



# Remittances measurement in the Balance of Payments and households surveys

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# Part 1

Remittance measurement in the Balance of Payments and the role of household surveys in improving the quality of remittance statistics



# Outline

1. Remittance data produced by the World Bank and national banks: what does it tell us?
  - Update on remittance trends in the CIS countries
  - Overview of the IMF methodology on “personal transfers” recommended in the Balance of Payment Manual 6
  - Comparability of BOP data on remittances: the bilateral comparison under MIRPAL program
2. Overview of HH surveys on migration and remittances in CIS for 2007-2017



# Producers of remittance data : national (central) banks and the World Bank

## National (central) banks

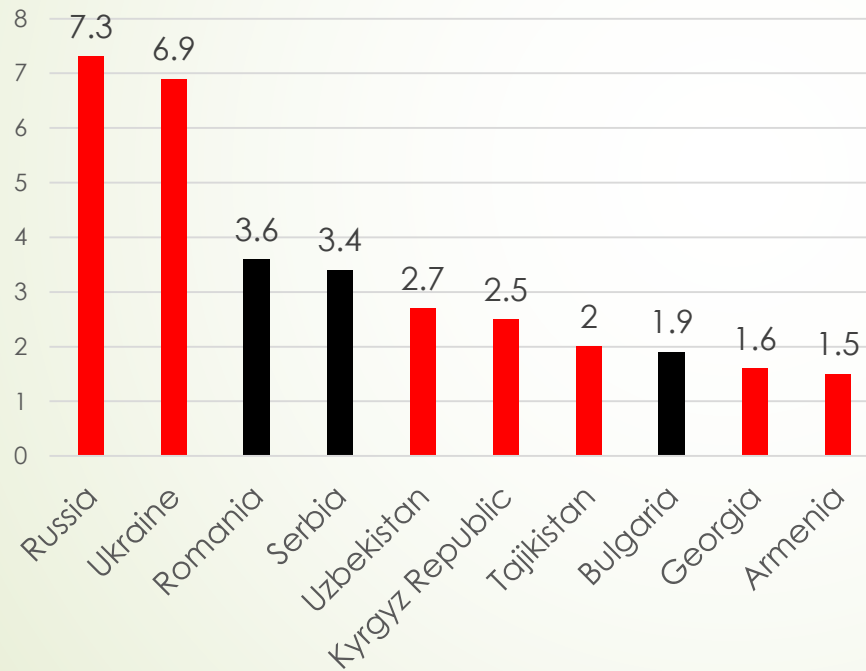
- ▶ data on remittance inflows and outflows,
- ▶ on quarterly basis, by countries,
- ▶ in the Balance of Payments
- ▶ In accordance with IMF methodology of 2009 (Balance of Payment Manual 6)

## World Bank

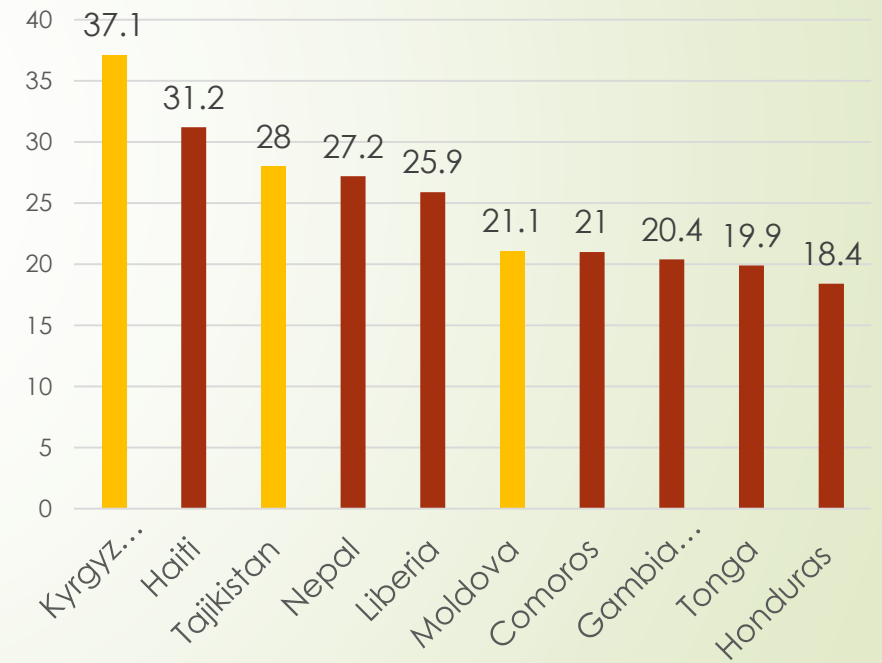
- ▶ analysis of remittance trends and projections based on IMF data and analysis of the current macroeconomic situation
- ▶ twice a year,
- ▶ Migration and Development brief (April and October)

