

INTERNATIONAL MIGRATION PAPERS

64

**Empowering Filipino Migrant Workers:
Policy Issues and Challenges**

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**SOCIAL PROTECTION SECTOR
INTERNATIONAL MIGRATION PROGRAMME**

INTERNATIONAL LABOUR OFFICE GENEVA

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Introduction

This report covers the major findings and recommendations of a Research-Advocacy Project on Migrant Empowerment under the Technical Cooperation Program for 2001-2002 between the Department of Foreign Affairs (DFA) of the Philippines and the International Labour Organization (ILO). The overall objective of the DFA-ILO “Cooperation Program for the Promotion of the Welfare and Protection of Overseas Filipino Workers (OFWs)” is to enhance the capacity of the DFA in responding to the needs and problems of Filipino migrant workers overseas in situ.

Specifically, the Research-Advocacy Project seeks to assess and develop policy measures to:

- Upgrade the capability of Philippine missions overseas to deliver services to Filipino migrant workers in the context of the 1995 Migrant Workers’ Law; and
- Operationalise the DFA’s proposal for a Migrant Empowerment Program, with special focus on the mobilization of savings for productive investments in the Philippines.

The Research-Advocacy Project is urgent and significant in several ways:

First, it addresses a long-felt need for an integrated and comprehensive upgrading of migrant services of Philippine missions overseas. In the past, migrant-related problems in the host countries were considered the exclusive province of the Overseas Workers Welfare Administration (OWWA) and the labor attaches, not of the embassy as a whole.

Second, this is an opportune time to assess the implementation of the reforms envisioned under Republic Act (R.A.) No. 8042 or the Migrant Workers and Overseas Filipinos Act of 1995, hereinafter referred to as the Migrant Workers Law (MWL). Among the most urgent concerns that would have been addressed by the law at this time, are the creation of fully operational Re- Placement and Monitoring Centers(RPMC) and the ‘deregulation’ policy, or the gradual withdrawal of the role of the Philippine Overseas Employment Administration (POEA) in the pre-deployment processing of overseas workers.

Third, it is perceived that empowerment programs such as education and organization could equip migrants with the individual and collective consciousness and increased capacity to assert their labor and human rights, which may provide the key to the reduction of widespread abuses in the overseas workplace. This also presents a possible area of cooperation between the Philippine missions overseas and non-governmental organizations (NGOs) as well as church based groups who have been active on migrant work.

Fourth, there is a potential for harnessing the estimated USD 8-to 10 billion remitted by over 5 million migrant workers, in serving as engines of economic growth, through the mobilization and use of these remittances to increase the Philippines’ productive capacity and lead to the creation of more employment and the promotion of local industries. The identification of best practices and approaches as well as the wider dissemination of savings and investment choices, would give migrants better preparation in their reentry to the Philippine labor force and reintegration to Philippine society, and create a more suitable environment for increased migrant savings and investment in the Philippines.

Major activities undertaken by the Research Team

In relation to the twin tasks of the Project, the Research Team undertook the following major activities:

- Policy discussions with high-level officials of the Office of the Secretary of Foreign Affairs and the Office of the Undersecretary for Migrant Workers Affairs (UMWA), on the implementation of the reform measures under the MWL, the operationalization of DFA's concept of migrant empowerment and an assessment of staff attitudes and readiness of Philippine missions overseas to respond to migrant needs and concerns in host countries;
- Conduct of two missions to Japan and one mission to Hong Kong by a high level DFA policy group to assess the general implementation by the Philippine embassy and consulates of relevant provisions of the MWL, and the holding of consultations, dialogues and focused group discussions with selected migrant workers and NGO volunteers to flesh out the needs related to welfare and protection, their evaluation of the level of adequacy of embassy services to migrant workers, and views on migrant empowerment schemes;
- Documentation of various savings and investment initiatives, that include the flotation of 'OFW Savings Bonds' as a risk-free savings scheme; and
- Gathering of relevant documents, materials and insights from key informants of other concerned government agencies such as the Philippine Overseas Employment Administration (POEA) and the Overseas Workers Welfare Administration (OWWA) and from NGOs and private sector entities already active in the promotion of various savings and investment schemes for migrants.

Japan and Hong Kong were chosen as ideal areas for case study because of the large concentration of migrant workers, being the second and third biggest in Asia, the relatively higher earnings of migrants in these areas compared to counterparts in other countries, the existence of active migrant NGOs and migrant organizations, and the proximity of these places to the Philippines.

Caveats

Given that the focus was on the development of policy approaches to enhance the delivery of migrant services of the DFA through its missions and embassies abroad, the report mentions POEA and other agencies under the Department of Labor mainly within this context. For the same reason, illegal recruitment and other related problems, being major concerns officially pertaining to the POEA, are not discussed at length.

The Research Team intended but was unable to hold consultations with all the migrant NGOs and organizations in the Philippines as well as those based in Hong Kong and Japan due to time and resource constraints.

1. An assessment of the 1995 migrant workers law and its implementation

1.1. Overview of Policy Recommendations Under the Migrant Workers Law

This is an assessment of Republic Act No. 8042, invariably known as the Migrant Workers and Overseas Filipinos Act of 1995, or the Magna Carta for Filipino Migrant Workers. It was enacted by the Philippine Congress in a record time of one month as a quick legislative response to the widely-publicized and highly-emotional issue of Flor Contemplacion, a Filipino domestic helper executed in Singapore who was depicted by the crusading Philippine mass media as the sad national symbol of the abuses and sufferings endured by the Philippine ‘modern heroes and heroines’ — the overseas contract workers (OCWs), and now more commonly known as the overseas Filipino workers (OFWs).

For the sake of brevity, the report shall refer to Republic Act No. 8042 as the **Migrant Workers Law (MWL)**. This is a report on Filipino migrant workers, and unless specified otherwise, the term “migrant workers” refers to Filipino migrant workers, and is used throughout. The term migrant workers refer to those covered by overseas work contracts processed by the Philippine government, or those commonly known as Overseas Filipino workers (OFW) or Overseas Contract Workers (OCW) and to a certain extent, unauthorized workers not legally deployed but affected by the same or similar problems as regular workers and therefore entitled to or stand to benefit from improved government systems for the delivery of services to migrant workers.

The law was based on a Report entitled ‘On the Safety Nets and Protective Measures for Overseas Workers and Filipino Nationals’ submitted by a Commission headed by Justice Emilio Gancayco (“the Gancayco Commission”) and whose creation represented the quick executive response to the Contemplacion case.

The MWL is anchored on the following policy guidelines:

- The dignity of Filipino migrant workers as citizens should be upheld.
- Migrant Workers should be provided with sufficient and relevant social, economic and legal services.
- The State does not promote overseas work as an instrument to sustain economic growth.
- There is equality of individuals – regardless of gender – before the law and in nation building.
- There is a need to institute an effective mechanism to ensure the protection of overseas Filipinos.
- There should be full participation and representation of Filipinos abroad in democratic decision-making processes and institutions in the Philippines.
- The possession of skills is the ultimate protection of all migrant workers.
- There should be recognition of the role of non-governmental organisations (NGOs) as partners in defending the rights and welfare of Filipino migrant workers.

1.2. General situationer

a) Overall stock

While contract based migrant workers are deployed through the POEA, the agency mandated to monitor Filipino emigrants or permanent residents settling in other countries who are usually non-contract based, is the Commission on Filipinos Overseas(CFO), an attached agency of the Department of Foreign Affairs. The CFO also runs programs that encourage Filipinos overseas to contribute to the development of their country, and thus consider every Filipino overseas, whether contract based, undocumented, or emigrants, as capable of contributing to this task. CFO figures have therefore included all such Filipinos overseas, regardless of status, in estimates of overall stocks, to compose the overall stock that are referred to as “Overseas Filipinos”, and who are said to be in 193 countries worldwide.

The 1995 and 2000 figures of the Commission on Filipinos Overseas, estimates the total number of Overseas Filipinos, as follows:

1995

Documented (Contract workers)	2.45 million
Undocumented workers	1.79 million
Total	4.24 million
Plus: Permanent Residents (Emigrants)	1.76 million
Total Overseas Filipinos	6.00 million

2000

Documented (Contract workers)	2.99 million
Undocumented workers	1.84 million
Total	4.83 million
Plus: Permanent Residents(Emigrants)	2.55 million
Total Overseas Filipinos	7.38 million

Migrant workers include both sea-based and land-based workers such as construction workers, domestic helpers, entertainers, manufacturing and service workers, businesspeople, scholars, Filipinas married to foreign nationals, political and economic refugees, immigrants and undocumented workers.

b) Deployment

Around 2,000 migrant workers are being legally processed daily in the Philippines and over 700,000 Filipinos leave annually to work abroad. Table 1 shows the number of deployed migrant workers in year 2000.

Table 1. Deployed Overseas Filipino Workers, 2000

Land-based	643,304
Sea-based	198,324
TOTAL	841,628

Source: POEA.

Asia is the top destination area (Table 2), followed by the Middle East, Europe, Americas, Trust Territories, Africa and Oceania.

Table 2. Deployed Land-Based Workers by Global Regions 2000 (in descending order)

Major Country	Year 2000
Asia	292,067
Middle East	283,291
Europe	39,296
Americas	7,624
Trust Territories	7,421
Africa	4,298
Oceania	2,386
Total	643,304

Source: POEA.

The largest countries of destination of migrant workers in the 1970s were the Gulf Area or the Middle East. There are now a million migrant workers in Saudi Arabia and UAE alone. 2001 data of the POEA indicate that for the Asia-Pacific Region, the Kingdom of Saudi Arabia is the top destination, followed by Hong Kong and Japan.

c) Overseas labor migration and structural changes in the economy of host countries

Structural changes in the economy of a host country influences labor migration. For instance, the rise of labor deployment in the Middle East in the 1970s was due to the construction boom in the region following the newfound strength of the OPEC countries in the global petroleum industry. This was followed in the 1980s and 1990s by a qualitative shift favoring skilled manual workers and skilled service workers needed for the maintenance of hospitals, shopping centers and other newly built facilities in the Middle East.

The tremendous growth of labor deployment in the East and Southeast Asia regions in the 1980s and 1990s was driven by the high level of economic growth and development achieved by the industrialized and newly industrializing economies such as Japan, South Korea, Taiwan, Singapore, Hong Kong and Malaysia. Migrant workers from other countries were recruited to perform jobs that were considered by locals as 3D (dirty, dangerous and difficult) or as Roger Buhning (1998) prefers to call SALEP (Shunned by All Except the Very Poor), jobs that are considered vulnerable to abuse and exploitation.

Philippine labor migration is now also competing with new entrants to the global migrant labor market, who are usually willing to offer cheaper rates that effect a downward pressure on wages and less favorable work benefits, such as manual workers from India and Pakistan, seafarers from Poland, and Muslim domestic help from Bangladesh to Malaysia.

When host countries go into a recession, migrant workers are the first to be downsized, regardless of status. This includes those holding positions that host countries perceive could be readily occupied by their own nationals, and especially undocumented workers even when their presence in low status and undesirable occupations had previously been tolerated because of the added value of their services to the economy.

d) Feminization of overseas labor deployment

Structural changes in the economy of the host countries also partly explain the increasing employment of female migrant workers, particularly in gender-biased occupations and sectors such as domestic help, entertainment, commercial sex work, garments and electronic assembly. The mail order bride scheme, as a channel for migration, has also seen an increase. More than half of the migrant workers who have entered the overseas labor force in the recent years, were females, a large number of whom were entertainers and domestic helpers, occupations considered as vulnerable to abuse.

Table 3 shows the increasing feminization of labor deployment, which became pronounced in the 1990s.

Table 3. Deployed new hires by gender, 1992

Year	Total	% Male	% Female
1992	260,594	50	50
1993	256,197	46	54
1994	258,986	41	59
1995	214,157	42	58
1996	205,791	46	54
1997	221,241	44	56
1998	218,066	39	61

Source: POEA

e) Remittances

The increase in deployment results in an increase in remittance of earnings by migrant workers (Table 4), with the bulk coming from the United States.

The figure of almost USD 6 billion represents the remittances recorded as having flowed through official channels. This annual total is what is officially recorded by the banking system. However, if remittances brought in personally or through other informal channels are factored in, it is estimated that the figure could easily reach from USD8 to USD10 billion annually. A clear indicator of the huge amount of remittances sent through informal channels can be seen in the proliferation of money changing businesses all over the country. Shopping malls that used to be accessible only to a small domestic elite and a narrow middle class, are now also patronized by a larger sector of migrant families. Assuming an average family size of from 4 to 5, and that 4 million of the 7.3 Overseas Filipinos are able to remit regularly, it might be said that about 16 to 20 million Filipinos are able to benefit directly from overseas labor migration.

With the number of the overseas labor sector being twice as large as the industrial work force, and the huge amounts of migrant inflows that are received annually on a regular basis, there is clearly a potential for this sector to contribute to the economic growth of the Philippines.

Table 4. Deployment of Overseas Filipino Contract Workers and their Remittances (1975-2000)

Year	Number of Deployed OFWs	Amount Remitted (US\$ million)
1975	36,029	103
1976	47,835	111
1977	70,575	213
1978	88,741	291
1979	137,137	365
1980	214,590	421
1981	266,245	546
1982	314,284	830
1983	434,207	945
1984	350,982	659
1985	372,784	687
1986	378,214	680
1987	449,271	792
1988	451,030	857
1989	458,626	973
1990	446,095	1181
1991	615,019	1628
1992	686,457	2202
1993	696,630	2230
1994	719,602	2940
1995	654,022	3868
1996	660,122	4244
1997	747,696	5775
1998	831,643	4910
1999	837,020	5611
2000	841,628	5693

Source: National Statistics Office.

1.3. Problems of Migrant workers

An assessment made by the Research Team, showed that most if not all of the problems of migrant workers that were noted at the time of the passage of the MWL in 1995, continue to persist today.

a) Pre-employment/deployment

- High cost of placement fees
- Lack of information on policies of host country
- Lack of preparation of migrant workers and families
- Illegal recruitment/deployment/departure
- Lack of domestic economic/employment opportunities
- Limited job options

b) On-site

- Abusive and exploitative work conditions
- Contract substitution
- Inadequate protective mechanisms
- Inadequate compliance monitoring
- Limited on-site services/assistance to overseas workers
- Ill-attended health needs
- Rampant trafficking of women

- Social and cultural adaptation problems
- Incidence of violence
- Inadequate preparation for interracial marriages
- Limited support services/system for women in interracial marriages
- Lack of welfare and other officials to attend to migrant worker needs ‘
- Lack of support or cooperation from government of host country

c) Post-employment/return

- Lack of opportunity to absorb returning migrant workers
- Lack of savings
- Inability to manage income
- Broken families
- Reintegration problem of women migrant workers

This assessment has later been validated by research from migrant NGOs (Villalba, 1999; Asian Migrant Center, “Clearing a Hurried Path”, 2001) and additionally highlights seafarer-specific issues such as problems related to claims against flags of convenience, and the practice of manning or recruitment agencies of “watchlisting” seafarers who are identified to be members of unions known for their militancy on seafarer wage and contract compliance.

Various Programs and Services. A number of wide-ranging programs and services for the benefit of migrant workers are provided in the MWL (see table 5) that envisioned a coordinated effort between various agencies of the government.

Table 5. Major Programs/services provided by the MWL

Name of Program/Service	Agency Concerned	Main Features/Highlight
Travel Advisory/Information Dissemination (Sec. 14)	(1) Philippine Embassies and Consulates; and (2) Philippine Overseas Employment Administration (POEA)	Issuance of travel advisories or dissemination of information on labor and employment condition and migration realities and other facts to adequately prepare would-be migrant workers into making informed and intelligent decisions about overseas employment.
Migrant Workers Loan Guarantee Fund (Sec. 21)	Overseas Workers Welfare Administration (OWWA) in coordination with Government Financial Institutions (GFIs)	Institutionalization of financing schemes to expand grant of pre-departure and family assistance loans to Filipino migrant workers and their families. A revolving amount of Php 100 million from the OWWA was set aside as guarantee fund in favor of participating GFIs.
Migrant Workers and Other Overseas Filipinos Resource Centers (Sec. 19)	Philippine Embassies / Consulates with other government agencies	Establishment of a 24 hour information and assistance center in countries with large concentrations of Filipino migrant workers. Among the services provided by the center the following can be pointed out: (I) counselling and legal services; (II) welfare assistance including procurement of medical and hospitalization services; (III) information programs to promote social integration settlement and community networking; (IV) training and skills upgrading; and (V) gender sensitive activities to assist specific needs of women migrant workers. A counterpart 24-hour information and assistance center is also established at the DFA.

Name of Program/Service	Agency Concerned	Main Features/Highlight
Shared Government Information System for Migration (Sec. 20)	Department of Foreign Affairs (DFA), Commission on Filipinos Overseas (CFO), Department of Labor and Employment (DOLE), POEA, OWWA, Department of Tourism (DOT), Department of Justice (DOJ), Bureau of Immigration (BI), National Bureau of Investigation (NBI) and National Statistics Office (NSO)	Sharing of existing databases among agencies concerned. The databases include: <ul style="list-style-type: none"> • Master list of Filipino migrant workers with pertinent demographic information • Inventory of pending legal cases of Filipino migrant workers • Master lists of departing and arriving Filipinos • Statistical profile on Filipino migrant workers/overseas Filipinos/tourists • Watchlisted foreigners/undesirable aliens • Basic data on legal systems, immigration policies, manage law, civil and criminal codes in receiving countries particularly those with large numbers of Filipinos • List of labor and other human rights instruments where receiving countries are signatories • A tracking system of past and present disaggregated cases involving male and female migrant workers • Listing of overseas posts which may render assistance to overseas Filipinos in general and migrant workers in particular. The second phase involves linking of computer facilities to allow data exchanges among agencies.
Emergency Repatriation Fund (Sec. 15)	OWWA	Administration, control and supervision of a fund consisting of Php100 million taken from existing OWWA funds and additional funds appropriated from the general appropriations act for the repatriation of workers in cases of war, epidemic, disaster or calamities (natural or man-made) and other similar events, and in cases of repatriation of workers where the principal recruitment agency cannot be identified.
	DFA	Immediate repatriation of under-aged migrant workers.
Re-Placement and Monitoring Center (RPMC) (Sections 17, 18)	DOLE	Create a mechanism to facilitate re-integration of returning workers into Philippine society, promote their local employment, and tap their skills and potentials for national development.
	DOLE, OWWA, POEA	Formulation of a program to motivate migrant workers to pursue productive options such as entry into highly technical jobs, livelihood and entrepreneurial development, better wage employment and investment savings.
	Technical Education and Skills Development Authority (TESDA), Technology and Livelihood Resource Center (TLRC)	Provide training to returning migrant workers, giving priority to returnees previously employed overseas as domestic helpers and entertainers.
Legal Assistance for Migrant Workers (Sec. 24)	DFA Office of Legal Assistance for Migrant Workers Affairs (OLAMWA)	Creation of the Legal Assistant position who will be responsible for the provision and overall coordination of all legal assistance services to Filipino migrant workers as well as overseas Filipinos in distress.
Legal Assistance Fund (Sections 25, 26)	DFA OLAMWA	Creation of a fund to be used to pay for legal services of migrant workers and overseas Filipino in distress, specifically for: <ul style="list-style-type: none"> • Fees for foreign lawyers • Bail bonds • Court fees and charges and other litigation expenses The fund, in the amount of Php 100 million, was sourced from the President's Contingency and Social Funds and The Welfare Fund for Overseas Workers.
Congressional Migrant Workers Scholarship Fund (Sec. 37)	DOLE, DOST	Establishment of scholarship fund to benefit deserving migrant workers and/or their immediate descendants below 21 years old who intend to pursue courses or training in the field of science and technology, subject to the availability of funds.

