CPD **Working Paper 112**

Advancing the Interests of Bangladesh's Migrant Workers

Issues of Financial Inclusion and Social Protection

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CENTRE FOR POLICY DIALOGUE (CPD)
B A N G L A D E S H
a civil society think tank

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This paper is prepared based on a study conducted by the Centre for Policy Dialogue (CPD), in collaboration with the ILO Country Office in Bangladesh, and in partnership with the Ministry of Expatriates' Welfare and Overseas Employment (MEWOE) of the Government of Bangladesh (GoB), with support from the Swiss Agency for Development and Cooperation (SDC). An earlier version of the paper was presented at a dialogue, on 21 October 2015, in Dhaka.

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The present paper titled **Advancing the Interests of Bangladesh's Migrant Workers: Issues of Financial Inclusion and Social Protection** has been prepared by *Professor Mustafizur Rahman*, Executive Director, CPD <mustafiz@cpd.org.bd>; *Mr Md. Zafar Sadique*, Senior Research Associate, CPD <zafar.exe@gmail.com>; *Mr Estiaque Bari*, Research Associate, CPD <estiaque.07@gmail.com> and *Ms Ummah Salma*, Programme Associate, CPD <892salma@gmail.com>

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Abstract

Migration, and the consequent remittance flows, have wide-ranging implications for Bangladesh, particularly in terms of employment generation, foreign exchange reserves and balance of payments, household expenditure, savings and investment, and in general, for the overall development of the country's economy. However, issues of financial inclusion and social protection of Bangladesh's migrant workers have continued to remain relatively unaddressed over the past years. This paper examines cross-country experiences covering three areas: (a) reduction of cost of sending remittances; (b) deployment of financial instruments to harness savings of migrant workers; and (c) social protection schemes to secure and safeguard the interests of migrant workers. The paper undertakes a review of the regulatory mechanisms, measures and schemes in place in Bangladesh in the aforesaid three areas; and by drawing on global best practices and experiences, comes up with a number of recommendations to address the relevant challenges. The paper recommends how modern technology could help reduce transaction costs and innovative financial instruments could be deployed to harness savings of migrant workers. The paper also proposes a number of measures towards better social protection of migrant workers in both host countries and in Bangladesh.

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Acronyms

ACC	Anti-Corruption Commission (Bangladesh)
ADP	Annual Development Programme (Bangladesh)
AFML	ASEAN Forum on Migrant Labour
AMC	Asian Migrant Centre
AML	Anti-Money Laundering
ASEAN	Association of Southeast Asian Nations
BBS	Bangladesh Bureau of Statistics
BDT	Bangladeshi Taka
BEFTN	Bangladesh Electronic Funds Transfer Network
BMET	Bureau of Manpower, Employment and Training (Bangladesh)
CARICOM	Caribbean Community
CDD	Customer Due Diligence
CID	Criminal Investigation Department (Bangladesh)
CTF	Counter-Terrorism Financing
DEMO	District Employment and Manpower Office (Bangladesh)
DFA	Department of Foreign Affairs (Philippines)
DPS	Deposit Pension Scheme
ECR	Emigration Check Required (India)
EEF	Equity Entrepreneurship Fund (Bangladesh)
EU	European Union
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FGD	Focus Group Discussion
FIU	Financial Intelligence Unit (Bangladesh)
FSDC	Financial Stability and Development Council (India)
G2G	Government to Government
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GoB	Government of Bangladesh
HIES	Household Income and Expenditure Survey (Bangladesh)
ICT	Information and Communication Technology
ICWF	Indian Community Welfare Fund
IDB	India Development Bond
ILO	International Labour Organization
IOM	International Organization for Migration
IPoA	Istanbul Programme of Action
IT	Information Technology
KYC	Know Your Customer
LDC	Least Developed Country
MC-9	Ninth Ministerial Conference of the WTO
MEWOE	Ministry of Expatriates' Welfare and Overseas Employment (Bangladesh)
MFS	Mobile Financial Services

MGPSY	Mahatma Gandhi Pravasi Suraksha Yojana (India)
MLM	Multi-Level Marketing
MOIA	Ministry of Overseas Indian Affairs
MS-AI	Migrant Savings for Alternative Investments
MTO	Money Transfer Operator
NBR	National Boar of Revenue (Bangladesh)
NGO	Non-Government Organisation
NID	National Identity
NITF	National Insurance Trust Fund (Sri Lanka)
NRB	Non-Resident Bangladeshi
NRCO	National Reintegration Center for OFWs (Philippines)
NRFC	Non-Resident Foreign Currency (Accounts) (Sri Lanka)
NRI	Non-Resident Indian
NSDS	National Sustainable Development Strategy 2010-21 (Bangladesh)
NSSS	National Social Security Strategy (Bangladesh)
OFP	Overseas Filipinos Program
OFW	Overseas Filipino Worker
OWG	Open Working Group
OWWA	Overseas Workers Welfare Administration (Philippines)
PBBY	Pravasi Bhartiya Bima Yojona (India)
PDEP	Pre-Departure Education Program (Philippines)
PhilHealth	Philippine Health Insurance Corporation
PIN	Personal Identification Number
PKB	Probashi Kallyan Bank (Bangladesh)
POEA	Philippine Overseas Employment Administration
PPP	Public-Private Partnership
RBI	Reserve Bank of India
RIB	Resurgent India Bond
SAARC	South Asian Association for Regional Cooperation
SBI	State Bank of India
SDGs	Sustainable Development Goals
SDPS	Single Deposit Pension Scheme
SFYP	Sixth Five Year Plan (FY2011-FY2015) (Bangladesh)
SIF	Service Innovation Fund (Bangladesh)
SLBFE	Sri Lanka Bureau of Foreign Employment
SME	Small and Medium Enterprise
SSC	Social Security Corporation (Jordan)
SSS	Social Security System (Philippines)
SUR	Survey on the Use of Remittances (Bangladesh)
SVRS	Sample Vital Registration System (Bangladesh)
TTC	Technical Training Centre
UAE	United Arab Emirates
UN	United Nations

UN LDC IV	Fourth LDC Conference of the United Nations
UNSG	United Nations Secretary General
USA	United States of America
USD	United States Dollar
WEDB	Wage-Earner Development Bond (Bangladesh)
WEWB	Wage Earners' Welfare Board (Bangladesh)
WEWF	Wage Earners' Welfare Fund (Bangladesh)
WTO	World Trade Organization
7FYP	Seventh Five Year Plan (FY2016-FY2020) (Bangladesh)

1. INTRODUCTION

Remittance flows, through their multiplier impacts on the economy, play a critically important role in the economies of developing countries. Workers' remittances constitute a significant component of international capital flows to developing countries. As a matter of fact, for the developing countries, remittances have emerged as the most important source of foreign exchange earnings, outweighing foreign direct investment (FDI) and foreign aid flows. From only USD 2.0 billion being sent from 11 countries in 1970, remittances is estimated to have reached USD 583 billion in 2014, originating from 180 countries. Remittances growth since mid-1970s have averaged about 20 per cent per annum, in contrast to average gross domestic product (GDP) growth of less than 5 per cent for the receiving countries over the corresponding period (Ang, 2015). In case of Bangladesh, remittances have increased from USD 0.76 billion in FY1989-90 to USD 1.9 billion in FY1999-00, and then to USD 15.3 billion in FY2014-15, an increase of 20 times over a period of two and a half decades. Of the more than 190 million migrant workers worldwide, about three-fourths went from the developing countries. Although remittances are private financial flows that impacts directly on household welfare, through multiplier impact via labour and factor markets, remittances also exert strong impact on key macroeconomic correlates and on overall national economy. It has been well-established in the literature that, remittances play an important role in terms of consumption, savings and poverty alleviation of migrant workers' households. Opportunity to access the global job market also allows the developing and labour surplus countries to provide jobs to the millions joining the workforce every year. A number of cross-country studies (Ghosh, 2006; Bakewell, 2009; Luthria, 2009) have found that inward remittances from the developing country migrant workers contribute to poverty alleviation by supporting family income and welfare of relatively poorly-endowed households. Role of remittances in stimulating social changes has also been well-documented.

Available evidence and literature evince that remittance flows have been playing a critically important role in the Bangladesh economy, both at macroeconomic and at micro household levels. The role of remittances is not only limited to foreign exchange earnings for Bangladesh, through multidimensional impacts on the economy in the form of increased taxation, higher savings, demand creation for consumers' and producers' goods, and through higher investment, remittances have a wider socio-economic implications for the country, particularly in the context of the rural economy of Bangladesh. At the household level, remittances have been contributing to raising household level income and alleviating poverty, supporting human resource development, savings and investment. With respect to the overall economy, remittances are contributing to stimulate rural farm and non-farm economic activities replenishing foreign exchange reserves and maintaining healthy external balances, and hence, overall macroeconomic stability.

It is to be recalled that, the contribution of migrant workers and remittances have been recognised in key global fora and international commitments. According to the Istanbul Programme of Action (IPoA) for the least developed countries (LDCs), remittances are set to play the role of a critically important driver in helping the LDCs graduate to the status of developing countries (Rahman and Sadique, 2014). The IPoA document called for actions by the LDCs *to make efforts to improve access to financial and banking services for easy transaction of remittances sent by migrant workers* (UN, 2011). The IPoA considers remittances as a key driver in attaining the target of halving the number of LDCs by 2020.[1] The recently adopted Sustainable Development Goals (SDGs) also look at remittances as a key tool for implementation of the envisaged goals and targets. SDGs also draw attention to the need for ensuring rights of migrant workers in the host countries. Some of the migration and remittances-related SDGs targets are: *Protect labour rights and promote safe and secure working environments for all workers,*

[1] According to the IPoA, out of 48 LDCs at least 24 should set on the target for graduating to developing country status by 2020.

including migrant workers, in particular women migrants, and those in precarious employment (Goal 8.8); *Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies* (Goal 10.7); *By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent* (Goal 10.c). Indeed, in the report of the United Nations Secretary-General (UNSG) placed before the sixty-ninth General Assembly, safe migration and remittance flows were emphasised as key goals and means of implementation in the context of the SDGs. At the regional level, the 18th SAARC (South Asian Association for Regional Cooperation) Summit Declaration in 2014 recognised the need for paying attention to the area of migrants' social protection with special emphasis to be given to women's migration-related issues. The Declaration gave directives to take effective measures for preventing women trafficking and called for collaboration and cooperation for safe, orderly and responsible management of labour migration from South Asia (Article 19-21). The ILO (International Labour Organization) 1998 Declaration on Fundamental Principles and Rights at Work mentions that ILO should give special attention to the problems of persons with special social needs, particularly the unemployed and migrant workers (ILO, 1998). A key component of the Bali Package in support of the LDCs adopted at the Ninth WTO (World Trade Organization) Ministerial Conference (MC-9) relates to the *services waiver for the LDCs* which is geared towards opening opportunities for job-seekers in the services markets of the developed countries.[2] All these will require energetic steps on the part of Bangladesh to take advantage of the potential opportunities in the global job market, and also make best use of remittances and ensure that obligations undertaken by the host countries are complied with.

Whilst it is to be recognised that issues of concern and interest to migrant workers have been receiving increasing attention of policymakers in Bangladesh, a lot still remains to be done in some of the key areas. There is much talk about the developmental role of remittances, but not much about financial inclusion of the remitters. And there is much talk about the security that remittance flows endow the economy with, but not much about social protection and social security of remitters themselves.

1.1 Rationale of the Study

An issue that is attracting increasing attention of researchers and development practitioners is whether developing countries, particularly the low-income countries, are doing the needful to reap the maximum benefits from remittance flows by encouraging financial inclusion of migrant workers. The other issue of increasing concern is associated with design of appropriate policies to take care of social protection of the migrant workers. The discourse here concerns both transfer mechanisms concerning sending of remittances from host to home countries, and also the efficacy of the use of the remitted funds, as also addressing the social security of migrant workers both in host and home countries.

The study is expected to contribute to stimulating debate around the broader issues of safeguarding the interests of migrant workers through financial mainstreaming of their income, raising efficacy of remittances use in Bangladesh and providing better social security to migrant workers. The Seventh Five Year Plan (7FYP) draws attention to the need for enhancing access to financial institutions by the Bangladeshi migrant workers. The Plan also talks of strengthening social protection of all marginalised groups. It may be noted in this connection that the Government of Bangladesh (GoB) has designed a National Social Security Strategy (NSSS) which is geared to strengthening social security of all citizens, about 6 per cent of whom constitute the migrant workers' community. The GoB has also formulated

[2]The WTO negotiations in the context of the services waiver for LDCs are at present continuing in Geneva. Developed countries are coming up with their respective *Offer Lists* in response to the *Request List* submitted by Nepal on behalf of the LDCs.

National Sustainable Development Strategy 2010-21 (NSDS), where the issues of social security of citizens have also been given high priority.

