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The policy context, social protection and temporary transnational labor migration in South-East Asia

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Abstract

Transnational labor migration is a growing phenomenon in South-East Asia. At the macro-scale, this results in a progressively more complex set of linkages and dependencies which are linked to national policies, international agreements and business agents. At the micro-scale, working abroad is often part of a livelihood strategy designed to secure the well-being of families left behind. This paper adopts a comparative case study approach to examine the relationships between government policies and social protection in two South-East Asian countries. We find that while migration is a promotive social protection strategy, its scope is limited because of global inequities and a lack of formal international agreements. Individual household social protection strategies may discourage national policy development and increase social welfare inequalities between more and less developed countries.

Keywords:

Social protection, migration, government

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Introduction

Transnational labor migration from and within South-East Asia is a growing phenomenon. Foreign labor export is now a well established practice in some countries such as the Philippines whereas in others, such as Viet Nam, it is largely a more recent development. A growing body of literature documents the experience of transnational migrants in receiving destinations (Ball & Piper, 2002; Kabeer, 2007), while there has been much less attention focused on experiences of children and families left behind. No reliable figures exist on the number of transnational households in South-East Asia but the number is growing as the export of labor through international migration becomes a structural reality in several countries, “setting in motion the dynamics for further migration in the years to come” (Asis, 2005). This raises important questions about the welfare of those left behind during the temporary period of migration and the future welfare of returning migrants. Despite differences between sending countries, there are lessons to learn from a systematic comparison of social policies and strategies relating to those left behind in countries with different histories of temporary labor exportation. This paper examines policies and practices that influence labor exportation and the social protection of left-behind families using a comparative case study of two South-East Asian sending countries, the Philippines and Viet Nam, in order to understand better how such policies affect the geographies and selectivity of outmigration, and impact on the well-being of family members. Viet Nam and the Philippines offer a rich comparative framework for a number of reasons. First of all, the two countries have very different historical frameworks including, but not limited to, more proximate past influences such as colonial ties and post-colonial nation-state building, and more distal influences regarding patrilineal filial responsibilities for provision of intergenerational support. Additionally, and of particular relevance to the current investigation, the two countries diverge in their transnational migration profiles since the Philippines has a long-standing and well-established transnational migration tradition compared to the relative newcomer status of Viet Nam.

At the micro-scale of the household, transnational labor migration can be viewed as both a short-term livelihood strategy and a longer-term social protection strategy (Sabates-Wheeler & Waite, 2003). In the short-term, transnational labor migration provides financial remittances that can support the daily subsistence needs of left-behind families, as well as access to education and health services (Jones & Kittisuksathit, 2003). In the longer-term, remittance monies can lead to cash savings and investments in house building and business start-ups and expansion (Hugo, 2006). The migration of younger generations can also provide intergenerational support for older family members. Thus transnational labor migration of one or more members of a household can be seen as a strategy designed to secure the well-being of families left behind.

However, families operate within the context of the wider community, which includes civil society and government organizations. National policies may act to promote, or discourage, labor migration in general, as well as to influence the geography of destination choices and migrant selectivity. State sponsored social protection systems in South-East Asian sending countries are generally underdeveloped, and a lack of social protection measures may inform transnational labor migration choices (Sabates-Wheeler & Waite, 2003). Prior research documents

the geography of migrant destinations, as well as selectivity in who migrates (Kabeer, 2007; Oishi, 2005). National policies are one tool that sending countries can utilize to influence these choices through, for example, the creation of formal migrant quotas as part of bilateral agreements with receiving countries and bans on labor exportation for certain classes of employment and destinations. The promotion of particular migration flows also contributes to migrant selectivity as many types of employment are gendered.

Restrictive policies such as bans appear to be more effective in decreasing the legal movements of female migrants while contributing to a rise in undocumented migration, putting women at increased risk for exploitation in the destination countries (Piper, 2004). This suggests that examining policies which focus explicitly on migration may not provide a complete picture of the broader policy context that influences outmigration. In the absence of comprehensive social protection policies and practices within a sending country, transnational migration may emerge as a dominant social protection strategy regardless of the state's official policies on migration but this may result in ambiguous, even detrimental, long-term consequences for individual and collective social and economic security, especially where non-governmental organisations do not fill the welfare gap.

The paper applies the model of social protection developed by Devereux and Sabates-Wheeler (2004) to two migrant sending countries with very different historical backgrounds. By investigating the role of the policy context in shaping transnational labour migration, the paper illustrates linkages between macro- and micro-levels of analysis that are frequently mentioned, but less frequently interrogated in the current literature. We narrow the focus of the concept social protection to concentrate primarily on social security entitlement and voluntary insurance programs including medical care and health coverage, old-age benefit, employment injury benefit, disability benefit and survivors benefit since these are particularly relevant to the physical and economic well-being of migrants and their families during the period of migration as well as over the life course of the migrant and family. We choose not to include the social assistance side, sometimes referred to as the 'zero' pillar of social protection (Asher & Nandy, 2006; Singh, 2007), since the discussion focuses on temporary documented overseas foreign workers (OFWs) who by definition are not among the indigent, the poorest of the poor in countries of origin. Prior research demonstrates OFWs are of higher economic status than internal migrants (Skeldon, 2005; World Bank, 2007). We conclude by arguing for the importance of understanding the linkages between national and household livelihoods where household social protection strategies may influence global governments to abdicate a transformative role in developing longer-term social protection measures, hence exacerbating existing social and economic inequalities.

