

Following the Money: The Kafala system and chain of domestic workers' migration



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The *Kafala*, sponsorship system is a set of policies and laws that tie the migrant worker's status to the sponsor. Migrant Domestic Workers (MDWs) are governed by this system and excluded from labor laws in the Middle East and Gulf countries. They are denied basic labor protections enjoyed by other workers that include minimum wage, compensation for unfair dismissal, and social security. As domestic work is a sector dominated by women workers, especially women of color, the economic and gender injustices in the sector are intertwined. The Kafala system is oftentimes brushed off as a cultural phenomenon where the societal norms stand in the way of progress. It is also frequently discussed from a human rights and labor rights perspective. However, the economy it creates and thrives under is seldom discussed.

In “**Following the Money: the Kafala System and Chain of Domestic Workers Migration**,” we gathered feminist and labor activists to discuss the macroeconomic level of analysis of the supply chain of MDWs to bring to light the economic interests standing against change, as well as the lived and organizing experiences of domestic worker unionists from Kenya and the Philippines. Positioned within intersecting oppressions related to gender, economic status, ethnicity, race, and coming from countries of the global south burdened by histories of colonization, etc., domestic work provides ample space for a conversation on the faults in our economy, especially epitomized by the Kafala. The personal being political, the experiences of our domestic workers' leaders inform our struggles and shed light on the areas necessitating immediate attention, to disrupt the economy that favors profit over life. The panel was moderated by Fish Ip, Asia Regional Coordinator of the IDWF.

¹ The forum is organized by the International Women's Rights Action Watch – Asia Pacific (IWRAP – AP). The report is prepared by Roula Seghaier, IDWF Strategic Program Coordinator.

Understanding the Status Quo is a panel that responded to the following questions:

- Who benefits from the lack of laws and protections of domestic workers?
- What are the economic forces that prevent change in labor and in migration?



Migrant Domestic Workers and Macroeconomic Policies

Marina Durano is currently a Program Officer with the Women's Rights Program of the Open Society Foundations (OSF). Before joining the OSF, she was an Assistant Professor at the Asian Center and the School of Economics at the University of the Philippines - Diliman. She spent more than 20 years engaged in strengthening women's political engagement with macroeconomic policies and global economic governance structures with the International Gender and Trade Network and Development Alternatives with Women for a New Era (DAWN).

Macroeconomic economic policies directly affect our daily lives—it sets the stage for changes in the prices of goods and services, it has an impact on the chances of getting a job, on whether we can afford to import oil or whether the food we grow can be sold to other countries. Macroeconomic policies' goals include the expansion of commodity production and services provision, both in the private markets and in the government sector. When a country is in crisis, which is where we all are now, macroeconomic policies can be designed to boost the economy through the outsized impact of government spending that creates the demand for essential goods and services that, in turn, encourages many companies and corporations to keep operating.

How does Care Work fit into Macroeconomics?

When it comes to care, however, things get a bit complicated. For one, care work is not recognized in macroeconomic policies as a productive activity—it does not contribute to economic growth. Therefore, is it not a valuable activity. And, yet we all know that caring for others—cooking, housecleaning, laundry, making sure that medicine is taken, or that you are wearing a mask—all contribute to improving the well-being of those receiving care. If these caring activities stopped, people would experience hunger and malnutrition, unsanitary living conditions, delayed recovery from illness, or increased infections. It is surprising that there appears to be an arbitrary definition of when something is productive and when not. Even more puzzling is how productive activity valued in macroeconomics cannot occur without the caring work that wives, mothers, grandmothers, and domestic workers do almost non-stop all day.

If we begin to recognize the contribution of care work as part of the economy, various studies have [estimated that the contribution](#) to the economy can be anywhere from 20 to 60 per cent of a country's production (its GDP). In India, it is 39%; In South Africa, it is 15%; in Guatemala, it is between 26 to 34% and in El Salvador, it is 32%. Even in rich countries, the contribution of care work to the economy can be as high as 35% as in the case of Australia, New Zealand, and Japan or less than 20% as in South Korea and Mexico. These are only the estimates for the unpaid care work. We can add to these figures that value of paid care work, especially the domestic workers and other household workers. And, yet there are not many estimates around that provide information regarding the contribution of domestic workers to the economy. In one [article](#) in the South China Morning Post, migrant domestic workers in Hong Kong contributed about nearly 4% to its economy, estimated at about \$12.6 billion. In Singapore, contribution is a little more than 2% or \$8.2 billion while in Malaysia, domestic workers contribute less than ½ percent

or about \$900 million. These are not small amounts. If domestic workers were paid the minimum wage or, even better, a living wage, these figures will certainly increase.

