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Youth Migration in Cambodia

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1. Introduction

Since the late 1990s, growing numbers of young adults from rural Cambodia have migrated to urban areas to take up jobs created by the economy's opening to a free market and its subsequent high growth. Moving from one place to another is always risky, especially for young workers, most of whom have never left their home village and are equipped with only very basic education and few or no skills. Their migration process, networks, living and working conditions are not yet well understood, nor are the impact of remittances and migration on sending households and communities. This paper discusses rural-urban youth migration and its impact on poverty reduction in sending communities by looking at: (a) the socio-economic background of young migrants' households; (b) the factors that promote migration from rural areas; (c) the role of social networks in migration; (d) young migrants' integration into urban settings; (e) remittances and their impact on poverty reduction in the sending household and community.

Previous studies have suggested that internal migration can have both negative and positive impacts on development and poverty reduction. Even though its net impact is still open to debate, internal migration can be a crucial livelihood strategy for many poor people and an important contributor to national economic growth (DFID 2004). This argument is supported by Laczko (2005). He points out that internal migration has the potential to contribute to development in a number of ways. By supplementing their earnings through off-farm labour in urban areas, rural households diversify their sources of income and accumulate capital. In the short term, migration may result in the loss of local financial and human capital, but it can also contribute to the long-term development of rural



Workers attending an English class at the construction site, Poipet commune, Banteay Meanchey province.

areas. In particular, internal migrants' remittances can be significant in alleviating rural poverty. Remittances from urban employment supplement rural incomes, boost rural consumption, contribute to household saving and can thus stimulate the local economy. In the long run, sending communities benefit mainly through remittances. The positive impacts of migration, in most cases, outweigh the negative.

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2. Socio-Economic Background of Young Migrant Households

Ability to earn more money is the most important pull factor, and remittances are seemingly the only benefits for sending households and communities. Migration should be undertaken by the poor and the poorest rather than by the medium and the rich. However, the study suggests that 54 percent of the sending households are in the medium category, another 40 percent are poor, and 6 percent are the poorest families (households are divided into rich, medium, poor and poorest). The poor and medium households combined were 94 percent of the sending households interviewed. The poorest find it difficult to migrate primarily because they lack financial and social capital. In some other cases, the children from the poorest families have to stay to take care of their aged or disabled parents, whose condition is the cause or result of poverty. Adult children from rich families stay in their home village for other reasons. Most of the rich are able to diversify their sources of income by loaning money to other villagers, renting out productive assets such as tractors, hand tractors and mills or creating small businesses in their own villages. These enable them to avoid the risks and challenges of migration.

3. Reasons for Migrating

Youth labour migration is due principally to push factors and facilitated by pull factors. Chronic poverty, landlessness, depletion of natural resources or common property resources, lack of year-round employment, debt and natural disasters compel many young rural Cambodians to migrate. High demand for unskilled labourers in the labour-intensive garment and construction sectors and the prospect of paid employment and a better life constitute the pull factors. In addition, a few young adults migrate along with their families. In some cases, the lure of materialism proves too tempting to resist for some young migrants from medium families, who would normally have enough to eat but want to be independent financially or want more money for entertainment.

From the study, almost half of the young migrants decided to migrate because of the absence of year-round employment in their home village. This push factor corresponds to the desire of young adults to break free from traditional employment, i.e., farming and fishing, to year-round waged employment, lured by the success stories of their migrant relatives, friends or other young adults from their village. Another 17 percent cited lack of food as their reason for migrating,

while insufficient land was the reason of one-tenth of the whole sample. "Forced out by problems in family" came a close fourth. Surprisingly, only 4.2 percent cited natural disasters as the reason for migrating, and debt was the reason of only 3.2 percent.

4. Social Networks and Migration

Sources of Information

Network theory attributes migration to personal, cultural and/or other social ties. Within migrant-sending areas or countries, information about jobs and living standards in receiving areas or countries is most efficiently transmitted through personal networks such as friends and neighbours who have emigrated. Immigrants' relatives often help them find jobs and adjust to the new environment (Oishi Nana 2002, quoted in Kim 2005).

Moving from one place to another, seasonally or permanently, is risky and entails both social and financial costs. Correct and adequate information would greatly reduce migration risks and improve chances of success. The study suggests that most young migrant workers have very limited information, if any, about potential jobs or living and working environments in urban areas. They relied heavily on informal sources of information. The information they did get before deciding to move was primarily on the availability of employment rather than on working or living conditions.

Almost half of them first heard about employment opportunities from relatives, while the rest heard from family members, neighbours or other villagers or friends. Notably, the mass media played almost no role in disseminating information on the availability of employment to rural Cambodia. This also highlights the social networks between migrant workers and sending areas. A construction foreman in one studied village would phone to his home village when he needed more labour; as a result, most of his unskilled workers were young men from this village. In the same vein, the vast majority of waiters and waitresses in a particular restaurant came from the same or a nearby village of the restaurant owner. Cases of siblings or friends from the same village working in the same factory, restaurant or car-wash are very common. The study also indicates the absence of middlemen in internal migration. They play a far more important role in international migration.

