



**Institute for Migration and
Development Issues (IMDI)**

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Overseas migration, hometown
investment and financial inclusion:
A Remittance Investment Climate
Analysis of a rural hometown



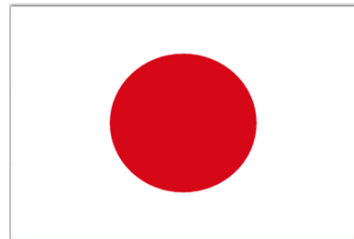
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Background to the study

- **RICART**: stands for Remittance Investment Climate Analysis in Rural Hometowns
 - A mixed methods research tool intended to determine the conduciveness of the rural hometowns of overseas migrants (found in origin countries) for investment.
- Born in 2011 (Bogota, Colombia): RICART won first prize (Japanese Award for Outstanding Research in Development category) of the 2010 Global Awards and Medals Competition, organized by the Global Development Network (GDN, www.gdn.int).



Ministry of Finance



An Anonymous
Catholic donor

10%
OF THE GLOBAL
FILIPINO POPULATION
LIVES OVERSEAS.

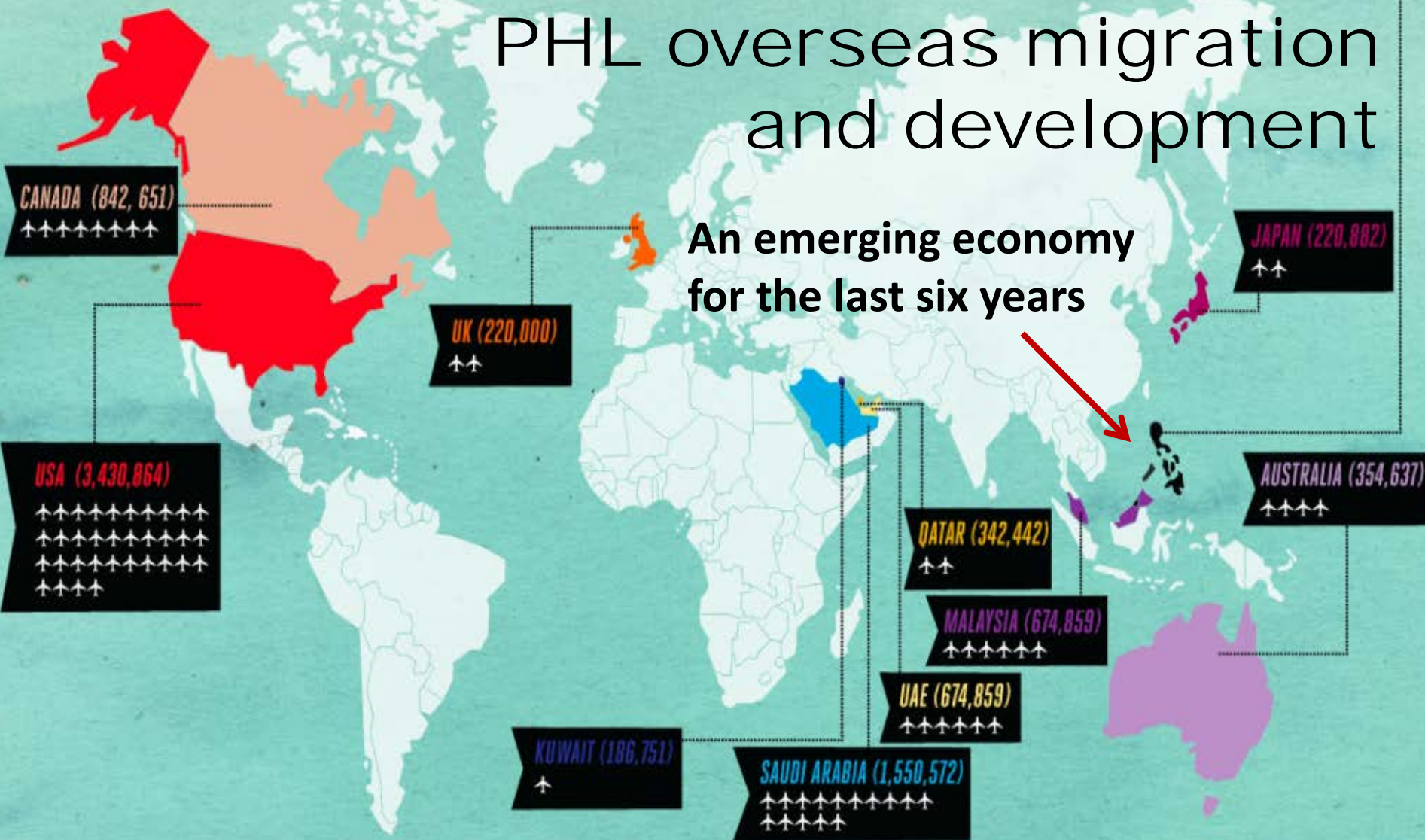


OVERSEAS FILIPINOS (10,450,000)

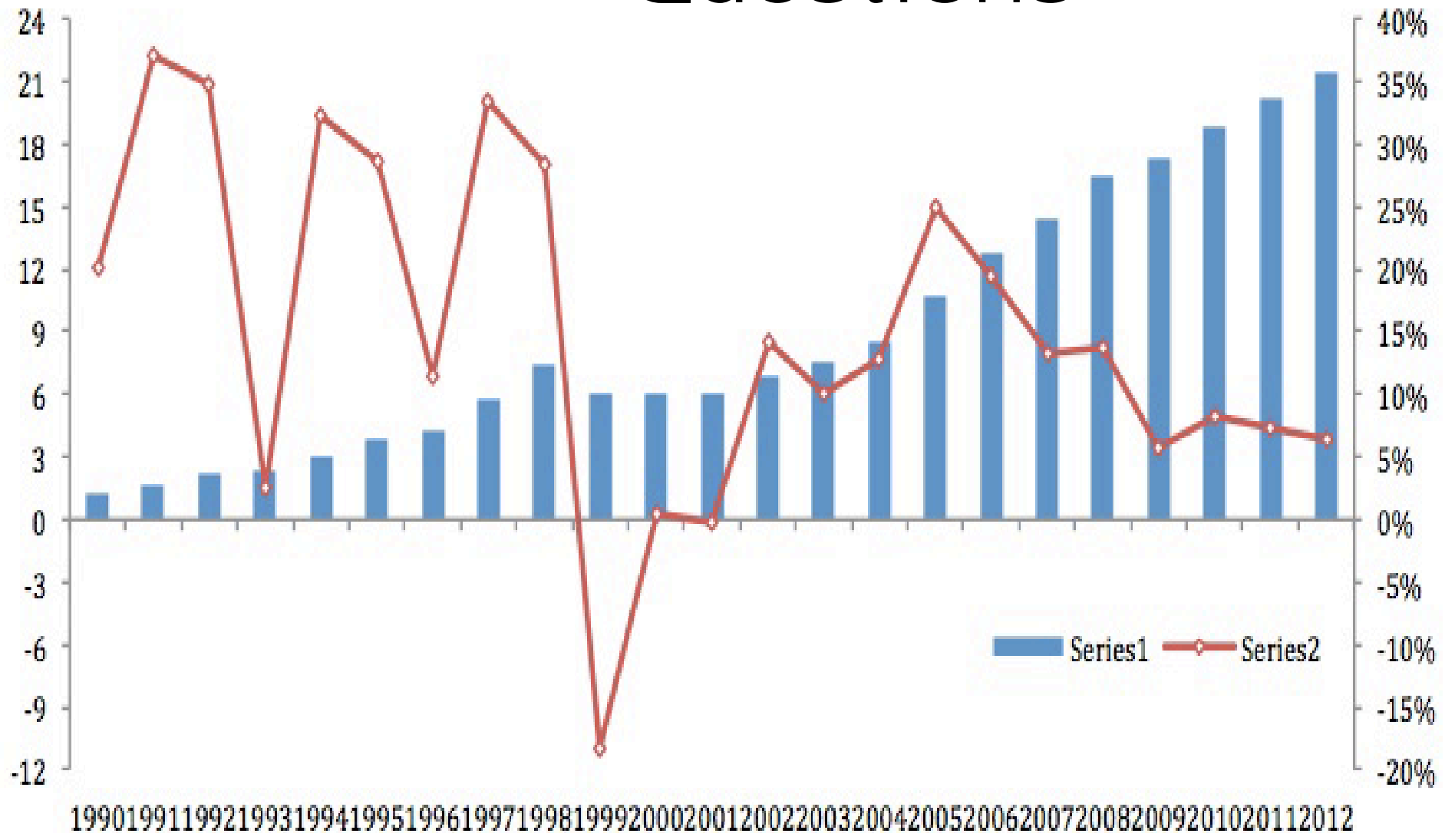


PHL overseas migration and development

An emerging economy for the last six years



Questions



Anything left with the 'diasporic dividend'?

What about rural areas where 2/3s of Filipinos abroad come from?

Context: Migrant money and the rural hometown

- Remittances are a type of financing ***rooted on people and institutions that have links with origin communities*** (Ang and Opiniano)
- Bridge the *disconnection*
 - Investment needs for development and poverty alleviation in the rural hometowns;
 - Stakeholders' agenda; and
 - Hometown empathy of overseas Filipinos.

