

Filipinos Beyond Borders

State of the Philippine
Population Report 4

Population and Development Dimensions
of Overseas Labor Migration

PRESS SUMMARY

Filipinos Working Overseas: The Gains, Losses and Challenges

Melanie, a domestic worker in Hong Kong. Rommel, a computer technologist in Saudi Arabia. Sheila, a dancer in Japan. Adelina, another domestic helper, working in Singapore. Miguel, a construction worker, also in Saudi Arabia. Remigio and Lorinda, a couple working in a travel agency in New York. Junjun, a plantation worker in Taiwan. Nayda, a caregiver in Italy. Gina, a secretary in London. Noel, an engineer for a seafaring vessel based in Australia.

They are overseas Filipino workers or OFWs. They are the new breed of Filipino international migrants. They do not settle for good or become citizens in the host countries, but stay only for the duration of their job contracts. Thus, they are referred to as temporary labor migrants.

A phenomenal rise in the number of OFWs has been noted over the past decade. From 2.9 million in 1997, their number had grown to 3.8 million in 2006. The numbers are so large and the influence on the lives of Filipinos and the Philippine economy so pervasive that the phenomenon has become a major population and development concern.

Thus, the *State of the Philippine Population Report (SPPR)*, a periodic publication of the Commission on Population (POPCOM) funded by the United Nations Population Fund (UNFPA), this year focuses on the issues surrounding Filipino international labor migration.

The Benefits

From 1995-2006, overseas Filipino workers have brought into the country a total of US\$87.64 billion in the form of remittances, according to Bangko Sentral ng Pilipinas (BSP) records. The huge amount, which does not include yet remittances through non-bank channels, has been a considerable, and unexpected, addition to the country's national income.

The benefits to the country's economic status became at once apparent. Remittances spell bigger revenues. The country's gross national product (GNP), the generation of which incorporates incomes from abroad, increased.

The dollar inflows substantially augmented the Philippines' dollar reserves. From 36 percent in 1989, the contribution of remittances to the country's dollar reserves rose to 67 percent in 2005. This helped insulate the local economy from foreign currency fluctuations and boosted the value of the peso. More dollars also mean more money to



finance imports and improve the country's balance of payments position which enhanced its credit worthiness.

The overseas workers' remittances are believed, in fact, to be an important redeeming factor during the times that the country's economy was at a critical level. That is why OFWs have gained recognition as major contributors to the country's economic growth in the past several years.

In the domestic scene, with more money to spend and go around, greater demand for goods and services is created. When spent on education and health services, remittances help develop the country's human resources. If invested in productive activities, remittances can create business opportunities and help improve the domestic economy.

To the migrant workers families, the economic benefits are easy to see. The Philippine OFW surveys conducted by the Asian Development Bank (ADB) found that respondents remit around 60 percent of their income to their families, averaging \$340 monthly. The average total remittance for the year 2004, according to National Statistics Office (NSO) figures, was P72,795 per OFW.

This amount is a big help to the migrant workers' families. Studies have shown that with the increased income, OFWs' households spent more on basic needs like food, clothing, health care and children's schooling, as well as major consumer items like appliances, other durable items, land, and farm animals. These mean not only better standards of living, but also improved human resources.

"The ability to spend more resources on health and education," says economist Ernesto Pernia, "results in improved family resources and reduces the vulnerability of family members, especially women and children." All these help enhance the family's ability to advance in life.

With the remittances, families can also save and invest. Investments can be in the form of property or small businesses that can generate not only additional income but also jobs for other people in the community. Bank savings also become available for investment in the bigger economy.

The individual migrant worker gains personal, social and economic benefits. Their big salaries allow OFWs to live a more comfortable and adequately provided life. And with their big contribution to their household income, they have earned a stronger bargaining position in the family. This is a significant gain especially for the women, who, prior to their overseas employment, used to take a backseat in important family decisions.

Studies cited in the SPPR show that migrant workers themselves say they have become more responsible and broadened their horizons. The women, in particular, say that, while continuing to nurture their family relationships from a distance, they have gained a sense of autonomy and a feeling of liberation from cultural expectations.

The Costs

All these benefits, however, do not come without costs. Stories abound – in the news or even just in the community neighborhood – of sad, and sometimes tragic, experiences of OFWs in foreign lands.

