Responsible Recruitment of Migrant Workers:

Connecting Business Practices and Development Outcomes

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Acknowledgments

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Executive Summary

Large scale international recruitment of migrant workers into low-wage occupations is a widespread practice along major migration corridors in South-East (SE) Asia and the Gulf Cooperation Council (GCC) countries, and one which benefits both destination and origin countries. Along these corridors, for decades, destination countries have predicated their economic development and competitiveness on large and steady inflows of foreign workers from lower-income countries, increasingly from South and SE Asia, who, lacking good employment options at home, have been eager to work in low-wage manual or elementary jobs abroad. Origin countries, in turn, have leveraged emigration of unemployed or under-employed working-age nationals as a key strategy to alleviate labour market pressures, poverty, and, in some cases, political unrest, and to stabilise the international balance of payments through remittances.

Many migrant workers, however, currently face high recruitment fees and related costs for securing employment in low and middle-skilled occupations in the GCC countries and SE Asia. This, combined with extremely low wages and poor working conditions challenges the potential of migration to improve the living conditions and wellbeing of migrants themselves, and severely curtails development gains from migration. Not only does migrant indebtedness stemming from recruitment fees, costs and charges reduce the amount of remittances each migrant worker is capable of sending home in the first months after migration. The situation of debt bondage in which many low-skilled migrants find themselves due to the fact of being unlawfully charged high recruitment fees, can also lead to various forms of labour exploitation, with long overtime work, which, in turn, hamper migrants' capacity to upgrade their skills and networks during their stay abroad and thus contribute to improving their origin countries' economic and social outlook by way of human capital development and transfers.

Ensuring that all migrant workers are recruited and employed according to responsible and non-exploitative practices is first and foremost a human rights imperative for companies and governments alike.

Governments' commitments under international human rights law and standards, including their duties to protect all individuals under their jurisdiction against abuses involving non-state actors such as businesses, must be prioritised as part of strategies to protect migrant workers and improve development outcomes from migration. Equally important, corporate responsibility to respect human rights in line with the United Nations (UN) Guiding Principles on Business and Human Rights (UNGPs) and related standards and legislation must inform industry practices relating to the recruitment of migrant workers and their treatment while in employment relationships.

Responsible recruitment is not only critical to ensuring protection of migrant worker rights, but can also spark productivity gains through better job-skills matching including in low- and semi-skilled occupations. What is more, eradicating the widespread and deeply-embedded culture of migrants' payment of recruitment fees, costs and charges, while also guaranteeing decent wages and adequate working conditions to migrant workers across the skills spectrum, can be powerful levers to spur development returns through greater financial and social transfers to migrants' home countries.

Against this background, and with a view to achieving the UN Sustainable Development Goals, it is vital that employers, trade unions, origin and destination country governments, with the support of leading international organisations, experts and civil society actors, develop concerted and collective efforts to eradicate the practice of migrant workers paying recruitment fees costs and charges. Increased efforts are also needed to improve migrant wages and working conditions as well as opportunities to realise their potential as development agents to the benefit of all involved parties.

A roadmap of actions to be pursued by governments and companies would include:

- In addition to ensuring that their national legislation is aligned with international labour standards, destination and origin country governments should work together with employers and all other interested stakeholders to **establish free-of-charge reliable international labour market information mechanisms** and **simplify and make more transparent labour migration processes** so as to facilitate direct recruitment. This involves phasing out the monopoly of private recruitment agencies and brokers along major labour migration corridors. This new environment would also reward recruitment agencies who adopt responsible practices.
- Leading companies already taking action should continue to **implement the Employer Pays Principle – No worker should pay for a job. The costs of recruitment should be borne not by the worker but by the employer**. Companies which have already taken steps in this direction should offer concrete support to suppliers and less resourceful/experienced companies to ensure their practices are consistent with this commitment.
- All companies should **guarantee migrant workers decent wages, overtime pay and labour protections consistent with international standards**. All companies should make available to migrant workers across the entire skill spectrum upskilling and training opportunities both work-related and in development-related matters (*e.g.* financial training). Large companies and business associations could help smaller and less well-resourced companies to meet this requirement. Moreover, they should jointly advocate for greater recognition or equivalence of qualifications or training certificates. Origin and destination countries, leading companies, trade unions, and business confederations should coordinate actions to **carry out awareness raising campaigns and trainings in countries of origin as well as on the job site to sensitise migrant workers and all other stakeholders on the Employer Pays Principle, and prevailing wage and labour regulations.**

Introduction

Labour migration can bring multiple benefits to host country economies, migrants themselves, their families and communities and countries of origin.

For businesses struggling to fill vacancies, matching unmet needs with labour migrants can help to maintain or expand operations. It may also mean firms can avoid or reduce transferring operations elsewhere, to the benefit of the local economy.

For migrants themselves, seeking employment abroad can be a successful strategy to improve socio-economic prospects for themselves, as well as for families and communities. In countries of origin, the emigration of working-age nationals can alleviate labour market tensions. Furthermore, remittances sent by migrants to home countries can help to stabilise the international balance of payments, and contribute to poverty reduction and development at the community level.

Yet, for these benefits to unfold, a number of conditions must be in place, including:

- Efficient labour migration systems capable of responding and adapting swiftly to employers' demands, while also protecting local workforce from unfair competition;
- Responsible recruitment practices along labour supply chains, allowing adequate protection, rights and remuneration to migrant workers throughout their journeys;
- Sufficient levels of financial inclusion and literacy among migrants as well as their families who are recipients of remittances back home;
- Structural reforms/conditions conducive to development in countries of origin, including in the broad areas of law enforcement, education, labour market, finance system (including remittance system), transportation.

This paper focuses on recruitment practices for migrant workers employed in low-paid occupations in Southeast (SE) Asia and the Gulf Cooperation Council (GCC) countries.[i] It devotes particular attention to selected migration corridors – involving Bangladesh, Myanmar and Nepal as countries of origin, and Malaysia, Qatar, Thailand, and the UAE as countries of destination – and target sectors – *i.e.* manufacturing, hospitality and construction.

Abusive practices in the recruitment and employment of low and semi-skilled migrants are frequent and well-documented across all these corridors and sectors. At the same time, differences in international migration and recruitment patterns exist among these countries, largely stemming from distinct models – and capacities – of migration governance (regulation and oversight), and from varying levels of regulation of specific sectors or occupations.

Abusive recruitment practices most commonly involve: substantive payment by migrants of recruitment fees, costs and charges; contract substitution and exploitative working conditions characterised by low wages or withholding of wages and/or long working hours; retention of passports or other personal documentation. Abuses typically occur throughout the complex and opaque transnational labour supply chains which characterise the recruitment of foreign workforces in Asia, whereby exploitation by a range of informal recruitment intermediaries at local and national level along with more formal and licensed recruitment agencies has become the dominant business model.

Initiatives to tackle these issues have traditionally revolved around efforts to implement international standards and national strategies for the protection of migrant workers' rights and for the regulation of recruitment agencies. Over the past decade, corporate commitment to responsible recruitment along transnational labour supply chains has gained momentum alongside awareness of broader human rights due diligence responsibilities. As a result, a number of multinational business organisations have increased their own efforts to prevent and remedy exploitative practices and working conditions in their supply chains. These efforts have been rooted in concerns over workers' individual wellbeing, productivity and maintaining brand reputation.

Yet, the benefits of responsible recruitment practices can reach beyond individual migrants and employers. Migrant workers who do not face exploitation during their journeys, and at the workplace, are more likely to contribute – at a faster pace and greater scale – to poverty reduction, improved education and health outcomes of their households and communities, and to the overall development of their countries of origin. Hence, improving transnational recruitment practices not only aligns with international human rights commitments but can also be a key lever for achieving the Sustainable Development Goals (SDGs).

This paper attempts to shed more light on the nexus between recruitment processes involving migrant workers in low-wage occupations and the development outcomes stemming from migration, with the overarching goal of highlighting the importance and outlining the building blocks of a comprehensive multistakeholder strategy to enhance the development potential of labour migration through responsible recruitment.

This paper addresses the following key questions:

- What are the benefits of international recruitment for origin and destination countries?
- Are there differences in this respect across sectors/occupations and by gender?
- What is the correlation between the amount of recruitment fees charged to migrant workers and the remittances they are able to send home in the first years after migration? What sources exist to document this?
- What other elements relating to employment conditions and socio-economic inclusion influence migrant workers' capacity to contribute to the development of their communities and countries of origin? What are the building blocks of a comprehensive, multistakeholder, cross-border strategy to tackle exploitative recruitment practices while also maximising the development potential of labour migration?

1. Benefits of international recruitment into low-wage occupations in SE Asia and the GCC countries

Large scale international recruitment of migrant workers into low-wage occupations is a widespread practice along major migration corridors in SE Asia and the GCC countries. Along these corridors, for decades, destination countries have predicated their economic development and competitiveness on large and steady inflows of foreign workers from lower-income countries, in particular from South and SE Asia, who, lacking good employment options at home, have been eager to work in low-wage manual or elementary jobs abroad. Origin countries, in turn, have leveraged emigration of unemployed or underemployed working age nationals as a key strategy to alleviate labour market pressures, poverty, and, in some cases, political unrest, and to stabilise the international balance of payments through remittances.

1.1 The contribution of low wage migrant workers to their host countries' economic growth

In **Thailand**, since the 1990s, the growth of export-oriented industries in manufacturing and food processing has increasingly relied on the international cost-competitiveness allowed by the extensive supply of migrant workers from neighbouring countries – mainly Myanmar, Cambodia, and Lao PDR[ii] - allowing lower wages at equal level of productivity as Thai workers.[iii] Manufacturing cross-border districts have been shaped around the provision of migrant labour, as in the case of the clothing districts in the province of Tak, along the border with Myanmar.[iv]

Similarly, over the past three decades, large-scale recruitment of foreign workers – mainly from Indonesia, Nepal, Bangladesh, India and Myanmar[v] - has propelled **Malaysia**'s international leadership in the export of electronics, apparel and components. Another Malaysian flagship industry, palm oil, has also relied heavily on migrant labour. Foreign workers – who account for as much as 40% of the Malaysian workforce[vi] – are the backbone of its thriving manufacturing, agricultural, service and construction industries.

Elsewhere, the small-population, high-income economies of the **GCC countries** are dependent on foreign labour across the entire skills spectrum. On average, migrant workers account for about 70% of the employed population in the GCC countries, peaking above 90% in Qatar and the United Arab Emirates (UAE), where immigrants also make up more than 85% of the total population.[vii] Due to extreme labour market segmentation between nationals and foreigners, migrants represent nearly the entire workforce in low-skilled and manual occupations, with migrant women traditionally concentrating in household services and hospitality, and men – who represent the vast majority of low-skilled migrant flows from South and SE Asia – in construction (for a detailed gender breakdown of lesser skilled migration flows from South and SE Asia to the GCC countries and other SE countries, see Appendix 1) .[viii] Three in four of these migrants come from Asia, primarily India, Pakistan, Bangladesh, Indonesia, the Philippines, Nepal and Sri Lanka.[ix] This flexible and low-paid labour force is the crucial powerhouse behind GCC countries' booming construction and hospitality industries, and the recent landmark achievements in the global sports, art, and culture industries which signal and drive economic diversification out of the oil and gas-producer model.

Major migrant destination countries in SE Asia and the GCC owe much of their economic development and international competitiveness to large-scale inflows of migrants eager to work in labour-intensive occupations despite low wages.

