

## **Youth, Migration, Remittances and Development: a needed policy approach<sup>1</sup>**

This memo analyzes remittances, youth, and migration in an attempt to inform and contextualize a policy discussion on youth migration. Whether young migrants or youth relatives of migrants, this population group is in a vulnerable position vis a vis their ability to access opportunities and build assets. Attention to youth development should include education, health and asset building strategies.

### **1. Youth Migration**

According to UNICEF, there are approximately 35 million international migrants between the ages of 10 to 24 years, a group representing 17 percent of the total migrant population. Those between the ages of 20 to 24 comprise 44 percent, followed by adolescents aged 15 to 19 (32%). Geographically, young African migrants under 20 constitute the largest group of the youth migrant population (27%), followed by Caribbean, Central and South American (19%), Asian (17%), Oceanian (15%), and European and Northern American (11%) (Unicef, 2012).

Youth migration occurs for several reasons. It often results from decision-making strategies among parents to send the youngest of their family to work and earn an income. In other cases, families may decide to migrate together, bringing their children with them. Youth migration is also the result of “pull factors” in which neighboring, industrialized countries are eager to hire fresh foreign labor to work in labor intensive activities. Youth may migrate to take a chance in another country working as domestic workers and caregivers.

For example, the practice among young daughters to provide financially for their aging parents is commonplace. Some of the female migration from Mexico is attributed to these pressures. Rural migration of young women as domestic workers in cities of their countries or abroad is an old practice dating back to colonial times. In Indonesia, it is stressed that parents in rural areas rely on their young daughters to work in cities as a strategy to buy food and household necessities, especially during drought and crop failure. Remittances also may have the effect of preventing child marriage, since parents who rely on daughters’ remittances may be less likely to force girls to return home to marry. Ensuring that migrant girls have access to safe, fair, and appropriately compensated employment is essential.

#### **a) Young Migrants and Remittances**

The majority of these young migrants also send money to their families, though they have lower sending capacity than their adult counterparts.<sup>2</sup> In surveys carried out in several European and US cities, 12% of migrants were under 25 years of age. When comparing them to other age groups, these migrants were economically more vulnerable. First, their incomes were lower than the older cohorts, particularly in US cities and in Paris. Second, their education levels were low. The percent of those under 25 with a tertiary education was also lower than the older groups. Third, their savings accumulation capacity was lower: younger cohorts saved in lower percentages than people over 25. Moreover, the amounts saved

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<sup>1</sup> Manuel Orozco, August 12, 2013, briefing presented to the 'Youth Migration: Moving Development Forward', at CSIS.

<sup>2</sup> 67% of young migrants remit, compared to 75% of migrants over 25 years of age. See Orozco, Manuel. Tasting Identity: Trends in Migrant Demand for Home Country Goods, microNOTE #56, USAID, 2008.

were also lower. Fourth, the percent among younger immigrants with legal status was lower than with those over 25. Fifth, they remitted substantially less than their older counterparts. This last factor is likely to their lower incomes and thus their obligations in the host country. Sixth, in most places a greater percentage were female. The table below compares the characteristics of remittance senders under the age of 25 with those older than 25, suggesting that young migrants are more economically vulnerable in a number of ways.

It is worth also noting that those above 25 are among those with children back home, sometimes in a substantive percentage. Overall, 20% of migrants of all nationalities have a child abroad, that is, someone under 18, and look after them through remittances. That percentage is higher among older migrants, yet those under 25 also have children back home.

Table 1: Migrant remittance senders, by age group

Senders	Paris		Madrid		Barcelona		Rome		USA (NYC, DC, CHI, MIA, LA)	
	Non-youth	Youth	Non-youth	Youth	Non-youth	Youth	Non-youth	Youth	Non-youth	youth
	88%	12%	89%	11%	88%	12%	92%	8%	88%	12%
Female (%)	17	27	29	33	57	83	46	39	43	39
Income (US\$)	18,662	15,666	6,000	5,000	15,000	12,500	6,000	5,000	22,500	12,500
Education (% w college degree)	22	21	14.1	9.8	14.5	0	24.8	21.4	10.4	2.8
Report saving (%)	72	67	77	67			51	43	53	21
Report having documents (%)	69	47	85	71	89	75	83	59	73	31
Children in home Country (%)	24	0	35.5	15.7	31	8.3	32.2	7.4	20.8	11.8
Amount remitted annually (US\$)	2987	1819	2309	2260	2651	1796	2595	2264	2468	1873
Frequency of remitting (per year)	9	7	10	9	11	10	10	10	14	12
Years sending	10	4	6	3.3	5	3.3	8.2	3.4	11.6	4.2
Remittance share of income	0.16	0.12	0.19	0.18	0.18	0.13	0.22	0.18	0.10	0.12

