



► Social Protection Spotlight

July 2023

Guidance note: Using Migrant Welfare Funds as a social protection instrument – potential and limitations?

Key points

- Protecting and supporting nationals working abroad is essential to realize the development benefits of migration for workers and their families as well as for origin and destination countries and requires an integrated approach.
- First and foremost, migrant workers should be protected in the country where they are employed. In addition, countries of origin should build comprehensive and inclusive social protection systems, advocate for the conclusion of social security agreements and consider unilateral and complementary social protection measures.
- When migrants do not have access to social protection benefits in the destination countries, Migrant Welfare funds (MWFs) can facilitate registration or the maintenance of the affiliation to the national social security system in the country of origin.
- A MWF cannot be a viable substitute for securing migrant workers' access to social protection in the country of destination, nor can it ensure the portability of social security benefits across countries.
- Guided by international labour standards, MWFs can offer a range of transparent and gender-responsive benefits and services, based on the needs and best interest of migrant workers. For instance, they could provide a limited number of benefits such as sickness, death/survivors' benefits, employment injury.
- MWFs should be embedded in the legal framework of the country of origin and have effective institutional arrangements in place to ensure their good governance. Also, they should be flexible to changing risks and crises.
- The social protection benefits provided by MWFs need to be financed collectively based on the principle of solidarity in financing, with contributions from both workers and employers.
- If the migrant worker is adequately covered in the country of destination, the social protection coverage provided under a MWF should be on a voluntary basis, to ensure that migrant workers are not obliged to pay double social security contributions unless they want to.
- With respect to the other services and benefits not qualifying as social protection, migrant workers may contribute on a voluntary basis. Where affiliation is mandatory, these other costs should be borne by employers, recruiters or governments in accordance with the [ILO General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs \(2019\)](#).
- The financial sustainability of a MWF will significantly depend on the number of migrants working abroad and their capacity and willingness to contribute, the types and scope of services and benefits provided as well as the financing mechanisms.

What is the purpose of this guidance note?

International migrant workers constitute nearly 5 per cent of the global labour force and are an integral part of the world economy. While labour migration presents great potential both for individuals and more largely for the economies of the recipient and origin countries, it is also accompanied by numerous challenges and decent work deficits, including a lack of access to social protection.¹

In this context, countries of origin are looking to protect their nationals working abroad as well as their dependents through various policy measures. The measures any country may be considering will depend on the national migration context, the labour migration policy pursued (where existent), the gaps existing in terms of support available including through the social protection systems in the countries of origin and destination, the existence or density of bilateral or multilateral labour and social protection agreements, and other regulations such as on recruitment for employment abroad.

The creation of Migrant Welfare Funds (MWFs), sometimes also known as Migrant Welfare Programmes, is a unilateral measure of countries of origin that has seen increasing interest, especially when limited labour and social protection is provided by destination countries. This lack of protection can be due to, amongst other, restrictive labour and social security legislations, weak social protection systems, the absence of Bilateral Labour Migration Agreements (BLMAs) and social security agreements but also to their limited scope and reach. MWFs are intended to protect migrant workers and facilitate migration for employment abroad and can provide a wide range of services and benefits, including some social protection benefits.

Drawing on relevant international labour standards (ILS) alongside the ILO Guide on [Extending social protection to migrant workers: a guide for policymakers and practitioners \(2021\)](#) and the [General principles and operational guidelines on fair recruitment and definition of recruitment fees and related costs \(adopted in 2016 and 18](#)

[respectively](#)), this guidance note aims at providing policy guidance to countries of origin who wish to extend social protection to their nationals working abroad and their families, and that are exploring the possibility of establishing a Migrant Welfare Fund for that purpose. For countries that are considering establishing such a Fund, it puts forward considerations that should guide their design and practical implementation with respect to social protection. Finally, the note also provides some guidance with respect to the costs and fees of the other services and benefits provided by MWFs, but it will not address in detail whether MWFs are a suitable option for the purpose of addressing the other risks that migrant workers may face during the migration cycle.

What is a Migrant Welfare Fund?

There is no internationally established definition of Migrant Welfare Fund. In most national practices, Migrant Welfare Funds are country of origin Government-created membership-based institutions that provide to nationals working abroad registered with the Fund a selection of benefits and services, that can include selected social protection benefits. There are considerable variations between currently operating MWFs in relation to the benefits and services they offer, their capacity to provide them, their institutional and contractual arrangements, their funding structure and their relationship with the national social protection system and providers of other services such as pre-departure training, loans or job placement support.

