

Microfinance, Remittances and Gender in Migration and Development

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Migration and Development

Theme: Converging Initiatives and Best Practices in harnessing Migrants
Philanthropy, Investments and Remittances for Local Economic Development

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Development Academy of the Philippines, Tagaytay City, Philippines



Introduction

Objectives:

- Definitions/understand concepts: microfinance, remittances, gender, migration and development
- Current situation
- Potential Tools for Poverty Reduction/Application of Strategies



What is Microfinance?

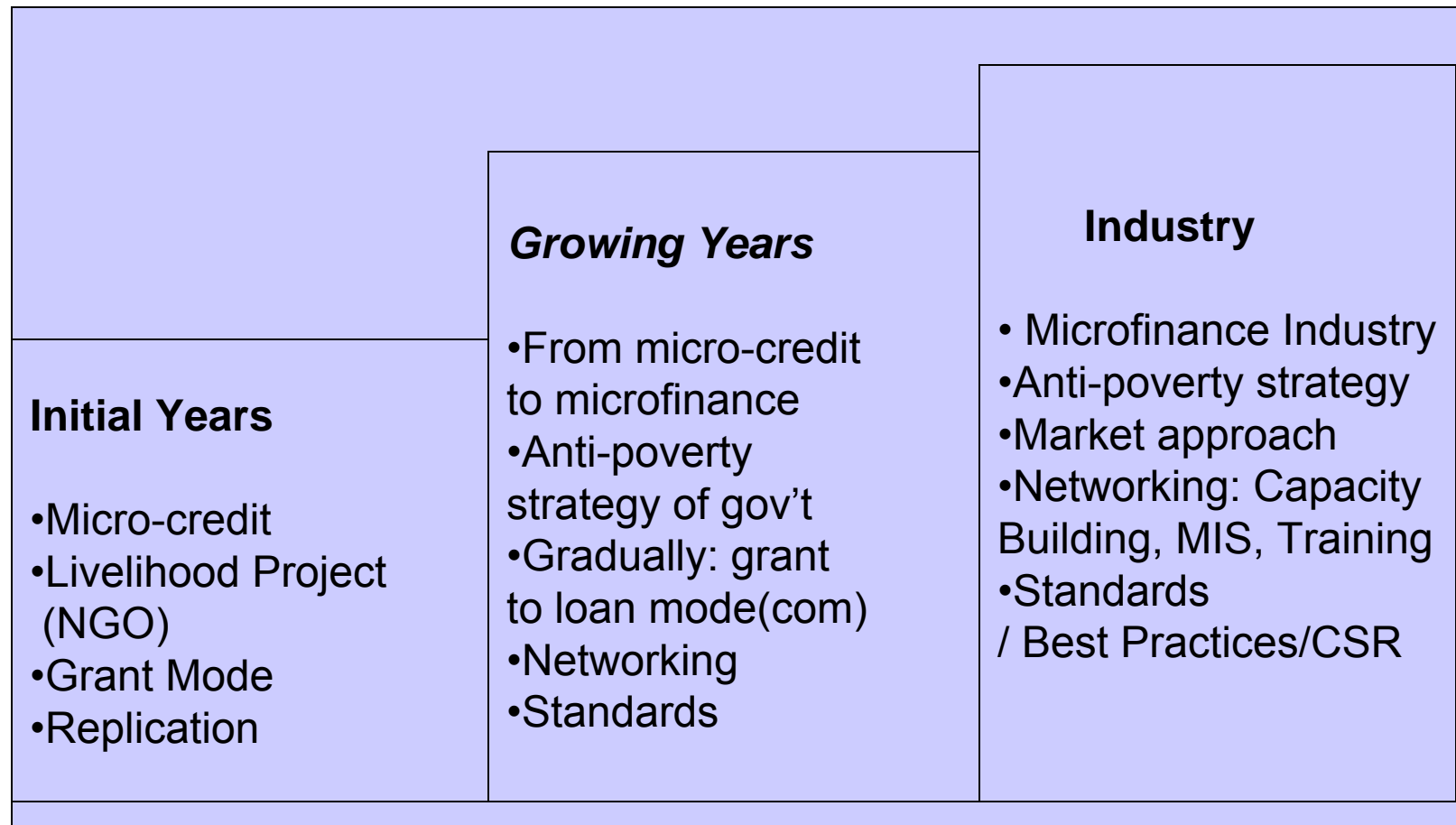
- Delivery of financial services to entrepreneur poor: credit, savings, micro-insurance
- Powerful poverty-reducing instrument
- Market approach to credit
- Rights-based approach