Bangladesh's Overseas Employment and Migrants Act 2013 speaks of safeguarding the interests of migrant workers in several ways: *establishment and strengthening of Labour Welfare Wing in host countries for the purpose of expanding reach into the labour market thereto or for protecting the rights of migrant workers (VI:23, Labour Welfare Wing); protection of the rights, safety and human dignity of all migrant workers within the country or while overseas and protection of labour and other human rights of Bangladeshi migrant workers in the concerned country and ensuring that conditions at work are compatible with the international standards (VI:25, Bilateral Agreements on Migration); for the purpose of welfare and development of migrant workers and the members of their families, the Government may, if necessary, undertake measures to launch, and make more accessible, bank loans, tax-exemptions, saving schemes, investment opportunities and other facilities (VII:30, Financial and other Welfare Programmes).*

To attain the aforementioned national as also global ambitions, there is a need for renewed efforts in Bangladesh to advance the interests of migrant workers through reduction of cost of sending remittances, making more options available to migrant workers towards financial inclusion of remittances and promoting the cause of sustainable migration through better social protection of migrant workers. In the context of Bangladesh, the aforesaid issues are also gaining growing importance particularly in view of (a) increased participation of Bangladeshi women in the global labour market; (b) diversification of overseas migration market; (c) ongoing global efforts at de-risking of remittances with its possible (adverse) implications; and (d) help attaining targets mentioned in the 7FYP and the Perspective Plan of Bangladesh.

1.2 Methodology

The research was based on analysis of survey data, review of secondary materials dealing with migration and remittances issues and focus group discussion (FGD). Thus, the study has taken under an extensive review of relevant literature, policy documents and survey reports. Data has been collected from secondary sources, and from primary surveys conducted at the national level in Bangladesh. World Bank's database has also been used to understand trends in costs of sending remittances through different corridors, over time. Existing social protection schemes have been studied with a view to identifying possible entry points for remitters, as well as to explore innovative schemes. The study team has analysed the unit (household) level data from Survey on the Use of Remittances (SUR) 2013 conducted by the Bangladesh Bureau of Statistics (BBS). The team has consulted a number of key stakeholders conversant with migration-related issues including financial inclusion aspects. The study team interviewed officials from Ministry of Expatriates' Welfare and Overseas Employment (MEWOE) as also officials of central bank and other commercial banks involved in regulating and operationalising remittance transfer from migrants' host countries to Bangladesh. The study, however, has not looked into the well-trodden area of how cost of migration could be further reduced.[3]

1.3 Outline of the Study

Following the introductory section, subsequent sections of the paper focus on the followings. Section 2 presents some stylised facts about Bangladeshi migrant workers including education level, skills composition and channels they use to send money home. Sections 3 and 4 critically assess current

[3]This issue continues to remain a key concern in Bangladesh. Indeed, to the extent that cost of migration could be reduced, disposable income of remitters would rise, which then can be deployed towards savings and financial inclusion.

state of affairs, existing policies and regulations, global practices and prospects of adopting innovative mechanisms to address the three key issues which have been focused in this study: reduction of cost of sending remittances; greater financial inclusion of small-scale remitters; and social protection of migrant workers. Section 5 summarises the findings of the study and provides a number of policy recommendations.

2. CURRENT STATE OF POLICIES, PRACTICES AND PERCEPTIONS

2.1 Policies and Planned Initiatives

In view of the increasing number of workers going abroad to take up jobs and the growing importance of remittances in the economy, there is an increasing recognition in Bangladesh about the need for undertaking targeted policies to advance the interests of both the sector and the workers.

A separate Ministry, the Ministry of Expatriates' Welfare and Overseas Employment was set up to address the concerns and look after the interests of the overseas migration sector and the migrating workers involved. The Overseas Employment and Migrants Act 2013 serves as the key legal document to deal with the legal issues relating to migration. The amended Overseas Employment Policy 2016 aims at addressing the emerging needs associated with migration and migrant workers. The Policy is expected to be finalised in near future. The Probashi Kallyan Bank (PKB), a specialised bank designed for the migrants, was established in 2010 to address some of the pressing concerns in the areas of banking and finance. A number of targets and actions were proposed by the MEWOE in its document prepared in view of the 7FYP. Some of those have been reflected in the Plan. However, the Plan will need to (a) come up with adequate resource allocations in the non-development and development budgets including the Annual Development Programme (ADP) to implement the envisaged actions; (b) ensure proper sequencing of the initiatives; and (c) address the trends of the sector in a dynamic manner in view of the emerging and shifting needs in a fast-changing global labour market. As Table 1 indicates, till now allocations for MEWOE has remained rather small, be non-development or development budgets. Indeed, there is a need to undertake an in-depth analysis of the resource needs in the budget in view of the tasks that have been identified by the MEWOE and also the 7FYP.

Table 1: Allocation for the MEWOE in National Budgets

(Crore Tk.)

Head	Non-Development Expenditure			Development Expenditure			Total		
	FY14	FY15	FY16	FY14	FY15	FY16	FY14	FY15	FY16
MEWOE	125	158	185	231	337	252	356	495	437
Total	136,383	155,310	185,191	67,327	81,807	98,588	203,710	237,117	283,779
As % share of total	0.09	0.10	0.10	0.34	0.41	0.26	0.17	0.21	0.15

Source: Ministry of Finance (n.d.).

Table 2 reviews the reflections of MEWOE targets in the 7FYP and identifies some of the areas where more will need to be done.

The 7FYP gives due recognition to the important role played by migrant workers and importance of remittances in the Bangladesh economy. The Plan highlights the employment opportunities this sector creates for about 20 per cent equivalent number of the job-seekers entering the labour market of Bangladesh every year who remit more than four-times the foreign exchange coming to the country through foreign aid and FDI. The Plan also mentions about the positive role remittances play in raising

Table 2: MEWOE Targets and Strategic Plans for 2016-2020

Issues and Targets	Reflections in the 7FYP
Integration of migration issues in national development and planning framework	This has been recognised as an important cross-cutting issue in the Plan. Interventions across sectors will be needed
Emphasise overseas employment opportunities for people from lagging regions of Bangladesh	Reflected in the Plan
Enhance financial support to facilitate migration	Partially addressed
Facilitate international remittances into productive investment	Not addressed explicitly
Diversify both overseas labour market and jobs	Mentioned, but a strategic plan needs to be developed
Promote gender equality in the migration process	Concrete target has been set to increase the share of female migrants to 30 per cent
Facilitate systematic and synergic initiatives for promoting diaspora contributions to Bangladesh's development	Not mentioned
Enhance skills development training by improving the number and quality of skill development programmes	Addressed with strategic plans and targets
Ensure recognition of skills and certification abroad	Mentioned, but initiatives needed towards recognition of certification and degree equivalence
Extension of protection to all migrant workers and their families, at every stage of the migration process	Mentioned, but needs to be backed up by appropriate initiatives
Consolidation and extension of welfare services and benefits to all migrant workers and their family members	No concrete target set or measures mentioned
Set up Department of Expatriates' Welfare	Not mentioned
Set up Department for Skill Development Training	Not mentioned
Target 1: Overseas employment of skilled and semi-skilled workers to be increased to 60 per cent by 2020	Target set in the Plan
Target 2: Share of female migrant workers to be increased to 30 per cent by 2020	Target set in the Plan
Target 3: Increase the number of technical training centres (TTCs) to 400 by 2020	Not addressed adequately
Target 4: Increase the number of trainees to 4 lakh in 2020	Target set in the Plan

Source: Based on MEWOE (2015); Planning Commission (2015).

income level of particularly low-income and marginalised households and in reducing both income and spatial disparity in the country (Box 1). The Plan talks of addressing a number of issues related to raising average remittance per migrant workers, through skill enhancement programmes, and by reducing the cost of migration through promotion of government-to-government (G2G) programmes and lowering of the cost of sending remittances through greater availability of financial tools and options. Some concrete targets and tasks have also been set out in the 7FYP. However, there is a need for more concrete and targeted actions if the attendant concerns are to be adequately addressed and migrant workers and remittances could play the role as envisioned in the Plan. There is also need for commensurate resource allocation if these tasks are to be implemented and targets are to be achieved.

Box 1: Migration and Remittance Issues Highlighted in the 7FYP

Job creation

- It is estimated that some 12.9 million additional jobs will be created during 2016-2020 including some 2 million jobs abroad for migrant workers

Employment expansion

- The labour force is projected to grow to 79.6 million by 2020, with an additional 2.5 million coming to the job market annually
- About 4 lakh workers to find employment abroad each year
- Target to increase the share of female migrant workers from 16.5 per cent in 2014 to 30 per cent in 2020

Skills development

- Target to increase the share of skilled and semi-skilled migrants stock to 60 per cent by 2020
- MEWOE to provide skills training to more than 150 thousand people annually beginning from January 2016 (4 lakh people during the Plan period)
- To establish 22 District Employment and Manpower Offices (DEMOs) – with a view to expand/enhance overseas employment opportunities for people living in households in the lagging regions
- Costs of migration and remittance transfer to be reduced to facilitate overseas employment
- A 'Catering Institute' to provide market-oriented skill training to address the demand for new skills and knowledge
- Capacity building (quality of training and skills development) of trainers to be further enhanced by setting up a permanent institute
- Current training programmes for 'domestic workers' for overseas employment to be extended further; about 50 thousand potential female migrant workers are to be trained annually

Remittance transfer

- Target of USD 25.4 billion remittance has been set to be attained by 2020

Social protection

- Target of spending on social protection to increase to 2.3 per cent of GDP; however, no specific target has been earmarked for spending on migrant workers' social protection

Facilitation of financial transactions

- To undertake appropriate measures to increase the flow of remittances and to adopt G2G modality to send workers abroad at a significantly reduced migration cost
- Digitisation of migration management system
- Easing of inward sending of remittance through mobile banking facilities
- Provide support to both private and public sectors through the Equity Entrepreneurship Fund on Information Technology (EEF-IT) and the Service Innovation Fund (SIF) respectively
- To use civil registry across all service delivery organisations to promote financial inclusion mechanisms. Design and popularise availability of low-cost mechanisms at citizen's doorsteps through banking, microcredit, money transfer and foreign remittances and insurance schemes

Role of remittance as a tool for development and a key driver of poverty reduction

- Recognition of remittances as a key driver of rural economic transformation and poverty alleviation
- Emphasis has been put on export of service-providers in view of emerging needs in the global services market

Source: Compiled from Planning Commission (2015).

Inter-ministerial coordination (among such Ministries as MEWOE, Ministry of Finance, Ministry of Planning, Ministry of Labour, Ministry of Education and Ministry of Social Welfare, etc.) is critically needed to ensure that decisions as regards social protection of workers do reflect concerns at field level and that these are then effectively implemented. This coordination is currently missing. A tripartite institutional mechanism (consultation among the aspirant migrants, recruiting agents representing the employers and the government) is also absent. This undermines the cause of transparency in decision-making and accountability in implementation. The Parliamentary Standing Committee on MEWOE should perform a more proactive role in ensuring financial and social inclusion of migrant workers.

The GoB has recently formulated a comprehensive NSSS. The Strategy seeks to streamline and strengthen the existing safety net programmes with a view to achieving better results. With the aim of reducing poverty, improving human development and reducing inequality, the NSSS has followed a *life cycle approach*. The five core life cycle programmes of NSSS are: Programmes for Children, Programmes for the Working Age, Comprehensive Pension System for Elderly, Programmes for People with Disabilities, and Affordable Health Care for All. Whilst the NSSS is geared to provide better social security to all citizens, there is, however, no dedicated component in the policy for the migrant workers.

On the other hand, the NSDS talks of leveraging remittances for growth and towards implementation of broader development strategies. The document envisages strengthening of government institutions such as the Bureau of Manpower, Employment and Training (BMET) and DEMOs and partnering with civil society organisations towards a comprehensive migration policy addressing pre-departure, on-site and upon return services to promote migrants' welfare, by providing legal support and ensuring safety and security of migrants, particularly of female migrants in the Gulf countries; the NSDS also aims at promoting the use of savings vehicles through improving upon the existing ones and introducing new ones and putting in place investment schemes and social security schemes for the eventual return of migrant workers; and by involving civil society organisations and the private sector in integrating unskilled returnee migrants into the domestic labour market. The documents also stated that the Overseas Employment Policy will be made more comprehensive so that it covers multiple aspects of migration, including workers' and employers' documentation, employment contracts, their implementation, and settlement of workers' welfare claim.

2.2 Some Stylised Facts about Bangladeshi Migrant Workers

Bangladeshi Migrants are Young, when they Go and when they Return

Since 1976, according to the official records of BMET, about 9.5 million people have gone abroad/ migrated from Bangladesh to 157 destinations worldwide (BMET, 2015; Ahmed *et al.*, 2015). Average age of Bangladeshi migrant workers was about 32 years (female about 30 years and male just above 32 years) (BBS, 2014). As of now, female migrant workers account for only 3.8 per cent of Bangladesh's total overseas labour force (MEWOE, 2015). It is, however, to be noted that over the last couple of years female migration has seen a significant rise in Bangladesh: the male-female migrants ratio at present stood at 82:18 in 2014 (BMET, 2015).[4] The average stay of the migrants in the host country was found to be between 5 to 6 years (Ahmed *et al.*, 2015). Profile of Bangladesh's returnee migrant workers showed that, the average age of the returnee migrants was below 35 years in three-fourth of the cases.[5] Such a profile of returnee migrants indicates both associated vulnerabilities and potential opportunities. Hence the heightened need for social protection schemes and financial inclusion programmes targeted towards migrant workers and returnee migrants. The issue of *circular migration* also calls for closer examination in this context.

