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**Statistical Measurement of Migrant Workers: Present practices and Future
Direction**

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STATISTICAL MEASUREMENT OF MIGRANT WORKERS:

Present practices and Future Direction

Introduction

The Philippine migrant workers or the Overseas Filipino Workers (OFWs) are the pillars of the economy, whose remittances form the bulk of the country's foreign exchange receipts. Average annual remittances in recent years range from \$6 billion to almost to \$8 billion. In the first five months of 2004, the level of OFW remittances was equivalent to 1.1 times the amount of total debt service. In another context, OFW remittances could cover 3.3 times the amount of the deficit in trade in goods in the first semester of the year.

Present Practices in BOP compilation

Despite the shift to BPM5 in 2000, the measurement of the contribution to the balance of payments remains to be the traditional way. Totally dependent on the bank reporting system in which no details are provided, internationally recommended concepts and coverage have not been fully adopted. Estimation procedure is characterized by the following:

1. All contract workers, regardless of the length of stay in the host economy, are considered as residents.
2. Estimates of income are based on the amount of cash remittances and therefore net of their expenses abroad. Remittances in kind are not covered in the estimates.
3. Only remittances coursed through the banking system are captured. Country attribution is based on the immediate source of fund transfer. Thus, the use of correspondent banks located outside the countries of deployment tends to distort statistics on income by source country.
4. As a consequence of the net measurement of income, there is no estimate in the BOP of their travel expenditures.
5. Data on remittances are compiled monthly and are released independent of the balance of payments statistics which are released quarterly.

Efforts undertaken on OFW statistics

Cognizant of the deficiencies of the present approach and the need to conform to international standards, the Bangko Sentral ng Pilipinas created an interagency Task Force that aimed to address data gaps and at the same time unify statistics on migrant workers including harmonization of estimation methodologies with the System of National Accounts. The Task Force was able to accomplish the following.

1. established benchmark estimates of the number of Overseas Filipinos including contract workers using combined sources such as censuses of host countries, report on headcount by Philippine embassies and consulates, and membership to overseas workers' welfare agencies. The Commission on Filipinos Overseas (CFO) and Philippine Overseas Employment Administration (POEA) are the lead agencies in this activity.
2. initiated collaborative effort to gather average salary per worker by skill and by country through random sampling of employment contracts.

The Task Force was recently transferred to the supervision of the National Statistical Coordination Board, the highest statistical policy-making body, to align the task force activities with another interagency committee on Labor, Income, and Productivity. The re-organized task force is currently updating the results of the previous task force' activities. Likewise, the task force approved bilateral consultations between the BOP and the PSNA compilers on the unification of methodologies.

Proposed Estimation Methodologies and Data Sources

The BOP and the SNA compilers are currently working on a unified estimation approach patterned after the SNA methodology, however with different assumptions and more refined procedures. The following are the salient points of the methods being proposed by the BOP compilers:

A. Concept of residence

In accordance with the internationally recommended definition of residence based on the length of stay, OFWs are divided into the following categories:

1. Seabased workers – considered as Philippine residents regardless of the length of work contract
2. Landbased workers
 - i. Entertainers – considered as Philippine residents since they generally have a 6-month employment contract
 - ii. All others – considered as non-residents since they generally have a 2-year employment contract

B. Estimation of the Stock of OFWs

Based on the benchmark numbers (per category) established by the task force, monthly updating is based on a moving total as described below

$$\text{Stock}_{t=1} = \text{Stock}_{t=0} + \text{number of deployed}_{t=1} - \text{number of workers with finished contract}$$

Example:

$$\text{Stock of Entertainers}_{t=\text{Jan04}}$$

$$= \text{Stock}_{t=\text{Dec03}} + \text{deployed}_{t=\text{Jan04}} - \text{deployed}_{t=\text{Jul03}}$$

$$\text{Stock of Seabased}_{t=\text{Jan04}}$$

$$= \text{Stock}_{t=\text{Dec03}} + \text{deployed}_{t=\text{Jan04}} - \text{deployed}_{t=\text{Jan03}}$$

$$\text{Stock of Other Landbased}_{t=\text{Jan04}}$$

$$= \text{Stock}_{t=\text{Dec03}} + \text{deployed}_{t=\text{Jan04}} - \text{deployed}_{t=\text{Jan02}}$$

