

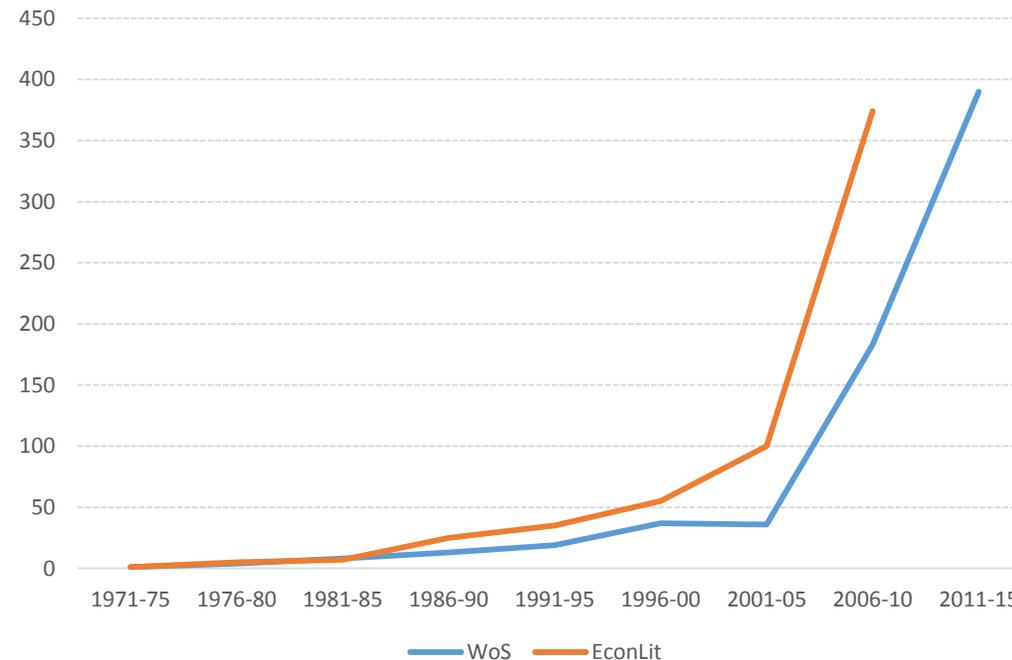
Migration, remittances and development: African perspective

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Introduction

- Surge of interest in migration and development within the scientific community and among policy makers
 - Abundant and high-quality scientific production on the topic;

Figure 1. Number of referenced articles on “Remittances”, by year of publication



Note: Number of articles in the field of Economics containing the term “remittances” either in their title or summary. Online search on EconLit and Web of Science database (accessed June 13, 2017).

Introduction

- However, there are still huge methodological challenges associated with the evaluation of the impact of migration and remittances on development.
- One of the challenges is directly related to this session's topic, *i.e.* the difficulty of properly measuring both migration and remittances despite a number of initiatives aimed at collecting harmonised data on both dimensions.

On the size of remittances

- Remittances sent home by international migrants have become a major source of external funding for the developing world and have exceeded official development assistance: above US\$441 billion in 2015, 3x ODA, 6x its 2000 value (World Bank, 2016).
- Inconsistencies in the way remittances are measured at the country level (incomplete official data, informal remittances)
- Clemens and McKenzie (2014): shift in the sending of remittances from informal to more formal channels since 2000
 - Huge increase in the number of transfer operators and other forms of wire transfers;
 - Greater controls on informal flows since the September 11, 2001 terrorist attacks;
 - Much of the surge in remittances is due to changes in measurement, rather than effective increases in remittances (79% vs. 21% over the 1990 to 2010 period)

