

Advancing the Interests of Bangladesh's Migrant Workers

Issues of Financial Inclusion and Social Protection



Presentation by

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Section I: Introduction

- Workers' remittances have emerged as one of the most important sources of foreign exchange earnings in developing countries, **outweighing combined forces of FDI and foreign aid flows**
- Globally, from only **USD 2.0 bln** sent in **1970** from **11** countries, remittance transfer is estimated to have reached **USD 583 bln** in **2014** from **180** countries sent by 190 million migrant workers worldwide
 - Remittance flows have averaged about **20%** growth per annum since mid-1970s
 - In contrast, the average GDP growth was less than **5%** for the receiving countries over the corresponding period
- Bangladesh is the 8th highest remittance receiving country in the world
- Remittance inflows to Bangladesh have reached USD 15.3 bln in FY2014-15 - an increase of 20 times over a period of two and a half decades (0.7 billion USD in 1990; 1.9 bln USD in FY2000 and 3.8 bln in FY2005)
- Total remitted amount was equivalent to **7.4%** of Bangladesh's GNI
- Share of Bangladesh current stock of migrant workers to working age population at present stands at **4.9%** (current stock: **5.0 million**; total ongoing: **9.5 million**)
- Of those entering Bangladesh's labour market each year, about **one-fourth** (equivalent) travel overseas as migrant workers.

Section I: Introduction

Impact of Remittances

- Remittances contribute to both **micro-household** level well-being and **macro-stability** in Bangladesh: replenish forex reserves; contribute to domestic demand creation; stimulate rural farm and non-farm economic activities; help maintain healthy external balances; play an important role in economic growth and development of Bangladesh
- At **the households level**: contribute to raising household level income and consumption and savings and investment; help sustained graduation from poverty; help improve health and education entitlements and support asset and human capital accumulation

Section I: Introduction

Contribution of migrant workers and remittances have been recognised in key national strategies and policies and has also been highlighted in global fora and international commitments

Key GoB documents have set concrete targets towards (a) skill upgradation of migrant workers; (b) more effective use of remittances; (c) protection of labour rights and secured migration; (d) ensuring better social security of migrant workers and returnee migrants; (e) entrepreneurship development of migrant workers

Reflected in:

- Seventh Five Year Plan (7FYP)
- National Social Security Strategy (NSSS)
- National Sustainable Development Strategy 2010-21 (NSDS)
- Bangladesh Overseas Employment and Migrants Act 2013
- Overseas Employment Policy 2016

Bangladesh is also participating in Colombo and Abu Dhabi processes and working closely with the ILO, IOM and other relevant organisations

Section I: Introduction

Reflections in Global Fora

- Istanbul Programme of Action (IPoA) for the LDCs
 - Calls for making efforts to improve access to financial and banking services for easy transaction of remittances
 - Remittances to contribute to realising ambition of halving the number of LDCs by 2020
- Sustainable Development Goals (SDGs)
 - Goal 8.8: Protect labour rights and promote safe and secure working environments for all workers
 - Goal 10.7: Facilitate orderly, safe, regular and responsible migration
 - Goal 10.c: By 2030, reduce remittance transaction costs to less than 3% and eliminate remittance corridors with costs higher than 5%
- UN Secretary General's Report
 - Highlighted the role of remittances as a key means of implementation in the context of the SDGs
- WTO Bali Package in support of the LDCs
 - Services waiver for the LDCs to create opportunities for movement of natural person under Mode-4 of GATS, creating job opportunities for service providers

Section I: Introduction

There is a growing recognition, however, that much remains to be done to realise the objectives and targets set in key GoB documents and plans which aspire to harness the full potentials of both remittances and migrant workers. There is much talk about the developmental role of remittances, but not much about financial inclusion of remitters, and there is much talk about the security remittance flows endow the economy with, but not much about social protection and social security of migrant workers

In view of the above, two issues relating to migrant workers and remittance flows are emerging as key concerns:

- Financial Inclusion
- Social Security
- The discourse here concerns **(a) transfer mechanisms concerning sending of remittances from host to home countries, (b) efficacy of the use of the remitted funds and (c) issues of addressing the social security concerns of migrant workers both in host and home countries.**

*To attain the aforementioned 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 to promote greater inclusion of migrant workers in the financial ecosystem and promoting the cause of sustainable migration through better social protection of migrant workers***

Section I: Introduction

The aforesaid concerns ought to be urgently addressed also because:

- Need to ensure sustainable **economic upliftment and welfare** of the migrants and migrant households
- **Realising the targets** set in the 7FYP and Perspective Plans, Bangladesh Overseas Employment and Migrants Act 2013, NSDS, NSSS
- Plan to send **more skilled workers** with potentially higher income
- **Increased participation of Bangladeshi women** in the global labour market
- **Diversification** of overseas migration market away from the traditional ones
- Ongoing global efforts at **de-risking of remittances** with its possible (adverse) implications
- Bangladesh's **commitments in** view of the **SDGs**

Section I: Introduction

Methodology

- The research was based on **analysis of survey data, review** of secondary materials and focus group discussion (**FGD**)
- Key informant interviews (**KIIs**) of concerned Ministry officials and relevant stakeholder groups
- Data source:
 - **World Bank's database** on cost of sending remittance
 - Unit (household) level data from **Survey on the Use of Remittances** (SUR) 2013 conducted by the BBS

Section II: Current State of Policies, Practices and Perceptions

Institutional and legal setup

- A **separate Ministry** of Expatriates' Welfare and Overseas Employment (MEWOE) has been set up
- **Overseas Employment and Migrants Act 2013** has been formulated
- The **Probashi Kallyan Bank (PKB)** set up in 2010 as a specialised bank designed in support of needs of migrant workers in the areas of banking and finance
- **Three NRB banks** (private commercial banks) have been given approval and now are in operation
- **Overseas Employment Policy 2016**: in the process of finalisation; will articulate guiding policies to implement the strategy
- However, till now allocations for MEWOE has remained rather small

