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Presentation

The Philippine Experience in Transforming Remittances for Development Purposes

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Objectives of Presentation

- **To analyze the sources of Overseas Filipino (OF) remittances esp. from conduit organizations**
- **To explore further developmental uses of these remittances**
- **To draw policy recommendations**

Global vs. National Perspective

- Nation building in a globalizing world
- Hyphenating Filipinos: E-W, N-S
- New definition of nationalism

The New Philippine Brain Drain

- Philippine professionals emigrating more than ever
- Philippines has no systematic plan nor comprehensive policy approach to harness expat Filipino human and financial capital, knowledge, technology and market information

Linking Filipino Hyphenates to the Philippines

- Harnessing Knowledge
 - Science and Technology Advisory Councils
 - UN Transfer of Knowledge through Expatriate Nationals
 - IOM Return of Talent
- Harnessing Business Resources
 - Exports Thru Expats
- Harnessing Technology
 - Balikscientist Program
 - Private sector initiatives

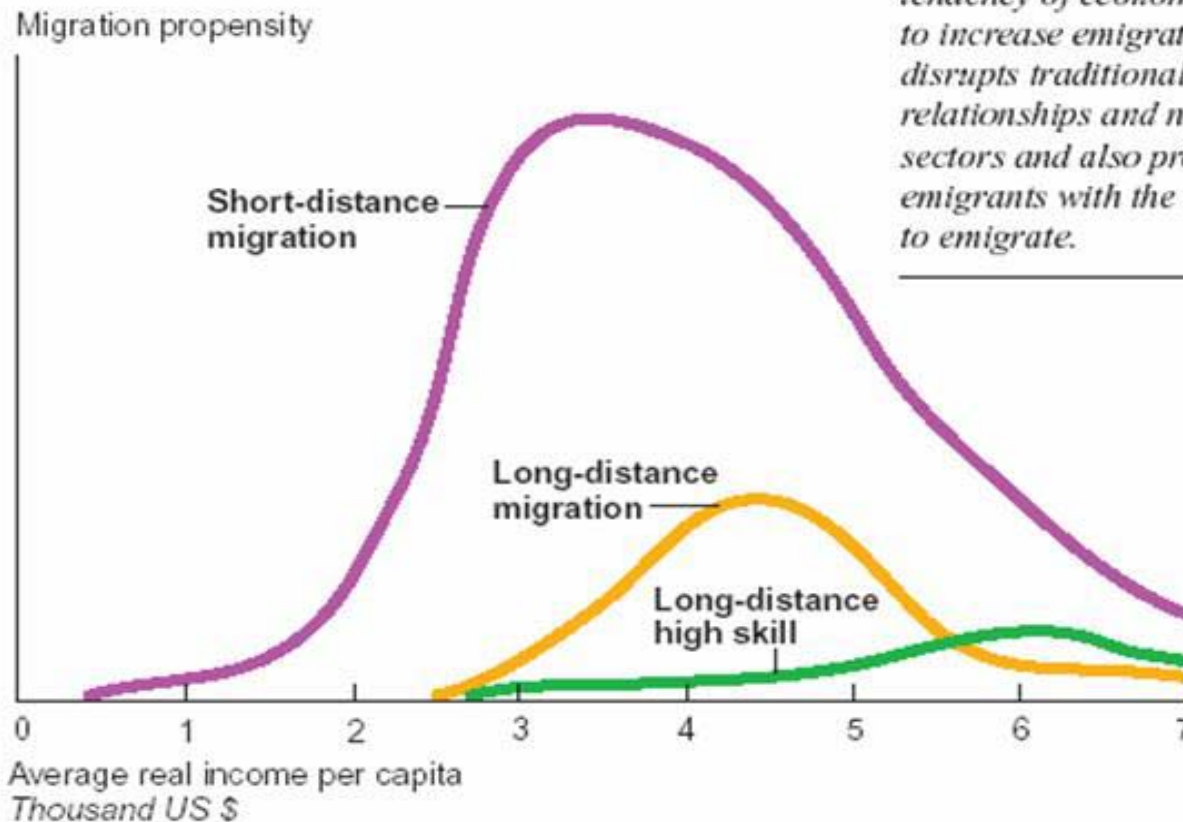
Linking Filipino Hyphenates to the Philippines

