Toward Safer Labor Migration in the Bangladesh-Malaysia Corridor

Despite formal agreements between Bangladesh and Malaysia that establish low migration cost for Bangladeshi workers, our study reveals that migrants continue to pay exorbitant costs to migrate. Reliance on middlemen, lack of reliable migration information, and lack of monitoring on the way recruitment agencies operate all contribute to the increased cost – and put migrants at risk of exploitation.

Executive Summary

Overseas employment is a major contribution to the Bangladeshi labor market, and with an estimated seven million migrant workers overseas; remittances are the second largest contributor to the country's GDP after ready-made garment export.[1] Malaysia is one of the most popular destinations for Bangladeshi migrants with approximately one million Bangladeshi workers residing in the country.

A memorandum of understanding (MoU) between the two countries was signed in 2015.[2] Under this agreement, termed G2G Plus (government to government), the recruitment fee was set not to exceed 420 USD. However, only 10 international recruiting agencies (IRAs) were selected to send workers under the G2G Plus agreement, thereby creating an oligopoly on the migration market. The Government of Malaysia suspended the G2G Plus agreement in 2018 to investigate allegations of a syndicate exploiting the system to operate a human trafficking scheme. Despite the suspension, in 2019 and 2020, migrants were still registered and sent through this formal avenue.

Between March and May 2021, USAID Asia Counter Trafficking in Persons (Asia CTIP) Program conducted a study to understand the Bangladesh-Malaysia migration corridor and contribute to the formulation of new policies and systems between Bangladesh and Malaysia to reduce costs and increase protection for Bangladeshi migrant workers. Data were collected from two sample groups: (1) A quantitative survey was administered to 568 randomly selected Bangladeshi migrant men,[3] of which 381 were returned migrants who worked in Malaysia from 2015 to 2020 and 187 were current migrants; (2) qualitative data were collected through key informant interviews (KIIs) with 10 undocumented Bangladeshi migrants to better understand the migration corridor through the perspectives of undocumented migrant workers. Additionally, multiple international recruiting agencies provided information on the migration market and an in-depth consultation was held with one IRA. The Government of Bangladesh's Bureau of Manpower, Employment and Training (BMET) was also consulted to understand the formal migrant recruitment structure and to obtain the list of documented migrant workers from which the quantitative samples were drawn.[4]

This policy brief highlights key findings from the study and suggests possible actions that each government may consider to improve their monitoring and enforcement of existing policies and development of future agreements.

---

[1] United Nations Department of Economics and Social Science, (2019). Population Division: International Migration. UNDESA

[2] A new G2G agreement was signed on December 9, 2021, between the governments of Bangladesh and Malaysia. At the time of this writing, the agreement is not yet publicly available, and our findings and recommendations are based on data gathered between March and May of 2021.

[3] In the BMET database of approximately 350,000 migrants, only 36 females were identified based on their names. Only 2 of the females could be communicated with to conduct our quantitative survey resulting in an insufficient sample for a meaningful analysis around gender perspectives.

[4] Bangladeshi workers must have a smart card issued by the Bureau of Manpower, Employment and Training (BMET) to migrate legally for employment in Malaysia. Thus, all legal migrant workers must have their migration facilitated through the BMET, resulting in the Bureau possessing a list of potential and successful legal migrants to Malaysia.

The Costs of Migration

Migrant workers reported paying 3,940 USD on average to migrate to Malaysia, roughly 9 times higher than the 420 USD set forth in the G2G Plus MoU. The 10 key informants interviewed reported having paid between 3,567 USD - 4,756 USD to migrate. Some of the migrants interviewed had been defrauded and provided with fake visas and air tickets after they paid the supposed fees and were either not able to leave Bangladesh or deported as undocumented migrants from Malaysia.

Migrants do not know what they were paying for. Whether for visa, passport or BMET smart card, migrants often do not know the official costs for documents and rely on intermediaries who charge a high cost to obtain these documents and give migrants less control on the process and authenticity of the documentation.

Migrants incur significant non-financial costs when migrating to Malaysia. Migrant workers finance their migration by selling their properties or taking out loans. The high cost of migration is sharply contrasted with the low pay they receive while in Malaysia, contributing to stress and decline in mental health. From KIIs, migrants reported mental health difficulties as they struggle to repay debts, send remittances to their families, and provide for their own living costs in Malaysia.

