

**Regional Framework of Collaboration
Among Asian Countries of Origin and Destination on the Administration
of the Contract Employment Cycle**

A Technical Report Prepared for the Abu Dhabi Dialogue

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Summary

This technical report lays out the issues involved in the recruitment and deployment of contract workers from Asian countries of origin (COOs) to Asian countries of destination (CODs), options to resolve them, and opportunities for governments to act unilaterally, bilaterally, and regionally to improve the temporary contract labor cycle. The report was commissioned to inform the discussions of senior officials from member and observer governments at the Abu-Dhabi Dialogue's High-Level Officials' and Ministerial Consultation on April 17-19, 2012 in Manila. The authors are responsible for its content, which does not necessarily reflect the views of participating governments.

The report is framed by the four major phases of contract labor mobility, viz,

1. pre-employment in CODs and pre-departure recruitment and orientation in COOs
2. employment and residence in CODs
3. preparation in CODs for return and re-integration in COOs
4. return and re-integration of workers in COOs

Employment abroad as a contract worker can accelerate human development by allowing workers to use their skills productively, to acquire new skills, and to return with savings to achieve upward mobility. The focus of this report is on the problems and issues that arise in the contract employment cycle, options to resolve them, and the potential for governmental action. The goal is to identify problems and the steps that governments can take unilaterally, bilaterally, and regionally to resolve these issues in order to enhance the potential for international contract labor mobility to expand human development for workers and economic benefits for employers, CODs, and COOs.¹

¹ Human development is the concept developed by Amartya Sen and operationalized in UNDP Human Development Reports (<http://hdr.undp.org>) to measure equity, sustainability, production and empowerment for individuals between and within nation states. The major measures used to construct the Human Development Index are life expectancy, literacy, education, standard of living, and GDP per capita.

Sen argues that development should increase the capability of human beings to achieve those things they value most. Higher incomes increase capabilities, and thus may be necessary for development, but higher incomes alone do not guarantee individuals the ability to influence political decisions that affect them, ensure good health, or provide adequate education systems. Development is both an economic and a political process, and Sen emphasizes the importance of good health care and education because, without them, people cannot develop their capabilities.

The UNDP's 2000 Human Development Report recognized trade offs between capabilities: "scarcity of resources...often require us to prioritize concern for securing differing rights for the purposes of policy choice. Human development analysis helps us to see these choices in explicit and direct terms." (2000, 23).

An example highlights the methodology used in this report. Recruiting workers has costs, both financial and social, that can increase when workers cross national borders. To reduce migration costs and to improve international contract labor mobility, we examine each step of the recruitment process, beginning with employers making job offers and government agencies in CODs granting approval to their employers and recruiters to find foreign contract workers abroad. We review systems to recruit, screen, and deploy workers in their countries of origin, highlighting problems that arise and the steps governments can take unilaterally and in cooperation with other governments, bilaterally and multilaterally, to resolve these problems.

The recruitment process begins with COD employers making job offers that are checked by COD (and sometimes COO) governments. COD governments regulate the fees that COD employers and recruiters may charge contract workers and establish health and security regulations that COO workers must satisfy before they receive entry visas and work permits. COD governments regulate the issuance of work visas and residence permits, while COO governments determine how workers are recruited to fill foreign jobs, including setting rules on fees charged by local recruiters and government agencies, educating workers about foreign jobs, issuing passports and other documents, and regulating exit procedures.

Recruitment problems include false job offers in CODs, undeclared fees levied on workers by recruiters and/or their agents, and payments made by COO recruiters to COD employers and recruiters for job offers that are passed on as migration costs to workers. Misleading promises may be made to contract workers about foreign jobs, such as offering higher wages than in fact will be paid or failing to disclose fully deductions from wages. COO governments charge fees for migration-related services such as passports, and they can impose indirect (opportunity) costs on contract workers by requiring them to appear in government offices for checks of contracts and pre-departure orientation. Many workers going abroad take out loans in informal money markets at high interest rates to cover costs associated with their deployment abroad, which means they arrive in the COD in debt. Such costs paid by contract workers to agents abroad can limit remittances and thus the development impacts of contract labor mobility in COOs.

Options to deal with broken recruitment promises and high mobility costs include:

- ensuring that employers do not request “too many” workers because they can sell work visas to recruiters and job seekers,
- developing standard contracts and educating employers and workers about their contents, and

- transferring contracts from CODs to COOs before workers depart, so that government agencies in both CODs and COOs have copies of the contract signed by the employer and worker to expedite exit processing and the resolution of any subsequent disputes.

COO governments regulate the activities of recruiters inside their borders, including establishing the requirements to become and remain a licensed recruiter, setting maximum recruitment fees, and developing procedures to resolve complaints about particular recruitment activities. Educating workers selected for overseas employment and regulating recruiters is primarily a unilateral activity of COO governments, while transmitting job information between government agencies can be a bilateral activity. Developing standard contracts and educating workers about foreign employment and reducing travel costs can be a unilateral, bilateral, or cooperative regional activity.

This technical report is the product of interactions with the UAE MOL, which established the 4x3 parameters of the analysis (viz, pre-departure, employment abroad, preparation for return, and return and reintegration) as well as the analytic frame work (viz, identify problems, options to resolve problems, and the roles of COO and COD governments in remedying issues and problems).² The report was informed by documents provided by the UAE MOL and consultations January 18-19, 2011 in Dubai, September 10-11, 2011 in Dhaka, October 25, 2011 in Manila, and January 25, 2012 in Dubai. The literature on these issues was reviewed and discussed with government and academic experts.

Cross-Border Contract Labor Mobility

Work is the exchange of effort for reward in the form of wages and work-related benefits. Unlike many other market transactions, work is unusual because it requires a continuous bargaining relationship. After employers and workers agree on a wage and benefit package, they interact continuously in the workplace to resolve issues, including the scope of worker responsibilities and the level of competence required of an employee to perform and retain the job. Employers and workers also play roles outside the work place, and how they relate to each other and with the larger community helps to shape the societies in which they live.

Labor Markets

The labor market, the place where employers find workers and workers find jobs, is an information exchange marked by asymmetric information. Employers are most knowledgeable about the jobs they offer, and workers know more than

² The issues covered are those discussed by the Abu Dhabi Dialogue, which excludes domestic workers except as they face issues similar to other workers.

employers about their abilities and competencies. To get the most out of the exchange, employers develop a variety of strategies to recruit the best workers, including setting minimum education and experience requirements, asking current workers to refer qualified friends and relatives, and advertising or using recruiters to find qualified workers. Many workers, on the other hand, earn credentials and certificates to signal their abilities to employers and to make themselves more attractive candidates to be selected to fill jobs. This employer screening and worker signaling behavior is a core component of labor economics (Riley, 2001).

International contract labor mobility moves workers from one country to another for a pre-determined contractual period of time, after which workers are expected to return to COOs. Workers move primarily in response to wage differences between areas of origin and destination.

All labor markets have three major functions, recruitment, remuneration, and retention. National borders often complicate these three-R labor market processes. For example, recruitment can be more difficult when jobs are in one country and workers in another, so that language differences, differences in training and occupational standards, and varying definitions of skills and occupations make it harder to efficiently match workers and jobs. Employers may have to rely on intermediary recruiters to find workers, and COD and COO governments may have to approve individual job offers and check the workers selected by recruiters.

Determining appropriate remuneration to reflect the exchange of effort for reward may be more difficult when employers do not share the language and culture of their employees, leading to mis-understandings and disputes about employee responsibilities and performance, especially if workers sign contracts that they do not fully understand. Finally, retention that influences productivity can be affected by the expiration of work visas that require workers to return to their countries of origin.

Recruitment

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

There are three major ways in which information is transmitted between employers and workers. Employers may advertise for workers and workers may visit employers seeking jobs, public employment services can post employer job offers and advise job seekers seeking work, and private recruiters can receive

employer job vacancies and recruit workers to fill them. Most employers fill most jobs directly, meaning they advertise for workers online or in newspapers, hold or participate in job fairs that attract workers seeking jobs, and post job openings in the work place and ask current workers to refer friends and relatives. Workers seeking jobs may apply directly to the employer after learning about the job.

Alternatively, employers seeking workers and workers seeking jobs can use public or private job-matching services. Almost all governments have Ministries of Labor that include Employment Services supported by general tax revenues to improve labor market operation by posting job vacancies and maintaining lists of workers seeking jobs. Economic theory justifies using general tax revenues to match workers and jobs, since more efficient job matching promotes full employment and increases economic output. Some countries give their public Employment Services a monopoly on job matching, especially for low-skilled workers, by restricting private fee-charging firms to matching managers with managerial jobs.

However, public Employment Services have not fared well in the international labor market for two major reasons. First, there are few internationally recognized job descriptions and no global system to recognize and verify the credentials of workers gained outside the country of employment.³ Second, employers often make a go-through-the-motions recruitment efforts via public ES agencies to seek local workers before receiving permission to hire migrants, that is, consultants in some migrant-receiving countries advise employers on how to “recruit” in ways that are not likely to generate the interest of local workers.⁴ Most employers have identified the foreign workers they want to hire before seeking local workers via the ES, so required local recruitment efforts rarely result in local hires.

Recruiters, who can supplement or substitute for public Employment Services, can be information brokers, matching employers and workers, or provide additional services, from screening workers to supervising them at work. When a private firm recruits, deploys, and supervises workers at a work place, it is normally considered a temporary help or employment staffing agency. Under some countries’ labor laws, an employment agency can be the sole employer of the workers it brings into and supervises in the workplace; in other cases, the agency is a joint employer alongside the firm benefiting from the workers’ work.

³ There is an effort to standardize education in some fields, including accounting, IT, and health care, and to speed the assessment and recognition of credentials earned outside the country of employment, but this nascent training and job standardization is mostly confined to professionals arriving in some industrial countries.

⁴ For an example, see <http://www.programmersguild.org/docs/cohen.html>

Adecco, Manpower, and Kelly Services are examples of employment agencies that operate in many countries, usually as employers of the workers they place at a work site, although these multinational recruiters rarely move low-skilled workers over national borders.

Report Outline

International contract worker mobility is a journey of hope for millions seeking higher wages and better opportunities abroad. Most workers who cross national borders appear satisfied with their experience abroad, explaining why many work abroad several times. Most international forums and many studies conclude that international worker mobility has the potential to generate win-win outcomes for workers, employers, and COOs and CODs.

However, there may also be problems, and these problems are the focus of this report. The next four sections summarize the major phases of temporary contract labor migration, followed by the problems and issues that arise, suggested options to resolve them, and the roles of COO and COD governments in their resolution. The conclusions inform a draft Framework of Regional Collaboration to Improve the outcomes of the temporary Contract employment Cycle that includes recommendations for the governments participating in the Abu Dhabi Dialogue.

