

Remittances in Philippines

(Country of Origin)

- **General information**

The Philippines has a population of almost 88 million inhabitants who live in 7,107 islands that form the archipelago. The country is divided into 79 provinces amongst which there are big differences in terms of development indexes. The Philippines is also the most ethnically diverse country of Asia. Sixty-two percent of the population is urban. The level of poverty at national level declined from 40.9 % in 1985 to 25.7 % in 2003. According to the report by Stella P. Go (2002) (1), the migrant population represents about 9 % of the total Philippine population. Since the 80s, female migrants grew to a 65 % of the whole emigrant population. It is believed that 35 % of migrants are permanent, 40 % are temporary and 25 % are persons in illegal situation. The main destinations of the Filipinos are the United States (44 %), Saudi Arabia (13 %), Malaysia (8 %), Canada (7 %), Japan (4 %) and Italy (3 %). While 68 % of the emigrants go to America (Canada, the United States, and others) and 80 % go to Oceania (Australia and others to New Zealand) migrating permanently, only 38 % travel to Africa, 17 % to Europe and 9 % to the Middle East.

- **Rural development in the Philippines**

The land in The Philippines is rich and fertile. The main agricultural products are rice, corn, coconuts, sugar, tobacco, pineapples and sugar cane. Traditionally, agriculture is complemented with activities related to fishing, cattle raising, forestry and mines. However, this wealth is scarcely distributed and two thirds of the poor Philippine population lives in the countryside. The rural population is composed of small farmers and farmers without land, agricultural workers, fishermen and indigenous people. The main cause of poverty is the lack of access to the land. Seventy percent of farmers do not own land. In this sense, women are disadvantaged in two ways, since historically and traditionally land ownership belongs to men. Rural zones lack basic services and infrastructure, and the weather and natural catastrophes regularly cause important damage. Finally, the Green Revolution initiated in the 1960s to sponsor the scientific development of agriculture had two negative effects. One effect is that only people capable of investing in new technologies could involve themselves in this new way of production, widening the gap between the rich and the poor. The second negative effect was that this mechanization of processes has created a dependence upon the new technologies and an ecologic degradation.

- **Gender**

Development index relating to gender (rank)	66/177
Development index relating to gender (index)	0.761
Gender inequality in education (female literacy rate as a % of the male rate), 2004	101%

Female economic activity rate (% between 15 years and more), 2004	53.8%
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Source: UNDP, <http://hdr.undp.org/hdr2006/statistics/countries/>

At the national level, the differences in the rate of economic female and male activity have been declining. Between 1997 and 2000, 49.7 % of women had a remunerated economic activity versus 83.5 % of men, whereas between 2001 and 2003, the same rate for the women was 52 % and for the men it was 71.1 %. Nevertheless, big differences exist in the provinces.

The rate of literacy is very high, as the number of women with a university diploma. Nevertheless, they have fewer opportunities than men in the labour market and additionally, they are overly represented in the informal sector. The concentration of productive and reproductive chores creates great pressure on them and increases their vulnerability in the labor market. On the basis of these inequities, women are also viewed as potential agents of modernization and development at local level due to different factors:

- The traditional role of leadership and of social cohesion of Philippine women
- The higher level of studies of women compared to that of men
- The idea of sacrifice held by women

Let's point out that the notion of sacrifice itself is opposite to the idea of gender equality. Therefore, to base women's participation on this characteristic of women's condition is questionable.

- **Countries sending remittances to Philippines**

According to the report by Stella P. Go (2002) (2) who studies the behavior of the remittances of migratory workers, there is no direct relation between the quantity of remittances and the geographical concentration of these workers. Therefore for example, Saudi Arabia which is the major destination of overseas workers, only represents 5.4 % of total remittances; the United States, to the contrary, which has less than 1 % of the migrant Philippine workers is the origin of 42.5 % of total remittances to the Philippines. This data shows that different types of migration generate different patterns of remittance sending which in turn is related to the stock of migrants in each of the destinations, the qualification and the transnationality of the households.