- Harnessing Savings and Remittances
 - Family members left back home (Phils.)
 - Goodwill-type donations
- Harnessing investments potential
 - Direct investment
 - Portfolio investment
- Harnessing love of country and people

Linking Filipino Hyphenates to the Philippines

- **Citizenship Retention and Reacquisition Act of 2003 (RA 9225)**
- **Kabuhayan 2000: Sa Pagbabalik ng Pinoy**
 - **Entrepreneurial Services**
 - **Investments**
 - **Training and Retraining**

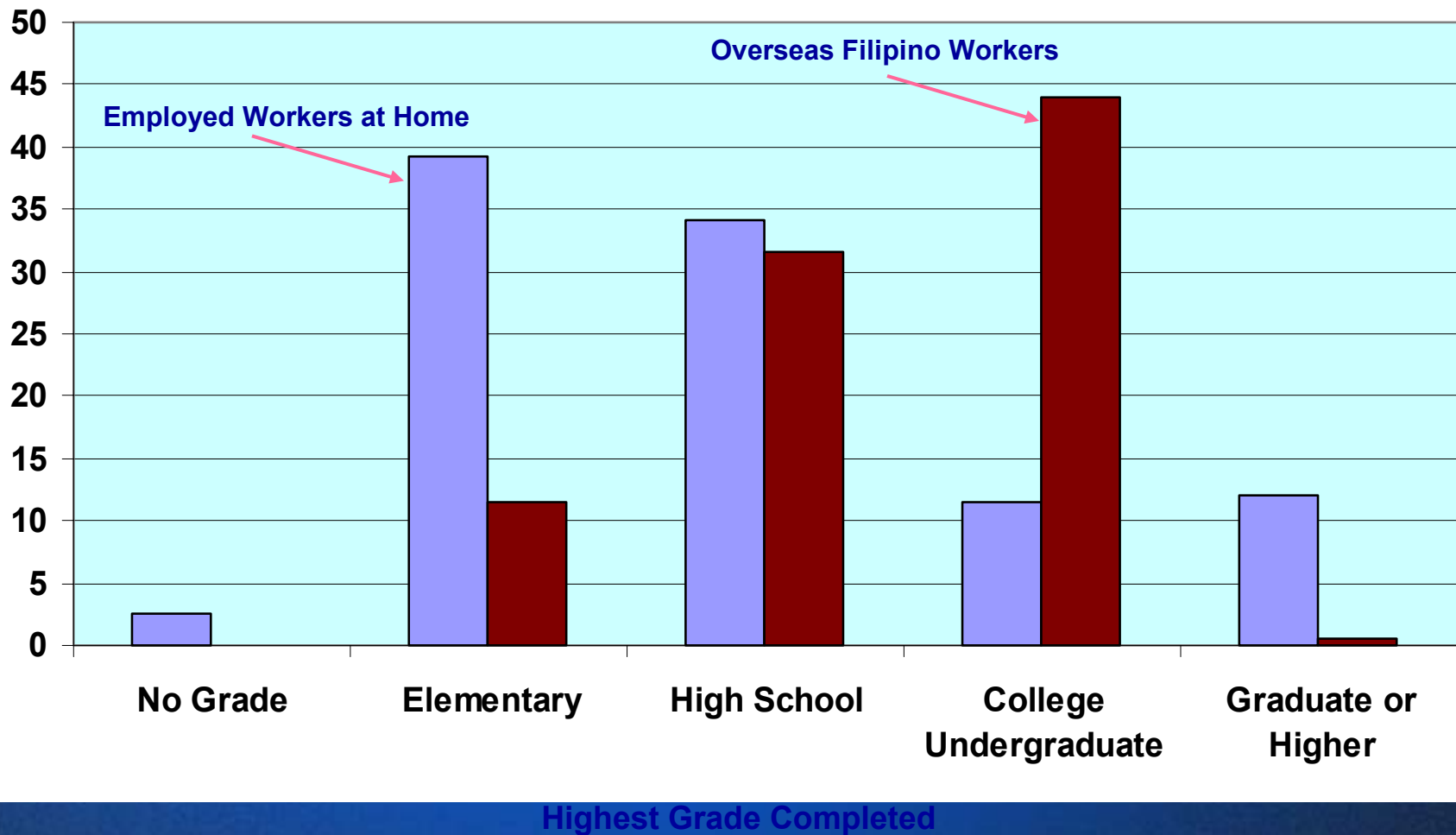
THE "MIGRATION HUMP"