Social Protection Systems in the Context of Development

Devereux and Sabates-Wheeler's (2004) analysis brings together different strands of social protection within a single framework with four main elements: protective; preventive; promotive; and transformative measures. *Protective* measures are those that provide relief from deprivation, often referred to as social safety nets and social assistance in the literature. Social security programs are *preventive* social protection measures to avert deprivation and can include a broad range of benefits such as medical care, sickness, unemployment, old-age, employment injury, family, maternity leave, disability, and survivors benefits. Basic medical care, old-age, survivors and disability benefits exist in almost every country in the Asia Pacific region, and while

health care is ostensibly available to all, user fees and any treatment beyond basic care are often outside the reach of many because of high costs. Old-age, survivors and disability benefits are most often tied to formal labor market participation and generally only mandatory for civil servants resulting in low coverage rates (Walker & Pellissery, 2008). Survivors and disability benefits are much less likely to be provided. Labor migration is classified as a *promotive* social protection strategy that affords economic opportunity, a type of springboard to lift individuals and households out of poverty.

One of the key arguments of this framework is that equity and rights are neglected elements of the social protection discourse with implications for the achievement and sustainability of poverty reduction, and that a fourth category of *transformative* measures is a crucial addition to debates about social protection. Transformative measures “seek to address concerns of social equity and exclusion such as [supporting] collective action for workers’ rights” (Devereux & Sabates-Wheeler, 2004:10). In the context of transnational migration, issues of equity bridge the geographical boundaries of origin and host countries. In what has been described as ‘a race to the bottom’ (Kannan, 2007; Walker & Pellissery, 2008), it is sending countries that are often disadvantaged in the global arena, and issues of equity are relevant for the government and the citizens of these countries. A rights-based approach has not yet been consistently applied to the “migration-development nexus” (Piper, 2008: 1299) and considering the increasing feminization of migration flows from regions such as South-East Asia, the implications for issues of equity are magnified since women are often doubly disadvantaged due to the effects of their gender status. Migration provides opportunities for individuals to secure some measure of economic independence; however it may mark the creation of a perpetual cycle for future generations which does not necessarily signal the achievement of independence and autonomy in a truly transformative sense.

The following analysis suggests that elaborating the mechanisms between preventative, promotive and transformation social protection measures is critical. Through the examination of elements of social security within the Philippines and Viet Nam, we find that while temporary labor migration is a promotive social protection strategy, the range of influence is limited in the absence of tandem development of preventive social protection strategies. Secondly, and perhaps more importantly, transformative social protection strategies appear to be overlooked and when they are addressed, the mechanism is one with less leverage such as unilateral treaties initiated by sending countries where unequal power relations between countries may hinder effectiveness, and even result in unintended consequences such as an increase in undocumented migration and concomitant decrease in social protection.

Informal Social Protection: The Family

Within the Asian historical context the family has fulfilled a primary safety net and social insurance function and prior research does indicate the significant role family and extended kin networks continue to play in economic security within the region (Asis, 2004; Frankenberg, Lillard, & Willis, 2002). Nevertheless it should be noted that there is great heterogeneity across Asia regarding the configuration of the familial safety net. One major categorization is between the traditionally patrilineal East Asian societies and the more bilateral South-East Asian ones (Chan, 2006; Ofstedal, Knodel, & Chayovan, 1999). In patrilineal societies, sons are traditionally responsible for providing care and support to aging parents compared to bilateral

societies where daughters are considered to have an equal, if not more, important role than sons. These traditional roles may contribute to migrant selectivity vis-à-vis the gender of the migrant, by expanding or restricting the influences on whether a mother (daughter) or father (son) migrates. Social expectations regarding intergenerational roles and structural realities such as a lack of adequate income-generating employment locally may also contribute to a perceived or actual need for engaging in transnational labor migration.

The Wider Context: Nation-State Livelihood Strategies

As families and societies are reconfigured by the effects of globalization, the role of the extended family as safety net is also reconfigured. The term ‘crisis of care’ (Parreñas, 2005a) often used to describe the impact of rising trends in transnational labor migration from the global south may reach further into the recesses of Asian society that previously recognized. Changes in household and family arrangements in the Asia-Pacific, especially those related to temporary transnational labor migration arrangements, are restructuring households in the region (Douglass, 2006) resulting in an increasing number of modified extended family households (Toyota, Yeoh, & Nguyen, 2007) and new types of poverty, such as among the elderly. These changes signal a need for critical evaluation of social protection measures in transitional economies where this key traditional measure of informal social protection, the family, may not be able to continue to play such a significant role in the future. In fact the experiences of some of the developing economies in East Asia (South Korea, Taiwan and Malaysia) suggest that to the extent possible, governments should provide support for continuing private family-based welfare provision (Fritzen, 2003). However, it is not enough for governments to state that the family will continue to take on this role and thus fail to address underlying issues of access and equity that can influence the economic security of child and elder dependents.

