and ask current workers to refer friends and relatives. Workers seeking jobs can apply directly with the employer after learning about the job.

Alternatively, employers seeking workers and workers seeking jobs can use the public or private job-matching services.[1] Some employers post job vacancies at public employment services (ES) or employment exchanges, where workers seeking jobs are usually interviewed by ES staff and referred to appropriate vacancies. Many ES agencies also distribute unemployment insurance (UI) benefits to jobless workers, enabling the agency to check whether jobs are available to those receiving benefits.[2]

The third major way to link employers offering jobs with workers seeking jobs is via nonprofit and for-profit private recruiters. For example, universities and other training institutions often maintain placement offices that allow employers to interview graduates seeking jobs. Private recruiters were once confined to the top rungs of the job ladder (headhunters seeking executives), but today, they match workers and jobs at all skill levels.

Recruiters can be information brokers, matching employers and workers, or they can provide additional services, from screening workers to supervising them at work. When a private firm recruits, deploys, and supervises workers at a workplace, it is normally considered a temporary help for employment agency. Under some countries' labor laws, an employment agency is considered the sole employer of the workers it brings to a workplace and supervises; in other cases, the agency is a joint employer with the firm benefiting from the work. Adecco, Manpower, and Kelly Services are examples of employment agencies that operate in many countries, usually as employers of the workers they place at a work site, although these multinationals rarely move low-skilled workers over national borders.[3]

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[1] The basic job search model imagines that each job seeker has a reservation wage so that the duration of job search for a worker is a function of the frequency and distribution of job and wage offers received and the availability of unemployment insurance and other nonwork income. The length and cost of job search depend on when and how often applicants receive job offers, their variance (if most of the wage offers are similar, it makes little sense to wait for a much higher wage offer), and the cost of waiting for a better offer in terms of foregone income (Mortensen and Pissarides 1999).

[2] Public ES agencies can simply give all workers seeking jobs contact information for employers seeking workers, screen and test workers and only refer those who are deemed qualified, or arrange for the employer to meet job candidates at the ES office. In many countries, recipients of UI benefits who reject job offers can have their UI benefits reduced or eliminated.

[3] Workers placed at a firm by a third party generally earn lower wages than direct hires, reflecting in part the costs and profits of the employment agency. In the USA in 2002, median hourly earnings in occupations with both directly hired workers and workers hired via temp firms were as follows: direct-hire laborers, $9.48 versus $7.90 for laborers hired via employment agencies, helpers, $9.25 versus $7.79, and packers, $8.03 versus $7.65.

Job-Matching Recruiters

The International Labour Organization (ILO), which opposes labor being viewed as a commodity, has long seen private recruiters and employment agencies as potentially exploitative of workers. The ILO's first Recommendation in 1919 urged governments to

> prohibit the establishment of employment agencies which charge fees or which carry on their business for profit. Where such agencies already exist, it is further recommended that they be permitted to operate only under Government licenses, and that all practicable measures be taken to abolish such agencies as soon as possible. (Unemployment Recommendation, section I)
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> The 1919 Recommendation touched on international labor migration:
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> the recruiting … of workers in one country with a view to their employment in another country should be permitted only by mutual agreement between the countries concerned and after consultation with employers and workers in each country in the industries concerned. (Unemployment Recommendation, section II)

Instead of private recruiters, the ILO Unemployment Convention No. 2 in 1919 recommended that governments "establish a system of free public employment agencies under the control of a central authority" (Article 2). The Fee-Charging Employment Agencies Convention No. 34 in 1933 (since superseded) called for abolishing fee-charging employment agencies within 3 years. This did not happen, and the Fee-Charging Employment Agencies Convention (Revised), No. 96 in 1949, repeated the call to abolish fee-charging employment agencies but included the option of allowing them to exist with appropriate government regulation. Convention No. 97 in 1949, which dealt with international migration for employment, stipulates "Each Member … undertakes to maintain… an adequate and free service to assist migrants for employment, and in particular to provide them with accurate information" (Article 2).

The ILO's Private Employment Agencies Convention (No. 181) in 1997 modified the 1919 Recommendations on private recruiters by acknowledging the useful role they could play in well-regulated labor markets. Convention No. 181 shifted the focus to regulating private recruiters, including the fees they charge to workers. Article 7 says that private employment agencies "shall not charge directly or indirectly, in whole or in part, any fees or costs to workers," although

> in the interest of the workers concerned, and after consulting the most representative organizations of employers and workers, the competent authority may authorize exceptions to the [no-fee] provision in respect of certain categories of workers as well as specified types of services provided by private employment agencies.

Article 8 re-emphasizes the importance of bilateral migration agreements: "Where workers are recruited in one country for work in another, the Members concerned shall consider concluding bilateral agreements to prevent abuses and fraudulent practices in recruitment, placement and employment."

The ILO, in advising countries how to implement Convention No. 181, emphasizes the importance of ensuring that recruiters provide all workers, and especially migrants, with a written contract in a language they understand that describes the job and spells out wages and benefits, hours and working conditions, and mechanisms for resolving disputes (2007, p. 26). The ILO also emphasizes the importance of requiring recruiters to disclose their fees fully to their employer and worker clients (2007, p. 29–31).

Principles 12 and 13 of the ILO's 2006 Multilateral Framework on Labor Migration call for "an orderly and equitable process of labor migration to guide men and women migrant workers through all stages of migration" by giving "due consideration to licensing and supervising recruitment and placement services for migrant workers" (p. 23–24). The guidelines to implement these principles call for licensing recruiters and respecting migrant rights with understandable and enforceable contracts. Guideline 13.7 maintains the bar on migrants paying fees; governments are to ensure "that fees or other charges for recruitment and placement are not borne directly or indirectly by migrant workers" (p. 25).

No-fee public ES agencies have a small and declining share of the job-matching market; in most countries, fewer than 5% of job matches are made via the public ES agencies. Larsen and Vesan (2010) attributed the problems of public ES agencies to asymmetric information. Public ES agencies, they say, wind up attracting job vacancies from the "worst" employers and deal with the "worst" workers seeking jobs, creating a "low-end equilibrium [that] is almost impossible to escape" (p. 1).

Public ES agencies have not fared well in the international labor market for two major reasons. First, there are few internationally recognized job descriptions and no global system to recognize and verify the credentials of workers gained outside the country of employment.[4] Second, employers often make a go-through-the-motions effort via public ES agencies to seek local workers before receiving permission to hire migrants. Most employers have identified the foreign workers they want to hire before seeking local workers via the ES, so their local recruitment efforts do not result in local hires.

Labor recruiters are in the information brokerage business (Stigler 1962). There are many information brokerage businesses that match buyers and sellers, from insurance services that match consumers seeking coverage to firms offering insurance to stockbrokers matching buyers and sellers of stock. However, labor recruitment has several unique attributes, including the nature of wage work and the exchange of effort for reward. The work transaction involves workers giving employers control over some of their time in exchange for wages. However, unlike buying and selling a good or service, placing a worker in a job at a particular wage is the first step in a continuous transaction, as employers monitor worker performance. Unlike most transactions for goods, where the purchase is made and the buyer and seller may never meet again, the employment relationship is continuous until terminated, either by the worker or the employer.

[4] There is an effort to standardize education in some fields, including accounting, IT, and health care, and to speed the assessment and recognition of credentials earned outside the country of employment, but this nascent training and job standardization is mostly confined to professionals arriving in some industrial countries.

Social networks are an alternative way to match workers and jobs. Currently employed workers know the requirements of the job and the capabilities of friends and relatives at home. Employers with "good" migrant workers often ask current workers to recruit friends and relatives when they need additional workers (Waldinger and Lichter 2003). Currently employed workers, in turn, recruit only those capable of doing the job and often take responsibility for orienting and training the workers they recommend to employers.[5]

Recruitment Costs

The motivation to cross national borders to work arises from the wage wedge or gap between earnings abroad and at home. The maximum recruitment fees that workers are willing to pay for jobs abroad depend primarily on the size of this wage gap. Other factors, including benefits, the nature of the work, and prospects for upward mobility, also play a role in a migrant's willingness to pay (Abella 2004).

