

Chapter 1

Assessment and policy recommendations in the Philippines

Migration's positive contribution to development in the Philippines is well recognised and targeted by policies designed to maximise its benefits. But less clearly understood is: i) how migration affects a variety of key development sectors in the country, including the labour market, agriculture, education, and investment and financial services; and ii) how policies in those sectors can enhance, or undermine, the development impact of migration.

The Interrelations between Public Policies, Migration and Development (IPPM) project in the Philippines was conducted between 2013 and 2016 to explore these links through both quantitative and qualitative analysis. This chapter provides an overview of the project's findings, highlighting the ways in which migration (comprising emigration, remittances and return migration) can boost development, and analysing the sectoral policies in the Philippines that will allow this to happen.

Migration is at the core of economic and social development in the Philippines. Despite steady economic growth, underemployment and unemployment remain high. As a result, 1.8 million overseas Filipino workers (OFWs) left the country in 2014 in search of better employment opportunities. The *Philippine Development Plan 2011-2016* acknowledges migration's positive contribution to the country, while also noting that the scale of emigration of Filipino workers is indicative of the lack of employment opportunities at home (NEDA, 2011). In order to capitalise on the benefits of migration, as well as to minimise its economic, social and human costs, a Sub-Committee on International Migration and Development (SCIMD) was created in 2014 under the country's National Economic and Development Authority (NEDA).

In this context, this report aims to support the country in its goal of maximising the development potential of migration and constructing policies which stem unnecessary cost. The report provides policy makers with empirical evidence of the role played by migration in a range of policy areas that matter for development, as well as the role of non-migration public policies on migration (Box 1.1). This chapter provides an overview of the findings and summarises the main policy recommendations.

Box 1.1. What is the IPPMD project?

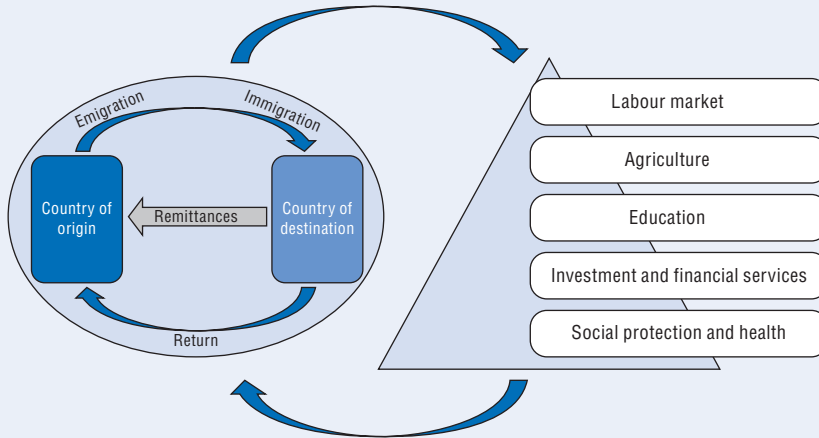
In January 2013, the OECD Development Centre launched a project, co-funded by the EU Thematic Programme on Migration and Asylum, on the **Interrelations between public policies, migration and development: case studies and policy recommendations** (IPPMD). This project – carried out in ten low and middle-income countries between 2013 and 2017 – sought to provide policy makers with evidence of the importance of integrating migration into development strategies and fostering coherence across sectoral policies. A balanced mix of developing countries was chosen to participate in the project: Armenia, Burkina Faso, Cambodia, Costa Rica, Côte d'Ivoire, the Dominican Republic, Georgia, Haiti, Morocco and the Philippines.

While evidence abounds of the impacts – both positive and negative – of migration on development, the reasons why policy makers should integrate migration into development planning still lack empirical foundations. The IPPMD project aimed to fill this knowledge gap by providing reliable evidence not only for the contribution of migration to development, but also for how this contribution can be reinforced through policies in a range of sectors. To do so, the OECD designed a conceptual framework that explores the links between four dimensions of migration (emigration, remittances,

Box 1.1. What is the IPPMD project? (cont.)

return migration and immigration) and five key policy sectors: the labour market, agriculture, education, investment and financial services, and social protection and health (Figure 1.1). The conceptual framework also linked these five sectoral policies to a variety of migration outcomes (Table 1.1).

Figure 1.1. **Migration and sectoral development policies: A two-way relationship**



The methodological framework developed by the OECD Development Centre and the data collected by its local research partners together offer an opportunity to fill significant knowledge gaps surrounding the migration and development nexus. Several aspects in particular make the IPPMD approach unique and important for shedding light on how the two-way relationship between migration and public policies affects development:

- The same survey tools were used in all countries over the same time period (2014-15), allowing for comparisons across countries.
- The surveys covered a variety of migration dimensions and outcomes (Table 1.1), thus providing a comprehensive overview of the migration cycle.
- The project examined a wide set of policy programmes across countries covering the five key sectors.
- Quantitative and qualitative tools were combined to collect a large new body of primary data on the ten partner countries:
 1. A **household survey** covered on average around 2 000 households in each country, both migrant and non-migrant households. Overall, more than 20 500 households, representing about 100 000 individuals, were interviewed for the project.
 2. A **community survey** reached a total of 590 local authorities and community leaders in the communities where the household questionnaire was administered.

Box 1.1. What is the IPPMD project? (cont.)

3. **Qualitative in-depth stakeholder interviews** were held with key stakeholders representing national and local authorities, academia, international organisations, civil society and the private sector. In total, 375 interviews were carried out across the ten countries.
 - The data were analysed using both descriptive and regression techniques. The former identifies broad patterns and correlations between key variables concerning migration and public policies, while the latter deepens the empirical understanding of these interrelations by also controlling for other factors.