Some Emerging Signs of Diversification

The structure of stock and flow of Bangladeshi migrant workers (in recent years) shows that the sector is experiencing important changes. In terms of stock, Saudi Arabia continues to have highest

[4]From January to August 2015, one female worker has gone for job abroad for every four male workers.

[5]Reasons for return included visa expiry, visa cancellation, inability to extend visa, end of passport validity, termination from job, employment and wage-related disputes and complexities.

concentration of migrant workers although since 2009 flow of workers to Saudi Arabia had seen drastic fall. Nearly one-third of the female migrants from Bangladesh have migrated to Lebanon, followed by to United Arab Emirates (UAE) (26.6 per cent) and Saudi Arabia (15.3 per cent); whilst over the past five years male migrants have mostly gone to Oman, Qatar, Malaysia and Singapore (BMET, 2015). Destination dynamics has been shifting from Middle East countries to East Asian ones (such as Malaysia, Singapore and South Korea), and also some new ones (such as Lebanon and Jordan). As many of the host (and potential host) countries themselves start to experience demographic shifts, and the structure of their economies undergo changes, the structure of demand for labour in those countries is also set to undergo significant changes. This will have important implications in terms of development of needed skills, and also catering to the needs for financial inclusion of the migrant workers who could potentially earn more than their predecessors. Better job opportunities and better earnings are likely to create newer demands in terms of financial inclusion and social protection of Bangladeshi workers. It is, thus, important to take a forward-looking perspective and adequately prepare in anticipation of these dynamics.

A Move towards Migration of Skilled Workers

The skill composition of Bangladeshi migrant workers suggests that traditionally Bangladesh has been a major supplier of predominantly low-skilled/unskilled workers (46.2 per cent of total stock) (BMET, 2015 cited in MEWOE, 2015). About 61 per cent of the migrants were working as (manual) labourers (59.6 per cent) and domestic workers (1.4 per cent), while the rest were engaged in other jobs (31 per cent) and in business (4 per cent) (BBS, 2014). Female migrants were mainly engaged in domestic work, while a few are engaged in tailoring and cleaning (BBS, 2014; Ahmed *et al.*, 2015). However, the Sixth Five Year Plan (SFYP) planned to raise the share of skilled migrant workers' stock to 50 per cent of total by 2015. BBS (2014) survey data shows that, seven out of eight migrants did not receive any training prior to their departure to host countries (87 per cent of total), although over the past years a number of initiatives were undertaken by the concerned ministries in this regard. Background experience of migrant workers at home country (prior to migration) shows considerable diversity – agriculture (23 per cent); self-employed (16 per cent); service-oriented jobs (12 per cent) (BBS, 2014). As would be expected, given this backdrop, the task of skills upgradation and training will be quite daunting and challenging. Migrants who receive pre-departure training (vocational, language, driving, computer, etc.) generally tend to go to non-Gulf countries. Concentration of unskilled workers was found to be relatively high in Gulf Cooperation Council (GCC) region. The increasing South-South migration trends of workers, especially women migrant workers as domestic help, needs to be carefully examined from migrants' social protection point of view. As skills deficit is of particular concern for this type of workers, this needs to be addressed through targeted programmes. To diversify opportunities of this group of workers, training programmes for their skill upgradation, particularly in view of emerging demands, should be given the highest priority.

The survey indicated that, on an average, per capita remittance transfer by migrant workers from Gulf countries was about Tk. 160 thousand per annum; this was about 15 per cent lower compared to that of workers in non-Gulf countries (Tk. 172 thousand per annum). As would be expected, it was found that per capita remittance transfer was significantly higher, by 36.5 per cent, for migrants who had received pre-departure training (Tk. 213 thousand per annum) compared to migrant workers who had not (Tk. 156 thousand per annum).

Educational Attainment of the Migrant Workers Remains Fairly Low

BBS (2014) survey data shows that about 86.3 per cent of the Bangladeshi migrants have only secondary or lower levels of formal education. An IOM (International Organization for Migration) survey (IOM,

Table 3: Per Capita Remittance Transferred in 12-months of 2012-13 (by Migrants' Educational Attainment)

(Taka)

Education Status	Non-Gulf	Gulf	Total
No education	134,499	143,372	140,653
Primary	140,061	140,216	140,168
Secondary	179,341	161,938	168,290
Higher Secondary	218,585	198,803	208,062
Bachelor	190,948	258,711	219,403
Graduate	198,292	218,357	208,567
Total	**171,993**	**159,023**	**163,708**

Source: Calculated from BBS (2014).

2010) found a high degree of correlation between education level and remittances sent by Bangladeshi migrant workers. Table 3 indicates that educational attainment has a positive correlation with per capita remittance transfer by Bangladeshi migrants. Interestingly, per capita remittance transferred by a migrant residing in a non-Gulf country was higher compared to one from Gulf countries, while migrants in Gulf countries with better education tend to send higher amount of remittances compared to cohorts working in non-Gulf countries.

Average Remitted Amount was Relatively Low

Per capita remittance is significantly low for Bangladeshi migrants compared to those from other countries of the region. IOM (2010) found that annual remittance sent by a migrant worker was only USD 1,672 for Bangladesh whilst the figures for India, China and Philippines were USD 4,843, USD 6,112 and USD 4,982 respectively. According to the BBS (2014) survey data, annual remittance transfer by a Bangladeshi migrant was about USD 2,084. Remittance earned by a male migrant was found to be more than double (about USD 2,134) of that of a female migrant (about USD 1,051).

On an average, Bangladeshi migrants send remittance home annually five times a year. Table 4 shows that about 54.6 per cent of the remitters send less than USD 400 per transaction. For Gulf country migrants, the figure stands at 59.1 per cent. However, female workers tend to send higher amount of money per transaction (about 43.6 per cent of female migrants sent less than USD 400 per transaction, whereas 41.3 per cent of the women sent USD 800 or above). One reason could be that, female workers have limited access to financial institutions as many of them work as domestic workers in host countries. According to stakeholders' perceptions, perhaps the underlying reason is that, female migrants earn less than their male counterpart and tend to send a bulk amount at a time to reduce cost (transfers made less frequently and of relatively bigger amount). Women migrant workers also have a tendency to invest in less risky ventures, where return, even if low, was sustainable. On the other hand, male migrants are not averse to investing in risky ventures with possibility of higher returns.

Table 4: Number of Transactions for Different Slabs of Remits

Remittance Amount per Transaction	Number of Wage Earners	Number of Transaction (Average)	Share of Wage Earners (%)
Less than USD 200	2,336	7.1	19.9
USD 200 to less than USD 400	4,087	5.3	34.7
USD 400 to less than USD 600	1,837	4.5	15.6
USD 600 to less than USD 800	1,267	4.0	10.8
USD 800 and above	2,149	2.4	19.0
Total	**11,676**	**4.9**	**100.0**

Source: Calculated from BBS (2014).

Survey Data Shows Overestimate of Formal Channel Transfer

Among migrants sending remittances over the last 12 months (prior to the BBS survey), share of only formal channel transfer, by cases, was found to be about 76 per cent with another 10 per cent using both formal and informal channels (Table 5). However, the estimates are not consistent with the evidence from earlier literature.[6] Perception of experts who were interviewed in the course of this study also suggest that, whilst there has been discernible formalisation of remittances sent earlier through informal channels, money transferred through informal channels still accounted for about 50 to 60 per cent of total remittance sent to Bangladesh at present. Interestingly, the BBS (2014) survey shows that, remittance transfer through informal channels was relatively higher for non-Gulf countries (17.9 per cent) compared to that of Gulf countries (12.1 per cent). A general perception is that relatively less-skilled migrants with low level of education and lower levels of income and size of remittances sent tend to use informal channels more.[7] However, according to the survey data, levels of education did not have any significant correlation with the choice of channels for sending remittances.

Table 5: Percentage Distribution of Choice of Mode of Transfer by Host Country

Mode of Transfer	Non-Gulf	Gulf	All	Non-Gulf	Gulf	All	Per capita Remittance (Tk.)
	Number of Respondents			Share (%)			
Uses formal only	2,836	5,472	8,308	74.3	76.9	76.0	172,455
Uses informal only	683	855	1,538	17.9	12.0	14.1	154,860
Uses both formal and informal	299	790	1,089	7.8	11.1	10.0	217,266

Source: Calculated from BBS (2014).

Average Cost of Sending Remittances to Bangladesh is 3.6 per cent while Global Average Remains as High as 7.7 per cent (to Remit USD 200)

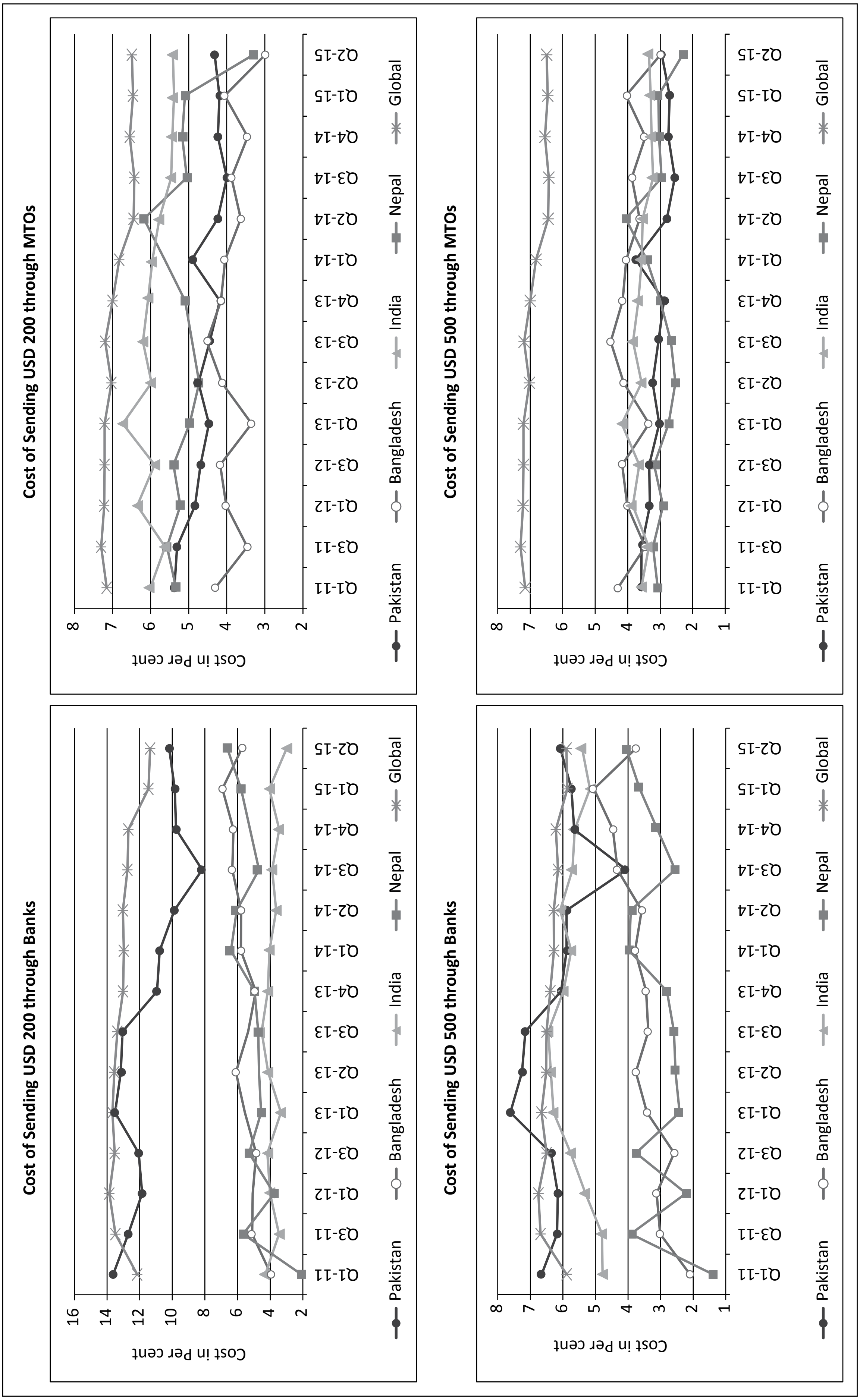
As is known, other than Bangladesh, a number of South Asian countries are prominent in the international migrant market scenario: India, Pakistan, Sri Lanka and Nepal. Some top remittance-sending corridors involve South Asian countries. It is to be noted that, cost of sending remittances to South Asia has come down notably over the past years, and at present, it is relatively low when compared to Sub-Saharan Africa and other parts of the world. Latest release of World Bank remittance price data (2nd Quarter 2015) indicates that the global average cost of sending remittances was 7.7 per cent for sending an amount of USD 200. The figure comes down to 4.9 per cent when the remitted amount is USD 500 (World Bank, n.d.).

