

Making Bangladesh a Leading Exporter of Human Resources

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Abstract

Next to merchandise exports, worker remittances are currently the largest source of Bangladesh's foreign exchange earnings, bringing in more than 3 times as much as net annual aid flows and more than 7 times the net FDI receipts into the country. The paper highlights the major problems facing overseas employment and remittances and suggests measures to overcome these problems. The paper shows that by adopting appropriate policy and strategies the export of manpower could be significantly increased in the medium term across the world and the inflow of remittances might be increased from the current annual level of about \$6 billion to \$30 billion in 2015-16. The paper recommends for an improved labour migration management process in which different stakeholders like prospective migrant workers and employers, recruiting agencies, the government, the Bureau of Manpower, Employment and Training (BMET), NGOs, Bangladesh missions abroad, the overseas Bangladeshi community etc. will have important roles to play. Meanwhile, the government will also need to strive to rebuild the country's image abroad by ensuring good governance in all spheres of life.

1. Introduction

Overseas employment and workers' remittances¹ contribute significantly to the economic development of Bangladesh through reduction of unemployment,

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¹ According to the IMF's Balance of Payments Manual (Fifth Edition), workers' remittances cover current transfers by migrants who are employed in new economies and considered residents there. A migrant is a person who comes to an economy and stays, or is expected to stay, for a year or more.

enhancing gross national income and augmenting foreign exchange reserves. Bangladeshi migrant workers constitute 6.5 percent of the present labor force within the country (World Bank, 2007). Since 47.01 percent of total migrant workers are unskilled, it seems unlikely that there are associated costs, especially due to brain drain and shortage of critical skills. As of July 2007, 4.98 million Bangladeshis were working as migrant workers abroad and over a quarter million Bangladeshis join the migrant work-force every year. This figure excludes the large Bangladeshi Diaspora² in the United Kingdom and North America. However, we should keep in mind that over 94 percent of our temporary labor migrants live in eight countries of the Middle East and South East Asia. Saudi Arabia alone accounts for 46.71 percent of our labor force working abroad and contributes about 29 percent of total remittances.

Formal remittance flows into Bangladesh reached about US \$6 billion in fiscal year 2006-07, representing approximately 9 percent of GDP. Moreover, Bangladesh receives an additional amount of US \$3-4 billion through informal channels. This trend holds out a remarkable promise for a manpower exporting country like Bangladesh. However, if we can work out and implement an effective strategy of exporting human resources, we can strive to achieve an annual remittance flow of US \$30 billion by 2016 through the migration of workers and their remittances to Bangladesh. For achieving this objective, four strategies have been suggested in the paper. First, we have to look beyond the Middle-East market to the thirty countries of the Organization for Economic Cooperation and Development (OECD). Secondly, we need to focus on the development of human resources by moving up the skill ladder from unskilled to semi-skilled and skilled workers, and professionals. Thirdly, efforts may be made to improve the temporary labor migration management process. Fourthly, measures need to be taken to transfer a large portion of remittances from informal channels to formal channels.

With the above background in mind, this paper is mainly motivated by a review of draft reports of two studies,³ which came up with the recommendation of

2 Originating from the Greek word, dispersion, the term Diaspora stands for the migration of an originally homogeneous people, who are bonded by language or culture, to a foreign country but maintain links with their ancestral homeland. According to a study (Siddiqui, 2004), there are 1.05 million Bangladeshi diaspora living abroad permanently either as citizens or with other valid documents. One of their major contributions is in the form of remittances.

3 Draft reports of the two studies presented in the Roundtable on "Strategy for Increasing Annual Migrant Remittances for Bangladesh" held at Bangladesh Enterprise Institute, Dhaka in June 2007 are: (1) "Policy and Public Benefit Interventions to Help Bangladesh Achieve an Annual Migrant Remittances of US \$30 billion by 2015" (Bangladesh Enterprise Institute), and (2) "Making Bangladesh a Leading Manpower Exporter: Chasing a Dream of US \$ 30 billion Annual Migrant Remittances by 2015" (Indian Institute of Management Calcutta).

achieving US\$ 30 billion annual migrant remittances by 2015. This paper is organized as follows. Section 2 presents some stylized facts about workers' remittances vis-à-vis other sources of foreign exchange. Section 3 attempts to identify the major problems associated with overseas employment and workers' remittances. Four strategies for achieving the annual remittance target of US \$30 billion by 2016 are discussed in Section 4. Concluding remarks are given in Section 5.

