

A CLOSER LOOK AT FORCED MIGRATION AND DEVELOPMENT AID: THE CASES OF PHILIPPINES AND INDONESIA

*A contribution of the Asia Pacific Mission for Migrants (APMM) for the Reality of Aid – ASIA
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INTRODUCTION

About four decades ago, development aid existed alongside the phenomenon of massive migration of peoples with not so much elaborate agenda and hullabaloo to policy-makers as it is now. Concepts and co-relations then were quite different. On the one hand, development aid to poorer countries through capital infusion and provision of technical skills would bring about growth, prosperity and development. While on the other hand, the migration of peoples from poorer countries to more advanced ones will naturally occur as unemployment exists in poor countries and job opportunities can be found in more economically advanced countries.

But as neoliberal globalization intensified over the decades, policies on development aid and migration changed. Official development assistance (ODA) evolved to embody the principles of trade liberalization, privatization of public assets, deregulation of markets, and the opening up of domestic industry investment to “free market” forces. Thus, aid is not easily given. It comes with conditionalities.

However, neoliberalization policies only exacerbated the perennial economic crisis in poor countries resulting in greater poverty, unemployment, and underemployment. Hence, migration of peoples from these poor countries became a forced one as people were left with no option but to find work overseas while their governments took the road of exporting its own people by adopting the labor export program (LEP) as a paradigm for development. And as the economic crisis soared to an unprecedented scale worldwide, governments, inter-government bodies, international financial institutions and corporate businesses alike drew more attention to discuss and resolve issues pertaining to migration and development aid.

One such move was a joint study made by the International Organization for Migration (IOM) and the United Nations Conference on Trade and Development (UNCTAD) in 1996 entitled "Foreign Direct Investment, Trade, Aid and Migration". This study concluded that the better way to manage economic migration was to generate rapid economic growth in the countries of origin in order to induce migrants to stay at home of their own free choice rather than migrate under compulsion. The UNCTAD/IOM study said that increased flows of FDI and trade, as well as more effective use of development aid, impact directly and indirectly on this process.¹ This conclusion – the use of aid effectiveness in engendering economic growth in the country of origin – however, remain unanswered.

Then on November 15, 2004, the United Nations, in its Eighty-eighth Session, declared a policy statement which affirmed that: “The question is no longer whether to have migration, but rather how to manage migration effectively to enhance the positive side of the tally sheet and reduce the

¹ Ramon Bultron, “Development Aid and Forced Migration”, a paper contribution to the Reality of Aid (ROA) meeting on June 22-24, 2003 in Manila, Philippines. p.1

negative. Which forms of migration are desirable, and should be facilitated and under what circumstances? Which forms are undesirable and need to be rechannelled?”²

The same policy document also acknowledged that – “An important component of the economic dimension of migration, yet to be adequately assessed, is the impact of **remittances**. The World Bank recently estimated that nearly USD 100 billion is remitted through official channels annually, at levels several times FDI or official development assistance for many individual countries. Remittances transferred through unofficial channels may be two to three times that amount.”³

Then the United Nations, just before the holding of the Ministerial meeting of the World Trade Organization (WTO) in December 2005 in Hongkong, declared another policy statement in its Ninetieth Session on October 21, 2005, to wit:⁴

“It is difficult to envisage a world where there is an increasingly free flow of capital, goods and services without the concomitant increase in the movement of people. Yet, as economies and labour markets are further integrated through the process of globalization, barriers to the movement of people continue to be cited as a major impediment to potential global welfare gains that would benefit developing countries, developed countries and individual migrants and their families. Even a modest liberalization of the temporary movement of persons to provide services under Mode 4 of the General Agreement on Trade in Services (GATS) – **by all accounts only a small percentage of annual cross-border movements – has been projected to produce annual global welfare gains of between USD 150 billion and USD 200 billion, outstripping gains expected from further liberalization of trade in goods.**” (underscoring supplied)

In the same vein, the United Nations again forwarded another consideration:⁵

“According to the World Bank, international remittances remain the second-largest financial flow to developing countries after foreign direct investment, and are more than twice the size of net official development assistance.”

Following these motherhood statements made by the United Nations itself, the more recent move was the creation of the permanent Global Forum on Migration and Development (GFMD) in September 2006 in a High Level Forum sponsored by the Organization for Economic Cooperation and Development (OECD). The GFMD held its inaugural meeting in Brussels, Belgium in July 2007, its second meeting in Manila in October 2008, and this November 2009 in Athens, Greece. This permanent forum purportedly seeks to address issues such as how to “manage” migration (Human Capital Development and Labour Mobility: Maximising Opportunities and Minimizing Risks), increasing the volume and development value of remittances, and enhancing institutional and policy coherence.

² United Nations Eighty-Eighth Session, “Valuing Migration: Costs, Benefits, Opportunities and Challenges” policy document, November 15, 2004. p.2

³ Ibid. p.5

⁴ United Nations Ninetieth Session, October 21, 2005, “International Dialogue on Migration 2005”, pp. 3-4 . Quoted from the World Commission on the Social Dimension of Globalization, *A Fair Globalization: Creating Opportunities for All*, 2004; WTO, *World Trade Report 2004* (citing Winters and Walmsley, 2003, and Rodrik, 2002). These projections of global gains from freer movement of labour do not take account of gains from visitors, students and others who contribute billions of dollars annually to countries of destination.

⁵ United Nations Ninetieth Session, November 9, 2005, “Policy Approaches to Migration and Development”, p.5

The GFMD comes at a time when the number of migrants all over the world has reached 205 million⁶ and the volume of worldwide remittances has grown 7 percent in 2007 to \$318 billion according to the latest World Bank report. Such increase has outpaced the growth of Official Development Aid (ODA) and Foreign Direct Investments (FDI).⁷

Considering all these, it is understandable why migration and development aid are always on top of the agenda of governments as well as big businesses. But some questions still remain –Does migration really bring about genuine human development or not? Does the development aid being given to developing economies address the root causes of massive forced migration? What is the relationship of development aid in the whole migration paradigm? Through the case studies of the Philippines and Indonesia, this paper hopes to clarify these issues.

The Current Nature of Development Aid

Strictly speaking, the role of development aid is important in achieving the development goals of developing countries, “especially when it is used effectively in an accountable manner as part of a wider development strategy.”⁸

However, the reality is such that all development aids are laced with conditionalities. Even the Paris Declaration of 2005, hailed as a milestone in improving the effectiveness of ODA to attain greater reduction in poverty and inequality, is conspicuously silent on the issue of conditionality.⁹ The Paris Declaration and the aid reform agenda will be futile if it does not address this issue. Thus, the issue of conditionality is central to development aid.

Let us take the case of the Philippines which has a long history of ODA conditionalities with two of the renowned international financial institutions (IFIs) namely – the International Monetary Fund (IMF) and the World Bank (WB).

