



ADDIS ABABA UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**ECONOMIC AND SOCIAL IMPACTS OF REMITTANCE ON
REMITTANCE RECEIVING HOUSEHOLDS: THE CASE OF
DESSIE, WOLLO**

BY:

WUBALEM WOREKET

JUNE 2015

ADDIS ABABA UNIVERSITY

SCHOOL OF GRADUATE STUDIES

Department of Geography and Environmental Studies

Specialization: Population, Resource and Development

ECONOMIC AND SOCIAL IMPACTS OF REMITTANCE ON REMITTANCE RECEIVING HOUSEHOLDS: THE CASE OF DESSIE; WOLLO

**A Thesis Submitted to the School of Graduate Studies, Addis Ababa University in
Partial fulfillment of the Requirement of the Degree of Master of Population,
Resource and Development**

BY:

WUBALEM WOREKET

JUNE 2015

ADDIS ABABA UNIVERSITY

SCHOOL OF GRADUATE STUDIES

Department of Geography and Environmental Studies

Specialization: Population, Resource and Development

**ECONOMIC AND SOCIAL IMPACTS OF REMITTANCE ON
REMITTANCE RECEIVING HOUSEHOLDS: THE CASE OF
DESSIE; WOLLO**

Signature

Advisor Tegegne G/Egziabhir (prof.)

.....

Internal Examiner

Yohannes G/Michael (PhD)

.....

External Examiner

.....

.....

Table of Contents

Contents	Page
List of Abbreviations	ix
Acknowledgment	xi
Abstract	xii
CHAPTER ONE	1
1. INTRODUCTION	1
1.1 Background of the Study	1
1.2 Statement of the Problem	4
1.3 Objectives of the Study	5
1.3.1 General Objective	5
1.3.2 Specific Objectives	5
1.4 Research Questions	5
1.5 Description of the Study Area and Research Methodology	6
1.5.1 Description of the Study Area	6
1.5.2 Research Methodology	6
1.5.2.1 Study Design	6
1.5.2.2 Data Sources and Types	7
1.5.2.3 Data Collection Instruments	7
1.5.3 Sampling Techniques	8
1.5.4 Methods of Data Analysis	9
1.6 Significance and Justification of the Study	9
1.7 Scope of the Study	9
1.8 Limitation and Challenges of the Study	9
1.9 Organization of the Paper	10
CHAPTER TWO	11
REVIEW OF RELATED LITERATURE	11

2. Understanding Migration and Migration Process	11
2.1 Definition of Remittance	12
2.2 Aid and Remittance:	13
2.3 International Migration and Remittance Patterns in Ethiopia	15
2.4 Why Do Migrants Remit	18
2.5 Remittance Magnitude and Efforts to Encourage Remittance Flow	18
2.6 Instruments for the International Migration and Remittance Variables	19
2.7 Gender, Migration and Remittance	20
2.8 Migration, Remittances and Development: A Theoretical Overview	22
2.9. Factors Determining Use of Remittances	23
2.10 Economic and Social Impact of Remittance	23
2.10.1 Economic Impacts of Remittance	23
2.10.1. A, Remittances and Economic Growth	23
2.10.1. B, Macro and Microeconomic Impacts of Remittance	24
2.10.1. C Remittances, Poverty and Welfare	27
2.10.1.D, Remittances and Investment	30
2.10.1. E, Investment Behavior of Remittance Receiving Households	32
2.10.1. F, The Insurance Effect of Remittances at the Microeconomic Level	32
2.10.1.G, Remittance and Capital Accumulation	33
2.10.1. H, Remittances and Consumption	33
2.10.1.I, Remittance and Inequality	34
2.10.1.J, International Migration, Remittances and Labor Market	35
2.10.1. K, Remittance and Real Exchange Rate	35
2.10.2 Social Impacts of Remittance	37
2.10.2.1 Remittance and Human Capital Investment	37
2.10.2.2 Remittance and Education	37
2.10.2.3 Remittance and Healthcare	38

2.10.2.4 Remittances and Housing	39
CHAPTER THREE	40
BACKGROUND OF THE STUDY AREA	40
3. Background Information of The Town	40
3.1 Establishment and Naming.....	41
3.2 Geography of the Town.....	42
3.2.1 Location and Area	42
3.4 Population of the Town.....	44
3.5 Infrastructure of the Study Area.....	45
3.5.1 Education	45
3.5.2 Healthcare service.....	46
3.5.3 Housing.....	46
3.5.4 Water Supply	47
3.5.5 Road.....	47
3.5.6 Telecommunication Service	47
3.5.7 Electric Power Service.....	48
3.6 Economic Activities	48
3.6.1 Financial Institutions	49
3.6.2 Tourism.....	49
CHAPTER FOUR.....	50
DATA PRESENTATION AND ANALYSIS	50
4. Magnitude and Pattern of Overseas Migration from Dessie, Wollo.....	50
4.1 Causes for Overseas Migration	50
4.2 Magnitude and Patterns of Overseas Migration	51
4.3 Socio-economic Profile of Migrant Sending Families	54
4.3.1 Socio-economic Profile of Migrant Sending Families before Remittance.....	54
4.3.2 Socio-economic Profile of Migrant sending Households after Remittance	55

4.4 Magnitude and Pattern of Remittance.....	56
4.5 Remittance Type and Emergency Responsiveness of Migrants	59
4.6 Channel of Receiving Remittance.....	60
4.7 Analysis of the Impacts of Remittance	61
4.7.1 Economic Impact.....	61
4.7.1.1 Remittance and Household Income	61
4.7.1.2 Remittance and Household Saving.....	63
4.7.1.3 Remittance and Poverty Reduction.....	64
4.7.1.4 Remittance and Investment Behavior of Remittance Receiving Households	65
4.7.1.6 Remittance and Inflation.....	68
4.7.1.7 Remittance and Inequality	70
4.7.2 Social Impacts of Remittance	71
4.7.2.1 Remittance and Children Education	71
4.7.2.2 Remittance and Healthcare Services.....	73
4.7.2.3 Remittance and Change in Housing Conditions	74
CHAPTER FIVE	76
CONCLUSIONS AND RECOMMENDATIONS	76
5.1 Conclusions	76
5.2 Recommendations	77
REFERENCES	80

List of Tables

Table 2.1: Ethiopians Migrant stock from 1970 – 2010 (thousands of people).....	16
Table 2.2 Migration, Remittance and Development	22
Table 4.1 causes for overseas migration	50
Table 4.2 The pattern and magnitude of overseas migration	52
Table 4.3 magnitude of overseas migration from Dessie to Saudi Arabia and Kuwait	53
Table 4.4 socioeconomic profile of migrant households before remittance	55
Table 4.5 socio economic profile of migrant households after remittance	56
Table 4.6 Magnitude of remittance inflow from Saudi Arabia.....	57
Table 4.7 Magnitude of remittance	58
Table 4.8 Seasonal regularity of remittance from Saudi Arabia.....	58
Table 4.9 Remittance type and emergency responsiveness of remitters.....	60
Table 4.10 Channels of receiving remittance	60
Table: 4.11 Income sources of remitting households before and remittance.....	62
Table 4.12 Saving status of households before and after remittance	63
Table 4.13 Investment sector of remitting households	66
Table 4.14: Perception of respondents towards the impact of remittance on consumption.....	68
Table 4.15 Respondents' perception towards inequality	71
Table 4.16 Impact of remittance on children schooling.....	72
Table 4.17changes to healthcare services of households before and after remittance	74
Table 4.18 Impact of remittance on housing conditions.....	75

List of Figers

	Page
Fig 2.1Top 10 Remittance Recipients (Sub-Saharan Africa), 2011 (US\$ Millions).....	18

Fig 3.2 Average rainfall of Dessie	44
Fig 4.1 pattern and magnitude of Dessie migrants	54
Fig 4.2 Magnitude of Remittance inflow from Saudi Arabia to Dessie(in thousands).....	57
Fig 2.1Top 10 Remittance Recipients (Sub-Saharan Africa), 2011 (US\$ Millions).....	18
Fig 3.2 Average rainfall of Dessie	44
Fig 4.1 pattern and magnitude of Dessie migrants	54
Fig 4.2 Magnitude of Remittance inflow from Saudi Arabia to Dessie(in thousands).....	57
Fig 4.3The perception of households to remittance on improving standard of living.....	64
Fig 4.4 Perception of households towards the change in the income source of the town	67
Fig 4.5 Perception of respondents towards the impact of remittance	70
Fig 4.6 percentage of children in private schools before and after remittance	73

List of Abbreviations

ADB	Asian Development Bank
CGD	Center for Global Development

CSA	Central Statistical Agency
DTCAB	Dessie Town Communication Affairs Bureau
DTCTB	Dessie Town Culture and Tourism Bureau
DTEB	Dessie Town Education Bureau
DTFEB	Dessie Town Finance and Economy Bureau
DTHB	Dessie Town Health Bureau
DTHCB	Dessie Town House and Construction Bureau
DTLSAB	Dessie Town Labor and Social Affairs Bureau
DTRA	Dessie Town Road Authority
DTWSSB	Dessie Town Water and Sanitation Service Bureau
Eth	Ethiopia
FDI	Foreign Direct Investment
FGD	Focus Group Discussion
GDP	Gross Domestic Product
Gov't	Government
i,e	That/Which means
km	Kilometer
ILO	International Labor Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
LDCs	Less Developing Countries
mm	Millimeter
MoLSA	Ministry of Labor and Social Affairs
MSTIB	Micro and Small Scale Investment Bureau
MTO	Monetary Transferring Companies
NBE	National Bank of Ethiopia
NGO	Non-Governmental Organization
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
SPSS	Statistical Package for Social Science
U.A.E	United Arab Emirates

UN	United Nation
USA	United States of America
USD	United States of America Dollar
WDI	World Development Indicator
WWII	Second World War
⁰ C	Degree Celsius
m ³	Meter Cubed

Acknowledgment

I would like to give special thanks to the people who give me the impetus in writing this thesis. First and for most, I would like to acknowledge my thesis advisor, Prof. Tegegne Gebre-Egziabiher, for encouraging me since the first I meet with him, for helping me in structuring the data analysis and for his continued advice and good humor throughout the process.

I wish to thank my parents for their enormous emotional support throughout my graduate career. Without their words of wisdom and encouragement, this would not have been possible.

My sincere gratitude goes to the workers in Dessie Town Administration Municipality, Labor and Social Affairs Bureau, Culture and Tourism Bureau, Communication Affairs Bureau and others who helped me to get both primary and secondary data.

Abstract

The objective of this study is to assess the economic and social impacts of remittance together with the aim of identifying the pattern and magnitude of overseas migration and remittance. This study was conducted in Dessie town using methodological triangulation to collect primary data. In this regard, remittance receiving households for survey questionnaire (80 remitted households), FGD and In-Depth interview were selected using a mix of purposive and snowball sampling. The study finding indicated that there are a number of Ethiopians employed abroad. The pattern of Ethiopian overseas migration exhibits unevenness across destination countries. For Dessie oversea migrants, Saudi Arabia and Kuwait accounts the largest share. The inflow of remittance has been increasing as more and more people emigrate. As a result, large amount of remittance is being inflow in the economy of the town and the surrounding areas. The flow pattern of remittance has display unevenness across seasons (months) of a year but the annual figure confirmed an increase in magnitude of remittance. Concerning to the economic and social impact of remittance, this study underlined the positive contribution of remittances for increase in both investment and consumption in general. Specifically, the impact on housing, healthcare and saving are affected positively by remittance. Contrary to this, the impact on products price (inflated prices) and inequality get worse because of remittance. Regarding to the impact on education, it is remaining inconclusive. This is due to although remittance facilitates migration of remitting households from rural areas to urban areas and hence access to better education, negative side of it comes as remittance induced further migration of youngsters by giving less incentive to continue their education above secondary school level.

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

International migration raises both hopes and concerns for the Less Developing Countries (LDCs) from which international migrants come. The migrants include millions of highly educated people from countries in which human capital is relatively scarce (Ozden and Schiff, 2005), but also low skilled workers whose productivity and wages are far higher abroad than at home. International migration also produces benefits. The most tangible of these are remittances, the income that migrants send home.

International migration has diverse socio-economic impact ranging from increased opportunities for the migrant to an improved livelihood of sending households and to contributing to economic growth. It can also bring benefits to households in developing countries beyond the effects of remittances: the prospect of better employment opportunities can improve incentives for education, and knowledge transferred by the migrants may result in improved health practices and improved labor productivity.

There is little information from where, within countries, the international migration originates and to where remittances flow. Data from the few national income and expenditure surveys and various regional surveys reveal that both migration and remittances are concentrated within, as well as among, countries. This means that international migration affects some countries, and within these countries, some regions more than others. Migrant remittances increase domestic savings as well as improved financial intermediation (Aggrawal et al, 2006, Toxopeus and Lensink, 2007), which can improve growth prospects (Giuliano and Ruiz, Arranz, 2005).

The Gallup world poll finds that more than 40% of adults in the poorest quartile of countries “would like to move permanently to another country” if they had the opportunity (Pelham and Torres, 2008).

In 2010, migrants from developing countries sent more than US\$ 325 billion to their countries of origin, far exceeding the official development assistance (ODA) received, and this does not

include unrecorded flows. In 2014, the remittance flows to developing countries are estimated to have totaled US\$ 436 billion, an increase of 4.4% over the previous year (World Bank, 2014). The increase in remittances to developing countries has been due to two factors. The first is more people are settling abroad and the second is easier, faster and cheaper modes of transferring money to another country are now available, which also facilitates recording by central banks.

Migration in Ethiopia is and has historically been characterized by complex flows arising from a combination of root causes. These root causes have included poverty, drought, political repression, forced repatriation, and forced resettlement. It is evident that extreme poverty and poor governance have been and continue to be the key driving forces for Ethiopian migration. However, one thing that all migrants have in common is the goal of safeguarding a better future for themselves and their respective family by achieving human prosperity (Dejene, 2005). According to the World Bank data, the number of Ethiopians living abroad was estimated to be 620 thousands in 2010. The total number of Ethiopian emigrants is equivalent to 0.6% of the total population of the country. Ethiopian workers in Saudi Arabia amount for 4.6% of Ethiopians abroad (World Bank, 2011).

One of the positive effects of the out migration flows from Ethiopia is the inflow of remittances from Ethiopian citizens who migrated abroad. Remittances are important in Ethiopia in the sense that they constitute a large share of foreign capital inflows (Reinert, 2006). Remittance flow to Ethiopia significantly increased in the past couple of years and is expected to grow, according to the World Bank. The National Bank of Ethiopia (NBE) reported in 2011, official receipt of remittance to the country reached to US\$ 1.5 billion, by registering 88% increase over the previous years. However, an international organization such as the World Bank assessment has always put the figure above the country's foreign exchange earnings, accounting for informal channels

Remittances reduce poverty and has the potential of bringing significant contribution to the economic growth and social and human development through increased income, allow for greater investment in physical assets and in education and health, and also enable access to a larger pool of knowledge(Adams, 2011).

Remittances can potentially help to promote economic growth. However, from the view point of economic theory, the overall impacts of remittances are uncertain (Chukwuone, 2007). Empirical evidence of previous studies of the impact of workers' remittances on economic growth as well as poverty reduction is mixed. Stark and Lucas (1988) and Taylor (1992) found the positive relationship between remittances and economic growth. Chami et.al (2003) and IMF (2005) found negative and no impact, respectively. Consequently, there is interest among academics, civil society actors, and the international community to study the potential impacts that remittances could have on economic and social development.

At macro level, remittances, on top of serving as sources of foreign currency, increase consumption and investment thereby boosting economic growth (Anyanwu and Erhijakpor, 2010). As such, they neutralize (at least partly) the possible human capital loss from migration. At micro level, remittances improve the living standard of the migrant households by increasing their income and consumption. There is also evidence that remittance money is invested on small businesses and education (Edward and Ureta, 2003, Adams, 2003). To the extent that some of the remittance receiving households comes from the lower income group, it can decrease poverty and inequality (Acosta et. al, 2008). But, if remittances go mainly to the high income group the impact on poverty will be small or nil while inequality will be worsened (Adams, 1989, Rodriguez, 1998).

Studying the effect of remittances on economic and social growth has a paramount importance in understanding the overall effects of remittances and in informing policies related with international migration and remittances. Individuals from Ethiopia migrate to different parts of the world especially to USA, Europe, Gulf and, Arab countries and also in the continent of Africa such as Sudan, Republic of South Africa, Kenya, Djibouti and Somali land. Within Asia, the Middle East is the most important destination for Ethiopian emigrants due to its geographical proximity and nature of the labor market. It is particularly common for young women to go to the Middle East to work mainly as a domestic worker (Kebede, 2002, Fransen and Kuschminder, 2009). In particular, there has been large amount of labor migration from Wollo, Dessie to Saudi Arabia. These migrants have been sending large sum of money to their households. Indeed, this big amount of money, flowing from Saudi Arabia, may have positive or negative effects on these

areas. The paper therefore, tries to study the economic and social impacts of remittances on households by taking Wollo, Dessie town as a case study area.

1.2 Statement of the Problem

It is believed that Ethiopia in general and the study area in particular is characterized by enormous international migration. In Wollo- Dessie, both skilled and unskilled migrants migrated to Saudi Arabia legally and illegally. They migrated to this area mainly because of socio- economic problems and mostly prefer Saudi Arabia due to easy access to job opportunities and its geographical proximity with the home country.

Remittances sent by migrants have the potential to affect a large number of variables in the recipient country and its impact varies vastly across regions of the world, due to differences in culture, migration patterns and the stage of economic development (Pfau and Giang, 2010).

According to Dessie Town Labor and Social Affairs Bureau, from 2010 up to 2014, about 4,183 migrants migrated to the Middle East; and from these 3,235 migrants migrated to Saudi Arabia and 948 to Kuwait (DTLSAB, 2014).

The foreign remittances sent by Dessie migrants to their family in the home country have a positive impact on economic growth by providing families with additional income that can be used for consumer goods and for investments in education and health.

Many studies on remittances focus at macro and microeconomic level with divergent claims on its positive, negative and sometimes under mind effects. Most of the studies were made at national level taking macroeconomic variables with the intension of identifying the economic and social impact of remittance on the nation.

One of the main argument from those who argue that remittances have a positive impact on economic development is that remittances help reduce poverty by providing families in countries of origin with additional income that can be used for consumer goods and for investments in education and health. Remittances are also used in business ventures. Increased financial resources can also lead to the reduction of child labor and help households to be better prepared for adverse environmental shocks such as droughts, earthquakes, and cyclones.

From a macroeconomic perspective, remittances can boost aggregate demand and thereby GDP as well as spur economic growth. However, some research indicates that remittances may also have adverse macroeconomic impacts by increasing income inequality and reducing labor supply among recipients.

Specifically, this study is focused at household level and assesses the social and economic impact of remittance. There is no prior study made so far about the social and economic impact of remittance on remitted households in Dessie. As a result of large number of migrants to Saudi Arabia, the study area is characterized by high inflow of remittance. Therefore, a detail study about economic and social impact of remittance is crucial. Due to this fact, this study deals with the social and economic impacts of foreign remittance on migrant sending households.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the thesis is to study the economic and social impacts of remittance on remitted households at Dessie town.

1.3.2 Specific Objectives

The specific objectives of the study are to:

- Examine the magnitude and patterns of overseas migration from the study area
- Identify the pattern and the magnitude of remittance to the study area
- Assess the economic and social impacts of remittances on receiving households

1.4 Research Questions

Based on the above objectives, the thesis answers the following main research questions.

- a) What is the magnitude and pattern of remittance?
- b) What was/is the socio-economic condition of remittance receiving household's before and after remittance?

c) To what extent does remittance enhance household livelihood?

1.5 Description of the Study Area and Research Methodology

1.5.1 Description of the Study Area

The study is interested to identify the economic and social impacts of remittances from Saudi Arabia on remittance receiving households in Wollo-Dessie. Dessie is a town in North-central Ethiopia, located on the Addis Ababa-Kombolcha-Mekelle highway in the Debub Wollo zone of the Amhara region. It is found at 11⁰08' North latitude and 39⁰38' East longitude with an elevation between 2,250 and 2,470 meters above the sea level.

The study area is characterized by high flow of international migrants. Skilled and low skilled youngsters highly migrate to the Middle East particularly to Saudi Arabia. Migrants highly prefer this area mainly because of the availability of job opportunities. According to Dessie Town Labor and Social Affairs Bureau, about 4,183 migrants were migrated to the Middle-East from 2010 up to 2014 and from these 3,235 migrants migrated to Saudi Arabia and the remaining 948 migrants went to Kuwait (DTLSAB, 2014).

1.5.2 Research Methods

1.5.2.1 Study Design

The study uses across sectional survey method as study design to collect both qualitative and quantitative data from primary and secondary sources. Qualitative data were collected from FGD, open ended questionnaire and In-depth interview where as quantitative data were collected from close ended questionnaires. However, considering the limitation of cross sectional method in recording changes over time, some questions were designed to approximate process of changes over time. Therefore, cross sectional method is used due to its effectiveness both in time and money, and approximating longitudinal survey by cross sectional methods is used to answer research questions involving changes over time.

1.5.2.2 Data Sources and Types

The study used both primary and secondary sources to generate appropriate data. Primary data was collected from remittance receiving households, head of the town administration of the municipality, bank managers, Focus Group Participants (FGP) and other primary sources. On the other hand, secondary data were collected from relevant documents such as books, articles, statistical reports. In addition, important documents from other stake holders were used as sources of secondary data.