# Remittance flows in 2017, the World Bank estimates

Top 10 remittance-receiving ECA countries, \$ billion, 2017 projections



Top-10 remittance-dependent countries in 2017, % GDP, projections



## Personal remittances from Russia to CIS, mln USD

	2011	2012	2013	2014	2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016	Q1 2017
CIS total	16,526	20,110	24,786	21,400	12,483	1,890	2,730	3,186	2,966	10,772	2,053
Azerbaijan	932	1,139	1,378	1,374	950	165	230	250	262	906	188
Armenia	1,168	1,398	1,747	1,752	1,159	150	224	239	213	826	141
Belarus	684	843	993	1,000	585	117	144	143	169	573	160
Kazakhstan	290	298	377	465	351	64	120	133	114	431	93
Kyrgyz Republic	1,386	1,682	2,113	2,239	1,519	250	409	485	438	1,582	267
Moldova	1,602	1,960	2,248	1,862	915	137	175	166	186	664	150
Tadjikistan	2,705	3,125	3,927	3,662	2,092	330	493	584	499	1,906	259
Turkmenistan	22	27	35	30	16	1	2	2	3	9	1
Uzbekistan	4,692	6,241	7,878	5,828	3,062	396	599	786	699	2,479	475
Ukraine	3,046	3,397	4,090	3,187	1,835	280	334	397	384	1,396	320

Source: Bank of Russia 2017 (cbr.ru)



# Remittances as 'personal transfers' in IMF methodology since 2009

- Remittances represent household income from foreign economies arising mainly from the temporary or permanent movement of people to those economies.
- **Personal remittances = personal transfers + compensation of employees**
- **Personal transfers** refer to the transfers between resident and nonresident households
- **Compensation of employees** refers to the income of border, seasonal, and other short-term workers who are employed in an economy where they are not resident and of residents employed by nonresident entities.



## Outflow of remittances from Russia, mln. USD

	2007	2008	2009	2010	2011	2012	2013	2014	2015f
<b>Outward remittance flows</b>	19,88	29,71	21,14	21,45	26,01	31,64	37,21	<b>32,64</b>	-
<i>Of which:</i>									
Compensation of employees	9,93	18,14	12,19	12,13	13,39	15,71	17,42	<b>14,21</b>	-
Personal transfers	9,95	11,57	8,95	9,32	12,61	15,93	19,79	<b>18,42</b>	-

*Source: Migration and Remittances Factbook 2016*





# Characteristics of the Balance of Payments as source of data on remittances

- BoP data allows:
- To monitor dynamics of remittance flows on the regular quarterly basis by countries of origin and destination
- To calculate an average amount of a non-cash transfer sent through an official channel
- To make projections regarding future trends on remittances based on the evaluations of the current macroeconomic situation and available data on remittance flows
- To compare data on remittances across countries using the same methodology of Balance of Payment Manual 6



# Characteristics of the Balance of Payments as source of data on remittances

BoP data does not allow:

- ▶ Define migrant status of a sender: long-term, short-term or seasonal migrant worker
- ▶ Learn the target allocation of the transfer and its actual spending
- ▶ Estimate non-monetary remittances
- ▶ Learn gender differences of remittance sending patterns
- ▶ Judge about the development impact of remittances
- ▶ Learn about those who benefit from remittances



# Additional methods of remittance data collection

- ▶ **Targeted individual survey of remittance senders and receivers** in Russia conducted in 2014 and 2015 by Bank of Russia
- ▶ Voluntary participation
- ▶ Nine questions including questions about:
  - ▶ Target allocation of remittance
  - ▶ Country of destination
  - ▶ Frequency and average amount sent
  - ▶ Duration of usage of official channels f money transfer
  - ▶ Currency of the transfer
  - ▶ What amount of cash do you usually take with you when you visit your family?



