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The cost of migration:

What low-skilled migrant workers from Pakistan pay to work in Saudi Arabia and the United Arab Emirates



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First published 2016

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The cost of migration: What low-skilled migrant workers from Pakistan pay to work in Saudi Arabia and the United Arab Emirates / International Labour Organization. – Islamabad: ILO, 2016

ISBN: 9789221311614; 9789221311621 (web pdf)

International Labour Organization

cost / labour migration / international migration / migrant worker / Pakistan / Saudi Arabia / United Arab Emirates

14.09.2

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Printed in Pakistan

Foreword

Labour migration is often touted as a triple win: a win for countries of destination that can support a level of economic activity that would be impossible without foreign labour; a win for countries of origin because it lowers unemployment and brings in remittances as well as new skills; and a win for the migrants who can earn higher incomes, escape poverty as well as gain experience and acquire new skills. To some extent, this all holds true across the region.

Some migrants, however, lose out in this process due to exploitive practices, such as overcharging recruitment fees. To pay the migration-related costs, many workers sell family assets or borrow money at high interest rates; to pay off the debt, some migrants work overtime or take a second job while abroad. Others overstay their visa duration, thereby becoming irregular migrants, thus rendering themselves vulnerable to further exploitation. Excessive debts also push migrants into forced labour situations.

Reducing the crippling migration cost could lead to more migrants “winning” from the migration process. Not only would it enable more people from low-income households to access foreign employment opportunities, but it would prevent asset depletion among those households. Lower costs would prevent migrants from falling into a heavy debt trap and result in larger remittance flows to migrant households and their communities to be used for education, health and other productive uses.

Reducing migration cost has a strong foundation in the international framework related to migration. The International Labour Organization’s Private Employment Agencies Convention, 1997 (No. 181) acknowledges the importance of private agencies in promoting the recruitment of migrant workers but emphasizes that governments need to ensure that they do not overcharge workers for their services.

Reducing migration cost requires knowing how much migrants are paying and for what. In 2013, ILO and the World Bank-led Global Knowledge Partnership on Migration and Development (KNOMAD) launched an initiative to generate and then compare migration cost across a number of migration corridors, including many from South Asia to the Gulf Cooperation Council region. This involved developing a methodology to collect recruitment cost data that are comparable across migrant-sending countries and building a database of worker-paid migration costs, both of which are intended to better inform policies to reduce such costs. A survey of low-skilled Pakistani migrant workers was included in the series.

Bringing clarity to the cost issue is expected to help reduce the vulnerability of Pakistani migrant workers and stimulate an increase in their benefits from international labour migration. This report presents the survey findings on migration charges that Pakistani workers pay for jobs in Saudi Arabia and the United Arab Emirates.

The survey was conducted under the European Union-funded ILO South Asia Labour Migration Governance Project and conducted by the Centre of International Migration, Remittances and Diaspora (CIMRAD), Lahore School of Economics. On behalf of the ILO, I thank the team that prepared the report: Rashid Amjad (Director, CIMRAD, Lahore School of Economics), G.M. Arif (Joint Director, Pakistan Institute of Development Economics and Nasir Iqbal (Director Research, Benazir Income Support Programme). I also thank Manolo Abella for advising the research process. And I thank the 620 Pakistani migrant workers with experience in Saudi Arabia and the United Arab Emirates who agreed to be interviewed for the survey.

Ingrid Christensen
Director, ILO Country Office for Pakistan



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Abbreviations

BEOE	Bureau of Emigration and Overseas Employment
GCC	Gulf Cooperation Council
ILO	International Labour Organization
KNOMAD	Global Knowledge Partnership on Migration and Development
OEC	Overseas Employment Corporation
PIDE	Pakistan Institute of Development Economics

\$ = Unless specified, all dollar currency references are US dollar.

/ = All dates using a / refer to the fiscal year (2014/15).

Acknowledgements

This report was prepared by the Lahore School of Economics' Centre of International Migration, Remittances and Diaspora (CIMRAD) and was financed by the International Labour Organization under the European Union-funded ILO South Asia Labour Migration Governance Project. The report was prepared by a team comprising Rashid Amjad, Director, CIMRAD, G.M. Arif, Joint Director, Pakistan Institute of Development Economics (PIDE), and Nasir Iqbal, Director Research, Benazir Income Support Programme. Nasir Iqbal was the lead researcher for the survey and the compilation and analysis of the data.

This survey is based on a survey of migrant workers conducted in the summer of 2015. The authors are thankful to Syed Abdul Majid, Research Economist, PIDE, for supervising both the fieldwork and subsequent follow-up activities. Muhammad Javid, Research Economist, PIDE, conducted the training of the field staff and supervised the survey at the local level. He reviewed all the questionnaires filled in by the field enumerators.

The comments from Manolo Abella, Chair of the KNOMAD Thematic Working Group on Low-Skilled Labour Migration, Soonhwa Yi, Senior Economist, KNOMAD, Anna Engblom, ILO–Nepal and Sadia Hameed, ILO–Pakistan on the questionnaire and initial draft of the report helped considerably in the interpretation of the survey results and in drawing policy conclusions. The preliminary findings of the survey were presented by Nasir Iqbal in the workshop on Measuring Migration Costs for the Low Skilled, organized by the World Bank in Washington, D.C. in November 2015. The comments and suggestions received during the workshop were also helpful in finalizing the report.

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1. Introduction

Pakistan has a long history of labour migration. In South Asia, it is the second-largest exporter of labour, after India. Between 1971 and 2015, more than 8.7 million Pakistanis officially went abroad for employment (BEOE, 2015b). Migration from Pakistan reached new peaks after 2011, and more than 3 million people went abroad for employment up through 2015. Of this total labour migration, about 96 per cent headed to the six Gulf Cooperation Council (GCC) member States—with the main country of destination being Saudi Arabia, followed by the United Arab Emirates, Kuwait, Oman, Qatar and Bahrain (BEOE, 2015b).

More than 50 per cent of all migrants from Pakistan (1971–2015) originated from Punjab Province, followed by Khyber Pakhtunkhwa Province (at 28 per cent) and Sindh Province (at 8 per cent). The share of Punjab in the migratory flows to the GCC countries has been in line with its share in the country's total population, while Khyber Pakhtunkhwa has had a much larger share in migration than its share in total population. Sindh and Balochistan have had a relatively small share in the migration stream.

In terms of professions among all migrants from Pakistan in 2015, 1.8 per cent were highly qualified, 0.8 per cent highly skilled, 40.8 per cent skilled, 16.2 per cent semi-skilled and 40.4 per cent unskilled (following the categorization of the Bureau of Emigrants and Overseas Employment). The migration of Pakistani women has been negligible; only around 8,000 female workers, or 0.1 per cent of all migrant workers, went abroad for employment between 2008 and 2013, primarily in the field of health services, the finance sector, cosmetology and fashion designing (BEOE, 2015b). The main reason for the small number of female migrants is the conservative social precepts that prohibit women from working outside the household or keep them in family-related work, though this trend is changing. Even the government regulations prohibiting women workers from migrating for certain occupations or to certain countries are gradually being relaxed.

Remittance income from overseas Pakistani workers has increased dramatically in recent years, growing at an annual rate of 15 per cent from 2000 to 2015. In fiscal year 2014/15, the remittances recorded by the State Bank of Pakistan (2015) totalled \$18 billion, of which more than half, at 55 per cent, came from Saudi Arabia (\$5.6 billion) and the United Arab Emirates (\$4.3 billion). This remittance income accounted for 7–8 per cent of Pakistan's gross domestic product and was almost equal to three quarters of the total export value of goods and services, which was around \$24 billion in 2014/15. As many studies have documented, these remittances have contributed greatly to poverty reduction in Pakistan (Amjad, 2010). But this fact should not mask the considerable exploitation that workers experience during recruitment and in their employment conditions overseas. Unfortunately, International Labour Organization (ILO) Conventions and Recommendations to protect migrant workers from such exploitation and abuse and promote respect for basic human rights are not widely ratified in the region.

A 2014 study concluded that worker-paid migration costs can be as high as a third of what low-skilled workers will earn in two or three years abroad in certain migration corridors (Abella and Martin, 2014). Many workers borrow money at high interest rates from moneylenders to cover their migration cost. To pay back the crippling

¹ These figures do not fully capture the total overseas migration because highly qualified and highly skilled persons who migrate, especially to non-GCC countries, typically do not register themselves with government agencies in Pakistan.

² These official recorded flows of remittances may underestimate total flows by 20–30 per cent because of what is sent through unofficial sources, including the hundi system.

debt burden, they need to work overtime or even take a second job abroad (Abella and Martin, 2014). Due to the high expense to migrate, some workers overstay their visa duration, thereby becoming irregular migrants, rendering themselves vulnerable to further exploitation as well as risking imprisonment. The general finding of the literature also reveals that migration costs are regressive – costs fall as workers' skills and wages increase. Hence, the maximum burden of the migration cost lands on the semi-skilled and unskilled workers who, in most cases, come from households in the lowest-income groups.

Even though governments have put in place institutional arrangements and framed laws, rules and regulations to protect workers from such exploitation, it has been difficult to stop such practices, as this survey as well as other country studies show. This appears to be especially true for migration through the South Asia-GCC region corridor.

The benefits of reducing these crippling migration expenses, especially for the semi-skilled and unskilled workers, would be enormous. Not only would it enable more people from low-income households, including those living below the poverty line, to access foreign employment opportunities. It would also prevent asset depletion on the part of migrant households (through the sale of property and other possessions) to finance the migration journey. Lower costs would also prevent migrants from falling into heavy debt traps, which may well absorb a substantial portion of that income or, for the first year, all their earnings. Savings and remittances would not be sacrificed for repayment of debt. It might also help protect workers from forced labour (excessive debts help drive migrants into such situations).

Fair and low fees for obtaining a visa alone would result in larger remittance flows directly to migrant households and their communities, which could be used for education and medical care by family members left behind and result in desperately needed human capital formation and other productive uses as well as consumer spending to better bolster the economy.

When blatant recruitment abuses are discovered, some host governments impose bans on the recruitment of workers from particular countries or some sending countries stop the deployment of particular types of workers, both of which result in a heavy cost on all parties involved.

To help move towards a fair and low-cost regime and thus ensure that the benefits of migrating abroad accrue to migrant workers and the households left behind, the International Labour Organization and the World Bank-led Global Knowledge Partnership on Migration and Development (KNOMAD) Thematic Working Group on Low-Skilled Labour Migration initiated a series of studies to understand what migrants in different countries pay for jobs abroad. The initiative involves developing a methodology to collect recruitment cost data that are comparable across migrant-sending countries and then building a database of worker-paid migration costs, which can be used to inform policies towards reducing such costs as well as a migration cost-reduction target as part of the post-2015 development agenda.

A survey of low-skilled Pakistani workers who had worked or were working in Saudi Arabia or the United Arab Emirates was included in that series of studies. The Pakistan survey aimed to answer the following questions:

- What is the average cost for migration from Pakistan to Saudi Arabia and the United Arab Emirates for low-skilled workers?
- How much do costs differ across different category of migrants and geographical areas from where they are recruited?
- How do the migration costs break down?

³ KNOMAD is a global hub of knowledge and policy expertise on migration and development issues.

The survey also set out to break down the structure of worker-paid migration expenses and explain how workers finance the cost of their migration journey.

The ultimate point of the Pakistan survey, as with the series, is to generate policy recommendations for reducing the migration costs within the selected migration corridors and thereby to reduce the vulnerability of migrants and increase the benefits from international labour migration. In addition to analysis of the various components of the migration cost, the survey looked at enabling factors that allow for extremely high rents by unscrupulous agents as well as other legitimate costs incurred in the migration process. The survey also generated baseline data against which to measure reductions in the migration cost in the future.

NOTE: Although the Government of Pakistan uses the term “emigration” in the name of its departments managing overseas migration as well as the ordinances and laws (and the ensuing text) covering the movement of workers abroad for employment, this report uses the terms “migration” and “migrant” due to the temporary nature of the migration and that the workers intend to ultimately return to Pakistan. Emigration is recognized as the movement out of a resident country with the intent to settle elsewhere.



2. Pakistani migration at a glance

2.1 Trends in annual placement of low-skilled workers in GCC countries

The Bureau of Emigration and Overseas Employment (BEOE) is the government agency responsible for managing the migration of workers for employment. The BEOE publishes migration statistics on a regular basis. These records account for nearly 8.6 million Pakistani workers who went abroad for employment between 1971 and October 2015 (table 1). The total number of registered Pakistani migrant workers in that same time period is actually more than 8.7 million, but the BEOE database does not include workers who use the services of the government recruitment agency, the Overseas Employment Corporation, which these days manages only a nominal portion of overseas migrants (as explained further on).

Nearly 96 per cent of the BEOE-registered workers going abroad for employment went to a GCC country, with the distribution spread unevenly across Saudi Arabia, United Arab Emirates, Oman, Kuwait, Bahrain and Qatar (table 1). Saudi Arabia received the largest portion of Pakistani migrant workers (at 50.3 per cent), followed by the United Arab Emirates (at 32.9 per cent) and then Oman, at 7.5 per cent. Both Kuwait and Bahrain have hosted a relatively small share, at 2.1 per cent and 1.7 per cent, respectively.

Pakistani workers, like other guest workers, know that their overseas job in the GCC countries is temporary and that they must return home when their contract expires. Many, however, do go back to a host country on a new contract or on renewal of their old contract (thus the numbers also reflect repeat migrants). The current stock of Pakistani migrant workers in the GCC, estimated at around 3 million workers, means that more than 5 million workers have returned home over the past four decades (Arif and Ishaq, 2015).

