



Remittances Statistics: **First Meeting of the Luxembourg Group**

June 2006

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Statistical Measurement of

OVERSEAS

FILIPINO

WORKERS'

Remittances:
Present Practices and
Future Direction



A Presentation to the
1st Luxembourg Meeting on Remittances
26 – 27 June 2006



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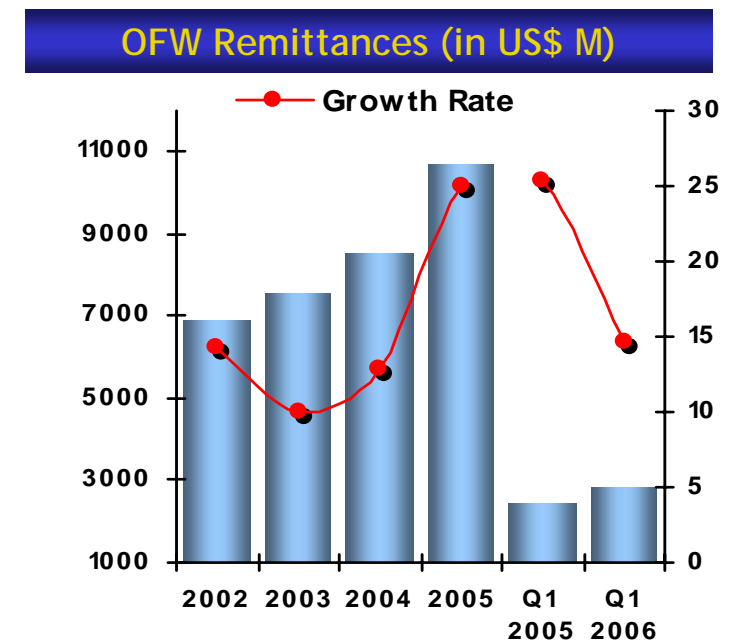
Benefits of OFW Remittances



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- Cash remittances coursed through banks rose by 25.0 percent in 2005
- Robust inflows arising from the better capture of remittances and demand for OFWs
- First quarter of 2006 showed growth of 14.6% to US\$2.8 billion

	Levels (US\$M) */				Growth Rates (%)	
	2004	2005	Q1		2005	Q1 2006
			2005	2006		
OFW Remittances	8,550	10,689	2455	2814	25.0	14.6
By Worker:						
Sea-based	1,465	1,669	404	449	13.9	11.1
Land-based	7,085	9,020	2051	2365	27.3	15.3
By Country:						
Asia	918	1,172	284	304	27.7	7.0
Americas	5,024	6,605	1476	1728	31.5	17.1
Oceania	43	55	12	15	27.9	34.1
Europe	1,286	1,434	359	388	11.5	7.9
Mid East	1,232	1,417	323	377	15.0	16.7
Africa	3	5	1	2	32.2	139.4
Others	44	1	0	0	-97.7	0



*/ Cash Remittances coursed through banks
Source: BSP



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Value of OFW Remittances

	Level (in US\$ Bil) ^{1/}	Growth Rate (%)	Remittances as % of:				
			GNP	XGS	FDI	GIR	DSB
2001	6.0	-1.6	7.9	17.5	3092.8	38.4	92.4
2002	6.9	14.2	8.4	18.2	446.6	42.1	88.7
2003	7.6	10.1	8.9	19.6	1543.4	44.4	95.3
2004	8.6	12.8	9.2	20.0	1242.7	51.7	118.5
2005	10.7	25.0	10.0	23.9	944.3	57.8	142.2
2006	3.7 (J-Apr)	10.8	9.8 (J-Mar)	23.3 (J-Mar)	654.4 (J-Mar)	17.8 (J-Apr)	145.4 (J-Mar)

