

Fact-Sheet on the Economic Crisis and Migration, Remittances and Children Left Behind

A. Introduction

Migration has the potential to deliver many positive benefits for development and poverty reduction, as well as contribute to achieving the Millennium Development Goals. Migrant remittances represent a key source of foreign exchange for countries of origin and provide valuable lifelines to recipient families and communities.

According to the World Bank, officially recorded remittances to developing countries reached \$316 billion in 2009, down 6% from \$336 billion in 2008 as the result of the global economic crisis. The magnitude of the decline varies across regions: Europe and Central Asia have experienced the sharpest decline (-21%) followed by Latin American and the Caribbean and the Middle East and North Africa (-12% and -8%, respectively), while South Asia reported a moderate growth over 2008-2009 (5%).

Although remittances have remained more resilient in comparison to private capital flows (as in the Philippines where moderate growth in remittances buffered some of the negative impacts of the crisis), the effects of the slowdown in remittances have been most evident among national economies and families heavily dependent on these flows. For remittance-recipient households, the contraction of household income has resulted in severe reductions in consumption and substantial changes in labour supply. Moreover, since remittance-recipient households frequently do not have access to credit, many must generate additional labour income or rely on government social assistance to cover their basic needs.

Women and children are the most vulnerable populations affected by the crisis. Recent studies by the ILO suggest that women are more likely to be employed in the informal economy with lower earnings and less social protection, a situation that has been exacerbated by the current crisis.

Although some macroeconomic indicators seem to point to early signs of economic recovery, others show little change in the current economic situation, especially in terms of unemployment. The World Bank predicts a gradual recovery in remittances to developing countries in 2010 and 2011 (6% and 7%, respectively); however growth of remittances will not be as rapid as in years prior to the crisis due to the uncertainty associated with job creation in major migrant destinations and in industries where migrants tend to be employed (such as agriculture, construction and certain service industries).

These implications can have serious consequences for children left behind, as families are forced to cut back on children's education and health-related expenses. Policies need to ensure access to basic social protection and equal opportunities to fulfil the right to a decent standard of living for all vulnerable families, as well as the rights of the child (such as the right to education and health).

B. Key findings

Impacts on remittance-recipient households:

- According to a 2009 UNICEF/IOM survey in Guatemala, about two-thirds of the more than 3,000 households surveyed reported having suffered from negative effects of the economic crisis. 73 percent reported having less income in comparison to 2008. Around 37 percent reported receiving lower remittance levels, while 28 percent reported receiving lower salaries.
- Preliminary findings from a UNICEF study using data from Mexico suggest that remittance-recipient households were more likely to receive social assistance a year after the start of the economic crisis in comparison to a year before the crisis (Cortina 2009).
- A 2009 UNICEF Jamaica study suggests that a severe decline of remittance flows will affect current consumption patterns of remittance-recipient households and will likely increase the 2006 poverty headcount from 15 to 21 percent.
- Data from a recent survey in five Indonesian provinces suggests that, on average, 37 percent of remittance-recipient families were fully dependent on these funds (IRIN 2009).
- Economic data from Moldova show that, within the poorest two quintiles of the national population, the percentage of households with children where remittances are the main source of income increased by 3 and 4 points, respectively, after the start of the economic crisis¹ (UNICEF 2009).

Impacts on children and adolescents left behind:

- Findings from a UNICEF Vietnam study suggest that households are delaying payments of school fees, taking their children out of school and/or reducing the visits to health care facilities. 72 percent of survey respondents reported a significant loss of income, and as much as 64 percent of households surveyed reported that remittances were either late or have completely stopped since the crisis began (UNICEF, Viet Nam Ministry of Culture Sport and Tourism and Viet Nam Institute of Sociology, 2009).
- Children may be compelled to leave school and find work to supplement the family income as the result of the decline in remittances. A 2009 report by the ILO-IPEC highlights the risk of girls being forced into child labour as a result of the crisis, particularly in families that give educational preference to boys.
- A 2009 UNICEF/IOM survey in Guatemala found that the school dropout rate among children and adolescents 7-17 years of age from migrant households that receive remittances was around 9 percent. The dropout rate among boys and girls was around 4 percent for both groups, while 44 percent of boys were currently enrolled in school in comparison to 42 percent of girls.
- Approximately 7 percent of the total child and adolescent population in Guatemala (1,247,048) were incorporated in the labour market in 2009. Of those who participated in the labour market, around 58 percent worked before 2009,

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while 42 percent did not work before that year. Two-thirds of those working were boys, while one-third were girls (IOM/UNICEF 2009).

- Evidence from previous economic crises in Liberia suggests that negative income shocks push poor families to consume cheaper, less nutritious food, which results in weight loss and malnutrition, especially among young children and pregnant women (UNICEF 2009).

C. Challenges

The economic slowdown has had heterogeneous but real impacts on children. Survey work currently underway in Thailand and Morocco seeks to further explore these effects and provide evidence based policy recommendations.

Failure to address the challenges posed by the current economic crisis risks reversing the progress made on children and women's wellbeing over the past decade. The global nature and the complexity of the current economic crisis have created a new situation that necessarily forces policy makers and stakeholders to rethink the interconnected relationships between international migration and development.

New research and operational work are needed in order to examine and monitor the role of remittances as an alternative insurance mechanism when a crisis hits both sending and receiving countries. Similarly, it is imperative that research be conducted on how fiscally strained governments will face a likely increase in the demand for social assistance policies from families living in at-risk areas severely impacted by diminishing remittance flows.

Lastly, the lack of reliable data at the national level to assess the medium and long-term developmental effects of the economic crisis on women and children, especially those who have stayed behind in their countries of origin, hinders the formulation of evidence-based policies.

D. Conclusions and Policy Suggestions

Greater attention is needed on the effects of the crisis on children and families left behind in order to mitigate negative impacts and design policy interventions that will improve the developmental prospects for these families and children.

- Policies and programmes that support and protect children (including social protection, health, education and child protection services) must be maintained and, where possible, expanded to accommodate households in at-risk areas severely impacted by diminishing remittance flows.
- Careful monitoring of the gender and social impacts of the crisis on the actual lives of migrants and their families is urgently needed. Specific measures should be taken to mitigate the impact of the economic crisis on the living and employment conditions of migrants and their families, and on the protection of their fundamental human and labour rights.

- A comprehensive data collection and analysis should be promoted to gauge the effects of the crisis on children, adolescents and women left-behind in order to promote evidence based policy initiatives to mitigate the effects of the crisis.
- Co-development strategies² to reduce social, economic, educational and health inequalities between countries of origin and destination should be the basis for incorporating migration, its causes, and consequences into countries' developmental strategies that aim to maximize migration's developmental potentials.

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¹ Comparison of data from before the start of the crisis (last quarter of 2007 and first quarter of 2008) to data after the crisis (last quarter of 2008 and first quarter of 2009).

Source: UNICEF, UNDP, World Bank and IOM Joint Meta-Assessment on the Impact of the Economic Crisis on Poverty and Social Exclusion in Moldova.

² UN Secretary General's report on international migration and development (A/60/871) defines co-development as "coordinated or concerted improvement of economic conditions in both areas of origin and areas of destination based on the complementarities between them."