



Migrant Remittances and Economic Development Lecture 6

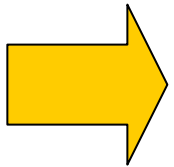
**SIPA U8159
Tuesdays 4:10 pm – 6:00 pm
IAB 410**

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Socioeconomic Profiles

Significance of profiles

- Family and community social dynamic
- Economic situation/standard of living
- Geographic/spatial characteristics
- Education and financial literacy
- Strength of transnational networks
- Country-specific drivers and determinants



Banking, saving, remittance behavior

Socioeconomic Profiles

Motivations: Why are profiles important?

Private sector – What are needs? Where are clients?

Public sector – How and where do we target policy and allocate scarce resources?

Civil society – How can we facilitate or achieve related goals?

Development impact – Who is affected? How do standards of living change? How much?

INTERVENE OR NOT?

Socioeconomic Profiles

Examples for class illustration & discussion

Cases from other corridors/regions:

Philippines: SE Asia to E. Asia, Mid East, US

Ghana: West Africa to Europe

Migration to the Gulf States of the Middle East

Philippines: Migration and Development

Remote, dispersed physical geography:

330,000 sq km, of 7,000 islands

High fertility/rapid population growth:

3.5 children per woman

population to grow from 81 mn to 105 mn in 2015

rapid growth in urban population

Poverty of rural deprivation and urban slums:

33% poverty (2000)

environmental degradation

Education

96% primary education, 66% completion, 97% youth literacy

Philippines: Overseas Foreign Workers

DEPLOYMENT OF OVERSEAS FILIPINO WORKERS, 2000-2004

Year	Total	Growth Rate	Landbased	New Hires	Rehires	Seabased
2000	841,628	0.55%	643,304	253,418	389,886	198,324
2001	866,590	3.08%	661,639	271,085	390,554	204,951
2002	891,908	2.80%	682,315	289,288	393,027	209,593
2003	867,969	-2.68%	651,938	279,565	372,373	216,031
2004	933,588	7.60%	704,586	284,912	419,674	229,002

DEPLOYMENT OF NEW HIRES BY WORLD GROUP

	2004	2003	% Change
ASIA	132,729	119,180	11.4
MIDDLE EAST	138,021	100,826	36.9
EUROPE	4,973	4,615	7.8
AMERICAS	5,445	4,316	26.2
AFRICA	1,950	3,005	-35.1
TRUST TERRITORIES	1,413	806	75.3
OCEANIA	381	538	-29.2
OTHERS	-	46,279	0.0
TOTAL LANDBASED	284,912	279,565	1.9

TOP 10 DESTINATIONS OF NEW HIRES

	2004	2003	% Change
1. JAPAN	71,166	58,755	21.1
2. SAUDI ARABIA	58,363	51,334	13.7
3. TAIWAN	34,030	35,352	-3.7
4. UAE	26,653	17,812	49.6
5. KUWAIT	22,640	16,150	40.2
6. HONG KONG	16,511	14,033	17.7
7. QATAR	10,919	6,653	64.1
8. LEBANON	6,155	1,698	262.5
9. BAHRAIN	3,683	1,890	94.9
10. SOUTH KOREA	3,516	4,080	-13.8

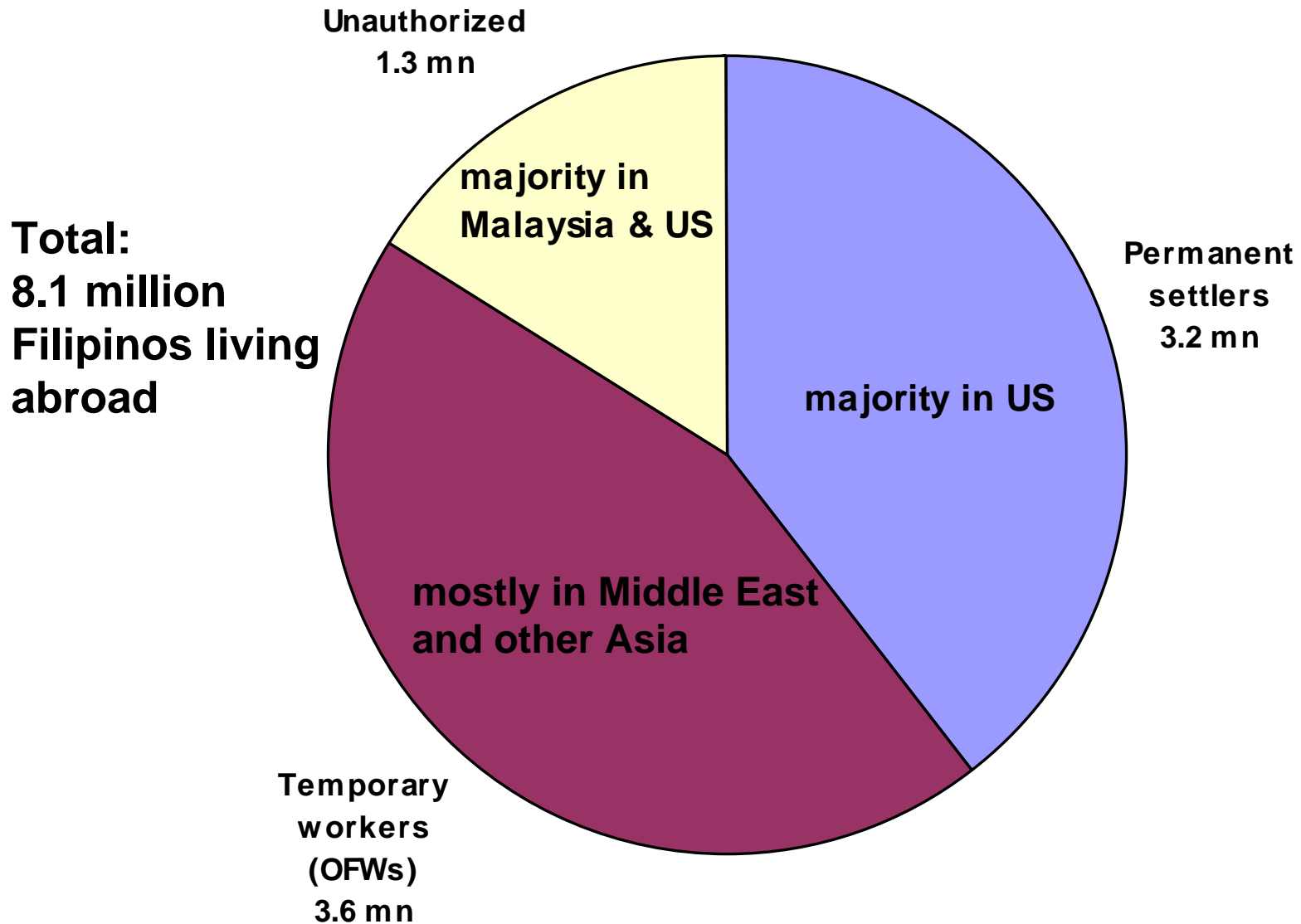
Source: Philippine Overseas Employment Administration, *Annual Report 2004*.