One argument explaining the underdevelopment of social protection programs is that developing countries are not able to afford funding of formal social protection measures (Dixon, 2001; International Labour Office Social Security Department, 2008). Conceptualizing how to extend benefits to pockets of the population who participate in the informal economy or reside in predominately rural areas does present fiscal challenges. However, documented international labor migrants, neither the highly-skilled professional nor poorly educated or unskilled laborer, cannot be classified as belonging to the informal or rural economy sector, and thus this particular fiscal challenge is not applicable to their situation. Figure 1 (below) presents a modified version of Devereux and Sabates-Wheeler’s model (2004) that illustrates the relationships between preventive, promotive and transformative social protection measures explored in this paper. We focus on how short- and long-term preventive measures of social security are integrated into national development strategies of foreign labor export. There is a concern that in the quest for economic opportunity preventive measures may be overlooked and transformative measures underutilized or ineffective within existing power hierarchies.

Social security benefits such as pensions that are often available to highly-skilled professional migrants differ from those available to workers who are less-skilled. The former are more likely to have access to rights that are equal or near equal to those of citizens in receiving countries than the latter (Hugo, 2006). Migrants recruited to lower-skilled employment are most likely to be contracted as temporary

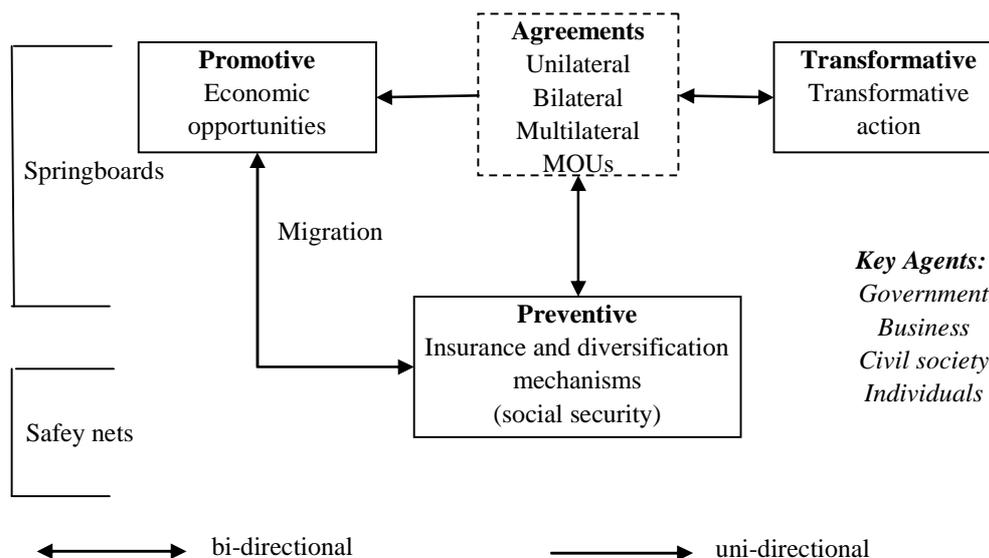


Figure 1: Aspects of social protection
Source: Adapted from Devereux and Sabates-Wheeler (2004)

guest workers in the destination country, often referred to as overseas foreign workers (OFWs), and are much less likely to receive the extension of any preventive social protection such as social security within the receiving country. Thus, by choosing to engage in a promotive social protection strategy, OFWs run the risk of losing any social security entitlements in their country of origin if they remain away for too long of a period and encounter restrictions on accrual of benefits in host countries (ILO Conference Report, 92 Session, 2004). Even if an OFW is able to accrue benefits in a host country, they may encounter difficulties with benefit portability, especially for future benefits such as old-age pensions. Restrictions can impact on a range of social security issues pertinent to migrant families not only old-age pensions but access to medical care or health insurance for children and other left-behind family members if health benefits are tied to labor market participation in the country of origin as well as sickness, disability, and employment injury benefits if the qualifying event occurs overseas and necessitates a return to country of origin.

The OFW is a relatively minor actor in the playing field of government, business and civil society, and although the idea of transnational labor migration may be rooted in the promotion of individual and household economic opportunity, the rewards of the event benefit all of the key actors. Establishing formal agreements is a transformative process that can facilitate the inclusion of preventive social protection strategies into the development of international migration movements. However these types of agreements are not created equal in terms of leverage, and upon closer examination, suggest how transformation of social rights and movements towards equity may be hindered. Figure 2 provides more detailed information about four primary types of agreements.

A receiving or host country may decide to extend social welfare benefits through a Unilateral Agreement (ULA) to all workers regardless of skill and occupational classification and worker status in a statement to promote global equity at a considerable financial cost. Alternatively, a sending country could decide to extend benefits to workers while they are away, but a social protection system must also be in place to ensure welfare in the longer term, which is often not the case in

Mechanism	Key Agents	Number involved	Strengths	Weakness
Unilateral Agreement (ULA)	Government	1	- easy to establish - promotes equity	- difficult to enforce - cost is not shared
Bilateral Agreement (BLA)	Government	2	- formal treaty, legally binding - cost sharing	- time and labor intensive - high burden on receiving country - power imbalances between sending and receiving countries
Memoranda of Understanding (MOU)	Government/ Business	2	- easy to establish - formalize relationships	- business interests are primary - limited government role decreases leverage
Multilateral Agreement (MLA)	Government/ Business/ Civil Society	Multiple	- formal treaty, legally binding - cost sharing	- requires mature social security systems - regional proximity - high administrative burden

