

# Integrity in Foreign Employment

An analysis of corruption risks  
in recruitment





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First Published in Sri Lanka in 2010

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ISBN: 978-955-1281-27-4

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## Abbreviations

AHRC	-	Asian Human Rights Commission
ALFEA	-	Association of Licensed Foreign Employment Agencies
CENWOR	-	Centre for Women’s Research
CIABOC	-	Commission to Investigate Allegations of Bribery or Corruption
COPE	-	Committee on Public Enterprises
CPI	-	Corruption Perception Index
FDI	-	Foreign Direct Investment
GAMCA	-	Gulf Cooperation Countries Approved Medical Centres Association
GCC	-	Gulf Cooperation Countries
GDP	-	Gross Domestic Product
ICTA	-	Information and Communication Technology Agency
ILO	-	International Labour Organization
IOM	-	International Organization for Migration
MBBS	-	Bachelor of Medicine & Bachelor of Surgery
MoU	-	Memorandum of Understanding
MP	-	Member of Parliament
NRFC	-	Non-Resident Foreign Currency
ODA	-	Official Development Assistance
REC	-	Recruitment and Employment Confederation of UK
SAARC	-	South Asian Association for Regional Cooperation
SLBFE	-	Sri Lanka Bureau of Foreign Employment
SLFEA	-	Sri Lanka Foreign Employment Agency (Pvt.) Ltd.
SLMC	-	Sri Lanka Medical Council
TI	-	Transparency International
TISL	-	Transparency International Sri Lanka
UN	-	United Nations
US\$	-	United States Dollar

“Good Governance of labour migration entails transparent policies and practices, effective institutions, procedures and rules that serve the aspiration of potential and actual migrant workers, consistency with international standards and good practices, policy coherence, and social dialogue and consultative and participatory processes.”

National Labour Migration Policy for Sri Lanka, 2008

“Urgent policy attention is vital to address problems pertaining to migrant workers in vulnerable situations, who, despite the progressive and proactive measures taken by the Government, (...) are often subject to abuse and sometimes death.”

International Migration Outlook Sri Lanka, IOM, 2009



## Foreword

Foreign employment is an important concern for many Sri Lankans: One fourth of our labour force works abroad and one third of our families depend on remittances sent from abroad. Ensuring integrity in foreign employment and protecting migrants from abuse and exploitation are priorities for the government of Sri Lanka, as well as for many civil society groups. Much has been done by the government to enhance a safe environment for migration, most importantly the adoption of the National Labour Migration Policy for Sri Lanka in April 2009. Now, the policy needs to be put into practice.

One aspect that has not yet been systematically looked at is corruption in recruitment. Yet, migrant workers are particularly vulnerable to such corruption. In all sectors, corruption hurts the poor most and migrant workers are more often than not underprivileged and poorly-educated. Therefore, in October 2008 Transparency International Sri Lanka (TISL) commissioned a study to the Centre for Women's Research (CENWOR) to examine the corruption risks arising from various channels of migration, identify the forms of malpractices and formulate recommendations to overcome existing challenges.

This study has been carried out by Ms. Leelangi Wanasundara and Ms. Malsiri Dias of CENWOR. I would like to express my gratitude to CENWOR and to both researchers who have shown a great level of dedication and commitment throughout the cumbersome process of data collection and consultation. The Steering Committee with representatives of all stakeholders deserves a special thank you: Their advice was greatly appreciated. A special thank you also to Ms. Bettina Meier for designing the study, Ms. Gareesha Wirithamulla for co-ordination, Ms. Sharmely Thatparan for editorial support, Mr. Haritha Dahanayake for designing the layout of the report, Ms. Ramani Jayasundara for friendly advice and Mr. Kingsley Ranawaka of the Sri Lanka Bureau of Foreign Employment for his kind co-operation. I would also wish to express my gratitude to Ms. Kumudini Hettiarachchi for editing the report.

I sincerely hope that this report will help to reduce the corruption risks faced by migrant workers.

J.C. Weliamuna  
Executive Director



# 1. Executive Summary

This report on integrity in recruitment for foreign employment presents the findings of a study conducted by the Centre for Women's Research (CENWOR) on behalf of Transparency International Sri Lanka (TISL) between November 2008 and May 2009 and updated in October 2009 after the Sri Lanka Bureau of Foreign Employment Act, No. 21 of 1985 was amended. It aims to enhance efforts to ensure a safe environment for those who migrate for employment abroad. Foreign employment is a key factor in Sri Lanka's economy: Remittances from migrant workers amounted to US\$2.9 billion in 2008 and constitute the second most important foreign exchange earner. Nearly one-fourth of Sri Lanka's labour force (of an estimated eight million) is employed overseas.

Maintaining and improving a safe and decent work environment for these migrant workers are a priority for the Government and people of Sri Lanka. With Cabinet adopting the National Labour Migration Policy in April 2009, a decisive step has been taken towards more integrity and safety in the recruitment process. Sri Lanka has also adopted the International Labour Organization (ILO) initiated National Policy on Decent Work in 2006. A strong institutional framework exists to regulate and supervise the recruitment sector with the Sri Lanka Bureau of Foreign Employment (SLBFE) ensuring adherence to defined standards and procedures. The SLBFE has recently successfully implemented reforms to improve the situation of migrant workers.

Despite these efforts, this sector is plagued by widespread allegations of malpractices, corruption and exploitation of migrant workers. The majority of the migrant workforce consists of low-skilled labour, mainly women from impoverished rural areas. They are vulnerable to exploitation, have little bargaining power and are frequently ill-informed about their rights. Media reports regularly highlight the plight of migrants who have been deceived and exploited by unscrupulous agents.

Therefore, this study aims to support existing efforts to reduce the risks faced by migrant workers and provide a safe environment for recruitment. It also hopes to profile not only the risks faced by migrant workers when seeking overseas employment but also risks arising from governance structures in the institutions and agencies set up to protect them.

Transparency International (TI) defines corruption as the "abuse of entrusted power for private gain". However, for the purpose of this study, risks arising from unethical conduct have also been included as corruption risks. Non-corrupt and ethical conduct is defined not merely as compliance with legal requirements but also as being honest and treating others fairly and with respect.

A complex mix of actors is part of the recruitment industry in Sri Lanka. The state has the sole responsibility for recruitment for overseas employment and private sector agencies that engage in recruitment do so under licence from the SLBFE, the regulatory authority. The highest number of workers seeks foreign employment through licensed recruiters but direct placements through relatives, friends and employers are also substantial and have been

increasing at a faster rate than through registered sources. The SLBFE, meanwhile, also engages in recruitment and so does its subsidiary, the Sri Lanka Foreign Employment Agency (SLFEA). However, illegal recruiters who include sub-agents and unlicensed agencies along with touts and tricksters also operate in large numbers in all parts of the country, with those who provide forged documentation and other illegal services adding to the complexity of the recruitment process.

This study which analyzes corruption risks, taking into consideration each of these recruitment channels, is based on an assessment of secondary sources of information, a survey consisting of 222 face-to-face interviews, 30 case studies of workers who had been victims of deceit and malpractices and in-depth stakeholder interviews with 20 key informants from the public, private and non-governmental sectors.

The sample of 222 respondents selected from the Colombo, Puttalam and Matale districts fell into four categories: first-time prospective migrant workers; returnee migrant workers planning to re-migrate; returnees not planning to migrate in 2008/09; and failed migrant workers.

The key findings of the study are:

- A major shortcoming of the current legislation is the lack of regulation of sub-agents operating in Sri Lanka who act as a link between the job seeker and the licensed agencies. A sub-agent may work for several agencies and earn a commission for each worker who is recruited but the survey showed that they charge additional amounts from the prospective workers. While licensed agencies hire sub-agents, they do not accept responsibility for their corrupt practices, a loophole that needs to be addressed.
- The SLBFE mandate appears to be incomplete as in addition to the 626 licensed agencies, there are an estimated 400 non-registered recruiters operating in Sri Lanka. The process of licence-renewal also appears to be flawed, with an estimated 25% of registered agencies not being operative and SLBFE renewing licences of agencies that were not members of the Association of Licensed Foreign Employment Agencies (ALFEA) as required by the Act before its October 2009 amendment.
- With members of recruitment agencies sitting on the SLBFE's Board of Directors, conflict of interest is hampering its effectiveness.
- Migrant workers have to pay illegal fees with the survey showing that the payments made by the respondents had gone up to Rs. 1.3mn. This is despite the fact that Sri Lankan labour is in high demand. In an environment where both institutions and law enforcement seem to be weak, it is ironical that migrant workers, who are the most important resource in the foreign employment sector, become victims of exploitation and corruption.

- The lack of up-to-date information on licensed agencies and also inaccessibility to information on blacklisted agencies from SLBFE and ALFEA lead to major corruption risks, as migrant workers cannot check the track records of agencies they are dealing with.
- The study found that all intermediaries in the migration process -- the state, licensed agencies, informal networks and illegal/unlicensed agencies -- presented corruption risks to job seekers. Political patronage and lack of transparency in state recruitment led to public perceptions of corruption. The range of malpractices by licensed agencies included advertising before obtaining job approval; concealment from the SLBFE and the worker of the wages negotiated with the foreign principal; falsification of documents; charging of unauthorized fees; allowing the worker to leave without signing the contract; contract and job substitution; letting the worker be stranded at the destination; change of destination; recruitment to banned destinations; withholding of wages of domestic workers in the first three months; closure of agency after collection of recruitment fees; and shifting of premises after defrauding workers. Some malpractices were perpetrated by local recruiters in collusion with the employer or foreign agent. Some medical examinations of domestic workers were allegedly conducted in an unethical manner.
- The SLBFE exercises control over licensed agencies under the Sri Lanka Bureau of Foreign Employment Act and its amendments. Over the years it has streamlined operational procedures and improved effectiveness in disciplining the industry by putting in place regulations and procedures aimed at ensuring safe migration. Within the last few years, the SLBFE has made a concerted effort to eliminate malpractices. However, some regulatory lapses with regard to renewal and cancellation of licences of agencies, prevention of unauthorized fees, enforcement of recruitment procedures and holding the licensed agencies accountable for their intermediaries, have an impact on recruitment and its regulation.
- ALFEA which has been established under the same Act has played a useful role but malpractices and fraudulent activities indicate that it has not been able to get its members to act in an ethical manner to reduce corruption risks to migrant workers. Internal dissension and undemocratic management and tensions with SLBFE have had negative impacts on the role it is expected to play.
- The criteria for registration and renewal of licences of recruitment agencies do not include managerial or business competencies. Many agencies lack skills to handle financial resources and behavioural skills to act ethically, which in turn could create risks to migrant workers.
- Although recruitment through informal networks is considered risk-free, the survey found that except for members of the nuclear family, all others charged excessive fees from workers and cheated them. Some migrant workers themselves act as recruiters resorting to unacceptable practices, defrauding both the sponsor and the worker. The majority of workers who use these channels do not have protection unless they register with the SLBFE.

- The corruption risks are borne disproportionately by unskilled and domestic workers and mostly women, as opposed to mid-level and clerical workers or professionals, when considering the number of complaints received.
- Although the majority of survey respondents perceive that there is much abuse in the recruitment process, they displayed naivety in trusting individuals and legal and illegal agencies that came forward to assist them to migrate. This had no relation to the educational levels or type of occupation they were engaged in. The propensity for risk-taking and irrational behaviour was high. An in-depth analysis of a group of workers whose attempts at migration failed repeatedly showed that they had not been deterred by failure the first time despite the enormous amount of money that had been lost. The desire to recoup losses and continue efforts to go after the 'pot of gold' appeared to outweigh the risks, as they persisted in seeking the services of those who had cheated them the first time. It was found that most lacked information to make informed decisions. However, even when they had access to such information it was not used prudently.

As in other sectors, the consequences of corruption cannot be underestimated: The victim of corruption in recruitment is the migrant worker, who bears most of the cost despite being the resource most in demand. Sri Lankan recruitment agencies also become victims of corruption when duped by labour recruiters in destination countries. The foreign employment industry suffers if large amounts of money are siphoned for corrupt purposes.

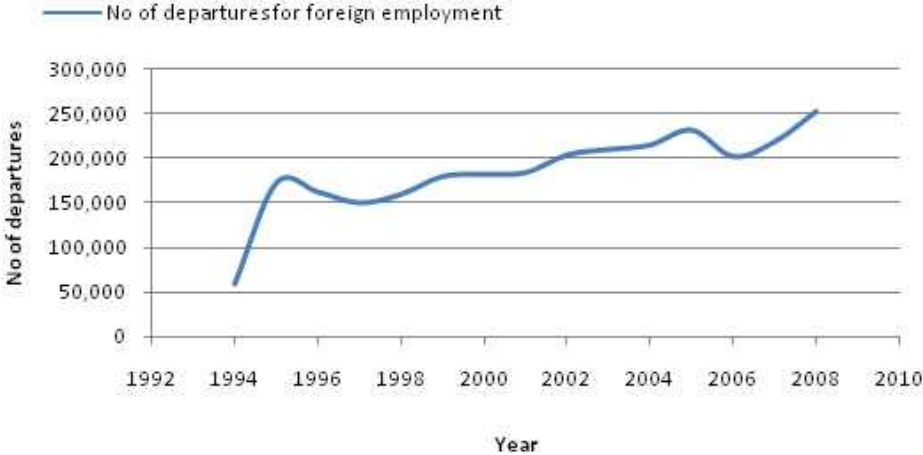
Reducing and controlling corruption require strong political will and leadership to institute reforms in the recruitment process. An essential stakeholder in this long-term effort is civil society and the political establishment must work with all stakeholders to ensure safe migration.

## 2. Introduction

Labour migration to foreign countries, especially the Middle East, began in the late 1970s, with post-1977 governments encouraging both men and women to seek jobs to reduce unemployment and also as a source of foreign exchange earnings.

Foreign employment is of huge significance to the Sri Lankan economy. An estimated 24% of Sri Lanka’s labour force (SLBFE, 2009) is currently employed overseas and supports about 36% of households back home. Numbers have steadily increased in the past decades: In 2008, 252,021 migrant workers left the country as compared to a mere 8,074 in 1978<sup>1</sup> (SLBFE, 2009). A majority of these workers, both men and women migrated as unskilled labour, with women forming the majority until 2008. The number of women continued to increase from 114,778 in 2006 to 123,200 in 2008.

**Figure 1: Departures\* for foreign employment 1994-2008**



Source: Annual Statistical Report of Foreign Employment 2008, SLBFE  
 (\*Departures include first-time and repeat migrants who register with the SLBFE)

In 2008, private remittances accounted for 35.9% of total export earnings (SLBFE, 2009) and about 6% of the Gross Domestic Product (GDP). Private remittances account for higher foreign exchange inflows to Sri Lanka than Foreign Direct Investment (FDI) and Official Development Assistance (ODA) (Jayatilaka & Jayawardhana, 2009), stabilizing Sri Lanka’s balance of payments. Given the current trends and developments in the global economy, the dependence of the Sri Lankan economy on labour migration is expected to continue at least in the short and medium term. The Ten Year Plan for Development (Mahinda Chinthanaya) and the 2006 National Policy for Decent Work (Sri Lanka. Ministry of Labour Relations and Foreign Employment, 2006) have recognized the importance of labour migration and in 2007 a separate Ministry of Foreign Employment Promotion and Welfare was formed to better address the challenges and opportunities of global migration.