# Alternative methods of remittance data collection

- Results of the targeted individual survey conducted by the Bank of Russia:
  1. Half of the remittance senders from Russia are residents
  2. Main countries receiving remittances from Russia are Uzbekistan, Tajikistan, Armenia and Kyrgyzstan
  3. Currency pattern of remittance is stable: Russian ruble (67,6%), US dollar (28,5%), Euro (3,7%). Average amount in sent in rubles never exceeded 300 USD in equivalent. Average amount of the transfer sent in USD is higher.
  4. Share of respondents who use official channels of money transfer for a long time is growing.
  5. Current expenses of the family is the main target allocation of the transfer sent.

# Comparability of BoP remittance data in CIS countries (MIRPAL program)



- ▶ Cholpon-Ata, Kyrgyzstan, Sept 10-11 2012, representatives of the national banks from eight CIS countries conducted bilateral comparison of cross-border transfers statistics
- ▶ **Methodology adopted:** BPM6 (Armenia, Belarus, Russia, Ukraine in 2012)
- ▶ **Sources of data used by CIS national banks:** ITRS (all), official statistics, administrative sources (5 countries), household surveys (TJ, AR, ML), interviews (Russia, Kazakhstan)
- ▶ **Reasons of data discrepancies:** respondents coverage (local RSPs), different thresholds for defining small amounts, different exchange rates, geographical coverage (Transdnistria)
- ▶ **Next steps:** Kyrgyz Republic remittance module to be included in a household survey (not specified), Kazakhstan and Moldova to introduce BPM6 in 2014
- ▶ All participants underlined the increased importance of using specialized household surveys and targeted individual surveys (senders and receivers of remittances) as the most promising way of improving the quality of statistics on cross-border transfers.






# MiRPAL program (Migration and Remittances Peer-Assisted Learning Network)

- Effects of the economic crisis 2008-2009 on Central Asia countries sending migrants to Russia
- Knowledge exchange and policy dialogue between nine countries of the CIS: Armenia, Belarus, Kazakhstan, Kyrgyz Republic, Moldova, Russia, Tajikistan, Ukraine, and Uzbekistan
- Contribution to government capacities in migration statistics and evidence-based policymaking alongside migration and development nexus :
- Research papers and reports, HH survey of Tajik labour migrants in Russia and at home;
- MiRPAL Notes (based on proceedings of MiRPAL VCs bringing together policy-makers and migration and remittances experts and NGOs)
- Russia's Migration and Remittances Brief (quarterly, 2015)
- Update on migration legislation in MiRPAL countries (published twice a year, in Russian)

MiRPAL knowledge repository

<https://issuu.com/mirpal>



# Overview of the past HH surveys in CIS 2007-2017 collecting data on migration and remittances

➤ Several categories of the existing surveys:

**1. Specialized migration and/remittance surveys focusing on one country:**

Rerun migration to Armenia (2008), External labour migration in Belarus (2015)

Of them:

- implemented in the **origin country** (most frequent)
- implemented in **both origin and destination** countries (few examples include Tajik migrants in Russia (2014), Ukrainian migrants in the Czech republic (2010-2012))





# Overview of the past HH surveys in CIS 2007-2017 collecting data on migration and remittances

**2. Multi-country specialized surveys covering several CIS countries:** National Public Opinion Survey on Remittances in Georgia and Azerbaijan (2007), Survey on Remittances and Poverty in Armenia, Azerbaijan, Kyrgyzstan and Tajikistan and Kazakhstan (2007), Migration Survey on the Relationship Between Skills, Migration and Development in Armenia, Georgia, Moldova (2006-2015)