Pre-Employment and Pre-Departure

All governments strive to create conditions that provide citizens with opportunities for productive and gainful employment. Employment allows an economy to generate income and wealth and a means for people to achieve self-fulfillment and participation. However, full employment has been an elusive goal rarely achieved for sustained periods in many countries, while labor shortages are a reality in other countries. Moving citizens of one country to fill jobs in another offers the potential for mutual benefits for individual workers and employers as well as both societies.

In COOs, development should make international migration for employment a choice rather than a necessity. Development strategies in COOs have demand and supply dimensions, augmenting demand to increase the amount of labor per unit of capital investment and enhancing supply by enriching human resources through education and training. Demand policies include public spending to build infrastructure and regulations, subsidies, and trade policies that facilitate private industry and commerce. Many COOs have an array of public and private institutions that provide technical services and finance to encourage FDI and to help small- and medium-sized enterprises become more viable.

Regardless of employment conditions at home, some workers look for jobs abroad. Employers in CODs begin the international contract labor mobility process by requesting permission from their governments to fill jobs with contract workers. Government agencies may grant permission to hire contract workers based on policies that take into account the availability of local workers (economic needs tests) or priorities laid out in quotas or other regulations. Employers may have to pay fees to apply for contract workers and a special levy based on their wages, and may face restrictions on the absolute number or the share of contract workers they may employ in their workplaces.

After COD governments give employers permission to hire foreign contract workers, the job offer is transmitted to private recruiters and/or government agencies in COOs. Employers may recruit workers directly in COOs, rely on current employees to refer relatives and friends, or use labor recruiters to find qualified workers.⁵ Some employers use labor recruiters based in the COD who have relationships with labor recruiters based in COOs, others turn to recruiters in COOs and still others travel to COOs to recruit workers directly. During this labor-recruitment process, employers seek the best candidates to fill jobs and workers seek the best foreign job they can obtain. Some COOs have officers posted in their embassies in CODs countries to verify that the COD employer is offering a job and that the wages and working conditions satisfy COD (and in some cases COO) labor laws.

The key ingredient of successful job matching is information. However, information flows in the labor market are asymmetric because employers know more about the requirements of the jobs they offer than potential employees and workers know more about their abilities than potential employers. This asymmetry is amplified in the case of cross-border recruitment because of each side's unfamiliarity with standards and conditions in the other. To overcome this asymmetric information, employers often use tests, referrals, and other instruments to screen and select the best candidates, or rely on recruiters to select the best workers. Many workers "signal" their abilities to employers by obtaining degrees and certificates that attest to their knowledge and skills and providing references (Stiglitz, 1975; Spence, 1973).

One consequence of information asymmetry is that employers may seek to minimize the risk (and costs) of recruitment mistakes by offering low wages or otherwise passing recruitment costs on to workers. In a buyer's market, this means that wages will be lower than they would have been if there had been better information. Workers with proven skills may be able to negotiate higher

⁵ In a few instances, unions, NGOs, and international organizations are involved in finding workers to fill foreign jobs.

wages over time, but the fact that the contract labor system is based on limited periods of employment means that it is hard for even very proficient workers to renegotiate the terms of their contracts.

Issues may arise in each of the three major phases of recruitment: checking employer claims of labor shortage in CODs, transmitting job offers to recruiters, and recruiting, screening, and deploying workers.

Checking Labor Shortages in CODs

Most countries that admit contract workers have “employer-driven” labor systems. This means that employers begin the international contract worker deployment process by requesting permission from a government ministry such as the MOL to hire a certain number of contract workers to fill particular jobs. Employer-driven contract worker systems can give preference to some types of workers over others, as with Japan’s refusal to approve the admission of low-skilled workers, Korea’s annual quota on the number of low-skilled contract workers admitted, and Singapore’s quotas by sector. COD governments can specify where their employers can recruit contract workers, and some charge employers a monthly or annual levy or tax for each contract worker they employ.

Employer-driven contract labor systems are flexible in the sense that they allow employers to determine how many and which workers they prefer. However, employers may request more workers than they actually need because of visa trading practices, especially when they seek low-skilled contract workers. The result can be contract workers not having work on some days and working long hours on others, which can complicate the challenge in CODs to regulate contract workers who may have incentives to take second jobs and to make jobs attractive to local workers who want jobs offering stable employment and higher wages.

Investing in the development of labor market information systems (LMIS) can help COD governments to improve the operation of labor markets, including satisfying employers who seek well-qualified workers. Detailed and timely information on conditions in the labor market are seldom available, including to those who must decide whether to grant employers permission to recruit contract workers. The absence of a well-functioning LMIS discourages use of public employment offices, and can lead to a death spiral in which such offices become largely irrelevant.

Governments shape labor markets and economies in many ways, including whether they approve the hiring of contract workers to fill particular jobs. In some CODs, including GCC countries, the employer-driven labor policy has encouraged more employment than would have otherwise occurred. If there is “too much” employment of migrant workers, productivity growth may slow and

the administrative and security costs of dealing with too many and irregular migrant workers may rise.

An improved LMIS could help governments to more easily apply “economic needs tests” to ensure that local workers are not available when employers apply for authorization to employ foreign contract workers.⁶ Eventually, LMIS could be developed that make COD employer job offers accessible to COO recruiters, making the recruitment of contract workers more efficient in COOs by making wages and other conditions of employment in the COD more transparent.

Issues that arise in the COD employer and labor shortage-checking phase include employers requesting more workers than they can employ, not trying to recruit local workers effectively, and offering substandard wages and working conditions. Most employers request only as many workers as they can profitably employ, but some request more. There are several reasons, including uncertainty about future employment, an assumption that some of the contract workers who arrive will be terminated, or because the employers can obtain payments for each job they offer. The latter arises because recruiters sometimes offer employers payments for each work visa. Contract workers eager to go abroad are often prepared to pay extra to leave sooner, allowing the recruiter to be repaid.

In many cases, almost all employer requests for contract workers are approved because it is hard for governments without good LMIS to determine quickly if an employer “needs” all of the workers requested, especially if few local workers are willing to fill the jobs for which employers are seeking contract workers. If employers request “too many” workers, there may be a range of problems, from contract workers crowding local workers out of the labor market, lowering labor productivity, and low wages encouraging some contract workers to take second jobs or overstay to achieve their savings targets.

Some governments charge employers seeking permission to hire contract workers a levy or fee to deal with the “too many” issue. Singaporean employers of low-skilled migrants are subject to dependency ceilings that regulate the mix of foreign and Singaporean workers in particular work places and impose levies on employers of migrant workers (www.mom.gov.sg/foreign-manpower/foreign-worker-levies/Pages/levies-quotas-for-hiring-foreign-

⁶ Most CODs use labor market or economic needs tests to ensure that local workers are not available to fill the jobs that the employer wants to fill with foreign workers, that is, they require the employer to post or advertise the job for a period of time, interview local applicants, and keep records of why the local workers were not qualified. Some contract worker programs, such as the US H-1B program, allow employers to “attest” or self-certify their need for foreign workers.

workers.aspx). For example, the monthly levy in manufacturing is (1) lower for skilled than unskilled foreign workers and (2) varies by the share of migrants in the employer's work force. In October 2011, the levy was S\$180 (\$138) a month for a skilled foreign worker employed by a manufacturer whose work force includes less than 30 percent migrants, and S\$450 for skilled or unskilled foreign workers employed by manufacturers with over 50 percent migrants. Foreign workers are covered by collective agreements, which provides a wage floor that forces the employer to pay the levy and makes foreign workers more expensive than local workers. However, employers do not have to make social security (CPF) contributions on the earnings of foreign workers.⁷

The domestic worker sector is different because there are no collective agreements and Singapore has no minimum wage laws. The levy scheme for the 201,000 foreign domestic workers who are employed by a sixth of Singaporean households requires most households to pay the normal levy of S\$265 a month (www.mom.gov.sg/foreign-manpower/passes-visas/work-permit-fdw/before-you-apply/Pages/default.aspx#levy). There is some evidence that the effect of the levy on households employing domestic workers is to lower the wages of domestic workers, as households pay them less to compensate for the levy.

How could payments for jobs be reduced? One unilateral option would be for COD governments, as part of the employer application process, to require employers to certify that they did not receive payments from anyone for the job offer. If it were later discovered that the employer in fact received payments for the job offer, the employer would have violated the signed statement maintained by the COD government.

Another option is to require employers to post bonds or bank guarantees for each contract worker they request, with the bond or guarantee forfeited if the employer does not put the worker on the payroll. Most GCC countries require employers to post bank guarantees that can be tapped if workers are not paid. The UAE's wage protection system requires employers to deposit worker wages in banks to create a paper trail that expedites the resolution of disputes over non-payment of wages.

Most COO governments set maximum charges that can be collected from contract workers. However, they find it hard to regulate the fees charged by recruiters because there are often more workers who want to go abroad than there are jobs. COO governments could set maximum recruitment fees and

⁷ Singapore does not have a minimum wage, so the employer-paid levy may lower worker earnings. Employers must also post a bond for each non-Malaysian foreign worker they hire.

require departing workers to certify that they did not pay more, but the result could be that contract workers tell COO government agencies they paid lower fees than they in fact did. It is often hard to persuade contract workers who paid excessive fees to testify against recruiters if they believe that their testimony will reduce their chances to work abroad, and hard to enforce fee regulations without a paper trail of receipts.

Maximum recruitment fees can have unintended consequences. For example, recruiters may encourage contract workers to tell government agencies that they are going abroad on their own as direct hires by the foreign employer, that is, without the help of a recruiter, making it even harder to regulate recruitment. Unless workers are fully aware of recruitment standards and accept the need for them, there is no easy policy to deal effectively with workers overpaying recruiters for jobs. Experience suggests that simple rules, such as making maximum recruitment fees no more than one month's foreign earnings, bolstered by public education and effective enforcement, may be the most effective policy.

A bilateral option would be to require both COD employers and COO recruiters to certify that they did not solicit, offer, receive, or pay for job offers. The penalty for violations could be (1) COD governments denying employers access to contract workers in the future and (2) COO governments withdrawing recruiting licenses. Such dual certification of no fees or no excessive fees charged to workers could be made more effective through such measures as making any violation the "joint liability" of both the employer and the recruiter, with violations punishable by the denial of permission to recruit and withdrawal of a recruitment license for a year or two.⁸ COD and COO governments could cooperate to maintain a blacklist of violating employers and recruiters, including those who go out of business under one name and return as a new company.