Migrant DW Contribution to their Home Economies

Migrant domestic workers not only make economic production and growth possible in the countries where they work, they also contribute to their home country. The value of the money that domestic workers contribute to their home country's economy is so important that government in sending countries have formalized the procedures for leaving to get work abroad. Last year, in 2019, [global remittances](#) reached \$550 billion. Some countries are heavily dependent on remittances, estimated at more than a quarter of their economy, such as Tonga, Kyrgyz Republic, Tajikistan, Haiti, and Nepal. The amounts are much larger than the total export earnings of these countries. Meanwhile, India, China, Mexico, and the Philippines are the top recipients of remittances. Even more telling is the expansion of [remittance services by banks and other financial institutions](#) in an attempt to capture a share of the monies sent back. Money transfers take an average of 7% in a \$200 transaction. Banks charges even higher at nearly 11%. Countries in sub-Saharan Africa, the cost is around 9.3% but there are certain corridors where these costs are nearly 20%, such as for money from Angola to Namibia as well as from South Africa to China, Angola, and Zambia. This is hard-earned money that is needed by the families at home for meeting basic needs, every cent counts. One of the SDG targets is for these remittance costs to go down to 3%.

For the all the benefits that an economy derives from care work and migrant domestic workers, macroeconomics has not been able to recognize their importance enough for them to reconsider policy options. With proper recognition, macroeconomic policies would be designed in ways that expanded public services for care, regulated financial institutions, recognized domestic work as a profession with appropriate training and skills development, among others. Instead, governments see domestic workers as the “band aid” solution to weaknesses in the balance of payments, ineffective employment policies, and an austerity mind-set. We hope that visions of a caring economy will be the massive reset that many of us are fighting for as we design policies to recover from the pandemic and restructure towards resilience.



Push and Pull Factors for Migrant Domestic Workers

Ann Abunda is the founder of Sandigan Kuwait, a major task force to attend to marginalized sectors of the economy and founded its Domestic Workers Association, as well as its Ethiopian Chapter, Ethiopian Domestic Workers Association (EDWA). She is a Filipina community organizer based in Kuwait. She has also founded the Integrated Community Centre for Social Counselling (ICC), a non-profit organization composed of different nationalities of migrant workers in Kuwait.

The Push Factors are factors that compel a person to leave that place to another. In developing countries low productivity, unemployment and underdevelopment, poor economic conditions, lack of opportunities for advancement, exhaustion of natural resources and natural disasters are considered push factors. The introduction of capital-intensive methods of production into the agricultural sector, and the mechanization of certain processes reduces the need for labor in rural areas, where alternative sources of income are not available, motivate migration. The Pull Factors, on the other hand, are those attracting the migrants to an area or country for better employment, working conditions and prospects in general.



Examples from Asia

The Philippines is the fourth-largest destination for remittances by overseas workers in 2019, according to the World Bank's Global Knowledge Partnership on Migration and Development program: the remittances to the Philippines amounted to \$35.1 billion in 2019, behind only India (\$82.2 billion), China (\$70.3 billion) and Mexico (\$38.7 billion). Remittance flows represent one of our most stable sources of foreign currency and at the same time, they augment domestic incomes as family members send cash to their families. Sri Lanka is like India and Bangladesh in terms of the push-factors. It has a remittance economy, increasingly reliant on temporary labor migration. Statistics from 2011 show that Sri Lanka's temporary migrant workers numbered over two million roughly a tenth of the country's total population and a quarter of the local workforce at that time. Combined remittances amounted to US\$7.16 billion in 2018, approximately 8.25 per cent of GDP and equivalent to 63 per cent of all goods exports. While the women of Sri Lanka have high literacy rates and the highest levels of healthcare access in South Asia, they experience many forms of gender-based violence and gender inequality, including discrimination in economic activity. These manifestations of women's unequal status in Sri Lanka are linked to women's decisions to migrate. Women migrate to build a house, purchase land, pay off family debts, escape from an abusive spouse, pay for education-related costs for their children, pay for the care of sick, unemployed, or elderly relatives, meet their families' daily needs for food and clothing, replace family resources depleted by an alcoholic husband, among other reasons. Remittances of Sri Lankan migrant women workers' wages are an important source of foreign exchange for the country's economy.