1. According to Jayatilaka and Jayawardhana (2009) about 5-10% of those who register with the SLBFE do not leave the country while 30-40% of migrant workers do not register with the SLBFE.

## 2.1 Regulatory and institutional framework

With large-scale contractual labour migration on the increase, came the realization in the 1980s that existing legislation was inadequate to counter malpractices and abuses in recruitment for overseas employment (De Soysa, 2009). It was in this context that the Sri Lanka Bureau of Foreign Employment Act, No. 21 was enacted in 1985 to provide the legal framework and the administrative infrastructure to ensure a safe environment for migration. The SLBFE was established under the Act as the primary institution with the responsibility for temporary overseas migration for employment and now functions under the Ministry of Foreign Employment Promotion and Welfare. With the Act being amended in 1994,<sup>2</sup> the SLBFE was named a scheduled institution under the Bribery Act. The Act was once again amended in 2009 to further strengthen the SLBFE to curb and prevent malpractices. Trafficking was made a criminal offence in 2006 by the Penal Code (Amendment) Act, No. 6 of 2006.

The state ratified the United Nations (UN) Convention on the Protection of the Rights of All Migrant Workers and their Families in 1996 showing its commitment to international norms and standards and submits reports to the UN Committee on Migrant Workers. Sri Lanka, however, has not ratified the ILO conventions on migration but submits reports to the ILO in respect of the obligations deriving directly from its acceptance of the ILO Constitution (GOSL, 2008) and works within the framework of the Resolution on a Fair Deal for Migrant Workers adopted by the ILO Conference in 2004 and the non-binding 2006 Multilateral Framework on Labour Migration. At the regional level, Sri Lanka is a party to the South Asian Association for Regional Cooperation (SAARC) Convention on Preventing and Combating Trafficking in Women and Children for Prostitution, which entered into force for Sri Lanka on November 15, 2005. In 2006, the state adopted the ILO-initiated National Policy for Decent Work applicable to migrant workers as well.

What is decent work?

Decent work... involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection (...) and equality of opportunity and treatment for all women and men.<sup>3</sup>

In April 2009, the Cabinet approved the National Labour Migration Policy developed by the Ministry of Foreign Employment Promotion and Welfare with stakeholder participation. The policy specifically recognizes good governance as being vital to regulating the labour migration process.

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2. Sri Lanka Bureau of Foreign Employment (Amendment) Act, No. 4 of 1994

3. <http://www.ilo.org/public/english/region/afpro/addisababa/pdf/dwfaq.pdf>



Some of the highlights of the National Labour Migration Policy are:

- To promote opportunities for all men and women to engage in migration for decent and productive employment, in conditions of freedom, equity, security and human dignity
- To identify the protection of migrant workers and their families as a state responsibility, especially the protection of unskilled and low-skilled workers, women and those below 24 years who are vulnerable to abuse and exploitation
- To underscore the importance of bilateral agreements and memoranda of understanding between Sri Lanka and the destination countries that set minimum requirements for migrant workers
- To develop a clear and comprehensive recruitment policy setting standards for the regulation of the recruitment industry, both state and private (including the role of representatives or sub-agents). This includes compulsory registration, regulation and governance of all aspects of the private recruiting agent's role and functions and also monitoring processes to promote commitment and accountability, with identified heavy penalties for illegal activity
- To highlight malpractices perpetrated by private recruitment agencies and their brokers who contract workers for them, the dangers that exist in the recruitment process and the inability to hold the agencies accountable for the actions of sub-agents who are deemed to be the main reason for abuse and exploitation
- To help contain the abuse that on-site workers face and identify remedial measures

The SLBFE has taken various measures to curb malpractices and fraud in the migration process -- compulsory registration of migrant workers at the SLBFE prior to departure; training of workers to enhance their skills and prepare them for employment in a different environment; introduction of model contracts; negotiation of better working conditions and higher remuneration for workers (Daily Mirror, 2008a; Somarathne, 2008a); entering into Memoranda of Understanding (MoU) with several labour-importing countries;<sup>4</sup> monitoring of licensed recruitment agencies; and cracking down on illegal recruitment. The state has further empowered the SLBFE to crack down on errant foreign employment agencies by amending the Act in 2009.

Where earlier there were none, diplomatic missions with human and financial resources have been established in high migrant destination countries for the protection of migrant workers.

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4. 75% of Middle Eastern countries are now covered by MoU

The Ministry of Foreign Employment Promotion and Welfare and the SLBFE have also made efforts to eliminate corrupt practices by revising and updating procedures and setting up branch offices (24 at the end of 2008) in the districts to decentralize their work. The SLBFE is collaborating with the Information and Communication Technology Agency (ICTA) to establish links with relevant agencies to prevent fraud and corruption, follow up on complaints, investigate and conduct intensified raids on illegal and corrupt licensed agencies, individuals and even politicians. A police post has been set up at the premises of the SLBFE and two officers detailed at every police station to look into complaints from migrant workers. A National Data Centre for migration statistics has been set up by the Department of Census and Statistics to ensure the availability of reliable information on migration patterns and flows (Daily Mirror, 2009a). The Department of Immigration and Emigration has opened a National Resource Centre to combat human trafficking. Sri Lanka is to enter into an MoU with the Philippines “to develop specific aspects relating to migration and enhance cooperation in the global markets” (Somarathne, 2008b).

To encourage licensed foreign employment agencies to act responsibly and engage in ethical recruitment practices, the SLBFE is expected to introduce a new grading system this year (2009) based on criteria such as ability to settle disputes, placement of workers in new destinations, payment of cess, number of legal cases against agents etc. (Samarasinghe, 2009). Under the grading scheme, agencies that have been convicted of various offences, have more than 10 pending legal cases and those who have not recruited a single worker during the period under review will be disqualified. Preference is to be given to ‘A’ grade agencies in overseas promotional campaigns, while many other benefits will also be afforded with the assistance of the Ministry of Foreign Employment Promotion and Welfare.

Sri Lankan trade unions which have been rather passive in protecting the rights of migrant workers (Dias and Jayasundera, 2004) recently took a progressive step by signing an agreement with their counterparts in Bahrain, Jordan and Kuwait to grant Sri Lankan migrant workers the full “panoply of labour rights included in internationally-recognized standards”. The parties to the agreements are “...to ensure the strict supervision and control of activities of recruitment and employment agencies and subcontractors and eliminate abuse of sponsorship schemes” (Daily Mirror, 2009b).

In another progressive move, perhaps prompted by government remarks of a likely ban on domestic workers from migrating, and acknowledging the abuse of workers, ALFEA and the Sri Lankan Manpower Association of Kuwait signed an agreement to eliminate abuse (Samath, 2008a).

However, despite all these initiatives migrant workers continue to be subjected to abuse and rights violations. Though systems are in place to prevent exploitation, migrant workers do face serious issues, violating the principles of safe migration and decent work. Abuses are manifest in malpractices such as charging of high recruitment fees and breach of contract, non-payment of wages and being stranded without employment in the destination countries (De Soysa, 2009). The recruitment/pre-departure stage appears to be particularly vulnerable to abuse, with almost half of all complaints received by the SLBFE being related to recruitment.

The media regularly report cases of fraud and deceit during the recruitment stage, for example the manipulation of dates of birth to allow underage girls to migrate to foreign countries. These cases often result in the victimization of migrant workers.

### **Rizana's age was forged**

Rizana Nafeek was sentenced to death by beheading in Saudi Arabia in June 2007 (Karunairajan, 2007) after being found guilty of the murder of a five-month-old baby she was looking after as a domestic worker. The baby choked while Rizana was bottle-feeding milk to him. Rizana's defence counsel maintains that the baby's death was accidental and occurred due to her inexperience in looking after infants.

Rizana, from a poverty-stricken Muslim village in Muttur affected by the tsunami in December 2004, was trafficked to Saudi Arabia using a forged passport to work as a housemaid for the Al-Otaibi family on May 4, 2005. According to her birth certificate she was seventeen at the time, although the forged passport indicated her age as 23. The girl's true age would have barred her from working in Saudi Arabia.

Concerned citizens, human rights activists and international organizations such as the Asian Human Rights Commission (AHRC) are appealing against the court verdict. Rizana narrowly escaped the death sentence when the AHRC along with the Sri Lankan community in Saudi Arabia raised funds to appoint a lawyer a day before the beheading in July 2007 to appeal against the verdict. Rizana has spent more than four years in jail while the appeal is being heard. This case is a clear example of the need to ensure that regulatory mechanisms are implemented to prevent migrant workers going under false pretences and subsequently ending up in trouble.

Malpractices in recruitment to foreign employment not only contradict the concept of 'decent work', they are also symptomatic of a society in which abuse often goes without sanctions and that is said to be largely tolerant of corruption.

## **2.2 Definitions of corruption and integrity**

TI defines corruption as the "abuse of entrusted power for private gain". Integrity, however, is more than the absence of corruption. For the purpose of this study, integrity may be defined as ethical conduct that goes beyond mere compliance with legal requirements but extends to honesty, respect for and equitable treatment of others, integrity and social responsibility. Ethical conduct should hold up to disclosure and public scrutiny (Recruitment and Employment Confederation of UK).

The Recruitment and Employment Confederation (REC) of UK in its Code of Professional Practice states that the industry requires that members do not make false statements, adhere to the principles of truth in advertising and advertise only positions for which they have documented permission to recruit. All fees, charges and services must be explicitly and fully disclosed to clients before acceptance of an assignment and prior to any work being undertaken for a client. Members should have respect for work relationships, act diligently in assessing risks to work-seekers and clients and not put them at risk willingly and inform work-seekers whenever they have reason to believe that an engagement may cause a risk to health and safety.

Corruption affects all economic, political, administrative and social institutions in Sri Lanka, and is prevalent in the public and private sectors alike. In recruitment to foreign employment, it can involve high-scale political corruption in the allocation of jobs or 'grease' (Parliamentary Centre Canada, 2000), the payments made to or sought by public officials to carry out their duties and payments made or sought for illegal activities. In the private sector, there can be large-scale or small-scale 'petty corruption' in the form of bribes paid by the prospective migrants to recruitment agents. Bribery is defined by TI as an offer or receipt of any gift, loan, fee, reward or other advantage to or from any person as an inducement to do anything illegal or a breach of trust in the conduct of the enterprise's business. All these types of corruption have an effect on fairplay, equity and decency in recruitment. They impact heavily on the poor and the vulnerable who often invest significant resources in the recruitment process.

Corruption, as it is secretive by nature, is difficult to measure. Pointers to the existence of abuse, corruption and unethical practice could be the number of complaints that migrant workers make. However, the number of complaints does not reflect the level of malpractice, as not all victims complain to the authorities (Kannangara, 2008). SLBFE data show that about 44% of the complaints received from on-site workers from 2004-2008 were related to recruitment practices.

**Table 1: Number of recruitment-related complaints received by the SLBFE 2004 -2008**

Type of complaint	2004	2005	2006	2007	2008
Non-payment of agreed wages	1,626	1,709	1,989	1,495	1,698
Not sent back after completion of contract	206	711	725	922	627
Stranded -- lack of reception	13	35	-	-	06
Stranded without employment	13	541	1,060	484	131
Breach of employment contract	1,144	1,792	1,152	739	1401
Premature termination	-	1	-	13	50
Total of recruitment-related complaints	3,002	4,789	4,926	3,653	3,913
All complaints received	7,106	9,930	10,829	8,445	9,664
<b>Recruitment-related complaints as % of total complaints</b>	<b>42</b>	<b>48</b>	<b>45</b>	<b>43</b>	<b>41</b>

Source: Annual Statistical Report of Foreign Employment 2008, SLBFE

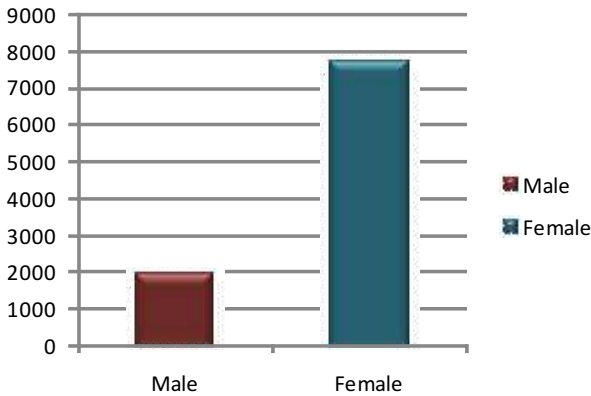
Pre-departure complaints amounted to 1,056 in 2007 and 1,872 in 2008, but as migrants usually do not complain to the SLBFE of excessive payments made to agents or sub-agents these numbers would be higher if those are taken into account.

The other indicators of the extent of corruption are the number of court cases (80 in 2008); complaints to the Bribery Commission; number of cancellations or non-renewal of licences of agencies; and number of agencies blacklisted (103 by SLBFE and 67 by ALFEA in 2008) or raided (51 in 2007 and 114 in 2008); and number of insurance claims paid (133 in 2006 and 132 in 2007) for breach of contract (SLBFE, 2008), accidents, deaths etc.

While the complaints indicate the nature of malpractices, they are not a measure of prevalence, as many victims of corruption may never lodge a complaint due to apathy, cumbersome procedures, the time and money that would have to be spent in getting redress and mistrust of the system.

The composition of the migrant workforce is a major contributory factor to the susceptibility of migrant workers to abuse. Women were 49% of total departures in 2008 and 80% of the complaints received were from them. Further, despite the decline in the percentage of women who migrated, the complaints received from them from 2005-2008 did not indicate a comparable reduction and continued to be between 78-85% of the total number of complaints received by the SLBFE (SLBFE, 2009).

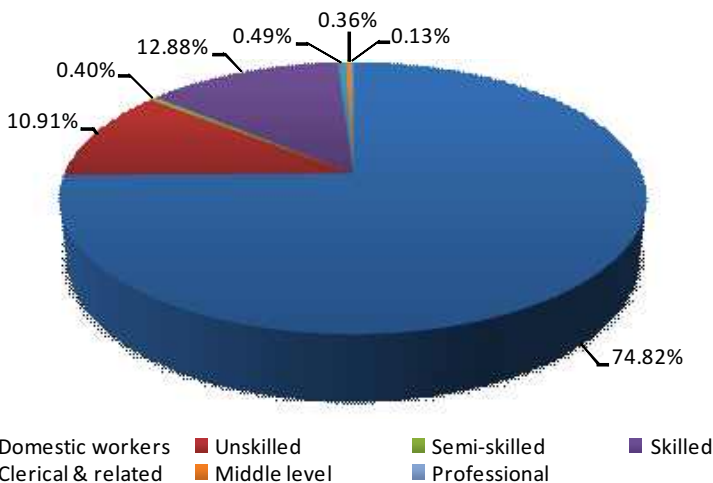
**Figure 2: Complaints received - 2008**



Source: Annual Statistical Report of Foreign Employment 2008, SLBFE

Following trends in previous years, the highest percentage of complaints as compared with the number of departures was received from domestic workers (6.65%), which amounted to 75% of the total complaints. Complaints from unskilled workers as a percentage of departures were 1.77% while it accounted for 10.91% of the total complaints. The lowest percentage of complaints was received from professionals (0.5%), which was 0.13% of the total. It is also seen that destinations in the Middle East accounted for the highest number of complaints in comparison to departures to other destinations. Thus women, domestic workers and those who migrate to the Middle Eastern countries of Saudi Arabia, Kuwait, United Arab Emirates (UAE), Qatar, Oman, Jordan and Lebanon are the most vulnerable.<sup>5</sup>

**Figure 3: Complaints received by skill level (percentage) - 2008**



Source: Annual Statistical Report of Foreign Employment 2008, SLBFE

5. Includes all complaints as there is no disaggregated data to reflect recruitment-related complaints

While these statistics clearly show that a majority of migrant workers need strong protection by the state to prevent becoming victims of abuse, some of the problems can be attributed to their own attitudes and behaviour. This includes conniving with fraudsters to obtain forged documentation, not making an informed decision to migrate, placing implicit trust in recruiters, being ill-trained, being mentally and physically unsuitable for overseas work and not finding out about the type of work that they will have to do and about the alien culture they are going into, being homesick and creating problems for employers and being misled or coerced by other Sri Lankan migrant workers on-site to engage in malpractices and unethical behaviour (Samath, 2008b). Their actions also cause considerable financial losses to local<sup>6</sup> and foreign agents and employers.

