Migrant worker remittances and their impact on local economic development

Somphone Sisenglath
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Preface

International labour migration has been a coping strategy for the scores of families and workers in the Mekong sub-region that live in poverty. While labour migration comes with the potential dangers of labour exploitation and human trafficking, migrant workers accept these risks so as to earn a higher income for improving their quality of life that can be garnered through working in a foreign country. Thailand is a major destination for migrant workers in the Mekong sub-region, and currently employs a large number of workers from its neighbouring countries, Myanmar, Cambodia and the Lao People’s Democratic Republic. These migrant workers fill jobs that are considered not attractive by the local workers.

Migrant workers from the Mekong Sub-region seek low-skill jobs abroad in order to exchange their labour for wages. A slice of their hard-earned income is sent to the home country as remittances for the family. It is widely acknowledged that the remittances of migrant workers, which directly benefit individual households, are a major and stable source of external finance for developing countries. Migrant worker remittances have the potential to spur economic development in the poor migrant-sending communities of such countries. The development impact of remittances, however, depends first on migrant workers’ access to financial services such as money transfer intermediaries that are affordable and safe. Secondly, the impact is determined by the recipient households’ capacities to use the money in productive investments. Without good opportunities to invest in home country, households and communities miss the chance to create a future stream of income and to develop the local economy.

The studies supported by the ILO found that migrant workers in Thailand send on about 12,500 baht a year to their home countries. With 635,520 registered migrant workers from Cambodia, Lao PDR, and Myanmar in 2007, the volume of remittances from Thailand to the three neighbouring countries is conservatively estimated at 8 billion baht per year. If the number of irregular migrant workers is included, the volume of remittances would be much higher.

Generally, migrant workers aim to work in host countries for a specific number of years in order to reach a predetermined financial goal. The financial institution in the host and the home countries can facilitate them to achieve the financial goal. While the financial infrastructure in labour-sending countries of the Mekong Sub-region is still underdeveloped, providing migrant workers in Thailand the opportunity to own a bank account is a good starting point, which will enable them to accumulate their savings and to build an economic future in their home countries. In so doing, it may indirectly help to reduce irregular migration and remigration. In the meantime, labour-sending countries need to assist migrant workers and their families to make the best use of remittances by providing incentives and building their entrepreneurship skill. To maximize the gain from migration and to reduce the remigration cycle, the origin countries need to equip migrant workers and their families on financial literacy prior to migration.

I would like to express our appreciation to the author, Mr. Somphone Sisenglath, Microfinance Center, Lao PDR for conducting the study, and Ms. Linda Deelen, Microfinance and Enterprise Development Expert and Mr. Pracha Vasuprasat, Chief Technical Advisor, for providing technical support to this report. The study has been a result of a joint effort of the ILO Subregional Office for East Asia and the ILO/Japan Project on Managing Cross-border Movement of Labour in South-East Asia, with resources provided by the Ministry of Health, Labour and Welfare, Government of Japan.

Sachiko Yamamoto
Regional Director
ILO Regional Office for Asia and the Pacific
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Abstract

The international labour migration has become a common approach for many poor countries to alleviate unemployment and to work out from poverty. These countries are generally characterized by soaring unemployment, low economic development, and high population growth rate. Remittances and skills gained from working abroad are thought to be the crucial outcomes of migration, which will have profound impact on economic development and welfare of individual migrant family, community and the nation. The study of remittance flows and uses in Lao PDR is an attempt to estimate the amount of remittances sent home by Lao migrant workers in Thailand, to understand the sending channels, and to examine the use of remittances and the potential impacts. The study shows that Lao migrant workers send home on average 27,659 Thai baht per annum. The remittances have been largely used for household consumption, while little is left for investment and income generation. Nevertheless, remittances have contributed to improvement in living standard of migrants’ household. The usual channels for sending remittances are through the private money transfer, the informal channel, and friends or relatives. Migrant workers tend to regularly remit money home during the fist few years of migration. Male migrants send about 56 percent higher than the amount send by female workers. This is due mainly to gender bias in the types of job engaged and the level of wages earned between men and women. In Lao PDR, the positive impact of remittances on development would be higher if the formal financial services, such bank and micro-credit institution are widely accessible to migrant workers and their family.

About the author

Somphone Sisenglath is Director of Microfinance Center Lao (MFC). MFC is a leading Microfinance Training and Consulting Institution in Lao PDR. MFC envisions developing dedicated and competent microfinance practitioners towards poverty alleviation. The paper is commissioned by ILO/Japan, Regional Office in Bangkok. The author is responsible for all the views and mistakes, if any, in the paper. The author is most grateful to Ms. Linda Deelen and Mr. Pracha Vasuprasat of ILO, Bangkok, who have provided heartfelt support throughout the study and report writing.

The responsibility for opinions expressed in articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them, or of any products, processes or geographical designations mentioned.
Executive Summary

Lao PDR is one of the major contributing countries of migrant workers to Thailand. Population dynamics and the limited opportunity in the local economy have given rise to border crossing and work migration for many Lao job seekers. The steadily increasing flow of migrants are further lured by established social networks and cultural and linguistic similarities, as well as perceived economic opportunities. Despite being continually subject to labour abuses and human trafficking, the number of Lao migrant workers traveling to Thailand is growing due to the economic incentives inherent of Thailand.

A survey into migrant workers’ remittances and their impacts on local economic development has been commissioned by the International Labour Organization (ILO). The Microfinance Training Center is entrusted as the executor of the survey with the main objective being to identify the flow of remittances from Thailand to Lao PDR.

A sample of 200 remittance recipient households was selected for this survey encompassing 8 districts in 4 southern provinces of Lao PDR. Meetings were held with nine informants, and community-level focus groups were held in 10 villages with particularly high levels of cross-border migration.

The main highlighted findings are as follows:

- 72% of Lao migrant workers to Thailand were female.
- 12% of Lao migrant workers were aged between 14 - 18 years, while 42% were aged from 19-25 years.
- Lao migrant workers were from households with an average of seven members.
- 60% of Lao migrant workers worked in Thailand without work permits.
- 69% of Lao migrant workers made the decision to migrate themselves.
- The main employment sectors selected by Lao migrant workers were housekeeping, factory and construction, and sales.
- 96% of Lao migrant workers in Thailand remained in contact with their families.
- 75% of Lao migrant workers stated that they have returned home for holidays and family events, however 74% indicated they would not return home permanently.
- 95% of Lao migrant workers have sent money home on average four times per year over the last two years.
- Lao migrant workers send home an average annual amount of 27,659 Thai baht, with a maximum amount of 240,000 baht per year.
- In addition to cash, some Lao migrant workers sent home in-kind goods with an average value of 6,391 baht per year.
- 81% of remittance recipient households said that they have paid a fee, with the average fee being 219 baht.
- 74% of remittance recipient households said the money arrived within one day
- 78% of remittance recipient households stated that they received money in Thai baht.
• The most common methods for Lao migrant workers to send money home includes post office (private money transfer), bank transfer services and informal mean via friends, which represent respectively 35%, 31% and 15%, respectively.

• 16% of remittance recipient households reported encountering problems in receiving money.

• 95% of remittance recipient households mentioned that Lao migrant workers have sent money home for the benefit of their families.

• 90% of remittance recipient households confirmed that the livelihood of their families had been positively improved; however only 2.5% of households surveyed had initiated new business ventures, all of which were unsuccessful.

• 7% of remittance recipient households have bank accounts and 17% have been members of microfinance schemes.
1. Background

Lao People’s Democratic Republic is one of the poorest countries in the Mekong Region. It is landlocked by Burma, China, Vietnam and Cambodia, with Thailand positioned on the opposite side of the Mekong River. 80 percent of Lao PDR’s population is largely dependent on single-season agriculture. This traditional practice is one of the major contributing factors towards the growing number of Laotians seeking alternate employment in Thailand. The long Thai/Lao border makes Thailand an easy option for Lao migrant workers, as do the similarity in culture and language.