Figure 2. Types of treaties and agreements

Sources: Lee & Archer, 2006; OSCE IOM ILO, 2006

developing countries. A sending country has limited ability to enforce ULAs for their OFWs decreasing the transformative element of this mechanism. Bilateral agreements (BLAs) are difficult to establish and are most often observed when a receiving country is relatively mature and has a commitment to social equity. A sending country is often dependent on the influx of foreign exchange for servicing national debt, and if the sending country mandates the extension of social protection benefits to their OFWs, a receiving country may choose to secure labor from another less restrictive market. OFWs may then be forced to increase undocumented movements to secure a livelihood and undocumented channels afford no hope of protection or recourse. Persistent power hierarchies can influence the ability of sending countries to establish transformative BLAs with receiving destinations. Memoranda of Understandings (MOUs) are a frequently used mechanism to formalize migration movements but lacking explicit government involvement result in a decreased ability of government agents to leverage for worker protection. Generally MOUs focus on the business end of migration, setting forth hiring quotas and other terms of employment contracts rather than social welfare issues. Many of the major receiving countries for OFWs are outside of the sending region and mature social security systems and administrative structures are not, as of yet, present in South-East Asia, making the multilateral agreement MLA a challenge to implement.

Transnational Labor Migration- A Structural Reality

The Philippines is a regional and world-wide leader in the export of OFWs. A number of factors, including a growing need for inexpensive labor in the oil-rich Gulf region combined with a lack of adequate jobs, decent wages and international balance of payment problems in the Philippines, converged in the 1970s and resulted in the beginning of what was to become a monumental scale-up of international labor exportation (Asis, 2006; Battistella, 1999; Parreñas, 2005a). This action was initially conceived as a temporary stop-gap measure during a period of great economic upheaval, but has evolved into a national strategy for securing individual and family livelihoods through remittances, and arguably for securing state livelihood as well through the influx of foreign exchange. The new world order in the age of globalization reflects the dependence of lower income countries in the global south on higher income countries within the region and worldwide due to the need for foreign exchange to stabilize national balance of payments and provide families with greater

economic security through higher wages than those available in the Philippines, and cash in hand that is more immune to domestic shocks (Parreñas, 2005a; Piper, 2008).

In comparison, Viet Nam is a relative latecomer to participation in the export of OFWs. The current period of overseas migration in Viet Nam is referred to as the third wave, and followed the institution of Doi Moi with the relaxing of state control, and the opening of Vietnamese markets beyond the former Soviet Union and Eastern European bloc countries. The previous two waves were characterized by restricted migration flows to those regions and reflected partial repayment of mounting debt (Dang, 2008). Government records indicate that around 200,000 workers were deployed at the peak of out-migration during the 1980s (Acharya, 2008) and that almost one half was female (Dang, Tacoli, & Hoang, 2003). The current period of migration is characterized by primary migration flows to East Asian countries, and gradually is expanding to include countries worldwide with the Middle East region representing an emerging destination. The promotion of OFWs is considered part of long-term development strategy to increase human capital, generate foreign currency and rebuild international relations.

There is a paucity of reliable information to estimate the precise magnitude of the scale of OFW migration from the Philippines and Viet Nam. Filipino government statistics from 2007 state that current number of OFWs includes 4.1 million documented and just under one million undocumented for a total of around 5 million (Philippines Overseas Employment Administration, 2007). Reliable information about the number of families and children left behind is less available, but one recent estimate suggests that approximately nine million Filipino children, roughly equivalent to 27 percent of the youth population, are growing up with a transnational migrant mother, father or both mother and father (Parreñas, 2005b). The overall scale of Viet Nam's migration is noticeably smaller, with an estimate from 2006 of approximately 400,000 documented Vietnamese OFWs in over 40 countries (Dang, 2008). During the 1990s Vietnamese women comprised a much lower share of OFWs than Filipina women at about 18 percent (Dang et al., 2003) likely reflecting government restrictions on contracts for female workers within many service occupations at that time. There are no reliable estimates of how many of Vietnamese OFWs are parents of children or have dependent elders left behind.

Filipino migrants are spread across the globe with the largest concentration of OFWs in the Middle East followed by East and South-East Asia regions. Deployment statistics from 2006 support this claim with almost 80 percent of new hires and rehires of OFWs located within these regions. The first column of Table 1 displays the percentage share of combined new- and re-hires for the top five receiving destinations in 2006. Saudi Arabia has by far the largest share of Filipino OFWs with 29.4 percent of new hires and re-hires. Among the new hires (column two) there are noticeable differences in the composition of OFWs by sex with Hong Kong, Singapore, and United Arab Emirates (UAE) having the highest concentration of women in that order. Saudi Arabia has a little less than one half female new hires while Qatar has only one third. The majority of the new hires deployed from the Philippines in 2006 are classified as either service or production workers, and not surprisingly, the composition of these two occupational classifications reflects dominant gendered norms with over 80 percent of the service workers female and over 80 percent of the production workers male averaged across all destinations (Philippines Overseas Employment Administration, 2007).