1.2 The contribution of low wage migrant workers to their origin countries' development

In major Asian origin countries of low and semi-skilled migrant workers, such as Bangladesh, Myanmar and Nepal, for decades, emigration has been a livelihood strategy for the significant share of the population living in poverty, and a means of improving household income.[x] At the meso (*i.e.* the community) and macro level (*i.e.* the country's overall society and economy), many benefits have stemmed from unemployment/underemployment alleviation, and from increased household consumption and investments in education and health, and the related expansion of infrastructure and service industries, all triggered by steady and substantial inflows of remittances.[xi]

Major migrant countries of origin in South and East Asia owe much of their financial stability and recent progress towards greater human and socio-economic development to large-scale emigration of working-age nationals and related remittances.

In all three countries, remittances represent a significant share of the Gross Domestic Product (GDP), and outpace Official Development Assistance (ODA). **Nepal** is the country with the highest remittances/GDP ratio in SE Asia, and ranks fifth worldwide.[xii] Prior to the Covid-19 outbreak, in FY2018/2019 remittances amounted to USD 8.79 billion representing over a quarter of Nepal's GDP, and almost five times the net Official Development Assistance (ODA) to the country.[xiii] After a decline in 2020 reflecting the halt in emigration and deteriorating economic conditions for migrants in destination countries, remittances rose again at the beginning of 2021, due to increasing recourse to more formal recruitment channels and to returnees repatriating their savings, and are forecasted to stabilise around 23% of GDP.[xiv] More than half of households in Nepal receive remittances.[xv] These figures alone speak to the absolutely vital role that large-scale emigration of working-age Nepali (Appendix 1) plays for the country's socio-economic development.

Bangladesh is a major origin country for migrant labour. With an estimated 10.9 million Bangladeshis living abroad in 2020, the country ranks sixth among origin countries for international migrants worldwide, and is the eighth greatest remittances recipient in absolute volume.[xvi] In Financial Year 2020, Bangladeshi migrants sent home USD 19.8 billion, which represented 6.2% of the country's GDP.[xvii] Although this is a much lower share of the country's GDP as compared to Nepal's, remittances are still pivotal to Bangladesh's development and amount to several times the ODA directed to the country.[xviii] 57% of all remittances were sent from GCC countries, primarily from Saudi Arabia, which is the main destination for Bangladeshis working abroad on BMET-approved temporary contracts.[xix] Overall, **remittances have shown high resilience during the Covid-19 crisis, and have helped to soften the impact of the related employment losses in Bangladesh.**

In Bangladesh, Myanmar and Nepal, remittances account for a significant share of GDP, outpace ODA and are a critical safety valve against cyclical economic and environmental crises.

According to the World Bank, an estimated USD 3.4 billion was remitted by migrants to **Myanmar** in 2019, representing 4.6 % of GDP, and outpacing net ODA, which stood at USD 2.8 billion.[xx] The official remittance figures do not include the millions that are informally remitted through brokers or hand-carried back home to family members, which are thought to largely outpace the formal flows.

Poverty alleviation

According to the World Bank, labour migration and related remittances have been the key driver of sustained poverty reduction in **Nepal** over the past fifteen years.[xxi] For the many Nepalis struggling to make a living out of the country's archaic, yet predominant, agricultural sector, which barely provides subsistence and is cyclically affected by the country's extreme environmental vulnerability, emigration has been a survival strategy.[xxii] A similar pattern has been observed in **Myanmar**, where political unrest has been an additional driver of emigration. Over the years, in **Bangladesh, Myanmar and Nepal**, the steady inflows of ***remittances have enhanced food security*** for many households otherwise exposed to cyclical crop losses due to environmental disasters.

Beyond food security, ***migrants' remittances have also supported private consumption and land ownership,***[xxiii] ***have increased spending in better quality medical care, and boosted school enrolment, particularly for girls.***[xxiv] According to **Nepal**'s planning commission on the Sustainable Development Goals, primary school enrolment in the country increased from 64% in 1990 to 96% in 2016.[xxv]

Reducing labour market tensions

Labour migration is also a key lever to offset or relieve labour market tensions – and related civil unrest – stemming from largely young populations facing inadequate local labour demand. Among young Nepalis, temporary labour migration is perceived as a "rite of passage" connected with status and cultural aspirations.[xxvi] In **Bangladesh**, not only has massive emigration helped to alleviate the socio-economic challenges stemming from overpopulation, underemployment and unemployment of a largely young population, who have found employment abroad. ***Remittances - which have played an even greater role than the ready-made garments (RMG) sector in sustaining Bangladesh's economic growth – have strongly contributed to both direct and indirect job creation in the country***.[xxvii]

Promoting macroeconomic resilience

At the macroeconomic level, outmigration and the related remittance inflows have supported government revenues through import taxes, and foreign exchange reserves, thus allowing stability despite environmental shocks and, in the cases of Myanmar and Nepal, political turbulence. Overseas employment and the related flow of remittances have been a major driver for **Bangladesh**'s transition towards a lower-middle-income economy.[xxviii] Cognizant of this, **the government has actively mainstreamed migration in development plans**.[xxix]

However, remittances alone are not the panacea for sustainable development. Massive inflows of remittances may come at the cost of appreciating the exchange rate, undermining export competitiveness and encouraging imports, as in the case of **Nepal**.[xxx] To avoid being trapped in an emigration and remittances economic dependency model, receiving countries have to support significant remittance-related investments in economic activities spurring local job creation and consumption.

Caveats on development potential

At the macroeconomic level, countries whose economies are too heavily reliant on remittances are exposed to high risks stemming from sudden economic shocks, or migration management changes in countries of destination. The unfolding international economic and mobility crisis linked to the outbreak of Covid-19 provides a cautionary warning in this respect. While after one year from the beginning of the crisis the target remittance receiving countries for this study have managed to contain their losses, this was not the case for many other countries. Moreover, a protracted duration of the ban on international mobility with escalating economic crises in destination countries would threaten the fragile recovery of remittance flows and overall economies also in the more resilient countries of origin.[xxxi]

Migrants' transfer of both financial and social (skills, knowledge, experience) remittances to origin countries can only contribute to sustainable development outcomes provided that certain conditions are in place. The best-known among these include **financial knowledge/training among senders and recipients of remittances, low remittance costs on safe remittance channels, and adequate infrastructure, economic and political outlook in origin countries conducive to investment**.[xxxii]

Protecting migrant workers against fraudulent and exploitative recruitment and employment practices throughout the migration journey is another key lever for ensuring sustained remittances and development returns on migration. In particular, and somewhat overlooked until very recently, when the UN General Assembly put it under the spotlight of the 2030 Agenda for Sustainable Development,[xxxiii] **the issue of eliminating recruitment fees, cost and charges imposed to migrant workers should be part and parcel of the "migration and development hardware".**

Responsible recruitment and employment practices – including the eradication of recruitment fees and costs charged to workers – ought to be considered as essential components of the "migration and development hardware".

The remainder of this paper discusses the negative impacts of worker paid recruitment fees, costs and charges on development returns on migration. The final section proposes a concrete, multistakeholder roadmap to address these issues.

2. The recruitment-development nexus: the impact of flawed recruitment practices on development outcomes from migration

Migration has proven to be an essential driver of development in origin countries, through financial remittances, human capital and social transfers. As such, achieving "orderly, safe, regular and responsible migration" is recognised as a standalone target in the 2030 Sustainable Development Goals (SDGs),[xxxiv] and one which can significantly contribute to the attainment of overarching goals such as inequality reduction, poverty and hunger eradication, improved health, and education.

High recruitment fees and costs charged to low and semi-skilled migrants from developing countries by unscrupulous job brokers, along with low wages and poor working and living conditions in destination countries can severely curtail development returns to migration.

As enshrined in the UN Global Compact for Safe, Orderly and Regular Migration,[xxxv] curbing fraudulent and deceptive international recruitment and employment practices is pivotal for individual migrants, their households, communities and countries of origin to be able to fully harness the benefits of migration.

Box 1: Recruitment fees, costs and charges

According to the 2019 *ILO* *General principles and operational guidelines for fair recruitment & Definition of recruitment fees and related costs* the terms recruitment fees or related costs refer to any fees or costs incurred in the recruitment process in order for workers to secure employment or placement, regardless of the manner, timing or location of their imposition and collection". Principle 7 states that "No recruitment fees or related costs should be charged to, or otherwise borne by, workers or jobseekers".

This principle is not new, with foundations in the 1948 ILO *Employment Service Convention No 88* , the 1949 ILO *Migration for Employment Convention (Revised) No 97* among others.[1] Over time, an increasing number of migrant destination countries has adhered to this principle, including, lately, target GCC countries. Yet, in many cases, the principle has been interpreted in a restrictive way, banning wage deductions for recruitment fees repayment at destination but closing an eye on what happens at origin.[2]

On the other end, many origin countries, including the target countries for this study, constrained by the centrality of recruitment agencies to emigration, traditionally have not adhered to the principle of zero fees and costs charged to migrants, but have rather set fee ceilings.[3] In the absence of rigorous compliance and enforcement mechanisms, allowing a maximum level of fees rather than no fees doesn't help much in addressing migrants' high indebtedness stemming from recruitment fees as, in practice, migrants are charged much more than the allowed ceiling. Over the past five years, origin countries have started to take punctual steps towards a zero-fee policy (Section II.2).

The 2019 ILO General Principles specify that "Recruitment fees or related costs should not be collected from workers by an employer, their subsidiaries, labour recruiters or other third parties providing related services. Fees or related costs should not be collected directly or indirectly, such as deductions from wages and benefits."[4]

The above-mentioned conventions and principles prohibiting recruitment-fee charging to migrants do not specify whom should be charged the costs of recruitments. Filling this gap, the Leadership Group for Responsible Recruitment - a collaboration between leading companies and expert international organisations (including IOM and ILO) to drive positive change in the way that migrant workers are recruited, initiated by the Institute for Human Rights and Business - endorsed the Employer Pays Principle stating that "no worker should pay for a job: the costs of recruitment should be borne by employers". This principle reflects Principle 1 of the Dhaka Principles for Migration with Dignity , launched in December 2012, and aims at practically guiding the growing number of companies committed to ending the practice of fee-charging to migrants.

The 2020 IOM Montreal Recommendations on Recruitment, stemming from the multistakeholder international Conference on the Regulation of International Recruitment, held in Montreal, Canada, in June 2019, have reiterated the prohibition of recruitment fee-charging to migrants, and upheld the Employer Pays Principle.

Yet, despite increasing commitment by governments at both ends of the migration journey as well as employers, employer confederations, and trade unions, eradicating a practice that has been the norm for decades, fuelling the lucrative businesses of a large web of migration and employment intermediaries, remains challenging, notably in light of lack of transparency along long and complex international supply chains.

Sources: 1. Other relevant international conventions and standards include the ILO (1949) Protection of Wages Convention, No 95; ILO (1997) Private Employment Agencies Convention No 181; IRIS Standard ; 2. In the GCC countries for instance, the labour laws of Qatar, Saudi Arabia (KSA) and the United Arab Emirates (UAE) prohibit charging migrant workers for any recruitment costs. However, the laws have been interpreted as against deducting money from wages in the destination country, while fees are "regularly" taken from workers prior to departure in their countries of origin. Jureidini, R. (2017), *Transnational culture of corruption in migrant labour recruitment*, IOM, Geneva; 3. None of the target countries of origin for this study has ratified ILO Private Employment Agencies Convention No 181. Recently, however, countries like Bangladesh and Nepal have taken steps towards a zero-fee approach. 4. ILO (2019), General Principles and operational guidelines for fair recruitment & Definition of recruitment fees and related costs .The Principles include a detailed breakdown of recruitment fees and costs (pp. 28-29).