Integrity in recruitment is the key to safe migration and decent work. Migration almost always involves an investment that may be substantial for the migrant workers who are usually from low-income households. It also has a social cost. Failure to provide a secure environment for migration due to corruption, unethical behaviour and lack of integrity has a disastrous impact on the prospective workers and their families. Despite an improved institutional and regulatory framework, malpractices seem to persist (De Soysa, 2009). The ultimate aim of all stakeholders in temporary labour migration should be to minimize negative and maximize positive outcomes. Though referred to as an 'industry' whose output is measured in terms of the number of workers 'exported' and the income they bring to the country, it should not be forgotten that these 'exports' are human beings and vital resources of the country. Hence the need for an in-depth analysis of available information and further investigation to identify the various forms of corrupt practices and collate information as a guide to facilitate further interventions by the state and other stakeholders to enable workers to migrate in a safe environment.

This report is structured in four parts: Following the introduction, it details the methodology adopted for the study, identifies and discusses the various migration channels and highlights legal and institutional loopholes that provide corruption risks. It then identifies and analyzes various forms of malpractice in recruitment for foreign employment and also attitudes of migrant workers. These sections are followed by the conclusion and recommendations.

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6. [Http://www.alfea.org/blacklist.php](http://www.alfea.org/blacklist.php)

### 3. Methodology

This study was conducted between November 2008 and May 2009 and updated in October 2009 after the Sri Lanka Foreign Employment Act, No. 21 of 1985 was amended. It was designed to provide an overview of the fraudulent practices in overseas recruitment, with the aim of contributing towards a process that would enable job seekers to migrate in an environment that is transparent, equitable and free from exploitation.

The specific objectives were to:

- Assess the existing framework that guides recruitment for foreign employment
- Identify the types of fraud, corruption and other malpractices and analyze the key problems that impact on the recruitment process

A mix of methods – examination of available records and documents, interviews, case studies and discussions -- was employed to obtain the relevant information from the various groups involved in the recruitment process. These were as follows:

- First, information on the research topic was sought through discussions and literature reviews and extraction of both qualitative and quantitative data from available records maintained at the offices of the relevant agencies, their publications and websites.
- Second, following the consultative approach of TISL and CENWOR, a Research Steering Committee (Annexe 1) was set up and met twice to ensure relevance and accuracy of information.
- Third, senior researchers from CENWOR conducted in-depth interviews with 20 key informants representing different stakeholders. Group discussions and individual consultations were held to obtain information on the recruitment process, ascertain facts and address inconsistencies in the survey findings. Discussion among members of the committee helped to obtain clarifications, ensure accuracy of information and reduce personal bias. The draft report was circulated for peer review and comments from stakeholders were incorporated in the final report.
- Fourth, a sample survey of migrant workers was conducted in the fourth quarter of 2008. Taking into consideration migrants' skill levels, sex, ethnicity and countries of destination and main categories of recruiters, areas from the high migrant outflow districts of Colombo, Matale and Puttalam were chosen for the survey. Interviews were conducted in the language, either Sinhala or Tamil, the respondents were most comfortable with.

Two hundred and twenty two migrant workers across the sites in the three districts were interviewed in the survey.



The respondents were from four categories:

- (a) Prospective migrants
- (b) Prospective migrants from among returnee workers
- (c) Returnee workers who did not seek employment overseas in 2008/2009
- (d) Persons whose attempts to obtain employment during the survey period failed or were aborted.

The respondents in (a) and (b) included those who had initiated action to migrate for overseas employment in 2008/2009, while for the respondents in (c) and (d) the period of coverage was 2003-2008.

Purposive sampling with snowballing techniques was adopted, with 20 migrants being selected from each district for each of the first three categories and around 10-15 for the fourth category.

The sample consisted of 138 women and 84 men, a majority in the age group of 20-39 years. It represented Sinhalese, Tamils and Muslims, with a majority of Sinhalese from the Colombo district, Tamils from the Matale district and Muslims from the Puttalam district. Married respondents were a majority in the sample, followed by unmarried workers, widows and those separated or divorced. All respondents had studied beyond Grade 6, except three who had no schooling and 16 who had an education between Grades 1 and 5. The 15 respondents who had passed the Advanced Level examination were from the districts of Colombo and Puttalam. Eighty-five percent of the women said they had no skills compared to 22% of the men. The others possessed skills ranging from industrial sewing, masonry, carpentry, house-painting, welding, beauty culture to cooking. Sixty-two percent of the respondents had not been employed before, while there were more women than men who were working on a casual basis.

A majority of prospective migrant workers were planning to find employment in a Middle Eastern country, while Canada, Cyprus, Israel, Italy, the Maldives, Singapore, Malaysia, Korea and Japan were the other destinations. Most of them were migrating as housemaids, while the others expected to work as labourers, cleaners, farm hands, drivers, cooks, masons, electricians and welders.

The questionnaires sought information on the background of the migrant worker, the migration channel used, awareness of the legitimacy of the channel selected, payments made and a breakdown of the payments, the person who obtained the required documents, participation in training, medical tests, awareness of the contents of the contract and whether the respondents had registered with the SLBFE. Returnees were asked additional questions relating to reception at destination, the job, the contract, complaints made if any and compensation received. The failed migrants were specifically asked questions relating to the proposed country of employment, migration channel used, reasons for failure and payments made. In addition, respondents were asked about their perceptions on the prevalence of abuse in the recruitment process.

In addition, case studies were developed by identifying 30 respondents as subjects for further investigation from the sample of 42 whose attempts at migration had failed. They were interviewed at length, to gain a better understanding of the nature of problems in recruitment to foreign employment.

There are several limitations in this study. First, given the small size of the sample, the survey cannot be considered to be representative of all migrant workers. However, it provides a snapshot of existing abuses and a typology of prevailing malpractices. Second, mainly due to resource limitations, the study could not focus in-depth on the links between the foreign and local agencies and also the role of the Sri Lankan foreign missions and the Labour and Welfare Officers in ensuring a risk-free environment for migrant workers. Other institutions such as the Police and the Department of Immigration and Emigration that play an important role in the recruitment process were also not considered.

Another limitation was the lack of access to internal documents and data of the institutions involved in recruitment. Finally, the clandestine nature of corrupt transactions and the web of networks involved in corrupt practices make it difficult to assess the prevalence of malpractices. To produce more exhaustive and detailed findings a patient investigation over an extended period of time would have been needed and that was beyond the scope of this study. The processing and analysis of the data obtained through the sample survey were done by the Statistics Unit of CENWOR.

## 4. Migration channels

The temporary labour migrants use a variety of channels including state agencies such as the SLBFE and the SLFEA and licensed recruitment agencies as well as individuals and unlicensed agencies to find employment. In the survey, only 41% of the respondents had migrated, were attempting to migrate or had attempted to migrate through licensed agencies and 1% through the SLBFE. Those who found overseas jobs through informal networks, including 12 repeat migrants, equalled the number who went through licensed agencies. Seventeen percent had selected sub-agents for migration.

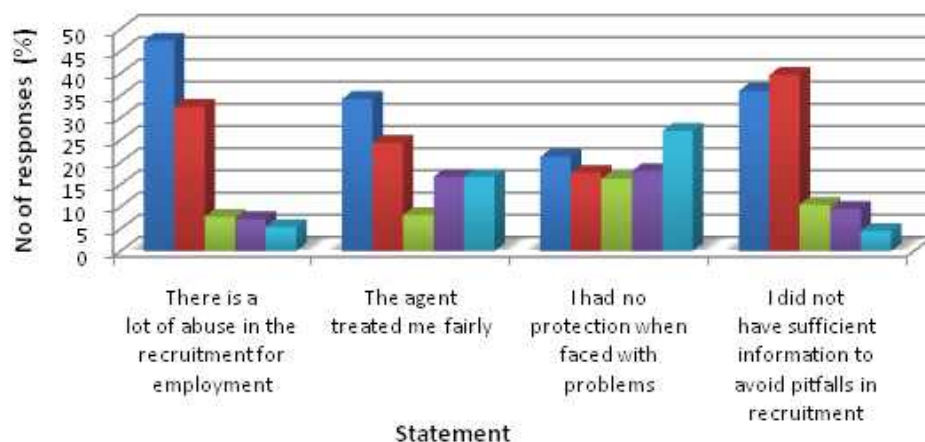
**Table 2: Channels used by survey respondents**

Channel	Number	Percent of total
Licensed agencies	115	40.8
Sub-agents/brokers	48	17.0
Informal networks	115	40.8
SLBFE	3	1.1
Not reported	1	0.3
Total	282	100.0

Job seekers whose attempt at migration failed had used all the channels. Of the 42 workers in this category, 29 had used unlicensed sources such as sub-agents or informal networks, increasing their vulnerability to corruption risks, and only 12 an official source. Case studies show that sub-agents have links with underground networks that specialize in sending workers to destinations that pay higher salaries but do not admit them legally. The responses, however, show that migrants who selected licensed agencies also faced corruption risks.

**Figure 4: Workers' perceptions of levels of abuse**

■ Agree completely ■ Agree somewhat ■ Disagree somewhat ■ Disagree completely ■ Not relevant



In Sri Lanka, recruitment for overseas employment is handled to a large extent by private recruitment agencies licensed by the SLBFE<sup>7</sup> as well as by informal or unlicensed networks, while direct recruitment by the employer is also prevalent. ALFEA was set up under Act No. 21 of 1985 to ensure that its members provide a safe environment for migration. In 2008, the 626 licensed agencies accounted for 64% of the total departures and informal networks or 'self-basis' for 36% (SLBFE, 2009). An estimated 400 unlicensed agencies (constituting more than the equivalent of 60% of licensed agencies) are reported to be operating illegally (Colombo Page, 2008). Other important actors – though not legal – are the sub-agents estimated to be around 20,000, who recruit workers on behalf of both licensed and unlicensed agencies (Martin, 2008). The following sections look at the migration channels, lack of integrity and corruption risks prevalent in these channels and the violation of the law, rules and regulations by migration intermediaries.

#### **4.1 SLBFE**

Established in 1985 under the Sri Lanka Bureau of Foreign Employment Act, the SLBFE is the primary agency responsible for the management of overseas labour migration. It functions under the Ministry of Foreign Employment Promotion and Welfare. Among the objectives of the SLBFE as laid down in the Act of incorporation, the following relate to recruitment (Section 25) and regulation (Section 15).

##### **Recruitment**

- The Bureau may carry on the business of a foreign employment agency and charge fees for any services rendered

##### **Regulation**

- To regulate the business of foreign employment agencies
- To issue licences to foreign employment agencies for conducting the business of recruitment for employment outside Sri Lanka and to determine the terms and conditions of such licences
- To set standards for and to negotiate contracts of employment
- To enter into agreements with relevant foreign authorities, employers and employment agencies in order to formalize recruitment agreements
- To formulate and implement a model contract of employment which ensures fair wages and standards of employment
- To examine the authenticity of documentation issued to Sri Lankan recruits going abroad for employment

Its other activities include the training and orientation of prospective migrant workers in collaboration with licensed agencies, establishing and maintaining an Information Data Bank, monitoring the flow of Sri Lankans for overseas employment and providing assistance to recruits.

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7. Section 22 of the Sri Lanka Bureau of Foreign Employment Act, No. 21 of 1985

The study identified a number of corruption risks within the SLBFE:

### **Conflict of interest in the Board of Directors**

The Board of Directors is required to “administer the affairs of the Bureau and may for such purpose exercise and perform all the powers and duties of the Bureau (Section 10) but these powers may be delegated to the Chairman, a Director or an employee of the Bureau (Section 11)”. The Minister has powers to give directions, obtain information and investigate the activities of the SLBFE.

Four members represent the licensed agencies on the eleven-member Board of Directors [Section 5 (1)] giving the agencies a strong voice in the affairs of the SLBFE. On one hand, the presence of these agencies could help the SLBFE to make informed decisions regarding the industry, especially its growth and development and protection of workers. On the other, the presence of such representatives could also lead to a conflict of interest, as the SLBFE is both the regulator and the implementer. Being privy to classified information, the licensed agencies on the Board will have an unfair advantage over the others, while SLBFE officials may be constrained by their presence when they have to act against corrupt agencies. Stakeholder interviews revealed that officials are reported to be wary of taking action against faulty agencies because of the presence of representatives of licensed agencies on the Board. The potential for a conflict of interest and corruption is high as a few representatives of the same licensed agencies have held office for several years. Recognizing the problem, the Board has ruled that representatives of licensed agencies should disclose their business interests whenever their interests may conflict with the decisions of the Board and withdraw or not participate when matters of direct concern are taken up (De Soysa, 2009). However, the study could not verify to what extent this rule is being followed.

### **Welfare Officers and Labour Officers**

Welfare Officers and Labour Officers are appointed to the consular sections of Sri Lanka missions by the SLBFE and the Ministry of Labour respectively to look after the interests of migrant workers. Irregularities and fraudulent activities in their appointments have repeatedly been criticized by the Auditor General and the Committee on Public Enterprises (COPE). For example, in examining the accounts of the SLBFE for the year ended 2005, the Auditor General states, “Cabinet approval had not been obtained by the Bureau, to appoint two officers who were over 60 years of age for the posts of Welfare Officers in Malaysia and Jordan” (Sri Lanka. Parliament, 2006). The 2007 COPE report (Sri Lanka. Parliament, 2007) states: “The Committee’s serious attention was focused on the selection of the Welfare Officer who is presently deployed in Korea.” It expressed “serious dissatisfaction over the selectors of this officer...”. Further, it stated that two officers over 65 years of age had been appointed as Welfare Officers in foreign countries without Cabinet approval and four officers recruited and appointed over and above the approved cadre of thirteen. The Auditor General in his report on the accounts for the year ended 2007 states that contrary to the decision of the Cabinet, five officers who had not satisfied the minimum qualification had been appointed as the Consular (Labour) Officers of foreign missions. Further, “even though the approved cadre for the post of Overseas Welfare Officer had been only 13, four officers had been recruited over and above that limit” and “even though the post of Country Coordinating Officer was not included in the

approved cadre, four officers had been recruited for that position without the approval of the Department of Management of the Treasury” (Sri Lanka. Parliament, 2008).

