International Remittances and Social Protection of Transnational Migrants and their Families: Which are the issues?

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1. Introduction

In the continuing discussion on migration and development, the vulnerability of migrant groups to exploitation and mistreatment in host countries has been highlighted along with an emphasis on protecting their rights (Landolt, 2001; Silvey, 2006; Ouch, 2000). However, in Southern Africa social protection has not yet received sufficient attention by academics and policymakers despite the increasing anti-migrant sentiments and practices in the migrant receiving countries, especially South Africa, Botswana and Namibia (Tevera, 2013; Morris, 1998; Morapedi, 2007). Despite gaps in existing empirical work, research and anecdotal evidence exposes widespread discrimination, hostility, and violence experienced by migrant communities, with the latter often becoming easy scapegoats for various social problems in host countries (Tevera, 2013). This paper attempts to insert social protection in the debate on migration and development by examining the connections between remittances and the social protection of migrants. The final section briefly examines policy options to pursue in order to protect migrant and their families.

While the need to manage risk and secure livelihoods is one of the main driver of migration decisions, a derived demand for various forms of social protection, state and non-state, often arises from the migration process. This is why it is important to differentiate between migration as a social protection strategy and migration as leading to vulnerabilities that require specific social protection interventions (Portes, 2003; Lawson, 2000, Levitt et al, 2003). This paper uses a ‘migration’ lens to conceptualise social protection. The literature shows that the state in Africa often views migrants as development agents and providers of social protection that reduce vulnerability of low-income households to economic and environment induced risks.
Compared to the majority of citizens in many countries, migrants face heightened risks because they often do not receive adequate social protection such as health care, income security, education, housing or access to clean water and sanitation. Studies show the state of social protection for migrants to be poor in many SADC countries. Having a precarious immigration status reduces entitlement, access and participation to public goods such as health care, employment insurance, pensions, education, housing, and water and sanitation (Kriger, 2010; Bailey, 2001). In many cases, host countries in Southern Africa do not provide legal entitlement to services for undocumented (irregular) migrants and, where they do, accessing them is often fraught with difficulties. This is despite the fact that social protection is available to migrants and is enshrined international legislation, aimed specifically at protecting labour migrants working beyond the boundaries of the protection offered by their own governments. These may be in the form of regulations to ensure migrants are not abused by recruiters or employers or discriminated against relative to local workers. International legislation, such as the ILO' Migrant Workers (Supplementary Provisions) Convention of 1975’, for instance, provides an overarching legislative and regulatory framework for the protection of international economic migrants.

2. Migrant transnationalism

Migrant transnationalism is the process by which transmigrants create and maintain multiple socio-economic relations that enable them to maintain a virtual presence in their home countries while simultaneously negotiating “citizenship rights” in the host countries. Quite often, transmigrants’ “otherness” is used by various state structures to deny them access to employment and infrastructural services such as housing (Bailey, 2001; Blunt, 2007; Conradson and Latham, 2005; Kriger, 2010). Studies done in Southern Africa reveal that a multidimensionality of causal processes (including economic, social, political and environmental factors) explain why people would uproot themselves from their families and friends in order to settle in new foreign spaces (Adepoju, 2006; Campbell, 2001; Crush and Tevera, 2010b; Tevera, 2011; Tevera and Crush, 2010; Manik, 2009; Oucho, 2000). In many cases it is the shifting
combinations of these four variables (i.e. economic, social, political and environmental conditions) that trigger international migration.

Weak national economies and political violence are the main migration triggers that have directed the flow of migrants from their home countries to other countries both in Southern Africa and elsewhere (Crush and Tevera, 2010a; Tevera and Crush, 2010; Hammar et al, 2010; Kriger, 2010). For example, since Zimbabwe’s economic meltdown just over a decade ago, South Africa and Botswana have experienced a sharp increase in the number of skilled and unskilled Zimbabwean migrants, especially health professionals, secondary school teachers and farmworkers. However, a vast majority of these migrants find themselves caught in shifting and uncomfortable confined spaces between country of origin and country of migration. Many do not have access to the various social protection instruments that are normally available to nationals and as a result they send remittances back home as a form of insurance for themselves and their families. Studies by the Southern African Migration Project (SAMP) reveal that insurance and investment are the two main motivations for migrants to send remittances back to their families.