Allocation for the MEWOE in National Budgets (in crore Taka)

Sector	Non development expenditure			Development expenditure			Total		
	FY14	FY15	FY16	FY14	FY15	FY16	FY14	FY15	FY16
MEWOE	125	158	185	231	337	252	699	911	1005
Total	136,383	155,310	185,191	67,327	81,807	98,588	544211	489635	432913
MEWOE as % share of total	0.09	0.10	0.10	0.34	0.41	0.26	0.13	0.19	0.23

Source: Ministry of Finance (2015)

Section II: Current State of Policies, Practices and Perceptions

Reflections of issues of interest to migrant workers in key documents

- The Seventh Five Year Plan (2016-2020) (7FYP)
 - The 7FYP gives due recognition to the **important role** played by migrant workers and importance of remittances in the **Bangladesh economy**
 - The Plan also mentions about the **positive role** remittances play in raising income level of particularly low income and **marginalised households**
 - The plan talks of a number of interventions:
 - ✦ raising **average remittance** per migrant workers
 - ✦ **skill enhancement** programmes
 - ✦ **reducing cost** of migration through promotion of G2G programmes
 - ✦ lowering the **cost of sending remittances** through greater availability of financial tools and options
 - A number of concrete **targets** and tasks has been set in the 7FYP to attain the above

Section II: Current State of Policies, Practices and Perceptions

- National Social Security Strategy (NSSS)
 - NSSS seeks to streamline and strengthen the existing **safety net programmes**
 - NSSS has followed a **life cycle approach**:
 - a. Programmes for Children;
 - b. Programmes for the Working Age;
 - c. Comprehensive Pension System for Elderly;
 - d. Programmes for People with Disabilities, and
 - e. Affordable Health Care for All
 - However, **no dedicated component** in the policy for the migrant workers

Section II: Current State of Policies, Practices and Perceptions

- National Sustainable Development Strategy 2010-21 (NSDS)
 - Calls for strengthening of government institutions such as **BMET and DEMO** and **partnering with civil society organisations** towards a comprehensive migration policy
 - Addresses **pre-departure, on-site and upon return services** to promote migrant's welfare and by providing **legal support and ensuring safety and security of migrants**, particularly of female migrants in the gulf countries
 - Aims at promoting the use of **savings vehicles** through improving upon the existing ones and introducing new ones
 - Calls to put in place **investment schemes** and **social security schemes** for returnee migrant workers
 - To involve **civil society organisations and the private sector** in integrating unskilled return migrants into the domestic labour market

Section II: Current State of Policies, Practices and Perceptions

Assessment about reflections of MEWOE's targets and strategic priorities for 2016-2020 in the 7FYP

Targets and priorities set by the MEWOE	Reflections and 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
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%
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
Enhance financial support to facilitate migration	Partially addressed
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
Target 1: Overseas employment of skilled and semi-skilled worker to be increased to 60% by 2020	Target set in the Plan
Target 2: Share of female migrant workers to be increased to 30% by 2020	Target set in the Plan
Target 4: Increase the number of trainees to four lac in 2020	Target set in the plan

Section II: Current State of Policies, Practices and Perceptions

Assessment about reflections of MEWOE's targets and strategic priorities for 2016-2020 in the 7FYP (Cont.)

Issues and targets	Reflections and in the 7FYP
Facilitate international remittances into productive investment	Not addressed explicitly
Facilitate systematic and synergic initiatives for promoting diaspora contributions to Bangladesh's development	Not mentioned
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 3: Increase the number of technical training centres (TTCs) to 400 by 2020	Not addressed adequately

Section II: Current State of Policies, Practices and Perceptions

Some Stylised Facts about Bangladeshi Migrant Workers which need to be borne in mind when discussing financial inclusion and social protection

- **Bangladeshi migrants are young, when they go and when they return**
 - About **9.5 mln people** have gone abroad/migrated from Bangladesh to 157 destinations (with 5.0 mln existing stock)
 - Average age was about **32 years**
 - Female migrant workers accounted for only **3.8%** of Bangladesh's total overseas labour force
 - The average stay of the migrants in the host country was found between **five to six years** while the average age of the returnee migrants **was below 35 years** (in 3/4th cases)

Section II: Current State of Policies, Practices and Perceptions

Some Stylised Facts about Bangladeshi Migrant Workers (cont.)

- **Some emerging signs of diversification**
 - **Saudi Arabia** continues to have **highest concentration** of migrant workers. However, over the past five years male migrants have mostly gone to **Oman, Qatar, Malaysia and Singapore**
 - **Female migrants** have migrated to **Lebanon (33%)** followed by **UAE (26.6%)** and **Saudi Arabia (15.3%)**
 - **Destination dynamics is shifting** from Middle-East countries to East-Asian ones (Malaysia, Singapore and South Korea); some new ones (Lebanon and Jordan)
- **A move towards migration of skilled workers**
 - Bangladesh is a major supplier of predominantly low **skilled/unskilled** workers (**46.2%** of total stock) – mostly concentrated in the Gulf countries
 - ✦ The 7FYP aims to take the share of **skilled/semi-skilled** workers to **60%**

Section II: Current State of Policies, Practices and Perceptions

Some Stylised Facts about Bangladeshi Migrant Workers (cont.)