Following the oil boom in the 1970s, when the demand for foreign labour increased in Middle Eastern countries, the first MWFs were created by countries of origin concerned with the lack of protection of their nationals working abroad either due to discriminatory laws or a lack of BLMAs and social security agreements. Examples include the MWFs in Bangladesh, India, Nepal, Pakistan, the Philippines and Sri Lanka.

MWFs are financed mainly through fees paid by registered migrant workers. In addition, the initial capital of these funds as well as subsequent financial allocations can come

¹ "Social protection, or social security, is a human right and is defined as the set of policies and programmes designed to reduce and prevent poverty, vulnerability and social exclusion throughout the life cycle. Social protection includes nine main areas: child and family benefits, maternity protection, unemployment support, employment injury benefits, sickness benefits, health protection (medical care), old-age benefits, invalidity/ disability benefits, and survivors' benefits. Social protection systems address all these policy areas by a mix of contributory schemes (social insurance) and non-contributory tax-financed benefits (including social assistance)" (ILO 2021, p. 226-228). In most ILO documents, the terms "social security" and "social protection" are used interchangeably and encompass a broad variety of policy instruments, including social insurance, social assistance, universal benefits and other forms of cash transfers and measures to ensure effective access to healthcare and other benefits in kind with a view to securing social protection.

from public funds, but at times also from foreign employers and recruitment agencies (licence fees, licence renewal fees, security deposits), as well as from interests accrued from these initial capital investments.

Institutionally MWFs are often attached to a government Department or overseen by a board appointed by the government. Their organizational structure often includes a board of directors, which can be a tripartite body with representatives of government, employers and workers. Most MWFs have a legal basis and are established by law and/or regulations. Generally, these will include provisions on the administrative and financial management of these funds including on the subsequent capital contribution to such funds and its management, the different types of benefits and services and their disbursement, the qualification conditions for membership and receipt of benefits, as well as the monitoring of the implementation and reinvestment of the fund's capital.

The MWFs' resources are used in a variety of ways. Existing funds offer a wide range of support measures, including pre-departure orientation, training, legal counselling, mediation services, emergency repatriation, burial support, reintegration assistance, consular support, loans and education grants. Some provide certain **social protection benefits**, such as benefits in case of employment injury, death, disability, and for survivors, either by creating a migrant-specific social protection scheme as part of the MWF, or through private insurance contracting. Some MWFs also facilitate the registration or continued affiliation of migrant workers with the national social protection schemes of the country of origin, including with regards to health protection.

What is ILO's approach to extending social protection to migrant workers and their families?

There are many factors that shape the risks and challenges migrant workers might experience. Like anyone else, they face certain risks during their life cycle (e.g. unemployment, sickness, maternity, old-age, employment injury) which can have financial consequences. In addition, they can face risks and challenges in the context of migration, encompassing preparations for departure, the journey and work abroad, and return and reintegration (e.g., discrimination, poor working conditions, unfair

recruitment practices, wages related abuses, and other forms of abuse or exploitation).

► Box 1 : Social Protection Floors Recommendation, 2012 (No. 202) para. 14

When formulating and implementing national social security extension strategies, Members should:

- (a) set objectives reflecting national priorities;
- (b) identify gaps in, and barriers to, protection;
- (c) seek to close gaps in protection through appropriate and effectively coordinated schemes, whether contributory or non-contributory, or both, including through the extension of existing contributory schemes to all concerned persons with contributory capacity;
- (d) complement social security with active labour market policies, including vocational training or other measures, as appropriate;
- (e) specify financial requirements and resources as well as the time frame and sequencing for the progressive achievement of the objectives; and
- (f) raise awareness about their social protection floors and their extension strategies, and undertake information programmes, including through social dialogue.

When developing and implementing policies or mechanisms aimed at extending social protection to migrant workers and their families, the ILO² promotes a holistic and participatory approach grounded on international labour standards, anchored in social dialogue and involving organizations representative of migrant workers. Such an approach should take into account the following factors which influence migrant workers' access to social protection: the labour migration and mobility landscape; the availability, level and scope of social protection provision in countries of origin and destination; and the heterogeneity and specificities of migrant workers and their family members, including their demographic characteristics, migration and employment status, duration of stay and employment, skill set, income level, and the industry or sector in which they work. To ensure that countries progressively build more effective and comprehensive access to social protection for migrant

² This approach was discussed and adopted by government, employers and workers representatives of the ILO's Governing Body in March 2022.

workers and their families, the following set of mutually reinforcing policy measures can be considered.