Table 1: Top five receiving nations for new- and re-hires from Philippines, 2006

	Deployed New- & re-hires	New hires % women	Production - New hires		Service- New hires %	
			Overall	% male	Overall	female
Saudi Arabia	29.4%	44.4%	43.2%	81.1%	33.9%	81.2%
United Arab Emirates	14.9%	69.2%	23.3%	71.3%	53.3%	90.0%
Hong Kong	7.3%	97.6%	0%	--	99.7%	97.6%
Qatar	6.9%	34.0%	43.5%	98.1%	40.1%	70.3%
Singapore	6.1%	80.0%	5.4%	94.9%	73.2%	98.5%

Source: Tables 4, 29, 2007 Overseas Employment Statistics

Note: Total for first column does not add to 100. It is only for the top five destination categories.

Columns 3 to 6 show more detailed information about the share of new hires and percentage by predominant sex within each of these occupational categories. Three of the five top destinations Hong Kong, Singapore and UAE, have service workers as the most common occupation represented by OFWs which fits with the sex composition of the OFW population. Production workers comprise the largest single occupational share of OFWs in Saudi Arabia providing support for the sex selectivity although it is not as strongly supported as it is for female OFWs. The situation in Qatar is more unique with 43.5 percent production and 40.1 percent service reflecting the overall lower levels of female OFWs. Only 70 percent of OFW service workers are female in Qatar, which is the lowest share within this occupational category among the top five receiving countries. In general, the percentage of occupational category by sex reflects segregation within occupational status among Filipino OFWs.

In contrast, the largest concentration of Vietnamese OFWs is within East Asia, with over 60 percent of documented OFWs placed in this region as of 2006. The migrant population in Malaysia and Taiwan together comprises almost one half of all legally deployed OFWs (see Table 2 below). Four of the top five receiving destinations are in East Asia, and the fifth, United Arab Emirates, has a much smaller share of the total migrant population of less than one percent.

Table 3: Top five receiving nations for currently deployed from Viet Nam, 2006

	Deployed	Occupational Classification By majority sex			
		Production	Male	Service	Female
Malaysia	25.0%	Production	Male	Service	Female
Taiwan	22.5%	Production	Male	Service	Female
South Korea	12.5%	Production	Male	Service	Female
Japan	4.8%	Production	Male	--	--
UAE	0.3%	Production	Male	Service	Male

Source: Ministry of Labor, Invalids and Social Affairs (MOLISA) in Dang Nguyen Anh (2008)

Note: These figures are estimated based on total count of currently documented transnational labour migrants.

The East Asian markets have been preferred because wages are often noticeably higher, ranging from USD 300 in Taiwan up to a high of USD 1,500 in Japan (Dang, 2008). Malaysia commands lower wages of USD 150-200, which provides some indication of the 'race to the bottom' as other labor exporting countries such as the Philippines expand their demands on receiving nations and recruiting agencies for migrant rights such as wage floors, cancellation of recruitment fees, and other types

of social protection for migrant laborers. Since Malaysia has the highest percentage of Vietnamese OFWs, this may signal a concern for the welfare of the workers and their families left behind who have access to significantly lower remittances than migrant families in more established economies of Japan and South Korea.

There are less detailed data available about the breakdown of new- versus re-hires and by sex and occupational status than is available for the Philippines, reflecting a difference in the infrastructure and administrative apparatus that is currently in place in Viet Nam. However, similar patterns are observed in the available data for sex and occupational classification. The official migration statistics for Japan indicate that all OFWs are male workers in the production sector. This most likely reflects the implementation of stricter policies by Japan in 2004 that resulted in a significant drop in the deployment of entertainers, a service occupation that was primarily female.

(Limited) Responses from the Origin

In both instances, the Filipino and Vietnamese governments are actively involved in formulating ULAs to support OFWs. Over the last few decades the Philippines has established a significant administrative structure both at home and abroad to serve OFWs, including the offices of the Department of Foreign Affairs (DFA) and the Department of Labor and Employment (DOLE) for promoting the rights of OFWs and supporting their well-being during the period of migration as well as facilitating the provision of support for economic security of those left at home. The bureaucratic system involves offices in major receiving destinations as well as in the Philippines, and has numerous sub-offices offering a range of services. Of particular note to this analysis are the offices of Overseas Worker Welfare Administration (OWWA) and the Philippines Overseas Employment Administration (POEA).

OWWA manages social welfare oriented services for OFWs in the Philippines and membership is legally required for regular documented OFWs with annual membership fees to be paid by the employer. The OWWA also oversees mandatory insurance coverage for OFWs and their families. This insurance coverage is for documented workers at a cost of USD 25 and the cost is ostensibly passed onto the employers, but in practice employers pass it onto OFWs. It is paid prior to deployment or upon registration at the jobsite which is aimed at reaching undocumented migrants. The standard insurance contract is for two years and covers life and personal accident while abroad and burial costs. It is renewable after that period, although evidence suggests that OFWs do not necessarily renew while abroad, possibly reflecting dissatisfaction with the program (Agunias & Ruiz, 2007). OWWA also charges an additional 900 pesos (approximately USD 18) for health coverage which is administered as a part of PhilHealth, and left-behind family members of the OFW are covered under this plan.

