



Impact of migrant remittances and investment on development: the case of the Tadla-Azilal region

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Abstract

The purpose of this paper is to analyze the impact of international migration in terms of transfers and investments on the development of the Tadla-Azilal region in Morocco.

It will first analyze some socio-demographic characteristics of current emigrants and returning migrants before discussing their economic contributions through remittances (frequency and amounts of cash and in-kind transfers) and investments (Proportion of investments, amounts invested, investment sector, jobs created and reasons for non-investment) both for current emigrants residing abroad and for returning migrants. Multivariate analyzes will also be conducted to analyze the determinants of remittances.

The data to be used are taken from the survey on international migration carried out by the High Commission of Planning in 2013-2014 on the scale of the Tadla-Azilal region. This survey is part of a regional program "Mediterranean Household Survey on International Migration (MED-HIMS)". Its objectives are to understand the evolution of international migration and mobility in Morocco, the behaviour of migrants and the determinants and consequences of international migration.

This survey is designed to capture the different dimensions of international migration: emigration, return migration, forced migration, intentions to migrate, and other aspects of international migration for which data are required, including transfers and investments.

Keywords: Survey; MED-HIMS; emigration; return migration.

1. Introduction

Transfers of migrants to Morocco, as in all emitting countries, are a significant economic contribution and can help to reduce inequalities in the distribution of wealth and poverty. In the Tadla-Azilal region, transfers could be even more acute due to the high international emigration of a predominantly rural population. In addition, transfers that are not used as daily subsistence expenses that could prove productive, such as saving, starting a business ... can generate jobs.

In the pilot survey on international migration carried out in the Tadla-Azilal region in 2013, more than 1159 emigrants living abroad and about 339 returning migrants have been surveyed. Information was collected to analyze the demographic and socio-economic characteristics and transfers and investments of the different categories of migrants.

2. Demographic and socio-economic characteristics

Emigrants are predominantly male (77%). They are almost all from the first generation, born in Morocco and Moroccans of nationality. Mainly about two-thirds are from the rural area (61%). Medium-sized cities and small towns are scarcely represented in emigration. Moreover, emigrants have more higher levels of education than those of the original population, particularly women migrants.



Current emigrants have traveled to countries on four continents, from Japan to Canada, from Senegal to Russia. But beyond the diversity of destinations, two countries have become the poles of attraction: Spain (48%) and Italy (32%). Curiously, the old colonial power, France, comes only very far, in third position: 11%.

Return migrants are mainly males (85%) and rural migrants. They are made up of less educated individuals than emigrants who have stayed abroad: 28% are uneducated among men and 35% among women.

Not surprisingly, Italy and Spain, which were the main countries of departure, are the main providers of return migrants before France. However, among people aged 60 and over, France is the largest provider of returning migrants (57%), far ahead of Italy and Spain.

3. Transfers of migrants

Transfers from Moroccan residents abroad represent a significant share of the balance of payments, and almost one-tenth of the GNP.

About one-third (37.5%) of households with emigrants currently abroad benefited from the transfers in 2013. This weakness is due in part to the impact of the crisis in Europe, and the rise in individualism and the need to integrate in Europe with inevitably the dilution of family ties and the reversal of wealth flows, which, unlike in the past, would now go from parents to children.

The age criterion is not decisive; the proportion of current emigrants who transfer is low for both young people aged 15-29 years (29%) and those aged 60 and over (31%). At ages of full activity at 30-39 years, they are only 43% to transfer, 36% to 40-49 years and 42% to 50-59 years.

The amounts transmitted to their household are relatively small. Only 20% received more than 4000 dirhams a year.

Table 1: Current immigrants by amount transferred to household over of last 12 months (%)

Amount transferred	Men	Women	Total
Less than 1000 dh	20,0	30,0	20,0
1000-2000 dh	30,0	30,0	30,0
2000-4000 dh	30,0	20,0	30,0
More than 4000 dh	20,0	20,0	20,0
Total	100,0	100,0	100,0

Emigrants affected by the economic crisis and unemployment could have been expected to become transfer recipients. This is not the case for 83% of the emigrants who did not receive money from their families who remained in Morocco. A small proportion: only 10% received monetary assistance since 2008.

Table 2 : Current emigrants by sex according to receipt of money from their household since 2008 (%)

Receipt of money since 2008	Men	Women	Total
Yes, for the first time	4,6	3,6	4,4
Yes, more than usual	5,0	11,6	6,1
Yes, as always	6,0	2,9	5,5
No	84,0	79,7	83,3
Don't know	0,4	2,2	0,7
Total	100,0	100,0	100,0

Return migrants bring money for 71% of them at the moment of return, relatively large amounts of 10 000 dhs or more, for 50% of them. In the middle ages, between 40 and 60 years old, the amounts are



even more important. But one must wonder about the case of the 29% of migrants who do not bring money on their return.

