Migration and Development: Philippine Diaspora Philanthropy

Victoria P. Garchitorena
Ayala Foundation USA / Ayala Foundation, Inc.

UN Institute for Training and Research
7 march 2007
The Situation

Philippine Out-Migration

_In the past..._

- First Filipino migrants to Hawaii in 1906
- In 1974, overseas employment became policy as a temporary, Stopgap measure
  - To ease domestic unemployment
  - To stabilize the country’s dollar reserves
The Situation

Today...

• Overseas Filipinos
  – 8-10 million
  (roughly 10% of entire population)
  – Found in 193 countries
  – 70% women
The Situation

- Labor export is the Philippine Government’s version of globalization
- A “culture of migration” has emerged in the country; 20% wishing to migrate
- “Chain migration” in families, communities; OF seen as role model
The Situation

Composition of Out-Migration

*Overseas Filipinos*

- Permanent – stay does not depend on work contracts, i.e., immigrants or legal permanent residents
- Temporary – stay is employment-related, i.e., contract workers
- Irregular – not properly documented or overstaying, i.e., without valid residence or work permits
## The Situation

### Composition of Out-migration

- Estimates in 2003

<table>
<thead>
<tr>
<th>Overseas Filipinos</th>
<th>Number Worldwide</th>
<th>Top Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Permanent</strong></td>
<td>2,865,412</td>
<td>#1 USA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>#2 Canada</td>
</tr>
<tr>
<td></td>
<td></td>
<td>#3 Australia</td>
</tr>
<tr>
<td><strong>Temporary</strong></td>
<td>3,385,001</td>
<td>#1 Saudi Arabia</td>
</tr>
<tr>
<td></td>
<td></td>
<td>#2 Japan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>#3 Hong Kong, China</td>
</tr>
<tr>
<td><strong>Irregular</strong></td>
<td>1,512,765</td>
<td>#1 USA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>#2 Malaysia</td>
</tr>
<tr>
<td></td>
<td></td>
<td>#3 Singapore</td>
</tr>
</tbody>
</table>
The Implications

Debate on Out-migration

**Cons (Losses)**

- Decrease in human capital stock
  - Disproportionate share of the most productive age group (25-44 years)
- Cost of public investment in education and training
- Pressure on wages due to labor shortages in specific sectors
  - Professional workers who went abroad exceeded net additions to the professional workforce
- Diminished capacity and quality in affected sectors
  - Most affected fields include medicine, education and information technology
- Social costs of broken families
  - Broken families, increase in youth delinquency and materialistic values
The Implications

Debate on Out-migration

Pros (Gains)

• Remittances support national economy and capital markets
• $13B in 2006
• Mitigation of unemployment
• Technology transfer from skilled, experienced migrants
• OFWs as the emerging middle class
Economic Impact of Remittances

- Consumer led growth
- Increasing share of real estate market
- OFWs as an emerging market
- Strong Peso
- Economic growth of rural areas
What needs to be done

- Government policies and programs to channel remittances to productive activities
- Train OFWs and families in financial literacy
- Create more job opportunities in the Philippines – CC, BPO, KPO
- Create Brain Gain Opportunities
Brain Gain

Early Experiments of Knowledge Transfer

• In the 1980s and 1990s, several knowledge transfer programs were initiated
  – Science and Technology Advisory Council
  – Transfer of Knowledge through Expatriate National (TOKTEN)
  – *Balik* (Returning) Scientist
Transfer of Knowledge through Expatriate Nationals (TOKTEN)

• Implemented from 1988 to 1994 by the UNDP and the DFA
• First organized system of tapping the expertise of Filipinos abroad by matching volunteers with projects in the Philippines
• Funded visits to the Philippines that lasted from 3 weeks to 3 months
Brain Gain

- Brain Gain Network set up by IT professionals and venture capitalists has attracted over 800 overseas Filipinos in science and technology
- Plans to expand to other areas such as health care and education
Filipino Migrant Philanthropy

- Scale: US$ 218 million in cash donations that passed through banks (excludes cash donations brought home and sent through non-banking channels, and monetary worth of in-kind donations)
- Giving back to the motherland part of their migration experience
- The groups involved: Hometown associations, area-based groups in host countries, registered charities and nonprofits abroad, cultural and sports clubs, Filipino-run enterprises with giving programs, professional groups, alumni associations, Church-based groups, etc.
Ayala Foundation USA – a Case Study of Filipino American Philanthropy

- Established in 2000 as a “Bridge of Hope Across the Seas”
- A mechanism for Filipino-Americans to support Philippine-based nongovernment organizations with proven track records in social development
- Supported by the Ford Foundation, Ayala Corporation and Ayala International
- Registered as a 501c3 in the U.S.
Research Findings

• Fil-Ams support: Church, education, projects in their hometowns
• Areas of greatest needs
• Through Fil-Am associations, direct donations
• Look for:
  – Tax benefits
  – Due diligence
  – Grant monitoring
  – Access to information
### AF USA Operating Results