There are practical difficulties enforcing labor laws. Since most COD employers are aware of local minimum wage and labor standards laws, they are unlikely to make job offers that include substandard wages and conditions. In other words, the major wage and working condition issues usually involve failure to adhere to the terms of approved job offers rather than government approval of substandard job offers. There can nonetheless be employer-worker disputes over contract provisions. For example, many contracts include a monthly salary for six-eight hour work days a week, with premium pay of 1.25 to 1.5 times the usual wage for overtime or compensatory time off. The practical issues that arise include accurate recording of hours worked when there is no time clock, which

⁸ The Philippines has such a joint liability system, with the penalty normally applied to the Filipino labor recruiter for violations of contracts committed in CODs. In some cases, contract workers do not complain of contract violations until they return to COOs.

can lead to disputes about whether workers are entitled to overtime pay in particular cases.

There may also be contract substitution, the practice of changing the wages, work responsibilities, and benefits of workers after they arrive in the COD. Contract substitution may reflect employers deceiving workers by encouraging them to accept jobs that they otherwise might accept in the COO, knowing that indebted workers abroad may accept the lower wages or different job in order to repay debt. Contract substitution may also reflect workers and recruiters in COOs claiming skills that the worker does not have. Without efficient and reliable systems to certify skills and transmit reliable information between COOs and CODs about particular workers, contract substitution issues are difficult to resolve.

COO governments can try to enforce their standards for citizens going abroad to work in CODs that allow wages and benefits to be negotiated between employers and workers. However, COO governments quickly reach limits of effective regulation. For example, COO governments can indirectly deal with wages and other contract provisions in CODs by refusing to approve the departure of their workers to work under what they consider substandard contracts.

However, it is hard to persuade COD governments to enforce COO labor laws, as when COOs specify a minimum wage that their citizens should earn abroad. If COO governments specify minimum wages for their contract workers, their most effective enforcement mechanism to ensure compliance is to bar workers who are not offered that minimum wage from departing to a particular country. COO governments could invalidate the passports of workers who break the ban and nonetheless go to such CODs, provided that such enforcement does not violate constitutional rights to obtain a passport and leave the country.

The UAE has developed an Electronic Contract Validation system in cooperation with India that allows the COD employer-worker contract approved by the UAE Ministry of Labor to be transmitted electronically to government agencies in the COO. The ECV can improve adherence to COO requirements for contract workers abroad and improve worker protections. Contracts received from CODs are used to inform workers being deployed, and enables the COO agency that checks contracts to refuse to approve those that do not meet COO standards. The Contract Validation System may be extended to other countries.

Problem employers include those who have violated wage and working conditions regulations, which may result in these employers being barred by COD governments from requesting (more) contract workers; such employers

may also be placed on blacklists by COO governments. Issues include how to prevent problem employers from hiring contract workers if they begin new businesses with new partners and new firms, how to share blacklist information between COD and COO governments, and how to deal with cases where COD and COO government penalties for particular violations differ. For example, the COD government may allow a particular employer to resume recruitment before the COO government allows this employer's partner recruiter to resume recruitment activities.

Transmitting Job Offers from CODs to COOs

Approved job offers can be transmitted from COD employers to workers in COOs several ways including:

- directly by the employer,
- indirectly via recruiters,
- via current employees of the employer,
- via COD governments or
- through COO representatives in the COD

Currently, the multiple channels by which job offers are transmitted between CODs and COOs can result in the transmission of false or misleading job offers. If employers transmit job offers to many COO recruiters, recruiters collectively may advertise more jobs than are in fact available, increasing the pool of applicants and prompting some workers to pay to improve their chances of being selected.

One mechanism for increasing transparency would be accurate and timely labor market information systems (LMIS) in both CODs and COOs, such as the EU's EURES system. Employers in CODs could post job offers, a requirement of most admissions systems that include labor market or economic needs tests, that could be accessed in COOs. Once COD government agencies agreed with the employer that local workers are unavailable, these agencies could approve the recruitment of contract workers abroad, and the agency-approved job offer can be posted on the web sites of COD MOLs or other agencies in CODs as well as in the LMIS of COOs, as with the Philippines' DOLE Job-Net system.

Developing LMIS's could help CODs to determine if local workers are available and increase transparency in the recruitment process, provided there are safeguards against fraud. If LMIS data were widely available, CODs and COOs would have to cooperate to detect and remove sites that posted misinformation or non-existent foreign jobs. An LMIS that made information on foreign job offers available in the official websites of COO government agencies could allow workers to contact foreign employers directly, potentially reducing costs. It should be noted that some firms have outsourced all hiring to recruiting or

staffing firms, which makes them rather than the firm the employer and point of contact.

Posting approved job offers can increase transparency but also lead to potential problems, as when recruiters or workers visit employers whose approved job offers are listed on MOL web sites and offer money for jobs. There is no easy way to police such private transactions between employers and recruiters or workers, but requiring employers to certify that they did not receive payment for job offers could put them on notice that, if the payments are discovered, they could lose access to foreign contract workers. Similarly, recruiters could be required to certify that they did not pay for job offers, and those who are shown to have paid, and passed the cost on to contract workers, could have their licenses revoked and face other punishment.

Recruitment and Deployment

Problems and issues that arise in recruiting, screening, and deploying workers in COOs range from false promises made to workers to excessive fees and high-cost loans to cover migration costs.⁹ Since COD job offers usually arrive in major cities where recruiters and government agencies are located, while contract workers are often found in villages, there are often subagents between recruiters and workers.

The sub-agents who link city-based recruiters and rural contract workers are often better educated than the workers being recruited and sometimes were previously contract workers.¹⁰ Sub-agents are usually paid directly by contract workers and/or by recruiters based solely on the number of workers they deliver who sign contracts to fill foreign jobs; those receiving payments from both workers and recruiters may not have incentives to respond to the best interests of foreign employers or contract workers. Many subagents favor quantity over quality in job matches, sometimes convincing a worker to accept a foreign job that the worker is not qualified to fill.

Subagent incentives that favor recruiting more rather than better workers can lead to problems. For example, job offers that offer slightly higher wages in exchange for more skills may prompt recruiters and their subagents to charge higher recruitment fees to workers wanting a higher-wage job abroad. A worker with the requisite skills may shun a foreign job offer that (1) requires his skills but offers only a slightly higher wage than is paid to a low-skilled worker and (2) has significant recruitment fees.

⁹ These loans can have high interest rates as well as fees that make them expensive.

¹⁰ Some COOs prohibit licensed recruiters from establishing branch agencies, which can perhaps unintentionally encourage the use of subagents.

However, a low-skilled worker without the necessary skills may be willing to pay the high recruitment fee in exchange for the higher foreign wages. Once abroad, this worker may disappoint the employer, who may respond by reducing the wage (contract substitution) or terminating the worker. If the contract worker has taken on debt to pay recruitment fees, he may take a second job to offset the reduced wage or try to stay abroad illegally if fired, posing problems for himself as well as COO and COD governments.

There are two major government responses to regulating private recruiters with the goal of reducing migration costs: promote competition between recruiters who abide by regulations at one end of the spectrum, and establish a monopoly public recruitment agency at the other. The competition-between-recruiters model usually involves governments requiring private recruiters to identify themselves by obtaining licenses, passing tests, and posting bonds, and then allows recruiters to compete with each other to obtain foreign job offers and find local workers to fill them.¹¹ Governments may suspend or cancel licenses and fine recruiters who violate recruitment regulations.

Governments could favor the best private recruiters by establishing ABC rating systems and giving privileges to A-rated recruiters that make them more attractive to employers and migrants, such as lower charges or faster processing. Over time, both employers and workers should gravitate to A-rated recruiters who achieve reputational recognition. If economies of scale help A-rated recruiters to hold down their costs, they can win market share at the expense of other recruiters.¹²

Alternatively, government agencies can be granted a monopoly on recruiting workers in particular migration corridors. The Bangladesh Overseas Employment and Services agency (BOESL), for example, has a monopoly sending workers to Korea under the Employment Permit System (www.eps.go.kr), and Pakistan and India have similar government agencies. Government agencies generally charge lower fees, but may not be as efficient at finding workers to fill foreign jobs as private recruiters.

¹¹ In some countries recruitment without a license is treated as a criminal offense/

¹² If A-rated recruiters cannot lower costs and provide better services, competition between recruiters with different ratings could lead to higher cost A-rated recruiters offer better services and low-cost C recruiters offering cut-rate services.

Continuity

Creating incentives for honest recruitment is difficult in contract labor systems that lack incentives to develop long-lasting relationships between employers in CODs and recruiters in COOs. If COD employers sell job offers to COO recruiters or receive fees from them, the recruiter winning the bid may not have a long-term interest in providing the best workers because he/she may not receive subsequent job offers from this employer. Employers who pay recruiters rather than charge for job offers can specify selection procedures to be followed that encourage only the recruitment of qualified workers.

Creating longer-term relationships between COD employers and COO recruiters that foster honest exchanges is easiest when more skilled workers are involved, in part because the consequences of poor placements can be economically costly. COD and COO governments could favor longer term employer-recruiter relationships that result in the fewest terminations and runaways.

Governments can cooperate to monitor the outcome of recruitment between particular employers and recruiters and reinforce the vested interest of both parties in a long-term relationship. For example, governments can give priority to the processing of requests from long-standing employer-recruiter pairs and allow them to skip certain steps in the job-offer and recruitment process. The goal of such bilateral cooperation is to foster “natural” incentives and extend long-term employer-recruiter relations from the top of the job ladder to lower rungs. In exchange for priority processing, employers and recruiters could agree to be more transparent and open to random audits.

Information

A second recruitment issue involves full information about employment abroad, including the procedures to go abroad. Contract workers often move from rural areas of poorer countries to urban areas of richer countries. For the worker, this movement requires multiple transitions, including obtaining passports and undergoing medical tests, perhaps first airplane flights, and the first glimpses of high-rise buildings and shopping centers.

It is very hard to prepare rural residents who have never been abroad for foreign jobs in richer countries. Many of those considering work abroad think about high foreign wages but not higher living costs abroad, and incentives in the recruitment system may work against full disclosure if more information would make workers less willing to pay recruitment-related fees. Full disclosure would make workers more aware that high projected net savings from work abroad can be lowered by higher living costs.

Since lack of full information can help recruiters to extract higher fees from contract workers, recruiters may not support full-information campaigns that educate workers. COO governments assume the primary responsibility to educate and inform potential contract workers, but their efforts could be aided by cooperation with COD governments to produce informative materials, including videos of contract workers in the COD that show work places and living quarters, explain the experience of working abroad, and warn potential contract workers in COOs of the dangers and pitfalls of the recruitment process in the COO. Workers abroad can also inform countrymen in the COO, in their own language, of the cost of living in the COD and realistic savings rates while employed in the COD. Such information and education could help employers who otherwise have disgruntled workers and COD governments who have to deal with fewer irregular migrants.

Information and education are key to helping potential contract workers understand procedures required by COO and COD governments. For example, most COD employers and governments require workers seeking jobs abroad to undergo medical testing. Workers should be informed and educated about the purposes of the medical tests and provide their informed consent for the testing. Those who are considered medically fit for work abroad can then continue to the next step, while those who are deemed medically unfit could be referred to appropriate institutions to receive services if required.

