

Do Remittances Compensate for the Negative Impact of Migration on Children's Schooling?

This paper examines the direct impact of remittances on the school attendance of children ages 14-18. Drawing data from Albania, the main objective is to understand the schooling choices of migrant households when faced with an abrupt shock to remittance inflows. The proposed methodology consists of two parts. First, to avoid potential bias from selection into migration, the analysis is restricted to households with at least one migrant abroad. Second, identification relies on the unexpected onset of the 2008 global financial crisis and the heterogeneous unemployment shocks which ensued across countries where Albanian migrants were living at the time. Formally, the change in the unemployment rate from 2007 to 2008, which varied markedly between destination countries, is used as an instrument for receipt of remittances. Results indicate that households with migrants in destinations where the unemployment rate increased were less likely to receive remittances and in turn less likely to have children attending school. Specifically, the likelihood of attendance increases by 5-6 percentage points when the probability of remittance transfers increases by 0.1. Results are robust to various specifications

Migration, Remittances, School enrollment, Human Capital