The "migration hump" refers to the tendency of economic development to increase emigration initially. It disrupts traditional economic relationships and noncompetitive sectors and also provides prospective emigrants with the economic means to emigrate.

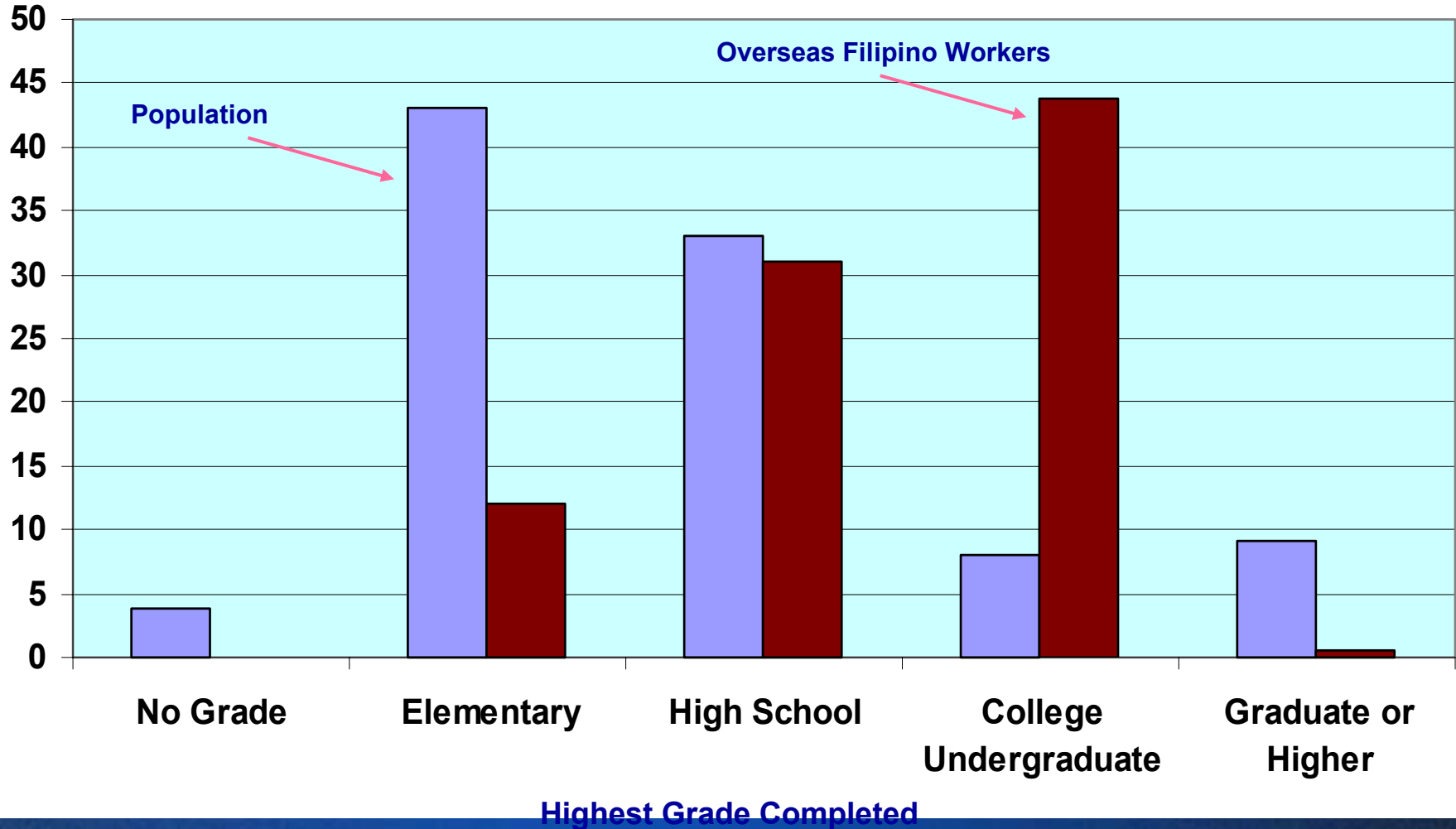
FILIPINO EMPLOYED AT HOME AND ABROAD BY EDUCATIONAL ATTAINMENT

Percent of OFW or Employed



OFWS AND POPULATION BY EDUCATION

Percent of OFW or Population



- **6M Filipinos in 190 countries remit \$8.5B for 2004; Jan-May 2005 (\$3.95B)**
- **Remittance used for:**
