Remittances and Social Protection of Migrants and Their Families

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SASPEN and FES International Conference
29-30 October 2014
Braamfontein, Johannesburg
The Way Forward

Current African Migration Flows Status
Migrants and Social Protection

• Migration literature provides a framework for understanding how migration may be conceptualized as a social protection strategy.

• Several regional studies show the state of social protection for migrants to be poor in many SADC countries. Most migrants are at risk because they do not receive adequate social protections such as health care, income security, education.
Migration and Development

Remittances
- $414 billion to developing countries in 2013
- Form at least 28% of the GDP of Lesotho
- Regional studies by the Southern African Migration Project (SAMP) show that remittances are invested in human capital (health, education, etc.)
- Other studies show that remittances exceed the value of FDI.

Diaspora contributions
- Temporary, long-term or virtual “return” of diaspora
- Transfer of knowledge and skills
Remittances and Social Protection

• At the household level, remittances serve as a financial lifeline, affording families basic social services including education and healthcare.

• Much official debate has been concerned with how we might reduce costs of transferring remittances and provide incentives for shifting remittances from supporting recurrent everyday expenses to more productive activities.

• A regional SAMP study concluded that international migration and remittances have a positive effect on the education of children.
Uses of remittances at the household level

Most studies show that remittances are primarily used by families back home as follows:

• to supplement regular incomes (i.e. to smoothen household consumption and welfare).

• for consumption (e.g. as payment of school fees, medical expenses, debts and funeral)

• for investment (e.g. land acquisition, house construction, purchase of livestock and establishment of small businesses).
Remittances Transfers

• What motivates migrants to send remittances back home?

• Transnational connections and sustained contact with family members.

• The channel for sending remittances depends on a number of factors such as the availability of and access to banking and other financial institutions and the speed, efficiency and security of the system.

• A study by Tevera and Chikanda (2009) revealed that Zimbabweans in the diaspora used a wide network of money transfer agencies, such as Western Union and Homelink, to send cash back home. However, there is a widespread use of informal channels.
Challenges

• There is a need to improve social protection policies and to create a less risky and more reliable institutional environment, so that households are not compelled to spend so many remittances on securing their livelihoods

• Extending social security coverage to migrant workers

• Remittances are often transferred through unofficial channels in order to circumvent the high transaction costs and unfavourable official exchange rates used when transferring through official channels.

• The areas where policy attention is required include the reduction of obstacles to the transmission and investment of remittances

• There is a need to reduce the cost of transferring migrant remittances by reducing the transaction costs
Challenges

Kudzi’s personal situation

• 38 yrs, married with 5 children
• BSc degree in Mathematics and other sciences
• High School teacher in Zimbabwe who resigned in 2008
• Secured a job at a private college in Pretoria and was fired six months later
• Relocated to Manzini, Swaziland and got a contract job as Math teacher
• Complained about his salary which was 80% of what his Swazi colleagues were getting but was 3x higher than what he earned in Zimbabwe
• Regularly sends remittances back home in the form of cash and goods
• Uses both formal and informal channels
Some final thoughts

• Equality of treatment between nationals and non-nationals
  ➢ migrant workers do not enjoy the same treatment as national workers regarding entitlement to social benefits and this creates problems.

• Determination of applicable legislation on social protection
  ➢ Social protection of migrant workers has to be governed by single law and not multiple laws.

• Facilitation of remittance flows
  ➢ Governments and the private sector need to find ways of facilitating the flow of formal remittances across national boundaries.

• Facilitation of data collection and processing is required
  ➢ On different categories of migrants and the social protection challenges that they face
  ➢ On formal and informal remittances
Thank you for your time