- Progressively **building national social protection systems** including social protection floors³, that are inclusive of migrant workers, by developing and/or revising and implementing national policies and legal frameworks in line with relevant ILS;
- **Ratifying and/or applying relevant ILS** (including Convention No. [19](#), [97](#), [102](#), [118](#), [143](#), [157](#) and Recommendation No. [202](#));
- **Concluding bilateral/multilateral social security agreements** between countries to ensure the coordination and portability of benefits across countries (based on the model agreements in the annex of [ILO Recommendation No. 167](#));
- Concluding **bilateral labour migration agreements with social security provisions based** on the equality of treatment principle, [ILO Recommendation No. 86](#), and the [UN Global Guidance on bilateral labour migration agreements](#);
- Setting **complementary measures** addressing the administrative and practical obstacles faced by migrant workers (information campaigns, regularization initiatives, outreach units etc.).

MWFs are both a unilateral and complementary measure. They can be a unilateral measure because countries of origin may establish MWFs on a unilateral basis (involving no coordination with any other country) to provide certain support including social protection benefits. They can also be a complementary measure in so far as they address the practical and administrative obstacles migrant workers face and because they provide services and benefits other than social protection.

Although some tend to qualify or define MWFs as a social protection mechanism, based on the internationally agreed definition of social security/protection embedded in international labour standards, and because they are broader in scope, MWFs cannot be qualified as a social protection mechanism per se. Indeed, Convention No. 102 defines the nine life-cycle risks to be covered by social security. Many of the benefits and services provided by MWFs do not fall under one of these nine social security branches (see table 1 and 2). In addition, international labour standards embed social security principles that countries should aim to comply with including when providing social protection benefits through MWFs. However, in practice the social protection benefits provided by MWFs do not or only partially comply with these principles (see Table 3).

► **Table 1: Social protection benefits included in C102 and R202**

Risks/contingencies according to C102 and R202	Examples of benefits and services provided by national social protection systems	Examples of benefits and services provided by MWFs*
Medical care	Social/national health insurance National health service Provision for long-term care	
Sickness (income security during sickness)	Sickness benefits or paid sick leave (periodic benefits), in some countries also to take care of sick family members	
Maternity	Maternity cash benefits or paid maternity leave (periodic benefits) Access to maternity health care for mother and baby	
Employment injury or occupational disease	Employment injury benefits in case of full or partial permanent or temporary inability to work (periodic benefits or lump sum under certain conditions)	Limited work-related accident/injury/disease compensation (often lump sum)
Disability/invalidity	Disability benefits (contributory or non-contributory, periodic benefits) Access to care services Assistive devices	Under certain conditions disability grant (in case of partial/permanent disability), usually lump sum
Unemployment	Unemployment insurance, unemployment assistance, employment guarantee scheme, social assistance	
Old age	Old age pensions (contributory or non-contributory) (periodic benefits)	
Death/survivorship	Survivor pensions/benefits for widows/widowers and/or orphans (periodic benefits or lump sum under certain conditions) Death/funeral benefit	Death/funeral grant (lump sum)

³ See box 1 for more information on social protection floors as per the ILO Social Protection Floors Recommendation, 2012 (No 202).

Children and families	Child or family benefits (contributory or non-contributory, periodic benefits) Education-related benefits School feeding programmes	Under certain conditions family assistance/support
General poverty and vulnerability	Social assistance, emergency assistance Housing benefits	Limited welfare assistance Emergency assistance (e.g. in case of natural disaster, war, pandemic etc.)

*Note: MWFs may facilitate registration to existing national social protection schemes in countries of origin (e.g. PhilHealth in the Philippines, the Sesetha Pension scheme in Sri Lanka etc.). Those benefits are not provided by the MWF as such and have thus not been included in the above table.

For more information on ILO's approach see:

ILO 2022, [Securing social protection for migrant workers and their families: Challenges and options for building a better future](#), GB.344/POL/1

ILO 2021, [Extending Social Protection to Migrant Workers, Refugees, and their Families: Guide for Policymakers and Practitioners](#)

Periodic benefits versus Lump sum

ILS require for most branches the periodic payment of benefits. Lump sum payments can also be considered under certain conditions for employment injury (C102 and R121) and for survivors' benefits (R131). As compared to lump sum payments, such benefits are more adequate as they provide for income security over the period that the risk or contingency applies (e.g. old age, sickness, employment injury) in comparison to a lump sum that is an amount of money paid on one occasion.

