



SPEECH FOR IOM SOUTH SOUTH MIGRATION PANEL ON:

“Innovative approaches to decreasing the costs of migration for development: the launch of the Public-Private Alliance on Fair and Ethical Recruitment”

FSI has been achieving ethical recruitment out of a several source countries for upward of 7 years.....

It has not and is not an easy task but I wish we lived in a world where it was.

In addressing the questions posed for this panel I am going to focus the next 10 minutes on talking through the question of, ‘ what are the Gaps created by solely government-led or private sector-led approaches’ and in doing this provide a perspective on the other questions posed.

FSI is a for profit workforce solutions company. My brother and I founded it with the primary focus of setting up infrastructure, initially in Nepal, to enable us to recruit and find work for our ex –Gurkha soldiers whom we had realised were being exploited and falling in to the trap of debt bondage through the traditional recruitment model of companies charging candidates fees for jobs.

We were successful in our endeavours and have now duplicated our model in other source countries in addition to Nepal. What we realised very quickly is that our model, based around charging employers reasonable fees for effective recruitment as opposed to extortionate fees to candidates was, sadly, extremely rare.

I am going to speak therefore from a very practical business perspective about the challenges of achieving ethical recruitment.

THE OBSTACLES WE MUST UNDERSTAND FIRST:

Powerful and wealthy businesses making huge sums of money from the provision of migrant workers

There is a lack of understanding in both public and private sector in both source and destination countries of the extent and nature of the issues

There is a lack of options for achieving ethical recruitment – a lack of ethical recruitment companies out there

There is a lack of data supported evidence demonstrating the business case that the ethical recruitment approach is not only viable and sustainable but in fact a more commercially beneficial as a model

Let’s start by working a typical scenario backwards:

A worksite in the Gulf region. 50,000 migrant workers required. Tenders submitted by 10 major developers all with multiple subcontractors.



Factor 1: In order to have a chance of winning the tenders need to be price competitive and margins are tight

Technical compliance/ capability is a pre-requisite to qualify to bid so award is going to come down to price.

Currently accepted practice is to pay little or, as is most often the case, nothing for recruitment of unskilled and semi skilled migrant labour and there is a veritable flood of manpower companies with representatives in the performing country offering to provide the labour and in many cases financial incentives to be awarded the contract.

So let's summarise –

Massive contract, hundreds of millions at stake, tough competition, manpower companies falling over themselves offering the labour and doing whatever they can to get the business.

Company A – wants to be ethical and ensure no fees are charged to its workers for jobs. WHY - BECAUSE

- It understands the productivity benefits of a workforce free of debt bondage and ethically recruited – realises that to achieve this means finding a genuinely ethical recruiter who does not charge fees to workers and has a proven model for proper vetting and skills testing and an ethical approach to recruitment
- Understands that there is legislation in the performing country stating that its migrant workers should not be charged fees and be free of any associated debt bondage or coercion of any sort
- Understands there is also some legislation governing fees to candidates in the source country which varies from no fees allowed to some level of fees allowed

The Problem:

- How can I be competitive in this environment if I am paying for recruitment and my competitors are not?
- How do I find a company that is genuinely ethical in its approach when the only model I have ever encountered is based on charging fees to candidates and I have no way of auditing or verifying credibility of recruiters back in the source countries?
- What is the real impact of any legislation in source or destination countries..am I likely to be prosecuted if I am in breach?
 - What about my subs – how can I affect or control their labour supply chain?
 - Has anyone ever really been fined or prosecuted?
 - This stuff needs to get built, is the government really going to enforce legislation when the reality is that all the recruiters operate the same way so what choice do we have?
 - How can my bid ever have a chance of winning unless we all play by the same rules and are bidding on a level playing field in terms of recruiting and labours costs which are a massive price factor in my bid?



SO you may see where I am going with this.

Quick recap:

- Project in source country worth 100s of millions
- Requires huge numbers of workers – massively lucrative opportunity for recruiters who charge fees to candidates in the traditional way so all vying for the work
- Bidders faced with tight margins need to be price competitive – Understand legislation but have no precedent for it being enforced in any real way...work needs to get done after all
- Some bidders may want to be ethical in approach to its workforce recruitment but don't know any ethical recruiters or any source of information to identify them AND even if they did would never win the bid as it is not a level playing field if competitors are not approaching the bid ethically and paying for recruitment

The result is that the status quo remains:

- The bidders do not pay for recruitment
- The recruiters, who are experts at 2 things 1, creating opportunities to charge fees to candidates 2, convincing employers and Gvt that they are not. THEY get their business and make millions from fees to candidates. Become wealthier and more powerful in source and destination countries and able to buy further influence
- The middle management get their incentive payments
- The workers get their loans from the manpower agents to pay their fees and are sucked in to the cycle of debt bondage
- And the cycle continues unchecked without any real resource being put behind.....
 - the enforcement of legislation in sending or receiving countries due to a lack of cross border, unilateral policy coherence
 - financial commitment and expert resources to implement and audit the industry across borders
 - The hugely complex nature of that very task when recruiters are adept at hiding their real practices, have great power and influence across borders and workers are often desperate, intimidated and scared and uneducated as to the realities of working abroad and their legal rights

SO LADIES AND GENTLEMEN....ARE WE STARTING TO SEE THE GAPS?

Let's get out our wands, our cosmic polyfiller if you will and see what we can do to fix this

So what are the holes we need to fill?

1. The lack of a level playing field for bidders
2. How to identify genuinely ethical recruiters



3. Developing and implementing cross border legislation which ensures workers are recruited and employed ethical and at no point are charged fees
4. Resourcing, designing and implementing effective policy enforcement and industry auditing for recruiters and employers – and prosecuting offenders
5. Encouraging and incentivising recruiters to adopt an ethical no fees to workers model
6. Educating source country populations as to their international rights and the dangers of unethical recruiters
7. Building the business/ commercial case for ethical recruitment – demonstrating the positive bottom line commercial impact

So what steps can we be taking:

1. IOM's IRIS system would most certainly have a positive effect on a number of the issues I have outlined today. A fully supported system of accreditation for recruiters that is fully audited and policed with full multilateral Gvt backing.
 - Employers WOULD have somewhere to go to identify ethical recruiters
 - Gvt would have a recognised system to get behind
 - Recruiters would have a standard to work to and some protection on the commercial playing field – ethical employers will only source from accredited recruiters
2. Building the business case – FSI pilot project in Qatar – Get Gvt, Business and NGO support to fund more similar such projects. COLLECT THE DATA TO PROVE THE CASE.
3. **Co-operation between Gvt and Business to level the tendering playing field, build wording in to the tender documents that mandates ethical recruitment of workers and the use of accredited ethical recruiters, with a proper mutually resourced auditing process to ensure compliance**
4. Tender award criteria incentivising real engagement with ethical recruiting and employment and investment in training and development back to the source countries
5. Tax incentives for ethical employers and recruiters

For us to make any real strides toward a world where migrant workers are protected and recruiters have universally adopted an ethical model it must be a public private co-operation. The majority of the problems we are facing come down to money. This is a reality of the commercial world and there is no use in ignoring it, rather lets understand the commercial realities that face businesses everyday and build a solution hand in hand which supports a realistic and viable move toward an ethical recruitment and employment solution – something big business can get behind with the proper support of Government through legislation, collaboration and co-operation.

Thank you.