1.5.2.3 Data Collection Instruments

Different data collection instruments such as open ended and close ended type survey questionnaires and in-depth interview was used to generate primary data. Focus Group Discussion (FGD), a method of data collection, was used to increase the reliability of the data. Data triangulation was done because of its advantage to increase the reliability of data and hence the validity of the study which otherwise could have been affected by limitations of each single data collection instruments.

A) Questionnaire

The survey questionnaires used for this study comprises a set of questions for remittance receiving households. The survey mainly aimed at gathering information on the economic and social impacts of remittances on remittance receiving households. The survey questionnaires used for this study is categorized in to three sections. Section I is about background information (such as sex, age, literacy status, and marital status) of the respondents. Section II deals with nature and impacts of remittance; and lastly section III of the survey questionnaire focus on challenges of remittance. The questionnaires were first prepared in English and then translated to Amharic during data collection to make clear for the respondents. They comprises of both close ended and open ended questions. A copy of a survey questionnaires are attached as annex of this study as reference.

B) In-depth Interview

The interview schedule was developed with intentions of getting richer information than what is usually available from surveys. Here, unstructured questions were used to give freedom for respondents to express their ideas by their own words without restriction.

Focus Group Discussion (FGD)

In addition to questionnaire and In-depth Interview, Focus Group Discussion (FGD) was used as part of a data collection method to increase the reliability of data collected by data collection instruments. This technique used to extract information in a participatory manner so that the perception and views of the community captured and interpreted. Two FGD were conducted; one FGD with residents of Wollo-Dessie and one with selected core persons in the town municipality administration. Each FGD consists of six participants. Suitable conditions were set for the discussants so that they would be able to describe the issues under investigation precisely in their own views. A copy of In-depth interview and FGD checklist are attached as annex of this study as reference.

1.5.3 Sampling Techniques

Remittance receiving household respondents was selected through a mix of purposive and snowball sampling. Purposive sampling, a non-probability sampling technique, is best suited when it is difficult to determine the probability of any given element that would be selected in sample. It is also an important research tool when the target population is difficult to locate or identify. Snowball sampling is also a non-probability sampling technique, used to locate additional respondents by referrals. The study area, Dessie, is clustered into ten sub-cities (Segno Gebia, Salayesh, Piassa, Arada, Ager Gizat, Hottie, Dawudo, Menafesha, BuanbuaWuha and Robit) and six rural kebeles (Teta, Kurkur, Borumeda, Borusilassie, Gerado and GeradoTunjitAmba). At this stage two kifleketemas (Segno Gebia, and BuanbuaWuha) out of ten and one rural kebele (Gerado) out of six was selected as a sample through simple random sampling, a probability sampling, with a procedure of simple lottery method. Accordingly, through purposive and snowball sampling techniques, data from 80 remittance receiving households (20 from Segno

Gebia, 30 from Gerado and 30 from BuanbuaWuha) was collected with their full consent to cooperate and participate in the surveying process.

1.5.4 Methods of Data Analysis

The study use both qualitative and quantitative methods of data analysis to meet its objectives.

Qualitative data from open ended survey questionnaire, Focus Group Discussion (FGD), and In-depth interview were analyzed using description, narration as well as crosschecking their validity and reliability with the quantitative data set.

Quantitative data analysis was made using SPSS software from the filled- in survey questionnaires.

1.6 Significance of the Study

This paper could give insight about the social and economic impact of remittance on remittance receiving households together with ways of exhaustively utilizing the development potential of the money. In terms of policy, the study by identifying the opportunity and challenges of migration and remittance, reveal ways to design strategies to assess the development potentials of remittance. The study facilitates future policy formulation for migrants and remittance.

1.7 Scope of the Study

Spatially, this study focuses on Wollo-Dessie with the intention of intensive investigation and analysis. The core concern of the study is to assess the economic and social impact of remittance on receiving households. It thus does not look at the impacts of remittance on the local or regional economy. It also looks at remittance coming only from Saudi Arabia and does not include remittance from other countries.

1.8 Limitation and Challenges of the Study

There are several limitations of this study, particularly,

- ❖ The study focuses only on cash remittance from Saudi Arabia and excludes the remittance impact coming from areas other than Saudi Arabia.

- ❖ The sample size is small and are not representative of either at the national level or for rural and urban areas
- ❖ Because of the sensitivity of the information required from the respondents, many are reluctant to give genuine response about the magnitude of remittance, income, amount of capital and/or tax and other financial information.
- ❖ Due to the presence of informal monetary transfer systems (such as through pocket/at hand) to reach to Wollo-Dessie, precisely knowing the magnitude and pattern of remittance is very difficult.

Nonetheless, the paper used different methods to minimize the impact of limitations.

1.9 Organization of the Paper

This paper is organized with five chapters. The first chapter consists: Background of the study, Statement of the problem, Objectives of the study, Research questions, Research methodology, Significance and justification of the study, Scope and limitation of the study.

Chapter two deals with review of related literature and consists of the concept of migration and migration process, definition and magnitude of remittance, stability and socio economic impact of remittance on receiving households.

Chapter three deal with background information of the study area. This chapter includes establishment, geography, population and socio- economic activities of the study area in detail.

Chapter four is about presentation and analysis of data. This chapter further divided into different sub sections as: magnitude and pattern of overseas migration, magnitude and pattern of remittance, economic and social impacts of remittance.

Chapter five, the last but not the least chapter of this paper, summarizes the study along with suggesting future suggestions. Finally, references are listed followed by annex provide survey questionnaire (English version) and checklists for in-depth interviewee and FGD participants.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2. Understanding Migration and Migration Process

A precondition for foreign remittances is that people emigrate from their home country. When studying remittances, it is necessary to do so by understanding the meaning of migration and conditions that lead people to migrate.

Migration refers to the movement of people from one place to another place for the purpose of taking up permanent or semi-permanent residence. An example of “semi-permanent residence” would be the seasonal movement of migrant farm laborers (Adamnesh, 2008). It could be either voluntary or forced (Kokpari, 2000). Voluntary migrants are those who change places within and/or beyond their country of origin at their own discretion rather than for other uncontrollable factors while forced migration refers to the coerced movement of people away from their home or place of dwelling. People leave their place of origin permanently or temporarily to take advantage of opportunities in host countries. These opportunities could be economic, social, political, environmental or a combination of all.

The Center for Global Development (CGD, 2006) estimates that around 200 million people do not live in the same country they were born in. Oglethorpe et al (2007) write the underlying drivers for migration as “Push factors” that are related to the place of origin and “Pull factors” that are related to the place of destination.

Push factors:

- Scarcity of or inadequate access to land and resources
- Lack of employment opportunities
- Poverty
- High population pressure
- Environmental degradation, including loss of soil productivity
- Natural disasters
- Civil unrest and conflict

Oglethorpe et al (2007) state “while push factors stimulate people to leave areas of origin, pull factors define where migrants go, seeking to satisfy their needs.”

Pull factors:

- ❖ Access to land and natural resources
- ❖ Employment opportunities
- ❖ Access to markets
- ❖ Access to facilities and amenities, such as social services and transport
- ❖ Safety and security
- ❖ Family re-unification and networks

2.1 Definition of Remittance

Understanding the phenomena of remittance is a complex task given the fact that up to now there is no consensus on how remittances are conceptualized or measured and in the literature various authors attach different meanings to the concept (Ratha, 2007).

In most of the literature remittances are defined in terms of cash or financial transfers sent by migrants who left their home country excluding those sent in kind. The term is also confined to migrant worker cash transfers transmitted to their families and their communities back home excluding transfers from refugees and other migrants who do not benefit from legal status of migrant workers (Van Door, 2001, Sorensen, 2004). Remittances are money migrants earn abroad that are sent back home. It represents a private flow of capital from the country of employment to the country of origin (Daianu, 2001).

Some scholars believe that the definition of remittances, other than the transfer of funds and goods, could be further broadened to include social remittances such as the ideas, practices, technology, attitudes and social capital that flow from receiving to sending country communities (Levitt, 2001).

The most widely used official definition of remittances was developed by the International Monetary Fund (IMF),” remittances are international transfers of funds sent by immigrant workers from the country where they are working to people in the country from which they come from” (IMF, 2005).

2.2 Aid and Remittance:

For both aid and remittances, the major debated issue has been whether these flows are pro or countercyclical (Chauvet and Guillaumont, 2009).

As for remittances, Sayan (2004) showed that remittances sent from Turkish migrants tend to move pro-cyclically with the real GDP of Turkey. In 2007, by using a similar approach he examined the cyclical properties of remittances received by 12 low income and middle income countries over the period 1976-2003. To assess whether more developed financial system are associated with more or less pro-cyclicality of remittances, Giuliano and Ruize-Arranz (2009) focused on the cyclical behavior of remittances with respect to output. They finally found that remittances are more pro-cyclical in countries with less developed financial systems what confirms their hypothesis of substitutability between remittances and the financial sector.

Lueth and Ruiz-Arranz (2006) examined the cyclical behavior of remittances to Sri Lanka over the period 1975-2004 with respect to GDP at home but also with respect to oil prices, exchange rate, differential interest rate and price level. Furthermore, Sayan and Tekin-Koru (2007) examined the poverty alleviation potential of remittances at a macroeconomic level by focusing on the co-movements between remittances cycles and that in consumption spending on food and durable goods in Turkey. They showed that remittances cycles and cycles in consumption spending have become synchronous since 1992, what reveals the potential of remittances to alleviate poverty.

As for official assistance, a lot of studies examined the cyclical character of public aid with respect to fiscal revenue. Several papers found that foreign aid tends to have pro-cyclical character. Using a database covering 72 countries over the period 1975-1997, Bulir and Hamann (2003) showed, for example, that aid flows are more volatile than domestic fiscal revenues and that they are pro-cyclical in the great majority of countries. In their study on the period 1969-1995, Pallage and Roba (2001) reached the same main conclusion. Moreover, Bulir and Hamann (2008) found that the adoption in 1999, of initiatives anchored in Poverty Reduction Strategy Papers (PRSPs) by the international community did not manage to lower the volatility and unpredictability of aid.

A number of studies show that the stability of remittances or aid can be an important stabilizing factor in receiving countries, even if they are not countercyclical or even slightly pro-cyclical (Chauvet and Guillaumont, 2009).

As presented in Chauvet and Guillaumont (2009), the stabilizing effect of remittances, as that of external assistance, depends not only on their counter-cyclicity, but also on their relative volatility and on their average level compared to that of the reference flow (exports).

As for their volatility level, migrant remittances seem to represent an external source of income which is less volatile than others. Basically, according to the economic theory, saving is a stable function of income and the evolution of investments depends on that of interest rates. Since remittances are a part of current flows which are a function of income, remittances are expected to be less volatile than other private capital flows. Furthermore, other private capital flows depend on decisions of foreign investors who are in search of a business climate favorable to their investments, whereas remittances are the fact of migrants who have kept a link with the numbers of their family stayed in the country of origin.

From a panel sample on the period 1970-2000, Buch et al (2002) found that remittances constitute in general a more stable foreign source of income for recipient countries than other capital flows (foreign public aid and other private capital flows).

By contrast, Ratha (2003) found that remittances have tended to answer positively to the economic situation in recipient countries. Nevertheless, he noted that despite this pro-cyclicity, remittances are less volatile than other capital flows in both cases. Migrant remittances seem to react less violently than other private capital flows.

While remittance inflows to developing countries declined modestly by 5.27% with the onset of the global financial crisis in 2009, they proved to be far less volatile than FDI, which fell off by 32.94% the same year. By 2011, FDI to developing countries had barely regained its 2008 to ahold having increased by a sluggish 0.59% over a three year period. In contrast, remittance inflows to developing countries rose 25.29% from 2009 to 2011(Migration and Development Brief 21, 2013).

Remittances intended for consumption (by recipient households) should be less volatile than those intended for investment (Ratha, 2003). Migrants may increase remittances in times of economic hardship, especially in low income countries where their families may depend on remittances as a source of income and may live at close to subsistence levels. Economic downturns may also encourage workers to migrate abroad and to begin transferring funds to families left behind.

Even when the purpose behind remittances is investment, remittances are less likely to suffer the sharp withdrawal or euphoric surges. Overseas residents are more likely to continue to invest in their home country despite economic adversity than are foreign investors, an effect that is similar to the home bias in investment (World Bank, 2001).

Generally, unlike private capital flows, remittances tend to raise when the recipient economy suffers an economic downturn following a financial crisis, natural disaster or political conflict (Adams, 2011). This is because migrants living abroad send more money to help their families back home (Ratha, 2007, World Bank, 2005). In sub-Saharan Africa, where official aid flows have fluctuated considerably from year to year, remittances have been more stable than both FDI and official aid (Gupta, Pattillo and Wagh, 2007).

2.3 International Migration and Remittance Patterns in Ethiopia

Ethiopia is one of the countries with a large number of migrants in North America, Europe and the Middle East. The character, direction and volume of international migration flows from Ethiopia have gone through a number of changes (Geda and Irving, 2011). Revolution and unstable political climate in the country shaped migration flows during the 1970's (Geda and Irving, 2011). Most of the migrants at this time belonged to a well-educated, urban segment of the population and migrated to western countries to seek political asylum.

Meanwhile, political migration was followed by more economically oriented migration, initially driven by the aspiration of the urban population. Today, as the Middle East has become an important destination region for Ethiopian migrants, the migrants are to an increasing extent from rural areas migrating to find better employment opportunities abroad (Geda and Irving, 2011).

Table 2.1: Ethiopians Migrant stock from 1970 – 2010 (thousands of people)

Indicator	1970	1975	1980	1985	1990	1995	2000	2005	2010
- Estimated No. of international migration at mid-year	395	392	404	584	1,155	795	662	554	548
- Estimated No. of refugees at mid-year	21	9	11	180	42	371	228	108	91
- Population at midyear (thousands)	30	34	37	43	48	57	66	75	85
- Estimated No. of female migrants at mid-year	171	175	184	268	548	376	312	261	258
- Estimated No. of male migrants at mid-year	223	217	220	315	607	419	351	293	290
- International migrants as a percentage of the population	1.3	1.1	1.1	1.3	2.4	1.4	1	0.7	0.6
- Female migrants as a percentage of all international migrants	43.4	44.7	45.5	46	47.4	47.3	47.1	47.1	47.1
- Refugees as a percentage of international migrants	5.2	2.2	2.7	30.9	64.2	46.7	34.4	19.6	16.6

Source: The Revised Population Data Base; 2010

The World Bank ranks Ethiopia the 7th largest recipient of remittances in sub Saharan Africa in 2010, with an inflow of remittances reaching 387 million USD, compared to the net Foreign Direct Investment (FDI) of 3.3 billion USD (World Bank, 2011 b). However, there is a large discrepancy between the figures recorded by the International Monetary Fund (IMF) and the officially recorded remittance inflows reported by the National Bank of Ethiopia (NBE). In particular, the National Bank reports remittance inflows of approximately 600million USD. Geda and Irving (2011) estimate that the actual volume of remittances, when taking flows through both formal and informal channels in to account, could be in the range of 1 billion to 2 billion USD annually.

Ethiopian international migrants migrate mainly through family ties, networks, labor brokers, smugglers and traffickers. According to Atnafu (2006), 14,000 Ethiopian women were domestic workers in Beirut and 17,000 in Lebanon. But official data shows only 6,148 women left the country legally during 1992 – 2001. This shows that a significant number of Ethiopian women go through illegal channels. Some women also move to Saudi Arabia and other Arab states through Oumra and Hajji. On the other hand, the major channel that people migrate to USA is via Diversified Visa (DV) lottery.

The size of remittance that flows into a country depends, among other factors, on the size of emigrant population (World Bank, 2008), facilitates for facilitating funds (Puri and Ritzema, 2004, Ratha, 2003), the level of economic activity in the host country, and the inflation rate in the recipient country (El- Sakka, and McNabb, 1999). El – Sakka and McNabb (1999) hold that inflation has a positive relationship with the size of remittance inflow as migrants raise the amount they send in response to inflation in the home country to maintain the consumption of families back home. Elbadawi and Rocha (1992), on the other hand, argue that high rate of inflation is a sign of economic instability and, thus, may discourage remittances. In Ethiopia, the former arguments seems to work for remittances destined for consumption while the latter view may relate to the investment related flows.

The inflow of remittances to Ethiopia follows some sort of seasonality. Flows peak during August to September and December to January. Particularly, the months of January and September remittance flows are the highest (KebedeandEmebet, 2002). In fact, the high flow of remittances during the stated periods of the year may relate to the holidays such as the Ethiopian New year and Epiphany that are celebrated around that time.

Ethiopia is an interesting country to study; because it is one of the top 10 remittance receiving countries in sub Saharan Africa. The inflow of remittances to the country has increased dramatically in recent years, from 46 million USD in 2003 to an estimated 387 million USD in 2010 (World Bank, 2011 a).

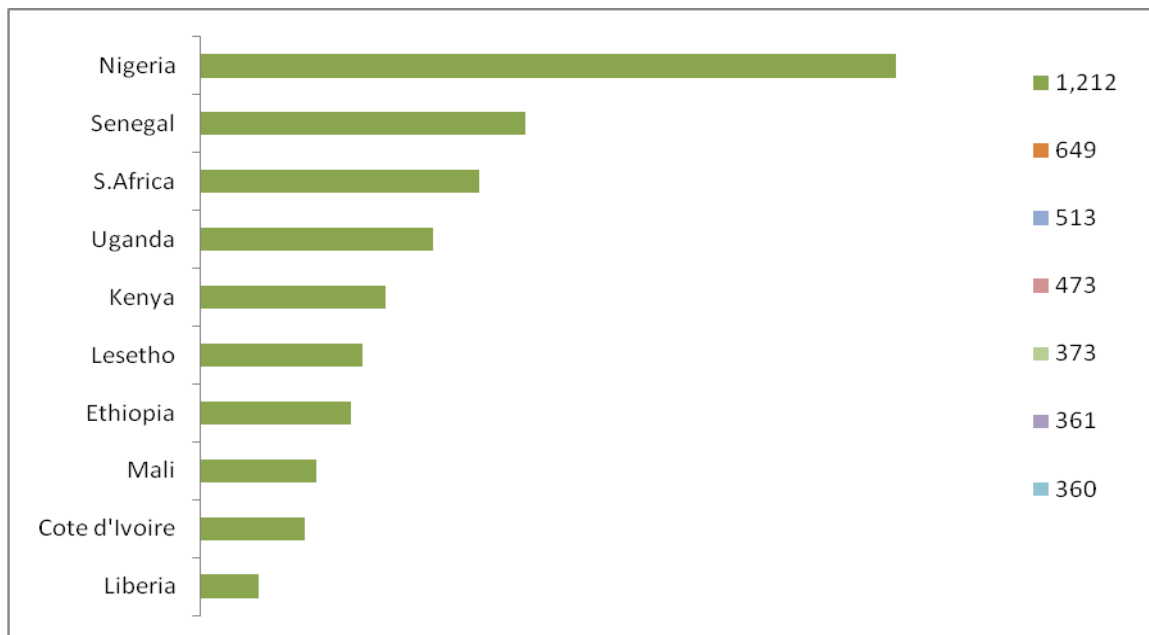
2.4 Why Do Migrants Remit

It is difficult to explain migrants' motives for remitting, as few reliable sources of information on these migrants exist.

The main driving force is often considered to be altruism, in other words concern on the part of migrants toward family members still in the country of origin. Beyond the altruistic care of relatives, self-interest can also be a significant motive to remit (Bouhga-Hagbe, 2006). In addition to these two motives, an implicit agreement can exist between migrants and the relatives they leave behind. Relatives often cover the high cost of moving and settling abroad and are later repaid once the migrant has established himself in the destination country.

2.5 Remittance Magnitude and Efforts to Encourage Remittance Flow

It is difficult to overstate the size of remittance flows to developing countries (Jonguwanich, 2007). The World Bank estimates that migrants remitted USD 401 billion in 2012, and projects that by 2015, this figure could grow by another USD114 billion. To put the known volume of remittance flows into perspective, in 2011 migrants sent approximately three times more to developing countries than these countries received in Official Development Assistance (ODA), and they sent an amount equal to about half of Foreign Direct Investment (FDI) in these countries (World Bank, 2011).



Source: Development Prospects Group, World Bank (Remittance Data Inflows, April, 2013).

Fig 2.1 Top 10 Remittance Recipients (Sub-Saharan Africa), 2011 (US\$ Millions)

The World Development Indicator (WDI) by World Bank shows that total worldwide remittances grew steadily from nominal USD 2.05 billion in 1970 to USD 337 billion in 2007, paid by the estimated 200 million migrants all over the globe. Thus, on average a migrant remitted USD 1,650 in 2007. Remittances are the 2nd largest contributor to global financial transactions after Foreign Direct Investment (FDI) and are estimated to be more than twice as large as official related transactions to the developing world (Global Economic Prospect, 2006).

There are several possible reasons for this increase. Such as:

- ❖ The increased scrutiny of flows since the terrorist attacks of September 2001
- ❖ Changes in the MTO industry that are favorable to remittance (lower costs, expanding MTO networks)
- ❖ Improvements in data recording
- ❖ Depreciation of the dollar (which raises the dollar value of remittances denominated in other currencies)
- ❖ Increase in the number of migrants and their incomes

The World Bank further assumes that the real number of total remittances could be more than 50% higher due to the big share of remittance that flows through informal channels. Therefore, one must keep in mind that data on remittances are usually biased downwards.

