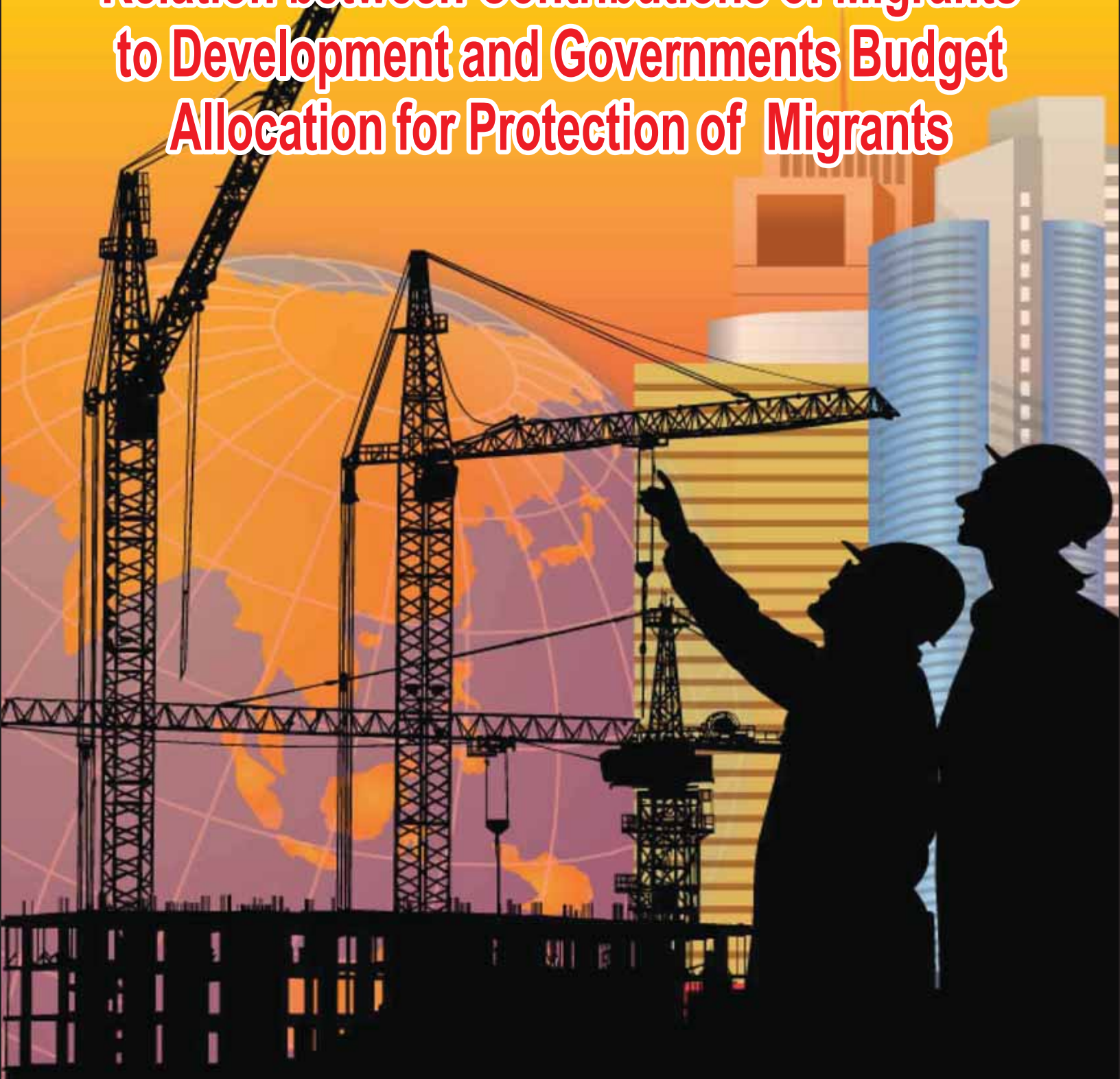


Relation between Contributions of Migrants to Development and Governments Budget Allocation for Protection of Migrants



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Context of Labour Migration and Remittances Flow in Bangladesh