RICART's central question

How remittances of overseas Filipinos from rural hometowns can be best directed for investment and development finance?

- Financial literacy of migrants and their families
- Remittance behavior (i.e. sending of remittances) and remittance use
- Impacts of remittances on households, the hometown, and rural economic activities
- Rural income generating activities
- Rural investment climate
- Financial intermediation in rural hometowns

Research Sites: RICART round 1



Magarao in Camarines Sur province (fifth-class town)



Maribojoc in Bohol province (fourth-class town)



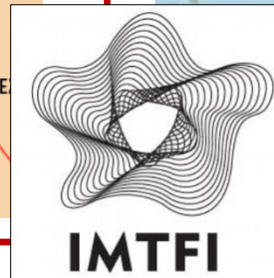
Research Sites: RICART rounds 2 & 3



Pandi in Bulacan province (second-class town)



Guiguinto in Bulacan province (first-class town)



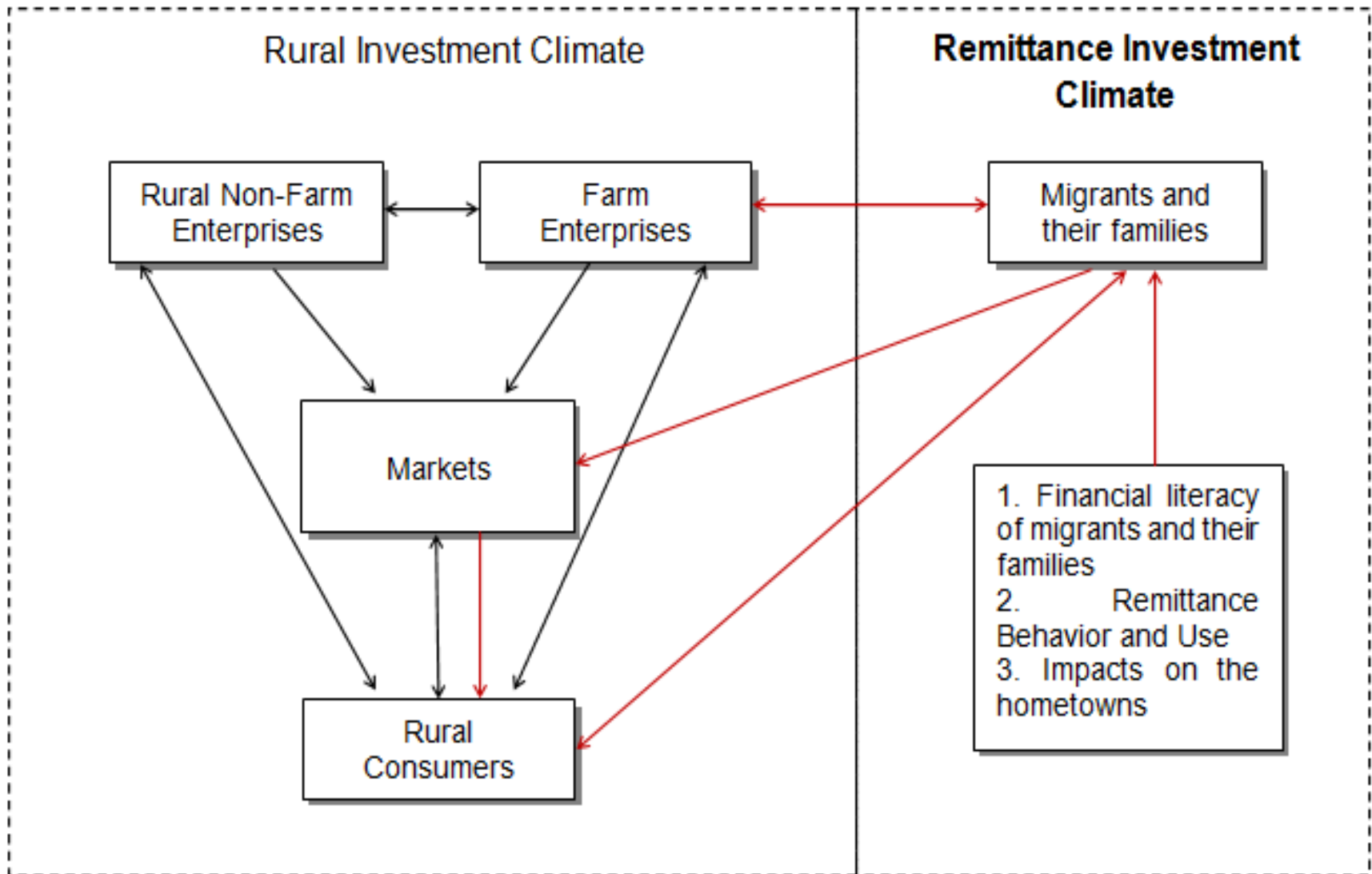
RICART 3's research question/s

General question: *Determine if financial inclusion is a factor for remitters' and remittance recipients' investing in a rural hometown.*

Specific questions:

- 1. What is the probability that overseas migrants and their families in the rural hometown who have availed of financial products and services will invest and do business in their rural birthplace?
(quantitative)*
- 2. What surround the availment and use of these financial products and services by overseas migrants and their families toward their eventual investing and doing business in the rural hometown?
(qualitative)*
- 3. How do rural financial institutions in the hometown contribute to local competitiveness? (qualitative)*

Framework: Remittance Investment Climate (ReIC)

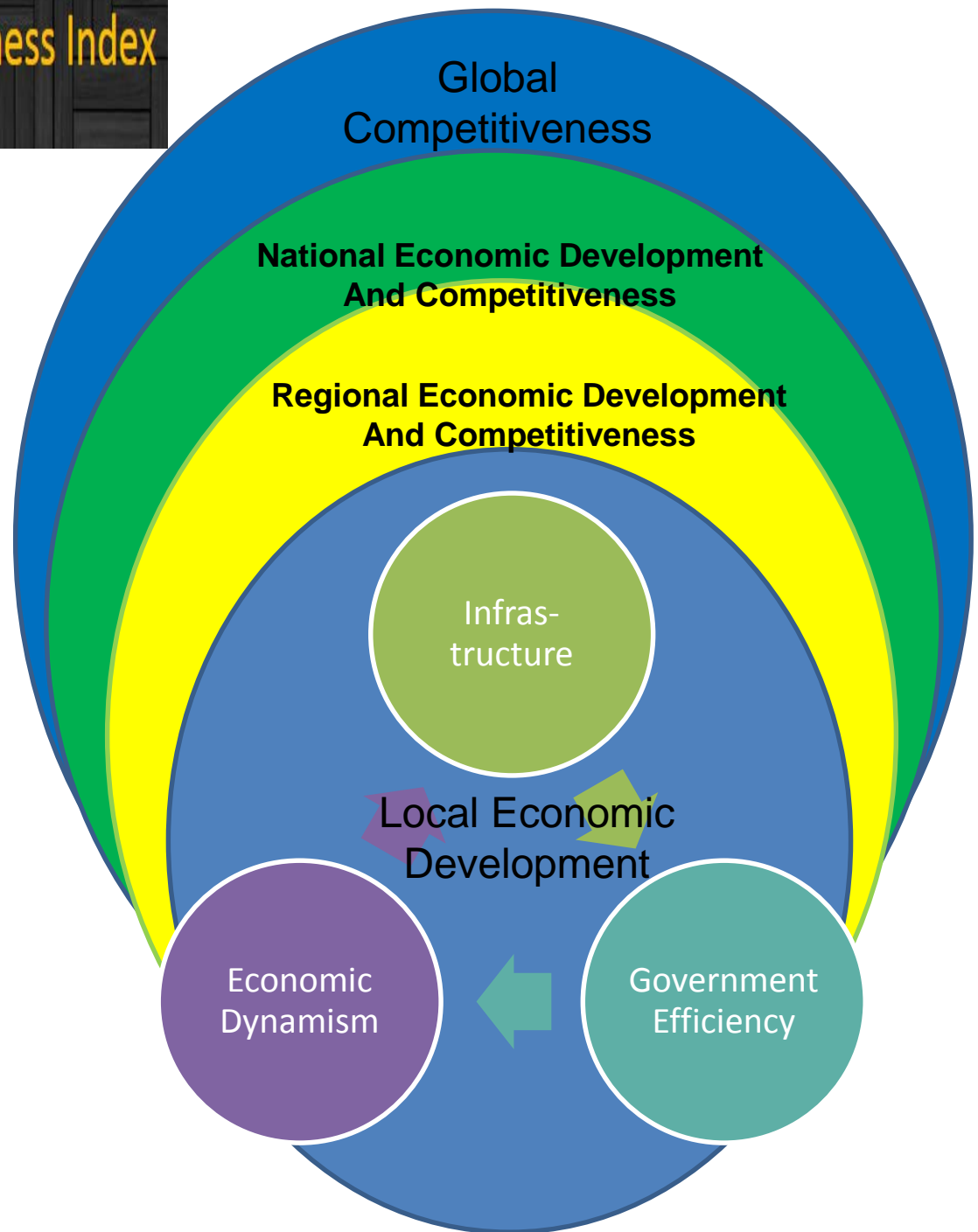


Methodology for RICART 3

QUAN + QUAL simultaneous design, meaning both quantitative and qualitative methods were simultaneously employed [Teddlie and Tashakkori, 2009] and data analysis is (hopefully) on equal footing.