Of them:

- Using common methodology and questionnaire (more frequent)
- Using different methodology, so that surveys not meant to be comparable (rare, ex. Migration and Remittances in Kazakhstan and Tajikistan (2010))



# Overview of the past HH surveys in CIS 2007-2017 collecting data on migration and remittances

**3. Surveys with integrated migration and remittances module:** Armenia, Moldova, Ukraine, Tajikistan; surveys used – LFS, LSMS

**Armenia:** ILO Labour Migration Module, LFS, 2006

**Armenia:** Integrated Living Conditions Survey, since 2001, migration module

**Ukraine and Moldova:** modular sample population (household) survey on labour migration, 2012, conducted within the EU funded ILO Project “Effective Governance of Labour Migration and its Skill Dimensions”

**Moldova:** special migration module in LFS in 2008 .

**Tajikistan:** migration module in LSMS in 2007 and 2009.

**4. Surveys including questions related to migration and remittances;** Kyrgyzstan, Georgia, Kazakhstan, Moldova; HBS.



# Types of surveys

- ▶ **2011 Tajikistan Household Panel Survey (THPS):** within the project “Migration and Remittances in Central Asia: The case of Kazakhstan and Tajikistan”

The aim was to re-interview households surveyed in the Tajikistan LSMS in 2007 and 2009, which was administered by the World Bank and UNICEF.

- ▶ **Ukrainian Migration Project survey (2010-2012):** included longitudinal survey of Ukrainians in Prague and in the Ukraine.
- ▶ **Tajik Migrants in Russia and at home (2014):** origin-destination survey. In Russia a sample included HH with Tajik citizens (2000 HH) and Russian HH as control group (500 HH).
- ▶ **Socio-Economic Survey of Long-Term Migrant Workers from Ukraine (Migrant Survey 2014):** targeted individual survey, random and quota based by main country of destination, carried out at eight main ports of entry to Ukraine, covering all means of transportation including personal vehicles, trains, buses, and airplanes. The survey targeted specifically long-term migrant workers, covering a sample of 1,890 Ukrainian long-term migrant workers.

## Multi-country surveys on migration and remittances covering several (CIS) countries 2007-2017

YEAR	SURVEY	COUNTRIES
2006-2007	Survey on Remittances and Poverty (ADB)	Armenia, Azerbaijan, Kyrgyzstan and Tajikistan and Kazakhstan
2007	National Public Opinion Survey on Remittances (EBRD)	Azerbaijan, Georgia
2008	Development/Georgia on the Move	Georgia, Colombia, Fiji, Ghana, Macedonia, and Vietnam
2011	“Migration and Remittances in Central Asia: The case of Kazakhstan and Tajikistan” (IOS)	Kazakhstan and Tajikistan
2006-2007 2011-2012, 2015	Migration Survey on the Relationship Between Skills, Migration and Development (ETF)	Albania, Egypt, Moldova, Tunisia and Ukraine (2006-2007) Armenia and Georgia and Morocco (2012) and Moldova (2015)
2005-2006	Survey on Return Migration (WB)	Bosnia-Herzegovina, Bulgaria, Georgia, Kyrgyzstan, Romania and Tajikistan
2014	Survey on Emigration & Survey of Tajik Migrants in Russia (MIRPAL)	Tajikistan and Russia

Source: Handbook on the Use of Administrative Sources and Sample Surveys to Measure International Migration in CIS Countries, UNECE, 2016

# Specialized country surveys on migration and remittances in CIS (2006-2017)

YEARS	Survey topics	Country
2007, 2008, 2012, 2013	Return migration, impact of migration and remittances	Armenia
2009	Studying migration processes	Azerbaijan
2015	External labour migration	Belarus
2008	emigration to Greece	Georgia
2006	Employment and unemployment	Kyrgyzstan
2006,2008,2009,2010,2012	Labour migration and remittances, impact of migration and remittances, impact of economic crisis on migration and remittances, migration and development, diaspora	Moldova
2010-2012	Ukrainian migrants in the Czech republic	Ukraine
2014	Study on Migration and Remittances	
2015	Long-term migrants	