Table 1. Total placement of BEOE-registered Pakistani workers abroad, 1971–2015

Country of destination	Total workers	% distribution
Saudi Arabia	4 325 183	50.3
United Arab Emirates	2 832 941	32.9
Oman	644 047	7.5
Kuwait	181 441	2.1
Bahrain	142 420	1.7
Qatar	123 639	1.4
Other	349 194	4.1
Total	8 598 865	100

Note: Data up to October 2015.

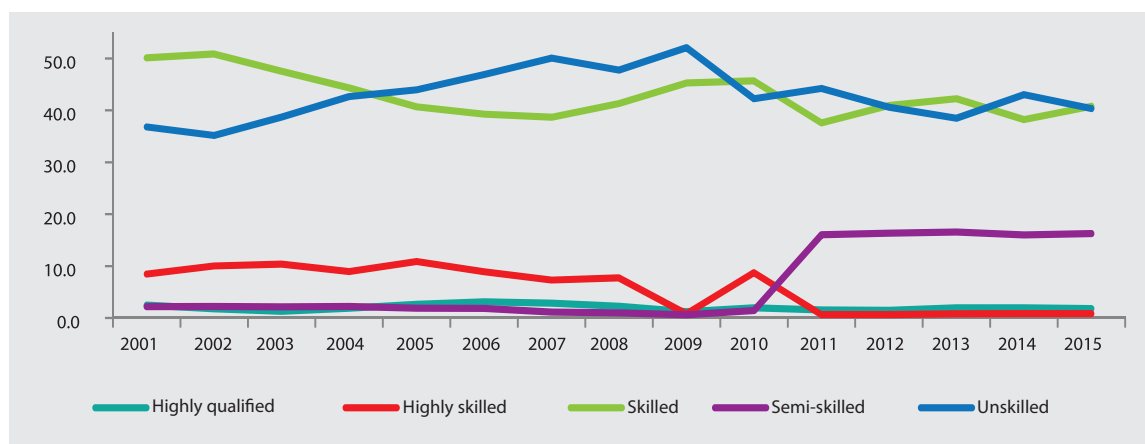
Source: BEOE, 2015b.

The skill composition of Pakistani workers going to the GCC region has changed little over the past 45 years. Figure 1 illustrates that composition for the period from 2001 through 2015. The BEOE classification of workers by skill level is based on the qualification and skill requirements of a particular job. The “highly qualified” category includes professionals with high levels of education, such as doctors and engineers. The “highly skilled” category includes those occupations that require specialized skills, such as technicians and nurses, but their qualifications

are lower than those under the highly qualified category. The jobs that require some training, formal or informal, are included in the “skilled” category. Skilled workers commonly take such jobs as drivers, masons and carpenters.

It is not easy to draw a line between the semi-skilled and the unskilled workers. Figure 1 depicts unskilled workers as the dominant category, followed by skilled, semi-skilled and highly qualified workers. The proportion of unskilled workers leaving the country rose from 36.8 per cent in 2001 to 52.2 per cent in 2009. After that, it declined to 40.4 per cent in 2015. These workers are less educated and more vulnerable to exploitive recruitment practices (Arif, 2010). The skill composition of Pakistani workers going abroad has yet to shift towards more skilled workers.

Figure 1. Skill composition of BEOE-registered Pakistani workers in the GCC region, 2001–15



Note: Data up to October 2015 only.

Highly qualified includes doctors, dentists, engineers, teachers, accountants and managers.

Highly skilled includes nurses, foremen/supervisors, technicians, operators, surveyors, computer programmers/analysts, designers, pharmacists, riggers, draftsmen, photographers and artists.

Skilled includes welders, secretaries/stenographers, storekeepers, clerks/typists, masons, carpenters, electricians, plumbers, steel fixers, painter mechanics, cable jointers, drivers, tailors, fitters, denters, goldsmiths, blacksmiths and salesmen.

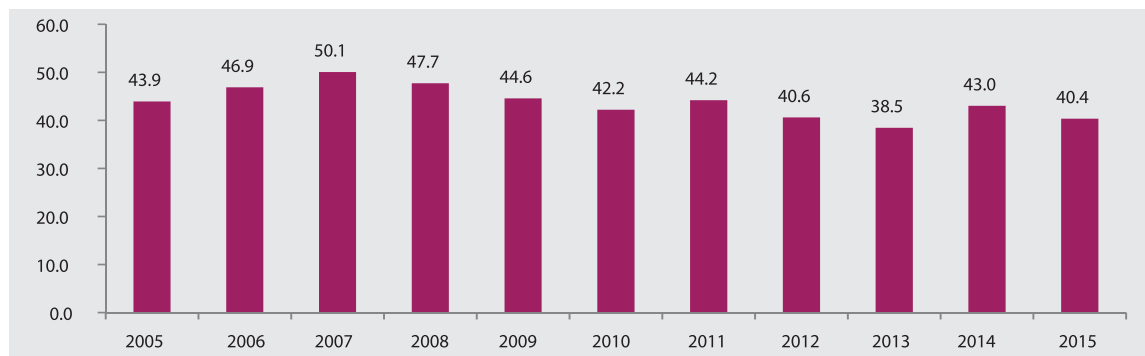
Semi-skilled includes cooks and waiters/bearers.

Unskilled includes agriculturists, labourers and farmers.

Source: BEOE, 2015b.

Figure 2 illustrates the share of low-skilled workers (only labourers and farm workers) in the total migration flow between 2005 and 2015. They accounted for more than 40 per cent of workers in the BEOE records who went overseas for employment. There has been no substantial change in that share of low-skilled or unskilled workers, especially among workers going to a GCC country.

Figure 2. Share of low-skilled workers of total BEOE-registered migrants (only labourers and farm workers), 2005–15



Note: Data up to October 2015.

Source: BEOE, 2015b.

This trend has significant implication for Pakistan as a labour-exporting country. Pakistan is exporting low-skilled labour, which is typically low paid and highly vulnerable to economic shocks, like the financial crisis that began in 2007 and led to massive unemployment among low-skilled workers in destination countries. Focused attention to this vulnerability would make the situation more manageable—skills development and training programmes could raise the skill level of most workers leaving Pakistan and better prepare them for decent jobs in destination countries.

2.2 Institutional arrangements for overseas employment

The Ministry of Overseas Pakistanis and Human Resource Development was established in June 2013 through a merger of two previously separate ministries (the Ministry of Human Resource Development and the Ministry of Overseas Pakistanis) and with a mandate to seek employment opportunities abroad for citizens, work for the welfare of workers and their families (within Pakistan as well as abroad) and coordinate with provincial governments to align the national labour laws with the country's international obligations on labour standards. The Ministry supervises the following agencies and departments with the aim of ensuring decent and respectful employment for migrants:

- Bureau of Emigration and Overseas Employment
- Overseas Pakistanis Foundation and its Workers Welfare Fund
- Overseas Employment Corporation.

The Overseas Pakistanis Foundation was set up in 1971 with the mandate “to look after the interests of overseas Pakistanis working or settled abroad and their families living in Pakistan”, by providing multiple services, including assistance with employment-related grievances.⁴ The services encompass welfare programmes, educational institutions within Pakistan and abroad, housing schemes and vocational training centres. It also includes assistance to overseas Pakistanis in times of distress, natural calamities and warlike situations, as it did in assisting the evacuation of Pakistanis in Yemen in 2015.

The Overseas Pakistanis Foundation was established with a government grant, and many of its activities are now financed from its Workers Welfare Fund, a fund to which each migrant worker contributes 2,000 rupees (PKR) (\$19). All migrants going abroad for employment since March 1979 on a work visa are automatically enrolled as a member in the Foundation. The Foundation posts representatives in selected Pakistan embassies or consulates (in countries where a large Pakistani migrant or diaspora population lives). Cities where these representatives, known as community welfare attachés, are based include for example Jeddah, Dubai, Abu Dhabi, London, Manchester and Oslo.

There has been no recent evaluation of the Foundation's performance. It is thus difficult to say to what extent it has fulfilled its purpose or how well it has provided welfare and other services (educational, housing, vocational training) to Pakistani migrants while abroad or upon their return to Pakistan. Scattered information suggests it has done well in some areas, such as setting up Pakistani schools abroad (in Dubai, for instance). Developing housing schemes for Pakistani migrants has been more of a struggle, particularly where there is competition from the private sector, which can provide a similar scheme with better-quality housing at a cheaper price.

Regulating overseas migration

Because the focus of this survey is on the cost of migration, it is necessary to first explain the regulatory framework as well as the rules and regulations that govern the migration process for Pakistanis seeking to find employment overseas.

Given that most temporary migration before independence involved seamen working on foreign vessels, the Emigration Act of 1922 led to the establishment of the Directorate of Seamen's Welfare and the Protectorate of Emigrants.

⁴ See www.opf.org.pk/vision.aspx.

In the 1970s, when labour migration to GCC countries took off on a large scale, the Act was replaced by the 1979 Emigration Ordinance, under which the Bureau of Emigration and Overseas Employment was established.

The BEOE is now the regulatory body that controls as well as facilitates and monitors the overseas migration process. As a department of the Ministry of Overseas Pakistanis and Human Resource Development, it is required to “handle the export of manpower in a legal way and systematic manner”, according to the Emigration Ordinance. This is now managed through seven Protector of Emigrants Offices: in Lahore, Rawalpindi and Multan in Punjab Province; Karachi in Sindh Province; Peshawar and Malakand in Khyber Pakhtunkhwa Province; and Quetta in Balochistan Province.

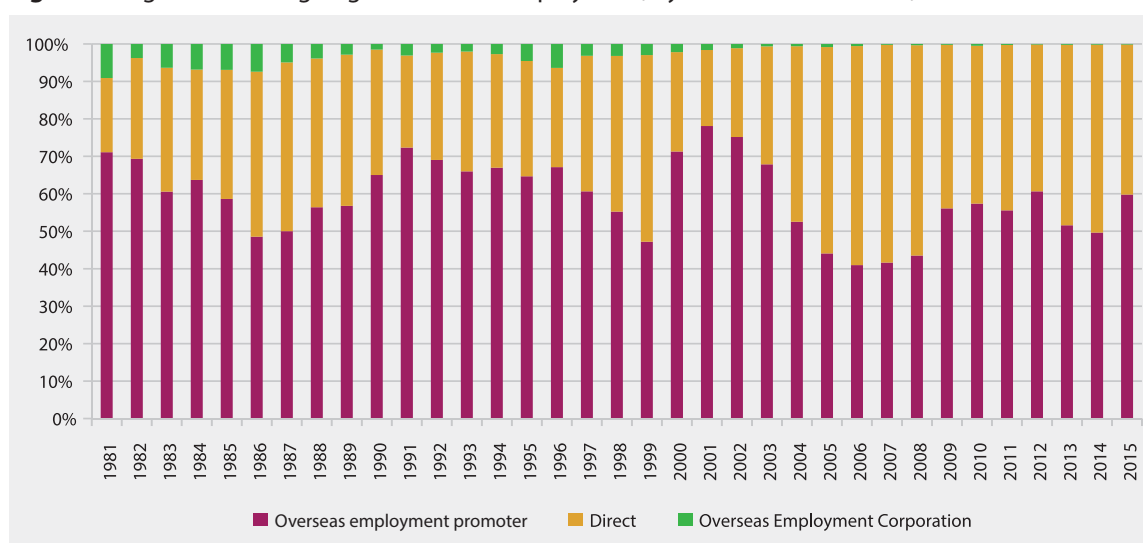
Legally, Pakistanis can procure overseas employment through two modalities, either through an overseas employment promoter (agency), which can be public or private, or by “direct” employment, in which an individual is allowed to procure foreign employment either through their own effort or through a relative or friend working abroad.

The Emigration Ordinance and its Rules specify the functioning of the overseas employment promoters. The BEOE issues licences to private employment promoters and also regulates and monitors the migration of those workers who make their own arrangements (direct employment), typically with the help of a relative or friend living abroad.

The Overseas Employment Corporation (OEC) is the only public agency recruiting migrant workers. As noted previously, their records are not collated with the BEOE data and few migrants (less than 1 per cent) use their services.

The trend analysis of both the BEOE and the OEC records for this survey (figure 3) shows that the proportion of direct employment has had an increasing trend over the past decade, although with much variation through the years. In 2015, around 40 per cent of overseas migrants managed the process on their own, and close to 60 per cent went through an overseas employment promoter. The proportion of migrants relying on overseas employment promoters was large during the mid-1990s and between 2001 and 2005. In the early 1980s, about 9 per cent of all workers placed abroad were recruited by the OEC, but more recent data reflect its contribution to the total placement of workers at less than 1 per cent.

Figure 3. Migrant workers going overseas for employment, by mode of recruitment, 1981–2015



Note: Data up to October 2015.
Source: BEOE, 2015b

As of 2015, there were 1,857 licensed overseas employment promoters in Pakistan (table 2). Except for those workers who use the OEC services, all workers going abroad for employment are required to register with the BEOE.

Table 2. Distribution of overseas employment promoters, by city, 2015

City	No. of overseas employment promoters	Share
Rawalpindi	695	37.4
Lahore	372	20.0
Karachi	273	14.7
Malakand	185	10.0
Peshawar	182	9.8
Multan	149	8.0
Quetta	1	0.1
Total	1 857	100

Source: BEOE, 2015c.