2.6 Instruments for the International Migration and Remittance Variables

There are four possible instruments for the international migration and remittances variables.

A. Migrant's duration of stay abroad and the size of payment

Temporary migrants who live their families in the country of origin tend to remit the highest sums relative to their incomes. Permanent migrants, in contrast, generally migrate with their family members; over time, have less and less contact to remaining relatives at home, which gradually results in reduced remittances (Adams, 2011).

B. Distance between the remittance sending area and the remittance receiving country:

This variable seems like a good instrument; because various studies on the determinant of international migration have found that distance between labor receiving and exporting countries

is usually negatively related to the level of international migration. For example, in a study of migration rates to the United States from 81 developing countries, Hatton and Williamson (2003) find that distance from the United States is negatively and statistically related to the level of international migration from the country.

C. Education (specifically, the percent of the population over age 25 that have completed secondary education in a developing country):

This variable seems useful; because human capital theory generally suggests that education is positively related with international migration (and presumably international remittance) because educated people typically enjoy greater employment and income earning opportunities in labor receiving countries. While new emerging research suggests that international migration may not always be positively selected with respect to education. Education still seems to play an important role in the decision to migrate.

D. Political Stability (which is a measure of the level of political stability in each country):

The expected outcome of this variable is not straight forward. Holding other factors constant, we would expect that countries with more unstable governments would produce larger numbers of international migrants. However, whether or not these increased numbers of migrants will produce larger level of remittances would depend on the extent to which political instability affects the incentives of migrants to remit. Some migrants remit for both altruistic and economic reasons, the net impact of political instability- probably positive for altruistic motives, as migrants seek to cushion their relatives from instability, and probably negative for economic motives to the extent that political instability undermines the investment climate is ambiguous.

2.7 Gender, Migration and Remittance

While the large labor movements in Europe and United States in the 1960's and 1970's were male dominated and women and children migrated for family unification, an increasingly globalized economy and the need for low paid service sector workers, as well as nurses and teachers, spurred female migration in the 1980's and 1990's (IOM, 2010b). Today, women comprise almost one half of all migrants. Female migrants not only make significant contributions to receiving destinations through their labor and knowledge often filling labor gaps

in the domestic and service sectors, but also to their places of origin, through sizeable remittances as well as new found attitudes and skills that can lead to increased independence and greater gender equality(IOM, 2010b).

Representing the second largest source of external funding for developing countries, remittances, money transfers by migrants to their relatives or other persons in countries of origin, are recognized by governments and international organizations as important tools for reducing household poverty and enhancing local development. However, it is often implicitly assumed in research, policy and programs on the issue that patterns of sending and using remittances are gender neutral. In reality though, gender not only influences who migrates, when, where, why and how, it also affects the amount and frequency of remittances which migrants send home, as well as how the money is used (UN-INSTRAW, 2008b).

Evidences indicate that while women migrants may receive less in pay than men, they typically send higher proportions of their earnings home regularly and consistently. In addition, women tend to invest remittances in their children health and education rather than on consumer items.

In general, it may be assumed that women's active role as senders and recipients of remittances can act as a catalyst for change in gendered power relations, by improving women's decision making, economic status and inclusion in the labor market. As senders of remittances, migrant women may acquire a new role as primary provider for the family; whereas women staying behind may assume more responsibility, thereby obtaining more autonomy in managing household resources and taking on traditionally male roles in the community (UN- INSTRAW, 2007).

Despite the many benefits that their migration can bestow, however, women are vulnerable to a wide range of risks. Many women migrants are often restricted to unstable jobs marked by low wages, the absence of social services and poor working conditions. Recent research pinpoints the special vulnerabilities of women regarding their “de- skilling” in the labor market. Even when migrating legally, women are often subject to discrimination, arbitrary employment terms and abuses. In the worse manifestation of abuse, women can be victims of trafficking and forced work in the sex trade. The international community is faced with the challenge of how best to

harness the contributions of female migration and ensuring the protection of their human and legal rights (Migration Issues Briefs, 2012).

2.8 Migration, Remittances and Development: A Theoretical Overview

Although few scholars would deny the direct contribution of migration and remittances to the livelihoods and survival of families left behind, the extent to which migration and remittances can bring about sustainable human development and economic growth in migrant sending areas and countries is quite a different question (Hein De Haas, 2007). This issue has been the subject of heated debate over the past years, and it is possible to distinguish four periods in the post Second World War (WWII) thinking and migration and development.

Period	Research Community	Policy Field
Before 1973	➤ Development and migration optimism	❖ Developmentalist optimism, capital and knowledge transfers by migrants would help developing countries in development takeoff
1973 – 1990	➤ Development and migration pessimism (dependency, brain drain)	❖ Growing skepticism, concerns about brain drain; after experiments with return migration policies focused on integration in receiving countries; migration largely out of sight in development field
1990 – 2001	➤ Readjustment to more subtle views under influence of increasing empirical research	❖ Persistent skepticism; tightening of immigration policies
After 2001	➤ Boom in publications: mixed, but generally positive views	❖ Resurgence of migration and development optimism and a sudden turnaround of views: brain gain, remittances and diaspora involvement; further tightening of immigration policies but greater tolerance for high skilled immigration.

Source: Hein de Haas (2007), “remittances, Migration and Social Development: A conceptual Review of the Literature”

Table 2.2 Migration, Remittance and Development

2.9. Factors Determining Use of Remittances

The decision on “how much of the remittance to invest” and “how much to consume” depends upon many factors.

First, the economic and social conditions of the household before migration are two of the main determining factors. Migrants may differ widely with respect to the pre- migration economic position of the household. Workers from better of households were likely to have access to some assets and resources before migration, and these resources could form a base for further improvements and investments from overseas earnings.

Second, the life cycle stages of migrants may affect the patterns of remittance use. For example, most Pakistani workers go abroad during the period in their lives when they are likely to have young children. Thus, the consumption demands of their families are likely to increase during the period of migration.

Third, the duration of stay abroad can be one of the most important factors in determining the uses of remittances by migrant families; a longer stay can provide families with more resources for investments.

Fourth, when it comes to relative success in handling remittances, an important variable is the level of household non remittance income, particularly during the migration phase. This is important both as a supplementary source of income as a disciplining factor regulating the economic behavior of the family (Brochmann, 1992). The absence of any stable implies that the earnings from overseas employment are likely to be used for the maintenance of the household and little is left for savings and investments.

2.10 Economic and Social Impact of Remittance

2.10.1 Economic Impacts of Remittance

2.10.1. A, Remittances and Economic Growth

Remittances impact growth in the following three ways.

1. By affecting the rate of capital accumulation

Remittances not only increase the rate of accumulation of both physical and human capital, but also lower the cost of capital in the recipient country .Thus, additional borrowing may increase

and lead to greater indebtedness. They may also have a role in stabilizing the economy or reducing volatility, and hence in reducing the risk premium that investors demand (Adams, 2004).

2. By affecting labor force growth

Remittance receipts have a negative impact on labor force participation by substituting remittance income for labor income and by creating more leisure, with the performance of less work (Lauby and Stark, 1988).

3. By affecting total factor productivity growth

Economic resources are goods and services available to individuals and businesses used to produce valuable consumer products. The classic economic resources include labor, capital, land and entrepreneurship considered as factors of production because individuals are responsible for creating businesses and moving economic resources in the business environment. Remittances, money received from abroad, can avoid the financial shortage of receiving households and encourage changing factors of production to economic use.

2.10.1. B, Macro and Microeconomic Impacts of Remittance

Remittances generate both micro and macroeconomic impacts.

Microeconomic Impacts of Remittances

On a micro level, remittances provide fundamental sources of income for the recipients. While they have no impact on income gap between developed and developing countries, they directly contribute to economic growth of local communities providing a much needed stability. Rural households who benefit by approximately one third of total remittances re-invest almost every dollar received to serve basic needs like food, medicines and clothing (Adams, 2006). These aspects are important ingredients of poverty. The multiplier effect is at its maximum and local markets thus fully profit from the social returns of these investments. Once basic needs are served, remittance amounts will be spent in education which on the long term will bring positive effects to local economies. Richer households will use remittances for entrepreneurship purposes

bringing social benefits in most circumstances. The impact on the economy, however, depends on the receiving country and its local population's propensity to save or invest (Yang 2008).

The organization for Economic Cooperation and Development (OECD) argues that remittances are much more effective than aid, which suffers directly from both grand and petty corruption; bureaucratic delays are sometimes invested in inferior projects. On the contrary, remittances are not direct investments in local households which are benefit of the already stated problems nor do they suffer directly from booms and slumps like aids does. Accordingly, when conflicts happen in origin countries, remittances make available a vital life line, interestingly not provided by local governments (Adams and Page, 2003)

In microeconomic terms, remittances:

- ❖ Make an important welfare contribution to the receiving households and often provide emergency stopgap monies.
- ❖ Tend to increase during an economic downturns or following natural disasters
- ❖ Improve the standard of living through funds that are typically invested in human and social capital (e.g, healthcare, nutrition, education, housing) and in building assets (e.g, real estate, business, savings)
- ❖ Generate ripple effects that impact the extended family and community beyond the receiving households, due in part to the increased consumption.

Macroeconomic Effects of Remittances

Davis (2005) noted that in Jamaica with the steady growth of money transfers, the social and economic impact of remittances has moved beyond the sphere of households, increasingly played an important role in the economic performance with potential multiplier effect on GDP, consumption and investment. Further, the diaspora provides several other important sources of revenue and economic activity to their home countries. Remittances expand the tourism industry and related economic sectors such as Air lines and other forms of transportation through regular visits home. Remittances also enhance purchasing products from home while living abroad thereby stimulating growth in nostalgic industries. Migrant's remittances also cause investment

in small businesses in their home countries; and provide financial support to facilitate development and philanthropic initiatives at home (Davis, 2005).

In macroeconomic terms, remittances:

- Provide a stable flow of funds that is often countercyclical (they increase during times of economic downturn)
- Offer an important source of foreign exchange for many countries
- Exert upward pressure on the value of the local currency in case of high inflows of remittances

From a purely accounting perspective, an increase in the private remittance can influence the economy in five different ways.

- ❖ Increase foreign reserves
- ❖ Increase net imports of goods and services
- ❖ Finance interest payments on foreign debt (both aid and non-aid debt)
- ❖ Finance a decrease in net aid inflows
- ❖ Decrease net external debt (or increase capital flight)

However, it has still been a debate whether remittances have a positive, negative or any effect in macroeconomic growth. Chami, Fullenkamp and Jahjahha developed a model which examines the relationship between remittances and per capita GDP growth using standard population averaged cross section estimation (Chami, Fullenkamp and Jahjahha, 2003). In 2005, they have developed the model and concluded that the remittances tend to be negatively correlated with GDP growth, suggesting that they are compensatory in nature (Chami, Fullenkamp and Jahjahha, 2005). Then in 2009, Barajas et al, concludes that at best, workers' remittances have no impact on economic growth (Barajas et al, 2009). Bettin and Zazzoro says that remittances contributed little to economic growth in remittances receiving economies and may have even retarded growth in some. They concluded that there is no significant positive impact of remittances on long term growth and often find a negative relationship between remittances and growth (Bettin and Zazzaro, 2008).

There are some major reasons for the researchers to claim remittances do not have positive macroeconomic effects (Adams, 2011).

Firstly, remittances are said to cause a situation similar to the Dutch Disease. Acosta and Lartey founded that whether altruistically motivated or otherwise, an increase in remittance flows leads to a decline in labor supply and an increase in consumption demand that is biased toward non tradable. The higher non tradable prices serve as incentive for an expansion that sector, culminating in reallocation of labor away from the tradable sector- a phenomenon known as Dutch disease (Acosta and Lartey, 2009).

Secondly, Chami, Fullenkamp and Jahjahha pointed out that the remittances would create a moral hazard, lessening the incentive to work. This would reduce the productivity of the country, giving negative effects in developing growth (Chami, Fullenkamp and Jahjahha, 2005).

Thirdly, Bettini and Zazzaro considers that partial reason why remittances have not spurred economic growth is that they are generally not intended to serve as investments but rather as social insurance to help family members finance the purchase of life's necessary (Bettini and Zazzaro, 2008).

However, against the conclusion of Chami, Fullenkamp and Jahjahha (2005), Mansoor and Quilling have stated that the remittances appear to have a positive and statistically significant on growth (Mansoor and Quilling, 2006).

As been showed in the leading literatures, correlatively in remittances and growth in the macroeconomic level is still controversial. Hence, the macroeconomic effect of remittances needs further investigation.

2.10.1. C Remittances, Poverty and Welfare

International migration is one of the most important factors affecting economic relations between developing and developed countries in the 21st century. At the beginning of the century, it was estimated that about 175 million people roughly 3% of the world population lived and worked outside the country of their birth (United Nation, 2002). The remittances sent back home by the migrant workers have a profound impact on the developing countries of Asia, Africa and Latin America and represent the second most important source of external funding in developing countries (World Bank, 2004).

Despite the ever increasing size of official international remittances, very little attention has been paid to analyzing poverty impact of these financial transfers on developing countries (Pfau and Giang, 2010). Two factors seem to be responsible:

1. A lack of poverty data: it is quite difficult to estimate accurate and meaningful poverty head counts in a broad and diverse range of developing countries.
2. The nature of data on international migration and remittances: not only do few developing countries publish records on migration flows, but also many developed countries which do keep records on migration tend to undercount the large number of illegal migrants living within their borders. Similarly, the available data on remittances do not include the large (and unknown) sum of remittance monies which are transmitted through informal, unofficial channels. Because of these data problems, many key questions, such as: what is the effect of international migration on poverty in the developing world? How do the official remittances sent home by international migrants affect the level, depth and severity of poverty in the developing world? remains unanswered.

The poor can and do benefit from international migration and remittances. For example, Adams finds that in rural Egypt, the number of poor household's declines by 9.8% when household income includes international remittances, and that remittances, account for 14.7% of total income of poor households (Adams, 1991).

Estimates for the poverty headcount measure suggest that, on average, a 10% increase in per capital official international remittances will lead to a 1.8% decline in the share of people living in poverty (Adams, 1991).

A more direct study on the impact of foreign remittances on poverty using a cross country analysis is the one by Jongwanich (2007). Other things being equal, Jongwanich found that an increase in remittances by 10% leads to a reduction in poverty incidence by 2.8% in Developing Asia and the Pacific countries. Using data from African countries, Anyanwu and Erhijakpor (2009) also found that a 10% increase in official international remittances as a percentage of GDP will lead, on average, to a 2.9% decline in the share of people living in poverty. Indeed, this

result provides strong, robust evidence of the poverty reducing impact of international remittances to Africa.

Given that migrants remittances contribute a supplement of income for households. It is logical to consider that these flows can have a direct negative effect on poverty in countries of origin. The effect of remittances on growth may pass through the balance of payments, the exchange rate, the private investment (by alleviating the credit constraint of households), or through the “multiplier effect” they can have on the households which do not receive remittances (Anyanwu and Erhijakpor, 2010).

According to the world migration report 2008, “Managing Labor Mobility in the Evolving Global Economy”, migration contributes to poverty reduction at both the individual and community level by providing migrants with access to higher salaries at their destinations and remittances sent by migrants to their families constitute an important driver of development (IOM, 2008).

Remittances have inverse relationship with poverty (Ballard, 2005). Thus, the higher the remittances that one receives, the higher improvement in one’s standard of living. This is particularly true in the rural and peri-urban areas where the main occupation is agriculture.

Remittances are important source of livelihood for many poor households. According to ADB (2008), 80% of remittance beneficiaries in Morocco, Senegal, Mali and Cameroon are poor households. The remittances are mainly used to meet basic needs like food, education, housing and health care.

Remittances are expected to reduce poverty as they may directly receive by the poor. The impact of remittances on reduction of poverty can be understood from both micro and macroeconomic perspective. However, to capture these impacts, there is no formal framework (Chami, 2005). But it is evident and it is reasonable to assume that the amount of transfer done by the migrants to the family members back home do have some overall impact in reducing poverty. Uruci and Gedeshi (2003), using survey of long term legal immigrants find that majority of the international migrants send their money in order to meet the essential needs of the family.

Adams and Page (2005) used household surveys of 71 developing countries to examine the impact of international migration on poverty. Controlling for the level of income, income inequality and geographical region, they find that international remittances have a strong statistically significant negative impact on poverty. A 10% increase in the share of remittances in a country's Gross Domestic Product (GDP), lead to a reduction of 1.6% of people living in poverty.

Migrant's remittances to their country of origin which totaled USD 401 billion in 2012 and are growing fast, represent a major vehicle for reducing the scale and severity of poverty in the developing world. Besides pure monetary gains, remittances are associated with greater human development outcomes across a number of areas such as health, education housing and gender equality. This money acts as a lifeline for the poor, increasing income for individuals and families (Adams, 2011).

Migration and remittances can have positive effects on the welfare of household members left behind through an increase in income which subsequently can lead to an increase in consumption and investments, given that the remittances the household receives compensate for the loss of one or more members in working age leaving the household (Pfau and Giang, 2010).

2.10.1.D, Remittances and Investment

Paying particular attention to the role remittances play in developing economies, it has been widely acknowledged that they have the potential to promote economic development by creating investment opportunities, as well as assisting in the human development of migrant families and their wider communities at home (Adams, 2003). Carling (2005) notes that generally only a small proportion of remittance are used to setup small business, improved agricultural practices or other forms of productive investment. Carling (2005) points out that this is well understood, creating a degree of disillusionment over the potential developmental impact of remittances among researcher and policy makers from as far back as the 1970's and 1980's.

In a study of remittances and its investment characteristics in Guatemala, Adams (2005) maintains that migrant households that are receiving remittances tend to spend more in the way of "human capital" – education, health and housing- and characterizes these spending choices of the households as a form of investment. He claims that expenditures on housing represent a form

of investment for the migrant; at the same time, it boosts the local economy through increased demands. This in turn has other developmental impacts; such as the creation of new employment opportunities in the local economy for both skilled and unskilled workers.

The literature on the link between remittances and investments has focused on understanding whether or not recipient households invest in productive activities or in consumption (how they spend their money), and an understanding the entrepreneurial drive of the migrants themselves (the likelihood of them becoming business owners) (Adams, 2005).

A review of the literature on the topic of remittances and business creation reveals that link between them is not very straight forward. There are scholars who argue that remittances do not lead to a more productive business environment, but rather decreases the productivity of the communities as they give incentives to spend the money on consumption patterns which are unproductive and do not leave much aggregated value to the communities (De Haas, 2005). On the other hand, there are other studies which have shown that remittances have the capacity to spur business activities in the recipient communities. Massey concluded that remittances contribute to the overall business formation in Mexico and that the type of business formed depends on the national economic and investment climate (Massey, 1998). Finally, Funkhouser presents data for Nicaragua based on a household survey from the late eighties and concludes that remittances encourage self-employment among recipient households (Funkhouser, 1992).

The literature analyzing the link between remittances and business investment formation overall shows that remittances are being used to either create, expand or subsidize businesses in recipient communities (World Bank, 2011a).

Furthermore, remittances can also have an impact on business if they finance purchases of inputs and/or merchandise. The literature on remittances and investments concludes that remittances are used to finance the purchase of capital assets such as farm lands, machinery and tools for example (Woodruff et al, 2007).

2.10.1. E, Investment Behavior of Remittance Receiving Households

The migrant households used the remittances to invest in real estate, agricultural machinery, agricultural inputs, businesses and to acquire savings (Geda and Irving, 2011).

Households with professional and educated workers abroad were successful in directing remittances to investments (Yang, 2004). Both less educated and unskilled workers may simply not have sufficient information about making investments because they largely belong to rural areas where investment opportunities are limited. The greater the amount of remittances received, the more likely the household is to direct remittances to investments (Adams, 2005).

Urban migrants were more likely to direct remittances to investment and saving than their rural counterparts. There are two possible reasons for this:

- A. Urban migrants may have more investment opportunities than rural migrants. The latter can invest mainly in land, which may be too expensive for many migrants.
- B. Urban migrants are more qualified than rural migrants and are therefore more aware of investment opportunities.

The levels of education of the migrants also had significant and positive effects on directing remittances to investments and savings (Edward and Ureta, 2003). Education not only seems to have increased the importance of investing but may have aided the recipient households in finding attractive opportunities for investing remittances.

2.10.1. F, The Insurance Effect of Remittances at the Microeconomic Level

However, households have at their disposal some mechanisms aiming at smoothing income fluctuations generated by shocks. They can for example reallocate their resources in time by borrowing on formal financial markets. But in developing countries formal institutions for managing risks are imperfect or absent, and lots of people do not have access to financial markets. Remittances can thus play an essential role by allowing households living in developing countries to diversity their income sources and therefore can be viewed as a self-insurance mechanism (Pelham and Torres, 2008). Indeed, one of the strategies which is available for

households in order to diminish risks they face, consists in sending one of its members in another region or other country where it will not be confronted to the same shocks at the same time.

There are also positive spillover effects, with some of the expenditures and investments made by remittance receiving households accruing to entire communities. And unlike other monetary flows, remittances are countercyclical- family members abroad are likely to be even more motivated to give in times of hardship, even if their own financial situation has deteriorated as well (Adams, 2003). In this way, remittances are a form of insurance, helping families and communities weather external shocks.