Source: Orozco, Manuel. Understanding the continuing effect of the economic crisis on remittances to Latin America and the Caribbean. Inter-American Dialogue. August 2nd, 2009. Orozco, Manuel, with Elisabeth Burgess, and Netta Ascoli. "Is there a match among migrants, remittances and technology?" Inter-American Dialogue, September 2010.

### ***Female domestic workers***

These characteristics are also present among a particular migrant group, female domestic workers. Domestic workers comprise 20 to 25 percent of the female migrant labor force. They work under difficult circumstances and are affected by social challenges. A survey of domestic workers in four cities where there is a substantial demand for these migrants shows that in San Jose, Costa Rica and Washington, DC, domestic workers under 25 are 10 percent of all of this labor force. Migrant domestic workers exhibit distinct challenges, as with the other migrant groups, earning less, having lower earnings despite their education, and poor legal status.

Table 2: Female Domestic Workers as Remittance Senders, by age group

	Hong Kong		Madrid		San Jose		Washington, DC	
<b>Senders</b>	Non-youth	Youth	Non-youth	Youth	Non-youth	Youth	Non-youth	Youth
<b>Age group (%)</b>	97.7	2.3%	96	4%	88	12%	89%	11%
<b>Income (US\$)</b>	6000	5700	10,500	13,000	4400	3800	17,000	13,000
<b>Education (% college degree)</b>	40	85	2	0	0	2.4	5	14
<b>Report saving (%)</b>	66	71	31	37	22	21	47	53
<b>Amount saved (US\$)</b>	537	900	1150	2500	242	144	4500	3300
<b>Report having documents (%)</b>	100	100	36	13	46	12	26	9
<b>Children in home country</b>	68	0	51	27	54	26	16	9
<b>Amount remitted annually (US\$)</b>	2600	2000	5300	7200	1200	1000	3176	2100
<b>Remittance share of income</b>	0.44	0.36	0.5	0.55	0.27	0.29	0.18	0.15

Source: Orozco, Manuel. Migrant domestic workers: Global people, in the margins and marginalized? Washington, DC: Inter-American Dialogue, 2013.

## 2. Remittance recipients and youth

The impact of remittances on households is manifold and does have an effect on development and in consequence on youth. First, the impact can be measured by looking at the effect of remittances in increasing the income among those managing their flows. Second, the impact of remittances on youth occurs on the way in which these flows are invested in education or health.

In the first case, remittance recipient households may represent 10% of all households in developing countries and typically include 5 people on average. Among them there are children living in that household that may represent half of the household size. Looking at data in 13 countries in Latin America, Asia and the Caucasus we find important results.

In most of these countries the average age among remittance recipients is 35 and two thirds are women. However, between 15 and 25% of those people receiving and managing remittances are under the age of 25.

As is the case among youth migrants, we find that youth recipients are also relatively vulnerable. First of all, they have earnings and remittances in lower quantities than the older people. Second, their ability to build savings also is lower. Third, in terms of occupation, in many countries these younger recipients may find themselves unemployed. However, the percent among them who are students is greater than older cohorts, particularly in the Caucasus and Moldova. Because these remittance recipients are entrusted with the care of those in the household, those who are younger are faced with more responsibilities at an earlier stage of their lives than people 25 and older. Because they are less

economically endowed and have less access to tertiary education, their ability to achieve upward mobility is limited.

