

COST BENEFIT ANALYSIS OF INTERVENTIONS ENSURING BETTER OVERSEAS MIGRATION: FORMALIZING MIGRATION THROUGH UNION DIGITAL CENTRE (UDC) AND SKILL UPGRADATION

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Benefits and costs of improving
Bangladesh's overseas migration



SMARTER SOLUTIONS FOR
BANGLADESH



Formalising Migration through Union Digital Centre (UDC) and Skill Upgradation

Bangladesh Priorities

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Abstract

Despite the benefits acquired from overseas migration, Bangladesh is not fully reaping the potentials due to high costs associated with the informal migration process (which often leads to unsafe migration) and lack of supply of skilled workers. To search for better migration policies, this paper attempts to address these two problems by assessing the benefit cost ratio (BCR) of two interventions, namely *formalising migration process through Union Digital Centres (UDC)* and *skills up-gradation training program*. The paper first conceptualizes both of these interventions and relates the interventions with the current G2G plus initiative between Bangladesh and Malaysia. The results show that both these interventions are economically highly beneficial for the migrant workers and national economy. More precisely, almost 80% savings in migration costs through formal channel and negligible cost of setting up the UDC migration desk lead to BCRs between 4 and 40, with a central estimate of 22.. Whereas the skill upgradation intervention yields BCRs above one in all scenarios under consideration; ranging between 2.5 and 3.5.

Keywords: Formal Migration, Informal Migration, Union Digital Centre (UDC), Skill Upgradation, Bangladesh, Benefit Cost Ratio (BCR), Net Present Value (NPV).

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Acronyms

A2I	Access to Information
BAIRA	Bangladesh Association of International Recruiting Agencies
BBS	Bangladesh Bureau of Statistics
BCR	Benefit-cost Ratio
BHRS	Bangladesh Household Remittances Survey
BMET	Bureau of Manpower, Employment, and Training
CPD	Centre for Policy Dialogue
FDI	Foreign Direct Investment
G2G	Government-to-Government
GNI	Gross National Income
ICT	Information and Communication Technology
ILO	International Labour Organization
IOM	International Organization for Migration
IRR	Internal Rate of Return
KII	Key Informant Interviews
NPV	Net Present Value
NSSTC	Nova Singapore Skill Training Centre
PMO	Prime Minister's Office
PPP	Public-Private Partnership
PPPP	People Public Private Partnership
RMMRU	Refugee and Migratory Movements Research Unit
TVET	Technical and Vocational Education and Training
UDC	Union Digital Centre
UDCMD	Union Digital Center Migration Desk
UNDP	United Nations Development Program
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNESCO	United Nations Educational, Scientific and Cultural Organization

Skill Upgradation*

1. INTRODUCTION

The Bangladesh economy is more integrated with the global market today than ever before. This is largely due to rapid growth in trade, huge outward labour migration, remittance inflows, liberalisation of foreign exchange rate regime, financial sector reforms, and the creation of a favourable environment for foreign direct investment (FDI). The literature suggests a positive (though at varying level) relationship between remittances and growth.¹ Apart from the growth scenarios, it is now a well-known fact that overseas migrant workers' remittances have emerged as one of the most important sources of foreign exchange earnings in developing countries, outweighing combined forces of FDI and foreign aid flows (Migration and Remittances Factbook, The World Bank, 2016). Bangladesh is not outside of this scenario. It is the 8th highest remittance receiving country in the world. (Migration and Remittances Factbook, The World Bank, 2016). Overseas migration thus appears as a cornerstone of Bangladesh's development strategy.

Currently, there are more than 9.4 million Bangladeshis working abroad, and are sending back remittances to the country (BMET, 2015). Over the period of 2001-2015, about 6.52 million people migrated overseas from Bangladesh in search of work in various skill categories and the total remittance inflows to Bangladesh during this time period stood at USD 122.54 billion.² Remittance inflows to Bangladesh have reached USD 15.3 billion in FY2014-15 - an increase of 20 times over a period of two and a half decades (Bangladesh Bank, 2015). Total remitted amount was equivalent to 7.4% of Bangladesh's gross national income (GNI) (Bangladesh Bank, 2015). Migration has become so popular in this country that demography wise 4.9% of the total working age population of Bangladesh are now migrant workers (CPD, 2015). Therefore, available data in Table 1 reveals that overseas migration has become a tool for country's development prospects.

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¹For example, Jongwanich (2007) finds that remittance lift up income and have a significant impact on poverty reduction in developing Asia and Pacific countries, though the impact on growth is marginal. Study by Catrinescu (2006) shows a weak positive effect of remittances on long-term macroeconomic growth. On the other hand, using panel data for 20 Asian countries Vargas-Silva, Jha, & Sugiyarto (2009) found significant positive effect of remittances on GDP growth and remittance tend to decrease the poverty gap.

²Authors' estimates based on Bangladesh Bank data.

Table 1: Number of Bangladeshi workers went for overseas employment

Year	Number of Bangladeshi workers who went for overseas employment
2012	607,798
2013	409,253
2014	425,684
2015	538,667

Source: Bureau of Manpower, Employment, and Training (BMET) and the Refugee and Migratory Movements Research Unit (RMMRU)

Despite the benefits acquired from the overseas migration, Bangladesh is not reaping the full potential of benefits due to high migration cost (which often leads to unsafe³ migration) and lack of skilled workers (RMMRU, 2015; ILO, 2015; SANEM, 2014). One of the reasons for the high migration cost is the informal procedure of migration. Traditionally overseas migration is organized through middleman and through private recruiting agencies in Bangladesh. The predominant use of informal channels increases the cost of migration and leads to damaging and unsafe migration⁴. Regrettably, a large number of aspirant migrant workers become victims of an unethical section of recruiting agencies, operating in collaboration with the so-called dalals (middlemen), and are forced to pay an excessively high price for the visa and migration-related expenditures. The presence and activities of these middlemen, both in the host and beneficiary country, are nontransparent, creating and making use of asymmetric information to distort the market.⁵ Anecdotal information suggests that there are more than 50,000 middlemen currently active in the manpower export sector of Bangladesh. Often the migrant workers 'change hands' several times with attendant cost escalation at each stage.

The average cost of financing migration currently stands at USD 2,600 to USD 3,900, which amounts to three years' worth of income for the average Bangladeshi. It has been revealed that 5.60% of this is an *explicit* transfer to middlemen (informal agents) and recruiting agencies as commissions for facilitating the migration process (ILO, 2013). The rest is spent on airfare, passport, visa, medical certificate, and other expenses. Importantly the ILO study separated visa related costs and middlemen's rents and showed that visa costs, which constitute almost three-quarters of the total

³Migrants who couldn't provide the high migration cost to go overseas but yet to desire to move often take various unsafe measures to leave countries that includes travelling through illegal channels to overseas (e.g., recent boat people in the bay of Bengal).

⁴A new UNHCR report estimates that in the first six months of this year, some 31,000 Rohingya and Bangladeshis departed from the Bay of Bengal on smugglers' boats. This marks a 34-percent increase over the same period last year, and brings to 94,000 the estimated number of people who have risked their lives making the dangerous journey since 2014. Over 1,100 people are estimated to have died in these waters since 2014, including 370 in 2015. <http://www.unhcr.org/55e063359.html>, accessed on March 08, 2016.

⁵ The literature demonstrates that asymmetric information may lead to market inefficiencies and alter the distribution of surplus; see for example, Akerlof (1970), Stiglitz (1981), Cowen (1988), Paolo (2013) among others.

informal migration costs, are mostly a large *implicit* transfer to middlemen. Middlemen's rent is the most significant source of the informal migration costs (see Section 3) Initially, migration agencies used to receive commissions from overseas employers. The expense for the airplane ticket was typically borne by the employer. Now, due to increased international competition and dishonest intermediaries, these charges are borne by the migrant. This has become a major hurdle for international migration and a high source of risk if the migration fails given the poverty level of potential migrant households.

