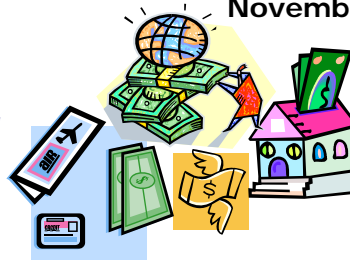


### MEASURING THE ECONOMIC GAINS FROM GLOBAL MIGRATION - THE PHILIPPINE EXPERIENCE (Second of a three-part series)



*This three-part report is a follow up to the earlier LABSTAT Updates series entitled "THE PHILIPPINE OVERSEAS EMPLOYMENT: UNDERSTANDING ITS TREND AND STRUCTURAL CHANGE (see Vol. 10 Nos. 5-9). Part two of this report deals with the questions of how fairly the benefits of global migration have been distributed across regional boundaries and income classes and how these distributions have changed over the years.*

#### Overview

The overall impact of migration on developed countries is positive. This is what the International Labor Office (ILO) wrote in its *January 2006 Global Employment Trends Brief*. But the same can not be said for countries left by migrants where the economic picture is less clear. Advantages include migrants' remittances, lower unemployment, less population pressure and knowledge brought by returning migrants. On the downside, emigration often entails loss of skilled workers and dynamic

young people. Yet, in all these, the fundamental question is whether or not the benefits of global migration have been spread fairly among the broader segment of the population.

This article attempts to examine the extent of participation of the Overseas Filipino Workers (OFWs) and their families in the global labor market across regions and income groups and how the pattern of participation has changed over the years.

**TABLE 1 - Number of Families With Cash Gifts and Other Forms of Assistance From Abroad as Main Source of Income, Philippines:  
1991, 1997, 2000 and 2003**  
(In thousands)

Year	Total Families		Families With Cash Receipts, Gifts and Other Forms of Assistance From Abroad as Main Source of Income		
	Number	Growth Rate (%)	Number	Growth Rate (%)	As Percent of Total Families (%)
1991	11,975		775		6.5
1997	14,192	18.5	881	13.7	6.2
2000	15,270	7.6	1,107	25.7	7.2
2003	16,480	7.9	1,310	18.3	7.9
<b>1991-2003</b>		<b>37.6</b>		<b>69.0</b>	

Source: National Statistics Office, Family Income and Expenditures Survey (FIES).

Statistics presented in this article are derived from the Family Income and Expenditure Survey (FIES) of the National Statistics Office (NSO). The FIES is a nationwide sample survey of households conducted every three years by the NSO. One of the data items from the survey that is useful for the purpose of this paper is the distribution of families by main source of income. Of particular interest are families whose main source of income falls under the category "cash receipts, gifts and other forms of assistance from abroad" as remittances from overseas Filipino workers form a major item in this category. This data item is disaggregated by region and income class and is available for the following survey years: 1991, 1997, 2000 and 2003.

### **Overall Trend**

The total number of families in the Philippines, based on the 2003 FIES results, was estimated at 16.480 million. Of this number, around 8.0 percent or 1.310 million families received cash receipts, gifts and other forms of assistance abroad as their main source of income. Note that this figure does not distinguish whether the source of income came from permanent or temporary migrants. Likewise, it does not include families also receiving remittances from abroad but is not their major source of income.

Compared with the 2000 FIES results, the number of families under this category has grown by 18.3 percent (+203,000 families) in 2003 and 69.0 percent (+535,000 families) since 1991. Correspondingly, their proportions to total families have also increased

over time from 6.5 percent in 1991 to 7.9 percent in 2003.

This rate of growth is faster than the growth in total number of families. Between 1991 and 2003, the total number of families grew by 37.6 percent. This figure represents only half the growth (69.0%) registered for families receiving money from abroad as their main source of income.

This uptrend reflects the increasing participation of Filipino families in the global labor market as the world economy becomes more integrated. This is part of the two broad trends that will continue to expand in the future, namely: the flexibility of capital leading to outsourcing as well as the flexibility of labor leading to migration. (*ILO, 2006*)

### **Distribution of Families with Income from Abroad by Region**

By regional distribution, the number of families relying on money from abroad as main source of income was observed highly skewed towards developed regions. This suggests that the opportunity to participate in the global labor market is closely correlated with the financial status of the family. One possible explanation is the fact that working overseas or migrating abroad entails significant amount of cost (such as placement fees in the case of contract workers) which is beyond the means of low income families.

Results of the 2000 FIES revealed that the top three (3) regions with the most number of families receiving "income from abroad" came from the most developed regions of the country,

namely: NCR (19.9%), Region IV (17.4%) and Region III (14.6%) all of them in Luzon. Together, they comprised more than one-half (51.9%) of total families "with income from abroad". (Table 2)

Ranking fourth is Region I (11.9%) followed by two regions in the Visayas - Region VI (9.7%) and Region VII (5.4%), at the fifth and sixth place, respectively. It should be noted that Region I has a long history of migration as people from this region comprised the first wave of Filipino migrants— mostly as plantation workers in Hawaii.

Of the five regions in Mindanao, four were at the bottom of the list: Region IX (2.2%), Region X (1.3%), Region XII (2.0%) and ARMM (0.5%). Overall, the combined share of Mindanao, including Region XI (3.9%) stood at only 10.0 percent – about at par with Region VI.

As expected, the shares of other poor regions were marginal as follows: CAR (2.2%), Region II (3.6%), Region V (2.7%) and Region VIII (2.5%).

As compared to their ranking in 1991, seven (7) regions recorded an increase in share. The biggest improvement occurred in Region VI (6.4% to 9.7%) followed by Region XI (2.0% to 3.9%) and Region XII (0.5 to 2.0%). Four (4) other regions (CAR, IV, VII and IX) recorded gains of less than one percentage point each.