Table 3 : Returning migrants by sex according to amount transferred or reported 12 months before return (%)

Amount transferred or reported before return	Men	Women	Total
Less than 5000 dh	20,0	20,0	20,0
between 5000 and 10000 dh	30,0	40,0	30,0
More than 10000 dh	50,0	40,0	50,0
Total	100,0	100,0	100,0

Only 4 out of 10 return migrants reported goods in the year prior to their return. But for those who bring in goods, the amounts are substantial: more than 10 000 dhs for half of the return migrants.

Table 4: Returning migrants according to the amount of goods reported in the last 12 months (%)

Amount of goods reported	Men	Women	Total
Less than 5000 dh	30,0	40,0	30,0
between 5000 and 10000 dh	20,0	20,0	20,0
More than 10000 dh	50,0	40,0	50,0
Total	100,0	100,0	100,0

The development of the region is affected by the fact that returning migrants do not bring in production goods, which could have given a boost to the regional economy, particularly to agriculture. For the most part, they report only consumer goods.

The funds transferred essentially meet the daily needs in 86% of the cases or to buy household goods. On the other hand, investments through these savings returns are not mentioned.

4. Multivariate analysis of transfers

The variable was tested: sent at least once a transfer in the last 12 months for current migrants who were at least 18 years old at the time of the survey. The logistic regression of transfers over the past year for current migrants confirms certain determinants, very significant, especially demographic. Men transfer much more than women, and the older ones much more than current migrants under 25 years.

The level of education, on the other hand, is ambivalent. After having duly grouped migrants into 4 levels: low, medium, high and none and taken the average schooling as a reference, it appeared that the level of education played an unfavourable role for transfers for the less educated or for those who did not, Have no education, which is in the order of things, but also reversed, for those who have a secondary and higher level. Generally, the trend is inversely proportional, the more educated the emigre, the more likely he would be to make transfers, because of higher incomes.

The country of destination shows that compared with Spain, the first destination country, transfers are lower everywhere else, from France to Italy (and from all other countries taken together).

The departure year of the current emigrant shows that compared to the reference period 2004-2007 (before the crisis), where transfers were much more frequent, they collapsed after the crisis in 2008-2010 and especially in 2011 to 2013.

Finally, the more current emigrants visit Morocco, the greater their propensity to make transfers.



For returnees, the regression R2 is lower than for current migrants (the sample size is lower). The determinants are quite similar to those of current migrants.

The study of transfers of current emigrants and returning migrants shows that the economic crisis in the host countries has had even more harmful effects than one might have imagined. Transfers are down sharply; The crisis indirectly affects Morocco. On the qualitative level, transfers favor the consumption of goods, sometimes indispensable, but often ostentatious. Regional development through productive investments made through transfers does not emerge as the major beneficiary.

5. Investment of migrants

A very small part (6%) of emigrants currently abroad have made investments, of which 71% in Morocco and the remainder on the spot. There are multiple factors that account for this rarity. This is the reluctance on the part of the proxy (the member of the household who answers in the name of the current emigrant). Secondly, the emigrants come from a less prosperous region, mostly from modest social categories with low incomes. Their propensity to invest is therefore necessarily low if not non-existent. Finally, for immigrants who have the financial means, a willingness to integrate in the host country may increase the preference to invest (or consume) in them. The bureaucratic obstacles, real or supposed, could also deter good intentions.

Table 5 : Current emigrants by sex by sector in which they invested (%)

Sector	Men	Women	Total
Trade	42,4	42,8	42,4
Industry	28,8	14,3	27,3
Other	11,8	14,3	12,2
Housing	10,2	28,6	12,1
Agriculture	3,4		3,0
Tourism	1,7		1,5
Don't know	1,7		1,5
Total	100,0	100,0	100,0

But for the moment, their intervention is limited, at least in the Tadla-Azilal region. This accounts for the fact that for the few emigrants who reported having invested, the dominant party goes to trade (42%). Oddly enough, agriculture only affects the small portion of investors (3%) and tourism, in a region that offers great opportunities in this regard, let alone.

Young emigrants (3%) are not inclined to invest in the country. Mature adult emigrants are less timid, but have nevertheless remained cautious: only 8% have invested.

