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Do Remittances Reduce Poverty? Evidence From Surveys in Senegal and the Democratic Republic of Congo

At the macrolevel, recent research has demonstrated a positive impact of remittances on poverty reduction in developing countries (Adams and Page, 2005; Gupta et al., 2009). While these results suggest that poor households benefit from remittances, they were obtained with aggregate data and are not transferable at the household level. Research on the impacts of remittances on households has provided mixed results. Some authors emphasize that migration is highly selective, and that rich households are more likely to send migrants and benefit from remittances (Lipton, 1980; Stahl, 1982). As a result, migration would essentially increase inequalities in origin countries. Other more recent works show positive impacts of remittances on poverty reduction (in Mexico: Stark and Taylor, 1989; in rural Egypt: Adams, 1991; in Ghana: Adams, 2006). However, these studies are often done on small samples, and few of them are on Africa.

The objective of this presentation is to provide preliminary results on this question, using the MAFE (Migration between Africa and Europe) surveys conducted in Senegal and the Democratic Republic of Congo (DR Congo). The paper will be organized around four sections:

- Review of literature on the relationship between migration and poverty reduction.
- Presentation of the MAFE longitudinal surveys.
- Investigating whether poor households are more or less likely to send migrants. Comparisons between Senegal and DR Congo.
- Investigating whether poor households are more or less likely to benefit from remittances. Comparisons between Senegal and DR Congo.

Countries where the research will take place

Senegal and the Democratic Republic of Congo

How does the research describe the impact of population/reproductive health on poverty reduction and/or economic growth?

The research deals with the two-way relationship between migration and poverty.

How will the research address a policy need, and what kind of policy lesson is expected?

Remittances are a central element in policies that link migration and development. They are presented as an important

source of income for households and for origin countries (DFID, 2007). While it may be tempting to encourage remittances as a poverty reduction strategy, they may in fact increase inequalities within sending countries rather than reduce poverty.

Methods used

For question 1: Are poor households more or less likely to send migrants? Comparisons between Senegal and DR Congo; descriptive methods and event history models, using socioeconomic status as an explanatory variable (controlling for other determinants of migration).

For question 2: Are poor households more or less likely to benefit from remittances? Comparisons between Senegal and DR Congo; logistic and tobit regression models.

Data used

Household surveys on migration and remittances—conducted as part of the MAFE project are used. These surveys are perfectly comparable and include data on socioeconomic status, migration (current and past), investments, and remittances. The DR Congo sample is about 1,000 households in Kinshasa; the Senegal sample includes 1,500 households in Dakar.