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Household Surveys to Measuring Remittances
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**MIGRATION, REMITTANCES AND DEVELOPMENT: THE CONTRIBUTION OF
HOUSEHOLD SURVEYS**

Proposals for harmonization and coordination of survey content and design

Issue paper and project outline*

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*) Prepared on behalf of the Conference of European Statisticians by Werner Haug, Deputy Director, Federal Statistical Office of Switzerland, (Werner.Haug@bfs.admin.ch). The author thanks Angela Me and Enrico Bisogno (UNECE), Neil Fantom, Richard Adams, Gero Carletto (World Bank), Victoria A. Velkoff, Elizabeth Grieco (U.S. Bureau of the Census) and Christophe Matthey (FSO) for their comments and suggestions.

Introduction

1. The joint UNECE/Eurostat Work Session on Migration Statistics in Edinburgh, Scotland, addressed in November 2006 under agenda item 3 the challenges of measuring emigration and remittances. Papers on the measurement of migration and remittances were submitted by Eurostat (Remittance flows: concepts and measurement issues), ILO (The potential of using household surveys to improve the measurement of international migrant remittance data), the NSI of the Republic of Moldova (Migration and remittances in Moldova. IOM remittances study 2006) and the Inter American Development Bank (Draft module on remittances for household sample surveys in Central America and the Caribbean). The discussion of the papers highlighted a number of issues which call for conceptual clarification and increased coordination among international organizations and NSI's on the European and global levels. Switzerland was requested to prepare an issue paper including proposals for future work.

2. A first draft of the paper was discussed between representatives of the UNECE Steering Committee on Migration Statistics (U.S. Bureau of the Census and Federal Statistical Office of Switzerland) and representatives of the World Bank at a meeting in Washington on April 12 2007. The paper was subsequently revised and enlarged. On the global level, the World Bank has longstanding experience with remittance data from the Living Standards Measurement Surveys and more recently from ad hoc survey modules on migration and remittances in developing countries. In addition, the World Bank has organized meetings on the measurement of remittances in household surveys and is managing the Household Survey Network.

Background and motivation

3. Recorded remittances in 2006 represented the most important financial flows to developing countries (approximately the same volume as capital flows and more than the double of ODA). Countries of origin benefit from migration mostly through remittances.

4. The increasing importance of remittances and the important statistical measurement problems led to the adoption of a conceptual definition of remittances for the purposes of the Balance of Payments and National Accounts by the United Nations Technical Subgroup (TSG) on the Movement of Persons – Mode 4 at its meeting in New York (22-24 February 2006) (see Outcome paper, Definition of remittances, UN/POP/MIG-5CM/2006/15). The definitions build on the Balance of Payments (BOP) components and are aligned with the 1993 System of National Accounts. Four definitions of remittances, covering an increasing spectrum of flows and including the perspective of the receiving countries, were agreed upon:

- a) **Personal transfers** consisting of : “all current transfers in cash or kind made or received by resident households to or from other non-resident households”;
- b) **Personal remittances** consisting of: **personal transfers** + (compensation of employees of nonresidents – taxes, social contributions etc.) + capital transfers between countries;
- c) **Total remittances** consisting of: **personal remittances** + social benefits
- d) **Total remittances and transfers to non-profit institutions serving households** (e.g. charity groups).

5. The “Luxemburg Group on Remittances” (involving mainly Central Banks, World Bank, Eurostat and OECD) is producing a “compilation guide” for Balance of payment statistics (see meeting report of December 4-5 2006). The compilation guide should become available in the second half of 2007. The World Bank has the lead for the chapter on household surveys.

6. While progress is being made regarding the definition and measurement of remittance flows on the macro level, many questions remain open in the field of data collection on the micro level of individuals and households. On the one hand, it is recognized that household surveys, besides international transaction reporting systems and data modeling, can play an important role for estimating inter country remittance flows. On the other hand, household surveys - and this is certainly their main strength - *can give information not only on remittance flows in cash and kind, including non-recorded remittances, according to geographical allocation, but above all on the end use of remittances, the socio-economic characteristics and the context of sending and receiving households. In addition, they allow us to link data about the migration of persons with data on the financial flows related to migration. Such data are essential for the evaluation of the impact of remittances on the labor market, living conditions, economic development and on the initiation and perpetuation of migration flows* (see also Adams, 2005).

7. The potential of household surveys for the analysis of remittances and their impact in sending and receiving countries is not yet sufficiently understood, their implementation entails a number of conceptual, methodological and sampling problems and the topics and variables relating to remittances, migration and labor are not sufficiently standardized between countries and individual surveys. It is important to address at the same time the different situations of a) migrant receiving and remittance sending countries and b) migrant sending and remittance receiving countries that are generally in the developing world. However, progress in these fields, is possible. The project can build on existing concepts, experiences and ongoing work and will contribute to more complete, comparable and relevant data on migration, remittances and their impact on development. The following topics and issues should be addressed:

Harmonization of concepts and classifications relating to migration and remittances

8. A number of concepts, definitions and classifications need harmonization to increase international (and national) comparability of aggregate and micro-data. This is for instance the case for types of flows and modes of transaction of remittances, types of recipient and sending households, the end use of remittances etc. It could also be useful to recommend certain types of questions for surveys. This raises the following issues:

- a) Which definitions and classifications should be used?
- b) Which topics, variables and questions can be particularly recommended?
- c) In the case of survey modules: which is their relationship with the main survey and/or other survey modules (e.g. regarding household income and expenditure, economic activity, migration, household structure, family networks, community initiatives and non-profit institutions etc.)?