Philippines: Overseas Foreign Workers

SKILL CATEGORY	2004		
	Female	Male	Total
Professional and Technical Workers	79,862	13,144	93,006
Administrative and Managerial Workers	151	339	490
Clerical Workers	3,054	2,167	5,221
Sales Workers	2,741	1,162	3,903
Service Workers	101,595	11,261	112,856
Agricultural Workers	20	645	665
Production Workers	20,713	41,978	60,708
For reclassification	258	1,368	1,626
TOTAL	208,411	72,064	280,475
	75%	25%	

Source: Philippine Overseas Employment Administration, *Annual Report 2004*.

Philippines: Overseas Foreign Workers



Philippines: Overseas Foreign Workers

OFW REMITTANCE BY WORLD GROUP*			
	2004	2003	% Change
ASIA	902,821	927,000	-2.6
MIDDLE EAST	1,170,895	978,514	19.7
EUROPE	1,283,890	743,763	72.6
AMERICAS	5,047,623	4,292,449	17.6
TRUST TERRITORIES	-	-	0.0
AFRICA	3,406	10,558	-67.7
OCEANIA	41,582	42,338	-1.8
OTHERS	94,234	645,333	-85.4
TOTAL LANDBASED	7,082,987	6,345,815	11.6
TOTAL SEABASED	1,461,464	1,294,140	12.9
TOTAL	8,544,451	7,639,955	11.8

5th largest remittance recipient in the world

25% comes from the destinations of the largest percentage of workers

Over 50% from less than half of migrants

Note: Remittances in USD thousands.

Source: Central Bank of the Philippines in Philippine Overseas Employment Administration, *Annual Report 2004*.

Philippines: Overseas Foreign Workers

Country-specific drivers and determinants

US colony until 1946 => long history of US migration

Oil crises in 1973/79 – drove migration and labor demand from Gulf

Family and community social dynamic

Largely young and female – impact on family?

Culture of migration – increasing among children of OFWs

Economic situation/standard of living

Institutionalized migration

30% technical workers, 40% domestic service

Fees for placement, in debt upon leaving

Philippines: Overseas Foreign Workers

Geographic/spatial characteristics

Concentration in Asia/Middle East in domestic services
2nd largest group in the US, esp. in West
1.4 mn officially, 47% in CA, 7% in Hawaii

Education and financial literacy

Institutional promotion of money transfer through banks
New emphasis on training in fields in high demand

Transnational networks

Government efforts to promote cohesion

Ghana: Migration and Development

High economic growth and macroeconomic stability:

4%-5% growth from commodities

Rapid population growth and high dependency ratio:

2.7% population growth from 18 mn to 25 mn in 2015

4.5-5 children per woman in 2000, very young population

Poverty improving but still widespread, esp. rural:

From 52% to 40% in a decade (1992-2002)

Urban-rural disparities in health, nutrition, education, water...