Source: RA 8042; Handbook of Filipinos Overseas (CFO).

Provisions against Illegal Recruitment. Various provisions were included in the law to add more teeth to the fight against illegal recruitment, namely: Definitions on the various acts constituting illegal recruitment (Sec. 6); Imposition of higher penalties (Sec. 7); Prohibition against public officials from being connected or involved in private recruitment business, should they be working with government agencies tasked with the protection, regulation and recruitment of migrant workers (Sec. 8); Authorising victims in illegal recruitment cases to file complaints at their option, either at the place where the offence was committed, or in his or her place of residence (Sec. 9); The transfer to the National Labor Relations Commission (NLRC) of the adjudication of cases filed by migrant workers (Sec. 10); Fixing mandatory periods for the termination of illegal recruitment cases (Sec. 11); and Provision of Witness Protection and Free Legal Assistance for illegal recruitment victims (Sec. 12).

Major Reform Initiatives. The MWL highlights major policy changes and re-orientation in the overseas employment or deployment program:

- Phaseout of the program as the local economy expands (Sec. 2-c);
- Mandating the DOLE to formulate a comprehensive deregulation plan on recruitment (Sec. 29) and the phaseout of POEA's regulatory function (Sec. 30);
- Requiring the DFA to monitor, assess and undertake creative approaches in the observance of human and labor rights of migrant workers, including legal options (Sec. 22);
- Instituting the 'country team approach', which requires all officials in Philippine diplomatic posts to act as one and making the protection and advancement of the welfare of migrant workers among the 'highest priority concerns' of the DFA and the Philippine Foreign Service Posts (Secs. 27, 28).

The Phaseout of the Overseas Deployment Program and the POEA's regulatory function will be discussed first, while the status of the other major initiatives will be assessed as part of the specific reports on the two missions conducted in Japan and Hong Kong.

1.4. Status of implementation of the major reform measures provided by the migrant workers law

a) Phaseout and Reorientation of the Overseas Deployment Program

In its review of the country's overseas deployment program, the Gancayco Commission recommended: (1) the 'gradual phaseout of overseas workers as more and more jobs are created in the country; and (2) the reorientation, in 'the meanwhile that the labor absorptive capacity of the local economy is limited', of the overseas deployment program away from 'vulnerable' skills and jobs such as domestic work.

However, the envisioned *phaseout* of overseas labor deployment has been rendered meaningless by economic and labor market realities- the prolonged economic crisis and high unemployment and underemployment. Although Section 2(c) of the MWL states that "*the State does not promote overseas employment as a means to sustain economic growth and achieve national development...The State, therefore shall continuously create local employment opportunities and promote the equitable distribution of wealth and the benefits of development*" it appears that there are still no adequate employment opportunities (Table 6) and according to a report by the Asian Development Bank, labor export may even have been made part of the government's economic development strategy given the value of remittances as a buffer to a shaky economy (Estopace, D, 1997)

Promising domestic industries that developed in the 1950s to the 1960s have collapsed or are weakening under the impact of globalisation and liberalization, while foreign manufacturers of traditional exports such as garments and electronics are in danger of relocating to China, Vietnam, Laos, Cambodia, Bangladesh and other countries that have earlier prepared for a global market and are able to offer lower wages. As Abella (1993) pointed out, a Philippine export strategy has to be built around other areas of competitive advantage such as a skilled work force in order to achieve a higher level of economic development and structural transformation. However, this will take some coordinated national effort before such a strategy takes off.

A measure that may have approximated the Commission's recommendation for the phaseout and reorientation of overseas labor deployment was the issuance by the POEA of hiring bans for certain categories of work that are considered risky in particular countries. But the signals coming from the government today indicate the preference for more deployment of workers overseas as the domestic labor market remains sluggish, if not stagnant.

Table 6. Household Population 15 Years Old and Over By Employment Status April 1996, 1997, 1998 and 1998 (In thousands / percentages)

Period	Labor Force Participation	Employment	Unemployment	Underemployment
April 1996	30,713 / 69.1	27,358 / 89.1	3,355 / 10.9	/ 22.2
April 1997	31,368 / 68.8	28,195 / 89.6	3,263 / 10.4	6,577 / 23.4
April 1998	32,113 / 68.6	27,835 / 86.7	4,278 / 13.3	5,837 / 21.0
April 1999	33,444 / 69.6	29,492 / 88.2	3,952 / 11.8	6,694 / 22.7

Source: National Statistics Office.

b) Deregulation Policy and Phaseout of POEA's Regulatory function

Two provisions of the Migrant Workers Law have recently been the subject of heated debates (1) Section 29, which declares ‘a progressive policy of deregulation whereby the migration of workers becomes strictly a matter between the worker and the foreign employer’; and (2) Section 30, which calls for the phaseout of the regulatory functions of the POEA after five (5) years, consistent with the deregulation policy under Section 29.

Six years after the enactment of the law, the POEA is still actively exercising its regulatory functions. It has even initiated various re-structuring activities referred to as part of a “streamlining” program, which results to a more effective implementation of its regulatory functions. There has been an absence of policy guidelines on how the phaseout shall be implemented, or an anticipation of the necessary mechanisms that will competently manage the enforcement of overseas employment, placement and recruitment regulations in a deregulated environment, such that it indeed makes good sense for the POEA to continue the exercise of its regulatory functions. On one hand, there are groups, especially recruitment agencies, who are of the position that the provision mandating deregulation is self-executory five (5) years after the passage of the law, while migrant advocates insist that deregulation at this time will open the door to more widespread abuses and exploitation of migrant workers.

The Research team is of the belief that an amendment of the MWL is imperative, in the following wise:

- Deregulation should first weed out bad elements in the recruitment business, and at the same time liberalise the rules for existing agencies with good records of compliance with recruitment laws and regulations, as well as for new applicants who are able to show their capability and qualifications. In the past, overly restrictive recruitment policies only created monopoly situations that resulted in overcharging and unauthorised recruitment by unregistered entities using others’ licenses.
- POEA’s regulatory functions should stay and let POEA remain as the watchdog of the recruitment industry, to ferret out the errant and unscrupulous recruitment agencies engaged in illegal exactions and violations of recruitment laws and regulations.

The presence of a strong regulatory body in a liberalized regime e.g. regulatory bodies that have been privatized such as telecommunications and water, still remains a necessity while there are no effective and competent government structures that will address the abuses and anomalies still present in the deployment of migrant workers.

c) The Re-Placement and Monitoring Center (RPMC)

The creation of the Re-Placement and Monitoring center is a major welfare initiative clearly provided under the MWL to ensure the gradual phaseout of the overseas labor deployment program.

Under Articles 17 and 18, the creation of the Center is meant to facilitate the reintegration of returning migrant workers into mainstream Philippine society through local employment, training, entrepreneurial and livelihood activities. The Department of Labor and Employment (DOLE), together with the POEA, OWWA, the Technical Education and Skills Development Authority (TESDA) and the Technology Livelihood Resource Center (TLRC), were mandated to develop a reintegration plan 90 days after the enactment of the MWL.

To date, no such reintegration plan has been developed and it was only in late 1998 that the DOLE set up the Center but only as an ad-hoc body under the OWWA, but without any regular budget.

The ad hoc RPMC employs two full-time personnel, one of whom serves as the overall Secretariat for the Center. Most of the work done consists of referring returned migrant workers to other agencies such as the TESDA or TLRC for livelihood and skills training or funding assistance.

Table 7 provides data on the number of migrant returnees who have been served by the RPMC since its start. The sparse figures of migrant workers served and the referral character of the work of the present RPMC indicate the urgency of instituting radical measures to properly fund and institutionalize the Center as the law originally intended.

Table 7. Re-Placement and Monitoring Center (RPMC) Accomplishment Report, 1999-2001

Programs/Projects	Items	1999	2000	Sept. 2001
1. Employment Referral Services	No. of clients referred for employment No. of clients actually placed	1,581	1,324	887
		35	23	14
2. Referral for Skills Enhancement	No. of clients referred for training	148	42	40
3. Self-Employment Facilitation	No. of clients referred for livelihood enhancement	43	32	16
4. Monitoring on Employment	No. of monitoring slips returned	366	330	211
Referrals	- No. of applicants accepted by employers (to undergo recruitment process)	188	172	123
	- No. of applicants not accepted by employers	171	154	85
	- No response	7	4	3
5. Training Conducted	No. of batches	2		
(Business Planning)	No. of participants	38		
6. Referral to other Programs of OWWA	No. of clients assisted	4		

Source: RPMC.

However, there have been notable advances in the implementation of MWL.

Shared Government Information System. The creation in January 2000 of the Committee on the Shared Government Information System for Migration has resulted in better information sharing and exchange among the 17 member and support agencies that are engaged in the delivery of services to migrant workers, or whose functions relate to certain areas of the migration process.

Travel Advisories. As required by the 1995 MWL, travel advisories and listing of legitimate agencies have been periodically issued by the POEA to guide potential migrants and the general public, even at the level of local governments.

Legal Assistance for Migrant Workers. The Office of Legal Assistance for Migrant Workers Affairs or OLAMWA under the supervision of the DFA Undersecretary for Migrant Workers or UMWA, has provided legal assistance to migrant workers who are imprisoned in host countries or are in some form of legal distress. Working with host country lawyers, its assistance has been particularly felt in the coordination and handling of cases involving the

payment of ‘blood money’ in Middle Eastern countries, resulting in either the reduction of penalties or pardon of offenders awaiting execution of a death sentence.

The Country Team Approach. The Undersecretary for Migrant Workers Affairs (UMWA) under a new administration initiated a policy review of the Country Team approach to improve the coordinated delivery of assistance to migrant workers as envisioned by Sec. 27 to 28 of the MWL. While there is now better and closer coordination between the DFA and DOLE in problem areas that include repatriation, shared information system, emergency evacuation and other social and welfare protection cases and legal assistance, the policy is still not uniformly observed in some diplomatic posts.

Streamlining Procedures. There have been other measures undertaken to streamline recruitment procedures. For instance, the transfer of the adjudication of cases regarding money claims, termination and contract violations to a specialized agency such as National Labor Relations Commission(NLRC), has met with some success. However, measures such as the establishment of centralized or one-stop shop processing centers nationwide, the establishment of 24-hour resource centers in areas with large concentrations of migrant workers, and the various funding allocations for scholarship, repatriation and legal assistance, remain ineffective due to the absence or lack of budget support.

d) Issues the MWL has failed to address

There are issues that the MWL is perceived not to have effectively addressed.

Unenforceability of MWL overseas. According to Loretta Ann P. Rosales, a Philippine legislator, the law fails to protect migrant workers simply because host countries are beyond Philippine jurisdiction. Labor agreements with host countries mainly serve as general guidelines or recommendations for the recruitment of workers from the Philippines and are silent on the grievance procedures in cases of violations of human and labor rights of migrant workers. Government seems to fear losing lucrative labor markets to other nationalities that may offer cheaper wages and thus do not have the leverage nor the political will to negotiate better conditions and terms of work with host countries which regard such moves as interference in its internal affairs, or that may open the door for other countries to demand similar concessions.

Ineffective Predeparture Orientation. There may be well-founded perceptions that the Pre-departure orientation seminars (PDOS) have not been effective in fulfilling its specific objective of furnishing adequate information that will help departing migrant workers adjust to the culture of the countries of destination, or about their rights as migrant workers and clear procedures or steps to be taken in the event of an emergency. It is observed that orientations are conducted in a hasty and superficial manner, “just to get it over with”, especially from outside trainers who are not fully conversant with their subject matter, or are not fully oriented on subjects such as savings and preparation for return migration.

OWWA Welfare Fund Administration. A departing migrant worker is required to make a contribution to a reserve fund that is pooled and administered by the Overseas Workers Welfare Administration(OWWA), and which underwrites contingent expenses for welfare and assistance services that may be needed by migrant workers. There are three major complaints on the implementation of regulations on membership as well as on the administration of the fund(1) Migrants insist that the law requiring the contribution envisions only a one time payment for membership in the fund, while OWWA insists, as in fact it has

imposed additional yearly contributions to renew membership or as a condition for inclusion; (2) The annual costs of administration of the fund by the OWWA, have been bigger than the actual services extended to migrant workers, and are in limited areas, and at times shared with non-members such as undocumented workers.

e) Responses to Migrant Problems

Executive/Policy Intervention. Given the nature and extent of the problems, the social costs of family separation, the vulnerability and lack of protection of the migrant worker in overseas workplaces due to restrictive host country laws and inadequate services from Philippine missions, it is felt that interventions at a policy level should be in the following areas:

- Improvement of the delivery of services and assistance to migrant workers by Philippine embassies and diplomatic missions under the “Country Team” mandate.
- Self-empowerment of migrants through rights education and economic orientation.

Legislative Review. It is also abundantly clear that a thorough legislative and executive review of the law is in order. Table 8 below is a summary of possible legislative amendments and executive reform measures specific to the various provisions of the MWL.

Table 8. List of Proposed Reforms under the MWL

Major Provisions of the MWL	Remarks	Reforms Recommendations
Section 2. Declaration of Policies		
• (c) State does not promote overseas employment as a means to sustain economic growth and achieve national development, State seeks to create local employment opportunities,	Unrealized because of continuing economic difficulties of the country and dependency of the State government on migrant remittances. Hence, migrant work remains as an employment option to many Filipinos	The challenge to government is how to speed up the development of the national economy, which involves the mobilization of migrant savings to guarantee a sustainable post-migration life.
• (f) The right of Filipino migrant workers and all overseas Filipinos to participate in the democratic decision-making processes of the State and to be represented in institutions relevant to overseas employment is recognized and guaranteed.	A proposed law on absentee voting is now being deliberated by the Philippine Congress.	There is a need to' <ul style="list-style-type: none"> • Strengthen awareness of migrant workers on their human and Labor rights. Strengthen DFA-NGO cooperation in rights advocacy and skills development.
• (g) The State recognizes that the ultimate protection to all migrant workers is the possession of skills. Pursuant to this and as soon as practicable, the government shall deploy and/or allow the deployment only of skilled Filipino workers.	Unrealized because of reasons stated in Section 2-c.	
Section 3. Definitions (a) Migrant Worker		Amend definition of migrant worker by including references to sea-based and land-based workers.
Section 6. illegal Recruitment		Prohibited acts should include “recruitment of minor/underage” and “human and sex trafficking”.

Major Provisions of the MWL	Remarks	Reforms Recommendations
Section 10. Money Claims	Some unclear provisions	<ul style="list-style-type: none"> • Include in the joint solidary clause the POEA/OWWA in the case of those directly hired through the POEA. • To avoid delays, the NLRC should create a special division to hear appeals/cases of migrant workers.
Section 15. Repatriation of Workers; Emergency Repatriation Fund		Create an efficient coordinative mechanism among the DFA, OWWA, POEA and migrant-serving NGOs
Section 17 and 18. Establishment and Functions of the RPMC	Not fully operational	<ul style="list-style-type: none"> • Establishment of a regular office with full personnel complement and budget attached to OWWA. • Strengthen DFA-OWWA coordination.
Section 19. Establishment of a Migrant Workers and Other Overseas Filipinos Resource Center (d)		<ul style="list-style-type: none"> • Allocate needed budget to operationalize the Centers • In the case of undocumented workers, a Center should “encourage” them to register without compromising their dignity and labor rights. • Effect an efficient 24-hour center at the DFA • Strengthen embassy-NGO cooperation in OFW protection
Section 20. Establishment of a Shared Government Information System	Implemented	However, information has to be likewise disseminated to the larger public.
Major Provisions of the MWL	Remarks	Reforms Recommendations
Section 22. Rights and Enforcement Mechanism Under International and Regional Human Rights System		<p>The DFA should:</p> <ul style="list-style-type: none"> • do analysis and monitoring of laws of host countries relevant to migrant workers • provide departing migrant workers with a human and labor rights checklist or manual that is written in Filipino based on the existing civil, immigration and labor policies/laws of the countries of destination. • undertake effective rights orientation and training for migrant workers, with the help of NGOs and volunteers
Section 23. Role of Government Agencies (a) Department of Foreign Affairs		DFA needs to impress on all officials and personnel that delivery of services to migrant workers is a major part of foreign service work.
Section 25. Legal Assistance Fund		A provision similar to the repatriation fund, for the mandatory replenishment and inclusion of the Legal Assistance Fund in the General Appropriations Act.
Sections 27 and 28 Priority Concerns of Philippine Foreign Service Posts and Country Team Approach		A general orientation for DFA, DOLE and other officials posted abroad on the priority importance of migrant concerns, particularly the promotion of welfare and rights protection.

Major Provisions of the MWL	Remarks	Reforms Recommendations
Sections 29 and 30. Comprehensive Deregulation Plan on Recruitment Activities and Gradual Phase-out of Regulatory Functions		<ul style="list-style-type: none"> • These provisions should either be omitted or amended to liberalize licensing for existing agencies with good track record or allow entry of new qualified applicants. • Reaffirmation of the role of POEA as an overseas employment regulatory agency.
Section 31. Incentives to Professionals and Other Highly Skilled Filipinos Abroad		Establishing a system of recognition and certification of knowledge and trade skills by the TESDA and Commission on Higher Education (CHED).
Major Provisions of the MWL	Remarks	Reforms Recommendations
Section 33. Semi-annual reports to Congress by DOLE and DFA on migrant worker situation	Not fully observed, DFA and DOLE have been coming up with separate but no joint semi annual report.	<ul style="list-style-type: none"> • DFA and DOLE should be mandated to submit a joint semi annual report on the situation of migrant workers to ensure better coordination. • The Inter-agency Committee on International Labor Market Statistics can serve as a backstop. • The UMWA and POEA should take the lead in drafting the report.
Section 34. Representation in Congress		This should be initiated through consultation with migrants and their organizations.
Section 35. The Congressional Migrant Workers Scholarship Fund		This needs to be operationalized.

* Some amendments are adopted from the various proposals of some NGOs.

