

# Policy Brief

## Gender-Sensitive Remittances and Asset-Building in the Philippines

### Background and context

Remittances continue to be a key mover in the economic growth of the Philippines. Starting from the 1970s, remittances have increased substantially per year in the last 40 years almost reflecting an annual all-time high each year. For 2014, the Philippines remained as the 3rd largest remittances receiving country in the world with about USD 25 billion. Remittances are largely coming from the Overseas Filipino Workers (OFWs) which by estimates of the Commission on Filipinos Overseas (CFO) is more than half of the over 10 million Filipinos living abroad. Of the more than 5 million OFWs, the number is almost equal between male and female workers. Considering that this trend has continued for the last 40 years, remittances have helped the country overcome economic challenges in the past and produce good economic fundamentals that are currently being experienced. Thus, from an overall perspective, remittances have indeed helped improve Philippine economic performance. However, there remain key questions on the validity of this growth. In particular: How has remittances impacted the country's development and asset-building and is there a gender dimension on the impact of remittances on these processes? Towards answering these questions, this paper looked into the current literature, current processes and the gender dimension of remittances and development in the Philippines.

What has been observed in the literature as well as in the data currently available in the Philippines is that there is a gap in providing a complete picture of the relationships of remittances, gender, development and asset-building. Most studies that attempted to cover remittances and gender have focused on the use of remittances in case-specific scenarios. Nonetheless, these have been helpful in understanding that there exist significant differences between men and women with regard to remittances and asset-building behaviors.

Furthermore, data coming from both national and local surveys validate these differences which in turn can ultimately affect remittance and asset-building behaviors.



Photo: UN Women / Pornvit Visitoran

## Summary findings

Among the key findings are as follows:

1. Filipino migrant women are younger, less educated and come mostly from rural areas.
2. These demographic conditions have led to limited migrant opportunities for quality work abroad which in turn directly leads to lower pay and subsequently, lower remittances.
3. The low remittances of migrant women have limited contribution to their families despite working abroad longer than their male counterparts.
4. The lower educational attainment of migrant women workers has also prevented them from making good choices in relation to knowing better benefits such as social protection and insurance coverage.
5. Migrant women were found to be more entrepreneurial than their male counterparts as shown by national surveys, despite demographic profile cited. However, in general, their families are spending more than the male migrant households on household items, leading to dis-savings. Likewise, the share of remittance to total income of female migrant households is only about 40 per cent.
6. The migrant women's lower educational attainment has also limited their options for asset-building. Their savings and investments horizons are mostly focused on what they know and understand in their hometowns. Those who have savings in banks have less than 50 per cent than the average amount saved by men.
7. Among asset-building providers, there are very limited programs to attract savings and investments among migrant women and their families.



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## Recommendations

1. Despite these general observations culled from the national and local surveys, there is a need to carefully consider that coming up with national policies to address gender-sensitive remittances and asset-building may not necessarily be the best approach. This is because both literature and the local survey results show that the impact of these two issues is context specific. This means that a nationally focused analysis cannot provide full coverage of the benefits, impacts and costs of any policy proposals. Nonetheless, the significant differences above broadly cover these components that need to be included in any national policy:

- Having insurance
- Amount of remittances received
- Household savings
- Savings account
- Type of migrant
- Amount of debt of the household

2. A key connecting factor among all of the aforementioned six components is the financial inclusion in the locality where the migrants come from and whether there is a gender dimension to it as well. A missing element is the level of financial literacy particularly of the female migrant worker and her family left behind. For this purpose, private financial institutions including banks should be involved in the process and should be encouraged to develop programs that are gender-sensitive and context-sensitive financial literacy and product development. The necessary output of these seminars should be the improvement of the financial inclusion ratio of migrant women and their families.

3. Before any gender-sensitive policy on remittances is considered, the following need to be addressed:

- a. There is currently a lack of a cohesive and integrated database of migration and remittances in the Philippines. Without sex-disaggregated databases, it is difficult to come up with an updated national perspective on gender-context remittances and asset-building. At present, only the 2003 merged files of the



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Labour Force Survey (LFS), Family Income and Expenditure Survey (FIES) and the Survey on Overseas Filipinos (SOF) are useful for policy as these are official data sets. Of these three (3) datasets, only the SOF has a detailed sex-disaggregation. Hence, it is imperative that the merged files be done as an annual series for policy and analysis purposes. Related to this, the different government agencies involved in migration and remittances, including local governments, civil society, banks, and financial services organizations, among others, should take advantage of sharing information using their websites but such information systems should be integrated and translated into coherent information.

- b. It should be noted that overseas labor migration does not start at the time of departure for abroad. It is a process affected significantly by the local conditions prevailing at the place of origin. Considering that most women migrant workers are from the rural areas, it can be assumed that these places have low public investments such as schools and health care. Under these circumstances, the women migrant worker already has limited opportunities to improve assets.

c. It is critical for policy not just to look at the overall picture, but to look at how local context can be brought to fore in policy development. In particular, the role of local governments may need to be strengthened particularly in many sending poor localities where migrants are women. Towards this end, the national government may consider approaching the asset-building process for women migrants two-fold:

- First, the asset-building process starts at the point when the migrant considers working abroad and prior to actual departure. The current policy has in place a Pre-Employment Orientation Seminar (PEOS) conducted by the Philippine Overseas Employment Administration (POEA) in cooperation with local government units (LGUs) and a Pre-Departure Orientation Seminar (PDOS) conducted by the Overseas Workers Welfare Administration (OWWA) or through accredited civil society organizations (CSOs). These seminars are conducted for both men and women and do not have specific contexts. It may be better if there is a national policy mandating the conduct of seminars that provide specific contexts by sex and by type of work. In addition, it will be important for asset-building purposes to have all family members participate in these seminars. Likewise, the post-arrival seminar conducted at select embassies through the Filipino Workers Resource Centers (FWRCs) could be institutionalized to ensure and remind migrants of the asset-building processes once they are in the country of work.

- Second, the asset-building process to be contextualized will be most useful if the PEOS and the PDOS can be effectively implemented at the local level. Local governments will need to be empowered to deliver these programs taking into consideration the gender dimension of the process. Perspectives of local stakeholders will also have to be factored in, including those of asset-building providers such as banks, micro-insurance, microfinance and local cooperatives. In this regard, government should consider expanding the current One-Stop Resource Centers (OSRCs) for migrants in the provinces. These OSRCs can provide complete information, counselling and guidance to prospective and returning migrants which can include asset-building concerns.
- Finally, considering the finding that most migrant women have less educational attainment than men, it will be helpful to develop forms of financial literacy programs that focus on basic skills regardless of the level of education of the participants. This financial literacy program can be considered part of the PEOS and the PDOS to be offered at the national and local program.

These are by no means the only measures that can help build assets among migrant women. Nonetheless, these policy approaches will help provide a more focused and deliberate approach in supporting and empowering migrant women. These policies also call for a more vigilant process of overseas recruitment beginning at the rural areas where most female migrants are from and making overseas work more rights-based and gender-focused.



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