2.3 Recruitment procedure⁵

For the registration (or legal placement) of Pakistanis abroad, there are separate BEOE procedures for workers recruited by overseas employment promoters and for workers who secure their job (and visa) through a direct source.

These procedures involve a number of steps: complete a medical test, obtain a computerized national identity card, obtain a passport, submit the contract or foreign service agreement, submit the foreign employment “demand letter”, apply for the work visa, purchase air tickets, pay the government fees, including the medical insurance premium, and attend a pre-departure briefing at a Protector of Emigrants Office.

Employment through overseas employment promoters: The overseas employment promoters generate foreign demand using their own contacts; when they receive a request in the form of a demand letter from a foreign employer, the promoters apply to the nearest Protector of Emigrants for permission on a prescribed form along with the demand documents (power of attorney and demand letter) duly attested by anyone of the following:

1. Ministry of Foreign Affairs of the host country or country of the employers;
2. Embassy of Pakistan in the host country or in the employer’s country; and
3. Embassy of host country or embassy of employer’s country in Pakistan.

The demand letter must specify the job description, such as categories of workers required, the number of jobs in each category, terms and conditions of the service and qualification or experience, if required, for each post. The verified visa documentation or labour department approval is submitted along with the demand documents. If the visa documentation or labour department approval is not available, the overseas employment promoter submits what is called an “undertaking”, which affirms that the jobs are available with the employer; the promoter, however, is then liable for any penalty under the Emigration Ordinance if there are no jobs. The overseas employment promoters apply to the nearest Protector of Emigrants Office for permission to process the request. The permission is valid for 120 days.

Typically, the promoter is required to advertise all job opportunities, specifying as much detail as possible. However, a promoter can skip the advertising if recruits are drawn from the agency’s databank of waitlisted workers. Additionally, promoters are not required to advertise jobs for which specific workers have been requested by the foreign employer.

The selection of the workers (interview and test) can be made by the employer, a representative or an overseas employment promoter on behalf of the employer. The person recruited for technical jobs pertaining to construc-

⁵ This section draws heavily from Arif, 2009. Although this source is slightly dated, the findings are still highly valid because there has not been any significant change in the recruitment procedures since 2009.

tion, maintenance and operation of power stations, grid stations, transmission and distribution systems is subject to the No Objection Certificate (for female workers) from the relevant authority.⁶

The overseas employment promoter is mainly responsible to complete the process of recruitment; arrange visas for the selectees or nominees, arrange for their medical check-up, get each worker insured with State Life Insurance Corporation and take the migrants to the Protector of Emigrants Office for registration. The overseas employment promoter applies to the Protector of Emigrants for registration of the foreign service agreement or contract through the prescribed form and submits the other required documents along with a copy of the permission and a press clipping of the advertisement used to find workers, where applicable.

The foreign service agreement is produced by an overseas employment promoter who signs it on behalf of the employer (who typically presents a contract for a worker to sign upon arrival in the destination country); the contract is signed by the employer. Thus, workers who use a promoter typically only sign a foreign service agreement before departing Pakistan. Workers who make their own arrangements likely sign a contract before departing.

If satisfied with the documentation, the Protector of Emigrants Office registers the selected workers. That same day, the prospective migrant workers are briefed on their rights, working conditions, terms and conditions of the foreign service agreement or contract reached between the worker and the foreign employer, the cultural norms, labour laws, rules and regulations of the host country. The briefing lectures by the orientation officers within the Protector of Emigrants Office are to encompass all the essential and relevant information for workers going abroad, including AIDS-related information. They are to be informed of “what to do” and “what not to do” while working abroad and what to do if there is a problem. The overseas employment promoter afterwards delivers the relevant documents to the registered migrant worker and makes arrangements to take the worker to the airport for departure to the country of their employment. If any forged documents are detected for this process, the promoter will be blacklisted. Individuals or groups of people may also secure an offer of employment and/or a visa directly, through their own efforts or with the assistance of a relative or friend living abroad.

In the case of direct employment, the migrant worker submits the foreign service agreement, contract or letter of appointment that is signed by the employer and attested by the Pakistan embassy in the employer’s country. Where there is no Pakistan embassy, the foreign ministry of that country can attest the document. In special cases, the BEOE Director General can waive this provision and a migrant can submit an undertaking to the Protector of Emigrants Office. After clearance by the Protector of Emigrants, the prospective migrant pays all the fees for the health insurance, the Overseas Pakistanis Foundation, and the national ID card. All Pakistani migrant workers – no matter how they secure employment – must take out insurance with the State Life Insurance Corporation.

2.4 Official costs for recruitment

With the exception of the service charge that is paid to the overseas employment promoters by workers who use their services, and the fee for the foreign service agreement and stamping fee, the fee components are the same regardless if a worker goes abroad on their own arrangement or with the help of a recruitment agency. By law, a migrant who has secured employment abroad through a licensed overseas employment promoter is required to deposit between PKR 1,500 (\$14) to PKR10,000 (\$96) as a service charge (to be paid to the promoter as their fee). Three days after the migrant’s departure, the overseas employment promoter submits a certificate to the Protector of Emigrants requesting the release of the service charge.

In total, a migrant using an overseas employment promoter should expect to pay between PKR21,125 (\$201) and PKR31,524 (\$301) for a range of costs, as shown in table 3. Migrants who have secured employment directly typically pay more, between PKR45,575 (\$435) and PKR48,524 (\$463). As we will see later in the report, what migrant workers actually pay is many times higher.

⁶ Rule 17, Emigration Rules (1979).

Table 3. Official fees (in PKR and equivalent \$) for overseas migration, by recruitment channel

	Overseas employment promoter	Direct employment	Overseas Employment Corporation
Service charges	PKR1 500 (\$14.32) (if employment for up to 120 days) PKR6 000 (\$57.30) (if monthly salary up to \$1 200 and contract for more than 120 days) PKR10 000 (\$95.50) (if salary above \$1 200 and contract for more than 120 days)	PKR25 000 (\$239) a	From professionals PKR65 000 (\$621) ^b From labourers PKR 40 000 (\$382) This includes air ticket
Welfare Fund of Overseas Pakistanis Foundation	PKR2 000 (\$19)	PKR2 000 (\$19)	PKR2 000 (\$19)
State Life Insurance Corporation fee	PKR2 000 (\$19)	PKR2 000 (\$19)	PKR2 000 (\$19)
Foreign service agreement and stamping fee	PKR500 (\$4.8)	PKR 2,500 (\$ 23.8) PKR 1,450 (\$13.8) (in case of employment up to 120 days)	PKR6 000 (\$57)
Registration fee (application for job)			PKR3 000 (\$29)
E number chargesc	-	-	PKR4 000 (\$38)
National ID card for overseas Pakistanis	PKR2 625 (\$25) to PKR3 674 (\$35)	PKR2 625 (\$25) to PKR3 674 (\$35)	PKR2 625 (\$25) to PKR3 674 (\$35)
Visa feed	Saudi Arabia: PKR7 850 (\$75) UAE: PKR5 600– PKR7 000 (\$53–\$67)	Saudi Arabia: PKR7 850 (\$75) UAE: PKR5 600– PKR7 000(\$53–\$67)	Saudi Arabia: PKR7 850 (\$75) UAE: PKR5 600–PKR7 000 (\$53–\$67)
GAMCA Medical examination feese	PKR 5 500 (\$52.50)	PKR5,500 (\$52.50)	PKR5,500 (\$52.50)
Total	PKR21 125–PKR31 524 (\$201–\$301)	PKR45,575– PKR48,524 (\$435–\$463)	PKR72,125– PKR99,024 (\$688–\$946)

Note: a In most cases, individuals who proceed on overseas employment on a “direct” basis also engage an overseas employment promoter to process their case, as informed by field visits. Overseas employment promoters in Rawalpindi charge a lump sum fee, PKR25,000.

b A slightly different fee structure applies for employment in the Republic of Korea and entails only a service charge.

c This refers to the registration fee for an applicant to keep their resume active on OEC’s website for a one-year period.

d According to Rule 15(a) of the Emigration Rules, an overseas employment promoter is entitled to receive actual expenses incurred on all items pertaining to the processing of a worker’s case, including the visa fee. However, the visa fees vary substantially by category of work or across companies within a destination country, so it is not possible to give an average figure here.

e Workers going to United Arab Emirates can obtain a medical examination from any medical centre – they are not required to use a GAMCA centre.

Source: Ministry of Overseas Pakistanis and Human Resource Development, National Database and Registration Authority, Overseas Pakistanis Foundation and OEC. Exchange rate used PKR 1 = US\$104.71

2.5 Penalties and punishments for violation of rules and procedures

There are severe penalties if the regulations within the 1979 Emigration Ordinance and its Rules are violated: “Receiving money, etc., for providing foreign employment. Whoever, for providing or securing, or in the pretext of providing or securing, to or for any person employment in any country, beyond the limits of Pakistan:

- (i) Being an overseas employment provider, charges fee in addition to the prescribed amount, or
- (ii) Not being such a promoter demands or receives, or attempts to receive for himself, for any other valuable thing shall be punishable with an imprisonment for a term which may extend to fourteen years, or with fine or with both.”



3. Pakistan survey methodology

The purpose of this survey was to measure the cost of the migration journey from Pakistan to Saudi Arabia and the United Arab Emirates for low-skilled workers. As noted, these two countries are the most popular destinations among migrant workers (at 87 per cent of all workers).

KNOMAD developed a conceptual framework that encompasses a draft methodology and questionnaire to collect information on migration costs from low-skilled workers going abroad for employment. Pilot surveys were conducted in Spain, Republic of Korea and Kuwait to test the methodology and questionnaire. Based on the experiences from those pilot surveys, a second generation of studies was conducted in parallel in a number of countries, which included this Pakistan survey. The other surveys targeted Indian, Nepali and Filipino migrants who had returned from working in Qatar; Ethiopian migrants who had returned from Saudi Arabia and Vietnamese migrants working in Malaysia.

Definition of migration costs

For this survey, migration costs are defined as the financial expenses incurred by workers during the deployment process, also known as recruitment costs, sunk costs or upfront costs. When jobs are in one country and workers in another, the final cost of job matching becomes vitally important because most financial costs incurred during the recruitment process are likely to be borne by the prospective migrant worker.

Thus, the migration cost components include documentation (passport, visa, medical examination report, security clearance), transportation (internal and international), training (skills and language); recruitment fees (job information fee, brokerage fee, the promoter's service charge); guarantee deposit; insurance premium and welfare fund; informal payments; opportunity costs; and also the cost to borrow money to pay for all the previous expenses.

3.1 Survey methodology

The information on migration expenses was collected directly from the migrants who formed the survey's sample.

3.1.1 Sample criteria

The survey included migrants who:

- had worked or were working in Saudi Arabia or in the United Arab Emirates;
- went abroad (to Saudi Arabia or the United Arab Emirates) sometime after 1 January 2011;
- qualified as a regular migrant worker (used a regular channel to go abroad);
- had returned home (to Pakistan) after the completion of the job at the time of the survey or was visiting family in Pakistan on holiday or had returned home in possession of a new contract to go abroad soon;
- had worked or was working in Saudi Arabia or United Arab Emirates in a low-skilled category of occupation; and
- had worked or was working in the construction or agriculture sector of the host country.

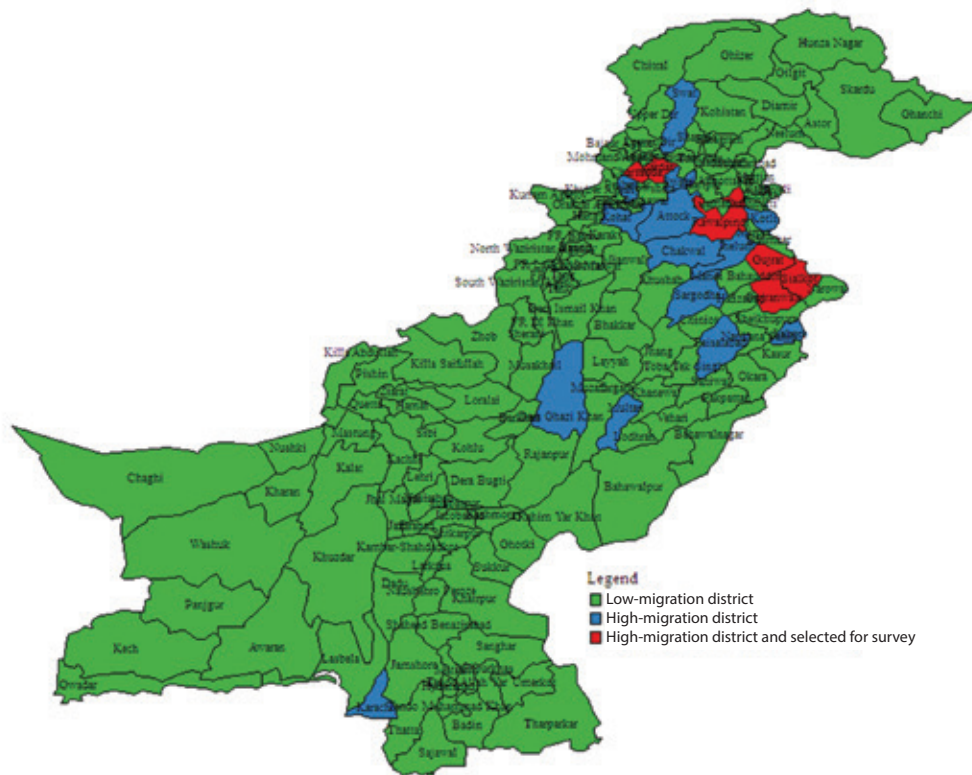
3.1.2 Locating sample participants

The major challenge for the survey was finding respondents who fit the criteria. To begin, we identified high-migration districts on the basis of the number of migrants who went to a GCC country between 1981 and 2015. Pakistan is administratively demarcated into four provinces and three regions (the Federally Administered Tribal Areas, Gilgit-Baltistan and Azad Jammu and Kashmir). There are 148 districts in these provinces and regions. The migration from Pakistan to a GCC country, including Saudi Arabia and the United Arab Emirates, is not evenly distributed across the provinces and regions, with a concentration in some districts.

