

Giving back to communities of residence and of origin

An analysis of remittances and
charitable donations in the UK

Cathy Pharoah and Tom McKenzie

with Jenny Harrow, Tamara Tatem-Hale and Nikki Lee

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About the authors

Cathy Pharoah is professor of charity funding and co-director of the ESRC Centre for Charitable Giving and Philanthropy, Cass Business School.

Tom McKenzie is research fellow in the ESRC Centre for Charitable Giving and Philanthropy, Cass Business School.

Jenny Harrow is professor of voluntary sector management in the Centre for Charity Effectiveness, and co-director of the ESRC Centre for Charitable Giving and Philanthropy, Cass Business School.

Nikki Lee is the Chinese community team leader at London Citizens, a grassroots community organizing and capacity-building charity, and was formerly Chief Executive Officer of the Chinese in Britain Forum (CIBF).

Tamara Tatem-Hale is an anthropologist currently completing a PhD at the London School of Economics, and former research manager at qualitative research organisation ESRO.

Foreword

These are difficult economic times. This year, GDP growth across the OECD is projected only to match 2012's anaemic 1.4%, according to an OECD outlook from November 2012. That is a sharp downgrade from the group's previous May forecast of 4.2% growth in 2013. The IMF also recently said that any global growth through 2013 is now projected to be more gradual than in its 2012 projections.

The latest World Giving Index shows that charitable behaviour has been influenced by this economic backdrop. However, despite the decline in giving and support for charity, the flow of migrant money around the world has largely escaped the effects of the recession. We live in an increasingly interdependent and interconnected world. Shifting patterns of population mean the trend for remittance payments is on the increase as more people than ever live and work abroad and feel a sense of connection to their country of origin, while also, as this report shows, giving to meet the needs in the countries where they reside.

We need new thinking about how remittances can play a positive role in international development, which is why it is important to have systematic research of this kind. I welcome this report's fresh look at broader perspectives on giving.

Officially recorded remittances to developing countries reached \$530 billion in 2012, according to the World Bank. In 2012, remittance payments sent from the UK reached \$23.16 billion, and globally they are expected to rise by 8% in 2013 and 10% in 2014.

The growth of the remittance economy has had a positive impact and has led to tangible benefits across the developing world. Remittance giving can help tackle the root causes of poverty and inequality. Education, health, food and housing are paid for every day by diaspora communities that make their living working abroad. In 2012, India and China each received more than \$60 billion in remittances; in Tajikistan, remittance payments alone constituted 47% of national GDP. For countries such as Bangladesh, Senegal and Mexico, remittance payments amount to more than foreign aid.

While remittances and giving can never be a substitute for international development aid, there needs to be more of a concerted effort from governments to consider how remittance payments could better complement long-term assistance and development. International development aid is essential to help alleviate poverty and enable developing countries to have the necessary markets, trade and governance systems to end their aid dependency – but this report also highlights that there is scope for migrant giving and remitting to play an important role in promoting economic and social development in developing countries. This report provides a good basis for developing new ideas and the role the remittance phenomenon and other cultures of giving can play in tackling poverty.

Rushanara Ali

MP for Bethnal Green and Bow and Shadow Minister for International Development
February 2013

Findings in brief

Overview

Giving back to communities of residence and of origin highlights the true nature and value of the generosity of the UK's migrant and minority groups. Based on a new quantitative analysis by CGAP of spending data from the ONS Living Costs and Food Survey and dedicated qualitative in-depth interviews (see details of methodology below), it reports the results of research on the different ways in which migrant and minority groups in the UK give, which are largely unacknowledged or underestimated in traditional giving surveys. Focussing mainly on money sent overseas and charitable donations in the UK, the findings provide a new and more comprehensive picture of giving by the UK's migrant and minority groups. They show both their generosity and sense of community responsibility. In a period of economic stress in the UK, with renewed awareness of the need to give back to the community and government support for policy and practice to promote it, the findings are timely. They show that patterns and models of giving amongst the UK's migrant and minority population should be better valued, celebrated, shared and supported.

Main findings

Relationship between remittance giving and charitable donating

- The level of participation in charitable donating is similar across ethnic groups for households with similar age, income and education. Remitting,¹ however, is predominantly carried out by non-white households.
- At an average £31 per week among those who participate, the amount remitted is considerably higher than the average household donation to charity of £8 per week amongst donors. On average, remittances account for more than double the share of household budgets devoted to charitable donations (3.9% compared with 1.6%).
- Remittance giving and charitable donating are strongly related. Households that send or 'remit' money overseas are more likely to make donations to domestic UK charities than the general UK population is: 42% amongst remitters, compared with 29% of households in the general population.
- A significant level of personal sacrifice is often made by those sending money overseas, a quarter of whom are located in London where the cost of living is amongst the highest in the world. Over one tenth of households who remit are at risk of poverty, surviving on a typical weekly budget of under £166 for two adults living together. Black or Black British populations were found to be at highest risk of poverty, and also to be the most likely to send money overseas.

¹ The report refers to the sending of money overseas as 'remitting'; those who send money are 'remitters' and what they send are 'remittances'.

- Like charitable donating, people are more likely to send money overseas if they are better off, but while being at risk of poverty reduces the likelihood of donating, it does not deter remitting to the same extent.
- In spite of increasing acknowledgement by government, aid agencies and financial institutions of the contribution of money sent overseas by UK migrants and minorities to international development, such giving remains under-researched. It is estimated at £2.4 billion per year² and equal to one third of Official Development Assistance, and two and a half times charitable donations to international causes.³ Generosity and giving in the UK, however, continue to be measured almost solely through long-standing surveys of money donated to formal UK charities, surveys which do not capture the other strong giving traditions within the UK's migrant and minority communities.
- Charities in the UK benefit from the traditions of giving within its minority communities and the transnational cultures of giving emerging from migration: many remitters reported in interview the stresses on their own and their families' lives that arise from migration and regular remitting, but also said they donated money regularly to UK charities.

Similarities between remittances and charitable donations

- Not surprisingly, both participation in remittance giving and charitable donating are positively related to age, income and education. People remit and give when they can afford it.
- The relationship between remittance giving and charitable donating lies partly in similarities between the characteristics of remitter and charitable donor households in terms of budget, age and education, but the research also suggests that remittance giving and charitable donating share many parallel motivations, intentions and approaches.
- While remitting can involve direct investment for immediate family and personal benefit, a main impulse, like charitable donating, lies in attitudes of kindness and responsiveness to perceived need. It is often particularly driven by a desire to help those who are in poverty and, like charitable giving, motivated through strong values, religious beliefs and personal identification with the cause.
- Some remitting shares the characteristics of disinterest and common public benefit required for registration as a charitable purpose and tax benefit in the UK, and does not lead to direct personal benefit. For example, remitters do not necessarily know who their direct beneficiaries are, or precisely how funds are spent. They sometimes trust independent intermediaries to distribute their gifts on their behalf, to use their own judgment in directing them to the greatest needs and using them to best effect. Like charitable donors, remitters also address the risk to themselves through gathering information about intermediaries and use of funds.
- Remittance giving is often channelled towards the root causes of disadvantage, as in development aid, through investment in education and health, and poverty and deprivation. Remitters, like many overseas charities and donors, are strongly aware of the enormous impact that small amounts of money can have in developing countries.
- Some practices surrounding the collection and distribution of funds for remitting are also similar to charitable donating. Remitters fundraise to bring together funds to remit for

² Migration Observatory (2011) *Briefing: Migrant remittances to and from the UK*, 08/11.

³ Pharoah, C and Bryant, L (2011) *Global grant-making. A review of UK foundations' funding for international development* Nuffield Foundation, London.

community or collective purposes. They consider together the various options for how their funds can be used most effectively, and are sensitive to both the cost and impact of their monies.

- A particular strength of remittance giving as a form of aid is that the support it provides is immediate and targeted, and is often adjusted rapidly in response to variations in local need and circumstances.
- There is a difference in attitude towards obligation between remittance giving and charitable donating: most interviewees reported that there was a high community and family expectation they would remit, and a feeling that they have no other option but to remit, while there is more free choice involved in making a donation to charity.
- Cultures of remittance giving are passed on within families and communities, as are behaviours around charitable giving.
- Giving money to other households in the UK increases the likelihood both of remitting and of donating to charity.

Key conclusions and messages

These findings provide evidence of the important part played by remitting in the giving cultures of the UK's migrant and minority groups. Their true generosity cannot be appreciated unless the wider picture of remittance giving and formal charitable donating is understood. The traditions of giving amongst diaspora groups and the transnational cultures of giving which grow out of migration lead to support for UK charities alongside multiple forms of financial support for communities and countries of origin.

The findings present a challenge to traditional models for giving in the UK, and approaches to its measurement, which do not include direct giving to needy communities, groups or individual people. Yet such giving can play an enormous role in community empowerment, and is a model that arguably has much to offer local development in the UK and the government's Big Society concept.

It is concluded that remitters and remittance giving should be better supported, and that better access to charitable tax breaks should be developed for some models of remittance giving within the frameworks for good practice in the governance of international donations. This would contribute to fairness and greater effectiveness in support for developing country causes. Messages for policy development that come out of this research lie in three main areas:

Valuing the giving and generosity of the UK's migrants and minorities

- Government should include specific support for initiatives that celebrate and promote different traditions of giving in the UK within its giving policy, documents like the Giving White Paper, and action programmes.
- Government and other funding bodies should support educational and awareness-raising initiatives to promote a better understanding of cultures of giving within diaspora and migrant communities. For example, the national curriculum on citizenship could include knowledge-sharing around direct giving to those in need.

Improving access to charitable tax benefits

- Agencies representing migrants, minorities and remitters should help promote the use of tax-effective ways of giving, particularly in relation to collective fundraising initiatives for remittances aimed at general community benefit.
- International NGOs should further develop donor services to meet the needs of those wishing to send direct financial support to specific communities, groups or needs in developing country areas.
- Government, tax authorities and regulators should facilitate the process for making international donations tax effectively in developing-country areas of high need where traditional UK models for accountability and governance are difficult to replicate, eg through the creation of charitable intermediaries.
- DFID should consider developing a ‘matched funding’ scheme to encourage collective remitting.
- Money transfer organisations (MTO), banks and other financial intermediaries should develop corporate community investment policies to support migrant communities in the UK as well as the people they seek to help in the areas from which they come.

Supporting those who give through remitting

- Central and local government should provide guidance around assessing needs in areas such as health, welfare, housing, employment and legal support on taking into full account the financial responsibilities and obligations of remitters.

Methods of the research

In the context of what is known about charitable donors in the UK, the research aims to explore questions including the characteristics of remitters, the impact of remitting on financial and other aspects of their lives, and what remitting expresses about their values and relationships. A key issue addressed in the research is the relationship between remittance giving and charitable donating, as a basis for exploring tax and other policy development towards remittance giving.

The research was carried out through a literature review, an extensive analysis of data on charitable giving and on sending money overseas by households extracted from the national Living Costs and Food Survey, qualitative

interviews with migrant remitters in London, and consultation with a range of stakeholders working in the field of migration, UK charities, diaspora philanthropy and remitting.

The data analysis made use of the large dataset which the Centre for Charitable Giving and Philanthropy (CGAP) had previously compiled from the Office for National Statistics Living Costs and Food Survey (LCF), 2001–2010, to explore patterns and determinants of giving within household expenditure. 32 interviews were carried out with individual migrant remitters from main remitting communities, both well established and newer wave.

1 Introduction

1.1 Overview of remittance giving

Why study giving back to communities of origin through 'remitting'?

The starting point for the research reported here is to increase understanding of the diverse ways in which giving and generosity are expressed within the UK's multicultural population. Its specific focus is on migrant and minority giving back to countries of origin through 'remitting', and how such contributions relate to charitable donating in the UK. The aims of the research are to provide a new and more comprehensive picture of giving by the UK's migrant and minority groups, so that it is valued, and that its cultures and models are shared. Remitting is one of the most significant ways in which minorities and migrants, around half of whom live in London (ONS 2002), give away significant private resources on a regular basis. UK remitting is estimated at around £2.4 billion today, considerably greater than the estimated value of private international donations, £1 billion. (See Table 1.)

Yet there has been little research on remitting's relationship to, and place within, other cultures of giving in the UK. In spite of the multiple socio-economic, political and cultural backgrounds of the UK's population today, levels of giving and generosity continue to be measured almost solely through long-standing surveys of money or time donated by individuals to formal UK charitable institutions. The relatively narrow horizons of this model of giving mean that other strong traditions and patterns of giving within migrant and minority communities in the UK are not fully captured, in particular direct giving to extended family or community networks, in the UK or overseas. Yet gifts of money to individuals and families are included in giving surveys in countries such as Hungary, Turkey, and India. Narrow survey approaches are likely to explain why some studies have found low levels of participation in giving amongst minority communities compared with the indigenous white population (see for example, Cabinet Office 2007). The current study illuminates patterns of migrant and minority giving in the UK, and highlights some policy implications in relation to the givers and remittance giving.

