

Full Length Research Paper

Migrant remittances: A driving force in rural development

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The main push factor for migration from rural communities is lack of employment opportunities for inhabitants who had high level of educational. When they migrate, they remit back to their families at communities they migrated from. Remittances play important role in rural development, and the study using Tutu in Ghana as a case study found out that as a result of money remitted to residents in the community, the study participants acquired farm lands, bought vehicles and built houses which they would not have had without remittances. More wives and mothers than other persons received large portions of the remittances. Those who remitted home maintained that in addition to remitting money to their families, they were also willing to contribute to community development including construction of schools, churches and community centre, and also pay school fees to the brilliant but needy students. Thus, they were willing to help develop the entire community.

Key words: Remittances, Tutu, rural development, wives mothers, community development.

INTRODUCTION

In a study of return migrants, Ammassari (2004) found a number of Ghanaian returnees who had invested in small businesses on their return whilst many, especially in the elite (highly educated) had sought to introduce changes in the workplace, building on their experiences abroad. Though the contribution of migration to Ghana's economy may be many and varied. Migrant remittances which come in both cash and different forms have been identified as the single most important benefit of migration to Ghana's economy.

Ghanaian migrants have increased over the past few decades. About 1.2 million out of the total estimated population of 22,409,572 million in 2006 were emigrants with more than 80% living outside Africa. This has subsequently caused an increase in the amount of remittances received in the country. Quartey (2006a) maintains that remittance estimates by the International Monetary Fund (IMF) was \$ 1.3 billion in August 2004 whilst the Bank of

Ghana estimated it at \$1.6 billion in 2006.

Similarly, Tharmalingam (2011) maintains that Tamils and Somalis living in Norway remit a lot of money to their families back home which largely improve the living conditions of their families. Posel (2001) study also point to the fact intra-migrants in South African remitted to support their families. Remittances from migrant workers play a significant role in keeping the economy of Bangladesh vibrant adding around six per cent to the country's GDP and helping to maintain the balance of payments (Ullah, 2011).

Considering the motivation for migrant remittances, various models have been developed as explanation. Rapoport and Docquier (2005) identify family welfare and strategic interest driving the motivation for remittances. They suggest that remittance is born not only out of altruistic motives but also from economic and financial self-interest. Similarly, Solimano (2003) identifies the welfare of the family left at home as the main motivation factor for migrant remittances. Solimano (2003) has constructed four models to explain why migrant remittances are largely directed towards their families back at home.

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The first of these models is the "altruistic motive" by

which he means that remittances are sent out of love and responsibility towards the family at home. This is borne out of concern for the welfare of the family left behind. The second which seems to contradict the previous one is "self-interest motive" which suggests that migrants remit through their families for investment purposes at home from which they expect to derive returns. Family members are to invest the remittance either in property acquisition or business set up.

In Ghana, properties acquired with remittances are largely held in the name of the migrant. The third model is what he calls "implicit family contract 1: loan repayment". According to this model, families invest in the education and sometimes the travel cost of the migrant with the intention that the migrant would be obligated to remit eventually to cover the cost incurred plus eventual profit. In such instances families make regular demands on the migrants making the migrant feel indebted to the family. The fourth model which is actually a variant of the third is "family contract 2: co-insurance". This model suggests that families purposefully sponsor some of their members abroad so that when situation at home turns bad the migrant would come to their aid. The remittance therefore is seen as a kind of insurance claim with the sponsorship as the premium.

The transfer, in the form of remittances, helps to reduce the economic constraints in the sending area (Anarfi et al., 2000). Thus, migration is considered to be one of the avenues for improving the socio-economic conditions of individuals and families in poor areas. Data on remittances provided by the International Monetary Fund in its Balance of Payments Statistics' Yearbook show that between 1983 and 1990, Ghanaian emigrant workers sent home a total of \$24.6 million. The substantial increase over this period as compared to the previous periods possibly was the result of the relaxation of the country's exchange control laws with the introduction of the structural adjustment programme (SAP) in 1986.

IMF figures suggest this sum has grown to \$32.4 million per annum (Black et al., 2003). However, the Bank of Ghana estimated migrant remittances at much higher \$400million dollars a year in 2001 representing approximately 20% of Ghana's export earnings and equalling the expected earnings from export of cocoa that year, whilst a more recent press report put the figure at \$1.5 billion for January-September 2003 alone. If the Bank of Ghana figures are accepted over the IMF figures, remittances from abroad now rank fourth after cocoa, gold and tourism as sources of foreign exchange (Anarfi et al., 2000). Nuro (1999) observed that professionals outside Ghana remit between \$1,000 and \$5,000 per annum with a mean of \$2,200.

