

THE ECOSYSTEM OF LABOR MIGRATION IN THE PHILIPPINES: LEGAL AND INSTITUTIONAL FRAMEWORK AND THE RECRUITMENT PROCESS

A REPORT TO THE MIGRATION INSTITUTE OF FINLAND

BY THE SCALABRINI MIGRATION CENTER (SMC)

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LIST OF ACRONYMS

DOLE	Department of Labor and Employment
DFA	Department of Foreign Affairs
DMW	Department of Migrant Workers
DSWD	Department of Social Welfare and Development
FPA	Foreign Placement Agency
G-to-G	Government-to-Government
ILAB	International Labor Affairs Bureau
JSL	Joint and solidary liability
LCP	Labor Code of the Philippines
MWO	Migrant Workers Office
NMP	National Maritime Polytechnic
OEC	Overseas employment certificate
OFW	Overseas Filipino Worker
OWWA	Overseas Workers Welfare Administration
POEA	Philippine Overseas Employment Administration
POLO	Philippine Overseas Labor Office
PRA	Private recruitment agency
SMC	Scalabrini Migration Center

1. INTRODUCTION

This report is a background paper to be annexed to the commissioned study *Selvitys Filippiinien kansainvälisen työvoiman ekosysteemistä ja osaajatarjonnasta kansainvälisen rekrytoinnin näkökulmasta*, submitted by Migration Institute of Finland to Work in Finland in June 2024 (Vaittinen et al. 2024). The overall aim of the commissioned project has been to provide an overview of the ecosystem of labor recruitment in the Philippines for the purposes of the Finnish government. The present report, produced by the Scalabrini Migration Center (SMC), provides further knowledge to stakeholders in Finland – policymakers, employers, and recruitment or placement agencies – about the Philippines’ comprehensive system of governing the overseas employment program. This report complements and deepens the above-mentioned Finnish language study, particularly in relation to the rules and regulations that govern the processes, actors, and institutions involved in the Philippine labor recruitment ecosystem.

This report may partially overlap with information provided in the Finnish language study, hence including some repetition for the readers. However, when engaging with the labor recruitment ecosystem in the Philippines, Finnish stakeholders will operate in English. Where the two reports overlap, this report will help the stakeholders to familiarize with the relevant regulations and processes in the terminology and language that is used in the context of the Philippines.

Data for this report were drawn from a review of policies, data and relevant literature. Additional information and insights were shared during the roundtable discussion in Mandaluyong City June 13, 2024, which was participated by representatives from the government, the private sector and an international organization. The report is authored by Prof. Maruja B. Asis and Prof. Stella Go, with minor editing by Dr Tiina Vaittinen for the purposes of coordinating with the contents and aims of the overall study.

The report proceeds as follows. The remainder of the introduction will first describe the general trends and historical development of Filipino overseas employment, describing also the development of the Philippine-Finland migration corridor over time. We will then move on to review the historical evolution of the governmental ecosystem of labor recruitment in the Philippines. After this, we briefly review the three possible pathways of OFW recruitment, namely recruitment through Private Recruitment Agencies (PRAs), direct hires and government-to-government recruitment. Of these, the PRA recruitment is the standard practice, with the other two being more exceptional. The latter part of the report will thereby focus on the laws and regulations that govern the PRAs and the recruitment process through the PRAs. This section also covers the obligations of Foreign Placement Agencies (FPAs) and foreign principals/employers – i.e. regulations that are relevant for Finnish actors seeking to recruit labor from the Philippines.

International labor migration from the Philippines: General trends

The year 2024 marks the 50th year of state-supported overseas employment program with the enactment of the Labor Code of the Philippines (LCP), through Presidential Decree (PD) No. 442, on May 1, 1974. Although Filipinos sought employment in foreign countries before the 1970s, the Labor Code set the stage for the launch of the overseas employment program under the aegis of the state. At the time, the Philippines was under martial law, and economically, the country was reeling from the shock of the first oil crisis in 1973. The oil crisis jumpstarted massive infrastructure projects in the oil-rich countries in the Gulf region. Lacking workers, these countries started sourcing workers in Asia. For origin countries such as the Philippines, responding to the need for workers offered employment opportunities and foreign exchange earnings. Thus, labor migration was born as a temporary solution to the Philippines' economic challenges and the Gulf countries' need for workers. Temporary labor migration, however, not only continued, but also increased in magnitude and expanded to destinations beyond the Gulf region. While the demand for Filipino workers is a contributing factor, the languishing Philippine economy was a key driver that compelled Filipinos to seek work abroad.

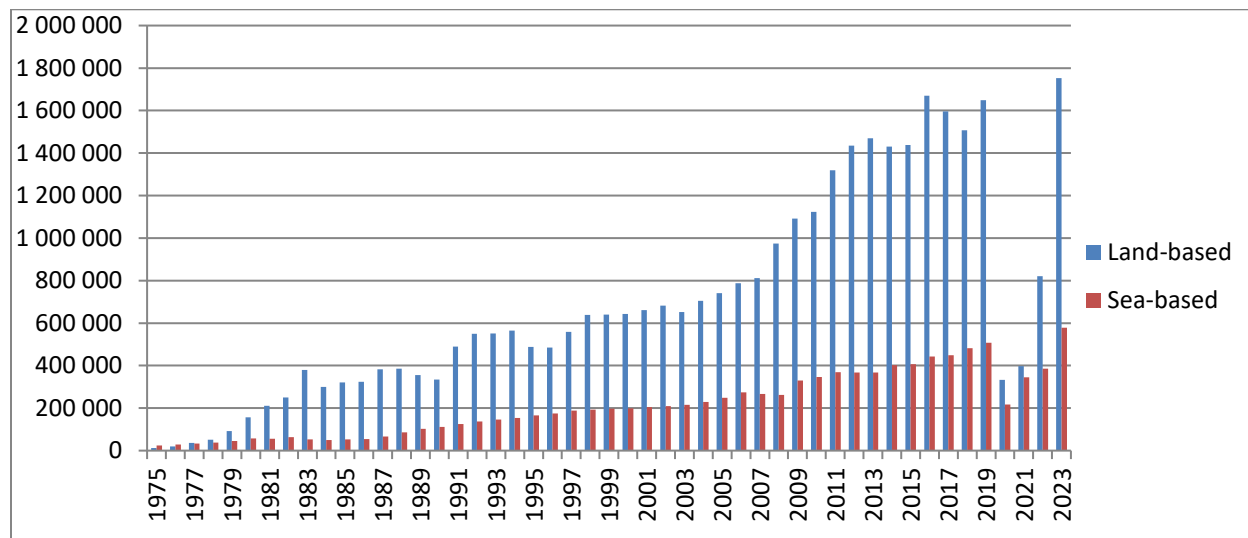
Over time, the marketing efforts of Private Recruitment Agencies (PRAs), the widening social networks between overseas Filipinos and those at home, the institutionalization of migration and establishment of a culture of migration shaped the migration aspirations of Filipinos. Thus, a combination of demand-side and supply-side factors has sustained temporary migration (Asis, 2008; IOM & SMC, 2013; OECD & SMC, 2017; Asis, 2017; SMC, 2021). In 1975, at the start of state-assisted migration, there were less than 36,000 Filipino workers who were deployed overseas, mainly to Middle East countries. Since then, Overseas Filipino Worker (OFW) deployment has been on a rising trend, except for the sharp drop in 2020–2022, which shows the immobilizing impact of the COVID-19 pandemic (Figure 1). By 2023, deployment stood at 2.3 million, signaling not only a return but even an increase compared to pre-pandemic levels.

OFW deployment data are disaggregated by type of hiring, i.e., whether OFWs are in land-based or sea-based occupations, and for land-based OFWs, whether they are new hires or rehires.¹ Filipino seafarers account for 30 percent of the global maritime workforce (Jaymalin, 2024). Trends data have established that seafarers comprise about 25 percent of the annual deployment of OFWs. In the past, seafarers were mainly recruited by merchant vessels and

¹ Deployment data from DMW refer to OFWs whose contracts were processed and documented by DMW. Type of hiring refers to the mode of hiring of OFWs: landbased new hires, landbased rehires or seabased. According to the DMW's Glossary of Terms and Definitions, "Landbased are overseas contract workers who are hired either by direct hiring of an employer abroad; or through the assistance of the Department of Migrant Workers (DMW); or through a private and licensed recruitment agency; Seabased refers to any person who is employed or engaged or works in any capacity on board a ship; it is synonymous to seafarers." The term "new hires" refers to an OFW "who will serve his/her employment contract in a new jobsite." The term "rehires" refers to the following: "land-based workers who renewed their employment contract with the same principal", OFWs on employment contract who are either returning to the same employer and the same job site; or returning to the same employer in a new job site; and shall include "OFWs who have started an employment on-site with a new employer and are returning to the said employer" (see <https://dmw.gov.ph/statistics/overseas-employment-statistics>).

were predominantly men; in recent decades, a growing share had been recruited by passenger ships which also resulted in the inclusion of women in this sector.