- **A move towards migration of skilled workers (cont.)**
 - **Per capita remittance** transfer by migrant workers from Gulf countries was **about Tk. 160 thousand** per annum-about **15% lower** compared to that of workers in **non-Gulf countries** (Tk. 172 thousand per annum)
 - **Seven out of eight migrants did** not receive any training prior to their departure to host countries (87% of total)
 - Per capita remittance transfer was significantly higher, by 36.5%, 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)

As many of the host countries themselves start to experience demographic shifts, structure of their labour demand is expected to undergo important changes. This has important implications for development of needed skills and catering to the emerging demand for financial inclusion. Need to take a forward-looking perspective and adequately prepare in anticipation of this dynamics

Section II: Current State of Policies, Practices and Perceptions

Some Stylised Facts about Bangladeshi Migrant Workers (cont.)

- **Educational attainment of the migrant workers remains fairly low**
 - About **86.3% of** the Bangladeshi migrants have only **secondary or lower levels** of formal education
 - **Per capita remittance** sent by migrant workers in **non-gulf countries** was higher compared those 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

Per capita remittance transferred in 12-months of 2012-13 (by migrant's educational attainment)

Education status	Non-Gulf	Gulf	Total
	Per capita remittance transferred (in Taka)		
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)

Section II: Current State of Policies, Practices and Perceptions

Some Stylised Facts about Bangladeshi Migrant Workers (cont.)

- *Average remitted amount was relatively low*
 - IOM (2010) shows, **per capita remittance is significantly low** for Bangladeshi migrants compared to other countries of the region → **India: USD 4,843; China: USD 6,112; Philippines: USD 4,982; Bangladesh: USD 1,672**
 - Annual remittance transfer by a Bangladeshi migrant was about **USD 2,084 in 2013**; male migrants **sent double** the amount of female migrant
 - On average, **5 transactions** were made by the migrant workers annually

Number of transactions for different slabs of remits (per year)

Remittance transfer per transaction	Number of wage earners	Number of transactions (average)	Share of wage earners
Less than 200 USD	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)

Section II: Current State of Policies, Practices and Perceptions

Some Stylised Facts about Bangladeshi Migrant Workers (cont.)

- **The propensity to save among Bangladeshi remitters households was not negligible**
 - **About 57% of** the households saved part of their received amount
 - **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**
 - About 66.1% remittance-recipient households (who saves) were found to **maintain ‘savings account’**

Percentage distribution of remittances by savings category

Category of Savings	Remittance savings (Last One Year) share (%)
Purchase of savings bond	5.8
Insurance	4.9
Savings account	66.1
DPS/SDPS	7.1
Permanent deposit (one year & above)	5.0
Co-operative society	0.2
Friends & others	1.1
Savings at home	9.1
Others	0.7
Total	100

Source: BBS (2014)

Section II: Current State of Policies, Practices and Perceptions

Some Stylised Facts about Bangladeshi Migrant Workers (cont.)

- **The propensity to save among Bangladeshi remitters households was not negligible (cont.)**
 - **About 26.6% of** remittance recipient households are engaged in some type of investment
 - **More than 90% 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

Percentage distribution of remittances by investment category

Investment Category	Remittance savings (Last One Year) share (%)
Own business/industry	5.1
Joint business/industry	1.7
Purchase of agriculture equipment	0.2
Purchase of share	0.4
MLM	0.1
Purchase of flat	15.9
Commercial building purchase/construction	1.3
Dwelling house construction	72.1
Purchase of bond (premium/investment/wage earners development bond)	0.1
Others	3.3
Total	100.0

Source: BBS (2014)

Section III: Reducing Cost of Sending Remittances and Financial Inclusion

Access to banking facilities

- The number of unbanked people worldwide is about 2.5 bln (WB, 2015)
- Only less than one-fifth (19%) Bangladeshi migrants had bank accounts in the home country (IOM, 2010)
- **About 60%** of the respondents remittance recipients had bank accounts (BBS, 2014)
- **About 1,088 drawing arrangements** of various types are in operation for sending remittance to Bangladesh through different corridors
- **34 subsidiary companies** are in operation at present (although 70 such permissions were granted)