2.1 Undue and excessive recruitment fees, costs and charges

In spite of being pivotal to the economic development of receiving and sending countries, migrants employed in low-wage occupations in the GCC countries and SE Asia are not regarded nor rewarded as essential workers should be. Instead, they are consistently prone to exploitation and abuses throughout their migration and employment journeys.

In spite of being pivotal to the economic development of both their receiving and sending countries, migrants employed in low-wage occupations in the GCC countries and South-East Asia are not regarded nor rewarded as essential workers should be.

The starting point to this unfair situation is the charging of recruitment fees and costs to less educated workers by migrant recruitment and placement agencies or brokers in both origin and destination countries, which often enjoy a quasi-monopolistic position on the provision of labour market information, employment contracts and quotas for these groups of migrants (Section 2.2). Purportedly required to pay for visa and other immigration procedures, these fees most typically amount to several times the actual costs of such procedures and, in practice, serve to fuel prosperous transnational manpower industries – and, to some extent, employing companies – which have predicated their business model on these undue migrant payments.[xxxvi] The virtually unlimited pool of low and semi-skilled migration candidates to the GCC and key destination countries in SE Asia from lower-income countries in the region, along with the deeply engrained and accepted model of migrants paying, mean would-be migrants seldom question or are unable to challenge charges during recruitment from a variety of agencies or other intermediaries who operate without effective regulation or enforcement of laws governing recruitment practices.

Instead, as a consequence of recruitment-fee charging by intermediation agents and deceptive employment practices, low-wage migrants are often exploited

The amount of fees charged to individual migrants in low-skilled occupations may vary significantly both across and within migration corridors, giving way to *hierarchies of exploitation* (Box 2). Nationality, gender, sector of employment, and migration route (*e.g.* informal or formal), place of origin (*e.g.* large cities or rural villages) are the main determinants of recruitment fees differentials.[xxxvii]

Charging migrants – instead or on top of employers – allows immigrant brokers to be more competitive in their manpower offers to employing companies or otherwise use some of the extra revenue leveraged to bribe companies' human resources / hiring managers and obtain contracts.[xxxviii] Employing companies themselves see competitive advantages in tendering procedures by hiring their foreign workforce through cheaper intermediaries, whilst turning a blind eye to the migrant exploitation underlying lower recruitment and labour costs.[xxxix]

Box 2: Differing levels of migrant workers' payments and exploitation

Recruitment fees and costs may be paid to a variety of intermediaries at all stages of the recruitment process. Some who have charged fees to workers will in turn be making payment to others further along the chain. In some cases, hiring managers will also expect payment or reward, this may take the form of cash payment or gifts.

All other things being equal, women consistently pay lower fees than men, although they also earn less, which makes it more difficult to reimburse debts incurred to finance their migration journeys. On average, for instance, men pay more than twice as women to migrate out of Bangladesh for employment (Section II.2). Migrant women are also more exposed to sexual abuse, which, in some cases is used as in-kind payment for fees and related debts.

Differential levies and varying levels of labour demand across sectors often translate in migrants being charged higher fees to work in certain sectors – typically, in construction – compared to others. Thus, in Thailand, migrants working in construction incur the highest migration costs, followed by those in domestic work. Those in agriculture pay consistently much less. The same holds true for Malaysia, where, as of 2018, the levy for foreign recruitment in construction and services is RM 1,850, almost three times as high as that required in agriculture. In the country, differential levies by sector have also given way to visa trading and contract substitution, with recruiters requiring visas for the agricultural sector and eventually employing migrants in construction.[2] In some corridors, as those involving Thailand and its neighbouring countries, irregular migrants pay less than those going through regular channels.[3]

The power relationships, migration histories and governance dynamics between migrant receiving and sending countries – often reflected in bilateral Memoranda of Understanding (MoU) on the provision of manpower – together with income differentials, geographical characteristics, and the – related – existence or not of alternative migrant intermediation channels, forge rankings of recruitment fees by nationality across migration corridors.

All in all, it is frequent for migrants working side-by-side in the same factory to be subject to significantly different levels of recruitment fees and indebtedness. These uneven patterns of fees and exploitation add to the complexity of tracking down abusive intermediation practices.

Sources: 1. ILO (2020), *Recruitment fees and related costs : What migrant workers from Cambodia, the Lao People's Democratic Republic, and Myanmar pay to work in Thailand*; 2. Ethical Trading Initiative (ETI), (2019), "Human rights due diligence in Malaysia's Manufacturing Sector", London accessed on 15 March 2021. 3. ILO (2020), *ibid*.

This skewed selection of migration candidates – based on the money they can afford to pay rather than on their skills – may, however, lead to inefficiencies in international jobs-skills matching which can affect industry productivity. Yet, lack of transparency along complex transnational labour supply chains challenges the capacity of even the most resourceful international firms genuinely committed to human rights protection to address these fraudulent and counterproductive practices.[xl]

… the practice of recruitment-fee charging to migrant workers also gives way to biased migrant workers' selection leading to inefficient transnational job-skills matching…

In order to be able to pay excessive recruitment fees costs and charges, migrant workers often have to contract high-interest rate debts and/or mortgage land and other family assets in countries of origin[xli] – which traps them into a vicious circle of debt bondage and possible further exploitation at the very outset of their migration journeys. Thus indebted, when arriving at destination migrants have no other option than accepting the job proposed by the intermediaries, even though the sector of employment, the location, the terms and the conditions of the contract (*e.g.* with regards to salary, working hours, overtime pay etc.) may differ substantially from what is originally agreed upon.[xlii]

Moreover, the intersection of high indebtedness and low wages typically offered to migrants in labour intensive occupations results in migrants having to work from a few to several months without actual earnings, in situations of forced labour,[xliii] to repay the recruitment fees and interest.[xliv] In extreme cases, given the short duration of residence permits for migrant workers in low-skilled occupations, migrants cannot even start to earn money before having to return to their origin countries, finding themselves in situations of negative equity which amounts to a total failure of the personal migration journey and has harmful effects on the origin community.[xlv]

Beyond human rights violations and concerns over the psychosocial wellbeing of the individual migrants involved in the vicious circle of debt bondage and exploitations, charging of recruitment fees with earnings being used to service recruitment debt can severely impact the development benefits of work abroad.

2.2 Middlemen: flawed recruitment practices by intermediaries

In most migration corridors originating in South and SE Asia (and other developing countries alike), high costs of migration inflated by fraudulent recruitment practices have a negative impact on individual, community and socio-economic returns to migration. As upheld by landmark UN migration and development goals and targets, curbing such practices is a pivotal element of any strategy aimed at fully harnessing the development potential stemming from migration.

The large majority of migrants leaving Bangladesh, Myanmar and Nepal to work in the GCC or SE Asian countries use the services of private recruitment agencies and brokers (both formal and informal).

Cumbersome, bureaucratic migration procedures and lack of accessible international labour market information, explain the centrality of private recruitment agencies and brokers for the emigration of low-wage workers from South and East Asia…

Nine in every ten Nepalis who obtain DOFE labour authorisations go through recruitment agencies, which can leverage their networks abroad to, secure government quotas for migrant workers in key destination countries.[xlvi] The complexity of the labour authorisation process is the other main reason for this trend.[xlvii]

Similarly, according to a survey carried out by the IOM in 2019, 85% of Bangladeshis planning to work abroad had recourse to private intermediation agents (*dalals*), including all irregular migrants who lack government authorisation and 71% of regular migrants registering under the **Bangladesh** Bureau of Manpower and Training (BMET).[xlviii] *Dalals* are generally unregistered, unlicensed labour brokers based in home communities, who facilitate migration, job-matching, flights and other practicalities abroad. They usually lack official job authorisation and therefore facilitate labour migration informally through tourist or visit visas. *Dalals* are reported to be unavoidable intermediaries particularly for the many lesser skilled Bangladeshis seeking to migrate under the country's extremely complex official process for overseas employment.[xlix]

A 2018 survey by the ILO found that 78% of workers from Myanmar seeking employment abroad made payments to a recruitment agency or broker (including relatives or friends who typically charged for assistance or introductions).[l]

The stark dependency of target countries of origin in South and SE Asia on emigration – and on private recruitment agencies and brokers as the main migration facilitators able to navigate opaque, bureaucratic and corrupt international recruitment systems – limit origin countries' leeway to crack down on exploitative practices. Reluctance to do so may also be a consequence of the commercial or political interests of Government officials in the recruitment industry.

Private recruitment intermediaries in countries of origin, and – indirectly – their partners in destination countries, charge excessive fees to migrants for their services. While international conventions and national legislation as well as business codes in key destination countries seek to establish and promote the "Employer Pays Principle", countries of origin have only recently started to take steps in this direction.

In some cases, governments' difficulty to crack down on exploitative intermediation practices in labour migration may stem from corruption and private interests of Government officials in the international recruitment industry.

Over the past five years, for instance, the government of Bangladesh set ceilings on how much private migration agencies can charge for migration services, depending on countries of destination as well as migrant characteristics. In 2017 private migration agencies in the country were allowed to charge the highest fees for Bengali men seeking to work in Saudi Arabia (up to BDT 165,000 or USD 1,945), the major destination country for workers from the country, and less for other countries. By contrast, the government implemented zero-costs for Bengali women seeking to work in Saudi Arabia.[li] Similarly, over the same period, the government of **Nepal** has made consistent efforts to reduce and regulate the fees recruitment agencies can charge on migrants. A key achievement of this new strategy is the introduction of the Employer Pays Principle in the renegotiated Memorandum of Understanding with Malaysia.[lii] However, in 2016, the government of Nepal had to partially backtrack from a broader "free ticket free visa" policy involving also GCC countries due to strong pressure from the National Association of Foreign Employment Agencies (NAFEA), a body who exerts strong political influence.[liii]

The cost and fees charged to migrant workers from Bangladesh is among the highest in the world, averaging USD 2,800 – ten times the average income in the country.

The cost of labour migration from Bangladesh is among the highest in the world. This results from the combined impact of demand from the country's huge supply of low and semi-skilled migration candidates, the complexity of the migration process, unbalanced power relationships between countries of origin and destination, such as Bangladesh and Saudi Arabia, and large earning differentials with key destination countries, as well as decreasing foreign labour demand in GCC countries.[liv] According to the IOM-KOICA survey, in 2019, the average amount paid by potential labour migrants going through regular migration procedures in Bangladesh was BDT 243,651 (USD 2,871), slightly above the average sum paid by irregular migrants (BDT 229,488 or USD 2,705). These figures represent around ten times the average income in the country. Aggregate figures on migration costs hide wide variations by destination countries and migrant characteristics.[lv] Notably, women reported paying less than half than their male counterparts.[lvi] Most of these sums were paid directly to *dalals*.

These sums are significantly higher than the government-established migration costs along target migration corridors.[lvii]

In **Nepal**, ***the existence of hundreds of small-size recruitment agencies competing to obtain international labour market access for Nepali migrant workers greatly contributes to increases in the fees charged to workers***.[lviii] This reflects a more general issue in Asia, with thousands of recruitment agencies competing to supply labour in the region, leading to an upward trend in costs for labour migration quotas in destination countries, many of which are subsequently charged to migrants in countries of origin.