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash</th>
<th>In-Kind</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>211,526</td>
<td>-</td>
<td>211,526</td>
</tr>
<tr>
<td>2003</td>
<td>395,963</td>
<td>140,713</td>
<td>536,674</td>
</tr>
<tr>
<td>2004</td>
<td>398,878</td>
<td>132,738</td>
<td>531,616</td>
</tr>
<tr>
<td>2005</td>
<td>587,859</td>
<td>43,951</td>
<td>631,810</td>
</tr>
<tr>
<td>2006</td>
<td>950,250</td>
<td>57,308</td>
<td>1,007,558</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,544,476</td>
<td>374,710</td>
<td>2,919,184</td>
</tr>
</tbody>
</table>
## AF USA Operating Results

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1-100</td>
<td>15,250</td>
<td>16,207</td>
<td>9,436</td>
<td>254</td>
<td>297</td>
<td>229</td>
</tr>
<tr>
<td></td>
<td>2%</td>
<td>3%</td>
<td>2%</td>
<td>45%</td>
<td>61%</td>
<td>61%</td>
</tr>
<tr>
<td>101-250</td>
<td>23,353</td>
<td>17,624</td>
<td>9,380</td>
<td>123</td>
<td>96</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>2%</td>
<td>3%</td>
<td>2%</td>
<td>22%</td>
<td>20%</td>
<td>13%</td>
</tr>
<tr>
<td>251-500</td>
<td>24,104</td>
<td>13,213</td>
<td>15,525</td>
<td>56</td>
<td>33</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td>3%</td>
<td>2%</td>
<td>4%</td>
<td>10%</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>501-1,000</td>
<td>52,267</td>
<td>18,078</td>
<td>21,565</td>
<td>57</td>
<td>20</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>6%</td>
<td>3%</td>
<td>5%</td>
<td>10%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>1,001-5,000</td>
<td>159,096</td>
<td>69,553</td>
<td>75,476</td>
<td>47</td>
<td>24</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>17%</td>
<td>12%</td>
<td>19%</td>
<td>8%</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td>5,001-10,000</td>
<td>106,578</td>
<td>92,600</td>
<td>28,000</td>
<td>14</td>
<td>11</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>11%</td>
<td>16%</td>
<td>7%</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>10,001-above</td>
<td>569,601</td>
<td>360,584</td>
<td>239,495</td>
<td>18</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>60%</td>
<td>61%</td>
<td>60%</td>
<td>3%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>950,250</td>
<td>587,859</td>
<td>398,878</td>
<td>569</td>
<td>490</td>
<td>378</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Partnerships with Volunteers

- FilAm volunteer corps established in major US cities with large Filipino populations
- Act as speakers, fund raisers, advocates for the Philippines
- Currently in Los Angeles, San Francisco, New York/New Jersey, Washington DC
- Being organized in Hawaii, Las Vegas, Seattle, Chicago, Florida and Texas
Gearing Up Internet Literacy and Access for Students
A Multisectoral Social Consortium in the Philippines

- 10 computers in a lab with Internet access in ALL 5,789 public high schools
- $30M in 5 years
- Serving 3 million underprivileged youths
GILAS ACHIEVEMENTS

• Created an unprecedented public-private partnership with:
  - National government at the highest levels
  - Local governments to give matching grants and to sustain program
  - Companies
  - Business and professional organizations
  - Filipinos overseas

• Engaged business competitors to rise above their commercial interests for a national good
GILAS ACHIEVEMENTS

• Connected 1,085 public high schools to date
• Serving 520,000 underprivileged youths
• Trained about 2,000 teachers
• Worked with principals on sustainability mechanisms: internet cafes, local alliance building
Migrants’ Contribution

- $200,000 in 2006
- Connected 100 public high schools
- Reaching 50,000 underprivileged youths
- Preparing them for employment
- Unlocking matching funds from local government
- Engaging migrants in the development of their hometowns
Filipino American Youth Leaders Fellowship
• Second and third generation Fil-Ams
• 8-week immersion with NGOs in the Philippines

Philippine Brain Gain Program
• ADB-funded study
• Brain Gain Network

Capacity Building Program for Fil-Am Associations
Challenges

• 3,000 Fil-Am Associations
• First generation uncomfortable with Technology; later generations not as connected to the home country
• Need to broaden base of philanthropy
• Encourage more strategic and sustained giving
* Field not well researched
Goals for the Future

- Prepare youth for global market
- Ensure adequate supply of human capital at home
- Train OFW’s in planning and budgeting
- Channel remittances to productive activities or savings
- Channel Diaspora philanthropy to MDGs, areas of greatest needs
- Set up mechanism for brain gain / circulation
- Prepare for reverse migration
Ayala Foundation USA
www.af-usa.org

Ayala Foundation, Inc.
www.ayalafoundation.org
Migration and Development
Philippine Diaspora Philanthropy

Victoria P. Garchitorena
Ayala Foundation USA / Ayala Foundation, Inc.

UN Institute for Training and Research
7 March 2007

A Bridge of Hope Across the Seas