Networks can be a determinant of success for a migrant worker because better networks mean better chances of securing a job and fewer possibilities of being cheated. The absence of formal and the presence

of informal networks is one characteristic of labour migration of young adults in Cambodia. The study suggests that one of the most common patterns of youth migration from a village is that first one or two migrate; a year or two later the pioneers return, spreading information about jobs and the benefits of migration. In most cases, the pioneers serve as coordinators for other villagers. In a traditional society like Cambodia, social networks are based in the village and spread out like a spider web, but with the migration of young adults from rural areas, new linear networks, connecting rural and urban areas, have started to take root. These new networks are a catalyst for migration. While traditional networks remain largely intact, albeit weaker, the new linear networks have become stronger and stronger and play a very significant role in rural-urban migration. Those outside such a network find migrating much harder.

Sources of Finance

Migration has long been considered as a type of investment. Typically in rural Cambodia, capital needs to be mobilised to enable family members to migrate. When asked about sources of finance, about one-third cited family savings. Own savings came in second, while loans and selling property were third and fourth respectively. Five percent were paid for by relatives, while 3 percent were financed by their prospective bosses. The fact that 37 percent either took loans or sold property helps explain why some families move down the well-being ranking after a failed attempt at migration.

In rural Cambodia, the poor and the poorest lack funds for even the smallest investment. In most cases, they resort to loans from local moneylenders or micro-finance institutions; the former are the traditional way, while MFIs, having made inroads into rural Cambodia only recently, offer an alternative. Loans are a serious decision for the rural poor. Traditional moneylenders usually require no collateral, but they charge exploitative interest rates, not less than 10 percent per month. MFIs generally charge 3 percent per month but require borrowers to put up assets, in most cases farmland, as collateral.

5. Integration into the Urban Environment

Socialisation

How do young migrants from rural areas integrate themselves into the urban setting? For most of the young migrants interviewed, the journey to find a job in the city was their first. This study shows that their

integration into urban settings is “sorely shallow”. The new friends they make are from other parts of rural Cambodia, rather than from the cities they reside in; these were rural-rural rather than rural-urban connections. The interaction between rural migrant workers and their hosts was still very limited. Young migrants were either too busy or too scared to go out or unwilling to spend money to explore the city. Waiters and waitresses virtually confine themselves in their workplaces and rarely venture out; car washers are similar. Construction workers mostly stay in makeshift huts in or around construction sites. Garment workers know only the road on which they shuttle to work.

Salary and Earnings

On average a young migrant worker earns 307,400 riels per month. This overall mean is rather large due to the salaries of casino workers, who on average earn 621,700 riels. The other occupations are less lucrative. A car washer has a salary a little over 102,200 riels, a waiter or waitress has a monthly salary of 100,000 riels but earns tips from customers, taking him or her to an average 168,900 riels. A garment worker earns 279,300 riels, while a construction worker earns 292,700 riels a month. Petty traders, cart pullers and motorcycle taxi drivers earn over 10,000 riels a day.

Spending

More than half of the spending of young migrant workers is on food. Spending on food occupies first place for all sample groups except car washers, who are provided free meals by garage owners. The young migrants spend only 1900 riels per month on transportation, which reaffirms the above finding that they do not travel much in areas of destination. Spending on “eating out during weekend” averages 7800 riels per month. On average, a young migrant worker spends a total of 145,600 riels a month in “expensive” cities.

6. Remittances

Focus group discussions with parents and relatives of young migrant workers revealed that most decisions to migrate were the family’s rather than the migrant’s. The young migrants move out to earn money for the family rather than for themselves.

Unsurprisingly, an overwhelming 93.4 percent of young migrant workers sent money home. However, because some of those not remitting money were living with their families, the share of young migrant workers providing money to their families was virtually 100 percent.

The household survey showed almost identical results; 90.12 percent of households interviewed reported receiving money from their migrating family members.

Amount

young migrant workers remitted an average 1,012,400 riels per year to their families, a substantial amount of money for rural Cambodians; in some cases, this can totally support a family financially. The amount varied greatly, from 779,200 riels by a waiter/waitress to a whopping 2,739,700 by a casino worker. Data from the household survey suggest that on average a migrant worker sends 918,900 riels to their family in the sending village.

On average, young migrant workers remitted 27.44 percent of their total earnings to their families. The percentage varied greatly according to occupation, from 15.77 percent by motorcycle-taxi drivers to 72.96 percent by car washers. This, once again, highlights the strong linkages between areas of origin and destination and the dependency of sending households on remittances.