 - **Food**
 - **Clothing**
 - **Health Care**

Sources

- **Filipino Associations Overseas (FAOs)**
 - **General**
 - **Regional**
 - **Socio-civic**
 - **Religious**
 - **Alumni**
 - **Professional**

Sources

- **FAOs**
 - **United States of America**
 - **10 States: 15 Hometown Organizations**
 - **Asia**
 - **Japan**
 - **Thailand**
 - **Vietnam**

Conduit Organizations

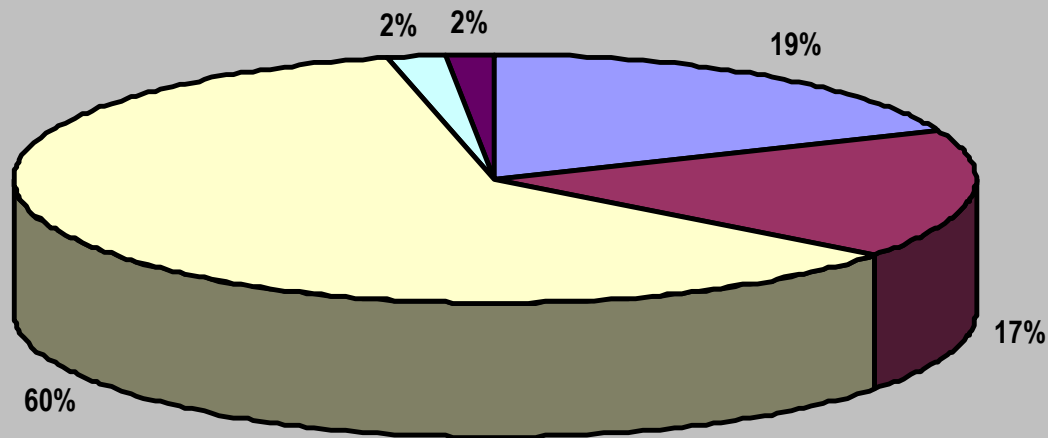
- **LINKAPIL**
 - **Livelihood**
 - **Cash Capitalization**
 - **Equipment Donation**
 - **Loan Extension**
 - **Education**