2. The challenge of empowering Filipino migrant workers

The magnitude of the Philippine diaspora and the myriad problems relating to migration may have become too heavy and complex for the Philippine government, nongovernmental organizations and volunteers to be able to effectively manage. There is little that could be done to protect the rights of migrant workers while the problems of unclear policies, limited resources and the restrictive and discriminatory practices in receiving countries are not being addressed. This strongly suggests the need for an empowerment program initiated through a coordinated effort between government and civil society, in consultation with the migrants themselves, in order to equip migrants with the appropriate tools and knowledge that will enable self-protection and advancement of their individual and collective interests.

But what is the meaning and content of migrant empowerment?

2.1. The NGO discourse on empowerment

To many migrant NGO activists, *migrant empowerment* means *consciousness raising*. It means enabling the migrant workers “to appreciate the causes and effects of migration on macro and microlevels; to enable them to understand the problems that migrants face in the work place and at home; and to enable them to respond to those problems by mobilising personal and collective resources that are available to them”. AMC, 2001). Accordingly, the indicators of empowerment are as follows:

1. Critical awareness to understand situations and problems;
2. Awareness of their rights as migrant workers;
3. Awareness of remedies to problems available through law or through services available in society;
4. Ability to exercise their rights and to articulate violations of those rights; and
5. Capability to exercise control over one’s situation, to change one’s situation, to restore dignity, to decide independently, to work collectively with others, to conceptualize, plan, and undertake alternative actions, to understand one’s identity and to be able to access resources.

For the Asian Migrant Center, empowerment can occur at three levels:

- Personal - when the migrant worker realizes that he/she is not a slave and deserves to be treated as a human being with basic human and labor rights;
- Relational - when migrant workers are able to deal with their employers as co equals; and
- Collective - when migrant workers are able to unite and organize themselves in advancing common welfare agenda.

2.2. The DFA’s empowerment initiative

The Philippine Government is pursuing the promotion of migrant empowerment as a priority program. In her State of the Nation Address for 2001, President Gloria Macapagal-Arroyo cited the empowerment strategy for migrant workers as a new direction in the administration’s foreign policy.

The DFA, under Vice President (and Secretary of Foreign Affairs) Teofisto Guingona Jr., has made the promotion of the welfare of Filipino migrant workers and their protection as priority items in the country's foreign affairs agenda. This is manifested by the Secretary's advocacy for the passage of the law granting absentee voting rights to migrant workers and his campaign for the more effective utilization of migrant savings as part of the general empowerment program for migrants and their families.

According to Merlin M. Magallona, the DFA Undersecretary for Migrant Workers Affairs, an empowerment strategy means enabling migrant workers, individually and collectively, to acquire confidence and skills in decisively addressing and solving their problems with or without the assistance of government agencies. Specifically, this would consist of:

- Enhancing their capability to deal with their own economic, social and cultural problems while in the receiving countries,
- Strengthening their capacity to get involved in the affairs of their mother country such as "making effective the exercise of their right of suffrage as Filipino citizens" even if they are outside the national borders; and
- Mobilising their savings effectively and productively to ensure themselves and their families better prospects in their post-migration life.

These objectives should be fleshed out by the DFA through its missions overseas, in consultation with the migrants themselves, their support organizations and NGOs, through the following strategies:

a) Socio-cultural empowerment and social protection

Consolidation of Migrants into Filipino communities, through the formation of self-help organizations or cultural associations, and instilling a greater sense of national and cultural identity, solidarity and commitment to help each other in times of distress and emergency. Existing government mechanisms such as emergency repatriation and housing loans under the Philippine Social Security System could be tapped to complement the social solidarity efforts.

b) Political empowerment

Human Rights and Labor Education on laws and practices in host countries, to give migrants a clear understanding that under international instruments and possibly under national host country legislation, they could individually and collectively assert their human and labor rights.

Participation in discourses of important national policy, particularly issues that directly relate to their status as migrant workers. Their participation may be facilitated through information and communications technology.

Collective Advocacy and negotiation by migrant communities with host country governments for reforms and programs to protect migrant labor or preventing the application of arbitrary measures such as tax levies that further reduce migrant earnings.

c) Economic empowerment

Decent wages. Economic empowerment assumes an environment that assures the payment of wages that will enable them not only to maintain a decent standard of living while working overseas, but also allow them the capacity to save and productively use their earnings in anticipation of their resettlement in the Philippines.

Embassy/Mission based empowerment programs. At the heart of all these programs is the improvement of the delivery of basic services to migrants by the DFA through its missions overseas. This could be supplemented by programs that afford migrants the basic tools and knowledge that will enable them to fully realize the gains from self-empowerment, such as capability building and skills training, organizing, orientation on available savings and investment mechanisms, and legal assistance, with the cooperation of NGOs.

Networking with NGOs. For instance the Europe based Economic Resource Center for Overseas Filipinos (ERCOF) through legal seminars, forums and one-on-one counselling, provides legal information and referrals on Philippine related legal problems as well as those that are work-site related, with the help of a network of lawyers and para-legal groups in host countries. ERCOF also does economic empowerment work through awareness raising on savings and investments, and advocacy with the Philippine government for reforms that could generate a viable environment for greater migrant savings and investments.

3. Choices in savings and investment mobilization

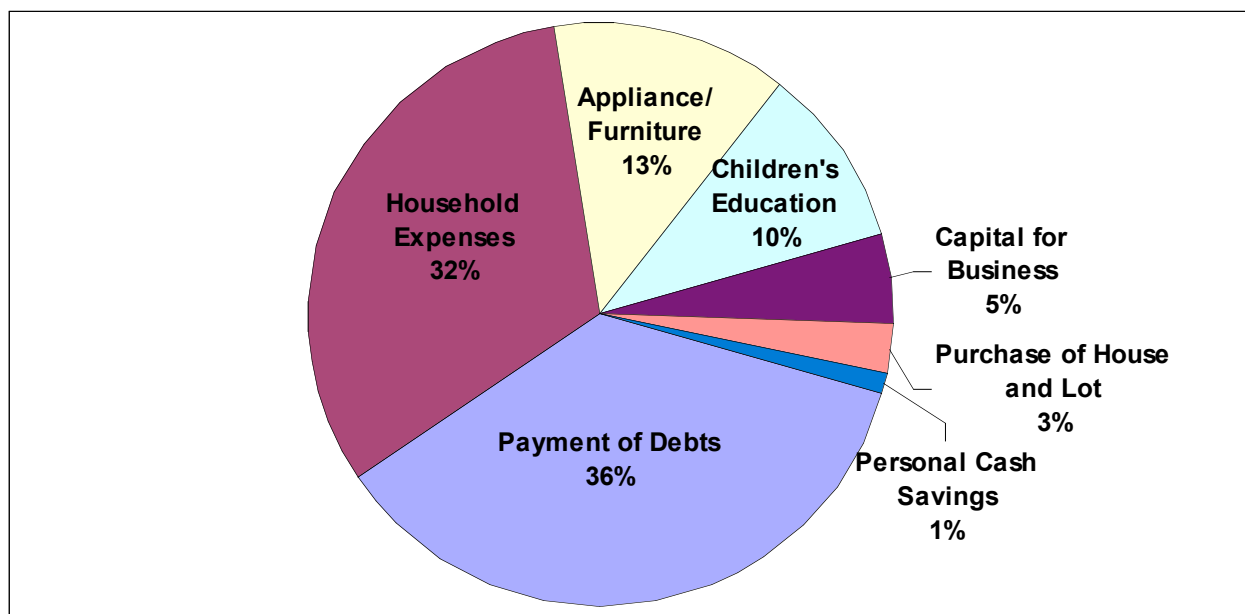
3.1. Do OFWs save?

Undoubtedly, they do. With a few exceptions, migrant workers, after setting aside a sufficient amount to cover their personal needs, remit or bring home a substantial part of their earnings to cover the basic needs of the families left behind- living expenses, education, health, emergencies, as well as allocate any surpluses to be saved or invested in a small business. It is perhaps equally important to ask how migrant savings or remittances are utilised.

Researches indicate that there are certain factors that influence the consumption and spending patterns of migrant families. These are (1) *personal circumstances* (2) *private nature of transfers* (3) *limited opportunities for small-scale investment in the community* (4) *the social and financial capital necessary for starting a business* and (5) *other structural conditions affecting the decision of migrants decision to remit*. Certainly, families that have a member working overseas have better cash inflow than those who have none. (Puri and Ritzema, 1999; Unlad Kabayan, 1999; Antonio and Lesan, 2000).

A significant portion of the remittances are earmarked for daily expenses or basic subsistence needs such as food, clothing and health care as well as for the payment of debts, particularly those used as expenses for migration. They are also spent on education, home construction or renovation and purchase of real estate and appliances. Only a small percentage is saved or set aside for what may be considered “productive investment” such as income or employment generating activities, or the purchase of a farm land or tools to start a business and other endeavors with multiplier effects (Meyers, 1998; Nayyar, 1998). These findings are echoed by Xavier Dalumpines Leonora, et. al. entitled “Household Allocation of OFW Remittance with Emphasis on Savings (Thesis submitted to the University of Sto.Tomas, Manila, 2000)

Graph 1. Allocation of Remittances of Domestic Households



Savings depend on the income level of the migrant, his/her status in the labor market (i.e. job security), and work and living conditions in the host country. Higher earnings allow greater savings, while work uncertainty minimizes the frequency or amounts that are remitted. (Antonio and Lesan, 2000).

A 1997-1998 survey by UnladKabayan Migrant Services Foundation Inc. involving 123 migrant contractual workers and/or representatives of their immediate families in three urban poor areas in Davao City, Philippines revealed that the income of a Filipino overseas laborer increased by as much as 1,589 per cent of his/her pre-migration monthly receipts. About 62% of the migrant workers who used to receive monthly incomes of less than Php 2,500 (US\$ 68 at the rate of US\$ 1: Php 37) before deployment overseas, were now earning as high as Php 39,999 (US\$ 1,081) per migrant worker

In the same survey, 75 per cent indicated that migration enabled them to save. Most were able to pay loans incurred prior to their departure. 38% kept their cash savings personally while 21 per cent saved in banks. The rest opted to put their money in savings associations, pension plans, other savings schemes, or left savings decisions to their kin. Respondent migrants said that they planned to buy capital assets and set up business during and after migration (20 %), buy a house (31 %), finance the education of their children (14 %), have enough cash reserves for food consumption (11 %), and purchase household appliances (7 %).

Studies done by Vasquez (1987), UnladKabayan (1998) and Go, Postrado and Jimenez (1983; see Table 9) on migrant remittances showed that major spending by migrant families are on consumer durables, payment of debts and savings for children's education.

Table 9. Ranking of Items*

ITEMS	RANK
Necessities (food, clothing)	1
Payment of debts	2
Purchase/construction/rent/repair of house	3
Payment for education/training of member(s)	4
Savings	5
Purchase of land (lot)	6
Household/family convenience	7
Other unspecified expense	8
Payment of taxes	9
Investment	10
Health	11
Marriage and other ceremonies	12
Improvement/repair of agricultural land	13
Purchase of things to send to the migrant	14

*Source: Go, Stella P., Leticia T. Postrado and Pilar R. Jimenez, 1983.

3.2. Policies to mobilise migrant remittances/savings

Given that annual remittances flowing through official channels already amount to almost USD6 billion a year (or even up to USD 8 to 10 billion if unofficial remittances are included), the directed use of even just a portion of such amounts into investments that may promote employment and local industry could have more economic impact on growth for more households, than foreign direct investment. Foreign direct investments are noted to have been used mainly for investments in privatized or foreclosed public enterprises, real estate or the

stock market. Thus, Abella (1992) is disappointed that little is done to make full use of migrant remittances. This Research project precisely seeks to point out the lack of, and the need for clear policies or programs that will assist in mobilizing migrant remittances for productive use.

Control of Remittances at Source. Strictly speaking, previous government policies of controlling remittances at source, have been limited to its use to strengthen the country's foreign exchange reserves, such as the mandatory remittance through the banking system of a percentage of migrant earnings during the administration of former President Ferdinand E. Marcos. However, this was subsequently abandoned due to the widespread public resentment and the liberalization of foreign exchange transactions.

Reintegration Programs. Instead, focus has been on programs geared towards assisting migrant returnees in reentering the Philippine labor market or reintegrating to Philippine society through assisted livelihood projects, skills training and capability building, entrepreneurship training, and microfinance, and involving the use of the migrant welfare assistance fund and other funding sources. Some of these that were initiated mainly by the OWWA and the Department of Labor were:

1. 1989 OWWA *'Reentry Program for Returning Overseas Workers thru Entrepreneurship Mediation (REPROEM)*.
2. Livelihood Programs in the early 1990s initiated by DFA and DOLE through Gulf War sourced funds. The programs included hollow-block making, cosmetology and dressmaking.
3. Various programs launched by the DOLE, such as an *Expanded Livelihood Development Program (ELDP)* that extended individual and group livelihood loans of from 10,000 to 50,000 to migrants in distress; *Kabuhayan 2000 sa Pagbabalik ng Pinoy*, which was conceived as an interagency effort to provide livelihood and training assistance for returning migrant workers; a free training program operated by TESDA, the premier government manpower training agency, for migrants who have purchased livelihood tools from the Duty Free Philippines; reintegration assistance program for Returning undocumented workers(*RETURN OFW*) who originate from depressed provinces; *Women Workers Employment Entrepreneurship Development Program (WEED)*.

3.3. Assessments of the reintegration program

According to Julve (1998), programs met with little success due to limited knowledge by migrant workers on the existence of these programs, complicated procedures, coordination problems among participating agencies, and because the amounts loaned were too small to be of any real help. It was pointed out that most of the beneficiaries were distressed migrant workers who had limited savings and there were no programs directed towards returning migrant workers with higher income levels and potentially higher savings, or those still working overseas.

3.4. Findings from a 1999 ILO Study

In 1999, the ILO Southeast Asia and the Pacific Multidisciplinary Advisory Team (SEAPAT) organized a workshop on “Entrepreneurial development for the Reintegration of Filipino migrant workers and their families” (Buhning, 1999) in the wake of the Asian financial crisis and the fears then of massive return migration by Overseas Filipino workers.

Among the major findings include these general observations:

- Migrant workers are not necessarily more entrepreneurial in nature compared with other people.
- Spouses in the Philippines are the actual entrepreneurs who prepare for their spouses’ return.
- Decisions to pursue self-employment are usually made at an early stage; hence, options and opportunities are studied not upon return.
- Business training should be conducted by trainers with practical business experience.
- Advisory services, especially when conducted one-on-one, are of great utility to migrant worker clients.
- Access to financing is crucial, along with well-made loan application packages.
- Support to entrepreneurship requires professional skills, experience and contacts.

3.5. On OWWA ‘s reintegration programs

The ILO workshop included a lengthy discussion on OWWA’s re-entry programs (see earlier discussion), particularly the technical and credit assistance programs for distressed returned migrant workers such as the long-running Expanded Livelihood Program (ELP).

In the period 1989-94, the ELP program had lent out P152 million to 5,466 projects involving 6,609 individuals and generating more than 12,000 jobs. However, the repayment rates were very poor (only five regions exceeded the 70 per cent rate) and there was no monitoring of the impact of the projects on the borrowers. But with the establishment of more rigorous requirements after 1993, there was a sharp decline in borrowing.

According to one presenter, “All told, the OWWA reintegration program can be considered financially a losing proposition. However the program continues to be justified as a centerpiece of Government’s commitment to the reintegration of OFWs.”

3.6. Remittance Investment Patterns in Sending Countries

It has been observed that the patterns of consumption and investment of remittance incomes in labor exporting countries are focused on real estate, trade, transport and other services, while investments in manufacturing and agriculture have been relatively rare (Athukorala 1993) This is more or less true in the Philippines. There are good reasons for the government to come up with programs and services that could assist migrant workers with more information on savings and investment mechanisms, as well as the skills and training needed to run enterprises. As Vasquez correctly observes (1992), some returnees eventually become unemployed instead of becoming business owners due to inadequate savings and weak investments(ILO-POEA-Commission of the European Communities. Abella (1992) is thus disappointed that little is done to make full use of migrants’ remittances.

3.7. Entrepreneurship Development: A Tale of Two Initiatives

How then should the government launch a savings and investment mobilization program? Are there lessons to be learned from other existing initiatives?

The following is an account of two initiatives in entrepreneurship development among migrant workers - one by a migrant-centered NGO, and the other by a private business development consultancy group, which may provide some lessons and answers to the above questions.

a) Unlad Kabayan Migrant Services Foundation

The *Asian Migrant Center* (AMC), an NGO based in Hong Kong, is one of the few NGOs giving special focus on migrant savings mobilization for channelling to productive investments. Its savings mobilisation program involves the formation of savings associations among migrant workers and the development of investment projects in the Philippines, with the help of a Philippine-based NGO, *UnladKabayan*.

Migrant Savings for Alternative Investments Program. In 1994, and in cooperation with other NGOs, AMC conducted studies on income, expense and savings patterns among migrant workers in Hong Kong and Malaysia as well as the viability of migrant investments in micro and small enterprises in the Philippines. The results of these efforts led to the founding of Unlad Kabayan as well as the formulation and implementation of the '*Migrant Savings for Alternative Investments*' (MS-AI) program, which became the spiritual guide for the initial formation of savings associations among migrant workers in Hong Kong, Malaysia, Japan and Korea.

The MS-AI philosophy and strategies are promoted among migrant workers in the work site through education. At the same time, members of migrant households in the Philippines undergo a basic course on savings and investments also conducted by Unlad Kabayan and other NGOs. The Savings Associations are organized and members encouraged to commit themselves in giving mandatory contributions for a capital build-up fund (CBUF).

Capital Buildup Fund. Upon the accumulation of a sufficient amount of the capital build-up fund, the monies are repatriated to the Philippines and invested in various business projects with the assistance and technical supervision of UnladKabayan. CBUFs can be utilized for micro-credit programs. They are deposited in banks (e.g. New Rural Bank of San Leonardo in Nueva Ecija) and later invested in a migrant business or enterprise.

During the program's early years, the *Kakasaka Foundation* based in Cebu served as a depository of the pooled savings. When UnladKabayan transferred its operations to the Philippines in 1996 because of the rising need to develop and identify investment channels and opportunities for migrants and their families, *Kakasaka* turned over the assets to the former.

Entrepreneurship Education. Education and training programs are provided to migrant savers/investors and their families on the various aspects of entrepreneurship such as:

- Community needs assessment
- Business opportunity identification
- Feasibility study/business planning

- Enterprise management skills training
- Social values development and significance of the contribution of migrant savings and investments to social development

Mechanics. The UnladKabayan program requires interested migrant workers to form savings groups that are usually composed of 5-10 individuals, most of whom belong to the same local community or region in the Philippines, to facilitate the accumulation of business capital. Members then entrust their savings to UnladKabayan, which deposits the money in financial institutions such as the New Rural Bank of San Leonardo and LBC Bank. These transactions are covered with a contract as well as an investment certificate specifying the amount of money repatriated as capital and the monthly operational expenses by the migrant family.