For example, Bangladeshi migrants who expect to earn $25 a month at home and $250 a month abroad will not pay the entire $225 a month wage gap in recruitment fees. Instead, migrants typically expect to earn four to six times more abroad to compensate for separation from family and friends, suggesting they may pay up to half of their expected earnings to obtain a foreign job. Maximum recruitment fees are also influenced by the certainty of earnings at home and abroad. Indeed, the usual assumption of certain earnings at home and uncertain earnings abroad may be reversed if an informal worker in one country has a formal job and a contract abroad.[6]

The recruitment system, shaped by government rules and regulations in migrant-receiving and -sending countries, helps to determine how the wage wedge is divided between employers, who get work done cheaper with migrants than they would if they had to rely only on local workers, migrants who earn more abroad than at home, and recruiters and governments, who charge fees for migration-related services. The recruitment system has generally evolved in two major ways over the past four decades (Abella 1995). First, the worker-paid share of recruitment costs has risen over time, especially in Asia. Second, the share of recruitment costs borne

[5] Social networks are most common when much of the labor migration is unauthorized and informal. For example, unauthorized Mexicans often find US jobs via social networks, while recruiters are usually involved in filling jobs via US guest worker programs that admit low-skilled migrants, H-2A and H-2B (Massey et al. 1990).

[6] Harris and Todaro (1970) explained continued rural-urban migration to slums surrounding cities in developing countries by emphasizing expected wages. Migrants compared certain incomes in agriculture at home with the expected income from higher wages but also higher unemployment in cities, and moved if the expected urban income exceeded the anticipated farm income. Migrants moving from informal jobs at home to formal jobs abroad may move from uncertain to certain incomes.

by workers tends to rise as the skill level and earnings of migrant workers fall, primarily because the supply of potential workers rises faster than demand at the lower rungs of the job ladder.

The Four-Stage Recruitment Process

The international recruitment process begins with an employer in one country seeking workers to job vacancies. Information is the first economic cost of migration, and many so-called "bad" recruitment practices occur in this first information stage. Despite decades of migration experience, and the return of migrant workers from abroad, the young men and women who predominate among migrants often live in areas that do not have recruitment offices or the government agencies responsible for managing recruitment. This means that potential migrants usually rely on returned migrants and private recruiting agents and subagents to learn about foreign jobs.

Agents acting on behalf of recruiters are often the first point of contact for migrants seeking foreign jobs, and their compensation system may make them less than honest brokers. Most are residents of the area in which they recruit workers, enabling them to win the trust of local workers, but agents may not know or fully understand the requirements of the foreign job. Instead, the agent's incentive may be to get the worker to the recruiter's office in the capital city to sign a contract in order to earn a headhunter fee. The agent may also charge the migrant a fee for travel costs to the recruiter's office and additional fees as well.

First-level agents are very hard to regulate for several reasons. Some work for more than one recruiter. Even if first-level agents are employed directly by a recruiting agency, their activities may be hard to regulate because, for example, local-level financial transactions may be in cash and without receipts, making it harder to resolve disputes. Workers who have not been abroad tend to think of foreign earnings and local living costs, exaggerating the economic benefits of working abroad and encouraging them to pay higher fees.

During the second stage, migrants meet licensed recruiters with the goal of obtaining a contract for a foreign job. The major issues during this migrant-recruiter interaction are the wages, benefits, and working conditions spelled out in a contract, and the costs that the migrant must pay to get the contract, including travel and other costs. The third stage of the recruitment process involves obtaining the documents needed to travel abroad to work by both migrant-sending and -receiving governments, either at a one-stop shop or via multiple trips to multiple agencies. There may also be required predeparture training, health and skills certification, and other steps required to receive exit clearance.

The final stage of the recruitment process is leaving the country with an approved work contract, home-country passport and visa for work abroad, and airline ticket. Contracts and visas are often checked by sending-country government agency staff at departure airports. This exit procedure, which should be among the easiest to implement, is marred by frequent reports of escort services that enable departing migrants to avoid effective departure checks.

Recruitment Regulations and Realities

Asia, home to 60% of the world's people and 30% of the world's migrants, provides a laboratory to examine recruitment regulations and realities. The major migrant-receiving countries represent migration extremes. Japan has very few migrant workers, while Gulf oil-exporting countries rely on migrants to fill over 90% of private sector jobs. Singapore has an immigration policy that is most similar to non-Asian industrial countries, welcoming skilled foreigners to settle but rotating low-skilled foreigners in and out of the country. The Philippines is the major Asian labor sender, deploying almost 1.5 million workers a year abroad, while India and China are the leading recipients of remittances from citizens abroad.

All migrant-sending nations officially aim to lower the cost of recruitment. There are several reasons, including to enhance protections for low-skill citizens who earn critical foreign exchange and can enhance economic development. The examples in this section summarize recent migration patterns and efforts to improve the recruitment system to enhance worker protections as well as the development impacts of migration.

Bangladesh

Bangladeshi labor migration is large and was growing rapidly until 2008, when a record 875,000 Bangladeshis left to fill overseas jobs; the number fell to 358,200 in 2009 and rose slightly in 2010. Over half of Bangladeshi labor migrants went to Saudi Arabia between 1998 and 2004, but in 2008 and 2009, over half of Bangladeshi migrants went to the UAE. Even though the number of migrants deployed fell, remittances to Bangladesh rose to $11 billion in 2009 from $9.7 billion in 2008.

Many low-skilled migrants are in debt when they depart (Martin 2009). Predeparture migration costs are often twice the official maximum charge, which was 84,000 taka ($1,220) in 2009.[7] The men who predominate among Bangladeshi migrants pay higher recruitment costs than migrant women,[8] and many borrow some or all of the money needed to pay predeparture costs from private moneylenders. Interest rates can be 10% a month, so that a $2,000 debt can double in a year.[9]

[7] The 84,000 taka government-set maximum recruiting charge, effective in 2006, applies to migrants going to Gulf states and Malaysia. It was raised in stages from 8,000 taka in 1992 to 30,000 taka, 50,000 taka, 70,000 taka, and 80,000 taka. The maximum recruitment fee to send workers to Italy was set at 230,000 taka in 2002. Recruiters have generally charged migrants at least twice the official maximum recruitment charge (Islam 2009).

[8] Karim-Rajput (2011) estimated the average cost of migration at 106,000 taka for Bangladeshi women and 141,000 taka for Bangladeshi men in 2010.

[9] Rural moneylenders charge very high interest rates, often 60–100%. Migrants with few assets sometimes find a local guarantor to cosign the loan; the guarantor often receives 10% of the value of the loan for each year that a guarantee is provided.

Labor migration from Bangladesh is regulated under the Emigration Ordinance of 1982, which requires migrant workers to have valid contracts and work visas before leaving to fill overseas jobs. Section 8.1 allows the government to prohibit the out-migration of persons with particular skills "in the public interest," and allows Bangladeshis leaving illegally to be fined up to 5,000 taka or imprisoned up to a year. Section 10 authorizes the government to license recruiters and to withdraw recruitment licenses for violations of recruitment regulations, such as overcharging migrants (Section 23).