Each year an estimated 200,000 Lao migrants send home significant amounts of money to support their families and communities. These remittances have the potential to spur economic development in the poor communities from which the workers migrate. The impact depends however on two important factors. Firstly migrant workers need access to money transfer channels that are affordable and safe. Secondly, the recipient households require the capacity and opportunity to use the money for productive investments. This study aims to examine the impact of remittances sent by migrant workers in Thailand to Lao PDR.

While there is a notorious absence of data on remittance flows from Thailand to Lao PDR, anecdotal evidence suggests that the lion’s share is sent through informal channels. Those who cannot send their money with friends or family members, use informal money transfer businesses. In-kind goods also play a considerable part in remittance streams. Even though formal money transfer businesses like Western Union and MoneyGram offer remittance services to most districts of Lao PDR, the majority of migrants do not make use of these services. Cost, lack of information and a preference or need for informality may all contribute to this pattern.

Many recipient households in the rural areas of Lao PDR lack the opportunity and the capacity to invest the remitted money productively, be it in education, business or agriculture. While a good share of the remittances received is spent on household necessities such as housing and means of transport, relatively large sums of money are spent in ways that do not necessarily improve the economic situation of the household. Without good opportunities to invest, households and communities miss the chance to create a future stream of income and develop the local economy.

Only a fraction of rural households in migrant sending communities in Lao PDR have bank accounts or other savings facilities. Since remittances are mostly cash-to-cash transactions that are not linked to saving accounts or other forms of financial intermediation, these do not encourage recipient families to build up financial assets.

This study therefore seeks to understand remittance flows from Thailand to Lao PDR with the following objectives:

- To determine the factors affecting migrant workers’ decisions regarding the frequency, volume and choice of remittance channels as well as the costs and risks associated with the formal and informal remittance channels they use.
- To determine the factors affecting remittance recipient households’ choice regarding the use of remittances and their inclination to either spend, save or invest.
- To assess the range of services, reliability, and costs (charges) established by formal and informal money transfer providers (banks and non-banks).
- To identify government programmes to promote investment and business development for returned migrants and remittance receiving communities (e.g. microfinance schemes, financial incentives, etc).
• To assess the socio-economic impact of remittances both at the level of the receiving household as well as the receiving community, in terms of expanded economic activity and increased wealth.

2. Methodology

2.1 Survey methods

This survey consists of three main components 1) interview with remittance recipient household, conducted in villages or communities where there are large numbers of migrants to Thailand; 2) Interview with informants, mainly carried out at the central level in Vientiane; and 3) Community group discussion, during which community members including village party secretary, head of village, deputy head of village, representative of Lao front, village police and villagers have been invited to take part in the discussion panel.

2.1.1 Interview with remittance recipient households

This face-to-face interview has been conducted in 2007 with a total of 200 household members in eight districts of the four southern provinces of Khammouane, Savannakhet, Saravane and Champasack. These communities were chosen because they have especially high numbers of Lao migrant workers to Thailand. Under the close consultation of the village management committee, only households whose members were working in Thailand for more than two years were drawn for interviews. Only one immigrant worker in each household was selected.

<table>
<thead>
<tr>
<th>No</th>
<th>Provinces</th>
<th>No of districts</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Khammouane</td>
<td>Thakhek</td>
<td>40</td>
<td>20.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mahaxay</td>
<td>8</td>
<td>4.0</td>
</tr>
<tr>
<td>2</td>
<td>Savannakhet</td>
<td>Kaisone</td>
<td>35</td>
<td>17.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Outhoumphone</td>
<td>13</td>
<td>6.5</td>
</tr>
<tr>
<td>3</td>
<td>Saravane</td>
<td>Vapi</td>
<td>27</td>
<td>13.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lakhonepheng</td>
<td>19</td>
<td>9.5</td>
</tr>
<tr>
<td>4</td>
<td>Champasack</td>
<td>Sukhouma</td>
<td>31</td>
<td>15.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Champasack</td>
<td>27</td>
<td>13.5</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>8</td>
<td>200</td>
<td>100</td>
</tr>
</tbody>
</table>

Some 67% of migrants were respondents' daughters while another 22% were respondents' sons, the rest were either husbands, wives or others, see Figure 1.
Figure 1. Respondents' relation with migrants

![Respondents' relation with migrant](image1)

Remittance recipient households interviewed included a proportional number of male and female respondents see Figure 2. They had an average age of 52 years, with a maximum of 80 years and a minimum of 24 years.

Figure 2. Sex of respondents

![Sex of respondents](image2)

Figure 3 shows that among sampled respondents, 80% were already married, while those who are widowed, single and divorced represent, respectively, 15%, 3% and 2%.
2.1.2 Interview with informants

The second method utilized for this survey was to meet and discuss with key officials of money transfer service providers and governmental finance and labour management bodies (Bank of Lao PDR and Ministry of Labour and Social Welfare). The money transfer service providers included Banque pour le Commerce Exterieurs du Laos BCEL, Agricultural Promotional Bank, Lao Development Bank, Western Union, Lao Post office (private money transfer) and two other informal money transfer companies. The objective of the meetings was to obtain information on the availability of money transfer services and government programmes for returned migrants.

2.1.3 Focus group discussion

The last method used to carry out this survey was to bring in community members for a focus group discussion. Focus groups were organized in ten villages from the four southern provinces, see Table 2. Participants were recruited under the guidance of local authorities.

Table 2. Sample for focus group discussion

<table>
<thead>
<tr>
<th>No</th>
<th>Villages name</th>
<th>Districts</th>
<th>Provinces</th>
<th>Economic status(^1)</th>
<th>Ethnic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nadinjeex</td>
<td>Thakhek</td>
<td>Khammouane</td>
<td>Average</td>
<td>Laosoum</td>
</tr>
<tr>
<td>2</td>
<td>Donglay</td>
<td>Thakhek</td>
<td>Khammouane</td>
<td>Average</td>
<td>Laosoum</td>
</tr>
<tr>
<td>3</td>
<td>Xok</td>
<td>Kaisoumvihe</td>
<td>Savannakhet</td>
<td>Average</td>
<td>Laosoum</td>
</tr>
<tr>
<td>4</td>
<td>Thatinghang</td>
<td>Kaisoumvihe</td>
<td>Savannakhet</td>
<td>Average</td>
<td>Laosoum</td>
</tr>
<tr>
<td>5</td>
<td>Chanthalangsy</td>
<td>Outhoumphe</td>
<td>Savannakhet</td>
<td>Average</td>
<td>Laosoum</td>
</tr>
<tr>
<td>6</td>
<td>Donway</td>
<td>Nakhonpheng</td>
<td>Saravane</td>
<td>Quite poor</td>
<td>Laosoum</td>
</tr>
<tr>
<td>7</td>
<td>Had</td>
<td>Vapi</td>
<td>Saravane</td>
<td>Quite poor</td>
<td>Laosoum</td>
</tr>
<tr>
<td>8</td>
<td>That</td>
<td>Champasack</td>
<td>Champasack</td>
<td>Average</td>
<td>Laosoum</td>
</tr>
<tr>
<td>9</td>
<td>Phonpheng</td>
<td>Champasack</td>
<td>Champasack</td>
<td>Average</td>
<td>Laosoum</td>
</tr>
<tr>
<td>10</td>
<td>Boungkeo</td>
<td>Soukhoumma</td>
<td>Champasack</td>
<td>Average</td>
<td>Laosoum</td>
</tr>
</tbody>
</table>

\(^1\) The village status determined by this criteria: relatively rich (lot of motorcycles, some cars)/average/relatively poor (very few brick houses)
A total of 84 participants were involved in the group discussion. The average age of participants was 52 years, with a maximum of 90 years and a minimum of 24 years. Slightly more than half the participants were male, see Figure 4.