Remittances, either in cash or kind, are sent to enable family members and communities to improve their ability to survive or acquire property since one of the factors that fuelled emigration from Ghana was the economic hardships. In the year 2000, around 44% of the migrant

households in the Greater Accra and Brong Ahafo regions reported receiving either goods or money from emigrants compared to only 24% in the Eastern region. About a quarter of the return migrant households in the Ashanti and Brong Ahafo regions also reported receiving remittances, the highest levels of any region (Anarfi et al., 2000).

The majority of transfers were through formal routes (bank, post office, Western Union, etc) with a significant positive relationship between the frequency of remitting and likelihood of using a formal channel. Nonetheless, a significant majority sent cash back through friends or relatives, or brought back sums of money when they visited the country. It has also been suggested that informal channels are not only more commonly used where remittances are less frequent, but they are also more important for elite migrants, who may have more opportunities to bring money with them when they visit Ghana (Black et al., 2003). The scale of remittances in recent times gives an indication of the extent of the "diasporisation" of Ghanaians.

Asiedu (2003) has observed that remittances can be grouped broadly into two with regards to the purpose which they are sent. Firstly, remittances may be sent either to meet recurrent expenditure or for investment. Over 70% of the reported remittances in his study were for recurrent expenditure and mainly for the payment of hospital bills or school fees, to finance marriage, for repayment of debts and repayment of cost for migrating abroad. Less than 30% of the remittances were invested in property to buy land, cattle and fertiliser, build a house, or for saving.

Anarfi et al. (2003), showed the importance of remittances in the form of goods. They observed that about 95% of remittances were in the form of goods including vehicles (private and commercial vehicles), household appliances, equipment and machinery such as corn mills, outboard motors and business machines. Of these, personal and consumer items were more significant, with nearly two-thirds of the returnees bringing durable goods for their personal or family use and a further 18.3% bringing goods for relatives and friends.

In contrast, only 4.7% of the returnees interviewed brought goods for commercial purposes (either to set up a business or to sell). The evidence seems to suggest therefore that the remittances sent by the returnees and the durable goods they brought with them were for private consumption as opposed to using them for productive investment purposes, thus devaluing the contribution to capital (Anarfi et al., 2003).

Secondly, Remittance does not come only in financial and material forms. Levitt (2001) has suggested the term 'social remittances' to refer to the ideas, behaviours, identities, and social capital that flow from the host society to the sending country through the migrant. They are the knowledge and culture that migrants learn from the host country which are transmitted back or transfer to

their home communities, either deliberately or by coincidence. In effect, remittances help largely in the welfare of most rural families. It also helps to reduce rural poverty; it increases investments and reduces the economic vulnerability of the poor.

Statement of the problem

It is largely documented that remittances have played a significant role in economic and social development of many development countries including Ghana. But the literature does not differentiate the impacts of remittances on overall development or urban and rural areas. The research therefore focused on the impact of remittances on rural development.

Objectives of the study

The general objective of this study was to ascertain the impact of migrant remittances on socio-economic development of rural communities. Specifically the study sought to:

1. Identify what motivates migrants to remit towards community development projects,
2. Identify what kind of community projects migrants are more likely to remit for,
3. Explore how migrant remittances impact on poverty at the household and community level.

METHODOLOGY

Study community

The study area was Tutu, a fast transforming community, in the Akwapim North District Assembly (ANDA). According to the 2000 census, Tutu has a total population of 3,560 and out of this population 1,582 are men and 1,978 are women. Household occupancy is 5.6%. Tutu has 2 schools; Tutu Methodist Primary and Tutu Presbyterian Primary. Both schools have 9 trained teachers. The community has one private school; Tutu Amoah International.

There is neither an industry nor any form of formal sector employment apart from teaching. The land is not very suitable for farming as a result of the rocky nature of the land. There are however few subsistent farmers who have to struggle to get any produce which is not sufficient to sustain their households. This has encouraged the migration of a lot of the citizens, mostly to Accra but also to other parts of the country where they can get employment in either the formal or informal sectors of the economy. A number of them who are interested in farming also migrate to where they can get farm lands.