Channels

Migrant workers send money home on a regular basis, so choosing a reliable channel is very important to them. The study found that micro-finance institutions played a very modest role in the sending of remittances, only 6.26 percent of workers interviewed using this channel. Informal channels dominated, with one-fourth each sending money through relatives, taking it home themselves during visits or sending it through friends and villagers. Disturbingly, 2.02 percent of young migrant workers have someone from their family travelling to their working destination only to pick up their salaries.

High transaction fees and complex procedures were given as reasons for the unpopularity of MFIs, whereas speed and simplicity were reasons for choosing taxi men and emerging phone shop services.

Use of Remittances

The relationship between poverty and migration is very complex. Undeniably, poverty is one of the main factors stimulating migration, and migration in turn can help reduce poverty. Knowing how sending households use remittances is vital to understanding how migration helps to alleviate poverty and promote the well-being of households and communities. Whether or not remittances are used for productive purposes has

serious long-term implications not only for the well-being of sending households and communities but also for migrant workers when they return. Unsurprisingly, during focus group discussions, some young migrant workers did not have clear ideas about how their families used the money they sent.

The study indicates that remittances were used primarily for buying food. Buying productive assets such as seeds, fertiliser and cattle came in second in both migrant worker and household surveys. Spending on social functions such as weddings and religious rituals came in third in both surveys; in rural Cambodia such functions occur very frequently. Another expense that can be considered productive, albeit in the long term, is siblings' school fees and stationery, which came fourth in the migrant survey and fifth in the household survey. Repaying debt came fourth in the household survey and fifth in the migrant worker survey. Saving was less than 4 percent in the migrant worker survey and less than 2 percent in the household survey. Opening a new business, buying or extending farmland, repairing a house and buying durable goods—still a luxury for the rural population—accounted for less than 1 percent each.

Impact on Sending Households and Communities

The study indicated unmistakably that most sending households gain net benefits from labour migration, but the impact on sustainable livelihood or poverty reduction is still very complex. Since the explosion of rural-urban youth migration in the late 1990s and early 2000s, there has been a substantial flow of remittances from urban to rural areas. Remittances undoubtedly help stabilise rural livelihoods in Cambodia. However, an unwelcome trend is emerging for some rural families to become too reliant on their migrating children. During village household surveys, the researchers observed that some families in sending communities do nothing but wait for remittances. In these cases, migration is the only source of family income, not a supplement. Various studies by CDRI have found that the poor can move out of poverty when they are able to diversify their sources of income, so quitting farm work because migrating children send remittances home may have a reverse impact on the family financial situation. It is also worth recalling that most young migrant workers are unskilled or poorly skilled, and their employment in volatile jobs is not guaranteed. Given this, over-reliance on remittances can be a trap.

Overall, youth migration has had a hugely positive economic impact on sending households. Failure to

land a job or being cheated can adversely affect sending households, but such failed migration does not happen frequently compared with international migration, even in the absence of formal social networks and proper protections. Families with young migrant workers have a more stable financial situation and in some cases have moved up the well-being ladder, but it is not the poorest who have the highest rate of migration. Remittances from migrant workers also clearly have a positive economic impact on sending communities. They help to stimulate the local economy by creating new small trade and business and increasing household consumption. Villages with a large number of young migrant workers enjoyed more robust economic activities than those with a small number of young migrant workers.

7. Conclusion

Labour migration has a big impact and an increasing role in poverty reduction in a country where around 35 percent of the population live under the poverty line, earning less than USD0.50 a day. The remittances from migrants are very substantial, and in some cases can support a rural family the whole year round. Migration was once considered as the second or third source of family income and only a supplement, but for some families it has become the leading source. Migration diversifies sources of income, helps rural people save and puts them in a stronger position to cope with sudden shocks.

One important policy question is whether labour migration can substitute for development in rural Cambodia. Migration is a short- or medium-term rather than long-term solution. Labour export is not an instant solution to the shortage of non-farm occupations in rural Cambodia. Alternative rural jobs need to be created for sustainable rural development. Nonetheless, development is associated with increased urbanisation and shrinkage of the rural population. Migration would have to be permanent for the country to develop, although permanent migration does not necessarily lead to development. Many development scholars believe that the industrial sector needs to become a lot more active and vibrant to be able to absorb migrants.

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New release

Cambodia in 2008 has experienced rising prices, especially of fuels and food, pushing year-on-year inflation above 20 percent during March–August. Food prices increased by 36.8 percent and transportation and housing materials by 27 percent each between July 2007 and July 2008. This inflation is mainly caused by rising world and, to some extent, local demand, while supply is contracted or more costly due to increasing fuel costs. In this situation, the Cambodian economy has received both negative impacts on consumers and opportunities for producers to earn more. *It's now available from CDRI and bookshops. It can also be downloaded from the CDRI website free of charge.*