On an average some 500,000 Bangladeshi labour force leave the country every year for overseas employment as short-term migrant workers mostly in the countries of the Middle East and some parts of South-East Asia including Malaysia, Singapore, Brunei and also in Korea. The majority of Bangladeshi migrant workers is less-skilled and is concentrated in the lower rank of job categories in the

This Study was undertaken by CARAM Asia with the support of the Swiss Agency for Development and Cooperation (SDC) to be conducted in eight labour sending countries - Bangladesh, India, Nepal, Pakistan and Sri Lanka in South Asia and Cambodia, Indonesia and the Philippines in Southeast Asia. The study attempts to analyze the relationship between the contribution of migrants to the economic development of their respective countries, and budgetary allocations provided for the protection, welfare and wellbeing of migrants and their families. As partner organization of CARAM Asia, OKUP (Ovibashi Karmi Unnayan Program) was commissioned to conduct the Bangladesh part of the regional study.

This publication is the Bangladesh Country Report of the regional study, has been concentrated to review the magnitude of government protection measures for Bangladeshi migrant workers in contrast to their contribution to the overall socio-economic development. The study was mainly conducted through a desk review of secondary data and through stakeholder interviews.

construction, agriculture, manufacturing and service sectors. Around 95% of the Bangladeshi women travel overseas as migrant domestic workers, mostly in the Arab countries. Statistics show that during 1976-2012 period, a total of 8.3 million Bangladeshis headed for overseas job through regular channel. Irregular migration from Bangladesh happens often in various forms but there are no figures available.

Influx of around two million youths annually in local labour market is one of the major push factors to increase labour migration from Bangladesh. The official unemployment rate in Bangladesh was reported at 5% in 2011. However, the total number of the unemployed in Bangladesh was estimated at 35 million (as in 2008), and was forecasted that the number of unemployment could soar to some 60 million by 2015 if the way the rate of unemployment is increasing, according to recent studies conducted by the UNDP and the Bangladesh Bank. On the other hand, about 40% of the population is underemployed and many participants in the labour force work only a few hours a week at low wages.

In this context, remittances have now become an important part of household livelihood strategies in Bangladesh. The total of remittances from Bangladeshi migrant workers during 1976-2010 stood at around USD 78.67 billion. In 2001 Bangladesh received remittances of USD 2.07 billion which reached USD 11.00 billion in 2010 and USD 12.01 billion in 2011 with a steady growth every year, even in the global financial meltdown. In 2012 Bangladesh received a record USD 14.17 billion in inward remittances, a 16.43% year-on-year increase. According to the latest study by the World Bank, remittances inflow goes up by USD 1,000 to USD 1,100 a year with every new expatriate. The average remittance per head is USD 1,672 for Bangladesh. The ‘Migration and Remittances Fact book 2011’ of the World Bank reviewed and ranked Bangladesh as the 7th topmost remittance earning country. The oil-rich countries of the Middle East with more than 80 percent of the total stock of Bangladeshi migrants accounts for a lion’s share of remittances.

Contribution of Remittances to National Development

Remittances have a considerable contribution to the socio-economic development of Bangladesh. At the national level, remittances provide foreign currency that helps ease the country’s foreign exchange constraints, stabilizing the exchange rate and allowing Bangladesh to import much needed raw materials, intermediate goods and capital equipment. Data showed that the robust growth in remittances in the Fiscal Year (FY) 2011-12 plays a significant role to shift the overall balance of payments reserves from a moderate deficit in FY11 to a small surplus in FY12. The current account surplus increased from USD 885 million in FY11 to USD 1.7 billion.² On the other hand, the growth of remittances has reduced aid dependency contributed to overall macro stability. In FY 2011-12, Bangladesh received remittances of USD 12,843.43 million whereas the Foreign Direct Investment (FDI) was USD 806.52 million and Foreign Aid was USD 203 million only. The increased flow of remittances significantly contributes to the growth of the country’s GDP. In 2012, the remittances sent by the migrant workers constitute 13% of the country’s GDP.