Source: Handbook on the Use of Administrative Sources and Sample Surveys to Measure International Migration in CIS Countries, UNECE, 2016



# National household surveys in CIS with migration and remittances questions/modules

Survey		Questions on M&R or migration module	Countries
Household Budget Survey (HBS)		Asks about monetary transfers between households, distinguishing transfers from abroad Asked about external and internal migration and remittances Asked about money sent abroad or received from abroad Asked about international and internal migration Asked about recent or current emigration and money and goods received from abroad	Belarus (2000-2015)  Georgia (2008) Kazakhstan (2008) Kyrgyzstan (2007) Moldova (2008 and 2014)
Labour Force Survey (LFS)		ILO migration module Asks about short-term emigration for work and in 2015 included M&R questionnaire Asked about country of birth, citizenship and previous residence abroad and money received from abroad Asks about labour migration Migration module (2008-2013) and asked about recent emigration in 2014 Asked about return migration, immigration and emigration Modules on labor migration including income earned abroad	Armenia ( 2006), Belarus (2012-2015)  Kazakhstan (2008)  Kyrgyzstan (since 2002) Moldova  Tajikistan (2009) Ukraine (2008 and 2012))
Integrated Living conditions Survey (ILCS)		Migration module	Armenia (since 2009),
Living Standards Measurement Survey (LSMS)		Asks about hh members left abroad in the last 12 months and reception of money or other contributions from abroad Module with general questions about the migration process, plus another module regarding transfers and social assistance	Azerbaijan (2008)  Tajikistan (2007 and 2009)
Integrated household survey		Asked about income and financial assistance from abroad (2011 and 2015)	Kyrgyzstan (since 2003)



# Part 2

Methodology of measuring migration and remittances in household surveys in CIS (2007-2017)





# Role of HH surveys in improving remittance statistics

- ▶ Migration and remittances surveys are critical to obtaining information on characteristics of remittance senders and recipients, channels of transfer, spending structure of remittances and their development impact.
- ▶ This information is then used to develop policy recommendations on how to facilitate the use of these funds towards further investment opportunities and savings activities that could yield considerable benefits to the financial sector and remittance recipients.
- ▶ Migration and remittances surveys require a clear statement of objectives and a clear conception of the population to be studied in order to determine how in-depth the survey will need to be and what types of questions it will include.




# Two ways of collecting more detailed data on migration and remittances via HH surveys

## **Design a new specialized HH survey**

- ▶ Survey domain and sample size are determined by available funds
- ▶ A longer and more detailed questionnaire can be applied
- ▶ Can be designed to both efficiently concentrate data collection on areas and households with migrants of interest and non-migrants, including the collection of retrospective data.

## **Adapt existing HH survey adding a migration module**

- ▶ costs of survey already covered, inexpensive to add and process questions/modules
- ▶ already have some relevant information, e.g., previous place of residence or birth, employment status, etc.
- ▶ cannot add many questions
- ▶ sample of migrants may be inadequate (LFS with larger sample size more preferable than HBS and LSMS)



# Methodological challenges of specialized HH surveys on migration and remittances: sampling issues

1. Migration is a rare event, therefore instead of standard random sampling, alternative sampling techniques are used: 1) disproportionate sampling of high migration PSUs and 2) stratified random sampling within PSUs (two-phase sampling). Sources to learn about migration prevalence include expert opinions, qualitative surveys, or surveys in destination areas that contain information about the specific location from which the migrant departed.
2. Migrants of interest and purpose of the survey (study long-term migration, study return migration, determinants and consequences of emigration, etc.) determine comparison groups and approaches to sample the targeted population
3. Sample should include HH with emigrants and non-migrant HH.

# Population of interest in specialized HH surveys in CIS

Migrant HH/ remittance receiving HH

VS.  
(Not always...)