- QUAN (quantitative): Survey of migrant remitters, migrant families and non-migrant families who should be physically present in the rural hometown.
- QUAL (qualitative): Rapid rural appraisal (RRA), looking at the hometown's socio-economic and business/investment conditions (key informant interviews, secondary data collection within and outside of the hometown, focus group discussions, field visits); Guided by a framework on local economic competitiveness done by the PHL government

QL Processing
of RRA data:
Philippine
framework on
local economic
competitiveness



What to present today? Why?

- Some raw qualitative data from ongoing rapid rural appraisal work (six key informant interviews and two focus group discussions)
- Some hypothesizing: Descriptive results of previous round/s of RICART (Rd. 1: Magarao, Camarines Sur and Maribojoc, Bohol; Rd. 2: Pandi, Bulacan) to give you ideas what to expect in RICART Round 3
- Ethics approval issues.

GUIGUINTO TOWN (GUI-GUIN-TOI)



Entrepreneurship in Guiguinto

Registrations	2011	2012	2013
Total number of business registrations (NEW)	344	331	328
Total number of business registrations (RENEWAL)	883	962	1,125
Total number of annual business registrations	1,227	1,293	1,453

Growth of Business Registrations	2011 - 2012	2012 - 2013
Growth of Total number of business registrations (NEW)	-3.78%	-0.91%
Growth of Total number of business registrations (RENEWAL)	8.95%	16.94%
Growth of Total number of annual business registrations	5.38%	12.37%

Financial intermediation in Guiguinto

Number of Banks and Financial Institutions	2011	2012	2013
Number of Commercial Banks	2	4	4
Number of Universal Banks	0	0	0
Number of Thrift Banks	0	0	0
Number of Savings Banks	0	0	0
Number of Rural Banks	2	2	2
Number of Finance Cooperatives	16	18	19
Number of Savings and Loans Associations with Quasi-Banking Functions	0	0	0
Number of Pawnshops	6	6	6
Number of Money Changers/Foreign Exchange Dealers	NDA	NDA	NDA
Number of Remittance Centers	NDA	NDA	NDA
Number of Microfinance Institutions	NDA	NDA	NDA
Total Number of banks and financial institutions	26	30	31

Rapid rural appraisal updates: Interviews and FGDs (thus far)

- Guiguinto is ‘improving’ in terms of income; can be qualified to become a ‘city;’ it is an ‘investment-friendly’ municipality, says local officials
- Fueled by non-agricultural sector: There are factories and some warehousing of vegetables being transported from the north to Manila
- Real property ‘boom:’ Mushrooming of subdivisions.
- First municipality in Bulacan province to computerize real property tax information and business permits and licensing.
- Agriculture? There is still some; idle farm lands being converted into commercial land
- Town fiesta: *Halamanan* (Garden) Festival

Guiguintenos overseas

	N
Migrant workers / Overseas Filipino workers (total) ¹	2,464
• <i>Land-based migrant workers</i>	2,023
• <i>Seafarers</i>	441
Permanent residents / Emigrants (total) ²	1,505
Total number of documented overseas migrants ³	3,969
Ratio of documented overseas migrants to municipal population (the latter as of 2010 Census)	4.38 percent
Countries of destination	
• <i>Migrant workers / overseas Filipino workers</i>	58
• <i>Permanent residents / immigrants</i>	20
Top destination countries (top three)	
• <i>Migrant workers / overseas Filipino workers</i>	United Arab Emirates, Saudi Arabia, Singapore
• <i>Permanent residents / immigrants</i>	United States, Canada, Japan
Gender distribution	1,621 males and 2,051 females
• <i>Migrant workers / overseas Filipino workers</i>	
○ <i>Males and females, respectively</i>	1,246 and 1,218
• <i>Permanent residents / immigrants</i>	
○ <i>Males and females, respectively</i>	572 and 933



Preliminary FGD updates: Overseas Guiguintenos and financial inclusion

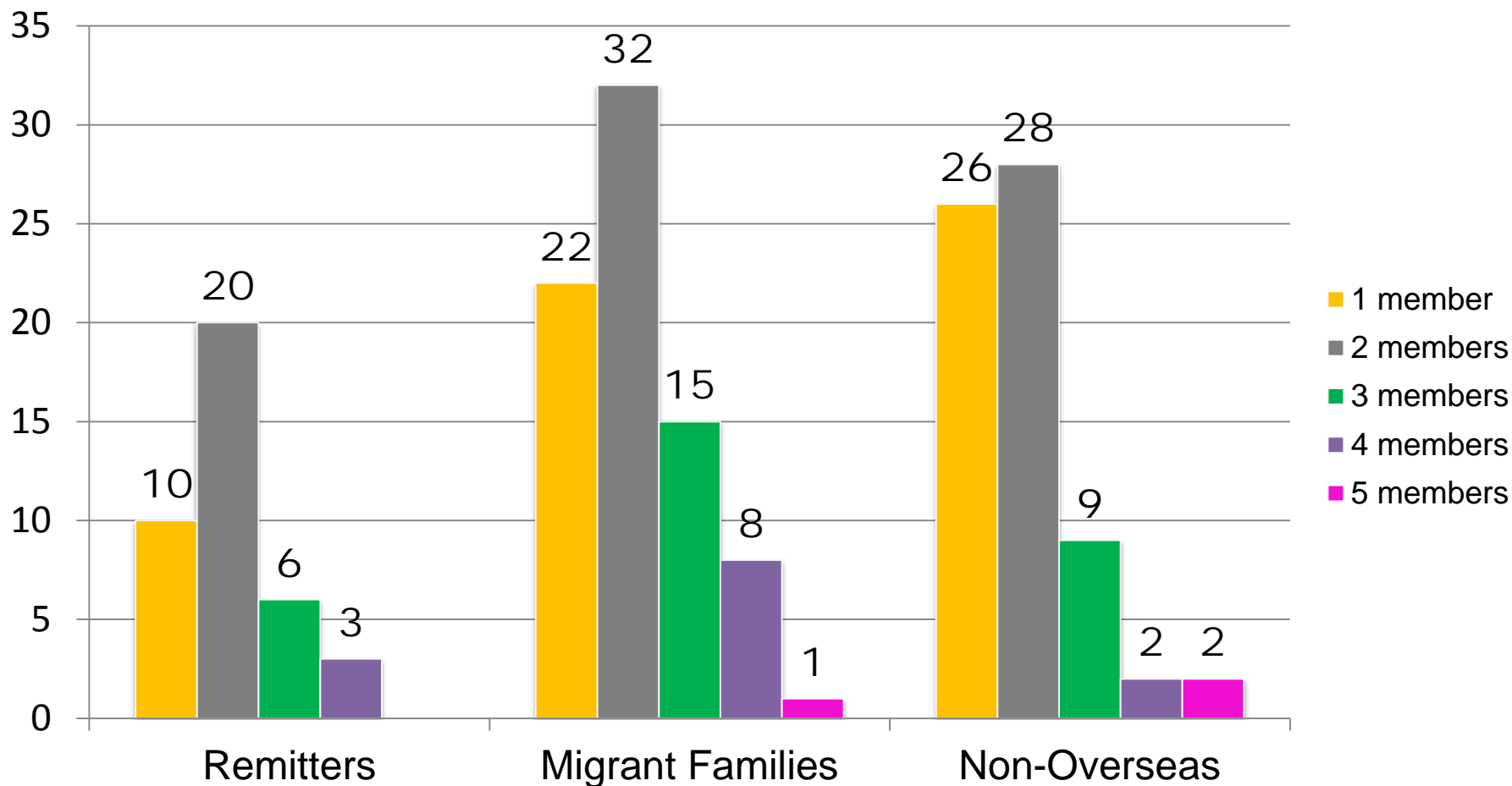
- There is some measure of ‘fear’ of putting money in a bank (trauma of the closures of banks, especially rural banks)
- Usual complaint: Asking for loans leads to many requirements
- More trust on women family members in handling remittances
- In Guiguinto: Cooperatives (or credit unions) thrive and townmates abroad recognize it
- Saving for emergencies, schooling still prevails

Hypothesizing RICART 3's survey

- We think whatever the results in previous rounds of RICART (round 1: Magarao, Camarines and Maribojoc, Bohol; round 2: Pandi, Bulacan) will also come out in Guiguinto