Since these observations were made by the Auditor General and COPE, the SLBFE has taken steps to formulate a scheme of recruitment for Welfare Officers. It is pending Cabinet approval.<sup>8</sup>

Stakeholders are also of the view that some of the Welfare Officers are political appointees having low educational qualifications and little interest in the job, who abuse their power and engage in extraneous and illegal activities. Dissatisfaction with the Welfare Officers in the light of the increasing number of deaths including suicides of migrant workers led COPE to comment that the “Welfare Officers’ role has to be examined” and “...the Committee was not satisfied with the follow up action” (Sri Lanka. Parliament, 2009a).

### **Allegations of bribery and corruption**

Newspaper reports (de Silva, 2009) of instances where SLBFE employees had been arrested by CIABOC officials when accepting bribes (‘grease’) for various favours were confirmed by the stakeholders who are of the view that gratifications are taken by officials and lower-grade employees. However, given the secretive nature of corruption, it is difficult to ascertain the extent of such practices. Case studies revealed that job seekers to South Korea had been asked to contact employees of the SLBFE, but there was no way to verify these allegations. Corruption was also alleged with respect to an insurance scheme that was to be implemented for domestic workers in Kuwait.

#### **Insurance Scheme for Domestic Workers in Kuwait Suspended**

A Fundamental Rights petition was filed by ALFEA in the Supreme Court complaining that the cost for an insurance scheme for domestic workers in Kuwait to be implemented through a commission agent is higher than that quoted by an insurance company (Pathirana, 2009; Sri Lanka News First, 2008a: 2009a, b). The Court decided that as it had been informed that steps have already been taken to temporarily suspend the insurance agreement entered with the 5th Respondent (the insurance company) the petitioners would be free to obtain an insurance of their choice, to be approved by the SLBFE, for those seeking employment in Kuwait. (SCFR 425/2009 SCM 09.06.2009)

### **Recruitment to South Korea**

The only overseas recruitment carried out by the SLBFE<sup>9</sup> is to South Korea under a MoU signed in 2004 with the South Korean government. South Korea is a lucrative destination for overseas migrant workers due to the comparatively higher salaries and better benefits.

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8. Communication from the SLBFE

9. Recruitment has been temporarily suspended by South Korea because of recession

There is standard selection criteria and procedure for recruitment to South Korea. The SLBFE advertises the vacancies, a Korean language test is conducted and the results uploaded on its website, after which the South Korean principals select the candidates based on the marks obtained at the test and the physical appearance of the applicants, judged from photographs. The selected candidates then follow the pre-departure training conducted by the SLFEA. The SLBFE does not charge a fee but the migrant workers are required to bear all pre-departure expenses including medical testing fees and travel costs, for which a loan can be obtained from a state bank. A bond for Rs. 100,000 has to be given.

From 2004 to 2008, 19,479 migrated to South Korea as unskilled labour while in 2008 the number was 1,760. However, there has been concern that the SLBFE has not been able to fill all the job orders that it had received. Drawing attention to this issue, COPE stated "...although the Bureau had obtained 11,000 jobs for 2005 and 2006, it had been able to send only 5,330 people" (Sri Lanka. Parliament, 2007). On the other hand, the SLBFE states that it is not in a position to ensure that all those who are selected are sent to South Korea as the number of workers who migrate is dependent entirely on the South Koreans.<sup>10</sup>

Commenting on the selection of candidates, COPE had stated that it "considered the decline in the quality of Sri Lankan labour in South Korea. Rating of the quality of Sri Lankan labour had deteriorated according to available reports. The Committee was of the view that this situation had been created by the bureau (sic) by not making proper selections for these jobs. Although the selected persons had possessed the educational qualifications they had not had required work experience. In addition, the Committee observed that certain fraudulent activities had taken place in selecting people for these jobs which is associated with the above situation".

The SLBFE had responded to this report by making the standard selection criteria more stringent. According to the SLBFE the strict procedure has paid off as complaints from South Korea about the quality of the workforce have reduced significantly. South Koreans now prefer to recruit Sri Lankan workers; and the Government of South Korea reportedly cites Sri Lanka as an example of quality training and zero complaints about physical fitness.<sup>11</sup>

Fraud in the South Korean recruitment programme has been attributed to political patronage. It has been reported that each Member of Parliament (MP) is able to nominate two candidates to be included in the selection list (Martin, 2008). The Daily Mirror of November 11, 2008 reported that 1,000 jobs are to be reserved for youth in the Eastern Province that had just emerged from 25 years of conflict, but the candidates would be given priority only on the approval of the Chief Minister.

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10. Communication from SLBFE

11. Communication from SLBFE

### **Illegal payments**

- Akram's brother, Mohammed, is a close associate of the MP of the area and Akram's name was included in the MP's list of nominees for South Korean jobs. The MP does not take money for this favour, but Akram alleges that an intermediary collects Rs. 100,000 to be given to an associate of a Provincial Council minister. Akram has completed the formalities but has not gone to South Korea because of the temporary suspension of recruitment. He is hopeful that he will be able to go when recruitment resumes.
- Gamini, a technician from Maharagama, followed a Korean language course, sat for the examination and was informed that he had passed, but was not called for the interview. On finding out that those who had not sat the test had been selected, he alleges that they are the nominees of MPs. He says that he was informed that he would have been able to go if he paid money.
- Saman had been told by a friend that he would be able to go to South Korea if he paid Rs. 150,000. He deposited Rs. 60,000 in a joint account and handed over another Rs. 45,000 in the presence of a Lawyer. He obtained the travel documents, spending another Rs. 8,000 and joined a Korean Language training centre. He also resigned from his job. The tests were conducted by the SLBFE, but he was not chosen. When questioned, the friend had said that it's possible to migrate even without sitting the test as Mr. X from the SLBFE was assisting him. When there were no signs of obtaining the job, Saman went to meet Mr. X but he could not be found at the SLBFE.

\*All names have been changed to protect identities

SLBFE officials, contradicting the claims of case study respondents, stated that even if a nominee of an MP was included in the list, the procedure ensures that only those who meet the selection criteria are picked by the South Korean principals. But survey respondents are of the view that it is possible to manipulate the data, as it is the SLBFE that uploads the information for selection by the South Korean principals and the adoption of strict criteria for selection while satisfying the principals have not dispelled public perceptions of manipulation of lists. The COPE report (Sri Lanka. Parliament, 2009a) states that "... names of employees who did not have competence were included in the website".

As long as politicians are able to nominate candidates to sit the test, failure to secure employment will be attributed by job seekers to political patronage and other malpractices. The perception that political influence can be used to secure employment can also be exploited by racketeers to dupe job seekers, undermining the SLBFE's efforts to streamline the system.



Another malpractice in South Korean recruitment had occurred in the purchase of airline tickets. Commenting on the lack of transparency of the SLBFE in the South Korean recruitment programme, COPE states that “Rs. 74.6mn has been recovered from employees for air tickets in excess. During the last three years this excess sum has been recovered at the rate of Rs. 44,500 per person at the old retail ticket price but paid to airline at a negotiated lesser price” not passing the benefits of the discount to the worker (Sri Lanka. Parliament, 2009a). COPE had decided that the SLBFE should refund the excess sum without delay. The SLBFE, meanwhile, has responded saying that the excess money is to be used for the workers’ welfare. However, charging excess amounts is clearly unethical when passing on the discount would have made a substantial difference to the individual worker who has to find resources to finance the journey. Following the COPE report the SLBFE charges the actual fare from the migrant workers.

### **Irregularities and lack of transparency in the licensing of agencies**

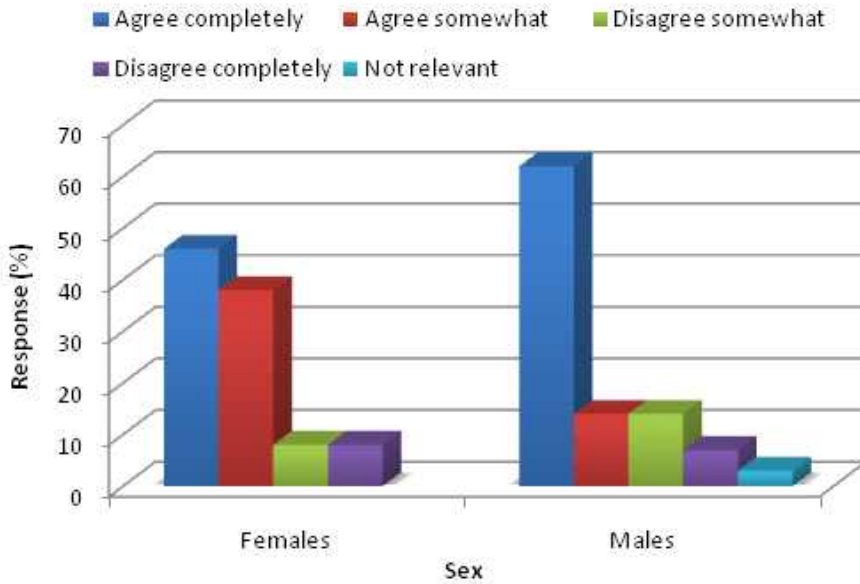
Registered recruitment agencies are granted licences for one year, with renewal being dependent on compliance with provisions of Section 30 of the Act. Non-compliance with any of the provisions of the Act and regulations made under it, failure to pay the fees and being convicted of an offence under the Act could result in the cancellation of the licence.

Irregularities including corruption occur in the licensing process, according to stakeholders. It was alleged that officials sometimes demand bribes to overlook lapses when renewing licences (de Silva, 2009). Some agencies allegedly get their licences renewed without complying with the law and not all licensed agencies obtained ALFEA membership as required until May 2009. The Auditor General’s report for 2004 mentioned that the SLBFE “... had renewed the licences of certain agencies which had exceeded the time limit set for paying the tax quarterly” (Sri Lanka. Parliament, n.d.), suggesting administrative laxity or corruption. However, under the latest amendment to the Act, this requirement has been made optional.

Information on licensed agencies including names, addresses, licence numbers and period of licence validity is available on the SLBFE website. However, the names of those whose licences have been revoked or refused are not listed -- information which would be useful to prospective migrant workers. ALFEA has the agents who have been blacklisted on its website. However, this information is not available to the public. The non-availability of this type of information is especially relevant as 47% of the survey respondents agreed completely and 32% agreed somewhat that they did not have sufficient information to avoid the pitfalls in the recruitment process.

**Figure 5: Access to information by failed migrants**

**Question: I did not have sufficient information to avoid pitfalls in recruitment – Do you agree?**



### **Recovery of dues**

Recruitment agencies have to pay cess to the SLBFE that is used for worker welfare. The cess is “calculated at the rate of five percent of every commission received by him (the licensed agent) in respect of the recruitment of any person for employment outside Sri Lanka [Section 52(1)]”. The agent is required to provide to the SLBFE a monthly statement on the commissions remitted to a bank in Sri Lanka and pay the cess within three months.

However, an official of the SLBFE admitted to difficulties in the recovery of the cess, a problem that had existed since the SLBFE was set up (De Soysa, 2009). The 2007 report of the Auditor General, pointing to the non-recovery of cess income, states that while a sum of Rs. 9,000,000 should have been recovered for that year the actual receipts amounted to Rs. 6,375,655 or 70.84% of the estimate. Further an audit check had revealed that of 360 licensed institutions 173 had not paid the cess (Sri Lanka. Parliament, 2008). The inability to recover cess income deprives migrants of enhanced welfare benefits and relief. The 2009 amendment addresses this issue, “where in the opinion of the Bureau, the amount which is disclosed in the returns furnished...is not reasonable and below such amount as ought to have been received as commission the amount of commission ... shall be deemed to be as prescribed by the minister...” (Sri Lanka. Parliament, 2009b).

According to ALFEA, a licensed agent receives US\$1,000-1,400 as expenses and commission for every domestic worker who is recruited. Some others place the fee, including recruitment expenses received at US\$800 per worker. In 2008, 108,709 domestic workers migrated. Even at a lower estimate of US\$800 per worker, the amounts received by licensed agencies would be considerable. The Central Bank has granted special permission to licensed agencies to

open Non-Resident Foreign Currency (NRFC) accounts and a senior bank officer said that the fees received by the agents would be a part of the overall private remittances that they receive and is not accounted for separately. However, neither ALFEA nor SLBFE was able to say whether all the agencies have NRFC accounts. Public documents including the SLBFE Annual Statistical Report do not contain information on the amount received by the licensed agencies. It was hinted by ALFEA that all the money does not come into the country, in violation of exchange control regulations. This aspect will require further investigation.

## 4.2 SLFEA

The SLFEA, the fully-owned subsidiary of the SLBFE, was licensed in 1996 under Section 26 of the Act to engage in recruitment for foreign employment. However, this could be problematic as the SLBFE's functions as a regulator could be impaired by its ownership of a recruitment agency.

The SLFEA was established to function as a model recruitment agency and its current recruitment<sup>12</sup> focus is skilled and semi-skilled workers although other categories are recruited when job orders are received. Vacancies are advertised through the print and electronic media and by word-of-mouth. According to the SLFEA official who was interviewed, it has to adhere to bureaucratic regulations as it is a subsidiary of the SLBFE and does not have much flexibility. As a licensed agency, SLFEA follows the procedure laid down by the Act and the regulations of the SLBFE. In 2008, SLFEA had recruited 550 workers (SLBFE, 2009). Its operations had resulted in a pre-tax profit of Rs. 3.9 million for the year ended 2007 (Sri Lanka. Parliament, 2008).

The role of the SLBFE, as both regulator and implementer, could lead to a conflict of interest and public perception of corruption as in the case of recruitments to South Korea. For instance, SLFEA reportedly charged fees in excess of those stipulated by the Act while preference was given to applicants from the electorate of a minister. Despite the procedures that have been laid down, political patronage reportedly exists in the recruitment process.<sup>13</sup>

Allegations of political interference and corruption have also been made by employees of SLFEA (Wijewardene, R., 2009; Sunday Times, 2009).

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12. The agency links with the Ministries of Healthcare and Nutrition, Education, Higher Education, Vocational and Technical Training and Fisheries for recruitment ([www.slfea.org](http://www.slfea.org)) and has an annual target of approximately 1,000 placements. However, recruitment by the SLFEA throughout has been less than 1% of total departures. The SLFEA had been sending trainees to South Korea and Japan under agreements with agencies in those two countries but South Korea phased out that system replacing it with recruitment under the Employment Permit System. The only link that SLFEA has with workers to South Korea is when it conducts the 12-day compulsory pre-departure training which the SLBFE has subcontracted to it.

13. Stakeholder interviews

### **Alleged Corruption at SLFEA**

A Fundamental Rights application made by twelve SLFEA employees for termination of employment also cited various malpractices. The employees have accused the Minister in charge and several others of the misuse of SLFEA funds (Wijewardene, R., 2009; Sunday Times, 2009). The Supreme Court however held that the petitioners have not made a case out to grant leave to proceed and thereby leave was refused. A complaint had also been made by the petitioners to the Bribery Commission in respect of the malpractices. Referring to this complaint the Supreme Court stated that it hopes that the Bribery Commission takes appropriate action and informs the complainant of the progress of the investigation. (SC/FR No. 660/09 SCM 09.10.2009).

## **4.3 Licensed recruitment agencies**

In Sri Lanka, recruitment for jobs overseas can be carried out only with a licence obtained from the SLBFE. The regulation of recruiters is intended to eliminate fraud and abuse, contain recruitment costs for the workers and provide them protection at the destination.