After migrants and their families are given the opportunity to select and evaluate potential enterprises from among a list recommended by UnladKabayan, a feasibility study is conducted to determine if an enterprise is viable within the locality. Should the prospects be positive, UnladKabayan would then engage a migrant saver to make a trip to the Philippines, and with the assistance of other migrant savers within the Association, to urge and mobilize members of their households to attend seminars and training courses on basic bookkeeping and management to prepare for a potential role in managing the enterprise.

An advisory group from the families of the migrant savings Association is then formed to coordinate with UnladKabayan. The recommendations of the advisory group are evaluated by UnladKabayan and AMC in Hong Kong and relayed to the members. The enterprise is started as soon as the recommendations are approved by the members, and stock certificates are issued to the migrant investors.

In order to ensure that the savings and investment funds of the migrant members of the savings association groups are legally and professionally handled, UnladKabayan entered into an agreement in 1999 with LBC Bank, a Philippine bank with a Hong Kong Office that offers financial services to migrants. The agreement stipulates that the bank shall respect and promote the general MS-AI philosophy and that the bank shall act as the financial intermediary for the transactions of the following groups: UnladKabayan, AMC and RSGs (Reintegration and Savings Groups) in Hong Kong and Japan, involving reintegration projects in the Philippines. The contract further indicates the incorporation of “social value added” services/benefits that include free medical/accident insurance package, preferential savings interest rates for migrants, a loan window with preferential rates for migrant investments in the Philippines, emergency loan and other incentives for migrant savers in LBC Bank.

Savings Mobilisation experiences. For the period 1996-2000, Unladkabayan reported that there were 214 migrants who generated savings of over Php 4 million, or close to P20,000 per migrant. One hundred fifty-five (155) of the total savers were women. Japan-based migrant workers had the biggest savings, followed by those in Hong Kong. According to occupation, half of the participants were domestic helpers, a fifth were seafarers, while the rest were factory workers.

Unlad Kabayan has rendered technical assistance to 298 migrant returnees and their families in setting up their own livelihood projects. Five of the businesses are group-owned like the Bohol-based organic chicken (Sasso) raising financed by the earnings of seafarers and *Ube* (*kinampay* variety) processing (refer to Boxes 1 and 2 for profile of the projects) funded by domestic helpers abroad, while the rest are either family owned or single proprietorships such as a shop in a Metro Manila town dealing in surplus machine or engine parts.

Box 1. The SASSO Chicken Raising Business of Seafarers Savings Group in Bohol

In partnership with A.P. Inocencio Fanns in Teresa, Rizal Unlad Kabayan an a group of seafarers from Valencia, Bohol ventured into organic SASSO chicken raising (a.k.a. free-range chicken) in Barangay Ubujan, Bohol in 1998. The chicks are imported from France and fed with only natural food, mostly plants like tanglad, oregano and lemon grass. They have a strong immune system and are vaccinated with a formula made of natural herbs to avoid sickness. It only takes 45 days for the fowl to hatch and 65 days for the transformation process. Afterwards, the SASSO chicken can be sold in the market. This poultry business now consists of 200 breeders that lay an estimate of 120 eggs each day for a total of 3,600 eggs a month. The number of growers has reached over 20 households distributed among the areas in Bohol.

The business started in the backyard of one of Unlad Kabayan's workers. An early major problem encountered by those running the business was that Bohol was not yet market- ready for SASSO chicken. Unlad resolved this limitation by setting up a *carinderia* (eatery) at the McJack food complex in the *bayan* (municipal) area.

Gradually, Boholanos learned about the product and started patronizing the stall operated by the household members of the seafarer-investor families. What makes the SASSO chicken different is its being organic as well as its taste.

With no competitor in the business, the five caretakers of the farm admit that they now find it difficult to meet the increased demand for SASSO chicken. Although expansion is held back by insufficient capital, management expects profits in the year 2002 that will resolve the lack of capital.

The aggregate assets of the various migrant enterprises under UnladKabayan have reached Php 12.3 million. The first four years of operations created jobs for 383 people, 61.7% of whom are female and 38.3% are male.

Based on its experience, UnladKabayan concludes that migrants, even domestic helpers or others of low income occupations, have the capacity to save.. However, the representative of the AMC in Hong Kong said that the gains of UnladKabayan are still very limited and that there is a need to develop new business development approaches such as showcasing a successful project such as the Sasso chicken (see Box 1).

Limited Savings and Investments. Both AMC and Unladkabayan believe that the volume of funds generated and the number of migrant workers involved in Unlad-related projects are still minimal compared to actual potentials, which they attribute to the following reasons:

- *Lower salary levels of target migrant worker communities.* Most of the migrant households that participated in the Davao survey (1997-1998) used most of the remittances for basic needs consumption. Only 12% set aside a portion of the remittances for establishing or improving their businesses.

Personal circumstances of migrant workers limit amount of remittances saved or invested. Factors such as the presence of payable debts incurred prior to their departure, migrants with huge families to support, and a low education and non-entrepreneurial cultural background, ultimately serves as a constraint to savings and investment or the desire to go into enterprise.

Box 2. Brief Description and Assessment of the Ube Processing Project in Bohol

An abundant natural resource in Bohol is *ube*, known to be a most nutritious root crop. A variety called *Kinampay*, is famous due to its light violet color and aromatic smell. Planting season is in the months of April and May, while the harvest period is from the last week of November up to January.

This ube processing project involves migrant families and ube farmers. *Ube* processing involves transforming said root crop into powder form and then producing ube cake, sweets and other products. This agricultural enterprise is funded by Hong

Kong-based migrants and is supported by the Canadian International Development Agency (CIDA). It is located several meters away from the free-range chicken farm of the seafarers.

The conceptualization of the project happened in 1999. The first quarter of 2000 was used for research and feasibility followed by Product Research Development from May until December. Organizing took place in January 2001. A month after, the venture finally started operations.

Some of the problems experienced by those managing the business include: (1) marketability and low sales; (2) product putrefies easily; and (3) expensive raw materials. To resolve these issues, Unlad Kabayan subjected the ube products to consumer evaluation by going to schools and letting students and other people do a taste test procedure. Another measure is to practice a 'just-on-time' inventory wherein confectioners cook the sweets only when there are orders from customers. Unlad Kabayan also entered the delicacy in the Sandugo festival last July where ube items won the 'Best Product Award'. An Ube Festival that will take place in January 2002 will serve as another gauge to test the quality of the processed *ube kinampay*.

However, the Research Team does not share the enthusiasm of the AMC and Unlad over the ube project. When it visited the project, business appears slow. The packaging of the products also has to be improved. But most important of all, the taste and quality of ube products need to be further enhanced to make them compete with those made by established producers in Baguio or Tagaytay City. While there appears to be potential for the product, more strategic planning seems necessary to enhance its marketability.

- *Limited amount allocated to investments in productive projects.* The pooled resources are often suitable only for small-scale retailing and trading activities. In the Unlad-assisted income-generating ventures, most of the savers belong to farmer households, which have no tradition of entrepreneurship in the family. Macro-economic policies also prevent migrants in investing in bigger business projects while infrastructure, credit and technical support facilities are also inadequate.
- *Inadequate training and low business aptitude of many migrant workers* translates to low entrepreneurial capacity.

b) Entrepinoy Program

The *Entrepinoy* program is a livelihood training program that was a huge and instant success in Hong Kong, producing around 5,000 graduates in one-and-half-year's time.

The program is conducted by the Executive Center for Professionals Inc. or ExCenPro, a private corporation founded by two young professionals – Prof. Carlito Balita and Reynaldo Galenzoga. It maintains two offices – one in Manila, the other in Hong Kong. The Center runs a curriculum focused on inspiring and motivating migrant workers to become entrepreneurs before they even return to their home country, thus, the label “*Balik Pinas “Entrepinoy Program”* or simply “*Entrepinoy*” (fusion of words ‘entrepreneur’ and ‘pinoy’ or Filipino).

Entrepinoy was developed partly by accident. In 1999, the Center went to Hong Kong to offer professional upgrading programs, with the help of an Hong Kong -based NGO. But in the process of surveying training needs (done mainly at the Central station and other areas where the migrant workers congregate), they observed large numbers of migrant workers who wished to develop and manage their own enterprises.

Prof. Balita used his five-year experience in managing the distance education program of the Pamantasan ng Lungsod ng Maynila (a Manila public university) in developing modules on entrepreneurship, written in understandable *Taga-lish* (Tagalog and English combined) with a good amount of value-forming and inspiring exercises appropriate to the educational level and

culture of migrant workers in Hong Kong. There are weekly meetings held for different batches including a big monthly assembly.

The training program is focused on mental transformation and developing a level of consciousness that will give migrant workers the confidence of developing and managing their own enterprises. The program does not encourage borrowing for start-up projects. Prof. Balita instead suggests pooling of amounts by several migrant savers in accordance with geographical or regional origin to ensure resource accessibility by both returning migrant workers and their families while working overseas. The bonding among classmates during the six-month training period has become so strong that many classes eventually end up organizing their own corporations for projects requiring pooled savings.

The program is a home-study mode of distance education lasting six months, contained in 16 study workbooks that cost HK\$30 (US\$ 4) each and 6 two-hour lectures at US\$ 5 per class that is usually composed of 300-500 students attending monthly sessions. The modules focus on topics like Risk-taking and Managing Change rather than on tax policy or microeconomics. Other themes include “Business Danger Signs”, “Total Quality Management” and “Win-Win Situation”. The materials are aimed at strengthening the resolve of migrant workers to return home without considering further overseas employment.. A corresponding course is also offered to members of migrant households or “counterparts” in the Philippines to complement the Hong Kong training program, such that a business plan is formulated by migrants and their families at the end of the program.

1,337 migrant worker/students received their diplomas during the first Entrepinoy graduation in September 2000. The next culmination rites in April, 2001 saw 1,600 graduates. In October, some 2,000 attended the commencement program.

Entrepinoy has three major programs, namely:

Entrepinoy Chamber of Small and Medium Enterprises. (EDSMEn). This includes a cooperative in the Philippines and an organization in Hong Kong responsible for: (1) rice and grocery delivery program, (2) *Hatid-Sundo* program, and (3) business licensure.

Box 3. The Entrepinoy story of Criselda and her OFW sibling

A female cook in Hong Kong called her sister, Criselda, in Manila requesting her to attend a three-day business seminar. Criselda, a 27-year old lady working for an insurance company, doubted if she would really benefit from the experience. Unexpectedly, the one-hour motivational lecture by Carl Balita enlightened and encouraged her to help put up a fish farm using the pooled savings amounting to \$3,000 remitted by sister Belgiana with the assistance of her relatives-in-law in America. Criselda eventually left her job.

As a result of their determination, the sisters now have a growing agricultural business in Taal Lake, Batangas. Their venture profited much from the mad cow scare that affected the country since the demand for and price of fish increased. Within a year, the size of the farm doubled. The sisters have decided to diversify in poultry raising and rice selling.

Entrepinoy Tutorial Program This program intends to teach ‘Entrepinoys’ necessary business courses in Math and English for free. Tutors are all migrants with professional expertise spending six 2- hour sessions with students who do not have to pay for any required fee except for a voluntary contribution to pay for the venue where the classes are held (Balanay and Perido, 2001).

Entrepinoy Network Family. This embraces 17 types of services, in partnership or in networking with other business groups, that Entrepinoy members can avail or use to start a business. Some of these are the following:

- *Order Negosyo* -- A franchising project of the Philippine International Trade Corporation (PITC) that allows Entrepinoys to be franchisees of established businesses like Mister Donut, Goto King, Mr. Quickie, Bench, etc.
- *Credit Access* -- The Philippine Business for Social Progress lends its expertise aimed at increasing the loan portfolios of countryside-based financial institutions for the benefit of small and medium enterprises that are ventured into by Entrepinoys.
- *Agribusiness and Crop Production* – ExCenPro presents technical know-how on vegetable and fruit growing and crops marketing in collaboration with the Harbest Agribusiness Corporation.
- *Poultry Business* – A joint project by ExCenPro and the Royal Chicks Farm that intends to provide information on how to raise and earn from raising kabir chicken.
- *Lying-in and Birthing Home Business* for Entrepinoy Health Care Professionals – Entrepinoys interested in establishing health care centers are guided by the Midwives Foundation of the Philippines.
- *Bayan ng Entrepinoy Resources Option Venture (BEROV)* – In partnership with ABS-CBN Bayan Foundation, this program provides micro-lending services to migrants who want to expand their business operations.

Business Projects of Graduates. Since the program is less than two years old, it might be too early to gauge its success in terms of producing graduates who have become entrepreneurs, much less successful ones.

However, some of its graduates have already put up active enterprises, such as a rice mill and fertilizer distribution in Iloilo, mobile hamburger business in Pampanga, and poultry and piggery projects in various parts of the country.

To ensure that projects in the Philippines will take off and will be sustained, the Center also conducts parallel business orientation and training programs for migrant families in the Philippines. The counterpart orientation is meant to get the families to support the business

decisions of the migrant worker, as well as to imbibe professional business habits such as selection of employees on the basis of qualifications and not family connections.

c) **Insights and lessons from Unlad Kabayan and Entrepinoy**

The experience of both Unlad Kabayan and Entrepinoy clearly point to the capacity of migrant workers to set aside a portion of their earnings for business and livelihood development, regardless of the level of their occupation. It is only a question of how.

One may hazard the conclusion that the Entrepinoy program became a big success in Hong Kong and is now being duplicated by other education service providers, precisely because of the widespread demand by migrant workers for a business education program suited to their level.

However, the Research Team, based on its analysis of the system, structure and procedures of the AMC-Unlad set-up, has identified the following strengths and weaknesses (in addition to those cited by AMC and Unlad earlier):

Box 4. Unlad Kabayan Program

Strengths of Unlad program

- Focus on self and social awareness of migrant workers.
- Demand for commitment and discipline among savers
- Innovative concentration on group savings
- Rigorous technical and financial assessment of proposals
- Education of migrant families.

Weaknesses of Unlad program

- Difficulty in enticing migrant workers to set aside funds for projects that do not yet exist and still subject for study by a mediating institution such as Unlad.
- Difficulty in reassuring migrant workers about contributions which are parked in a holding bank or institution for a period of time while waiting for various business options being studied by a mediating institution.
- Full economic and social conscientisation of migrant savers means long hours of discussion.
- A system of savings and investment involving so many actors and stages is too bureaucratic and un-businesslike.

Further, the observations on the two AMC-Unlad projects (Sasso chicken and ube) should be considered as they are instructive on what works or does not work in business.

The Sasso chicken project is highly successful because it has a highly marketable product. It also has a well-established business partner willing to share the technology of chicken-raising.

On the other hand, the lackluster performance of the Ube project may reflect its unclear market niche, limited marketability and inability to compete with established producers outside the province.

d) **Strengths and Weaknesses of the Entrepinoy Program**

The Research Team lacked the time to interview graduates, particularly those who may have failed to put up a business. Well-attended entrepreneurship training programs are not a gauge of a program's ability in transforming students into entrepreneurs. At any rate, an effort was made to assess the strengths and possible shortcomings of the Entrepinoy program.

Box 5. Entrepinoy Program

Strengths

- Focus on self-awareness and self-empowerment (the OFWs can) as the initial motivating factor for migrant workers to learn more about entrepreneurship and to join the program.
- Creative use of a combination of educational approaches in sustaining interest of learners — reading modules written in Taga-lish, distance mode, grouping of learners for weekly meetings which lead to bonding among batch mates, inspirational style of discussion by the Entrepinoy founder in the monthly assembly, etc.
- Parallel efforts to orient and enlist participation in business development of families of migrant workers based in the Philippines.
- Marketing of the business education program with migrant workers who have stable employment and have the time and the resources to fully evaluate and fund initial business projects.
- The capacity of the program to change mind sets and develop a strong sense of entrepreneurship among migrant workers, which may to entrepreneurial motivation to start an enterprise.
- The holistic approach to business education.
- The learning skills acquired by migrant workers through a self-help type of open education and distance learning.
- Networking of migrants through information technology and their realisation of the potential of the e-commerce system.
- Franchising opportunities and the chance to link up with ABS/CBN Foundation in its micro-lending activities.

Weaknesses

- The doubtful effectiveness of the approach in a highly developed or commercialized area such as the Hacienda Luisita business complex where her family lives. She said the identification of possible business projects is easier in less developed or non-commercialized areas.
- Lack of monitoring of the implementation of the business plan by the migrant who is overseas, and ultimately depending on family members who may lack the business skills.
- Great Risks involved due to lack of business infrastructures and guarantees for any private ventures.

While the observations are hardly representative of the total students, the assessment appears to be fairly balanced. Moreover, the criticism is not on the program per se but on the fact that not all migrant workers could become entrepreneurs.

Disseminating more and a wider range of information on different savings mechanisms and approaches towards enterprise development would go a long way in encouraging migrant workers to make informed decisions on utilizing their earnings for productive use.

e) General remarks

Some tentative principles may be gleaned from these examples, which contribute to a successful mobilization of savings and successful investment projects. These would include the following:

- Migrant workers will be encouraged to go into savings-investment schemes if there are clear gains for them.
- Gains could be made clearer through proper orientation on how to save and invest — with full awareness and confidence. In a sense, the beginning of economic self-empowerment starts with the change in mind-sets. AMC-Unlad does this through various conscientization and education programs; Entrepinoy does it through business education programs heavy with motivational techniques focused on the capability of migrant workers themselves making savings and investment decisions.
- Migrant projects are likely to succeed if there is a clear market for the products or services of choice and if there is sufficient mastery of the production process by the entrepreneur.
- Migrant projects are likely to succeed if the projects are those identified by them based on their own assessment of their strengths and weaknesses (including those of their families) and the rigorous scanning of the community where the business is sited.

- Migrant workers will go into savings mode if there are clear investment choices and clear gains from such choices.

3.8. Savings Schemes

a) Private Savings Schemes

If migrant workers could not go into business for one reason or another, there is a need to identify suitable alternative uses for their surplus income or savings.

It is a common approach to invest this surplus income or savings in real estate or a piece of agricultural land, on the belief that land and property values always appreciate. The more entrepreneurial among migrant workers will also make additional investments to improve and transform the property into a more productive asset.

Another common practice is the placement of savings in time deposits that earn fixed interest income.

In the mid-1990s, investment in stocks was prevalent due to the stock market boom as the Philippines was being touted as a new emerging market. Today, the stock market is dead and still has to recover from the Asian economic crisis and the devastation caused by the stock market scandals during the time of former President Joseph E. Estrada.

Migrants have also been known to make unsecured loans to relatives and friends, a practice that is as risky as investing in the stock market.

b) Government Savings Scheme

— SSS Flexi-Fund

Conceived in 1997, the Flexi-Fund of the Social Security System (SSS) is a provident, voluntary fund tailored for migrant workers, Filipino immigrants/residents abroad and Filipinos who have overseas-based sources of income. The attractive features of the Fund are that it:

- allows flexible contributions and flexible terms of withdrawals; and
- guarantees higher and safer yield returns because contributions are invested in risk-free government Treasury bills.
- Flexi-Fund earnings can be drawn anytime with interest in lump sum, pension or both. Members who are 60 years old or older are entitled to retirement benefits. The fund invested could be used for business, housing, education, or pension during retirement. A simulation of projected yield indicates that members with PhP 2,000 monthly contributions would get about PhP 349,000 after 10 years and a million in 20 years.