In the designated survey period, more than 60 per cent of Pakistanis migrated from only 20 districts, with a heavy concentration of districts in central and northern Punjab, Khyber Pakhtunkhwa and Sindh provinces (Karachi only in Sindh) and a couple of districts in southern Punjab.

The map below (figure 4) illustrates the concentration of high-migration districts in Pakistan along with the selected districts covered in the survey. The choice of selected districts was influenced by logistical considerations (the expense) as well as the law-and-order situation in certain parts of the country; the sample remained, however, robust in terms of its coverage.

Figure 4. High-migration districts of Pakistan



We then selected six high-migration districts: Rawalpindi and Gujrat from northern Punjab and Gujranwala and Sialkot from central Punjab; and Mardan and Charsada from Khyber Pakhtunkhwa. Karachi (a high-migration district) was excluded to minimize the costs for conducting the survey. Dir and Swat from Khyber Pakhtunkhwa were excluded due to the fragile law-and-order situation there.

To locate targeted migrants from the six selected districts, snowball sampling was used. An extensive listing process was undertaken with assistance from informants, migrants visiting the Protector of Emigrants Office and returned migrants. During the first visit, each migrant was asked for certain details: (i) present address and mobile telephone number; (ii) year and month of migration; country of employment; (iii) occupation; (iv) sector of employment; (v) date of return; (vi) purpose of return; and (vii) if on a visit, the date when going back to the host country. A total of 877 respondents were identified and pre-selected, of them, 620 were interviewed in the survey (see section 3.1.1) with a minimum of 100 interviews per district (table 4).

Table 4. Survey respondents, by districts

District	Sample size	Share
Rawalpindi	109	17.58
Mardan	101	16.29
Charsada	104	16.77
Sailkot	101	16.29
Gujrat	103	16.61
Gujranwala	102	16.45
Total	620	100.00

Source: Pakistan survey data, 2015.

3.1.3 Questionnaire adaptation and translation

The standard questionnaire developed by KNOMAD was used in Pakistan, with adaptation to the context and translation into Urdu. It was then field tested to ensure that the language and questions were easily understood and captured all information needed to meet the survey's objective.

3.1.4 Data collection procedure

For data collection, three teams were formulated:

- Team A for central Punjab (Gujranwala and Sailkot districts);
- Team B for northern Punjab (Rawalpindi and Gujrat districts); and
- Team C for Khyber Pakhtunkhwa (Mardan and Charsada).

Each team consisted of two enumerators, with one the head enumerator (supervisor). They received one week of training to fine-tune their skill in enumeration with the questionnaire and as supervisors. The training covered:

- World Bank's Computer Assisted Personal Interviewing system (CAPI) and use of a digital tablet to conduct the survey;
- field test 1, carried out in surrounding areas of Rawalpindi and Islamabad to review the performance of the enumerators, along with the validity of questionnaire; and
- field test 2, carried out after incorporating suggestions on the adaptation of questionnaire and after improving the skill of the enumerators and supervisors.

3.2 Socio-economic characteristics of the sampled migrants

The average age of the survey respondents was 29.2 years (table 5), indicating the heavy participation of young people in overseas employment. Around 58 per cent of the respondents were married; the 58 per cent not married indicates that many people do migrate before marriage. Because the survey focused on low-skilled migrants, it is not surprising that their education attainment was low. The majority of the respondents were either illiterate or had only a primary school education. The respondents supported, on average, around eight persons on a regular basis, indicating a high dependency ratio.

Table 5. Socio-economic characteristics of the survey respondents

Indicator	Value (%)
Average age of migrant (years)	29.2
Marital status (%)	
Unmarried	41.9
Married	58.1
Education status (%)	
No education	10.5
Primary education	33.1
Secondary education	46.5
Tertiary education	10.0
Average number of dependants	8.0

Source: Pakistan survey data, 2015.



4. Migration cost findings

This section presents the Pakistan survey findings on migration costs. Table 6 shows that the average investment made by the surveyed Pakistani workers to find a job and start work in Saudi Arabia or the United Arab Emirates was \$3,489. The average cost of the migration journey to Saudi Arabia, at \$4,290, was considerably higher than the average cost to go to the United Arab Emirates, at \$2,358.

An important explanation for this difference is the relatively much higher cost of living in the United Arab Emirates, especially in Dubai and Abu Dhabi, compared with Saudi Arabia—thus making Saudi Arabia a more popular destination. The high cost of living cuts into the migrant workers' income, reducing how much they can save or send home. Another reason that Pakistani workers prefer Saudi Arabia is the long-term prospect for finding employment once their current contract runs out, which is greater than in other GCC countries, given the size of the economy and the amount of oil revenues it generates (although with the current decrease in oil prices, this might change).

By district, the survey analysis found that the average cost of migration was highest among workers migrating from Mardan (at \$4,548) and lowest among workers originating from Gujranwala (at \$2,640). By country of destination and district of origin, the average cost to migrate to Saudi Arabia was highest among migrants from Mardan (at \$4,904) and lowest among migrants from Rawalpindi (at \$3,442). For employment in the United Arab Emirates, the average migration cost was highest among migrants from Rawalpindi (at \$2,982) and lowest among workers from Gujrat (\$1,863).

Table 6. Average migration cost (\$)

Area	All sample(\$)	Saudi Arabia (\$)	United Arab Emirates (\$)
Pakistan average	3 489	4 290	2 358
District			
Rawalpindi	3 238	3 442	2 982
Mardan	4 548	4 904	2 590
Charsada	3 302	3 858	2 432
Sialkot	3 995	4 663	2 853
Gujrat	3 365	4 464	1 863
Gujranwala	2 640	4 278	1 896

Source: Pakistan survey data, 2015.

4.1 Migration cost, by component

The total migration cost is divided into 13 components: visa fee, agent's fee, transport (domestic and international), contribution to Workers Welfare Fund, passport fee, medical test fee, contract fee, insurance premium, briefing fee, clearance fee, exit fee and other costs. Looking at the components of the migration cost helps to formulate policies addressing specific issues.

The survey findings show that the visa fee was the major cost component for the surveyed low-skilled migrants, constituting more than 80 per cent of their total investment (table 7). Workers reported paying, on average, \$3,494 for the work visa for Saudi Arabia (which was 81 per cent of their total expenses) and \$1,818 for the United Arab Emirates work visa (which was 77 per cent of the total expenses).

An important question that this finding begs to be addressed is why such high fees are paid for obtaining a visa. Chapter 5 discusses this in more detail, given the large differential in the visa costs among districts as well as within districts (see the Appendix, table A5). It is clear from these findings that a highly segmented and exploitive market for visas operates in Pakistan. What this survey has tried to do is unravel the nature and functioning of this visa market and what explains the wide range of costs that migrants pay to obtain their visa. Does the visa fee differ depending through whom it is procured, such as an overseas employment promoter or through a relative or friend? Do migrants going abroad for the first time pay a higher fee than people who have worked abroad before? Although the questions asked in the survey cannot provide clear-cut answers to these and other related questions, they can help provide preliminary policy directions for ensuring a fair market and a justifiable price for visas as well as directions that future research must take to help establish such a market.

Table 7. Migration cost estimates, by component

Components	Cost (\$)*			Cost as % share of total		
	All sample	Saudi Arabia	United Arab Emirates	All sample	Saudi Arabia	United Arab Emirates
Visa fee	2 823.6	3 493.8	1 818.4	80.9	81.4	77.1
Agent's fee	271.3	342.5	164.1	7.8	8.0	7.0
International transport	249.4	248.2	251.1	7.1	5.8	10.6
Inland transport	60.7	73.9	41.1	1.7	1.7	1.7
Passport fee	46.2	48.3	43.1	1.3	1.1	1.8
Medical test fee	45.5	60.0	23.9	1.3	1.4	1.0
Contract fee	30.8	27.5	35.8	0.9	0.6	1.5
Others	30.7	33.1	27.1	0.9	0.8	1.1
Insurance premium	10.9	10.9	11.0	0.3	0.3	0.5
Briefing fee	6.6	5.4	8.5	0.2	0.1	0.4
Clearance fee	0.9	0.8	1.0	0.0	0.0	0.0
Exit fee	0.9	1.1	0.6	0.0	0.0	0.0
Workers Welfare Fund	0.1	0.1	0.1	0.0	0.0	0.0

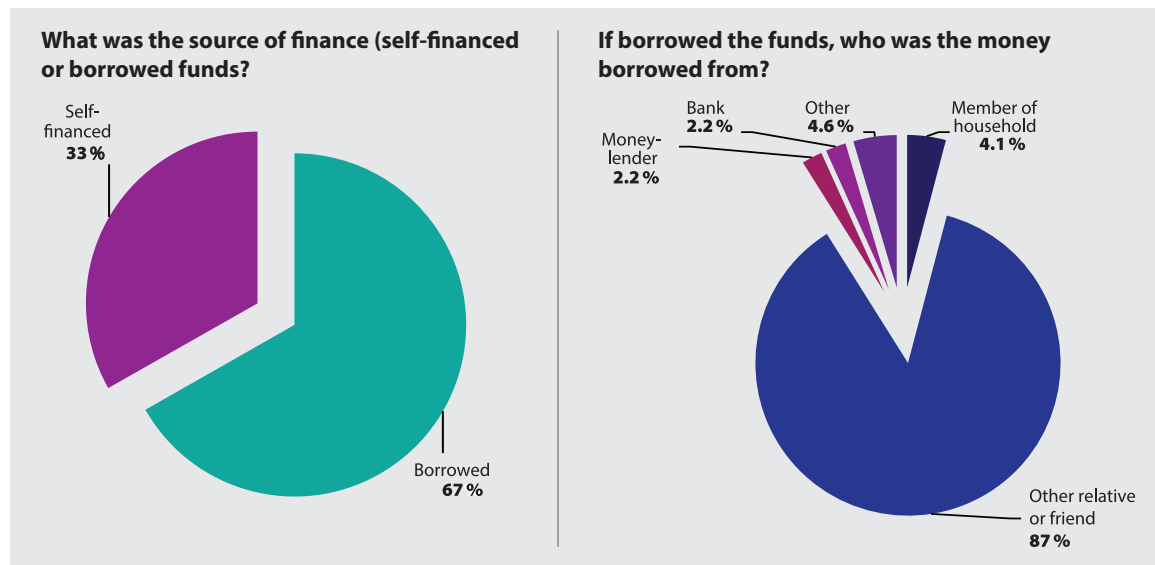
Note: *Sum of all components is slightly different from the total cost reported due to missing values.
Source: Pakistan survey data, 2015.

The second-highest cost for the surveyed migrants was the agent's⁷ fee, at \$271, which constituted nearly 8 per cent of their total migration investment. Workers who went to Saudi Arabia paid \$342 (8 per cent of their total cost) for the agent's fee, while workers going to the United Arab Emirates paid \$164 (7 per cent of their total cost). Even though this component is relatively small, at least compared with the exorbitant visa fee charged, it would be useful to establish reasons for the variation in the agent's fee. Do some agents charge more because they provide more efficient services? Does it depend on whether the visa process is undertaken through an overseas employment promoter or a relative or friend?

The third-highest cost component of the migration investment was the expense of international transport, mainly airfare. The average one-way airfare (between Pakistan and the GCC country) paid was \$249, which accounted for 7 per cent of the total expense. The average airfare (one way) to Saudi Arabia was \$248 (6 per cent of the total cost) and \$251 (one way) to fly to the United Arab Emirates (11 per cent of the total cost). The remaining ten components only constituted around 6 per cent of the total migration investment.

⁷ The questionnaire did not ask about different fees to different types of agents (promoters), so for the purpose of this survey, an agent can be either a subagent or any other actor (non-registered) who helped the worker obtain an employment visa through an individual (already working in a destination country and who bought some visas) or to overseas employment promoters for a fee. Some migrants used the services of one such agent, while others might have used the services of several. In the latter case, the migrant was asked to specify the aggregated amount.

Figure 5. Source of finance to cover the migration journey's expenses



Source: Pakistan survey data, 2015.

According to the survey findings, around 33 per cent of the migrants financed the investment themselves (either using whatever savings they had or sold assets, such as gold, household items, livestock), while 67 per cent borrowed money from different sources to cover the expenses (figure 5). Of those who borrowed money, around 91 per cent either borrowed from household members or other relatives and friends. The survey data revealed that more than 90 per cent of borrowed money was interest free. Only 9 per cent of the respondents paid interest on the money they borrowed.

