

MIGRANT Remittances

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From the Editors

Dear Readers,

This edition of *Migrant Remittances* brings news of developments on various fronts. Flows of money to developing countries are estimated to amount to more than \$300 billion and money transfer companies are actively connecting and deepening their partnerships with banking institutions as well as advance payment technology players.

We also feature in this issue a research piece and guest article on the relationship between diaspora communities and development. The articles point to both conceptual and factual realities associated with the ways in which people away from their homeland seek to reconnect back home.

Finally, discussions and knowledge continue to advance with events being planned and studies and publications being produced on the subject of remittances.

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Worldwide Trends in International Remittances

Highlights on International Flows

- **Outbound and inbound remittances in Russia totaled \$26.3 billion in 2006.** Data published by the Bank of Russia showed that transfers through credit institutions, post offices, and international money transfer systems increased by 39 percent last year. Remittances from Russia comprised most of the amount, totaling \$18.8 billion. Moreover, transfers to Russia are increasingly aimed at individual Russian residents.
- **Worker remittances to Moldova reached over \$475 million in the first half of 2007.** Of these funds, which were recorded through official channels, 71 percent were transferred through money transfer systems according to the Central Bank. Money mostly comes from Italy and Russia via Western Union. The International Organization for Migration's recent study on Moldova shows that more than 40 percent of households receive remittances from abroad, reflecting the large migration from Moldova.
- **Survey on economic condition of Overseas Filipino Worker (OFW) families.** A recent survey by Nielsen Media Research Philippines reported that almost 265,000 Filipino families improved their economic conditions because of remittances. The study noted that the largest portion of remittances is directed to basic household needs, while bank savings and busi-

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ness investments are lower priority. Most OFW families rely on remittances, because the small percentage (31.2 percent) that own a business find that it cannot sustain them.

- **Filipino and Nepali workers' remittances are affected by strong currency.** In 2006, \$12.8 billion were sent by OFWs to approximately 40 million Filipinos. However, while the Filipino economy grows stronger, the peso currency strengthens against the dollar, eroding nearly 20 percent of the value of remittances. The same is happening in Nepal: remittances increased by 8.4 percent during the first nine months of the 2006/2007 fiscal year, compared with the same period last year. However, in terms of Nepali currency, the increment was only 3 percent.
- **Remittance channels from India to Nepal.** Based on surveys in New Delhi and five other locations along the Indo-Nepal border, Nepal Rastra Bank's *Study Report on Remittances from India* reveals that in the past six years, 99 percent of remittances to Nepal have come through unofficial channels. Nepal received over \$187 million in 2005/2006 and the report estimates that Nepali immigrants in India send an average of \$633 per year.
- **United States-Mexico remittance corridor.** According to recent market research by FTN Mid-west Securities Co., money transfer volumes from the United States to Mexico grew 5 percent during July and August. Additionally, foreign exchange pricing is improving as competition in the market is declining. In the third quarter, Western Union reported it is moving toward positive revenue growth and outperformed the market in this corridor. Transaction growth rates increased to 7 percent and revenue was down only 1 percent, a recovery from a 7 percent decline in the second quarter.
- **Worldwide remittances are estimated at \$301 billion.** Based on a study commissioned by the International Fund for Agricultural Development and the Inter-American Development Bank, a new report shows that 150 million migrants sent over \$300 billion to their families in 162 developing countries in 2006. These figures take into account both formal and informal flows and surpass foreign development aid and foreign direct investment combined, which totaled \$271 billion. As a region, Asia received the most remittances, with nearly \$114 billion; by country, India (\$24.5 billion), Mexico (\$24.2 billion), and China (\$21 billion) had the highest receipt of transfers. The report noted that most of the money is used for consumption purposes—including food, clothing, health, and education—although between 10 and 20 percent is saved. Notably, the research highlighted the volume and importance of flows to the rural sector.