A related information issue involves the timing of information and education acquired by contract workers. Contract workers need information about work abroad early in the recruitment process, but many learn about deductions from wages and higher foreign living costs only as they get closer to departure. If disclosures and information come only *after* the worker has assumed debts and made commitments to work abroad, it may be very hard for even educated workers to back out of their commitments, prompting some to ignore or downplay new information from COO government agencies that they receive just before departure if recruiters convince them that pre-departure checks and orientation are merely a formality to go abroad.

Differences in occupational definitions and standards may complicate effective recruitment. An employer's job offer for a carpenter or mason may attract applicants who are considered carpenters or masons in the COO but do not have the skills expected in the COD. Employers who recruit workers directly can test them in the COO, and those paying recruiters can insist that any workers sent have the required skills, but recruiters who pay employers for jobs may not bother to find the appropriate workers.

A survey of Indian workers in the UAE found that 40 percent of contract workers performing production, transport, and related jobs believed the job they were asked to do was different from that called for in their contracts (Zachariah, et al). Overall, almost 80 percent of Indian contract workers in the UAE believed that their foreign jobs were those described in their contracts, but the survey makes it clear that many contract workers, despite having contracts, do not fully understand what they will be expected to do abroad.

It would be mutually beneficial to develop more accurate occupational guidelines and certification systems. The ILO modified the International Standard Classification of Occupations (ISCO) 88 occupations (www.ilo.org/public/english/bureau/stat/isco) to make them more useful to workers and employers, specifying sub-occupational specialties in the construction trades to improve job matching. The POEA is using this modified classification of occupations.

Migration Costs

The third major issue involves migration-related costs, including recruitment fees, charges for COO and COO government services such as passports and visas, and the cost of items that range from health and criminal checks to mandatory insurance, pre-departure orientation and travel abroad. Since recruitment occurs in COOs, regulating recruitment fees is primarily the task of COO governments, which often set maximum fees that government agencies and private recruiters can charge contract workers.

Maximum recruitment-fee regulations are often flouted for several reasons. First, there are often layers or actors between government regulatory agencies and contract workers. Government regulatory agencies may deal regularly with recruiters who understand recruitment rules and fees, but rarely deal with other intermediaries such as sub-agents who act as scouts for recruiters. These sub-agents can be independent businesses, working for several recruiters, which can make it hard to police their activities.

COO government efforts to police sub-agents and the fees they charge to contract workers are very similar to their efforts to regulate recruiters, viz, identification, regulation, and enforcement. The first step is to require sub-agents to identify themselves and obtain licenses, a procedure implemented by Sri Lanka in 2011. Licensing requirements can be coupled with background checks, recommendations, and passing tests of regulations as well as requirements to post bonds that can be tapped in the event of violations.¹³

¹³ Indonesia banned sub-agents known as kalos in 2007, but sub-agents continue to act as the glue between contract workers in rural areas and city-based recruiters.

The second step is to regulate sub-agent fees and establish penalties that provide incentives for compliance with regulations. Fee regulation raises several issues, including how to prove that contract workers made particular payments if receipts are not issued routinely. In the event of disputes, the lack of a paper trail can make enforcement difficult, which is one reason why requiring the issuance of receipts for monies paid related to overseas deployment is a common recommendation of recruitment-cost studies. Receipts may not help if, for example, subagents in villages collect money for what they assert are non-migration-related activities.

The third fee-related issue is how to encourage compliance with maximum fee regulations if contract workers are willing to pay more. Some countries, including the Philippines, try to make COO recruiters careful about the foreign employers to whom they send workers by making COO recruiters jointly liable with COD employers for violations of approved worker contracts.

Joint liability could also be applied within COOs, making the recruiter with whom the worker signs a contract jointly liable for violations committed by subagents and others in the recruitment process. The likely response to such joint liability laws within COOs would be for licensed recruiters to disclaim any connection to the subagent or to have contract workers say they “independently” found the recruiter, which can make it hard to identify intermediary sub agents.

Finally, it is important to emphasize that some migration costs can be reduced by COO governments and bilateral cooperation. COO governments may be able to reduce the cost of travel to CODs, for example, by encouraging national and budget airlines to offer low-cost round-trip tickets for the duration of the worker’s approved contract.¹⁴

The Bangladeshi recruiters association, BAIRA, estimated average migration costs for workers deployed to Libya, Saudi Arabia, and UAE at \$1,700 to \$2,000. Table 1 raises three points. First, migration costs to all three destinations are well above the Bangladeshi government’s maximum recruitment fee of 84,000 taka (\$1,095).

Second, most of the costs deploying workers to GCC countries arise in the COD, with visa fees accounting for half of the cost to send workers to the UAE and a quarter to a third of the cost to send workers to Libya and Saudi Arabia. BAIRA

¹⁴ Employers are usually required to pay the worker’s round-trip transportation, but workers are often charged for transportation, and often at higher rates than they could have purchased the tickets.

asserts that its member recruiters must pay these fees in order to secure job offers, and wants COD governments to crack down on employers who expect or accept payments for demand letters (job offers). On the other hand, some say that BAIRA recruiters offer to pay employers for job offers so that BAIRA recruiters rather than other recruiters have the opportunity to recruit workers to fill the jobs.¹⁵

Table 1. BAIRA: Costs of Migration to Selected Countries (\$)

Costs (US\$)	Libya	Saudi Arabia	UAE
COD Costs			
Visa fees	741	533	953
Work&Medical		453	
Intermediaries	82	133	136
Subtotal	823	1,119	1,089
COO Costs			
Airfare	572	464	341
Recruiter fee	204	204	204
Other fees	41	68	68
Medical check	29	40	20
Visa fees	78	38	
Income tax	14	14	14
Welfare fund	4	4	4
Local subagent	136		
Subtotal	1,078	832	651
Total	1,901	1,951	1,740
COO share	57%	43%	37%

Source: Siddiqui, 2011, data from BAIRA

Third, the largest cost in the COO is airfare, suggesting that governments could urge national airlines to offer low or discounted tickets to contract workers. Cooperation between COO and COD governments could relax requirements that contract workers possess round-trip tickets for a return in two or three years, which often means a higher fare.¹⁶

BAIRA has used these data to urge the Bangladeshi government to raise the maximum recruitment charge. The Bangladeshi government, on the other hand,

¹⁵ Dealing with the rents that arise when demand exceeds supply, prompting recruiters pay for job offers, raises the question of whether the most efficient and equitable way to reduce rents is to focus on the COD employers who receive the payments or the COO recruiters who make the payments.

¹⁶ Employers are usually required to pay the worker's round-trip transportation, but workers are often charged for transportation, and often at higher rates than they could have purchased the tickets.

points to the need to reduce fees paid in CODs, arguing that, if visa fees were eliminated and intermediary charges in CODs were reduced, the BAIRA-estimated costs would be close to the government-set maximum recruitment fee.

Contract workers pay more than the maximum recruitment fee in many countries. The maximum recruitment fee in India was 2,000 rupees (\$45) for unskilled workers in 2008, 3,000 rupees for semi-skilled workers, and 5,000 rupees for skilled workers. Amendments to the 1983 Emigration Act in 2009 substituted a maximum recruitment charge of 25,000 rupees (US\$ 475) or 45 days foreign wages, whichever is less. Media reports suggest that many Indian migrants pay far more.

Establishing realistic maximum recruitment fee and making it easily understood can be very effective. The maximum recruitment fee in the Philippines is a month's foreign earnings, and the government campaigns actively to educate workers about this fee and to detect and punish those who charge more. Moreover, a month's earnings is the average service charge frequently levied in many countries, including OECD countries, for recruitment services.

Employment and Residence Abroad

Going to another country with very different language, culture and traditions, and social institutions often present very serious problems of adjustment and adaptation. Many contract workers especially those with low levels of education leaving their country of citizenship for the first time are unlikely to know what rights they have under local laws, what the customs and practices they will be expected to observe, and they may have limited capacity to acquire such information and understanding before departure or even after arrival. Some of the activities that lead to problems for contract workers while employed abroad are the result of ignorance or mis-information, a gap that COO and COD governments should be able to bridge, preferably through cooperative action.

Most COO governments do make efforts to bridge the gap. Practically all countries of origin in Asia require departing workers to have a last check of their contracts and to receive a pre-departure briefing or orientation about the country where they will be working.¹⁷ In Indonesia many of the large recruitment companies sending domestic helpers to the GCC operate training centers that offer two-week courses on basic Arabic language and culture, and some offer hands-on training for the work they are expected to perform in typical households. Some COOs prepare and distribute booklets in a language

¹⁷ Workers who may not receive sufficient health care in the COO could be briefed on health care concerns and issues during pre-departure briefings, especially because employment abroad presents new physical and mental risks.

understandable to low-skilled workers that present the key facts about the country to which they are going and the dos and don'ts of the local culture.

Much more can be done to prepare workers for their new countries of employment. Indeed, such preparation will be important even before workers make their final decisions, when they are considering how to raise the money to pay for various migration expenses, what arrangements to make for the care of the family members they leave behind, and organizing their travel.

In addition to providing briefings and distributing printed materials, COD and COO governments could collaborate to make videos of workers employed abroad that allow them to explain their jobs, living conditions, and non-work activities. Such videos could be shown not only at pre-departure orientation but also more widely with the help of the local media and community leaders, and also when contract workers are already in the CODs.

New Arrival Briefings

Recognizing the importance of familiarizing foreign workers very early about their rights and responsibilities and about the local culture and society, the Korean government established a 3-day orientation program offered by HRDKorea to all in-coming contract workers. The program informs workers about labor and immigration, health and safety, and other work and living regulations. The program also covers services available to contract workers, including how to obtain advice and assistance from labor authorities and the behavior expected to respect local values and customs.

The Korean model can be adapted for other CODs. Contract workers are often met at airports in the COD by the local recruiter or employer and taken to their living quarters or places of work without a proper orientation that could contribute to avoiding misunderstandings with their employers and to protecting them against treatment which violate local laws. COD authorities can, in consultation with officials from COO consulates, arrange new arrival briefing sessions in government centers, or where the numbers justify it, hold new arrival briefings in the workplace to involve both contract workers and their COD supervisors.

New arrival briefings can be tailored to the specific circumstances of employment. For example, there could be separate briefings for workers who will be employed in private households, for those who will be employed by subcontractors in construction, and for those who will be employed by manufacturers or service establishments.