Three major agencies deal with the 3 Rs that link migration and development, recruitment, remittances, and returns:

- The umbrella Ministry of Expatriates' Welfare and Overseas Employment (MEWOE)
- The regulatory Bureau of Manpower Employment and Training (BMET)
- The government employment agency, the Bangladesh Overseas Employment and Services (BOESL)

The MEWOE, established December 20, 2001 under pressure from NGOs, has authority over all government agencies dealing with labor migration, including private recruiters and migrants, the labor attachés in Bangladeshi missions abroad, and the Wage Earners' Welfare Fund that assists migrants and their families. The MEWOE encourages the Bangladeshi Diaspora to invest in projects in their home communities and facilitates expatriate investments in Bangladesh.[10]

The Bangladesh Overseas Employment Policy, adopted in October 2006, promotes the out-migration of Bangladeshis and aims to protect them abroad. The Wage Earners' Welfare Fund was created in 1990 and, under December 2002 regulations, is supported by fees from migrants (initially 1,000 taka or $15), interest on the bonds posted by recruiters, and a 10% surcharge on fees charged by Bangladeshi missions abroad for passports and other services. The WEWF supports BMET-staffed desks at Zia International Airport that check and assist migrants leaving and returning to Bangladesh, including Probashi Channel buses that take migrants from the airport to the major Dhaka bus terminals for journeys to their villages of origin. The WEWF provides migrants abroad with legal help, transfers home the remains of migrants who die abroad, and provides support to the families of deceased migrants in Bangladesh as well as returning migrants to Bangladesh who were not paid by their foreign employers.[11] The WEWF is administered by a board that includes ministers of various government agencies and the recruiters' association BAIRA.

BMET, a government agency established in 1976 with 17 offices around Bangladesh, is charged with promoting the employment of Bangladeshis abroad

[10] Since 2008, Bangladeshis abroad who remit foreign currency to Bangladesh have "special citizens' privileges" in Bangladesh.

[11] Samren reported that the families of migrants who die abroad receive 100,000 taka ($1,450)—see www.samren.org/Govt_Programmes/bangladesh/B1.htm. In February 2006, it was reported that the WEWF death benefit was 100,000 taka, and that foreign employers usually pay 500,000 taka to the families of deceased migrants (Islam 2006).

and encouraging them to send remittances home. BMET also provides employment counseling to migrants, regulates private recruiters, and conducts research on migration and development. All Bangladeshi migrants must be registered with BMET; most recruiters help migrants to register with BMET as one of the final steps before their departure.[12] BMET reported in 2009 that some three million Bangladeshis have been registered since registration began in June 2004, including 2.6 million who left Bangladesh. Registered job seekers receive a BMET-issued photo ID that includes personal information.

BMET operates three 1-h predeparture training programs a day and issues the certificates of attendance (emigration clearance cards) required to leave Bangladesh—the cards are bar-coded and read by scanners in the departure terminal of the international airport.[13] BMET also handles complaints from migrants about recruiters, and returned 90 million taka ($1.3 million) to aggrieved migrants in 2008, when it reported receiving 392 complaints about recruiters in 2008.[14]

Recruiters point to the relatively few complaints to conclude that most migrants are satisfied with the recruitment system. Critics assert that it is hard for complaining migrants to win compensation, which discourages them from filing complaints. For example, Afsar (2009) reported that several migrants alleged that subagents and recruiters cheated them, but since they lacked receipts for the monies they said they paid, they were unable to win compensation (p. 50–51).

BOESL is a wholly owned government agency created in 1984. In 2009, BOESL had 38 employees and a budget of 20 million taka[15] ($290,000) to publicize the availability of Bangladeshi workers in foreign countries via its own offices and in collaboration with local partners. BOESL specializes in providing skilled and professional migrants for large civil engineering projects abroad, screening Bangladeshis interested in these foreign jobs, inviting foreign employers to Bangladesh to interview potential employees, and helping Bangladeshis selected to fill foreign jobs to obtain necessary documents and certificates. In most cases, foreign employers cover the predeparture costs of BOESL-deployed workers, although migrants going to Korea, most of whom are relatively low-skilled, must pay for Korean language training in order to have their names placed on the BOESL list from which Korean employers select migrants.[16]

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[12] In an effort to avoid BMET registration as a last rather than a first step in migration abroad, BMET is supposed to operate a lottery so that a recruiter seeking 100 workers is provided with the names of 100 workers with the requisite qualifications who are registered with BMET. This apparently does not happen in practice.

[13] Afsar (2009) reported that only one of the 60 returned migrants attended the BMET predeparture training: “Interviews with the recruiting agencies suggest that they obtained BMET certificates on the respondents’ [migrants’] behalf by offering extra money to the desk officer” (p. 24).

[14] The results of BMET inspections are not made public, although recruiters whose licenses are suspended are named.

[15] Six million taka, 30%, represents BOESL salary costs.

[16] BOESL noted that it must often cover at least the local costs of foreign employers who come to Dhaka to interview Bangladeshi workers.

Between 1999 and 2006, when private recruiters sent Bangladeshi workers to South Korea, the maximum recruitment fee was 210,000 taka. Under the Korea-Bangladesh labor migration memorandum of understanding (MOU) signed in 2006, only BOESL can recruit migrants to fill jobs under the Employment Permit System, and the maximum recruitment fee is 60,000 taka ($870).[17] BOESL sent 1,500 migrants to Korea and an additional 430 to other destinations in 2008, that is, the average cost of deploying 2,000 migrants was about $145, far less than typical private recruiter fees. Some 8,000 Bangladeshis passed the Korean language test,[18] which enables them to be placed on the recruitment lists from which Korean employers select migrants.[19]

According to government data, about 60% of Bangladeshi migrants leave on their own, 39% leave with the help of recruiters, and 1% leave via BOESL and other channels. However, most of the 60% who leave "on their own" in fact leave with the help of private recruiting agents who coach migrants to say they are leaving on their own.

Licensed recruiters have a monopoly on charging fees to Bangladeshis leaving to fill overseas jobs. There were 801 licensed recruiters in the Bangladeshi Association of International Recruiting Agencies (BAIRA) in June 2009 (831 in summer 2010), and 100 were reportedly active in deploying migrants.[20] Most recruiters receive 2-year licenses after submitting a police report attesting to their crime-free record and recommendations from two members of BAIRA. Recruiters must pay a 100,000 taka ($1,400) license fee and post a 1.5 million taka ($21,500) bond with the BMET (Ray et al. 2007, p. 32).

BAIRA, established with government support in 1984, aims to improve the image of the recruitment industry. BAIRA emphasizes the importance of migration to the Bangladeshi economy, noting that remittances exceed the net value of garment exports, and complains that the recruiting industry is taxed rather than the recipient of government subsidies, as with the garment industry. Recruiters are supposed to pay a 30% VAT tax on their revenues and must show they have paid this tax in order to renew their licenses; this tax may help to explain the paucity of receipts.

[17] Before the EPS system went into effect in 2004, four Bangladeshi recruiting agencies linked to Members of Parliament controlled the migration of trainees to Korea. They reportedly charged trainees 800,000–1,100,000 taka ($11,600–$14,500), which encouraged some to change employers to earn more, including traveling to Japan, where trainees were paid more. Korea eventually banned the recruitment of trainees in Bangladesh (Palma 2006).

[18] The Korean language test, which consists of 25 listening and 25 reading questions, is available at www.hrdkorea.or.kr/eng/main.html. Between 2005 and 2009, some 440,000 foreigners took the test, and about half passed.

[19] Migrants admitted under the EPS are entitled to the Korean minimum wage of 3,770 won ($3) an hour, but many, expecting to earn a million won a month with overtime, pay fees to recruiters anticipating higher-than-minimum wage salaries.

[20] The nonactive BAIRA member recruiters reportedly assist Bangladeshis who have received foreign job offers via friends and relatives abroad, or who are returning to foreign employers, to complete required paperwork in Bangladesh. These migrants go "on-their-own" in Bangladeshi migration data.

In addition, Bangladesh levies a 30% tax on airline tickets, which raises the cost of leaving the country.

The recruitment process begins with foreign employer demand letters or job offers. Most of the recruiters receiving these letters are based in Dhaka, most migrants are in villages, and the subagent Dalals make most of the first contacts with migrants.[21] Most migrants need the help of recruiters to obtain passports, visas, medical checks,[22] and air tickets, as well as clearance certificates from BMET.