According to a study made by Mr. Sonny Africa of IBON Foundation, Inc.:

“The country’s first loan with the IMF in 1962 was on condition of the removal of foreign exchange controls and resulted in a sudden drastic devaluation of the peso against the dollar. The next four decades had 24 IMF loans totalling US\$3.0 billion and SDR3.1 billion and each of which more or less contained the standard IMF “stabilization program” of tight fiscal and monetary policies. The last IMF loan, for instance, was a US\$1.4 billion stand-by arrangement from 1998-2000 which had 110 conditionalities euphemistically called “structural reform measures....

Likewise with the WB. The country’s first structural loan (SAL) with the WB in 1980... initiated trade liberalization which the Philippines is in the final stages of today. To date,

⁶ IAMR-1 (Manila) concept paper. P.1

⁷ IAMR-2 (Athens) concept paper. P.2

⁸ IBON International, “Primer on Development and Aid Effectiveness”, p.8

⁹ Sonny Africa, “The Philippines and Aid Conditionality” published in Education for Development Manual (EDM), September-October 2007, p.3

there have been some US\$2.8 billion in WB structural and sectoral adjustment loans. The most recent is a US\$250 million Development Policy Loan in 2006 which among others covered fiscal austerity and new taxes ... as well as power privatization....IMF and WB aid conditionalities especially since the 1990s have been far-ranging and included among others: tax reform, import liberalization, financial and banking sector reform, securities reform, privatization and general foreign investment liberalization.”¹⁰

Another example is Indonesia. A research conducted by Don Marut of Indonesian NGO for International Development (INFID) reported that “the loans are used with conditionalities for policy and legislation reforms to boost the implementation of neoliberal policies (Washington Consensus). Some of these conditionalities on multilateral loans are as follows: subsidy cuts on agricultural sector up to zero; elimination of the credit for farmers; elimination of all kinds of subsidies; privatization of all state-owned companies; policy reforms for promoting foreign investment; etc.”¹¹

Chart 1: Bilateral loans to Indonesia: 6 top countries (%)

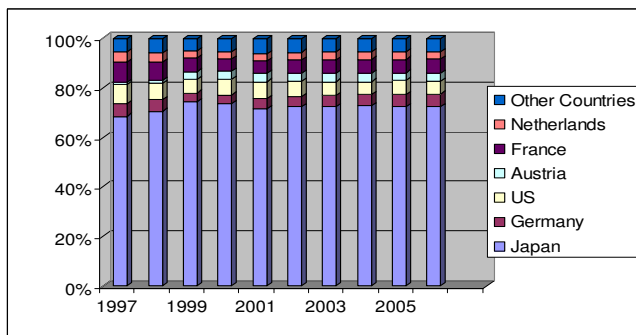
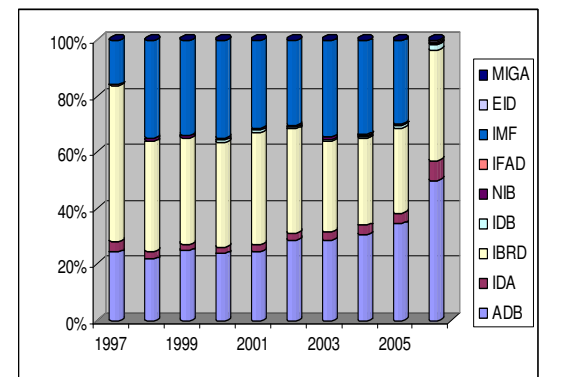


Chart 2: Multilateral Loans



Mr. Marut also exposed that loans and grants to Indonesia do not really benefit the people. One case he mentioned of an EU grant of 20M Euros for forest law enforcement, 60% of the grant was used for consultancy of company from Finland.

This does not include how much goes into the individual pockets of corrupt government officials.

Table 1: TIED AID

Creditors	Foreign Utilization (%)	Local Utilization (%)
Germany	97.31	2.69
Austria	92.81	7.19
Denmark	90.55	9.45
Netherlands	87.42	12.58
South Korea	82.88	17.12
JBIC	80.45	19.55

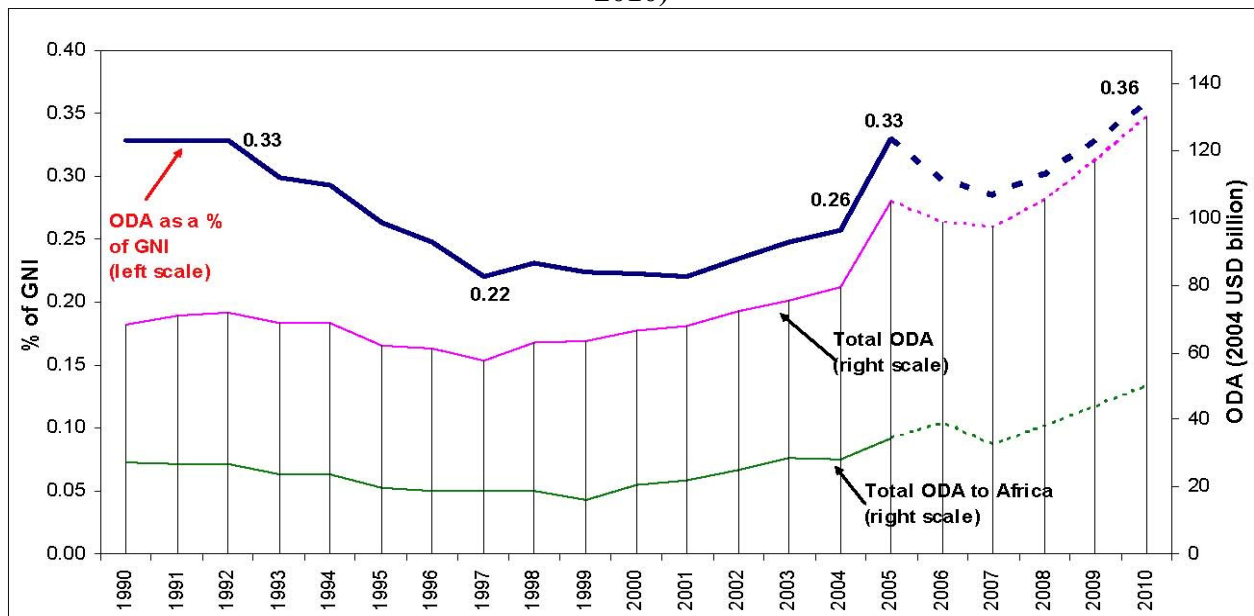
¹⁰ Ibid., p.4

¹¹ Don Marut, “Development Finance and Aid Effectiveness: Indonesia”, a powerpoint presentation at the Reality of Aid Asia Strategy Workshop on July 14-15, 2008.