Table 1.1. **Migration dimensions and migration outcomes in the IPPMD study**

	Migration dimensions	Migration outcomes
Emigration	Emigration happens when people live outside of their countries of origin for at least three consecutive months. ^a	The decision to emigrate is an important outcome for the countries of origin, not only because it may lead to actual outflows of people in the short term, but also because it may increase the number of emigrants living abroad in the long term.
Remittances	Remittances are international transfers, mostly financial, that emigrants send to those left behind. ^b	The sending and receiving of remittances includes the amount of remittances received and channels used to transfer money, which in turn affect the ability to make long-term investments. The use of remittances is often considered as a priority for policy makers, who would like to orientate remittances towards productive investment.
Return migration	Return migration occurs when international migrants decide to go back to and settle in, temporarily or permanently, their countries of origin.	The decision to return is influenced by various factors including personal preferences towards home countries or circumstances in host countries. Return migration, either temporary or permanent, can be beneficial for countries of origin, especially when it involves highly skilled people. The sustainability of return measures the success of return migration, whether voluntary or forced, for the migrants and their families, but also for the home country.
Immigration	Immigration occurs when individuals born in another country – regardless of their citizenship – stay in a country for at least three months.	The integration of immigrants implies that they have better living conditions and contribute more to the development of their host and, by extension, home countries.

Note: a) Due to the lack of data, the role of diasporas – which often make an active contribution to hometown associations or professional or interest networks – is not analysed in this report.; b) Besides financial transfers, remittances also include social remittances, i.e. the ideas, values and social capital transferred by migrants. Even though social remittances represent an important aspect of the migration-development nexus, they go beyond the scope of this project and are therefore not discussed in this report.

The OECD Development Centre and European Commission hosted a dialogue on tapping the benefits of migration for development through more coherent policies in October 2016 in Paris. The event served as a platform for policy dialogue between policy makers from partner countries, academic experts, civil society and multilateral organisations. It discussed the findings and concrete policies that can help enhance the contribution of migration to the development of both countries of origin and destination. A cross-country comparative report and the ten country reports will be published in 2017.

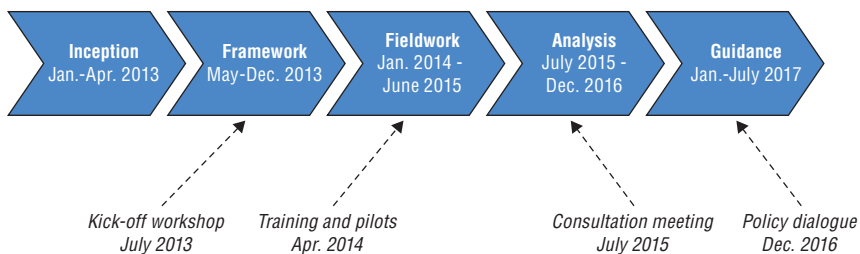
How did the IPPMD project operate in the Philippines?

The IPPMD project was carried out in close collaboration with a government focal point, the Commission on Filipinos Overseas (CFO). Acting as the main link between the OECD and policy makers in the Philippines, the CFO helped the IPPMD team gather information on migration policies and data and played a significant role in organising local events and bilateral meetings with key stakeholders. The IPPMD team also worked closely with a local research institution, the Scalabrini Migration Center (SMC), to ensure the smooth running of the project. SMC helped organise country-level events, contributed to the design of the research strategy in the Philippines, conducted the fieldwork and co-drafted the country report.

The IPPMD project team also organised several local workshops and meetings with support from the Delegation of the EU to the Philippines. The various stakeholders who participated in these workshops and meetings and who were met during the missions to the Philippines played a role in strengthening the network of the project partners and setting the research priorities in the country.

A kick-off workshop organised in July 2013 in Manila launched the project in the Philippines (Figure 1.2). The workshop served as a platform to discuss the focus of the project in the country with national and local policy makers, and representatives of international organisations, employer and employee organisations, civil society organisations and academics. Those present agreed that the project in the Philippines should focus only on emigration and not on immigration. Following lively and diverse discussions, the IPPMD project team decided to focus the analysis on four sectors: i) the labour market; ii) agriculture; iii) education; and iv) investment and financial services.

Figure 1.2. IPPMD Project timeline in the Philippines



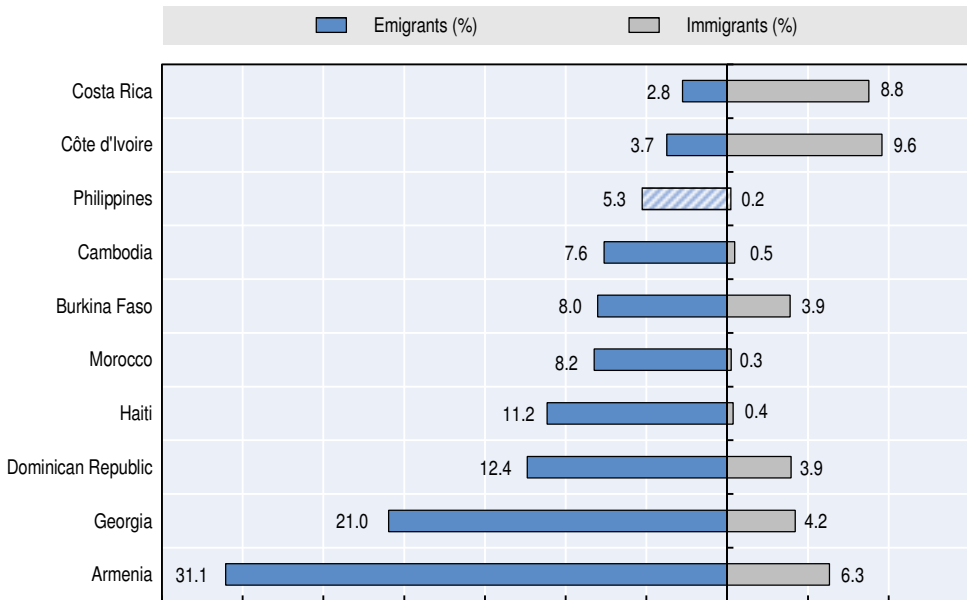
Following a training workshop and pilot tests conducted by the IPPMD project team, the SMC collected quantitative data from 1 999 households and 37 communities and conducted 40 qualitative stakeholder interviews (Chapter 3). The team organised a consultation meeting in July 2015 to present the preliminary findings to relevant stakeholders, including policy makers, academic researchers and civil society organisations in the Philippines. The meeting discussed the different views on and interpretations of the preliminary

results and fed into further analysis at the country level. A policy dialogue in December 2016 shared the highlights of the ten-country comparative study, along with the main findings of the Philippine study and their policy implications. The dialogue coincided with stakeholder consultations and preparations for the *Philippine Development Plan 2017-2022*, the roadmap for national development planning.

