Migration and Health
Migration as an Enabler for Inclusive Social Development

Sonia Plaza

Migration and Remittances – KNOMAD;
PREM Economic Policy Department World Bank
GFMD Thematic Meeting
November 20, 2013
Outline

1. Migration and Health: Channels
   • Income and Remittance Effects
   • Household Composition and Decision Making
   • Insurance and consumption smoothing effects
   • Improved knowledge of health and care practices
   • Brain drain or brain gain?

2. Policy recommendations
Remittances to developing countries to reach $414 bn in 2013

Source: Development Prospects Group, World Bank
Top remittance recipients in 2013

$ billion, 2013e

as % of GDP, 2012
Remittances Reduce Poverty in SSA

(Adams & Page 2003; Anyanwü & Erhijakpor 2010)

- 10% increase in the share of international migrants in a country's population will lead to a 1.9% (1.6%) decline in the share of people living in poverty
- Reduce severity of poverty in Africa
- 10% increase in international remittances as a share of GDP leads to a 2.9% decline in the poverty headcount
Remittances help reduce poverty

Migration and Health: Channels

- Income and remittance effects
- Household composition and decision making
- Insurance and consumption smoothing effects
- Improved knowledge of health care practices
- Brain drain or brain gain?
Income and Remittances Effect: Most positive effect

- Remittances are spent to finance health care expenditure
  - 10% of changes in remittances are devoted to health expenditure in Mexico (Valero-Gil 2008)

- Remittance receiving households spend a larger budget share on food and health expenditures in South Africa (Nagarajan 2009)
  - Remittance receivers spend 2.4 percentage points more on health care than non-receivers
  - Remittances enable poorer households to access better quality medical care
Investment in human and physical capital is boosted by migration and remittances.

Percent of remittances from outside Africa

Kenya: 19\% housing, 30\% food, 51\% other uses
Nigeria: 27\% housing, 37\% food, 35\% other uses
Uganda: 24\% housing, 43\% food, 33\% other uses
Burkina Faso: 27\% housing, 47\% food, 26\% other uses
Senegal: 19\% housing, 67\% food, 14\% other uses

*Uganda excludes unspecified use of remittances (2/5\textsuperscript{th} of total remittances)

Source: Africa migration project household surveys; GLSS 2005-06
## Use of remittances by recipient households

<table>
<thead>
<tr>
<th>Use</th>
<th>Burkina Faso</th>
<th></th>
<th>Kenya</th>
<th></th>
<th>Nigeria</th>
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<tr>
<td></td>
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<td>Domestic</td>
<td>Outside Africa</td>
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<td>2.4</td>
<td>3.9</td>
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<td>13.0</td>
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<td>3.1</td>
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<td>0.0</td>
<td>0.1</td>
<td>1.3</td>
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<td>16.3</td>
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<td>6.6</td>
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## Use of remittances by recipient households,

<table>
<thead>
<tr>
<th>Use</th>
<th>Senegal</th>
<th>Uganda</th>
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<tr>
<td></td>
<td>Outside Africa</td>
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<tr>
<td>Construction - new house</td>
<td>7.0</td>
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<tr>
<td>Food</td>
<td>52.6</td>
<td>72.6</td>
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<td>Education</td>
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<tr>
<td>Clothing</td>
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<td>Marriage/funeral</td>
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<td>2.4</td>
</tr>
<tr>
<td>Rent (house, land)</td>
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<td>4.2</td>
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</tr>
<tr>
<td>Cars/trucks</td>
<td>0.2</td>
<td>0.0</td>
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<tr>
<td>Recreation/sport</td>
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<tr>
<td>Improvement of farma</td>
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<td>..</td>
<td>..</td>
</tr>
<tr>
<td>Other</td>
<td>13.5</td>
<td>8.3</td>
</tr>
</tbody>
</table>
Income and Remittances Effect: Family Left Behind (1)

Children

Migration is associated with:

- Better nutritional outcomes in children (Ecuador, Tajikistan, Guatemala, Tonga)
- Higher growth: weight-for-height; height-for age (Tonga, Nicaragua)
- Better access to treatment for fever and diarrhea (Drabo & Ebek, 2010)
- Lower child mortality; higher birth weights
## Remittances and Health Outcomes