**Figure 4. Share of gender in group discussion**

The composition of each discussion group varied as they consisted of not only villagers, but also village management bodies such as village party secretary, head of village, deputy head of village, local Lao Front and village police, the break down is shown in Figure 5.

**Figure 5. Proportion of participants in group discussion**
3. Findings

3.1 Lao migrant workers in Thailand

According to the results from the survey in the four southern provinces of Lao PDR, it was found that 72% of Lao migrants working in Thailand are women. The average age of migrant workers in this survey was 26 years, while the maximum and minimum ages respectively were 50 and 14 years. Among the different age groups, migrants aged between 19 to 25 years made up the largest group, accounting for 42% of migrant workers, despite the fact that migrants in this age group should normally finish high school and continue their studies at vocational schools or universities. Another interesting finding is the presence of a minor group aged 14-18 years which represent 12% of the total migrants.

3.1.1 Migration process

- **Work permit:** The survey results in Figure 6 show that 60% of Lao migrant workers left for Thailand without a work permit, while only 35% possessed proper documents to legally work there. Such situations may increase the risk of human trafficking, labour abuse, and exploitation.

**Figure 6. Migrants with work permit**

- **Decision for migration:** Remittance recipient household members were also asked about who proposed the migration. As shown in Figure 7, the survey results confirmed that in 69% of cases, migrants made their own decision. In 19% of cases, migration was inspired by a common decision between family and migrant, and decisions made by family alone account for only 6% of all cases.

**Figure 7. People who influenced migration**
- **Migration recruiters**: The survey also found that the majority of migrants (47%) went to Thailand with help of other people rather than their family members or relatives. 34% received assistance from their friends who were living in Thailand, while those who gained support from their families and relatives represents 13%. The most interesting finding was that only 4% of migrants have used the service of recruitment agencies or brokers.

- **Travel costs**: Some 54% of households interviewed reported financing the costs of migration from Laos to Thailand. This result illustrates that even if most migrants made their own decision to migrate, their families support their journey by fully financing or sharing the costs of migration (see Figure 8).

Nevertheless, questions are raised about the destiny of the remaining 46% of migrants who have not received any financial support from their families while preparing to depart for Thailand. Due to the lack of financial sources, migrants would tend to borrow money, use broker services, accept unfair agreements with employers or even risk becoming victims of human trafficking.

**Figure 8. Family contribution to travel cost**

3.1.2 Migration period and duration

As demonstrated in Figure 9, the number of migrants departing Lao PDR for Thailand remained stable from 1985-1996. From 1997 to 2003, the number of migrants departing for Thailand began to increase steadily. After that period, some districts experienced a dramatic increase in migration, e.g. from 11 persons in 2003 to 47 in 2004, and 64 migrants in 2005.

**Figure 9. Years migrants left for Thailand**
The average length of migration to Thailand was 4.8 years while the longest period reached 22 years and the shortest was 2 years. 69% of migrants have stayed in Thailand between 2 to 5 years, while 25% have been there for 5 to 10 years. Only 6% have stayed over 10 years. These results are shown in Table 3.

Table 3. Length of migrants’ stay in Thailand

<table>
<thead>
<tr>
<th>No</th>
<th>Length of stay in Thailand</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2-5 years</td>
<td>69%</td>
</tr>
<tr>
<td>2</td>
<td>5-10 years</td>
<td>25%</td>
</tr>
<tr>
<td>3</td>
<td>More than 10 years</td>
<td>6%</td>
</tr>
</tbody>
</table>

3.1.3 Migrants’ choice of location and economic activities in Thailand

Table 4 demonstrates the economic activities undertaken by Lao migrant workers in Thailand. It can be observed that 33% of Lao migrant have engaged as housekeepers, while factory workers, construction workers and salespersons account for 17%, 15% and 13%, respectively. Other workplaces where migrants have worked include restaurants, farms and service stations. Some migrants have also worked as baby-sitters, small traders, electricians and steelworkers. Findings also reveal that most remittance recipient households did not know where their family members were working in Thailand.

Table 4. Migrants’ economic activities in Thailand

<table>
<thead>
<tr>
<th>No</th>
<th>Migrant activities</th>
<th>No of migrants</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Housekeepers</td>
<td>68</td>
<td>33%</td>
</tr>
<tr>
<td>2</td>
<td>Factory workers</td>
<td>35</td>
<td>17%</td>
</tr>
<tr>
<td>3</td>
<td>Construction workers</td>
<td>31</td>
<td>15%</td>
</tr>
<tr>
<td>4</td>
<td>Salespersons</td>
<td>26</td>
<td>13%</td>
</tr>
<tr>
<td>5</td>
<td>Waiters</td>
<td>18</td>
<td>9%</td>
</tr>
<tr>
<td>6</td>
<td>Farm workers</td>
<td>11</td>
<td>6%</td>
</tr>
<tr>
<td>7</td>
<td>Service station workers</td>
<td>4</td>
<td>2%</td>
</tr>
<tr>
<td>8</td>
<td>Baby sitters</td>
<td>3</td>
<td>2%</td>
</tr>
<tr>
<td>9</td>
<td>Traders</td>
<td>2</td>
<td>1%</td>
</tr>
<tr>
<td>10</td>
<td>Electrician</td>
<td>1</td>
<td>1%</td>
</tr>
<tr>
<td>11</td>
<td>Steelworkers</td>
<td>1</td>
<td>1%</td>
</tr>
</tbody>
</table>

3.1.4 Movement of migrant workers

From the survey results it reveals that 96% of migrants were in contact with their families across the border while the remaining 4% could not be reached since leaving their homeland. Among those who were in regular contact with their families, 75% have visited home during holidays or family events.

Even though the majority of migrants were in contact with family and visited home regularly, 74% do not plan to return home to settle in Laos. This suggests that those migrants enjoy a better economic situation in Thailand, even when sending money home to assist their families.
3.2 Migrant households

3.2.1 Household background

According to the survey results, the average number of migrants’ household members is seven people. The highest number is 18 people while the lowest is only two people. Generally, Lao migrant workers in Thailand come from large households and in many cases the families could not send their children to universities after they have finished high school.

Figure 10 illustrates very interesting information that almost 60% of households had more than two members living in Thailand as migrant workers. It is fair to conclude that Laotians are more likely to migrate if one of their household members, relatives or friends already lives in Thailand.

Figure 10. Number of household members in Thailand

![Pie chart showing the number of households in Thailand with different numbers of members](image)

3.2.2 Households characteristics

As shown in Figure 11, 44% of remittance recipient households with members working in Thailand were headed by both husband and wife, while those households headed by only husband or wife represent 34% and 22% respectively.

Figure 11. Characteristics of household head

![Pie chart showing the types of household leader](image)
Table 5 illustrates more specific characteristics of the sampled households. It can be noted that 76% of sampled households have family members aged below 15 years. The average household has less than two children under 15, while the largest household has seven. In addition, family members whose age is over 60 years account for 33% of households.

There are only 20% of households with at least one member in regular employment, while 51% of household members are in some form of part-time employment, which normally generates very little income.

The survey also indicated that 79% of households had an average of 1-2 members in schools. Based on these findings it could be assumed that younger family members of those already working in Thailand are more likely to drop out of school in order to find employment across the border, thus supporting the school fees for other family members who are still in school.