1/ Cash remittances coursed through the banking system



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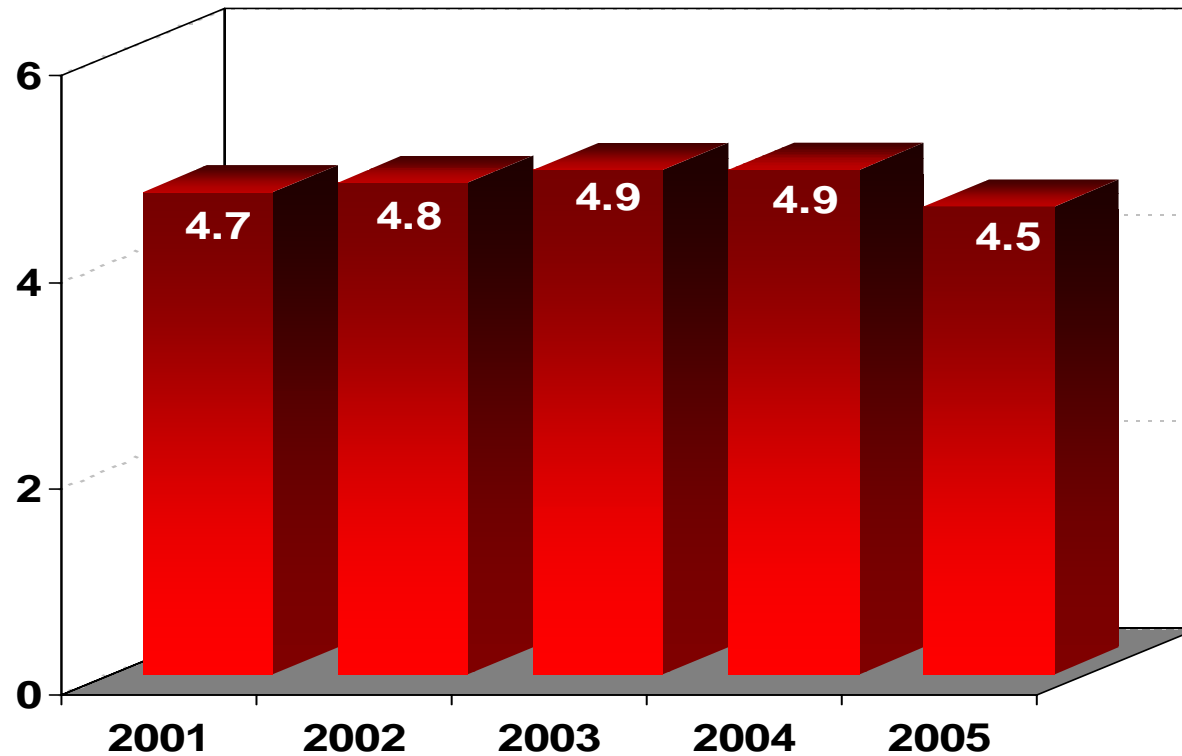
Profile of OFWs



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Stock of OFWs

in million



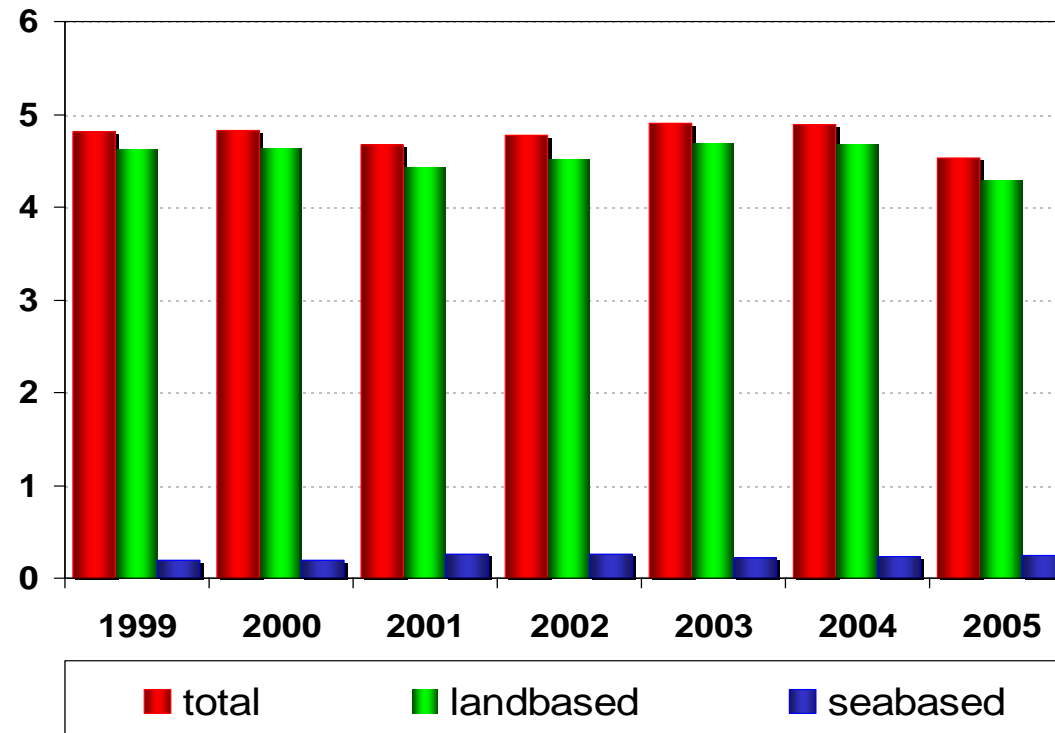
Source: Commission on Filipinos Overseas, DFA