Everybody knows of the story of Flor Contemplacion, who was executed for the murder of her employer in Singapore, which many believe she was not guilty of. And

there are many other similar cases, some less tragic, but equally demeaning and damaging to the workers and their families. Trafficked women and undocumented migrants are most vulnerable, and often become victims of abuse, discrimination, violence and exploitation, as well as health and work-related hazards.

In the family, SPPR cites studies documenting cases of family dislocation, marital discord and broken families, and behavioral problems in children. Although altered relationships and family roles resulting from overseas migration are not exactly harmful per se, often these give rise to conflicts affecting family unity and children's development.

It is also observed that often, the spouse left behind or the other members of the family no longer exert any effort to earn or find a job, relying completely now on the migrant worker's income to support the family.

At the national level, overseas labor migration may have significant effects on the country's human resources. The so-called brain drain resulting from the exodus of educated and skilled Filipinos costs the country in a number of ways.

First, it reduces the country's reserve of skilled and experienced manpower for productive activities needed for economic growth. While fresh graduates may abound in every field, they do not have yet the expertise required for more efficient execution of the job. Further training and more time to learn on-the-job mean additional expenses, to the companies and to the country.

Second, overseas employment takes away a lot of qualified professionals to provide education, health care and key public services to Filipinos. If the trend persists, the quality of the health and education services that Filipinos receive may suffer, and consequently, the quality of the country's manpower resource. Besides, the country spent for the education and training of these Filipino workers, and now they go away and use their knowledge and skills in other countries.

The initial economic boost brought about by the OFWs' remittances may also have some negative repercussions for the country. These include: less pressure to generate local jobs, less emphasis on the production of exports and goods that compete with imported products, and complacency in instituting reforms to boost the domestic economy.

The Challenges

All of these pose challenges to government, agencies concerned with migrant workers' welfare, and to the population and development program.

To counter brain drain, there is a call for government to boost efforts to improve the quality of human capital formation. Says population and development expert Nimfa Ogena, "While the large outflows of educated and skilled labor from the country may be misconstrued as misplaced government investments, the recognized role and contribution of OFWs in economic development underscore the long-term returns to such government investments."

In spite of the large number of Filipino workers leaving, the country's labor force remains large because of the continuous entry of young people reaching the working age. The more critical problem, experts contend, is not a declining manpower reserve, but how to generate enough jobs for the growing labor force.

To address the risks and hazards of overseas employment to the OFWs and their

families, *SPPR4* recommends more efficient and effective enforcement of the existing laws to protect migrant workers, more aggressive efforts to enter into labor agreements with other countries, and formulation or strengthening of policies and programs to further protect and promote the welfare of Filipino migrant workers.

There is also a need to campaign for the ratification of the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families by more countries, in particular, the countries receiving workers. The Convention, which establishes human rights norms to protect all migrant workers, legal or not, so far has been ratified by only 34 countries, mostly sending countries.

From the perspective of population, the challenge is to manage the factors that compel Filipinos to leave, while mitigating the negative impact of overseas employment on development processes and the welfare of Filipinos. One major challenge is to bring down fertility and population growth further so that there will be more productive members than dependents in the population, and so that more resources can be put into human development.

But lowering fertility and generating jobs are, by themselves, not enough. It would be noted that many of those who leave are not the jobless or the new entrants to the labor force, but were employed before they migrated. There is need, therefore, for more investments and economic activities to increase income and reduce poverty.

There are also specific recommendations to provide reproductive health information and services in resource centers for OFWs, and responsible parenting programs not only for the migrants, but for the spouses and family members left behind to care for the children.

The increasing feminization of international labor migration has raised issues as to whether overseas employment, by raising women's economic productivity and self-reliance, has indeed empowered them. Or has it, by subjecting women to abuse, exploitation and health risks, only added to their degradation and discrimination? The challenge to population and development is to increasingly build women's capabilities and create an enabling environment for them to fully exercise their rights, including reproductive rights.

Finally, *SPPR4* calls attention to the need for more comprehensive and harmonized data on migration, particularly on its demographic aspects. There are data gaps to be filled, among them the effect of overseas employment on fertility behavior, the direct links between parents' migration to children's development, the portion of remittances actually invested in health, education, and job-generating activities, and the impact of international migration on poverty reduction.

An expanded and continually upgraded knowledge base will allow a deeper analysis of the population and development dimensions of overseas employment, and provide concrete bases for policies and programs that would help reinforce the gains, and reduce the costs, of international labor migration.

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