But the more fundamental question concerning development aid is not just about conditionalities. Mr. Antonio Tujan Jr., Chairperson of Reality of Aid Network and International Director of IBON Foundational, Inc., presented a deeper analysis regarding issues on development aid. He pointed out:¹²

“Foreign direct investment (FDI), while increasing (has reached US\$325-B worldwide), went to 24 developing countries mostly in Latin America and Asia and hasn’t gone to low-income countries but only those with oil potential like in Africa....”

**Table 2: DAC members' net ODA 1990-2005
and DAC Secretariat simulations of net ODA (2006
2010)**



Mr. Tujan Jr. further analyzed that:

“The aid system can collapse under its own weight. This means that apart from dwindling aid quantity, there are issues surrounding the aid agenda. These are: a) aid quality (out of every dollar promised, only 32 cents actually go to developing countries); and b) aid effectiveness....”

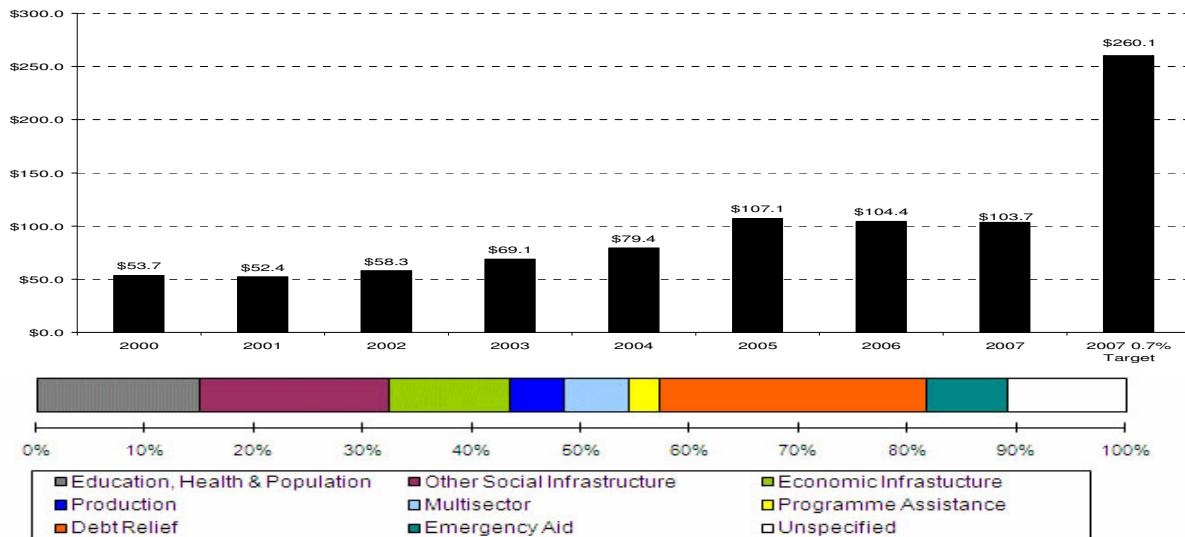
The main issues on aid effectiveness is ownership, tied aid and accountability. Policy conditionalities in terms of structural adjustment programs – SAP - are contrary to ownership. Accountability for donors requires mechanisms against corruption. But for CSOs, what were the results? Is the project effective?”¹³

¹² Antonio Tujan Jr., “Overview of current issues and trends on development finance, debt and aid effectiveness reform” presented in the ROA-Asia Strategy meeting on July 14-15, 2008.

¹³ Ibid.

Table 3:

Total ODA, 2000 - 2007
Billions of USD, Current Prices



Another aspect in development aid that is worth looking into is its allocation vis-à-vis the US-led “borderless war against terror” campaign. For instance, Israel and Egypt, both key allies of US, received more than half of total US development assistance. Israel is classified by the World Bank as a high-income economy but received more ODA from DAC countries than some of the world’s poorest nations.¹⁴ Then, from 2002-2004, about US\$ 10-billion of new aid was given to Afghanistan and Iraq. This represents 37% of the entire aid resources at that time.¹⁵ The Philippines also received US\$ 126 million of military aid in 2003 from the United States.¹⁶

Allocating aid on the basis of former colonial ties is one major reason for other European donors. Belgium sent most aid to the Democratic Republic of Congo. Portugal gave most of its aid to former colonies – Timor Leste, Cape Verde, Mozambique and Angola. In 2002-2003, Cote d’Ivoire and Cameroon were top recipients of French ODA.¹⁷

It is clear here that aid is based on direct political and economic interests of donor countries rather than actual needs of the intended recipients -- poor countries and its people. Mr. Bultron again recognized this as not surprising considering:

“... The aids that governments give to international financial institutions mainly come from big multinational and transnational corporations. Thus the aids to the more backward economies come with conditions in order for the corporation to sustain the steady supply of provisions for

¹⁴ IBON International, “Primer on Development and Aid Effectiveness”, p.26

¹⁵ Ibid. p.20

¹⁶ Ramon Bultron, “Development Aid and Forced Migration”, a paper contribution to the Reality of Aid (ROA) meeting on June 22-24, 2003 in Manila, Philippines. p.2

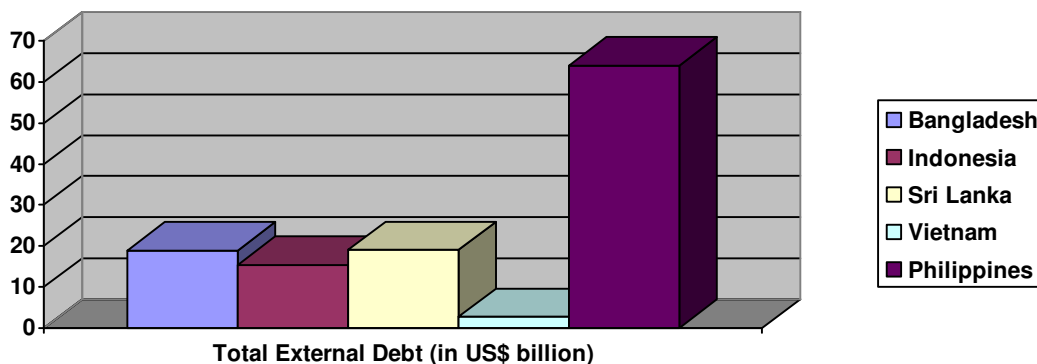
¹⁷ Loc cit. p. 26

what they need. The national policies, on the other hand, are formulated to create an atmosphere that is good for businesses – that is, where they can get the maximum of profits.”¹⁸

Debt and Aid

A related issue on development aid is the issue on debt. Migrant-sending countries like the Philippines, Indonesia, Sri Lanka, Bangladesh, Vietnam, etc. are all debt-ridden. Bangladesh has a total external debt of US\$ 18,907,000 million.¹⁹ Indonesia’s total external debt is IDR 139,916 trillion (US\$ 15.3-B).²⁰ Moreover, the external debt of Vietnam has reached US\$ 19-B²¹ while Sri Lanka’s debt is US\$ 2.6-B.²² Philippines debt stands at US\$ 64 billion, as of October 2007.²³

Table 4: Total External Debt of some Asian Countries



With the unprecedented global economic crisis looming before us now, its magnitude can be seen not just in terms of rising unemployment and underemployment but also in the magnitude of debt. Ms. Rosbee De Guzman, Head of IBON Foundation’s Research Department, thus explained:

“The total external debt of the ‘emerging and developing countries’ has increased sharply from US\$810 billion in 1985 to US\$2.8 trillion in 2005, a 246% nominal increase in 20 years or an annual average increase of 12% per year. This rate is a lot faster than GNP growth rates of the underdeveloped countries at current prices... IMF figures for 2007 show total external debt to be around US\$4.044 trillion, another 70% increase since 2000.”²⁴

¹⁸ Loc cit. p.1

¹⁹ Ahmed Swapan, “Development Finance and Aid effectiveness Reforms in Bangladesh”, a paper presented at the Reality of Aid Asia Strategy Workshop in July 14-15, 2008.

