

IT'S PAY-BACK TIME! PRACTICAL STEPS TO REPAYMENT OF RECRUITMENT FEES AS REMEDY FOR FORCED LABOUR WEBINAR (21 JULY 2020)

Webinar Questions and Answers

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Q1. Do you have insights into the main drivers behind why Bangladeshi workers are paying the highest fees?

The primary reason that fees are paid in the first place is the existence of whole industries of recruitment agencies and informal agents/sub-agents working in an intricate network. The more established these industries and networks are in the home country, the more able they are to find loopholes to exploit workers.

Abuse of vulnerability is at the heart of the exploitation, and in countries that have higher rates of unemployment, charging fees to workers desperate for work has become prevalent.



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Q.2 Do you find the companies themselves are paying the fees or getting suppliers to reimburse the workers? Does this depend on the relationship with the workers?

Impactt generally advocates the 'Employer Pays Principle' – where the employer takes full responsibility for paying all recruitment related costs – and also any remediation required where workers have been found to have paid fees. and this is the ultimate principle that everyone should work towards.

Some companies are exploring the principle of 'Equitable Burden', which means that buyers are helping to support the initial repayment of historic fees, on a 50-50 basis. This creates a catalyst to help suppliers overcome the first financial hurdle and demonstrate buyer support of the process. Such buyers may then require suppliers to adopt the Employer Pays Principle following this initial support – to take full ownership of future recruitment related costs.

Q.3 Can you recommend any (publicly available) source to check the average recruitment fee in a Region/Country/sector?

Here are a few useful links below.

A policy brief funded by the EU: <http://mfasia.org/migrantforumasia/wp-content/uploads/2017/01/1-Policy-Brief-Recruitment-Fees-Migrants-Rights-Violations.pdf>

See slide 6 here from UN/World Bank collaboration:
https://www.un.org/en/development/desa/population/migration/events/coordination/15/documents/presentations/17022017_Session7_ILO_MichellaLeighton.pdf

Our own findings from 3.5 years work in Qatar: <https://impacttlimited.com/wp-content/uploads/2020/07/IMPA09-2020-Qatar-Annual-Report-v12-Digital.pdf>

Specific to Thailand as a destination country: https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_740400.pdf

MAKING WHAT'S GOOD FOR WORKERS
WORK FOR BUSINESS

Q.4 When identifying the workers for remediation, how do you identify them? (e.g. only those that say that have paid fees, based on nationality and sample size of those that paid, everyone in the company books?)

Based on the principle of Universal Payment, all migrant workers who have paid fees and are employed at the date of discovery of the issue, regardless of length of service, current debt status, or ability to produce receipts, should be included in the reimbursement scope. The amount of payment is based on the average quantum reported by workers per nationality during investigation.

Q.5 Is this also an issue within-countries? i.e. Bangladeshis paying for work at a factory within Bangladesh or is it only for migrant labor from country to another country?

Unethical recruitment and charging of recruitment fees can be found in interstate migration as well, and Impactt has observed similar issues occurring in South India and China etc.

Q.6 What should a company do if a supplier fails to reimburse recruitment fees? What should be the last resort before terminating the business relationship?

Ideally, suppliers should take ownership of reimbursement via the Employer Pays Principle. Where this may not be financially viable, companies could explore 'Equitable Burden', which means that buyers covering the initial repayment of historic fees, on a 50-50 basis. This creates a catalyst to help suppliers overcome the first financial hurdle and demonstrate buyer support of the process, and suppliers can then work towards implementing the Employer Pays Principle following this.

Q.7 Would you help advise a leading question to the factory management? Is it something along the lines of 'Do you identify workers that have paid recruitment fees and if so, do you (or will you commit) to repaying these fees to the employees?'

The leading question should be 'do you have migrant workers from overseas?', because if the supplier hires migrant workers, the chance of fee-charging is happening is extremely high.

The questions on how much, who and how to reimburse should then follow, and should be supported by independent third-party worker interviews.

Q.8 Do you have recommendations for the types of talking points / arguments are most impactful for being most persuasive when working with manufacturers on reimbursement?

Given the various legal frameworks that focus on forced labour issues, reputational and legal risks are solid arguments to start the conversation with manufacturers in reimbursement. Other helpful points to highlight include potential loss of customers, additional management time and costs spent on responding to issues, instead of managing risks before they turn into issues, loss of productivity and worker dissatisfaction and unrest.

Q.9 How do you monitor and then prevent coercive tactics taking place during recruitment?

Companies hiring migrant workers through recruitment agents should adopt a more hands-on and active approach during the recruitment process. Best practice to minimize risk would be to hire the migrant workers directly and cutting out the middlemen to prevent any risks of exploitation and coercion. If that is not possible in terms of operational model and resources, companies should establish a robust system to monitor the practices of recruitment agents, which include visiting home countries to observe agencies in action and conduct the screening and selection process of migrant workers themselves.

Q.10 You mentioned Qatar as another country where migrant workers are paying huge recruitment fees. What are the other host countries where this problem is present and what are the key differences between them?

Other host countries include Singapore, Thailand, and a range of Gulf states. Despite the geographical spread of the host countries, the methods of exploitation are unfortunately very similar. Abuse of vulnerability begins at the worker's home village or city, and as the worker proceeds to the interview process and pre-departure, debt accumulates so as to cover various kinds of fees. Along the recruitment journey, further forced labour indicators found across nationalities include retention of personal documents, deception, and intimidation and threats.