► **Table 2: Non-social protection benefits and services provided by MWFs**

Examples of other non-social protection benefits and services provided by MWFs
Burial grant/lumpsum
Repatriation grant (due to accident, maltreatment, crisis)
Pre-departure/post-arrival trainings & information
Reintegration programmes and services
Child education grant /scholarship
Housing support
Legal assistance
Loans

Notwithstanding the above, MWFs may offer a wide range of useful benefits and services which at times may be the only ones migrant workers are going to be eligible for, taking into account the legal and practical barriers faced in the country of destination.

What should countries consider before establishing a Migrant Welfare Fund?

Many countries of origin wishing to extend social protection to nationals working abroad consider establishing a MWF for that purpose. This is usually motivated by the necessity to compensate for the lack of protection and support available to migrants in the country of employment or for their dependent family members who often remain in the country of origin.

When embarking on a policy development process, it is imperative to engage in a thorough assessment of all the benefits and services available to migrant workers and potential protection gaps both in the country of origin and countries of destination (see design steps below). In doing so, a holistic and participatory approach should be pursued considering all factors that may influence migrant workers' access to labour and social protection (see section above on ILO's approach).

Before considering the establishment of a MWF, but also after the establishment of a MWF, countries of origin should:

- **negotiate with countries of employment** for migrant workers **access to social protection** benefits, including health care, in the country where they are employed, based on the principle of equality of treatment between nationals and non-nationals and solidarity in financing. Notwithstanding the creation of a MWF and/or a migrant specific social protection scheme, countries of origin should continue to negotiate/advocate with countries of

destination to ensure that their nationals have access to social protection in the country of employment. While the establishment of a MWF can provide some partial social protection benefits. Workers should first and foremost be covered in the country where they are employed, and employers should contribute their share for all relevant social protection branches to ensure adequate protection and to avoid unfair competition between national and migrant workers.

► Box 2 : ILO intervention models

For more information on how to extend social protection to **specific groups** of migrant workers see the following ILO intervention models:

ILO (2023) [Intervention Model: For extending social protection to migrant workers in the informal economy](#)

ILO (2022) [Intervention Model: For extending social protection to migrant seasonal agricultural workers](#)

ILO (2021) [Intervention Model: For extending social protection to migrant domestic workers](#)

ILO (2021) [Intervention Model: For extending social protection to migrant workers in an irregular situation](#)

ILO (2021) [Intervention Model: For extending social protection to refugees and asylum seekers](#)

- a. migrant workers do not benefit from all social security branches in the country of employment, either de jure or de facto;
- b. there is no legal framework in the country of destination allowing the payment of benefits abroad;
- c. migrant workers' stay in the country of employment is temporary/seasonal;
- d. migrant workers can access higher levels of social protection in the country of origin.
- e. dependant family members stay in the country of origin.

However, if migrants are already covered for certain branches in the country of destination, countries of origin should not ask them to remain affiliated in the country of origin for the same branches and pay double contributions unless they want to.

- While pursuing the above-mentioned measures that can lead to more comprehensive, adequate and sustainable social protection for migrant workers and their families, countries of origin with a **significant number** of workers migrating for employment abroad, may **in parallel** wish to address migrants' **immediate needs** through: **Establishing a MWF** that can include a set of social protection benefits and/or facilitate registration in national schemes. This can be particularly relevant, when MWF can collect contributions also from employers and recruitment agencies, based on the principle of solidarity in financing.
- **Establishing a specific scheme for nationals working abroad.** However, such schemes are often limited in terms of risk pooling and may not be financially sustainable and as such are not a recommended option.

What considerations should guide MWF design?

The design of a MWF should be guided by migrant workers' best interest and needs, relevant ILS and social dialogue offer to.

- **negotiate and conclude social security agreements** to ensure access and portability of benefits. from one country to another. A MWF is a unilateral measure and therefore cannot ensure the portability and totalization of social security entitlements as this would require coordination of social security systems across countries.
- allow migrant workers, under certain circumstances, to **remain affiliated to national general social security schemes** on a **voluntary** basis in the countries of origin with respect to all or certain social protection benefits. This approach is preferable to the creation of separate schemes for migrant workers only, as it enhances solidarity and risk pooling. In addition, by enhancing the number of contributors it also improves the financial sustainability of the national scheme. However, in most cases this would not include employers' contributions. Allowing migrant workers to remain affiliated to national general social security schemes can be particularly relevant when:

Design steps⁴

To inform the design of a MWF, a thorough an **assessment** should be carried out. The assessment should review whether:

- migrant workers and members of their families have access to social protection benefits (contributory and non-contributory) and for all branches of social security in countries of origin and destination, taking into account that migrant workers may be excluded from social protection due to their migration, employment or residency status, the sector in which they work or the length of their stay in a country.
- bilateral labour migration agreements regulate the employment abroad and protect migrant workers' rights and the scope of the protection afforded to migrants.
- bilateral or multilateral social security agreements ensure the access and portability of social security benefits, and whether there is the potential to revise these agreements or conclude new ones.