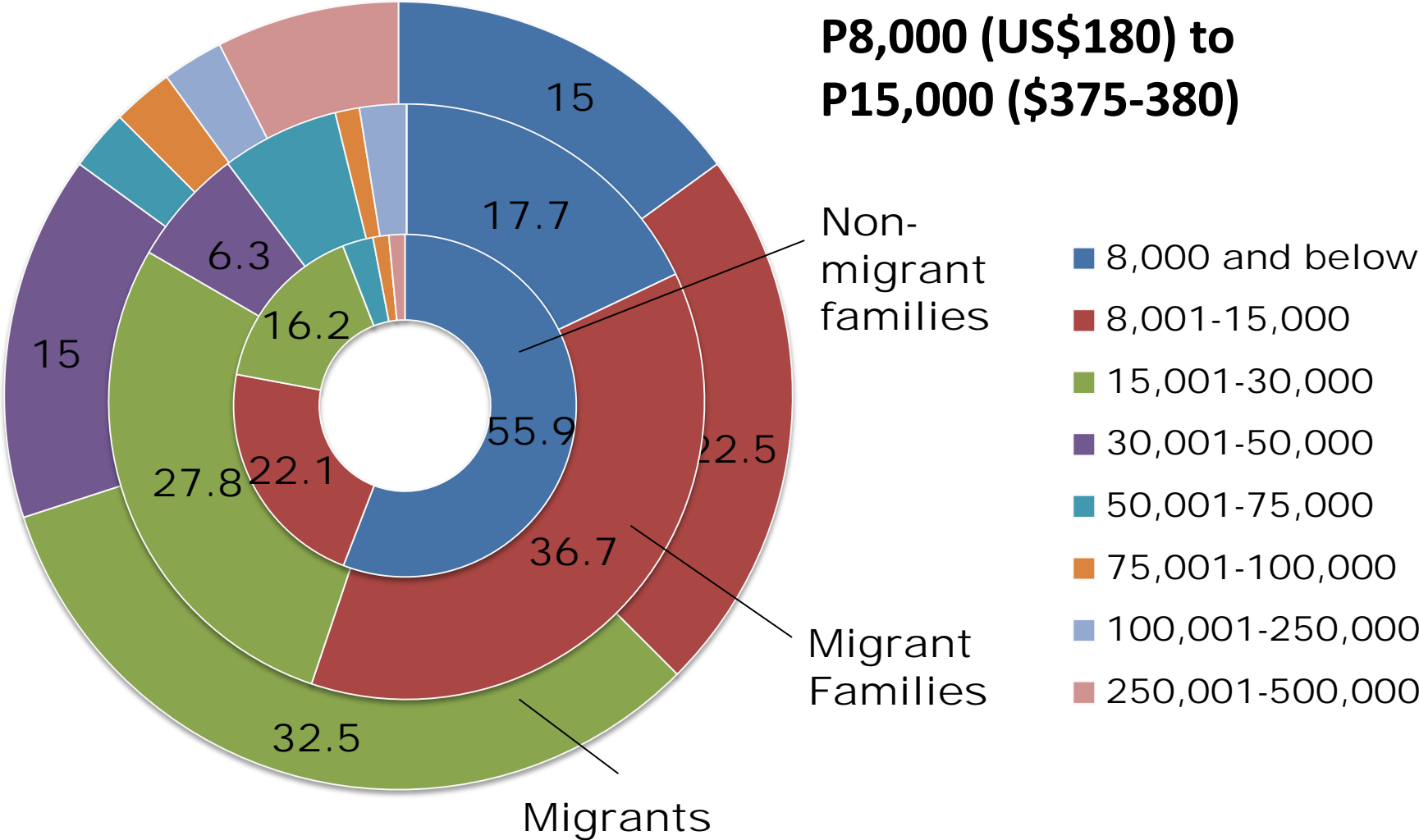
RICART Rd. 2: Number of income earners in the households



Household with migrants tend to have more working people

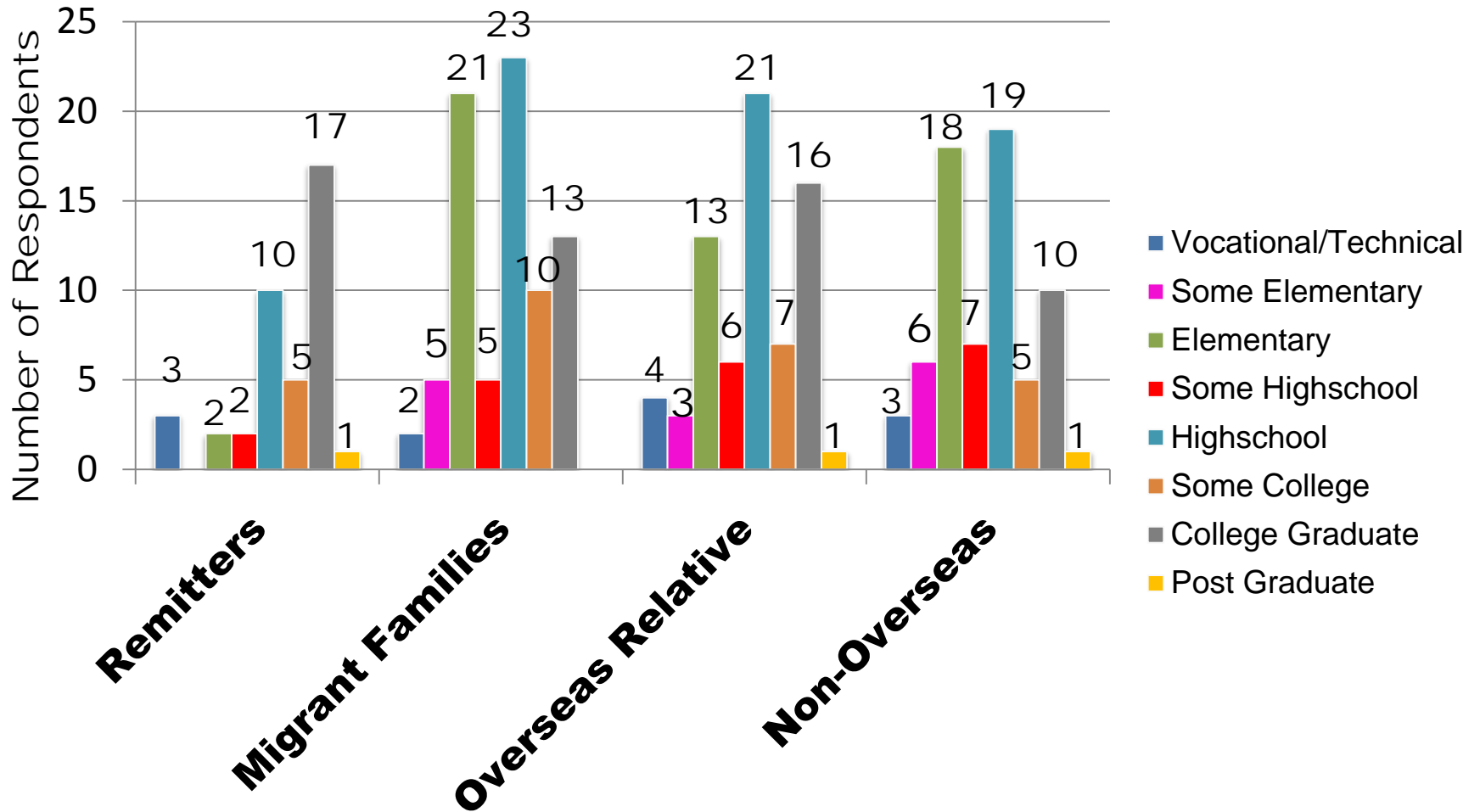
RICART Rd. 2: Monthly family income

Average income is about P8,000 (US\$180) to P15,000 (\$375-380)