2. Some Stylized Facts

Workers' remittances are of particular interest in light of the significant magnitude and rapid growth in remittances. The flow of workers' remittances to developing countries has grown steadily over the past 30 years, and currently amount to about US \$100 billion a year. This rising trend is likely to persist as population aging continues, and pressures for migration from developing to advanced economies increase. Moreover, remittances have proved remarkably resilient in the face of economic downturns and crises. During the period FY 1997-98 – FY 2006-07, the compound growth rates of expatriate Bangladeshi workers and remittance flows are 9.81 percent and 16.39 percent, respectively. During the period from 1997-98 to FY 2006-07, except export earnings, remittances were very large relative to other sources of foreign exchange, such as foreign aid, or foreign direct investment (Table 1).

Remittance transfers were more than three times higher than net aid flows to Bangladesh and more than seven times larger than foreign direct investment (FDI)

Table 1 : Remittances, FDI, Exports and Foreign Aid (as % of GDP)

FY	Remittances	FDI	Exports	Foreign Aid
1997-98	3.46	0.57	11.74	2.84
1998-99	3.73	0.43	11.65	3.36
1999-00	4.14	0.81	12.21	3.37
2000-01	4.01	1.17	13.76	2.91
2001-02	5.26	0.82	12.58	3.03
2002-03	5.90	0.72	12.61	3.05
2003-04	5.97	0.49	13.46	1.83
2004-05	6.37	1.32	14.33	2.47
2005-06	7.75	1.20	16.98	2.53
2006-07	8.83	1.12	17.98	2.40

Source: Based on data of Bangladesh Economic Review 2007 and updated by authors

in Bangladesh during FY 2005-06. Secondly, remittances are a relatively stable source of external finance. The stability of remittances suggests that through the securitization of future flows, they can potentially ease access to, and lower borrowing costs for, international capital. On the other hand, exports, official aid and FDI all displayed greater volatility. Thirdly, remittances, unlike capital inflows, are unrequited transfers, which do not create future debt servicing or other obligations. Efforts must be undertaken to reduce the cost of sending remittances. Moreover, extreme care is needed to be taken so that remittances are not abused to launder money and finance terrorism. However, as with any form of external flows, remittances do carry the risk of real exchange rate appreciation and could hurt export competitiveness in the recipient country—something policymakers must be prepared for.

3. Major Problems Facing Overseas Employment and Remittances

The manpower export sector is beset with a lot of problems. Major problems associated with overseas employment and remittances are summarized below:

- The government has not yet been able to exploit the full potentials of the country in terms of exporting its manpower resources. Education and training institutions prevailing in the country have not been effective in catering to the needs of overseas manpower market both in quantitative and qualitative terms. There are significantly large number of people in the country who may be sent abroad after training and capacity development.
- Except in the Middle East, other labor markets of manpower export have remained mostly unexplored. There seems to be little initiative on the part of the government to discover more avenues of employment in other regions of the world. Even in the Middle East, opportunities for employment have not been fully utilized.
- The government has not given adequate attention to maximizing the remittances received from migrant workers by sending more semi-skilled and skilled workers. There are excellent employment opportunities for women workers abroad. In the absence of the government initiative, this potential is yet to be explored.
- Measures undertaken by the government to regulate the activities of the private recruiting agencies have not proved very effective. Fraudulent practices followed by recruiting agencies have been detrimental to the interest of the workers as well to the country.

