Making Workers Pay

Recruitment of the Migrant Labor Force in the Gulf Construction Industry

DAVID SEGALL AND SARAH LABOWITZ

APRIL 2017
Acknowledgments

This report is the product of 18 months of research into the link between corporate practices in the Arabian Gulf’s engineering and construction sector and the recruitment – in South Asian countries like India and Bangladesh – of many of the migrant workers who staff the industry’s projects. Special thanks to Michael Posner, Justine Nolan, and Dorothée Baumann-Pauly for their advice and counsel throughout the project. Kimberly Rodriguez and Nandini Taneja, both Stern students and Fellows with the Center, served as research assistants. M. Bheem Reddy and Bishawjit Das provided tenacious and patient guidance in Hyderabad and Dhaka, respectively. Luke Taylor edited the report and Paloma Avila was the designer. We are grateful to Humanity United for providing funding for this project and report. Finally, we thank the dozens of workers, businesspeople, government officials, academic experts, and others who contributed to our research process.

About the Center

Launched in March 2013 by Michael Posner and Sarah Labowitz, the NYU Stern Center for Business and Human Rights is the first human rights center based at a business school. The Center offers dedicated courses on business and human rights to MBA and undergraduate business students. In different business sectors, it undertakes projects that combine original research, convening stakeholders, and public advocacy. The Center is an independent academic endeavor of NYU Stern. It receives funding from NYU Stern, philanthropic foundations, individuals, and companies.

More information at http://bhr.stern.nyu.edu
# Contents

<table>
<thead>
<tr>
<th>Executive Summary</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part 1 - Context: The GCC Construction Industry</td>
<td>6</td>
</tr>
<tr>
<td>Industry Outlook Strong Despite Oil Price Volatility</td>
<td>8</td>
</tr>
<tr>
<td>Corporate Structures Create Incentives to Squeeze Labor Costs</td>
<td>9</td>
</tr>
<tr>
<td>Laws Prohibit Charging Recruitment Fees</td>
<td>11</td>
</tr>
<tr>
<td>Part 2 - The Broken Business Model for Recruitment</td>
<td>12</td>
</tr>
<tr>
<td>Finding 1: Low-Wage Workers Pay for Their Own Recruitment</td>
<td>13</td>
</tr>
<tr>
<td>Finding 2: Workers Pay Significantly in Excess of the Real Cost of Recruitment</td>
<td>17</td>
</tr>
<tr>
<td>Finding 3: Corporate Representatives Effectively Sell Visas to Recruiters, in Violation of GCC Laws</td>
<td>19</td>
</tr>
<tr>
<td>Finding 4: Layers of Agents Facilitate Migration while Increasing Costs</td>
<td>22</td>
</tr>
<tr>
<td>Finding 5: While Subagents Add to the Costs of Recruitment, They are Essential to Recruiting Rural Workers</td>
<td>24</td>
</tr>
<tr>
<td>Finding 6: Even Small Transactions Present the Opportunity to Charge Workers</td>
<td>27</td>
</tr>
<tr>
<td>Part 3 - Conclusions and Recommendations</td>
<td>30</td>
</tr>
<tr>
<td>Conclusions</td>
<td>30</td>
</tr>
<tr>
<td>Recommendations</td>
<td>31</td>
</tr>
<tr>
<td>Appendix 1: Methodology</td>
<td>34</td>
</tr>
<tr>
<td>Appendix 2: Corporate Roles in GCC Construction Projects</td>
<td>35</td>
</tr>
</tbody>
</table>
Executive Summary

As Gulf states have developed vast wealth through oil and natural gas revenues, they have sought greater international influence and prominence through major development projects. These projects attract business, cultural and educational institutions, and tourists to the region, while relying on millions of migrant construction workers from around the world to complete them. Here, residential towers surround a marina on a man-made island at The Pearl in Doha, Qatar in 2014. (Stewart Lacey)

Oil was discovered in the Arabian Gulf (also called the Persian Gulf) region in the early 20th century, followed by a long-term rise in the prices of oil and natural gas beginning in the late 1990s. Since then, the countries of what is now known as the Gulf Cooperation Council (GCC) – Saudi Arabia, the United Arab Emirates (UAE), Qatar, Kuwait, Bahrain, and Oman – have experienced development at a furious pace.

The most visible sign of the region’s growth is its booming construction landscape. Governments are spending their enormous wealth commissioning new campuses for international artistic and educational institutions and hosting mega-events like the 2020 World Expo in Dubai and the 2022 FIFA World Cup in Qatar. The combination of vast wealth and large-scale development has resulted in significant structural changes within these societies, including mass migration of low-wage workers, mostly from South and Southeast Asia, into the local construction and service sectors.

Thus far, Gulf societies have not provided adequate protections for the influx of outsiders. The situation of workers on high-profile construction projects in the region has been the subject of considerable public attention in recent years. Reports from human rights organizations, news media, and international organizations have documented that GCC migrant workers frequently are underpaid, are allotted substandard housing, and lack legal protections – including the freedom to organize in most states.¹

GCC countries also have not ratified international legal instruments meant to protect migrant workers from abuses like these, nor have a number of major migrant-sending countries.² In all GCC countries, variants of the legal sponsorship or kafala system give local employers significant power over their workers, making it difficult for migrants to change jobs, lodge complaints, or even to return home without permission from their employers. Meanwhile, the protective laws that are on the books in the GCC are unevenly enforced.
EXECUTIVE SUMMARY

The international migrant recruitment industry is meant to facilitate these workers’ migration. But in practice, the recruitment industry exacerbates the many issues that migrants face once they arrive in the GCC. While abuses faced by workers have been well documented by others, the nature of the recruitment business is less well understood. This report explores the current labor recruitment model for the GCC construction industry and the ways in which it contributes to workers’ vulnerability to abuse and payment of high recruitment fees, and offers recommendations to make the industry better for the millions of workers making difficult journeys to take up employment in the Gulf.

Prior to departing their home countries, most prospective migrant workers pay fees to a complex network of recruiters in exchange for facilitating their migration. As currently structured, this system is highly exploitative and contravenes both international standards and the laws of GCC and migrant-sending countries. Most low-wage workers in sectors like construction pay for the full cost – and then some – of their own recruitment into the industry.

In this highly irregular system, neither construction companies nor their clients pay for the cost of labor force recruitment. Instead, tens of thousands of migrant workers enter the region’s construction industry each year, bearing both the actual costs of their recruitment and exploitative markups paid to a series of agents in South Asia and the Gulf. This leaves workers in extreme debt, increasing their vulnerability to subsequent abuse. Most commercial construction, engineering, architecture, and recruitment firms have yet to accept responsibility for the ubiquity of these fees, despite common industry practices that effectively encourage them.

GCC citizens are some of the wealthiest people in the world. Generous government benefits discourage private-sector work for GCC citizens, making large-scale immigration for all kinds of labor a necessity as these countries seek prominent roles on the global stage. In Qatar, stadiums for the 2022 FIFA World Cup tournament have inspired the world’s top architects to develop elaborate, gravity-defying designs that will take years to complete. Above: Artist’s rendering of the Al Rayyan Stadium, which will host matches during the 2022 tournament. (Getty Images)
Migration has the potential to fulfill the promise of decent work and increased earning potential, even for low-wage construction workers. But realizing this goal will require deep changes to the current practices of construction firms and their government clients; their subcontractors; cultural institutions; governments in the Gulf and South Asia; and recruiters themselves.

These groups should consider a model of shared responsibility, in which key actors come together to develop a common plan of action for assessing the scope of the problem in a transparent manner, determine the true costs of addressing it, and formulate an equitable plan to share responsibility for these costs. Our hope is that this report will help spur much-needed action by deepening understanding of the recruitment business model and encouraging companies, governments, and civil society to explore practical reforms so that working conditions and livelihoods improve across the Gulf region.

The report is organized around six findings, based on 18 months of research and several field missions to India, Bangladesh, Qatar, and the UAE (see Appendix 1 for more on the research methodology):

1. **Low-wage workers pay for their own recruitment.** As a matter of routine practice, neither the largest construction firms in the GCC nor their government-affiliated clients pay for the service of recruiting the tens of thousands of construction workers who come to the Gulf each year, despite laws and corporate policies that require them to do so. In this perverse business model, the lowest-paid and most vulnerable workers almost always bear the costs of their own recruitment, and in many cases, they actually subsidize the recruitment of higher-skilled workers by bearing even more burdensome fees. Meanwhile, recruiters who are offering “ethical recruitment” services are struggling to gain traction because of the broader failure to adopt a fee-for-service model across the industry.

2. **Workers pay significantly in excess of the real cost of recruitment.** Recruiters interviewed in India and Bangladesh, as well as ethical recruiters operating in the GCC, estimate the actual cost of recruitment to be at least US$400-650. This figure does not include international travel expenses or fees which need to be paid once the worker arrives in the GCC (for residency permits and other documents), but does include the cost of services such as identifying and screening workers and medical testing and visa processing in migrant origin countries. In contrast, many low-wage workers are paying thousands of dollars to make the journey. In Bangladesh, workers pay the highest recruitment fees in the world, from approximately US$1,700 to $5,200. Indian workers pay somewhat less, between US$1,000 and $3,000. This fee inflation is explained by layers of agents involved in recruitment; visa selling schemes; and additional markups imposed through kickbacks, inflated transportation and other costs, and corruption.

3. **Corporate representatives effectively sell visas to recruiters, in violation of GCC laws.** The first form of fee inflation originates in Gulf countries, with the sale of “demand letters” for workers issued by employers – and the visas that come with them – by representatives of some employing
companies. In general, Gulf governments provide visas to multinational and local construction companies for free or at a nominal cost, but these visas are then sold at significant markups by Gulf-based agents, via demand letters shopped around to South Asia-based recruiters. These GCC-based agents may work for the employing company itself or operate independently, and the practice may occur with or without the knowledge of corporate officers. Selling visas for profit is illegal in all GCC countries, but violations of relevant laws are rarely prosecuted. Dhaka-based recruiters estimate the cost of each visa requested in a demand letter at between US$1,250 and $1,850, which represents between one-third and one-half of the average Bangladeshi migrant’s fee.

4. **Layers of agents facilitate migration while increasing costs.** The second source of inflation in what workers pay is the layers of registered agents involved in the lengthy process of recruitment from a rural South Asian village to a Gulf construction site. Demand letters effectively pass through many hands in the course of this process, each recruitment agent adding a fee for the service he or she is providing, and sometimes marking this fee up to an unreasonable extent. There may be several layers of registered agents processing a set of visas in the sending country alone.