An individual or a company can obtain a licence by fulfilling certain conditions.<sup>14</sup> The person seeking the licence has to be a Sri Lankan but if it is a company, the majority shares should be held by a Sri Lankan. The person in charge should have a good reputation, suitable premises to run an agency, pay a prescribed fee and enter into a bond with the SLBFE “to carry on the business in a morally irreproachable manner”,<sup>15</sup> furnishing a bank guarantee of Rs. 750,000 to meet any claims that may arise. From October 2009 an existing licence holder will not be issued another licence.<sup>16</sup> The mandatory requirement of ALFEA membership was removed by the Sri Lanka Bureau of Foreign Employment (Amendment) Act, No. 56 of 2009.

In the light of the vulnerability of migrants, these conditions for obtaining a licence do not appear to be adequate to ensure the integrity of agencies. The 2009 amendment indicates that multiple licences had been issued to applicants. The criteria for licensing do not require registration with other government agencies that have a mandate over business establishments. Of the 321 licensed agencies that recruited more than 100 workers in 2008, only 121 were limited liability companies with financial accountability under the Companies Act (SLBFE, 2009). The others were either sole proprietorships or partnerships with no strict financial accountability. This lack of oversight clearly provides an entry point for fraud and corruption.

In addition, no minimum educational qualifications and experience either in labour placement, marketing capabilities, managing a business or financial stability are required although the Department of Labour had issued 558 licences up to the end of 1980 before the Act was passed (De Soysa, 2009). According to ALFEA about 70% of the agencies are managed or owned by former migrant workers and sub-agents with no business management and

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14. Section 27 of Act No. 21 of 1985

15. Sections 27 and 28 (a) (i)

16. Act No. 56 of 2009 Sec 3(b)2

marketing skills or even a basic ability to communicate and use computer technology although each licensed agency is required to have a computer for office use. The poor image of the licensees is attributed in part to these characteristics.

The recruitment process starts with the submission of job orders by a foreign agent to the relevant Sri Lankan foreign mission, which verifies and attests them. These job orders are then sent up to a maximum of three agents in Sri Lanka, who then commence recruitment-related activities.

Steps taken when workers are recruited by an agency:

1. When an agency gets a job order from a foreign counterpart, it obtains first approval from the SLBFE to recruit candidates to fill the vacancies.
2. It then seeks workers through advertisements, sub-agents and word-of-mouth and interviews the applicants. Trade tests may be conducted (on request) by independent organizations pre-selected for their competence, and certificates issued. The agencies are barred from advertising jobs without approval from SLBFE, making people aware of the vacancies and recruiting people without the express approval (first approval) of the SLBFE. Publishers have to verify whether the advertisements have been approved by the SLBFE.
3. If selected, the agency requests the passport of the worker. If the worker has no passport he/she may be requested to obtain one or the agency may offer to obtain one for a fee.
4. The worker is required to undergo a mandatory period of training where required.
5. He/she makes the authorized payment to the agency.
6. The worker undergoes a medical examination to determine his/her physical and mental fitness.

### **Sub-agents**

Another corruption risk arises from the fact that very few licensed agencies have branch offices in the outstations. Sixty percent are located in the Greater Colombo area, followed by 12% in the Kurunegala district and 7% in the Gampaha district (SLBFE, 2009). Consequently almost all licensed agencies rely on sub-agents (or brokers/middlemen) to find workers for placement in overseas jobs. Some agencies recruit sub-agents through advertisements and maintain a register, while others have working relationships with them. A licensed agent sometimes may have up to 50 sub-agents who move around looking for recruits. It is believed that the country has an estimated 10,000 to 20,000 sub-agents (Martin, 2008) who work for both licensed and unlicensed agencies, acting as a two-way channel between them and the job seekers. Their modus operandi is to go to a village and entice, especially the unemployed, with rags to riches stories of migrant workers (Lankadeepa, 2009). There is no information on the number of migrant workers the sub-agents recruit as they do not have official recognition in the recruitment process. In our survey, 17% of respondents had used or were using them to migrate for overseas work.

The sub-agent is deemed helpful, especially to potential job seekers who have no previous experience, sometimes even of moving out of the village and are unaware of procedures. The sub-agent completes the paper work, goes to the licensed agent and the SLBFE and accompanies the prospective migrant worker to sign the contract.<sup>17</sup> In fact sub-agents are familiar persons in the community who often perform a useful function (Gamburd, 2002).

Sub-agents operate on the fringe without an official role in the migration process and are not accountable to the regulatory authority.<sup>18</sup> According to the law even though the services of a sub-agent can be used, the agent is liable for his/her actions.<sup>19</sup> Corruption risks in the use of sub-agents, therefore, arise not because of the illegality of such a procedure but because the licensed agencies do not accept liability when he/she defaults.

### **Recruited as a sub-agent**

A former migrant worker, Munidasa, replied to an advertisement for sub-agents placed by the Trans Gulf Agency, was selected and worked for over 10 years earning about Rs. 900,000 a year. According to him, there were over 400 sub-agents who supplied workers to this agency. SLBFE data indicate that it is one of the larger agencies that provided 2,175 placements in 2007.

The National Labour Migration Policy highlighted the risks arising from recruitment by sub-agents (Sri Lanka. Ministry of Foreign Employment Promotion and Welfare, 2009). They include charging money from the worker (Samath, 2008a) despite receiving a commission from the agent, not providing receipts for payments made and deceiving the worker by concealing facts about the country, place of work, type of job and working conditions.

The high demand for Sri Lankan domestic labour and the large commissions that can be earned by those who are able to supply workers make the role of the sub-agent attractive. Licensed agencies pay a commission to sub-agents for each domestic worker recruited. To protect its members in 2008, ALFEA<sup>20</sup> placed a limit of Rs. 30,000 as the commission payable to a sub-agent for the recruitment of a domestic worker. The payments for other workers vary.<sup>21</sup> Unscrupulous agents use sub-agents for illegal recruitment as well (Berenger and Kirinde, 2008). Despite sub-agents earning considerable commissions from agencies, there are allegations that they also extort money, goods or favours from migrants. The survey found that sub-agents in the North Central Province reportedly bought stocks of paddy for less than the market price from prospective migrants.

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17. Earlier the sub-agent signed the contract until the SLBFE changed the procedure requiring the prospective migrant worker to sign it in the presence of a Bureau official.

18. ALFEA has recommended to the Ministry at the Parliamentary Select Committee on Migration to license the sub-agents through their licensed agency counterparts according to stakeholder interviews.

19. According to the law, sub-agents are permitted to work for the agent under the following specified conditions:

(i) where the principal is aware at the time of the creation of agency relationship that the agent intends to delegate his authority and the principal does not object to this; (ii) where the circumstances are such that it can be presumed that the agent was intended to have power to delegate his authority; (iii) where the agent's authority is such as to necessitate its execution with the assistance of other persons; (iv) where the act delegated is purely ministerial and one which does not require or involve confidence or discretion.

The agent remains liable for the defaults of the sub-agent. The sub-agent will generally be liable to the agent (not the principal) who in turn will be accountable to the principal (Human Rights Commission, 2005).

20. Resolution No: 03/ALFEA/2008 of 9th August 2008

21. Members' pages accessible only to ALFEA members, but researcher given access

Recently, ALFEA has begun blacklisting sub-agents who default and reportedly takes action with regard to the commission that its members had to pay to sub-agents. More concrete steps should be taken by regulators and practitioners to reduce risks of abuse and corruption arising from irresponsible and corrupt sub-agents.

#### **Duped by a sub-agent**

When Samantha was planning to migrate he was introduced to a sub-agent at Kaluwana, Ambatenna in the Matale district who promised him a job in Dubai within three months if he paid Rs. 10,000 for the passport and medical examination. The sub-agent's fee was Rs. 75,000. Samantha paid an advance of Rs. 15,000 in 2007 but six months later was still without a job, only to find that the sub-agent had left the country.

#### **Second time unlucky**

Thushara had attempted to migrate twice but failed. He had first contacted sub-agent Kumara and paid Rs. 250,000 to migrate to Italy, though aware that such migration was illegal. Kumara who was engaged in the fish business in Wennappuwa had been transporting workers in fishing boats to Italy and in this instance arranged to smuggle out 14. They set sail one night but returned to shore on receiving a signal from the guide boat. Thushara's efforts to get the money back have been futile as he has no documents as proof and it was illegal to migrate to Italy. He says, "We use these methods as the salaries in Italy are high but there is no legal way to go."

## **4.4 Labour recruiters in destination countries**

Local licensed agencies work with recruiters in destination countries to secure employment for Sri Lankan job seekers. Recruitment agencies in the Middle Eastern countries to which the majority of Sri Lankans migrate have much latitude and operate without strict supervision, unlike in Singapore, Hong Kong and Cyprus (Human Rights Watch, 2009). Many employment agencies in Kuwait are run by Sri Lankans on behalf of Kuwaiti owners (Daily Mirror, 2009c). In recent years, several Middle Eastern countries such as Syria, Lebanon and Bahrain have brought in law reforms to regulate recruiters (Sallabank, 2007; Middle East Online, 2009) but still malpractices are reported to be high (Olwan, 2008).

These malpractices include non-payment of wages of domestic workers in the first two or three months, payment of reduced wages, non-payment of wages (Ellepola, 2008) charging a fee from the employer as well as the Sri Lankan agent, not making contact with the worker on arrival, not taking the worker to the Sri Lankan embassy for registration and substitution of the contract signed in Sri Lanka with another containing inferior terms and conditions (SLBFE, 2009; Samath, 2008b). The survey found that the contracts are often in a foreign language such as Arabic, Greek or Italian, which the worker does not understand. Some employers are also part of the racket to fleece workers. For example, the sponsorship system in Middle

Eastern countries under which all foreigners are employed<sup>22</sup> enables employers to engage in malpractices (Attiya, 1990). However countries such as Bahrain are reported to be banning this system (Bahrain Centre for Human Rights, 2009). Some employers are ‘visa traders’ who can request up to eight work visas to recruit domestic helpers, guards, gardeners etc., employ the number they require and sell the excess (Migration News, 2008).

Most Middle Eastern countries as well as Singapore require employers to pay passport, visa and travel costs to the migrant workers they hire. Under laws of the United Arab Emirates, agencies can charge fees only from employers and are prohibited from charging recruitment fees from workers, but the law is not strictly enforced. Some recruiters in Saudi Arabia and Kuwait keep much of the fee that the employer is required to pay, which means that local agents charge travel and other costs from migrant workers (Migration News, 2008). In Singapore, according to the Human Rights Watch report of 2009, the government has failed to regulate exploitative recruitment agencies for unethical practices.

In a bid to protect workers as well as agencies, foreign missions (Daily Mirror, 2008), SLBFE<sup>23</sup> and ALFEA<sup>24</sup> have blacklisted some agencies in destination countries, compiling a list of Middle Eastern sponsors “who ill-treat Sri Lankan workers by way of rape, non-payment of wages, abuse and dishonouring contractual obligations”.<sup>25</sup> Regrettably, this information which can drastically reduce corruption risks to migrant workers, as stated earlier, is not available to the public.

#### **4.5 ALFEA**

Playing a key role in the governance of migration, ALFEA is a legally constituted body whose membership was compulsory for all licensed agencies until the Act was amended in October 2009. It was set up to assist the SLBFE in ensuring transparency while making its members act ethically, with integrity and professionalism. Deriving its powers from the principal Act which envisaged self-regulation through ALFEA, it plays the role of advisor to the SLBFE while ensuring ethical conduct of its members.

ALFEA is managed by an Executive Committee comprising the President, the Vice President, the Secretary, the Assistant Secretary and the Treasurer for a term of one year.<sup>26</sup>

The functions of ALFEA are:

- To resolve disputes and disagreements between licensees
- To make recommendations to the SLBFE with regard to the promotion and regulation of employment outside Sri Lanka
- To advise and assist in the promotion of employment opportunities for Sri Lankans outside Sri Lanka

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22. The sponsorship system means that expatriate workers can enter, work and leave the host country only with the permission or assistance of their sponsor. However Middle Eastern countries are considering abolishing this system.

23. Employers in foreign countries, foreign recruiting agents, local sub-agents, employees and ALFEA members who do not adhere to ethical practices, violate conditions imposed by ALFEA and/or SLBFE and who fail to comply with ALFEA.

24. Foreign agencies not allowed to recruit Sri Lankan workers. [www.alfea.org](http://www.alfea.org) – accessible only to members but researcher given access

25. <http://www.alfea.org/blacklist.php>

26. Section 56 of 1985 Act and Section 5 of its 1994 amendment.



- To formulate a Code of Good Conduct for licensees and ensure its enforcement
- To make representations to the SLBFE and the Minister on matters relating to the recruitment of Sri Lankans for employment outside Sri Lanka

In 1997, the ILO recommended that codes of practice should cover minimum standards including the qualifications of those in charge of the agency, disclosure of all charges to clients, obtaining all information relating to the jobs to which recruitment is to be made, not knowingly recruiting workers for hazardous work, explaining the terms and conditions of employment to the worker, refraining from depressing the wages of workers and maintaining a register of workers recruited by its members, for the maintenance of professionalism in the industry (ILO, 1997).

Although ALFEA has been in operation for 23 years, regrettably it has not been able to enforce the Code of Conduct that it has formulated. While some licensed agencies have acted with integrity and professionalism, others have not only violated the code but also openly contravened the Act, on major issues like recruiting under-aged girls (Sri Lanka News First, 2008 b&c; Divaina, 2009). Stakeholder interviews revealed that some agencies do not interview all the workers recruited, explain the job requirements or the charges that the prospective migrant will have to bear, contravening the principle of fairness. ALFEA has also not been able to restrain some of its members from indulging in malpractices including the charging of excessive recruitment fees and colluding with foreign principals to deceive workers regarding wages.

ALFEA, on the other hand, pointed out that although it has the Code of Conduct, it is unable to discipline members by suspending them under Section 55 (d) as the SLBFE overlooks the provisions of the Act and requirements set by ALFEA when renewing licences. Referring to the recent SLBFE directive that membership of ALFEA is not a requirement for licence-renewal, its contention is that the SLBFE undermines its role. ALFEA also stated that it is not consulted on vital issues that affect the industry, citing the example of it hearing the proposal to amend the Act only through the media.

It is apparent that the relationship between ALFEA and the SLBFE is strained, with ALFEA instituting legal action against the SLBFE on several occasions. ALFEA, however, concedes that there are malpractices by some of its members.

ALFEA's internal governance has allegedly not been transparent. Despite having a membership of nearly 700 agencies, it is a male-dominated organization, with just two women having served as committee members while a majority of migrant workers whose interests it is required to safeguard are women. Since its establishment in 1985, the post of President has been held only by five persons, that of Secretary by five and Treasurer by seven. The same people have been rotating in the different positions effectively excluding others from seeking office -- the President has served as the Secretary, the Treasurer and as a committee member. ALFEA's contention, however, is that the majority is not interested in

seeking office. Internal strife had led to a breakaway group forming a federation, which subsequently had been dissolved. These internal problems and the strained links with the SLBFE impact adversely on recruitment.

Nevertheless, ALFEA has taken several proactive measures such as blacklisting members, employers in foreign countries, foreign recruiting agents, local sub-agents and employees who have defaulted after completing all formalities. As stated earlier, it has teamed up with the Sri Lankan Manpower Association of Kuwait to eliminate abuse (Samath, 2008a).

ALFEA believes that one way of bringing transparency to the industry is through the use of information technology and one such application that is being developed is to eliminate sub-agents. It is now working towards this goal by providing information to both the public and its members and linking with member-agencies that have connectivity. Despite shortcomings, the National Labour Migration Policy recognizes ALFEA as “representing private recruitment agencies and the contribution of recruitment agencies... as a key stakeholder in the process”.