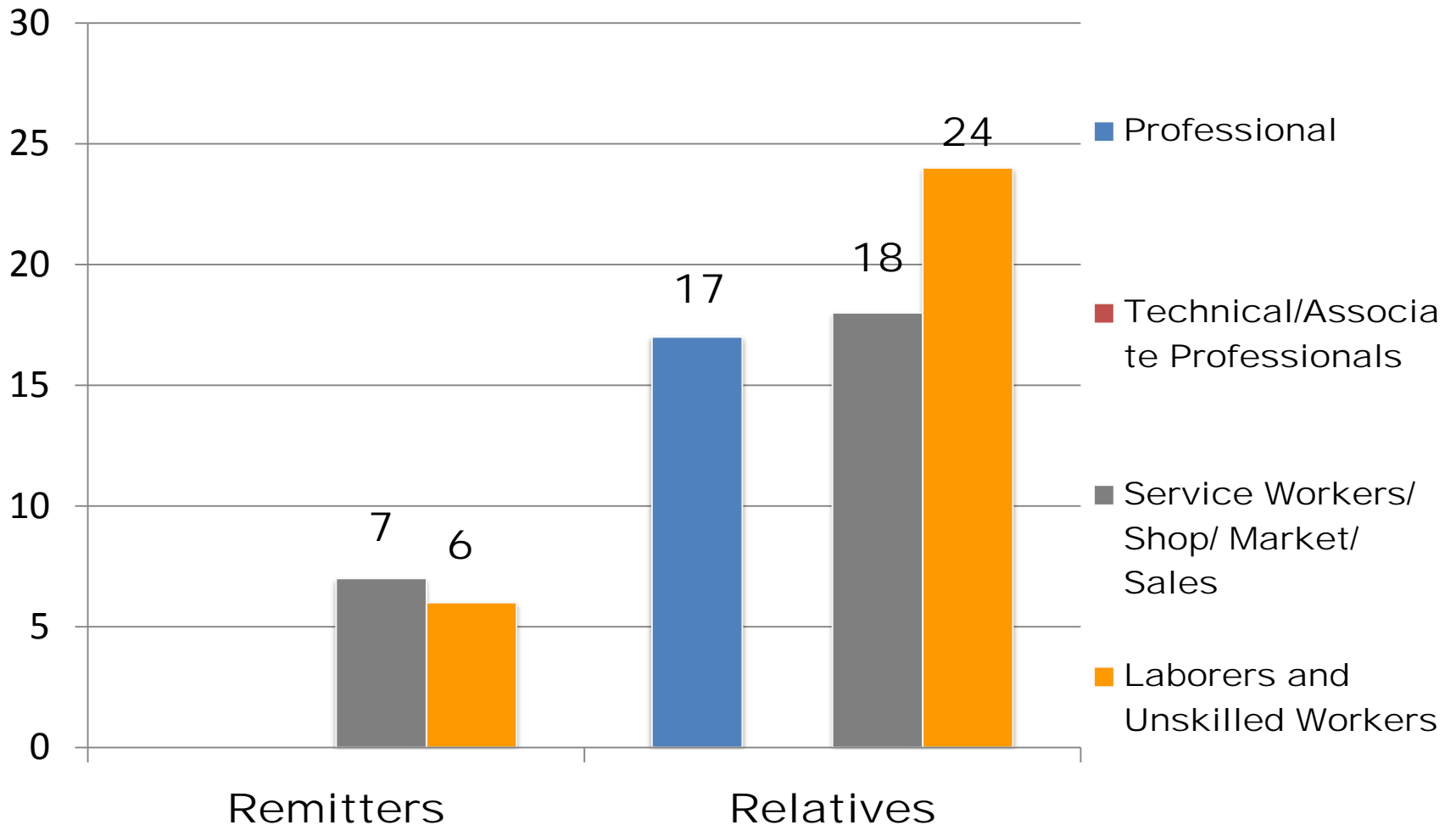


RICART Rd. 2: Level of education

Migrant family HH heads have more education



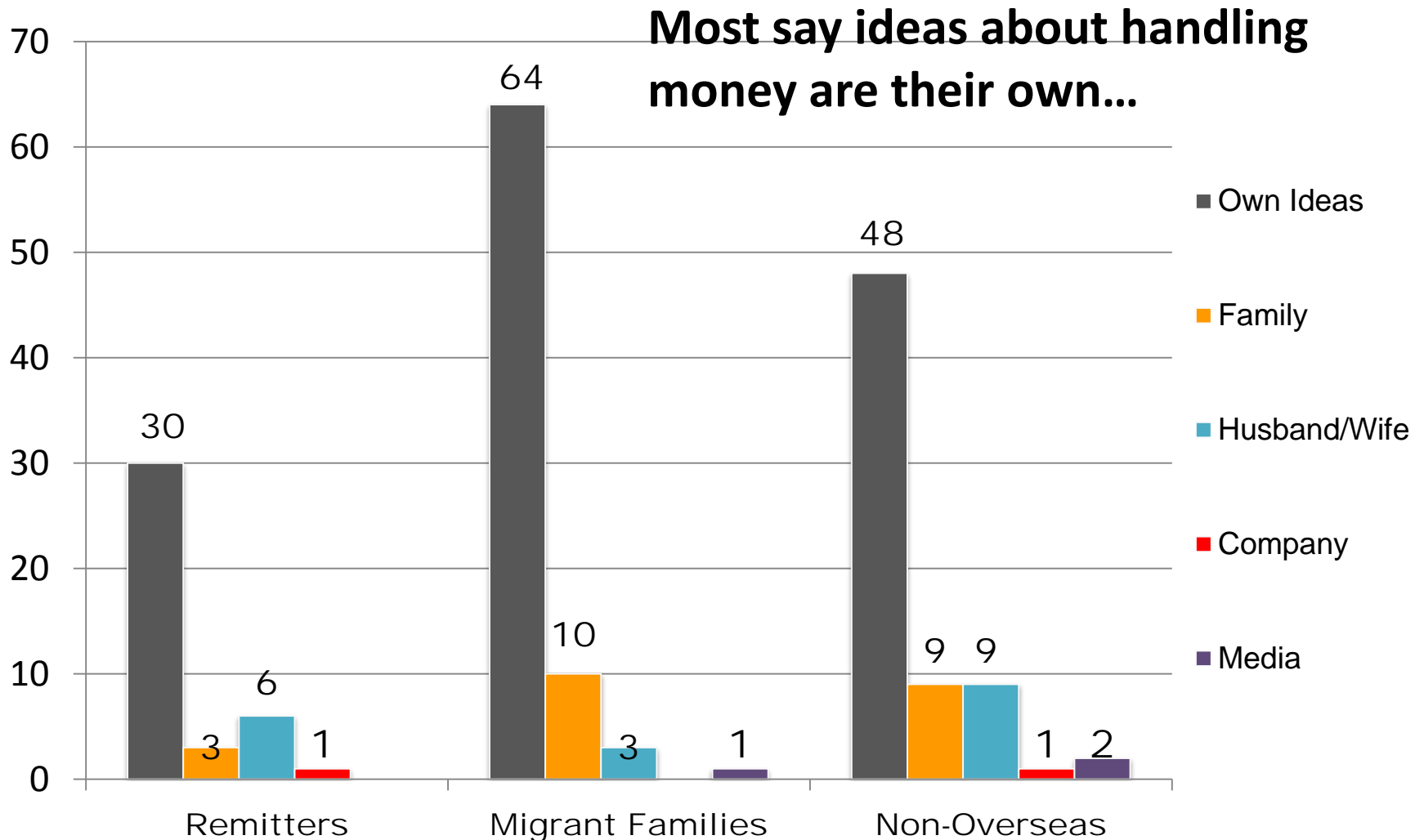
RICART Rd. 2: Occupations of townmates overseas



RICART Rd. 2: Avg. remittances (P)

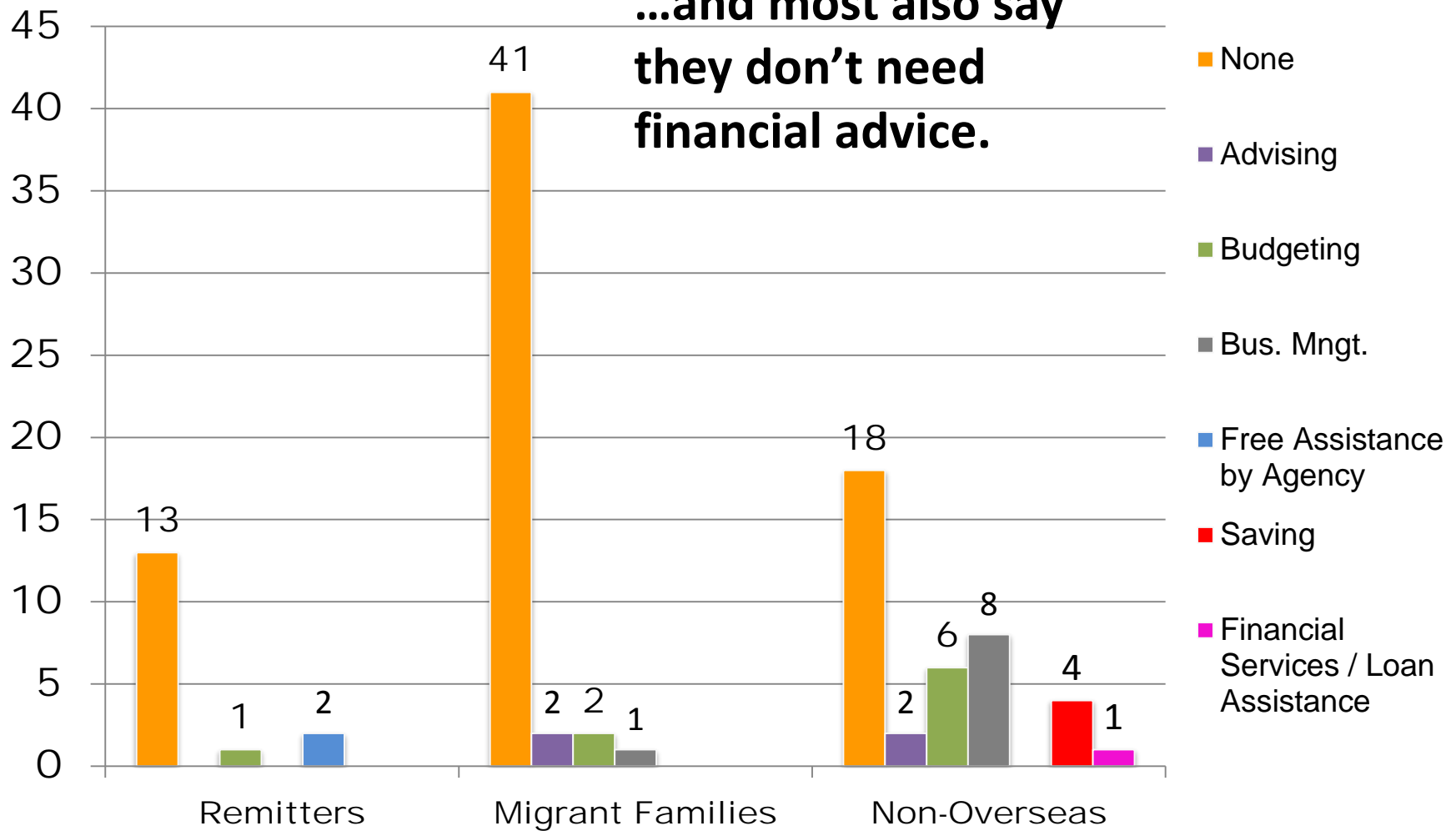


RICART Rd. 2: Where do you get ideas about handling money?