In 1995, two decades after the initiation of overseas migration as a national strategy, social security membership within the private sector system was expanded to include OFWs on a voluntary basis. The Philippines has had a compulsory social security system in place since 1957 for employees in the formal labor market providing for coverage of public and private sector with defined benefits for old age, disability, death, sickness, maternity and other contingencies associated with loss of income or other financial burden. The private sector Social Security System (SSS) is funded entirely from member contributions and investment earnings without any form of government subsidy as opposed to the public sector system which is a combination of employer, government and employee contribution. Estimates of participation in

SSS from 2004 remain quite low with a total number of registered OFWs at less than 500,000, a fraction of the OFW population (Social Security System, 2008). SSS has taken steps to facilitate participation in voluntary social security coverage primarily by increasing options for methods of payment in receiving destinations (ILO Subregional Office for South East Asia, 2006). Issues of transparency and accountability regarding the safe keeping of funds remain pertinent in the Philippines case where access to SSS funds has generally been limited to elites with historical and recent precedent of corruption. The extension of SSS benefits to OFWs is a good example of ULA that targets preventive social protection strategies with limited government support. The government is establishing the mechanism for accessing social security benefits, but is not contributing to its growth. Preventive social security programs are often funded through a combination of government, business and individual contributions. While the remittances of OFWs are not taxed, the origin government is dependent on foreign exchange to keep the economy solvent, and it is troubling that the government is not recognizing this financial kickback through the funding mechanism of its voluntary social security programs for OFWs. This structure signals issues of equity as neither the host or origin country is contributing to future savings, although both are benefitting from the OFWs labor, and illustrates the limited reach of origin countries into securing equity for their OFWs.

The Filipino government has also been active in promoting the rights of workers to higher wages, and as recently as 2007 set a wage floor for domestic workers of minimum USD 400 and issued a formal rejection of required placement fees, again through the *unilateral* agreement mechanism. This transformative action has decreased the levels of official deployment for female domestic workers within the service occupational classification, exemplifying the limitations and tradeoffs that sending countries face in setting more restrictive conditions on the employment of their OFWs. These types of unilateral actions can place women and their children in the Philippines at risk of receiving less security either by being forced to stay in the Philippines with inadequate activities for generating economic security or by forcing women to turn to illegal migration channels in order to secure livelihood.

What is unfolding in the Viet Nam context? The first and second waves of migration from Viet Nam were characterized by labor cooperation agreements with the former Soviet bloc (Dang, 2008) which resembled a present day MOU in managing quotas and matching occupational skills. Since the beginning of the third wave in 1994, Viet Nam has established the Department for Overseas Labor Management under Ministry of Labor, Invalids and Social Affairs (MOLISA) to oversee the deployment of OFWs. However, the government involvement has not, until quite recently, begun to take a more active role in promoting social protection aspects beyond the promotion of generating profit.

State social security was first formally introduced in North Viet Nam in 1961 and after reunification in 1975 the benefits became uniform across the country. These entitlement benefits were available only to government employees and ostensibly to a significant portion of population of war veterans, war invalids and survivors and those disabled as a direct consequence of the war disabled veterans and survivors of war heroes. The original plan provided for disability benefit, survivors benefit, old-age benefit, maternity and employment injury, and the funding mechanism was a combination of employer and state subsidy. During the socialist period coverage was estimated at about 700,000 out of a population of 17 million (approximately 4 percent) (Singh, 2007). All citizens were also entitled to free healthcare, and the healthcare infrastructure was quite developed during this period. In 1995, the social

security system was restructured and the Viet Nam Social Security (VSS) system was established in the form of a social insurance program funded by a combination of employer and employee contributions.

Currently, Viet Nam has both a compulsory and voluntary social insurance program. The compulsory program is available to government employees and includes provisions for sickness, maternity, occupational injury and illness, survivors and old-age benefits. The coverage rate of the social insurance system is low, and is estimated at about 10 to 11 percent (Evans & Harkness, 2008; Fritzen, 2003). Coverage rates vary geographically and the greatest differences are observed between the northern and southern regions, with higher pension rates in the north most likely reflecting institutional differences related to the location of centralized government and longer period for state employment within the north (Friedman, Knodel, Cuong, & Anh, 2003). Prior research has indicated that the Red River Delta area was struggling the most to transition to the employer-employee funding mechanism, reflecting the historical dominance of state-owned industry in this region (Goodkind, Anh, & Cuong, 1999). The voluntary social insurance program extends coverage of social insurance to the rest of the population, farmers, informal workers, and others not covered under the compulsory program. The voluntary program is funded exclusively by individual contributions and provides for old-age benefit, funeral allowance, and survivors benefit. Current provisions allow for receipt of a pension if contributions occur for minimum of 15 year, which may interact with the employment life course of workers depending on the ability of migrant to contribute for a long enough period if the overall duration of the migration is constrained to a limited number of contracts (contracts are usually for two to three years). There are no official statistics available about rates of coverage among OFWs for the voluntary social insurance program in Viet Nam at this time.