The first point of contact for most migrants are the subagents (Dalals). Most are older, in their 1940s, and better educated than migrants, since they must be able to read work contracts and communicate with Dhaka-based recruiters—a few are returned migrants[23] (Afsar 2009, p. 18–19). Subagents explain the foreign job to often illiterate migrants and generally accompany migrants to Dhaka for passports and medical tests. Afsar (2009) reported that when interviewed, both subagents and migrants initially said they did not collect or pay fees, but probing questions revealed that subagents received commissions from Dhaka-based recruiters of 10,000–60,000 taka ($145–$870) per migrant. According to Afsar, migrants who trust village-based subagents do not compare fees charged by recruiters so that implementing rules to require recruiters and their subagents to advertise their charges may not reduce prices (p. 20).

The Bangladeshi government is often blamed for recruitment problems. In the Philippines, recruiting licenses cannot be sold or lent, and recruiters who do not deploy at least 100 migrants a year can lose their licenses; some BAIRA recruiters believe the Bangladeshi government should adopt similar regulations. The most common reform proposals involve substituting technology for recruiters, that is, using computers to record foreign job offers and to register potential migrants and making recruitment fees a share of expected foreign earnings instead of a fixed amount (Ray et al. 2007, p. 174–175).[24]

[21] Some Dhaka-based recruiters place ads in newspapers seeking workers to fill foreign jobs; some smaller recruiters are based outside Dhaka.

[22] Migrants going to the UAE must have medical checks done in a facility in Bangladesh approved by the GCC; these facilities are organized into GAMCA, the GAA Approved Medical Centers' Association.

[23] Most migrants expressed trust in the subagents, believing they could recover what they paid from the subagent if the foreign job did not materialize. In some cases, subagents were relatives of the migrants they helped to go abroad. Some subagents reported that if they did not trust the work contract, they would not give it to a relative or a person they knew; instead, they would only give uncertain contracts to strangers (Afsar 2009, p. 21).

[24] Ray, Kumar, and Chaudhuri make several sensible recommendations to improve recruitment, but the broader purpose of the 400-page report, to provide advice on new countries to which Bangladesh could send migrants, is flawed. The heart of the analysis is a list of countries and "labor shortages" by occupation (Table 5.5, p. 98–104).

It is not clear how the labor shortage lists were compiled. For the USA, the lists appear to be a mix of fast-growing occupations, such as nurses, and occupations projected to have shrinking employment, such as laborers. Instead of using official Bureau of Labor Statistics projections, the report relies on employer-advocate interpretations of them aimed at persuading the US Congress to approve new guest worker programs (p. 107–121). BLS did not project labor shortages, as the report asserts on p. 121.

Several foreign governments have halted the recruitment of Bangladeshi migrants because of forged skills certificates and high predeparture debts that encourage migrants to take second jobs or stay abroad. Without long-term relationships between Bangladeshi recruiters and particular foreign employers or recruiters, some may have an incentive to send unqualified Bangladeshis abroad. For example, an unskilled Bangladeshi may offer to pay more for a plumbing work contract promising $250 a month than for a laborer contract paying $175 a month. A Bangladeshi trained as a plumber may not accept the $250 wage, but the unskilled worker who pays more and goes abroad as a plumber may leave the foreign employer dissatisfied because he does not have plumbing skills.

India

India, with a Diaspora of at least 25 million, is the world's leading recipient of remittances, over $50 billion in 2009 compared to China's $48 billion. Even though media attention often focuses on Indian IT and health care professionals employed abroad, most Indian migrant workers fill low- and semi-skilled jobs in Gulf Cooperation Council countries (Khadria 2009).

Labor migration from India is governed by the Emigration Act of 1983 (as amended), which regulates Indian-based recruiters and establishes "protectors of emigrants" (POE) offices. However, 13 categories of persons are exempt from the requirement to obtain a POE emigration certificate requirement, including those with 10 or more years of schooling.[25] Some conclude that the POE process introduces another level of fees that migrants must pay while adding few protections (Rajan et al. 2008, p. 5).

There are four major channels through which Indians migrate abroad to work with a mandatory emigration check (ECR passports). Individuals can arrange foreign jobs via friends and relatives, foreign employers may recruit Indians in India, India-based firms with foreign projects can send their employees abroad, and Indian recruiters can match Indians with foreign jobs. There are also many unregulated subagents, both in India and abroad.

The 1983 Emigration Act (amended most recently in 2009) requires recruiters to obtain licenses that are normally valid for 3 years. Recruiters must post a bond based on the number of migrants they send abroad (Ministry of Overseas Indian Affairs, website). Registered recruitment agencies (RRAs) that send fewer than 300 workers abroad a year must post a bond of 300,000 rupees ($7,100 in 2008), those that send 301–1,000 migrants a year must post a 500,000 rupee bond, and those that

[25] India issues two types of passports—those for which an emigration check is required (ECR passports) by the POE and passports that do not require an emigration check (ENCR). Holders of "emigration-check-required" passports can nonetheless leave without a POE check for most countries, but need POE permission to travel to 17 countries, including the Gulf oil exporters and Malaysia and Libya.

send more than 1,000 migrants must post a one million rupee bond. Amendments to the 1983 Emigration Act in 2009 require a 2.5 million rupee bond good for 10 years.

Maximum recruitment fees were 2,000 rupees ($45) for low-skilled workers in 2008, 3,000 rupees for semi-skilled workers, and 5,000 rupees for skilled workers; amendments to the 1983 Emigration Act in 2009 substituted a maximum recruitment charge of 25,000 rupees or 45 days foreign wages, whichever is less. Many Indian migrants report paying far more. For example, an Indian gardener in Dubai reported paying $2,745 in 2008 to obtain a 3-year contract offering $136 a month for a 48-h week, suggesting that over half of his UAE earnings would repay recruitment fees (Davis 2009).

There were 1,835 RRAs in 2005, but over 4,300 RRA registration certificates had been issued (Rajan et al. 2008, p. 15). Recruiters pay service fees to the POEs that reflect the skill of the workers they send abroad. For instance, they pay 2,000 rupees ($47) to have the POE check the contract of a low-skilled worker, 3,000 rupees for semi-skilled workers, and 5,000 rupees for skilled workers.[26]

About two-thirds of Indian migrant workers leave from South India (20% each from Kerala and Tamil Nadu). Kerala is a state of 32 million with a per capita income of 63,000 rupees ($1,425) in 2009, the highest in India, as well as the highest Human Development Index score.[27] Kerala has a higher literacy rate than the rest of India, reflecting the decision of the Communist-led Kerala government to spend more than other Indian states on education and health, but is not considered friendly to business.

Even though half of Kerala residents are employed in agriculture and only 15% of Kerala households receive “household” remittances, Kerala is considered to be a migration-driven economy. Some 2.1 million Keralalites emigrated in 2008 (Zachariah and Rajan 2010, p. 5), when remittances of $5 billion were equivalent to 20% of Kerala’s GDP. Almost 42% of Kerala migrants in 2008 were in the UAE. About a quarter of remittances to Kerala are spent on education, but educated residents who cannot find jobs locally often emigrate; unemployment in Kerala is almost 20%.

A survey of Kerala migrants found that 80% learned of foreign jobs from friends and relatives (Rajan et al. 2008, p. 24–5). The average cost of emigration was 57,000 rupees ($1,290), including $735 for the foreign work visa and $300 for air travel to the foreign destination (Zachariah and Rajan 2010, p. 40);[28] no migrants reported receiving bank or government assistance to cover recruitment costs. Migrants using recruitment agents had higher recruitment costs than migrants who used friends and

[26] In a bid to persuade foreign employers to use authorized Indian recruitment agents, the Indian government in spring 2008 began requiring foreign employers who do not use authorized recruitment agents to post a $2,500 bond, returned to the employer when the migrant returns to India, for each Indian migrant they recruit.