5. **While subagents add to recruitment costs, they are essential to recruiting rural workers.** Subagents are a third source of fee inflation. Larger, urban-based recruiters almost always work with independently operating, unlicensed subagents in remote, rural areas. This is the least regulated part of the labor supply chain, and where most workers actually exchange payment for their recruitment and jobs abroad. While many view the elimination of subagents as a key to reducing the cost of migration, interviews with workers and recruitment agents of all levels make clear the essential role they play. Migrants with few other avenues for recourse view an agent from their home village or region as accountable if things go wrong. And subagents help overcome the significant geographic obstacles to recruiting large numbers of workers from swaths of rural territory.

6. **Even small transactions present the opportunity to charge workers.** Finally, even relatively small transactions, such as “hospitality” expenses and the cost of flights, contribute to inflation in the fees borne by workers. Recruiters report paying significant hotel and other costs for corporate officials – who sometimes visit migrant origin countries to evaluate potential workers – as part of the price of doing business and attracting large orders for workers. Travel agents and recruiters report that because workers know very little about the price of an airline ticket, they can charge workers 50% more than the actual price. Similar markups are applied to fees for medical screenings, skills testing, and document processing. These markups, in addition to many others, further inflate recruitment fees because recruitment agencies pass the costs on to workers.
Training center for metalworkers at a technical college in Hyderabad, India, November 2015. Local economic opportunities for craftsmen are limited, leading many to seek work abroad. (David Segall)

Migrant workers at Dhaka’s International Airport preparing to take off for the Gulf, July 2014. Eight percent of Bangladesh’s economy comes from remittances sent home by migrants. (Palash Khan)
The steady rise in the price of oil from the late 1990s through 2014 fueled construction that continues today in all six GCC countries. Beginning around 2000, the skylines of cities like Dubai, Doha, and Abu Dhabi exploded, as did their respective construction industries. Saudi Arabia and the UAE together account for the vast majority of the value of construction projects in the GCC, though the other GCC states also have steadily growing construction industries.

Dubai, a semi-sovereign emirate without much oil of its own, will host the World Expo in 2020 and is undertaking US$8 billion in development projects in preparation. Meanwhile, Abu Dhabi is using oil revenue to transform itself into a global educational and artistic hub with the help of its flagship airline drawing transit passengers to the city. Doha, the capital of Qatar, has hosting rights to the 2022 FIFA World Cup, which is fueling a massive construction boom to build the stadiums, hotels, and transit infrastructure required for the tournament.

With the support of both South Asian and GCC governments, the migrant worker population of the GCC has grown from a few hundred thousand in the mid-1970s to more than 25 million today, including more than 10 million construction workers. Non-citizen migrant workers comprise around half of the region’s total population. In the UAE, 88% of residents are non-citizens, and foreign nationals represent 75% and 74% of Qatar’s and Kuwait’s resident populations, respectively.

The millions of workers required to complete these projects, most of whom arrive from South Asia, are subject to various forms of the kafala system, which requires local sponsorship of migrant workers, and grants those employing sponsors strict control over workers. Recent moves in some GCC countries to reform this system have been important...
but not yet sufficient to adequately protect workers. For example, in December 2016 Qatar introduced a “contract-based” system intended to replace the kafala system. Critics have pointed out that the changes do not strike at structural elements of the system that grant sponsors inordinate control over workers’ ability to switch employers or even exit the country.

In 2015, the UAE and Kuwait instituted a number of reforms intended to limit “contract substitution,” an illegal practice whereby migrants sign one contract in their home countries but are subject to a different one once they arrive in the GCC. The UAE had earlier instituted significant reforms meant to allow for increased freedom of labor market movement for workers. Bahrain was the first country to meaningfully reform these elements of the kafala system in 2006 and 2009, but the government rolled some of those reforms back in 2011 following domestic political unrest.

NYU’s Abu Dhabi campus is part of this story. The school, which welcomed its first class of students in the fall of 2010, is one of the many American and European cultural and academic institutions – including the Solomon R. Guggenheim and Louvre Museums in Abu Dhabi and several universities in Qatar’s “Education City” – with current or planned facilities in the Gulf region. Before construction began on its facility NYU and its Abu Dhabi government partner formulated a Statement of Labor Values, and published a subsequent document operationalizing that Statement which came to be known as the “14 Points.” These standards were a first for any institution in the region, and applied to both longer-term operational workers as well as those working on the construction of NYU Abu Dhabi’s new Saadiyat Island campus.

Responding to criticisms of its labor practices in 2014, NYU and its Abu Dhabi government partner Tamkeen engaged Nardello and Co. to investigate NYU’s track record. The resulting report, released in 2015, concluded that while many workers who built the new campus benefited from the project’s standards, up to one-third of those workers – specifically many of those working for smaller or short-term subcontractors – were not treated in accordance with them. Following the release of the report, NYU and its partners announced that they would make one-time payments to affected workers. Those payments have begun, and an update on that process is expected prior to the conclusion of the 2016-17 academic year. In October 2016, NYU Abu Dhabi also updated and publicly released its Supplier Code of Conduct.

Most commercial construction, engineering, architecture, and recruitment agencies in the region have yet to accept any responsibility for exploitative recruitment practices, despite corporate practices that effectively encourage them. Fixing the broken business model of migrant recruitment will require deep changes to the current practices of construction firms and their government clients; their subcontractors; cultural institutions; and governments in the Gulf and South Asia. This will be particularly important as sponsors of large construction projects and the companies that undertake them will continue to face intense scrutiny in the lead-up to events like World Expo 2020 and the 2022 FIFA World Cup.
While the GCC on the whole has experienced growth trends in line with the price of oil, Qatar’s growth has outpaced its neighbors. This is in part due to Qatar’s huge reserves of natural gas. Since 2006, it has been the world’s largest liquefied natural gas (LNG) exporter.\footnote{Above graph based on World Bank data. (http://data.worldbank.org/)} Despite volatility in the price of oil beginning in 2014, Saudi Arabia, Qatar, the UAE, Bahrain, Oman, and Kuwait are on track to sustain significant growth through diversification of their economies and their large sovereign wealth funds.

A steep decline in oil prices beginning in 2014 has hit Saudi Arabia particularly hard. In January 2016, the Saudi government announced plans to cut US$20bn in infrastructure expenditures in order to reduce its deficit.\footnote{Payments for government-sponsored projects are so backlogged that credit rating agencies have advised businesses that loans already on the books to construction firms are at increased exposure to risk.} Construction projects in the Gulf operate on the “pay-when-paid” principle, whereby contractors pay subcontractors – and both pay their employees – only when clients pay them. This means that spending cuts trickle down to workers’ pay. In an example of the effects of falling oil prices, as of October 2016 the country’s largest construction company, the Saudi Binladin Group, had not paid hundreds of Indian migrant workers for months due to cash-flow issues on government-sponsored projects.\footnote{Construction projects in the Gulf operate on the “pay-when-paid” principle, whereby contractors pay subcontractors – and both pay their employees – only when clients pay them. This means that spending cuts trickle down to workers’ pay. In an example of the effects of falling oil prices, as of October 2016 the country’s largest construction company, the Saudi Binladin Group, had not paid hundreds of Indian migrant workers for months due to cash-flow issues on government-sponsored projects.}
On the other hand, medium-term forecasts for the GCC construction industry are bright. Oil prices already have begun to stabilize and a recent agreement by OPEC (Organization of the Petroleum Exporting Countries) obligates members to cut production in the first half of 2017. Additionally, steady growth over almost two decades has allowed GCC governments to partially insulate their economies from oil price shocks by establishing sovereign wealth funds and plans for economic diversification.

Moreover, despite recent difficulties, large Saudi infrastructure, oil and gas, and hotel contracts continue to be awarded, and already in the third fiscal quarter of 2016, a number of construction firms in the region reported higher profits year-on-year. The construction industries in the UAE and Qatar, in particular, have stable medium-term outlooks as these countries work to complete projects for marquee events like Expo 2020 and the 2022 FIFA World Cup.

Corporate Structures Create Incentives to Squeeze Labor Costs

Once they arrive in the Gulf, migrant construction workers typically are employed by general contractors, "manpower agencies," or smaller subcontracting firms. Low-skilled workers perform tasks such as painting, concrete work, and simple hauling. Qatar, April 2012. (Karen Blumberg)

The construction industry encompasses a diverse range of specialized – and overlapping – government and business players (see Appendix 2). In the Gulf context, the commissioning sponsor (or "client") of a large project typically is the government itself, with an affiliated
corporation or real estate developer responsible for overseeing design, construction, and facilities management.\textsuperscript{26}

Outside of select special economic zones, international construction firms wishing to win bids for GCC projects must team up with a local entity such that the resulting joint venture is majority-owned by the latter.

To break into a market with as much growth potential as the GCC, design, contracting, and subcontracting firms are under pressure to cut costs and deliver bids as low as possible. With so many competitors bidding for projects, clients can drive the value of contracts downward by playing bidders off of one another. In a recent survey by Deloitte, 21\% of construction industry executives said they would submit a bid with profit margins at lower-than-commercial value in order to secure new work in the GCC, with an additional 6\% saying they would exclude profit altogether from a bid.\textsuperscript{29}

In bid submissions, the prices of construction materials are relatively fixed by market values at a particular time, but labor is considered a more flexible aspect of cost estimates. Since labor accounts for approximately 35\% of the net value of all GCC projects currently under execution,\textsuperscript{20} financial analysts for construction firms precisely model labor costs, and understand that they must minimize them in order to be competitive in the bidding process.\textsuperscript{31}

According to a senior manager with more than two decades of experience in the construction industry in the region, accountants and other “bean counters” in the Gulf precisely measure the cost of labor. He said, “even subcontractors know exactly how many men they’ll need for a job.”\textsuperscript{32} This means that construction firms are seeking creative ways to reduce labor costs, including the costs of recruiting large migrant work forces. The result is a weakly controlled system for recruitment that passes on these costs to the workers themselves.

Large construction firms serving as general contractors are key players that employ large numbers of low-wage workers. Evidence of this can be found in the Business and Human Rights Resource Centre’s 2016 survey of large construction firms operating in the Gulf. Fifteen firms responded to survey questions about current number of employees, representing 137,484 total employees. Of these, 62\% were directly employed by those contractors. The remaining 38\%\textsuperscript{33} were indirectly employed through subcontractors or labor supply “manpower agencies.”\textsuperscript{34} This indicates that for long-term projects, it is worthwhile for large contractors to directly employ workers, in addition to using subcontractors or temporary labor, employed by manpower agencies, as needed.