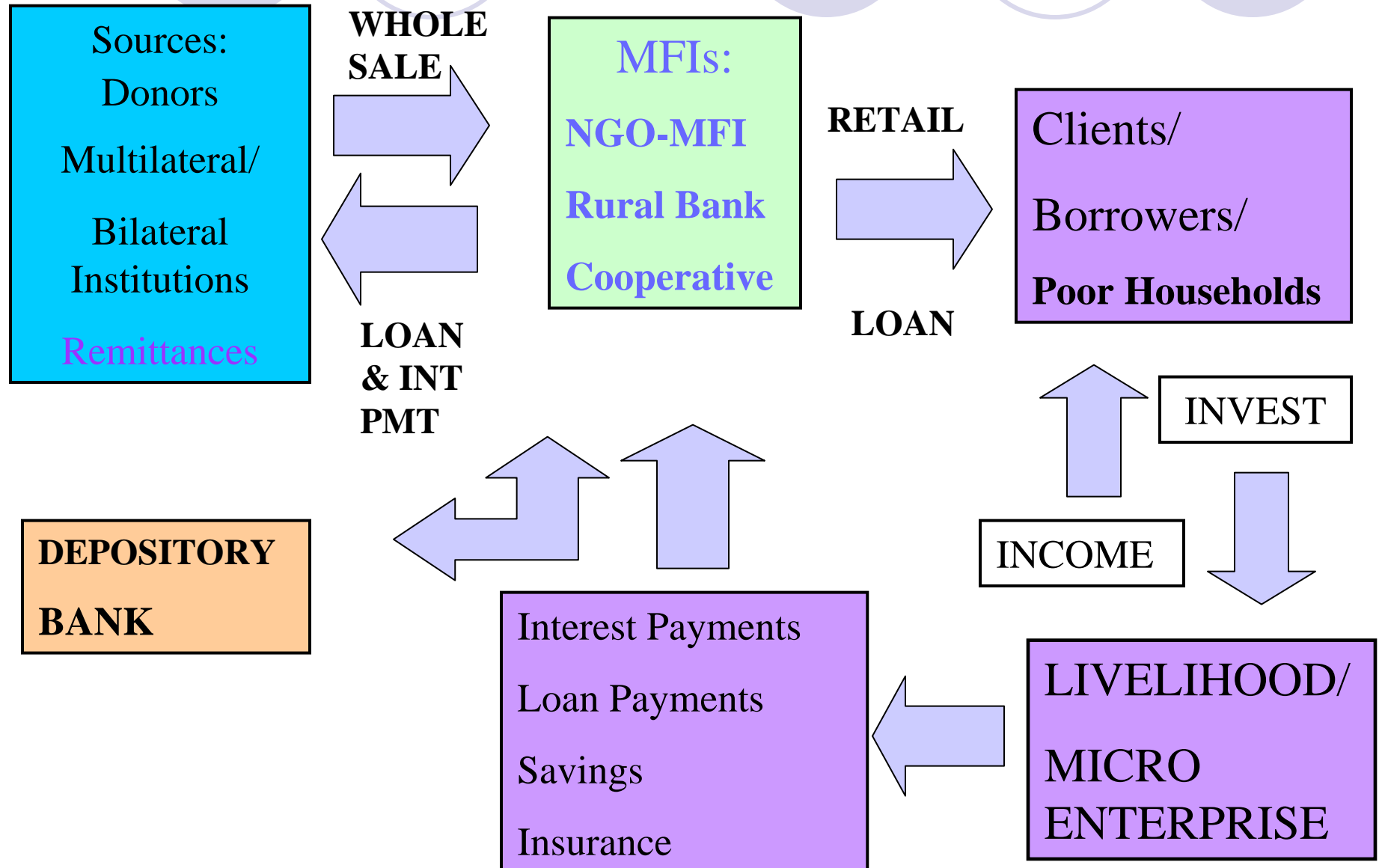
Thriving Environment for MF

- An est. 2.86 billions of poor population
- Rising unemployment rate
- An est. 2 billion with no access to professional financial services
- Post-disaster/post-conflict rebuilding of livelihoods

Evolution of Microfinance



Actors In Microfinance



What are remittances?

- Remittances are money sent by migrants to their families. This may be happening from the north to the south e.g. NL to Philippines and from the south to the south e.g. India to Bangladesh
- Money sent back home by 200 million migrants have become three times bigger than official development assistance (US\$ 78.6 billion) to most developing countries (Orozco 2006 *id21 insights*)

Remittances reached \$232 billion in 2005

- Officially recorded remittances worldwide exceeded \$232 billion in 2005. Of this, developing countries received \$167 billion, more than twice the level of development aid from all sources. The GEP authors suggest that remittances sent through informal channels could add at least 50 percent to the official estimate, making remittances the largest source of external capital in many developing countries.
- The countries receiving the most in recorded remittances are India (\$21.7 billion), China (\$21.3 billion), Mexico (\$18.1 billion), France (\$12.7 billion), and the Philippines (\$11.6 billion). Those for which remittances account for the largest proportion of gross domestic product are Tonga (31%), Moldova (27.1%), Lesotho (25.8%), Haiti (24.8%), and Bosnia and Herzegovina (22.5%).
- Despite the emphasis on remittances from developed countries, remittances sent from developing countries—the so-called “South-South flows”—represent 30–45 percent of total remittances.