Respondents were selected from visiting migrants or persons who have stayed outside Tutu community and were remitting to their relatives and were in the community during the time of the study. With the use of multistage procedure involving clustering and snowballing, 50 migrants and their households were selected out of 63 migrants present at the time of the study. This was in line with the suggestion by Krejcie and Morgan (1970: 607 to 610).

Data collection and analysis

The town was divided into five clusters; For each cluster snowballing was used to identify ten households with at least one migrant who were in the community at the time of the study either on holiday or permanently. Three main types of data collection techniques were used. These were questionnaires, interviews and observation. Questionnaires were largely used with the return migrants and the opinion leaders. Members of the households were interviewed.

Data collected were edited, coded, and analyzed with the aid of Statistical Package for Social Scientists (SPSS) to generate tables. The data collected were analysed along the following themes:

1. The demographic background of respondents.
2. The main reasons migrants remit.
3. To whom and for what purpose migrants remit.
4. The uses of remittances.
5. The importance of remittances to the recipients.

ANALYSIS OF RESULTS

Sex and age

Out of 50 respondents, thirty-one (31) were male and nineteen (19) were females, representing 62 and 38%, respectively. The age composition shows that 34% of the respondents were between 20 to 39 years of age, 34% were also between 40 to 49 years old, while 20% were between 50 to 59 years and only 12% were above the age of sixty (60).

Educational background

Most of the respondents (40%) have tertiary education, 30% have secondary, while a small percentage have primary or no education.

Marital status

The majority of the respondents representing 58% indicated that they are married, and 30% confirmed they were single, 8% were divorced and 4% were widowed. About 80% of them number had children ranging from 1 to 7. Only 20% of the respondents had no children. A great majority of the respondents representing 70% migrated to seek employment, with a small minority migrating for marital reasons.

Recipient of remittances

About 42 and 16% of the respondents remitted to their mothers and wives, respectively. Remittances were hardly sent to fathers alone. This represented only 10%.

Consistent with the literature (Duryea et al., 2005; Ghosh, 2006), the main purpose of migrant remittance was towards the upkeep of the recipients (Table 1). The improvement of the family house and education of relatives left at home followed as the next most important

Table 1. Purpose of remittance.

Purpose	Frequency	Percentage
For their upkeep	30	60
To acquire/ improve family property	6	12
To build a house for me	5	10
To pay for the education of other relatives	6	12
As working capital for relatives	3	6
Total	50	100

Source: Field survey (2011).

purpose of migrant remittances. Significantly, a very small percentage remitted to set up the recipient in business.

Regularity use of remittances

A survey of the regularity with which migrants remitted to their beneficiaries showed that the majority of the respondents (42%) remitted on monthly basis to their families, whilst a substantial percentage of 18% remitted fortnightly and 10%, weekly. This is consistent with the findings that remittances were largely made towards the up keep of recipients. 46% of the recipients indicated that they rely absolutely on migrant remittances for their up keep with 20% stating that they are dependent on it for about 60% of their basic daily needs. On the other hand, 30% said though they appreciate the remittances they can do without it. Significantly, only 4% said they don't need remittances to survive.

Use of remittances

The survey showed that 32% of the respondents had acquired houses in the community, 28% had acquired farm lands, 14% had shops, 2% had vehicles and 22% had no property. When asked why they acquired properties at home, 34% of the respondents said they did so for the benefit of their extended families, while 28% said they did so as way of investment. It is significant that only 6% of the respondents said they acquired their property to serve a personal purpose when they return home finally or after retirement.

When asked about how satisfied they were with the use of the remittances, 70% of the respondents suggested that they were very satisfied with 24% indicating that that they were somehow satisfied. Only 6% were disappointed with the use of the remittances.

Community level development

Types of project supported

When asked to prioritize what kind of community support

they do and/or will send remittances for, a large number of respondents (50%) indicated that they were more prepared to contribute to community development funds. The second most important purpose towards community development was the sponsoring of needy children. This represented 18%. A very small number were ready to serve on development committees.

The majority of the respondents prefer to send remittances towards church projects. School projects follow on the scale of specific projects migrants either have or are prepared to contribute to. Only 2% are ready to contribute to the building of a community centre (Table 2).

