



## The Cost

### Causes of and potential redress for high recruitment and migration costs in Bangladesh



Between 1976 and June 2013, a total of 8.52 million workers migrated from Bangladesh. Remittance sent by these migrant workers to Bangladesh is prominently considered to have become a major determinant of the economic development of Bangladesh over the last decade. However, the labour migration process involves high personal, social, and economic costs for migrant workers. In fact, the impact of remittance does not appear as positive as one would expect due to the high cost of recruitment and migration. The cost of recruitment and migration from Bangladesh is considered to be one of the most expensive in the world. The official cost structure for recruitment and migration does not reveal the actual costs.

**Cost of migration:** Although the Government of Bangladesh, in consultation with its recruitment agents, has not yet assigned any official cost structure for labour recruitment and migration to recruiting agents. From time to time, the government has set a maximum cost ceiling that recruiting agents may charge the workers they recruit for overseas employment. Labour recruitment and migration cost structures followed by government institutions (such as the Bureau of Manpower Employment and Training (BMET), the Bangladesh Overseas Employment and Services Limited (BOESL), and government-to-government arrangements) serve as a benchmark

for assigning the ideal cost of labour migration. In this connection, there is a sharp disparity found between the government-prescribed ideal cost structure and the costs incurred by migrants in practice. The following box delineates certain labour migration cost structures established by government institutions.

#### Labour migration cost structure as followed by government institutions

- Under the current arrangement between the governments of Bangladesh and Malaysia, each worker pays no more than BDT40,000. The first batch of migrants to emigrate under this government-to-government arrangement (April 2013) paid only BDT33,178 per worker.
- The BMET advertises to recruit women workers who will be sent to destinations such as Hong Kong (China), Singapore, Jordan, and other Gulf countries. Under this BMET arrangement, the total cost borne by a potential female migrant will not exceed BDT20,000.
- For overseas labour recruitment, BOESL charges workers (excluding airfare) BDT25,000 for semi-skilled and less-skilled jobs, BDT35,000 for skilled job, and BDT60,000 for professional jobs.
- The following are the maximum ceiling rates for recruitment and migration to certain destination countries as suggested by BMET officials: the United Arab Emirates: BDT44,680; Oman: BDT42,680; Singapore: BDT45,480; Malaysia BDT 84,000, etc.



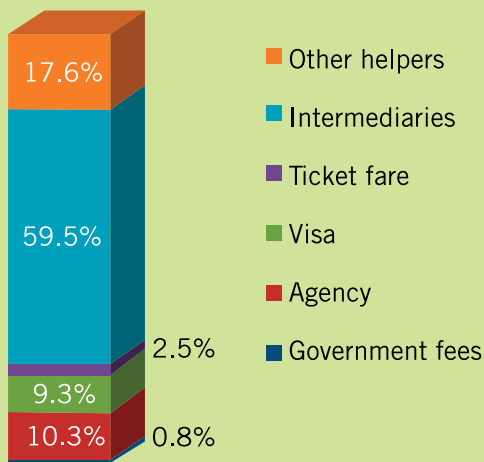
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Causes of and redress related to the high recruitment and migration costs in Bangladesh

However, in practice, the international labour migration cost incurred by migrants is much higher than the above mentioned rates followed by government institutions or maximum ceiling recommended by the government. According to the International Organization for Migration's *Bangladesh Household Remittance Survey 2009* (IOM, 2010), the average labour migrant spends BDT309,259 (at current prices) for their migration. But in fact, about 77 per cent of that total migration expenditure went into the pockets of illegal intermediaries (dalals) and other sub-agents. Labour recruitment and migration costs have continued to increase in recent years. For instance, a worker who utilizes intermediaries to emigrate needs to expend a minimum of BDT550,000 to get to Lebanon and BDT350,000 to reach Qatar.

In fact, the faulty labour recruitment and migration process in Bangladesh and countries of destination let migrant workers fall into exploitative situations. Based on various consultations for this study, it seems that almost 90 per cent of Bangladeshi migrant workers do not see a written contract prior to their departure. Moreover, recruiting agents generally do not provide any money receipts to workers who use their services. Illegal intermediaries or sub-agents known as dalals have a monopoly over overseas labour market information and exploit potential migrants using this comparative advantage. One of the causes underlying the increasing recruitment and migration cost and exploitation of migrant workers lies in visa-trading in the Gulf Cooperation Council (GCC) countries. The Kafala system of the GCC countries ties down a migrant worker to an employer, or Kafeel, for a specified period of employment. The Kafeel could be an individual or a company. The Kafala system is used to control the rights of migrant workers in a given labour market and vests tremendous powers in the Kafeel, who often charge kick-backs for the visa. The recruitment agents compete to buy the visas and in turn recover the costs from the workers who are using their service to obtain visas.

### Breakdown of the actual cost of labour migration



**Points of exploitation and extortion:** Huge migration costs become burdensome for migrant workers, particularly considering the typical modes of financing migration: taking loans (67 per cent), selling land (24 per cent), and mortgaging land (23 per cent) (IOM, 2010). In fact, lack of access to formal credit systems forces migrant workers to rely on an informal financing sector that charges extremely high interest rates on loans. High migration costs along with unethical recruitment practices also have the potential to lead to human trafficking, human smuggling, and debt bondage.