3. Migrants as Development Agents and Providers of Social Protection

A broad approach to social protection, includes universal primary education, microcredit and job creation programmes, as well as safety nets and social services for groups that maybe vulnerable to shocks. An instrumentalist approach to social protection policies, seeing it as a collection of measures to manage risk and thus improve or protect livelihoods. Transnational social protection strategies may indeed affect livelihoods and improve them significantly (e.g. via remittances used for education, health care or consumption).

Migration literature provides a framework for understanding how migration may be conceptualized as a social protection strategy. For example, the decision for a member of a household to migrate may be motivated by insurance or as a risk diversification strategy (i.e. the remittances serve as an informal preventive social protection strategy used by migrant
households for insurance and risk diversification). Alternatively, migrants are motivated to remit part of their incomes in order to contribute to investments in family assets (i.e. the remittances serve as an informal preventative social protection strategy, for investment and inheritance). Family in this context refers to the immediate household of the migrant in the host country and the extended household (often including parents and siblings and other relatives). This means that on the one hand, migration may be conceptualized as a preventative social protection strategy used by migrant households for insurance and risk diversification. On the other hand, migration may also be a preventative social protection strategy used by migrants themselves, for investment and inheritance. The social network theory views migration as a family strategy that ensures survival during times of need and this is demonstrated by the fact that migrants send increased remittances when the family is experiencing financial stress. Most studies show that remittances are primarily used by families to supplement regular incomes back home (i.e. to smoothen household consumption and welfare). Remittances are commonly used for consumption (e.g. as payment of school fees, medical expenses, debts and funeral) and to a lesser extent for investment (e.g. land acquisition, house construction, purchase of livestock and establishment of small businesses). Also, remittances have reduced vulnerability at the household level through poverty reduction in both rural and urban households.

4. Remittances, Migration and Social Development: Prospects and Challenges

International remittances refer to the transfer of cash and goods from migrants to relatives or friends back in their countries of origin. Non-cash remittances include foodstuffs, consumer goods such as bicycles, radios, agricultural inputs and building materials that are brought into the country by migrants for their families to use or resale. In recent years the definition of “remittances” has been extended to include social remittances (i.e. practices, ideas, and values), technical remittances (i.e. knowledge, skills and technology) and political remittances (i.e. identities, demands and practices). While it is difficult to estimate the economic/cash value of social remittances, it is important to note that such remittances have considerable
development impacts, especially at the local (household and community) level. Remittances also tend to transform social structures and care arrangements at the local level.

The literature shows that remittances are an important source of global development finance and are intertwined with patterns of regional and global mobility. The World Bank estimates that 35-40% of remittances received in the developing world originate in other developing countries. This is indicative of the high levels of South-South migration in developing countries. From a macroeconomic perspective, remittances contribute 29% of the GDP of Lesotho. A SAMP study in Zimbabwe revealed that migrants remit regularly each year. At the national level, remittances have a substantial effect on the balance of payments and on foreign exchange revenues while at the household level they supplement the earnings of many households. Cash remittances sent through formal channels represent the second largest volume of flows to developing countries, less than foreign direct investment but more than development aid. In this regard, remittances serve as a financial lifeline for households by affording basic social services such as nutrition, education and healthcare. Remittances play an essential role in guaranteeing the reproduction of migrant households and their maintenance.

A regional SAMP study concluded that international migration and remittances have a positive effect on the education of children. While the empirical evidence is mixed, most of studies indicate that remittances have positive effects on school attendance and educational achievement. One can argue from a capabilities perspective on development that spending on remittances on the education of children should be viewed as a long-term productive investment as well as an income assurance strategy for households and families. Another survey shows that children in migrant households completed their schooling significantly more often, with the largest impact for girls.

