



***OFW Remittances
in the
Philippines***



Bangko Sentral ng Pilipinas

Importance of OFW Remittances

The Government of the
Republic of the Philippines



- **Ease foreign exchange liquidity constraints**
- **Increase disposable income**
- **Finance investments in SMEs**

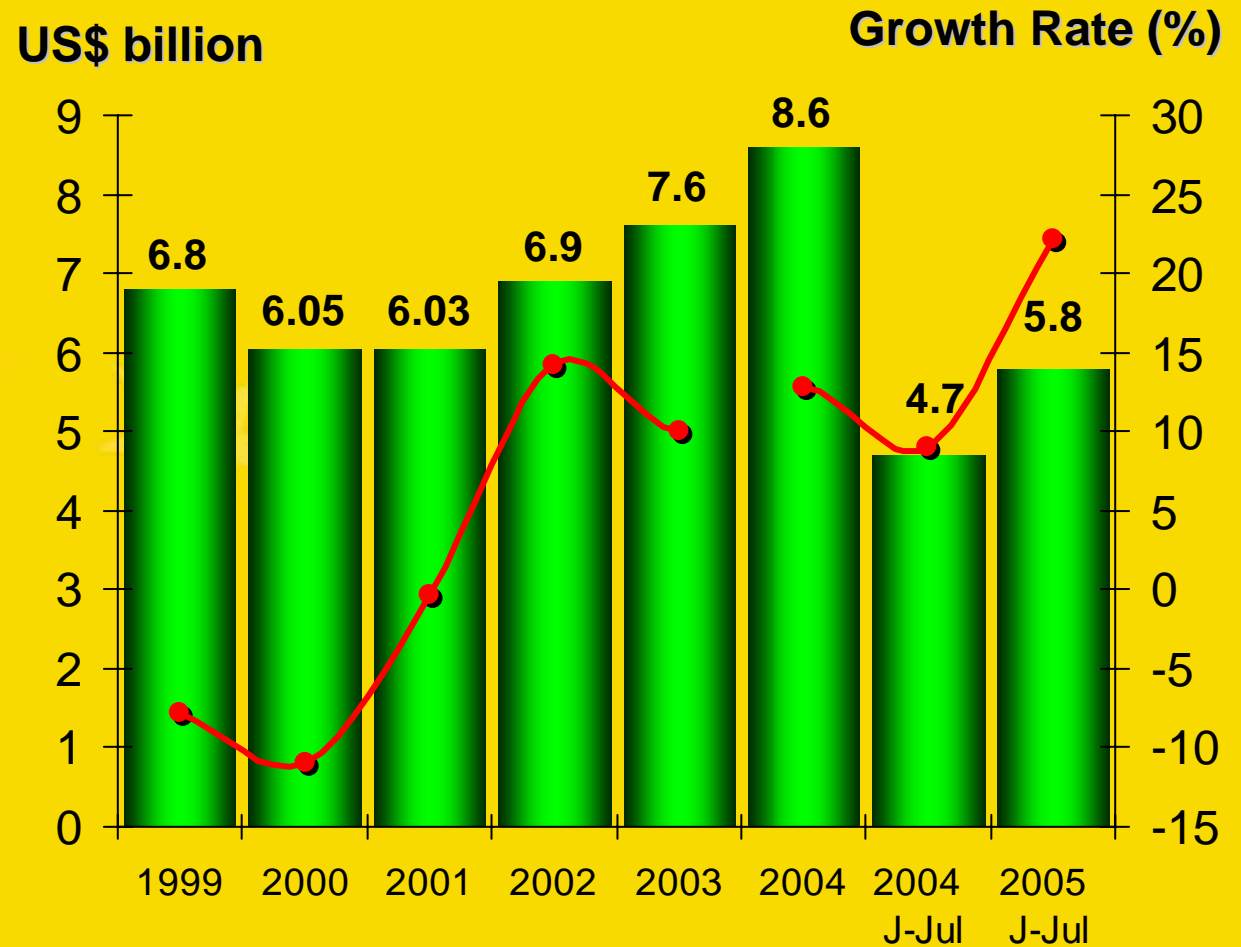
January-May

Importance of OFW Remittances

The Government of the
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- OFW remittances remains to be a major source of foreign exchange