2.10.1.G, Remittance and Capital Accumulation

International migration and remittances may contribute to alleviate financial and productive constraints in the rural sector (Adams, 1998). As such they may exert a positive effect on asset accumulation and, thus, help lift families permanently out of poverty. Adams (1998) studies the effect of remittances in rural Pakistan and found that they help to increase investment in rural assets by raising the marginal propensity to invest for migrant households. Another closely related article, Yang (2008) finds that remittance recipient households in Philippines are more likely to start capital intensive entrepreneurial activities like the transportation, communication and manufacturing, which are exactly those expected to suffer most from credit constraints.

The effect of remittances on capital accumulation has also been studied at the macroeconomic level by Glytsos (1993) and Giuliano and Ruiz – Arraz (2009) who provide evidence that remittances tend to particularly foster growth in countries with less developed financial systems by helping them overcome liquidity constraints.

2.10.1. H, Remittances and Consumption

The literature on remittances shows that recipient households spend most of their remittances on consumption of goods. Recipient households create a demand for consumer and home capital related goods that will increase their living standards such as education, health, housing improvement and food and for leisure (Adams, 2004, Acosta, 2007).

Stahl and Arnold (1986) looked at consumption patterns among Asian economies: Bangladesh, India, Pakistan, Philippines, Sri-Lanka and Thailand and conclude that recipients in these

countries spend most of their remittances on basic needs; such as: food and clothing, home construction improvements and debt repayment. Although Stahl and Arnold agree in the contribution of remittances to growth mainly via durable spending, they still raise concern over possible inflation from increased demand in the recipient country.

2.10.1.I, Remittance and Inequality

Despite the fact that a wide strand of economic research has investigated the effects of remittances on a variety of topics, there is no formal cross country analysis of the impact of remittances on income inequality. For example, Adams (1989), using a sample of small rural communities in Egypt, found that international migration worsens income distribution in the home community. Nevertheless, using a very similar approach, Adams (1992) found that there is no significant effect of remittances on income inequality in rural Pakistan. On the other hand, Brochmann (1992), using a sample from three coastal communities in Nicaragua, found that, when remittances are taken as an exogenous factor, they had an inequality reducing effect. On the other hand, when remittances are taken as substitutes for local production (an endogenous factor), the effect was exactly the opposite.

Stark, Taylor and Yitzhaki (1986), taking advantage of a natural experiment with two Mexican communities, one with a longer migration history, and the other with a shorter one, found that the impact of remittances on equality depends on migration history and the degree to which opportunities to migrate are disseminated among households in the community. At the first stage of migration, only the richest households in the community can afford the high migration costs due to lack of information and the labor market risks implied. In this sense, the first effect observed is likely to be the rise of inter household inequality. As more people migrate, however, the migration costs tend to diminish because of the information and assistance provided to potential migrants (network effects). The presence of migration networks, both at the family and at the community level, is found to increase the likelihood of migration and hence raise the expected benefits on one hand and lower the costs of migration on the other to help reduce inequality among the community (Adelman and Taylor, 1992). At high levels of migration prevalence, they find that migration leads to a reduction in inequality. However, for the communities with a more diverse migration experience, this appears to increase inequality.

2.10.1.J, International Migration, Remittances and Labor Market

Some studies focusing on the link between remittances and the labor market have concluded that receipt of remittances has a negative effect on productivity as it gives an incentive to stop participating in the low wage labor markets (Amuedo, Dorantes and Pozo, 2006).

Remittances can have an impact on the labor market of a country. Some studies have concluded that remittances tend to increase the reservation wage of recipients. This translates into a decreasing participation in the local labor market. A decrease on labor supply would, in principle, put an upward pressure on national salaries. Research on this subject has also founds that remittance recipient is associated with an increase in self-employment activities. In the case of Nicaragua, for example, it has been shown that remittance recipients are more likely to drop from the labor market and are that self-employment rates increase. This finding however does not mean that remittance recipients will become self-employed (Funkhouser, 1992). Research focusing on El Salvador has shown that remittance recipient is associated with a decrease in the participation in the labor market, especially among rural households. The decrease is expressed by either stop participation in the labor market or by decreasing the number of hours worked.

The researchers also found that entrepreneurial activities tend to increase among remittance receiving households (Acosta, 2007). Such findings have made some scholars point that remittances have a negative effect in national productivity. Acosta warns against such conclusions saying that the decreasing participation in the labor market doesn't necessarily translate in to a loss in productivity. He points to the fact that remittances might be giving incentives for people to become self-employed, invest in human capital or participate more in household activities (which might not be remunerated).

2.10.1. K, Remittance and Real Exchange Rate

Adams (2004), reports that remittances reduce the level, depth and severity of poverty. However, when workers' remittances are considerably large relative to the size of the receiving economy, they may also bring a number of undesired problems. Among others, large and sustained remittance inflows can cause an appreciation of the real exchange rate and make the production of tradable goods less profitable, a Dutch Disease like phenomenon. AmuedoDorantes and Pozo (2004) find that a doubling of transfers in the form of workers' remittances result in a real

exchange rate appreciation of about 22% in their panel of 13 Latin American and Caribbean countries. Neary (1988), writing about the effects of a transfer over the real exchange rate, points out that an incoming transfer is likely to induce a real appreciation. The real exchange rate appreciation is associated with a loss in external competitiveness, but it also has the potential to generate a number of additional macroeconomic effects (Mussa, 1984).

Despite the importance of the real exchange rate in macroeconomics, there is no definition or measurement of real exchange rate that is universally accepted (Acosta, 2009). Theoretically, the real exchange rate has been defined as the nominal exchange rate amended by the external to internal price ratio. This definition corresponds to the idea that variations of the nominal exchange rate lack a precise meaning in a world with inflation, so variations in the value of external and internal currencies (measured by their respective inflation rates) must be taken into account (AmeudoDorantes and Pozo, 2004).

More recently the real exchange rate has been defined as the relative price between non tradable and tradable goods and it is proposed as a better indicator of external competitiveness (Hinkle, Lawrence and Peter Montiel, 1999). This definition of the real exchange rate is not exempt of criticisms. For example, Adams (2004) argues that the definition of the real exchange rate as the relative price of non-tradable can get us in to trouble when the disturbances in question are changes in the international price of particular tradable goods or when we are interested in the consequences of imposing import tariffs or export taxes.

2.10.1.L Remittance and Inflation

Some scholars have argued that remittances could lead to inflation due to increased demand for consumer goods in sectors which cannot cope with an induced rising demand. Ghosh (2006) reviewed several studies and concluded that the increase in prices of land and construction costs in remittance receiving communities is quite common as found in Egypt, Greece, Pakistan, Yemen and several Caribbean countries.

Elbadawi and Rocha (1992) use panel data to analyze the flows of workers' remittances in six labor exporting countries of North Africa and Europe and conclude that remittances have a significant effect on inflation.

Other scholars provide different views regarding effects of remittances on inflation. Ghosh (2006) cites Lucas (2005) who noted that, the state of Kerala in India, accounted for about a third of the country's total remittances and about 20% of Kerala's net domestic product and yet no evidence to suggest that prices did rise than in other parts of India to lead to inflation.

2.10.2 Social Impacts of Remittance

2.10.2.1 Remittance and Human Capital Investment

Adams (2005) maintains that migrant households that are receiving remittances tend to spend more in the way of "human capital" – education, health and housing and characterizes these spending choices of the households as a form of investment. He claims that expenditures on housing represent a form of investment for the migrant, at the same time it boosts the local economy through increased demand. This in turn has other positive developmental impacts such as the creation of new employment opportunities in the local economy for both skilled and unskilled workers. Other scholars, such as Sorensen (2004), argue that expenditures on education and healthcare should be seen as an investment in the human capital of the country. Today's children are tomorrow's future labor force. They also claim that a simple increase in the level consumption by poorer households is often equivalent to poverty alleviation, which is in itself a development goal.

2.10.2.2 Remittance and Education

Migration has been to increase educational attainment for households in the sending country. Households that receive remittances invest more heavily in child education than non-remittance receiving households, as has been seen in Ethiopia and Sri Lanka – where children of migrants are more likely to be enrolled in private education as opposed to their counterparts (Geda and Irving, 2011).

Several studies have been undertaken about educational outcomes of family members and how they are affected by the remittances and migration experience. One stream of literature has shown that there is an increase of educational outcomes of family members due to the lift of the liquidity constraints. By relating the household's liquidity constraints, remittances allow an investment in education. An opposite stream, while agreeing for the potential for remittance

transfers to alleviate credit constraints and thereby increase educational attainment of children, argues that migration of a family members, i.e, absence of the parent, may have negative effects on child schooling. Other literature have looked at other aspects on the way the remittances impact the child schooling, including an incentives or disincentives provided by migration or remittance on the education of the family members left behind.

Empirical research on remittances and schooling has stressed the potential for remittances to raise schooling levels by increasing the ability of households to pay for schooling. Examples of literature include Cox Edwards and Ureta (2003), who find that remittances lower the likelihood of children leaving school in El Salvador, particularly in rural areas. Yang (2004) who find greater child schooling in families whose migrants receive larger positive exchange rate shocks in the Philippines; and Lopez and Cordoba (2004) who finds municipalities in Mexico that receive more remittances have greater literacy levels and higher school attendance among 6 to 14 year olds. Borraz (2005) has found that children who live in remittance receiving households complete more years of schooling than other children and that the effect is statistically significant. Those children who live in households that receive remittances are more likely to extend the years of schooling. However, having a parent migrate may also impose psychological costs on children and parents; the total balance of costs and benefits is something that each family must calculate for itself.

2.10.2.3 Remittance and Infant Mortality

Monetary transfers or remittances can affect health by relaxing liquidity constraints that would otherwise restrict access to healthcare. Kanaiaupuni and Donato (1999) argues that, despite the initial disruptive effects of family separations, overtime, as migration becomes “Institutionalized” and the household receives monetary remittances, infant mortality significantly drops. In the same vein, Lopez Cordova (2004) takes advantage of variability in remittance receipt rates across Mexican municipalities and concludes that remittances lower infant mortality rates. Hildebrandt and McKenzie (2004) link increased birth weight and lowered infant mortality rates to both monetary remittances and health knowledge, whereas Duryea, Lopez Cordova and Olmedo (2005) conclude that the acquisition of better housing infrastructure (e.g, improved housing, water and refrigeration of food) via remittances is crucial in reducing infant mortality.

High infant and maternal mortality rates are among the major challenges facing the health sector in Ethiopia. The poor in Ethiopia do not have access to good quality health facilities; they generally consult traditional healers in cases of illness. Remittances can lead to the improvement in health status in mainly two ways.

1. They can be used to improve the nutritional status of the population, particularly children, through the provision of good quality food.
2. This money can be used to access better health services in the case of illness.

Families of migrant member would have more knowledge about modern health facilities than non-migrant families, because the former benefit from exposure to other cultures and have greater confidence and ability to interact with healthcare providers (Hadi, 1999). More on, Gulati (1993) found that the absence of households for long periods of time actually helps women regain their health as the inter birth interval is widened and take better care of their children.

2.10.2.4 Remittances and Housing

In developing countries, increasing the instrument in housing by poor households has the potential to leverage the positive impacts of remittances by increasing family assets and overall quality of life (Mckenzie and Sasin, 2007).

The current impact of remittances on housing for low income households is very clear. Field observations suggest that these households have higher quality home and home ownership rates than those not receiving remittances (Kapur, 2005, Parrado, 2004). On the other hand, according to Fajnzylber and Lopez (2007), remittances received by these households seem to have a limited impact on housing investment; example in Latin America.

In Dessie, migrants migrate through much hardship in order to earn and save enough to build or rebuild a concrete house. This is usually the first big expenditure made by migrants after daily expenses are covered and debts repaid. The housing condition of the town (Dessie) has experienced quick changes as a result of international migration and remittances. Moreover, some residents said saving to build one's own house or buy a house is something out of range without migration.

CHAPTER THREE

BACKGROUND OF THE STUDY AREA

3. Background Information of The Town



Dessie is a metropolitan town located in North Central Ethiopia, South Wollo zone of the Amhara region. Geographically, Dessie is located at $11^{\circ}8'N$ latitude and $39^{\circ}38'E$ longitude. The town is one of the reform towns in the region and has a town administration consisting of municipality with ten sub cities (Segno Gebia, Salaysh, Piassa, Arada, Ager Gizat, Hottie, Dawudo, Menafesha, Robit and BuanbuaWuha) and six rural kebeles (Tita, Korkur, BoruMeda, BoruSilassie, Gerado and GeradoTunjitAmba). The town has a structural plan which was prepared in 2010.

3.1 Establishment and Naming

At the end of 1840's, to expand his territory, emperor Tewodros II, was traveled and established a temporal settlement camp along Jeme Mountain (JemeTerara) which is found along the present Dessie. After the death of emperor Tewodros II, emperor Menilik II, similarly, to expand his territory and encompass Wollo to his empire, he opened a war on local Wollo rulers AmedeLiben (Abba Watew) and Mohamed Ali (the then Ras Michael). Similar with the above two kings, emperor Yohanes IV started his territorial expansion from North to Wollo to include Wollo with his territory. By this his activity, he opened a war on the two local rulers of Wollo (AmedeLiben and Mohamed Ali) at the battle of BoruMeda. Emperor Yohanes IV defeated the two local rulers of Wollo and Christianize and changed their names as WoldeMarriam (AmedeLiben) and Ras Michael (Mohamed Ali) and assign as the local rulers of Wollo under his empire.

As this short story reveals, Jeme Mountain (JemeTerara) plays a great role for the establishment of the present Dessie. Jeme Mountain was preferable by different Ethiopian kings by its geographical topography. This area was very important to control enemies from far and also due to its nearest distance from port (Djibouti), used as trade corridor. For example;

- ❖ Through Tita to Tigray and Asmara
- ❖ Through Liben/Gerado to Shewa and Gojjam
- ❖ Through Kutaber to Begamidir or Gonder
- ❖ Through Kurkur to Lasta

To summarize, the different Ethiopian kings who were settled temporarily along Jeme Mountain played a vital role for the establishment of Dessie. Furthermore, as history shows, King Michael was the key person for the establishment of Dessie; because after his assigning as a local king by emperor Yohanes IV, he established his permanent palace along this area. In 1893 Ras Michael established Dessie and set as a permanent residence of his palace. The reason to do this was:

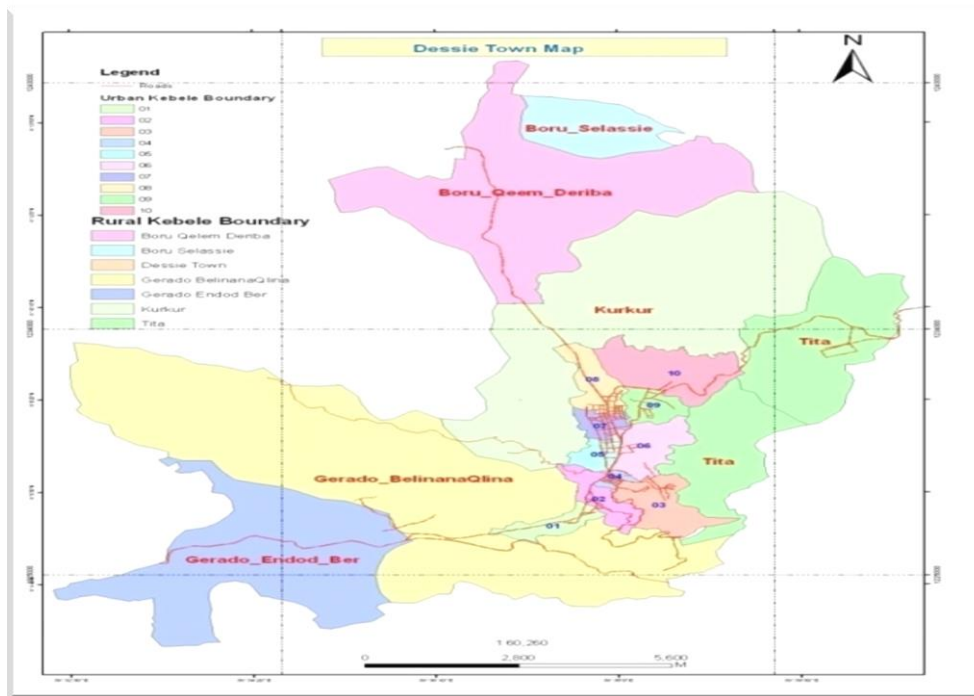
- The area was suitable to control enemies from far
- The area was main trade corridor
- The area had suitable air condition for human beings and agricultural production and productivity

- The pretty nature of Tossa and Azwa mountains
- The establishment of Ras Michael palace and Ayteyefe Hall (AyteyefeAdarash) at the end of 1880's and the beginning of 1900's
- The establishment of Segno Gebia market place (once per week, on Monday) (DTCAB, 2014)

3.2 Geography of the Town

3.2.1 Location and Area

Dessie is located north east of Addis Ababa 400km away via DebreBirhan –Kombolcha route and 475km from the main capital of the region, Bahir-Dar. The absolute geographic location of the town is 11⁰08'North latitude and 39⁰38'East longitude. The administrative area of the town is 158.29km².



Source: DTCAB, 2014

3.3 Climate of the Study Area

The altitude of the town ranges from 2,250m to 2,470m above mean sea level. This shows that the town is mainly characterized by woina-dega climatic condition. The annual average temperature and rain fall of the town is 15.2°C and 1,145mm respectively.

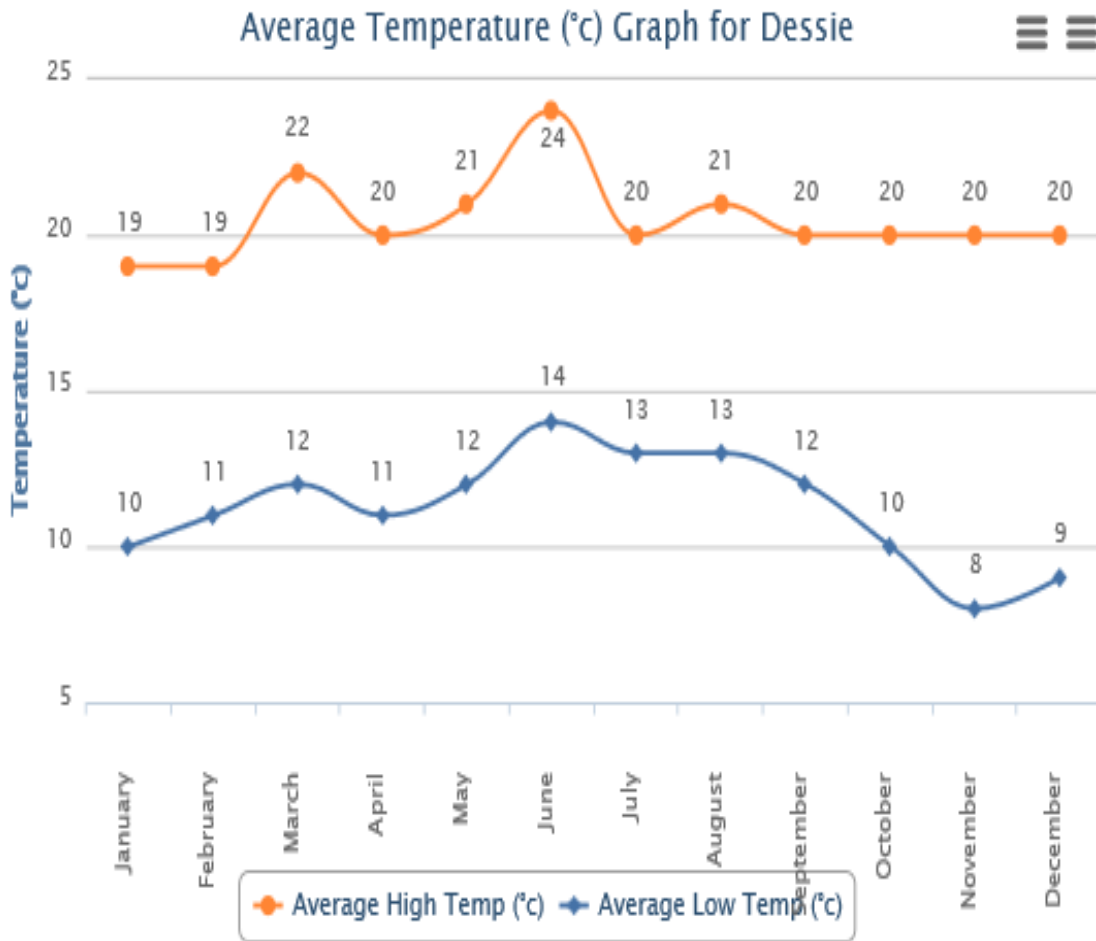


Fig 3.1 Average temperature of Dessie

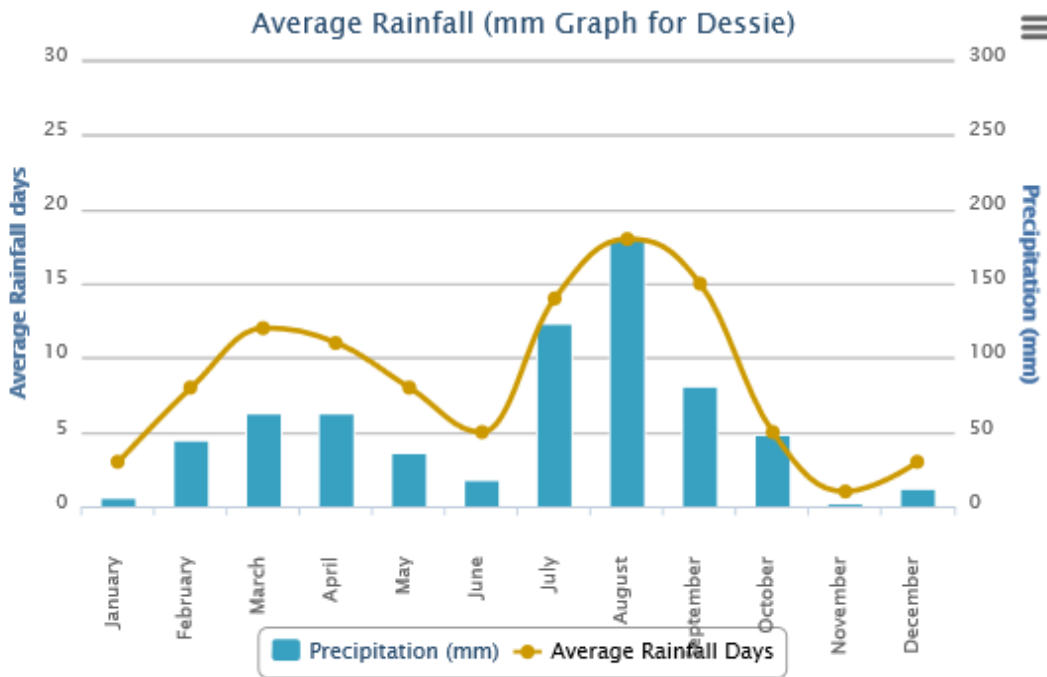


Fig 3.2 Average rainfall of Dessie

3.4 Population of the Town

The 1994 national census reported a total population for Dessie about 97,314 in 17,426 households, of whom 45,337 were men and 51,977 were women.