Maternal mortality of 250-450 per 100,000

Progress in education vs. others

86.3% primary education, 78% completion – gender disparity

Ghana: Migration and Development

Family and community social dynamic

Regional migrants young and female

International migrants mostly male

Family decision-making

Practice of child-fostering

Economic situation/standard of living

Forced migration of the 1980s

Large migration of elite and skilled, esp. health, education

Not all migrants sending remittances and two-way flows

Geographic/spatial characteristics

Importance of inter-regional trade/migration (ex. Nigeria)

Other international migrants to US and England

Ghana: Migration and Development

Education and financial literacy

Migrants have tended to be well-educated

Child migration and fostering

Transnational networks

Growing interest in hometown associations

Active behavior on the part of some migrants

Return migration experience w/ stability in country

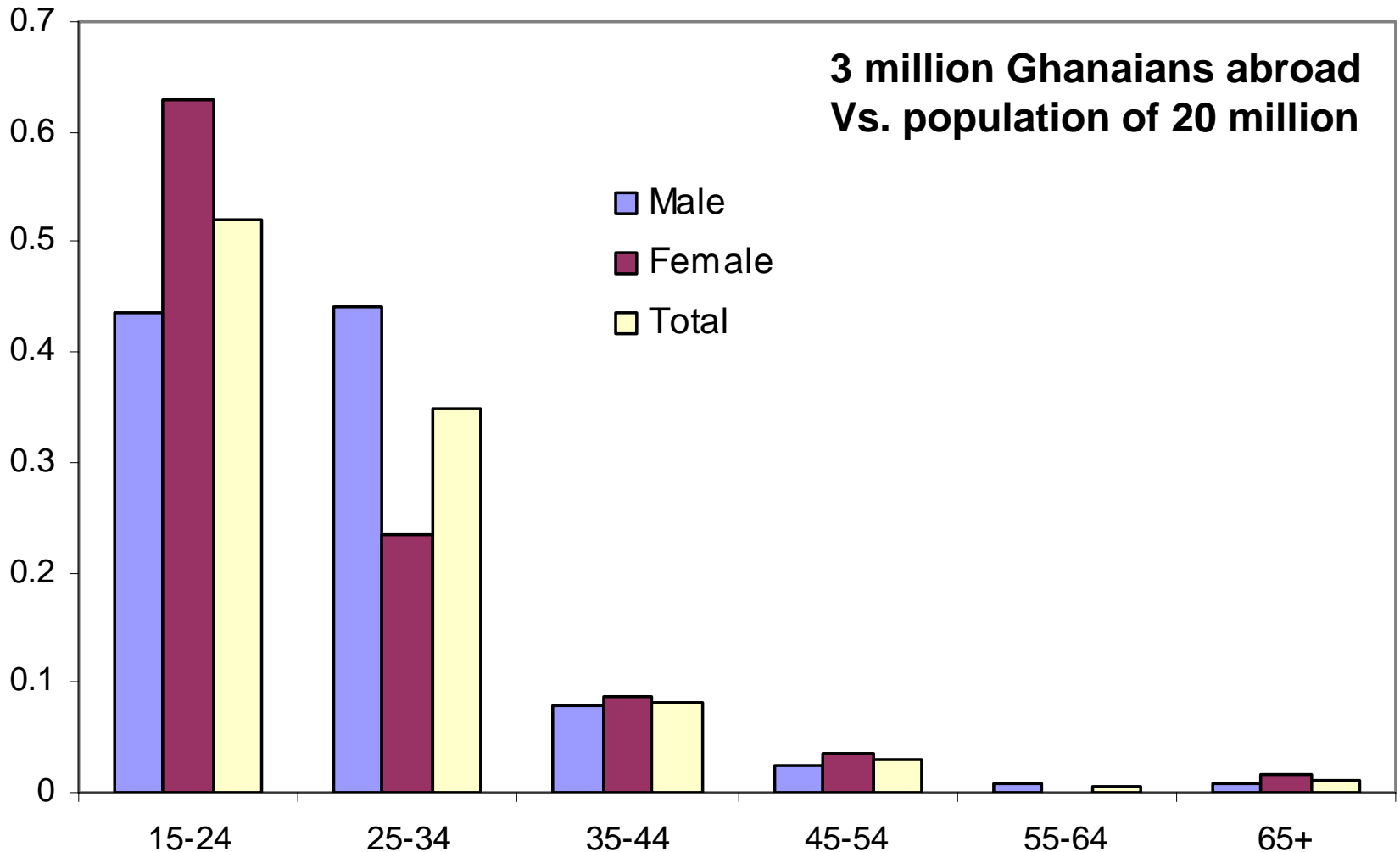
Country-specific drivers and determinants