The various sources involved borrowing from a family member, a friend, other relatives, moneylenders, banks and the overseas employment promoters. Table 8 indicates that the average migration cost was \$2,922 for those who self-financed their migration journey, while it was \$3,790 for those who borrowed money to cover the expenses. However, this difference in cost was not because of interest rate charged on the borrowed money by a bank, relative or friend, but the higher fees charged may be due to the lack of a worker's ability to raise such funding on their own and pay the lump sum amount at one time to buy the visa. Instead, they pay in installments through a verbal deal with relative or friend (who facilitated the employment process and brought a visa from a destination country to sell in Pakistan); they pay a portion in Pakistan and the remainder later, after earning income.⁸ But for this arrangement, they pay more overall. The cost pattern appears to be the same for Saudi Arabia and the United Arab Emirates.

Table 8. Migration cost, by financing source

	All sample (\$)	Saudi Arabia (\$)	United Arab Emirates (\$)
Self-financed	2 922	3 926	1 907
Borrowed money	3 790	4 444	2 679
Source of finance			
Family member	3 799	3 182	4 347
Relative or friend	3 677	4 404	2 400
Moneylender	4 180	4 171	4 244
Bank	5 030	6 421	2 247
Overseas employment promoter	5 038	6 477	2 519

Source: Pakistan survey data, 2015.

⁸ Overseas employment promoters take an advance cheque from migrant worker or someone else who is a guarantor of a migrant worker and on agreed date deposits the cheque.



5. Reasons for the high migration cost

In the previous section, we note that the major share of the migration investment is the visa fee. We argue that this exorbitant cost is primarily meant to pay for so-called services by a number of people who offer “visa assistance”, and this may include even a relative or friend and/or formal as well as informal recruiting agents. Why do migrants pay such a high fee to obtain visa? What factors explain this phenomenon in Pakistan? To answer these questions, we considered the following factors:

- information source for jobs;
- the functioning of the “visa market” in Pakistan;
- previous foreign employment experience; and
- wage wedge.

5.1 Access to jobs and the visa market in Pakistan

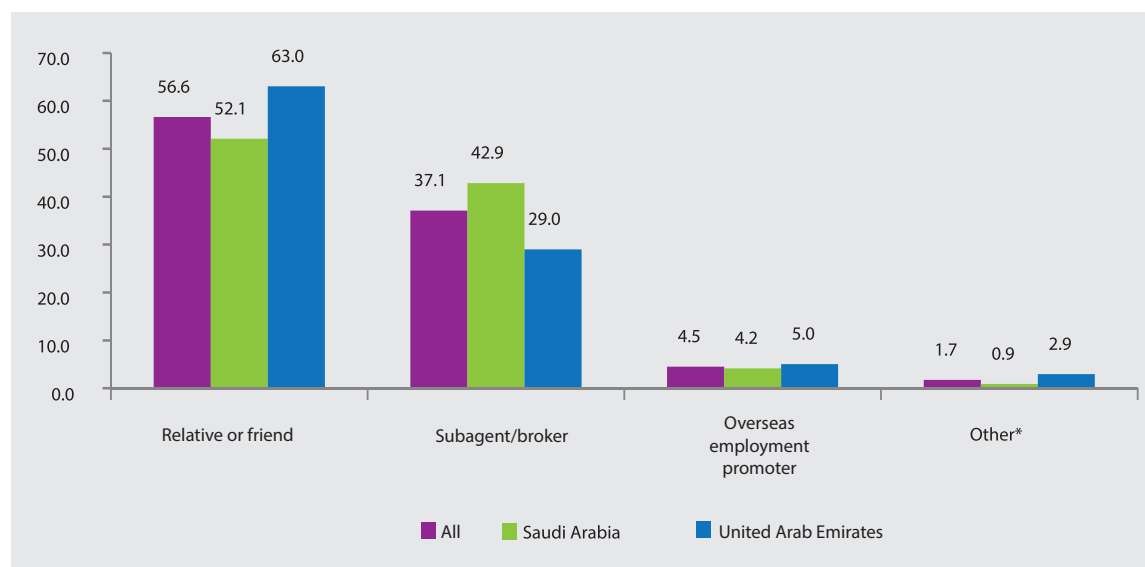
There exists a semi-legal cum semi-illegal market for visas in Pakistan. The price of different types of visas in terms of destination country, duration and skill requirements is fairly well established in this market and generally well known to prospective migrants. The manner, however, in which prospective migrants would tap this market is different, and the amount they eventually pay for the visa may, to some extent, be influenced by the means or the source they employ for obtaining that visa. In short, the governments of the United Arab Emirates and Saudi Arabia give some employers – based on projected demands of workers – permission to bring in a specific number of workers for a given project. With this permission, the government also issues work permits and visas. The visa trading occurs if and when the employer decides to sell these permits and visas in an informal market. The buyer can be anyone who has access to workers and links with the employer or agent in a destination country, for example, a buyer can be a registered overseas employment promoter or an unregistered subagent in Pakistan or a Pakistani migrant worker in the country of destination (who buys it for a friend or a relative).

The second important element of this trading is that sometimes a company has permits for certain occupations but does not need employees for that particular work. Instead, they recruit with those permits but the workers’ arrival in their country they ask them to work in another job or, if not, to go back home. In that type of situation, the workers have to work in an occupation they may not be qualified for or, in most cases, work in job category lower than their qualification.

The survey found that the most common resource for finding a job abroad among the respondent was through a relative or friend, which constituted 56.6 per cent of the surveyed migrants. The second was through a subagent/broker (who are not licensed), which some 37 per cent of the surveyed migrants said they used. The third source was the licensed overseas employment promoters, which was used considerably less, at around 4.5 per cent of the respondents. The results were broadly the same for Saudi Arabia and the United Arab Emirates (figure 6).

The cost of migration varied, depending on how the migrant found the job. The average cost was highest (at \$3,776) when the surveyed migrants obtained the job from an individual subagent/broker. A similar pattern was evident for both Saudi Arabia and the United Arab Emirates. The average cost for the migration journey was \$3,435 when the job was obtained via a relative or friend. The average cost for the migration journey was relatively lower when the job source was a recruitment agency (table 9).

Figure 6. Source of jobs



Note: *Other includes internet, newspaper, the government employment service centre and non-government organizations.
Source: Pakistan survey data, 2015.

Table 9. Source of job and migration cost

Source of job	No. of respondents	% share	Average cost (\$)
All sample			
Relative or friend	325	56.6	3 435
Subagent/broker	213	37.1	3 776
Overseas employment promoter	26	4.5	2 482
Other*	10	1.7	1 735
Saudi Arabia			
Relative or friend	175	52.1	4 491
Subagent/broker	144	42.9	4 237
Overseas employment promoter	14	4.2	2 666
Other*	3	0.9	2 700
United Arab Emirates			
Relative or friend	150	63.0	2 204
Subagent/broker	69	29.0	2 813
Overseas employment promoter	12	5.0	2 268
Other*	7	2.9	1 321

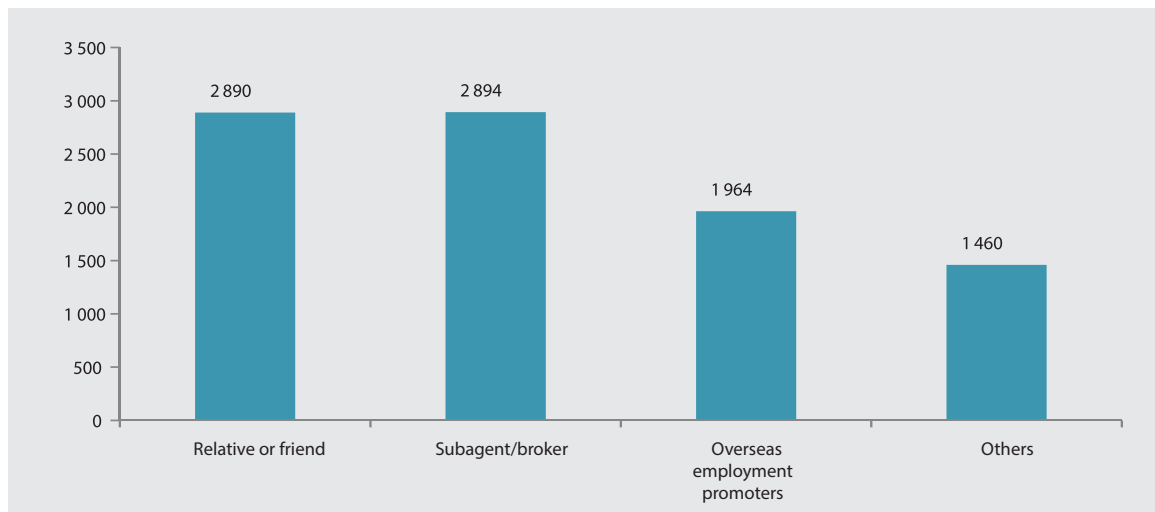
Note: *Other includes internet, newspaper, the government employment service centre and non-government organizations.
Source: Pakistan survey data, 2015.

These findings provide some insights into Pakistan's visa market, which can be divided into two categories. The first in which there is easier access but at a higher cost comprises subagents/brokers, while the second category is relatives and friends. This part of the market is weighed more in favour of higher rent and hence the share of the illegal costs incurred. It is interesting to find that the difference between these two sources is not very different: a

relative or friend also charges approximately the same price as subagents/brokers. In both cases, it is not possible to estimate how much they keep of the fee for themselves and how much they have to pay to others involved in the chain to obtain the visa, both within Pakistan and the destination country. Using a registered overseas employment promoter is the cheapest option.

Why do migrants prefer to use a relative or friend or a subagent/broker rather than the formal and officially recognized overseas employment promoter? It might be owing to several reasons, including easy access to obtain a visa through a relative or friend and a relatively higher level of trust with a relative or friend than other agents. Figure 7 indicates that the visa fee was high among the surveyed migrants when assisted by a relative or friend, compared with the fee charged when the migrants used an overseas employment promoter.⁹ Also, despite the exorbitant price, it is easier to trust a relative or friend who is working abroad and there is also easier access to them. Obtaining a visa through a subagent/broker may also be more accessible because they function in the visa market, and to be a recognized player in this market, they must have built up a reputation because they deliver and hence can be trusted. It is also likely that because the overseas employment promoters are centred in the big cities (table 11), it is difficult for prospective migrants in more rural areas to access their services without first having to go through an (irregular) subagent/broker.

Figure 7. Visa fee and source of the job (\$)



Note: *Other includes internet, newspaper, government employment service centre and non-government organizations.
Source: Pakistan survey data, 2015.

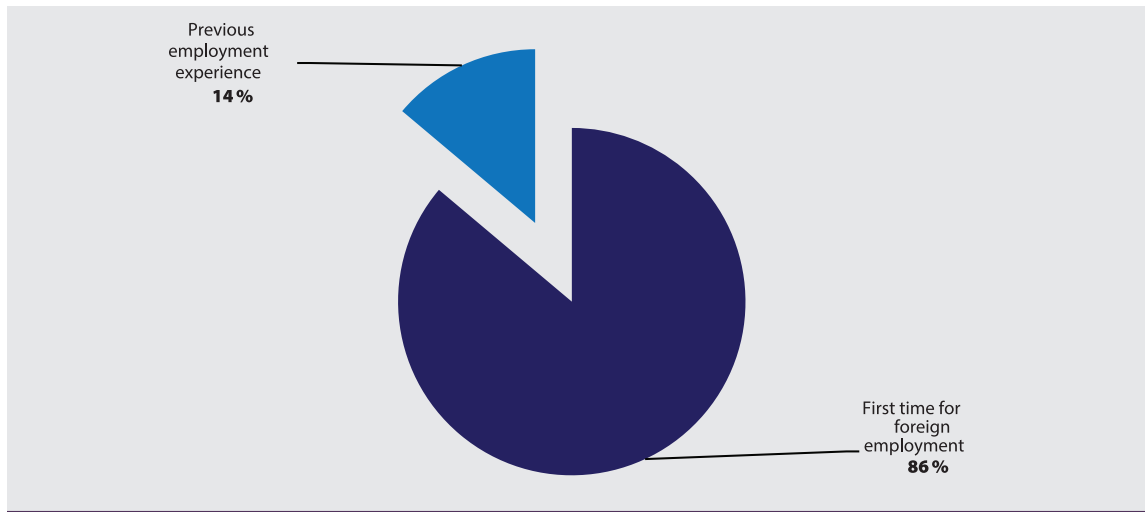
It is also pertinent to mention that in the case of Saudi Arabia, no matter what is the source for an employment visa, the migrant worker has to contact a licensed recruitment agency to apply for the visa at the Saudi embassy in Pakistan. This adds an additional cost to the services of a licensed overseas employment promoter.

5.2. Previous foreign employment experience

As shown in figure 8, around 86 per cent of the survey respondents had no foreign employment experience before the job abroad they were surveyed about (either the one they had just finished or were on vacation from). The remaining 14 per cent of respondents had worked abroad previously.

⁹ See annex I, table A4 for detailed analysis of the components cost and source of job.