Conduit Organizations

- **LINKAPIL**
 - **Health and Welfare**
 - **Medical Missions**
 - **Donations**
 - **Relief Assistance**
 - **Infrastructure**

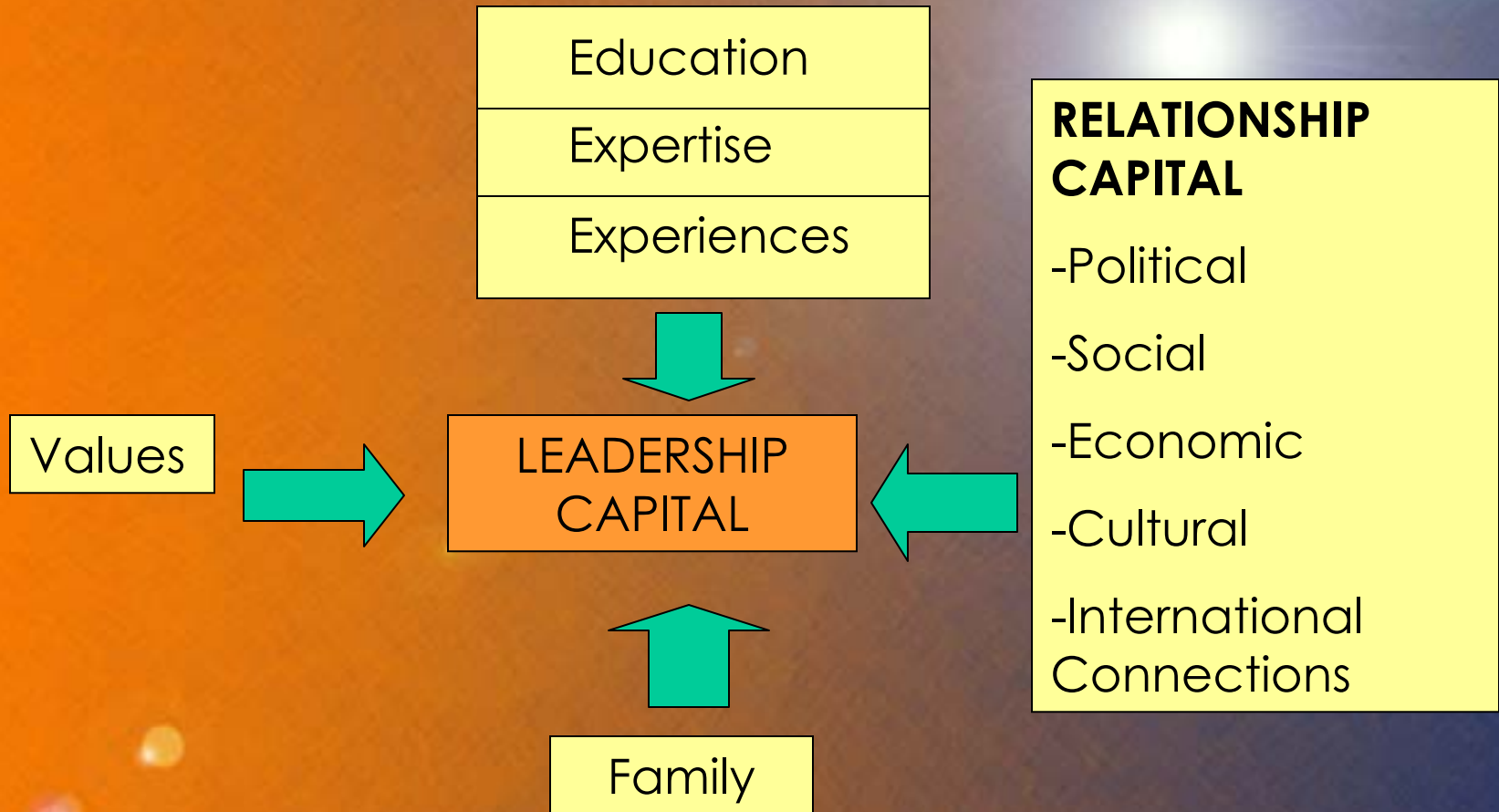
Conduit Organizations

Donations Referred Thru LINKAPIL (1990 - 2004)