Non-migrant HH/ non-receiving HH

International/internal migration experience

Absent migrants, potential migrants, returned migrants

Head of HH or most knowledgeable adult member(s) of a HH aged 15+/16 +/18+/18-50/15-70 years



# Sampling strategy: illustrations

HH surveys conducted both in all parts of a country and in selected regions with high migration turnover.

- ▶ **Ukrainian survey of migration of 2011-2012:** Households in the sample were chosen by random sampling in particular cities in Zakarpat'ye region.
- ▶ **Kazakhstan IOS survey of 2011** (Almaty, Astana, Karaganda and Pavlodar) **and Kazakhstan ADB senders survey of 2007** : five regions of Kazakhstan with highest concentration of migrants according to the data of the Ministry of Internal Affairs of Kazakhstan: Almaty, Almaty oblast, Astana, Karaganda, South Kazakhstan oblast.
- ▶ **Survey of Tajik migrants in Russia (MiRPAL, 2014):** Moscow, St Petersburg, Moscow oblast, Tumen, Novosibirsk
- ▶ **National Public Opinion Survey on Remittances in Azerbaijan (EBRD 2007):** Polling was conducted in 7 of the 11 “economic regions” of Azerbaijan, which contain more than 80 percent of the Azeri population. Interviews were administered in both the urban and rural areas of these “economic regions.
- ▶ **Migration and Skills survey in Armenia and Georgia (ETF, 2011-2012):** countrywide random sampling plus snowball sampling to catch more returned migrants





# Questionnaire design: remittance-related questions

► Four objectives underlying survey questions on remittances:

## **1. Mapping remittances:**

Make sure that respondent considers all of the relevant transfers (including in-kind, informal, etc.)

## **2. Investigating channels and costs of remittances**

Respondents may have limited information, we can learn about preferences

## **3. Analysing determinants and motives**

To be assessed indirectly by testing alternative hypotheses about the responsiveness of remitting behaviour to changes in the migrants' and/or recipients' income or welfare, and/or to particular events as predicted by the different motivations

## **4. Assessing the effects and the impact of remittances**

Usually HH income with and without remittances is explored. Alternative is multi-dimensional approach to measuring well-being - more effective than a purely monetary income approach when assessing the development and the well-being of individuals and households



# Meanings and forms of remittances (1)

- ▶ **Does it matter whether value is transferred in the form of money?** (not only funds, but also gifts, goods for sale, direct payment for services etc.)
- ▶ **Does it matter whether the money is sent by a migrant?** (pensions sent to return migrants and money sent by descendants of migrants)
- ▶ **Does it matter whether the money is sent between relatives?** (remittances sent to more distant relatives or friends, or to community-level development initiatives such as hometown associations, donations to religious organizations)
- ▶ **Does it matter whether the money is transferred to the sender's origin country?** (transfers between refugee diaspora communities residing in different countries)
- ▶ **Does it matter whether the money becomes the recipient's property?** (choice of the country in which the accumulated savings are held – and thus of the timing of financial transfers to the home – is essentially an issue of portfolio choice, which will be influenced by the migrant's perception of relative rates of return in the host and home country economies)





# Meanings and forms of remittances (2)

- ▶ **Does it matter whether the transfer is unrequited?** (income or reimbursement?)
- ▶ **Is it important to also capture possible reverse transfers?** (people who migrate for work might receive financial support from their families in times of crisis. In some cases, such as those of student migrants, there may be substantial reverse remittances.)
- ▶ **Does it matter whether money is transferred from one place to another?** (withdrawals from an account held by the migrant using an ATM debit card left with the recipient, free housing or allow relatives to keep any rent from tenants, i.e. not exactly 'sending money')
- ▶ **Does it matter whether remittances are international or internal?** (transfers to family members in rural areas from migrants working in urban areas – are much more widespread)



# Questions on remittances in CIS surveys: illustrations

## **No common definition of remittances:**

- ▶ 'Monetary income from abroad' (Moldova, HBS, 2013)
- ▶ 'Financial assistance from acquaintances or relatives abroad' of them from those living outside Kyrgyzstan – assess in-kind assistance in monetary terms (Kyrgyzstan IHS, 2015)
- ▶ 'Parcels received/sent from/to persons who left the household (temporary or constantly) (Georgia, Welfare Monitoring survey, 2010)
- ▶ Financial Aid And Gifts Including Food: 1) from family members who are away at another temporary job 2) from friend and relatives, who are not members of your household and live at a different address as well as other physical persons (Uzbekistan, 2015)