Figure 1. Annual deployment of OFWs, land-based and sea-based, 1975–2023



Source: IOM & SMC, 2013: 59; DMW, n.d.a.

In the 1970s, OFWs were predominantly men, which reflected the demand for construction workers in the Middle East at the time. By the 1980s, the demand for workers expanded to other sectors and women started to participate in temporary labor migration, in response to the need for domestic workers in the Middle East and Asian destinations and the demand for entertainers specifically in Japan. Female migration continued to increase in the 1990s and gained predominance since 1992 (IOM & SMC, 2013). Deployment data from DMW for 2023 suggest gender balance; 49.8 percent were women, 50.2 percent were men (DMW, n.d.b.). The Survey of Overseas Filipinos reveals a greater share of women, 57.8 percent, among the 1.96 million OFWs in 2022 (PSA, 2023).²

Although the destinations of OFWs have diversified, the Middle East is still the major region where more than half (56 percent) of land-based OFWs were deployed to in 2023 (Table 1). The Middle East and Asia combined account for 90 percent of land-based deployment in 2023, indicating the intensity of intra-regional labor migration.

² The DMW data are flow statistics which refer to those who are deployed, either as new hires or rehires, during the reference year (2023 in this case) while the PSA data capture the number of OFWs who were working abroad between April and September 2022.

Table 1. Distribution of land-based OFWs deployed by region of destination, 2023

Region	Number	Percent
Middle East	972,180	55.7
Asia	596,197	34.2
Europe	81,851	4.7
Oceania	38,892	2.2
Africa	30,111	1.7
Americas	26,365	1.5
Total	1,745,596 ³	100.0

Source: DMW (n.d.b.)

Also, while OFWs are recruited for various occupations, they are concentrated in elementary occupations. In 2023, some 43 percent of the newly hired land-based OFWs were in elementary occupations (Table 2). Similar findings were reported by PSA (n.d.b.) Deployment data from DMW new hires further reveal that the combined share of the first two skills—domestic cleaners and helpers (31 percent) and domestic housekeepers (23 percent)—account for more than half of the top ten skills.

Table 2. Newly-hired land-based OFWs by major occupational group, 2023

Occupational group	Number	Percent
Professionals	31,551	6.2
Technicians and Associate Professionals	16,026	3.2
Services and Sales Workers	160,951	31.7
Elementary Occupations	220,620	43.4
Craft and Related Trades Workers	48,071	9.5
Plant and Machine Operators and Assemblers	17,248	3.4
Clerical Support Workers	5,073	1.0
Managers	4,381	0.9
Skilled Agricultural, Forestry and Fishery Workers	3,737	0.7
Armed Forces Occupations	-	--
Total	507,658 ⁴	100.0

Source: DMW (n.d.b.)

The growth of the OFW population has gone hand-in-hand with the rise in remittance inflows to the Philippines. OFWs, both men and women alike, tend to be high remitters. The Philippines ranks among the top recipients of remittances. In 2023, with remittances totaling USD 39 billion, the Philippines ranks fourth after India, Mexico, and China (World Bank, 2024: 1, 2). The development impacts of the long years of overseas employment may be debatable, but at the

³ The total number of OFWs by region is greater than total number of land-based OFWs deployed in 2023 (n=1,745,094) in the same report.

⁴ There is a discrepancy in the total number of newly hired land-based OFWs deployed in 2023 (n=508,089) in the same report.

level of families and households, remittances have contributed to improvements in family welfare (e.g., Jordan et al., 2024).

Labor migration from the Philippines to Finland

Migration from the Philippines to Finland was initially marriage migration involving mostly women. The small Filipino community grew with the arrival of labor migrants which included men. According to Saksela-Berghom (n.d.), private recruitment agencies started recruiting Filipino workers in 2007. Studies on Filipino migration to Finland found Filipinos working as cooks, nurses/practical nurses, cleaners or as domestic workers, essentially social reproductive labor according to Näre (2022) (see also Saksela-Berghom, n.d.).

DMW data confirm that OFW deployment to Finland before 2007 was imperceptible and it somewhat picked up in 2007. Based on data available from the DMW, as shown in Table 3, there are more women than men migrating for employment to Finland, and service workers are the largest occupational group. From the perspective of the Philippines as an origin country, labor migration to Finland is small, but from the Finnish perspective, Filipino migration to Finland is noticeably increasing.

Table 3. Selected DMW statistics and notes on OFWs deployed to Finland, 2007–2010, 2016–2017

Year	Men	Women	Total	Remarks
2007	16	29	45	Service workers (n=38)
2008	41	53	94	Service workers (n=72)
2009	39	66	105	Service workers (n=73) Professional nurses (n=25)
2010	13	30	43	Professional nurses (n=28)
2016	-	-	360	New hires (n=132)
2017	-	-	376	New hires (n=95)

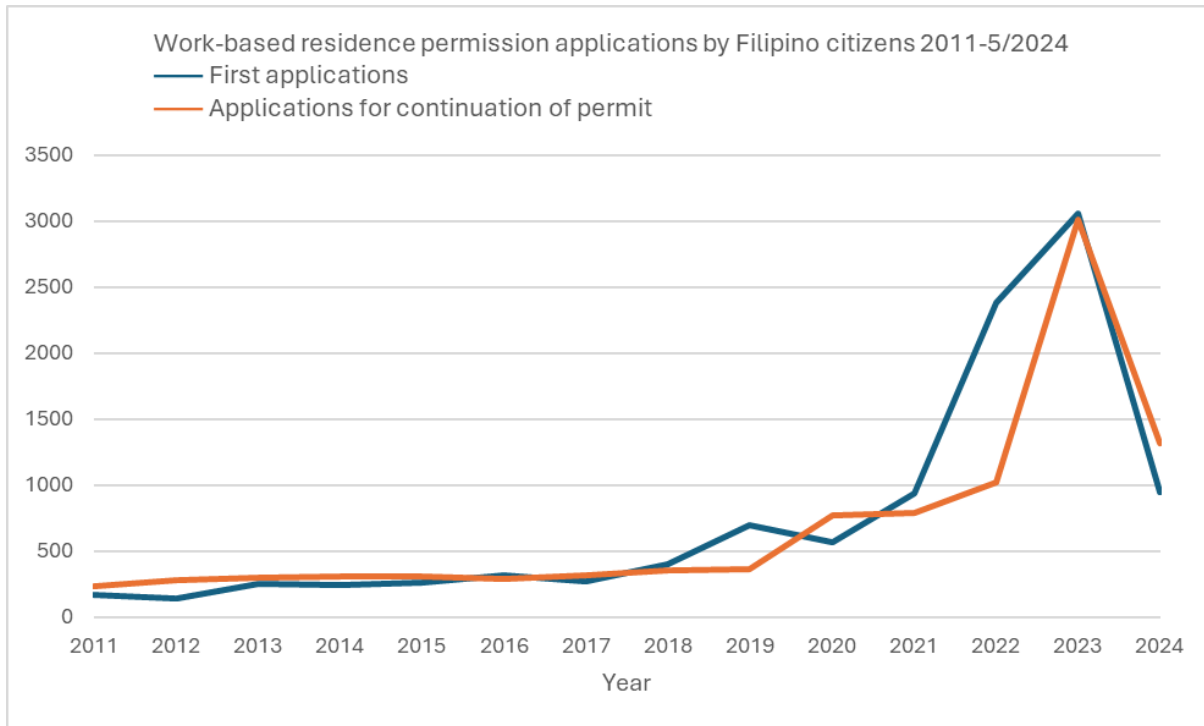
Source: Deployment per country per skill, 2007-2010; Deployed Overseas Filipino Workers By Country of Destination/ Type of Hiring, 2016-2017 (<https://dmw.gov.ph/statistics>)

While the DMW data on Philippine-Finland migration corridor covers only up until the year 2017, the Finnish Immigration Service statistics provide detailed data from 2011 onwards.⁵ It reveals, for instance, that whereas there were 398 work-based residence permit applications by Filipinos filed in 2011 (including both first and continuation applications), by 2023, the annual number of applications had risen to 6,062. All these applications are not linked to international recruitment practices. However, of the 20,276 work-based resident permit applications processed altogether between 2011 and 2024 (including negative decisions), 93% (i.e. 18,870 applications) included the workforce needs assessment process (*työvoiman tarveharkinta*). Such migration processes from the Philippines to Finland are typically brokered by Finnish placement agencies in collaboration with their Philippine PRA partners. Of these 18,870 applications,

⁵ This paragraph is based on statistics from the Finnish Immigration Service Migri, sent to Tiina Vaittinen upon email request 5 June 2024. Vaittinen has also interpreted the data (received in Finnish) and written the paragraph.