Growing significance of remitting

The scale of remittances is expanding rapidly in the UK and worldwide, and in spite of the economic crisis, the flow of remitting to developing countries grew by 3% in 2011 (Mindpower Solutions 2012). The significance of its role in overseas aid and the global economy is increasingly recognised by governments, international aid agencies, researchers, banks and other international financial transaction providers. The initial focal point of interest has tended to be the measurement of the economic and social value of remittances to recipients. Growing recognition of the need for more strategic and preventive approaches to addressing global poverty, however, has given rise to greater interest in how far remittances are, or could be, used as a resource for investment and

sustainable social change. The growing financial scale and contribution of remittances have led governments and international agencies to monitor the cost, efficiency and regulation of international remittance transaction. Major annual reports on remitting are produced by the World Bank, and the United Nations Conference on Trade and Development (UNCTAD) held a conference in 2011 on maximising the impact of remitting for development, encouraging governments to address systemic flaws which hampered their transfer, circulation and distribution, including in legislation and financial procedures.

Increasingly, however, research interest has also been turning to more social and ethical issues such as the effect of remitting on the growing population of migrant remitters, for whom it has significant personal consequences, to the ethics of growing dependence on migrant labour remittances as overseas aid, to the role of remittance giving within the philanthropy of diaspora communities, and its meaning and value within the emerging transnational cultures of migrants. With its central focus on giving and philanthropy, CGAP is particularly concerned with contributing towards understanding social, ethical and cultural aspects of giving back to countries of origin through remitting. It is hoped that this report will lead to a fuller appreciation of the contribution made by UK migrants and minorities to social wellbeing, a better understanding of how the UK does and could further benefit from diaspora philanthropy and policies which can better support remittance giving. Remitting as an aspect of diaspora and migrant giving is still a relatively under-researched, though growing, area of interest. The study reported here has not only proved more complex than originally imagined, but has also provided insights into giving within different migrant and minority communities in the UK which should prompt critical reflection on the limits to our traditional ways of defining and assessing giving and generosity.

1.2 Structure of the report

- **Section 1** maps out some key definitions, briefly summarises existing research on remittances as relevant to this study, and sets out the specific research objectives and methods of the research.
- **Section 2** presents the results of the quantitative and qualitative research.
- **Section 3** turns to a discussion of the findings and highlights messages for further policy development in relation to remittance giving.

1.3 Definitions and scope of remitting

What do we mean by remittances?

The term 'remittance' is a general one, used to refer to a range of types of individual international financial transfer, and includes both inflows into and outflows from a particular country. There is no single official way of collecting relevant data, and the use of the term varies between different sets of official statistics and for different research purposes.

In this report, 'remittances' refers mainly to financial flows associated with migration, specifically the direct personal transfers of money made by members of migrant and minority communities or foreign nationals in the UK back to families, communities and countries of origin. While direct personal giving to families and communities also occurs within national boundaries, sufficient data for the UK are not currently available to study it.

The approach taken to identify remittances for the purposes of the quantitative research in this report is described in more detail below.

What is the scale of the remitting population in the UK?

Remitting in the UK has increased in the context of considerable growth in the migrant population over the last couple of decades (World Bank 2011). Between 1993 and 2010 the foreign-born population in the UK almost doubled, from 3.8 million to around 6.5 million. During the same period, the number of foreign citizens increased from nearly 2 million to 4.1 million. In 2010, the UK population was 12% foreign-born, up from 7% in 1993, and 7% foreign citizens, up from 4% in 1993 (Migration Observatory 2011c). There are around 0.3 million refugees.

Over 83% of migrants live in high-income OECD countries. It has been estimated that over a quarter of people from minority ethnic groups in the UK send money home (DFID 2006). The value of remittances by UK migrants doubled in the decade up to 2009 (Migration Observatory 2011b).

What is the value of remittance giving today?

Precise figures for remittances are elusive. One reason for this is the variation in official approaches taken to measuring them, as noted above. Another is the existence of multiple formal and informal channels through which remittances flow. One study has estimated that around one third of UK remittances flow out through informal channels, for example through friends, family, and small informal *hawala* that handle money transfers to Somalia. (Blackwell and Seddon 2004). Recording of less formal flows is patchy, and there are also issues of consistency and variation in the way in which official source figures are compiled (see, for example, Migration Observatory 2011b).

Notwithstanding these issues, remittances flowing out of the UK in 2009 were estimated by the World Bank at £2.4 billion, based on figures from the UK Office for National Statistics (World Bank 2011). Remittance flows have almost doubled in the UK in the last decade, and they have proved a more resilient source of income over the last two decades than Official Development Assistance (ODA), and foreign direct investment (FDI) (World Bank, *ibid*). Globally, remittances fell by only 5.5% in 2009 and registered a quick recovery in 2010. (Recent World Bank figures, published November 2012, show the value of remittances was expected to increase in 2012 by 6.5% globally, although in the UK, and other parts of Europe, it fell in 2011 because of weak economic growth.) By contrast, there was a decline of 40% in FDI flows in 2009. The UK also receives inflows of money and since the mid 1990s inflows have been greater than outflows (Migration Observatory 2011b).

How does the value of remitting compare with giving and with ODA?

Taking the perspective of the recipients, figures from the World Bank indicate that developing countries received US\$325 billion in remittances in 2010, which were worth more than 10% of GDP in many countries. Globally the value of remittances to developing countries is 1.5 times that of ODA. In the UK, the value of remittances sent abroad is around one third of Official Development Assistance (ODA), and two and a half times that of private donating for overseas causes, as Table 1 below shows.

Table 1	<i>Type of financial support</i>	<i>Amount (billions)</i>	<i>Source</i>
The value of remitting, international giving and Overseas Development Aid (ODA)	UK remittances, 2009	£2.4	The Migration Observatory, University of Oxford, 2011
	UK private international giving, 2011	£1.0	Pharoah, Global Grant-making, 2011
	UK ODA, 2010	£7.4	DFID, SID, 2010
	DAC country ODA, 2010	US\$128	The Index of Global Philanthropy and Remittances, Hudson Institute, 2012
	DAC country remittances, 2010	US\$190	The Index of Global Philanthropy and Remittances, Hudson Institute, 2012

Note: The value of remittances from the UK fell in 2011.

1.4 Remittance giving and overseas development

There is growing evidence of the important contribution of money sent back by migrants to the economy, education, health and social welfare in countries of origin, and some of the main studies are highlighted below.

Remitting and poverty

That remitting contributes to reducing poverty was demonstrated by Adams and Page (2005), who found that, across a study of 71 developing countries, an average 10% per capita increase in remittances led to a 3.5% decline in the share of people in poverty. Remittances represent an average 2% of GDP in developing countries overall, but 5–6% in low-income countries (World Bank 2011). A recent overview of studies on the impact of remittances on poverty concluded that the positive impact of remitting on reducing poverty was particularly strong where remittances represented 5% of GDP or over (UNCTAD 2011).

Remittances have also been shown to be valuable because they provide a resilient form of aid (World Bank 2011), with growth outpacing that of private capital flows in the last few years of recession and economic turbulence. They also tend to be responsive to changes in the economy of recipient countries and smooth out trends due to rising inflation or budgetary losses (Amuedo-Dorantes and Pozo 2011). They flow directly to the poor, who also decide how the money is spent (Wimaladharna et al. 2004), and can also be a predictable and regular form of support, transmitted in line with wage or salary payments. DFID has assessed that UK remittances are sent to loved ones in over 50 developing countries, and play an important part after global disasters.

Remittances and welfare

A range of studies has looked at the impact of remittances on local employment, education, health and wellbeing. For example, it was found that young teenagers from households receiving remittances in El Salvador were more likely to be enrolled in school, and that women and children in such households were less likely to be in the labour market (Acosta 2006). Healthcare expenditure was also found to be positively linked to the receipt of remittances, and equalised healthcare spending across households with and without healthcare coverage in Mexico (Amuedo-Dorantes and Pozo, 2009). Remittances have also been shown to be linked to food security and consumption (Lacroix 2011), as well as to sustaining livelihoods in times of war and crises (Fagen and Bump 2006).

Remitting and the remitters

The impact of remitting on the remitters has been much less researched than effects on the recipients. The contribution of African remitters in Southwark has been studied (Harman 2007), and US research on Somali refugees in Maine found they felt great pressure to send money home (Hammond 2010). Although on low incomes, they 'continue to remit, often at enormous and unsustainable cost to themselves'. A recent study of Somali migrants vividly documents the pressure felt by Somali migrants in the UK to remit (Lindley 2009), and the coping strategies developed to meet the demands of remitting, whether internally or externally imposed. A study of Latin American migrants and remitters in London has drawn attention to the lack of service access and low profile of this community (McIlwaine *et al.* 2011).

One of the main aims of this report is to redress this gap in the research by looking at the circumstances of UK remitters, particularly those in London. It is important, however, to be aware of the dangers of over-generalising the circumstances of remitters and patterns of remitting. These are complex, and vary enormously by the specific geographical, economic and political contexts of migration. Moreover, as some researchers have highlighted, 'changing migration contexts have created new dynamics' (Carling 2008). Any interpretation of the needs of remitters has to be sensitive to the varied and changing contexts of migration.

Remitting in relation to diaspora and transnational cultures of giving

The growing focus of interest on the remitters themselves is leading to an increasing awareness that remitting has a place in their lives, the significance and importance of which goes beyond the remittances' aggregate value to economies and development. Motivations to remit, for example, have increasingly been recognized as including altruistic values alongside more instrumental reasons such as sending money in exchange for benefits of various kinds, building an inheritance, providing insurance against economic volatility in receiving countries or investment in small enterprise and property (Docquier and Rapoport 2006). Lindley (2009) suggests that 'just as migrants are not just labour, remittances are not just money'. Remittances are a way of maintaining ongoing links with communities of origin, and expressing both personal and general concerns to alleviate poverty and suffering, and promote human development.

The Migration Policy Institute, for example, defines philanthropy as 'private resources donated out of an altruistic interest to advance human welfare', an approach that does not easily allow philanthropic giving to be distinguished from other financial transfers including remittances and investments (Plasterer 2011). As indicated above, different cultures construct concepts of philanthropy in different ways, and Plasterer argues that it is important not to 'retrofit the giving patterns of other communities into Western philanthropic models, but rather to explore the ways in which these models might be adapted and refined'. There is an emerging body of evidence pointing to the complexity of distinguishing between remittance giving and philanthropy, which are neither synonymous nor mutually exclusive, and which views remittance giving as integral to diaspora philanthropy. In this context, the research in this report explores how far remittance giving and charitable donating in the UK share characteristics, and argues that appreciating the relationship between them is vital to understanding philanthropy in its multicultural context in the UK.

Remittance giving and tax relief

Remittance giving encompasses a whole range of ways of giving, and its methods of transmission, intentions, beneficiaries, and purposes vary widely. US research takes the variation in remitting as a point of departure for discussing the legal case for treating some forms of remitting as charitable gifts, or even as social investments, for the purposes of tax reliefs. Taking a legal stance, it focuses particularly on 'collective remitting' – that is, money collected by Mexican migrant organisations from members to be transferred abroad to benefit specific communities, and argues that it fulfils all the criteria for a US charitable tax deduction (Chavez 2011). The author writes that 'the fact that personal remittances and collective remittances are focused on improving the welfare of others suggests that both should be eligible for the charitable deduction,' and notes that 'collective remittances lead to investment in infrastructure, education, and health facilities in migrants' home countries [. . . meeting] basic needs [. . .] for the communities in which these families live'.

Taking an ethical perspective, Barry and Øverland (2010) 'aim to establish moral grounds for favourable tax treatment of remittances on the assumption that they do have positive effects on receiving countries [. . .] Funds remitted by migrants to their (poorer) country of origin should be given favourable tax treatment by tax authorities in the (affluent) countries in which they work.'

This report argues that similar perspectives apply to remitting from the UK, and that the collective and community benefit to which much remitting is directed should inform debate about how it is treated in tax terms.

1.5 Objectives of the research

The objectives of the research were to explore and establish the strength of the relationships between remittance giving and charitable donating, as a basis for further policy development towards the treatment of remittances and the remitting households. They include:

- in the context of existing information about household charitable giving, to provide comparative quantitative and qualitative information on household remitting, including amounts given, donor/remitter characteristics, purposes and meaning of remittance giving/charitable donating;
- to look at the effect of remitting on households' finances; and
- to explore implications for our perceptions of, and support for, remittance giving, and highlight messages for policy.

Key research questions and issues that arise include:

- What is the role of remittance giving within the traditions of philanthropy of the different cultural, ethnic and diaspora populations in the UK?
- What are the similarities and differences between remittance giving and charitable donating in the UK, and the factors that determine them?
- Should some remittance giving and remitters benefit from aspects of the tax privileges accorded to traditional charitable giving and donors?
- What can be learned from the cultures of migrant and minority donating and remitting at a time of growing expectations of the role of philanthropy could play in building a stronger sense of community and mutual responsibility, or 'Big Society' in the UK?

- What are the demands on the remitters themselves as they grapple with the high costs of living in cities like London, and take on the burdens of poverty and need in the developing countries from which they come?
- How can further support for remitters best be approached?

1.6 Methods

In addition to a literature review, there are three elements to the research:

- quantitative analysis of data on charitable giving and on sending money overseas by households, extracted from the national Living Costs and Food Survey;
- qualitative interviews with migrant remitters in London; and
- consultation with a range of stakeholders working in the field of migration, UK charities, diaspora philanthropy and remitting.