Long history of West African migration for trade

Destination country until mid-1960s

Ghana: Migration and Development

Young migrants, youngest often female

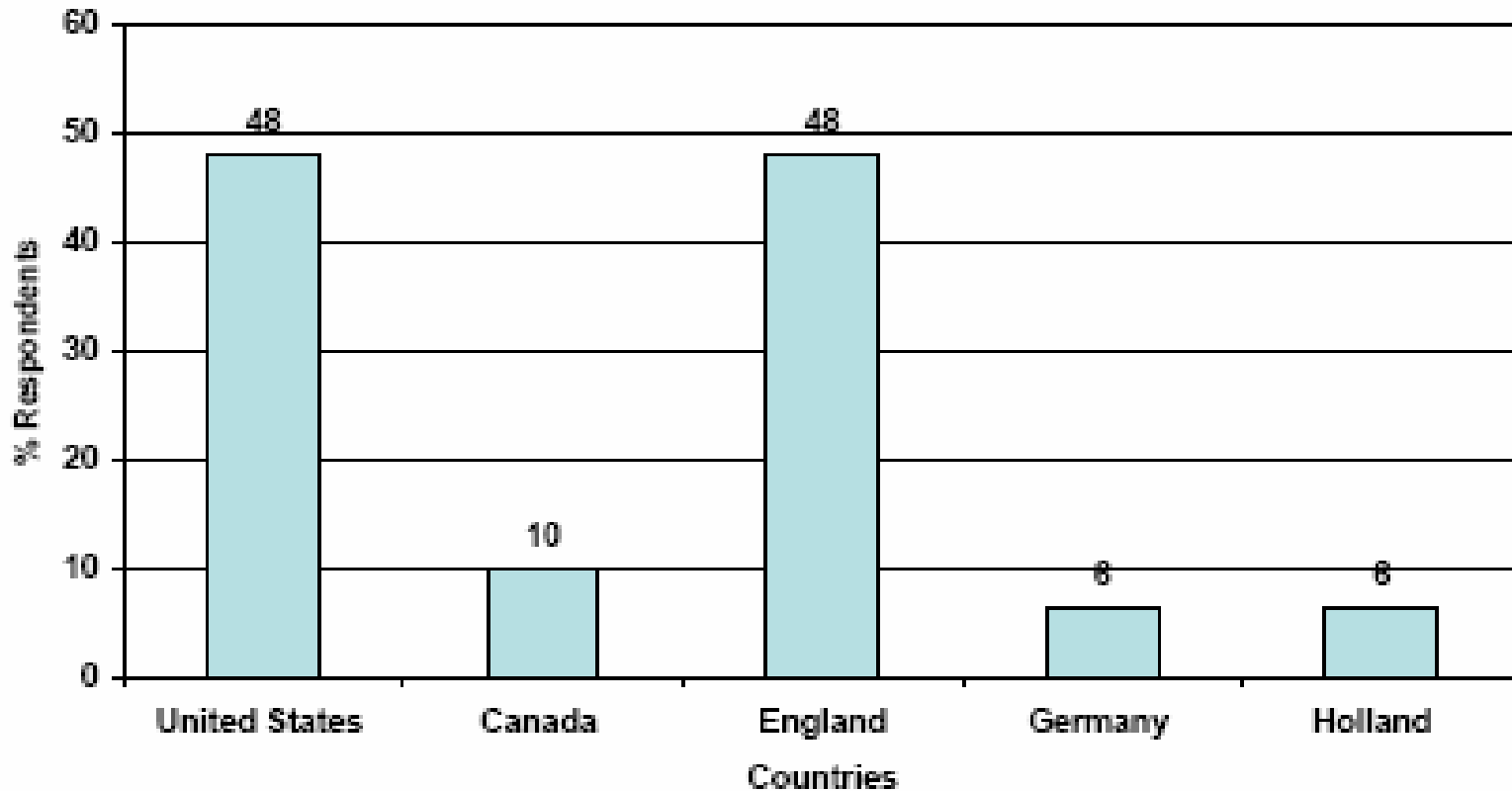


Anarfi and Kwankye. 2003. *Migration to and from Ghana: A Background Paper*.
Development Research Center on Migration, Globalisation and Poverty.