²⁰ Don Marut, “Development Finance and Aid Effectiveness: Indonesia”, a powerpoint presentation at the Reality of Aid Asia Strategy Workshop in July 14-15, 2008.

²¹ Duong Thi Nga, “Issues on Development Finance and Aid Effectiveness Reform: The Case of Vietnam” presented at the Reality of Aid Asia Strategy Workshop in July 14-15, 2008.

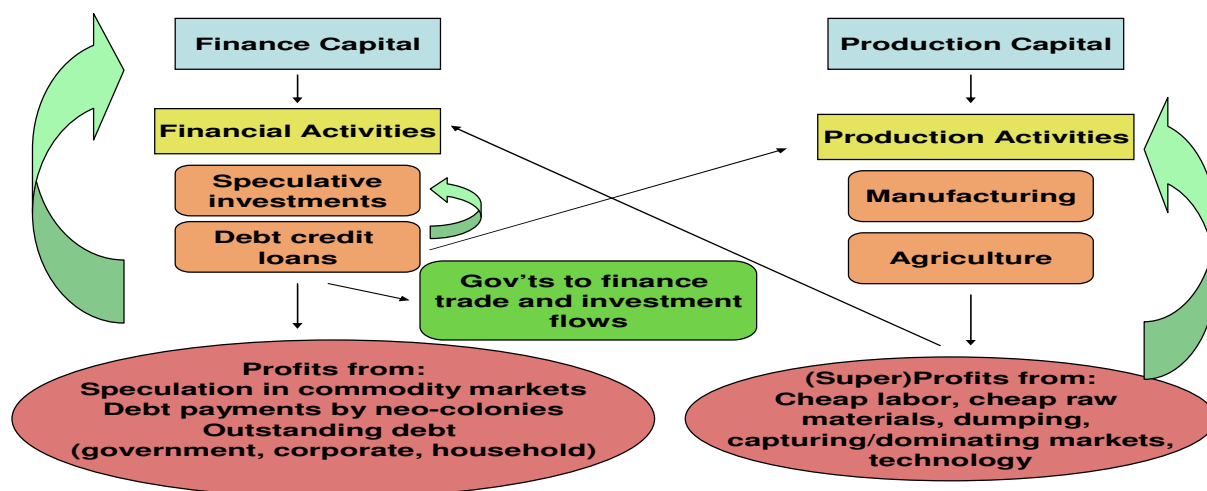
²² Suranjan Kodithuwaku, “Tied Aid: Issues on Development Finance and Aid Effectiveness in Sri Lanka”, presented at the Reality of Aid Asia Strategy Workshop in July 14-15, 2008.

²³ Sonny Africa, “The Philippines and Aid Conditionality” published in Education for Development Manual (EDM), September-October 2007, p.11

²⁴ Rosario Bella Guzman, “The Global Financial Crisis and Development Finance: Speculation and Debt”, a powerpoint contribution to the Reality of Aid Asia Strategy Workshop in July 14-15, 2008.

She further stressed that “This crisis affects the economy because it affects demand. It is done outside production realities. As such, it is stimulated by financialization. We can cite 3 features: 1) the ascendancy of financial capital over production capital; 2) the increasing disconnection of finance from production; and 3) wealth is centralized in industrialized countries.”²⁵

Moreover, debt and speculation are used not just to generate profits but to artificially create demand.



Mr. Tujan capped this analysis by stating that “debt was created by aid in terms of concessional loans and that the debt crisis is a creation of neoliberal policies. The debt crisis does not allow development and serves as a counterforce in destroying development in general and for highly indebted countries. One can never have aid effectiveness when one has a debt crisis. On the other hand, the debt crisis becomes a determining factor in development finance strategies and management.”²⁶

Debt servicing, Remittance and Aid

If one individual were to apply for a loan in a bank or a financial agency, the capacity to pay is usually established and collaterals are required. For a migrant worker in Hongkong to get a loan from JCG, a loan shark, he/she gives his/her passport as collateral, a practice that is illegal but nonetheless practiced. His/her “capacity to pay” is established as the passport would show the employment visa validity issued by the Immigration Department.

So is the case for loans and aid by governments. Agreement to conditionalities discussed in this paper, provide the collateral and economic performance through doable economic growth rates, GDP, GNP and revenues generated by the government provide the basis for capacity to pay. The

²⁵ Ibid.

²⁶ Antonio Tujan Jr., “Overview of current issues and trends on development finance, debt and aid effectiveness reform” presented in the ROA-Asia Strategy meeting on July 14-15, 2008.

country's track record in debt servicing is also looked into. In more ways than one, this is implicit conditionality as this is not formally written in any loan or aid agreement.

The Philippine government is one clear example. All regimes have officially promised to pay the country's debts in adherence to the infamous Presidential Decree 1177 on automatic appropriation for debt servicing in national budgets.²⁷ From the regime of Marcos to the current Arroyo regime, debt servicing is always takes a huge portion of the national budget. (Please refer to Table 5)²⁸

Table 5. Philippine Foreign Debt Servicing (Public and Private)					
By Administration, 1981-2005					
	Marcos	Aquino	Ramos	Estrada	Arroyo
	1981-1985	1986-1991	1992-1997	1998-2000	2001-2005
in US\$ million	13,661	17,774	27,465	17,893	47,842
Average annual servicing	2,277	2,962	4,578	5,964	9,568
As % of GDP	8.1	7.7	6.9	8.2	11.8
<i>Source of basic data: Key indicators – Asian Development Bank (ADB)</i>					<i>Total: 124.635</i>

The Philippines' debt stock was US\$ 18 billion in 1980. **Over the years, US\$ 130 billion has been paid in debt service (underscoring supplied).** Yet, debt stock continues to rise and stands at US\$ 64 billion.²⁹ It is so because of high interest payments on public debt.