# Remittances: spending structure

- ▶ Comparison of spending structure is also problematic because **definition of 'daily basic needs'** is not always clearly explained. Therefore, the conclusion drawn is that 80 percent of received amount is spent on daily basic needs (interpreted as prevailing consumptive pattern of remittance use) which may include medicine and housing as well, i.e. categories which in other cases may be treated as investment into human capital as opposed to consumption. May also be the issue of translation.
- ▶ *Azeri remittance recipients spend approximately 80 percent of the money they receive on basic daily expenses such as food, housing, clothing, utilities and medicine.*

(National Public Opinion Survey on Remittances, Azerbaijan 2007)



# Remittances: development impact

It is not easy to draw conclusion about the decision-making concerning remittance use, as a result the impact of remittances on the household members' wellbeing remains vague. Unclear wording is one of the reasons:

***How many people, including yourself, benefit from the money you receive from your family member or relative?***

(National Public Opinion Survey on Remittances, Azerbaijan 2007)

- ▶ Research shows that it happens that remittances may come also from friends who are not relatives (see, for example, DOT survey).



# Remittances: channels of transfer

- ▶ **Formal channels of remittance transfer:** in most cases no distinction is made between banks and MTOs. While these are certainly official channels, the results do not show that banks are little involved in remittance transactions, since majority of the population in remittance receiving countries does not have a bank account. Meanwhile, surveys indicate that not much difference appeared between households receiving remittances and those not receiving them in their use of and attitude toward financial services (ADB, R and Poverty Kyrgyzstan country report 2008, p . 30).

*It follows from the survey data that majority of migrants (78.5%) use bank accounts and/or MTOs for money transmission—i.e., formal channels—and that a major part of remittances (78.2%) enters the country through this channel.*

*(ADB Remittances and Poverty Country Report Kyrgyzstan 2008)*





# Remittances: sensitive issues about the amounts received

- ▶ Sensitive questions about the amount of remittances: it is preferable to ask about the total amount sent for the period of 12 months rather than asking about the average amount received.
- ▶ Ex. Georgia on the move" survey 2008

High non-response rate on the questions regarding the amount of the money received: *there are a large number of missing observations regarding the amount received: 33% of the absent migrant households receiving remittances refused to answer and 23% said they do not know how much they received*



# Concluding remarks

- ▶ Remittance statistics based on BoP data produced by national banks and the World Bank has limitations in what concerns characteristics of the flows and remittance senders/recipients, informal and in-kind remittances, as well as spending structure. HH surveys can fill in this information gap by obtaining the missing information directly from migrants and migrant households.
- ▶ Using BoP statistics, development impact of remittances/dependency of economies on remittances can be calculated at the macro level (remittance share in GDP, etc.). HH survey allows to investigate the actual impact of migrants transfers on the receiving HH wellbeing, i.e. microlevel.
- ▶ Surveys can provide information about individuals and/or about transactions, whereas official BoP statistics focus on aggregate amounts.
- ▶ BoP statistics is still more comparable across countries than HH data on remittances due to the common methodology of measuring remittances (Information is limited but it is more or less certain and comparable across countries assuming they all follow BPM6).





# Concluding remarks

- ▶ Analysis of HH surveys on migration and remittances in CIS between 2007-2017, reveals more differences (a great variety of approaches) than similarities between the surveys. Comparability of migration and remittance data gathered through HH surveys depends on the use of the common methodology: definitions and formulation of key questions concerning migration and remittances.
- ▶ Comparable data collected via international surveys covering several countries and based on common methodology and questionnaire is very costly. More cost efficient approach is to apply a migration and remittances module in existing HH surveys.
- ▶ BoP remittance data and HH survey data should be considered as complementary rather than alternative sources.