[27] Business Standard, June 28, 2010.

[28] Passports cost 1,170 rupees ($26) and emigration clearance 1,425 rupees ($32).

relatives to go abroad. Kickbacks on fees charged to migrants appear common—in some cases, recruiters get commissions from approved medical centers for each migrant they refer for the mandatory health check.

Reformers would like to eliminate emigration-check-required passports, make it illegal for Indian recruiters to charge fees to Indian migrants, and have the Indian government negotiate minimum wages for Indian migrants abroad. There are efforts to transmit electronically the key provisions of contracts signed in India to the UAE Department of Labor, which should help to resolve controversy over allegations of broken promises once migrants arrive in the UAE.

Nepal

Nepal is the poorest of the major South Asian countries sending workers abroad; the average per capita income of the 30 million residents was $400 in 2008 ($1,100 at PPP), according to the World Bank. Nepal's GDP expanded by 3.5% a year between 2000 and 2008, less than half the 8% growth rate of neighboring India, in part because of the disruptions and instability linked to a Maoist insurgency between 1996 and 2006. About 40% of Nepalese have incomes below the poverty line, and half of Nepalese families receive at least some remittances from abroad.

Peace in 2006 and rising remittances, $1.6 billion in 2008 and $2.1 billion in 2009, almost a quarter of GDP, contributed to recent economic growth.[29] Some 217,000 Nepalese migrants, mostly low-skilled and from rural areas of Nepal, left in FY 2008/2009, down from 249,000 in 2007/2008, but up sharply from 107,000 in 2003/2004. Most Nepalese migrants stay abroad several years. Riester (2009) put the stock of Nepalese working abroad at 1.6 million (1.7 million in 2010)[30] and reported that many Nepalese who lost their jobs during the 2008–2009 recession preferred to stay abroad and work in an irregular status rather than return to Nepal (p. 1).[31]

About 96% of Nepalese migrants going abroad in 2008/2009 were men, and many are employed abroad as security guards, drivers, or laborers. Apart from India, the leading destinations include Malaysia, which accepted almost 40% of Nepalese; Qatar, 25%; Saudi Arabia, 20%; and the UAE, 10% (Riester 2009, p. 2). There were an estimated 400,000 Nepalese migrants in Malaysia in summer 2010, when the Malaysian government halted the recruitment of additional Nepalese workers after a protest involving 5,000 Nepalese.[32]

[29] Seddon et al. (2002) argue that official Nepalese data on migrants and remittances understate both.

[30] Nepal News, August 10, 2010. Retrieved from http://www.nepalnews.com/main/index.php/business-a-economy/8242-nafea-asks-govt-to-restrict-individual-contract-for-gulf-countries.html

[31] Nepal News, September 6, 2009. Retrieved from http://www.nepalnews.com/main/index.php/business-a-economy/1300-overseas-jobs-getting-secure-for-nepali-workers.html

[32] Nepalese often work in global hotspots. One report in summer 2010 estimated that 300 Nepalese migrants a day were arriving in Iraq; others were arriving in Afghanistan to fill jobs.

In FY 2009/2010, about 80% of the 294,000 Nepalese who went abroad used recruiters; 20% left with individual contracts, and this 80/20 recruiter/individual contract ratio continued in the 2010/2011 fiscal year.[33] The Nepal Association of Foreign Employment Agencies (NAFEA) says that many Nepalese going to Gulf countries with individual contracts are headed for Iraq, and asked the government to halt individual contract migration to Gulf states. However, Sthaneshwor Devekota of the Foreign Employment Promotion Board (FEPB) said in October 2010 that the Nepalese government will permit Nepalese to migrate to Iraq, where wages are relatively high.[34]

Nepal, which has a labor force of about 12 million growing by 2.6% or 300,000 a year, has had an open border with India since 1950. This makes it hard to determine exactly how many Nepalese are leaving the country to work abroad and makes it difficult to protect migrants. In 2008, the Ministry of Labor and Transport Management estimated that 600 migrants a day left for non-Indian destinations and 400 a day for India. A large but unknown number of Nepalese are employed in Indian agriculture, construction, and services.

Nepal has a long tradition of migration abroad. However, there is a sharp contrast between the informal and low-cost migration of Nepalese to India and the much more formal and expensive migration of Nepalese to non-Indian destinations with the help of recruiters. Reports of abuse of Nepalese migrants abroad often blame Nepalese recruiters and recommend stricter regulation; they rarely consider alternatives. An increasing number of Nepalese women appear to be going to Gulf countries and Lebanon to work as domestic helpers, leaving from Indian airports with individual contracts.

The 650 members of the recruiters association NAFEA acknowledge problems in the recruitment system. Licensed recruiters are required to post a bond of Rs three million ($42,300), and the government establishes maximum recruitment fees. NAFEA says that potential migrants must spend Rs 10,000 ($140) to obtain a passport and make contact with recruiters and Rs 50,000–125,000 ($705–$1,760) to obtain a foreign job, but the government-set maximum recruitment fee for migrants headed to Gulf countries is NR 70,000 ($1,000).[35] Migrants are required to participate in an orientation session about their foreign job before departure, and the government in 2009 began to honor an outstanding recruiting agency each year.

A detailed Foreign Employment Act (FEA) was enacted in October 2007, followed by regulations in 2008 that, inter alia, grant 1-year renewable licenses to

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[33] Nepal News, August 23, 2010. Retrieved from http://www.nepalnews.com/main/index.php/business-a-economy/8583-outflow-of-nepali-migrant-workers-declines.html

[34] On September 2, 2004, recruiting agencies in Katmandu were attacked after 12 Nepalese migrants were killed in Iraq. NAFEA continues to press the government for Rs 500 million in compensation for damage done to recruiter offices. Nepal News, August 10, 2010. Retrieved from http://www.nepalnews.com/main/index.php/business-a-economy/8242-nafea-asks-govt-to-restrict-individual-contract-for-gulf-countries.html

[35] Nepal News, October 20, 2010. Retrieved from http://www.nepalnews.com/main/index.php/business-a-economy/9940-agents-dismiss-govt-plan-to-issue-id-cards-for-migrant-workers.html

recruiting agencies and established a Department of Foreign Employment (DOFE) to administer the law. Chapter 9 of the FEA makes recruiters liable for penalties of 4–7 years imprisonment for making false promises to Nepalese going abroad or sending them abroad without proper documents. Aggrieved migrants can file complaints with the Foreign Employment Tribunal in Katmandu, where all government migration agencies and most recruiters are based. The FEA calls for the establishment of a migrant worker's welfare fund, labor desks at Nepalese airports to check the contracts of migrants leaving, and labor attachés abroad to assist Nepalese migrants in countries with at least 5,000 migrants (there are currently Nepalese labor attachés for migrants in Malaysia, Qatar, UAE, and Saudi Arabia).

The ILO noted that Nepal's FEA included so many "safe migration" provisions to protect women that, if implemented effectively, would make it almost impossible for recruiters to lawfully send Nepalese women abroad for fear of running afoul of the law's strong anti-trafficking provisions.[36] As a result, many Nepalese women migrate to foreign jobs via India, with few or no protections.[37] There are an estimated 114,000 Nepalese women employed in GCC countries, including 63,000 in Saudi Arabia.

The Nepalese government in 2009 had MOUs with four migrant-receiving governments, Bahrain, Qatar, UAE, and Korea. Of these, Nepalese migrants are most eager to work in Korea under the Employment Permit System, where they earn $1,000 a month or more in agriculture, fisheries, construction, small-scale manufacturing, and some services; Korea and Nepal signed an MOU on July 23, 2007. The number of Nepalese studying Korean and taking the Korean language test far exceeds the number selected to work in Korea. For example, over 36,000 Nepalese took the Korean language test in August 2010, and 4,200 passed, but Korean employers selected only about 2,700 Nepalese a year to work in Korea (Nepalese Government, EPS Korean Section, website).

