



REMITTANCES AND DEVELOPMENT IN NEPAL: A DISAGGREGATED ANALYSIS

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Outline

2

- Introduction
- Literature Review
- Method
- Results
- Discussion
- Conclusion



Introduction

3

- Remittance
 - Source of foreign exchange earnings in low and middle income countries
 - Gathering huge attention in global forums
 - Linkages with SDGs
- Productive use and potential development impact of remittance: issue for discussion and exploration



Introduction

4

- Interdependency of remittance and Nepalese economy
- Proper usage of remittance?
 - (Pant, 2011, Devkota, 2014; Ministry of Labour and Employment, 2016)
- Is Nepal being able to harness remittance for productive use in order to promote longer-term growth?



Introduction

5

- Purpose: to explore the contribution of remittances in social development, considering health and educational development as its proxies



Review of Literature

6

- Migration and remittance flows have drawn attention for both researchers and policy makers
 - (Taylor, et al., 1996; Chami, Fullenkamp, & Jahjah, 2005; Brown, 2006)
- Less known about the effect and less consensus over the impacts
 - (Hu, 2013) and (Mansour, Chaaban, & Litchfield, 2011)
- How remittance is being spent and what are the possible implications?



Review of Literature

7

- Remittance and human capital development
 - (Hu, 2013; Mansour et al., 2011; Parida, Mohanty, & Raman, 2015; Thapa & Acharya, 2017)
- Remittance and improved living conditions
 - (Hu, 2013; UNDP, 2009; Yang & Choi, 2007)
- Remittance and increased expenditure on health services
 - (Antón, 2010; Wahba, 2015)
- Remittance and increased education of the children
 - (Jaquet, Shrestha, Kohler, & Schwilc, 2016; Thieme & Wyss, 2005; Vogel & Korinek, 2012)