Within South Asia, Bangladesh fares relatively better in terms of bringing down the cost of sending remittances over the past years. World Bank remittance price data shows average cost of sending remittances by Bangladeshi workers was relatively low compared to global estimates (Figure 1). For Bangladeshi migrants, average cost of sending USD 200 to Bangladesh in one transaction was 3.6 per cent of the total remitted sum. To compare, for sending USD 500, the average cost was 1.9 per cent of the remitted amount. Indeed, Bangladesh belongs to one of the three least expensive corridors

[6]As cited in Barkat *et al.* (2014), a number of studies have made an attempt to estimate the share of informal channel transfer. According to World Bank (2006) the share of formal channel transfer was about 46 per cent of the total remitted amount sent by Bangladeshi migrants. According to a number of other studies including Wilson *et al*. (2003), Siddique and Abrar (2003) and IOM (2010), the figures were found to be 41 per cent, 46 per cent and 82 per cent respectively. Based on a perception-based opinion survey, Barkat *et al.* (2014) have estimated that the figure could be in the range between 60-70 per cent.

[7]Anti-money laundering initiatives by the Bangladesh Bank, greater awareness and availability of more convenient channels have helped to reduce transfer of money through informal channels.

Figure 1: Comparative Average Cost of Sending Remittances by Banks and MTOs



Source: https://remittanceprices.worldbank.org/en (accessed on 1 October 2015).

globally, i.e. the Singapore-Bangladesh corridor (2.2 per cent).[8] However, findings from trend analysis reveal, cost of sending remittances though banking channels is increasing for Bangladesh in recent years, while cost goes down for other regional counterparts.

However, data shows that banks generally tend to charge higher amount for sending remittances compared to money transfer operators (MTOs) (Figure 1). It is estimated that if the cost of sending remittances could be reduced by 5 per cent, remittance-recipient developing countries would receive USD 16 billion more each year than they do at present. This additional amount could then replenish their consumption and add to their savings and investment. Several international initiatives have focused on the need for reducing transaction cost of sending remittances, with L'Aquila Summit in 2009 and the Fourth LDC Conference of the United Nations (UN LDC IV) in 2011 being some of the more prominent ones (Rahman and Sadique, 2014). L'Aquila Summit in 2009 talked about making financial services more accessible to migrants and set the target of reducing global average cost of transferring remittances from (then prevailing) 10 per cent to 5 per cent in five years (the so called 5 x 5 initiative) through enhanced information, transparency, competition and cooperation with partners (G-8, 2009). In the context of the SDGs, the Open Working Group (OWG) had recommended two targets in this connection: (i) reduce the transaction costs of migrant remittances to below 3 per cent; and (ii) eliminate the remittance corridors with costs higher than 5 per cent by 2030 (OWG, 2015).

According to the BBS (2014) data, the propensity to save among remitters was not negligible. About 57 per cent of the households saved part of their received amount, whilst only one-fourth of the remittance-earning households use a part of the sum for investment, mainly in purchasing land. The average annual savings of remittance-receiving households was found to be about Tk. 27 thousand, according to the survey. However, the amount of savings amount was rather small – about 46 per cent of such households saved an amount of less than Tk. 20,000. About 66.1 per cent remittance-recipient households (who saves) were found to maintain 'savings accounts' followed by savings at home (9.1 per cent), in Deposit Pension Schemes (DPS)/Single Deposit Pension Schemes (SDPS) (7.1 per cent), and in insurance schemes (4.9 per cent) (Table 6). It is to be noted that a significant amount of remittances sent home goes for repayment of the pre-departure high-interest loans. This significant amount undermines savings capability of migrant workers.[9] It was also found that, more than two-thirds of the saved amount was below Tk. 50 thousand (Table 7).

Table 6: Percentage Distribution of Remittances by Savings Category during Last One Year

Category of Savings	Share (%)
Purchase of savings bonds	5.8
Insurance	4.9
Savings account	66.1
DPS/SDPS	7.1
Permanent deposit (1 year & above)	5.0
Co-operative society	0.2
Friends & others	1.1
Savings at home	9.1
Others	0.7
Total	**100.0**

Source: BBS (2014).

[8] Key corridors cover 32 major remittance-sending countries and 89 receiving countries.

[9] As World Bank (2013) study shows, a Bangladeshi construction workers in the Middle East has to pay USD 2,890 or equivalent of 14.5 months of wages, towards migration-related costs. Anecdotal information shows that, on average, first two years' savings of the worker goes for paying the debt incurred on account of migration. Bringing down cost of migration will significantly raise disposable income of migrant workers for purposes of savings.

Table 7: Percentage Distribution of Remittance-receiving Households by Amount of Savings during Last One Year

Amount of Savings (Tk.)	**Share (%)**
Less than 20,000	46.1
20,000-49,999	21.3
50,000-99,999	16.0
1,00,000-4,99,999	15.9
5,00,000 +	0.7
Total	**100.0**

Source: BBS (2014).

The survey reveals that about 26.6 per cent of remittance recipient households are engaged in some type of investment. More than 90 per cent of the investing households invest in one or two investment products which included dwelling household construction, flat purchase, investment in owned/ partnership farms/business, agricultural machinery purchase or investment in bonds or capital market. However, majority of households invest in either construction of dwelling households or purchase of flats. As can be seen from Table 8, only about one-tenth of one per cent of the investment went for purchase of government-issued instruments.

Table 8: Percentage Distribution of Remittance Investment by Category during Last One Year

Investment Category	**Share (%)**
Own business/industry	5.1
Joint business/industry	1.7
Purchase of agriculture equipment	0.2
Purchase of share	0.4
Purchase of bond (premium/investment/Wage-Earner Development Bond (WEDB))	0.1
Multi-level marketing (MLM)	0.1
Purchase of flat	15.9
Commercial building purchase/construction	1.3
Dwelling house construction	72.1
Others	3.3
Total	**100**

Source: BBS (2014).

3. REDUCING COST OF SENDING REMITTANCES AND FINANCIAL INCLUSION

The number of unbanked people worldwide is about 2.5 billion; they do not have any bank account or access to financial institutions (World Bank, 2015).[10] The problem of being 'unbanked' is generally linked not only to poverty, but also to associated costs, travel distance, travel time and paper works involved in opening an account, which in turn leads to financial exclusion.[11] According to IOM (2010), a survey conducted in 2009, among the surveyed Bangladeshi migrants only less than one-fifth (19 per cent) had bank accounts in the home country; on the other hand, the BBS (2014) survey data shows that, of the recipients who had received remittances during one year before the survey, about 60 per cent of the respondents had bank accounts. This was surely a notable improvement, but obviously there is scope for further work in this regard.

[10]According to the Global Findex Report 2014, the number of unbanked individuals have dropped by 20 per cent to 2 billion adults over the last three years.
[11]However, voluntary non-participation in the financial market may also occur, as migrant workers and households may have cultural/ religious reasons or they may also be not in immediate need for this.

Financial inclusion could help in a number of ways. It will facilitate greater formalisation of remittance transfer and scaling up could also help reduce cost of sending money. This will in turn help introduction of financial instruments to harness savings of remitters.

Among the various channels of remitting money, banking channel remains the most frequently used mode for transferring remittances back home to Bangladesh. At the same time, banking channel remains the costliest amongst the various modes of transfers. Reasons for this were limited competition, regulatory obstacles, and lack of access to mainstream banking services. Banks incur high operational costs which undermine their competitiveness compared to other formal channels of money transfer. In some of the corridors, banks charge not only the senders, but also the receivers. The other modes of transfers include operations of MTOs, post offices and subsidiaries of local banks.

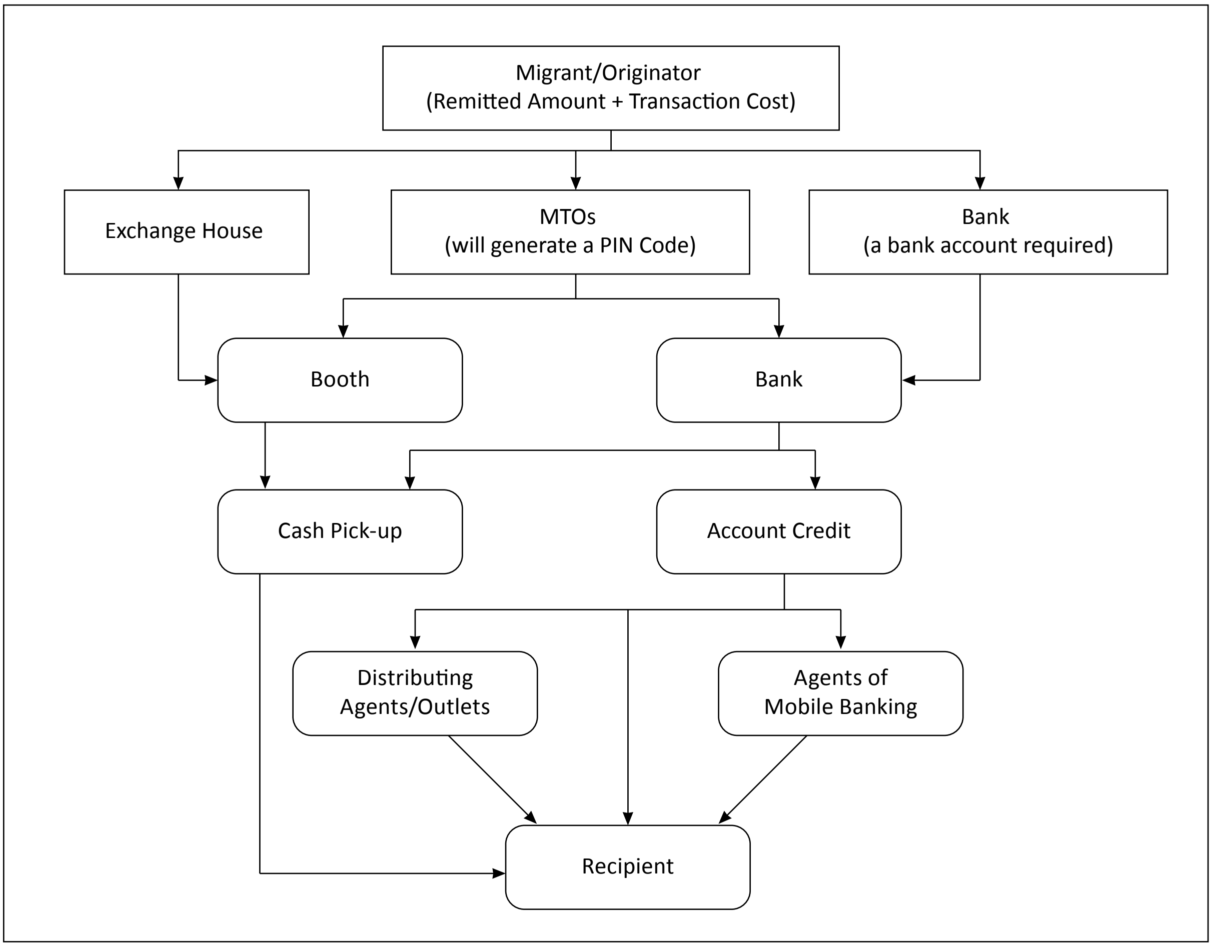
Financial inclusion is not only the process of ensuring timely, affordable and adequate access to financial services for low-income groups of migrant workers when needed, it also needs to be appropriate, fair and transparent (Kochhar, 2009). It means access to mainstream financial institutions in a cost-effective manner to stimulate bankability of small earners. Evidence suggests that this contributes to economic development in two ways: by making additional financial resources available for investment purposes and by stimulating entrepreneurship through broadening of credit market. This is found to benefit mostly the small and medium enterprises (SMEs) and microenterprises set up by returnee migrants by promoting entrepreneurships and contributing to rural development (Mashayekhi, 2015).

3.1 Remittance Transfer Mechanisms

Channels of Transfer

Bangladeshi migrants use a number of mechanisms, both formal and informal, to remit their money back home (Diagram 1). Broadly speaking, three channels are used to remit money through formal channel. The remitter goes to exchange houses, MTOs or banks in the host country. S/he can either avail cash pick-up or choose to go for account credit transfer option to send the money to the intended recipient. If the remitter chooses the cash pick-up option, MTOs will generate a personal identification number (PIN) code for him/her which s/he then informs the recipient back home. By submitting the PIN code the recipient is able to withdraw the remitted amount from designated points in the home country. No partial withdrawal is allowed in this case; neither is there any need to open a bank account in this process. In contrast, if a remitter is to avail the credit account option, s/he must have a bank account and the remitted amount will enter into the respective bank account directly. In this case, the nominated recipient can withdraw full or partial amount of the remitted money from the bank branch or designated agents of mobile bank operators or local non-government organisation (NGO)/ retail offices with which banks have affiliation. Regardless of the mode of transfer, remitter has to pay a transaction cost on remitted amount which is the cost of sending remittance. The charge varies on the volume of transaction and according to the charges applicable for the corridor concerned. The charged amount is shared by all the intermediaries involved in the process both in the host as well as the home country.

Diagram 1: Remittance Transfer Mechanism



Source: Authors' elaboration.