Section III: Reducing Cost of Sending Remittances and Financial Inclusion

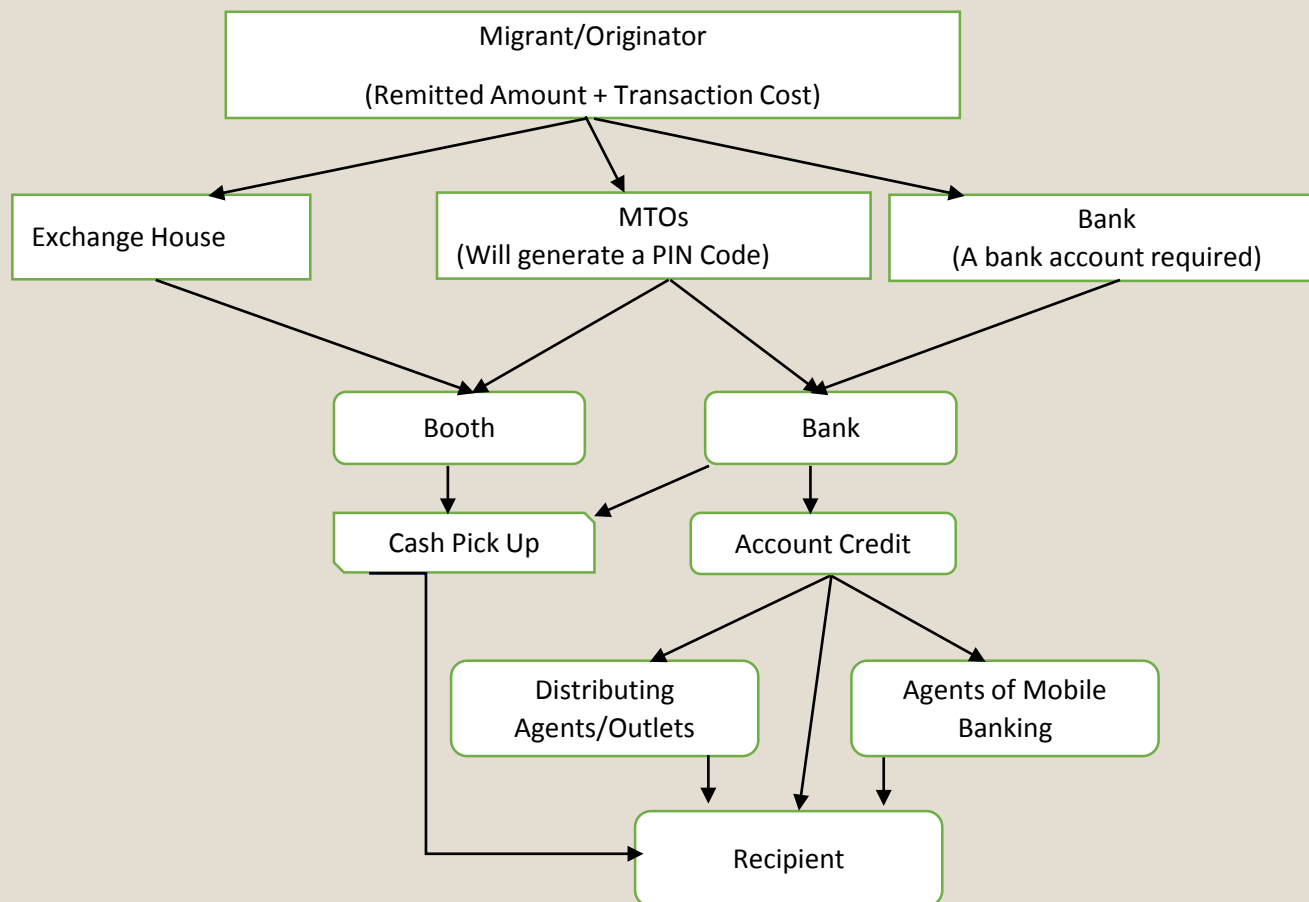
Money transfer mechanism applicable for Bangladesh

- Broadly **four formal modes** of transfer: Bank, MTOs, Exchange houses, postal services
- **Pick up points**: Booth or Bank
- **Pick up mode**: Cash pick-up, Account credit
- Sometimes there are **intermediaries** involved in the process

- ❖ **Mobile technology** and use of internet are popular innovative ways of transferring money for unbanked/remote population
- ❖ Other than formal modes, there exists a number of **informal mechanism** of transferring money
 - ❖ *Hundi* is a familiar mode of informal transfer with zero transfer cost

Section III: Reducing Cost of Sending Remittances and Financial Inclusion

Remittance Transfer Mechanisms



Section III: Reducing Cost of Sending Remittances and Financial Inclusion

Channels of Remittances and its current state

- **Banking institutions**, mostly through their MTO agents, **handle 75%** of all migrant transactions globally
- **Banks are** the most expensive mode of channeling remittances (**11.0%**) while **MTOs charge**, on an average, **6.6%** of the remitted money
 - Banking channel remains the most frequently used mode in Bangladesh
- **Post offices** continue to remain the least expensive mode of transferring remittances charging on average 5.1% of the total amount
- **Sub-Saharan Africa** remains the most expensive corridor to send money to (**9.7%**) while **South Asia is the** least costly region (**5.7%**)
- It is perceived that, in case of **¾th of the corridors**, the cost of sending remittances can be reduced significantly (**below existing 10%** of the remitted sum)

Section III: Reducing Cost of Sending Remittances and Financial Inclusion

Average cost of sending remittances to Bangladesh is 3.6% while global average remains as high as 7.7% (to remit USD 200)

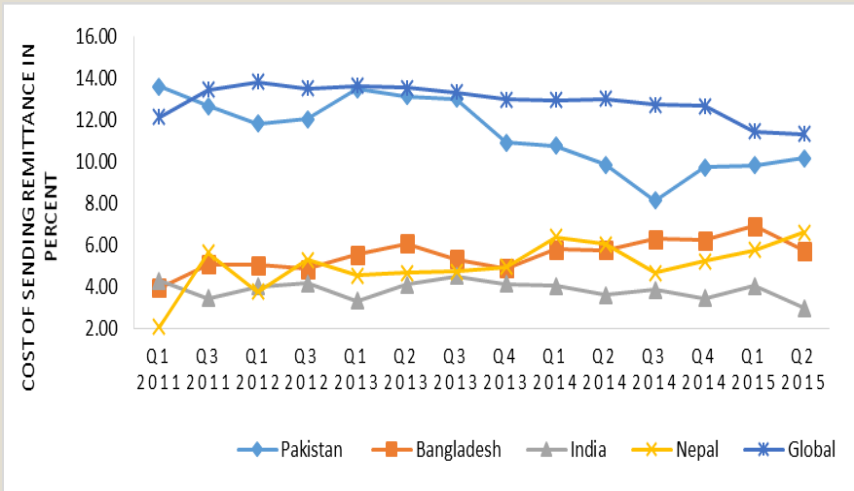
- Cost of sending remittances to **South Asia has come down notably** over the past years, and at present, it is relatively low when compared to Sub-Saharan Africa and other parts of the world
- For Bangladeshi migrants, average cost of sending USD 200 to Bangladesh in one transaction was **3.6% of the** total remitted sum; for sending **USD 500**, the average cost was **1.9% of** the remitted amount
- Bangladesh belongs to one of the **three least expensive corridors** globally i.e. the Singapore-Bangladesh corridor (2.2 %)
- It is estimated if the cost of sending remittances could be reduced by 5%, remittance recipient developing countries would additionally receive USD 16.0 bln