In addition, a **costing and feasibility study** of a potential MWF can be carried out to complement the assessment and an **actuarial assessment** to ensure financial sustainability over time. The feasibility of providing benefits as part of the MWF will significantly depend on the number

of migrants working abroad and their capacity and willingness to contribute, as well as the objectives pursued. Their contributory capacity will also depend on their level of education and skills, type of employment, wages, migration status, considering that these often display significant gender inequalities that need to be taken into account.

Rounds of consultations should be organized to present and discuss the findings of the assessment and inform the decision-making process. The consultations should involve relevant representatives from government (including from national social security institutions), and from workers and employers' organizations, including organizations of migrant workers or domestic workers, as well as other relevant stakeholders

Design considerations

When establishing a MWF, it is of utmost importance to conceptually differentiate its social protection elements from the other services and benefits provided by the fund. It is also important to take into account the key principles embedded in ILO social security standards to guide the design and implementation of the social protection benefits provided through a MWF (see table 3 below).

► Table 3: Compliance of MWFs with social security principles

Social security principles embedded in ILS	Compliance of MWFs with social security principles
General social security principles ⁵	Protection against risks and comprehensiveness in benefits No- The benefits provided are limited and do not provide protection against all risks over the life cycle – does not cover all nine branches. MWF do not need to provide benefits for all nine branches, particularly if other national schemes cover those risks.
	Financial sustainability Depends on, amongst other, the number of migrant workers registered with the funds or contributing to the fund, the level and type of benefits provided, the investment of the funds.
	Adequacy of benefits Depends on whether the level and type of benefits respond to migrant workers' needs. Typically if there are no employer contributions, it would be difficult to meet the minimum adequacy requirements set by ILO standards.
	Predictable and periodical benefits Depends on design: Most benefits are provided in the form of lump sums.
	Solidarity in financing and collective risk pooling Limited solidarity in financing and risk pooling – because migrant workers are often the main contributors and because the pool of contributors is limited to registered migrant workers.
	Enforceability of rights and accountability Limited – lack of transparency on which part of the financing is allocated to social protection and which part to other services and benefits; limited effective appeal and complaints procedures.
	Overall responsibility of the State In terms of governance, the State plays a key role. However, the State is not solely responsible for the financing of the MWF as migrants and oftentimes employers and recruitment agencies may also contribute to the MWF.

⁴ See also ILO 2015. Policy Brief Issue No. 3: Establishing Migrant Welfare Funds in Cambodia, Lao PDR and Myanmar.

⁵ See the toolkit on ILO social security standards at <https://www.social-protection.org/gimi/Standards.action?lang=EN>

Principles specific to migrant workers ⁶	Equality of treatment between nationals and non-nationals	No – MWF only offer a limited set of social protection benefits which level and scope may differ from those available for nationals in the country of employment, taking into account also that in most cases there is no contribution from employers.
	Maintenance of rights in course of acquisition	No – absence of mechanism to ensure totalization of contributions with other social security systems (requires bilateral/multilateral social security agreements).
	Maintenance of acquired rights and provision of benefits abroad	Yes – maintenance of acquired rights in country of origin and provision of benefits abroad (if supported by legal framework in country of origin and if those rights are administered by the MWF).
	Determination of applicable legislation	Yes - In principle, the law of the country of employment should apply (<i>lex loci laboris</i>). however, a well-designed MWF should determine whether the migrant worker is covered by the social security laws in the destination countries, if so, the MWF should require only voluntary coverage to avoid double contributions/coverage.
	Mutual administrative assistance	Depends on bilateral/multilateral agreements or arrangements. Some MWFs may have arrangements in place with authorities in countries of destination to facilitate, for example the repatriation of bodies. However, MWFs often operate in a context with very limited or no cooperation arrangements or agreements in place with countries of destination.