Despite the dominance of exploitative and rent-seeking middlemen⁶ (which often include recruiting agencies) in the temporary migration process, migration of workers remains appealing for a number of reasons. There is general consensus that less skilled and unskilled migrant workers from Bangladesh live in abject conditions in their country of destination. They usually send back the major share of their earnings to support their family at home, and the rest is spent on their own subsistence needs (Afsaret *al.*, 2000). The reason is that they have a high financial stake back home since they paid a substantial amount as a rent-seeking fee. As argued by organisations⁷ advocating safe migration, much can be done to reduce the transaction costs of the migration process in order to enhance the earning potential of migrants. The concerned authority needs to negotiate terms of employment in favor of our migrant workers at abroad (both in terms of access to information and skill upgradation), look after them whilst they are at work, and finally ensure/establish a more cost-effective and eventually more productive way to manage their homeward remittances (RMMRU, 2012). Since 2013, union level (lowest tier of local government) Union Digital Centres (UDC) have provided facilities for migrant workers who wish to go Malaysia under the government-to-government (G2G) agreement between Bangladesh and Malaysia. Therefore, it is interesting to see whether this UDC can be a vehicle for the formalisation of migration.

Apart from high costs and unsafe migration, migrant workers from Bangladesh are predominantly in the less-skilled category. This leaves the workers in a vulnerable position in terms of both net remittance earnings and their bargaining power with employers. Consequently, skill upgradation has become a pertinent issue to address both the overseas and national demand for the skilled workers. Bangladesh is a key supplier of less-skilled workers in the GCC countries and Malaysia. These workers

⁶ Many recruitment agencies exploit workers by charging exorbitant visa fees leading to debt bondage, <http://www.migrationpolicy.org/article/labor-migration-united-arab-emirates-challenges-and-responses>, accessed on March 07, 2016

⁷Such as Refugee and Migratory Movement Research Organisation (RMMRU), Dhaka, Bangladesh.

have substantial demand for a short-term contracts in destination countries because they are willing to accept the wages boost associated with migration. Existing migration trend reveals that there is an asymmetry between labour demand in destination countries and the supply of Bangladeshi workers in terms of skill profiles. To sustain longer employment contracts in the overseas market, Bangladeshi migrant workers must improve their labour productivity. Skills development in line with the international market standard is one such method for increasing the employability of Bangladeshi workers. To improve skill profiles of our overseas migrant workers, the concerned authority should give greater emphasis on increasing the availability of quality skills training programs across the country, by providing a common national benchmark for the naming of the achievements of qualifications.

To address the problems related to better migration, a number of actions need to be taken which include both policy interventions and investing for better migration. As such, in this paper, we will analyse the costs and benefits of two interventions, namely, (a) formalising migration through Union Digital Centre (UDC) (b) Skills upgradation for the migrants in order to move up the skill ladder. In a nutshell, this paper would like to bring up the issue of local level governance related to migration where aspirant migrants will use the Union digital Centre (UDC) for a number of overseas migration related issues. Through the second intervention, this paper aims to reveal the cost and benefits of skill upgradation for Bangladesh in general (net remittance inflow) and for workers (increased wage and bargaining power) in particular.

This research attempts to estimate the costs and benefits of a few doable interventions with a discussion on the associated important factors so that both the public and private sector may take informed policies and investment decisions in this sector. Discussions in the rest of the paper are arranged in four sections; Section 2 briefly discusses the methodological issues which are followed by the cost-benefit analysis of the interventions in Section 3 (on Formalisation through UDC) and Section 4 (on skill upgradation). Section 5 briefly presents associated social benefits of better migration and finally Section 6 concludes with relevant policy implications.

2. METHODOLOGICAL ISSUES

The standard methodology that is widely used in the literature for estimating the net benefits of an intervention is- net present value (NPV), the benefit-cost ratio (BCR) and internal rate of return (IRR).

In this paper, we will use the BCR and IRR to quantify the net benefits of the interventions under consideration.

BCR is a relative measure that is used to evaluate the payoff of any investment. This measure is calculated by dividing total discounted benefits by total discounted costs as shown in (1).

$$BCR = \frac{\left(\sum_{t=0}^T \frac{B_t}{(1+\delta)^t} \right)}{\sum_{t=0}^T \frac{C_t}{(1+\delta)^t}} \quad (1)$$

where, B_t is additional benefits because of the specific intervention in year t ; C_t is the additional costs associated with intervention in year t , and δ is the discount rate. Various discount rates have been applied for checking sensitivity analysis of all results.

The internal rate of return is an alternative measure for evaluating the payoff to investments, which has been widely used in the investment literature. The IRR is the rate at which discounted benefits are equal to the discounted cost of investment. In other words, the IRR is the rate of return that would set Net Present Value (NPV) equals zero, as shown in equation (2).

$$0 = \sum_{t=0}^T \frac{B_t - C_t}{(1 + IRR)^t} + \frac{B_{T+1}}{IRR} \left(\frac{1}{(1 + IRR)^{T+1}} \right) \quad (2)$$

In this study, the benefits have been defined as the increase in income, which might be derived from the low migration costs due to proposed Formalisation of migration through UDC (in the case of first intervention) or due to returns to skills (in the case of second intervention). Whereas the costs are expenses related to that specific intervention only. And, finally, the benefit-cost ratios have been calculated using (1).

For the UDC intervention, the establishment costs (fixed) and yearly running costs of setting up a dedicated migration desk in each of the 4547 UDCs are calculated. As the proxy price of migration under the formal channel, this study considers the migration costs set by the government under the G2G (government-to-government) plus scheme for migration to Malaysia. The migration costs (to Malaysia) through the informal channel are taken from secondary sources and have been considered as the counterfactual costs to calculate the benefit. To be precise, the difference between the costs of migration through formal and informal channels have been considered as the direct benefits from this intervention; i.e.;

Direct benefits from the intervention = Costs of migration through informal channel – Cost of migration through a formal channel.

In other words, reducing costs associated with (informal) migration represent the primary benefit of this intervention. Apart from using secondary information, we have made use of a number of estimates and assumptions (listed in Assumption Set A) to arrive at an estimate of IRR and BCR (see Section 3 for more details). It is noted here that this cost-benefit analysis focuses mainly on the aspirant migrants. However, there are other indirect benefits of formalizing migration which are not considered in the estimation of BCR in this paper, but are worth mentioning here. With the introduction of a formal channel of migration, aspirant migrants will be able to participate in the registration process for overseas migration avoiding high transportation costs, accommodation costs, alongside other contingent liabilities. Additionally, lower migration costs may increase net migration, benefiting more households and increasing remittances. Finally, greater formalization may lead to safer migration with less fraud. We do not consider these other elements, focusing instead on the transaction cost differential as the primary benefit. To the extent that these other benefits are realizable under this intervention, the BCRs here can be considered as a conservative estimate.

For the skills upgradation intervention, we focus again on the net benefits of the prospective migrants. To be precise, the benefit is conceptualized as the difference in salary of the migrants from a similar background but with different level of skills training. The training fees for the skills development course/programme has been taken as the costs of the intervention. We have made extensive use of secondary literature and Key Informant Interviews (KII) to postulate the Assumption Set 2 (see Section 4 for more details) to estimate the BCRs of this intervention.

3. FORMALISATION OF OVERSEAS MIGRATION USING UDC

3.1 Introduction

As mentioned earlier, informal migration process creates both economic and social problems to the aspirant migrants. The nature of the cost of using informal channel is such that a Bangladeshi worker has to spend BDT 200,000 to go to Saudi Arabia (in 2010) and which takes about 2 years to recover the cost (CPD, 2012). With minimal literacy and knowledge about the migration process from visa processing to arrival at the destination country, these rural migrants are frequently exploited by the middleman.

In 2013, the Bureau of Manpower, Employment and Training (BMET)⁸ has empowered UDCs to register overseas job seekers specifically for employment in Malaysia (see annex chart 1 for the process of G2G and use of the UDC). A staggering number of 1.4 million job seekers applied through UDCs in 2013 for employment in Malaysia. The idea of using UDCs was that under the G2G agreement (please see annex 3), the employment process would be more transparent, less costly and emancipate recipients from illegal human traders known as *Adam Beparias* well as exploitative manpower business agencies (Hasanuzzaman, 2013).