Quantitative research

The aims of the quantitative research were to examine the scale of sending money overseas and of charitable donations, and to compare the socio-economic and demographic profiles of households involved in these activities, the links between them and the influence of different kinds of household characteristics on them.

To achieve this, the analysis made use of the large dataset that CGAP had previously compiled from the Office for National Statistics Living Costs and Food Survey (LCF), 2001–2010, containing data on 63,033 households, to explore patterns and determinants of giving within household expenditure (ONS/DEFRA, 2012). The LCF can be further used to explore remitting as it includes data on ethnicity and money sent abroad (ie remittances) as well as on other kinds of expenditure, charitable and other giving, and the socio-economic and demographic characteristics of households.

A precedent for using the LCF to assess remitting is DFID's UK Remittances Working Group (DFID, 2005).

Further details of the data and method can be found in the Appendix.

Qualitative research

The aims of the qualitative research were to explore the meanings and values attached to remitting across different communities, and the challenges they pose. 32 interviews were carried out with individual migrant remitters from main remitting communities, both well-established and newer wave.

The qualitative strand of the research has a London focus, because LCF survey data show the incidence of remitting in London is more than twice the UK average (11% of London's population compared with 5% of the UK), and a large proportion of the UK's diverse minority populations lives in London. All of the interviews were carried out in London.

The interview sample did not aim to represent all remitting communities within London, as it was not the intention of the research to compare remittance giving between different migrant communities. It was a purposive sample, which aimed to balance some breadth of representation with the capacity to look at two groups in more detail, and consisted of Bolivian (2), Polish (2), Chinese (10), Somali (11), Pakistani (4) and second-generation Bangladeshi (3) remitters. Interviewees were recruited through churches and mosques, shopping centres, places of business and community groups. Interviews were carried out by an expert community worker from one of the communities included in the study, as well as by an experienced social anthropologist. Translating help was acquired where needed.

The interview structure, comprising a list of the issues explored and key pieces of information sought, can be found in the Appendix.

Stakeholder consultation

Relevant infrastructure groups were consulted through meetings, telephone calls, emails and newsletters. A round-table event with a wide range of stakeholders was held to acquire and present feedback on preliminary results.

2 Results and findings

This section reports the findings of the analysis of data on sending money overseas and charitable donating by households taken from the national Living Costs and Food Survey (ONS/DEFRA, 2012). It begins by providing figures for the scale and amount of remitting, then looks at the characteristics of remitting households compared with the general population and the relationships between remitting and poverty among those who remit. Finally, it compares the characteristics of remittance giving and charitable donating, drawing on both the quantitative analysis and the results of the interview survey of remitters (see Introduction, 1.6 Methods).

2.1 What proportion of the community remits and who are the remitters?

Based on the two-week spending diaries of 63,033 households from the ONS Living Costs and Food survey (LCF), it is estimated that in the UK as a whole roughly 5% of households send money abroad. As can be seen in Table 2, the data show that participation in remitting is very closely linked to ethnicity, and is much more common among ethnic-minority households. This is not surprising, and it supports the validity of using the 'money sent abroad' variable to study remitting, as some previous studies have done (see eg DFID 2005). A relatively high proportion of Black or Black British households remit money (24.3%), followed by Asian or Asian British (18.7%), Chinese (16%) and other ethnic backgrounds (15.8%).⁴ These ethnic categories are derived from the UK Census; more details on sampling and ethnicity in the LCF are set out in the Appendix.

Remitter households send an average of £31 per week overseas, and remittances represent about 4% of a remitter household's budget on average. Remitting ranges from Chinese remitter households who send around £55 per week, or nearly a tenth of their budget, to Black or Black British remitter households, who send around £18 per week or 3.7% of the household budget (which is similar to the average of 3.4% for White remitters).

⁴ This description refers to the ethnicity of the household reference person (HRP), who owns or is legally responsible for the rent of the household accommodation. Money is expressed in April 2012 pounds.

Table 2
Remitting and remittances, by ethnicity

<i>Ethnicity of household reference person</i>	<i>Proportion of households remitting</i>	<i>Average amount remitted per week (remitters only)</i>	<i>Average amount as a proportion of total spending (remitters only)</i>
White	4.1%	£30.54	3.4%
Mixed	9.6%	£23.80	6.7%
Asian or Asian British	18.7%	£46.78	6.2%
Black or Black British	24.3%	£18.07	3.7%
Chinese	16.0%	£55.17	9.4%
Other ethnic backgrounds	15.8%	£47.51	6.4%
All ethnicities	5.1%	£31.38	3.9%

Looking beyond ethnicity, the data show that remitter households have several distinct characteristics compared with the general population of households, as set out in Table 3. These include:

- **Household structure** Remitter households tend to be larger than the average household in the UK. They are more likely to consist of two or more adults than households that do not remit. They are also less likely to consist of families with children.
- **Region** Remitter households are densely situated in London; a quarter of them are located in the capital, more than double the proportion of all households located there. Remitter households are uncommon in Wales and north-east England, though a relatively high proportion is found in Northern Ireland.⁵
- **Spending and general wellbeing** Remitter households tend to spend more money in general and are less likely to be at risk of poverty⁶ or to receive state benefits (an allowance or rebate for rent, rates or council tax) than the average household in the UK. However, remitter households are not significantly more likely to save or invest money or to spend on healthcare. Fewer remitter households spend money on alcohol, tobacco or the lottery than the proportions of households in the UK as a whole.
- **Age, education and employment** The head of a remitter household is likely to be better educated than that of a non-remitter household, on average a year younger, more likely to be in full-time employment or self-employed, and less likely to be unemployed or retired.
- **Other types of transfers** Proportionately more remitter households also give money to other households in the UK than do non-remitter households, and they are more likely to spend money abroad themselves.

While each of the factors listed above helps describe a typical remitter household and distinguish it from the average household that does not remit money, it is important to remember that some of these factors are interrelated. For example, more highly educated households will tend to be on higher incomes. Spending money abroad may be related more directly to ethnicity than to the act of remitting.

To find out which factors are the most likely to be related to remitting and donating, Section 2.3 compares remittance giving and charitable donating and considers all of these

⁵ 7.8% of remitter households are in Northern Ireland; this compares with only 2.6% of all UK households being in Northern Ireland. Excluding Northern Ireland from the analysis does not affect the results in any significant or qualitative way.

⁶ At-risk-of-poverty threshold: 60% of median *equivalised* expenditure. 'Equivalised' means that actual expenditure is adjusted to account for the number of adults and children in the household. This threshold is recalculated for each year in the survey; it translates as expenditure of roughly £166 per week for a two-adult, no-children household, averaged over the period 2001–10 and expressed in April 2012 money.

factors simultaneously. It uses a model that estimates each factor's direct effect on the likelihood that a household remits, or donates to charity. Before this, however, the effect of remitting on the remitters' own financial situation is explored in the next section.

Table 3 Characteristics of remitter households compared with the general population

	<i>Household characteristics</i>	<i>All UK</i>	<i>Remitters</i>
Ethnicity	White	93.0%	74.0%
	Mixed	0.6%	1.2%
	Asian or Asian British	2.9%	10.9%
	Black or Black British	2.0%	9.7%
	Chinese	0.3%	0.9%
	Other	0.7%	2.3%
	Household composition	Mixed couple	30.7%
Single man		12.3%	10.6%
Single woman		16.1%	14.8%
Single mother		5.2%	2.4%
Single father		0.6%	0.4%
Family, up to 3 children		18.7%	17.5%
Family, more than 3 children		5.3%	6.0%
Same-sex couple or more than two adults sharing		11.1%	15.7%
Age	Average age of HRP (years)	53.0	52.1
	Average age at which HRP completed education (years)	16.6	18.4
HRP employment	Full-time employee	44.1%	52.7%
	Unemployed	2.2%	1.4%
	Part-time employee	7.9%	6.9%
	Self-employed	7.8%	9.2%
	Retired	25.8%	22.5%
	In training	0.1%	0.1%
General budgets	Average real OECD-equivalised total spending per week	£268.60	£349.18
	At risk of poverty	21.5%	10.9%
	Received benefits for housing	41.1%	30.1%
	Saved or invested money	13.4%	14.6%
	Spent money on healthcare	51.0%	52.5%
	Spent money abroad	5.2%	9.7%
Indulge	Spent money on alcohol	69.3%	66.6%
	Spent money on tobacco	26.5%	21.1%
	Spent money on the lottery	38.9%	30.6%
Giving	Donated money to charity	28.8%	41.9%
	Given money to other households	16.1%	19.0%
	Spent money on presents	3.0%	2.9%

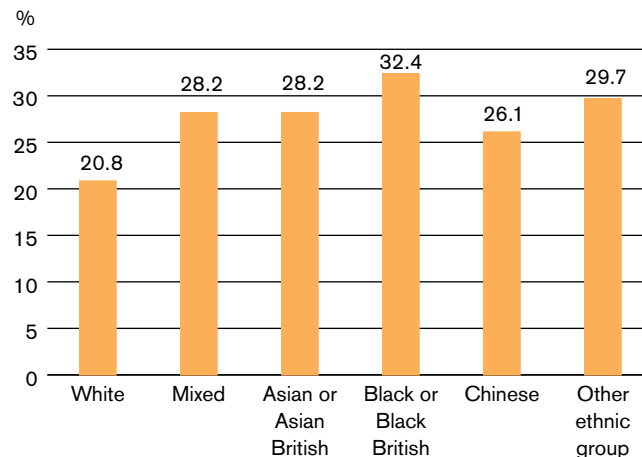
	<i>Household characteristics</i>	<i>All UK</i>	<i>Remitters</i>
Region	South-east England	13.3%	13.4%
	North-east England	4.4%	1.9%
	North-west England	11.5%	8.2%
	Yorkshire and Humberside	8.6%	6.8%
	East Midlands	7.3%	5.8%
	West Midlands	8.6%	6.8%
	Eastern England	9.1%	9.0%
	London area	11.7%	25.0%
	South-west England	9.1%	7.0%
	Wales	5.0%	1.8%
	Scotland	8.9%	6.6%
	Northern Ireland	2.6%	7.8%

Note: The figures in this table are averages. They have been weighted, first to represent the whole UK population, and then for all households that remitted money.

2.2 What is the impact of remitting on the remitters?

As noted in the previous section, there is a strong, positive relationship between household budgets and remitting. Households on higher budgets are more likely to remit and they also remit higher amounts. However, many households on low budgets also remit money. Just over a tenth of households remitting money are at risk of poverty themselves. Ethnic-minority households are more likely to be at risk of poverty than White households, yet ethnic-minority households are also more likely to remit money.

Figure 1
Households at risk of poverty, by HRP ethnicity



It can be seen from the results in Figure 1, which compares the risk of poverty by ethnicity, that the ethnic group with the highest proportion of households at risk of poverty – Black or Black British – is also the group with the highest incidence of remitting, as shown in Table 2.

Within the survey sample, 10% of remitter households based in London are 'at risk of poverty'. It is important also to note that the 'at risk of poverty' measure is calculated at a national level and does not account for the higher cost of living in London. This means that

these 10% of remitter households will in practice be materially worse off than households on similar budgets in other regions of the UK.

The LCF is a nationally representative survey and its sampling is based on Census data. Since the UK Census is only carried out every ten years there is a time lag in its use, and the LCF survey sample may not represent very accurately those sections of the population that are developing most rapidly. The survey is very unlikely to represent or capture all remitters in the UK, particularly the most recent migrants. It is also unlikely to capture those least settled in terms of immigration status and residential accommodation. The figure of 10% for remitter households at risk of poverty is therefore a conservative estimate and the true proportion will be somewhat higher.

The interviews with remitters based in London shed further light on their circumstances and standard of living. Many of the remitters interviewed mention the relatively high cost of living in London and describe lives of considerable hardship.

Fan (China)

Fan is a 42-year-old Chinese man who came to the UK in 1995 to earn money to send back to his wife, son and parents who all remained in China. He borrowed £25,000 in order to come to the UK and it took him three and a half years to pay off his debt.

He lives in a small room that he shares with six others and has no privacy and no real friends.

He works between 50 and 60 hours per week as a construction worker for a Chinese firm, about ten more hours per week than he was previously working in China. He sends between £700 and £1,000 every two months to his parents.

During the 17 years of his stay his wife found a new partner and his son grew up without him.

'I consider these changes are the price I have paid for going abroad to work. I took a risk; I provided for my family but at the same time lost marriage. My focus now is my parents who are getting older and who have suffered a lot mentally. To compensate for my absence in their lives I send money home so they do not have to worry about health bills and can eat well. It is my duty to take care of my parents and it is they who keep me motivated.'

Roda (Somalia)

Roda is a 28-year-old woman from Mogadishu, Somalia, who came to the UK with her mother and three siblings in 1997. She is divorced and lives with her two children under the age of five. She does not work in order to look after her children. Roda completed her GCSEs in the UK, and attends evening classes once a week to improve her skills in English and mathematics.

Roda and her sisters collect money between them to send in one lump sum, sometimes twice a month. Each sister puts in £50 to £100 and the total may vary between about

£200 and £600. The money is sent to a brother in Somalia who distributes it to seven or eight households, in amounts according to the number of children in each household.