Source: Global Economic Prospects 2006

Impact of Remittances on Poverty Reduction

With the number of migrants worldwide now reaching almost 200 million, their productivity and earnings are a powerful force for poverty reduction. Remittances, in particular, are an important way out of extreme poverty for a large number of people. The challenge facing policymakers is to fully achieve the potential economic benefits of migration, while managing the associated social and political implications.

-- [François Bourguignon](#), Senior Vice President and Chief Economist, The World Bank

Source: Global Economic Prospects 2006
(www.worldbank.org/prospects/gep2006)



Gender and Development

“There is now a shared understanding within the development community that development policies and actions that fail to take gender inequality into account and fail to address disparities between males and females will have limited effectiveness and serious cost implications.”

World Bank (2003a), p. 4

Source: Derek H.C. Chen (2004) Gender Equality and Economic Development: The Role for Information and Communication Technologies, World Bank Policy Research Working Paper 3825

“No Country treats its women the same as men” Social Watch 2005

- Gender-related Development Index (GDI) constructed by the UNDP to measure development taking gender dimension into account
- Gender and Empowerment Index developed by Social Watch
- Gender Gap Index designed by World Economic Forum

Social Watch “No country treats its women the same as its men” available at : http://www.socialwatch.org/en/noticias/noticia_117.htm

Figure 1

In No Region of the World are Women and Men Equal in Legal, Social or Economic Rights



Source: World Bank, 2001.

Source: World Bank (2003) Gender Equality and the Millennium Development Goals



Gender and remittances

While both women and men send money for specific family purposes, women send money under more precarious conditions, which mostly relate to their position in the global economy. Moreover, recipients of remittances, who are predominantly women also receive money in a context whereby their social condition is improved by remittances but continue to lag behind that of other cohorts. There are specific policy alternatives that can leverage remittance to improve the socio-economic conditions of senders and recipients.

Manuel Orozco, Senior Associate, Inter-American dialogue

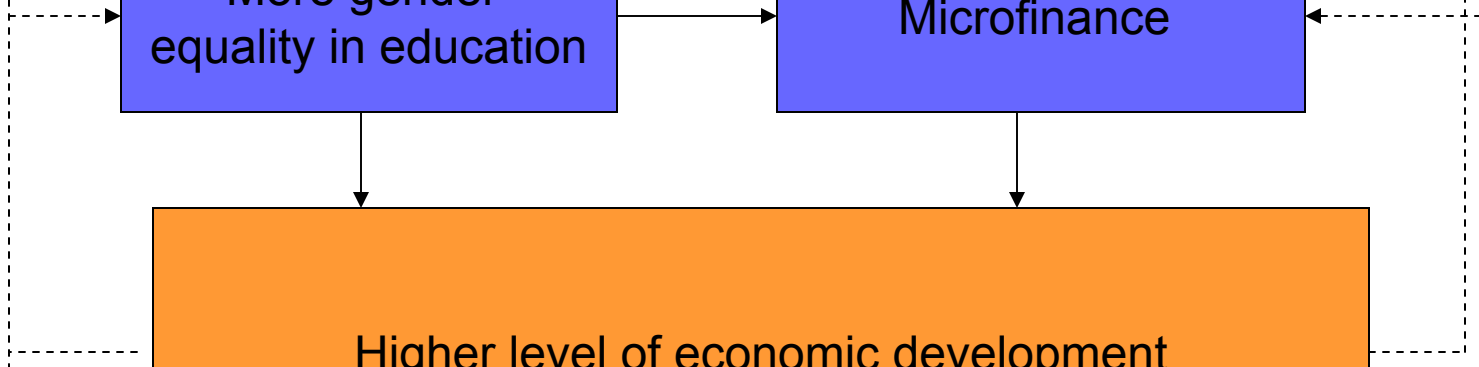
Gender Sensitive Remittances and Microfinance

Remittances/Education

More gender equality in education

Microfinance

Higher level of economic development



Potential Tools for Poverty Reduction

- Tapping the potential of migrants remittances (microsavings for investments in developing countries of origin)
- Linking projects in host countries with rural banks and microfinance organizations
- Lobby and advocacy for comprehensive gender sensitive policies, programs and projects



Importance of Networking

- Sharing of best practices
- Sharing of lessons learned
- Sharing of resources
- Joint advocacy work to influence policies
(migration, remittance and development policies)



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