Dispute Resolution and Labor Law Enforcement

Reports from national authorities in COOs indicate that there are relatively few complaints in comparison to the number of contract workers. For example, the 1.1 million Sri Lankan workers in Saudi Arabia, Kuwait, UAE, Qatar and Lebanon made 8,400 complaints to Sri Lankan authorities in 2006. The SLBFE categorizes complaints, and reported that 18 percent concerned “non-payment of agreed wages” and 10 percent “breach of employment contracts.” (del Rosario, 2008).

The relatively few formal complaints made to COO agencies suggests one of two possibilities: that most problems get resolved without COO government assistance or that few workers file formal complaints because they do not believe that the COO agency will help them or that they find it difficult to find the correct COO agency to file a complaint. Some NGOs believe that violations of labor laws and unresolved disputes are common despite relatively few complaints filed, an hypothesis that could be tested only with large-scale surveys of workers.

Disputes brought to local labor administrators for resolution are usually about delayed payment or non-payment of wages, such as when contractors encounter difficulties completing their projects. Disputes involving a single worker and a single employer rarely reach local authorities, instead being resolved informally, perhaps with assistance from COO Labor Attaches who have the language skills to talk to both employer and worker and understand the COD labor dispute resolution procedure.

More serious problems arise with irregular workers, which can arise because workers violated the terms of their visas, as with those with haj or umrah visas who found jobs and those whose sponsors keep their passports. Some workers run away from their employers, perhaps because they were not paid promised wages or were maltreated, and some go to work elsewhere as irregular workers. Educating contract workers about their rights in the event of unpaid wages or pre-mature termination of contracts could help to reduce the number of irregular workers.

There are a variety of measures that can be taken to protect workers against failure of employers to their due wages, beginning with a check on the capacity of employers to pay promised wages before the COD approves their request for work visas. In sectors with a history of late or unpaid wages such as construction subcontracting, employers could be required to post bonds or obtain insurance to cover several months employee wages. In such cases, if the labor authorities determine that unpaid wages are owed to workers, workers can be paid from the bonds or insurance.

Contract workers may encounter problems with local authorities outside the workplace, and some may be arrested for violating local laws. Ensuring that local police and other authorities have ready access via telephone or in-person to bilingual staff from COO consulates can help to ensure that worker rights are respected in such situations. In the event workers are arrested and jailed, mechanisms should be established to allow COO consulates to provide timely legal representation to contract workers.

Lifelong-Learning Passport

Contract workers often gain new skills informally at home and while employed abroad. To recognize these newly acquired skills, COOs and CODs could cooperate to develop a work-experience or lifelong-learning passport into which COO and COD employers can record the skills obtained on the job and duration of work with that employer. Workers can show this document to future employers in COOs and CODs to demonstrate his/her competencies.

Several European countries, including Germany and Switzerland, have on-the-job skills and experience certification systems (Singh, 2005, 50). The German “lifelong learning passport with certification of informal learning” system was launched in 2003, with a so-called profile passport compatible with EUROPASS to help workers win recognition for on-the-job training and experience. In the US, the MacArthur Foundation is subsidizing digital merit badges awarded for skills acquired via online education or on the job that workers can include in their resumes posted on the web.¹⁸

Preparation for Return

Most contract workers are employed for two or three years abroad; some contracts are renewed. Most workers go abroad to achieve goals at home, such as saving money to improve housing, provide education and health care for family members, and achieve upward socio-economic mobility. A smoothly functioning contract labor system is win-win in the sense that workers can achieve their goals of upward mobility at home while contributing to the economies in which they are employed temporarily abroad.

As the end of their contracts approaches, workers who have acquired savings, new skills, and new perspectives must prepare to return to their families and

¹⁸Anne Eisenberg, “For Job Hunters, Digital Merit Badges,” *New York Times*, November 20, 2011. MacArthur sponsored a “Badges for Lifelong Learning” competition that ends early in 2012, and will award funds to foundations to “connect informal and formal learning in and out of school.” Badges posted in online resumes can be checked by clicking on the link to the issuer to verify the badge’s authenticity and the status of the employer or institution granting the badge.

friends in COOs. They must also decide what to do with the skills and savings acquired abroad upon return.

Return-preparedness

COD and COO governments, as well as employers and NGOs, may offer return-preparedness programs. It is important to remember that worker goals and needs vary, making it unlikely that the same return-preparedness program would work equally for nurses as well as domestic workers. Indeed, it would be useful to survey both returning and returned workers to obtain information on their goals for work abroad and their accomplishments, and to ask them what pre-return items are or would have been most important.

For example, Rodriguez and Horton (1996) used the 1991 SOF and the 1988 National Demographic Survey (NDS) to find that Filipinos generally return after three to six years abroad. Return intentions and experiences are influenced by unemployment in the worker's area of origin, with workers less likely to return if the unemployment rate in their area of origin is higher.¹⁹ Asis (2001) found that only six percent of 110 Filipina women surveyed returned because they had achieved their goals, and with 76 percent expressing that they wanted to work abroad again.²⁰

Return-preparedness programs can be very useful, but they should recognize the varying needs of workers and avoid one-size-fits all designs. It may be useful to both COD and COO agencies to survey each group of returning contract workers so that there is continuous feedback to improve return-preparedness programs.

Financial literacy

A major reason to work abroad is to earn high wages and accumulate savings. Many low-skilled workers have limited financial literacy before departure. While abroad without their families, they have the opportunity to acquire more financial literacy, especially if they are employed in a COD with a well-developed financial system offering a wide range of financial services. There are ever present risks that workers will whittle away their earnings abroad because of the ease with which they can obtain credit cards and other financial services for the first time.

¹⁹Rodriguez and Horton found that a one percent increase in unemployment decreased the probability of return by 12 to 20 percent. Filipinos with visas that gave them settlement rights abroad were also less likely to return.

²⁰The major reason to return was the end of the foreign work contract for 38 percent of the women, family reasons for 32 percent, and work-related problems abroad for 10 percent.

COD employers could collaborate with COO embassies and consulates in a campaign to sensitize workers to the need for prudent financial planning given the limited duration of employment in higher-wage jobs abroad. They can, for example, invite banks, more experienced workers, and trainers to educate newly arrived contract workers about the need to identify future contingencies their families are likely to face and compare these with future income streams, the way to evaluate opportunities for investment in housing or small business, and the risks posed by credit cards and other financial services while abroad, and after return. Bankers with a financial interest in acquiring clients would likely provide such training at no cost in the employer's training rooms or living quarters. If the content is monitored to assure accuracy, the result could be a low-cost way to improve financial literacy.

Training should be voluntary. To avoid bankers speaking to captive audiences in workplaces and employers potentially receiving payments from them, COD and COO governments could cooperate to develop a list of approved trainers, and financial literacy classes could be held in worker welfare centers operated by diplomatic missions of COOs or other convenient locations. Trainers could explain the recent experience with returns to investing small savings, including saving options to preserve or grow capital, and the benefits and costs of each option. The UAE MOL has trained MOL staff, community volunteers, and COO consular staff to provide financial literacy seminars.

Many contract workers may not want to immediately launch a small business or commit their savings to a particular project. Financial literacy can also teach such workers how to preserve their savings to avoid exchange rate and inflation risks they decide where and how to invest or spend savings.

Contract worker remittances and skills can speed up development in COOs. Government agencies and IOs often try to steer remittance savings into particular industries and areas, and sometimes match worker commitments to start businesses with low-cost loans and grants. Financial literacy classes can make contract workers aware of loan and grant programs while still abroad, making them aware of the resources available to help them at home and thereby increasing the benefits of migration for development.

Returning workers often take with them goods unavailable or more expensive at home. Word of mouth can educate returning workers about COO import rules, but part of financial literacy could be an explanation of the most important customs rules of the COD and COO, so that returning workers are not surprised by unexpected charges or regulations if they want to bring consumer or investment goods home.

Benefits and Bonuses

Working in another country could reduce a worker's pension benefits. Contract workers are excluded from social security in some CODs, but may be entitled to end-of-service lump sum payments, which could be used to purchase service credit in the COO pension system.

For example, the Philippines allows contract workers to become members of its Social Security System (SSS) by making regular contributions, including through mobile phones. By making contributions, workers and their families receive various protections, including old-age payments and payments for invalidity, sickness and maternity. The SSS has bilateral agreements with many countries that enable Filipinos who work in abroad to "totalize" their social security contributions in several countries in order to receive more benefits.

Return-preparedness programs can include materials tailored for workers that explain the amount of any social-security contributions, the options for seeking refunds or leaving worker contributions to accumulate if the worker plans another period of foreign employment, and the amount and payment procedures for end-of-contract bonuses. During such training, workers can be reminded of the importance of updating their contact information at benefit payment agencies and procedures to apply for benefits after eligibility is earned.

Irregular Workers

All contract worker programs generate some irregular workers, including those who entered with visas that do not allow employment, those who took second jobs, those who changed employers in ways that violate local labor laws, and those that did not depart as required. Without a way to regularize status or leave the country, the number of irregular workers can rise over time, causing problems for legal workers as well as COOs and CODs.

Recurring issues such as dealing with irregular workers are best dealt with by a protocol that lays out procedures for the relevant COD agencies. The Joint Working Committees typically formed under bilateral agreements or memoranda of understanding between CODs and COOs could develop such procedures to deal with irregular workers in ways consistent with local laws and regulations.

Irregular workers may have to pay fines and obtain documents to exit the COD and enter the COO. Creating one-stop shops to deal with fines and documents could expedite returns and provide clues to minimize irregular migration.

Return and Reintegration

The purpose of going abroad is usually to finance upward mobility at home. Achieving this personal objective can benefit the large community at home.

Remittances from contract workers abroad help to finance development in COOs, create demand for home produced goods, and protect economies during periods of global instability and external shocks. For these reasons, governments of COOs have assumed a major responsibility for welcoming and reintegrating contract workers upon their return. There are several best practices in return and reintegration programs, ranging from having political leaders symbolically welcome home selected returning workers and highlighting the importance of remittances and skills acquired abroad for development at home.

Special Arrival Facilities

Most contract workers depart from and return to airports, making the services they receive important symbolically and practically. Some countries have special arrival facilities or lanes for returning contract workers that offer services they are likely to require, including banking services and transport to their home towns.

One major test of arrival facilities is how efficiently they enable returning workers to reach their homes quickly, safely, and at a low cost., Airport authorities need to provide workers with information, telephone services to contact relatives, and safe and affordable transport options, including transport to local bus and train stations. Returning women may have special needs and need special protections in arrival facilities.

Re-integration Programs

The key personal and development issues that arise with return and reintegration include making decisions about savings and skills acquired abroad. Few COO governments attempt to tax the foreign earnings of contract workers, and some subsidize the portion of foreign earnings that are invested in order to stimulate entrepreneurial activity.