Box 4: Migration, Recruitment fees and the Sustainable Development Goals

On 27 September 2015, the United Nations General Assembly adopted "The 2030 Agenda for Sustainable Development" which includes 17 Sustainable Development Goals (SDGs). In that context, for the first time, the international community explicitly integrated migration into global development policy and planning.

The seventeen overarching goals are completed by 169 specific targets. For each target, indicators are used to monitor progress towards achieving the SDGs. Target 10.7. under Goal 10 on reducing inequalities focuses specifically on migration. It upholds "safe, regular and responsible migration, including well-planned and well-managed migration policies". Moreover, migration is broadly mentioned in a number of SDGs (Goals 1,3,4,5,8,11,13,16 and 17) and their underlying targets.

To achieve Target 10.7 it is required that a regulatory framework be in place for regulating the recruitment of migrant workers by employers and recruitment intermediaries. The framework needs to comply with international standards and adhere to ethical recruitment principles, such as those set out in the International Recruitment Integrity System (IRIS) and ILO general Principles for Fair Recruitment. A key indicator of progress towards SDG 10, indicator 10.7.1., is devoted to "Recruitment costs borne by the migrant employee as a proportion of yearly income earned in the CoDs" This is an acknowledgment that migration cannot be equitable until malpractices related to the overcharging of recruitment costs on migrants skew their selection, employment and living conditions in countries of destination.

The World Bank (Global Knowledge Partnership on Migration and Development - KNOMAD) and ILO are the co-custodians of indicator 10.7.1. In this capacity, these organisations have developed a methodology for gathering and analysing data on recruitment costs and fees borne by migrant workers relative to their income in their countries of destination. The starting point of this exercise were the KNOMAD/ILO surveys run in selected migration corridors in 2015 and 2016.[1] Beyond their noteworthy results, these surveys have served as a baseline for National Statistical Offices in migrant origin and destination countries to develop capacity for the collection of recruitment cost and recruitment indicator statistics. The World Bank and ILO have continuously supported National Statistical Officers in this endeavour.

Asia and the Pacific are the regions where data collection on the 10.7.1 indicator has advanced the most, given the greater salience of the issue of recruitment costs borne by migrants. Cambodia, Indonesia, Lao PDR, the Philippines and Vietnam included a module on indicator SDG 10.7.1 already in their 2019 or 2020 Labour Force Survey (LFS) panels. Bangladesh and Myanmar will include such a module in their 2021 LFS, while discussions are ongoing between Nepal and the ILO for implementing such a module in Q4 2021.[2]

SDG 8: "Promote inclusive and sustainable economic growth, employment and decent work for all" is also relevant to the issue of responsible recruitment and employment practices for migrant workers. In particular, SDG target 8.7 calls for "immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking".

Sources: 1 KNOMAD-ILO Migration and Recruitment Costs Surveys; and Martin, Ph. (2016), *What do Migrant Workers Pay for Foreign Jobs? KNOMAD Data and SDG Indicator 10.7.1*; 2. World Bank (KNOMAD), *Phase II/ COVID-19 Crisis through a Migration Lens*, *Migration and Development Brief 33*, October 2020.

2.3 Low wages and wage theft

To fully understand the harmful impacts of excessive and undue recruitment fees and migration costs on migrants, these amounts have to be put into perspective. Many migrants have very limited income and assets prior to departure, and once in countries of destination they often earn low wages. In most cases, low and semi-skilled migrant workers' wages are below the national minimum wage, regardless of whether a minimum wage legislation applies.[lix] Most frequently their overtime is not paid or paid at rates that are well below those foreseen by the legislation for native workers. Migrants' wages also differ by nationality, as in the case of GCC countries. This is all in opposition to SDG target 10.4: "Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality".

Indeed, it is the combination of high recruitment fees and low wages that generates high indebtedness leading to exploitation, most often aggravated by high interests on the loans that migrants have taken to pay recruitment fees and costs in the first place.

It is the tandem of high recruitment fees – low wages that generates high indebtedness leading to migrant workers' exploitation.

Results of surveys carried out over the past decade on the migration costs/migrant earnings ratio provide wide evidence of this. For instance, a 2016 IOM survey found that the average migration costs along the **Nepal**-Malaysia corridor were the highest, at around $US 1,388, worth almost five times the monthly wage Nepali migrants could earn in Malaysia. This means most Nepali migrants would de facto have to work for free for at least five months to repay their debts, while typically doing as much overtime as possible to survive. By contrast, Nepalis heading to work in Korea under the Employment Permit System (EPS) would be able, in theory, to repay their migration costs with their first salary (Table I).

Table I. Cost of migration vs monthly earnings for Nepali workers by destination country, 2016, USD

Country	Average cost (USD)	Average monthly earnings (USD)
Malaysia	1388	294
UAE	1277	352
Korea	1141	1197
Qatar	1083	313

Source: Authors' elaboration based on data from IOM KIMCA survey 2017.

The ratio of recruitment costs to monthly earnings along the Nepal-Qatar migration corridor found by the IOM KIMCA survey is consistent with the results of the 2015 KNOWMAD-ILO Recruitment and Migration Costs Survey (Box 5).[lx]

In 2018, low-wage workers from Myanmar paid on average USD 394 to work in Thailand, where they earned about USD 260 per month.

Both the recruitment costs and the cost/earnings ratio afforded by migrant workers in the Cambodia, Lao PDR and Myanmar (CLM)-Thailand corridors are generally much lower than those observed along the corridors originating from Bangladesh and Nepal and headed to GCC countries, Malaysia or Singapore*.[lxi] *Reasons for the lower costs include: lower earning differentials between CLM countries and Thailand as compared with those reported in the other corridors,[lxii] porous borders and longstanding migration traditions and networks offering cheap and relatively safe opportunities for irregular migration and employment, large recourse to informal brokers connected with family and friends which charge lower fees than recruitment agencies.

Among CLM migrants working in Thailand, Burmese workers pay on average the lowest recruitment costs. According to a 2018 ILO survey, migrants from Myanmar paid on average USD 394 to work in Thailand, and earned about USD 260 per month.[lxiii] As in the case of Bangladesh, these fees are higher than the official costs listed by the government. Regular migrants paid more than those migrating irregularly. Men paid more than women. Migrants who did not go through a private agency or broker paid slightly less than those who did. Of the three sectors surveyed, migrants working in the construction sector incurred the highest recruitment costs, followed by those in domestic work and agriculture. Variations by migrant characteristics were observed not only in the recruitment costs but also in the wages, with regular workers earning on average USD 319 per month, as compared to irregular workers who earned USD 210. Migrant women earned less than their male counterparts, although the recruitment costs to monthly earnings ratio was similar, due to lower recruitment costs incurred by migrant women.[lxiv]

In a majority of cases, however, the recruitment costs to monthly earnings ratio is likely to severely underestimate the extent and duration of migrant indebtedness resulting from excessive recruitment fees as, for those migrants who have to borrow from moneylenders to finance their migration projects, loansharking consistently adds up to the migration costs and, hence, to the time needed to repay the debts.

The 2018 ILO survey on migration costs on the CLM Thailand corridor found that the 14% of Myanmar workers who had borrowed money from moneylenders paid an average interest rate of 20% per month. An IOM-led survey carried out in June-July 2020 found that 63% of Nepali migration candidates had taken out loans to repay their migration costs, at an average annual interest rate of 29.4 %.[lxv] Other migrants may mortgage their land back at home to provide collateral for their debts. Given an average two-year duration of the migration cycle for Nepalis on labour authorisations, not infrequently the migration experience results in a loss of household assets, worsening the individual and household conditions which had motivated the departure.

Even when migrants manage to realise gains from migration after repaying their debts, these most often come at the prohibitive cost of negatively affecting their physical health, psychosocial wellbeing and integration prospects at destination, due to the extreme working and living conditions they have to endure. More than one in three South Asian migrants in the GCC countries are reported to work more than 50 hours per week, often without days off. Migrant workers' death toll related to workplace accidents is also disproportionately high.[lxvi]

Moreover, it can be inferred that the amounts of financial remittances that low-wage migrant workers are able to send home is severely curtailed in the first months/years from migration until they are able to repay debts stemming from recruitment fees, costs and charges. In the first place, this can put household members in origin countries – who most often committed their meagre savings to support the migrant journey – at great strain.

For origin countries characterised by large-scale labour migration and heavy reliance on financial remittances for macroeconomic stability, the aggregate financial losses stemming from migrant payments and indebtedness may be significant. ***For instance, in the case of Bangladesh, it is estimated that around USD half a billion leaves the country annually in recruitment charges paid by low-income migrant workers, fuelling kickback payments in destination countries.[lxvii] For Nepal, a World Bank study in 2011 estimated that USD 17 to 34 million per year was transferred from Nepal to Qatar servicing kickback payments to employers and placement agencies in Qatar.[lxviii]***

In general, the widespread practice of recruitment agencies charging recruitment fees to migrant workers to extract money they will partly use to influence migration and employment decisions in destination countries results in billions of dollars annually flowing out from countries of origin through to countries of destination, in a counterintuitive direction contradicting the expected duo outflows of migrants -inflows of money (remittances and investments).

Indebtedness stemming from recruitment fees, costs and charges severely curtails the amounts of financial and social remittances that low-wage migrants are able to send home, with pernicious effects from the household up to the macroeconomic level.

Equally worrisome – although difficult to quantify – is the loss of social remittances and human capital returns to migration. Migrant workers compelled to work overtime to survive while repaying debts may not be able to participate in workplace training, including finance training when this is on offer. They are also less likely to actively join diaspora organisations which offer crucial support both to individual wellbeing and the development agency of their members.[lxix] **In general, migrants experiencing various forms of labour exploitation cannot afford expanding their human and social capital while in their countries of destination, thus losing out on key levers of human development and broader development contributions from migration.** The predominant young age of migrant workers – and returnees[lxx] - exacerbates the negative consequences of this lost opportunity for migrant themselves, their origin communities and countries, as well as their receiving countries.

All in all, responsible recruitment and implementation of the Employer Pays Principle are key levers for harnessing the full development potential of migration.

3. Maximising the development outcomes of migration: a roadmap to improved practice

Over the past decade, growing efforts have been undertaken by companies and governments, supported by international organisations and NGOs, to curb the pernicious practice of recruitment fees and costs charged by recruitment agencies and brokers to low-wage migrants. While results are tangible, they remain limited to large companies and, in the best cases, their supply chains. Understandably, eradicating practices which have been the norm for decades and which continue to fuel the lucrative businesses of many intermediaries and companies themselves, can only happen over a medium-term, through a step-by-step approach.

Understanding the links between eradicating recruitment fees and improving migrants' wages and working conditions on one hand, and spurring development returns migration can offer on the other, can drive renewed strategies towards responsible recruitment. This section suggests complementary actions which can be undertaken in a concerted and coordinated way by key stakeholders, as a holistic roadmap towards responsible recruitment for greater development outcomes.