### Table 5. Household characteristics

<table>
<thead>
<tr>
<th>Item</th>
<th>Household characteristics</th>
<th>Frequency</th>
<th>Percent</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No. of family member aged &lt;15 yrs</td>
<td>152</td>
<td>76%</td>
<td>1</td>
<td>7</td>
<td>1.94</td>
</tr>
<tr>
<td>2</td>
<td>No. of family member aged &gt;60 yrs</td>
<td>66</td>
<td>33%</td>
<td>1</td>
<td>3</td>
<td>1.30</td>
</tr>
<tr>
<td>3</td>
<td>No. of family member with daily wage worker</td>
<td>39</td>
<td>20%</td>
<td>1</td>
<td>3</td>
<td>1.51</td>
</tr>
<tr>
<td>4</td>
<td>No. of family member with part-time worker</td>
<td>101</td>
<td>51%</td>
<td>1</td>
<td>7</td>
<td>2.14</td>
</tr>
<tr>
<td>5</td>
<td>No. of family member in school/study/training</td>
<td>158</td>
<td>79%</td>
<td>1</td>
<td>5</td>
<td>1.84</td>
</tr>
</tbody>
</table>

As shown in Figure 12, an overwhelming number of households own farming land on which they can cultivate rice and other crops. This phenomenon gives rise to some pertinent questions: Why are household members leaving their home land where they already have ways to earn a living? Is moving to Thailand becoming fashionable among young people? and Is working across the border more profitable than farming in Lao PDR? The probable answer to these questions could be that most of the Southern provinces, though close to Mekong River, are non-irrigated, and thus largely depends on single seasonal cultivation.

**Figure 12. Percentage of villagers owning farm land**

![Percentage of villagers owning farm land](image)

Non owner of land: 12%
Owner of land: 88%
3.2.3 Household incomes

From the sample studied, 6.5% of households were unable to indicate their annual income. Of those that did, the average annual household income, including in-kind income, was 22,782 baht. The highest annual income stands at 357,142 Baht, and the lowest at just 428 baht.

As shown in Table 6, the three main sources of household income were from agriculture and livestock, business and wages, which cover, respectively, 57%, 16% and 14% of total income. Only 2.5% of households considered remittances as their first source of income, while about 16% of households considered remittances as their second or third sources of income. However, among those households having a second source of income, remittances were much bigger than wage income, while as a third source of income, remittance was ranked highest. This may imply that remittances are likely to encourage family members to withdraw from wage employment, and thus causing the migrant family to depend on remittances as main source for their living.

Table 6. Households’ sources of income

<table>
<thead>
<tr>
<th>Item</th>
<th>Sources of income</th>
<th>1st income</th>
<th>2nd income</th>
<th>3rd income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency %</td>
<td>Frequency %</td>
<td>Frequency %</td>
<td>Frequency %</td>
</tr>
<tr>
<td>1</td>
<td>Agriculture &amp; livestock</td>
<td>114</td>
<td>57</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>Business</td>
<td>32</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>3</td>
<td>Employment Wages</td>
<td>28</td>
<td>14</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Remittances</td>
<td>5</td>
<td>2.5</td>
<td>17</td>
</tr>
<tr>
<td>5</td>
<td>Weaving</td>
<td>1</td>
<td>0.5</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>Other</td>
<td>7</td>
<td>3.5</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>187</td>
<td>93.5</td>
<td>51</td>
</tr>
</tbody>
</table>

3.2.4 Share of spending decision

Figure 13 above illustrates that the majority of households were headed by both husband and wife with more husband than wife-only households. However, when it comes to household spending, it is the wife who makes the decisions in 45% of cases. There are only 14% of households where the husband has the sole decision-making power on spending.

3.2.5 Access to banking system

The findings in Table 7 show that only 7% of the sampled households have had bank accounts and only 6% of the total sample size indicated that there were village development funds available in their villages. In regards to microfinance schemes, only 17% of household respondents mentioned that they were among the members, which was the same percentage that confirmed they have had saving in this financial scheme.

Table 7. Village access to banking system

<table>
<thead>
<tr>
<th>Answer</th>
<th>Back account</th>
<th>Microfinance members</th>
<th>Savings in microfinance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency %</td>
<td>Frequency %</td>
<td>Frequency %</td>
</tr>
<tr>
<td>Yes</td>
<td>14</td>
<td>7</td>
<td>34</td>
</tr>
<tr>
<td>No</td>
<td>184</td>
<td>92</td>
<td>164</td>
</tr>
<tr>
<td>Don’t know</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>
3.3 Migrant communities

3.3.1 Community characteristics

Based on the observation of field work teams, two out of ten villages approached for focus group discussion were quite poor while the remaining were the average-income villages, where many tractors, motorcycles and other expensive household equipment could be seen. The average number of village community members was 323 people with the largest village having 865 people and the smallest just 45 people. The findings from group discussion also reveal that six villages were Laoloum-dominant while other the other four were Laotheung-dominant. Four villages can be accessed by paved roads, and children up to grade 5 in all villages can walk to school. Villagers in six communities have access to a village bank where they can receive loans. However, nine villages confirmed that they would participate in a microfinance scheme and would consider using it if such a system were in place.

Villagers take on average 11.4 kilometers travelling to Thailand. The longest distance traveled is 35 kilometers, while the nearest villages are just half a kilometer from the Thai border. Correspondingly, travel time from villages to Thailand varies from 24 hours to just half an hour walk.

3.3.2 Migrant households

Findings from focus group discussion indicated that on average 37% of all village households have members living and working in Thailand. In some villages this figure is as high as 68.8% and as low as 11.67%.

The above data points out that roughly one third of households have absent members. Such outflow to Thailand could undoubtedly leave some villages’ half empty or even deserted for some period.

The participants of group discussions stated that most migrants rarely used official recruitment agencies. Such cases could be observed in only one village where unauthorized agents from Thailand have come directly to the village and proposed finding jobs for villagers.

3.3.3 Household members sending remittances home

In all ten villages where focus group discussions were held, participants stated that on average 85% of migrants have sent money home. In some villages even 100% of migrants sent money home but some villages reached only 50%.

According to focus group discussion, the main reasons for which some migrants could not send money home was because they had become big spenders in Thailand and could not manage to save money. Some also were victims of labour abuse, lost contact with their families or paid fines to Thai police for illegal entry.
3.4 Remittance flows

3.4.1 Frequency for sending remittance

The survey with remittance recipient households found that 95% of Lao migrant workers to Thailand have sent money home. Among 95% of migrants who have sent money home, 72% were women.

An important data emerge from the study shows that migrant workers have sent money home on an average of four times per year. Each migrant sent money to their families at least once a year, though some migrants sent money home as often as 12 times per year.

Specifically, 74% of Lao migrant workers to Thailand have sent money home between 1 to 4 times per year. Those who have sent money between 5-10 times and more than 10 times annually cover respectively 13% and 12% of the sample, as shown in Table 8.

Table 8. Frequency in sending remittances

<table>
<thead>
<tr>
<th>Item</th>
<th>Times per year</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1-4 time</td>
<td>146</td>
<td>74%</td>
</tr>
<tr>
<td>2</td>
<td>5-10 times</td>
<td>26</td>
<td>13%</td>
</tr>
<tr>
<td>3</td>
<td>&gt; 10 times</td>
<td>24</td>
<td>12%</td>
</tr>
</tbody>
</table>

3.4.2 Remittance volume

a. Cash-remittance

The average annual amount of remittance sent by Lao migrant workers was 27,659 baht. Some migrants have sent a very significant amount of money, totaling 240,000 baht per year, while others struggle to send only 800 baht per year.

More specifically, nearly half of all migrants sent home 10,001 to 50,000 baht per year, while 37% have sent home 800 to 10,000 baht. Migrants having sent home more than 50,000 baht per year account for 14%.
- **Comparison of remittance by sex**

In comparison, the remittance sent home by both male and female migrants, it can be observed in Figure 15 that the average annual amount sent home by male migrants was higher. The difference is about double of the amount sent by female migrants. The reason behind this difference was not clear, but this could be attributable to the fact that male migrants have higher-paid jobs. As women tend to receive lower wage than men, this seems to be the case.