- **Web-based money transfer service Xoom raises \$20.29 million.** The San Francisco-based provider of international transfers raised enough funds to bring the total amount raised to date to over \$50 million. This balances competition for companies entering the account-to-cash transfer market. Xoom started in 2001 and is supported by venture firms Sequoia Capital, New Enterprise Associates, and Fidelity Ventures.
- **Western Union update.** In the third quarter, the money transfer operator reported revenue of \$1.3 billion, up 10 percent over the same quarter last year, and announced its separation from First Data Corp., electronic payment operator, resulting in compensation of \$22 million in expenses incurred during its separation. Western Union was acquired by First Data in 1994 and was spun off from that company last year. *See below for more news on First Data Corp.*

Regulatory Issues Around the World

- **United Kingdom strengthens money laundering regulations.** The United Kingdom Treasury seeks to increase its efforts against money laundering and terrorist financing with new regulations (2007 No. 2157), to take effect on December 15. The changes include extending supervision to all businesses in the regulated sector to ensure greater compliance with anti-money laundering rules and stricter tests on money service businesses. *See Publications.*
- **India monitors electronic foreign exchange transactions.** The Ministry of Finance and the Reserve Bank of India established a trail for all transactions, including transfers by Non-Resident Indians in the Gulf and United States, to combat money laundering. The plan requires the recording of receipts for transfers above a certain amount and the recording of basic “know-your-customer” information.
- **Mobile banking regulatory framework.** In a recent policy report published with Nokia, Vodafone highlights the strong potential of mobile-based financial services in Africa and Asia. However, because current banking regulations are not conducive to the growth of mobile-based ventures, in their assessment, Vodafone and Nokia call on regulators to review deposit-taking rules and increase access to the clearing system, among other suggestions. *See Publications.*
- **Taxing remittances in Bolivia.** On September 25, 2007, the board of directors of the Central Bank of Bolivia passed a resolution introducing a 1 percent tax on international inbound private transfers. The tax is said to also include transfers through the Bolivian Central Bank.

International Cooperation and New Projects

■ Promoting diaspora investment projects in Africa.

The Development Marketplace for African Diaspora in Europe (D-MADE) is a grant program financing entrepreneurial projects in Sub-Saharan Africa. D-MADE seeks to support African diaspora business entrepreneurs with a social mission of generating employment, business support, training, and incomes for the poor and disadvantaged. An initiative of the World Bank and financially supported by the Belgian Development Cooperation, the Dutch Ministry of Foreign Affairs, and the French Development Agency, D-MADE will award cash prizes and technical assistance to innovative entrepreneurial African diaspora groups. Deadline for applications is November 23, 2007.

<http://www.dmade.org/>

■ Kenya enacts labor-export policy to boost remittances.

The Youth Ministry has designed a policy directed at exporting semi-skilled Kenyans to foreign countries as guest workers. Because of the excess of unemployed or underemployed skilled workers and university graduates in the country, the government is involving accredited employment agencies and considering high-skill labor shortages abroad to channel these citizens. The Ministry projects that this move will increase Kenya's earnings through remittances from \$1.3 billion to at least \$9 billion in two years.

■ **4x1 Program sees results in Zacatecas.** Through collaboration with Western Union and federal, state, and local Mexican governments, eight hometown association projects in Zacatecas have been funded and are expected to create 4,000 jobs in the country. These projects include: completion of an eco-tourism park, equipment for mezcal agro-industry, assembly of computers, cultivation and sale of prickly pear vegetables, construction of pitaya nursery, construction of a pig farm, and processing of fruit and vegetables. Other participating states include Michoacán and Veracruz. The ultimate goal remains to determine the feasibility of replicating similar initiatives worldwide. In similar news, **Western Union Company and Foundation** initiated a global five-year \$50 million project to empower migrant families. The Our World, Our Family initiative seeks to leverage the impact of remittances through education and global economic opportunity programs and will set up pilot programs in the United States, United Arab Emirates (UAE), Philippines, and Guatemala.