In this section, discussion (and analysis) is confined to the intervention related to the use of UDC for the formalisation of the migration process. It is mentioned earlier that the UDC has been first used for migration in the context of the Malaysia G2G initiative. As such, apart from the discussion on UDC modalities, two interlinked concepts are also discussed; government (as in the case of G2G) intervention in the migration market and the understanding of formalisation. At the end of this section, this paper proposes that along with the other service providers, UDCs can be an effective vehicle for overseas migration carried by both government and private recruiting agencies.

3.2 Informal and Formal Migration Process

The path of overseas migration in Bangladesh is not smooth at all, rather it is crippled by the longstanding problem of the informal migration process. A large share of overseas migrant workers are semi-skilled, less-skilled, and unskilled workers. These workers, mostly coming from rural Bangladesh, with little or no education, have little access to concerned government offices and migration related information. Having failed to get the necessary information and services to complete the process of migration, they often take recourse to middlemen who need to be paid significantly in addition to the service fee and the bribe for the government employees (Faroqui, 2015).

The application of informal channel is very prevalent in the temporary migration process. Sometimes informal practices of migration and the involvement of shady agents lead to damaging and unsafe migration. The process can end with huge financial losses of the aspirant migrant including forced trafficking, jail, and death.

While, there is no official definition of informal migration, this study identifies a number of salient features of the current process: lack of transparency, information asymmetry, the presence of middlemen in both the host and beneficiary country, excessive profit-seeking behavior of the

⁸Major government apex body who oversees outgoing migration.

recruiting agency and institutional bottlenecks. Formalisation of migration has been conceptualized in this study as a decentralized and transparent process, particularly in terms of costs breakdown ensuring rational profit margins of market agents (i.e., recruiting agencies), which also removes the asymmetry in information and institutional bottlenecks by providing necessary information and services at local level administrative tier (in our case it is the Union Parishad). The benefits of formalization arise from the cost differential between informal and formal channel.

One final note: although in the subsequent analysis the data and information on formal migration have been taken from the G2G plus initiative which involves the public sector; our definition of formal migration is not confined only to public or PPP migration process but also applicable to private channel migration.

3.3 Is there a case of market failure and government intervention?

Considerably higher incomes in overseas job market has fueled a rise in demand for migration in Bangladesh. The (limited) opportunities in the overseas job market are outstripped by demand, and this higher demand coupled with asymmetric information and institutional bottlenecks may create a market failure in this sector.

We will start our discussion with an example of the cost differential between informal and formal migration process to examine the extent of market distortion and market failure. In Table 2 the costs breakdown of migration through formal (G2G plus) and informal (private) migration to Malaysia have been presented.⁹ Formal migration costs come from the government's official G2G plus agreement with Malaysia. Informal costs come from recruiting agency data (2015) and the IOM (2009). For comparability between three sources of information, several cost categories have been merged.

Several salient facts emerge: Firstly, it can be seen that formal migration cost is about 80% lower compared to that of the informal channel, despite the fact that the cost of informal migration has also come down by 20% from 2009 to 2015. Secondly, a large part of the cost differential comes from the 'visa cost' in which is embedded a significant non-transparent agency fee.

Thirdly, the savings for each migrant if they took the formal channel are USD 1696 when compared to recruiting agency data (2015) or USD 2309 when compared to the IOM (IOM mean adjusted data, 2009). Eighty percent of savings come from the removal of non-transparent visa cost. This visa cost

⁹In this paper, we have used Malaysia as a case study since the formal migration through UDC was first happened for the G2G process.

includes the recruiting agency fees/profit and middlemen's (both home and beneficiary countries) rent. It is also to be noted the even after paying this high cost, safe migration cannot be ensured in many cases. Formalisation will remove or reduce significantly costs and, more importantly, bring greater transparency and certainty in the migration process.

Table 2: Reduction in migration costs under formal migration (G2G plus) and informal Migration
(in USD)

	G2G (formal)	Recruiting Agency (2015) (informal)	IoM (2009) (informal)
Visa Cost (including any Agency charges)	14	1519	1911
Air Fare	363	380	69
Training	13	127	0
Medical/Health test	44	13	0
Miscellaneous fees	35	127	797
Total	468	2165	2777
Savings under G2G		1696	2309
<i>Of which savings due to visa cost (%)</i>		89	82

Source: Authors' calculation based on secondary data.

One of the debates unfolding is whether the government should intervene in the market or not. This debate received attention while the G2G migration started and the government set the price for migration (that includes everything such as visa and air ticketing cost). In this perspective, private recruiting agencies were not happy with the government move whereas others civil society organization such as RMMRU were also not in favour of government intervention. However, McKenzie (2007) reports that countries with different kinds of restrictions on migrants have 5 to 6 percent fewer migrants per capita than countries with similar income, population, and governance levels which do not have these restrictions. In light of this, beneficiary countries should introduce policies or interventions to make the migration procedure more cost-effective and safe. In addition, to this Beam et al. (2013) also showed that there are two types of policy actions that developing country governments generally take to aid international migration: bilateral actions and unilateral actions. At present, the UDCs are operated through the PPP modalities while the current G2G plus agreement is also scheduled to operate through the PPP modalities. The longstanding debate on the role of government and the private sector in streamlining overseas migration process has lost its momentum in many extents with the initiation of UDC. The UDC provides a collaborative platform for both actors to play an interactive role in improving the overseas migration process from Bangladesh.

With the introduction of UDC in the migration process, middlemen will not be required for government services and for many traditional middleman dependent services. The initiation and

implementation of hassle-free, safe, and cost effective migration process can create a lucrative livelihood alternative for rural migrant workers while ensuring that they receive maximum protection both at home and abroad. At this point, it is worth exploring how UDCs are operated and how they can create scope for overseas migration.

3.4 Union Digital Centre (UDC): Vehicle for Formalisation migration

UDC acts as a local service delivery point to provide various government, private, and commercial services at the doorsteps of rural people by reducing people's real time, cost, and hassle. The venture was initiated jointly by the Access to Information (A2I) project housed at the Prime Minister's Office (PMO) and the Local Government Division with the assistance from the United Nations Development Program (UNDP). Empowering rural people through connecting them to information superhighways will decrease digital divide and build a knowledge-based society (A2I, 2012). Under the principles of public-private partnership, two private entrepreneurs operate any specific UDC. Through the UDC rural people can avail various information and the services of multiple provider agencies. It charges prescribed fees for delivery of services ranging from access to government, commercial and local government types. To make the model economically viable and provide additional services in addition to listed services, the government has collaborated with NGOs, financial institutions, and corporate firms (A2I, 2011).

Box 1: UDC at a glance

The UDC collectively represent an important nexus for service delivery decentralization, local government strengthening, and community empowerment. The service basket has grown from a handful in early years to over 50 in 2014 and to nearly 102 in 2015.

- Total number of UDCs: 4547 (Providing 102 public and private services)
- 2 million online registration of prospective migrant workers
- 33.4 million citizens in M-banking
- 2.7 million citizens covered by life insurance

The digital centers were enriched with various need-based modern devices and machineries like computer, laptop, laser and color printer, projector, modem, digital camera, scanner, IPS, UPS and Photostat machine. In the wake of massive expansion of Information and Communication Technology (ICT) based service delivery activities, work of the entrepreneurs has been enhanced

3.4.1 Why and how UDC can be a vehicle for overseas migration

There are several reasons why UDCs could act as the primary vehicle for easing the migration process through formalisation, which will significantly reduce the current high cost of migration under the informal channel. UDCs are an already established decentralized entity with existing infrastructure facilities that have demonstrated a capability to provide government services to millions of Bangladeshis; This implies that the fixed investment for setting up a dedicated migration desk in each UDC and its running costs would be minimal. Furthermore there is already familiarity with UDCs on the part of citizens and the 'learning costs' of working under the new formalized system would be lower than other modalities.

Analyzing and mapping the current service provided by the UDCs with the migration process/requirements, we have identified a number of existing services that can be used by aspirant migrants. This includes government forms download, birth and death registration, employment information, visa processing and visa form printing, photography, job information, English learning of British Council, e-mail and internet browsing, computer training, video conferencing, mobile Banking, etc. Besides this, UDC can oversee the collection procedure of the government fee for going abroad. Since the centre is expected to govern through PPPP scheme, it may also include the private recruiting agencies for providing various services such as ticketing, training and other services. According to ILO (2013), the official process of migration (please see annex 2 for details) to various countries starts with registration and one has to go through 16 steps to complete migration process to reach the host country. Through the UDCs, some of the steps can be curtailed and some of the steps can be done with low costs (such as overseas advertised job, registration, online fill up of passport form, online job search, providing information related to training opportunities). In addition to the reduction of steps and cost minimisation, UDCs would help aspirant migrants to save high transportation and accommodation cost and loss of wage when applying for migration.