3.1 Business initiatives

Multinational companies and those companies relying heavily on migrant workers can – and should – continue to drive change towards the full implementation of the Employer Pays Principle (EPP) and overall responsible recruitment practices. Key steps along this pathway include: embedding the EPP policy across the company's due diligence processes and operations, including along supply chains; comprehensively mapping migrant worker recruitment processes and identifying points of the process, migration corridors, and work sectors which present higher risks of abusive recruitment practices so as to prioritise these areas for auditing and problem solving; ensuring access to effective remedies whenever recruitment fees and costs have been charged to migrants; monitoring. [lxxi]

A step-by-step approach to the full implementation of the EPP policy at the company level, with different benchmarks (*i.e.* levels of achievement) and expected results depending on migration corridors, size of the firm, years into operation – including in a specific market – more or less longstanding relations with supplier companies and recruitment agencies, ***is best suited to guarantee concrete results***. [lxxii] Similarly, a modular strategy, allowing each company to start its EPP policy implementation efforts from the most accessible or convenient area (defined as a module) and build up from there, constitutes a pragmatic and realistic approach to the complex endeavour of eradicating migrants payments.

Given the overall high costs of comprehensively implementing an EPP policy, this endeavour is most often out of reach for small and medium-sized enterprises. In this respect, sharing useful knowledge *– such as results of mappings of recruitment practices of suppliers and intermediation agents along sectoral supply chains, listings of honest migration brokers along a given migration corridor –* ***with SMEs would be an additional important undertaking for multinational companies to stimulate a real transformative change across all business actors.*** Business associations, as well as origin and destination country governments also have a key stake in this process aimed at ***creating a level playing field in terms of capacities to end migrants' payments of recruitment fees, costs and charges.***

Implementing the Employer Pays Principle will not on its own improve development returns on migration, as long as migrant wages – particularly in sectors like construction, hospitality, and manufacturing – remain extremely low, often below the authorised minimum wages, and overtime is not paid in full according to applicable legislation. Hence, ***companies committed to spur the positive development outcomes of their operations should invest in better pay arrangements for their workers consistent with decent work standards***.[lxxiii]

Moreover, companies can also spur the development outcomes stemming from migrant recruitment by investing directly in their migrant employees. Thus, on-the-job training, language training, and other forms of ***vocational training offered by employers*** to their migrant employees can open up opportunities for these workers to move up the job ladder. In turn, these upskilling and career advancement opportunities – linked with higher earnings – can contribute to increasing migrants' financial and human capital transfers to their countries of origin.

In light of the young age structure of migrant workers from countries such Bangladesh or Nepal, who tend to go back – at least temporarily – to their countries of origin when still at prime working age, upskilling opportunities can have long-lasting positive effects on origin countries' development, as long as reforms and policies harness the development potential of human capital accrued by migrants during their employment abroad.

Going one step further, companies can also directly help migrant workers to boost their financial remittances – and improve remittance-related expenditure – by ***offering financial training***. Given the widespread availability of financial skills in the management structures of large companies, this offer could initially be informal, through the voluntary work and time of team members committed to improve the livelihood of their migrant colleagues – as was the case at QDVC in Qatar, where basic financial training courses on safe channels to send money back home, acceptable service commissions have been offered to migrant workers, along with vocational training and career pathway opportunities.[lxxiv] Moving forward, as awareness of the development benefits that can stem from training of migrant workers expands, such offers may be formalised and become part of more institutionalised company strategies for development support.

As the experience of the Leadership Group for Responsible Recruitment demonstrates, ***collectively, major companies can have leverage to advance greater respect for human rights*** in business processes, especially when they act in cooperation with trade unions, expert organisations and administrations.

In the context of the United Nations Guiding Principles on Business and Human Rights (UNGPs)GPs, companies have a responsibility to determine the extent to which, as part of their relationships with other businesses, they are able to "effect change in wrongful practices of an entity that causes harm." This could involve capacity building and collective action such as driving shared requirements of suppliers and using convening power to address systemic challenges in cooperation with trade unions, governments and others.

3.2 Government regulation and oversight in countries of origin and destination

Countries of origin

Over the past decade, the protection and upskilling of overseas workers have gained momentum in the national migration and development strategies of major countries of origin of migrants in Asia, such as Bangladesh and Nepal.[lxxv] This trend has been prompted by ongoing discussions on the key role of reducing recruitment fees charged to migrants and improving their conditions as part of efforts aimed at achieving the SDGs, and in the context of the Global Compact on Migration and Development. Leading international agencies involved in these global efforts, notably the IOM and the ILO, have provided technical support to origin country governments as they were drafting such strategies.[lxxvi]

Recent steps taken by origin country governments to increase migrant workers' protection and earnings are geared to spur development returns of migration.

Among the ***key steps*** *taken* ***by origin countries' authorities to achieve greater development returns of migration through the empowerment and protection of migrant workers*** are:

- ***Awareness raising campaigns aimed at eradicating the longstanding culture of payment among migration candidates***;
- ***Pre-departure training*** and information ***on safety and rights at work,*** as well as ***on acceptable minimum wages*** by sector and country of destination;
- The ***renegotiation of manpower agreements*** with target destination countries ***based on the EPP***;

- The deployment of ***labour attachés*** in major destination countries for migrant workers, tasked, among other things, to ensure access to remedy in cases of deceptive or exploitative employment conditions.

Nonetheless, with very few exceptions,[lxxvii] for these countries, promoting the outflows of redundant working-age populations remains the first and overarching migration policy goal, prevailing on all other objectives. [lxxviii] The vital dependency of these economies on emigration, and the increasing competition among origin countries in Asia for their low and semi-skilled nationals to access labour markets in GCC countries and other traditional destinations – where demand for these workers is shrinking or is predicted to shrink in the near future [lxxix] – puts origin country governments in an unfavourable position when negotiating protection for their workers with private intermediaries as well as destination countries' administrations.

In particular, in the absence of efficient government to government labour market information systems, the stark dependency on emigration reduces origin countries' leeway to crack down on the exploitative practices of recruitment agencies, as long as these remain unchallenged migration facilitators.[lxxx]

All in all, constrained enforcement capacity both within their territory and in countries of destination, severely limits origin countries' ability to make good on growing commitments to protect their nationals working overseas.[lxxxi] Clearly, origin countries have to step up cooperation at the regional level with all actors having a stake in the recruitment development nexus, starting with destination countries and employers themselves.[lxxxii] In this respect, the Abu Dhabi dialogue, a consultative forum for cooperation among origin and destination countries, aimed at improving the governance of labour migration along the Asia-GCC corridors could offer opportunities to promote responsible recruitment from an origin-country-development perspective.

Yet, stark dependency on private intermediaries for securing migrant workers' access to foreign markets, and lack of resources have constrained origin countries' capacity to challenge the "migrant pays" paradigm.

Countries of destination

Destination country governments bear both direct and indirect responsibility over the recruitment and employment conditions of migrant workers under their jurisdictions. In addition, given their greater resources and leverage capacity, destination countries can create environments conducive to responsible international recruitment for maximised development outcomes.

As enshrined in the Montreal Recommendations on Recruitment, destination country governments have the responsibility of implementing and enforcing migration and labour regulations protecting migrant workers.

Destination country governments can directly contribute to the wellbeing and development-potential of migrants working in their territory by enforcing international labour standards – including legislation on minimum wages and social protection – facilitating migrant workers' participation in trade unions, [lxxxiii] embedding recruitment due diligence in procurement processes,[lxxxiv] and ensuring access to effective remedial mechanisms in case of abusive or deceptive employment conditions.

Furthermore, ***destination country governments can create environments conducive to responsible recruitment by leveraging their prerogative over migration governance****.* In this respect, governments of major countries of destination along the Asia-GCC corridors could consider ***changing rules which tie a migrant work permit to a specific employer***, by allowing migrants' mobility across employers within the same occupation. Indeed, while regulations tying the work permit to the sponsoring employer were originally meant to protect local workforce from unfair competition, in the case of GCC countries and other major migrant receiving countries in Asia, they have, conversely contributed to extreme labour market segmentation, through a combination of native workers' preference for other occupations, and employers' preference to recruit migrant workers, who are more flexible and highly exploitable due to the bonded nature of their work permits (Box 4).

Box 4: Migrant workers' exploitation under employer-tied permits

Employer-tied permits are common in countries which admit large numbers of migrants to work in low-skilled occupations. They are designed to protect the local workforce and labour market from imbalances by restricting migrant workers' mobility in the labour market, and, in some cases, to perpetuate labour market segmentation between natives and migrants. Yet, banning migrant workers from changing employer, either for the entire duration of their residence permit or for the first few years after arrival, undoubtedly exposes them to greater risks of abuses.

Malaysia's foreign workers programme is a case in point in this respect. Under this programme, migrants from certain countries in Asia can be admitted to work in low and semi-skilled occupations in specific sectors for an initial period of two years, provided demonstrated medical fitness as well as employer sponsorship and payment of levy. The programme is tightly regulated in so far as the government sets the industries migrant workers can be recruited in depending on nationality, age group and gender. Private employment and placement agencies – often connected with the government – enjoy a quasi-monopoly in channeling foreign workers to local employers, charging high intermediation fees at both ends. Within these boundaries, however, employers enjoy total leeway – and responsibility – in the management of their foreign workforce.

Employer delegated responsibility on controlling migrant workers throughout their stay in Malaysia is frequently used as a justification for passport withholding and other forms of coercion. Foreign workers are prohibited to change employer even in case of contract substitution and abuses. Migrant women are also proscribed from pregnancies during the entire duration of their permit and are subject to regular medical tests to ascertain their health status. Costs for these tests may be charged to them or deducted from their wages. Permit renewal after two years is expensive, and, again, fees are frequently charged to the worker at this stage, which perpetuates debt bondage.

The paradoxical, unintended, consequence of Malaysia's heavily regulated and restrictive foreign worker programme is that it is a significant factor in the creation of the country's sizeable irregular migrant population. Every year large numbers of foreign workers abscond from their employers, preferring the vulnerability attached to irregular migration status to that stemming from the endless circle of debt and exploitation.[2]

Similarly, for low and semi-skilled migrants in **Thailand** from neighbouring countries, irregular migration is a cheaper and safer option than going through the cumbersome and costly procedures laid down under the MOUs and the 2008 Alien Employment Act, not least as, unlike contract workers whose permits are strictly tied to the sponsoring employer, irregular migrants can choose their employer and change sector in Thailand's large informal labour market.[3]

The *Kafala* system of sponsorship for foreign contract workers, which has regulated the massive inflows of migrant workers to the GCC countries since the mid-Seventies, is probably the best known – and certainly the most criticized – example of a labour migration system restricting the rights of foreign workers. In its traditional application, requiring authorisation from the *kafeel* – *i.e.* the sponsoring employer – for the migrant to change employer, and to leave the country, the system aimed at ensuring foreign labour supply while perpetuating

Box 4: Migrant workers' exploitation under employer-tied permits (cont.)

the labour market segmentation between the small population of natives, mostly working in the public sector and enjoying higher wages, and the huge migrant population employed in the private sector at lower wages.

Over the past decade, concerns raised by international organisations and civil society about extensive human rights violations, coupled with internal scrutiny of the limits and inefficiencies of such a segmented labour market and unbalanced demography have triggered reforms of the *Kafala* system and the introduction of measures to protect the rights of migrant workers across the GCC countries. Yet, largely due to strong resistance from powerful industry corporations as well as deeply ingrained discrimination against migrant workers, the foundations of the system restricting foreign workers' mobility in the labour market have not been fully dismantled.