Examples from Africa

The images of thousands of migrants drowning in the Mediterranean looking for migration to seek jobs increased a discourse posing that migration harms rather than helps the African continent. However, economic, social, and ecological factors can force people to leave their villages and their countries. It is not just a question of looking for better opportunities it is very often an issue of having an opportunity or no perspective at all. Recent years have witnessed an overall 'feminization' in migration from Africa, but also on a global scale. Pull factors from the side of the richer countries would not be so strong if there would not be push factors in the countries of emigration. Migration benefits both origin and destination countries across Africa. The feminization of migration has also stemmed from the demand for services including that of domestic workers and nurses. It is also still the case however, that women often accept, or are forced to work in jobs that men will not do. Women migrants find it difficult to mobilize in the host country particularly for this reason. Their precarious conditions in the domestic work sector can leave them vulnerable to exploitation, especially when subjected to trafficking processes. Once recruited, traffickers rely on migrants' unfamiliarity with a new environment, their lack of a social support net, and their status as undocumented workers to exploit their labor for profit. Further, trafficked survivors are often forced to pay debts to their traffickers to purchase their freedom.

Without a doubt, remittances sent by migrant workers to their respective country of origin have played an important role in promoting economic development in these countries. The sacrifice of migrant workers should never be downplayed or discounted, the act of sending home funds to support their families and love ones, is driven by something higher than a profit motive. However, "remittance economies" became dependent on a strategy of migration instead of development. Migration is here to stay if there are large discrepancies between the income generated in the national and host countries. The challenge is to address these issues head-on and work towards policies and strategies that are equally beneficial for the future of host countries and country of origin.



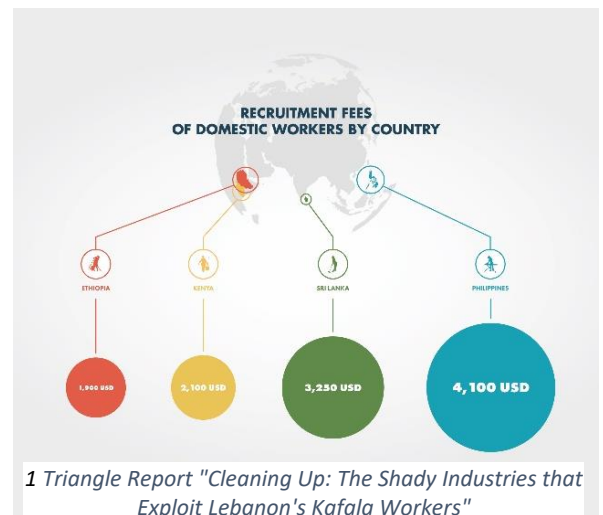
The Profits of Lebanon's Kafala System

Roula Seghaier is the Strategic Program Coordinator of the International Domestic Workers Federation (IDWF). Her academic background is in political economy, transitional justice, and human rights, and she is trained in sexual and reproductive health and rights. She works on intersections of gender, labor, and migration.

The kafala system is a sponsorship system that ties a migrant domestic worker to her employer in countries of the Middle East and the Gulf. That means they are not included in the International Labor law, or Lebanese labor law, and fall entirely under the authority of their employer. Lebanese employers save money by avoiding obligations owed under this legislation, such as paying the national minimum wage or providing the due days off for their workers. Moreover, domestic workers do not have the legal right to act as, or even elect, union representatives in the country. An attempt in 2014 for domestic workers to unionize has been blocked by the government, instead, the employers of domestic workers have created a union. Such high level of dependency on the employer, precarity of the sector, and hostility of the policies creates and sustains structural inequalities. It threatens the life and wellbeing of migrant domestic workers in the country, to the extent that an estimate of 1 to 2 migrant workers die in Lebanon every week under the Kafala system. Following the economic crisis, the pandemic, and the explosion in Beirut, these numbers are even higher but difficult to access.

So why does the Kafala system stand unreformed?