Emigration can be a stronger asset for development than it is now

The Philippines is mainly a source country of emigrants. Data from the United Nations Department of Economic and Social Affairs (UN DESA) indicate that there were an estimated 5.3 million Filipino emigrants in 2015, around 5.3% of the Philippines’ total population (UN DESA, 2015). This share is lower than for most of the other IPPMD partner countries (Figure 1.3). However, the Commission on Filipinos Overseas (CFO) estimates the numbers of emigrants to be far higher: as of December 2013, the population of Filipinos overseas stood at 10.2 million, or roughly 10% of the total population. The difference between the two figures is mostly explained by the fact that CFO data also include Filipinos born abroad, who are not technically “migrants”.¹

Figure 1.3. **The Philippines is a country of net emigration**
Emigrant and immigrant stocks as a percentage of the population (2015)



Note: Data come from national censuses, labour force surveys, and population registers.

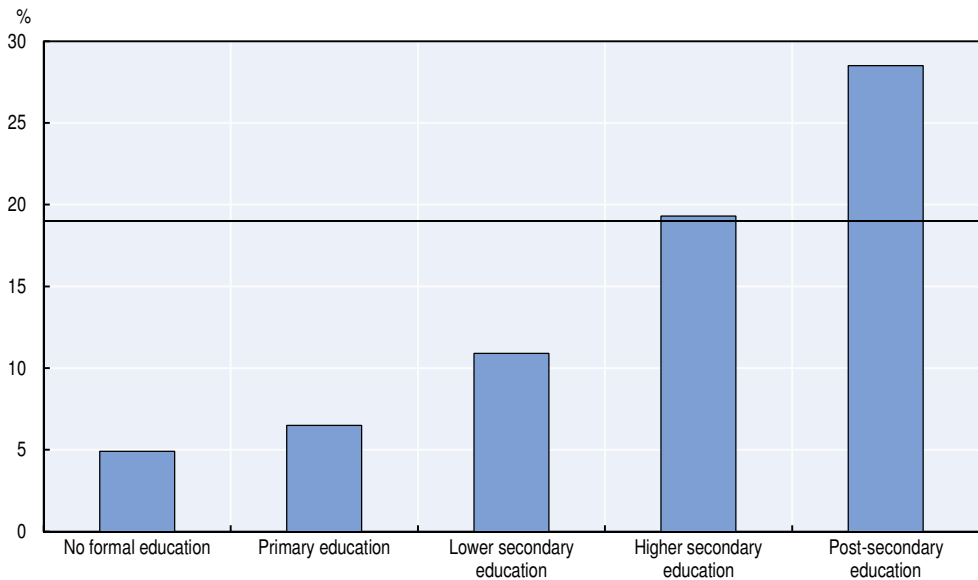
Source: UNDESA (2015), *International Migration Stock: The 2015 Revision* (database), www.un.org/en/development/desa/population/migration/data/estimates2/estimates15.shtml.

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While losing labour to emigration can be detrimental, emigration can revitalise the labour market

How emigration affects a country's human capital stock depends on the education and skills profile of those who leave. Data from the IPPMD Philippines show that intentions to emigrate increase with education level: individuals with post-secondary education are most likely to plan to emigrate (Figure 1.4). They also show that the Philippines is losing more highly-skilled workers than less-skilled to emigration (Chapter 4). More highly educated and skilled individuals are better able to access information, which is an important resource for making migration possible.

Figure 1.4. Highly educated Filipinos are more likely to plan to emigrate
Share of individuals planning to emigrate (%), by education level



Note: To better capture those individuals who have completed post-secondary education, the cut-off age for adults in these estimations is 20 years and above (compared to 15 years in other parts of the report).

Source: Authors' own work based on IPPMD data.

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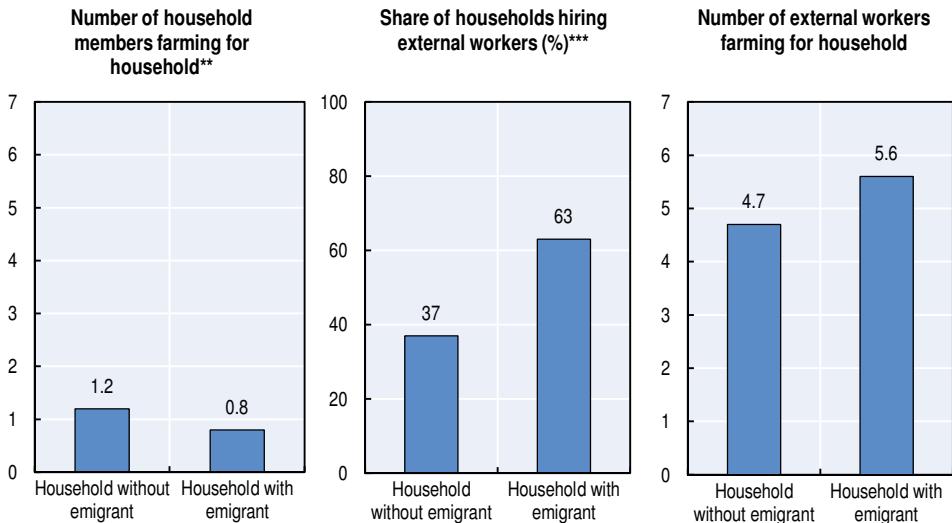
However, the de-skilling of Filipino emigrants is of concern: emigrants predominantly hold less skilled occupations in their new destination countries than the ones they held prior to emigrating. This enduring issue is worrying, in particular for young Filipino migrants who may experience increasingly limited job choices and find themselves trapped in low-skilled employment in their host country (Asis and Battistella, 2013).