- **Comparison of remittance by different age groups**

Comparing the amount of remittances sent by different age groups was shown in Figure 16. It was revealed that migrants aged 26-35 years have sent the largest amount, of 35,000 baht per
year. Those migrants aged between 19-25 years took sent the second greatest amount which was around 28,000 baht per year, while those under 19 years and over 35 years sent around 13,000 baht per year.

**Figure 16. Comparison of remittances by different age groups**

- **Comparison of remittances by length of stay in Thailand**

Table 9 shows the average amount of money sent home for different periods in Thailand. During 1985-95 roughly 17,800 baht was sent by migrants, between 1995-2000 the amount doubled that of the previous years. However the average annual amount sent home has fallen dramatically, by almost 30%, in period of 2001-2005, and reached only about 26,000 baht per year.

**Table 9. Comparison of remittance by length of stay**

<table>
<thead>
<tr>
<th>Years</th>
<th>Remittance</th>
<th>No of migrants</th>
<th>% of migrants</th>
<th>Average amount in Baht per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-95</td>
<td>143,000</td>
<td>8</td>
<td>4</td>
<td>17,875</td>
</tr>
<tr>
<td>1995-00</td>
<td>1,387,714</td>
<td>38</td>
<td>19</td>
<td>36,519</td>
</tr>
<tr>
<td>2001-05</td>
<td>3,890,500</td>
<td>150</td>
<td>77</td>
<td>25,937</td>
</tr>
</tbody>
</table>

- **Comparison of remittance by working status**

It was found that 60% of Lao migrant workers in Thailand were without work permits, which could lead to exploitation in employment and wages, and result in lower income. However, such situations seem not to cause problems for Lao migrant workers because the comparison of remittances sent home by migrants, shown in Figure 17, demonstrates that the undocumented migrants have sent even more money to their families than those who migrate legally.
Figure 17. Comparison of remittance by working status

- Currency received

Figure 18 shows the currency received by remittance recipient households, 81% have received remittance in Thai Baht, while only 3% have received it in Lao Kip. Another 16% have received remittance in US Dollar.

Figure 18. Currency of remittances

- Variation of remittance

Almost half of household respondents stated that the amount of remittances sent by Lao migrant workers to their families remained at a stable level. 18% of the sampled respondents indicated that remittances were increasing and 16% said that the amount was decreasing.

b. Remittances in-kind

In addition to the cash remittances, 30% of the sampled respondents indicated that they have received goods from Lao migrants in Thailand. Among those who mentioned that they have received goods from their household members working in Thailand, 60% of them stated they had requested for the goods.
Among those who have received in-kind goods, the average value of the goods was 6,391 baht. Some household respondents have even received goods worth as much as 46,000 baht.

It can be observed that among those respondents who have received goods, 36% have received goods worth between 1001 to 3000 baht per year, while those respondents who have received goods worth 50 to 1,000 baht, 5,001 to 10,000 Baht and more than 10,000 baht each represent approximately 20%.

3.4.3 Choices of remittance channels

For cash remittance, the most common method of sending money from Thailand to Laos is through private money transfer network. Table 10 gives the frequency break down. The general system for Lao migrants to send money home is for them to contact the post office (private money transfer) or bank on the Thai border to transfer remittance to the agent in Lao PDR. Migrants would inform the account holder when a transfer has been made, following which the agent living in Lao PDR will then cross the border to collect the money. The final step in the process is for the migrant to call their family and instruct them to collect the money from the account holder (agent), who normally charges 3% of the total amount. In some cases account holders will advance their own money to the family until they are able to cross the border and fetch the money deposited in the bank.

Table 9. Remittance channels

<table>
<thead>
<tr>
<th>No</th>
<th>Service providers</th>
<th>1st Method</th>
<th></th>
<th>2nd Method</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
<td>%</td>
</tr>
<tr>
<td>1</td>
<td>Private money transfer</td>
<td>159</td>
<td>82</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>Friends</td>
<td>29</td>
<td>15</td>
<td>1</td>
<td>0.5</td>
</tr>
<tr>
<td>3</td>
<td>Thai Person living in Laos</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>0.5</td>
</tr>
<tr>
<td>4</td>
<td>Other</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Concerning in-kind goods, almost 30% of migrants take the goods home themselves, while 62% have the goods taken home by friends, relatives, or other people in the same village. Only 9% of migrants have sent goods home by post.
3.4.4 Fee and transfer duration

The survey found that 65% of the sampled respondents have paid a transfer fee when receiving money from their household members working in Thailand. The average fee indicated by the sampled households was 219.52 baht per transfer. The highest fee reached 1,666 baht per transfer.

Figure 20 shows the average transfer duration for sending money from Thailand to Lao PDR. 93% of remittance recipient households who have received money said that they have received the money within 1 to 2 days\(^1\), 5% have received it between 2 to 5 days. Those who have received money after more than 5 days account for 2%. Table 11 provides information from discussions with remittance recipient households, showing that there is very little difference in fee or duration for each of the transfer channels.

![Transfer duration](image)

By grouping remittance transfer channels into three main categories, it can be observed that the fee charged and the duration taken for money to reach remittance recipient households are not very different. The fee was around 200 Baht per transfer and it took around 2 days for money to reach migrants’ family.

Table 10. Average fee and duration for each transfer channel

<table>
<thead>
<tr>
<th>No</th>
<th>Channels</th>
<th>Average fee in Baht</th>
<th>Duration (Day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Private money transfer</td>
<td>211.66</td>
<td>1.29</td>
</tr>
<tr>
<td>2</td>
<td>Friends</td>
<td>227.18</td>
<td>2.24</td>
</tr>
<tr>
<td>3</td>
<td>Thai Person living in Laos</td>
<td>212.00</td>
<td>1.2</td>
</tr>
</tbody>
</table>

3.4.5 Risks associated to transfer methods

18% of the sampled households who have received money from Lao migrant workers in Thailand said they have encountered problems receiving money. Such problems encountered when using formal money transfer channels are the abnormal exchange rate, while problems with

\(^1\) In many villages, there are private business/shop owners, who act as agents for money transfer to advance the money to recipients upon confirming by phone with migrant in Thailand that they have sent money by bank or post. Therefore, they can get money the same day, and the private agent will get money from the bank or post office (private money transfer) later.
informal money transfer channels included late arrival of money, inaccurate amount of remittances, and even loss.

**3.5 Availability of services, reliability and costs**

Officially money transfers from Thailand to Lao PDR go through two main channels: (i) Bank Transfers and (ii) Post office (private money transfer). Both banks and post office (private money transfer) are partners with money transfer companies, namely Western Union and MoneyGram. Although sending money by banks, post office (private money transfer) or money transfer companies is fast and reliable, most Lao workers cannot access such services because they are illegally working in Thailand. As has previously been indicated, 60% of Lao workers in Thailand stay without work permits, making them hesitant to use official money transfer channels.

**3.6 Socio-economic impact of remittance**

**3.6.1 Economic impact on migrant household**

The economic impact on remittance recipient households was quite obvious. Each household has received on average cash remittance of 28,465 baht and in-kind remittance worth 6,391 baht. Moreover, 92% of the sampled respondents stated that Lao migrant workers have sent money for the benefit of their families and that only 17% sent money for their own benefit. Other purposes including loan repayment are showed in Figure 21 and Table 12.