3.4.2 UDC and beneficiaries of using their Services: Case study on the G2G and G2G+ with Malaysia

As a part of the bilateral action, the first of its kind in Bangladesh, Bangladesh and Malaysia¹⁰ in 2013 signed an agreement at Government-to-Government (or G2G) level to formalise the migration procedure. UDCs have been first utilized to facilitate migration under the G2G agreement in a very

¹⁰The Malaysian government has pledged to hire five hundred thousand workers from all sectors of Bangladesh within a year, but our ministry has to step up and deliver its end of the bargain (The Daily Star, July 11, 2015, <http://www.thedailystar.net/editorial/govts-failure-send-migrants-under-g2g-110581>).

limited capacity with only two services, namely registering willingness and form download and printing (See Annex 4). The G2G process follows a flow chart (See Annex 3). At first G2G instruction and information is circulated in the media followed by the online registration at the UDC. Aspirant migrants received registration card and ID number from the TTC and they also complete their finger prints and photo from the same centre followed by IOM sponsored medical test. Then the selection committee sent the information to Bureau of Manpower Exporting and Training (BMET) in Dhaka and BMET sent the lists to Malaysia. Then, it is the Malaysian government's decision to allow entering workers matching with their demands. A total of 10,271 Bangladeshi workers were sent to Malaysia since 2013 under the G2G agreement, against the provision of sending fifty thousand workers each year.

As mentioned earlier the reasons for apparent failure of the G2G process are mainly political in nature and non-inclusion of private recruiting agencies. This should not be used as a yardstick to assess the effectiveness of UDCs in the migration process. Evidence suggests that in the first year of the G2G operation (in 2013), more than 1.4 million people have registered their interests to go to Malaysia (via online application through the UDC). This database of more than 1.4 million labor force can be used as a valuable point of reference for the public and private recruiting agencies. Moreover, the selection of workers from each union has been done under a quota system, based on the demographic map. Out of the total registration, Dhaka division scored the highest registration (321,945), followed by Chittagong (139,756), Rajshahi (208,643), Rangpur (234,968), Khulna (233,410) and Barishal (72,298). All registration was through UDCs and it shows the influence of UDC's among the rural people (A2i, GoB). Therefore the use of UDC for overseas migration is not only reflected through the growing number of people (1.4 million) but also the distributional equity for providing scopes for overseas migration for people of the backward or remote regions. This reflected the role of UDCs as local level institutions for ensuring transparency in grassroots governance.

Considering the G2G (in 2013) as a test case for the operationalisation of the UDCs, in near future under G2G Plus scheme (in 2016) the role and effectiveness of UDCs may be extended by providing more services (such as online training on Middle Eastern languages, safe transfer of remittances, etc.) and by providing access to information with particular emphasis on safe migration (such as database for government sanctioned recruiting agencies, database for private recruiting agencies, cautionary advertisements/campaign about the consequences of unsafe migration, etc.). A list of proposed services which can be brought under the UDC is placed in annex table 4. The inclusion of private

recruiting agency is expected to enhance the operation of the UDC further because of affordable, less time-consuming services.

In this backdrop of the potentials for using UDC as a vehicle for formalisation, the following section reveals the cost-benefits of formalisation of migration through using services of the UDCs.

3.5 Cost and Benefits of Intervention

In order to follow Bangladesh's growth projection and development trajectory by 2050, it is crucial to identify interventions for investments that may significantly help both migrants and the country. In this section, an estimation of the costs and benefits of formalizing migration through UDC has been presented. As mentioned in Section 2 and Section 3.4, the costs of this intervention are minimal whereas the benefits are the cost differential between the formal and informal migration process (see Table 2 for details). To provide an estimate of formalisation of migration through UDC, we have estimated/calculated few parameters and identified a number of assumptions which are presented below.

Assumption set A

1. The initial investment (fixed) of operationalization of an UDC migration desk is estimated at USD 2215 (i.e., a total cost of USD 10.07 million for all 4547 UDCs).¹¹ We have also assumed a yearly running cost (utilities, maintenance etc.) of USD 570 for each UDC migration unit (i.e., a total cost of USD 2.6 million for all 4547 UDCs). For comparison, the fixed costs to establish a new UDC are estimated in the range of 2000 to 4000 USD depending on the services offered.
2. The total time frame under analysis is 15 years. There will be no operation in the first year; i.e., in the first year all UDCs will be prepared to run dedicated migration desk with the help of the initial investments mentioned in previous assumption.
3. The benefit would be equal to the difference in costs of informal migration and migration through the G2G umbrella, i.e., an individual's savings due to formalisation will be the benefit for the migrant worker. Total cost of formal migration (to Malaysia) is set to the costs under G2G which is USD 468 per person. We have considered the cost of G2G migration as a

¹¹ Throughout this report we have used 1 USD = 79 BDT. This fixed cost consists of installing hardware and software, setting up a dedicated desk, training, miscellaneous and a contingency fund. It is to be noted here that the basic infrastructure and setup of UDC are already established there with an establishment cost ranging from USD 2000 to USD 4000, depending on the services offered. However, we have not included this cost in our analysis since UDCs are offering a variety of services, the benefits of which have not been considered in this analysis.

benchmark for cost of formalised migration (GoB, cited in the Daily Star dated 09/02/2016)¹². Based on secondary information, we have come up with two alternative estimates of individual's benefit:

- a. Case 1: USD 1696 which is the difference between average recruiting agency fees (total costs of migration is USD2165) and fees under G2G.¹³
 - b. Case 2: USD 2309 which is the difference between mean expenses reported by IOM, (total costs of migration is USD 2777) and fees under G2G for other countries including Malaysia (IOM, 2009).
4. The benefits of the formalisation that would have been originated from the reduction in unsafe migration, has not been considered here.¹⁴
 5. To arrive at an aggregate estimate, we have assumed that
 - a. Scenario 1: Total number of beneficiaries will be 5,000 in the second year which will increase by 10 percent in every year subsequently. This will provide a very conservative estimate, corresponding to a scenario where political or other major hurdles curtail the uptake of formal migration via UDCs.
 - b. Scenario 2: Total number of beneficiaries will be 50,000 in the second year (10% of total all annual migrants), which rises by 5000 in every year subsequently.
 - c. Scenario 3: Total number of beneficiaries will be 50,000 in the second year which will be increased by 10,000 in every year subsequently.
 6. Scenarios 2 and 3, can be considered as reflecting a world where UDCs work as intended, providing services to 10% of the migrating population in the initial year and increasing as stated.
 7. In BCR estimation, we have used discount rates of 3%, 5% and 10%.

Table3: BCR Analysis of Formalizing Migration through UDCs

Discount rates	wrt Recruiting Agency Costs			wrt IOM Costs Estimates		
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
3%	3.84	32.19	44.29	5.23	43.82	60.29
5%	3.53	29.94	40.83	4.81	40.76	55.57

¹²<http://www.thedailystar.net/frontpage/15-lakh-get-job-3-years-214810>

¹³Source: Nova Singapore Skill Training Centre (NSSTC), Dhaka, Bangladesh.

¹⁴It would be very challenging to estimate the benefits due to the complex and multi-dimensional nature of the problem. To measure this benefits one has to consider various factors such as economic gains, social benefits, saving human lives.

10%	2.88	24.98	33.31	3.91	34.01	45.34
IRR	44%	456%	466%	61%	623%	633%

Source: Authors' estimation based on secondary information.