Based on the 2007 national census conducted by the Central Statistical Agency of Ethiopia (CSA), Dessie has a total population of 151,174, of whom 72,932 were men and 78,242 were women.

According to Dessie town Finance and Economic Bureau, in 2014, the population of the town is about 203,095 of which 35,041 are in six rural kebeles and 168,054 are in ten sub-cities of the town (in this, the researcher lacks information to put the number of men and women population).

3.5 Infrastructure of the Study Area

3.5.1 Education

Different historical sources indicate that, it was at Dessie next to Addis Ababa where modern schools were established. The 1930 Ras Michael School and other catholic schools opened by catholic missionaries pave the road for the starting of modern schooling in Dessie. WoizeroSehine technical school or the present “WoizeroSehine poly technique collage” is the famous education organization that recruits many intellectuals contributing for change of Dessie and the country as a whole.

Even though Dessie was next from Addis Ababa to start modern schooling, its educational institutions are not growing parallel with its fast growing population. As different evidences show, from 1930 establishment of Ras Michael School up to 1974, there were about eleven schools. During the militaristic government period, their number increased to fourteen. Currently, because of the due attention given by the government, there are about 39 schools in the town of which 15 are private schools. Additionally, including Wollo University, there are 4 government and 6 private colleges.



Ras Michael School



WoizeroSehin technical school/

Poly Technique College

(DTEB; 2014)

3.5.2 Healthcare service

In Dessie town, healthcare service institutions increased in both quality and quantity from time to time. Currently, including a half century old “Dessie Referral Hospital”, there are 4 hospitals and 13 clinics owned by the government and 3 private hospitals, 3 higher private clinics, 20 medium private clinics, 3 special higher private clinics and 10 private pharmacies are opened and give healthcare service for the people.



Dessie Referral Hospital (Gov't)



Selam Hospital (Private)

(DTHB; 2014)

3.5.3 Housing

The town administration municipality plan and perform different packages to provide full access of housing to the households. To achieve this, the administration started constructing of condominium houses since 2007. The administration of the municipality constructs 3,296 condominium houses and provided for users. From these, 1,092 users are females. The houses were constructed for living and commerce purpose with various numbers of rooms such as with one room, with two rooms, with three room and studio. The administration municipality constructed a total of 127 buildings and from these, 1,786 houses are with one room, 1,218 houses were with two rooms and 76 houses are with three rooms. The remaining 216 houses are studios.

DTHCB; 2014

3.5.4 Water Supply

The newly build and finished water supply project, which was constructed by 100 million birr, increases supply and quality of water to the town residents. This project increases access of pure water supply of the town to 99.7%.

Dessie received pure water from 3 deep dig around Gerado plane (Gerado Meda). After the water received from the 3 deep dig, accumulated by 12 large water tankers and then distributed to every home of the households. The water tankers have the capacity to have 238.84m³ per second.

(DTWSSB, 2014)

3.5.5 Road

The Addis Ababa –Mekelle asphalt road passes through Dessie town used as the main asphalt road of the town for long period of time. But since 2008, by the high initiation of the government and the resident people, changes are observed in Dessie regarding with road infrastructure. Furthermore, in addition with the renewal of the old asphalt road, at the present, the town has 36.69km asphalt, 47.14km cobble stone and 50km gravel road inside the different sides of the town.

(DTRA; 2014)

3.5.6 Telecommunication Service

Dessie has had telephone service as early as 1954. At the present, similar with other towns of the country, Dessie has provided a telecommunication service for residents. As a result, until now, about 55 thousand residents use mobile cell phone, 14 thousand residents use regular telephone service and more than 100 residents use broadband network service.

(DTCAB; 2014)

3.5.7 Electric Power Service

The town has had electrical power since 1963 when a new diesel-powered electric power station with a power line to Kombolcha was completed at a cost of 110,000 birr. Electric power accessibility is required to attract investors for investment. Because of this, to increase accessibility of electric power supply, the town administration municipality tried to expand electric power service and as a result, the town has one electric power transparent district which provides electric service for the resident households of the town and the surrounding areas.

(DTCAB, 2014)

3.6 Economic Activities

The majority of the people in Dessie are driving their livelihood by undertaking small and medium scale trade, government employment and farming in the surrounding areas. The major trade undertakings in the town include small scale trading and micro enterprises, café and restaurants, hotels, retail trading, cereal marketing, cloth making (waving and sewing), livestock product marketing and transportation services.



Micro enterprises



Livestock product Marketing

According to the information obtained from Micro and Small scale Trade and Investment Bureau of the town administration, there are efforts to organize micro enterprises cooperative on regular and package programs in the coming years.

(MSTIB; 2014)

3.6.1 Financial Institutions

Dessie is showing a rapid flow of investment, which are the result of its geographical location and the access of different types of resources including cheap labor force. To enhance business transaction, there are a number of both government and private financial institutions namely Commercial Bank of Ethiopia (4 branches: Dessie District, Piassa Branch, Mugad Branch, Tossa Branch and BuanbuaWuha Branch), Development Bank of Ethiopia, Construction and Business Bank, Amhara Debt and Micro Bank, Lion International Bank, Abay Bank, Nib International Bank, Birhan International Bank, Abyssinia Bank, Buna International Bank, Dashen Bank, Wogagen Bank, United Bank, and Awash International Bank. In addition to these, there are also three micro finance institutions namely Amhara Debt and Credit Organization (No.1 and No.2), Wisdom Micro Finance and Dessie Amba Union Micro Finance. Regarding to insurance companies, in Dessie town, there are six insurance companies namely United Insurance Company, Nib Insurance Company, Niyala Insurance, Africa Insurance, Nile Insurance and Ethiopia Insurance Company.

(DTFEB; 2014)

3.6.2 Tourism

There are a number of tourist attraction sites in and around the town. Some of them are: Ras Michael Palace and Ayteyefe Hall (AyteyefeAdarash), Enda-MedhaneAlem Church, Dessie Museum, Shewaber Mosque (ShewaberMesjid), Mushera Stone (MusheraDengay), BahirShesh and Debre Betel St. Gebriel Church. These tourist sites are used as income source and for refreshment. According to Dessie Town Culture and Tourism Bureau, there is an increase of both domestic and foreign tourists who tours these areas. As a result, the income generated from the tourists is also increase year to year.

Source: DTCTB; 2014

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4. Magnitude and Pattern of Overseas Migration from Dessie, Wollo

This study is concerned primarily with the flows of remittances to migrant sending households in Dessie and its impact on both the economic and the social status of these households. Migration and remittances have a strong impact on the economy of the country as well as society as a whole. To put this study in the proper context, it is therefore necessary to review the cause, magnitude and patterns of overseas migration.

4.1 Causes for Overseas Migration

Both the migrant and their families took the initiative to go to Saudi Arabia for employment. For migrants going to Saudi Arabia, socio economic conditions at home have dominated the migration decision. The sampled households were asked to identify the main pushing factors that cause their household member to go to Saudi Arabia. Accordingly, 65% which is the majority responded poverty as the main reason for overseas migration. Table 4.3 reveals that poverty is the leading push factor for migration to Saudi Arabia. Twenty four percent (24%) of the sampled households answered unemployment as the main reason for migration to Saudi Arabia. The other important reason for overseas migration was poor socio economic conditions available in Wollo, Dessie and accounted for 11% of the sampled households. These statistics indicate that push factors as poverty, unemployment and poor socioeconomic conditions (for example, housing) in Dessie were the reasons for family members to seek employment abroad.

Table 4.1 causes for overseas migration

Causes for overseas migration		Count	Percentage
	Poverty	52	65
	Unemployment	19	24
	Poor socio economic condition	9	11
Total		80	100

Source: Own survey; 2014

4.2 Magnitude and Patterns of Overseas Migration

Migration to western countries is different from migration to the Middle East. The former is permanent in nature, except for those traveling on a student visa or temporary stay permit, while migration to the Middle East is medium term, lasting for six years on average. The choice of destination country is influenced mainly by the ease of access to the job market, the wage structure and the nature of the job.

The Ethiopian overseas employment has been in place for several years. With regard to the Ethiopian overseas employment, the newly enacted Employment Exchange Service proclamation No.632/2009 states that “An Ethiopian national may be employed outside of Ethiopia where the Ministry has obtained adequate assurances that his/her right and dignity shall be respected in the country of destination”. Accordingly, the employment contracts of those Ethiopians (whether these contracts are secured through private employment agencies, self-effort, or by any other legal means) seeking overseas employment are processed and approved by the Ministry of Labor and Social Affairs upon request by customers, provided that they fulfill the requirements.

In light of this, the pattern and magnitude of Ethiopian overseas migration during the reference periods is presented in table 4.2

Table 4.2 The pattern and magnitude of overseas migration

Year	Country of destination	Sex		Total	Percent
		Female	Male		
2008/9	Bahrain	681	3	684	3.22
	Kuwait	6,947	101	7,048	33.16
	Saudi Arabia	9,402	3,748	13,150	61.90
	U.A.E	113	9	122	0.57
	Yemen	200	10	210	0.99
	Others	39	3	42	0.16
	Total	17,382	3,874	21,256	100.00
2009/10	Bahrain	321	7	328	1.19
	Kuwait	12,357	199	12,556	45.4
	Saudi Arabia	11,457	2,873	14,330	51.81
	U.A.E	301	6	307	1.11
	Yemen	96	14	110	0.4
	Others	-	26	26	0.09
	Total	24,532	3,125	27,657	100.00
2010/11	Bahrain	-	11	11	0.03
	Kuwait	25,880	296	26,176	61.98
	Saudi Arabia	13,137	2,356	15,493	36.67
	U.A.E	509	1	510	1.21
	Yemen	-	17	17	0.04
	Qatar	-	3	3	0.01
	Others	-	23	23	0.06
	Total	39,526	2,707	42,233	100.00
2011/12	Saudi Arabia	158,963	10,337	169,300	85.21
	Kuwait	28,476	270	28,746	14.47
	U.A.E	321	109	430	0.22
	Others	175	16	191	0.10
	Total	187,935	10,732	198,667	100.00
2012/13	Saudi Arabia	154,660	7,127	161,787	88.56
	Kuwait	20,659	130	20,789	11.38
	Others	110	10	120	0.06
	Total	175,429	7,267	182,696	100.00
2013/14	Saudi Arabia	16,471	416	16,887	81.70
	Kuwait	3,751	20	3,771	18.24
	Others	12	-	12	0.06
	Total	20,234	436	20,670	100.00

Source: MoLSA, 2014

The table shows the fluctuation and variation of number of migrants in year and destination. The ease of access to the job is the main reason for this variation and fluctuation. The placement numbers increased from 21,256 in 2008/9 to 198,667 in 2011/12. Saudi Arabia and Kuwait takes

the highest share of the Ethiopian migrants to the Middle East. During 2008/9 budget year, 99% of Ethiopian domestic workers migrated to Saudi Arabia (85.21%) and Kuwait (14.47%). However, annual placement was well decreased since the end of 2013 and beginning of 2014 budget year and reached to 20,670. It is beyond the scope of the study to examine in detail the reason for the fluctuations in the placement of workers in the Middle East, but the commonly stated reasons are: competition from other labor sending countries, the policy of Arab countries to hire their own nationals and political instability of the Arab world.

Regarding the migration pattern and magnitude of the study area, According to Dessie town Labor and Social Affairs Bureau (DTLSAB), from 2010/11 up to 2013/14, there were about 4,563 migrants who migrated to the Middle East and out of these, 3,517 migrants migrated to Saudi Arabia and the remaining 1,046 migrants migrated to Kuwait. Table 4.3 shows the pattern and magnitude of Dessie migrants.

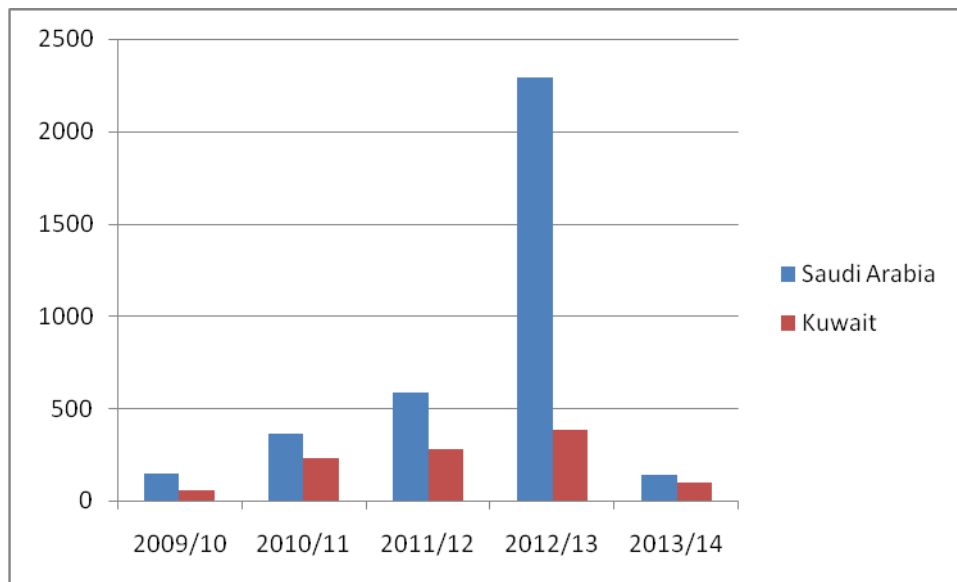
Table 4.3 magnitude of overseas migration from Dessie to Saudi Arabia and Kuwait

Year	Country	Sex		Total	Percentage
		Female	Male		
2009/10	Saudi Arabia	132	14	146	72.64
	Kuwait	46	9	55	27.36
	Total	178	23	201	100.00
2010/11	Saudi Arabia	309	54	363	61.01
	Kuwait	217	15	232	38.99
	Total	526	69	595	100.00
2011/12	Saudi Arabia	504	78	582	67.44
	Kuwait	260	21	281	32.56
	Total	764	99	863	100.00
2012/13	Saudi Arabia	2,173	116	2,289	85.70
	Kuwait	345	37	382	14.30
	Total	2,518	153	2,671	100.00
2013/14	Saudi Arabia	117	20	137	58.80
	Kuwait	80	16	96	41.20
	Total	197	36	233	100.00

❖ (The researcher puts only magnitude and pattern of migrants to Saudi Arabia and Kuwait because of absence of well documented data except these).

Source: DTLSAB; 2014

Fig 4.1 pattern and magnitude of Dessie migrants



The job market in the Middle East has shown great fluctuations in terms of the placement of Dessie workers. The first peak was observed in 2012/13 and accounts for 2,671. During this time Saudi Arabia took the highest share of Dessie migrants (85.70%). Afterwards, the number decrease to 233 in 2013/14. More specifically, the number of Dessie migrants to Saudi Arabia decreased from 2,289 (in 2012/13) to 137 in the year 2013/14. Even though it is out of the scope of the study to examine in detail the reason for the fluctuations in the placement of workers, the commonly stated reason is political instability of the Arab world.

4.3 Socio-economic Profile of Migrant Sending Families

During the survey, the sample households were asked about their socio-economic profile before and after remittance. This section aims to present an analysis of the socio-economic profile of migrant sending families before and after remittances.

4.3.1 Socio-economic Profile of Migrant Sending Families before Remittance

On average, the sampled remittance receiving households have the family size of seven persons with no major differences across the household locations (table 4.4). Their main economic activity is small traditional subsistence farming and small scale business activities such as trade. Those households who depend on traditional subsistence farming have very small, fragmented

and unfertile plot of land. Those households who do not have plots of land for agricultural activities and/or those households who had plots of land but not fertile and not suitable for agriculture productivity depend on small scale trading activities to continue life. The average number of households having a bank account before migration was 0.13 which is 13%. The average number of households involved in farming was 0.76 (76%). This indicates that more than three fourth of the households depend on agriculture as their main economic activity. The average monthly household expenditure was about 250 Ethiopian birr (12.5USD). The families are poor and unable to attain basic needs (such as food, shelter and cloth), healthcare and other social amenities. Consequently, these households search for alternative solution for their problems and consider overseas migration as the best solution.

Table 4.4 socioeconomic profile of migrant households before remittance

	Total sample	Segno Gebia	Gerado	BuanbuaWuha
Average household size	7	6	8	7
Average households with a saving account	0.13	0.25	0.03	0.1
Average Number of households involved in farming	0.76	0.8	0.8	0.7
Average monthly household expenditure (Eth-birr)	250	300	200	260

Source: Own survey; 2014

4.3.2 Socio-economic Profile of Migrant sending Households after Remittance

The sample households were asked about their socio economic profile after starting to receive remittance from Saudi Arabia.

It appears that there are some changes in the profile of households. After remittance the average number of households with a saving account reached to 1.0 (100%). All remittance receiving households have a bank account to save some money left from consumption. They open a bank account and save to accumulate financial asset and to use it for investment. This indicates that remittance encourages households to save and further to invest. The average number of households involved in farming decreases from 0.76 (76%) before remittance to 0.26 (26%) after remittance. This indicates that a remittance enables the household to participate in economic activities other than agriculture; like trade, transport, construction and small scale manufacturing. Even the remittance receiving households involving in farming activity use modern agricultural inputs like fertilizers, pesticides and insecticides to increase agricultural productivity. Regarding

the average monthly household expenditure, the average monthly expenditure grows to 900 Ethiopian birr (45 USD). This mean, remittance offers households to expend more to secure food security and improve quality of life. Additionally, remittance receiving households begin to send their children to private school for better schooling, look for private doctors for better health care, start business activities for more profit and reconstruct and construct houses for better housing.

Table 4.5 socio economic profile of migrant households after remittance

	Total sample	Segno Gebia	Gerado	BuanbuaWuha
Average Households with a saving account	1.0	1.0	1.0	1.0
Average Number of households involved in farming	0.26	0.3	0.37	0.13
Average monthly household expenditure (Eth- birr)	900	1200	800	700

Source: Own survey; 2014

4.4 Magnitude and Pattern of Remittance

Through remittances, labor migration has become a significant factor in the socio economic development of many labor sending countries (Mehdi, 2004). Remittances are a poverty cushion as the increased money supply stimulates the demand for, and increases consumption expenditures on goods and services which are ultimately beneficial for the poor (Adams, 1991).

The income of the migrant and the income of migrant sending household are the most critical factors in determining the amount of remittances. A low income migrant sending household depends mainly on remittances; as a result, it is likely that the migrants of these families will remit regularly to assist their families (Connel and Brown, 1995, Stanwix and Connel, 1995).

Indeed, knowing the magnitude of remittance is a very difficult task because of lack of adequate data, reluctance of respondents to give genuine response and informal monetary transfer system (e.g, through pocket/at hand). At least to have a glimpse on the magnitude of remittance from Saudi Arabia, data collected from four banks in Dessie presented on table 4.6. In 2010 total amount of birr 184 million received. A year later, in 2012, the remittance amount doubled and

nearly reached 377 million. In 2013, the amount of remittance received from Saudi Arabia shows decreasing from the previous year. Even though it needs further research, forceful returning of Saudi migrants may be one cause for this decreasing.

Table 4.6 Magnitude of remittance inflow from Saudi Arabia

Years	Amount(in thousands)	Commercial Bank of Ethiopia	Awash Bank	Construction and Business Bank	United Bank	Total
2010	Remittance	53,800	46,000	50,300	33,900	184,000
2011	Remittance	90,000	75,300	86,000	41,400	292,700
2012	Remittance	120,000	96,000	110,000	51,600	377,600
2013	Remittance	89,000	57,000	79,000	47,000	272,000

Source: Dessie branch of (Commercial Bank of Ethiopia, Awash International Bank, Construction and Business Bank, United Bank).