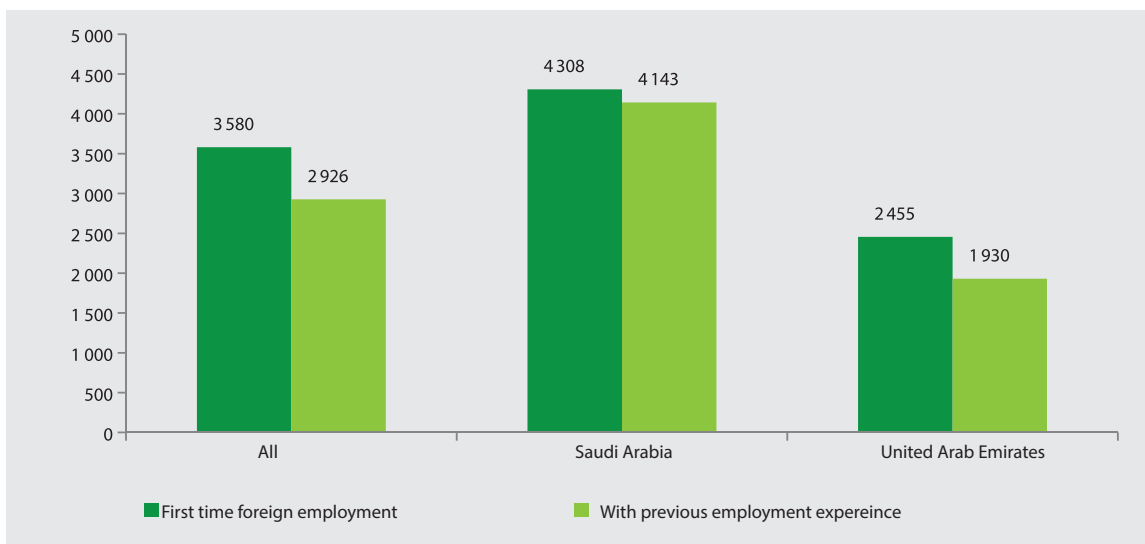
Figure 8. Proportion of migrants with foreign employment experience before current job



Source: Pakistan survey data, 2015.

The survey found that the average cost for the migration journey was lowest among migrants who had previously worked abroad. The average cost was \$3,580 among respondents for whom the current overseas experience was their first, while it was \$2,926 among workers who had gone abroad previously. A similar pattern emerged for workers going to Saudi Arabia and to the United Arab Emirates (figure 9). The obvious reason is that experienced migrants are familiar with the required procedure and thus in a relatively better position to manage all activities. Some migrants are going back to a previous employer or have found a new job on their own when abroad for previous employment and thus can avoid paying, for example, an inflated visa fee and agent's fee.

Figure 9. Cost to migrate, by first-time migrants and migrants with previous foreign employment experience



Source: Pakistan survey data, 2015.

5.3 Wage wedge and re-payment of migration cost in terms of earnings abroad

Table 10 displays a comparison of the monthly earnings of the surveyed migrants before migration and during their time abroad. The average earnings from the overseas employment indicates it took workers, on average, almost eight months to break even—to recoup what they had paid to migrate for the job. By country, it took around nine months in Saudi Arabia and around six months in the United Arab Emirates to recoup their investment. Even though the average earnings was less for the United Arab Emirates, the average investment to go to the more popular Saudi Arabia meant that migrants who went there took longer to recoup that expense.

Average monthly earnings before migration was \$135 in Pakistan; by district, it was highest in Gujranwala (\$162) and lowest in Mardan (\$79). The average earnings abroad was \$443; for jobs in Saudi Arabia it was \$480 and in the United Arab Emirates it was \$387.

Table 10. Monthly earnings before migration and earnings abroad

Region	Earnings before migration in Pakistan (\$)	Earnings abroad (\$)		
		All sample	Saudi Arabia	United Arab Emirates
Rawalpindi	161	586	572	604
Mardan	79	472	497	333
Charsada	135	360	384	322
Sailkot	161	410	463	307
Gujrat	125	399	428	359
Gujranwala	162	421	576	342
Pakistan	135	443	480	387

Source: Pakistan survey data, 2015.

The wage differential helps explain why workers pay the high migration costs (Abella et al., 2015). The wage differential induces people to migrate for foreign employment: the higher the wage differential, the higher is the incentive to migrate. The wage differential is the difference between what could have been earned at home before migration and what can be earned in a destination country. Migrants optimize their income, savings and investment strategies according to employment options and possibilities in both the home and host countries. However, the wage differential between earnings at home and in destination countries is positively related to the migration costs (Abella et al., 2015).

Based on what the respondents reported in the survey, the average wage differential was \$367, ranging from a negative \$149 to \$3,060.¹⁰

To investigate that relationship between wage differential and migration cost, we conducted quintile analysis. The wage differential was divided into ten quintiles, ranging from 10 per cent to 100 per cent. This quintile analysis led to an average wage differential ranging from \$9 to \$888 (table 11).

¹⁰ The negative lower figure means either that some workers actually earned a lower wage abroad than at home or possibly data error (or the question was misunderstood), or both.

Table 11. Quintile analysis on wage differentials

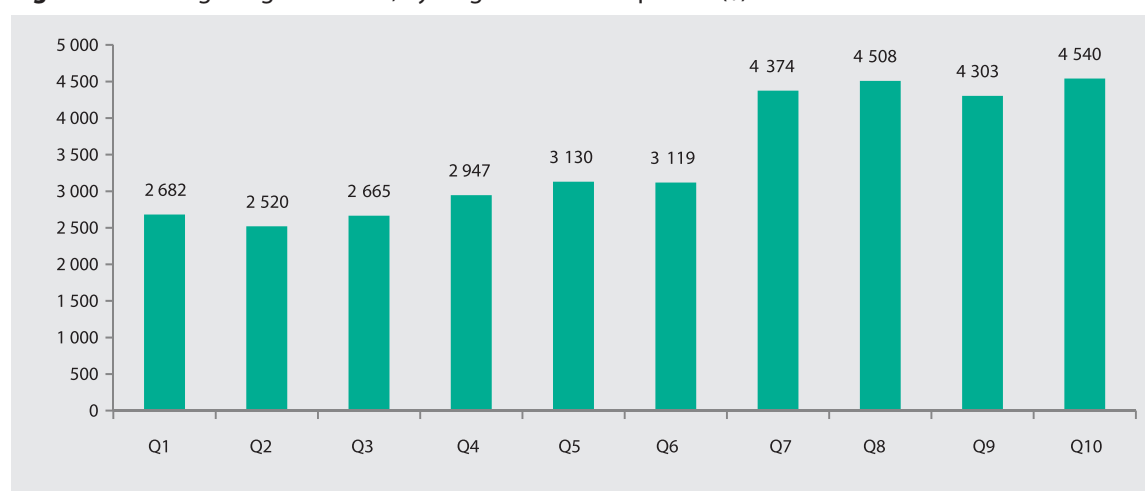
Quintile	Observations	Mean	Minimum	Maximum
Q1	62	9	-149	82
Q2	61	111	82	140
Q3	63	160	141	177
Q4	62	196	177	215
Q5	59	242	218	267
Q6	62	307	269	341
Q7	61	390	343	433
Q8	62	471	435	512
Q9	61	579	514	654
Q10	61	888	660	3 060
Total	614	334	-149	3 060

Source: Pakistan survey data, 2015.

As illustrated in figure 10, as the wage differential increased, the migration cost increased.

A similar pattern was observed among migrants who went to Saudi Arabia, but there was no consistent pattern for the United Arab Emirates (table 12). However, even in the case of the United Arab Emirates, the average cost for the higher quintile groups (Q7 to Q10) was greater than for the smaller groups (Q1 to Q6). It appears that wage differences influence acceptance of the high cost of migration—the bigger the difference, the bigger is the incentive to migrate, even if the cost for getting there is high.

Figure 10. Average migration cost, by wage differential quintile (\$)



Source: Pakistan survey data, 2015.

Table 12. Average migration cost, by wage differential quintile

Quintile	All sample (\$)	Saudi Arabia (\$)	United Arab Emirates (\$)
Q1	2 682	3 423	2 188
Q2	2 520	3 367	1 892
Q3	2 665	3 572	1 791
Q4	2 947	3 781	2 113
Q5	3 130	3 739	2 204
Q6	3 119	3 787	2 090
Q7	4 374	4 917	3 260
Q8	4 508	4 913	3 421
Q9	4 303	4 874	3 066
Q10	4 540	5 195	2 859

Source: Pakistan survey data, 2015.



6. Determinants of cost: Multivariate analysis

As the previous section explains, the source of a job, previous experience of overseas employment and the wage differential help explain why migrants paid whatever it cost to migrate. To further probe the role of these factors and other socio-demographic variables, we conducted multivariate analysis. The dependent variable was the total cost after adjusting for reimbursement of some fees, such as the medical fee, visa fee and international transport fee.

Table 13 reflects the impact of various socio-economic and demographic factors on the migration cost. The age of the migrant had a significant negative impact on the cost of migration, implying that more experienced low-skilled workers paid less than young low-skilled workers. The analysis revealed that education does not have a significant influence on the cost among low-skilled workers, at least in this survey sample. These results make sense because low-skilled migrants primarily have low levels of education or skills.

Marital status in the survey findings had considerable influence because marriage had a positive impact on the cost, implying that a married low-skilled worker was more eager to obtain a job, even if the investment to obtain that job was high because of the need to support a family.

The source to find a job also turned out to be a significant determinant of the cost of migration among the low-skilled respondents. The reference category for this variable was relatives and friends. The cost of migration was higher when the source to find a job was a subagent/broker rather than the reference category of relative or friend. When the source to find a job was a licensed overseas employment promoter, it negatively related to the cost of migration, or rather, formal sources of information helped to reduce the cost of migration.

Exploitation occurs by the informal visa providers, such as relatives or friends as well as subagents/brokers. The role of employer is important in determining the cost of migration. The survey found that when an employer paid for some of the migration expenses, it had a negative and significant impact on the overall cost of migration—the overall cost was less than when migrants had to cover all the expenses themselves.

Last, the survey also found that the wage wedge had a positive and significant impact on the migration cost, implying that the bigger the wage differential, the higher the migration cost.

Table 13. Multivariate analysis on determinants of cost

Variables	(1)	(2)	(3)
Age (years)	-0.006 (0.01)	-0.006 (0.01)	-0.008 (0.00)*
Education (no education as a base category)			
Primary education	0.115 (0.10)	0.064 (0.09)	0.071 (0.09)
Secondary education	0.054 (0.09)	0.035 (0.09)	-0.022 (0.09)
Tertiary education	0.098 (0.12)	0.089 (0.11)	-0.032 (0.11)
Married (1 if married, otherwise 0)	0.242 (0.07)***	0.222 (0.06)***	0.193 (0.06)***
First visit (1 if first time job, otherwise 0)	0.343 (0.08)***	0.315 (0.08)***	0.321 (0.08)***
Unemployed (1 if unemployed, otherwise 0)	0.012 (0.07)	-0.005 (0.07)	-0.114 (0.07)*
Information source about a job (relative or friend as a base category)			
Subagent/broker		0.113 (0.05)**	0.099 (0.05)*
Overseas employment promoter		-0.209 (0.12)*	-0.186 (0.12)
Other		-0.608 (0.20)***	-0.656 (0.20)***
Employer paid (1 if yes, otherwise 0)		-1.247 (0.15)***	-1.285 (0.15)***
Low wage differential			0.246 (0.03)***
Constant	7.619 (0.21)***	7.701 (0.19)***	6.475 (0.25)***
Observations	564	564	544
R-squared	0.053	0.189	0.269

Note: Standard errors in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Source: Authors' calculation.



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7. Remittances

The migrant cost survey asked one question about remittance income: During the last year you worked in the country (Saudi Arabia or United Arab Emirates), how much money, on average, did you send home to your family per month? As shown in table 14, the average monthly amount of money remitted home by the respondents was \$278. The amount remitted varied across districts. The remittance flow was highest among respondents from Gujranwala District (at \$388) and lowest among respondents from Charsada District (at \$158). A similar pattern emerged across Saudi Arabia and the United Arab Emirates.¹¹

Table 14. Average monthly income remitted home (monthly \$)

Regions	All sample (\$)	Saudi Arabia (\$)	United Arab Emirates (\$)
Pakistan	278	261	304
District			
Rawalpindi	336	329	345
Mardan	213	214	207
Charsada	158	169	143
Sailkot	242	261	197
Gujrat	332	294	390
Gujranwala	388	370	397

Source: Pakistan survey data, 2015.

To further probe the dynamics of remittances, we analysed the pattern of remittances based on socio-economic characteristics of the surveyed migrant workers. As shown in table 15, the average amount remitted each month was larger among the married respondents than the unmarried migrants. The obvious reason would be the level of responsibility, which is greater for married than unmarried migrant workers. This finding also linked with the level of dependency. The migrant workers with a high level of dependency sent more money than those with a low level of dependency. The survey analysis also found that the amount sent each month by migrant workers with more than six dependants was large, at \$357, compared with fewer than three dependants, at \$244. The amount sent by the respondents was greater among those who self-financed their migration journey than those migrants who borrowed from different sources (see the Appendix, table A2).

We discovered an interesting trend across the different levels of education and remittance flows. The analysis revealed that the low-skilled migrant workers with little or no formal education sent more money to their family than the more educated migrant workers. There are many possible reasons: First, the migrant workers with little or no formal education likely had no interest in saving or establishing a business in the destination country and thus sent as much as they could to their family. Second, migrant workers with little or no formal education may be financially illiterate, hence do not use banking services, like a savings account. Third, the dependency rate was relatively high among the migrant workers with little or no formal education, compared with the more educated respondents. Hence, they had greater pressure to send more money to their family. The survey results show that 63 per cent of the migrant workers with little or no formal education had a high dependency rate (more than six dependants), while only 43 per cent of respondents with a tertiary education had a high dependency rate.

¹¹ In terms of total remittances received (monthly remittances multiplied by total stay), a similar trend was observed (see the appendix, table A1).