■ **Hearing on Latin American and Caribbean remittances in U.S. Congress.** The Subcommittee on the Western Hemisphere held a hearing on Leveraging Remittances for Families and Communities. Panelists

represented the U.S. Agency for International Development, Washington-based think tank Inter-American Dialogue, and companies Grupo Quisqueyana and Microfinance International Corporation. Topics discussed at the hearing included the barriers to financial access for migrants and their families, money transfer channels, and the migration-development nexus. The slowdown of quarterly growth rates in Mexico and some Central American countries, and the various factors contributing to the trend, were also discussed.

<http://foreignaffairs.house.gov/110/38140.pdf>

More on Mobile Remittance Schemes

Mobile-based transfers are increasing their presence in the industry. According to Business Wire, there are an estimated 2 billion mobile subscribers worldwide, and recent reports predict that in the next three years, nearly all handsets will be able to accept transactions.

■ **Global m-banking alliances.** **Anam Mobile**, a company that provides SMS services to global mobile operators, signed a partnership with **TR2 Communications** that will provide the transaction application for money transfer operations via mobile text messages. Another venture, formed by **Mobile Plus** and **FE-Mobile**, allows expatriates to purchase and transmit pre-paid vouchers, and recipients in the origin country to either use them to make low-cost calls or redeem them for cash at a local participating outlet. **Mobile Plus Ltd.** provides low-cost international call credit and remittance services using a dual-purpose card, while **FE Mobile Ltd** provides a mobile security platform. Also, **First Data Corp.**, electronic payment operator, and **mFoundry**, mobile platform provider, have teamed up to deliver mobile banking services to financial institutions and mobile subscribers, and **Western Union** has joined **GSMA**, the global trade association of 700 mobile phone operators. In specific corridors, international remittances processing provider **MonetaExpress** signed a venture with **Cyphermint** to provide the technology for electronic payment solutions between the United States and the countries of the Former Soviet Union, Eastern Europe, and Israel.

■ **Bank-offered mobile services.** **Indian bank ICICI** launched the "Call and Remit" service for Indian expatriates living in Bahrain. Through this service, a customer of ICICI Bank in Bahrain can transfer money to his/her family in India by phone. In Bangladesh, **Citibank and DIGI Telecommunications Sdn Bhd** have teamed up to provide a new service, DiGiREMIT, to facilitate the transfer of money from Malaysia to Bangladesh, Indonesia, and the Philippines, remitting via SMS at designated DiGi outlets. Building on its

existing SMS mobile banking service, the **International Bank of Qatar (IBQ)** added further features, including transferring funds locally and internationally. In related news, a cash card for remitting has been launched for OFWs by the **Landbank of the Philippines (LBP)** in coordination with **Smart Communications, Inc.** The card works with a mobile phone-based banking system: remittance orders are delivered through cellular text messages, then automatically transferred and available at bank branches or subsidiaries.

- **Mobile-based remittance services for Filipinos.** A partnership has been signed between Philippine mobile operator **Smart Communications and Etisalat**, a wireless provider based in the UAE. The service will be subsequently implemented in Egypt, Saudi Arabia, Pakistan, Afghanistan, and West Africa. Similarly, mobile payment enterprise solutions company **Paybox** and money exchange company **Lari Exchange** launched a mobile remittance product for Filipinos residing in the UAE. The money transfer beneficiaries in the Philippines will be interfaced through the partnership with Globe Telecom/GCash.

Remittances and Financial Intermediation

- **Partnerships involving money transfer operators (MTOs) expand networks worldwide.** **MoneyGram** launched services through all post offices in the United Kingdom. The system serves about 170 countries, with transfers going to 125,000 locations worldwide. The MTO also partnered with the United Bank of Africa (UBA) in Ghana. Additionally, Malayan Banking Bhd (Maybank) has expanded its MoneyGram services to all of its branches in Malaysia. The transfer service includes self-service online remittances via Maybank2u.com in addition to the basic remittances available at the counter. In Qatar, **Western Union** signed an agreement to provide services for National Exchange customers. The MTO also formed agreements with Caixa Central de Credito Agricola Mutuo in Portugal, Madagascar Post in Africa, and Wal-Mart in Canada and renewed agreements with Safeway and K-Mart in the United States. Additionally, **RIA Envia** formed an agreement with Bank Pocztowy, thereby increasing the payout network through almost 8,000 bank locations (bank branches and post offices). Moreover, the partnership allows remitters to send money directly to a bank account in Poland. Finally, the Landbank of the Philippines and the Toronto-based remittance company **Mabini Express, Inc.** signed a partnership to provide money transfer services for Filipinos in Canada.