Commitments to reduce

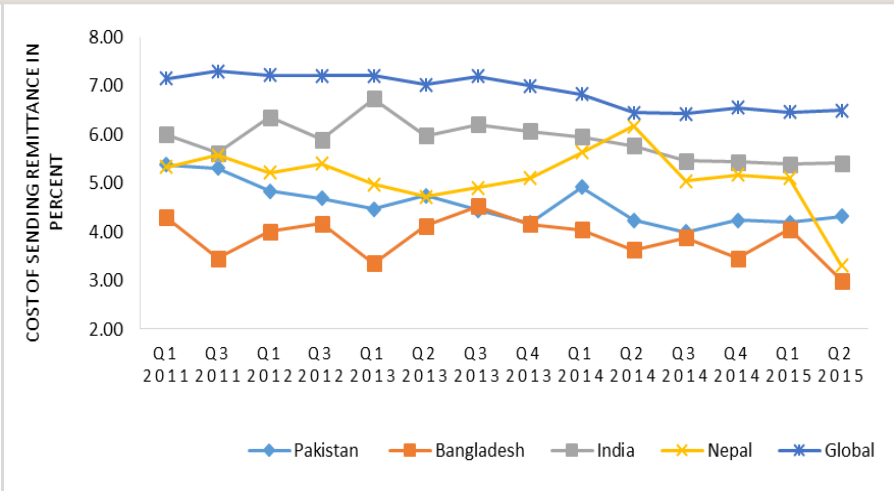
- **L'Aquila** summit in 2009 set the target of reducing global average cost of transferring remittances from (then prevailing) **10% to 5% in 5 years** (the so called **5 x 5 initiative**)
- The OWG **2015 of SDG** had recommended two targets : (i) reduce the transaction costs of migrant remittances to **below 3%** and (ii) eliminate the remittance corridors with costs **higher than 5% by 2030**

Section III: Reducing Cost of Sending Remittances and Financial Inclusion

Cost of sending USD 200 through banks



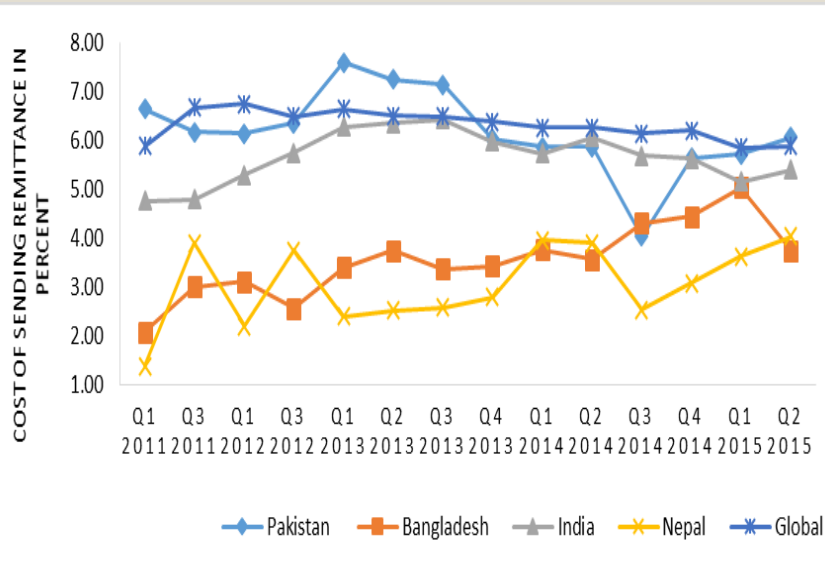
Cost of sending USD 200 through MTOs



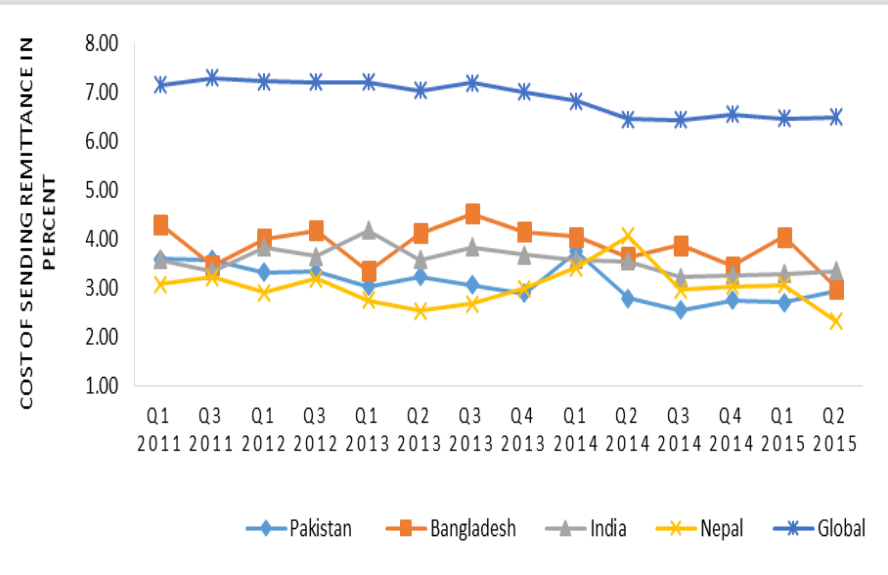
Data shows that banks generally tend to charge higher amount for sending remittances compared to MTOs