**Figure 21. Purposes migrants sent money home**

![Figure 21. Purposes migrants sent money home](image-url)
Table 11. Purposes migrants sent money home

<table>
<thead>
<tr>
<th>Item</th>
<th>Distribution of expenses</th>
<th>Mean in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Daily household needs</td>
<td>32.11</td>
</tr>
<tr>
<td>2</td>
<td>Means of transport (cars, motorbikes, bicycles)</td>
<td>12.12</td>
</tr>
<tr>
<td>3</td>
<td>Housing</td>
<td>18.85</td>
</tr>
<tr>
<td>4</td>
<td>Buying land</td>
<td>1.84</td>
</tr>
<tr>
<td>5</td>
<td>Household durables (TV, fridge)</td>
<td>3.74</td>
</tr>
<tr>
<td>6</td>
<td>Health</td>
<td>7.96</td>
</tr>
<tr>
<td>7</td>
<td>Education</td>
<td>5.64</td>
</tr>
<tr>
<td>8</td>
<td>Buy tools/machines for production (durable goods)</td>
<td>3.73</td>
</tr>
<tr>
<td>9</td>
<td>Investment in business, income generating activities</td>
<td>0.79</td>
</tr>
<tr>
<td>10</td>
<td>Investment in agriculture, livestock</td>
<td>1.90</td>
</tr>
<tr>
<td>11</td>
<td>Weddings, funerals</td>
<td>0.00</td>
</tr>
<tr>
<td>12</td>
<td>Paying debt</td>
<td>2.86</td>
</tr>
<tr>
<td>13</td>
<td>Savings</td>
<td>4.30</td>
</tr>
<tr>
<td>14</td>
<td>Others</td>
<td>0.69</td>
</tr>
</tbody>
</table>

Figure 22, based on group discussions with remittance recipient households, the majority of remittances are spent on home-repair and daily farming, with less than 2% being spent for investments.

**Figure 22. Use of remittances**

Moreover, 94% of households confirmed that their livelihood has been positively changed because they had more financial resources to spend on their housing, daily expenses and means of transport. Only 3% of households attempted to invest in new business, but none of them were successful.
3.6.2 Economic impact on migrant community

The impact of remittances is not limited to the migrants and households, but is also beneficial for the communities of migrants. The short-term impact on the migrant community is an increase in households’ income and an improved grassroots economy. Remittances undeniably boost consumption levels, investment and economy activities within the community. In the long run, an improved local economy and society would increase community autonomy and decrease dependence on external sources of income. Obviously new buildings, means of transports, and more shops could also be realized, as shown in Figure 23.

Moreover, the survey also confirmed that 8 out of 10 villages which took part in focus group discussions could improve their farming and community schools mainly because of remittances sent by their community members working in Thailand.

Figure 23. Remittance benefits for communities

3.6.3 Indirect economic impact to the country

During a meeting to discuss Lao migrant workers in Thailand, a key government representative raised the concern that the number of irregular Lao migrants may reach as many as 300,000 people. Given this staggering figure and the average remittance amount of 27,659 baht, the annual money flow from Thailand to Laos could represent as much as 8.5 billion baht or almost 250 million US dollars. These figures may be small in comparison to the Gross National Income of many developed countries, but to Lao PDR, the amount is astounding. One may wonder how the government can continue to ignore such a massive in-flow to the national income.

3.7 Programme of the government

In 2003 Lao PDR and Thailand singed a Memorandum of Understanding (MOU) on Employment Cooperation. The agreement was considered a milestone in helping to legalize Laos’ undocumented workers. Many Lao Labourers are expected to have better access to Thailand’s labour market, though many migrants have preferred to remain undocumented because of the complicated procedures and expensive fees involved in the process.

Obviously initiatives taken by government in support of migrant workers at the community level are very limited. Facilitating mechanism before departure is obscure and policies for promoting better remittance investment are still lacking.
Community members who participated in the focus group discussion would like the government to address the following points in order to better support migrant workers:

- Simplify migration processes
- Provide information on labour markets
- Better facilitate the passport process
- Cut down unnecessary official fees
- Set up village funds
- Use migration fees for village development
- Organize skill training
- Find markets for products & services
- Promote savings account opening

4. Conclusion

Economic migration is rapidly becoming an issue of global significance. Economic opportunities in labour receiving countries have so far lured many job seekers from least developed countries including Lao PDR, to seek higher earning. Though the government of Lao PDR has undertaken efforts to facilitate such migration, particularly by signing the employment cooperation MOU with Thailand, there are still large numbers of Lao migrant workers (60%) who have entered Thailand without a work permit. This is an alarming situation to authorities and other concerned parties as these irregular migrant workers may become victims of exploitive employment, human trafficking or even harassment by some Thai authorities.

The remittances sent home by Lao migrant workers play a significant role not only to the individual migrants, but also to their families, communities, and even their country.

However, migrant workers encounter many problems before being able to successfully send money home. Before departure, the majority of migrants are unaware of official procedures to become a legal migrant and in most cases, they cross the border without the proper documents. Crossing illegally not only increases the risks of being arrested, but also adds to the expenses for migration. Even when a migrant has arrived in Thailand, fear does not stop circulating in their mind, as they know they could still face all kinds of problems finding safe and suitable employment. They must remain hidden from authorities during their day to day lives. When it comes to sending money home, Lao migrants do not feel confident using formal services, especially given their illegal status. This situation necessitates them to send large sums of money home with friends or to make trips home themselves. Often migrants are arrested on their way home and being fined by Thai police and even local Lao authorities, thus left with little money for their families.

Economic migration could be very beneficial for the grass root economies of local villages as well as for the national economy of Laos if properly managed and regulated. Given the estimated sizable of remittances sent home by Lao migrant workers from Thailand, there are still more scope for the Lao government to promote the productive use of remittances through providing entrepreneurship training, assisting in setting up local businesses and marketing the products, expanding the micro-credit scheme to all villages along the borders with Thailand, and promoting the establishment of financial institution and services to the sub-district or district level.
Appendix

Remittance Transfer Channels

1. Private money transfer: 211.66 Baht/transfer; 1.29 day

2. Via friends: 227.18 Baht/transfer; 2.24 days

3. Via a Thai person living in Laos: 212 Baht/transfer; 1.2 day
## Advantages & disadvantages of different channels

<table>
<thead>
<tr>
<th>Money transfer channel</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
</table>
| Private money transfer | - Quite safe and fast  
- More reliable channel  
- Inexpensive | - Long process |
| Using friends | - Easy process  
- Money will directly reach recipient households  
- In some cases, there is no cost | - Very risky  
- All money may disappear if individual is arrested by Thai police or Lao authorities  
- In some cases it may take longer for money to reach its receiving end |
| Using a Thai citizen | - Inexpensive  
- Quite fast | - Complicated process for a local community to follow up  
- In some cases, it is not very safe |
Guide for focus group discussion

Date: ________________
Discussion leader: ________________
Note taker: ________________

Guide for focus group discussion

Village: ________________ District: ________________
Province: ________________

Participants in the focus group discussion

<table>
<thead>
<tr>
<th>Name</th>
<th>Sex</th>
<th>Age</th>
<th>Migrant workers recipient?</th>
<th>Position in the village (Village head)?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>F / M</td>
<td></td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>F / M</td>
<td></td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>F / M</td>
<td></td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>F / M</td>
<td></td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>F / M</td>
<td></td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>F / M</td>
<td></td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>F / M</td>
<td></td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>F / M</td>
<td></td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>F / M</td>
<td></td>
<td>Yes / No</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>F / M</td>
<td></td>
<td>Yes / No</td>
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Observations on the village

1. The village is: relatively rich (lot of motorcycles, some cars) / average / relatively poor (very few brick houses)
2. The village can be reached by paved road / unpaved road

Questions for the village head

1. The number of households in the village is ........
2. The village is about ..... km from the district capital
3. The village is about ..... hours and ....... minutes travel from Thailand by walking / bus / car / motorcycles
4. Children in the village can walk within 30 minutes to school grade ...........
5. Are there any microfinance institutions operating in the village (MFI, Cooperative.) Yes / No
5a. If yes, which ones?
Focus group discussion

