



POLICY BRIEF

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COVID-19 and Filipino Migrant Workers: Issues and Policies

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1. Introduction and Background

The COVID-19 pandemic is having a massive impact on economies and employment worldwide. Each revised forecast made by multilateral organizations on the global economic outlook presents an increasingly dire picture, with forecasts as of June 2020 projecting global economic output this year to decline by 4.9 percent to 5.2 percent.ⁱ Meanwhile, the equivalent of 400 million full-time jobs was estimated to have been lost worldwide in the second quarter of 2020, and while some recovery is expected in the second half of the year, employment is still projected to be down the equivalent of 140 million full-time jobs in the fourth quarter.ⁱⁱ

Among the most heavily affected workers during this crisis are migrant workers, particularly those not classified as performing “essential work” in their country of employment.ⁱⁱⁱ The International Labour Organization (ILO) estimates that tens of millions of migrant workers could be forced to return to their home countries and face possible unemployment and poverty.^{iv} Remittance flows to low and middle income countries are expected to drop by close to 20 percent during the year.

The Philippines, as one of the top sources of migrant workers in the world, is already feeling the pinch in terms of the job displacement, repatriation and stranding of scores of thousands of its workers, as well as the drop in remittance flows to the country. Remittances in April 2020 was already lower by 16 percent from last year and forecasts for the entire year see remittances declining by from 10 percent to 30 percent.^{v,vi} In what follows we discuss the scale of displacement, repatriation, and stranding of overseas Filipino workers (OFWs) that have been reported so far, the issues and problems that have arisen especially in the repatriation of OFWs, some welfare implications of the job displacements and the loss of remittances, and then some policy recommendations.

2. Displacement, Repatriation, and Stranding of Filipino Migrant Workers

In this section we use data published by the Philippine Overseas Employment Administration (POEA), drawing from regular reports of the DOLE’s labor attaches, showing the numbers of displaced, repatriated and stranded Filipinos in different countries of destination, covering the period April 1 till June 25, 2020.^{vii}

Displacement. According to POEA, the global displacement of OFWs rose rapidly from 5,849, first reported in April 1, to the its current level of 182,401 in June, 2020. Middle East displacements dominated, representing 78% of all displaced OFWs (141,895), though there are also large displacements in Europe (20,348, 11.1%) and the United States (8,790, 4.8%), reflecting the loss of seafaring jobs. By the end of 2020, DOLE forecasts that that the level of repatriation would rise to about 400,000 workers by the end of 2020.

Repatriation. Displacement does not lead to immediate repatriation. In the Middle East, displacement could be limited to adjustment in working hours or reduction of benefits and conditions of work, whereas the rights to stay and residence could continue. Several Middle Eastern countries, e.g. Bahrain, the United Arab Emirates, Qatar and Oman, announced the extensions of residence and stay for migrant workers.

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The Philippines also delayed the pace of repatriations with the closure of its airports to international travel, especially with suspension of all operations in the middle of June. Eventually, the Philippines allowed a very limited quota of travellers, approximately 600 initially to 1,200 in early July, to ensure the availability of PCR testing and quarantine facilities.

The DOLE data show that repatriations of OFWs, as of July 8, 2020, have reached 49,880, representing around 20% of overall displacements. In April, the repatriation of OFWs from Europe (54% of displacements from the region) and the Americas (65%) were facilitated because cruise ships were allowed to dock in Manila Bay and the Filipino crew disembarked. Middle East repatriations were zero in April, started in May and expanded in June and July, made urgent by both international pressure of destination governments and domestic dismay at internet videos of Filipinos in dire straits in the host countries.

Stranding. When residence and exit permits in the host country expire, provisions for housing and accommodation almost always end immediately. In this situation, prompt repatriation is needed. In times of the pandemic, however, there are natural deterrents to quick repatriation. Airport closures, the absence of flights, and uncertainty about who shoulders the costs have impeded progress. The Philippines' restrictions on flight entry, imposed early in the pandemic, have caused the numbers of stranded Filipinos to rise. From 225 in April, the numbers of stranded Filipinos as of end June was at 43,169, with over 58% of them in the Middle East.

Repatriation Processes: Exit from the Destination Country. Typically, countries of origin and destination have their separate additional protocols with no coordination between and among the countries.

For most Middle Eastern countries, the following exit processes for repatriation are usually required:

- The employer/or visa sponsor starts the process with a request from relevant authorities for exit/re-entry visas for the affected workers. In this request, the sponsors state that employee's performance is satisfactory and has complied with the country laws;
- The employer/sponsor will also ask for the authorities to cancel the residency permits and submits as supporting documents: the resident's passport (which contains the residency visa) and proof that the resident has paid all their bills (including credit card, rent and fines), received all due money from their employer, and, if applicable, that anything agreed upon between the employer and the employee before employment;
- If the individual's residence visa has expired, fines are imposed and then settled (either by payment or by waiver) before the individuals are allowed to leave the country;
- Upon the issuance of a final exit visa, the employee must leave within 30-60 days.
- Because of COVID 19, the worker needs to submit a medical certificate showing that he/she has been cleared for travel (some countries require a prior COVID 19 PCR test).