Section III: Reducing Cost of Sending Remittances and Financial Inclusion

Cost of sending USD 500 through banks



Cost of sending USD 500 through MTOs



Section III: Reducing Cost of Sending Remittances and Financial Inclusion

Instruments for financial inclusion: Bangladesh Scenario

- **Three investment schemes** are available for expatriate Bangladeshis
 - Wage-Earners Development Bond (WEDB), USD Premium Bond and USD Investment Bond
- Principle and interest both are free of **income tax** for all schemes
- WEDB can be used as **security for any loan** and
- WEDB provides **death risk benefit up to 40% to 50%**

Key Features of currently available investment schemes in Bangladesh

Investment Schemes*	Introducing Year	Maturity Period	Interest Rate	Limit of Purchase	Principle payable	Interest Payable
Wage Earners Bond***	1981	5 years	12	Tk. 25,000 and its multiples	Tk./ FC	Tk.
USD Premium Bond	2003	3 years	7.5**	USD 500 and its multiples	USD	Tk.
USD Investment Bond	2003	3 years	6.5**	USD 500 and its multiples	USD	USD

Source: Bangladesh Bank

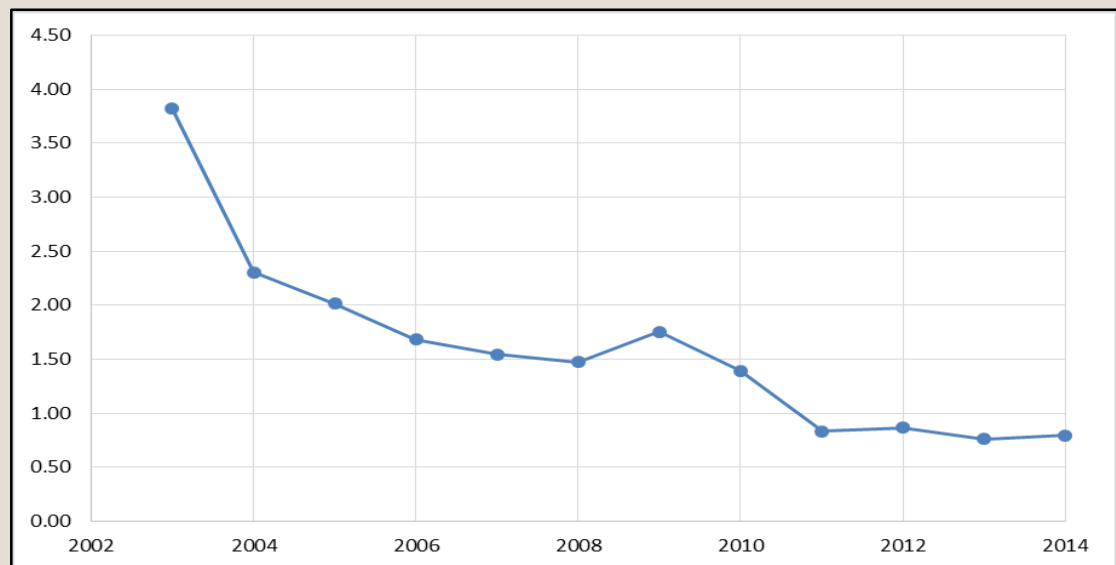
Section III: Reducing Cost of Sending Remittances and Financial Inclusion

Sale of bonds

- Tk. 666 crore was mobilised through WEDB between 1981 and 2014
- Tk.51 core and Tk.232 crore was mobilised respectively since 2003 through USD Premium Bonds and USD Investment Bonds

- **Sale** of all these three bonds altogether has seen **significant fall** as a share of remittance earnings over the past decade
- In 2014, less than 1% of remittance earnings went for purchase of these bonds

Total sale of three bonds as a % share of total remittances



Section III: Reducing Cost of Sending Remittances and Financial Inclusion

The Problematic

- 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)* process etc.
- **Lack of market competition** in the remittance market has emerged as an issue.
- MTOs have greater bargaining capacity over local banks since they are now allowed to undertake drawing arrangement with **a single bank. Number of subsidiary banks** overseas need to be increased (currently there are **34**)

Section III: Reducing Cost of Sending Remittances and Financial Inclusion

The Problematic (cont.)

- **Destination countries** for Bangladesh's migrant workers are becoming more **diversified**. It is not easy to send money, through formal channels, from a number of new host countries
- **Institutional capacity of post offices** are not strong enough to handle remittance transfer to Bangladesh although in some countries these are the cheapest way to send remittances (e.g. Indonesia; China; Papua New Guinea).

Section III: Reducing Cost of Sending Remittances and Financial Inclusion

Financial Action Task Force (FATF) regulations to be complied with

- Bangladesh will need to make Financial Intelligence Unit (**FIU**) independent (**from Bangladesh Bank**)
- Involve Criminal Investigation Department (**CID**)/National Board of Revenue (**NBR**) in related investigations along with the Anti-Corruption Commission (**ACC**)

Section III: Reducing Cost of Sending Remittances and Financial Inclusion

Global Best Practices

Global best practices as regards use of innovative mechanisms for reducing cost of sending remittances

Mechanism	Key features
Online sender	<ul style="list-style-type: none"> → From US to Philippines ○ Cash-in by using MTO's websites ○ Cash out options such as cash pick-up, bank account or mWallet ○ Cost of transfer ranges from USD 0 to USD 4.99 depending on the channel and speed of delivery ○ Expended the service to Mexico and India <p>Example: Remitly and GCash</p>
Remitting to a cash substitute	<ul style="list-style-type: none"> → From US to Dominican Republic ○ card-based remittance service ○ General or directed purchase using retailer's gift card ○ no need of foreign currency exchange ○ no exchange of actual cash <p>Example: Regalii</p>
End to end mobile deployments	<ul style="list-style-type: none"> → From France to Mali and Madagascar ○ Money transfer through <i>MTN</i> and <i>Orange</i> mobile service ○ cost of sending is fixed at EUR 5 <p>Example: MFS Africa</p>
Remitting a direct payment	<ul style="list-style-type: none"> → From multiple countries to Senegal ○ Direct payment service to pay utility bills in the home country ○ Payment is facilitated directly by the MTOs/ agents <p>Example: Willstream</p>