Ghana: Migration and Development

Intl. remittances coming largely from US and UK

Figure 30: Sources of Remittances

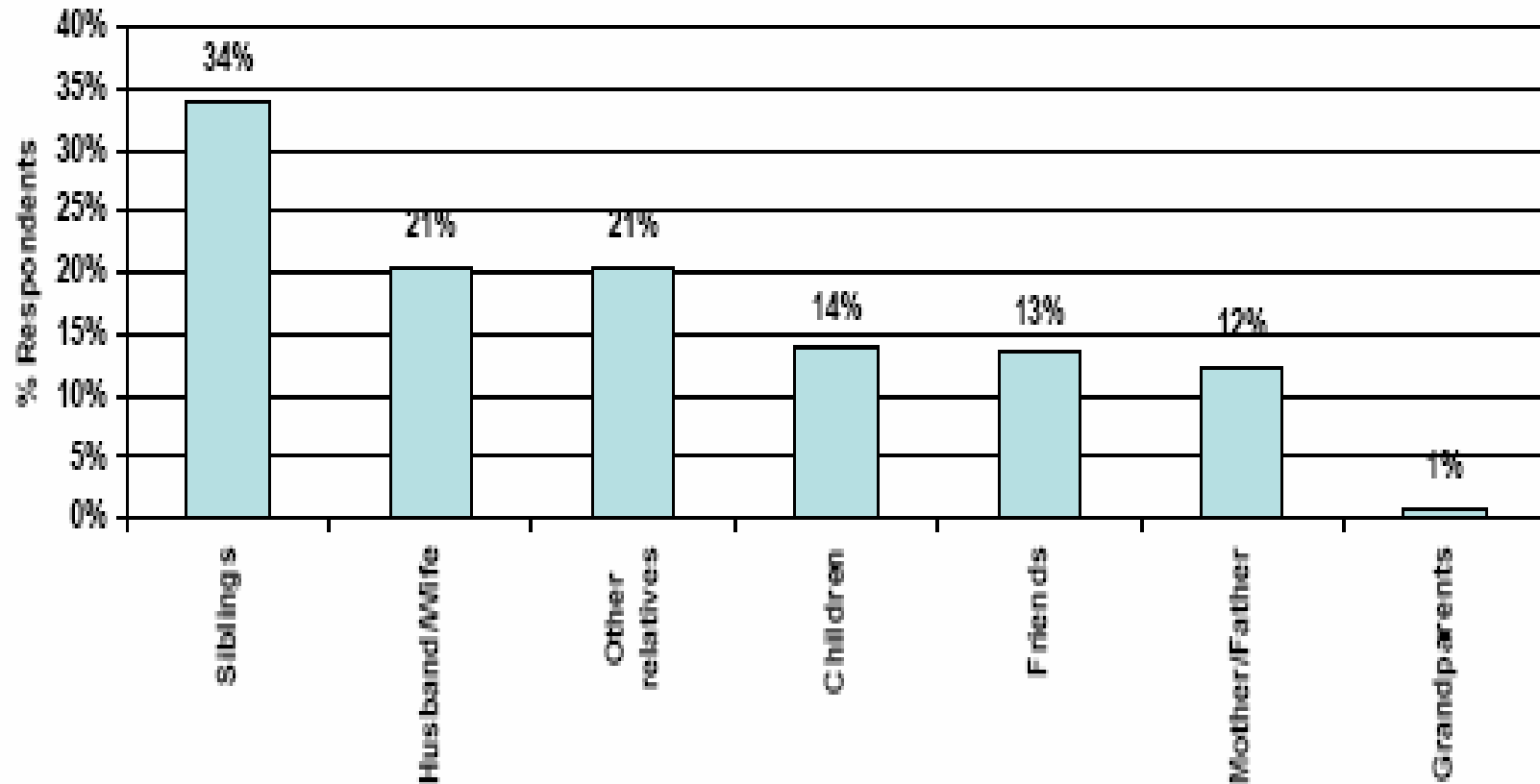


Source: Citizens International and Bruks Associates. 2005. *Private Remittance Flows to Ghana*. USAID: Washington, DC.

Ghana: Migration and Development

Over 50% from siblings and spouses

Figure 31: Remittance Senders

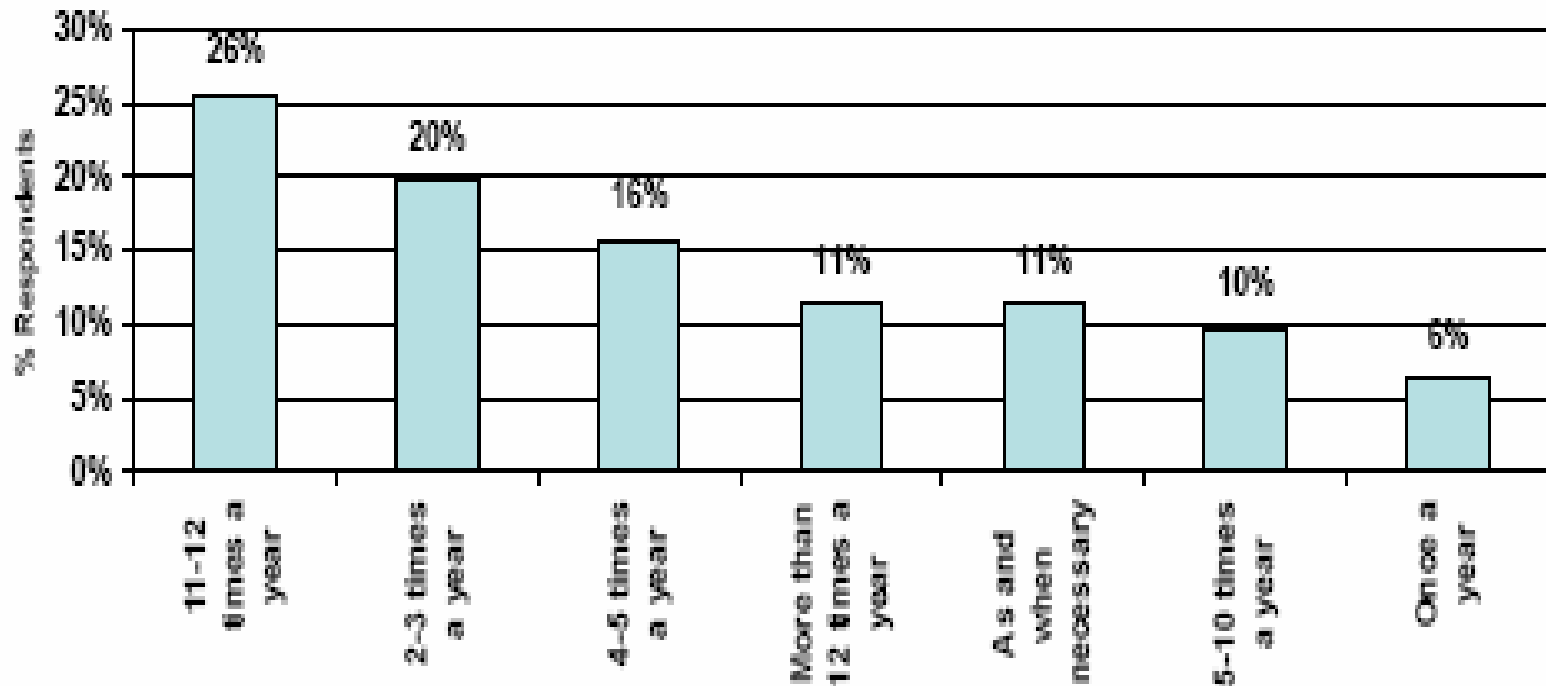


Source: Citizens International and Bruks Associates. 2005. *Private Remittance Flows to Ghana*. USAID: Washington, DC.