DISCUSSION OF RESULTS

The study sought to examine the effects of migrant remittances on the development of migrant households and communities with Tutu in the Eastern Region of Ghana as a case study. The objectives of the study was to find out the reasons why migrants remit, the purpose and use to which the remittances are put and the benefit of the remittances to the development of both the households the community.

Demographic background of migrants

The findings of the study suggest that male members of the community are more likely to migrate than women; this may be due to a higher level of education attained by these men. It may also be as a result of the pursuit of employment to earn income to perform their roles as the main bread winner of their household. It was found out that among the women migrants; only a small number of them migrated to join their husbands in migration. This suggests that the majority migrate to pursue economic or other social interest on their own. This is consistent with the findings of Adepoju (2002) in the rapid feminization of migration in West Africa.

Cumulatively, more than half of the respondents fell between the active working age group of 20 to 49 years. This is the age bracket in which people are more likely to seek employment and consolidate their positions. This

Table 2. Development projects migrants were ready to contribute to.

Development projects	Frequency	Percentage
School project	12	24
Church project	27	54
Community centre	1	2
Scholarship scheme	3	6
Other	1	2
None	6	12
Total	50	100

Source: Field survey, 2011.

explains the high level of migration in this age bracket. Again the data shows that only 12% of migrants were above 60 years. This indicates that the desire for migration dwindles with advance in age.

With regard to educational level, the study found out that those with higher education were more likely to migrate. 40% of migrants from the community had tertiary Education with 30% having secondary/ vocational education. Those with primary education constituted only 4%. This observation may suggest that the lack of employment opportunities requiring higher level of education in the community might have contributed to the migration.

On marital status, it was found out that more than half of the respondents were married with a third of the number being single. It means that marital status is significant to migration. However, only a small percentage of the female respondents migrated to join their spouses. This does not seem to support the idea represented 18%. A very small number were ready to that conjugal purposes are major considerations in female migration these days. It may be suggested that the married met their spouses and got married in migration. There is an increasing number of marriages with persons not coming from the same communities with migrants in recent times. This however needs to be empirically studied.

In the study, the number of children presented a mixed picture. Those without children constituted 21% and these were among the younger generation who had not married. Those with 1 to 2 children had the highest tendency to migrate, constituting 34%, while those having 3 to 4 children constituted 22% and those with 5 to 6 children constituted 18%. This may indicate that as the number of children increases the tendency to migrate decreases; probably they stay back to take care of the children.

Reasons for migration

The data supports the suggestion that the search for employment constitutes the most prominent reason for

migration (Ullah, 2011; Tharmalingam, 2011). The data shows 70% of respondents migrating in search of employment. This agrees with the earlier assertion that those with higher education leave the community and are likely to do so to seek for employment which might not be available in the community.

Household level benefits

Household recipients of remittance

The recipients of remittances were on the whole the mothers and wives. These represent 42% for mothers and 16% for wives, respectively. The data supports the view that children are more inclined to take care of their mothers than their fathers in their old age. This may be due to the view commonly held that mothers continue to be caregivers even in their old age and so are more likely to spend whatever is given them to benefit their husbands. However, it may also be because women may have fewer resources than men to take care of them in their old age and hence children are more inclined to take care of the more vulnerable of the two parents. These explanations remain mere suggestions and speculations which need to be empirically established.

Purpose and use of remittance

The study also found out that a great majority remit for the upkeep of the beneficiaries or improvement in the family home, which means that remittances are for altruistic purposes more than for self-interest. This supports the findings of Solimano (2003) and Rapoport and Docquier (2005). However, results showed that only 6% remitted for the purpose of seed capital to support economic activities of relatives back at home which is consistent with the findings of Quartey, 2006a. Remittances are geared more towards non-productive use, than productive. This may accentuate the continuous dependency of the recipient household and community on migrant remittances. Properties acquired at home were mostly for the benefit of the extended family representing 34%. This is consistent with the idea that remittances are for altruistic purposes rather than self interest (Solimano, 2003).

Twenty eight percent however acquired assets for investment purposes. Majority of these investments were in houses and shops. But this was largely by those who are contemplating to return home soon or have already returned. This may be a way to secure income to take care of them on their return.

From the data, 70% of migrants responded that they were very satisfied with the use of the remittances sent. This may suggest that migrant households use remittances for what they are intended for. This finding however challenges the fear of many migrants that

remittances sent to relatives are not used for the purpose for which they are sent. On the other hand, this may be the case because a large percentage of the remittances are found to go to the use of the recipients themselves and therefore the migrant may not be much worried about the use of it.