17,245 or 91% received a positive decision, approximately half of which were first applications, the rest being applications for the continuation of a previously granted work-based residence permit. Figure 2 shows the development of the number of work-based residence permit applications of Filipino citizens to Finland between 2011 and May 2024, pointing to the rapidly increasing recruitment of OWFs to Finland.

Figure 2. Work-based residence permission applications by Filipino citizens to Finland between 2011 and 5/2024



Source: Finnish Immigration Service Migri (via email upon request)

Another indication of increasing labor migration to Finland is suggested by data on approved job orders reported in the DMW website (see <https://dmw.gov.ph/approved-job-orders>). This information indicates the job vacancies (skills and numbers needed) by destination country or jobsite. The approved job orders for Finland as of August 2, 2024 numbered 4,325; this is limited to job orders for Finland that were submitted by PRAs for processing by DMW.⁶ This is an indicator of demand, not actual numbers of deployment. Cleaners, chefs and nursing assistants are some of the positions which involve fairly large numbers.

⁶ These figures are based on the job orders processed by the DMW. In addition, PRAs which were conferred Presidential Awards have in-house processing of job orders; these numbers are not reported here.

2. THE HISTORICAL EVOLUTION OF LABOR MIGRATION GOVERNANCE IN THE PHILIPPINES

From the early days of the Labor Code to increased regulations of OFW protection

Since the enactment of the Labor Code of the Philippines (LCP) in 1974, the upward trend in overseas employment has been accompanied by 50 years of legal and institutional development. The continuing demand for Filipino workers required the development of a system to organize and rationalize the process; in turn, having a system in place allowed the Philippine state to facilitate overseas employment, protect Filipino workers, and sustain labor migration. The 1974 LCP is the foundation of the recruitment and protection of Filipino workers in the domestic and overseas employment. Subsequent laws and policies that were formulated in overseas employment had to be consistent with the relevant LCP provisions; otherwise, this would require amending or repealing the LCP.⁷

As provided by the LCP, the overseas employment program was to be handled by the following offices in the Department of Labor: the Bureau of Employment Services which shall be primarily responsible for developing and monitoring a comprehensive employment program (LCP, Art.15); the Overseas Employment Development Board, which shall develop “a systematic program for overseas employment of Filipino workers . . . and to protect their rights to fair and equitable employment practices (LCP, Art. 17); and the National Seamen Board which shall be responsible for developing a comprehensive program for Filipino seamen employed overseas (LCP Art. 20) (DMW, n.d.c). These core institutions evolved as challenges and opportunities came with increasing deployment of Filipino labor to overseas work. All three offices expanded into interrelated agencies which address different aspects of the overseas employment program.

As mentioned also in the Finnish language report (Vaittinen et al. 2024), the governmental ecosystem of recruitment has since evolved over half a decade, over a series of legislative changes. However, compared to the LCP, the subsequent laws on overseas employment were explicitly less about facilitating employment and increasingly focused on protection of the OFWs. It can be argued that the protection aspect was heightened with the participation of women in labor migration particularly because of their concentration in domestic work and in the entertainment sector.⁸

For instance, twenty years after the LCP, the Migrant Workers and Overseas Filipinos Act of 1995, RA No. 8042, was enacted. It was a landmark legislation which had the purpose of establishing a higher level of protection to migrant workers, their families and overseas Filipinos in distress. The law provided for a comprehensive approach to migrant worker protection

⁷ Many provisions of the LCP had been amended and repealed.

⁸ Until around 2005, the Philippines was deploying entertainers to Japan. The migration of entertainers raised many concerns because women may be channeled into the sex industry. Japan imposed stringent requirements for the entry of entertainers in 2005 following concerns that this type of labor migration may result in human trafficking. The deployment level declined sharply thereafter.

covering all phases of the migration process, pre-migration, while OFWs are onsite, and upon their return to the Philippines. The enactment of RA No. 8042 was hastened because of the public uproar in the Philippines after the execution of Flor Contemplacion, a domestic worker in Singapore, who was found guilty by the Singapore Court for the death of Filipino domestic worker, Delia Maga, and the child she was taking care of. This tragedy and the reactions to it demanded greater sensitivity and responsiveness of the Philippine government in protecting OFWs.

Among the key features of this law are the following: (1) providing a comprehensive approach to migrant worker protection covering all phases of migration: before migration, while OFWs are abroad, and return and reintegration in the Philippines; (2) a commitment to protect Filipinos abroad regardless of their migration status; (3) to be guided by gender-sensitivity in the development of policies and programs and in the composition of bodies dealing with the welfare of migrant workers; and (4) recognizing NGOs as partners in the protection of migrant workers and to continue this cooperation. The enactment of RA No. 8042 paved the way for the Philippines to ratify the International Convention for the Protection of the Rights of All Migrant Workers and Members of Their Families.

Five years later, in 2010, RA No. 10022 An Act Amending Republic Act No. 8042, Otherwise Known as the Migrant Workers and Overseas Filipinos Act of 1995, was enacted. The amendment aimed at further strengthening the protection of migrant workers by increasing penalties for illegal recruitment and the mandatory insurance coverage for migrants recruited by PRAs or agency-hired workers. The compulsory insurance, which should be paid by the PRA, is intended to cover accidental death, permanent, disablement repatriation without valid cause for termination, money claims, medical repatriation, and others (RA No. 10022, Sec. 37-a). For migrant workers recruited on a government-to-government arrangement (elaborated below and in Chapter 1.1.7. in the Finnish report), a foreign employers guarantee fund was established to cover the workers' monetary claims due to breach of contractual obligations. Migrant workers classified as rehires, name hires or direct hires could request their foreign employers, or pay for the cost of the premium themselves.

[The Department of Migrant Workers Act and the reorganized governmental ecosystem](#)

As briefly elaborated in the Finnish language study, the most recent and presently most important law that reorganized the governmental ecosystem of labor recruitment in the Philippines is RA No. 11641, also known as the Department of Migrant Workers Act. This was signed into law by President Rodrigo Duterte on December 30, 2021, was enforced on February 3, 2022, and became fully operational in 2023. RA No. 11641 is a game-changer because it introduced a major shift in the governance structure of international migration in the Philippines, particularly labor migration.

Up until RA No. 11641, labor migration governance in the Philippines was built on a multi-agency framework which provided a coordinated system of facilitating overseas employment

and protecting Filipino migrant workers throughout the migration process. This was the framework that gave the Philippines the reputation as a model of migration governance (see Table 4).

Under RA No. 11641, the different offices from different national government agencies offering programs and services for the migrant sector, were merged into a single agency, the DMW, for the purposes of improving the delivery of programs and services to OFWs and their families. The creation of DMW merged seven agencies/offices under one roof. The merged agencies are (Table 4):

1. Philippine Overseas Employment Administration POEA (from Department of Labor and Employment, DOLE)
2. Office of the Undersecretary for Migrant Workers' Affairs (from Department of Foreign Affairs, DFA)
3. Philippine Overseas Labor Offices POLOs (from DOLE)
4. International Labor Affairs Bureau or ILAB (from DOLE)
5. National Reintegration Center for OFWs or NRCO (from OWWA)
6. National Maritime Polytechnic (NMP) (from DOLE)
7. Office of the Social Welfare Attaché (from the Department of Social Welfare and Development or DSWD).

Many offices from DOLE were transferred to the DMW, which created a line in the governance of labor markets, distinguishing the mandate of DOLE to local workers and domestic labor markets and that of DMW to OFWs. Moreover, whereas the previous legislations included overseas Filipinos (i.e., Filipinos based overseas, which is a population larger than OFWs, Filipinos who are temporarily working overseas), the DMW's mandate is specific to OFWs.

The DMW can also be thought of an enlarged POEA, supplemented by other programs and services from other agencies (e.g., NRCO which was under OWWA was transferred to the DMW). As far as the functions of the seven merged agencies are concerned, these remained unchanged with their transfer to DMW. The implementation challenges lie with how DMW will coordinate and strengthen these merged agencies considering its status as a new bureaucracy. As briefly mentioned in the Finnish language study (Vaittinen et al. 2024), this process of governmental reorganization is still ongoing.