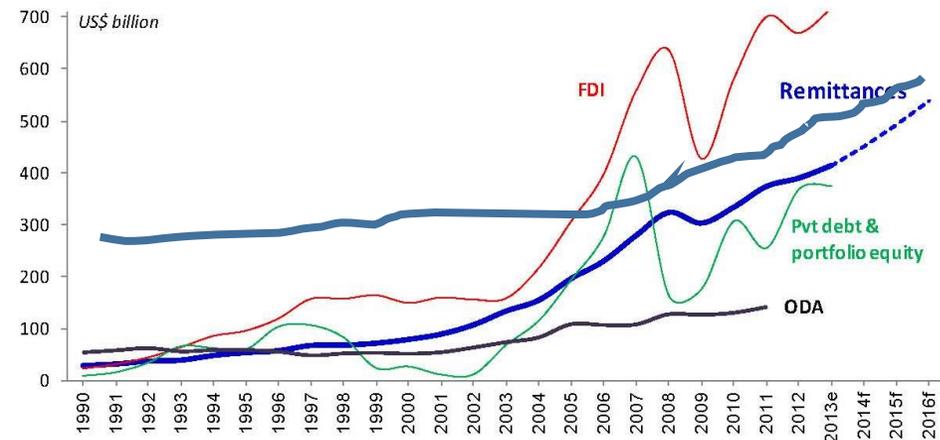
On the size of remittances

- Casts doubt on all the macro analyses that have used estimates on remittance growth as either an explanatory or explicative variable;
 - Pleads in favour of the more systematic use of household surveys as an alternative source of data on remittances.
- Akee and Kapur (2012): pessimism with regards the relevance of survey data in the case of India...
 - Self-reported remittances tend to be much lower than actual remittances;
 - Mis-reporting displays mean reversion (non-classical measurement error);
 - Impedes any attempt to estimate the “true” effect of remittances on various outcome indicators....

Implications

- This graph should be prohibited;

Figure 1: Remittances flows are large, and growing



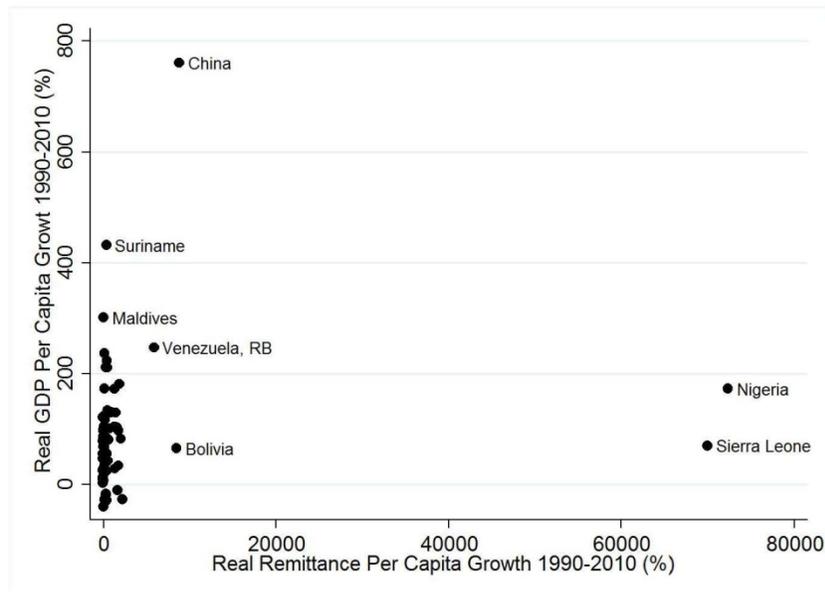
Sources: World Development Indicators and World Bank Development Prospects Group

- Considerable room for improvement in the collection of remittance data
 - Urgent need to experimentally test and validate different forms of remittance survey questions in order to improve reporting accuracy.
- Raise awareness of key methodological choices and their implications, among analysts who rely on data collected by others.

On the developmental impact of remittances

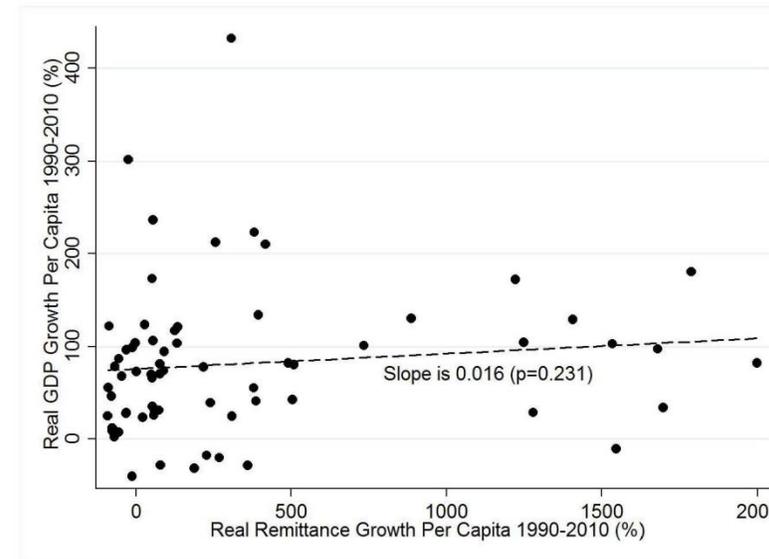
- Topic that has been losing ground for the last ten years...
 - Clemens and McKenzie (2014): at the macro-level, very challenging to detect any substantial impact of remittances on home-country economic growth