Roda's mother passed away in 2008 and Roda clearly has regrets for her, stating that she never bought herself comfortable clothing in order to be able to send every spare penny to Somalia. *'She didn't dress nicely, she wasn't comfortable. But we understood. We were very happy for her to send the money.'*

The above examples illustrate how some migrants live in quite poor conditions, apparently sacrificing their own wellbeing in order to send money to people in their countries of origin. If Fan did not send those sums to his parents in China he could afford to rent private accommodation for himself. Roda recalls the sacrifices that her mother made in order to send money to extended family and community in Somalia.

Regardless of their own relatively poor living conditions in the UK, there can be considerable pressure on migrants to remit money, as has been shown in other research (Lindley 2009).

Sahida (Somalia)

Sahida is a 48-year-old Somali woman. She has six children aged between 10 and 26 and sought asylum in the UK in 1990 to escape the civil war in Somaliland. She used to run a shop there but has been unable to find work in the UK.

Sahida channels all of her resources towards her children and their education as well as to sending US\$100 per month to Somaliland – this money is received by her father to buy food and clothes for her stepmother and

step-siblings. She rarely waits for the exchange rate to become more favourable since the remittance money is needed so desperately.

In the interview, she is accompanied by her daughter Hodan, who recalls how on their one trip to Somaliland since settling in the UK, Sahida gave away everything she had taken with her to the village, including personal items of jewellery.

Many migrants to the UK finance their travel and set-up costs through loans in their countries of origin, intending to pay these off from their first earnings after finding employment. The problem of debt is particularly acute among migrant remitters from China, who report that interest rates can be very high and repayment enforced by threats by 'snake heads' (loan sharks) to the safety of family left behind.

Wen (China)

Wen is 39 years old, male, and came from China to the UK in 2003. He now works an 84-hour week as a self-employed carpenter and decorator. He lives with his wife but they left their son in China. He remits £500–800 per month.

'Jobs were scarce and many people struggled to earn a living. Due to financial difficulties and earning a good stable wage to provide for my family, I heard making money in the UK was easier. People boast about it. There was no question from the start I needed to remit to pay off snake heads (gang leaders) for the high interest loan (£18,000 approximately) I borrowed to come to the

UK. I had decided to do this myself so I could provide a better education for my son and provide for my parents and siblings.

'My parents were also keen because it meant they could brag to relatives too and they would receive respect from others in the neighbourhood. It would give them "face" (recognition). Obligation was high, especially at the beginning. The snake heads would create trouble for my family if I did not remit on a regular basis to pay off the loan within two years. In addition, the money meant my child could get a good education and my elderly parents did not have to worry about health and basic living costs.'

Kiang (China)

Kiang is a 47-year-old man from China who came to the UK in 1999 in search of better-paid employment and to send money back home to his wife and two children. Kiang previously worked a 6-day, 50-hour week as a labourer in China and now part-owns a takeaway business in the UK, working 60 hours a week.

Despite having started a new family in the UK, Kiang still sends £500–600 per month to his family in China.

'Once the travel debts were paid off, I felt a sense of relief: some of the stress of needing to keep working was removed. However, I felt my obligation went further than just paying off the money owed: as a matter of pride I needed to continue earning and send money back, in order to avoid the shame of being less successful than other families whose son worked overseas and to maintain "face" in the neighbourhood.'

2.3 How do remittance giving and charitable donating compare in household characteristics?

The annual publication *UK Giving*, published by the Charities Aid Foundation and the National Council for Voluntary Organisations, provides estimates of the proportion of individuals who make charitable donations as well as the amounts they donate to charities in the UK (CAF/NCVO 2011). While the survey includes money donated to UK-based charities with overseas causes, it does not count money donated directly to charities in other countries or money sent individually to support friends, family and communities abroad. This is a general problem in UK surveys of giving, as noted in the introduction, and while a recent survey has included some of these other forms of giving, they are not the main focus of analysis (Smith et al. 2012).

If there were evidence of strong relationships between remittance giving and charitable donations, this would be a case for considering the philanthropic aspects of remitting and their potential for inclusion in tax and other policy development towards encouraging giving. To look at this more closely, remittance giving and donating to charity, which are measured separately in the LCF survey, are compared to identify the extent to which they share characteristics.

After exploring characteristics explicitly included in the LCF survey, such as household budgets, age and education levels, the analysis then goes a step further and tests whether there is evidence that any other factors which are not explicitly included in the LCF survey might also lie behind both remittance giving and charitable donating. Such factors might include, for example, altruistic attitudes, or values and beliefs. A strong correlation between the remittances and donations variables would indicate the presence of other potentially important similarities between remittance giving and charitable donating, to be explored further through interviews with migrant remitters.

Table 4

Comparing remittance giving and charitable donating

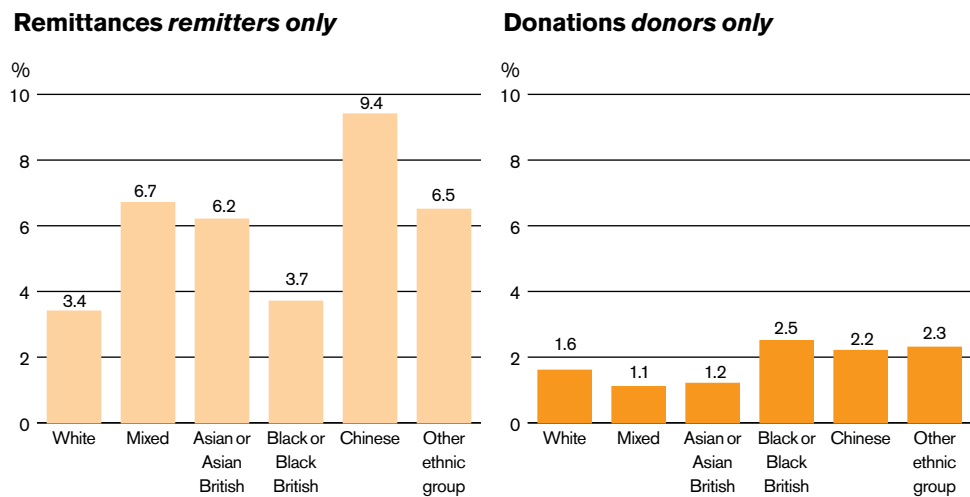
	<i>Remittance giving</i>	<i>Charitable donating</i>
Participation rate	5.1%	28.8%
Average amount per week	£31.38*	£8.39**
Average amount as a proportion of total spending	3.9%*	1.6%**

*remitter households only **donor households only

As shown in Table 4, charitable donating is inevitably more common than remittance giving. In the UK, 29% of households donate money to UK charities, while 5% send money abroad. However, amounts remitted tend to be higher (£31 per week) than average donations to charity (£8 per week), and remittances account for more than double the share of the household budget (3.9% versus 1.6%).

Remittances represent larger proportions of spending among ethnic-minority households than they do for White remitter households, as previously noted in Section 2.1. Additionally, when it comes to charitable donating, donor households among some ethnic minorities appear more generous than White donor households, with a higher average proportion of their budget going to charity, as can be seen in Figure 2. This may reflect the findings of other research showing that less well-off donors tend to give higher average proportions to charity (Cowley et al 2011).

Figure 2
Proportions of budget remitted/donated, by HRP ethnicity



Participation in remittance giving and charitable donating differs by ethnicity, household structure and the region in which the household is located. However, looking beyond ethnicity, region and household structure, other factors are also seen to have similar effects on a household's likelihood to donate to charity and its likelihood to remit.

Previous research has shown that households on higher budgets and those whose members are older and more educated are more likely to donate to charity.⁷ The analysis of data on remittance giving and charitable donating builds on this earlier work, comparing the impact of these factors on both types of behaviour.⁸ The results show the following:

- **Ethnicity** When considering ethnicity alone, ethnic-minority households are more likely to remit money and are less likely to donate to charity than White households. However it is very important to note that after accounting for other factors such as budgets and household structure (listed below), ethnic-minority households are no less likely to donate to charity than their White counterparts. In other words, the ethnic differences in donating to charity are due to these other factors, not to ethnicity. Meanwhile, ethnic-minority households remain more likely to remit money, regardless of these other factors.

⁷ See Cowley et al (2011) for an analysis of households in Great Britain.

⁸ See the Appendix for details of the method applied here, as well as for quantification of the effects described in this section.

- **Household structure** Households with more than two adults, and households without children, are more likely to remit money than households comprising adults and children. These findings are consistent with situations where migrant remitters share accommodation and are more likely to send money to their countries of origin if they do not need to provide for children in their UK households. This contrasts, on the other hand, with the finding that households with children are more likely to donate to charity than those without. Women living alone are more likely to donate and to remit than a mixed couple living together, while men living alone are less likely to donate to charity but are no less likely to remit.
- **Region** Households in London and those in Northern Ireland are more likely to remit money while households in north-east England and Wales are less likely to remit money. Scotland and Northern Ireland are the regions of the UK where a household is most likely to donate to charity; this contrasts with the West Midlands, where donating is least likely.
- **Spending and general wellbeing** The more money the household spends in general, the more likely it is to remit money, and the more likely it is to donate to charity. If a household receives housing benefits, it is both less likely to remit money and less likely to donate money to charity.

If the household is at risk of poverty, it is less likely to donate to charity. However, having accounted for general spending and benefits, being at risk of poverty *per se* is not a deterrent to remitting money, as it does not have an impact on the likelihood of remitting.

Households that save or invest money and those that spend on healthcare are more likely to donate to charity, whereas there is no significant relationship between personal savings or healthcare spending and remitting.

It can be concluded from these results on general wellbeing that although both remittance giving and charitable donating are clearly driven by the amount of money available to the household, remittance giving may be interpreted as more of an obligation or an essential, not deterred by poverty, whereas charitable donating is more of a luxury and therefore more common among households that can also afford to save or invest money and to spend on healthcare. A difference in the level of obligation between remitting and donating is supported by migrants' accounts in the interviews.

- **'Indulgence' spending** Households that spend money on alcohol are less likely to remit money, while alcohol spending actually increases the likelihood of charitable donating. Spending on tobacco does not impact directly on remittance giving but it reduces the probability that a household donates to charity significantly. Spending on lottery tickets reduces both the likelihood of remittance giving and that of charitable donating.
- **Age, education and employment** The older the head of household, the more likely the household is to remit money and the more likely it is to donate money. Similarly, an extra year of education increases both the probability of remitting and that of donating.

Employment status does not affect the likelihood of remitting directly (though any money earned through employment will increase this probability), while being retired increases the likelihood of charitable donating, and the self-employed are less likely than employees to donate to charity.
- **Transfers to other households in the UK** Households that give money to other households in the UK are also more likely to send money outside the UK and they are more likely to donate to charity than those who do not make transfers to other households. All three types of giving behaviour (gifts to other households in the UK, remittance giving

and charitable donations) are linked; a household that engages in one of these types of spending is more likely than average to engage in one or both of the other two, indicating that there are similarities between all three.

- **Other types of transfers** Giving children pocket money and spending money on presents both increase the likelihood of donating but have no bearing on remitting. As may be expected, the strength of international ties is important for remittance giving: households whose members spend money while abroad themselves are more likely to remit, while spending money abroad reduces the likelihood that the household donates to a UK charity. It is worth noting here that several remitter interviewees mentioned taking significant amounts of cash with them to distribute to people in the community whenever they visited countries of origin.

Having compared a number of characteristics, it is now possible to see that remitting money and donating money to charity are indeed strongly linked behaviours in several ways. It has been shown how some of the factors that affect charitable donating also affect remittance giving in similar ways. In addition to this, the extent to which remitting and donating have links that lie in characteristics beyond the basic household characteristics such as composition, region or budgets is estimated. A household that remits money has an increased likelihood of donating to charity. Similarly, a household that donates money to charity has an increased likelihood of remitting money. The results set out in the statistical note below mean that additional factors that are not covered in the survey must be affecting both remitting and donating.

Statistical note: To what extent are remitting and donating related?

The method of analysis provides an estimate of the remaining correlation between both behaviours. This estimate is a positive and statistically significant $\rho = 0.121$. To put the figure of 0.121 into some context, when ethnicity alone is considered the estimate for ρ is 0.208. A portion

(two fifths) of this correlation between remitting and donating is then explained by controlling for the other explicit factors described above (household structure, region, budgets, etc), but a larger portion remains.

2.4 How do remittance giving and charitable donating compare in motivation and approach?

As established in the previous section, households that remit money are more likely to donate to charity (and vice-versa). Roughly 29% of households donate to charity; this proportion rises to 42% among remitter households. While some of the relationship between remittance giving and charitable donating can be explained by factors such as available money, age and education levels, as shown, these factors do not explain the whole story. It is clear from the analysis that other factors must be involved. Something else lies behind both household remittances and donations to charity, which is not included explicitly in the survey data.

⁹ Please see the Appendix for details about the method.

The interviews with remitters offer insights into what other factors might underlie the strong links observed between remitting and donating, helping to complete the picture. Further research would be needed to quantify the relative influence of these factors on remitting and donating and would represent an important next step in improving our understanding.