Procedures Involved

As regards the banking process, MTOs and exchange houses submit remittances collected from Bangladeshi remitters to their respective bank accounts with scheduled banks of the host country. The host country scheduled bank is the originator bank *(Bank A)* which undertakes transfer of funds. *Bank A* communicates to the host country bank (a Bangladeshi scheduled bank) known as receiving bank *(Bank B)* with whom they have drawing arrangements. In the next stage, *Bank A* deposits the entire amount (USD) of remittance collection (of a single day) to their New York Bank *(Bank C)* account, and transfer the dollar amount in *Bank B's* New York account (NOSTRO account). Once notification of the dollar submission in the NOSTRO account is received, *Bank B* in the host country (in Bangladesh) adjusts equivalent amount of Taka. transaction to the beneficiary of the remitter at home. If *Bank B* deals with remittance of individuals who do not have any account with the bank, then *Bank B* transfers the remitted amount to the beneficiary's designated bank *(Bank D)* through Bangladesh Electronic Funds Transfer Network (BEFTN) transfer. Designated bank is the local bank with which remitter/the concerned beneficiary maintains bank account but *Bank D* itself has no drawing arrangement with the originator bank *(Bank A).*

3.2 Current State of Remittance Transfer and Financial Inclusion in Bangladesh

It is felt by global financial circles that, in case of three-fourths of the corridors, the cost of sending remittances can be reduced significantly (below the existing 10 per cent of remitted sum). Sub-Saharan Africa remains the most expensive corridor to send money to (9.7 per cent), while South Asia is the least costly region (5.7 per cent). Globally, banking institutions, mostly through their MTO agents, handle 75 per cent of all migrant transactions at present (IFAD, 2014). However, banks remain the most expensive mode of channeling remittances (11 per cent), while MTOs charge, on average, 6.6 per cent of the remitted money.[12]

Thus, transfer costs vary depending on the institution, method of delivery, method of payment, transfer speed, corridor volume and a number of other factors (Rahman and Sadique, 2014). Bank's own costs include a number of elements: compliance cost, establishment cost, security issues, fixed cost for operation of branches; they also have to keep focus on their core banking business related to deposits, loans, mortgages, payments, etc. Operating cost of these products raise the cost of sending remittances when banking channel is concerned. On the other hand, MTOs are designed only to transfer international funds, and as such through scale and specialisation they can reduce transaction costs by a considerable degree. Post office services are least costly because of their wide ranging coverage; however, they are not geared to speedy service delivery resulting in delay in remitting funds to the recipient. On the other hand, *hundi* is a familiar mode of informal transfer with zero transfer cost, require no administrative cost for operation with the profit largely depending on exchange rate margins. It is often easy to access and provides door-to-door delivery of the amount remitted to the home country. However, there is some degree of risks involved in sending money through informal channels such *hundi* or *hawala*.

In recent years, Bangladesh Bank's efforts to encourage remittance transfer through formal channels have motivated some of the local banks to set up drawing arrangements with MTOs/foreign exchange houses. Currently, 1,088 drawing arrangements of various types are in operation for sending remittances to Bangladesh through different corridors. In addition, Bangladesh Bank has permitted Bangladeshi scheduled banks to open subsidiary companies in the host country. Thirty-four such subsidiary companies are in operation at present, although 70 such permissions were granted.[13] Bangladesh Bank encourages scheduled banks to open subsidiary companies overseas to enhance transactions through formal channels; however, bank's own decision in this regard depends on profit considerations and sustainability of operation. Often compliance assurance in host countries are costly; without general banking, options for business operation and expansion remain rather limited for the banks. In addition, Bangladesh Bank does not allow collection of remittance through sub-agents.[14] A number of bank officials have asked for this restriction to be withdrawn.

Instruments for Financial Inclusion

At present, three investment schemes are available for expatriate Bangladeshis: Wage-Earner Development Bond (WEDB), USD Premium Bond and USD Investment Bond. The WEDB was introduced in 1981 and other two at a later period (mid-2000s). Although, the rate of return from these instruments was higher than the other instruments available in the market, the amount of purchase remained rather low. The details of the benefits of these instruments are well-documented, and explained elaborately in government documents and through websites (Table 9). However, during key informant interviews the need for raising awareness about these schemes was frequently mentioned by stakeholders involved.

[12]However, post offices continue to remain the least expensive mode of transferring remittances, charging on average only 5.1 per cent of the total amount, for all reported corridors.
[13]This is mainly because of strict regulations in host countries.
[14]The 2007 Policy regarding Drawing Arrangement between the Exchange House abroad and the Bank operating in Bangladesh states: *Although conducting remittance business through branch offices thereof is allowed, the business of collection of remittance through sub-agent shall be prohibited. Specific approval shall have to be obtained in respect of collection of remittances from more than one country under same/one drawing arrangements.*

Table 9: Key Features of Currently Available Investment Schemes in Bangladesh

Investment Schemes*	Introducing Year	Maturity Period	Interest Rate (%)	Limit of Purchase	Currency of Payable Principal	Currency of Payable Interest
WEDB**	1981	5 years	12	Tk. 25,000 and its multiples	BDT***	BDT
USD Premium Bond	2003	3 years	7.5****	USD 500 and its multiples	USD	BDT
USD Investment Bond	2003	3 years	6.5****	USD 500 and its multiples	USD	USD

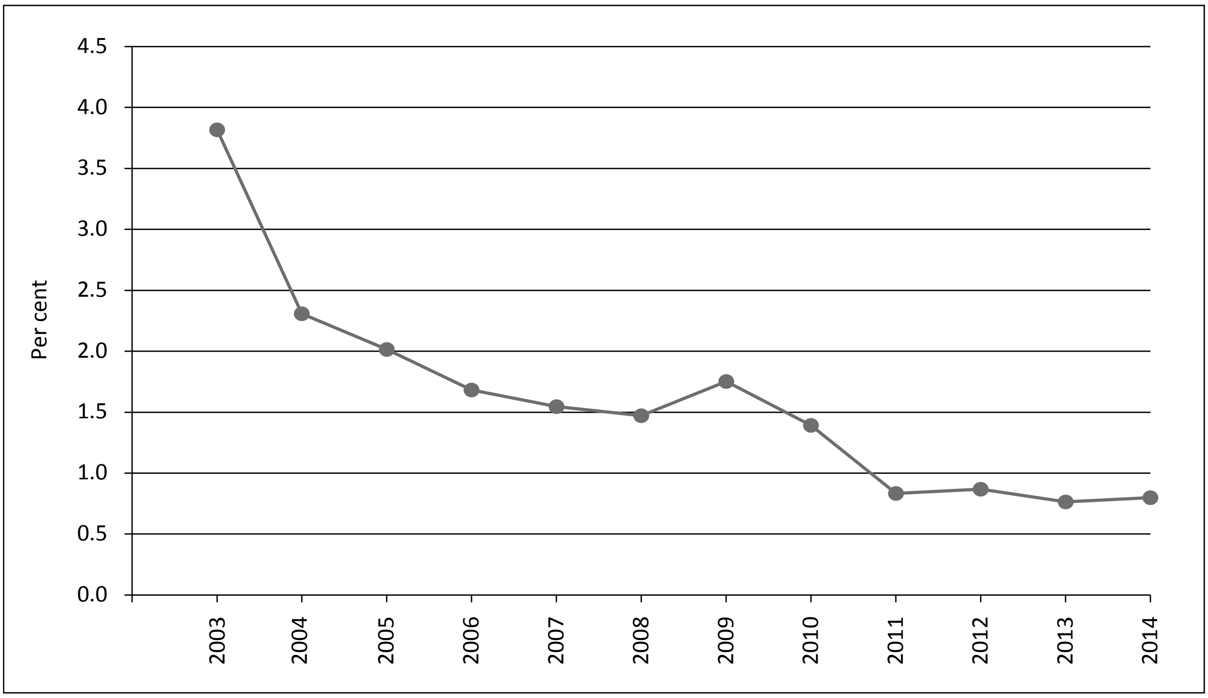
Source: Bangladesh Bank.
Note: *Both principal and interest are free of income tax; **Can be used as security for any loan; death risk benefit up to 40 per cent to 50 per cent; ***After maturity, amount can be paid in foreign currency only in case of repatriating abroad; ****Current interest rate in per cent (half yearly interest payment).

As was mentioned earlier, with increasing number of women migrant workers (who have relatively higher savings propensity) and also skilled workers among the migrant cohort, the demand for savings instrument could be on the rise in near future. Special attention in this regard should be given to attracting new migrant workers to savings instruments. Since television channels have targeted programmes for overseas Bangladeshis, government may like to take initiatives to popularise savings instruments by placing advertisements and television commercials in a more extensive manner. Festivals and performances, where there is large congregation of expatriates may also be used for this purpose.

Yields from Bonds

What transpires from the data is that, at present even relatively low-income migrant households tend to maintain bank/savings accounts. On the other hand, savings through various instruments such as WEDB, USD Premium Bonds and USD Investment Bonds have seen significant fall as a share of remittance earnings over the past decade (Figure 2). In the period between 1981 and 2014, a total

Figure 2: Total Sale of Bonds Designed for the Expatriates as Share of Total Remittances



Source: Authors' calculation from Bangladesh Bank data.

of Tk. 666 crore was mobilised through WEDB whereas total amount of cumulative investments in USD Premium Bonds and USD Investment Bonds were equivalent to only Tk. 51 crore and Tk. 232 crore respectively since 2003 (when these were introduced). The sale of WEDB was relatively better as migrants are more aware of this particular scheme.

Raising awareness about the opportunities and easy accessibility are keys here. The government is now contemplating issuing of Euro Premium Bond and Euro Investment Bond. In view of this, the need for greater publicity is even greater at present. The three non-resident Bangladeshi (NRB) banks[15] could play a positive role in this regard. They may also be encouraged to develop savings instruments geared to stimulating savings by small remitters.

Before introducing new bonds, a close look at why previous bonds have not been very successful should be closely studied. Indian experience, depicted in Table 10, may be examined in this context.

Table 10: Key Features of Indian Diaspora Bonds

Feature	India Development Bond (IDB)	Resurgent India Bond (RIB)	Millennium India Deposit
Period of issuance	1991	1998	2000
Basic nature	Bond	Bond	Certificate of deposit
Currency of issue	US Dollar	US Dollar, Pound Sterling & Dutsche Mark	US Dollar, Pound Sterling & Euro
Amount mobilised	USD 1.60 billion	USD 4.23 billion	USD 5.50 billion
Interest rate	7.75%	USD 7.75%; STG 8.00% & DM 6.25%	USD 8.50%; STG 7.85 % & Euro 6.85%
Maturity period	5 years	5 years	5 years
Percentage of non-resident Indian (NRI) applied to total	0.15% (approx.)	0.30% (approx.)	0.75% (approx.)
Foreign exchange risk	Reserve Bank of India (RBI)	State Bank of India (SBI) and Central Government	SBI and Central Government
Special Features	-	-	Indian diaspora in USA

Source: http://www.nptel.ac.in/courses/110105031/pr_pdf/Module-36%20pdf..pdf (accessed on 22 November 2015).

3.3 The Problematic

Irregular status of Bangladeshi migrant workers is one of the major problems in the context of enhancing their financial inclusion. Often Bangladeshi migrants become irregular due to a number of reasons including visa expiry, change of employer, expiry of work permit, etc. Without valid documents, it becomes difficult for them to open bank accounts and using other financial services.

Lack of market competition in the remittance market has emerged as an issue in recent times. Introduction of BEFTN by the Bangladesh Bank has led to digitisation and enhancement of financial access and transfer through inter-bank account operations. However, the provision also gives particular MTOs an opportunity to transfer money to any scheduled bank in Bangladesh by signing single drawing arrangement with one local commercial bank instead of doing so with all the banks individually. It gives the MTOs greater bargaining capacity over local banks and enables them to maintain higher profit margins. This raises cost of sending money on the part of the remitters.

[15]The banks are: NRB Bank Limited, NRB Commercial Bank and NRB Global Bank.

On the other hand, worldwide anti-money laundering/counter-terrorist financing (AML-CTF) drive has put MTO businesses under considerable pressure. This is making the MTOs to undertake extensive compliance measures including implementation of *know your customer (KYC)* and *customer due diligence (CDD)* processes, etc. Consequently, these de-risking practices raise cost of doing business by the MTOs.

It is not easy to send money, through formal channels, from a number of host countries. In view of the diversification of destination countries for Bangladesh's migrant workers, this has emerged as a new problem. For example, it is not easy for migrants to remit money from South Africa.[16]

Institutional capacity of post offices are not strong enough to handle huge flow of remittances in Bangladesh although in some countries these are the cheapest way to send remittances. Where strong networks of postal services are present, e.g. Indonesia, China or Papua New Guinea, they play an important role to remit money to distance places. Modern and innovative express services have been introduced through postal services in these countries. By contrast, in Bangladesh the postal service deals with only traditional financial and parcel services.

3.4 Regulatory Environment

Bangladesh has adopted the Anti-Money Laundering Act in 2012. Consistent efforts towards improving AML-CTF regime has enabled Bangladesh to come out of the *high-risk and non-cooperative jurisdictions list* of Financial Action Task Force (FATF) in 2012. However, FATF has drawn attention to a number of weaknesses in the Bangladesh policy as regards AML-CTF. Bangladesh will need to make Financial Intelligence Unit (FIU) independent (from the Bangladesh Bank) and involve Criminal Investigation Department (CID) and National Board of Revenue (NBR) in related investigations along with the Anti-Corruption Commission (ACC). Bangladesh Bank has already complied with this and the AML has been amended accordingly. This episode underscores the need for ensuring compliance with FATF requirements on a continuing basis.[17] Any lacking in this regard would entail intensification of surveillance and lead to cost escalation for financial institutions of Bangladesh dealing with remittance transfers and other global financial transactions.