Migrants' Recruitment Process:

Ten International Recruiting Agencies (IRAs) control the migration market to Malaysia. Various international recruitment agencies (IRAs) that were not selected for the G2G Plus program reported that they cannot bypass the coalition of the selected IRAs, who hold an oligopoly on the migration market, to send migrant workers to Malaysia.[5] As a result, non-G2G Plus IRAs would send prospective migrants to the 10 G2G Plus IRAs; this additional middleman may contribute to increased costs. Additionally, when migrants enroll through Technical Training Centers (TTC) and District Employment and Manpower Offices (DEMO), both of which are government agencies under the Bureau of Manpower, Employment, and Training (BMET), they were guided to the G2G Plus IRAs, which increase their migration costs.

Ninety-six percent of all IRAs are in Dhaka. Around 96 percent, or roughly 2000, of all IRAs operating in the Bangladesh migration market are located in Dhaka city, three percent in Chittagong, and no offices or contact points in any of the other 62 districts. This concentration is due to the Government of Bangladesh's policy that imposes the non-transference of manpower licenses. These licenses are provided to each IRA under a single address, which makes it illegal for IRAs to set up branches in other districts across Bangladesh, or in other locations in Dhaka.

As such, both G2G and non-G2G IRAs rely on free agents and dalals respectively to extend their geographical reach in finding prospective migrants. Despite being illegal, these migration intermediaries still operate in the migration market, and more than 80 percent of surveyed first-time migrants were first connected to a dalal who then transferred them to an IRA, increasing costs.

Seventy-nine percent of migrants obtain information on migration through free agents[6] and dalals.[7] Other sources are IRAs and BMET, including Technical Training Centers (TTC) and District Employment and Manpower Offices (DEMO). However, these constitute a small portion of migrants' information source. Information from dalals and free agents are found to be unreliable and are associated with increased costs.

More than 50 percent of migrants were not offered an employment contract before migration. Further, of those who received a contract, 18 percent did not understand it – A violation of the Bangladesh's Overseas Employment and Migrants Act of 2013 that states the IRAs' responsibility to convey the employment contract details to migrant workers in a manner that they can understand.

Visas, Work Permits and Passports

Over 72 percent of all current migrants reported that their passports were with their employer, and they do not have access to it.

---

[5] Multiple IRAs provided information for the study and one in-depth consultation was held with an IRA to understand the migrant recruitment process in Bangladesh.

[6] Free agents are migration intermediaries who scout and persuade people to migrate to other countries. In Bangladesh, the term is used interchangeably with dalals. However, we use the term free agents in this study to signify migration intermediaries who represent the G2G IRAs only.

[7] In contrast to free agents and for the purposes of this study, dalals are migration intermediaries that recruit prospective migrants for non G2G Plus IRAs. The distinction between free agents and dalals in this study is important because being recruited by a dalal means that the migrant will have an additional middleman, the non-G2G IRA, who will forward the migrant to the G2G IRA, thereby increasing cost.

More than 50 percent of current migrants interviewed reported not currently holding any visa, effectively being in undocumented status. Roughly 30 percent reported holding work visas and 1.6 percent reported holding non-work visas. When asked about why they do not renew their work permit and visas or try to get the correct category of visas, almost all reported fear of deportation and high prices.

Photo Credit: George Figdor

Migrants Labor Conditions in Malaysia

The average earnings per month reported is approximately 21,790 BDT (259 USD) across sectors. Given the average migration cost of 3940 USD, it would take 15 months of full pay for migrants to repay their cost. Migrants reported spending roughly 40 percent of their income on accommodation, transportation, food, and other necessary living expenses. As such, it would take migrants an average of 21-22 months to repay the cost of their migration alone.

Migrants work longer than 10 hours per day on average and 33 percent of current migrant workers interviewed reported not having paid or

sick leaves. More than 40 percent reported facing difficulties with accessing healthcare.

Forty-Seven percent of current migrant workers report having their accommodation arranged by employers, roughly 20 percent report seeking accommodation themselves, increasing cost. Per Malaysia's Workers' Minimum Standards of Housing and Amenities Act of 1966 (amended in 1990 and 2019), employers are responsible for arranging accommodation for migrant workers.

Twenty-nine percent of current migrants reported facing discrimination. Of the 29 percent of respondents who reported facing discrimination, almost 50 percent reported facing them at the workplace. Among these, 54 percent reported receiving it from the employers and 23 percent from upper management.

The second area where the migrant workers face discrimination is in social life, with 60 percent reported facing discrimination from local residents, 20 percent reported discrimination from law enforcement authorities, and 10 percent from non-Bangladeshi migrants

Around 85 percent report sending remittances, among whom 60 percent use banking channels to send money home. However, more than 16 percent reported using *hundis* (independent agents). While hundis may not charge commissions,[8]

migrants lose a portion of their remittance to unfavorable exchange rate (often without the migrants' knowledge).

However, migrants must rely on hundis because identifying documents such as passports are often withheld by employers, which restrict migrant workers' ability to access banking services.