Table 3 shows benefit-cost ratios (BCRs) of the intervention formalizing migration through UDCs. It is evident that the intervention would be economically beneficial for all cases. As a matter of fact, the BCRs are very high with the lowest being 3 with respect to recruiting agency cost with 10% discount rate under the conservative scenario 1. There is a big jump in BCRs for more realistic scenario 2 and scenario 3. These high BCRs and very large IRRs are justified on the ground of big drop in migration cost under formal G2G migration (see Table 2) and minimal investment requirement for operationalizing the intervention. It is expected to drop considerably for private formal migration where the profit of recruiting agencies would decrease the magnitude of the benefit. However, it can be safely argued that even in that case the BCR of the intervention would be greater than one implying an economically beneficial intervention. The present value of costs of this intervention ranges between 38 and 48 million USD and the present value of benefits ranges between 107 million USD and 2.9 billion USD (see Appendix Table 2).

Comparing the BCRs for Scenario 2 and Scenario 3, it is to be noted that for a small increase in beneficiaries coverage (an increase of 5000 beneficiaries each year essentially means each UDCs need to serve one more migrant workers in a year) the intervention becomes more profitable. The higher migration costs reported in the IOM (2009) reports, which is a bit dated, is the direct reason of higher BCRs in this case. The cost of migration, in general, has decreased since then. Moreover, due to the direct comparability of costs between the recruiting agency and formal migration in terms of destination (Malaysia), the results under this case are more realistic.

3.6 Conclusion

The benefit cost ratio (BCR) of formalization appears to be high given the low initial investment requirement and large cost-differential between formal and informal migration. Since the UDC is expected to be operated under PPP modalities, government provided the major initial backup/setup such as office building and basic office amenities. Through the intervention and subsequent findings, this paper sought to describe the informal migration process. Due to the informal process, two major problems emerged; high migration cost and unsafe migration. The proposed services through the UDC are expected to restrict the two-abovementioned problem. Consequently, the next section highlights the importance of skill up-gradation.

4. SKILL UPGRADATION – MOVING UP THE SKILL LADDER

Skills up-gradation aims to create a migrant workforce empowered with the necessary and continuously evolving skills, knowledge and internationally recognized qualifications to gain access to decent and better employment in the overseas market. Skill development and up-gradation are of key importance in stimulating a sustainable development process. It is also essential to address the opportunities and challenges to meet new demands of changing economies and new technologies in the context of globalization. In this paper, skill up-gradation refers to moving up the skill ladder; i.e., from the current lower skill level to a higher skill level. The motivations for skill up-gradation from migration perspective are two folds: wage advantages¹⁵ (significant increases in the salary structure) and market advantages (entry to the new profession and new market). If we take the example of G2G plus initiative with Malaysia, Bangladesh needs to prepare her workforce with required skill sets to reap the maximum benefit by sending the full quota of workers. The skill upgradation program can also be useful to meet the domestic market requirements.

As is known, Bangladesh has traditionally been an exporter of workers in the semi-skilled and less-skilled categories. Barkat and Ahmed (2014) provide an estimate of 75% less-skilled and 4% semi-skilled workers in Saudi Arabia on average over the period 2005-2012. The wage differentials in host countries are significantly larger for higher skill group (see Annex 1, Table 1). This is also reflected in the lower average per capita remittance sent by Bangladeshi workers when compared to other countries. Average per capita remittance sent by Bangladeshi workers in 2010 was about USD 1,600; to compare for the Philippines the figure was about USD 2,300 (Rahman and Hossain 2011).

The root of the shortage in supply of skilled labour in response to the rising demand for high-skilled workers can be traced to the persistence of antiquated, less relevant to current market demand and unresponsive training mechanisms. Available evidence reveals that "existing vocational and technical systems in Bangladesh are not providing new entrants with marketable skills" (IMED, GoB, 2014, p. 1). For the trade-based training, there is also a lack of proper mechanisms to incorporate foreign demand (ILO, 2014). The majority of training centres lack national and international accreditation of skills acquire into the training curricula ((IMED, GoB, 2014, p. 39). Consequently, there is a problem both from the perspective of supply side (Bangladesh not able to develop the skilled workers targeting to

¹⁵See, for example, Dustmann, 2010.

the destination countries) and demand side (workers who are skilled are often not recognized by the international accreditation bodies).

However, the government emphasized the importance of skill development; e.g., the 7FYP aims to take the share of skilled/semi-skilled workers to 50% by 2030 from the current level of 35% in 2013 (GoB, 2014). Therefore, keeping in mind the need for skill up-gradation and prioritization set by the government, this paper aims to estimate the cost-benefits of skill up-gradation training program.

4.1 Conceptualizing Skill Development

Rapidly changing overseas labour market trends and complex production process need a substantial number of skilled workers. King (2009) argues that the contemporary international labour market policy critically focuses on skills development and technical and vocational education and training (TVET). Recently UNESCO has started upgrading their approaches to better reflect TVET and skills strategy in their policy agenda. To increase the employment opportunities of vulnerable groups both locally and globally studies emphasized skills development (see, for example, UNESCO, 2011). Developing a certain set of skills need specific efforts. In the case of overseas migrant workers, the acquired skill profiles must match the demand for skills necessary to current production cultures in intended destination countries. Maclean and Wilson (2009) identified that the new trend of global economic integration reinforced many governments to review their policies on technical education for skills development to meet the ever-increasing demand for skilled labors.

As mentioned earlier, the profiles of Bangladeshi overseas migrant workers reveal a low skill base with little educational qualification that has little demand in an international market with standard wages and job certainty. With minimal skills on production technologies, few of them able to sustain their employment contract. The Bangladesh government should come forward with a specific set of efforts to establish worker's credentials abroad by continuously improving labour productivity through skill acquisition, focusing on current demand in the market. However, the task is not easy for the government because there are a number of actors involved in training aspirant migrant workers, particularly in the technical and vocational training of less than six-month duration. Not all of these actors follow standardized curricula or adhere to the national certification system. This leads to the issue of accreditation of skill training program.

Another important issue is to address the motivating factors for the aspirant migrants to attend the training program, particularly on the ground on opportunity costs of attending a training program. Migrant workers are generally unwilling to obtain any kind of trade-based training because of the

associated extra costs with no guaranteed returns and preference to join the overseas jobs in the shortest amount of time possible. Along with the fact that the inadequate and improperly designed skill training program would not guarantee the entry to host country with a decent job; traditionally workers do not tend to receive any training with the perception that without training (i.e., at unskilled level) they can avail a low-skilled job in overseas market (such as a cleaner). However, if the skill upgradation can be linked to a guaranteed, or at least linked with high probability to obtain a better job with increased salary (e.g., conditional job offer on completing skill upgradation training program) and if the aspirant migrants can be informed about long-term and multi-dimensional benefits of receiving training; the skill up-gradation modalities would have a greater chance of success.

It is to be noted that carefully designed skill upgradation training program can deliver both short run and long run benefits. In the short run, successful migrant workers would enjoy wage benefits compared to the non-skilled workers. In the long run, the returnee workers would be considered a valuable addition to the workforce with certain skills set and overseas experience and would have an edge in the domestic labour market. RMMRU have already created a database for returnee migrant workers so that the companies who wish to hire skilled workers can easily match their demand with the available resources. There is always a risk factor that a worker with skill training will not be able to migrate. This can, however, be addressed by providing priority to these workers with training in the domestic market. It is to be noted, domestic market demand for skilled workers is also increasing.

The demand for semi-skilled and skilled workers has increased, which is reflected in the interest of the Malaysian Government to attract workers from Bangladesh for construction, manufacturing, and the service sector (Asian News Network, 2015)¹⁶. However, responsiveness to changing demand is not reflected in the training programs, though pre-departure orientation training courses for some selected destination countries have been able to incorporate the demand of foreign companies into their training modules. Orientation training arises from specific instructions from certain destination countries, such as Saudi Arabia and Malaysia, to provide this training to migrant workers. The middlemen or 'dalals' are using this requirement to their advantage by pressuring aspirant migrant workers to attend these trainings and then taking additional money from the migrant workers rather than giving them an impression of benefits of such skills.

In addition, most private recruiting agencies do not have their own training centres and often they need to rely on the government training centres. Therefore, training programs can be operated

¹⁶<http://www.asianewsnet.net/Malaysian-delegates-to-settle-new-recruitment-syst-79263.html>

through the PPP schemes and it can also be tailor made given the need for the respective countries. In this respect, one very crucial issue is the recognition of the training modules and programs in the host country. Policy-maker needs to be well informed about the possible investment opportunities cost for either setting up a skill training centre¹⁷ or up-gradation of the existing one. The benefits of skilled migrants need to be understood both from the macro and micro policy environment.