Migration has a significant impact on the Nepalese economy and Nepalese villages, where peasant families sometimes borrow $2,000 to send husbands or sons abroad for 2 or 3 years to earn $200–$400 a month. However, there is little research on the development impacts of remittances and how they can be enhanced. The NIDS interviewed 60 returned migrants (2008, p. 16–18), two-thirds of whom had been abroad for less than 4 years, and found that almost 40% were unemployed after returning to Nepal. The government in 2009 planned to issue Rs seven billion

[36] The FEA did not reference Nepal's Decent Work Country Program for 2008–2010, which states "Given the lack of productive employment opportunities in Nepal, exacerbated by the decade-long conflict, foreign labor migration represents a possible channel for employing them effectively." Outcome 1 of the DWCP on "Improved policy coherence supporting increased productive employment opportunities for men and women" anticipated a national employment policy and "gender sensitive policies to protect migrant workers" by June 2009 (p. 7); this did not occur.

[37] Peace in 2006 brought a number of UN agencies to Nepal; coordination between them has been poor. UNIFEM, the major advisor on the FEA, did not consult the ILO; the Nepal UNDAF in 2008 referred only to UNIFEM in reference to migration. IOM negotiated a capacity-increasing agreement with the Ministry of Labor in 2008.

($92 million) in infrastructure development bonds to Nepalese migrants abroad, giving migrants an incentive to buy Nepalese bonds by allowing bondholders to remit other money to Nepal at no cost. This scheme did not work, but the National Planning Commission is developing a pilot program to offer loans to match with remittance savings to those organized into cooperatives to start small businesses.

Nepal developed its migration policies fairly recently with the assistance of international organizations that urged inclusion of the best-practice guidelines developed over the past quarter century. These best practices are reflected in the FEA and government announcements of protections for migrants, but the yawning gap between policy goals and realities has prompted the development of a new migration policy. It is not yet clear whether revising the 3-year-old FEA can narrow the gaps between the goals of Nepalese migration policies and the realities for migrants. Nepal remains a poor country with a tradition of out-migration, an open border with India, and relatively high recruitment fees.

Philippines

The Philippines is a major source of migrants, with 3.9 million Filipinos settled abroad in December 2008, 3.6 million legal temporary Overseas Foreign Workers, and 650,000 unauthorized migrants abroad (Commission on Filipinos Overseas, POEA, website). Remittances to the Philippines were $20 billion in 2009, over 10% of the country's $175 billion GDP.

Some 1.4 million Filipinos were deployed in 2009, up 15% from the 1.2 million deployed in 2008. Over half were rehires, meaning they had been employed abroad previously, and 330,000 were leaving to work on the world's ships. Of the 350,000 new hires in 2009, 93% went abroad with the help of private recruiters.

The Philippine Overseas Employment Administration (POEA) publishes data on the occupations of the 332,000 first-time OFWs (new hires). In 2009, over 40% were going abroad to be service workers and 35% to be production workers. The service workers presumably included 72,000 household service workers, almost all of whom were women.

Recruiting and deploying Filipino migrants is governed by the Migrant Workers and Overseas Filipinos Act of 1995 (RA 8042), as amended by the RA 10022. The two major government agencies involved are the POEA and the Overseas Workers Welfare Administration (OWWA). The POEA regulates recruitment in the Philippines and is responsible for labor attachés stationed at consulates abroad to provide assistance to migrants.[38] The OWWA provides predeparture orientation in the Philippines (since 2005) and has service centers abroad to handle emergency repatriation and provide various services to families left behind.[39]

[38] Filipino migrants have protested the charges levied by Philippine consulates for passports and employment contract authentication.

[39] The OWWA, funded by a $25 fee collected from migrants, provides emergency services at 28 Philippine embassies, including shelters abroad for migrants who run away from abusive employers.

These government agencies are financed largely by fees collected from migrants, including a P3,000 ($60) processing fee charged by the POEA, whose governing board includes representatives of the recruitment industry, and a $25 fee paid to the OWWA (Abella et al. 2004). The POEA reviews the contracts of migrants before departure and provides orientation to the countries in which they will be employed before issuing the Overseas Employment Certificates (OECs) necessary to leave the Philippines as a migrant worker.

Of the 332,000 land-based new hires in 2009, 53% were women. The largest single occupational category was household service workers, accounting for 22% of new hires (another 5% of new hires were caregivers and household-related service workers). Many Filipinos going abroad complete multiple 2- or 3-year contracts before returning to stay in the Philippines.

Recruitment agents are normally involved only in the first placement abroad; most migrants go abroad for second and subsequent trips without the help of a Filipino recruiter but may incur recruiter fees in countries of destination such as Taiwan. Recruitment-related fees, along with health and document fees and transportation costs, are the major expenses involved in working abroad. Filipino laws and regulations limit recruiter fees to a maximum 1 month's foreign earnings or 4.2% of expected foreign earnings for a 24-month contract. However, migrants who know that there are more applicants than foreign jobs sometimes pay more, often the equivalent of 2–4-months' wages to obtain the usual 2-year contract, making fees 8–16% of expected foreign earnings.[40]

Enterprises related to out-migration are a key part of the Filipino economy: labor recruiters, travel agents, remittance and insurance services are common, even in rural areas where the major link to the global economy is migration.[41] In October 2010, the POEA database included over 3,300 recruiting agencies, including 2,600 that sent workers to land-based jobs (some were delisted or suspended). There were about 1,200 licensed recruitment agencies active in 2004,[42] with combined annual revenues exceeding $400 million a year; Agunias (2010) reported 1,400 recruiters in good standing in 2010 (p. 22). Many recruitment agencies, which must be at least 70% Filipino-owned, belong to the Philippine Association of Service Exporters, Inc. (PASEI) or the Overseas Placement Agencies of the Philippines (OPAP).

[40] RA 1002 limits the interest on loans provided by recruiters to migrants to cover predeparture costs to 8%, and prohibits recruiters from requiring migrants to obtain loans from particular lenders. Violators can be subject to fines of P500,000, imprisonment of up to 6 years, and loss of their recruitment license.

[41] There are also a growing number of businesses that help migrants to invest their remittance savings at home. In 2004, there were over 200 cooperatives, associations, and self-help groups that pooled some of their remittances to launch small- and medium-sized enterprises. Many returned migrants buy in "jeepneys," the 20-passenger vehicles with facing rows of seats that transport riders for up to 4 km for 4 pesos ($0.08). A used jeepney can be bought for 250,000 pesos or about $4,500, can generate fares of 500 pesos a day, and after paying a driver and maintenance, will have paid for itself in a year or two. Other popular investments made by returned migrants are raising pigs or poultry or developing handicraft businesses.

[42] About 900 recruitment agencies specialize in placing Filipinos in land-based jobs abroad, and 300 in sea-based jobs.

The POEA campaigns against illegal recruitment and overcharging migrants, but there are almost daily press reports of migrants paying fees for nonexistent overseas jobs or paying a month's wages for a contract and waiting 4, 6, or 10 months before going abroad to earn wages (POEA, website). [43] Agunias (2010) reported that low-skilled Filipino migrants headed to the UAE for salaries of $432 a month paid $270–$400 in placement fees. It is not clear what these fees covered, presumably not travel costs, and the length of the contract was not stated, but a $400 fee should be within the 1-month's foreign earnings rule (p. 11).

POEA regulations require recruiters to obtain licenses and to post bonds, generally two million pesos ($44,000). Half of the recruiter's bond is a frozen bank deposit and half is a surety bond, and both are tapped to satisfy valid worker complaints of overcharging or unpaid wages. First licenses are probationary, and recruiters normally have to deploy at least 100 migrants a year to retain their licenses.[44]

The POEA has been handling a rising number of cases alleging illegal recruitment activities, up from 1,200 in 2003 to 1,600 in 2009, although the number of cases received has been declining, from about 865 to 250 between 2003 and 2009. The number of cases resolved has also been declining so that the backlog of cases has been rising to 1,400 in 2009. The number of persons arrested for recruitment violations has been rising and was 74 in 2009 (Table 18, POEA Statistics 2009).