**Policies and legal regime on recruitment and migration systems:** Considering the importance of labour migration, the Government of Bangladesh has come up with several measures to better manage it. These measures include, the Emigration Ordinance, 1982, which now stands replaced by the Overseas Employment and Migrants Act, 2013; Emigration Rules, 2002; Recruiting Agents Conduct and Licence Rules, 2002; and the Overseas Employment Policy, 2006, which is to be replaced with a new policy currently in adoption process. Given the wide-scale prevalence of unethical recruitment practices, robust implementation of these measures and public oversight of the conduct of the recruitment agents is essential.

Reform of the Overseas Employment Policy, 2006, and revision of the three Rules mentioned above are urgent to ensure that reasonable ceilings



are fixed for recruitment and migration costs, all payments to recruiting agents go through banks, a grading system is set up for recruitment agents, and transparency is brought into recruitment and migration management. Any ongoing or future laws and policy measures should ensure compliance with the international instruments that Bangladesh has ratified. Provisions such as that given in the Emigration Ordinance, 1982, that held a migrant worker liable to punishment by the State if they return home without completing the terms of their employment, should not be allowed to creep into any policy, law, or Rule. Similarly, there is also a need to ensure compliance with international labour standards, in particular the ILO Fundamental Conventions, and to ensure that workers are not denied the right to seek direct legal redress (as was the case in the Emigration Ordinance, 1982) or that their right to association is not taken away (as is the case under the Overseas Employment Policy 2006).

While revising the Recruiting Agents Conduct and Licence Rules, 2002, it would be important to address the challenge posed by the fraudulent networks of illegal intermediaries who operate as the sub-agents of recruitment agents or under the guise of a relationship or friendship with the workers. Under existing regulation mechanisms, the government has limited scope to regulate these kinds of dealings. Focused bilateral and regional collaborations are needed to address the prevalence of illegal intermediaries operating in countries of destination or transit countries.

**Bilateral and regional policies and agreements with major destination countries:** The Ministry of Expatriates' Welfare and Overseas Employment (MEWOE) has signed bilateral Memorandums of Understanding (MoUs) with Libya, Qatar, Oman, Malaysia, the Republic of Korea, Kuwait, and the United Arab Emirates. Bangladesh ratified the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, 1990, in 2011. Notwithstanding any of these positive developments, Bangladeshi migrant workers frequently find their job contracts

being violated by employers in destination countries. The government should use bilateral MoUs to set up transparent review and monitoring mechanisms, which would help promote social protection of the workers by bringing a degree of public accountability into the implementation.

### Key challenges

- In practice, illegal sub-agents or intermediaries, run a parallel recruitment system.
- Recruiting agents utilize dalals in order to make contact with potential migrant workers, since agents' offices are generally not located in areas where potential migrants live, and migrants are often distrustful of people from outside the community.
- The involvement of illegal sub-agents who operate in destination countries or from transit countries and who hike-up the price of job offers and visas.
- Lack of a labour market information management system that could inform and empower the workers.
- Recruiting agents and dalals circumvent the obligation of showing the job contract to recruited workers and get away with this deliberate non-compliance.
- Where job contracts are available, these are in languages not known to the recruited workers and written in a legal language not understood by the workers.
- Migrant workers rarely receive receipts for payments made to agents and dalals.
- Continued prevalence of undocumented migration and, sometimes, human trafficking and human smuggling due to the high cost of recruitment and migration.
- Forced labour, debt bondage, and loss of remittances continue to be prevalent.
- Restrictive nature and limited implementation of the Overseas Employment Policy, 2006, and Rules in recruitment management.
- A lack of mechanisms to bring in labour market oversight to the bilateral MoUs between Bangladesh and destination countries for facilitating decent work.

## Recommendations

- Reduction of the cost of migration and service fees charged by recruitment agents through demand-side interventions, such as awareness-building among potential migrants.
- Elimination of recruitment cost borne by migrant workers in compliance with the Article 7, Clause 1 of the ILO Private Employment Agencies Convention, 1997 (No. 181), which requires that private employment agencies do not charge directly or indirectly, in whole or in part, any fees or costs to workers.
- Initiatives for addressing the prevalence of dalals or illegal intermediaries through regulation of recruitment agents, formulation of bilateral and regional initiatives, and strengthening of Bangladesh foreign missions and labour attachés.
- Oversight and supervision of recruiting agencies through effective implementation and revision of the Overseas Employment Policy and Rules.
- Improving partnership with law-abiding recruitment agents and professionalization of their association.
- Establishing a labour market information system and support services to help migrant workers understand their contract and other issues related to migration in Bangla and to ensure that they receive adequate pre-departure briefing.
- Provisions for financing migration cost through formal financing sectors by encouraging public and private sector banks to finance migration costs under Corporate Social Responsibility arrangements.
- Integrated information communication system that provides information about all requirements – documents and otherwise – to migrant workers from a single window.
- Promotion of migrant workers' right of association with assistance from the ILO to facilitate protection of the workers and international cooperation between trade unions.
- Extensive empirical research to develop labour migration-oriented surveys/censuses that will be published in Bangla and disseminated in order to provide labour market information to migrant workers.
- Strengthening of technical resources in MEWOE and the BMET to support good quality work and decentralization of the BMET's services to the district level.
- Addressing gaps in inter-agency coordination mechanisms for oversight of recruitment, grading of the recruitment agencies, and performance monitoring and reporting of unethical practices.
- Bilateral agreements between Bangladesh and destination countries to set up labour migration corridors to promote employment of Bangladeshi workers under ethical conditions and to give Bangladeshi workers access to redress mechanisms when terms and conditions of employment are violated.
- Intergovernmental collaboration and partnerships to develop institutional arrangement for helping negotiate migration costs, standardized job contracts, emigration and immigration management, protection of workers, etc.

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