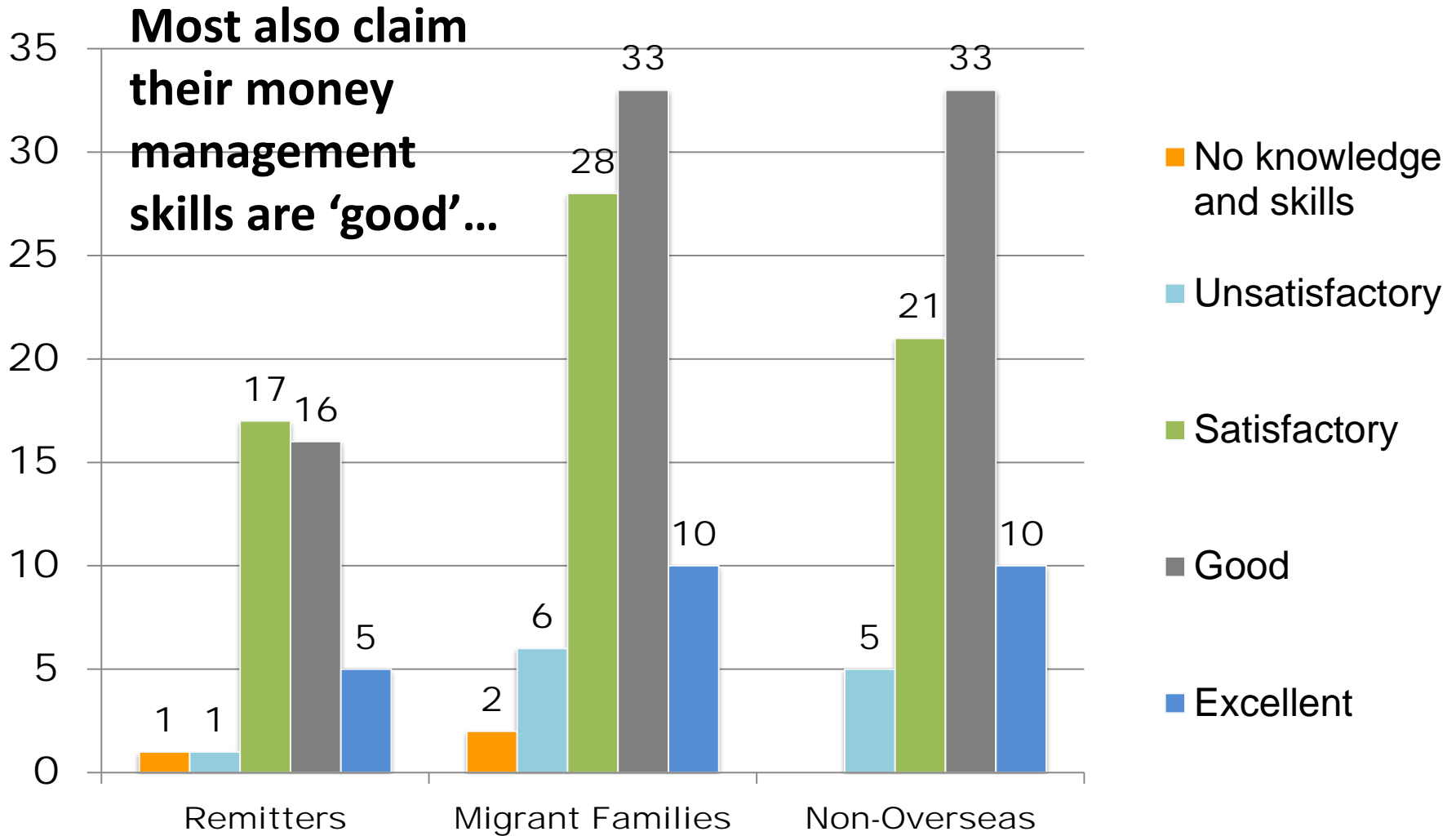


RICART Rd. 2: Do you need help in handling money?

...and most also say they don't need financial advice.



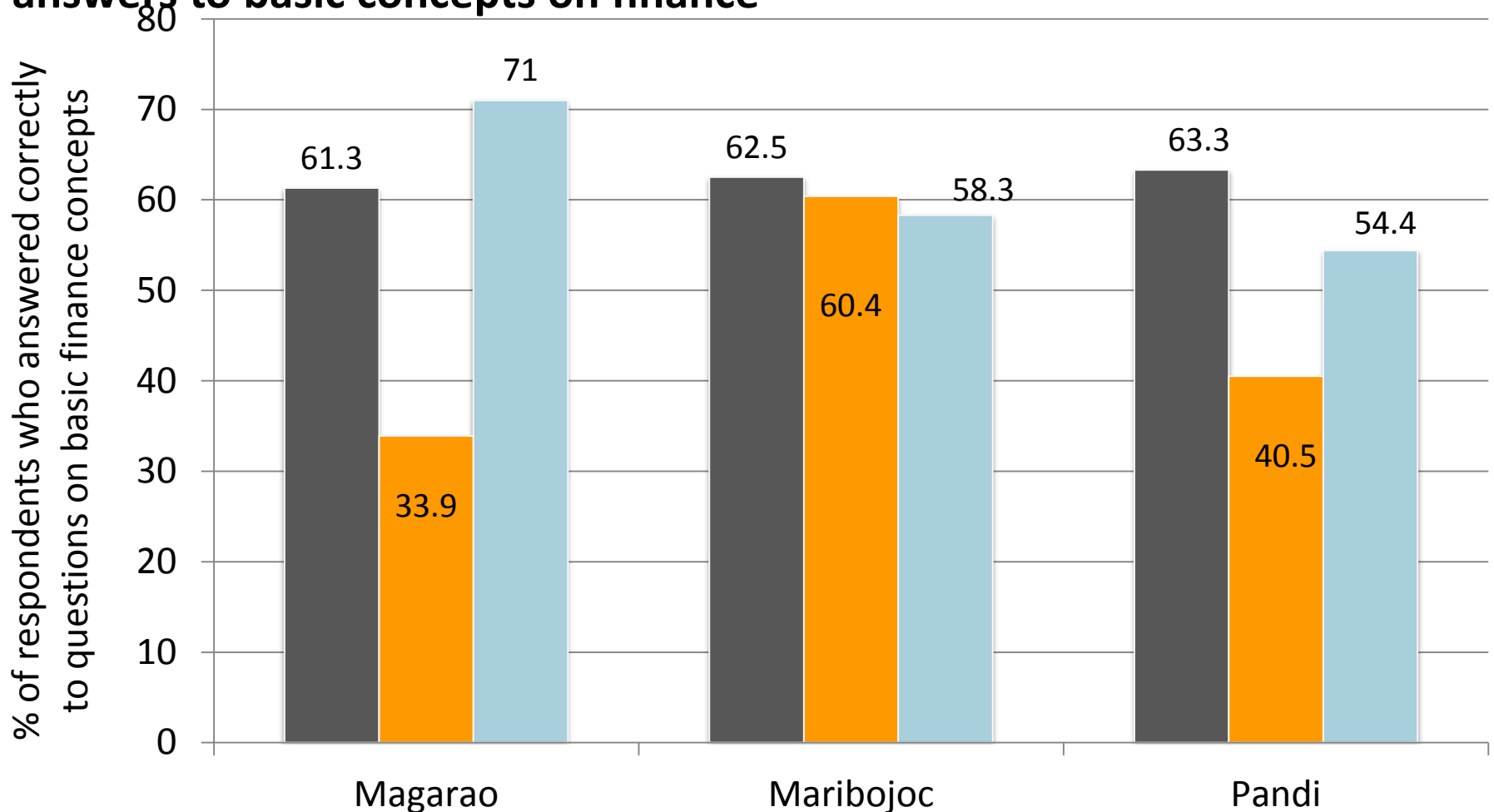
RICART Rd. 2: How do you assess your skills in handling money?