4.2 Cost and Benefits of intervention

In this section, an estimate of the cost-benefit ratio and IRR of the skill upgradation intervention has been presented.

Assumptions set B

1. For a migrant worker, the average length of staying in the host country is 5 years.¹⁸
2. The cost side of skill training involves training related fees and the opportunity costs of attending a training program in terms of foregone wages during training duration. We have collected the cost from one of the major training institute in Bangladesh¹⁹, which we have used as a representative market rate for the training fees. For a six-month training program (less-skilled to semi-skilled upgrade) it is USD 410; while for the 1-year program (less/semi-skilled to skilled upgrade), it is USD 820. The foregone wages is calculated as USD 960 and 1920 for 6-month and 12-month training program, respectively. This is based on the monthly average salary of USD 160 for an unskilled worker (Barkat & Ahmed, 2014). Cost occurs only in the first year i.e. during the period of receiving training.²⁰
3. The benefit is calculated as the differences in average monthly earnings among the skill categories. Using data from Barkat & Ahmed (2014), we obtain the semi-skilled to unskilled wage differential as USD 101.25 per month; while the wage differential between skilled and unskilled worker as USD 410.26 per month. It is to be noted that there is no benefit at the first year (during training period).
4. The skill development project length is fixed at 15 years.

¹⁷It is thus required to set up internationally accredited training facilities in Bangladesh such as the India-German Skill Training model, and train manpower locally before sending to host countries.

¹⁸Although the average contract period is about 2 and half years, it is assumed that semi-skilled and skilled workers under G2G scheme will have longer contract period than the existing contract period.

¹⁹Nova Singapore Skill Training Centre (NSSTC), Dhaka.

²⁰Since land and physical infrastructure to set up training institutions will be costly, we have considered up-gradation of the existing district level youth training centre (run by the youth development department of the Government of Bangladesh and/or working with the existing vocational training section at secondary school level) where separate dedicated skill training module targeted for aspirant migrants will be conducted. Hence, we have not included the cost of land and basic infrastructure in our analysis.

5. A total number of training recipients is assumed to be 50,000 in the first year. From next year, the number of recipients would increase by 10% each year. The skill level structure of Assumption 6 is maintained.
6. It is assumed that 10% of training recipients, i.e., the people with skill training, will not be able to manage to go abroad and/or find employment. In other words, 90% of the recipients would be the beneficiaries who will be able to go abroad and find employment.
7. The pre-training skill structure of the beneficiaries (i.e., migrant workers) is assumed to be 75% less-skilled and 25% semi-skilled. This structure has been supported in the literature; for example, Barkat and Ahmed (2014).

Table 4: Benefits to costs analysis of skill up gradation training program

Indicator	Less skilled to semi-skilled			Less/Semi-skilled to skilled		
	3%	5%	10%	3%	5%	10%
BCR	2.69	2.64	2.49	3.53	3.46	3.27
IRR	75%			102%		

Source: Authors' estimation based on secondary information.

From Table 4, it is evident that investing in skill development programs is economically beneficial for the migrants. Under all scenario, the BCRs are well above of the threshold value 1, with the minimum being 2.49 for the less-skilled to semi-skilled upgradation cohort with 10% discount rate. The IRRs are estimated as 75% and 102% for less skilled to semi-skilled upgradation cohort and less/semi-skilled to skilled upgradation cohort, respectively. In terms of BCRs, less/semi-skilled to skilled upgradation cohort would be more benefited. This finding supports the positive relationship found in the literature between skill upgradation and salary increase (see, for example, Juhnet *al.*, 1993, Hanushek, 2013).

4.3 Implications for Remittance inflows

In this section, we have discussed the implications of the above skill up-gradation intervention under a specific scenario. While constructing this scenario, we have taken information from secondary sources, where possible. Of course, this estimate cannot be generalized without more specific data; nevertheless, this will shed some light on the positive impacts of this intervention on the overall remittance inflows.

Scenario: Skill Up gradation (from Semi-skilled to Skilled) in Malaysian Labour Market

In 2015, 710,188 migrants were living in Malaysia (BMET) with total remittance inflows from Malaysia was USD 1381.5 million (Bangladesh Bank); i.e. per capita remittance inflows was USD 1945.26 in 2015. In previous section, we have mentioned that among all subsectors in Malaysian labour market, Bangladesh previously *exports manpower* in painting and repairs/ art décor and paint jobs.

A skilled migrant painter earns 81.80 RM²¹ per day (equivalent to USD 5654 per annum assuming 24 working days per month and 1 RM =0.24 USD) and a semi-skilled painter earns 57 RM per day (equivalent to USD 3940 per annum assuming 24 working days per month and 1 RM =0.24 USD).

The investigation on the pattern of expenditure of the workers shows that the expatriate workers spend 29.8 percent of their income on personal consumption abroad; they send 44.9 percent of their income back home and save 22.8 percent (BMET, 2012). Using these coefficients, we obtain the remittances from Malaysia sent by a skilled and semi-skilled worker as USD 2544 and USD 1773 per annum, respectively. These figures are in line with the actual figure of USD 1945, in 2015. Therefore, an increase of USD 771 per annum in remittance inflow is expected if a semi-skilled painter can be trained to a skilled painter. Therefore, if 50,000 workers can be trained to become skilled from semi-skilled status, the potential increase in remittance from Malaysian market alone could be USD 38.6 million.

It should be noted here that per capita remittance transfer by migrant workers from Gulf countries was about 15% lower compared to that of workers in non-Gulf countries. Seven out of eight migrants did not receive any training prior to their departure to host countries (CPD, 2015).

5. ASSOCIATED SOCIAL BENEFITS FROM BETTER MIGRATION

From the above analysis, it has been established that formalisation of migration, particularly at G2G-plus level, and skill upgradation are two economically significant interventions which can pave the way of better migration. These two interventions can substantially increase the number of migrants at low cost with better salary which will, in turn, increase the net remittance inflows to the country. Migration has long been contributing²² as an avenue for poverty reduction for rural households. For families with migrant workers level of income and expenditure increased significantly. A study by Afsar *et al.*

²¹Roy *et al.* (2007).

²²There is a popular belief that a large portion of remittance is spent in unproductive sectors which has been rejected in studies. RMMRU's research on 2,000 returnee migrants of 4 districts in 2012 shows that migrant families spend only 22% of remittance for family maintenance; while the rest are invested, spent for necessary reasons (e.g., health) or saved.(RMMRU, 2012).

(2002) estimated that 21 per cent of migrant households were moderately poor prior to overseas migration. In the post-migration period, the percentage of poor among these migrant households was reduced to 7 percent. In a benefit-cost analysis of migration, the same study found a ratio of 2.9. Further work by Sharma *et al.* (2009) showed that overseas migration conveyed substantial benefits to families as measured by household consumption, use of modern agricultural inputs, and level of household savings. In the 2009 Bangladesh Household Remittances Survey (BHRS), the most comprehensive source of information on migrants so far, migrant households were found to be earning annually twice as much as the average resident household in Bangladesh. In BHRS, 88 percent of households with migrants reported enhanced educational opportunities for their children, resulting in permanent investments in human capital. In the same survey, 70 percent of respondents expressed confidence in sustaining the increase in income in the post-migration period through the skills learned and assets acquired through the migration experience. The evidence thus seems to indicate that migration leaves a lasting impact on the income and welfare of migrant households.

Box 2: Benefits from Migration: Findings form a World Bank Study

By using the data from the Bangladesh Bureau of Statistics (BBS), covering the period 1981-2010, The World Bank found significant positive effect of migration on national income and consumption. Here are some key findings of World Bank (Hussain, 2013) results:

- One dollar remittance contributes to the consumption of the recipient by 0.53 dollar, which is significantly different from zero at 1% level of significance. Remittances do lead to an increase in investment—due to workers' remittances and national income increase investments by approximately 42%.
- Doubling of workers' remittances and national income increases imports by 69%

These results suggest that remittances do augment consumption and investment and thereby have an important role in stimulating the economy. The World Bank used these coefficients to compute the multiplier effects of remittances. This multiplier naturally gives the unit potential impact of remittances, but the magnitudes of overall effects on growth depend on the size of remittances, their annual changes and pre-existing productive capacity in the economy. The short run multiplier

6. POLICY IMPLICATIONS AND CONCLUSION

This paper analyses two important solutions for better migration namely formalisation of migration and skill up-gradation. Low cost migration not only removes the existing migration related bottlenecks but also increases the number of new entrants who could opt to go for overseas for better employment. Cost-benefit analysis revealed that the BCR estimated to be high for the formalisation of migration using the UDC. Although the first experiment of the use of UDCs happened due to the G2G initiatives, the benefits for using UDCs could be applicable both for the G2G plus and private recruiting agencies.