One of the controversial issues concerning debt servicing is that it eats up a large portion of the national government's revenue. For instance, "in 2006, nearly 90% (P854 billion) of the total national revenue (P980 billion) went to service foreign and domestic debt. With only P126 billion remaining and yet P734 billion in total non-debt expenditure, the government had to borrow some more ... from ODA," according to Mr. Africa.³⁰

Moreover, interest payments alone on public debt have drastically increased their share of the budget from 16 percent in 1997, to 25 percent in 2001, to 35% in 2006. This financial drain on debt servicing sustains aid dependency, an indicator that the Philippines is really not doing any better.³¹

And so this "financial drain" can be offset with the use of remittances of overseas workers as "collateral" in establishing the capacity to pay, and therefore acquire aid. Higher remittance flows into legal banking channels means higher dollar reserves and the better for the Philippines to showcase this high dollar reserve when acquiring aid or a loan .

²⁷ IBON Special Release Vol. 30, Nos. 1-4, 15 January – 28 February 2007, p. 11

²⁸ Ibid. p. 60

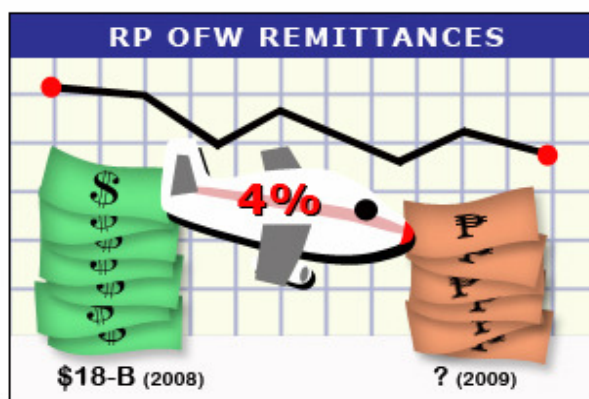
²⁹ Sonny Africa, "The Philippines and Aid Conditionality" published in Education for Development Manual (EDM), September-October 2007, p.11

³⁰ Ibid. p. 12

³¹ Loc cit.

Oftentimes, remittances are referred as the one which “props up the national economy”, “keeps the economy afloat”, “economic crutch” for the government, etc. Bangko Sentral ng Pilipinas Governor Amando M. Tetangco, Jr. acknowledged that, “Remittances from overseas Filipinos remain a dependable source of foreign exchange for the economy. Sustained demand for Filipino manpower worldwide—particularly professional and skilled workers—combined with greater access by overseas Filipinos and their beneficiaries to expanded remittance transfer facilities helped shore up remittance flows.”³²

With the current global economic crisis, predictions say that remittances would fall. A recent report by RGE Monitor, a research firm based in New York City, predicted a six per cent to 11 per cent drop in remittances this year. The money sent home by about nine million overseas workers accounts for as much as 17 per cent of the Philippines’ national economy. Those remittances, totalling US\$16 billion (Dh58.7bn) in 2008, have become an “economic crutch” for the government, according to the report. Mikka Pinada, the author of the report, said the loss of that crutch would be catastrophic. Without their remittances, which prop up the national economy, some observers are warning that higher poverty and unemployment rates could trigger social unrest.³³



Meanwhile, World Bank estimates a similar decline. “We expect a 4% decline in remittances as migrant stock isn’t increasing at the same rate as before, fewer people are sending money home,” said Dilip Ratha, the lead economist of the World Bank’s migration and remittances development prospects group.

How this decline in remittances would affect the government’s acquiring aid is something that will only unfold in the near future.

Poverty and Forced Migration

Development aid is ostensibly meant to realize human development. Yet despite the development aid given, poverty continues to rise and plague the world. The UNDP’s 2003 Human Development Report shows that the era of globalization has been accompanied by high levels of poverty and a widening inequality gap, where the richest 5% of the world’s people receive 114 times the income of the poorest 5%.³⁴

In measuring the effectiveness of development aid, poverty rate is a relevant indicator. In the Philippines, according to research group IBON Foundation, the number of poor Filipinos according to the government’s official poverty line still increased by 3.8 million to 27.6 million in 2006. GDP growth will likely average even less than 5% in the 2007-2009 period, which

³² Bangko Sentral ng Pilipinas (BSP) published online (<http://www.bsp.gov.ph/publications/>). February 16, 2009.

³³ Jared Ferrie, Foreign Correspondent, UAE Times. March 26, 2009.

³⁴ IBON International, “Primer on Development and Aid Effectiveness”, p.12

means that poverty will possibly increase by at least 4 million poor Filipinos.... growth has dropped steeply from 7.2% GDP growth in 2007, to 4.6% in 2008 and will likely be less than 3% this year. The real number of jobless Filipinos increased to 4.1 million in 2008 and will likely rise to some 5 million this year. The number of unemployed and underemployed Filipinos could then rise to at least 11 to 12 million in 2009.³⁵

In Indonesia, poverty rate for 2008 is 15.4%. For 2009 it is predicted by the Indonesian government to be 13.5%.³⁶ But this figures are contested by the Poor People's Union (Serikat Rakyat Miskin Indonesia - SRMI) which claimed that according to UN estimates, nearly half the country's population of 220 million people lives on less than US\$2 a day.³⁷

It can be established here that poverty is the main push factor why there is forced migration in migrant-sending countries like the Philippines and Indonesia. From this, it is also logical to use migration trends and its place in the nation's economy as a measurement to determine the impact of development aid. These are: 1) intensifying labor export programs and policies; 2) the role and impact of remittances vis-à-vis development aid ; and, 3) the impact on and the role of migrant workers movement in fighting for their rights and welfare.

1. Intensifying labor export in developing countries

The Philippines started to systematically deploy Filipinos for work overseas during the time of then Pres. Marcos in the mid-70s. This new wave of labor migration came at a time when there was a huge unemployment and underemployment in the country and a social volcano was erupting. While the Marcos regime said that it is only a "stop-gap measure", poverty as a result of chronic economic crisis continued. And so successive regimes not only continued what Marcos started but institutionalized and intensified the export of labor.

Each successive regimes after Marcos deny that there is a labor export program (LEP) being promoted and implemented. They would call them different names. Under the Cory Aquino regime, the LEP was considered to be an important component of the so-called "development program". Then the Ramos regime named it as "international sharing of human resources" and even concocted the "Magna Carta for OFWs and their Families" or Republic Act 8042 when the nation arose and protested its negligence and inutility over the hanging of OFW Flor Contemplacion in Singapore. The Estrada regime vigorously continued from where the Ramos regime left off.

And when the Arroyo regime came into power, one of her first policy announcements practically stated that Filipinos working overseas should "stay abroad". As a showcase of the LEP's place in the national economy, President Arroyo passed Presidential Decree No. 76 declaring the Year 2002 as the "Year of the Overseas Employment Providers" last year. Moreover, her government has promoted globalisation and lobbied the World Trade Organization (WTO) to expand the removal of trade barriers to the movement of goods, services and capital through GATS and Mode 4.³⁸

³⁵ IBON Media, February 4, 2009.