- Calamity / Relief Assistance
- Education / scholarship
- Health related / Med Mission
- Livelihood
- Infrastruture

LEADERSHIP CAPITAL FRAMEWORK



Conduit Organizations

- **ERCOF Phils., Inc.**
 - **Why Countryside Development?**
 - **Poverty Alleviation**
 - **Agricultural Growth = Rural Development**
 - **Rural Financial Reform**
 - **2/3 of OFs have Countryside Origins.**

Conduit Organizations

- **ERCOF Phils., Inc.**
 - **Overseas Filipino Countryside Development Fund (OFCDF)**
 - **Awareness Raising, Facilitation and Mobilization**
 - LGU Bonds
 - **Project Identification and Development**

Conduit Organizations

- **ERCOF Phils., Inc.**
 - **Savings and Investments in Microfinance Institutions (MFIs)**
 - **Financial Literacy and Financial Planning for Overseas Filipinos**

Conduit Organizations

- **OFW.net**
 - **Remittance Program**
 - **Mobile Carwash**
 - **Global Digital Campus**
 - **Reintegration Institute**

Conduit Organizations

- **NaFFAA**
 - **Networking Conventions**
 - **\$1000 to MFIs**
 - **Philippines as the Retirement Destination in Asia**

FILIPINO DIASPORA IN AMERICA

- About 1.4 million Filipinos in America are Philippine-born
 - 62% are naturalized US citizens
 - 29% entered before 1980
 - 23% entered between 1980-90
 - 10% entered between 1990-2000
 - 38% are not citizens
 - 26% entered between 1990-2000
 - 10% entered between 1980-90
- 465,685 households in the 2000 Census

FILIPINO DIASPORA IN AMERICA

- Most live in family households (82%)
 - 44% live with own children under 18 yrs.
 - Married-couple families comprise 63%
 - 36% are with children under 18 yrs
 - Female householder, no husband present constitute some 14% of Fil-Am households
 - 6% have children under 18 yrs
- Note: Non-family households (18% of total)
 - 2.5% are 65 years and over

FILIPINO DIASPORA IN AMERICA

- 42% male, 58% female
- Median age is 42.6 yrs
 - 93% are 18 yrs. old and over
 - 38% for males, 55% for females
 - 12% are 65 yrs. old and over
 - 5% for males, 7% for females
 - 65% of those 15 yrs and over are married, 22% never married
 - 2% are separated, 5% are divorced, 6% are widowed

FILIPINO DIASPORA IN AMERICA

- 19,725 grandparents (20% of total) are responsible for grandchildren as caregivers
- 232,745 of Fil-Ams are 3 yrs and over
 - 55% are in college or grad school
 - 21% are in Grades 9-12
 - 22% are in Grades 1-8
 - 1% are in kindergarten
- 1,163,555 of Fil-Ams are 25 yrs and over
 - 87% are at least high school graduates
 - 45% are bachelor's degree or higher

FILIPINO DIASPORA IN AMERICA

- 79,125 of Fil-Ams are civilian veterans
- EMPLOYMENT of 16 yrs and over (1.3 mil)
 - 67% in labor force (868,810)
 - 66% in civilian, 1% in Armed Forces
 - 63% employed (816,595)
 - 39% in management, 27% in sales and office positions, 18% in service occupations
 - 31% in education, health and social services

FILIPINO DIASPORA IN AMERICA

- 9% are in arts, entertainment, recreation, accommodation and food services (74,895)
- 9% are in retail trade (76,635)
- 8% are in professional, scientific, mgmt, admin and waste mgmt svcs. (67,520)
- 28,780 Fil-Ams are self-employed workers in own business (not incorporated)
- 11,995 are with disability (5-20 yrs), another 219,455 in 21-64 yrs bracket
- 534,746 drive alone to work