POEA can close recruitment agencies that violate recruitment regulations. However, illegal recruitment is a criminal offense, so other government agencies must prosecute recruiters who could be fined and sentenced to prison. The National Bureau of Investigations attributes the relatively few convictions of recruiters charged with illegal recruitment to the inefficiency of the Philippine court system and the reluctance of many victims to file or pursue formal charges.[45] Some victims who file charges later refuse to testify because the recruiter is a relative, friend, or resident of their town. In other cases, victims who initially allege that they had to wait too long to be deployed are in fact sent abroad, which stops the case.

Many violations of POEA regulations occur overseas, as when a migrant is required to sign a supplemental contract that requires the payment of additional fees, the migrant's passport is held by an employer or recruiter abroad, or the migrant is not allowed to leave the country at the end of the contract. Migrants in such cases can complain to the labor attachés at Philippine consulates, and some do.

Filipino recruiters are jointly liable with foreign employers to fulfill the provisions of migrant contracts, a policy that should help to protect migrants. However, some recruiters complain that their revenues and profits depend on

[43] Most police stations in the Philippines have an OFW desk to receive complaints.

[44] The POEA deployed about 10,000 OFWs directly in 2003; the largest private recruitment agencies deployed 3,000–5,000 migrants.

[45] In November 1998, a Malaysian, a Briton, and an Australian were arrested after they recruited Filipinos for jobs in a fictitious country, the Dominion of Melchizedek, said to be in the South Pacific (in the Old Testament, Melchizedek was a model priest to whom Abraham and others paid tithes).

deploying migrants to employers abroad whom they may not know well, and some migrants who win cases against their recruiters are not compensated if recruiter bond funds are exhausted.

The Philippine labor migration system is often considered a model for regulating recruitment and protecting migrants abroad. The Philippines is widely acknowledged to have one of the world's most diversified portfolios of foreign labor markets for its workers, and most of its workers are deployed legally and employed legally abroad. The role of the government in regulating and protecting migrants is nonetheless controversial, with complaints ranging from excessive government and private fees levied on migrants to the government sending workers abroad rather than accelerating stay-at-home development. Many Filipino recruiters, as well as the Union of Filipino Overseas Contract Workers (OCW-Unifil), want less government regulation of recruitment, arguing that increasing regulation drives up the costs of sending migrants abroad at a time when other countries offering lower-wage workers are aggressively expanding efforts to promote their workers to foreign employers.

Sri Lanka

Sri Lanka is the richest South Asian country sending workers abroad; the World Bank reported that GNI per capita in 2008 was $1,800 ($4,500 at PPP). In 2008, some 252,000 Sri Lankans went abroad with contracts to fill jobs for 1 or more years; 93% went to Gulf-area countries. The Sri Lanka Foreign Employment Bureau (SLBFE) reported that 1.4 million Sri Lankans, about 7% of the population, had worked abroad between 1985 and 2010.

Between 2001 and 2005, annual deployments rose from about 184,000 to 231,000, about 25%. Some 247,100 Sri Lankans went abroad to work in 2009, down slightly from 250,000 in 2008. Over 80% of SL migrants in 2009 went to four countries: Saudi Arabia (32% of the total), Qatar (18%), Kuwait (17%), and UAE (17%).

Migration and remittances are central to the SL economy. SL had a labor force of 8.1 million in 2009; employment was 7.6 million. An estimated 1.8 million Sri Lankans were employed abroad, almost 20% of the total 9.4 million SL workers employed. Remittances rose from $1.2 billion to $1.9 billion between 2001 and 2005 and topped $3.3 billion in 2009, more than garment exports and more than twice the value of tea exports.

The single largest group of SL migrants are women going to Gulf Cooperation Council countries such as Saudi Arabia and the UAE to be domestic helpers. About 52% of SL migrants in 2009 were women, and 90% left to be domestic helpers abroad.[46] Since January 1, 2008, Sri Lankan domestic helpers in the UAE must be paid at least Dh 825 ($225) a month. The introduction of this minimum wage

[46] Another 59,400 departing migrants in 2008 were classified as low-skilled, while 2,800 were classified as professionals; almost all low-skilled and professional migrants were men.

prompted fears of fewer jobs, but the Sri Lankan consulate in Dubai reported that the number of SL domestic helper contracts rose from an average 650 a month in 2007 to 1,000 a month in 2008.[47]

Many of SL women going abroad to work are from rural areas of Sri Lanka; working in a foreign home is often their first wage work. The SL government's goal is to reduce the share of female domestic workers among Sri Lankan migrants from 50% to 25% and to better protect SL workers abroad. Departing migrants receive booklets in Sinhalese or Tamil with information on the destination country and SL labor attaché or welfare officer contact information. All migrant workers are required to complete a predeparture orientation of 12 days for most Gulf countries and 30 days for Singapore. Since 2009, departing female domestic workers must also participate in an 18-day predeparture English and literacy program.

In 2008–2009, the Sri Lankan government developed a labor migration policy with three major elements: better governance and regulation of labor migration, more effective protection of migrant workers, and enhanced development impacts of migration and remittances in Sri Lanka. Tripartite steering groups, chaired by the Ministry of Foreign Employment Promotion and Welfare, developed recommendations in changes in governance, protection, and development policies, which were incorporated into the National Labor Migration Policy for Sri Lanka (ILO Country Office for Sri Lanka and the Maldives, website) and accepted by the SL government in April 2009.[48]

The National Policy calls for migration to be mainstreamed into Sri Lanka's development planning, calls for sending more skilled workers to new destinations via better English-language training, and envisions improved training institutions that issue certificates of skill recognized in foreign labor markets. The policy also calls for a revised code of conduct for recruitment agencies and a model employment contract for migrant workers.

About 75% of SL migrants go abroad with the help of licensed recruiters. SL had 746 licensed recruiters in 2009, up from 626 in 2008.[49] All recruiters must be licensed by the Sri Lanka Bureau of Foreign Employment (SLBFE) and, until 2009, were required to belong to the Association of Licensed Employment Agencies (ALFEA); since 2009, membership in the ALFEA is voluntary, and membership dropped from 650 to 350. Licensed agents must post a cash bond with the SLBFE and provide a bank guarantee of 750,000 SL rupees ($7,000) that the SLBFE can tap if there is a valid worker complaint against the recruiter.

[47] Since August 2008, UAE households pay Dh 200 ($55) for an insurance policy to provide death and repatriation benefits for Sri Lankan domestic helpers; the insurance pays up to Dh 30,000 ($8,175) in death benefits.

[48] The governance part of the National Policy outlines the institutional structure to manage labor migration and the legislative and regulatory framework. The protection part covers predeparture, employment abroad, and return and reintegration. The development section outlines ways in which remittances and the return of skills can accelerate development.

[49] The largest recruiter in 2009 was Lord Manpower, which sent 10,600 migrants abroad, followed by Nafa Travels, 5,400 migrants, and Gulf Line, 3,100 migrants.

SL government oversight of foreign jobs and the recruitment process is extensive. Foreign employers must have their job offers approved by the SL mission in that country, with the job offer contract logged into the SLBFE database before UAE-based recruiters contact SL-based recruiters to lawfully seek SL workers to fill the jobs.[50] SL recruiters may place ads in newspapers to attract migrants, or use subagents to find workers in rural areas.