1. How many households in the village have family members working in Thailand?
2. Are those who go working in Thailand mostly from poor families in the village, from average families in the village or from rich families in the village?
3. Do some of those who go to Thailand go through legal recruitment agencies?
   3a. If yes, do you know how many migrants use this channel?
4. Do those who go through legal recruitment agencies earn more or less than those who go by different ways? (illegal agencies, individually legal or illegal etc.)
5. Do you know of all households having a migrant worker, how many households in the village receive money from family members working in Thailand?
6. Why do some of the families not receive any money from family members working in Thailand?
7. What do you think the money received from workers in Thailand is mostly used for?
8. Would you as a group have any advice for these families to use the money in a different way?
9. Has the livelihood of families with family members in Thailand improved as compared to the families of which all family members stay in Cambodia?
10. In your observation, have returned migrants improved their livelihood as compared to before they left to Thailand?
11. Would you as a group have any advice for returned migrants how they can use the money they earned better? (while working in Thailand, money spend in Thailand and money sent home and spend in Cambodia)
12. In what ways has the village as a whole benefited from the money that is sent home by those working in Thailand? (more business, more employment, improvements to school, road, temple)
13. What can the village do to ensure that the village as a whole benefits more from the money sent home by those working in Thailand?
14. Is there anything the government should do to ensure that the money sent home by those working in Thailand leads to the development of the community?
15. When there is a microfinance institution present in the village, do households having a migrant worker use it as much as households without a migrant worker?
**Questionnaire for remittance recipient households**

Date: ________________  
Enumerator: ________________  
Supervisor: ________________

**Part A: The household**

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1.</td>
<td>Name of respondent:</td>
</tr>
<tr>
<td>2.</td>
<td>Age of respondent:</td>
</tr>
<tr>
<td>3.</td>
<td>Sex of respondent: ( ) Male ( ) Female</td>
</tr>
</tbody>
</table>
| 4. | Civic status: ( ) Single  
( ) Married  
( ) Divorced  
( ) Widowed |
| 5. | Number of persons in the household: |
| 6. | Household is: ( ) male-female–headed ( ) male-headed ( ) female–headed |
| 7. | No. household members aged below 15 years: |
| 8. | No. household members aged above 60 years: |
| 9. | No. household members with wage employment: |
| 10. | No. household members with part-time wage employment: |
| 11. | No. household member in school/study/training: |
| 12. | Does the household own farm land?   Yes / No |
| 13. | Village: |
| 14. | District: |
| 15. | Province: |
| 16. | Number of household members presently working in Thailand: |
Please fill in a questionnaire (Part B) for each household member presently working in Thailand.

**PART B: The migrant who still works in Thailand for at least 2 years**

Migrant belongs to household ____________ in village ______________

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1.</td>
<td>The migrant is the respondent’s son / daughter / wife / husband / other: __________</td>
</tr>
<tr>
<td>2.</td>
<td>The migrant is: male / female</td>
</tr>
<tr>
<td>3.</td>
<td>The migrant’s age is:</td>
</tr>
<tr>
<td>4.</td>
<td>In which year did the migrant leave?</td>
</tr>
<tr>
<td>5.</td>
<td>For how long has the migrant been working in Thailand (years/months):</td>
</tr>
<tr>
<td>6.</td>
<td>The migrant’s economic activity in Thailand is:</td>
</tr>
<tr>
<td>7.</td>
<td>Where does the migrant live in Thailand (city or province)?</td>
</tr>
<tr>
<td>8.</td>
<td>Does he/she have a work permit? Yes / No / don’t know</td>
</tr>
<tr>
<td>9.</td>
<td>Who proposed the migration: the household / the migrant / the household and the migrant together / other</td>
</tr>
<tr>
<td>10.</td>
<td>Did the household contribute to the travel costs? Yes / No</td>
</tr>
<tr>
<td>11.</td>
<td>Who helped the migrant to go to Thailand?</td>
</tr>
<tr>
<td>11a.</td>
<td>( ) Friends already living in Thailand</td>
</tr>
<tr>
<td>11b.</td>
<td>( ) Family/relatives already living in Thailand</td>
</tr>
<tr>
<td>11c.</td>
<td>( ) A recruitment agency / broker</td>
</tr>
<tr>
<td>11d.</td>
<td>( ) The employer</td>
</tr>
<tr>
<td>11e.</td>
<td>( ) Other: ____________________________</td>
</tr>
<tr>
<td>12.</td>
<td>Does the migrant come home during holidays or household events? Yes / No</td>
</tr>
<tr>
<td>13.</td>
<td>Does the migrant plan to return home to settle? Yes / No</td>
</tr>
<tr>
<td>14.</td>
<td>Does the migrant stay in contact with the household? Yes / No</td>
</tr>
<tr>
<td>15.</td>
<td>Has the migrant sent money home over the past 2 years? Yes / No→ Skip to B21</td>
</tr>
<tr>
<td>16.</td>
<td>If yes, how often does the migrant send money home? __________ times per year.</td>
</tr>
<tr>
<td>17.</td>
<td>For what purpose does the migrant send money home (multiple answers possible)?</td>
</tr>
<tr>
<td>17a.</td>
<td>(1) to the benefit of the household</td>
</tr>
<tr>
<td>17b.</td>
<td>(2) to the benefit of the migrant him/herself</td>
</tr>
<tr>
<td>17c.</td>
<td>(3) for loan repayment to the household</td>
</tr>
<tr>
<td>17d.</td>
<td>(4) for loan repayment to a third party</td>
</tr>
<tr>
<td>17e.</td>
<td>(5) other: ____________________________</td>
</tr>
</tbody>
</table>
18. How does the migrant send money home?
   **Method 1 (describe):**

   How long does it take for the money to arrive? ____________ days
   In which currency is the money received?  Riel  /  Dollar  /  Baht
   If in Riel or Dollar, Is the exchange rate from Thai Baht fair?  Yes  /  No, ____________
   Does the household have to pay a fee?  No / Yes: how much per transfer? _______________
   Any problems in receiving the money?  No / Yes, describe: ____________________________

   **Method 2 (describe):**

   How long does it take for the money to arrive? ____________ days
   In which currency is the money received?  Riel  /  Dollar  /  Baht
   If in Riel or Dollar, Is the exchange rate from Thai Baht fair?  Yes  /  No, ____________
   Does the household have to pay a fee?  No / Yes: how much per transfer? _______________
   Any problems in receiving the money?  No / Yes, describe: ____________________________

19. What is the amount of money sent home to the household last year?  ________  Riel / Dollar / Baht

20. Has the amount sent home increased or decreased over time?   Increased  /  decreased   /   same

21. Does the migrant send any goods home?  Yes / No → **Skip to C1**
   If yes, were the goods requested for by the household? Yes / No

22. If yes, how does the migrant send goods home?
   **Method 1:**

   **Method 2:**

23. What is the total value of goods sent home to the household last year?  ________ Riel / Dollar / Baht
## PART C: The impact

1. What are the three main sources of household income?
   1. 
   2. 
   3. 

2. How much was the total household income last year (including in-kind income) without the money sent home by the migrant(s)?