Nevertheless, manpower agencies based in the GCC are an important part of the construction ecosystem. These agencies lease out migrant labor to contractors and subcontractors that have unpredictable and inconsistent labor needs. Like large contractors and subcontractors, manpower agencies effectively serve as the sponsors and official employers of migrants, who may work on many different job sites during their tenures in the Gulf. Subcontractors also can be workers’ direct sponsors and employers.
Charging workers for their own recruitment is illegal under international law and the laws of all six GCC countries. Since 1949, the International Labour Organization (ILO) Convention concerning Private Employment Agencies (No. 95) has prohibited the charging of recruitment fees to workers: “Any deduction from wages with a view to ensuring a direct or indirect payment for the purpose of obtaining or retaining employment, made by a worker to an employer or his representative or to any intermediary (such as a labour contractor or recruiter), is prohibited.”

This principle has since been reaffirmed in multiple ILO conventions, including the Protection of Wages Convention of 1949 (No. 95), the Migration for Employment Convention of 1949 (No. 97), the Migrant Workers Convention of 1975 (No. 143), the Private Employment Agencies Convention of 1997 (No. 181), and the Convention on Domestic Workers of 2011 (No. 189). Although there is an active debate about exactly which fee components make up a “recruitment fee,” these conventions unambiguously ban the charging of migrants and workers for service fees affiliated with their own recruitment.

However, all GCC countries and major South Asian migrant-sending countries, with the exception of the Philippines, have failed to ratify these ILO Conventions. Moreover, no GCC country has ratified the United Nations International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, which combines many of the rights protections contained in the ILO Conventions, nor have a number of key South Asian migrant-sending countries like India, Pakistan, and Nepal.

Nonetheless, each of these countries has domestic laws in place ostensibly intended to protect migrants. These include laws in every GCC country that ban Gulf-based employers, recruiters, or manpower agencies from directly charging migrant workers for their own recruitment. For example, in Qatar “[a] person who is licensed to recruit workers from abroad for others shall be prohibited from doing the following: Receiving from the worker any sums representing recruitment fees or expenses or any other costs.” The UAE’s laws go even further, seemingly banning the charging of fees in both the Emirates and in migrant-sending countries.

Migrant-sending countries also have a variety of laws meant to protect outgoing migrant workers. But some of these countries, including India and Bangladesh, fail to comply with international law concerning recruitment and permit workers to pay limited service fees. In India, the maximum amount a prospective migrant worker can be charged is INR20,000 (app. US$300) or 45 days’ salary for the worker, whichever is less. In Bangladesh, the Ministry of Expatriates’ Welfare and Overseas Employment sets a much looser limit, permitting recruitment fees up to BDT84,000 (app. US$1,050). This is the highest limit of any major South Asian migrant-sending country.

In practice, both sending and receiving countries lack the institutional capacity and, in many cases, the will, to enforce their own legal provisions. Migrant-sending countries benefit economically from the remittances that workers send home, and mostly are concerned with pressing destination countries to accept more of their workers. At the same time, migrant-receiving countries lack the incentives to more forcefully apply their own laws.
Part 2 - The Broken Business Model for Recruitment

Workers from rural villages like this one in the Nizamabad District of Telangana State in India face limited economic opportunities at home. Migration to the Gulf can be an appealing option as a way to earn money to buy land, support family members, or start a small business. But recruitment fees – which many migrants are able to pay only after taking out loans with high interest rates – lead to extreme indebtedness and contribute to other forms of labor rights abuse that may curtail these dreams. Nizamabad District, Telangana State, India, November 2015. (David Segall)

Payment of recruitment costs by low-wage workers is a central feature of the construction industry in the Gulf. With an abundance of willing migrants in countries like India and Bangladesh, most construction companies and their clients are pushing the costs of labor recruitment, especially for low-wage work, onto workers themselves as part of an overall effort to control labor costs. Prospective migrant workers are well aware that recruitment fees are an expected cost of migration to the Gulf; if they refuse to pay, there are many others who will do so.

Most low-wage migrants to the GCC cannot afford to pay the fees required of them without grants from friends or family members, or loans from banks, lenders in their villages, or recruitment agents themselves. These loans are often granted only with extremely high interest rates. In Telangana State, the current going interest rate is between 24-36% per annum or 2-3% per month, plus 3% per month unpaid. Workers from Telangana reported being able to earn around AED1,000-1,500 / QAR1200 (between US$270 and $410) per month for jobs as masons, with the possibility of a salary bump after a few years. With interest, then, these loans can take as long as many months to repay.
The ability of workers to advocate for better working conditions is limited by the precarious financial position in which they are placed by recruitment fees. As has been well documented, workers in the GCC mostly lack the right to freedom of association; are routinely housed in crowded, dirty dormitories; have limited freedom of movement because their employers confiscate their passports and they require employer permission to leave the country; and sometimes are forced to work in punishing heat without adequate hydration. Workers’ indebtedness exacerbates these other forms of mistreatment, and restricts already-limited access to legal recourse, by further limiting their ability to leave an employment situation even when they are victims of fraud or abuse.

Recruitment fees are such a challenging issue because of the global nature of the low-wage labor market. Even with a sustained construction boom in the Gulf, the supply of people willing to work for very low pay outstrips demand for their labor. Moreover, in a country like Bangladesh, where 8% of GDP comes from remittances, the government may be unwilling or unable to impose regulations which might reduce migration. But the payment of large fees by GCC migrant workers is not inevitable. Understanding the business drivers of these costs in the recruitment industry helps identify inefficiencies and opportunities for action that could change the current model.

The findings below present a bleak view of the construction and recruitment industries pushing the burden of paying for the service of recruitment onto the least-skilled and lowest-paid workers. Workers cover not only the legitimate service costs of locating and screening themselves and processing their migration, but many additional fees on top of these costs, including kickback payments and markups to costs like travel. Breaking this cycle of extreme indebtedness on the part of the most vulnerable workers will require a fundamental shift in how construction firms and their Gulf-based clients structure construction bids to properly account and pay for recruitment costs.

Finding 1: Low-Wage Workers Pay for Their Own Recruitment

Recruitment is not free. But despite the requirement by migrant-sending countries that they work with local recruitment agencies to locate labor, the recruitment of low-wage migrant construction workers to the GCC is not a service for which most companies pay. If it were, companies with construction contracts and their clients in the Gulf would bear the costs of locating and delivering workers to these projects. In other business contexts, this would be calculated for the client as part of a project’s routine costs.

This is, in fact, the model in other regions. For example, ABL Employment, a Canadian staffing and recruitment agency, details the mechanics of this common practice by noting on its website that “the fee for a staffing agency’s services is paid by the client company, so it’s free to register for those who are looking for work.” In Australia, the United Kingdom, and many European countries, it is illegal for recruiters to charge fees to workers they place, with some exceptions. Where it is not explicitly illegal, as in some European countries and the United States, business norms dictate that workers rarely pay fees to agencies.
One of the documents governing the relationship between construction companies and recruitment agencies is the aptly-termed “demand letter.” In a typical business-to-business relationship, contracts and related documents would lay out the rights and responsibilities of the parties to one another. In the case of low-wage recruitment, however, the demand letter is simply that – a demand for workers. It is not a promise to pay for the service of delivering these workers. Rather, it specifies the terms and conditions of employment for workers and may give power of attorney to the recruitment agency to fulfill the visa processing requirements on behalf of the ultimate employer. This executed demand letter, which is publicly posted on the website of the Embassy of Nepal in Saudi Arabia, specifies that the employer will not pay for recruitment services by saying, “Services Fees to agency: not provided.” (http://www.neksa.org/163.pdf)
This is also increasingly the model in other industrial sectors commonly staffed by migrant workers. A number of major multinational corporations have worked with Verité to implement their “Ethical Framework for International Labor Recruitment” or with the Institute for Human Rights and Business’s Leadership Group for Responsible Recruitment. The Electronic Industry Citizenship Coalition, a trade group comprised of some of the world’s largest technology companies, bans the payment of recruitment fees by workers at any point in the supply chain. Large multinational corporations in the food and beverage, electronics, and apparel sectors have robust policies against the payment of recruitment fees, even as enforcement remains an issue.

The international construction industry, on the other hand, lags well behind other sectors in this regard when it comes to migrant worker recruitment. While some industry professional groups, like Constructing Excellence and the Chartered Institute of Building, have acknowledged and seriously researched the issue, only a few companies have committed to standards like the Dhaka Principles for Migration with Dignity. And while Building Responsibly, the first international industry group dedicated specifically to tackling issues like recruitment fees, was founded in February 2017, many companies and trade groups remain hesitant to acknowledge their leverage.

As a result, for the mega-projects in the Gulf region, it is a fundamental feature of the industry that the lowest-paid and most vulnerable workers almost always bear the costs of their own recruitment, and then some. Employing companies lower their bids to clients by avoiding paying recruitment agencies for the costs of recruitment. As Declan Croucher of Verité says, GCC-based construction companies are only absorbing “a small fraction [of recruitment costs], and only that which they can’t possibly avoid.”

Contracts between GCC-based construction companies and South Asian recruitment agencies obtained by the research team contained no mention of payment by the former to the latter. On the contrary, they specified that the recruiter incur all expenses related to the recruitment process in the sending country, including for skills-testing. At least one contract even specified that the recruiter act “loyally” and follow any “directive” of the employing company.

In order to cover their own costs for recruiting low-wage workers and to turn a profit, recruiters charge prospective migrants. A Mumbai-based owner of a large recruitment agency noted that, “we prefer to work with companies that pay, but we charge [workers] if they won’t pay.” And as another Mumbai-based recruiter said, “if the [employer] isn’t providing anything, the candidate has to pay. Some [workers] are ready to go whatever we charge.”

Many construction firms are hesitant to discuss this business model, although some admit that they do not pay for recruitment but still blame agents for charging in excess of legal limits – which they believe would suffice to cover costs. Recruiters in India and Bangladesh, however, are quite open about who pays for the costs of recruitment. Benjir Ahmed, the president of the Bangladesh Association of International Recruiting Agencies (BAIRA) – the national recruitment agency trade group – put it straightforwardly when he said that recruiters “take service charges from workers and that is their revenue.”

Recruitment is an extremely competitive field, and recruiters report that they will go to great lengths to fulfill a demand letter. As one recruitment agent in Mumbai said, “If you’re
not fulfilling, the second time they won’t give you the contract.”63 Future business (really, the ability to sell visas to workers) depends on the recruiters’ ability to please the non-paying “client.”

There are some scenarios in which employing companies do pay recruitment agencies, mostly for higher-skilled workers.64 One finding of our research in India is that unskilled workers therefore effectively subsidize the recruitment of higher-paid skilled workers. Skilled workers have more employment options and therefore refuse to pay fees to migrate. As one Dhaka-based recruiter with more than 20 years’ experience said, “for high-skilled, the company pays and pays service fee and ticket.”65 But like most recruiters in Dhaka, his agency sends only a small number of high-skilled workers. Others confirmed that employing companies typically pay to recruit skilled employees, even when they will not pay for low-wage workers.66

While employing companies are more likely to pay recruiters for providing high-wage workers, interviews indicate that employers do not always pay for mid- and high-skilled workers. This means that recruiters are managing fluctuating demand and revenue cycles for varying skill levels of workers. Low-skilled workers – and their reliable willingness to pay for their own recruitment – therefore are essential to the recruitment business model.67

To be clear, employing companies cannot solve the problem of recruitment fees simply by paying their recruiters in full. Recruiters and their subagents may still charge workers, regardless of whether or not they receive payment from the employing company. For this reason, employing companies must both pay and investigate their recruiters, and credibly threaten to terminate relationships when recruiters are found to be “double-charging.” But if employing companies are not paying recruiters, recruiters must charge workers.