Table 15. Socio-economic characteristics and remittances

Indicator	Value
Marital status (%)	
Unmarried	196
Married	403
Education status(%)	
No education	441
Primary education	180
Secondary education	319
Tertiary education	401
Level of dependency (persons supported)	
Low (0–3 persons)	244
Medium (4–6 persons)	238
High (more than 6 persons)	357

Source: Pakistan survey data, 2015.



8. Job search efforts and opportunity costs

Migrant workers bear opportunity costs in many forms, including loss of job at home, change in occupation and job search time. The analysis found that around 81.8 per cent of the surveyed low-skilled migrant workers were employed before they went abroad. Among them, 48 per cent were self-employed while 52 per cent were employed. Around 70 per cent were engaged in elementary occupations.

To quantify the opportunity costs, monthly earnings before each respondent migrated abroad was used. As previously noted, average earnings before the respondents migrated was \$135 (table 10). The average time to connect with an overseas job was six weeks, ranging from less than a month to more than three months. Around 49 per cent of the respondents said it took them a month to find an opportunity abroad. A similar pattern emerged across Saudi Arabia and the United Arab Emirates (table 16). The survey results thus indicate that the opportunity cost to secure a job was more than a \$135. Around 65 per cent of workers said that the search for a job affected their ability to work in their previous job.

Table 16. Time it took to connect with a job opportunity abroad

Time	All sample (%)	Saudi Arabia (%)	United Arab Emirates (%)
Less than a month	13.5	11.4	16.8
1 month	48.9	45.4	54.0
2 months	22.7	26.2	17.6
3 months	9.0	10.5	6.8
More than 3 months	5.8	6.5	4.8

Source: Pakistan survey data, 2015.



9. Working conditions and protection of workers abroad

The working conditions to which migrants are subjected abroad largely determine the overall outcome of their migration experience, including whether it allows them to accumulate savings to remit back to their families in Pakistan—the most important goal (Arif, 2009). This section looks at working conditions abroad for the low-skilled survey respondents. Table 17 reflects workers' experience with their contract and the regularity of receiving their wages.

According to the Emigration Ordinance and its Rules, every individual, whether employed through an overseas employment promoter or directly on their own needs to have a foreign service agreement or contract¹² to process their visa in Pakistan. However, the analysis found that only 41 per cent of the respondents were aware that they had signed their contract before departure from Pakistan, while the rest of the respondents were not aware that they had signed either a foreign service agreement or contract. The ratio remained the same across both destination countries. The analysis also found that among those who signed a contract before their departure, only 60 per cent worked under the same contract after arriving in the destination country, with the same ratio across both countries.

Around 65 per cent of the surveyed migrants were paid regularly. Cross-tabulation analysis revealed that more than 70 per cent of the respondents who signed their contract before departure were paid regularly, and more than 83 per cent who worked under the same contract after arriving in the host country were paid regularly.

These findings have policy implications: They suggest that the signing of a contract that represents the actual work conditions is important for the regular payment of wages. The Government of Pakistan should ensure that migrant workers sign and understand their contract and its terms and conditions, as required by law, before leaving the country.

Table 17. Signing the contract for overseas employment

Contract	All sample (%)	Saudi Arabia (%)	United Arab Emirates (%)
Contract signed before departure: Yes	40.8	40.3	41.6
Worked under same contract: Yes	59.7	58.4	61.5
Paid regularly: Yes	64.5	64.3	64.8
Contract signed and paid regularly: Yes	70.4	71.1	69.2
Worked under same contract and paid regularly: Yes	83.4	80.5	87.5

Source: Pakistan survey data, 2015.

The survey results also suggest that the source of finding a job has a significant relationship with the migrant workers' signing of a contract. Only 26 per cent of the surveyed low-skilled migrant workers who found their job through a relative or friend were aware that they had signed a contract before they left Pakistan, while 55 per cent of respondents who obtained their job through a subagent/broker and 89 per cent who used an overseas employ-

¹² Overseas employment promoters are required to produce the contract on the prescribed form called "foreign service agreement" to the Protector of Emigrants. In the situation of direct employment, the migrant worker is required to submit a contract to the Protector of Emigrants in any format signed by the employer that contains basic information about the employment, such as wages, duration and category.

ment promoter were aware that they had signed a contract before leaving Pakistan. There is a common practice of employers' changing the contract (terms and workplace conditions) when a Pakistani migrant arrives in the destination country, although a new contract does not necessary mean it will differ from what was signed in Pakistan. If workers have only signed a foreign service agreement before leaving Pakistan, the employer may present a contract on their company letterhead for them to sign once they arrive in the destination country, but the terms remain the same. Table 18 shows that the proportion of surveyed low-skilled migrant workers who worked under same contract varied across the source of their job.

The proportion of respondents who worked under the same contract after arriving in either Saudi Arabia or the United Arab Emirates was largest among those who used an overseas employment promoter, followed by those who used a subagent/broker, relative or friend. Two inferences can be derived from these findings: (i) Employment obtained through a relative or friend is considered secure (trustworthy) and therefore there is less pressure to sign a contract before leaving the country or there is more confidence that a new contract upon arrival will be fair or perhaps there is no knowledge about the importance of a contract. (ii) In the case of overseas employment promoters, most of the surveyed migrant workers were aware that they signed their contract before they left and were more reluctant to sign a new contract upon arrival in the destination country.

There were advantages in signing the contract before leaving Pakistan, according to the respondents' experiences: In more cases, they were given employment in jobs for which they had signed the contract. Also, as noted, the respondents were paid regularly if they signed their contract before leaving Pakistan.

Education also has a significant role in contract enforcement. Only 29 per cent of the respondents with little or no formal education signed their contract before they left the country, while around 50 per cent of respondents with a higher or tertiary education signed their contract before departing Pakistan. This indicates that knowledge about the job is important before going abroad and helps ensure that the contract signed remains the one in force after arrival in Saudi Arabia or the United Arab Emirates.

The survey also found that only 26 per cent of the low-skilled respondents had changed their employers while abroad. Among those who had signed a contract before their departure, only 19 per cent had changed their employer (see the appendix, table A3).

Table 18. Source of job, education level and signing of the job contract

Contract	Signed the contract		Worked under same contract	
	Yes	No	Yes	No
Source for overseas job				
Relative or friend	26.5	73.5	56.5	43.5
Subagent/broker	55.1	44.9	60.5	39.5
Overseas employment promoter	89.3	10.7	68.0	32.0
Other*	63.6	36.4	57.1	42.9
Education				
No education	29.2	70.8	36.8	63.2
Primary education	34.2	65.9	52.9	47.1
Secondary education	46.2	53.8	63.2	36.8
Tertiary education	50.0	50.0	74.2	25.8

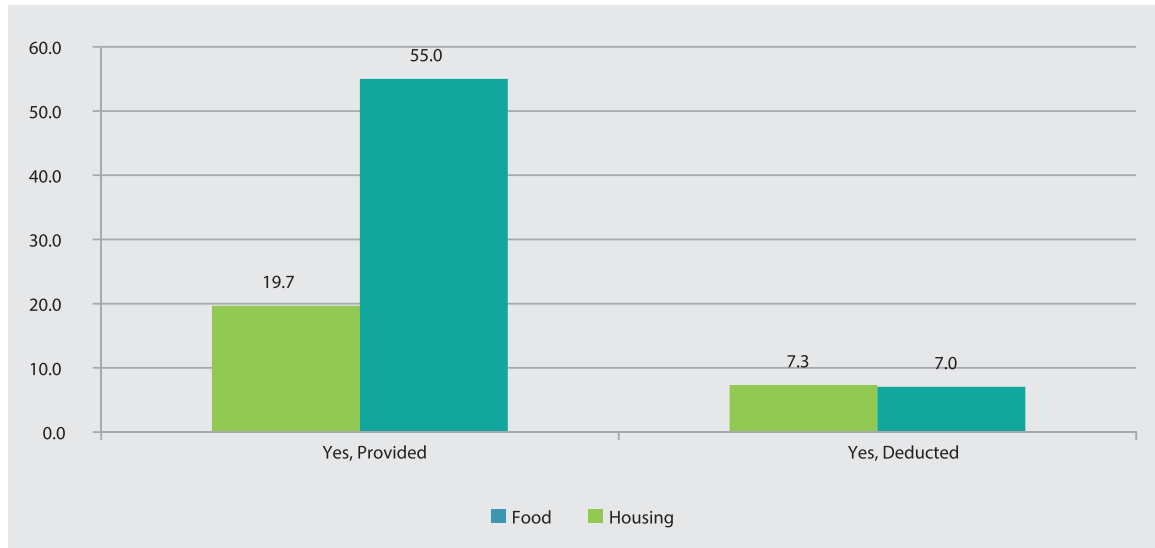
Note: * = Other includes internet, newspaper, the government employment service centre and non-government organizations.

Source: Pakistan survey data, 2015.

The survey also found that few employers reimbursed the respondents for the visa fee and other expenses they had incurred to work for them. Only 3 per cent of the low-skilled migrant workers surveyed said that their employer reimbursed them for the cost of the visa fee. Of them, 21 per cent said that the recruitment fee also was reimbursed; 37 per cent said that their airfare was reimbursed, while 42 per cent mentioned reimbursement of other costs, which was a small proportion of their total investment. The survey results suggest that employers take no responsibility for the expenses required of workers to provide the labour desired – and needed – in the destination country. More than 95 per cent of the respondents said that they were not reimbursed by their employer for any of the costs they incurred to get to that job.

The survey found that employers provided food for free to only 20 per cent of the respondents and free housing to 55 per cent. The majority of the respondents said that there was no deduction from their wages (figure 11). Some 47 per cent of the respondents said they were injured while working abroad or had been sick. Only 25 per cent said that they were paid during the time they did not work due to their injury.

Figure 11. Provision of housing and food (%)



Source: Pakistan survey data, 2015.



10. Concluding remarks: Policy recommendations

The share of low-skilled workers (labourers and farm workers) in the annual placement of Pakistanis in the GCC region remained large, at more than 40 per cent, during the past decade, according to the registration data maintained by the BEOE. These workers are either illiterate or have a low level of education and belong to households with low socio-economic status. Overseas migration has provided them an opportunity to improve their socio-economic status. However, pre-migration modalities, particularly the cost of migration and the limited capacity of migrants' households to finance the migration journey, lead many of them to sell family assets.

Although the cost of migration was estimated in previous studies, this survey is perhaps the first in Pakistan in which the primary focus has been on low-skilled migrants—the most vulnerable because of their low educational qualifications and limited asset base in their home country. They are also the ones who can, if there is a fair system operating, benefit the most in terms of pulling their families out of poverty, sending their children to school and building up their asset base, which will lead to significant and sustained growth of income in the future.

The survey found an alarmingly high cost of migration for low-skilled workers who were able to secure a job in Saudi Arabia or the United Arab Emirates. On average, they spent nearly \$3,500 on fees related to their overseas employment. The survey found a wide margin between Saudi Arabia and the United Arab Emirates in the cost of migration. The average cost to work in Saudi Arabia was almost twice (at \$4,290) the average cost for securing a job in the United Arab Emirates (at \$2,358). It is difficult to pinpoint the reason for this difference or why there is an apparent preference for working in Saudi Arabia. It may be that the working conditions and wages (or the cost of living) are more attractive in Saudi Arabia than in the United Arab Emirates. For example, average earnings is \$480 in Saudi Arabia, compared with \$387 in the United Arab Emirates.

More than 80 per cent of the reported migration cost was spent on the visa fee, going to the subagent/broker or to a relative or friend of the migrant who had helped them secure their job. The visa fee that the surveyed migrants paid to work in Saudi Arabia was much higher than for the United Arab Emirates. High visa fees could be attributed to visa trading. Although Emigration Rule 15-A¹³ authorizes an overseas employment promoter to charge a visa fee, the Ordinance and Rules do not specify any limit of the fee, which varies according to the country, employer, occupation, etc. (beyond the official price of a visa). It is an undocumented fee, however, paid to overseas employment promoters, a subagent/broker (including in a destination country), relative or friend who arranges the visa. Both the promoters and subagents operating abroad seem to be the beneficiary of the high visa charge. It is up to the Protector of Emigrants officers to ask for the receipt of expenses from the overseas employment promoter and thus try to manage the situation. A prospective migrant knows well through different sources how much to pay the agent, friend or relative for securing the visa. Visa trading not only occurs in Pakistan but also destination countries. The visa provider in a destination country sells visas especially to the Pakistanis working there in order to recruit other workers from Pakistan. Although there is no documented evidence, in the interviews for this study migrant workers described the visa market in their destination country.

¹³ Emigration Rule 15-A: Other charges (1) An overseas employment promoter or, as the case may be, the corporation shall be entitled to receive from the [migrant], after selection for employment abroad, actual expenses incurred on air ticketing, medical, work permit, levy, visa and documentation of the [migrant] and issue proper receipt under his own hand and seal duly impressed with revenue stamps of appropriate value.

The central conclusion of this survey is that large benefits associated with the overseas migration of low-skilled workers are eaten up by the visa fee by intermediaries and by those who engage in the selling of visas. How high fees can be reduced and how the market for visas can be regulated need more research.

There are regional- or district-related cost differentials in Pakistan: Migrants from the sampled districts located in Khyber Pakhtunkhwa Province had in general borne a more expensive migration journey than workers from Punjab Province. Fewer job opportunities in Khyber Pakhtunkhwa, compared with Punjab, could be the main reason for the high demand for overseas jobs. This high demand in turn likely raised the migration cost for prospective migrants in Khyber Pakhtunkhwa.