Source: Adapted from ILO 2023 (forthcoming), Reforming end-of-service indemnity for migrant workers in Member States of the Cooperation Council for the Arab States of the Gulf (GCC): An overview of policy options in light of international social security standards.

Legal framework – the MWF should be based on a legal framework which may require a revision of an existing law or the adoption of a new law or regulation. In addition, countries of origin may have to review their social security legislation to allow non-resident nationals to remain affiliated to the social security scheme. This will, amongst others, ensure coverage of dependent family members remaining in the country of origin.

Management and administration of the fund⁷ – to ensure the good governance of the fund, and enhance migrant workers' trust in the fund, it is important that:

- responsibilities and institutional arrangements are clear and that there is coordination with other ministries, government agencies or social security institutions to ensure policy coherence;
- governing bodies involved in the management and administration of the fund should be gender balanced and tripartite and should allow for the participation of migrant workers representatives, both women and men;
- synergies with social security administration systems and processes is ensured in countries of origin, to avoid fragmentation in access to services and reduce transactional costs. This is particularly relevant for returning migrants that may have to claim benefits from different institutions.
- regular and periodic reports, including financial reports, are made available publicly and should include

information on revenue and expenditure, number of migrant workers enrolled disaggregated by migration status, sex and age, number and type of benefits disbursed, number and type of claims;

- monitoring and oversight mechanisms ensure transparency, accountability and effectiveness;
- there are arrangements in place to ensure a level of flexibility to changing risks and crises. For instance, the possibility to receive additional funding from regular government budget in case of a crisis;
- service points /desks are available in countries of destination to support and inform migrant workers about their rights and available services and how to access them;
- coordination mechanisms and communication channels are in place with consular services in countries of destination.

Funding arrangements - In many countries, MWFs are mainly or partially financed from fees paid by migrant workers. Social security principles however require collective financing based on the principle of solidarity in financing, with contributions from both workers and employers, and where necessary complemented by general taxation. According to ILO Convention No. 102, social protection benefits should be financed collectively and workers' share should not exceed 50 per cent of the cost of social protection, including administrative costs (Art.

⁶ See Glossary in [ILO Guide on extending social protection to migrant workers, refugees and their families, 2021](#).

⁷ An ILO study (forthcoming) indicated that during the Covid-19 crisis, despite the existence of MWFs, many migrants were left without crucial support.

71.2). However, with respect to non-social protection benefits (see table 1) and where affiliation to a MWF is mandatory, the costs of these benefits or services should not be borne by migrant workers but by employers, recruiters or governments in accordance with the [ILO General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs \(2019\)](#) (see box 3)

Therefore, with respect to social protection benefits, MWF should consider:

- a mix of financing sources: financial contributions from migrant workers should be complemented by contributions from their employers (foreign and national) where relevant, as well as from recruitment agencies, and possibly complemented by government sources. MWF may also benefit from initial capital investment funds from the government, security deposits from recruitment agencies, interest accrued that can be reinvested, as well as donations and grants;
- to make the fees/contribution proportional to migrant workers' earnings as long as it is less than 50% of the total cost in terms of social protection, and as long as it is voluntary (see also box 3);
- providing governmental subsidies to workers with low contributory capacities, to ensure they can benefit from coverage through the fund;
- appropriate legislative and operational support must be in place, to ensure good financial management including transparency, traceability, and accountability. Periodic and regular financial reporting, audit and actuarial valuations should be legally required;
- where MWFs provide for protection against certain life risks through private insurance mechanisms, the insurance contracts need to respond to clear terms of reference, be regulated by public authorities, be financed by both workers and employers, and provide certain minimum levels of benefits. Also, government representatives and migrant workers should be associated or consulted in the administration of these private insurance products;
- raising awareness and communicating on the value of contributing to the MWF for foreign employers, recruitment agencies and migrant workers;
- allowing migrants regardless of their migration status to contribute to the MWF as well as to migrants already working abroad.

► Box 3: Funding arrangements for other benefits and services

The [ILO General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs \(2019\)](#) underline the responsibility of governments, enterprises (including labour recruiters and employers) and public employment services for advancing fair recruitment and prevent abusive or unfair recruitment practices. These include the adoption and effective implementation of measures such as pre-departure and post-arrival orientations and the dissemination of comprehensive and accurate information about rights and conditions of recruitment and employment. They also reiterate the principle that workers and jobseekers, both nationals and migrants should not be charged any recruitment fees or related costs. This principle, which directly reaffirms the idea that "labour is not a commodity", is also based on the recognition that in reality recruitment costs, especially for migrant workers, can be extremely high and lead to situation of exploitation and abuse (including debt bondage) even before migrants reach their employment at destination.¹ The subsequent definition of recruitment fees and costs provides detailed list of "related cost" that - when initiated by an employer, labour recruiter or an agent acting on behalf of those parties; required to secure access to employment or placement; or imposed during the recruitment process- should be considered related to the recruitment process and therefore not to be charged to workers.