³⁶ SigitArinto.com

³⁷ Berdikarionline, Metro TV News (Indonesia), IRIN News, Antara news

³⁸ Joy S. de Guzman, "Linking Women Trafficking in Asia with Economic Globalization", December 2005, pp.17-18.

It is not surprising at all that the House of Representatives recently passed a bill called House Bill 387, otherwise known as “An Act Liberalizing and Accelerating the Processing and Deployment of Overseas Filipino Workers,” a bill that would fast track the processing and deployment of overseas Filipino workers (OFW). This bill made no qualms in the “active promotion” of overseas employment to boost the national income “. In fact, the author of said bill, Rep. Roilo S. Golez (Paranaque City), said this measure corrects the Ramos-era policy that “downplays” the export of Filipino labor abroad.³⁹

Table 6. Deployed Overseas Contract Workers (1975-2008)

YEAR	TOTAL (in US\$ million)	% Land-based	% Sea-Based
1975	36,035	35	65
1976	47,835	40	60
1977	70,375	52	48
1978	88,241	58	42
1979	137,337	67	33
1980	214,590	73	27
1981	266,243	79	21
1982	314,284	80	20
1983	434,207	88	12
1984	305,982	87	13
1985	372,784	87	13
1986	378,214	86	14
1987	449,271	86	14
1988	471,030	79	21
1989	458,626	77	23
1990	446,095	79	21
1991	651,019	78	22
1992	686,461	78	22
1993	696,630	78	22
1994	719,602	77	23
1995	654,022	75	25
1996	660,122	73	27
1997	747,696	75	25
1998	831,643	76.75	23.25
1999	837,020	76.50	23.50
2000	841,628	76.43	23.57
2001	867,599	76.38	23.62
2002	891,908	76.50	23.50

Source: POEA Annual Reports.

Rep. Golez further acknowledged that “Our local economy cannot adequately sustain our population growth [thus] the role of OFWs in promoting the national economy and keeping the

³⁹ Kimberly Jane T. Tan, GMA News.TV. May 15, 2009.

national income afloat is indubitable," said Golez. He said that the country must maximize its labor force.⁴⁰

In Asia, the Philippines continuously topped the list of major exporter of human labour in Asia alone from period 1996 to 2000. It is then followed by Thailand (763,258), Indonesia (723,139), Sri Lanka (651,635) and Nepal (227,742).

Table 7. Total Number of Migrants Deployed for the Past 5 Years in Selected Countries

Countries	1996	1997	1998	1999	2000
Philippines	660,122	747,696	755,684	831,643	841,628
Nepal	2,334	3,408	194,000	28,000	No data
Bangladesh	No data	No data	267,667	268,182	28,721
Sri Lanka	162,572	150,269	159,680	179,114	No data
Thailand	185,436	183,671	191,735	202,416	No data
Indonesia	220,162	502,977	No data	No data	No data

Sources: Scalabrini Migration Centre; POEA

Indonesia's LEP, on the other hand, is called "Pelita" or "Repelita" (Labour Export and the National Development Programme). It was started by Suharto for similar purposes, namely: 1) to stall the social unrest due to unemployment and economic pressures and problems; and 2) to generate for Indonesia the much-needed income. Through a decree issued in 2002 by the Ministry for Labour and Transmigration, Indonesia's LEP was systematized and institutionalized with the following features:⁴¹

1. Full deregulation of Indonesian labour importation industry: The Indonesian Labour Enterprise (Perusahaan Jasa Tenaga Kerja Indonesia or PJTKI) is given the full authority to look for job opportunities abroad and in deploying them. The Indonesian Consulate approves the job orders in receiving countries. Upon approval, the process of recruiting Indonesian migrant workers (IMWs) will be done by partner recruitment agencies in Indonesia. The role of the Ministry of Labour and Transmigration is reduced to approving the licenses for PJTKI and "verifying job orders".
2. No direct hiring: PJTKI has the sole control of deploying IMWs. Every IMW has to pass through PJTKI and its counterpart recruitment agency in Indonesia.
3. No standard contract: Contracts are based on the host country's policy. The Indonesian government takes a "hands-off" policy and sets no benchmark with regards the IMW's rights and living and working conditions. It leaves important issues such as minimum wage and other benefits to the decision of the host government and divests itself of political and social responsibility to its nationals.

⁴⁰ Ibid.

⁴¹ Loc cit. p.15

4. Fees charged to IMWs: Because of the deregulation policy, fees charged by recruitment agencies have no fixed amount. This subjects the IMWs to further exploitation by unscrupulous agencies.

Table 8. Indonesian Migrant Workers Abroad According to Countries of Destination

Destination Country	Pelita I	Pelita II	Pelita III	Pelita IV	Pelita V	Total	(%)
	1969-74	1974-79	1979-84	1984-89	1989-94		
Saudi Arabia	-	3817	55976	223573	268858	552224	62.9
Other Gulf States	-	1235	5349	3428	5145	15157	1.7
Malaysia	12	536	11441	37785	122941	172715	19.7
Singapore	8	2432	5007	10537	34496	52483	6
Brunei	-	-	-	920	7794	9714	1
Hong Kong	44	1297	1761	1735	3579	8512	1
Japan	292	451	920	395	2435	4497	0.5
Korea	-	-	-	-	1693	1693	0.2
Taiwan	37	-	-	178	2025	2040	0.3
Holland	3332	6637	10104	4375	4336	28784	3.3
USA	146	176	2981	6897	9842	20042	2.3
Others	1653	461	2871	2439	2832	10256	1.2
Total	5624	1742	96410	292262	465972	877310	100

(Source: Hugo, 1995)



2. Role and impact of remittances vis-à-vis development aid

On a global scale, remittances has reached US\$ 318 billion according to the World Bank. Said report also recognized that international remittances remain the second-largest financial flow to developing countries after foreign direct investment, and are more than twice the size of net official development assistance.⁴² The UN International Migration Report 2002 also said that a number of countries are dependent on the foreign exchange earnings of their nationals abroad and this has become an important addition to its gross domestic product.⁴³

The export of human labour is a major source of dollar earnings among sending countries like the Philippines, Indonesia, Thailand, India, Sri Lanka and Bangladesh. In these countries, export of people has displaced export of commodities as major source of balancing their payments for imports. In the light of their high state of indebtedness and in propping up their ailing economies, these governments have become more dependent on remittances from migrants. Remittances are either the most important or among the first five sources of scarce foreign earnings.⁴⁴

⁴² United Nations Ninetieth Session, November 9, 2005, "Policy Approaches to Migration and Development", p.5

⁴³ UN International Migration Report 2002

⁴⁴ Joy S. de Guzman, "Linking Women Trafficking in Asia with Economic Globalization", December 2005, pp. 19