Many returned contract workers are out of the labor force at home. Labor force surveys in the Philippines in 2007-08 found that 43 percent of returned contract workers did not rejoin the domestic labor force and, of the 57 percent who did, many were unemployed. When asked why they were not in the labor force, the most common answer was that the returned contract worker were attending to family or household duties in the Philippines that prevented them from looking for wage and salary work. Married women who worked as domestic workers abroad were either occupied with their children upon return or went back to school in the Philippines.

Table 2. Returned Contract Workers, Philippines, 2007-08

	Percent
Not in Labor Force	43
<i>Household duties</i>	45
<i>School</i>	20
<i>Waiting for rehire</i>	12
Employed	40
<i>Private sector</i>	45
<i>Self-employed</i>	19
<i>Family farm/bus</i>	17
Unemployed	16

Source: Philippines Labor Force Surveys

Among those who were employed in the Philippines after returning from abroad, almost half worked for private-sector employers, followed by a third who were self employed or worked without pay in a family-owned farm or business. Over 16 percent reported being unemployed, about the double the unemployment rate for the country as a whole.

Information about jobs that use skills acquired abroad, either for wage or salary employment or for self employment, could be provided to workers in preparation for return seminars abroad and in special arrival facilities at home. Returned workers who want to wait before deciding how to commit their remittance savings could be provided with a place safe from exchange rate risks and inflation to place savings until they develop a business plan and obtain additional financing or decide how to spend their savings.

Not all contract workers can become entrepreneurs, and some may decide that their best option is to work abroad again. These workers are more likely to need help to find another foreign job that takes advantage of their accumulated skills and does not involve excessive recruitment fees.

Skills and Housing

Returned contract workers may have acquired skills abroad that are difficult for COO employers to evaluate. Lifelong learning passports that include certification of foreign-acquired skills, and COO government agencies that translate foreign-earned skills into their domestic equivalents, can help returned workers win recognition for their skills at home.

Many returned workers use their remittance savings to build new or improve housing. Returned workers with some savings could seek loans from banks or

the welfare funds to which they contributed to build new or improve housing, benefiting themselves and their families as well as workers who did not work abroad but who are employed in construction in the COO. Singapore's Provident Fund to which employers and workers contribute makes low-cost loans to workers for housing.

Databases of Returned Workers for Re-Employment Abroad

International contract worker mobility can create new links between countries. Many workers go abroad several times, suggesting the usefulness of having COOs register returning workers in order to compile a database that records personal characteristics, the job performed abroad and the skills acquired, and the worker's willingness to work abroad again, including preferred CODs. Such a database could increase the efficiency of the job-matching process.

Conclusions

This technical report outlined the issues involved in the recruitment and deployment of contract workers to Gulf Cooperation Council and other Asian countries. The aim was to identify problems and opportunities for governments to act unilaterally, bilaterally, and regionally to improve the contract employment cycle.

The report was prepared for the Abu Dhabi Dialogue, a forum that provides an opportunity for governments in countries sending and receiving contract workers to discuss and deal collaboratively with problems in the contract worker system. Its structure is framed by the four major phases of contract labor mobility, viz,

- the pre-employment activities in countries of destination (CODs) involved in determining whether and how many contract workers are required by employers who request them, and the pre-departure activities in countries of origin (COOs) that aim to protect workers while efficiently matching them with jobs abroad
- contract worker employment in CODs, typically for two or three years
- preparing workers completing their contracts in CODs for their return and re-integration in COOs
- re-integration of returned contract workers in the economy and society of COOs

The January 2008 Abu Dhabi Declaration and the conclusions of numerous studies and international forums agree that properly managed international contract labor mobility can generate benefits for all parties concerned, including workers, employers, and COOs and CODs. Furthermore, dialogue and cooperation between governments can reduce the problems that arise in contract worker mobility and enhance its benefits by (1) improving the data base to better

match labor supply and demand over borders, (2) reducing and preventing unlawful recruitment practices, and (3) examining contract worker mobility comprehensively to enhance its contributions to human development.

This report focused on problems in four areas, pre-employment and pre-departure, employment abroad, preparation for return, and return and re-integration. The methodology involved:

- assessing the results of a pilot project conducted by the UAE, the Philippines and India to identify best practices to administer the contract employment cycle, a recommendation of the first Abu Dhabi Dialogue Ministerial Consultation in 2008,
- reviewing the literature on contract worker mobility, and
- discussing contract worker mobility issues with academics and key informants in COOs and CODs.

The first area, pre-employment and pre-departure activities, offers some of the greatest potential for cooperation to enhance the benefits of international contract labor mobility for all parties concerned. Rationalizing admissions policies in CODs so that employers recruit only the number of contract workers they can usefully employ would help to reduce payments for job offers that can leave contract workers with no jobs or in jobs that differ from those promised in contracts. At the same time, rationalizing admissions can improve productivity and competitiveness in CODs and reduce issues associated with contract disputes and irregular workers that are of concern to both COOs and CODs. Cooperation to improve job matching by standardizing occupational classification systems and recognizing skills acquired informally, developing standard contracts and educating workers and employers about their contents, and better informing workers about living and working abroad could also enhance the benefits of international contract labor mobility to employers, workers, and COOs and CODs.

Rationalizing the recruitment system promises mutual benefits. It is widely recognized that migration costs are often high, as much as a third of what low-skilled workers can expect to earn abroad in three years. There are many reasons for high migration costs, and some are amenable to inter-governmental cooperation to reduce them. For example, COD governments that prohibit employers from charging recruitment costs could go a step further and require employers on their applications for contract workers to confirm that they received no payments for the jobs they are offering. COO governments could similarly require recruiters to certify that they did not receive more than the maximum government-set recruitment fee. Adding no charge and no excessive fee statements to employer and recruiter applications would not end

overcharges, but could expedite enforcement if proof of charges or over payments comes to light.

COO governments aim to identify and regulate recruiters by requiring them to obtain licenses and to obey recruitment regulations. Experience demonstrates that it is very hard to regulate recruiters effectively by publishing regulations on fees and other activities and threatening to punish violators. Most enforcement depends on complaints, and workers eager to go abroad may be reluctant to complain about recruiters who promise them higher wages abroad. Even if workers complain about recruiters, it is often difficult to resolve their complaints expeditiously.

The regulation of recruiters can be improved by developing simple rules that all parties can easily understand. Including incentives for lawful behavior in recruitment regulations may be even more important. For example, good recruiters could be recognized by allowing them to skip certain steps that other recruiters must follow, such as in-person interviews between contract workers and government agencies or lower fees for license renewals. Government leaders can recognize good recruiters, giving them publicity that may help them to enlarge their businesses. Positive incentives to encourage good behavior can help foster a growing market share for the best recruiters rather than a race to the bottom among recruiters.

Contract workers may not know their rights and obligations under labor and other laws of the COD, and may find it hard to learn about living and work abroad. Having COD and COO government representatives meet newly arrived workers and brief them of their rights and responsibilities could enhance protections and avoid common reasons for workers running afoul of local laws. Once employed, hotlines and resource centers with multilingual staff that are accessible to contract workers can provide information that helps to head off problems and deal with those that arise.

There will nonetheless be some irregular contract workers and workers arrested for violating local laws. Developing protocols in advance to deal with the most common problems associated with contract worker mobility, including irregular workers and arrests for violations of local laws, can ensure that standard procedures are followed and that contract workers and local residents are protected during enforcement.

Most worker contracts involve two or three years in the COD followed by a return to the COO. Government cooperation can help to prepare contract workers for return and re-integration in COOs, including advising returning contract workers of any end-of-service and pension benefits to which they are

entitled and COO rules governing the import of goods that returning workers take with them. Return programs must recognize that contract workers have different needs and expectations, and should be tailored for particular target groups such as domestic workers, production workers, and skilled workers. Such programs should recognize that many returning workers will not necessarily start a new business or rejoin the COO work force.

Many contract workers may welcome advice on how to use their accumulated savings at home. Financial literacy classes, whether provided by COD or COO government agencies, financial institutions, or NGOs, should be appropriate for the type of worker and monitored to ensure that captive-audience workers are not steered into inappropriate savings and investment behavior. For example, it does not help the worker or the COO if remittance savings are invested in businesses that are likely to fail, such as neighborhood shops in areas that are already saturated or buying a car or truck when there are sufficient taxis and delivery trucks.

Many contract workers acquire skills abroad that could help them obtain better jobs at home if they were recognized by COO employers. Developing and using lifelong learning passports that enable employers to certify the skills of their employees could benefit employers and workers and reduce the “brain waste” that arises from workers employed in jobs that do not use their knowledge and skills.

COOs have an interest in welcoming home returning contract workers who generated remittances and enhanced their skills. Most contract workers travel by air, and some COOs have special facilities for returning contract workers that provide the services they are likely to need, including telephones to call family and friends, exchange banks, and safe and affordable transport to their homes. It is important that any special arrival facilities for returning contract workers protect such workers rather than expose them to high fees and hustlers.²¹ Returning women may be especially vulnerable on their return.

While considering their options after return, workers need safe and secure places to place their foreign-earned savings. Returning workers are often recorded at arrival facilities, but COO agency databases do not always record their skills. Developing a database of returning workers and their skills could be useful for re-employment in the COO or deployment to another foreign job.

²¹ COO governments may want to ensure that returning workers can safely deposit cash and valuables to reduce their vulnerability to theft and robbery.

Finally, many workers would like to maintain links to the COD in which they were employed, either to go abroad again or to maintain links to a new language or culture. Maintaining such links can help to forge enduring people connections between citizens of COOs and CODs.

Framework of Regional Collaboration, 2012

Considerations

Asia, with 60 percent of the world's people and 30 percent of the world's international migrants, is a dynamic region marked by ever more linkages between the continent's 50+ countries via trade, investment and labor mobility. These linkages are likely to expand in the coming decades, raising new challenges and opportunities for cooperation to maximize the benefits from economic integration, including the sharing and exchange of human resources.

Most contract workers embark on a journey of hope, seeking a better and more secure future for themselves and their families, a means to acquire new knowledge and skills, and an opportunity to accumulate resources to finance upward mobility at home while filling jobs and expanding economies in countries of destination. International worker mobility generates mutual benefits in a world of risks and vulnerabilities that can be reduced by erecting a framework for cooperation between origin and destination countries that promotes cooperation and enhances protection. Developing a framework to enhance cooperation between COOs and CODs that promotes cooperation, improves efficiency, and enhances protections can benefit all parties.

Asian countries of origin and destination during the first Abu Dhabi Dialogue January 21-22, 2008 agreed that properly managed contract worker migration can generate win-win-win outcomes, benefiting workers, employers and their respective countries, governments pledged to develop partnerships to share information about labor market developments in their countries, build capacity to more effectively match labor demand and supply across national borders, and cooperate to protect workers at all stages of the mobility process and enhance the development impacts of contract worker migration.