3. How much was the value of goods and money sent home by household members working in Thailand last year?
   **When nothing was sent skip to C9**

4. Who in the household decides on how to spend the money sent home by household members working in Thailand?
   ____________________________________________ The person(s) is/are: male / female / both

5. Who in the household benefits most from the money sent home by household members working in Thailand? Why?
   ____________________________________________ The person(s) is/are: male / female / both

6. Over the last *two years*, how was the money sent home spent?
   - Expenses for daily needs: _________%
   - Means of transport (cars, motorbikes, bicycles): _________%
   - Housing: _________%
   - Buying land: _________%
   - Household durables (TV, fridge): _________%
   - Health: _________%
   - Education: _________%
   - Buy tools/machines for production (durable goods): _________%
   - Investment in business, income generating activities: _________%
   - Investment in agriculture, livestock: _________%
   - Weddings, funerals: _________%
   - Paying debt: _________%
   - Savings: _________%
   - Others (Specify): ___________ : _________ %

7. Are there any changes in the livelihood of the household because of the money sent home?  **No / Yes**
   Reason:
8. Does the household have new business as a result of the money sent home?  No / Yes, type of business:

If yes, is the business successful?  Yes / No / Average

9. Does the household have a bank account?  Yes / No

10. Does the household participate in any type of microfinance scheme?  No / Yes:
Type of microfinance scheme: ____________________________
Does the household have any savings in the microfinance scheme?  No / Yes

Guide for enumerators

Part A
1. The household is considered male-female–headed if the wife and the husband are living together
2. The household is considered male-headed if the male head of the household is not currently married and living with his wife
The household is considered female-headed if the female head of the household is not currently married and living with her husband

Part B
1. In case the respondent is unwilling or unable to answer this question, put “don’t know”.
2. If the question is not clear, it may be rephrased: “Whose idea was it that your son/daughter/household member would go and work in Thailand?”
3. Put “yes” if the household paid for (part of) the travel, the documents, or provided the migrant with a loan to meet the costs of migration.
4. Put “yes” if the migrant has been home once or more often over the last 2 years, for whatever reason.
5. Put “yes” if the migrant plans to return to Cambodia for long-term settlement.
6. Put “yes” if the migrant has been in contact with the household over the past year through visits, letters or by telephone.
7. Put “yes” if the household has received money through whatever channel (home-carried, bank, friends, formal or informal money transfer operator, bus) for whatever purpose (also if the migrant is paying back a loan taken from another household member)
8. In case the migrant sends remittances irregularly, try to make an estimation of the number of times per year.
9. Specify what the household thinks the main purpose of the money is. More than one answer is possible. Note that this question about the purpose of the money is different from question C5, which is about the actual use of the money.
Tick:
- “to the benefit of the household” if the main purpose of the remittances is to help the household, including money that is meant for housing, food, health, education, weddings, funerals.
- “to the benefit of the migrant him/herself” if the main purpose of remittances is to improve the migrant’s livelihood after return. For example: the money is used to build a house for the migrant, to buy land for the migrant or to put in a savings account for the migrant.
- “for loan repayment to the household” if the migrant has borrowed from the household before departure and is merely paying back this loan.
- “for loan repayment to a third party” if the migrant has borrowed from a moneylender, friend, bank, microfinance institution or other person and is merely paying back this loan.

Other purposes may be for example: to pay the migrant workers’ income tax, to contribute to the building of a school/temple.

10. Describe the channels through which the migrant worker sends money home. In many instances the migrant worker will send money through more than one channel. He/she may send money through informal money transfer operators, and may also carry money home during holidays. In these instances, please describe both channels.

Example: The household gets a phone call from the migrant worker, saying that the household can pick up the money at a shop in a market in Battambong Town. Once the household has picked up the money at the shop, the shop owner will confirm with the migrant worker that the money has been received.

Example: The household gets a phone call from the migrant worker that the money can be picked up at the Western Union Office in Kampot Town.

Example: The migrant worker sends the money with a friend to an agent in Poipet. The household gets a phone call from the migrant worker and can pick the money up at the agent’s house in Poipet.

Example: The migrant sends money home when her friend is going home for Khmer New Year.

For each channel, estimate how long it takes for the money to arrive from the day the migrant worker sends it to the day the money is received by the household.

For each channel, ask whether the money is received in Kip, Dollar or Baht.

If the money is received in Dollar or Baht, ask whether the exchange rate was fair. If it was not considered fair, ask why and try to find out whether indeed the rate was unfair.

For each channel, ask whether the household has to pay a fee. If the migrant pays a fee upon sending, but the household does not pay any fee upon reception, put “No’.

For each channel, ask if the household has incurred any problems. For instance:
- (part of) the money got lost
- the household had to pay high fees
- the money arrived later than agreed

11. Try to get a good estimation of the amount of money received annually. If the amount sent home has changed over time, take the most recent amount (i.e. the last 12 months). This excludes the
value of any goods sent home. It also includes loan repayments made by the migrant to the household or to third parties.

12. Goods sent home may include goods brought home by the migrant him/herself when visiting the household during holidays / household events. It may include goods (building materials, furniture, means of transport, household durables, medication, food etc.) purchased by the migrant (either in Cambodia or in Thailand) and sent to the household.

13. Try to get a good estimation of the total amount of goods received annually. If the value of goods sent home has changed over time, take the most recent amount (i.e. the last 12 months).

PART C

1. Try to put the main sources of income in categories, for instance:
   - agriculture & livestock
   - wage employment
   - business
   - remittances
   - weaving

2. It is important to mention that the total household income includes any in-kind income, for example rice produced and consumed by the household. If the household income has change over the past year, put the income over the past 12 months.

3. The income from remittances includes both cash and in-kind remittances. If the value of remittances has changed over time, take the value of the past 12 months. Cross-check the answer with the answers given to questions B19 and B23. B19 + B23 should be C3.

4. This may be the migrant him/herself (through clear instructions to the household), the father, mother or other household members. Please indicate the sex of the decision-maker(s).

5. This may be the migrant him/herself (for instance the money is meant to build a house where the migrant will live upon return), the household as a whole (for instance through improved housing and consumption), the children of the household (for instance through education) or a specific household member (for instance the brother who invests the remittances in his business). Please indicate the sex of the principal beneficiaries.

6. First, ask the respondent to list on what items the remittances were spent over the past 2 years. Check whether the respondent has not forgotten certain items by going over the list. Then try to get a good indication of what percentage was spent on the different categories. Do not ask the respondents to calculate in percentages. Ask the respondents how much was spent on the different items. Then calculate the percentages yourself.

7. Apart from “yes” or “no”, please write down how the respondent describes the impact of the remittances on the household. For example:
   - we live in a better house and the children can finalize primary school
   - we have money to buy rice during the rainy season and medication when needed
   - there is no real change, only that my husband drives a motorbike

8. Income generating activities such as mushroom growing, a small tailoring business or a small shop in front of the house, are also considered businesses. Please indicate the business activity.

9. Only put “yes” if the household has a savings or current account with a bank.
10. Only indicate “yes” if one of the household members is an active client of a microfinance scheme. If yes, put the name of the microfinance institutions and/or the type of microfinance scheme, for instance:
   Credit Cooperative
   MFI
   Savings group

11. Savings with the microfinance scheme: Most microfinance institutions in Laos only offer obligatory savings. This means that if the client wants to take a loan, he or she has to make some deposits beforehand and/or has to make some deposits together with the loan repayments. If the client has either obligatory or voluntary savings, put “yes”.
Migrant worker remittances and their impact on local economic development

The international labour migration has become a common approach for many poor countries to alleviate unemployment and to work out from poverty. These countries are generally characterized by soaring unemployment, low economic development, and high population growth rate. Remittances and skills gained from working abroad are thought to be the crucial outcomes of migration, which will have profound impact on economic development and welfare of individual migrant family, community and the nation. The study of remittance flows and uses in Lao PDR is an attempt to estimate the amount of remittances sent home by Lao migrant workers in Thailand, to understand the sending channels, and to examine the use of remittances and the potential impacts. The study shows that Lao migrant workers send home on average 27,659 Thai baht per annum. The remittances have been largely used for household consumption, while little is left for investment and income generation. Nevertheless, remittances have contributed to improvement in living standard of migrants’ household. The usual channels for sending remittances are through the private money transfer, the informal channel, and friends or relatives. Migrant workers tend to regularly remit money home during the first few years of migration. Male migrants send about 56 percent higher than the amount send by female workers. This is due mainly to gender bias in the types of job engaged and the level of wages earned between men and women. In Lao PDR, the positive impact of remittances on development would be higher if the formal financial services, such bank and micro-credit institution are widely accessible to migrant workers and their family.