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**Measurement of the Migrant Workers in the Philippine System of National
Accounts (PSNA)**

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Introduction

The concern for the movement on natural persons has time and again been at the forefront of the government interest. Since the mid-1980's the Overseas Filipino Workers (OFW) has been significantly contributing to the Philippine economy. In 2003, remittances of OFW amounted to 414 billion pesos, about 9.0 percent of GNP at current prices. OFWs are those presently or temporarily abroad to fulfill an overseas contract for a specific length of time or who are at home on a vacation but still has an existing contract to work abroad. The OFWs are still considered residents of the Philippine economy since they are presumed to still belong to households whose center of economic interest is in the Philippines.

At present the focus of the Philippine government is more on the welfare of the Filipino nationals going abroad to render their services in the host country. Most of the government agencies created for the OFW are geared toward regulating their deployment, protecting their rights or attending to their needs. Some of these agencies attempted to estimate the number (stock) of OFW but at present there are no official statistics on the total number (stock) of OFW. It was only recently that concerned agencies have converged to deal with the measurement of OFW. This paper will discuss possible data sources and current approach in estimating the number of OFW in the PSNA.

¹ One of the materials for the first meeting of the Subgroup on Trade in services, Mode 4 ; 14-15 September 2004

Treatment of Overseas Filipino Workers in the Philippine System of National Accounts (PSNA):

OFW in the PSNA are categorized into two types, the sea-based and the land-based workers. The sea-based workers are those working in any kind of international fishing, passenger or cargo vessel and usually have a one-year contract. The land-based workers, on the other hand, are engaged in offshore activities whose occupation requires that majority of their working/gainful hours are spent on land and usually have a two-year contract. The contribution of OFW to the Philippine Economy in terms of compensation earned/received whether remitted or not is reflected as Compensation Inflow of the Net Factor Income from Abroad (NFIA).

Compensation inflow of OFW is the product of NSCB-generated stock data of OFW and the average salary of OFW. The stock is computed using the monthly deployment data of the land-based and sea-based workers from the Philippine Overseas Employment Administration (POEA). This was built up over a number of years using the moving total method.

The stock estimates accounts only for the documented OFW, those with valid working visas or work permits and processed through the POEA are included for the computation of stock of deployed OFW. Excluded are the undocumented workers or those who left the country as tourists with or without intention of coming back in the near future but managed to have a gainful employment in the country they visited.

On the aspect of residency, the present PSNA has not applied strictly the recommendation of the 1993 SNA with regards to the one-year residency rule. Currently, the operational residency criterion for sea-based and land-based workers is based on one-year and two-year contracts, respectively.

The weighted average salary of OFW is derived from the POEA data on salary of overseas workers by skill and country of destination. Midpoint of the buying and selling rates of foreign currencies are used to convert the salaries in peso terms.

The difference between the estimate of compensation in the Philippine Balance of Payments (BOP) and the PSNA is that the BOP figures represent the value of remittances of the OFW that pass through the banking system during a reference period. The National Accounts estimate, on the other hand, represents the total value of their compensation (income) during the reference period whether they are remitted or not.

Other Variables and Data Sources Relevant to the Measurement of Mode 4

Other administrative-based data include:

1. Statistics on arrivals and departures being monitored by the Bureau of Immigration and the Department of Tourism provides some information on migrant workers. The embarkation/disembarkation card used in the Philippines has a special section that should be accomplished by migrant workers. This is currently utilized by the POEA to validate their deployment data.

2. Work permits/visas issued by foreign embassies and Philippine embassies abroad are another source of information for the head count of migrant workers. However, these alternative data sources are not presently tapped.

3. The Department of Foreign Affairs (DFA) has its own estimates of overseas Filipinos. All Posts of the DFA are required to submit their estimates on

the number of overseas Filipinos in their respective jurisdiction on a semestral basis.

Surveys include:

1. The Survey of Overseas Filipinos, which is a rider of the Labor Force Survey, provides some parameters relevant to the measurement of migrant workers (Mode 4). However, this survey lacks information on the salary/income of OFW.

2. Household Surveys provide limited data on migrant workers. Its timeliness limits its value as possible data source for migrant workers (Mode 4).