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Stock of OFWs

In million



Source: Commission on Filipinos Overseas, DFA



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OFW Deployment by Skill in thousand



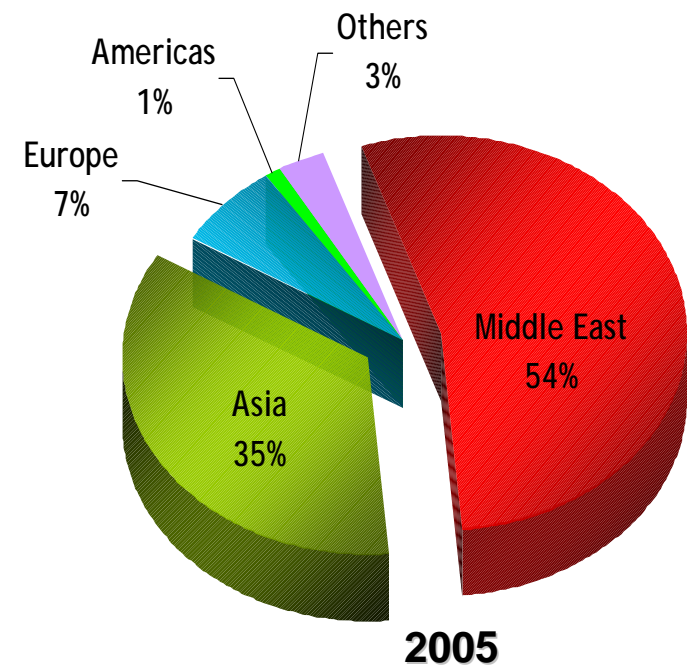
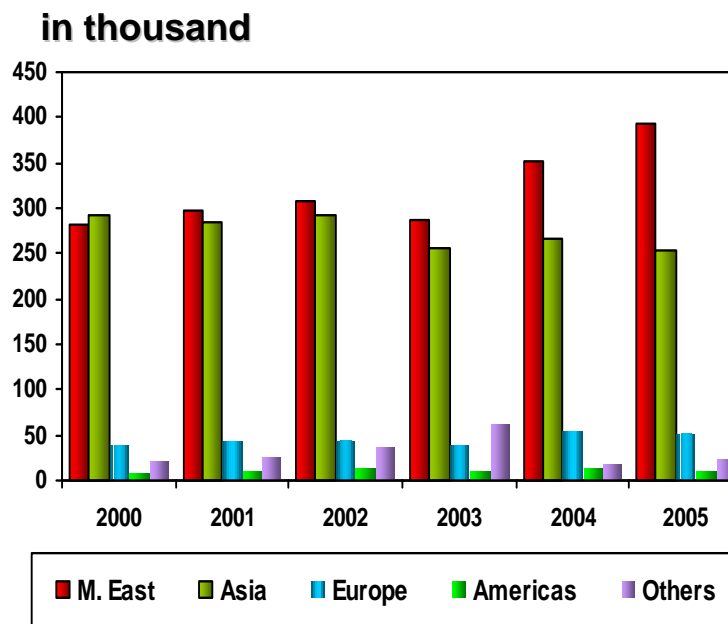
Source: Philippine Overseas Employment Administration (POEA)



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OFW Deployment by Destination

- Asia and the Middle East account for the top destination of deployed land-based workers.