- Bangladesh Embassies/High Commissions abroad need to perform to their maximum potential in a conscientious manner. They are alleged to be less cooperative, less helpful and even obstructive, in some cases. They certainly need to be more proactive in exploring employment markets for Bangladeshi workers.
- There is a lack of coordination among Ministries/Divisions responsible for formulation and implementation of policies and programs with respect to overseas employment and remittances. There is also a lack of coordination among departments/agencies of the government responsible for performing this vitally important function. Regulatory mechanisms function below acceptable efficiency levels, resulting in indiscipline and anarchy (Sobhan and Hossain, 2007).
- Investment opportunities created so far by the government for expatriate workers are quite inadequate. These are not easily accessible to ordinary workers and, as such, they cannot take advantage of these avenues of investment.
- The government has not been successful in the prevention of informal fund transfer system like Hundi by migrant workers. Consequently, the government is deprived of a significant amount of valuable foreign currency.

4. Strategies for Achieving an Annual Remittance of US \$30 billion by 2016

To strengthen Bangladesh's participation in the competitive global job market and to make our manpower export sector dynamic and streamlined, the government announced a national policy on overseas employment in November 2006. Recently, the government has prepared a seven-point strategy to accelerate the export of manpower across the world. The strategies suggested in this paper are in line with the government policy and strategies.

In order to address the problems mentioned in Section 3, this paper suggests the following four strategies:

- Strategy 1: Making greater penetration into existing labor markets and exploring new ones
- Strategy 2: Moving up the skill ladder
- Strategy 3: Improving temporary labor migration management process
- Strategy 4: Ensuring larger flow of remittances through formal channels

Strategy 1: Making Greater Penetration into Existing Labor Markets and Exploring New Ones

It is evident from the available data that the export of manpower from Bangladesh is concentrated in only a few countries in the Middle East. Upto July 2007, more than 94 percent of total export of human resources was concentrated in eight countries: Saudi Arabia (46.71%), UAE (15.87%), Kuwait (9.61%), Malaysia (8.30%), Oman (5.19%), Singapore (3.33%), Bahrain (2.86%) and Qatar (2.22%). In FY 2006-07, about 62 percent of total remittance came from seven countries in the Middle East, of which the highest (29 percent) remittances came from Saudi Arabia. Even in these countries, there is a substantial scope for further penetration. Bangladesh needs to progressively change this country mix in order to achieve a sustained high export growth over a long period of time. Moreover, greater penetration into the OECD markets would also give an opportunity to increase the per capita remittances significantly. The demand for labor in all these markets is significantly large and would grow in future. Therefore, a concerted effort has to be made to increase its share and credibility in these markets by leveraging its already established base.

Based on fine-grained analysis of Ray, Chaudhuri and Sinha (2007), we have mapped the future target markets for export of human resources from Bangladesh in Figure 1. The destination countries where Bangladesh's presence is negligible or absent are indicated in capital letters.

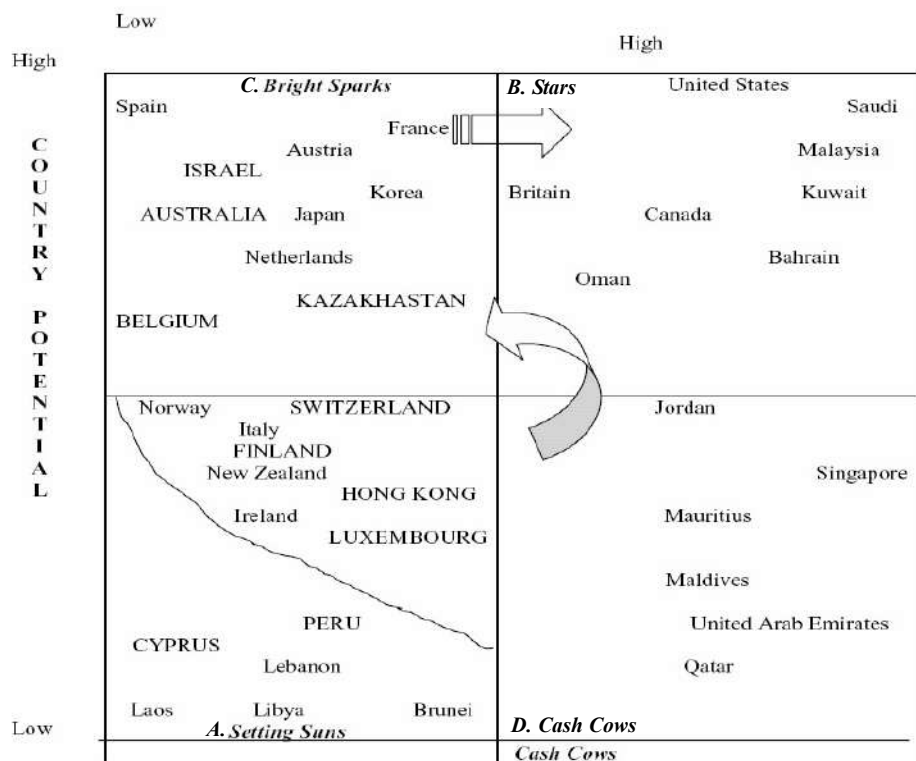
The definition for each of the quadrants and strategy to be followed are given below:

A. **Setting Suns** – These are countries with low future remittance potential and low presence of Bangladeshi migrants. It is not advisable to give much emphasis on these countries. The focus should be only on those countries which are in the mid potential range and are either not targeted currently or have an insignificant presence viz. Luxembourg, Hong Kong, Switzerland, Finland, New Zealand, etc. on selected occupations.

B. **Stars** – These are countries with high remittance potential and high presence of Bangladeshi migrants. Bangladesh has to consolidate its position by increasing the market penetration and garner greater share of migrant workers in these countries. It has to explore untapped or untargeted occupational areas within these countries, and also export human resources in the current occupational areas.

C. **Bright Sparks** – These are countries with high remittance potential but low presence of Bangladeshi migrants. Bangladesh has to target countries like

Figure 1 : Market Potential Matrix - Presence of Bangladesh



Source: Ray, Chaudhuri and Sinha (2007)

Australia, Belgium, Kazakhstan etc. on a priority basis and start exporting migrant workers. It has to establish its presence in these countries thereby change them to “Stars”. This will benefit Bangladesh greatly.

D. Cash Cows – These are countries with declining remittance potential, but with significant presence of Bangladeshi migrants. Bangladesh needs to hold on to consolidate its position in these countries, and at the same time reduce its dependence on these markets.

Strategy 2: Moving Up the Skill Ladder

In order to make the comparison of occupations across countries or regions, it is important that national occupational statistics be converted into ILO’s International Standard Classification of Occupations, 1988 (ISCO-88). The mapping of national occupational statistics into ISCO-88 is useful for

identification of categories of service providers in Mode 4⁴ of the General Agreement on Trade in Services (GATS). Five major groups, i.e. 4, 5, 6, 7 and 8 are considered to be at the same broad skill level (**semi-skilled category**). Major category 2 (**professional category**) requires the highest skill level. This is followed by major group 3 (technicians and associate professionals), which may be termed as **skilled category**. Major group 9 (elementary occupations) requires the lowest skill level (**unskilled category**). But skill level reference is not made in respect of major category 1.

The mapping of national occupational statistics into ISCO-88 for 2005 and 2006 is made in Table 2. The trend of manpower data shows that between 2005 and 2006, the proportion of professional, skilled and semi-skilled workers declined drastically while that of unskilled workers increased sharply (Table 2). This situation needs to be reversed.

Since the export of unskilled workers still dominates the scenario, Bangladesh needs to change this skill mix over a period of time not only to improve the per capita remittance but also to improve its brand image and acceptability in the OECD countries. To progressively change the skill mix and enhance the supply of human resources, Bangladesh has to implement the following strategies:

- Undertake a survey of existing skills of human resources as well as skills that are in high demand abroad;
- Ensure quality education and training of the workforce, which are required for penetrating the lucrative markets of OECD countries. The roles of the government, civil society and NGOs are important in this regard;
- Set up internationally accredited training facilities in Bangladesh, and train manpower locally before exporting to destination countries.
- Conduct national level skills assessment for prospective migrants by the competent authority;
- Send as many Bangladeshi students as possible to various vocational, technical and professional schools abroad; and
- Encourage and facilitate already migrated Bangladeshis to seek admission in overseas schools /colleges/universities for acquiring new skills.