Table 3: Youth remittance recipients

Nationality	Recipients (%)	Female (%)	Income w/out remit	Remit. Received per year (US\$)	Have Savings Acct (%)	Amount Saved (US\$)	Income Dependence on Remit.	Un-employed (%)	Student (%)	Urban (%)
<b>Jamaica</b>	non-youth (74)	72	6,631	3,603	89	1,621	0.32	18	1	-
	youth (26)	68	5,375	3,318	88	1,015	0.38	25	10	-
<b>Mexico</b>	non-youth (85)	72	2,704	2,728	12	652	0.74	0.7	9	-
	youth (15)	80	2,760	2,931	11	312	0.75	0.4	3	-
<b>Uzbekistan</b>	non-youth (92)	63	2,500	2,200	61	867	0.47	2.0	0	-
	youth (8)	41	2,500	1,600	58	785	0.39	6.1	3	-
<b>Moldova</b>	non-youth (79)	65	2,518	4,919	21	1,862	0.53	15	1	-
	Youth (21)	58	3,073	2,902	15	602	0.43	13	10	-
<b>Armenia</b>	non-youth	67	4,231	3,812	19	2,845	-	-	-	-
	youth	62	2,999	3,530	11	1,101	-	-	-	-
<b>Georgia</b>	non-youth (78)	65	3,127	2,540	8	-	0.40	0.18	0.01	0.57
	youth (22)	61	2,329	1,583	6	-	0.39	0.24	0.31	0.60
<b>Azerbaijan</b>	non-youth (85)	48	6,066	3,627	2	-	0.33	0.03	0.01	0.57
	youth (15)	35	4,853	3,304	2	-	0.37	0.09	0.27	0.62
<b>Paraguay</b>	non-youth (84)	56	402	1,939	22	200	0.27	0.05	0.04	0.29
	youth (16)	54	343	1,727	17	150	0.26	0.03	0.30	0.29
<b>Guatemala</b>	non-youth (90)	69	1,914	3,682	87	-	0.56	0.02	-	-
	youth (10)	81	2,080	3,691	83	-	0.50	0.08	-	0.00
<b>Nicaragua</b>	non-youth (77)	81	3,594	3,205	19	766	0.38	0.08	-	0.63
	youth (23)	76	2,619	3,619	13	150	0.38	0.09	-	0.64
<b>Tajikistan</b>	non-youth (70)	39	2,407	2,561	34	195	0.52	0.18	0.01	0.40
	youth (30)	25	2,119	1,940	28	60	0.43	0.09	0.64	0.57
<b>Kyrgyzstan</b>	non-youth (72)	59	3,642	2,253	15	1358	0.28	0.08	0.00	0.44
	youth (28)	51	2,986	1,641	11	493	0.28	0.06	0.60	0.66

Source: Financial inclusion projects, coordinated by Manuel Orozco, 2009-2013.

The impact of remittances on youth also manifests itself through spending on health and education. Most households manage their income in order to spend and invest in health and education. In Mexico, Lopez-Cordova finds that infant mortality and birth weight improve among children in households that receive remittances by enhancing housing conditions, allowing mothers to stay home and care for their newborn, or by improving access to public services (Lopez-Cordova, 2005).

Nearly 80 percent of all remittance recipients reported spending their income for food purchase (Orozco 2005), leaving something for health and education. Moreover, the percentage of women devoting their income to food is about ten percentage points higher than males.<sup>3</sup> In a survey of Haitian remittance recipients, respondents were asked to identify how much of every \$100 in income they earned was spent on food. More than half of Haitian respondents report dedicating up to 40 percent of their income on food purchase (Orozco 2006b), with the rest invested in health, educations, savings, and other investments.

Table 4: Income expenditures on food by Haitian recipients, per every \$100 earned

	Men	Women
Between \$1 and \$20	31.70	34.95
Between \$21 and \$40	25.61	24.78
Between \$41 and \$60	17.68	16.81
Between \$60 and \$80	0.61	0.44
Between \$81 and \$99	2.43	2.21
Does not spend remittance on this	21.95	20.79

Source: Orozco 2006.

Remittances are also used to pay for health care, including preventive care. Indeed, 31 percent of remittance recipient households surveyed reported spending their money on health related expenses. An additional 17 percent reported spending on medication. A smaller portion (5%) are covered by health insurance plans financed by their relatives abroad. Among Haitian remittance recipients, nearly one-quarter of women report spending on health care expenses. One-fifth of women, compared to about 16 percent of men, spend up to \$20 on health care for every \$100 that they received (Orozco 2006b).