Take the Philippines, for instance. Since the time of Marcos, remittances from overseas Filipino workers reached US\$ 810.48 million in 1982. Then it blew to more than US\$ 1.500 billion in 1997 under Aquino and US\$ 5.74 billion in 2000 under the Estrada regime. (Please see Table 8). It steadily rose annually during the Arroyo regime until it reached US\$ 16.43 billion in 2008. This was 13.7 percent higher than the level recorded in 2007.⁴⁵

From 1975-2007, Philippines has received over \$120 billion in cash remittances,” said Jeremiaah Opiniano, Executive Director of Institute of Migration and Development Issues (IMDI).⁴⁶

Table 9: Remittances of Filipinos Overseas By Year (1982-2003)

YEAR	REMITTANCE(in US\$)	YEAR	REMITTANCE(in US\$)
1982	810.48 million	1996	NA
1983	944.45 million	1997	5,741+ million
1984	658.89 million	1998	7,367+ million
1985	687.20 million	1999	6,794+ million
1986	680.44 million	2000	6,050+ million
1987	791.91 million	2001	6,031+ million
1988	856.81 million	2002	7,189+ million
1989	973.02 million	2003	7,578.5 million
1990	1,181.07 million	2004	8,550.4 million
1991	1,500.29 million	2005	10,689.0 million
1992	2,202.38 million	2006	12,761.3 million
1993	2,229.58 million	2007	14,449.9 million
1994	2,940.27 million	2008	16,426.9 million
1995	4,877.51 million	2009*	1,270+ million

Source: DER-BSP; * = partial (Jan. 2009 only)

In Indonesia, remittances from overseas Indonesian workers reached US\$ 187,663,248 in 1990 and US\$ 1,223,431,455 in 1994. (Please refer to Table 9 below.) It grew to approximately US\$ 1.2 billion per year from 1998-1999, US\$ 2 billion in 2001, US\$ 2.1 billion in 2002, US\$ 1.49 billion in 2003, US\$ 1 billion in 2004 and US\$ 2.5 billion in 2005.⁴⁷

⁴⁵Bangko Sentral ng Pilipinas (BSP) published online (<http://www.bsp.gov.ph/publications/>). February 16, 2009.

⁴⁶ Miko L. Morelos, Philippine Daily Inquirer. April 12, 2009.

⁴⁷ World Bank Fact Sheet on Indonesia. January 2006. p.5

Table 10: National Income from Overseas Indonesian Workers: 1989/1990/-1993-1994

Period	(N)	(%)
1989/1990	187,663,248	15.4
1990/1991	179,971,583	14.7
1991/1992	238,949,071	19.5
1992/1993	264,019,705	21.6
1993/1994	352,737,848	28.8
Total	1,223,431,455	100

Source: Indonesian Manpower Department, 1995

3. Impact on migrants and the role of migrant workers movement

Migrants and refugees bear inhuman conditions and suffer attacks on our rights and welfare in the countries where they have sought to find residence, work and refuge. They are regarded as cheap labor and are virtually turned into commodities for export in exchange for foreign-exchange revenues. They are lowly-paid and exploited in the host countries doing mostly jobs described as 3D's = dirty, dangerous and demeaning.

Migrants have become targets of hate crimes, continuously confront racism, discrimination, xenophobia, criminalization and slavery, suffer the blame and become scapegoats for the domestic crises in our host countries, falsely accused of stealing local jobs and feeding ourselves off from welfare funds.

The undocumented are criminalized and subjected to harsh and inhumane treatment in violation of international labor and humanitarian standards, such as threats of and actual arrests, detention, deportation and physical torture.

The women migrants experience added oppression – lower wages, stereotyped and isolated work opportunities, first to be laid off, sweat shop slavery, deskilling, sexual harassment and rape often ending in murder, and often fall victims to human trafficking for forced labor, prostitution and other forms of slavery. These debunk the GFMD vision that women migrant workers have been empowered by the diaspora.

Migrants do not enjoy the full guarantee of labor, health, social and basic human rights as enshrined by international conventions. On the other hand, union rights are directly attacked and repressed.

In the face of these conditions, migrants have been organizing themselves in order to defend and protect their rights and promote their welfare. Seeing how their rights in host countries are being attacked, migrant organizations are also steadily realizing the crucial question of the development of their countries as the key to resolving their need for overseas employment in order to survive. With the defense of their rights in the host countries also comes the defense of rights in their homeland in terms of wages, land, and employment.⁴⁸

⁴⁸ Ramon Bultron, "Development Aid and Forced Migration", a paper contribution to the Reality of Aid (ROA) meeting on June 22-24, 2003 in Manila, Philippines. p.6

With the formation of the International Migrant Alliance (IMA), migrant organizing is gaining ground. IMA is the only global alliance of 152 grassroots migrant and refugees organizations and advocates from various nationalities. It was formed in June 2008 in Hongkong. Since its establishment, IMA has been in the forefront of campaigns against attacks on the rights of migrants and refugees, such as the ICE raids in the US, crackdowns on undocumented workers in South Korea and Europe, wage cuts and levies in Hongkong, illegal arrests and detention of refugees in Europe, curtailment of civil and political rights of migrants, etc. IMA is one of the major organizers of the First IAMR in Manila in October 2008 when the GFMD held its ministerial meeting. It is also one of the major organizers of the second IAMR in Athens, Greece this year.

Advocates for migrants rights and welfare also play a significant role in the migrants movement. Aside from the various services that it renders to migrants and refugees, they assist in the building of organized strength of the migrants movement.

The Mission for Filipino Migrant Workers (MFMW) continue to provide assistance in building the organized strength of migrants. In fact, it was the MFMW that paved the way for the establishment of the United Filipinos in Hong Kong (UNIFIL-HK), one of the prime movers in the establishment of the AMCB in 1995.

The Asia Pacific Mission for Migrants (APMM) spearheaded the formation of MIGRANTE International – the global alliance of Filipino migrant organizations – in 1996.⁴⁹ APMM was also one of the convenors of IMA. It also acts as the Secretariat of AMMORE, the international network of migrant brides. It is currently paving the way for the establishment of an international network of undocumented workers.

There are other advocate migrant organizations which also play an important role in the migrants movement. IBON International, aside from producing relevant educational materials on migration and development issues, is also helping to expand the reach and advocacy of the migrants movement in other arenas of struggle, such as engagements with governments, the United Nations, the GFMD, High Level Fora, etc. IBON International is one of the co-organizers of IAMR in Manila and the upcoming one in Athens, Greece.

The Asia Pacific Forum of Women in Law and Development (APWLD), through its concerns on labor and migration, co-founded the coalition called United for Foreign Domestic Workers Rights (UFDWR) in 2007, which is campaigning for rights of domestic works to be recognized as formal labor. Such rights include one-day paid day-off, health benefits and right to organize. Other members of UFDWR are CARAM-Asia (Coordination of Action Research on Aids and Mobility), Mekong Migration Network (MMN), Global Alliance against Traffic in Women (GAATW) and APMM.