4 Mode 4 service delivery refers to the temporary movement of natural persons, which needs to be given due attention to facilitate more remittances.

Table 2 : Mapping of National Occupational Statistics into ISCO-88

Major Occupations		# of Overseas Employment in Years	
	Name	2005	2006
1	Administrator, Senior Officials and Managers	99 (0.04)	86 (0.02)
2	Professionals	580 (0.24)	518 (0.14)
3	Technicians and Associate Professionals	3199 (1.30)	1002 (0.27)
4	Clerks	327 (0.13)	113 (0.03)
5	Service Workers, Shop and Market Sales Workers	16383 (6.65)	11114 (3.02)
6	Skilled Agriculture and Fishery Workers	2168 (0.88)	3084 (0.84)
7	Craft and Related Trades workers	32616 (13.24)	35398 (9.62)
8	Plant and Machine Operators and Assemblers	103045 (41.83)	42569 (11.57)
9	Elementary Occupations	87946 (35.70)	273969 (74.48)
	Total	246363 (100.00)	367853 (100.00)

Note: Figures in parentheses indicate percentage.

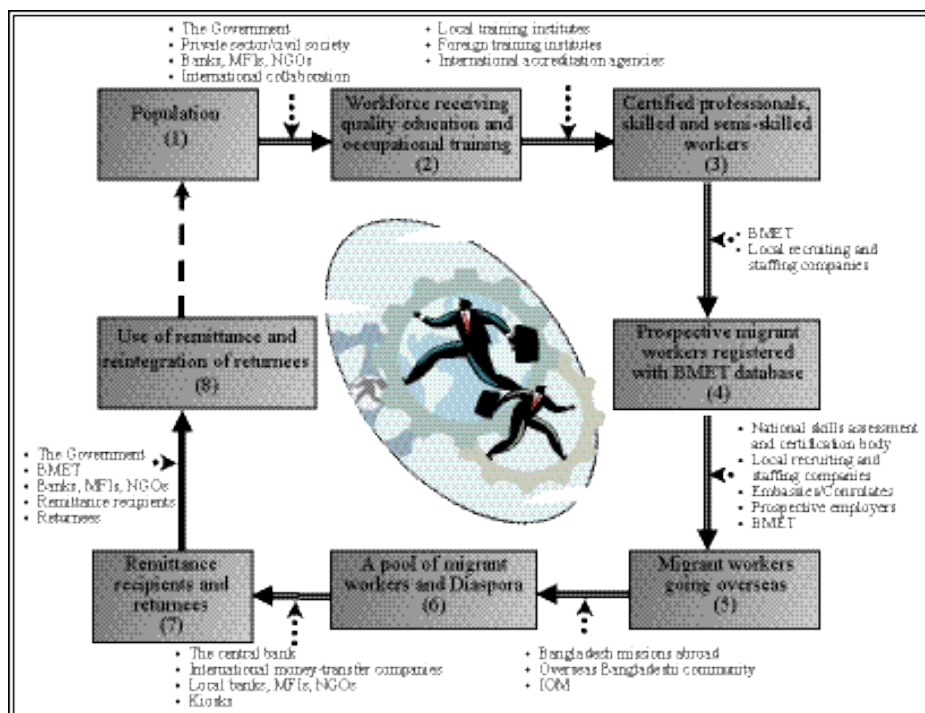
Source: Authors' computation based on BMET data.