While the above procedures seem straightforward, the actual repatriation of displaced and distressed Filipinos require intensive logistical coordination. Many OFWs especially those in construction and off-shore oil drilling are based in inaccessible/dispersed workplaces. OFWs who have previously run away from their employers and currently housed in Embassy arranged quarters require additional negotiations with employers. So do workers who have outstanding bills or whose residency permits have expired (typically the fault of employers). Many government offices and business have been closed, complicating the issuance of documentary requirements for exit visas. Unfortunately in this environment, many overseas workers are not able to receive their severance pay nor expected gratuities and benefits at end of year contracts. With the halt in commercial travel, and closures of many international airports, Philippine authorities have chartered high-cost mercy flights to bring workers home.

Repatriation Processes: Re-entry to Manila. All returning OFWs are required to immediately undergo polymerase chain reaction (PCR) testing upon landing. In addition, they are placed into a mandatory 14 day quarantine during which the worker would wait for the results of the testing. They can choose to stay either at government-owned facilities, on passenger ships, or in hotels accredited by the Bureau of Quarantine in Metro Manila, the national capital region. The Overseas Workers Welfare Administration then returns the workers back to their home provinces. With the easing of quarantine restrictions and the greater availability of COVID 19 testing kits, the government eased the rules by allowing "quick release" and return to home provinces of OFWs testing negative for COVID-19.

Despite the mandatory quarantine of 14 days and the negative PCT test results, several governors and mayors have refused the return of Overseas Filipino Workers back to their home communities. When accepted back, the OFWs are often required to undergo a second round of testing and quarantine. In the early days of return, OFWs have taken nearly a month to be reunited with their families. It is the first time in the overseas employment history of the Philippines that returning overseas workers faced this type of stigma and discrimination.

3. Welfare Impact on Migrant Workers and Their Households

In ordinary times, OFW households typically do very well, compared to most other households. Analysis of the Philippine Statistical Authority's household survey data shows about two-thirds of OFWs belong to the richest 40 percent of households (top two income quintiles), while only 16 percent are in the poorest 40 percent of households (and only 5 percent are in the poorest 20 percent of households).^{viii}

But OFW households are also highly dependent on remittances and the loss of remittances can easily tip some into poverty. On average, an OFW household relies on remittances for 43 percent of its total household income.^{ix} The complete loss of remittances due to the job loss of its OFW member is sufficient to pull the incomes of OFW households in the second income quintile and even some of those in the third income quintile below the poverty line. The big majority of OFWs in the bottom income groups are women (76% of those in the bottom two quintiles), suggesting they are those in elementary occupations (including domestic work) and services and sales workers, which are dominated by women. Services and sales workers are among the most heavily affected by the widespread lockdowns and, according to the ILO, the pandemic has had dire consequences worldwide on domestic workers in the form of reduced working hours and job loss.^x If these are the OFWs losing their jobs and they do not get it back or do not find new jobs, it will have a huge negative impact on the welfare of their households.

4. Policy and Program Recommendations

The return and repatriation of OFWs during the COVID-19 pandemic is certain to be a major game-changing chapter in the nearly five-decade history of the national overseas employment program. As this is an evolving crisis, the full extent of the economic impact of the loss of overseas jobs on the national economy still remains to be seen.

To address the humanitarian and socio-economic impacts of COVID 19 on our OFWs, the following four areas of concern should be considered:

- **Organized Return.** At destination, our OFWs require immediate **humanitarian assistance** to enable a safe and dignified return. The government has already extended US\$200 for AKAP assistance (*Abot Kamay ang Pagtulong*, or Reach Out for Help) and more importantly, it needs to act quickly to bring distressed and displaced OFWs home. Ensuring a safe return requires establishing **identified protocols on health** assurances, return travel arrangements. **Coordination and communication is** required at all levels, including diplomacy at the posts, to ensure documentation of workers' accrued benefits and assurance for eventual claims.

On return to the Philippines, there are established re-entry processes, including the mandatory PCR tests and 14 days quarantines. There have been many proposals to reduce the waiting period for the OFWs to return to their families, including a direct transfer to the provinces for testing and quarantine rather than the current system of double testing and double quarantines.

What has been missing in the immediate response is establishing a database of OFW returnees, to obtain full data of their personal profiles and employment training and experience. There should be an effort as well to document the loss of incomes, benefits and gratuities in the host country, to allow for future claims. Information on educational and occupational profiles will help prepare for employment assistance in the future.^{xi}

- Returned OFWs will need information on **local employment opportunities** whether these are: Start/Develop your own business type of training with credit lines of support; or where possible, wage employment through possible private sector partnerships. Where these opportunities may not be immediately feasible, training would be useful especially in **skills upgrading** around e-commerce, the digital economy and the health care sector.
- On the policy level, social protection of displaced workers need to include the returned OFWs, especially those distressed. This is especially critical for those entirely or almost entirely dependent of foreign exchange remittances and have no alternative income sources.
- While overseas work retrenchments are estimated to reach nearly half a million, there will still be more than several million OFWs continuing to work not only in the Middle East but also in Europe, the Americas and Asia and the Pacific and even Africa. Our OFWs will adjust their expectations and agree to lower wages, reduced benefits at work and forego leaves in order to preserve existing jobs. They will wait out uncertainty with the hope that eventually labor markets will stabilize. On the other hand, certain occupations, for example in the health sector, will rise in value and this will be seen in higher wages and improved conditions of work.