⁴⁹ Ibid.

Conclusion

Development, Aid and Migration: Debunking the myths

Concepts concerning development vis-à-vis migration have varied in this era of globalization. In the early years of SAP, it was “international sharing of human resources”. The more recent concept, this time spawned by the GFMD is that “migration is a tool for development.” In fact, the GFMD even promotes the idea “that migration is an opportunity, not a threat, and as such, migration policies can contribute to development and to achieving the Millennium Development Goals.”⁵⁰

However the concept may vary, the common denominator for the GFMD and IFIs is how to carry neoliberal policy of labor flexibilization and how to capture remittances. In its own words, the GFMD considers “that temporary labor migration can be a flexible way of meeting labor surplus and shortage across countries” and considering that remittances have reached US\$206 billion in 2006, which is almost two-thirds of foreign direct investment (\$325 billion), and almost twice as large as official aid (\$104 billion) received by these countries ... “remittances are also considered to be more stable and evenly spread than other financial flows such as ODA or FDI, and are also considered to be countercyclical.”⁵¹

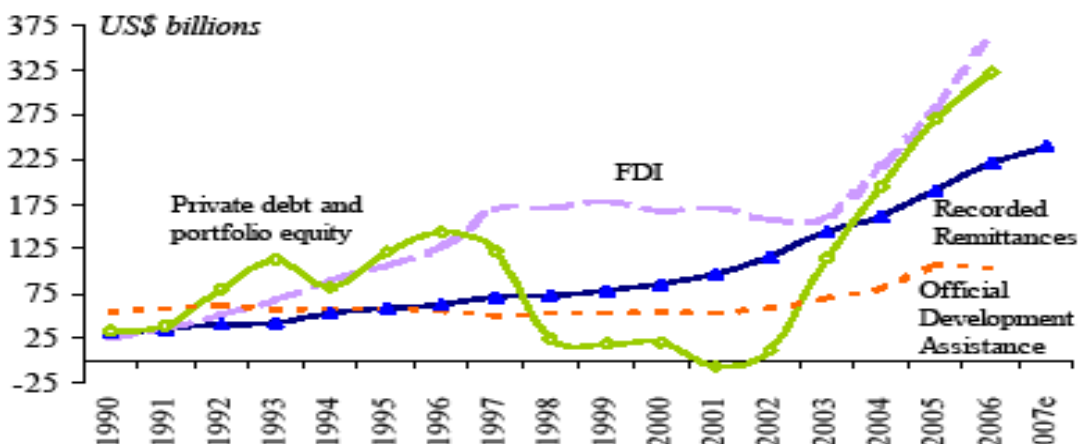
This view has led the GFMD to “manage migration” and to employ remittances as one of the largest sources of external finance for developing countries. Its policy statement in the 2007 Brussels meeting stated that “remittances cannot be appropriated by governments, but their positive impact on development can be increased through options, incentives and tools designed and implemented by governments in partnership with other relevant actors.... that by reducing remittance costs .. and increased formalization of remittance transfers also enables better policy planning for development and for responding to the possible negative impact of these flows.”⁵²

⁵⁰ GFMD Policy Conclusion, Brussels, Belgium. 2007

⁵¹ Ibid.

⁵² Ibid.

Figure 1. Remittances and capital flows to developing countries



Sources: *Global Economic Prospects 2006: Economic Implications of Remittances and Migration* (World Bank), *World Development Indicators 2007*, and *Global Development Finance 2007*.

A strong criticism on such view of the GFMD and IFIs is expressed by Mr. Tujan. He pointed out that “the increase in remittance flow as source of development finance or income from migration is anti-development in character or contrary to correct policy on diaspora and results in promotion of labor export policy (LEP),”⁵³

Mr. Tujan further elaborated this conclusion by saying that “the implications of macro-economic remittance dependency are – 1) it is not sustainable and subject to exogenous factors in labor deployment; 2) remittances are illusory investment being wage income for consumption and household sustenance; 3) consumer character of remittances does not provide sufficient financial base for industrial investment production; 4) unstable and unbalanced economic development.”⁵⁴

Ms. Eni Lestari, Chairperson of the International Migrants Alliance (IMA) said in her keynote speech at the International Assembly of Migrants and Refugees (IAMR) in Manila on October 28, 2008 that:

“The governments that comprise the United Nations are the very first one to violate our rights. The moment they failed to give adequate and decent jobs to their own people, they already violate our rights as a people. This failure has forced us as a people to look for greener pastures abroad. The moment they depressed the wages of workers, teachers, health workers, etc. in favor of capitalist super profits, they violate our economic rights as a people. The moment these governments systematically export their own people just like commodities to be bought and sold – they definitely infringe on our right to human development. This is forced migration and modern-day slavery, and not development.

⁵³ Antonio Tujan Jr., “Overview of current issues and trends on development finance, debt and aid effectiveness reform” presented in the ROA-Asia Strategy meeting on July 14-15, 2008.

⁵⁴ Antonio Tujan Jr., “Migrants Remittances: Basis for Development?”, presented at Workshop 4 on “LEP and Remittances” in the International Assembly of Migrants and Refugees (IAMR), Manila, October 28, 2008

And I dare say that these governments discussing about us but without us, this GFMD is the Global Forum on Modern-Day Slavery.”⁵⁵

The GFMD peddles on the framework that migration is an “alternative to development” because in fact neoliberal globalization has failed miserably on its promise to usher development especially in poor countries that has a vast pool of unemployed. This framework only exposes the real intent of advanced capitalist countries and their institutions to exploit the migration phenomenon, the lucrative labor export programs and migrant remittances for the purpose of salvaging or propping up the collapsing economies, especially of semi-colonies and dependent countries.

It is clear here, as it was also concluded by migrants the world over in the First IAMR in 2008, that the GFMD is essentially an anti-poverty and financing scheme designed by the World Bank and the OECD to perpetuate the semicolonial and semifeudal character of many poor and underdeveloped countries. By designing this scheme, the WB and OECD, and other international financial institutions, want to ensure that the poor, debt-ridden countries would be able to pay their huge debts through migrant remittances, thus transforming those remittances as a “tool for development”

Finally, it is also established here that debt is a central issue of development finance. Aid can never be effective without unshackling the political economic relationships surrounding aid partnerships – use of aid by donor countries and IFIs as leverage for political, economic, military and other concessions from the recipient; and the economic underpinnings of aid relationships such as debt, tied aid and policy conditionalities. Aid will also never be effective without cancellation of illegitimate and odious debts. The migrant movement must never allow its remittances to service these illegitimate and odious debts. It must also call and demand for debt cancellation as it is preeminent in the broad issue of aid effectiveness.###

⁵⁵ Ms. Eni Lestari, “Promotion and Protection of Migrants Rights: Issues and Challenges” presented before the International Assembly of Migrants and Refugees (IAMR), Manila, October 28, 2008