In the classic economic migration model, migration is an investment where individuals and households incur moving costs to generate returns via higher incomes (Sjaastad, 1962). Government with the assistance from the private sector should help to secure this investment procedure which yields higher return in long run. The findings from the first intervention will also provide policy directions towards the very recent²³ negotiation with the Malaysian government to operationalise the G2G plus. Through these findings, we are proposing a model called Union Digital Center Migration Desk (UDCMD). It is expected that all aspirant migrants must have a UDCM registration number, which will be, matched their National ID. Since UDC is run through PPP mode, the proposed UDCM can provide services which traditionally are provided by private individual and or recruiting agencies (such as ticketing, job opportunity announcement). A list of proposed services is presented in annex table 4. When the aspirant migrant are registering their willingness, the database (created by the UDC) also notifies their education and skill level. Hence the proposed database will provide information on skill readiness which can be used for instrumentalising the skill upgradation intervention.

Significant policy options could be the mandatory registration process through the UDCs both for the aspirant migrants and the returnees. A very recent initiative has been taken by a Dhaka based think tank RMMRU for the returnee migrants to register themselves after coming back to Bangladesh as their level of skills and expertise so that the potential employers could well informed about their capacity to contribute in the domestic market. This process could be initiated at a bigger scale through the UDCs. The success story of the UDCs for the operationalization of the G2G plus (for Malaysia) can also be a best practice model for G2G-plus agreement with other countries (such as Saudi Arabia). UDCs can then act both as grassroots service providers and as a safeguard mechanism against informal

²³Government hopes of sending 15 lakh Bangladeshi workers to Malaysia under this deal for the next three years, Cabinet Secretary MdShafiulAlam briefed reporters (<http://www.thedailystar.net/country/%E2%80%98g2g-plus%E2%80%99-let-pvt-firms-send-workers-malaysia-214351>)

migration. A mandatory UDCs card needs to be taken for all migrants so that they can be tracked both for the record purpose and for the superior service provider perspectives.

It has been endorsed by experts²⁴ that if Bangladesh is to achieve its remittance target of US \$20 billion by the end of this decade and sustain its robust economic growth, then it is imperative the government invests in developing the right skills and resources of its potential migrant workforce. It is true that migrants are not in favour of receiving training since they only opt for the available job overseas. However, realizing the potentials for skill up-gradation, government may think to include two interrelated issue; skill training (and provides incentives) targeting both for the domestic and overseas market and valuing the training components across all the host countries through accreditation. This would require setting up internationally accredited training facilities in Bangladesh, and training manpower locally before exporting to host countries. Under the proposed G2G plus migration, Bangladesh government can identify the potential sectors of the host country(ies) and train them adequately. This training can be based on two aspects. First, the migration readiness test, which will make links with the first intervention where the aspirant migrant will notify their skill/non-skill/desired skill acquisition category in the UDCs and UDCs will forward them to the designated/accredited skill training centres, ultimately will providing better information about the individual aspirant migrants. Secondly, programs under the G2G plus, in which the host country will provide the list of occupations where the demand for workers is given for the next 5-10 years.

Policymakers now seriously may consider incorporating these two proposed interventions to streamline better migration. However, as we have seen the G2G agreement failed due to political reasons. Consequently, without a strong political framework, both from the perspective of home and host country, better migration will only be an elusive project. A coordinated policy dialogue needs to be organized on bilateral level to operationalise both government to government migration and the private initiative.

²⁴<http://www.theindependentbd.com/printversion/details/16109>

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Annex 1

Table 1: Various Skilled categories in various partners countries

Broad Job Categories	SL No	Job Category	Main Destination	Average salary/Month (USD)	Average experience	Average contract period
SKILLED	1	Company Assistant	Saudi Arabia	410	4.6	2.5
	2	Foreman	UAE,Saudi Arabia	570	7.2	3
	3	Nurse	Saudi Arabia	410	2.5	2.5
	4	Steel Fixer	UAE	540	6	2.2
	5	Electrician	Saudi Arabia	400	5.1	2
	6	Fabricator	UAE	370	5	2.5
	7	Machine Operator	Mauritius	420	5.9	2.3
	8	Mechanic	UAE	420	5.2	3
	9	Technician	UAE	360	4.8	2.8
	10	Welder	Saudi Arabia	430	5.2	2.4
	11	Driver	UAE	380	5.5	2.8
	12	Supervisor	Saudi Arabia	400	6.8	2.5
	Category average				425.83	5.32
SEMI-SKILLED	1	Duct MAN	UAE	310	4.3	2.6
	2	Mason	UAE	240	4.8	2.6
	3	Plumber	UAE	320	4.4	2.5
	4	Painter	UAE	240	4.6	2
	5	Pipe Fitter	UAE	300	4.3	2.5
	6	Sales MAN	Australia		4	3
	7	Scaffolder	UAE,Qatar	240	5	3
	8	Carpenter	UAE	290	5.6	2.6
	9	Garment Operator	Mauritius	150	4.1	3
	Category average				261.25	4.57
UN-SKILLED	1	Labour	Kuwait	170	4.3	2.7
	2	Guard	UAE	170	4	3
	3	COOK	Saudi Arabia	200	4	2
	4	Cleaner		150	4.5	2.3
	5	Press Man	UAE	110	3.5	2.5
	Category average				160	4.06

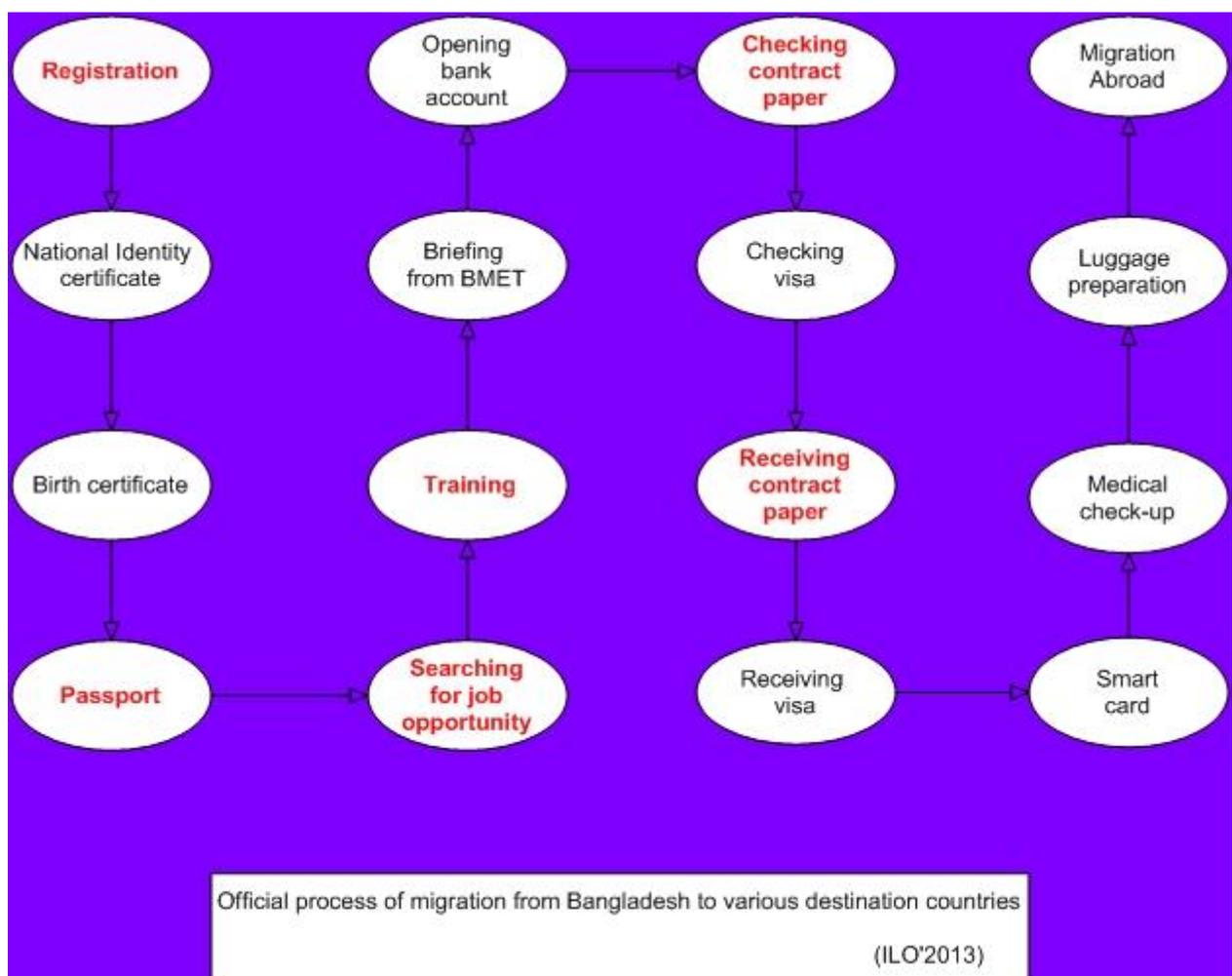
Source: Ray et al. (2007)