Filipino OFWs report that the ability to provide adequate health care and education for their children are some of the primary reasons they choose to participate in transnational labor migration (Parreñas, 2005a). The Philippines has a National Health Insurance Program (NHIP) that citizens access through formal employment sectors. However, costs for medical procedures and treatments as well as medications remain high throughout the country, and participation in the NHIP does not guarantee access to necessarily medical care. There are no official statistics available about the participation of migrant families in Viet Nam Health Insurance, although anecdotal evidence suggests that rising costs of health care are one of the precipitating factors for transnational labor migration from Viet Nam as well.

During the restructuring period of the 1990s the establishment of Viet Nam Health Insurance (VHI) marked the formal shift of the health care system away from a socialist to more market based structure. As of 2002, coverage rate estimates were quite low at 16 percent of the total population (Evans & Harkness, 2008). Compulsory health insurance coverage is provided for public servants and government employees as well as their relatives, employees with contracts lasting three months or longer in businesses with at least one employee, military and police, party employees, elderly over age 90, indigent, and war heroes through government subsidy (Singh, 2007). Old-age pensioners, employment injury, survivors and disability benefit recipients are provided with health insurance through the social insurance fund, while school children, students and people not otherwise covered are provided for under voluntary health insurance coverage which they must purchase. Family members who are left behind are eligible for participation in the VHI program under standard regulation as citizens not covered under any of the compulsory programs.

In both the Philippines and Viet Nam, the state has responded to rising trends of OFWs and changing needs of their families left behind. As would be expected, a more comprehensive system is observed in the Philippines, and is particularly evident in the administrative structure of OWWA which oversees a range of services to promote the welfare of OFWs and their families. OFWs are commanding significantly higher wages than their counterparts who remain at home and in relative terms are rising out of poverty, achieving promotive elements of social protection. However, there is evidence that in both the Philippines and Viet Nam the government has separated itself from providing for preventive social protection measures for OFWs. Voluntary social security programs have been established, but the entire cost of present and future social security are passed to employers and ultimately to OFWs. When the sending countries take transformative actions to promote equity in wages or try to force employers in sending countries to contribute to social welfare of OFWs, the reach of these actions is limited in scope, and results in higher costs for OFWs.

A Race of Unequal Partners

The Philippines has established formal bilateral treaties with many receiving countries across the world. However, the number of host countries who have signed the Convention of Social Security with the Philippines providing for exportation of social security benefits and mutual administrative assistance shared between host and the Philippines is fairly small and only includes mature economies such as the United Kingdom and Canada (Social Security System, 2008) where the majority of migrant workers are not the temporary OFWs that this analysis examines.

Among the top five receiving destination countries for Filipino OFWs, not one has any formal bilateral treaty in place with provisions for social protection of migrants and their families. Most of these agreements are in the form of MOUs and refer to criteria such as quota numbers and maximum number of hours rather than emphasizing social protection factors such as remuneration for any accident or injury, or contributions towards social security for the future. Many of the top destination receiving countries including UAE and Qatar have not even ratified a number of relevant United Nations and ILO conventions such as UN Convention 90: Rights of All Migrant Workers and their Families and ILO Convention 97: Migration for Employment (Yeager, 2008).

Over the past several years, the Vietnamese government has signed labor export agreements with major receiving countries including Malaysia, South Korea, Japan and Taiwan. These agreements are also in the form of MOUs that allow for the Vietnamese labor export companies to facilitate bilateral contracts with foreign companies in the receiving destinations. The government provides guidelines and will supervise established MOUs if requested for a fee. The labor export companies are required to pay a deposit in order to secure government backing, and this cost is passed onto the migrants. The MOU contracts that are in place between Viet Nam and receiving nations focus on the business side and less on social protection, similar to those from the Philippines. In the event of an unfortunate event occurring during the period away, the migrant family would be able to get some form of support from the sending companies if this was explicitly stipulated in the contract or from private life insurance policies if the family had made these arrangements. However, most migrants do not have any type of insurance such as this. Currently there are no social welfare fund programs set up to assist OFWs and their families, either on-site or after their return. In 2007 a fund was established for labor export sector for select provinces and companies as a means to prevent risk and shocks, and provide for

unmet insurance needs, but as the fund is quite new there is very little known about it at this time.

Technicalities in jurisdiction can influence the social protection of OFWs while they are away and the absence of formal treaties can inhibit the ability of relatively disadvantaged origin countries to respond to violations. A recent report indicates that while provisions under the Malaysian Employment Act “technically apply equally to all workers” that practices do not reflect the legislation (Yeager, 2008: 18). OFWs in Malaysia are subject to a levy on their earnings because they do not pay income tax based on Malaysian law. However, OFW wages are generally much lower than standard wages for Malaysian citizens and OFWs are not entitled to benefits of Malaysian citizenship as temporary guest workers indicating the presence of a gap in the protection of OFWs during the period abroad, and the limited ability of sending governments to influence practices in destination countries. The Malaysian case also signals concern about the increasing trend of reduced accountability that can occur when negotiation of contracts is outsourced to third party companies and there is insufficient regulation to provide adequate oversight. It is estimated that only 1 to 2 percent of cases involving wrong doing by outsourced companies in Malaysia are ever prosecuted (Yeager, 2008), suggesting a balance of power that is tipped towards business in receiving destinations. The practice of outsourcing to third party companies is happening on both the origin and destination sides for Viet Nam, highlighting a magnified potential for a lack of oversight. The UAE is an important destination for the Philippines, and appears to be a rising one for Viet Nam. While the Federal Labor Law in UAE does regulate certain aspects of recruitment and working hours, it does not set forth wage floors or rights of workers to organize or bargain. The UAE case is further complicated by the fact that Free Trade Zone (FTZ) employment contracts for manufacturing fall outside the purview of Federal Labor Law requirements for OFWs, illustrating how migrant rights are subjugated to more powerful interests.