<table>
<thead>
<tr>
<th>Country</th>
<th>Guatemala</th>
<th>Guatemala</th>
<th>Nicaragua</th>
<th>Nicaragua</th>
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<tr>
<td>Dependent Variable</td>
<td>Weight-for-Age Z-Score</td>
<td>Height-for-Age Z-Score</td>
<td>Weight-for-Age Z-Score</td>
<td>Height-for-Age Z-Score</td>
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<tr>
<td>2\textsuperscript{nd} Income Quintile</td>
<td>0.117**</td>
<td>0.141**</td>
<td>0.154**</td>
<td>0.230**</td>
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<tr>
<td>3\textsuperscript{rd} Income Quintile</td>
<td>0.233***</td>
<td>0.385**</td>
<td>0.077</td>
<td>0.327***</td>
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<td>4\textsuperscript{th} Income Quintile</td>
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<td>0.479**</td>
<td>0.263**</td>
<td>0.594***</td>
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<td>5\textsuperscript{th} Income Quintile</td>
<td>0.594***</td>
<td>0.686**</td>
<td>0.352**</td>
<td>0.594***</td>
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<tr>
<td>Remittances</td>
<td>0.211**</td>
<td>0.213</td>
<td>0.306</td>
<td>0.289</td>
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</tbody>
</table>

Source: Acosta, Fajnzylber and Lopez (2007)
Income and Remittances Effect: Family Left Behind (2)

Spouses

- Migration is associated with labor market participation

Aging Parents Health:

- positive in Indonesia, Moldova (improvements in diet and allocation of time); negative in Mexico (most likely to suffer heart attack and strokes)
Household Composition and decision making

- Female headed households spend more on higher quality food, education and health.
- Lower child labor which improves human capital outcomes.
Insurance and consumption smoothing effects

- Relaxed liquidity constraint due to remittances helps in smoothing consumption
- Mitigation of risk by increasing income levels and diversifying income sources (home and host country)
- Migrant households are self-insured against food shocks
- Use remittances in case of health emergencies
Improved knowledge of health and care practices

- Better education of parents (especially mothers) would have positive effect on health of children.

- Mexican mothers in migrant households have better health knowledge: 3-4.5% lower infant mortality (Hildebrandt & McKenzie, 2005).

- Temporary migrants or when they go back home bring new knowledge, medicines and practices.

- Diaspora transfer knowledge on latest medical developments.
High Skilled Migration
Brain drain or Brain gain?
High-skilled migration is larger in low-income countries

Solution: train more people; leverage the diasporas
High-skilled emigration (of tertiary educated) from Small States

Emigration rate of tertiary-educated population

What is the solution?

- Take away passports?
- Punish the recruiters?
- Pay higher salaries back at home?
- Make migrants pay for their education?
- Make migrants feel guilty?

Treat the symptom or cure the disease?
Treat the symptom or the disease?

Look into:

- Education policies
- Health Sector policies
- Labor market policies
Education Policies Initiatives: Mixed results

– Ex post Service requirements
– Differential Tuition regimes – who pays for education?
– Bhagwati taxes on migrants?
– Return migration
Findings

Cost of education of professionals outweighed by remittances

Supply of skill has to be matched to global and local demand -, not quotas

Policy interventions:
- Train more doctors and nurses
- Foreign hospitals open training centers
- improve working conditions; increase R&D spending
New Idea: Diaspora bonds for funding medical training

50 diaspora students, attrition rate 10 1st yr, 5 afterward

Tuition $30K per year, for 4 years;

25 local students trained free

Revenue per year: $4.65 mn
Cost of training: $2.32 mn
Cash flow: $2.33 mn

At 5% coupon this could support $20 million raised by issuing a 10-year bond

Source: Ketkar and Ratha (2011)
Remittances reduce poverty (HHS evidence)

Remittances finance health expenditures

Migration of skilled people can generate complex effects, but in the end, labor market solutions have to be found

But ethical recruitment policies may be ineffective, and unethical

Migration should not be viewed as a substitute for development at home but integral to globalization
Policy recommendations

- Improve data, especially high-frequency data
- Reduce remittance costs and develop remittance-linked micro-saving and micro-insurance
- Reduce migration costs, especially recruitment costs
- Promote microinsurance and medical programs for the poor people
- Train more doctors and nurses
What can be done?