Source: Commission on Filipinos Overseas, DFA



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Remittance Channels

Mode	% to Total
In Cash	95.0
In Kind	5.0

Of cash:	
Thru formal channels	80.0
Thru informal channels	20.0

**Based on Selected Results of the 2004 Survey of Overseas Filipinos
of the National Statistics Office**



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Formal Channels

- Banks
- Local agency
- Money transfer operators
- Door-to-door remittance services tied-up with banks



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Informal Channels

- Hand carry sent through friends and relatives
- Money brought home by the migrant worker



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Current Practices



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Estimation Methodologies:

Concept of residence

- Seabased workers: **residents**
- Landbased workers
 - Performing artists normally with a 6-month employment contract: **residents**
 - All others generally having a 2-year employment contract: **non-residents**



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Stock of OFWs

- Based on benchmark numbers per category established by the Task Force on OFW and Travel Statistics
- Monthly updating based on a moving total:

$$\text{Stock}_{t=1} = \text{Stock}_{t=0}$$

+ number of deployed $t=1$

- number of workers with finished contract



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Compensation of employees (CE)

(Income Account)

➤ **Seabased workers**

$$CE_{\text{Sea-based}} = \text{Remittances} \div 0.80$$

(Contract requires remittance to beneficiary of 80% of basic salary)

➤ **Performing Artists**

$$CE_{\text{Performing Artists}} =$$

[Stock of workers $t=0$ x average salary per worker $t=0$]

+

[no. of deployed $t=1$ x average salary per worker $t=1$]

-

[no. of workers with finished contract x average salary per worker prevailing at time of their employment]



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Workers' remittances

(Current Transfers)

- Residual of total remittances in cash and in kind after deducting implied remittances of resident OFWs



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Summary Methodology of Total Remittances

- **Resident OFWs**

R_1 (performing artists) = CE – Travel expenditures

R_2 (sea based) = Cash remittances thru banks
x undercoverage ratio
+ remittances in kind



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Summary Methodology of Total Remittances

- **Non-Resident OFWs**

NR = (total cash remittances thru banks)
x undercoverage ratio
- remittances of resident OFWs (R1 + R2)
+ remittances in kind



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Sources of Data

- ✓ Salary per worker: POEA
- ✓ Deployment of workers: POEA
- ✓ Stock estimates: Commission on Filipinos Overseas
- ✓ Travel expenditures: FIES of host countries
- ✓ Cash remittances: Bank reports
- ✓ Undercoverage ratio: Survey of Overseas Filipinos
- ✓ Remittances in kind: Survey of Overseas Filipinos



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Survey Of Overseas Filipinos (SOF)

- The SOF is a nationwide survey that seeks to gather information on Filipino citizens who left for abroad during the last five years.
- A rider survey in the 3rd quarter round of the Labor Force Survey



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Survey of Overseas Filipinos

- ✓ A two-page questionnaire containing
- ✓ Socio-economic characteristics (i.e., sex, age, marital status, highest educational attainment, and occupation)
- ✓ Place of work abroad
- ✓ Remittances (cash and in-kind)
- ✓ Mode of remittances (i.e., banks, friends/co-workers, others)



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Forms Used

Two Forms are used in this survey, namely:

- (1) SOF Form 1, which gathers the socio-economic characteristics of OFs; and
- (2) SOF Form 2, which is a control form, used as basis for determining which household has members who are overseas.



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Forms Used

Only the sample households with members overseas shall be given SOF Form 1, that is, those households that responded “YES” to the question, “Is there a family who left abroad at anytime during the period October 1998 to September 2003”



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Scope of the Survey

- The sample households of the SOF are the same as that of the LFS with a probability sample of about 51,000 sample households
- Family who traveled outside of the Philippines within the five-year period for any reasons are included



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Who must be reported by the sample household?

1. Overseas Filipinos who are related to the head of the sample household, by consanguinity or affinity, and who, prior to their departure and will be upon their return, were regular members of the household.
2. Overseas Filipinos whose stay abroad is indefinite but who are related to the head of the sample household, by consanguinity or affinity, and have lived with the household prior to their departure.



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Statistical Issues

- Need to harmonize definition of residence with the SNA
- Present system of monitoring headcount of migrant workers has limitations:
 - Difficulty of monitoring those with no valid work documents/those counted as tourists upon departure
 - Upward bias in headcount due to: mobility of workers in landlock countries; returning workers with unexpired work contract not covered in estimation; and those frequently on vacation



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Statistical Issues

- Difficulty in attributing the ultimate source of the remittance which should be the actual country of deployment
- The SOF as a rider survey to the LFS will not capture the required sample intended just for OFWs
- SOF does not ask for total salary received by the OFW, only the remitted part



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Future Direction

- Strengthen current system of monitoring headcount of migrant workers
- Expand collaborative effort with the POEA to disaggregate OFW database, particularly on:
 - monthly salary by skill
 - data on deployment of re-hires
- Improve sampling design of SOF



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