The failure of so many employing companies in the GCC to pay for recruitment has led to the creation of a parallel “ethical recruitment” industry. Ethical recruiters attempt to convince employers to pay for their services so that they can recruit low-wage workers who do not pay fees. In this sense, “ethical” recruiters are simply providing the kind of fee-for-service business that is the norm in many other parts of the world. Many are working on developing promising business models that would use scale to offset the cost to clients of paying for recruitment.

But at the present time it is difficult for ethical recruiters to secure orders, since any cost is more than what many employing companies currently incur. Kenny Jephcott, the president of IML Employment Services in the UK, recalled: “We once had a high-volume [GCC-based] company approach us and say that they wanted ‘as many masons and electricians as possible.’ When we asked how much they’d pay per worker, they replied: ‘No, you misunderstood; we don’t pay for recruitment.’”68 Other ethical recruiters reported similar practices by multinational firms.
Other researchers have estimated that Bangladeshi migrant workers pay the highest recruitment fees in the world, ranging between US$1,675 and $5,150. Fees paid by Indian workers tend to be somewhat lower on average, although also substantial, ranging from around US$1,000 to $3,000 for migration to the Gulf. Prospective and former migrant workers interviewed in Hyderabad and Mumbai, India, corroborated these figures by claiming to be paying between INR120,000 (US$1,840) and INR190,000 (US$2,920) for their low-wage jobs.

There is a range of costs associated with recruiting migrant workers and transporting them to the Gulf, including: generating a pool of prospective workers through advertising and personal contacts; medical testing; screening for appropriate skills; visa and permit processing; and travel from rural areas to urban departure cities and onward to the GCC.
Recruitment agents in India and Bangladesh and ethical recruiters operating in the region estimate these costs at between approximately US$400-650 for unskilled migrants, not including the cost of a flight or expenses required once the worker arrives in the Gulf, like residency permits. Marie Apostol of the ethical recruitment firm FairHiring, Inc. estimates that her firm cannot send a worker to Qatar for less than US$600, which includes a service fee. Matthew Hurley of Bright Star Careers estimates that for recruitment of low-wage workers to be worthwhile, his firm would require fees of one month’s salary – or a minimum of 1,600 AED (US$435) – from the employer, but that this would only be profitable for larger requirements.

Even once flight and GCC residency costs are factored in, adding several hundred dollars to the overall cost, this means that many Indian and Bangladeshi workers are paying well in excess of the actual costs of recruitment. The measure of fee inflation is explained by layers of agents involved in recruitment; visa selling schemes; and additional markups imposed through kickbacks, inflated transportation and other costs, and corruption. These factors are discussed in findings 3 through 6.

Employers seeking workers in Gulf countries apply to the government, sometimes through a simple online portal like the one above, used in Qatar. Permission for visas is available at no cost or for small administrative processing fees, but often is resold to agents at significant markups. (“Labor Recruitment e-Service Quick Start Guide,” available for download at Hukoomi Qatar e-Government, http://portal.www.gov.qa/wps/portal/services/individuallandingpages/labor+recruitment/submitlaborrecruitmentapplication)
Finding 3: Corporate Representatives Effectively Sell Visas to Recruiters, in Violation of GCC Laws

The first form of fee inflation originates in Gulf countries, with the sale of visas to recruiters via demand letters. Demand letters require attestation by relevant labor governing bodies, but they usually receive this as a matter of course. As a result, the letter itself is considered a valuable commodity. In general, Gulf governments provide permission to issue visas to construction companies at a nominal cost. Companies in need of workers apply to the government for the appropriate number of visas, including with details about the number, nationality, professions, and genders of the workers required.

Selling visa demand letters for profit is illegal in all GCC countries. But interviews at multiple levels of the recruitment supply chain reveal that the practice is common. Each seller along the chain takes a cut, so that by the time the relevant demand letter reaches the South Asia-based recruiter the visa’s eventual “price” already has been significantly marked up.

These Gulf-based agents – sometimes referred to as dalals (brokers) – serve as the link between available jobs in the Gulf and the recruiters in South Asia who will deliver the workers. One recruiter from a large Dhaka-based agency described the role of these agents as being to “procure the visa from the employer and sell it to the recruiter.” In these cases, the dalal acts as a matchmaker between Gulf-based employers and South Asia-based recruiters. The dalal may himself work for the GCC-based employing company, exploiting his responsibility to procure labor for personal profit. In other cases, human resources officials with an employing company may have a preexisting relationship with a dalal who in turn connects them with recruiters in the sending country. Some GCC-based dalals are themselves from large South Asian migrant-sending countries like India and Pakistan.

As a Dhaka-based recruiter described it, “the middleman sells the visas to the highest bidder, then matches the recruiter with the employer to issue the demand letter.” He continued, “middlemen are a menace, here and there.” Practices like this may occur with or without the knowledge of corporate higher-ups, and can occur regardless of whether a company pays its South Asia-based registered recruitment agency.

These sales by construction companies or their representatives further inflate recruitment fees since registered agencies pass the cost on to workers. According to a senior manager with more than two decades of experience in the construction industry in the region: “This is how it’s always done ... For large orders, we are talking about orders of in excess of several thousand workers. It’s well worth it for Indian recruitment firms to pay them off... All of this is a cost of business; paying everyone along the food chain is [considered] a business cost.”

While individuals receiving kickback payments for demand letters may come from various parts of employing companies' corporate structures, human resources (HR) officials often are implicated by those with direct knowledge of the process. Ross Daines of FSI Worldwide stated that ethical recruitment is frequently believed in by employing companies’ senior management but that the process stalls when HR departments become involved and persuade management that there is no requirement to change the current system.
The Qatar Foundation and Verité have explored the phenomenon of kickback payments made by many South Asia-based registered agencies to representatives of the employer. Verité estimates the value of these kickbacks to be US$300-$500 per migrant, depending on the migration corridors involved. A demand letter also may be re-sold several times before reaching the South Asia-based recruiter who will actually fulfill it, with each broker or agent marking up the price. Small Dhaka-based registered recruiters estimated the price they pay to brokers for a visa to Oman and Qatar at around BDT 100,000 (app. US$1,250), and up to BDT 150,000 (app. US$1,850) for a visa to Saudi Arabia. If a Bangladeshi worker pays US$3,500 to migrate, this would represent between one-third and one-half of his total migration fee.

The ubiquity of this practice renders most ethical recruiters further unable to compete. An employee with one of India’s state-run recruitment agencies pointed out that “[b]ribes are very common. They give gold and diamonds [to company officials] ... What can I give? Maybe an interview.” A cup of coffee? “Maybe,” he replied.

Gulf governments periodically crack down on this practice, but the sale of demand letters is viewed by GCC authorities as mostly taking place either in sending countries or by migrants themselves in the GCC, rather than by their own citizens. Enforcement efforts, when they do occur, almost always target migrants. In August 2014, the head of Qatar’s Ministry of Interior’s Search and Follow Up Department pointed out that no individual Qatari had yet been convicted of a visa selling-related offense.

Likewise, GCC laws targeting visa violations tend to focus on low-wage migrants themselves, rather than the sellers of visas, and are applied to instances of visa “trading” within the country rather than to the sale of a demand letter to a recruiter abroad. As a result:

“FREE” VISAS

Workers without regular employment waiting to be hired at Souq Waqif in Doha, Qatar, April 2012 (Maythem Ridha)
result, it is much more common for migrant workers who are in the GCC with visas that were traded to be deported than for sellers or traders themselves to be prosecuted.  

There are multiple types of visas under which a worker can migrate to the Gulf. One of the most desirable is referred to by migrants and recruitment agents as a “free” visa. The term is a misnomer in the sense that prospective migrants actually pay more for them than for other visas, but they are desirable because workers can retain their passports and have freedom of labor movement while in the Gulf.

As with other visas, freedom-of-labor-movement visas technically are tied to a particular employer in the receiving country. However, the employing sponsor applies for the visa with no intention of actually employing the worker. Instead, once the migrant arrives in the Gulf, the sponsor permits him to work elsewhere – for a price. In this way, some GCC citizens and corporations operating in the region use their ability to sponsor workers as a way to earn additional income. While these visas are risky for workers because they are in violation of the law and no official job awaits them in the GCC, they are highly sought after because they are perceived as being a pathway into entrepreneurship, potentially working for a family member already in business in the GCC. For this reason, many migrant workers pay well in excess of the average recruitment fee amount for these visas (see below).

<table>
<thead>
<tr>
<th>Destination</th>
<th>Estimated fee paid by worker (USD)</th>
<th>Estimated expected monthly salary (USD)</th>
<th>Average months to pay off fee, exclusive of other costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Arabia</td>
<td>$7,750</td>
<td>$500</td>
<td>16</td>
</tr>
<tr>
<td>Kuwait</td>
<td>$6,820</td>
<td>$370</td>
<td>18</td>
</tr>
<tr>
<td>Bahrain</td>
<td>$4,340</td>
<td>$370</td>
<td>12</td>
</tr>
<tr>
<td>Oman</td>
<td>$2,890</td>
<td>$280</td>
<td>10</td>
</tr>
<tr>
<td>Qatar</td>
<td>$2,890</td>
<td>$250</td>
<td>12</td>
</tr>
</tbody>
</table>

Note: In October 2012, the UAE unofficially suspended new visas for Bangladeshi workers, reportedly in retaliation for the Government of Bangladesh voting for Moscow over Dubai to host the 2020 World Expo. Although the UAE did not confirm the ban, and many Bangladeshi have migrated to the UAE in the interim period, recruiters appeared not to reference fees for the UAE because of the perceived ban. Visa bans are relatively common political tactics employed by migrant-receiving countries to pressure migrant sending countries; in August 2016, Saudi Arabia lifted a seven-year ban on low-wage Bangladeshi workers.
Finding 4: Layers of Agents Facilitate Migration while Increasing Costs

The second source of inflation in the price workers pay is the layers of agents involved in the lengthy process of recruitment from a rural South Asian village to a Gulf construction site. There are three main roles for agents in this chain:

- **Gulf-based agents** – Individuals living in GCC countries who procure demand letters for laborers for South Asia-based recruiters. These agents may operate illegally (see finding 3) or legally; Gulf-based registered recruiters commonly are used to locate domestic workers, for example.