Importance of OFW Remittances

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Remittances as percent of:	GDP	XGS	FDI	GIR	DSB	Total Cash Remittances (US\$M)
1999	8.9	17.4	393.9	45.1	102.5	6794
2000	8.0	14.7	449.8	40.2	99.6	6050
2001	8.5	17.5	609.8	38.4	91.9	6031
2002	9.0	18.4	384.3	42.1	92.5	6886
2003	9.6	19.6	2183.9	44.4	95.1	7578
2004	9.9	20.0	1823.0	52.7	118.4	8550
2004 (Jan-Jun)	10.0	19.7	2366.5	24.9	113.7	4023
2005 (Jan-Jun)	10.7	23.0	987.3	26.3	138.6	4887

Concepts/Compilation Methodology

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BOP Classification

Prior to 2004:

1. **Compensation Income – covers cash remittances of salaries/earnings of sea-based and land-based OFWs passing thru the banking system.**
2. **Current Transfers – covers gifts/donations received by resident beneficiaries from migrant Filipinos**



Concepts/Compilation Methodology

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BOP Classification

Starting 2004:

OFW transactions are measured and classified using the one-year residency rule in accordance with the IMF's BPM5.

- 1. Resident OFWs – those who work abroad for less than one year (e.g., performing artists and sea-based workers with short-term working contracts)**
- 2. Non-resident OFWs – those who work abroad for a period of one year or more (e.g., other land-based workers with long-term working contracts)**

Concepts/Compilation Methodology

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BOP Classification

1. **Income Account – covers remittances of resident OFWs**
2. **Current Transfers – covers remittances of non-resident OFWs.**
 - **Remittances of migrant Filipinos who permanently reside abroad are classified as gifts/donations under current transfers**

Concepts/Compilation Methodology

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Measurement & Sources of Data

1. **International Transactions Reporting System (ITRS) – based on bank reports to BSP on cash passing through banks and remittances through money transfer operators (MTOs)**
2. **NSO Survey on Overseas Filipino (SOF) for estimates of cash passing through other channels and for remittances-in-kind**

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Measurement & Sources of Data

1. Cash redmittances through banks
2. Raising factor to estimate other remittances i.e., not passing through the banking system and remittances in-kind

Survey on Overseas Filipinos

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- **The SOF is a nationwide survey that seeks to gather information on Filipino citizens who left for abroad during the last five years.**
- **It is a rider survey to the October round of the Labor Force Survey (LFS)**

Survey on Overseas Filipinos

The Government of the
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Objectives

- To provide data on overseas Filipinos (OFs) particularly the overseas contract workers (OFWs) and their contribution to the economy
- To obtain national estimates on the number of OFs including overseas workers and their socio-economic characteristics
- To provide estimates on the mount of cash and in kind transfers received by the families and mode of remittances

Survey on Overseas Filipinos

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Scope of the Survey

- The sample households of the SOF are the same as that of the LFS with a probability sample of about 44,000 sample households
- Family who traveled outside of the Philippines within the five-year period for any reasons are included

Survey on Overseas Filipinos

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Survey of Overseas Filipinos

- A two-page questionnaire containing
 - Socio-economic characteristics (i.e., sex, age, marital status, highest educational attainment, and occupation)
 - Place of work abroad
 - Remittances (Cash and in-kind)
 - Mode of remittances (i.e., banks, friends/co-workers, others)

Survey on Overseas Filipinos

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Sampling Design

- The SOF, as a rider to the LFS uses the sampling design of the 2003 Master Sample (MS) for Household Surveys which started on May 2003.
- The sampling domain consists of the country's 17 administrative regions as defined in Executive Order (EO) 36 and 231.