Indeed, in compliance with the FATF 40 recommendations, Bangladesh Bank has regulated guidelines for Mobile Financial Services (MFS) in 2015. According to the guideline any mobile transaction must go through tight scrutiny.

To mobilise further remittances through formal channels, Bangladesh Bank is allowing scheduled banks to affiliate with local NGOs and retail business in order to facilitate transfer of remittances. Bangladesh Bank's initiative to have urban and rural bank branches on 1:1 basis will also be helpful in this regard.

3.5 Global Best Practices for Reducing Remittance Sending Costs and Financial Inclusion

Global Practices of Using Innovative Mechanisms for Reducing Cost of Sending Remittances

A number of innovative instruments have been introduced to facilitate sending of remittances; some have combined this with bill payments, retail purchase and savings. These significantly reduce the cost

[16]Illegal migration is also a reason, since many host countries do not allow sending of remittance if a migrant worker does not have legal status.

[17]FATF has 40 recommendations which act as guidelines for monitoring financial institutions globally. Countries are expected to follow these very closely.

burden of migrant workers through higher levels of financial inclusion. Of particular interest here is the way mobile technology and online services have been deployed to address the needs of remitters.

Online sender. Online sender is a convenient mode to transfer remittance from a number of countries to the Philippines. In this mode, migrants can cash-in their money by using MTO's websites such as *Remitly*. *Remitly* is an online remittance-sending platform that enables Philipino migrants in the USA to send money to their families in Philippine with a variety of cash out options such as cash pick-up, bank account or mWallet.[18] On the receiving side, another service provider such as GCash, a micropayment service provider, provides users access to the remitted funds. The receiver can cash-out the money from a partner agent's outlet in Philippines, or use mWallet services. The service also enables the receiver to pay his/her bills through the mWallet. The cost of transfer ranges from USD 0 to USD 4.99 depending on the delivery channel and speed of delivery.

Remitting to a cash substitute. The service is available to senders from USA when money is remitted to the Dominican Republic. This is a card-based remittance service. Remitting to a cash substitute is a mechanism that adds fund to a retailer's gift card in the receiving country. This card can then be used for general or directed purchase in the receiving country. Receivers can use the card for purchase from specific outlets in home country selected by the sender. Cash-in option is also accessible by using a website named *Regalii* which provides e-commerce services. There is no need of foreign currency exchange because the received funds are denominated in US dollars and the money gets deposited in the US entities of Dominican Republic retailers. As there is no exchange of actual cash, the process is safe. However, there is a possibility to avoid or bypass money transfer regulations.[19]

***End to end mobile deployments*.** End to end mobile deployment is used to transfer money from France to Mali and Madagascar through *MFS Africa,* a mobile money transfer agent from Africa. It provides accessible, affordable, inclusive alternatives for money transfers, micro-lending, micro-insurance, micro-savings and payments. It works both as a sender and as an intermediary. Sender can transfer the money using debit card or bank transfer. The cost of sending any amount is fixed at EUR 5. *MFS Africa* has partnership with mobile money agents such as *MTN Mobile Money Online* and *Orange Money Online* to process money transfer activities. One may cash-out the remitted amount through dedicated websites.

***Remitting a direct payment*.** The service is provided by *Willstream* from multiple countries to Senegal. Remitting a direct payment enables the remittance senders to pay utility bills of families residing in the home country directly. Senders specify information about the service provider who is to be paid, i.e. school, hospital or utility company name, and the amount to be paid. Payment is facilitated directly by the MTOs/agents working in the home country. The cash-in option is also available through *Willstream* website via credit card or bank transfer.

There are also examples where hometown associations of overseas workers raise money for particular projects, which are then matched by the government, with financial institutions working as conduit. Mexico's *Tres por Uno* initiative is an example of mobilising migrant savings for development projects in migrants' hometown (Ang, 2015).

With the widespread use of, and access to, mobile phone technology, some of the aforesaid services can be introduced in Bangladesh as well. The above discussion points to two aspects of financial inclusion and Bangladesh could learn from the global best practices on both counts. Use of modern

[18]*Remitly* has expanded their network to send money to Mexico and India.

[19]However, coverage of this service is limited to a few designated retailers only.

technology and innovative practices could significantly reduce the cost of sending remittances, and in many cases through directed payments, it may reduce number of intermediaries and the associated costs. At the same time the resultant higher disposable income of migrant workers could be deployed towards greater mobilisation in the form of savings through a variety of instruments. Introduction of new savings tools is one possible option. However, global best practices also show how introduction of options such as pension and insurance schemes could also be facilitated through financial inclusion. This then could contribute to greater security and sustainable livelihoods for migrant workers and their families. Global good practices documented in Box 2 shows a number of innovative initiatives,

Box 2: Good Practices of Financial Inclusion in India, Philippines and Sri Lanka

Investment instruments

India: Diaspora Bond
Philippines: Overseas Filipino Worker (OFW) Savings Bond proposed by the Department of Foreign Affairs (DFA)
Sri Lanka: Development Bonds, Rupee Denominated Treasury Bills and Treasury Bonds

Financial literacy strategy

India: National Strategy for Financial Education by Financial Stability and Development Council (FSDC)
Philippines: National programme for migrant workers through National Strategy on Financial Education

Pre-departure orientation course on financial education

India: Mandatory pre-departure orientation course
Philippines: Pre-Departure Education Program (PDEP) under the Overseas Workers Welfare Administration (OWWA)

Financial education in host country through NGO collaboration

India: Organised by Pravasi Bandhu Welfare Trust (in Qatar)

Savings and investment programmes for returnee migrants

India: Gulf-returnee entrepreneurship promotion
Philippines: Migrant Savings for Alternative Investments (MS-AI) program; Asian Migrant Center (AMC), an NGO based in Hong Kong with Unlad Kabayan, a social entrepreneurship NGO in Philippine

Entrepreneurship education on savings and investments for members of migrant households

Philippines: Provided by Unlad Kabayan and other NGOs

Government Savings Scheme for migrant workers

Philippines: SSS Flexi-Fund (voluntary provident fund); Pag-IBIG Overseas Program (a housing loan savings programme)

Compulsory insurance scheme for migrants

Sri Lanka: Arranged by Sri Lanka Bureau of Foreign Employment (SLBFE) (in UAE)

Pension scheme to its overseas workers

Sri Lanka: by SLBFE

Migrants' insurance

India: Mahatma Gandhi Pravasi Suraksha Yojana (MGPSY) by Ministry of Overseas Indian Affairs (MOIA)
Sri Lanka: National Insurance Trust Fund (NITF), Videsha Rakiya by SLBFE

Mobile financial service

Philippines: Smart Money , GCash

Source: SSS (n.d.); SLBFE (n.d.); Ofreneo and Samonte (2005); Atkinson and Messy (2015).
Note: Smart Money and G-Cash are globally available micropayment services which use electronic wallet.

both in terms of forms as well as instruments of savings mobilisation: (a) GO-NGO collaboration; (b) financial literacy campaign both in home and host countries (entrepreneurship development); (c) diaspora bonds; (d) pension schemes; (e) insurance schemes; and (f) dedicated programmes for returnee migrants.

Examples of Other Best Practices

Review of available literature and practices show that some countries of South Asian region have introduced a number of good instruments/tools towards enhanced financial inclusion of international migrants. India has introduced *Mahatma Gandhi Pravasi Suraksha Yojana (MGPSY)* in 2013, which is both a pension and a life insurance scheme targeted to overseas Indian workers working in 17 Emigration Check Required (ECR) countries.[20] To avail pension benefits, migrants are required to bear two annual installments for a period of 5 years. The installments vary between Rs. 1,000 to Rs. 12,000. Government of India contributes up to Rs. 2,000 (USD 30) and Rs. 3,000 (USD 45) per year for male and female workers respectively. In Philippines, Overseas Workers Welfare Administration (OWWA), a government welfare institution, provides a number of benefits including pre-departure training and financial literacy seminars for Filipino workers with a membership fee of USD 25. Through *Pag-IBIG Overseas Program,* a mandatory savings programme for Filipino overseas contract workers, immigrants and naturalised citizens, allows Filipino citizens to enjoy home loans. It also serves as a savings investment in Mutual Fund Company. Members can withdraw their accumulated savings at the end of 5, 10, 15 and 20 years of membership. In Philippines, a number of NGOs are involved in these activities. For example, Unlad Kabayan provides entrepreneurial education on savings and investments for migrants' families in Philippines. Asian Migrant Center (AMC), a joint-collaboration of two NGOs from Hong Kong and Philippines, provides savings and investment programmes for Filipino returnee migrants. Similar instruments are available with Sri Lanka Bureau of Foreign Employment (SLBFE). SLBFE provides low-cost loan worth Rs. 5 thousand to 500 thousand for pre-departure and housing needs and self-employment of migrant workers for a span of 3 to 5 years. To avail the loan, the migrant has to have a Non-Resident Foreign Currency (NRFC) account with at least USD 500 worth deposits. SLBFE also awards annual scholarships to the children of registered migrant workers. Some countries have issued diaspora or development bonds to mobilise investment from the migrant workforce. For example, Philippines has the OFW Savings Bond; Sri Lanka has issued Development Bonds and India has floated Diaspora Bonds on a number of occasions to harness savings from and provide investment opportunities to migrant workers and the diaspora. Some of the savings instruments are targeted to particular sections of the migrant workers (i.e. domestic workers) while some programmes are host country-specific.

It is clear that many countries are trying to use increasing financial inclusion of migrant workers towards greater welfare of the migrant community by providing them with additional earning opportunity and by harnessing financial resources for developmental purpose in the home country. Bangladesh can take important lessons from the aforementioned instruments and practices.

4. SOCIAL PROTECTION

According to the ILO definition, social security can be understood as "the protection which society provides for its members, through a series of measures, against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death; the provision of

[20]The countries are: UAE, Saudi Arabia, Qatar, Oman, Kuwait, Bahrain, Malaysia, Libya, Jordan, Yemen, Sudan, Afghanistan, Indonesia, Syria, Lebanon, Thailand and Iraq. An estimated 5 million Indians are working in these countries.

medical care; and the provision of subsidies for children" (ILO, 1984: 3). However, general protection measures offered in home countries such as emergency relief, government assistance, compensation or health insurance (under social protection and safety net programmes) are not available to migrants in the destination country. Private companies in many destination countries are not required to provide insurance coverage to migrant workers.

Issues of social protection of Bangladeshi migrant workers and their families, at home and in host countries, call for urgent attention for a number of reasons. Till now no comprehensive policy has been designed in Bangladesh to address particular concerns of migrant workers in areas of social security and protection. With the number of migrants growing and with increasing share of women among the migrant workers, this has assumed a new urgency in Bangladesh. Besides, Bangladesh's migrant workers are going to new destinations, in large numbers, which also calls for closer attention to their social security concerns. In view of the SDGs, there is now also a global commitment to safeguard the rights and interests of migrant workers. Indeed, the NSSS provides an opportunity for the policymakers to carve out a dedicated plan for migrant workers and bring the migrant workers within the ambit of the envisaged universal social protection.

As was noted, the GoB is now in the process of preparing an NSSS. The NSSS follows the *life-cycle approach* and is an initiative which is very timely. However, the draft strategy does not include any dedicated component targeted at the sizeable community of Bangladeshi migrant workers. It is also not clear whether and how the Bangladeshi migrant workers will be integrated in the proposed universal pension scheme.

Instruments to address migration risks and social protection could be in three forms: (a) unilateral measures; (b) bilateral agreements; and (c) multilateral accord. Unilateral measures concern public policy in the host country which applies to all migrant workers, regardless of residence, citizenship or immigration status. An example of this is the social security legislation in Barbados, which includes all migrant workers, with or without work permits, or whose work permits have expired (Williams, 2008). Bilateral agreements are those signed between two countries to coordinate provisions of social security entitlements. According to Holzmann *et al.* (2005), only about 20 per cent of migrant workers worldwide, working in host countries, have full portability of pension benefits to their countries of origin which are made possible with the help of bilateral agreements. Sometimes, a host country signs multiple agreements with countries from where it is hosting relatively large number of migrant workers. For example, many of the developed countries, which have strong social security schemes for their citizens, extend some of the social benefits to foreign citizens. Multilateral agreements are usually agreed between a group of countries or a forum at regional level, or two sets of countries from two different regions which then form a multilateral platform. Example of such multilateral arrangements are the Caribbean Community (CARICOM) Reciprocal Agreement or the European Union (EU) regulations[21], among others.

A migrant could become vulnerable at different stages of migration. For instance, a migrant could fall sick at the departure stage, which calls for his/her healthcare. There may be risks of unemployment and/or injury at the work placement stage which may require unemployment or disability benefits. There may be need for old-age support or post-migration support and other benefits in home country.