The **UAE** has been at the forefront of these reforms. In 2011, the UAE introduced number of amendments to the system including allowing transfer to another employer at the end of the contact, or after two months of wage withholding (wage protection system), together with administrative tools to prevent contract substitution and wage non-payment.[4]

Qatar is the GCC country which has come under greater scrutiny from international organisations and international public opinion for striking and widespread exploitation and violations of the human rights of low-wage foreign workers, particularly in the construction and hospitality sectors.[5] After the country's adjudication of the FIFA 2022 World Cup, human rights organisations have become more vocal in denouncing such abuses, and a complaint was filed by the ILO in 2014.[6] The reputational risks involved in international censure, along with economic development goals, triggered the reform of the sponsorship system, effective in December 2016.[7] The new law has ostensibly abolished the concept of sponsor, though a letter from the employer attesting of the good working relationship is still required for foreign workers willing to change employer at the end of their contract or after five years. A leave notification has replaced the previous exit visa conditional on employer authorisation, shifting the burden of proof on the employer. While these changes undoubtedly amount to progress, the reformed system still affords recruiters large discretionary power over their foreign employees.[8]

Sources: 1. Under the "Strict Liability Principle", which "ensures that employers are responsible and accountable for their foreign workers, from the application, hiring, and employment until they return to their home countries" (Chin 2017: 120). 2. Indeed, much of the large population of irregular migrants in Malaysia is made up of regularly recruited foreign workers who absconded from their employers or otherwise decided to overstay their permits. Anderson, J.T. (2020), "Managing labour migration in Malaysia: foreign workers and the challenges of 'control beyond liberal democracies", Third World Quarterly, Routledge; 3. Bylander, M. (2019), "Is Regular Migration Safer Migration? Insights from Thailand", Journal on Migration and Human Security, Vol.7(I), 2019, pp. 1-18 Sage publishing; 4. Zahra, M. (2019), *The legal Framework of the Sponsorship Systems of the Gulf Cooperation Council Countries: A Comparative Examination*, Explanatory note GLMM- EN No. 4/2019, Migration Policy Centre, Florence; Zahra, M. (2017), *United Arab Emirates' Legal Framework of Migration* , Explanatory note GLMM- EN No. 2/2017, Migration Policy Centre, Florence; 5. Jureidini, R. (2019), "Global Governance and Labour Migration in the GCC", in L.A. Pal, M.E. Tok (eds.), *Global Governance and Muslim Organizations*, International Political Economy Series; 6. Human Rights Watch, (2020), *"How can we work without wages? "Salary Abuses Facing Migrant Workers Ahead of Qatar's FIFA World Cup 2022*; ILO (2014), "Complaint concerning non-observance by Qatar of the Forced Labour Convention, 1930 (No. 29), and the Labour Inspection Convention, 1947 (No. 81), made by delegates to the 103rd Session (2014) of the International Labour Conference under article 26 of the ILO Constitution"; 7.Law No. 21 of 2015 Regulating the Entry, Exit, and Residence of Expatriates, entered into force on 16 December 2016 replacing the previous sponsorship law, Law No. 4 of 2009; 10. In 2017 the ILO, satisfied with the progress revoked the complaint. "ILO Governing Body welcomes Qatar's committment to bolster migrant worker rights"; 8 Among other aspects, workers' passport withholding by the employer is explicitly allowed by the new law, see: "Qatar's new sponsorship law fails to abolish Kafala system"; Human Rights Watch (2020), "Qatar: little progress on protecting migrant workers" accessed 1 April 2021.

Reviewing the short duration typical of permits for low-skilled migrants which, often coupled with the requirement for migrants to go back to their countries of origin at the expiry of the initial permit, contributes to inflating migration flows, and, with them, the lucrative businesses of intermediaries, could also contribute to greater development returns to migration. Extending the length of labour permits would lower the overall migration costs paid by migrants in a lifecycle, while also encouraging employers to invest in upskilling their migrant workforce.

Beyond greater worker protection – for both migrant and native workers – and expected development returns, ***destination country governments could find substantial incentives for these reforms in the prospects of more orderly labour migration***, notably resulting from a lower incidence of irregular migration and employment stemming from permit overstaying and absconding from employers.

3.3 Improved transparency and streamlined labour migration procedures through multistakeholder cooperation

Providing migration candidates, and their prospective employers, free access to reliable information on migration procedures, employment conditions, and job-skills matching requirements for international recruitment would be a major step to address one of the key root causes of fee-charging and related exploitation of migrant workers, by eliminating the monopoly of rent-taking private intermediaries.[lxxxv] It would also help level the playing field among more and less resourceful companies, and, thus, make EPP implementation more affordable to the latter.

Origin countries should come together with destination countries, employers, trade union representatives and employment agencies to identify and implement mechanisms to facilitate free access to reliable labour market information and matching mechanisms in the recruitment of less-skilled workers.

Against the backdrop of skewed and exploitative international recruitment, which curtails development returns to migration along with migrant workers' individual well-being and companies' productivity***, it is urgent for origin and destination country authorities to come together with employers and trade union representatives, international organisations and employment agencies and devise mechanisms to provide unbiased, up to date, free-of charge information and matching opportunities along major labour migration corridors***.

Such mechanisms were typically embedded in traditional post WWII guestworkers' programmes in Europe, and are still to be found in some well-functioning international recruitment schemes. Whereas most existing schemes are devoted to transnational recruitment into middle to highly-skilled high-in-demand occupations,[lxxxvi] Korea's effective Employment Permit System, based on active cooperation with origin country governments and consistent government investments to plug information gaps in transnational recruitment, involves recruitment in lesser-skilled occupations and therefore represents a viable example that could be followed along target migration corridors involving GCC and South and East Asian countries.

Government-to-government information and matching instruments for international recruitment devised in cooperation with employers could be embedded into bilateral manpower agreements.

Direct international recruitment and workers' deployment through government-to-government agreements is, in theory, a "first-choice" route to ending migrants' payments of recruitment fees, costs and charges. Manpower agreements between migrant origin and destination countries already exist along the major migration corridors involving Gulf Cooperation Council and South and East Asian countries. Yet, lacking the labour market information and matching infrastructure, these

agreements have not, thus far, led to smoother and development conducive recruitment practices. Along with plugging this gap, origin and destination countries should work together towards more binding agreements, moving from Memoranda of Understanding to Bilateral Agreements, so as to upgrade the protection of migrant workers.

Direct government-to-government labour information and matching initiatives involving employers are not meant to entirely eliminate the need for private recruitment, intermediation and placement services along the target migration corridors. Rather, the existence of a credible and widely-used alternative to private services, would incrementally encourage private agents and brokers to play by the rules, reduce their commissions and charge recruitment costs and fees only to employers by fear of being totally displaced out of the transnational labour intermediation market.[lxxxvii] In this new environment, upholding fair practices would pressure recruitment agencies and brokers to play by the rules, and thus enjoy the advantage of the first arrived.

The availability of free and widespread access to labour market information for international job matching can encourage private intermediation services to play by the rules.

Beyond bilateral manpower agreements, and complementing efforts to facilitate access to international information and matching mechanisms, origin and destination country governments, employers and trade union representatives should also ***work together to streamline and improve overall labour migration procedures***. Indeed, as clearly illustrated by the example of Bangladesh, the existing complexities of labour migration processes make a layer of intermediaries de facto unavoidable, thus inflating migration costs and related exploitation risks for migrants.

4. Conclusions

The charging of excessive recruitment fees on low-wage migrant workers is a widespread malpractice in the main intra-regional migration corridors in Asia, with harmful consequences for migrants' individual wellbeing, firms' productivity and reputation, and for the development prospects of communities and countries of origin.

Over the past decade, efforts by international organisations, such as the ILO and the IOM, to put the issue of responsible recruitment and employment of migrant workers high on the agendas of the key stakeholders with leverage in these areas – notably employers in destination countries and origin country governments - have started to bear fruit.

A growing number of corporations with international operations have endorsed the Employer Pays Principle in their codes of conduct and due diligence processes, taking concrete steps for its implementation along their complex labour supply chains. Governments in countries of origin have emphasised migrant worker protection objectives in their national migration and development plans, as well as in international manpower agreements with countries of destination.

While efforts have been genuine and growing, results on a global or even regional scale are still lagging behind. Longstanding and lucrative practices predicated on migrants paying recruitment charges and entrenched interests between unscrupulous public and private actors cannot be dismantled overnight. Opacity and complexities in labour recruitment mechanisms in South and SE Asia and the GCC countries make this task particularly onerous, even for the most committed stakeholders.

Making real progress on these issues in the medium-term will require concerted and coordinated efforts by all involved stakeholders, including to ensure that stakeholders with limited resources – be they origin countries or smaller companies – are not left behind and that those who play by the rules are not damaged by adverse competition of those who do not. Undoubtedly, these efforts will be onerous. Yet, each stakeholder has also much to gain from step-by-step advancements towards the long-term goal of zero recruitment fees and costs charged to migrants.

Promoting the Employer Pays Principle and responsible recruitment are first and foremost human rights endeavours, but ones that can benefit both migrant workers and employers, including by boosting productivity. Moreover, as this paper has demonstrated, moving away from the longstanding "Migrants Pay" model is a key lever for harnessing the full development potential of migration for work.

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[i] GCC countries include: Bahrain, United Arab Emirates, Kingdom of Saudi Arabia, Kuwait, Oman, and Qatar.

[ii] According to the 2019 UN Thailand Migration Report, in 2018, an estimated 4.9 million non-Thai residents worked in Thailand. Of these, an aggregated 3.9 million were migrant workers from Cambodia, the Lao People's Democratic Republic, Myanmar and Viet Nam. Burmese migrants accounted for 2.3 million, and were the largest group of migrant workers in Thailand. Estimates are much larger than official statistics on foreign workers in Thailand as they attempt to account also for the large population of irregular migrants. United Nations Thematic Working Group on Migration in Thailand (2019) *Thailand Migration Report 2019* Bangkok, accessed on 19 March 2021.

[iii] OECD/ILO (2017), *How Immigrants Contribute to Thailand's Economy*, OECD Publishing Paris. According to this report, in 2010, migrant workers were responsible for up to 6.6% of Thailand's GDP, while representing 4.7% of the employed population. 40% of migrant workers in Thailand worked in elementary occupations, mostly in manufacturing and construction.

[iv] Kohpaiboon, A. (2009), "International labour migration and competitiveness: Evidence of Thai clothing industry at the border", Thammasat University, Faculty of Economics Discussion Paper, No.18, Bangkok.

[v] According to Malaysia's Ministry of Human Resources, in 2018, there were 382,651 Nepali working in the country – three fourth of them in manufacturing. Nepal ranked second in the stock of regular migrant workers in Malaysia, after Indonesia. Bangladesh followed with a stock of 268,050 regular workers. Myanmar ranked fifth at 107,555.

[vi] According to official statistics from Malaysia's Immigration Department, in 2019, there were about 2 million foreign workers in the country, accounting for 12% of the total workforce. ILO Triangle in ASEAN "Quarterly Briefing note, Malaysia, July-December 2020" accessed 19 March 2021. However, the actual foreign worker population in Malaysia is estimated to be much larger, due to the predominance of irregular migration. Estimates of irregular migrants range between 1.46 million to 4.6 million (Low 2017). Joseph Trawicki Anderson (2020), "Managing labour migration in Malaysia: foreign workers and the challenges of 'control' beyond liberal democracies", Third World Quarterly, and Loh,Wei San, Simler, Kenneth, Tan Wei, Kershia; Yi, Soonhwa (2019),
Malaysia-Estimating the Number of Foreign Workers-A Report from the Labor Market Data for Monetary Policy Task Washington, D.C.: World Bank Group, accessed 22 March 2021.

