



POLICY BRIEF 14



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Impact of Migration on Poverty and Local Development

Summary

Refugee and Migratory Movements Research Unit (RMMRU) has completed a study on “Impact of Migration on Poverty and Local Development”. This study was mandated by the Swiss Agency for Development and Cooperation (SDC). The aim of this study was to understand the impact of short term international migration on development, at the household level and at the community level in Bangladesh. It also focused on designing of evidence based policy interventions, to leverage the development impacts of migration on economic development in the rural area. A dissemination workshop on the study findings was held in 31 August 2014. The workshop brought together national and international experts on migration, government functionaries, civil society activists and journalists. RMMRU received important comments and suggestions on the study findings from the workshop. This policy brief is based on the proceedings of the workshop and we expect this will help the Bangladesh government and other relevant bodies involved in the framing of the 7th five year plan.



Methodology of the study

To analyse poverty the study used headcount method, living standard indicators of poverty and human development. To measure the impact of international migration on local level development it looked into three areas: investment, community development work and consumption of goods and services of the migrant households (HHs). A detailed HH Survey was conducted in 17 districts of Bangladesh, representing all 7 divisions maintaining the high, medium and low migration range. It followed both purposive and random sampling processes. A total of 5084 HHs were selected for HH survey. Among this sample, 2484 were Short term international migrants (STIM) HHs, 1372 were internal migrant (IM) HHs, and 1228 were non-migrant HHs. Community series data of 102 villages was collected through key informant interviews (KIIs).

Key findings of the study

Since the mid-1970s, Bangladesh has participated mostly in the short-term international labour markets of the Gulf and other Arab countries, as well as South East Asian countries. Over the last ten years on an average 500,000 workers have migrated to take up overseas employment. Bangladesh is the eighth largest remittance receiving country in the world. In 2012, it alone secured 44% of the remittances received by the least developed countries.

Out-migration from the village: The KII data found that the 102 study villages have a wide range of out-migration experiences. In 54 villages, short-term international migration is very common, while in 36 villages it is moderately common and in another 12 it was found not to be. In 86 villages, rural-urban migration is either very common or moderately common. In 65 villages, rural to rural migration is either very common or moderately common. Regional migration is moderately common in 11 of these villages.

Cost of Migration: Internal migration involved minimal costs. Compared to male, the cost of female migration was marginally higher. Male internal migrants on average paid Tk.780 and female internal migrants Tk. 822 to migrate. In cases of international migration, however, females paid much less than male migrants. The average cost paid by the male

international migrants was Tk.265,000, while the equivalent for female migrants was Tk.94,000. Even though the costs were low, 15% of the male IMs and 12% of the female IMs took loans to finance the cost of their migration. In comparison, 76% of the international male migrants and 89.7% of the female migrants took loans for this purpose. Comparing this study findings with the sound of music, Dr. Zahid Hossain, Lead Economist of the World Bank stated that a significant finding of the study is that the cost of migration differs significantly across districts. He suggested for further explanation of this variation in costs.

Major Destinations: 13 countries account for 95% of international migrants' destinations. However, the destinations of male and female migrants differ in some cases. While 30% of male STIMs went to Saudi Arabia, only 6% of female went to that country. However, the percentage of male-female respondents to UAE is at par (25% for both). Lebanon is the major destination of female migrants, but receives low levels of male migrants from Bangladesh. The movements of internal migrants covered all 64 districts. Dhaka and Chittagong are the two major destinations. Dhaka alone accounted for 58% of internal migrants. These two cities are equally attractive as destinations for both males and females.

Remittance: During the year 2013 on an average the STIM households interviewed has received Taka 251,400 as remittances. The maximum amount received was Taka 4,400,000, with Taka 6000 as the minimum. Dr. Mahbub Hossain, Former Executive Director of BRAC emphasized on the need for further work into the high cost of sending remittances by Bangladeshi workers due to involvement of intermediaries. He explained that a Bangladeshi worker has to pay three times the amount for sending remittances home compared to workers from other labour sending countries.