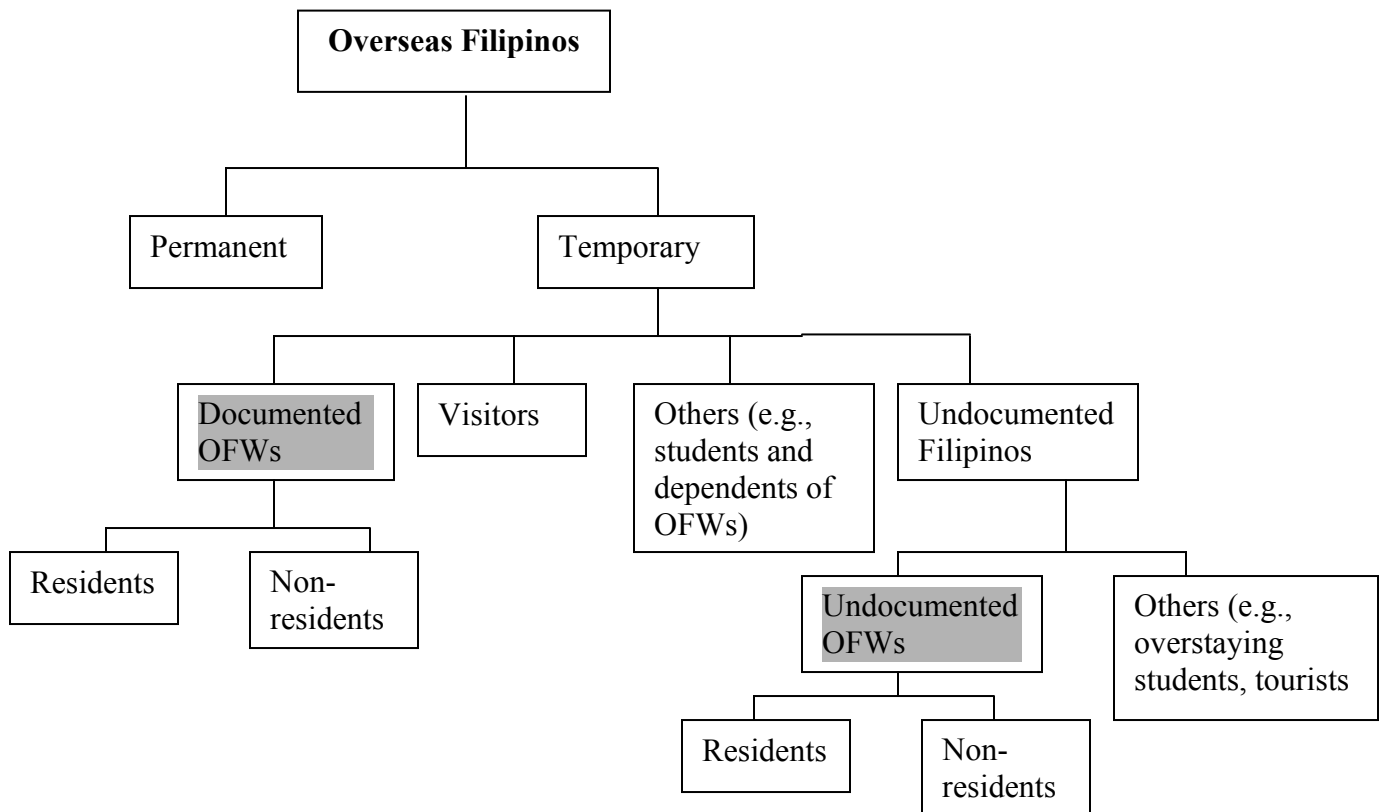
Activities Undertaken re: Measurement of Migrant Workers

The initial attempt to develop a general methodology to estimate the stock of overseas workers was started in the late-1990's when the National Statistical Coordination Board (NSCB), the highest statistical policy-making body in the Philippines, formed an inter-agency Technical Working Group (TWG) on Labor Statistics. The work of this TWG was hindered by the data gaps and limitations of possible data sources at that time. Work along this area was continued when the Bangko Sentral ng Pilipinas (BSP) created an inter-agency Task Force on OFW. Eventually, the activities of this Task Force were transferred to the NSCB Inter-Agency Committee (IAC) on Labor, Income, and Productivity to synchronize all efforts in labor statistics. Under this IAC, a TWG on Overseas Filipino Workers was set up to address statistical concerns in this area.

One of the priorities of the present TWG is to come up with an approach to estimate the stock of OFW. In its desire to come up with an official statistic on

the stock of OFW, the TWG drafted a framework for the overseas Filipinos (see diagram below).

Proposed Framework for Overseas Filipinos



Along with the above framework, the TWG came up with a set of definitions to clearly identify the different category of overseas Filipinos. Currently, the TWG is further refining the draft framework and evaluating the existing and proposed estimation methodologies on estimating the stock of OFW.

At present there is an on-going Revision Program of the PSNA and improvements in the estimation methodology of the NFIA will consider the agreements in the TWG to the extent possible.

Issues/Recommendations:

The data support on stock of migrant workers needs to be strengthened including reasonable estimates of undocumented workers.

There is also a need to benchmark the number (stock) of migrant workers including the undocumented ones.

The residency criterion should be revisited in the light of the developments in labor market and migration laws, and the recommendations of the 1993 SNA.