C. Estimation of Compensation of Employees (CE)

1. Seabased Workers

$$CE_{\text{Seabased}} = \text{Remittances} \div .80$$

As stipulated in the work contract of seabased workers, it is mandatory that 80 percent of the basic salary should be remitted to the beneficiary. Thus, bank records on remittances are blown up to represent total compensation. However, it should be noted that overtime pays are not captured using this approach.

2. Entertainers

$$CE_{\text{entertainers}} = \text{Stock of workers}_{t=0} \times \text{average salary per worker}_{t=0}$$

$$\text{Plus: number of deployed}_{t=1} \times \text{ave. salary per worker}_{t=1}$$

$$\text{Less: number of workers with finished contract} \times \text{average salary per worker prevailing at the time of their employment}$$

D. Estimation of Workers' Remittances

Workers' Remittances is estimated as the residual of total remittances in cash and in kind and is treated as receipt of Current Transfers.

E. Other Variables

Travel expenditures

- Travel imports

The estimation of other BOP items that are relevant to migrant workers is supported largely by the Survey of Overseas Filipinos (SOF) conducted annually by the National Statistics Office as a rider in the third quarter round of the Labor Force Survey. The SOF provides parameters on undercoverage of banks' data on cash remittances and remittances in kind. Combined with the derived data on income, travel expenditures abroad are estimated as follows:

Travel imports_{seabased} = compensation – total remittances

where remittances = cash_{banks + other channels} + in kind

Partner country data are also used to supplement domestically-generated information. For instance, since more than 90 percent of entertainers are employed in Japan, Japan's Family Income and Expenditure survey is used to estimate entertainers' travel expenditures abroad.

- Travel exports (and Transfers)

According to the POEA, the bulk of deployed landbased workers are basically rehired either under the same employer or new ones. It is a common practice that after the expiration of the two-year work contract, these workers are usually on home visits for at least a month. In view of this, travel exports are imputed to represent their expenditures during their home visits. However, it is also assumed that the family provides for all the expenses and thus current transfers (payment) are also recognized. The estimates of both travel exports and the equal amount of transfers are based on the per capita Personal Consumption expenditure of the SNA.

Statistical Issues

1. There is the need to harmonize the definition of residence with population statistics. At present, all contract workers, regardless of the length of stay in the host economies are included in the Philippine population count.
2. The present system of monitoring headcount of migrant workers is still subject to a number of deficiencies. These are the following:

- a. the difficulty of monitoring migrant workers with no valid work documents and are counted as tourists upon departure
 - b. tendency of an upward bias in the headcount due to
 - i. mobility especially in land lock countries that result in counting the same worker in two different places in one accounting period
 - ii. since returnees are not well monitored, those returning home with unexpired work contract are not covered in the estimation process
 - iii. those who are frequently on vacation could also be counted more than once in one accounting period upon their return to the host countries
3. There is the need to improve the design of the Survey of Filipinos Overseas since this is just a rider to the Labor Force Survey, and therefore is not efficient system in gathering information on migrant workers.

Analytical Implications of the revised measures

The composition or the employment structure of the Philippine migrant workers is heavily skewed to the landbased, who, if the recommended conceptual definition is to be applied, are classified as non-residents. This poses a negative implication on the analysis of external position of the Philippines specifically on vulnerability issues.

One major indicator which the market looks into is debt servicing capability. It is a more common practice that debt service burden is taken against the level of exports of goods, services and income. This is so since these types of receipts represent a high degree of regularity and predictability. However, with the reclassification of the landbased workers to non-resident status and their earnings reclassified as transfers, debt service burden as a ratio to exports of goods, services and income would significantly increase. Unless the capital market is reoriented to the changes of coverage of statistical measures, this reclassification will have a negative impact on the Philippines.