Two RICART rounds: Financial literacy test

...But look at how many / few got correct answers to basic concepts on finance

■ Interest Rate ■ Inflation ■ Loans



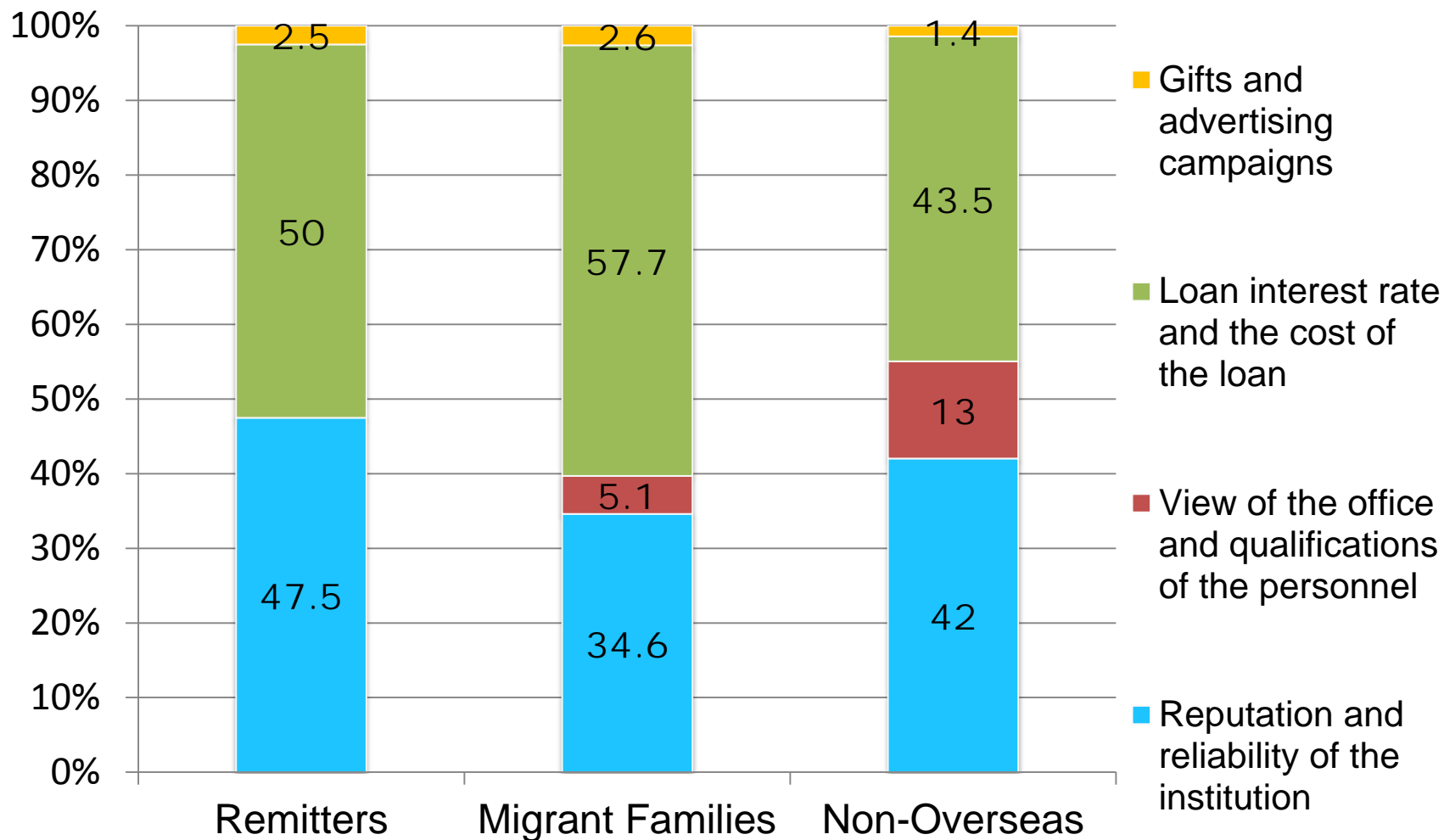
Back to RICART Rd. 2: What affects your financial decisions?

	Migrant families	Remitters	Non-migrant families
	%	%	%
Changes in the prices of houses / lots / properties	9.0	6.9	5.8
Changes in the prices of land	7.2	6.9	5.0
Changes of interest rates on deposits	4.8	5.6	2.2
Changes of interest rates on loans	13.2	11.1	15.8
Changes in the inflation rate	21.6	22.2	19.4
Changes in the level of public pensions, benefits and tax exemptions	3.0	1.4	4.3
Changes in the prices of oil and basic commodities (e.g. fish, meat, rice, sugar)	41.3	45.8	47.5

Two RICART rounds: Savings

Respondent group	% of total respondents	Average savings (PhP)
Remitters	75.0	17,126.28
Migrant families	49.4	5,075.74
Non-migrant families	43.5	3,974.29
Comparison of average savings, in PhP (RICART rounds 1 and 2)	Remitters	Migrant families
Magarao, Camarines Sur	19,337.87	13,293.88
Maribojoc, Bohol	11,939.07	3,312.93
Pandi, Bulacan	17,126.28	5,075.74

RICART Rd. 2: What will make you invest in a financial institution?