#### **4.6 Informal networks**

Kin networks of relatives, friends, community members and colleagues play an increasingly important role in recruitment for overseas employment. From 1997 to 2007 recruitment through friends and relatives (self-basis) increased by 95% as compared with a 26% increase through registered sources. The 80,904 job seekers who found employment through direct sources in 2008 were more than half the number of those who went through registered sources. The survey shows that 41% of the respondents had used or were using informal networks to migrate.

These informal networks perform two functions in the recruitment process -- they provide information on the vacancies available and intervene with the employer to find placements (Gunetilleke, 1998). In the capacity of recruiters, friends and relatives complete the recruitment formalities and send the necessary documentation and authorization for the visas to the prospective migrant workers. Many workers register with the SLBFE that entitle them to its protection and welfare benefits.

While immediate family members such as a parent or spouse do not present any risks and in fact provide the prospective workers security, earlier research (Gunetilleke, 1991; Wanasundera, 2002) had reported instances of the migrant worker turned recruiter who was in the business of supplying workers to prospective employers. In a recent article Samath (2008b) confirms this practice stating that some former housemaids run job agencies in Kuwait.

These recruiters are the equivalent of the local licensed agencies but without being subject to the regulations applicable to them. They are able to carry on their business due to employer preference for recommended workers, as they have been in the destination country for a few years, established credibility through work performance and are confident and personable. These recruiters find employment for others at their own places of work or in places that are known to them. Some obtain applications from job seekers in Sri Lanka, process them, canvass

for employment and match the applications with vacancies when they arise in the destination countries (Wanasundera, 2002). These 'agents' usually charge a fee equivalent to three months' salary payable in Sri Lanka before departure.

Recruitment facilitated by informal networks, though legal, is outside official mandate and therefore more difficult to control. Agent-workers resort to several malpractices that include the charging of fees, falsification of documents, using a second or even a third passport and forged marriage certificates to enable the 'spouse' to join the worker in destinations that permit them entry (Wanasundera, 2002). Further, according to SLBFE officials, they support many unacceptable practices including illegal recruitment, unfair labour contracts and visa malpractices and connive with recruitment agents in the labour-importing countries and at times in money laundering. They also connive with foreign agents to bypass the Sri Lankan agent to recruit workers through a family member or a sub-agent. A stakeholder interview revealed that the migrant recruiter, together with the foreign agent, manipulates the prospective employer, especially those recruiting Muslim housemaids to pay the recruitment fee to them. The SLBFE which is aware of these malpractices has difficulty in curbing them even with diplomatic authority due to the connivance of the foreign agent especially in the Middle East. The SLBFE indemnifies itself by requiring the prospective migrant worker who uses this channel to accept full responsibility in writing for any problems that may arise regarding the visa.

#### **4.7 Illegal channels**

Errant agencies and illegal recruitment have existed from 1980 and the enactment of the 1985 Act to "eliminate exploitation by bogus recruitment or illegal employment agencies ..." (De Soysa, 2009), and subsequent laws have not been deterrents. Today, an estimated 400 illegal agents, agencies and sub-agents are reported to be operating throughout the country, with a majority being in Matale, Galle, Kadawatha, Badulla, Bandarawela, Kurunegala and Katugastota (ColomboPage News Desk, 2008). The Auditor General in his report on the accounts of the SLBFE for 2006 (Para 7 I) has drawn attention to foreign employment agencies that were not registered with the SLBFE (Sri Lanka. Parliament, 2007).

Illegal recruiters charge exorbitant fees and transport workers to banned destinations and countries. The SLBFE has been exercising greater vigilance on the operation of illegal agencies while at the same time conducting investigations into the operations of licensed agencies to stamp out illegal recruitment practices. The 2009 amendment to the Act has given more powers to the SLBFE to apprehend illegal agents and agencies by making officers of the SLBFE public and peace officers within the meaning and for the purposes of the Code of Criminal Procedure Act, No. 15 of 1979 and brought in stiffer penalties for unauthorized recruitments (Sri Lanka. Parliament, 2009b).

ILO defines illegal recruitment as any form of canvassing, procuring, promising, contracting or transporting of workers for employment abroad by an unlicensed agency/agent or directly by an employer that is not in conformity with national laws and regulations. The Sri Lankan law makes unauthorized recruitment an offence and every person who carries on the business of a foreign employment agency without a licence issued under the Act is guilty of an offence.

Corruption risks to workers who migrate or attempt to migrate through illegal channels are high. Such job seekers pay very high 'recruitment' fees, are at risk of being stranded without employment in destination or transit countries (Berenger and Kirinde, 2008; SLBFE, 2009) are without protection at the destination and are breaking the law and could be apprehended by the authorities in Sri Lanka or overseas. Unlicensed agencies concentrate on sending workers to lucrative destinations such as Italy (Dumalao, 2007) or Japan where job aspirants cannot enter legally or to countries such as Iraq or Afghanistan (Berenger and Kirinde, 2008) that are in political turmoil or have civil war to which recruitment is banned by Sri Lanka. They report that "hundreds of Sri Lankans are risking their lives and making their way into war-torn Iraq". According to the same report the International Organization for Migration (IOM) had helped more than 30 Sri Lankan workers to flee Iraq since February 2007 after finding that they were being exploited and were living in deplorable conditions. It is also reported that illegal agencies recruit workers by promising them placements in educational institutions in countries such as Australia, Canada, United Kingdom, United States of America, Cyprus, Singapore, Malaysia and New Zealand (Jayamanne, 2008) contravening the law.

However, it is not only unregistered agents who engage in illegal recruitment. Licensed agencies are also guilty of illegal recruitment practices in varying degrees (Pinthu, 2008; Lankadeepa, 2008; Daily Mirror, 2008a & 2009e; Gamage, 2008b). Sub-agents, friends and known persons and individuals some of whom are ex-migrant workers are also involved in illegal activity although such instances are not as widespread or reported widely as that of unlicensed agencies. Licensed agencies that engage in malpractices work within the legal framework by sending workers legitimately to a country from which they are transferred to banned destinations, but unlicensed agencies are more difficult to track as they have no fixed location, some are part of underground networks and others are one-time operators who disappear after collecting the money.

The survey found that of the respondents whose migration attempt(s) had failed, five had tried to go to Iraq, one to Italy and seven to Japan. The SLBFE and law enforcement authorities investigate illegal recruitment agencies. Greater vigilance and cooperation with other law enforcement agencies resulted in raids on 116 unlicensed agencies in 2008, up from the 51 agencies in 2007 (SLBFE, 2009). In January 2009 alone, 21 had been raided while from January to May the raids amounted to 85. Programmes have also been conducted to raise awareness about illegal agencies, urging job seekers to use the services offered by the SLBFE to verify the credentials of recruitment agencies before using them.

## 5. Forms of corruption

Corruption takes different forms, some of which are criminal offences including forgeries and bribery and others unethical. This study found much anecdotal evidence of corruption and unethical practices. The prevalence of corruption is hard to measure, as respondents are unlikely to disclose their involvement in corrupt acts, especially if they are criminal offences. Therefore, the findings below are based more on qualitative research and derived from interviews, media reports and studies carried out by others.

### 5.1 Forged documentation

Forgeries include documents that a job seeker requires for migration purposes and those that are used to misinform and dupe them. Falsification of documents, as in the much-publicized case of Rizana, is believed to be common (Jayasinghe, 2009; Pinthu, 2008; Lankadeepa, 2008).

#### **Duped with forged documents**

During Nandasiri's efforts to migrate for employment, his sister who was working for a licensed agency, told him of a sub-agent in Minuwangoda who was sending workers to Iraq. Since his brother-in-law was working as a carpenter there earning a salary equivalent to Rs. 100,000, Nandasiri decided to migrate to Iraq illegally through the sub-agent. With the encouragement of his brother-in-law, he paid Rs. 120,000 to the sub-agent and another Rs. 53,700 for the air ticket, registration, insurance and medical tests. The sub-agent when handing over the travel documents informed him that all arrangements had been made for him and eight others to leave on March 3, 2008, but urged Nandasiri not to show the documents to anyone as he was embarking on an illegal journey. It was only when Nandasiri and the others went to the airport that they found they had been issued forged travel documents and realized there were no jobs for them.

Although information on forgeries is mainly anecdotal, the extent of the problem can be gauged from the statistics maintained by the Sri Lankan Embassy in Kuwait. In 2007 and during the first four months of 2008, the number of housemaids repatriated for possessing forged documents was 138 and 31 respectively (Samath, 2008b). Being aware of the problem (Sri Lanka News First, 2008b), the SLBFE has commenced issuing new identity cards containing a bar code to migrant workers to prevent such forgeries (Weerakoon, 2008).

Some of the other corrupt practices that have been detected are the sale of birth certificates, alteration of age (Samath, 2008b; Lakbima, 2008; Sri Lanka News First, 2008b) religion and ethnicity of applicants, substituting the names of applicants not approved on the contract by inter-changing the photograph and name. A common fraudulent activity is the substitution of Muslim names for those of Sinhala and Tamil women, because there is a preference for them in the Middle East, they are treated better and agents can obtain a higher commission from the principals (Dias and Jayasundera, 2004). Workers to Cyprus had been re-migrating with forged passports and other falsified documents such as marriage certificates and Cypriot

immigration officials have conceded that the use of forged documents was a problem (Wanasundera, 2001). Training certificates are forged<sup>27</sup> as well, while forging of official documents to dupe job seekers (Daily News, 2008c) has also been reported.

The study found examples of such activity among those interviewed. A respondent whose migration attempt failed had paid Rs. 25,000 to alter his age on the passport. When being interviewed, the director of a medical centre pointed out to the researcher two women who had altered their age -- a 59-year-old prospective migrant who admitted her age though the passport recorded it as 51 and a 16-year-old whose date of birth had been changed to make her 18.

## 5.2 Illegal payments

Until the amendment of the SLBFE Act in 2009,<sup>28</sup> the law specifically prohibited the charging of fees by a licensed agency “for providing or securing employment for any person in any country outside Sri Lanka”.<sup>29</sup> The agency can however charge from the migrant worker the SLBFE registration fee of Rs. 8,883 for those whose salary is below Rs. 20,000 and Rs. 11,767 for those whose salary is Rs. 20,000 and above. This is also in keeping with ILO principles. However, only a very limited number of licensed agencies reportedly comply with this regulation.<sup>30</sup>

The charging of excessive amounts of money from job seekers by recruiters is a recurrent grievance. Not only does this make poor men and women mortgage their own or family assets, it also prevents them from taking advantage of lucrative employment opportunities due to the inability to find the money to pay the fees. The Chairperson of the SLBFE has been quoted (Weerakoon, 2008) as saying that despite a huge demand for skilled workers especially in the construction industry in the Middle East, recruiters were charging Rs. 60,000 from each job seeker.

The survey found that prospective migrants and returnees had been required to pay amounts not authorized by the SLBFE, irrespective of the migration channel they used. All but five prospective job seekers and four returnee respondents had been charged by the agency through whom they migrated. Sixty-five percent of the migrants had paid the agents sums between Rs. 15,000 and Rs. 900,000. Of this number, 13 had agreed to pay two to three months of the wages earned overseas. Sub-agents had charged amounts between Rs. 15,000 and Rs. 400,000 while informal networks had charged 48 migrants over Rs. 15,000. The highest amount of Rs. 1.3mn had been paid by a prospective migrant to an informal source.

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27. Stakeholder interview

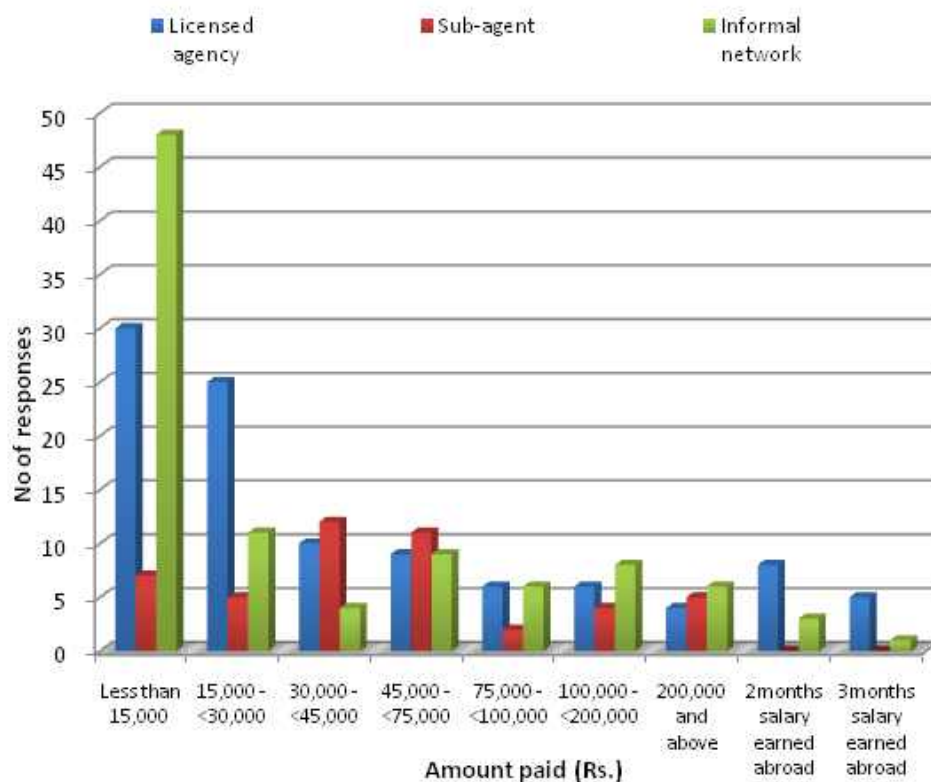
28.51(A) (1) if any licensee does not receive any commission or any other payment to secure employment opportunities outside Sri Lanka, he may charge the actual expenses to be incurred, in addition to the registration fee from any recruit, after having obtained prior approval for the same from the Bureau. Where the Bureau believes that the expenses requested are unreasonable, the Bureau may refuse to grant approval under Section 37. (2) where a licensee having received payment for expenses from the employer abroad, conceals the receipt of such payment and requests payment for those expenses, such licensee shall be guilty of an offence under this Act. (3) a licensee has to issue a receipt for the amount so received and (4) if a receipt is not issued will be guilty of an offence under the Act.

29. Section 34

30. Interview with ALFEA and survey

Ten licensed agencies, three sub-agents and 45 of the informal sources had not charged the respondents any fee. Twenty agencies and four sub-agents had charged up to Rs. 15,000, an amount that would cover registration and other expenses. Three who migrated on a self-basis had also paid up to Rs. 15,000 each. Thirteen agencies and four from the informal network had required the payment of either two or three months' wages as the fee.

**Figure 6: Fees charged from survey respondents**



The highest amounts had been charged by those who found or promised to find employment at premium destinations such as Italy, Canada and Cyprus in the West and South Korea in East Asia. Job seekers to Middle Eastern countries had paid the lowest amount.