Figure 2A: Lack of Relationship between Real GDP Per Capita Growth and Per Capita Remittance Growth 1990-2010 – All Developing Countries



Source: Vertical axis shows real growth in per capita GDP cumulatively over 1990–2010. Data from World Development Indicators. See data appendix for variable definitions.

Figure 2B: Lack of Relationship between Real GDP Per Capita Growth and Per Capita Remittance Growth 1990-2010 (developing countries with remittance growth below 2000%)



Source: Vertical axis shows real growth in per capita GDP cumulatively over 1990–2010. Data from World Development Indicators. See data appendix for variable definitions.

On the developmental impact of remittances

Why ?

- Effect is very unlikely to be large enough to be detected in cross-country growth regressions;
- High volumes of remittances are generally preceded by large emigration flows (= opportunity cost to economic product in origin countries);
- Effects can go the other way round, with remittances increasing in times of low growth in home countries (and vice versa);
- Remittances are not just another source of capital;
- More generally, difficulty of separating out the respective effects of migration and remittances, and of finding convincing identification strategies and credible counterfactuals.
- Last, there might be strong measurement issues (cf. preceding discussion)

On the developmental impact of remittances

- Moving from a macro to a more micro perspective, consensus that migration-cum-remittances contributes to increase the income and consumption of origin households and reduces poverty (even if migration does not necessarily involve the poorest ones);
- Converging conclusions (with some exceptions) that remittances can help increase the level of investment in human capital (higher spending in education and health);
- One of the channels of influence is through the stabilizing influence of remittances on households' living conditions (migrants as insurers), especially in Africa.