Table 4. Migration-related national government agencies before DMW

Department of Labor and Employment (DOLE)	Department of Foreign Affairs (DFA)	Department of Social Welfare (DSWD)	Commission on Filipinos Overseas (CFO) ¹
<p>POEA – regulation of the migration industry; documentation and processing of OFW work contracts (attached agency of DOLE)</p> <p>OWWA – welfare services for OFWs and their families; deploys Welfare Officers to main countries of destination of OFWs (attached agency of DOLE)</p> <p>Philippine Overseas Labor Offices (POLOs) – “mini-DOLE” stationed overseas; promotes the protection of OFWs overseas; headed by a Labor Attache; supervises the Migrant Workers and Other Filipinos Resource Centers (MWOFCs)</p> <p>International Labor Affairs Bureau – responsible for international labor employment policies and standards and the Philippines’ adherence to international labor standards; supervises the POLOs</p> <p>National Reintegration Center for OFWs – responsible for reintegration programs and services to promote the reintegration of returning OFWs (was previously under DOLE, but later transferred to OWWA as provided by RA No. 10801)</p> <p>National Maritime Polytechnic – tasked to upgrade and update the qualifications of maritime graduates (attached agency of DOLE)</p>	<p>Office of the Undersecretary for Migrant Workers Affairs (OUMWA) – legal assistance to OFWs</p> <p>Assistance to Nationals – assistance to Filipinos in distress (including assistance to overseas Filipinos in an irregular situation)</p>	<p>Deployment of Social Welfare Attaches to major destinations to provide counseling and psychosocial support to OFWs abroad</p>	<p>Promotes the welfare and interests of Filipinos emigrating for permanent settlement</p>
<p>¹ The CFO’s clientele is the population of overseas Filipinos who emigrated for permanent settlement. It is under the Office of the President. Given its clientele, the CFO was not affected by RA No. 11641. For details about CFO, see www.cfo.gov.ph.</p> <p>Note: The functions and offices which are highlighted in blue have been absorbed by the DMW.</p>			

Like the previous laws (RA No. 8042 and RA No. 10022), RA No. 11641 reiterates the Philippine State does not promote overseas employment as a development strategy:

The State does not promote overseas employment as a means to economic growth and national development and shall continuously aim to make it a choice and not a necessity. The State shall institute measures that will strengthen the domestic labor market for the effective reintegration of Overseas Filipino Workers. (RA No. 11641, Sec 2)

However, considering that the Philippine State was already taking steps towards the integration of migration *and* development policies (see also Vaittinen et al. 2024, Chapter 1.2), the creation of the DMW seems to be a return to the facilitation-protection model which needed to be anchored on development policies.

Addressing protection and welfare issues

To address protection and welfare issues, the Philippine government created the Welfare and Training Fund for Overseas Workers (Welfare Fund) in 1977, institutionalized as the Welfare Fund in 1980, and later renamed into the Overseas Workers Welfare Administration (OWWA) in 1987. As also elaborated in the Finnish language study (Vaittinen et al. 2024), OWWA is the key government agency mandated to developing programs and services responding to the needs of OFWs and their families.⁹

As a membership institution (the funds come from the membership fees of USD25 per OFW contract paid by employers or recruitment agencies), OWWA is responsible for the management of the OWWA Fund. The enactment of Republic Act (RA) 10801, An Act Governing the Operations and Administration of the Overseas Workers Welfare Administration on February 2, 2016, clarified OWWA's mandate, purposes, membership, contributions and availability of services. A key provision of this law concerns the national government providing OWWA's operational expenses so that more funds can be allocated for programs and services for OWWA members and their families.

With the creation of the Department of Migrant Workers (DMW), OWWA was transferred from the Department of Labor and Employment to the DMW as an attached agency. Under the current governance framework of DMW, OWWA's programs and services are focused on member-OFWs and their dependents. The comprehensive approach to promoting the protection and welfare of OFWs has been retained and strengthened under the DMW (Table 5). The DMW has a strong focus on the return and reintegration component, particularly because of the lessons learned from the large-scale return of OFWs during the COVID-19 pandemic (see IOM, 2022; Asis, 2020; Liao, 2021). The NRCO is the lead office in the development of policies

⁹ For information about OWWA's programs and services, see https://lawphil.net/statutes/repacts/ra2016/ra_10801_2016.html and <https://owwa.gov.ph/wp-content/uploads/2024/06/As-of-March012024-OWWA-Citizens-Charter.pdf>

and programs on return and sustainable reintegration, and OWWA will continue to provide return and reintegration assistance specifically for OWWA members and their families.

Table 5. Responding to protection and welfare issue at all stages of migration

Before migration	While overseas	Return and reintegration
<p>Regulation/Protection from illegal recruitment</p> <ul style="list-style-type: none"> • Regulation of the PRAs • Documentation and contract verification <p>Workers' education</p> <ul style="list-style-type: none"> • Pre-employment orientation seminar (PEOS) • Pre-departure orientation seminar (PDOS) <p>OWWA membership</p> <p>Mandatory insurance (for agency hires)</p> <p>Enrolment in social protection¹ Social Security System Philippine Health Insurance Corp. (PhilHealth) Home Development Mutual Fund (HMDF)</p>	<p>Workers' education</p> <ul style="list-style-type: none"> • Post-arrival orientation seminar (offered by some embassies) • Various training programs (e.g., financial literacy, livelihood, skills upgrading) <p>Assistance on labor-related concerns (c/o Migrant Workers' Office)</p> <p>Legal assistance (c/o Assistance to Nationals)</p> <p>Psycho-social support and counseling (c/o Social Welfare Attache; Welfare Officer)</p> <p>Shelter for distressed OFWs</p>	<ul style="list-style-type: none"> • Repatriation • Livelihood support • Loan assistance • Psycho-social support • Referrals for local or overseas employment
<p>¹ As detailed in the Finnish language study (Vaittinen et al. 2024), these three programs are mandatory for Filipino workers in the Philippines. Employers of OFWs must provide health insurance coverage. PhilHealth or health insurance covers OFWs as well as their family members in the Philippines while HMDF provides access to housing loans and offers savings programs with favorable rates.</p>		

3. THREE CHANNELS OF OFW RECRUITMENT

PRA recruitment as the main channel of OFW recruitment

In this section, we briefly enumerate the three channels through which labor recruitment can take place in the Philippines: (1) through PRAs, (2) Direct hires, and (3) Government-to-government (G-to-G) recruitment. The two last mentioned are rarer practices, and we will therefore begin with the PRAs.

As described in the Finnish language study (Vaittinen et al. 2024), PRAs have a central role in the ecosystem of labor recruitment in the Philippines. In the Finnish case, the recruitment practices mainly take place with Finnish private recruitment agencies (Foreign Placement Agencies, FPAs) operating in partnership with Philippine PRAs.

The central role of PRAs as the main channel of recruitment was shaped early on in the evolution of the Philippine recruitment ecosystem. With the unceasing demand for Filipino workers, it became obvious that the recruitment and placement of workers cannot be adequately met by the government. Thus, already in the 1974 LCP, the government delegated to the private sector to handle “recruitment and placement” which covers a wide range of tasks:

[...] any act of canvassing, enlisting, contracting, transporting, utilizing, hiring or procuring workers, and includes referrals, contract services, promising or advertising for employment, locally or abroad, whether for profit or not” (LCP, Art 13b).¹⁰

Over the years, private sector participation in recruitment and placement of OFWs has been codified and revised through the formulation of rules and regulations by the authorized government entity, as described above.

The latest revision was formulated in 2023 in view of the creation of the new DMW, which created the need to create the rules and regulations for the recruitment and employment of migrant workers under the new structure. The 2023 DMW Rules and Regulations Governing the Recruitment and Employment of Landbased Overseas Filipino Workers (hereafter 2023 Rules and Regulations) was issued on June 9, 2023 (DMW, 2023).¹¹ Following what was enshrined in the LCP fifty years earlier, the participation of the private sector in the recruitment of Filipino workers is allowed in accordance with the 2023 Rules and Regulations and other subsequent guidelines that will be issued by the DMW. Part II, Licensing and Regulation of the 2023 Rules and Regulations, contains fifteen rules detailing requirements for participation, licensing application, escrow, overseas employment and labor laws compliance system, fees and costs, illegal recruitment, monitoring OFWs in their jobsite, complaints and feedback system and other key issues.