The contention by the agents that such charges cover their administrative costs is not tenable as they receive a fee from the foreign agent for expenses, while the SLBFE refunds 70% of the registration fee paid by migrant workers. According to ALFEA, an agent receives between US\$800-1,400 as recruitment costs, handling charges and commission. In the case of domestic workers, the SLBFE has specified the recruitment fees that have to be borne by the sponsors in Saudi Arabia (Rs. 201,050 for a Muslim and Rs.179,050 for a non-Muslim); Dubai (Rs. 65,550); Lebanon (Rs.191,100); Abu Dhabi (Rs.73,500); Oman (Rs. 142,000); Qatar (Rs. 128,160); the Maldives (Rs. 98,088) and Singapore (Rs.68,135).<sup>31</sup> Sponsors in Saudi Arabia are required to meet among other costs, those of the visa, the resident permit and the

31. <http://www.slbfe.lk/recruitmentcost.asp> accessed on March 15, 2009

commission paid to the local agent, amounting to Rs. 201,050 for a Muslim housemaid and Rs. 179,050 for a non-Muslim worker. Premature repatriation costs are also included. Singapore has prohibited the employer from charging employment-related expenses or any other payment from the work permit holder. The local agent, therefore, cannot recover any cost from the worker unless they are not paid the expenses.

According to ALFEA, the agents do not charge a fee from domestic workers but as stated earlier the study found otherwise. The workers pay the agent either in Sri Lanka or when overseas by foregoing his/her salary in the first two or three months.

The foreign agent and the local licensed agency also act in collusion. Research (Dias and Wanasundera, 2002) has found that in the case of garment factory workers to Mauritius, despite a ruling of the Government of Mauritius that the employer has to bear the travel costs of a migrant worker, a third of the cost of the airfare is charged from the worker. The present survey, however, did not find such malpractices. A recent study carried out in Jordan (Olwan, 2008) states that the charges from the migrant worker are divided between the agent and the employer after the deduction of expenses.

The study also showed that some of the highest amounts had been paid by those who migrated through informal networks.

#### **What a 'friend'!**

When Kanthi told her friend Amala who was working in Cyprus about her financial difficulties, she had promised to find her a job as a housemaid. She advised Kanthi to attend the training programme and obtain her passport. As the airfare and visa would cost about Rs. 50,000, Kanthi agreed to give Rs. 40,000 to Amala's mother who would send it to her. As Amala did not contact Kanthi for over a month, she went in search of Amala's mother only to find that she too had left the country. Amala also did not reply Kanthi's letters but there was nothing she could do as it was a private transaction and the person who received the money was not in Sri Lanka.

Payments not only meant money but also food, liquor, clothing, jewellery, labour, sexual favours etc. The interviewees said that women from remote areas are brought to lodges in Colombo and abused before departure. When asked specifically whether they were required to provide non-monetary favours, only two said they had done so. One woman had been kept at the residence of the recruiter and asked to attend to household work and the other had to provide sexual favours.



## 5.3 Violation of rules and procedures

### Recruitment without jobs

A malpractice that has been reported repeatedly is recruitment for non-existent jobs. One reason for this is the questionable management of job orders by the agents, SLBFE and foreign missions.

A job order from the foreign agent or sponsor is authenticated by the Sri Lankan embassy before being sent to the local agent and ensures that employment is available for those who migrate. However, the agents inflate the number of jobs and obtain approval for more than the number of vacancies available. A foreign agent or sponsor can give this job order, which is valid for one year but renewable, to three licensed agencies. According to ALFEA, this procedure is followed to overcome bureaucratic delays and allow the agencies to engage in continuous recruitment. The SLBFE, however, reportedly takes only seven working days to give first approval. The potential risks to migrant workers arise from the fact that embassy validation is given without verification of the availability of jobs, with the SLBFE approving non-existent jobs and the possibility of sub-agents charging fees from job seekers even when there are no jobs.

Recruitment without jobs could lead to workers being stranded in alien countries. According to SLBFE statistics, 13 workers had been stranded in 2004 while this number increased to 541 in 2005 and 1,060 in 2006 but declined to 484 in 2007 and 131 in 2008. The number may be higher as many cases are not reported. Although both men and women have been stranded, women outnumbered men indicating their greater vulnerability.

In the study, three of the 42 failed migrant workers had been stranded. A respondent who was promised a job in Cyprus had been told that he would travel there via Malaysia, where his visa would be given to him. It was when he was not met by the agent's representative in Kuala Lumpur that he realized that he had been duped. Another respondent and six others were also taken to Malaysia for employment but no jobs were available on arrival. The third respondent who believed that he was on his way to Iraq on a tourist visa had been stranded in Dubai.

#### **Stranded in the Maldives**

Nandasiri's first migration attempt failed but that did not deter him from trying again. When he heard that an agency was sending masons to the Maldives, he paid Rs. 10,000 and along with seventeen others went there, only to find that there were no jobs for them. They were stranded for three months before coming back to Sri Lanka.

## **Job interviews**

Although agents are required to interview prospective migrant workers, this does not happen always. Ten of the eleven prospective workers in the survey said they had not gone to the agency to sign the contract, while of the 55 returnees who had signed a contract only one had done so at the agency.

Lack of interviews helps the perpetration of malpractices such as the substitution of ethnicity and religion and falsifying of age. Interviews help determine the suitability of the job seeker for a particular job and enable the verification of documents such as the passport and information therein.

Sub-agents attend to all the pre-departure formalities when they recruit workers and often only the passports of the job seekers are taken to the licensed agency unless the principal is in Sri Lanka to conduct interviews. An official of the SLBFE confirmed during a stakeholder interview that the worker often does not meet the licensed agent and has to rely on the information provided by the sub-agent. An ALFEA committee member admitted that recruiting workers without interviews leads to problems on-site, as the suitability of the workers for particular jobs is not assessed before recruitment. This is particularly relevant in the case of workers from remote or plantation areas. Unsuitability leads to harassment of workers at the destination. The same officer said that some employers reject the worker outright on arrival on first impressions. In such instances, the foreign agent buys the visa from the employer and sells it to another employer, moving the worker from one employer to another. This, in effect, amounts to trafficking, in breach of international conventions. The vulnerability of the worker increases as he/she has no valid employment or an employment contract.

## **Health checks**

All migrant workers are required to undergo a health fitness test prior to departure. Since the 1980s the tests had been carried out at registered medical laboratories or government hospitals. Since 2004, however, Saudi Arabia, Kuwait and Oman, which took in 48% of departures in 2008, have stipulated that these tests should be at one of the 13 medical centres designated by the Gulf Cooperation Countries Approved Medical Centres Association (GAMCA) set up by the Medical Committee of the Gulf Cooperation Council (GCC) to prevent forgeries; weed out unscrupulous agents<sup>32</sup> and ensure the criteria set by the Executive Board of the Health Ministers' Council for GCC States are met. These medical centres are manned by MBBS-qualified Sri Lankan doctors.

All private medical institutions in Sri Lanka have to be registered with the Private Health Services Regulatory Council under the Private Medical Institutions (Registration) Act, No. 21 of 2006. However, the study found that not all centres were registered. According to ALFEA, the health authorities have failed to enforce the rules which apply to private medical institutions on these medical centres by allowing them to have a monopoly of the medical tests that migrant workers to those three countries have to undergo.

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32. <http://gamca-karachi.co>

The recruitment agencies have to ensure that the men and women migrating through them are examined at a registered medical centre by a qualified doctor prior to departure. The agents usually pay for the tests, recovering the costs from the workers.

Among the allegations of malpractices with regard to such tests are that the worker is not aware of what tests are being carried out, the tests are done without his/her informed consent, he/she has no access to the test reports, there is no possibility of a second opinion for those disqualified and the reports are sent direct to the agent who is a third party without the consent of the worker.

The disclosure of medical test results to a third party without the consent of the worker is not only a violation of a patient's rights under international law but also disregards the Sri Lanka Medical Council's guidelines on medical ethics, which states that "...confidentiality is implied in the contract between doctor and patient and any unauthorized disclosure...would constitute a breach of contract, with grounds for civil proceedings against the doctor" (SLMC, 2003). The worker has no access to these results even when he/she fails the test and there is no provision to obtain a second opinion from a medical specialist. Meanwhile, in the event of a worker being transferred from one agency to another or the country of employment being changed, the first agency transfers the medical test results to the other through ALFEA<sup>33</sup> without the consent of the worker.

Women who test positive for pregnancy are not allowed to migrate. However, according to Human Rights Watch (2007), migrant domestic workers are sometimes administered a long-term contraceptive injection to prevent pregnancy, without their consent or knowledge and sometimes under coercion. A licensed agent stated during an interview that women migrant workers undergo the medical test a month or two before departure and the contraceptive injection is given to prevent conception during that time and their departure. This practice violates a woman's right to bodily integrity.

The director of the medical centre who was interviewed said there was widespread corruption<sup>34</sup> in the issuance of medical certificates. Women who have major illnesses are allegedly sent abroad only to be diagnosed at on-site medical screenings and reportedly deported. He said that although the agent is required to bear the cost of repatriation, usually the women are compelled to meet these expenses. The Sri Lankan Embassy in Kuwait repatriated 291 housemaids in 2007 and 150 in the first five months of 2008 due to medical reasons such as hereditary sicknesses, having undergone major surgery or failing the on-site medical examination for being pregnant on arrival (Samath, 2008b).

The fee for the medical tests charged by GAMCA and others is also reported to be over and above the Rs. 2,500 charged for similar tests at government medical institutions for workers migrating to South Korea. The survey showed that of the 158 migrants who had undergone a

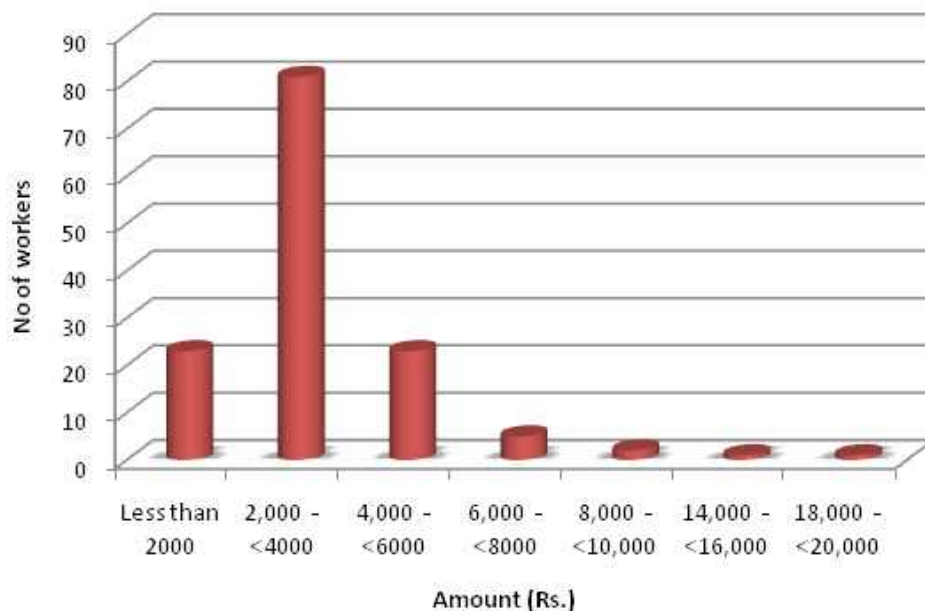
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33. [www.alfea.org](http://www.alfea.org). Access restricted to members but researcher provided access and viewed it on February 18, 2009

34. According to ALFEA the Kuwait Embassy has suspended a medical centre in October 2009 until further notice. The reason was not given <http://www.alfea.org/news.php?id=18>

medical test ten had not paid anything, 81 had paid between Rs. 2,000 and Rs. 4,000 and 23 from Rs. 4,000 to Rs. 6,000. Sixteen did not know how much they had paid indicating their reliance on the intermediary to attend to all formalities. Prospective migrant workers to Saudi Arabia, one of the GCC countries, had paid the highest amounts.

**Figure 7: Cost of medical tests according to survey respondents**



Health checks are also carried out in the destination country and the survey found that 30% of the returnees had undergone such testing. In Bahrain, for example, they are referred to the government’s centralized health facility for migrant workers, Al Razi Health Centre, which is a GAMCA centre. Here again migrants are vulnerable to abuse and malpractices. Although GAMCA guidelines state that “migrant workers should give their consent by signing an English-Arabic form on their medical report”, it appears that they cannot understand or fill it out and often no consent or signature is obtained. In a research quoted in the Bahrain Tribune, several respondents had stated that it was their sponsor who signed the consent form for their medical test.<sup>35</sup>

### Training

Pre-departure training is mandatory for specific categories of migrant workers. Repeat migrants and those who migrate on a self-basis are exempted from following the course. Training, a safeguard against malpractices, should be done systematically ensuring that all those who are required to undergo the programme do so. Allegations of corruption in the issue of training certificates have led the SLBFE to put in tighter controls including the computerization of registration lists and progress reports, obtaining trainee signatures on attendance registers twice a day and close supervision of training centres. Yet there are reports of workers migrating without training by making a payment to agents (Arshad, 2007). The survey showed that 34% of the respondents who had migrated through agents and sub-

35. www.BahrainTribune.com. Accessed on February 6, 2009

agents between 2003 and 2008 had not followed the compulsory training programme. The SLBFE levies a nominal charge for training, which is paid either by the agency or the prospective worker. Except for one respondent who paid Rs. 6,000 the training fee charged appears to be reasonable.

### **Employment contract/lack of awareness of contractual obligations**

The employment contract is the basis of the contractual relationship between the employer and the employee, giving him/her security and documentary proof of the terms and conditions of recruitment. The SLBFE has developed a model employment contract especially for unskilled and domestic workers, specifying the period of employment, the duties of the employee and the employer's obligations including the salary, mode of payment, rest days, provision of free food, lodging and medical care and the payment of transport costs from Sri Lanka to the destination country and back. The contract is signed by the employer or the foreign agent, attested by an officer at the Sri Lankan mission and forwarded for the signature of the employee, who has to sign it in the presence of an official of the SLBFE after reading its contents.

The Act requires a copy of the contract to be sent to the Ministry of Labour of the country in which the contract of employment is to be performed [Section 40(3)]. The licensed agency is held accountable for contract violations.

The contracts vary according to the job and the country of employment. In Cyprus, all categories of migrant workers are included in the labour laws and contracts are binding on employers; in Mauritius the laws cover those recruited for the industrial sector; and in South Korea workers have the protection of the law for the duration of their contract. However, the labour laws of Middle Eastern countries, where Sri Lankan workers are concentrated, exclude certain categories of unskilled and domestic workers while even if there are contracts and they are forwarded to the Ministry of Labour in the destination countries enforcement in a court of law is difficult.

Of the 120 prospective workers surveyed, who were at various stages of the pre-migration process, only 9% had signed the contract<sup>36</sup> and only 52% of the migrant returnees had done so. Twenty-five percent of the returnees who had migrated through an agency and 32% through a sub-agent had left for employment without signing a contract.<sup>37</sup> As the SLBFE does not insist on a contract from those who migrate directly, only 17% had signed a contract.

It is a legal requirement [Section 40 (1)] for the contract to be read and explained to the worker in a language that he/she can understand before it is signed. However, not all contracts are in Sinhala or Tamil and until 2007 the agent or sub-agent was able to sign the contract on behalf of the worker, leaving him/her ignorant of the terms and conditions of employment. The lack of understanding of the contract results in malpractices, an instance being the repatriation of more than 600 domestic workers from Malaysia in 2008 as they had not understood the work they were expected to do (Argent, 2007).

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36. This may be because the contract is signed closer to departure.