One reason is the sectarian system upon which governance in Lebanon relies. The Lebanese worry that granting more rights to migrant workers will be a precursor to extending citizenship, which could eventually alter the country's demographic (and political) landscape, and therefore affect the power-sharing system. This also means that the economy relies on racial capitalism: the extraction of economic value from non-white bodies and their labor. They are always from the Global South and they do not enjoy citizenship. We can clearly see the implicit color scale in the recruitment costs of employing domestic workers by country/ethnicity. Racist norms stand in the way of reforming or abolishing the Kafala system, but so do the economic interests of the state.



Abolishing Kafala would deal a significant blow to commercial interests in the migrant worker value chain, which relies on providing cheap labor, free of basic industrial rights and obligations. Most recently, an attempt at a Unified Contract for DW in Lebanon, that extends some basic protections to migrant domestic workers was stopped, following a complaint by the Syndicate of Owners of Recruitment Agencies Lebanon (SORAL) to Lebanon's highest administrative court, which illustrates the economic reasons motivating oppression.

Profit Estimates for Lebanon

In collaboration with IDWF, a Lebanese Think Tank, Triangle, has conducted a study titled ["Cleaning Up: The Shady Industries that Exploit Lebanon's Kafala Workers"](#) to estimate the economic profits of the

system. The study was based on the number of all domestic workers who obtained residency for the first time or renewed their residency during the year 2019. The number was then multiplied by the various costs incurred in the process of becoming a domestic worker such as the one-time recruitment fee, the cost of residency, the labor permit, the health checks (which are meant to control the workers productivity and behavior – such as pregnancy tests – rather than to benefit her), and other administrative costs. The fees are spread among the recruiter operating in the country of origin, their brokers and sub-agents recruiting the workers from their hometowns, travel agencies and all related travel costs, as well as the contact escorting the migrant worker at her home country’s airport. In 2019, a total of 32,951 domestic workers entered Lebanon: 14,070 Ethiopians, 7,407 Ghanaians, and 3,824 Filipinos. Recruitment agencies received around US\$57.5 million in revenues. The General Security received US\$6.6 million from new residency permits & US\$29.9 million in renewal fees, and the Labor Ministry received US\$5.3 million from labor permits, in addition to US\$790,000 in previous authorization fees paid by employers. Domestic Workers thus generated an annual US\$36.5 million for General Security and US\$6.1 million for the Ministry of Labor in 2019 alone. These numbers do not showcase the full-fledged profit made by the public and private sectors, as irregular workers are not accounted for, as they have not passed through the general security in 2019. However, once these workers must regularize their documents for employment or repatriation, they will need to settle the yearly payments for each year of irregularity. Lebanon’s kafala system easily generates more than US\$100 million in expenditure annually. This means that the system is so corrupt that not only does the government manage to significantly cut the costs of institutional care by having migrant domestic workers pull the bulk of that weight, but it also manages to nourish its economy through the expenditure associated with the Kafala system.



Kenyan Migrant Domestic Workers and Returnees

Ruth Khakame is the lead Organizer in the Kenya Union of Domestic, Hotels, Educational Institutions, Hospitals, and Allied Workers (KUDHEIHA). She is the chairperson of the National Domestic Workers Council, a trustee, and a board member of KUDHEIHA Nairobi branch representing the Domestic Workers Sector. She is also a committee member of Africa Region in IDWF. She is also appointed as a representative of Domestic Workers in the National Domestic Wages Council in the Ministry of Labor in Kenya.

Kenya is known as an extraordinarily rich sending country of migrant domestic workers to the Middle East and this has been happening over the years: the socio-economic and environmental conditions within the country motivate migration, such as the extremely high rates of unemployment. Kenya has between 100,000 and 300,000 migrant domestic workers in the Middle East and Gulf Region, according to the report presented by the Ministry of Labor, particularly in Saudi Arabia. Over 29,449 migrant domestic workers who have been cleared between March 2019, last year, and January 2020. The Middle East is a popular destination because it takes low skilled MDW for low wages to work in the hospitality, construction, and domestic work sectors. It is difficult for the workers to travel to developed countries because of issues of literacy, job requirements, and nature of employment opportunities: these are some of the factors that push them to go to the Middle East. Some jobs have technical requirements that are unmet by domestic workers due to illiteracy, which prevents them from accessing higher income locally and abroad. Some migrants hop from one place to another in the Middle East changing jobs and countries.