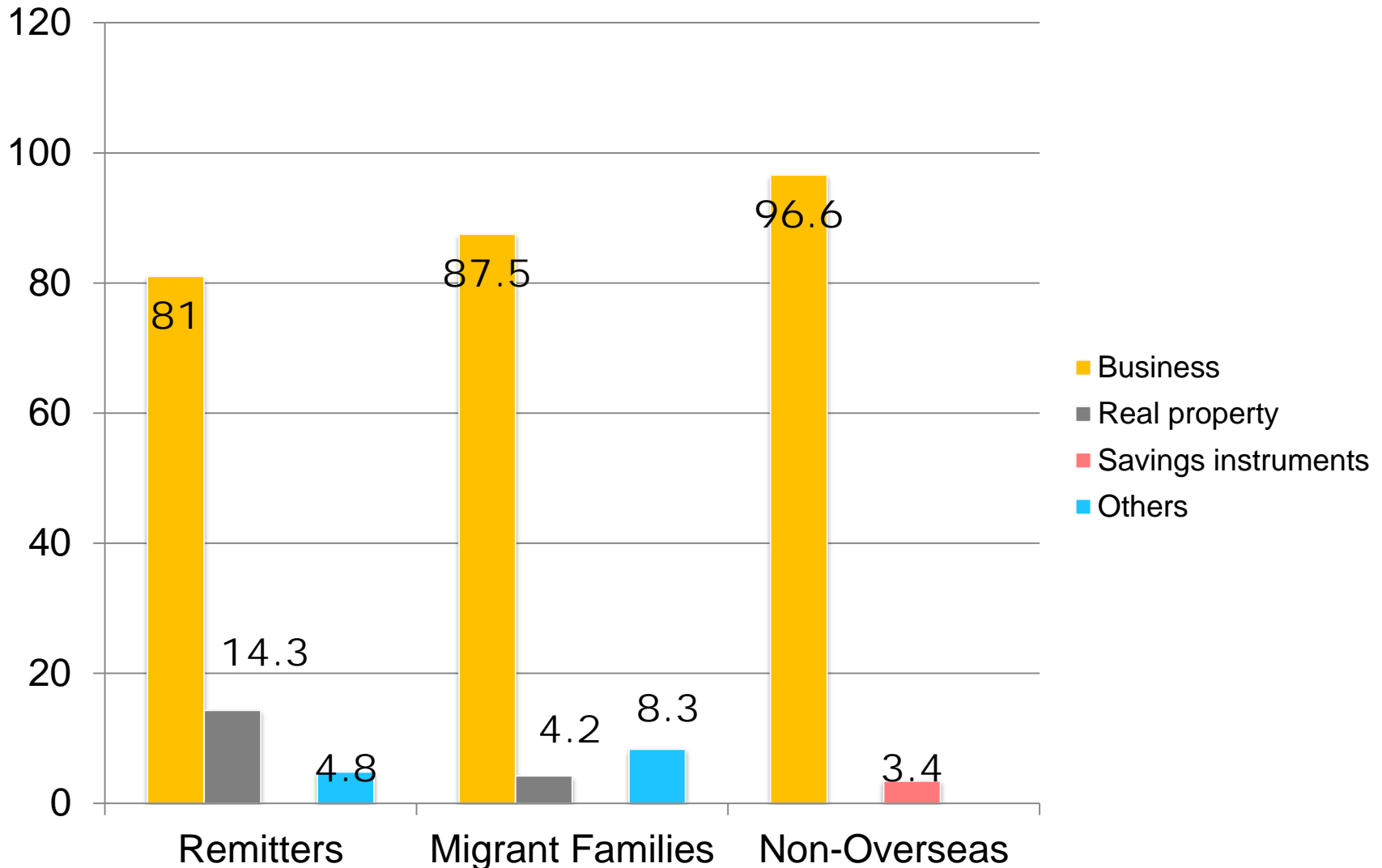
RICART Rd. 2: The financially-included

Table 28: Respondents who have savings account in banks and cooperatives

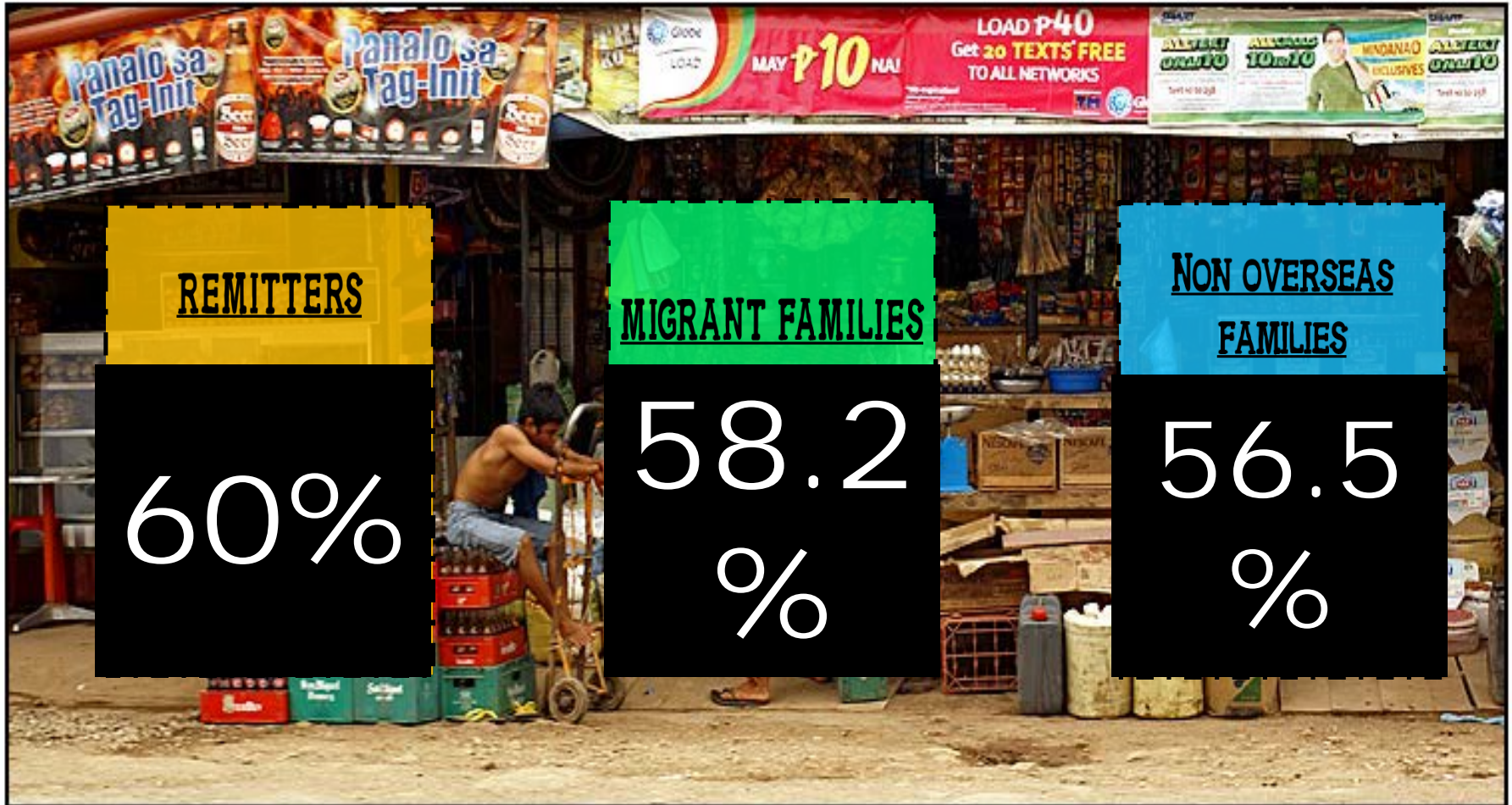
	Migrant families		Remitters		Non-migrant families	
	%	F	%	F	%	F
• Commercial Bank	39.58	19	48.39	15	30.77	12
• Rural Bank	14.58	7	22.57	7	43.59	17
• Cooperative	41.67	20	25.81	8	25.64	10
• Microfinance	4.17	2	3.23	1	-	-

Pandi, Bulacan has three rural banks and 17 cooperatives

RICART Rd. 2: If you have extra for investments, where to put it?



RICART Rd. 2: Those who have businesses in the hometown



RICART Rd. 2: Current businesses in the rural hometown



REMITTERS

1. SARI SARI STORE
2. LIVESTOCK
3. JEEP
4. APARTMENT

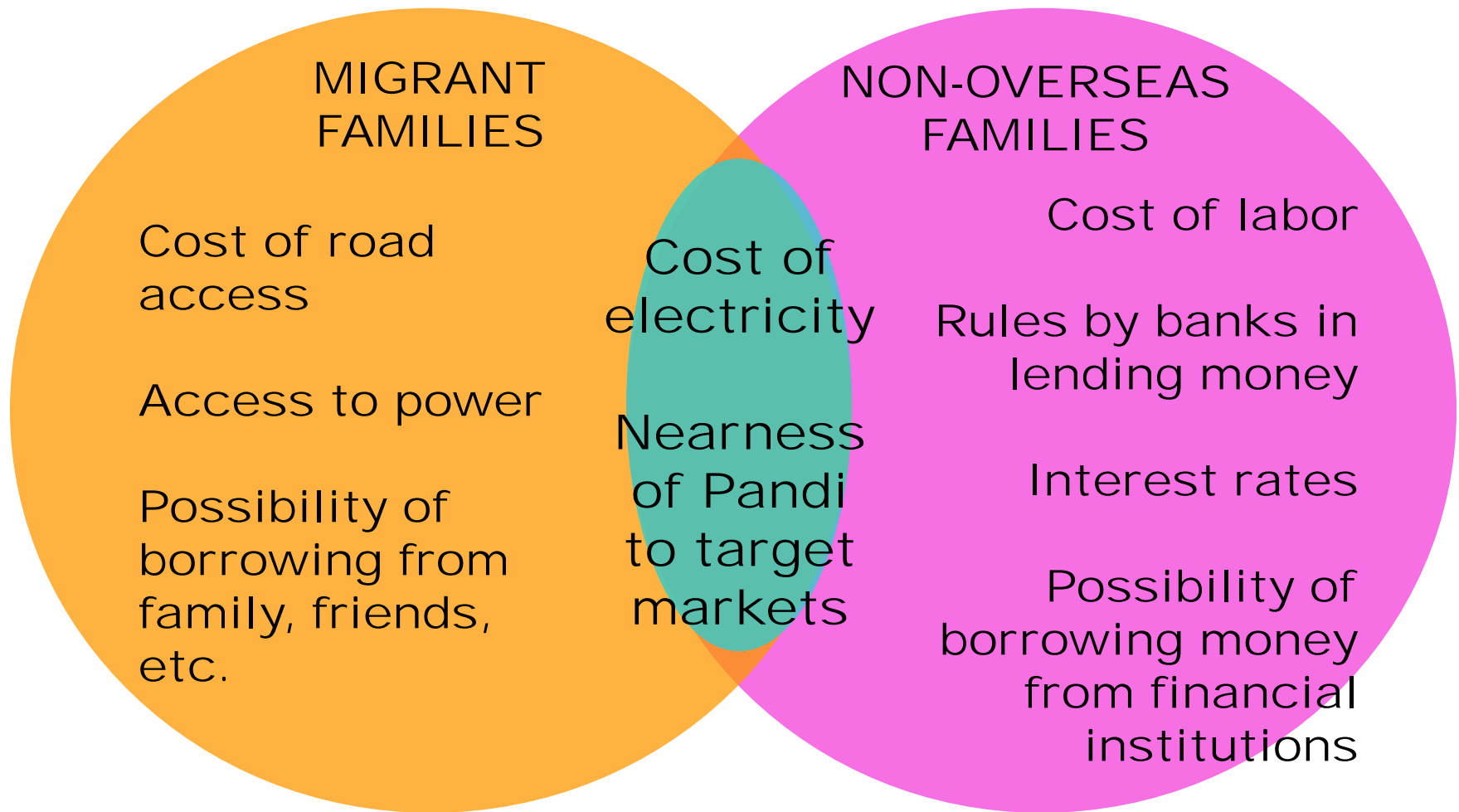
MIGRANT FAMILIES

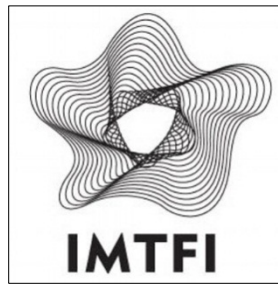
1. SARI SARI STORE
2. FARMING
3. LIVESTOCK

NON OVERSEAS FAMILIES

1. SARI SARI STORE
2. GARMENT
3. FARMING
4. LIVESTOCK

RICART Rd. 2: Perceptions of hometown's investment climate constraints





Next steps: RICART Rd. 3

- Finish rapid rural appraisal and collection of local data for the check of the hometown's local competitiveness.
- Start the survey come the new year, with the help of a local association of migrant families.
- Once the survey is complete, run the logit.
- And once the RRA and survey data are complete, determine the mixed methods analysis that may be different from previous rounds of RICART.
- Conduct RICART Hometown Conference (March 2015)
- Informal advocacy efforts to enlighten municipal government of remittances' development potential through policy making.

HALAMAN



MERRY CHRISTMAS!