- **Postal money transfer services to China.** With an estimated 40 percent of the remittance transfer market, **Russia Post** will work with China Post to serve more than 200,000 Chinese workers in Russia. The Russian postal service processed \$6 billion in remittances in 2006 and China is ninth among countries that receive the largest amount of transfers from Russia. In related news, **Deutsche Bank signed a postal banking deal** with the Postal Savings Bank of China for the provision of payment clearing channels to manage U.S. dollar clearing and remittances into China.

- **Partnership to remit from Australia to Vietnam.** Saigon Thuong Tin Commercial Bank and Australia & New Zealand Banking Group signed an agreement allowing remittances to be sent from the branches of the Banking Group in Melbourne to any branch of the Vietnamese bank.

- **Banks offer select no-fee transfers.** **Barclay's Bank of Ghana** announced that no fees will be charged for money transfers above approximately \$500. The bank will also make \$25 million in funding available to the Micro Credit and Small Loans Centre for on-lending to small and medium-sized enterprises to leverage inward remittances from Ghanaians abroad. Additionally, **JPMorgan Chase**, the third largest U.S. bank, announced free transfer options from account customers based in the New York tri-state area in the United States to accounts at **Banorte Bank** in Mexico up to three times per month, at a maximum of \$1,500 each, in an effort to attract a fast-growing demographic group.

- **Emergency savings accounts for Mexican remittance clients.** The purpose of the Secure Future account, offered by the Caja Nacional del Sureste in Oaxaca, is to allocate funds for future needs such as illness or medical emergency, children's education, or economic hardship. The Poverty Action Lab at the Massachusetts Institute of Technology is conducting research on the effectiveness of these accounts in increasing the use of formal savings services among remittance clients.

- **Investments by non-resident Indians.** According to a Reserve Bank of India survey, about 13 percent of funds remitted by Non-Resident Indians in 2006 were invested in equity and real estate, 20 percent in bank deposits, and 54 percent to meet family expenses. Individual remittances from Indians working overseas have surged 50 percent, to \$8.6 billion in the first quarter of 2007/2008, according to the Balance of Payment data released by the Reserve Bank of India. *See Publications.*

- **Wells Fargo homeownership remittance program.** Wells Fargo has introduced a new program for migrant remitters—a mortgage facility that offers this financial

service for those who have nontraditional credit histories and have used Wells Fargo's remittance services. The service is available in select U.S. states: California, Arizona, Texas, Nevada, and Minnesota.

- **Wal-Mart develops financial services in select U.S. outlets.** Wal-Mart will provide basic services, including debit cards, check-cashing at a low cost, and money transfers, through Money Centers in approximately 1,000 existing stores by the end of 2008. The FDIC-insured Visa debit card can be loaded with cash or payroll checks.
- **Remit2India received award in Asia.** The global online financial service provider was awarded the Savile Row Brand Leadership Award for Innovative Product and Marketing Strategy at the Asia Brand Congress 2007 in the Banking & Finance category. With its remittance card facility, the company enables ATM withdrawals from 15,000 Visa ATMs.