9. A particular problem rises from the fact that the household concept and the residence rules of migration and demographic statistics (according to the international recommendations) do not always correspond to the economic (and social) reality of households. A household member can be absent for more than one year and still be a “member of the household” in the economic sense – he/she can be its main source of income or - the opposite - remain entirely dependent from the household of origin. On the other hand, a resident household member can receive its main income from working abroad (cross-border workers, seasonal or temporary workers, short term migrants etc.). Household members can also receive social benefits from abroad which have their origin in earlier labor migration.

10. In order to understand well the relationship between migration, remittances and the economic situation of households, the migration questions in surveys should give an accurate

picture of the migration situation and migration networks of households (including emigrants, return migrants, short term as well as temporary migrants). This raises the following issues:

- a) Which questions on residence and migration should be asked in surveys on migration and remittances?
- b) Can the demographic household concept, based on residence rules, be complemented by an economically based “transnational household” concept, based on migration history, networks and related income flows?
- c) Can such an approach serve as a basis for a typology of remittance receiving and sending households, through a combination of residence rules, socio-demographic and economic characteristics?
- d) Are there other options to contribute to a better understanding of the development impact of migration and remittances based on household surveys?

The applicability of the BOP framework for household surveys: potential and limitations

11. Well designed household surveys, which address the right questions, are a valuable source of information also in the new BOP framework (see §4), particularly on the modes of transaction, volumes and direction of specific remittance flows. However, the definition of remittances in household surveys is still very much inspired by the old and more limited concept of workers remittances. The measurement of capital transfers, social benefits, employee’s compensation and of transfers of non-profit institutions, as suggested by the new BOP framework, is much less developed or inexistent. This raises the following questions:

- a) Which are the consequences of the new definitions of remittances in the BOP framework for the measurement of remittances in household surveys?
- b) How can the concepts and definitions of the BOP framework be “translated” in household surveys?
- c) Where are the limitations and where should the priorities be set in the context of household surveys?
- d) How can a distinction be made between internal and international remittance flows and with respect to which items?
- e) How can household surveys best contribute to the estimation and modeling of remittance flows on the aggregate level?
- f) Do the same rules apply for surveys in developing and developed, remittance sending and receiving countries?
- g) How can the data from both sides complement each other?

Coordination and integration of international survey instruments on migration and remittances

12. Data on migration and remittances are collected in a number of surveys and survey modules which have different statuses, different “owners” and stakeholders. Some of them have already a long history (in particular Labor Force Surveys, Household Budget Surveys, Living Standards Measurement Surveys), some of them are more recent (e.g. IOM Remittances Studies, Migration and Remittances Modules for LSMS), some are still tested (e.g. Special ILO Remittances Modules for Labor Force Surveys). On the contrary, some recent surveys which could (or should) collect data on remittances, seem to neglect the topic entirely (e.g. the European Union Statistics on Income and Living Conditions (SILC)). This raises the following questions:

- a) Which main surveys and survey modules are conducted or proposed today for developing and developed countries to measure migration and remittances?
- b) Where do they overlap, what are the major differences in terms of content, methodology, quality, access to data and cost?

- c) Which survey instruments and survey designs are particularly suited for the observation of migration and remittances, taking into account the needs of stakeholders and policy makers?
- d) Which surveys or survey modules fit best into an integrated household survey system and have the best cost-benefit ratio in the medium and long run?
- e) Which sample sizes and sampling schemes are recommended, particularly in developing countries, to estimate with a certain accuracy emigrants and immigrants, remittance senders and recipients?
- f) How can international survey instruments be better harmonized and coordinated? What does this imply? How can harmonization be implemented?

Organization of work

13. To bring this issue forward the activity “Migration, remittances and development : the contribution of household surveys” is launched by a group of interested international organizations and NSI’s, namely the World Bank, the Conference of European Statisticians (UNECE), the US Bureau of the Census and the FSO of Switzerland. The group is open ended and other partners will be invited to join (particularly ILO, IOM, Eurostat, UNDESA). The partners will decide jointly on the organization, the leading institution and the funding of the project. The World Bank might support the project in the framework of its Household Survey Network.

14. The project will be based on existing international recommendations in the field of migration, labor, household income and remittances statistics. It will avoid overlaps with the Luxemburg Group on Remittances and will coordinate with the group. It will draw on past and present experiences of international organizations and ongoing survey work in receiving as well as in sending countries of migrants and remittances. Conceptual, topical and methodological guidelines for the measurement of migration and remittances and their development impact in household surveys are the outcome of the project.

15. The project will organize a workshop early in 2008, involving international organizations, NSI’s and research institutions to take stock of the situation, identify priorities and discuss the outcome of the project. The workshop will be based - inter alia - on contributed background papers.

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