By regulating the migration industry, the Philippine state is able to draw on the expertise and resources of the private sector in finding labor markets and employment opportunities abroad, and simultaneously provide protection to Filipino workers. From a regulation viewpoint, a key

¹⁰ The LCP uses the term private employment agencies. This report, however, uses the term private recruitment agencies to highlight the recruitment-related activities undertaken by these organizations. In the 2023 Rules and Regulations, recruitment and placement is defined as “any act of canvassing, enlisting, contracting, transporting, utilizing, hiring or procuring workers, and includes referring, contracting services, promising or advertising for employment abroad, whether for profit or not.”

¹¹ As of this writing, the new rules and regulations for the recruitment and placement of sebased OFWs is not yet available.

mechanism for worker protection under PRA recruitment is the provision on Joint and Several Liability (JSL). This

refers to the nature or liability of the principal/employer¹² and the licensed recruitment agency, for any and all claims arising out of the implementation of the employment contract involving an OFW. It shall likewise refer to the nature of liability of partners or officers and directors with the partnership or corporation over claims arising from an employer-employee relationship (DMW, 2023).

The JSL is unique to the Philippines. Many Philippine policies and practices have been adopted by other countries of origin for international recruitment, but here the JSL is a notable exception. In 2021, SMC conducted a study for the International Organization for Migration (IOM), on the Philippine policy of banning direct hiring that prioritizes PRAs as the main actors of recruitment (SMC, 2021). In this study, the research participants who favored retaining the ban on direct hiring, mostly those connected with the POEA, cited the JSL as advantageous to agency hires or workers recruited by PRAs. Should OFWs encounter problems in their jobsite and they are unfairly terminated, the OFWs can pursue and have access to justice in the Philippines. The OFWs can file a case for money claims (money that is due them for the remaining time of the contract) with the National Labor Relations Commission against the PRAs in the Philippines that recruited the OFWs. Payment for money claims come from the escrow deposit of at least PHP1.5 million that PRAs must maintain at any time to cover valid and legal claims arising from contracts of employment and violations by PRAs. However, research participants representing civil society organizations, the academe and the migration industry noted that passing on the responsibility to the PRAs for problems caused by employers is not a real and fair solution. Migrants and other research participants interviewed in the study were not that convinced about the value of the JSL as a protective mechanism (SMC, 2021). For instance, OFWs are discouraged to pursue money claims because of the lengthy process.

Through the decades, about 90 percent of OFWs legally deployed by the DMW (previously by the Philippine Overseas Employment Administration or POEA) are agency hires (i.e., those hired or recruited by PRAs). The remaining window – ten percent of recruitment – is accounted for by direct hiring and government hiring. These two options, however, are the exceptions rather than the norm. As will be explained below, these options are only allowed under certain conditions.

Despite the restrictions in the law for the operation of PRAs, recruitment violations happen. A common violation is excessive placement fees. To address this persistent problem, at one point, the Philippine government placed a cap – the equivalent of one month’s salary – on the placement fee charged by recruitment agencies. Still, placement fee violations continue. Here, it

¹² The 2023 Rules and Regulations defines “principal” as referring to “an employer or foreign placement agency hiring or engaging Filipino workers for overseas employment through a licensed recruitment agency [in the Philippines] or through the government” [i.e., the Pre-Employment and Government Placement Bureau of the DMW].

is also to be noted, that from the perspective of Finnish legislation, the collection of placement fees is prohibited altogether. Thus, the PRAs that recruit OFWs for Finnish principals/employers cannot collect placement fees, and if they do, the recruitment process may be deemed illegal in Finland.

Other common violations among PRAs are contract substitution and delayed payments, violations of the employment contract, and non-payment of wages. Workers, recruitment agencies and foreign employers are not in an even playing field. It is for this reason that Sections 29 and 30 of Republic Act 8042, the Migrant Workers and Overseas Filipinos Act, was repealed or invalidated. In the original version, Sections 29 and 30 called for a five-year deregulation plan of recruitment activities after one year of effectivity of the law. Deregulation would have meant that the recruitment of a Filipino worker is a matter between the worker and the foreign employer alone, i.e., that there is no need for POEA documentation and processing of the work contract. With the invalidation of Sections 29 and 30, POEA documentation and processing of OFWs' work contracts not only continued, but, subsequent amendments and laws further strengthened the regulation of PRAs to protect workers.

Direct hiring: Ban, exemptions and calls to review the ban

Considering the novelty of state participation in temporary labor migration and the uncharted territory that the Middle East was in the 1970s, Article 18 of the LCP specifically banned the direct hiring of Filipino workers by foreign-based employers, *except* for specific types of employers (see DMW, n.d.c.). In particular Article 18 stated:

No employer may hire a Filipino worker for overseas employment except through the Boards and entities authorized by the Secretary of Labor. Direct-hiring by members of the diplomatic corps, international organizations and such other employers as may be allowed by the Secretary of Labor is exempted from this provision. (LCP, Art. 18)

The ban on direct hiring was motivated by the interest of protecting Filipino workers, and has since remained, in some form, in the regulations that govern the Philippine recruitment ecosystem. As SMC noted in its review of this policy, employers from the Middle East were coming to the Philippines to engage in direct recruitment activities. The ban on direct hiring, thus, wanted to put some order on what could become an unmanageable situation (SMC, 2021). The ban on direct hiring may also be viewed as privileging Philippines-based PRAs as the authorized entity in worker recruitment on the one hand and, on the other hand, as actors that the Philippine government can hold accountable for issues and problems OFWs encounter, particularly during the OFWs' employment overseas.

The SMC conducted review of the ban on direct hiring in 2021 found that stakeholders – government actors, civil society organizations, OFWs, and private recruitment agencies – generally see the need to modify the ban. The situation now is different from the 1970s when migration institutions and policies were not yet developed. Information about migration and employment opportunities in the global labor market are easily accessible (although the

dangers of fake news are also acknowledged), and workers and employers need not find each other through recruitment agencies alone. Professional migrants who were interviewed in the study argued that they can bank on the protection provided by their companies and the destination countries where they work. Some stakeholders even called for revoking the ban on direct hiring (SMC, 2021).

The study also found that workers and employers are not always aware about the ban on direct hiring (SMC, 2021). For instance, workers and employers who have directly engaged with each other are not aware that, according to the Philippine legislation, both parties will still have to go through the DMW process. That is, if the employer is not among those exempted from the direct hiring ban, the employer will have to apply to be cleared or exempted from the ban – assuming it meets certain conditions.

In certain cases, an employer or a company which has been granted exemption to directly hire Filipino workers can engage in direct recruitment, but even then, it can only hire up to five workers. Beyond five workers, the employer will have to engage a Philippines-based PRA to apply for the processing of additional workers with DMW. The government's concern is that direct hiring may result in more irregular migration (i.e., recruitment outside of the DMW process, which may pose more risks to migrant workers), or may even foster human trafficking. This concern, however, was not supported by data gathered by the SMC (2021) study. Among "direct hires" – i.e. OFWs for whose recruitment the ban on direct recruitment was lifted – the risks of irregular migration or trafficking-like conditions were higher in domestic work and in certain destination countries. In view of this, various stakeholders recommended to relax the direct hiring for professional and highly skilled migrants, while keeping the ban for those in less skilled occupations.

In practice, over the years, some aspects of the ban on direct hire have been modified through memorandum circulars or executive orders. One example is allowing reputable companies to directly hire up to five workers. Thus, it is possible that further reforms to the ban on direct hiring will be introduced through the same strategies. The use of memorandum circulars or executive orders may be strategies to test the waters; major and more lasting reforms will require amending the Labor Code (SMC, 2021).

As to the operation of Finnish actors seeking to recruit OFWs, direct hiring may not be advisable to Finnish companies and employers, particularly for those which are not well-versed with the ecosystem of recruiting Filipino workers. As noted earlier, direct hiring is restricted to certain employers; for the rest, interested employers will first need to apply for exemption from the ban. Furthermore, companies seeking to recruit more than five workers will need to work with PRAs.

[Recruitment via government placement](#)

As also described in the Finnish language report (Vaittinen et al. 2024, e.g. Chapters 1.1.7. and 4.3.3.), another possible pathway to hire Filipino workers is through government-to-government

(G-to-G, also known as government hires) – an arrangement which is handled by the Pre-Employment and Government Placement Bureau (PEGPB) of the DMW. Part IV of the 2023 DMW Rules and Regulations is dedicated to explaining the requirements and processes of OFW recruitment through this facility. As noted in Section 29, the government-to-government recruitment is limited only to those countries or regions with which the Philippines had forged a bilateral arrangement or agreement (see Vaittinen et al. 2024, Ch. 4).