A. Policies in receiving countries

B. Policies in sending countries
Policies in receiving countries

1. Regulation of Recruitment Agencies
2. Remittances Cost Reduction
3. Transferability of pension and health care benefits
4. Access to Health Services
5. Mutual Recognition of Skills
6. Avoid Ethical Recruitment
II. Policies in Sending Countries

1. Limiting the Costs of Migration
2. Providing portability of pension funds and health care
3. Facilitating Remittances Flows
4. Mobilizing the diaspora
Global Knowledge Partnership on Migration and Development

Thank you

www.knomad.org
Website:
http://www.worldbank.org/migration

Blog:
http://peoplemove.worldbank.org

Thank you!
Protecting Migrants: Welfare funds

- Bangladesh, Pakistan, Philippines, Sri Lanka, Thailand and India

- Services to migrants:
  - pre-departure orientation seminars, loans,
  - emergency repatriation
  - life and medical insurance
  - reintegration assistance
Migrant Welfare Funds

Management:
- Pakistan: the Overseas Pakistanis Foundation
- Philippines: a special government agency within the Department of Labor and Employment.

Funding Sources:
- employers
- recruitment agencies
- migrant workers
- sending government
Case of Philippines

The Overseas Workers Welfare Administration (OWWA), an attached agency of the Department of Labor and Employment (DOLE), is the lead government agency tasked to protect and promote the welfare and well-being of Overseas Filipino Workers (OFWs) and their dependents.

A "Welfare and Training Fund For Overseas Workers" was created on 01 May 1997 in the Department of Labor.
Continuation: Case of Philippines

- Objectives of the Welfare and Training Fund:
  Provide social and welfare services to Overseas Filipino Workers (OFW), including insurance, social work assistance, legal assistance, cultural services, and remittance services

- Fund Source OWWA fund: single trust fund pooled from the US$25.00 membership contributions of foreign employers, land-based and sea-based workers, investment and interest income, and income from other sources
Are the poorest household excluded from remittances?
Percent of Households Receiving Remittances in Each Income Quintile

**Mexico**: 
- Q1: 60
- Q2: 20
- Q3: 10
- Q4: 5
- Q5: 1

**Guatemala**: 
- Q1: 35
- Q2: 25
- Q3: 30
- Q4: 10
- Q5: 5

**Haiti**: 
- Q1: 25
- Q2: 20
- Q3: 15
- Q4: 10
- Q5: 5

**Nicaragua**: 
- Q1: 10
- Q2: 15
- Q3: 20
- Q4: 15
- Q5: 5

Source: Acosta, Fajnzylber and Lopez (2007)
Percent of Households Receiving Remittances in Each Income Quintile
Percent of Households Receiving Remittances in Each Income Quintile

Ethiopia

Percent of Total Remittance Recipients (%)

Quintiles of Income Distribution

Q1  Q2  Q3  Q4  Q5
Percent of Households Receiving Remittances in Each Income Quintile

Kenya

Percent of Total Remittance Recipients (%)

Quintiles of Income Distribution

Q1  Q2  Q3  Q4  Q5
Impact of Remittances Varies by Country, and by Recipients’ Income

<table>
<thead>
<tr>
<th>Country</th>
<th>Guatemala</th>
<th>Nicaragua</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Weight-for-Age Z-Score</td>
<td>Height-for-Age Z-Score</td>
<td>Received All Vaccines</td>
<td>Child Delivered by Doctor</td>
</tr>
<tr>
<td>2nd Income Quintile</td>
<td>0.117**</td>
<td>0.141**</td>
<td>0.011</td>
<td>0.006</td>
</tr>
<tr>
<td></td>
<td>(0.058)</td>
<td>(0.060)</td>
<td>(0.011)</td>
<td>(0.015)</td>
</tr>
<tr>
<td>3rd Income Quintile</td>
<td>0.233***</td>
<td>0.385**</td>
<td>0.016</td>
<td>0.054***</td>
</tr>
<tr>
<td></td>
<td>(0.060)</td>
<td>(0.067)</td>
<td>(0.013)</td>
<td>(0.025)</td>
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<tr>
<td>4th Income Quintile</td>
<td>0.325***</td>
<td>0.479**</td>
<td>0.010</td>
<td>0.023</td>
</tr>
<tr>
<td></td>
<td>(0.073)</td>
<td>(0.076)</td>
<td>(0.016)</td>
<td>(0.023)</td>
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<tr>
<td>5th Income Quintile</td>
<td>0.594***</td>
<td>0.686**</td>
<td>0.026</td>
<td>0.013</td>
</tr>
<tr>
<td></td>
<td>(0.091)</td>
<td>(0.098)</td>
<td>(0.018)</td>
<td>(0.025)</td>
</tr>
</tbody>
</table>

Notes: *** Significant at 1% level. ** Significant at 5% level. * Significant at 10% level.

Source: Acosta, Fajnzylber and Lopez (2007)