Emigrants who have invested in Morocco account for 71% of all investors (in the host country and in Morocco). Most of them invested in house (55%) or in non-farm land acquisition (13%). The productive sectors, agriculture (8.6%) is very little represented and the industry totally out of their concerns. Like all emigrants investors, those who have chosen Morocco are mainly mature emigrants.

Not only the current emigrants who invest in Morocco are rare, but the amounts invested are rather symbolic. One half would have invested only 500 dirhams or less and only 10% would have put into play more than 5,000 dirhams. As a result, it is not possible to speak of firms able to effectively modify the cycle of exploitation and development of the economy, since these investments to the low-cost capital are certainly going to the informal.

Table 6: Current emigrants by gender according to the amounts of investments (%)

Amount of investments	Men	Women	Total
Less than 500 dhs	50,0	40,0	50,0
Between 500 and 5000 dhs	40,0	30,0	40,0
More than 5000 dhs	10,0	30,0	10,0



Total	100,0	100,0	100,0
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Naturally, with such modest investments, subsequent job creations are also modest. In 70% of cases, there is no job created, 10% a single job, 10% two jobs and rare cases of creating more than 4 employees.

One out of every two emigrants refuses to invest. Why so much reluctance?

The data show that for two-thirds of current emigrants, lack of capital is the main reason for non-investment in Morocco. This is a heavy, ineluctable constraint on which it is difficult to act. There is no quick fix to increase the incomes of current emigrants.

On the other hand, it would be possible to act on the remaining third of the current emigrants, those who do not invest because of their state of health, their inexperience, who are repelled by administrative procedures, or who invoke narrowness of the market. It is necessary to convince the many emigrants who refuse to invest by principle or who do not know why they do not want to invest.

Table 7: Current emigrants by gender according to reasons for non-investment (%)

Reasons for non-investment	Men	Women	Total
Lack of capital	64,9	60,3	64,4
Inexperience	0,8		0,7
Administrative Constraints	0,8	2,7	1,0
Narrowness of the market	0,2		0,2
State of health	0,2		0,2
Don't want	2,6	5,5	3,0
Don't think about	5,2	11,0	5,8
Other reasons	2,4	5,5	2,8
Don't know	5,8	1,4	5,3
Several reasons	17,1	13,6	16,6
Total	100,0	100,0	100,0

The return migrants are only 23% to invest in Morocco, but it is still five times more than the emigrants still residing abroad. Nevertheless, this propensity to invest remains low, which can be explained by the same number of reasons as for emigrants still abroad.

Housing (28%) and far behind land (5%) dominates investment. Agriculture, on an equal footing with trade, remains marginal, with only 10% (+ 1% for the acquisition of agricultural land), which is very low given the agricultural vocation of the Tadla-Azilal region. The craft industry is of marginal interest to investors and industry is hardly mentioned. It is the mature adults of 50 to 59 years back in Morocco, who are the most enterprising, with almost a third of investors.

Table 8: Returning migrants by sex and sector of investment (%)

Sector of investment	Men	Women	Total
Housing	28,6		27,8
Non-agricultural land	5,2		5,1
Restaurant	3,9		3,8
Coffee, pastries	5,2		5,1
Agriculture	9,1	50,0	10,1
Agricultural land	1,3		1,3
Trade	10,4		10,1
craft	1,3	50,0	2,5
Other	10,4		10,1
Several sectors	24,6		24,1



Total	100,0	100,0	100,0
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Investments by returning migrants create jobs only at the margin, with 43% having none, 10% creating only 1 employee, and the average hired workforce being less than three Cases of 2 former emigrant companies that created 35 jobs).

Return migrants who do not invest in Morocco rely mainly on the lack of capital in 86% of the cases. But some do not even think about it (4%) or invoke grounds other than the usual reasons.

6. Conclusion

Transfers - in money or in kind - are becoming scarce, are anemic amounts and create few productive jobs in the Tadla-Azilal region. They serve only to satisfy the current consumption, or to acquire ostentatious goods. There are few multiplier effects of these transfers, the only exception being, perhaps, the housing.

In connection with the weakness of transfers, that of the investments of the current emigrants and of return, is not surprising. Many people choose not to invest in Morocco. Investors are turning to housing and land speculation. But are they really investments? The fact remains that agriculture and industry remain poor parents and that job creation, induced by the money of emigrants, remains extremely rare.

However, in order not to conclude on a pessimistic note, it is possible to point out a small but significant potential for investment, which should be stimulated by removing administrative obstacles and better illuminating the many agricultural or Tourism that would be offered to the most daring investors, out of the beaten track of the Housing or speculation of land. It will also be necessary to boost the existing institutions to the benefit of the region, encouraging investment, especially at the local level, such as the Regional Investment Center.

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