Although the number of workers recruited under the G-to-G is fairly small, the Philippine recruitment agencies in the private sector have expressed the view that the government is competing with them. The private sector also sees it as a conflict of interest that the government is acting both as regulator and recruiter.

G-to-G arrangements tend to be regarded as the ideal or preferred way to manage the recruitment of workers (ILO, 2015). A study comparing G-to-G arrangement (based on the Philippines-South Korea labor migration under the latter's Employment Permit System) and PRA-mediated recruitment of OFWs (based on the Philippines-Taiwan labor migration through recruitment agencies) found that both approaches have advantages and disadvantages that affect migrant workers, employers and implementers differently (Asis et al., 2019). In terms of cooperation and coordination between the two governments, G-to-G ranks high. However, G-to-G arrangements cannot handle the processing of large numbers of workers and the needs of industries. Also, while G-to-G arrangements do not charge placement fees, the application process incurs considerable financial and opportunity costs for applicants. On the other hand, PRA recruitment incurs costs for aspiring migrant workers and employers, but this mode of recruitment is efficient for both parties – i.e., when PRAs are ethical recruiters, or they do not engage in irregular practices. The study suggests that the way forward is to offer options for different modes of recruitment for workers and other stakeholders and to address gaps in existing arrangements. One key conclusion is that,

Neither the G2G or the P2P [PRA-to-PRA] equally and satisfactorily meets the needs of governments, employers and workers. Governments and other stakeholders, thus, will continue to face the challenge of governing transnational labor markets that does not sacrifice the protection of transnational workers (Asis et al., 2019: 476).

This is something to bear in mind, as Finland develops its own ecosystem of labor recruitment from the Philippines. Namely, although the Philippine-Finland recruitment corridor presently largely operates on a PRA-to-PRA model (depending on Finnish private recruiters' collaboration with Philippine PRA partners), it may be worth exploring also the possibilities of G-to-G model – while bearing in mind that both the models have their pros and cons.

In the next section, we describe the recruitment process through the PRAs, and the laws and regulations that govern the process in the Philippines. This part also enumerates the rules and regulations that apply to their overseas partners, i.e., foreign employers/principals and Foreign Placement Agencies (FPAs) – including Finnish actors who wish to recruit labor from the

Philippines. The following section partially overlaps with the contents of the Finnish language report (Vaittinen et al., 2024). However, as noted in the introduction, it is useful to familiarize with the process also in the language and terminology that the stakeholders will need when operating with their Philippine counterparts.

4. REGULATIONS GOVERNING THE PRAs

As emphasized throughout the Finnish language report as well as in this paper, PRAs have played a major role in the recruitment of Filipino workers for overseas employment. Since the late 1970s, they have dominated the hiring of overseas Filipino workers (OFWs). As of 2022, there were a total of 1,090 licensed recruitment and manning agencies with valid licenses. Of these, 730 were licensed recruitment agencies, while 360 were manning agencies. A licensed recruitment agency refers to a person, partnership, or corporation duly authorized to engage in the recruitment and placement of *land-based workers* for overseas employment. On the other hand, a licensed manning agency refers to a person, partnership, or corporation duly authorized to engage in the recruitment and placement of *seafarers* for ships plying international waters and for related maritime activities.

Philippines-based PRAs

Qualified participants

Any Filipino citizen acting as a sole proprietor or partnership or a corporation of which at least seventy-five percent (75%) of its authorized and voting capital stock is owned and controlled by Filipino citizens can engage in the recruitment and placement of workers abroad.

The sole proprietor or partnership is required to have a minimum capitalization of five million pesos, while a corporation needs to have a minimum paid-up capital in cash of five million pesos. All are required to maintain an equity of five million pesos during the validity of their license and a minimum escrow deposit of one million five hundred thousand pesos.

However, the following are disqualified from engaging in the recruitment and placement of Filipino workers for overseas employment (2023 DMW Rules and Regulations Governing the Recruitment and Employment of Land-based Overseas Filipino Workers):

- a. Travel agencies and sales agencies of airline companies;
 - b. Corporations and partnerships where any of its officers or board members are engaged in the travel agency business;
 - c. Individuals, partners, officers, and directors of an insurance company that proposes or provides insurance contracts for agency-hired Overseas Filipino Workers;
 - d. Sole proprietors, partners or officers and members of the board with derogatory records;
- and

- e. Any official or employee of DMW, international airport authorities and any other government agency directly involved in the implementation of RA 8042 (The Migrant Workers and Overseas Filipinos Act of 1995) as amended by RA 10022, including relatives within the fourth civil degree of consanguinity or affinity.

The PRA licensing process

Only licensed PRAs are legally allowed to engage in OWF recruitment. The licensing process begins with the filing of a written application with the DMW for the issuance or renewal of a license to operate a recruitment agency and to engage in the recruitment and placement of workers for overseas employment. The DMW assesses the documentary requirements submitted as well as the legal and technical capacities of the applicant to engage in the recruitment, employment, and deployment operations. Those who meet the qualification requirements are issued a provisional license within 5 working days. The license is valid for a non-extendable 2-year period from the date of issuance. During the validity of the provisional license, the agency cannot deploy domestic workers. However, the agency can apply for an upgrade of its provisional license to a regular license at any time during its validity upon deployment of one hundred (100) workers to its new principal and upon submission of required documents. The regular license is valid for four (4) years from the date of issuance of the provisional license.

Regular inspections are undertaken of agencies who are applying for or renewing their licenses to determine compliance with the facilities, equipment, and operational requirements of DMW.

A Special Recruitment Authority (SRA) can also be issued to a licensed agency that will authorize it to conduct recruitment activities outside its registered office address. The SRA is valid for the date and venue indicated unless extended, modified, or revoked for violation of the conditions for its issuance. In 2022 alone, a total of 3,328 SRAs were issued.

The licensed recruitment agency makes the request for the issuance of SRAs online via the Online Recruitment Authority Application System, where the status of its application can be monitored and the required reports submitted.

Sanctions and consequences for PRAs involved in illegal recruitment practices

As noted earlier in this report as well as in the Finnish language report, violations of the regulations of recruitment occur. Engaging in illegal recruitment, whether by a non-licensed or a licensed actor, carries with it serious consequences under RA 8042 as amended by RA10022. The penalty for illegal recruitment is imprisonment ranging from twelve (12) years and one (1) day to twenty (20) years and a fine ranging from one million pesos to two million pesos. If illegal recruitment constitutes economic sabotage, the penalty is life imprisonment and a fine ranging from two million pesos to five million pesos. Moreover, any person found guilty of any of the prohibited acts may be imprisoned for six (6) years and one (1) day to twelve (12) years and fined not less than five hundred thousand pesos but not more than one million pesos.

Initially, DMW issues a written order for the closure of an establishment found violating the law and recommends the cancellation of its business permit to the local government unit where it operates. Subsequently, the DMW or any aggrieved person may initiate criminal action. Where a complaint is filed with DMW, it endorses the complaint deemed suitable for a preliminary investigation together with the supporting documents to the appropriate prosecution office. All officers and employees of the establishment responsible for illegal recruitment activities are included in a list of persons with derogatory records and disqualified from participating in the overseas employment program of the government. In case of conviction, the license or registration of the recruitment or manning agency is automatically revoked.

The penalty for less serious offenses by the licensed recruitment agency ranges from suspension of varying lengths from two (2) months to two (2) years for the first to the third offense to cancellation of the license for the fourth offense. Light offenses are punishable by a reprimand for the first offense, a fine of twenty thousand pesos for the second offense, and a license suspension that ranges from one (1) month to three (3) months for the 3rd and three (3) months to six (6) months for 4th offenses.

A preventive suspension order can also be issued to the licensed recruitment agency if there are reasonable grounds to believe that its continued operation will lead to further abuse or exploitation of workers being recruited, will adversely affect friendly relations with any country, or will prejudice national interest. It can also be issued if there is strong evidence of violation of the relevant provisions of the Labour Code, its implementing rules and regulations, and the provisions in DMW Rules and Regulations pertaining to serious and less serious offenses.

Incentives for exemplary PRAs

While erring private recruitment agencies are penalized for wrongdoing, licensed private recruitment agencies that operate legally and ethically are recognized for their exemplary performance and can benefit from several incentives. These incentives create a positive cycle where good practices lead to better business opportunities and smoother operations.