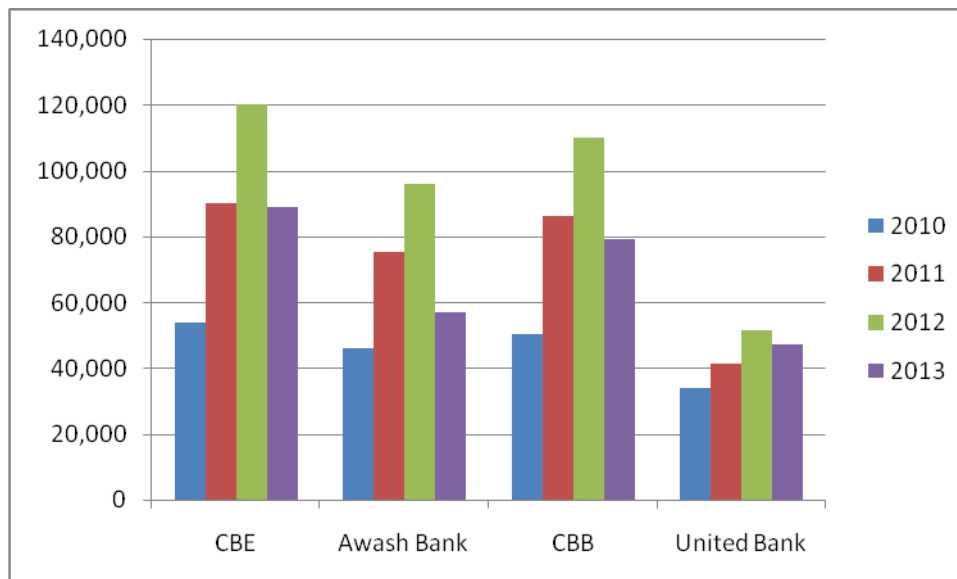


Fig 4.2 Magnitude of Remittance inflow from Saudi Arabia to Dessie(in thousands)

The researcher asked the sampled households about the trends of the magnitude of remittance they received from Saudi Arabia before five years ago and now. Accordingly, all (100%) of respondents mentioned the presence of change/ increase in the magnitude of remittances sent from Saudi Arabia.

The sampled households were also asked about the magnitude of remittance they received. About 63% receive less than 20,000 Ethiopian birr per year, 21% receive from 20,000 up to 40,000 Ethiopian birr per annum and the remaining 16% received greater than 40,000 Ethiopian birr per annum.

Table 4.7 Magnitude of remittance

Total		80	100
How much money you receive per year	Less than 20,000	50	63
	20,000 – 40,000	17	21
	More than 40,000	13	16
Total		80	100

Source: Own survey; 2014

The amounts of remittances send from Saudi Arabia exhibits uneven flow throughout the year. The sampled households were asked about the regularity of remittance send to them. As a result, 50% receive yearly, 30% receive bi-annual, 18% receive quarterly and the remaining 2% receive every month of the year from Saudi Arabia.

Regularity of remittance from Saudi Arabia		Count	Percentage
Regularity of remittance from Saudi Arabia	Monthly	2	2
	Quarterly	14	18
	Bi annually	24	30
	Yearly	40	50
Total		80	100
Season of the year that respondents receive large sum of remittance	Summer	48	60
	Winter	32	40
	Spring	-	-
	Autumn	-	-
Total		80	100

Source: Own survey; 2014

Table 4.8 Seasonal regularity of remittance from Saudi Arabia

Remittance inflow increases dramatically in times of holy days. In this respect, during Ramadan (for Muslims) and Epiphany (for Christians) holy days, which is the most celebrated holy days around Dessie, the remittance inflow reaches a peak than any other time in the year. Migrants remit more to their families back during Holy Ramadan mainly because of the bonus they get from their employer during this month of the year.

The data on table 4.8 reveal the researcher summarizes the seasonal variation of the amount of remittance. About, 60% of the respondents received large amount of money during summer season and 40% received big sum of remittance during winter season. FGD participants strengthen this view and argued that:

Most of the time remitters remit to their families and close relatives' large amount of remittance during summer season mainly because of two reasons:

- 1. Migrant sending households lack money to fulfill and satisfy their basic needs and agricultural inputs; as a result remitters are forced to remit large sum of remittance during this season to avoid capital liquidity of their households and to ensure food security.*
- 2. Remitters in host country gets big sum of bonus and subsidy from their employer during this season because of colorful celebrity of Ramadan during summer season in the past five years.*

Similarly remitters remit large sum of remittance to their households during winter mainly to encourage the households to enjoy and actively participate in entrepreneurship for more profit. Consequently, many remitting households perform small/medium scale trading activities during winter and if possible continue as business men or if not come back to their farm places after accumulating some amount of capital from profit they got from entrepreneurship activities. (FGD)

4.5 Remittance Type and Emergency Responsiveness of Migrants

Most migrants are responsive for the emergency need of their families in origin country; and send remittance to show their responsiveness in time of emergency. The remittance may be in cash, in kind and/ or both. Regarding to remittance type, households were asked about the type of remittance they received from Saudi Arabia. Table 4.9 shows that about 65% of the respondents receive remittance in the form of cash and the remaining 35% respondents received remittance both in cash and in kind form. In kind remittance includes electronics (especially mobile apparatus, television, video-camera, tape recorder etc), different cloths, cosmetics, shoes

and others. Regarding emergency responsiveness of migrants, table 4.9 reflects that 100% of the respondents confirmed that their remitters are responsive to their emergency need and send remittance in kind, in cash or in both. Emergency cases appear when there is death, health problem or it could be any sort of problem that requires liquid assets like cash to get over the problem. Furthermore, emergency responsiveness of remitters by their remittance could save the life and/or property of migrant sending households.

Type of remittance		Count	Percentage
	Cash	52	65
	Kind	-	-
	Both	28	35
Total		80	100
Emergency responsiveness of remitter	Yes	80	100
	No	-	-
Total		80	100

Source: Own survey; 2014

Table 4.9 Remittance type and emergency responsiveness of remitters

4.6 Channel of Receiving Remittance

The channels used for transferring remittance have always been at the center of both academic and policy debate (Yang, 2008). During household survey this issue was explored and the respondents were asked about the channels they used to receive remittance from Saudi Arabia. Accordingly, 60% of remitted households received remittance through bank transfers, 28% through formal money transfer companies and the remaining 2% were transferred by informal mode of money transfers.

Channel of receiving remittances from Saudi Arabia		Count	Percentage
	Banks	48	60
	Formal money transfer companies (Money Gram, Western Union, Express Money...)	22	28
	Informal channels of money transfer	10	12
Total		80	100

Source: Own survey; 2014

Table 4.10 Channels of receiving remittance

Some additional information was also collected from the sampled household respondents about the means of selecting the channel to receive remittance sent from Saudi Arabia. Consequently,

migrant sending households and their remitters considered the banking procedure for transferring and receiving money to be very difficult and costly. The procedures which involve the paper work are major challenges in using the formal channel for receiving money from abroad.

Informal mode of money transfer, for example: pocket transfer, appears to be one channel to transfer money from Saudi Arabia to Wollo, Dessie. Once the money reaches by hand from Saudi Arabia it is exchanged often in black markets and then provided to the household.

The informal agents are giving the banks service without having license and/or paying the necessary tax for the income they generate. Additionally, informal money transfer channels increase the challenge of knowing the magnitude of remittance inflows and as a result misguide the activities and decisions made in this regard.

4.7 Analysis of the Impacts of Remittance

This section analyzes the impacts of remittance using data collected through survey questionnaire, in depth interview and FGD. For simplicity, the researcher broadly classified the impact of remittance as Economic Impact and Social Impact.

4.7.1 Economic Impact

Households have sent their family members to work overseas temporarily to improve their economic status through the flow of remittances. To get insight on the economic impact of remittance, different economic issues are presented and analyzed below.

4.7.1.1 Remittance and Household Income

Before analyzing the importance of remittances for household income, the researcher deeply analyze the main source of household's income and their monthly income amount before starting of receiving remittances. This is done mainly to magnify the economic impact of remittances on receiving households regarding to income.

The source of income of households before receiving remittance is given on table 4.11. The table shows that the majority (76%) depend on agricultural activities as a source of income. The other sources of household income include small business activity/trade (14%). These two activities are the income source for 90% of the households. About 3% and 7%, which account for 10% of the households, depends on Salary/wage and others respectively as an income source. In

this regard, the agriculture practiced by households was subsistence agriculture with low production and productivity. It thus appears that the households had low household income and monthly income. The table also summarizes the income source of sampled households after remittance. There is a shift of household's income source after they begin receiving of remittance from Saudi Arabia. Accordingly, 38% of the survey respondent's income source depends on remittance. Trade and agriculture consists of 26% and 21% of household's income source respectively. The above three income sources cover 85% of the sampled household's income after remittance. This clearly shows that the remittance money could decrease financial liquidity and encourage remittance receiving households to join a business/trade and/or allocate the money for improving of agriculture.

Income source of respondents before remittance		Count	Percentage
	Agriculture	61	76
	Trade	11	14
	Wage/salary	2	3
	Others	6	7
Total	Total	80	100
Source of household income after remittance			
	Remittance	30	38
	Trade	21	26
	Agriculture	17	21
	Wage/salary	8	10
	Other	4	5
Total		80	100

Source: Own survey; 2014

Table: 4.11 Income sources of remitting households before and remittance

In line with this, one of the FGD participant quoted that remittances from Saudi Arabia change the income source of receiving households and increase monthly income.

“I am working as a guard in Dessie municipality. Near my home, I know two households who send their young daughters to Saudi Arabia. Before they send their daughters to Saudi, their income source was a very small traditional subsistence agricultural activity and had very small monthly income. To your surprise, after they sent their daughters, because of remittance, their incomes completely changes and have very large monthly income and now, they live better life because of their daughters.” (FGD)

4.7.1.2 Remittance and Household Saving

Saving is different things to different people. To some, it means putting money in the bank. To others, it means buying stocks or contributing to a pension plan. But to economists, saving means only one thing-consuming less out of a given amount of resources in the present in order to consume more in the future. Saving, therefore, is the decision to defer consumption and to store this deferred consumption in some form of asset. Remittances increase the saving level of remittance receiving households. However, several factors may affect remittance and saving. Such as: marital status (married and never married), household size (number of persons in migrants household), differences in income (households net monthly income) etc.

During household survey, the researcher asked the sampled households to respond about their saving status before and after remittance to show the saving impact of remittance on households. Table 4.12 shows that before remittance out of 100% total sampled respondents, only 11% had a bank account for saving. The remaining 89% which is the majority never had a bank account for saving.

Table 4.12 reveals that after remittance all (100%) of the remitting households open a bank account and save some amount of money they received from Saudi Arabia. Accordingly, 34% of the sampled households save less than 10,000 birr per annum, 51% of the sampled households save from 10,000 to 20,000 birr per annum and the remaining 15% of the households save more than 20,000 birr per year from the remittance they received. It thus indicates that remittance has a positive impact on saving. This situation enables the households to accumulate capital and this will open an opportunity to start a business activity and enhance the economic situation of the household primarily; and that of the town and the nation as a whole secondly. The households prefer to save in banks because of money security and interest rates in the bank. This condition magnifies the positive impact of remittance on saving.

Table 4.12 Saving status of households before and after remittance

Did you had bank account and saving before remittance		Count	Percentage
	Yes	9	11
No	71	89	
Total		80	100
How much money did you save per year			
	Less than 10,000	27	34
	10,000 – 20,000	41	51
	More than 20,000	12	15
Total		80	100

Source: own survey; 2014

4.7.1.3 Remittance and Poverty Reduction

The relationship between migration and poverty reduction is complex (Skeldon, 2005, Kumar, 2004). It requires base line data on the poverty status of the participating households prior to migration. This type of information is rarely available. The other common approach is to make a comparison between migrant and non-migrant households in terms of poverty status. In the case of overseas migration, evidence shows that migrant sending households are usually economically better off than non-migrant households because of the inflow of foreign remittances (Oda, 2007).

An attempt has been made to examine the poverty incidence in households of migrants. Before remittance, migrant sending households were characterized by poverty and low standard of living. The average monthly household expenditure was about 250 Ethiopian birr (12.5USD). The families are poor and unable to attain basic needs and other social amenities. After remittance, the average monthly household expenditure grows to 900 Ethiopian birr (45USD). This mean, remittance reduces poverty level of households by avoiding financial liquidity of households and improves the standard of living. To this regard, households were asked about their perception towards their living conditions. Fig 4.3clearly shows the perception of households to remittance in case of improving standard of living

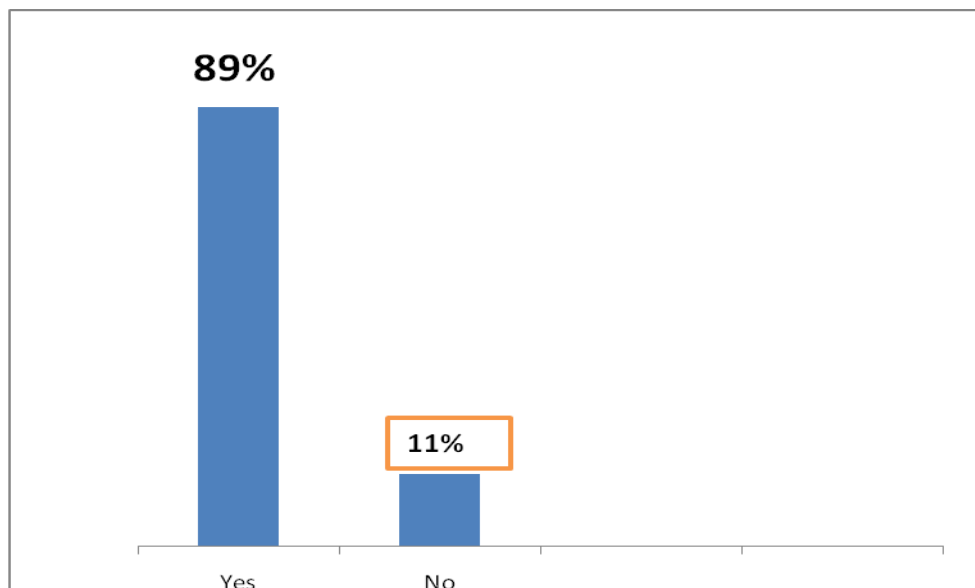


Fig 4.3The perception of households to remittance on improving standard of living

As the figure shows, because of remittance, 89% of the survey household's perceive that their living standard is changed. This indicates that remittance has a positive impact on poverty reduction and improving the standard of living of receiving households. In line with this, a participant from FGD is quoted as saying:

“seven years ago before he sent his two daughters to Saudi Arabia, my uncle was living in a very bad mud house, did not send his children to school, had no television and home furniture in his house, never talk about modern healthcare services....., but after sending his two daughters to Saudi Arabia and start receiving of remittance, thanks to his daughters, he build his own house by cement, have 32 inch LED color television, full fill home furniture, send his children to private school and see private doctors in time of illness”.

4.7.1.4 Remittance and Investment Behavior of Remittance Receiving Households

There is a need to explore the investment behavior of the migrant households in order to understand what factors lead to greater investments and savings. Remittance receiving households use the remittances to invest on housing, agricultural inputs, businesses and to acquire saving.

The presence of cheap labor force attracts investors' attention in Wollo Dessie. The asphalt road which crosses from Addis Ababa through DebreBirhan - Kombolcha to Dessie, made transportation easy and fast which in turn has a triggering impact on the overall economy.

Remittance receiving households save some amount of money left from consumption and invest on small business activities or on medium scale investment depending on the amount they received and saved. Table 4.13 shows that remittance receiving households spend the amount of money left from household consumption on buying of agriculture inputs (such as fertilizer, pesticide, insecticide and others) , service and industry sector.

Based on the table, 39%, 28%, 12% and 21% of remittance received by remitted households is invested on service sector, agriculture sector, industry sector and others respectively. Poorest families however, spend more than half of their remittance on food expenditure (Kumar, 2003).

Based on these statistics, it is difficult to support the view that households spend remittances solely on consumption goods. Rather, these households seem to spend the remittances according to their needs and priorities.

Table 4.13 Investment sector of remitting households

Economic sector that remitting households invest much of their asset		Count	Percentage
	Service	31	39
	Agriculture	22	28
	Industry	10	12
	Others	17	21
Total		80	100

Source: Own survey: 2014

On average, however, the sampled households were able to direct more than 100,000 birr to investments. Households with professional and educated workers abroad were successful in directing remittances to investment. Both less educated and unskilled workers may simply not have sufficient information about making investments because they largely belong to rural areas where investment opportunities are limited.

Most FGD participants argue that remittance money has encouraged the investment atmosphere in the town. This idea is also supported by the in-depth interviews made with the municipality officials who mentioned that remittance has led to a number of investment projects. Remitted households tend to invest on transport sector, shops, supermarkets, boutiques, cafeteria, and hotel services.

The investment behavior of remittance receiving households in the town, made it advantageous to increase annual income. Households respond remittance from Saudi Arabia as the main factor for the changes in the town. Figure 4.4 shows the perception of households towards the change in the income source of the town, Dessie, as a result of remittance. The figure reveals that 81% of the households believed in the change and increasing of the income source of the town. 11% of the household respond no impact of remittance on the income source of the town and the remaining 8 % of the households do not know the impact of remittance on the income source of the town.

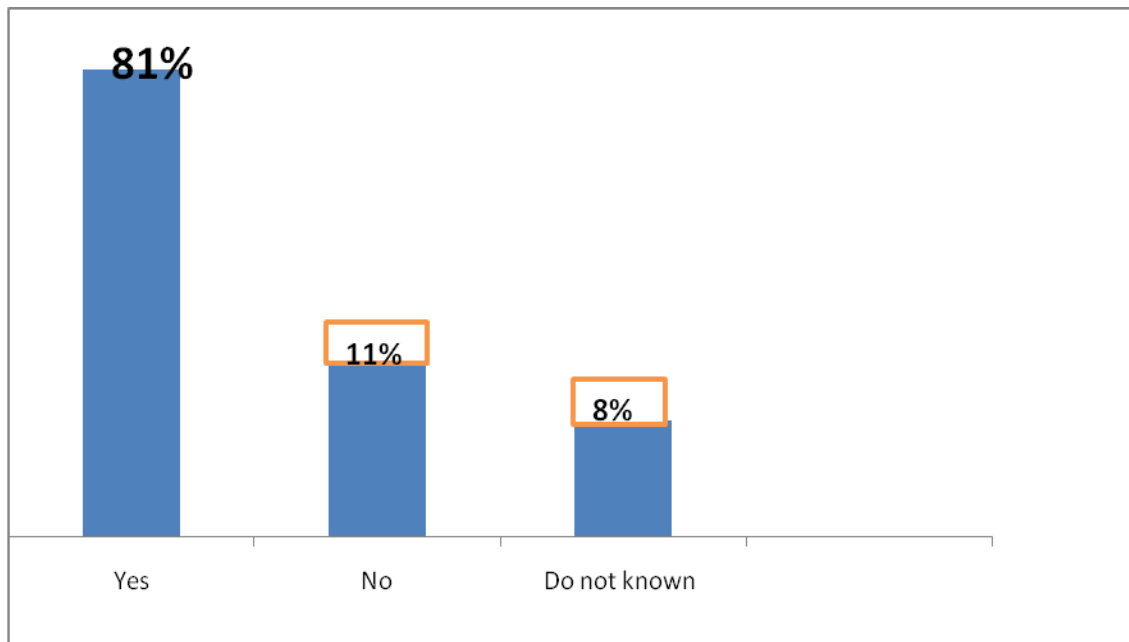


Fig 4.4 Perception of households towards the change in the income source of the town

FGD participants argued that the increase in income from remittance first improve consumption pattern and investment behavior of remitted households then spills over to non-migrant resident of the town.

FGD participants explain the remittance spillover effect on non-migrant residents as:

- ❖ Donation, borrowing, wage employment, daily labor, marriage, trade linkage, improved public service from tax on remitted households.....etc positively affects non-migrants.
- ❖ Increase in income due to remittance creates increase in demand for consumption products, land, residential or commercial houses....etc. As a result, non-migrant households having these all sell at expensive price and can earn money.
- ❖ Increase in the income of rural remittance receiving households encourages migration to the town, Dessie. Those rural households migrate to the town, sell their rural assets at cheap price and often buy land and/or house in the town from non-migrant households. Consequently, non-migrants build high quality houses in the periphery of the town and improve their housing conditions.

In general, the increase in the income of remittance receiving households first improves their consumption and investment patterns and then disseminate to non-migrant households through two channels.

1. Direct way: like trade, employment, investment etc.

2. Indirect way: from taxes and fees of remitted households. In turn, the tax and fees increase government's revenue and creates additional fuel for provision and improvement of urban infrastructure which lead to the growth of the town.