New Remittances Online Resources

- **DRIL, the U.K. Department for International Development (DFID) information e-library.** The DFID Remittances Information Database is a new public repository of information and a bibliography of reference materials on remittances.
www.dmassocs.com/dril
www.moneymove.org
- **Guide to worldwide remittances and related issues.** www.elremesero.com was established by a group of reporters and provides information about remittance transfers, transnational communities, and the money transfer industry in general.
- **Website for migrants in the United Kingdom to compare costs of sending money.** Launched by Developing Markets Associates, www.moneymove.org allows migrants to research operators, fees charged, foreign exchange rates, and locations of outlets in the United Kingdom and in destination countries.
- **Directo a Mexico service website.** www.directoa-mexico.com displays information about the program's characteristics and benefits and lists partner financial institutions. Operated by the Federal Reserve in the United States and the Central Bank of Mexico, Directo a Mexico facilitates account-to-account family remittance transfers from the United States to Mexico with 280 banks in 41 states.

RESEARCH NOTE

Are Diasporas a Partial Solution to Poverty Alleviation and National Development?

Jennifer M. Brinkerhoff (Associate Professor, Public Administration and International Affairs, and Director, Diaspora Program, George Washington University, Washington, D.C.)

Diasporas represent a new—or at least newly recognized—avenue for foreign aid to support, or at least avoid inhibiting, private development efforts. At a minimum, the development industry will need to account for diasporas and their activities in policy analysis, needs assessment, and development programming.

Modern diasporas are “ethnic minority groups of migrant origins residing and acting in host countries but maintaining strong sentimental and material links with their countries of origin—their homelands” (Sheffer 1986, 3). Diasporas may be very important to the development of their homelands, yet related research remains scarce, apart from attention to remittances and continuing concerns about brain drain. Until fairly recently, the drain-or-gain question was almost exclusively answered with the former. Today, diasporas' contributions and potential contributions to the development of their homelands are increasingly recognized by beneficiary communities, homeland governments, and development practitioners and policy makers. Experimentation to recruit and foster such contributions is at an early stage, in part inhibited by a full appreciation and understanding of the breadth of the potential.

Diaspora contributions may be most easily recognized in homelands in crisis. The range and motives for homeland contributions are the same in more stable homeland contexts, though the intensity may vary. How do diasporas respond to homelands in crisis? Briefly, they organize and raise money for relief, reconstruction, and development; they remit to support subsistence and later livelihoods, and mobilize to participate in post-conflict reconstruction through repatriation, lobbying, and/or philanthropy; and they participate in the development industry's reconstruction efforts. Of course, the role of diasporas as interest groups in conflict-torn homelands (and more generally) must be acknowledged for any realistic understanding of their potential constructive contributions. Homeland crisis may inspire renewed interest even among later diaspora generations.

Diaspora populations may be one of the most fruitful sources for human capital for reconstruction and development (see Wescott and Brinkerhoff 2006). Human capital contributions may take the form of repatriation or shorter-term philanthropic support. Diaspora human capital is often necessary to staff government and development programs. For example, in Afghanistan and Iraq, the filling of specific government and development positions is/was solicited from among diaspora members with the requisite expertise; similar recruitment occurred in the Former Soviet Union and Eastern Europe. While not often documented or systematically researched, international organizations and their contractors look to diaspora populations to staff their reconstruction projects (Brinkerhoff and Taddesse forthcoming).

Beyond remittances and family ties, diasporas may be mobilized to support economic investment and business development. Through the private sector, diaspora members bring their entrepreneurship, knowledge, and skills. They are often among the few investors in poor investment climates (e.g., in post-conflict countries), whether due to perceived ethnic advantage, a more informed risk analysis, or altruism (Gillespie et al. 1999). Diasporas can combine cultural/language knowledge and local networks with skills, knowledge, and networks from abroad.

Effective diaspora investment is a function of three factors: diasporas' capability, their inclination, and the investment climate in their homeland (Esman forthcoming). The investment climate may be addressed by specific interventions of governments, donors/philanthropists, and diaspora organizations themselves. Existing logical choices for capacity building in these endeavors are government agencies designed for export and investment promotion agencies. These are often under-resourced in developing countries and need to be retooled to focus better on diaspora investors (Riddle and Marano forthcoming). While they are still in the early stages, some creative partnerships are being forged between these agencies, diaspora organizations, and other nongovernmental organizations (NGOs). For example, the Ghanaian Investment Promotion Center (a governmental agency) partners with both AfricaRecruit and IntEnt, a Dutch NGO, for the facilitation and operationalization of diaspora business investment (Riddle et al. forthcoming).