Regularity of remittance

With regard to regularity of remittance it was found out that the vast majority constituting 42% remitted on a monthly basis. This is not surprising as most of the migrants are likely to be employed on monthly salary. It also goes to support the finding that remittances were largely towards the upkeep of recipients which requires a regular flow of such remittances. Those remitting on weekly and fortnightly basis represent 10 and 18% were found to be those working in the informal sector. This may suggest that the regularity of remittances was based not only on how much the migrant receives as income but also are based upon the time of receiving income.

Importance of remittances to household recipients

On the need or dependency on remittances, the strong dependency as presented in 46% strongly needing the remittance, suggests lack of income generation opportunities in the local community. Thus the community is highly dependent on remittances. This may also explain the high level of migration. Migration therefore serves as a means and secure source of regular incomes. Consistent with literature, migration may also serve as both risk spreading and insurance for household welfare. It however indicates the vulnerability of both the migrant and the entire household should the migrant become incapacitated and unable to earn an income

Community level benefits

The findings suggest that migrants were prepared to contribute to development projects that have wider benefit. 50% of contributions to the community went to a development fund with 18% sponsoring the education of needy children and 14% funeral contributions. This shows that migrants contribute more towards projects that have the potential to benefit the entire community.

Church development projects tended to be the recipient of the highest percentage of migrant remittances. This may be explained by the trust migrants have in the church. It might also be explained by the religiosity of the African in general (Mbiti, 1990) and Akwapims in particular and therefore migrants might attribute their success in migration to God and to whom the contributions are directed as a sign of appreciation. It may also suggest

that the contribution is to solicit the prayer of the church for the migrant to continue to enjoy the favour of the Lord. However, since most of the contribution to the church is done at public fund raisings, (annual harvests), it might be a way to raise the ego of the migrant.

More positively, however, this may be attributed to the view that migrants preferred to invest in projects that would benefit the entire community. This is suggested by the fact that the people in the community are quite religious and trust the church to use funds for projects that will benefit the community. Twenty four percent of development contribution going to school projects indicates the high premium migrants give to education considering the benefit they themselves might have seen higher education as an opportunity in migration.

CONCLUSION AND POLICY RECOMMENDATIONS

The findings of the study have supported Solimano's altruistic motive for remittances that sending remittances is out of concern for the family and a desire to improve the welfare of the family members. Thus remittances are sent usually out of love, concern and responsibility towards welfare of households. However, the study revealed that remittances are sent for non productive uses like the upkeep and maintenance of household. Thus the recipients spend such funds on basic necessities such as food, clothing and healthcare and hardly as working capital or any form of investment. This is in line with suggestions made in the literature by Duryea et al. (2005), Ghosh (2006) and Quartey (2006a) that most remittances go directly to the family budget and are often used for basic needs. This also supports Litchfield and Waddington's (2003) study that migrant and their households had significantly higher living standards than those without it.

The study however, have shown that migrant remittances have the tendency to accentuate dependency in many poor households which exposes the vulnerability of both migrants and households in the face of any unexpected happenings to the migrant. This may come from various causes ranging from repatriation from a foreign country, loss of employment, sickness or anything that can affect the income generation capacity of the migrant. In such a situation, it is not only the migrant but the entire household that will suffer. It would therefore be appropriate to encourage migrants to invest in the recipients, to get engaged in income generating projects to earn their own income. This will drastically reduce the dependency on the migrant and migrant remittances.

The study brought to light, that the main push factors of migration from rural communities is the lack of employment opportunities for inhabitants who are of a high educational level. To solve this problem, there should be various interventions to create the necessary environment for different self-employment opportunities in the

rural areas. Government policies that have been skewed against rural employment but towards urban employment creation should be looked at.

At the community level, the study has demonstrated the important role migrants exercise in the development of rural communities. From the study it is evident that most migrants contributed to the development of projects that benefit the entire community and usually channelled the funds through the church. The study also supports the view that migrants are agents of change and that they bring back with them new ideas and innovations, as is evident in the architectural designs used by migrants on their houses. Migrants also evidently help to increase the welfare of the people by helping them to meet their basic needs thereby reducing absolute poverty levels in the entire community.

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