Viet Nam has not yet signed the 1990 UN Convention on the Rights of All Migrant Workers and Members of their Family furthering “the impression that Viet Nam remains a passive partner in migration, not wishing to endanger established markets for its surplus labour” (Dang, 2008, p.15). In 2006, a state level law was passed to formalize the process of transnational labor migration, and in keeping with the statement above, this legislation focuses on increasing the competitiveness of Vietnamese OFWs. The focus is primarily on reinforcing punitive measures for unlicensed recruiting agents and workers who participate in unlicensed migration. The law does also require workers to take up language, culture and vocational training prior to departure, but does not focus on any other welfare needs of migrants and their families.

Although bilateral and multilateral treaties are more likely to secure social protection for OFWs, in the case of Viet Nam and the Philippines there is not one such agreement with any of the top receiving destinations for OFWs. The MOU mechanism is more likely to be used to regulate the business environment, and many of the top receiving destinations have not ratified international conventions promoting the right of OFWs, which indicates that establishing more transformative agreements is likely to present challenges. Sending countries are in a difficult situation where resisting engagement with receiving countries may risk relations with OFWs, while pursuing engagement could decrease invited quotas and even encourage undocumented migration movements. It is important to consider that the receiving

countries are likely to face social, economic and political pressures as well, which influence their own willingness to participate in promoting greater equity for OFWs.

Conclusion

In this paper we have examined two different countries within South-East Asia to better understand the linkages between social protection and transnational labor migration. Although there are noticeable differences between the Philippines and Viet Nam related to the length of participation in labor exportation and nation-state development, the similarities between the two situations are striking. Migration does appear to be a promotive social protection strategy that facilitates the generation of economic capital for individual households and governments in the form of foreign exchange, allowing for investment in future growth. However, there are troubling indications that migration is a limited strategy that is not adequately supported by government and business agents in either the sending or receiving countries.

One limitation of migration as a springboard to economic well-being is the absence of mature social security systems within countries of origin. To this end, we reviewed existing social insurance systems within the Philippines and Viet Nam highlighting how they tend to be highly developed for the limited government sector. While modifications to the systems are taking place in efforts to extend coverage to a larger share of the population including OFWs, the government is most often passing the full economic cost of these programs to OFWs directly or indirectly through requirements to employers. In the Philippines OWWA manages social insurance which is a mandatory cost required of employers and offers the purchase of health coverage for OFWs and left-behind family members, while Viet Nam covers left-behind family members through its standard voluntary health insurance program. Both countries have adopted a voluntary social security model for OFWs which is based exclusively on OFW contributions. This does not signal a concerted commitment to transformative social protection, although even the most valiant commitment may falter if there are insurmountable power differentials among the key players.

What does it mean when the more experienced sending country, the Philippines, with an extensive administrative apparatus in place is unable to secure the active participation of host countries in providing for the social protection of its OFWs? Sending countries are in a disadvantaged position relative to the countries on the receiving end of OFWs when the need for foreign exchange is crucial to essential household and state functioning. Of further note, the former socialist state of Viet Nam manifests similar struggles and is also disadvantaged in its ability to leverage for protection of its OFWs other than instituting bans on the export of certain vulnerable groups such as female service workers in the entertainment industry. Restrictive bans tend to increase undocumented migration and thus decrease likelihood of any social protection. These actions taken by Viet Nam surely do not reflect a lack of awareness regarding issues of rights and equity from a society with such a strong, and recent, heritage of these ideals. There appears to be a race to the bottom unfolding with certain markets shifting away from countries such as the Philippines that are calling for wage floors and strengthening protections for OFWs to newer entrants such as Viet Nam who have less developed infrastructure and, possibly, a greater need based on overall levels of poverty, resulting in a decreased likelihood of leveraging for social protection.

There is an unmet need for coordinated action to develop enforceable agreements to provide for the social protection of OFWs and their families and to

acknowledge the essential support of OFWs in contributing to the economic growth of their native countries. ASEAN recently agreed upon a multilateral strategy for the protection of migrant workers indicating recognition of the significance of the issue as well as a willingness to address it in coming years. While the proclamation of a strategy is a step in the right direction, the same issues regarding fiscal constraints may hinder the willingness and ability of many sending countries to leverage for adequate social protection for their OFWs and funding mechanisms for social insurance measures will still need to be considered. In the absence of regional and global agreements involving government and business agents to promote equity, it is difficult to imagine how countries in the global south will be able to break from a need to send citizens to foreign markets to provide for their families at home and to supply foreign exchange remittances to meet the national balance of payment obligations. Moreover it is the OFWs who are, perhaps, the most unequal of partners among the players within both the host and origin countries as they bear the full cost of their labor, evidenced by the passing of costs onto their shoulders from government and industry in the race to the bottom of the new world order in the age of globalization.

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