MDW Provide Remittances but Receive no Securities Upon Return

According to the ministry of labor, the average monthly remittance of the returnees and migrants accounts for 228 Million US Dollars: this is a lot of money which makes the Kenyan economy flourish. Despite this contribution, looking at how the returnees are re-integrating into the country, we need to be putting more efforts to smooth out their return. Because of the exploitation that they have faced and the advantaged they have been taken of due to the informality of their jobs, we must create bilateral, regional, and multilateral agreement to facilitate the transferability and portability of social security among origin and destination countries. Kenya does not have such agreements. So, it becomes extremely hard to provide protection for the workers even on a national level, as there is no clear policy of how they will be re-integrated into the system: most of them would still be part of the informal economy. In addition to that, as most returnees from the Middle East are from the youth category, if they are unable to survive in Kenya once they return, they reconsider going back to the Middle East despite the difficult conditions and fragile employment, and they try other jobs. It does not matter how their experience was previously, as the Middle East has always been viewed as a destination where employment is available for low skilled manual labor, especially paired with the difficulties accessing other developed countries. The recent blast in Lebanon has been an eye opener on the few prospects for reintegration in Kenya: as a country, we have not been able to consider migrant domestic workers as people who should be protected, at least in terms of the need to sign bilateral agreements that facilitate the return and the reintegration of migrant domestic workers. Some governments have formed national referral mechanism for migrants when they return. It is so unfortunate that most of the services are not accessible to returnees when they come back.

The Union's Work with Kenyan Returnees

KUDEIHA started organizing returnees so that we understand the issues that they are going through in Kenya but also those that they have been through in the Middle East. We formed a Migrant Network Coalition comprised of different civil society organizations that are doing advocacy around migrant domestic worker issues and human trafficking. We put returnees in touch with service providers that give specialized and individualized support, such as psychosocial support and trauma therapy for those who need counseling. We also have institutions providing healthcare for those who have been abused and some want to undergo medical reviews, they also assist returnees with physical care in terms of accessing shelters.

“When dealing with returnees, we realize that their hope has been to come back and sustain their families. So, when they return prematurely or are deported from their country of deployment, they do not want to come back to their families because of embarrassment as they were not able to meet the expectations. They want to remain in a shelter. Sometimes they return to the country silently and we do not hear of them because there is no data. Therefore, there is a difficulty tracing them, which stands in the way of re-integration.” - Ruth Khakame.

There are also institutions that provide empowerment, vocational training, and life skills. There are also governmental efforts to provide loans to some individuals and returnees to start small enterprises, as migrants pick up skills when they travel and gain expertise in areas where they did not have prior knowledge. KUDEIHA works on providing legal assistance for those who directly complain to us when the complaint can be pursued tackling the employment agencies. We promote safe labor migration starting from Kenya, then in the transit country, and the country of destination. We are also engaging the government and negotiating regulations and policies to help the migrants move successfully.



Recommendations: Envisioning a Better Future for our Economy

Across the chain of migration and through the Kafala system, profit is made across borders for the private and public sector in both country of origin and of destination, and at times during transit. However, this profit happens via the exploitation of migrant domestic workers through the precarity of the policies that govern the sector of domestic work and beyond. Starting from local to global, our panelists recommended the following:

Abolishing the Kafala system is key. It is impossible to imagine decent work for domestic workers unless we tackle all what the sponsorship system entails on them being women and migrant. “This means we should adopt a 360 degrees approach,” said **Roula Seghaier**. As women constitute almost half of international migrants, as their unpaid care work at home is not accounted for as work although reproduces the value of life, as they have fewer assets than men, women’s migration already start off from pre-existing gender and class inequalities. They are subjected to wage theft, debt bondage, forced labor, lack of redress mechanisms, racism and gender segmented occupational labor markets. Under the Kafala system, their entry, stay, work and exit are tied to the employer. Furthermore, undocumented workers suffer additional pitfalls of irregularity. To counter the discrimination and labor exploitation across this chain of migration and employment, governments need to invest in gender responsive budgeting, and provide labor law coverage in line with CEDAW and ILO standards, with redress mechanisms, backed up by certification, accreditation, portability of wage security, and ethical recruitment. ILO Conventions C189 and C190 need to be ratified and implemented. Migration pathways need to protect women and migrant workers, and xenophobia must be combatted through the adoption of regularization programs instead of deportation and imprisonment. To summarize, as there is no ethical contract under the Kafala system, its reform and standardization of legal procedure should be a first step towards the abolition of the sponsorship system. We know this to be possible when the political will is there: Unlike Lebanon, Qatar has adopted changes that allow domestic workers to change their jobs within the existing infrastructure, indicating that such reforms are not only needed, but also feasible. This is a step in the right direction.