- **Evolution of remittances**

The report of Farooq Azam (2005) (3) shows the regional evolution of the origin of the remittances towards The Philippines. While a clear trend is observed in a percentage decrease in remittances sent from the United States (going from 87.45 % in 1998 to 58.76 % in 2004), we can observe a growth from Asia (5.45 % in 1998 to 10.74 % in 2004), Europe (4.47 % in 1998 to 15.04 % in 2004) and from the Middle East (0.82 % in 1998 to 14.41 % in 2004).

Philippines: Migrant Workers Remittances
Share by Region, 1998-2004

- Percent -

Región	1998	1999	2000	2001	2002	2003	2004
Asia	5.45	9.50	13.75	17.40	16.21	11.80	10.74
Americas	87.45	72.55	66.11	54.72	51.38	57.67	58.76
Oceania	0.23	1.29	0.35	0.35	0.51	0.59	0.50
Europa	4.47	6.74	8.84	6.73	12.91	13.73	15.04
Medio Oriente	0.82	3.87	9.82	11.80	18.05	15.39	14.41
Africa	0.01	0.03	0.07	0.06	0.06	0.15	0.04
Otros	1.57	6.03	1.06	8.93	0.89	0.67	0.51

Source: Farooq Azam (2005)

- **Filipino income on account of remittances and in comparison to other income received by the country**

According to the report by Stella P. Go (2002) (4), remittances between 1990 and 1999 represented 20.3 % of income on account of exports from the country and 5.2 % of GNP. According to data compiled by Bagassao (2004) , remittances in 2002 were 7 billion Dollars, representing 8.76% of GNP (Aldaba, 2004) and a first source of income for 2.6 million families (Go, 2002).

- **Utilization of remittances**

According to UN-INSTRAW's study (2008) remittances are used to cover first the households' basic consumption (food, clothes, electricity, etc.), education and health. When remittances are sent regularly they can also serve to pay a caretaker, a domestic worker or a person who will be in charge of dependent persons. For migrant parents, it is a priority to provide education to the children who remain in Philippines, while for migrant sons and daughters, to provide care for elderly parents is a priority in a context where public services are very poor.

There exist differences between men and women. While women privilege investment on their children, particularly in education, men are inclined to invest in consumption goods, assets or property. However, if women succeed to cover basic consumption needs, education and health, they invest in a house or in land for agriculture. Equally, the gender variable is fundamental as to the expectations related to migration. While feminine migration is perceived as an act of "self-sacrifice" with the objective of promoting the well-being of others, male migration is seen as a normal aspect of their role as heads of household providers.

The UN-INSTRAW study (2008) shows that readjustments in the organization of the remittance-receiving household are larger when a woman migrates with children. In this case power relations within the home are reinforced being regulated according to age and sex since another woman must assume the role of caretaker. More social inequality can also be superimposed when it is decided to pay for the services rendered by a woman in the community of origin,

which in this case it is a poorer woman who has limited labour options. For the woman who migrates, to the contrary, her new role as provider gives her more power within the home. Finally, in the case of married couples with children and above all in the case of male migration, it is frequent that the man will form a new family in Italy, in which case the proportion of remittances received by the family in Philippines decreases or disappears and the household dependency falls on the mother alone.

- **Impact of remittances on rural development**

Two different models of the impact of remittances on rural development were observed in the research carried out by UN-INSTRAW (2008), one in which remittances are invested in agricultural activity and the other where these are invested in other sectors.