— **Pag-ibig Overseas Program**

The Home Development Mutual Fund (HDMF) or Pag-ibig Overseas Program (POP) aims to mobilize migrant savings through a housing loan savings program. Through the program, migrant workers may borrow from Pag-Ibig to purchase a house and/or lot, construct/renovate residential homes, etc. Savings may be withdrawn at the end of 5 to 10 years. There are monthly contributions of 20 or 40 dollars (higher in Canada) that would, eventually, result in tax-free dividend earnings, government-guaranteed savings, and portability of savings.

Recently, Pag-Ibig, in coordination with the Home Guaranty Corporation (HGC), issued a Php 2 billion worth of five-year bonds at thousand denominations of 5,10, 50, 100, 500 and 1 M, with fixed interest rate of 8% as a fund-raising activity for its housing programs. Approved by the Finance Department, the Securities and Exchange Commission (SEC) and the Bangko Sentral ng Pilipinas (Central Bank of the Philippines), the bonds are: (1) eligible as capital and reserve investment of insurance companies; (2) acceptable collateral for developer's loan from the home mortgage fund; and (3) acceptable deposit in lieu of a surety bond for collecting agents of Pag-Ibig.

— **The DFA-Proposed OFW Savings Bond Program**

The DFA has been working out the details and mechanics of the OFW Savings Bond or Migrant Workers Bond (see Box 4), which are dollar denominated and guaranteed by the government and is meant to raise some USD100 million. Vice President Teofisto Guingona has already announced the proposed bond issuance in several symposia in the Philippines as well as in a migrant worker Congress in Japan. The trip to Japan in September 2001 offered the first opportunity for the Philippine government to formally present the bond issuance as a migrant savings mechanism to Filipino workers overseas. The varied reactions on the bonds as a savings and investment scheme, and the overall results of that initiative, are fully discussed in the Japan situationer as contained below.

As envisioned, the bonds will be dollar denominated and guaranteed by the government of the Philippines. As such, they are risk free and may be a good hedge against any peso devaluation. The bondholders are also assured of interest earnings whose rates are tied to LIBOR (London inter-bank rates) and US Treasury Bonds. Admittedly, the interest rates for dollar holdings in the global market are lower compared to the rates of peso deposits in the Philippines; however, the value of the dollar tends to be more stable in the short, medium and long term compared to the peso.

The bonds are negotiable instruments. They may be used as collateral or pledges for investment projects as well as for various types of loans housing, educational and business. Box 2 lists the other features of this scheme.

Understandably, the DFA is keen on the proposed OFW savings bonds as this is a win-win package for both the government and migrant workers — as additional sources of funds for national development purposes in the case of the government and as a stable channel of savings investments on the part of the migrant workers. The bonds are being packaged with the help of the Department of Finance, which is also the issuing government agency.

The bonds may also be used to finance large development projects in which groups of migrants with pooled funds may invest in, such as those under the build-operate-transfer (BOT) program in infrastructure development, e.g., bridges, port development, etc.

Box 6. OFW Bonds Proposed Terms and Conditions

Issuer: The Republic of the Philippines (ROP or the Republic) through the Department of Finance (DOF), the Department of Foreign Affairs (DFA) and the Bureau of Treasury (BTr)
Issue Manager and Lead Underwriter: First Metro Investment Corporation (First Metro)
Instrument: Bonds, which are negotiable and exempt from SEC registration. Scripless/uncertified, to be registered with the Registry of Scripless Securities (RoSS) of the Bureau of Treasury for trading, clearing and settlement
Issue Size: Up to One Hundred Million U.S. Dollars (US\$100,000,000.00)
Use of Proceeds: To partially finance ROP-owned development projects overseas and/or OFW-related programs and projects
Status of the Bonds: The Bonds will constitute direct, unconditional, unsubordinated, general and unsecured obligations of the Issuer
Additional Features: 1. The Bonds shall be eligible for use as pledge/collateral for Housing Loans, Educational Loans, Business Loans 2. The Bonds come with accidental and health coverage
Eligible Investors: Subscription to the Bonds is limited to Philippine nationals, with priority extended to OFWs and their immediate relatives
Taxation: The Bonds shall be free and clear of Philippine withholding taxes
Timetable: Approximately two to three months from award of mandate and/or receipt of the necessary government approvals.

3.9. Conclusions

Migrant workers do save, and their savings can be translated into productive investment projects. The question is how.

Based on the foregoing survey of literature and case studies, limited though these may be, the Research Team has highlighted the following realities crucial to any savings and investment mobilization program:

- Migrant workers will be more open to the idea of going into business, if they are properly motivated through practical attitudinal transformation courses that could give them the confidence and knowledge to set up an enterprise.
- Migrant workers will be able to make more informed decisions on putting up a business if they are asked to examine the social and economic situation of their families in relation to the communities they are in. A business that a family can identify with or is one that satisfies a clear need in the community(e.g. does a market exist for a given product in the community?) would be easier to hatch and develop. Thus, training and advocacy programs on business and entrepreneurship development should emphasise the importance of family assessments and community environmental scanning
- A migrant business enterprise should be a partnership between the migrant worker and the family in the Philippines. Hence, programs on business and entrepreneurship development should target both migrant workers and their families.

- Job security heavily influences the migrant workers' decision to invest or to go into business, such that any business training program design must consider those with job stability against those whose jobs have less or no stability, such as returning migrants. Those with stable jobs are the best candidates for normal business orientation and development program while those with less stable jobs or are about to return are the likely candidates for special technical and credit assistance through migrant reintegration programs of the government.
- The effectiveness of a business education and orientation program for migrant workers depends also on the preparation of materials suited to them, e.g., use of Taga-lish in module development. The DFA, DOLE and the concerned NGOs and private sector may collaborate in developing appropriate modules applicable in the different overseas workplaces.
- There is a need to strengthen the pre-departure orientation seminars conducted by POEA or its accredited PDOS organizers in relation to savings and investment opportunities. Overseas, migrant workers could be encouraged by the Philippine missions to go through a more in-depth orientation.
- The role of the government and migrant NGOs in migrant worker business development is in the following:
 - Conscientization or awareness raising on the challenge of economic empowerment among the migrant workers.
 - Business skills development training programs.
 - technical assistance especially in project preparation and evaluation.
 - Credit assistance in the case of the marginal or distressed migrant workers.

4. Situation Report on Migrant Workers in Japan

Two trips to Japan — one in September and the other in November — were made by the Research Team, together with a Research Advisory Group from the DFA., in order to make an assessment on the Philippine embassy's capacity to deliver basic services to migrant workers in Japan, as well as to gather the views and attitudes of the workers relative to the DFA's migrant empowerment initiative. The Team conducted interviews, consultations and focused group discussions with key officials of the Philippine embassy, migrant associations, migrant NGOs, missionaries and individual migrant workers. On the second trip, the Team observed the proceedings of the Congress of Overseas Filipino Workers in Japan and their activities in the subsequent migrant worker Festival.

An analysis of the changing labor market of Japan and the implications on Filipino migrant workers there is appended as Annex B.

4.1. September Report

a) Major concerns of Japan-based migrant workers

The Research Team found the leaders of migrant associations and NGOs in Japan quite forthright about their concerns and problems, clearly reflecting years of experience in intensive conscientizing and organizing. Among the problems and concerns they articulated were as follows:

— Rights and welfare of undocumented workers

There are difficult and varied problems related to the undocumented workers, extended workers and overstaying workers.

The inability to have access to medical and health care in cases of illness, injury or repatriation, is a major problem that is compounded when they have assumed false identities that are later discovered when they apply for new passports or when they disappear and could not be located. Although the embassy has on-site service delivery systems and procedures to deal with these problems, the majority of such workers do not avail of these services and instead seek assistance from NGOs and church based volunteer organizations, whom they trust more than embassy personnel.

Despite the monthly examination of legal documents being conducted by the immigration officials in Japan, the undocumented or clandestine workers have been able to elude authorities, some of them for as long as ten years.

Estimates on the number of the undocumented and 'irregular' workers have been based mainly on guesswork, which strongly suggests the need for a more effective monitoring mechanism that will enable the Philippine Embassy to act more decisively on problems faced by these workers.

As it is, these workers and their supporters in the migrant worker community want the government to negotiate for amnesty or to look into possible ways on how to regularize or extend the stay of these special types of workers. Some Japanese industries or groups which have benefited from their services, have expressed interest in supporting amnesty and even

the regularization of the undocumented and irregular workers but are waiting for positive signals from their government towards this direction.

— **Abuses related to traineeship**

The Japanese traineeship program under which some 2,537 Filipino trainees have been sent to Japan since 1988 has been subject of criticism. Though sent to Japan as trainees, they are perceived to be actually part of the regular force of big Japanese companies but receive less wages and benefits as their Japanese counterparts performing similar levels of work. It has also been mentioned that a specific overseas training program enjoying the support of the Technical Education and Skills Development Authority (TESDA), has been a channel for the recruitment of regular workers as trainees. The number has grown to several thousands, particularly in the electronics and computer industries with some even reportedly occupying high positions in the production ladder.

Trainees are regarded as a threat by regular Japanese workers who face prospects of rising unemployment and an end to the practice of lifetime employment, as well as by young Japanese trainees who are bypassed because some Japanese companies prefer a highly- skilled but lower-paid foreign labor force that need minimal or no training to man their industries.

— **Rights abuses and violations of employment contracts**

As in Hong Kong and other receiving countries, there are reports on violations by Japanese employers of employment contracts and human and labor rights. The practice of confiscation of passports has become an instrument to force migrant workers to perform tasks not within their contract or accept wages lower than what is contractually provided.

Violations of contractual agreements of Filipina entertainers include the following:

- Time — Unpaid overtime and undercutting of the agreed contract period.
- Place — Entertainers are ordered to perform in clubs or areas other than those specified in the contract, a practice known as “flying booking”.
- Duties —Entertainers are forced to perform cleaning chores prior to opening and after closing of the establishment. Worse, they are also forced to engage in prostitution.

— **Recruitment of entertainers**

Some agencies recruit applicants under the statutory recruitment age of 23 years, and facilitate the recruitment or visa process by supplying them with altered birth certificates, false passports and identification cards. For some, recruitment fees and expenses could be unreasonably high and are deducted outright from salaries.

— Adjustment difficulties

Filipino migrant workers in Japan, particularly the newcomers, frequently suffer from isolation and alienation due to their minimal knowledge of the Japanese language and find it difficult to integrate to local culture. Regardless of employment status, they suffer from discrimination, prejudice and ill-treatment, due to the perception by the public, especially Japanese women, that every Filipina worker is an entertainer and engaged in commercial sex work.

— Complaints regarding the services of the Philippine embassy

The complaints regarding the Philippine embassy include the following:

Filipino Development Resource Centers not fully operational. Under the MWL, Filipino Resource Centers running on a 24-hour basis are to be set up in areas with large concentrations of migrant workers. The two centers that are located in Tokyo and Osaka, are understaffed and do not operate on a 24-hour basis.

On the other hand, the Center in Tokyo conducts quite a number of skills training programs such as computer and language proficiency courses. The cosmetology training has attracted the most participants due to the potential additional income that could be earned from an increasing demand for this skill among modern Japanese women.

Services that ought to be provided by the center such as counselling and legal services, welfare assistance, information programs, gender-sensitive activities, registration of undocumented workers, enlistment in the voluntary membership program of OWWA, daily monitoring of the migrant worker situation and their ability to access host country welfare and social benefits, and the conciliation of labor disputes, are not completely attended to for lack of staff and logistics.

Delays in the Processing of Passports and other documents. Complaints relate to the unexplained lack of uniformity in the time periods as well as fees, in the processing of renewals, amendments and authentication of passports, which could take between one to three days. Migrant workers could not help but compare the situation to the prompt (30 minutes) and courteous service at the Tokyo City Hall.

Lack of Consular Counselling Assistance and Services for Distressed Migrant Workers. Improvement in consular assistance and social counselling, as well as the introduction of bi-cultural outreach programs, are urgently needed to address the growing problems of large numbers of migrant workers married to Japanese nationals. The situations include sham marriages, financial support for spouses and children in divorce cases, battered wives, application for dual citizenship and others. Although Japan itself has a high 55% divorce rate, 9 out of 10 Filipina-Japanese marriages end in divorce.

Lack of in-house medical and health services. Migrant workers are requesting the restoration of medical, dental, mental and psycho social services, particularly for battered wives, which have been discontinued by the embassy.

Limited Legal Assistance to Prisoners. NGO volunteers, more than the embassy, have been active in providing legal and paralegal assistance, that include cell visitations and financial help to migrant workers arrested for criminal or immigration law offences. Under the MWL,

it is the obligation of the Philippine government to render “free access to courts and quasi-judicial bodies and legal assistance.

Unfriendly and Discourteous Service. NGOs have strongly recommended a re-orientation program for all embassy staff, particularly security personnel, who have been criticized for their lack of tact, communication skills and the proper attitude in dealing with migrant workers.

Limited Embassy Facilities. The complaints regarding facilities of the embassy: include (a) Limited visitor areas that result in overcrowding in the hallways and spillover of visitors outside the building ; (b) Only 2 out of 5 service counters are operating ; and (c) No adequate food or beverage services such as vending machines.

Limited work hours. Requests have been made to extend work hours during noon breaks, late afternoons and Saturdays, to accommodate particularly migrant workers who are only able to leave their work during these periods.

— **Attitude of host government**

It was observed that the Japanese government has been generally sympathetic to reforms and adjustments that have addressed a number of migrant concerns. For instance, in 1994, Japan signed a “Declaration of Unity in the Entertainment Industry” which granted leniency in the visa requirements for Japanese-Filipino children to support reunification with their Japanese fathers, as well earmarked ODA assistance, coursed through NGOs, for the benefit of these children and their mothers. The Philippine and Japanese governments also agreed to establish the formal basis for the negotiation of bilateral agreements, and to push for the ratification of the Convention on the Protection of the Rights of All Migrant Workers and their Families.

— **Migrant worker organising and attitudes towards the DFA empowerment initiative**

The Research Team noted that there are other problems, aside from those that have been listed, such as prostitution, drug addiction, and others, affecting Filipino migrant workers in Japan that have been the subject of a number of articles and studies published in the Philippines and Japan. This study is however focused on the ways by which migrant workers and their organizations have attempted to resolve or manage these problems through their own initiatives and within the context of the empowerment discourse discussed earlier.

— **Organisation of Migrant Workers in Japan**

The ‘*Samahan*’ or organization of migrant workers, both formal or informal, is the main support system for individual Filipino migrant workers in Japan.

There are quite a number of such *Samahans* and are formed depending on the members’ geographical origin in the Philippines or Japan, occupational groupings, religious groupings, informal clusters, center-based groupings, socio economic activity, the causes or issues they espouse or advocate, and so on. The motivation to associate or join a group is part of the: (1) ‘*Kabayan*’ (country mate) culture; (2) the need to be part of a community; and (3) sense of identification with a vision of individual and collective upliftment. Groupings may also be based on the need to upgrade oneself professionally such as the ‘*Tulong Pinoy*’ (Help the Filipino Movement). Workers in the entertainment industry may be affiliated with the

Chamber of Industry in Music and Entertainment (CHIME). Staff of foreign embassies who are outside the coverage of labor laws of Japan group together to advance their own concerns with their respective employers.

There is a large number of Filipino seafarers in Japan who have their own centers, with some even joining seafarer savings groups.

Migrant workers are also active in religious organizations, some of which have set up migrant workers desks that take up various issues and concerns of Filipino migrant workers. Churches are in fact often a place of refuge for depressed and runaway workers. Some of the religious institutions include the Maryknoll Philippine Migrant Center, Orawa Diocesan Group, Tokyo International Center for Migrants, Charismatic groups (like El Shaddai, JIL, etc.), Yokohama Solidarity for Migrants, Yokohama Diocesan Group, United Methodist Church Solidarity for Philippine Migrants, the KAPATIRAN of the Diocese of Tokyo (an Anglican Episcopalian sponsored organizations), and the Franciscan Philippine Center in Tokyo with volunteers from Japan Catholic Action (JCA).

The Maryknoll Philippine Migrant Center is organizing a Congress for Filipino migrant workers in November 2001 in order to form the *Katipunan ng mga Migranteng Pilipino sa Japan* (KAMPI-Japan) or Association of Migrant Filipinos in Japan in order to consolidate Filipino migrant communities through an umbrella organization. The KAMPI initiative also seeks to flesh out the idea of migrant empowerment as articulated by the DFA.

— Response to the DFA Empowerment Idea

In general, Filipino migrant workers and leaders of migrant associations and NGOs who attended the consultations, dialogues and focused group discussions organized by the September mission, were highly enthusiastic with the empowerment initiative of the DFA, although they were critical of the failure of some DFA and embassy officials to provide better services (see earlier discussion) and wary about how certain aspects of the empowerment program such as the economic empowerment program would be implemented.

On Social Empowerment. A number of migrant workers expressed the view that their effort to work in Japan is heavily influenced by the desire to lift their families from poverty and elevate their social standing in their respective communities. The Team has already observed that this desire has been overly manifested in many local communities where Japan-based migrant workers have built new houses or renovated existing ones, loaded with new appliances and other evidence of material prosperity. Overseas work has become a ‘social equaliser’.

At the same time, awareness on the temporary nature of overseas work and the need to have a hedge in anticipation of a return, has enkindled considerable interest among migrant workers, including the undocumented, to apply for membership with the Philippine Social Security System (SSS) and the Overseas Workers Welfare Administration (OWWA). Social security includes insurance on sickness, old age, disability and death, for those who opt for membership, which in 1995, was made available to Filipinos working overseas under 60 years of age. This is a service that the Filipino Resource Center is obliged to provide and is supported by Japan-based Philippine banks through which payments could be made.

Their keen interest in the various components and choices involved in a reintegration program was manifested through numerous questions concerning education, livelihood, cooperatives,

entrepreneurship and skills training, computer literacy, medical and social services, housing, and investments, and the feasibility of expanding socio-economic packages that will allow them to make discounted purchases of goods that could be delivered directly to their families in the Philippines.

Another topic that was widely discussed was the problem of the undocumented and the irregular workers, some of whom have stayed in Japan for as long as 15 years and therefore have had no personal interaction with their families for long periods. Modern communication technology such as email, TV chats and teleconferencing, were suggested not only as a means to alleviate the communication gap, but also as an integral part of the empowerment process through the strengthening of bonds between families separated by economic necessity.

On Political Empowerment. The topic on political empowerment was dominated by a discussion on the exercise by Filipinos overseas of the right of Suffrage, a right that is granted by the Philippine Constitution under certain conditions. The Declaration of Policies under the MWL, recognizes and guarantees the rights of migrant workers and all overseas Filipinos to participate in democratic-decision making process of the State. However, the Philippine legislature has yet to pass the enabling law that will allow migrant workers to exercise this right while overseas.