	Remittance flow (US\$ in millions)	% of GDP	% of exports
2006-07	5,998	8.83	49.25
2007-08	7,915	10.02	56.09
2008-09	9,689	10.96	62.24
2009-10	10,987	11.77	67.8
2010-11	11,650	10.53	50.82
2011-2012	12,843	14.00	-

Although measuring the impact of remittances is complex, a growing body of evidence from poverty simulation models, cross-country regressions and analysis of household survey shows that remittances, in fact do reduce poverty although the evidence of their effect on inequality is mixed.³ It has positive impacts on development in Bangladesh substantially contributing to the achievement of the Millennium Development Goals by rising the productivity, education and health of migrant families. The majority of Bangladeshi migrants abroad is less skilled, and originates from rural areas. The poorer the household, the more impact or benefits remittance income can have on alleviating poverty. In the short-term remittances help loosen the budget constraints of the recipients (migrant families back home), allowing them to increase expenditures on both durables and non-durables products, and provides them with protection against negative income shocks.⁴ Studies conclusively found that migrant families invested more in health and education which is valuable for long-term economic growth and poverty reduction.⁵

² The World Bank Economic Update, October 2012 ³ World Bank Report 2006, ⁴ Bruyn 2005, ⁵ Murshid 2002

Government Budget Allocation for the Protection and Welfare of Migrants

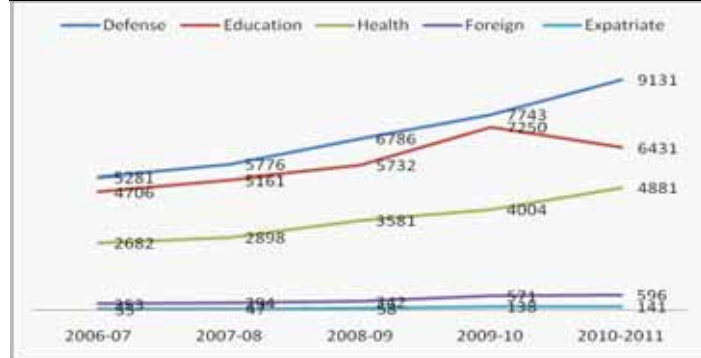
Analysis of the inter-ministerial budget clearly indicates that the annual budgetary allocation for the Ministry of Expatriate Welfare and Overseas Employment (MoEWOE) is very low compare to other major ministries. The national budget of 2006-07 was allocated only TK. 350 million for the MoEWOE. In the same year, the allocation of the Ministry of Defense was around 15 times higher, and the Ministry of Education was around 13 times higher. However, the budgetary allocation of this newly established ministry has been increased in the following fiscal years. In 2008-09, the budget stood TK. 580 million, in 2009-10 it became TK 1,380 million, and in 2010-11 it was TK. 1,400 million. However, compared to other ministries the budgetary growth of the MoEWOE is insignificant. The study found the major portion of the national budget of this ministry is spent on salaries and departmental activities. There remains hardly any amount left for the protection and welfare of the migrant workers.

Nevertheless, different welfare projects have been undertaken with the fund of the Wage Earners' Welfare Fund. These funds

are primarily financed by migrant workers' contributions as part of their pre-departure fees and other relevant sources. The price of the pre-departure fee that migrants pay varies - pro-rating the fee according to the country of destination and / or the job, or charge a nominal flat fee of around. This fee is supposed to entitle that migrant and his or her family to services and benefits including realization of death compensation from migrants' employers, repatriation of detainees and sick migrants, freight cost of dead body repatriation, onward traveling to home of deceased migrants as well as funeral cost, recompense to the families of deceased migrants etc. Since 2011, the fund is being used for the 'Education Scholarship' for the children of the migrant workers. The fund is also being used for other forms of services i.e. pre-departure briefing, issuance of SMART Card (containing digitalized information of migrant workers and their employers), finger print of the outbound migrants, airport help desk operation etc.

The establishment and operation of the labour wings at Bangladesh missions abroad is also done with the money of the welfare fund. More interestingly, the paid-up capital of the 'Expatriate Welfare Bank' has also been created with the contribution of Wage Earners' Welfare fund. This is however, the government is overall responsible for the protection and welfare of its migrant workers abroad, and hence, the government should allocate appropriate budget. Unfortunately, there is little allocation of money in the national annual budget for migrant workers despite their significant contribution through remittances to both at macro and micro level socio-economic development of the country.