This list specifically includes "Insurance costs: costs to insure the lives, health and safety of workers, including enrolment in migrant welfare funds; [and] Costs for training and orientation: expenses for required trainings, including on-site job orientation and pre-departure or post-arrival orientation of newly recruited workers".

Drawing on these guidelines, the benefits and services that do not qualify as social protection/security benefits should not be paid by migrant workers. As such, if enrolment in the MWF is mandatory (required to secure employment or imposed during the recruitment process) then the benefits and services not qualifying as social protection should in principle be paid by employers or labour recruiters and not by migrant workers. However, migrant workers may decide to pay for these other services and benefits on a voluntary basis.

¹ See data from recent surveys on recruitment costs in line with SDG Indicator 10.7.1 on recruitment costs and based on ILO/WB methodology to measure it. Report from national surveys can be found on "Statistics for SDG indicator 10.7.1: Measuring recruitment costs" the ILO website on https://www.ilo.org/global/topics/fair-recruitment/resources/WCMS_726736/lang--en/index.htm

Membership, services and benefits – all the services and benefits provided should be clearly beneficial to migrant workers and their families, including those remaining in countries of origin, be gender responsive and take into account their specific characteristics and needs. This also applies to social security benefits (see table 1 and 2 for examples of services and benefits provided by MWFs). The benefit package should fill a protection gap and build on existing benefits for effectiveness, completeness, and cost- and administrative efficiency and to avoid fragmentation and duplication in coverage vis a vis schemes in countries of destination. More specifically, the MWF should²:

- facilitate enrolment/registration of migrant workers and their dependants in national social security schemes, including health protection scheme, to allow migrants to continue contributing for protection against certain

contingencies in the country of origin during the period of employment abroad or upon return and for dependant family members; In this case, MWFs could also serve as a gateway mechanism linking migrant workers and foreign employers with a view to facilitating the collection, from both workers and employers, of contribution to national social protection system of the country of origin with respect to selected risks such as long-term contingencies (pension); This is particularly relevant where the country of destination does not provide for such coverage.

- allow enrolment and renewal of membership at any stage of the migration cycle for all migrant workers regardless of migration and employment status or

² These recommendations draw from ILS and the study ILO (forthcoming). Funding Migrant Welfare. Assessing protection of migrant workers underfunds managed by Cambodia, Indonesia, the Philippines, Thailand and Viet Nam, drawing lesson from COVID-19.

- pathways⁹. In practice, this would require ensuring digital registration and/or access to registration services abroad;
- would also stress on the importance to extend benefit package to cover dependents in countries of origin (e.g. for health and survivors)
 - if facilitating enrolment in the national scheme is not an option and where the number of migrants reaches a critical mass, the MWF may provide a selection of benefits (e.g. survivor benefits, employment injury benefits) through a migrant-specific scheme;
 - be transparent with regards to the benefits provided, the level of protection and related conditions and costs;
 - ensure that the type and level of benefits is adequate for the risks covered and provide genuine value for money for migrant workers and their family members, and to attract migrant workers to enrol and contribute. For this purpose, the MWF should offer a clear set of services, distinguishing between social security benefits and other services and benefits that migrants could select,

on a voluntary basis, depending on the availability of services and benefits abroad;

- be non-discriminatory and gender responsive, and address the specific needs of the migrant workers covered and their family members. For instance, ensuring continued protection and access to benefits and services during pregnancy (e.g. repatriation, maternity protection, post and pre-natal care, sickness, adapted information, income replacement in case of contract breaks);
- provide complementary benefits for additional unforeseen circumstances affecting migrant workers specifically, such as repatriation and burial support as well as other benefits, such as pre-departure briefing, vocational training, language courses, education grants, legal aid and advice in jurisdictions abroad, reimbursement of recruitment fees and related costs and more.
- consult extensively and regularly migrant workers, workers 'and employers' organisations to ensure adequacy of benefits to migrant workers' needs.