Diasporas may also engage with the homeland in ways that contribute to national development for the longer haul. Such a perspective casts new light on the meaning of remittances. Iskander (forthcoming) argues that their significance rests not with monetary value, but with the actions they can facilitate through newly forged relationships between diaspora members and the homeland. For

example, over a span of 20 years, the Moroccan diaspora in France mobilized technical experts, policy makers, and public agencies successfully to provide electrification and road infrastructure to remote mountainous areas of Morocco. In other instances, diasporas and their homeland governments are creating explicit partnerships to discuss, plan, and implement development strategies for the nation as a whole. In Dominica, such partnership has led to the government's solicitation of policy proposals from the diaspora, drawing on its expertise, and the diaspora implementation of specific initiatives for education and cultural maintenance (Thomson with Brinkerhoff forthcoming).

As the recognition of diaspora potential beyond household remittances is relatively slow in emerging, such initiatives remain in their infancy. In the meantime, diasporas continue to pursue their development aims autonomously. These range from small-scale, amateurish, hometown projects; to more sophisticated and professional philanthropic activities, often through formal NGOs; to knowledge and skills exchange programs through professional associations; and even to increasingly powerful political action committees, lobbying on behalf of the homeland.

For the development-minded, the challenge is to identify how to maximize the returns of these contributions while recognizing when these initiatives are better left to unfold on their own. Facilitating such private initiatives may mean building the capacity of homeland government agencies, such as investment and export promotion agencies, for them to better interface and directly partner with their diasporas; it may mean facilitating knowledge transfer of effective practices across countries and diaspora groups; and it may mean understanding and respecting their choices in engaging their home countries and simply getting out of the way.

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GUEST ARTICLE

Building Partnerships with Diaspora Organizations

By *Leila Rispens-Noel, Programme Officer, Oxfam Novib*

This article offers a snapshot of Oxfam Novib's experience in working with migrant diasporas. Oxfam Novib is a Dutch international development agency affiliated with Oxfam International, a network of independent development organizations working in 100 countries. Since 1998, Oxfam Novib has been supporting projects to sustain the development potentials of migrants. It supports diaspora organizations in building strategic transnational alliances so that they can empower themselves and have their legitimate aspirations heard. The agency operates through providing these organizations with diverse activities: financial support, capacity-building programs, financial literacy, linking of diaspora organizations with microfinance institutions, and promotion of active participation in policy making and alliance building.

However, working with diaspora organizations also poses difficulties for the development organization. Oxfam Novib's efforts to include small migrants' initiatives in its thematic and regional priorities require just as much time and attention as working on large initiatives.

Moreover, migrants who have fled their countries of origin often have a vision of their country that makes it difficult to persuade them to establish transnational partnerships, especially with their governments. They often insist on managing large projects, when clearly they are not ready. Therefore, capacity-building programs and country meetings with migrant organizations are planned. Efforts are also being exerted to scale-up some promising diaspora-initiated projects and make them more sustainable, and this requires forging partnerships with new stakeholders.

Overall, development work has ceased to be the exclusive domain of mainstream development agencies. Oxfam

Novib considers diaspora organizations potential partners in development, if opportunities to harness their skills and knowledge are provided. In many ways, this is how diasporas would prefer to be recognized: for their human capital and their commitment in contributing to the development of their home countries.

Here Oxfam Novib provides some examples from its field experience, showing how working with the diaspora is valuable.

Ethiopian Coffee and Poultry Projects in Ghana

Ethiopia is considered the birthplace of coffee. The coffee ceremony is woven into the very fabric of Ethiopian life. Amid the smoke from incense, and seated on a floor covered with flax, women carefully roast, husk, and grind coffee beans by hand. From a traditional black clay pot, three rounds of coffee are poured for the guests: neighbors, family, and friends. Ethiopians believe that the third cup holds a blessing.