Section III: Reducing Cost of Sending Remittances and Financial Inclusion

Global good practiced instruments for financial inclusion

- Host country specific **financial education** (in Qatar for Indian migrants)
- Diverse range of savings instruments such as Diaspora bond, savings bond, development bond aimed at **small-scale migrant savers**
- Host country based **pension scheme** (in UAE for Sri Lankan migrants)
- **Housing loan** savings programme (Philippines)
- **Country-specific reintegration programme** (for Gulf-returnee migrants of India) through credit mechanism
- **Mobile financial services** including retail and utility payments (Philippines, Senegal)

Section III: Reducing Cost of Sending Remittances and Financial Inclusion

Box : Good practices of financial inclusion in India, Philippines and Sri Lanka

Schemes	India	Philippines	Sri Lanka
Investment instruments	Diaspora Bond	The DFA-Proposed OFW Savings Bond	Development bond ; Rupee denominated treasury bills and treasury bonds
Financial education	Mandatory pre-departure orientation course, by Pravasi Bandhu Welfare Trust (in host country, Qatar)	Pre-Departure Education Program (PDEP) by OWWA	
Government Savings, pension and insurance Scheme	Mahatma Gandhi Pravasi Suraksha Yojana by MOIA	SSS Flexi-Fund (voluntary provident fund); Pag-IBIG Overseas Program (a housing loan savings programme)	Pension scheme; Compulsory insurance scheme (in UAE); NITF; videsha rakiya by SLBFE
Savings and investment programmes for returnee migrants	Gulf-returnee entrepreneurship promotion	MS-AI program by AMC and Unlad Kabayan(NGO collaboration)	
Mobile financial service		Smart Money , GCash	

Source: SSS (2015), SLBFE (2015), Ofreneo & Samonte (2005), Atkinson & Messy (2015).

Section IV: Social Protection

ILO Definition

- ❖ **Social security** means “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 medical care; and the provision of subsidies for children”. (ILO, 1989: 3)
- ❖ There is an increasing need to bring migrant workers and families, in host and home countries, within the ambit of social security programme

Section IV: Social Protection

Global commitments for social protection of migrant workers

❖ **UN convention on migrant rights**

- ❖ International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families

❖ **ILO conventions**

- ❖ 1925: 19. Equality of Treatment (Accident Compensation) Convention
- ❖ 1949: 97. Migration for Employment Convention
- ❖ 1975:143. Migrant Workers (Supplementary Provisions) Convention
- ❖ 1962: 118. Equality of Treatment (Social Security) Convention
- ❖ 1982: 157. Maintenance of Social Security Rights Convention

❖ **SDGs: Global commitments in place to safeguard the rights and interests of migrant workers**

- ❑ However, no GCC country has ratified these conventions as yet; call for global initiatives for ratification and enforcement (*chart in the next slide*)

Section IV: Social Protection

Table: International Conventions ratified by the home and host countries

Country names	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)
<i>Home country</i>						
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			
<i>Host country</i>						
Bahrain						
Italy		Ratified	Ratified	Ratified	Ratified	
KSA						
Kuwait						
Libya					Ratified	
Malaysia		Ratified				
Maldives						
Mauritius		Ratified	Ratified			
Oman						
Qatar						
Singapore		Ratified				
South Korea		Ratified				
UAE						
United Kingdom		Ratified	Ratified			
USA						

Source: Retrieved from: <http://unesdoc.unesco.org/images/0014/001435/143557e.pdf> and <http://www.ilo.org/> (Accessed on 5 October 2015)

Section IV: Social Protection

Globally practiced Social Security Schemes for migrant workers

❖ **Social Security Schemes**

- ❑ **Unilateral:** Initiative taken by host countries (Barbados)
- ❑ **Bi-lateral:** Mutual agreement between host and home countries in the form of portable social security
- ❑ **Multilateral**
 - ✓ **Regional:** Caribbean Community (CARICOM) Reciprocal Agreement or the European Union regulations
 - ✓ **Colombo Process, Abu Dhabi Dialogue**

❖ National Social Protection Acts

❖ MoU signed between host and home countries

Section IV: Social Protection

Bangladesh's commitments to global fora

- ❖ Signatory of UN convention on migrants' rights
- ❖ Ratified ILO convention 1925 and 1962
- ❖ Joined in Colombo Process
- ❖ Participated in Abu Dhabi Dialogue

What's missing

- ❖ **No comprehensive policy for social security and protection of migrant workers**
- ❖ No dedicated component **in NSSS targeting migrants**
- ❖ No **bilateral social security** schemes signed with host countries

Section IV: Social Protection

The Problematic

❖ **Pre-departure stage**

- ❑ Private agents usually do not provide copy of work permit
- ❑ Often introduce important documents at last minute before flight and hardly migrants get any time to review documents

❖ **In host country**

- ❑ **Small companies** (specially in the middle east) usually do not follow national regulation and pay less than the contract wage
- ❑ **Support needed:** health emergency; absence of insurance, expiry of visa, visa cancellation, inability to extend visa, passport disputes, and end of passport validity, End of work permit/ termination , contractual problems , poor working conditions are the main reasons

Section IV: Social Protection

Available Supports in Bangladesh

- ❖ Collateral free migration loan (PKB) but rather limited till now
- ❖ **Pre-departure briefing on**
 - ❑ Housing, treatment, food, rules and regulations, culture and life styles in destination country
 - ❑ Information on work permit, services of embassies, where to access and seek help in case of problem/emergency
- ❖ **Financial grants for**
 - ❑ Injured workers (Tk. 1 lac grant)
 - ❑ Deceased wage earners (Tk. 3 lac grant and burial cost Tk. 35 thousand)
 - ❑ WEDB provides return trip facilities to injured migrants and bring deceased bodies

Section IV: Social Protection

Available Supports in Bangladesh (Cont.)