Despite the plentiful labour supply in the Philippines, losing labour to emigration – especially the highly educated and skilled – can cause shortages in specific sectors. The IPPMD research found that among the four key sectors (agriculture, construction, education and health), the health sector seems to be the most affected by emigration (Chapter 4). Stakeholder interviews in Manila also noted the health sector has considerable shortages, especially in rural areas. Most people with relevant skills choose to leave to seek better job opportunities, rather than stay in the domestic market.

When a household member (especially those who were working) emigrates, their departure increases the probability that the remaining household members will have to work unless the emigrant sends remittances home. This may be exacerbated in rural areas where more households are working in agriculture and requires more labour than in urban areas. The IPPMD results find that agricultural households with emigrants are more likely to hire workers from outside the household (Figure 1.5), probably to compensate for the loss of labour from the departed member. This may imply that emigration is helping to revitalise the labour market. In the longer term, a significant drop in labour supply caused by emigration can reduce competition for jobs in the labour market, which in turn would tend to decrease unemployment and increase wage levels.

Figure 1.5. **Emigrant households have fewer family workers and are more likely to hire in external labour**

Use of labour in agricultural activities by emigrant and non-emigrant households



Note: Statistical significance calculated using a t-test (1st and 3rd graph) and a chi-squared test (middle graph) is indicated as follows: ***: 99%, **: 95%, *: 90%.

Source: Authors' own work based on IPPMD data.

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How do sectoral policies influence emigration?

Despite the positive opportunities emigration brings to origin countries, its contribution to development is not fully realised. This is either because the households left behind do not have the tools to overcome the negative short-term effects associated with the departure of one or several members of the households, or because the country lacks adequate mechanisms to harness the development potential of emigration. The way policies affect emigration is not always straightforward.

Policies that facilitate job matching and address skills mismatches in the domestic labour market affect emigration

A mismatch between skills demand and supply can be another reason why people emigrate. This can occur when the education and training systems fail to develop the skills required by the labour market. Increasing the quality and provision of vocational training programmes can allow people to gain the skills required to find better jobs in the domestic labour market, thereby reducing the incentive to emigrate. However, if training does not lead to the right job or a higher income, this may increase the incentive to search for jobs abroad. The IPPMD empirical analysis suggests that people are more likely to have plans to emigrate when they receive vocational training (Chapter 4). It may be that the training programmes are not relevant to the domestic labour market. It is also possible that people participate in vocational training programmes specifically to find jobs abroad.

In some cases, the right jobs may be available, but employers and potential employees do not always find each other. Active labour market policies, especially government employment agencies, can facilitate job searches and reduce intentions to emigrate. The Philippine research found that those who found a job via government employment agencies are less likely to have plans to emigrate (14%) than those who did not benefit from such agencies (21%). Individual characteristics partly explain this pattern. Beneficiaries of government employment agencies are more likely than non-beneficiaries to have higher education levels and to hold jobs in the public sector, which are seen as secure occupations (Chapter 4).

Relieving financial constraints can curb emigration

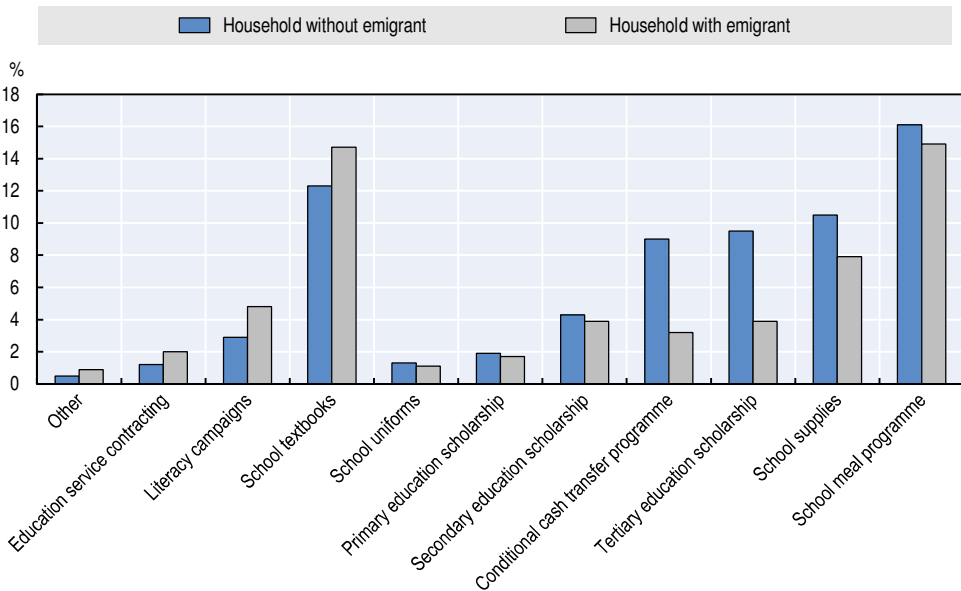
Since most people migrate because they want to improve their living conditions, one would expect that policies that relieve household financial constraints – such as subsidies, cash transfers and other types of financial aid – would help dissuade people from emigrating. Empirical evidence from the IPPMD project in the Philippines finds that households receiving agricultural subsidies are less likely to have an emigrant (Chapter 5). The descriptive

statistics show that the share of households with an emigrant is lower amongst households benefiting from an agricultural subsidy than those not benefiting (11% versus 27%). This lends support to the notion that by boosting household income, agricultural subsidies may help curb emigration.