Ethiopia is also one of the poorest countries in the world. Coffee planters earn so little and unemployed women sometimes become prostitutes. With Oxfam Novib, DIR Foundation, an Ethiopian migrant organization based in the Netherlands, started a coffee processing plant as an alternative means of livelihood for 24 ex-sex workers in Addis Ababa. DIR buys coffee directly from farmers at a fair price. It is washed, dried, ground, roasted, packed by women, and shipped to the Netherlands. Subsequently, it is sold and served in Ethiopian cafés in Amsterdam, where the coffee ceremony is regularly performed. DIR and Oxfam Novib also developed initiatives such as a housing and livelihood projects for ex-soldiers and a bakery for unemployed women.

Many Ghanaians live in the Netherlands and the Sankofa Foundation was created by those in this community interested in furthering information about Ghanaian culture. The name Sankofa refers to the Ghanaian philosophy that we must return to the past while in the present to understand who we are and where we are from in order to move forward. Thus, Sankofa connects the origin and destination countries with activities and initiatives.

In Ghana, women play a significant role in the rural economy, but are particularly disadvantaged by lack of access to land, credit, and technological support. To support rural women, Oxfam Novib and Sankofa Foundation started the Sankofa Family Poultry project: 32 rural women in Atsusuare were provided with bamboo chicken coop and hens (layers), trained in poultry management, and gender

empowered. The project augmented the income of rural women, enabling them to buy food and send children to school.

The project started to attract interest from other institutions, such as the Dangme Rural Bank in Atsusuare, that were willing to provide credit facilities to the beneficiaries. The main result is that after two years of partnerships between Sankofa and other supporters, the project is expanding and producing more evident results.

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COUNTRY PROFILE: CAMBODIA

Population: 14,400,000. 19 percent (2.6 million) live below the poverty line (\$1 a day) and 64 percent live with \$2 a day. Life expectancy is 57.4 years and the literacy rate is 67.1 percent.

Migration history: High level of internal migration (35 percent of the total population). Internal flows are directed from rural areas to the garment industries around the capital city of Phnom Penh, and from rural to other rural areas (61 percent of all internal migrants). The main push factors for international emigration include a response to cover family health needs and debts, lack of employment opportunities due to landlessness, natural disasters, and land grabbing.

Host countries: Main destinations for workers include Thailand, South Korea, and Malaysia.

Estimated number of migrants overseas: In 2005, 348,710 (2.5 percent of the population); the emigration rate of tertiary educated is 6.8 percent and of trained physicians is 3.7 percent

Common occupations of migrants: In 2005, 182,007 Cambodian workers were registered in Thailand (123,998 male and 57,581 female), representing approximately 13 percent of legal migrant workers in the host country. The labor migration to Thailand follows family and social informal networks and these migrants, either cross-border commuters or long-term workers (more than one year), are employed in the fish processing industry and agriculture. There is also a large presence of undocumented workers mainly employed in fishery, construction, and agriculture.

Estimated remittance flows: \$200 million international transfers in 2006; represents 3.6 percent of GDP. Extensive data on remittance flows are unavailable and more exploratory information is provided by case studies. Domestic remittances are an estimated \$5 million from garment workers to the countryside, where households receive between \$10 and \$30 per month.

Common money transfer methods: Unofficial channels are primarily used to remit from Thailand and Cambodia. According to a study on the Northern Province of Prey Veng by Maltoni (2007), research suggests the unofficial channels for remittance transfers from men working in Thailand's fishery sector consist either of phone centers that connect the sender and the receiver and subsequent delivery of the money via moto-taxis, or private agents who have connections with provinces in Cambodia and assist migrants to send money home through bank transfers to intermediaries (shops or restaurants). Remittance costs are estimated at between 10 and 30 percent of the amount remitted.

Use of remittances: International remittances are used for food, living expenses, and health costs, and to pay the



migratory debt. Surveys on internal migrants working in the garment industry and the domestic remittance flows confirm these results.

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