- **South Asia-based urban recruiters** – Companies registered and authorized by their governments to process and facilitate migration. Usually urban-based, they receive demand letters for workers from GCC-based firms (sometimes via Gulf-based agents), and coordinate a recruitment process to deliver the required workers.

- **Subagents in South Asia** – A group of mostly unregistered, independently operating individuals based in rural villages and district centers – usually with personal connections to pools of prospective migrants – who identify and collect the required number of workers on behalf of larger recruitment agencies.

Recruitment agencies are a common part of the cityscape in places like Hyderabad, India. This building houses at least two agencies and two money transfer offices, likely used by migrants to send portions of their salaries home. Hyderabad, India, 2015. (David Segall)
Gulf-based agents, discussed above, are the primary conduits for the first sale of groups of visas, via demand letters, for workers. Once the agent “matches” the demand letter to a South Asian recruiter – often for a price – that recruiter can begin the process of collecting workers to fulfill it.92

Registered agents are usually based in urban areas. They do everything from procuring demand letters from the GCC, to processing visas with relevant local government authorities, to seeing migrants off at the airport. In both Bangladesh and India, a handful of large recruitment agencies process the lion’s share of migrants. A high-ranking employee with a large, Mumbai-based recruitment agency estimated that his company, which processes around 2,500 workers per year, is among the top 10 senders nationally.93

Two registered agents in Dhaka claimed that only 5% of active registered agencies, representing seven companies, process around 80% of Bangladeshi migrants each year.94

Of all registered agencies, then, only a small minority are able to procure demand letters directly from GCC contacts – either directly from companies or from brokers. Some of these agencies re-sell the demand letter to another recruitment agency once they procure it. The profit margin on this transaction is relatively high; Bangladeshi agents reported purchasing a “visa” (in the form of a demand letter) from other agents for between BDT 100,000 and BDT 150,000 (between app. US$1,250 and $1,850) and re-selling it to another agency for BDT 200,000 (app. US$2,500).95

The majority of registered agents in Dhaka perform specialized tasks in accordance with their capacities. Some buy and re-sell demand letters, while other even smaller ones make
ends meet by charging modest fees to large agencies or even to individual migrants to process administrative paperwork with emigration authorities. While the markups may be small for these kinds of administrative tasks, they add up to collectively contribute to the total fee migrants pay.

Recruiters strive to move up the pecking order and to secure greater margins by procuring demand letters themselves, but, as noted by one recruiter who mostly does processing work for other agencies, “we don’t [procure demand letters directly from the GCC] because we don’t have the contacts. This is capitalism: there are more low-level businessmen than high-level.”

GOVERNMENT-OPERATED RECRUITMENT AGENCIES IN INDIA

In India, prospective migrants in states like Kerala and Hyderabad technically have access to government-run recruitment agencies, which collect fees from employing companies and charge workers anywhere from nothing to INR20,000 (app. US$300) – the legal limit, but significantly less than many end up paying to private recruiters. In practice, however, very few migrants avail themselves of the opportunity to work with these agencies, which are generally based in large urban areas, removed from the rural areas which often provide large numbers of low-wage migrants. Migrants tend to view locally-based agents, who are themselves often members of migrants’ communities, as more easily held to account than remote, bureaucratic, and potentially corrupt government officials.

These government-run programs often operate on tight budgets, are unable to penetrate into remote areas, and are themselves hesitant to process low-wage workers. An employee with ODEPC, a state-run agency in Kerala, said that the agency only processes between 500 and 1,000 nurses per year, out of around 20,000 nurses in the state who migrate annually. ODEPC does not process low-wage workers; the employee at ODEPC admitted that “90% of employers” of low-wage workers don’t want to pay for recruitment, so they could not feasibly recruit these workers without losing money by charging them amounts within the legal limit.

Finding 5: While Subagents Add to the Costs of Recruitment, They are Essential to Recruiting Rural Workers

Many people view subagents as the root of the problem of the payment of high recruitment fees, and propose that their elimination would solve the problem. As Benjir Ahmed, the president of BAIRA, noted, “[i]f you eliminate subagents, you could bring the migration costs down.”

But it is not clear that large-scale, low-wage migration can proceed without rural subagents. Based on our interviews, subagents serve an essential function, even as they
Rural recruitment subagencies like this one in Kamareddy village in Nizamabad, Telangana State, India are the first – and sometimes only – point of contact for workers seeking to migrate. They collect money from workers, some of which is then passed on to other larger agents up the chain. This subagency reportedly has folded operations since the photograph was taken in November 2015. (David Segall)

contribute to fee inflation by charging their own markups on top of other agents'. Most importantly, subagents help overcome significant geographic obstacles to migration and recruitment. It is cumbersome and costly for urban-based recruiters to cover wide swaths of rural territory to recruit sufficient numbers of workers. A Mumbai-based recruiter noted, “we can’t avoid working with the subagents if we need to respond to quick demand.”99 Another commented, “if you go to the village [without a subagent], you only get ten workers when you need 200.”100

Migrants in rural areas tend to be uneducated and may be illiterate. Trust-based relationships with a local agent can give families confidence when making a significant investment to send a son or other relative abroad. In the context of complex legal processes that require documentation to provide remedy, migrants also view subagents as perhaps the only avenue to pursue accountability if something goes wrong. According to Sister Lissy Joseph, a workers’ rights activist based in Hyderabad, India: “As long as there is no efficient and effective system created by the Government in migration-prone areas... the subagents will be their easiest approach.”101

Even in the absence of a paper trail, the subagent’s reputation and ability to continue operating in his village or region may depend on refunding the bulk of the prospective migrant’s fee if the migration goes awry. M. Bheem Reddy, a trade unionist and migrant-rights activist from Hyderabad, noted that with subagents, the migrant may know “he’s paying more, but he wants to pay someone he knows” so that he can seek recourse if necessary.102 According to the brother of a longtime Bangladeshi migrant worker in Saudi Arabia: “Even people in Dhaka prefer to give money to people in the village. How can a
worker recover the money if he can’t go abroad? In the village, his family will be able to get the money back. Usually [the subagent] doesn’t return the money immediately. He returns it in installments, sometimes a little less, but usually they get the money back.”

A contractor from Darpally, India, recalled someone in his village who recently paid INR120,000 (US$1,840) to migrate but returned after just one month with serious grievances against his employer. The Darpally-based subagent he had paid reimbursed INR70,000 (US$1,080) to him out-of-pocket “just for reputation.”

In India, registered agencies must deposit bank guarantees for each migrant processed, and are technically responsible for assisting and reimbursing migrants who face abuse, fraud, or poor conditions upon arrival in the GCC. In Bangladesh, the recruitment trade association, BAIRA, requires member agencies to deposit funds with it in order to obtain registration. In practice, however, migrants and subagents often are left to settle the score amongst themselves, even if a subagent has since forfeited the majority of the fee s/he had collected to other agents along the chain. Guarantee bonds required of recruitment agencies by employers in receiving countries only apply to issues faced once the migrant arrives, and will not cover things like discrepancies between promised and actual salaries (instead, the bank guarantee may cover the cost of a flight home for a migrant who “does not work out” due to medical condition, lack of competency, or homesickness, or may serve as punitive reward for the employer in such cases).

Registered recruitment agencies sometimes deny using subagents or claim they are unaware of markups charged by subagents to migrants. According to a registered agent in Mumbai, the “subagent is giving us the candidate. Only they take the fee from the worker.” The same registered agent noted that his fee was within the legal limit, and that “it’s none of our business how much the candidate pays the subagent ... If the candidate is ready to pay [the subagent], that’s between them.” Another Mumbai-based registered agent agreed: “We don’t pay the subagent; the worker pays the subagent. I can’t say how much they pay.”

Because there is no paper trail documenting migrants’ transactions with subagents, it is difficult to know how much they charge. Registered agents in Dhaka, however, estimated that subagents gross around BDT50,000 (US$620), and earn BDT10,000 (US$120) in profit per worker. This amount may be divided between a handful of subagents at the village, district, and national levels. One unregistered subagency in Telangana State, India, noted that its commission depends on the services it provides to the worker. For “normal” services, this company claimed to charge between INR35,000 and 50,000 (app. US$550 to $775), although it was not clear how much of this they would take as commission and how much covers their expenses.
Finding 6: Even Small Transactions Present the Opportunity to Charge Workers

As with service fees, if employing companies are not paying for other legitimate recruitment costs like medical screenings, skills testing, and visa processing fees, recruitment agencies pass these costs onto migrants. Some recruitment agents also mark these costs up above their true value, “selling” them back to the migrant for a profit.

While individual administrative charges may be small, these fees add up. According to Verité, the total true cost of recruitment for a worker from Nepal to Qatar is up to US$1,400, including international travel. But because service fees and each of these small costs is marked up and flipped back to migrants, many migrants pay well in excess of this amount.

“Hospitality expenses” are a particularly stark example. Some companies send skills testers to evaluate workers, and these testers may require payments from recruiters, sometimes in addition to payments already made to human resources officials to secure demand letters. This holds true even for pools of construction workers who will engage in work requiring little-to-no formal training. Some recruitment agencies in South Asia justified, on behalf of
According to the senior manager with more than 20 years’ experience in the region: “It’s not just HR people who go to sending countries and are paid off; it’s general foremen and supervisors who know how to evaluate skills … A general foreman might be tickled to go to India”\textsuperscript{113} to recruit low-wage workers. Kenny Jephcott of IML Recruiters noted that “corruption is so endemic that the feeling is: I’ve worked hard to become a manager. One perk I get for being a manager is money for [bringing in] business … If not for me, this guy would be starving in India. Now he gets to work in a shiny city in the Middle East … ‘We have to break that mentality.’”\textsuperscript{114}

If an employer representative comes to India or Bangladesh for a week, he will likely stay at the priciest hotels – for example, the Taj Mahal Palace or Trident Oberoi in Mumbai, or the Pan Pacific, Sheraton, or Westin in Dhaka. As a different Dhaka-based recruiter noted, “sometimes he’s my guest,” meaning that the recruiter pays the hotel bill.\textsuperscript{115} According to the same recruiter: “The hotel bill we have to pay. If they recruit 100 workers, the hotel bill is not very big for three nights.”\textsuperscript{116} A Mumbai-based recruiter confirmed the practice: “If they ask [for hospitality expenses to be paid for], we are comfortable. Business is going on so we have to pay for it.”\textsuperscript{117} A human resources representative with a large GCC-based construction firm, who had made dozens of recruitment-related trips to South Asia – noting that his “passport is always full” – agreed that hospitality costs are always paid for.\textsuperscript{118}