The discussions showed the awareness and knowledge of migrant workers, particularly by NGO leaders, of the importance of political empowerment through direct participation in choosing their leaders. The discussions centered on implementation and voter qualification in the event the law is passed. To cite some of the questions.

1. Would undocumented and overstaying workers in Japan be allowed to vote?
2. What mechanisms could be established to allow seafarers to vote while aboard ship? Could the Ship Captain be authorized to conduct the voting, following the Swedish model? Would it be useful for the Commission on Elections to allow seafarers to register prior to boarding their ships?
3. Should consular and diplomatic officials be involved in the absentee voting process? Will involving them not open the doors to their politicization and endanger the sanctity of the votes of more than 5 million overseas Filipinos?
4. Should proxy voting be allowed?
5. What role could NGOs play in the absentee voting process.

Some attention was also devoted to the situation of migrant workers who have lost their Filipino citizenship, the rights of a Filipino woman or any Filipino citizen to repatriate or reacquire Philippine citizenship that had been lost by marriage or political necessity, as well as the proposals on dual nationality that will allow such nationals to own land and property in the Philippines, and at the same time grant them the same rights given to foreign investors such as visa free entry or the right to invest or do business in the Philippines.

NGOs sought clarification on the kind of support they could obtain from the government in relation to their advocacy work in Japan and in the Philippines. Greater NGO-government cooperation on the protection of migrant workers' rights and continuing legal rights education of migrant workers was discussed at length.

On Economic Empowerment. The migrant workers were enthusiastic on the general idea of economic empowerment through the intensified mobilization of savings and channelling of such savings for productive investments. However, apprehensions were voiced out due to past experiences on failed economic projects involving cooperatives and other savings mobilization schemes.

The DFA policy team explained the risk-free feature of OFW savings bonds in that they are:

(1) Guaranteed by the government and issued by the National Treasury Office; (2) Dollar-denominated and shielded from any peso or yen devaluation ; and (3) Negotiable instruments, which can be used to fund some investment and infrastructure development projects such as airport terminals in Subic and Clark, a Retirement City in the Philippines, a Philippine Center in Japan owned by migrants that may house a library, meeting halls, and other needs of the Filipino community.

Investments would be voluntary and open to both documented and undocumented migrant workers.. The bonds will first be offered to about 100,000 of the 250,000 migrant workers in Japan in order to raise a total of USD100 million from individual investments of USD100 each. Alternative maturity periods of 3-years at 3.5% premium or 10 years with 5% premium are being studied.

The NGOs expressed reservations on the proposed bond issuance, citing the dangers of graft and corruption on the part of those who are assigned to manage the investment. It was pointed out that migrant workers who may decide to buy the bonds may very well hire professional investment advisors whom they trust and could be made easily accountable for the investment.

Nevertheless, it was clearly understood that the program was only one of a range of savings and investment options that migrant workers could consider individually or collectively, in assuring their economic preparedness upon their return to the Philippines. In Japan, there are NGOs who have been active in encouraging the formation of migrant savings groups whose pooled savings are deposited in trust banks and then invested in community-based enterprises in the Philippines. The OFW bond issuance still remains as an option for those who choose to invest in low-earning but safe and stable investments. Some groups had indicated commitments to hold seminars to enable the public to obtain more information on the bonds.

4.2. November Report

The November mission is a follow-up to the First Mission to Japan in September undertaken by the same Team for the purpose of making a general assessment of: 1) the strengths and weaknesses of the services being provided by the Philippine diplomatic mission in Japan in the light of Migrant Workers' Law; and 2) the potentials of launching the DFA's migrant empowerment program, with special focus on the choices open to overseas Filipino workers in the mobilisation of their savings for productive investments.

This visit to Tokyo coincided with the holding of two major migrant events — 1) a Congress of migrant workers in Japan, which led to the formation of the Kapisanan ng mga Migranteng Pilipino (KAPISANAN) composed of 24 migrant worker associations and NGOs in Japan, and 2) a Migrant Workers' Festival under the auspices of the KAPISANAN. Vice President

and Foreign Affairs Secretary Teofisto Guingona was the special guest of honor on both occasions.

The Team again conducted consultations, dialogues and a workshop-discussion with the leaders of the KAPISANAN and select migrant leaders. The discussions dwelt on the felt needs of migrant workers for social protection, their own evaluation of the level of adequacy of embassy services for migrant workers, and their views on various empowerment initiatives, including the proposed savings mobilization schemes.

Discussions with key officials of the embassy focused on the situation of Filipino migrant workers in a changing Japanese labor market and on how cooperation with the host government could be improved to ensure better protection for migrant workers.

At the Congress of the migrant workers, the leader of the Research Team, Dr. Rene E. Ofreno, and the ILO SEAPAT Expert on Entrepreneurship Development, David Lamotte, were able to share some ideas on economic empowerment and livelihood/enterprise development through a holistic entrepreneurship education program using the distance education mode.

Vice President Guingona and National Treasurer Sergio Edeza discussed the OFW Savings Bond program that was planned for implementation in early 2002. The features of the program (see Box 4) were discussed in an earlier Report of the Team and the program itself was partly a product of earlier discussions between the Research Team and the DFA Advisory Group headed by the Undersecretary for Migrant Workers. The migrant workers who attended the Congress and the Festival committed to support the bond program. Pledges reached almost \$200,000.00 in just two days.

After the Congress, the Research Team conducted a workshop-discussion with the leaders of the KAPISANAN from 10:00 p.m. to 4:00 a.m. on various topics.

a) The Challenge of Upgrading embassy services to migrant workers

After almost three decades of exposure in overseas employment facilitation or deployment, the Philippines has developed a network of institutions (e.g., POEA, OWWA, etc.) and a body of policies (e.g. provisions of the Migrant Workers' Law) dealing with the myriad problems and concerns of migrant workers. The Philippines is even cited as a model in the development of a national administrative machinery in dealing with labor migration.

Despite this, however, there are persistent and lingering problems, particularly in the operations of Philippine missions overseas. In the case of the Philippine embassy in Japan, a number of issues were raised in the First Mission report — the non-operational Filipino Resource Center, delays in the processing of passports and other papers, limited assistance to detained migrant workers, limited embassy facilities of embassy and others. During the Second Mission, the Research Team found that there were some efforts on the part of the embassy to improve their services such as the opening of the embassy during weekends to accommodate migrant workers who could not transact business with the embassy during ordinary business days. The DFA Undersecretary for Migrant Workers said such improvements were due partly to the results of the First Mission, as the newly appointed Ambassador, Domingo Siazon, got wind of some of the findings of the First Mission.

However, most of the problems identified in the First Mission have remained and the recent efforts of the embassy officials to improve their services still remained inadequate. Neither did the migrant workers interviewed by the Research Team notice any improvements.. For this Report, the Team would like to highlight several major issues that should be given attention by the embassy and as well as by the DFA and even by the Department of Labor, in addition to those taken up in the First Mission Report.

These are as follows:

The challenge of serving a growing Filipino community with diverse backgrounds and needs

The Filipino migrant community in Japan is growing and their composition is becoming more diverse. The Labor Attaché said there are around 60,000 Filipino workers in Japan. This is a low figure and is obviously based simply on the deployment figures given by the POEA. This figure is distinct from the figure on the total stock of migrant workers and other Filipinos in Japan, which is about three times the deployment figure (see Table 10).

However, the total stock estimate given in table 10 by the Philippine inter-agency committee on overseas employment statistics is still lower compared to the figures given to the Research Team by the Philippine Embassy Deputy Chief of Mission and the Philippine Information Officer at the Osaka Consulate. They cited figures based on the statistics provided by the Japanese immigration office itself.

Table 10. Stock estimates on Overseas Filipino Workers and other Filipinos in Japan (as of December 2000)

Categories	Number
Permanent/regular	59,626
Temporary	99,038
Irregular	16,369
Total	175,033

Source: Inter-Agency Committee on Tourism and Overseas Employment Statistics, GOP.

It was gathered that as of the end of 2000, there were about 174,186 documented workers plus 32,000 undocumented and overstaying workers, or a total of over 206,000 overseas Filipinos.

But what is most surprising is the large number of Filipinas married to Japanese, estimated at around 52,000 or almost one third of the total number of documented workers. Another surprising revelation by the Philippine embassy officials is that the Japanese male spouses represent a virtual cross-section of the Japanese society, meaning there is no truth to the perception that most of the marriages involve Japanese farmers. Of course, many of the Filipinas are working and probably found their husbands while at work — in the entertainment sector, in the domestic help sector, in the academe, etc.

As non-citizens, these Filipinas encounter social and cultural problems while living in Japan, especially those divorced or abandoned by their husbands. In the isolated rural areas, the problems of Filipina wives are loneliness and cultural adjustments. There are also problems related to the upbringing of children. Thus, one major challenge to the embassy is how to provide counselling and even psychiatric services, including legal counselling and assistance on questions of immigration, citizenship, childcare, etc. The embassy lacks expert personnel and resources for this type of service.

There are also problems related to students and trainees who disappear in the labor market and join the ranks of the undocumented or overstaying workers. The estimate for the undocumented, about 32,000, is based on the Japanese immigration figures on Filipinos who entered Japan as tourists, trainees and students and who have not exited from the country, including entertainers who transfer clubs and overstay. The undocumented represent one of the most difficult groupings of Overseas Filipino workers as discussed in the First Report and in the succeeding section.

Table 11 shows the distribution of the legally-staying Filipino workers by prefectures. The distribution indicates that Filipino workers congregate or concentrate in the most urbanized and developed areas of Japan.

It should also be pointed out that the Philippines comes fourth in the list of alien registration in Japan. According to statistics by the Japan Immigration Office, in 1998, the biggest alien group was Korean (North and South), accounting for 42.2 per cent of total; China was second with 18.0 per cent; and third, Brazil, at 14.7 per cent. The Philippines is fourth, contributing 7.0 per cent of the total, way ahead of the United States (2.8 per cent), which has military bases in Japan and Peru (2.7 per cent), which, like Brazil, has large Japanese communities in their own country. The total aliens registered in 1998 were 1.51 million.

Table 11. Legally-staying Filipinos by prefecture (as of end of 2000)

A. Over 5,000 in a prefecture

Tokyo	24,597
Chiba	12,111
Kanagawa	11,484
Aichi	10,794
Saitama	10,059
Shizuoka	7,614
Gunma	6,063
Ibaraki	5,174

B. Less than 5,000

Nagano	4,375	Mie	1,628
Osaka	3,938	Kumamoto	1,482
Gifu	3,541	Toyoma	1,234
Tochigi	2,174	Kagoshima	1,216
Fukushima	2,572	Shiga	1,208
Hiroshima	2,811	Kagawa	1,192
Hyogo	2,463	Hokkaido	1,177
Niigata	2,243	Okayama	1,141
Yamanashi	1,741	Yamaguchi	1,090
Okinawa	1,656	Fukui	1,061
Kyoto	1,646		

C. Less than 1000

Shimane	942
Miyagi	881
Oita	873
Akita	825
Yamagata	783
Iwate	744
Tokushima	707
Wakayama	676
Nagasaki	691

Aomori	686
Ehime	643
Miyazaki	633
Saga	622
Kochi	518
Tottori	501
Nara	458
Ishikawa	432

Source: Japanese immigration data, shared by the Philippine information officer at Osaka consulate.

Understanding a changing Japanese labor market and identifying emerging problems and opportunities for the Philippines

The increasingly diverse composition of the Filipino migrant worker community in Japan is also related to the changing dynamics of the Japanese labor market.

In the First Report, the Research Team mentioned the decade-long crisis of the Japanese economy and its impact on the labor market and the demand for Filipino migrant labor. The embassy officials interviewed by the Research Team more or less corroborated the major conclusions made by the Research Team in its First Report. For example, the conclusion that there will be a slowdown in the hiring of entertainers is reinforced by the observations of the Osaka-based Filipino information officer on the following — the declining rates of new hires among the entertainers, the complaints of many Filipinas about declining incomes (and ‘tips’ from the Japanese customers) and the rising number of bars and night clubs temporarily or permanently closing shop. Accordingly, there is almost one bar/night club ceasing operations daily based on various newspaper accounts.

Hence, if the Japanese crisis will further deepen and unemployment will grow, it is very likely that more and more Filipinas will be under pressure to return home, as what is happening now in Hong Kong and Singapore as a result of the global economic slowdown. The ratio of one ‘non-standard’ Japanese worker to every three ‘standard’ workers might also increase. The unemployed and underemployed Japanese might also take on the 3-D (dirty, dangerous and difficult) or the SALEP (shunned by all except by the very poor) jobs.

However, there is one area where Filipinos might be in demand — the care-giving industry. Japan’s ageing population (65 years old and above) constituted about 16.2 per cent of the total population in 1998 and is estimated to reach 27.4 per cent by the year 2025, as projected by Japan’s National Social Security and Population Problem Research Institute. One possibility is that there will be a rising demand for Filipino nursing aides, hospital orderlies and related workers — in Japan and in Japanese-run retirement villages and hospitals in the Philippines.

Already, there is a Japanese-Filipino joint venture project in Davao for a retirement village for the Japanese, that according to Philippine embassy officials are eliciting numerous inquiries. Some Japanese hospital owners have also publicly announced their plans to establish a chain of hospitals in the Philippines.

Clearly, the challenge for the embassy is to put in place transition plans for Filipino migrant workers (entertainers, trainees, etc.) whose jobs and incomes are likely to be affected by the continuing weaknesses in the labor market as well as facilitation plans for workers who might be hired in the new emerging markets such as the care-giving sector.

Instituting Measures to reduce the Undocumented

The problem of the undocumented kept on recurring in the various discussions with the migrant workers including in the floor deliberations during the migrant worker Congress.

The Undocumented work in the shadow of the law. They are unable to make public their official residence and make official communication with various agencies. Their problems are compounded when they fall ill, as theoretically they are not registered workers and as such, not entitled to welfare and medical services. Once caught by the long arm of the law, they are either detained or deported by Japanese authorities with no hope of being able to return to Japan. Out of economic desperation, some migrant workers, especially those in the construction industry, try to dodge the system and the police, by accepting or taking on one odd job after another and managing to stay in Japan incognito for as long as they can, some as long as ten or more years.

For the embassy, it is clear that there are two-fold challenges in the case of the undocumented:

- The first is putting a stop to the increase of the stock of the undocumented. This requires stricter monitoring of Filipinos who enter Japan and tighter coordination among Philippine government agencies (POEA, DFA) and with Japanese authorities. A popular route taken by irregular workers is the traineeship arrangement (sometimes with the connivance of Japanese job brokers) and the scholarship program for students. Another is through ‘human smuggling’ with the use of ships (the undocumented would hide in the secret compartments of the ships for weeks).
- The second is to find a workable solution for those who are already in Japan, especially those who have already been working for years. One solution might be amnesty and legalization following the United States. To a certain extent, the Japanese have done this with the large Korean community in the post-war period. Another approach may be to negotiate with the Japanese based on the recognition by both sides that the undocumented, ‘illegal’ though they may be, have undoubtedly contributed to the economic growth of the host country (e.g., in the construction of new infrastructures) and therefore deserve recognition for some of their basic human and labor rights by providing them a grace period to stay in Japan, access to health and safety benefits, etc. The third approach, which is happening to a certain extent in some sectors of the Japanese economy requiring skilled workers where there are shortages, is to have a policy of benign tolerance to the presence of Filipino workers, who may be spotted and yet are not accosted (to present any legal documents or papers) by the authorities.

In all these approaches, it is obvious that both diplomatic back-channeling, if one may use the term, and bilateral negotiations are necessary. On the other hand, at the level of the Philippine embassy, it is important to study how an alternative system of delivering services such as counselling, legal advice and paper processing to the undocumented may be done without violating the laws of the host country. After all, the undocumented are part of the embassy clientele and their concerns led to the constitution of the Gancayco Commission and the passage of the Migrant Workers’ Law.

Challenge of changing the mindsets of career and non-career DFA officials on work in the foreign service

Despite the mandate of the Migrant Workers’ Law for diplomatic missions overseas to have a country-team approach in dealing with Overseas Filipino workers with utmost assistance and priority, there are still widespread complaints about the lack of priority being given and basic

courtesy being extended to migrant workers on the part of some embassy personnel, as expressed by a number of the migrant worker interviewees.

After a post-Mission discussion with the Undersecretary for Migrant Workers Affairs, the Research Team came to the conclusion that the basic problem is much deeper, and that is the overall lack of orientation on the part of both the career and non-career officials in the foreign service on the primacy and importance of serving the Overseas Filipino workers.

As a backgrounder, it should be pointed out that in the post-war period, the general orientation of embassy operations was focused on cultural exchanges and political diplomacy. Thus, men and women of letters and arts were the leading candidates for diplomatic postings. In the 1970s and 1980s, the Philippine government emphasized the importance of economic diplomacy, with the embassies expected to take the lead in identifying would-be markets and would-be investors for the country. The results of economic diplomacy are not inspiring.

But overall, the foreign service corps, or many within the ranks, are not prepared for the fact that foreign service career or diplomatic work today means dealing extensively with Filipino workers overseas. The traditional view is that foreign service primarily means diplomatic interaction with foreign dignitaries, political leaders and the economic elite of the host country. Today, it should be seen to mean dealing with Filipinos working in another country.

Thus, there is a need to overhaul the traditional mind-set and orientation on foreign service work. A starting point will be the foreign service curricula, both those provided by the Foreign Service Institute (FSI) and schools offering a degree in Foreign Service. The foreign service curricula should be updated and upgraded by developing courses based on the reality of the Overseas Filipino Worker phenomenon. The same should be done in relation to the pre-departure orientation seminars (PDOS) for diplomatic officers being posted overseas, particularly the non-career nominees. Likewise, foreign service examinations should test the knowledge of applicants on migrant worker problems and issues and their overall readiness to address such problems and issues in accordance with existing national policies.

Increasing the budgetary allocations for embassy services to Filipino Migrant Workers

During the Migrant Worker Congress and in the various consultations-discussions, the inadequate and limited services of the embassy were cited a number of times by migrant workers. However, embassy personnel themselves, much as they want to, are unable to provide the needed services because of budgetary limitations.

A case in point is the operationalisation of the Filipino Resource Centers, which are supposed to serve as half-way houses for distressed or distraught migrant workers.

Following the MWL, the embassy tried to establish a Filipino Resource Center in an apartment unit in downtown Tokyo. The Center provided entrepreneurial development programs and temporary shelter for runaway workers.. However, the Center had to cease operations as the center had no available budget.

An alternative course of action adopted by the staff of the embassy was to take turns in providing temporary shelters for the runaways in their own individual houses. This alternative was not only awkward but also unsustainable. Hence, the embassy set up a system where migrant workers can call the embassy anytime, 24 hours a day, seven days a week. The services, however, are mainly of the referral nature. For example, a migrant worker reported that a security personnel received her call at dawn and the action of the security personnel was to refer her to a hospital. For labor matters, the security personnel would normally contact the Labor Attaché or the OWWA Officer

An operational Center would need the services of a doctor, counsellor, nursing aide, social worker, legal aide and interpreter. Clearly, the necessary logistics for the operationalisation of the Filipino Resource Center should be resolved for the embassy to be faithful to the requirements of the law.