International Migration and poverty

Poverty headcount: Annual income of STIM households was Taka 143,000, for IM Taka 83,000 and for non-migrants it was Taka 90,000. International migration does play a significant role in reducing poverty. Only 13% of the STIM HHs lives below the poverty line. For the other two groups, poverty rates are quite high. It is the highest in case of internal



migrants (47%). Currently, 40% of the non-migrant respondents were below the poverty line. As per national data, 26% of people live below poverty line. Therefore, the poverty rate for non-migrants is 14% higher than national average and 21% higher for internal migrants. Mr. Siroco Messerli, Deputy head of cooperation's of SDC highlighted on how short term international migration can stimulate economic and social development within a household and community in Bangladesh. Commenting on the role of migration in poverty alleviation, Ms. Nazia Haider of SDC mentioned that this study establishes the link between migration and poverty alleviation.

Living standard: STIM enjoyed a better living standard compared to IM and non-migrants. With regard to housing, 18% of the STIM, 6% of the IM, 4.6% of the non-migrant owned pucca houses. Concerning energy sources, 74% of the STIM, 50% of the IM, and 58.6% of the non-migrants have electricity as their main source of power. In sanitation and water use, 47% of STIMs, 19% of IMs, and 18.3 % of non-migrants have sanitary toilets with water seal. Female STIMs experienced lower levels of living standards in comparison to their male counterparts. Mr. Messerli observed that this study contributed in establishing migration as one of the key factors contributing to Bangladesh's forecasted rise into middle-income country status.

Local level development

Ownership of homestead and agricultural-land: Among STIMs, 98% - and 93% of the other two categories - owned homestead land. There is a major difference with respect to ownership of agricultural land: 43% of the STIM possessed agricultural land, whereas, around 26% of IM and 27% of non-migrants owned such land. Only 21% of the female STIM HHs owned agricultural land, compared to 55% of their male counterparts.

Agricultural development: All three groups of interviewees made their highest amount of investment in agricultural production, both as land owners and sharecroppers. However, compared to internal and non-migrants, international migrant households

contributed to agricultural development more by using improved seeds, adequate fertilizer, regular irrigation, and insecticides. The number of investments in agricultural equipment made by STIM was double than that of IMs, and 13% more than non-migrants. Women migrants (both internal and international) invested less than male migrants in agriculture development. Dr. Binayek Sen from BIDS stated that he was intrigued by the findings that financial assets are growing, and that investments are taking place in agricultural advancement. He said that past studies have shown that migrants have been investing in the transport sector, but this study did not find that. He stated that he would like to know more about the reasoning for this.

Enterprise development: Around 5% of STIM and non-migrants had invested in shops, whereas only 2.9% of internal migrants have invested in this avenue. Around 10% of STIMs and IMs invested in transportation, however, the majority of internal migrants invested in rickshaw vans, whereas international migrants have made investments in micro buses, motorcycles, etc. Mr. Dilder Hossain from BBS commented that there are several studies that look into migration and remittance, but this study is the first to look into the impact of migration on rural development through enterprise development. A gendered analysis in the area of enterprise is also suggested by the speakers.

Financial instruments: Compared to IM and non-migrants STIM households fared much better both in terms of savings and investment. 34.07% of international migrant households have savings accounts. The commensurate figure was 21.49% for internal migrants and 19.11% for non-migrant households. 22% of international; 15% of internal; and 15% of non-migrants subscribed to Deposit Pension Schemes (DPS).

Job creation: International migrants created employment for non-migrants of the sending areas through providing a section of their land for share cropping. To manage poultry farms, livestock, and small-scale enterprises they also hired workers from non-migrant families. 79% of the high international sending-villages regularly experienced inter-district



seasonal migration. 41.7% of medium intensity villages experienced such migration and only 33% of low intensity migration villages experienced inter district seasonal migration. Dr. Mustafizur Rahman, Executive Director, CPD stated that two findings intrigued him in particular. These were the issues of labour market mobility and the findings on higher wage rates in high migration-sending areas. Dr. Rahman also stated that this is a very timely research, as the government has just begun to design its Seventh Five Year Plan. He said that the findings of this research project will aid the government in incorporating policies to enhance the developmental outcome of international labour migration. However, he said that the social cost of migration also should be analyzed, citing the potential impacts on marriages. Ms. Nazneen Sultana, Deputy Governor of Bangladesh Bank affirmed that the results of this survey are both important and well-timed, from the perspective of employment generation.