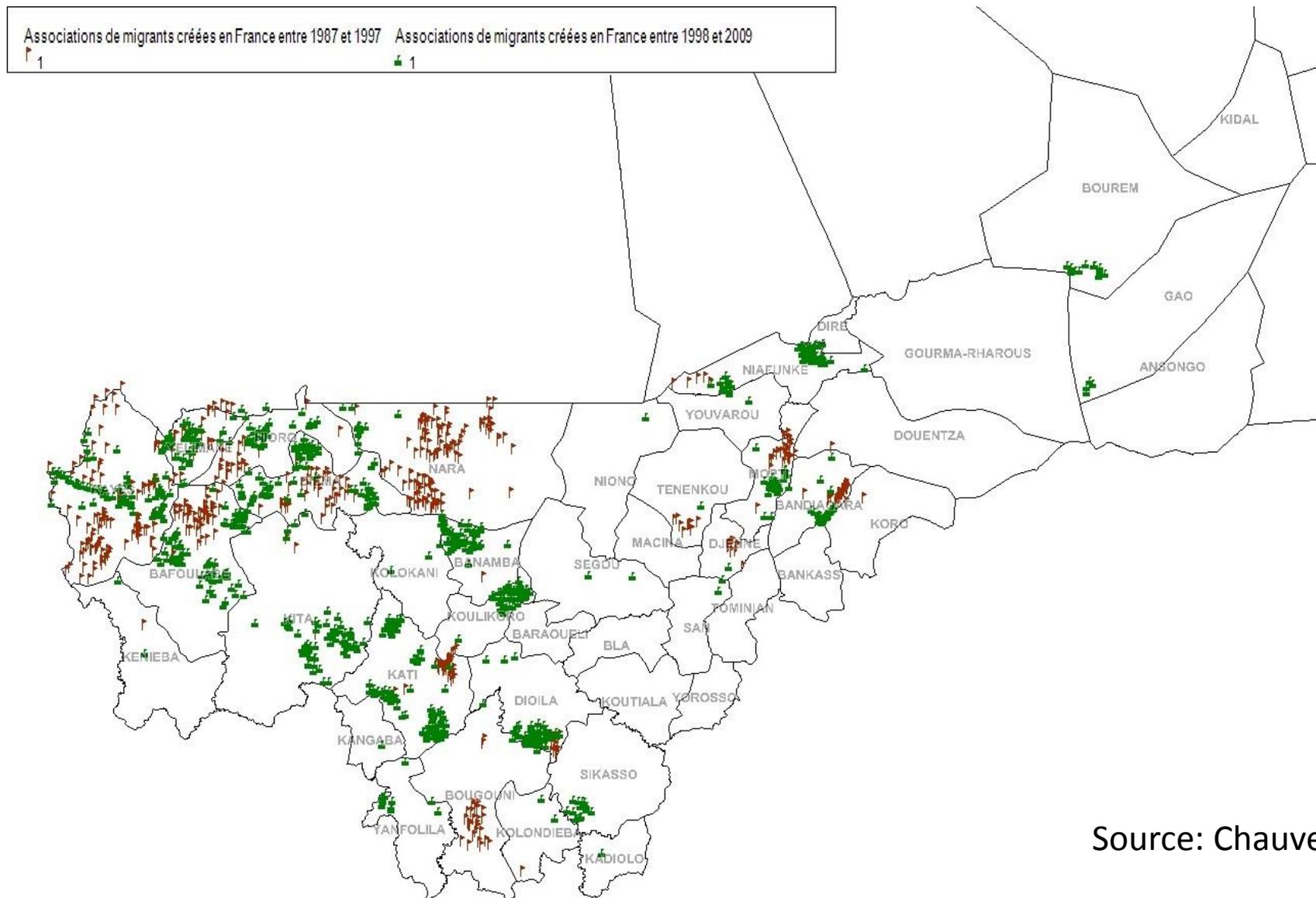
On the developmental impact of remittances

- In highly vulnerable environment such as in many parts of the African continent, being insured may be synonymous of:
 - less children dropping out from school / less child labour (as child labour is often a way to deal with an unexpected negative shocks on the parents' incomes);
 - less malnutrition and morbidity episodes;
 - More incentive to invest in more risky (but also more profitable) activities.
- Pushing the argument a bit further, migration may become a resource for adaptation, when remittances or incomes sent back by the migrants allow the acquisition of assets that reduce risk and/or build resilience (see, e.g., Mohapatra et al, 2012; Scheffran et al, 2011)