On the other hand, reductions in shares were posted in the other nine regions - the biggest occurred in NCR (22.5% to 19.9%), Region III (17.3% to 14.6%) and Region I (13.7% to 11.9%).

On the whole, the distribution of families receiving income from abroad has shifted over the review period - away from Luzon which lost 7.0 percentage points in share and towards the regions in the Visayas and Mindanao which gained 3.4 and 3.6 percentage points in shares, respectively. (Note: In the 2003 FIES, the share of Luzon rose slightly to 73.5%; that of the Visayas declined to 16.3%; while the share of Mindanao was about unchanged at 10.3%.)

While the improvement may not be considerable, it nevertheless represents a trend towards the right direction, i.e., of spreading fairly the benefits of global migration across the different regions of the country.

### **Distribution of Families with Income from Abroad by Income Class**

Based on the 2000 and 2003 FIES results, the proportion of families with income from abroad tended to be biased towards the higher end of the income bracket than in the lower income bracket.

As shown in Table 3, nearly one-half (46.2% in 2000 and 47.2% in 2003) of families have annual income of between P100,000 and P249,000. More than that, a fairly large proportion of families (29.3% in 2000 and 34.9% in 2003) occupied the top income class (P250,000 or more). On the other hand, families in the lower income classes (i.e., less than P100,000) comprised less than one fourth (24.4% in 2000 and 17.9% in 2003) of the total distribution.

It should be pointed out that the pattern observed in the 1991 FIES showed an entirely different

distribution. The distribution was heavily concentrated in the two bottom income classes with more than one-half (59.8%) of the families falling in these categories. Moreover, families occupying the top most income class (P250,000 and above) was only 6.1 percent - far below the proportion reported in 2000 at 29.3 percent.

The reversal in the distribution pattern for families with income from abroad towards higher income bracket could not be due to price changes alone but for two reasons: 1) because the shift was considerable; and 2) because the pattern was not observed for families with source of income from domestic economy.

The shift that occurred could mean an improvement as lower income families observed in 1991 have now moved on to higher income bracket in 2000 and 2003. This may be attributed to the shift in occupation pattern (from low skilled to high skilled workers) observed over the last three decades among temporary migrants.

On the downside, the result may also suggest that access to global labor market as an employment option for Filipino workers has been more limited to families who can afford the cost of job placements abroad.

**TABLE 2 - Number of Families With Cash Gifts and Other Forms of Assistance From Abroad as Main Source of Income by Region, Philippines: 1991, 2000 and 2003**

REGION	1991			2000			1991-2000 Change in Percent Share (%)	2003	
	Number of Families ('000)	Percent Share (%)	Rank	Number of Families ('000)	Percent Share (%)	Rank		Number of Families ('000)	Percent Share (%)
<b>PHILIPPINES</b>	<b>775</b>	<b>100.0</b>		<b>1,107</b>	<b>100.0</b>			<b>1,310</b>	<b>100.0</b>
<b>LUZON</b>	<b>616</b>	<b>79.4</b>		<b>801</b>	<b>72.4</b>		<b>-7.0</b>	<b>963</b>	<b>73.5</b>
NCR	175	22.5	1	221	19.9	1	-2.6	220	16.7
CAR	13	1.7	11	25	2.2	11	0.6	a	a
Region I	106	13.7	4	132	11.9	4	-1.8	a	a
Region II	29	3.8	7	40	3.6	8	-0.2	a	a
Region III	134	17.3	2	161	14.6	3	-2.7	a	a
Region IV	131	17.0	3	193	17.4	2	0.5	a	a
Region V	27	3.5	8	30	2.7	9	-0.8	a	a
<b>VISAYAS</b>	<b>110</b>	<b>14.2</b>		<b>195</b>	<b>17.6</b>		<b>3.4</b>	<b>214</b>	<b>16.3</b>
Region VI	50	6.4	5	108	9.7	5	3.3	a	a
Region VII	37	4.8	6	60	5.4	6	0.6	a	a
Region VIII	23	3.0	9	27	2.5	10	-0.5	a	a
<b>MINDANAO</b>	<b>49</b>	<b>6.3</b>		<b>111</b>	<b>10.0</b>		<b>3.6</b>	<b>135</b>	<b>10.3</b>
Region IX	10	1.3	12	24	2.2	12	0.9	a	a
Region X	13	1.7	11	15	1.3	13	-0.3	a	a
Region XI	16	2.0	10	43	3.9	7	1.9	a	a
Region XII	4	0.5	14	23	2.0	12	1.5	a	a
ARMM	7	0.9	13	6	0.5	14	-0.3	a	a

a Data not available.

Source: National Statistics Office, Family Income and Expenditures Survey.

**TABLE 3 - Percent Distribution of Families by Income Class and Income Source from Domestic or Abroad, Philippines: 1991, 2000 and 2003**

YEAR	All Income Classes	Income Class			
		Under P50,000	P50,000 - P99,999	P100,000 - 249,000	P250,000 And Over
Families with Main Income from Domestic Source					
1991	100.0	61.5	24.2	12.0	2.2
2000	100.0	26.1	31.5	30.4	12.0
2003	100.0	a	a	a	a
Change (1991-2000)		-35.9	7.3	18.4	9.7
Families with Main Income from Abroad					
1991	100.0	24.6	35.2	34.1	6.1
2000	100.0	5.3	19.1	46.2	29.3
2003	100.0	5.1	12.8	47.2	34.9
Change (1991-2000)		-19.3	-16.1	12.1	23.3

*a Data not available.*

*Source: National Statistics Office, Family Income and Expenditures Survey.*

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