37. It is possible, however, that the sub-agent had signed the contract on behalf of the worker.

To overcome these problems, since 2007, the SLBFE requires all workers to sign their contracts in the presence of an official, after the terms and conditions have been explained in Sinhala or Tamil. The SLBFE confirms that the workers, having read or been explained the contents of the contract, sign the document, ensuring that they are aware of the working conditions and the expenses, including travel that the employers will pay for. However, ALFEA objects to this procedure on the grounds that the process is tedious and not practical due to the large numbers who migrate daily.

### **Contract substitution**

Contract manipulation and substitution are common malpractices in the recruitment process that negate the efforts of the SLBFE to introduce minimum standards to protect workers. The employment contract of domestic and unskilled workers has no legal validity in destination countries except Cyprus, Israel, Singapore and South Korea.

Contract substitution at the destination is reported to be common with alterations in the terms and conditions of employment leading to work in abusive conditions or at lower wages and benefits or both (Hettiarachchi, 2004). In the case of domestic workers, this could relate to the type of household and the number of members in the household, hours of work and wages among others. Workers are unable to question or reject the new contract as they cannot read the language it is drafted in, are in an unfamiliar and sometimes hostile environment and are compelled to take any job because they have to pay back large sums of money they borrowed by mortgaging their own or household assets. They also come under pressure from the foreign agent to agree to the employer's terms and conditions.

Of 57 returnee migrants, 37 said they had to sign a contract written in English at the destination, while 29 said it was in Arabic, three that it was in Italian and two that it was in Greek. (There were multiple responses from some of them.)

### **Job substitution**

Soon after Naha completed his Advanced Level examination, his father borrowed Rs. 60,000 and paid a sub-agent, who was his friend, to find him a job. Naha was to pay back the debt from his salary. In June 2006, he left the country to work as an office boy in a company in Qatar. The promised job never materialized. Instead he was taken for camel riding and to clean the stables. He also did not receive his salary nor was he given sufficient food. A Sri Lankan he met at a mosque helped him to telephone his father, who then informed the sub-agent about his plight, only to be told that Naha should be patient. However, even after three months as there was no change in his job, his friend paid his airfare for him to come back to Sri Lanka. When the sub-agent was asked to return the money he had refused and it was only later that Naha and his father found out that he had cheated several others.

### **Not a house but a farm**

A friend in Kuwait offered to find Bandara a job as a driver in a household with a salary of Rs. 35,000 a month. Pre-migration expenses, including the airfare, amounted to about Rs. 53,000. When he arrived in Kuwait he was not taken to a house but to a livestock farm. Reluctantly, Bandara agreed to work there as he did not want to displease his friend. After a month when he was given the equivalent of Rs. 16,000 and not Rs. 35,000 as promised, he returned to Sri Lanka paying the airfare.

Foreign and local agents including sub-agents are involved in this deception. Although the SLBFE stipulates a minimum wage for unskilled or domestic workers, agents are known to circumvent this requirement by indicating the minimum wage on the job order but coming to an agreement with the foreign agent to pay a lower wage. The minimum salary of domestic workers to Qatar as reflected in the job order and approved by the SLBFE is Qatar Riyal 900, but ALFEA states that the agreement with the foreign agent is to pay only QR 600 (Hettiarachchi, 2004). According to ALFEA such deception is carried out due to competition from countries such as Bangladesh.

In another recent example, the SLBFE recalled 200 workers recruited for a janitorial service in Kuwait due to failure by the employer to pay the agreed salary. Although the minimum wage and the contracted pay for janitorial services was KD 60, the workers were paid only KD 40. Investigations revealed that Altab, the cleaning service company in Kuwait, agreed to pay only KD 40 and that the Sri Lankan agencies colluded with them to pay lower wages (Island, 2008). The Sri Lankan Ambassador in Kuwait is quoted as saying that workers are denied their actual wage while the local employment agencies are pocketing money by signing sub-contracts permitting them to receive a part of their wages. This case is now before the Kuwait Labour Tribunal (Daily Mirror, 2009d).

The ALFEA official who was interviewed stated that the SLBFE has not taken corrective measures to stop contract substitution. He was of the view that such malpractices could be eliminated if the contract is authenticated at a relevant government ministry in the host country and filed with its mission in Sri Lanka before the visa is endorsed, giving legal validity to the contract. The survey found that 48% of the returnees had signed contracts on arrival in the destination country. This included 73% of those who migrated through informal networks, 33% who used the services of a licensed agent and 42% who went through a sub-agent.

## 6. Migrant attitudes as a risk factor

A factor that contributes to corruption risks is the behaviour of migrant workers who desire to find overseas employment. Their risk-taking behaviour is induced by the lack of suitable employment opportunities, economic necessity and the search for a good life, the economic success of returned migrants, willingness to forego a portion of future earnings in risky investments, poor access to accurate information and reliance on informal sources for information. Literature on why migrant workers are willing to take risks is limited. This section analyzes the results of the responses of failed migrants and why they persist in taking risks.

The survey interviewed 42 failed migrants, thirteen women and 29 men, a majority of whom had an education at least up to Grade 5, while seven women and twelve men had gone up to Grades 6-10. More men than women had sat the Advanced Level examination, while women had only computer and sewing skills whereas the men had a wider range of skills although there were two who had no skills. Most respondents were employed as skilled informal sector workers at the time of interviewing. Despite having some skills, women sought domestic work overseas while the men migrated as labourers, cleaners and room-boys.

Apart from four respondents whose migration attempts failed due to personal reasons, two others due to health factors and one as he did not pass the qualifying test, all the others had faced corruption and cheating. The agencies were responsible for eleven cases of aborted migration, sub-agents for fifteen and kin groups for fourteen. Fourteen cases of fraud were noted with the agencies responsible for three, the sub-agents for six and kin groups for five. In most cases, the agents or sub-agents had swindled workers of amounts going up to Rs. 400,000. Four of the respondents had been stranded, with three being deported subsequently while the other who had been sent to a different country had returned on his own. While all these respondents had some years of schooling and the majority had been employed, they had not used the acquired life-skills to verify the authenticity of the intermediaries to whom they paid a considerable amount of money to find employment.

Despite the failed first attempt at migration, six of the respondents made a second attempt. Three tried to go to the same country in the Middle East and two to a country in the same region. Except for one, they used the same intermediary as in the first attempt for the same type of job.

The reason for the failure of these respondents to migrate the second time had been the same as in the first attempt. Four workers persisted in their migration efforts without trying to overcome the obstacles they faced in the first failed attempt. One had failed the medical test on both occasions and another had put his trust in a friend the second time as well. For the third, family objections led to failure on both occasions and the fourth, although aware that legal migration is not allowed to Iraq and being told that it is difficult to go there, nevertheless paid money again in a second attempt.



A strong motivating factor in repeating the migration attempt was the desire to recover the losses incurred in the first attempt. Another was the comparatively attractive wages that workers in such countries as Iraq and Cyprus receive and the belief that it is worth making another attempt. For all, the anticipated future income and benefits outweighed the attendant risks. They wanted to migrate "somehow".

## 7. Conclusion and recommendations

Since large scale migration began over three decades ago, proactive measures beneficial to both the individual migrant worker and the state resulted in the enactment of laws and the establishment of the SLBFE for their enforcement. The 2009 National Labour Migration Policy and the amendment to the Act reiterated state commitment to ensuring safe migration. Over the years, the SLBFE continuously streamlined operational procedures and devised strategies to uphold the rights of workers and standards set in international conventions on labour migration.

However, illegal processes and unethical business practices continue to undermine the benefits of labour migration. Perceptions of corruption in the recruitment process were high among the survey respondents. The majority believed that there was much abuse in the system; sufficient information was not available to make informed decisions; awareness among job seekers was not high; and verification of recruiter credentials was mainly on hearsay.

Corruption risks in the migration cycle exist but they are also a reflection of corruption that exists in all institutions in the country, whether political, economic, administrative or social. The focus of this study on corruption risks should not be taken to mean that labour migration has had no positive outcomes and action that has been taken by the state has been futile. Illegal practices and corruption risks would have been more extensive had these regulatory measures not been in place.

This study was based on an extensive literature review and a sample survey that included case studies and stakeholder interviews. It showed that corrupt practices are perpetrated by all those involved in the recruitment process -- state agencies, licensed agencies, their sub-agents, other individuals, kin networks, unregistered agencies, officials of various government ministries and departments as well as individuals acting alone or in collusion.

Data on complaints maintained by the SLBFE showed that unskilled and domestic workers (all of whom are women) who migrate to get out of poverty and improve their economic and social status are the most susceptible to exploitation. The concentration of these categories of migrant workers in Middle Eastern countries which do not have labour laws that provide protection to them and where the recruitment industry is not strictly regulated adds to their vulnerability.

Some licensed agencies that provide overseas employment opportunities to a large number of low-income Sri Lankans acted with professionalism, but the survey found that others did not comply with the law. It is estimated that nearly 70% of licensed agencies have been set up by former migrant workers and sub-agents who lack the requisite skills to engage in such recruitment and consequently did not act with professionalism.

Violation and disregard of legal requirements and procedures in respect of the charging of fees from migrant workers, bogus job offers, recruitment without interviews, withholding information on wages and working conditions and contract substitution as well as collusion with foreign principals are some of the malpractices that increased corruption risks to migrant workers. Other illegal practices are the use of forged documentation and recruitment to banned destinations.

Many of the malpractices in recruitment have been attributed to sub-agents who find workers for licensed agencies. They have no official recognition but have established themselves as an essential link in the recruitment process. The licensed agencies use them for legitimate recruitment but do not take responsibility for their actions that include the defrauding of job seekers. Some licensed agencies collude with sub-agents to engage in illegal recruitment.

ALFEA has played a useful role but as seen from the malpractices and fraudulent activities that its members indulge in, has not been able to get them to act ethically and with professionalism. Internal dissension, lack of accountability in its management and tension with the SLBFE have had a negative impact on migrant workers and prevented ALFEA from playing a more positive role.

Although the focus in the migration process has been on licensed agencies, workers who used informal networks have also not been entirely risk-free. It is reported that many friends and non-nuclear family members who run recruitment businesses fall outside the purview of the SLBFE and are involved in fraudulent activities. Workers who have migrated through them have paid excessive amounts of money, been duped into making payments for non-existent jobs, been stranded without employment and also transported to banned destinations.

A large number of such businesses, more than half the licensed agencies, are reported to be operating illegally.

The susceptibility of migrant workers to corruption risks is also the result of their risk-taking behaviour mostly out of necessity and desperation and sometimes out of a desire to “make good” by seeking jobs abroad. Job seekers willing to take risks continue to seek these recruiters and pay the money demanded by them, believing that their investment can be recovered from future earnings. ALFEA reports large numbers of migrant workers who having completed all formalities had decided not to migrate causing considerable financial loss to the agents and employers.

SLBFE has adopted measures to curb malpractices but weak enforcement, lack of transparency in administrative actions and political patronage undermine the positive steps taken and impact adversely on ensuring a decent and fair recruitment process.

## **Recommendations**

Here we put forward recommendations to the state/SLBFE, licensed agencies and migrant workers on how to further strengthen this vital sector by enforcing processes already in place to prevent malpractices and corruption. The most crucial step should be to define a recruitment policy based on international standards and to implement the National Labour Migration Policy.

### **Recommendations to the state/SLBFE**

**Law enforcement:** The law should be enforced more effectively and penal sanctions brought against those found guilty of illegal recruitment, fraud, deceit, bribery and corruption, as prescribed in the amendment to the Act.

**Governance of SLBFE:** The state needs to review the provision in the Act which allows representation of licensed agencies on the Board of Directors of the SLBFE. Measures must be taken to enforce the disclosure of conflict of interest and ensure that Directors do not participate in decisions that could affect the agency they represent.

**Appointments on merit:** The appointment of Welfare Officers to diplomatic missions in countries where there are migrant workers should be on approved selection criteria. Once selected, these officers should serve at the SLBFE for a specified period to become familiar with the issues faced by migrant workers before taking up their appointments.

**Access to information:** As the regulator of the migration process, the SLBFE should be transparent in all its activities while also detailing the processes of migration clearly. Both conventional methods and information technology should be used for maximum awareness, the key to preventing corruption and exploitation. The annual report and website should contain the names of local and foreign agencies and employers who have been blacklisted. Such information should also be made available to the public at regular intervals through the media. The annual report should also review the issues and challenges faced by the sector and define what steps have been taken to overcome them. Information should also be disseminated through the SLBFE's hotline/s and outreach programmes, with basic information such as the list of licensed agencies being displayed at the offices of the Grama Niladharis and the Divisional Secretariats. The network of family health workers could be mobilized through the Ministry of Health to disseminate information as also an SMS service in collaboration with the Sri Lanka Telecommunication Regulatory Authority. Labour practices, recruitment of migrant workers, labour laws and redressal mechanisms in the destination countries should be studied and information disseminated among officials and other stakeholders.

**Regulation of licensed agencies:** The criteria for issuance of licences to recruitment agencies should be more stringent. As there are numerous licensed agencies, the granting of licences should be based on additional criteria such as proven management skills, ability to find new labour-seeking countries or send out more skilled migrant workers. The term 'a person of good repute' in Section 27 (b) of the Act should be elaborated. Sub-agents should be brought within the regulatory framework and a system of licensing devised, with job agencies being

held accountable for the actions of their sub-agents and brokers. Renewals of licences should be based strictly on performance -- not only on the numbers they recruit but also on the ethical standards they maintain. The criteria for assessing performance, based on legal requirements and ethical standards should be developed. The submission of audited accounts to the SLBFE should be made mandatory, as also the opening of NRFC accounts.

**Consultation/liaison:** A regular consultative process between ALFEA and the SLBFE should be set up to ensure that both institutions work towards the common goal of protecting migrant workers. The State should explore networking with other labour-sending countries in the region to press for stricter regulation of recruiters in labour-importing countries. The SLBFE should liaise with the Ministry of Health to ensure that fees for medical tests that migrant workers should undergo are in accordance with the Private Medical Institutions Act. The GCC-approved medical centres should be monitored to ensure ethical standards are maintained.

**Complaints mechanism:** Considering the number of workers who migrate, the critical importance of this group and their vulnerability, the state should set up an Ombudsman. All complaints should be classified to indicate the different types of problems and reflect which source of recruitment caused a majority of grievances.

#### **Recommendations to licensed agencies**

**Management:** The agency manager should have minimum educational qualifications and experience in running a business. Computer literacy should be a requirement for those seeking licensing of new agencies, while personnel of existing agencies should be required to acquire competency.

**Financial accountability:** The licensed agencies should be limited liability companies and required to register with other government authorities such as the Inland Revenue Department and the relevant Provincial Council.

**Enforcement of ethical standards:** ALFEA should do more to promote its Code of Conduct and develop a compliance mechanism.

#### **Recommendations to migrant workers**

Migrant workers should pro-actively seek information and act in a responsible manner. They should check the costs to be borne by them, while reporting exploitation and abuse.

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# **Annex**

## **Steering Committee members**

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**Mr. Faizer Mackeen,**

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Transparency International (TI) is the global civil society organization leading the fight against corruption. Through more than 100 chapters worldwide and an international secretariat in Berlin, Germany, TI raises awareness of the damaging effects of corruption and works with partners in government, business and civil society to develop and implement effective measures to tackle it.

Transparency International Sri Lanka (TISL) started operations in 2002. It functions as an autonomous chapter of TI with its own local strategies and priorities.



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