In 1984, the Philippine Overseas Employment Administration (POEA), whose functions have now been subsumed under the DMW, started the Agency Performance Awards. This awards system was based on the evaluation of agency performance, where data collected by various offices in POEA were reviewed. These data included records of deployment, profile of workers deployed, agency profile, violations committed, and workers' services and programs. The agencies were evaluated on the basis of the following criteria: volume and quality of deployment; agency management and recruitment capability; compliance with recruitment rules and regulations; industry leadership and pioneering achievements and contribution to developing overseas employment policies; and social awareness and responsibility (POEA Memorandum Circular No. 3, Series of 2012).

From 1984 until 1998, the evaluation of agencies was done annually. However, from 1998 to 2002, the evaluation was every two (2) years, and from 2005, it became every four (4) years. The last

agency performance awards were given in 2014 for the evaluation period 2009-2012. Thirty (30) years after the establishment of this reward system, a total of 179 agencies (108 land-based and 71 sea-based) have received an award (Asis & Go, 2014). Since 2014, no agency performance awards have been conferred.

The Agency Performance Awards is a three-tiered reward system with specific conditions and different incentives at each level. The three (3) award categories are the Top Performer Award, the Award of Excellence, and the Presidential Award. Of all the awardees, the Presidential awardees enjoy the most benefits, the most important of which is the extension of license validity for three (3) full terms effective from the expiration of the current license. For Excellence awardees, the extension of license validity is only for two (2) full terms, while that of the Top Performer is one (1) full term. All other incentives remain valid until the selection of the next set of awardees. All incentives are revoked in case of the suspension or cancellation of the license of the awardee.

Under the 2023 DMW Rules and Regulations Governing the Recruitment and Deployment of Land-based Overseas Filipino Workers, the following are the conditions for each award category:

- Top Performer Award, the first level award, is given every 2 years to an agency that has actively been operating for at least four (4) years and has passed the criteria and threshold set for the award.
- Award of Excellence, the second level award, is given every 2 years to an agency that received the Top Performer award three (3) times;
- Presidential Award, the highest award, is given every six (6) years to an agency that has received the Award of Excellence three (3) times.

Apart from the major awards above, special citations and awards are given to agencies for exemplary performance in specific areas. Unlike the Agency Performance Awards, they do not receive any incentives. To date, there is no information as to when the DMW will resume the Agency Performance Awards.

[Promoting ethical recruitment practices among PRAs](#)

Since 2010, by virtue of POEA Memorandum Circular No. 03, Series of 2010, all officers and personnel of licensed recruitment and manning agencies are obligated to attend the Continuing Agency Education Program (CAEP) of POEA, now DMW, as a prerequisite for the renewal of their licenses. This initiative is designed as a key strategy to upgrade the professional competencies, technical expertise, and ethical conduct of the agency's staff and leadership. The goal is to enhance the agency's overall performance and governance, with the ultimate aim of facilitating the deployment of workers who are both protected and gainfully employed. Among the topics covered by the seminar are Ethical Recruitment and Best Recruitment Practices, Values Formation

and Spiritual Upliftment, Corporate Social Responsibility, and Special and Current Concerns Affecting the Operation of Licensed Agencies.

Over the years, ensuring the safe, orderly, and ethical recruitment of workers has been a growing concern. Various efforts have been undertaken to promote ethical recruitment practices among licensed private recruitment agencies in the Philippines. In July 2022, a forum on "Fair and ethical recruitment in Philippine labor migration governance: The recruitment industry's viewpoint" was held. Recruitment agencies and associations were encouraged to share their perspectives on their ideal recruitment ecosystem and raise issues and concerns they face in adhering to fair and ethical recruitment practices, identify challenges in recruitment regulation compliance, and suggest recommendations for consideration in POEA's review of rules and regulations as it transitioned to the DMW.

The International Organization for Migration (IOM) has also developed an Ethical Recruitment Due Diligence Toolkit for Philippine Recruitment Agencies "to support PRAs in establishing a comprehensive and structured ethical recruitment due diligence process that aligns with internationally recognized standards and frameworks". The primary purpose of the Toolkit is to equip private recruitment agencies with a resource for identifying and mitigating potential human rights violations affecting Overseas Filipino Workers (OFWs). This includes addressing risks related to forced labor, human trafficking, and various forms of exploitation.

Moreover, the Philippines has adopted the National Action Plan on Fair and Ethical Recruitment (NAP-FER). This National Action Plan is built upon existing national and international legal and policy frameworks and aims to bring the national framework into closer harmony with global ethical recruitment standards. In particular, it seeks to align with the [Montreal Recommendations on Recruitment](#) and the [International Recruitment Integrity System \(IRIS\) Standard](#). The Action Plan outlines key strategic goals that different stakeholders can implement to advance Objective 6 of the Global Compact for Migration (GCM) to facilitate fair and ethical recruitment and ensure decent work.

Some licensed private recruitment agencies have also adopted ethical recruitment practices, such as EDI-STAFFBUILDERS International, Inc., that does not charge job applicants for overseas employment any placement fees. Similarly, some associations, such as the Association of Professionalism in Overseas Employment, Inc. (ASPROE), do not charge placement fees. Because Finland does not approve the collection of placement fees as part of the labor recruitment process, no PRA collaborating with a Finnish FPA or employer should charge fees from its OFW recruits.

Foreign principals (employers and FPAs)

Foreign principals refer to employers and foreign placement agencies hiring or engaging Filipino workers for overseas employment. They play a crucial role in the recruitment and placement of

Filipino workers abroad. Their involvement is essential in bridging the gap between labor demand in foreign countries and the supply of Filipino workers. They identify labor shortages in their home countries and create job opportunities for Filipino workers. They collaborate with Philippine recruitment agencies in the selection of qualified workers for available positions abroad. However, they are regulated by the Philippine government through the DMW to ensure that the rights and interests of OFWs are protected and ethical recruitment practices are followed. Consequently, they have to be accredited by the DMW and must course their demands for their manpower needs through licensed Philippine recruitment agencies.

Accreditation of foreign principals

Foreign principals seeking Filipino workers must be accredited by the Philippine government through the DMW. The authority of DMW to accredit these entities is delegated to the Migrant Workers Office (MWO) in the Philippine Embassy or Consulate in the country of destination. The following are the steps in the accreditation process:

1. The foreign employer or foreign placement agency seeking workers submits all the necessary documents for accreditation to the MWO in the Philippine Embassy or Consulate in the destination country. These include, among others, the recruitment agreement or Special Power of Attorney, the manpower request, commercial registration or business license, and the master employment contract.
2. The MWO verifies all required documents for accreditation. After full compliance with the requirements, the MWO issues a Certificate of Accreditation, which is valid for five (5) years.
3. The DMW then registers the employer or foreign placement agency upon submission of the Certificate of Accreditation.
4. The Certificate of Accreditation is then issued to the licensed Philippine recruitment agency, which then undertakes the recruitment and selection of Filipino workers for the foreign employer or foreign placement agency.

In 2022, a total of 24,386 new principals were accredited by DMW, and 6,117 were renewed.

Table 6. Number of Accredited Principals¹ (New and Renewed), 2022

Accredited Principals¹	Number	Percentage
Total number of new accredited principals	24,968	100.00
• <i>Land-based</i>	24,386	97.67
• <i>Sea-based</i>	582	2.33
Total Number of principals renewed	6,117	100.00
• <i>Land-based</i>	5,639	92.19
• <i>Sea-based</i>	478	7.81

Source: DMW Annual Report, 2022, p. 27

¹ Principals refer to foreign employers and foreign placement agencies hiring or engaging Filipino workers for overseas employment.

Selection of overseas Filipino workers

Once the licensed recruitment agency in the Philippines has received the Certificate of Accreditation of the foreign principal from the DMW, the recruitment process can begin. The following are the steps in the selection of Filipino workers for overseas employment:

1. The agency posts a job vacancy advertisement and waits for applicants to submit their resumes. The minimum age requirement for OFWs is 18 years old unless the receiving country requires a higher age requirement for specific jobs. However, the minimum age requirement for Filipino domestic workers is 23 years old.
2. The resumes of qualified applicants are then sent to the foreign principal.
3. As part of the recruitment process, interviews of qualified applicants are conducted, either in-person or online, to assess their suitability for the job. In-person interviews are conducted in the Philippines, either by the licensed Philippine recruitment agency or the foreign employer or foreign placement agency seeking Filipino workers. Exams may also be administered to the applicants.

If the principal conducts the interviews, the licensed Philippine recruitment agency informs the DMW of their participation in the recruitment activity within three (3) days prior to the activity. A letter of Acknowledgment (LRA) is then given to the accredited foreign employer or foreign placement agency that will conduct the recruitment activity outside the official office address of the licensed recruitment agency in the Philippines.