When asked if they are ever requested to pay for things like alcohol or prostitution for employer representatives, one worker with a Mumbai-based registered recruitment agency replied: “Ninety percent of them don’t want prostitutes.”\textsuperscript{119}

International travel is another example of a cost that is both inflated and passed on to workers. A commercial travel agent in Mumbai who does not provide services to the recruitment industry explained how workers pay inflated prices even for their flights, in cases where travel is arranged and paid for by the recruiter rather than the employing company. The price of flights to the GCC advertised by recruiters to workers ranges between INR17,000 and 24,000 (US$260 – $370). But if recruiters purchase tickets in bulk or have special arrangements with travel agencies, the actual cost to recruitment agencies for the same flights may be as low as INR10,000 – 15,000 (US$150 – $230).\textsuperscript{120} The owner of a medium-sized Mumbai-based recruitment agency concurred, identifying the advertised price of a ticket as around INR18,000 (US$280), with the actual “bulk cost” for the same ticket, paid by the agency to travel agents, as INR11,000 – 12,000 (US$170 – 180).\textsuperscript{121}

In Dhaka, recruiters identified the price of a ticket advertised to workers as BDT18,000 – 25,000 (US$220 – 310),\textsuperscript{122} and the real price for agencies as BDT14,000 – 15,000 (US$170 – 190).\textsuperscript{123} In both countries, the difference between the advertised price and the actual cost is more than US$100. This difference is borne by prospective low-wage migrant workers. As two small recruiters in Dhaka said, “workers who fly abroad don’t know anything about the cost of a ticket.”\textsuperscript{124}

Airlines and recruiters negotiate directly with one another for bulk seat purchases with flexible travel dates. This flexibility allows the airline to fill seats on days when travel volume is light, increasing efficiency and profitability for the airline. This means that workers not only pay a markup on the ticket price, but may also bear the cost of staying in the departure city
while waiting for a travel day that is convenient to the airline. As the travel agent recounted, workers either pay for a hotel or sleep on the street in Mumbai. “They must wait for the most advantageous day to fly,” he said. Advantageous, of course, for the airline.

In Bangladesh, a large recruitment agent described how travel agents earn a 7% commission on the price of flights sold to migrants, of which 5% goes back to “his loyal client,” the recruiter.125 This provides an additional source of revenue – again paid by low-wage workers – for recruiters. As with almost every aspect of the many transactions involved in migration, workers are vulnerable to non-transparent pricing.

While this report only covers workers who arrive in the GCC on visas meant for laborers, many migrants arrive in the region – particularly the UAE – on tourist visas. In order to do so, they often pay off migration officials in their countries of origin, and sometimes in the destination country as well.

In other cases, migrants arrive to countries like Qatar on “business visas” intended for high-paid businesspeople meant to remain in the region for a limited period of time. Workers brought in on these visas typically encounter the same recruitment fee-related challenges as those described in this report.

“Hospitality” kickbacks, travel markups, and payments for non-labor visas are just three of many examples of opportunities seized upon by various actors to earn a profit, thereby increasing the fees borne by migrants themselves to well beyond the true cost of migration.
Many South Asian workers are making a rational economic choice to seek greater economic opportunity through employment in the Gulf-based construction industry. But their recruitment is exploitative because of the high recruitment fees they are compelled to pay. Workers pay, in contravention of the law, for their own recruitment, for additional costs, and for markups to those costs. Many workers from India and Bangladesh pay thousands of dollars in excess of the real cost of recruitment to make the journey into employment in the Gulf region.

Excess costs borne by workers arise from a variety of factors, including a high degree of informality and a lack of transparency inherent in the current business model for recruitment. The failure of construction firms to account and pay for the recruitment of low-wage workers as part of routine project costs, due in part to pressure from clients who demand cheaper bid offers, is another major contributing factor to workers’ extreme indebtedness and vulnerability to abuse. Moreover, a culture of permissiveness around visa selling by representatives of Gulf-based construction firms is the initial source of significant fee inflation.

Many recruiters also bear significant responsibility for taking advantage of low-skilled workers by inflating fees at almost every step of the recruitment process. Recruiters often turn a blind eye to additional fees collected from workers by their subagents, which are another source of inflation to the costs workers ultimately bear. Tragically, it also is the lowest paid workers who sometimes subsidize higher-skilled workers in the erratic recruitment marketplace.

Governments in the Gulf and South Asia also are failing low-wage migrant workers. Many countries around the world require employer sponsorship of migrant workers, but few restrict workers’ economic and physical movement as strictly as in the GCC. While encouraging, recent reforms to the kafala system in countries like Qatar, the UAE, Bahrain, and Kuwait are not sufficient, especially in the absence of meaningful enforcement.

In India and Bangladesh, governments are not in compliance with international standards for migration in allowing workers to be charged fees. This is particularly egregious in Bangladesh, where the high legal limit on fees contributes to the extremely high fees Bangladesh workers must pay to migrate. In both South Asia and the Gulf, governments are not doing nearly enough to enforce violations of existing laws intended to protect workers, and there are few examples of prosecutions that would discourage the kind of exploitation that is all too common in the current model.
Recommendations

Construction and engineering companies operating in the GCC should:

- **Assess the real costs of recruitment.** Large construction and engineering firms should commission an industry study of the actual costs of recruitment for construction workers coming to each GCC country from India, Bangladesh, Nepal, Pakistan and Sri Lanka. The study, which could be undertaken by a think tank, academic institution, or consulting firm, should include the costs of each component of the recruitment process, including the various levels of agencies required. The results of this study would set the stage for an industry-wide fee-for-service model with appropriate cost controls.

- **Pay for all recruitment-related services.** Companies and their GCC clients should adopt a standard fee-for-service recruitment system for the construction industry. Project bids submitted by companies to clients should consistently, accurately, and comprehensively account for all of the costs of recruiting all skill levels of workers, including document processing fees, worker travel, and subagent service fees, when required.

- **Audit recruitment hubs in South Asia to spot-check whether workers are being overcharged.** Even if companies pay recruiters, those recruiters – and their subagents – may take advantage of workers by charging them fees. Companies should undertake unannounced and random audits of a sample of their South Asia-based recruiters to assess whether workers are being charged, and should penalize their recruiters when violations are discovered or work with them to achieve swift compliance, when possible.

- **Execute mutually-binding contracts with recruiters.** Contracts for recruitment services between employers and recruiters should explicitly require payment by employers for services, ban the charging of fees by recruiters or their subagents, and provide recourse to both recruiters and employers if contractual terms are breached. Long-term, stable relationships between recruiters, their commercial clients, and the workers they are helping to place also would enhance transparency and trust across the industry.

- **Disrupt the visa-selling system in the GCC by auditing visa issuance procedures.** The largest construction firms operating in the Gulf – both local and multinational enterprises – should clearly prohibit the sale of demand letters and embrace strict measures to end this practice. Each of these companies should conduct internal audits to identify whether and how these sales are happening within human resources or other departments, and take swift corrective action when required.
GCC-based clients should:

- **Co-commission a study with engineering and construction firms – or commission an independent study – on the real cost of migration.** GCC-based clients may be government-affiliated entities, but they also are often corporations with their own interests in keeping costs down. The outcomes of either a study co-commissioned with construction firms or of two separate studies could form the basis for honest cost negotiations between project clients and employing companies in the tender process.

- **Only accept bids which accurately account for the cost of recruitment.** If clients are not paying their contractors for the full cost of recruitment, the likelihood that companies also are not paying their recruiters dramatically increases.

- **Give preference to contractors that can provide proof of payment to recruiters.** Also give preference, in bids, to contractors that offer proof of robust auditing and inspection policies and practices.

GCC governments should:

- **Investigate and prosecute the sale of visas through demand letters.** Gulf governments should explore special mechanisms for investigating, prosecuting, and adjudicating violations of their laws around visa selling, whether conducted by foreign nationals or GCC citizens. Enforcement efforts should target both informal brokers and registered agencies in GCC countries.

- **Reform immigration and labor laws in line with international standards.** All GCC countries should loosen restrictions to allow workers to switch employers, especially if the employer is violating their rights at work. Immigration law reform also should remove the ability of companies to limit freedom of movement by denying their employees exit permits in certain GCC countries. GCC governments should move to permit full freedom of association and the freedom to organize, both for migrants and their own citizens, in line with international standards. GCC countries also should sign all relevant ILO and UN conventions protecting the rights of migrants.

- **Enforce protective laws already on the books.** Most GCC countries have laws in place that require minimum standards for worker housing, payment of wages, and worker health and safety. GCC governments should expand their inspection forces to more robustly enforce those laws, and should regularly publish detailed and cited statistics on inspections conducted, violations discovered, and penalties levied.
The governments of India, Bangladesh, and other major migrant-sending South Asian states should:

- **Abolish or narrowly limit recruitment fees.** Bangladesh, India, and other South Asian states should impose legal limits on recruitment fees that comply with international standards. This means that fees should either be banned outright or permitted only for services like resumé processing and skills trainings. The current legal fee limits in several South Asian countries are well in excess of this amount. Once altered, South Asian governments should aggressively enforce these limits, and hold recruitment agencies and agents liable for violations.

- **Legalize, license, and regulate subagents.** Subagents provide value to licensed, urban-based recruiters, and therefore to employing companies in the GCC and their clients. Subagents should be legalized, registered, and regulated by all sending-country governments. This is a challenging task. The most practical way to accomplish this is to require licensed agencies to register the agents with whom they work, and then to actively investigate them to uncover any failures to report. Since subagents are often well-known in their regions of operation, local authorities should be enlisted and empowered to assist with this task. Once a critical mass of subagents is registered, they will be incentivized to report others who are not and might therefore undercut them.

- **Sign all ILO and UN conventions that protect the rights of migrants.** Major sending countries avoid signing these conventions either for fear of upsetting migrant-destination countries like those in the GCC, or because they permit the charging of recruitment fees up to certain amounts. Migrant-sending countries should explore the possibility of signing these conventions simultaneously, so as not to undercut one another’s standing with migrant-receiving governments like those in the GCC.

All stakeholders should:

- **Collaborate to adopt a model of shared responsibility.** All key actors, including those addressed in these Recommendations, as well as recruiters and workers themselves, should convene to develop a common plan of action for addressing the issue of recruitment fees paid by low-wage migrant workers. Together, they should assess the cost of this course of action, and formulate, agree upon, and implement an equitable plan to share responsibility for this cost.
Appendix 1: Methodology

As with all of our work, this report focuses on understanding the business drivers behind human rights abuses. Scholars, researchers, journalists, and advocates have begun to develop a field of practice around labor rights issues in the construction industry. It is now well documented that migrant workers in the Gulf endure harsh conditions, even as they continue to arrive by the hundreds every day. Our aim is to help explain why one of those abuses – the common payment of hefty recruitment fees – continues to occur by revealing the business practices that underlie the recruitment industry.