Once a SL worker is selected by a foreign employer or recruiter, SL-based recruiters normally help SL workers to obtain passports and visas, arrange for medical exams, and schedule the SLBFE's compulsory predeparture training course for first-time migrants. The final steps in the process involve the recruiter usually taking the worker's passport, the approved foreign job offer, and the worker's training or experience certificate to SLBFE, where the data are entered into a database that enables the SL mission in the country with the job to check and ensure that there are not several workers being recruited to fill one job.

Village-based subagents often match SL migrants with licensed recruiters. Subagents can charge high fees and make (oral) promises that are not met, as when they charge domestic helpers \$200–\$300 to guide them to a licensed recruiter. When migrants complain about fees or unmet promises, they have no proof that the licensed recruiter collected such fees or made these promises, making it difficult to resolve complaints. Between 1994 and 2006, the SLBFE received 101,000 complaints from migrants and settled 74,000 of them, paying \$660,000 (Del Rosario 2008).

The SLBFE in 2011 began requiring subagents, who they named business promotion officers (BPOs), to register with SLBFE and prohibited BPOs from collecting fees from migrants. Furthermore, the SLBFE requires licensed recruiters to include recruitment fees in their ads and must get approval from SLBFE before running ads seeking SL workers to fill foreign job offers, effectively allowing SLBFE to regulate advertised recruitment fees.

The Sri Lanka Foreign Employment Agency (SLFEA) is a self-supporting government agency established in 1996 to place SL workers in foreign jobs. In recent years, the SLFEA has placed about 1,000 workers a year in foreign jobs, charging foreign employers and SL workers fees to support itself. Another alternative to private recruiters involves the International Organization for Migration, which is recruiting 500 Sri Lankan workers for a Brazilian company constructing an international airport in Tripoli; the SL migrants are to earn at least 58,000 SL rupees (\$520) a month in Libya.

Sri Lanka created a Ministry of Foreign Employment Promotion and Welfare in 2007, abolished the MFEPW for about 6 months in 2010, and recreated the MFEPW in November 2010. As in other countries with a Ministry of Labor and another Ministry charged with improving wages and working conditions for migrants, there has been competition between the ministries and international organizations advising them. In Sri Lanka, IOM, an intergovernmental organization outside the UN

[50] The SLBFE plans to launch a Web-Based Recruitment System (WBRS) in 2011 that will allow foreign employers and recruiters to view the qualifications of SL workers registered with SLBFE.

system, is closely involved with the MFEPW; the ILO, a UN agency that involves employers, unions, and governments in policy development, is more closely involved with the Ministry of Labor.

Conclusions

There are significant potential benefits to lower migration costs for migrants, employers, and governments. Migrants can benefit from lower predeparture debts, more savings abroad, and an enhanced capacity to contribute to development while abroad and upon return. Foreign employers can benefit from more satisfied and productive migrant workers. Migrant-sending governments can benefit from more remittances and satisfied returned migrants who contribute more to development, while migrant-receiving governments can benefit from having to deal with fewer migrant workers who violate the terms of their visas by taking second jobs or overstaying.

Recruitment is one of the most difficult aspects of migration management, much tougher to regulate cooperatively than remittances. The shared goal of migrant-sending and -receiving governments after the September 11, 2001 terrorist attacks was to encourage migrants to send more remittances via regulated financial institutions to provide fewer opportunities for terrorists to use informal remittance channels to transfer funds over national borders. Formalizing remittance flows, as discussed at the GFMD, required lowering the cost of transferring small sums over borders, which was accomplished by (1) modifying identification rules to allow migrants to open accounts and send funds via banks and other regulated financial institutions, (2) educating migrants about the lower costs and security of regulated financial institutions,[51] and (3) taking advantage of technological innovations that reduce remittance costs, including transfers via mobile phones.

The financial benefits of reducing recruitment costs are potentially greater for a typical low-skilled migrant than the benefits of lower recruitment costs. A typical Bangladeshi pays $2,000 for a contract in Gulf oil exporters offering $200 a month, or $7,200 in earnings over 3 years.[52] If remittances are $5,000, reducing remittance costs from 10% to 5% saves the migrant $250, as remittance fees drop from $500 to $250. However, cutting recruitment costs in half could save the migrant $1,000, four times more.

Migrant-sending governments at GFMD meetings agreed that recruitment costs can be reduced by educating migrants, regulating recruiters, promoting competition

[51] Some migrant-receiving countries required employers of migrant workers to pay them via regulated financial institutions, such as requiring them to deposit migrant earnings in banks. The immediate goal of direct-deposit programs was often to expedite the resolution of unpaid wage disputes, but a side effect was to encourage migrants to use the bank receiving their earnings to remit funds to family at home.

[52] Sharma and Zaman (2009) put the average cost of migrating at $2,300 in 2007.

or ethical recruitment among recruiters, and establishing government recruiting monopolies. Education helps migrants to learn about foreign jobs and the proper procedures to fill them, which should minimize overpayments to recruiters that arise from lack of information. However, there are differences between education about remittances and recruitment that reflect the number of transactions, the regulatory framework, and technology. Jobs and workers are far less standardized than remittance transfers, the job-matching transaction occurs far less frequently, and there are often multiple considerations when employers evaluate migrants for ability and loyalty and migrants assess the wages, benefits, housing, and other aspects of foreign job offers. Recruitment transactions, in other words, are far more complex than remittance transactions, and the consequences of a "bad" job match are generally more severe than for a bad remittance transaction.

After education comes regulation. Most governments require recruiters to identify themselves by obtaining licenses, and many issue licenses only to recruiters who pass tests showing that they understand recruitment regulations and post bonds from which aggrieved workers are compensated. The Philippines makes local recruiters jointly liable with foreign employers to fulfill the terms of contracts that the employer, migrant, and recruiter sign before departure. However, even joint liability may not be a magic bullet to ensure the enforcement of recruitment regulations if migrants do not complain, or withdraw their complaints after recruiters make private settlements with complaining migrants.

Regulation is based on punishing recruiters who violate rules. The alternative to the stick is the carrot, offering benefits to recruiters who abide by government regulations and go beyond them to help match local workers with foreign jobs. Efforts to develop codes of conduct for recruiters, and to encourage recruiting associations to uphold them, may promote self regulation that benefits migrants and foreign employers. Such carrot incentives are more likely to have their desired goals if the reward for good recruiter behavior includes tangible advantages such as lower fees or faster processing.

Most economists believe that competition is the most effective market regulator. There are hundreds of private recruiters in countries that send migrants abroad, and some may engage in a form of cut-throat competition that winds up raising costs for migrants. If sending-country governments fostered competition between recruiters in ways that reward those who abide by recruitment regulations, the result could be an increased market share for the best recruiters. In markets from telecommunications to air travel, deregulation that promotes competition has increased innovation and quality and lowered prices. Promoting competition in ways that ensure basic safety standards are satisfied, as with air travel, could help to protect migrants and lower recruitment costs.

The final option is to have more government monopoly recruiting agencies. Many migrant-sending governments allow only one agency to send workers abroad under the terms of bilateral agreements or MOUs, as with the Korean Employment Permit System that recruits Asian workers to fill Korean jobs or the Seasonal Agricultural Worker Program that moves workers from Mexico to Canada. Government monopolies have the advantage of assigning clear responsibility for who should abide by recruitment regulations, but they may not be as flexible or cost efficient as private recruiters. Government agencies charging low recruitment fees may nonetheless be unable to do away with payments made by potential migrants before they are registered with the agency, that is, since most government recruitment agencies are in capital cities, migrants may pay intermediaries to learn how to access them.

The best single strategy for migrant-sending governments to reduce recruitment costs is to promote development. Migration costs can be reduced if workers are empowered to say no to excessive recruitment fees, which they are more likely to do if they have alternative earning opportunities at home. Similarly, foreign employers are more likely to abide by labor laws and regulations if they must do so in order to obtain the workers they want. For both workers and employers, economic incentives to comply with recruitment regulations are likely to be more powerful than the threat of enforcement in the ever-expanding international labor market.

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