4.7.1.5 Remittance and Consumption

Regarding to consumption, as table 4.14 reveals, 92% of the respondents believed that the remittance has a positive impact by improving the purchasing power of goods where by increasing consumption. The remaining 8% said that the situation has not been changed in either positively or negatively. Although it is difficult to generalize, there is a tendency that increases in aggregate income, in this case due to remittance, will increase aggregate consumption of the remitted in particular and the society in general. As manifestation of this principle, for instance, it is common for remittance receiving households to use standardized hotels and restaurants, wear expensive and fashion clothes, buy and own quality furniture and houses. Even non-remitting households are highly being challenged to cope up price competition. The difference in income and consumption is visible between remitted group and the rest of the society. The current gap in terms of consumption is a bit wide between remittance receiving households and the rest especially those earning fixed monthly income. The increase in consumption will benefit the suppliers more; on the other hand, it will create scramble for goods and services which will then lead for supply induced inflation.

Impact of remittance on consumption/purchasing of goods		Count	Percentage
	Highly improved	52	64
	Moderately improved	22	28
	Not changed	7	8
	Negatively affected	-	-
	Total	80	100

Source: Own survey; 2014

Table 4.14: Perception of respondents towards the impact of remittance on consumption

4.7.1.6 Remittance and Inflation

The increase in remittances is expected to have multitude of effects in the economy. Since remittances bring an increase in personal income, improving the living standard of the recipients, eventually increasing the demand for consumption goods, and thus boosting up the economic activity and demand for money (Caceres and Saca, 2006).

There are different possible ways in which remittances can have an effect on the inflation rate in an economy. First is through demand side; with the increase in the remittances inflow in a country, the purchasing power of recipients' increases, therefore consumption is boosted. As

there is no change in the real output level of a country, so this increase in demand with no change in the supply of goods and services will put pressure on the prices of commodities in upward direction. Therefore, inflation increases with increase in remittance inflow.

Another is through the role of money supply; with the inflow of remittances, the reserves in Central Bank increases as the supply of the foreign currency increases in the recipient country (Qayyum, 2006). Since the money supply is a function of reserves and domestic credit, therefore, a rise in reserves will bring an increase in money supply, and as money supply has positive impact on the prices, so overall it will raise the inflation rate of economy.

Even though inflation is a macroeconomic variable and needs national assessment and study, there is price escalation in all kinds of goods and services in Dessie. FGD participants strengthen this as:

“A house constructed on 250m² land before 15 years costs around birr 20,000. However, currently, although it varies greatly from place to place in the town, it is around 250,000 birr and above. There are a number of reasons attached to this. Out of all, remittance money comes first than other reasons like brokers impact”. (FGD)

Existence of extravagancy and unplanned consumption with no or very less saving open a room for inflation and make fixed income receivers worse off. Even without having any supply shortage, the price of products will be increased.

Fig 4.5 reveals that majority (72%) of respondents believed that remittances has no damaging impact on growth of the town; 20% of respondents perceived that remittance send by Dessie migrants from Saudi Arabia have undesirable impact on the growth of the Dessie through inflation, and the remaining 8% of the respondents do not know the impact of remittance on pricing of goods and services.

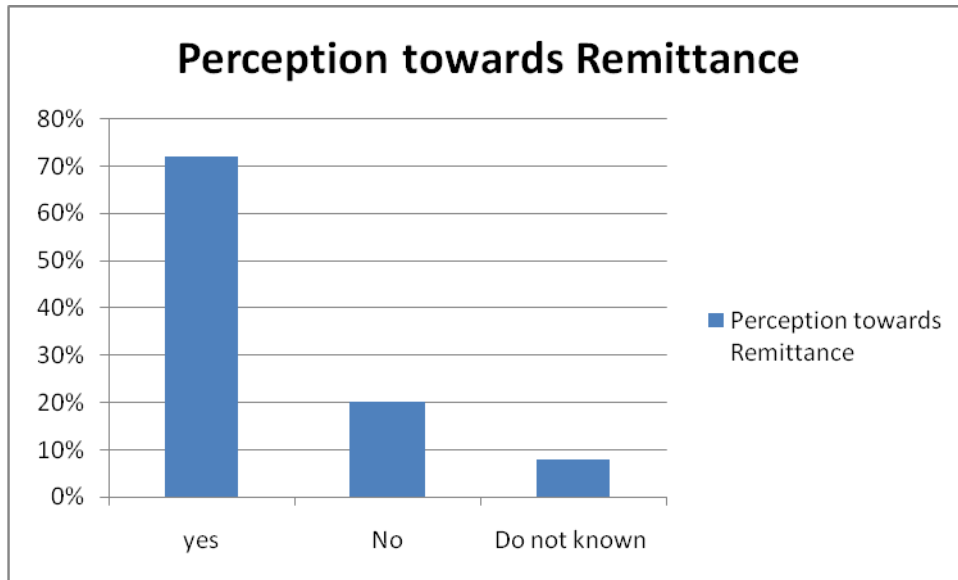


Fig 4.5 Perception of respondents towards the impact of remittance

4.7.1.7 Remittance and Inequality

Although inequality is inevitable in any society, due to the existence of remittance, nowadays, income inequality is clearly seen in Dessie. Table 4.15 reveals respondents’ perception regarding to the difference between households that receive remittance and those who do not. The survey result shows that, all (100%) respondents believed there is a difference between the emitted and the non- remitted households. FGD participants manifested this idea by noting the following points.

- ❖ *Remittance receiving households have better purchasing power than non- remitted households. This increased willingness to pay and hence they can afford any product. Therefore, vivid difference is seen in terms of housing quality, home equipment, clothing, healthcare, education and other forms of spending.*
- ❖ *The income inequality between youngsters discourage them from going to school; and lead them to worry about the process and cost of their migration to Saudi Arabia and being rich within a short period of time rather than spending time and money in schooling. This is because income from education is by far less than the amount of money one, even with very low educational*

background, can earn in Saudi Arabia. But, a larger section of the society inclined to consider this as a negative impact of remittance. (FGD)

Table 4.15 Respondents’ perception towards inequality

Existence of income inequality between remitting and non-remitting households		Count	Percentage
	Yes	80	100
	No	-	-
	Total	80	100

Source: Own survey; 2014

4.7.2 Social Impacts of Remittance

Several questions were included in the survey in order to examine the social impact of migration and remittances on the labor sending households. The focus was on children education, healthcare, and housing status of households. All of these social aspects of migration are discussed in this section.

4.7.2.1 Remittance and Children Education

Children’s education was examined in two ways.

- A. The primary school enrolment rate
- B. The proportion of children enrolled in private schools

In Ethiopia, children begin formal education at seven years of age and gradually complete their primary level education by fifteen years of age. Secondary and Preparatory levels of education should be completed by the time children are nineteen years of age, which means they have had twelve years of schooling.

In the study area, Dessie, similarly, children begin formal education at seven years of age and complete their primary and secondary levels of education at fifteen, and nineteen years of age respectively. These ages are commonly used to compute school enrolment rates by grade.

Remittance, money send from abroad by migrants to their family’s back home, play a great role in children school enrolment. The remittance impact on education can be seen from different angles. First, the increase in income induces better educational provision and facilities. Regarding to this, table 4.16 gives a relatively better picture of the perception of migrant

households towards their children’s schooling. The table shows that about 44% of migrant sending household’s children get better schooling by joining private schools. This is mainly because the remittance send by the migrants avoid income constrains of their families back home and could allocate a big sum of money to the children to join private schools for better schooling.

Another important dimension of the data presented in table 4.16 is better equipment and further schooling; 31% of migrant sending households children get better school equipment’s (such as: reference books, materials like computer and laptop and others) because of remittance and 25% of the rest migrant sending families use remittance for further schooling of the children.

Table 4.16 Impact of remittance on children schooling

Change remittance bring to children education		Count	Percentage
	Better schooling	35	44
	Better equipment	25	31
	Further schooling	20	25
Total		80	100

Source: Own source: 2014

Since the early 2000, there has been rapid growth in enrolment rates in private schools in Dessie. The general perception is that the quality of education in these schools is better than in government schools. However, due to the relatively high fees of private schools, it is not possible for many households to enroll their children in private schools. In this context, the survey attempted to shed light on the behavior of migrant sending households in terms of sending their children to private schools. Figure 4.6 shows a marked change after migration. Before migration, only 3% of the migrant sending household’s children were enrolled in private schools. This percentage increased to 91% after migration. Thus, overseas migration has brought a qualitative change in the education of the children of the households.

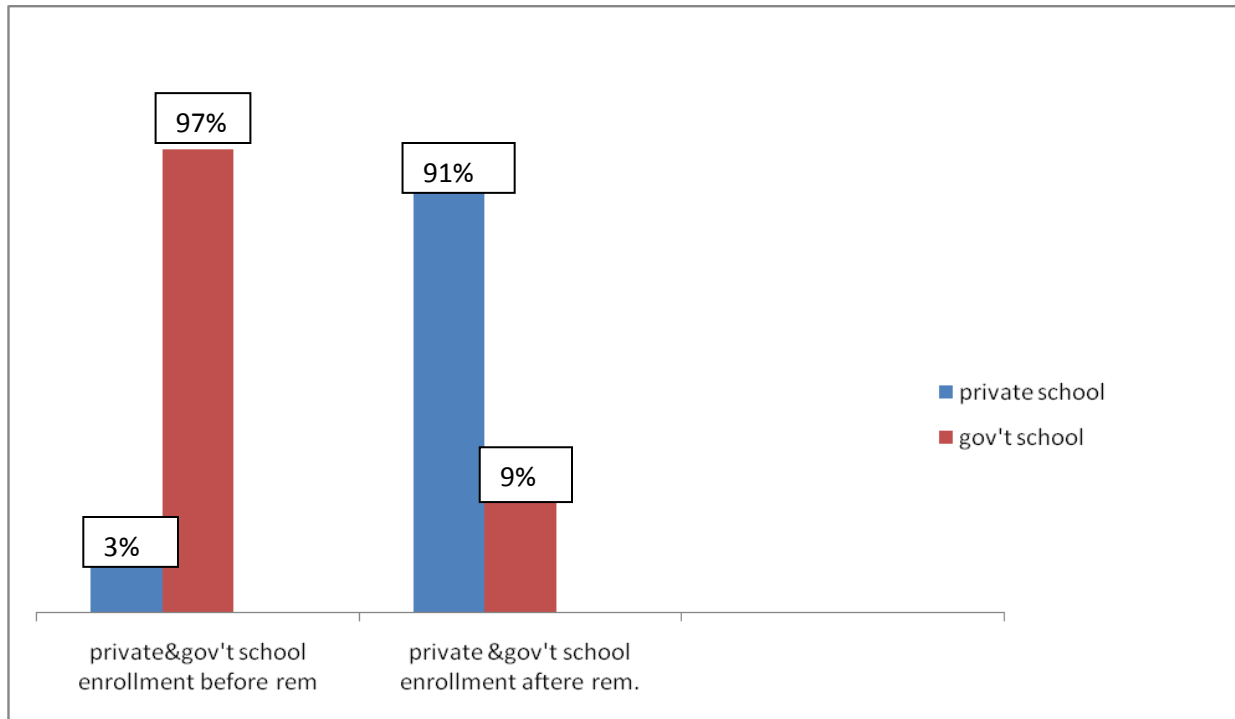


Fig 4.6 percentage of children in private schools before and after remittance

On the other hand, youngsters at secondary school or even at their primary school level drop their education to migrate to Saudi Arabia or else. They are very much bored to concentrate and put efforts to further education. Besides, it is now common among young females to cease their education and migrate to Saudi Arabia for domestic working. The FGD revealed that:

“Students at secondary school level and even at elementary school level do not worry about their education. They do not talk about academics even during their stay in the school compound instead they dream about the success they will achieve after migrating to Saudi Arabia. When the teachers tried to give advice to them about the harmful effects of migration, especially illegal migration, they respond as worry about your-self. Female students particularly do not mind about their further education rather they worry about the way, process and cost of migrating to Saudi Arabia.” (FGD)

4.7.2.2 Remittance and Healthcare Services

High infant and maternal mortality rate are among the major challenges facing health sector in Dessie. It is well documented that mal nutritional disease are major causes of infant mortality. The poor in Dessie do not have access to good quality health facilities; they generally consult

traditional healers in cases of illness. Remittances can lead to the improvement in health status, particularly children, through the provision of good quality food; and this money can be used to access better health services in the case of illness. Table 4.17 shows a shift from the use of traditional healers and public sector health facilities to the use of private sector health facilities. The table shows that before remittance, 22%, 58% and 20% of the households use private, government and other healthcare facilities respectively during illness. While after remittance this number changed to 65%, 25% and 10% of private, government/public and other health facilities respectively.

According to the survey result, the health of remittance receiving households and their close relatives is better than before. For the reason that the increase in income facilitated ways to work at disease preventive stage and as well, it managed them to pay for better healthcare services with better treatment in time of sickness too.

Changes in use of health services	Use of health services before remit.								Use of health services after remit.							
	Private hospital		Gov't hospital		Other		Total		Private hospital		Gov't hospital		Others		Total	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
	18	22	46	58	16	20	80	100	52	65	20	25	8	10	80	100

Source: Own survey; 2014

Table 4.17 changes to healthcare services of households before and after remittance

4.7.2.3 Remittance and Change in Housing Conditions

A great body of literature has shown the interest of migrant workers and their families in improving their housing conditions by investing the remittances. Housing is the most affected sector due to migrants' remittance (Ballard, 2005). The number of house and quality of the house is increasing alarmingly. When households receive a sum of money, they build new house or rebuild previously mud walled house using cement, bricks and other hard materials.

Table 4.18 reveals that owning a residential house was common even before migration; but home ownership increased modestly after migration from 43% to 50%. The major change was in repairing the housing unit. Remittances have enabled households to upgrade their homes quality. The proportion of migrant households who repair their houses increased from 13% before

remittance to 21% after remittance. Another major change was the building of new houses. The number of households who build new houses increased from 6% before remittance to 16% after remittance. Because of this, housing condition changes due to remittance. The number of migrant sending families who live in rent houses also decreased from 38% before remittance to 13% after remittance.

Table 4.18 Impact of remittance on housing conditions

Housing condition	Before remit.		After remit.	
	Count	Percentage	Count	Percentage
Rent house	30	38	10	13
Owns house	35	43	40	50
Build house	5	6	13	16
Rebuild house	10	13	17	21
Total	80	100	80	100

Source: Own survey; 2014

The immigrants to the town from the surrounding areas, particularly those whose relatives are in Saudi Arabia, have high purchasing power that allows them to buy or build new houses either at the inner of the town and/or fringes. Inner town buildings facilitated urban in-fill through utilization of previously idle space in to different uses. Moreover, the construction of new houses at the edge of the town changed formerly agricultural land to build up area. Apparently, constructions at the margin spatially out stretched the town, which on other hand, challenged the municipality's capacity of delivering services and controlling non-legal activities like squatting and land transaction.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

This study has assessed the economic and social impacts of remittance on remittance receiving households in Wollo- Dessie. It has also focused on other vital issues related to migration and remittance such as magnitude and patterns of overseas migration from the study area to Saudi Arabia, magnitude and patterns of remittance from Saudi Arabia to the study area and a channel used to receive remittance from Saudi Arabia to the study area. Based on the data collected from primary and secondary sources, the following research objectives have been addressed through qualitative and quantitative data analysis approach.

The first objective of the study was to identify the magnitude and patterns of overseas migration from Dessie to Saudi Arabia. Regarding to this objective, even though it decreases since 2013/14 because of political instability in the Middle East, the researcher identified that a very large number of youngsters were migrated to Saudi Arabia. These migrants migrated to Saudi Arabia because of pull and push factors. More specifically, economic reasons (such as poverty and unemployment) are the main pushing factors for migrating to Saudi Arabia. The migrants and their families took the initiative for this overseas migration.

The second objective of this study was to identify the magnitude and patterns of remittance from Saudi Arabia to Dessie. Regarding to this objective, the researcher identified a big amount inflow of remittance and the remittance being inflow improves the socio-economy of the remittance receiving households. Although the flow pattern exhibits unevenness among seasons/months of the year, the annual figure confirmed an increase of remittance both in terms of the magnitude and patterns of flow. The channel of remittance flow has also been discussed under this objective. Consequently, the remittance from Saudi Arabia reaches to the remitting households through formal and informal money transfer systems. Indeed, informal money transfer/money laundering makes knowing of the magnitude of remittance a very difficult task and negatively affect its economic impact.

The third objective was developed to assess the social and economic impact of remittance inflow from Saudi Arabia on remittance receiving households in Dessie. To achieve this objective, the analysis was divided into two aspects as economic impact and social impact.

The economic impact in turn sub divided and analyzed one after the other. Remittances have made a substantial contribution towards enhancing the well-being of the migrant sending households. Remittances help particularly in escaping poverty and increasing the overall economic status of the migrants and their households, and improving the ability of the households to increase expenditures.

However, the impact on a price of products (inflated prices), inequality and dependence are among the negative impacts of remittance inflow in the economy.

The social contribution of remittance is more encouraging in terms of improving children education, enhancing housing conditions, empowering women, better healthcare and enhancing the overall social status of households. The healthcare, housing and empowering women impact of remittance inflow found to be positive by avoiding financial liquidity. The impact on education is remaining indeterminate. This is due to on one hand; remittance facilitated family migration from rural area to urban area and hence provided better education, on the other hand, remittance initiate further migration by giving less incentive of continuing education above secondary level.

5.2 Recommendations

International migration, the movement of people across international boundaries, and remittances has enormous implications for growth and welfare in both origin and destination countries.

If properly managed, the remittance being inflow to Dessie can really make a big difference on its economy. But, if this potential left unmanaged, it can cause social and economic problems mainly problems like inequality, inflation and unplanned urban growth.

As a result, some recommendations, which are based on the results of the survey, the field observation of the researcher and a review of the literature on the topic are listed below for the stakeholders, particularly:

1. Government Authorities
2. The Banking Sector
3. The Households

Government Authorities

- ❖ The government wants to enhance the skill levels of the workers by preparing trainings (such as: the language of destination countries, local customs of destination countries, rights and responsibilities of employees and ways how to respond in cases of cheating and exploitation) and should encourage NGO's involvement in providing information to the migrants. This would avoid exploitation and reap the full benefits of migration.
- ❖ Financial literacy courses for the migrant sending households, especially for women, could be organized to encourage the productive use of remittances. These short courses could include dealing with banks and investing in different savings schemes.
- ❖ The government should explore investment opportunities for migrant sending households who are receiving remittance to magnify the economic impact of remittance. Moreover, training in the creation of small and medium enterprises could be organized in collaboration with organizations active in this sector; such as micro and small scale trade enterprises, and agriculture and rural development
- ❖ There is high migration to Dessie from the surrounding rural areas. These emigrants therefore need different basic services (like; food and shelter) and other services (like; municipal, economic and social services). Each additional migrant are exerting pressure on existing services provision and hence affect the growth of the town. The recommendation is therefore to forestall this emigration and plan accordingly
- ❖ Even though there are high inflows of remittance, the informal channel may understate the magnitude of remittance and hence misguide the activities and decisions made in this regard. Therefore, the government should take correction measures against money laundering/or black market exchange.
- ❖ To encounter the negative impact of remittance, the government should formulate policies to channel the remittances for productive investments rather than for consumption by diverse means; i.e through investment in infrastructure, healthcare and education, and by generating the productive capacity that would satisfy the demand created by remittances. In other words, the government should come up with some incentives and measures to channelize the inflow of remittances to a more productive and useful sectors.

The Banking Sector

The banking sector needs to be made more efficient in order to attract remittances through formal banking transfers and to direct remittances to investments in the country.

- ❖ Banks and other financial institutions could be encouraged to create financial packages to send/receive remittances through the banking channel and to use the remittances productively. Migrant sending households who use banks to receive the remittance money could be offered credit facilities to establish a business.
- ❖ In addition to opening new branches along high migration areas, there is a strong need to make the procedures simple and, if possible, cost effective to increase the amount of remittances sent via the banking channel.

The Household

- Households could be advised to use only legal sources to secure employment abroad and take part in controlling of human trafficking in collaboration with the concerned body. The consequence of illegal migration in terms of exploitation, the loss of property and the loss of lives could be effectively communicated.
- Remittance receiving households should use the remittances properly for the education, nutrition and health of their children and women because in the long run, the greatest benefits of migration will come from investment in human capital.
- The dependency of households on remittances leaves little room for savings and investments. However, by avoiding this, remitting households should save some amount of the remittances left from consumption and use for investment.
- Remitting households should use banking sector to receive remittances to control money laundering and to increase the social and economic impact of remittance at microeconomic level and to increase the country's foreign exchange amount at macroeconomic level.

To summarize, the overseas migration of Dessie workers for employment benefits remittance receiving households by enhancing both their economic and social status. Thus, overseas migration and remittances needs to be made part of the development strategy in ways that make overseas migration and remittances safe and improve the social and economic opportunities and capabilities of the poor by controlling the inequality and inflation effects of it.