Cash-based education programmes – such as conditional cash transfer (CCTs) programmes and scholarships for tertiary education – also appear to reduce emigration in the Philippines (Chapter 6). Households benefitting from these programmes are less likely to have emigrants (Figure 1.6). Regression analysis also shows that households benefitting from cash-based programmes are less likely to have had a household member emigrate in the past five years (Chapter 6). This suggests that such programmes lower the need for households to emigrate in order to finance their children's education through remittances. In addition, the conditions attached to these programmes may act as barriers to emigration by raising the costs involved. However, as emigrant households tend to be wealthier, while CCT programmes in the Philippines are directed towards poor households, establishing causality is complicated and these results need to be interpreted with some caution.

Figure 1.6. Households benefitting from cash-based education programmes are less likely to have emigrants

Share of households benefiting from education policies in the past five years, by migration experience



Note: The sample includes households with children aged 6-20 years old. Households with emigrants include households which had a member emigrating abroad in the five years prior to the study. Details of the various programmes are given in Chapter 6.

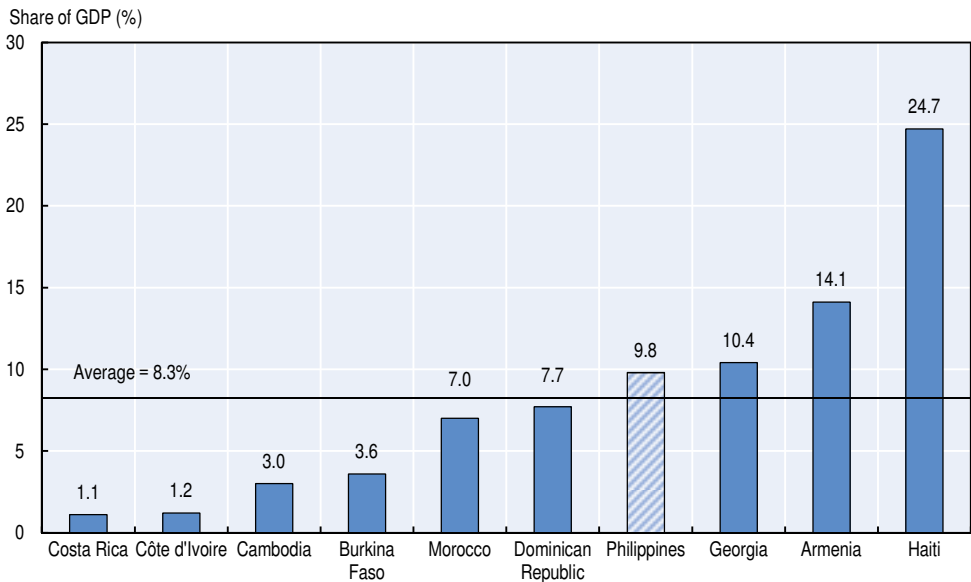
Source: Authors' own work based on IPPMD data.

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Remittances could be better capitalised for the development of the Philippines with the right policies

Remittances make a significant and increasing contribution to the Philippines' economy, accounting for 10% of the country's gross domestic product (GDP), slightly above the IPPMD partner country average (Figure 1.7). The country has seen improvements in the remittance-sending environment through, for example, the development of new technology and increased competition among service providers leading to a greater diversity of non-bank financial institutions such as cooperatives and microfinance institutions. As a result, remittance transfer costs have fallen, service delivery speed has increased (especially thanks to technology), rural banks have been allowed to operate a foreign currency deposit, and financial services have expanded for remitters and beneficiaries (Chapter 2).

Figure 1.7. **Remittances represent 10% of the Philippines' GDP**
Remittances as a share of GDP, 2015



Source: World Bank, Annual remittances data (inflows), World Bank Migration and Remittances Data www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data.

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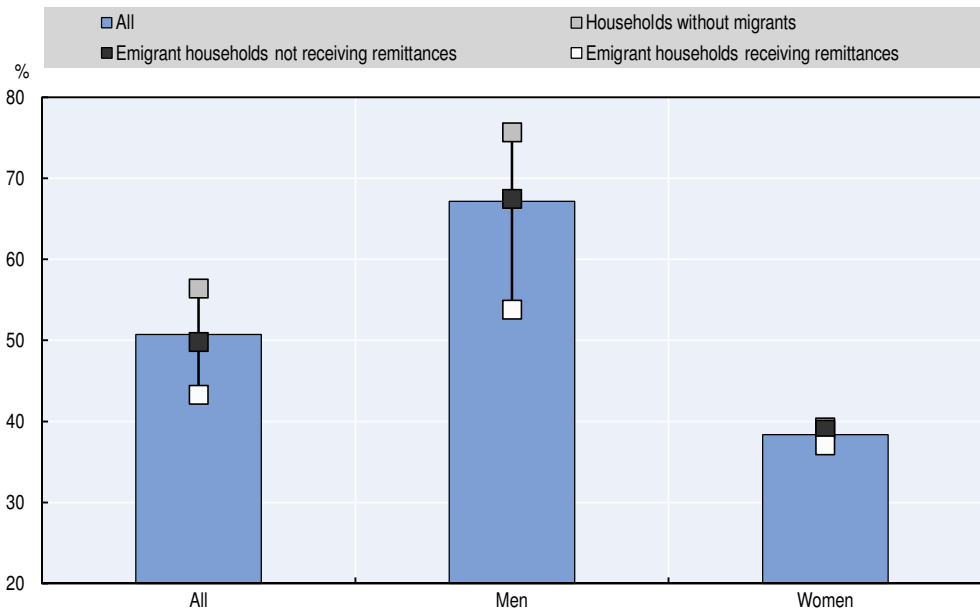
Remittances are spent more on human capital than on other productive investments

The large inflows of remittances to the Philippines contribute to domestic consumption, but are also used to finance investments in productive assets such as businesses and real-estate. Receiving remittances may, however, also negatively affect labour supply by increasing the reservation wage of remaining household members.