FILIPINO DIASPORA IN AMERICA

- Median household income of Fil-Ams is \$61,827 in 2000
 - Mean earnings = \$70,262
 - 12,510 households earn \$200,000 and up
- Median family income of Fil-Ams is \$65,765 in 2000
 - 10,440 families earn \$200,000 and up
- Per capita income of Fil-Ams is 26,238
- 17,755 families in poverty status
- 81,745 individuals in poverty status

FILIPINO DIASPORA IN AMERICA

- 62% of Fil-Ams are in owner-occupied housing units (289,035)
- 38% are in rental units (176,330)
- 57% live in one unit detached homes, 13% live in 20 or more units structures
- 128,155 homes own 3 vehicles or more
- 169,695 are in homes with 2 vehicles
- 126,000 are in homes with one vehicle
- 41,520 are in homes with no vehicles

FILIPINO DIASPORA IN AMERICA

- Median value of owner-occupied units of Fil-Ams = \$188,000
- 865 families have homes valued over \$1 million
- 229,665 owner-occupied units are with mortgage (91%), median cost of \$1,561
- Median gross rent of Fil-Ams = \$723/mo
 - 19% pay over \$1,000/month
- 465,685 households in the 2000 Census

Issues

- **Lack of Resources**
- **Beneficiaries of Remittances**
 - Investments
 - Rural Banks and Microfinance
- **No Product from Formal Institutions**

Opportunities: Possible Uses for Remittances

Possible Uses

- **Infrastructure**
- **Water Distribution and Sanitation**
- **Rural Electrification**
 - Mini-Hydroelectric Power Plant (Brgy. Upper Bantawon, Hinunangan, Southern Leyte)

Possible Uses

- **Social Infrastructure**
 - **Education: Basic, Nonformal and Vocational**
 - **Health Services**
 - **La Union Medical Center**
- **Local Government Finance and Development**