Remittance transfers from emigrants to their origin countries have attracted increasing attention over the past few years, in part due to the sharp rise in official data on remittances receipts by developing countries. For example, the Lesotho Diaspora has contributed much to the national economy through financial and social remittances. An interesting aspect of Lesotho emigration has been the deferred pay scheme established in 1974 to control remittances by
miners in South Africa. In principle, mining companies transfer a specific percent of their wage bill to a collective account at Lesotho Bank. At the end of their one-year contract, mineworkers receive a deferred pay certificate which they can use to withdraw their funds in Lesotho (they are also permitted to make two emergency withdrawals during the year). The fund’s administrative responsibilities include enforcing contributions by the mining companies.

Transnational connections and sustained contact with family members tend to increase incentive of migrants to remit and the volume and frequency of remittances. 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 considerable volume of remittances is transferred through unofficial channels in order to circumvent the high transaction costs and unfavourable official exchange rates used when transferring through official channels. 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.

Considerable attention is given in the remittance literature to the methods that migrants use to remit and the expenses involved in remitting, through both formal and informal channels. The main policy recommendation emerging is that governments and institutions in both sending and receiving countries should lower the transaction costs of remitting, as well as make it easier for migrants to access and use formal channels through reform of banking and other financial regulations. In Southern Africa policy debate has focused on ways of reducing costs of transferring remittances. Less attention has been focused on providing incentives whose goal is to shift the use of remittances from supporting recurrent household expenditure to investment in productive activities such as income generating or low cost reduction household activities.

Formal channels include money transfer services by banks and non-bank financial institutions, such as foreign exchange bureaux or dedicated money transfer operators. Informal transfer systems include sending remittances through relatives, friends, trusted agents, acquaintances and personal carriage of cash or goods by migrants during visits back home. Active social ties
between migrants and family members and other contacts provide the personal links and local information necessary for informal remittance sending. For Zimbabwean migrants based in South Africa and Botswana, informal channels such as using friends and co-workers are the most popular ways of sending cash and transporting goods back home. According to Household surveys conducted by the Southern African Migration Project (SAMP) in several countries in Southern Africa, migrants frequently cited either the cost of transactions and the lack of banking facilities as some of the problems that made sending remittances back home a major challenge (Pendleton et al., 2006).

5. Conclusion

Moving on to locate migration within the social protection agenda, this paper has highlighted the vulnerabilities that migrants are prone to regarding accessing social protection and using remittances as social investment. Importantly, this paper has provided a framework for thinking about the relationships between vulnerability, migration and social protection. Hopefully this will provide an anchor for future studies linking migration, remittances and social protection. Migration and remittances are an investment in social security by households and families. However, migration and remittances are too limited in scale and too fragmented to remove more general development constraints. Although the positive impacts of remittances (such as mitigating income risks, improving housing, education and health, financing investments and financing of infrastructure) tend to be celebrated, they also remind us about the failure of states to provide adequate social and infrastructural services. It has been argued by several scholars that if states would improve their social policies this would set free a larger part of remittance income for investment, instead of being spent on income insurance.

The areas where policy attention is required include the reduction of obstacles to the transmission and investment of remittances. It is therefore suggested that the government should consider introducing legislation and financial/monetary policies that facilitate the flow of remittances to the intended recipients. Essentially, there is need to reduce the cost of transferring migrant remittances by reducing the various charges involved. Such policies should
aim to encourage the transfer of remittances through formal channels. Clearly, remittances need to be better understood, appreciated, and incorporated into programme designs and these should support the continuation of remittance flows. However, one of the challenges faced by national governments in Southern Africa include lack of quality and comprehensive data on remittances and inadequate linkages between research and remittances policy.

The big challenge facing policy makers, however, is to find ways of creating space for migrants through policy processes that allow the migrants to remit cash and goods to their families back home, while at the same time consolidating the social safety networks for migrants in the host countries. Lessons learned from elsewhere in Africa reveal that there is a need to support the flow of remittances. Also, there is a need for SADC wide policies that aim to strengthen the existing social protection mechanisms for migrants, especially those who are unskilled/semi-skilled or are on short-term contracts. At the same time, governments and the private sector should consider creating conditions that facilitate the formal flows of remittances across national borders. This will require the lowering of the transaction costs of sending remittances and the relaxation of requirements around the opening of banks accounts and trans-border cash transfers.

REFERENCES