[vii] Sources: *UNDESA* , *Gulf Labour Markets, Migration and Population (GLMM) Programme* accessed on 30 March 2021. The migrant population of the six GCC States accounts for over 10% of the global migrant population, while Saudi Arabia and the United Arab Emirates host respectively the third and fifth largest migrant populations in the world. In 2015, 25 million foreigners resided in the GCC, up from 10 million in 2000. (Undesa-Population Division. 2017).

[viii] More in general, migrants are overrepresented in the private sector at all skills levels, while natives tend to concentrate in the public sector. Recent policies aimed at increasing GCC nationals' participation in the private sectors have failed to bring results, notably due to the high wage and status gap between the public and the private sector and the lower cost and higher productivity of foreign labour in the private sector.

[ix] Source: UNDESA. Since the 1990s, migrants from Asia have outnumbered those from neighbouring Arab countries – judged more expensive at lower levels of productivity and presenting potential threats to national security given the political instability in the Persian Gulf.

[x] For a brief overview of the main trends of labour migration from Bangladesh, Myanmar and Nepal, see Appendix 1.

[xi] In the Asia-Pacific region as a whole, remittances totalled USD 256 billion in 2017 which is ten times the official development assistance going to the region, UNDESA, Remittances - and untapped engine for sustainable development , accessed 4 October 2021.

[xii] World Bank Group. 2021. *Nepal Development Update, April 2021: Harnessing Export Potential for a Green, Inclusive, and Resilient Recovery*. World Bank, Kathmandu."

[xiii] IOM-IASCI 2017 as reported in IOM, (2019), *Migration in Nepal: A Country Profile 2019*.

[xiv] World Bank Group (2021), *Nepal Development Update, April 2021*.

[xv] Nepal Living Standard Survey NLSS 2010/11.

[xvi] IOM (2020), *Mapping of Labour Migration Recruitment Practices in Bangladesh.* Estimates include official data on migrants abroad, around 7.5 million, and an additional 3.4 million of estimated irregular migrants predominantly to India; IOM (2019), *World Migration Report 2020*.

[xvii] World Bank Group, KNOMAD (2020), "Phase II: Covid19 Crisis through a Migration Lens" Migration and Development Brief n.33, October 2020. After declining in the first half of 2020, from June 2020 remittance flows to Bangladesh grew dramatically, and then stabilised at higher levels than pre-Covid in early 2021. Among the factors explaining remittance resilience are greater recourse to formal remittance channels, response to the humanitarian crisis following dramatic flooding that inundated ¼ of the country's landmass affecting nearly one million homes and 4.7 million people in June 2020, as well as the "Hai effect": migrants remitting home the money saved for Mecca pilgrimage due to a sharp reduction in Hai visas to control the pandemic. In the two years prior to the Covid-19 outbreak, remittances had risen substantially due to good oil prices and the enforcement of a higher minimum wage in Saudi Arabia, as well as to the introduction of a 2% subsidy from the government of Bangladesh on remittances sent through official channels.

[xviii] According to the OECD, in 2018/19 Bangladesh received almost 2.6 USD Billion gross ODAs. OECD DAC Aid at glance by donor, accessed 4 October 2021.

[xix] The Bangladesh-India migration corridor is one of the largest migration corridors worldwide. However, the flows along this corridor are largely made up of irregular migrants and thus not accounted in the statistics on foreign contract workers.

[xx] World Bank (2019).

[xxi] World bank, *Poverty and Equity Brief, Nepal*, October 2018, based on data from Nepal CBS.

[xxii] According to Nepal's Labour Force Survey, almost one in five Nepali lived in poverty in the country in 2017/18, while two in three of those in employment worked in the archaic agricultural sector. In the UNDP Nepal Economic Survey 2017-18 the country ranked fourth worldwide in terms of vulnerability to climate change. While significant progress was made in recent years thanks to the development of the service sector triggered both by remittances-linked consumption and tourism, and improvements in agricultural sector productivity, the negative impacts of the COVID19 crisis have fragilised these recent achievements.

[xxiii] Remittances are primarily spent in daily consumption, repayment of loans and house renovation. Yet this spurs economic activity and employment creation, notably in the local construction and services industries. Richard Mallet (2018), *Decent Work, Migration, and the 2030 Agenda for Sustainable Development*, Swiss Agency for Development and Cooperation SDC.

[xxiv]ht tps://core.ac.uk/download/pdf/189577923.pdfhttps://izajodm.springeropen.com/articles/10.1186/s40176-015-0041-z

XXV Nepal Planning Commission, Nepal's SDGs Baseline Report, Nepal, Kathmandou (2017)

[xxvi] IOM 2019

[xxvii] Siddiqui, Tasneem (2005), *International Labour Migration from Bangladesh: A Decent Work Perspective*, ILO Policy Integration Department, National Policy Group, Working paper No66.

[xxviii] Siddiqui, T. et al (2018), *Labour Migration from Bangladesh 2017, achievements and challenges*.

[xxix] IOM (2020), Migration-related indicators: *Tracking progress towards the Sustainable Development Goals and the Seventh National Five-Year Plan*, Policy Brief, IOM Publishing Dhaka.

[xxx] In its latest country update, the World Bank recommended expanding exports for the country to move out from the low-income trap stemming from absolute dependency on remittances and substantial trade deficit (representing 37% of GDP). World Bank Group. 2021. *Nepal Development Update, April 2021*

[xxxi] In this respect, the emergence of an Indian variant of Covid-19 in April 2021 with strengthened migration bans from India and Bangladesh may have pernicious effects on Bangladesh's development.

[xxxii] Asian Development Bank (2016)," Making the most of remittances: vision and strategies", Op-Ed, 20 October 2016.

[xxxiii] For a thorough discussion of migrant worker protection under the 2030 Agenda for Sustainable Development see Section II.

[xxxiv] Target 10.7. For a thorough discussion of the relevance of responsible recruitment processes for achieving the SDGs see Box 4.

[xxxv] https://www.iom.int/global-compact-migration

[xxxvi] Jureidini, R. (2017) "Transnational Culture of Corruption in Migrant Labor Recruitment" , in McAuliffe, M. and M. Klein Solomon (Conveners) (2017) Ideas to Inform *International Cooperation on Safe, Orderly and Regular Migration*, IOM: Geneva.

[xxxvii] GFMD, 2016. UN ESCWA (2013), [Inter-Regional Report on labour Migration and Social Protection], E/ESCWA/SDD/2013/Technical paper.2 13 – 0083, New York. accessed 15 March 2021.
[xxxviii] *Ibid.*
[xxxix] Evidence of this has been found, for instance, in the tendering procedures for large infrastructure projects in the GCC. Jureidini, R. (2016), *ILO White Paper: Ways forward in recruitment of 'low-skilled' migrant workers in the Asia-Arab states corridor*, ILO Regional Office for the Arab States. - Beirut.
[xl] Author, in conversation with Grieg Priest, Head of Social Impact and Human Rights, Inter IKEA Group.
[xli] Global Forum on Migration and Development (GFMD), 2016, Draft background Paper, GFMD RT 1.1 *Reducing migration costs.*
[xlii] Contract substitution is a frequent practice along these migration corridors, partly as a strategy for recruiters to reduce migration costs by circumventing regulations on foreign hiring – such as rules imposing higher levies in certain sectors compared to others.
[xliii] A survey run among migrant workers in the electronics sector in Malaysia, for instance, found that one third of them was in forced labour. Verité (2014), "Forced Labour in the Production of Electronic Goods in Malaysia : A Comprehensive Study of Scope and Characteristics".
[xliv] Recruitment fees and interests are often repaid through wage deductions, partly as a way of circumventing national regulations prohibiting the charging of recruitment fees on workers. See also Section 2.2 for an overview of average recruitment fees charged on migrants along the target migration corridors and estimates of the time it takes for migrants to repay them.
[xlv] The negative impacts of migrants' charging of recruitment fees for the development of their communities and countries of origin is discussed in Section 2.2.
[xlvi] IOM, (2019), *Migration in Nepal: A Country Profile 2019*
[xlvii] *Ibid.*
[xlviii] The survey covered 11,415 potential migrants in Bangladesh selected to represent both regular and irregular migrants from the different countries' divisions (*i.e.* regions). For more information: IOM (2020), *Bangladesh: Survey on Drivers of Migration and Migrants' Profile*, REMAP, IOM, DTM.
[xlix] Siddiqui, T. et al (2018), *Labour Migration from Bangladesh 2017, achievements and challenges*. In addition, in some cases, migration under bilateral agreements is only authorised through a small number of recruitment agencies, which put these in a position to ask greater payments from migrants. For instance, In the context of the G2G manpower agreement between Malaysia and Bangladesh, only a limited number of private recruitment agencies are authorised to channel workers along the bilateral corridor. The monopolistic position enjoyed by these "syndicates" of recruitment agencies has the pernicious effect of rising the intermediation prices.
[l] ILO (2020), *Recruitment fees and related costs: What migrant workers from Cambodia, the Lao People's Democratic Republic and Myanmar pay to work in Thailand*, ILO Publishing, Geneva. The survey covered a total of 1,200 migrant workers from CLM countries, including 518 migrant workers from Myanmar, 380 from Cambodia and 302 from Laos employed in agriculture, construction or domestic work in six different provinces in Thailand.
[li] IOM (2020), *Mapping of Labour Migration Recruitment Practices in Bangladesh.*
[lii] The revised MoU (October 2018) states that Malaysian employers will bear all necessary recruitment costs to hire Nepalese workers including visa and airplane tickets.
[liii] Jureidini, R. (2016).
[liv] For instance, the cost of migration from India, Indonesia, the Philippines or Sri Lanka is four to five times lower than that from Bangladesh. In 2016, to migrate to Kuwait a worker from Bangladesh would pay on average 3,136 USD, three times higher than an Indian worker, and ten times higher than a worker from Sri-Lanka. T. Siddiqui, 2016) "International labor migration and remittance" in A.Riaz and M.S. Rahman (eds.) *Routledge Handbook of Contemporary Bangladesh*, Chapter 15, Routledge, Abingdon.
[lv] Siddiqui, T. et al (2018), *Labour Migration from Bangladesh 2017, achievements and challenges*.
[lvi] Irregular potential migrant women reported paying BDT 104,655 (USD 1,233) while men irregular potential migrants reported paying BDT 237,498 (USD 2,799) on average. This is consistent with findings from an earlier study, which also pointed to great variation of payment differentials across corridors – with Bangladeshi men paying more then ten times as women along the Bangladesh-UAE corridor.
Afsar, R. (2009), *Unravelling the Vicious Cycle of Recruitment: Labour Migration from Bangladesh to the Gulf* , ILO; UN ESCWA (2013).
[lviii] A disproportionately large number of private recruitment agencies operate in Nepal, mostly specialising by country of destination. According to the IOM (2019) there were 700 recruitment agencies specialised in getting Nepali to work in Qatar, 350 only for the UAE and Malaysia.
[lix] Among the target countries of origin for this study, Nepal has set minimum wages for the employment of Nepali in destination countries – yet in practice it has been difficult for these to be enforced.
[lx] On average, according to the 2015 KNOMAD/ILO survey, Nepalese returning from Qatar in 2014 declared paying migration costs of USD 1,055. The main component was agent costs at USD 875. Average monthly

earnings were USD 325. Martin, Ph. (2016), *What do Migrant Workers Pay for Foreign Jobs? KNOMAD Data and SDG Indicator* 10.7.1

[lxi] Note that the results of different surveys concerning different migration corridors are not rigorously comparable due to differences in sample selection as well as in the itemized costs which are included in each survey.