While the visa fee and travel expenses accounted for much of the migration cost, the multivariate analysis also found that demographic factors, such as the age of the migrant at the time of migration and their marital status, had important association with the cost of migration. Their experience (age) was negatively associated with the cost, while it was positive for those who were married. The information source for an overseas job also had heavy influence on the cost of migration – the cost was likely to be higher when the source was a subagent/broker rather than a relative or friend. However, the use of a formal source, such as an overseas employment promoter, had a negative association with the cost of migration (lowering the cost). The analysis also found that the bigger the wage differential, the more the migration journey cost.

Pakistan has developed institutions overtime to regulate the process for migrating for overseas employment. There are strict penalties in place to discourage overcharging of the visa fee. If the system worked honestly and well, then in theory there should have been a small gap between the official fee and the actual visa fee paid by respondents in the survey. Or to put it differently, if the institutions had functioned the way they were meant to, the transaction costs would have been zero or near zero. Of course, visa trading takes place in the destination country, beyond the jurisdiction of the Government of Pakistan to control or regulate.

Pakistani officials need to engage with employers in the destination countries to control the visa fee. Not only is there a wide difference in the official and actual costs but there is wide variation in the costs paid across regions or districts, depending on whether employment is secured through a relative or friend, through an overseas employment promoters or subagent/broker.

To complicate issues further, there was a wide range in what different migrants paid for each component of the overall cost. The basic conclusion to be drawn from the survey results is that while the driving force behind the high cost to migrate is the wage wedge (the difference in earnings at home compared with earnings abroad), what each migrant pays for the migration journey depends on their particular circumstances. This means that the system in place to regulate the migration process is hardly working. Even where it does, it is rare, and in most cases, it functions in an arbitrary and discriminatory manner. The transaction costs are not only high due to the weak functioning of the institutions mandated to oversee the process, but there are multiple equilibriums in the visa market, depending upon a migrant's bargaining position and strength. This conclusion points to the enormous challenges that any reform process to improve the system faces.

Policy recommendations

In their paper analysing the results of this survey on Pakistan and those of the other studies (in the labour-receiving countries of the Republic of Korea, Kuwait and Spain and in the labour-sending countries of Ethiopia, India and the Philippines), Abella, Martin and Yi (2015) noted, “With technology and government cooperation continuing to reduce remittance costs, recruitment is the new frontier to lower migration costs and increase the pay-off for labour migration.” With the cost for low-skilled migration out of Pakistan among the highest in the countries covered in this series of studies, the real challenge is to suggest policy recommendations that will help realize this objective.

Drawing on the survey results and our analysis of the visa market in Pakistan, the important conclusion that we have reached is that improving the system does not require more rules and regulations or a greater role of the Government or stricter and higher penalties. What is needed is to put in place measures that will help the existing institutions function better. The thrust of our recommendations therefore are based on three axes: (i) curtail the arbitrary powers of the government-run and government-controlled institutions; (ii) strengthen the contribution of players in the visa market, primarily the overseas employment promoters, to make them efficient and responsible; and (iii) empower the prospective migrants by providing information on what is to be paid officially and provide migrants with avenues where they can complain and get a fair and just hearing.

There is clearly, however, need for making foreign employers cover some of the fees and expenses, such as the visa fee and airfare. Such measures require concerted joint action by labour-sending countries, with assistance from international agencies, such as the ILO.

The policy recommendations at this stage:

- (i) There is need to **review the regulation system of the recruitment industry and enforcement of the Emigration Ordinance**. The overseas employment promoters should submit receipts of all fees that workers pay to the BEOE. This will help the Government to know who paid what to whom.
- (ii) The large **dispersion in migrant costs across districts needs careful study**. It is possible that these costs may reflect the efficiency, effectiveness, honesty and transparency with which the Protector of Emigrants Office functions in those districts. There may also be procedural and other factors that are handled better by some offices than others, and lessons from these could be shared and implemented in those districts where the costs are much higher.
- (iii) There are unofficial and illegal subagents/brokers who are working as intermediaries between the migrant and the overseas employment promoters, and some of these may well be working for the overseas employment promoters. It is important to **analyse in more detail what tasks they are performing and determine ways in which migrants could perform these tasks**. One important finding of this survey is that repeat migrants (leaving for a second time for employment abroad) pay much less for their migration journey. This must relate to knowledge on how to fulfil different procedures without assistance as well as in negotiating to pay lower fees.
- (iv) With almost a million workers leaving annually for the GCC region (more than the total number of workers finding employment at home), of which a sizable proportion are likely first-time migrants, there is a need to **develop a campaign for providing information on the fair costs and procedures involved in seeking employment abroad**. Indeed, this should be part of the school curriculum. Given the low education levels of unskilled workers, the Overseas Pakistanis Foundation can run advertisements in print and electronic media on how prospective job seekers for employment abroad can gain visas at fair and affordable prices.
- (v) **The functioning and powers of the BEOE in giving out new licenses to overseas employment promoters and regulating their work needs to be closely reviewed**. The BEOE has enormous powers currently, which it can use to cancel licenses as well as impose a fine and even instigate criminal charges against overseas employment promoters. Such powers can be misused or used to extort money from the overseas employment promoters. This could help reduce migrations costs in terms of the visa fee charged by the overseas employment promoters because they would not be paying government functionaries for doing what should be their routine work.
- (vi) There is a **need to improve and strengthen the complaints handling mechanism**. The BEOE capacity, both in human and technical resources, is not sufficient to receive, investigate cases and record decisions in a way to analyse. At the same time, there should be an independent body (headed by a former judge of the High Court) that should listen to complaints by the BEOE, migrants or prospective migrant workers (of fraud or other abuses, including exorbitant fees charged by overseas employment promoters).
- (vii) There is a need to **study in greater depth the functioning of the visa market in Pakistan**. While the primary purpose of this survey was to look at what low-skilled migrants paid to migrate abroad, a subsequent study should analyse the functioning of overseas employment promoters and other players and the role they have in the visa market in Pakistan and in destination countries.



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Appendix

Additional data

Table A1. Total average remittances (\$); calculated by monthly remittances multiplied by total stay

Regions	All sample (\$)	Saudi Arabia (\$)	United Arab Emirates (\$)
Pakistan	7 656	7 548	7 823
District			
Rawalpindi	9 079	9 139	9 003
Mardan	6 015	6 145	5 239
Charsada	4 124	5 099	2 745
Sailkot	6 715	7 697	4 385
Gujrat	8 935	8 500	9 598
Gujranwala	11 222	10 877	11 395

Source: Pakistan survey data, 2015.

Table A2. Average remittances and different financing sources

Source	Amount (\$) per month
Self-financed	355
Borrow money	237
Source of finance	
Family member	305
Relative or friend	236
Moneylender	197
Bank	263
Subagent/broker	206

Source: Pakistan survey data, 2015.

Table A3. Change of employer and socio-economic characteristics

Indicator	%
Changed employer (yes)	26.3
Employer changes among those who signed a contract	19.4
Education	
No education	24.6
Primary education	25.4
Secondary education	26.4
Tertiary education	30.7

Source: Pakistan survey data, 2015.

Table A4. Source of job and migration cost, by component

	Relative	Subagents/ brokers	Overseas employ- ment promoter	Others	All
Visa fee	2 890.1	2 893.5	1 963.7	1459.9	2823.6
Agent's fee	217.9	366.4	162.8	189.4	271.3
International transport	229.8	298.4	159.9	50.1	249.4
Inland transport	53.4	72.1	46.1	83.3	60.7
Passport fee	47.7	45.5	38.6	35.2	46.2
Medical fee	40.3	54.3	46.2	23.0	45.5
Contract fee	26.4	41.4	6.7	6.0	30.8
Others	32.8	29.4	14.8	28.9	30.7
Insurance premium	8.3	14.8	14.5	2.2	10.9
Briefing fee	5.1	5.8	32.6	6.0	6.6
Clearance fee	0.4	1.7	0.0	0.0	0.9
Exit fee	1.0	0.8	0.0	0.0	0.9
Workers Welfare Fund	0.2	0.0	0.0	0.0	0.1

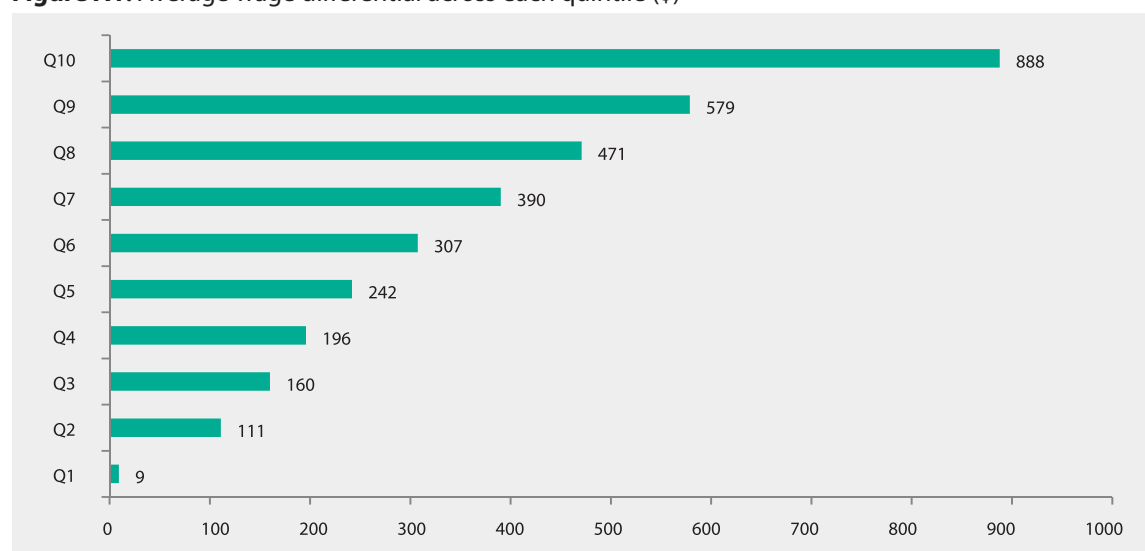
Source: Pakistan survey data, 2015.

Table A5. Migration cost, by district

Districts	No.	Mean	Median	Minimum	Maximum	Standard deviation	CV
Full sample							
Rawalpindi	106	3 238	2 920	833	12 489	1 631	0.50
Mardan	91	4 548	4 332	853	9 178	1 870	0.41
Charsada	100	3 302	2 898	180	8 646	1 719	0.52
Sailkot	83	3 763	3 551	612	8 416	1 936	0.51
Gujrat	97	3 365	2 730	110	8 736	2 145	0.64
Gujranwala	96	2 640	2 024	122	6 948	1 701	0.64
All	573	3 454	2 944	110	12 489	1 916	0.55
Saudi Arabia							
Rawalpindi	59	3 442	2 967	833	12 489	1 798	0.52
Mardan	77	4 904	5 161	2 120	9 178	1 760	0.36
Charsada	61	3 858	3 402	819	8 646	1 598	0.41
Sailkot	53	4 663	4 822	794	8 416	1 755	0.38
Gujrat	56	4 464	4 162	733	8 736	2 064	0.46
Gujranwala	30	4 278	4 713	135	6 948	1 841	0.43
All	336	4 290	3 949	135	12 489	1 862	0.43
United Arab Emirates							
Rawalpindi	47	2 982	2 724	930	7 990	1 371	0.46
Mardan	14	2 590	2 233	853	4 965	1 108	0.43
Charsada	39	2 432	2 047	180	8 352	1 548	0.64
Sailkot	30	2 173	2 243	612	3 971	987	0.45
Gujrat	41	1 863	1 698	110	4 455	1 088	0.58
Gujranwala	66	1 896	1 782	122	6 153	958	0.51
All	237	2 270	2 028	110	8 352	1 254	0.55

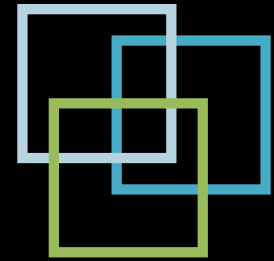
Source: Pakistan survey data, 2015.

Figure A1. Average wage differential across each quintile (\$)



Source: Pakistan survey data, 2015.

The cost of migration: What low-skilled migrant workers from Pakistan pay to work in Saudi Arabia and the United Arab Emirates



This report presents the findings of a survey on migration expenses that Pakistani workers paid for jobs in Saudi Arabia and the United Arab Emirates. The focus is on low-skilled migrants, who are the most vulnerable because of their low educational qualifications and limited asset base. The survey used a standard methodology developed by the World Bank-led Global Knowledge Partnership on Migration and Development initiative, making it possible to compare migration costs across corridors.

The central conclusion is that low-skilled Pakistani migrant workers experience an alarmingly high cost of migration: Survey respondents spent on average nearly \$3,500 to secure a job in Saudi Arabia or the United Arab Emirates. More than 80 per cent of that total amount covered assistance in obtaining the work visa and was paid to the agent, a relative or a friend who also helped the migrants secure their job.

The study reveals that the information source for an overseas job (through either a formal or informal channel) and workers' salary before and after migration greatly impact the amount they pay to go abroad for employment. Demographic factors, such as the age of migrants, their marital status, education level and where in Pakistan they reside, also influence the fees charged.

The report suggests several policy recommendations for reducing migration costs and thus the vulnerability of migrants, which would increase the benefits from international labour migration.

The South Asia Labour Migration Governance project is funded by the European Union.



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