A strong finding was that 28 out of the 32 remitters interviewed reported having made a donation to charity in the UK in addition to the money they send abroad.

When prompted for the reasons underlying their remitting, many interviewees referred to high obligations towards their family and a need to reciprocate the generosity bestowed upon them by others; several cited religion as a motivation.

Nazmul (second-generation Bangladeshi)

Nazmul is female, 27 years old and was born in the UK to Bangladeshi parents. She is not married and has no children of her own but lives with her sister who is divorced with two children. Nazmul works four days a week for a community welfare organisation.

Nazmul remits money to Bangladesh indirectly via her parents. *'You give what you want . . . When I give it's because I want to.'* The money is sent to relatives who are in need. As well as going toward food or medical treatment it is spent on agricultural livelihoods – buying seeds, trees, soil, fertilisers and machinery. *'A lot of people are eating from it!'*

Nazmul's parents receive regular phone calls from these relatives. *'Maybe you get four calls. But you can't send*

money to all of them, so you have to decide which one gets it. Is it for health, for food, for school?'

Nazmul also donates to disaster relief charities. She and her friends set up an annual fundraising project three years ago between 20 young women; they borrowed a space from the community centre where she works and held a henna party to raise money, last year, for the East African drought and famine crisis. Women came along to have their hands painted and all the money was collected to donate to charity.

'Charity isn't something you brag about. Otherwise, it becomes something you polish your ego with. I can see it in myself, it's easily done [. . .] Giving to charities: it's not about faith but it's faith-inspired.'

There are several common points between the remittance giving and charitable donating described by Nazmul. Both go towards feeding the poor, both are stimulated by calls for help (phone calls from relatives and a major international famine), and both are carried out as a group effort (collaborating with her parents or with fellow fundraisers).

Awale (Somaliland)

Awale is female, aged 32 and came to the UK from Somaliland in 1997. She is single, has no children and holds a bachelor's degree in International Relations, French and Arabic.

She remits £200 to her 67-year-old father in Somaliland as often as she can. He uses the money to support his two sisters, their children and several orphaned nieces and nephews.

Awale also regularly donates £10–£20 to charities, including Cancer Research, Amnesty International, Save the Children and the Refugee Council. On the reasons for

choosing these causes: *'If I cannot help a child in Somalia, then should I not help a child here in the UK? That would be wrong.'* Regarding her donations to the Refugee Council, she says: *'I'm struggling so I would like to help others who struggle like me.'*

'Charity is the 5th pillar of Islam, and it is part of our culture, it's just that we don't call it that. The word charity is pejorative, it's saying that they are needy. In reality we get something for us when we do something for God . . . When we give it's like we put something aside for the afterlife.'

Some of the charitable causes supported by Awale coincide with the beneficiaries of her remittance giving (Save the Children and orphans) and reflect her own suffering. She describes a degree of reciprocity and religion is key to her giving, just as it is for Husna (below).

Husna (Pakistan)

Husna is a 34-year-old woman from the Punjab region of Pakistan. She holds a master's degree and worked as a teacher in Pakistan until coming to the UK in 2008. She now lives in London with her husband and two children in a small flat, which they rent.

Husna's husband works full-time and sends between £100 and £200 about three times a year to Pakistan, mainly to

support his family which is larger than hers and needs the money for the upkeep of a farm.

Husna mentions the principle of *Zakat* and says she likes to support poor people, widows and orphans. She and her husband donate between £5 and £50 to their local mosque every month. She says, *'I like to help people, it's for the happiness of God.'*

Some of the interviewees remit money to invest in their own property, and such remittances are not directly comparable with charitable donations.

Anja (Poland)

Anja is a 37-year-old woman from Poland and works full-time as a nurse in the UK. Her parents and disabled sister live in Poland.

Anja remits £500 per month towards her own flat in Poland. She sees the flat as insurance for her family. She also donates £30 per month by direct debit to the NSPCC and two charities for the homeless.

'I'm not such a good person – it wasn't my idea. We spend so much money on nothing, on rubbish . . . Why not [give to charity]? [Giving and exposure to charities in the UK] has made me aware of all these groups that exist out there. Children with pathologies, people who can't work, pregnant runaways . . . !'

Anja is unaware of Gift Aid and other charity tax reliefs.

There is a strong sense that money made in the UK can go further in the countries of origin. Several of the interviewees are well qualified but do menial jobs in the UK in order to remit.

Juan (Bolivia)

Juan is a 52-year-old man from Bolivia. He has three children in the UK and another child in Bolivia. He trained and worked as a chemist in Bolivia; in the UK he works as a cleaner.

Juan remits US\$200 per month to pay off a loan and support his sister and nephew in Bolivia. He also gives

money to beggars in the UK and his wife donates £6 a month to the RSPCA due to her 'softer heart'.

'First I take care of my family, my children, then I think about [donating]. Sending money is not an obligation but a duty.'

Experience of migration and the contrast between the relative poverty in countries of origin and relative wealth of people in the UK helps to form perspectives. Taban describes the importance of personal identification with the charitable causes to which people donate (below).

Taban (Somalia)

Taban is 24 years old, male and from Somalia. He has no children, holds a degree in biomedicine and works part-time as an accountant in the UK.

Taban remits £25 per month to Somalia, which provides for his uncle's education.

He also donates £10 per month to the NSPCC.

'In my religion, if you do good it will come back to you.'

'Here in the UK you give to local needs, depending on your own experience. You give to rape, childcare, maybe because you went through that. But then when we give through something like Muslim Aid, it goes [towards creating] stability over there.'

'People go through a lot. But you can get a job here. Over there it's 99% unemployment. I have to give to my family, they're my blood.'

Komali is an example of someone who remits and donates because she is aware of the needs of the poor through her personal connection to Bangladesh. Despite being unemployed, she makes the effort to remit a regular amount and donates clothes as a substitute for giving money to charity.

Komali (second-generation Bangladeshi)

Komali is female and 35 years old. She was born in the UK to Bangladeshi parents and has three children of her own in the UK.

Komali has been unemployed for three years but still remits £10 per month, which is pooled with other funds from her siblings in the UK, for food and medicine for their nieces and nephews in Bangladesh.

She also regularly gave £10 or '£15–£20 when I felt flush' to Muslim Aid or 'anything in the third world' while she was working.

'I gave religiously – I always think, what if that was my kid starving?'

Komali is unable to give money to charity now but she goes through her children's clothes to donate them instead.

From the interview evidence, the main difference that appeared between remittance giving and charitable donating is the sense of obligation towards the recipients. Interviewees describe high expectations about their remittances and feeling that they have no other option but to remit, while there is more free choice involved in making a donation to charity.

Ting (China)

Ting is a 45-year-old woman from China, where she left her son. In the UK she works as a self-employed tailor.

Ting remits £800 per month to cover her son's school fees and contribute to her parents' healthcare. She also donates at least five times a year to breast cancer research and NSPCC, and reports that her last donation was £5 to breast cancer research.

'There is no similarity [between remitting and donating]. I donate to charities through choice and it is dependent on how much I can spare at the time, whereas remitting to me is providing for my family and the basic necessities, and it must be a regular amount at a fixed time so they do not have to worry. Donating to me is when you have surplus to give to help others outside your family.'

Raakin (Pakistan)

Raakin is male, 35 years old and from Pakistan, where his wife and daughter still live. He is a student on an IT course and works part-time.

Raakin remits quarterly to provide money for his daughter's clothes and family weddings. He also donates £10 per month by direct debit to the British Red Cross.

'Sending to family is a duty, a responsibility. How can they live? With charity it doesn't matter so much how much you give. But with family everybody always wants more.'

Ming (China)

Ming is a 35-year-old man from China and has no children. In the UK he works full-time as a waiter.

Ming remits £500 per month for his family's basic living costs and his brother's education. He also makes donations of £5 to the NSPCC and for natural disasters.

'Migration was popular in our community; we believed in order to achieve a better life we had to leave and to find

gold. We believed the UK had endless opportunities. Success stories from neighbouring towns and villages endorsed that dream. As the eldest in the family of five it was my job and a culturally strong element of filial piety, my obligation was very high. My family would be respected because I was remitting a good salary; others would be envious.'

As in UK charitable giving, the gathering and distribution of remittance giving both have strongly collective aspects, drawing in money from different sources and spreading its benefit widely, often through trusted intermediaries.

Dalaayad (Somalia)

Dalaayad is a 35-year-old woman who came to the UK from Somalia in 1989. She is single and holds a degree in IT and Business Studies.

Dalaayad is responsible for one of her mother's sisters and her family. A cousin is the recipient of the remittance money because she is most able to administrate and take care of everyone else. Dalaayad says that the money allowed her cousin's wife to start selling tomatoes in the local market and after a year or so she was able to set up her own kiosk selling tomatoes, onions and other vegetables.

Dalaayad stresses that orphans and single mothers in the family are taken care of and that *'responsibility will fall to the cousin, then to the 2nd, 3rd, 4th, even 5th cousin. They have to assume the responsibility.'*

In the case of one receiving nephew, Dalaayad's mother had a good idea for ensuring the appropriate spending of the remittance money. Instead of sending money to the nephew directly she sent it to an uncle who owned a 'cash and carry'; the nephew had to go into the store to get a fraction of the money (US\$20–30) in cash and the rest he had to spend in the store on basic food supplies such as rice.

As can be seen from these examples, remitters, like charitable donors, often do not know who the ultimate beneficiaries are or precisely how funds are spent in detail.

Husna (Pakistan, see p30)

Husna says she and her husband send money every four to five months, and sometimes as often as every month. When the money goes to her family, her brother receives it. When it goes to her in-laws, a brother-in-law receives

it. Husna's brother who does not live with her parents is in charge of passing the money on to her parents. When the money is sent to her in-laws Husna estimates that it is distributed among 20 to 30 people.

Komali (second-generation Bangladeshi, see above)

Komali's siblings send the family of a deceased sister (whom she never met) money every two months because her husband is elderly and unable to work. Komali contributes about £20 while her siblings who work put in £50. They support the five nieces and nephews (aged between 10 and 20) by paying for their food and medical

treatment, along with vitamins and supplements for one of the children who was diagnosed with malnutrition. The money is received by one of the older nieces who is in charge of managing it. *'They have that respect, you know. If there is 1p left, she'll call and say, I left it in the account.'*

Yusur (Kenya/Somalia)

Yusur is a 31-year-old woman who grew up in Kenya and Somalia and came to the UK in 1995. She holds a bachelor's degree in accounting and finance and a master's degree in economics.

Yusur contributes about US\$100 every other month to the money that her mother sends to Somalia. *'Mum will remind me, it's the 29th, it's the 29th . . . time to send the money.'* Yusur's siblings also have additional responsibilities, and on occasion Yusur contributes to those too.

A younger sister supports their uncle's wife and four children after their uncle died in the war with \$250 per month. Yusur's older sister was regularly sending \$100 to an unrelated family, comprised of orphan children. Yusur says: *'She felt it was like charity. But now she just had her first baby and she isn't sending anymore.'*

Yusur emphasises that caring for orphans is especially important in Islam. Yusur's mother's sister raised money among other Somali women to build a dormitory for orphan girls in Somalia. She thinks there was trust because all the women *'knew they were giving to some very trusted well-respected ladies'*. The aunt went to Somalia and video-recorded images of the dormitory and later showed them to the Somali women in the UK. Yusur says what's preferable about giving to known individuals in Somalia who do charitable work, as opposed to giving through an international NGO, is that *'they risk their lives, they are there first hand'*. Yusur says: *'Sometimes you give to people you don't know. That's good because there is no obligation.'*

2.5 Conclusions

It has been shown using nationally representative survey data and interviews with remitters that remittance giving is a widespread behaviour among the migrant and minority populations in the UK. Remitter households are different from the average UK household in several ways: they tend to be larger and are less likely to comprise children (remittances often go towards providing for children in the country of origin). Remitter households are more likely to be located in London, with relatively few in Wales and north-east England.

In spite of such differences, which are largely integral to the nature of the UK migrant populations, the data also show strong overlaps between the characteristics of remitters and of charitable donors. As with charitable donating, there are positive relationships between age and remitting, as well as between education and remitting. While remitter households, similar to households making charitable donations, tend to spend more money in general than the average household, a conservative estimate places over a tenth of remitter households within the government's definition of being at risk of poverty.

The interviews with migrant remitters based in London provide more detail about individual circumstances and reveal in several cases very poor living standards (six or seven people sharing the same room) and high levels of pressure to remit money to their

countries of origin. When asked about remitting in terms of negative effects on income one interviewee said: 'I see people sacrificing all the time. But we're stoic [. . .] money is not everything [. . .] money is not humanity.' The repayment of debt incurred in order to migrate and settle in the UK is an important issue that affects migrants from China in particular.

Despite these stresses on remitters' own lives and those of their families, most of the interviewees donate money regularly to UK charities. Results from the survey data indicate that remitter households are more likely to donate to charity than households in the UK in general.

The conclusion from the results of both the quantitative and qualitative strands of this study is that remitting and donating are strongly linked. The quantitative analysis shows that they are significantly related in ways that go beyond similar household characteristics in terms of budgets, age and education. These findings are reinforced by the interview evidence, which illustrates that there are many parallel motivations, intentions and approaches between the two types of behaviour.