Ghana: Migration and Development

For about 25%, remittances are an important component of income

Figure 32: Frequency of Remittances

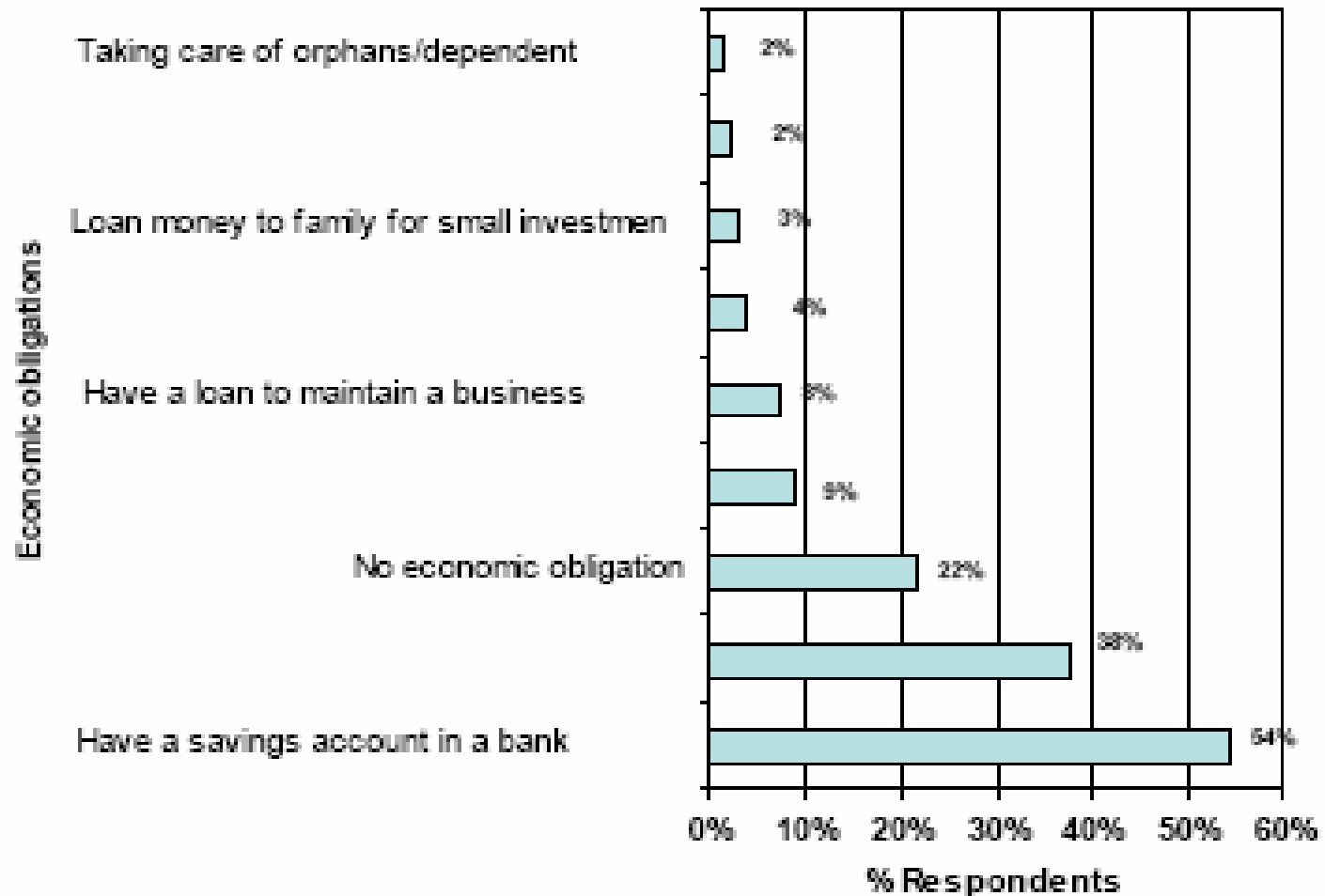


Source: Citizens International and Bruks Associates. 2005. *Private Remittance Flows to Ghana*. USAID: Washington, DC.

Ghana: Migration and Development

More than 50% with bank account

Figure 34: Types of Economic Activities



Source: Citizens International and Bruks Associates. 2005. *Private Remittance Flows to Ghana*. USAID: Washington, DC.

