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Household Surveys to Measuring Remittances
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A HARMONIZED MODULE ON MIGRATION AND REMITTANCES: THE EXPERIENCE OF CENTRAL AMERICA.*

Background of the project

1. Since December 1996 the Inter-American Development Bank (IDB), the World Bank and the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) have coordinated their efforts to improve the quality of household surveys in the Region through the activities of the Program for the Improvement of the Surveys and the Measurement of Living Conditions in Latin America and the Caribbean (know as MECOVI for its acronym in Spanish).
2. In the framework of this effort close cooperation among statistical agencies has been fostered through seminars, training courses and technical assistance. These linkages have been strengthened through the support of the Statistical Conference of the Americas (SCA), which promotes closer coordination among the statistical agencies of the Region. In this context the IDB secured funding from its Initiative for the Promotion of Regional Public Goods to support the work of the SCA to harmonize the generation of social statistics in Latin America.
3. It is in the framework of this project that the statistical agencies of Central America (coordinated by Honduras) proposed in 2005 a plan to develop a harmonized survey module to characterize remittances and migration that would be attached to the household surveys that each country conducts regularly as part of their data collection efforts.
4. The main objective of the project is to coordinate among the national statistical agencies of Central America and Dominican Republic the development and implementation of a harmonized household survey module to characterize remittances and migration. This module would then be attached to the regular household surveys executed in each of the countries taking into consideration the different sample sizes and designs of the surveys.

* Prepared by José Antonio Mejía, MECOVI Program Coordinator, Research Department, Inter American Development Bank.

5. Working in conjunction with the regular household surveys of the national statistical agencies has two main advantages, it reduces the costs of data collection, and it contributes to make the flow of data more regular by giving ownership to the countries. It also has some limitations, mainly that the sample design of the surveys is not constructed with the purpose of measuring remittances flows and migration flows, hence the information that is captured in the survey allows studying the characteristics of the households that receive remittances and those that have migration experiences, but it is not intended to quantify the flows of these phenomena.

6. A first coordination seminar took place in Tegucigalpa, Honduras, April 2006. The event was hosted by the statistical institute of Honduras (Instituto Nacional de Estadística). Here the countries presented their experiences collection data on remittances and migration in their household surveys. Based on the discussions and the information gathered at this event a consultant prepared a proposal for a harmonized household survey module on remittances and migration¹, including an implementation manual and a plan of tabulations for the results. The document was circulated among the statistical agencies involved in the project, and modified to take into account their comments. Under the coordination of the consultant the module was also discussed in each country with relevant stakeholders. Mainly noting that in those countries with previous experience on gathering remittance information with household surveys the differences on the sizing of the phenomena done by the Central Bank and the numbers from the statistical agency were significant.

7. The harmonized module has been included in the regular household surveys of Honduras and Nicaragua in the last quarter of 2006. Results are already available for Honduras they were presented to the public on February 2007 in Tegucigalpa, and a report has been published. During 2007 the module was included in the surveys of Costa Rica, El Salvador and the Dominican Republic, and included for a second time in Nicaragua. It is expected that Guatemala and Panama will incorporate the harmonized module into their surveys during 2008.

8. The exercise was built upon the experience on the measurement of remittances and migration in the region. Particularly on the work done by the statistical agency of El Salvador, which has had a survey module devoted specifically to the topic of remittances for over ten years. The rest of the countries usually had a single question to measure remittances in the section of the survey dedicated to capturing non-labor income sources of the household.

9. A second meeting to review the experiences of Honduras and Nicaragua took place in Panama, Panama in June 2007. The event was be hosted by the statistical office of Panama (Dirección de Encuestas y Censos) and included countries from the Andean Region as observers (Bolivia, Colombia, Ecuador, Peru and Venezuela). In 2008 a third and final meeting is expected to take place in the second semester to discuss the experiences of Costa Rica, El Salvador, Dominican Republic and Panama, and present their country specific reports. In the third quarter of 2008 a regional report will be prepared with the data from all countries (except Guatemala² which would include the module in its survey in the second semester of 2008).

10. Given that this coordination effort is being developed in the framework of the SCA the adoption of the resulting module by other countries in Latin America is being promoted. So far the Community of Andean Nations (CAN) has shown interest as a group and is evaluating the available documentation and results. In its last meeting in Santiago (July 2007) the SCA created a

¹ This document was translated and distributed at the Glasgow meeting.

² The Statistical Institute of Guatemala is still in the process of establishing regular household survey program, this has limited its capacity to incorporate the module into its new survey. The first round of the new survey was executed in the last quarter of 2007.

working group on “migration and remittances” based on the work done in the project. Honduras will lead this working group.

Objectives of the project

11. The general objective of the project is to collect information on the characteristics of the households receiving remittances and those with migration experience. The emphasis of the project is on generating comparable data across the countries of Central America and the Dominican Republic based on a common instrument that can be easily adapted to each country’s particular needs. With the understanding that the data generated would give a general sense of trends and stock, but that it would probably underestimate both phenomena. Specifically due to the fact that the module is included in surveys used to collect the data that were not design to gather information on migration and remittances.

12. The specific objectives are to gather information that allows for the characterization of households with migration experience, creating profiles of migrants and of households that receive remittances. In the case of Costa Rica and the Dominican Republic there is also interest on the characterization of immigrant households and those sending remittances abroad. The idea is to complement data on flows and stocks on migration and remittances that come from other sources, with the richness of information that is generated by household surveys.