Nepal's Migration and Remittance Trend

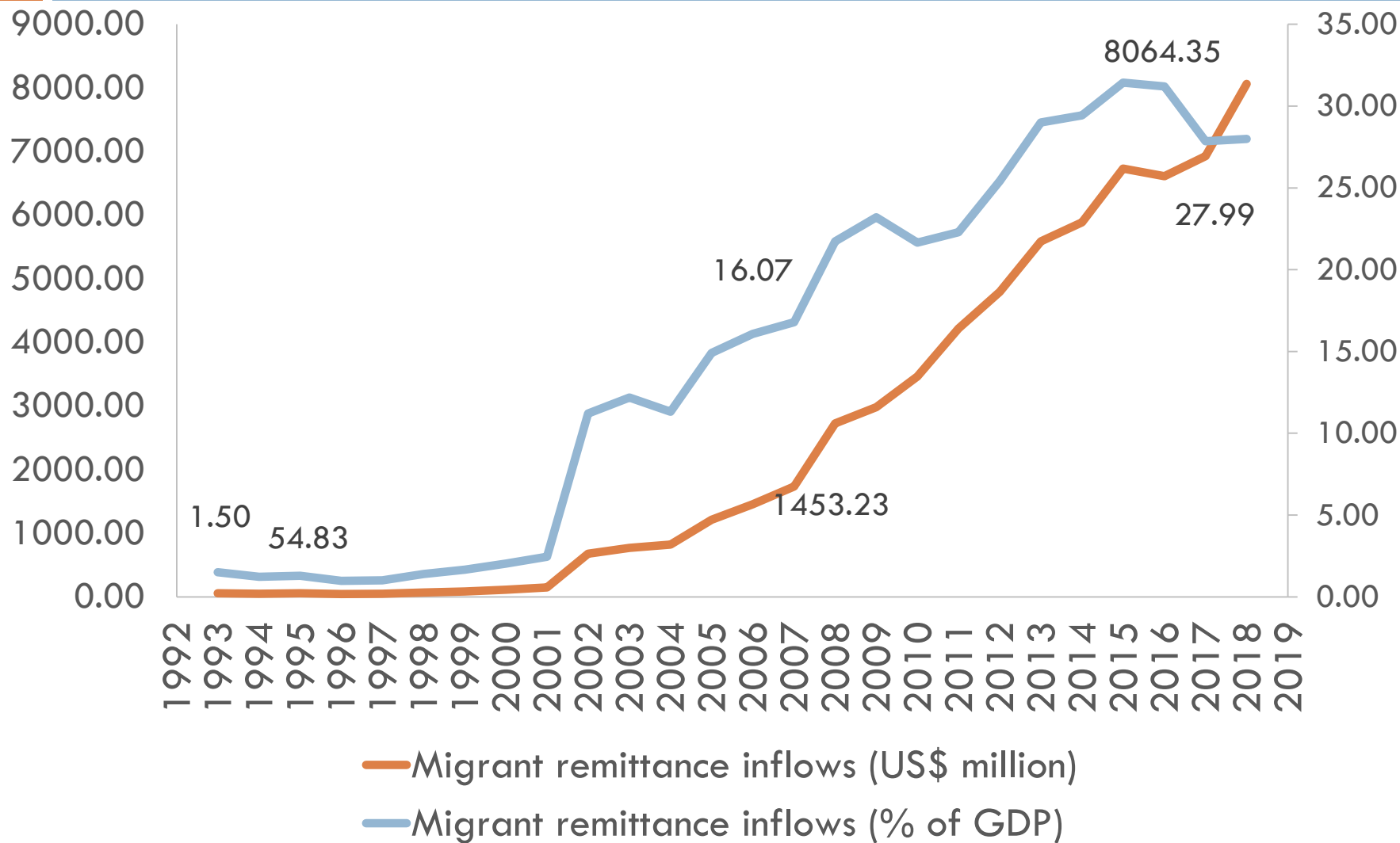
8

- The stream of migration was not planned but evolved naturally
 - 7.3% of absent population in 2011
 - 2.86 million labor permits issued between 2012/13 and 2017/18
- Policies/institutions
 - National Labor Policy in 1999
 - Foreign Employment Act in 1985
 - Foreign Employment Policy in 2012
 - Ministry of Labor, Employment and Social Security
 - Department of Foreign Employment
 - Foreign Employment Promotion Board



Nepal's Migration and Remittance Trend

9





Method

10

□ Hypotheses

- Remittance and improvement in health status are related
- Remittance and school enrolment are related

□ Model and Variables

- $\text{Log MAL}_i = \beta_0 + \beta_1 \text{Log REM}_i + \beta_2 \text{Log GOE}_i + \beta_3 \text{Log PUF}_i + \epsilon_i$
- $\text{Log PSE}_i = \beta_0 + \beta_1 \text{Log REM}_i + \beta_2 \text{Log GOE}_i + \epsilon_i$

□ Data and Sources

- Disaggregated data for the year 2009, by district, from various sources



Results

11

Descriptive Statistics

Measure	Variable			
	REM (in billion, NPR)	GOE (in billion, NPR)	MAL	PSE
Count (N)	62.00	62.00	62.00	62.00
Mean	3.38	3.02	820.63	71,512.18
Standard Deviation	3.51	6.82	783.98	33,602.62
Maximum	16.80	55.01	3,330.00	155,489.00
Minimum	0.10	0.75	17.00	11,058.00

Summary of Hierarchical Regression Analysis for Variables Predicting Malnourishment

Variable	b	β	t	R ²	ΔR^2
Model 1				.03	
Log REM	0.17	.17	1.31		
Model 2				.39**	.36
Log REM	-0.24	-.23	-1.89		
Log GOE	0.17	.09	0.67		
Log PUF	1.20	.69***	4.44***		

Note. $N = 62$. * $p < .05$, ** $p < .01$, *** $p < .001$. DV = Log MAL



Results

13

Summary of Hierarchical Regression Analysis for Variables Predicting Primary School Enrolment

Variable	b	β	t	R ²	ΔR^2
Model 1				.27***	
Log REM	0.13	.41**	4.70***		
Model 2				.51***	.24
Log REM	0.13	.35*	2.64*		
Log GOE	0.46	.48***	5.34***		

Note. $N = 62$. * $p < .05$, ** $p < .01$, *** $p < .001$. DV = Log PSE



Discussion

14

- Remittance was found to be a negative predictor of malnourishment, but was insignificant.
- Remittance is not being effective in significantly reducing malnourishment
- Possible explanations:
 - Due to the health related behavior and practices of Nepali people
 - Due to investment of the larger proportion of remittance in children education
 - Due to the socio-economic background of those who migrated



Discussion

15

- Significant positive relationship between remittances and primary school enrolment
- Government expenditure was an equally important and significant predictor of educational enrolment
- Possible explanations:
 - Remittance provided opportunity of support for family members remaining at home with additional source of income
 - Additional source helped in alleviating household budget constraints and expanded choices in educating their children.
 - Overall financial wellbeing of a household also plays a key role in education enrolment



Conclusion

16

- Remittance encourages Nepali to enroll their children in primary level education
- Making basic education free and compulsory alone may not help country like Nepal to achieve universal education. Alleviating household budget constraints by increasing financial wellbeing is equally crucial in determining educational enrolment.
- Remittance serves as a contributing factor in educational enrollment for social development



17

Thank you