Remittances reduce household labour supply and increase the probability of having higher skilled jobs for women

What is the effect of these large inflows of remittances on the Philippines? Firstly, the IPPMD research suggests that remittances reduce household labour supply by generating some level of dependence among household members by removing the need for household members to seek work. Figure 1.8 shows that remittance-receiving households have the lowest share of working adults. Gender patterns differ, however. Regression analysis confirms that women have a lower propensity to be working when they receive remittances and live in urban areas (Chapter 4). Remittances more easily substitute wages for women than for men in urban settings as women's salaries tend to be lower than men's and there is no longer an incentive to seek paid employment.

Figure 1.8. Households receiving remittances have fewer working members
Share of household member aged 15-64 who are working (%)



Note: The sample excludes households with return migrants only.

Source: Authors' own work based on IPPMD data.

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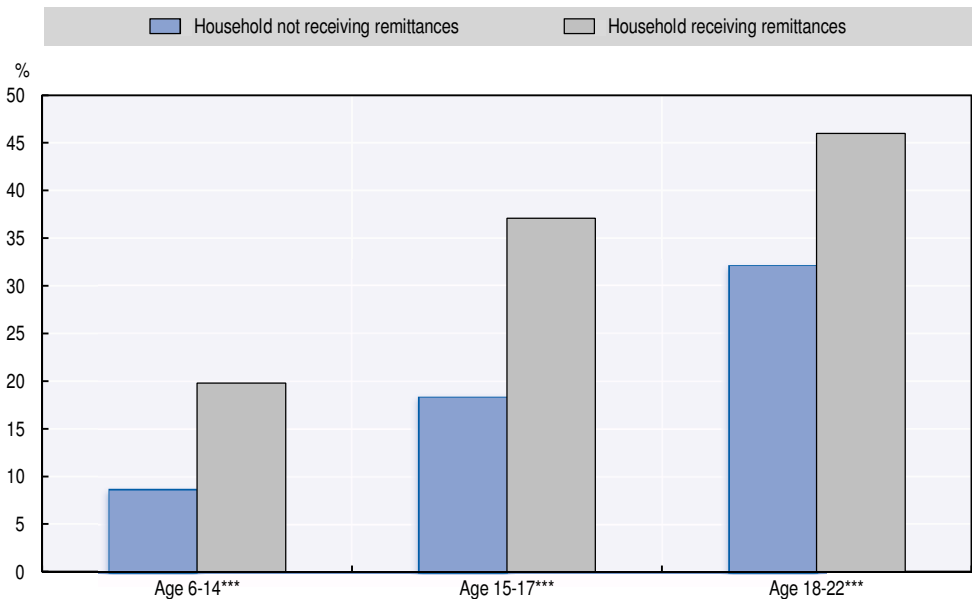
On the other hand, remittances increase the probability of women having more highly skilled jobs. Female members of households that receive remittances are found to have occupations which require more complex skills levels (Chapter 4). Remittances may have provided women with the resources needed to obtain better employment, such as a better education. On the other hand, higher paid jobs may have allowed other members to emigrate.

Remittance-receiving households are spending more on education, but not on other productive investments

Remittances offer the financial means to allow households to invest in educating their children. Remittance-receiving households in the Philippines spend a higher share of their budget on average on education-related expenditures than non-migrant households (7.7% versus 5.5%). For example, children and youth living in households that receive remittances are more likely to attend private schools than those in households not receiving remittances (Figure 1.9). This indicates that income obtained from migration and remittances may partly be directed towards private schooling, which is increasing in popularity and perceived to offer a better education.

Figure 1.9. **Remittance-receiving households are more likely to send their children to private schools**

Share of students attending private education (%)



Note: Statistical significance calculated using a chi-square test is indicated as follows: ***.99%, **.95%, *.90%. Remittances include all remittances, from former household members and individuals (family and friends) that have never been part of the household.

Source: Authors' own work based on IPPMD data.

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Remittances can also allow households to invest in areas other than education. The most common activity stated by the households after the departure of a former member is paying for the education of family members. Other significant activities include repaying loans, building or buying a house, and paying for the medical care of a member.

The use of remittances for productive investments, however, appears to be limited in the Philippines (Chapter 7). Households receiving remittances – regardless of whether they are urban or rural – are not more likely to own a business than non-remittance receiving households. Furthermore, no link between migration and self-employment was found. Comparing agricultural households that are receiving remittances with those not receiving remittances reveals little difference in investments in agricultural productive assets or in specialising or diversifying farming activities (Chapter 5).

How do sectoral policies influence remittances?

Sectoral policies can indirectly influence the behaviour of remittance recipients, and help leverage remittances for development by relieving financial constraints and improving market access and functioning. However, these policies may have a lower impact than migration policies or have unintentional side-effects because they have broader objectives than just remittances.

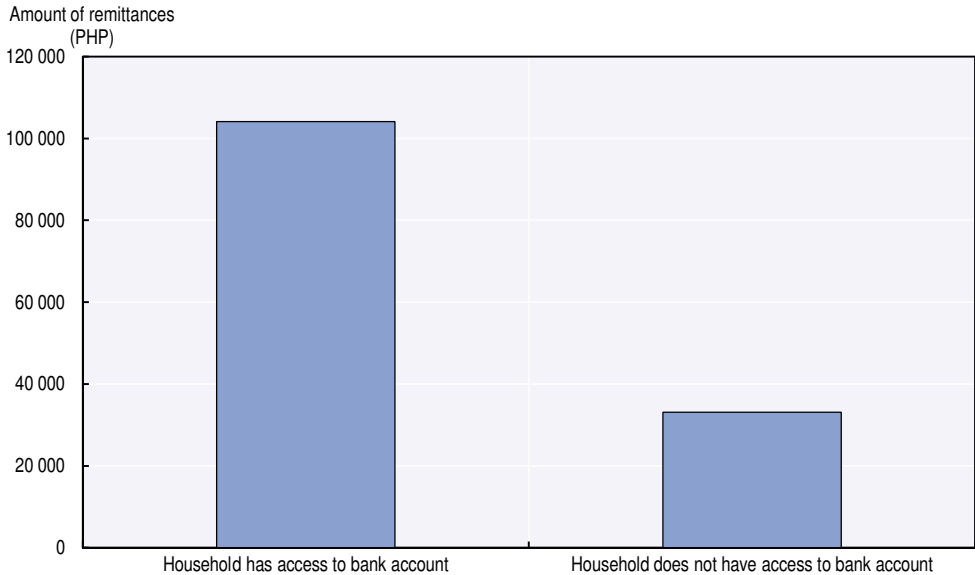
Households are less likely to receive remittances when financial constraints are relieved