Allocation of revenue budget for several ministries (in Crore TK); 1 Crore (TK) = 10 million (TK)



Conclusion and Recommendations

This is evident that labour migration has become a major livelihood options for thousands of Bangladeshi workers. It has generated opportunities for improved quality of life of migrants and their families through increasing their household incomes. Remittances increase the flow of the local economy and scale-up macroeconomic development of the country.

However, the migrants' often face different forms of violence, abuse, and discrimination in all stages of migration which creates adverse impacts on migrants' families and societies as well. In order to reap further benefits out of migration, there needs to increase the protection and welfare services to the migrants and their families. The government of Bangladesh extends financial incentives to different sectors, however, the sector which brings around 14 billion remittances annually and has immense potentials to contribute more to the national development has little financial incentives and budget allocation.

In such circumstances, the study suggests the following recommendations to maximize benefits out of overseas migration of Bangladeshi workers.

- **Ensure Safe and Informed Migration**

The Ministry of Expatriate Welfare and Overseas Employment (MoEWOE) must ensure safe and systematic recruitment of migrant workers. Therefore, the current initiative of database-based recruitment (under the "G-2-G" Agreement) should be in place as a regular procedure of selection and recruitment of migrant workers rather than as ad hoc system. In this regard, the Bureau of Manpower Employment and Training (BMET) should have a separate 'Cell' along with necessary staffs and budget to regulate the database and to monitor the activities of recruitment agencies. In addition, the BMET can improvise the existing "SMART" Card as like as "Visa Card" to make sure its multiple and maximum uses for personal details of migrants, particulars of employers and recruitment agents both home and abroad, and record keeping of both departure and return etc. through sweeping once only.

The ministry must have necessary budget for massive awareness raising activities at grassroots to ensure access to information and services for safe and informed migration.

- **Improve Consular Services at Destination Countries**

The ministry must improve consular services through setting up necessary labour wings in migrant concentrated countries with necessary numbers of staffs. There should have necessary budget allocation for trainings and orientations of welfare staffs regular basis to enhance their capacity on local language of the destination country, and how to deal with migrant problems with respect, empathy and sensitivity.

There has to have necessary arrangements as well as budget in place for regular monitoring, appropriate legal assistance and redress services, and setting up "Safe house" and "Hotline" facilities to render necessary support services to the migrants in need.

- **Ensure Safety-Net for Migrant Workers**

Each and every outgoing migrant worker must be provided with internationally accepted "Health Insurance" free of cost. In addition, the migrant workers must provide an internationally roaming SIM Card at the cheapest roaming rate for their easy access to communication. In this regard, the government must allocate sufficient budget as special incentive to the migrants for their contribution to the country.

- **Undertake Livelihood Development Programme for Returnee Migrant Workers**

The government must create endowment fund through allocation of appropriate budget to undertake Livelihood Development Programme for the returnee migrant workers. Under the programme the returnee migrant workers must be provided entrepreneurship training, low-interest loans, infrastructural facilities and other support services for sustainable economic reintegration and income generation of the returnee migrant workers.

- **Establish Overseas Workers Welfare Administration**

The Ministry of Expatriate Welfare and Overseas Employment must undertake initiative to establish separate administration for the welfare of overseas workers. The good examples of the Philippines and other relevant countries can be taken into account in this regard.

FACT SHEET

Description	Facts and Data		
Population	2011 - 161 million <i>Source: Population Census 2011</i>		
GDP over the last 5 years	Year	USD (millions)*	
	2006-07	6,933.92	
	2007-08	7,935.77	
	2008-09	8,977.73	
	2009-10	10,102.20	
	2010-11	10,664.53	
	Year	Per Capita GDP (USD)	
	2006-07	487	
	2007-08	559	
	2008-09	620	
	2009-10	687	
	2010-11	755	
	<i>Source: Bangladesh Economic Review (2011)</i>		
Remittance flow over the last 5 years	Year	% of total	
	2006-07	8.83	
	2007-08	10.02	
	2008-09	10.96	
	2009-10	11.77	
	2010-11	10.53	
	2011-12	11.14	
	<i>Source: Bangladesh Economic Review (2011), Bangladesh Bank and Ministry of Finance 2012</i>		
Remittances in % of GDP	Year	% of total	
	2006-07	8.83	
	2007-08	10.02	
	2008-09	10.96	
	2009-10	11.77	
	2010-11	10.53	
	2011-12	11.14	
	<i>Source: Bangladesh Economic Review (2011), Bangladesh Bank and Ministry of Finance 2012</i>		
Foreign exchange earnings – how many percentage of the foreign exchange earnings are remittances	Year	%	
	2006-07	32.92	
	2007-08	35.95	
	2008-09	38.36	
	2009-10	40.37	
	2010-11	35.92	
	2011-12	35.46	
	<i>Source: Calculation based on total export earnings and remittances sent by migrants based on data from Bangladesh Bank and Bangladesh Bureau of Statistics</i>		
Import in USD/Export in USD	Year	Exports USD(millions)	Imports USD(millions)
	2006-07	12,177.86	17,157
	2007-08	14,110.80	21,629
	2008-09	15,565.19	22,507
	2009-10	16,204.65	23,738
	2010-11	22,924.38	33,658
	<i>Source: Bangladesh Bank</i>		