Q.11 With the mass loss of jobs in some of these countries and sectors due to COVID, what are the knock-on effects for workers who have paid fees?

The pandemic brought about factory closures and a huge amount of economic loss in many countries and sectors. Many companies are no longer as financially healthy as they were in pre-Covid times, and may be less able to invest in recruitment risk prevention and remediation. From Impactt's observations in the past couple of months, there are sadly many more situations where migrant workers are being let go and they must return to their home countries with debts they are unable to repay.

Q.12 You spoke about remote verification of reimbursement. How does this differ from an in-person verification and how much success have you had with this?

The main difference between remote and in-person verification is the use of technology. Instead of verifying the reimbursement in person on site, Impactt's team contacts the workers individually via WhatsApp, iMessage, Skype etc. to verify the process and final amount received. Methodologies, techniques, ways of engagement and level of trust built remain the same. We have successfully verified remotely that 3,000 workers have received payments during Covid-19, totalling over USD 1.4 million.

However, it is important to note that this does not directly 'replace' in person assessments – because this of course can present its own new transparency risks by coercive management teams. It is therefore advisable to follow up any remote monitoring practices with in-person engagement in future to verify findings, and ensure workers did not feel coerced or intimidated in any way during their remote monitoring.

Q.13 Please clarify what you mean by “zero fee recruitment as a first step does not work.” Do you propose that workers cover the recruitment cost in advance, and recover them from employers upon arrival in the country of destination/company?

From our experience, companies solely committing to 'zero fee recruitment' as a first step has been ineffective in preventing fee-charging on workers during the recruitment process. Agencies will often find loopholes to transfer the costs elsewhere, or coercing workers to lie about actual fees paid. A more effective approach to remediation would be to start with the reimbursement. The financial implications companies suffer as a consequence of

unethical recruitment practices (including the big remediation bill paid to historic workers) incentivizes them to ensure future processes are implemented properly in order to avoid a similar bill in future – which we've seen evidence of in both Malaysia and the Middle East. This combined approach helps to drive true ownership of ongoing ethical recruitment – rather than solely commitments in theory.

Q.14 You mentioned that low cost is more realistic than zero cost. What recruitment costs do you think can be reasonably charged to workers?

No recruitment costs should be charged to workers in any case (and for a full definition of recruitment related fees, please see the [RBA definition](#)). Aiming towards zero recruitment fees is still the international best practice and companies should strive to safeguard workers from any fee-charging during the recruitment process. However – it is extremely difficult to eliminate all fees in migrant labour supply chains overnight.

Q.15 How important is the role of third parties such as civil society and workers organisations and how can they be used in the remediation process?

Civil society and workers organisations are important partners when it comes to the remediation process. In Impactt's experience, civil society partners can assist in ongoing monitoring of recruitment practices in-country, such as observing the hiring process, conducting pre-departure briefings etc. Workers organisations can play a role in facilitating the remediation process. Where appropriate, Impactt works with worker representatives during the process, engaging them to become internal ambassadors and key contact points on site for any worker queries.

Q.16 Can you elaborate a bit more about how workers “evidence” the amount they have paid in recruitment fees? I understand workers might not always have receipts for these fees and companies will probably be reluctant to pay without receipts?

In Impactt's experience, recruitment agents usually do not provide any form of documentation, and workers do not often have receipts. Indeed, [our work in Qatar](#) has tended to find that only 6% of workers have any form of evidence – be it bank statements or paper receipts.

Based on the principle of Universal Payment, all migrant workers who have paid fees and are employed at the date of discovery of the issue, regardless of length of service, current debt status, or ability to produce receipts, should be included in the reimbursement scope. The larger the sample size of workers, the more credible the average amount of fees reported will become.

Q.17 What steps should be taken to ensure that 1) there is no retaliation against the workers during or after the reimbursement process, and 2) that employers do not try to charge workers again for those fees after remediation has taken place?

Securing commitment from employers and recruitment agencies on non-retaliation against workers is crucial in the initial stage. As part of the reimbursement process, ongoing monitoring needs to be in place, and 3rd parties should verify with workers, via a hotline or where possible in person, whether they have received the proper payment, and whether they experience any retaliation from employers and/or agents during and after the process.

To ensure employers do not charge workers again in the future requires a holistic training approach. Employers need to understand the importance, requirements and business benefits of adopting responsible recruitment practices, and how to prevent and remediate any recruitment risks. Only by raising awareness at the employer level and changing their mindsets holistically on recruitment practices can companies future-proof recruitment risks and safeguard workers in the recruitment process.

Q.18 How can we get credible recruitment agents?

To identify credible recruitment agents, companies need to have a clear set of criteria in mind for agency selection and a strategy for risk reduction. This includes a detailed understanding of what the true costs of recruitment should be – and whether the agencies have accounted for this fairly.

Companies have to carry out a rigorous agency interview/vetting process to increase visibility on any fee-charging and other exploitative recruitment practices. If resources and time allow, conducting source country visits to observe agencies in action are highly recommended, as well as implementing an ongoing due diligence of recruitment agencies to ensure practices are up to standard.