By relieving households' financial constraints, cash-based education programmes can influence the receipt of remittances. These programmes may also affect the use of remittances by, for example, redirecting more remittances into investments in business and real estate when basic education costs are covered. Households in the Philippines benefitting from conditional cash transfers (CCTs) are found to be less likely to have received remittances. This finding is however likely explained by households receiving CCTs being less likely to have an emigrant in the first place.

Access to a bank translates into higher levels of remittances sent through formal channels

The financial sector plays a crucial role in allowing remittances to be invested productively, thereby enhancing their development impact. Policies that make the financial sector accessible to more people can encourage remittances to be sent through the formal financial system, which is more secure for senders and receivers, which could encourage migrants to send more remittances, but often implies a higher cost. Figure 1.10 compares the total amount of remittances received by households with and without bank accounts in the past 12 months. This indicates that households with bank accounts receive on average more remittances. The inflow of remittances into the formal financial sector can also generate multiplier effects in the economy by boosting local demand, which in turn stimulates local production and promotes job creation, and increases the capital available for credit (Chapter 7).

Figure 1.10. **Households with bank accounts receive on average three times more remittances than households without**



Note: Remittance amounts specified in Philippine Pesos (PHP). Households with bank account received on average PHP 104 114 (about USD 2 387) in the past 12 months prior to the survey, compared to households without a bank account who received PHP 33 136 (about USD 760).

Source: Authors' own work based on IPPMD data.

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Return migration is an underexploited resource

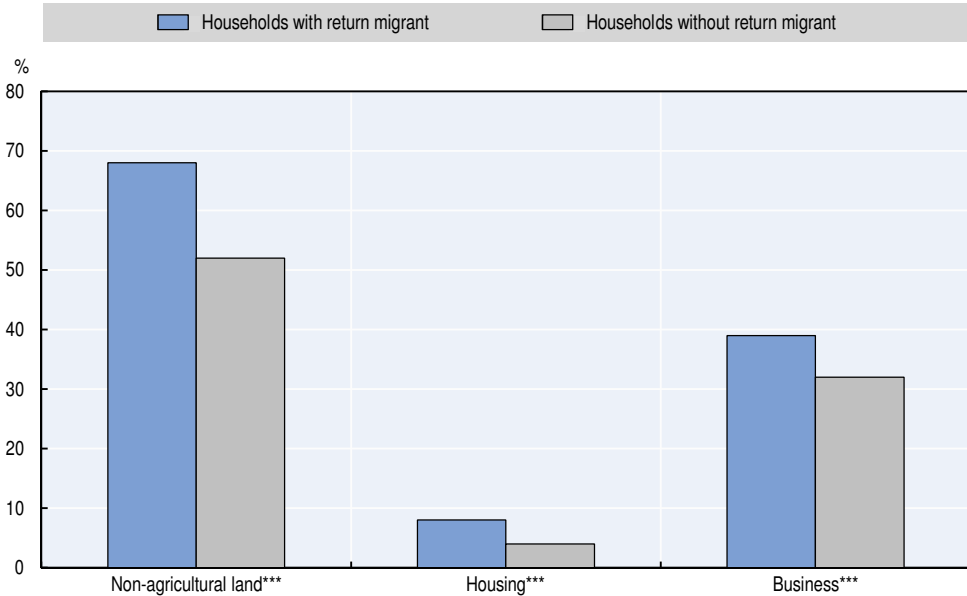
Many labour migrants from the Philippines are temporary, so their return to and reintegration into the Philippines are important aspects in the link between migration and development. The human capital, financial means and social norms brought home by return migrants constitute an important source for development. However, these links are poorly researched. The IPPMD study constitutes one of the first attempts to measure and analyse return migration in the Philippines.

Return migrants invest financial capital in business start-ups and self-employment but do little to human capital development in the Philippines

The analysis found a significant increase in self-employment among return migrants compared to their previous employment status before emigration. Overall, only 13% of the returnees were self-employed before leaving, whereas 27% were after their return. Furthermore, 38% of households with a return migrant run a business, compared to 30% of households without return migrants (Figure 1.11). Return migrants also appear to invest savings in productive assets, as return migrant

households are more likely to own non-agricultural land. In addition, agricultural households with return migrants are more likely to operate a non-agricultural business than those without return migrants, suggesting that return migrants help agricultural households diversify their economic activities (Chapter 5).

Figure 1.11. **Households with a return migrant are more likely to own a business and real estate**



Note: Business ownership is defined as a household running at least one business. Statistical significance calculated using a chi-squared test is indicated as follows: ***.99%, **.95%, *.90%.

Source: Authors' own work based on IPPMD data.

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Return migrants can bring new skills and knowledge back home, which can contribute to human capital accumulation in the origin country. However, this effect appears to be limited in the IPPMD study of the Philippines. While Filipino emigrants are relatively well educated, few had acquired more education abroad – and this is especially the case for those who return. Furthermore, if return migrants were overqualified for their jobs in their host countries (as suggested above), they are unlikely to learn new skills. This suggests that the scope is limited for return migration to compensate for the loss of highly educated and skilled people.