However, it also makes much sense if the embassy is able to coordinate with migrant NGOs in the delivery of services in areas of legal advice, assistance to victims of violence, and searching for temporary shelters for runaways, etc.

4.3. Additional views on migrant empowerment

Most of the migrant leaders and organizers recognize the importance of migrant self empowerment. In fact, the holding of the KAPISANAN Congress itself was precisely an expression of such efforts to seek empowerment, that is, on the need for migrant workers to get organized, link with one another and work in solidarity with the others in safeguarding their rights and advancing their common interests.

Thus, the definition of self-empowerment by the DFA's Undersecretary for Migrant Workers, as outlined in the First Report, met full approval during the Congress and in the various discussions by the Research Team with the Congress organizers.

Some of the additional views expressed, individually or collectively, by Filipino migrant workers include the following:

a) Social and cultural empowerment

- Need to strengthen initiatives and enhance programs dealing with the spiritual and social and health care needs of migrant workers.
- Need to push Filipino-Japanese cultural and solidarity programs focused on enhancing family and community values as well as appreciation of both Japanese and Filipino family culture.
- Membership in OWWA, SSS and PAG-IBIG by both the documented and undocumented. It is proposed that these institutions should establish extension offices in Japan (PNB remittance offices in Japan are not allowed to collect for SSS and Pag-Ibig under the Japanese banking rules).
- Demand on the Philippine embassy to provide first aid and Filipino medical practitioners, including specialised medical care, health and/or group insurance for the undocumented workers, language training programs, special membership with SSS, PAG-IBIG and OWWA for the undocumented workers, and government-supported counselling and temporary shelters.
- Demand that there be a full implementation of the Migrant Workers Law provisions on legal assistance fund and special fund for Filipinos in distress.
- Demand for increased assistance from the embassy regarding the custody system in Japan concerning the children of Filipino-Japanese parentage brought up in orphanages.

b) Economic Empowerment

- Organisation and unification of Overseas Filipino workers in Japan to consolidate them into one major force capable of dealing with their own socio-economic problems.
- Mobilisation of migrant savings, with the help of the KAPISANAN, in order to build a better future in the Philippines.
- Need to have a system of certifying and upgrading skills acquired in Japan and to have such certification accepted in both the host and home countries.
- Demand for the government to improve the Pre-departure Orientation Seminars (PDOS) in relation to the empowerment and savings mobilization campaign.
- Need for the government to provide full information and assistance on alternative investment approaches, particularly the operationalisation of the OFW savings bond program.

c) Political Empowerment

- All-out campaign for the enactment of the law recognizing the right of Overseas Filipino Workers as Filipino citizens to vote and participate in Philippine political exercises even if they are working overseas at the time of an election or a political exercise such as a plebiscite on the Constitution.
- Full recognition of the rights of suffrage and citizenship for Filipinos married to Japanese nationals.
- Review of system of representation and appointment of migrant worker representatives in the POEA, OWWA and other bodies requiring migrant worker representatives.
- A global campaign for the unification and organization of migrant workers through networking.
- Campaign for the regularization and legalization of the undocumented through amnesty or issuance of special work visas.
- Need for regular and meaningful embassy-NGO dialogue and cooperation in the operationalisation of Filipino Resource Centers and in responding to major migrant worker problems and concerns.

- Demand for the embassy to make available to migrant workers a legal advisor on Japanese laws.

4.4. On the organization of Overseas Filipino Workers as KAPISANAN

The highlight of the Congress of Overseas Filipino Workers was the organization of the *KAPISANAN NG MIGRANTENG PILIPINO SA JAPAN* or *KAPISANAN*. The KAPISANAN is seen as an umbrella movement for empowerment. It is composed of organizations of Filipino migrant workers, NGOs and Filipinos from various groupings (e.g., by occupational groupings, by geographical location in Japan, by geographical origin in Philippines, by workers group, or by Filipino or Japanese firms).

There were 24 delegations, which participated in the Congress. The largest group came from the church-based organizations led by the Maryknoll Philippine Center, various Yokohama groups, Anglican group called *KAPATIRAN*, and various charismatic groups. Among the occupational groups were the *Samahang Pilipino* (domestic work and transport personnel of foreign embassies), Filipino Singers, Housewife Community, and Security Group. A delegation from an organization based on geographical location in Japan is the JOSI Group Ibaraki, from a prefecture with about 5,000 Filipinos. A delegation from an organization based on geographical origin in the Philippines is the Abrenian Association of Japan (from the province of Abra). There were also groups from financial institutions such as Metro Bank and Land Bank, from media firms Silangan Shimbun and Kumusta Communications, Inc., from Philippine Embassy group, and from special advocacy group for trainees, the Tulong Pinoy Movement.

— Migrant Worker views on Savings and Investment Mobilization

The Research Team discussed with the KAPISANAN leaders the initial findings and recommendations of the research study concerning the concept of migrant worker empowerment, with special focus on economic empowerment.

On economic empowerment, the team discussed the various investment options being offered by the government, namely: 1) SSS Flexi-Fund for OFWs, 2) Housing Bonds of Home Development Mutual Fund (HDMF) or PAG-IBIG Bonds for Overseas Workers, and 3) Poverty Alleviation Eradication Certificates or the Zero Coupon Bond or Peace Bond to establish Hanap-Buhay (livelihood) Fund.

Additionally, the Team discussed how OWWA, without any budgetary allocation by the government, is subsisting on interest earnings from its investments on Treasury Bills, Agrarian Reform Savings Bonds and the Guarantee Certificates. This was discussed to illustrate how the proposed OFW Savings Bond program would work, specifically on how the bonds could generate interest earnings and how, as negotiable instruments, they can be used for as collateral in other projects. Further, the dollar denomination of the OFW bonds should work to protect investors from any depreciation on the value of their bond investments.

The Team also discussed various migrant savings mobilization models in the Philippines, particularly the following savings mobilization initiatives:

ERCOF in Geneva with its strong advocacy for a migrant bank, which is expected to help migrant workers in terms of faster and cheaper remittances, interest earnings, identification of viable business projects and sourcing of investible funds.

The Philippine-based *UNLADKABAYAN Migrant Foundation* which, together with the *Asian Migrant Center* in Hong Kong and other partners in the Philippines, promotes the formation of migrant Savings Groups, help pool migrant savings through an intermediary bank and give assistance in identifying and implementation of viable business projects.

The *ENTREPINOY* business/livelihood education program in Hong Kong, which promotes a migrant -friendly type of business/livelihood education program using value-laden but simplified training modules and a mixture of methodologies such as home study or distance education, weekly group learning sessions and monthly assembly of all the trainees. The program offers courses on floral design; pre-school; food processing; agribusiness; information technology (IT); printing; etc. It also has a referral tie-up with PITC for possible franchising, and with the ABS/CBN Foundation for micro-financing.

Micro-financing initiatives of government agencies like OWWA, TLRC, and others, as well as those of private foundations like the Tulay sa Buhay.

The negative as well as the positive comments on the Entrepinoy Program by a graduate was discussed in another chapter(Hong Kong report). These comments were elicited in Japan where this graduate had since transferred and has become a migrant community leader. The Research Team leader welcomed the very frank assessments made since he himself is of the opinion that despite the success of Entrepinoy in Hong Kong, it may or may not work depending on circumstances. However, what in effect was being conveyed is that *not all migrant workers could be transformed into entrepreneurs, even if they have undergone lengthy business education programs.*

This is **why the Research Team's focus is on the savings and investment choices available to the Overseas Filipino Workers** — that is, *what are the choices for those who simply want to put their savings in safe investments, and what are the choices for those who want to take risks and set up business projects themselves.* With regard to the first type of savers, the Research Team attempts to help in clarifying the positive and negative aspects of the OFW Savings Bonds, which appear to be superior to the other forms of investments available. For the second, the interest of the Research Team on the Entrepinoy program is identifying how the said program is able to inculcate entrepreneurial values among migrant workers who otherwise would not take the risk of going into business, especially in a situation where they are not physically present to manage the day-to-day running of the business.

Additionally, the Research Team is interested on one aspect of the Entrepinoy program — the special focus on how to analyze oneself and the community as a starting point that could lead to a decision on whether one should go into business or not. Very often, business education programs are immediately focused on honing business skills such as how to register a business, how to manage the business, how to do bookkeeping, how to handle the cash flow, etc. Before anything else, a person, especially a migrant worker who is going into business for the first time, should first clarify to himself or herself his or her real interests, inclinations, strengths, weaknesses, etc., and then do some kind of force field analysis of his/her family and the immediate community in relation to his/her decision to go into business.

The ILO's SME Specialist more or less agreed with the above points raised by the Research Team leader, stressing that the 'how to's in business such as financial management are important areas which should and can be learned by anybody going into business. However, starting a business should start with the identification of the business idea that considers one's

aspirations as well as limitations, and blends with the needs of the community, including his or her immediate family. He said that ILO has several business education modules contained in the ILO's 'Start Your Business' program.

Another major point raised in the mini workshop was the need for the government to improve the infrastructures and support institutions for Small and Medium Enterprises (SMEs). It was observed that the government tends to overly concentrate on the regulatory aspect, thus driving away people interested in going into business. The Research Team leader said that in general and as a matter of policy, the national government promotes the formation and growth of SMEs; the problem lies with the policies of local government units, which vary from one area to another, and which could be restrictive or supportive to SMEs.

There were also questions on how the ILO could help in influencing governments to adopt laws protective of migrant workers. The ILO international labor standards and negotiating mechanisms were also mentioned. David Lamotte gave a general briefing on the different ILO's programs such as the Decent Work campaign, the promotion of best human resource practices in SMEs, among others. However, he also pointed out that the ILO's advocacy role is generally done through persuasion of the Member Governments regarding the adoption of relevant ILO Conventions and emphasized the importance of enforcement and adoption of the conventions in national laws.

Some migrant community leaders still expressed some reservations regarding the OFW Savings Bond despite the success of the Congress and the Festival in having raised in just two days some USD200,000 in commitments or pledges. During the Congress, the migrant workers renamed the proposed bond offering as the Overseas Filipino Investors (OFI) Bonds.

The most attractive features of the OFW Bond to migrant workers are:

- the eligibility of migrant workers and immediate relatives to invest on the bonds,
- the bonds carry accidental and health coverage (in relation to amount invested),
- the bonds are risk- and tax-free negotiable instruments guaranteed by the government, and
- the bonds are denominated in dollars, hence relatively free from the threat of a peso devaluation.

The questions which have not received satisfactory answers insofar as the migrant workers were concerned are the collateral value of the bonds when used in applying for loans (like housing, educational and business), and the use of the bond proceeds to finance the government budget. Some migrant workers are of the opinion that the bonds would be more easily marketed if the proceeds are used for migrant-related development projects, rather than just for budgetary purposes or to pay for the Philippine foreign debt.

4.5. Prospects for hiring of overseas Filipino workers in a changing Japanese labor market

a) Japan's economic crisis and the changing labor market

Until the early 1990s, Japan was considered the economic colossus to reckon with in Asia and in the world.

But today, Japan, pushed into another recession after a decade-long slump, is increasingly seen as a wounded dragon, who may be overtaken in a decade by another Asian dragon, i.e. Mainland China.

The economic crisis in Japan is finding expression in the labor market. Official unemployment figures in 1999 reached 4.7 per cent, the highest recorded since 1953 according to the Labor Force Survey, Statistics Bureau, Management and Coordination Agency (The Labor Force Situation in Japan, 2000). This unemployment rate continues to rise, given the continuing economic crisis.

Another major trend in the labor market, brought about in part by the crisis and by the impact of global competition, is the continuing erosion of Japanese industrial relations practices such as lifetime employment, seniority-based pay or *nenko* and promotion from within. Like other global corporations, Japanese companies are increasingly adopting flexible labor measures and hiring and retaining personnel on the basis of individual performance, not sheer loyalty or commitment to the company. The negative aspect of the trainee system discussed earlier (the hiring of cheap foreign skilled labor in the guise of traineeship to fill up regular jobs) is a clear indication of this trend towards labor flexibility.

Labor flexibility is also manifested in the dramatic rise on the number of people with part-time work called “*Freeters*” (derived from the words “free” and “*arbeiter*”, the German term for worker). The number of Freeters has reached more than three million with monthly earnings of about 100,000 to 140,000 yen, according to the International Labor Office (ILO Report 2001). However, the number (Table 12) of non-standard employees (both part-time and agency workers) is, in fact, even much bigger and now constitutes 26 per cent of the total employed work force, or 12.7 million of 49 million workers, or one out of every four workers. The increase in non-standard employment is most prominent in the service sector such as wholesale, retail, food and beverage industries.

The rise of the non-standard workers in Japan’s labor market signals virtually the end of the lifetime employment system. Non-standard jobs are usually based on short-term employment contracts (Kuroiwa 2001).

Non-standard workers include the “dispatched workers”, who are defined as “workers under contract to a dispatching agency, who are entrusted with specific duties by the companies to which they are assigned”. Accordingly, there has been liberalization in the use of dispatched workers in recent years, meaning dispatched workers can now perform “any type of work” (JIL 2000).

Table 12. Number of Employees by Employment Status, excluding Managers, in Japan

	Total			Male			Female		
	Number	Increase since 1999	%	Number	Increase since 1999	%	Number	Increase since 1999	%
Total	4,903	(-10)	100	2,892	(-25)	100	2,011	(15)	100
Regular Employees	3,690	(-58)	74	2,553	(-41)	88.3	1,077	(-16)	53.6
Part-time employees	1,078	(54)	22	232	(25)	8	846	(29)	42.1
Agency workers, rehired after retirement and others	195	(-6)	4	106	(-10)	3.7	88	(3)	4.4
Agency workers	33			9			25		

Source: Report on the Labor Force Special Survey, The Management and Coordination Agency, Feb. 2000

Finally, another trend towards flexibility is the increasing number of skilled workers brought about partly by the liberalization of policies for the entry of foreign skilled and technical personnel. The amended Immigration Control and Refugee Recognition Act (ICRRA) and the Alien Registration Act (ARA) have made it easier for skilled persons, trainees and ethnic Japanese (with alien citizenship) to enter Japan and establish residence. Thus, foreign residents in Japan registered at 1.5 million. However, Japan maintains (Iguchi 1999) restrictive policies on the entry of unskilled workers.

b) Implications of the Japanese economic crisis and changing labor market on the hiring of Filipino Migrant Workers

The economic crisis in Japan and the radical changes in its labor market as outlined above have tremendous implications on the employment status and the prospects for either increased or decreased hiring of Filipino migrant workers in Japan.

Some of the likely developments in the foreseeable future are:

- There will be a decline in the hiring of foreign workers due to the rising Japanese unemployment and the increasing number of Japanese accepting jobs they used to avoid. Already, some Japanese subsidiaries in the Philippines who have been actively sending trainees in the past have either reduced the number of trainees or stopped the traineeship program altogether.
- On the other hand, the massive rebuilding plan contemplated by Japan to bail itself out of the crisis and fight recession through a 2 trillion yen (\$US 16 billion) pump-priming program might fuel a construction boom and growth in new industries, which, in turn, might encourage the hiring of foreign skilled workers, especially if there is a shortage in Japan for certain categories of skills such as information technology (IT) programmers.
- Efforts of some Japanese companies to beat global competition through cost-effective measures might push them to continue importing cheaper workers from overseas, or relocate production overseas as what most of the Japanese manufacturing companies have already done.

- The hiring of entertainers from the Philippines is likely to continue but at a slower rate compared in the past. The karaoke-type, sing-and-dance-and-toast entertainment arrangement preferred by many Japanese appears to be a market niche for Filipina entertainers. However, as intimated to the mission by Filipino migrant workers, the Japanese karaoke habitu s are no longer as free spending as before.
- The phenomenon of Filipinas marrying Japanese farmers is also likely to continue, as the crisis has not stopped Japanese women from leaving the farming sector in favor of urban and modern life.
- There are also pressures for Japan to open up its labor market for the entry of domestic help from the Philippines and other countries due to fill the gap left by an increasingly assertive female labor force that seeks to advance professional careers independent of and liberated from domestic commitments like their counterparts in Hong Kong, Singapore and Malaysia. The slowdown in the economies of these three countries has not led to any massive return migration of domestic help whose role in taking over vital household duties normally performed by females, could enable local couples to be more economically productive.
- If Japan is able to stage an economic recovery, there will be pressures for Japan to open its labor market to foreign workers because of its declining population.

Overall, therefore, there are prospects for both increased and decreased hiring of Filipino migrant labor. However, the changes, if any, are not likely to happen abruptly.

5. Report from Hong Kong

In support of the research-advocacy project, the Research Team made a short fact-finding visit to Hong Kong, partly to compare the situation of Filipino migrant workers in Hong Kong and Japan which have almost comparable sizes of migrant communities. Although the Hong Kong trip included the study and assessments of two model programs on migrant savings mobilization for investment and enterprise development, which were those of the Asian Migrant Center-Unladkabayan, and the Entrepinoy Program, these have already been fully discussed in Chapter 3 as separate items of this report. This report on Hong Kong will be devoted to an assessment of the problems and concerns of Filipino migrant workers in Hong Kong, and the capacity of the Philippine consulate to deliver basic services to migrant workers, including government savings mobilization initiatives such as the Social Security System and Pag-ibig Housing Fund, that are administered through the consulate. The OFW Savings Bond was not discussed in Hong Kong.

5.1. Migrant Worker profile and status in Hong Kong

In East and Southeast Asia, Hong Kong is the leading destination of Filipino migrant workers, way ahead of Japan and Taiwan (see Table 13). In the Asia-Pacific region, it comes next to Saudi Arabia as host to the biggest gathering of Filipino migrant workers. (Table 14).

The Philippine Consulate in Hong Kong estimates a total of 180,000-200,000 migrant workers in this Special Administrative Region (SAR) under the People's Republic of China. This figure includes undocumented workers. There are highly successful Filipino professionals in the territory working for Hong Kong -based multinational companies. However, the overwhelming majority of Filipino migrant workers are female domestic helpers numbering over 154,000 as of August 2001 compared to the registered figure of 135,000 in 1997.

POEA statistics show that next to the Filipino migrant workers and immigrants from the United States and Japan, Filipino migrant workers in Hong Kong are the third biggest source of remittances for the Philippines for the period 1996-2000 (Table 15).

Table 13. Deployed Land-based Overseas Filipino Workers by Destination (1998-July 2001)

ASIA	1998	1999	2000	July 2001
Brunei	16,264	12,978	13,649	8,724
Hong Kong	122,337	114,779	121,762	73,857
Japan	38,930	46,851	63,041	40,457
Singapore	23,175	21,812	22,873	17,817
Taiwan	87,360	84,186	51,145	26,195

Source: OWWA Data Bulletin, 2001.