It may be pertinent to mention that the governments of the United States and the United Kingdom have adopted the policy of allowing international students in their respective universities to stay on and work after completion of their degree. In this way they have been able to sustain the expensive higher education and also meet the short term labor shortage. Our government should encourage foreign universities to recruit students from Bangladesh and set up facilities in Bangladesh. It should also facilitate the availability of bank loans to prospective

Strategy 3: Improving Temporary Labor Migration Management Process

Following Ray, Chaudhuri and Sinha (2007), this paper has suggested an organized and transparent temporary labor migration management process in Bangladesh. It outlines the role of different stakeholders like prospective migrant workers, recruiting agencies, prospective employers, the government, Bureau of Manpower, Employment and Training (BMET), private sector/civil society,

Figure 2: Suggested Framework for Temporary Labor Migration Management Process



NGOs, Bangladesh missions abroad, overseas Bangladeshi community etc. in the labor migration management process. Making the process more organized and transparent could not only reduce the system-wide risk but also have better information flow vital for banks and other funding agencies to invest in this sector. The suggested temporary labor migration management process involving eight steps along with stakeholders is presented in Figure 2.

Step 2: Workforce receiving quality education and occupational training

- In this step, the government has a major role to play in ensuring quality education and training of the workforce, which are required for penetrating the lucrative markets of rich countries.
- The private sector and civil society may contribute to building quality primary, secondary and tertiary education and training infrastructure.
- Collaboration with international organizations will add value to the process.

- Banks, microfinance institutions (MFIs) and non-government organizations (NGOs) may help the workforce by providing loan to pursue education and training.

Step 3: *Certified professionals, skilled and semi-skilled human resources*

- Both local and foreign training institutions have important roles in producing professionals, skilled and semi-skilled workers. However, these training institutions have to pay fees and seek certification and accreditation from the internationally recognized agencies like the UK's City and Guilds, Singapore's Workforce Development Agency, and Australia's National Training Authority. The recognition of qualifications of prospective migrants by prospective employers in the destination countries especially in OECD countries is very important in the labor migration management process.

Step 4: *Prospective migrant workers registered with the BMET database*

- BMET has created and maintains a database, which is accessible to all recruiting agencies. So, a prospective migrant worker seeking a job overseas would register with the BMET database providing all the specified information. The database should also contain information on the activities of recruiting agents. With a view to reducing the cost of recruiting workers for overseas employment, eliminating harassment of workers and protecting them from fraudulent practices, this database has to be linked with the District Manpower and Employment Office.
- Local recruiting agencies would find out a job opportunity matching between the prospective employer's need and the prospective migrant's skills, and negotiate a suitable compensation package. BMET should strictly regulate the behavior of recruiting agents under the Recruiting Agents' Conduct and License Rules, 2002 formulated under Section 19 of the Emigration Ordinance, 1982 (Ordinance XXIV of 1982).

Step 5: *Migrant workers going overseas*

- Before going overseas, national level skill assessment and certification need to be made mandatory for the unskilled, semi-skilled and skilled prospective migrant workers in the medium and long term. This would enhance the reputation of Bangladesh as a quality exporter of human resources.

- We may take lesson from Philippines where all prospective candidates have to undergo skills' assessment by the competent authority like the Technical Education and Skills Development Authority (TESDA) and get the certificate of competency.
- The local recruiting agency will procure an offer of appointment from the perspective employer. The agency will also assist the candidate in availing of bank loan, if needed, in buying tickets, getting adequate insurance coverage and in getting visa and work permit.
- Remittance-service providers must be appropriately regulated and supervised to minimize the potential risk of money laundering, terrorist financing, or customer fraud. BMET will closely supervise the entire process. Every month BMET will send the list of prospective migrants to concerned embassies abroad. Embassies in turn will give feedback to BMET about migrants, who have reported to embassies on a regular basis.

Step 6: ***A pool of migrant workers and Diaspora***

- Migrant workers, arriving on a temporary work visa, would report to the Bangladesh mission abroad for initial registration and also to the overseas Bangladeshi community. Bangladesh missions abroad have an important role to play in ensuring the welfare of migrant workers in destination countries. They need to provide counseling, advisory and legal services to distressed Bangladeshi workers. Like Mexican consulates, our missions overseas may contribute highly to spur remittances into the country.
- The overseas Bangladeshi community would help migrant workers settle down in the new environment by assisting them in renting apartments and providing other basic information about the new location.
- Representatives of the Bangladesh mission and the overseas Bangladeshi community would introduce migrant workers to prospective employers.
- As the leading international organization for migration, International Organization for Migration (IOM) may assist in upholding the human dignity and well-being of migrants and Diaspora.
- The Bangladesh missions abroad may work in close cooperation with the Bangladeshi community and IOM in establishing a working group for performing as an efficient vehicle in the process.