Existing research also suggests that remittances may ease some liquidity restraints that families face, allowing investments in health and education services which otherwise might not have been possible. Cox-Edwards and Ureta (2003) examine school retention rates in El Salvador at traditional “exit points” for students, usually at the end of each three-year cycle of primary school such as 3<sup>rd</sup>, 6<sup>th</sup> or 9<sup>th</sup> grade. The authors find that the increases in household income due to remittances do ease budget constraints and lower the dropout rate for children in rural areas. According to the study, retention rates improve at these critical junctions among children from households that receive remittances, regardless of the amount of money received (Cox-Edwards et al. 2003). Hanson and Woodruff conducted a similar study in Mexico (2003), focusing on accumulated schooling for 10-15 year olds in rural areas. The authors find that while the emigration of a family member may disrupt family life in a way that hinders educational

<sup>3</sup> Remittances increase income in a household, thereby contributing to better allocation of expenditures in various activities.

attainment, remittances seem to make more money available to finance education. Mexican children in migrant households complete significantly more years of schooling (Hanson et al. 2003).

Education is among the most important expenses allocated by migrants and their families. In a survey of remittance recipients across seven countries, nearly 42 percent of women reported using remittances to fund expenditures in education. The number of men was slightly lower at 37 percent. The income and level of educational attainment of the recipient seem to have little influence on recipients' likelihood to invest remittances in education, and respondents with more education are only slightly more likely to invest in education (Orozco 2005).

Data on secondary school enrollment collected on a survey of emigrant households in Guatemala may suggest that remittances do relax households' financial restraints in such a way as to allow them to continue to invest in education over a longer period of time (Orozco 2006a). While enrollment does drop among youths between the ages of 15 and 19, it remains higher than the national average, with nearly 70 percent of boys and 62 percent of girls remaining enrolled in an educational institution.

Not only do remittance recipient families have the resources necessary to continue their children's education beyond the traditional drop-out points, but they are also opting for private educational institutions. Increased investments in secondary and post-secondary education also become apparent when examining the types of institutions attended by students. Since public primary education in Guatemala is more accessible and less costly than secondary education, the majority of children of emigrant households attend public institutions. However, the balance begins to change around the first phase of Guatemalan secondary education, where the amount of children in private schools or cooperatives nearly doubles. The proportion of students in private schools further increases in the second phase of secondary school, known as *diversificado*, where between 85 and 93 percent of the investments made in education at this level are through private institutions or cooperatives (Orozco 2006a).

### **3. Some Policy considerations**

This briefing has pointed to a few factors that relate youth with migration. First, among migrants, those who are younger, under 25 years of age, appear as an economically vulnerable group. They are also likely to face more hardship according to other social indicators. Domestic workers are one example. Second, remittance recipients who are under 25 face more responsibilities with fewer resources. Yet, among households in general, there is a tendency to invest in food, health and education.

According to *Girls on the Move* there are four protective assets for a successful migration: human, social, physical and financial, considering savings and cash as crucial financial assets. One of the report's recommendations to help build portable assets is to help women to save money safely. According to the report, "in a few settings, informal systems and NGO programs give migrant girls financial capabilities and access to savings products before they migrate and after they start working" (Temin et al, 2013).

This asset building approach can apply to remittance recipients, too. In fact, a strategy on youth as it relates to migration should not be so different from a broad strategy on young cohorts. It is important

however to identify some key elements that can help facilitate the lives of many people considering that they are likely to move forward in life with higher demands on them as they move up in their life cycle.

Financial asset building for migrants should include financial advising and access. A similar approach can be implemented for remittance recipients under 25 with an emphasis on an understanding of short and long term financial goals. Providing social protection to migrants is also central, and it should include the provision of medical services as well as better education. Among remittance recipients, the emphasis on asset building should be accompanied by investments in education, to complete secondary and tertiary education and strengthen their skills base.

The previous sections have discussed the various challenges, opportunities and resources needed to migrate and live as a migrant. It is also worth considering how these dynamics play out at various stages of the migration cycle: prior to migration, during migration, and upon return.