Although some of the examples of remitting involve direct investment for immediate family and personal benefit, most of those interviewed are also seen both to remit and to donate out of kindness and responsiveness to perceived community needs. Interviews reveal that the sense of obligation among migrants to remit money tends to be much higher than to donate to charity, but a desire to help others in poverty – often motivated through strong values, religious beliefs and personal identification with the cause – is at the heart of much remitting and donating. As one interviewee said, when asked whether remitting and charitable donating were similar: 'Yes, people send the money as a charity. They send it to orphans. They send it whether they are close or distant relatives. My mum used to send her sister out to look for the poorest people in the village – it didn't matter if they were related or not. She said, "tell me who is needy" and she sent them money.'

It was also clear from the interviews that some of the core features of charitable giving as defined for tax and registration purposes in the UK also characterise remitting. For example, like charity donors, remitters are sometimes personally disinterested in the direct beneficiaries, trusting intermediaries with responsibility for distributing and directing gifts to where they are most needed and effective, often ignorant of who the ultimate beneficiaries are, or how funds are spent in detail. One interviewee notes of her remittance giving that the money means survival, and that her grandmother 'passes some of the money along to another relative but she is not sure who this is and what their kin relation is.' She is comfortable with her remittances being used for other distant relatives in need whom she does not know, saying, 'it's likely that the money, or more likely the food items bought with the money, trickle down to them.' As illustrated in the previous section, remitters also collect funds to remit for collective and community purposes.

Cultures and practices surrounding remitting are also very similar to those of donating. Remitters consider various options for how their funds can be used most effectively, and are sensitive to both the cost and impact of their monies. They also address the risk to themselves as donors through gathering information about intermediaries and use of funds, and to beneficiaries through adjusting levels of remitting to respond to variations in local need and circumstances. They channel their gifts towards root causes of disadvantage through investing in education and health, and they provide immediate and direct overseas aid in relation to poverty and deprivation. Remitters, like many overseas charities and

donors, are strongly aware of the enormous impact that small amounts of money can have in developing countries.

Remitting, like charitable giving, often takes place in response to an 'ask' from friends, associates or fundraising initiatives. Cultures of remittance giving are passed on within families and communities.

These findings provide evidence that remittance giving is an important expression of the generosity and giving culture of migrant and minority communities in the UK. Further research that tried to quantify the relative influence of factors such as attitudes and beliefs on remitting and donating would be very valuable in developing this field.

The next section of this report considers messages for policy development that arise from the findings and conclusions.

3

Messages for policy development

Overseas remittances account for significant proportions of the economy in many of the receiving countries, and are a major source of development funds. It has been argued that migrant remitters are filling gaps in government spending on overseas aid (Barry and Øverland 2010). In revealing how such migrant and minority remittance giving shares key characteristics with traditional UK charitable giving, and is an important part of diaspora and transnational giving cultures (which often comes at considerable personal sacrifice), the research gives rise to some important messages for potential policy development.

This final section of the report addresses these. The main themes are:

- awareness of, understanding and valuing the role of remittance giving in diaspora philanthropy;
- access to charitable tax benefits for giving back to communities of origin; and
- support for migrants who give back to communities of origin through remitting.

3.1 Valuing the giving and generosity of the UK's migrants and minorities

The findings provide new insights into how remitting represents an integral part of diaspora giving, and the transnational cultures of giving which are emerging from migration. They contribute to the research understanding of an area whose importance grows as global migration increases.

Despite the heavy demand on their resources which arises from the costs of establishing and maintaining a living for themselves and their families in the UK, while simultaneously remitting money back to their country of origin, many migrants also give to charities and needy individuals in the UK. This is particularly remarkable because the personal situation of thousands of migrants who give through sending back to countries of origin is often very much harsher than that of UK charitable donors. Many migrants would not choose to leave their families, communities and established ways of life if they did not feel compelled to shoulder financial responsibilities towards the very poor communities they come from. Moreover, life in the UK can bring huge personal, social, financial and cultural challenges, and many migrants experience a drop in quality of life in a country where, as research has also shown, opposition to migration is widespread (Migration Observatory 2011a).

In spite of this, good causes in the UK benefit from the generous and altruistic values that migrants bring with them from their countries of origin. The beneficial impact of philanthropic traditions derived in countries of origin for migrants' patterns of giving and generosity in countries of destination has been studied in US research, which showed that migrants rapidly get involved in formal charitable giving in the US, alongside their ongoing long-term commitments to giving back to countries of origin (Osili and Du 2005). Valuing

the true extent and nature of philanthropy in the UK means that different traditions of giving have to be acknowledged and embraced. In particular, this means acknowledging that giving and sharing within extended family and community networks is an important part of giving cultures. As a major survey of individual giving in South Africa notes: 'Giving within extended families represents an interesting challenge to existing literature on philanthropy [. . .] it is part of the responsibility of belonging to an extended family, group or community' (Everatt et al 2005). In fact, the ethic of taking responsibility for those close to oneself who are in need underlies the coalition government's aspirations to develop a stronger sense of mutual responsibility and more empowered communities at local levels in the UK. Its Giving White Paper stated that 'mutual support is at the core of a happy, healthy society' (Cabinet Office, 2011). The giving of diaspora communities and migrants provides valuable models for the aspirations towards creating 'Big Society'.

US work has suggested that the experiences of giving that emanate from young migrants' family backgrounds could provide a rich source for exchanging knowledge around giving. It has even been suggested that traditions of giving to extended families, and group or community relationships begun within the family, could provide new models for indigenous giving and sharing (Petty 2002). With the Giving White Paper's emphasis on the importance of teaching young people about the culture of giving at an early age, curriculum development around giving and citizenship could valuably include examples and knowledge-sharing from the cultures of giving in UK's diverse communities.

3.2 Improving access to charitable tax benefits

In spite of the extensive similarities between UK charitable giving and migrant giving back to communities of origin through remitting, access to fiscal benefits is quite dissimilar. While international NGOs reclaim Gift Aid tax relief (DFID 2010), giving back through remitting receives none except where formal charity channels are occasionally used for conducting it.

This gives rise to both unfairness and inefficiency. Unfairness arises because cultural differences in ways of giving mean very different outcomes in terms of access to tax benefits. Barry and Øverland (2010) argue on moral grounds that migrant remitters deserve favourable tax treatment precisely because they are filling gaps in governments' funding for overseas aid. Unfairness is redoubled because of the particular personal and economic cost to migrants of remitting. Inefficiencies arise because without formal structures for sending money overseas that could attract tax relief, migrants' hard-earned remittances tend to be used for fragmented, individual and largely short-term relief and not for long-term, collective capacity-building and community benefit.

Imaginative and more equitable tax treatment for different ways of giving would bring benefits in relation to recipients, migrant donors and community cohesion in the UK. These could include:

- a tangible demonstration that the giving and generosity of different groups in society is valued;
- incentivisation of more effective migrant giving, providing additional resources to some of the poorest communities in the world;
- a fair financial subsidy for donor communities in the UK whose giving often comes at considerable personal cost and self-sacrifice;

- further encouragement of collective migrant giving in order to support capacity and infrastructure development or social investment projects in countries of origin; and
- support for migrants' social investment in community enterprise in developing countries.

If a larger proportion of remittance giving is to access tax benefits available for donors to UK charities, however, there are some key issues to be addressed by different sets of stakeholders with important parts to play. These lie in five main categories:

- Remitter behaviour
- International NGO services for donors
- Fiscal policy development
- Role of money transfer organisations (MTO)
- Role of migrant infrastructure agencies

Remitter behaviour

Survey research has shown that general awareness and use of tax-efficient methods of giving are both considerably lower amongst minority communities than the white population. (*Helping Out*, Cabinet Office 2007). There is a need to promote awareness-raising and education around tax-effective giving to such communities, and this is discussed further below. The other side of the coin, however, is that those sending back money need to consider whether and how they could make more use of existing tax-effective vehicles for their giving, and be prepared to change the way in which they give.

This might mean making more and better use of the collective ways of fundraising or giving for which there are already many precedents amongst remitters, as both previous literature and this research has shown. Some of the informal collection mechanisms in which many participate could be formalised into charitable structures eligible for a tax break. A proportion of remittances could be diverted into collective funds for projects of community benefit, which would be eligible for a tax break. Remitters would need to collaborate with money transfer organisations and intermediaries to ensure that relevant documentation and records are kept and made available where an audit trail is needed for the purposes of tax reclaim (see further below).

Precedents for such forms of giving exist in the small 'Hometown Associations' (HTA) set up by Mexican migrants to the US from the same towns or local areas (Chavez, 2011) and sometimes by other Latin American migrants in the UK (McIlwaine et al 2011) to pool funds for specific projects. In 1997 the Mexican government set up a matching funds programme that provided 3:1 grant funding for money remitted by HTA, to encourage their development. It is estimated that there are around 3,000 such organisations in the US today, and that 16% of Mexican immigrants belong to one.

International NGO services for donors

The easiest way for remittance giving to attract a tax break is for it to be given as a donation through a formal NGO. But remitters would find it more attractive to give through NGOs if they were able to direct the destination of funds, and satisfied that their donations would be used for specific needy localities and projects. International NGOs could develop additional mechanisms and funding models to enable this to happen. Existing models of giving through international NGOs already embody key elements important to those sending money back through remitting, for example offering donors the opportunity to provide one-on-one personal help, or to support highly specific project in particular areas.

- The ‘sponsor a child’ scheme run by Plan International allows donors to provide direct support to a specific child, to get to know and interact with the child, and monitor development over time.
- Plan International also offers the opportunity for donors to give to highly specific local projects, from education and homelessness to business training, or to support small-scale local enterprise through microfinance, all services that some migrant remitters already try to fund.
- Hope Africa targets poor families aiming to improve their quality of life, enabling donors to choose the family they would like to help and how they would like to help it, and facilitating the building up of relationships between donor and recipient.
- International giving intermediaries such as Global Giving offer a list of specific international named projects and organisations to which donors can give, and the Charities Aid Foundation will set up a fund dedicated to a specific project which pools the gifts of individual donors who are eligible for a tax break on their donations.
- The US-based organisation Kiva enables social investors to lend money to identified individuals and businesses through established community micro-finance institutions.
- Models for cash giving through international NGOs are increasingly being developed at this stage to provide immediate targeted cash help in humanitarian and disaster situations: the Cash Learning Partnership (CaLP) aims to improve the quality of emergency cash transfer and voucher programming across the humanitarian sector, and several of the schemes offer support in situations of conflict or drought where migrants are trying to help their extended families and communities with regular and immediate cash gifts.
- NGOs provide help through voucher-based systems of giving, directed at specific kinds of gifts such as food, education and health, similar to the way in which migrant remitters ring-fence resources for the needs they want to meet, such as through paying into accounts with local stores to provide food to a certain level, or to banks or other more informal intermediaries such as RemitPlus to pay school or healthcare fees or make an enterprise investment. Such help has the added advantage of supporting local economies.

By working more closely with donors or communities who remit, or intermediary groups working with specific communities, it seems that NGOs could with relative ease adapt many of their existing models to provide migrants with services that enable them to give more personal, targeted and cash-based help back to their communities of origin and attract a tax break for doing so. While donor support and incentives are available for addressing the poverty of strangers in developing countries, there is little support for helping those who are nearest and dearest.

Fiscal policy development

A key challenge for fiscal policy development is that traditional approaches to the concept of donor benefit in the UK charitable context are not straightforwardly transferable into multi-cultural contexts of giving, with their greater emphasis on giving within family-related networks.

A starting point for policy development would be to recognise that certain forms of remitting could become eligible for tax relief, and then to move on to developing appropriate ways of delivering this which are responsive to the needs and capacities of the remitters. Some have argued that remittance giving should receive Gift Aid relief (such as Paul Blomfield MP – see Blomfield 2011), but in practice it would be difficult to apply the Gift Aid

scheme in its current form directly. For example, recipients are not UK-registered charities or would not easily meet appropriate criteria for registration, and while remittances are often used for wider family or community benefit, many are aimed at individual households. Remitters do not necessarily record their transfers, and may find it difficult for many reasons to provide an adequate audit trail. While such issues would present a barrier to introducing a universal tax break for remitting which met the rules for Gift Aid, a reasonable starting point would be to aim to increase the share of remitting that is eligible for a tax break, through addressing issues of recipient status and audit.