In the first model, represented in the study on the South Ilocos and East Mindoro, migrant women have progressively invested in the purchase of agricultural land, when traditionally, the sons inherit the land from their parents while the daughters are stimulated to study in order to integrate other sectors. These investments have as a result the diversification and mechanization of agricultural production, at the same time that they widen the social differences in the community between remittance receiving and non-receiving households. In the case of remittance-receiving households, the organization and distribution of agricultural labour changes since it goes from subsistence agriculture in which all family members are involved, to a productive agriculture in which mainly male personnel belonging to another household or community receives payment. At the same time, the women of these receiving households perceive these changes as an opportunity to free themselves from unpaid manual agricultural work and involve themselves in paid labour conceived as more modern, for example owning a small business. In the second model corresponding to the study in the Batangas zone, remittance receiving households leave their fishing or agricultural activities to invest remittances in education, in a better standard of living and in international migration. This model creates a larger dependency relationship on the part of these households towards remittances.

In both models, another two uses for remittances are superimposed, which could on a medium term foster the masculinization and aging of rural areas. The first utilization consists in the investment in land for house construction, businesses or manufactures which reduces land for agriculture. When agricultural activity decreases, young people become disinterested and search other sectors for labour insertion, outsider rural zones. The second utilization of remittances is the investment in education, above all for daughters, which stimulates them to search for jobs in urban zones or overseas.

- **Impact of remittances on household food security**

According to the UN-INSTRAW study (2008), since women are majority in sending and receiving remittances, and they prioritize household basic consumption, their role is very positive towards increasing food security in the place of origin. In the cases of Ilocos Sur and Mindoro Oriental, one part of remittances is invested in agricultural intensification and diversification, which permits to reduce the household dependency in comparison to the production of just one product and also to diversify the consumption of food. Remittances also serve as insurance, since

they permit to reduce the effect of non-productive moments as a result for example, of natural catastrophes. Contrary to this, remittances can have a perverse dependency effect. This is the case when remittances are not invested in agricultural activities but rather are used to buy food outside the household.

The second impact observed concerns nutritional habits. Remittances permit the households to buy more products produced outside the home which sometimes have a lower nutritional quality. At the same time, the migrants who return to their communities of origin come with other nutritional habits. The increase in the demand for imported products could represent a risk for local production and nutritional sovereignty.

Finally, the injection of remittances into local economies creates perverse effects that are unfavorable for non-receiving households. This is illustrated by the inequalities that are created. When a receiving household can invest in machines and income to increase agricultural productivity while a non-receiving household can only sustain itself with less competitive methods and therefore less income-producing.

- **Characteristics of remittance-receiving households**

From the surveys on family income and expenses carried out by the Philippine National Labour Migration, Stella P. Go (2002) (5) identifies three big receiving patterns:

1. A great proportion of urban families depend on remittances as the principal source of income
2. A great proportion of families from the rich regions of the country have reported that they receive remittances, in comparison to the poorest regions. These regions are the capital region or Metro Manila, Ilocos and Central Luzon.
3. The families from the more high income groups were receiving a greater proportion of revenue from overseas than the lower income groups.

This information proves that remittances do not benefit the poorest.

(1) Go Stella P., Mayo 9-12 2002, "Remittances and International Labour Migration: Impact on the Philippines", Paper prepared for the Metropolis Interconference Seminar on "Immigrants and Homeland", Dubrovnik, Croatia.

(2) Go Stella P., Mayo 9-12 2002, "Remittances and International Labour Migration: Impact on the Philippines", Paper prepared for the Metropolis Interconference Seminar on "Immigrants and Homeland", Dubrovnik, Croatia

(3) Azam Farooq, December 12-15, 2005, "Public Policies to support international migration in Pakistan and the Philippines", Arusha Conference, "New Frontiers of Social Policy"

(4) Go Stella P., Mayo 9-12 2002, "Remittances and International Labour Migration: Impact on the Philippines", Paper prepared for the Metropolis Interconference Seminar on "Immigrants and Homeland", Dubrovnik, Croatia

(5) Go Stella P., Mayo 9-12 2002, "Remittances and International Labour Migration: Impact on the Philippines", Paper prepared for the Metropolis Interconference Seminar on "Immigrants and Homeland", Dubrovnik, Croatia