13. Given the policy relevance of the topic it is expected that the module would be repeated regularly by the countries and that other countries not directly participating in the project would benefit from the questionnaire and methodology developed.

Conceptual framework

14. An effort was made to follow international recommendations and best practices in the design of the module and in the concepts covered by it. However, given the fact that the data would be collected as part of regular household surveys not specifically designed for the study of migration and remittances there are some limitations. Data on migrants is collected from a third party, not directly from the migrant, who might not have complete and accurate information about the migrant. The definition of remittances used is that of “money or goods received by the household or a particular member sent by a relative or friend outside the country” for the use of the household.

15. Given that the flows of remittances to a household might vary through the year, with peaks during the holidays, and that more than one member might be receiving them the question in the module asks for the total amount received in the last 12 months. To explore the methods of reception the question focuses on the last flow.

Some methodological issues

16. The migration and remittances module developed has two main sections one for each of these two topics. It has questions regarding the migration experience of the household: whether any member has migrated, number of migrants, demographic characteristics (relationship to the head of the household, age, gender, martial status, education level, and years away and migration status in the country of residence) of those who have left, and originally included a section on whether any

member had plans of migrating in the future³. Regarding remittances it asks if any member of the household receives them, amount received (in cash and in-kind), frequency of reception, main use of money, and method used to send.

17. The module was designed based on the experiences of the statistical agencies in Central America and other countries, through seminars, small pilots, focus groups, and interviews with stakeholders in all countries.

18. All these questions are asked at the household level, either to the head of the household or to an informed member (it is the same method used in the surveys to collect data on employment and income). The module has been added to the regular household surveys of the following countries

- Honduras. Encuesta Permanente de Hogares de Propósitos Múltiples, September 2006. Sample size: approximately 21,000 households.
- Nicaragua. Encuesta de Hogares para la Medición del Empleo Urbano-Rural, November 2006 and July 2007. Sample size: approximately 5,600 households in each round.
- Costa Rica. Encuesta de Hogares de Propósitos Múltiples, July 2007. Sample size: approximately 12,000 households.
- El Salvador. Encuesta de Hogares de Propósitos Múltiples, July-December 2007. Sample size: approximately 8,000 households.
- Dominican Republic. Encuesta Nacional de Hogares, October-November 2007. Sample size: approximately 20,000 households.

19. Initially the questionnaire included a section on return migrants, which was tried out in Honduras and reported a very limited number of cases, so it was decided to exclude it. Of course the study excludes those households in which all members have migrated given the impossibility of interviewing them in their country of origin. In the cases of Costa Rica and the Dominican Republic, which have both large populations of migrants, it also included questions on sending remittances.

Lessons learned

20. Two main issues: pertinence and ownership, both are interlinked, and in the case of the development of the migration and remittances module have been the base of all the work. The relevance of the module was brought to the SCA by the Central American statistical institutes themselves, who saw the importance of the topics within their own countries. This in turn, combined with their constant participation in the development of the module has provided a sense of ownership in the final product, essential for its sustainability.

21. The work in each country was closely coordinated with the statistical agency at its center, but it also involved other relevant actors with a clear interest in the topics. In the case of remittances particularly with the central banks.

22. In terms of sustainability the development of the questionnaire as a module of existing surveys is key. It might limit the depth of the information on migration and remittances, but it opens the possibility of combining it with other topics covered in the regular surveys. Sample design might also be an issue, but the costs of engaging in topic specific independent surveys is too

³ These questions and questions regarding the migration status of those abroad were included in the module used in Honduras in September 2006. They were not included in other countries given the response obtained in Honduras, where relatives were concerned about the use of data of immigration purposes particularly in the US.

high for the countries, besides even with external support it might limit the exercise to a one shot survey. As indicated the issue of the sample size could be a problem in those countries in which the level of migration and reception of remittances is below the magnitude of unemployment, which is the relevant variable used to define it. In such cases it might be necessary to increase the sample.

23. The experience gained, particularly in the area of international migration, is very relevant as the countries prepare themselves for the 2010 round of population census⁴.

24. The combination of topics migration/remittances generated some reluctance to answer the questionnaire by respondents. This became more acute as news of immigration raids and deportations in recipient countries were more common. Security and violence issues were also a concern when households were asked about the amount of remittances received.

Some results

25. As of today Honduras is the only country which has presented the final results of the module. Nicaragua and Costa Rica are in the process of validating and cleaning the data. El Salvador and the Dominican Republic have just finished the data collecting process.

In Honduras according to survey:

- 1) Percentage of households reporting remittances. 20.9%
- 2) Percentage of households reporting a member that migrated. 11.3%
- 3) Number of emigrants: 246.6 thousands, 225.5 thousands in US
- 4) Amount of money from remittances in the last year (Sep. 2005-Sep. 2006) US \$ 792.4 Millions
- 5) Income from remittances as percentage of total household income. 10.4%

In Honduras according to other sources

- 1) Amount of money from remittances according to the Central Bank US \$ 2,359 Millions for year 2006.
- 2) Number of migrants from Honduras in the US (according to US Census Bureau for year 2000): 283 thousands.

⁴ With funding from the same project the IDB is working with the statistical agencies of MERCOSUR (plus Bolivia, Chile, Ecuador and Mexico) to develop a core questionnaire to be used in the 2010 round of population census. As part of this effort in November 2007 Argentina, Brazil and Paraguay conducted a coordinated pilot test of migration questions.