This could be approached in various ways:

- New criteria could be set for recipient eligibility, based on, for example, location in a geographical area recognised publicly as a valid aid beneficiary, evidence that there would be communal benefit from a gift, or evidence of compatibility of objectives with the Millennium Development Goals.
- Donors could be helped to provide details relevant to an audit trail, eg receipts for money sent, verification of employer and employment status; new ICT-based ways of transmitting money could be used to help provide an audit trail, and MTO could also play a part.
- Establishment of an agency dedicated to validating the public benefit purpose and regulatory compliance of the remittance beneficiaries and collecting Gift Aid tax relief.
- Where eligibility criteria are met, and evidence of giving provided, tax relief could be given as a rebate or tax credit to the individual donor, or pooled and used to support particular migrant groups in the UK, rather than transferred to the recipients (which could prove very difficult in many regions).
- Another approach might be modelled on the new provision for Gift Aid relief for small donations, enabling organisations to claim Gift Aid up to a total of £5,000 per annum for donations under £20, without having to establish a donor audit trail.¹⁰
- Matched giving schemes could be developed by DFID or Treasury to enable remitters to attract a matched gift for certain kinds of pooled or collective giving. Precedents for this type of approach exist, for example, in the Mehta/Mirrlees proposal for part of the ODA budget to be used to match private donations (Fortune Forum 2010), and the Mexican government's matching funds programme (see above). While evidence suggests that use of matched funding schemes of this nature suffer from attrition over time, such models make an important contribution to promoting local infrastructure developments, even if they require some refinement to be as effective as possible (Chavez 2011).
- Pooled remittance flows, particularly if handled by banks and other trusted financial agencies, can also help establish credit-worthiness and access to low-cost finance, or provide attractive levels of funding that major donors and social investors, including money transfer organizations and African businesses, might match.

Role of money transfer organisations (MTO)

Infrastructure agencies and MTO could play a key role in providing information about how to get tax breaks for giving, and in helping to develop some communal funds.

As already indicated, MTO could play a role in providing regular receipts for money sent, with details of employment where appropriate.

¹⁰ This scheme is currently only open to charities that have been registered and have complied with the tax rules for a minimum of three years.

Those whose services are dedicated to particular countries, regions or communities could be encouraged to play a stronger role in the development of collective funds to which their clients could contribute, claiming subsidies and helping to organise the distribution of such funds. MTO who participate in such initiatives might find they had a market advantage, but there might also be a role for corporate incentives, such as tax breaks for corporate contributions.

Dahabshiiil is the largest of the Somali MTO, and has its headquarters in London. It has a corporate social responsibility policy that sees it invest 5% of profits into community projects, aiming at education and health services and supporting relief efforts to needy communities around the Horn of Africa.

Alongside Dahabshiiil's services to migrant remitters, it also provides money transfer services and other financial services for processing donations and grants from humanitarian and international development organizations including the United Nations, Save the Children, Oxfam and Care International.

Role of migrant infrastructure agencies

Agencies serving migrant communities could be supported, possibly through dedicated grants, to develop the services they offer to remitters, both in terms of advice but also through providing or facilitating access to dedicated donor giving vehicles such as pooled/ dedicated funds.

Governance and regulation

In considering more favourable fiscal treatment for giving back to countries of origin by migrants it will be important to take into account the current regulatory and governance environment for international philanthropy. The last couple of decades have seen rapid growth in NGOs globally, with increasing donor and funder interest in opening up the potential for transnational giving, including tax effectively where possible. At the same time, concerns have arisen about the potential for charitable organisations to be used for money laundering, particularly in relation to financing terrorist activity, and this has led to a contradictory trend to increase regulatory barriers to international giving. Initiatives such as the Charity Commission's International Programme have been set up to help develop trust and confidence in NGO sectors around the world, identify the frameworks for accountability in countries with very different regulatory environments, and promote compliance with international standards in money transaction. The importance of such compliance to the success of promoting tax effectiveness in relation to remittance giving is highlighted in other papers, for example by Barry and Øverland (2010), who make a proposal for 'refundable tax credits or tax exemptions for funds [remitted] back to countries of origin, subject to various controls,' which could include the determination of eligible targets for transfers, and limits on who is eligible to transfer resources to such targets. Any recommendations would need to be grounded in the best practice guidance currently available for international giving.

3.3 Supporting migrants who give through remitting

The research has provided evidence of a need to support migrants whose commitment to giving money back to communities of origin through remitting appears to be placing their own wellbeing at risk. Better fiscal treatment of their giving would undoubtedly help through reducing financial burdens, but this in itself is not enough. Over a tenth of remitter households are at risk of poverty, on a typical weekly budget of under £166 for two adults living together. Many of these live in London where costs of living and pressure on housing and other services are very high. Little is known about the access of such groups to health and welfare services, though recent studies show that some migrant groups make little use of mainstream services and are in need of information and language services (Pharoah and Lau 2009; McIlwaine et al 2011).

Local and health authorities, voluntary sector groups and others potentially involved in needs assessment (such as benefits officers, the police, employers and the legal system) should be advised on how to take into account the full range of financial demands placed on migrants.

Secondly, counselling and advice support is needed to help some migrants deal with the demands of recipients and with debt. Such help has to be tailored to specific groups, and developed from within relevant migrant communities. Government, voluntary sector and private agencies, particularly those such as MTOs and infrastructure groups working for specific communities, could all play a role in funding and providing such advice services.

3.4 Summary of policy recommendations

Migrant giving back to countries of origin through remitting money is a rapidly growing global policy area. The specific policy recommendations arising from this research fall into three main areas:

Valuing the giving and generosity of the UK's migrants and minorities

- Government should include specific support for initiatives that celebrate and promote different traditions of giving within its giving policy, White Papers, and action programme.
- Government and other funding bodies should support educational and awareness-raising initiatives to promote both a better understanding of cultures of giving within diaspora and migrant communities, and the learning to be gained from sharing experiences and values around giving back to the community.

Improving access to charitable tax benefits

- Agencies representing migrants, minorities and remitters should help promote the use of tax-effective ways of giving, particularly in relation to collective fundraising initiatives for remittances aimed at general community benefit.
- International NGOs should further develop donor services to meet the needs of those wishing to send direct financial support to specific communities, groups or needs in developing-country areas.
- Government, tax authorities and regulators should facilitate the process for making international donations tax effectively in developing-country areas of high need where

traditional UK models for accountability and governance are difficult to replicate, eg the creation of charitable intermediaries.

- DFID should consider developing a ‘matched funding’ scheme to encourage collective remitting.
- Money transfer organisations (MTO), banks and other financial intermediaries should develop corporate community investment policies to support migrant communities in the UK as well as the people they seek to help in the areas from which they come.

Supporting those who give through remitting

- Central and local government should provide guidance to officers assessing needs in areas such as health, welfare, housing, employment and legal support on taking into full account the financial responsibilities and obligations of migrants and minorities.

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Appendix

Quantitative research

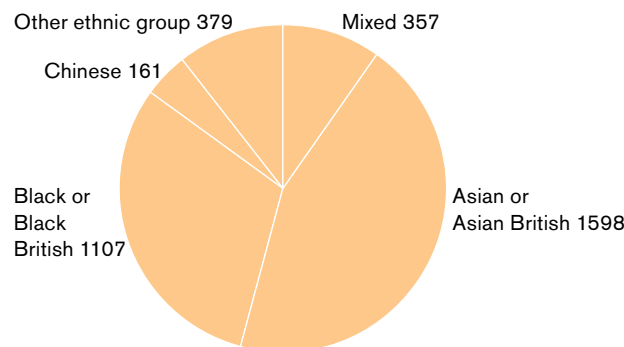
Data

The Office for National Statistics Living Costs and Food Survey (LCF) consists of questionnaires on income and expenditure as well as two-week spending diaries for a representative sample of the UK population of households. The LCF is used to measure inflation (Consumer Prices Index) and to provide information about food consumption and nutrition, and it is a rich source of economic and social data for the UK more generally.

Data are collected throughout the year from between 5,500 and 7,000 households that have been selected using information from a postcode database and the national Census. Each household in the dataset is assigned a weight to reduce the effects of non-response bias and to compensate for differences between the sample and the population in terms of region, age group and sex.

Ethnicity is categorised according to the 2001 UK Census (see ONS 2011, p22); the non-white minority ethnicities of the household reference persons (HRP) in the sample are distributed as shown in Figure 3.

Figure 3
Non-white ethnic minorities in survey sample, 2001–10



For the current analysis, ten annual cross-sections of the LCF (2001 to 2010) were pooled, creating a dataset of 63,033 households (ONS/DEFRA 2012). The weights were standardised to make them compatible over the whole period of the dataset.

The main LCF variables analysed are ‘money sent abroad’ (remittances) and ‘charitable donations’.¹¹ These variables are binary, taking the value 1 if the household has remitted (or donated), and 0 otherwise.

¹¹ The following items are used to prompt LCF respondents about their donations: animal charity, *Big Issue*, blind box, cancer league, candles (church), charity collection, carol singers, donation to charity, Gold Heart (charity), Marie Curie memorial foundation, missionary box, mothers’ union collection, NSPCC, Oxfam, poppy (charity), Red Cross donation, rugby lifeline, Salvation Army, school fund, sponsor money, Sunday School collection. The charitable donations variable excludes spending on goods or services, (eg purchasing tickets for charity events, raffles or spending in charity shops).

Other spending variables used in the analysis are 'natural logarithm of total weekly expenditure' (the variable is logged to enable the interpretation of effects in relative terms, accounting for the skewed distribution of spending) and binary variables indicating whether or not the household has recorded spending any money in each of the following areas: 'abroad', 'gifts to other households [in the UK]', 'other members of the household [internal transfers]', 'children in the household [pocket money]', 'presents', 'investments or savings', 'healthcare', 'alcohol', 'tobacco' and 'lottery'.

The following indicator variables are also included: 'at risk of poverty' (if the household spends less than 60% of the sample median equivalised amount), 'benefits' (if the household receives tax relief or an allowance for housing costs).

Household composition is categorised as follows: 'couple' (one man and one woman living together, the base type), 'single man', 'single woman', 'single dad' (male adult living with children), 'single mum' (female adult living with children), 'family' (male and female adult living with up to three children), 'large family' (male and female adult living with more than three children), 'shared house' (two male adults, two female adults, or more than two adults of any gender).

Variables describing the HRP are incorporated: 'age [in decades]', 'education' (age, in years, at which the HRP completed education) and binary variables for employment status, 'unemployed', 'full-time [employed]' (the base status), 'part-time [employed]', 'self-employed', 'retired' and 'in training', as well as variables for ethnicity, 'White' (the base ethnicity), 'mixed', 'Asian/Asian British', 'Black/Black British', 'Chinese' and 'other'.

Also included are binary variables indicating the government office region of the UK in which the household is located: 'South East [England]' (the base region), 'North East [England]', 'North West [England]', 'Yorkshire and Humberside', 'East Midlands', 'West Midlands', 'Eastern [England]', 'London', 'South West [England]', 'Wales', 'Scotland' and 'Northern Ireland', as well as binary variables for the quarter of the year, '1' (first quarter, January to March, the base quarter) to '4' (October to December) and variables indicating the year, '2001' (the base year) to '2010'.

Method

A bivariate probit estimation is applied (see Greene 2007, pp778–83). This method has recently been used to compare formal with informal volunteering (Hank and Stuck 2008; Taniguchi 2011). A precedent for its application to the case of charitable donating and remittance giving also exists in Osili and Du (2005).

Using this method, the probabilities of remitting and donating are estimated simultaneously as functions of the household characteristics and other types of spending listed above. In addition to these observable factors, there may be further factors that are associated both with remitting and with donating but that cannot be observed. Such factors might include particular personality traits of the household members or some form of external pressure on the household, leading it to remit and/or donate to charity. The method captures the presence of such further unobservable factors by testing for correlation between the error terms of each probability equation.

Formally, the bivariate probit model is written as follows, where r and d are indicator variables set to 1 if the household is observed to remit (r) and/or donate (d) and otherwise set at the default value 0. Whether or not the household remits or donates is determined by the functions $f_r(X, \varepsilon_r)$ and $f_d(X, \varepsilon_d)$, where X represents the explicitly modelled, observable variables and ε_r and ε_d are error terms.

$$r = f_r(X, \varepsilon_r)$$

$$d = f_d(X, \varepsilon_d)$$

The error terms ε_r and ε_d are distributed according to a standard bivariate normal with zero means and unitary variances. The correlation between them is measured by the parameter ρ .

$$\text{cov}(\varepsilon_r, \varepsilon_d) = \begin{bmatrix} 1 & \rho \\ \rho & 1 \end{bmatrix}$$

A significant and positive ρ will suggest a complementary relationship between remitting and donating (if the household engages in one it is more likely to engage in the other), while a significant and negative ρ will suggest that they are substitutive behaviours (a household engages in one instead of the other). If ρ is not significantly different from zero then remitting and donating are not related beyond the household characteristics and other types of spending explicitly modelled.

Results and their interpretation

The estimation is conducted in two stages in order to gauge how much of the correlation between remitting and donating is due to observable factors. The results of this are presented in Table 5.

In the first stage, the simple relationships between ethnicity and remitting, and ethnicity and donating, are estimated. These are presented in columns 1 and 3 of Table 5, respectively. A 4.6% probability of remitting is estimated for the reference group, White (top of column 1). The 'dy/dx' figures represent estimated marginal effects, or percentage-point changes from this base probability for each of the different ethnic groups. For example, the probability that a Black/Black British household remits money is estimated at 4.6% + 21% = 25.6%. Similarly, the likelihood that a White household donates money to charity is estimated at 28.8% (top of column 3). It is estimated that a household of mixed ethnicity is 4.8 percentage points less likely to donate to charity, ie with a probability of 24%.

The key piece of information that this method offers is an estimate for the correlation coefficient ρ . This measures how remitting and donating are related after accounting for the factors in the model. When only accounting for ethnicity (columns 1 and 3), the estimate for ρ is 0.208, which is positive and significant, meaning that a household that donates to charity is more likely than average to remit money (and vice-versa).