The attainment of these aims and objectives requires strengthening organizational capacities and further enhancing cooperation between countries of origin and destination. Effective management of the entire contract labor mobility cycle requires concrete, practical and comprehensive measures, based on best practices, from pre-departure to admission and employment, and from preparation for return to return and reintegration.

Discussions held by high-level officials of labor ministries January 25, 2012 in Dubai and April 17-18, 2012 in Manila considered the specific challenges and issues that arise at various stages of the contract worker mobility cycle and agreed to enhance cooperation and develop a comprehensive framework to maximize the mutual benefits from labor mobility in the region. To do so, the responsible Ministers of Afghanistan, Bahrain, Bangladesh, China, India, Indonesia, Kuwait, Malaysia, Nepal, Oman, Pakistan, the Philippines, Qatar, Saudi Arabia, Singapore, Sri Lanka, Thailand, United Arab Emirates, Vietnam and Yemen have adopted the following Plan of Action:

Plan of Action

Participating states agree to take unilateral, bilateral, and multilateral actions that increase the mutual benefits of international contract worker mobility. In particular, they pledge to:

1. **Enhance the employability of workers** by reviewing and aligning current systems and programs for skills training, testing, and certification to facilitate recognition of qualifications that enhance the employability and productivity of workers at home and abroad. Reducing skills mismatches by better communicating skills required to fill jobs and the skills of workers who want to fill them is beneficial to workers, employers, and other parties involved on contract labor mobility.

2. **Improve the recruitment process** by taking measures, unilaterally and in cooperation with other countries, to minimize worker-job mismatches and reduce recruitment costs. Costs can be reduced by making labor market information more accessible and reliable, suppressing the trade in work visas, adopting common definitions of jobs and occupations, ensuring that job offers are valid and compliant with labor laws, enforcing recruitment regulations more strictly and cooperatively to reduce the collection of unauthorized fees from workers. Any worker fees paid should be transparent and documented.

- A. Recruitment efficiency can be improved by developing standard employment contracts and contract verification processes that ensure employers and workers are familiar with work-related terms and conditions. Furthermore, governments should ensure that copies of the contract signed by the employer and worker are in the hands of competent authorities to expedite the resolution of disputes.

- B. Realistic and easy-to-understand maximum recruitment fees, and making recruiters liable for the activities of any sub-agents on whom they rely, can make enforcement of recruitment regulations more efficient. In

addition to penalties for violations, governments of both origin and destination countries could offer incentives to encourage employers and recruitment agencies to comply with regulations, such as providing special procedures for the handling of applications for work visas and expediting the approval of contracts of workers deployed by the best employers and recruiters.

3. **Ensure a better balance between labor supply and demand** by improving the capacity to monitor the demand for foreign contract workers and thus better identify potential requests for contract workers, including expected requests for workers to complete major infrastructure projects. Such anticipation of demand can be based on announced projects, such as the infrastructure associated with major sporting events, and updated with improved and accessible labor market information systems.
4. **Facilitate worker adaptation to foreign employment** by developing programs to familiarize contract workers with their rights and responsibilities in countries of employment. In addition to basic information about the foreign job and work rules, health considerations and the availability of social services abroad, and the provisions of labor and other laws, pre-departure orientation could include opportunities for language training and cultural orientations through in-person instruction and audio-visual media. Foreign worker information centers can be established to help potential contract workers learn about foreign jobs and to help worker families to prepare for and cope with the absence of family members employed abroad.
5. **Respond effectively to problems** inside and outside workplaces by improving the enforcement of labor standards laws, especially in industries and occupations where experience shows there are frequent violations. Adopt procedures and protocols to deal with the most common problems that arise, including disputes over wages and terms and conditions of employment, confiscation of passports, delays in wage payments, premature lay-offs, and worker-job mismatches. Protocols are especially important to protect, under the provisions of national laws, irregular workers, those arrested for violating local laws, and victims of trafficking.
6. **Adequately prepare workers for return** via studies of the factors that improve the capacities of workers for successful return. This includes the development of programs that enhance the savings and financial literacy of contract workers, that help them to understand COO import

regulations, and that ensure returning workers receive any end-of-service and other benefits they have earned abroad. Workers anticipating returns should be informed of special programs that encourage entrepreneurship, gainful employment, and training. Best-practice lessons from the experience of governments, international organizations, and NGOs could help in the design and refinement of preparation-to-return programs.

7. **Recognize knowledge and skills acquired through employment abroad** by developing assessment systems, in cooperation with employers and training authorities, to acknowledge and certify the additional skills of returning contract workers with a view to enhancing their employability at home or in subsequent employment abroad. Foreign employment is often an important part of life-long learning, and the skills acquired should be recorded and accepted. One starting point may be letters of reference from COD employers that could help returned workers in the COO or be useful to employers abroad if the worker decides to go abroad again.

8. **Facilitate the re-employment and reintegration of returning workers** by encouraging public and private financial institutions and local governments in COO's to develop programs that offer returning workers more secure options for investing their remittance savings in housing, education of children, farming, and small businesses. At a minimum, returned workers should have safe and secure places to deposit foreign-earned savings while they consider their options.

9. **Facilitate returns to homes and families** by providing safe and affordable transport to workers after their arrival in the COO, especially returning female contract workers.

International contract worker mobility is a journey of hope for millions of workers seeking higher wages to finance upward mobility in COOs while filling jobs and expanding economies in CODs. Such mobility is poised to grow, offering benefits for workers, employers, and societies. Building on the partnerships fostered by the first Abu Dhabi Dialogue, continued dialogue and collaboration to implement these recommendations in the four major phases of the process, viz, pre-departure, employment abroad, preparation for return, and return and re-integration, promise to enhance the mutual benefits of contract worker mobility.

Table A1. Best-Practice Recommendations: Contract Worker Mobility

BEST PRACTICE RECOMMENDATIONS: CONTRACT WORKER MOBILITY			
Item	Problem/Issue	Action	Note
Pre-Employment abroad and pre-departure: Acquiring skills, making informed decisions to work abroad, enhancing information and transparency, harmonizing standards, and regulating recruitment.			
Skills training and certification	Without a system to train and test standardized skills, there can lead to costly mismatches abroad	COOs assess efficiency of public & private training institutions to strengthen testing & certification system and standardize skills	Some training institutions are associated with inadequate training and mismatches; need for regulation
COD employer access to information on workers and training in COOs	Reduce information asymmetry between employer expectations and contract worker abilities	Foreign employers or COD authorities visit COO training facilities, review training and certification, and interview workers to improve job-worker matching and increase employer-worker satisfaction	Could begin visits with COO training institutions to encourage higher standards. Institutions could maintain data on the share of graduates offered jobs by foreign employers

Facilitating Job-Matching	<p>Minimize job and worker mis-matches by:</p> <ul style="list-style-type: none"> - improving labor supply and demand data; - harmonizing occupational classification systems using the International Standard Classification of Occupations (ISCO); - facilitating recognition of standards and certificates 	<p>COOs and CODs cooperate to develop common definition of occupations, and COOs promote use of COD job titles in training institutions and encourage training to meet skill requirements of CODs</p> <p>CODs and COOs cooperate to develop data on supply and demand for workers with various skills to develop job-worker exchange systems</p> <p>COD's and COO's cooperate to align skill certification and testing systems in line with international standards</p>	<p>One starting point is ILO use of employer definitions to modify ISCO-88 occupations</p> <p>COD or 3rd party to evaluate COO skills training and testing standards</p> <p>Improved labor market data can be useful in labor market planning in both COD and COO</p>
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<p>Ensuring better balance between labor supply and demand</p>	<p>Admitting contract workers largely on the basis of employer requests can result in too many workers, reducing productivity and perhaps encouraging irregularity</p>	<p>Developing labor market indicators to determine the optimal number and skill mix of contract workers by assessing past or similar projects elsewhere.</p> <p>Develop preferences, quotas and/or levy systems to improve the management of employer requests for contract workers</p> <p>Improve systems to allow employers to hire contract workers already in the COD instead of admitting new contract workers from abroad</p> <p>CODs and COOs cooperate to suppress trading in work permits</p>	<p>Goal of contract worker policy should be to increase productivity and enhance national competitiveness.</p> <p>Better labor market information can help to increase the employment of local workers and ensure that contract worker policy supports economic policy</p> <p>Explore management systems so that employers do not have incentives to request “too many” contract workers</p>
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Standard or model contracts	Disputes over terms and requirements of the job once the contract worker has arrived in the COD	Develop and mandate the use of standard or model contracts that contain all key employment terms and conditions. Transfer approved contracts electronically from COD to COO, and ensure that workers understand their rights and obligations by having COO government agencies attest that departing workers receive and understand their contracts	Contract workers can more easily make informed decisions if they are educated about their rights and responsibilities under standard contracts, and COO agencies explain contract terms
Pre-departure and post-arrival education and information	Potential workers need to be better informed of what to expect in COD before departure, including the job, local laws, and information on health and social services	CODs and COOs can cooperate to produce brochures and multimedia tools that explain to contract workers their jobs and lives abroad in a language they understand Families should be able to learn about and plan for contingencies that arise when a family member is employed abroad	Videos can be screened on COO TV as well as at pre-departure orientation to show typical workplaces, accommodations, lifestyles etc

Regulating recruitment	<p>Unlicensed recruiters take advantage of low-skilled workers</p> <p>Maximum fees set by COOs are violated routinely; many fees are paid by workers to subagents and other intermediaries</p> <p>Recruiters engage in visa trading</p> <p>Improve pre-departure health screening to avoid sending workers abroad who are found to be medically unfit</p>	<p>COOs should adopt realistic and easy to understand maximum recruitment fees, such as 1 month's foreign wages, that departing workers pay</p> <p>COOs educate workers about maximum fees and strengthen enforcement to reduce over charges.</p> <p>Encourage licensed agencies to open branches in labor-source areas.</p> <p>CODs and COOs cooperate to combat trade in employment permits, with enforcement aimed at full disclosure of all fees paid, their purpose, and their recipients</p>	<p>Linking recruitment fees to foreign wages is easy for workers to understand, but may cause complications if CODs require COD employers pay all recruitment fees or inequities between workers with different foreign wages.</p> <p>COD mandates that COD employers and agents collected no fees from contract workers</p>
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Incentives for recruiter self-regulation	Recruitment agencies and sub-agents are difficult to regulate effectively	<p>Provide incentives based on the performance of agencies in placing workers in foreign jobs without complaints (e.g. ABC rating system)</p> <p>A-rated recruiters can receive expedited or special services and gain market share over time</p>	<p>Reward A-recruiters with (1) self-certification of standard contracts after a period of inspection that finds no problems; (2) opportunity to accompany minister abroad</p> <p>Can favor employer-recruiter pairs that establish long-term relationships</p>
Reduce worker debt	Many workers obtain loans from moneylenders at high cost to pay deployment costs	COOs develop programs to protect departing workers from excessive pre-departure debt	
Reducing airfare cost	Some policies of COD and COO may raise travel costs for the workers	Encourage airlines to offer low one-way fares and encourage discount airlines to serve major contract employment corridors	<p>CODs reconsider requirement that workers have return tickets</p> <p>Cooperate to develop low-cost round-trip tickets</p> <p>Re-evaluate requirements that employers pay airfare if this raises costs to workers</p>