Policy and program focus should shift to ensuring **employment and social protection of our workers continuing to live and work abroad**, especially in ensuring access to health care and services. Diplomatic representation is essential at the highest levels to safeguard visa rights and provide opportunities for additional and supplemental work. This may also be the time to identify and stop coercion and the use of force to compel work and enable abuse and harassment. This will also require revisiting national regulations covering private recruitment agencies, especially as it refers to joint and solidary liability provisions of their licenses.

- Rebooting **foreign employment** and providing safe channels for repeat work. International labor migration is not expected to completely stop, it is likely to take reduce in scale and pace, certainly within the next two years. There are expectations that the demand for additional labor force will continue, especially in aging societies. Requirements for health staff will continue to be stable and so with IT, operations and maintenance (engineering). International shipping will expand with the comeback of trade but manning for cruise ships is not expected to resume soon.

To restart foreign employment will require new safe channels for foreign employment supported by bilateral agreements and regional frameworks. It will require providing for safe-track, green channels for work that would include digital processing of documents, agreed protocols for health testing, pre-departure training and safe travel. It may require having personal, protective equipment and uniforms.

ⁱ Forecasts made by the International Monetary Fund and the World Bank, respectively. Please see the following: (1) International Monetary Fund. (2020). World Economic Outlook Update: A Crisis Like No Other, An Uncertain Recovery. Retrieved from: <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>; (2) World Bank. (2020). Global Economic Prospects, June 2020. Washington, DC: World Bank. Retrieved from:

<https://www.worldbank.org/en/publication/global-economic-prospects>

ⁱⁱ Forecasts made by the International Labour Organization. Please see: International Labour Organization. (2020). ILO Monitor: COVID-19 and the world of work, Fifth edition: Updated estimates and analysis. Retrieved from:

https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_749399.pdf

ⁱⁱⁱ Abella, M. (2020, July 1). Are we seeing the beginning of the end of OFW migration. Canadian Filipino Net. Retrieved from <https://canadianfilipino.net/commentary/are-we-seeing-the-beginning-of-the-end-of-ofw-migration>

^{iv} International Labour Organization. (2020, June 24). ILO Warns of COVID-19 migrant ‘crisis within a crisis’. Retrieved from: https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_748992/lang--en/index.htm

^v Lucas, Daxim. (2020, July 16). Dollar remittances of expat Filipinos fell for 2nd straight month in April. News article in Philippine Daily Inquirer, retrieved from: <https://business.inquirer.net/302734/dollar-remittances-of-expat-filipinos-fell-for-2nd-straight-month-in-april>

^{vi} See, for example, the following: Ang, A. and J. Opiniano. (2020). Possible Economic Impacts of Falling Oil Prices, the Pandemic, and the Looming Global Recession onto Overseas Filipinos and their Remittances. Ateneo Policy Brief Series 2020-09. Retrieved from: <http://ateneo.edu/sites/default/files/downloadable-files/Policy%20Brief%202020-09.pdf>; and Mogato, M. (2020, April 9). Phl May Lose Up to \$10 Billion in OFW Remittances Amid COVID-19 Pandemic. Retrieved from: <https://www.onenews.ph/phl-may-lose-up-to-10-billion-in-ofw-remittances-amid-covid-19-pandemic>

^{vii} Posted by Mr. Levison Alcantara, Director, POEA

^{viii} Authors’ analysis of the PSA’s merged Labor Force Survey – Family Income and Expenditures Survey 2015-16.

^{ix} The rate goes up with household income, as follows: 28 percent for OFW households in the bottom income quintile, 35 percent in the second income quintile, 43 percent in the third income quintile; 44 percent in the fourth income quintile; and 47 percent in the fifth income quintile.

^x International Labour Organization. (2020, June 15). Impact of the COVID-19 crisis on loss of jobs and hours among domestic workers. Retrieved from: https://www.ilo.org/global/topics/domestic-workers/publications/factsheets/WCMS_747961/lang--en/index.htm

^{xi} In June 2020, DOLE announced a new tracking system called the OFW Assistance Information System (OASIS), a voluntary registration application intended to track overseas Filipino workers who are intending to return to the Philippines amid the coronavirus pandemic. OASIS is intended to as a reliable database for OFWs displaced by the pandemic to help determine and immediately provide the kind of assistance once they land at the country’s airports. The system, initially designed as a voluntary one, is expected to provide, in the longer term, more detailed information on OFWs for various services and assistance programs of government.