Annex Table: Present Value of Costs and Benefits for UDC Intervention (Million US\$)

Discount Rate	3%	5%	10%
Total Costs	47.68	44.06	37.50
benefits of intervention (wrt recruiting agency)			
Scenario 1	183.02	155.71	107.94
Scenario 2	1534.85	1319.14	936.88
Scenario 3	2111.68	1798.77	1248.98
benefits of intervention (wrt IOM)			
Scenario 1	249.12	211.95	146.92
Scenario 2	2089.17	1795.55	1275.23
Scenario 3	2874.33	2448.41	1700.06

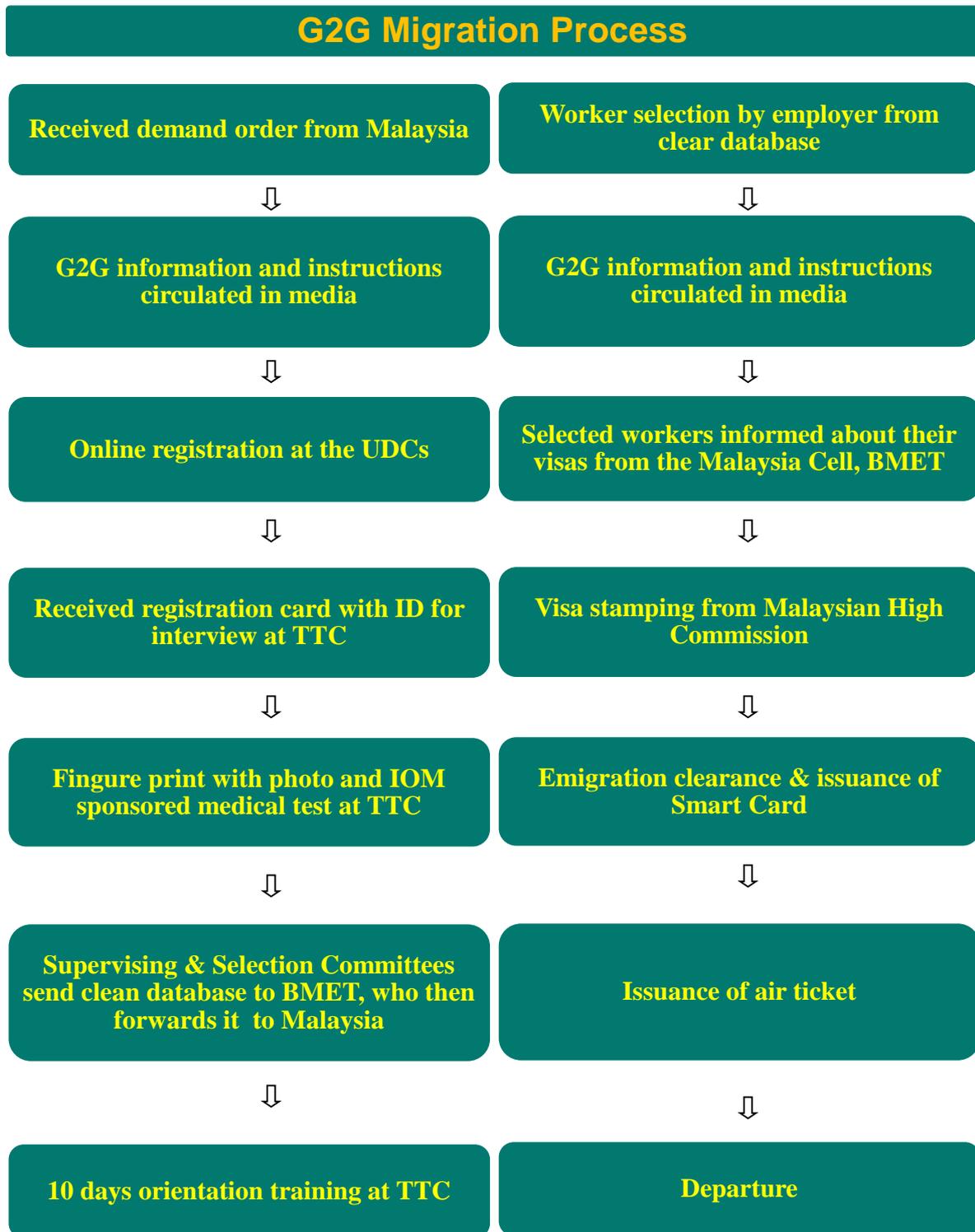
Source: Authors' estimation

Annex 2



Source: ILO, 2013

Annex 3



Source: Access to Information (a2i) Programme, GoB (2015)

Annex 4

UDC Matrix

Regular UDC Services	UDC Services available for Migrant Workers (2013 to 2015)	Proposed UDC Services to Promote the Process of Migration
Public examination results	Online registration process for migrant workers	A desk with a specialist on migration process should be placed at each UDC
Government forms download	Visa procession /Visa form printing	Online databases for potential scopes of employment for all categories of workers at abroad
Birth and Death registration		Database for government sanctioned recruiting agencies
Online university admission		Database for private recruiting agencies
Data entry		List of union specific aspirant migrant workers with their skill specifications to ease the process of search and matching.
VGD/VGF card database		Cautionary advertisements/campaign about the consequences of Unsafe Migration.
Livelihood information		A central database on socio-economic, cultural, and political information of common destination countries
Employment information		Online training on Middle Eastern languages
Job search		Safe transfer of remittances
Online registration process for migrant workers		Provide training opportunities for skill development migrant workers
Visa procession /Visa form printing		
Email and internet browsing		
Computer training		
Video conferencing		
Online banking		
Mobile banking		
British Council's English learning		
Photocopy/ Scanning/Photo/Mobile phone services		
Online Marketing		
Health related online services		
Registration for life insurance		
E-commerce		
land registrations		
Online market for livestock		
Daily weather report		
Electricity bill payment		

Source: Authors' compilation

Bangladesh, like most nations, faces a large number of challenges. What should be the top priorities for policy makers, international donors, NGOs and businesses? With limited resources and time, it is crucial that focus is informed by what will do the most good for each taka spent. The Bangladesh Priorities project, a collaboration between Copenhagen Consensus and BRAC, works with stakeholders across Bangladesh to find, analyze, rank and disseminate the best solutions for the country. We engage Bangladeshis from all parts of society, through readers of newspapers, along with NGOs, decision makers, sector experts and businesses to propose the best solutions. We have commissioned some of the best economists from Bangladesh and the world to calculate the social, environmental and economic costs and benefits of these proposals. This research will help set priorities for the country through a nationwide conversation about what the smart - and not-so-smart - solutions are for Bangladesh's future.

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