Possible Uses

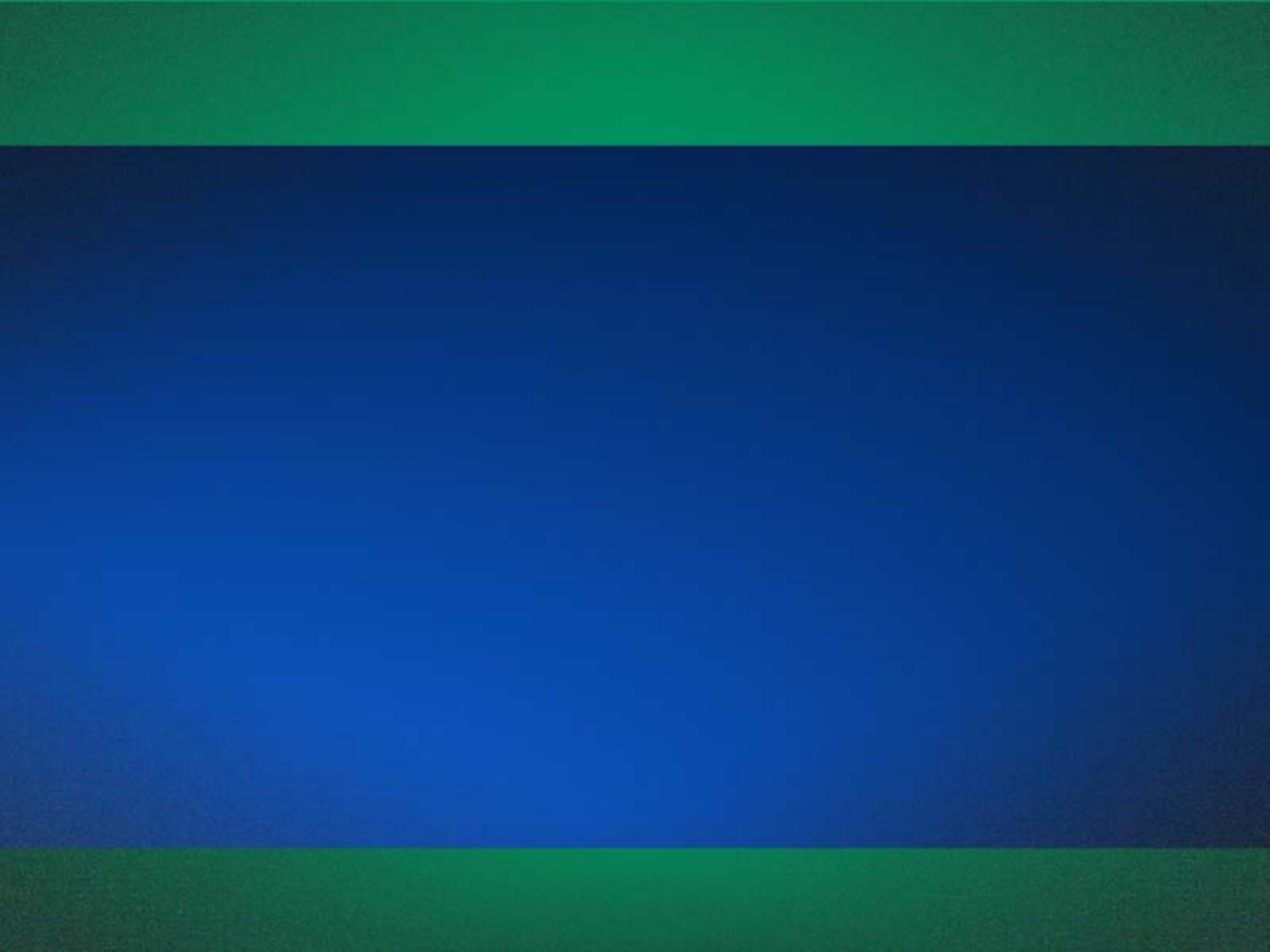
- **Other Replicable Projects**
 - **Ecotourism Development Project (Bohol Province)**
 - **Coastal Zoning Project (Calbayog City, Samar)**
 - **Barangay Agriculture Development Center (Negros Oriental Province)**

Possible Uses

- **Ownership of Rural Banks**
 - **Citizenship Issues**
- **Privatization of Postal Savings Bank**

Introduction

<u>Activity</u>	<u>Cost</u>
Irrigation Project	P 6M - P 140M
Provincial Water Supply Project	P 464 M
Classroom	P400,000
Rehabilitation Programs (ex Pinatubo)	P 40M



Summary

- **Harnessing OF remittances**
- **Conduit organizations serve as the template**
- **Possible uses: Local government projects**

RELEVANCE OF REMITTANCES: 2000

Country	Remittances, millions usd	Remittances as % of exports of goods and services	Remittances as % of official development assistance	Remittances as % of foreign direct investment	Remittances as % of gdp
EGYPT	3,747	24%	282%	232%	4%
GREECE	1,613	5%	...	-159%	1%
INDIA	11,586	18%	779%	494%	3%
PAKISTAN	1,086	11%	155%	233%	2%
PORTUGAL	3,131	9%		-343%	3%
PHILIPPINES	6,050	14%	1047%	285%	8%
TURKEY	4,560	9%	1403%	4071%	2%

Recommendations

- **Financial Literacy Programs**
- **Community Development Projects Database**
- **Centralized Effort to Promote RP Gov't Developmental Projects**

Recommendations

- **Formal Institutions as Financial Intermediaries**
- **Incentives for OF Remittances**
 - **Case: Non-Resident Indian Policy**
- **Investments**

Thank You!

Maraming Salamat Po!