Employment Abroad: Preparing workers for new work environment, protecting rights, enhancing communication and access to information			
Briefing newly-arrived workers	Avoid problems by familiarizing workers with local labor and immigration laws. Explain how to access health and other in the COD, and the services provided by COOs in the COD	COD and COO cooperate to develop content of orientation program for departing and newly arrived workers that explains their rights and responsibilities and how to deal with common issues	CODs to develop and disseminate Standard Operating Procedures to handle arrivals as well as problems, from runaway workers to arrests
Enhancing communications	Lack of common language can cause employer-employee misunderstanding. Foreign workers may not be able to access information, advice, and particular forms of assistance.	Make workers aware of the services provided by COO labor attaches. Establish information services for foreign workers in major cities, and create help/hot lines to answer worker questions.	Korean and Canadian worker centers may be a model to provide multi-language centers and help or hot lines Korea requires workers to learn some Korean before they can be selected by employers to work in Korea

Strengthen enforcement of labor and other laws	COD may find it hard to detect violations of wage and other labor laws that protect contract workers if they rely on worker complaints	CODs can ensure that contract workers receive the wages due them with wage protection systems and mandatory insurance schemes, and monitor them to ensure compliance	Many workers are employed in dangerous occupations, including construction, highlighting the need for education to minimize occupational risks, effective treatment for injuries, and follow-up care in the COO
Preparing for Return: designing realistic programs, informing workers about earned end-of-contract benefits and savings and investment opportunities at home, and orderly return of irregular workers			
Design realistic return programs	Avoiding returns considered unsuccessful Worker needs vary. Most workers want to return, but some may not be ready to return if they failed to achieve goals abroad	Identify and validate necessary elements of return preparation programs by developing appropriate information on worker needs	Baseline data should help identify distinct groups, including savings, goals after return, and needs. This information can improve pre-return and re-integration programs

Financial literacy	<p>Help contract workers abroad to better understand the options for investing their savings in COOs</p> <p>Many CODs require employers to pay end-of-service bonuses and allow withdrawal of social security contributions; some workers do not receive bonuses or contributions</p>	<p>CODs and COOs can develop financial guides in conjunction with financial institutions in CODs and COOs, NGOs, and other organizations</p> <p>Educate workers about bonuses and contribution refunds in the standard contract and in preparation for return</p>	<p>Not all contract workers have saved enough to justify extensive financial counseling; include options for workers at home with low levels of savings</p>
COO rules on imports	<p>Many contract workers are unaware of COO customs rules and duties, as well as privileges/exemptions</p>	<p>COOs produce and distribute guides to customs rules for returning workers</p>	<p>COOs offer incentives for productive use of savings; more transparent customs rules reduce corruption</p>
Irregular workers	<p>Irregular workers may not be able to leave for COOs without paying fines</p>	<p>COD and COO cooperate to ensure orderly repatriation of irregular workers in conformance with national legislation</p>	<p>COOs and CODs could agree on protocols to return irregular workers</p>
<p>Facilitating re-integration: finding employment, using skills acquired abroad, helping with housing, and promoting linkages.</p>			

<p>COO programs for reintegration of returning workers</p>	<p>Workers may return with savings, but see them disappear quickly if they cannot find gainful employment</p>	<p>COOs could develop special programs to help returnees find jobs, including self-employment that takes advantage of subsidized lending programs and technical assistance</p> <p>Government and private banks could offer safe vehicles to invest foreign-earned savings that protect savers from inflation and exchange rate risks</p>	<p>Many returned workers invest their savings in over-crowded business ventures (e.g. small stores) and end up losing their hard-earned capital.</p> <p>Returned workers should be encouraged to seek assistance to identify viable projects, perhaps by having access to businesses being sold by retirees or workers going abroad.</p>
<p>Productive use of skills acquired abroad</p>	<p>Develop credentials recognition systems so that local industries know about the skills acquired by workers who have been abroad.</p> <p>Perhaps begin with letters from foreign employer attesting to worker skills and experience.</p>	<p>COOs may need to develop systems for recognizing and certifying the skills of returning workers</p>	<p>COO training centers and industry associations should be invited to help develop skills-recognition program. Use some returned workers in centers that train workers to go abroad</p>

Capital for new or improved housing	New or improved housing is often the top priority of returned contract workers	Most COOs have Welfare Funds to which departing workers contribute. Explore making loans from these Funds to help returned workers build new or improve housing or generate income in the COO	Singapore's Provident Fund helps workers with relatively few savings to obtain low-cost housing.
Special arrival facilities	Returning workers, especially women, often need assistance and protection	COOs to provide a variety of services to arriving workers including information, telephone services, safe lodging, safe local transport, etc.	On return, workers often encounter problems with hustlers and overcharged for transport
Promote re-integration of workers with their families and in communities	Returning workers may have trouble re-adapting to their families and communities	Provide services to help workers re-integrate with their families and in their communities by recognizing common problems and strategies to cope with them	Some workers and their families may need access to counseling and other mental-health related services
Consider re-deployment abroad	Many returned workers seek to go abroad again as contract workers	COOs could motivate returnees to register with public employment offices and make referrals to local employers.	Withdrawal of skilled workers from the labor force while seeking new jobs abroad wastes resources

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Abu Dhabi Declaration, 2008

The Ministers of Afghanistan, Bahrain, Bangladesh, China, India, Indonesia, Kuwait, Malaysia, Nepal, Oman, Pakistan, the Philippines, Qatar, Saudi Arabia,

Singapore, Sri Lanka, Thailand, United Arab Emirates, Vietnam and Yemen, having come together in Abu Dhabi on 21 and 22 January 2008 to constitute the Ministerial Consultation on Overseas Employment and Contractual Labour for Countries of Origin and Destination in Asia, referred to as the Abu Dhabi Dialogue, adopted the following considerations and recommendations.

1. Considerations

Growing temporary and circular labour mobility in Asia is prompting countries of origin and destination to re-examine a number of long-held assumptions about contractual labour mobility with a view towards advancing their respective developmental interests through increased collaboration and partnership.

When properly managed, temporary contractual labour mobility will benefit both countries of origin and destination as well as improve the well-being of temporary contractual workers. Labour mobility can be an important instrument for the development of economies as well as human resources. The UN General Assembly High-level Dialogue on International Migration and Development in New York in September 2006, and the Global Forum on Migration and Development in Brussels in July 2007, highlighted the relationships between international mobility, poverty alleviation and development.

The potential of temporary contractual labour mobility in fostering development is not a new concept in Asia. For a number of decades now, many Asian countries have looked to opportunities available in the regional labour market to satisfy their employment and human resource needs. However, what is new today is the recognition that we are living in a world that is more mobile than ever before; a world with greater integration of economies, labour forces and societies; and one which is experiencing rapid and deep changes, notably due to technological advances, demographic shifts and environmental degradation.

Against this backdrop, ten labour countries of origin from South and Southeast Asia established in 2003 a regional dialogue, known today as the "Colombo Process." The first meeting in Colombo was followed by a second in Manila in September 2004, and a third in Bali in September 2005. During the Bali meeting, Afghanistan joined as the 11 member and, for the first time, countries of destination attended as observers. It was also at the Bali meeting that the membership agreed to formally engage in a dialogue with countries of destination, both Asian and European. The Bali Ministerial represented a qualitative leap in the emerging dialogue between Asian countries of origin and destination and it was recognized there that the term "expatriate and contractual labour" was an accurate description of labour flows to GCC countries.

The hosting and funding by the Government of the United Arab Emirates of the Ministerial Consultation between the Colombo Process countries and Asian destination countries is an important expression of the interstate collaboration fostered in this dialogue since its very inception.

The Abu Dhabi meeting highlighted that, in the context of the global economy, there is increasing competition to boost economic growth through labour mobility at all skill levels. In this connection the Ministers consider that best economic and social outcomes are achieved through the provision to all workers of good living and working conditions, their protection including through promotion and implementation of transparent policies and practices including for recruitment and employment according to the national laws and regulations of countries of origin and destination and facilitating remittances, and the development of a framework for multilateral cooperation to leverage the benefits of temporary contractual labour mobility.

The Abu Dhabi meeting recognized the joint responsibility of countries of origin and destination to enforce compliance by recruitment agencies and other parties engaged in the recruitment process with the requirements of national laws and regulations pertaining to the employment of temporary contractual labour, thus providing further protection to workers.

2. RECOMMENDATIONS

Based on the above mentioned considerations, and in light of the constructive dialogue that took place in Abu Dhabi, the participating States have decided to launch a new collaborative approach to address temporary labour mobility and maximize its benefits for development. They have identified the following key partnerships between Asian countries of origin and destination through which they wish to foster information sharing, promote capacity building, technical cooperation and interstate cooperation.

Partnership 1: Enhancing knowledge in the areas of: labour market trends, skills profiles, temporary contractual workers and remittances policies and flows and their interplay with development in the region

Partnership 2: Building capacity for effective matching of labour demand and Supply

Partnership 3: Preventing illegal recruitment practices and promoting welfare and protection measures for contractual workers, supportive of their well being and preventing their exploitation at origin and destination

Partnership 4: Developing a framework for a comprehensive approach to

managing the entire cycle of temporary contractual mobility that fosters the mutual interests of countries of origin and destination

These partnerships are based on the mutual interests of labour origin and destination countries, with a particular focus on development. They are action-oriented and, in addition to governments, will seek to engage other relevant stakeholders for the implementation of initiatives which will take this partnership forward in a spirit of international dialogue and cooperation.

The meeting calls on the countries of origin and destination to continue their dialogue to identify practical outcomes to the partnerships enunciated in this declaration with support of IOM.

The next Abu Dhabi Dialogue Ministerial Consultation will be held in in 2010 with support from IOM.

The meeting welcomes the call by His Highness Sheikh Salman Bin Hamad Al Khalifa, Crown Prince of Bahrain, Chairman of the Economic Development Board, at the 96th Session of the International Labour Conference, to launch a Social Dialogue Summit to address labour issues with the participation of countries of origin and destination in order to reach effective decisions in the light of the outcome of the Abu Dhabi Dialogue and other pertinent meetings that were held recently.

The Ministers expressed their appreciation to the Government of the United Arab Emirates for chairing this Ministerial Consultation and the hospitality provided to all participants, as well as to IOM for its efficient support as Secretariat of the Colombo Process and of this first meeting of the Abu Dhabi Dialogue.

Abu Dhabi, 22 January 2008