Table 14. Top Five Host Countries of Deployed Land-based Contract Workers(1995-2000)

COUNTRY	TOTAL NUMBER OF DEPLOYED OFWs (1995-2000)
Saudi Arabia	1,061,732
Hong Kong	532,953
Taiwan	411,441
Japan	227,263
United Arab Emirates	196,046

Source: OWWA Data Bulletin, 2001.

Table 15. Top Five Countries in Terms of Total Amount of OFW Remittances in Thousand US\$ (1996-2000)*

COUNTRY	TOTAL AMOUNT OF REMITTANCES
United States	19,456,294
Japan	997,719
Hong Kong	905,161
United Kingdom	789,209
Saudi Arabia	513,298

Source: OWWA Data Bulletin, 2001.

5.2. Consular Facilities and Operations

The Philippine Consul General Office is located at the United Center Building in Admiralty District. It has a full-time Labor Attachй, with a deputy assistant assigned in Macao.

There are 16 transaction windows for Filipino migrant workers, three of which are labeled 'cashiers', and two windows each designated for: (a) releasing employment contracts; (b) passports; (c) notarials; and (d) tax assessment and exemptions. The rest are for the following functions:

- Accreditation and Job Order
- Agency Contracts
- Name Hire
- Recontracts/Change of Employer
- POEA Certification
- Individual Visas
- Group Visa/Entry Permits

The section where necessary documents are processed is quite orderly, a bit spacious and houses an OWWA office accessible to migrant worker members. Reading materials and chairs are provided for the waiting public.

There are two divisions, that directly help Filipino migrants in distress:

- (1) Assistance to Nationals — for those who intend to file and pursue criminal charges against offending locals (e.g. abused and sexually violated workers)
- (2) Office of the Labor Attachй — for those who intend to file and pursue employment-related cases with their employers (e.g. Domestic helpers with pre-terminated contracts).

5.3. Consulate reforms and services to Migrant Workers

The Consulate, in particular the Office of the Labor Attachй, projects a pro-active image in handling migrant -related affairs. Some of the reforms and measures the Consul-General and the Labor Attachй have initiated are the following:

- Reduction of the number of needed signatures from 8 to 4 in processing verification papers and contracts. This has increased the efficiency level of the Office of the Labor Attachй and reduced the waiting time of from about two weeks to less than a week.
- Intensified use of conciliation service in settling and resolving problematic cases between migrant workers and their employers. This process speeds up dispute settlement and minimizes rancor and bitterness among the parties involved in a dispute.

- Organizes and holds immigration and employment-related symposia and fora every third Sunday of the month to inform, educate and discuss with migrant workers, matters concerning their welfare, rights and interests.
- Greater involvement in major activities sponsored by various organizations of Filipino migrant workers. There are over a hundred such organizations in Hong Kong.
- Negotiation with various financial/credit institutions in Hong Kong not to take into their custody the passports of migrant-worker borrowers since such move violates their fundamental rights as migrants.

The Assistant Labor Attaché and the Administrative Officer, who were interviewed by the Research Team, claim that relations between the consulate and migrant workers are generally smooth, except for a few demanding individual migrants and NGO activists. They expressed disappointment over insinuations that most of their personnel are indifferent and inconsiderate to migrant workers seeking assistance from the Consulate. According to these officers, additional personnel are required to process the large volume of work. Despite the personnel shortage, the Consulate accordingly does its best to address the myriad concerns of Filipino migrant workers. They work even on weekends to finish pending papers and attend gatherings organized by Filipino migrant workers themselves on Sundays.

The Research Team, in fact, was able to observe a special forum, held on a Sunday at the Consulate, on problems related to immigration laws of Hong Kong and pre-termination of contracts by Hong Kong employers. Two officials from Hong Kong's immigration office were able to give direct answers to around 80 Filipino migrant workers, mostly leaders of various Filipino migrant organizations in Hong Kong.

According to the consulate officials, one of the causes for the disputes involving the consulate is their varying comprehension of various issues presented by the workers who often want quick action from the consulate, including issues requiring extensive paper work. However, the consulate officials admit that there is a need to educate and re-orient all the consulate staff on how to conduct themselves when dealing with migrant workers. On the other hand, they contend that migrant workers also need to understand the limitations of the consulate and the services they could provide at the maximum. Clearly, there is a need for education and orientation for both parties, in particular on the need to have mutual understanding and patience for each other's limitations.

Other Reform Measures. The Labor Attaché plans to recommend two measures to address some of the concerns of migrant workers, namely:

5.4. Moratorium on Accreditation

There is a need for greater regulation in the recruitment industry to curb rent-seeking by recruitment agents. The fees that are typically charged are equivalent to two months of pay or more, which blatantly violate both the Migrant Workers Law and Department Order No. 34 of the Department of Labor and Employment (DOLE) which specifies that "the agency fee should only be equivalent to one-month salary" in the destination job (Migrant Focus, 2001).

In the case of Hong Kong, the agency fee should not be more than HK\$3,670 or P1W 24,000-25,000 (based on exchange rate of HK\$1 = PhP6.6). However, most recruiters in Manila charge anywhere from PhP60,000 to P1W 100,000, the bulk of which goes to the agency owners and their Hong Kong-based counterparts who do not charge excessive fees on prospective clients to secure employment contracts.

The Labor Attaché wishes to limit or restrict accreditation only to agencies, which have complied with and are willing to abide by the mandated standards. This initiative will deter unscrupulous recruiters from further exploiting migrant workers and ease their pre-deployment financial stress.

5.5. Review of the Performance of Agencies

The proposed new procedure also aims to monitor the compliance of recruiters with Philippine statutes on employment standards. Prior to accrediting recruitment agencies, the Department of Labor and Employment needs to assess and evaluate whether or not these agencies have submitted the necessary requirements and that there no cases filed or pending against them..

As to the one-country team approach, the Labor Attaché enthused that this reform has improved relations among the Philippine officials and Ambassadors in various foreign territories by lessening, if not, eliminating, possible tensions associated with the principle of command responsibility. He said that he has very good working relations with the Consul General and this helps a lot in the facilitation of various programs like repatriation, welfare cases and negotiations for various labor, trade and economic agreements in Hong Kong.

However, he complains that the budget allocated to the Office of the Labor Attaché is very limited. He is currently supervising the conditions of 10 Filipino migrants who are temporarily sheltered in the Filipino Resource Center in Hong Kong. But because of inadequate funds, he sometimes uses his own money to finance their material needs.

5.6. Concerns and sentiments of Filipino Migrant workers in Hong Kong

In the consulate office, the Research Team was able to interview seven Filipino migrant workers, four of whom are domestic helpers, an executive secretary, a businesswoman and an officer of a migrant-centered NGO. Later, the Team was able to visit the office of one major NGO office whose leader was also interviewed by the Team.

Most of the interviewees chose to work outside the Philippines because of economic reasons. They intimated that they would continue being migrant workers as long as their health allows. Proof of this is the fact that they have been serving foreign employers in Hong Kong for a considerable amount of time, some as long as 20 years, which has left a migrant community leader who has been in Hong Kong for the past 25 years, to remark in a forum why she could not be granted permanent status. A few experienced working for abusive employers, while the rest have learned to appreciate living and working in Hong Kong.

The interviewees send their remittances either through banks or courier service. Some admit not having enough savings even after several years of employment in Hong Kong because of debts incurred prior to their deployment and financial support to their immediate family members who spend the remitted earnings for basic daily consumption needs and health care.

A couple of interviewees expressed satisfaction with the way the consulate personnel perform their duties. They suggested, however, the need to either extend the work days of the office up to Sunday, which is the day-off of many domestic helpers, or change the rest days of the office from weekends to Monday and Tuesday to accommodate the request of workers who

find it difficult to process their papers due to the limited amount of free time given by their employers.

However, this matter has been a cause for debate among migrant workers themselves and concerned NGOs. The consulate perceives that the present set-up is better since the workers have time to just concentrate on spending their work-free day in recreational activities with fellow Filipinos and not on processing documents at the consulate.

As to the lack of personnel needed to handle the enormous workload at the consulate, the NGO officer stated that organizational efficiency does not solely depend on the number of employees available to perform assigned tasks. He stressed that the consulate still has to strengthen its commitment and dedication in fulfilling its duties as the representative institution of the Philippine Government in a foreign land. Further, he challenged the consulate to practice the same work ethics NGOs do and the 7-24 NGO service schedule (or 24-hour service in seven days); he claims that despite limited resources and personnel, the NGOs are able to reach relatively higher number of migrant workers on a per person basis.

Another migrant community leader lamented that a hotline assigned by the consulate for emergency cases does not work. The phone is hardly and rarely answered by the consulate personnel. The Research Team also tried using it without any success. This situation somehow adds to the disappointment of migrant workers on weak government action or response to their needs.

Two other interviewees added their own observations. They said that some consulate personnel: (1) lack professionalism in doing their jobs; (2) get easily annoyed and distracted; and (3) lack consideration and trust for migrant workers who happen to have no sufficient funds to pay for the processing fee of documents, even though these individuals have to go back to the consulate again to get their papers. Without the required payments, the consulate personnel involved postpones the processing of their documents, which naturally contributes to so much delay.

A major feature of Hong Kong labor law is that it is supposedly applicable to foreigners. However, the Friends of Filipino Migrant Workers, Inc. (Kaibigan), said that domestic helpers were freer in choosing their employers before the handover of the former British colony to China. Foreign domestic helpers then could change employers provided that they were in possession of necessary release papers. Moreover, during said period, Hong Kong assigned special labor courts to handle cases involving foreign domestic helpers. Domestic helpers also received a higher monthly salary and better economic benefits. However, the post handover period has seen a rise in cases of arbitrary pre-termination of contracts of domestic helpers by their employers and tighter restrictions on securing new employment contracts within Hong Kong, forcing the affected workers to return to their country of origin in an untimely fashion and without being able to recover pre-departure expenses incurred in the Philippines (Beijing Watch, 1997).

Rev. Fr. Dwight Q. de la Torre (2001) of the Mission for Filipino Migrant Workers Society (MFMW) based at the St. John Cathedral outlines some policies by both the HK SAR and the Philippine government which penalize Filipino migrant workers in Hong Kong and lead to their alleged exploitation:

The Two-Week Rule – Foreign domestic workers are required by Hong Kong Immigration laws to leave Hong Kong within two weeks after contract termination. NGOs label this policy

of Hong Kong immigration as “class discrimination”, since it places a very heavy burden on a foreign domestic helper terminated, arbitrarily or not, by her employer. MFMW argues that though the Hong Kong Immigration Department grants extended effectivity period of the work visa in case the imported worker has pending valid claims at the Labor Department, the two-week rule prohibits her from applying for legitimate jobs while there is an ongoing case. What makes this situation more oppressive is the levy — in the form of Visa Extension Fee — imposed by the Hong Kong government on the terminated domestic helper while she awaits the decision of the Labor Tribunal on her case. The employer, on the other hand, can hire a replacement and is exempted from paying any fee caused by his/her decision to fire the foreign domestic helper.

MFMW claims that the two-week rule policy only protects the employer and not the employee, so that most domestic helpers would rather keep silent on the abuse and exploitation inflicted on them than seek redress at the proper court.

POEA Memorandum Circular No. 41(MC41) - According to MFMW, the Philippine Government virtually gives foreign placement agencies (FPAs) a carte blanche in handling employment-related disputes involving Filipino domestic helpers through this policy.

Instead of complying with the requirements for agencies “to set up a liaison/welfare office in areas where there is concentration of their hired workers” and mandatorily participate in settling conflicts between workers and their employers, foreign recruiters themselves are causing the early termination of contracts through a 3-month free- replacement marketing of domestic helper services. Interviewed workers at the consulate call this a “Buy 1 - Take 2” arrangement, where a client employer is allowed to change a worker not to his or her liking in favor of another helper for free within three months. Obviously, agencies resort to this arrangement to attract and retain more employer clients. Some FPAs are even reported to have sent back to the Philippines deployed domestic helpers with less than a week of stay in Hong Kong despite the two-week rule allowing them to stay after the early termination of contract.

MC 41 likewise restricts ‘Direct Hiring’ of foreign workers and limits such act only to: (1) immediate members of the family or heads of state/government; (2) Ministers, Deputy Ministers and other senior government officials of the host country; and (3) senior officials of the diplomatic corps and duly recognized international organizations. Other hiring should have to be processed through a POEA-accredited recruitment agency whose placement fee should not exceed the one-month salary of the hired worker. This, however, is not the case since private recruiters impose excessive fees on aspiring and re-deployed migrant Filipinos.

Overseas Workers Welfare Administration (OWWA) Memorandum of Instruction(MOI) No. 8 and OWWA Resolution 99-016. Prior to their deployment, migrant workers have to pay US\$25.00 as OWWA membership fee.

In 1996, OWWA issued MOI No. 8 requiring such payment on a per contract basis. However, in December 1999, Resolution 99-016 was implemented to make said contribution a yearly exercise. The OWWA justifies this move by stating the need to broaden and improve the delivery of programs. However, concerned NGOs observe that only a minimal percentage of the total amount of OWWA contributions is allocated to direct services.

Executive Order (EO)197 -- Former President Joseph Estrada signed EO 197 allowing State agencies to raise their fees by at least 20% to improve government revenues and lessen the budget deficit. Consequently, the Consul General increased the authentication and notary fees

by HK\$42.50. Non-payment means contracts without the signature of the Labor Attaché or the Philippine Overseas Labor Officer (POLO) and the non-processing of papers by the Immigration Department of Hong Kong as well.

5.7. Savings mobilization initiatives of the government: SSS and Pag-Ibig

The Social Security System (SSS). The Social Security System (SSS) is very visible in the Philippine consulate.

It started its overseas operations in Hong Kong on January 28, 1998. So far, there have been 55,000 migrant workers who have enlisted with the SSS, or about one-third of the estimated number of Filipino migrant workers. The agency estimates that their membership enlistment program can potentially reach all Filipino migrant workers in Hong Kong, including the undocumented ones.

The SSS office is manned by only two personnel who process an average of 100 applications each day (a work schedule of 12-14 hours daily, 7 days a week and with no overtime pay). An on-line (i.e. electronic or computer-based) mechanism enables said employees to efficiently perform their jobs and institute a one-stop shop processing of SSS papers. Impressed with the system, the Labor Attaché has asked the OWWA located within the Consulate Office to pattern its operations after the SSS to be able to serve as many clients.

Information on the SSS and its projects are disseminated through one-on-one discussions with organized migrant groups and coordination with religious groups with large number of members like the El Shaddai and Jesus is Lord (JIL). He and his colleague do their marketing functions every 1st and 2nd weekends of each month to inform migrant workers about SSS and entice them to enlist themselves with the agency.

Livelihood and Housing Loan Programs Livelihood for Hong Kong-based workers were started in September 2000.

Flexi-Fund is another program by which migrant workers could augment their savings. The highest bracket amounts to PhP 1,800 a month. Several have already availed of this provident fund scheme, which allows an 8% interest per annum on the contributions of paying members. Upon maturity, the benefits involved are in the form of a regular pension and the granting of a lump sum with accrued interest.

It is the observation by the SSS overseas staff that Overseas Filipino workers have the capacity to save. However, due to other priorities, they are able to set aside only a minimal amount of their earnings for savings meant for investment in business projects.

The Pag-ibig Fund. The Home Development Mutual Fund began its operations in Hong Kong several years before the SSS did. It has around 8,000 Overseas Filipino worker - members with over 300 individuals as housing loan borrowers as of October 2001.

The officer disclosed that the contributions of migrant workers abroad to Pag-Ibig are in US dollars, which earn 3% interest per year. Contributions in peso, on the other hand, have 7.5% interest. He added that collections from migrant workers are fairly high and that most of these people are wary of long-term loans, so that Pag-Ibig promotes short-term loans instead. In case the migrant worker fails to return abroad, the agency extends the term of the loans.

5.8. Observations and conclusions from the HK trip On Consulate Services

In spite of the complaints raised by a number of migrant workers and NGOs, the consulate in Hong Kong is a pro-active institution that tries its best to advance the interests and protect the welfare of migrant workers. A commendable feature of its operations is the close cooperation between the Consul General and the Labor Attaché.

The Consulate is also open virtually seven days a week, particularly the SSS program based in the Consulate. The Consulate holds monthly group activities like symposia and fora to discuss pressing issues that affect Filipino migrant workers, especially the domestic helpers.

It should be noted that most of the criticisms against the Consulate are directed at ‘some’ personnel, not the entire Consulate nor the Labor Attaché or Consul General.

Of course, there is much room for improvement, particularly in the area of orientation for all personnel of the Consulate and having hotlines that really work for distraught or needy workers.

A difficult challenge, which must be addressed, is the two-week rule and the widespread complaints of pre-terminations based on the marketing tack of recruitment agencies to attract more clients through a buy-one-take-two arrangement.

The Research Team hopes that this same venue will be used to settle differences and resolve other issues between the Consulate personnel and migrants themselves. This would provide a more open, if not, better channel of communication. Resolution of this requires skillful negotiations with Hong Kong’s immigration officials and various stakeholders.

5.9. On Savings Mobilisation — What Works and does not work?

The experience of both Unladkabayan and Entrepinoy clearly point to the capacity of Overseas Filipino Workers, regardless of job level, to set aside a portion of their earnings for business and livelihood development and their desire as well as growing awareness of the need to acquire knowledge and skills to utilise these savings into safe or stable investments or as a starting capital to put up an enterprise upon their return to the Philippines. While the two programs have both their strengths as well as weaknesses, the pioneering work these organizations have started should be commended for having contributed to the propagation of the culture of savings, investment and maximization of resources among Filipino migrant workers. The experiences that have been previously discussed may serve as constructive suggestions that both organizations may consider, especially bearing in mind what the Research Team could be lessons learned from its analysis of the system, structure and procedures of the AMC-UnladKabayan set up:

- It is difficult to entice Filipino migrant workers to set aside funds for projects that do not yet exist and still to be studied by a mediating institution such as UnladKabayan.
- It is difficult to reassure migrant workers about their contributions particularly when they are parked in a holding bank or institution for a period of time while various business options are being studied. Such a system will only work if the savers are fully conscientised and committed to the AMC-UnladKabayan vision. Unfortunately, such a program could only reach a limited number of migrant workers.

- The system of savings and investment, involving so many actors and stages, is too bureaucratic and un-businesslike.

In conclusion, some principles which contribute to a successful mobilization of savings and successful investment projects would include the following:

Migrant workers will be encouraged to go into savings-investment schemes if there are clear investment choices and clear gains. Gains will be clearer if they themselves are properly oriented on how to save and invest- with-with confidence. This is done by AMC-Unlad through various conscientisation and education programs; Entrepinoy does it through business education programs using motivational techniques on the self-capacity of migrant workers to make savings and investment decisions by themselves.

Migrant driven projects are likely to succeed if there is a clear market for the selected products or services and if the production process is sufficiently mastered by the migrant entrepreneur and members of the family.

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