❖ **Welfare desk**

- ❑ Housing, treatment, food, rules and regulations, culture and life styles in destination country
- ❑ Information on work permit, services of embassies, where to access and seek help in case of problem/emergency

❖ Realisation and disbursement of money as death compensation / regular dues / insurance / service benefit for the death of wage earners are some of measures undertaken by the wage earners board in support of the family members of migrant workers.

❖ **Scholarship** for the children of the migrant workers (introduced in 2012)

Section IV: Social Protection

Global Best Practices

❖ **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 families left behind. These include education and training support, **reintegration programmes** and also provision of **pre-departure loans**.

Section IV: Social Protection

Global Best Practices

- ❖ **The Philippines government provides social security coverage to overseas Filipinos**
 - ❑ Voluntary **insurance with the Social Security System (SSS)**
 - ❑ Supplementary **pension savings** (SSS Flexi-Fund)
 - ❑ Overseas Workers Program of the Philippines **Health Insurance** Corporation (PhilHealth)
 - ❑ The SSS and the PhilHealth provide assistance to Filipino migrant workers through their overseas branch offices in 13 countries
- ❖ Bureau of Emigration of Overseas Employment and the State Life Insurance Corporation of **Pakistan provides overseas migrants group insurance**
- ❖ The Jordanian national social security system, administered by the Social Security Corporation (SSC), **provides old-age, disability and death benefits** to Jordanians working abroad

Section IV: Social Protection

Benefit schemes for migrants from Asian experiences

- Sri Lanka has emergency hospitalisation, permanent disability and **insurance schemes**
- **India** has emergency hospitalisation, welfare fund in missions abroad, schemes for domestic and unskilled workers, employment contract violation compensation, hospitalisation coverage to the family of dead or permanently disabled migrants, maternity benefits

Section IV: Social Protection

Service/Benefit Schemes	Sri Lanka	Philippines	India
Reintegration programmme		by NRCO	
Emergency hospitalisation	Rs. 25,000 (USD 173) by SLBFE		Rs. 75,000 (USD 1,149) by PBBY
Permanent disability	Rs. 2,00,000 (Max. USD 1,390); house worth Rs. 5,00,000 by SLBFE	Php 1,00,000 (USD 2,148) by OWWA	
Repatriation program		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 program			X
Housing loan		Max. Php 20,00,000 (USD 42,960) by Pag-IBIG Overseas Program	
Insurance for HIV/AIDs	X		

Section IV: Social Protection

- ❖ Introduction of Insurance and Pension Schemes for migrant workers
- ❖ 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, housing, treatment, food, rules and regulations, culture and life styles in destination country
- ❖ **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
- ❖ In Bangladesh, there is **no comprehensive database on returnee migrants**. This is a first step to help integration of returnee migrant workers and to bring them under the coverage of support programmes
- ❖ ASEAN countries have adopted a Declaration on the Protection and Promotion of Rights of Migrant Workers. ASEAN Forum on Migrant Labour (AFML) has been set up to monitor implementation of the Declaration. **SAARC countries** may also think along those lines since intra-SAARC migrant labour movement may emerge as an issue of concern

Section V: Concluding Remarks and Way Forward

- The structure of migrant workers is changing rapidly, 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
- Over the past years a number of concrete steps have been taken in this regard:
 - MEWOE's proposed new 'Overseas Employment Policy' seeks to make **“a shift from manpower export to migration for freely chosen employment”**
 - Important strategic documents 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.
- Need to address **second generation challenges** of financial inclusion and secured migration through appropriate policies and programmes

Section V: Concluding Remarks and Way Forward

- Migrant workers need social protection at all the three involved stages: pre-migration, host-country and post-return. There is a need for global, regional and domestic efforts if the attendant challenges are to be met
- There is a need for global accord to ratify core ILO conventions by all host countries. A monitoring mechanism can be set up as part of the *SDG implementation monitoring* process.
- A need for global understanding on **de-risking**, to keep remittances out of the purview of stringent measures of AML-CTF , at the least upto a certain amount
- Need to **increase number of subsidiary banks** overseas and renewed efforts are required to encourage overseas workers using the banking services, not go for just for remitting money. Banks can develop small scale savings instrument for the migrant workers
- **Modernise the postal services** to raise competition in this sector
- **Creating platforms** for inclusion of migrant workers into the financial ecosystem will be needed
- **Financial education** both in the home country and host country

Section V: Concluding Remarks and Way Forward

- **Priorities of the sector and the MEWOE** need to be reflected in Plans and Realised through Commensurate Allocations
- **Strengthening of MEWOE** needed through Dedicated Institutional Capacity Building (BMET, LW, DEMO)
- Proposal of MEOWE **to set up two departments** needs serious consideration: Department of Expatriates' Welfare; Department for Skill Development Training
- Inter-Ministerial and Institutional **Coordination**: Planning, Education, Social Welfare, Bangladesh Bank
- **Public-Private Partnership**: Government Agencies, Banks, Insurance Companies, Non-State Actors → Participation, Incentivisation
- **Strengthened participation in global initiatives and partnerships** – Platforms, Regulations, Financial Transactions and Protocols, enforcement of ILO Conventions

Thank You