► **Table 4: Summary of what is possible with a MWF**

What a MWF is/ or can do	What a MWF cannot /should not do
<ul style="list-style-type: none"> • It can provide key benefits and services to support and protect migrant workers throughout the migration cycle. • It is a complementary measure to provide access to certain social protection benefits and services for migrant workers and their dependents. • It can contribute to enhancing social protection coverage for migrant workers by facilitating registration with national schemes in country of origin. • It may help channel contributions from employers abroad into social security systems and/or the MWF in countries of origin, depending on the legal framework of countries of employment. • It may also provide access to some benefits and services for migrant workers in an irregular situation. 	<ul style="list-style-type: none"> • It cannot substitute for access to social protection, including health protection, in the country of employment. • It cannot not ensure the portability of social security benefits. • It usually only covers a limited number of social protection benefits, and often the level and scope of these benefits does not meet the minimum requirements laid down in International Labour Standards including with respect to adequacy, sustainability, equity and risk-sharing. • It should not be solely financed from migrant workers' contributions and workers' share should not exceed 50 per cent of the cost of social protection, including administrative costs.

Conclusion

Protecting and supporting nationals working abroad presents a formidable challenge for countries of origin. However, ensuring this protection is essential to realize the development benefits of migration for workers and their families as well as for origin and destination countries. Designing and providing appropriate support requires creative responses to the territoriality principle that limits the range of actions possible under different jurisdictions.

It requires an integrated approach to fill the protection gaps and coherence between migration, employment, education/training and social protection policies.

First and foremost, migrant workers should be protected in the country where they are employed. In addition, to extend social protection to migrant workers, countries of origin should build comprehensive and inclusive social protection systems, negotiate social security agreements with at least the main destination countries to ensure the

⁹ The need to protect migrant workers in an irregular situation was particularly evidenced during the COVID-19 pandemic and governments such as the Philippines provided support to migrant workers irrespective of their status through their Overseas Welfare Fund (OWWA). Undocumented migrant workers should be able to contribute without fear of being denounced to the immigration authorities and consequently being expelled or deported.

portability of benefits and consider unilateral and complementary measures, such as allowing migrant workers to remain affiliated to their national general social security schemes or the creation of a Migrant Welfare Fund.

MWFs are increasingly considered by countries of origin to fill protection gaps in destination countries and provide a wide range of services and benefits to migrant workers and their families. With respect to social protection, when migrants do not have access to social protection benefits in the destination countries, MWFs can facilitate registration or the maintenance of the affiliation to the national social security system in the country of origin or directly provide a limited number of benefits such as sickness, death/survivors' benefits, employment injury.

However, a MWF cannot be a viable substitute for securing migrant workers' access to social protection in the country of destination, nor can it ensure the portability of social security benefits across countries. For more complete, sustainable and adequate protection, countries should continue to lobby and advocate for the full participation of migrant workers in social protection schemes in countries of destination, based on the equality of treatment principle and including equitable financing from employers. In addition, countries of origin should pursue their efforts towards the conclusion of bilateral/multilateral social security agreements with destination countries.

Guided by international labour standards, MWFs can offer a range of transparent and gender-responsive benefits and services, based on the needs and best interest of migrant workers. MWFs should be embedded in the legal framework of the country of origin and have effective institutional arrangements in place to ensure their good governance. They should allow enrolment and renewal of membership at any stage of the migration cycle, regardless of migration and employment status or pathways.

These processes, including claim processes, complaint or appeal mechanisms, should be simple and efficient to ensure effective access to benefits. Also, MWFs should be flexible to changing risks and crises.

A mix of financing sources should be considered to finance MWFs. The social protection benefits provided by MWFs need to be financed collectively based on the principle of solidarity in financing, with contributions from both workers and employers. According to [ILO Convention No. 102](#) (Art. 71.2), social protection benefits should be financed collectively and workers' share should not exceed 50 per cent of the cost of social protection, including administrative costs. Also, if the migrant worker is adequately covered in the country of destination, the social protection coverage provided under a MWF should be on a voluntary basis, to ensure that migrant workers are not obliged to pay double social security contributions unless they want to.

With respect to the other services and benefits not qualifying as social protection, such as pre-departure and post-arrival trainings and information, burial and repatriation grants, migrant workers may contribute on a voluntary basis. Where affiliation is mandatory, these other costs should be borne by employers, recruiters or governments in accordance with the [ILO General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs \(2019\)](#).

The financial sustainability of a MWF will significantly depend on the number of migrants working abroad and their capacity and willingness to contribute, the types and scope of services and benefits provided as well as the financing mechanisms.

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