Survey on Overseas Filipinos

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Sampling Design

- The country's 17 Administration Regions are as follows:

National Capital Region

Cordillera Administrative Region

Region I – Ilocos

Region II – Cagayan Valley

Region III – Central Luzon

Region IVA – CALABARZON

Regions IVB – MIMAROPA

Region V – Bicol

Region VII – Central Visayas

Region VIII – Eastern Visayas

Region IX – Zamboanga

Region X – Northern Mindanao

Region XI – Davao

Region XII - SOCCSARGEN

Caraga

Autonomous Region in Muslim

Mindanao

Survey on Overseas Filipinos

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Forms Used

- **Two Forms are used in this survey, namely: (1) SOF form 1, which gathers the socio-economic characteristics of OFs; and (2) SOF Form 2, which is a control form**
- **ISH Form 2 is a household control form that is used as basis for determining which household has members who are overseas.**

Survey on Overseas Filipinos

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Forms Used

- Only the sample households with members overseas shall be given SOF Form 1, that is, those households that responded “YES” to the question, “Is there a family who left abroad at anytime during the period October 1998 to September 2003”

Survey on Overseas Filipinos

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Who are Overseas Filipinos?

- The survey covers the following overseas Filipinos as long as their departure occurred within the given five-year period:
 1. Filipino overseas contract workers (OFW) who are presently and temporarily out of the country to fulfill an overseas contract for a specific length of time or who are presently at home on vacation but still has an existing contract to work abroad.

Survey on Overseas Filipinos

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Who are Overseas Filipinos?

OFWs may be classified as:

a) Land-based workers

These are OFWs who are hired directly by an employer abroad, through the assistance of the POEA or through a private and licensed recruitment agency.

They may have returned to the Philippines for a vacation, have transferred to other employees, or were rehired by their former employer.

Survey on Overseas Filipinos

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Who are Overseas Filipinos?

OCWs may be classified as:

b) Sea-based workers

These are OFWs who worked or are working in any kind of international fishing/passenger/cargo vessels.

Also included are OFWs who worked or are working for a shipping company abroad.

Survey on Overseas Filipinos

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Who are Overseas Filipinos?

2. Other Filipino workers abroad with valid working visa or work permits. Included also are crew members of airlines such as pilots, stewards, stewardesses and others.
3. Filipinos whose place of employment is outside the Philippines but whose employer is the Philippine government.

Survey on Overseas Filipinos

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Who are Overseas Filipinos?

4. Filipinos who are sent abroad by the Philippine government or by private instructions for training, scholarships or any other similar purpose, even if they are known to be working abroad.
5. Filipinos working in other countries who are hired as consultants/advisors of international organizations such as the United Nations, IMF and others.

Survey on Overseas Filipinos

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Who are Overseas Filipinos?

6. Filipino immigrants and residents in other countries.

7. Filipinos abroad who are holders of other types of non-immigrant visa such as tourist/visitor, student, medical and others.

Survey on Overseas Filipinos

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Who must be reported by the sample household?

1. Overseas Filipinos who are related to the head of the sample household, by consanguinity or affinity, and who, prior to their departure and will be upon their return, were regular members of the household.
2. Overseas Filipinos whose stay abroad is indefinite but who are related to the head of the sample household, by consanguinity or affinity, and have lived with the household prior to their departure.

Modes of OFW Remittances

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Remittance Channels

Mode	% to Total		
	1995	2004	Average 1995-2004
Cash	87.4	95.2	92.0
Banks	67.1	77.2	69.0
Informal Channels	20.3	18.0	23.0
Non-Cash (In-kind)	12.6	4.8	8.0
Total	100.0	100.0	100.0

Source: Survey on Overseas Filipinos (SOF), NSO



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Concepts/Compilation Methodology

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Initiatives to improve Monitoring of Remittances

Estimate potential income of OFWs by:

1. Establishing a benchmark estimate of stock of OFWs
2. Gathering data on average salary per worker by skill category and by country