Sectoral policies can play a role in attracting migrants home and supporting them to stay

Understanding why migrants decide to return home is essential for understanding its impact on the country. According to the IPPMD household survey (Chapter 3), most migrants returned to the Philippines either because

of their preference for the home country (38%) or because they lacked legal status in the destination country (34%). Only a minority considered employment and investment opportunities in the Philippines as a motive for return. About 70% of return migrants reported experiencing difficulties finding a job in the Philippines on their return. It may mean that self-employment or business creation are their only options, which suggests a role for labour market policies.

Household vulnerability is a key push factor for migration. If these vulnerabilities are not addressed, migrants are unlikely to want to return home. Not only can policies that reduce risk provide more incentives for emigrants to return, they can also help make their return sustainable (OECD, 2017). Economic and political stability in the home country also makes return migration more attractive. More stable countries may have more resources to spend on public social welfare, for example.

A more coherent policy agenda can unlock the development potential of migration

The report confirms that each of the various dimensions of migration – emigration, remittances and return migration – has something to offer the Philippines’ economic and social development, but that this potential is not being fully realised. Understanding the intentional or unintentional role of sectoral policies – especially those governing the labour market, agriculture, education and investment and financial services – in people’s decisions to emigrate or return home and in how they send and use remittances will be a step forward in fulfilling this potential.

While the Philippines does have a wide range of migration-specific policies, including migration-related provisions in the two most recent *Philippine Development Plans*, not all departments are actively involved in the discussions and not all sectoral strategies are fully considering development potential of migration. This implies that, to harness the development impact of migration, the country requires a coherent policy framework.

This final section provides policy recommendations for each sector studied in the Philippines. A synthesis of policy recommendations stemming from the ten-country study is available in the IPPMD comparative report (OECD, 2017).

Integrate migration and development into labour market policies

The Philippine labour market is losing highly skilled workers to emigration, especially from the health sector, which faces labour shortages especially in rural areas. Better employment opportunities and higher wages in other countries are attracting a large number of people with the relevant skills. To

stem these losses, better skills-matching mechanisms are needed, as well as the creation of quality jobs:

- Vocational training programmes can be better targeted to match demand with supply by mapping the shortages in the domestic labour market, especially at the local government level, and strengthening co-ordination mechanisms with the private sector. They can also aim to foster the reintegration of return migrants into the labour market.
- The government could consider expanding the coverage of the Public Employment Service Office's (PESO) portal to include more domestic jobs. Strengthening PESOs' technological capacity will allow it to reach more people in the provinces and local communities, as well as emigrants abroad and return migrants at home.
- Building closer connections between the employment agencies and the private sector will be important.

Leverage migration for development in the agricultural sector

The role of agriculture in the Philippines is shrinking, at least in terms of GDP. Several interviews revealed that the agricultural sector is seen as moribund with little interest or growth potential, which means that there is a role for the government to play in changing such attitudes. Investment and productivity improvements in the sector are paramount. Although emigration is helping to revitalise the sector's labour market because farming households tend to hire in external labour, few households invest their remittances in the sector. Instead, migrants returning to agricultural households appear to be catalysts for diversifying out of agriculture. On the other hand, agricultural subsidies may be effective in reducing households' need to emigrate.

- Adequate labour market institutions, such as job search centres, training programmes and contract enforcement mechanisms should be put in place in rural areas to ensure that agricultural households can easily replace labour lost to emigration, and to facilitate and accelerate the task of hiring labour in times of peak demand. Farming households in areas of high emigration should also be targeted with agricultural technical support (e.g. for the use of new resistant crops, fertiliser, irrigation techniques) to help deal with the loss of labour, as well as a possible channel for investing remittances.
- More should be done to channel remittances and return migration towards investment in the agricultural sector, such as improving basic infrastructure, training households on new techniques and investment skills and creating incentive programmes. Policy makers should help households and return migrants use their remittances to diversify their activities – both within and outside the sector – through incentives and training.
- Agricultural aid programmes, such as subsidies, should be provided ex-post, conditional on output and investment in the country. This will help to ensure that they continue to deter emigration as well as encourage more investment in the sector.

Enhance migration-led development by facilitating investment in education

Education is a key area for investing the remittances and savings earned overseas by migrants. The remittance-led increase in demand for education in general and private education in particular may put pressure on the education system and calls for measures to ensure universal access to quality education. Furthermore, the findings indicate that cash-based education programmes, specifically conditional cash transfer programmes and scholarships, may reduce the incidence of emigration.

- The increased demand for educational services from remittance inflows should be met with investments in educational infrastructure, especially in teachers and building classrooms, to ensure universal access to education.
- The use of remittances to finance private education calls for measures to monitor and verify the quality of private education institutions, including strengthening the accreditation process.
- Collecting migration and remittance information in the design and evaluation of cash-based education programmes would allow policy makers to better understand the effects of such programmes on emigration patterns.

Strengthen the links between migration, investment, financial services and development

The IPPMD findings show that return migration seems to spur business investments while remittances do not. The findings also show that financial inclusion can encourage more remittances to be sent through formal channels. Despite various initiatives promoting financial literacy, the IPPMD study shows that few households participated in these programmes in the past five years. This is a missed opportunity to enhance productive investments stemming from migration and remittances. Policies to promote entrepreneurship – providing support for the various phases of developing, starting and managing a business – should help migrants and their families to overcome investment barriers and stimulate more productive remittance investments.

- A national programme to enhance the financial literacy of Filipinos in general and migrants and their families in particular could also encourage more remittances to be invested productively. Including financial education in the high school curriculum would reach an even broader population. The expansion of financial literacy programmes could be coupled with the development of financial instruments tailored to the needs and the resources of remittance-receivers and return migrants.
- To stimulate more formally sent remittances, policy makers should aim to reduce the number of Filipinos who are unbanked by expanding the presence of financial institutions and delivering financial services beyond more developed and urbanised areas.

Note

1. The different estimates produced by UN DESA and CFO also stem from their different methodologies and data sources (further details in Chapter 2).

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