Stimulation to local market: STIM, IMs, and non-migrants all stimulated local markets by purchasing food and other consumables. However, compared to non-migrants and IMs, STIMs contributed more to the development of local markets through their larger spending capacity. STIM HHs annually spent 31% more in food and other expenditures in comparison to IMs, and 24% more than non-migrants. Rural market places have undergone major changes. Along with traditional items each market place has at least one computer composing facility, photocopy, and mobile stores, and other electrical items.

Also available were a set of stores which sold construction materials. Dr. Zahid Hossain also suggested analysis of pre- and post-migration condition of the migrant and non-migrant families, using the migration factors of local level development. He emphasized the need for the quantification of the indirect effects of migration like wage, seasonality in migration and job creation in this study as it will aid in the planning of the panel survey.

Education: With regards to education, 89% of international migrants, 91% of internal, and 90% of non-migrants sent their children to mainstream schools. Less than 1% of internal and non-migrants sent their children to kindergartens, whereas 2.7% of the international migrants did so. Vocational education was almost non-existent among all three groups. International migrants spent 33% more on private tutoring compared to internal migrants. Furthermore, STIMs spent 37% more than non-migrants in this regard. Only 8% of all three types of respondents sent their children for enrollment in Madrasa.

Dr. Hossain Zillur Rahman, former adviser of the caretaker government pointed that the media-based conservatism in terms of education has been challenged by the findings on Madrasas, and this is a very good sign for the migration industry and public image building. On another note, Dr. Binayak Sen discussed the finding that international migrant families were spending more on private tutoring. He said that he would like to see further analysis on this, and that he wanted to know whether such increased finance is resulting in better



educational outcomes of the children of migrant families or does lack of parental guidance result in creating poor achievement.

Health care: In the year 2013, 106 international HH members, 95 internal migrant HH members, and 190 non-migrant HH members faced serious illness. Male STIMs spent 65% more in health services compared to IMs, and 71% more than non-migrants. Among the international migrants, males spent 63% more in health care of household members than female international migrants.

Community welfare work: STIMs participated in 2025 community activities, while IMs and non-migrants participated in 591 and 489 activities respectively. On average STIMs spent 70.12% more than IMs and 59.64% more than non-migrants in this regard. The study found that 22.9% of STIMs, 15.9% of IMs, 22% of non-migrants participated in establishment, construction or maintenance of madrasas. Two households even donated land. The highest proportion of community activities of all three groups centered around religious institutions. 78% of STIMs, 81% of IMs and 67% of non-migrants made all types of contribution to mosques and temples. Along with financial contribution these institutions received contributions in kind (carpets, fan, prayer mat, holy Quran, cap and prayer beads). In relation to support infrastructural development, only 1.2% of STIMs, .4% of IMs, and 1.4% of non-migrants participated in construction of rural link roads, excavation of ponds,

etc. Community data however found that 27% of the villages have some examples of international migrants participation in infrastructure development.

From the above discussion this paper draws four major conclusions:

1. International migration plays a significant role in reducing poverty. Both male and female migrants contributed to the reduction of household level poverty, but the scale of impact differs.
2. In comparison to internal and non-migrants, international migrants contributed more to local level development through investment, consumption, and community development work.
3. International migration created employment for local non-migrants.
4. The benefits of international migration were distributed among non-international migrant producing areas through creation of employment for seasonal migrants in international migrant sending areas.

Where the other studies concentrated on the role of migration in poverty reduction only, this study has focused on the issues of local level development, job creation and areas of enterprise development through migration. We expect this policy brief will help the policy makers to address migration with robust evidence in advocating for the poverty alleviation and development of Bangladesh





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The Refugee and Migratory Movements Research Unit

Sattar Bhaban (4th Floor), 179, Shahid Nazrul Islam Shoroni, Dhaka-1000, Bangladesh

Tel: 880-2-9360338, Fax: 880-2-8362441

E-mail: info@rmmru.org, Web: www.rmmru.org

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