On the other hand, the foreign principal can opt to conduct the interviews online via the Internet or video call.

4. Qualified applicants who are selected are shown the employment contract, and the necessary documents are prepared. These include the following:
 - a. Passport
 - b. Results of the Pre-employment Medical Exam (PEME) from a medical facility accredited by the Department of Health (DOH)
 - c. NBI/Police/Barangay clearance
 - d. Birth certificate authenticated by the Philippine Statistics Authority (PSA)
 - e. Professional license issued by the Professional Regulation Commission (PRC)
 - f. Certificate of Competency issued by TESDA or other competent certifying body for the job applied for

The OFW shoulders the cost of obtaining the above documents as well as the cost of Membership with Philhealth, Pag-Ibig, and the Social Security System.

The agency may collect a placement fee from the worker equivalent to one month's salary specified in the employment contract, unless it is prohibited by the country of destination – as is the case in Finland. Domestic workers are exempted from paying the placement fee. On the other hand, the foreign principal is responsible for paying for the following recruitment costs:

- a. Visa
 - b. Work permit and residence permit
 - c. Roundtrip airfare
 - d. Transportation from the airport to the jobsite
 - e. DMW processing fee
 - f. OWWA membership fee
 - g. Additional trade test/assessment, if required by the principal or employer.
5. The prospective OFW is then required to attend the online Pre-Employment Orientation Seminar (PEOS) designed to provide prospective OFWs with general information on the advantages and disadvantages of working abroad, guidelines, legal procedures as well as documentary requirements for overseas employment, tips on avoiding illegal recruitment, health and security issues as well as government services available for job applicants and OFWs. In 2022, 700,707 prospective OFWs attended the PEOS. Attendance in a Pre-departure Orientation Seminar (PDOS) prior to deployment is also mandatory for OFWs. PEOS and PDOS certificates are then issued upon completion.
6. The licensed Philippine recruitment agency submits all the necessary documents, including the employment contract with the minimum standard requirement, to the DMW, which then issues an E-receipt or Overseas Employment Certificate (OEC) to the agency for the worker.

7. The E-receipt or OEC serves as the worker's travel exit clearance and attests that the recruitment was proper and the worker's documents are valid. The E-receipt or OEC is valid for sixty (60) days from the date of issuance for the initial deployment and ninety (90) days for rehires.
8. The worker then leaves for the destination country, presenting the E-receipt or OEC to the Bureau of Immigration at the Philippine airport prior to boarding the flight.
9. At the country of destination, the Philippine Embassy or Consulate monitors the deployed OFWs through the MWO or OWWA. The licensed recruitment and manning agencies are also mandated to monitor and report the status of their workers at the jobsite through the web-based OFW Welfare Monitoring System (OWMS). This is a component of the e-Services Help Desk Facility of DMW that provides agencies with an easier, faster, and more convenient way of submitting monitoring reports in compliance with POEA Memorandum Circular 12 (series of 2018). In 2022, 831 agencies submitted monitoring reports involving 938,697 workers (DMW Annual Report, 2022).

Sanctions and consequences to foreign principals involved in illegal practices of recruitment

Foreign principals must follow the above-detailed process when recruiting labor from the Philippines. A range of sanctions are stipulated under the 2023 DMW Rules and Regulations Governing the Recruitment and Employment of Land-based Workers for violations by foreign principals of the terms and conditions of their accreditation. Serious offenses such as unauthorized or illegal collection of fees through whatever means, including salary deduction, contract substitution, and violation of the Anti-Human Trafficking Law, are punishable by permanent disqualification and delisting from the roster of accredited principals.

Less serious offenses, such as withholding the worker's passport and other pertinent documents and negligence leading to injury or illness of the worker, are punishable by suspension from participation in the overseas employment program for six (6) months to one (1) year for the first offense and permanent disqualification and delisting from the roster of accredited principals/employers for the second offense.

Preventive suspension of the accreditation of the foreign principal of not more than ninety (90) days may also be imposed if there is strong evidence of guilt and there is reasonable ground to believe that continued deployment of the worker to the principal may lead to further abuse and exploitation.

Incentives for foreign principals

The Department of Migrant Workers (DMW) also honors outstanding foreign principals or employers and foreign placement agencies who "have been major providers of decent and quality employment to OFW and who have significantly contributed to their development as well as the

protection and promotion of their well-being” with an award every four years. Before the DMW's creation, this recognition was given by the Philippine Overseas Employment Administration (POEA). This award system consists of two levels:

- a. Secretary Award of Commendation (previously known as the Ministerial Award of Commendation): The award is conferred biennially by the DMW Secretary to employers and foreign placement agencies who have continuously hired OFWs in the past four (4) years and who have demonstrated their commitment to safe, fair, and ethical recruitment.
- b. Presidential Award of Distinction: The award is conferred once every six (6) years by the President of the Philippines to principals/employers and foreign placement agencies who have continuously hired OFWs in the past four (4) years and who have demonstrated their commitment to safe, fair, and ethical recruitment and have received the Secretary Award of Commendation three (3) consecutive times.

This two-tiered system recognizes and encourages foreign employers and placement agencies who maintain high standards in their treatment and recruitment of OFWs. The Presidential Award of Distinction represents the highest recognition, honoring those foreign employers and placement agencies who have shown long-term dedication to ethical practices in employing Filipino workers abroad.

Under the Revised POEA Rules and Regulations Governing the Recruitment and Employment of Land-based Overseas Filipino Workers of 2016, among the incentives that Presidential awardees enjoyed were an extension of the validity period of accreditation to six (6) years, and the exemption from the maximum limit of accreditation with four (4) licensed recruitment agencies for foreign placement agencies and five (5) licensed recruitment agencies for foreign employers. Awardees of the Ministerial Award of Commendation enjoyed the following incentives:

- a. Exemption from POLO (now the MWO) verification of employment documents;
- b. Exemption from securing Letters of Acknowledgment for the conduct of interviews of applicants;
- c. Open job orders; and
- d. Extension of the validity period of accreditation to five (5) years.

No incentives for these two awards are stipulated in the 2023 DMW Rules and Regulations. Whether the incentives mentioned above will be retained will still be determined.

5. DISCUSSION AND CONCLUSION

This report has outlined the legal, institutional and policy framework of labor migration governance in the Philippines and its evolution over the past fifty years. In addition, the report has elaborated on the recruitment process through PRAs, the most common avenue for

recruiting Filipino workers for overseas employment, and reviewed the two other potential avenues of recruitment, namely G-to-G and direct hires.

Although there are three recruitment options, and modifications to the ban of direct hires have been discussed by various stakeholders in the Philippines, the absolute majority of recruitment goes through the PRAs. The direct hire option requires foreign employers to apply and secure approval for exemption from the ban to hire needed workers. As a do-it-yourself process, foreign employers need to familiarize themselves with the processes and requirements of direct hiring. Should these employers need more than five workers, they would then nevertheless have to work with a PRA to process the additional workers. Government placement, in turn, requires a memorandum of agreement or bilateral labor agreement between the government of foreign employers and the Philippines, and several points of reference have been discussed in the Finnish language report (Vaittinen et al., 2024, Chapter 4).

Compared with the two options – recruitment through PRAs and G-to-G process – recruitment through PRAs entails more costs to employers but offers ease and efficiency, as PRAs handle all the necessary work. Furthermore, PRAs can better handle the recruitment and placement of many workers within a reasonable period of time.

Over the short term, the forthcoming establishment of a Philippine Embassy in Finland (Bautista 2024) will help to develop of the Philippine-Finland migration corridor. Ideally, having a Migrant Workers Office, if not in Finland, at least in the Nordic region would further benefit this process. The presence of an embassy or consulate and an accessible Migrant Workers Office would greatly facilitate discussions between stakeholders of both countries, while ensuring the protection of OFWs placed in Finland. To date, recruitment and employment-related matters of OFWs and employers/principals seeking to recruit labor from the Philippines are processed by the Migrant Workers Office in London, which is outside the European Union and Schengen area, and thereby difficult to reach for OFWs working in Finland.

The recruitment of Filipino workers for Finland will likely be mediated and facilitated by PRAs over the short-term. In ongoing and future discussions between Finnish and Filipino stakeholders, it will be fruitful if fair and ethical recruitment can be promoted as a shared principle that both parties will commit to. These discussions can be part of the memorandum of understanding between Finland and the Philippines towards fair labor exchange. The discussions would be enriched and informed with the participation of not only government representatives and the private sector but also civil society organizations, migrants' associations, trade unions and the academe.

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