REFERENCES

- Acosta, P., P. Fajnzylber, and J. HumbertoLópez (2007): “The impact of remittances on poverty and human capital: Evidence from Latin American household surveys”, in Ozden, C. and M. Schiff (2007), *International Migration, Economic Development and Policy*, World Bank and Palgrave Macmillan.
- Acosta P.C Calderon, P, Fajnzylber and H. Lopez 2008, “What is the Impact of International Remittances on Poverty and Inequality in Latin America?” *World Development*, vol. 36 No. 1
- Acosta, P. E. Lartey and F. Mandelmans, 2009, “Remittances and the Dutch Disease” Working Paper 2007-8, Federal Reserve Bank of Atlanta
- AdamneshAtnafu, 2008, “Facets of International Out Migration and Return: The Case of Ethiopia” Addis Ababa University, Addis Ababa
- Adams, 1989, “Workers’ Remittances and Inequality in Rural Egypt”, *Economics Development and Cultural change*, vol. 38 No. 1
- _____, 1991, “The Effects of International Remittances on Poverty, Inequality and Development in Rural Egypt” Research Report 86, International Food Policy Research
- _____, 1992, “The Impact of Migration and Remittances on Inequality in Rural Pakistan” *Pakistan Development Review*, Vol. 31(4)
- _____, 1998, “Remittances, Investment and Rural Asset Accumulation in Pakistan: Economic Development and Cultural Change, 47(1)
- _____, 2003, “Remittance, Poverty and Investment in Guatemala” in *International Migration, Remittances and the Brain Drain*, The World Bank, Washington DC
- _____, 2004, “Remittances and Poverty in Guatemala” World Bank Policy Research Working Paper

- _____, 2005, “Remittances, Household expenditure and Investment in Guatemala,” policy Research working paper series, No. 3532, The World Bank
- _____, 2006, “Remittances, Poverty and Investment in Guatemala”, in Ozden, C. and M. Schiff (2006), *International Migration, Remittances and the Brain Drain*, New York, Palgrave Macmillan.
- _____, 2011, “Evaluating the Economic Impact of International Remittances on Developing Countries using Household surveys: A Literature Review, *Journal of Development Studies* 47(6): 809 – 828
- Adams, R. and J. Page, 2003, “International Migration, Remittances and Poverty in Developing Countries” World Bank Policy Research Working Paper, No. 3179 The World Bank.
- _____, 2005, “Do International Migration and Remittances Reduce Poverty in Developing Countries?” *World Development*, Vol. 33(10)
- Adelman, I. and J.E Taylor, 1992, “Is Structural Adjustment with a Human Face Possible? The case of Mexico” *Journal of Development Studies*, 26: 387-407
- Aggrawal, R.A. Demirguc-Kunt, and M.S. Martinez Peria, 2006, “Do Remittances Promote Financial Development?” World Bank Policy Research Working Series, No.3957, The World Bank
- AmuedoDorantes, Catalina and Susan Pozo, 2004, “Workers’ Remittances and the Real Exchange Rate: A Paradox of Gifts” *World Development*, August, Vol. 32
- _____, 2006, “Remittances as Insurance: Evidence from Mexican Migrants”. *Journal of Population Economics*
- Anyanwu J.C and A. E. O Erhijakpor, 2009, “Do International Remittances Affect Poverty in Africa?”, available at: <http://www.afdb.org/.../30754258-EN-3.1.4-ANYANWU-DO-INTERNATIONAL-REMITTANCES-AFFECT-POVERTY-IN-AFRICA>

- _____, 2010, “Do International Remittances Affect Poverty in Africa?”, *African Development Review*, vol. 22 No.1
- Asian Development Bank (ADB), 2008, “Migrant Remittances, A Development Challenge”
World Bank News Release No. 2005/201 Nov.
- Atnafu, A. 2006, “Aspects of Ethiopian Return Migration” MA thesis, Department of Regional and Local Development Studies, Addis Ababa University, Addis Ababa, Ethiopia.
- Ballard, R. 2005, “Migration, Remittances, Economic Growth and Poverty Reduction: Reflections on some South Asian Developments” in *Migration and Development pro-poor Policy Choice*, T. Siddiqui (ed.), University Press, Dhaka, pp. 333-358
- Barajas, A. 2009, “Do Worker’s Remittances Promote Economic Growth?” IMF Working Paper 09/153, IMF
- Bettin, G. and A. Zazzaro, 2008, “Remittances and Financial Development: Substitutes or Complements in Economic Growth?” Working Paper 28, Money and Financial Research Group
- Borraz, F. 2005, “Assessing the Impact of Remittances on Schooling: The Mexican Experience” *Global Economy Journal* 5(1)
- Bouhga-Hagbe, J. 2006, “Altruism and Workers’ Remittances: Evidence from Selected Countries in the Middle East and Central Asia” IMF Working Paper 6/130
- Brochmann, G. 1992, “Sri Lankan Housemaids in the Middle East: An Avenue for Social and Economic Improvement?” In *Labor Migration to the Middle East: From Sri Lanka to the Gulf*, F. Eelens, T. Schampers and J.D Speckmann (eds.), Kegan Paul International, London
- Buch, C. M. 2002, “Worker Remittances and Capital Flows”, Kiel Working Paper 1130, Kiel Institute for the World Economy
- Bulir, A. and Hamann, 2003, “Aid Volatility: An Empirical Assessment”, IMF Staff Papers, 50(1), pp. 64-89

- _____, 2008, “Volatility of Development Aid: From the Frying Pan into the Fire?” *World Development*, 36(10), pp. 2048-2066
- Caceres, L. R., and Saca, N. N., 2006, “What Do Remittances Do? Analyzing Private Remittance Transmission Mechanism in El Salvador”, *International Monetary Fund (IMF)*
- Carling, J. 2005, “Gender Dimensions of International Migration” *Global Commission on International Migration*, Geneva
- Center for Global Development, 2006, “Economic Implications of Remittances and Migration” *World Bank*, Washington DC, 2006,
- Central Statistical Agency, 2007, “Statistical Abstract”, Addis Ababa
- Chami, R, Fullenkomp, C and Jahjah, S, 2003, “Are Immigrant Remittance Flows a Source of Capital for Development?” *IMF Working paper No. 03 – 189*
- _____ 2005, “Are Immigrant Remittances Flows a Source of Capital Development?” *IMF Staff Papers Vol. 52, No.1 IMF*
- Chukwuone, N. 2007, “Analysis of Impact of Remittances on Poverty and Inequality in Nigeria” *A Research proposal submitted to Poverty and Economic Policy PMMA Network, Nigeria*
- Chauvet, L., and Guillaumont, p., 2009, “Aid, Volatility, and Growth Again: When Aid Volatility Matters and When It Does Not”, *Review of Development Economics*, 13(13), pp. 452-463
- Connell, J. and R.P. Brown, 1995, “Migration and Remittances in the South Pacific: Towards New Perspectives”, *Asian and Pacific Migration Journal*, 4(1)
- Cox Edwards, A. and Ureta, M. 2003, “International Migration, Remittances and Schooling: Evidence from El Salvador” *Journal of Development Economics Vol. 72 PP. 429-461*

- Daianu, D., Voinea L., and Tolici M., 2001, "Balance of Payments Financing in Romania: The Role of Remittances", Romania Center for Economic Policies, Working Paper No. 21
- Davis, O. 2005, "The Economic and Social Importance of Remittances" JNBS/USAID Money Transfer Symposium-Jamaica Conference Center
- De Haas Hein, 2005, "International Migration, Remittances and Development: Myths and Facts" Third World Quarterly, 26:8, PP. 1269-1284
- DejeneAredo, 2005, "Migrant Remittances, Shocks and Poverty in Urban Ethiopia: An Analysis of Micro Level Panel Data, Addis Ababa University
- Duryea, S. et.al, Lopez Cordova and Olmedo, 2005, "Migrant Remittance and Infant Mortality: Evidence from Mexico" Paper Presented at IBD Economic Integration, Remittances, and Development, Latin American and Caribbean Economic Association
- Dessie Town Communication Affairs Bureau, 2014, "Historical Background of Dessie", News Paper Magazine, Not Published
- Dessie Town Culture and Tourism Bureau, 2014, "Dessie and Tourism", News Paper Magazine, Not Published
- Dessie Town Education Bureau, 2014, "Inclusive Education for All", News paper Magazine, Not Published
- Dessie Town Finance and Economy Bureau, 2014, "Socio-economic Profile (from 2010-2014)", Newspaper Magazine, Not Published
- Dessie Town Health Bureau, 2014, "Dessie and Healthcare service Provision", News Paper Magazine, Not Published
- Dessie Town House and Construction Bureau, 2014, "Housing Condition of Dessie Residents", News Paper Magazine, Not Published

- Dessie Town Labor and Social Affairs Bureau, 2014, “Dessie Migrants to the Middle East”, Annual Report (from 2010-2014), Not Published
- Dessie Town Micro and Small Scale Trade and Investment Bureau, 2014, “Micro Enterprises for Change”, News Paper Magazine, Not Published
- Dessie Town Road Authority, 2014, “Road Infrastructure of the Town”, News Paper Magazine, Not Published
- Dessie Town Water and Sanitation Service Bureau, 2014, “Provision of Pure Water and Sanitation Service”, News Paper Magazine, Not Published
- Edwards A.C and M. Ureta, 2003, “International Migration, Remittances and Schooling: evidence from El Salvador”, Journal of Development Economics, vol. 72. No. 2
- Elbadawi, I.A and Rocha, R. 1992, “Determinants of Expatriate Workers’ Remittances in North Africa and Europe”. Working Paper WPS 1038, Country Economic Department, The World Bank, Washington DC.
- El-Sakka, M.I.T. and Robert McNabb, 1999, “The Macroeconomic Determinants of Emigrant Remittances”
- Fajnzylber and J.Humberto Lopez, 2007, “Close to Home: The Development Impact of Remittances to Latin American Countries”. Conference Edition, The World Bank
- Fransen S. and K. Kuschminder, 2009, “Migration in Ethiopia: History, Current Trends and Future Prospects”, Paper series: Migration and Development Country profile, Maastricht Graduate School of Governance (MGSOG)
- Funkhouser, E. 1992, “Migration from Nicaragua: Some Recent Evidence” World Development, Vol. 20 No. 8
- Geda, A. and Irving, J. 2011, “Ethiopia” in S. Mohapatra, and D. Ratha (Eds.), Remittance Markets in Africa, The World Bank
- Ghosh, B., 2006, “Migrants, Remittances and Development: Myths, Rhetoric and Realities”, International Organization for Migration (IOM), Geneva

- Giuliano, P. & M. Ruiz – Arranz, 2005, “Remittances Financial Development and Growth.” IMF working paper series, WP/05/234, IMF
- _____, 2009, “Remittances, Financial Development and Growth”. *Journal of Development Economics*, 90(1)
- Global Economic Prospect, 2006, “Economic Implication of Remittances and Migration” Washington, available at:
<http://siteresources.Worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/MigrationAndDevelopmentBrief12.pdf>
- Glytsos, N.P, 1993, “Measuring the Income Effects of Migrant Remittances: A Methodological Approach Applied to Greece Economic Development and Cultural Change, 42(1)
- Gulati, L. 1993, “In the Absence of Their Men: The Impact of Male Migration on Women”, Sage Publications, London
- Gupta, S. C. A. Pattillo, and S. Wagh, 2007, “Impact of Remittances on Poverty and Financial Development in Sub Saharan Africa” IMF Working Paper No. 7/38, Washington, IMF
- Hadi, A. 1999, “Overseas Migration and the Well-being of Those Left Behind in Rural Communities of Bangladesh”, *Asia Pacific Population Journal*, Vol. 14 No. 1
- Hatton, T. and Williamson, J. 2003, “What Fundamentals Drive World Migration”? Wider Discussion Paper No. 2003/23, Helsinki, Finland
- Hein De Haas, 2007, “Impact of International Migration on Social and Economic Development in Moroccan Sending Regions: A review of the Empirical Literature” International Migration Institute, University of Oxford, Oxford
- Hildebrandt N. and McKenzie D. 2004, “The Effects of Migration on Child Health in Mexico” *Economica*, 6(1): 257-289
- Hinkle, Lawrence, and Peter Montiel, 1999, “Exchange Rate Misalignment: Concepts and Measurement for Developing Countries”, Oxford University Press

- IMF, 2005, "World Economic Outlook", International Monetary Fund, Washington DC
- IOM, 2006, "Migration for Development: Within and Beyond Frontiers" Geneva
- _____, 2008, "World Migration Report 2008: Managing Labor Mobility in the Evolving Global Economy" IOM, Geneva
- _____, 2010b, "Gender Dimensions of Remittances: UAE-Bangladesh Remittance Corridor" IOM Dhaka, Forthcoming
- Jongwanich, J. 2007, "Workers' Remittances, Economic Growth and Poverty in Developing Asia and the Pacific Countries" UNESCAP Working Paper, WP/07/01
- Kanaiaupuni, S. and Donato, K. 1999, "Migradollars and Mortality: The Effects of Migration on Child Mortality" Demography 36, pp.339-353
- Kapur, 2005, "Remittances: The New Development Mantra? In: Maimbo, Samuel Munzele and DilipRatha. Remittances: Development Impact and Future Prospects". The World Bank, Mulrooney, Scott, 2007, Personal Communication.
- Kebede, Emebet, 2002, "Ethiopia: An assessment of International labor Migration Situation", The case of Female Migrants, GENPROM Working Paper, No.3, Geneva: International Labor Organization
- Kokpari, J. 2000, "Globalization and Migration in Africa" African Sociological Review 42(2), pp. 72-92
- Kumar B. 2004, "Migration, Poverty and Development in Nepal" Economic and Social Commission for Asia and the Pacific, Bangkok, Thailand
- Lauby, J. and Stark, O. 1988, "Individual Migration as a Family Strategy: Young Women in the Philippines" Population Studies 42(3)
- Levitt, P. 2001, "Transnational Migration: Taking Stock and Future Directions" Global Networks 1(3): 195-216

- Lopez- Cordova, E. 2004, “Globalization, Migration and Development: The Role of Mexican Migrant Remittances”|| Inter-American Development Bank, Washington DC.
- Lucas, R.E.B., 2005, “International Migration Regimes and Economic Development”, Edward Elgar Publishing, United Kingdom
- Lueth, E. and Ruiz Arranz, M. 2006, “A Gravity Model of Workers’ Remittances”, IMF Working Paper 06/290, International Monetary Fund
- Mansoor, A. and B. Quillin, 2006, “Migration and Remittances: Eastern Europe and the former Soviet Union, World Bank
- Martin, S. 2001, “Forced Migration and Professionalism” International Migration Review, Vol. 35 No.1
- Massey, D. and E. Parrado, 1998 “International migration and business formation in Mexico”, *Social Science Quarterly*, 79, pp. 1-20
- McKenzie, D. and Sasin, M.J. 2007, “Migration, Remittances, Poverty and Human Capital: Conceptual and Empirical Challenges” World Bank Policy Research Working Paper, No. 4272
- Mehdi, A. 2004, “Globalization, Migration and the Arab World” in Arab Migration in Globalized World, IOM, Geneva
- Migration and Development Brief, 2012, “Migration and Sustainable Development”, Rio 2012, No. 15, June 2012
- _____, 2013, “Migration and Remittance Flows: Recent Trends and Outlook” No. 21
- Ministry of Labor and Social Affairs, 2014, “Trend and Magnitude of Ethiopians Employed Abroad”, Annually Published Journal, Addis Ababa
- Mussa, M. 1984, “The Theory of Exchange Rate Determination” University of Chicago Press, Chicago

- Nagarajan, S. 2009, "Migration, Remittances and Household Health: Evidence from South Africa" PhD dissertation, The George Washington University, Washington DC
- National Bank of Ethiopia (NBE), 2011, "National Bank of Ethiopia, Annual Report" Addis Ababa: NBE, available at:
<http://www.nbe.gov.et/pdf/annualbulletin%20Report%202011-2012/Annual%20report%202011-12.pdf>.
- Neary, 1988, "Determinants of the Equilibrium Real Exchange Rate", American Economic Review Vol. 78
- Oda, H. 2007, "Dynamics of Internal and International Migration in Rural Pakistan: Evidence of Development and Underdevelopment" Asian Population Studies, 3(2): p.169-179
- Oglethorpe J., Ericson J., Bilsborrow R.W. and Edmond J. 2007, "People on the Move: Reducing the Impacts of Human Migration on Biodiversity". World Wild Life Fund and Conservation International Foundation, Washington DC, USA
- Ozden and Maurice Schiff, Eds., 2005, "International Migration, Remittances, and the Brain Drain, New York: Palgrave Macmillan
- Pallage, S. and Robe, M. A. 2001, "Foreign Aid and the Business Cycle", Review of International Economics, 9(4), pp. 641-672
- Parrado, Emilio A. 2004, "Migration, Home Ownership and Housing Quality in Mexico". In Durand, Jorge and Douglas S. Massey (Eds.) Behind the Smoke and Mirrors: Research from the Mexican Migration Project. Russell Sage Foundation, New York.
- Pelham, Brett and Gerver Torres, 2008, "A country's Richest Citizens Report Greatest Desire to Migrate." http://www.gallup.com/poll/109144/country_wealthiest-citizens-report_greatest-desire-migrate.aspx Accessed May 18, 2011
- Pfau, W.D and Giang, L.T, 2010, "Determinants and Impacts of International Remittances on Household Welfare in Vietnam", UNESCO. Published by Blackwell publishing Ltd USA

- Puri S. and T. Ritzema, 2004, "Migrant Worker Remittances, Micro finance and Informal Economy: Prospects and Issues". ILO Working paper No. 21
- Qayyum, A., 2006, "Money, Inflation and Growth in Pakistan", *The Pakistan Development Review*, 203-212
- Ratha D. 2003, "Workers' Remittances: An Important and Stable Source of External Development Finance" World Bank, 2003
- _____, 2007, "Leveraging Remittances for Development" Policy Brief, Migration Policy Institute, Washington Dc
- Reinert, K.A, 2006, "Ethiopia in the World Economy: Trade, Private capital flows, and Migration. School of public policy, George Mason University
- Rodriguez E.R, 1998, "International Migration and Income Distribution in the Philippines", *Economic Development and Cultural Change* vol. 46 No. 2
- Sayan, S., 2004, "Guest Workers Remittances and Output Fluctuations in Host and Home Countries: The Case of Remittance from Turkish Workers in Germany", *Emerging Market Finance and Trade*, 40, pp. 68-81
- Sayan, S. and Tekin-Koru, A. 2007, "Remittances, Business Cycles and Poverty: The Recent Turkish Experience", Munich Personal RePEc Archive, MPRA Paper No. 6029
- Skeldon, R. 2005, "Migration and Migration Policy in Asia: A Synthesis of Selected Cases" in *Migration and Development pro-poor Policy Choices*, T. Siddiqui (ed.), University Press, Dhaka, pp.15-37
- Sorenson, N.N. 2004, "The Development Dimension of Migrant Remittances" Migration Policy Research Working paper 1, Geneva: International Organization for Migration
- Stahl, C. and F. Arnold, 1986, "Overseas Workers' Remittances in Asian Development" *International Migration Review*, 20(4), 899-925
- Stanwix, C. and J. Connel, 1995, "To the Islands: The Remittances of Fijians in Sydney", *Asian and Pacific Migration Journal*, 4(1)

- Stark, O and R. Lucas, 1988, "Migration, Remittances and the Family," *Economic Development and Cultural Change*, vol.36 (3)
- Stark, O., J.E Taylor and S. Yitzhaki, 1986, "Remittances and Inequality" *Economic Journal* 96(383), 722-740
- Taylor, J.E, 1992, "Remittances and Inequality Reconsidered: Direct, Indirect and Inter temporal Effects," *Journal of Policy Modeling*, vol.14 (2)
- Toxopeus, H., & R. Lensink, 2007, "Remittances and Financial Inclusion in Development". UNU – WIDER Research paper, vol. 2007/49, Helsinki
- UN-INSTRAW, 2007, "Remittances" Working Paper, available at: <http://www.un-instraw.org/en/publications/workingpapers/working-paper-4-remittances/download.html>
- _____, 2008b, "Gender, Remittances and Development: The Case of Filipino Migration to Italy, available at: <http://www.aer.ph/pdf/papers/Genderremittances&developmentOFWSinItaly.pdf>
- United Nations, 2002, "International Migration Report 2002" Department of Economic and Social Affairs, New York, USA
- Urci, E. Gedeshi, 2003, "Remittances Management in Albania" Working Papers No.05 Rome: CentroStudi di PoliticaInternazionale
- Van Door, J. 2001, "Migration, Remittances and Small Enterprise Development" International Labor Organization (ILO), Geneva
- Woodruff, C. and Zenteno, R. 2007, "Migration networks and micro enterprises in Mexico" *Journal of Development Economics*, 82(2), pp. 509–528.
- World Bank, 2001, "Global Economic Prospects" World Bank, Washington DC
- _____, 2004, "Global Development Finance" World Bank, Washington DC

- _____, 2005, “Global Economic Prospects” World Bank, Washington DC
- _____, 2008, “Revisions to Remittance Trends, Migration and Development Briefs”.
- _____, 2011, “Migration and Remittances Fact book 2011” 2nd Edition, IBRD/The World Bank: Washington DC
- _____, 2011a, “Leveraging Migration for Africa; Remittances, Skills and Investments” World Bank Publication
- _____, 2014, “Remittance inflow to Developing Countries”, Report of World Bank: available at: <http://www.worldbank.org/en/news/press-release/2014/10/06/remittances-developing-countries-five-percent-conflict-related-migration-all-time-high-wb-report.pdf>
- Yang, Dean. 2004 “International Migration, Human Capital, and Entrepreneurship: Evidence from Philippine Migrants’ Exchange Rate Shocks” Gerald R. Ford School of Public Policy and Department of Economics, University of Michigan, Ann Arbor
- _____, 2008, “International Migration, Remittances and Household Investment: Evidence from Philippine Migrants’ Exchange rate Shocks, Economic Journal, 118(4)