[lxii] On average, low and semi-skilled migrant workers from CLM countries in Thailand can expect monthly salaries which are the double of what they would earn in their countries of origin.

[lxiii] ILO (2020), *Recruitment fees and related costs: What migrant workers from Cambodia, the Lao People's Democratic Republic and Myanmar pay to work in Thailand*

[lxiv] *Ibid.*

[lxv] IOM Development Fund, Nepal Institute of Development Studies (2020), *Status of Nepali Migrant Workers in relation to Covid 19*.

[lxvi] According to Nepal's Foreign Employment Board Secretariat, almost 7,000 Nepalis deployed abroad on labour authorisations died over the period 2008-2017, 70% of whom on workplace related accidents. This is a relatively high figure, considering the young age and good health status of departing migrants.

[lxvii] Jureidini, R. (2017) "Transnational Culture of Corruption in Migrant Labour Recruitment".

[lxviii] Endo Esaku & Afram, Gabi (2011), *The Qatar-Nepal Remittance Corridor: Enhancing the Impact and Integrity of Remittance Flows by Reducing Inefficiencies in the Migration Process*, World Bank, Washington.

[lxix] Participation in diaspora associations can offer opportunities for financial and vocational training and spur the potential for both individual and collective remittances.

[lxx] In Nepal, the average age of returnees is 33 years old. Government of Nepal, MoLESS, (2020), *Nepal Labour Migration Report 2020*. In theory, this offers great potential for knowledge transfers and other social remittances, though, in practice, these are severely hampered by constraints stemming from migrant indebtedness and exploitation.

[lxxi] The leadership Group for Responsible Recruitment identified six steps that companies can undertake to implement the Employer Pays Principle: IHRB Six steps to Responsible Recruitment .

[lxxii] Author's elaboration, based on interviews with individuals responsible for human rights within companies (IKEA, VINCI).

[lxxiii] Surely, consistently increasing the wages of migrants working in low-skilled occupations may drive a downward trend in the number of those recruited along with productivity gains per unit. The effects of such a scenario on development are yet to be assessed. Nonetheless, and beyond human right due diligence, long-lasting economic progress is predicated on productivity increases and incremental moves out of labour-intensive economic models.

[lxxiv] QDVC Annual Report, 2019.

[lxxv] See, Bangladesh "Expatriates Welfare and Overseas Employment Policy ", adopted in 2016, and the related Action Plan ; and Nepal Foreign Employment Policy , adopted in 2012. In 2019 Nepal Ministry of Labour and Social Affairs also issued guidelines to strengthen monitoring of recruitment agencies.

[lxxvi] Shah N.M., "Emigration Policies of Major Asian Countries" in Fargues, Ph. And N.M. Shah (2018), *Migration to the Gulf: Policies in Sending and Receiving Countries*, Gulf Research Centre Cambridge, GLMM Florence.

[lxxvii] The Philippines has been for decades a unique example in Asia of a migrant origin country promoting worker protection as a condition for overseas deployment of workers in low-wage occupations. More recently, and with a higher skilled workforce, India has also expanded its initiatives to protect its nationals working abroad from exploitation.

[lxxviii] *Ibid.*

[lxxix] Demand for low and semi-skilled foreign workers is set to decrease in the GCC as a result of nationalisation policies and economic restructuring. Moreover, the unfolding global COVID-related crisis has already halted migration flows. These might take several years to resume at the pre-crisis levels.

[lxxx] This is part of the reason why the target countries of origin of this study have not ratified essential international conventions on migrant workers' protection, including ILO Private Employment Agencies convention 181 .

[lxxxi] For instance, the *labour attachés* deployed by some countries of origin in key destination countries to support overseas workers are too often unable, due to resource constraints (including human resources constraints), to effectively serve the large migrant population in need. (ETI, 2019).

[lxxxii] Member countries of the Colombo process already cooperate with each other on the issue. For instance, at the 6th Ministerial Consultation on Overseas Employment and Contractual Labour For countries of Origin in Asia, Afghanistan, Bangladesh, Cambodia, China, India, Indonesia, Nepal, Pakistan, the Philippines, Sri Lanka, Thailand and Vietnam made a commitment to "zero cost" jobs for migrant workers.

[lxxxiii] Migrant workers' rights to trade union participation are uneven across target countries for this study: for instance, in Thailand, migrant workers cannot participate, while in Malaysia they could but they cannot fund nor lead a trade union and de facto participation is limited.

[lxxxiv] This would be particularly relevant is the construction sector where downward price competition at the procurement stages lays at the origin of migrant fee-charging and exploitation.

[lxxxv] For a thorough discussion of the central importance of providing access to labour market information to prospective migrants and employment in international recruitment see Desiderio, M.V. (ed.) (2013), *Improving Access to Labour Market Information for Migrants and Employers* IOM, Brussels and Desiderio, M.V. and K. Hooper (2015), *Improving Labour Market Integration in Europe from the Outset: A cooperative Approach to pre-departure measures*, Migration Policy Institute Europe, Brussels.

[lxxxvi] This is the case of Germany's well-known Triple Win programme, implemented by the Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) and the BA's International Placement Services (ZAV) in cooperation with public employment agencies of Bosnia-Herzegovina, Tunisia and the Philippines. It is a prominent example of origin-destination country cooperation for the training, ethical recruitment and development contributions of migrant workers (nurses) with the participation of interested employers, as well as similar programmes implemented by GIZ.

The case of the CMV-Thailand migration corridors, where longstanding, well-developed and trustworthy migrant networks acting as honest informal brokers challenge the monopoly of corrupt formal recruitment agents, thus lowering migration costs and fees charged to migrants is a telling example of and, along with extremely porous borders, make irregular migration an overall preferable option at the outset.

[lxxxvii] This dynamic is particularly widespread along the Myanmar-Thailand corridor.

Appendix I: **Nepal, Bangladesh, and Myanmar labour migration profiles at a glance**

According to the last census data available, 7.3 % of the population of Nepal was living abroad in 2011.[1] Nearly half of the households covered by the 2016 National Demographic and Health Survey had at least one member who had migrated in the preceding 10 years. Emigrants are predominantly men of prime working age looking for better livelihood opportunities through foreign employment.[2]

Since the late 1990s, GCC countries and Malaysia have become the preferred destinations of Nepali workers requesting labour authorisations to the Department of Foreign Employment (DOFE). In fiscal year 2018/2019, 88% of the 236,000 labour approvals issued by the Department of Foreign Employment (DOFE) concerned, in order of importance, Qatar, UAE (respectively 1/3 and 1/4 of all approvals), Saudi Arabia, Kuwait and Malaysia. 60% of total authorizations were for low and semi-skilled jobs. Only 8.5% were issued to migrant women. Most labour authorizations to the GCC countries are issued for employment in the construction and services sector, while three out of four authorizations for Malaysia are for low-wage jobs in manufacturing.[3] These flow data are consistent with figures on the stock of Nepali workers collected by major destination countries, attesting, for 2018, of 400,000 Nepali living in Qatar and in Saudi Arabia, 383,000 in Malaysia and 200,000 in the UAE.[4]

Still, DOFE labour authorisations do not represent the full picture of Nepali employment abroad. A substantial share of Nepali cross the border every year to work in India. Although exact flow figures are difficult to capture, due to the visa-free nature of these movements as enshrined in the 1950 Treaty of Peace and Friendship, latest census data attest that India remains the single most popular host country for Nepali living abroad, with over 37% Nepali abroad living in India in 2011.

Nepali working in the Republic of Korea's manufacturing and agriculture sectors under the government-to-government Employer Permit Scheme (EPS), and those in Japan under a similar scheme are also not counted in DOFE labour authorisations. Over the period 2008-2018 a total of 58,700 permits were issued under the EPS with Korea, compared to more than 4 million DOFE labour authorizations.[5] Although these figures are comparatively low, they attest of a strategy of diversification of destination countries for Nepali labour migrants that the government has further enhanced recently, as a way to counteract the effect of shrinking demand from the GCC countries as well as to open or expand access to labour markets where Nepali workers can enjoy better working conditions. After peaking above 500,000 annual authorizations in 2013/14, DOFE labour authorisations have declined sharply as a result of both shrinking foreign worker demand in GCC countries and of the temporary freeze of flows along the Nepal-Malaysia corridor in the context of MoU negotiations over concerns on migrant worker exploitation.

In the two years prior to the Covid-19 outbreak, around one million nationals left **Bangladesh** annually to work abroad. One in eight migrants was a woman. As in the case of Nepal, also in Bangladesh over the past five years outflows of women heading abroad to work temporarily on official labour authorisations showed an increasing trend, due to the lifting of migration bans.

Since the 1990s, the overwhelming majority of Bangladeshi contract workers abroad have concentrated in GCC countries, Malaysia and Singapore. In 2017, 55% of BMET approved Bangladeshi workers headed to Saudi Arabia. In comparison, Malaysia and Qatar, respectively the second and fourth countries of destination, accounted respectively for 10% and 8% of the total flows. 4% of all contract workers went to Singapore.[6] Skill distribution is more diversified than in Nepal and Myanmar, with a roughly equal share of skilled and less-skilled migrants (around 40% each). In 2017, 43% of Bangladesh temporary foreign workers were skilled, 39,8% less skilled, 15,4% semi-skilled and 0.4% professional.[7] In the GCC countries, Bangladeshi men work primarily in the construction sector while women concentrate in domestic work.

Myanmar is the largest migration source country in the Greater Mekong Sub-region (GMS). The Myanmar Government estimates that there are 4.25 million Myanmar nationals living abroad, with almost 2 million Myanmar migrant workers employed in Thailand and Malaysia alone.[8] It is also reported that up to 70% of migrants living abroad are based in Thailand, followed by Malaysia (15%), China (4.6%), Singapore (3.9%) and the USA (1.9%).[9] All in all, it is thought that as much as 10 per cent of the labour force is working abroad.[10]

Sources: 1 Government of Nepal, Ministry of Labour Employment and Social Security (MoLESS), (2020), *Nepal Labour Migration Report 2020*; 2 IOM, (2019), *Migration in Nepal: A Country Profile 2019.* 3, 4 and 5 Government of Nepal, MoLESS, (2020), *Nepal Labour Migration Report 2020*. Note: Labour authorisation statistics have the limit of accounting for the number of permits rather than persons. 6 and 7 Siddiqui, T. et al (2018), *Labour Migration from Bangladesh 2017, achievements and challenges*. RMMRU. 8 Ministry of Labour Thailand, December 2019, and Ministry of Human Resources, Malaysia, September 2019. 9 IOM Myanmar country office homepage, accessed 4 October 2021. Estimates on migration from Myanmar very greatly due to the importance of hard to capture irregular migration flows. IOM estimates there could be as many as 3 million Myanmar migrants living in Thailand as at 2016. 10 ILO Triangle in ASEAN: Myanmar, accessed 4 October 2021.