

## 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, and 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, remittances to developing countries reached \$328 billion in 2008.

However, as a result of the economic downturn, global remittance flows are expected to fall by 7 to 10 percent in 2009. The magnitude of the decline varies across regions: some countries have registered significant reductions (such as Mexico (-13% so far in 2009) and Morocco (-7% over 2008-2009)) while some have maintained a small growth (as in the case of the Philippines<sup>1</sup>).

The effects of the slowdown in remittances will be most evident among national economies and families heavily dependent on these flows. For remittance-recipient households, the contraction of household income can result 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 and 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 will be exacerbated by the current crisis.

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 should ensure access to basic social protection and equal opportunities to fulfil the right to a decent standard of living for all vulnerable families.

### B. Key findings

#### Impacts on remittance-recipient households:

- 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).
- A 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.

- 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 crisis.<sup>2</sup> (UNICEF 2009).
- 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).

#### 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).
- A recent UNICEF/IOM survey in Guatemala found that the school dropout rate among children 10-14 years of age from migrant households was around 10 percent in the first half of 2009, while the dropout rate among adolescents was around 12 percent (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).
- A recent report by the ILO-IPEC highlights the risk of girls being forced into child labour as a result of the crisis and indicates that families give educational preference to boys.

### C. Challenges

Failing to address the challenges posed by the current economic crisis risks reversing the gradual progress made on children's 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 inter-connected relationships between international migration and development.

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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 is 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 strategies<sup>3</sup> 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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<sup>1</sup> Remittance flows to the Philippines have maintained a small growth, but the rate of increase has slowed. World Bank estimates show that remittances to the Philippines from the USA have dropped while those from the Gulf area have increased. However, the World Bank also expects that 2 out of 10 families receiving remittances in the Philippines will suffer the impacts of the world recession.

(<http://blogs.worldbank.org/eastasiapacific/remittances-and-the-philippines-economy-the-elephant-in-the-room>)

<sup>2</sup> Comparing 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.

<sup>3</sup> 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."

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