A Realistic and Comprehensive Migration Policy to tackle the structural reasons that create dangerous crossings is needed. There is no easy way out of the present situation with many refugees and migrants risking their lives crossing the Mediterranean Sea. Creating legal channels and bilateral agreements with the respective countries for all those who come newly and illegally into the country of destination would be an important step forward. The migration experiences of domestic workers and the remittances they send to their origin countries play a role in shaping the conditions of the continent’s structural transformation. While many women are aware of the work conditions in the destination country, occasionally the risks are beyond expectations. We need bilateral agreements, policies, and measures that would optimize their contributions to the socioeconomic development path of their origin countries. To that extent, **Ann Abunda** recommends aligning migration, trade, and investment policies with development objectives, leveraging remittances, and adopting more flexible labor policies to ease migrants’ mobility, and integrating migrants in labor markets. We need effective regulations governing operations and responsibilities of recruitment agencies and individual recruiters. A legal framework specifically addressing trafficking, including clear definition and indicators of trafficking, and penalties, information resources in language(s) and media that are accessible and understandable to domestic workers of less formal education and from different language groups, are all key in creating a fairer economic context for domestic workers.

Advocacy, Litigation, and Reintegration are absolute necessities to treat Domestic Workers with the dignity they deserve. “This would liberate us through human rights,” said **Ruth Khakame**. It would be a leeway to recognizing and appreciating the work that they do. In contexts penalizing some practices related to migration, domestic workers need to keep informed about their rights and the opportunities that facilitate their social and economic integration when they come back to the country. Sometimes domestic



workers call KUDEIHA all the way from their destination countries asking for support in litigation. Litigation will not only make the voices of these domestic workers and returnees heard but will also establish a precedence that could turn the tables to create a world that appreciates and recognizes the value of work invested in the domestic sector.

A New Vision of a Care Economy that recognizes and values care work, especially the contributions of domestic workers, is the place to start. **Marina Durano** spoke about the ongoing work attempting to estimate the contributions of paid and unpaid work to the economy starting with a pilot project in South Korea led by feminist economists. This project tries to create a model that showcases the interaction between the standard or mainstream notions of an economy with the care work that has so far been invisible. With these estimates, we will understand not only how much care work contributes but we can conduct simulation exercises that allow us to discuss the channels and pathways taken by macroeconomic policies on care work. We hope to see the simulations next year. There are also ongoing projects in the City of Bogota and in Argentina to design integrated systems of care. These government entities are identifying the care gaps and care needs of their populations so that public services can respond. The City of Bogota only started last year with the election of the new mayor while Argentina has been holding inter-ministerial meetings to discuss what reforms are need for the federal government to be able to meet the demands for care. Feminist economists are also involved, and the hope is for the drafting of a bill to begin next year. While these projects have not yet taken migrant domestic workers into their design, there is still time to do so. Bogota, for example, needs to recognize that the Venezuelans are already in their city while the Argentinians [recognize the Paraguayans](#) who have been domestic workers in their country. In both countries, domestic workers unions are highly active, and for example, the current Vice President of IDWF, Carmen Britetz, is a key actor in Argentina for domestic workers' human rights.

“Those that really need a lot of work are the macroeconomists themselves. They are the ones who need to change their approach so that their theories, methodologies, and policies fully account for all peoples, especially the fundamental fact that no economy can continue without care work. As unions and governments are moving ahead with their reforms, the macroeconomists need to catch up to be relevant in the 21st century.” - Marina Durano.

The participants of the webinar have echoed the dire need for the ratification and implementation of both ILO Convention 189 and 190. They have also had recommendations of their own: the strengthening of the relations between sending countries to lobby collectively in the countries of deployment of domestic workers was suggested. Instead of each individual country of origin to pursue diplomatic solutions with countries of deployment, they should not work in silos. The proposal also advocates for sharing learning on the best reintegration policies. The voices of domestic workers mobilizing, organizing, and fighting for their rights called for countries of the Global South to unite.

Join our plight and [#CareForThoseWhoCareForYou](#)