This report is based on five research trips to South Asia and the Gulf; interviews with more than 100 topic experts, professionals, and migrants across the construction and recruitment industries; documentary evidence; and data and policy analysis. We conducted research in the low-wage migrant-sending region of Telangana State, India, and the cities of Trivandrum and Cochin in the migrant-sending State of Kerala, India in November 2015; in Doha, Qatar and Dubai, UAE in February and April/May 2016 and in March 2017; in Abu Dhabi, UAE in February 2016 and in March 2017; and in Mumbai, India and Dhaka, Bangladesh – where many registered recruitment agencies are located – in August 2016.

From the labor supply side, we focus on India and Bangladesh because of the large volume of migrants coming from both countries, as well as a desire to begin filling research gaps in both places. India consistently sends more migrants to the GCC than any country in the world; about as many people as the next four countries – Bangladesh, Pakistan, Egypt, and the Philippines – combined. Indian migrants also represent a diverse mix of skill levels, ranging from low-wage construction and domestic workers to highly-trained engineers and business executives. Earlier research has shown that Bangladeshi migrants, who on average are less educated than their Indian counterparts, pay significantly higher fees due to a more economically dire economic situation in their home country and a resulting increased demand for the right to migrate. Bangladesh also has not previously been studied in the same depth as other key countries, such as Nepal.

From the labor demand side, the UAE and Qatar are particularly interesting because of the number of construction projects carried out on behalf of international cultural, educational, and artistic institutions, including NYU’s campus; the planned Guggenheim and Louvre Museums in Abu Dhabi; venues for 2020 Word Expo Dubai; and the World Cup stadiums and related infrastructure developments in Qatar. The Saudi Arabian construction market is the largest in the region and requires further study, but many organizations, including our Center, are deterred from doing so by strict government entrance policies.
Appendix 2: Corporate Roles in GCC Construction Projects

Table: Variants of Corporate Involvement in Design-Bid-Build (DBB) Procurement / Delivery

<table>
<thead>
<tr>
<th>Project Stages</th>
<th>Involvement of Various Business Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning / Design</td>
<td>Client</td>
</tr>
<tr>
<td></td>
<td>Designer</td>
</tr>
<tr>
<td></td>
<td>General Contractor(s)</td>
</tr>
<tr>
<td>Procurement / Bidding</td>
<td>General Contractor(s)</td>
</tr>
<tr>
<td></td>
<td>Subcontractors</td>
</tr>
<tr>
<td>Construction</td>
<td>General Contractor(s)</td>
</tr>
<tr>
<td></td>
<td>Subcontractors</td>
</tr>
<tr>
<td></td>
<td>Subcontractors</td>
</tr>
</tbody>
</table>

Contractual relationship
- - - - Working / non-contractual relationship

The primary roles in most GCC construction projects are:

- **Client**: Commissions and pays for the project. Can be a GCC government entity such as a utilities authority, government-chartered and funded corporation, or subsidized real estate developer.

- **Design firm**: Draws up architectural plans for a project. Some firms specialize solely in architecture and/or engineering, whereas some architectural departments are divisions of project management firms or contractors (see below).

- **Project management consultant**: Provides advisory services to the client, including planning and sometimes oversight. Has a formal relationship with the client, but usually not with contractors. Project managers sometimes will have their own engineering departments, and are most commonly engaged for large, long-term projects, or for projects requiring multiple phases.

- **General contractor**: Carries out actual building activities, largely through subcontractors. Has a formal relationship with the client. In some parts of the
world, project delivery methods that combine design and contracting roles are common for certain types of projects with quick deadlines.\textsuperscript{128} For large and complex projects in the GCC, however, design and contracting usually are carried out by different entities.

- **Subcontractors**: Carry out specialized on-site tasks, such as decorative, window, and elevator work. MEP (mechanical, electrical, and plumbing) engineers are key subcontractors on most construction sites. They have a formal relationship with the general contractor, but not the client, although in some cases the client may require collateral warranties from the subcontractor.\textsuperscript{129}

In practice, the line between these roles is often blurred. A single firm can play multiple roles across different projects, or be tasked with hybrid domains of responsibility within a single project. For example, a QDVC-Alstom consortium is responsible for both designing and constructing the Lusail City Light Rail.\textsuperscript{130} Bechtel, one of the United States’ largest construction and engineering firms, provided design, project management, and contracting services for Doha’s new Hamad International Airport, completed in 2014.\textsuperscript{131} Around the same time, Bechtel provided project management services to Qatar Petrochemical Company’s construction of a petrochemical complex in Ras Laffan, Qatar, with other companies providing general contracting services.\textsuperscript{132}

Most of the top global design and project management firms are based in Western Europe or the United States, and include a mix of privately-owned and publicly-traded companies. Contracting firms are more geographically diverse, although most top global firms are based in Western Europe, the US, South Korea, or China. The second largest architectural firm in the world, AECOM, is also the world’s second-largest contractor. AECOM’s revenue in 2016 was just under US$18 billion, more than Facebook’s revenue for that year.\textsuperscript{133}

### Architecture Firms

The Gulf has become a prime destination for showcasing the talents of the world’s most prominent architects. The Guggenheim’s Abu Dhabi campus will be 12 times the size of the museum’s New York site. With a price tag of US$800 million and no space or design constraints, it is one of the crown jewels of architect Frank Gehry’s portfolio, featuring a “graceful tumble of giant plaster building blocks and translucent blue cones.”\textsuperscript{134} Architects compete for high profile commissions in the GCC because of the opportunity to experiment with bold and new design techniques.\textsuperscript{135}

Like project management firms and contractors, architects have faced criticism over the failure to address migrant rights in the GCC. In 2011, a group of artists announced a boycott of the Guggenheim Abu Dhabi, designed by Frank Gehry, refusing to allow their work to be displayed after reports surfaced of worker rights abuses on Saadiyat Island.\textsuperscript{136} Mr. Gehry noted that he had spoken with UAE officials even before the protests, and that “... they’re concerned about [workers’ rights], too. We’re going to make sure everything
is done properly. We’re trying to move the needle.” As of October 2016, negotiations between the Gulf Labor Artist Coalition and the Guggenheim Abu Dhabi appeared to have soured, leading to a renewed call to protest.

In 2014, The Guardian asked the late Zaha Hadid, the architect of the stadium where the World Cup Finals will be played, if the prospect of migrant worker deaths at the stadium site concerned her. She replied, “I have nothing to do with the workers. I think that’s an issue the government – if there’s a problem – should pick up. Hopefully, these things will be resolved ... I’m not taking it lightly but I think it’s for the government to look to take care of. It’s not my duty as an architect to look at it. I cannot do anything about it because I have no power to do anything about it.”

APPENDIX 2: CORPORATE ROLES IN GCC CONSTRUCTION PROJECTS

The National Museum of Qatar, an architecturally stunning undertaking, currently under construction in Doha. (Pygmalion Karatzas Photography).

2. No GCC country has ratified the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (opened for signature December 18, 1990, 2220 UNTS 3, entry into force July 1, 2003), nor have a number of key South Asian migrant-sending countries like India, Pakistan, and Nepal. All GCC countries and major South Asian migrant-sending countries, with the exception of the Philippines, also have failed to ratify major International Labour Organization (ILO) Conventions protecting the rights of migrant workers. Nonetheless, each of these countries has domestic laws in place ostensibly intended to protect migrants.


8. Ibid., p.19.


28. The “Supreme Committee for Delivery and Legacy in Qatar,” for example, is the body tasked by the Qatari government with completing all preparations for, and successfully executing, the 2022 FIFA World Cup tournament. Moreover, in the GCC, most business ventures must be majority-owned by a local entity. As a result, in order to enter GCC markets, most multinational corporations must form joint venture partnerships with GCC-based firms. In some cases, the venture exists indefinitely and may bid for multiple projects. In other cases, joint ventures are created for one project only. See, for example, André Oliveira Santos, Integrated Ownership and Control in the GCC Corporate Sector, IMF Working Paper WP 15/184, 2015, https://www.imf.org/external/pubs/ft/wp/2015/wp15184.pdf. (Note, however, that there are several free economic zones in the region which are exempt from local majority ownership requirements, and certain types of businesses must be wholly owned by citizens).


30. Ibid.  

31. Clients in the GCC typically use a service procurement and project delivery process known as “Design-Bid-Build” (DBB) to award contracts to design firms, project management firms, and general contractors. In this model, the client engages a designer to draw up a vision for the project before soliciting bids for the construction process. Once the designer has finalized the design – or possibly while designs are being drawn up – the client opens the bidding process for general contractors and, on many larger projects, project management consultants. The bidding may be open to all interested parties or to a selected group based on reputation or past business relationships. Alternative methods of procurement and delivery are emerging worldwide, including “Design-Build” and “Construction Management At-Risk.” Both of these methods combine the traditional specializations of project managers and contractors. The Design-Build method, in particular, is gaining traction in some parts of the world for large infrastructure or cookie-cutter projects. “EPC” (Engineering, Procurement, Construction) firms may be retained for these projects. For large GCC projects, however, variations of DBB still tend to predominate. Another model of project delivery common in the Gulf is a variation of DBB called “multiple primes,” in which the client retains multiple general contractors, and sometimes multiple project managers, to oversee different aspects or phases of a large project.

32. Senior manager with more than two decades of experience in the construction industry in the region, author interview, February 17, 2016, Dubai, UAE.

33. One of the respondents provided an estimate of direct employees but did not provide a corresponding figure for indirectly hired workers. Assuming it does indirectly employ workers, the overall percentage of indirect hires would increase proportionally to this figure. In addition, figures provided by all firms except one - which separated statistics for higher paid “expats” – include these expats as direct employees, thereby further inflating the number of direct hires. Nonetheless, it appears that a solid majority of low-wage workers employed by respondent companies are direct hires.

ENDNOTES

---


42. In general, the Philippines protects its overseas workers more aggressively than any other major South or Southeast Asian migrant-sending country.


44. Interviews with former and prospective GCC migrant construction workers in Hyderabad, India, November 13, 2015.


47. The World Bank, “Personal remittances, received (% of GDP),” http://data.worldbank.org/indicator/BX.TR.F.WPKR.DT.GD.ZS.

48. When asked why his government does not do more for its migrant workers in the GCC, an official with experience in a major sending country’s diplomatic mission in the GCC replied, “I would think that [his home country’s] government doesn’t want to ruffle any feathers [amongst local GCC officials. For all the people here], there are many more at home who are unemployed.” See also Mohammed Rasooldeen, “Dhaka thanks king for lifting ban on workers,” Arab News, August 11, 2016, http://www.arabnews.com/node/967666/saudi-arabia. Reactions like this by migrant-sending country governments to the opening of migrant corridors are not uncommon.