Step 7: *Remittance recipients and returnees*

- In order to enhance remittances through formal channels, the enabling and legal framework needs to be improved and electronic infrastructure introduced in order to improve speed and reduce cost. Moreover, the government should allow the entry of more players like microfinance institutions (MFIs), credit unions, cooperatives and NGOs in this market. For all this, legal reforms are needed, which may be undertaken by Bangladesh Bank.
- Like India, the government may offer attractive bonds to non-resident Bangladeshis (NRBs).

Step 8: *Use of remittances and reintegration of returnees*

- The government may provide guidelines for use of remittances in the productive sectors of the economy.
- The database of BMET may contain information about returnee migrants. It may also serve as a central portal for information on programs and services available with the government as well as with private agencies for the reintegration of returnees.
- Banks, MFIs and NGOs may come forward with credit and other services for the reintegration of returnees.
- The government may consider establishing Expatriates' Welfare Bank with the money available with BMET from the contributions of prospective migrants. The shares of the proposed bank may be offloaded to expatriates. The main function of the bank will be financing SME projects to be undertaken by returnees for their self-employment as well as for providing financial support to prospective migrant workers.
- By making money available for quality education, occupational training and other purposes, and mainstreaming returnees, economic activities may be stimulated.

Strategy 4: Ensuring Larger Flow of Remittances through Formal Channels

Workers send remittances either through formal or informal channels. Formal channels include principally demand drafts, telegraphic transfers and postal orders, channeled through banks or post offices. On the other hand, informal fund

transfer system (IFTS) modeled on the hawala system in the Middle East plays an important role in the remittance market in Bangladesh.⁵ IFTS includes hundi system, friends and relatives, workers themselves etc. According to a study,⁶ in Bangladesh 46 percent of the total volume of remittances has been channeled through official sources, around 40 percent through hundi, 4.61 percent through friends and relatives and about 8 percent of the total was hand carried by migrant workers' themselves when they visited home. Others include sale of work visas. IFTS in Bangladesh has continued to offer such client-friendly features as anonymity, minimal paperwork, lower cost and speed.⁷ However, IFTS has two major shortcomings. First, the lack of supervision of these markets makes it a risky proposition for the recipients of small remittances to continue to rely on these channels. Secondly, there is a potential risk of abusing IFTS to finance terrorism and other illegal activities. So, measures need to be taken to ensure greater flow of remittances through formal channels. For this to happen, it has to become cheaper, convenient, and reliable way of transferring remittances and more responsive to the migrants' needs. The following points may be considered:

- Improvement in financial infrastructure is central to increasing the volume of remittance flows through formal channels. Merging the services of banks and telecommunication companies may reduce the time and cost of transfer of remittances. Lessons may be taken from the Central Banks of India, Philippines and Malaysia, which all are implementing projects having merged the services of banks and telecommunication companies, thereby reduced the time and cost. Recently, South Africa's First Rand Bank purchased Celpay, a cell phone banking service provider operating in Zambia and the Democratic Republic of Congo (Gupta, Pattillo and Wagh, 2007). Bangladesh Bank and Bangladesh Telecommunication Regulatory Commission (BTRC) may jointly explore and introduce such new methods.

⁵ Informal money transfer system modeled on the hawala system in the Middle East is known as hundi in the remittance market in Bangladesh. Under this system, an expatriate worker makes payment in the currency of that country to a hawala service provider (hawalader) to arrange remittance to his/her home country. The hawaladar in turn arranges payment in local currency to the remitter's family or other beneficiary through his agents.

⁶ International Labor Organization (ILO), A study conducted by the Refugee and Migratory Movements Research Unit, ILO, 2001.

⁷ In a IOM-UNDP research (2002) titled "A Study on Remittance Inflows and Utilization," it is shown that the hundi system is a better option than the bank draft in terms of time taken and costs involved.