Recommendations

On December 19, 2021, the governments of Bangladesh and Malaysia had signed a new memorandum of understanding on the recruitment of Bangladeshi workers. This MoU is currently not publicly available. As such, our recommendations cannot take into consideration the content of the new MoU.

---

[8] Independent agents, known as hundi, are part of an informal finance system. When a migrant transfers money via a hundi in Malaysia, the hundi transfers the money to their counterpart in Bangladesh, where the migrant's family can collect the transferred fund with a password that the migrant would send to them separately.

For Bangladesh

1. **Create a central online employment portal for Bangladeshis seeking employment abroad and for employers to select candidates directly.** The portal should include prospective migrants from the existing Bureau of Manpower, Employment and Training (BMET) database and updated to include women job seekers. Recruiting agencies can assist migrants in creating profiles and management of their accounts. Simultaneously, this employment portal should serve as an online information hub for migrants, where they can check the status of their application and find information on how to obtain needed documents. By having employer-employee relationship facilitated through the portal, migrants will be protected from receiving false documents and contracts, as all relevant documents will have their source automatically recorded in BMET database. Government of Malaysia (GoM) should be given access to information of migrants who have formally started an application to work in Malaysia. Once in Malaysia, the portal can serve as a database of migrant workers and allow relevant authorities to monitor and enforce labor regulations and workplace safety. Migrants in Malaysia can also obtain necessary information, such as finance, healthcare, and immigration regulations through this portal as well. The system should also allow for reporting of grievance, abuse, and misuse, where each user will have an ability to file a complaint that maybe investigated by BMET as necessary. The complaint system will allow BMET to remove unscrupulous actors more effectively from the migration market.

2. **Increase reach of recruiting agencies, BMET, and its subagencies to disseminate accurate information on migration.** Government of Bangladesh (GoB) should expand existing public service infrastructure to include providing information on labor migration. In each union digital center, where migrant registration is already a routine task, returned migrants from the community should be empowered with information and allowed to provide accurate information to interested people. Similarly, District Employment and Manpower Offices and Expat Welfare Desks (under the supervision of the Ministry of Public Administration) at the district commissioner offices should expand their services and reach. In parallel, CSOs should be allowed in government offices mentioned above to assist in providing accurate information to migrants. Lastly, IRAs should be allowed to register in multiple addresses so that they can legally recruit workers in districts around Bangladesh, reducing reliance on migration intermediaries.

3. **Improve pre-departure training in technical training centers (TTCs).** BMET should increase and augment the capacity of its TTCs instructors. BMET should also ensure that all centers have dedicated training for migrants who are going to Malaysia by providing and updating a standardized curriculum to instructors on necessary knowledge of the destination country, including healthcare, finance, and legal and labor rights. BMET should consider allowing CSOs to assist in pre-departure training in TTCs. Returned migrants, who have knowledge of Malay should be empowered to teach language classes. BMET should also cooperate with recruiting agencies with TTC capability to ensure that their curriculums and standardized.

For Malaysia

1. **Increase cooperation with GoB.** Request GoB to share migrant's data to verify visas and spot-check employers. GoM should support the creation of an online employment portal outlined above which will allow it to have better access to information of Bangladeshi workers in the country. The use of this portal will also allow GoM to monitor migrant workers' contracts and ensure their validity. As a destination country, Malaysia's government should cooperate with employers and GoB to monitor and ensure that incoming migrants received appropriate pre-departure training, including crucial training on healthcare, finance, language, and workers' rights.

2. **Increase monitor and enforcement of existing labor regulations. GoM should work with employers to ensure that minimum standards are met in migrants' workplace.** GoM should also ensure that employers do not withhold migrants' passports and that accommodation of low-skilled and semi-skilled migrant workers are provided by

employers, locations of which should be registered with the government. Inspections should be periodically carried out to check if minimum standards are being maintained on these premises. GoM should also ensure that workers are paid no less than minimum wage with appropriate overtime pay and create an online mechanism where workers can file complaints anonymously if they suspect exploitation or discrimination.

3. **Reduce costs for migrant workers in Malaysia.** Ensure that employers provide free accommodations to workers. Reduce barriers for workers to access formal financial system, such as encouraging banks to provide mobile banking services to migrants in Bangla. CSOs should work with employers to conduct outreach activities to workers and provide them with up-to-date information on healthcare, finances, and labor regulations and ensure that migrants have necessary information to incur as little cost as possible to obtain these services. Migrants should also understand how to dispute employer-employee issues and where to access legal assistance.

4. **In order to change behaviors and attitudes towards migrant workers, GoM and Private sector must work together to identify effective ways to reduce stigmatization and discrimination of migrant workers,** both in the workplace and social settings.

....