Description	Facts and Data				
Remittances in % of Exports	Year	Remittances in % of Exports			
	2006-07	49.25%			
	2007-08	56.09%			
	2008-09	62.24%			
	2009-10	67.80%			
	2010-11	50.82%			
Number of migrant departures per year	Year	Migrants departures			
	2007	832,609			
	2008	875,055			
	2009	475,278			
	2010	390,702			
	2011	568,062			
	<i>Source: Bureau of Manpower Employment & Training</i>				
Percentage of the population working abroad	2012 : 5.15% (as per available statistics of no. of people headed for overseas job through regular channel)				
	<i>Source: CIA Fact book</i>				
Unemployment rate	Year	Unemployment rate			
	2009	5.1%			
	2010	4.5%			
	2011	5.0%			
	<i>Source: Bangladesh Bureau of Statistics</i>				
People living in poverty (%of total population)	Year	% of total population			
	2005	40.0%			
	2010	31.51%			
	<i>Source: Bangladesh Economic Review (2011)</i>				
Budget spending: How much budget in total is allocated for the protection of migrants	Agencies - M/O Expat, BMET and Labour Wing total budget 2011-12 – USD 12.44 million				
	<i>Source: Ministry of Finance</i>				
How much of the budget is allocated for what (USD millions)*					
M/O Expat	2007-08	2008-09	2009-10	2010-11	2011-12
BMET	1.56	1.90	12.73	11.67	2.39
Labour Wing	3.80	4.67	5.11	5.79	6.08
Source: Ministry of Finance	1.74	2.06	2.25	2.85	3.97
Comparison with other budget items (USD millions)*					
Defense/army	2007-08	2008-09	2009-10	2010-11	2011-12
Education	767.81	843.46	987.78	1111.38	1233.42
Health	684.21	753.65	833.99	1040.62	868.70
Foreign Affairs*	389.94	423.19	521.02	574.71	659.33
MOEWOE	36.78	42.93	49.76	81.96	80.51
	5.09	6.86	8.44	19.81	19.05
*This budget is provided by MOFA which incurs the expenditure of the Embassy excluding other wings e.g. Labour, Commerce, Economic etc.					
	<i>Source: Ministry of Finance</i>				
Government spending for protection per head of departing migrants:	No data is available				

*Amount of Bangladesh currency has been converted into US Dollar as per average annual exchange rate of particular year.

Ovibashi Karmi Unnayan Program (OKUP) is a grass-roots' migrants' organization. It is registered with the NGO Affairs Bureau, The Prime Minister's Office, The People's Republic of Bangladesh. OKUP operates on the principle of human rights first based on substantive equality and non-discrimination. OKUP believes in centrality of migrant workers and flagging the migrants' voice for the promotion and protection of rights of migrants in all stages of migration. OKUP interventions include pre-departure information, training and services; assistance in return and reintegration through shelter, counseling, legal aid, medical support, economic reintegration etc. Among other significant activities are empowerment of migrants, left-behind families and communities through unity, capacity building and leadership, and also research and advocacy in order of flagging migrants' voices and perspectives in the concurrent migration discourse.

Over the years, OKUP has developed close collaboration with different donor organizations home and abroad including UNDP, IOM, UN Women, Open Society Foundation, Caritas Luxembourg, Bureau of Manpower Employment and Training (BMET), CARAM Asia etc.



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