51. Adams v. Tanner, 244 U.S. 590 (1917).


59. Declan Croucher, Verité, author interview, June 2, 2016, via telephone.

60. Owner of a large, Mumbai-based recruitment agency, author interview, August 5, 2016, Mumbai, India.

61. Two unnamed employees, small Mumbai-based recruitment agency, author interviews, August 4, 2016, Mumbai, India.


63. Two unnamed employees, small Mumbai-based recruitment agency, author interviews, August 6, 2016, Dhaka, Bangladesh.

64. There are significant differences between recruitment of skilled and unskilled workers in the construction industry. Skilled workers may serve as engineers, accountants, and draftspersons, while unskilled workers serve as generic laborers, painters, cleaners, or transporters. Semi-skilled work includes roles such as masons, crane operators, and drivers. India sends a diversity of skilled, semi-skilled, and unskilled workers to the Gulf, while the majority of Bangladeshi workers are unskilled.

65. Owner of a large, Dhaka-based recruitment agency, author interview, August 6, 2016, Dhaka, Bangladesh.

66. Owner of a large, Mumbai-based recruitment agency, above n 60. Some recruitment agencies are able to command fees from employers because of their established reputations or long track records, especially when processing semi- and high-skilled workers. Referring to a much larger competitor, one Mumbai-based registered agency observed, “they have 25-30 years’ experience in the field, so they have relationships with the company.” Smaller recruiters and those trying to break into the market, he noted, do not have the kind of relationships and scale that would enable them to be paid, even to recruit higher-skilled workers.

67. Despite this risk of non-payment, recruiting skilled migrants is an attractive business proposition for recruiters. The most established and largest agencies focus on sending skilled workers, which employers are more likely to pay for as a service. While it is difficult to assess the exact profit margin for recruiting a high-skilled migrant, agents in both the GCC and South Asia suggest that recruiters charge employers 8-9% of a high-skilled worker’s annual salary, or an amount equivalent to one month of his or her salary. For example, if an Indian technician will earn US$40,000 annually in UAE, and the employer pays the recruiter for its services, the recruiter will gross around US$3,400 on the transaction.


70. MADE Network, above n 46.

71. Based on interviews with prospective and returning migrant workers in Telangana State, India, November 2015. Fees were only reported as lower than this in cases where workers did not use recruitment agents – as when family members in the Gulf were able to procure and send visas or when they worked only with a registered agent and no subagent. A worker who directly engaged an urban-based registered agent, thereby cutting out subagents, claimed to pay INR60,000 (US$925) to the agency; author interview at GAMCA (prospective migrant medical screening center), November 12, 2015, Hyderabad, India. Fee amounts can vary based on factors like the number of agents involved in a transaction, the type and salary of the job promised, the perceived desirability of working in a particular destination country, and demand for workers from a particular sending country.


73. Matthew Hurley, Bright Star Careers, author interview, May 10, 2016, via telephone.


76. The word, which in Hindi and Urdu means “broker,” is often used pejoratively, as in “pimping.” It is also used to describe brokers in migrant-sending countries.

77. Mustafa Ghulam, Pratnik Express Limited and Pratnik Travels & Tourism Ltd., author interview, August 7, 2016, Dhaka, Bangladesh.

78. Practices like this may occur with or without the knowledge of corporate higher-ups, and can occur regardless of whether a company pays its South Asia-based urban recruiter.

79. Ghulam, above n 77.

80. Senior construction industry manager, above n 32.


82. Verité & The Freedom Fund, above n 74, p.23. Amount cited here does not include cost of a registered GCC-based recruitment agent, whose services are less commonly engaged for low-wage construction workers. For Qatar Foundation’s analysis, see Ray Jureidini, above n 1, pp.44-50.

83. Figure provided by owners of two small registered recruitment agencies, author interviews, August 9, 2016, Dhaka, Bangladesh. See below for explanation of “free visas.”

84. Staff member of ODEPC (Kerala State government recruiting agency), author interview, November 16, 2015, Trivandrum, India.


88. For a sense of conversations surrounding this issue in Saudi Arabia, see, e.g., P.K. Abdul Ghafour, “KSA Toughens Stance on Illegals,” Arab News, April 15, 2014, http://www.arabnews.com/news/555891; and Dr. Saud Al-Meraishid, “Deport all Expat Illegals,” Arab News, November 10, 2016, Kamareddy, India. At the time of author visit, the manager of Mango Tours reported that the subagency was in the process of registering with relevant government authorities.

89. According to the Bangladeshi trade association of registered recruitment agents – BAIRA – there are approximately 1,300 registered recruiters in the country. While the federal government in India does not keep similar statistics, there may be as many as several hundred licensed recruiters in Mumbai alone, and likely hundreds more throughout the country. Only a portion of these listed agencies are active in any given year; the number of active recruiters in Bangladesh is likely between 150 and 400, according to people in the industry.


91. Rasooldeen, above n 48.

92. Owners of two small Dhaka-based recruitment agencies, above n 83.

93. Staff member of ODEPC, above n 84.

94. Sources conflicted, they were averaged. When figures provided by both sources conflicted, they were averaged. Ranges were provided, means were used. Estimated monthly salaries provided and agreed upon by owners of two small registered recruitment agencies, above n 83. The chart assumes no additional charges on top of recruitment fees; in reality, many workers take out high-interest loans to pay these fees.

95. Ibid.

96. Ibid.

97. Manager of Mango Tours, author interview, November 11, 2015, Darpally, India. At the time of author visit, the manager of Mango Tours reported that the subagency was in the process of registering with relevant government authorities.

98. Owner of large Dhaka-based recruitment agency, above n 65.

99. Ghulam, above n 77.

100. Owners of two small Dhaka-based recruitment agencies, above n 83.


102. Reddy, above n 43.

103. Mohammad Emon, author interview, August 7, 2016, Dhaka, Bangladesh.

104. 45-year-old contractor, author interview, November 10, 2016, Kamaradddy, India. At the time of author visit, the manager of Mango Tours reported that the subagency was in the process of registering with relevant government authorities.

105. Manager of Mango Tours, author interview, November 10, 2016, Kamaradddy, India. At the time of author visit, the manager of Mango Tours reported that the subagency was in the process of registering with relevant government authorities.

106. The owner of one large Hyderabad, India-based firm affirmed, “[w]e don’t take business from subagents. They will take commission and it’s illegal.” But later in the same conversation, the owner’s son clarified, “we can call them field agents,” and confirmed that their agency does engage such agents. Large recruitment agency, author interview, November 13, 2015, Hyderabad, India.

107. Two unnamed employees, small Mumbai recruitment agency, above n 61.

108. Ibid.


110. Owners of two small Dhaka-based recruitment agencies, above n 83.

111. Mango Tours manager, above n 105.

112. Verité & The Freedom Fund, above n 74. Executive Summary: Overview. Amount cited here does not include cost of a registered GCC-based recruitment agent, whose services are less commonly engaged for low-wage construction workers.

113. Senior construction industry manager, above n 32.

114. Jephcott, above n 68.

115. Owner of large Dhaka-based recruitment agency, above n 65.

116. Ghulam, above n 77.

117. Two unnamed employees, small Mumbai-based recruitment agency, above n 61.

118. Interview with former human resources official with a top-10 GCC-based construction firm, author interview, March 2017, Dubai, UAE.

119. One employee with small Mumbai-based agency, one of two unnamed employees, above n 61.

120. Unnamed travel agent, author interview, August 4, 2016, Mumbai, India.


122. Owners of two small Dhaka-based recruitment agencies, above n 83.

123. Ibid.

124. Owner of one large Mumbai-based recruitment agency, above n 61.

125. Owner of large Dhaka-based recruitment agency, one of two unnamed employees, above n 61.

addressing-workers-rights-in-engineering-and-construction-opportunities-for-See
also Ray Jureidini, above n 1.

127. Neither Qatar nor the UAE publish official statistics on migrant nationalities. BQ 
Magazine has estimated these breakdowns based on data provided by embassies:
Jure Snoj, “Population of Qatar by nationality,” BQ Magazine, December 7, 
economy/2013/12/population-qatar; and Jure Snoj, “UAE’s population – by 
nationality,” BQ Magazine, April 12, 2015, 
http://www.bq-magazine.com/economy/ 
soeconomics/2015/04/uae-population- 
by-nationality. See also Froilan T. Malit Jr. & 
Ali Al Youha, “Labor Migration in the United 
Arab Emirates: Challenges and Responses,” 
Migration Policy Institute, September 18, 
article/labor-migration-united-arab- 
emirates-challenges-and-responses.

128. Design-Build Institute of America, Choosing 
a Project Delivery Method: A Design-Build 
dbia.org/about/Documents/db_primer_ 
choosing_delivery_method.pdf.

129. Ahmed Ibrahim, “Subcontracting under 
fenwickelliott.com/research-insight/ 
newsletters/international-quarterly/ 
subcontracting-under-uae-law.

130. David Briginshaw, “QDVC-Alstom 
consortium wins Lusail LRT contract in 
Qatar,” International Rail Journal, June 24, 
php/light-rail/qdvc-alstom-consortium- 

131. Bechtel, “Hamad International Airport,” 
http://www.bechtel.com/projects/hamad- 
international-airport/.

132. Bechtel, “Bechtel to Provide Project 
Management Services for Design and 
Construction of Petrochemical Complex,” 
bechtel.com/newsm/releases/2013/07/ 
design-construction-services-petrochemical- 
complex/ Firms which provide design and 
construction services are sometimes referred 
to as EPC (engineering-procurement- 
construction) firms.

fortune.com/fortune500.

134. Carol Vogel, “A New Art Capital, Finding 
Its Own Voice: Inside Frank Gehry’s 
Guggenheim Abu Dhabi,” The New York 
nytimes.com/2014/12/07/arts/design/ 
inside-frank-gehry-s-guggenheim-abu- 
dhabi.html.

135. Dada Zecic Pivac, “Architectural Trends in the 
www.bq-magazine.com/industries/2015/10/ 
architectural-trends-in-the-gcc.

136. “Artists to Boycott Abu Dhabi’s Guggenheim 
Over Labor Rights,” Bloomberg Terminal, 
com/news/articles/2011-03-17/artists-to- 
boycott-abu-dhabi-s-guggenheim-museum- 
over-laborers-rights.

137. Vogel, above n 134.

138. Gulf Labor Artist Coalition, “Gulf Labor 
Addresses Guggenheim’s Silence,” October 
guggenheim-silence/#more-2283.

139. Vanessa Quirk, “Zaha Hadid on Worker 
Deaths in Qatar: It’s Not My Duty As an 
Architect,” ArchDaily, February 26, 2014, 
http://www.archdaily.com/480990/zaha- 
hadid-on-worker-deaths-in-qatar-it-s-not- 
my-duty-as-an-architect.