In the second stage, all of the other observable factors are included explicitly in the estimation (columns 2 and 4). Here, the probabilities of remitting by ethnicity are not much different from the first stage, eg a Black/Black British household is estimated to remit with probability 3.7% + 22% = 25.7%. The fact that including these other factors explicitly does not change the estimated ethnicity effects by much suggests a stable relationship between ethnicity and remitting. On the other hand, the probabilities of donating by ethnicity do change when the other observable factors are included. For example, the probability that a mixed ethnic household donates is estimated at 26.4%, the same as for the White households, because the marginal effect of mixed in column 4 is not significantly different from zero.¹² The negative effect of mixed estimated in the first stage disappears when these

¹² The p -value is greater than 0.1; all statistically significant estimates are presented in bold type in Table 5.

other factors (other spending, household composition, etc) are included in the second stage, meaning that it is these other factors related to ethnicity, not the household's 'mixed' ethnicity *per se*, that are directly associated with the household's propensity to donate to charity.

The effects of all the other factors on the probabilities of remitting and donating can be read from Table 5 in the same way, by adding or subtracting their values from the base probability at the top of the respective column.

After accounting for all the observable factors explicitly in the model in this second stage (columns 2 and 4), the correlation coefficient ρ is still estimated at a positive and significant 0.121, which is three fifths of the estimate when only accounting for ethnicity (0.208, columns 1 and 3) and slightly greater than the estimate reported in Taniguchi (2011) for the relationship between formal and informal volunteering (0.105). A household that remits money is still more likely than average to donate money to charity (and vice-versa).

This persistent relationship between remitting and donating indicates the presence of unobserved joint determinants of both types of activity. It is suggestive of a general motivation for households to give money to others, expressed through remitting and donating, which affects the decision to engage in such activities, even when other relevant factors such as household budgets, age groups and education are taken into account. The correlation of the error terms might also reflect external pressures on the household to give money to others, or a household's susceptibility to respond to such pressures.

Table 5 Bivariate probit models of remitting and donating to charity

	Pr (remitter = 1)			Pr (remitter = 1)			Pr (donor = 1)			Pr (donor = 1)		
	1			2			3			4		
	4.6%			3.7%			28.8%			26.4%		
Ethnicity	dy/dx	s. e.	p	dy/dx	s. e.	p	dy/dx	s. e.	p	dy/dx	s. e.	p
Mixed	6.0%	0.018	0.001	7.2%	0.021	0.000	-4.8%	0.024	0.041	4.1%	0.029	0.151
Asian/Asian Brit	15.3%	0.012	0.000	14.3%	0.012	0.000	-7.8%	0.012	0.000	-3.9%	0.013	0.003
Black/Black Brit	21.0%	0.015	0.000	22.0%	0.017	0.000	-7.2%	0.014	0.000	1.2%	0.018	0.527
Chinese	12.8%	0.032	0.000	11.2%	0.030	0.000	-6.8%	0.033	0.038	-1.8%	0.039	0.647
Other	12.6%	0.022	0.000	12.3%	0.022	0.000	-11.0%	0.020	0.000	-5.6%	0.024	0.017
Other giving												
Other hh UK				0.5%	0.002	0.033				9.3%	0.006	0.000
Cash within hh				0.0%	0.022	1.000				5.5%	0.056	0.324
Pocket money				-0.6%	0.007	0.326				4.6%	0.019	0.014
Presents				-0.3%	0.004	0.513				2.9%	0.011	0.006
Spending/wellbeing												
ln(total spend)				2.8%	0.002	0.000				14.3%	0.005	0.000
Risk of poverty				-0.5%	0.003	0.057				-5.2%	0.007	0.000
Benefits				-1.4%	0.003	0.000				-5.1%	0.006	0.000
Savings				-0.1%	0.002	0.788				10.6%	0.006	0.000
Healthcare				0.0%	0.002	0.953				4.2%	0.004	0.000
Spends abroad				1.0%	0.004	0.009				-3.7%	0.008	0.000
Indulge												
Alcohol				-0.5%	0.002	0.004				2.0%	0.005	0.000
Tobacco				-0.3%	0.002	0.075				-8.0%	0.004	0.000
Lottery				-1.2%	0.002	0.000				-3.6%	0.004	0.000
Household												
Single man				0.4%	0.004	0.246				-4.4%	0.008	0.000
Single woman				1.0%	0.004	0.007				4.6%	0.008	0.000
Single dad				-0.5%	0.010	0.594				-2.8%	0.027	0.305
Single mum				-1.6%	0.003	0.000				4.2%	0.013	0.001
Family				-1.0%	0.002	0.000				5.0%	0.006	0.000
Large family				-0.9%	0.003	0.002				3.4%	0.009	0.000
Shared house				0.7%	0.003	0.038				2.2%	0.008	0.003
HRP												
Age (decades)				0.3%	0.001	0.000				4.3%	0.002	0.000
Education (yrs)				0.03%	0.000	0.000				0.2%	0.000	0.000
Unemployed				-0.6%	0.006	0.280				-2.7%	0.017	0.118
Part-time				-0.2%	0.003	0.427				-0.4%	0.007	0.610
Self-employed				-0.2%	0.003	0.507				-3.0%	0.007	0.000
Retired				0.5%	0.003	0.119				2.6%	0.007	0.000
In training				0.3%	0.029	0.905				-7.9%	0.071	0.266

	Pr (remitter = 1)			Pr (remitter = 1)			Pr (donor = 1)			Pr (donor = 1)		
	1			2			3			4		
	4.6%			3.7%			28.8%			26.4%		
Region	dy/dx	s. e.	p	dy/dx	s. e.	p	dy/dx	s. e.	p	dy/dx	s. e.	p
North-east				-1.5%	0.004	0.000				0.0%	0.013	0.971
North-west				-0.5%	0.003	0.121				1.0%	0.008	0.233
Yorks/Humb.				-0.1%	0.004	0.775				0.0%	0.009	0.981
E Midlands				-0.4%	0.003	0.256				-0.8%	0.010	0.431
W Midlands				-0.7%	0.003	0.050				-2.4%	0.008	0.004
Eastern				0.2%	0.004	0.642				-0.4%	0.009	0.617
London				1.5%	0.004	0.001				-0.1%	0.010	0.949
South-west				-0.4%	0.003	0.179				1.0%	0.008	0.251
Wales				-2.0%	0.003	0.000				-1.7%	0.010	0.084
Scotland				-0.2%	0.004	0.532				2.1%	0.009	0.014
N Ireland				11.4%	0.009	0.000				20.1%	0.010	0.000
Quarter												
2				-0.4%	0.002	0.055				-0.4%	0.006	0.566
3				-0.1%	0.002	0.523				-2.1%	0.006	0.001
4				-0.2%	0.002	0.444				0.0%	0.006	0.951
Year												
2002				0.4%	0.004	0.337				4.6%	0.009	0.000
2003				0.9%	0.004	0.029				3.8%	0.010	0.000
2004				0.3%	0.004	0.517				2.6%	0.009	0.005
2005				1.9%	0.005	0.000				1.5%	0.010	0.132
2006				0.3%	0.004	0.432				2.2%	0.010	0.025
2007				0.1%	0.004	0.882				2.8%	0.010	0.003
2008				0.7%	0.004	0.101				1.1%	0.010	0.255
2009				0.0%	0.004	0.953				1.1%	0.010	0.267
2010				0.5%	0.004	0.255				1.3%	0.010	0.196
ρ	0.208	0.012	0.000	0.121	0.012	0.000	0.208	0.012	0.000	0.121	0.012	0.000
N	63033			62805			63033			62805		

Qualitative research

Key areas explored and information obtained in the interviews

1 About the interviewee

a Interviewee characteristics

- Age
- Gender
- Ethnicity
- Country of origin
- Year of arrival in the UK (include month if in 2011)
- Marital status/partnership (is their partner also in the UK?)
- Number of children in country of origin

- Number of children in the UK
- Number of other family members in the UK
- Length of own schooling (years)

b Employment

- Current status (employee/self-employed/unemployed/student/retired)
- Previous status in country of origin
- Current number of jobs (regular full-time, part-time, irregular)
- Previous number of jobs in country of origin
- Current number of hours worked per week
- Previous number of hours worked per week in country of origin

c Life in the UK

- Comparison of accommodation in the UK and in country of origin (better/ worse/ much the same? Why?)
- Comparison of standard of living in the UK and in country of origin (better/ worse/ much the same? Why?)

2 Motivations to remit

a Background; decision-making

- Main reason(s) for coming to the UK
- Intention to remit money before coming to the UK
- How migration and remittances were decided and by whom

b Values and beliefs

- Whether/how family/community/religion encourages remitting
- Level/sense of obligation to remit (high/moderate/low/none)

c Purpose and use of remitted money

- How the money is spent (living expenses/education/housing/business/savings)
- Whether/how remitter will benefit personally from money sent

d Distribution

- Number of dependants (for money) and relationship to remitter
- Number of dependants before arrival in the UK (any change?)

3 Process (the experience of remitting)

a Remitting cycle

- Number of remittances per month
- Amount of money sent per month (or value of last remittance)
- Any particular days/times of year for remitting (religion/tradition)

b Process of transmission

- Source of the money (income from employment/savings/benefits)
- Form of remittance (individual payment/pooled payment/payment sent through donating organisation)

- Measures taken to maximise value of remittance (exchange rate fluctuations/tax reliefs/matched funding schemes)
- Who receives the money (close family/organisation/bank account)
- Confidence that money is spent as intended (do they check and how?)
- Particular difficulties experienced during the process of remitting
- Suggestions for improving the process of remitting

4 Parallels with charitable giving

a Attitude towards charities in the UK

- Whether the interviewee has been asked to give to a UK charity
- Whether and why they ever give to a UK charity
- Whether they have ever given to a charity in country of origin
- Types of causes supported

b Donating cycle

- Number of donations per month
- Amount of money donated per month (or value of last donation)
- Any particular days/times of year for donating (religion/tradition)

c Process of transmission

- Confidence that money is spent well
- Awareness of tax reliefs for donations (eg Gift Aid)

d Comparison with remitting

- How similar is donating to charity to remitting and why?



About CGAP

The ESRC Centre for Charitable Giving and Philanthropy (CGAP) is the first academic centre in the UK dedicated to research on charitable giving and philanthropy. It aims to develop charitable giving and philanthropy through building an evidence base and bringing researchers and practitioners together to share knowledge and expertise. CGAP is funded by the ESRC; the Office for Civil Society, Cabinet Office; the Scottish Government and Carnegie UK Trust. CGAP is a consortium of institutions and is based on a 'hub and spokes' model, with each spoke leading on one of three research strands.

- **CGAP Hub** Based at Cass Business School, the Hub coordinates CGAP and its dissemination, knowledge transfer and stakeholder engagement activities, in partnership with NCVO.
- **CGAP Spoke 1** Based at the University of Strathclyde Business School, Spoke 1's focus is on individual and business giving, with a major research programme on entrepreneurial philanthropy.
- **CGAP Spoke 2** Based at the University of Kent and the University of Southampton, Spoke 2 has a number of research programmes on the theme of social redistribution and charitable activity.
- **CGAP Spoke 3** Based at Cass Business School and the University of Edinburgh Business School, Spoke 3 focuses on the institutions of giving including foundations, household giving and government.

For further information on CGAP, visit www.cgap.org.uk



About Trust for London

Trust for London is the largest independent charitable foundation tackling poverty and inequality in the capital. It supports work providing greater insights into the root causes of London's social problems and how they can be overcome; activities that help people improve their lives; and work empowering Londoners to influence and change policy, practice and public attitudes.

Annually it provides around £7 million in grants and at any one point it is supporting some 400 voluntary and community organisations. Established in 1891, Trust for London was formerly known as City Parochial Foundation.



Giving back to communities of residence and of origin highlights the huge contribution made by the UK's migrant and minority communities to the culture of giving in the UK, a country with a strong charitable sector.

In spite of the UK's multicultural population, little is known about the true nature or scale of the support which its diverse communities give to those in need. Traditional giving surveys fail to capture their true levels of giving which include donations to charitable causes in the UK as well as amounts sent overseas to individuals, communities and countries of origin, through the 'remittances' that are now a recognised part of international development aid.

The research in this report addresses this disturbing gap. Based on a new study of household spending data, and in-depth interviews with remitters, it shows for the first time that giving to charities in the UK and remitting money and gifts overseas are linked behaviours.

It finds a high level of generosity and community responsibility among migrant and minority households where those sending money overseas are also more likely to donate to UK charities. A significant level of personal sacrifice is often made by those sending money overseas, one quarter of whom are located in London where the cost of living is amongst the highest in the world. Over one tenth of households that remit are at risk of poverty.

The findings are timely in a period of economic stress in the UK, with renewed awareness of the need to give back to the community, and government support for policy and practice to promote it. As we look for new ways in which individuals can directly help to strengthen their communities, traditions of giving amongst the UK's migrant and minority populations provide valuable models. The experiences of diaspora philanthropy deserve to be better shared, valued and celebrated. The report also argues that there should be more support to enable migrant and minority communities to give in ways that generate greatest impact, and benefit from the valuable incentives for charitable giving in the UK.