- The overseas Bangladeshis need to have a better understanding of the options available for remitting and also get updated information about their rights as migrants to avoid exploitation. The Bangladesh mission abroad and the overseas Bangladeshi community can play an important role in this regard.
- In order to reduce the cost of fund transfers, the existing barriers to entry and competition in the remittance market may be removed. Like Mexico and the Philippines, the government should undertake policy reforms to allow the entry of more players, MFIs, credit unions, cooperatives and NGOs in this market. It is expected that with greater competition and adoption of new technology-based products, remittance costs could be pushed down, which would also increase the share of the formal sector in the remittance flows.
- One significant constraint in improving the best practices in money remittances is the end point. Rural kiosks may be used as end points.
- Like the Philippines, we may go for adopting improved technology to enhance access to remittance services via the banking sector and thereby significantly reduce the fees for remitting money.
- A number of steps such as the establishment of zero cost of transferring remittances, the setting up of more incentive programs for attracting remittances and penalizing banks and financial institutions for not paying money to the recipients in time may help in enhancing remittances through formal channels.
- Currently, the government provides Commercially Important Person (CIP) award to those who remit more than TK. 1 million. Unskilled migrant workers are usually small remitters. They remit almost all of their hard earned income at frequent intervals. The contribution of unskilled migrants should be recognized and small but frequent remitters should also be honored.
- Like the Central Bank of Philippines and the Bank of Ceylon, our government should strengthen the bilateral initiatives for opening of more remittance windows for Bangladeshi banks or building alliances with other remittance entities in host countries especially in Saudi Arabia and other Middle Eastern countries, UK, US, Italy, and Singapore. This would enhance competition, drive costs further down and encourage more remittances through the formal sector.

- A sound Diaspora management strategy can definitely enhance the emigrants' feeling of belongingness in the country of origin, and increase their propensity to remit.

This paper contains historical data as well as makes a projection of overseas employment and remittances for FY2015-16. If the workers' remittance of US \$5.98 billion grows at the compound growth rate of 16.39 percent per annum, it will achieve the figure of US \$23.44 billion in FY2015-16 (Table 3). However, we can achieve the remittance target of about US\$30 billion by FY2015-16, if at least 50 percent of the money transacted under informal channels can be transferred to formal channels.

Table 3 : Projections for Overseas Employment and Remittances

FY	Overseas Employment ('000')		Remittances	
	#	Growth rate (%)	Million US\$	Growth rate (%)
1997-98	243	6.58	1525	3.39
1998-99	270	11.11	1706	11.87
1999-00	248	-8.15	1949	14.24
2000-01	213	-14.11	1882	-3.44
2001-02	195	-8.45	2501	32.89
2002-03	251	28.72	3062	22.43
2003-04	277	10.36	3372	10.12
2004-05	250	-9.75	3848	14.12
2005-06	291	16.40	4802	24.79
2006-07	564	93.81	5978	24.50
Compound growth rate (%)		9.81		16.39
2015-16	1309		23437	

Source: Authors' calculation based on the data supplied by BMET and Bangladesh Bank

5. Concluding Remarks

This paper has made an attempt to identify the major problems associated with overseas employment and workers' remittances. Four strategies have been suggested for achieving the annual remittance target of US \$30 billion by 2016. A new collaborative and a more organized approach needs to be adopted by the government (Ministry of Expatriates' Welfare and Overseas Employment),

BMET, manpower recruiting agencies, educational and training institutions, private sector/civil society and NGOs so that the country can spread its wings globally and send more citizens abroad and thereby reap benefits from the huge emerging opportunities from overseas employment and remittances. For this purpose, the government has to identify export of human resources as a thrust sector and encourage more private and NGO participation, and foreign investment in education and occupational training. However, the recommendations made in this paper are indicative and not exhaustive. More research work needs to be undertaken to suggest what the government, banks and financial institutions, business community, industry and trade associations, and NGOs can do to help lower the costs of remittances and attract more remittances through formal channels. Moreover, the government must strive to rebuild the image of the country by ensuring good governance in all spheres of life.

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