#### ***Strategies prior to migration***

Because young people are in the first cycle of their life, planning for the future can have a powerful effect on increasing their opportunities and resources. Some of those tools include

- Skill training
- Acquiring legal status and (human and labor) rights awareness
- Savings accumulation and insurance
- Social networks

#### ***Strategies during migration***

Certain resources can help migrants leverage opportunities and mitigate risks. These include

- Asset building
- Health
- Training
- Social network
- Social and political organizing
- Sending money

#### ***Strategies post migration***

- Account opening back home
- Social network renewal
- Insurance and retirement investments

## **Appendix**

### **African youth remittance recipients**

<b>Nationality</b>	<b>Recipients (%)</b>	<b>Female (%)</b>	<b>Income w/out Remit (US\$)</b>	<b>Remit. Received per year (US\$)</b>	<b>Income Dependency Remit.</b>	<b>Unemployed (%)</b>	<b>Student (%)</b>
<b>Uganda</b>	<b>non-youth (90)</b>	<b>49</b>	<b>5332</b>	<b>671</b>	<b>0.11</b>	<b>0.4</b>	<b>1</b>
	<b>youth (10)</b>	<b>70</b>	<b>2435</b>	<b>539</b>	<b>0.18</b>	<b>3.4</b>	<b>45</b>
<b>Egypt</b>	<b>non-youth (97)</b>	<b>17</b>	<b>3011</b>	<b>1421</b>	<b>0.32</b>	<b>8.2</b>	<b>0</b>
	<b>youth (3)</b>	<b>33</b>	<b>1614</b>	<b>171</b>	<b>0.10</b>	<b>0</b>	<b>33</b>
<b>Chad</b>	<b>non-youth (88)</b>	<b>15</b>	<b>2255</b>	<b>676</b>	<b>0.23</b>	<b>11</b>	<b>2</b>
	<b>youth (12)</b>	<b>0</b>	<b>761</b>	<b>287</b>	<b>0.27</b>	<b>18.2</b>	<b>9</b>
<b>Burundi</b>	<b>non-youth (91))</b>	<b>44</b>	<b>2359</b>	<b>678</b>	<b>0.22</b>	<b>0.6</b>	<b>5</b>

	youth (9)	67	1927	480	0.20	0	73
Nigeria	non-youth (94)	75	3004	1375	0.31	0.7	1
	youth (6)	67%	2281	116	0.05	11	33
Somalia	non-youth (96)	50	1438	1617	0.53	6	3
	youth (4 )	85	215	2218	0.91	0	46
Tanzania	non-youth (73)	56	3745	655	0.15	0	0
	youth (23)	40	5226	612	0.10	20	70
Cameroon	non-youth (89)	45	3685	699	0.16	3	2
	youth (11)	33	3231	902	0.22	0	57
Burkina Faso	non-youth (82)	22	1502	485	0.24	9	6
	youth (18)	29	741	177	0.19	12.5	4
Ethiopia	non-youth (92)	34	820	926	0.53	8	0
	youth (8)	78	550	1319	0.71	0	11
Zimbabwe	non-youth (85)	54	1648	587	0.26	4	2
	youth (15)	67	391	794	0.67	9	48
Benin	non-youth (93%)	58	2772	1324	0.32	4	1
	youth (7%)	30	940	2072	0.69	0	20
Zambia	non-youth (100%)	57	3180	737	0.19	0	4
	youth (0%)	-	-	-	-	-	-
Rwanda	non-youth (81.5)	53	3562	289	0.08	5	0
	youth (18.5)	70	1696	720	0.30	10	0
Kenya	non-youth (86)	32	6010	661	0.10	0	0
	youth (14)	7	1309	24	0.02	0	43
Morocco	non-youth (96)	41	5276	993	0.16	2	17
	youth (4)	60	4390	779	0.15	0	0
Somalilan d	non-youth (91)	53	2539	938	0.27	1	0
	youth (9)	20	1632	978	0.37	33	0
RDC	non-youth (95)	42	2290	310	0.12	9.5	6
	youth (5)	60	1542	249	0.14	0	20
Senegal	non-youth (80)	1	4950	1564	0.24	4	8
	youth (20)	27	1601	4167	0.72	0	3

Source: Orozco, Survey of remittance recipients in Africa, 2009.



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