Migration to the Gulf states, Middle East

Highest ratio of foreign workers to native pop'n:

14 million foreign workers in the region, primarily temporary

Diverse origins – SE Asia, S Asia, Middle East/N Africa

Includes legal, irregular, refugees and displaced persons

Dependent on oil cycle:

10% of global migration w/ Saudi Arabia the biggest host

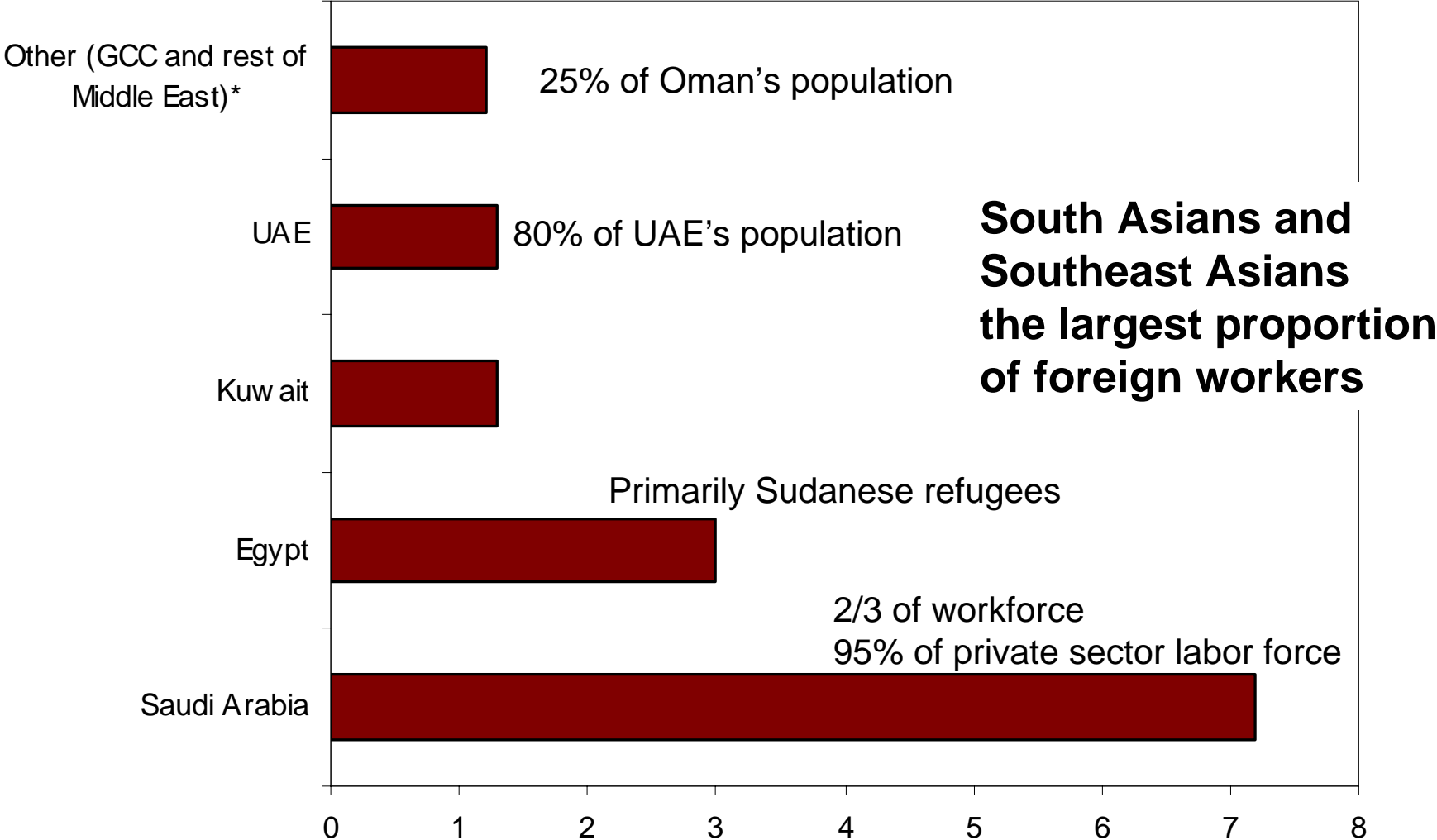
1930's start of oil industry to booms of 1970s

Impact of regional conflict and political turmoil:

Gulf War (1990/91) and replacement

Migration to the Gulf states, Middle East

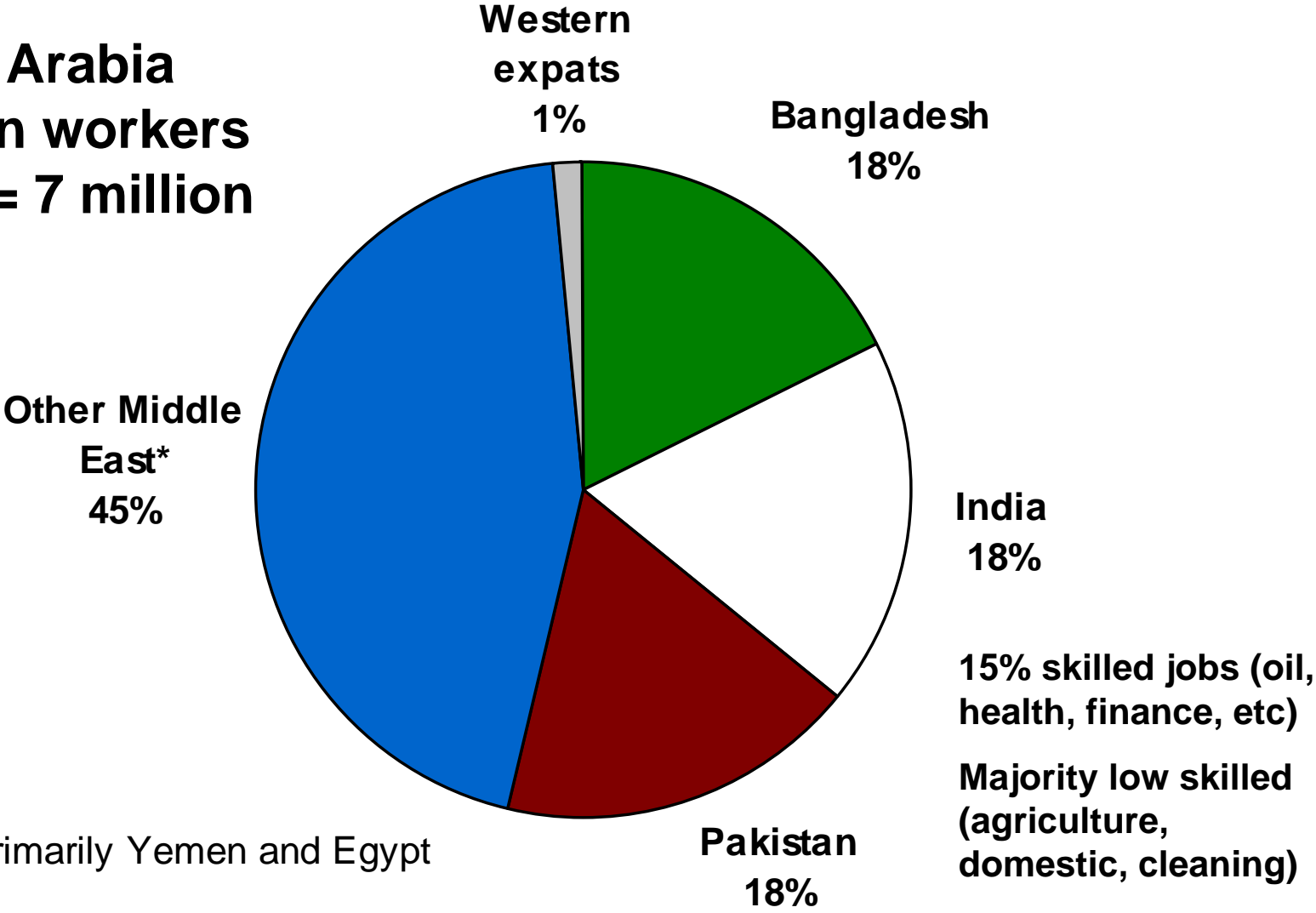
Foreign workers in the Middle East (millions)



Source: IOM. *World Migration 2005*. Also, Pakkiasamy. 2004. *Saudi Arabia's Plan for Changing Its Workforce* Migration Information Source. <http://www.migrationinformation.org/Feature/display.cfm?ID=264%20>

Migration to the Gulf states, Middle East

**Saudi Arabia
foreign workers
Total = 7 million**



* Primarily Yemen and Egypt

Migration to the Gulf states, Middle East

Feminization of migration¹:

Female Arab laborers low economic activity

Only 29% of regional labor force

Lowest Arab female economic activity (12-20% in Gulf states) = Highest presence of foreign female workers

Principal Sending Countries

Philippines	Thailand
Sri Lanka	Bangladesh
Indonesia	Pakistan
India	

Primary jobs

Domestic workers
Hotels
Entertainment

¹ Source: IOM. *World Migration 2005*.

Migration to the Gulf states, Middle East

Government policy is key:

No expectation of permanent residency

Asian foreign workers esp. not expected to *want* to stay

Concern re. foreign labor dependency => indigenization

Indigenization:

Response to poor development outcomes

high unemployment - ave. 15%

demographics - very young (SA: 60% <20 yrs)

low productivity - 1%-4% vs. 6%-15% in Asia

Mid. East economies must absorb 6 mn new workers/yr

Capture remittance savings rather than allow to leave

Migration to the Gulf states, Middle East

Saudi-ization impact on remittances and expatriates:

Sectoral discrimination between native/foreign workers

Lower wages for foreigners and negative political tone – increased ghettoization?

Lower remittances from male workers

Women likely not to be affected as much

Increased marginal propensity to illegal trafficking?

Greater scope for abuse? Saudi policy response

human rights commission, litigation rights, crackdown on visa abuse, citizenship rights for a few

Source: Pakkiasamy. 2004. *Saudi Arabia's Plan for Changing Its Workforce*

Migration Information Source. www.migrationinformation.org/Feature/display.cfm?ID=264%20

Development impact of remittances

Main questions

Do the transmission mechanisms of remittances' impact on poverty reduction vary w.r.t. country?

What is the impact of remittances on labor supply?

Do they cause dependency or unemployment?

What is the impact on productivity, esp in rural areas?

Do remittances widen income inequality?

Do receivers invest more in education or health?

What are the political economy implications?

How do impacts differ at national, regional and local levels?