Sabates-Wheeler and Feldman (2011) identify four types of social protection for international migrants, originating from various reasons: (i) access to social security in host and origin countries affects level of vulnerability of migrant workers; (ii) portability between host and origin countries is important

[21]EC No. 883/2004, 987/2009.

for avoiding loss of accrued entitlements of workers; (iii) labour market conditions for migrants in host countries and the recruitment process for migrants in the origin country must balance between employers' needs and workers' protection; and (iv) whilst access to informal networks may act as informal social safety nets to support migrants and their family members, these cannot substitute the security of protection provided through formal channels.

From social security perspective, migrant workers often tend to remain in grey areas, both in countries of origin and host countries. They do not have an opportunity to contribute to social security systems in the host countries, neither are they included in the social security system in host countries. As a result, migrant workers are not able to claim benefits when they are working in the host countries or when they return to the home country (ILO, 2010).

4.1 The Problematic

Bangladeshi migrants and their families need social protection at all the three different stages of migration that were mentioned earlier. It is important that social protection is also extended to the families of migrant workers who tend to be relatively more vulnerable, given in many instances, the absence of the main bread-earner of the family for a prolonged time.

As is often the case, at the pre-departure stage, private agents do not generally provide copy of the work permit prior to the departure of the migrant workers. Often agents introduce new documents to the migrants just before the flight and there is hardly any time for them to review the document.

In many of the host countries, particularly in the GCC region, there is no mandatory insurance scheme for foreign workers. Often small companies in host countries do not follow national regulations, even when these are there, as regards minimum wage and contractual obligations; benefits are not given even when there is contractual obligations on the part of the employer. An ILO study (Ahmed *et. al.*, 2015) on returnee Bangladeshi migrant workers shows that, more than one-third of the returnee workers (40.4 per cent) cited visa and passport-related factors as reasons for returning home prematurely. These included expiry of visa, visa cancellation, inability to extend visa, passport disputes, and end of passport validity. In addition, 'wage-related causes' (14.8 per cent) was also mentioned as a reason. End of work permit/termination (9.8 per cent) and contractual problems with employer (5.2 per cent) were also cited by the respondents. Physical injury, poor working conditions in the host country and police harassment were also cited. Often, because of long absence from home, returnee migrants fail to enlist in existing social safety net programmes.

4.2 Available Support

In Bangladesh, overseas wage earners pay a welfare fee of Tk. 3,500 before departure.[22] The Wage Earners' Welfare Board (WEWB) organises sessions for migrant workers for pre-departure briefing of migrant workers which include information on housing, treatment, food, rules and regulations, culture and life styles in destination country. In addition, information on work permit, services of embassies, where to access and seek help in case of problem/emergency are disseminated in the session. Welfare Desks have also been set up at departure and arrival lounges of Dhaka, Sylhet and Chittagong Airports.[23]

[22]It is the major source of finance for the Wage Earners' Welfare Board (WEWB), which was established in 1990.

[23]These desks provide services to the migrant workers regarding visa, emigration clearance, etc. These desks also receive dead bodies of migrant workers and help in handing the bodies to the relatives of the deceased.

Existing laws have provisions which allow wage earners who suffer injury at workplace (become disabled) to receive financial assistance for return trip, medical treatment and a Tk. 1 lakh grant (WEWB, 2015). The Board provides legal assistance and other forms of support to migrant workers in distress in host countries in collaboration with respective embassies.

According to WEWB (2015), wage earners' families are to receive a grant of Tk. 35 thousand for carrying and local burial of deceased wage earners.[24] Family members of any legal wage earner are to receive Tk. 3 lakh as a one-time grant on the death of the wage earner during his/her stay overseas. Since 1996 a total of Tk. 1.99 billion financial grant has been disbursed among 10,427 deceased wage earners on this count. Realisation and disbursement of money as death compensation/regular dues/insurance/ service benefit for the death of wage earners are some of the measures undertaken by the WEWB in support of the family members of migrant workers. Since 1977, a total of Tk. 3.33 billion has been disbursed among the family members of deceased wage earners. A scholarship programme targeted at education of wage earners' children was introduced in 2012. Children of wage earners receive scholarships based on board examination results to help them continue education up to graduate level.

GoB has undertaken a number of initiatives and programmes, through GO-NGO collaboration, and with support from development partners, towards ensuring social protection of migrant workers' rights (some of these include ability to change employers while working in host countries, access to pre-departure training and some training opportunities while overseas, right to freedom of association and collective bargaining in Bangladesh while they are being employed abroad). Some programmes are committed to ensure the social rights and protection of women migrant workers[25], while other programmes are designed to align the issue of migration with the national agenda.

Two key aspects of providing security to migrant workers relate to support in accessing resources at pre-departure stage and on return. The first one to help reduce financial burden of migration, and the second to help with investment towards entrepreneurship development of migrant workers. These crucial areas remain under serviced in Bangladesh.

A general practice worldwide is to charge a welfare fee against social protection benefits of migrant workers. Rates and regulations generally tend to be country-specific. Bangladeshi migrants have to pay a non-refundable Tk. 3,500 (equivalent to USD 44) prior to departure. Rates vary across countries: for migrant workers from Sri Lanka (USD 500) and India (USD 453 per annum) these rates are much higher. There is also a number of schemes in place, with options varying according to fees. For each option, there are specific benefits for which migrant workers and their families are eligible. In some cases, there is an implicit matching support/grant from the government.

4.3 Global Best Practices

Table 11 provides a comparative picture of some of the social security schemes in support of migrant workers for some selected countries. Following this, a number of dedicated schemes in place in some of the major migrant-sending countries have reviewed from which Bangladesh can draw important lessons.

[24]However, a number of migrant workers' organisations have argued that some of the expenses incurred from this fund (e.g. support for burial) should be borne from the GoB budgetary allocations rather than from Wage Earners' Welfare Fund (WEWF).

[25]The global programme titled 'Fair Recruitment and Decent Work for Women Migrant Workers in South Asia and the Middle East' aims to reduce the incidence of trafficking of women and girls from India, Bangladesh and Nepal through economic, social and legal empowerment. The GoB-ILO programme in Bangladesh is implemented through local NGO collaboration which has started from 2015 for 3 years and has been implementing in three districts (Narayanganj, Manikganj and Jessore at union level) in the first round.

Table 11: Comparative List of Benefit Schemes in Selected Countries

Service/Benefit Schemes	Bangladesh	Sri Lanka	Philippines	India
Pre-departure manual				Country-wise
Pre-departure briefing	X	X	X	X
Pre-departure training/education		X	X	X
Pre-departure migrant loan	by PKB	by SLBFE (housing and self-employment)		
Service loan		X	by OWWA	
Reintegration programmme			by NRCO	
Reintegration loan	by PKB	by SLBFE	Php 300,000 to Php 2,000,000 (USD 6,444-42,960) by OWWA	
Emergency hospitalisation		Rs. 25,000 (USD 173) by SLBFE		Rs. 75,000 (USD 1,149) by PBBY
Permanent disability		Rs. 200,000 (Max. USD 1,390); house worth Rs. 500,000 by SLBFE	Php 100,000 (USD 2,148) by OWWA	
Carrying cost of dead body	X			
Burial cost	Tk. 35,000 (USD 441)		Php 20,000 (USD 429)	
Death benefit	Tk. 300,000 (USD 3,780)	Rs. 200,000-400,000 (USD 1,390 – 2,780) by SLBFE	Php 100,000-200,000 (USD 2,148-4,296) by OWWA	Rs. 10,00,000 (USD 15,320) by PBBY
Repartition programme			by OWWA	
Welfare fund in Missions				by ICWF
Scheme for domestic and unskilled workers				by ICWF
Employment contract violation compensation				Rs. 30,000 (USD 459) by PBBY
Hospitalisation coverage to the family of dead or permanently disabled migrant				Rs. 50,000 per year (USD 766) by PBBY
Maternity benefit				Rs. 25,000 (USD 383) by PBBY
Non-working migrants' health coverage			by OFP	
Voluntary savings programme				X
Housing loan			Max. Php 2,000,000 (USD 42,960) by Pag-IBIG Overseas Program	
Insurance for HIV/AIDs		X		
Scholarship to children	X	X	X	

Source: MOIA (n.d.); SSS (n.d.); SLBFE (n.d.); IPS (2013); OWWA (2015).

Note: [1]X denotes existence of the provision.

[2]NRCO: National Reintegration Center for OFWs; OFP: Overseas Filipinos Program; PBBY: Pravasi Bharatiya Bima Yojana; ICWF: Indian Community Welfare Fund; PhilHealth: Philippine Health Insurance Corporation.

[3]Current exchange rate has been used for purposes of conversion from http://www.oanda.com/ (accessed on 15 October 2015).

Philippine Overseas Workers Welfare Administration (OWWA)

OWWA is fully-funded by a mandatory membership fee of USD 25 for migrants going abroad as temporary workers. It is obtained in two ways: by enrollment upon processing of a contract at the Philippine Overseas Employment Administration (POEA) or by voluntary registration at a job site overseas. Two types of services are offered through OWWA: core and secondary services. Core services include a repatriation programme, health and life insurance, and worker assistance for settling work-related disputes and fraud. Secondary services help migrants, before and after departure, and the families that are left behind. These include education and training support, re-integration programmes, and also provision of pre-departure loans.

Examples of Other Social Security Programmes

The Philippines provides social security coverage to overseas Filipino workers through voluntary insurance with the Social Security System (SSS), the supplementary pension savings (SSS Flexi-Fund), and the Overseas Workers Program of the Philippine Health Insurance Corporation (PhilHealth). The SSS and the Philhealth provide assistance to Filipino migrant workers through their overseas branch offices in 13 countries.

Pakistan provides migrant workers with a group insurance programme concluded between the Bureau of Emigration of Overseas Employment and the State Life Insurance Corporation. This insurance is financed by a premium paid by applicants upon registration with the Bureau, and provides benefits in the form of a lump sum in the event of disability and death. The Jordanian national social security system, administered by the Social Security Corporation (SSC), provides old-age, disability and death benefits to Jordanians working abroad.

Some of the recent initiatives of the MEWOE towards better security of would be migrant workers are to be noted in this context. The recently introduced 'online registration system' has set up a database of 2.2 million potential migrant workers under 48 different skills categories. As part of the newly enacted Overseas Employment and Migrants Act 2013, GoB has now made it mandatory for future recruitments to be done from this database. This will not only lower the cost of migration, but will also enable dedicated programmes to be set up towards ensuring social security of migrant workers. The online registration involves collection of finger prints, photo, online visa checking and online complain system. An online visa checking system has also been introduced along with introduction of Smart Card and formation of a 'Vigilance Task Force' to combat illegal and irregular migration. This is indeed a welcome measure towards digitisation of all migrant-related data which can be then integrated with the national ID (NID). Gradually, information pertaining to all migrant workers abroad as well as returnee migrants can be incorporated within a unified database which can then serve as a repository of the needed information. However, better national data is required in view of assuring safe migration and social protection of the migrant workers in the host country.

It is worth mentioning that, a number of host and home countries are signatory to and/or have ratified UN conventions and important ILO conventions relating to migrants' rights to get social protection. However, as can be seen from the Table 12, no GCC country has ratified those conventions as yet. In view of the relevant SDG Goals adopted by all UN members, pressure should be put on the GCC countries to ratify and implement these provisions.

It may be recalled here that, Bangladesh is signatory to, and member of, a number of regional initiatives and processes to safeguard migrant workers' interests. The *Colombo Process* was initiated in 2003 by Sri Lanka and Indonesia, with secretariat support of the IOM, and in collaboration with the

Table 12: International Conventions Ratified by the Home and Host Countries

Country	UN Convention on Migrants' Rights	ILO Convention, 1925 (No. 19)	ILO Convention (Revised), 1949 (No. 97)	ILO Convention, 1975 (No. 143)	ILO Convention, 1962 (No. 118)	ILO Convention, 1982 (No. 157)
Home country						
Bangladesh	Signatory	Ratified			Ratified	
India		Ratified			Ratified	
Indonesia	Signatory	Ratified				
Pakistan		Ratified			Ratified	
Philippines	Ratified	Ratified	Ratified	Ratified (as a host country)		Ratified
Sri Lanka	Ratified					
Tanzania			Ratified			
Host country						
Bahrain						
Italy		Ratified	Ratified	Ratified	Ratified	
Saudi Arabia						
Kuwait						
Libya					Ratified	
Malaysia		Ratified				
Maldives						
Mauritius		Ratified	Ratified			
Oman						
Qatar						
Singapore		Ratified				
South Korea		Ratified				
UAE						
UK		Ratified	Ratified			
USA						

Source: http://unesdoc.unesco.org/images/0014/001435/143557e.pdf and http://www.ilo.org/ (accessed on 5 October 2015).
Notes: United Nations Convention on Migrants' Rights refers to *'International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families'*; ILO Convention, 1925 (No. 19) refers to 'Equality of Treatment (Accident Compensation) Convention'; ILO Convention (Revised), 1949 (No. 97) refers to *'Migration for Employment Convention'*; ILO Convention, 1975 (No. 143) refers to *'Migrant Workers (Supplementary Provisions) Convention'*; ILO Convention, 1962 (No. 118) refers to *'Equality of Treatment (Social Security) Convention'*; and ILO Convention, 1982 (No. 157) refers to *'Maintenance of Social Security Rights Convention'*.