“Collective” remittances

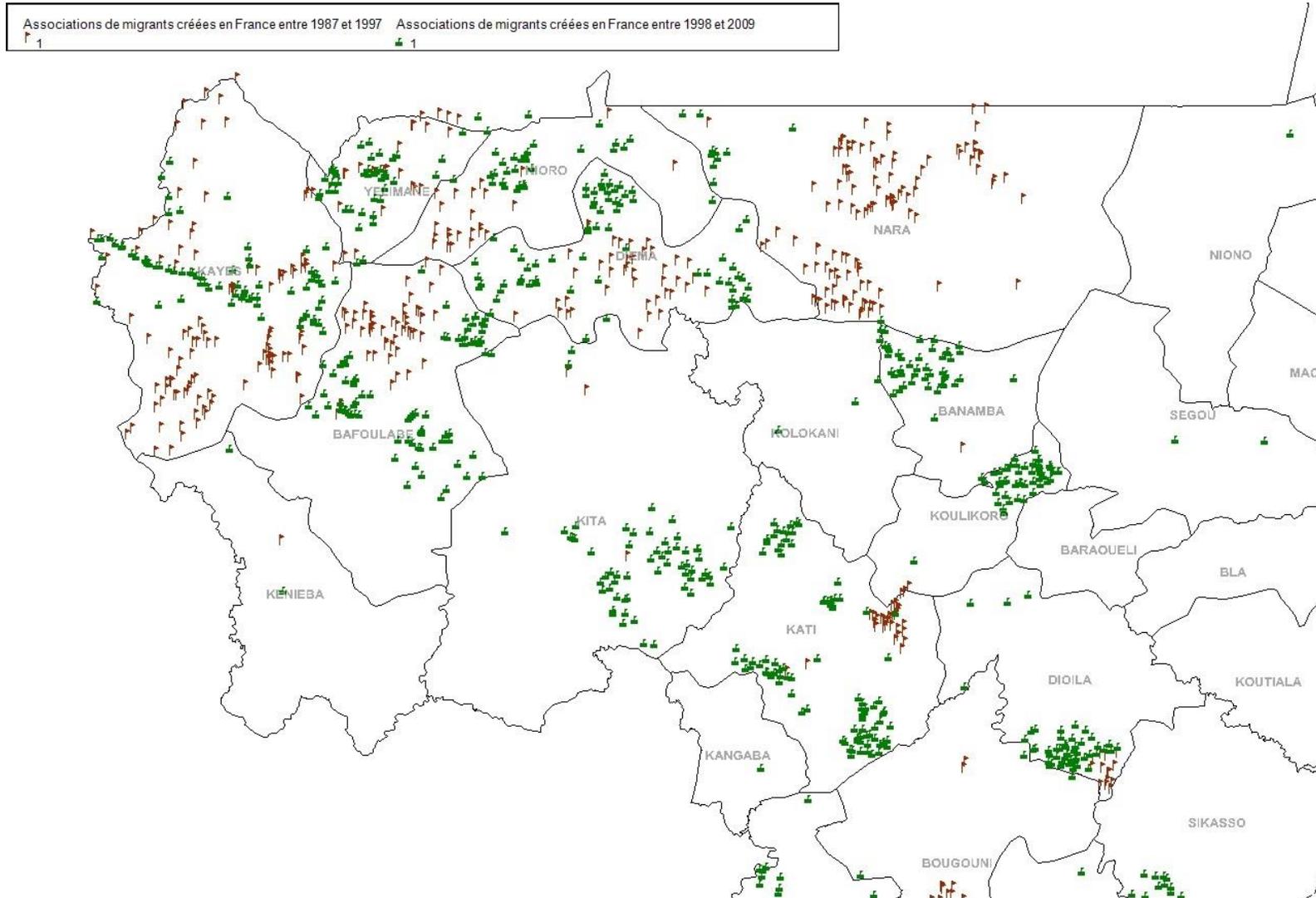
- Neglected topic: developmental impact of collective remittances in Africa
- Collective remittances are remittances sent by migrants’ hometown associations (HTAs) created in the countries of destination in order to initiate and fund public goods in the communities of origin.
- Again, collective remittances raise challenges when it comes to measure their volume...
- Collective remittances sent by HTAs have been documented in the cases of:
 - Mexican migrants living in the US;
 - Moroccan and Algerian migrants living in Europe;
 - AND migrants originating from Sub-Saharan Africa, especially from Burkina Faso, Senegal and Mali

“Collective” remittances



Source: Chauvet et al. (2015)

“Collective” remittances



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“Collective” remittances

- In the case of Mali (Chauvet et al, 2015):
 - 1 Malian village out of 5 is the recipient of funds sent by a migrants’ HTA registered in France;
 - Between 1987 and 2009, villages targeted by HTAs have seen their number of schools, health centres and water amenities growing faster than in non-targeted villages.
 - 1 more school on average over the whole period;
 - 1 more water amenitie between the first decade (1987-1998), 2 more between the second one (1998-2009)
 - HTAs’ interventions have evolved over time:
 - Focus on schools and water amenities before 1998
 - Focus on health centres afterwards

« Social » remittances

- Even less well understood and studied (and even harder to measure) are social remittances.
- Social remittances are defined as ideas, know-how, practices, and skills that migrants may send back to their home countries and that promote and impede development in their countries of origin.
- So far, transfers of norms have been found in various fields:
 - health (with impact found on fertility norms in particular, lower incidence of female genital mutilation in regions of Mali highly involved in international migration);
 - Family and gender issues (on the position and role of women) ;
 - Political sphere (with changes in political attitudes among migrants and their left-behinds, higher demand for political accountability, etc.)

« Social » remittances