ILO. The process is geared towards policy coordination among labour-sending countries. The effort was further strengthened when at the initiative of the UAE, a platform was created for engagement between sending and corresponding countries of destination, through the establishment of the *Abu Dhabi Dialogue*. The Framework on Regional Collaboration, adopted at its Ministerial Meeting in Manila in April 2012, provides a basic framework for cooperation among countries of origin and the GCC throughout the cycle of overseas employment. However, implementation of this framework is yet to be visible. Both these fora do provide a much-needed regional/inter-regional platform for dialogue among governments involving a very important labour migration corridor. These platforms of consultation and engagement have considerable potential to enhance the cause of safe migration in a region where Bangladesh has special interest. One may recall here the adoption of the *ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers* in January 2007. This is considered to be an initiative of significant importance from which South Asia can draw important lessons. ASEAN (Association of Southeast Asian Nations) has also institutionalised a tripartite (plus civil society organisations) forum – *the ASEAN Forum on Migrant Labour* (AFML) – that provides a platform to assess the state of implementation of the objectives of the Declaration and share good practices.

4.4 Policy Gaps

Country or region-wise pre-departure manual for major host countries has proven to be very helpful for migrant workers. For example, India has prepared such a manual for host countries in the Middle East.[26] A voice enabled android mobile application can be developed for major host countries (an alternative but innovative solution) to provide detailed information as regards applicable regulations, rights and obligations.

As has been pointed out earlier, the share of women migrant workers in total overseas labour stock is on the rise. However, financial and social programmes are not being geared to the emergent situation, whereby women's rights would be safeguarded. Women workers tend to be more vulnerable because of gender and isolation. There is, thus, a need to explore how trade unions in the host countries, are able to promote initiatives that allow the safeguarding of the rights of the migrant workers. Government should encourage the efforts of the trade unions and NGOs to protect the workers and towards their better social protection, both in host countries and in Bangladesh.

Social security agreement with the host country to safeguard the interests of the migrant workers can also be negotiated, as has been the case with some sending and receiving countries. It is to be mentioned here that, at present, Bangladesh does not have any bilateral social security agreement with any of the host countries which hosts Bangladesh's migrant workers.

In Bangladesh, there is no comprehensive database on returnee migrants. This will be the first step to help integration of returnee migrant workers and to bring them under the coverage of any support programme.

5. CONCLUDING REMARKS AND WAY FORWARD

The contribution of remittances and migrant workers towards employment generation, healthy external balances, maintaining macroeconomic stability, poverty alleviation and overall development of the Bangladesh economy has been well-established in the literature, and has been well-recognised in key policy documents of the GoB. Over the past years a number of concrete steps have been taken to facilitate migration, raise skill endowment of migrant workers, reduce cost of migration, diversify destination countries and to provide support to migrant workers in host countries and to returnee migrants. Important strategic documents of Bangladesh including the 7FYP, NSDS and NSSS, as also various policy documents of the MEWOE, have stressed the important role that overseas employment sector and remittances play in the Bangladesh economy. The documents also talk of financial inclusion, safe and secured migration, reintegration of returnee migrants, social protection of migrants in home and host country and greater involvement of migrants and more effective use of remittances towards accelerated development of the national economy. Bangladesh has also taken steps to safeguard interests of her migrant workers through participation in such regional platforms as the Colombo Process and the Abu Dhabi Process. The role of migration and remittances in implementing global commitments has also been reflected in key documents. In the recently adopted Agenda 2030, a number of goals and targets specifically mention about protecting labour rights and promoting safe

[26]Ministry of Overseas Indian Affairs (MOIA) has finalised country manuals for the GCC countries namely, UAE, Bahrain, Oman, Kuwait, Qatar, Saudi Arabia and Malaysia that provide general information as well as specific information and data about the relevant destination countries. These manuals are aimed to provide useful information to the intending Indian migrant workers, concerned officials and the Indian Missions abroad.

and secure working environment for migrant workers, including women migrant workers. Remittances have been considered as important means of implementation of the SDGs. The IPoA has looked at migration and remittances as important tools to help LDCs in their efforts at graduation. In addition, as a signatory to ILO Conventions, Bangladesh has a responsibility to address issues of concern and interest to the migrant workers.

However, at the same time it is also being increasingly recognised that, much more needs to be done if the concerns of Bangladesh's migrant workers are to be appropriately addressed and their interests are to be adequately advanced. This task has become even more urgent in view of the increasing trend of South-South migration with new markets gaining rising importance, particularly in case of Bangladesh. In view of this, reforming the South-South corridors, to ensure safe migration, and also to put in place policies towards financial inclusion and social protection, priority attention is needed on the part of policymakers. This paper has made an attempt to identify a number of such measures which could be considered by the policymakers deployed towards addressing the attendant concerns. The study has done this by undertaking review of literature, and cross-country evidence, analysis of the BBS survey data and through FGDs with relevant stakeholders. There is a rich global depository of knowledge as regards the concerned issues, and the paper has made an attempt to draw lessons from this wide experience and diverse range of knowledge.

The number of Bangladesh's migrant workers community has been on the rise, at present numbering about 9.5 million. This number is expected to continue rising in future. Remittance flows are also expected to see a commensurate rise. The number of returnee migrants is also expected to see a significant increase in the coming years. Average stay of Bangladeshi migrant workers was found to be about 5 to 6 years. The structure of migrant workers is also changing rapidly, both in terms of gender divide, skills composition and host country diversity. All these will have important implications in terms of safety and security of migration, earnings capacity of migrant workers, savings propensity and the need for investment opportunities for remittance earnings. This paper has argued that these will create demands for a new generation of innovative policies. Two areas will be of particular interest in this regard: financial inclusion and social protection of migrant workers. Whilst Bangladesh's strategic and policy documents do mention about the importance of these emerging demands, there is a need to ensure that these are appropriately addressed through concrete measures.

In view of the need for greater financial inclusion of migrant workers, the paper has made an analysis of the cost of sending remittances home, the instruments available to harness savings of migrant workers, the state of their financial inclusion and has identified some of the next steps in this regard.

Whilst cost of sending remittances is relatively low for Bangladesh since she belongs to one of the three least expensive corridors globally, analysis reveals a number of emerging concerns in this context. Measures at de-risking pursued by developed countries and their institutions to safeguard against terrorist financing is raising the cost of sending remittances back home through formal channels. In spite of signs of growing formalisation of remittance transfer, host countries are putting in place a host of stringent regulations to tackle this problem, thus raising compliance cost which is then being passed on to the migrant workers who are willing to send money by using formal channels. Field discussions evince that about two-fifths of all remittances are still being sent back to Bangladesh through non-formal channels, although BBS survey indicates the share to be lower (about one-fourth).

Among those sending remittances through formal channels, banks remain the predominant player, although banking charges are higher than MTOs and postal services. On the other hand, because of AML-CTF, MTOs are having to take new measures towards greater compliance, leading to higher charges. In recent years, there has been a tendency towards a rise in the cost of sending remittances to Bangladesh because of various AML-CTF related measures. In view of this, there is a need for a global understanding to keep remittances out of the purview of stringent measures, at the least up to a certain amount. Postal services also need to be modernised to raise competition in this sector.

Creating platforms for inclusion of migrant workers into the financial ecosystem is a key policy initiative that will be needed. Financial education both in the home (pre-departure) country and host country (some countries have entrusted the NGOs working with migrant workers to undertake such activities in host country) is important. The number of Bangladeshi subsidiary banks overseas is still very low. There is a need to increase their number, and renewed efforts are required on the part of the banks to expand their activities beyond just transferring remittances. Banks can also develop small-scale savings instrument for the migrant workers. The MEWOE's initiatives to set up online registration system with a database of 2.2 million potential migrant workers ought to be seen as a welcome initiative in this connection. However, there is a need for a comprehensive database of returnee migrants as well to help design various programmes in their support including credit, entrepreneurship development and imparting the needed training.

There are a number of instruments in place in Bangladesh to harness savings of remitters – about 57 per cent of migrant workers' households have some savings. With increasing number of women, savings propensity is likely to increase in future. Till now, the instruments which have been traditionally deployed, have not been able to attract much interest on the part of migrant workers. Indeed, our analysis shows a decline in this regard, as share of total remittance over the recent years. Financial inclusion is pursued in case of a number of migrant-sending countries through wider use of mobile technology and internet. The technology can then by deployed towards payment of services and retail purchases, as well as cash pick-up from mWallets.

Some countries have designed country and region-specific manuals with detailed information about working conditions, regulations, rights and obligations and facilities available for migrant workers. A voice-enabled, user-friendly android mobile application can be developed to facilitate this. Some sending countries have signed social security agreement with individual host country, on a bilateral basis. Bangladesh can also think of taking steps along those lines. Indeed, identifying avenues to bring the benefits of 'Digital Bangladesh' to the migration sector ought to receive the top most priority. The advantages of deploying information and communication technology (ICT) tools could help set up comprehensive databases, social security needs, development of targeted social security programmes, and towards greater financial education and enhanced financial inclusion of Bangladesh's migrant workers. There should be greater coordination between the Ministry of ICT and the MEWOE in this regard.

Once financial inclusion, particularly through bank accounts, is encouraged and ensured, it will be possible as to introduce various programmes in support of migrant workers. Global best practices show that this could take the form of introduction of pension schemes and provident funds, and other savings instruments and provision of housing loans. Experience of Philippines, Sri Lanka and India bear this out.

Social protection of migrant workers and their households, both in the host and home country is critical from the perspective of ensuring safe and secured migration. As the paper has pointed out, migrant workers need social protection at all the three involved stages: pre-migrant, host-country and post-return. There is a need for global, regional and domestic efforts if the attendant challenges are to be met. Migrant workers' communities tend to be one of the most vulnerable in many host countries, but measures towards their safety and security remain weak. In view of the SDGs, there is a need for global accord to ratify core ILO conventions by all hosting countries. A monitoring mechanism can be set up as part of the *SDG implementation monitoring* process. Some countries have introduced mandatory insurance schemes for migrant workers. These are done with support of public sector insurance companies as also through public-private partnerships (PPPs) whereby the government incentivises the private insurance by coming up with its own contribution. As has been pointed out in the preceding text, Philippines, for example, has introduced voluntary insurance with social security system, supplementary pension savings and health insurance for migrant workers. The draft NSSS should be revisited to include a dedicated component for migrant worker households, which tend to be relatively more vulnerable particularly when the absentee household head is a migrant worker. Also, there should be more transparency and accountability as regards use of Wage Earners' Welfare Fund (WEWF).

Since the recruitment agents are often the first point of contact for the migrant workers, it is logical that they undertake a responsibility towards safe migration. In absence of this, no further initiatives can be taken towards financial inclusion or social protection of the migrant workers. Accordingly there is a need to make recruitment agents play a responsible role to ensure safe migration. The laws, rules and regulation to enforce discipline in relation to the work of the recruitment agents have become a task of such urgency.

Priority attention ought to be given to regularising irregular migration in host countries. In the context of host countries such as Malaysia, government must first negotiate how the existing irregular migrants can be regularised. Negotiations must be carried out to find mutually acceptable solutions towards this. Host country unscrupulous businesses, in connivance with certain recruitment agents (even in the context of G2G), sometimes play a key role in this anomaly. These agents and companies need to be brought to justice and some agreement should be reached to legalise the affected workers. This work should go hand in hand with the G2G recruitment in Malaysia.

One area which deserves particular attention is creation of comprehensive database of migrant workers to service the needs of their social protection. Designing appropriate interventions for migrant workers in plan documents is difficult because relevant data is absent. In this context, national surveys, particularly, Household Income and Expenditure Survey (HIES) and Sample Vital Registration System (SVRS) survey should be designed so as to have separate modules to identify households with international migrant workers. BMET may be allocated adequate budgets to keep comprehensive record of data on social protection-related variables based on the aforesaid surveys, and to subsequently pan the information on to government organisations those administer safety net programmes.

Relevant institutions and offices currently suffer from serious lack of financial, technical and human resources. However, as was pointed out, allocation of resources both in the non-development and in the development budgets for MEWOE has remained rather low. There is a need for a serious revisit of GoB's allocative strategies and priorities in view of the emergent needs if the full potentials of the migrant workers and remittances are to be made use of towards economic development of Bangladesh. What is needed is to take concrete measures to implement the vision and aspirations reflected in key policy documents of Bangladesh.

As was noted in Section 2, the 18th SAARC Summit Declaration indeed mentioned about safe migration, however, this mere declaration falls short of what needs to be done. There is a need for a comprehensive framework Agreement on migration for the SAARC countries that would include the whole spectrum of safe migration, financial inclusion and social protection of migrant workers. This is there in the EU; and ASEAN has also initiated some works in this direction. The Colombo and Abu

Dhabi Processes could also play an important role in this regard, and these should be further scaled up to attain the goal of safe migration, in a more comprehensive manner.

As is known, the MEWOE's proposed new Overseas Employment Policy seeks to make "*a shift from manpower export* to *migration for freely chosen employment.*" Issues of safe and affordable migration, greater financial inclusion and enhanced social protection should be an integral part of this new policy vision. For the purpose of promoting the cause of safe migration and awareness raising, to promote the cause of financial inclusion and ensure social security of migrants, the Ministry's capacity and institutional capacities of the DEMO will need to be significantly strengthened.

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